



City of Winfield, Kansas

2004 Comprehensive Annual Financial Report

**For the fiscal year ended
December 31, 2004**

CITY OF WINFIELD, KANSAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004

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, 2004

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The background features a dynamic, abstract design. On the left side, there are several bright blue, curved lines that sweep across the frame, creating a sense of motion and energy. These lines are set against a lighter blue and white background that has a soft, glowing appearance, particularly towards the center where a bright light source seems to emanate from. The overall effect is one of a high-tech or futuristic environment.

Introductory Section



June 22, 2005

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, 2004, 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 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, 2004 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, 2004, 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 12,206, and has an incorporated area of 12.35 square miles. Winfield is located in south central Kansas, approximately 35 miles southeast of Wichita, Kansas, and 30 miles north of the Oklahoma border. Winfield serves as the county seat for Cowley County, population 36,423. 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 component units of the City. 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-19 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. The local economy is now showing signs of recovery.

Wichita, 35 miles to the north, acts as a major employment center for Cowley County residents, and is the national leader within the aviation industry. Since September 11, 2001, that industry has had widespread layoffs. A portion of the laid-off employees have returned to work, but that sector of the economy still faces challenges. Additionally, the sale of Boeing Wichita's commercial operations to Onex Corp finalized June 2005 adds an unknown variable to the area's recovery.

Creekstone Farms, a Black Angus branded beef operator located in Arkansas City, has announced plans for building expansion in mid 2005, to double its production capacity. The plant currently has a capacity to process 1,000 cattle daily.

Newell-Rubbermaid has invested significant dollars in the past two years into expansions in its Winfield manufacturing facilities, and employees approximately 600 persons.

Local sales tax collections increased over 9% from 2003 to 2004. Year-to-date sales tax revenues are level with 2004 year-to-date collections. City management believes the increase is a combination of an increase in local retail sales and 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'. Kansas statutes now allow the city to begin collection its 1% share on all use tax collections.

A record number of building permits were issued in Winfield in 2004: 207, at a construction value of \$27.6 million. This is a 14% increase in the number of building permits from 2003, and an 18% increase from the prior five year average number of permits.

Cowley First, an economic development partnership between Cowley County and the cities of Arkansas City and Winfield was established in 2004. This entity is dedicated "...to working to assist in expansion and retention of existing businesses, support local entrepreneurs, attract new businesses and industries and expand recreation and tourism opportunities while utilizing Cowley County's prominent business atmosphere, high quality of life and excellent education facilities".

Major Initiatives

The City initiated \$5.6 million in upgrades to the water treatment plant in late 2003, with completion expected in July 2005. The upgrades were done for compliance with EPA and KDHE federal and state drinking water programs, and include ozone treatment of the water as primary 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, were completed in mid 2003. The two-year project was financed primarily with general obligation bonds.

An 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 reconstruction of approximately one quarter of the system. FEMA has committed to reimburse the City 75% of those costs, and the construction period is expected to be completed by December 31, 2005. At the end of 2004, approximately \$2.7million had been expended for reconstruction, of which FEMA grants had reimbursed the City \$2.1 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, including 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 early 2005, the City entered into a development contract with several Kansas municipalities, with the intent to develop and operate the Kansas Power Pool, part of a long-term solution to the City's electric power needs.

The City broke ground for a 50 acre industrial park area in 2004, and plans for the first manufacturing facility to be built and functional in early 2006.

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 2004, 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 2004 and 2005 rates are .60 and .91, 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 \$265 thousand at December 31, 2004. 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, 2003. This was the sixth 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.

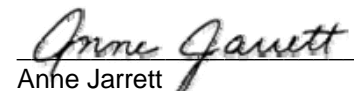
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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, 2003

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.



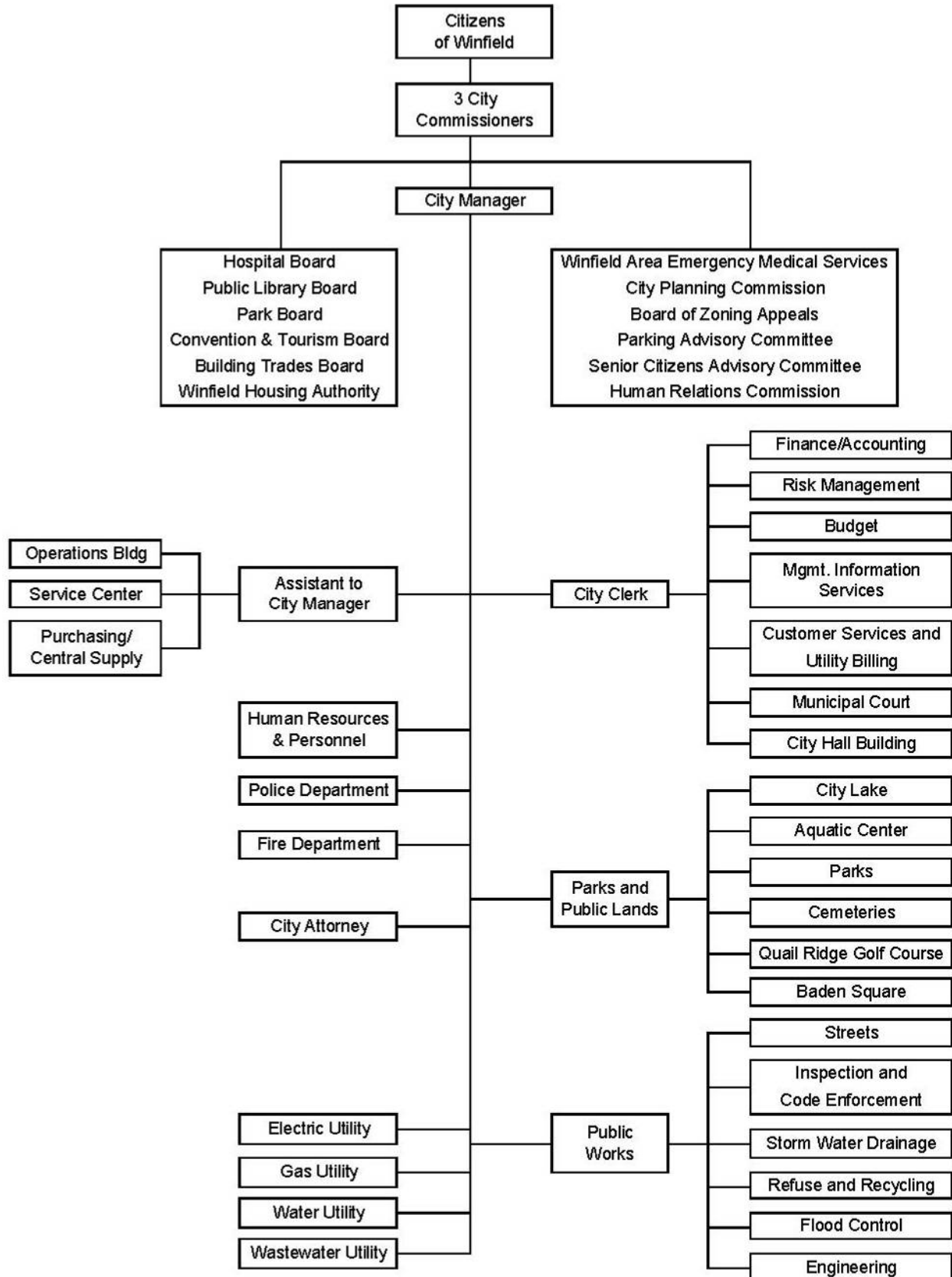
Nancy L. Ziehl

President

Jeffrey R. Enen

Executive Director

CITY OF WINFIELD, KANSAS ORGANIZATIONAL CHART



CITY OF WINFIELD, KANSAS
LIST OF PRINCIPAL OFFICIALS
DECEMBER 31, 2004

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

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Financial Section

Basic Financial Statements

**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)

N. DEAN BRADBURY
(1936-2005)

PARTNERS

LOREN L. PONTIOUS, C.P.A.

MAURICE P. ROBERTS, C.P.A.

AARON R. IVERSON, C.P.A.

STAFF ACCOUNTANTS

LEROY D. CAMMERER

EMILI D. MOORE

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, 2004, 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 70 percent and 28 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 opinions.

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, 2004, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2005, 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.

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 schedules, 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 schedules 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 such information.

Edw. B. Stephenson & Co.

Winfield, Kansas
April 26, 2005

Management's Discussion and Analysis

The following discussion and analysis of the City of Winfield's financial performance provides an overview of the City financial activities for the fiscal year ended December 31, 2004. The management discussion and analysis is presented in conjunction with the transmittal letter at the front of this report and the City of Winfield's financial statements, which follow this section.

Financial Highlights for 2004

- ✓ The City's total net assets increased \$1.02 million during the fiscal year ending 2004.
- ✓ The cost of governmental activity was \$9.4 million. The amount paid by taxpayers through either property taxes or sales taxes was \$4.7 million, or 50 percent
- ✓ The general fund, on a current financial resource basis, reported \$211 thousand in expenditures and other uses in excess of revenue and other financing resources.
- ✓ At the end of the fiscal year, unreserved fund balance for the general fund was \$427,191, or 5.8 percent of the total general fund expenditures (including transfers out). Total fund balance represents 6.4 percent of that same amount of expenditures
- ✓ The City's total debt increased by \$3.4 million during the current fiscal year. \$4.8 million in KDHE loans for water plant improvements (a business-type activity) was the key factor in this increase.

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, and is located in the sections titled Supplemental information and Statistical Section.

The City presents two kinds of statements, each providing a different snapshot of the City's finances. The reporting focus is on both the City as a whole (government-wide) and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the City's overall financial status. The fund financial statements 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 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 serve as a useful indicator of whether or not the financial position of the City is improving or deteriorating, absent extraordinary events.

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 – are principally supported by taxes and intergovernmental revenues. Most of the City's basic services are reported in governmental activities: police, fire, public works and stormwater drainage, cemetery, parks and recreation, health, and general administration.
- Business-type activities – are functions that are intended to recover all or a portion of their costs through user fees and charges. They include these City activities: electric production and distribution, gas distribution, water purification and distribution, refuse collection, wastewater collection and treatment, and municipal golf course

- 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-11 through A-13 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* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements, with the exception of the stormwater drainage enterprise fund (it is included as a governmental activity in the government-wide financial statements). Governmental fund financial statements focus on cash flows and other financial assets that can be readily converted to cash and are available in the near future to finance the City's programs. The differences between the short-term view of governmental fund statements and the long-term view of the governmental activities on the entity-wide financial statements are provided in reconciliations on pages A-16 and A-18. Primary differences are the impact of accounting for capital assets and their long-term financing. The basic fund financial statements can be found on pages A-15 through A-28 of this report.

The City of Winfield maintains 24 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. Information from the other 21 governmental funds is 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-1.

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-19 to demonstrate compliance with the appropriated budget.

- *Proprietary funds* – account for services for which the City charges customers and include both enterprise and internal services funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information. Enterprise funds account for 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. The nonmajor funds are consolidated into an aggregated presentation on the proprietary fund financial statements, as are the internal service funds. Individual fund data for proprietary funds (enterprise and internal service funds) can be found on pages C-1 through D-10 of this report.

- *Fiduciary funds* report on activities for which the City is the trustee, or fiduciary, and like proprietary funds, present information based on the full accrual basis of accounting. Fiduciary funds include funds that 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. Activities conducted in a fiduciary capacity are excluded from the city's government-wide financial statements because the City is prohibited from using fiduciary assets to finance its operations. The basic fiduciary fund financial statements can be found on pages A-30 and A-31 of this report.

- *Notes to the financial statements* provide information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements immediately follow the basic financial statements.
- *Other Information* – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information in relation to the municipal golf course, found on page H-17. The combining statements referred to earlier in connection with nonmajor funds follow the notes to the financial statements.

Financial Analysis of City as a Whole

Net assets of the primary government - In accordance with GASB Statement No. 34, the City is presenting comparative government-wide information for the prior period.

Table 1

**City of Winfield, Kansas
Net Assets
As of December 31, 2004
(with comparative totals for December 31, 2003
(in thousands of dollars)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2004	2003	2004	2003	2004	2003
Cash and investments	\$ 5,017	\$ 5,063	\$ 7,911	\$ 7,852	\$ 12,928	\$ 12,915
Other assets	4,223	4,937	4,857	4,899	9,080	9,836
Capital assets	23,533	22,671	51,401	46,990	74,934	69,661
Total assets	32,773	32,671	64,169	59,741	96,942	92,412
Long-term liabilities	9,695	10,693	15,150	11,887	24,845	22,580
Other liabilities	5,911	4,816	3,915	3,761	9,826	8,577
Total liabilities	15,606	15,509	19,065	15,648	34,671	31,157
Net assets:						
Capital assets, net of debt	13,224	12,499	34,933	33,869	48,157	46,368
Restricted	2,837	3,224	306	1,239	3,143	4,463
Unrestricted	1,106	1,439	9,865	8,985	10,971	10,424
Total net assets	\$ 17,167	\$ 17,162	\$ 45,104	\$ 44,093	\$ 62,271	\$ 61,255

The City's net assets increased \$1.02 million during the fiscal year ending 2004. Approximately 77% of the City's 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 (5 percent) represents resources that are subject to external restrictions on how they may be spent. The unrestricted portion of total net assets is \$11 million (18 percent), available to meet the city's ongoing obligations to citizens and creditors.

Governmental activities - The governmental activities portion of unrestricted net assets totals \$1.1 million, or 6.5 percent of total governmental activities net assets. Capital assets, net of related debt, comprise 77 percent of total governmental activities net assets.

Business-type activities – The business-type activities portion of unrestricted net assets total \$9.9 million, or 22 percent of total business-type activities net assets. Capital assets, net of related debt, comprise 77 percent of the total, and the remaining 2 percent are restricted net assets.

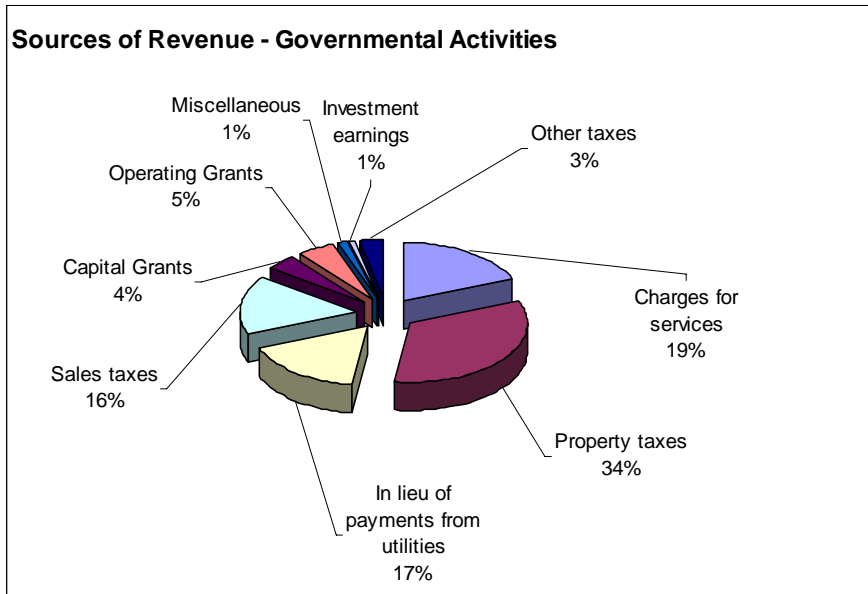
Table 2, below, summarizes total City revenues and expenses for the fiscal year ending December 31, 2004.

Table 2

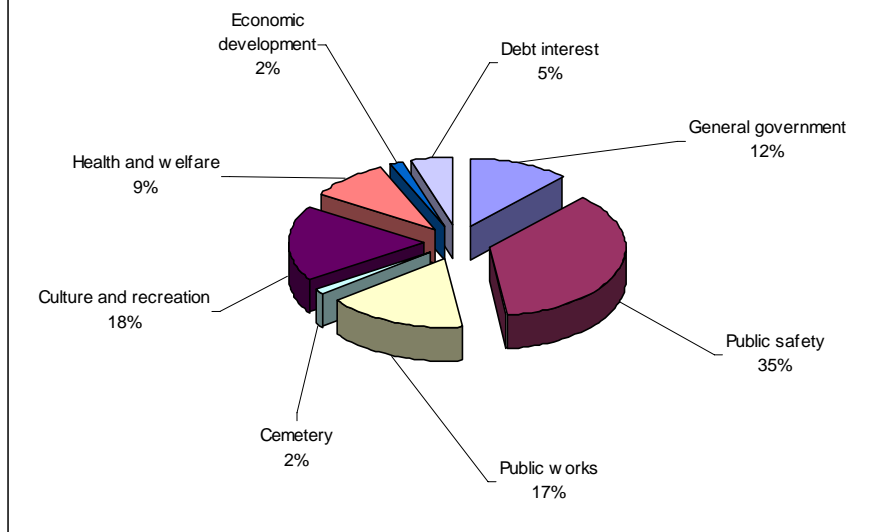
**City of Winfield, Kansas
Changes in Net Assets
As of December 31, 2004
(with comparative totals for December 31, 2003)
(in thousands of dollars)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2004	2003	2004	2003	2004	2003
Revenues						
Program revenues:						
Charges for services	\$ 1,795	\$ 1,769	\$ 27,908	\$ 27,879	\$ 29,703	\$ 29,648
Operating grants and contributions	453	663	-	-	453	663
Capital grants and contributions	423	273	525	631	948	904
General revenues:						
Property taxes	3,127	2,997	-	-	3,127	2,997
Sales taxes	1,542	1,379	-	-	1,542	1,379
Franchise fees	188	141	-	-	188	141
Other taxes	127	133	-	-	127	133
In lieu of payments from utilities	1,567	1,561	-	-	1,567	1,561
Miscellaneous income	130	486	-	(701)	130	(215)
Investment interest	85	127	170	211	255	338
Total revenues	<u>9,437</u>	<u>9,529</u>	<u>28,603</u>	<u>28,020</u>	<u>38,040</u>	<u>37,549</u>
Expenses						
General government	1,113	1,041	-	-	1,113	1,041
Public safety	3,386	3,357	-	-	3,386	3,357
Public works	1,555	1,373	-	-	1,555	1,373
Cemetery	143	139	-	-	143	139
Culture and recreation	1,658	1,662	-	-	1,658	1,662
Health and welfare	881	780	-	-	881	780
Economic development	163	168	-	-	163	168
Interest on debt	456	447	-	-	456	447
Electric	-	-	17,397	15,995	17,397	15,995
Gas	-	-	5,086	5,114	5,086	5,114
Water	-	-	1,709	1,734	1,709	1,734
Refuse	-	-	1,104	1,118	1,104	1,118
Wastewater	-	-	1,716	1,705	1,716	1,705
Golf course	-	-	657	673	657	673
Total expenses	<u>9,355</u>	<u>8,967</u>	<u>27,669</u>	<u>26,339</u>	<u>37,024</u>	<u>35,306</u>
Excess before transfers	82	562	934	1,681	1,016	2,243
Transfers	(77)	(340)	77	340	-	-
Increase in net assets	<u>\$ 5</u>	<u>\$ 222</u>	<u>\$ 1,011</u>	<u>\$ 2,021</u>	<u>\$ 1,016</u>	<u>\$ 2,243</u>

Governmental activities - As indicated above, governmental activities net assets increased \$5,000 during 2004. Key elements include an increase of \$287 thousand in tax revenues, an increase of \$388 thousand in governmental expenditures, and a decrease of \$263 thousand in net transfers to business-type activities. Enterprise infrastructure improvements financed with governmental revenues account for the majority of the net transfers.



Functional Expenses - Governmental Activities

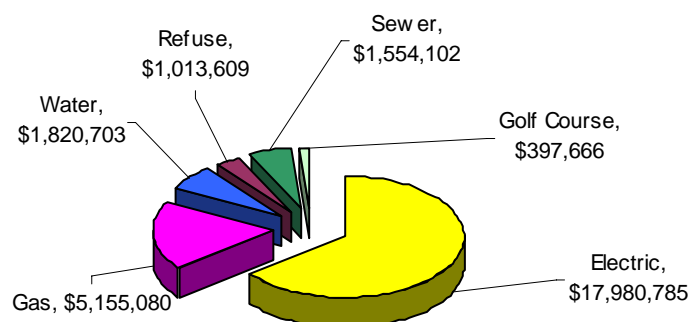


Revenues for the governmental activities are derived from several major sources, as the Sources of Revenue Chart above shows. \$3.1 million, or 31 percent of the City's 2004 revenue, came from property taxes. 'Other taxes' includes alcohol beverage, franchise, and transient guest taxes. The City charges 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 and contributions included public safety grants and infrastructure contributions. Operating grants included public works dollars through the State of Kansas.

Public safety expense represents the largest governmental expense, \$3.4 million, or 35 percent of the City's total governmental expenses of \$9.4 million.

Business-type activities - The City operates six utilities and a municipal golf course. Combined, the electric and gas utilities account for 83 percent of the total business-type activity charges.

Program Revenues - Business Type Activities



Highlights in the business-type activities area include:

- The electric utility expended \$342 thousand of capital grant dollars in 2004, 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 at the beginning of 2004. The increase is earmarked for future debt payments, financing prior years' wastewater treatment plant improvements.
- 95% of a \$6.2 million water treatment plant construction project occurred in 2004. The City will begin using ozone as part of the water treatment process when the project is complete in 2005. The project is being financed through a twenty year loan from the Kansas Public Water Supply revolving loan program.

- Water rates increased in January and May of 2004, with two additional increases scheduled in 2005. The rate increases were necessary to fund future debt retirement for the water treatment plant and other water system improvements.
- Similar to prior years, the municipal golf course operated at a net loss of \$257 thousand in 2004. 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 2004, golf course debt principal and interest amounted to \$363 thousand, and \$380 thousand was transferred from the electric fund to the golf course fund.
- Refuse rates are scheduled to increase in six increments during the period January 2005 to July 2007, to recover increased landfill charges from the City's solid waste customers.

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, 2004, the City's governmental funds reported a combined ending fund balance of \$3.9 million, a decrease of \$447 thousand in comparison with the prior year. Approximately 70% of this total amount, \$2.7 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 \$447 thousand decrease in fund balance is primarily due to increased general fund expenditures and capital projects.

General Fund - The general fund is the major operating and taxing fund for the City of Winfield. At the close of 2004, the general fund balance had decreased \$211 thousand. Excluding transfers to and from the general fund, overall general fund expenditures increased 5.7 percent, while revenues increased only 3.9 percent. Revenue highlights include:

- The City continued its long-standing history to maintain a stable mill levy. Property tax collections fell short of projected revenues by 7 percent. Property tax exemptions to major industries accounted for the brunt of the property tax drop.
- Sales tax collections exceeded projected revenues by 9 percent. The City attributes the increase primarily to changes in the state sales tax and use tax laws, shifting from source to destination-based taxation rules.
- In 2004, the City increased the 'in lieu of' franchise fees to the general fund, paid from these funds: electric from 6.5% to 6.6%, gas from 5.5% to 5.6%, and water from 5.0% to 5.2%. In addition, the City elected to forego 'in lieu of' fees from the refuse fund.

Capital Improvements Funds - Included in the governmental funds are the capital projects funds. Major capital projects in 2004 included:

- Completion of Phase I of the Andrews/Bliss Streets asphalt and stormwater drainage improvements.
- The beginning of infrastructure improvements on land purchased for additional industrial park development
- Various city building improvements.
- Water, street, and sewer infrastructure construction began in late 2003 and will be complete in early 2005 for a new housing development, The Fairways. Special assessment debt will be issued for this project in 2006.
- Water, street, and sewer infrastructure construction projects were substantially completed in 2004 for an eight-plex movie theater located at Strother Field Industrial Park. Strother Field is jointly owned by the cities of Winfield and Arkansas City. Special assessment debt will be issued for this project in a future year.

Debt Service Fund - The debt service fund had a total fund balance of \$265 thousand at year end, down \$117 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 2004 budget. Highlights of those deficiencies are discussed above under 'General Fund'. Reacting to those deficiencies, the City internally reduced the original 2004 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 4 percent cutback from original budget. The City monitored position vacancies and other expenses closely during 2004. Other than a 2.0 percent COLA wage increase for employees in 2004, 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. The City's unencumbered fund balance in the general fund at December 31, 2004 was \$160,711, equivalent to 2.5% of the 2004 general fund expenditures.

Capital Assets

At the end of 2004, 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:

City of Winfield, Kansas
Assets, Net of Depreciation
As of December 31, 2004
(with comparative totals for December 31, 2003)
(in thousands of dollars)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2004	2003	2004	2003	2004	2003
Land	\$ 2,068	\$ 1,714	\$ 821	\$ 821	\$ 2,889	\$ 2,535
Infrastructure/ other improvements	10,866	10,953	29,394	28,633	40,260	39,586
Construction	827	112	5,231	482	6,058	594
Buildings and improvements	7,424	7,626	7,240	7,636	14,664	15,262
Equipment	2,348	2,266	8,715	9,418	11,063	11,684
Total	23,533	22,671	51,401	46,990	74,934	69,661

Government-wide capital assets, net of depreciation, increased 7.5% during 2004. In the governmental activities, construction in progress increased more than \$700 thousand at the end of 2004 because of the Fairways infrastructure projects. Construction in progress on the water treatment plant amounting to \$5.0 million at the end of 2004 accounts for the substantial increase in construction in progress in the business-type activities. The City capitalized approximately \$1 million of electric distribution infrastructure and \$477 thousand of gas infrastructure in 2004. 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-42 of this report.

Long-term Debt

At the end of 2004, the City had total long-term debt of \$24.5 million. Of this debt, \$24.0 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 \$12.6 million of that \$24.0 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 \$21.7 million, which is significantly higher than the general obligation outstanding debt of \$10,990,000.

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, 2004
 (with comparative totals for December 31, 2003)
 (in thousands of dollars)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2004	2003	2004	2003	2004	2003
General obligation bonds	\$ 8,897	\$ 9,855	\$ -	\$ -	\$ 8,897	\$ 9,855
Sales tax revenue bonds	860	1,020	-	-	860	1,020
Temporary notes	1,195	0	-	0	1,195	0
Utility revenue bonds	0	-	-	605	0	605
Certificate of participation	405	434	2,650	2,950	3,055	3,384
KDHE utility loans	0	-	13,047	8,673	13,047	8,673
Capital leases	334	101	771	1,089	1,105	1,190
Debt to other governments	266	298	-	-	266	298
Total	<u>\$ 11,957</u>	<u>\$ 11,708</u>	<u>\$ 16,468</u>	<u>\$ 13,317</u>	<u>\$ 28,425</u>	<u>\$ 25,025</u>

During 2004, the City issued \$1.2 million in temporary notes to finance two benefit district projects. \$4.8 million was borrowed from the State of Kansas for the water treatment plant improvements. The City also agreed to purchase land for a future industrial park through a \$271 thousand capital lease agreement.

Additional information on the City's long-term debt can be found in Note 10, pages A-44 through A-49 of this report.

Economic Factors and Next Year's Budgets and Rates

Some encouraging signs of economic recovery became visible in 2004. Building permits hit a record high for the City in 2004. The following factors were considered in preparing the City's budget for the 2005 fiscal year:

- The State of Kansas has continued its elimination of demand transfers to cities during 2004, and will do again in 2005.
- Limited growth in total controlled revenues.
- Economic development, maintaining infrastructure, and maintaining essential services' levels, are all factors considered in preparation of the 2006 budget, and revising the 2005 budget.

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, 2004

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Pooled cash and investments	\$ 5,017,223	\$ 7,911,057	\$ 12,928,280	\$ 332,113
Receivables:				
Taxes	2,904,233	-	2,904,233	-
Special assessments	456,101	-	456,101	-
Accounts	182,261	3,206,253	3,388,514	904
Investment in land held for resale	13,026	-	13,026	-
Due from other governmental agencies	540,979	-	540,979	14,761
Due from primary government	-	-	-	15,782
Due from component units	83,632	-	83,632	-
Inventories and prepaid assets	42,563	1,382,789	1,425,352	14,653
Cash and investments, restricted	-	200,910	200,910	-
Deposits	-	6,000	6,000	36,237
Capital assets, not being depreciated	2,894,409	6,051,874	8,946,283	52,776
Capital assets, net of accumulated depreciation	20,638,100	45,348,706	65,986,806	2,005,951
Investment in joint venture	-	61,099	61,099	-
Total assets	<u>32,772,527</u>	<u>64,168,688</u>	<u>96,941,215</u>	<u>2,473,177</u>
Liabilities				
Accounts payable	571,324	2,153,097	2,724,421	16,038
Accrued interest payable	145,174	150,373	295,547	-
Grant funds received in advance	-	99,641	99,641	-
Long-term liabilities				
Due within one year	2,463,126	1,511,755	3,974,881	10,454
Due in more than one year	9,493,827	14,955,942	24,449,769	73,177
Due within one year to primary government	-	-	-	-
Due in more than one year to primary government	-	-	-	-
Accrued compensated absences	201,251	193,899	395,150	3,914
Unearned revenue	2,730,930	-	2,730,930	-
Total liabilities	<u>15,605,632</u>	<u>19,064,707</u>	<u>34,670,339</u>	<u>103,583</u>
Net Assets				
Invested in capital assets, net of related debt	13,224,149	34,932,896	48,157,045	1,975,097
Restricted for:				
Capital projects	658,652	-	658,652	87,437
Special revenue - nongrant	2,089,432	-	2,089,432	6,051
Federal and state grant funds	3,776	99,641	103,417	-
Debt service	79,000	200,910	279,910	-
Sales tax deposit	-	6,000	6,000	-
Endowment - nonexpendable	6,000	-	6,000	-
Unrestricted net assets	<u>1,105,886</u>	<u>9,864,534</u>	<u>10,970,420</u>	<u>301,009</u>
Total net assets	<u>\$ 17,166,895</u>	<u>\$ 45,103,981</u>	<u>\$ 62,270,876</u>	<u>\$ 2,369,594</u>

See accompanying notes to financial statements

CITY OF WINFIELD, KANSAS

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2004

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 1,113,430	\$ 464,967	\$ -	\$ 12,357
Public safety	3,385,535	188,427	-	165,562
Public works/stormwater	1,554,939	127,639	452,869	-
Cemetery	143,665	37,050	-	-
Culture and recreation	1,657,742	316,582	-	244,764
Health and welfare	880,651	659,910	-	-
Economic development	163,517	-	-	-
Interest on debt	455,805	-	-	-
Total governmental activities	9,355,284	1,794,575	452,869	422,683
Business-type activities:				
Electric	17,397,059	17,977,388	-	488,217
Gas	5,085,711	5,154,458	-	11,068
Water	1,709,083	1,813,087	-	25,820
Refuse	1,104,161	1,011,891	-	-
Wastewater	1,716,201	1,552,929	-	-
Golf course	656,842	397,666	-	-
Total business-type activities	27,669,057	27,907,419	-	525,105
Total primary government	\$ 37,024,341	\$ 29,701,994	\$ 452,869	\$ 947,788
Component Units:				
Winfield Public Library	\$ -	\$ -	\$ -	\$ -
Winfield Housing Authority	-	-	-	-
Total component units	-	-	-	-

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			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (636,106)	\$ -	\$ (636,106)	\$ -
(3,031,546)	-	(3,031,546)	-
(974,431)	-	(974,431)	-
(106,615)	-	(106,615)	-
(1,096,396)	-	(1,096,396)	-
(220,741)	-	(220,741)	-
(163,517)	-	(163,517)	-
(455,805)	-	(455,805)	-
(6,685,157)	-	(6,685,157)	-
-	1,068,546	1,068,546	-
-	79,815	79,815	-
-	129,824	129,824	-
-	(92,270)	(92,270)	-
-	(163,272)	(163,272)	-
-	(259,176)	(259,176)	-
-	763,467	763,467	-
(6,685,157)	763,467	(5,921,690)	-
-	-	-	(389,111)
-	-	-	78,791
-	-	-	(310,320)
3,126,752	-	3,126,752	-
1,542,114	-	1,542,114	-
85,195	170,268	255,463	5,769
65,553	-	65,553	-
188,149	-	188,149	-
61,998	-	61,998	-
130,604	-	130,604	-
-	-	-	383,275
1,566,880	-	1,566,880	-
(76,950)	76,950	-	-
6,690,295	247,218	6,937,513	389,044
5,138	1,010,685	1,015,823	78,724
13,296,532	46,631,434	59,927,966	2,290,870
3,865,225	(2,538,138)	1,327,087	-
17,161,757	44,093,296	61,255,053	2,290,870
\$ 17,166,895	\$ 45,103,981	\$ 62,270,876	\$ 2,369,594

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CITY OF WINFIELD, KANSAS

GOVERNMENTAL FUNDS BALANCE SHEET DECEMBER 31, 2004

	General Fund	Debt Service Fund	Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Pooled cash and investments	\$ 329,518	\$ 265,196	\$ 550,407	\$ 2,785,330	\$ 3,930,451
Receivables:					
Taxes	1,832,893	615,683	-	455,657	2,904,233
Special assessments	1,194	456,101	-	-	457,295
Accounts	42,305	-	-	133,954	176,259
Due from other governmental agencies	-	575,518	-	49,093	624,611
Advances to other funds	31,368	-	-	-	31,368
Investment in land held for resale	13,026	-	-	-	13,026
Total assets	<u>\$ 2,250,304</u>	<u>\$ 1,912,498</u>	<u>\$ 550,407</u>	<u>\$ 3,424,034</u>	<u>\$ 8,137,243</u>
Liabilities					
Accounts and wages payable	\$ 162,329	\$ -	\$ 24,353	\$ 302,343	\$ 489,025
Deferred revenue	1,660,784	1,647,302	-	455,657	3,763,743
Total liabilities	<u>1,823,113</u>	<u>1,647,302</u>	<u>24,353</u>	<u>758,000</u>	<u>4,252,768</u>
Fund Balances					
Reserved for:					
Encumbrances	6,480	-	56,555	94,838	157,873
Capital outlay	-	-	469,499	323,207	792,706
Advances to other funds	31,368	-	-	-	31,368
Debt service	-	167,462	-	-	167,462
Unreserved:					
Designated for subsequent year expenditures-special revenue funds	389,343	97,734	-	2,020,682	2,507,759
Undesignated, reported in special revenue funds	-	-	-	221,307	221,307
Undesignated, reported in permanent fund	-	-	-	6,000	6,000
Total fund balances	<u>427,191</u>	<u>265,196</u>	<u>526,054</u>	<u>2,666,034</u>	<u>3,884,475</u>
Total liabilities and fund balances	<u>\$ 2,250,304</u>	<u>\$ 1,912,498</u>	<u>\$ 550,407</u>	<u>\$ 3,424,034</u>	<u>\$ 8,137,243</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, 2004

Total fund balances - Total governmental funds \$ 3,884,475

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 include stormwater drainage infrastructure and consist of:

Land	\$ 2,064,342	
Construction in progress	826,817	
Buildings, net of \$1,619,964 accumulated depreciation	6,798,095	
Improvements other than buildings, net of \$3,001,663 accumulated depreciation	10,849,563	
Machinery and equipment, net of \$4,121,977 accumulated depreciation	<u>2,137,935</u>	
Total capital assets		22,676,752

STORMWATER DRAINAGE

The stormwater utility fund is an enterprise fund of the City, and has been reclassified to governmental activities in the government-wide statements. Stormwater drainage fees are charged to City utility wastewater customers through consolidated utility bills.

The fees are used to partially fund stormwater drainage system facilities and improvements. However, general obligation debt has funded a significant portion of the system.

259,055

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.

44,204

LONG TERM RECEIVABLES

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current expenditures. Those assets (i.e. receivables) are offset by deferred revenues in the governmental funds and, therefore, not included in fund balance.

Balances at December 31, 2004 are:

Deferred special assessments	457,295	
Contractual receivables from other governmental agencies	<u>575,518</u>	
Total long-term receivables		1,032,813

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.

1,574,202

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, 2004 are:

Accrued interest payable	(145,174)
Compensated absences	(158,275)
Payable to other governmental agencies	(265,838)
Certificates of participation payable	(411,547)
General obligation and sales tax revenue debt payable	(10,990,000)
Capital leases payable	<u>(333,772)</u>

Total net assets of governmental activities \$ 17,166,895

CITY OF WINFIELD, KANSAS

GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED DECEMBER 31, 2004

	General Fund	Debt Service Fund	Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 1,904,379	\$ 703,073	\$ -	\$ 519,300	\$ 3,126,752
Sales taxes	1,542,114	-	-	-	1,542,114
Special assessments	-	165,447	-	-	165,447
In lieu of taxes from utility funds	1,566,880	-	-	-	1,566,880
Franchise taxes	188,149	-	-	-	188,149
Intergovernmental revenue	311,657	134,477	-	679,841	1,125,975
Licenses and permits	26,451	-	-	-	26,451
Fines and penalties	159,399	-	-	-	159,399
Interest income	11,064	12,556	16,025	49,547	89,192
Use of property	98,912	-	-	-	98,912
Charges for services and sales	466,488	-	-	573,745	1,040,233
Other	58,178	25,000	7,170	56,065	146,413
Total revenues	<u>6,333,671</u>	<u>1,040,553</u>	<u>23,195</u>	<u>1,878,498</u>	<u>9,275,917</u>
Expenditures					
Current operations:					
General government	\$ 932,643	\$ -	\$ 41,927	\$ 84,465	\$ 1,059,035
Public safety	3,194,793	-	23,426	101,497	3,319,716
Public works	-	-	330,653	1,761,166	2,091,819
Cemetery	131,332	-	-	363	131,695
Culture and recreation	1,040,159	-	51,477	438,739	1,530,375
Health and welfare	58,577	-	-	781,439	840,016
Economic development	21,978	-	64,295	412,619	498,892
Debt service:					
Debt principal payments	9,128	1,080,000	70,403	29,725	1,189,256
Debt interest payments	496	461,305	17,995	3,181	482,977
Capital outlay	-	-	-	220,272	220,272
Total expenditures	<u>5,389,106</u>	<u>1,541,305</u>	<u>600,176</u>	<u>3,833,466</u>	<u>11,364,053</u>
Excess (deficiency) of revenues over (under) expenditures	<u>944,565</u>	<u>(500,752)</u>	<u>(576,981)</u>	<u>(1,954,968)</u>	<u>(2,088,136)</u>
Other financing sources (uses):					
Transfers in	40,250	444,483	797,937	682,980	1,965,650
Transfers out	(1,303,168)	(100,000)	(470,077)	(35,250)	(1,908,495)
Issuance of temporary notes	-	-	-	1,195,000	1,195,000
Issuance of capital lease	-	-	-	271,080	271,080
Sale of property	107,299	-	-	10,922	118,221
Total other financing sources (uses)	<u>(1,155,619)</u>	<u>344,483</u>	<u>327,860</u>	<u>2,124,732</u>	<u>1,641,456</u>
Net change in fund balances	(211,054)	(156,269)	(249,121)	169,764	(446,680)
Fund balances, beginning of year	638,245	382,053	775,175	2,527,781	4,323,254
Prior period adjustment	-	39,412	-	(31,511)	7,901
Fund balances, beginning of year, restated	<u>638,245</u>	<u>421,465</u>	<u>775,175</u>	<u>2,496,270</u>	<u>4,331,155</u>
Fund balances, end of year	<u>\$ 427,191</u>	<u>\$ 265,196</u>	<u>\$ 526,054</u>	<u>\$ 2,666,034</u>	<u>\$ 3,884,475</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, 2004

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	\$ (446,680)
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Amounts reported for governmental activities in the statement of activities are different because:

Land held for resale:

Basis of land held for resale	(35,406)
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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	1,645,122	
Depreciation	(983,347)	
Loss on retirement of governmental fixed assets	(21,653)	
Net capital asset transactions		640,122

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	237,113
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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	1,080,000
Capital lease principal payments	109,256
Long term contractual payments	32,082
Temporary note proceeds	(1,195,000)
Capital lease issuance proceeds	(271,080)

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.

Inventories/prepays	1,107
Compensated absences	2,480
Interest payable	31,005
Amortization of debt issuance costs	(5,474)
Deferred revenues	(165,695)

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

(8,692)

Change in net assets of governmental activities	\$ 5,138
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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, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues and other sources:			
Taxes:			
Property	\$ 2,048,270	\$ 1,904,379	\$ (143,891)
Sales	1,390,000	1,515,877	125,877
Franchise	190,000	177,312	(12,688)
Licenses and permits	25,700	26,390	690
Intergovernmental	309,114	284,060	(25,054)
Rentals, charges for services and sales	706,250	754,248	47,998
Fines and penalties	160,400	167,067	6,667
Interest earnings	30,000	19,728	(10,272)
Payments in lieu of taxes - utilities	1,658,550	1,566,880	(91,670)
Transfers from other funds	40,000	40,250	250
Cancellation of prior year encumbrances	-	352	352
Total revenues and other sources	<u>6,558,284</u>	<u>6,456,543</u>	<u>(101,741)</u>
Expenditures and other uses:			
General government:			
Legal	95,779	63,678	32,101
Administrative	798,202	695,488	102,714
Cemetery maintenance	138,268	131,332	6,936
Public safety:			
Police department	1,753,902	1,660,421	93,481
Fire department	1,512,597	1,518,680	(6,083)
Building inspection	147,210	103,642	43,568
Parking	25,997	24,352	1,645
Culture and recreation:			
City lake	269,132	257,879	11,253
Park maintenance	579,807	605,707	(25,900)
Baden Square	208,480	162,333	46,147
Aquatic facility	175,382	143,085	32,297
Operating transfers out:	1,254,663	1,303,168	(48,505)
Total expenditures and other uses	<u>6,959,419</u>	<u>6,669,765</u>	<u>289,654</u>
Revenues and other sources over			
(under) expenditures and other uses	(401,135)	(213,222)	187,913
Unencumbered fund balance, Jan 1	<u>401,135</u>	<u>373,933</u>	<u>(27,202)</u>
Unencumbered fund balance, Dec 31	<u>\$ -</u>	<u>\$ 160,711</u>	<u>\$ 160,711</u>

See accompanying notes to financial statements

CITY OF WINFIELD, KANSAS

PROPRIETARY FUNDS STATEMENT OF NET ASSETS DECEMBER 31, 2004

	Enterprise Funds		
	Electric Utility Fund	Gas Utility Fund	Water Utility Fund
Assets			
Current assets			
Pooled cash and investments	\$ 5,156,267	\$ 663,260	\$ 498,411
Utility billing receivables, net	489,170	186,961	2,270
Accounts receivable, net	57,052	7,404	414,144
Inventories and prepaid assets	65,950	176,762	-
Total current assets	<u>5,768,439</u>	<u>1,034,387</u>	<u>914,825</u>
Noncurrent assets			
Restricted assets - cash and investments	-	-	-
Capital assets			
Land	375,709	6,300	8,801
Buildings and improvements	3,367,508	-	460,310
Improvements other than buildings	21,923,796	6,643,860	8,832,268
Construction in progress	70,861	-	5,159,809
Machinery, equipment, other	16,073,042	902,649	554,463
Less accumulated depreciation	(21,392,844)	(3,130,240)	(3,712,346)
Net capital assets	<u>20,418,072</u>	<u>4,422,569</u>	<u>11,303,305</u>
Other assets			
Sales tax deposit	-	-	-
Advances to internal service funds	2,360,851	510,133	227,942
Investment in joint venture	-	-	-
Unamortized loss on refunding	-	-	-
Unamortized issuance costs	10,241	-	-
Total other assets	<u>2,371,092</u>	<u>510,133</u>	<u>227,942</u>
Total noncurrent assets	<u>22,789,164</u>	<u>4,932,702</u>	<u>11,531,247</u>
Total assets	<u>28,557,603</u>	<u>5,967,089</u>	<u>12,446,072</u>

See accompanying notes to financial statements

Enterprise Funds				
Wastewater Utility Fund	Quail Ridge Golf Course Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ 343,810	\$ 10,151	\$ 505,625	\$ 7,177,524	\$ 1,820,305
29,638	-	17,977	726,016	1,994,663
1,155	6,145	250	486,150	4,232
2,598	-	-	245,310	1,180,041
377,201	16,296	523,852	8,635,000	4,999,241
-	200,788	122	200,910	-
23,355	399,949	3,503	817,617	6,500
5,943,240	514,636	44,673	10,330,367	1,679,356
9,419,725	2,346,358	2,534,262	51,700,269	74,073
337	-	-	5,231,007	-
2,134,251	365,036	1,014,164	21,043,605	1,505,212
(5,224,360)	(1,857,778)	(924,232)	(36,241,800)	(1,553,622)
12,296,548	1,768,201	2,672,370	52,881,065	1,711,519
-	-	-	-	6,000
74,493	-	58,267	3,231,686	-
-	-	61,099	61,099	-
-	112,331	-	112,331	-
-	35,590	-	45,831	-
74,493	147,921	119,366	3,450,947	6,000
12,371,041	2,116,910	2,791,858	56,532,922	1,717,519
12,748,242	2,133,206	3,315,710	65,167,922	6,716,760

(Continued)

CITY OF WINFIELD, KANSAS

PROPRIETARY FUNDS STATEMENT OF NET ASSETS DECEMBER 31, 2004

	Enterprise Funds		
	Electric Utility Fund	Gas Utility Fund	Water Utility Fund
Liabilities			
Current liabilities			
Accounts payable	\$ 826,605	\$ 632,597	\$ 465,883
Accrued interest payable	33,624	-	37,686
Current portion of long-term debt	811,504	-	83,209
Unearned revenues	93,391	-	-
Total current liabilities	<u>1,765,124</u>	<u>632,597</u>	<u>586,778</u>
Noncurrent liabilities			
State of Kansas KDHE loans payable	-	-	7,226,159
Capital leases/certificates payable	515,520	-	-
Payable from restricted assets	-	-	-
Deferred gain on refunding bonds	8,679	-	-
Accrued compensated absences	65,776	29,768	25,320
Advances from other funds	-	-	-
Total noncurrent liabilities	<u>589,975</u>	<u>29,768</u>	<u>7,251,479</u>
Total liabilities	<u>2,355,099</u>	<u>662,365</u>	<u>7,838,257</u>
Net Assets			
Invested in capital assets	-	4,422,569	-
Invested in capital assets, net of related debt	19,091,047	-	3,993,954
Restricted by debt covenants	-	-	-
Restricted for capital projects	93,391	-	-
Unrestricted	<u>7,018,066</u>	<u>882,155</u>	<u>613,861</u>
Total net assets	<u>\$ 26,202,504</u>	<u>\$ 5,304,724</u>	<u>\$ 4,607,815</u>

See accompanying notes to financial statements

Enterprise Funds				
Wastewater Utility Fund	Quail Ridge Golf Course Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ 36,832	\$ 10,920	\$ 44,447	\$ 2,017,284	\$ 218,111
62,350	16,481	232	150,373	-
329,341	301,616	10,000	1,535,670	-
-	-	6,250	99,641	-
<u>428,523</u>	<u>329,017</u>	<u>60,929</u>	<u>3,802,968</u>	<u>218,111</u>
5,408,413	-	-	12,634,572	-
-	1,720,630	9,878	2,246,028	-
-	200,788	122	200,910	-
-	-	-	8,679	-
10,590	7,334	12,135	150,923	85,952
-	-	-	-	3,263,053
<u>5,419,003</u>	<u>1,928,752</u>	<u>22,135</u>	<u>15,241,112</u>	<u>3,349,005</u>
<u>5,847,526</u>	<u>2,257,769</u>	<u>83,064</u>	<u>19,044,080</u>	<u>3,567,116</u>
-	-	2,336,245	6,758,814	1,711,519
6,558,793	(454,833)	316,125	29,505,086	-
-	200,788	122	200,910	-
-	-	6,250	99,641	-
<u>341,923</u>	<u>129,482</u>	<u>573,904</u>	<u>9,559,391</u>	<u>1,438,125</u>
<u>\$ 6,900,716</u>	<u>\$ (124,563)</u>	<u>\$ 3,232,646</u>	<u>46,123,842</u>	<u>\$ 3,149,644</u>
Adjustment to consolidate certain internal service fund activities			1,575,439	
Reclassification of stormwater drainage fund to governmental activities			(2,595,300)	
Total net assets per the government-wide Statement of Net Assets			<u>\$ 45,103,981</u>	

(Concluded)

CITY OF WINFIELD, KANSAS

PROPRIETARY FUNDS STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2004

	Enterprise Funds		
	Electric Utility Fund	Gas Utility Fund	Water Utility Fund
Operating revenues			
Charges for services and sales	\$ 17,803,692	\$ 5,133,242	\$ 1,789,437
Other	177,093	21,838	31,266
Total operating revenues	17,980,785	5,155,080	1,820,703
Operating expenses			
Services and supplies	14,700,342	4,641,192	1,323,430
Payments in lieu of franchise fees	1,183,507	289,278	94,094
Depreciation	1,434,527	155,241	199,997
Total operating expenses	17,318,376	5,085,711	1,617,521
Operating income (loss)	662,409	69,369	203,182
Non-operating revenues (expenses)			
Interest income	122,788	24,141	7,072
Loss on joint venture	-	-	-
Interest expense	(78,683)	-	(91,562)
Other	1,890	(622)	(7,616)
Total non-operating revenues (expenses)	45,995	23,519	(92,106)
Income (loss) before contributions and transfers	708,404	92,888	111,076
Capital contributions and operating transfers:			
Capital contributions	493,031	11,424	25,820
Transfers in - cash	-	-	-
Transfers out - cash	(394,700)	(6,000)	(15,055)
Transfers in - capital assets	-	-	-
Transfers out - capital assets	-	-	(79)
Change in net assets	806,735	98,312	121,762
Total net assets - beginning	25,395,769	5,206,412	4,486,053
Total net assets - ending	<u>\$ 26,202,504</u>	<u>\$ 5,304,724</u>	<u>\$ 4,607,815</u>

See accompanying notes to financial statements

Enterprise Funds				
Wastewater Utility Fund	Quail Ridge Golf Course Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ 1,550,778	\$ 397,530	\$ 1,126,199	\$ 27,800,878	\$ 2,897,377
3,324	136	12,794	246,451	1,424,288
1,554,102	397,666	1,138,993	28,047,329	4,321,665
916,720	407,327	1,055,396	23,044,407	4,218,376
-	-	-	1,566,879	-
608,078	157,484	127,336	2,682,663	145,822
1,524,798	564,811	1,182,732	27,293,949	4,364,198
29,304	(167,145)	(43,739)	753,380	(42,533)
7,999	1,770	11,166	174,936	36,182
-	-	(1,718)	(1,718)	-
(191,403)	(92,031)	(1,259)	(454,938)	-
(1,173)	-	-	(7,521)	(7,866)
(184,577)	(90,261)	8,189	(289,241)	28,316
(155,273)	(257,406)	(35,550)	464,139	(14,217)
89	39,088	6,940	576,392	-
100,000	379,700	-	479,700	-
-	(5,100)	(25,000)	(445,855)	(66,000)
-	-	-	-	75,224
(1,163)	-	-	(1,242)	(8,983)
(56,347)	156,282	(53,610)	1,073,134	(13,976)
6,957,063	(280,845)	3,286,256	45,050,708	3,163,620
<u>\$ 6,900,716</u>	<u>\$ (124,563)</u>	<u>\$ 3,232,646</u>	<u>\$ 46,123,842</u>	<u>\$ 3,149,644</u>
Adjustment to consolidate certain internal service fund activities			1,575,439	
Reclassification of stormwater drainage fund to governmental			(2,595,300)	
Total net assets per the government-wide Statement of Net Assets			<u>\$ 45,103,981</u>	

CITY OF WINFIELD, KANSAS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2004

	Enterprise Funds		
	Electric Utility Fund	Gas Utility Fund	Water Utility Fund
Cash flows from operating activities			
Payments to suppliers	\$ (12,527,301)	\$ (3,861,383)	\$ (655,390)
Payments to employees	(1,840,649)	(669,814)	(663,431)
Payments of claims	-	-	-
Internal activity-receipts to other funds	-	-	-
Internal activity-receipts from other funds	(1,183,507)	(289,279)	(94,094)
Receipts from customers	17,883,672	5,151,489	1,804,672
Other receipts (expenses)	157,707	21,752	31,257
Net cash provided by operating activities	<u>2,489,922</u>	<u>352,765</u>	<u>423,014</u>
Cash flows from noncapital financing activities			
Advances from (to) other funds	(155,765)	(37,986)	(10,332)
Operating subsidies and transfers from (to) other funds	(394,700)	(6,000)	(15,055)
Net cash used by noncapital financing activities	<u>(550,465)</u>	<u>(43,986)</u>	<u>(25,387)</u>
Cash flows from capital and related financing activities			
Debt payments - principal	(605,000)	-	(79,853)
Debt payments - interest	(30,250)	-	(92,946)
Issuance of debt	-	-	4,671,489
Transfers (to) from other funds for debt payments	-	-	-
Transfers (to) from other funds for capital acquisition	-	-	-
Capital lease and cert of part payments - principal	(376,409)	-	-
Capital lease and cert of part payments - interest	(77,232)	-	-
Sale of assets	1,950	499	173
Capital contributions	(145,103)	11,068	25,820
Capital grant proceeds	338,619	-	-
Acquisition of capital assets	(1,395,800)	(477,377)	(4,431,533)
Net cash used by capital and related financing activities	<u>(2,289,225)</u>	<u>(465,810)</u>	<u>93,150</u>
Cash flows from investing activities			
Installment sale payments - principal	-	-	-
Interest income	122,788	24,141	7,072
Net cash provided from investing activities	<u>122,788</u>	<u>24,141</u>	<u>7,072</u>
Net increase (decrease) in cash and cash equivalents	(226,980)	(132,890)	497,849
Balances - beginning of the year (includes \$209,048 in restricted accounts)	<u>5,383,247</u>	<u>796,150</u>	<u>562</u>
Balances - end of the year (includes \$200,910 in restricted accounts)	<u>\$ 5,156,267</u>	<u>\$ 663,260</u>	<u>\$ 498,411</u>

Enterprise Funds				
Wastewater Utility Fund	Quail Ridge Golf Course Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ (410,829)	\$ (176,697)	\$ (616,483)	\$ (18,248,083)	\$ (2,982,946)
(495,105)	(234,293)	(444,841)	(4,348,133)	(2,047,737)
-	-	-	-	(355,420)
-	-	-	-	(27,731,015)
-	-	-	(1,566,880)	5,197,217
1,549,262	395,397	1,125,350	27,909,842	27,592,884
3,330	-	16,923	230,969	62,147
<u>646,658</u>	<u>(15,593)</u>	<u>80,949</u>	<u>3,977,715</u>	<u>(264,870)</u>
(9,191)	-	(5,983)	(219,257)	219,258
-	374,600	(25,000)	(66,155)	-
<u>(9,191)</u>	<u>374,600</u>	<u>(30,983)</u>	<u>(285,412)</u>	<u>219,258</u>
(318,861)	-	-	(1,003,714)	-
(194,868)	-	-	(318,064)	-
-	-	-	4,671,489	-
100,000	-	-	100,000	-
-	-	-	-	(66,000)
-	(255,948)	(10,000)	(642,357)	-
-	(107,384)	(1,375)	(185,991)	-
24	-	-	2,646	3,164
-	-	-	(108,215)	-
-	-	6,250	344,869	-
<u>(257,625)</u>	<u>(9,000)</u>	<u>(9,410)</u>	<u>(6,580,745)</u>	<u>(58,965)</u>
<u>(671,330)</u>	<u>(372,332)</u>	<u>(14,535)</u>	<u>(3,720,082)</u>	<u>(121,801)</u>
-	-	2,267	2,267	-
7,999	1,770	11,166	174,936	36,181
<u>7,999</u>	<u>1,770</u>	<u>13,433</u>	<u>177,203</u>	<u>36,181</u>
(25,864)	(11,555)	48,864	149,424	(131,232)
<u>369,674</u>	<u>222,494</u>	<u>456,883</u>	<u>7,229,010</u>	<u>1,951,537</u>
<u>\$ 343,810</u>	<u>\$ 210,939</u>	<u>\$ 505,747</u>	<u>\$ 7,378,434</u>	<u>\$ 1,820,305</u>

(Continued)

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

	Enterprise Funds		
	Electric Utility Fund	Gas Utility Fund	Water Utility Fund
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	\$ 662,409	\$ 69,369	\$ 203,182
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,434,527	155,241	199,997
Changes in assets and liabilities:			
Receivables, net	60,595	18,160	15,226
Inventories/ prepaids	-	126,600	-
Compensated absences	3,608	1,568	(3,521)
Accounts and other payables	328,783	(18,173)	8,130
Total adjustments	1,827,513	283,396	219,832
Net cash provided (used) by operating activities	\$ 2,489,922	\$ 352,765	\$ 423,014
Noncash Transactions			
Assets contributed from (to) other funds	4,814	267	(79)
Loss on joint venture	-	-	-

See accompanying notes to financial statements

Enterprise Funds				
Wastewater Utility Fund	Quail Ridge Golf Course Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ 29,304	\$ (167,145)	\$ (43,739)	\$ 753,380	\$ (42,533)
608,078	157,484	127,336	2,682,663	145,822
(1,600)	(2,268)	4,822	94,935	(138,828)
(390)	-	-	126,210	(5,207)
166	(1,205)	(1,482)	(866)	2,617
11,100	(2,459)	(5,988)	321,393	(226,741)
617,354	151,552	124,688	3,224,335	(222,337)
\$ 646,658	\$ (15,593)	\$ 80,949	\$ 3,977,715	\$ (264,870)
(1,074)	39,088	11,202	54,218	(11,049)
-	-	(1,942)	(1,942)	-

(Concluded)

CITY OF WINFIELD

FIDUCIARY FUNDS STATEMENT OF FIDUCIARY NET ASSETS DECEMBER 31, 2004

	<u>Private-Purpose Trust</u>	<u>Agency Funds</u>
Assets		
Pooled cash and investments	<u>\$ 101,294</u>	<u>44,225</u>
Total assets	<u>101,294</u>	<u>44,225</u>
Liabilities		
Accounts payable	<u>-</u>	<u>44,225</u>
Net Assets	<u><u>\$ 101,294</u></u>	<u><u>\$ -</u></u>

See accompanying notes to financial statements

CITY OF WINFIELD

FIDUCIARY FUNDS STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Private-Purpose Trust</u>
Additions	
Interest Income	\$ 5,191
Other	<u>5,000</u>
Total additions	<u>10,191</u>
Deductions	
Bad debt written off	49,011
Expenditures	<u>10,900</u>
Total deductions	<u>59,911</u>
Change in net assets	(49,720)
Net assets - beginning of the year	<u>151,014</u>
Net assets - end of the year	<u><u>\$ 101,294</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, 2004

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 Memorial 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, 2004. 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	Winfield Housing Authority
605 College	1417 Pine Terrace
Winfield, KS 67156	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, 2004 Strother Field audited financial statements:

Operating revenues	\$ 621,151
Operating expenses	429,432
Nonoperating rev/exp	3,870
Transfers to grant funds	(56,523)
Net operating income	191,719
Net working capital	395,063
Total equity	395,063
Total assets (excluding capital assets)	621,387

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. 9th, Winfield, KS 67156. Below is a summary of 2004 revenues and expenses for the recycling center.

Recycling revenues	\$ 68,448
Recycling expenses	63,707
Depreciation expense	6,459

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 Memorial 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 many of the 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 65 KW generation capacity. Electric service is provided to more than 8,200 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 5,500 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 water supply of water to Winfield citizens, providing water to approximately 5,300 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 approximately 5,000 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 25,700 rounds were played on the course in 2004.

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 financials 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.

Interest incurred during the construction phase of capital assets of business-type assets are included as part of the capitalized value of the assets constructed. During 2004, the City capitalized \$54,643 of net interest costs in the water fund, part of the water plant improvements project.

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 and improvements	40-50
	Equipment	5-15
	Vehicles	8
	Meters	20-30
Specific to governmental activities:		
	Asphalt and concrete streets	40-50
	Sidewalks and curb and gutter	40-50
	Park and recreational infrastructure	20-30
Specific to business-type activities:		
Electric utility	Electric generation plants	30-35
	Transformers	15-20
	Electric poles	25
	Conductors and related equipment	35
Gas utility	Gas lines and infrastructure	40-75
Water utility	Water treatment plant	30-50
	Water lines and infrastructure	30-65
Sewer utility	Sewer lines and infrastructure	50-75
	Lift stations	25

K. Payments in Lieu of Franchise Fees

The electric, gas, and water utilities pay monthly in lieu of franchise fees monthly to the general fund, in amounts ranging from 5.2% to 6.6% 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 (\$124,563) at December 31, 2004. The City provides operating transfers of surplus cash from other funds to supplement the golf course operations and debt payments as necessary.

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); two special revenue funds: Winfield Area EMS fund (a blended component unit) and 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:

Internal Service Fund	Original Budget	Increase	Amended Budget
Management Service Fund	\$2,198,853	\$150,000	\$2,348,853

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 (purchase 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 fund balance
Fund balance - GAAP basis	(\$211,054)
Accrued revenue:	
December 31, 2004	(215,609)
December 31, 2003	182,543
Assets held for resale	
December 31, 2004	(13,026)
December 31, 2003	48,432
Encumbrances:	
December 31, 2004	(6,480)
December 31, 2003	1,972
Budgetary basis	<u>(\$213,222)</u>

4. Compliance with Kansas Statutes

Management is aware of the no instances of noncompliance with Kansas statutes during the year ended December 31, 2004.

5. Pooled Cash Deposits and Investments

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

	Primary Government	Component Units	Total
Cash on hand	\$ 1,850	\$ -	\$ 1,850
Bank deposits	11,426,502	332,113	11,758,615
Deposits held by third-party trustees, restricted	200,910	-	200,910
Overnight repurchase agreement	1,645,446	-	1,645,446
Total	<u>\$ 13,274,708</u>	<u>\$ 332,113</u>	<u>\$ 13,606,821</u>
Reconciliation to Statement of Net Assets:			
General fund			\$ 329,518
Capital project funds			389,117
Capital improvements fund			550,407
Special revenue funds			2,390,213
Debt service fund			265,196
Permanent fund			6,000
Enterprise funds			7,177,524
Internal service funds			1,820,305
Total pooled cash and investments			<u>12,928,280</u>
Enterprise funds - restricted			200,910
Total primary government			<u>13,129,190</u>
Fiduciary funds			145,518
Component units			<u>332,113</u>
Grant Total			<u>\$ 13,606,821</u>

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 \$200,910 are invested by trustees in allowable mutual funds and held under trust indentures.

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, 2004:

Utility receivables, accounts receivable financing fund	\$ 2,595,514
Less provision for uncollectible accounts	<u>(600,851)</u>
Net	1,994,663
 Net unbilled utility receivables, individual utility funds	 <u>726,016</u>
Total utility receivables, net of provision for uncollectible accounts	<u><u>\$ 2,720,679</u></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.

Because the receivables are not considered to be available to liquidate liabilities of the current period, the debt service fund reports deferred revenue in connection with these transactions.

Below is a summary of the receivables as of December 31, 2004:

	Total Payments Due	[1]Winfield Public Library	[2]Winfield Recreation Commission	[3]Strother Field Ind Park	City of Arkansas City	Cowley County
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>\$ 575,518</u>	<u>\$ 83,632</u>	<u>\$ 171,936</u>	<u>\$ 219,950</u>	<u>\$ 60,000</u>	<u>\$ 40,000</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 Capital Assets

Capital asset activity of the primary government for the year ended December 31, 2004 was as follows:

	Balance January 1	Additions	Deletions	Transfers	Balance December 31
Governmental activities[1]:					
Capital assets, not being depreciated:					
Land	\$ 1,714,444	\$ 271,078	\$ -	\$ 82,070	\$ 2,067,592
Construction in progress	111,611	1,042,823	-	(327,617)	826,817
Total capital assets, not being depreciated	<u>\$ 1,826,055</u>	<u>\$ 1,313,901</u>	<u>\$ -</u>	<u>\$ (245,547)</u>	<u>\$ 2,894,409</u>
Capital assets, being depreciated:					
Buildings	\$ 9,206,257	\$ 51,479	\$ -	\$ -	\$ 9,257,736
Other improvements/infrastructure	13,683,194	188,228	-	16,841	13,888,263
Machinery and equipment	6,610,761	464,685	(244,085)	181,156	7,012,517
Total capital assets, being depreciated	<u>29,500,212</u>	<u>704,392</u>	<u>(244,085)</u>	<u>197,997</u>	<u>30,158,516</u>
Less accumulated depreciation for:					
Buildings	(1,579,745)	(255,044)	-	-	(1,834,789)
Infrastructure	(2,729,899)	(291,704)	-	-	(3,021,603)
Machinery and equipment	(4,345,522)	(509,509)	216,916	(25,909)	(4,664,024)
Less accumulated depreciation	<u>(8,655,166)</u>	<u>(1,056,257)</u>	<u>216,916</u>	<u>(25,909)</u>	<u>(9,520,416)</u>
Total capital assets, being depreciated, net	<u>\$ 20,845,046</u>	<u>\$ (351,865)</u>	<u>\$ (27,169)</u>	<u>\$ 172,088</u>	<u>\$ 20,638,100</u>

	Balance January 1	Additions	Deletions	Transfers	Balance December 31
Business activities[1]:					
Capital assets, not being depreciated:					
Land	\$ 820,867	\$ -	\$ -	\$ -	\$ 820,867
Construction in progress	482,217	4,867,847	-	(119,057)	5,231,007
Total capital assets, not being depreciated	<u>\$ 1,303,084</u>	<u>\$ 4,867,847</u>	<u>\$ -</u>	<u>\$ (119,057)</u>	<u>\$ 6,051,874</u>
Capital assets, being depreciated:					
Buildings	\$ 11,140,230	\$ -	\$ -	\$ 29,814	\$ 11,170,044
Other improvements/infrastructure	47,640,612	1,931,988	(488,597)	119,057	49,203,060
Machinery and equipment	21,862,739	271,429	(366,421)	19,168	21,786,915
Total capital assets, being depreciated	<u>80,643,581</u>	<u>2,203,417</u>	<u>(855,018)</u>	<u>168,039</u>	<u>82,160,019</u>
Less accumulated depreciation for:					
Buildings	(3,504,477)	(425,516)	-	-	(3,929,993)
Infrastructure	(19,008,229)	(1,289,277)	488,597	-	(19,808,909)
Machinery and equipment	(12,444,023)	(1,006,264)	350,738	27,153	(13,072,396)
	<u>(34,956,729)</u>	<u>(2,721,057)</u>	<u>839,335</u>	<u>27,153</u>	<u>(36,811,298)</u>
Total capital assets, being depreciated, net	<u>\$ 45,686,852</u>	<u>\$ (517,640)</u>	<u>\$ (15,683)</u>	<u>\$ 195,192</u>	<u>\$ 45,348,721</u>

[1] Stormwater drainage capital assets were recharacterized from business-type activities to governmental activities on the government-wide statements in 2004. The January 1, 2004 capital asset amounts above reflect the change. Below is a summary of the stormwater drainage capital assets at December 31, 2003 that were recharacterized:

	Balance 12-31-03
Capital assets, being depreciated:	
Other improvements/infrastructure	\$ 2,527,322
Machinery and equipment	9,296
Total capital assets, being depreciated	<u>2,536,618</u>
Less accumulated depreciation for:	
Infrastructure	(170,105)
Machinery and equipment	(2,692)
	<u>(172,797)</u>
Total capital assets, being depreciated, net	<u>\$ 2,363,821</u>

8. Depreciation allocations

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

Governmental activities:	
General government	\$ 159,534
Public safety	255,411
Public works	263,823
Cemetery	22,470
Culture and recreation	313,980
Health and welfare	41,039
Total depreciation expense - governmental activities	<u>\$ 1,056,257</u>
Business-type activities:	
Electric	1,474,024
Gas	159,515
Water	205,503
Refuse	95,376
Wastewater	624,820
Golf course	161,819
Total depreciation expense - business-type activities	<u>\$ 2,721,057</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. The City issued \$1,195,000 in temporary notes in 2004 to finance benefit district projects. Below is a summary of the City's temporary note activity in 2004:

	Amount	Issuance Date	Maturity Date
Temporary notes 2004-1	\$ 775,000	Mar. 1, 2004	Sept. 1, 2005
Temporary notes 2004-2	\$ 420,000	Dec. 30, 2004	Dec. 30, 2005

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 \$363,497 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, 2004:

	Interest Rate	Balance December 31
Governmental activities		
Street sweeper	3.30	\$ 62,692
Land	6.00	271,080
Total governmental activities		<u>\$ 333,772</u>
Business-type activities		
Recycling building	5.50	\$ 20,000
Electric utility trucks	3.60	135,100
Mower	6.90	8,421
Cooling tower improvements	4.78	598,085
Total business-type activities		<u>\$ 761,606</u>

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

Year Ending Dec 31	Government activities		Business-type activities	
	Principal	Interest	Principal	Interest
2005	\$ 51,242	\$ 17,779	\$ 751,606	\$ 35,002
2006	53,518	15,502	10,000	550
2007	22,999	13,115	-	-
2008	24,418	11,697	-	-
2009	25,924	10,190	-	-
2010-2014	155,671	24,902	-	-
	<u>\$ 333,772</u>	<u>\$ 93,185</u>	<u>\$ 761,606</u>	<u>\$ 35,552</u>

B. Certificates of Participation

The City issued \$3,605,000 in certificates of participation on March 15, 2003. Below is a summary of the certificates outstanding at December 31, 2004.

	Interest Rate	Balance December 31
Governmental activities:		
Recreation complex	2.00-3.40	\$ 411,547
Business-type activities:		
Electric generators	2.00-4.00	593,841
Quail Ridge golf course	2.00-4.00	2,214,613
Total business-type activities		\$ 2,808,454

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

Year Ending December 31	Governmental Activities		
	Total	Principal	Interest
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	88,398	86,920	1,478
2010-2011	-	-	-
	<u>\$ 441,990</u>	<u>\$ 411,547</u>	<u>\$ 30,443</u>

Year Ending December 31	Business-type Activities		
	Total	Principal	Interest
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	452,842	413,080	39,762
2010-2011	894,169	860,000	34,169
	<u>\$ 3,150,455</u>	<u>\$ 2,808,454</u>	<u>\$ 342,001</u>

C. General Obligation Bonds Payable

General obligation bonds outstanding at December 31, 2004 are as follows:

	Interest Rate	Final Maturity Date	Total 12/31/04
1) Series 1998-A GO	3.60-5.00	2008	980,000
2) Series 1999A - GO	4.70-6.25	2019	2,675,000
Series 2001A GO	3.95-5.65	2011	345,000
3) Series 2002A GO	3.00-4.10	2012	570,000
Series 2002B GO refunding	3.00-4.10	2015	1,820,000
Series 2003A GO	2.00-4.00	2018	2,545,000
Total GO bonds			<u>\$ 8,935,000</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 Dec 31	Total	Principal	Interest
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	908,328	685,000	223,328
2010-2014	3,478,354	2,740,000	738,354
2015-2019	1,952,970	1,735,000	217,970
	<u>\$ 11,346,167</u>	<u>\$ 8,935,000</u>	<u>\$ 2,411,167</u>

D. Sales Tax Bonds Payable

At December 31, 2004, the City had the following sales tax bonds outstanding:

	Interest Rate	Final Maturity Date	Governmental Activities
1) Series 1998B	3.70-5.50	2008	\$ 270,000
2) Series 2002 refunding	2.50-3.70	2010	590,000
Total Sales tax bonds			<u>\$ 860,000</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 Dec 31	Total	Principal	Interest
2005	198,925	\$ 170,000	\$ 28,925
2006	198,765	175,000	23,765
2007	203,085	185,000	18,085
2008	196,720	185,000	11,720
2009	125,125	120,000	5,125
2010	25,925	25,000	925
	<u>\$ 948,545</u>	<u>\$ 860,000</u>	<u>\$ 88,545</u>

E. KDHE Loans Payable

At December 31, 2004, the City had the following loans outstanding with the Kansas Department of Health and Environment:

	Interest Rate	Final Maturity Date	Business-type Activities
Wastewater treatment plant improvements	3.26	2018	\$ 5,737,754
1) Water treatment plant improvements	3.78	2025	5,135,181
Water distribution system improvements	4.16	2022	2,174,188
			<u>\$ 13,047,123</u>

- 1) The City has loan authorization to borrow an amount not to exceed \$6,205,000 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, 2004, the City had expended \$5,056,028 in project construction costs, plus \$79,153 in capitalized interest. This project is expected to be completed in late 2005.

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 Dec 31	Total	Principal	Interest
2005	\$ 882,472	\$ 412,550	469,922
2006	867,023	492,164	374,859
2007	1,062,965	628,238	434,727
2008	1,062,966	650,701	412,265
2009	1,062,967	673,975	388,992
2010-2014	5,314,833	3,749,486	1,565,347
2015-2019	4,801,105	3,953,356	847,749
2020-2024	2,400,589	2,120,623	279,966
2025	376,439	366,030	10,409
	<u>\$ 17,831,359</u>	<u>\$ 13,047,123</u>	<u>\$ 4,784,236</u>

F. Other Long-term Debt

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. The City's general fund provides funding for these payments.

Below is a summary of these liabilities at December 31, 2004:

	Governmental Activities
Animal shelter	\$ 208,831
Water/sewer extensions	57,007
	<u>\$ 265,838</u>

The contractual payments to maturity of these interlocal agreements are as follows:

Year Ending Dec 31	Total
2005	\$ 32,233
2006	32,331
2007	32,352
2008	32,431
2009	32,497
2010-2013	103,994
	<u>\$ 265,838</u>

G. Changes in Long-Term Debt

Long-term liability activity for the year ended December 31, 2004 is as follows:

	Balance January 1	Additions	Payments/ Refundings	Balance December 31	Due within one year
Governmental Activities					
General obligation bonds	\$ 9,855,000	\$ -	\$ 920,000	\$ 8,935,000	\$ 940,000
Deferred issuance costs	(48,037)	-	(3,833)	(44,204)	(3,833)
Sales tax revenue bonds	1,020,000	-	160,000	860,000	170,000
Refunding cert of participation	481,950	-	70,403	411,547	78,484
Temporary notes	-	1,195,000	-	1,195,000	1,195,000
Capital leases	101,545	271,080	38,853	333,772	51,242
Interlocal agreement debt	297,920	-	32,082	265,838	32,233
Total long-term liabilities - governmental activities	<u>\$ 11,708,378</u>	<u>\$ 1,466,080</u>	<u>\$ 1,217,505</u>	<u>\$ 11,956,953</u>	<u>\$ 2,463,126</u>
Business-type Activities					
Electric revenue refdg bond	\$ 605,000	\$ -	\$ 605,000	\$ -	\$ -
KDHE loans	8,673,478	4,772,359	398,714	13,047,123	412,550
Refunding cert of participation	3,123,050	-	314,597	2,808,453	371,516
Capital leases	1,089,366	-	327,760	761,606	751,606
Deferred refunding gain	10,067	-	1,389	8,678	1,389
Deferred refunding loss	(130,304)	-	(17,973)	(112,331)	(17,973)
Deferred issuance costs	(53,165)	-	(7,333)	(45,832)	(7,333)
Total long-term liabilities - business-type activities	<u>\$ 13,317,492</u>	<u>\$ 4,772,359</u>	<u>\$ 1,622,154</u>	<u>\$ 16,467,697</u>	<u>\$ 1,511,755</u>

H. Revenue Bond Reserve Requirements

Revenue bond covenants related to the issuance of sales tax revenue bonds provides for specific deposits to debt service and other related bond reserve accounts. At December 31, 2004 the City met all reserve requirements. Below is a summary of the required reserves at December 31, 2004:

	Principal and Interest reserve	Replacement Reserve
Governmental activities:		
Sales tax revenue 2002 refunding bond	\$ 41,063	\$ 79,000
Sales tax revenue 1998B bond	25,245	-

I. 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, 2004, there were six series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$10,522,573.

11. Leases

A. Long-Term Operating Leases

The City leases certain equipment and real estate 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 December 31	Governmental Activities	Business-type Activities
2005	\$ 21,026	\$ 14,400
2006	21,026	14,400
2007	21,026	8,400
2008	3,375	8,400
2009	3,375	8,400
2010-2011	-	14,700
Total minimum future rentals	<u>\$ 69,828</u>	<u>\$ 68,700</u>

12. Inter-fund Transfers

The City had both cash and capital asset transfers between various funds during 2004. Below is a summary of 2004 inter-fund cash operating transfers:

<u>Transfers from</u>	<u>Transfers to</u>						Totals
	General	Bond and Interest	Capital Improvements	Nonmajor Governmental	Sewer	Quail Ridge Golf Course	
Primary Government:							
General	\$ -	\$ -	\$ 757,936	\$ 545,230	\$ -	\$ -	\$ 1,303,166
Bond and Interest	-	-	-	-	100,000	-	100,000
Capital Improvements	40,000	384,483	-	6,078	-	-	430,561
Nonmajor Governmental	250	60,000	-	-	-	-	60,250
Electric	-	-	-	15,000	-	379,700	394,700
Gas	-	-	-	6,000	-	-	6,000
Water	-	-	-	15,055	-	-	15,055
Golf course	-	-	-	5,100	-	-	5,100
Nonmajor enterprise funds	-	-	25,000	-	-	-	25,000
Internal Service	-	-	15,000	51,000	-	-	66,000
Total Reporting Entity	<u>\$ 40,250</u>	<u>\$ 444,483</u>	<u>\$ 797,936</u>	<u>\$ 643,463</u>	<u>\$ 100,000</u>	<u>\$ 379,700</u>	<u>\$ 2,405,832</u>

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

<u>Transfers from</u>	<u>Transfers to</u>						Totals
	General	Nonmajor Governmental	Electric	Gas	Sewer	Quail Ridge Golf Course	
General	\$ -	\$ 6,659	\$ -	\$ -	\$ -	\$ 5,565	\$ 12,224
Capital Improvements	144,731	91,971	-	-	-	32,784	284,479
Nonmajor Governmental	150,651	-	4,736	-	-	-	211,344
Gas	-	-	-	-	89	-	89
Water	-	-	79	-	-	-	79
Sewer	68	-	-	356	-	739	1,163
Internal Service	4,709	-	-	-	-	-	4,709
Total Reporting Entity	<u>\$ 295,450</u>	<u>\$ 98,630</u>	<u>\$ 4,815</u>	<u>\$ 356</u>	<u>\$ 89</u>	<u>\$ 39,088</u>	<u>\$ 509,378</u>

Transfers of capital assets to and from governmental funds and business-type funds are reflected as net transfers on the government-wide Statement of Activities. However, transfers of capital assets to or from business-type activities and governmental activities are reflected as 'transfers out' or 'capital contributions' in the Statement of Revenues, Expenses and Changes in Fund Net Assets of the proprietary funds, and are not reflected in the Statement of Revenues, Expenditures and Changes in Fund Balances of the governmental funds.

13. Interfund Receivables/Payables

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:

	Interfund Advances from	Interfund Advances to
Governmental funds:		
General Fund	\$ 31,368	\$ -
Stormwater drainage	1,702	-
Business-type funds:		
Electric	2,360,851	-
Gas	510,133	-
Water	227,942	-
Sewer	74,493	-
Subtotal	<u>3,206,489</u>	<u>-</u>
Nonmajor business-type funds:		
Refuse	56,564	-
Subtotal	<u>56,564</u>	<u>-</u>
Internal Service funds:		
Central inventory	-	1,192,390
Fleet management	-	70,000
Utility receivables financing	-	2,000,663
Subtotal	<u>-</u>	<u>3,263,053</u>
Total	<u>\$ 3,263,053</u>	<u>\$ 3,263,053</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 and legal restrictions as to use of the funds.

Unrestricted describes the portion of Net Assets that 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. Prior Period Adjustments

A. Government-wide financial statements

Reclassification of stormwater drainage fund

The stormwater drainage fund, an enterprise utility fund of the City, was reclassified as a government-type activity in the 2004 government-wide financial statements. Stormwater drainage fees are charged and collected through City utility bills. The fees are used to partially fund stormwater drainage projects, considered to be public works projects. Other funding for stormwater drainage improvements is through general obligation debt. Below is a summary of the stormwater drainage fund's assets, liabilities and net assets reclassified:

Assets	
Cash and temporary investments	\$ 183,621
Receivables	2,009
Capital assets, net of accumulated depreciation	2,363,821
Advances to internal service funds	534
Total assets	<u>2,549,985</u>
Liabilities:	
Accounts payable	<u>11,847</u>
Net Assets:	
Invested in capital assets	2,363,821
Unrestricted	174,317
Total net assets	<u>\$ 2,538,138</u>

Deferred Revenues

On the December 31, 2003 Statement of Net Assets, governmental activities' deferred revenues were overstated \$1,319,186, and net assets were understated by that same amount. The amount consists of \$609,191 of special assessment receivables, and \$709,996 of long-term receivables from other governments. The beginning net assets were increased on the government-wide Statement of Activities to reflect this change.

B. Governmental Funds

The December 31, 2003 Governmental Funds Balance Sheet reflects a \$31,511 receivable in the Gasoline Tax fund, a nonmajor special revenue fund. The receivable correctly belongs to the City's debt service fund. In addition, the receivable was understated by \$7,901 at December 31, 2003. The beginning fund balances of those two funds are restated on the governmental funds' Statement of Revenues, Expenditures and Changes in Fund Balances.

16. 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 8th 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, 2004 through June 30, 2004 is 3.22%, and 3.82% for the period July 1, 2004 through December 31, 2004. The City of Winfield employer contributions to KPERS for the years ended December 31, 2004, 2003, and 2002 were \$182,795, \$171,852, and \$159,102, respectively, equal to the required contributions for each year. The KP&F employer rate established for fiscal years beginning in 2004 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, 2004, 2003, and 2002, were \$285,517, \$257,441, and \$281,052, respectively, equal to the required contributions for each year.

17. 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 2004, 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 2004 and the prior two years:

	2004	2003	2002
Liability balance, beginning	\$ 500	\$ 3,980	\$ 25,807
Claims incurred	86,091	81,278	1,877,187
Less insurance/other reimbursements	(42,918)	(6,839)	(828,663)
Total costs incurred	43,673	78,419	1,074,331
Less claims paid	(42,618)	(77,919)	(1,070,351)
Liability balance, ending	\$ 1,055	\$ 500	\$ 3,980

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	\$350,000
Employers' liability limit	1,000,000
Aggregate retention	545,000

The following represents the changes in the liability activity under the plan for 2004 and the prior two years:

	2004	2003	2002
Liability balance, beginning	\$ 296,746	\$ 65,750	\$ 1,055
Claims incurred	80,198	576,622	262,576
Less insurance coverage reimbursements	(2,465)	(4,372)	(1,566)
Total costs incurred	374,479	638,000	262,065
Less claims paid	(314,995)	(341,254)	(196,315)
Liability balance, ending	<u>\$ 59,484</u>	<u>\$ 296,746</u>	<u>\$ 65,750</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 2004 and the prior two years:

	2004	2003	2002
Liability balance, beginning	\$ -	\$ -	\$ -
Health insurance premiums charged to fund	1,242,899	1,160,992	77,692
Health insurance premiums paid	(1,242,899)	(1,160,992)	(77,692)
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 2004 and the prior two years:

	2004	2003	2002
Liability balance, beginning	\$ -	\$ -	\$ -
Claims incurred	7,080	1,199	-
Less claims paid	(7,080)	(1,199)	-
Liability balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

18. Claims and Judgments

As noted in 1.L., the City is contingently liable for accumulated sick pay that is not vested. At December 31, 2004, this sick pay accumulation amounted to \$1,560,624.

19. Capital Projects

At December 31, 2004, the uncompleted construction projects, for which the City has bond authorization and funding, are as follows:

Construction projects:	Amount Authorized	Expenditures Project To-Date	Construction Commitments at 12-31-04
City buildings improvements projects (financed with 2002 GO bond)	\$ 786,400	\$ 690,951	\$ 4,747
The Fairways Benefit District - streets	464,000	413,387	18,630
The Fairways Benefit District - water	143,000	75,068	8,900
The Fairways Benefit District - sewer	321,000	282,834	7,650
The Fairways Benefit District - streetlights	29,000	26,853	-
Theatre Benefit District - water, streets and sewer	391,864	359,710	12,466
Bliss Street Drainage Project, Phase II	840,000	39,516	60,794
Water plant improvements	[1] 5,640,000	5,258,417	647,574

[1] This project is being financed with a loan through the State of Kansas' Drinking Water Loan Fund. The City obtained an increase in the loan authorization to \$6,205,000 in 2005 to cover additional project costs to be incurred.

20. 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 are being paid to KMEA, into a Power Supply fund, for the future acquisition of an adequate, economical and reliable supply of electric power and energy for the City. At December 31, 2004, the balance of the City's share of the Power Supply fund was \$1,526,733.

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.

▪ *Kansas Power Pool*

The City will become a member of the Kansas Power Pool (KPP), a municipal energy agency, in January of 2005. KPP was created to provide economic benefits to its member cities, through coordination of collective electrical resources, facilities and loads.

B. Gas Purchase Commitments

As of December 31, 2004, the City had an outstanding fixed price contract with its primary natural gas supplier for delivery of 240,000 MMBtu of gas during the months January through March, 2005, at set prices ranging from \$6.10 to \$6.36 per MMBtu. Total value of the contracts amounted to \$1.5 million.

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, 2004, the lawsuit was underway, with no monetary developments to disclose.



Financial Section

**Supplemental
Information**

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.

Water Quality – Created in 2004 to provide funding for programs to protect the upstream quality of water flowing into the Winfield City Lake, the primary water source for the City of Winfield. A portion of annual lake permit fees and two cents for every one-thousand gallons of water usage billed provide the revenue sources for this fund.

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.

Theatre Benefit District Project – Streets, sewer and water infrastructure for a new theatre located at Strother Field Industrial Park is being funded through temporary notes of the City of Winfield. Special assessments will repay 100% of the project and debt issuance costs to the City.

Bliss Street Drainage Project, Phase II – In 2004, the City began the second phase of street and stormwater drainage improvements in the Bliss Street area of the City.

2002 Maintenance Bond Issue – The City issued \$786,400 in general obligation debt in 2002 and 2003 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.

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CITY OF WINFIELD, KANSAS

Nonmajor Governmental Funds Combining Balance Sheet December 31, 2004

	Special Revenue Funds					
	Flood Control	Special Parks and Recreation	Special Alcohol Program	Law Enforcement Trust	Senior Citizen Facility	Special Liability
ASSETS						
Pooled cash and investments	\$ 223,336	\$ 73,973	\$ 4,547	\$ 650	\$ 2,886	\$ 793,793
Taxes receivable	-	-	-	-	-	116
Accounts receivable	-	-	-	-	-	-
Due from other governmental agencies	-	5,023	5,023	-	-	-
Total assets	<u>\$ 223,336</u>	<u>\$ 78,996</u>	<u>\$ 9,570</u>	<u>\$ 650</u>	<u>\$ 2,886</u>	<u>\$ 793,909</u>
LIABILITIES AND FUND BALANCES						
Accounts payable	\$ -	\$ 157	\$ 1,252	\$ -	\$ 62	\$ 300
Deferred revenues	-	-	-	-	-	116
Total liabilities	<u>-</u>	<u>157</u>	<u>1,252</u>	<u>-</u>	<u>62</u>	<u>416</u>
Fund balances						
Reserved for encumbrances	-	6,380	-	-	-	-
Reserved for capital outlay	-	-	-	-	-	-
Unreserved:						
Designated for subsequent year expenditures	169,500	72,459	8,318	650	2,824	762,475
Undesignated	53,836	-	-	-	-	31,018
Total fund balances	<u>223,336</u>	<u>78,839</u>	<u>8,318</u>	<u>650</u>	<u>2,824</u>	<u>793,493</u>
Total liabilities and fund balances	<u>\$ 223,336</u>	<u>\$ 78,996</u>	<u>\$ 9,570</u>	<u>\$ 650</u>	<u>\$ 2,886</u>	<u>\$ 793,909</u>

Special Revenue Funds						
Law Enforce., Ambulance Fire Equip.	Gasoline Tax	Industrial Development	Tourism and Convention	Cemetery Improvement	Library	Library Employee Benefits
\$ 58,207	\$ 137,523	\$ 42,796	\$ 130,147	\$ 79,216	\$ 226	\$ 12
90,092	-	28,818	-	-	317,631	19,000
-	-	-	1,080	-	-	-
-	15,737	-	19,534	-	-	-
<u>\$ 148,299</u>	<u>\$ 153,260</u>	<u>\$ 71,614</u>	<u>\$ 150,761</u>	<u>\$ 79,216</u>	<u>\$ 317,857</u>	<u>\$ 19,012</u>
\$ -	\$ 13,544	\$ 8	\$ 3,565	\$ -	\$ 226	\$ 12
90,092	-	28,818	-	-	317,631	19,000
<u>90,092</u>	<u>13,544</u>	<u>28,826</u>	<u>3,565</u>	<u>-</u>	<u>317,857</u>	<u>19,012</u>
4,615	4,738	-	-	-	-	-
-	-	-	-	-	-	-
53,592	134,978	42,788	101,418	79,216	-	-
-	-	-	45,778	-	-	-
<u>58,207</u>	<u>139,716</u>	<u>42,788</u>	<u>147,196</u>	<u>79,216</u>	<u>-</u>	<u>-</u>
<u>\$ 148,299</u>	<u>\$ 153,260</u>	<u>\$ 71,614</u>	<u>\$ 150,761</u>	<u>\$ 79,216</u>	<u>\$ 317,857</u>	<u>\$ 19,012</u>

(Continued)

CITY OF WINFIELD, KANSAS

Nonmajor Governmental Funds Combining Balance Sheet December 31, 2004

	Special Revenue Funds				Winfield Area EMS
	Equipment Reserve	Fairgrounds Improvements	Special Improvements	Water Quality	
ASSETS					
Pooled cash and investments	\$ 138,162	\$ 34,317	\$ 21,061	\$ 20,281	\$ 421,257
Taxes receivable	-	-	-	-	-
Accounts receivable	-	29	-	-	132,845
Due from other governmental agencies	3,776	-	-	-	-
Total assets	<u>\$ 141,938</u>	<u>\$ 34,346</u>	<u>\$ 21,061</u>	<u>\$ 20,281</u>	<u>\$ 554,102</u>
LIABILITIES AND FUND BALANCES					
Accounts payable	\$ 5,967	\$ 8,663	\$ -	-	\$ 12,067
Deferred revenues	-	-	-	-	-
Total liabilities	<u>5,967</u>	<u>8,663</u>	<u>-</u>	<u>-</u>	<u>12,067</u>
Fund balances:					
Reserved for encumbrances	50,518	11,374	-	-	-
Reserved for capital outlay	-	-	-	-	-
Reserved for advances to other funds	-	-	-	-	-
Unreserved:					
- Designated for subsequent year expenditures	-	14,309	15,839	20,281	542,035
- Undesignated	85,453	-	5,222	-	-
Total fund balances	<u>135,971</u>	<u>25,683</u>	<u>21,061</u>	<u>20,281</u>	<u>542,035</u>
Total liabilities and fund balances	<u>\$ 141,938</u>	<u>\$ 34,346</u>	<u>\$ 21,061</u>	<u>\$ 20,281</u>	<u>\$ 554,102</u>

Special Revenue Funds	Capital Projects Funds				Permanent Fund	
Baden Hall Restoration	Theatre Benefit District	Bliss Street Drainage II	2002 Mtnce Bond Issue	The Fairway Benefit District	Cemetery Endowment	TOTALS
\$ 207,823	\$ 279,427	\$ 8,244	\$ 95,449	\$ 5,997	\$ 6,000	\$ 2,785,330
-	-	-	-	-	-	455,657
-	-	-	-	-	-	133,954
-	-	-	-	-	-	49,093
<u>\$ 207,823</u>	<u>\$ 279,427</u>	<u>\$ 8,244</u>	<u>\$ 95,449</u>	<u>\$ 5,997</u>	<u>\$ 6,000</u>	<u>\$ 3,424,034</u>
\$ -	\$ 248,137	\$ 8,244	\$ -	\$ 139	\$ -	\$ 302,343
-	-	-	-	-	-	455,657
-	248,137	8,244	-	139	-	758,000
-	12,466	-	4,747	-	-	94,838
207,823	18,824	-	90,702	5,858	-	323,207
-	-	-	-	-	-	-
-	-	-	-	-	-	2,020,682
-	-	-	-	-	6,000	227,307
207,823	31,290	-	95,449	5,858	6,000	2,666,034
<u>\$ 207,823</u>	<u>\$ 279,427</u>	<u>\$ 8,244</u>	<u>\$ 95,449</u>	<u>\$ 5,997</u>	<u>\$ 6,000</u>	<u>\$ 3,424,034</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, 2004

	Special Revenue Funds				
	Flood Control	Special Parks and Recreation	Special Alcohol Program	Law Enforcement Trust	Senior Citizen Facility
Revenues					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	20,666	20,666	1,904	4,000
Charges for services	-	-	-	-	-
Interest	5,026	1,366	82	61	126
Other	-	17,353	9,506	216	2,380
Total revenues	5,026	39,385	30,254	2,181	6,506
Expenditures					
General government	-	-	-	-	-
Public safety	-	-	36,129	7,914	-
Public works	25,360	-	-	-	-
Cemetery	-	-	-	-	-
Culture and recreation	-	28,137	-	-	8,464
Health and welfare	-	-	-	-	-
Economic development	-	-	-	-	-
Capital outlay	-	-	-	-	-
Capital lease principal paid	-	-	-	-	-
Capital lease interest paid	-	-	-	-	-
Total expenditures	25,360	28,137	36,129	7,914	8,464
Revenues over (under) expenditures	(20,334)	11,248	(5,875)	(5,733)	(1,958)
Other financing sources (uses)					
Transfers in	6,078	10,000	-	-	-
Transfers out	-	-	-	-	-
Issuance of temporary notes	-	-	-	-	-
Issuance of capital lease	-	-	-	-	-
Sale of property	-	-	-	-	-
Total other financing sources (uses)	6,078	10,000	-	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(14,256)	21,248	(5,875)	(5,733)	(1,958)
Fund balances, January 1	237,592	57,591	14,193	6,383	4,782
Prior period adjustment	-	-	-	-	-
Fund balances, January 1, restated	237,592	57,591	14,193	6,383	4,782
Fund balances, December 31	\$ 223,336	\$ 78,839	\$ 8,318	\$ 650	\$ 2,824

Special Revenue Funds							
Special Liability	Law Enforce. Ambulance Fire Equip.	Gasoline Tax	Industrial Development	Tourism and Convention	Cemetery Improvement	Library	Library Employee Benefits
\$ 155	\$ 102,830	\$ -	\$ 32,803	\$ -	\$ -	\$ 361,925	\$ 21,587
-	-	452,869	-	65,553	-	-	-
-	-	-	-	2,720	3,825	-	-
16,645	1,231	2,339	660	6,570	1,688	-	-
1,576	-	2,255	-	518	700	-	-
18,376	104,061	457,463	33,463	75,361	6,213	361,925	21,587
84,465	-	-	-	-	-	-	-
-	57,454	-	-	-	-	-	-
-	-	589,686	-	-	-	-	-
-	-	-	-	-	363	-	-
-	-	-	-	-	-	361,925	21,587
-	-	-	-	-	-	-	-
-	-	-	345,155	67,464	-	-	-
-	-	-	-	-	-	-	-
-	-	29,725	-	-	-	-	-
-	-	3,181	-	-	-	-	-
84,465	57,454	622,592	345,155	67,464	363	361,925	21,587
(66,089)	46,607	(165,129)	(311,692)	7,897	5,850	-	-
-	-	269,400	61,000	-	-	-	-
-	(35,000)	-	-	-	(250)	-	-
-	-	-	-	-	-	-	-
-	-	-	271,080	-	-	-	-
-	-	3,744	7,178	-	-	-	-
-	(35,000)	273,144	339,258	-	(250)	-	-
(66,089)	11,607	108,015	27,566	7,897	5,600	-	-
859,582	46,600	63,212	15,222	139,299	73,616	-	-
-	-	(31,511)	-	-	-	-	-
859,582	46,600	31,701	15,222	139,299	73,616	-	-
\$ 793,493	\$ 58,207	\$ 139,716	\$ 42,788	\$ 147,196	\$ 79,216	\$ -	\$ -

(Continued)

CITY OF WINFIELD, KANSAS
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
FOR THE YEAR ENDED DECEMBER 31, 2004

	Special Revenue Funds				
	Equipment Reserve	Fairgrounds Improvements	Special Improvements	Water Quality	Winfield Area EMS
Revenues					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	114,183	-	-	-	-
Charges for services	-	13,028	-	-	554,172
Interest	3,278	645	444	216	4,644
Other	21,561	-	-	-	-
Total revenues	139,022	13,673	444	216	558,816
Expenditures					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	4,623	-	-
Cemetery	-	-	-	-	-
Culture and recreation	-	18,626	-	-	-
Health and welfare	-	-	-	3,558	777,881
Economic development	-	-	-	-	-
Capital outlay	178,097	-	-	-	-
Capital lease principal paid	-	-	-	-	-
Capital lease interest paid	-	-	-	-	-
Total expenditures	178,097	18,626	4,623	3,558	777,881
Revenues over (under) expenditures	(39,075)	(4,953)	(4,179)	(3,342)	(219,065)
Other financing sources (uses)					
Operating transfers in	16,100	-	-	23,623	257,263
Operating transfers out	-	-	-	-	-
Issuance of temporary notes	-	-	-	-	-
Issuance of capital lease	-	-	-	-	-
Sale of property	-	-	-	-	-
Total other financing sources (uses)	16,100	-	-	23,623	257,263
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(22,975)	(4,953)	(4,179)	20,281	38,198
Fund balances, January 1	158,946	30,636	25,240	-	503,837
Prior period adjustment	-	-	-	-	-
Fund balances, January 1, restated	158,946	30,636	25,240	-	503,837
Fund balances, December 31	\$ 135,971	\$ 25,683	\$ 21,061	\$ 20,281	\$ 542,035

Special Revenues Funds	Capital Projects Funds					Permanent Fund	
Baden Hall Restoration	B&B Theatre Projects	Bliss Street Drainage II	2002 Mtnce Bond Issue	The Fairway Projects	Cemetery Endowment	TOTALS	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 519,300	
-	-	-	-	-	-	679,841	
-	-	-	-	-	-	573,745	
4,526	-	-	-	-	-	49,547	
-	-	-	-	-	-	56,065	
4,526	-	-	-	-	-	1,878,498	
-	-	-	-	-	-	84,465	
-	-	-	-	-	-	101,497	
-	359,710	39,516	-	742,271	-	1,761,166	
-	-	-	-	-	-	363	
-	-	-	-	-	-	438,739	
-	-	-	-	-	-	781,439	
-	-	-	-	-	-	412,619	
-	-	-	42,175	-	-	220,272	
-	-	-	-	-	-	29,725	
-	-	-	-	-	-	3,181	
-	359,710	39,516	42,175	742,271	-	3,833,466	
4,526	(359,710)	(39,516)	(42,175)	(742,271)	-	(1,954,968)	
-	-	39,516	-	-	-	682,980	
-	-	-	-	-	-	(35,250)	
-	391,000	-	-	804,000	-	1,195,000	
-	-	-	-	-	-	271,080	
-	-	-	-	-	-	10,922	
-	391,000	39,516	-	804,000	-	2,124,732	
4,526	31,290	-	(42,175)	61,729	-	169,764	
203,297	-	-	137,624	(55,871)	6,000	2,527,781	
-	-	-	-	-	-	(31,511)	
203,297	-	-	137,624	(55,871)	6,000	2,496,270	
\$ 207,823	\$ 31,290	\$ -	\$ 95,449	\$ 5,858	\$ 6,000	\$ 2,666,034	

(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, 2004

	FLOOD CONTROL			SPECIAL PARKS AND RECREATION		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues and other sources						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	-	27,114	21,463	(5,651)
Interest	4,600	5,026	426	500	1,366	866
Other	-	124	124	20,000	17,444	(2,556)
Temporary Note Proceeds	-	-	-	-	-	-
Transfers from other funds	6,078	6,078	-	10,000	10,000	-
Total revenues and other sources	10,678	11,228	550	57,614	50,273	(7,341)
Expenditures and other uses						
Personal services	-	-	-	-	-	-
Contractual services	18,500	2,200	16,300	-	908	(908)
Materials and supplies	-	5,680	(5,680)	-	-	-
Other	-	13	(13)	-	-	-
Capital outlay	15,000	5,191	9,809	61,105	32,522	28,583
Transfers to other funds	-	-	-	-	-	-
Contingency	181,405	-	181,405	44,444	-	44,444
Total expenditures and other uses	214,905	13,084	201,821	105,549	33,430	72,119
Revenues and other sources over (under) expenditures and other uses	(204,227)	(1,856)	202,371	(47,935)	16,843	64,778
Unencumbered fund balance, January 1	214,973	225,192	(10,219)	53,212	50,593	(2,619)
Unencumbered fund balance, December 31	\$ 10,746	\$ 223,336	\$ 212,590	\$ 5,277	\$ 67,436	\$ 62,159

SPECIAL ALCOHOL PROGRAM			LAW ENFORCEMENT TRUST			SENIOR CITIZENS FACILITY		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
27,114	21,463	(5,651)	-	1,904	1,904	2,250	4,000	1,750
250	82	(168)	-	61	61	50	126	76
2,500	9,506	7,006	1,500	216	(1,284)	3,500	2,380	(1,120)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
29,864	31,051	1,187	1,500	2,181	681	5,800	6,506	706
29,930	33,795	(3,865)	-	-	-	-	-	-
-	-	-	-	-	-	8,200	7,324	876
5,000	171	4,829	2,000	7,914	(5,914)	450	-	450
-	1,308	(1,308)	-	-	-	1,140	1,140	-
-	856	(856)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
1,200	-	1,200	5,914	-	5,914	1,325	-	1,325
36,130	36,130	-	7,914	7,914	-	11,115	8,464	2,651
(6,266)	(5,079)	1,187	(6,414)	(5,733)	681	(5,315)	(1,958)	3,357
7,529	8,374	845	6,810	6,383	(427)	5,901	4,782	(1,119)
\$ 1,263	\$ 3,295	\$ 2,032	\$ 396	\$ 650	\$ 254	\$ 586	\$ 2,824	\$ 2,238

(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, 2004

	SPECIAL LIABILITY			LAW ENFORCEMENT, AMBULANCE, AND FIRE EQUIPMENT		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues and other sources						
Taxes	\$ 114	\$ 156	\$ 42	\$ 110,465	\$ 102,830	\$ (7,635)
Intergovernmental revenues	-	-	-	-	-	-
Interest	18,000	16,645	(1,355)	2,000	1,232	(768)
Other	-	1,576	1,576	-	480	480
Temporary Note Proceeds	-	-	-	-	-	-
Transfers from other funds	-	-	-	-	-	-
Total revenues and other sources	<u>18,114</u>	<u>18,377</u>	<u>263</u>	<u>112,465</u>	<u>104,542</u>	<u>(7,923)</u>
Expenditures and other uses						
Personal services	-	-	-	-	-	-
Contractual services	4,000	2,831	1,169	-	-	-
Materials and supplies	-	-	-	-	-	-
Other	90,254	81,635	8,619	-	-	-
Capital outlay	-	-	-	109,247	52,874	56,373
Transfers to other funds	-	-	-	35,000	35,000	-
Contingency	<u>738,654</u>	<u>-</u>	<u>738,654</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures and other uses	<u>832,908</u>	<u>84,466</u>	<u>748,442</u>	<u>144,247</u>	<u>87,874</u>	<u>56,373</u>
Revenues and other sources over (under) expenditures and other uses	(814,794)	(66,089)	748,705	(31,782)	16,668	48,450
Unencumbered fund balance, January 1	<u>856,439</u>	<u>859,582</u>	<u>3,143</u>	<u>38,995</u>	<u>36,924</u>	<u>(2,071)</u>
Unencumbered fund balance, December 31	<u>\$ 41,645</u>	<u>\$ 793,493</u>	<u>\$ 751,848</u>	<u>\$ 7,213</u>	<u>\$ 53,592</u>	<u>\$ 46,379</u>

GASOLINE TAX			INDUSTRIAL DEVELOPMENT			TOURISM AND CONVENTION		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	\$ -	\$ -	\$ 35,358	\$ 32,803	\$ (2,555)	\$ -	\$ -	\$ -
483,424	453,410	(30,014)	-	-	-	63,000	63,980	980
7,000	2,340	(4,660)	1,000	660	(340)	3,000	2,720	(280)
3,000	8,285	5,285	-	7,178	7,178	6,000	7,908	1,908
-	-	-	-	-	-	-	-	-
269,400	269,400	-	21,000	61,000	40,000	-	-	-
762,824	733,435	(29,389)	57,358	101,641	44,283	72,000	74,608	2,608
364,373	336,234	28,139	-	-	-	1,618	818	800
171,965	149,447	22,518	60,300	36,074	24,226	67,500	34,494	33,006
84,050	75,619	8,431	-	-	-	1,250	990	260
500	25,365	(24,865)	12,850	11,428	1,422	22,681	26,562	(3,881)
150,000	33,706	116,294	-	26,573	(26,573)	3,500	3,500	-
25,000	-	25,000	-	-	-	-	-	-
50,000	-	50,000	926	-	926	75,968	-	75,968
845,888	620,371	225,517	74,076	74,075	1	172,517	66,364	106,153
(83,064)	113,064	196,128	(16,718)	27,566	44,284	(100,517)	8,244	108,761
112,768	6,178	(106,590)	16,718	15,222	(1,496)	109,143	118,338	9,195
29,704	\$ 119,242	\$ 89,538	\$ -	\$ 42,788	\$ 42,788	\$ 8,626	\$ 126,582	\$ 117,956

(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, 2004

	CEMETERY IMPROVEMENTS			LIBRARY		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues and other sources						
Taxes	\$ -	\$ -	\$ -	\$ 388,931	\$ 361,925	\$ (27,006)
Intergovernmental revenues	-	-	-	-	-	-
Interest	1,800	1,688	(112)	-	-	-
Other	8,200	4,725	(3,475)	-	-	-
Temporary Note Proceeds	-	-	-	-	-	-
Transfers from other funds	-	-	-	-	-	-
Total revenues and other sources	<u>10,000</u>	<u>6,413</u>	<u>(3,587)</u>	<u>388,931</u>	<u>361,925</u>	<u>(27,006)</u>
Expenditures and other uses						
Personal services	-	-	-	-	-	-
Contractual services	-	-	-	-	-	-
Materials and supplies	-	363	(363)	-	-	-
Other	-	-	-	388,987	361,925	27,062
Capital outlay	-	-	-	-	-	-
Transfers to other funds	-	-	-	-	-	-
Contingency	<u>80,000</u>	<u>250</u>	<u>79,750</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures and other uses	<u>80,000</u>	<u>613</u>	<u>79,387</u>	<u>388,987</u>	<u>361,925</u>	<u>27,062</u>
Revenues and other sources over (under) expenditures and other uses	(70,000)	5,800	75,800	(56)	-	56
Unencumbered fund balance, January 1	<u>76,031</u>	<u>73,416</u>	<u>(2,615)</u>	<u>56</u>	<u>-</u>	<u>(56)</u>
Unencumbered fund balance, December 31	<u>\$ 6,031</u>	<u>\$ 79,216</u>	<u>\$ 73,185</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

LIBRARY EMP BENEFITS		
Budget	Actual	Variance
\$ 23,000	\$ 21,587	\$ (1,413)
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
23,000	21,587	(1,413)

-	-	-
-	-	-
-	-	-
23,000	21,587	1,413
-	-	-
-	-	-
-	-	-
23,000	21,587	1,413

-	-	-
-	-	-
\$ -	\$ -	\$ -

FAIRGROUNDS IMPROVEMENTS		
Budget	Actual	Variance
\$ -	\$ -	\$ -
-	-	-
50	645	595
6,000	13,027	7,027
-	-	-
-	-	-
6,050	13,672	7,622

-	-	-
-	-	-
-	-	-
-	-	-
-	30,000	(30,000)
-	-	-
30,000	-	30,000
30,000	30,000	-

(23,950)	(16,328)	7,622
28,737	30,607	1,870
\$ 4,787	\$ 14,279	\$ 9,492

(Continued)

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, 2004

	SPECIAL IMPROVEMENTS			WATER QUALITY		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues and other sources						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	-	-	-	-
Interest	1,000	444	(556)	100	216	116
Other	-	-	-	-	-	-
Temporary Note Proceeds	-	-	-	-	-	-
Transfers from other funds	-	-	-	38,600	23,623	(14,977)
Total revenues and other sources	1,000	444	(556)	38,700	23,839	(14,861)
Expenditures and other uses						
Personal services	-	-	-	-	-	-
Contractual services	-	4,623	(4,623)	-	3,375	(3,375)
Materials and supplies	-	-	-	-	76	(76)
Other	-	-	-	-	107	(107)
Capital outlay	-	-	-	-	-	-
Transfers to other funds	-	-	-	-	-	-
Contingency	30,000	-	30,000	38,700	-	38,700
Total expenditures and other uses	30,000	4,623	25,377	38,700	3,558	35,142
Revenues and other sources over (under) expenditures and other uses	(29,000)	(4,179)	24,821	-	20,281	20,281
Unencumbered fund balance, January 1	36,652	25,240	(11,412)	-	-	-
Unencumbered fund balance, December 31	\$ 7,652	\$ 21,061	\$ 13,409	\$ -	\$ 20,281	\$ 20,281

(Concluded)

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, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues and other sources:			
Taxes:			
Property	\$ 754,809	\$ 703,073	\$ (51,736)
Special assessments	186,135	165,447	(20,688)
Other revenues:			
Interest income	16,000	12,557	(3,443)
Payments from other governmental entities, debt payment shares	134,478	134,477	(1)
Other	-	64,412	64,412
Transfers in	355,445	444,483	89,038
Total revenues and other sources	<u>1,446,867</u>	<u>1,524,449</u>	<u>77,582</u>
Expenditures and other uses:			
Bond interest payments	461,305	461,305	-
Bond principal payments	1,080,000	1,080,000	-
Transfer to other fund for debt payment	100,000	100,000	-
Other	-	-	-
Contingency	244,550	-	244,550
Total expenditures and other uses	<u>1,885,855</u>	<u>1,641,305</u>	<u>244,550</u>
Revenues and other sources over (under) expenditures and other uses	(438,988)	(116,856)	322,132
Unencumbered fund balance, Jan 1	<u>533,311</u>	<u>382,053</u>	<u>(151,258)</u>
Unencumbered fund balance, Dec 31	<u><u>\$ 94,323</u></u>	<u><u>\$ 265,197</u></u>	<u><u>\$ 170,874</u></u>

CITY OF WINFIELD, KANSAS

Nonmajor Capital Projects Fund Theatre Benefit District Project

Schedule of Revenues, Expenditures, and Changes in Fund Balances From Inception and for the Year ended December 31, 2004

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</u>
Expenditures:				
Improvement projects	\$ -	\$ 359,710	\$ 359,710	\$ 391,864
Other financing sources (uses):				
Temporary note proceeds	-	391,000	391,000	391,864
Total other financing sources (uses)	-	391,000	391,000	391,864
Net change in fund balances	-	31,290	31,290	<u>\$ -</u>
Fund balance-beginning of year	-	-	-	
Fund balance - end of year	<u>\$ -</u>	<u>\$ 31,290</u>	<u>\$ 31,290</u>	

CITY OF WINFIELD, KANSAS

Nonmajor Capital Projects Fund Bliss Street Drainage Project, Phase II

Schedule of Revenues, Expenditures, and Changes in Fund Balances From Inception and for the Year ended December 31, 2004

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</u>
Expenditures:				
Improvement projects	\$ -	\$ 39,516	\$ 39,516	\$ 840,000
Other financing sources (uses):				
General obligation bond proceeds	-	-	-	745,000
Other financing	-	39,516	39,516	95,000
Total other financing sources (uses)	-	39,516	39,516	840,000
Net change in fund balances	-	-	-	<u>\$ -</u>
Fund balance-beginning of year	-	-	-	
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

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, 2004

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</u>
Revenues:				
Interest income	\$ 144	\$ -	\$ 144	\$ 144
State reimbursements	147,876	-	147,876	147,876
	<u>148,020</u>	<u>-</u>	<u>148,020</u>	<u>148,020</u>
			-	
Expenditures:				
Bond issue costs	12,512	-	12,512	12,512
Improvement projects	778,442	42,174	820,616	916,066
	<u>790,954</u>	<u>42,174</u>	<u>833,128</u>	<u>928,578</u>
Deficiency of revenues under expenditures	<u>(642,934)</u>	<u>(42,174)</u>	<u>(685,108)</u>	<u>(780,558)</u>
Other financing sources (uses):				
Bond proceeds	786,400	-	786,400	786,400
Transfers out	(5,842)	-	(5,842)	(5,842)
Total other financing sources (uses)	<u>780,558</u>	<u>-</u>	<u>780,558</u>	<u>780,558</u>
Net change in fund balances	137,624	(42,174)	95,450	<u>\$ -</u>
Fund balance-beginning of year	<u>-</u>	<u>137,624</u>	<u>-</u>	
Fund balance - end of year	<u>\$ 137,624</u>	<u>\$ 95,450</u>	<u>\$ 95,450</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, 2004

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</u>
Expenditures:				
Improvement projects	<u>\$ 55,871</u>	<u>\$ 742,271</u>	<u>\$ 798,142</u>	<u>\$ 957,000</u>
Other financing sources (uses):				
Temporary note proceeds	-	804,000	804,000	804,000
Other financing	<u>-</u>	<u>-</u>	<u>-</u>	<u>153,000</u>
Total other financing sources (uses)	<u>-</u>	<u>804,000</u>	<u>804,000</u>	<u>957,000</u>
Net change in fund balances	(55,871)	61,729	5,858	<u>\$ -</u>
Fund balance-beginning of year	<u>-</u>	<u>(55,871)</u>	<u>-</u>	
Fund balance - end of year	<u><u>\$ (55,871)</u></u>	<u><u>\$ 5,858</u></u>	<u><u>\$ 5,858</u></u>	

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 – This 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 bills.

CITY OF WINFIELD, KANSAS

NONMAJOR ENTERPRISE FUNDS COMBINING STATEMENT OF NET ASSETS DECEMBER 31, 2004

	Refuse	Stormwater Drainage	Total
Assets			
Current assets			
Cash and temporary investments	\$ 244,797	\$ 260,828	\$ 505,625
Utility billing receivables, net	15,285	2,692	17,977
Accounts receivable, net	250	-	250
Total current assets	<u>260,332</u>	<u>263,520</u>	<u>523,852</u>
Noncurrent assets:			
Restricted asset: cash and temporary investments	<u>122</u>	<u>-</u>	<u>122</u>
Capital Assets:			
Land	3,503	-	3,503
Buildings	44,673	-	44,673
Improvements other than buildings	-	2,534,262	2,534,262
Machinery, equipment, other	1,004,868	9,296	1,014,164
Less accumulated depreciation	<u>(716,919)</u>	<u>(207,313)</u>	<u>(924,232)</u>
Net capital assets	<u>336,125</u>	<u>2,336,245</u>	<u>2,672,370</u>
Total noncurrent assets	<u>336,247</u>	<u>2,336,245</u>	<u>2,672,492</u>
Other assets			
Advances to internal service funds	56,565	1,702	58,267
Investment in joint venture	61,099	-	61,099
Total other assets	<u>117,664</u>	<u>1,702</u>	<u>119,366</u>
Total assets	<u>714,243</u>	<u>2,601,467</u>	<u>3,315,710</u>
Liabilities			
Current liabilities			
Accounts payable	38,280	6,167	44,447
Accrued interest payable	232	-	232
Accrued compensated absences	12,135	-	12,135
Unearned revenues	6,250	-	6,250
Current portion of capital lease payable	10,000	-	10,000
Total current liabilities	<u>66,897</u>	<u>6,167</u>	<u>73,064</u>
Noncurrent liabilities			
Capital leases	9,878	-	9,878
Payable from restricted assets	<u>122</u>	<u>-</u>	<u>122</u>
Total noncurrent liabilities	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Total liabilities	<u>76,897</u>	<u>6,167</u>	<u>83,064</u>
Net Assets			
Invested in capital assets	-	2,336,245	2,336,245
Invested in capital assets, net of related debt	316,125	-	316,125
Restricted by debt covenants	122	-	122
Restricted for capital projects	6,250	-	6,250
Unrestricted	<u>314,849</u>	<u>259,055</u>	<u>573,904</u>
Total net assets	<u>\$ 637,346</u>	<u>\$ 2,595,300</u>	<u>\$ 3,232,646</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, 2004

	Refuse	Stormwater Drainage	Total
Operating revenues			
Charges for services and sales	\$ 1,000,815	\$ 125,384	\$ 1,126,199
Other	12,794	-	12,794
Total operating revenues	1,013,609	125,384	1,138,993
Operating expenses			
Services and supplies	1,010,082	45,314	1,055,396
Depreciation	92,820	34,516	127,336
Total operating expenses	1,102,902	79,830	1,182,732
Operating income (loss)	(89,293)	45,554	(43,739)
Non-operating revenues (expenses)			
Interest income	6,498	4,668	11,166
Loss on joint venture	(1,718)	-	(1,718)
Interest expense	(1,259)	-	(1,259)
Total non-operating revenues (expenses)	3,521	4,668	8,189
Net income (loss) before transfers	(85,772)	50,222	(35,550)
Transfers out - cash	(25,000)	-	(25,000)
Capital contributions	-	6,940	6,940
Change in net assets	(110,772)	57,162	(53,610)
Total net assets - beginning	748,118	2,538,138	3,286,256
Total net assets - ending	\$ 637,346	\$ 2,595,300	\$ 3,232,646

CITY OF WINFIELD, KANSAS
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2004

	Refuse	Stormwater Drainage	Total
Cash flows from operating activities			
Payments to suppliers	\$ (565,489)	\$ (50,994)	\$ (616,483)
Payments to employees	(444,841)	-	(444,841)
Receipts from customers	1,000,649	124,701	1,125,350
Other receipts	16,923	-	16,923
Net cash provided by operating activities	<u>7,242</u>	<u>73,707</u>	<u>80,949</u>
Cash flows from noncapital financing activities			
Advances to other funds	(4,815)	(1,168)	(5,983)
Transfer to other funds	(25,000)	-	(25,000)
Net cash used by noncapital financing activities	<u>(29,815)</u>	<u>(1,168)</u>	<u>(30,983)</u>
Cash flows from capital and related financing activities			
Capital lease payments - principal	(10,000)	-	(10,000)
Capital lease payments - interest	(1,375)	-	(1,375)
Capital grant proceeds	6,250	-	6,250
Acquisition of capital assets	(9,410)	-	(9,410)
Net cash used by capital and related financing activities	<u>(14,535)</u>	<u>-</u>	<u>(14,535)</u>
Cash flows from investing activities			
Installment sale receipts - principal	2,267	-	2,267
Interest income	6,498	4,668	11,166
Net cash provided from investing activities	<u>8,765</u>	<u>4,668</u>	<u>13,433</u>
Net decrease in cash and cash equivalents	(28,343)	77,207	48,864
Balances - beginning of the year (Includes \$121 in restricted accounts)	<u>273,262</u>	<u>183,621</u>	<u>456,883</u>
Balances - end of the year (includes \$122 in restricted accounts)	<u>\$ 244,919</u>	<u>\$ 260,828</u>	<u>\$ 505,747</u>

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

Operating income (loss)	\$ (89,293)	\$ 45,554	\$ (43,739)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	92,820	34,516	127,336
Changes in assets and liabilities:			
Receivables, net	5,505	(683)	4,822
Compensated absences	(1,482)	-	(1,482)
Accounts and other payables	(308)	(5,680)	(5,988)
Total adjustments	<u>96,535</u>	<u>28,153</u>	<u>124,688</u>
Net cash provided (used) by operating activities	<u>\$ 7,242</u>	<u>\$ 73,707</u>	<u>\$ 80,949</u>

Noncash Transactions

Loss on joint venture	(1,942)	-	(1,942)
Capital assets contributed from other funds	4,262	6,940	11,202

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, 2004

	ELECTRIC		
	Budget	Actual	Variance
Revenues and other sources			
Charges for services	\$ 18,370,000	\$ 17,809,406	\$ (560,594)
Interest income	90,000	120,199	30,199
Other	69,600	156,074	86,474
State and federal grants	650,000	338,619	(311,381)
Reimbursement of expenditures	65,000	201,024	136,024
Transfers from other funds	-	-	-
Total revenues and other sources	19,244,600	18,625,322	(619,278)
Expenditures and other uses			
Personal services	1,983,875	1,859,664	124,211
Contractual services	1,743,723	1,817,751	(74,028)
Materials and supplies	249,000	245,888	3,112
Other	213,159	218,474	(5,315)
Purchased power and fuel	11,559,000	11,120,320	438,680
Capital outlay	1,784,845	1,322,829	462,016
Debt service	853,765	1,088,910	(235,145)
In lieu of franchise taxes	1,194,050	1,183,507	10,543
Transfers to other funds	156,875	394,700	(237,825)
Contingency	1,555,390	-	1,555,390
Total expenditures and other uses	21,293,682	19,252,043	2,041,639
Revenues and other sources over (under) expenditures and other uses	(2,049,082)	(626,721)	1,422,361
Unencumbered fund balance, January 1	3,113,766	4,372,657	(1,258,891)
Unencumbered fund balance, December 31	\$ 1,064,684	\$ 3,745,936	\$ 2,681,252

GAS			WATER		
Original Budget	Actual	Variance	Budget	Actual	Variance
\$ 6,000,000	\$ 5,113,503	\$ (886,497)	\$ 1,600,000	\$ 1,794,340	\$ 194,340
30,000	24,141	(5,859)	10,000	7,072	(2,928)
12,000	17,761	5,761	22,000	27,385	5,385
-	-	-	-	-	-
15,000	16,810	1,810	22,000	29,969	7,969
-	-	-	-	-	-
6,057,000	5,172,215	(884,785)	1,654,000	1,858,766	204,766
694,185	676,661	17,524	688,485	666,467	22,018
527,728	580,038	(52,310)	544,404	576,876	(32,472)
26,400	21,035	5,365	105,900	82,169	23,731
38,090	34,795	3,295	61,185	42,794	18,391
3,975,000	3,445,817	529,183	-	-	-
181,500	232,331	(50,831)	113,900	62,287	51,613
-	-	-	172,799	172,799	-
330,000	289,279	40,721	80,000	94,094	56,700
147,875	6,000	141,875	58,725	15,055	82,875
637,221	-	637,221	83,500	-	83,500
6,557,999	5,285,956	1,272,043	1,908,898	1,712,541	306,356
(500,999)	(113,741)	387,258	(254,898)	146,225	511,122
828,899	143,380	685,519	350,339	319,935	(30,404)
\$ 327,900	\$ 29,639	\$ (298,261)	\$ 95,441	\$ 466,160	\$ 480,718

(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, 2004

	REFUSE			WASTEWATER		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues and other sources						
Charges for services	\$ 1,090,000	\$ 927,417	\$ (162,583)	\$ 1,543,000	\$ 1,540,051	\$ (2,949)
Interest income	8,000	6,158	(1,842)	9,500	7,999	(1,501)
Other	32,321	71,057	38,736	4,000	2,493	(1,507)
FEMA reimbursements	-	6,250	6,250	-	-	-
Reimbursement of expenditures	38,500	18,266	(20,234)	200	880	680
Transfers from other funds	-	-	-	100,000	100,000	-
Total revenues and other sources	<u>1,168,821</u>	<u>1,029,148</u>	<u>(139,673)</u>	<u>1,656,700</u>	<u>1,651,423</u>	<u>(5,277)</u>
Expenditures and other uses						
Personal services	471,810	447,113	24,697	544,534	499,003	45,531
Contractual services	542,588	530,593	11,995	387,263	399,492	(12,229)
Materials and supplies	16,500	10,614	5,886	67,250	52,625	14,625
Other	15,053	31,776	(16,723)	36,339	31,609	4,730
Purchased power and fuel	-	-	-	-	-	-
Capital outlay	152,500	163,544	(11,044)	160,700	187,085	(26,385)
Debt service	22,750	22,750	-	513,729	513,729	-
In lieu of franchise taxes	54,500	-	54,500	-	-	-
Transfers to other funds	43,125	-	43,125	-	-	-
Contingency	74,126	-	74,126	131,112	-	131,112
Total expenditures and other uses	<u>1,392,952</u>	<u>1,206,390</u>	<u>186,562</u>	<u>1,840,927</u>	<u>1,683,543</u>	<u>157,384</u>
Revenues and other sources over (under) expenditures and other uses	(224,131)	(177,242)	46,889	(184,227)	(32,120)	152,107
Unencumbered fund balance, January 1	<u>293,779</u>	<u>234,719</u>	<u>(59,060)</u>	<u>276,274</u>	<u>337,942</u>	<u>61,668</u>
Unencumbered fund balance, December 31	<u>\$ 69,648</u>	<u>\$ 57,477</u>	<u>\$ (12,171)</u>	<u>\$ 92,047</u>	<u>\$ 305,822</u>	<u>\$ 213,775</u>

STORMWATER DRAINAGE		
Budget	Actual	Variance
\$ 108,940	\$ 123,532	\$ 14,592
4,800	4,668	(132)
-	-	-
-	-	-
-	-	-
-	-	-
113,740	128,200	14,460
-	-	-
57,500	42,642	14,858
42,750	21,576	21,174
200	-	200
-	-	-
2,000	-	2,000
-	-	-
-	-	-
-	-	-
91,781	-	91,781
194,231	64,218	130,013
(80,491)	63,982	144,473
170,761	171,774	1,013
<u>\$ 90,270</u>	<u>\$ 235,756</u>	<u>\$ 145,486</u>

QUAIL RIDGE GOLF COURSE		
Budget	Actual	Variance
\$ 413,300	\$ 395,397	\$ (17,903)
5,000	1,770	(3,230)
750	-	(750)
-	-	-
500	-	(500)
370,000	379,700	9,700
789,550	776,867	(12,683)
231,960	234,413	(2,453)
89,340	86,778	2,562
79,350	79,887	(537)
3,850	7,553	(3,703)
-	-	-
22,552	22,552	-
354,780	354,780	-
-	-	-
5,667	-	5,667
5,286	-	5,286
792,785	785,963	6,822
(3,235)	(9,096)	(5,861)
3,235	9,113	5,878
<u>\$ -</u>	<u>\$ 17</u>	<u>\$ 17</u>

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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 activities. The building and equipment maintenance costs are charged to other City funds on square footage. 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, 2004

	Management Services	Operations Center	Central Stores	Accounts Receivable Financing
Assets				
Current assets				
Cash and temporary investments	\$ 92,683	\$ 27,508	\$ 126,505	\$ 41,912
Utility billing receivables, net	-	-	-	1,994,663
Accounts receivable, net	4,041	-	-	-
Inventories	-	85,125	1,094,916	-
Total current assets	<u>96,724</u>	<u>112,633</u>	<u>1,221,421</u>	<u>2,036,575</u>
Noncurrent assets				
Capital assets				
Land	-	6,500	-	-
Buildings and improvements	235,576	1,443,780	-	-
Improvements other than buildings	-	74,073	-	-
Machinery, equipment, other	1,115,550	389,662	-	-
Less accumulated depreciation	(915,771)	(637,851)	-	-
Net capital assets	<u>435,355</u>	<u>1,276,164</u>	<u>-</u>	<u>-</u>
Other assets				
Sales tax deposit	-	-	-	6,000
Total assets	<u>\$ 532,079</u>	<u>\$ 1,388,797</u>	<u>\$ 1,221,421</u>	<u>\$ 2,042,575</u>
Liabilities				
Current liabilities				
Accounts and claims payable	\$ 70,855	\$ 20,710	\$ 23,936	\$ 41,912
Total current liabilities	<u>70,855</u>	<u>20,710</u>	<u>23,936</u>	<u>41,912</u>
Noncurrent liabilities				
Advances from other funds	-	70,000	1,192,390	2,000,663
Accrued compensated absences	75,202	10,750	-	-
Total noncurrent liabilities	<u>75,202</u>	<u>80,750</u>	<u>1,192,390</u>	<u>2,000,663</u>
Total liabilities	<u>146,057</u>	<u>101,460</u>	<u>1,216,326</u>	<u>2,042,575</u>
Net Assets				
Invested in capital assets	435,355	1,276,164	-	-
Unrestricted	(49,333)	11,173	5,095	-
Total net assets	<u>\$ 386,022</u>	<u>\$ 1,287,337</u>	<u>\$ 5,095</u>	<u>\$ -</u>

Risk Management Reserve	Workers' Compensation Reserve	Health Insurance Reserve	Short-Term Disability Reserve	Total
\$ 1,085,906	\$ 210,682	\$ 106,418	\$ 128,691	\$ 1,820,305
-	-	-	-	1,994,663
-	191	-	-	4,232
-	-	-	-	1,180,041
<u>1,085,906</u>	<u>210,873</u>	<u>106,418</u>	<u>128,691</u>	<u>4,999,241</u>
-	-	-	-	6,500
-	-	-	-	1,679,356
-	-	-	-	74,073
-	-	-	-	1,505,212
-	-	-	-	(1,553,622)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,711,519</u>
-	-	-	-	6,000
<u>\$ 1,085,906</u>	<u>\$ 210,873</u>	<u>\$ 106,418</u>	<u>\$ 128,691</u>	<u>\$ 6,716,760</u>
\$ 1,055	\$ 59,485	\$ 158	\$ -	\$ 218,111
<u>1,055</u>	<u>59,485</u>	<u>158</u>	<u>-</u>	<u>218,111</u>
-	-	-	-	3,263,053
-	-	-	-	85,952
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,349,005</u>
<u>1,055</u>	<u>59,485</u>	<u>158</u>	<u>-</u>	<u>3,567,116</u>
-	-	-	-	1,711,519
<u>1,084,851</u>	<u>151,388</u>	<u>106,260</u>	<u>128,691</u>	<u>1,438,125</u>
<u>\$ 1,084,851</u>	<u>\$ 151,388</u>	<u>\$ 106,260</u>	<u>\$ 128,691</u>	<u>\$ 3,149,644</u>

CITY OF WINFIELD, KANSAS

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2004

	Management Services	Operations Center	Central Stores	Accounts Receivable Financing
Operating revenues				
Charges for services	\$ 2,315,097	\$ 507,182	\$ -	\$ 75,098
Other	17,538	297	-	-
Total operating revenues	<u>2,332,635</u>	<u>507,479</u>	<u>-</u>	<u>75,098</u>
Operating expenses				
Administration	2,225,092	466,565	-	75,098
Claims	-	-	-	-
Depreciation	85,646	60,176	-	-
Total operating expenses	<u>2,310,738</u>	<u>526,741</u>	<u>-</u>	<u>75,098</u>
Operating income (loss)	<u>21,897</u>	<u>(19,262)</u>	<u>-</u>	<u>-</u>
Non-operating revenues (expenses)				
Interest income	-	-	-	-
Other	(8,411)	545	-	-
Total non-operating revenues (expenses)	<u>(8,411)</u>	<u>545</u>	<u>-</u>	<u>-</u>
Net income (loss) before operating transfers	<u>13,486</u>	<u>(18,717)</u>	<u>-</u>	<u>-</u>
Transfers out - cash	(61,000)	(5,000)	-	-
Transfers in - capital assets	52,037	23,187	-	-
Transfers out - capital assets	-	(8,983)	-	-
Net transfers	<u>(8,963)</u>	<u>9,204</u>	<u>-</u>	<u>-</u>
Change in net assets	4,523	(9,513)	-	-
Total net assets - beginning	<u>381,499</u>	<u>1,296,850</u>	<u>5,095</u>	<u>-</u>
Total net assets - ending	<u>\$ 386,022</u>	<u>\$ 1,287,337</u>	<u>\$ 5,095</u>	<u>\$ -</u>

Risk Management Reserve	Workers' Compensation Reserve	Health Insurance Reserve	Short-Term Disability Reserve	Totals
\$ -	\$ -	\$ -	\$ -	\$ 2,897,377
42,917	48,238	1,297,490	17,808	1,424,288
42,917	48,238	1,297,490	17,808	4,321,665
-	-	1,242,899	-	4,009,654
77,627	124,015	-	7,080	208,722
-	-	-	-	145,822
77,627	124,015	1,242,899	7,080	4,364,198
(34,710)	(75,777)	54,591	10,728	(42,533)
24,260	7,527	1,744	2,651	36,182
-	-	-	-	(7,866)
24,260	7,527	1,744	2,651	28,316
(10,450)	(68,250)	56,335	13,379	(14,217)
-	-	-	-	(66,000)
-	-	-	-	75,224
-	-	-	-	(8,983)
-	-	-	-	241
(10,450)	(68,250)	56,335	13,379	(13,976)
1,095,301	219,638	49,925	115,312	3,163,620
<u>\$ 1,084,851</u>	<u>\$ 151,388</u>	<u>\$ 106,260</u>	<u>\$ 128,691</u>	<u>\$ 3,149,644</u>

CITY OF WINFIELD, KANSAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2004

	Management Services	Operations Center	Central Stores	Accounts Receivable Financing
Cash flows from operating activities				
Payments to suppliers	\$ (471,766)	\$ (179,083)	\$ (1,006,288)	\$ -
Payments to employees	(1,740,713)	(299,944)	-	-
Payments of claims	-	-	-	-
Internal activity-receipts to other funds	-	-	-	(27,731,015)
Internal activity-receipts from other funds	2,315,097	507,182	1,013,867	-
Receipts from customers	-	-	-	27,592,884
Other receipts	16,658	297	-	-
Net cash provided (used) by operating activities	119,276	28,452	7,579	(138,131)
Cash flows from noncapital financing activities				
Advances from other funds	-	-	81,500	137,758
Cash flows from capital and related financing activities				
Transfers (to) from other funds for capital acquisition	(61,000)	(5,000)	-	-
Sale of capital assets	1,526	1,638	-	-
Acquisition of capital assets	(29,789)	(29,176)	-	-
Net cash used by capital and related financing activities	(89,263)	(32,538)	-	-
Cash flows from investing activities				
Interest income	-	-	-	-
Net increase (decrease) in cash and cash equivalents	30,013	(4,086)	89,079	(373)
Balances - beginning of year	62,670	31,594	37,426	42,285
Balances - end of year	\$ 92,683	\$ 27,508	\$ 126,505	\$ 41,912

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

Operating income (loss)	21,897	(19,262)	-	-
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	85,646	60,176	-	-
Changes in assets and liabilities:				
Receivables, net	(879)	-	-	(137,758)
Inventories	-	(9,016)	3,809	-
Compensated absences	2,581	36	-	-
Accounts and other payables	10,031	(3,482)	3,770	(373)
Total adjustments	97,379	47,714	7,579	(138,131)
Net cash provided (used) by operating activities	\$ 119,276	\$ 28,452	\$ 7,579	\$ (138,131)

Noncash Transactions

Capital assets contributed to other funds	(2,066)	(8,983)	-	-
Capital assets contributed from other funds	54,102	23,187	-	-

Risk Management Reserve	Workers' Compensation Reserve	Health Insurance Reserve	Short-Term Disability Reserve	Totals
\$ (33,900)	\$ (49,028)	\$ (1,242,881)	\$ -	\$ (2,982,946)
-	-	-	(7,080)	(2,047,737)
(43,173)	(312,247)	-	-	(355,420)
-	-	-	-	(27,731,015)
-	45,773	1,297,490	17,808	5,197,217
-	-	-	-	27,592,884
42,918	2,274	-	-	62,147
<u>(34,155)</u>	<u>(313,228)</u>	<u>54,609</u>	<u>10,728</u>	<u>(264,870)</u>
-	-	-	-	219,258
-	-	-	-	(66,000)
-	-	-	-	3,164
-	-	-	-	(58,965)
-	-	-	-	(121,801)
<u>24,260</u>	<u>7,526</u>	<u>1,744</u>	<u>2,651</u>	<u>36,181</u>
(9,895)	(305,702)	56,353	13,379	(131,232)
1,095,801	516,384	50,065	115,312	1,951,537
<u>\$ 1,085,906</u>	<u>\$ 210,682</u>	<u>\$ 106,418</u>	<u>\$ 128,691</u>	<u>\$ 1,820,305</u>
<u>(34,710)</u>	<u>(75,777)</u>	<u>54,591</u>	<u>10,728</u>	<u>(42,533)</u>
-	-	-	-	145,822
-	(191)	-	-	(138,828)
-	-	-	-	(5,207)
-	-	-	-	2,617
<u>555</u>	<u>(237,260)</u>	<u>18</u>	<u>-</u>	<u>(226,741)</u>
<u>555</u>	<u>(237,451)</u>	<u>18</u>	<u>-</u>	<u>(222,337)</u>
<u>\$ (34,155)</u>	<u>\$ (313,228)</u>	<u>\$ 54,609</u>	<u>\$ 10,728</u>	<u>\$ (264,870)</u>
-	-	-	-	(11,049)
-	-	-	-	77,289

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, 2004

	MANAGEMENT SERVICES				OPERATIONS CENTER		
	Budget	Amended Budget	Actual	Variance to Amended Budget	Budget	Actual	Variance
Revenues and other sources							
Interfund contributions	\$ 2,185,967	\$ 2,335,967	\$ 2,315,097	\$ (20,870)	\$ 521,858	\$ 507,182	\$ (14,676)
Interest income	-	-	-	-	-	-	-
Other	4,000	4,000	5,971	1,971	500	2,452	1,952
Reimbursement of expenditures	3,000	3,000	12,213	9,213	-	-	-
Total revenues and other sources	<u>2,192,967</u>	<u>2,342,967</u>	<u>2,333,281</u>	<u>(9,686)</u>	<u>522,358</u>	<u>509,634</u>	<u>(12,724)</u>
Expenditures and other uses							
Personal services	1,686,840	1,836,840	1,759,789	77,051	308,130	302,406	5,724
Contractual services	292,537	292,537	310,072	(17,535)	134,024	130,717	3,307
Materials and supplies	121,640	121,640	116,582	5,058	41,850	37,732	4,118
Other	32,920	32,920	31,791	1,129	200	9,450	(9,250)
Capital outlay	10,000	10,000	38,522	(28,522)	5,000	26,531	(21,531)
Transfers to other funds	49,030	49,030	61,000	(11,970)	33,100	5,000	28,100
Contingency	5,886	5,886	-	5,886	554	-	554
Total expenditures and other uses	<u>2,198,853</u>	<u>2,348,853</u>	<u>2,317,756</u>	<u>31,097</u>	<u>522,858</u>	<u>511,836</u>	<u>11,022</u>
Revenues and other sources over (under) expenditures and other uses	(5,886)	(5,886)	15,525	21,411	(500)	(2,202)	(1,702)
Unencumbered fund balance, January 1	<u>5,886</u>	<u>5,886</u>	<u>1,846</u>	<u>(4,040)</u>	<u>500</u>	<u>6,934</u>	<u>6,434</u>
Unencumbered fund balance, December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,371</u>	<u>\$ 17,371</u>	<u>\$ -</u>	<u>\$ 4,732</u>	<u>\$ 4,732</u>

RISK MANAGEMENT

Budget	Actual	Variance
\$ -	\$ -	\$ -
30,000	24,260	(5,740)
-	42,916	42,916
-	-	-
30,000	67,176	37,176
-	-	-
2,000	-	2,000
-	-	-
151,664	77,627	74,037
-	-	-
-	-	-
-	-	-
153,664	77,627	76,037
(123,664)	(10,451)	113,213
1,001,083	1,095,302	94,219
\$ 877,419	\$ 1,084,851	\$ 207,432

WORKERS' COMPENSATION

Budget	Actual	Variance
\$ 40,769	\$ 45,773	\$ 5,004
22,000	7,527	(14,473)
-	-	-
3,000	2,273	(727)
65,769	55,573	(10,196)
-	-	-
90,000	187,172	(97,172)
-	-	-
60,069	130,288	(70,219)
-	-	-
-	-	-
-	-	-
150,069	317,460	(167,391)
(84,300)	(261,887)	(177,587)
572,320	463,083	(109,237)
\$ 488,020	\$ 201,196	\$ (286,824)

(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, 2004

	HEALTH INSURANCE RESERVE			SHORT-TERM DISABILITY RESERVE		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues and other sources						
Interfund contributions	\$ 1,510,458	\$ 1,297,490	\$ (212,968)	\$ 18,640	\$ 17,808	\$ (832)
Interest income	1,300	1,744	444	2,800	2,651	(149)
Other	-	-	-	-	-	-
Reimbursement of expenditures	-	-	-	-	-	-
Total revenues and other sources	1,511,758	1,299,234	(212,524)	21,440	20,459	(981)
Expenditures and other uses						
Personal services	-	-	-	-	7,080	(7,080)
Contractual services	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-
Other	1,498,570	1,242,899	255,671	-	-	-
Capital outlay	-	-	-	-	-	-
Transfers to other funds	-	-	-	-	-	-
Contingency	-	-	-	-	-	-
Total expenditures and other uses	1,498,570	1,242,899	255,671	-	7,080	(7,080)
Revenues and other sources over (under) expenditures and other uses	13,188	56,335	43,147	21,440	13,379	(8,061)
Unencumbered fund balance, January 1	79,042	49,925	(29,117)	117,203	115,313	(1,890)
Unencumbered fund balance, December 31	\$ 92,230	\$ 106,260	\$ 14,030	\$ 138,643	\$ 128,692	\$ (9,951)

(Concluded)

FIDUCIARY 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, 2004

	Balance January 1 2004	Additions	Deductions	Balance December 31 2004
Claims				
Assets: Cash and temporary investments	\$ 7,929	\$ 37,946,633	\$ 37,941,870	\$ 12,692
Liabilities: Accounts payable	\$ 7,929	\$ 37,946,633	\$ 37,941,870	\$ 12,692
Sales Tax				
Assets: Cash and temporary investments	\$ 5,665	\$ 140,917	\$ 143,966	\$ 2,616
Liabilities: Accounts payable	\$ 5,665	\$ 140,917	\$ 143,966	\$ 2,616
Fire Insurance Escrow				
Assets: Cash and temporary investments	\$ -	\$ 21,900	\$ -	\$ 21,900
Liabilities: Accounts payable	\$ -	\$ 21,900	\$ -	\$ 21,900
Sales Tax Refund Escrow				
Assets: Cash and temporary investments	\$ -	\$ 7,017	\$ -	\$ 7,017
Liabilities: Accounts payable	\$ -	\$ 7,017	\$ -	\$ 7,017
Totals - All Agency Funds				
Assets: Cash and temporary investments	\$ 13,594	\$ 38,116,467	\$ 38,085,836	\$ 44,225
Liabilities: Accounts payable	\$ 13,594	\$ 38,116,467	\$ 38,085,836	\$ 44,225

CITY OF WINFIELD, KANSAS

FIDUCIARY FUND - PRIVATE PURPOSE TRUST COMBINING BALANCE SHEET DECEMBER 31, 2004

	CDBG Economic Dev Loan
Assets	
Pooled cash and investments	\$ 101,294
Accounts receivable	-
	<u>101,294</u>
Liabilities	
Accounts payable	<u>\$ -</u>
Net assets	
Held in trust for State of Kansas	<u><u>\$ 101,294</u></u>

CITY OF WINFIELD, KANSAS

FIDUCIARY FUNDS- PRIVATE PURPOSE TRUST STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>CDBG Economic Dev Loan</u>
Additions	
Interest	\$ 5,191
CDBG loan payments	13,450
Other	<u>5,000</u>
Total revenues	23,641
Deductions	
CDBG loan principal payments	13,450
Bad debts	49,011
Administrative expenses	<u>10,900</u>
	<u>73,361</u>
Change in net assets	(49,720)
Net assets held in trust for State of Kansas - beginning	<u>151,014</u>
Net assets held in trust for State of Kansas - ending	<u><u>\$ 101,294</u></u>

CITY OF WINFIELD, KANSAS

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS SCHEDULE BY SOURCE DECEMBER 31, 2004

Governmental funds capital assets	2004
Land	\$ 2,064,342
Buildings	8,418,059
Improvements other than buildings	11,316,964
Machinery and equipment	6,250,616
Construction in progress	826,817
Total governmental funds capital assets	\$ 28,876,798

Investment in governmental funds capital assets by source:	
General fund	\$ 21,164,058
Special revenue funds	6,593,060
Capital projects funds	826,818
Donations	292,862
Total governmental funds capital assets	\$ 28,876,798

This schedule presents only the capital asset balances related to governmental funds, including infrastructure

CITY OF WINFIELD, KANSAS

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS SCHEDULE BY FUNCTION AND ACTIVITY DECEMBER 31, 2004

Function and Activity	Land	Buildings	Improvements Other Than Buildings	Machinery and Equipment	Construction in Progress	Total
General government:						
Attorney	\$ -	\$ -	\$ -	\$ 16,244	\$ -	\$ 16,244
Administrative/other	591,991	3,560,508	171,422	139,405	-	4,463,326
Total general government	591,991	3,560,508	171,422	155,649	-	4,479,570
Public safety:						
Police	-	205,716	-	709,030	-	914,746
Fire	-	485,411	-	1,952,838	-	2,438,249
Inspection	-	-	-	18,952	-	18,952
Total public safety	-	691,127	-	2,680,820	-	3,371,947
Highways and streets:	-	15,425	6,900,657	1,419,737	-	8,335,819
Health and welfare	-	42,514	-	-	-	446,288
Culture and recreation	1,465,956	4,045,229	4,235,182	1,452,226	-	11,198,593
Cemetery	6,395	63,255	9,703	138,410	-	217,763
Construction in progress	-	-	-	-	826,818	826,818
Total governmental funds capital assets	<u>\$ 2,064,342</u>	<u>\$ 8,375,544</u>	<u>\$ 11,316,964</u>	<u>\$ 5,846,842</u>	<u>\$ 826,818</u>	<u>\$ 28,876,798</u>

This schedule presents only the capital asset balances related to governmental funds, including infrastructure.

CITY OF WINFIELD, KANSAS

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY FOR THE YEAR ENDED DECEMBER 31, 2004

Function and Activity	Governmental Funds Capital Assets Jan 1, 2004	Additions	Deductions	Transfers	Governmental Funds Capital Assets Dec 31, 2004
General government:					
Attorney	\$ 15,788	\$ 456	\$ -	\$ -	\$ 16,244
Other	4,100,427	271,080	(3,548)	95,367	4,463,326
Total general government	4,116,215	271,536	(3,548)	95,367	4,479,570
Public safety:					
Police	839,643	82,440	(46,455)	39,119	914,747
Fire	2,242,892	111,638	(9,701)	93,420	2,438,249
Inspection	19,315	-	(363)	-	18,952
Total public safety	3,101,850	194,078	(56,519)	132,539	3,371,948
Highways and streets	8,231,024	20,389	-	84,405	8,335,818
Health and welfare	442,753	3,535	-	-	446,288
Culture and recreation	10,906,045	344,337	(65,750)	13,872	11,198,504
Cemetery	228,167	10,500	(19,610)	(1,294)	217,763
Under construction	111,611	1,042,823	-	(327,527)	826,907
Total governmental funds capital assets	<u>\$ 27,137,665</u>	<u>\$ 1,887,198</u>	<u>\$ (145,427)</u>	<u>\$ (2,638)</u>	<u>\$ 28,876,798</u>

This schedule presents only the capital asset balances related to governmental funds, including infrastructure.

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CITY OF WINFIELD, KANSAS

NONMAJOR COMPONENT UNIT - BUSINESS-TYPE COMBINING STATEMENT OF NET ASSETS DECEMBER 31, 2004

WINFIELD HOUSING AUTHORITY

Assets

Current assets

Cash and temporary investments	\$	265,013
Accounts receivable, net		15,665
Prepays and materials inventory		14,653
Total current assets		<u>295,331</u>

Capital Assets:

Land		52,776
Buildings		2,529,078
Machinery, equipment, other		148,826
Less accumulated depreciation		<u>(1,318,816)</u>
Net capital assets		<u>1,411,864</u>

Other assets

Restricted cash		30,600
Utility deposits		<u>5,637</u>
Total other assets		<u>36,237</u>

Total assets	\$	<u>1,743,432</u>
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Liabilities

Current liabilities

Accounts payable		14,013
Accrued compensated absences		<u>3,914</u>

Total liabilities		<u>17,927</u>
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Net Assets

Invested in capital assets		1,411,865
Restricted for capital projects		45,361
Unrestricted		<u>268,279</u>
Total net assets	\$	<u><u>1,725,505</u></u>

CITY OF WINFIELD, KANSAS

NONMAJOR COMPONENT UNIT - BUSINESS-TYPE COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS DECEMBER 31, 2004

WINFIELD HOUSING AUTHORITY

Operating revenues

Rental income	\$ 155,342
Other	4,027
Total operating revenues	<u>159,369</u>

Operating expenses

Services and supplies	146,177
Depreciation	<u>59,183</u>

Total operating expenses	<u>205,360</u>
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Operating loss	<u>(45,991)</u>
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Non-operating revenues (expenses)

Interest income	4,221
HUD grants	124,730
Other	<u>50</u>

Total non-operating revenues (expenses)	<u>129,001</u>
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Change in net assets	83,010
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Total net assets - beginning	<u>1,642,495</u>
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Total net assets - ending	<u><u>\$ 1,725,505</u></u>
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CITY OF WINFIELD, KANSAS

NONMAJOR COMPONENT UNIT - GOVERNMENTAL TYPE COMBINING BALANCE SHEET DECEMBER 31, 2004

WINFIELD PUBLIC LIBRARY

Assets

Cash and temporary investments	\$	67,100
Accounts receivable, net		<u>15,782</u>

Total assets	\$	<u>82,882</u>
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Liabilities

Accounts payable	\$	2,025
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Fund balance		<u>80,857</u>
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Total liabilities and fund balance	\$	<u>82,882</u>
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CITY OF WINFIELD, KANSAS

NONMAJOR COMPONENT UNIT - GOVERNMENTAL TYPE COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE FOR THE YEAR ENDED DECEMBER 31, 2004

WINFIELD PUBLIC LIBRARY

Revenues

Property taxes	\$	383,275
Intergovernmental revenue		26,364
Fines and penalties		3,617
Interest income		1,548
Charges for services and sales		9,555
Other		5,000
Total revenues		<u>429,359</u>

Expenditures

Culture and recreation:		
Personal services		235,839
Contractual services		102,382
Commodities		58,927
Capital outlay		4,145
Other		19,551
Total expenditures		<u>420,844</u>

Excess (deficiency) of revenues over (under) expenditures	8,515
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Fund balance, beginning of year	<u>72,342</u>
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Fund balance, end of year	<u><u>\$ 80,857</u></u>
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Statistical Section

CITY OF WINFIELD, KANSAS

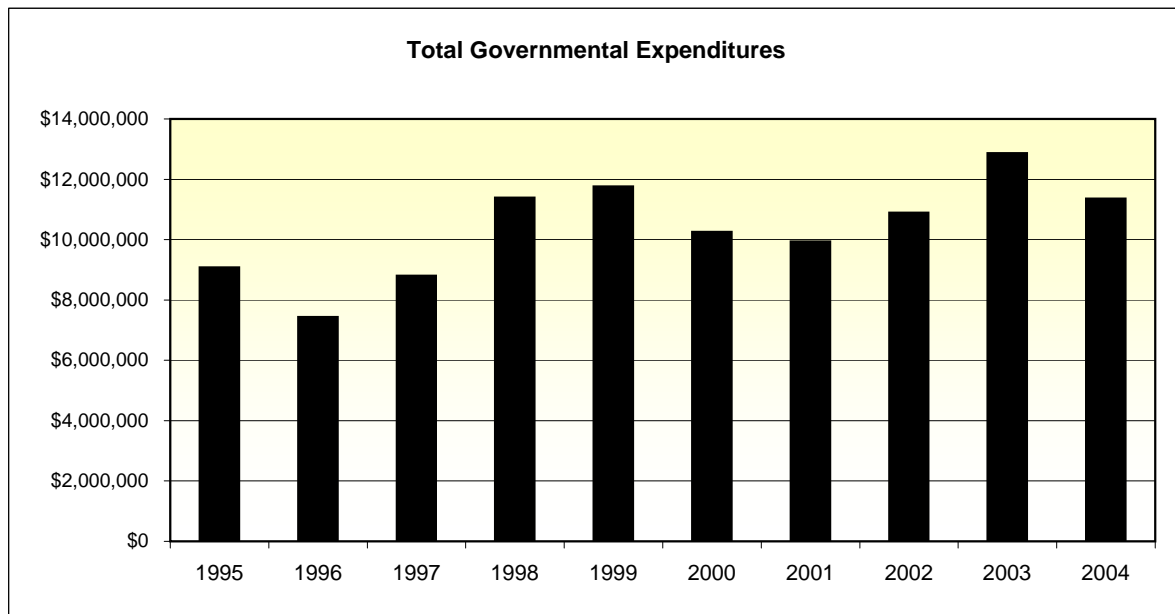
GENERAL GOVERNMENT EXPENDITURES BY FUNCTION [1] LAST TEN FISCAL YEARS

Fiscal Year	General Government	Public Safety	Public Works	Culture and Recreation	Debt Service	Employee Benefits	Capital Outlay	Economic Development	Health and welfare	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
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
2004	1,190,730	4,097,597	2,091,819	1,530,375	1,672,233	***	220,272	498,892	62,135	11,364,053

*** 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



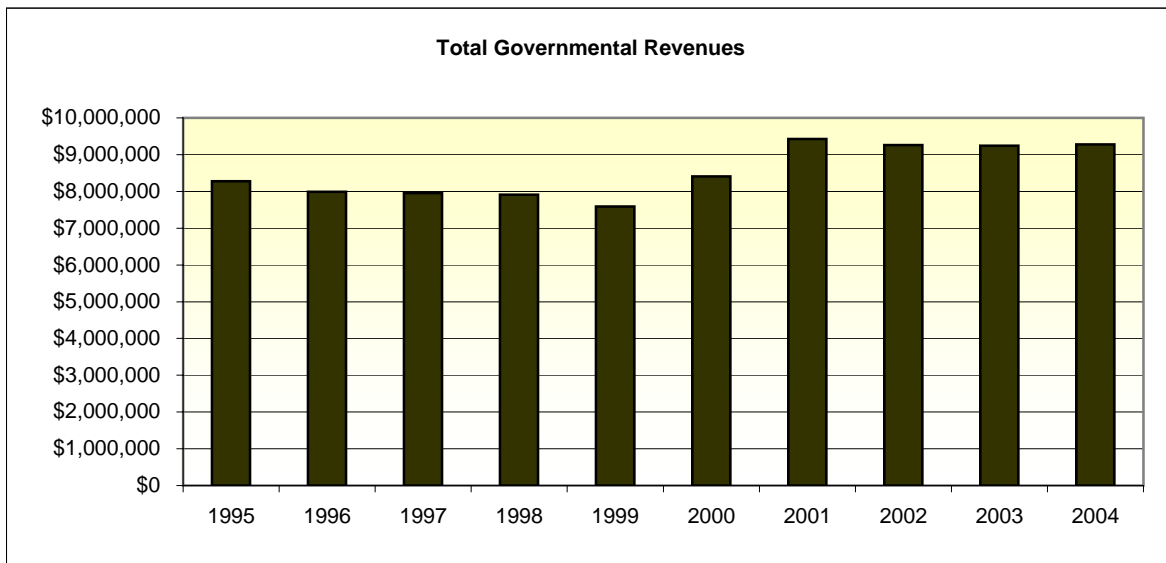
CITY OF WINFIELD, KANSAS

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

Fiscal Year	Taxes (including special assess- ments)	Inter- Govern- mental	Licenses and Permits	Fines and Forfeitures	Charges for Services	Utilities in lieu of Taxes	Other	Total
	\$	\$	\$	\$	\$	\$	\$	\$
1995	4,252,283	1,601,159	9,355	116,708	585,064	1,108,321	602,699	8,275,589
1996	4,252,376	1,189,769	8,149	110,927	630,955	1,193,786	607,637	7,993,599
1997	4,405,705	974,029	9,168	98,419	622,996	1,147,357	694,910	7,952,584
1998	4,486,725	763,297	7,400	108,117	752,821	1,144,009	647,613	7,909,982
1999	4,308,058	954,021	17,965	126,425	818,023	898,019	464,368	7,586,879
2000	4,583,041	1,237,512	7,044	116,286	805,250	953,541	703,968	8,406,642
2001	4,754,300	1,670,131	7,128	158,944	896,255	1,194,195	740,806	9,421,759
2002	4,725,344	1,313,125	8,345	166,004	955,399	1,302,919	785,408	9,256,544
2003	4,665,223	1,358,166	28,279	158,459	1,021,526	1,560,510	451,547	9,243,710
2004	5,022,462	1,125,975	26,451	159,399	1,139,145	1,566,880	235,605	9,275,917

Source: Audited City financial records

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



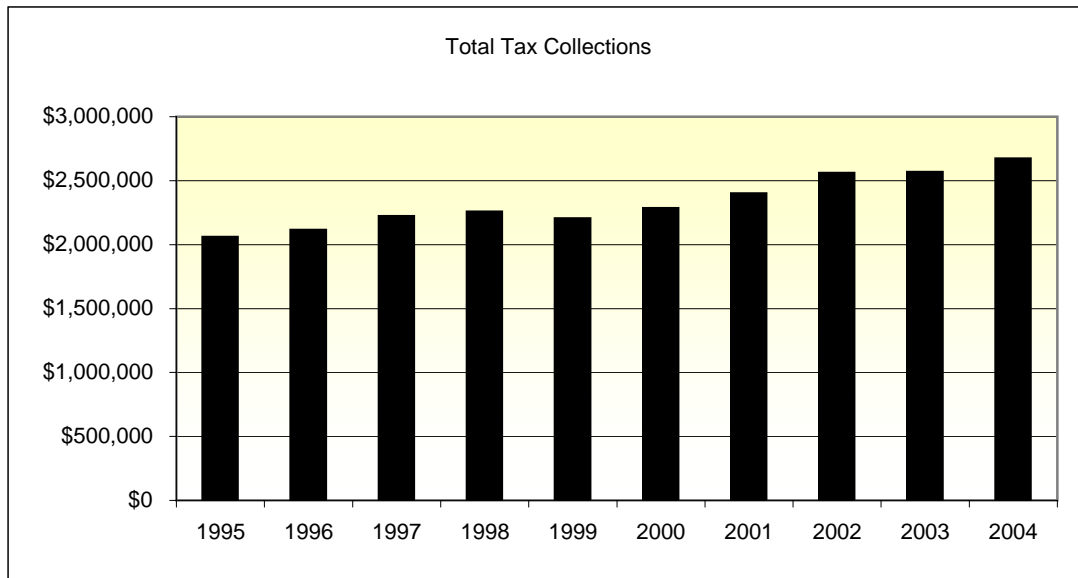
CITY OF WINFIELD, KANSAS

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>
	\$	\$		\$	\$	
1995	2,053,196	2,018,272	98.30%	41,758	2,060,030	100.33%
1996	2,120,850	2,086,491	98.38%	27,698	2,114,189	99.69%
1997	2,235,427	2,202,057	98.51%	18,895	2,220,952	99.35%
1998	2,295,262	2,265,247	98.69%	(8,228)	2,257,019	98.33%
1999	2,191,077	2,152,149	98.22%	51,489	2,203,638	100.57%
2000	2,401,650	2,266,870	94.39%	17,941	2,284,811	95.14%
2001	2,530,011	2,343,414	92.62%	57,082	2,400,496	94.88%
2002	2,543,972	2,524,432	99.23%	35,273	2,559,705	100.62%
2003	2,857,163	2,537,557	88.81%	30,174	2,567,731	89.87%
2004	2,925,990	2,584,062	88.31%	87,855	2,671,917	91.32%

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

Source: Audited City financial records



CITY OF WINFIELD, KANSAS

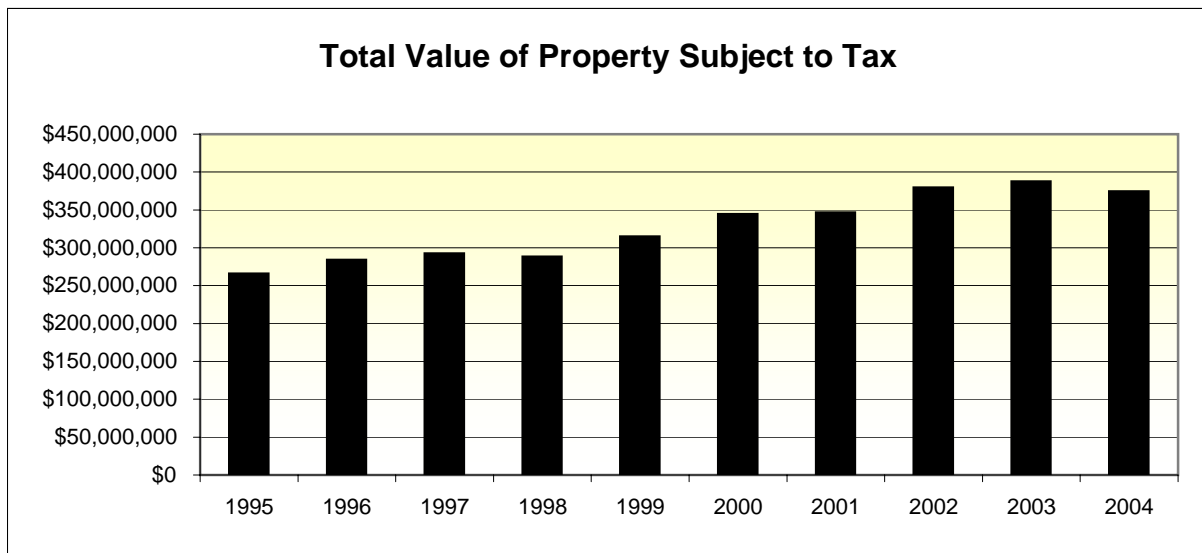
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY LAST TEN FISCAL YEARS

Fiscal Year	Real Property [1]		Personal Property [2]		Total Assessed	Total Estimated	Ratio of Assessed To Actual
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Value	Actual Value	
	\$	\$	\$	\$	\$	\$	
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%
2004	48,639,513	335,616,550	9,336,459	38,736,995	57,975,972	374,353,545	15.49%

[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

Tax Year*	City of Winfield	USD 465	State	Community College	Area Voc. Technical School	Cowley County	Total
1995	47.796	65.749	1.500	19.313	2.370	24.923	161.651
1996	47.671	66.341	1.500	19.226	2.525	25.204	162.467
1997	48.242	64.046	1.500	18.968	2.473	26.192	161.421
1998	47.938	54.925	1.500	19.804	2.054	27.026	153.247
1999	48.434	53.251	1.500	20.648	2.114	28.293	154.240
2000	46.772	54.257	1.500	19.967	-	30.793	153.289
2001	47.308	54.451	1.500	16.936	-	32.270	152.465
2002	47.175	53.487	1.500	17.627	-	32.073	151.862
2003	47.281	56.358	1.500	17.561	-	32.491	155.191
2004	47.107	55.957	1.500	17.423	-	34.797	156.784

* "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 TEN PRINCIPAL PROPERTY TAX TAXPAYERS 2004

<u>Taxpayer</u>	<u>Product or Service</u>	<u>Assessed Valuation[1]</u>	<u>Percentage of Total Assessed Value</u>
Newell-Rubbermaid	Plastics Manufacturer	\$ 6,477,725	10.695%
General Electric Engine	Engine Repair	1,513,595	2.499%
Winfield Economic Dev Inc.	Economic Development, Leasing	1,136,281	1.876%
Southwestern Bell	Telephone Utility	926,194	1.529%
Dillons	Grocery Store	684,650	1.130%
Galaxy Tool Corporation	Molds Manufacturer	508,083	0.839%
Union Pacific	Railrod	434,672	0.718%
The State Bank	Banking Institution	416,293	0.687%
Wal-Mart	Discount Retail	378,950	0.626%
Quail Ridge Medical Arts	Medical clinic	359,300	0.593%
		Total	<u>21.193%</u>

[1] Includes valuation within City of Winfield only.

Source: C Cowley County Appraiser's Office

CITY OF WINFIELD, KANSAS

SPECIAL ASSESSMENTS BILLINGS AND COLLECTIONS LAST TEN FISCAL YEARS

Fiscal Year	Current Assessments Due	Assessments Collected	Percent Collected
	\$	\$	
1995	165,379	232,769	[1] 140.749%
1996	235,706	227,002	96.307%
1997	224,522	175,563	[2] 78.194%
1998	286,694	172,580	[2] 60.197%
1999	274,958	166,004	[2] 60.374%
2000	285,438	206,195	[2] 72.238%
2001	254,800	191,641	[2] 75.212%
2002	241,902	169,549	[2] 70.090%
2003	165,303	147,444	89.196%
2004	173,576	165,447	95.317%

[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, 2004

Assessed Valuation for Bonded Debt	\$ 72,396,427
Current Debt Limit (30% of Assessed Valuation; K.S.A. 10-308)	21,718,928
Existing G.O. Bonded Debt, subject to legal debt margin [2]	9,205,000
Less: Assets in Debt Service Funds	265,197
Total Amount Applicable to Debt Limit	8,939,803
Legal Debt Margin	12,779,125
Existing Percentage of Debt Limit	41.16%

- (1) Includes real property, personal property, state assessed utilities, and motor vehicle valuations.
(2) Includes \$270,000 1998-B sales tax general obligation bonds payable. 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 [1]	Assessed Value [2]	Gross General Obligation Bonded Debt [3]	Less Special Assessments Portion [4]	Less Debt to be Paid by Other Funds [5]	Less Debt Service Fund Available	Net Bonded Debt	Net Bonded Debt Per Capita	Ratio Net Bonded Debt to Assessed Valuation
		\$	\$	\$	\$	\$	\$		
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%
2004	12,016	72,396,427	8,935,000	362,141	520,807	265,197	7,786,855	648	10.76%

[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 \$270,000 1998-B Sales Tax General Obligation Bond City intent is to pay with sales tax revenue. Also does not include \$13,047,123 KDHE loan balances. 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 Paid [1]</u>	<u>Interest Paid [1]</u>	<u>Total Debt Service</u>	<u>General Expenditures [2]</u>	<u>Ratio of Debt Service to General Expenditures</u>
	\$	\$	\$	\$	
1995	464,497	106,632	571,129	9,074,969	6.29%
1996	467,802	84,642	552,444	7,438,637	7.43%
1997	488,512	199,344	687,856	8,802,803	7.81%
1998	519,731	167,996	687,727	11,387,682	6.04%
1999	579,978	217,919	797,897	11,761,246	6.78%
2000	614,978	333,594	948,572	10,257,245	9.25%
2001	600,485	343,299	943,784	9,941,938	9.49%
2002	435,578	327,074	762,652	10,888,725	7.00%
2003	630,679	365,699	996,378	12,868,847	7.74%
2004	657,053	372,493	1,029,546	11,364,053	9.06%

[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, 2004

<u>Governmental Unit</u>	<u>Net Debt Outstanding (1)</u>	<u>Percent Applicable to City</u>	<u>City Share of Debt</u>
Overlapping Debt:			
Unified School District #465	\$ 24,960,000	64%	\$ 15,974,400
Cowley County College [1]	6,935,000	30%	2,080,500
Cowley County	160,000	30%	<u>48,000</u>
Overlapping Debt			18,102,900
Direct Debt:			
City of Winfield [2]	7,786,855	100%	<u>7,786,855</u>
Total			<u><u>\$ 25,889,755</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

REVENUE BOND COVERAGE UTILITY FUNDS LAST TEN FISCAL YEARS

ELECTRIC FUND

Year	Gross Revenues [1]	Operating Expenses [2]	Net Revenue Available for Debt Service	Debt Service Requirements [3]			Debt Service Coverage
				Principal	Interest	Total	
	\$	\$	\$	\$	\$	\$	
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
2004	18,103,573	15,883,849	2,219,724	981,409	107,482	1,088,891	2.04

WATER UTILITY FUND

Year	Gross Revenues [1]	Operating Expenses [2]	Net Revenue Available for Debt Service	Debt Service Requirements [3]			Debt Service Coverage
				Principal	Interest	Total	
	\$	\$	\$	\$	\$	\$	
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
2004	1,827,775	1,417,524	410,251	79,853	92,946	172,799	2.37

[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, KDHE loans, and Certificates of participation.

Source: Audited City financial statements.

CITY OF WINFIELD, KANSAS

REVENUE BOND COVERAGE WASTEWATER FUND LAST TEN FISCAL YEARS

WASTEWATER FUND

Year	Gross Revenues [1]	Operating Expenses [2]	Net Revenue Available for Debt Service	Debt Service Requirements [3]			Debt Service Coverage
				Principal	Interest	Total	
	\$	\$	\$	\$	\$	\$	
1995	792,844	679,232	113,612	54,435	16,386	70,821	1.60
1996	951,411	583,347	368,064	56,838	9,498	66,336	5.55
1997	1,217,008	533,203	683,805	71,637	9,537	81,174	8.42
1998	1,267,118	636,481	630,637	62,365	106,908	169,273	3.73
1999	1,283,214	684,360	598,854	286,541	172,080	458,621	1.31
2000	1,388,831	806,588	582,243	284,947	211,947	496,894	1.17
2001	1,443,937	752,821	691,116	289,381	240,094	529,475	1.31
2002	1,474,287	836,742	637,545	298,892	211,589	510,481	1.25
2003	1,535,358	900,699	634,659	308,715	201,659	510,374	1.24
2004	1,562,101	916,720	645,381	318,861	194,868	513,729	1.26

[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

DEMOGRAPHIC STATISTICS LAST TEN FISCAL YEARS

<u>Year</u>	<u>Population</u>	<u>Per Capita Income [1]</u>	<u>School Enrollment [2]</u>	<u>Unemployment Rate[3]</u>
1995	11,731	17,502	2,609	5.4%
1996	11,743	18,359	2,662	4.8%
1997	12,090	19,124	2,823	4.8%
1998	11,804	20,054	2,684	5.9%
1999	11,947	20,666	2,622	3.7%
2000	12,206	22,258	2,642	4.8%
2001	12,158	22,258	2,814	3.9%
2002	12,214	22,258	2,790	7.0%
2003	12,016	22,258	2,514	6.3%
2004	12,016	23,524	2,470	5.6%

Sources:

Population - From Table 9.

[1] 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

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

[3] Unemployment Rate - U.S. Bureau of Labor Statistics, at Texas A&M
Annual average for all of Cowley County.

CITY OF WINFIELD

BUILDING PERMITS AND CONSTRUCTION VALUE LAST TEN FISCAL YEARS

Fiscal Year	Building Permits	
	Number	Valuation (in thousands)
1994	166	\$ 5,988
1995	148	8,158
1996	121	7,955
1997	82	13,814
1998	108	7,900
1999	119	8,822
2000	126	10,432
2001	153	10,188
2002	185	14,530
2003	182	7,891
2004	207	27,579

Source: City records

CITY OF WINFIELD, KANSAS
SCHEDULE OF INSURANCE COVERAGES
December 31, 2004

Insurance Company	Policy Period From To	Type	Coverage	Premium	Coverage Amount	Aggregate	Deductible
Employers Reinsurance Corp.	6/25/2004 6/25/2005	Workers' Compensation	All City Employees Employers' liability limit	\$53,887.00	\$ Statutory	\$ 545,415 1,000,000	350,000
Employers Mututal	4/1/2004 4/1/2005	Property-Replacement Cost	Building/contents, 90% coins. Lights, 90% coins. Golf course (bus. income), 50% coins.	\$104,342.00 \$911.00 \$994.00	39,523,811 403,245 200,000		1,000 1,000 1,000
Employers Mututal	4/1/2004 4/1/2005	Auto liability - all City rolling stock	Extra exp, per location Liability and U.M. Specified perils Comprehensive Collision Garage keeper's liability Hired/borrowed vehicles Endorsements	\$3,828.00 \$44,705.00 \$2,307.00 \$12,368.00 \$21,357.00 \$71.00 \$245.00 \$5,977.00	250,000 500,000		100 250 500 250 100/500
Federal Ins. Co - Chubb	9/22/2004 9/22/2005	Boiler and machinery	Blanket	\$47,273.00	20,000,000		varies
Employers Mututal	4/1/2004 4/1/2005	General liability	Each occurrence limit Products completed	\$57,362.00	500,000 500,000	1,000,000 1,000,000	500
Employers Mutual	4/1/2004 4/1/2005	Employee benefits	Benefits	\$450.00	500,000	500,000	1,000
U.S. Risk Underwriters, Inc.	9/22/2004 9/22/2005	Public officials liability	Each wrongful act- Winfield Housing Auth.	\$2,938.32	1,000,000	1,000,000	5,000
Employers Mutual	4/1/2004 4/1/2005	Public officials liability	Linebacker-law enforcement	\$11,869.00	1,000,000	1,000,000	3,000
Great American Alliance Ins.	10/26/2004 10/26/2005		Underground storage tanks	\$472.00	500,000	1,000,000	10,000
Employers Mutual	11/1/2004 continuous	Public officials bond	City treasurer	\$300.00	100,000		
Farmers Alliance Mutual Ins.	9/19/2004 4/1/2005	Public officials bond	All city employees	\$795.00	500,000	100,000	
American Reliable Ins. Co.	4/17/2004 4/17/2005	Flood	Grandstands	\$3,101.00	500,000		4,000
Employers Mutual	4/1/2004 4/1/2005	Contractors equip Property Property Floater	Contractors equipment Telephone system Golf Cars, Mowers	\$10,770.00 \$611.00 \$1,981.00	1,889,516 94,000 165,120		1,000 500/5,000 1,000
Employers Mutual	4/1/2004 4/1/2005	General liability Auto liability Linebacker	Rural Fire Dist #7	\$250.00 \$97.00 \$1,856.00	500,000 500,000 1,000,000	500,000 500,000 1,000,000	- - 1,500

Source: City records

CITY OF WINFIELD, KANSAS
ADDITIONAL INFORMATION REQUIRED
BY BOND COVENANTS
FOR THE YEAR ENDED DECEMBER 31, 2004

Golf Course - Customers Served

	<u>Number of customers served</u>	
	<u>12-31-04</u>	<u>12-31-03</u>
Green fees	25,712	26,377
Cart fees - club	13,072	13,043
Cart fees - private	8,073	6,385

Source: (City records

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Compliance Section

**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)

N. DEAN BRADBURY
(1936-2005)

PARTNERS

LOREN L. PONTIOUS, C.P.A.

MAURICE P. ROBERTS, C.P.A.

AARON R. IVERSON, C.P.A.

STAFF ACCOUNTANTS

LEROY D. CAMMERER

EMILI D. MOORE

TAMMY R. SPENCER

**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, 2004, which collectively comprise the City of Winfield, Kansas' basic financial statements and have issued our report thereon dated April 26, 2005. 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
April 26, 2005

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

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& CO.**

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1002 Main Street
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, 2004. 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, 2004.

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
April 26, 2005

CITY OF WINFIELD, KANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2004

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Program Amount	Federal Expenditures
Federal Emergency Management Agency			
Passed Through State of Kansas, Adjutant General Kansas Division of Emergency Management Public Assistance Grants-Disaster #1402	83.544	4,485,182	304,121
Office of Domestic Preparedness			
Assistance to Firefighters Grant Program EMW-2003-FG-06028	97.044	60,930	52,150
Assistance to Firefighters Grant Program EMW-2004-FG-11303	97.044	42,273	3,766
U.S. Department of Housing and Urban Development			
Passed Through Kansas Department of Commerce and Housing Small Cities Community Development Block Grant Emergency Shelter Grant S-00-DC 20-0001 2002-27	14.231	5,953	3,184
Emergency Shelter Grant S-01-DC 20-0001 2003-28	14.231	8,211	2,519
U.S. Department of Transportation			
Passed Through State of Kansas, Adjutant General Kansas Division Hazardous Materials Emergency Preparedness Training and Planning Grant	20.703	924	924
Passed Through State of Kansas, Dept of Transportation Safety Incentive Grant for Use of Seatbelts	20.604	6,000	4,001
Environmental Protection Agency			
Passed through the Kansas Department of Health and Environment, Kansas Public Water Supply Loan Fund Project #2233	66.468	5,640,000	4,796,956
Office of Justice Programs, Bureau of Justice Assistance, Department of Justice			
2004 Bulletproof Vest Grant Partnership Program	16.607	2,376	1,903
Office of Justice Programs, Bureau of Justice Assistance, Department of Justice			
Passed Through Kansas Criminal Justice Coordinating Council Byrne Formula Grant 05-BYRNE-07	16.579	11,963	11,963
Total expenditures of federal awards			<u>\$ 5,181,487</u>

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, 2004:

	CFDA Number	Original Balance	Amount Outstanding
Environmental Protection Agency, passed through the Kansas Department of Health and Environment, Kansas Water Pollution Control Revolving Fund Loan Project C20 1271 01	66.458	\$ 7,525,091	\$ 5,737,754
Environmental Protection Agency, passed through the Kansas Department of Health and Environment, Kansas Public Water Supply Fund KPWSLF Project C20 1281	66.468	2,330,986	2,174,187
Environmental Protection Agency, passed through the Kansas Department of Health and Environment, Kansas Public Water Supply Fund Project #2233	66.468	-	5,135,181

CITY OF WINFIELD, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED DECEMBER 31, 2004

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:

Federal Emergency Management Agency	CFDA No.
Emergency Management Public Assistance Grants	83.544
 Environmental Protection Agency	
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