

CITY OF EMPORIA, KANSAS  
Annual Comprehensive Financial Report  
Year Ended December 31, 2021

Prepared by  
Janet Harrouff  
Director of Administrative Services

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## **INTRODUCTORY SECTION**

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June 24, 2022

Honorable Mayor and  
City Commissioners  
City of Emporia  
Emporia, Kansas

Honorable Mayor and City Commissioners:

The Annual Comprehensive Financial Report of the City of Emporia, Kansas for the year ended December 31, 2021 is submitted herewith.

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

#### **GENERAL INFORMATION – CITY OF EMPORIA**

The City of Emporia lies 110 miles southwest of Kansas City and 85 miles northeast of Wichita on the eastern edge of the Flint Hills area of Kansas. Emporia has a population of 24,343 based on the 2021 census. There are 12.32 square miles of land in the City's corporate boundary.

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

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

This report includes all funds of the City. The City is financially accountable for the Emporia Public Library, and the Library is included in the City's financial statements. The City Commission appoints all members of the seven member Library Board. Because the Library is not a separate taxing entity by applicable state statutes, the City levies taxes for the Library's operations, which represent approximately 91 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, zoo and a community center provide a well-rounded, active recreation program; the Engineering Department provides essential street and highway construction and maintenance, surveying services and other technical assistance to the City; the Public Utilities provide water, sewer and refuse collection services. Additional services provided include building inspection, planning and zoning, as well as general administrative services.

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

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

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

## **LOCAL ECONOMY**

Emporia is very fortunate to have a diversified economy. This diversity provides a cushion when one particular sector of the economy suffers during an economic downturn. One major source of employment is the field of food processing and is an important link to our state's agricultural base. It is also somewhat insulated from the periodic downturns associated with other sectors of the economy. Strong employment in the food processing sector is being maintained at Tyson's Fresh Meats which has approximately 795 employees. Simmons Pet Food employs more than 1400 people and completed the construction of a \$38 million-dollar manufacturing facility in 2019. Cargill, Inc. also recently completed the construction of a \$3.6 million-dollar warehouse addition in recent years. Hostess Brands, LLC opened the Emporia facility in 2012 and continues to employ more than 625 employees. Hill's Pet Nutrition employs approximately 160 employees. Fanestil Meats has an \$17 million-dollar manufacturing expansion going on currently and employs 100 employees. Other major employment comes from manufacturing and warehousing/distribution with Camso Manufacturing, which has been acquired by Michelin, recently completing a \$6 million addition and employing more than 250 people. Hopkins Manufacturing employs over 180 employees. Norfolk Iron and Metal employs over 120 employees. Vektex employs over 100 employees. The Emporia Chamber of Commerce and the Regional Development Association of East Central Kansas (RDA) are constantly evolving to attract potential employees to our community.

Emporia State University is dependent on state funding and the fiscal condition of the state has affected the operations of the Kansas Board of Regents in recent years. Emporia State University continues to aggressively seek new students in order to increase enrollment. Flint Hills Technical College has experienced high enrollment in recent years and continues to serve the business community in a very important way. The trucking industry is also a very important piece of the local economy due to Emporia's access to a modern highway system and our geographical location in Kansas and the United States.

## **LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES**

Unrestricted fund balance in the general fund at year end was 26.89 percent of total general fund revenues. This amount was above the 15 percent policy guidelines set by the Commission for budgetary and planning purposes. The water fund unrestricted fund balance was 42.46 percent, the sewer fund unrestricted fund balance was 51.98 percent and the Solid Waste fund unrestricted fund balance was 83.96 percent. These amounts are above the 20 percent reserve policy set by the City Commission.

The City of Emporia collects approximately 2.5 million dollars a year from a 1 cent county wide sales tax. The City Commission has stated these dollars are to be spent on city infrastructure. During 2021, \$60,211 was spent on storm water repairs, \$1.34 million on street maintenance, \$636,334 on building updates and repairs. This sales tax is set to expire in 2039.

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



## RELEVANT FINANCIAL POLICIES

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

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

Cash temporarily idle during the year was invested in time deposits in banks ranging from 30 to 180 days in maturity and in U.S. Government obligations with variable maturities and in the Kansas Municipal Investment Pool. At December 31, 2021, the City's cash resources were divided between demand deposits and investments as follows: in demand deposits and cash on hand, 19 percent; and in interest bearing investments, 81 percent.

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

The City performs limited risk management operations intended to maintain coverage at appropriate levels; manage claims; and monitor carrier performance. The City was self-insured for its workers' compensation insurance for the year ended December 31, 2021.

## 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 annual comprehensive financial report for the year ended December 31, 2020. 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 annual comprehensive financial report, whose contents conform to program standards. Such annual comprehensive 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 thirty-six consecutive years (fiscal years 1985-2020). 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.

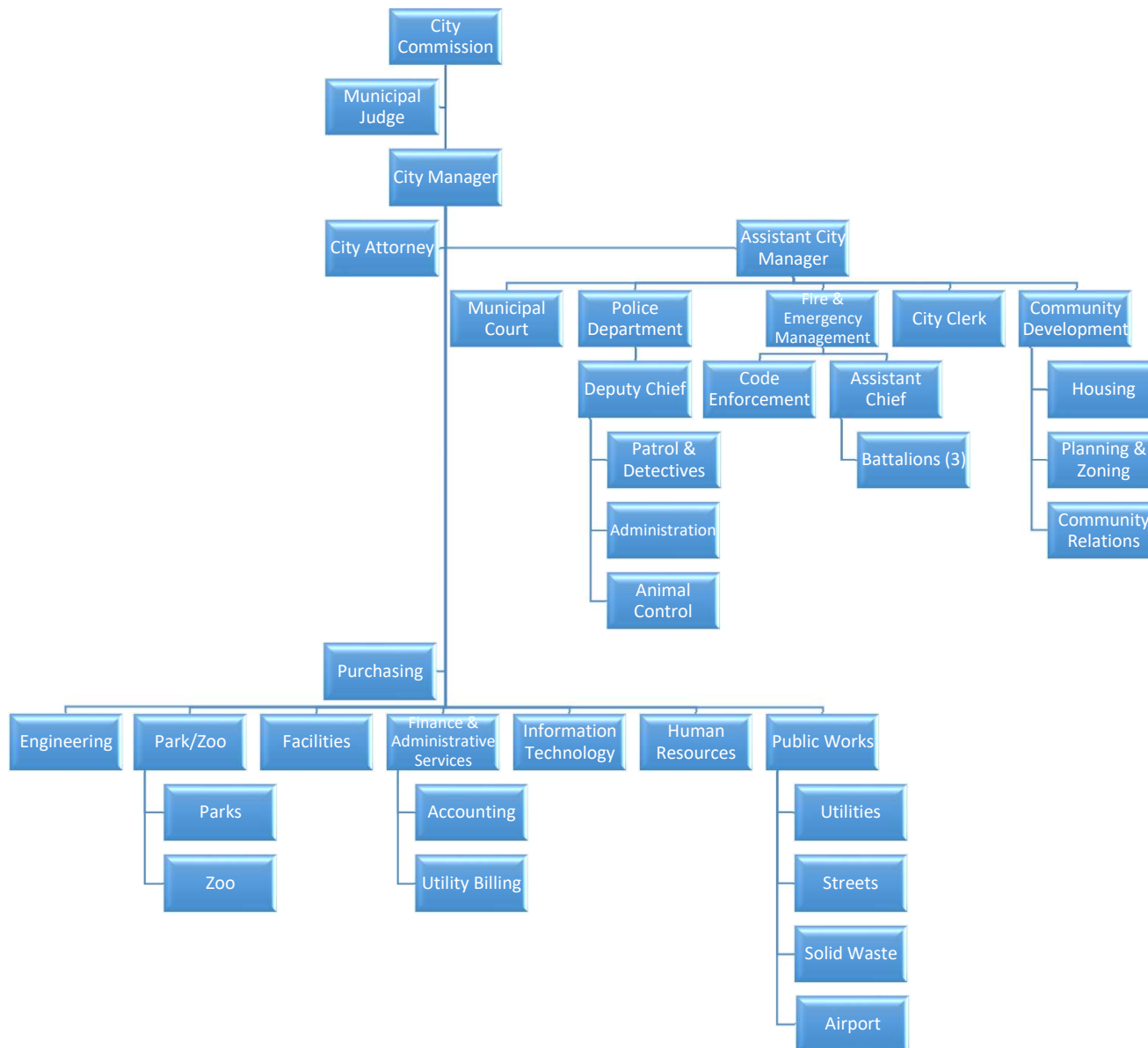
Respectfully submitted,



Janet Harrouff  
City Treasurer



Trey Cocking  
City Manager



City of Emporia, Kansas

PRINCIPAL OFFICIALS

2021

MAYOR

ROB GILLIGAN

VICE-MAYOR

BECKY SMITH

COMMISSIONER

DANNY GIEFER

COMMISSIONER

JAMIE SAUDER

COMMISSIONER

SUSAN BRINKMAN

ADMINISTRATIVE OFFICIALS

CITY MANAGER

TREY COCKING

ASSISTANT CITY MANAGER

LANE MASSEY

CITY CLERK

KERRY SULL

CITY TREASURER

JANET HARROUFF

CITY ATTORNEY

CHRISTINA MONTGOMERY

DEPARTMENT HEADS

PUBLIC WORKS DIRECTOR

DEAN GRANT

CITY ENGINEER

JIM UBERT

INTERIM FIRE CHIEF

BRANDON BECK

CHIEF OF POLICE

ED OWENS



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Emporia  
Kansas**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

December 31, 2020

*Christopher P. Morill*

Executive Director/CEO

## **FINANCIAL SECTION**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Honorable Mayor and City Commissioners  
City of Emporia, Kansas

### **Report on the Financial Statements**

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Emporia, Kansas (the City), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. We did not audit the financial statements of the discretely presented component unit, which represent 1.64 percent, 1.53 percent, and 2.47 percent, respectively of the assets, net position, and revenues of the City. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit is based solely on the report of the other auditors.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the *Kansas Municipal Audit and Accounting Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of discretely presented component unit were not audited in accordance with *Government Auditing Standards*.

Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Kansas Municipal Audit and Accounting Guide, and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

## **Required Supplementary Information**

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

## **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



## Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2022 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Hood and Associates CPAs PC*

Overland Park, Kansas  
June 24, 2022

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**City of Emporia, Kansas**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2021**

As management of the City of Emporia, Kansas (the City), we offer readers this narrative overview and analysis of the financial activities of the City for the year ended December 31, 2021. We encourage readers to consider the information presented here, in conjunction with the transmittal letter at the beginning of this report, and the City's financial statements, which follow this section.

**Financial Highlights**

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows as of December 31, 2021, by \$64,480,371 (net position). Of this amount \$16,172,164 is unrestricted and may be used to meet future obligations of the City.
- The City's total net position increased by \$3,005,155 during the fiscal year as a result of current year activities. The City's governmental activities increased by \$816,398 and the City's business-type activities increased by \$2,188,757 for the year.

**Overview of the Financial Statements**

This discussion and analysis is provided as an introduction to the basic financial statements. The basic financial statements consist of three components: government-wide financial statements, fund financial statements, and notes to the basic financial statements. This report also contains required and other supplementary information in addition to the basic financial statements.

**Government-wide financial statements.** The *government-wide financial statements* are a broad overview of the City's finances presented in a manner similar to a private business. These statements provide both long-term and short-term information about the City's overall financial status.

The *statement of net position* presents all the City's assets, liabilities, and deferred inflows/outflows of resources with the difference reported as *net position*. Net position is an important measure of the City's overall financial health. The increases and decreases in net position can be monitored to determine whether the City's financial position is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flow. Thus, revenues and expenses are reported in this statement for certain items that will only result in cash flows in future fiscal periods.

The government-wide financial statements report governmental activities of the City, which are principally supported by taxes and intergovernmental revenues, and business-type activities of the City, which are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities for the City include general government, public safety, highway and streets, culture and recreation, health and environment, building maintenance, planning and development, and airport operations. The business-type activities for the City include solid waste disposal, sewer utility, and water utility. The City includes the Emporia Public Library as a component unit.

**Fund financial statements.** *Fund financial statements* focus on individual parts of the City's government. These statements report the City's operations in more detail than the government-wide financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure compliance with finance-related legal requirements. These funds are divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**City of Emporia, Kansas**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2021**

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

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

**Proprietary funds.** The City has two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. *Internal service funds* are an accounting mechanism used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its worker's compensation and health insurance risk management activities. Because these services predominately benefit governmental rather than business-type functions, they have been included within the *governmental activities* in the government-wide financial statements.

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

**Other information.** In addition to the basic financial statements and accompanying notes, this report also contains certain *required supplementary information* that further explains and supports the information in the financial statements. This report also contains *other supplementary information* that provides certain combining and individual fund statements and schedules.

**City of Emporia, Kansas**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2021**

**Government-Wide Financial Analysis**

Our analysis below focuses on net position (Figure 1) and changes in net position (Figure 2) of the governmental and business-type activities.

**Figure 1 – Statement of Net Position**

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 35,316,553	\$ 32,781,110	\$ 12,300,485	\$ 11,078,009	\$ 47,617,038	\$ 43,859,119
Capital assets	22,777,112	23,548,087	70,620,139	70,954,919	93,397,251	94,503,006
Total assets	58,093,665	56,329,197	82,920,624	82,032,928	141,014,289	138,362,125
Deferred outflow s - pension and opeb	3,849,060	4,113,152	653,039	631,834	4,502,099	4,744,986
Total deferred outflow s of resources	3,849,060	4,113,152	653,039	631,834	4,502,099	4,744,986
Long-term debt	20,650,489	25,728,062	43,423,681	45,972,614	64,074,170	71,700,676
Other liabilities	3,482,777	1,084,907	1,676,665	946,934	5,159,442	2,031,841
Total liabilities	24,133,266	26,812,969	45,100,346	46,919,548	69,233,612	73,732,517
Deferred inflow s - property taxes	7,661,805	7,447,354	-	-	7,661,805	7,447,354
Deferred inflow s - pension and opeb	3,532,940	383,710	607,660	68,314	4,140,600	452,024
Total deferred inflow s of resources	11,194,745	7,831,064	607,660	68,314	11,802,405	7,899,378
Net position:						
Net investment in capital assets	15,733,311	14,916,163	29,295,954	27,665,425	45,029,265	42,581,588
Restricted	3,278,942	3,645,462	-	-	3,278,942	3,645,462
Unrestricted	7,602,461	7,236,691	8,569,703	8,011,475	16,172,164	15,248,166
Total net position	\$ 26,614,714	\$ 25,798,316	\$ 37,865,657	\$ 35,676,900	\$ 64,480,371	\$ 61,475,216

As indicated earlier, net position may serve as a useful indicator of the City's financial position. As of December 31, 2021, assets and deferred outflows of resources exceeded liabilities by \$64,480,371. The largest portion of the City's net position, \$45,029,265 (69.8 percent), reflects its investment in capital assets (e.g., land, construction in progress, buildings, improvements, machinery and equipment, and infrastructure) less any related outstanding debt that was used to acquire those assets. The City uses capital assets to provide services to citizens; therefore, these assets are not available for future spending. An additional portion of the City's net position, \$3,278,942 (5.08 percent), represents resources that are subject to external restrictions on their uses. The remaining balance of the City's net position, \$16,172,164, represents the unrestricted net position that may be used to meet the City's ongoing obligations to citizens and creditors.

**City of Emporia, Kansas**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2021**

Figure 2 – Statement of Changes in Net Position

	Governmental		Business-type		Total	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 5,925,828	\$ 5,810,079	\$ 18,892,775	\$ 16,977,206	\$ 24,818,603	\$ 22,787,285
Operating grants and contributions	2,391,910	2,531,115	-	-	2,391,910	2,531,115
Capital grants and contributions	1,039,114	1,423,551	-	372,082	1,039,114	1,795,633
General revenues:						
Property taxes:						
General purposes	6,245,561	6,130,057	-	-	6,245,561	6,130,057
Debt service	1,912,985	1,961,768	-	-	1,912,985	1,961,768
Sales taxes	8,496,466	7,506,138	-	-	8,496,466	7,506,138
Franchise taxes	2,554,654	2,448,322	-	-	2,554,654	2,448,322
Gasoline taxes	712,575	642,215	-	-	712,575	642,215
Use of money and property	165,068	236,057	6,162	52,664	171,230	288,721
Other	262,609	462,825	-	-	262,609	462,825
	<u>29,706,770</u>	<u>29,152,127</u>	<u>18,898,937</u>	<u>17,401,952</u>	<u>48,605,707</u>	<u>46,554,079</u>
Expenses:						
General government	1,800,868	2,000,901	-	-	1,800,868	2,000,901
Public safety	11,137,443	11,761,803	-	-	11,137,443	11,761,803
Highway and streets	6,396,110	4,913,002	-	-	6,396,110	4,913,002
Culture and recreation	4,194,202	4,303,394	-	-	4,194,202	4,303,394
Health and environment	70,500	94,001	-	-	70,500	94,001
Building maintenance	1,545,877	1,270,031	-	-	1,545,877	1,270,031
Planning and development	1,997,228	697,930	-	-	1,997,228	697,930
Airport operations	720,338	529,314	-	-	720,338	529,314
Interest on long-term debt	211,436	243,949	-	-	211,436	243,949
Solid waste disposal	-	-	5,139,441	4,813,819	5,139,441	4,813,819
Sewer utility	-	-	5,557,427	5,189,317	5,557,427	5,189,317
Water utility	-	-	6,829,682	6,477,456	6,829,682	6,477,456
Total expenses	<u>28,074,002</u>	<u>25,814,325</u>	<u>17,526,550</u>	<u>16,480,592</u>	<u>45,600,552</u>	<u>42,294,917</u>
Change in net position before transfers	1,632,768	3,337,802	1,372,387	921,360	3,005,155	4,259,162
Transfers	<u>(816,370)</u>	<u>(1,309,738)</u>	<u>816,370</u>	<u>1,309,738</u>	<u>-</u>	<u>-</u>
Change in net position	816,398	2,028,064	2,188,757	2,231,098	3,005,155	4,259,162
Net position, beginning	25,798,316	23,770,252	35,676,900	33,445,802	61,475,216	57,216,054
Net position, ending	<u>\$ 26,614,714</u>	<u>\$ 25,798,316</u>	<u>\$ 37,865,657</u>	<u>\$ 35,676,900</u>	<u>\$ 64,480,371</u>	<u>\$ 61,475,216</u>

### Governmental Activities

Governmental activities increased the net position of the City by \$816,398. Revenue increased \$554,643 from 2020 primarily from increases in tax revenues. Tax revenues for the City were \$19,922,241, which represents 67.1% of the funding of these activities. Program revenues for the functions totaled \$9,356,852 or 31.5% of the funding. Expenses increased \$2,259,677 from 2020 primarily due to the increase in highway and streets and planning and development as a significant amount of infrastructure was added during 2021. The following table shows the cost of the City's programs as well as each programs' net cost (total costs less revenues generated by the activities). The net cost shows the financial burden that was placed on the taxpayers by each of these functions.

**City of Emporia, Kansas  
Management's Discussion and Analysis  
For the Year Ended December 31, 2021**

**NET COST OF THE CITY'S GOVERNMENTAL ACTIVITIES**

	Total Cost of Services	Net Cost of Services
General government	\$ 1,800,868	\$ 1,593,907
Public safety	11,137,443	(9,061,132)
Highway and streets	6,396,110	(5,420,445)
Culture and recreation	4,194,202	(3,338,079)
Health and environment	70,500	(70,500)
Building maintenance	1,545,877	(1,545,877)
Planning and development	1,997,228	(567,464)
Airport operations	720,338	(96,124)
Interest on long-term debt	211,436	(211,436)
	<u>\$ 28,074,002</u>	<u>\$ (18,717,150)</u>

As previously noted, expenses from governmental activities total \$28,074,002. However, the net costs of these services were \$18,717,150. The difference represents direct revenues received from charges for services of \$5,925,828, operating grants and contributions of \$2,391,910, and capital grants and contributions of \$1,039,114. Taxes and other revenues of \$19,533,548 were used to cover these net costs.

**Business-Type Activities**

Business-type activities increased the City's net position by \$2,188,757. Total charges for services revenues increased \$1,915,569 over 2020 primarily from increased usage. Expenses increased \$1,045,958 over the prior year mostly due to increases in personnel costs and chemical costs.

**Financial Analysis of the City's Funds**

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$19,727,041, a decrease of \$1,071,050 in comparison with the prior year. The ending fund balance amounts were as follows: \$52,646 nonspendable; \$3,278,942 restricted for various City functions and services; \$9,840,460 assigned primarily for capital outlay; and \$6,554,993 available for spending at the City's discretion.

Fund balance of the City's General Fund increased \$422,217 from December 31, 2020, primarily due to increases in tax revenue. At the end of the current fiscal year, unassigned fund balance of the general fund was \$6,647,153.

American Rescue Plan Act (ARPA) Fund was established to account for the City's \$3.75 million dollar allotment from the U.S. Department of the Treasury that are to be used to support its response and recovery from the COVID-19 public health emergency. The City received its first distribution of \$1,876,940 during the year ended December 31, 2021.

The Multi-Year Improvement Fund was established to receive funding for the purpose of making improvements to the City over an extended period of time. The fund balance at December 31, 2021 was \$3,582,387, an increase of \$661,170 from 2020 as transfers in to fund future improvements exceeded transfers out and current year capital outlay expenditures. All of the fund balance is assigned for future capital outlay.

**City of Emporia, Kansas**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2021**

The Internal Improvements Fund has a total fund balance of \$4,126,611 a decrease of \$851,284 from 2020. The decrease is primarily due increases in the funding various City capital assets and improvements.

The Debt Service Fund has a total fund balance of \$1,340,014, all of which is restricted for the payment of debt service.

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

The City's Enterprise Funds net position increased by \$2,188,757 as the Solid Waste, Sewer, and Water funds reported increases in net position of \$379,885, \$1,010,247, and \$798,625, respectively. The factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

***General Fund Budgetary Highlights***

The City's General Fund actual revenues exceeded its final budgeted revenues by \$2,266,991 primarily related to taxes, intergovernmental, and administrative fees. The General Fund's actual expenditures and transfers out totaled \$22,714,257 compared to the final budgeted total of \$24,309,749. This was due in part to management's monitoring of expenditures.

***Capital Asset and Debt Administration***

Capital assets of the governmental activities were \$22,777,112 (net of accumulated depreciation) as of December 31, 2021. This represents a \$770,975 decrease from the prior year. Capital assets for business-type activities were \$70,620,139 as of December 31, 2021. This represents a decrease of \$334,780 from the prior year.

During the fiscal year, the City of Emporia was involved in several large capital projects that affected the financial statements. Significant construction in process projects include water intake and low water dam repair totaling \$832,727 and various street maintenance projects. The City completed construction on the water tower totaling \$3,537,273, a water main on 9<sup>th</sup> Ave totaling \$941,364 and the Zoo entrance and Pond project totaling \$293,800.

Additional information on the City's capital assets can be found in Note 7 in the Notes to the Basic Financial Statements.

**City of Emporia Capital Assets**  
**(net of depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2019
Land	\$ 2,784,564	\$ 2,794,564	\$ 222,572	\$ 222,572	\$ 3,007,136	\$ 3,017,136
Construction in progress	898,551	452,891	1,845,600	3,722,389	2,744,151	4,175,280
Land improvements	13,491,587	14,314,797	45,167,399	42,719,030	58,658,986	57,033,827
Buildings and improvements	2,691,205	2,749,330	17,452,922	18,409,833	20,144,127	21,159,163
Vehicles	1,220,173	1,352,861	1,031,453	519,422	2,251,626	1,872,283
Equipment, furniture, and fixtures	1,691,032	1,883,644	4,900,193	5,361,673	6,591,225	7,245,317
Total	<u>\$ 22,777,112</u>	<u>\$ 23,548,087</u>	<u>\$ 70,620,139</u>	<u>\$ 70,954,919</u>	<u>\$ 93,397,251</u>	<u>\$ 94,503,006</u>



**City of Emporia, Kansas  
Management's Discussion and Analysis  
For the Year Ended December 31, 2021**

Total general obligation debt of the governmental activities as of December 31, 2021, was \$6,225,000, which is a decrease of \$1,410,000. Total general obligation and loans payable debt of the business-type activities as of December 31, 2021, was \$40,241,657, a decrease of \$2,558,430 from the prior year.

**City of Emporia Outstanding Debt**

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2019
General obligation bonds	\$ 6,225,000	\$ 7,635,000	\$ 11,825,000	\$ 13,760,000	\$ 18,050,000	\$ 21,395,000
Loans payable	-	-	28,416,657	28,314,976	28,416,657	28,314,976
Total	<u>\$ 6,225,000</u>	<u>\$ 7,635,000</u>	<u>\$ 40,241,657</u>	<u>\$ 42,800,087</u>	<u>\$ 46,466,657</u>	<u>\$ 50,435,087</u>

At December 31, 2021, the City had total general obligation bond debt outstanding of \$18,050,000, backed by the full faith and credit of the City. Total general obligation long-term debt decreased \$3,345,000 for the fiscal year ended December 31, 2021. The City is rated by one of the three rating agencies (Standards & Poor's) and has a rating of A+. Additional information on the City's long-term debt can be found in Note 8 in the Notes to the Basic Financial Statements.

*Economic Factors and Next Year's Budget*

According to the Kansas Department of Labor, the unemployment rate for the City of Emporia/Lyon County in December of 2021 was 1.9%. The unemployment rate is expected to remain stable or slightly decrease due to industry need within the community. At the end of April 2022, the unemployment rate decreased to 1.8%. The general revenue trends of the City of Emporia are expected to show a slight increase. The City will continue to experience a slight increase in revenue from the Multi-Year Sales Tax Fund, which is derived from a county-wide sales tax based on the distribution formula used by the State of Kansas. This sales tax was just renewed in 2021 for additional 15 years. The revenue and expenses are reviewed weekly by city management and monthly by the Mayor and Commission. The City's management also reviews the status of unencumbered cash report on a weekly basis. The local economic outlook for major employers has been positive and is expected to continue well into 2024.

Several local manufacturers/employers have added employees and expanded their Emporia facilities. Hostess Brands employs approximately 625 employees as of the end of 2021. Simmons Pet Food expanded their facility by completing work on the construction of a 200,000 square foot \$38 million manufacturing building. This expansion added more than 100 employees for a total of 1,400 employees. Cargill has also added an additional 50,500 square feet of warehouse space and added ten employees. Glendo finalized construction of a 40,000 square foot manufacturing/classroom addition to their facility in addition to hiring several employees. Other employers such as Hill's Pet Nutrition has 140 employees, Camso Manufacturing, Fanestil Meats and VekteK, Inc. also continue to add employees due to an increase in demand for their products. Fanestil is currently expanding their operations by building a \$17 million manufacturing facility. Camso recently completed a \$6 million addition and has raised their employment to 250 employees. Dynamic Discs continues to expand and recently moved their operations into the former Detroit Diesel facility. Emporia State University continues to aggressively work toward increasing student population (both in total numbers and Emporia numbers). The Flint Hills Technical College has seen strong enrollment in recent years and serves as an excellent resource to the local employers for their employee needs. The City of Emporia and the Regional Development Association of East-Central Kansas will continue to aggressively promote economic development to fill vacant storefronts, industrial parks, improve the quality of life and to further diversify the Emporia economy.

**City of Emporia, Kansas**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2021**

The occupancy rate in the downtown area is approximately 85% and is anticipated to continue in this range in 2021 and 2022. There are several projects in the downtown area that will have a positive impact on the region. Private developers completed the Citizens National Bank Building and the Preston Plaza and Lofts which added 22 residential units and multiple commercial offices/service spaces. The Upper Story Rural Housing Incentive District is currently revitalizing an underutilized building in the downtown by adding upper story housing and rehabilitating three commercial store fronts. The return of several large events after a two-year absence will drive more commercial activity downtown while enhancing tax revenues. Multiple large redevelopment projects including the expansion of a restaurant/brewery are on deck for the remainder of 2021 through 2023, which should further enhance commercial and residential options in the community core.

The City of Emporia continued to make significant improvements to city-owned infrastructure and facilities in 2021 with plans for significant improvements through 2025. In addition, the City has continued to make significant improvements to the road network, water distribution system, sanitary sewer system, storm water drainage, airport, and park system. The City will continue to use the Multi-Year Fund to improve city infrastructure in 2021 and beyond.

Each of the City's operating funds continued to maintain unencumbered cash reserves at or above the reserve level established by City Policy. The City Commission and City Management will continue to monitor revenues and expenses and unencumbered cash reserves to ensure that the reserves do not fall below the target level. City Management will take aggressive action, if necessary, to maintain reserve levels. The actions could include not refilling vacant positions, eliminating capital purchases and monitoring projects to ensure they come in under budget. In 2021, the Emporia City Commission approved a Five-Year Budget and adopted a Capital Improvement Plan that will help the City better anticipate and manage long-term finances of the City. A Capital Improvement Committee meet monthly to review all capital projects to ensure they are moving forward or need to be placed on hold.

Contacting the City's Financial Management

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

**City of Emporia, Kansas**  
**Statement of Net Position**  
**December 31, 2021**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Emporia Public Library
<b>Assets</b>				
Cash and investments	\$ 24,722,049	\$ 9,823,025	\$ 34,545,074	\$ 666,529
Receivables:				
Taxes	8,893,927	-	8,893,927	-
Accounts	540,997	1,235,394	1,776,391	-
Special assessments	313,354	-	313,354	-
Notes receivable	276,000	-	276,000	-
Due from other governments	517,580	883,819	1,401,399	994,348
Beneficial interest in Community Foundation	-	-	-	407,868
Inventory and prepaid expenses	52,646	358,247	410,893	49,310
Capital assets:			-	
Not being depreciated	3,683,115	2,068,172	5,751,287	8,980
Being depreciated, net of depreciation	19,093,997	68,551,967	87,645,964	217,420
Total assets	58,093,665	82,920,624	141,014,289	2,344,455
<b>Deferred Outflows of Resources</b>				
Pension related deferred outflows	3,481,402	546,395	4,027,797	85,165
OPEB related deferred outflows	367,658	106,644	474,302	-
Total deferred outflows of resources	3,849,060	653,039	4,502,099	85,165
<b>Liabilities</b>				
Accounts payable	920,707	1,214,150	2,134,857	36,886
Accrued expenses	603,985	82,164	686,149	-
Unearned revenue	1,635,940	-	1,635,940	-
Accrued interest payable	79,304	380,351	459,655	-
Claims payable	242,841	-	242,841	-
Long term debt:				
Due within one year	2,097,245	3,451,233	5,548,478	29,913
Due in more than one year	5,593,066	38,005,702	43,598,768	-
Net pension liability	11,718,551	1,606,603	13,325,154	258,867
Net OPEB liability	1,241,627	360,143	1,601,770	-
Total liabilities	24,133,266	45,100,346	69,233,612	325,666
<b>Deferred Inflows of Resources</b>				
Property taxes	7,661,805	-	7,661,805	994,348
Pension related deferred inflows	3,473,087	590,299	4,063,386	107,866
OPEB related deferred inflows	59,853	17,361	77,214	-
Total deferred inflows of resources	11,194,745	607,660	11,802,405	1,102,214
<b>Net Position</b>				
Net investment in capital assets	15,733,311	29,295,954	45,029,265	226,400
Restricted :				
Governmental government	517	-	517	-
Public safety	152,559	-	152,559	-
Highways and streets	525,910	-	525,910	-
Culture and recreation	850,643	-	850,643	-
Planning and development	409,299	-	409,299	-
Debt service	1,340,014	-	1,340,014	-
Library (Nonexpendable)	-	-	-	271,862
Library (Expendable)	-	-	-	208,781
Unrestricted (deficit)	7,602,461	8,569,703	16,172,164	294,697
Total net position	\$ 26,614,714	\$ 37,865,657	\$ 64,480,371	\$ 1,001,740

See accompanying notes to the basic financial statements

## Exhibit B

**City of Emporia, Kansas**  
**Statement of Activities**  
**For the Year Ended December 31, 2021**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Emporia Public Library
					Governmental Activities	Business-Type Activities	Total	
<b>Primary government:</b>								
<b>Governmental activities</b>								
General government	\$ 1,800,868	\$ 3,095,602	\$ 299,173	\$ -	\$ 1,593,907	\$ -	\$ 1,593,907	\$ -
Public safety	11,137,443	1,824,589	251,722	-	(9,061,132)	-	(9,061,132)	-
Highway and streets	6,396,110	-	145,322	830,343	(5,420,445)	-	(5,420,445)	-
Culture and recreation	4,194,202	638,834	8,518	208,771	(3,338,079)	-	(3,338,079)	-
Health and environment	70,500	-	-	-	(70,500)	-	(70,500)	-
Building maintenance	1,545,877	-	-	-	(1,545,877)	-	(1,545,877)	-
Planning and development	1,997,228	-	1,429,764	-	(567,464)	-	(567,464)	-
Airport operations	720,338	366,803	257,411	-	(96,124)	-	(96,124)	-
Interest on long-term debt	211,436	-	-	-	(211,436)	-	(211,436)	-
Total governmental activities	28,074,002	5,925,828	2,391,910	1,039,114	(18,717,150)	-	(18,717,150)	-
<b>Business-type activities</b>								
Solid waste disposal	5,139,441	5,517,050	-	-	-	377,609	377,609	-
Sewer utility	5,557,427	6,136,367	-	-	-	578,940	578,940	-
Water utility	6,829,682	7,239,358	-	-	-	409,676	409,676	-
Total business-type activities	17,526,550	18,892,775	-	-	-	1,366,225	1,366,225	-
Total primary government	\$ 45,600,552	\$ 24,818,603	\$ 2,391,910	\$ 1,039,114	(18,717,150)	1,366,225	(17,350,925)	-
<b>Component Unit</b>								
Emporia Public Library	\$ 1,090,151	\$ 4,163	\$ 69,157	\$ -	(1,016,831)	-	-	(1,016,831)
General revenues:								
Taxes:								
Property taxes:								
General purposes					6,245,561	-	6,245,561	1,106,820
Debt service					1,912,985		1,912,985	-
Sales taxes					8,496,466	-	8,496,466	-
Franchise taxes					2,554,654		2,554,654	-
Gasoline taxes					712,575	-	712,575	-
Use of money and property					165,068	6,162	171,230	259
Other					262,609	-	262,609	50,426
Transfers					(816,370)	816,370	-	-
Total general revenues					19,533,548	822,532	20,356,080	1,157,505
Change in net position					816,398	2,188,757	3,005,155	140,674
Net position, beginning of year					25,798,316	35,676,900	61,475,216	861,066
Net position, end of year					\$ 26,614,714	\$ 37,865,657	\$ 64,480,371	\$ 1,001,740

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See accompanying notes to the basic financial statements

**CITY OF EMPORIA, KANSAS**  
**Balance Sheet - Governmental Funds**  
**December 31, 2021**

	General	ARPA	Multi-Year Improvement	Internal Improvements	Debt Service	Non-Major Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Cash and investments	\$ 5,372,544	\$ 1,636,457	\$ 3,597,626	\$ 4,335,660	\$ 1,340,014	\$ 4,273,615	\$ 20,555,916
Receivables:							
Taxes	6,211,966	-	-	-	1,787,969	893,992	8,893,927
Accounts	516,050	-	-	-	-	13,359	529,409
Special assessments	-	-	-	-	313,354	-	313,354
Notes receivable	-	-	-	-	276,000	-	276,000
Due from other governments	517,580	-	-	-	-	-	517,580
Inventory	36,396	-	-	-	-	-	36,396
Prepaid items	-	-	-	-	-	16,250	16,250
Due from other funds	92,385	-	-	-	-	-	92,385
<b>Total Assets</b>	<b>\$ 12,746,921</b>	<b>\$ 1,636,457</b>	<b>\$ 3,597,626</b>	<b>\$ 4,335,660</b>	<b>\$ 3,717,337</b>	<b>\$ 5,197,216</b>	<b>\$ 31,231,217</b>
<b>Liabilities</b>							
Accounts payable	\$ 332,774	\$ -	\$ 15,239	\$ 209,049	\$ -	\$ 363,645	\$ 920,707
Accrued liabilities	594,873	-	-	-	-	9,112	603,985
Due to other funds	-	-	-	-	-	92,385	92,385
Unearned revenues	-	1,635,940	-	-	-	-	1,635,940
<b>Total Liabilities</b>	<b>927,647</b>	<b>1,635,940</b>	<b>15,239</b>	<b>209,049</b>	<b>-</b>	<b>465,142</b>	<b>3,253,017</b>
<b>Deferred inflows of resources</b>							
Unavailable revenue							
Special assessments	-	-	-	-	313,354	-	313,354
Notes receivable	-	-	-	-	276,000	-	276,000
Taxes	4,979,844	-	-	-	1,787,969	893,992	7,661,805
<b>Total deferred inflows of resources</b>	<b>4,979,844</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,377,323</b>	<b>893,992</b>	<b>8,251,159</b>
<b>Fund balances:</b>							
Nonspendable:							
Inventory and prepaid items	36,396	-	-	-	-	16,250	52,646
Restricted for:							
General governmental	-	517	-	-	-	-	517
Public safety	-	-	-	-	-	152,559	152,559
Highway and streets	-	-	-	-	-	525,910	525,910
Culture and recreation	-	-	-	-	-	850,643	850,643
Planning and development	-	-	-	-	-	409,299	409,299
Debt service	-	-	-	-	1,340,014	-	1,340,014
Committed for:							
Assigned for:							
Public safety	75,715	-	-	-	-	-	75,715
Culture and recreation	60,513	-	-	-	-	-	60,513
Building maintenance	15,120	-	-	-	-	-	15,120
Airport operations	4,533	-	-	-	-	-	4,533
Capital outlay	-	-	3,582,387	4,126,611	-	1,975,581	9,684,579
Unassigned	6,647,153	-	-	-	-	(92,160)	6,554,993
<b>Total fund balance</b>	<b>6,839,430</b>	<b>517</b>	<b>3,582,387</b>	<b>4,126,611</b>	<b>1,340,014</b>	<b>3,838,082</b>	<b>19,727,041</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 12,746,921</b>	<b>\$ 1,636,457</b>	<b>\$ 3,597,626</b>	<b>\$ 4,335,660</b>	<b>\$ 3,717,337</b>	<b>\$ 5,197,216</b>	<b>\$ 31,231,217</b>

See accompanying notes to the basic financial statements

**City of Emporia, Kansas  
Reconciliation of the Balance Sheet -  
Governmental Funds to the Statement of Net Position  
December 31, 2021**

Fund balances of governmental funds	\$ 19,727,041
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund statements.	22,777,112
Deferred outflows and inflows related to pension and OPEB activity are not required to be reported in the governmental funds but are required to be reported in the Statement of Net Position	316,120
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:	
Long-term liabilities	(7,690,311)
Net Pension liability	(11,718,551)
Net OPEB liability	(1,241,627)
Certain revenues are not available to pay for current period expenditures and therefore are reported as unavailable revenue in the governmental funds.	589,354
Liabilities for interest on long-term debt are recognized only when due in the governmental fund statements but are accrued in the government-wide statements.	(79,304)
Internal service funds are used to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net position.	3,934,880
Net position of governmental activities	<u><u>\$ 26,614,714</u></u>

See accompanying notes to the basic financial statements

**City of Emporia, Kansas**  
**Statement of Revenues, Expenditures and**  
**For the Year Ended December 31, 2021**

	General	ARPA	Multi-Year Improvement	Internal Improvements	Debt Service	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues:</b>							
Taxes	\$ 13,362,945	\$ -	\$ -	\$ -	\$ 1,884,002	\$ 1,024,154	\$ 16,271,101
Charges for services	2,485,720	-	-	-	-	-	2,485,720
Special assessments	-	-	-	-	115,984	-	115,984
Intergovernmental	3,369,178	241,000	-	118,059	99,270	2,838,595	6,666,102
Licenses and permits	281,459	-	-	-	-	-	281,459
Fines and fees	506,730	-	-	-	-	-	506,730
Use of money and property	144,759	517	1,815	2,025	950	2,983	153,049
Contributions	550	-	-	28,320	-	89,681	118,551
Administrative fees	2,643,791	-	-	-	-	-	2,643,791
Miscellaneous	227,141	-	-	13,000	-	389,875	630,016
Total Revenues	23,022,273	241,517	1,815	161,404	2,100,206	4,345,288	29,872,503
<b>Expenditures:</b>							
Current:							
General governmental	1,740,005	241,000	-	-	-	61,322	2,042,327
Public safety	10,684,634	-	-	-	-	3,156	10,687,790
Highway and streets	394,134	-	-	-	-	824,610	1,218,744
Culture and recreation	2,200,970	-	-	-	-	1,419,904	3,620,874
Health and environment	-	-	-	-	-	70,500	70,500
Building maintenance	1,364,982	-	-	-	-	-	1,364,982
Planning and development	-	-	-	120,847	-	1,876,381	1,997,228
Airport operations	643,740	-	-	-	-	-	643,740
Appropriations	80,294	-	-	177,119	-	-	257,413
Capital outlay	-	-	1,743,647	1,145,335	-	3,022,577	5,911,559
Debt service:							
Principal	-	-	-	153,816	1,410,000	-	1,563,816
Interest and fiscal charges	-	-	-	14,684	233,526	-	248,210
Total Expenditures	17,108,759	241,000	1,743,647	1,611,801	1,643,526	7,278,450	29,627,183
Excess of Revenues Over (Under) Expenditures	5,913,514	517	(1,741,832)	(1,450,397)	456,680	(2,933,162)	245,320
<b>Other financing sources (uses):</b>							
Transfers in	27,597	-	2,953,164	1,209,776	-	1,603,130	5,793,667
Transfers out	(5,518,894)	-	(550,162)	(610,663)	-	(430,318)	(7,110,037)
Total Other Financing Sources (Uses)	(5,491,297)	-	2,403,002	599,113	-	1,172,812	(1,316,370)
Net change in fund balances	422,217	517	661,170	(851,284)	456,680	(1,760,350)	(1,071,050)
Fund balances, beginning of year	6,417,213	-	2,921,217	4,977,895	883,334	5,598,432	20,798,091
Fund balances, end of year	\$ 6,839,430	\$ 517	\$ 3,582,387	\$ 4,126,611	\$ 1,340,014	\$ 3,838,082	\$ 19,727,041

See accompanying notes to the basic financial statements

**Exhibit D  
(continued)**

**City of Emporia, Kansas  
Reconciliation of the Statement of Revenues,  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2021**

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

Net change in fund balances - total governmental funds	\$ (1,071,050)
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay costs in excess of capitalization threshold	2,114,439
Depreciation	(2,875,980)

Revenues in the statement of activities that do not provide current financial resources are reported as deferred inflows in the governmental funds.

Special assessments and notes receivable	(177,752)
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position.

Principal payment on long-term debt	1,563,816
Bond premium amortization	24,307
Proceeds from long term debt	-
Premium on issuance	-
Changes in accrued interest payable	12,467

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

Change in compensated absences and other post employment benefits payable	(8,402)
Changes in net pension obligations, deferred outflows and inflows	84,530

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

1,159,457

Change in net position of governmental activities	<u>\$ 816,398</u>
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See accompanying notes to the basic financial statements



**CITY OF EMPORIA, KANSAS**  
**Statement of Net Position**  
**Proprietary Funds**  
**December 31, 2021**

	<b>Enterprise Funds</b>				<b>Internal Service Funds</b>
	<b>Solid Waste</b>	<b>Sewer Utility</b>	<b>Water Utility</b>	<b>Total</b>	
<b>Assets</b>					
Current assets:					
Cash and investments	\$ 4,264,042	\$ 2,713,408	\$ 2,845,575	\$ 9,823,025	\$ 4,166,133
Accounts receivables, net	471,720	391,093	372,581	1,235,394	11,588
Due from other governments	-	375,315	508,504	883,819	-
Inventory	-	-	358,247	358,247	-
Total current assets	4,735,762	3,479,816	4,084,907	12,300,485	4,177,721
Noncurrent assets:					
Capital assets:					
Not being depreciated	102,625	774,721	1,190,826	2,068,172	-
Being depreciated, net of depreciation	2,045,095	43,797,440	22,709,432	68,551,967	-
Total noncurrent assets	2,147,720	44,572,161	23,900,258	70,620,139	-
Total assets	6,883,482	48,051,977	27,985,165	82,920,624	4,177,721
<b>Deferred Outflows of Resources</b>					
Pension related deferred outflows	274,103	128,565	143,727	546,395	-
OPEB related deferred outflows	53,342	25,271	28,031	106,644	-
Total Deferred Outflows of Resources	327,445	153,836	171,758	653,039	-
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	180,932	589,479	443,739	1,214,150	-
Accrued liabilities	48,643	13,089	20,432	82,164	-
Accrued interest payable	-	204,061	176,290	380,351	-
Claims payable	-	-	-	-	242,841
Current maturities on long-term debt	41,181	2,132,712	1,277,340	3,451,233	-
Total current liabilities:	270,756	2,939,341	1,917,801	5,127,898	242,841
Long-term liabilities:					
Net Pension liability	805,964	378,028	422,611	1,606,603	-
Net OPEB liability	180,143	85,341	94,659	360,143	-
Due in more than one year	13,727	27,122,873	10,869,102	38,005,702	-
Total long-term liabilities:	999,834	27,586,242	11,386,372	39,972,448	-
Total liabilities	1,270,590	30,525,583	13,304,173	45,100,346	242,841
<b>Deferred Inflows of Resources</b>					
Pension related deferred inflows	296,127	138,896	155,276	590,299	-
OPEB related deferred inflows	8,684	4,114	4,563	17,361	-
Total Deferred Inflows of Resources	304,811	143,010	159,839	607,660	-
<b>Net position</b>					
Net investment in capital assets	2,147,720	15,365,517	11,782,717	29,295,954	-
Unrestricted	3,487,806	2,171,703	2,910,194	8,569,703	3,934,880
Total net position	\$ 5,635,526	\$ 17,537,220	\$ 14,692,911	\$ 37,865,657	\$ 3,934,880

See accompanying notes to the basic financial statements

**CITY OF EMPORIA, KANSAS**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended December 31, 2021**

	<b>Enterprise Funds</b>				<b>Internal Service Fund</b>
	<b>Solid Waste</b>	<b>Sewer Utility</b>	<b>Water Utility</b>	<b>Total</b>	
<b>Operating revenues:</b>					
Charges for services	\$ 5,420,149	\$ 5,729,264	\$ 7,214,159	\$ 18,363,572	\$ 2,345,139
Other	96,901	407,103	25,199	529,203	469,304
Total operating revenues	5,517,050	6,136,367	7,239,358	18,892,775	2,814,443
<b>Operating expenses:</b>					
Personal services	1,838,189	831,257	957,937	3,627,383	-
Contractual services	1,385,470	276,039	461,637	2,123,146	-
Commodities	319,566	763,571	1,555,481	2,638,618	-
Maintenance and repairs	297,803	282,139	735,305	1,315,247	-
Depreciation	392,526	2,014,563	1,399,907	3,806,996	-
Administrative charges	870,040	610,000	1,155,328	2,635,368	-
Other	217,099	180,341	229,036	626,476	-
Claims and expenses	-	-	-	-	2,167,005
Total operating expenses	5,320,693	4,957,910	6,494,631	16,773,234	2,167,005
Operating income	196,357	1,178,457	744,727	2,119,541	647,438
<b>Nonoperating revenues (expenses):</b>					
Sale of capital assets	181,252	(42,171)	-	139,081	-
Interest income	2,276	1,708	2,178	6,162	12,019
Interest and fiscal charges	-	(557,346)	(335,051)	(892,397)	-
Total nonoperating revenues	183,528	(597,809)	(332,873)	(747,154)	12,019
Income before transfers	379,885	580,648	411,854	1,372,387	659,457
Transfers in	-	429,599	386,771	816,370	500,000
Change in net position	379,885	1,010,247	798,625	2,188,757	1,159,457
Total net position, beginning of year	5,255,641	16,526,973	13,894,286	35,676,900	2,775,423
Total net position, end of year	\$ 5,635,526	\$ 17,537,220	\$ 14,692,911	\$ 37,865,657	\$ 3,934,880

See accompanying notes to the basic financial statements

**City of Emporia, Kansas**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2021**

	<b>Solid Waste</b>	<b>Sewer Utility</b>	<b>Water Utility</b>	<b>Totals</b>	<b>Internal Service Funds</b>
Cash flows from operating activities:					
Receipts from customers and others	\$ 5,477,591	\$ 5,756,462	\$ 7,252,412	\$ 18,486,465	\$ 2,810,177
Payments to suppliers	(3,044,946)	(1,570,577)	(3,950,619)	(8,566,142)	(2,029,547)
Payments to employees	(1,874,133)	(2,151,838)	(1,020,451)	(5,046,422)	-
Net cash provided by (used in) operating activities	558,512	2,034,047	2,281,342	4,873,901	780,630
Cash flows from noncapital financing activities:					
Transfers in (out)	-	429,599	386,771	816,370	500,000
Net cash provided by (used in) noncapital financing activities	-	429,599	386,771	816,370	500,000
Cash flows from investing activities:					
Interest received	2,276	1,708	2,178	6,162	12,019
Net cash provided by (used in) investing activities	2,276	1,708	2,178	6,162	12,019
Cash flows from capital and related financing activities:					
Purchase and construction of capital assets	(467,156)	(1,026,072)	(1,978,988)	(3,472,216)	-
Proceeds from sale of capital assets	181,252	(42,171)	-	139,081	-
Proceeds from long-term debt	-	3,067,851	1,984,093	5,051,944	-
Principal paid on bonds and notes	-	(3,467,056)	(2,310,000)	(5,777,056)	-
Interest paid	-	(504,123)	(237,860)	(741,983)	-
Net cash provided by (used in) capital and related financing activities	(285,904)	(1,971,571)	(2,542,755)	(4,800,230)	-
Net change in cash and equivalents	274,884	493,783	127,536	896,203	1,292,649
Cash and equivalents, beginning of year	3,989,158	2,219,625	2,718,039	8,926,822	2,873,484
Cash and equivalents, end of year	\$ 4,264,042	\$ 2,713,408	\$ 2,845,575	\$ 9,823,025	\$ 4,166,133
Reconciliation of operating income to net cash provided by (used in) operating activities:					
Operating income	\$ 196,357	\$ 1,178,457	\$ 744,727	\$ 2,119,541	\$ 647,438
Adjustments to reconcile operating loss to net cash used by operations:					
Depreciation	392,526	2,014,563	1,399,907	3,806,996	-
Changes in compensated absences	4,246	(1,308,638)	(87,085)	(1,391,477)	-
Changes in net pension liability	(340,478)	(156,952)	(131,090)	(628,520)	-
Changes in net OPEB liability	37,533	17,798	24,560	79,891	-
Changes in deferred outflows of resources	(3,594)	(2,512)	(15,099)	(21,205)	-
Changes in deferred inflows of resources	269,832	126,634	142,880	539,346	-
Changes in:					
Receivables	(39,459)	(4,590)	13,054	(30,995)	(4,266)
Due from other governments	-	(375,315)	-	(375,315)	-
Inventory	-	-	80,037	80,037	-
Accounts and claims payable	45,032	541,513	106,131	692,676	137,458
Accrued liabilities	(3,483)	3,089	3,320	2,926	-
Net cash provided by (used in) operating activities	\$ 558,512	\$ 2,034,047	\$ 2,281,342	\$ 4,873,901	\$ 780,630

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**CITY OF EMPORIA, KANSAS**  
Notes to the Basic Financial Statements  
December 31, 2021

**(1) Summary of Significant Accounting Policies**

The City of Emporia, Kansas (the City) is a municipal corporation governed by five elected commissioners (the Commission). The City provides services to nearly 25,000 residents in many areas, including law enforcement and fire protection, water, sewer and sanitation services, community enrichment and development, and various social services.

The accounting and reporting policies of the City conform to generally accepted accounting principles (GAAP) in the United States of America applicable to local governments. The following represent the more significant accounting and reporting policies and practices of the City.

***Financial Reporting Entity***

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. Component units are separate legal entities which are included in the primary government's financial report. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not only, criterion for including a potential component unit within the reporting entity is the City's financial accountability for the potential component unit. An entity is considered a component unit if City officials appoint a voting majority of the component unit's governing body and the City is able to impose its will upon the component unit. Additionally, if the entity provides specific financial benefits to or imposes specific financial burdens on the City, it may be considered a component unit.

***Discretely Presented Component Unit***

Emporia Public Library – The Emporia Public Library (the Library) serves the citizens within the City's jurisdiction. The City appoints the entire governing body of the Library. Because the Library is not a separate taxing entity, the City levies tax for the Library's operations. The City appropriated \$937,779 to the Library in 2021. Complete financial statements may be obtained at the Emporia Public Library, 110 E. 6th Avenue, Emporia, Kansas.

***Jointly Governed Organizations***

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

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

**CITY OF EMPORIA, KANSAS**  
Notes to the Basic Financial Statements  
December 31, 2021

***Basis of Presentation***

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds).

***Government-wide financial statements***

The statement of net position and the statement of activities display information about the City, the primary government, as a whole. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. Expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program is self-financing or draws from the general revenues of the City.

***Fund financial statements***

Fund financial statements report detailed information about the City. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

**Governmental Funds**

Governmental Funds are those through which most governmental functions of the City are financed. The acquisition, use, and balances of the City's expendable financial resources and the related liabilities (other than those in Proprietary Funds) are accounted for through Governmental Funds. The measurement focus is upon determination of financial position and changes in financial position, rather than upon net income determination.

The following are the City's major governmental funds:

The General Fund accounts for all financial transactions not accounted for in other funds. The general operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are financed through revenues received by the General Fund.

***American Rescue Plan Act (ARPA) Fund***

This fund accounts for the City's \$3.75 million dollar allotment from the U.S. Department of the Treasury that are to be used to support its response and recovery from the COVID-19 public health emergency. The City received its first distribution of \$1,876,940 during the year ended December 31, 2021.

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

The Internal Improvements Fund is a capital projects fund used to account for capital improvement projects and the acquisition of capital assets.

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.

**Proprietary Funds**

Proprietary Funds are used to account for the City's ongoing activities which are similar to those found in the private sector. The measurement focus is upon determination of net income, financial position, and changes in financial position.

**CITY OF EMPORIA, KANSAS**  
Notes to the Basic Financial Statements  
December 31, 2021

The following are the City's major proprietary funds:

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

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

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

**Internal Service Funds**

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

***Measurement Focus and Basis of Accounting***

***Government-wide Financial Statements***

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned or when all eligibility requirements have been satisfied and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, sales tax, and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. This is a similar approach to that used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, the governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

***Governmental Fund Financial Statements***

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

**CITY OF EMPORIA, KANSAS**  
Notes to the Basic Financial Statements  
December 31, 2021

*Revenue Recognition*

In applying the susceptible to accrual concept under the modified accrual basis, certain revenue sources are deemed both measurable and available (collectible within the current year or within two months of year end and available to pay obligations of the current period). This includes investment earnings and state-levied locally shared taxes (including motor vehicle fees). Reimbursements due for federally funded projects are accrued as revenue at the time the expenditures are made, or when received in advance, deferred until expenditures are made.

Property taxes, special assessments, and notes receivable, though measurable, are not available soon enough in the subsequent year to finance current period obligations. Therefore, property taxes, special assessment, and notes receivables are recorded and deferred in the fund statements until they become available.

Other revenues, including licenses and permits, certain charges for services, and miscellaneous revenues, are recorded as revenue when received in cash because they are generally not measurable until actually received.

Property taxes are recognized as revenue in the government-wide financial statements in the year the taxes are intended to be financed by those taxes.

*Expenditure Recognition*

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt, which have not matured are recognized when due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

*Proprietary Fund Financial Statements*

The economic resources measurement focus and the accrual basis of accounting are utilized by the proprietary funds. Under this basis of accounting, revenues are recognized when earned and expenses are recorded when liabilities are incurred. All assets and liabilities (whether current or noncurrent) associated with a proprietary fund's activities are included on its statement of net position and statement of activities. Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. All other revenues and expenses are considered nonoperating.

*Fiduciary Fund Financial Statements*

Fiduciary funds are used to report assets held in a trustee or custodial capacity for others and therefore are not available to support City programs. Custodial funds apply the accrual basis of accounting; however they do not have a measurement focus.

The City's fiduciary fund is presented in the fiduciary fund financial statement by type. Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.



**CITY OF EMPORIA, KANSAS**  
Notes to the Basic Financial Statements  
December 31, 2021

***Deposits and Investments***

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

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

From time to time, the City invests available cash in the Kansas Municipal Investment Pool (KMIP). KMIP is a pooled investment vehicle offered by the State of Kansas as a voluntary investment alternative for municipalities in the State of Kansas. KMIP is governed by the State of Kansas Pooled Money Investment Board. Investments in the KMIP are reported at net asset value, which approximates fair value.

***Accounts Receivable and Payable***

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

All trade and other receivables are shown net of an allowance for uncollectible, 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 records the annual assessment on the tax rolls. The County Treasurer is the tax collection agent for all taxing entities within the County. In accordance with state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Property taxes are levied and liens against property are placed on November 1 of the year prior to the fiscal year for which they are budgeted. Payments are due December 20, becoming delinquent, with penalty, December 21. Payments of 50% are accepted through December 20, with the remaining 50% then being due on or before May 10 of the following year. The City Treasurer draws down all available funds from the County Treasurer's office in two-month intervals. Taxes remaining due and unpaid at February 15 and July 1 are subject to collection procedures prescribed in state statutes.

Collection of current year property tax by the County Treasurer is not completed, apportioned nor distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes. Consequently, current year property taxes receivable are not available as a resource that can be used to finance the current year operations of the City. Accruals of uncollected current year property taxes are offset by deferred inflows of resources and are identical to the adopted budget for 2022 in the governmental fund financial statements.

***Inventories and Prepaid Items***

Inventories in all funds are priced at cost of the latest purchase, which approximates average cost, and are based on year-end physical counts. Inventories consist of expendable supplies held for consumption. The cost of inventories is recorded as an expenditure when consumed.

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

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**Capital Assets**

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

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

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

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

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

**Compensated Absences**

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

Vested or accumulation vacation and sick time is accounted for as follows:

Governmental Funds - The accumulated liabilities for employee vacation and sick time is recorded in the governmental activities column of the government-wide financial statements.

Proprietary Funds - The costs of vacation and sick pay are accrued in the respective funds as earned by City employees and recorded in the proprietary fund financial statements and the business-type activities column of the government-wide financial statements.

**CITY OF EMPORIA, KANSAS**  
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***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, 2021 represents the management's estimate of the amount it would cost to perform all post-closure care until 2024. The actual costs may be higher due to inflation, changes in technology or changes in regulations. The City intends to fund these costs internally.

***Long-Term Obligations***

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

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

***Deferred Outflows/inflows of Resources***

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualifies for reporting in this category. The first item relates to the change in actual and projected experience in calculating the City's proportionate share of the pension liability and actuarial assumption changes, and the difference between actual and projected earnings in calculating the net pension liability. The second item results from assumption changes in calculating the City's OPEB liability.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three types of items, which arises under the accrual and modified accrual basis of accounting, which qualify for reporting in this category. The first one relates to the change in actual and projected experience in calculating the pension liability and actuarial assumption changes, and the difference between actual and projected earnings in calculating the City's proportionate share of net pension liability. The second item relates to the change in actual and projected experience in calculating the OPEB liability. The third item, unavailable revenue, is reported in both the government-wide statement of net position and governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available

***Pensions***

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

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***Other Post Employment Benefit Plans (OPEB)***

The City sponsors a single-employer, defined benefit healthcare plan and participates in the Kansas Public Employees Death and Disability Plan, a multiple-employer defined benefit plan. The total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense have been determined on the same basis as they are reported by the OPEB Plans. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

***Interfund Activity***

**Loans** – amounts provided with a requirement for repayment. Interfund loans are reported as interfund receivables (i.e., due from other funds) in lender funds and interfund payables (i.e. due to other funds) in borrower funds.

**Services provided and used** – sales and purchases of goods and services between funds for a price approximating their fair value. Interfund services provided and used are reported as revenues in funds providing the good or service and expenditures or expenses in the fund purchasing the good or service. Unpaid amounts are reported as interfund receivables and payables in the fund balance sheets or statement of net position.

The General fund provides administrative and other support services for the Solid Waste, Sewer Utility and Water Utility funds. Amounts charged for such services for the year ended December 31, 2021 were \$870,040, \$610,000, and \$1,155,328, respectively.

**Reimbursements** – repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are reported as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

**Transfers** – flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers. For the purpose of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

***Special Assessments***

Kansas statutes require projects financed in part by special assessments to be financed through the issuance of general obligation bonds which are secured by the full faith and credit of the City. Special assessments paid prior to the issuance of bonds are recorded as revenue for the appropriate project. Special assessments received after issuance of bonds are recorded as revenue in the Debt Service Fund. Further, state statutes require levying additional general ad valorem property taxes in the Debt Service Fund to finance delinquent special assessments receivable. Accordingly, special assessments receivable are accounted for within the Debt Service Fund. Special assessments are levied over various periods, and the annual installments are due and payable with annual ad valorem property taxes. The City may foreclose liens against property benefited by special assessments when delinquent assessments are two years in arrears. Special assessment taxes levied are a lien on the property and are recorded as special assessment receivable in the Debt Service Fund with a corresponding amount recorded as deferred inflow of resources in the fund financial statements.

***Statement of Cash Flows***

For purposes of the statement of cash flows, short-term investments, and certificates of deposit with a maturity date within three months of the date acquired by the City, if any, are considered cash equivalents.

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***Fund Balances***

In the fund financial statements, governmental funds report the following fund balance classifications:

**Non-Spendable** – This consists of amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

**Restricted** – This consists of amounts where constraints are placed on the use of those resources which are either externally imposed by creditors, grantors, contributors, laws, or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

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

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

**Unassigned** – This consists of the residual fund balance that does not meet the requirements for the non-spendable, restricted, committed, or assigned classifications. A positive unassigned fund balance is only possible in the general fund.

The City has a fund balance policy that provides guidance for programs with multiple revenue sources. The policy is to use restricted resources first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance.

***Net Position Classifications***

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

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

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

***Use of Estimates***

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

***Stewardship, Compliance and Accountability***

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.

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

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

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

A legal operating budget is not required for capital projects funds and the following special revenue funds: 2017 Housing, 2020 Housing, Housing Study RDA, Law Enforcement Block Grants, DARE Crime Prevention, 2014 Housing, 911 Land Wire Fees, Lake Kahola, Emporia Homeowner Repair, Home Equity Rehab, and Land Bank. Spending in funds which are not subject to the legal annual operating budget requirements are controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body. The City legally adopted an annual budget for the Multi-Year Improvement Fund capital projects fund.

**Compliance with Kansas Statutes**

The following funds had deficit fund balances as of December 31, 2021: 2020 Housing \$32,565 and Emporia Homeowner Repair \$59,724.

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**(2) Deposits and Investments**

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

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

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

At December 31, 2021, the carrying values of deposits and investments are summarized as follows:

Cash on hand	\$ 7,325
Carrying amount of deposits	6,609,148
Kansas Municipal Investment Pool (KMIP)	<u>27,928,601</u>
Total cash and investments	<u><u>\$ 34,545,074</u></u>

At December 31, 2021, the City has the following investments:

Investment Type	Fair Value	Rating	Weighted Rate
Kansas Municipal Investment Pool	\$ 27,928,601	S&P AAAf/S1+	0.0100%

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

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

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. The City's deposit policy for custodial credit risk require that the depository banks will maintain 100% security in the form of FDIC coverage and pledged collateral according to KSA 9-1402. At year end, the carrying amount of the cash, including certificates of deposit and cash on hand, was \$6,616,473 and the bank balance was \$6,663,642. The difference between the carrying amount and the bank balance was outstanding checks, deposits in transit and cash on hand. Of the bank balance, \$250,000 was covered by federal depository insurance, \$6,413,642 was collateralized by pledged securities.



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The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. For the year ended December 31, 2021, the City's investment in KMIP was considered a cash equivalent as all investments were held in the overnight pool. Investments that are considered cash equivalents are not classified in the fair value hierarchy.

Component Unit - At year-end, the carrying amount of the Library's cash, including certificates of deposit and cash on hand, was \$666,529 and the bank balance was \$675,348. The difference between the carrying amount and the bank balance was outstanding checks, deposits in transit and cash on hand. Of the bank balance, \$250,000 was covered by federal depository insurance and the remaining \$425,348 was collateralized by pledged securities.

**(3) Tax Revenues and Taxes Receivable**

In accordance with governing state statutes, property taxes levied during the current year are revenue sources to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and are levied and become a lien on the property on November 1 of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1 of the ensuing year. Consequently, for revenue recognition purposes, the taxes levied during the current year are not due and receivable until the ensuing year. At December 31, such taxes are recorded as taxes receivable with a corresponding amount recorded as a deferred inflow of resources on the balance sheets of the appropriate funds. It is not practical to apportion delinquent taxes held by the County Treasurer as of December 31, 2021. Estimated delinquencies are insignificant and have not been recorded.

Assessed values are established by the County Appraiser. The assessed value for property located in the City as of January 1, 2020 on which the 2021 levy was based was \$184,397,508.

<u>Fund</u>	<u>Levy</u>
General	\$ 27.817
Library	4.989
Bond and Interest	9.988
Industrial	0.006
	<u>\$ 42.800</u>

Tax revenues for the year ended December 31, 2021 consisted of the following:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Property taxes	\$ 5,221,408	\$ 1,884,002	\$ 1,024,154	\$ 8,129,564
Sales taxes	5,586,883	-	-	5,586,883
Franchise taxes	2,554,654	-	-	2,554,654
	<u>\$ 13,362,945</u>	<u>\$ 1,884,002</u>	<u>\$ 1,024,154</u>	<u>\$ 16,271,101</u>



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Taxes receivable represent property, sales, and franchise taxes, including interest and penalties, reduced by an appropriate allowance for uncollectible taxes. Taxes receivable consisted of the following at December 31, 2021:

	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Other Governmental Funds</b>	<b>Total</b>
Property taxes	\$ 4,979,844	\$ 1,787,969	\$ 893,992	\$ 7,661,805
Sales taxes	1,003,613	-	-	1,003,613
Franchise taxes	228,509	-	-	228,509
	<u>\$ 6,211,966</u>	<u>\$ 1,787,969</u>	<u>\$ 893,992</u>	<u>\$ 8,893,927</u>

**(4) Intergovernmental Revenues**

Intergovernmental revenues for the year ended December 31, 2021, consisted of the following:

	<b>General Fund</b>	<b>ARPA Fund</b>	<b>Internal Improvements Fund</b>	<b>Debt Service Fund</b>	<b>Other Governmental Funds</b>	<b>Total</b>
Grants:						
Federal, State and Local	\$ 149,001	\$ 241,000	\$ 118,059	\$ -	\$ 1,319,768	\$ 1,827,828
State:						
Gasoline Tax	-	-	-	-	712,575	712,575
Transient guest tax	-	-	-	-	634,077	634,077
Special liquor tax	86,358	-	-	-	172,175	258,533
Local:						
County-wide sales taxes	2,909,582	-	-	-	-	2,909,582
Interlocal agreements	224,237	-	-	99,270	-	323,507
Total	<u>\$ 3,369,178</u>	<u>\$ 241,000</u>	<u>\$ 118,059</u>	<u>\$ 99,270</u>	<u>\$ 2,838,595</u>	<u>\$ 6,666,102</u>

**(5) Land Held for Redevelopment**

In 2020, the City provided funding for the acquisition of certain property for Emporia Enterprises, Inc. (Enterprise) under a memorandum of understanding (MOU). Under the MOU, Enterprise will manage the property and pursue a purchaser or lessor of the property. Upon sale of the property, the net proceeds shall be returned to the City. During the year ended December 31, 2021, the City approved the sale of the property for \$575,000.

	<b>Beginning Balances</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balances</b>
Land held for redevelopment	<u>\$ 651,577</u>	<u>\$ -</u>	<u>\$ 651,577</u>	<u>\$ -</u>

**CITY OF EMPORIA, KANSAS**  
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**(6) Interfund Activity**

Transfers between funds for the year ended December 31, 2021 were as follows:

	Transfers Out:				Total
	General Fund	Multi-year Fund	Internal Improvements Fund	Other Governmental Funds	
Transfers In:					
Governmental activities:					
General Fund	\$ -	\$ -	\$ 27,597	\$ -	\$ 27,597
Multi-year Fund	2,822,749	-	115,500	14,915	2,953,164
Internal Improvements Fund	1,194,372	-	-	15,404	1,209,776
Other Governmental Funds	965,002	550,162	37,967	49,999	1,603,130
Total governmental activities	4,982,123	550,162	181,064	80,318	5,793,667
Business-type activities:					
Sewer Utility Fund	-	-	429,599	-	429,599
Water Utility Fund	36,771	-	-	350,000	386,771
Total business-type activities	36,771	-	429,599	350,000	816,370
Internal Service:					
Workers' Compensation Fund	500,000	-	-	-	500,000
Total internal service funds	500,000	-	-	-	500,000
Total	\$ 5,518,894	\$ 550,162	\$ 610,663	\$ 430,318	\$ 7,110,037

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Any transfers within the governmental funds or within the proprietary funds have been eliminated in the government-wide statement of activities.

Amount due to/due from other funds as of December 31, 2021 were as follows:

Due to:	
General Fund	
Due from:	
Other Governmental Funds	\$ 92,385

Amounts due to the General Fund from Other Governmental Funds represent advances for short-term cash flow needs.

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**(7) Capital Assets**

A summary of the changes in capital assets for the year ended December 31, 2021 is as follows:

	December 31, 2020	Additions	Retirements	December 31, 2021
<b>Governmental activities:</b>				
Capital assets, not being depreciated				
Land	\$ 2,794,564	\$ -	\$ 10,000	\$ 2,784,564
Construction in progress	452,891	1,365,424	919,764	898,551
Total capital assets, not being depreciated	3,247,455	1,365,424	929,764	3,683,115
Capital assets, being depreciated				
Land improvements	210,104,112	1,010,658	6,029	211,108,741
Building and improvements	16,140,729	347,635	-	16,488,364
Vehicles	4,936,327	204,835	118,967	5,022,195
Equipment, furniture and fixtures	7,604,611	115,651	146,777	7,573,485
Total capital assets being depreciated	238,785,779	1,678,779	271,773	240,192,785
Less accumulated depreciation for:				
Land improvements	195,789,315	1,827,839	-	197,617,154
Building and improvements	13,391,399	405,760	-	13,797,159
Vehicles	3,583,466	337,523	118,967	3,802,022
Equipment, furniture and fixtures	5,720,967	304,858	143,372	5,882,453
Total accumulated depreciation	218,485,147	2,875,980	262,339	221,098,785
Total capital assets being depreciated, net	20,300,632			19,093,997
Governmental activities capital assets, net	\$ 23,548,087			\$ 22,777,112

	December 31, 2020	Additions	Retirements	December 31, 2021
<b>Business-Type Activities</b>				
Capital assets, not being depreciated				
Land	\$ 222,572	\$ -	\$ -	\$ 222,572
Construction in progress	3,722,389	2,670,934	4,547,723	1,845,600
Total capital assets, not being depreciated	3,944,961	2,670,934	4,547,723	2,068,172
Capital assets, being depreciated				
Land improvements	73,477,505	4,478,618	266,021	77,690,102
Building and improvements	31,585,944	-	-	31,585,944
Vehicles	3,001,000	698,572	488,895	3,210,677
Equipment, furniture and fixtures	12,669,996	217,843	349,897	12,537,942
Total capital assets being depreciated	120,734,445	5,395,033	1,104,813	125,024,665
Less accumulated depreciation for:				
Land improvements	30,758,475	1,984,222	219,994	32,522,703
Building and improvements	13,176,111	956,911	-	14,133,022
Vehicles	2,481,578	186,541	488,895	2,179,224
Equipment, furniture and fixtures	7,308,323	679,322	349,896	7,637,749
Total accumulated depreciation	53,724,487	3,806,996	1,058,785	56,472,698
Total capital assets being depreciated, net	67,009,958			68,551,967
Business-type activities capital assets, net	\$ 70,954,919			\$ 70,620,139

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

<b>Governmental Activities:</b>	
General government	\$ 181,560
Public safety	412,272
Highway and streets	1,392,507
Culture and recreation	605,092
Building and maintenance	202,963
Airport operations	81,586
Total depreciation expense for Governmental activities	<u>\$ 2,875,980</u>
<b>Business-type Activities:</b>	
Solid waste	\$ 392,526
Sewer utility	2,014,563
Water utility	1,399,907
Total depreciation expense for Business-type activities:	<u>\$ 3,806,996</u>

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**(8) Long Term Debt**

During the year ended December 31, 2021, the following changes, including the reallocation of the general obligation bonds outstanding between governmental and business-type activities, occurred in long term liabilities:

	Beginning of Year	Adjustments/ Additions	Adjustments/ Retirements	End of Year	Due Within One Year
<b>Governmental Activities:</b>					
General obligation	\$ 7,635,000	\$ -	\$ 1,410,000	\$ 6,225,000	\$ 1,455,000
Premium	360,053	-	24,307	335,746	-
Interlocal agreement	636,871	-	153,816	483,055	157,362
Compensated absences **	693,774	758,184	805,448	646,510	484,883
Net pension liability **	15,370,753	-	3,652,202	11,718,551	-
OPEB liability **	1,031,611	210,016	-	1,241,627	-
Total Governmental activities	25,728,062	968,200	6,045,773	20,650,489	2,097,245
<b>Business-Type Activities:</b>					
General obligation	13,760,000	-	1,935,000	11,825,000	1,865,000
Premium	1,214,519	-	131,991	1,082,528	-
Loans	28,314,976	1,303,401	1,201,720	28,416,657	1,443,453
Compensated absences	167,743	155,679	190,673	132,749	92,780
Net pension liability	2,235,124	-	628,520	1,606,604	-
OPEB liability	280,252	79,891	-	360,143	-
Total Business-type activities	45,972,614	1,538,971	4,087,904	43,423,681	3,401,233
<b>Total primary government</b>	<b>\$ 71,700,676</b>	<b>\$ 2,507,171</b>	<b>\$ 10,133,677</b>	<b>\$ 64,074,170</b>	<b>\$ 5,498,478</b>

\*\* governmental compensated absences, pension liability, and OPEB obligation are liquidated by the General Fund

**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.

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

Issue	Interest Rates	Date of Issue	Original Issue	Date of Final Maturity	Bonds Outstanding
<b>Governmental Activities</b>					
2013 Internal Improvements	3.00%	12/30/2013	\$ 1,835,000	9/1/2023	\$ 90,000
2015 Internal Improvements	2.38%	7/30/2015	4,330,000	9/1/2030	1,545,000
2016 Internal Improvements	3.00%	11/25/2016	1,990,000	9/1/2029	445,000
2018 Internal Improvements	2.81%	6/26/2018	1,000,000	9/1/2033	575,000
2020 Refunding and Improvements	1.77%	10/20/2020	4,055,000	9/1/2035	3,570,000
<b>Total Governmental Activities</b>					<b>\$ 6,225,000</b>
<b>Business-Type Activities</b>					
2013 Internal Improvements	3.00%	12/30/2013	\$ 2,445,000	9/1/2023	\$ 580,000
2015 Internal Improvements	2.38%	7/30/2015	3,775,000	9/1/2030	2,495,000
2016 Internal Improvements	3.00%	11/25/2016	2,850,000	9/1/2029	1,340,000
2018 Internal Improvements	2.81%	6/26/2018	6,190,000	9/1/2033	5,080,000
2020 Refunding and Improvements	1.77%	10/20/2020	2,885,000	9/1/2035	2,330,000
<b>Total Business-Type Activities</b>					<b>\$ 11,825,000</b>

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

Year	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2022	\$ 1,455,000	\$ 204,500	\$ 1,865,000	\$ 395,735	\$ 3,920,235
2023	1,525,000	154,050	1,805,000	333,088	3,817,138
2024	500,000	101,050	1,095,000	272,038	1,968,088
2025	470,000	83,300	1,120,000	232,038	1,905,338
2026	245,000	68,700	1,160,000	193,788	1,667,488
2027 - 2031	1,130,000	233,400	3,820,000	448,675	5,632,075
2032 - 2035	900,000	68,550	960,000	56,050	1,984,600
	<b>\$ 6,225,000</b>	<b>\$ 913,550</b>	<b>\$ 11,825,000</b>	<b>\$ 1,931,412</b>	<b>\$ 20,894,962</b>

### Interlocal Agreement

The City entered into a Interlocal Agreement (Agreement) with Lyon County (the County) to assist in the acquisition of radios related to a computer dispatch and report management system (computer system). Under the Agreement, the City is obligated to pay the County annual payments of \$168,500 including interest at 2.3% beginning in December 2020 with the final payment due in December 2025. The outstanding balance of the Agreement at December 31, 2021 was \$483,055.

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**Loans payable**

The City entered into a loan agreement with the Kansas Department of Health & Environment through the Kansas Water Pollution Control Revolving Loan Fund related to a wastewater treatment plant improvement project for an amount up to \$32,285,000. The interest rate on the loan is 1.69%, plus a .25% service fee. Final maturity is scheduled for September 1, 2038.

As of December 31, 2021, the City has drawn \$30,805,590 on the loan and anticipates utilizing the full amount of the loan. As of December 31, 2021, the principal outstanding was \$27,121,353.

The City entered into a loan agreement with the Kansas Department of Health & Environment through the Kansas Public Water Supply Loan Fund related to water infrastructure improvement projects for an amount up to \$9,969,863. The interest rate on the loan is 2.19%, plus a .35% service fee. Final maturity is scheduled for August 1, 2041.

As of December 31, 2021, the City has drawn \$1,295,304 on the loan and anticipates utilizing the full amount of the loan. As of December 31, 2021, the principal outstanding was \$1,295,304.

Loans	Interest Rates	Date of Issue	Maximum Original Issue	Date of Final Maturity	Loans Outstanding
<b>Business-Type Activities</b>					
KDHE Loan - Water pollution control	1.69%	11/7/2017	\$ 32,285,000	9/1/2038	\$ 27,121,353
KDHE Loan - Public water supply	2.19%	9/3/2019	9,969,863	8/1/2041	1,295,304
					<u>\$ 28,416,657</u>

Estimated annual debt service requirements to maturity for the loans (based on the current outstanding balances) are as follows:

<b>Year Ending</b>	<b>Water Pollution Control</b>		<b>Public Water Supply</b>		<b>Totals</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2022	\$ 1,443,453	\$ 551,081	\$ -	\$ 28,367	\$ 1,443,453	\$ 579,448
2023	1,471,592	522,943	290,450	6,361	1,762,042	529,304
2024	1,500,279	494,255	296,810	22,628	1,797,089	516,883
2025	1,529,526	465,009	303,311	16,127	1,832,837	481,136
2026	1,559,343	435,192	309,953	9,485	1,869,296	444,677
2027 - 2031	8,264,710	1,707,964	94,780	2,696	8,359,490	1,710,660
2032 - 2036	9,102,300	871,374	-	-	9,102,300	871,374
2037 - 2038	2,250,149	94,890	-	-	2,250,149	94,890
	<u>\$ 27,121,352</u>	<u>\$ 5,142,708</u>	<u>\$ 1,295,304</u>	<u>\$ 85,664</u>	<u>\$ 28,416,656</u>	<u>\$ 5,228,372</u>

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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 recorded as revenue when levied against the respective property owners as such amounts are not available to finance current year operations. The special assessment debt is a contingent liability of the City to the extent of property owner defaults, which have historically been immaterial.

*Conduit Debt* - The City has entered into several conduit debt arrangements wherein the City issues industrial revenue bonds to finance a portion of the construction of facilities by private enterprises. In return, the private enterprises have executed mortgage notes or leases with the City. The City is not responsible for payment of the original bonds, but rather the debt is secured only by the cash payments agreed to be paid by the private enterprises under the terms of the mortgage or lease agreements. Generally, the conduit debt is arranged so that payments required by the private enterprises are equal to the mortgage payment schedule related to the original debt. As of December 31, 2021, total outstanding conduit debt was \$5,462,486.

**(9) Defined Benefit Pension Plan**

Description of Pension Plan. The City participates in the Kansas Public Employees Retirement System (KPERS) a cost-sharing multiple employer public employee retirement system (Pension Plan). The Pension Plan is administered by the KPERS, a body corporate and an instrumentality of the State of Kansas. KPERS provides benefit provisions to the following statewide pension groups under one plan, as provided by K.S.A. 74, article 49:

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

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

Those employees participating in the Pension Plan for the City are included in the Local employees' group and the Kansas Police and Fire group.

KPERS issues a stand-alone comprehensive annual financial report, which is available on the KPERS website at [www.kpers.org](http://www.kpers.org).

**Benefits**

Benefits are established by statute and may only be changed by the State Legislature. Members (except Police and Fire) with ten or more years of credited service, may retire as early as age 55 (Police and Fire may be age 50 with 20 years of credited service), with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever a member's combined age and years of service equal 85. Police and Fire normal retirement ages are age 60 with 15 years of credited service, age 55 with 20 years, age 50 with 25 years, or any age with 36 years of service.

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



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***Contributions***

Member contributions are established by state law and are paid by the employee according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates are determined based on the results of an actuarial valuation. The contributions and assets of all groups are deposited in the Kansas Public Employees Retirement Fund established by K.S.A 74-4921. All of the retirement systems are funded on an actuarial reserve basis.

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

The actuarially determined employer contribution rate and the statutory contribution rate for the local employee group are both 8.87%. Member contribution rates as a percentage of eligible compensation for the fiscal year ended June 30, 2021 is 6%. The actuarially determined employer contribution rate and the statutory contribution rate for the police and Fire group are both 22.8%. Member contribution rates for this group are 7.15%.

Contributions to the Pension Plan from the City for the local employee group and police and firefighter group were \$645,780 and \$1,235,980, respectively, for the year ended December 31, 2021.

***Employer Allocations***

Although KPERS administers one cost-sharing multiple-employer defined benefit pension plan, separate actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each of the following groups of the plan:

- State/School; Local; Police and Fire; and Judges

To facilitate separate (sub)actuarial valuations, KPERS maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployee allocations are applied to the amounts presented in the schedules of pension amounts by employer and nonemployer.

The allocation percentages for the City's share of the collective pension amounts as of June 30, 2021 was based on the ratio of its contributions to the total of the employer and nonemployer contributions of the group for the fiscal years ended June 30, 2021. The contributions used exclude contributions made for prior service, excess benefits, and irregular payments. At June 30, 2021, the City's proportion in the local employee group was 0.34070%, which was an increase of 0.00721% from 2020. At June 30, 2021, the City's proportion in the police and fire group was 0.96798%, which was an increase of 0.00910% from 2020.

***Net Pension Liability***

At June 30, 2021, the City's local employee group reported a liability of \$4,088,287 for its proportionate share of the net pension liability. The City's police and fire group reported its proportionate share of the net pension liability of \$9,236,867 at June 30, 2021.

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**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of December 31, 2020, which was rolled forward to June 30, 2021, using the following actuarial assumptions:

Price inflation	2.75%
Salary increases, including price inflation	3.50% to 12.00%
Long-term rate of return, net of investment expense, and including price inflation	7.25%

Mortality rates were based on the RP 2014 Mortality Tables, with age setbacks and age set forwards as well as other adjustments based on different membership groups. Future mortality improvements are anticipated using Scale MP-2016.

The long-term expected rate of return of pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 are summarized in the following table:

Asset Class	Long-term Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equities	23.50%	5.20%
Non-U.S. Equities	23.50%	6.40%
Private Equity	8.00%	9.50%
Private Real Estate	11.00%	4.45%
Yield Driven	8.00%	4.70%
Real Return	11.00%	3.25%
Fixed Income	11.00%	1.55%
Short-term Investments	4.00%	0.25%
	<u>100.00%</u>	

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**Discount Rate**

The discount rate used by KPERS to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the contractually required rate. The local employers do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993, the employer contribution rates certified by the KPERS Board of Trustees for this group may not increase by more than the statutory cap. The expected KPERS employer statutory contribution was modeled for future years, assuming all actuarial assumptions are met in future years. Based on those assumptions, the Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.25% as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate:

	1% Decrease 6.25%	Current Single Discount Rate Assumption 7.25%	1% Increase 8.25%
Local	\$ 6,724,835	\$ 4,088,287	\$ 1,877,207
Police and Fire	13,863,654	9,236,867	5,366,559
Net Pension Liability	<u>\$ 20,588,489</u>	<u>\$ 13,325,154</u>	<u>\$ 7,243,766</u>

For the year ended December 31, 2021, the City recognized Local pension expense of \$354,806 and Police and Fire pension expense of \$1,323,260, which includes the changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period.

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At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources from the following sources:

	<u>Local Group</u>	<u>Police and Fire</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
City contributions subsequent to the measurement date	\$ 287,023	\$ 606,353	\$ 893,376
Differences between actual and expected experience	161,374	728,858	890,232
Changes of assumptions	804,784	1,174,942	1,979,726
Changes in proportion	137,219	127,244	264,463
Total	<u>\$ 1,390,400</u>	<u>\$ 2,637,397</u>	<u>\$ 4,027,797</u>
<b>Deferred inflows of resources</b>			
Differences between actual and expected experience	\$ (37,018)	\$ -	\$ (37,018)
Net differences between projected and actual earnings on investments	(1,451,739)	(2,423,304)	(3,875,043)
Changes in proportion	(13,361)	(137,964)	(151,325)
Total	<u>\$ (1,502,118)</u>	<u>\$ (2,561,268)</u>	<u>\$ (4,063,386)</u>

The City reported \$855,780 as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Local Group Deferred (Inflows) Outflows Amount</u>	<u>Police and Fire Group Deferred (Inflows) Outflows Amount</u>
2022	\$ (12,177)	\$ 100,370
2023	(31,710)	(8,849)
2024	(67,688)	(140,805)
2025	(319,328)	(535,594)
2026	32,162	54,654
Total	<u>\$ (398,741)</u>	<u>\$ (530,224)</u>

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**Summary of financial reporting of the City's pension plan:**

	Local Group	Police and Fire Group	Total
<b>Governmental activities:</b>			
Net Pension Liability	\$ 2,481,684	\$ 9,236,867	\$ 11,718,551
<b>Business-type activities:</b>			
Net Pension Liability	1,606,603	-	1,606,603
Net Pension Liability	<u>\$ 4,088,287</u>	<u>\$ 9,236,867</u>	<u>\$ 13,325,154</u>
<b>Governmental activities:</b>			
Pension related deferred outflows	\$ 844,005	\$ 2,637,397	\$ 3,481,402
Pension related deferred inflows	(911,819)	(2,561,268)	(3,473,087)
<b>Business-type activities:</b>			
Pension related deferred outflows	546,395	-	546,395
Pension related deferred inflows	(590,299)	-	(590,299)
Total	<u>\$ (111,718)</u>	<u>\$ 76,129</u>	<u>\$ (35,589)</u>

**Supplemental Retirement Programs**

The City offers employees a deferred compensation plans created in accordance with Internal Revenue Code Section 457 and/or salary deferral under Section 401(a). Contributions to the plans by employees for the year ended December 31, 2021 were \$91,917.

**(10) Postemployment Benefits Other Than Pensions**

**Health Insurance Plan**

**Plan Description**

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

**Funding Policy**

The City provides medical, prescription drug, and dental benefits (healthcare benefits) to retirees and their dependents in accordance with Kansas law (K.S.A. 12-5040). This statute, which may be amended by the state legislature, establishes that participating retirees may be required to contribute to the employee group health benefits plan, including administrative costs at an amount not to exceed 125% of the premium cost for other similarly situated employees. The City requires participating retirees to contribute 120% of the premium cost of active employee.

The City provides funding for the expenditures on a pay-as-you-go basis through the Employee Health Care Fund. At December 31, 2021, the following employees were covered by the benefit terms:

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Active employees	239
Inactive members currently receiving benefits	13
Total	<u>252</u>

**Total OPEB Liability**

The City's total OPEB liability of \$1,238,558 was measured as of December 31, 2021 and was determined by actuarial valuation as of January 1, 2021. The total OPEB liability in the January 1, 2021 actuarial valuation was determined using the following assumptions and other inputs, applied to all periods in the measurement, unless otherwise specified.

Valuation date	January 1, 2021
Reporting date	December 31, 2021
Measurement period	January 1, 2021 to December 31, 2021
Actuarial method	Entry Age Normal Level Percentage of Pay
Inflation	2.5% per year
Payroll growth	2.5% per year
Discount rate	2.12% per year
Future retiree participation rate	30% for employees currently electing coverage. 0% for employees currently waiving coverage
Initial spouse participation rate	Male and female employees: 20% Husbands are assumed to be three years older than wives.
Mortality	RP 2014 Healthy Annuitant Mortality Tables adjusted to 2006 and projected with MP-2021 improvement scale.
Disability	None

As an unfunded plan, the discount rate reflects The Bond Buyer index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date. The discount rate used to measure the total OPEB liability was 2.12%.

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Changes in the total OPEB liability are as follows:

Balance 1/1/2021	\$ 945,150
Service Cost	33,700
Interest	26,245
Changes of benefit terms	-
Difference between expected and actual experience	221,292
Changes of assumptions/methodology	63,470
Benefit payments	(51,299)
Net change in total OPEB liability	<u>293,408</u>
Total OPEB liability 12/31/2021	<u><u>\$ 1,238,558</u></u>
Total OPEB liability as a percentage of covered payroll	11.57%
Covered payroll	10,703,086

The following presents the total OPEB liability, calculated using the current healthcare cost trend rate of 6.00% decreasing to 5.00%, as well as the total OPEB liability calculated using a healthcare cost trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Current Health Cost Trend Rate	1% Increase
Total OPEB liability	<u><u>\$ 1,132,638</u></u>	<u><u>\$ 1,238,558</u></u>	<u><u>\$ 1,359,998</u></u>

The following presents the total OPEB liability, calculated using the current discount rate of 2.12%, as well as the total OPEB liability calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB liability	<u><u>\$ 1,351,967</u></u>	<u><u>\$ 1,238,558</u></u>	<u><u>\$ 1,139,395</u></u>

For the year ended December 31, 2021, the City recognized OPEB expense of \$127,823.

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***Deferred Outflows of Resources and Deferred Inflows of Resources***

At December 31, 2021, the City reported deferred outflows related to the plan from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between actual and expected experience	\$ 263,981	\$ -
Changes of assumptions	180,080	(22,827)
<b>Total</b>	<b>\$ 444,061</b>	<b>\$ (22,827)</b>

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

Year Ending December 31:	Annual Recognition
2022	\$ 67,878
2023	67,878
2024	67,878
2025	67,878
2026	57,208
Thereafter	92,514
Total	<b>\$ 421,234</b>

***Disability Benefits and Life Insurance Plan***

***Plan Description, Benefits Provided and Contributions***

The City participates in a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan (the Plan) which is administered by the Kansas Public Employees Retirement System (KPERS). The Plan provides long-term disability benefits and a life insurance benefit for disabled members to KPERS members, as provided by K.S.A. 74-04927. The Plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. However, because the trust's assets are used to pay employee benefits other than OPEB, the trust does not meet the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Accordingly, the Plan is considered to be administered on a pay-as-you-go basis.

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

The monthly long-term disability benefit is 60 percent of the member's monthly compensation, with a minimum of \$100 and a maximum of \$5,000. The monthly benefit is subject to reduction by deductible sources of income, which include Social Security primary disability or retirement benefits, workers compensation benefits, other disability benefits from any other sources by reason of employment, and earnings from any form of employment. If the disability begins before age 60, benefits are payable while the disability continues until the member's 55th birthday or retirement date, whichever occurs first. If the disability begins after age 60, benefits are payable while the disability continues, for a period of five years or until the member retires, whichever occurs first. Benefit payments for disabilities caused or contributed to by substance abuse or non-biologically based mental illnesses are limited to the shorter of the term of the disability or 24 months per lifetime.



**CITY OF EMPORIA, KANSAS**  
Notes to the Basic Financial Statements  
December 31, 2021

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

**Employees Covered by Benefit Terms**

At December 31, 2021, the following employees were covered by the benefit terms:

Active Plan Members	147
Inactive Employees or Beneficiary Currently Receiving Benefits	<u>2</u>
Total	<u><u>149</u></u>

**Total OPEB liability and Actuarial Assumptions**

The City's total OPEB liability of \$363,212 was measured at June 30, 2021 (the measurement date), and was determined by an actuarial valuation as of December 31, 2020, which was rolled forward to June 30, 2021, using the following actuarial assumptions:

Valuation date	December 31, 2020
Measurement date	June 30, 2021
Inflation	2.75%
Actuarial cost method	Entry Age Normal
Payroll growth	3.00%
Salary increases including inflation	3.50%
Discount rate	2.16%

Mortality rates used for the death benefits were based on 90% of the RP-2014 Total Dataset +2 for Males and 90% of the RP-2014 Total Dataset+1 for Females. Generational mortality improvements were projected for future years using MP-2021.

**CITY OF EMPORIA, KANSAS**  
Notes to the Basic Financial Statements  
December 31, 2021

Changes in the Total OPEB Liability

The changes in the OPEB liability are as follows:

Balance at December 31, 2020	\$ 366,713
Changes for the Year:	
Service Cost	24,897
Interest	8,455
Changes in Economic/Demographic Gains or Losses	(19,784)
Changes in Assumptions or Other Inputs	1,002
Benefit Payments	(18,071)
Balance at December 31, 2021	<u>\$ 363,212</u>

**Sensitivity Analysis**

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16%) or 1-percentage-point higher (3.16%) than the current discount rate:

	1% Decrease	Current Discount	1% Increase
Total OPEB liability	<u>\$ 383,803</u>	<u>\$ 363,212</u>	<u>\$ 343,697</u>

Healthcare cost trend rate sensitivity analysis is not applicable as healthcare trend rates do not affect the liabilities related to the long-term disability benefits sponsored by KPERS.

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

For the year ended December 31, 2021, the City recognized OPEB expense for this plan of \$29,509. At December 31, 2021, the City reported deferred outflows and inflows of resources related to the plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumption or Other Inputs	\$ 30,241	\$ (10,864)
Differences Between Expected and Actual Experience	-	(43,523)
	<u>\$ 30,241</u>	<u>\$ (54,387)</u>

**CITY OF EMPORIA, KANSAS**  
Notes to the Basic Financial Statements  
December 31, 2021

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

Year Ending December 31,	
2022	\$ (3,843)
2023	(3,843)
2024	(3,843)
2025	(3,843)
2026	(3,340)
Thereafter	(5,434)
	<u>\$ (24,146)</u>

**(11) Commitments and Contingencies**

**A. 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 over the past three fiscal years.

Workers' compensation and employee health insurance - The City established a limited risk management programs for its workers' compensation and employee health insurance. The programs cover all eligible City employees. Premiums are paid into the workers' compensation and employee health care fund by all other funds and are available to pay claims, claim reserves and administrative costs of the program.

Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. An excess coverage insurance policy covers individual claims over a certain amount. The City retains liability for \$450,000 for each worker's compensation claim and retains liability for the first \$50,000 of health insurance claims. 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 and health care internal service funds. Changes in the balances of claims liabilities during the past year are as follows:

	Workers' Compensation	Employee Health Insurance	Total
Balance, December 31, 2019	\$ 41,181	\$ -	\$ 41,181
Claims payments	(161,017)	(932,085)	(1,093,102)
Claims and changes in estimates	140,216	1,017,088	1,157,304
Balance, December 31, 2020	<u>20,380</u>	<u>85,003</u>	<u>105,383</u>
Claims payments	(260,082)	(1,102,496)	(1,362,578)
Claims and changes in estimates	327,241	1,172,795	1,500,036
Balance, December 31, 2021	<u>\$ 87,539</u>	<u>\$ 155,302</u>	<u>\$ 242,841</u>

**CITY OF EMPORIA, KANSAS**  
Notes to the Basic Financial Statements  
December 31, 2021

**B. Federal and State Grants**

The City has received financial assistance from various federal, state, and local agencies in the form of grants and entitlements. These programs are subject to audit by agents of the granting authority. Management does not believe that liabilities for reimbursements, if any, will have a materially adverse effect upon the financial condition of the City.

**C. Litigation**

The City is involved in legal proceedings arising from the ordinary course of City activities. While these proceedings may have future financial effect, management believes that their ultimate outcome will not be material to the basic financial statements.

**D. Capital Projects and Encumbrances**

At December 31, 2021, the City had contractual commitments for the construction of the following projects:

Description	Expenditures to Date	Amount Authorized
Pubic works building improvements	\$ 31,676	\$ 592,451
Dam and intake repairs	255,680	1,426,841
12th Ave Grand to Chestnut water main	169,316	1,110,109
Runway lighting	91,200	574,036
Pavement improvements	-	576,906

Outstanding encumbrances at December 31, 2021 were as follows: General Fund \$155,881, Multi-Year Fund \$278,260, Internal Improvements \$1,293,637, Nonmajor governmental funds \$1,143,084, Solid Waste \$71,606, Sewer Utility \$1,101,297, and Water Utility \$3,109,888.

**(12) Tax Abatements**

Property tax abatements are authorized under Kansas statutes KSA 12-1740 et seq. and KSA 79- 201a and subject to City policy (Policy Statement 21 – IRB and Tax Exemption Policy). Kansas statutes provide a process for cities to abate property tax on qualifying property by issuing industrial revenue bonds up to the amount a developer borrows to finance the project. Abatements are used for industrial and office development; retail is not eligible. Cities may establish abatement percentages and criteria by policy rather than predefined state statute. Abatements may not exceed a term of ten years by statute but may be approved for a shorter term. The developer must demonstrate a positive cost/benefit to the various taxing jurisdictions. The City had the following active tax abatements during 2021, totaling \$147,844 in abated City taxes for the year.

*Rural Housing Incentive District*

Based on Kansas statute KSA 12-5241 et seq. (the Act), the Rural Housing Incentive Districts (RHID) is a program designed to aid developers to build housing within communities by assisting in the financing of public improvements. RHID captures 100% of the incremental increase in real property taxes created by a housing development project for up to 15 years. In order to take advantage of the incentive, property must be within a redevelopment district. Districts are defined by the City or County and must be based on the Housing Needs Analysis. RHID is authorized for any city in Kansas with a population less than 60,000 in a county with a population of less than 80,000. The City has established a RHID for the Hidden Vista project. Reimbursements for the year ended December 31, 2021 totaled \$115,015.

**CITY OF EMPORIA, KANSAS**  
Notes to the Basic Financial Statements  
December 31, 2021

*Economic Development Incentives*

Tax Increment Financing (TIF) is an economic development tool established by the Kansas TIF Act (KSA 12-1770 et seq.) to aid in financing projects for substantial public benefit. Public benefits can include strengthening the City's employment and economic base, diversifying the tax base, eliminating blight, providing amenities and job creation/retention.

Community Improvement District (CIDs) are an economic development tool established by the Kansas CID Act (KSA 12-6a26 through KSA 12-6a36 inclusive) to assist with a broad array of improvements that can benefit a development and the public.

Transportation Development District (TDDs) are an economic development tool established by the Kansas TDD Act (KSA 12-17, 140 et seq.) to assist with transportation-related improvements that can benefit a development and the public.

The City established the Emporia Pavilions Tax Increment Financing District and the Emporia Pavilions Community Improvement District (the Plan) to provide up to \$6,069,235 in eligible reimbursable projects costs in accordance with the redevelopment agreement. The Plan is on a pay-as-you-go basis payable from the incremental increase in property and sales taxes. Funding is also available from the one percent CID Sales tax. Reimbursements from all sources for the year ended December 31, 2021 totaled \$174,002.

The City established the Flint Hill Mall Community Improvement District (the District) to provide up to \$2,400,000 in eligible reimbursable projects costs in accordance with the redevelopment agreement. The District is on a pay-as-you-go basis payable from the one percent District Sales tax. Reimbursements for the year ended December 31, 2021 totaled \$207,458.

**(13) Subsequent Events**

City management has evaluated subsequent events through June 24, 2022, the date the financial statements were available to be issued. No subsequent events were identified that required adjustment to or disclosure in the financial statements.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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**City of Emporia, Kansas**  
**Required Supplementary Information**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**General Fund**  
**For the Year Ended December 31, 2021**

	2021			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$ 12,505,297	\$ 12,505,297	\$ 13,362,945	\$ 857,648
Charges for services	2,310,333	2,310,333	2,485,720	175,387
Intergovernmental	2,724,543	2,724,543	3,369,178	644,635
Licenses and permits	145,250	145,250	281,459	136,209
Fines and fees	534,800	534,800	506,730	(28,070)
Use of money and property	185,224	185,224	144,759	(40,465)
Contributions	-	-	550	550
Administrative fees	2,295,935	2,295,935	2,643,791	347,856
Miscellaneous	53,900	53,900	227,141	173,241
Total revenues	<u>20,755,282</u>	<u>20,755,282</u>	<u>23,022,273</u>	<u>2,266,991</u>
Expenditures:				
Current:				
General governmental	4,233,508	4,233,508	1,740,005	2,493,503
Public safety	11,558,325	11,558,325	10,708,529	849,796
Highway and streets	493,481	493,481	394,134	99,347
Culture and recreation	2,360,604	2,360,604	2,261,483	99,121
Building maintenance	1,695,155	1,695,155	1,380,102	315,053
Airport operations	557,161	557,161	630,816	(73,655)
Appropriations	92,800	92,800	80,294	12,506
Total Expenditures	<u>20,991,034</u>	<u>20,991,034</u>	<u>17,195,363</u>	<u>3,795,671</u>
Excess of Revenues Over (Under) Expenditures	<u>(235,752)</u>	<u>(235,752)</u>	<u>5,826,910</u>	<u>6,062,662</u>
Other Financing Sources (Uses):				
Transfers in	-	-	27,597	27,597
Transfers out	(3,318,715)	(3,318,715)	(5,518,894)	(2,200,179)
Total Other Financing Sources (Uses)	<u>(3,318,715)</u>	<u>(3,318,715)</u>	<u>(5,491,297)</u>	<u>(2,172,582)</u>
Change in fund balance	<u>\$ (3,554,467)</u>	<u>\$ (3,554,467)</u>	<u>335,613</u>	<u>\$ 3,890,080</u>
Fund Balances, Beginning of Year			<u>6,417,213</u>	
Fund Balances, End of Year - budget basis			<u>6,752,826</u>	
Adjustments to reconcile to GAAP				
Encumbrances, beginning of year			(69,277)	
Encumbrances, end of year			<u>155,881</u>	
Fund Balances, End of Year - GAAP Basis			<u>\$ 6,839,430</u>	

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

**KPERS AND KP&F PENSION PLAN**

**City Pension Plan**

**Schedule of the City's Proportionate Share of the Net Pension Liability**

Last Ten Fiscal Years \*

	Plan Year June 30,						
	2021	2020	2019	2018	2017	2016	2015
City's percentage share of the net pension liability	0.34070%	0.33349%	0.33205%	0.33349%	0.32030%	3.25000%	0.34900%
City's proportionate share of the net pension liability	\$ 4,088,287	\$ 5,781,597	\$ 4,639,961	\$ 4,648,164	\$ 4,639,403	\$ 5,032,781	\$ 4,586,831
City's covered payroll	6,226,085	6,399,919	6,160,395	5,976,602	5,809,077	5,311,993	5,601,674
City's proportionate share of the net pension liability as a percentage of covered payroll	65.66%	90.34%	75.32%	77.77%	79.86%	94.74%	81.88%
Plan fiduciary net position as a percentage of the total pension liability	76.40%	66.30%	69.88%	68.88%	67.12%	65.10%	64.95%

	Plan Year June 30,						
	2021	2020	2019	2018	2017	2016	2015
City's police & fire percentage share of the net pension liability	0.96798%	0.95888%	0.98074%	0.98090%	0.95220%	98.10000%	1.01600%
City's police & fire proportionate share of the net pension liability	\$ 9,236,867	\$ 11,824,279	\$ 9,926,281	\$ 9,438,929	\$ 8,929,395	\$ 9,107,455	\$ 7,376,621
City's police & fire covered payroll	5,318,886	5,291,952	5,054,843	5,107,249	4,914,795	4,629,703	4,636,234
City's police & fire proportionate share of the net pension liability as a percentage of covered payroll	173.66%	223.44%	196.37%	184.81%	181.68%	196.72%	159.11%
Plan fiduciary net position as a percentage of the total pension liability	76.40%	66.30%	69.88%	68.88%	67.12%	65.10%	64.95%

	Schedule of Contributions December 31,						
	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	645,780	617,994	615,722	567,643	501,064	520,381	595,493
Contributions in relation to the contractually required	645,780	617,994	615,722	567,643	501,064	520,381	595,493
Contribution Excess (Deficiency)	-	-	-	-	-	-	-
City's covered payroll	7,004,121	7,177,631	6,926,006	5,809,077	5,809,077	5,311,993	5,601,674
Contributions as a percentage of covered employee payroll	9.22%	8.61%	8.89%	9.77%	8.63%	9.80%	10.63%

	December 31,						
	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	1,235,980	1,174,814	1,173,936	1,035,162	938,575	973,935	999,035
Contributions in relation to the contractually required	1,235,980	1,174,814	1,173,936	1,035,162	938,575	973,935	999,035
Contribution Excess (Deficiency)	-	-	-	-	-	-	-
City's covered payroll	5,420,965	5,357,109	5,304,487	4,914,795	4,914,795	4,629,703	4,636,234
Contributions as a percentage of covered employee payroll	22.80%	21.93%	22.13%	19.10%	19.10%	21.04%	21.55%

\* Data became first available with the inception of GASB Statement 68 during fiscal year 2015; therefore, 10 years of data will be displayed as they become available

**City of Emporia, Kansas**  
**Required Supplementary Information**  
**Schedule of Changes in Net OPEB Liability**  
**and Related Ratios\***

	<b>Health Insurance</b>			
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Total OPEB Liability</b>				
Service cost	\$ 33,700	\$ 21,011	\$ 16,273	\$ 15,987
Interest on total OPEB liability	26,245	25,831	34,391	26,702
Difference between expected and actual experience	221,292	-	111,297	-
Changes of assumptions	63,470	97,889	(36,801)	99,687
Benefit payments and refunds	(51,299)	(46,844)	(51,844)	(58,000)
Net change in total pension liability	293,408	97,887	73,316	84,376
Total OPEB liability - beginning of year	945,150	847,263	773,947	689,571
Total OPEB liability - end of year	<u>\$ 1,238,558</u>	<u>\$ 945,150</u>	<u>\$ 847,263</u>	<u>\$ 773,947</u>
 Covered employee payroll**	 \$ 10,703,086	 \$ 10,510,829	 \$ 10,254,467	 \$ 9,784,244
 OPEB liability as a percentage of covered payroll	 11.57%	 8.99%	 8.26%	 7.91%

	<b>Disability Benefits and Life Insurance</b>			
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Total OPEB Liability</b>				
Service cost	\$ 24,897	\$ 21,596	\$ 20,486	\$ 20,328
Interest on total OPEB liability	8,455	12,256	13,137	12,074
Changes in benefit terms	-	-	-	-
Difference between expected and actual experience	(19,784)	(17,029)	(12,625)	-
Changes of assumptions	1,002	30,421	7,332	(11,645)
Benefit payments and refunds	(18,071)	(18,071)	(19,316)	(18,114)
Net change in total pension liability	(3,501)	29,173	9,014	2,643
Total OPEB liability - beginning of year	366,713	337,540	328,526	325,883
Total OPEB liability - end of year	<u>\$ 363,212</u>	<u>\$ 366,713</u>	<u>\$ 337,540</u>	<u>\$ 328,526</u>
 Covered employee payroll**	 \$ 6,560,169	 \$ 6,051,006	 \$ 5,773,275	 \$ 5,693,456
 OPEB liability as a percentage of covered payroll	 5.54%	 6.06%	 5.85%	 5.77%

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

**CITY OF EMPORIA, KANSAS**  
**Combining Balance Sheet - Non-major Governmental Funds**  
**December 31, 2021**

	Combined Special Revenue Funds	Combined Capital Project Funds	Totals
<b>Assets</b>			
Cash and investments	\$ 1,986,571	\$ 2,287,044	\$ 4,273,615
Receivables:			
Taxes	893,992	-	893,992
Accounts	3,359	10,000	13,359
Prepaid items	16,250	-	16,250
Total Assets	<u>\$ 2,900,172</u>	<u>\$ 2,297,044</u>	<u>\$ 5,197,216</u>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 42,182	\$ 321,463	\$ 363,645
Due to other funds	92,385	-	92,385
Total Liabilities	<u>143,679</u>	<u>321,463</u>	<u>465,142</u>
<b>Deferred inflows of resources</b>			
Unavailable revenues - taxes	<u>893,992</u>	<u>-</u>	<u>893,992</u>
<b>Fund balances</b>			
Nonspendable:			
Prepaid items	16,250	-	16,250
Restricted:			
Public safety	152,559	-	152,559
Highway and streets	525,910	-	525,910
Culture and recreation	850,643	-	850,643
Planning and development	409,299	-	409,299
Assigned:			
Capital putlay	-	1,975,581	1,975,581
Unassigned (deficit)	<u>(92,160)</u>	<u>-</u>	<u>(92,160)</u>
Total fund balances	<u>1,862,501</u>	<u>1,975,581</u>	<u>3,838,082</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,900,172</u>	<u>\$ 2,297,044</u>	<u>\$ 5,197,216</u>

**COMBINING INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

## **NON-MAJOR FUNDS**

**Special Revenue Funds are used to account for specific revenues, which 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.

Convention and Tourism Promotion Fund - To account for the promotion of convention and tourism. Financing is provided by a 7% tax on gross rental receipts collected from hotels and motels within the City limits.

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

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

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

2020 Housing Fund - To account for the housing grant funds.

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

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

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

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

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.

Enforcement Block Grant - To account for grant funds appropriated to a local women's shelter.

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

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

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

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

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

Home Equity Rehab Fund - To account for funds used in the home equity rehab program

Land Bank Fund – To account for funds used to establish the land bank fund.

**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.**

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

Civic Auditorium Project Fund - To account for the costs of improvements to the Civic Auditorium.

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

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

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**CITY OF EMPORIA, KANSAS**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-major Governmental Funds**  
**For the Year Ended December 31, 2021**

	Combined Special Revenue Funds	Combined Capital Project Funds	Totals
<b>Revenues:</b>			
Taxes	\$ 1,024,154	\$ -	\$ 1,024,154
Intergovernmental	1,794,811	1,043,784	2,838,595
Use of money and property	1,053	1,930	2,983
Contributions	-	89,681	89,681
Miscellaneous	389,875	-	389,875
	<u>3,209,893</u>	<u>1,135,395</u>	<u>4,345,288</u>
<b>Expenditures:</b>			
Current:			
General governmental	61,322	-	61,322
Public safety	3,156	-	3,156
Highway and streets	824,610	-	824,610
Culture and recreation	1,419,904	-	1,419,904
Health and environment	70,500	-	70,500
Planning and development	1,876,381	-	1,876,381
Capital outlay	-	3,022,577	3,022,577
	<u>4,255,873</u>	<u>3,022,577</u>	<u>7,278,450</u>
Excess of Revenues			
Over (Under) Expenditures	(1,045,980)	(1,887,182)	(2,933,162)
<b>Other financing sources (uses):</b>			
Transfers in	1,002,968	600,162	1,603,130
Transfers out	(415,403)	(14,915)	(430,318)
Total Other Financing Sources (Uses)	<u>587,565</u>	<u>585,247</u>	<u>1,172,812</u>
Change in fund balance	(458,415)	(1,301,935)	(1,760,350)
Fund Balances, Beginning of year	<u>2,320,916</u>	<u>3,277,516</u>	<u>5,598,432</u>
Fund Balances, End of Year	<u>\$ 1,862,501</u>	<u>\$ 1,975,581</u>	<u>\$ 3,838,082</u>

CITY OF EMPORIA, KANSAS  
Combining Balance Sheet - Non-Major Special Revenue Funds  
December 31, 2021

Schedule 6

	Library	Convention and Tourism Promotion	Industrial Development	Special Alcohol Program	2017 Housing	2020 Housing	Special Park and Recreation
<b>Assets</b>							
Cash and investments	\$ -	\$ 661,992	\$ 19,924	\$ 73,090	\$ 27	\$ -	\$ 188,630
Receivables:							
Taxes	892,992	-	1,000	-	-	-	-
Accounts	-	-	-	-	102	-	-
Prepaid items	-	-	-	16,250	-	-	-
<b>Total Assets</b>	<b>\$ 892,992</b>	<b>\$ 661,992</b>	<b>\$ 20,924</b>	<b>\$ 89,340</b>	<b>\$ 129</b>	<b>\$ -</b>	<b>\$ 188,630</b>
<b>Liabilities</b>							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	32,565	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32,565</b>	<b>-</b>
<b>Deferred inflows of resources</b>							
Unavailable revenues - taxes	892,992	-	1,000	-	-	-	-
<b>Fund balances</b>							
Nonspendable:							
Prepaid items	-	-	-	16,250	-	-	-
Restricted:	-	-	-	-	-	-	-
Public safety	-	-	-	73,090	-	-	-
Highway and streets	-	-	-	-	-	-	-
Culture and recreation	-	661,992	-	-	-	-	188,630
Planning and development	-	-	19,924	-	-	-	-
Unassigned (deficit)	-	-	-	-	129	(32,565)	-
<b>Total fund balances</b>	<b>-</b>	<b>661,992</b>	<b>19,924</b>	<b>89,340</b>	<b>129</b>	<b>(32,565)</b>	<b>188,630</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 892,992</b>	<b>\$ 661,992</b>	<b>\$ 20,924</b>	<b>\$ 89,340</b>	<b>\$ 129</b>	<b>\$ -</b>	<b>\$ 188,630</b>

CITY OF EMPORIA, KANSAS  
Combining Balance Sheet - Non-Major Special Revenue Funds  
December 31, 2021

Schedule 6  
Continued

	Special Street	Drug Money Forfeiture	Industrial Development Sales Tax	Housing Study RDA	Enforcement Block Grants	DARE Crime Prevention	2014 Housing
<b>Assets</b>							
Cash and investments	\$ 548,343	\$ 69,300	\$ 347,076	\$ 1,694	\$ 4,949	\$ 1,686	\$ 20,724
Receivables:							
Taxes	-	-	-	-	-	-	-
Accounts	3,257	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-
Total Assets	<u>\$ 551,600</u>	<u>\$ 69,300</u>	<u>\$ 347,076</u>	<u>\$ 1,694</u>	<u>\$ 4,949</u>	<u>\$ 1,686</u>	<u>\$ 20,724</u>
<b>Liabilities</b>							
Liabilities:							
Accounts payable	\$ 16,578	\$ -	\$ -	\$ -	\$ 696	\$ -	\$ 75
Due to other funds	-	-	-	-	-	-	-
Total Liabilities	<u>25,690</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>696</u>	<u>-</u>	<u>75</u>
<b>Deferred inflows of resources</b>							
Unavailable revenues - taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances</b>							
Nonspendable:							
Prepaid items	-	-	-	-	-	-	-
Restricted:	-	-	-	-	-	-	-
Public safety	-	69,300	-	-	4,253	1,686	-
Highway and streets	525,910	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Planning and development	-	-	347,076	1,694	-	-	20,649
Unassigned (deficit)	-	-	-	-	-	-	-
Total fund balances	<u>525,910</u>	<u>69,300</u>	<u>347,076</u>	<u>1,694</u>	<u>4,253</u>	<u>1,686</u>	<u>20,649</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u><u>\$ 551,600</u></u>	<u><u>\$ 69,300</u></u>	<u><u>\$ 347,076</u></u>	<u><u>\$ 1,694</u></u>	<u><u>\$ 4,949</u></u>	<u><u>\$ 1,686</u></u>	<u><u>\$ 20,724</u></u>

CITY OF EMPORIA, KANSAS  
Combining Balance Sheet - Non-Major Special Revenue Funds  
December 31, 2021

Schedule 6

Continued

	911 Land Wireless Fees	Lake Kahola	Emporia Homeowner Repair	Home Equity Rehab	Land Bank	Totals
<b>Assets</b>						
Cash and investments	\$ 4,230	\$ 21	\$ -	\$ 3,068	\$ 25,838	\$ 1,986,571
Receivables:						
Taxes	-	-	-	-	-	893,992
Accounts	-	-	-	-	-	3,359
Prepaid items	-	-	-	-	-	16,250
Total Assets	<u>\$ 4,230</u>	<u>\$ 21</u>	<u>\$ -</u>	<u>\$ 3,068</u>	<u>\$ 25,838</u>	<u>\$ 2,900,172</u>
<b>Liabilities</b>						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ (96)	\$ -	\$ 8,950	\$ 42,182
Due to other funds	-	-	59,820	-	-	92,385
Total Liabilities	<u>-</u>	<u>-</u>	<u>59,724</u>	<u>-</u>	<u>8,950</u>	<u>143,679</u>
<b>Deferred inflows of resources</b>						
Unavailable revenues - taxes	-	-	-	-	-	893,992
<b>Fund balances</b>						
Nonspendable:						
Prepaid items	-	-	-	-	-	16,250
Restricted:						
Public safety	4,230	-	-	-	-	152,559
Highway and streets	-	-	-	-	-	525,910
Culture and recreation	-	21	-	-	-	850,643
Planning and development	-	-	-	3,068	16,888	409,299
Unassigned (deficit)	-	-	(59,724)	-	-	(92,160)
Total fund balances	<u>4,230</u>	<u>21</u>	<u>(59,724)</u>	<u>3,068</u>	<u>16,888</u>	<u>1,862,501</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 4,230</u>	<u>\$ 21</u>	<u>\$ -</u>	<u>\$ 3,068</u>	<u>\$ 25,838</u>	<u>\$ 2,900,172</u>

CITY OF EMPORIA, KANSAS  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Year Ended December 31, 2021

Schedule 7

	Library	Convention and Tourism Promotion	Industrial Development	Special Alcohol Program	2017 Housing	2020 Housing	Special Park and Recreation
<b>Revenues:</b>							
Taxes	\$ 937,779	\$ -	\$ 1,145	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	634,077	-	86,358	30,000	111,980	86,358
Use of money & property	-	301	11	40	-	-	77
Miscellaneous	-	8,128	-	-	346,280	-	-
	<u>937,779</u>	<u>642,506</u>	<u>1,156</u>	<u>86,398</u>	<u>376,280</u>	<u>111,980</u>	<u>86,435</u>
<b>Expenditures:</b>							
Current:							
Public safety	-	-	-	-	-	-	-
Highway and streets	-	-	-	-	-	-	-
Culture and recreation	937,779	462,125	-	-	-	-	20,000
Health and environment	-	-	-	70,500	-	-	-
Planning and development	-	-	-	-	4,331	139,590	-
	<u>937,779</u>	<u>462,125</u>	<u>-</u>	<u>70,500</u>	<u>4,331</u>	<u>139,590</u>	<u>20,000</u>
Excess of Revenues Over (Under) Expenditures	-	180,381	1,156	15,898	371,949	(27,610)	66,435
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	37,968	-	-
Transfers out	-	(50,000)	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(50,000)</u>	<u>-</u>	<u>-</u>	<u>37,968</u>	<u>-</u>	<u>-</u>
Change in fund balance	-	130,381	1,156	15,898	409,917	(27,610)	66,435
Fund Balances (Deficit), Beginning of Year	-	531,611	18,768	73,442	(409,788)	(4,955)	122,195
Fund Balances (Deficit), End of Year	<u>\$ -</u>	<u>\$ 661,992</u>	<u>\$ 19,924</u>	<u>\$ 89,340</u>	<u>\$ 129</u>	<u>\$ (32,565)</u>	<u>\$ 188,630</u>

CITY OF EMPORIA, KANSAS  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Year Ended December 31, 2021

Schedule 7

Continued

	Special Street	Drug Money Forfeiture	Industrial Development Sales Tax	Housing Study RDA	Enforcement Block Grants	DARE Crime Prevention	2014 Housing
<b>Revenues:</b>							
Taxes	\$ 85,230	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	712,575	4,113	-	-	8,675	-	12,317
Use of money & property	341	41	230	-	-	-	-
Miscellaneous	17,485	-	-	-	316	-	-
	<u>815,631</u>	<u>4,154</u>	<u>230</u>	<u>-</u>	<u>8,991</u>	<u>-</u>	<u>12,317</u>
<b>Expenditures:</b>							
Current:							
Public safety	-	3,156	-	-	-	-	-
Highway and streets	824,610	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Health and environment	-	-	-	-	-	-	-
Planning and development	-	-	1,571,005	-	-	-	63,381
	<u>824,610</u>	<u>3,156</u>	<u>1,571,005</u>	<u>-</u>	<u>7,074</u>	<u>-</u>	<u>63,381</u>
Excess of Revenues Over (Under) Expenditures	(8,979)	998	(1,570,775)	-	1,917	-	(51,064)
<b>Other financing sources (uses):</b>							
Transfers in	-	-	925,000	-	-	-	40,000
Transfers out	(15,403)	-	(350,000)	-	-	-	-
Total Other Financing Sources (Uses)	<u>(15,403)</u>	<u>-</u>	<u>575,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,000</u>
Change in fund balance	(24,382)	998	(995,775)	-	1,917	-	(11,064)
Fund Balances (Deficit), Beginning of Year	550,292	68,302	1,342,851	1,694	2,336	1,686	31,713
Fund Balances (Deficit), End of Year	<u>\$ 525,910</u>	<u>\$ 69,300</u>	<u>\$ 347,076</u>	<u>\$ 1,694</u>	<u>\$ 4,253</u>	<u>\$ 1,686</u>	<u>\$ 20,649</u>

CITY OF EMPORIA, KANSAS  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Year Ended December 31, 2021

Schedule 7

Continued

	911 Land Wireless Fees	Lake Kahola	Emporia Homeowner Repair	Home Equity Rehab	Land Bank	Totals
<b>Revenues:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,024,154
Intergovernmental	-	-	54,110	-	-	1,794,811
Use of money & property	2	-	-	2	8	1,053
Miscellaneous	-	-	-	-	17,666	389,875
	2	-	54,110	2	17,674	3,209,893
<b>Expenditures:</b>						
Current:						
Public safety	-	-	-	-	-	3,156
Highway and streets	-	-	-	-	-	824,610
Culture and recreation	-	-	-	-	-	1,419,904
Health and environment	-	-	-	-	-	70,500
Planning and development	-	-	87,365	514	10,195	1,876,381
	-	-	87,365	514	10,195	4,255,873
Excess of Revenues Over (Under) Expenditures	2	-	(33,255)	(512)	7,479	(1,045,980)
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	1,002,968
Transfers out	-	-	-	-	-	(415,403)
Total Other Financing Sources (Uses)	-	-	-	-	-	587,565
Change in fund balance	2	-	(33,255)	(512)	7,479	(458,415)
Fund Balances (Deficit), Beginning of Year	4,228	21	(26,469)	3,580	9,409	2,320,916
Fund Balances (Deficit), End of Year	\$ 4,230	\$ 21	\$ (59,724)	\$ 3,068	\$ 16,888	\$ 1,862,501

**CITY OF EMPORIA, KANSAS**  
**Combining Balance Sheet - Non-major Capital Project Funds**  
**December 31, 2021**

	<b>Airport Improvements</b>	<b>Civic Auditorium Project</b>	<b>Park Improvements</b>	<b>Paving Projects</b>	<b>Totals</b>
<b>Assets</b>					
Cash and investments	\$ 349,258	\$ 83,034	\$ 556,417	\$ 1,298,335	\$ 2,287,044
Total Assets	<u>\$ 349,258</u>	<u>\$ 83,034</u>	<u>\$ 566,417</u>	<u>\$ 1,298,335</u>	<u>\$ 2,297,044</u>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ 1,919	\$ -	\$ 236,334	\$ 83,210	\$ 321,463
Total Liabilities	<u>1,919</u>	<u>-</u>	<u>236,334</u>	<u>83,210</u>	<u>321,463</u>
<b>Fund balances</b>					
Assigned:					
Capital outlay	347,339	83,034	330,083	1,215,125	1,975,581
Total fund balances	<u>347,339</u>	<u>83,034</u>	<u>330,083</u>	<u>1,215,125</u>	<u>1,975,581</u>
Total liabilities and fund balances	<u>\$ 349,258</u>	<u>\$ 83,034</u>	<u>\$ 566,417</u>	<u>\$ 1,298,335</u>	<u>\$ 2,297,044</u>



**CITY OF EMPORIA, KANSAS**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-major Capital Project Funds**  
**For the Year Ended December 31, 2021**

	Airport Improvements	Civic Auditorium Project	Park Improvements	Paving Projects	Totals
<b>Revenues:</b>					
Intergovernmental	\$ 212,411	\$ -	\$ 1,030	\$ 830,343	\$ 1,043,784
Use of money and property	214	27	484	1,205	1,930
Contributions	-	-	89,681	-	89,681
	<u>212,625</u>	<u>27</u>	<u>91,195</u>	<u>831,548</u>	<u>1,135,395</u>
<b>Expenditures:</b>					
Capital outlay	246,146	16,996	983,921	1,775,514	3,022,577
	<u>246,146</u>	<u>16,996</u>	<u>983,921</u>	<u>1,775,514</u>	<u>3,022,577</u>
Excess of Revenues Over (Under) Expenditures	(33,521)	(16,969)	(892,726)	(943,966)	(1,887,182)
<b>Other financing sources (uses):</b>					
Transfers in	-	50,000	-	550,162	600,162
Transfers out	(14,915)	-	-	-	(14,915)
Total Other Financing Sources (Uses)	<u>(14,915)</u>	<u>50,000</u>	<u>-</u>	<u>550,162</u>	<u>585,247</u>
Change in fund balance	(48,436)	33,031	(892,726)	(393,804)	(1,301,935)
Fund Balances beginning of year	<u>395,775</u>	<u>50,003</u>	<u>1,222,809</u>	<u>1,608,929</u>	<u>3,277,516</u>
Fund Balances, End of Year	<u>\$ 347,339</u>	<u>\$ 83,034</u>	<u>\$ 330,083</u>	<u>\$ 1,215,125</u>	<u>\$ 1,975,581</u>

## Schedule 10

**City of Emporia, Kansas**  
**Library Fund**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual**  
**For the Year Ended December 31, 2021**

	2021			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$ 945,788	945,788	\$ 937,779	\$ (8,009)
Total Revenues	945,788	945,788	937,779	(8,009)
Expenditures:				
Culture and recreation	945,788	945,788	937,779	8,009
Total Expenditures	945,788	945,788	937,779	8,009
Excess of Revenues Over Expenditures	-	-	-	-
Change in fund balance	\$ -	\$ -	-	\$ -
Fund Balance, Beginning of Year			-	
Fund Balance, End of Year			\$ -	

## Schedule 11

**City of Emporia, Kansas**  
**Convention and Tourism Promotion Fund**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual**  
**For the Year Ended December 31, 2021**

	2021			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental	\$ 500,000	\$ 500,000	\$ 634,077	\$ 134,077
Use of money and property	3,000	3,000	301	(2,699)
Miscellaneous	3,000	3,000	8,128	5,128
Total Revenues	<u>506,000</u>	<u>506,000</u>	<u>642,506</u>	<u>136,506</u>
Expenditures:				
Culture and recreation	<u>957,429</u>	<u>957,429</u>	<u>458,120</u>	<u>499,309</u>
Total Expenditures	<u>957,429</u>	<u>957,429</u>	<u>458,120</u>	<u>499,309</u>
Change in fund balance	<u>\$ (451,429)</u>	<u>\$ (451,429)</u>	134,386	<u>\$ 585,815</u>
Fund Balance, Beginning of Year			<u>531,611</u>	
Fund Balances, End of Year - budget basis			<u>665,997</u>	
Adjustments to reconcile to GAAP				
Encumbrances, beginning of year			(16,875)	
Encumbrances, end of year			<u>12,870</u>	
Fund Balances, End of Year - GAAP Basis			<u>\$ 661,992</u>	

## Schedule 12

**City of Emporia, Kansas**  
**Industrial Development Fund**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual**  
**For the Year Ended December 31, 2021**

	2021			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$ 1,122	\$ 1,122	\$ 1,145	\$ 23
Use of money and property	300	300	11	(289)
Total Revenues	<u>1,422</u>	<u>1,422</u>	<u>1,156</u>	<u>(266)</u>
Expenditures:				
Planning and development	<u>20,217</u>	<u>20,217</u>	-	<u>20,217</u>
Total Expenditures	<u>20,217</u>	<u>20,217</u>	-	<u>20,217</u>
Change in fund balance	<u>\$ (18,795)</u>	<u>\$ (18,795)</u>	1,156	<u>\$ 19,951</u>
Fund Balance, Beginning of Year			<u>18,768</u>	
Fund Balance, End of Year			<u>\$ 19,924</u>	

## Schedule 13

**City of Emporia, Kansas**  
**Special Alcohol Program Fund**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual**  
**For the Year Ended December 31, 2021**

	2021			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental	\$ 80,000	\$ 80,000	\$ 86,358	\$ 6,358
Use of money and property	600	600	40	(560)
Total Revenues	<u>80,600</u>	<u>80,600</u>	<u>86,398</u>	<u>5,798</u>
Expenditures:				
Health and environment	<u>159,755</u>	<u>159,755</u>	<u>70,500</u>	<u>89,255</u>
Total Expenditures	<u>159,755</u>	<u>159,755</u>	<u>70,500</u>	<u>89,255</u>
Change in fund balance	<u>\$ (79,155)</u>	<u>\$ (79,155)</u>	15,898	<u>\$ 95,053</u>
Fund Balance, Beginning of Year			<u>73,442</u>	
Fund Balance, End of Year			<u>\$ 89,340</u>	

## Schedule 14

**City of Emporia, Kansas**  
**Special Park and Recreation Fund**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual**  
**For the Year Ended December 31, 2021**

	2021			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental	\$ 80,000	\$ 80,000	\$ 86,358	\$ 6,358
Use of money and property	500	500	77	(423)
Total Revenues	<u>80,500</u>	<u>80,500</u>	<u>86,435</u>	<u>5,935</u>
Expenditures:				
Culture and recreation	<u>144,687</u>	<u>144,687</u>	<u>80,513</u>	<u>124,687</u>
Total Expenditures	<u>144,687</u>	<u>144,687</u>	<u>80,513</u>	<u>124,687</u>
Excess of Revenues Over Expenditures	<u>(64,187)</u>	<u>(64,187)</u>	<u>5,922</u>	<u>130,622</u>
Change in fund balance	<u>\$ (64,187)</u>	<u>\$ (64,187)</u>	5,922	<u>\$ 130,622</u>
Fund Balance, Beginning of Year			<u>122,195</u>	
Fund Balances, End of Year - budget basis			<u>128,117</u>	
Adjustments to reconcile to GAAP				
Encumbrances, beginning of year			-	
Encumbrances, end of year			<u>60,513</u>	
Fund Balance, End of Year			<u>\$ 188,630</u>	

## Schedule 15

**City of Emporia, Kansas**  
**Special Street Fund**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual**  
**For the Year Ended December 31, 2021**

	2021			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$ 78,975	\$ 78,975	\$ 85,230	\$ 6,255
Intergovernmental	634,180	634,180	712,575	78,395
Use of money and property	5,500	5,500	341	(5,159)
Miscellaneous	-	-	17,485	17,485
Total Revenues	<u>718,655</u>	<u>718,655</u>	<u>815,631</u>	<u>96,976</u>
Expenditures:				
Highways and streets	<u>1,131,811</u>	<u>1,131,811</u>	<u>791,216</u>	<u>340,595</u>
Total Expenditures	<u>1,131,811</u>	<u>1,131,811</u>	<u>791,216</u>	<u>340,595</u>
Change in fund balance	<u>\$ (413,156)</u>	<u>\$ (413,156)</u>	9,012	<u>\$ 422,168</u>
Fund Balance, Beginning of Year			<u>550,292</u>	
Fund Balances, End of Year - budget basis			<u>559,304</u>	
Adjustments to reconcile to GAAP				
Encumbrances, beginning of year			(38,563)	
Encumbrances, end of year			<u>5,169</u>	
Fund Balances, End of Year - GAAP Basis			<u>\$ 525,910</u>	

## Schedule 16

**City of Emporia, Kansas**  
**Drug Money Forfeiture Fund**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual**  
**For the Year Ended December 31, 2021**

	2021			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental	\$ 5,000	\$ 5,000	\$ 4,113	\$ (887)
Use of money and property	300	300	41	(259)
Total Revenues	<u>5,300</u>	<u>5,300</u>	<u>4,154</u>	<u>(1,146)</u>
Expenditures:				
Public safety	<u>49,716</u>	<u>49,716</u>	<u>26,420</u>	<u>23,296</u>
Total Expenditures	<u>49,716</u>	<u>49,716</u>	<u>26,420</u>	<u>23,296</u>
Change in fund balance	<u>\$ (44,416)</u>	<u>\$ (44,416)</u>	(22,266)	<u>\$ 22,150</u>
Fund Balance, Beginning of Year			<u>68,302</u>	
Fund Balances, End of Year - budget basis			<u>46,036</u>	
Adjustments to reconcile to GAAP				
Encumbrances, end of year			<u>23,264</u>	
Fund Balances, End of Year - GAAP Basis			<u>\$ 69,300</u>	



## Schedule 17

**City of Emporia, Kansas**  
**Industrial Development Sales Tax Fund**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual**  
**For the Year Ended December 31, 2021**

	2021			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Use of money and property	\$ 6,000	\$ 6,000	\$ 230	\$ (5,770)
Total Revenues	6,000	6,000	230	(5,770)
Expenditures:				
Planning and development	1,022,800	1,825,099	1,571,005	254,094
Total Expenditures	1,022,800	1,825,099	1,571,005	254,094
Excess of Revenues Over Expenditures	(1,016,800)	(1,819,099)	(1,570,775)	248,324
Other Financing Sources (Uses):				
Transfers in	925,000	925,000	925,000	-
Transfers out	(350,000)	(350,000)	(350,000)	-
Total Other Financing Sources (Uses)	575,000	575,000	575,000	-
Change in fund balance	<u>\$ (441,800)</u>	<u>\$ (1,244,099)</u>	(995,775)	<u>\$ 248,324</u>
Fund Balance, Beginning of Year			1,342,851	
Fund Balance, End of Year			<u>\$ 347,076</u>	

## Schedule 18

**City of Emporia, Kansas**  
**Multi-year Improvement Fund**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual**  
**For the Year Ended December 31, 2021**

	2021			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Use of money and property	\$ 15,000	\$ 15,000	\$ 1,815	\$ (13,185)
Total Revenues	<u>15,000</u>	<u>15,000</u>	<u>1,815</u>	<u>(13,185)</u>
Expenditures:				
Capital outlay	<u>2,195,000</u>	<u>5,143,590</u>	<u>3,003,710</u>	<u>2,139,880</u>
Total Expenditures	<u>2,195,000</u>	<u>5,143,590</u>	<u>3,003,710</u>	<u>2,139,880</u>
Excess of Revenues Over Expenditures	<u>(2,180,000)</u>	<u>(5,128,590)</u>	<u>(3,001,895)</u>	<u>2,126,695</u>
Other Financing Sources (Uses):				
Transfers in	2,353,715	2,353,715	2,953,164	599,449
Transfers out	<u>-</u>	<u>-</u>	<u>(550,162)</u>	<u>(550,162)</u>
Total Other Financing Sources (Uses)	<u>2,353,715</u>	<u>2,353,715</u>	<u>2,403,002</u>	<u>49,287</u>
Change in fund balance	<u>\$ 173,715</u>	<u>\$ (2,774,875)</u>	<u>(598,893)</u>	<u>\$ 2,175,982</u>
Fund Balance, Beginning of Year			<u>2,921,217</u>	
Fund Balances, End of Year - budget basis			<u>2,322,324</u>	
Adjustments to reconcile to GAAP				
Encumbrances, beginning of year			(33,574)	
Encumbrances, end of year			<u>1,293,637</u>	
Fund Balances, End of Year - GAAP Basis			<u>\$ 3,582,387</u>	

## Schedule 19

**City of Emporia, Kansas**  
**Debt Service Fund**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual**  
**For the Year Ended December 31, 2021**

	2021			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$ 1,908,103	\$ 1,908,103	\$ 1,884,002	\$ (24,101)
Special assessments	78,252	78,252	115,984	37,732
Intergovernmental	99,270	99,270	99,270	-
Use of money and property	10,000	10,000	950	(9,050)
Total Revenues	<u>2,095,625</u>	<u>2,095,625</u>	<u>2,100,206</u>	<u>4,581</u>
Expenditures:				
Debt service:				
Principal	1,469,000	1,469,000	1,410,000	59,000
Interest and fiscal charges	126,169	126,169	233,526	(107,357)
Carryover	1,292,624	1,292,624	-	1,292,624
Total Expenditures	<u>2,887,793</u>	<u>2,887,793</u>	<u>1,643,526</u>	<u>1,244,267</u>
Excess of Revenues Over Expenditures	<u>(792,168)</u>	<u>(792,168)</u>	<u>456,680</u>	<u>1,248,848</u>
Change in fund balance	<u>\$ (792,168)</u>	<u>\$ (792,168)</u>	456,680	<u>\$ 1,248,848</u>
Fund Balance, Beginning of Year			<u>883,334</u>	
Fund Balance, End of Year			<u>\$ 1,340,014</u>	

**CITY OF EMPORIA, KANSAS**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**December 31, 2021**

	<u>Workers'</u> <u>Compensation</u>	<u>Employee</u> <u>Health Care</u>	<u>Totals</u>
<b>Assets</b>			
Cash and investments	\$ 1,954,927	\$ 2,211,206	\$ 4,166,133
Receivables:			
Accounts	-	11,588	11,588
Total Assets	<u>1,954,927</u>	<u>2,222,794</u>	<u>4,177,721</u>
<b>Liabilities</b>			
Claims payable	<u>87,539</u>	<u>155,302</u>	<u>242,841</u>
Total Liabilities	<u>87,539</u>	<u>155,302</u>	<u>242,841</u>
<b>Net Position</b>			
Unrestricted	<u>1,867,388</u>	<u>2,067,492</u>	<u>3,934,880</u>
Total net position	<u><u>\$ 1,867,388</u></u>	<u><u>\$ 2,067,492</u></u>	<u><u>\$ 3,934,880</u></u>

**CITY OF EMPORIA, KANSAS**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**Internal Service Funds**  
**For the Year Ended December 31, 2021**

	<u>Workers'</u> <u>Compensation</u>	<u>Employee</u> <u>Health Care</u>	<u>Totals</u>
<b>Operating revenues:</b>			
Charges for services	\$ 320,682	\$ 2,024,457	\$ 2,345,139
Other	55,048	414,256	469,304
	<u>375,730</u>	<u>2,438,713</u>	<u>2,814,443</u>
<b>Operating expenses</b>			
Claims and expenses	367,059	1,799,946	2,167,005
	<u>367,059</u>	<u>1,799,946</u>	<u>2,167,005</u>
Operating income	8,671	638,767	647,438
<b>Nonoperating revenues (expenses):</b>			
Interest income	5,613	6,406	12,019
Income before transfers	14,284	645,173	659,457
Transfers in	500,000	-	500,000
Change in net position	514,284	645,173	1,159,457
Total net position, beginning of year	<u>1,353,104</u>	<u>1,422,319</u>	<u>2,775,423</u>
Total net position, end of year	<u><u>\$ 1,867,388</u></u>	<u><u>\$ 2,067,492</u></u>	<u><u>\$ 3,934,880</u></u>

**CITY OF EMPORIA, KANSAS**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**Year Ended December 31, 2021**

	<u>Workers'</u> <u>Compensation</u>	<u>Employee</u> <u>Health Care</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from participants	\$ 320,682	\$ 2,020,191	\$ 2,340,873
Cash received from reimbursements	55,048	414,256	469,304
Cash paid for claims and others	(299,900)	(1,729,647)	(2,029,547)
<b>Net Cash Provided by Operating Activities</b>	<u>75,830</u>	<u>704,800</u>	<u>780,630</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers in	500,000	-	500,000
<b>Net Cash Provided by Noncapital Financing Activities</b>	<u>500,000</u>	<u>-</u>	<u>500,000</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	5,613	6,406	12,019
<b>Net Cash Provided by Investing Activities</b>	<u>5,613</u>	<u>6,406</u>	<u>12,019</u>
Net Increase in cash and cash equivalents	581,443	711,206	1,292,649
<b>Cash and cash equivalents, beginning of year</b>	<u>1,373,484</u>	<u>1,500,000</u>	<u>2,873,484</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 1,954,927</u>	<u>\$ 2,211,206</u>	<u>\$ 4,166,133</u>

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

Operating income	\$ 8,671	\$ 638,767	\$ 647,438
Adjustments to reconcile operating income to net cash provided by operating activities			
Changes in assets and liabilities			
Accounts receivable	-	(4,266)	(4,266)
Claims payable	67,159	70,299	137,458
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 75,830</u>	<u>\$ 704,800</u>	<u>\$ 780,630</u>

## **STATISTICAL SECTION**

### ***(Unaudited)***

The statistical data “relate to the physical, economic, social, and political characteristics of the City.” Its design is to provide “a broader and more complete understanding of the City and its financial affairs than is possible from the financial statements, notes, and supporting schedules presented in the Financial Section

**CITY OF EMPORIA, KANSAS**  
**STATISTICAL SECTION**  
**(UNAUDITED)**

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

**Contents**

**Financial Trends**

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

**Revenue Capacity**

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

**Debt Capacity**

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

**Demographic and Economical Information**

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

**Operating Information**

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

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

*Note: Certain amounts previously presented have been reclassified for comparability purposes.*



Table 1

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Governmental Activities</b>										
Net investment in capital assets	\$46,489,682	\$43,616,768	\$40,402,667	\$35,731,750	\$33,063,360	\$30,052,389	\$25,051,180	\$19,899,939	\$14,916,163	\$15,733,311
Restricted	8,649,753	8,971,882	4,133,801	7,418,777	7,530,579	3,394,187	3,129,380	3,279,857	3,645,462	3,278,942
Unrestricted	1,830,380	2,035,274	5,511,434	(5,992,007)	(5,912,002)	(5,631,571)	(845,705)	1,112,980	7,236,691	7,602,461
<b>Total Net Position</b>	<u>\$56,969,815</u>	<u>\$54,623,924</u>	<u>\$50,047,902</u>	<u>\$37,158,520</u>	<u>\$34,681,937</u>	<u>\$27,815,005</u>	<u>\$27,334,855</u>	<u>\$24,292,776</u>	<u>\$25,798,316</u>	<u>\$26,614,714</u>
<b>Business-Type Activities</b>										
Net investment in capital assets	\$18,844,645	\$16,712,412	\$17,398,655	\$18,898,239	\$17,515,501	\$20,933,505	\$21,116,169	\$27,023,181	\$27,665,425	\$29,295,954
Unrestricted	7,573,049	9,415,929	9,344,111	7,643,933	6,443,992	6,201,283	8,988,468	6,422,621	8,011,475	8,569,703
<b>Total Net Position</b>	<u>\$26,417,694</u>	<u>\$26,128,341</u>	<u>\$26,742,766</u>	<u>\$26,542,172</u>	<u>\$23,959,493</u>	<u>\$27,134,788</u>	<u>\$30,104,637</u>	<u>\$33,445,802</u>	<u>\$35,676,900</u>	<u>\$37,865,657</u>
<b>Primary Government</b>										
Net investment in capital assets	\$65,334,327	\$60,329,180	\$57,801,322	\$54,629,989	\$50,578,861	\$50,985,894	\$46,167,349	\$46,923,120	\$42,581,588	\$45,029,265
Restricted	8,649,753	8,971,882	4,133,801	7,418,777	7,530,579	3,394,187	3,129,380	3,279,857	3,645,462	3,278,942
Unrestricted	9,403,429	11,451,203	14,855,545	1,651,926	531,990	569,712	8,142,763	7,535,601	15,248,166	16,172,164
<b>Total Net Position</b>	<u>\$83,387,509</u>	<u>\$80,752,265</u>	<u>\$76,790,668</u>	<u>\$63,700,692</u>	<u>\$58,641,430</u>	<u>\$54,949,793</u>	<u>\$57,439,492</u>	<u>\$57,738,578</u>	<u>\$61,475,216</u>	<u>\$64,480,371</u>

Table 2

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Expenses</b>										
Governmental activities:										
General government	\$ 4,468,467	\$ 5,360,306	\$ 5,330,616	\$ 6,749,798	\$ 4,573,216	\$ 4,596,205	\$ 1,967,057	\$ 1,789,395	\$ 2,000,901	\$ 1,800,868
Public safety	9,208,224	10,102,881	8,959,986	11,219,337	9,645,844	10,358,742	11,721,517	11,145,934	11,761,803	11,137,443
Highway and streets	7,443,498	6,627,096	7,322,185	7,996,425	8,252,968	7,224,881	9,272,215	9,909,293	4,913,002	6,396,110
Culture and recreation	2,909,189	3,666,390	3,396,134	3,471,480	3,895,312	3,336,199	3,472,162	4,299,067	4,303,394	4,194,202
Health and environment	197,099	106,788	62,627	76,250	1,310,285	4,148,123	119,697	86,900	94,001	70,500
Building maintenance	1,320,425	1,503,430	1,438,188	1,430,348	1,397,295	1,461,928	1,651,821	1,610,690	1,270,031	1,545,877
Planning and development	608,747	649,666	549,491	1,421,747	753,238	914,219	742,750	949,755	697,930	1,997,228
Airport operations	617,829	1,618,281	1,082,280	450,953	740,487	570,805	613,891	606,750	529,314	720,338
Interest and fiscal charges on long-term debt	847,985	673,671	561,943	459,067	200,820	262,829	315,641	377,684	243,949	211,436
<b>Total Governmental Activities Expense</b>	<b>27,621,463</b>	<b>30,308,509</b>	<b>28,703,450</b>	<b>33,275,405</b>	<b>30,769,465</b>	<b>32,873,931</b>	<b>29,876,751</b>	<b>30,775,468</b>	<b>25,814,325</b>	<b>28,074,002</b>
Business-Type Activities:										
Solid waste disposal	3,020,758	3,098,193	3,233,494	4,547,019	3,806,169	3,951,632	4,484,342	4,861,522	4,813,819	5,139,441
Sewer utility	3,511,678	3,115,167	2,455,448	3,699,237	3,611,071	3,646,709	3,617,900	5,080,214	5,189,317	5,557,427
Water utility	4,495,878	3,643,768	4,184,420	4,607,905	4,130,119	4,511,457	5,995,742	5,755,414	6,477,456	6,829,682
<b>Total Business-Type Activities Expense</b>	<b>11,028,314</b>	<b>9,857,128</b>	<b>9,873,362</b>	<b>12,854,161</b>	<b>11,547,359</b>	<b>12,109,798</b>	<b>14,097,984</b>	<b>15,697,150</b>	<b>16,480,592</b>	<b>17,526,550</b>
<b>Total Primary Government Expenses</b>	<b>\$ 38,649,777</b>	<b>\$ 40,165,637</b>	<b>\$ 38,576,812</b>	<b>\$ 46,129,566</b>	<b>\$ 42,316,824</b>	<b>\$ 44,983,729</b>	<b>\$ 43,974,735</b>	<b>\$ 46,472,618</b>	<b>\$ 42,294,917</b>	<b>\$ 45,600,552</b>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services										
General government	\$ 1,133,029	\$ 1,328,031	\$ 1,299,336	\$ 569,628	\$ 457,342	\$ 495,127	\$ 2,850,639	\$ 2,868,017	\$ 2,906,312	\$ 3,095,602
Public safety	1,240,326	2,698,754	1,584,552	1,898,231	1,670,346	2,132,977	1,879,594	1,978,761	2,097,683	1,824,589
Highway and streets	-	97,237	13,792	-	-	-	-	-	-	-
Culture and recreation	581,032	442,056	644,794	581,718.00	565,249	528,026	456,539	520,467	554,032	638,834
Airport operations	454,203	136,854	333,379	244,394.00	246,340.00	383,721	332,395	360,738	252,052	366,803
Operating grants and contributions	476,479	1,551,979	1,049,663	3,487,896	2,332,109	2,439,604	2,727,310	2,525,721	2,531,115	2,391,910
Capital grants and contributions	-	321,941	-	-	-	-	-	954,591	1,423,551	1,039,114
<b>Total Governmental Activities Program Revenues</b>	<b>3,885,069</b>	<b>6,576,852</b>	<b>4,925,516</b>	<b>6,781,867</b>	<b>5,271,386</b>	<b>5,979,455</b>	<b>8,246,477</b>	<b>9,208,295</b>	<b>9,764,745</b>	<b>9,356,852</b>
Business-Type Activities:										
Charges for services:										
Solid waste disposal	3,907,206	3,951,538	3,961,186	4,245,596	4,195,488	4,382,365	4,701,014	5,132,337	5,101,150	5,517,050
Sewer utility	3,721,099	3,526,764	3,453,685	3,640,068	3,642,514	3,980,153	4,432,645	5,109,178	5,412,824	6,136,367
Water utility	5,331,334	4,865,176	4,864,624	5,219,547	4,678,884	4,669,813	5,538,819	6,256,626	6,463,232	7,239,358
Capital grants and contributions	-	-	-	-	1,665,150	4,128,788	1,540,335	1,668,918	372,082	-
<b>Total Business-Type Activities Program Revenues</b>	<b>12,959,639</b>	<b>12,343,478</b>	<b>12,279,495</b>	<b>13,105,211</b>	<b>14,182,036</b>	<b>17,161,119</b>	<b>16,212,813</b>	<b>18,167,059</b>	<b>17,349,288</b>	<b>18,892,775</b>
<b>Total Primary Government Program Revenues</b>	<b>\$ 16,844,708</b>	<b>\$ 18,920,330</b>	<b>\$ 17,205,011</b>	<b>\$ 19,887,078</b>	<b>\$ 19,453,422</b>	<b>\$ 23,140,574</b>	<b>\$ 24,459,290</b>	<b>\$ 27,375,354</b>	<b>\$ 27,114,033</b>	<b>\$ 28,249,627</b>

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Net (expense)/revenue</b>										
Governmental activities	\$ (23,736,394)	\$ (23,731,657)	\$ (23,777,934)	\$ (26,493,538)	\$ (25,498,079)	\$ (26,894,476)	\$ (21,630,274)	\$ (21,567,173)	\$ (16,049,580)	\$ (18,717,150)
Business-type activities	1,931,325	2,486,350	2,406,133	251,050	2,634,677	5,051,321	2,114,829	2,469,909	868,696	1,366,225
<b>Total Primary Government Net Expense</b>	<u>\$ (21,805,339)</u>	<u>\$ (21,245,307)</u>	<u>\$ (21,371,801)</u>	<u>\$ (20,190,683)</u>	<u>\$ (22,863,402)</u>	<u>\$ (21,843,155)</u>	<u>\$ (19,515,445)</u>	<u>\$ (19,097,264)</u>	<u>\$ (15,180,884)</u>	<u>\$ (17,350,925)</u>
<b>General Revenue and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes, levied for general purposes *	\$ 4,021,932	\$ 3,946,914	\$ 4,382,587	\$ 4,079,939	\$ 4,426,162	\$ 4,989,473	\$ 5,582,179	\$ 5,843,035	\$ 6,130,057	\$ 6,245,561
Property taxes, levied for debt service	3,009,020	2,927,142	2,697,875	3,048,624	2,816,756	2,327,309	2,030,791	1,928,042	1,961,768	1,912,985
Sales taxes	6,442,595	6,665,421	6,656,976	6,936,086	6,889,492	6,921,009	7,343,794	7,407,601	7,506,138	8,496,466
Franchise taxes	2,211,034	2,332,231	2,567,742	2,498,342	2,576,621	2,625,098	2,713,868	2,584,253	2,448,322	2,554,654
Gasoline taxes	646,213	702,059	717,930	724,025	730,216	738,426	753,580	677,776	642,215	712,575
Use of money and property	153,676	162,932	158,849	152,596	186,528	275,700	346,465	514,837	236,057	165,068
Miscellaneous	1,211,917	1,397,464	7,885	2,149	7,462	3,158	152,943	241,913	462,825	262,609
Transfers	2,220,400	3,251,603	2,012,068	5,944,497	5,388,259	2,147,371	(670,744)	(672,363)	(1,309,738)	(816,370)
<b>Total Governmental Activities</b>	<u>19,916,787</u>	<u>21,385,766</u>	<u>19,201,912</u>	<u>23,386,258</u>	<u>23,021,496</u>	<u>20,027,544</u>	<u>18,252,876</u>	<u>18,525,094</u>	<u>18,077,644</u>	<u>19,533,548</u>
Business-Type Activities:										
Use of money and property	5,187	5,357	5,196	6,377	25,050	53,301	162,797	198,893	52,664	6,162
Miscellaneous	249,209	470,543	215,164	201,726	145,853	218,044	345,058	-	-	-
Transfers	(2,220,400)	(3,251,603)	(2,012,068)	(5,944,497)	(5,388,259)	(2,147,371)	670,744	672,363	1,309,738	816,370
<b>Total Business-Type Activities</b>	<u>(1,966,004)</u>	<u>(2,775,703)</u>	<u>(1,791,708)</u>	<u>(5,736,394)</u>	<u>(5,217,356)</u>	<u>(1,876,026)</u>	<u>1,178,599</u>	<u>871,256</u>	<u>1,362,402</u>	<u>822,532</u>
<b>Total Primary Government</b>	<u>\$ 17,950,783</u>	<u>\$ 18,610,063</u>	<u>\$ 17,410,204</u>	<u>\$ 17,649,864</u>	<u>\$ 17,804,140</u>	<u>\$ 18,151,518</u>	<u>\$ 19,431,475</u>	<u>\$ 19,396,350</u>	<u>\$ 19,440,046</u>	<u>\$ 20,356,080</u>
<b>Change in Net Position</b>										
Governmental activities	\$ (3,819,607)	\$ (2,345,891)	\$ (4,576,022)	\$ (3,107,280)	\$ (2,476,583)	\$ (6,866,932)	\$ (3,377,398)	\$ (3,042,079)	\$ 2,028,064	\$ 816,398
Business-type activities	(34,679)	(289,353)	614,425	(5,485,344)	(2,582,679)	3,175,295	3,293,428	3,341,165	2,231,098	2,188,757
<b>Total Primary Government</b>	<u>\$ (3,854,286)</u>	<u>\$ (2,635,244)</u>	<u>\$ (3,961,597)</u>	<u>\$ (8,592,624)</u>	<u>\$ (5,059,262)</u>	<u>\$ (3,691,637)</u>	<u>\$ (83,970)</u>	<u>\$ 299,086</u>	<u>\$ 4,259,162</u>	<u>\$ 3,005,155</u>

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>General Fund</b>										
Nondisposable	\$ -	\$ -	\$ -	\$ 32,880	\$ 34,719	\$ 41,697	\$ 45,195	\$ 44,116	\$ 39,463	\$ 36,396
Assigned	79,415	9,040	28,554	46,957	87,428	7,193	133,878	613,760	491,777	155,881
Unassigned	<u>4,030,668</u>	<u>4,461,973</u>	<u>4,770,138</u>	<u>4,846,179</u>	<u>4,749,213</u>	<u>5,082,628</u>	<u>5,880,709</u>	<u>5,966,508</u>	<u>5,885,973</u>	<u>6,647,153</u>
<b>Total General Fund</b>	<u>\$ 4,110,083</u>	<u>\$ 4,471,013</u>	<u>\$ 4,798,692</u>	<u>\$ 4,926,016</u>	<u>\$ 4,871,360</u>	<u>\$ 5,131,518</u>	<u>\$ 6,059,782</u>	<u>\$ 6,624,384</u>	<u>\$ 6,417,213</u>	<u>\$ 6,839,430</u>
<b>All Other Governmental Funds</b>										
Nondisposable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,261,160	\$ 16,250
Restricted	2,427,983	3,098,780	3,882,539	2,740,023	2,810,370	3,190,605	3,128,231	3,279,857	3,645,462	3,278,942
Assigned	3,220,385	2,700,340	251,262	4,678,754	4,715,700	209,364	3,051,652	5,054,306	9,915,468	9,684,579
Unassigned (deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(275,616)</u>	<u>(747,605)</u>	<u>(441,212)</u>	<u>(92,160)</u>
<b>Total All Other Governmental Funds</b>	<u>\$ 5,648,368</u>	<u>\$ 5,799,120</u>	<u>\$ 4,133,801</u>	<u>\$ 7,418,777</u>	<u>\$ 7,526,070</u>	<u>\$ 3,399,969</u>	<u>\$ 5,904,267</u>	<u>\$ 7,586,558</u>	<u>\$ 14,380,878</u>	<u>\$ 12,887,611</u>

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Revenues</b>										
Taxes	\$ 16,284,653	\$ 16,525,626	\$ 16,943,835	\$ 17,189,475	\$ 17,281,766	\$ 17,445,154	\$ 18,268,211	\$ 15,222,145	\$ 15,496,475	\$ 16,271,101
Charges for services	1,079,812	2,149,867	1,023,912	2,155,983	1,901,550	2,531,821	2,423,475	2,513,564	2,595,433	2,485,720
Special assessments	46,141	48,141	79,275	97,541	157,481	156,161	156,001	210,316	113,561	115,984
Intergovernmental	1,641,667	3,168,296	1,851,581	2,841,659	1,797,455	2,361,707	1,923,328	5,207,091	6,385,351	6,666,102
Licenses and permits	158,756	121,720	158,506	141,639	147,349	189,036	193,253	197,114	256,069	281,459
Fines and fees	589,334	725,420	779,135	734,348	590,363	552,285	529,721	518,811	454,541	506,730
Use of money and property	150,177	159,715	156,043	149,836	180,015	261,104	324,656	482,642	222,881	153,049
Contributions	28,739	71,257	532,156	108,887	105,152	77,897	463,762	1,504,743	815,442	118,551
Administrative charges	2,246,216	1,995,144	2,047,964	2,196,271	2,125,632	2,147,272	2,372,718	2,491,504	2,504,036	2,643,791
Miscellaneous	595,735	1,080,172	266,822	537,350	455,252	448,295	235,691	271,058	475,912	630,016
<b>Total Revenues</b>	<b>22,821,230</b>	<b>24,050,214</b>	<b>23,839,229</b>	<b>26,152,989</b>	<b>24,742,015</b>	<b>26,170,732</b>	<b>26,890,816</b>	<b>28,618,988</b>	<b>29,319,701</b>	<b>29,872,503</b>
<b>Expenditures</b>										
General government	3,644,674	4,547,136	3,456,297	5,220,368	3,280,462	4,101,383	1,953,079	1,557,724	1,521,682	2,042,327
Public safety	8,638,708	9,892,795	8,703,836	9,765,022	9,363,365	10,049,520	10,304,473	10,298,977	10,624,770	10,687,790
Highway and streets	932,739	916,948	1,008,076	962,186	1,079,762	1,137,448	1,124,794	1,213,728	1,240,136	1,218,744
Culture and recreation	2,504,164	2,478,568	2,535,555	2,634,219	2,857,701	2,670,631	2,799,570	3,723,800	3,458,723	3,620,874
Health and environment	197,099	106,788	62,627	76,250	59,150	80,400	100,400	86,900	94,001	70,500
Building maintenance	1,194,393	1,345,428	1,286,695	1,257,309	1,226,539	1,268,746	1,297,205	1,401,736	1,257,690	1,364,982
Planning and development	595,823	636,741	537,702	1,413,365	753,238	885,107	713,638	949,755	694,063	1,997,228
Airport operations	548,013	480,604	463,568	399,836	474,459	455,030	535,805	558,646	436,747	643,740
Appropriations	81,010	123,121	161,691	264,475	179,622	173,517	271,283	229,955	625,662	257,413
Capital outlay	1,110,759	2,122,112	3,143,259	3,214,381	5,913,913	16,878,478	2,700,758	3,372,248	4,711,151	5,911,559
Debt service										
Principal	3,525,000	4,385,410	3,200,000	3,145,000	3,175,000	2,465,000	1,600,000	1,630,000	1,059,904	1,563,816
Interest and other charges	874,386	782,391	581,667	486,504	408,794	280,081	331,263	370,699	208,049	248,210
<b>Total Expenditures</b>	<b>23,846,768</b>	<b>27,818,042</b>	<b>25,140,973</b>	<b>28,838,915</b>	<b>28,772,005</b>	<b>40,445,341</b>	<b>23,732,268</b>	<b>25,394,168</b>	<b>25,932,578</b>	<b>29,627,183</b>
Excess of Revenues Over/(Under)										
Expenditures	(1,025,538)	(3,767,828)	(1,301,744)	(3,349,708)	(4,029,990)	(14,274,609)	3,158,548	3,224,820	3,387,123	245,320
<b>Other Financing Sources (Uses)</b>										
Transfers in	5,018,830	7,074,330	3,791,890	8,066,635	8,147,796	4,224,882	7,613,647	4,904,918	9,554,773	5,793,667
Transfers out	(4,767,395)	(5,562,947)	(3,827,786)	(4,318,409)	(4,885,169)	(4,224,782)	(5,467,365)	(5,882,845)	(11,580,387)	(7,110,037)
Payment to refund bonds	-	(1,288,607)	-	-	-	-	-	-	-	-
Payment to escrow agent	-	1,288,607	-	(2,518,712)	(2,034,362)	-	-	-	-	-
Bond premium	-	226,590	-	-	-	-	-	-	364,611	-
Issuance of debt	34,155	546,393	-	4,868,712	2,854,363	10,397,002	1,000,000	-	4,856,775	-
<b>Total Other Financing Sources (Uses)</b>	<b>285,590</b>	<b>4,279,510</b>	<b>(35,896)</b>	<b>6,098,226</b>	<b>4,082,628</b>	<b>10,397,102</b>	<b>3,146,282</b>	<b>(977,927)</b>	<b>3,195,772</b>	<b>(1,316,370)</b>
<b>Net Change in Fund Balances</b>	<b>\$ (739,948)</b>	<b>\$ 511,682</b>	<b>\$ (1,337,640)</b>	<b>\$ 2,748,518</b>	<b>\$ 52,638</b>	<b>\$ (3,877,507)</b>	<b>\$ 6,304,830</b>	<b>\$ 2,246,893</b>	<b>\$ 6,582,895</b>	<b>\$ (1,071,050)</b>
<b>Debt service as a percentage of non-capital expenditures</b>	19.09%	19.78%	17.19%	13.59%	13.60%	6.43%	8.50%	8.20%	5.46%	6.59%

Table 5

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

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Sales Tax</b>	<b>Franchise Tax</b>	<b>Motor Vehicle Tax</b>	<b>Total</b>
2012	\$ 6,152,090	\$ 6,442,595	\$ 2,211,034	\$ 769,244	\$ 15,574,963
2013	6,129,697	6,665,421	2,332,231	684,936	15,812,285
2014	6,244,499	6,656,975	2,534,607	784,154	16,220,235
2015	6,323,119	6,936,086	2,446,941	746,067	16,452,213
2016	6,344,622	6,889,492	2,465,081	737,923	16,437,118
2017	6,497,242	6,921,009	2,514,879	758,953	16,692,083
2018	6,610,486	7,229,117	2,644,068	985,124	17,468,795
2019	7,771,077	7,407,601	2,584,253	677,776	18,440,707
2020	8,091,825	7,506,138	2,448,322	642,215	18,688,500
2021	8,158,546	8,496,466	2,554,654	712,575	19,922,241

Source: City of Emporia, Kansas Basic Financial Statements.

Table 6

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

Fiscal Year Ended December 31,	Real Property		Personal Property		Less: Tax Exempt Real Property - 1	Total Taxable Assessed Value	Total Direct Tax Rate - 2	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property - 1	Commercial Property - 1	Motor Vehicles - 2	Other - 1					
2012	\$ 76,301,740	\$ 52,872,743	\$ 18,695,592	\$ 147,657	\$ 23,559,970	\$ 124,457,762	41.559	\$ 876,067,600	14.2%
2013	75,023,705	52,084,968	18,187,200	144,114	23,585,880	121,854,107	41.582	869,676,580	14.0%
2014	76,585,623	52,477,545	15,590,202	139,671	24,846,450	119,946,591	41.606	884,296,490	13.6%
2015	77,859,774	52,602,363	19,562,617	93,042	23,507,710	126,610,086	41.531	895,803,330	14.1%
2016	79,256,537	52,262,553	20,379,614	57,768	26,975,110	124,981,362	42.947	907,344,870	13.8%
2017	85,807,578	51,445,370	20,630,111	68,898	27,010,480	130,941,477	42.575	960,406,440	13.6%
2018	89,782,755	52,118,715	20,972,334	187,575	26,538,480	136,522,899	42.849	998,274,630	13.7%
2019	95,724,413	55,079,043	21,636,964	129,861	20,773,540	151,796,741	43.093	1,061,815,040	14.3%
2020	101,181,991	55,048,752	21,939,568	63,699	20,036,380	158,197,630	42.862	1,107,787,850	14.3%
2021	106,363,567	60,909,825	22,838,681	87,132	26,367,570	163,831,635	42.800	1,180,348,700	13.9%

Note 1 - Lyon County Appraiser

Note 2 - Lyon County Clerk's Office

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

**CITY OF EMPORIA, KANSAS  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS**

<b>Fiscal Year Ended December 31,</b>	<b>City of Emporia, Kansas</b>			<b>Lyon County</b>		
	<b>Operating Mileage</b>	<b>Debt Service Mileage</b>	<b>Total City Mileage</b>	<b>Operating Mileage</b>	<b>Debt Service Mileage</b>	<b>Total County Mileage</b>
2012	24.477	17.082	41.559	63.972	-	63.972
2013	26.715	14.867	41.582	56.501	-	56.501
2014	23.982	17.624	41.606	54.513	-	54.513
2015	26.075	15.456	41.531	58.676	-	58.676
2016	30.107	12.840	42.947	60.896	-	60.896
2017	32.170	10.405	42.575	60.826	-	60.826
2018	32.537	10.312	42.849	60.088	-	60.088
2019	32.666	10.427	43.093	59.303	-	59.303
2020	32.860	10.002	42.862	55.423	-	55.423
2021	32.812	9.988	42.800	53.281	-	53.281

<b>Fiscal Year Ended December 31,</b>	<b>USD 253</b>			<b>Total Direct &amp; Overlapping Rates</b>
	<b>Operating Mileage</b>	<b>Debt Service Mileage</b>	<b>Total USD Mileage</b>	
2012	50.404	10.033	60.437	165.968
2013	51.796	9.585	61.381	159.464
2014	47.977	13.409	61.386	157.505
2015	53.380	8.040	61.420	161.627
2016	53.441	9.618	63.059	166.902
2017	54.323	9.026	63.349	166.750
2018	53.898	9.286	63.184	166.121
2019	52.097	11.036	63.133	165.529
2020	50.795	12.392	63.187	161.472
2021	52.082	10.849	62.931	159.012

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

Source: Lyon County Clerk's Office



Table 8

**CITY OF EMPORIA, KANSAS**  
**PRINCIPAL PROPERTY TAXPAYERS**  
 Current Year and Nine Years Ago

Taxpayer	2021			2012		
	Taxpayer Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxpayer Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Evergy Kansas Central, INC (Westar Energy)	\$ 9,556,161	1	5.66%	\$ 4,249,866	1	2.97%
Hills Pet Nutrition	6,563,057	2	3.89%	2,252,064	2	1.58%
Simmons Pet Food KS (formerly Menu Pet Food)	3,192,812	3	1.89%			
Kansas Gas Service	2,052,365	4	1.22%	1,789,848	3	1.25%
Iowa Beef Processors, INC	1,808,483	5	1.07%	1,347,850	6	0.94%
Wal-Mart Real Estate Business Trust	1,671,509	6	0.99%	1,701,925	4	1.19%
Emporia Partners, LLC	1,154,944	7	0.68%	1,236,642	7	0.87%
Bunge North America	1,130,110	8	0.67%			
BNSF	1,115,893	9	0.66%			
JAE Properties Kansas, LLC	1,081,251	10	0.64%			
Tyson Fresh Meats				1,670,504	5	1.17%
Camoplast Rockland, LTD				1,208,960	8	0.85%
Interstate Brands				1,106,125	9	0.78%
Southwestern Bell				1,095,934	10	0.77%
<b>Total</b>	<b>\$ 29,326,585</b>		<b>17.38%</b>	<b>\$ 17,659,718</b>		<b>12.36%</b>
Total Assessed Value (1)	\$168,748,789			\$142,386,773		

(1) Data from Lyon County Treasurer's Office

Table 9

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

<b>Fiscal Year Ended December 31,</b>	<b>Total Tax Levy for Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2012	\$ 5,947,380	\$ 5,697,522	95.80%	\$ 136,198	\$ 5,833,720	98.09%
2013	6,036,427	5,737,032	95.04%	119,274	5,856,306	97.02%
2014	6,059,909	5,832,238	96.24%	164,184	5,996,422	98.95%
2015	6,120,357	5,921,454	96.75%	105,704	6,027,158	98.48%
2016	6,316,300	5,974,327	94.59%	231,470	6,205,797	98.25%
2017	6,560,582	6,159,624	93.89%	126,329	6,285,953	95.81%
2018	6,848,025	6,214,266	90.75%	149,512	6,363,778	92.93%
2019	7,281,428	6,746,759	92.66%	153,027	6,899,786	94.76%
2020	7,447,306	6,723,918	90.29%	174,889	6,898,807	92.63%
2021	7,892,213	7,141,014	90.48%	125,872	7,266,886	92.08%

Data from City of Emporia Treasurer

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

Fiscal Year Ended December 31,	Governmental Activities			Business-type Activities		Total Primary Government	Percentage of Personal Income	Per Capita - 1
	General Obligation Bonds	Temporary Notes	Loans/ Agreements	General Obligation Bonds	Loans Payable			
2012	\$ 19,710,000	\$ 175,000	\$ -	\$ 8,150,000	\$ 6,566,169	\$ 34,601,169	8.46%	\$ 1,390
2013	16,075,000	-	-	12,895,000	-	28,970,000	6.51%	1,161
2014	12,875,000	-	-	13,680,000	-	26,555,000	5.41%	1,071
2015	11,685,000	-	-	11,875,000	-	23,560,000	5.14%	959
2016	9,175,000	-	-	14,350,000	-	23,525,000	4.98%	954
2017	6,705,000	-	-	13,300,000	10,397,002	30,402,002	5.62%	1,225
2018	6,105,000	-	-	17,660,000	23,523,911	47,288,911	8.70%	1,920
2019	4,475,000	-	-	15,435,000	27,365,088	47,275,088	7.88%	1,909
2020	7,995,053	-	636,871	14,974,519	28,314,976	51,921,419	8.71%	2,151
2021	6,560,746	-	483,055	12,907,528	28,314,976	48,266,305	7.63%	1,983

Note 1 - See the Schedule of Demographic and Economic Statistics - Table 14

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

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

Fiscal Year	Governmental Activities		Business-Type Activities		Net Bonded Debt	Percentage Estimated Annual Taxable Value of Property - 1	Per Capita - 2
	General Obligation Bonds	General Obligation Bonds	Less: Amounts Available in Debt Service Fund				
2012	\$ 19,710,000	\$ 12,895,000	\$ 733,388	\$	31,871,612	3.64%	\$ 1,280
2013	16,075,000	13,680,000	600,676		29,154,324	3.35%	1,168
2014	12,875,000	11,875,000	448,296		24,301,704	2.75%	980
2015	11,685,000	14,350,000	471,327		25,563,673	2.85%	1,041
2016	9,175,000	15,040,000	277,343		23,937,657	2.64%	971
2017	6,705,000	13,300,000	433,646		19,571,354	2.04%	789
2018	6,105,000	17,660,000	919,889		22,845,111	2.29%	927
2019	4,475,000	15,435,000	749,432		19,160,568	1.80%	774
2020	7,995,053	14,974,519	883,334		22,086,238	1.99%	915
2021	6,560,746	12,907,528	1,340,014		18,128,260	1.54%	745

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

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

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

**CITY OF EMPORIA, KANSAS**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
December 31, 2021

<b>Governmental Unit</b>	<b>Debt Outstanding - Paid with Property Taxes</b>	<b>Percentage Applicable to City of Emporia</b>	<b>Amount Applicable to City of Emporia</b>
Unified School District #253 - Overlapping	\$ 79,325,000	87.197%	\$ 69,169,020
Lyon County, Kansas - Overlapping	17,050,000	63.085%	10,755,993
Subtotal, Overlapping Debt			79,925,013
City of Emporia - Direct Debt			7,043,801
Total Direct and Overlapping Debt			<u>\$ 86,968,814</u>
Population			24,343
Overlapping debt per capita			\$ 3,283
Direct and overlapping debt per capita			\$ 3,573

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

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

Source: Lyon County Clerk

**CITY OF EMPORIA, KANSAS**  
**LEGAL DEBT MARGIN INFORMATION**  
**LAST TEN FISCAL YEARS**

For the Years Ended December 31,

	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Debt limit*	\$42,830,893	\$38,484,038	\$39,049,578	\$39,458,101	\$39,796,694	\$41,494,216	\$42,931,638	\$45,539,022	\$47,459,289	\$ 49,149,491
Total net debt applicable to limit	19,013,762	15,474,324	12,426,704	12,102,702	8,897,657	6,271,354	5,185,111	3,725,568	7,111,719	5,220,732
<b>Legal Debt Margin</b>	<b>\$23,817,13</b>	<b>\$23,009,71</b>	<b>\$26,622,87</b>	<b>\$27,355,39</b>	<b>\$30,899,03</b>	<b>\$35,222,86</b>	<b>\$37,746,52</b>	<b>\$41,813,45</b>	<b>\$40,347,57</b>	<b>\$ 43,928,75</b>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	44.39%	40.21%	31.82%	30.67%	22.36%	15.11%	12.08%	8.18%	14.98%	10.62%

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

Source: Assessed Valuation from Lyon County Appraiser

	<b>2021</b>
Assessed Value	\$ 163,831,635
Debt Limit Ratio	30%
December 31, 2021 Debt Limit	49,149,491
Outstanding Debt Subject to Debt Limit	* <u>5,220,732</u>
Debt Authority Remaining December 31, 2021	\$ 43,928,759
December 31, 2021 GO Bonds Outstanding	\$ 6,560,746
Less: Amount set aside for repayment of general obligation debt	<u>(1,340,014)</u>
Total Outstanding Debt Subject to Debt Limit December 31, 2	* <u>\$ 5,220,732</u>

Table 14

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

<b>Fiscal Year Ended December 31,</b>	<b>Population - 1</b>	<b>Population Income (amounts expressed in thousands)</b>	<b>Per Capita Personal Income - 2</b>	<b>Median Age - 2</b>	<b>Education Level in Years of Formal Schooling - 2</b>	<b>School Enrollment - 3</b>	<b>Unemployment Rate - 2</b>
2012	24,891	409,034	16,433	29.0	12.1	7,123	7.1%
2013	24,958	444,901	17,826	29.0	12.2	11,301	5.5%
2014	24,799	490,747	19,789	29.0	12.2	11,268	4.2%
2015	24,560	458,732	18,678	29.0	12.2	11,024	4.0%
2016	24,649	472,152	19,155	29.4	12.2	11,134	4.1%
2017	24,816	541,014	21,801	29	12.2	11,015	3.1%
2018	24,636	543,569	22,064	28.6	12.2	11,207	3.4%
2019	24,765	599,709	24,216	28.6	12.2	11,207	3.1%
2020	24,139	596,137	24,696	33.4	12.2	12,338	4.7%
2021	24,343	632,212	25,971	28.6	12.2	11,452	3.4%

Note 1 - Data from U.S. Census Information

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

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

**CITY OF EMPORIA, KANSAS**  
**PRINCIPAL EMPLOYERS**  
 Current Year and Nine Years Ago

Taxpayer	2021			2012		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Simmons Pet Food	1,400	1	3.61%	275	6	1.11%
U.S.D. #253	1,050	2	2.71%	787	3	3.24%
Tyson Fresh Meats	795	3	2.05%	934	1	3.76%
Emporia State University	745	4	1.92%	805	2	3.16%
Hostess Brands, LLC	630	5	1.62%	516	4	2.07%
Newman Regional Health	377	6	0.97%	399	5	1.60%
Lyon County	275	7	0.71%	258	7	1.04%
Michelin (Camso Manufacturing)	262	8	0.68%			
City of Emporia	240	9	0.62%	243	8	0.98%
Hopkins Manufacturing Inc	182	10	0.47%	232	9	0.90%
Wal-Mart Super Center				186	10	0.75%
<b>Total</b>	<b>5,956</b>		<b>15.35%</b>	<b>4,635</b>		<b>18.61%</b>

Data from Emporia Chamber of Commerce



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

<b>Function</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
General Government	34	36	36	34	38	37	37	40	43	41
Public Safety										
Officers	49	44	44	45	41	40	43	41	47	38
Civilians	24	20	21	7	7	7	7	7	7	6
Fire										
Firefighters and										
Officers	49	49	49	49	47	51	51	49	53	40
Civilians	1	1	1	1	3	3	3	3	3	3
Highways and Streets										
Engineering	7	7	6	6	7	7	7	6	7	8
Maintenance	9	10	8	9	9	7	9	9	9	10
Sanitation	33	30	29	30	32	29	32	33	35	33
Culture and Recreation	22	18	19	19	19	22	21	23	18	16
Water	22	19	19	17	16	17	16	18	21	22
Sewer	13	12	8	8	8	8	8	8	7	8
<b>Total</b>	<b>263</b>	<b>246</b>	<b>240</b>	<b>225</b>	<b>227</b>	<b>228</b>	<b>234</b>	<b>237</b>	<b>250</b>	<b>225</b>

(1) Data received from the Human Resources Department

Table 17

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

<b>Function</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Police</b>										
Physical arrests (1)	1,141	1,323	1,241	1,190	1,171	1,123	1,120	1,273	656	765
Parking violations (1)	5,285	4,934	4,537	4,424	3,589	2,791	2,940	3,617	1,513	323
Traffic violations (1)	3,231	4,308	3,842	4,162	2,072	2,641	2,328	2,946	1,282	1,987
<b>Fire</b>										
Number of calls answered (2)	3,481	3,408	3,708	3,716	3,426	3,710	3,904	4,317	4,081	4,215
Inspections (2)	1,157	1,224	1,097	755	958	878	907	920	465	603
<b>Highways and Streets</b>										
Street resurfacing (miles) (3)	3.77	4.00	2.00	3	6	4	11	3	13	4
Potholes repaired (4)	451	700	750	750	800	900	900	1,500	1,500	1,500
										84
										5
<b>Sanitation</b>										
Refuse collected (tons/day) (5)	78.73	85.00	76.00	78	72	84	88	88	77	84
Recyclables collected (tons/day) (5)	5.40	5.00	6.00	4	7	5	4	4	3	5
<b>Water</b>										
New connections (6)	25	19	23	28	29	21	25	30	22	18
Water main breaks (6)	52	34	25	41	50	69	55	43	53	68
Average daily consumption (thousands of gallons) (7)	6,464	5,458	5,656	5,230	5,443	5,671	6,095	6,317	6,948	7,519
<b>Wastewater</b>										
Average daily treatment capacity (thousands of gallons) (8)	2,300	2,000	2,000	2,500	2,500	2,000	2,500	3,000	3,300	3,500

(1) Data received from the Human Resources Department

(2) Data received from the fire department

(3) Data received from the engineering department

(4) Data received from the street department

(5) Data received from the solid waste department

(6) Data received from the public works department

(7) Data recovered from the water department

(8) Data received from the wastewater department

Table 18

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

<b>Function</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Public Safety</b>										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units (1)	30	28	22	22	25	25	25	21	23	23
Fire Stations	2	2	2	2	2	2	2	2	2	2
<b>Sanitation</b>										
Collection Trucks (2)	10	10	10	12	12	12	12	12	9	9
<b>Highways and Streets</b>										
Street (miles) (3)	168	168	168	168	169	169	169	169	169	169.13
Traffic signals (4)	81	89	101	101	101	105	105	105	105	105
<b>Culture and Recreation</b>										
Parks acreage (5)	325.16	325.16	325.16	325.16	325	325	325	325	324	323.56
Parks (5)	18	18	18	18	18	18	18	18	18	18
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts	6	6	6	6	6	6	6	6	2	2
Community centers	1	1	1	1	1	1	1	1	1	1
<b>Water</b>										
Water main (miles) (3)	180.63	180.63	180.63	183.38	183	183	184	184	171	171
Fire hydrants (6)	912	906	910	913	913	913	913	913	933	943
Maximum daily capacity thousands of gallons (7)	11,732	9,456	7,843	6,820	7,869	9,789	#####	9,483	#####	11,190
<b>Sewer</b>										
Sanitary sewers (miles) (3)	139.98	139.98	141.55	143.59	144	144	144	144	144	144
Storm sewers (miles) (3)	67.69	67.69	67.69	67.69	73	73	73	75	76	76
Maximum daily treatment capacity (thousands of gallons (8)	7,000	4,500	4,500	4,500	4,500	4,500	4,600	4,800	4,600	4,600

(1) Data received from the Human Resources Department

(2) Data received from the fire department

(3) Data received from the engineering department

(4) Data received from the street department

(5) Data received from the solid waste department

(6) Data received from the public works department

(7) Data received from the water department

(8) Data received from the wastewater department

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**CITY OF EMPORIA, KANSAS**

**SINGLE AUDIT REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2021**

**City of Emporia, Kansas  
Single Audit Report  
For the Year Ended December 31, 2021**

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A copy of the City of Emporia, Kansas' Annual Comprehensive Financial Report for the year ended December 31, 2021 accompanies this report. The independent auditor's report and the financial statements are hereby incorporated by reference.	
Additional information:	
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**Independent Auditor's Report on Schedule  
of Expenditures of Federal Awards**

To the Honorable Mayor and  
Commissioners  
City of Emporia, Kansas

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Emporia, Kansas (the City) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We did not audit the financial statements of the discretely presented component unit, which represent 1.64 percent, 1.53 percent, and 2.47 percent, respectively of the assets, net position, and revenues of the City. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit is based solely on the report of the other auditors. We issued our report thereon dated June 24, 2022 which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Hood and Associates CPAs PC*

Overland Park, Kansas  
June 24, 2022

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ADDITIONAL INFORMATION

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**City of Emporia, Kansas**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2021**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number	Current Year Expenditures
<b>U.S. Department of Housing and Urban Development</b>			
<b>Passed through Kansas Department of Commerce</b>			
Community Development Block Grant (CDBG)	14.228	20-CV-019	\$ 35,000
Community Development Block Grant (CDBG)	14.228	20-HR-001	111,980
<b>Total U.S. Department of Housing and Urban Development</b>			<u>146,980</u>
<b>U.S. Department of Treasury</b>			
Federal Seizure and Forfeiture	21.016		3,157
<b>Passed Through State of Kansas</b>			
American Recovery and Rescue Act	21.027		<u>241,000</u>
<b>Total U.S. Department of Treasury</b>			<u>244,157</u>
<b>U.S. Department of Transportation</b>			
<b>Federal Aviation Administration</b>			
Airport Improvement Grant	20.106	3-20-0020-015-2021	90,000
CARES Act (Covid-19)	20.106	3-20-0020-018-2021	32,000
CARES Act (Covid-19)	20.106	3-20-0020-016-2021	13,000
<b>Passed through Kansas Department of Transportation</b>			
State and Community Highway Safety	20.600	SP-1300-22	<u>1,851</u>
<b>Total U.S. Department of Transportation</b>			<u>136,851</u>
<b>U.S. Department of Agriculture</b>			
Rural Business Development Grant	10.351	18-056-486026579	<u>83,059</u>
<b>Total Department of Agriculture</b>			<u>83,059</u>
<b>U.S. Environmental Protection Agency</b>			
<b>Passed through the Kansas Department of Health and Environment</b>			
Capitalization Grants for Clean Water State Revolving Funds	66.458	C20 2002 01	386,190
<b>Passed through the Kansas Department of Health and Environment</b>			
Capitalization Grants for Drinking Water State Revolving Funds	66.468	2998	<u>917,211</u>
<b>Total Environmental Protection Agency</b>			<u>1,303,401</u>
<b>U.S. Department of Homeland Security</b>			
<b>Passed through the Kansas Department of Emergency Preparedness</b>			
FEMA - Debris removal	97.036	Project 150373	6,153
FEMA - Emergency protective measures	97.036	Project 159738	37,136
FEMA - Lagoon fence	97.036	Project 159737	<u>8,027</u>
<b>Total U.S. Department of Homeland Security</b>			<u>51,316</u>
<b>Total Expenditures of Federal Awards</b>			<u><u>\$ 1,965,764</u></u>

See accompanying notes to the schedule of expenditures of federal awards.

**City of Emporia, Kansas**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2021**

**Note 1. Organization**

The City of Emporia, Kansas, (the City) is the recipient of several federal awards. The accompanying schedule of expenditures of federal awards presents the activity of all federal awards programs of the City for the year ended December 31, 2021. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule.

**Note 2. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City and is presented on the modified accrual basis of accounting. The information presented in this schedule is in accordance with the requirements of Title 2 U.S. *Code of Federal Regulation* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Note 3. Local Government Contributions**

Local cost sharing, as defined by Title 2 CFR Part 200, Subpart D, Section 200.306 is required by certain federal grants. The amount of cost sharing varies with each program. Only the federal share of expenditures is presented in the Schedule of Expenditures of Federal Awards.

**Note 4. Additional Audits**

Grantor agencies reserve the right to conduct additional audits of the City's grant programs for economy and efficiency and program results that may result in disallowed costs to the City. However, management does not believe such audits would result in any disallowed costs that would be material to the City's financial position at December 31, 2021.

**Note 5. Indirect Cost Rate**

The City does not allocate indirect costs, and therefore has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**Note 6. Outstanding Loans**

As of December 31, 2021, the City has outstanding loan balances of \$27,121,353 under the Kansas Water Pollution Control Revolving Loan Fund and \$1,295,304 under the Kansas Public Water Supply Loan Fund.

**City of Emporia, Kansas  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2021**

**Section 1 - Summary of Auditor's Results**

**Financial Statements:**

Type Audit Report Issued on the Basic Financial Statements of Auditee  
Unmodified

Internal Control Over Financial Reporting  
No significant deficiencies reported, no material weaknesses identified.

General Compliance  
The audit did not disclose any instances of noncompliance, which would be material to the basic financial statements.

**Federal Awards:**

Internal Control Over Major Program  
No significant deficiencies reported, no material weaknesses identified.

Type Audit Report Issued on Compliance for Major Program  
Unmodified

Audit Findings  
None

<u>Major Programs</u>	
<u>CFDA Number</u>	<u>Name of Federal Program</u>
66.468	Capitalized Grants for Drinking Water State Revolving Loan Funds

Dollar Threshold Used to Distinguish Between Type A and Type B Program  
\$750,000

Auditee Qualified as a Low-risk Auditee  
No

**City of Emporia, Kansas**  
**Schedule of Findings and Questioned Costs (continued)**  
**For the Year Ended December 31, 2021**

**Section 2 – Financial Statement Findings**

Financial Statement Findings Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

None

Summary Schedule of Prior Audit Findings

2020-001 Financial Reporting

Condition

Our audit procedures identified material adjustments that were required to properly report certain transactions of the City in accordance with generally accepted accounting principles. These adjustments were not initially identified by the City's internal controls over financial reporting.

Recommendation

We recommended that management review all transactions to ensure that transactions are properly recorded and reported in accordance with generally accepted accounting principles. In addition, due to the complexities of financial reporting, we recommended that management explore various alternatives for improving the controls over financial reporting including the use of governmental accounting standards, reference guides and continuing education and training courses.

Current Year Status

The finance department reviewed and revised the year end closing process including development of a comprehensive year end closing checklist.

**Section 3 – Federal Award Findings and Questioned Costs**

Federal Award Findings Required to be Reported in Accordance with the Uniform Guidance

None

Summary Schedule of Prior Audit Findings

None

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## COMPLIANCE REPORTS

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

To the Honorable Mayor and  
Commissioners  
City of Emporia, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Emporia, Kansas (the City), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 24, 2022. Our report includes a reference to other auditors who audited the financial statements of the Emporia Public Library, a discretely presented component unit, as described in our report on the City's financial statements. The financial statements of the Emporia Public Library were not audited in accordance with *Government Auditing Standards*.

**Report on Internal Control over Financial Reporting**

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

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

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

## **Report on Compliance and Other Matters**

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

### **Purpose of this Report**

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

*Hood and Associates CPAs, PC*

Overland Park, Kansas  
June 24, 2022



**Independent Auditor's Report on Compliance for the Major Program  
and on Internal Control Over Compliance Required by the Uniform Guidance**

To the Honorable Mayor and  
Commissioners,  
City of Emporia, Kansas

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the City of Emporia, Kansas' (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended December 31, 2021. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each its major federal program for the year ended December 31, 2021.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.



## ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

## ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

*Hood and Associates CPAS PC*

Overland Park, Kansas  
June 24, 2022