

# **CITY OF WINFIELD, KANSAS**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003**

### **CITY COMMISSION AND MAYOR**

Mayor Michael D. Ledy  
Commissioner G. Thomas McNeish  
Commissioner Phillip R. Jarvis

### **CITY MANAGER**

Warren Porter

### **CITY CLERK/DIRECTOR OF FINANCE**

Diane Rosecrans

### **CITY TREASURER/FINANCE OFFICER**

Anne Jarrett

**CITY OF WINFIELD, KANSAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

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August 23, 2004

To the Citizens of the City of Winfield, Kansas  
Honorable Mayor and City Commissioners

The Comprehensive Annual Financial Report (CAFR) of the City of Winfield, Kansas for the year ended December 31, 2003, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City and its component units. All disclosures necessary to enable the reader to gain an understanding of the city's financial activities have been included.

Management is responsible for establishing and maintaining an internal control structure designed to ensure that assets of the city are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the valuation of costs and benefits requires estimates and judgments by management.

Kansas statutes require an annual audit of all funds of the City by independent certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements for the fiscal year ended December 31, 2003 are free of material misstatement. The firm of Edw. B. Stephenson & Co. has included their opinions in the report. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded that there was a reasonable basis for rendering an unqualified opinion that the statements are presented in conformity with generally accepted accounting principles (GAAP).

In addition to meeting the requirements set forth in State Statutes, the audit was also designed to meet the requirements of OMB Circular A-133. The auditors' reports related specifically to the single audit are included in the Single Audit Section. Information related to this single audit, including the schedule of expenditures from federal awards, findings and recommendations, and auditors' reports on the internal control structure and compliance with applicable laws and regulations, are included in the single audit section of this report. The audit for the year ended December 31, 2003, disclosed no reportable conditions, material weaknesses or material violations of laws and regulations.

Generally accepted accounting principles require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Managements' Discussion and Analysis (MD&A). The letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

## **The Reporting Entity and Its Services**

The City of Winfield, incorporated in 1873, has a population of 12,016, and has an incorporated area of 12.35 square miles. Winfield is located in south central Kansas, approximately 35 miles southeast of Wichita, Kansas. Winfield serves as the county seat for Cowley County, population 35,860. The other major city in Cowley County is Arkansas City, population 11,788, located twelve miles south of Winfield. Many of the area's employers have work forces consisting of residents of both cities. According to a County profile provided by the Kansas Department of Commerce & Housing, manufacturing and services are the largest sectors of employment in Cowley County.

The City is unique in that it provides a full range of municipal utility services to its citizens, including electric and gas utilities, water, wastewater, and sanitation services. Other municipal services include police and fire protection; construction and maintenance of streets, drainage facilities and other infrastructure; recreation and cultural activities; a municipal golf course, community and industrial development; planning and zoning; building inspection; cemetery maintenance; general administration; and internal support services. In addition, library services and low-income housing are provided by City component units. Additional information on the component units can be found in Note 1.A. in the notes to the financial statements.

The City of Winfield operates under a Commission/Manager form of government. One member of the three-member commission is elected annually by the Commission to act as Mayor. The City Manager is appointed by the City Commission and is responsible to them for the management of all City employees and administration of all City affairs. Regular city elections are held in each odd year. The person receiving the largest number of votes is elected to a four-year term and the person receiving the second largest number of votes is elected to a two-year term.

The annual budget serves as the foundation for the city's financial planning and control. All departments submit proposed department budgets to the City Manager each spring, which are used as the starting point for developing a City proposed budget. A final proposed budget is submitted to the City Commission for review in July each year. The council is required to hold public hearings on the proposed budget and to adopt a final budget no later than August 25.

The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is established at an individual fund level, but is monitored by function and activity within an individual fund. The City also maintains an encumbrance accounting system as a tool of budgetary control. Unencumbered appropriations lapse at year end; however, legal encumbrances at year end are carried forward to the subsequent year. As demonstrated by statements and schedules included in the financial section of this report, the city continues to meet its responsibility for sound financial management. Budget-to-actual comparisons are provided in this report for each individual fund for which an appropriated budget has been adopted. For the general fund, the comparison is presented on page A-xxx as part of the basic financial statements. For other funds, the comparison is presented in the combining statements and schedules area of this report, beginning on page B-1.

## **Factors Affecting Financial Condition**

Historically, the Midwest region lags behind the east and west coasts in times of recession and respectively, lags behind during recovery periods. This trend holds true in Winfield. While it appears the national economy is beginning to recover in 2004, the Midwest region has not yet seen a turnaround. Wichita, 35 miles to the north, acts as a major employer for Cowley County residents, and has a large aviation industry still rebounding from 9/11.

Future Beef Industries, located in Arkansas City, filed for bankruptcy in August, 2002, and was sold under auction in early 2003 to Creekstone Farms, a Black Angus branded beef operator. The plant reopened in March 2003; however, operations have been hindered by the U.S. mad cow case in Washington State. Creekstone sales were greatly impacted by the loss of export sales to Asia and the Far East.

Wittur Industries, an elevator manufacturer, located at Strother Field, temporarily closed as a result of pending bankruptcy. The business was recently purchased reorganized under the name Elevators Solutions, Inc. Prime Plastics Containers, a plastic closure manufacturer, closed following bankruptcy application in early 2004, resulting in a loss of four FTE positions.

Several industries have invested significant dollars in the past two years into expansions in the Winfield and Cowley County area, primarily Saint-Gobain Calmar, Inc., a global manufacturer of non-aerosol dispensing systems, and Newell-Rubbermaid.

Despite current conditions, local sales tax collections have remained relatively stable over the past three years, and as of July 31, 2004, year-to-date sales tax revenues are 11% above the prior year to date collections. The increase is a result of the revision of Kansas sales tax statutes, effective July 1, 2003, that changed the collection of sales tax from 'point of sale' to 'point of delivery'. In addition, the statutes allowed the City to begin collecting its 1% share on all use tax collections.

The City issued 182 building permits in 2003, at a construction value of \$7.9 million. This is a 45% dollar decrease over 2002, but comparable to the five year period 1996-2001. There were several major industrial expansions beginning in 2002, with completion in late 2003, which accounted for the 2002 spike in construction value.

### **Major Initiatives**

The City began \$5.6 million in upgrades to the water treatment plant in late 2003, completion expected to be early 2005. The upgrades were done to comply with EPA and KDHE federal and state drinking water programs, and include ozone treatment of the water as a disinfectant. This project is being funded through a twenty-year KDHE loan

Phases 1 and 2 of the \$2.1 million project for drainage and street improvements along Andrews and Bliss Streets, was completed in mid 2003. The two-year project was financed primarily with general obligation bonds.

A major ice storm hit the City of Winfield in January of 2002, causing substantial damage to the City's electric distribution system. Electric system rebuild costs are estimated to near \$5 million, and will involve rebuilding more than one quarter of the system. FEMA has committed to reimburse the City 75% of those costs, and the construction period is expected to cover two to three years. At the end of 2003, approximately \$2.1million had been expended for reconstruction, of which FEMA grants had reimbursed the City \$1.6 million.

The City's Capital Improvements Program (CIP), funded by one-half of local sales tax revenues and contributory transfers from other funds, provides for planned construction projects and improvements to City facilities and infrastructure. CIP also contributes toward debt payments for completed improvements, currently, the K-360 bypass route completed in 1996, the aquatic center completed in 1998, and improvements to the City flood levee, completed in 1999. In 2003, the CIP fund and general obligation debt financed a new fleet services building, costing \$900 thousand, and numerous improvements to city buildings.

In 2004, the City entered into a development contract with several Kansas municipalities, with the intent to develop and operate an electric Kansas Power Pool, part of a long-term solution to the City's electric power needs.

Also in 2004, the City broke ground for an additional industrial park area, and plans for the first manufacturing facility to be built and functional in early 2005.

Winfield City Lake, located twelve miles north of the City, acts as the City's water supply for all Winfield residents. The City increased lake permit fees and water fees the beginning of 2004, a portion of those increases earmarked toward long-term conservation measures of the City lake as a continuing water supply.

## **Cash Management**

Kansas statutes authorize the City to invest idle funds in time deposits, U.S. Treasury bills or notes, bonds of municipalities of the State of Kansas, repurchase agreements, and the Kansas Municipal Investment Pool (MIP). In 2003, idle funds in excess of very short term needs were invested primarily in certificates of deposit with local banking institutions. The City uses bidding procedures for these investments, which have historically generated higher interest yields than U.S. treasury paper or the Kansas MIP. The City sweeps all idle checking account funds into an overnight repurchase agreement. All deposits are insured by federal depository insurance or collateralized, as required by State statutes.

## **Risk Management**

The City manages exposure to risk of loss in several ways. The City has contracts with commercial carriers for property insurance, surety bond coverage of officials and employees, and commercial liability coverage for specified situations. The City assumes the risk of loss for general liability not covered by commercial carriers. Funds for these programs are provided through allocations to all covered operations based upon actuarial experience factors and exposure. These funds are maintained in a risk management reserve fund. The City also maintains workers' compensation reserve fund, as authorized by Kansas statutes. The City has historically maintained low workers' compensation experience modification rates; the 2003 and 2004 rates are .59 and .60, respectively. Because of several large workers' compensation claims over the past three years, the workers' compensation reserve fund balance has dropped significantly, a balance of \$220 thousand at December 31, 2003. It is the City's intent to build back the reserves in the coming years to provide adequate cash balances.

## **Certificate of Achievement and Acknowledgments**

The Certificate of Achievement, awarded by the Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the year ended December 31, 2002. This was the fifth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The preparation of this report could not have been accomplished without the assistance of numerous persons in and out of local government. The firm of Edw. B. Stephenson & Co provided independent audit services. Specific appreciation is expressed to the dedicated staff of the City accounting department. We would also like to thank members of the other City departments who assisted and contributed to this report. Finally, preparation of this report would not be possible without the support of the City Commission. We express special appreciation to them for their leadership in planning and conducting the financial operations of the City in a professional, responsible and progressive manner in the best interests of the residents of Winfield.

Respectfully submitted,

  
Warren Porter  
City Manager

  
Diane Rosecrans  
City Clerk/Director of Finance

  
Anne Jarrett  
City Treasurer/Finance Officer

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Winfield,  
Kansas

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2002

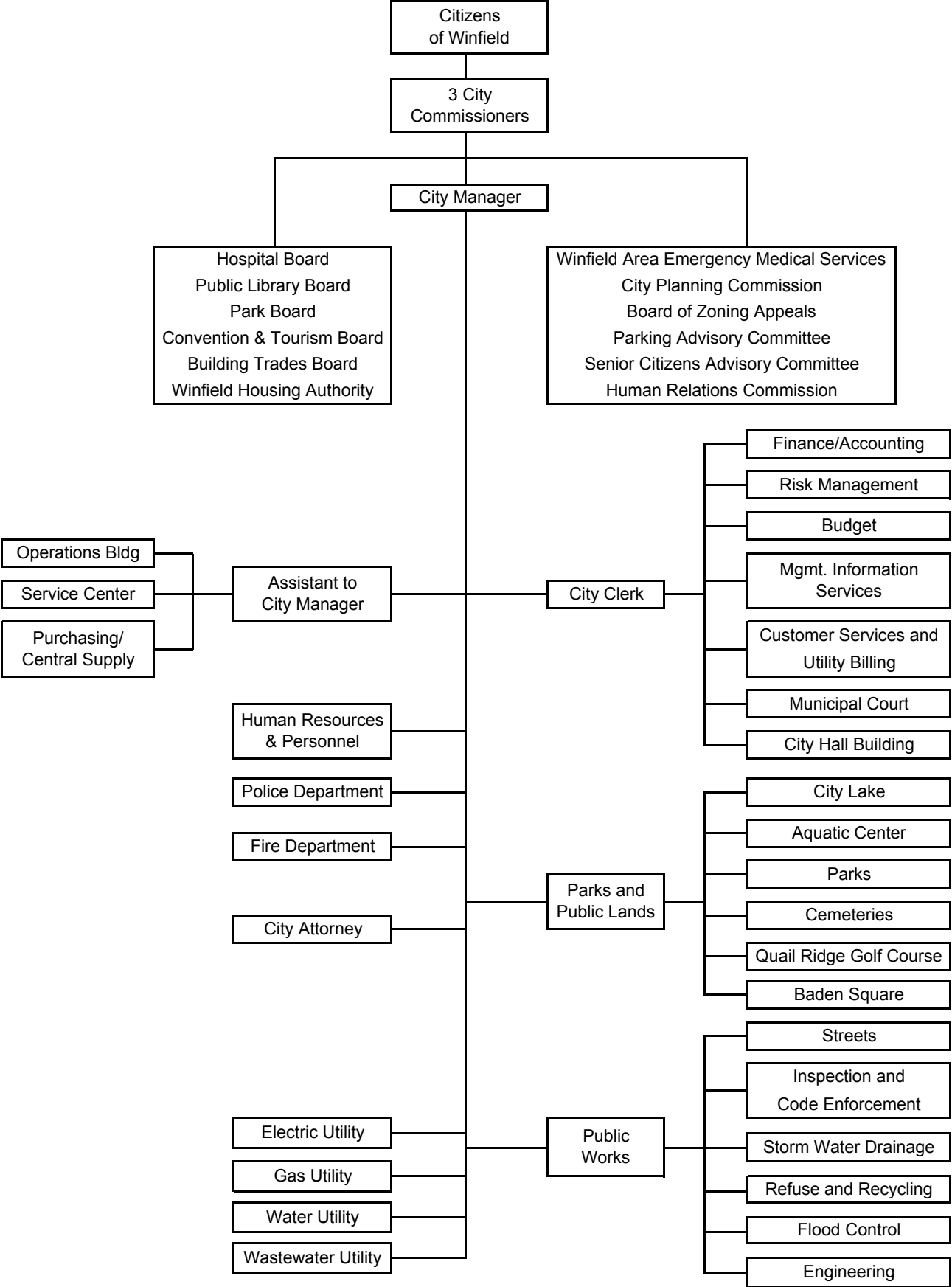
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

**CITY OF WINFIELD, KANSAS**  
**ORGANIZATIONAL CHART**



## **CITY OF WINFIELD, KANSAS**

### **LIST OF PRINCIPAL OFFICIALS**

**DECEMBER 31, 2003**

|  |                     |
|--|---------------------|
| Mayor                                    | Michael D. Ledy     |
| City Commissioner                        | Phillip R. Jarvis   |
| City Commissioner                        | G. Thomas McNeish   |
| City Manager                             | Warren Porter       |
| City Attorney                            | William Muret       |
| Assistant to the City Manager            | Gary Mangus         |
| City Clerk/Director of Finance           | Diane Rosecrans     |
| City Treasurer/Finance Officer           | Anne Jarrett        |
| Fire Chief                               | Curtis Wilson       |
| Police Chief                             | Jerry Devore        |
| Director of Public Works/Engineering     | Russell A. Tomevi   |
| Staff Engineer                           | Robert Hellon       |
| Municipal Judge                          | Thomas D. Herlocker |
| Director of Electric and Water Utilities | Colin M. Whitley    |
| Director of Gas and Wastewater Utilities | George A. Bronson   |
| Director of Parks and Public Lands       | Mark Olney          |

**EDW. B  
STEPHENSON  
& CO.**

**CERTIFIED PUBLIC  
ACCOUNTANTS**

EDW. B. STEPHENSON  
(1905-1985)

JAMES R. DOBBS  
(1927-1997)

HARRY L. SHETTLAR, JR.  
(1931-2000)

MORRIS W. JARVIS  
(1935-1999)

**PARTNERS**

N. DEAN BRADBURY, C.P.A.

LOREN L. PONTIOUS, C.P.A.

MAURICE P. ROBERTS, C.P.A.

AARON R. IVERSON, C.P.A.

**STAFF ACCOUNTANTS**

LEROY D. CAMMERER

CHRIS L. LAMPSON

TAMMY R. SPENCER

1002 Main Street  
Winfield, Kansas 67156  
620-221-9320  
FAX 620-221-9325

**INDEPENDENT AUDITORS' REPORT**

To the City Commissioners  
City Building  
Winfield, Kansas 67156

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Winfield, Kansas, as of and for the year ended December 31, 2003, which collectively comprise the City's basic financial statements, as listed in the Table of Contents. These financial statements are the responsibility of the City of Winfield, Kansas' management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Winfield Housing Authority, which represents 69 percent and 62 percent, respectively, of the assets and revenues of the component units. Those financial statements of the Winfield Housing Authority were reviewed by us, and we issued a report expressing limited assurance that there are no material modifications that should be made to the statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Kansas Municipal Audit Guide*; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and the limited assurance report as stated in the first paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Winfield, Kansas, as of December 31, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As described in Note 15 to the financial statements, the City has implemented a new financial reporting model, as required by the provisions of GASB Statement Number 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, as of December 31, 2003.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 6, 2004, on our consideration of the City of Winfield's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and budgetary comparison information, as listed in the Table of Contents, are not a required part of the basic financial statements of the City of Winfield but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

## **Independent Auditors' Report**

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Winfield, Kansas basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of Winfield, Kansas. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City of Winfield, Kansas. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, subject to the exceptions noted in the preceding disclaimer and qualification, are fairly presented in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on them.

*Edw. B. Stephenson & Co.*

Winfield, Kansas  
May 6, 2004

## **Management's Discussion and Analysis**

Calendar year 2003 marks the first year the City of Winfield has issued its financial statements in the format prescribed by the provisions of Governmental Accounting Standards Board Statements 34 (GASB 34), which requires the City to provide this overview of its financial activities for the fiscal year. Please read it in conjunction with the accompanying transmittal letter and the City's financial statements, which follow this section.

## **Financial Highlights**

The City continues to struggle with the effects of the economic slowdown that began in 2001. Financial highlights of the year include the following:

- The City's total net assets increased \$2.24 million during the fiscal year ending 2003. At December 31, 2003, the City's net assets totaled \$59.9 million (Page A-13). Of this amount, \$9.3 million (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- The cost of governmental activity was \$8.9 million. The amount paid by taxpayers through either property taxes or sales taxes was \$4.4 million, or 49 percent (Page A-14).
- The general fund, on a current financial resource basis, reported expenditures in excess of revenues and other financing resources and uses of \$188 thousand in the fiscal year ending 2003 (Page A-18).
- At the end of the fiscal year, unreserved fund balance for the general fund was \$604,905, or 9.5 percent of the total general fund expenditures (including transfers out). Total fund balance represents 10 percent of that same amount of expenditures. (Page A-16).
- The City's total debt increased by \$605 thousand (2.5 percent) during the current fiscal year. Issuance of \$2.7 million of general obligation bonds for governmental and business-type activities was the key factor in this increase (Page A-13).

## **Overview of the Financial Statements**

The Comprehensive Annual Financial Report consists of four sections: Introductory, financial, statistical, and single audit. The City of Winfield's financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The supplementary information is provided in addition to the basic financial statements.

The primary focus of local government financial statements has been summarized by fund type on a current financial resource basis. This approach has been modified and for the first time, the City's financial statements present two kinds of statements, each providing a different snapshot of the city's finances. The new focus is on both the city as a whole (government-wide) and the fund financial statements. The government-wide financial statements, which are new, provide both long-term and short-term information about the City's overall financial status. The fund financial statements, which have been provided in the past, focus on the individual parts of the City government, reporting the city's operations in more detail than the government-wide statements. Both perspectives allow the user to address relevant questions, broaden the basis of comparison (year to year or government to government) and enhance the City's accountability.

## Government-wide Financial Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets will help answer the question "Is the city as a whole better off or worse off as a result of the year's activities?"

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets (current year's revenues and expenses) are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in the statement of activities for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The Statement of Net Assets and the Statement of Activities are divided into three types of activities:

- Governmental activities – Most of the City's basic services are reported in governmental activities: police, fire, public works, cemetery, parks and recreation, health, and general administration. Fees, property taxes, other local taxes, and state and federal grants are the primary revenue sources of these activities.
- Business-type activities – Business-type activities include these City activities: electric production and distribution, gas distribution, water purification and distribution, refuse collection, wastewater collection and treatment, stormwater drainage system, and municipal golf course. A fee is charged to customers to help cover all or most of the cost of services provided by business-type activities.
- Component units – The Winfield Public Library and the Winfield Public Housing Authority are presented as component units of the City of Winfield.

The government-wide financial statements can be found on pages A-13 through A-15 of this report.

## Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Winfield, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements provide more information about the City's most significant funds – not the City as a whole. All of the funds of the city of Winfield can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- *Governmental funds* – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. 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. Because this information does not encompass the additional long-term focus on the government-wide statements, additional information is provided following the governmental funds statement that explains the relationship (or differences) between them. The basic governmental fund financial statements can be found on pages A-16 through A-18 of this report.

The City of Winfield maintains 26 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Capital

Improvements Fund, and the Debt Service Fund, all considered to be major funds. Data from the other 23 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements beginning on page B-3.

The City of Winfield adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund on page A-20 to demonstrate compliance with the appropriated budget.

- *Proprietary funds* – Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information. The city uses enterprise funds to account for its electric, gas, water, refuse, wastewater, stormwater, and golf course operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the city's various functions. Internal service funds account for the City's management services, fleet management, technology, purchasing and inventory, and self-insurance programs. Because internal services benefit both governmental and business-type functions, the assets and activities of the internal service funds have been allocated between governmental and business-type activities in the government-wide financial statements.

Proprietary funds report the same types of information as the government-wide financial statements, however in greater detail. The proprietary fund financial statements provide separate information for the electric, gas, water, wastewater, and golf course funds, all of which are considered to be major funds of the City. Individual fund data for the stormwater and refuse funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor business-type funds is provided in the form of combining statements beginning on page C-2.

Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements, beginning on page D-2. The proprietary fund financial statements (enterprise and internal service funds) can be found on pages C-2 through D-10.

- *Fiduciary funds* - Fiduciary funds are used to account for resources held for the benefit of parties outside the City. They are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The City's responsibility is to ensure that the assets reported in these funds are used for the intended purposes only. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on page A-32 of this report.
- *Notes to the financial statements* – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are found beginning on page A-36.
- *Combining and individual fund statements and schedules* – In addition to the basic financial statements and accompanying notes, this report also presents detailed information for nonmajor governmental funds, nonmajor enterprise funds, internal service funds, fiduciary funds, and capital assets owned by governmental funds.

## Financial Analysis of City as a Whole

**Net assets** - In accordance with GASB Statement No. 34, the City is not required to restate prior periods for the purposes of providing comparative information. However, in future years, when prior year information is available, a comparative analysis of government-wide information will be presented.

**Table 1**

| <b>City of Winfield, Kansas</b><br><b>Net Assets</b><br><b>As of December 31, 2003</b><br><b>(in thousands of dollars)</b> |                            |                             |                                |
|--|----------------------------|-----------------------------|--------------------------------|
|  | Governmental<br>Activities | Business-type<br>Activities | Total<br>Primary<br>Government |
| Cash and investments   | \$ 4,878                   | \$ 8,036                    | \$ 12,914                      |
| Other assets   | 4,928                      | 4,900                       | 9,828                          |
| Capital assets   | 20,307                     | 49,354                      | 69,661                         |
| Total assets   | 30,113                     | 62,290                      | 92,403                         |
| Long-term liabilities  | 10,491                     | 11,694                      | 22,185                         |
| Other liabilities  | 6,325                      | 3,965                       | 10,290                         |
| Total liabilities  | 16,816                     | 15,659                      | 32,475                         |
| Net assets:  |                            |                             |                                |
| Invested in capital assets, net of debt  | 12,890                     | 36,233                      | 49,123                         |
| Restricted   | 282                        | 1,239                       | 1,521                          |
| Unrestricted   | 125                        | 9,159                       | 9,284                          |
| Total net assets   | \$ 13,297                  | \$ 46,631                   | \$ 59,928                      |

Overall, during the fiscal year ending December 31, 2003, the total net assets of the *primary government* increased \$2.3 million, from \$57.6 million to \$59.9 million, a 4 percent increase. The net assets of the *governmental activities* decreased \$1.1 million, from \$14.4 million to \$13.3 million, an 8.5 percent decrease. This was primarily due to a combination of governmental and business-type capital project expenditures financed with general obligation debt proceeds. Net assets in *business-type activities* increased \$3.4 million, from \$43.2 million to \$46.6 million, an 8 percent increase. This was primarily due to capital construction financed with general obligation debt, one-time capital grants, and operating profits from the utilities.

Over 82 percent of the city's total net assets reflect investment in capital assets (e.g. land, buildings, improvements, equipment), less any outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens. Consequently, the capital assets are not available for future spending. An additional portion of these assets, 2 percent, represents resources that are subject to external restrictions as to how they may be spent. The unrestricted portion of the net assets is \$9.3 million, 16 percent. Unrestricted net assets are normally the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants or other legal requirements.

**Governmental activities** - The governmental activities portion of unrestricted net assets totals \$125 thousand, or 1 percent of total governmental activities net assets. Capital assets, net of related debt, comprise 97 percent of total governmental activities net assets. Approximately 30 percent, or \$3 million, of the December 31, 2003 balance of general obligation outstanding debt has been used to finance business-type activities in current and prior years. In the Statement of Net Assets, all general obligation debt is reflected as governmental activities debt, and those assets related to business-type activities that were financed by general obligation debt are included as business-type capital assets.

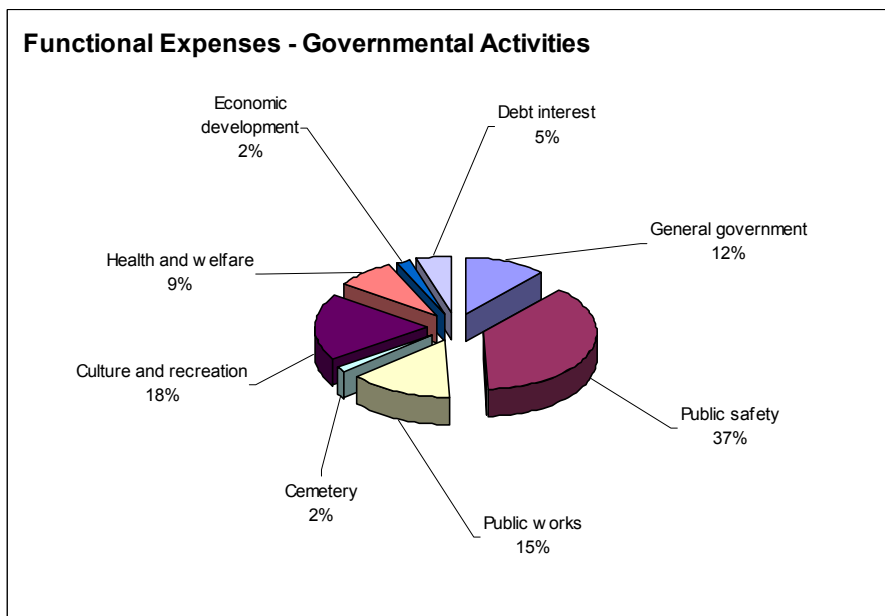
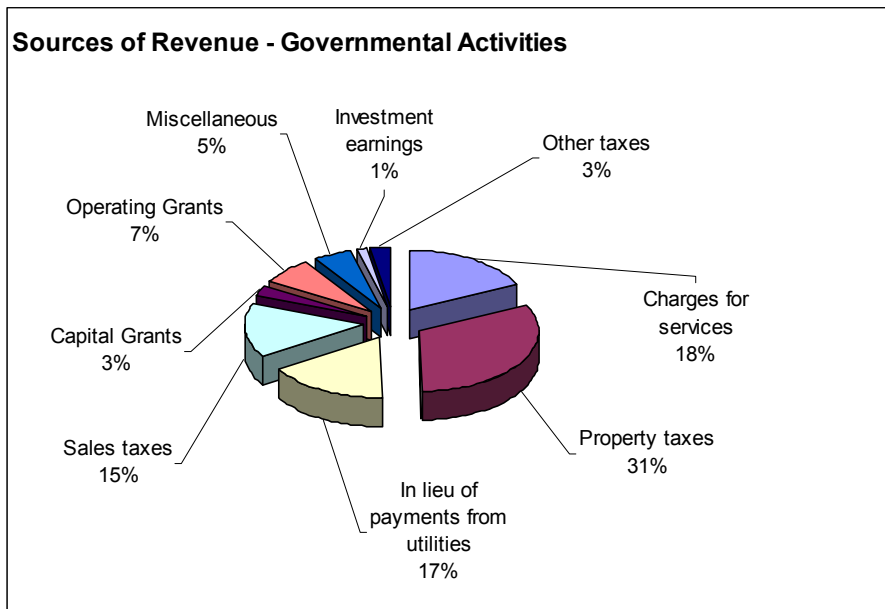
**Business-type activities** – The business-type activities portion of unrestricted net assets total \$9.2 million, or 20 percent of total business-type activities net assets. Capital assets, net of related debt, comprise 78 percent of the total, and the remaining 2 percent are restricted net assets.

Table 2, below, summarizes total City revenues and expenses for the fiscal year ending December 31, 2003. Because 2003 is the first year of implementation of GASB No. 34 by the City, prior year information of revenues and expenses by governmental and business-type activities is not available. In future years, a comparative analysis of government-wide information will be presented.

Table 2

| <b>City of Winfield, Kansas</b><br><b>Changes in Net Assets</b><br><b>As of December 31, 2003</b><br><b>(in thousands of dollars)</b> |                            |                             |                                |
|---|----------------------------|-----------------------------|--------------------------------|
|   | Governmental<br>Activities | Business-type<br>Activities | Total<br>Primary<br>Government |
| <b>Revenues</b>   |                            |                             |                                |
| Program revenues:   |                            |                             |                                |
| Charges for services  | \$ 1,686                   | \$ 27,962                   | \$ 29,648                      |
| Operating grants and contributions  | 663                        | -                           | 663                            |
| Capital grants and contributions  | 273                        | 631                         | 904                            |
| General revenues:   |                            |                             |                                |
| Property taxes  | 2,997                      | -                           | 2,997                          |
| Sales taxes   | 1,379                      | -                           | 1,379                          |
| Franchise fees  | 141                        | -                           | 141                            |
| Other taxes   | 133                        | -                           | 133                            |
| In lieu of payments from utilities  | 1,561                      | -                           | 1,561                          |
| Miscellaneous income  | 486                        | (701)                       | (215)                          |
| Investment interest   | 123                        | 215                         | 338                            |
| Total revenues  | <u>9,442</u>               | <u>28,107</u>               | <u>37,549</u>                  |
| <b>Expenses</b>   |                            |                             |                                |
| General government  | 1,041                      | -                           | 1,041                          |
| Public safety   | 3,357                      | -                           | 3,357                          |
| Public works  | 1,318                      | -                           | 1,318                          |
| Cemetery  | 139                        | -                           | 139                            |
| Culture and recreation  | 1,662                      | -                           | 1,662                          |
| Health and welfare  | 780                        | -                           | 780                            |
| Economic development  | 168                        | -                           | 168                            |
| Interest on debt  | 447                        | -                           | 447                            |
| Electric  | -                          | 15,995                      | 15,995                         |
| Gas   | -                          | 5,114                       | 5,114                          |
| Water   | -                          | 1,734                       | 1,734                          |
| Refuse  | -                          | 1,118                       | 1,118                          |
| Wastewater  | -                          | 1,705                       | 1,705                          |
| Stormwater drainage   | -                          | 55                          | 55                             |
| Golf course   | -                          | 673                         | 673                            |
| Total expenses  | <u>8,912</u>               | <u>26,394</u>               | <u>35,306</u>                  |
| Excess before transfers   | 530                        | 1,713                       | 2,243                          |
| Transfers   | (1,668)                    | 1,668                       | -                              |
| <b>Increase (decrease) in net assets</b>  | <u>\$ (1,138)</u>          | <u>\$ 3,381</u>             | <u>\$ 2,243</u>                |

**Governmental activities** - As indicated above, governmental activities net assets decreased \$1.1 million during the year. The net transfer from governmental activities to business-type activities of \$1.7 million includes two capital asset related transactions: 1] \$1.3 million of stormwater infrastructure, and 2] the business-type activities' share of public building improvements, \$0.5 million. Both were financed with general obligation debt, and that debt will be repaid with governmental revenues in future years. Excess revenues over expenses for governmental activities prior to transfers total \$530 thousand.



Revenues for the governmental activities are derived from several major sources, as the Sources of Revenue Chart above shows. \$3.0 million, or 31 percent of the City's 2003 revenue, came from property taxes. 'Other taxes' includes alcohol beverage and transient guest taxes. The City charges the electric, gas, water, and refuse funds 'in lieu of' franchise fees, a set percentage of gross revenues, similar to what would be assessed third-party utility companies supplying services to Winfield citizens. Capital grants included public safety and recreation one-time grants. Operating grants included public works dollars through the State of Kansas.

Public safety expense represents the largest governmental expense, \$3.4 million, or 37 percent of the City's total governmental expenses of \$8.9 million.

**Business-type activities** - The City operates six utilities and a municipal golf course. Combined, the electric and gas utilities account for 84 percent of the total business-type activity charges. Highlights in the business-type activities area include:

- The electric utility expended \$500 thousand of capital grant dollars in 2003, part of a multi-year reconstruction project of the electric distribution system damaged in a 2002 ice storm.
- Wastewater rates increased \$.15/1,000 gallons water usage in 2003. The increase is earmarked for future debt payments, financing prior years' wastewater treatment plant improvements.
- Construction began on a \$5.6 million water treatment plant project in late 2003. The City will begin using ozone as part of the water treatment process when the project is complete. The project is being financed through a twenty year loan from the Kansas Public Water Supply revolving loan program.
- Similar to prior years, the municipal golf course operated at a net loss, \$189 thousand in 2003. Cash flows from golf course revenues are not adequate to meet the debt payments, and the City transfers surplus funds from other proprietary funds annually to cover the gap. In 2003, golf course debt principal and interest amounted to \$355 thousand, and \$307 thousand was transferred from the electric and gas funds to the golf course fund.

## Financial Analysis of the Government's Funds

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

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

As of the end of the fiscal year ending December 31, 2003, the City's governmental funds reported a combined ending fund balance of \$4.3 million, a decrease of \$791 thousand in comparison with the prior year. Approximately two-thirds of this total amount, \$2.9 million, constitutes unreserved fund balance, available for spending at the City's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to liquidate encumbrances of the prior period, fund required debt reserves, fund inventory levels, and fund specific capital projects. The \$791 thousand decrease in fund balance is primarily due to increased street maintenance expenditures and capital project spending.

**General Fund** - The general fund is the major operating and taxing fund for the City of Winfield. At the close of 2003, the general fund balance had decreased \$188 thousand. Excluding transfers to and from the general fund, and allowing for the accounting change in funds where street maintenance costs are paid, overall general fund expenditures increased 2.3 percent, while revenues increased only .1 percent. Revenue highlights include:

- Property tax and sales tax revenues fell short of projected revenues by 6.9 percent and 2.7 percent, respectively. Property tax exemptions to a major industry accounted for the brunt of the property tax drop. Lower retail sales in the City than anticipated resulted in lower collection of sales tax.
- The State of Kansas eliminated demand transfers to cities beginning in late 2002, with 2003 as the first full year impact of the revenue reduction. A full year decrease amounts to approximately \$200 thousand in lost revenue to the City.
- In 2003, the City increased the 'in lieu of' franchise fees to the general fund, paid from the electric and gas funds, from 6 percent to 6.5 percent and from 5 percent to 5.5 percent of gross sales, respectively. In addition, electric sales were approximately 11 percent higher than projected in the 2003 budget. These increased franchise payments provided the primary revenue substitutions to the general fund.

**Capital Improvements Funds** - Included in the governmental funds are the capital projects funds. Major capital projects financed through general obligation debt included:

- Andrews/Bliss Streets asphalt and stormwater drainage improvements (stormwater is an enterprise fund, and the improvements were financed with governmental debt dollars)
- Fleet management facility (asset of an internal service fund, constructed with governmental debt proceeds)
- Fire station bunk room improvements
- Street infrastructure construction began in late 2003 for a new housing development, The Fairway (to be financed in 2004 with general obligation debt).

**Debt Service Fund** - The debt service fund had a total fund balance of \$382 thousand at year end, down \$62 thousand from the prior year. All of the debt service fund's fund balance is designated for future payments of debt service.

## General Fund Budgetary Highlights

Actual revenue sources did not meet the expectations of the original 2003 budget. Highlights of those deficiencies are discussed above under 'General Fund'. Reacting to those deficiencies, the City internally reduced the original 2003 budgeted expenditures, for management purposes, but did not amend the legally adopted budget. Under Kansas statutes, a legally adopted budget is required to be amended only when a fund's total expenditures increase over the original budget. In the general fund, the decrease amounted to an approximate 5 percent cutback from original budget. The City monitored position vacancies and other expenses closely during 2003. Other than a 1.5 percent COLA wage increase for employees in 2003, the City as a whole avoided increasing expenditures over prior year levels. In addition, several capital project and equipment replacement requests were deferred to future years. As a result, the City's unencumbered fund balance in the general fund decreased only 25 percent in 2003.

## Capital Assets

At the end of 2003, the City had \$69.7 million invested, net of depreciation, in a broad range of capital assets used in both governmental and business-type activities, summarized below:

Table 3

**City of Winfield, Kansas**  
**Capital Assets, Net of Depreciation**  
**As of December 31, 2003**  
 (with comparative totals for December 31, 2002)  
 (in thousands of dollars)

|                                       | <u>Governmental Activities</u> |                  | <u>Business-type Activities</u> |                  | <u>Total Primary Government</u> |                  | <u>Percent Change</u> |
|---------------------------------------|--------------------------------|------------------|---------------------------------|------------------|---------------------------------|------------------|-----------------------|
|                                       | <u>2003</u>                    | <u>2002</u>      | <u>2003</u>                     | <u>2002</u>      | <u>2003</u>                     | <u>2002</u>      |                       |
| Land                                  | \$ 1,714                       | \$ 1,714         | \$ 821                          | \$ 821           | \$ 2,535                        | \$ 2,535         | 0.0%                  |
| Infrastructure/<br>other improvements | 8,596                          | 7,631            | 30,990                          | 29,166           | 39,586                          | 36,797           | 7.6%                  |
| Construction in progress              | 112                            | 1,229            | 482                             | 295              | 594                             | 1,524            | -61.0%                |
| Buildings and<br>improvements         | 7,626                          | 6,569            | 7,636                           | 8,139            | 15,262                          | 14,708           | 3.8%                  |
| Equipment                             | 2,259                          | 2,516            | 9,445                           | 9,561            | 11,704                          | 12,077           | -3.1%                 |
| Total                                 | <u>\$ 20,307</u>               | <u>\$ 19,659</u> | <u>\$ 49,374</u>                | <u>\$ 47,982</u> | <u>\$ 69,681</u>                | <u>\$ 67,641</u> | 3.0%                  |

Completion of the Andrews/Bliss Streets improvements and stormwater drainage project in 2003 accounts for the significant drop in construction in progress. The City replaced approximately \$1.2 million of electric distribution assets in 2003, part of a multi-year reconstruction project. Other major capital projects are summarized in earlier paragraphs. Additional information regarding the City of Winfield's capital assets can be found in note 7, page A-45 of this report.

## Long-term Debt

At the end of 2003, the City had total long-term debt of \$25 million. Of this debt, \$18.8 million is backed by the full faith and credit of the government, although the City's intent is to use sales tax and utility revenue sources to repay \$9 million of that \$18.8 million.

Statutes limit the amount of general obligation debt the City may issue to 30 percent of its total assessed valuation. The current debt limitation for the City is \$21.6 million, which is significantly higher than the general obligation outstanding debt.

Below is a summary of long-term debt:

Table 4

**City of Winfield, Kansas**  
**Long-term Debt, net of Deferred Costs**  
**As of December 31, 2003**  
 (with comparative totals for December 31, 2002)  
 (in thousands of dollars)

|                              | <b>Governmental Activities</b> |                 | <b>Business-type Activities</b> |                  | <b>Total Primary Government</b> |                  |
|------------------------------|--------------------------------|-----------------|---------------------------------|------------------|---------------------------------|------------------|
|                              | <b>2003</b>                    | <b>2002</b>     | <b>2003</b>                     | <b>2002</b>      | <b>2003</b>                     | <b>2002</b>      |
| General obligation bonds     | \$ 9,855                       | \$ 7,900        | \$ -                            | \$ -             | \$ 9,855                        | \$ 7,900         |
| Sales tax revenue bonds      | 1,020                          | 1,175           | -                               | -                | 1,020                           | 1,175            |
| Utility revenue bonds        | -                              | -               | 605                             | 1,185            | 605                             | 1,185            |
| Certificate of participation | 434                            | -               | 2,950                           | -                | 3,384                           | -                |
| KDHE utility loans           | -                              | -               | 8,673                           | 8,696            | 8,673                           | 8,696            |
| Capital leases               | 101                            | 615             | 1,089                           | 4,693            | 1,190                           | 5,308            |
| Debt to other governments    | 298                            | 257             | -                               | -                | 298                             | 257              |
| Total                        | <u>\$ 11,708</u>               | <u>\$ 9,947</u> | <u>\$ 13,317</u>                | <u>\$ 14,574</u> | <u>\$ 25,025</u>                | <u>\$ 24,521</u> |

During 2003, the City combined and refinanced two capital leases and a certificate of participation issue with a \$3.6 million refunding certificates of participation issue. The result was a reduction in future debt service payments of \$355 thousand.

The City also issued new general obligation debt of \$2.71 million, funding street, drainage, and public building improvements, and a capital lease of \$92 thousand for a street sweeper in 2003.

## Economic Factors and Next Year's Budgets and Rates

The ongoing nationwide economic slump continues to affect the City of Winfield's financial condition. However, there are encouraging signs in 2003 and early 2004. A new housing development adjacent to the municipal golf course began groundwork in the fall of 2003. Newell-Rubbermaid, a major industry in Winfield completed a substantial 350,000 square foot building expansion in 2003, and increased their full-time employment workforce 20 percent. The

unemployment rate for Cowley County has dropped from 6.3 percent at the end of 2003 to 4.9 percent at the end of June 2004. The City purchased 5 acres in 2004, with the option to purchase an additional 50 adjoining acres, for a new industrial business park, focusing on light industry and business.

The State of Kansas will continue to eliminate demand transfers from cities during 2004 and the recovery of the local economy is expected to be slow and steady. Maintaining the current level of services to citizens, infrastructure maintenance, and spurring economic development are all factors considered in preparing the City's 2005 budget and monitoring the 2004 budget.

Both refuse collection and water rates are planned to increase in the 2004 year. Current refuse rates have not passed along the costs of increased landfill charges to customers over the past seven years. Debt incurred for 2002 water distribution system improvements and 2004-2005 water treatment system improvements will need to be repaid through increased customer water charges.

### **Requests for Information**

This financial report is designed to provide a general overview of the City of Winfield's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, P.O. Box 646, Winfield, KS 67156.

# CITY OF WINFIELD, KANSAS

## STATEMENT OF NET ASSETS

DECEMBER 31, 2003

|   | Primary Government         |                             |                      | Component<br>Units  |
|---|----------------------------|-----------------------------|----------------------|---------------------|
|   | Governmental<br>Activities | Business-type<br>Activities | Total                |                     |
| Pooled cash and investments                     | \$ 4,878,963               | \$ 8,035,586                | \$ 12,914,549        | \$ 307,010          |
| Receivables:                                    |                            |                             |                      |                     |
| Taxes   | 3,063,017                  | -                           | 3,063,017            | -                   |
| Special assessments                             | 609,191                    | -                           | 609,191              | -                   |
| Accounts  | 271,867                    | 3,115,270                   | 3,387,137            | 4,851               |
| Interest  | 8,665                      | -                           | 8,665                | 114                 |
| Investment in land held for resale              | 48,432                     | -                           | 48,432               | -                   |
| Due from other governmental agencies            | 793,301                    | -                           | 793,301              | 9,395               |
| Due from component units                        | 94,085                     | -                           | 94,085               | -                   |
| Inventories and prepaid assets                  | 38,055                     | 1,508,300                   | 1,546,355            | 4,116               |
| Cash and investments, restricted                | -                          | 209,048                     | 209,048              | -                   |
| Deposits  | -                          | 6,000                       | 6,000                | 5,712               |
| Capital assets, net of accumulated depreciation | 20,307,279                 | 49,353,758                  | 69,661,037           | 2,073,812           |
| Investment in joint venture                     | -                          | 62,817                      | 62,817               | -                   |
| Total assets                                    | <u>30,112,855</u>          | <u>62,290,779</u>           | <u>92,403,634</u>    | <u>2,405,010</u>    |
| Accounts payable                                | 362,444                    | 1,408,262                   | 1,770,706            | 16,512              |
| Accrued interest payable                        | 176,179                    | 223,406                     | 399,585              | -                   |
| Claims payable                                  | 121,723                    | 121,723                     | 243,446              | -                   |
| Grant funds received in advance                 | -                          | 395,005                     | 395,005              | -                   |
| Accrued compensated absences                    | 202,423                    | 193,457                     | 395,880              | 2,483               |
| Long-term liabilities                           |                            |                             | -                    | -                   |
| Due within one year                             | 1,217,505                  | 1,623,506                   | 2,841,011            | -                   |
| Due in more than one year                       | 10,490,873                 | 11,693,986                  | 22,184,859           | -                   |
| Due within one year to primary government       | -                          | -                           | -                    | 10,454              |
| Due in more than one year to primary government | -                          | -                           | -                    | 83,631              |
| Deferred revenue                                | 4,245,176                  | -                           | 4,245,176            | 1,060               |
| Total liabilities                               | <u>16,816,323</u>          | <u>15,659,345</u>           | <u>32,475,668</u>    | <u>114,140</u>      |
| Invested in capital assets, net of related debt | 12,889,971                 | 28,896,832                  | 41,786,803           | 582,342             |
| Invested in capital assets                      | -                          | 7,336,601                   | 7,336,601            | 1,397,385           |
| Restricted for:                                 |                            |                             |                      |                     |
| Capital projects                                | 137,624                    | 395,005                     | 532,629              | -                   |
| Debt service                                    | 143,568                    | 844,298                     | 987,866              | -                   |
| Total restricted net assets                     | <u>13,171,163</u>          | <u>37,472,736</u>           | <u>50,643,899</u>    | <u>1,979,727</u>    |
| Unrestricted net assets                         | <u>125,369</u>             | <u>9,158,698</u>            | <u>9,284,067</u>     | <u>311,143</u>      |
| Total net assets                                | <u>\$ 13,296,532</u>       | <u>\$ 46,631,434</u>        | <u>\$ 59,927,966</u> | <u>\$ 2,290,870</u> |

See accompanying notes to financial statements

# CITY OF WINFIELD, KANSAS

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2003

| Functions/Programs                    | Expenses             | Program Revenues     |                                    |                                  |
|---------------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|
|                                       |                      | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary government:                   |                      |                      |                                    |                                  |
| Governmental activities:              |                      |                      |                                    |                                  |
| General government                    | \$ 1,040,783         | \$ 429,391           | \$ -                               | \$ 147,444                       |
| Public safety                         | 3,356,623            | 220,323              | 10,966                             | 171,001                          |
| Public works                          | 1,318,185            | 1,756                | 651,953                            | -                                |
| Cemetery                              | 139,508              | 44,475               | -                                  | -                                |
| Culture and recreation                | 1,662,247            | 376,533              | -                                  | 102,174                          |
| Health and welfare                    | 780,187              | 613,792              | -                                  | -                                |
| Economic development                  | 167,920              | -                    | -                                  | -                                |
| Interest on debt                      | 447,137              | -                    | -                                  | -                                |
| <b>Total governmental activities</b>  | <u>8,912,590</u>     | <u>1,686,270</u>     | <u>662,919</u>                     | <u>420,619</u>                   |
| Business-type activities:             |                      |                      |                                    |                                  |
| Electric                              | 15,994,897           | 18,139,113           | -                                  | 599,397                          |
| Gas                                   | 5,113,599            | 5,340,838            | -                                  | 20,359                           |
| Water                                 | 1,734,755            | 1,452,037            | -                                  | 10,204                           |
| Refuse                                | 1,117,730            | 1,012,291            | -                                  | -                                |
| Wastewater                            | 1,705,536            | 1,526,984            | -                                  | 1,346                            |
| Stormwater drainage                   | 55,330               | 83,362               | -                                  | -                                |
| Golf course                           | 672,691              | 407,404              | -                                  | -                                |
| <b>Total business-type activities</b> | <u>26,394,538</u>    | <u>27,962,029</u>    | <u>-</u>                           | <u>631,306</u>                   |
| <b>Total primary government</b>       | <u>\$ 35,307,128</u> | <u>\$ 29,648,299</u> | <u>\$ 662,919</u>                  | <u>\$ 1,051,925</u>              |
| Component Units:                      |                      |                      |                                    |                                  |
| Winfield Public Library               | \$ -                 | \$ -                 | \$ -                               | \$ -                             |
| Winfield Housing Authority            | -                    | -                    | -                                  | -                                |
| Total component units                 | <u>-</u>             | <u>-</u>             | <u>-</u>                           | <u>-</u>                         |

General revenues:

- Property taxes
- Sales taxes
- Investment earnings
- Transient guest taxes
- Franchise taxes
- Alcohol beverage taxes
- Miscellaneous
- Payments from City of Winfield
- In lieu of transfer payments from utilities

Transfers

- Total general revenues and transfers
- Change in net assets

Net assets - beginning

Prior period adjustments

**Net assets - beginning, restated**

**Net assets - ending**

See accompanying notes to financial statements

**Net (Expense) Revenue and Changes in Net Assets**

| <b>Primary Government</b>          |                                     |                      |                            |
|------------------------------------|-------------------------------------|----------------------|----------------------------|
| <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> | <b>Total</b>         | <b>Component<br/>Units</b> |
| \$ (463,948)                       | \$ -                                | \$ (463,948)         | \$ -                       |
| (2,954,333)                        | -                                   | (2,954,333)          | -                          |
| (664,476)                          | -                                   | (664,476)            | -                          |
| (95,033)                           | -                                   | (95,033)             | -                          |
| (1,183,540)                        | -                                   | (1,183,540)          | -                          |
| (166,395)                          | -                                   | (166,395)            | -                          |
| (167,920)                          | -                                   | (167,920)            | -                          |
| (447,137)                          | -                                   | (447,137)            | -                          |
| <u>(6,142,782)</u>                 | <u>-</u>                            | <u>(6,142,782)</u>   | <u>-</u>                   |
| -                                  | 2,743,613                           | 2,743,613            | -                          |
| -                                  | 247,598                             | 247,598              | -                          |
| -                                  | (272,514)                           | (272,514)            | -                          |
| -                                  | (105,439)                           | (105,439)            | -                          |
| -                                  | (177,206)                           | (177,206)            | -                          |
| -                                  | 28,032                              | 28,032               | -                          |
| -                                  | (265,287)                           | (265,287)            | -                          |
| <u>-</u>                           | <u>2,198,797</u>                    | <u>2,198,797</u>     | <u>-</u>                   |
| <u>(6,142,782)</u>                 | <u>2,198,797</u>                    | <u>(3,943,985)</u>   | <u>-</u>                   |
| -                                  | -                                   | -                    | (420,141)                  |
| <u>-</u>                           | <u>-</u>                            | <u>-</u>             | <u>27,483</u>              |
| <u>-</u>                           | <u>-</u>                            | <u>-</u>             | <u>(392,658)</u>           |
| 2,997,374                          | -                                   | 2,997,374            | -                          |
| 1,379,400                          | -                                   | 1,379,400            | -                          |
| 123,218                            | 214,527                             | 337,745              | 6,632                      |
| 61,406                             | -                                   | 61,406               | -                          |
| 141,005                            | -                                   | 141,005              | -                          |
| 71,313                             | -                                   | 71,313               | -                          |
| 338,863                            | (700,740)                           | (361,877)            | 128                        |
| -                                  | -                                   | -                    | 368,739                    |
| 1,560,510                          | -                                   | 1,560,510            | -                          |
| <u>(1,668,614)</u>                 | <u>1,668,614</u>                    | <u>-</u>             | <u>-</u>                   |
| <u>5,004,475</u>                   | <u>1,182,401</u>                    | <u>6,186,876</u>     | <u>375,499</u>             |
| <u>(1,138,307)</u>                 | <u>3,381,198</u>                    | <u>2,242,891</u>     | <u>(17,159)</u>            |
| 14,229,175                         | 42,561,157                          | 56,790,332           | 2,303,655                  |
| 205,664                            | 689,079                             | 894,743              | 4,374                      |
| <u>14,434,839</u>                  | <u>43,250,236</u>                   | <u>57,685,075</u>    | <u>2,308,029</u>           |
| <u>\$ 13,296,532</u>               | <u>\$ 46,631,434</u>                | <u>\$ 59,927,966</u> | <u>\$ 2,290,870</u>        |

# CITY OF WINFIELD, KANSAS

## GOVERNMENTAL FUNDS BALANCE SHEET DECEMBER 31, 2003

|   | General<br>Fund     | Bond and<br>Interest<br>Fund | Capital<br>Improvements<br>Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|---------------------|------------------------------|---------------------------------|--------------------------------|--------------------------------|
| <b>Assets</b>                                   |                     |                              |                                 |                                |                                |
| Pooled cash and investments                     | \$ 551,565          | \$ 382,053                   | \$ 653,787                      | \$ 2,355,645                   | \$ 3,943,050                   |
| Receivables:                                    |                     |                              |                                 |                                |                                |
| Taxes   | 1,915,409           | 659,751                      | -                               | 487,857                        | 3,063,017                      |
| Special assessments                             | -                   | 609,191                      | -                               | -                              | 609,191                        |
| Accounts  | 36,848              | -                            | -                               | 233,438                        | 270,286                        |
| Interest  | 8,665               | -                            | -                               | -                              | 8,665                          |
| Due from other governmental agencies            | -                   | 709,995                      | 100,000                         | 77,391                         | 887,386                        |
| Due from other funds                            | -                   | -                            | 24,000                          | -                              | 24,000                         |
| Advances to other funds                         | 31,368              | -                            | -                               | -                              | 31,368                         |
| Investment in land held for resale              | 48,432              | -                            | -                               | -                              | 48,432                         |
| Total assets                                    | <u>\$ 2,592,287</u> | <u>\$ 2,360,990</u>          | <u>\$ 777,787</u>               | <u>\$ 3,154,331</u>            | <u>\$ 8,885,395</u>            |
| <b>Liabilities</b>                              |                     |                              |                                 |                                |                                |
| Accounts and wages payable                      | \$ 175,660          | \$ -                         | \$ 2,612                        | \$ 114,693                     | \$ 292,965                     |
| Due to other funds                              | -                   | -                            | -                               | 24,000                         | 24,000                         |
| Deferred revenue                                | 1,778,382           | 1,978,937                    | -                               | 487,857                        | 4,245,176                      |
| Total liabilities                               | <u>1,954,042</u>    | <u>1,978,937</u>             | <u>2,612</u>                    | <u>626,550</u>                 | <u>4,562,141</u>               |
| <b>Fund Balances</b>                            |                     |                              |                                 |                                |                                |
| Reserved for:                                   |                     |                              |                                 |                                |                                |
| Encumbrances                                    | 1,972               | -                            | 71,192                          | 65,842                         | 139,006                        |
| Capital outlay                                  | -                   | -                            | 703,983                         | 412,916                        | 1,116,899                      |
| Advances to other funds                         | 31,368              | -                            | -                               | -                              | 31,368                         |
| Debt service                                    | -                   | 143,568                      | -                               | -                              | 143,568                        |
| Unreserved:                                     |                     |                              |                                 |                                |                                |
| Designated for subsequent year appropriation    | 604,905             | 238,485                      | -                               | 2,005,426                      | 2,848,816                      |
| Undesignated, reported in special revenue funds | -                   | -                            | -                               | 37,597                         | 37,597                         |
| Undesignated, reported in permanent fund        | -                   | -                            | -                               | 6,000                          | 6,000                          |
| Total fund balances                             | <u>638,245</u>      | <u>382,053</u>               | <u>775,175</u>                  | <u>2,527,781</u>               | <u>4,323,254</u>               |
| Total liabilities and fund balances             | <u>\$ 2,592,287</u> | <u>\$ 2,360,990</u>          | <u>\$ 777,787</u>               | <u>\$ 3,154,331</u>            | <u>\$ 8,885,395</u>            |

See accompanying notes to financial statements

# CITY OF WINFIELD, KANSAS

## GOVERNMENTAL FUNDS RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS DECEMBER 31, 2003

**Total fund balances - Total governmental funds** \$ 4,323,254

Amounts reported for governmental activities in the Statement of Net Assets are different from those reported in the governmental funds above because of the following:

### CAPITAL ASSETS

Capital assets used in governmental activities are not current assets or financial resources and therefore are not reported in the governmental funds. These assets consist of:

|  |                  |            |
|--|------------------|------------|
| Land   | \$ 1,711,194     |            |
| Construction in progress   | 111,611          |            |
| Buildings, net of \$1,384,242 accumulated depreciation                         | 6,982,338        |            |
| Improvements other than buildings, net of \$2,542,370 accumulated depreciation | 8,576,465        |            |
| Machinery and equipment, net of \$3,775,361 accumulated depreciation           | <u>2,054,087</u> |            |
| Total capital assets   |                  | 19,435,695 |

### BOND ISSUANCE COSTS

Issuance costs associated with new debt issued by the City in 2003 were reported as expenditures in the governmental fund when the debt was issued, whereas bond issuance costs are deferred in the statement of net assets. Deferred bond issuance costs are amortized, over the life of the debt issued, as an adjustment to interest expense in the statement of activities.

48,037

### INTERNAL SERVICE FUNDS

Internal services funds are used by the city to account for the financing of goods or services provided by one department to other City departments, generally on a cost reimbursement basis. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net assets.

1,582,895

### LIABILITIES

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the statement of net assets.

Balances at December 31, 2003 are:

|   |                  |
|---|------------------|
| Accrued interest payable                              | (176,179)        |
| Compensated absences                                  | (160,755)        |
| Payable to other governmental agencies                | (297,920)        |
| Certificates of participation payable                 | (481,950)        |
| General obligation and sales tax revenue debt payable | (10,875,000)     |
| Capital leases payable                                | <u>(101,545)</u> |

**Total net assets of governmental activities** \$ 13,296,532

See accompanying notes to financial statements

# CITY OF WINFIELD, KANSAS

## GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED DECEMBER 31, 2003

|  | General<br>Fund    | Bond and<br>Interest<br>Fund | Capital<br>Improvements<br>Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|--------------------|------------------------------|---------------------------------|--------------------------------|--------------------------------|
| <b>Revenues</b>  |                    |                              |                                 |                                |                                |
| Property taxes   | \$ 1,820,809       | \$ 678,922                   | \$ -                            | \$ 497,643                     | \$ 2,997,374                   |
| Sales taxes  | 1,379,400          | -                            | -                               | -                              | 1,379,400                      |
| Special assessments  | -                  | 147,444                      | -                               | -                              | 147,444                        |
| In lieu of taxes from utility funds                          | 1,560,510          | -                            | -                               | -                              | 1,560,510                      |
| Franchise taxes  | 141,005            | -                            | -                               | -                              | 141,005                        |
| Intergovernmental revenue                                    | 325,779            | 131,877                      | 100,000                         | 800,510                        | 1,358,166                      |
| Licenses and permits   | 28,279             | -                            | -                               | -                              | 28,279                         |
| Fines and penalties  | 158,459            | -                            | -                               | -                              | 158,459                        |
| Interest income  | 37,601             | 15,362                       | 21,946                          | 52,423                         | 127,332                        |
| Use of property  | 104,080            | -                            | -                               | -                              | 104,080                        |
| Charges for services and sales                               | 485,896            | -                            | -                               | 535,630                        | 1,021,526                      |
| Other  | 54,419             | 239                          | -                               | 165,477                        | 220,135                        |
| Total revenues   | <u>6,096,237</u>   | <u>973,844</u>               | <u>121,946</u>                  | <u>2,051,683</u>               | <u>9,243,710</u>               |
| <b>Expenditures</b>  |                    |                              |                                 |                                |                                |
| Current operations:  |                    |                              |                                 |                                |                                |
| General government   | \$ 823,764         | \$ -                         | \$ 4,342                        | \$ 136,657                     | \$ 964,763                     |
| Public safety  | 3,086,262          | -                            | -                               | 67,755                         | 3,154,017                      |
| Public works   | -                  | 10,331                       | 33,600                          | 1,106,399                      | 1,150,330                      |
| Cemetery   | 118,990            | -                            | -                               | 342                            | 119,332                        |
| Culture and recreation                                       | 939,601            | -                            | 26,955                          | 369,805                        | 1,336,361                      |
| Health and welfare   | -                  | -                            | -                               | 724,297                        | 724,297                        |
| Economic development   | -                  | -                            | -                               | 167,920                        | 167,920                        |
| Debt service:  |                    |                              |                                 |                                |                                |
| Debt principal payments                                      | 8,705              | 910,000                      | 60,013                          | 54,636                         | 1,033,354                      |
| Debt interest payments                                       | 865                | 365,699                      | 30,254                          | 2,396                          | 399,214                        |
| Capital outlay   | 118,600            | -                            | 2,909,404                       | 791,255                        | 3,819,259                      |
| Total expenditures   | <u>5,096,787</u>   | <u>1,286,030</u>             | <u>3,064,568</u>                | <u>3,421,462</u>               | <u>12,868,847</u>              |
| Excess (deficiency) of revenues over<br>(under) expenditures | <u>999,450</u>     | <u>(312,186)</u>             | <u>(2,942,622)</u>              | <u>(1,369,779)</u>             | <u>(3,625,137)</u>             |
| Other financing sources (uses):                              |                    |                              |                                 |                                |                                |
| Transfers in   | 40,000             | 350,363                      | 735,499                         | 627,853                        | 1,753,715                      |
| Transfers out  | (1,310,065)        | (100,000)                    | (339,325)                       | (60,000)                       | (1,809,390)                    |
| Proceeds from general obligation bond issue                  | -                  | -                            | 2,608,600                       | 101,400                        | 2,710,000                      |
| Proceeds of refunding debt                                   | -                  | -                            | 481,950                         | -                              | 481,950                        |
| Payment to refunded debt escrow agent                        | -                  | -                            | (481,950)                       | -                              | (481,950)                      |
| Proceeds from capital lease issue                            | -                  | -                            | -                               | 92,417                         | 92,417                         |
| Sale of property   | 82,358             | -                            | -                               | 5,495                          | 87,853                         |
| Total other financing sources (uses)                         | <u>(1,187,707)</u> | <u>250,363</u>               | <u>3,004,774</u>                | <u>767,165</u>                 | <u>2,834,595</u>               |
| Net change in fund balances                                  | (188,257)          | (61,823)                     | 62,152                          | (602,614)                      | (790,542)                      |
| Fund balances, beginning of year                             | 826,502            | 443,876                      | 713,023                         | 2,924,731                      | 4,908,132                      |
| Prior period adjustment                                      | -                  | -                            | -                               | 205,664                        | 205,664                        |
| Fund balances, beginning of year, restated                   | <u>826,502</u>     | <u>443,876</u>               | <u>713,023</u>                  | <u>3,130,395</u>               | <u>5,113,796</u>               |
| Fund balances, end of year                                   | <u>\$ 638,245</u>  | <u>\$ 382,053</u>            | <u>\$ 775,175</u>               | <u>\$ 2,527,781</u>            | <u>\$ 4,323,254</u>            |

See accompanying notes to financial statements

# CITY OF WINFIELD, KANSAS

## GOVERNMENTAL FUNDS RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2003

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Assets of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

|  |    |           |
|--|----|-----------|
| Net change in fund balances - total governmental funds | \$ | (790,542) |
|--|----|-----------|

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

### Capital asset transactions

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets, which meet capitalization requirements, is allocated over their estimated useful lives and reported as depreciation expense.

|   |             |           |
|---|-------------|-----------|
| Capital outlay expenditures   | 3,819,259   |           |
| Assets financed with governmental fund revenues, and transferred to proprietary funds | (1,612,939) |           |
| Depreciation  | (854,548)   |           |
| Loss on retirement of governmental fixed assets                                       | (108,978)   |           |
| Net capital asset transactions  |             | 1,242,794 |

### Revenues

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

|  |        |
|--|--------|
| Fair market value of equipment donated to governmental funds | 55,749 |
|--|--------|

### Long-term debt

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of debt principal is an expenditures in the governmental funds, but in the Statement of Net Assets, the repayment reduces long-term liabilities.

|  |             |  |
|--|-------------|--|
| General obligation bond principal payments | 910,000     |  |
| Capital lease principal payments           | 123,354     |  |
| General obligation bond issuance proceeds  | (2,710,000) |  |
| Capital lease issuance proceeds            | (92,417)    |  |

### Accrual of non-current items

The amounts below are included in the statement of activities, but do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

|  |          |  |
|--|----------|--|
| Compensated absences                         | 6,115    |  |
| Interest payable                             | (45,002) |  |
| Amortization of deferred debt issuance costs | (2,921)  |  |

### Allocation of internal service funds activity

Internal service funds are used by management to charge the costs of certain activities, such as management services and insurance, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities

|  |         |
|--|---------|
|  | 164,563 |
|--|---------|

### Change in net assets of governmental activities

|  |                |
|--|----------------|
|  | \$ (1,138,307) |
|--|----------------|

See accompanying notes to financial statements

# CITY OF WINFIELD, KANSAS

## GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - BUDGETARY BASIS FOR THE YEAR ENDED DECEMBER 31, 2003

|  | <u>Budget</u>    | <u>Actual</u>     | <u>Variance</u>   |
|--|------------------|-------------------|-------------------|
| <b>Revenues and other sources:</b>         |                  |                   |                   |
| Taxes:                                     |                  |                   |                   |
| Property                                   | \$ 1,955,530     | \$ 1,801,866      | \$ (153,664)      |
| Sales                                      | 1,418,000        | 1,382,349         | (35,651)          |
| Franchise                                  | 138,500          | 142,644           | 4,144             |
| Licenses and permits                       | 26,180           | 27,985            | 1,805             |
| Intergovernmental                          | 585,510          | 349,899           | (235,611)         |
| Rentals, charges for services and sales    | 591,250          | 712,658           | 121,408           |
| Fines and penalties                        | 150,400          | 158,459           | 8,059             |
| Interest earnings                          | 37,000           | 28,936            | (8,064)           |
| Payments in lieu of taxes                  | 16,911           | 18,943            | 2,032             |
| Payments in lieu of taxes - utilities      | 1,354,213        | 1,560,509         | 206,296           |
| Reimbursed expenditures                    | 46,116           | 37,526            | (8,590)           |
| Transfers from other funds                 | 40,000           | 40,000            | -                 |
| Cancellation of prior year encumbrances    | -                | 293               | 293               |
| <b>Total revenues and other sources</b>    | <u>6,359,610</u> | <u>6,262,067</u>  | <u>(97,543)</u>   |
| <b>Expenditures and other uses:</b>        |                  |                   |                   |
| General government:                        |                  |                   |                   |
| Legal                                      | 96,246           | 90,919            | 5,327             |
| Administrative                             | 875,811          | 816,678           | 59,133            |
| Cemetery maintenance                       | 136,133          | 124,497           | 11,636            |
| Public safety:                             |                  |                   |                   |
| Police department                          | 1,744,633        | 1,621,639         | 122,994           |
| Fire department                            | 1,411,418        | 1,364,670         | 46,748            |
| Building inspection                        | 146,396          | 129,633           | 16,763            |
| Parking                                    | 30,681           | 18,983            | 11,698            |
| Culture and recreation:                    |                  |                   |                   |
| City lake                                  | 267,800          | 244,386           | 23,414            |
| Park maintenance                           | 597,030          | 590,564           | 6,466             |
| Baden Square                               | 221,918          | 174,015           | 47,903            |
| Aquatic facility                           | 164,222          | 149,496           | 14,726            |
| Operating transfers out:                   | 1,069,000        | 1,052,929         | 16,071            |
| <b>Total expenditures and other uses</b>   | <u>6,761,288</u> | <u>6,378,409</u>  | <u>382,879</u>    |
| <b>Revenues and other sources over</b>     |                  |                   |                   |
| <b>(under) expenditures and other uses</b> | (401,678)        | (116,342)         | 285,336           |
| <b>Unencumbered fund balance, Jan 1</b>    | <u>401,678</u>   | <u>490,275</u>    | <u>88,597</u>     |
| <b>Unencumbered fund balance, Dec 31</b>   | <u>\$ -</u>      | <u>\$ 373,933</u> | <u>\$ 373,933</u> |

**CITY OF WINFIELD, KANSAS**  
**DEBT SERVICE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - BUDGETARY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

|  | <u>Budget</u>    | <u>Actual</u>     | <u>Variance</u>   |
|--|------------------|-------------------|-------------------|
| <b>Revenues and other sources:</b>   |                  |                   |                   |
| Taxes:   |                  |                   |                   |
| Property   | \$ 742,913       | \$ 678,475        | \$ (64,438)       |
| Payments in lieu of taxes  | 353              | 447               | 94                |
| Special assessments  | 169,932          | 147,444           | (22,488)          |
| Other revenues:  |                  |                   |                   |
| Interest income  | 22,000           | 15,362            | (6,638)           |
| Payments from other governmental entities,<br>debt payment shares                | 137,923          | 131,877           | (6,046)           |
| Other  | -                | 14,872            | 14,872            |
| Transfers in   | 352,170          | 350,363           | (1,807)           |
| <b>Total revenues and other sources</b>  | <u>1,425,291</u> | <u>1,338,840</u>  | <u>(86,451)</u>   |
| <b>Expenditures and other uses:</b>  |                  |                   |                   |
| Bond interest payments   | 432,996          | 365,699           | 67,297            |
| Bond principal payments  | 845,000          | 910,000           | (65,000)          |
| Transfer to other fund for debt payment  | 100,000          | 100,000           | -                 |
| Other  | 50               | -                 | 50                |
| Contingency  | 457,469          | 10,330            | 447,139           |
| <b>Total expenditures and other uses</b>   | <u>1,835,515</u> | <u>1,386,029</u>  | <u>449,486</u>    |
| <b>Revenues and other sources over<br/>  (under) expenditures and other uses</b> | (410,224)        | (47,189)          | 363,035           |
| <b>Unencumbered fund balance, Jan 1</b>  | <u>501,999</u>   | <u>429,243</u>    | <u>(72,756)</u>   |
| <b>Unencumbered fund balance, Dec 31</b>   | <u>\$ 91,775</u> | <u>\$ 382,054</u> | <u>\$ 290,279</u> |

# CITY OF WINFIELD, KANSAS

## PROPRIETARY FUNDS STATEMENT OF NET ASSETS DECEMBER 31, 2003

|  | Enterprise Funds            |                        |                          |
|--|-----------------------------|------------------------|--------------------------|
|  | Electric<br>Utility<br>Fund | Gas<br>Utility<br>Fund | Water<br>Utility<br>Fund |
| <b>Assets</b>                            |                             |                        |                          |
| <b>Current assets</b>                    |                             |                        |                          |
| Pooled cash and investments              | \$ 5,383,247                | \$ 796,150             | \$ 562                   |
| Utility billing receivables, net         | 569,150                     | 205,208                | 17,505                   |
| Accounts receivable, net                 | 31,473                      | 7,317                  | 367,909                  |
| Due from other funds                     | 5,000                       | -                      | -                        |
| Inventories and prepaid assets           | 65,950                      | 303,362                | -                        |
| Total current assets                     | <u>6,054,820</u>            | <u>1,312,037</u>       | <u>385,976</u>           |
| <b>Noncurrent assets</b>                 |                             |                        |                          |
| Restricted assets - cash and investments | <u>-</u>                    | <u>-</u>               | <u>-</u>                 |
| Capital assets                           |                             |                        |                          |
| Land                                     | 375,709                     | 6,300                  | 8,801                    |
| Buildings and improvements               | 3,367,508                   | -                      | 460,310                  |
| Improvements other than buildings        | 20,861,733                  | 6,227,265              | 8,954,393                |
| Construction in progress                 | 119,057                     | -                      | 362,823                  |
| Machinery, equipment, other              | 16,108,830                  | 881,856                | 624,948                  |
| Less accumulated depreciation            | <u>(20,372,688)</u>         | <u>(3,014,223)</u>     | <u>(3,800,673)</u>       |
| Net capital assets                       | <u>20,460,149</u>           | <u>4,101,198</u>       | <u>6,610,602</u>         |
| Other assets                             |                             |                        |                          |
| Sales tax deposit                        | -                           | -                      | -                        |
| Advances to internal service funds       | 2,205,086                   | 472,147                | 217,610                  |
| Investment in joint venture              | -                           | -                      | -                        |
| Unamortized loss on refunding            | -                           | -                      | -                        |
| Unamortized issuance costs               | 11,880                      | -                      | -                        |
| Total other assets                       | <u>2,216,966</u>            | <u>472,147</u>         | <u>217,610</u>           |
| Total noncurrent assets                  | <u>22,677,115</u>           | <u>4,573,345</u>       | <u>6,828,212</u>         |
| <b>Total assets</b>                      | <u>28,731,935</u>           | <u>5,885,382</u>       | <u>7,214,188</u>         |

See accompanying notes to financial statements

| Enterprise Funds              |                                    |                              |                              |                           |
|-------------------------------|------------------------------------|------------------------------|------------------------------|---------------------------|
| Wastewater<br>Utility<br>Fund | Quail Ridge<br>Golf Course<br>Fund | Other<br>Enterprise<br>Funds | Total<br>Enterprise<br>Funds | Internal Service<br>Funds |
| \$ 369,674                    | \$ 13,567                          | \$ 456,762                   | \$ 7,019,962                 | \$ 1,951,537              |
| 28,122                        | -                                  | 17,127                       | 837,112                      | 1,856,905                 |
| 1,071                         | 3,877                              | 8,022                        | 419,669                      | 3,162                     |
| -                             | -                                  | -                            | 5,000                        | -                         |
| 2,208                         | -                                  | -                            | 371,520                      | 1,174,834                 |
| <u>401,075</u>                | <u>17,444</u>                      | <u>481,911</u>               | <u>8,653,263</u>             | <u>4,986,438</u>          |
| -                             | 208,927                            | 121                          | 209,048                      | -                         |
| 23,355                        | 399,949                            | 3,503                        | 817,617                      | 6,500                     |
| 5,943,240                     | 484,822                            | 44,673                       | 10,300,553                   | 1,679,354                 |
| 9,193,826                     | 2,346,358                          | 2,527,322                    | 50,110,897                   | 74,073                    |
| 337                           | -                                  | -                            | 482,217                      | -                         |
| 2,144,301                     | 346,384                            | 1,013,704                    | 21,120,023                   | 1,544,025                 |
| <u>(4,655,787)</u>            | <u>(1,699,916)</u>                 | <u>(805,845)</u>             | <u>(34,349,132)</u>          | <u>(1,560,787)</u>        |
| <u>12,649,272</u>             | <u>1,877,597</u>                   | <u>2,783,357</u>             | <u>48,482,175</u>            | <u>1,743,165</u>          |
| -                             | -                                  | -                            | -                            | 6,000                     |
| 65,302                        | -                                  | 52,284                       | 3,012,429                    | -                         |
| -                             | -                                  | 62,817                       | 62,817                       | -                         |
| -                             | 130,305                            | -                            | 130,305                      | -                         |
| -                             | 41,285                             | -                            | 53,165                       | -                         |
| <u>65,302</u>                 | <u>171,590</u>                     | <u>115,101</u>               | <u>3,258,716</u>             | <u>6,000</u>              |
| <u>12,714,574</u>             | <u>2,258,114</u>                   | <u>2,898,579</u>             | <u>51,949,939</u>            | <u>1,749,165</u>          |
| <u>13,115,649</u>             | <u>2,275,558</u>                   | <u>3,380,490</u>             | <u>60,603,202</u>            | <u>6,735,603</u>          |

(Continued)

# CITY OF WINFIELD, KANSAS

## PROPRIETARY FUNDS STATEMENT OF NET ASSETS DECEMBER 31, 2003

|   | Enterprise Funds            |                        |                          |
|---|-----------------------------|------------------------|--------------------------|
|   | Electric<br>Utility<br>Fund | Gas<br>Utility<br>Fund | Water<br>Utility<br>Fund |
| <b>Liabilities</b>                              |                             |                        |                          |
| <b>Current liabilities</b>                      |                             |                        |                          |
| Accounts payable                                | \$ 497,820                  | \$ 650,770             | \$ 38,361                |
| Due to other funds                              | -                           | -                      | 5,000                    |
| Accrued interest payable                        | 62,673                      | -                      | 39,070                   |
| Current portion of long-term debt               | 982,760                     | -                      | 79,853                   |
| Grant funds received in advance                 | 395,005                     | -                      | -                        |
| Accrued compensated absences                    | 62,167                      | 28,200                 | 28,841                   |
| Total current liabilities                       | <u>2,000,425</u>            | <u>678,970</u>         | <u>191,125</u>           |
| <b>Noncurrent liabilities</b>                   |                             |                        |                          |
| State of Kansas KDHE loans payable              | -                           | -                      | 2,537,010                |
| Capital leases/certificates payable             | 1,325,674                   | -                      | -                        |
| Payable from restricted assets                  | -                           | -                      | -                        |
| Deferred gain on refunding bonds                | 10,067                      | -                      | -                        |
| Claims payable                                  | -                           | -                      | -                        |
| Advances from other funds                       | -                           | -                      | -                        |
| Total noncurrent liabilities                    | <u>1,335,741</u>            | <u>-</u>               | <u>2,537,010</u>         |
| <b>Total liabilities</b>                        | <u>3,336,166</u>            | <u>678,970</u>         | <u>2,728,135</u>         |
| <b>Net Assets</b>                               |                             |                        |                          |
| Invested in capital assets                      | -                           | 4,101,198              | -                        |
| Invested in capital assets, net of related debt | 18,141,648                  | -                      | 3,993,739                |
| Restricted by debt covenants                    | 635,250                     | -                      | -                        |
| Restricted for capital projects                 | 395,005                     | -                      | -                        |
| Unrestricted                                    | 6,223,866                   | 1,105,214              | 492,314                  |
| <b>Total net assets</b>                         | <u>\$ 25,395,769</u>        | <u>\$ 5,206,412</u>    | <u>\$ 4,486,053</u>      |

See accompanying notes to financial statements

| Enterprise Funds              |                                    |                              |                              |                           |
|-------------------------------|------------------------------------|------------------------------|------------------------------|---------------------------|
| Wastewater<br>Utility<br>Fund | Quail Ridge<br>Golf Course<br>Fund | Other<br>Enterprise<br>Funds | Total<br>Enterprise<br>Funds | Internal Service<br>Funds |
| \$ 25,732                     | \$ 13,381                          | \$ 50,268                    | \$ 1,276,332                 | \$ 201,408                |
| -                             | -                                  | -                            | 5,000                        | -                         |
| 65,815                        | 55,500                             | 348                          | 223,406                      | -                         |
| 318,861                       | 255,949                            | 10,000                       | 1,647,423                    | -                         |
| -                             | -                                  | -                            | 395,005                      | -                         |
| 10,424                        | 8,539                              | 13,618                       | 151,789                      | 83,335                    |
| <u>420,832</u>                | <u>333,369</u>                     | <u>74,234</u>                | <u>3,698,955</u>             | <u>284,743</u>            |
| 5,737,754                     | -                                  | -                            | 8,274,764                    | -                         |
| -                             | 2,014,107                          | 19,879                       | 3,359,660                    | -                         |
| -                             | 208,927                            | 121                          | 209,048                      | -                         |
| -                             | -                                  | -                            | 10,067                       | -                         |
| -                             | -                                  | -                            | -                            | 243,445                   |
| -                             | -                                  | -                            | -                            | 3,043,795                 |
| <u>5,737,754</u>              | <u>2,223,034</u>                   | <u>20,000</u>                | <u>11,853,539</u>            | <u>3,287,240</u>          |
| <u>6,158,586</u>              | <u>2,556,403</u>                   | <u>94,234</u>                | <u>15,552,494</u>            | <u>3,571,983</u>          |
| -                             | -                                  | 2,363,821                    | 6,465,019                    | 1,743,165                 |
| 6,592,657                     | (220,869)                          | 389,657                      | 28,896,832                   | -                         |
| -                             | 208,927                            | 121                          | 844,298                      | -                         |
| -                             | -                                  | -                            | 395,005                      | -                         |
| <u>364,406</u>                | <u>(268,903)</u>                   | <u>532,657</u>               | <u>8,449,554</u>             | <u>1,420,455</u>          |
| <u>\$ 6,957,063</u>           | <u>\$ (280,845)</u>                | <u>\$ 3,286,256</u>          | <u>45,050,708</u>            | <u>\$ 3,163,620</u>       |

Adjustment to consolidate certain internal service fund activities

Total net assets per the government-wide Statement of Net Assets

1,580,726  
\$ 46,631,434

(Concluded)

# CITY OF WINFIELD, KANSAS

## PROPRIETARY FUNDS STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2003

|   | Enterprise Funds            |                        |                          |
|---|-----------------------------|------------------------|--------------------------|
|   | Electric<br>Utility<br>Fund | Gas<br>Utility<br>Fund | Water<br>Utility<br>Fund |
| <b>Operating revenues</b>                             |                             |                        |                          |
| Charges for services and sales                        | \$ 17,890,565               | \$ 5,327,101           | \$ 1,430,798             |
| Other   | 248,548                     | 13,737                 | 21,239                   |
| Total operating revenues                              | 18,139,113                  | 5,340,838              | 1,452,037                |
| <b>Operating expenses</b>                             |                             |                        |                          |
| Services and supplies                                 | 13,257,081                  | 4,659,223              | 1,361,173                |
| Payments in lieu of franchise fees                    | 1,152,553                   | 290,255                | 71,554                   |
| Depreciation  | 1,436,966                   | 164,121                | 207,188                  |
| Total operating expenses                              | 15,846,600                  | 5,113,599              | 1,639,915                |
| Operating income (loss)                               | 2,292,513                   | 227,239                | (187,878)                |
| <b>Non-operating revenues (expenses)</b>              |                             |                        |                          |
| Interest income                                       | 108,430                     | 30,002                 | 9,621                    |
| Loss on joint venture                                 | -                           | -                      | -                        |
| Interest expense                                      | (148,297)                   | -                      | (94,840)                 |
| Other   | (718,151)                   | (179,466)              | 57                       |
| Total non-operating revenues (expenses)               | (758,018)                   | (149,464)              | (85,162)                 |
| Income (loss) before contributions<br>and transfers   | 1,534,495                   | 77,775                 | (273,040)                |
| <b>Capital contributions and operating transfers:</b> |                             |                        |                          |
| Capital contributions                                 | 599,397                     | 20,359                 | 10,204                   |
| Transfers in (out) - cash                             | (153,650)                   | (153,650)              | -                        |
| Transfers in (out) - capital assets                   | (5,431)                     | -                      | 163,524                  |
| <b>Change in net assets</b>                           | 1,974,811                   | (55,516)               | (99,312)                 |
| Total net assets - beginning                          | 23,420,958                  | 5,261,928              | 4,537,547                |
| Prior period adjustment                               | -                           | -                      | 47,818                   |
| Total restated net assets - beginning                 | 23,420,958                  | 5,261,928              | 4,585,365                |
| <b>Total net assets - ending</b>                      | <u>\$ 25,395,769</u>        | <u>\$ 5,206,412</u>    | <u>\$ 4,486,053</u>      |

See accompanying notes to financial statements

| Enterprise Funds   |                                    |                              |                              |                           |
|--|------------------------------------|------------------------------|------------------------------|---------------------------|
| Wastewater<br>Utility<br>Fund                                      | Quail Ridge<br>Golf Course<br>Fund | Other<br>Enterprise<br>Funds | Total<br>Enterprise<br>Funds | Internal Service<br>Funds |
| \$ 1,523,573   | \$ 406,288                         | \$ 1,052,626                 | \$ 27,630,951                | \$ 2,665,153              |
| 3,411  | 1,116                              | 43,027                       | 331,078                      | 1,188,992                 |
| <u>1,526,984</u>   | <u>407,404</u>                     | <u>1,095,653</u>             | <u>27,962,029</u>            | <u>3,854,145</u>          |
| 900,699  | 347,756                            | 1,009,572                    | 21,535,504                   | 4,476,610                 |
| -  | -                                  | 46,147                       | 1,560,509                    | -                         |
| 603,178  | 152,784                            | 113,354                      | 2,677,591                    | 128,270                   |
| <u>1,503,877</u>   | <u>500,540</u>                     | <u>1,169,073</u>             | <u>25,773,604</u>            | <u>4,604,880</u>          |
| <u>23,107</u>  | <u>(93,136)</u>                    | <u>(73,420)</u>              | <u>2,188,425</u>             | <u>(750,735)</u>          |
| 8,374  | 1,347                              | 11,182                       | 168,956                      | 45,571                    |
| -  | -                                  | (1,941)                      | (1,941)                      | -                         |
| (201,659)  | (172,151)                          | (3,987)                      | (620,934)                    | -                         |
| -  | 74,923                             | 4,500                        | (818,137)                    | (1,779)                   |
| <u>(193,285)</u>   | <u>(95,881)</u>                    | <u>9,754</u>                 | <u>(1,272,056)</u>           | <u>43,792</u>             |
| <u>(170,178)</u>   | <u>(189,017)</u>                   | <u>(63,666)</u>              | <u>916,369</u>               | <u>(706,943)</u>          |
| 1,346  | -                                  | -                            | 631,306                      | -                         |
| 95,495   | 307,300                            | (20,000)                     | 75,495                       | (19,820)                  |
| 87,881   | 6,457                              | 1,340,688                    | 1,593,119                    | 1,056,235                 |
| <u>14,544</u>  | <u>124,740</u>                     | <u>1,257,022</u>             | <u>3,216,289</u>             | <u>329,472</u>            |
| 6,941,179  | (408,523)                          | 1,392,251                    | 41,145,340                   | 2,834,148                 |
| 1,340  | 2,938                              | 636,983                      | 689,079                      | -                         |
| <u>6,942,519</u>   | <u>(405,585)</u>                   | <u>2,029,234</u>             | <u>41,834,419</u>            | <u>2,834,148</u>          |
| <u>\$ 6,957,063</u>  | <u>\$ (280,845)</u>                | <u>\$ 3,286,256</u>          | <u>\$ 45,050,708</u>         | <u>\$ 3,163,620</u>       |
| Adjustment to consolidate certain internal service fund activities |                                    |                              | 1,580,726                    |                           |
| Total net assets per the government-wide Statement of Net Assets   |                                    |                              | <u>\$ 46,631,434</u>         |                           |

**CITY OF WINFIELD, KANSAS**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

|   | <b>Enterprise Funds</b>              |                                 |                                   |
|---|--------------------------------------|---------------------------------|-----------------------------------|
|   | <b>Electric<br/>Utility<br/>Fund</b> | <b>Gas<br/>Utility<br/>Fund</b> | <b>Water<br/>Utility<br/>Fund</b> |
| <b>Cash flows from operating activities</b>                                     |                                      |                                 |                                   |
| Payments to suppliers   | \$ (12,182,508)                      | \$ (4,343,712)                  | \$ (702,273)                      |
| Payments to employees   | (1,376,426)                          | (495,286)                       | (652,571)                         |
| Payments of claims  | -                                    | -                               | -                                 |
| Internal activity-receipts from<br>(payments to) other funds                    | (1,152,553)                          | (290,255)                       | (71,554)                          |
| Receipts from customers   | 17,697,660                           | 5,257,013                       | 1,421,569                         |
| Other receipts (expenses)   | 407,262                              | 29,901                          | 29,623                            |
| Net cash provided by operating activities                                       | <u>3,393,435</u>                     | <u>157,661</u>                  | <u>24,794</u>                     |
| <b>Cash flows from noncapital financing activities:</b>                         |                                      |                                 |                                   |
| Advances from ( to) other funds   | (142,691)                            | (43,293)                        | (1,957)                           |
| Operating subsidies and transfers from (to) other funds                         | (153,650)                            | (153,650)                       | -                                 |
| Net cash used by noncapital financing activities                                | <u>(296,341)</u>                     | <u>(196,943)</u>                | <u>(1,957)</u>                    |
| <b>Cash flows from capital and related<br/>financing activities</b>             |                                      |                                 |                                   |
| Debt payments - principal   | (580,000)                            | -                               | (76,946)                          |
| Debt payments - interest  | (58,670)                             | -                               | (95,853)                          |
| Issuance of debt  | 660,363                              | -                               | -                                 |
| Retirement of debt  | (671,549)                            | -                               | -                                 |
| Debt issuance costs   | (13,177)                             | -                               | -                                 |
| Transfers (to) from other funds for debt payments                               | -                                    | -                               | -                                 |
| Transfers (to) from other funds for capital acquisition                         | -                                    | -                               | -                                 |
| Capital lease and cert of part payments - principal                             | (359,366)                            | -                               | -                                 |
| Capital lease and cert of part payments - interest                              | (93,387)                             | -                               | -                                 |
| Sale of land  | -                                    | -                               | -                                 |
| Capital contributions   | 122,011                              | 20,359                          | 10,204                            |
| Acquisition of capital assets   | (1,648,772)                          | (412,501)                       | (461,054)                         |
| Net cash used by capital and related financing activities                       | <u>(2,642,547)</u>                   | <u>(392,142)</u>                | <u>(623,649)</u>                  |
| <b>Cash flows from investing activities:</b>                                    |                                      |                                 |                                   |
| Installment sale payments - principal   | -                                    | -                               | -                                 |
| Interest income   | 108,430                              | 30,002                          | 9,621                             |
| Net cash provided from investing activities                                     | <u>108,430</u>                       | <u>30,002</u>                   | <u>9,621</u>                      |
| <b>Net increase (decrease) in cash and cash equivalent:</b>                     | <u>562,977</u>                       | <u>(401,422)</u>                | <u>(591,191)</u>                  |
| Balances - beginning of the year<br>(includes \$200,834 in restricted accounts) | <u>4,820,270</u>                     | <u>1,197,572</u>                | <u>591,753</u>                    |
| Balances - end of the year<br>(includes \$209,048 in restricted accounts)       | <u>\$ 5,383,247</u>                  | <u>\$ 796,150</u>               | <u>\$ 562</u>                     |

| Enterprise Funds              |                                    |                              |                              |                           |
|-------------------------------|------------------------------------|------------------------------|------------------------------|---------------------------|
| Wastewater<br>Utility<br>Fund | Quail Ridge<br>Golf Course<br>Fund | Other<br>Enterprise<br>Funds | Total<br>Enterprise<br>Funds | Internal Service<br>Funds |
| \$ (476,441)                  | \$ (105,951)                       | \$ (560,884)                 | \$ (18,371,769)              | \$ (2,778,013)            |
| (433,774)                     | (235,709)                          | (432,724)                    | (3,626,490)                  | (1,931,975)               |
|                               |                                    | -                            | -                            | (330,851)                 |
| -                             | -                                  | (46,147)                     | (1,560,509)                  | (22,604,694)              |
| 1,522,811                     | 406,288                            | 1,056,137                    | 27,361,478                   | 26,966,976                |
| 4,608                         | (667)                              | 30,915                       | 501,642                      | 58,414                    |
| 617,204                       | 63,961                             | 47,297                       | 4,304,352                    | (620,143)                 |
| (7,926)                       | -                                  | (5,081)                      | (200,948)                    | 201,530                   |
| -                             | 307,300                            | (20,000)                     | (20,000)                     | -                         |
| (7,926)                       | 307,300                            | (25,081)                     | (220,948)                    | 201,530                   |
| (308,715)                     | (230,000)                          | -                            | (1,195,661)                  | -                         |
| (205,014)                     | (125,280)                          | -                            | (484,817)                    | -                         |
| -                             | 2,462,667                          | -                            | 3,123,030                    | -                         |
| -                             | (2,470,000)                        | -                            | (3,141,549)                  | -                         |
| -                             | (38,461)                           | -                            | (51,638)                     | -                         |
| 100,000                       | -                                  | -                            | 100,000                      | -                         |
| (4,505)                       | -                                  | -                            | (4,505)                      | (19,820)                  |
| -                             | (18,781)                           | (10,000)                     | (388,147)                    | -                         |
| -                             | (1,917)                            | (3,850)                      | (99,154)                     | -                         |
| -                             | 74,923                             | -                            | 74,923                       | -                         |
| 1,346                         | -                                  | -                            | 153,920                      | -                         |
| (225,094)                     | (14,495)                           | (73,478)                     | (2,835,394)                  | (48,039)                  |
| (641,982)                     | (361,344)                          | (87,328)                     | (4,748,992)                  | (67,859)                  |
| -                             | -                                  | 1,656                        | 1,656                        | -                         |
| 8,374                         | 1,347                              | 11,183                       | 168,957                      | 45,571                    |
| 8,374                         | 1,347                              | 12,839                       | 170,613                      | 45,571                    |
| (24,330)                      | 11,264                             | (52,273)                     | (494,975)                    | (440,901)                 |
| 394,004                       | 211,230                            | 509,156                      | 7,723,985                    | 2,392,438                 |
| \$ 369,674                    | \$ 222,494                         | \$ 456,883                   | \$ 7,229,010                 | \$ 1,951,537              |
|                               |                                    |                              |                              | (Continued)               |

**CITY OF WINFIELD, KANSAS**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

|   | <b>Enterprise Funds</b>              |                                 |                                   |
|---|--------------------------------------|---------------------------------|-----------------------------------|
|   | <b>Electric<br/>Utility<br/>Fund</b> | <b>Gas<br/>Utility<br/>Fund</b> | <b>Water<br/>Utility<br/>Fund</b> |
| <b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities</b> |                                      |                                 |                                   |
| Operating income (loss)   | \$ 2,292,513                         | \$ 227,239                      | \$ (187,878)                      |
| Adjustments to reconcile operating income to<br>net cash provided by operating activities:    |                                      |                                 |                                   |
| Depreciation  | 1,436,966                            | 164,121                         | 207,188                           |
| Changes in assets and liabilities:  |                                      |                                 |                                   |
| Receivables, net  | (34,191)                             | (53,923)                        | (845)                             |
| Inventories/ prepaids   | -                                    | (242,376)                       |                                   |
| Compensated absences  | (2,343)                              | 1,002                           | 2,329                             |
| Accounts and other payables   | (299,510)                            | 61,598                          | 4,000                             |
| Claims payable  | -                                    | -                               | -                                 |
| Deferred revenues   | -                                    | -                               | -                                 |
| Total adjustments   | 1,100,922                            | (69,578)                        | 212,672                           |
| <b>Net cash provided (used) by operating activities:</b>                                      | <b>\$ 3,393,435</b>                  | <b>\$ 157,661</b>               | <b>\$ 24,794</b>                  |
| <b>Noncash Transactions</b>   |                                      |                                 |                                   |
| Assets contributed from (to) other funds  | (5,431)                              | -                               | 163,524                           |
| Asset sold through installment sale   | -                                    | -                               | -                                 |
| Loss on joint venture   | -                                    | -                               | -                                 |

See accompanying notes to financial statements

| Enterprise Funds              |                                    |                              |                              |                           |
|-------------------------------|------------------------------------|------------------------------|------------------------------|---------------------------|
| Wastewater<br>Utility<br>Fund | Quail Ridge<br>Golf Course<br>Fund | Other<br>Enterprise<br>Funds | Total<br>Enterprise<br>Funds | Internal Service<br>Funds |
| <u>\$ 23,107</u>              | <u>\$ (93,136)</u>                 | <u>\$ (73,420)</u>           | <u>\$ 2,188,425</u>          | <u>\$ (750,735)</u>       |
| 603,178                       | 152,784                            | 113,354                      | 2,677,591                    | 128,270                   |
| 435                           | (1,783)                            | 3,510                        | (86,797)                     | (140,972)                 |
| (2,208)                       | -                                  | -                            | (244,584)                    | (56,827)                  |
| (1,714)                       | (93)                               | 707                          | (112)                        | 2,677                     |
| (5,594)                       | 6,189                              | 17,183                       | (216,134)                    | (33,552)                  |
| -                             | -                                  | -                            | -                            | 230,996                   |
| -                             | -                                  | (14,037)                     | (14,037)                     | -                         |
| <u>594,097</u>                | <u>157,097</u>                     | <u>120,717</u>               | <u>2,115,927</u>             | <u>130,592</u>            |
| <u>\$ 617,204</u>             | <u>\$ 63,961</u>                   | <u>\$ 47,297</u>             | <u>\$ 4,304,352</u>          | <u>\$ (620,143)</u>       |
| 87,881                        | 6,457                              | 1,340,688                    | 1,593,119                    | 1,056,235                 |
| -                             | -                                  | (4,500)                      | (4,500)                      | -                         |
| -                             | -                                  | (1,941)                      | (1,941)                      | -                         |

(Concluded)

**CITY OF WINFIELD**

**FIDUCIARY FUNDS**

**STATEMENT OF NET ASSETS**

**DECEMBER 31, 2003**

|                             | <u>Private-Purpose<br/>Trust</u> | <u>Agency<br/>Funds</u> |
|-----------------------------|----------------------------------|-------------------------|
| <b>Assets</b>               |                                  |                         |
| Pooled cash and investments | \$ 88,553                        | 13,594                  |
| Accounts receivable         | <u>62,461</u>                    | <u>-</u>                |
| Total assets                | <u>151,014</u>                   | <u>13,594</u>           |
| <b>Liabilities</b>          |                                  |                         |
| Accounts payable            | <u>-</u>                         | <u>13,594</u>           |
| <b>Net Assets</b>           | <u><u>\$ 151,014</u></u>         | <u><u>\$ -</u></u>      |

See accompanying notes to financial statements

# CITY OF WINFIELD

## FIDUCIARY FUNDS STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2003

|                                    | <u>Private-Purpose<br/>Trust</u> |
|------------------------------------|----------------------------------|
| <b>Additions</b>                   |                                  |
| Interest                           | \$ 52,130                        |
| CDBG loan payments                 | 50,932                           |
| Other                              | <u>1,491</u>                     |
| Total additions                    | <u>104,553</u>                   |
| <b>Deductions:</b>                 |                                  |
| Expenditures                       | <u>685</u>                       |
| <b>Change in net assets</b>        | 103,868                          |
| Net assets - beginning of the year | <u>47,146</u>                    |
| Net assets - end of the year       | <u><u>\$ 151,014</u></u>         |

See accompanying notes to financial statements

# CITY OF WINFIELD, KANSAS

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# **CITY OF WINFIELD, KANSAS**

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# **CITY OF WINFIELD, KANSAS**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED DECEMBER 31, 2003**

#### **1. Summary of Significant Accounting Policies**

The City of Winfield, Kansas was founded in 1869. Located in the northern half of Cowley County, Winfield has a population of 12,016 living within an area of 12 square miles. The City operates under a charter adopted February 2, 1873, and a Commission/ Manager form of government.

##### **A. Reporting Entity**

The accompanying financial statements present the financial activity of the City, which is the primary government presented, along with the financial activities of its component units, entities for which the City is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (1) the City's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the City.

##### **1) Blended Component Unit**

Blended component units, although legally separate entities, are, in substance, part of the government's operations. Winfield Area Emergency Medical Service (WAEMS) operates the local area ambulance service and is governed by the City Commission. The City Commission has contracted with William Newton Hospital to oversee the daily operations of the emergency medical service. WAEMS is treated as a governmental fund of the City.

##### **2) Discretely Presented Component Units**

*Winfield Public Library* - operates the City's public library. The library has its own financing levy under Kansas Statutes, and the Library tax levy is included in the total City tax levy. Library tax distributions are paid to the City, and the City in turn distributes to the Library. The City appoints all Library Board members, and the City must approve acquisition or disposition of real property by the Library Board.

*Winfield Housing Authority* - operates the City's housing projects. The City created the Winfield Housing Authority as its agent in 1978, under K.S.A 17-2340. The City has delegated to the Housing Authority the power to operate and manage the low-rent housing projects of the City. The City of Winfield is financially accountable for the Housing Authority, and appoints all Housing Authority board members. The Housing Authority is on a June 30 fiscal year end. Data included in these financial statements are for the fiscal year ended June 30, 2003. The financial statements of the Winfield Housing Authority for this period were reviewed, not audited.

All component units of the City are considered to be nonmajor funds. Complete financial statements of the individual component units can be obtained from their respective administrative offices listed below:

Winfield Public Library  
605 College  
Winfield, KS 67156

Winfield Housing Authority  
1417 Pine Terrace  
Winfield, KS 67156

Winfield Area Emergency  
Medical Services  
500 East 5<sup>th</sup> Ave  
Winfield, KS 67156

##### **3) Joint Ventures**

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

*Strother Field Airport and Industrial Park* – The Cities of Winfield and Arkansas City, Kansas entered into an interlocal agreement to create the Strother Field Commission. Commissioners from both cities comprise the Strother Field governing body, and the two cities jointly own Strother Field. The cities provide no financial support to Strother Field. Separate audited financial statements are available from Strother Field Airport and Industrial Park. Below is selective information pulled from the December 31, 2003 Strother Field audited financial statements:

|                                       |            |
|---------------------------------------|------------|
| Operating revenues                    | \$ 468,180 |
| Operating expenses                    | 478,673    |
| Nonoperating rev/exp                  | 4,738      |
| Transfers to grant funds              | (926)      |
| Net income                            | (6,682)    |
| Net working capital                   | 332,041    |
| Total equity                          | 93,741     |
| Total assets (excluding fixed assets) | 402,939    |

*Arkansas City/Winfield Recycling Center* – The Cities of Winfield and Arkansas City, Kansas entered into an interlocal agreement to jointly purchase and operate a recycling center. Records are maintained by the City of Winfield; both cities share equally in the costs and recycling revenues. No financial statements are prepared for this joint venture. Further financial information can be obtained through the City of Winfield, 200 E. 9<sup>th</sup>, Winfield, KS 67156. Below is a summary of 2003 revenues and expenses for the recycling center.

|                      |           |
|----------------------|-----------|
| Recycling revenues   | \$ 41,520 |
| Recycling expenses   | 72,132    |
| Depreciation expense | 5,082     |

#### 4) Related Organizations

A related organization is an organization for which a primary government is accountable because that government appoints a voting majority of the Board, but is not financial accountable.

*William Newton Hospital* – The City Commission is responsible for appointing the Board members of the Hospital, but the City's accountability for this organization does not extend beyond making appointments.

### B. Government-Wide and Fund Financial Statements

The government-wide financial statements report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported discretely from the legally separate *component units* for which the primary government is financially accountable.

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

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

The *government-wide financial statements* are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is

incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Sales tax and other taxes, franchise fees, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Special assessments receivable that are not due within the current fiscal period and not susceptible to accrual are recorded as deferred revenue. All other revenue items are considered to be measurable and available only when cash is received.

The following major governmental funds are reported:

The General fund is the principal fund of the City that accounts for all financial transactions not accounted for in other funds. The majority of current operating expenditures of the City, other than proprietary fund activities, are financed through revenues received by the General fund. Its revenues consist primarily of taxes, investment income, licenses and permits, intergovernmental shared revenues, charges for services, fines, and payments in lieu of taxes from both city-owned and external utilities. General fund expenditures represent the general administration costs of government, and public safety (fire, police, and buildings inspection), parks and recreational facilities, and cemetery maintenance.

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

The Capital Improvements fund accounts for major capital improvements of the city (other than those financed in proprietary funds), financed primarily through one-half of the local sales tax revenues, issuance of general obligation bonds, and other City transfers.

The City reports the following major proprietary funds:

The Electric Utility fund accounts for the operation and maintenance of the City's electric generation and distributions system. The city purchases electricity, and maintains a 40.95 KW generation capacity. Electric service is provided to more than 8,100 meters both within the city and in surrounding areas, and sold wholesale to two other cities

The Gas Utility fund accounts for the operation and maintenance of the City's gas distribution system. The City purchases natural gas, and provides service to approximately 5,450 meters.

The Water Utility fund accounts for the operation and maintenance of the City's water treatment plant and the water distribution system. The Winfield City Lake provides an adequate quality supply of water to Winfield citizens, providing water to approximately 5,280 meters. The City also provides water to five rural water districts and two neighboring towns.

The Wastewater Utility fund accounts for the operation and maintenance of the City's wastewater collection system and wastewater treatment plant. The City collects and treats effluent of City residents, providing service throughout the City to more than 4,600 households.

The Quail Ridge Golf Course fund accounts for the operation and maintenance of the City-owned, four-star rated, 18-hole golf course. The course was constructed in 1991. Approximately 25,000 rounds were played on the course in 2003.

The City also reports the following fund types:

A permanent fund is used to report an endowment restricted to the perpetual care of municipal cemeteries.

Capital project funds are used to account financial resources used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds.

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost reimbursement basis and to account for the City's self-insurance activities.

Agency funds are used to report resources held by the City in a custodial capacity for remittance of fiduciary resources to individuals, private organizations or other governments.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

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

Amounts reported as program revenues include [1] charges to customers or applicants for goods, services, or privileges provided, [2] operating grants and contributions, and [3] capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. Principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for enterprise and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these criteria are reported as nonoperating revenues and expenses.

#### **D. Pooled Cash and Temporary Investments**

Cash resources of the individual funds are combined to form a pool of cash and temporary investments. In addition to City-owned money-market and checking accounts, investments of the pooled accounts consist primarily of certificates of deposits and repurchase agreements. Interest income is allocated to the appropriate funds, based on the ratio of each individual fund cash balance to the total cash balance.

#### **E. Property Taxes and Other Receivables**

In accordance with 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 a lien on the property and are recorded as taxes receivable, net of anticipated delinquencies, with a corresponding amount recorded as deferred revenue on the balance sheet of the appropriate funds. It is not practicable to apportion

delinquent taxes held by the County Treasurer at the end of the year and, further, the amounts thereof are not material in relationship to the financial statements taken as a whole.

Recognized State-shared taxes represent payments received during the current fiscal period, and amounts collected or due to the State on behalf of the City at year-end.

Federal and state grant aid is reported as revenue when the related reimbursable expenditures are incurred. Unrestricted aid is reported as revenue in the fiscal year the entitlement is received.

#### **F. Revenue Recognition for Proprietary Funds**

The proprietary funds follow the policy of recognizing revenue on sales when services are rendered. The electric, gas, water, refuse, wastewater, and stormwater drainage utilities recognize revenues for unbilled services. All users, including other City departments, are charged for services provided by the respective proprietary funds. Account receivable represent uncollected charges (both billed and unbilled) at December 31, net of amounts estimated to be uncollectible.

#### **G. Special assessments receivable**

State 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 general obligation bonds are recorded as revenue in the appropriate project. Special assessments received after the issuance of general obligation bonds are recorded as revenue in the debt service fund. State statutes allow levying additional ad valorem property taxes in the City's debt service fund to finance delinquent special assessments receivable, if necessary. Special assessments receivable are accounted for within the debt service fund. Special assessments are levied over a ten-year period and the annual installments are due and payable with annual ad valorem property taxes. Delinquent assessments against property benefited by special assessments constitute a lien against such property. When assessments are two years in arrears, they may be collected by foreclosure. At December 31, the special assessment taxes levied are a lien on the property and are recorded as special assessments receivable in the debt service fund with a corresponding amount recorded as deferred revenue.

#### **H. Inventories, Advances, and Prepaid Expenses**

Inventories and prepaid expenses that benefit future periods, other than those recorded in the proprietary fund types, are recorded as expenditures during the year of purchase. A perpetual inventory is maintained in the Central Stores Fund. Cash advances from the general, electric, gas, water, sewer, and service center financed this fund's creation. Inventories are stated at the lower of cost or market, cost being determined by the average unit cost method.

#### **I. Restricted Assets**

The City has outstanding certificates of participation debt in the golf course and refuse funds. In conjunction with this debt, outside trustees hold cash and investments on behalf of the City in restricted accounts, to be used only for payment of principal and interest.

#### **J. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$500, and dependent on the type of asset. Donated capital assets are recorded at their estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of an asset are not capitalized.

With the implementation of GASB Statement 34, the City has recorded all its public domain (infrastructure) capital assets placed in service after January 1, 1980, which includes roads, bridges, curbs and gutters, streets and sidewalks, and drainage systems.

Major outlays for capital assets and improvements are capitalized as projects are completed. For proprietary funds, interest costs incurred to bring certain assets to the condition and location necessary for their intended use are capitalized as part of the historical cost of acquiring the assets.

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

|                               | <u>Asset</u>                     | <u>Life (Years)</u> |
|-------------------------------|----------------------------------|---------------------|
| For all funds:                |                                  |                     |
|                               | Buildings                        | 40-50               |
|                               | Equipment                        | 5-15                |
|                               | Vehicles                         | 8                   |
|                               | Meters                           | 20-30               |
| Specific to Enterprise Funds: |                                  |                     |
| Electric utility              | Electric generation plants       | 30-35               |
|                               | Transformers                     | 15-20               |
|                               | Electric poles                   | 25                  |
|                               | Conductors and related equipment | 35                  |
| Gas utility                   | Gas mains and lines              | 40-75               |
| Water utility                 | Water treatment plant            | 30-50               |
|                               | Water mains and lines            | 30-65               |
| Sewer utility                 | Sewer mains                      | 50-75               |
|                               | Lift stations                    | 25                  |
| Golf course                   | Improvements                     | 20-30               |

#### **K. Payments in Lieu of Franchise Fees**

The electric, gas, water, and refuse utilities pay monthly in lieu of franchise fees monthly to the general fund, in amounts ranging from 5% to 6.5% of gross sales. The percentages are determined annually by the City and included in the annual budget.

#### **L. Compensated Absences**

All permanent full-time employees of the City are eligible for vacation benefits in varying annual amounts. For those employees with less than 10 years employment service for the City, vacation days are accumulated at the rate of 1 day for each month of employment, with a maximum of eighteen days. If employed 10 years or more, the rate is 1 ½ days per month, with a maximum of 24 days. Sick leave is accumulated at the rate of 1 day per month, regardless of the length of employment, with the accumulated carryover not to exceed 90 days. There is no liability for unpaid accumulated sick leave since the City does not pay accumulated sick leave to employees separating from service. All vacation pay is accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee terminations and retirements.

#### **M. Statement of Cash Flows**

The reporting entity defines cash and cash equivalents used in the statement of cash flows as all cash and temporary investments (both restricted and unrestricted).

#### **N. Estimates**

Preparation of financial statements in conformity with GAAP requires making estimates and assumptions that affect: [1] the reported amounts of assets and liabilities, [2] disclosures such as

contingencies, and [3] the reported amounts of revenues and expenditures or expenses included in the financial statements. Actual results could differ from those estimates.

**O. Deficit Net Assets Balance**

The Quail Ridge Golf Course Fund has a deficit net assets balance of (\$280,845) at December 31, 2003. The City provides operating transfers of surplus cash from other funds to supplement the golf course operations and debt payments as necessary.

**P. Deficit Fund Balance**

The Fairways Projects, a capital project fund, had a deficit fund balance of \$(55,871) at December 31, 2003. The City authorized temporary notes issuance in 2003 to fund this construction, and those notes were issued in February 2004.

**2. Budgetary Control**

Applicable Kansas Statutes require that annual budgets be legally adopted for all funds (including proprietary funds) unless exempted by a specific statute. Funds exempted from legally adopted budgets include all capital project funds (including capital projects of proprietary funds); three special revenue funds: the COPS grant fund (a federal grant), Winfield Area EMS fund (a blended component unit), the equipment reserve fund; all fiduciary funds; and two internal service funds: the central stores fund and the A/R financing fund. Controls over spending in funds that are not subject to legal budgets are maintained by the use of internal spending limits established by management, federal regulations, or other statutes. K.S.A. 79-2926 et seq. 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 of each year.
- [2] Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5 of each year. A minimum of ten days' notice of public hearing, published in local newspaper, on or before August 15 of each year.
- [3] Adoption of the final budget on or before August 25 of each year.

K.S.A. 79-2927 requires that all money to be raised by taxation and from all other sources for the ensuing budget year must be appropriated. The law does not permit an appropriation for sundry or miscellaneous purposes in excess of ten percent of the total. The budget for each fund with tax levies may include a non-appropriated balance not to exceed five percent of the total of each fund.

Kansas statutes prohibit creating expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. In accordance with Kansas statutes, the legal level of control for the city is established at the individual fund level, also permitting the transfer of budgeted amounts from one object or purpose to another within the same fund. All annual appropriations lapse at the end of the year, except for outstanding encumbrances, which carry over to the following fiscal year. Kansas statutes permit original budgets to be increased for previously unbudgeted increases in revenue other than ad valorem property taxes. The City must first publish a notice of hearing to amend the budget. Ten days after publication, a public hearing is held and the governing body may amend the budget at that time. Budgetary data presented in the financial statements represent the revised budgeted amounts and includes the following expenditures revision for increases in revenue other than ad valorem property taxes:

| Proprietary Funds     | Original<br>Budget | Increase  | Amended<br>Budget |
|-----------------------|--------------------|-----------|-------------------|
| Gas Fund              | \$5,323,635        | \$476,365 | \$5,800,000       |
| Special Parks and Rec | 52,957             | 47,043    | 100,000           |

### 3. Budget/GAAP Reconciliation

Budgets are prepared on a basis (budgetary basis) different from generally accepted accounting principles (GAAP basis). For budgeting, revenues are recognized when received. Expenditures include cash disbursements, payables, and encumbrances (purchases orders, contracts, and other commitments). Encumbrances are reflected as a reservation of fund balance (GAAP) as opposed to the equivalent of expenditures (budgetary). Adjustments necessary to convert the net change in fund balances and the ending fund balances from GAAP basis to budgetary basis for the general fund is as follows:

|                                   | Net change in<br>fund balance |
|-----------------------------------|-------------------------------|
| General Fund balance - GAAP basis | (\$188,257)                   |
| Accrued revenue:                  |                               |
| December 31, 2003                 | (182,543)                     |
| December 31, 2002                 | 177,637                       |
| Assets held for resale            |                               |
| December 31, 2003                 | (48,432)                      |
| December 31, 2002                 | 97,997                        |
| Encumbrances:                     |                               |
| December 31, 2003                 | (1,972)                       |
| December 31, 2002                 | 29,228                        |
| Budgetary basis                   | <u>(\$116,342)</u>            |

### 4. Compliance with Kansas Statutes

Management is aware of the following instance of noncompliance with Kansas statutes during the year ended December 31, 2003:

K.S.A. 12-1680 requires second-class cities to publish quarterly statements of budgetary basis receipts and expenditures, along with debt information. The City did not publish the second quarter of 2003 in the local newspaper.

### 5. Pooled Cash Deposits and Investments

At year end, the reporting entity's deposits and investments were comprised of the following:

|   | Primary<br>Government | Component<br>Units | Total                |
|---|-----------------------|--------------------|----------------------|
| Cash on hand                                      | \$ 1,850              | \$ -               | \$ 1,850             |
| Bank deposits                                     | 12,121,603            | 307,010            | 12,428,613           |
| Deposits held by third-party trustees, restricted | 209,048               | -                  | 209,048              |
| Overnight repurchase agreement                    | 893,243               | -                  | 893,243              |
| Total   | <u>\$ 13,225,744</u>  | <u>\$ 307,010</u>  | <u>\$ 13,532,754</u> |

Reconciliation to funds:

|                               |                |
|-------------------------------|----------------|
| General fund                  | \$ 551,565     |
| Capital project funds         | 150,173        |
| Capital improvements fund     | 653,787        |
| Special revenue funds         | 2,199,472      |
| Debt service fund             | 382,053        |
| Permanent fund                | 6,000          |
| Enterprise funds              | 7,019,962      |
| Enterprise funds - restricted | 209,048        |
| Internal service funds        | 1,951,537      |
| Fiduciary funds               | 102,147        |
| Component units               | <u>307,010</u> |

Total deposits and investments \$ 13,532,754

### *Cash deposits*

State law (K.S.A. 9-1402) requires that collateral be pledged equal to or greater than 100 percent of the market value of the reporting entity's deposits. All City deposits with financial institutions are fully insured or collateralized by securities held by a third-party in the City's name.

### *Investments*

State law (K.S.A. 12-1675-12-1677) allow monies, not otherwise regulated by statute, to be invested in:

- a. Temporary notes of the City of Winfield
- b. Time deposits, open accounts or certificates of deposits with maturities of not more than four years
- c. Repurchase agreements with commercial banks, state or federally chartered savings and loan associations, which have offices located in the City
- d. U.S. treasury bills or notes with maturities not exceeding four years
- e. U.S. government-agency securities with a maturity of not more than four years that do not have any more interest rate risk than U.S. government obligations or similar maturities
- f. The municipal investment pool fund operated by the State Treasurer

State law (K.S.A. 10-131) allows investment of the proceeds of bonds and temporary notes in the following, in addition to those stated above:

- a. U.S. Government and agency obligations
- b. Time deposits with banks and trust companies
- c. FNMA, FHLB and FHLMC obligations
- d. Collateralized repurchase agreements
- e. Mutual funds with portfolios consisting entirely of obligations of the U.S. government, U.S. Government agencies, FNMA, FHLB, and FHLMC
- f. Certain Kansas municipal bonds

The City's investments include the following:

- Overnight repurchase agreement, valued at cost. The investments underlying the repurchase agreement are fully collateralized by securities held by a third-party trustee in the City's name.
- Funds restricted for debt payment of certain certificates of participation amounting to \$209,048 are invested by trustees in allowable mutual funds and held under trust indentures. The City's policy is not to reflect any eligible investments at amortized cost, and had no such investments during 2003.

## **6. Receivables**

### **A. Utility Receivables**

The City operates six utilities. Each month, utilities receivables of each of these enterprise funds are "sold", for the estimated net amount collectible, to the Accounts Receivable Financing Fund. Unbilled receivables, that have not been sold to the Accounts Receivable Financing Fund at the end of the year, are reflected in the respective funds as accounts receivable. Below is a summary of the receivables included in the Accounts Receivable Financing Fund and the next unbilled receivables included in the utility funds at December 31, 2003:

|  |                     |
|--|---------------------|
| Utility receivables, accounts receivable financing fund                | \$ 2,395,609        |
| Less provision for uncollectible accounts                              | (538,704)           |
| Net  | <u>1,856,905</u>    |
| Net unbilled utility receivables, individual                           |                     |
| Net unbilled utility receivables, individual utility funds             | 837,112             |
| Total utility receivables, net of provision for uncollectible accounts | \$ <u>2,694,017</u> |

## B. Long-term Receivables

The City entered in several interlocal agreements in prior years with other local governmental entities, related to debt financing and repayment arrangements. The City included project costs of these entities in general obligation bond issues, and the interlocal agreements provide for repayment of the principal, interest, and issuance costs to the City over set time periods. Below is a summary of the receivables as of December 31, 2003:

|      | Total<br>Payments<br>Due | [1]Winfield<br>Public<br>Library | [2]Winfield<br>Recreation<br>Commission | [3]Strother<br>Field Ind<br>Park | City of<br>Arkansas<br>City | Cowley<br>County |
|------|--------------------------|----------------------------------|---|----------------------------------|-----------------------------|------------------|
| 2004 | \$ 134,478               | \$ 10,454                        | \$ 39,174                               | \$ 59,850                        | \$ 15,000                   | \$ 10,000        |
| 2005 | 130,982                  | 10,454                           | 37,578                                  | 57,950                           | 15,000                      | 10,000           |
| 2006 | 127,437                  | 10,454                           | 35,983                                  | 56,000                           | 15,000                      | 10,000           |
| 2007 | 123,841                  | 10,454                           | 34,387                                  | 54,000                           | 15,000                      | 10,000           |
| 2008 | 120,246                  | 10,454                           | 32,792                                  | 52,000                           | 15,000                      | 10,000           |
| 2009 | 41,650                   | 10,454                           | 31,196                                  | -                                | -                           | -                |
| 2010 | 10,454                   | 10,454                           | -                                       | -                                | -                           | -                |
| 2011 | 10,454                   | 10,454                           | -                                       | -                                | -                           | -                |
| 2012 | 10,454                   | 10,454                           | -                                       | -                                | -                           | -                |
|      | <u>\$ 709,996</u>        | <u>\$ 94,086</u>                 | <u>\$ 211,110</u>                       | <u>\$ 279,800</u>                | <u>\$ 75,000</u>            | <u>\$ 50,000</u> |

[1] Winfield Public Library is a discrete component unit of the City, and is reflected on the government-wide Statement of Net Assets as 'Due From Component Units'

[2] Winfield Recreation Commission is a discrete component unit of the local school district.

[3] Strother Field Industrial Park is jointly owned with the City of Arkansas City, described further in note 1.A.3.

## 7. Changes in General Fixed Assets

Capital asset activity of the primary government for the year ended December 31, 2003 was as follows:

|  | Balance<br>January 1 | Additions           | Deletions           | Transfers             | Balance<br>December 31 |
|--|----------------------|---------------------|---------------------|-----------------------|------------------------|
| <b>Governmental activities:</b>              |                      |                     |                     |                       |                        |
| Capital assets, not being depreciated:       |                      |                     |                     |                       |                        |
| Land   | \$ 1,714,444         | \$ -                | \$ -                | \$ -                  | \$ 1,714,444           |
| Construction in progress                     | 1,228,922            | 1,568,551           | -                   | (2,685,862)           | 111,611                |
| Total capital assets, not being depreciated  | <u>2,943,366</u>     | <u>1,568,551</u>    | <u>-</u>            | <u>(2,685,862)</u>    | <u>1,826,055</u>       |
| Capital assets, being depreciated:           |                      |                     |                     |                       |                        |
| Buildings                                    | 7,958,920            | 776,282             | (57,479)            | 528,534               | 9,206,257              |
| Other improvements/infrastructure            | 9,988,875            | 1,154,851           | -                   | 12,146                | 11,155,872             |
| Machinery and equipment                      | 6,443,212            | 298,737             | (188,158)           | 47,673                | 6,601,464              |
| Total capital assets, being depreciated      | <u>24,391,007</u>    | <u>2,229,870</u>    | <u>(245,637)</u>    | <u>588,353</u>        | <u>26,963,593</u>      |
| Less accumulated depreciation for:           |                      |                     |                     |                       |                        |
| Buildings                                    | (1,389,913)          | (189,832)           | -                   | -                     | (1,579,745)            |
| Infrastructure                               | (2,358,328)          | (154,102)           | -                   | (47,364)              | (2,559,794)            |
| Machinery and equipment                      | (3,927,484)          | (570,389)           | 131,407             | 23,636                | (4,342,830)            |
| Less accumulated depreciation                | <u>(7,675,725)</u>   | <u>(914,323)</u>    | <u>131,407</u>      | <u>(23,728)</u>       | <u>(8,482,369)</u>     |
| Total capital assets, being depreciated, net | <u>\$ 19,658,648</u> | <u>\$ 2,884,098</u> | <u>\$ (114,230)</u> | <u>\$ (2,121,237)</u> | <u>\$ 20,307,279</u>   |

|  | Balance<br>January 1 | Additions          | Deletions           | Transfers           | Balance<br>December 31 |
|--|----------------------|--------------------|---------------------|---------------------|------------------------|
| <b>Business activities:</b>                  |                      |                    |                     |                     |                        |
| Capital assets, not being depreciated:       |                      |                    |                     |                     |                        |
| Land   | \$ 820,867           | \$ -               | \$ -                | \$ -                | \$ 820,867             |
| Construction in progress                     | 295,195              | 482,217            | (295,195)           | -                   | 482,217                |
| Total capital assets, not being depreciated  | <u>1,116,062</u>     | <u>482,217</u>     | <u>(295,195)</u>    | <u>-</u>            | <u>1,303,084</u>       |
| Capital assets, being depreciated:           |                      |                    |                     |                     |                        |
| Buildings                                    | 11,243,957           | 41,612             | (618,000)           | 472,661             | 11,140,230             |
| Other improvements/infrastructure            | 47,956,226           | 1,641,720          | (1,047,901)         | 1,617,889           | 50,167,934             |
| Machinery and equipment                      | 21,334,097           | 746,520            | (195,541)           | 6,960               | 21,892,036             |
| Total capital assets, being depreciated      | <u>80,534,280</u>    | <u>2,429,852</u>   | <u>(1,861,442)</u>  | <u>2,097,510</u>    | <u>83,200,200</u>      |
| Less accumulated depreciation for:           |                      |                    |                     |                     |                        |
| Buildings                                    | (3,105,225)          | (524,913)          | 125,661             | -                   | (3,504,477)            |
| Infrastructure                               | (18,789,854)         | (1,416,340)        | 1,027,860           | -                   | (19,178,334)           |
| Machinery and equipment                      | <u>(11,773,478)</u>  | <u>(800,474)</u>   | <u>103,508</u>      | <u>23,729</u>       | <u>(12,446,715)</u>    |
|  | <u>(33,668,557)</u>  | <u>(2,741,727)</u> | <u>1,257,029</u>    | <u>23,729</u>       | <u>(35,129,526)</u>    |
| Total capital assets, being depreciated, net | <u>\$ 47,981,785</u> | <u>\$ 170,342</u>  | <u>\$ (899,608)</u> | <u>\$ 2,121,239</u> | <u>\$ 49,373,758</u>   |

## 8. Depreciation allocations

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

### Governmental activities:

|  |                   |
|--|-------------------|
| General government                                   | \$ 81,345         |
| Public safety  | 202,606           |
| Public works   | 167,855           |
| Cemetery   | 20,176            |
| Culture and recreation                               | 325,886           |
| Health and welfare                                   | 56,680            |
| Total depreciation expense - governmental activities | <u>\$ 854,548</u> |

### Business-type activities:

|   |                     |
|---|---------------------|
| Electric  | 1,436,966           |
| Gas   | 164,121             |
| Water   | 207,188             |
| Refuse  | 97,541              |
| Wastewater  | 603,178             |
| Stormwater drainage                                   | 15,813              |
| Golf course   | 152,784             |
| Total depreciation expense - business-type activities | <u>\$ 2,677,591</u> |

## 9. Temporary Notes

Kansas law permits the issuance of temporary notes to finance certain capital improvement projects which will be refinanced with general obligation bonds. Prior to the issuance of the temporary notes, the City must take the necessary legal steps to authorize the issuance of general obligation bonds. Temporary notes issued may not exceed the aggregate amount of bonds authorized, are interest bearing and have a maturity date not later than four years from the date of issuance. During 2003, the City issued \$16,755 in temporary notes.

## 10. Long-Term Debt

### A. Capitalized Lease Obligations

The City has entered into lease agreements as lessee for financing the purchase of several assets. Such leases qualify as capital leases for accounting purposes and, accordingly, have been recorded at the present value of the minimum payments at the date of lease inception. The total cost of those assets being purchased through capital leases amount to \$134,024 of governmental activities assets and \$1,462,555 of business-type activities assets. Below is a listing of the capital leases payable at December 31, 2003:

|                                | Interest<br>Rate | Balance<br>December 31 |
|--------------------------------|------------------|------------------------|
| Governmental activities        |                  |                        |
| Street sweeper                 | 3.30             | \$ 92,417              |
| Storage Building               | 4.85             | 9,128                  |
| Total governmental activities  |                  | <u>\$ 101,545</u>      |
| Business-type activities       |                  |                        |
| Recycling building             | 5.50             | \$ 30,000              |
| Electric utility trucks        | 3.60             | 265,506                |
| Mower                          | 6.90             | 16,314                 |
| Cooling tower improvements     | 4.78             | 777,546                |
| Total business-type activities |                  | <u>\$ 1,089,366</u>    |

The annual debt service requirements to maturity for capital lease obligations are as follows:

| Year<br>Ending<br>Dec 31 | Government activities |                 | Business-type activities |                   |
|--------------------------|-----------------------|-----------------|--------------------------|-------------------|
|                          | Principal             | Interest        | Principal                | Interest          |
| 2004                     | \$ 38,853             | \$ 3,624        | \$ 329,112               | \$ 49,550         |
| 2005                     | 30,837                | 2,069           | 343,096                  | 35,016            |
| 2006                     | 31,855                | 1,051           | 208,763                  | 20,282            |
| 2007                     | -                     | -               | 208,395                  | 10,100            |
|                          | <u>\$ 101,545</u>     | <u>\$ 6,744</u> | <u>\$ 1,089,366</u>      | <u>\$ 114,948</u> |

### B. Refunding Certificates of Participation

The City issued \$3,605,000 in refunding certificates of participation on March 15, 2003. See note 10.L. below for refunding details. Below is a summary of the certificates outstanding at December 31, 2003.

|                                | Interest<br>Rate | Balance<br>December 31 |
|--------------------------------|------------------|------------------------|
| Governmental activities:       |                  |                        |
| Recreation complex             | 2.00-3.40        | <u>\$ 481,950</u>      |
| Business-type activities:      |                  |                        |
| Electric generators            | 2.00-4.00        | 660,383                |
| Quail Ridge golf course        | 2.00-4.00        | 2,462,667              |
| Total business-type activities |                  | <u>\$ 3,123,050</u>    |

The annual debt service requirements to maturity for the refunding certificates of participation are as follows:

| Year Ending<br>December 31 | Governmental Activities |                   |                  |
|----------------------------|-------------------------|-------------------|------------------|
|                            | Total                   | Principal         | Interest         |
| 2004                       | \$ 88,398               | \$ 70,403         | \$ 17,995        |
| 2005                       | 88,399                  | 78,484            | 9,915            |
| 2006                       | 88,398                  | 80,069            | 8,329            |
| 2007                       | 88,398                  | 81,894            | 6,504            |
| 2008                       | 88,397                  | 84,180            | 4,217            |
| 2009-2011                  | 88,398                  | 86,920            | 1,478            |
|                            | <u>\$ 530,388</u>       | <u>\$ 481,950</u> | <u>\$ 48,438</u> |

| Year Ending<br>December 31 | Business-type Activities |                     |                   |
|----------------------------|--------------------------|---------------------|-------------------|
|                            | Total                    | Principal           | Interest          |
| 2004                       | \$ 449,961               | \$ 314,597          | \$ 135,364        |
| 2005                       | 451,193                  | 371,516             | 79,677            |
| 2006                       | 452,091                  | 379,930             | 72,161            |
| 2007                       | 451,617                  | 388,107             | 63,510            |
| 2008                       | 448,543                  | 395,821             | 52,722            |
| 2009-2011                  | 1,347,010                | 1,273,079           | 73,931            |
|                            | <u>\$ 3,600,415</u>      | <u>\$ 3,123,050</u> | <u>\$ 477,365</u> |

**C. General Obligation Bonds Payable**

General obligation bonds outstanding at December 31, 2003 are as follows:

|                           | Interest<br>Rate | Final<br>Maturity<br>Date | Total<br>12/31/03   |
|---------------------------|------------------|---------------------------|---------------------|
| Series 153 GO refunding   | 4.35-6.35        | 2004                      | 65,000              |
| 1) Series 1998-A GO       | 3.60-5.00        | 2008                      | 1,225,000           |
| 2) Series 1999A - GO      | 4.70-6.25        | 2019                      | 2,785,000           |
| Series 2001A GO           | 3.95-5.65        | 2011                      | 385,000             |
| 3) Series 2002A GO        | 3.00-4.10        | 2012                      | 630,000             |
| Series 2002B GO refunding | 3.00-4.10        | 2015                      | 2,055,000           |
| Series 2003A GO           | 2.00-4.00        | 2018                      | 2,710,000           |
| Total GO bonds            |                  |                           | <u>\$ 9,855,000</u> |

1) \$1,250,000 of the 1998A general obligation bond issue was to finance an economic development grant. In conjunction with this grant, the City entered into an interlocal agreement with the City of Arkansas City, Kansas and Cowley County, Kansas. The agreement states Arkansas City will pay the City of Winfield \$15,000 for ten consecutive years (\$150,000), and Cowley County will pay the City of Winfield \$10,000 for ten consecutive years (\$100,000), as their shares of funding the grant.

Another portion of the 1998A general obligation issue, \$500,000, was used to make public water supply system improvements at Strother Field. The City of Winfield entered into an interlocal agreement with Strother Field Airport/Industrial Park (a related organization) whereby Strother Field will reimburse the City \$500,000 over the term of the bond issue.

2) \$300,000 of the 1999A general obligation issue proceeds was used for building improvements for a City-owned building leased to the Winfield Recreation Commission. The City of Winfield entered into an interlocal agreement with the Winfield Recreation Commission, whereby the Commission will reimburse the City \$300,000 over a ten year period.

3) \$85,000 of the 2002A general obligation issues proceeds was used for building improvements at the Winfield Public Library. The City of Winfield entered into an interlocal agreement with the Winfield Public Library, whereby the Library will reimburse the City \$85,000 over a ten year period. The remaining \$600,000 of the 2002A issue was for several city building and infrastructure maintenance projects.

See Note 6.B. for details on the receivable balances related to these debt issues.

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

| Year Ending<br>Dec 31 | Total                | Principal           | Interest            |
|-----------------------|----------------------|---------------------|---------------------|
| 2004                  | \$ 1,347,600         | \$ 920,000          | \$ 427,600          |
| 2005                  | 1,298,313            | 940,000             | 358,313             |
| 2006                  | 1,289,611            | 965,000             | 324,611             |
| 2007                  | 1,240,938            | 950,000             | 290,938             |
| 2008                  | 1,177,653            | 920,000             | 257,653             |
| 2009-2013             | 3,784,460            | 2,925,000           | 859,460             |
| 2014-2018             | 2,370,567            | 2,060,000           | 310,567             |
| 2019                  | 184,625              | 175,000             | 9,625               |
|                       | <u>\$ 12,693,767</u> | <u>\$ 9,855,000</u> | <u>\$ 2,838,767</u> |

#### D. Sales Tax Bonds Payable

At December 31, 2003, the City had the following sales tax bonds outstanding:

|                          | Interest<br>Rate | Final<br>Maturity<br>Date | Governmental<br>Activities |
|--------------------------|------------------|---------------------------|----------------------------|
| 1) Series 1998B          | 3.70-5.50        | 2008                      | \$ 330,000                 |
| 2) Series 2002 refunding | 2.50-3.70        | 2010                      | 690,000                    |
| Total Sales tax bonds    |                  |                           | <u>\$ 1,020,000</u>        |

- 1) The Series 1998-B bonds are general obligations of the City. Principal and interest shall be paid from revenues derived from sales tax collections, and if not so paid, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property within the territorial limits of the City. The City's intent is to use sales tax revenues to pay off this debt.
- 2) The Series 2002 refunding bonds are special obligations of the City, payable solely from amounts received from a citywide one-half cent local option sales tax and a debt service reserve fund established for the payment of the bonds. The taxing power of the City is not pledged to the payment of the bonds or the interest thereon.

Annual debt service requirements to maturity for sales tax revenue bonds are as follows:

| Year Ending<br>Dec 31 | Governmental Activities |                   |
|-----------------------|-------------------------|-------------------|
|                       | Principal               | Interest          |
| 2004                  | \$ 160,000              | \$ 33,705         |
| 2005                  | 170,000                 | 28,925            |
| 2006                  | 175,000                 | 23,765            |
| 2007                  | 185,000                 | 18,085            |
| 2008                  | 185,000                 | 11,720            |
| 2009-2010             | 145,000                 | 6,050             |
|                       | <u>\$ 1,020,000</u>     | <u>\$ 122,250</u> |

**E. Revenue Bonds Payable**

The City had one revenue bond outstanding at December 31, 2003:

|   | Interest<br>Rate | Final<br>Maturity<br>Date | Business-type<br>Activities |
|---|------------------|---------------------------|-----------------------------|
| Electric system refunding<br>1993 issue | 4.0-5.0          | 2004                      | \$ 605,000                  |

Electric utility income is pledged to pay this debt service, which matures in 2004. The final 2004 bond payment will consist of \$605,000 principal, and \$30,250 interest.

**F. KDHE Loans Payable**

At December 31, 2003, the City had the following loans outstanding with the Kansas Department of Health and Environment:

|   | Interest<br>Rate | Final<br>Maturity<br>Date | Business-type<br>Activities |
|---|------------------|---------------------------|-----------------------------|
| Wastewater treatment plant improvements | 3.26             | 2018                      | \$ 6,056,615                |
| 1) Water treatment plant improvements   | 3.78             | 2025                      | 362,823                     |
| Water distribution system improvements  | 4.16             | 2022                      | 2,254,040                   |
|   |                  |                           | <u>\$ 8,673,478</u>         |

- 1) The City has loan authorization to borrow an amount not to exceed \$5,640,000 from the State of Kansas' Drinking Water Loan Fund. The loan is federally funded, to assist public water supply systems in financing infrastructure costs needed to achieve compliance with the federal 1996 amendments to the Safe Water Drinking Act. City water treatment plant improvements began construction in late 2003. At December 31, 2003, the City had expended \$362,823 in project costs, and submitted a loan draw request from the State of Kansas, that was received by the City in 2004. No interest was capitalized in 2003.

The City's loan agreements with KDHE pledge the wastewater and water systems revenues as security for payment of the principal and interest amounts. In addition, the agreements direct the City to levy ad valorem taxes without limitation for debt repayment, if the systems' revenues are insufficient. The City's intent is to generate adequate systems' revenues to meet debt payments.

Annual debt service requirements to maturity for KDHE loans are as follows:

| Year Ending | Business-type activities |                     |                     |
|-------------|--------------------------|---------------------|---------------------|
|             | Total                    | Principal           | Interest            |
| 2004        | \$ 686,527               | \$ 398,713          | \$ 287,814          |
| 2005        | 888,746                  | 592,386             | 296,360             |
| 2006        | 873,000                  | 609,858             | 263,142             |
| 2007        | 686,527                  | 441,695             | 244,832             |
| 2008        | 686,528                  | 457,040             | 229,488             |
| 2009-2013   | 3,432,639                | 2,534,930           | 897,709             |
| 2014-2018   | 3,432,639                | 3,008,117           | 424,522             |
| 2019-2022   | 691,194                  | 630,739             | 60,455              |
|             | <u>\$ 11,377,800</u>     | <u>\$ 8,673,478</u> | <u>\$ 2,704,322</u> |

### G. Long-term Contracts Payable

The City has interlocal agreements with the City of Arkansas City, Kansas related to two joint projects – construction of a county-wide animal shelter and extension of water and sewer services for business expansion. The agreements provide for the City of Winfield to make annual payments to Arkansas City for an agreed upon share of the costs. Below is a summary of the liabilities at December 31, 2003:

|                        | Governmental<br>Activities |
|------------------------|----------------------------|
| Animal shelter         | \$ 234,935                 |
| Water/sewer extensions | 62,985                     |
|                        | <u>\$ 297,920</u>          |

The annual debt service requirements to maturity of these interlocal agreements are as follows:

| Year Ending<br>Dec 31 | Total             |
|-----------------------|-------------------|
| 2004                  | \$ 32,082         |
| 2005                  | 32,233            |
| 2006                  | 32,331            |
| 2007                  | 32,352            |
| 2008                  | 32,431            |
| 2009-2013             | 136,491           |
|                       | <u>\$ 297,920</u> |

### H. Changes in Long-Term Debt

Long-term liability activity for the year ended December 31, 2003 is as follows:

|   | Balance<br>January 1 | Additions           | Payments/<br>Refundings | Balance<br>December 31 | Due within<br>one year |
|---|----------------------|---------------------|-------------------------|------------------------|------------------------|
| <b>Governmental Activities</b>                            |                      |                     |                         |                        |                        |
| General obligation bonds                                  | \$ 7,900,000         | \$ 2,710,000        | \$ 755,000              | \$ 9,855,000           | \$ 920,000             |
| Deferred issuance costs                                   | -                    | (50,958)            | (2,921)                 | (48,037)               | (3,833)                |
| Sales tax revenue bonds                                   | 1,175,000            | -                   | 155,000                 | 1,020,000              | 160,000                |
| Refunding cert of participation                           | -                    | 481,950             | -                       | 481,950                | 70,403                 |
| Capital leases  | 615,010              | 92,417              | 605,882                 | 101,545                | 38,853                 |
| Interlocal agreement debt                                 | 257,201              | 62,985              | 22,266                  | 297,920                | 32,082                 |
| Total long-term liabilities -<br>governmental activities  | <u>\$ 9,947,211</u>  | <u>\$ 3,296,394</u> | <u>\$ 1,535,227</u>     | <u>\$ 11,708,378</u>   | <u>\$ 1,217,505</u>    |
| <b>Business-type Activities</b>                           |                      |                     |                         |                        |                        |
| Electric revenue refunding bond                           | \$ 1,185,000         | \$ -                | \$ 580,000              | \$ 605,000             | \$ 605,000             |
| KDHE loans  | 8,696,316            | 362,823             | 385,661                 | 8,673,478              | 398,714                |
| Refunding cert of participation                           | -                    | 3,123,050           | -                       | 3,123,050              | 314,597                |
| Capital leases  | 4,849,063            | -                   | 3,759,697               | 1,089,366              | 329,112                |
| Deferred refunding gain                                   | -                    | 11,166              | 1,099                   | 10,067                 | 1,389                  |
| Deferred refunding loss                                   | (89,123)             | (55,411)            | (14,229)                | (130,304)              | (17,973)               |
| Deferred issuance costs                                   | (66,677)             | 7,707               | (5,805)                 | (53,165)               | (7,333)                |
| Total long-term liabilities -<br>business-type activities | <u>\$ 14,574,579</u> | <u>\$ 3,449,335</u> | <u>\$ 4,706,423</u>     | <u>\$ 13,317,492</u>   | <u>\$ 1,623,506</u>    |

**I. Revenue Bond Reserve Requirements**

Revenue bond covenants related to the issuance of revenue bonds of the electric fund and to the issuance of sales tax revenue bonds provides for specific deposits to debt service and other related bond reserve and maintenance accounts. At December 31, 2003 the City met all reserve requirements. Below is a summary of the required reserves at December 31, 2003:

|                                       | <u>Principal and<br/>Interest reserve</u> | <u>Replacement<br/>Reserve</u> | <u>Bond<br/>Reserve</u> |
|---------------------------------------|---|--------------------------------|-------------------------|
| Governmental activities:              |   |                                |                         |
| Sales tax revenue 2002 refunding bond | \$ 40,230                                 | \$ 79,000                      | \$ -                    |
| Sales tax revenue 1998B bond          | 24,338                                    | -                              | -                       |
| Business-type activities:             |   |                                |                         |
| Electric revenue 1993 refunding bond  | 170,250                                   | 415,000                        | 50,000                  |

**J. Conduit Debt Obligations**

From time to time the City has issued industrial revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. These are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. The City is not obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. At December 31, 2003, there were six series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$14,313,520.

**K. Prior Years' Debt Defeasance**

In prior years, the City defeased an electric revenue bond by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the financial statements of the City. At December 31, 2003, bonds outstanding of \$585,000 related to business-type activities are considered defeased.

**L. Current Year Debt Defeasances**

*Capital leases refunding* - On March 15, 2003, the City of Winfield issued \$3,605,000 in refunding certificates of participation interest rates ranging from 2% to 4%. The new certificates current refunded \$717,630 in an electric utility capital lease (4.7% interest rate), \$2,700,000 in a municipal golf course capital lease (interest rates ranging from 4% to 5.1%), and \$542,541 in a general obligation capital lease (5.5% interest rate). The new certificates of participation have staggered maturities, final maturity of April 1, 2011.

The bonds were issued at an original issue discount of \$1,296. After payment of \$33,050 in issuance costs, the net proceeds were \$2,258,990, which were used to create an irrevocable escrow account. As a result of this refunding, the City reduced its total debt service requirements by \$355,141, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$218,987. Below is a breakdown between governmental and business-type activities:

|                                     | <u>Governmental<br/>Activities</u> | <u>Business-type<br/>Activities</u> |
|-------------------------------------|------------------------------------|-------------------------------------|
| Current refunded amounts            | \$ 542,541                         | \$ 3,417,630                        |
| Present value of net savings        | 40,000                             | 178,987                             |
| Reduction in debt svce requirements | 59,141                             | 296,000                             |
| Original issue discount (premium)   | (484)                              | 1,760                               |
| Issuance costs                      | 4,507                              | 28,543                              |

## 11. Leases

### A. Long-Term Operating Leases

The City leases certain equipment under long-term non-cancelable operating leases from third-party vendors. Below is a summary of the non-cancelable minimum future rental payments:

| Year Ending<br>December 31   | Governmental<br>Activities | Business-type<br>Activities |
|------------------------------|----------------------------|-----------------------------|
| 2004                         | \$ 17,651                  | \$ 26,116                   |
| 2005                         | 17,651                     | 26,116                      |
| 2006                         | 17,651                     | 26,116                      |
| 2007                         | 17,651                     | -                           |
| Total minimum future rentals | <u>\$ 70,604</u>           | <u>\$ 78,348</u>            |

### B. Direct Financing Leases

The City sold a used recycling trailer to the City of Burden, Kansas in 2003, under a lease-purchase arrangement. Below is a summary of the lease payments to be received:

|   | Business-type<br>Activities |
|---|-----------------------------|
| 2004  | \$ 2,321                    |
| 2005  | 580                         |
| Total minimum lease payments to be received | 2,901                       |
| Less: unearned income                       | (57)                        |
| Net investment in direct financing leases   | <u>\$ 2,844</u>             |

## 12. Inter-fund Transfers

The City had both cash and capital asset transfers between various funds during 2003. Below is a summary of inter-fund cash operating transfers:

| <u>Transfers from</u>     | <u>Transfers to</u> |                      |                         |                          |                   |                            | Totals              |
|---------------------------|---------------------|----------------------|-------------------------|--------------------------|-------------------|----------------------------|---------------------|
|                           | General             | Bond and<br>Interest | Capital<br>Improvements | Nonmajor<br>Governmental | Sewer             | Quail Ridge<br>Golf Course |                     |
| Primary Government:       |                     |                      |                         |                          |                   |                            |                     |
| General                   | \$ -                | \$ -                 | \$ 691,174              | \$ 618,891               | \$ -              | \$ -                       | \$ 1,310,065        |
| Bond and Interest         | -                   | -                    | -                       | -                        | 100,000           | -                          | 100,000             |
| Capital Improvements      | 40,000              | 290,363              | -                       | 8,962                    | -                 | -                          | 339,325             |
| Nonmajor Governmental     | -                   | 60,000               | -                       | -                        | -                 | -                          | 60,000              |
| Electric                  | -                   | -                    | -                       | -                        | -                 | 153,650                    | 153,650             |
| Gas                       | -                   | -                    | -                       | -                        | -                 | 153,650                    | 153,650             |
| Sewer                     | -                   | -                    | 4,505                   | -                        | -                 | -                          | 4,505               |
| Nonmajor enterprise funds | -                   | -                    | 20,000                  | -                        | -                 | -                          | 20,000              |
| Internal Service          | -                   | -                    | 19,820                  | -                        | -                 | -                          | 19,820              |
| Total Reporting Entity    | <u>\$ 40,000</u>    | <u>\$ 350,363</u>    | <u>\$ 735,499</u>       | <u>\$ 627,853</u>        | <u>\$ 100,000</u> | <u>\$ 307,300</u>          | <u>\$ 2,161,015</u> |

The following is a summary of inter-fund capital asset transfers, net of depreciation:

| <u>Transfers from</u>  | <u>Transfers to</u> |                          |                   |                  |                            |                        |                     |
|------------------------|---------------------|--------------------------|-------------------|------------------|----------------------------|------------------------|---------------------|
|                        | General             | Nonmajor<br>Governmental | Water             | Sewer            | Quail Ridge<br>Golf Course | Nonmajor<br>Enterprise |                     |
| General                | \$ -                | \$ -                     | \$ -              | \$ -             | \$ 146                     | \$ -                   | \$ 88,565           |
| Bond and Interest      | -                   | -                        | -                 | -                | -                          | -                      | -                   |
| Capital Improvements   | 584,576             | 583,224                  | 163,972           | 81,412           | 6,312                      | 1,347,578              | 943,760             |
| Nonmajor Governmtl     | 412,962             | -                        | -                 | -                | -                          | -                      | 23,910              |
| Electric               | -                   | 5,431                    | -                 | -                | -                          | -                      | -                   |
| Water                  | 448                 | -                        | -                 | -                | -                          | -                      | -                   |
| Refuse                 | -                   | -                        | -                 | 6,890            | -                          | -                      | -                   |
| Sewer                  | 421                 | -                        | -                 | -                | -                          | -                      | -                   |
| Total Reporting Entity | <u>\$ 998,407</u>   | <u>\$ 588,655</u>        | <u>\$ 163,972</u> | <u>\$ 88,302</u> | <u>\$ 6,458</u>            | <u>\$ 1,347,578</u>    | <u>\$ 1,056,235</u> |

### 13. Interfund Receivables/Payables

Interfund receivables/payables and advances to and from funds are netted in the statement of net assets.

At December 31, 2003, the City had one interfund receivable/payable. \$5,000 was moved short-term from the electric utility fund to the water utility fund, to create a positive cash balance at year end, until KDHE loan proceeds were received in January 2004.

The City utilizes three internal service funds to account for utilities billings, centralized inventories, and fleet management inventories. Advances from the general fund and the enterprise utility funds were used to create the internal service funds. These advances are considered to be long-term, and the intent is not to repay these amounts within one year. Below is a summary of the advances to the internal service funds:

| Fund                          | Interfund<br>Advances from | Interfund<br>Advances to |
|-------------------------------|----------------------------|--------------------------|
| General Fund                  | \$ 31,368                  | \$ -                     |
| Business-type funds:          |                            |                          |
| Electric                      | 2,205,086                  | -                        |
| Gas                           | 472,147                    | -                        |
| Water                         | 217,610                    | -                        |
| Sewer                         | 65,302                     | -                        |
| Subtotal                      | <u>2,991,513</u>           | <u>-</u>                 |
| Nonmajor business-type funds: |                            |                          |
| Refuse                        | 51,749                     | -                        |
| Stormwater drainage           | 534                        | -                        |
| Subtotal                      | <u>52,283</u>              | <u>-</u>                 |
| Internal Service funds:       |                            |                          |
| Central inventory             | -                          | 1,110,890                |
| Fleet management              | -                          | 70,000                   |
| Utility receivables financing | -                          | 1,862,906                |
| Subtotal                      | <u>-</u>                   | <u>3,043,796</u>         |
| Total                         | <u>\$ 3,043,796</u>        | <u>\$ 3,043,796</u>      |

### 14. Net Assets and Fund Balances

#### A. Net Assets

Net Assets are the excess of all the City's assets over all its liabilities, regardless of fund. Net Assets are divided into three captions under GASB Statement 34. These captions apply only to Net Assets, which are determined only at the Government-wide level, and are described below:

*Invested in Capital Assets, net of related debt* describes the portion of Net Assets which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.

*Restricted* describes the portion of Net Assets which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include debt service requirements.

*Unrestricted* describes the portion of Net Assets which is not restricted as to use.

## B. Reserves and Designations of Fund Balances

Reserved fund balance is reported to denote portions of fund balance that are either legally restricted to a specific future use or not available for appropriation or expenditures. The following reservations of fund balance are used by the City: [1] reserved for encumbrances – used to segregate a portion of fund balance for expenditures upon vendor performance; [2] reserved for inventory – used to segregate a portion of fund balance to indicate that inventories do not represent available or spendable resources, and [3] reserved for advances to other funds – used to segregate a portion of fund balance to indicate that the advance to internal service inventory fund does not represent available or spendable resources.

Designations of fund balances are not legally required segregations, but segregate unreserved fund balance for a specific purpose.

## 15. Changes in Accounting Principles

For fiscal year 2003, the City of Winfield has implemented GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*; GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*; GASB Statement No. 36, *Recipient Reporting for Certain Shared Nonexchange Revenues*; GASB Statement No. 37, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus*; and paragraphs 6 through 10 of GASB Statement No. 38, *Certain Financial Statement Note Disclosures*.

These statements create new basic financial statements for reporting on the City’s financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented as a total in one column within the basic financial statements. The statements require new information and restructure much of the information that the City has presented in the past. Comparability with reports issued in prior years is affected.

Restatement of fund balance: The transition from governmental fund balance as reported at December 31, 2002 to the balance reported under GASB 34 is presented below:

|   |                     |
|---|---------------------|
| Fund balance of governmental fund types, December 31, 2002              | \$ 4,759,878        |
| Reclassification of expendable trust funds to special revenues funds    | 142,254             |
| Permanent fund  | 6,000               |
| Fund balance of governmental fund types for December 31, 2002, restated | <u>\$ 4,908,132</u> |

## 16. Prior Period Adjustments

*Governmental funds* - \$205,644 of outstanding accounts receivable due to the component unit, Winfield Area Emergency Medical Services (treated as a nonmajor special revenue fund), at December 31, 2002 were not reflected on the 2002 financial statements.

*Business-type funds* - \$689,079 of capital assets, net of accumulated depreciation, were not reflected as assets on the 2002 financial statements.

## 17. Defined Benefit Pension Plan

**Plan description.** The City of Winfield participates in the Kansas Public Employees Retirement System (KPERS) and the Kansas Police and Firemen’s Retirement System (KP&F). Both are cost sharing multiple-employer defined benefit pension plans as provided by K.S.A. 74-4901, et seq. KPERS and KP&F provide retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS and KP&F issue a publicly available financial report that includes financial statements and require supplementary information. Those may be obtained by writing to KPERS (400 SW 8<sup>th</sup> Avenue, Suite 200, Topeka, KS 66603-3925) or by calling 1-800-228-0366.

*Funding policy* - K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary. K.S.A. 74-4975 establishes KP&F member-employee contribution rate at 7% of covered salary. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERS and KP&F are funded on an actuarial reserve basis. State law sets a limitation on annual increases in the employer contribution rates. The KPERS employer rate established for the period January 1, 2003 through March 31, 2003 is 3.67%, and 3.07% for the period April 1, 2003 through December 31, 2003. The City of Winfield employer contributions to KPERS for the years ended December 31, 2003, 2002, and 2001 were \$171,852, \$159,102, and \$145,503, respectively, equal to the required contributions for each year. The KP&F employer rate established for fiscal years beginning in 2003 is 9.47%. Employers participating in KP&F also make contributions to amortize the liability for past service costs, if any, which is determined separately for each participating employer. The City of Winfield contributions to KP&F for the years ended December 31, 2003, 2002, and 2001 were \$257,441, \$281,052, and \$214,189, respectively, equal to the required contributions for each year.

## 18. Risk Management

The City's insurance coverage consists of both self-insurance and policies maintained with various carriers. The City uses four internal service funds to address four risk areas – general risk management, workers' compensation, health insurance, and short-term disability insurance. The City records liabilities for known claims and estimated liabilities incurred but not reported at year-end. These claims are reflected under accounts payable and accrued liabilities in the internal service funds.

### A. Risk Management Reserve

Established in 1987 according to the provisions of K.S.A. 12-2615, this fund provides for paying for deductibles, excess liability losses, uninsured losses, and insurable losses not otherwise covered. Insurance deductibles vary by type of property insurance coverage. Funding, when determined necessary, of the risk management reserve fund is provided by annual contributions from other city functions that have an insurable risk, based on actuarial computations provided by an insurance consultant. During 2003, the City purchased commercial insurance coverage for all substantial areas of risk, including property loss, auto liability, boiler and machinery, general and public officials' liability. Individual funds paid their portions of insurance policy premiums, reflected as expenditures or expenses in those funds.

The following is a summary in changes of liability activity under the plan for 2003 and the prior two years:

|                                     | 2003          | 2002            | 2001             |
|-------------------------------------|---------------|-----------------|------------------|
| Liability balance, beginning        | \$ 3,980      | \$ 25,807       | \$ 18,541        |
| Claims incurred                     | 81,278        | 1,877,187       | 206,228          |
| Less insurance/other reimbursements | (6,839)       | (828,663)       | (169,541)        |
| Total costs incurred                | 78,419        | 1,074,331       | 55,228           |
| Less claims paid                    | (77,919)      | (1,070,351)     | (29,421)         |
| Liability balance, ending           | <u>\$ 500</u> | <u>\$ 3,980</u> | <u>\$ 25,807</u> |

### B. Worker's Compensation Reserve

The workers' compensation program is a partially self-funded program covering substantially all full-time and part-time employees of the City. Funding is provided by annual contributions from other city functions that have an insurable risk, based on actuarial computations provided by an insurance consultant. The City has insurance coverage for excess claims, summarized below:

|                            |           |
|----------------------------|-----------|
| All employees              | \$300,000 |
| Employers' liability limit | 1,000,000 |
| Aggregate retention        | 500,370   |

The following represents the changes in the liability activity under the plan for 2003 and the prior two years:

|  | 2003              | 2002             | 2001            |
|--|-------------------|------------------|-----------------|
| Liability balance, beginning           | \$ 65,750         | \$ 1,055         | \$ 848          |
| Claims incurred                        | 576,622           | 262,576          | 54,978          |
| Less insurance coverage reimbursements | (4,372)           | (1,566)          | (628)           |
| Total costs incurred                   | 638,000           | 262,065          | 55,198          |
| Less claims paid                       | (341,254)         | (196,315)        | (54,143)        |
| Liability balance, ending              | <u>\$ 296,746</u> | <u>\$ 65,750</u> | <u>\$ 1,055</u> |

#### C. Health Insurance Reserve

The City created the health insurance reserve in 1993, the purpose to accumulate monies to eventually fund a partially self-insured health insurance program. Funds accumulated may be used to pay excess losses, health claims, partial payments of health insurance premiums for employees, and other miscellaneous health insurance related expenses. Annual funding is provided by contributions from other funds, as determined by management in the budgeting process. In 2003, the City began paying all health insurance premiums through this reserve fund, and contributions were made from other funds to partially replenish the cash balances. The following is a summary of the liability activity under the plan for 2003 and the prior two years:

|   | 2003        | 2002        | 2001        |
|---|-------------|-------------|-------------|
| Liability balance, beginning              | \$ -        | \$ -        | \$ -        |
| Health insurance premiums charged to fund | 1,160,992   | 77,692      | 43,877      |
| Health insurance premiums paid            | (1,160,992) | (77,692)    | (43,877)    |
| Liability balance, ending                 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

#### D. Short Term Disability Reserve

This reserve was created in 1997 to provide financial assistance to regular employees following sixty days of continuous disability. The benefit amounts to 50% of pre-disability weekly gross earnings up to a maximum weekly benefit of \$650, and is payable to an employee for a maximum of twenty-six weeks immediately following completion of the sixty-day waiting period. An employee may receive this benefit for a maximum of fifty-two weeks over his/her career with the City. The following is a summary of the liability activity under the plan for 2003 and the prior two years:

|                              | 2003        | 2002        | 2001        |
|------------------------------|-------------|-------------|-------------|
| Liability balance, beginning | \$ -        | \$ -        | \$ -        |
| Claims incurred              | 1,199       | -           | -           |
| Less claims paid             | (1,199)     | -           | -           |
| Liability balance, ending    | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

### 19. Claims and Judgments

As noted in 1.L., the City is contingently liable for accumulated sick pay that is not vested. At December 31, 2003, this sick pay accumulation amounted to \$1,485,441.

### 20. Segment Information

The City issued revenue bonds to finance electric power plant improvements in a prior year. The City refinanced electric generator purchases and golf course improvements through refunding certificates of participation in 2003. In addition, the City has KDHE loan balances outstanding, to finance water distribution system improvements, water treatment plant improvements, and wastewater treatment plant improvements. For all the above debt, the revenue streams from the respective enterprise funds are pledged in support of the debt. Summary financial information for these funds is presented below:

### Condensed Statement of Net Assets

|   | Electric             | Water               | Wastewater          | Quail Ridge<br>Golf Course |
|---|----------------------|---------------------|---------------------|----------------------------|
| <b>Assets:</b>  |                      |                     |                     |                            |
| Current assets  | \$ 6,054,820         | \$ 385,976          | \$ 401,075          | \$ 17,444                  |
| Restricted assets                                     | -                    | -                   | -                   | 208,927                    |
| Capital assets  | 20,460,149           | 6,610,602           | 12,649,272          | 1,877,597                  |
| Advances to internal service funds                    | 2,205,086            | 217,610             | 65,302              | -                          |
| Other assets  | 11,880               | -                   | -                   | 171,590                    |
| <b>Total assets</b>                                   | <b>28,731,935</b>    | <b>7,214,188</b>    | <b>13,115,649</b>   | <b>2,275,558</b>           |
| <b>Liabilities:</b>                                   |                      |                     |                     |                            |
| Current liabilities                                   | 2,000,425            | 191,125             | 420,832             | 333,369                    |
| Current liabilities payable from<br>restricted assets | -                    | -                   | -                   | 208,927                    |
| Noncurrent liabilities                                | 1,335,741            | 2,537,010           | 5,737,754           | 2,014,107                  |
| <b>Total liabilities</b>                              | <b>3,336,166</b>     | <b>2,728,135</b>    | <b>6,158,586</b>    | <b>2,556,403</b>           |
| <b>Net assets:</b>                                    |                      |                     |                     |                            |
| Invested in capital assets,<br>net of related debt    | 18,141,648           | 3,993,739           | 6,592,657           | (220,869)                  |
| Restricted  | 1,030,255            | -                   | -                   | 208,927                    |
| Unrestricted  | 6,223,866            | 492,314             | 364,406             | (268,903)                  |
| <b>Total net assets</b>                               | <b>\$ 25,395,769</b> | <b>\$ 4,486,053</b> | <b>\$ 6,957,063</b> | <b>\$ (280,845)</b>        |

### Condensed Statement of Revenues, Expenses, and Changes in Net Assets

|   | Electric      | Water        | Wastewater   | Quail Ridge<br>Golf Course |
|---|---------------|--------------|--------------|----------------------------|
| Utility charges (pledged against debt) \$ | 18,139,113    | \$ 1,452,037 | \$ 1,526,984 | \$ 407,404                 |
| Depreciation expense                      | (1,436,966)   | (207,188)    | (603,178)    | (152,784)                  |
| Other operating income (expense)          | (14,409,634)  | (1,432,727)  | (900,699)    | (347,756)                  |
| Operating income                          | 2,292,513     | (187,878)    | 23,107       | (93,136)                   |
| <b>Nonoperating revenues (expenses)</b>   |               |              |              |                            |
| Interest income                           | 108,430       | 9,621        | 8,374        | 1,347                      |
| Interest expense                          | (148,297)     | (94,840)     | (201,659)    | (172,151)                  |
| Other                                     | (718,151)     | 57           | -            | 74,923                     |
| Transfers in (out)                        | (159,081)     | 163,524      | 183,376      | 313,757                    |
| Capital contributions                     | 599,397       | 10,204       | 1,346        | -                          |
| Change in net assets                      | 1,974,811     | (99,312)     | 14,544       | 124,740                    |
| Beginning net assets                      | 23,420,958    | 4,585,365    | 6,942,519    | (405,585)                  |
| Ending net assets                         | \$ 25,395,769 | \$ 4,486,053 | \$ 6,957,063 | \$ (280,845)               |

## Condensed Statement of Cash Flows

|  | Electric     | Water     | Wastewater | Quail Ridge<br>Golf Course |
|--|--------------|-----------|------------|----------------------------|
| Net cash provided (used) by:             |              |           |            |                            |
| Operating activities                     | \$ 3,393,435 | \$ 24,794 | \$ 617,204 | \$ 63,961                  |
| Noncapital financing activities          | (296,341)    | (1,957)   | (7,926)    | 307,300                    |
| Capital and related financing activities | (2,642,547)  | (623,649) | (641,982)  | (361,344)                  |
| Investing activities                     | 108,430      | 9,621     | 8,374      | 1,347                      |
| Net increase (decrease)                  | 562,977      | (591,191) | (24,330)   | 11,264                     |
| Beginning cash and cash equivalents      | 4,820,270    | 591,753   | 394,004    | 211,230                    |
| Ending cash and cash equivalents         | \$ 5,383,247 | \$ 562    | \$ 369,674 | \$ 222,494                 |

## 21. Capital Projects

At December 31, 2003, the uncompleted construction projects, for which the City has bond authorization and funding, are as follows:

|  | Amount<br>Authorized | Expenditures<br>Project<br>To-Date | Construction<br>Commitments<br>at 12-31-03 |
|--|----------------------|------------------------------------|--|
| Construction projects:   |                      |                                    |  |
| City buildings improvements projects<br>(financed with 2002 GO bond) | \$ 239,800           | \$ 58,125                          | \$ 31,080                                  |
| The Fairways Project - streets                                       | 464,000              | 30,102                             | 18,630                                     |
| The Fairways Project - water   | 321,000              | 2,790                              | 8,900                                      |
| The Fairways Project - sewer   | 143,000              | 22,979                             | 7,650                                      |

## 22. Contingencies and Commitments

### A. Electric Purchase Commitments

The City has entered into participation energy and supplemental energy contracts with Oklahoma Municipal Power Authority (OMPA) and Kansas Municipal Energy Agency (KMEA) for the purchase of electricity for resale.

#### ▪ **OMPA Electric Purchase Contract**

The City is committed to purchase 9 megawatts of capacity per month from OMPA, at a fixed capacity charge of \$10.32/kW. The City also has a reserve option to purchase 38 megawatts of supplemental energy per month from OMPA. The monthly reservation cost was \$1.49/kW in year 2000. Energy and supplemental energy charges vary. The OMPA contract term is through December 31, 2013.

#### ▪ **KMEA Electric Purchase Contract**

The City is a participant city of KMEA, a municipal energy agency of the State of Kansas. In 1982, each of six cities entered into a Nearman Power Sales contract with the agency. The Nearman contract requires payment on a "take-or-pay" basis for each participant's entitlement share of power and energy from the Nearman project. The City of Winfield holds a 33.33% entitlement share. Under certain conditions beyond the control of the City, such as loss of load, the entitlement share may be reduced. Monthly payments of \$43,000 per month were paid to KMEA in 2003, into a Power Supply fund, for the future acquisition of an adequate, economical and reliable supply of electric power and energy for the City.

The City is committed to the demand purchase of 12.5 megawatts of electricity monthly from KMEA, at a fixed rate of \$5.75/KW. Energy costs are variable. The contract is in force through May 31, 2022.

The City has an additional agreement with KMEA for a demand amount of 6 megawatts for the months of May through October annually, and 4 megawatts for the remaining months, at a fixed rate of \$8.38/KW. The contract period is May 1, 2000 through April 30, 2010.

#### **B. Gas Purchase Commitments**

As of December 31, 2003, the City had three outstanding fixed price contracts with its primary natural gas supplier for delivery of 270,000 MMBtu of gas during the months January through March, 2005, at set prices ranging from \$4.985 to \$5.41 per MMBtu. Total value of the contracts amounted to \$1,410,950.

#### **C. Legal Matters**

The City generally follows the practice of recording liabilities resulting from claims and legal actions only when it is probable that a liability has been incurred and the amount can be reasonably estimated. The City is defending its interest in various legal actions and claims against the City presently pending involving various miscellaneous claims, including workers' compensation claims. The ultimate liability that might result from the final resolution of the above matters is not presently determinable. In the opinion of management and its legal counsel, the probability of material aggregate liabilities resulting from these claims will not have an adverse material effect on the City's financial statements.

#### **D. Gas Litigation**

The city joined together with seventeen other municipalities in 2003 to file a civil action suit under the federal antitrust laws for overcharges in natural gas prices incurred by municipal gas systems, that have taken place in the last four years and projected to continue into the future. The complaint was filed against five major natural gas companies. At December 31, 2003, the lawsuit was underway, with no monetary developments to disclose.

### **23. Related Party Transactions**

During 2003, the City approved an application with the State of Kansas Board of Tax Appeals, for property tax exemption on real property owned by Winfield Economic Development, Inc. (WED). The City of Winfield Manager serves on the board of directors of WED, a 501[c][3] organization, and abstained from signing the application.

# NONMAJOR GOVERNMENTAL FUNDS

## **Special Revenue Funds**

Special Revenue Funds are used to account for specific revenues that are legally restricted by either the City Commission or by outside entities for expenditures for specific purposes.

Flood Control – Maintenance and improvement costs of the flood levee are paid from this fund.

Special Parks and Recreation – Park and park equipment upgrades are paid from this fund. K.S.A. 79-49a102 requires one-third of the 10% gross receipts tax on the sale of alcoholic liquor be deposited into this fund for park enhancements.

Special Alcohol Program – Transfers are made from this fund to the City's D.A.R.E. Program fund. K.S.A. 79-49a102 requires one-third of the 10% gross receipts tax on the sale of alcoholic liquor to be deposited into this fund for expenses of drug and alcohol education, treatment, or prevention programs.

Law Enforcement Trust – K.S.A. 65-4173 requires the City to deposit the net proceeds of sales of forfeited property and moneys related to controlled substances activities to be deposited into a separate fund. Appropriations from this fund are not to be used to meet normal operating expenses of the police department. The statute defines allowable expenditures.

Senior Citizen Facility – Senior Citizen Center expenses are paid from this fund. Funds are received from the Cowley County Council on Aging for this purpose.

Special Liability – City and City employee legal defense costs and various uninsured risk costs may be paid from this fund. Under K.S.A. 75-6110, the City levies property taxes to provide funding for this purpose.

Law Enforcement, Ambulance, and Fire Fighting Equipment – Law enforcement, ambulance and fire fighting equipment purchases may be paid from this fund. Kansas statutes authorize the City to levy property taxes to provide funding for this purpose.

Gasoline Tax – Street and highway-related maintenance expenses are paid from this fund. The State of Kansas gasoline tax allotments are the primary funding source, and must be used for this purpose.

Industrial Development – Industrial and economic development related expenses are paid from this fund. Kansas statutes authorize the City to levy property taxes to provide funding for this purpose.

Tourism and Convention – Local tourism and convention promotional expenses are paid from this fund. Transient guest taxes are the primary funding source, received through the State of Kansas.

Cemetery Improvement – Cemetery operations and maintenance expenses may be paid from this fund. One-third of the sales proceeds of each cemetery space and "pre-need" payments are the primary funding sources.

Library – Property taxes are levied for library operations. The City receives these collections from Cowley County, and remits to the Winfield Public Library, to be used for library operations.

Library Employee Benefits - Property taxes are levied for library employee benefits. The City receives these collections from Cowley County, and remits to the Winfield Public Library, to be used for library employee benefits. These include FICA, retirement, workers' compensation, health insurance, and unemployment insurance.

Equipment Reserve - Transfers from other funds are accumulated to this fund, to provide for future equipment purchases.

## **NONMAJOR GOVERNMENTAL FUNDS** (continued)

Fairgrounds Improvements – Cowley County Fairgrounds maintenance and improvement expenses may be paid from this fund. Fairgrounds facilities usage fees are the primary funding source.

Special Improvements – This fund acts as a revolving fund to provide working capital to finance the initial costs of projects eventually paid for through special assessments to property owners in a benefit district.

COPS Grant - A federal grant program, COPS in Schools, provided funds for the salary of a law enforcement officer to work in the local school district buildings. This grant closed out in 2003.

Winfield Area EMS – This blended component unit provides City ambulance services. Primary funding sources include City and County contributions and charges for services.

Baden Hall Restoration – The City owns Baden Hall, a building to be renovated in Baden Square. Private contributions from citizens and St. John Alumni, designated for the renovation of Baden Hall, have been accumulated in this fund. Renovations are planned in the near future.

### **Capital Project Funds**

Capital project funds are used to account for the acquisition and construction of major facilities, and for building and general improvements of city-owned structures and facilities, other than those financed by special revenue and enterprise funds.

K-360 Project – This highway bypass project, begun in 1993, was closed out in 2003.

2002 Maintenance Bond Issue – The City issued \$685,000 in general obligation debt in 2002 to finance numerous city-owned building improvements.

The Fairway Projects – The Fairway is a new housing development area near the municipal golf course. The City is providing streets, sewer and water infrastructure through this fund.

### **Permanent Fund**

Cemetery Endowment – This endowment from a citizen prohibits the use of the principal, and only the investment earnings can be used for cemetery improvements.

# CITY OF WINFIELD, KANSAS

## Nonmajor Governmental Funds Combining Balance Sheet December 31, 2003

|   | Special Revenue Funds |                                    |                               |                             |                               |
|---|-----------------------|------------------------------------|-------------------------------|-----------------------------|-------------------------------|
|   | Flood<br>Control      | Special<br>Parks and<br>Recreation | Special<br>Alcohol<br>Program | Law<br>Enforcement<br>Trust | Senior<br>Citizen<br>Facility |
| <b>ASSETS</b>                               |                       |                                    |                               |                             |                               |
| Pooled cash and investments                 | \$ 239,171            | \$ 55,628                          | \$ 9,599                      | \$ 6,383                    | \$ 4,782                      |
| Taxes receivable                            | -                     | -                                  | -                             | -                           | -                             |
| Accounts receivable                         | -                     | -                                  | -                             | -                           | -                             |
| Due from other governmental agencies        | -                     | 5,820                              | 5,820                         | -                           | -                             |
| <b>Total assets</b>                         | <u>\$ 239,171</u>     | <u>\$ 61,448</u>                   | <u>\$ 15,419</u>              | <u>\$ 6,383</u>             | <u>\$ 4,782</u>               |
| <b>LIABILITIES AND FUND BALANCES</b>        |                       |                                    |                               |                             |                               |
| Accounts payable                            | \$ 1,579              | \$ 3,857                           | \$ 1,226                      | \$ -                        | \$ -                          |
| Due to other funds                          | -                     | -                                  | -                             | -                           | -                             |
| Deferred revenues                           | -                     | -                                  | -                             | -                           | -                             |
| <b>Total liabilities</b>                    | <u>1,579</u>          | <u>3,857</u>                       | <u>1,226</u>                  | <u>-</u>                    | <u>-</u>                      |
| <b>Fund balances</b>                        |                       |                                    |                               |                             |                               |
| Reserved for encumbrances                   | 12,400                | 1,177                              | -                             | -                           | -                             |
| Reserved for capital outlay                 | -                     | -                                  | -                             | -                           | -                             |
| Unreserved:                                 |                       |                                    |                               |                             |                               |
| Designated for subsequent year expenditures | 214,905               | 56,414                             | 14,193                        | 6,383                       | 4,782                         |
| Undesignated                                | <u>10,287</u>         | <u>-</u>                           | <u>-</u>                      | <u>-</u>                    | <u>-</u>                      |
| <b>Total fund balances</b>                  | <u>237,592</u>        | <u>57,591</u>                      | <u>14,193</u>                 | <u>6,383</u>                | <u>4,782</u>                  |
| <b>Total liabilities and fund balances</b>  | <u>\$ 239,171</u>     | <u>\$ 61,448</u>                   | <u>\$ 15,419</u>              | <u>\$ 6,383</u>             | <u>\$ 4,782</u>               |

**Special Revenue Funds**

| <b>Special<br/>Liability</b> | <b>Law Enforce.,<br/>Ambulance<br/>Fire Equip.</b> | <b>Gasoline<br/>Tax</b> | <b>Industrial<br/>Development</b> | <b>Tourism and<br/>Convention</b> | <b>Cemetery<br/>Improvement</b> | <b>Library</b>    |
|------------------------------|--|-------------------------|-----------------------------------|-----------------------------------|---------------------------------|-------------------|
| \$ 859,882                   | \$ 46,935  | \$ 25,318               | \$ 15,229                         | \$ 124,239                        | \$ 73,416                       | \$ -              |
| 100                          | 96,555   | -                       | 30,908                            | -                                 | -                               | 339,983           |
| -                            | -  | 734                     | -                                 | -                                 | 200                             | -                 |
| -                            | -  | 47,790                  | -                                 | 17,961                            | -                               | -                 |
| <u>\$ 859,982</u>            | <u>\$ 143,490</u>                                  | <u>\$ 73,842</u>        | <u>\$ 46,137</u>                  | <u>\$ 142,200</u>                 | <u>\$ 73,616</u>                | <u>\$ 339,983</u> |
|                              |  |                         |                                   |                                   |                                 |                   |
| \$ 300                       | \$ 335   | \$ 10,630               | \$ 7                              | \$ 2,901                          | \$ -                            | \$ -              |
| -                            | -  | -                       | -                                 | -                                 | -                               | -                 |
| 100                          | 96,555   | -                       | 30,908                            | -                                 | -                               | 339,983           |
| <u>400</u>                   | <u>96,890</u>                                      | <u>10,630</u>           | <u>30,915</u>                     | <u>2,901</u>                      | <u>-</u>                        | <u>339,983</u>    |
|                              |  |                         |                                   |                                   |                                 |                   |
| -                            | 9,674  | 8,511                   | -                                 | 3,000                             | -                               | -                 |
| -                            | -  | -                       | -                                 | -                                 | -                               | -                 |
|                              |  |                         |                                   |                                   |                                 |                   |
| 832,908                      | 36,926   | 54,701                  | 15,222                            | 136,299                           | 73,616                          | -                 |
| 26,674                       | -  | -                       | -                                 | -                                 | -                               | -                 |
| <u>859,582</u>               | <u>46,600</u>                                      | <u>63,212</u>           | <u>15,222</u>                     | <u>139,299</u>                    | <u>73,616</u>                   | <u>-</u>          |
|                              |  |                         |                                   |                                   |                                 |                   |
| <u>\$ 859,982</u>            | <u>\$ 143,490</u>                                  | <u>\$ 73,842</u>        | <u>\$ 46,137</u>                  | <u>\$ 142,200</u>                 | <u>\$ 73,616</u>                | <u>\$ 339,983</u> |

(Continued)

# CITY OF WINFIELD, KANSAS

## Nonmajor Governmental Funds Combining Balance Sheet December 31, 2003

|  | Special Revenue Funds |                   |                  |                  |             |
|--|-----------------------|-------------------|------------------|------------------|-------------|
|  | Library               |                   |                  |                  |             |
|  | Employee              | Equipment         | Fairgrounds      | Special          | COPS        |
|  | Benefits              | Reserve           | Improvements     | Improvements     | Grant       |
| <b>ASSETS</b>                              |                       |                   |                  |                  |             |
| Pooled cash and investments                | \$ -                  | \$ 92,457         | \$ 30,720        | \$ 28,750        | \$ -        |
| Taxes receivable                           | 20,311                | -                 | -                | -                | -           |
| Accounts receivable                        | -                     | 86,399            | 29               | -                | -           |
| Due from other governmental agencies       | -                     | -                 | -                | -                | -           |
| <b>Total assets</b>                        | <u>\$ 20,311</u>      | <u>\$ 178,856</u> | <u>\$ 30,749</u> | <u>\$ 28,750</u> | <u>\$ -</u> |
| <b>LIABILITIES AND FUND BALANCES</b>       |                       |                   |                  |                  |             |
| Accounts payable                           | \$ -                  | \$ 19,910         | \$ 113           | \$ 3,510         | -           |
| Due to other funds                         | -                     | -                 | -                | -                | -           |
| Deferred revenues                          | <u>20,311</u>         | <u>-</u>          | <u>-</u>         | <u>-</u>         | <u>-</u>    |
| <b>Total liabilities</b>                   | <u>20,311</u>         | <u>19,910</u>     | <u>113</u>       | <u>3,510</u>     | <u>-</u>    |
| <b>Fund balances:</b>                      |                       |                   |                  |                  |             |
| Reserved for encumbrances                  | -                     | -                 | -                | -                | -           |
| Reserved for capital outlay                | -                     | 158,946           | -                | -                | -           |
| Unreserved:                                |                       |                   |                  |                  |             |
| - Designated for subsequent                |                       |                   |                  |                  |             |
| - year expenditures                        | -                     | -                 | 30,000           | 25,240           | -           |
| - Undesignated                             | <u>-</u>              | <u>-</u>          | <u>636</u>       | <u>-</u>         | <u>-</u>    |
| <b>Total fund balances</b>                 | <u>-</u>              | <u>158,946</u>    | <u>30,636</u>    | <u>25,240</u>    | <u>-</u>    |
| <b>Total liabilities and fund balances</b> | <u>\$ 20,311</u>      | <u>\$ 178,856</u> | <u>\$ 30,749</u> | <u>\$ 28,750</u> | <u>\$ -</u> |

| Special Revenue Funds |                   | Capital Projects Funds |                   |                 | Permanent Fund  | TOTALS              |
|-----------------------|-------------------|------------------------|-------------------|-----------------|-----------------|---------------------|
| Winfield              |                   |                        |                   |                 |                 |                     |
| Area                  | Baden Hall        | K-360                  | 2002 Mtnce        | The Fairway     | Cemetery        |                     |
| EMS                   | Restoration       | Project                | Bond Issue        | Projects        | Endowment       |                     |
| \$ 383,666            | \$ 203,297        | \$ -                   | \$ 149,524        | \$ 649          | \$ 6,000        | \$ 2,355,645        |
| -                     | -                 | -                      | -                 | -               | -               | 487,857             |
| 146,076               | -                 | -                      | -                 | -               | -               | 233,438             |
| -                     | -                 | -                      | -                 | -               | -               | 77,391              |
| <u>\$ 529,742</u>     | <u>\$ 203,297</u> | <u>\$ -</u>            | <u>\$ 149,524</u> | <u>\$ 649</u>   | <u>\$ 6,000</u> | <u>\$ 3,154,331</u> |
|                       |                   |                        |                   |                 |                 |                     |
| \$ 25,905             | \$ -              | \$ -                   | \$ 11,900         | \$ 32,520       | \$ -            | \$ 114,693          |
| -                     | -                 | -                      | -                 | 24,000          | -               | 24,000              |
| -                     | -                 | -                      | -                 | -               | -               | 487,857             |
| <u>25,905</u>         | <u>-</u>          | <u>-</u>               | <u>11,900</u>     | <u>56,520</u>   | <u>-</u>        | <u>626,550</u>      |
|                       |                   |                        |                   |                 |                 |                     |
| -                     | -                 | -                      | 31,080            | -               | -               | 65,842              |
| -                     | 203,297           | -                      | 106,544           | (55,871)        | -               | 412,916             |
|                       |                   |                        |                   |                 |                 |                     |
| 503,837               | -                 | -                      | -                 | -               | -               | 2,005,426           |
| -                     | -                 | -                      | -                 | -               | 6,000           | 43,597              |
| <u>503,837</u>        | <u>203,297</u>    | <u>-</u>               | <u>137,624</u>    | <u>(55,871)</u> | <u>6,000</u>    | <u>2,527,781</u>    |
|                       |                   |                        |                   |                 |                 |                     |
| <u>\$ 529,742</u>     | <u>\$ 203,297</u> | <u>\$ -</u>            | <u>\$ 149,524</u> | <u>\$ 649</u>   | <u>\$ 6,000</u> | <u>\$ 3,154,331</u> |

(Concluded)

# CITY OF WINFIELD, KANSAS

## Nonmajor Governmental Funds Combining Statement of Revenues, Expenditures, and Changes in Fund Balances FOR THE YEAR ENDED DECEMBER 31, 2003

|   | Special Revenue Funds |                                    |                               |                             |                               |
|---|-----------------------|------------------------------------|-------------------------------|-----------------------------|-------------------------------|
|   | Flood<br>Control      | Special<br>Parks and<br>Recreation | Special<br>Alcohol<br>Program | Law<br>Enforcement<br>Trust | Senior<br>Citizen<br>Facility |
| <b>Revenues</b>   |                       |                                    |                               |                             |                               |
| Property Taxes  | \$ -                  | \$ -                               | \$ -                          | \$ -                        | \$ -                          |
| Intergovernmental revenues  | -                     | 23,771                             | 23,771                        | -                           | 2,250                         |
| Charges for services  | -                     | -                                  | -                             | -                           | -                             |
| Interest  | 5,313                 | 1,456                              | 274                           | -                           | 162                           |
| Other   | -                     | 31,823                             | 5,447                         | 623                         | 3,290                         |
| <b>Total revenues</b>   | <u>5,313</u>          | <u>57,050</u>                      | <u>29,492</u>                 | <u>623</u>                  | <u>5,702</u>                  |
| <b>Expenditures</b>   |                       |                                    |                               |                             |                               |
| General government  | -                     | -                                  | -                             | -                           | -                             |
| Public safety   | -                     | -                                  | 37,451                        | 3,050                       | 8,611                         |
| Public works  | 1,594                 | -                                  | -                             | -                           | -                             |
| Cemetery  | -                     | -                                  | -                             | -                           | -                             |
| Culture and recreation  | -                     | 953                                | -                             | -                           | -                             |
| Health and welfare  | -                     | -                                  | -                             | -                           | -                             |
| Economic development  | -                     | -                                  | -                             | -                           | -                             |
| Capital outlay  | -                     | 90,946                             | -                             | -                           | -                             |
| Capital lease principal paid  | -                     | -                                  | -                             | -                           | -                             |
| Capital lease interest paid   | -                     | -                                  | -                             | -                           | -                             |
| <b>Total expenditures</b>   | <u>1,594</u>          | <u>91,899</u>                      | <u>37,451</u>                 | <u>3,050</u>                | <u>8,611</u>                  |
| <b>Revenues over (under) expenditures</b>   | <u>3,719</u>          | <u>(34,849)</u>                    | <u>(7,959)</u>                | <u>(2,427)</u>              | <u>(2,909)</u>                |
| <b>Other financing sources (uses)</b>   |                       |                                    |                               |                             |                               |
| Transfers in  | 8,962                 | 10,000                             | -                             | -                           | -                             |
| Transfers out   | -                     | -                                  | -                             | -                           | -                             |
| General obligation bond proceeds  | -                     | -                                  | -                             | -                           | -                             |
| Capital lease proceeds  | -                     | -                                  | -                             | -                           | -                             |
| Sale of property  | -                     | -                                  | -                             | -                           | -                             |
| <b>Total other financing sources (uses)</b>   | <u>8,962</u>          | <u>10,000</u>                      | <u>-</u>                      | <u>-</u>                    | <u>-</u>                      |
| <b>Excess (deficiency) of revenues and other sources over (under) expenditures and other uses</b> | <u>12,681</u>         | <u>(24,849)</u>                    | <u>(7,959)</u>                | <u>(2,427)</u>              | <u>(2,909)</u>                |
| Fund balances, January 1  | 224,911               | 82,440                             | 22,152                        | 8,810                       | 7,691                         |
| Prior period adjustment   | -                     | -                                  | -                             | -                           | -                             |
| <b>Fund balances, January 1, restated</b>   | <u>224,911</u>        | <u>82,440</u>                      | <u>22,152</u>                 | <u>8,810</u>                | <u>7,691</u>                  |
| <b>Fund balances, December 31</b>   | <u>\$ 237,592</u>     | <u>\$ 57,591</u>                   | <u>\$ 14,193</u>              | <u>\$ 6,383</u>             | <u>\$ 4,782</u>               |

**Special Revenue Funds**

| <b>Special Liability</b> | <b>Law Enforce.<br/>Ambulance<br/>Fire Equip.</b> | <b>Gasoline<br/>Tax</b> | <b>Industrial<br/>Development</b> | <b>Tourism and<br/>Convention</b> | <b>Cemetery<br/>Improvement</b> | <b>Library</b> |
|--------------------------|---|-------------------------|-----------------------------------|-----------------------------------|---------------------------------|----------------|
| \$ 137                   | \$ 98,665   | \$ -                    | \$ 30,693                         | \$ -                              | \$ -                            | \$ 347,046     |
| -                        | 620   | 469,665                 | -                                 | 61,406                            | -                               | -              |
| -                        | -   | -                       | -                                 | 4,980                             | 5,850                           | -              |
| 18,905                   | 2,316   | 7,071                   | 775                               | 3,012                             | 1,582                           | -              |
| 17                       | -   | 1,756                   | -                                 | 10,490                            | 656                             | -              |
| <u>19,059</u>            | <u>101,601</u>                                    | <u>478,492</u>          | <u>31,468</u>                     | <u>79,888</u>                     | <u>8,088</u>                    | <u>347,046</u> |
| 80,675                   | -   | -                       | -                                 | -                                 | -                               | -              |
| -                        | -   | -                       | -                                 | -                                 | -                               | -              |
| -                        | -   | 1,078,606               | -                                 | -                                 | -                               | -              |
| -                        | -   | -                       | -                                 | -                                 | 342                             | -              |
| -                        | -   | -                       | -                                 | -                                 | -                               | 347,046        |
| -                        | -   | -                       | -                                 | -                                 | -                               | -              |
| -                        | -   | -                       | 71,349                            | 96,571                            | -                               | -              |
| -                        | 37,981  | 122,417                 | -                                 | -                                 | -                               | -              |
| -                        | 54,636  | -                       | -                                 | -                                 | -                               | -              |
| -                        | 2,396   | -                       | -                                 | -                                 | -                               | -              |
| <u>80,675</u>            | <u>95,013</u>                                     | <u>1,201,023</u>        | <u>71,349</u>                     | <u>96,571</u>                     | <u>342</u>                      | <u>347,046</u> |
| <u>(61,616)</u>          | <u>6,588</u>                                      | <u>(722,531)</u>        | <u>(39,881)</u>                   | <u>(16,683)</u>                   | <u>7,746</u>                    | <u>-</u>       |
| -                        | -   | 335,000                 | -                                 | -                                 | -                               | -              |
| -                        | (35,000)  | (25,000)                | -                                 | -                                 | -                               | -              |
| -                        | -   | -                       | -                                 | -                                 | -                               | -              |
| -                        | -   | 92,417                  | -                                 | -                                 | -                               | -              |
| -                        | -   | -                       | 5,495                             | -                                 | -                               | -              |
| <u>-</u>                 | <u>(35,000)</u>                                   | <u>402,417</u>          | <u>5,495</u>                      | <u>-</u>                          | <u>-</u>                        | <u>-</u>       |
| (61,616)                 | (28,412)  | (320,114)               | (34,386)                          | (16,683)                          | 7,746                           | -              |
| 921,198                  | 75,012  | 383,326                 | 49,608                            | 155,982                           | 65,870                          | -              |
| <u>-</u>                 | <u>-</u>  | <u>-</u>                | <u>-</u>                          | <u>-</u>                          | <u>-</u>                        | <u>-</u>       |
| <u>921,198</u>           | <u>75,012</u>                                     | <u>383,326</u>          | <u>49,608</u>                     | <u>155,982</u>                    | <u>65,870</u>                   | <u>-</u>       |
| <u>\$ 859,582</u>        | <u>\$ 46,600</u>                                  | <u>\$ 63,212</u>        | <u>\$ 15,222</u>                  | <u>\$ 139,299</u>                 | <u>\$ 73,616</u>                | <u>\$ -</u>    |

(Continued)

# CITY OF WINFIELD, KANSAS

## Nonmajor Governmental Funds Combining Statement of Revenues, Expenditures, and Changes in Fund Balances FOR THE YEAR ENDED DECEMBER 31, 2003

|   | Special Revenue Funds           |                      |                             |                         |               |
|---|---------------------------------|----------------------|-----------------------------|-------------------------|---------------|
|   | Library<br>Employee<br>Benefits | Equipment<br>Reserve | Fairgrounds<br>Improvements | Special<br>Improvements | COPS<br>Grant |
| <b>Revenues</b>   |                                 |                      |                             |                         |               |
| Property Taxes  | \$ 21,102                       | \$ -                 | \$ -                        | \$ -                    | \$ -          |
| Intergovernmental revenues  | -                               | 60,185               | -                           | -                       | 10,966        |
| Charges for services  | -                               | -                    | 8,000                       | -                       | -             |
| Interest  | -                               | 3,764                | 601                         | 682                     | -             |
| Other   | -                               | 54,447               | -                           | -                       | -             |
| <b>Total revenues</b>   | <u>21,102</u>                   | <u>118,396</u>       | <u>8,601</u>                | <u>682</u>              | <u>10,966</u> |
| <b>Expenditures</b>   |                                 |                      |                             |                         |               |
| General government  | -                               | -                    | -                           | -                       | -             |
| Public safety   | -                               | 7,677                | -                           | -                       | 10,966        |
| Public works  | -                               | -                    | -                           | 12,239                  | -             |
| Cemetery  | -                               | -                    | -                           | -                       | -             |
| Culture and recreation  | 21,694                          | -                    | 112                         | -                       | -             |
| Health and welfare  | -                               | -                    | -                           | -                       | -             |
| Economic development  | -                               | -                    | -                           | -                       | -             |
| Capital outlay  | -                               | 125,550              | 90                          | -                       | -             |
| Capital lease principal paid  | -                               | -                    | -                           | -                       | -             |
| Capital lease interest paid   | -                               | -                    | -                           | -                       | -             |
| <b>Total expenditures</b>   | <u>21,694</u>                   | <u>133,227</u>       | <u>202</u>                  | <u>12,239</u>           | <u>10,966</u> |
| <b>Revenues over (under) expenditures</b>   | <u>(592)</u>                    | <u>(14,831)</u>      | <u>8,399</u>                | <u>(11,557)</u>         | <u>-</u>      |
| <b>Other financing sources (uses)</b>   |                                 |                      |                             |                         |               |
| Operating transfers in  | -                               | -                    | -                           | 16,755                  | -             |
| Operating transfers out   | -                               | -                    | -                           | -                       | -             |
| General obligation bond proceeds  | -                               | -                    | -                           | -                       | -             |
| Capital lease proceeds  | -                               | -                    | -                           | -                       | -             |
| Sale of property  | -                               | -                    | -                           | -                       | -             |
| <b>Total other financing sources (uses)</b>   | <u>-</u>                        | <u>-</u>             | <u>-</u>                    | <u>16,755</u>           | <u>-</u>      |
| <b>Excess (deficiency) of revenues and other sources over (under) expenditures and other uses</b> | <u>(592)</u>                    | <u>(14,831)</u>      | <u>8,399</u>                | <u>5,198</u>            | <u>-</u>      |
| Fund balances, January 1  | 592                             | 173,777              | 22,237                      | 20,042                  | -             |
| Prior period adjustment   | -                               | -                    | -                           | -                       | -             |
| <b>Fund balances, January 1, restated</b>   | <u>592</u>                      | <u>173,777</u>       | <u>22,237</u>               | <u>20,042</u>           | <u>-</u>      |
| <b>Fund balances, December 31</b>   | <u>\$ -</u>                     | <u>\$ 158,946</u>    | <u>\$ 30,636</u>            | <u>\$ 25,240</u>        | <u>\$ -</u>   |

| Special Revenue Funds |                           | Capital Projects Funds |                          |                         | Permanent Fund        | TOTALS       |
|-----------------------|---------------------------|------------------------|--------------------------|-------------------------|-----------------------|--------------|
| Winfield              |                           |                        |                          |                         |                       |              |
| Area<br>EMS           | Baden Hall<br>Restoration | K-360<br>Project       | 2002 Mtnce<br>Bond Issue | The Fairway<br>Projects | Cemetery<br>Endowment |              |
| \$ -                  | \$ -                      | \$ -                   | \$ -                     | \$ -                    | \$ -                  | \$ 497,643   |
| -                     | -                         | -                      | 147,876                  | -                       | -                     | 800,510      |
| 516,800               | -                         | -                      | -                        | -                       | -                     | 535,630      |
| 1,808                 | 4,114                     | 588                    | -                        | -                       | -                     | 52,423       |
| -                     | 56,928                    | -                      | -                        | -                       | -                     | 165,477      |
| 518,608               | 61,042                    | 588                    | 147,876                  | -                       | -                     | 2,051,683    |
| -                     | -                         | -                      | 55,982                   | -                       | -                     | 136,657      |
| -                     | -                         | -                      | -                        | -                       | -                     | 67,755       |
| -                     | -                         | 13,960                 | -                        | -                       | -                     | 1,106,399    |
| -                     | -                         | -                      | -                        | -                       | -                     | 342          |
| -                     | -                         | -                      | -                        | -                       | -                     | 369,805      |
| 724,297               | -                         | -                      | -                        | -                       | -                     | 724,297      |
| -                     | -                         | -                      | -                        | -                       | -                     | 167,920      |
| -                     | -                         | -                      | 358,400                  | 55,871                  | -                     | 791,255      |
| -                     | -                         | -                      | -                        | -                       | -                     | 54,636       |
| -                     | -                         | -                      | -                        | -                       | -                     | 2,396        |
| 724,297               | -                         | 13,960                 | 414,382                  | 55,871                  | -                     | 3,421,462    |
| (205,689)             | 61,042                    | (13,372)               | (266,506)                | (55,871)                | -                     | (1,369,779)  |
| 257,136               | -                         | -                      | -                        | -                       | -                     | 627,853      |
| -                     | -                         | -                      | -                        | -                       | -                     | (60,000)     |
| -                     | -                         | -                      | 101,400                  | -                       | -                     | 101,400      |
| -                     | -                         | -                      | -                        | -                       | -                     | 92,417       |
| -                     | -                         | -                      | -                        | -                       | -                     | 5,495        |
| 257,136               | -                         | -                      | 101,400                  | -                       | -                     | 767,165      |
| 51,447                | 61,042                    | (13,372)               | (165,106)                | (55,871)                | -                     | (602,614)    |
| 246,726               | 142,255                   | 13,372                 | 302,730                  | -                       | 6,000                 | 2,924,731    |
| 205,664               | -                         | -                      | -                        | -                       | -                     | 205,664      |
| 452,390               | 142,255                   | 13,372                 | 302,730                  | -                       | 6,000                 | 3,130,395    |
| \$ 503,837            | \$ 203,297                | \$ -                   | \$ 137,624               | \$ (55,871)             | \$ 6,000              | \$ 2,527,781 |

(Concluded)

# CITY OF WINFIELD, KANSAS

## BUDGETED NONMAJOR SPECIAL REVENUE FUNDS SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS FOR THE YEAR ENDED DECEMBER 31, 2003

|  | FLOOD CONTROL    |                   |                   | SPECIAL PARKS AND RECREATION |                  |                  |
|--|------------------|-------------------|-------------------|------------------------------|------------------|------------------|
|  | Budget           | Actual            | Variance          | Budget                       | Actual           | Variance         |
| <b>Revenues and other sources</b>  |                  |                   |                   |                              |                  |                  |
| Taxes  | \$ -             | \$ -              | \$ -              | \$ -                         | \$ -             | \$ -             |
| Intergovernmental revenues   | -                | -                 | -                 | 26,754                       | 23,859           | (2,895)          |
| Interest   | 6,500            | 5,313             | (1,187)           | 1,000                        | 1,456            | 456              |
| Other  | -                | -                 | -                 | -                            | 31,823           | 31,823           |
| Temporary Note Proceeds  | -                | -                 | -                 | -                            | -                | -                |
| Transfers from other funds   | 8,962            | 8,962             | -                 | -                            | 10,000           | 10,000           |
| <b>Total revenues and other sources</b>                                    | <u>15,462</u>    | <u>14,275</u>     | <u>(1,187)</u>    | <u>27,754</u>                | <u>67,138</u>    | <u>39,384</u>    |
| <b>Expenditures and other uses</b>   |                  |                   |                   |                              |                  |                  |
| Personal services  | -                | -                 | -                 | -                            | -                | -                |
| Contractual services   | 12,000           | 450               | 11,550            | -                            | -                | -                |
| Materials and supplies   | -                | 1,129             | (1,129)           | -                            | -                | -                |
| Other  | -                | 15                | (15)              | -                            | 953              | (953)            |
| Capital outlay   | 15,000           | 12,400            | 2,600             | 80,148                       | 90,155           | (10,007)         |
| Transfers to other funds   | -                | -                 | -                 | -                            | -                | -                |
| Contingency  | 197,668          | -                 | 197,668           | 19,852                       | -                | 19,852           |
| <b>Total expenditures and other uses</b>                                   | <u>224,668</u>   | <u>13,994</u>     | <u>210,674</u>    | <u>100,000</u>               | <u>91,108</u>    | <u>8,892</u>     |
| <b>Revenues and other sources over (under) expenditures and other uses</b> | (209,206)        | 281               | 209,487           | (72,246)                     | (23,970)         | 48,276           |
| <b>Unencumbered fund balance, January 1</b>                                | <u>220,439</u>   | <u>224,911</u>    | <u>(4,472)</u>    | <u>27,849</u>                | <u>74,563</u>    | <u>46,714</u>    |
| <b>Unencumbered fund balance, December 31</b>                              | <u>\$ 11,233</u> | <u>\$ 225,192</u> | <u>\$ 213,959</u> | <u>\$ (44,397)</u>           | <u>\$ 50,593</u> | <u>\$ 94,990</u> |

| SPECIAL ALCOHOL PROGRAM |          |          | LAW ENFORCEMENT TRUST |          |          | SENIOR CITIZENS FACILITY |          |          |
|-------------------------|----------|----------|-----------------------|----------|----------|--------------------------|----------|----------|
| Budget                  | Actual   | Variance | Budget                | Actual   | Variance | Budget                   | Actual   | Variance |
| \$ -                    | \$ -     | \$ -     | \$ -                  | \$ -     | \$ -     | \$ -                     | \$ -     | \$ -     |
| 26,754                  | 23,859   | (2,895)  | -                     | -        | -        | 7,660                    | 2,250    | (5,410)  |
| 600                     | 274      | (326)    | -                     | -        | -        | 350                      | 162      | (188)    |
| 6,000                   | 5,447    | (553)    | 1,000                 | 623      | (377)    | 2,500                    | 3,290    | 790      |
| -                       | -        | -        | -                     | -        | -        | -                        | -        | -        |
| -                       | -        | -        | -                     | -        | -        | -                        | -        | -        |
| 33,354                  | 29,580   | (3,774)  | 1,000                 | 623      | (377)    | 10,510                   | 5,702    | (4,808)  |
| 33,222                  | 33,308   | (86)     | -                     | -        | -        | -                        | -        | -        |
| -                       | -        | -        | -                     | -        | -        | 8,050                    | 7,472    | 578      |
| 5,000                   | 4,143    | 857      | 3,000                 | 3,050    | (50)     | 450                      | -        | 450      |
| -                       | -        | -        | -                     | -        | -        | 1,140                    | 1,140    | -        |
| -                       | -        | -        | -                     | -        | -        | -                        | -        | -        |
| -                       | -        | -        | -                     | -        | -        | -                        | -        | -        |
| 13,696                  | -        | 13,696   | 1,141                 | -        | 1,141    | 10,983                   | -        | 10,983   |
| 51,918                  | 37,451   | 14,467   | 4,141                 | 3,050    | 1,091    | 20,623                   | 8,612    | 12,011   |
| (18,564)                | (7,871)  | 10,693   | (3,141)               | (2,427)  | 714      | (10,113)                 | (2,910)  | 7,203    |
| 21,159                  | 16,245   | (4,914)  | 3,347                 | 8,810    | 5,463    | 11,143                   | 7,692    | (3,451)  |
| \$ 2,595                | \$ 8,374 | \$ 5,779 | \$ 206                | \$ 6,383 | \$ 6,177 | \$ 1,030                 | \$ 4,782 | \$ 3,752 |

(Continued)

**CITY OF WINFIELD, KANSAS**  
**BUDGETED NONMAJOR SPECIAL REVENUE FUNDS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL - BUDGETARY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

|  | <b>SPECIAL LIABILITY</b> |                   |                   | <b>LAW ENFORCEMENT, AMBULANCE,<br/>AND FIRE EQUIPMENT</b> |                  |                  |
|--|--------------------------|-------------------|-------------------|---|------------------|------------------|
|  | <u>Budget</u>            | <u>Actual</u>     | <u>Variance</u>   | <u>Budget</u>   | <u>Actual</u>    | <u>Variance</u>  |
| <b>Revenues and other sources</b>  |                          |                   |                   |   |                  |                  |
| Taxes  | \$ 116                   | \$ 137            | \$ 21             | \$ 108,089  | \$ 98,665        | \$ (9,424)       |
| Intergovernmental revenues   | -                        | -                 | -                 | -   | 9,030            | 9,030            |
| Interest   | 30,000                   | 18,905            | (11,095)          | 4,000   | 2,316            | (1,684)          |
| Other  | -                        | 17                | 17                | -   | -                | -                |
| Temporary Note Proceeds  | -                        | -                 | -                 | -   | -                | -                |
| Transfers from other funds   | -                        | -                 | -                 | -   | -                | -                |
| <b>Total revenues and<br/>other sources</b>  | <u>30,116</u>            | <u>19,059</u>     | <u>(11,057)</u>   | <u>112,089</u>  | <u>110,011</u>   | <u>(2,078)</u>   |
| <b>Expenditures and other uses</b>   |                          |                   |                   |   |                  |                  |
| Personal services  | -                        | -                 | -                 | -   | -                | -                |
| Contractual services   | 4,000                    | 4,030             | (30)              | -   | -                | -                |
| Materials and supplies   | -                        | -                 | -                 | -   | -                | -                |
| Other  | 113,201                  | 76,644            | 36,557            | -   | -                | -                |
| Capital outlay   | -                        | -                 | -                 | 106,095   | 104,688          | 1,407            |
| Transfers to other funds   | -                        | -                 | -                 | 72,068  | 35,000           | 37,068           |
| Contingency  | <u>788,431</u>           | <u>-</u>          | <u>788,431</u>    | <u>-</u>  | <u>-</u>         | <u>-</u>         |
| <b>Total expenditures<br/>and other uses</b>                                       | <u>905,632</u>           | <u>80,674</u>     | <u>824,958</u>    | <u>178,163</u>  | <u>139,688</u>   | <u>38,475</u>    |
| <b>Revenues and other sources<br/>over (under) expenditures<br/>and other uses</b> | (875,516)                | (61,615)          | 813,901           | (66,074)  | (29,677)         | 36,397           |
| <b>Unencumbered fund balance,<br/>January 1</b>                                    | <u>920,796</u>           | <u>921,197</u>    | <u>401</u>        | <u>74,980</u>   | <u>66,601</u>    | <u>(8,379)</u>   |
| <b>Unencumbered fund balance,<br/>December 31</b>                                  | <u>\$ 45,280</u>         | <u>\$ 859,582</u> | <u>\$ 814,302</u> | <u>\$ 8,906</u>   | <u>\$ 36,924</u> | <u>\$ 28,018</u> |

| GASOLINE TAX |           |             | INDUSTRIAL DEVELOPMENT |           |            | TOURISM AND CONVENTION |            |            |
|--------------|-----------|-------------|------------------------|-----------|------------|------------------------|------------|------------|
| Budget       | Actual    | Variance    | Budget                 | Actual    | Variance   | Budget                 | Actual     | Variance   |
| -            | \$ -      | \$ -        | \$ 33,755              | \$ 30,693 | \$ (3,062) | \$ -                   | \$ -       | \$ -       |
| 421,500      | 387,739   | (33,761)    | -                      | -         | -          | 70,000                 | 63,986     | (6,014)    |
| 8,800        | 7,071     | (1,729)     | 3,000                  | 775       | (2,225)    | 3,000                  | 3,012      | 12         |
| -            | 14,325    | 14,325      | -                      | 5,495     | 5,495      | 6,000                  | 16,593     | 10,593     |
| 100,000      | -         | (100,000)   | -                      | -         | -          | -                      | -          | -          |
| 360,000      | 335,000   | (25,000)    | -                      | -         | -          | -                      | -          | -          |
| 890,300      | 744,135   | (146,165)   | 36,755                 | 36,963    | 208        | 79,000                 | 83,591     | 4,591      |
| 351,119      | 321,856   | 29,263      | -                      | -         | -          | 1,620                  | 697        | 923        |
| 209,552      | 162,993   | 46,559      | 70,950                 | 60,064    | 10,886     | 60,200                 | 59,531     | 669        |
| 85,950       | 72,614    | 13,336      | 1,000                  | -         | 1,000      | 1,500                  | 926        | 574        |
| 6,530        | 31,477    | (24,947)    | 14,500                 | 11,286    | 3,214      | 22,500                 | 22,541     | (41)       |
| 390,000      | 381,210   | 8,790       | -                      | -         | -          | 3,500                  | 3,500      | -          |
| 25,000       | -         | 25,000      | -                      | -         | -          | -                      | -          | -          |
| 66,860       | -         | 66,860      | 1,951                  | -         | 1,951      | 96,796                 | -          | 96,796     |
| 1,135,011    | 970,150   | 164,861     | 88,401                 | 71,350    | 17,051     | 186,116                | 87,195     | 98,921     |
| (244,711)    | (226,015) | 18,696      | (51,646)               | (34,387)  | 17,259     | (107,116)              | (3,604)    | 103,512    |
| 294,711      | 232,193   | (62,518)    | 51,646                 | 49,609    | (2,037)    | 116,421                | 121,942    | 5,521      |
| 50,000       | \$ 6,178  | \$ (43,822) | \$ -                   | \$ 15,222 | \$ 15,222  | \$ 9,305               | \$ 118,338 | \$ 109,033 |

(Continued)

# CITY OF WINFIELD, KANSAS

## BUDGETED NONMAJOR SPECIAL REVENUE FUNDS SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS FOR THE YEAR ENDED DECEMBER 31, 2003

|  | CEMETERY IMPROVEMENTS |                  |                  | LIBRARY         |                |                   |
|--|-----------------------|------------------|------------------|-----------------|----------------|-------------------|
|  | Budget                | Actual           | Variance         | Budget          | Actual         | Variance          |
| <b>Revenues and other sources</b>  |                       |                  |                  |                 |                |                   |
| Taxes  | \$ -                  | \$ -             | \$ -             | \$ 380,578      | \$ 347,046     | \$ (33,532)       |
| Intergovernmental revenues   | -                     | -                | -                | -               | -              | -                 |
| Interest   | 1,800                 | 1,582            | (218)            | -               | -              | -                 |
| Other  | 10,500                | 6,306            | (4,194)          | -               | -              | -                 |
| Temporary Note Proceeds  | -                     | -                | -                | -               | -              | -                 |
| Transfers from other funds   | -                     | -                | -                | -               | -              | -                 |
| <b>Total revenues and other sources</b>                                    | <u>12,300</u>         | <u>7,888</u>     | <u>(4,412)</u>   | <u>380,578</u>  | <u>347,046</u> | <u>(33,532)</u>   |
| <b>Expenditures and other uses</b>   |                       |                  |                  |                 |                |                   |
| Personal services  | -                     | -                | -                | -               | -              | -                 |
| Contractual services   | -                     | -                | -                | -               | -              | -                 |
| Materials and supplies   | -                     | 342              | (342)            | -               | -              | -                 |
| Other  | -                     | -                | -                | 380,578         | 347,046        | 33,532            |
| Capital outlay   | -                     | -                | -                | -               | -              | -                 |
| Transfers to other funds   | -                     | -                | -                | -               | -              | -                 |
| Contingency  | 75,986                | -                | 75,986           | -               | -              | -                 |
| <b>Total expenditures and other uses</b>                                   | <u>75,986</u>         | <u>342</u>       | <u>75,644</u>    | <u>380,578</u>  | <u>347,046</u> | <u>33,532</u>     |
| <b>Revenues and other sources over (under) expenditures and other uses</b> | (63,686)              | 7,546            | 71,232           | -               | -              | -                 |
| <b>Unencumbered fund balance, January 1</b>                                | <u>67,486</u>         | <u>65,870</u>    | <u>(1,616)</u>   | <u>3,825</u>    | <u>-</u>       | <u>(3,825)</u>    |
| <b>Unencumbered fund balance, December 31</b>                              | <u>\$ 3,800</u>       | <u>\$ 73,416</u> | <u>\$ 69,616</u> | <u>\$ 3,825</u> | <u>\$ -</u>    | <u>\$ (3,825)</u> |

| LIBRARY EMP BENEFITS |           |            | FAIRGROUNDS IMPROVEMENTS |           |           | SPECIAL IMPROVEMENTS |          |          |
|----------------------|-----------|------------|--------------------------|-----------|-----------|----------------------|----------|----------|
| Budget               | Actual    | Variance   | Budget                   | Actual    | Variance  | Budget               | Actual   | Variance |
| \$ 22,827            | \$ 21,102 | \$ (1,725) | \$ -                     | \$ -      | \$ -      | \$ -                 | \$ -     | \$ -     |
| -                    | -         | -          | -                        | -         | -         | -                    | -        | -        |
| -                    | -         | -          | 930                      | 601       | (329)     | 1,300                | 682      | (618)    |
| -                    | -         | -          | 6,000                    | 7,971     | 1,971     | -                    | -        | -        |
| -                    | -         | -          | -                        | -         | -         | -                    | -        | -        |
| -                    | -         | -          | -                        | -         | -         | -                    | -        | -        |
| 22,827               | 21,102    | (1,725)    | 6,930                    | 8,572     | 1,642     | 1,300                | 682      | (618)    |
| -                    | -         | -          | -                        | -         | -         | -                    | -        | -        |
| -                    | -         | -          | -                        | -         | -         | -                    | 11,195   | (11,195) |
| -                    | -         | -          | -                        | -         | -         | -                    | -        | -        |
| 23,777               | 21,694    | 2,083      | -                        | -         | -         | -                    | -        | -        |
| -                    | -         | -          | -                        | 203       | (203)     | -                    | -        | -        |
| -                    | -         | -          | -                        | -         | -         | -                    | 16,754   | (16,754) |
| -                    | -         | -          | 41,236                   | -         | 41,236    | 33,500               | -        | 33,500   |
| 23,777               | 21,694    | 2,083      | 41,236                   | 203       | 41,033    | 33,500               | 27,949   | 5,551    |
| (950)                | (592)     | 358        | (34,306)                 | 8,369     | 42,675    | (32,200)             | (27,267) | 4,933    |
| 950                  | 592       | (358)      | 36,476                   | 22,238    | (14,238)  | 34,323               | 35,752   | 1,429    |
| \$ -                 | \$ -      | \$ -       | \$ 2,170                 | \$ 30,607 | \$ 28,437 | \$ 2,123             | \$ 8,485 | \$ 6,362 |

(Concluded)

# CITY OF WINFIELD, KANSAS

## Nonmajor Capital Projects Fund 2002 General Obligation Maintenance and Improvements Bond Schedule of Revenues, Expenditures, and Changes in Fund Balances From Inception and for the Year ended December 31, 2003

|  | Prior<br>Years    | Current<br>Year   | Total<br>to Date  | Project<br>Authorization |
|--|-------------------|-------------------|-------------------|--------------------------|
| <b>Revenues:</b>                             |                   |                   |                   |                          |
| Interest income                              | \$ 144            | \$ -              | \$ 144            | \$ 144                   |
| State reimbursements                         | -                 | 147,876           | 147,876           | 147,876                  |
|  | <u>144</u>        | <u>147,876</u>    | <u>148,020</u>    | <u>148,020</u>           |
|  |                   |                   | -                 |                          |
| <b>Expenditures:</b>                         |                   |                   |                   |                          |
| Bond issue costs                             | 11,319            | 1,193             | 12,512            | 12,512                   |
| Improvement projects                         | 365,253           | 413,189           | 778,442           | 916,066                  |
|  | <u>376,572</u>    | <u>414,382</u>    | <u>790,954</u>    | <u>928,578</u>           |
| Deficiency of revenues<br>under expenditures | <u>(376,428)</u>  | <u>(266,506)</u>  | <u>(642,934)</u>  | <u>(780,558)</u>         |
| <b>Other financing sources (uses):</b>       |                   |                   |                   |                          |
| Bond proceeds                                | 685,000           | 101,400           | 786,400           | 786,400                  |
| Transfers out                                | (5,842)           | -                 | (5,842)           | (5,842)                  |
| Total other financing<br>sources (uses)      | <u>679,158</u>    | <u>101,400</u>    | <u>780,558</u>    | <u>780,558</u>           |
| Net change in fund balances                  | 302,730           | (165,106)         | 137,624           | <u>\$ -</u>              |
| Fund balance-beginning of year               | <u>-</u>          | <u>302,730</u>    | <u>-</u>          |                          |
| Fund balance - end of year                   | <u>\$ 302,730</u> | <u>\$ 137,624</u> | <u>\$ 137,624</u> |                          |

# CITY OF WINFIELD, KANSAS

## Nonmajor Capital Projects Fund The Fairways Benefit District Projects Schedule of Revenues, Expenditures, and Changes in Fund Balances From Inception and for the Year ended December 31, 2003

|   | <u>Prior<br/>Years</u> | <u>Current<br/>Year</u> | <u>Total<br/>to Date</u> | <u>Project<br/>Authorization</u> |
|---|------------------------|-------------------------|--------------------------|----------------------------------|
| <b>Expenditures:</b>                    |                        |                         |                          |                                  |
| Improvement projects                    | \$ -                   | \$ 55,871               | \$ 55,871                | \$ 928,000                       |
| <b>Other financing sources (uses):</b>  |                        |                         |                          |                                  |
| Temporary note proceeds                 | -                      | -                       | -                        | 775,000                          |
| Other financing                         | -                      | -                       | -                        | 153,000                          |
| Total other financing<br>sources (uses) | -                      | -                       | -                        | 928,000                          |
| Net change in fund balances             | -                      | (55,871)                | (55,871)                 | \$ -                             |
| Fund balance-beginning of year          | -                      | -                       | -                        |                                  |
| Fund balance - end of year              | \$ -                   | \$ (55,871)             | \$ (55,871)              |                                  |

## NONMAJOR ENTERPRISE FUNDS

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

Refuse - The Refuse Fund is used to account for revenues and expenses related to the operation and maintenance of the refuse collection and recycling programs operated by the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and capital improvements. In addition, a pro-rata portion of administration, utility billings, and collection expenses are charged to this fund from the management services fund.

Stormwater Drainage - The Stormwater Utility Fund was established in 1996 as a way to fund major drainage projects throughout the City. Stormwater drainage fees are charged to city utility customers through the utility bill.

**CITY OF WINFIELD, KANSAS**  
**NONMAJOR ENTERPRISE FUNDS**  
**COMBINING STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2003**

|  | <u>Refuse</u>     | <u>Stormwater<br/>Drainage</u> | <u>Total</u>        |
|--|-------------------|--------------------------------|---------------------|
| <b>Assets</b>                                    |                   |                                |                     |
| <b>Current assets</b>                            |                   |                                |                     |
| Cash and temporary investments                   | \$ 273,141        | \$ 183,621                     | \$ 456,762          |
| Utility billing receivables, net                 | 15,118            | 2,009                          | 17,127              |
| Accounts receivable, net                         | 8,022             | -                              | 8,022               |
| Total current assets                             | <u>296,281</u>    | <u>185,630</u>                 | <u>481,911</u>      |
| <b>Noncurrent assets:</b>                        |                   |                                |                     |
| Restricted asset: cash and temporary investments | <u>121</u>        | <u>-</u>                       | <u>121</u>          |
| Capital Assets:                                  |                   |                                |                     |
| Land   | 3,503             | -                              | 3,503               |
| Buildings  | 44,673            | -                              | 44,673              |
| Improvements other than buildings                | -                 | 2,527,322                      | 2,527,322           |
| Machinery, equipment, other                      | 1,004,408         | 9,296                          | 1,013,704           |
| Less accumulated depreciation                    | <u>(633,048)</u>  | <u>(172,797)</u>               | <u>(805,845)</u>    |
| Net capital assets                               | <u>419,536</u>    | <u>2,363,821</u>               | <u>2,783,357</u>    |
| Total noncurrent assets                          | <u>419,657</u>    | <u>2,363,821</u>               | <u>2,783,478</u>    |
| <b>Other assets</b>                              |                   |                                |                     |
| Advances to internal service funds               | 51,750            | 534                            | 52,284              |
| Investment in joint venture                      | <u>62,817</u>     | <u>-</u>                       | <u>62,817</u>       |
| Total other assets                               | <u>114,567</u>    | <u>534</u>                     | <u>115,101</u>      |
| <b>Total assets</b>                              | <u>830,505</u>    | <u>2,549,985</u>               | <u>3,380,490</u>    |
| <b>Liabilities</b>                               |                   |                                |                     |
| <b>Current liabilities</b>                       |                   |                                |                     |
| Accounts payable                                 | 38,421            | 11,847                         | 50,268              |
| Accrued interest payable                         | 348               | -                              | 348                 |
| Accrued compensated absences                     | 13,618            | -                              | 13,618              |
| Current portion of capital lease payable         | <u>10,000</u>     | <u>-</u>                       | <u>10,000</u>       |
| Total current liabilities                        | <u>62,387</u>     | <u>11,847</u>                  | <u>74,234</u>       |
| <b>Noncurrent liabilities</b>                    |                   |                                |                     |
| Capital leases payable                           | 19,879            | -                              | 19,879              |
| Payable from restricted assets                   | <u>121</u>        | <u>-</u>                       | <u>121</u>          |
| Total noncurrent liabilities                     | <u>20,000</u>     | <u>-</u>                       | <u>20,000</u>       |
| <b>Total liabilities</b>                         | <u>82,387</u>     | <u>11,847</u>                  | <u>94,234</u>       |
| <b>Net Assets</b>                                |                   |                                |                     |
| Invested in capital assets                       | -                 | 2,363,821                      | 2,363,821           |
| Invested in capital assets, net of related debt  | 389,657           | -                              | 389,657             |
| Restricted for debt service                      | 121               | -                              | 121                 |
| Unrestricted                                     | <u>358,340</u>    | <u>174,317</u>                 | <u>532,657</u>      |
| <b>Total net assets</b>                          | <u>\$ 748,118</u> | <u>\$ 2,538,138</u>            | <u>\$ 3,286,256</u> |

# CITY OF WINFIELD, KANSAS

## NONMAJOR ENTERPRISE FUNDS COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2003

|  | Refuse     | Stormwater<br>Drainage | Total        |
|--|------------|------------------------|--------------|
| <b>Operating revenues</b>                    |            |                        |              |
| Charges for services and sales               | \$ 969,264 | \$ 83,362              | \$ 1,052,626 |
| Other  | 43,027     | -                      | 43,027       |
| Total operating revenues                     | 1,012,291  | 83,362                 | 1,095,653    |
| <b>Operating expenses</b>                    |            |                        |              |
| Services and supplies                        | 970,055    | 39,517                 | 1,009,572    |
| Payments in lieu of franchise fees           | 46,147     | -                      | 46,147       |
| Depreciation                                 | 97,541     | 15,813                 | 113,354      |
| Total operating expenses                     | 1,113,743  | 55,330                 | 1,169,073    |
| <b>Operating income (loss)</b>               | (101,452)  | 28,032                 | (73,420)     |
| <b>Non-operating revenues (expenses)</b>     |            |                        |              |
| Interest income                              | 7,250      | 3,932                  | 11,182       |
| Loss on joint venture                        | (1,941)    | -                      | (1,941)      |
| Interest expense                             | (3,987)    | -                      | (3,987)      |
| Other  | 4,500      | -                      | 4,500        |
| Total non-operating revenues (expenses)      | 5,822      | 3,932                  | 9,754        |
| <b>Net income (loss) before transfers</b>    | (95,630)   | 31,964                 | (63,666)     |
| Transfers out - cash                         | -          | (20,000)               | (20,000)     |
| Transfers in (out) - capital assets          | (6,890)    | 1,347,578              | 1,340,688    |
| <b>Change in net assets</b>                  | (102,520)  | 1,359,542              | 1,257,022    |
| Total net assets - beginning                 | 910,491    | 481,760                | 1,392,251    |
| Prior period adjustment                      | (59,853)   | 696,836                | 636,983      |
| <b>Total restated net assets - beginning</b> | 850,638    | 1,178,596              | 2,029,234    |
| <b>Total net assets - ending</b>             | \$ 748,118 | \$ 2,538,138           | \$ 3,286,256 |

# CITY OF WINFIELD, KANSAS

## NONMAJOR ENTERPRISE FUNDS COMBINING STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2003

|   | Refuse            | Stormwater<br>Drainage | Total             |
|---|-------------------|------------------------|-------------------|
| <b>Cash flows from operating activities</b>                                 |                   |                        |                   |
| Payments to suppliers   | \$ (533,126)      | \$ (27,758)            | \$ (560,884)      |
| Payments to employees   | (432,724)         | -                      | (432,724)         |
| Internal activity-payments to other funds                                   | (46,147)          | -                      | (46,147)          |
| Receipts from customers   | 974,138           | 81,999                 | 1,056,137         |
| Other receipts  | 30,915            | -                      | 30,915            |
| Net cash provided by operating activities                                   | <u>(6,944)</u>    | <u>54,241</u>          | <u>47,297</u>     |
| <b>Cash flows from noncapital financing activities</b>                      |                   |                        |                   |
| Advances to other funds   | (5,081)           | -                      | (5,081)           |
| Transfer to other funds   | -                 | (20,000)               | (20,000)          |
| Net cash used by noncapital financing activities                            | <u>(5,081)</u>    | <u>(20,000)</u>        | <u>(25,081)</u>   |
| <b>Cash flows from capital and related financing activities</b>             |                   |                        |                   |
| Capital lease payments - principal  | (10,000)          | -                      | (10,000)          |
| Capital lease payments - interest   | (3,850)           | -                      | (3,850)           |
| Acquisition of capital assets   | (27,951)          | (45,527)               | (73,478)          |
| Net cash used by capital and related financing activities                   | <u>(41,801)</u>   | <u>(45,527)</u>        | <u>(87,328)</u>   |
| <b>Cash flows from investing activities</b>                                 |                   |                        |                   |
| Installment sale receipts - principal                                       | 1,656             | -                      | 1,656             |
| Interest income   | 7,251             | 3,932                  | 11,183            |
| Net cash provided from investing activities                                 | <u>8,907</u>      | <u>3,932</u>           | <u>12,839</u>     |
| <b>Net decrease in cash and cash equivalents</b>                            | (44,919)          | (7,354)                | (52,273)          |
| Balances - beginning of the year<br>(includes \$120 in restricted accounts) | <u>318,181</u>    | <u>190,975</u>         | <u>509,156</u>    |
| Balances - end of the year<br>(includes \$121 in restricted accounts)       | <u>\$ 273,262</u> | <u>\$ 183,621</u>      | <u>\$ 456,883</u> |

### Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities

|   |                   |                  |                  |
|---|-------------------|------------------|------------------|
| Operating income (loss)   | \$ (101,452)      | \$ 28,032        | \$ (73,420)      |
| Adjustments to reconcile operating income to net cash provided by operating activities: |                   |                  |                  |
| Depreciation  | 97,541            | 15,813           | 113,354          |
| Changes in assets and liabilities:  |                   |                  |                  |
| Receivables, net  | 4,874             | (1,364)          | 3,510            |
| Compensated absences  | 707               | -                | 707              |
| Accounts and other payables   | 5,423             | 11,760           | 17,183           |
| Deferred revenues   | (14,037)          | -                | (14,037)         |
| Total adjustments   | <u>94,508</u>     | <u>26,209</u>    | <u>120,717</u>   |
| <b>Net cash provided (used) by operating activities</b>                                 | <u>\$ (6,944)</u> | <u>\$ 54,241</u> | <u>\$ 47,297</u> |

### Noncash Transactions

|   |         |           |           |
|---|---------|-----------|-----------|
| Infrastructure assets contributed from (to) other funds | (6,890) | 1,347,578 | 1,340,688 |
| Asset sold through installment sale                     | (4,500) | -         | (4,500)   |
| Loss on joint venture                                   | (1,941) |           | (1,941)   |

# CITY OF WINFIELD, KANSAS

## BUDGETED ENTERPRISE FUNDS SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS FOR THE YEAR ENDED DECEMBER 31, 2003

|  | <b>ELECTRIC</b>    |                     |                     |
|--|--------------------|---------------------|---------------------|
|  | <b>Budget</b>      | <b>Actual</b>       | <b>Variance</b>     |
| <b>Revenues and other sources</b>  |                    |                     |                     |
| Charges for services   | \$ 16,000,000      | \$ 17,731,589       | \$ 1,731,589        |
| Interest income  | 100,000            | 108,430             | 8,430               |
| Other  | 114,600            | 141,899             | 27,299              |
| FEMA reimbursements  | 1,266,000          | 582,920             | (683,080)           |
| Reimbursement of expenditures  | 100,000            | 94,255              | (5,745)             |
| Transfers from other funds   | -                  | -                   | -                   |
| <b>Total revenues and other sources</b>                                    | <b>17,580,600</b>  | <b>18,659,093</b>   | <b>1,078,493</b>    |
| <b>Expenditures and other uses</b>   |                    |                     |                     |
| Personal services  | 1,936,668          | 1,803,508           | 133,160             |
| Contractual services   | 1,725,493          | 1,476,771           | 248,722             |
| Materials and supplies   | 240,800            | 414,992             | (174,192)           |
| Other  | 144,347            | 202,630             | (58,283)            |
| Purchased power and fuel   | 10,810,000         | 10,208,712          | 601,288             |
| Capital outlay   | 1,117,910          | 634,665             | 483,245             |
| Debt service   | 857,190            | 997,150             | (139,960)           |
| In lieu of franchise taxes   | 962,250            | 1,152,553           | (190,303)           |
| Transfers to other funds   | 82,875             | 193,650             | (110,775)           |
| Contingency  | 820,025            | -                   | 820,025             |
| <b>Total expenditures and other uses</b>                                   | <b>18,697,558</b>  | <b>17,084,631</b>   | <b>1,612,927</b>    |
| <b>Revenues and other sources over (under) expenditures and other uses</b> | <b>(1,116,958)</b> | <b>1,574,462</b>    | <b>2,691,420</b>    |
| <b>Unencumbered fund balance, January 1</b>                                | <b>1,116,958</b>   | <b>2,798,195</b>    | <b>(1,681,237)</b>  |
| <b>Unencumbered fund balance, December 31</b>                              | <b>\$ -</b>        | <b>\$ 4,372,657</b> | <b>\$ 4,372,657</b> |

| GAS                |                   |              |                          | WATER        |              |              |
|--------------------|-------------------|--------------|--------------------------|--------------|--------------|--------------|
| Original<br>Budget | Amended<br>Budget | Actual       | Variance<br>from amended | Budget       | Actual       | Variance     |
| \$ 5,100,000       | \$ 5,100,000      | \$ 5,277,372 | \$ 177,372               | \$ 1,595,000 | \$ 1,431,773 | \$ (163,227) |
| 35,000             | 35,000            | 30,002       | (4,998)                  | 22,000       | 9,621        | (12,379)     |
| 12,000             | 12,000            | (30,064)     | (42,064)                 | 14,000       | 10,002       | (3,998)      |
| -                  | -                 | -            | -                        | -            | -            | -            |
| 15,000             | 15,000            | 17,779       | 2,779                    | 25,000       | 13,413       | (11,587)     |
| -                  | -                 | -            | -                        | -            | -            | -            |
| 5,162,000          | 5,162,000         | 5,295,089    | 133,089                  | 1,656,000    | 1,464,809    | (191,191)    |
| 671,248            | 671,248           | 651,693      | 19,555                   | 646,116      | 684,318      | (38,202)     |
| 538,238            | 538,238           | 510,763      | 27,475                   | 546,558      | 542,581      | 3,977        |
| 26,250             | 26,250            | 26,572       | (322)                    | 108,500      | 123,900      | (15,400)     |
| 18,815             | 18,815            | 30,561       | (11,746)                 | 54,876       | 39,353       | 15,523       |
| 3,500,000          | 3,976,365         | 3,909,552    | -                        | -            | -            | -            |
| 164,500            | 164,500           | 180,721      | (16,221)                 | 155,500      | 87,067       | 68,433       |
| -                  | -                 | -            | -                        | 170,895      | 172,799      | (1,904)      |
| 257,250            | 257,250           | 290,255      | -                        | 78,013       | 71,554       | 56,700       |
| 82,875             | 82,875            | 153,650      | (70,775)                 | 82,875       | -            | 82,875       |
| 64,459             | 64,459            | -            | 64,459                   | 326,850      | -            | 326,850      |
| 5,323,635          | 5,800,000         | 5,753,767    | 12,425                   | 2,170,183    | 1,721,572    | 498,852      |
| (161,635)          | (638,000)         | (458,678)    | 145,514                  | (514,183)    | (256,763)    | 307,661      |
| 161,635            | 161,635           | 602,058      | 440,423                  | 622,691      | 576,698      | (45,993)     |
| \$ -               | \$ (476,365)      | \$ 143,380   | \$ 585,937               | \$ 108,508   | \$ 319,935   | \$ 261,668   |

(Continued)

# CITY OF WINFIELD, KANSAS

## BUDGETED ENTERPRISE FUNDS SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS FOR THE YEAR ENDED DECEMBER 31, 2003

|  | REFUSE           |                   |                   | WASTEWATER       |                   |                   |
|--|------------------|-------------------|-------------------|------------------|-------------------|-------------------|
|  | Budget           | Actual            | Variance          | Budget           | Actual            | Variance          |
| <b>Revenues and other sources</b>  |                  |                   |                   |                  |                   |                   |
| Charges for services   | \$ 1,089,000     | \$ 924,318        | \$ (164,682)      | \$ 1,498,000     | \$ 1,525,078      | \$ 27,078         |
| Interest income  | 16,000           | 7,164             | (8,836)           | 12,000           | 8,374             | (3,626)           |
| Other  | 30,000           | 42,763            | 12,763            | 1,000            | (4,383)           | (5,383)           |
| FEMA reimbursements  | -                | -                 | -                 | -                | -                 | -                 |
| Reimbursement of expenditures  | 37,575           | 32,495            | (5,080)           | 2,000            | 182               | (1,818)           |
| Transfers from other funds   | -                | -                 | -                 | 100,000          | 100,000           | -                 |
| <b>Total revenues and other sources</b>                                    | <u>1,172,575</u> | <u>1,006,740</u>  | <u>(165,835)</u>  | <u>1,613,000</u> | <u>1,629,251</u>  | <u>16,251</u>     |
| <b>Expenditures and other uses</b>   |                  |                   |                   |                  |                   |                   |
| Personal services  | 461,647          | 435,182           | 26,465            | 507,650          | 485,832           | 21,818            |
| Contractual services   | 556,664          | 482,307           | 74,357            | 356,920          | 374,726           | (17,806)          |
| Materials and supplies   | 17,100           | 14,589            | 2,511             | 66,050           | 52,014            | 14,036            |
| Other  | 12,075           | 25,868            | (13,793)          | 29,720           | 29,312            | 408               |
| Purchased power and fuel   | -                | -                 | -                 | -                | -                 | -                 |
| Capital outlay   | 42,500           | 23,061            | 19,439            | 174,200          | 179,331           | (5,131)           |
| Debt service   | 23,850           | 23,850            | -                 | 513,729          | 513,729           | -                 |
| In lieu of franchise taxes   | 56,700           | 46,147            | 10,553            | -                | -                 | -                 |
| Transfers to other funds   | 82,875           | -                 | 82,875            | -                | 10,505            | (10,505)          |
| Contingency  | 41,781           | -                 | 41,781            | 189,523          | -                 | 189,523           |
| <b>Total expenditures and other uses</b>                                   | <u>1,295,192</u> | <u>1,051,004</u>  | <u>244,188</u>    | <u>1,837,792</u> | <u>1,645,449</u>  | <u>192,343</u>    |
| <b>Revenues and other sources over (under) expenditures and other uses</b> | (122,617)        | (44,264)          | 78,353            | (224,792)        | (16,198)          | 208,594           |
| <b>Unencumbered fund balance, January 1</b>                                | <u>187,376</u>   | <u>278,983</u>    | <u>91,607</u>     | <u>316,680</u>   | <u>354,140</u>    | <u>37,460</u>     |
| <b>Unencumbered fund balance, December 31</b>                              | <u>\$ 64,759</u> | <u>\$ 234,719</u> | <u>\$ 169,960</u> | <u>\$ 91,888</u> | <u>\$ 337,942</u> | <u>\$ 246,054</u> |

| STORMWATER DRAINAGE |            |            | QUAIL RIDGE GOLF COURSE |            |             |
|---------------------|------------|------------|-------------------------|------------|-------------|
| Budget              | Actual     | Variance   | Budget                  | Actual     | Variance    |
| \$ 66,750           | \$ 82,578  | \$ 15,828  | \$ 449,300              | \$ 406,288 | \$ (43,012) |
| 5,000               | 3,932      | (1,068)    | 8,000                   | 8,274      | 274         |
| -                   | (580)      | (580)      | 500                     | 74,256     | 73,756      |
| -                   | -          | -          | -                       | -          | -           |
| -                   | -          | -          | 500                     | -          | (500)       |
| -                   | -          | -          | 331,500                 | 307,300    | (24,200)    |
| 71,750              | 85,930     | 14,180     | 789,800                 | 796,118    | 6,318       |
| -                   | -          | -          | 234,171                 | 236,803    | (2,632)     |
| 12,500              | 32,166     | (19,666)   | 88,414                  | 87,035     | 1,379       |
| 42,750              | 35,249     | 7,501      | 77,875                  | 65,919     | 11,956      |
| -                   | 20,060     | (20,060)   | 3,800                   | 2,884      | 916         |
| -                   | -          | -          | -                       | -          | -           |
| 2,000               | 4,207      | (2,207)    | 31,000                  | 43,122     | (12,122)    |
| -                   | -          | -          | 355,280                 | 355,280    | -           |
| -                   | -          | -          | -                       | -          | -           |
| 20,000              | -          | 20,000     | -                       | -          | -           |
| 143,119             | -          | 143,119    | 550                     | -          | 550         |
| 220,369             | 91,682     | 128,687    | 791,090                 | 791,043    | 47          |
| (148,619)           | (5,752)    | 142,867    | (1,290)                 | 5,075      | 6,365       |
| 159,636             | 177,526    | 17,890     | 1,290                   | 4,038      | 2,748       |
| \$ 11,017           | \$ 171,774 | \$ 160,757 | \$ -                    | \$ 9,113   | \$ 9,113    |

(Concluded)

## INTERNAL SERVICE FUNDS

The Internal Service Funds are used to account for services performed by one governmental department to other departments of the City on a cost-reimbursement basis, and for risk financing activities.

Management Services – The Management Services Fund is a cost center for the City engineering, management information systems, utility billing, and general administration departments' expenses. These expenses are charged to other City funds based on several criteria and ratios.

Service Center – The Service Center Fund is a cost center for the City operations building and its equipment and for the service center department. The building and equipment maintenance costs are charged to other City funds on square footage, and the service center charges other departments based on usage.

Central Stores – The Central Stores Fund acts as a central inventory. Cash advances from several funds supplied the initial cash required to purchase inventory stock. When inventory is issued, the cost of the inventory issued is charged to the receiving fund. Funds utilizing the central store inventory include electric, gas, water, refuse, wastewater, service center, and general.

Accounts Receivable Financing - The Accounts Receivable Financing Fund acts as a central billing site for the City's utility billings. Utility receivables of each of the six City utility funds are "sold", for the estimated net amount collectible, to the Account Receivable Financing Fund after each billing cycle.

Risk Management Reserve – The Risk Management Reserve Fund pays for deductibles, excess liability losses, uninsured losses, and insurable losses not otherwise covered by commercial insurance. Funding is provided by annual contributions from other city funds that have an insurable risk, based on actuarial computations provided by an insurance consultant. The City purchases commercial insurance coverage for all substantial areas of risk, including property loss, auto liability, boiler and machinery, general and public officials' liability. Individual funds pay their portions of insurance policy premiums that are recorded as expenditures/expenses in those funds.

Workers' Compensation Reserve – The Workers' Compensation Reserve Fund accounts for all workers' compensation-related claims, judgments, and expenses. The City's workers' compensation program is a partially self-funded program covering substantially all full-time and part-time employees of the City. Funding is provided by annual contributions from other city functions that have an insurable risk, based on actuarial computations provided by an insurance consultant. The City has insurance coverage for excess claims, which varies by employee positions.

Health Insurance Reserve – The Health Insurance Reserve Fund was created to eventually fund a partially self-insured health insurance program. The fund currently is used to partially pay employee health insurance premiums.

Short Term Disability Reserve – The Short Term Disability Reserve Fund provides up to twenty-six weeks of financial assistance to City full-time employees following sixty days of continuous disability.

# CITY OF WINFIELD, KANSAS

## INTERNAL SERVICE FUNDS COMBINING STATEMENT OF NET ASSETS DECEMBER 31, 2003

|                                   | Management<br>Services | Operations<br>Center | Central<br>Stores   | Accounts<br>Receivable<br>Financing |
|-----------------------------------|------------------------|----------------------|---------------------|-------------------------------------|
| <b>Assets</b>                     |                        |                      |                     |                                     |
| <b>Current assets</b>             |                        |                      |                     |                                     |
| Cash and temporary investments    | \$ 62,670              | \$ 31,594            | \$ 37,426           | \$ 42,285                           |
| Utility billing receivables, net  | -                      | -                    | -                   | 1,856,905                           |
| Accounts receivable, net          | 3,162                  | -                    | -                   | -                                   |
| Inventories                       | -                      | 76,109               | 1,098,725           | -                                   |
| <b>Total current assets</b>       | <u>65,832</u>          | <u>107,703</u>       | <u>1,136,151</u>    | <u>1,899,190</u>                    |
| <b>Noncurrent assets</b>          |                        |                      |                     |                                     |
| Capital assets                    |                        |                      |                     |                                     |
| Land                              | -                      | 6,500                | -                   | -                                   |
| Buildings and improvements        | 235,574                | 1,443,780            | -                   | -                                   |
| Improvements other than buildings | -                      | 74,073               | -                   | -                                   |
| Machinery, equipment, other       | 1,193,117              | 350,908              | -                   | -                                   |
| Less accumulated depreciation     | (979,580)              | (581,207)            | -                   | -                                   |
| Net capital assets                | <u>449,111</u>         | <u>1,294,054</u>     | <u>-</u>            | <u>-</u>                            |
| Other assets                      |                        |                      |                     |                                     |
| Sales tax deposit                 | -                      | -                    | -                   | 6,000                               |
| <b>Total assets</b>               | <u>\$ 514,943</u>      | <u>\$ 1,401,757</u>  | <u>\$ 1,136,151</u> | <u>\$ 1,905,190</u>                 |
| <b>Liabilities</b>                |                        |                      |                     |                                     |
| <b>Current liabilities</b>        |                        |                      |                     |                                     |
| Accounts payable                  | \$ 60,823              | \$ 24,193            | \$ 20,166           | \$ 42,285                           |
| Accrued compensated absences      | 72,621                 | 10,714               | -                   | -                                   |
| Total current liabilities         | <u>133,444</u>         | <u>34,907</u>        | <u>20,166</u>       | <u>42,285</u>                       |
| <b>Noncurrent liabilities</b>     |                        |                      |                     |                                     |
| Advances from other funds         | -                      | 70,000               | 1,110,890           | 1,862,905                           |
| Claims payable                    | -                      | -                    | -                   | -                                   |
| Total noncurrent liabilities      | <u>-</u>               | <u>70,000</u>        | <u>1,110,890</u>    | <u>1,862,905</u>                    |
| <b>Total liabilities</b>          | <u>133,444</u>         | <u>104,907</u>       | <u>1,131,056</u>    | <u>1,905,190</u>                    |
| <b>Net Assets</b>                 |                        |                      |                     |                                     |
| Invested in capital assets        | 449,111                | 1,294,054            | -                   | -                                   |
| Unrestricted                      | (67,612)               | 2,796                | 5,095               | -                                   |
| <b>Total net assets</b>           | <u>\$ 381,499</u>      | <u>\$ 1,296,850</u>  | <u>\$ 5,095</u>     | <u>\$ -</u>                         |

| <u>Risk<br/>Management<br/>Reserve</u> | <u>Workers'<br/>Compensation<br/>Reserve</u> | <u>Health<br/>Insurance<br/>Reserve</u> | <u>Short-Term<br/>Disability<br/>Reserve</u> | <u>Total</u>        |
|--|--|---|--|---------------------|
| \$ 1,095,801                           | \$ 516,384                                   | \$ 50,065                               | \$ 115,312                                   | \$ 1,951,537        |
| -                                      | -  | -                                       | -  | 1,856,905           |
| -                                      | -  | -                                       | -  | 3,162               |
| -                                      | -  | -                                       | -  | 1,174,834           |
| <u>1,095,801</u>                       | <u>516,384</u>                               | <u>50,065</u>                           | <u>115,312</u>                               | <u>4,986,438</u>    |
| -                                      | -  | -                                       | -  | 6,500               |
| -                                      | -  | -                                       | -  | 1,679,354           |
| -                                      | -  | -                                       | -  | 74,073              |
| -                                      | -  | -                                       | -  | 1,544,025           |
| -                                      | -  | -                                       | -  | (1,560,787)         |
| <u>-</u>                               | <u>-</u>                                     | <u>-</u>                                | <u>-</u>                                     | <u>1,743,165</u>    |
| -                                      | -  | -                                       | -  | 6,000               |
| <u>\$ 1,095,801</u>                    | <u>\$ 516,384</u>                            | <u>\$ 50,065</u>                        | <u>\$ 115,312</u>                            | <u>\$ 6,735,603</u> |
| \$ 500                                 | \$ 53,301                                    | \$ 140                                  | \$ -   | \$ 201,408          |
| -                                      | -  | -                                       | -  | 83,335              |
| <u>500</u>                             | <u>53,301</u>                                | <u>140</u>                              | <u>-</u>                                     | <u>284,743</u>      |
| -                                      | -  | -                                       | -  | 3,043,795           |
| -                                      | 243,445                                      | -                                       | -  | 243,445             |
| <u>-</u>                               | <u>243,445</u>                               | <u>-</u>                                | <u>-</u>                                     | <u>3,287,240</u>    |
| 500                                    | 296,746                                      | 140                                     | -  | 3,571,983           |
| -                                      | -  | -                                       | -  | 1,743,165           |
| <u>1,095,301</u>                       | <u>219,638</u>                               | <u>49,925</u>                           | <u>115,312</u>                               | <u>1,420,455</u>    |
| <u>\$ 1,095,301</u>                    | <u>\$ 219,638</u>                            | <u>\$ 49,925</u>                        | <u>\$ 115,312</u>                            | <u>\$ 3,163,620</u> |

# CITY OF WINFIELD, KANSAS

## INTERNAL SERVICE FUNDS COMBINING STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2003

|   | Management<br>Services | Operations<br>Center | Central<br>Stores | Accounts<br>Receivable<br>Financing |
|---|------------------------|----------------------|-------------------|-------------------------------------|
| <b>Cash flows from operating activities</b>                     |                        |                      |                   |                                     |
| Payments to suppliers   | \$ (465,399)           | \$ (183,341)         | \$ (864,259)      | \$ -                                |
| Payments to employees   | (1,638,889)            | (291,887)            | -                 | -                                   |
| Payments of claims  | -                      | -                    | -                 | -                                   |
| Internal activity-receipts from (payments to) other funds       | 2,091,832              | 499,769              | 776,901           | (27,113,960)                        |
| Receipts from customers   | -                      | -                    | -                 | 26,966,976                          |
| Other receipts  | 36,382                 | -                    | -                 | -                                   |
| Net cash provided (used) by operating activities                | 23,926                 | 24,541               | (87,358)          | (146,984)                           |
| <b>Cash flows from noncapital financing activities</b>          |                        |                      |                   |                                     |
| Advances from other funds                                       | -                      | -                    | 50,000            | 151,530                             |
| <b>Cash flows from capital and related financing activities</b> |                        |                      |                   |                                     |
| Transfers (to) from other funds<br>for capital acquisition      | (10,000)               | (9,820)              | -                 | -                                   |
| Acquisition of capital assets                                   | (33,889)               | (14,150)             | -                 | -                                   |
| Net cash used by capital and related financing activities       | (43,889)               | (23,970)             | -                 | -                                   |
| <b>Cash flows from investing activities</b>                     |                        |                      |                   |                                     |
| Interest income   | -                      | -                    | -                 | -                                   |
| <b>Net increase (decrease) in cash and cash equivalents</b>     | (19,963)               | 571                  | (37,358)          | 4,546                               |
| Balances - beginning of year                                    | 82,633                 | 31,023               | 74,784            | 37,739                              |
| Balances - end of year  | <u>\$ 62,670</u>       | <u>\$ 31,594</u>     | <u>\$ 37,426</u>  | <u>\$ 42,285</u>                    |

### Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities

|  |                  |                  |                    |                     |
|--|------------------|------------------|--------------------|---------------------|
| Operating income (loss)  | (81,432)         | 118              | 347                | -                   |
| Adjustments to reconcile operating income<br>to net cash provided (used)<br>by operating activities: |                  |                  |                    |                     |
| Depreciation   | 92,955           | 35,315           | -                  | -                   |
| Changes in assets and liabilities:   |                  |                  |                    |                     |
| Receivables, net   | 2,780            | -                | 23                 | (151,529)           |
| Inventories  | -                | (7,912)          | (48,915)           | -                   |
| Compensated absences   | 2,129            | 548              | -                  | -                   |
| Accounts and other payables  | 7,494            | (3,528)          | (38,813)           | 4,545               |
| Claims payable   | -                | -                | -                  | -                   |
| Total adjustments  | 105,358          | 24,423           | (87,705)           | (146,984)           |
| <b>Net cash provided (used) by operating activities</b>  | <u>\$ 23,926</u> | <u>\$ 24,541</u> | <u>\$ (87,358)</u> | <u>\$ (146,984)</u> |

### Noncash Transactions

|   |         |         |   |   |
|---|---------|---------|---|---|
| Infrastructure assets contributed from (to) other funds | 116,877 | 939,358 | - | - |
|---|---------|---------|---|---|

| <b>Risk<br/>Management<br/>Reserve</b> | <b>Workers'<br/>Compensation<br/>Reserve</b> | <b>Health<br/>Insurance<br/>Reserve</b> | <b>Short-Term<br/>Disability<br/>Reserve</b> | <b>Totals</b>       |
|--|--|---|--|---------------------|
| \$ (68,229)                            | \$ (35,933)                                  | \$ (1,160,852)                          | \$ -   | \$ (2,778,013)      |
| -                                      | -  |   | (1,199)                                      | (1,931,975)         |
| (13,080)                               | (317,771)                                    |   |  | (330,851)           |
| -                                      | -  | 1,122,892                               | 17,872                                       | (22,604,694)        |
| -                                      | -  |   |  | 26,966,976          |
| 14,593                                 | 7,439  | -                                       | -  | 58,414              |
| <u>(66,716)</u>                        | <u>(346,265)</u>                             | <u>(37,960)</u>                         | <u>16,673</u>                                | <u>(620,143)</u>    |
|  | -  | -                                       | -  | 201,530             |
| -                                      | -  | -                                       | -  | (19,820)            |
| -                                      | -  | -                                       | -  | (48,039)            |
| -                                      | -  | -                                       | -  | (67,859)            |
| <u>25,938</u>                          | <u>15,535</u>                                | <u>1,684</u>                            | <u>2,414</u>                                 | <u>45,571</u>       |
| (40,778)                               | (330,730)                                    | (36,276)                                | 19,087                                       | (440,901)           |
| 1,136,579                              | 847,114                                      | 86,341                                  | 96,225                                       | 2,392,438           |
| <u>\$ 1,095,801</u>                    | <u>\$ 516,384</u>                            | <u>\$ 50,065</u>                        | <u>\$ 115,312</u>                            | <u>\$ 1,951,537</u> |
| <u>(71,080)</u>                        | <u>(577,261)</u>                             | <u>(38,100)</u>                         | <u>16,673</u>                                | <u>(750,735)</u>    |
| -                                      | -  | -                                       | -  | 128,270             |
| 7,754                                  | -  | -                                       | -  | (140,972)           |
| -                                      | -  | -                                       | -  | (56,827)            |
| -                                      | -  | -                                       | -  | 2,677               |
| (3,390)                                | -  | 140                                     | -  | (33,552)            |
| -                                      | 230,996                                      | -                                       | -  | 230,996             |
| <u>4,364</u>                           | <u>230,996</u>                               | <u>140</u>                              | <u>-</u>                                     | <u>130,592</u>      |
| <u>\$ (66,716)</u>                     | <u>\$ (346,265)</u>                          | <u>\$ (37,960)</u>                      | <u>\$ 16,673</u>                             | <u>\$ (620,143)</u> |
| -                                      | -  | -                                       | -  | 1,056,235           |

# CITY OF WINFIELD, KANSAS

## INTERNAL SERVICE FUNDS COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2003

|   | Management<br>Services | Operations<br>Center | Central<br>Stores | Accounts<br>Receivable<br>Financing |
|---|------------------------|----------------------|-------------------|-------------------------------------|
| <b>Operating revenues</b>                           |                        |                      |                   |                                     |
| Charges for services                                | \$ 2,091,832           | \$ 499,769           | \$ -              | \$ 73,552                           |
| Other   | 33,603                 | -                    | 347               | -                                   |
| <b>Total operating revenues</b>                     | <u>2,125,435</u>       | <u>499,769</u>       | <u>347</u>        | <u>73,552</u>                       |
| <b>Operating expenses</b>                           |                        |                      |                   |                                     |
| Administration                                      | 2,113,912              | 464,336              | -                 | 73,552                              |
| Claims  | -                      | -                    | -                 | -                                   |
| Depreciation  | 92,955                 | 35,315               | -                 | -                                   |
| <b>Total operating expenses</b>                     | <u>2,206,867</u>       | <u>499,651</u>       | <u>-</u>          | <u>73,552</u>                       |
| <b>Operating income (loss)</b>                      | <u>(81,432)</u>        | <u>118</u>           | <u>347</u>        | <u>-</u>                            |
| <b>Non-operating revenues (expenses)</b>            |                        |                      |                   |                                     |
| Interest income                                     | -                      | -                    | -                 | -                                   |
| Other   | (324)                  | (1,455)              | -                 | -                                   |
| <b>Total non-operating revenues (expenses)</b>      | <u>(324)</u>           | <u>(1,455)</u>       | <u>-</u>          | <u>-</u>                            |
| <b>Net income (loss) before operating transfers</b> | <u>(81,756)</u>        | <u>(1,337)</u>       | <u>347</u>        | <u>-</u>                            |
| Transfers out to CIP - cash                         | (10,000)               | (9,820)              | -                 | -                                   |
| Transfers in - capital assets                       | 116,877                | 939,358              | -                 | -                                   |
| Net transfers                                       | <u>106,877</u>         | <u>929,538</u>       | <u>-</u>          | <u>-</u>                            |
| <b>Change in net assets</b>                         | 25,121                 | 928,201              | 347               | -                                   |
| <b>Total net assets - beginning</b>                 | <u>356,378</u>         | <u>368,649</u>       | <u>4,748</u>      | <u>-</u>                            |
| <b>Total net assets - ending</b>                    | <u>\$ 381,499</u>      | <u>\$ 1,296,850</u>  | <u>\$ 5,095</u>   | <u>\$ -</u>                         |

| <b>Risk<br/>Management<br/>Reserve</b> | <b>Workers'<br/>Compensation<br/>Reserve</b> | <b>Health<br/>Insurance<br/>Reserve</b> | <b>Short-Term<br/>Disability<br/>Reserve</b> | <b>Totals</b>       |
|--|--|---|--|---------------------|
| \$ -                                   | \$ -   | \$ -                                    | \$ -   | \$ 2,665,153        |
| 6,839                                  | 7,439  | 1,122,892                               | 17,872                                       | 1,188,992           |
| 6,839                                  | 7,439  | 1,122,892                               | 17,872                                       | 3,854,145           |
| -                                      | -  | 1,160,992                               | -  | 3,812,792           |
| 77,919                                 | 584,700                                      | -                                       | 1,199  | 663,818             |
| -                                      | -  | -                                       | -  | 128,270             |
| 77,919                                 | 584,700                                      | 1,160,992                               | 1,199  | 4,604,880           |
| (71,080)                               | (577,261)                                    | (38,100)                                | 16,673                                       | (750,735)           |
| 25,938                                 | 15,535                                       | 1,684                                   | 2,414  | 45,571              |
| -                                      | -  | -                                       | -  | (1,779)             |
| 25,938                                 | 15,535                                       | 1,684                                   | 2,414  | 43,792              |
| (45,142)                               | (561,726)                                    | (36,416)                                | 19,087                                       | (706,943)           |
| -                                      | -  | -                                       | -  | (19,820)            |
| -                                      | -  | -                                       | -  | 1,056,235           |
| -                                      | -  | -                                       | -  | 1,036,415           |
| (45,142)                               | (561,726)                                    | (36,416)                                | 19,087                                       | 329,472             |
| 1,140,443                              | 781,364                                      | 86,341                                  | 96,225                                       | 2,834,148           |
| <u>\$ 1,095,301</u>                    | <u>\$ 219,638</u>                            | <u>\$ 49,925</u>                        | <u>\$ 115,312</u>                            | <u>\$ 3,163,620</u> |

# CITY OF WINFIELD, KANSAS

## BUDGETED INTERNAL SERVICE FUNDS SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS FOR THE YEAR ENDED DECEMBER 31, 2003

|  | MANAGEMENT SERVICES |                  |                 | OPERATIONS CENTER |                 |                 |
|--|---------------------|------------------|-----------------|-------------------|-----------------|-----------------|
|  | Budget              | Actual           | Variance        | Budget            | Actual          | Variance        |
| <b>Revenues and other sources</b>  |                     |                  |                 |                   |                 |                 |
| Interfund contributions  | \$ 2,150,438        | \$ 2,091,832     | \$ (58,606)     | \$ 525,901        | \$ 499,769      | \$ (26,132)     |
| Interest income  | -                   | -                | -               | -                 | -               | -               |
| Other  | 5,500               | 7,095            | 1,595           | 500               | 1,581           | 1,081           |
| Reimbursement of expenditures  | 2,000               | 29,751           | 27,751          | -                 | -               | -               |
| <b>Total revenues and other sources</b>                                    | <u>2,157,938</u>    | <u>2,128,678</u> | <u>(29,260)</u> | <u>526,401</u>    | <u>501,350</u>  | <u>(25,051)</u> |
| <b>Expenditures and other uses</b>   |                     |                  |                 |                   |                 |                 |
| Personal services  | 1,597,787           | 1,648,048        | (50,261)        | 295,815           | 293,521         | 2,294           |
| Contractual services   | 345,824             | 310,446          | 35,378          | 157,800           | 127,744         | 30,056          |
| Materials and supplies   | 120,955             | 115,285          | 5,670           | 42,150            | 43,326          | (1,176)         |
| Other  | 32,765              | 29,937           | 2,828           | 350               | 5,064           | (4,714)         |
| Capital outlay   | 50,650              | 32,000           | 18,650          | 25,100            | 14,941          | 10,159          |
| Transfers to other funds   | 10,000              | 10,000           | -               | 5,000             | 9,820           | (4,820)         |
| Contingency  | 130                 | -                | 130             | 1,730             | -               | 1,730           |
| <b>Total expenditures and other uses</b>                                   | <u>2,158,111</u>    | <u>2,145,716</u> | <u>12,395</u>   | <u>527,945</u>    | <u>494,416</u>  | <u>33,529</u>   |
| <b>Revenues and other sources over (under) expenditures and other uses</b> | (173)               | (17,038)         | (16,865)        | (1,544)           | 6,934           | 8,478           |
| <b>Unencumbered fund balance, January 1</b>                                | <u>173</u>          | <u>18,884</u>    | <u>18,711</u>   | <u>1,544</u>      | <u>-</u>        | <u>(1,544)</u>  |
| <b>Unencumbered fund balance, December 31</b>                              | <u>\$ -</u>         | <u>\$ 1,846</u>  | <u>\$ 1,846</u> | <u>\$ -</u>       | <u>\$ 6,934</u> | <u>\$ 6,934</u> |

**RISK MANAGEMENT**

| <u>Budget</u>    | <u>Actual</u>       | <u>Variance</u>     |
|------------------|---------------------|---------------------|
| \$ -             | \$ -                | \$ -                |
| 50,000           | 25,938              | (24,062)            |
| -                | 28,469              | 28,469              |
| -                | -                   | -                   |
| <u>50,000</u>    | <u>54,407</u>       | <u>4,407</u>        |
| -                | -                   | -                   |
| 102,000          | -                   | 102,000             |
| -                | -                   | -                   |
| 20,520           | 55,374              | (34,854)            |
| -                | -                   | -                   |
| -                | -                   | -                   |
| <u>1,004,892</u> | <u>-</u>            | <u>1,004,892</u>    |
| <u>1,127,412</u> | <u>55,374</u>       | <u>1,072,038</u>    |
| (1,077,412)      | (967)               | 1,076,445           |
| <u>1,077,412</u> | <u>1,096,269</u>    | <u>18,857</u>       |
| <u>\$ -</u>      | <u>\$ 1,095,302</u> | <u>\$ 1,095,302</u> |

**WORKERS' COMPENSATION**

| <u>Budget</u>  | <u>Actual</u>     | <u>Variance</u>   |
|----------------|-------------------|-------------------|
| \$ 6,131       | \$ 3,067          | \$ (3,064)        |
| 30,000         | 15,535            | (14,465)          |
| -              | -                 | -                 |
| <u>3,000</u>   | <u>4,372</u>      | <u>1,372</u>      |
| <u>39,131</u>  | <u>22,974</u>     | <u>(16,157)</u>   |
| -              | -                 | -                 |
| 56,000         | 218,746           | (162,746)         |
| -              | -                 | -                 |
| 34,185         | 122,509           | (88,324)          |
| -              | -                 | -                 |
| -              | -                 | -                 |
| <u>771,285</u> | <u>-</u>          | <u>771,285</u>    |
| <u>861,470</u> | <u>341,255</u>    | <u>520,215</u>    |
| (822,339)      | (318,281)         | 504,058           |
| <u>822,339</u> | <u>781,364</u>    | <u>(40,975)</u>   |
| <u>\$ -</u>    | <u>\$ 463,083</u> | <u>\$ 463,083</u> |

(Continued)

# CITY OF WINFIELD, KANSAS

## BUDGETED INTERNAL SERVICE FUNDS SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS FOR THE YEAR ENDED DECEMBER 31, 2003

|  | HEALTH INSURANCE RESERVE |                  |                    | SHORT-TERM DISABILITY RESERVE |                   |                   |
|--|--------------------------|------------------|--------------------|-------------------------------|-------------------|-------------------|
|  | Budget                   | Actual           | Variance           | Budget                        | Actual            | Variance          |
| <b>Revenues and other sources</b>  |                          |                  |                    |                               |                   |                   |
| Interfund contributions  | \$ -                     | \$ 1,122,892     | \$ 1,122,892       | \$ 18,600                     | \$ 17,872         | \$ (728)          |
| Interest income  | 5,000                    | 1,684            | (3,316)            | 2,800                         | 2,415             | (385)             |
| Other  | -                        | -                | -                  | -                             | -                 | -                 |
| Reimbursement of expenditures  | -                        | -                | -                  | -                             | -                 | -                 |
| <b>Total revenues and other sources</b>                                    | <u>5,000</u>             | <u>1,124,576</u> | <u>1,119,576</u>   | <u>21,400</u>                 | <u>20,287</u>     | <u>(1,113)</u>    |
| <b>Expenditures and other uses</b>   |                          |                  |                    |                               |                   |                   |
| Personal services  | -                        | -                | -                  | -                             | 1,199             | (1,199)           |
| Contractual services   | -                        | -                | -                  | -                             | -                 | -                 |
| Materials and supplies   | -                        | -                | -                  | -                             | -                 | -                 |
| Other  | 82,680                   | 1,160,992        | (1,078,312)        | -                             | -                 | -                 |
| Capital outlay   | -                        | -                | -                  | -                             | -                 | -                 |
| Transfers to other funds   | -                        | -                | -                  | -                             | -                 | -                 |
| Contingency  | 9,967                    | -                | 9,967              | 117,582                       | -                 | 117,582           |
| <b>Total expenditures and other uses</b>                                   | <u>92,647</u>            | <u>1,160,992</u> | <u>(1,068,345)</u> | <u>117,582</u>                | <u>1,199</u>      | <u>116,383</u>    |
| <b>Revenues and other sources over (under) expenditures and other uses</b> | (87,647)                 | (36,416)         | 51,231             | (96,182)                      | 19,088            | 115,270           |
| <b>Unencumbered fund balance, January 1</b>                                | <u>87,647</u>            | <u>86,341</u>    | <u>(1,306)</u>     | <u>96,182</u>                 | <u>96,225</u>     | <u>43</u>         |
| <b>Unencumbered fund balance, December 31</b>                              | <u>\$ -</u>              | <u>\$ 49,925</u> | <u>\$ 49,925</u>   | <u>\$ -</u>                   | <u>\$ 115,313</u> | <u>\$ 115,313</u> |

(Concluded)

## **FIDICUIARY AND AGENCY FUNDS**

### **Private Purpose Trust Fund**

CDBG Economic Development Loan - to account for the receipt and disbursement of CDBG loan proceeds to a local manufacturing corporation.

### **Agency Funds**

Claims - acts as a clearing account for all City checks written.

Sales Tax - to account for sales tax collected, to be remitted to State of Kansas.

Fire Insurance Escrow - to account for insurance proceeds being held pending the completion of repairs on a fire damaged home in the City.

Sales Tax Refund Escrow - to accumulate utility funds' sales tax refunds, prior to final State of Kansas decisions regarding certain sales tax claims.

# CITY OF WINFIELD, KANSAS

## AGENCY FUNDS COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES FOR THE YEAR ENDED DECEMBER 31, 2003

|  | Balance<br>January 1<br>2003 | Additions     | Deductions    | Balance<br>December 31<br>2003 |
|--|------------------------------|---------------|---------------|--------------------------------|
| <b>Claims</b>                          |                              |               |               |                                |
| Assets: Cash and temporary investments | \$ 123,390                   | \$ 36,994,479 | \$ 37,109,940 | \$ 7,929                       |
| Liabilities: Accounts payable          | \$ 123,390                   | \$ 36,994,479 | \$ 37,109,940 | \$ 7,929                       |
| <b>Sales Tax</b>                       |                              |               |               |                                |
| Assets: Cash and temporary investments | \$ 5,030                     | \$ 97,038     | \$ 96,403     | \$ 5,665                       |
| Liabilities: Accounts payable          | \$ 5,030                     | \$ 97,038     | \$ 96,403     | \$ 5,665                       |
| <b>Fire Insurance Escrow</b>           |                              |               |               |                                |
| Assets: Cash and temporary investments | \$ 9,713                     | \$ 1,197      | \$ 10,910     | \$ -                           |
| Liabilities: Accounts payable          | \$ 9,713                     | \$ 1,197      | \$ 10,910     | \$ -                           |
| <b>Sales Tax Refund Escrow</b>         |                              |               |               |                                |
| Assets: Cash and temporary investments | \$ 39,179                    | \$ -          | \$ 39,179     | \$ -                           |
| Liabilities: Accounts payable          | \$ 39,179                    | \$ -          | \$ 39,179     | \$ -                           |
| <b>Totals - All Agency Funds</b>       |                              |               |               |                                |
| Assets: Cash and temporary investments | \$ 177,312                   | \$ 37,092,714 | \$ 37,256,432 | \$ 13,594                      |
| Liabilities: Accounts payable          | \$ 177,312                   | \$ 37,092,714 | \$ 37,256,432 | \$ 13,594                      |

# CITY OF WINFIELD, KANSAS

## FIDUCIARY FUND - PRIVATE PURPOSE TRUST BALANCE SHEET DECEMBER 31, 2003

|                                  | <b>CDBG<br/>Economic<br/>Dev Loan</b> |
|----------------------------------|---------------------------------------|
| <b>Assets</b>                    |                                       |
| Pooled cash and investments      | \$ 88,553                             |
| Accounts receivable              | 62,461                                |
|                                  | <u>151,014</u>                        |
| <b>Liabilities</b>               |                                       |
| Accounts payable                 | \$ <u>-</u>                           |
| <b>Net assets</b>                |                                       |
| Held in trust of State of Kansas | <u><u>\$ 151,014</u></u>              |

# CITY OF WINFIELD, KANSAS

## FIDUCIARY FUNDS- PRIVATE PURPOSE TRUST STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FIDUCIARY NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2003

|  | <b>CDBG<br/>Economic<br/>Dev Loan</b> |
|--|---------------------------------------|
| <b>Additions</b>   |                                       |
| Interest   | \$ 52,130                             |
| CDBG loan payments                                       | 50,932                                |
| Other  | <u>1,491</u>                          |
| Total revenues   | 104,553                               |
| <b>Deductions</b>  |                                       |
| Administrative expenses                                  | <u>685</u>                            |
| <b>Change in net assets</b>                              | 103,868                               |
| Net assets held in trust for State of Kansas - beginning | <u>47,146</u>                         |
| Net assets held in trust for State of Kansas - ending    | <u><u>\$ 151,014</u></u>              |

# CITY OF WINFIELD, KANSAS

## CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS COMPARATIVE SCHEDULE BY SOURCE [1] DECEMBER 31, 2003 AND 2002

| <b>Governmental funds capital assets</b>                          | <b>2003</b>          | <b>2002</b>          |
|---|----------------------|----------------------|
| Land  | \$ 1,714,444         | \$ 1,711,191         |
| Buildings   | 9,206,257            | 7,549,391            |
| Improvements other than buildings                                 | 11,155,872           | 1,438,323            |
| Machinery and equipment   | 6,601,464            | 5,446,100            |
| Construction in progress  | 111,611              | 1,232,922            |
| <b>Total governmental funds capital assets</b>                    | <b>\$ 28,789,648</b> | <b>\$ 17,377,927</b> |
| <b>Investment in governmental funds capital assets by source:</b> |                      |                      |
| General fund  | \$ 15,965,000        | \$ 14,728,480        |
| Special revenue funds   | 11,005,313           | 1,416,525            |
| Capital projects funds  | 111,611              | 1,232,922            |
| Internal service funds  | 1,651,975            | -                    |
| Donations   | 55,749               | -                    |
| <b>Total governmental funds capital assets</b>                    | <b>\$ 28,789,648</b> | <b>\$ 17,377,927</b> |

[1] This schedule includes 50% of capital assets reported in Internal Service Funds. Fifty percent of the capital assets of internal service funds are included as governmental activities in the Statement of Net Assets.

# CITY OF WINFIELD, KANSAS

## CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS SCHEDULE BY FUNCTION AND ACTIVITY [1] DECEMBER 31, 2003

| Function and Activity                              | Land                | Buildings           | Improvements<br>Other Than<br>Buildings | Machinery<br>and<br>Equipment | Construction<br>in Progress | Total                |
|--|---------------------|---------------------|---|-------------------------------|-----------------------------|----------------------|
| <b>General government:</b>                         |                     |                     |   |                               |                             |                      |
| Attorney   | \$ -                | \$ -                | \$ -                                    | \$ 15,788                     | \$ -                        | \$ 15,788            |
| Administrative/other                               | 242,091             | 4,396,790           | 198,557                                 | 914,972                       | -                           | 5,752,410            |
| Total general government                           | 242,091             | 4,396,790           | 198,557                                 | 930,760                       | -                           | 5,768,198            |
| <b>Public safety:</b>                              |                     |                     |   |                               |                             |                      |
| Police   | -                   | 184,610             | -                                       | 655,033                       | -                           | 839,643              |
| Fire   | -                   | 458,433             | -                                       | 1,784,459                     | -                           | 2,242,892            |
| Inspection   | -                   | -                   | -                                       | 19,315                        | -                           | 19,315               |
| Total public safety                                | -                   | 643,043             | -                                       | 2,458,807                     | -                           | 3,101,850            |
| <b>Highways and streets:</b>                       | -                   | 15,425              | 6,815,467                               | 1,400,132                     | -                           | 8,231,024            |
| <b>Health and welfare</b>                          | -                   | 42,514              | -                                       | 400,239                       | -                           | 442,753              |
| <b>Culture and recreation</b>                      | 1,465,956           | 4,045,230           | 4,132,144                               | 1,262,715                     | -                           | 10,906,045           |
| <b>Cemetery</b>                                    | 6,395               | 63,255              | 9,703                                   | 148,814                       | -                           | 228,167              |
| <b>Construction in progress</b>                    | -                   | -                   | -                                       | -                             | 111,611                     | 111,611              |
| <b>Total governmental funds<br/>capital assets</b> | <u>\$ 1,714,442</u> | <u>\$ 9,163,743</u> | <u>\$ 11,155,871</u>                    | <u>\$ 6,601,467</u>           | <u>\$ 111,611</u>           | <u>\$ 28,789,648</u> |

[1] This schedule includes 50% of capital assets reported in Internal Service Funds. Fifty percent of the capital assets of internal service funds are included as governmental activities in the Statement of Net Assets.

# CITY OF WINFIELD, KANSAS

## CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY [1] FOR THE YEAR ENDED DECEMBER 31, 2003

| Function and Activity                          | Governmental<br>Funds Capital<br>Assets<br>1/1/03 | Additions           | Deductions          | Transfers             | Governmental<br>Funds Capital<br>Assets<br>12/31/03 |
|--|---|---------------------|---------------------|-----------------------|---|
| <b>General government:</b>                     |   |                     |                     |                       |   |
| Attorney                                       | \$ 15,788   | \$ -                | \$ -                | \$ -                  | \$ 15,788   |
| Other  | 4,401,323   | 106,338             | (72,472)            | 1,317,221             | 5,752,410   |
| Total general government                       | 4,417,111   | 106,338             | (72,472)            | 1,317,221             | 5,768,198   |
| <b>Public safety:</b>                          |   |                     |                     |                       |   |
| Police   | 788,657   | 131,605             | (69,305)            | (11,314)              | 839,643   |
| Fire   | 1,857,153   | 29,437              | (1,190)             | 357,492               | 2,242,892   |
| Inspection                                     | 19,315  | -                   | -                   | -                     | 19,315  |
| Total public safety                            | 2,665,125   | 161,042             | (70,495)            | 346,178               | 3,101,850   |
| <b>Highways and streets</b>                    | 7,522,984   | 169,025             | (102,670)           | 641,685               | 8,231,024   |
| <b>Health and welfare</b>                      | 330,013   | 112,740             | -                   | -                     | 442,753   |
| <b>Culture and recreation</b>                  | 10,526,599  | 278,493             | -                   | 100,953               | 10,906,045  |
| <b>Cemetery</b>                                | 222,659   | 5,508               | -                   | -                     | 228,167   |
| <b>Under construction</b>                      | 1,649,882   | 2,965,275           | -                   | (4,503,546)           | 111,611   |
| <b>Total governmental funds capital assets</b> | <u>\$ 27,334,373</u>                              | <u>\$ 3,798,421</u> | <u>\$ (245,637)</u> | <u>\$ (2,097,509)</u> | <u>\$ 28,789,648</u>                                |

[1] This schedule includes 50% of capital assets reported in Internal Service Funds. Fifty percent of the capital assets of internal service funds are included as governmental activities in the Statement of Net Assets.

# CITY OF WINFIELD, KANSAS

## NONMAJOR COMPONENT UNIT - BUSINESS-TYPE STATEMENT OF NET ASSETS DECEMBER 31, 2003

### WINFIELD HOUSING AUTHORITY

#### Assets

##### Current assets

|                                 |    |                |
|---------------------------------|----|----------------|
| Cash and temporary investments  | \$ | 238,573        |
| Accounts receivable, net        |    | 13,769         |
| Prepays and materials inventory |    | 4,116          |
|                                 |    | <u>256,458</u> |

##### Capital Assets:

|                               |  |                    |
|-------------------------------|--|--------------------|
| Land                          |  | 52,776             |
| Buildings                     |  | 2,527,678          |
| Machinery, equipment, other   |  | 238,159            |
| Less accumulated depreciation |  | <u>(1,421,228)</u> |
| Net capital assets            |  | 1,397,385          |

##### Other assets

|                  |  |              |
|------------------|--|--------------|
| Utility deposits |  | <u>5,712</u> |
|------------------|--|--------------|

|                     |           |                         |
|---------------------|-----------|-------------------------|
| <b>Total assets</b> | <b>\$</b> | <b><u>1,659,555</u></b> |
|---------------------|-----------|-------------------------|

#### Liabilities

##### Current liabilities

|                              |  |              |
|------------------------------|--|--------------|
| Accounts payable             |  | 14,577       |
| Accrued compensated absences |  | <u>2,483</u> |

|                          |  |                      |
|--------------------------|--|----------------------|
| <b>Total liabilities</b> |  | <b><u>17,060</u></b> |
|--------------------------|--|----------------------|

#### Net Assets

|                            |           |                                |
|----------------------------|-----------|--------------------------------|
| Invested in capital assets |           | 1,397,385                      |
| Unrestricted               |           | <u>245,110</u>                 |
| <b>Total net assets</b>    | <b>\$</b> | <b><u><u>1,642,495</u></u></b> |

# CITY OF WINFIELD, KANSAS

## NONMAJOR COMPONENT UNIT - BUSINESS-TYPE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS DECEMBER 31, 2003

### WINFIELD HOUSING AUTHORITY

#### Operating revenues

|                          |                |
|--------------------------|----------------|
| Rental income            | \$ 161,256     |
| Other                    | 6,309          |
| Total operating revenues | <u>167,565</u> |

#### Operating expenses

|                       |               |
|-----------------------|---------------|
| Services and supplies | 133,495       |
| Depreciation          | <u>56,521</u> |

|                          |                |
|--------------------------|----------------|
| Total operating expenses | <u>190,016</u> |
|--------------------------|----------------|

|                |                 |
|----------------|-----------------|
| Operating loss | <u>(22,451)</u> |
|----------------|-----------------|

#### Non-operating revenues (expenses)

|                 |            |
|-----------------|------------|
| Interest income | 4,843      |
| HUD grants      | 49,936     |
| Other           | <u>128</u> |

|   |               |
|---|---------------|
| Total non-operating revenues (expenses) | <u>54,907</u> |
|---|---------------|

|                             |               |
|-----------------------------|---------------|
| <b>Change in net assets</b> | <u>32,456</u> |
|-----------------------------|---------------|

|                              |           |
|------------------------------|-----------|
| Total net assets - beginning | 1,605,665 |
|------------------------------|-----------|

|                         |              |
|-------------------------|--------------|
| Prior period adjustment | <u>4,374</u> |
|-------------------------|--------------|

|                                       |                  |
|---------------------------------------|------------------|
| Total restated net assets - beginning | <u>1,610,039</u> |
|---------------------------------------|------------------|

|                                  |                            |
|----------------------------------|----------------------------|
| <b>Total net assets - ending</b> | <u><u>\$ 1,642,495</u></u> |
|----------------------------------|----------------------------|

# CITY OF WINFIELD, KANSAS

## NONMAJOR COMPONENT UNIT - GOVERNMENTAL TYPE BALANCE SHEET DECEMBER 31, 2003

### WINFIELD PUBLIC LIBRARY

#### Assets

|                                |    |            |
|--------------------------------|----|------------|
| Cash and temporary investments | \$ | 74,744     |
| Accounts receivable, net       |    | <u>592</u> |

|                     |           |                      |
|---------------------|-----------|----------------------|
| <b>Total assets</b> | <b>\$</b> | <b><u>75,336</u></b> |
|---------------------|-----------|----------------------|

#### Liabilities

|                  |    |       |
|------------------|----|-------|
| Accounts payable | \$ | 2,994 |
|------------------|----|-------|

|                     |  |               |
|---------------------|--|---------------|
| <b>Fund balance</b> |  | <u>72,342</u> |
|---------------------|--|---------------|

|   |           |                      |
|---|-----------|----------------------|
| <b>Total liabilities and fund balance</b> | <b>\$</b> | <b><u>75,336</u></b> |
|---|-----------|----------------------|

# CITY OF WINFIELD, KANSAS

## NONMAJOR COMPONENT UNIT - GOVERNMENTAL TYPE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE FOR THE YEAR ENDED DECEMBER 31, 2003

### WINFIELD PUBLIC LIBRARY

#### Revenues

|                                |    |                |
|--------------------------------|----|----------------|
| Property taxes                 | \$ | 368,739        |
| Intergovernmental revenue      |    | 27,589         |
| Fines and penalties            |    | 3,236          |
| Interest income                |    | 1,849          |
| Charges for services and sales |    | 8,378          |
| Other                          |    | 8,585          |
| Total revenues                 |    | <u>418,376</u> |

#### Expenditures

|                         |  |                |
|-------------------------|--|----------------|
| Culture and recreation: |  |                |
| Personal services       |  | 222,529        |
| Contractual services    |  | 127,325        |
| Commodities             |  | 44,215         |
| Capital outlay          |  | 33,356         |
| Contingency             |  | 7,106          |
| Total expenditures      |  | <u>434,531</u> |

Excess (deficiency) of revenues over (under) expenditures (16,155)

Fund balance, beginning of year 88,497

**Fund balance, end of year** \$ 72,342

# CITY OF WINFIELD, KANSAS

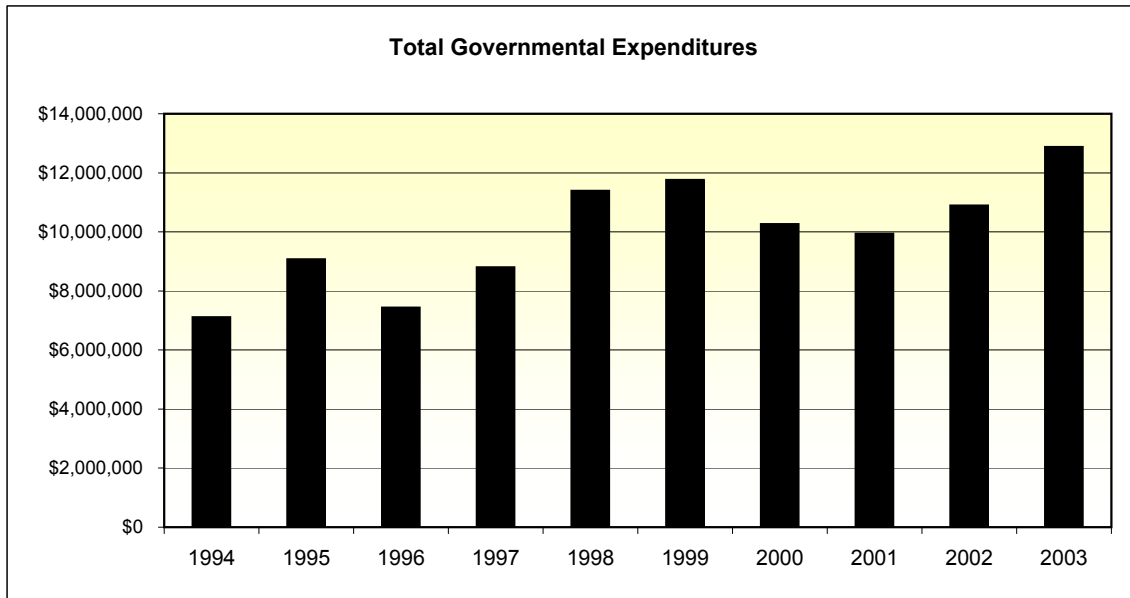
## GENERAL GOVERNMENT EXPENDITURES BY FUNCTION [1] LAST TEN FISCAL YEARS

| Fiscal Year | General Government | Public Safety | Public Works | Culture and Recreation | Debt Service | Employee Benefits | Capital Outlay | Economic Development | Health and welfare | Total      |
|-------------|--------------------|---------------|--------------|------------------------|--------------|-------------------|----------------|----------------------|--------------------|------------|
|             | \$                 | \$            | \$           | \$                     | \$           | \$                | \$             | \$                   | \$                 | \$         |
| 1994        | 845,462            | 2,303,932     | 793,730      | 732,266                | 1,681,415    | 597,961           | 130,458        | 18,309               | -                  | 7,103,533  |
| 1995        | 876,950            | 1,933,852     | 1,245,219    | 764,757                | 843,017      | 626,281           | 2,279,140      | 30,421               | 475,332            | 9,074,969  |
| 1996        | 794,398            | 1,964,487     | 989,951      | 787,991                | 936,476      | 645,883           | 584,722        | 115,465              | 619,264            | 7,438,637  |
| 1997        | 879,091            | 1,839,320     | 1,356,379    | 815,515                | 1,094,089    | 700,973           | 1,515,719      | 137,165              | 464,552            | 8,802,803  |
| 1998        | 811,927            | 2,021,120     | 1,422,949    | 941,998                | 1,872,308    | 698,058           | 1,671,921      | 1,352,558            | 594,843            | 11,387,682 |
| 1999        | 832,145            | 2,202,707     | 900,180      | 1,145,442              | 1,294,801    | 730,539           | 3,996,971      | 90,333               | 568,128            | 11,761,246 |
| 2000        | 763,164            | 2,658,366     | 998,889      | 1,242,483              | 1,428,396    | 783,718           | 1,719,190      | 137,856              | 525,183            | 10,257,245 |
| 2001        | 941,539            | 2,495,235     | 1,104,022    | 1,565,758              | 1,437,051    | 763,684           | 910,040        | 149,727              | 574,882            | 9,941,938  |
| 2002        | 974,591            | 2,647,989     | 772,363      | 1,331,801              | 1,430,419    | 812,755           | 1,983,662      | 146,171              | 788,974            | 10,888,725 |
| 2003        | 1,084,095          | 3,154,017     | 1,150,330    | 1,336,361              | 1,432,568    | ***               | 3,819,259      | 167,920              | 724,297            | 12,868,847 |

\*\*\* Employee benefits fund was closed out in 2002. For 2003 forward, employee benefit expenditures are included in each function

Source: Audited City financial records

[1] includes General, Special Revenue, Capital Projects, and Debt Service funds



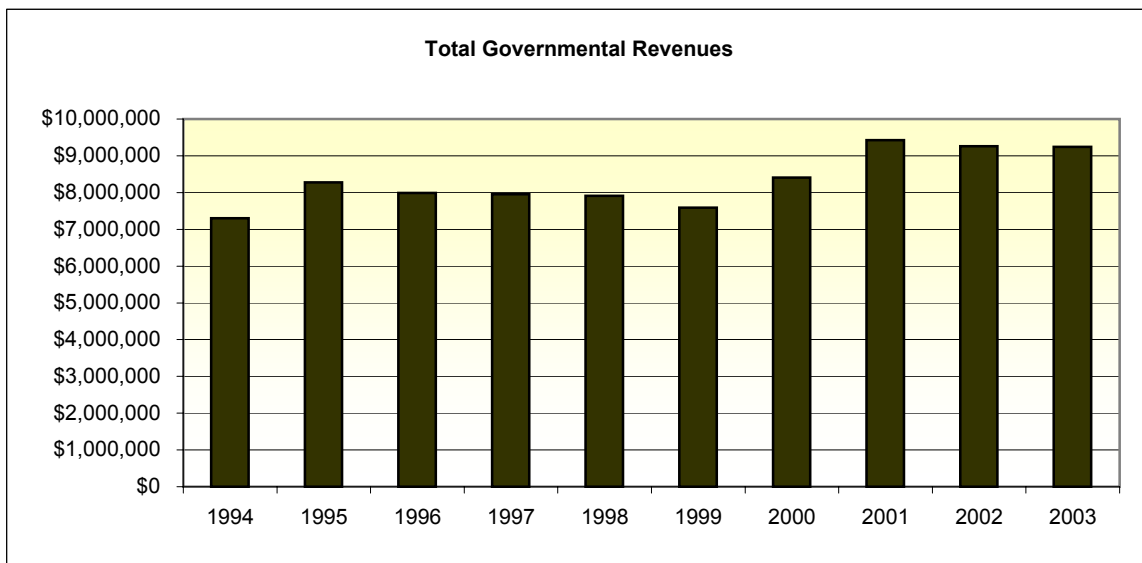
# CITY OF WINFIELD, KANSAS

## GENERAL GOVERNMENT REVENUES BY SOURCES [1] LAST TEN FISCAL YEARS

| <b>Fiscal Year</b> | <b>Taxes<br/>(including<br/>special<br/>assess-<br/>ments)</b> | <b>Inter-<br/>Govern-<br/>mental</b> | <b>Licenses<br/>and<br/>Permits</b> | <b>Fines<br/>and<br/>Forfeitures</b> | <b>Charges<br/>for<br/>Services</b> | <b>Utilities<br/>in lieu of<br/>Taxes</b> | <b>Other</b> | <b>Total</b> |
|--------------------|--|--------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|---|--------------|--------------|
|                    | \$   | \$                                   | \$                                  | \$                                   | \$                                  | \$  | \$           | \$           |
| <b>1994</b>        | 4,016,187  | 1,087,303                            | 7,448                               | 98,833                               | 569,790                             | 1,109,932                                 | 408,834      | 7,298,327    |
| <b>1995</b>        | 4,252,283  | 1,601,159                            | 9,355                               | 116,708                              | 585,064                             | 1,108,321                                 | 602,699      | 8,275,589    |
| <b>1996</b>        | 4,252,376  | 1,189,769                            | 8,149                               | 110,927                              | 630,955                             | 1,193,786                                 | 607,637      | 7,993,599    |
| <b>1997</b>        | 4,405,705  | 974,029                              | 9,168                               | 98,419                               | 622,996                             | 1,147,357                                 | 694,910      | 7,952,584    |
| <b>1998</b>        | 4,486,725  | 763,297                              | 7,400                               | 108,117                              | 752,821                             | 1,144,009                                 | 647,613      | 7,909,982    |
| <b>1999</b>        | 4,308,058  | 954,021                              | 17,965                              | 126,425                              | 818,023                             | 898,019                                   | 464,368      | 7,586,879    |
| <b>2000</b>        | 4,583,041  | 1,237,512                            | 7,044                               | 116,286                              | 805,250                             | 953,541                                   | 703,968      | 8,406,642    |
| <b>2001</b>        | 4,754,300  | 1,670,131                            | 7,128                               | 158,944                              | 896,255                             | 1,194,195                                 | 740,806      | 9,421,759    |
| <b>2002</b>        | 4,725,344  | 1,313,125                            | 8,345                               | 166,004                              | 955,399                             | 1,302,919                                 | 785,408      | 9,256,544    |
| <b>2003</b>        | 4,665,223  | 1,358,166                            | 28,279                              | 158,459                              | 1,021,526                           | 1,560,510                                 | 451,547      | 9,243,710    |

Source: Audited City financial records

[1] includes General, Special Revenue, Capital Projects, and Debt Service funds



# CITY OF WINFIELD, KANSAS

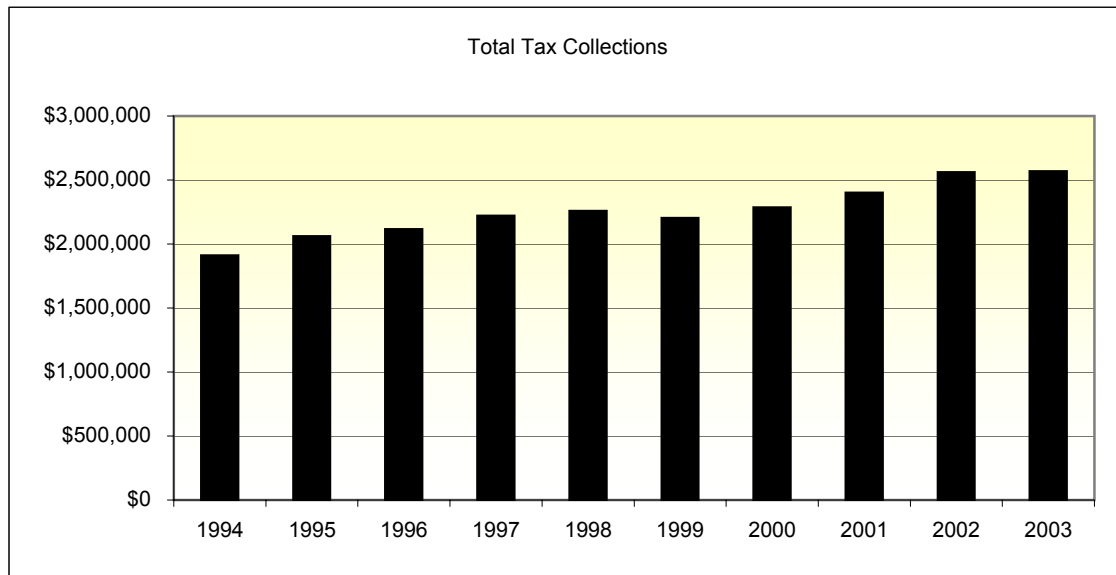
## PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN FISCAL YEARS

| <u>Fiscal Year</u> | <u>Total Tax Levy*</u> | <u>Current Tax Collections</u> | <u>Percentage of Levy Collected</u> | <u>Delinquent Tax Collections</u> | <u>Total Tax Collections</u> | <u>Total Collections As % of Levy</u> |
|--------------------|------------------------|--------------------------------|-------------------------------------|-----------------------------------|------------------------------|---------------------------------------|
|                    | \$                     | \$                             |                                     | \$                                | \$                           |                                       |
| <b>1994</b>        | 1,921,096              | 1,886,313                      | 98.19%                              | 23,361                            | 1,909,674                    | 99.41%                                |
| <b>1995</b>        | 2,053,196              | 2,018,272                      | 98.30%                              | 41,758                            | 2,060,030                    | 100.33%                               |
| <b>1996</b>        | 2,120,850              | 2,086,491                      | 98.38%                              | 27,698                            | 2,114,189                    | 99.69%                                |
| <b>1997</b>        | 2,235,427              | 2,202,057                      | 98.51%                              | 18,895                            | 2,220,952                    | 99.35%                                |
| <b>1998</b>        | 2,295,262              | 2,265,247                      | 98.69%                              | (8,228)                           | 2,257,019                    | 98.33%                                |
| <b>1999</b>        | 2,191,077              | 2,152,149                      | 98.22%                              | 51,489                            | 2,203,638                    | 100.57%                               |
| <b>2000</b>        | 2,401,650              | 2,266,870                      | 94.39%                              | 17,941                            | 2,284,811                    | 95.14%                                |
| <b>2001</b>        | 2,530,011              | 2,343,414                      | 92.62%                              | 57,082                            | 2,400,496                    | 94.88%                                |
| <b>2002</b>        | 2,543,972              | 2,524,432                      | 99.23%                              | 35,273                            | 2,559,705                    | 100.62%                               |
| <b>2003</b>        | 2,857,163              | 2,537,557                      | 88.81%                              | 30,174                            | 2,567,731                    | 89.87% [1]                            |

\* Tax levy year is year prior to collections. Above data is reflected by year of collection.

[1] Major industrial tax exemption was granted in 2003, after tax levies were certified.

Source: Audited City financial records



# CITY OF WINFIELD, KANSAS

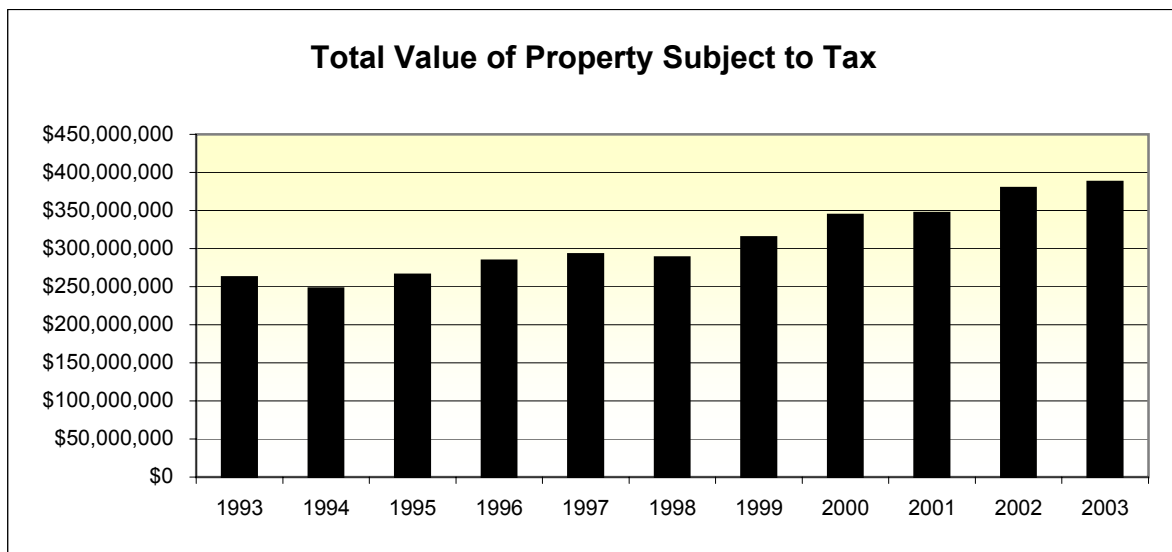
## ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY LAST TEN FISCAL YEARS

| Fiscal<br>Year | Real Property [1] |                           | Personal Property [2] |                           | Total<br>Assessed | Total<br>Estimated | Ratio of<br>Assessed<br>To Actual |
|----------------|-------------------|---------------------------|-----------------------|---------------------------|-------------------|--------------------|-----------------------------------|
|                | Assessed<br>Value | Estimated<br>Actual Value | Assessed<br>Value     | Estimated<br>Actual Value | Value             | Actual Value       |                                   |
|                | \$                | \$                        | \$                    | \$                        | \$                | \$                 |                                   |
| 1993           | 28,378,082        | 188,341,295               | 9,956,461             | 73,747,123                | 38,334,543        | 262,088,418        | 14.63%                            |
| 1994           | 30,240,914        | 201,083,250               | 11,660,355            | 46,217,497                | 41,901,269        | 247,300,747        | 16.94%                            |
| 1995           | 32,262,596        | 217,343,110               | 12,109,133            | 48,280,075                | 44,371,729        | 265,623,185        | 16.70%                            |
| 1996           | 34,024,967        | 230,100,674               | 12,925,076            | 54,009,928                | 46,950,043        | 284,110,602        | 16.53%                            |
| 1997           | 35,908,900        | 246,075,665               | 11,664,515            | 46,457,846                | 47,573,415        | 292,533,511        | 16.26%                            |
| 1998           | 36,473,175        | 251,878,693               | 9,236,433             | 36,470,132                | 45,709,608        | 288,348,825        | 15.85%                            |
| 1999           | 39,128,311        | 271,992,490               | 10,325,585            | 42,690,760                | 49,453,896        | 314,683,250        | 15.72%                            |
| 2000           | 41,914,244        | 290,233,985               | 12,176,813            | 53,992,738                | 54,091,057        | 344,226,723        | 15.71%                            |
| 2001           | 43,495,039        | 303,641,610               | 10,329,072            | 42,978,168                | 53,824,111        | 346,619,778        | 15.53%                            |
| 2002           | 46,643,389        | 323,212,250               | 13,922,927            | 56,337,003                | 60,566,316        | 379,549,253        | 15.96%                            |
| 2003           | 48,286,562        | 332,451,490               | 13,598,595            | 55,024,643                | 61,885,157        | 387,476,133        | 15.97%                            |

[1] Includes real property subject to property taxes and utilities properties. Excludes exempt properties.

[2] Includes personal property subject to property taxes (excludes motor vehicles)

Source: Cowley County Clerk and Appraiser Offices



# **CITY OF WINFIELD, KANSAS**

## **PROPERTY TAX RATES AND TAX LEVIES DIRECT AND OVERLAPPING GOVERNMENTS LAST TEN FISCAL YEARS**

### **TAX RATES PER \$1,000 VALUATION FOR DIRECT AND OVERLAPPING GOVERNMENTS**

| <b>Tax<br/>Year*</b> | <b>City of<br/>Winfield</b> | <b>USD 465</b> | <b>State</b> | <b>Community<br/>College</b> | <b>Area Voc.<br/>Technical<br/>School</b> | <b>Cowley<br/>County</b> | <b>Total</b> |
|----------------------|-----------------------------|----------------|--------------|------------------------------|---|--------------------------|--------------|
| <b>1994</b>          | 49.001                      | 74.596         | 1.500        | 19.367                       | 2.263                                     | 24.539                   | 171.266      |
| <b>1995</b>          | 47.796                      | 65.749         | 1.500        | 19.313                       | 2.370                                     | 24.923                   | 161.651      |
| <b>1996</b>          | 47.671                      | 66.341         | 1.500        | 19.226                       | 2.525                                     | 25.204                   | 162.467      |
| <b>1997</b>          | 48.242                      | 64.046         | 1.500        | 18.968                       | 2.473                                     | 26.192                   | 161.421      |
| <b>1998</b>          | 47.938                      | 54.925         | 1.500        | 19.804                       | 2.054                                     | 27.026                   | 153.247      |
| <b>1999</b>          | 48.434                      | 53.251         | 1.500        | 20.648                       | 2.114                                     | 28.293                   | 154.240      |
| <b>2000</b>          | 46.772                      | 54.257         | 1.500        | 19.967                       | -   | 30.793                   | 153.289      |
| <b>2001</b>          | 47.308                      | 54.451         | 1.500        | 16.936                       | -   | 32.270                   | 152.465      |
| <b>2002</b>          | 47.175                      | 53.487         | 1.500        | 17.627                       | -   | 32.073                   | 151.862      |
| <b>2003</b>          | 47.281                      | 56.358         | 1.500        | 17.561                       | -   | 32.491                   | 155.191      |

\* "Year" is year in which tax is levied; collections are received in the year following.

Source: Cowley County Clerk's Office

# CITY OF WINFIELD, KANSAS

## TOP NINE PRINCIPAL PROPERTY TAX TAXPAYERS 2003

| <b>Taxpayer</b>            | <b>Product or Service</b>     | <b>Assessed<br/>Valuation[1]</b> | <b>Percentage<br/>of Total<br/>Assessed<br/>Value</b> |
|----------------------------|-------------------------------|----------------------------------|---|
| Newell-Rubbermaid          | Plastics Manufacturer         | \$ 6,482,547                     | 10.703%   |
| General Electric Engine    | Engine Repair                 | 1,513,595                        | 2.499%  |
| Winfield Economic Dev Inc. | Economic Development, Leasing | 1,136,284                        | 1.876%  |
| Southwestern Bell          | Telephone Utility             | 928,316                          | 1.533%  |
| Galaxy Tool Corporation    | Molds Manufacturer            | 757,842                          | 1.251%  |
| Dillons                    | Grocery Store                 | 684,650                          | 1.130%  |
| Philco Inns                | Real Estate                   | 598,225                          | 0.988%  |
| Wal-Mart                   | Discount Retail               | 378,920                          | 0.626%  |
| CornerBank                 | Financial Institution         | 338,733                          | 0.559%  |
|                            |                               | Total                            | <u>21.165%</u>  |

[1] Includes valuation within City of Winfield only.

Source: Cowley County Appraiser's Office

# CITY OF WINFIELD, KANSAS

## SPECIAL ASSESSMENTS BILLINGS AND COLLECTIONS LAST TEN FISCAL YEARS

| <b>Fiscal<br/>Year</b> | <b>Current<br/>Assessments<br/>Due</b> | <b>Assessments<br/>Collected</b> |     | <b>Percent<br/>Collected</b> |
|------------------------|--|----------------------------------|-----|------------------------------|
|                        | \$                                     | \$                               |     |                              |
| <b>1994</b>            | 172,945                                | 190,096                          |     | 109.917%                     |
| <b>1995</b>            | 165,379                                | 232,769                          | [1] | 140.749%                     |
| <b>1996</b>            | 235,706                                | 227,002                          |     | 96.307%                      |
| <b>1997</b>            | 224,522                                | 175,563                          | [2] | 78.194%                      |
| <b>1998</b>            | 286,694                                | 172,580                          | [2] | 60.197%                      |
| <b>1999</b>            | 274,958                                | 166,004                          | [2] | 60.374%                      |
| <b>2000</b>            | 285,438                                | 206,195                          | [2] | 72.238%                      |
| <b>2001</b>            | 254,800                                | 191,641                          | [2] | 75.212%                      |
| <b>2002</b>            | 241,902                                | 169,549                          | [2] | 70.090%                      |
| <b>2003</b>            | 165,303                                | 147,444                          |     | 89.196%                      |

[1] Land sold with multiple years' delinquent special assessments.

[2] Special assessments not paid on 64 lots in these years. City of Winfield foreclosed on these properties in 2001 and 2002. The City has sold the majority of the lots in 2003 and 2004, and plans to complete all sales in 2005. On a portion of the foreclosed lots, the special assessments were 'forgiven', and the lot sales price was increased to recover a portion of the City infrastructure investment.

Source: Cowley County Treasurer and Clerk Offices, audited City financial records

# CITY OF WINFIELD, KANSAS

## COMPUTATION OF LEGAL DEBT MARGIN DECEMBER 31, 2003

|  |               |
|--|---------------|
| Assessed Valuation for Bonded Debt [1]                         | \$ 72,063,516 |
| Current Debt Limit (30% of Assessed Valuation; K.S.A. 10-308)  | 21,619,055    |
| Existing G.O. Bonded Debt, subject to<br>legal debt margin [2] | 10,185,000    |
| Less: Assets in Debt Service Funds                             | 382,053       |
| Total Amount Applicable to Debt Limit                          | 9,802,947     |
| Legal Debt Margin  | 11,816,108    |
| Existing Percentage of Debt Limit                              | 45.34%        |

(1) Includes real property, personal property, state assessed utilities, and motor vehicle valuations.

(2) Includes \$330,000 1998-B sales tax general obligation bonds. City intent is to pay off this debt with sales tax revenue collections.

Source: Cowley County Clerk office and City records.

## CITY OF WINFIELD, KANSAS

### RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA LAST TEN FISCAL YEARS

| Year | Population<br>[1] | Assessed<br>Value [2] | Gross General<br>Obligation<br>Bonded Debt [3] | Less Special<br>Assessments<br>Portion [4] | Less Debt to be<br>Paid by Other<br>Funds [5] | Less Debt<br>Service Fund<br>Available | Net Bonded<br>Debt | Net<br>Bonded<br>Debt<br>Per Capita | Ratio Net<br>Bonded<br>Debt to<br>Assessed<br>Valuation |
|------|-------------------|-----------------------|--|--|---|--|--------------------|-------------------------------------|---|
|      |                   | \$                    | \$   | \$   | \$  | \$                                     | \$                 |                                     |   |
| 1994 | 11,701            | 50,343,468            | 3,767,695                                      | 865,087                                    | 494,706                                       | 607,321                                | 1,800,581          | 154                                 | 3.58%   |
| 1995 | 11,731            | 53,657,085            | 3,128,000                                      | 749,388                                    | 437,858                                       | 606,517                                | 1,334,237          | 114                                 | 2.49%   |
| 1996 | 11,743            | 56,415,382            | 5,473,780                                      | 1,477,844                                  | 1,676,437                                     | 804,098                                | 1,515,401          | 129                                 | 2.69%   |
| 1997 | 12,090            | 57,311,187            | 4,782,000                                      | 1,286,517                                  | 1,605,566                                     | 669,536                                | 1,220,381          | 101                                 | 2.13%   |
| 1998 | 11,804            | 53,740,744            | 6,514,000                                      | 1,570,823                                  | 1,499,277                                     | 714,856                                | 2,729,044          | 231                                 | 5.08%   |
| 1999 | 11,947            | 57,908,108            | 8,916,000                                      | 1,374,223                                  | 2,862,839                                     | 638,665                                | 4,040,273          | 338                                 | 6.98%   |
| 2000 | 12,206            | 63,478,942            | 8,083,000                                      | 1,181,194                                  | 2,591,063                                     | 429,574                                | 3,881,169          | 318                                 | 6.11%   |
| 2001 | 12,158            | 63,591,303            | 7,745,000                                      | 971,961                                    | 1,831,519                                     | 444,278                                | 4,497,242          | 370                                 | 7.07%   |
| 2002 | 12,214            | 70,731,262            | 7,900,000                                      | 775,638                                    | 1,757,268                                     | 443,876                                | 4,923,218          | 403                                 | 6.96%   |
| 2003 | 12,016            | 72,063,516            | 9,855,000                                      | 609,191                                    | 1,209,995                                     | 382,053                                | 7,653,761          | 637                                 | 10.62%  |

[1] Source: Kansas Secretary of State

[2] Includes real property, personal property, state assessed utilities, and motor vehicle valuations

[3] Outstanding debt balance does not include the \$330,000 1998-B Sales Tax General Obligation Bond City intent is to pay with sales tax revenue. Also does not include \$8,673,478 KDHE loan balance. City intent is to pay with sewer and water charges.

[4] Special assessments to be collected in future years, to pay off the portion of general obligation debt that financed the improvements being assessed.

[5] The City is annually transferring \$100,000 of sales tax dollars from the Capital Improvements Fund into the Bond and Interest Fund to pay for a substantial portion of the aquatic center. These transfers began in 1997, and will continue through 2005. Also, through interlocal agreements, five governmental entities are contributing funds annually to pay for debt proceeds used to finance those entities' projects.

Source: Cowley County Clerk's Office, City records

## CITY OF WINFIELD, KANSAS

### RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION BONDED DEBT TOTAL GENERAL GOVERNMENT EXPENDITURES LAST TEN FISCAL YEARS

| <u>Year</u> | <u>Principal<br/>Paid [1]</u> | <u>Interest<br/>Paid [1]</u> | <u>Total Debt<br/>Service</u> | <u>General<br/>Expenditures [2]</u> | <u>Ratio of Debt<br/>Service to<br/>General<br/>Expenditures</u> |
|-------------|-------------------------------|------------------------------|-------------------------------|-------------------------------------|--|
|             | \$                            | \$                           | \$                            | \$                                  |  |
| <b>1994</b> | 817,419                       | 161,429                      | 978,848                       | 7,103,533                           | 13.78%   |
| <b>1995</b> | 464,497                       | 106,632                      | 571,129                       | 9,074,969                           | 6.29%  |
| <b>1996</b> | 467,802                       | 84,642                       | 552,444                       | 7,438,637                           | 7.43%  |
| <b>1997</b> | 488,512                       | 199,344                      | 687,856                       | 8,802,803                           | 7.81%  |
| <b>1998</b> | 519,731                       | 167,996                      | 687,727                       | 11,387,682                          | 6.04%  |
| <b>1999</b> | 579,978                       | 217,919                      | 797,897                       | 11,761,246                          | 6.78%  |
| <b>2000</b> | 614,978                       | 333,594                      | 948,572                       | 10,257,245                          | 9.25%  |
| <b>2001</b> | 600,485                       | 343,299                      | 943,784                       | 9,941,938                           | 9.49%  |
| <b>2002</b> | 435,578                       | 327,074                      | 762,652                       | 10,888,725                          | 7.00%  |
| <b>2003</b> | 630,679                       | 365,699                      | 996,378                       | 12,868,847                          | 7.74%  |

[1] Net of Special Assessments portion and portion paid by other entities

[2] From Table 1

Source: City financial statements

# CITY OF WINFIELD, KANSAS

## COMPUTATION OF DIRECT AND OVERLAPPING DEBT DECEMBER 31, 2003

| <u>Governmental Unit</u>     | <u>Net Debt<br/>Outstanding<br/>(1)</u> | <u>Percent<br/>Applicable<br/>to City</u> | <u>City Share<br/>of Debt</u> |
|------------------------------|---|---|-------------------------------|
| <b>Overlapping Debt:</b>     |   |   |                               |
| Unified School District #465 | \$ 24,985,000                           | 64.32%                                    | \$ 16,070,352                 |
| Cowley County College [1]    | 7,780,000                               | 30.28%                                    | 2,355,784                     |
| Cowley County                | 410,000                                 | 30.28%                                    | <u>124,148</u>                |
| Overlapping Debt             |   |   | 18,550,284                    |
| <b>Direct Debt:</b>          |   |   |                               |
| City of Winfield [2]         | 7,653,761                               | 100.00%                                   | <u>7,653,761</u>              |
| <b>Total</b>                 |   |   | <u><u>\$ 26,204,045</u></u>   |

[1] Excludes revenue bond balance that will be paid through user fees.

[2] Excludes debt balances that will be paid from proprietary funds, special assessment debt with governmental commitment, debt to be repaid by other municipal entities, and sales tax bond issues, which will be paid with sales tax revenues.

Source: U.S.D. #465, Cowley County Clerk, City audited financial records

# CITY OF WINFIELD, KANSAS

## DEBT COVERAGE ELECTRIC UTILITY FUND LAST TEN FISCAL YEARS

### ELECTRIC FUND

| Year | Gross<br>Revenues [1] | Operating<br>Expenses [2] | Net Revenue<br>Available for<br>Debt Service | Debt Service Requirements [3] |          |           | Debt<br>Service<br>Coverage |
|------|-----------------------|---------------------------|--|-------------------------------|----------|-----------|-----------------------------|
|      |                       |                           |  | Principal                     | Interest | Total     |                             |
|      | \$                    | \$                        | \$   | \$                            | \$       | \$        |                             |
| 1994 | 12,745,117            | 10,752,255                | 1,992,862                                    | 300,000                       | 317,300  | 617,300   | 3.23                        |
| 1995 | 12,639,767            | 9,817,810                 | 2,821,957                                    | 325,000                       | 297,950  | 622,950   | 4.53                        |
| 1996 | 13,860,088            | 10,349,462                | 3,510,626                                    | 345,000                       | 276,825  | 621,825   | 5.65                        |
| 1997 | 13,428,333            | 11,084,330                | 2,344,003                                    | 450,000                       | 224,308  | 674,308   | 3.48                        |
| 1998 | 15,385,566            | 12,732,118                | 2,653,448                                    | 1,224,000                     | 206,308  | 1,430,308 | 1.86                        |
| 1999 | 14,853,750            | 12,799,560                | 2,054,190                                    | 480,000                       | 152,623  | 632,623   | 3.25                        |
| 2000 | 16,382,420            | 14,934,210                | 1,448,210                                    | 970,288                       | 168,935  | 1,139,223 | 1.27                        |
| 2001 | 17,178,455            | 15,226,913                | 1,951,542                                    | 1,022,408                     | 133,789  | 1,156,197 | 1.69                        |
| 2002 | 17,212,189            | 14,096,286                | 3,115,903                                    | 566,640                       | 137,786  | 704,426   | 4.42                        |
| 2003 | 18,247,543            | 14,409,634                | 3,837,909                                    | 939,366                       | 147,000  | 1,086,366 | 3.53                        |

### WATER UTILITY FUND

| Year | Gross<br>Revenues [1] | Operating<br>Expenses [2] | Net Revenue<br>Available for<br>Debt Service | Debt Service Requirements [3] |          |         | Debt<br>Service<br>Coverage |
|------|-----------------------|---------------------------|--|-------------------------------|----------|---------|-----------------------------|
|      |                       |                           |  | Principal                     | Interest | Total   |                             |
|      | \$                    | \$                        | \$   | \$                            | \$       | \$      |                             |
| 1994 | 1,156,867             | 1,058,074                 | 98,793                                       | 80,000                        | 37,605   | 117,605 | 0.84                        |
| 1995 | 1,329,476             | 1,120,406                 | 209,070                                      | 80,000                        | 34,725   | 114,725 | 1.82                        |
| 1996 | 1,398,417             | 992,911                   | 405,506                                      | 85,000                        | 31,445   | 116,445 | 3.48                        |
| 1997 | 1,282,785             | 953,828                   | 328,957                                      | 85,000                        | 27,705   | 112,705 | 2.92                        |
| 1998 | 1,465,931             | 1,159,642                 | 306,289                                      | 90,000                        | 23,710   | 113,710 | 2.69                        |
| 1999 | 1,353,225             | 1,109,022                 | 244,203                                      | 95,000                        | 19,210   | 114,210 | 2.14                        |
| 2000 | 1,490,405             | 1,153,735                 | 336,670                                      | 95,000                        | 12,560   | 107,560 | 3.13                        |
| 2001 | 1,502,693             | 1,225,446                 | 277,247                                      | 100,000                       | 22,404   | 122,404 | 2.27                        |
| 2002 | 1,381,987             | 1,423,040                 | (41,053)                                     | 65,000                        | 2,427    | 67,427  | (0.61)                      |
| 2003 | 1,461,658             | 1,432,727                 | 28,931                                       | 385,661                       | 94,840   | 480,501 | 0.06                        |

[1] Total revenues include interest income, exclude capital grants and contributions.

[2] Total operating expense exclusive of depreciation.

[3] Includes principal payments and interest expense on revenue bonds, capital leases, and KDHE loans.

Does not include any debt defeasance transactions.

Source: Audited City financial statements.

# CITY OF WINFIELD, KANSAS

## DEBT COVERAGE WASTEWATER FUND LAST TEN FISCAL YEARS

### WASTEWATER FUND

| Year        | Gross<br>Revenues [1] | Operating<br>Expenses [2] | Net Revenue<br>Available for<br>Debt Service | Debt Service Requirements [3] |          |         | Debt<br>Service<br>Coverage |
|-------------|-----------------------|---------------------------|--|-------------------------------|----------|---------|-----------------------------|
|             |                       |                           |  | Principal                     | Interest | Total   |                             |
|             | \$                    | \$                        | \$   | \$                            | \$       | \$      |                             |
| <b>1994</b> | 721,916               | 630,786                   | 91,130                                       | 133,380                       | 40,147   | 173,527 | 0.53                        |
| <b>1995</b> | 792,844               | 679,232                   | 113,612                                      | 54,435                        | 16,386   | 70,821  | 1.60                        |
| <b>1996</b> | 951,411               | 583,347                   | 368,064                                      | 56,838                        | 9,498    | 66,336  | 5.55                        |
| <b>1997</b> | 1,217,008             | 533,203                   | 683,805                                      | 71,637                        | 9,537    | 81,174  | 8.42                        |
| <b>1998</b> | 1,267,118             | 636,481                   | 630,637                                      | 62,365                        | 106,908  | 169,273 | 3.73                        |
| <b>1999</b> | 1,283,214             | 684,360                   | 598,854                                      | 286,541                       | 172,080  | 458,621 | 1.31                        |
| <b>2000</b> | 1,388,831             | 806,588                   | 582,243                                      | 284,947                       | 211,947  | 496,894 | 1.17                        |
| <b>2001</b> | 1,443,937             | 752,821                   | 691,116                                      | 289,381                       | 240,094  | 529,475 | 1.31                        |
| <b>2002</b> | 1,474,287             | 836,742                   | 637,545                                      | 298,892                       | 211,589  | 510,481 | 1.25                        |
| <b>2003</b> | 1,535,358             | 900,699                   | 634,659                                      | 308,715                       | 201,659  | 510,374 | 1.24                        |

[1] Total revenues include interest income.

[2] Total operating expense exclusive of depreciation.

[3] Includes principal payments and interest expense.

Source: City financial statements.

# CITY OF WINFIELD, KANSAS

## DEMOGRAPHIC STATISTICS LAST TEN FISCAL YEARS

| <u>Year</u> | <u>Population[1]</u> | <u>Per Capita<br/>Income [2]</u> | <u>School<br/>Enrollment [3]</u> | <u>Unemployment<br/>Rate [4]</u> |
|-------------|----------------------|----------------------------------|----------------------------------|----------------------------------|
| <b>1994</b> | 11,701               | \$ 17,459                        | 2,594                            | 6.2%                             |
| <b>1995</b> | 11,731               | 17,502                           | 2,609                            | 5.4%                             |
| <b>1996</b> | 11,743               | 18,359                           | 2,662                            | 4.8%                             |
| <b>1997</b> | 12,090               | 19,124                           | 2,823                            | 4.8%                             |
| <b>1998</b> | 11,804               | 20,054                           | 2,684                            | 5.9%                             |
| <b>1999</b> | 11,947               | 20,666                           | 2,622                            | 3.7%                             |
| <b>2000</b> | 12,206               | 22,258                           | 2,642                            | 4.8%                             |
| <b>2001</b> | 12,158               | 22,258                           | 2,814                            | 3.9%                             |
| <b>2002</b> | 12,214               | 22,258                           | 2,790                            | 7.0%                             |
| <b>2003</b> | 12,016               | 22,258                           | 2,514                            | 6.3%                             |

Sources:

[1] Population - Kansas Secretary of State

[2] Per Capita Income - The U.S. Bureau of Economic Analysis, Regional Economic Information System.

Per Capita income reflected is for Cowley County. Total population of Cowley County is 36,291, per 2000 U.S. Census Bureau

[3] School Enrollment - U.S.D. #465. Includes public school system only.  
Non-weighted FTE.

[4] Unemployment Rate - Kansas Department of Human Resources.  
Annual average for all of Cowley County

## CITY OF WINFIELD, KANSAS

### BANK DEPOSITS AND CONSTRUCTION ACTIVITY LAST TEN FISCAL YEARS

| <b>Fiscal<br/>Year</b> | <b>Building Permits</b> |                                     | <b>Commercial<br/>Bank<br/>Deposits [1]<br/>(in thousands)</b> |
|------------------------|-------------------------|-------------------------------------|--|
|                        | <b>Number</b>           | <b>Valuation<br/>(in thousands)</b> |  |
| <b>1994</b>            | 166                     | \$ 5,988                            | \$ 204,576   |
| <b>1995</b>            | 148                     | 8,158                               | 215,200  |
| <b>1996</b>            | 121                     | 7,955                               | 223,686  |
| <b>1997</b>            | 82                      | 13,814                              | 241,400  |
| <b>1998</b>            | 108                     | 7,900                               | 255,476  |
| <b>1999</b>            | 119                     | 8,822                               | 249,220  |
| <b>2000</b>            | 126                     | 10,432                              | 250,538  |
| <b>2001</b>            | 153                     | 10,188                              | 253,068  |
| <b>2002</b>            | 185                     | * 14,530                            | 255,339  |
| <b>2003</b>            | 182                     | 7,891                               | 262,116  |

Source: City records, and FDIC statistical data

\*Several large industrial expansions were granted permits in 2002,  
and completed in 2002 and 2003

[1] as of June 30 of each year

# CITY OF WINFIELD, KANSAS

## SCHEDULE OF INSURANCE COVERAGES December 31, 2003

| Insurance Company            | Policy<br>Period         | Type   | Coverage   | Coverage                                    | Aggregate                       | Deductible                           |
|------------------------------|--------------------------|--|--|---|---------------------------------|--------------------------------------|
|                              | From<br>To               |  |  | Amount                                      |                                 |                                      |
| Employers Reinsurance Corp.  | 6/25/2003<br>6/25/2004   | Workers' Compensation  | All City Employees<br>Employers' liability limit   | \$ Statutory                                | \$ 505,505<br>1,000,000         | 300,000                              |
| Employers Mututal            | 4/1/2003<br>4/1/2004     | Property-Replacement<br>Cost                                       | Building/contents, 90% coins.<br>Lights, 90% coins.<br>Golf course (bus. income),<br>50% coins.<br>Extra exp, per location   | 38,402,281<br>443,106<br>200,000<br>250,000 |                                 | 1,000<br>1,000<br>1,000              |
| Employers Mututal            | 4/1/2003<br>4/1/2004     | Auto liability - all City<br>rolling stock                         | Liability and U.M.<br>Specified perils<br>Comprehensive<br>Collision<br>Garage keeper's liability<br>Hired/borrowed vehicles | 500,000<br><br><br><br>20,000<br>20,000     |                                 | 100<br>250<br>500<br>250<br>100/500  |
| Federal Insurance            | 9/22/2003<br>9/22/2004   | Boiler and machinery   | Blanket  | 20,000,000                                  |                                 | varies                               |
| Employers Mututal            | 4/1/2003<br>4/1/2004     | General liability  | Each occurrence limit<br>Products completed  | 500,000<br>500,000                          | 1,000,000<br>1,000,000          | 500                                  |
| Employers Mutual             | 4/1/2003<br>4/1/2004     | Employee benefits  | Benefits   | 500,000                                     | 500,000                         | 1,000                                |
| Northland Insurance Co.      | 9/22/2003<br>9/22/2004   | Public officials liability   | Each wrongful act-<br>Winfield Housing Auth.   | 1,000,000                                   | 1,000,000                       | 5,000                                |
| Employers Mutual             | 4/1/2003<br>4/1/2004     | Public officials liability   | Linebacker-law enforcement   | 1,000,000                                   | 1,000,000                       | 3,000                                |
| American Alliance Ins.       | 10/26/2003<br>10/26/2004 |  | Underground storage tanks  | 500,000                                     | 1,000,000                       | 10,000                               |
| Farmers Alliance Mutual Ins. | 9-1-96<br>continuous     | Public officials bond  | City treasurer   | 25,000                                      |                                 |                                      |
| Farmers Alliance Mutual Ins. | 9-20-96<br>continuous    | Public officials bond  | All city employees   | 250,000                                     | 250,000                         |                                      |
| American Reliable Ins. Co.   | 4/17/2003<br>4/17/2004   | Flood  | Grandstands  | 500,000                                     |                                 | 4,000                                |
| Employers Mutual             | 4/1/2003<br>4/1/2004     | Contractors equip<br>Property<br>Builders risk<br>Property Floater | Contractors equipment<br>Telephone system<br><br>Golf Cars, Mowers   | 1,951,516<br>94,000<br>320,000<br>156,720   |                                 | 1,000<br>500/5,000<br>1,000<br>1,000 |
| Employers Mutual             | 4/1/2003<br>4/1/2004     | General liability<br>Auto liability<br>Linebacker                  | Rural Fire Dist #7   | 500,000<br>500,000<br>1,000,000             | 500,000<br>500,000<br>1,000,000 | -<br>-<br>1,500                      |

Source: City records

**CITY OF WINFIELD, KANSAS**

**ADDITIONAL INFORMATION REQUIRED**

**BY BOND COVENANTS**

**FOR THE YEAR ENDED DECEMBER 31, 2003**

**Electric Fund - Customers Served**

|                       | Number of meters served |              |
|-----------------------|-------------------------|--------------|
|                       | 12-31-03                | 12-31-02     |
| Residential customers | 6,673                   | 6,524        |
| Commercial customers  | 1,305                   | 1,273        |
| Power wholesale       | 126                     | 121          |
| Street lights         | 3                       | 3            |
| Wholesale             | 2                       | 2            |
| City departments      | 116                     | 113          |
| Total                 | <u>8,225</u>            | <u>8,036</u> |

**Golf Course - Customers Served**

|                     | Number of customers served |          |
|---------------------|----------------------------|----------|
|                     | 12-31-03                   | 12-31-02 |
| Green fees          | 26,377                     | 26,530   |
| Cart fees - club    | 13,043                     | 13,913   |
| Cart fees - private | 6,385                      | 5,730    |

Source: City records

**EDW. B  
STEPHENSON  
& CO.**

**CERTIFIED PUBLIC  
ACCOUNTANTS**

EDW. B. STEPHENSON  
(1905-1985)

JAMES R. DOBBS  
(1927-1997)

HARRY L. SHETLAR, JR.  
(1931-2000)

MORRIS W. JARVIS  
(1935-1999)

**PARTNERS**

N. DEAN BRADBURY, C.P.A.

LOREN L. PONTIOUS, C.P.A.

MAURICE P. ROBERTS, C.P.A.

AARON R. IVERSON, C.P.A.

**STAFF ACCOUNTANTS**

LEROY D. CAMMERER

CHRIS L. LAMPSON

TAMMY R. SPENCER

1002 Main Street  
Winfield, Kansas 67156  
620-221-9320  
FAX 620-221-9325

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

To the City Commissioners  
City Building  
Winfield, Kansas 67156

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, and the aggregate remaining fund information of the City of Winfield, Kansas, as of and for the year ended December 31, 2003, which collectively comprise the City of Winfield, Kansas' basic financial statements and have issued our report thereon dated May 6, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; *Kansas Municipal Audit Guide*; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

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

**Internal Control Over Financial Reporting**

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

This report is intended solely for the information and use of management, the City Commission of the City of Winfield, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Edw. B. Stephenson & Co.*  
Winfield, Kansas  
May 6, 2004

**EDW. B  
STEPHENSON  
& CO.**

**CERTIFIED PUBLIC  
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Winfield, Kansas 67156  
620-221-9320  
FAX 620-221-9325

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

To the City Commissioners  
City Building  
Winfield, Kansas 67156

We have audited the compliance of the City of Winfield, Kansas, with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2003. The City of Winfield's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Winfield's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; *Kansas Municipal Audit Guide*; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Winfield's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Winfield's compliance with those requirements.

In our opinion, the City of Winfield, Kansas, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2003.

**Internal Control Over Compliance**

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

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

This report is intended solely for the information and use of management, the City Commission of the City of Winfield, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Edw. B. Stephenson & Co.*  
Winfield, Kansas  
May 6, 2004

**CITY OF WINFIELD, KANSAS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

| <b>Federal Grantor/Pass-Through<br/>Grantor/Program Title</b>   | <b>Federal<br/>CFDA<br/>Number</b> | <b>Program<br/>Amount</b> | <b>Federal<br/>Expenditures</b> |
|---|------------------------------------|---------------------------|---------------------------------|
| <b>Federal Emergency Management Agency</b>  |                                    |                           |                                 |
| Passed Through State of Kansas, Adjutant General Kansas Division of<br>Emergency Management Public Assistance Grants-Disaster #1402                           | 83.544                             | 4,485,182                 | 501,351                         |
| Passed Through State of Kansas, Adjutant General Kansas Division of<br>Emergency Management - Assistance to Firefighters Grant<br>EMW-2002-FG-10972           | 83.554                             | 51,405                    | 51,405                          |
| Passed Through State of Kansas, Adjutant General Kansas Division of<br>Emergency Management - Assistance to Firefighters Grant<br>EMW-2003-FG-06028           | 83.554                             | 60,930                    | 8,780                           |
| <b>U.S. Department of Housing and Urban Development</b>   |                                    |                           |                                 |
| Passed Through Kansas Department of Commerce and Housing<br>Small Cities Community Development Block Grant<br>Emergency Shelter Grant S-00-DC 20-0001 2002-26 | 14.231                             | 10,879                    | 8,099                           |
| Emergency Shelter Grant S-01-DC 20-0001 2003-27   | 14.231                             | 5,953                     | 3,924                           |
| <b>U.S. Coast Guard</b>   |                                    |                           |                                 |
| Passed Through Kansas Department of Wildlife and Parks<br>Local Recreational Boating Safety Program #CG-2003-06   | 20.005                             | 2,174                     | 2,174                           |
| <b>U.S. Department of Transportation</b>  |                                    |                           |                                 |
| Passed Through Kansas Department of Wildlife and Parks<br>Ks Wildlife and Parks Trails Agreement #NR9-001-7   | 20.219                             | 100,000                   | 100,000                         |
| <b>Environmental Protection Agency</b>  |                                    |                           |                                 |
| Passed through the Kansas Department of Health and Environment,<br>Kansas Public Water Supply Loan Fund Project #2233   | 66.468                             | 5,640,000                 | 342,823                         |
| <b>U.S. Department of Justice</b>   |                                    |                           |                                 |
| Bureau of Justice Assistance, Department of Justice<br>2002 Bulletproof Vest Grant Partnership Program  | 16.607                             | 9,030                     | 620                             |
| COPS in School Award Grant #2000SHWX0561  | 16.710                             | \$ 115,550                | \$ 9,882                        |
| <b>Total expenditures of federal awards</b>   |                                    |                           | <b>\$ 1,029,058</b>             |

*Schedule is prepared under generally accepted accounting principles.*

Loans Outstanding: In addition to the federal expenditures listed above, the City of Winfield had the following loan balances outstanding at December 31, 2003:

|   | <b>CFDA<br/>Number</b> | <b>Original<br/>Balance</b> | <b>Amount<br/>Outstanding</b> |
|---|------------------------|-----------------------------|-------------------------------|
| Environmental Protection Agency, passed through the Kansas Department<br>of Health and Environment, Kansas Water Pollution Control<br>Revolving Fund Loan Project C20 1271 01 | 66.458                 | \$ 7,525,091                | \$ 6,056,615                  |
| Environmental Protection Agency, passed through the Kansas Department<br>of Health and Environment, Kansas Public Water Supply Fund<br>KPWSLF Project C20 1281                | 66.468                 | 2,289,659                   | 2,254,040                     |
| Environmental Protection Agency, passed through the Kansas Department<br>of Health and Environment, Kansas Public Water Supply Fund<br>Project #2233                          | 66.468                 | 362,823                     | 362,823                       |

# **CITY OF WINFIELD, KANSAS**

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED DECEMBER 31, 2003**

### **A. SUMMARY OF AUDIT RESULTS**

1. The auditors' report expresses an unqualified opinion on the basic financial statements of the City of Winfield, Kansas.
2. No reportable conditions relating to the audit of the financial statements are reported in the "Independent Auditors' Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*."
3. No instances of noncompliance material to the financial statements of the City of Winfield, Kansas were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported in the "Independent Auditors' Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133".
5. The auditors' report on compliance for the major federal award programs for the City of Winfield, Kansas, expresses an unqualified opinion on all major federal programs.
6. Audit findings, if applicable, that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The programs tested as major programs included:

|   |                 |
|---|-----------------|
| <b>Federal Emergency Management Agency</b>    | <b>CFDA No.</b> |
| Emergency Management Public Assistance Grants | 83.544          |
| <br><b>Environmental Protection Agency</b>    |                 |
| Kansas Public Water Supply Loan Fund          | 66.468          |
8. The threshold for distinguishing Types A and B Programs was \$300,000.
9. The City of Winfield, Kansas did not qualify as a low-risk auditee.

### **B. FINDINGS--FINANCIAL STATEMENT AUDIT**

None

### **C. FINDINGS AND QUESTIONED COSTS--MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None