

CITY OF WINFIELD, KANSAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005

CITY COMMISSION AND MAYOR

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

CITY MANAGER

Warren Porter

CITY CLERK/DIRECTOR OF FINANCE

Diane Rosecrans

CITY TREASURER/FINANCE OFFICER

Anne Jarrett

CITY OF WINFIELD, KANSAS

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July 28, 2006

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, 2005, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City and its component units. All disclosures necessary to enable the reader to gain an understanding of the city's financial activities have been included.

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

Kansas statutes require an annual audit of all funds of the City by independent certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements for the fiscal year ended December 31, 2005 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 11,886 has an incorporated area of 12.35 square miles. Winfield is located in south central Kansas, approximately 35 miles southeast of Wichita, Kansas. Winfield serves as the county seat for Cowley County, population 36,427. 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 legal level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is at an individual fund level, but is internally 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-21 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

Encouraging signs of economic recovery continued to be visible in 2005. Sales tax collections remained steady from the prior year. The City issued twenty-five single-family home permits and a total of \$16 million of new construction permits in 2005.

The local school district, UDS 465, undertook renovation and/or additions to four grade schools in 2005. Also, construction of a new junior high school facility and high school renovations began in 2005. All these projects were part of a voter-approved bond construction initiative.

Cowley County voters approved bonds for a new jail facility in 2005, construction to begin in mid-2006.

Major Initiatives

The City completed \$6 million in upgrades to the water treatment plant in 2005, the end of a three year project. The upgrades were done to comply with EPA and KDHE guidelines. Ozone disinfection was installed. The completed project received the 2005 Public Works Project of the Year by the APWA Kansas Chapter, as well as the 2004 Kansas Contractors Association Recognition of Excellence. This project was funded through a twenty-year KDHE loan

The City purchased and financed fifty-five acres of land for a new industrial park. The original Winfield Industrial Park sold its last available lot in 2005.

Phase III of the Andrews/Bliss drainage and street improvement project was designed and bid in 2005, to be completed in 3arly 2006.

The City continued its electric system rebuild in 2005, part of a four to five year project stemming from ice storm damage in 2002. The Department of Homeland Security/FEMA has reimbursed the City 75% of those costs. Completion of that project is scheduled to be August 2006. At the end of 2005, approximately \$3 million had been expended to date for reconstruction, of which FEMA grants had reimbursed the City \$2.25 million.

The City's Capital Improvements Program (CIP), funded by one-half of local sales tax revenues and contributory transfers from other funds, provides for planned construction projects and improvements to City facilities and infrastructure. CIP also contributes toward debt payments for completed improvements, currently, the K-360 bypass route completed in 1996, the aquatic center completed in 1998, and improvements to the City flood levee, completed in 1999. In 2005, the CIP fund also financed several improvements to city properties and streets/sidewalks.

The City of Winfield continues to take the lead in the development and operation of the Kansas Power Pool, a collection of Kansas cities formed to pursue a consistent and reliable source of power for their citizens at the lowest possible price. By working together, through the combination of member city resource and load, KPP can collectively utilize and dispatch generation and power purchase contracts to leverage and benefit each member system.

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 2005, 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 2005, 2006, and 2007 rates are .91, .80, and .65, 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 \$195 thousand at December 31, 2005. 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, 2004. 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.

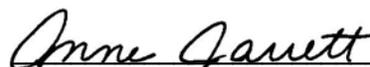
Respectfully submitted,



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, 2004

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.



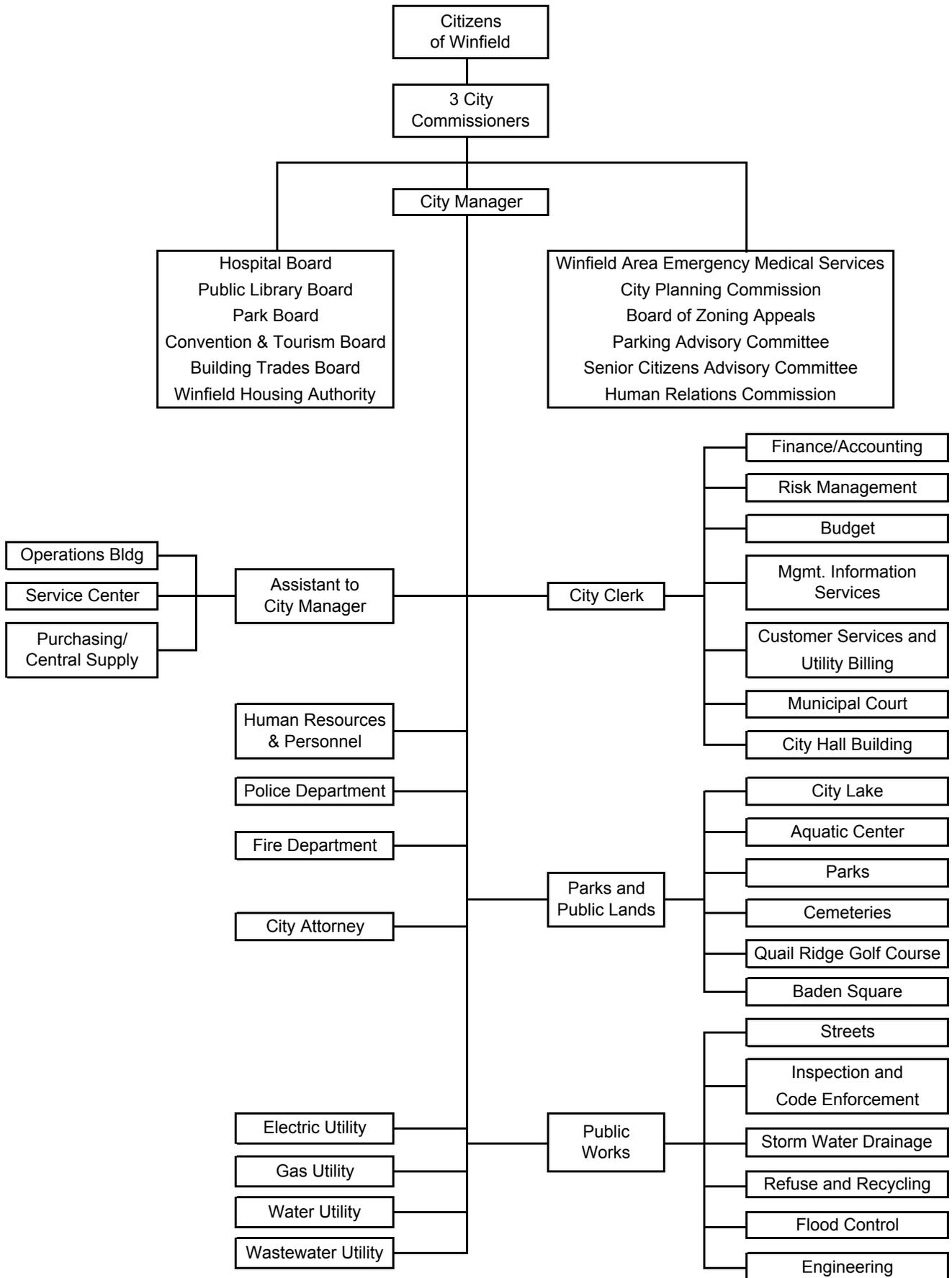
Carla E. Perry

President

Jeffrey R. Ennis

Executive Director

CITY OF WINFIELD, KANSAS ORGANIZATIONAL CHART



CITY OF WINFIELD, KANSAS

LIST OF PRINCIPAL OFFICIALS

DECEMBER 31, 2005

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

TAMMY R. SPENCER

MELISSA J. SCHOOLEY

BRADY A. DUTTON

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

April 27, 2006

INDEPENDENT AUDITORS' REPORT

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, 2005, 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 86 percent and 20 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, 2005, 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 27, 2006, 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 27, 2006

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, 2005. 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 2005

- The City's total net assets remained at a stable level during the fiscal year ending 2005.
- The cost of governmental activity was \$9.7 million. The amount of that paid by taxpayers through either property taxes or sales taxes was \$4.7 million, or 48 percent
- The general fund, on a current financial resource basis, reported \$126 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 \$282,081, or 5.8 percent of the total general fund expenditures (including transfers out). Total fund balance represents 4.1 percent of that same amount of expenditures
- The City's total debt decreased by \$1.2 million during the current fiscal year. The net reduction included \$1.6 million of new debt and \$2.8 million in debt principal payments and refundings.

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-13 through A-15 of this report.

Fund Financial Statements

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

- *Governmental funds* 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-17 and A-20. Primary differences are the impact of accounting for capital assets and their long-term financing. The basis fund financial statements can be found on pages A-16 through A-33 of this report.

The City of Winfield maintained 26 individual governmental funds in 2005. 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 23 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-21 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-8 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 page A-32 through A-33 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, 2005
(with comparative totals for December 31, 2004)
(in thousands of dollars)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2005	2004	2005	2004	2005	2004
Cash and investments	\$ 4,947	\$ 5,017	\$ 6,327	\$ 7,911	\$ 11,274	\$ 12,928
Other assets	4,286	4,223	5,851	4,857	10,137	9,080
Capital assets	23,110	23,533	51,932	51,401	75,042	74,934
Total assets	<u>32,343</u>	<u>32,773</u>	<u>64,110</u>	<u>64,169</u>	<u>96,453</u>	<u>96,942</u>
Long-term liabilities	9,524	9,695	15,035	15,150	24,559	24,845
Other liabilities	6,191	5,911	4,267	3,915	10,458	9,826
Total liabilities	<u>15,715</u>	<u>15,606</u>	<u>19,302</u>	<u>19,065</u>	<u>35,017</u>	<u>34,671</u>
Net assets:						
Capital assets, net of debt	12,278	13,224	36,087	34,933	48,365	48,157
Restricted	2,489	2,837	202	306	2,691	3,143
Unrestricted	1,861	1,106	8,518	9,865	10,379	10,971
Total net assets	<u>\$ 16,628</u>	<u>\$ 17,167</u>	<u>\$ 44,807</u>	<u>\$ 45,104</u>	<u>\$ 61,435</u>	<u>\$ 62,271</u>

The City's net assets decreased \$792 thousand during the fiscal year ending 2005. 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 (4 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 (19 percent), available to meet the city's ongoing obligations to citizens and creditors.

Governmental activities - The governmental activities portion of unrestricted net assets totals \$2.4 million, or 15 percent of total governmental activities net assets. Capital assets, net of related debt, comprise 70 percent of total governmental activities net assets.

Business-type activities – The business-type activities portion of unrestricted net assets total \$8.8 million, or 19.5 percent of total business-type activities net assets. Capital assets, net of related debt, comprise 80 percent of the total, and the remaining 0.5 percent are restricted net assets.

Table 2, below, summarizes total City revenues and expenses for the fiscal year ending December 31, 2005.

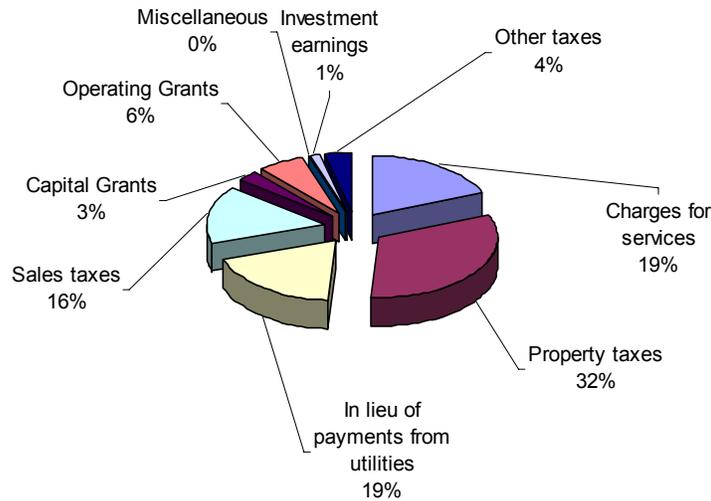
Table 2

**City of Winfield, Kansas
Changes in Net Assets
As of December 31, 2005
(with comparative totals for December 31, 2004)
(in thousands of dollars)**

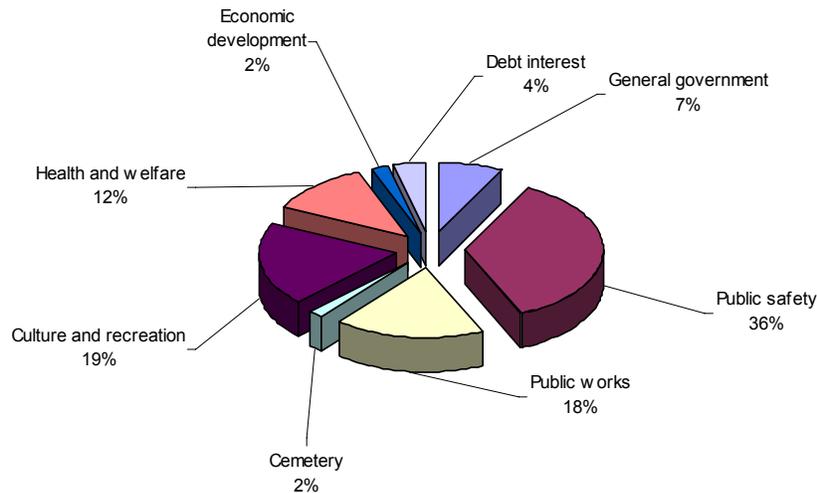
	Governmental Activities		Business-type Activities		Total Primary Government	
	2005	2004	2005	2004	2005	2004
Revenues						
Program revenues:						
Charges for services	\$ 1,821	\$ 1,795	\$ 31,715	\$ 27,908	\$ 33,536	\$ 29,703
Operating grants and contributions	620	453	-	-	620	453
Capital grants and contributions	275	423	645	525	920	948
General revenues:						
Property taxes	3,105	3,127	-	-	3,105	3,127
Sales taxes	1,514	1,542	-	-	1,514	1,542
Franchise fees	222	188	-	-	222	188
Other taxes	132	127	-	-	132	127
In lieu of payments from utilities	1,816	1,567	-	-	1,816	1,567
Miscellaneous income	(19)	130	62	-	43	130
Investment interest	115	85	245	170	360	255
Total revenues	9,601	9,437	32,667	28,603	42,268	38,040
Expenses						
General government	715	1,113	-	-	715	1,113
Public safety	3,477	3,386	-	-	3,477	3,386
Public works	1,713	1,555	-	-	1,713	1,555
Cemetery	156	143	-	-	156	143
Culture and recreation	1,874	1,658	-	-	1,874	1,658
Health and welfare	1,182	881	-	-	1,182	881
Economic development	200	163	-	-	200	163
Interest on debt	370	456	-	-	370	456
Electric	-	-	20,902	17,397	20,902	17,397
Gas	-	-	7,014	5,086	7,014	5,086
Water	-	-	2,020	1,709	2,020	1,709
Refuse	-	-	1,184	1,104	1,184	1,104
Wastewater	-	-	1,785	1,716	1,785	1,716
Golf course	-	-	637	657	637	657
Total expenses	9,687	9,355	33,542	27,669	43,229	37,024
Excess before transfers	(86)	82	(875)	934	(961)	1,016
Prior year adjustments	(41)	-	168	-	127	-
Transfers	(411)	(77)	411	77	-	-
Increase (decrease) in net assets	\$ (538)	\$ 5	\$ (296)	\$ 1,011	\$ (834)	\$ 1,016

Governmental activities - As indicated above, governmental activities net assets decreased \$497 thousand during 2005. Key elements include an increase of \$249 thousand in 'in lieu of tax' payments from utilities and an \$150 thousand increase in debt balance due to a general obligation bond refunding. In offset, governmental expenditures increased \$332 thousand in 2005. Enterprise infrastructure improvements financed with governmental revenues account for the majority of the net transfers.

Sources of Revenue - Governmental Activities



Functional Expenses - Governmental Activities

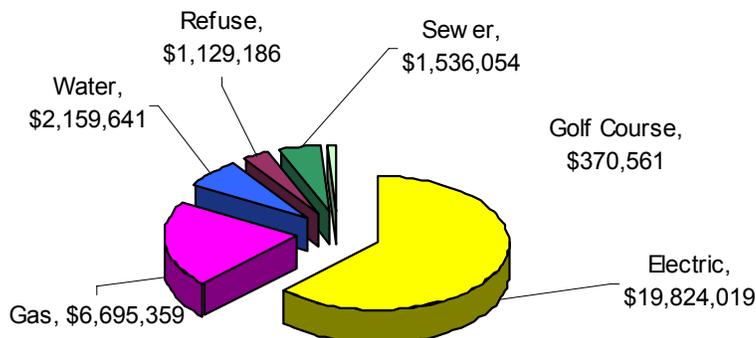


Revenues for the governmental activities are derived from several major sources, as the Sources of Revenue Chart above shows. \$3.1 million, or 32 percent of the City's 2005 revenue, came from property taxes. 'Other taxes' includes alcohol beverage, franchise, and transient guest taxes. The City charges 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.

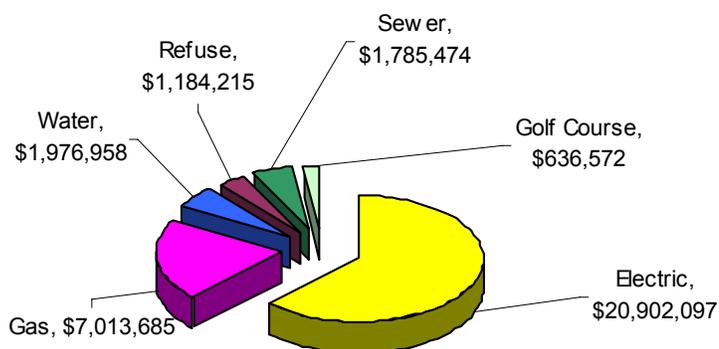
Public safety expense represents the largest governmental expense, \$3.5 million, or 36 percent of the City's total governmental expenses of \$9.7 million.

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

Program Revenues - Business Type Activities



Program Expenditures - Business Type Activities



Highlights in the business-type activities area include:

- For business-type activities, overall expenditures increased \$5.8 million, however, overall revenues increased only \$4.0 million.
- The electric utility expended \$415 thousand of capital grant dollars in 2005, part of a multi-year reconstruction project of the electric distribution system damaged in a 2002 ice storm.
- 95% of a \$6.2 million water treatment plant construction project occurred in 2005, and the City began using ozone as part of the water treatment process. 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 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 \$266 thousand in 2005. 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 2005, golf course debt principal and interest payments amounted to \$356 thousand, and \$439 thousand cash was transferred from the electric fund to the golf course fund.
- Refuse rates increased in January and July 2005, and are scheduled to increase in four increments during the period January 2006 to July 2007. The increased rates are 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, 2005, the City's governmental funds reported a combined ending fund balance of \$3.1 million, a decrease of \$771 thousand in comparison with the prior year. Approximately 65% of this total amount, \$2 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 \$771 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 2005, the general fund balance had decreased \$145 thousand. Excluding transfers to and from the general fund, overall general fund expenditures increased 2.8 percent, while revenues increased only 2.5 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 only 1.8 percent in 2005.
- Sales tax collections exceeded projected revenues by 3.0 percent. The City attributes the increase to both the changes in the state sales tax laws, shifting from source to destination-based taxation rules, and a positive shift in the local economy.
- In 2005, total 'in lieu of' franchise fees from the other utilities increased 16 percent, \$249 thousand, over the prior year, primarily due to the increase in gas and electric utilities' revenues, which resulted from the increase in energy costs.

Capital Improvements Funds - Included in the governmental funds are the capital projects funds. Major capital projects in 2005 included:

- Beginning of phase II of the Andrews/Bliss Streets asphalt and stormwater drainage improvements
- Development and infrastructure improvements on industrial park development
- Various city building improvements
- Replacement of the Island Park pedestrian bridge
- Sidewalk and other infrastructure improvements related to ADA compliance
- Phase IV of the Fire Station renovation

Debt Service Fund - The debt service fund had a total fund balance of \$78 thousand at year end, down \$188 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 in 2005 totaled 98.6 percent of the original 2005 budget, and actual 2005 expenditures totaled 97 percent of the original 2005 budget. Revenue highlights are discussed above under 'General Fund'. Other than a 2.5 percent COLA, overall 2005 expenditures were comparable to prior years. The City's unencumbered fund balance in the general fund at December 31, 2005 was \$59,049, equivalent to 0.9% of the 2005 general fund expenditures.

Capital Assets

At the end of 2005, the City had \$75 million invested, net of depreciation, in a broad range of capital assets used in both governmental and business-type activities, summarized below:

Table 3

City of Winfield, Kansas						
Assets, Net of Depreciation						
As of December 31, 2005						
(with comparative totals for December 31, 2004)						
(in thousands of dollars)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2005	2004	2005	2004	2004	2004
Land	\$ 1,990	\$ 2,068	\$ 827	\$ 821	\$ 2,817	\$ 2,889
Infrastructure/ other improvements	11,156	10,866	30,628	29,394	41,784	40,260
Construction	186	827	29	5,231	215	6,058
Buildings and improvements	7,238	7,423	7,663	7,240	14,901	14,663
Equipment	2,540	2,348	12,784	8,715	15,324	11,063
Total	23,110	23,532	51,931	51,401	75,041	74,933

Government-wide capital assets, net of depreciation, decreased slightly, 1.8 percent during 2005. In the governmental activities, construction in progress decreased more than \$600 thousand by the end of 2005 because of completion of the Fairways infrastructure projects. In business-type activities, construction of the new water treatment plant was complete in 2005, and the \$5 million of construction in progress costs from 2004 was reclassified to infrastructure, buildings, and equipment. The City capitalized approximately \$1.5 million of electric distribution infrastructure in 2005. Other major capital projects are summarized in earlier paragraphs. Additional information regarding the City of Winfield's capital assets can be found in note 7, page A-45 of this report.

Long-term Debt

At the end of 2005, the City had total long-term debt of \$27.1 million. Of this debt, \$23.9 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 \$16.0 million of that \$23.9 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 \$21.8 million, which is significantly higher than the general obligation outstanding debt of \$10.5 million.

Below is a summary of long-term debt:

City of Winfield, Kansas						
Long-term Debt, net of Deferred Costs						
As of December 31, 2005						
(with comparative totals for December 31, 2004)						
(in thousands of dollars)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2005	2004	2005	2004	2005	2004
General obligation bonds	\$ 9,235	\$ 8,897	\$ -	\$ -	\$ 9,235	\$ 8,897
Sales tax revenue bonds	485	860	-	-	485	860
Temporary notes	755	1,195	-	-	755	1,195
Certificate of participation	333	405	2,437	2,650	2,770	3,055
KDHE utility loans	-	-	13,397	13,047	13,397	13,047
Capital leases	282	334	10	771	292	1,105
Debt to other governments	234	266	-	-	234	266
Total	\$ 11,324	\$ 11,957	\$ 15,844	\$ 16,468	\$ 27,168	\$ 28,425

During 2005, the City paid off \$1.2 million in temporary notes to finance two benefit district projects, through the issuance of general obligation debt and a \$755 thousand temporary note. General obligation bonds amounting to \$885 thousand were issued in 2005 for infrastructure improvements, to be repaid through special assessments. The City borrowed \$763 thousand from the State of Kansas for water treatment plant improvements. The City also issued \$2.13 million in general obligation refunding debt, advance refunding \$1.98 million in general obligation debt.

Additional information on the city's long-term debt can be found in Note 10, pages A-47 through A-52 of this report.

Economic Factors and Next Year's Budgets and Rates

Encouraging signs of economic recovery continued to be visible in 2005. Building permits remained at an elevated level over prior years. The following factors were considered in preparing the City's budget for the 2006 fiscal year:

- The State of Kansas has continued its elimination of demand transfers to cities through 2005 and 2006.
- Spurring economic development and maintaining infrastructure and essential services are all factors considered in preparing the City's budget for 2007 and revising the 2006 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.

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CITY OF WINFIELD, KANSAS

STATEMENT OF NET ASSETS DECEMBER 31, 2005

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Pooled cash and investments	\$ 4,867,958	\$ 6,125,400	\$ 10,993,358	\$ 385,218
Receivables:				
Taxes	3,091,143	-	3,091,143	-
Special assessments	352,916	-	352,916	-
Accounts	168,258	4,283,432	4,451,690	1,297
Investment in land held for resale	-	-	-	-
Due from other governmental agencies	408,895	-	408,895	52,228
Due from primary government	-	-	-	-
Due from component units	122,206	-	122,206	-
Inventories and prepaids	63,378	1,510,613	1,573,991	26,676
Deferred costs	79,812	-	79,812	-
Cash and investments, restricted	79,000	202,003	281,003	-
Capital assets, not being depreciated	2,175,360	856,354	3,031,714	52,776
Capital assets, net of accumulated depreciation	20,934,548	51,075,138	72,009,686	2,016,624
Investment in joint venture	-	57,396	57,396	-
Total assets	<u>32,343,474</u>	<u>64,110,336</u>	<u>96,453,810</u>	<u>2,534,819</u>
Liabilities				
Accounts payable	1,088,381	3,024,482	4,112,863	22,191
Accrued interest payable	58,499	206,952	265,451	-
Long-term liabilities				
Due within one year	2,015,918	1,029,191	3,045,109	-
Due in more than one year	9,308,280	14,814,829	24,123,109	-
Due within one year to primary government	-	-	-	10,454
Due in more than one year to primary government	-	-	-	62,723
Accrued compensated absences	214,486	219,928	434,414	3,769
Unearned revenues	3,030,229	7,290	3,037,519	-
Total liabilities	<u>15,715,793</u>	<u>19,302,672</u>	<u>35,018,465</u>	<u>99,137</u>
Net Assets				
Invested in capital assets, net of related debt	12,278,113	36,087,472	48,365,585	1,996,223
Restricted for:				
Capital projects	760,983	-	760,983	81,736
Special revenue - nongrant	1,642,502	-	1,642,502	-
Debt service	79,000	202,003	281,003	-
Endowment - nonexpendable	6,000	-	6,000	-
Unrestricted net assets	<u>1,861,083</u>	<u>8,518,189</u>	<u>10,379,272</u>	<u>357,723</u>
Total net assets	<u>\$ 16,627,681</u>	<u>\$ 44,807,664</u>	<u>\$ 61,435,345</u>	<u>\$ 2,435,682</u>

See accompanying notes to financial statements

CITY OF WINFIELD, KANSAS

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2005

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 715,264	\$ 360,003	\$ 512	\$ -
Public safety	3,477,184	172,080	38,898	274,757
Public works/stormwater	1,712,656	158,272	580,107	-
Cemetery	156,388	50,338	-	-
Culture and recreation	1,874,254	385,571	-	-
Health and welfare	1,182,021	694,747	-	-
Economic development	200,051	-	-	-
Interest on debt	369,833	-	-	-
Total governmental activities	9,687,651	1,821,011	619,517	274,757
Business-type activities:				
Electric	20,902,097	19,824,019	-	564,301
Gas	7,013,685	6,695,359	-	25,688
Water	2,020,116	2,159,641	-	29,735
Refuse	1,184,215	1,129,186	-	25,000
Wastewater	1,785,474	1,536,054	-	-
Golf course	636,572	370,561	-	-
Total business-type activities	33,542,159	31,714,820	-	644,724
Total primary government	\$ 43,229,810	\$ 33,535,831	\$ 619,517	\$ 919,481
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
Debt balance increase from advance bond refdg
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
\$ (354,749)	\$ -	\$ (354,749)	\$ -
(2,991,449)	-	(2,991,449)	-
(974,277)	-	(974,277)	-
(106,050)	-	(106,050)	-
(1,488,683)	-	(1,488,683)	-
(487,274)	-	(487,274)	-
(200,051)	-	(200,051)	-
(369,833)	-	(369,833)	-
<u>(6,972,366)</u>	<u>-</u>	<u>(6,972,366)</u>	<u>-</u>
-	(513,777)	(513,777)	-
-	(292,638)	(292,638)	-
-	169,260	169,260	-
-	(30,029)	(30,029)	-
-	(249,420)	(249,420)	-
-	(266,011)	(266,011)	-
<u>-</u>	<u>(1,182,615)</u>	<u>(1,182,615)</u>	<u>-</u>
<u>(6,972,366)</u>	<u>(1,182,615)</u>	<u>(8,154,981)</u>	<u>-</u>
-	-	-	(377,534)
-	-	-	57,440
<u>-</u>	<u>-</u>	<u>-</u>	<u>(320,094)</u>
3,105,420	-	3,105,420	-
1,514,594	-	1,514,594	-
115,247	245,094	360,341	5,465
69,917	-	69,917	-
221,656	-	221,656	-
61,906	-	61,906	-
131,114	61,868	192,982	-
-	-	-	380,717
1,815,685	-	1,815,685	-
(150,000)	-	(150,000)	-
(410,948)	410,948	-	-
<u>6,474,591</u>	<u>717,910</u>	<u>7,192,501</u>	<u>386,182</u>
<u>(497,775)</u>	<u>(464,705)</u>	<u>(962,480)</u>	<u>66,088</u>
17,166,895	45,103,981	62,270,876	2,369,594
(41,439)	168,388	126,949	-
<u>17,125,456</u>	<u>45,272,369</u>	<u>62,397,825</u>	<u>2,369,594</u>
<u>\$ 16,627,681</u>	<u>\$ 44,807,664</u>	<u>\$ 61,435,345</u>	<u>\$ 2,435,682</u>

CITY OF WINFIELD, KANSAS

GOVERNMENTAL FUNDS BALANCE SHEET DECEMBER 31, 2005

	General Fund	Debt Service Fund	Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Pooled cash and investments	\$ 204,924	\$ 21,583	\$ 500,951	\$ 3,045,718	\$ 3,773,176
Receivables:					
Taxes	1,907,274	705,392	-	478,477	3,091,143
Special assessments	8,402	344,514	-	-	352,916
Accounts	39,695	-	-	25,483	65,178
Due from other governmental agencies	-	-	-	37,537	37,537
Restricted cash and investments	-	79,000	-	-	79,000
Advances to other funds	20,265	-	-	-	20,265
Total assets	<u>\$ 2,180,560</u>	<u>\$ 1,150,489</u>	<u>\$ 500,951</u>	<u>\$ 3,587,215</u>	<u>\$ 7,419,215</u>
Liabilities					
Accounts and wages payable	\$ 145,876	\$ 23,018	\$ -	\$ 855,674	\$ 1,024,568
Deferred revenue	1,752,603	1,049,906	-	478,477	3,280,986
Total liabilities	<u>1,898,479</u>	<u>1,072,924</u>	<u>-</u>	<u>1,334,151</u>	<u>4,305,554</u>
Fund Balances					
Reserved for:					
Encumbrances	-	-	41,300	253,946	295,246
Capital outlay	-	-	459,651	231,163	690,814
Advances to other funds	20,265	-	-	-	20,265
Debt service	-	77,565	-	-	77,565
Unreserved:					
Designated for subsequent year expenditures-special revenue funds	261,816	-	-	1,475,437	1,737,253
Undesignated, reported in special revenue funds	-	-	-	286,518	286,518
Undesignated, reported in permanent fund	-	-	-	6,000	6,000
Total fund balances	<u>282,081</u>	<u>77,565</u>	<u>500,951</u>	<u>2,253,064</u>	<u>3,113,661</u>
Total liabilities and fund balances	<u>\$ 2,180,560</u>	<u>\$ 1,150,489</u>	<u>\$ 500,951</u>	<u>\$ 3,587,215</u>	<u>\$ 7,419,215</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, 2005

Total fund balances - Total governmental funds \$ 3,113,661

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	\$	1,986,496	
Construction in progress		185,614	
Buildings, net of \$1,828,011 accumulated depreciation		6,557,242	
Improvements other than buildings, net of \$3,444,802 accumulated depreciation		11,161,137	
Machinery and equipment, net of \$4,152,389 accumulated depreciation		<u>2,273,305</u>	
Total capital assets			22,163,794

STORMWATER DRAINAGE

The stormwater drainage 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

255,773

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.

79,812

DEFERRED GAIN ON REFUNDING OF GENERAL OBLIGATION BONDS

The gain realized on the advance refunding of \$2,540,000 general obligation bonds in 2005 are deferred in the statement of net assets. The deferred gain is amortized over the life of the new debt.

(102,159)

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, 2005 are:

Deferred special assessments		352,916	
Other long-term receivables		74,538	
Contractual receivables from other governmental agencies		<u>493,564</u>	
Total long-term receivables			921,018

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.

1,748,000

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, 2005 are:

Accrued interest payable		(58,499)	
Compensated absences		(169,521)	
Payable to other governmental agencies		(233,605)	
Certificates of participation payable		(333,063)	
General obligation and sales tax revenue debt payable		(9,720,000)	
Temporary note payable		(755,000)	
Capital leases payable		<u>(282,530)</u>	

Total net assets of governmental activities \$ 16,627,681

See accompanying notes to financial statements

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CITY OF WINFIELD, KANSAS

GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED DECEMBER 31, 2005

	General Fund	Debt Service Fund	Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 1,892,492	\$ 697,505	\$ -	\$ 515,423	\$ 3,105,420
Sales taxes	1,514,594	-	-	-	1,514,594
Special assessments	-	108,304	-	-	108,304
In lieu of taxes payments	1,815,684	-	-	-	1,815,684
Franchise taxes	221,656	-	-	-	221,656
Intergovernmental revenue	275,108	130,982	-	657,121	1,063,211
Licenses and permits	23,816	-	-	-	23,816
Fines and penalties	152,098	-	-	-	152,098
Interest income	15,129	14,133	15,271	64,479	109,012
Use of property	103,183	-	-	-	103,183
Charges for services and sales	472,057	-	-	618,590	1,090,647
Other	73,704	28,223	113,083	39,022	254,032
Total revenues	<u>6,559,521</u>	<u>979,147</u>	<u>128,354</u>	<u>1,894,635</u>	<u>9,561,657</u>
Expenditures					
Current operations:					
General government	\$ 606,649	\$ 24,872	\$ -	\$ 80,606	\$ 712,127
Public safety	3,484,479	-	-	119,154	3,603,633
Public works	-	-	80,883	890,995	971,878
Cemetery	141,763	-	-	978	142,741
Culture and recreation	1,239,637	-	-	431,248	1,670,885
Health and welfare	62,874	-	-	1,069,796	1,132,670
Economic development	6,129	-	-	200,051	206,180
Debt service:					
Debt principal payments	-	1,110,000	78,484	1,246,241	2,434,725
Debt interest payments	-	387,238	9,914	55,523	452,675
Capital outlay	-	-	361,322	339,968	701,290
Total expenditures	<u>5,541,531</u>	<u>1,522,110</u>	<u>530,603</u>	<u>4,434,560</u>	<u>12,028,804</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,017,990</u>	<u>(542,963)</u>	<u>(402,249)</u>	<u>(2,539,925)</u>	<u>(2,467,147)</u>
Other financing sources (uses):					
Transfers in	35,700	425,332	810,019	751,091	2,022,142
Transfers out	(1,225,841)	(70,000)	(432,873)	(114,683)	(1,843,397)
Issuance of temporary notes	-	-	-	755,000	755,000
Issuance of general obligation bonds	-	2,130,000	-	885,000	3,015,000
Refunding bond proceeds to escrow agent	-	(2,130,000)	-	-	(2,130,000)
Sale of property	46,212	-	-	883	47,095
Total other financing sources (uses)	<u>(1,143,929)</u>	<u>355,332</u>	<u>377,146</u>	<u>2,277,291</u>	<u>1,865,840</u>
Net change in fund balances	(125,939)	(187,631)	(25,103)	(262,634)	(601,307)
Fund balances, beginning of year	427,191	265,196	526,054	2,666,033	3,884,474
Prior period adjustment	(19,171)	-	-	(150,335)	(169,506)
Fund balances, beginning of year, restated	<u>408,020</u>	<u>265,196</u>	<u>526,054</u>	<u>2,515,698</u>	<u>3,714,968</u>
Fund balances, end of year	<u>\$ 282,081</u>	<u>\$ 77,565</u>	<u>\$ 500,951</u>	<u>\$ 2,253,064</u>	<u>\$ 3,113,661</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, 2005

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	\$	(601,307)
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Amounts reported for governmental activities in the statement of activities are different because:

Land held for resale:

Basis in land held for resale		(13,026)
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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	586,815	
Depreciation	(1,043,559)	
Net loss on retirement of governmental capital assets	<u>(43,938)</u>	
Net capital asset transactions		(500,682)

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		183,129
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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	1,110,000	
Temporary note payments	1,195,000	
Capital lease principal payments	129,726	
Long term contractual payments	32,233	
Temporary note proceeds	(755,000)	
General obligation bond issuance proceeds, net of refunding debt balance	(1,035,000)	

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		100,627
Compensated absences		(13,235)
Interest payable		86,675
Amortization of debt issuance costs		(3,833)
Deferred revenues		(239,286)

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

		<u>(173,796)</u>
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Change in net assets of governmental activities	\$	(497,775)
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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, 2005

	Budget	Actual	Variance
Revenues and other sources:			
Taxes:			
Property	\$ 1,923,227	\$ 1,892,492	\$ (30,735)
Sales	1,500,000	1,520,038	20,038
Franchise	228,000	221,420	(6,580)
Licenses and permits	28,600	23,816	(4,784)
Intergovernmental	288,059	280,131	(7,928)
Rentals, charges for services and sales	687,800	658,018	(29,782)
Fines and penalties	160,400	152,098	(8,302)
Interest earnings	20,000	15,129	(4,871)
Payments in lieu of taxes - utilities	1,836,000	1,815,685	(20,315)
Transfers from other funds	35,000	35,700	700
Cancellation of prior year encumbrances	-	-	-
Total revenues and other sources	6,707,086	6,614,527	(92,559)
Expenditures and other uses:			
General government:			
Legal	55,393	53,296	2,097
Administrative	955,473	901,858	53,615
Cemetery maintenance	141,029	141,763	(734)
Public safety:			
Police department	1,810,308	1,804,637	5,671
Fire department	1,551,640	1,495,378	56,262
Building inspection	123,061	115,189	7,872
Parking	30,497	24,078	6,419
Culture and recreation:			
City lake	254,903	255,106	(203)
Park maintenance	599,596	610,988	(11,392)
Baden Square	178,756	173,879	4,877
Aquatic facility	169,659	161,798	7,861
Operating transfers out:	1,042,400	978,219	64,181
Total expenditures and other uses	6,912,715	6,716,189	196,526
Revenues and other sources over (under) expenditures and other uses	(205,629)	(101,662)	103,967
Unencumbered fund balance, Jan 1	240,629	160,711	(79,918)
Unencumbered fund balance, Dec 31	\$ 35,000	\$ 59,049	\$ 24,049

See accompanying notes to financial statements

CITY OF WINFIELD, KANSAS

PROPRIETARY FUNDS STATEMENT OF NET ASSETS DECEMBER 31, 2005

Assets	Enterprise Funds		
	Electric Utility Fund	Gas Utility Fund	Water Utility Fund
Current assets			
Pooled cash and investments	\$ 3,291,970	\$ 704,294	\$ 795,894
Restricted assets: cash and temporary investments	-	-	-
Utility billing receivables, net	759,420	821,905	43,158
Accounts receivable, net	159,477	43,017	12,161
Inventories and other assets	1,061,998	103,098	99,179
Total current assets	5,272,865	1,672,314	950,392
Noncurrent assets			
Restricted assets - cash and investments	-	-	-
Capital assets			
Land	382,309	6,300	8,801
Buildings and improvements	3,330,531	-	1,228,536
Improvements other than buildings	22,538,028	6,732,519	9,247,290
Construction in progress	28,550	-	-
Machinery, equipment, other	16,670,578	927,759	5,170,124
Less accumulated depreciation	(22,483,125)	(3,325,876)	(3,596,375)
Net capital assets	20,466,871	4,340,702	12,058,376
Other assets			
Sales tax deposit	-	-	-
Advances to internal service funds	1,549,111	536,104	157,210
Investment in joint venture	-	-	-
Unamortized loss on refunding	-	-	-
Unamortized issuance costs	8,603	-	15,512
Total other assets	1,557,714	536,104	172,722
Total noncurrent assets	22,024,585	4,876,806	12,231,098
Total Assets	27,297,450	6,549,120	13,181,490

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
\$ 330,987	\$ 6,845	\$ 351,447	\$ 5,481,437	\$ 1,738,745
-	-	126	126	-
50,009	-	38,153	1,712,645	2,318,572
628	9,246	9,216	233,745	47,012
28,590	-	-	1,292,865	126,755
<u>410,214</u>	<u>16,091</u>	<u>398,942</u>	<u>8,720,818</u>	<u>4,231,084</u>
-	201,877	-	201,877	-
23,355	399,949	3,503	824,217	6,500
5,943,240	514,636	78,599	11,095,542	1,829,526
9,755,246	2,346,358	2,581,945	53,201,386	78,780
337	-	-	28,887	-
2,139,663	390,651	1,136,112	26,434,887	1,641,444
<u>(5,829,190)</u>	<u>(2,010,377)</u>	<u>(1,000,617)</u>	<u>(38,245,560)</u>	<u>(1,664,027)</u>
<u>12,032,651</u>	<u>1,641,217</u>	<u>2,799,542</u>	<u>53,339,359</u>	<u>1,892,223</u>
-	-	-	-	6,000
59,373	-	66,508	2,368,306	-
-	-	57,396	57,396	-
-	94,359	-	94,359	-
-	29,896	-	54,011	-
<u>59,373</u>	<u>124,255</u>	<u>123,904</u>	<u>2,574,072</u>	<u>6,000</u>
<u>12,092,024</u>	<u>1,967,349</u>	<u>2,923,446</u>	<u>56,115,308</u>	<u>1,898,223</u>
<u>12,502,238</u>	<u>1,983,440</u>	<u>3,322,388</u>	<u>64,836,126</u>	<u>6,129,307</u>

(Continued)

CITY OF WINFIELD, KANSAS

PROPRIETARY FUNDS STATEMENT OF NET ASSETS DECEMBER 31, 2005

	Enterprise Funds		
	Electric Utility Fund	Gas Utility Fund	Water Utility Fund
Liabilities			
Current liabilities			
Accounts payable	\$ 1,231,233	\$ 1,441,459	\$ 171,472
Accrued interest payable	4,019	-	129,075
Current portion of long-term debt	79,903	-	299,096
Payable from restricted assets	-	-	-
Total current liabilities	1,315,155	1,441,459	599,643
Noncurrent liabilities			
State of Kansas KDHE loans payable	-	-	7,689,573
Capital leases/certificates payable	435,617	-	-
Payable from restricted assets	-	-	-
Deferred gain on refunding bonds	7,290	-	-
Accrued compensated absences	80,077	30,994	28,369
Advances from other funds	-	-	-
Total noncurrent liabilities	522,984	30,994	7,717,942
Total liabilities	1,838,139	1,472,453	8,317,585
Net Assets			
Invested in capital assets	-	4,340,702	-
Invested in capital assets, net of related debt	19,951,351	-	4,069,707
Restricted by debt covenants	-	-	-
Unrestricted	5,507,960	735,965	794,198
Total net assets	\$ 25,459,311	\$ 5,076,667	\$ 4,863,905

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
\$ 20,809	\$ 6,034	\$ 36,842	\$ 2,907,849	\$ 180,445
58,771	14,971	116	206,952	-
340,165	300,027	9,874	1,029,065	-
-	-	126	126	-
<u>419,745</u>	<u>321,032</u>	<u>46,958</u>	<u>4,143,992</u>	<u>180,445</u>
5,068,249	-	-	12,757,822	-
-	1,419,513	-	1,855,130	-
-	201,877	-	201,877	-
-	-	-	7,290	-
14,460	5,506	15,557	174,963	89,930
-	-	-	-	2,388,572
<u>5,082,709</u>	<u>1,626,896</u>	<u>15,557</u>	<u>14,997,082</u>	<u>2,478,502</u>
<u>5,502,454</u>	<u>1,947,928</u>	<u>62,515</u>	<u>19,141,074</u>	<u>2,658,947</u>
-	-	2,353,979	6,694,681	1,892,227
6,624,237	(280,200)	435,563	30,800,658	-
-	201,877	126	202,003	-
<u>375,547</u>	<u>113,835</u>	<u>470,205</u>	<u>7,997,710</u>	<u>1,578,133</u>
<u>\$ 6,999,784</u>	<u>\$ 35,512</u>	<u>\$ 3,259,873</u>	<u>45,695,052</u>	<u>\$ 3,470,360</u>

Adjustment to consolidate certain internal service fund activities 1,722,362
Reclassification of stormwater drainage fund to governmental activities (2,609,752)
Total net assets per the government-wide Statement of Net Assets \$ 44,807,662

(Concluded)

CITY OF WINFIELD, KANSAS

PROPRIETARY FUNDS STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2005

	Enterprise Funds		
	Electric Utility Fund	Gas Utility Fund	Water Utility Fund
Operating revenues			
Charges for services and sales	\$ 18,921,963	\$ 6,674,191	\$ 2,127,175
Other	902,056	21,167	32,466
Total operating revenues	<u>19,824,019</u>	<u>6,695,358</u>	<u>2,159,641</u>
Operating expenses			
Services and supplies	18,043,185	6,513,727	1,593,100
Payments in lieu of franchise fees	1,350,013	350,781	114,891
Depreciation	1,486,235	149,177	223,978
Total operating expenses	<u>20,879,433</u>	<u>7,013,685</u>	<u>1,931,969</u>
Operating income (loss)	<u>(1,055,414)</u>	<u>(318,327)</u>	<u>227,672</u>
Non-operating revenues (expenses)			
Interest income	156,413	31,001	17,823
Loss on joint venture	-	-	-
Interest expense	(22,664)	-	(88,147)
Other	(52,300)	-	(1,703)
Total non-operating revenues (expenses)	<u>81,449</u>	<u>31,001</u>	<u>(72,027)</u>
Income (loss) before contributions and transfers	<u>(973,965)</u>	<u>(287,326)</u>	<u>155,645</u>
Capital contributions and operating transfers:			
Capital contributions	564,301	25,688	29,735
Transfers in - cash	-	-	-
Transfers out - cash	(454,500)	(6,000)	(14,593)
Transfers in - capital assets	10,354	1,088	74,081
Transfers out - capital assets	-	-	-
Change in net assets	<u>(853,810)</u>	<u>(266,550)</u>	<u>244,868</u>
Total net assets - beginning	26,202,504	5,304,724	4,607,815
Prior period adjustment	110,617	38,493	11,222
Restated total net assets - beginning	<u>26,313,121</u>	<u>5,343,217</u>	<u>4,619,037</u>
Total net assets - ending	<u>\$ 25,459,311</u>	<u>\$ 5,076,667</u>	<u>\$ 4,863,905</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
\$ 1,527,181	\$ 369,997	\$ 1,259,813	\$ 30,880,320	\$ 2,983,529
8,873	564	20,618	985,744	1,746,274
<u>1,536,054</u>	<u>370,561</u>	<u>1,280,431</u>	<u>31,866,064</u>	<u>4,729,803</u>
986,283	406,973	1,079,953	28,623,221	4,442,417
-	-	-	1,815,685	-
618,381	162,424	151,741	2,791,936	139,427
<u>1,604,664</u>	<u>569,397</u>	<u>1,231,694</u>	<u>33,230,842</u>	<u>4,581,844</u>
<u>(68,610)</u>	<u>(198,836)</u>	<u>48,737</u>	<u>(1,364,778)</u>	<u>147,959</u>
8,426	4,845	11,618	230,126	42,405
-	-	(3,703)	(3,703)	-
(180,810)	(67,175)	(709)	(359,505)	-
(76)	(18,259)	12,188	(60,150)	(5,996)
<u>(172,460)</u>	<u>(80,589)</u>	<u>19,394</u>	<u>(193,232)</u>	<u>36,409</u>
<u>(241,070)</u>	<u>(279,425)</u>	<u>68,131</u>	<u>(1,558,010)</u>	<u>184,368</u>
-	-	25,000	644,724	-
70,000	439,500	-	509,500	-
-	-	(95,000)	(570,093)	(118,150)
277,461	-	25,000	387,984	254,498
(11,443)	-	-	(11,443)	-
<u>94,948</u>	<u>160,075</u>	<u>23,131</u>	<u>(597,338)</u>	<u>320,716</u>
6,900,716	(124,563)	3,232,646	46,123,842	3,149,644
4,120	-	4,096	168,548	-
<u>6,904,836</u>	<u>(124,563)</u>	<u>3,236,742</u>	<u>46,292,390</u>	<u>3,149,644</u>
<u>\$ 6,999,784</u>	<u>\$ 35,512</u>	<u>\$ 3,259,873</u>	<u>\$ 45,695,052</u>	<u>\$ 3,470,360</u>
Adjustment to consolidate certain internal service fund activities			1,575,439	
Reclassification of stormwater drainage fund to governmental			(2,609,752)	
Total net assets per the government-wide Statement of Net Assets			<u>\$ 44,660,739</u>	

CITY OF WINFIELD, KANSAS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2005

	Enterprise Funds		
	Electric Utility Fund	Gas Utility Fund	Water Utility Fund
Cash flows from operating activities			
Payments to suppliers	\$ (16,474,734)	\$ (4,882,997)	\$ (776,003)
Payments to employees	(1,908,097)	(689,998)	(670,529)
Payments of claims	-	-	-
Internal activity-receipts to other funds	(1,350,013)	(350,781)	(114,891)
Internal activity-receipts from other funds	-	-	-
Receipts from customers	18,606,530	5,946,662	2,081,813
Other receipts (expenses)	607,817	21,159	31,400
Net cash provided by operating activities	<u>(518,497)</u>	<u>44,045</u>	<u>551,790</u>
Cash flows from noncapital financing activities			
Advances from (to) other funds	701,123	12,522	(4,474)
Operating subsidies and transfers from (to) other funds	(454,500)	(6,000)	(14,593)
Net cash used by noncapital financing activities	<u>246,623</u>	<u>6,522</u>	<u>(19,067)</u>
Cash flows from capital and related financing activities			
Debt payments - principal	-	-	(83,209)
Debt payments - interest	-	-	(89,590)
Issuance of debt	-	-	762,509
Transfers (to) from other funds for debt payments	-	-	-
Transfers (to) from other funds for capital acquisition	-	-	-
Capital lease and cert of part payments - principal	(811,506)	-	-
Capital lease and cert of part payments - interest	(50,630)	-	-
Sale of assets	-	-	-
Capital contributions	148,279	26,516	34,913
Capital grant proceeds	-	-	-
Acquisition of capital assets	(1,033,662)	(67,050)	(877,686)
Net cash used by capital and related financing activities	<u>(1,747,519)</u>	<u>(40,534)</u>	<u>(253,063)</u>
Cash flows from investing activities			
Installment sale payments - principal	-	-	-
Interest income	155,096	31,001	17,823
Net cash provided from investing activities	<u>155,096</u>	<u>31,001</u>	<u>17,823</u>
Net increase (decrease) in cash and cash equivalents	(1,864,297)	41,034	297,483
Balances - beginning of the year (includes \$209,048 in restricted accounts)	<u>5,156,267</u>	<u>663,260</u>	<u>498,411</u>
Balances - end of the year (includes \$200,910 in restricted accounts)	<u>\$ 3,291,970</u>	<u>\$ 704,294</u>	<u>\$ 795,894</u>

Enterprise Funds				
Wastewater Utility Fund	Quail Ridge Golf Course Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ (499,268)	\$ (334,949)	\$ (631,628)	\$ (23,599,579)	\$ (3,011,773)
(499,973)	(78,740)	(458,873)	(4,306,210)	(2,099,144)
-	-	-	-	(245,412)
-	-	-	(1,815,685)	(29,310,333)
-	-	-	-	5,140,816
1,503,837	366,854	1,239,636	29,745,332	28,997,332
9,400	606	11,652	682,034	276,419
<u>513,996</u>	<u>(46,229)</u>	<u>160,787</u>	<u>705,892</u>	<u>(252,095)</u>
(2,973)	-	(8,083)	698,115	317,909
-	439,500	(95,000)	(130,593)	-
<u>(2,973)</u>	<u>439,500</u>	<u>(103,083)</u>	<u>567,522</u>	<u>317,909</u>
(329,341)	-	-	(412,550)	-
(184,388)	-	-	(273,978)	-
-	-	-	762,509	-
70,000	-	-	70,000	-
-	-	-	-	(118,150)
-	(301,616)	(10,000)	(1,123,122)	-
-	(62,948)	(825)	(114,403)	-
-	-	13,580	13,580	-
-	-	-	209,708	-
-	-	18,750	18,750	-
<u>(88,543)</u>	<u>(35,769)</u>	<u>(245,001)</u>	<u>(2,347,711)</u>	<u>(71,629)</u>
<u>(532,272)</u>	<u>(400,333)</u>	<u>(223,496)</u>	<u>(3,197,217)</u>	<u>(189,779)</u>
-	-	-	-	-
8,426	4,845	11,618	228,809	42,405
<u>8,426</u>	<u>4,845</u>	<u>11,618</u>	<u>228,809</u>	<u>42,405</u>
(12,823)	(2,217)	(154,174)	(1,694,995)	(81,560)
<u>343,810</u>	<u>210,939</u>	<u>505,747</u>	<u>7,378,434</u>	<u>1,820,305</u>
<u>\$ 330,987</u>	<u>\$ 208,722</u>	<u>\$ 351,573</u>	<u>\$ 5,683,439</u>	<u>\$ 1,738,745</u>

(Continued)

CITY OF WINFIELD, KANSAS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2005

	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)	\$ (1,055,414)	\$ (318,327)	\$ 227,672
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,486,235	149,177	223,978
Changes in assets and liabilities:			
Receivables, net	(503,918)	(670,558)	404,253
Inventories/ prepaids	(864,333)	73,664	(12,752)
Compensated absences	14,303	1,226	3,049
Accounts and other payables	404,630	808,863	(294,410)
Total adjustments	536,917	362,372	324,118
Net cash provided (used) by operating activities	\$ (518,497)	\$ 44,045	\$ 551,790
 Noncash Transactions			
Assets contributed from other funds	53,434	1,088	74,081
Assets contributed to other funds		-	(41,780)
Inventories moved to originating funds	967,540	105,108	86,427
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
\$ (68,610)	\$ (198,836)	\$ 48,737	\$ (1,364,778)	\$ 147,959
618,381	162,424	151,741	2,791,936	139,427
(19,844)	(3,101)	(29,142)	(822,310)	(366,690)
(3,779)	-	-	(807,200)	1,053,286
3,870	(1,828)	3,422	24,042	3,978
(16,022)	(4,888)	(13,971)	884,202	(1,230,055)
582,606	152,607	112,050	2,070,670	(400,054)
\$ 513,996	\$ (46,229)	\$ 160,787	\$ 705,892	\$ (252,095)
277,461	-	25,000	431,064	254,498
(11,443)	-	-	(53,223)	-
22,213	-	-	1,181,288	(1,161,150)
-	-	(3,704)	(3,704)	-

(Concluded)

CITY OF WINFIELD

FIDUCIARY FUNDS STATEMENT OF FIDUCIARY NET ASSETS DECEMBER 31, 2005

	<u>Private-Purpose Trust</u>	<u>Agency Funds</u>
Assets		
Pooled cash and investments	\$ -	143,524
Total assets	<u>-</u>	<u>143,524</u>
Liabilities		
Accounts payable	<u>-</u>	<u>143,524</u>
Net Assets	<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, 2005

	<u>Private-Purpose Trust</u>
Additions	
Interest Income	\$ 2,710
Other	<u>81,553</u>
Total additions	<u>84,263</u>
Deductions	
Investments transferred to State of Kansas	184,902
Expenditures	<u>655</u>
Total deductions	<u>185,557</u>
Change in net assets	(101,294)
Net assets - beginning of the year	<u>101,294</u>
Net assets - end of the year	<u><u>\$ -</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, 2005

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 11,886 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, 2005. 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, 2005 Strother Field audited financial statements:

Operating revenues	\$ 629,136
Operating expenses	509,091
Nonoperating rev/exp	2,631
Net operating income	120,045
Net working capital	120,045
Total equity	1,320,039
Total assets (excluding capital assets)	1,484,388

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 2005 revenues and expenses for the recycling center.

Recycling revenues	\$ 67,821
Recycling expenses	76,492
Depreciation expense	7,407

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 23,500 rounds were played on the course in 2005.

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

As a general rule, 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. However, the City maintains inventories of selected supply items, serving all city departments. Examples would include fuel, rock, equipment parts, and other general supplies. 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 2005, the City capitalized \$143,726 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 5.5% to 6.9% 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.

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:

<u>Enterprise Funds</u>	<u>Original Budget</u>	<u>Increase</u>	<u>Amended Budget</u>
Electric Fund	\$21,338,706	\$161,294	\$21,500,000
Gas Fund	7,000,393	299,607	7,300,000
Municipal Golf Course Fd	813,920	15,080	829,000

3. Budget/GAAP Reconciliation

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

	<u>Net change in fund balance</u>
GAAP basis	\$ (125,939)
Accrued revenue:	
December 31, 2005	(202,770)
December 31, 2004	196,438
Advances to other funds	
December 31, 2005	(20,265)
December 31, 2004	31,368
Assets held for resale	
December 31, 2005	-
December 31, 2004	13,026
Encumbrances:	
December 31, 2005	-
December 31, 2004	6,480
Budgetary basis	<u>\$ (101,662)</u>

4. Compliance with Kansas Statutes

The Electric utility fund's budgetary expenditures for 2005 amounted to \$22,466,718, exceeding the 2005 amended budget of \$21,500,000 by \$966,718. This is in violation of K.S.A. 79-2930. The budgetary violation was due to major unanticipated power plant repairs near the end of 2005. Management is aware of no other instances of noncompliance with Kansas statutes during the year ended December 31, 2005.

5. Pooled Cash Deposits and Investments

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

	<u>Cash Held by Primary Government</u>	<u>Component Units</u>	<u>Total</u>
Cash on hand	\$ 2,050	\$ -	\$ 2,050
Bank deposits	7,721,697	385,218	8,106,915
Deposits held by third-party trustees, restricted	202,003	-	202,003
Overnight repurchase agreement	3,492,136	-	3,492,136
Total	<u>\$ 11,417,886</u>	<u>\$ 385,218</u>	<u>\$ 11,803,104</u>

Reconciliation to Statement of Net Assets:

General fund	\$ 204,924
Capital project funds	1,082,671
Capital improvements fund	500,951
Special revenue funds	1,957,047
Debt service fund	21,583
Permanent fund	6,000
Enterprise funds	5,481,437
Internal service funds	1,738,745
Total pooled cash and investments	<u>10,993,358</u>
Enterprise funds - restricted	202,003
Debt service fund - restricted	79,000
Total primary government	<u>11,274,361</u>
Fiduciary funds	143,525
Component units	385,218
Grand Total	<u>\$ 11,803,104</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 laws (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:

- g. U.S. Government and agency obligations
- h. Time deposits with banks and trust companies
- i. FNMA, FHLB and FHLMC obligations
- j. Collateralized repurchase agreements
- k. Mutual funds with portfolios consisting entirely of obligations of the U.S. government, U.S. Government agencies, FNMA, FHLB, and FHLMC
- l. 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 \$202,003 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, 2005:

Utility receivables, accounts receivable financing fund	\$ 2,831,801
Less provision for uncollectible accounts	<u>(513,229)</u>
Net	2,318,572
Net unbilled utility receivables, individual utility funds	<u>1,712,645</u>
Total utility receivables, net of provision for uncollectible accounts	<u><u>\$ 4,031,217</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. These receivables are included in governmental activities of the Statement of Net Assets. Because the receivables are not considered to be available to liquidate liabilities of the current period, they are not reflected in the debt service fund.

Below is a summary of the receivables as of December 31, 2005:

	Total Payments Due	[1]Winfield Public Library	[2]Winfield Recreation Commission	[3]Strother Field Ind Park	City of Arkansas City	Cowley County
2006	\$ 127,437	\$ 10,454	35,983	\$ 56,000	\$ 15,000	\$ 10,000
2007	132,012	18,625	34,387	54,000	15,000	10,000
2008	128,418	18,626	32,792	52,000	15,000	10,000
2009	49,821	18,625	31,196	-	-	-
2010	18,625	18,625	-	-	-	-
2011	18,626	18,626	-	-	-	-
2012	18,625	18,625	-	-	-	-
	<u>\$ 493,564</u>	<u>\$ 122,206</u>	<u>\$ 134,358</u>	<u>\$ 162,000</u>	<u>\$ 45,000</u>	<u>\$ 30,000</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, 2005 was as follows:

	Balance January 1	Additions	Deletions	Transfers	Balance December 31
Governmental activities[1]:					
Capital assets, not being depreciated:					
Land	\$ 2,026,312	\$ 25	\$ (36,592)	\$ -	\$ 1,989,745
Construction in progress	826,817	266,545	-	(907,747)	185,615
Total capital assets, not being depreciated	<u>\$ 2,853,129</u>	<u>\$ 266,570</u>	<u>\$ (36,592)</u>	<u>\$ (907,747)</u>	<u>\$ 2,175,360</u>
Capital assets, being depreciated:					
Buildings	\$ 9,257,736	\$ 9,708	\$ -	\$ 32,574	\$ 9,300,018
Other improvements/infrastructure	13,888,263	2,353	-	768,764	14,659,380
Machinery and equipment	7,012,517	815,985	(273,100)	(323,039)	7,232,363
Total capital assets, being depreciated	<u>30,158,516</u>	<u>828,046</u>	<u>(273,100)</u>	<u>478,299</u>	<u>31,191,761</u>
Less accumulated depreciation for:					
Buildings	(1,834,789)	(244,835)	-	17,183	(2,062,441)
Infrastructure	(3,021,603)	(481,096)	-	-	(3,502,699)
Machinery and equipment	(4,664,024)	(265,403)	255,659	(18,305)	(4,692,073)
Less accumulated depreciation	<u>(9,520,416)</u>	<u>(991,334)</u>	<u>255,659</u>	<u>(1,122)</u>	<u>(10,257,213)</u>
Total capital assets, being depreciated, net	<u>\$ 20,638,100</u>	<u>\$ (163,288)</u>	<u>\$ (17,441)</u>	<u>\$ 477,177</u>	<u>\$ 20,934,548</u>

	Balance January 1	Additions	Deletions	Transfers	Balance December 31
Business activities[1]:					
Capital assets, not being depreciated:					
Land	\$ 820,867	\$ -	\$ -	\$ 6,600	\$ 827,467
Construction in progress	5,231,007	-	-	(5,202,120)	28,887
Total capital assets, not being depreciated	<u>\$ 6,051,874</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,195,520)</u>	<u>\$ 856,354</u>
Capital assets, being depreciated:					
Buildings	\$ 11,170,044	\$ 802,152	\$ -	\$ 38,111	\$ 12,010,307
Other improvements/infrastructure	49,203,060	1,195,442	(706,393)	861,526	50,553,635
Machinery and equipment	21,786,915	915,207	(238,342)	4,777,774	27,241,554
Total capital assets, being depreciated	<u>82,160,019</u>	<u>2,912,801</u>	<u>(944,735)</u>	<u>5,677,411</u>	<u>89,805,496</u>
Less accumulated depreciation for:					
Buildings	(3,929,993)	(453,738)	-	36,977	(4,346,754)
Infrastructure	(19,808,909)	(822,787)	705,608	-	(19,926,088)
Machinery and equipment	(13,072,396)	(1,555,917)	206,653	(35,856)	(14,457,516)
	<u>(36,811,298)</u>	<u>(2,832,442)</u>	<u>912,261</u>	<u>1,121</u>	<u>(38,730,358)</u>
Total capital assets, being depreciated, net	<u>\$ 45,348,721</u>	<u>\$ 80,359</u>	<u>\$ (32,474)</u>	<u>\$ 5,678,532</u>	<u>\$ 51,075,138</u>

8. Depreciation allocations

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

Governmental activities:

General government	\$ 82,561
Public safety	275,759
Public works	254,865
Cemetery	18,797
Culture and recreation	301,345
Health and welfare	58,007
Total depreciation expense - governmental activities	<u>\$ 991,334</u>

Business-type activities:

Electric	1,530,322
Gas	152,925
Water	229,605
Refuse	119,169
Wastewater	633,916
Golf course	166,504
Total depreciation expense - business-type activities	<u>\$ 2,832,442</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 \$755,000 in temporary notes in 2005 to finance benefit district projects, and paid off two temporary notes in 2005. Below is a summary of the City's temporary note activity in 2005:

	Balance January 1	Additions	Payments	Balance December 31
Temporary note 2004-01 [a]	\$ 775,000	\$ -	\$ 775,000	\$ -
Temporary note 2004-02 [b]	420,000	-	420,000	-
Temporary note 2005-01	-	755,000	-	755,000
	<u>\$ 1,195,000</u>	<u>\$ 755,000</u>	<u>\$ 1,195,000</u>	<u>\$ 755,000</u>

[a] paid through issuance of 2005-01 temporary note

[b] paid through issuance of 2005 general obligation debt

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 \$85,000 of business-type activities assets. Below is a listing of the capital leases payable at December 31, 2005:

	Interest Rate	Balance December 31
Governmental activities		
Street sweeper	3.30	\$ 31,855
Land	6.00	250,675
Total governmental activities		<u>\$ 282,530</u>
Business-type activities		
Building	5.50	\$ 10,000

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

Year Ending Dec 31	Government activities		
	Total	Principal	Interest
2006	\$ 69,020	\$ 53,518	\$ 15,502
2007	36,114	22,999	13,115
2008	36,115	24,418	11,697
2009	36,114	25,924	10,190
2010	36,114	27,522	8,592
2011-2014	153,051	128,149	24,902
	<u>\$ 366,528</u>	<u>\$ 282,530</u>	<u>\$ 83,998</u>
	Business-type activities		
	Total	Principal	Interest
2006	\$ 10,550	10,000	550

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, 2005.

	Interest Rate	Balance December 31
Governmental activities:		
Recreation complex	2.00-3.40	\$ 333,063
Business-type activities:		
Electric generators	2.00-4.00	515,520
Quail Ridge golf course	2.00-4.00	1,921,417
Total business-type activities		<u>\$ 2,436,937</u>

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
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
	<u>\$ 353,591</u>	<u>\$ 333,063</u>	<u>\$ 20,528</u>

Year Ending December 31	Business-type Activities		
	Total	Principal	Interest
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	440,268	414,999	25,269
2011	453,900	445,000	8,900
	<u>\$ 2,699,261</u>	<u>\$ 2,436,937</u>	<u>\$ 262,324</u>

C. General Obligation Bonds Payable

General obligation bonds outstanding at December 31, 2005 are as follows:

	Interest Rate	Final Maturity Date	Total 12/31/05
1) Series 1998A GO	3.60-5.00	2008	\$ 735,000
4) Series 1998B	3.70-5.50	2008	\$ 205,000
Series 1999A	4.70-6.00	2008	560,000
Series 2001A GO	3.95-5.65	2011	300,000
3) Series 2002A GO	3.00-4.10	2012	505,000
Series 2002B GO refunding	3.00-4.10	2015	1,580,000
Series 2003A GO	2.00-4.00	2018	2,335,000
Series 2005A GO	3.70-4.30	2021	885,000
2) Series 2005B GO refunding	3.35-4.00	2019	2,130,000
			<u>\$ 9,235,000</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) This issue refunds the 1999A GO bond outstanding. \$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.

4) 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.

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
2006	\$ 1,269,421	\$ 985,000	\$ 284,421
2007	1,400,415	1,065,000	335,415
2008	1,336,953	1,065,000	271,953
2009	996,854	765,000	231,854
2010	900,301	695,000	205,301
2011-2015	3,655,862	2,995,000	660,862
2016-2020	1,762,652	1,590,000	172,652
2021	78,225	75,000	3,225
	<u>\$ 11,400,683</u>	<u>\$ 9,235,000</u>	<u>\$ 2,165,683</u>

D. Sales Tax Bonds Payable

At December 31, 2005, the City had the following sales tax revenue bond outstanding:

	Interest Rate	Final Maturity Date	Governmental Activities
Series 2002 refunding	2.50-3.70	2010	485,000

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
2006	\$ 125,565	\$ 110,000	\$ 15,565
2007	127,485	115,000	12,485
2008	123,920	115,000	8,920
2009	125,125	120,000	5,125
2010	25,925	25,000	925
	<u>\$ 528,020</u>	<u>\$ 485,000</u>	<u>\$ 43,020</u>

E. KDHE Loans Payable

At December 31, 2005, 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	\$ 5,408,414
1) Water treatment plant improvements	3.78	2025	5,897,690
Water distribution system improvements	4.16	2022	2,090,979
			<u>\$ 13,397,083</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, 2005, the City had expended \$5,897,690 in project construction costs, plus \$143,726 in capitalized interest. This project was completed in 2006, final loan balance of \$6,042,120.

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
2006	\$ 1,131,479	\$ 639,261	\$ 492,218
2007	1,131,477	662,189	469,288
2008	1,131,479	685,948	445,531
2009	1,131,480	710,567	420,913
2010	1,131,478	736,076	395,402
2011-2015	5,657,392	4,096,590	1,560,802
2016-2020	4,629,934	3,835,458	794,476
2021-2025	2,259,546	2,030,994	228,552
	<u>\$ 18,204,265</u>	<u>\$ 13,397,083</u>	<u>\$ 4,807,182</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, 2005:

	Governmental Activities
Animal shelter	\$ 182,727
Water/sewer extensions	50,878
	<u>\$ 233,605</u>

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

Year Ending Dec 31	Total
2006	\$ 32,331
2007	32,352
2008	32,431
2009	32,497
2010	32,474
2011-2013	71,520
	<u>\$ 233,605</u>

G. Changes in Long-Term Debt

Long-term liability activity for the year ended December 31, 2005 is as follows:

	Balance January 1	Additions	Payments/ Refundings	Balance December 31	Due within one year
Governmental Activities					
General obligation bonds	\$ 9,205,000	\$ 3,015,000	\$ 2,985,000	\$ 9,235,000	\$ 985,000
Sales tax revenue bonds	590,000	-	105,000	485,000	110,000
Refunding cert of participation	411,547	-	78,484	333,063	80,069
Temporary notes	1,195,000	755,000	1,195,000	755,000	755,000
Capital leases	333,772	-	51,242	282,530	53,518
Interlocal agreement debt	265,838	-	32,233	233,605	32,331
Total long-term liabilities - governmental activities	<u>\$ 12,001,157</u>	<u>\$ 3,770,000</u>	<u>\$ 4,446,959</u>	<u>\$ 11,324,198</u>	<u>\$ 2,015,918</u>
Business-type Activities					
KDHE loans	\$ 13,047,123	\$ 762,509	\$ 412,550	\$ 13,397,082	\$ 639,261
Refunding cert of participation	2,808,453	-	371,516	2,436,937	379,930
Capital leases	761,606	-	751,606	10,000	10,000
Total long-term liabilities - business-type activities	<u>\$ 16,617,182</u>	<u>\$ 762,509</u>	<u>\$ 1,535,672</u>	<u>\$ 15,844,019</u>	<u>\$ 1,029,191</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, 2005 the City met all reserve requirements. Below is a summary of the required reserves at December 31, 2005:

	Principal and Interest reserve	Replacement Reserve
Governmental activities:		
Sales tax revenue 2002 refunding bond	\$ 41,855	\$ 79,000
Sales tax revenue 1998B bond	24,400	-

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, 2005, there were four series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$10,153,414.

J. Advance Refundings

On December 15, 2005, the City of Winfield issued general obligation refunding bonds of \$2,130,000 (par value) with an interest rate ranging from 3.35% to 4.00%, to advance refund general obligation bonds with an interest rate of 4.70% to 6.25% and a par value of \$1,980,000. The refunded bonds maturity was over a range of years 2006 to 2019. The refunding bonds were issued at par and, after paying issuance costs of \$25,157, the net proceeds were \$2,084,076. The net proceeds from the issuance of the general obligation refunding bonds were used to purchase direct obligations of the United States of America, and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the original bonds are called in 2008. The advance refunding met the requirements of an in-substance debt defeasance and the original bonds were removed from the City's government-wide financial statements.

As a result of the advance refunding, the City reduced its total debt service requirements by \$102,159, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$95,701.

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
2006	\$ 21,026	\$ 14,400
2007	21,026	8,400
2008	3,375	8,400
2009	3,375	8,400
2010		8,400
2011	-	6,300
Total minimum future rentals	<u>\$ 48,802</u>	<u>\$ 54,300</u>

Expenditures in the government-wide governmental and business-type activities include \$21,026 and \$14,400, respectively, of operating lease payments.

12. Inter-fund Transfers

The City had both cash and capital asset transfers between various funds during 2005. Below is a summary of 2005 inter-fund cash operating transfers:

<u>Transfers from</u>	<u>Transfers to</u>						Totals
	General	Bond and Interest	Capital Improvements	Nonmajor Governmental	Wastewater	Quail Ridge Golf Course	
Primary Government:							
General	\$ -	\$ -	\$ 760,019	\$ 465,822	\$ -	\$ -	\$ 1,225,841
Bond and Interest	-	-	-	-	70,000	-	70,000
Capital Improvements	35,000	365,332	-	32,542	-	-	432,874
Nonmajor Governmental	700	60,000	40,000	13,984	-	-	114,684
Electric	-	-	-	15,000	-	439,500	454,500
Gas	-	-	-	6,000	-	-	6,000
Water	-	-	-	14,593	-	-	14,593
Golf course	-	-	-	-	-	-	-
Nonmajor enterprise funds	-	-	-	95,000	-	-	95,000
Internal Service	-	-	10,000	108,150	-	-	118,150
Total Reporting Entity	<u>\$ 35,700</u>	<u>\$ 425,332</u>	<u>\$ 810,019</u>	<u>\$ 751,091</u>	<u>\$ 70,000</u>	<u>\$ 439,500</u>	<u>\$ 2,531,642</u>

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

<u>Transfers from</u>	Govern- mental	Electric	Gas	Water	Waste- water	Nonmajor Enterprise	Internal Service	Totals
Governmental	\$ 404,530	\$ -	\$ -	\$ 74,081	\$ 277,461	\$ 25,000	\$ 254,498	\$ 1,035,570
Wastewater	-	10,354	1,088	-	-	-	-	11,442
Total Reporting Entity	<u>\$ 404,530</u>	<u>\$ 10,354</u>	<u>\$ 1,088</u>	<u>\$ 74,081</u>	<u>\$ 277,461</u>	<u>\$ 25,000</u>	<u>\$ 254,498</u>	<u>\$ 1,047,012</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.

Cash transfers were scheduled in the 2005 budget, for payment of appropriate expenses out of the receiving funds. Capital asset transfers reflect a change in 'ownership' of the assets, moving the assets to those departments utilizing the assets.

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	\$ 20,265	\$ -
Stormwater drainage	2,232	-
Business-type funds:		
Electric	1,549,111	-
Gas	536,104	-
Water	157,210	-
Sewer	59,373	-
Subtotal	<u>2,324,295</u>	<u>-</u>
Nonmajor business-type funds:		
Refuse	64,276	-
Subtotal	<u>64,276</u>	<u>-</u>
Internal Service funds:		
Fleet management	-	70,000
Utility receivables financing	-	2,318,571
Subtotal	<u>-</u>	<u>2,388,571</u>
Total	<u>\$ 2,388,571</u>	<u>\$ 2,388,571</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.

It is the City's policy to apply restricted resources prior to the use of unrestricted resources, when the option is available.

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. Governmental Funds

The December 31, 2004 Governmental Funds Balance Sheet reflected a \$19,171 receivable in the General fund. The receivable correctly belongs to the City's special improvements fund, a non-major special revenue fund. The beginning fund balances of those two funds are restated on the governmental funds' 2005 Statement of Revenues, Expenditures and Changes in Fund Balances.

B. Proprietary Funds and Statement of Activities – Governmental and Business-type Activities

The City adopted a change in accounting principle in 2005, related to the calculation of the bad debt reserve for uncollectible utilities accounts receivable. In prior years, the City's reserve for bad debts was comprised of 100% of uncollected utility accounts receivable balances greater than ninety days old. It is management's opinion this method created an overstatement of the reserve, and has determined a method that more accurately reflects the City's collection history. The city now estimates the amount of uncollectible accounts at each year end, based on a prior seven year rolling history of collections. This change has been reported as a restatement of beginning net assets, in accordance with APB Opinion No. 20. Below is a summary of the reduction in the 'Advance to other funds' account in each utility fund.

	Advance to A/R Financing Fund		
	Originally Stated	Restated Balance	Net Change
Electric	\$1,365,724	\$1,255,107	(\$110,617)
Gas	398,380	359,887	(38,493)
Water	138,545	127,323	(11,222)
Refuse	49,844	45,908	(3,936)
Wastewater	47,368	43,248	(4,120)
Stormwater drainage	1,702	1,542	(160)
	<u>\$2,001,563</u>	<u>\$1,833,015</u>	<u>(\$168,548)</u>

C. Statement of Activities – Governmental Activities

The December 31, 2004 Statement of Assets overstated capital assets, not being depreciated, by \$41,279. This error was discovered in 2005, and was corrected on the Statement of Activities as an adjustment to the beginning net assets balance.

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, 2005 through June 30, 2005 is 4.01%, and 4.21% for the period July 1, 2005 through December 31, 2005. The City of Winfield employer

contributions to KPERS for the years ended December 31, 2005, 2004, and 2003 were \$197,681, \$182,795, and \$171,852, respectively, equal to the required contributions for each year. The KP&F employer rate established for fiscal years beginning in 2005 is 11.69%. 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, 2005, 2004, and 2003, were \$302,251, \$285,517, and \$257,441, 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 2005, 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 2005 and the prior two years:

	2005	2004	2003
Liability balance, beginning	\$ 1,055	\$ 500	\$ 3,980
Claims incurred	42,608	86,091	81,278
Less insurance/other reimbursements	<u>(109,641)</u>	<u>(42,918)</u>	<u>(6,839)</u>
Total costs incurred	(65,978)	43,673	78,419
Less claims paid	70,534	(42,618)	(77,919)
Liability balance, ending	<u>\$ 4,556</u>	<u>\$ 1,055</u>	<u>\$ 500</u>

B. Workers’ 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 2005 and the prior two years:

	2005	2004	2003
Liability balance, beginning	\$ 59,484	\$ 296,746	\$ 65,750
Claims incurred	18,101	80,198	576,622
Less insurance coverage reimbursements	<u>(184,381)</u>	<u>(2,465)</u>	<u>(4,372)</u>
Total costs incurred	(106,796)	374,479	638,000
Less claims paid	124,661	(314,995)	(341,254)
Liability balance, ending	<u>\$ 17,865</u>	<u>\$ 59,484</u>	<u>\$ 296,746</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 2005 and the prior two years:

	2005	2004	2003
Liability balance, beginning	\$ -	\$ -	\$ -
Health insurance premiums charged to fund	-	1,242,889	1,160,992
Health insurance premiums paid	-	(1,242,889)	(1,160,992)
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 2005 and the prior two years:

	2005	2004	2003
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, 2005, this sick pay accumulation amounted to \$1,681,932.

19. Capital Projects

At December 31, 2005, the uncompleted construction projects, for which the City has bond authorization and funding, are as follows:

	Amount Authorized	Expenditures Project To-Date	Construction Commitments at 12-31-05
Construction projects:			
City buildings improvements projects (financed with 2002 GO bond)	\$ 786,400	\$ 771,068	\$ 15,332
The Fairways Benefit District improvements			
Water, sewer, streets, streetlights	957,000	813,026	-
Theatre Benefit District improvements			
Water, sewer, streets, streetlights	447,864	435,973	-
Bliss Street Drainage Project, Phase II	840,000	90,820	4,180
Industrial Park East improvements	342,000	71,062	-
Hiatt Hills streets improvements	1,778,004	27,432	-
Water plant improvements	[1] 6,205,000	5,897,690	-

[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, 2005, the balance of the City's share of the Power Supply fund was \$1,500,518.

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 became 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. 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.

C. 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, 2005, the lawsuit was underway, with no monetary developments to disclose.

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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 storm-water 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 Benefit District – The Fairway is a new housing development area near the municipal golf course. The City is providing streets, sewer and water infrastructure. Special assessments will be assessed to the homeowners to pay for a portion of the infrastructure.

Utt Business Industrial Park – The City has purchased 55 acres near Winfield in 2005 for business and industrial development. This fund will track the costs of utility and street infrastructure improvements for the park.

Hiatt Hill Streets – Street improvements in the Hiatt Hills residential area will be made in 2006. Special assessments and bonds are expected to be the funding sources of this project.

Public Library 2005 Improvements – Winfield Public Library improvements were financed under a 2005 City general obligation bond issue. The Library will repay the City over a period of six years, under an inter-local agreement.

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, 2005

	Special Revenue Funds				
	Flood Control	Special Parks and Recreation	Special Alcohol Program	Law Enforcement Trust	Senior Citizen Facility
ASSETS					
Pooled cash and investments	\$ 197,727	\$ 37,356	\$ 8,565	\$ -	\$ 80
Taxes receivable	-	-	-	-	-
Accounts receivable	-	400	-	-	-
Due from other governmental agencies	-	-	-	-	-
Total assets	<u>\$ 197,727</u>	<u>\$ 37,756</u>	<u>\$ 8,565</u>	<u>\$ -</u>	<u>\$ 80</u>
LIABILITIES AND FUND BALANCES					
Accounts payable	\$ 1,257	\$ 2,418	\$ 1,333	\$ -	\$ -
Deferred revenues	-	-	-	-	-
Total liabilities	<u>1,257</u>	<u>2,418</u>	<u>1,333</u>	<u>-</u>	<u>-</u>
Fund balances					
Reserved for encumbrances	-	3,000	-	-	-
Reserved for capital outlay	-	-	-	-	-
Unreserved:					
Designated for subsequent year expenditures	168,182	32,338	7,232	-	80
Undesignated	<u>28,288</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>196,470</u>	<u>35,338</u>	<u>7,232</u>	<u>-</u>	<u>80</u>
Total liabilities and fund balances	<u>\$ 197,727</u>	<u>\$ 37,756</u>	<u>\$ 8,565</u>	<u>\$ -</u>	<u>\$ 80</u>

Special Revenue Funds

Special Liability	Law Enforce., Ambulance Fire Equip.	Gasoline Tax	Industrial Development	Tourism and Convention	Cemetery Improvement	Library	Library Employee Benefits
\$ 736,407	\$ 69,527	\$ 106,235	\$ 57,795	\$ 124,281	\$ 88,487	\$ -	\$ -
121	94,336	-	30,231	-	-	333,878	19,911
61	-	465	-	500	303	-	-
-	-	15,279	-	21,150	-	-	-
<u>\$ 736,589</u>	<u>\$ 163,863</u>	<u>\$ 121,979</u>	<u>\$ 88,026</u>	<u>\$ 145,931</u>	<u>\$ 88,790</u>	<u>\$ 333,878</u>	<u>\$ 19,911</u>
\$ 300	\$ -	\$ 13,641	\$ -	\$ 523	\$ -	\$ -	\$ -
121	94,336	-	30,231	-	-	333,878	19,911
<u>421</u>	<u>94,336</u>	<u>13,641</u>	<u>30,231</u>	<u>523</u>	<u>-</u>	<u>333,878</u>	<u>19,911</u>
-	-	3,855	-	-	-	-	-
-	-	-	-	-	-	-	-
718,579	69,527	104,483	57,795	104,915	87,500	-	-
17,589	-	-	-	40,493	1,290	-	-
<u>736,168</u>	<u>69,527</u>	<u>108,338</u>	<u>57,795</u>	<u>145,408</u>	<u>88,790</u>	<u>-</u>	<u>-</u>
<u>\$ 736,589</u>	<u>\$ 163,863</u>	<u>\$ 121,979</u>	<u>\$ 88,026</u>	<u>\$ 145,931</u>	<u>\$ 88,790</u>	<u>\$ 333,878</u>	<u>\$ 19,911</u>

(Continued)

CITY OF WINFIELD, KANSAS

Nonmajor Governmental Funds Combining Balance Sheet December 31, 2005

	Special Revenue Funds					
	Equipment Reserve	Fairgrounds Improvements	Special Improvements	Water Quality	Winfield Area EMS	Baden Hall Restoration
ASSETS						
Pooled cash and investments	\$ 42,027	\$ 29,822	\$ 35,651	\$ 30,671	\$ 178,624	\$ 213,792
Taxes receivable	-	-	-	-	-	-
Accounts receivable	-	833	22,921	-	-	-
Due from other governmental agencies	1,108	-	-	-	-	-
Total assets	\$ 43,135	\$ 30,655	\$ 58,572	\$ 30,671	\$ 178,624	\$ 213,792
 LIABILITIES AND FUND BALANCES						
Accounts payable	\$ 225	\$ -	\$ -	-	\$ 13,338	\$ -
Deferred revenues	-	-	-	-	-	-
Total liabilities	225	-	-	-	13,338	-
Fund balances:						
Reserved for encumbrances	4,430	-	-	-	-	-
Reserved for capital outlay	-	-	-	-	-	213,792
Reserved for advances to other funds	-	-	-	-	-	-
Unreserved:						
Designated for subsequent year expenditures	38,480	30,655	25,000	30,671	-	-
Undesignated	-	-	33,572	-	165,286	-
Total fund balances	42,910	30,655	58,572	30,671	165,286	213,792
Total liabilities and fund balances	\$ 43,135	\$ 30,655	\$ 58,572	\$ 30,671	\$ 178,624	\$ 213,792

Capital Projects Funds							Permanent Fund	
Theatre Benefit District	Bliss Street Drainage II	2002 Mtncce Bond Issue	The Fairway Benefit District	Utt Business Ind Park	Hiatt Hill Streets	Public Library 2005 Imp	Cemetery Endowment	TOTALS
\$ 18,508	\$ 4,180	\$ 15,332	\$ 816,741	\$ 224,346	\$ 3,564	\$ -	\$ 6,000	\$ 3,045,718
-	-	-	-	-	-	-	-	478,477
-	-	-	-	-	-	-	-	25,483
-	-	-	-	-	-	-	-	37,537
<u>\$ 18,508</u>	<u>\$ 4,180</u>	<u>\$ 15,332</u>	<u>\$ 816,741</u>	<u>\$ 224,346</u>	<u>\$ 3,564</u>	<u>\$ -</u>	<u>\$ 6,000</u>	<u>\$ 3,587,215</u>
\$ 1,806	\$ -	\$ -	\$ 816,072	\$ 1,197	\$ 3,564	\$ -	\$ -	\$ 855,674
-	-	-	-	-	-	-	-	478,477
<u>1,806</u>	<u>-</u>	<u>-</u>	<u>816,072</u>	<u>1,197</u>	<u>3,564</u>	<u>-</u>	<u>-</u>	<u>1,334,151</u>
-	4,180	15,332	-	223,149	-	-	-	253,946
16,702	-	-	669	-	-	-	-	231,163
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	6,000	1,475,437
<u>16,702</u>	<u>4,180</u>	<u>15,332</u>	<u>669</u>	<u>223,149</u>	<u>-</u>	<u>-</u>	<u>6,000</u>	<u>292,518</u>
<u>\$ 18,508</u>	<u>\$ 4,180</u>	<u>\$ 15,332</u>	<u>\$ 816,741</u>	<u>\$ 224,346</u>	<u>\$ 3,564</u>	<u>\$ -</u>	<u>\$ 6,000</u>	<u>\$ 3,587,215</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, 2005

	Special Revenue Funds					Special Liability
	Flood Control	Special Parks and Recreation	Special Alcohol Program	Law Enforcement Trust	Senior Citizen Facility	
Revenues						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 139
Intergovernmental revenues	-	14,594	27,694	70	4,000	-
Charges for services	-	-	-	-	-	-
Interest	6,211	1,226	180	2	306	21,635
Other	-	11,664	5,730	-	1,765	1,507
Total revenues	<u>6,211</u>	<u>27,484</u>	<u>33,604</u>	<u>72</u>	<u>6,071</u>	<u>23,281</u>
Expenditures						
General government	-	-	-	-	-	80,606
Public safety	-	-	34,690	722	-	-
Public works	38,187	-	-	-	-	-
Cemetery	-	-	-	-	-	-
Culture and recreation	-	30,984	-	-	8,815	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>38,187</u>	<u>30,984</u>	<u>34,690</u>	<u>722</u>	<u>8,815</u>	<u>80,606</u>
Revenues over (under) expenditures	<u>(31,976)</u>	<u>(3,500)</u>	<u>(1,086)</u>	<u>(650)</u>	<u>(2,744)</u>	<u>(57,325)</u>
Other financing sources (uses)						
Transfers in	5,110	-	-	-	-	-
Transfers out	-	(40,000)	-	-	-	-
Issuance of temporary notes	-	-	-	-	-	-
Issuance of general obligation bonds	-	-	-	-	-	-
Capital lease principal paid	-	-	-	-	-	-
Capital lease interest paid	-	-	-	-	-	-
Temporary note principal paid	-	-	-	-	-	-
Temporary note interest paid	-	-	-	-	-	-
Sale of property	-	-	-	-	-	-
Total other financing sources (uses)	<u>5,110</u>	<u>(40,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	<u>(26,866)</u>	<u>(43,500)</u>	<u>(1,086)</u>	<u>(650)</u>	<u>(2,744)</u>	<u>(57,325)</u>
Fund balances, January 1	223,336	78,838	8,318	650	2,824	793,493
Prior period adjustment	-	-	-	-	-	-
Fund balances, January 1, restated	<u>223,336</u>	<u>78,838</u>	<u>8,318</u>	<u>650</u>	<u>2,824</u>	<u>793,493</u>
Fund balances, December 31	<u>\$ 196,470</u>	<u>\$ 35,338</u>	<u>\$ 7,232</u>	<u>\$ -</u>	<u>\$ 80</u>	<u>\$ 736,168</u>

Special Revenue Funds

Law Enforce.	Gasoline	Industrial	Tourism and	Cemetery	Library	Library	Equipment
Ambulance	Tax	Development	Convention	Improvement		Employee	Reserve
Fire Equip.						Benefits	
\$ 101,909	\$ -	\$ 32,657	\$ -	\$ -	\$ 359,226	\$ 21,492	\$ -
26,370	467,024	-	69,917	-	-	-	47,452
-	-	-	3,780	7,695	-	-	-
1,783	5,670	1,122	3,571	2,354	-	-	2,236
-	7,027	-	41	1,203	-	-	6,202
<u>130,062</u>	<u>479,721</u>	<u>33,779</u>	<u>77,309</u>	<u>11,252</u>	<u>359,226</u>	<u>21,492</u>	<u>55,890</u>
-	-	-	-	-	-	-	-
83,742	-	-	-	-	-	-	-
-	662,593	-	-	-	-	-	-
-	-	-	-	978	-	-	-
-	-	-	-	-	359,226	21,492	-
-	-	-	-	-	-	-	-
-	-	44,541	79,097	-	-	-	-
-	-	-	-	-	-	-	217,101
<u>83,742</u>	<u>662,593</u>	<u>44,541</u>	<u>79,097</u>	<u>978</u>	<u>359,226</u>	<u>21,492</u>	<u>217,101</u>
<u>46,320</u>	<u>(182,872)</u>	<u>(10,762)</u>	<u>(1,788)</u>	<u>10,274</u>	<u>-</u>	<u>-</u>	<u>(161,211)</u>
-	209,400	61,000	-	-	-	-	68,150
(35,000)	(25,000)	-	-	(700)	-	-	-
-	-	-	-	-	-	-	-
-	(30,837)	(20,404)	-	-	-	-	-
-	(2,069)	(15,710)	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	883	-	-	-	-	-
<u>(35,000)</u>	<u>151,494</u>	<u>25,769</u>	<u>-</u>	<u>(700)</u>	<u>-</u>	<u>-</u>	<u>68,150</u>
11,320	(31,378)	15,007	(1,788)	9,574	-	-	(93,061)
58,207	139,716	42,788	147,196	79,216	-	-	135,971
-	-	-	-	-	-	-	-
<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>135,971</u>
<u>\$ 69,527</u>	<u>\$ 108,338</u>	<u>\$ 57,795</u>	<u>\$ 145,408</u>	<u>\$ 88,790</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,910</u>

(Continued)

CITY OF WINFIELD, KANSAS
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
FOR THE YEAR ENDED DECEMBER 31, 2005

	Special Revenue Funds				
	Fairgrounds Improvements	Special Improvements	Water Quality	Winfield Area EMS	Baden Hall Restoration
Revenues					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	-	-	-
Charges for services	14,871	-	-	592,244	-
Interest	699	757	873	8,810	5,969
Other	133	3,750	-	-	-
Total revenues	<u>15,703</u>	<u>4,507</u>	<u>873</u>	<u>601,054</u>	<u>5,969</u>
Expenditures					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Cemetery	-	-	-	-	-
Culture and recreation	10,731	-	-	-	-
Health and welfare	-	-	13,876	1,055,920	-
Economic development	-	150	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>10,731</u>	<u>150</u>	<u>13,876</u>	<u>1,055,920</u>	<u>-</u>
Revenues over (under) expenditures	<u>4,972</u>	<u>4,357</u>	<u>(13,003)</u>	<u>(454,866)</u>	<u>5,969</u>
Other financing sources (uses)					
Operating transfers in	-	13,983	23,393	247,623	-
Operating transfers out	-	-	-	-	-
Issuance of temporary notes	-	-	-	-	-
Issuance of general obligation bonds	-	-	-	-	-
Capital lease principal paid	-	-	-	-	-
Capital lease interest paid	-	-	-	-	-
Temporary note principal paid	-	-	-	-	-
Temporary note interest paid	-	-	-	-	-
Sale of property	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>13,983</u>	<u>23,393</u>	<u>247,623</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	4,972	18,340	10,390	(207,243)	5,969
Fund balances, January 1	25,683	21,061	20,281	542,035	207,823
Prior period adjustment	-	19,171	-	(169,506)	-
Fund balances, January 1, restated	<u>25,683</u>	<u>40,232</u>	<u>20,281</u>	<u>372,529</u>	<u>207,823</u>
Fund balances, December 31	<u>\$ 30,655</u>	<u>\$ 58,572</u>	<u>\$ 30,671</u>	<u>\$ 165,286</u>	<u>\$ 213,792</u>

Capital Projects Funds							Permanent Fund	
Theatre Benefit District	Bliss Street Drainage II	2002 Mtnc Bond Issue	The Fairway Projects	Utt Business Industrial Park	Hiatt Hill Streets	Public Library 2005 Imp	Cemetery Endowment	TOTALS
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 515,423
-	-	-	-	-	-	-	-	657,121
-	-	-	-	-	-	-	-	618,590
657	-	-	-	418	-	-	-	64,479
-	-	-	-	-	-	-	-	39,022
<u>657</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>418</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,894,635</u>
-	-	-	-	-	-	-	-	80,606
-	-	-	-	-	-	-	-	119,154
-	90,820	-	14,884	71,062	13,449	-	-	890,995
-	-	-	-	-	-	-	-	978
-	-	-	-	-	-	-	-	431,248
-	-	-	-	-	-	-	-	1,069,796
76,263	-	-	-	-	-	-	-	200,051
-	-	80,117	-	-	-	42,750	-	339,968
<u>76,263</u>	<u>90,820</u>	<u>80,117</u>	<u>14,884</u>	<u>71,062</u>	<u>13,449</u>	<u>42,750</u>	<u>-</u>	<u>3,132,796</u>
<u>(75,606)</u>	<u>(90,820)</u>	<u>(80,117)</u>	<u>(14,884)</u>	<u>(70,644)</u>	<u>(13,449)</u>	<u>(42,750)</u>	<u>-</u>	<u>(1,238,161)</u>
-	95,000	-	-	-	27,432	-	-	751,091
-	-	-	-	-	(13,983)	-	-	(114,683)
461,207	-	-	-	293,793	-	-	-	755,000
-	-	-	842,250	-	-	42,750	-	885,000
-	-	-	-	-	-	-	-	(51,241)
-	-	-	-	-	-	-	-	(17,779)
(391,000)	-	-	(804,000)	-	-	-	-	(1,195,000)
(9,189)	-	-	(28,555)	-	-	-	-	(37,744)
-	-	-	-	-	-	-	-	883
<u>61,018</u>	<u>95,000</u>	<u>-</u>	<u>9,695</u>	<u>293,793</u>	<u>13,449</u>	<u>42,750</u>	<u>-</u>	<u>975,527</u>
(14,588)	4,180	(80,117)	(5,189)	223,149	-	-	-	(262,634)
31,290	-	95,449	5,858	-	-	-	6,000	2,666,033
-	-	-	-	-	-	-	-	(150,335)
<u>31,290</u>	<u>-</u>	<u>95,449</u>	<u>5,858</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,000</u>	<u>2,515,698</u>
<u>\$ 16,702</u>	<u>\$ 4,180</u>	<u>\$ 15,332</u>	<u>\$ 669</u>	<u>\$ 223,149</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,000</u>	<u>\$ 2,253,064</u>

(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, 2005

	<u>FLOOD CONTROL</u>			<u>SPECIAL PARKS AND RECREATION</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues and other sources						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	-	23,333	19,618	(3,715)
Interest	4,500	6,211	1,711	900	1,226	326
Other	-	1	1	-	11,264	11,264
Transfers from other funds	5,110	5,110	-	-	-	-
Total revenues and other sources	<u>9,610</u>	<u>11,322</u>	<u>1,712</u>	<u>24,233</u>	<u>32,108</u>	<u>7,875</u>
Expenditures and other uses						
Personal services	-	28,314	(28,314)	-	-	-
Contractual services	18,500	6,613	11,887	-	-	-
Materials and supplies	6,000	3,250	2,750	-	-	-
Other	-	11	(11)	-	-	-
Capital outlay	15,000	-	15,000	55,000	27,605	27,395
Transfers to other funds	-	-	-	-	40,000	(40,000)
Contingency	130,000	-	130,000	30,000	-	30,000
Total expenditures and other uses	<u>169,500</u>	<u>38,188</u>	<u>131,312</u>	<u>85,000</u>	<u>67,605</u>	<u>17,395</u>
Revenues and other sources over (under) expenditures and other uses	(159,890)	(26,866)	133,024	(60,767)	(35,497)	25,270
Unencumbered fund balance, January 1	<u>196,370</u>	<u>223,336</u>	<u>(26,966)</u>	<u>67,988</u>	<u>67,435</u>	<u>(553)</u>
Unencumbered fund balance, December 31	<u>\$ 36,480</u>	<u>\$ 196,470</u>	<u>\$ 159,990</u>	<u>\$ 7,221</u>	<u>\$ 31,938</u>	<u>\$ 24,717</u>

SPECIAL ALCOHOL PROGRAM			LAW ENFORCEMENT TRUST			SENIOR CITIZENS FACILITY		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
23,333	32,717	9,384	-	-	-	4,000	4,000	-
120	180	60	100	2	(98)	50	306	256
5,500	5,730	230	1,500	71	(1,429)	3,500	1,765	(1,735)
-	-	-	-	-	-	-	-	-
<u>28,953</u>	<u>38,627</u>	<u>9,674</u>	<u>1,600</u>	<u>73</u>	<u>(1,527)</u>	<u>7,550</u>	<u>6,071</u>	<u>(1,479)</u>
27,521	26,170	1,351	-	-	-	-	-	-
-	-	-	-	-	-	7,710	7,675	35
5,000	8,520	(3,520)	3,000	722	2,278	1,225	-	1,225
-	-	-	-	-	-	1,200	1,140	60
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
2,169	-	2,169	2,528	-	2,528	7	-	7
<u>34,690</u>	<u>34,690</u>	<u>-</u>	<u>5,528</u>	<u>722</u>	<u>4,806</u>	<u>10,142</u>	<u>8,815</u>	<u>1,327</u>
(5,737)	3,937	9,674	(3,928)	(649)	3,279	(2,592)	(2,744)	(152)
<u>5,737</u>	<u>3,295</u>	<u>(2,442)</u>	<u>4,128</u>	<u>650</u>	<u>(3,478)</u>	<u>2,592</u>	<u>2,824</u>	<u>232</u>
<u>\$ -</u>	<u>\$ 7,232</u>	<u>\$ 7,232</u>	<u>\$ 200</u>	<u>\$ 1</u>	<u>\$ (199)</u>	<u>\$ -</u>	<u>\$ 80</u>	<u>\$ 80</u>

(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, 2005

	<u>SPECIAL LIABILITY</u>			<u>LAW ENFORCEMENT, AMBULANCE, AND FIRE EQUIPMENT</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues and other sources						
Taxes	\$ 129	\$ 139	\$ 10	\$ 103,695	\$ 101,909	\$ (1,786)
Intergovernmental revenues	-	-	-	-	-	-
Interest	17,500	21,635	4,135	800	1,783	983
Other	-	1,446	1,446	-	-	-
Transfers from other funds	-	-	-	-	-	-
Total revenues and other sources	<u>17,629</u>	<u>23,220</u>	<u>5,591</u>	<u>104,495</u>	<u>103,692</u>	<u>(803)</u>
Expenditures and other uses						
Personal services	-	-	-	-	-	-
Contractual services	4,000	3,600	400	-	-	-
Materials and supplies	-	-	-	-	-	-
Other	95,489	77,006	18,483	-	-	-
Capital outlay	-	-	-	52,300	52,757	(457)
Transfers to other funds	-	-	-	87,879	35,000	52,879
Contingency	662,986	-	662,986	-	-	-
Total expenditures and other uses	<u>762,475</u>	<u>80,606</u>	<u>681,869</u>	<u>140,179</u>	<u>87,757</u>	<u>52,422</u>
Revenues and other sources over (under) expenditures and other uses	(744,846)	(57,386)	687,460	(35,684)	15,935	51,619
Unencumbered fund balance, January 1	<u>782,966</u>	<u>793,493</u>	<u>10,527</u>	<u>42,689</u>	<u>53,592</u>	<u>10,903</u>
Unencumbered fund balance, December 31	<u>\$ 38,120</u>	<u>\$ 736,107</u>	<u>\$ 697,987</u>	<u>\$ 7,005</u>	<u>\$ 69,527</u>	<u>\$ 62,522</u>

GASOLINE TAX			INDUSTRIAL DEVELOPMENT			TOURISM AND CONVENTION		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	\$ -	\$ -	\$ 33,172	\$ 32,657	\$ (515)	\$ -	\$ -	\$ -
496,580	463,142	(33,438)	-	-	-	63,000	68,301	5,301
1,000	5,670	4,670	500	1,122	622	2,400	3,571	1,171
-	8,903	8,903	-	883	883	6,000	4,901	(1,099)
269,400	209,400	(60,000)	61,000	61,000	-	-	-	-
<u>766,980</u>	<u>687,115</u>	<u>(79,865)</u>	<u>94,672</u>	<u>95,662</u>	<u>990</u>	<u>71,400</u>	<u>76,773</u>	<u>5,373</u>
358,443	341,925	16,518	-	-	-	1,618	446	1,172
187,529	174,586	12,943	40,200	30,526	9,674	49,450	50,054	(604)
81,950	125,936	(43,986)	-	-	-	5,350	5,578	(228)
500	4,245	(3,745)	12,350	14,016	(1,666)	15,000	23,520	(8,520)
167,106	45,925	121,181	40,000	36,113	3,887	-	-	-
25,000	25,000	-	-	-	-	-	-	-
31,215	-	31,215	3,339	-	3,339	30,000	-	30,000
<u>851,743</u>	<u>717,617</u>	<u>134,126</u>	<u>95,889</u>	<u>80,655</u>	<u>15,234</u>	<u>101,418</u>	<u>79,598</u>	<u>21,820</u>
(84,763)	(30,502)	54,261	(1,217)	15,007	16,224	(30,018)	(2,825)	27,193
<u>84,763</u>	<u>119,241</u>	<u>34,478</u>	<u>6,007</u>	<u>42,788</u>	<u>36,781</u>	<u>92,210</u>	<u>126,583</u>	<u>34,373</u>
<u>-</u>	<u>\$ 88,739</u>	<u>\$ 88,739</u>	<u>\$ 4,790</u>	<u>\$ 57,795</u>	<u>\$ 53,005</u>	<u>\$ 62,192</u>	<u>\$ 123,758</u>	<u>\$ 61,566</u>

(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, 2005

	<u>CEMETERY IMPROVEMENTS</u>			<u>LIBRARY</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues and other sources						
- Taxes	\$ -	\$ -	\$ -	\$ 365,529	\$ 359,226	\$ (6,303)
- Intergovernmental revenues	-	-	-	-	-	-
- Interest	1,800	2,354	554	-	-	-
- Other	7,100	8,595	1,495	-	-	-
- Transfers from other funds	-	-	-	-	-	-
- Total revenues and other sources	<u>8,900</u>	<u>10,949</u>	<u>2,049</u>	<u>365,529</u>	<u>359,226</u>	<u>(6,303)</u>
-						
Expenditures and other uses						
- Personal services	-	-	-	-	-	-
- Contractual services	-	-	-	-	-	-
- Materials and supplies	500	978	(478)	-	-	-
- Other	-	-	-	365,529	359,226	6,303
- Capital outlay	-	-	-	-	-	-
- Transfers to other funds	-	700	(700)	-	-	-
- Contingency	80,000	-	80,000	-	-	-
- Total expenditures and other uses	<u>80,500</u>	<u>1,678</u>	<u>78,822</u>	<u>365,529</u>	<u>359,226</u>	<u>6,303</u>
-						
Revenues and other sources over (under) expenditures and other uses	(71,600)	9,271	80,871	-	-	-
-						
Unencumbered fund balance, January 1	<u>81,866</u>	<u>79,216</u>	<u>(2,650)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-						
Unencumbered fund balance, December 31	<u>\$ 10,266</u>	<u>\$ 88,487</u>	<u>\$ 78,221</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

LIBRARY EMP BENEFITS

<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
\$ 21,861	\$ 21,492	\$ (369)
-	-	-
-	-	-
-	-	-
-	-	-
<u>21,861</u>	<u>21,492</u>	<u>(369)</u>
-	-	-
-	-	-
-	-	-
21,861	21,492	369
-	-	-
-	-	-
<u>21,861</u>	<u>21,492</u>	<u>369</u>
-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

FAIRGROUNDS IMPROVEMENTS

<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
\$ -	\$ -	\$ -
-	-	-
600	699	99
8,000	15,944	7,944
-	-	-
<u>8,600</u>	<u>16,643</u>	<u>8,043</u>
-	-	-
-	-	-
-	-	-
-	-	-
-	1,100	(1,100)
-	-	-
17,807	-	17,807
<u>17,807</u>	<u>1,100</u>	<u>16,707</u>
(9,207)	15,543	24,750
<u>9,207</u>	<u>14,279</u>	<u>5,072</u>
<u>\$ -</u>	<u>\$ 29,822</u>	<u>\$ 29,822</u>

(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, 2005**

	<u>SPECIAL IMPROVEMENTS</u>			<u>WATER QUALITY</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues and other sources						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	-	-	-	-
Interest	300	757	457	100	873	773
Other	-	-	-	-	-	-
Transfers from other funds	-	13,983	13,983	38,600	23,393	(15,207)
Total revenues and other sources	<u>300</u>	<u>14,740</u>	<u>14,440</u>	<u>38,700</u>	<u>24,266</u>	<u>(14,434)</u>
Expenditures and other uses						
Personal services	-	-	-	-	-	-
Contractual services	10,000	150	9,850	33,375	12,938	20,437
Materials and supplies	-	-	-	-	938	(938)
Other	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Transfers to other funds	-	-	-	-	-	-
Contingency	5,839	-	5,839	5,000	-	5,000
Total expenditures and other uses	<u>15,839</u>	<u>150</u>	<u>15,689</u>	<u>38,375</u>	<u>13,876</u>	<u>24,499</u>
Revenues and other sources over (under) expenditures and other uses	(15,539)	14,590	30,129	325	10,390	10,065
Unencumbered fund balance, January 1	<u>15,539</u>	<u>21,061</u>	<u>5,522</u>	<u>35,025</u>	<u>20,281</u>	<u>(14,744)</u>
Unencumbered fund balance, December 31	<u>\$ -</u>	<u>\$ 35,651</u>	<u>\$ 35,651</u>	<u>\$ 35,350</u>	<u>\$ 30,671</u>	<u>\$ (4,679)</u>

(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, 2005

	Budget	Actual	Variance
Revenues and other sources:			
Taxes:			
Property	\$ 708,632	\$ 697,505	\$ (11,127)
Special assessments	104,871	108,304	3,433
Other revenues:			
Interest income	12,000	14,133	2,133
Payments from other governmental entities, debt payment shares	130,982	130,982	-
Other - Nonbudgeted debt proceeds	-	28,223	28,223
Transfers in	425,332	425,332	-
Total revenues and other sources	1,381,817	1,404,479	22,662
Expenditures and other uses:			
Bond interest payments	387,237	387,237	-
Bond principal payments	1,110,000	1,110,000	-
Transfer to other fund for debt payment	70,000	70,000	-
Other - Nonbudgeted debt issuance costs	-	24,874	(24,874)
Adjustment for qualified budget credit	28,223	-	28,223
Contingency	3,236	-	3,236
Total expenditures and other uses	1,598,696	1,592,111	6,585
Revenues and other sources over (under) expenditures and other uses	(216,879)	(187,632)	29,247
Unencumbered fund balance, Jan 1	188,656	265,197	76,541
Unencumbered fund balance, Dec 31	\$ (28,223)	\$ 77,565	\$ 105,788

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, 2005

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</u>
Expenditures:				
Improvement projects	\$ 359,710	\$ 76,263	\$ 435,973	\$ 447,864
 Other financing sources (uses):				
Interest income	-	657	657	
Temporary note proceeds	391,000	461,207	852,207	
Temporary note principal paid	-	(391,000)	(391,000)	
Temporary note interest paid	-	(9,189)	(9,189)	447,864
Total other financing sources (uses)	<u>391,000</u>	<u>61,675</u>	<u>452,675</u>	<u>447,864</u>
Net change in fund balances	31,290	(14,588)	16,702	<u>\$ -</u>
Fund balance-beginning of year	<u>-</u>	<u>31,290</u>	<u>-</u>	
Fund balance - end of year	<u>\$ 31,290</u>	<u>\$ 16,702</u>	<u>\$ 16,702</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, 2005

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</u>
Expenditures:				
Improvement projects	\$ 39,516	\$ 51,304	\$ 90,820	\$ 840,000
Other financing sources (uses):				
General obligation bond proceeds	-	-	-	745,000
Other financing	39,516	55,484	95,000	95,000
Total other financing sources (uses)	39,516	55,484	95,000	840,000
Net change in fund balances	-	4,180	4,180	<u>\$ -</u>
Fund balance-beginning of year	-	-	-	
Fund balance - end of year	<u>\$ -</u>	<u>\$ 4,180</u>	<u>\$ 4,180</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, 2005

	Prior Years	Current Year	Total to Date	Project Authorization
Revenues:				
Interest income	\$ 144	\$ -	\$ 144	\$ 144
State reimbursements	147,876	-	147,876	147,876
	148,020	-	148,020	148,020
			-	
Expenditures:				
Bond issue costs	12,512	-	12,512	12,512
Improvement projects	820,616	80,118	900,734	916,066
	833,128	80,118	913,246	928,578
Deficiency of revenues under expenditures	(685,108)	(80,118)	(765,226)	(780,558)
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)	780,558	-	780,558	780,558
Net change in fund balances	95,450	(80,118)	15,332	\$ -
Fund balance-beginning of year	-	95,450	-	
Fund balance - end of year	\$ 95,450	\$ 15,332	\$ 15,332	

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, 2005

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</u>
Expenditures:				
Improvement projects	\$ 798,142	\$ 14,884	\$ 813,026	\$ 957,000
Other financing sources (uses):				
Temporary note principal paid	-	(804,000)	(804,000)	-
Temporary note interest paid	-	(28,555)	(28,555)	-
Temporary note proceeds	804,000	-	804,000	804,000
General obligation bond proceeds		842,250	842,250	-
Other financing	-	-	-	153,000
Total other financing sources (uses)	<u>804,000</u>	<u>9,695</u>	<u>813,695</u>	<u>957,000</u>
Net change in fund balances	5,858	(5,189)	669	<u>\$ -</u>
Fund balance-beginning of year	-	<u>5,858</u>	-	
Fund balance - end of year	<u>\$ 5,858</u>	<u>\$ 669</u>	<u>\$ 669</u>	

CITY OF WINFIELD, KANSAS

Nonmajor Capital Projects Fund Industrial Park East Project

Schedule of Revenues, Expenditures, and Changes in Fund Balances From Inception and for the Year ended December 31, 2005

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</u>
Expenditures:				
Improvement projects	\$ -	\$ 71,062	\$ 71,062	\$ 342,000
Other financing sources (uses):				
Temporary note proceeds	-	293,792	293,792	342,000
Interest income	-	418	418	-
Other financing	-	-	-	-
Total other financing sources (uses)	-	294,210	294,210	342,000
Net change in fund balances	-	223,148	223,148	<u>\$ -</u>
Fund balance-beginning of year	-	-	-	
Fund balance - end of year	<u>\$ -</u>	<u>\$ 223,148</u>	<u>\$ 223,148</u>	

CITY OF WINFIELD, KANSAS

Nonmajor Capital Projects Fund Hiatt Hills Street Improvements

Schedule of Revenues, Expenditures, and Changes in Fund Balances From Inception and for the Year ended December 31, 2005

	Prior Years	Current Year	Total to Date	Project Authorization
Expenditures:				
Improvement projects	\$ -	\$ 27,432	\$ 27,432	\$ 1,778,004
Other financing sources (uses):				
Bond Issue proceeds	-	-	-	1,778,004
Other financing	-	27,432	27,432	-
Total other financing sources (uses)	-	27,432	27,432	1,778,004
Net change in fund balances	-	-	-	\$ -
Fund balance-beginning of year	-	-	-	
Fund balance - end of year	\$ -	\$ -	\$ -	

CITY OF WINFIELD, KANSAS

Nonmajor Capital Projects Fund Winfield Public Library 2005 Improvements

Schedule of Revenues, Expenditures, and Changes in Fund Balances From Inception and for the Year ended December 31, 2005

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</u>
Expenditures:				
Improvement projects	\$ -	\$ 42,750	\$ 42,750	\$ 42,750
 Other financing sources (uses):				
General obligation bond proceeds	-	42,750	42,750	42,750
Total other financing sources (uses)	-	42,750	42,750	42,750
Net change in fund balances	-	-	-	<u>\$ -</u>
Fund balance-beginning of year	-	-	-	
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<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.

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CITY OF WINFIELD, KANSAS

NONMAJOR ENTERPRISE FUNDS COMBINING STATEMENT OF NET ASSETS DECEMBER 31, 2005

	Refuse	Stormwater Drainage	Total
Assets			
Current assets			
Cash and temporary investments	\$ 102,942	\$ 248,505	\$ 351,447
Restricted asset: cash and temporary investments	126	-	126
Utility billing receivables, net	33,117	5,036	38,153
Accounts receivable, net	9,216	-	9,216
Total current assets	145,401	253,541	398,942
Capital Assets:			
Land	3,503	-	3,503
Buildings	78,599	-	78,599
Improvements other than buildings	-	2,581,945	2,581,945
Machinery, equipment, other	1,122,057	14,055	1,136,112
Less accumulated depreciation	(758,596)	(242,021)	(1,000,617)
Net capital assets	445,563	2,353,979	2,799,542
Other assets			
Advances to internal service funds	64,276	2,232	66,508
Investment in joint venture	57,396	-	57,396
Total other assets	121,672	2,232	123,904
Total assets	712,636	2,609,752	3,322,388
Liabilities			
Current liabilities			
Accounts payable	36,842	-	36,842
Accrued interest payable	116	-	116
Payable from restricted assets	126	-	126
Current portion of capital lease payable	9,874	-	9,874
Total current liabilities	46,958	-	46,958
Noncurrent liabilities			
Accrued compensated absences	15,557	-	15,557
Total liabilities	62,515	-	62,515
Net Assets			
Invested in capital assets	-	2,353,979	2,353,979
Invested in capital assets, net of related debt	435,563	-	435,563
Restricted by debt covenants	126	-	126
Unrestricted	214,432	255,773	470,205
Total net assets	\$ 650,121	\$ 2,609,752	\$ 3,259,873

CITY OF WINFIELD, KANSAS

NONMAJOR ENTERPRISE FUNDS COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2005

	Refuse	Stormwater Drainage	Total
Operating revenues			
Charges for services and sales	\$ 1,108,568	\$ 151,245	\$ 1,259,813
Other	20,618	-	20,618
Total operating revenues	<u>1,129,186</u>	<u>151,245</u>	<u>1,280,431</u>
Operating expenses			
Services and supplies	1,066,473	13,480	1,079,953
Depreciation	117,033	34,708	151,741
Total operating expenses	<u>1,183,506</u>	<u>48,188</u>	<u>1,231,694</u>
Operating income (loss)	<u>(54,320)</u>	<u>103,057</u>	<u>48,737</u>
Non-operating revenues (expenses)			
Interest income	5,383	6,235	11,618
Gain on sale of equipment	12,188	-	12,188
Loss on joint venture	(3,703)	-	(3,703)
Interest expense	(709)	-	(709)
Total non-operating revenues (expenses)	<u>13,159</u>	<u>6,235</u>	<u>19,394</u>
Net income (loss) before transfers	<u>(41,161)</u>	<u>109,292</u>	<u>68,131</u>
Capital contributions and operating transfers:			
Capital grant	25,000	-	25,000
Transfers out - cash	-	(95,000)	(95,000)
Transfers in - capital asset	25,000	-	25,000
Change in net assets	<u>8,839</u>	<u>14,292</u>	<u>23,131</u>
Total net assets - beginning	637,346	2,595,300	3,232,646
Prior year adjustment	<u>3,936</u>	<u>160</u>	<u>4,096</u>
Restated total net assets - beginning	<u>641,282</u>	<u>2,595,460</u>	<u>3,236,742</u>
Total net assets - ending	<u>\$ 650,121</u>	<u>\$ 2,609,752</u>	<u>\$ 3,259,873</u>

CITY OF WINFIELD, KANSAS
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Refuse</u>	<u>Stormwater Drainage</u>	<u>Total</u>
Cash flows from operating activities			
Payments to suppliers	\$ (611,981)	\$ (19,647)	\$ (631,628)
Payments to employees	(458,873)	-	(458,873)
Receipts from customers	1,090,735	148,901	1,239,636
Other receipts	11,652	-	11,652
Net cash provided by operating activities	<u>31,533</u>	<u>129,254</u>	<u>160,787</u>
Cash flows from noncapital financing activities			
Advances to other funds	(7,712)	(371)	(8,083)
Transfer to other funds	-	(95,000)	(95,000)
Net cash used by noncapital financing activities	<u>(7,712)</u>	<u>(95,371)</u>	<u>(103,083)</u>
Cash flows from capital and related financing activities			
Capital lease payments - principal	(10,000)	-	(10,000)
Capital lease payments - interest	(825)	-	(825)
Capital grant proceeds	18,750	-	18,750
Sale of assets	13,580	-	13,580
Acquisition of capital assets	(192,560)	(52,441)	(245,001)
Net cash used by capital and related financing activities	<u>(171,055)</u>	<u>(52,441)</u>	<u>(223,496)</u>
Cash flows from investing activities			
Interest income	5,383	6,235	11,618
Net cash provided from investing activities	<u>5,383</u>	<u>6,235</u>	<u>11,618</u>
Net decrease in cash and cash equivalents	(141,851)	(12,323)	(154,174)
Balances - beginning of the year (Includes \$122 in restricted accounts)	<u>244,919</u>	<u>260,828</u>	<u>505,747</u>
Balances - end of the year (includes \$126 in restricted accounts)	<u>\$ 103,068</u>	<u>\$ 248,505</u>	<u>\$ 351,573</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	\$ (54,320)	\$ 103,057	\$ 48,737
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	117,033	34,708	151,741
Changes in assets and liabilities:			
Receivables, net	(26,798)	(2,344)	(29,142)
Compensated absences	3,422	-	3,422
Accounts and other payables	(7,804)	(6,167)	(13,971)
Total adjustments	<u>85,853</u>	<u>26,197</u>	<u>112,050</u>
Net cash provided (used) by operating activities	<u>\$ 31,533</u>	<u>\$ 129,254</u>	<u>\$ 160,787</u>
Noncash Transactions			
Loss on joint venture	(3,704)	-	(3,704)
Capital assets contributed from other funds	25,000	-	25,000

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, 2005

ELECTRIC

	Original Budget	Amended Budget	Actual	Variance with Amended
Revenues and other sources				
Charges for services	\$ 18,500,000	\$ 18,500,000	\$ 18,606,530	\$ 106,530
Interest income	100,000	100,000	155,096	55,096
Other	241,700	241,700	788,869	547,169
State and federal grants	595,000	595,000	467,852	(127,148)
Reimbursement of expenditures	315,000	315,000	149,262	(165,738)
Transfers from other funds	-	-	-	-
Total revenues and other sources	<u>19,751,700</u>	<u>19,751,700</u>	<u>20,167,609</u>	<u>415,909</u>
Expenditures and other uses				
Personal services	2,032,216	2,032,216	1,909,543	122,673
Contractual services	1,803,271	1,803,271	2,115,296	(312,025)
Materials and supplies	263,700	263,700	583,277	(319,577)
Other	284,975	284,975	318,764	(33,789)
Purchased power and fuel	12,597,000	12,758,294	13,528,779	(770,485)
Capital outlay	1,140,864	1,140,864	1,344,409	(203,545)
Debt service	218,495	218,495	862,136	(643,641)
In lieu of franchise taxes	1,278,400	1,278,400	1,350,013	(71,613)
Transfers to other funds	219,785	219,785	454,500	(234,715)
Contingency	1,500,000	1,500,000	-	1,500,000
Total expenditures and other uses	<u>21,338,706</u>	<u>21,500,000</u>	<u>22,466,717</u>	<u>(966,717)</u>
Revenues and other sources over (under) expenditures and other uses	(1,587,006)	(1,748,300)	(2,299,108)	(550,808)
Unencumbered fund balance, January 1	<u>3,268,859</u>	<u>3,268,859</u>	<u>3,745,936</u>	<u>(477,077)</u>
Unencumbered fund balance, December 31	<u>\$ 1,681,853</u>	<u>\$ 1,520,559</u>	<u>\$ 1,446,828</u>	<u>\$ (73,731)</u>

GAS				WATER		
Original Budget	Amended Budget	Actual	Variance with Amended	Budget	Actual	Variance
\$ 6,700,000	\$ 6,700,000	\$ 5,946,662	\$ (753,338)	\$ 2,100,000	\$ 2,081,813	\$ (18,187)
23,000	23,000	31,001	8,001	3,000	17,823	14,823
11,000	11,000	20,203	9,203	22,000	31,400	9,400
-	-	-	-	-	-	-
17,000	17,000	27,472	10,472	22,000	34,913	12,913
-	-	-	-	-	-	-
6,751,000	6,751,000	6,025,338	(725,662)	2,147,000	2,165,949	18,949
708,334	708,334	690,198	18,136	711,892	671,102	40,790
611,921	611,921	600,138	11,783	788,879	605,195	183,684
30,100	30,100	21,971	8,129	104,000	116,149	(12,149)
42,412	42,412	53,668	(11,256)	66,765	74,608	(7,843)
4,500,000	4,799,608	4,937,581	(137,973)	-	-	-
124,200	124,200	152,557	(28,357)	157,000	102,574	54,426
-	-	-	-	172,799	172,799	-
388,600	388,600	350,781	37,819	115,500	114,891	56,700
170,655	170,655	6,000	164,655	37,160	14,593	82,875
424,170	424,170	-	424,170	190,894	-	190,894
7,000,392	7,300,000	6,812,894	487,106	2,344,889	1,871,911	589,377
(249,392)	(549,000)	(787,556)	(238,556)	(197,889)	294,038	608,326
249,392	249,392	29,639	219,753	197,889	466,160	268,271
\$ -	\$ (299,608)	\$ (757,917)	\$ (458,309)	\$ -	\$ 760,198	\$ 876,597

(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, 2005

	REFUSE			WASTEWATER		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues and other sources						
Charges for services	\$ 1,090,000	\$ 1,019,095	\$ (70,905)	\$ 1,543,000	\$ 1,503,837	\$ (39,163)
Interest income	5,000	5,383	383	6,000	8,426	2,426
Other	48,580	83,309	34,729	4,000	8,885	4,885
FEMA reimbursements	-	-	-	-	-	-
Reimbursement of expenditures	29,100	8,396	(20,704)	500	648	148
Transfers from other funds	-	-	-	70,000	70,000	-
Total revenues and other sources	<u>1,172,680</u>	<u>1,116,183</u>	<u>(56,497)</u>	<u>1,623,500</u>	<u>1,591,796</u>	<u>(31,704)</u>
Expenditures and other uses						
Personal services	480,774	458,389	22,385	538,792	499,561	39,231
Contractual services	553,586	555,907	(2,321)	404,013	413,945	(9,932)
Materials and supplies	15,500	15,180	320	66,450	45,523	20,927
Other	18,544	22,753	(4,209)	42,357	42,169	188
Purchased power and fuel	-	-	-	-	-	-
Capital outlay	18,000	33,681	(15,681)	160,650	84,034	76,616
Debt service	21,650	21,650	-	513,729	513,729	-
In lieu of franchise taxes	53,500	-	53,500	-	-	-
Transfers to other funds	-	-	-	-	-	-
Contingency	31,111	-	31,111	100,000	-	100,000
Total expenditures and other uses	<u>1,192,665</u>	<u>1,107,560</u>	<u>85,105</u>	<u>1,825,991</u>	<u>1,598,961</u>	<u>227,030</u>
Revenues and other sources over (under) expenditures and other uses	(19,985)	8,623	28,608	(202,491)	(7,165)	195,326
Unencumbered fund balance, January 1	<u>19,985</u>	<u>57,477</u>	<u>37,492</u>	<u>296,043</u>	<u>305,822</u>	<u>9,779</u>
Unencumbered fund balance, December 31	<u>\$ -</u>	<u>\$ 66,100</u>	<u>\$ 66,100</u>	<u>\$ 93,552</u>	<u>\$ 298,657</u>	<u>\$ 205,105</u>

STORMWATER DRAINAGE

<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
\$ 130,000	\$ 148,530	\$ 18,530
4,000	6,235	2,235
-	390	390
-	-	-
-	-	-
-	-	-
<u>134,000</u>	<u>155,155</u>	<u>21,155</u>
-	-	-
57,500	11,000	46,500
54,750	31,296	23,454
200	60	140
-	-	-
-	5,050	(5,050)
-	-	-
-	-	-
95,000	95,000	-
40,000	-	40,000
<u>247,450</u>	<u>142,406</u>	<u>105,044</u>
(113,450)	12,749	126,199
<u>135,326</u>	<u>235,756</u>	<u>100,430</u>
<u>\$ 21,876</u>	<u>\$ 248,505</u>	<u>\$ 226,629</u>

QUAIL RIDGE GOLF COURSE

<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended</u>
\$ 413,300	\$ 413,300	\$ 366,853	\$ (46,447)
3,000	3,000	4,845	1,845
500	500	464	(36)
-	-	-	-
500	500	142	(358)
<u>391,000</u>	<u>391,000</u>	<u>439,500</u>	<u>48,500</u>
236,723	236,723	228,051	8,672
94,312	94,312	93,851	461
74,730	89,810	84,477	5,333
3,075	3,075	2,465	610
-	-	-	-
43,552	43,552	44,279	(727)
356,011	356,011	356,010	1
-	-	-	-
-	-	-	-
5,517	5,517	-	5,517
<u>813,920</u>	<u>829,000</u>	<u>809,133</u>	<u>19,867</u>
(5,620)	(20,700)	2,671	23,371
<u>5,620</u>	<u>5,620</u>	<u>17</u>	<u>(5,603)</u>
<u>\$ -</u>	<u>\$ (15,080)</u>	<u>\$ 2,688</u>	<u>\$ 17,768</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. This fund is discontinued at the end of 2005, and each fund will 'own' its own inventory 2006 and forward.

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, 2005

	Management Services	Operations Center	Central Stores	Accounts Receivable Financing
Assets				
Current assets				
Cash and temporary investments	\$ 96,085	\$ 27,267	\$ -	\$ 46,820
Utility billing receivables, net	-	-	-	2,318,572
Accounts receivable, net	1,703	-	-	-
Inventories	26,834	99,921	-	-
Total current assets	<u>124,622</u>	<u>127,188</u>	<u>-</u>	<u>2,365,392</u>
Noncurrent assets				
Capital assets				
Land	-	6,500	-	-
Buildings and improvements	259,074	1,570,452	-	-
Improvements other than buildings	-	78,780	-	-
Machinery, equipment, other	1,249,794	391,650	-	-
Less accumulated depreciation	(972,952)	(691,075)	-	-
Net capital assets	<u>535,916</u>	<u>1,356,307</u>	<u>-</u>	<u>-</u>
Other assets				
Sales tax deposit	-	-	-	6,000
Total assets	<u>\$ 660,538</u>	<u>\$ 1,483,495</u>	<u>\$ -</u>	<u>\$ 2,371,392</u>
Liabilities				
Current liabilities				
Accounts and claims payable	\$ 79,999	\$ 25,205	\$ -	\$ 52,820
Total current liabilities	<u>79,999</u>	<u>25,205</u>	<u>-</u>	<u>52,820</u>
Noncurrent liabilities				
Advances from other funds	-	70,000	-	2,318,572
Accrued compensated absences	78,033	11,897	-	-
Total noncurrent liabilities	<u>78,033</u>	<u>81,897</u>	<u>-</u>	<u>2,318,572</u>
Total liabilities	<u>158,032</u>	<u>107,102</u>	<u>-</u>	<u>2,371,392</u>
Net Assets				
Invested in capital assets	535,916	1,356,311	-	-
Unrestricted	(33,410)	20,082	-	-
Total net assets	<u>\$ 502,506</u>	<u>\$ 1,376,393</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Risk Management Reserve</u>	<u>Workers' Compensation Reserve</u>	<u>Health Insurance Reserve</u>	<u>Short-Term Disability Reserve</u>	<u>Total</u>
\$ 1,124,283	\$ 167,116	\$ 126,761	\$ 150,413	\$ 1,738,745
-	-	-	-	2,318,572
-	45,309	-	-	47,012
-	-	-	-	126,755
<u>1,124,283</u>	<u>212,425</u>	<u>126,761</u>	<u>150,413</u>	<u>4,231,084</u>
-	-	-	-	6,500
-	-	-	-	1,829,526
-	-	-	-	78,780
-	-	-	-	1,641,444
-	-	-	-	(1,664,027)
-	-	-	-	<u>1,892,223</u>
-	-	-	-	6,000
<u>\$ 1,124,283</u>	<u>\$ 212,425</u>	<u>\$ 126,761</u>	<u>\$ 150,413</u>	<u>\$ 6,129,307</u>
\$ 4,556	\$ 17,865	\$ -	\$ -	\$ 180,445
<u>4,556</u>	<u>17,865</u>	<u>-</u>	<u>-</u>	<u>180,445</u>
-	-	-	-	2,388,572
-	-	-	-	89,930
-	-	-	-	<u>2,478,502</u>
<u>4,556</u>	<u>17,865</u>	<u>-</u>	<u>-</u>	<u>2,658,947</u>
-	-	-	-	1,892,227
<u>1,119,727</u>	<u>194,560</u>	<u>126,761</u>	<u>150,413</u>	<u>1,578,133</u>
<u>\$ 1,119,727</u>	<u>\$ 194,560</u>	<u>\$ 126,761</u>	<u>\$ 150,413</u>	<u>\$ 3,470,360</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, 2005

	Management Services	Operations Center	Central Stores	Accounts Receivable Financing
Operating revenues				
Charges for services	\$ 2,367,697	\$ 530,909	\$ -	\$ 84,923
Other	29,958	49	-	-
Total operating revenues	<u>2,397,655</u>	<u>530,958</u>	<u>-</u>	<u>84,923</u>
Operating expenses				
Administration	2,206,332	507,666	5,095	84,923
Claims	-	-	-	-
Depreciation	78,658	60,769	-	-
Total operating expenses	<u>2,284,990</u>	<u>568,435</u>	<u>5,095</u>	<u>84,923</u>
Operating income (loss)	<u>112,665</u>	<u>(37,477)</u>	<u>(5,095)</u>	<u>-</u>
Non-operating revenues (expenses)				
Interest income	-	-	-	-
Other	(2,210)	(3,786)	-	-
Total non-operating revenues (expenses)	<u>(2,210)</u>	<u>(3,786)</u>	<u>-</u>	<u>-</u>
Net income (loss) before operating transfers	<u>110,455</u>	<u>(41,263)</u>	<u>(5,095)</u>	<u>-</u>
Transfers out - cash	(118,150)	-	-	-
Transfers in - capital assets	124,179	130,319	-	-
Net transfers	<u>6,029</u>	<u>130,319</u>	<u>-</u>	<u>-</u>
Change in net assets	116,484	89,056	(5,095)	-
Total net assets - beginning	<u>386,022</u>	<u>1,287,337</u>	<u>5,095</u>	<u>-</u>
Total net assets - ending	<u>\$ 502,506</u>	<u>\$ 1,376,393</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Risk Management Reserve</u>	<u>Workers' Compensation Reserve</u>	<u>Health Insurance Reserve</u>	<u>Short-Term Disability Reserve</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ -	\$ 2,983,529
109,641	277,976	1,310,890	17,760	1,746,274
<u>109,641</u>	<u>277,976</u>	<u>1,310,890</u>	<u>17,760</u>	<u>4,729,803</u>
35,843	62,706	1,294,657	-	4,197,222
70,534	174,661	-	-	245,195
-	-	-	-	139,427
<u>106,377</u>	<u>237,367</u>	<u>1,294,657</u>	<u>-</u>	<u>4,581,844</u>
<u>3,264</u>	<u>40,609</u>	<u>16,233</u>	<u>17,760</u>	<u>147,959</u>
31,612	2,563	4,268	3,962	42,405
-	-	-	-	(5,996)
<u>31,612</u>	<u>2,563</u>	<u>4,268</u>	<u>3,962</u>	<u>36,409</u>
<u>34,876</u>	<u>43,172</u>	<u>20,501</u>	<u>21,722</u>	<u>184,368</u>
-	-	-	-	(118,150)
-	-	-	-	254,498
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>136,348</u>
34,876	43,172	20,501	21,722	320,716
1,084,851	151,388	106,260	128,691	3,149,644
<u>\$ 1,119,727</u>	<u>\$ 194,560</u>	<u>\$ 126,761</u>	<u>\$ 150,413</u>	<u>\$ 3,470,360</u>

CITY OF WINFIELD, KANSAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2005

	Management Services	Operations Center	Central Stores	Accounts Receivable Financing
Cash flows from operating activities				
Payments to suppliers	\$ (425,295)	\$ (208,934)	\$ (946,470)	\$ -
Payments to employees	(1,791,258)	(307,886)		-
Payments of claims	-	-	-	-
Internal activity-receipts to other funds	-	-	-	(29,310,333)
Internal activity-receipts from other funds	2,367,697	530,909	819,965	-
Receipts from customers	-	-	-	28,997,332
Other receipts	27,658	49	-	-
Net cash provided (used) by operating activities	<u>178,802</u>	<u>14,138</u>	<u>(126,505)</u>	<u>(313,001)</u>
Cash flows from noncapital financing activities				
Advances from other funds	-	-	-	317,909
Cash flows from capital and related financing activities				
Transfers (to) from other funds for capital acquisition	(118,150)	-	-	-
Sale of capital assets	-	-	-	-
Acquisition of capital assets	(57,250)	(14,379)	-	-
Net cash used by capital and related financing activities	<u>(175,400)</u>	<u>(14,379)</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities				
Interest income	-	-	-	-
Net increase (decrease) in cash and cash equivalents	3,402	(241)	(126,505)	4,908
Balances - beginning of year	92,683	27,508	126,505	41,912
Balances - end of year	<u>\$ 96,085</u>	<u>\$ 27,267</u>	<u>\$ -</u>	<u>\$ 46,820</u>

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

Operating income (loss)	112,665	(37,477)	(5,095)	-
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	78,658	60,769	-	-
Changes in assets and liabilities:				
Receivables, net	2,338	-	-	(323,909)
Inventories	(26,834)	(14,796)	1,094,916	-
Compensated absences	2,831	1,147	-	-
Accounts and other payables	9,144	4,495	(1,216,326)	10,908
Total adjustments	<u>66,137</u>	<u>51,615</u>	<u>(121,410)</u>	<u>(313,001)</u>
Net cash provided (used) by operating activities	<u>\$ 178,802</u>	<u>\$ 14,138</u>	<u>\$ (126,505)</u>	<u>\$ (313,001)</u>
Noncash Transactions				
Capital assets contributed from other funds	124,179	130,319	-	-
Inventories moved to originating funds	26,834		(1,187,984)	

Risk Management Reserve	Workers' Compensation Reserve	Health Insurance Reserve	Short-Term Disability Reserve	Totals
\$ 9,685	\$ (145,944)	\$ (1,294,815)	\$ -	\$ (3,011,773)
-	-	-	-	(2,099,144)
(112,561)	(132,851)	-	-	(245,412)
-	-	-	-	(29,310,333)
-	93,595	1,310,890	17,760	5,140,816
-	-	-	-	28,997,332
109,641	139,071	-	-	276,419
<u>6,765</u>	<u>(46,129)</u>	<u>16,075</u>	<u>17,760</u>	<u>(252,095)</u>
-	-	-	-	317,909
-	-	-	-	(118,150)
-	-	-	-	-
-	-	-	-	(71,629)
-	-	-	-	(189,779)
<u>31,612</u>	<u>2,563</u>	<u>4,268</u>	<u>3,962</u>	<u>42,405</u>
38,377	(43,566)	20,343	21,722	(81,560)
1,085,906	210,682	106,418	128,691	1,820,305
<u>\$ 1,124,283</u>	<u>\$ 167,116</u>	<u>\$ 126,761</u>	<u>\$ 150,413</u>	<u>\$ 1,738,745</u>
<u>3,264</u>	<u>40,609</u>	<u>16,233</u>	<u>17,760</u>	<u>147,959</u>
-	-	-	-	139,427
-	(45,119)	-	-	(366,690)
-	-	-	-	1,053,286
-	-	-	-	3,978
<u>3,501</u>	<u>(41,619)</u>	<u>(158)</u>	<u>-</u>	<u>(1,230,055)</u>
<u>3,501</u>	<u>(86,738)</u>	<u>(158)</u>	<u>-</u>	<u>(400,054)</u>
<u>\$ 6,765</u>	<u>\$ (46,129)</u>	<u>\$ 16,075</u>	<u>\$ 17,760</u>	<u>\$ (252,095)</u>
-	-	-	-	254,498
-	-	-	-	(1,161,150)

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, 2005

	MANAGEMENT SERVICES			OPERATIONS CENTER		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues and other sources						
Interfund contributions	\$ 2,508,725	\$ 2,367,697	\$ (141,028)	\$ 592,328	\$ 530,909	\$ (61,419)
Interest income	-	-	-	-	-	-
Other	4,000	26,427	22,427	500	70	(430)
Reimbursement of expenditures	2,000	1,273	(727)	-	-	-
Total revenues and other sources	<u>2,514,725</u>	<u>2,395,397</u>	<u>(119,328)</u>	<u>592,828</u>	<u>530,979</u>	<u>(61,849)</u>
		2,517,959				
Expenditures and other uses						
Personal services	1,876,020	1,795,630	80,390	323,366	307,339	16,027
Contractual services	323,549	314,579	8,970	150,593	151,673	(1,080)
Materials and supplies	110,010	102,311	7,699	44,850	53,618	(8,768)
Other	59,596	62,316	(2,720)	8,219	5,240	2,979
Capital outlay	88,500	19,752	68,748	65,300	17,840	47,460
Transfers to other funds	51,050	118,150	(67,100)	-	-	-
Contingency	18,396	-	18,396	7,934	-	7,934
Total expenditures and other uses	<u>2,527,121</u>	<u>2,412,738</u>	<u>114,383</u>	<u>600,262</u>	<u>535,710</u>	<u>64,552</u>
Revenues and other sources over (under) expenditures and other uses	(12,396)	(17,341)	(4,945)	(7,434)	(4,731)	2,703
Unencumbered fund balance, January 1	<u>12,396</u>	<u>17,371</u>	<u>4,975</u>	<u>7,434</u>	<u>4,732</u>	<u>(2,702)</u>
Unencumbered fund balance, December 31	<u>\$ -</u>	<u>\$ 30</u>	<u>\$ 30</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>

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, 2005

	Balance January 1 2005	Additions	Deductions	Balance December 31 2005
Claims				
Assets: Cash and temporary investments	\$ 12,692	\$ 40,164,079	\$ 40,048,888	\$ 127,883
Liabilities: Accounts payable	\$ 12,692	\$ 40,164,079	\$ 40,048,888	\$ 127,883
Sales Tax				
Assets: Cash and temporary investments	\$ 2,616	\$ 117,595	\$ 111,587	\$ 8,624
Liabilities: Accounts payable	\$ 2,616	\$ 117,595	\$ 111,587	\$ 8,624
Fire Insurance Escrow				
Assets: Cash and temporary investments	\$ 21,900	\$ 3,352	\$ 25,252	\$ -
Liabilities: Accounts payable	\$ 21,900	\$ 3,352	\$ 25,252	\$ -
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	\$ 44,225	\$ 40,285,026	\$ 40,185,727	\$ 143,524
Liabilities: Accounts payable	\$ 44,225	\$ 40,285,026	\$ 40,185,727	\$ 143,524

CITY OF WINFIELD, KANSAS

FIDUCIARY FUNDS- PRIVATE PURPOSE TRUST STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>CDBG Economic Dev Loan</u>
Additions	
Interest	\$ 2,710
Other	81,553
	<hr/>
Total revenues	84,263
Deductions	
Investments transferred to State of Kansas	184,902
Administrative expenses	655
	<hr/>
	185,557
	<hr/>
Change in net assets	(101,294)
Net assets held in trust for State of Kansas - beginning	101,294
Net assets held in trust for State of Kansas - ending	<hr/> <u>\$ -</u>

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CITY OF WINFIELD, KANSAS

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS SCHEDULE BY SOURCE DECEMBER 31, 2005

	<u>2005</u>
Governmental funds capital assets	
Land	\$ 1,986,496
Buildings	8,385,253
Improvements other than buildings	12,023,991
Machinery and equipment	6,411,643
Construction in progress	185,614
Total governmental funds capital assets	<u><u>\$ 28,992,997</u></u>
Investment in governmental funds capital assets by source:	
General fund	\$ 21,727,903
Special revenue funds	6,603,489
Capital projects funds	185,614
Donations	<u>475,991</u>
Total governmental funds capital assets	<u><u>\$ 28,992,997</u></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 BY FUNCTION AND ACTIVITY DECEMBER 31, 2005

Function and Activity	Land	Buildings	Improvements Other Than Buildings	Machinery and Equipment	Construction in Progress	Total
General government:						
Administrative/other	\$ 514,145	\$ 3,560,508	\$ 171,422	\$ 159,499	\$ -	\$ 4,405,574
Total general government	<u>514,145</u>	<u>3,560,508</u>	<u>171,422</u>	<u>159,499</u>	<u>-</u>	<u>4,405,574</u>
Public safety:						
Police	-	205,716	-	889,166	-	1,094,882
Fire	-	523,104	-	1,882,318	-	2,405,422
Inspection	-	-	-	18,952	-	18,952
Total public safety	<u>-</u>	<u>728,820</u>	<u>-</u>	<u>2,790,436</u>	<u>-</u>	<u>3,519,256</u>
Highways and streets:	-	15,425	7,557,301	1,198,612	-	8,771,338
Health and welfare	-	-	-	570,107	-	570,107
Culture and recreation	1,465,956	4,017,244	4,299,617	1,535,378	-	11,318,195
Cemetery	6,395	63,255	9,703	143,560	-	222,913
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>185,614</u>	<u>185,614</u>
Total governmental funds capital assets	<u>\$ 1,986,496</u>	<u>\$ 8,385,252</u>	<u>\$ 12,038,043</u>	<u>\$ 6,397,592</u>	<u>\$ 185,614</u>	<u>\$ 28,992,997</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, 2005

Function and Activity	Governmental Funds Capital Assets Jan 1, 2005	Additions	Deductions	Transfers	Governmental Funds Capital Assets Dec 31, 2005
General government:					
Attorney	\$ 16,244	\$ -	\$ -	\$ -	\$ 16,244
Other	4,422,047	3,878	(36,593)	-	4,389,332
Total general government	<u>4,438,291</u>	<u>3,878</u>	<u>(36,593)</u>	<u>-</u>	<u>4,405,576</u>
Public safety:					
Police	914,747	218,536	(24,000)	(14,400)	1,094,883
Fire	2,438,249	182,099	(214,926)	-	2,405,422
Inspection	18,952	-	-	-	18,952
Total public safety	<u>3,371,948</u>	<u>400,635</u>	<u>(238,926)</u>	<u>(14,400)</u>	<u>3,519,257</u>
Highways and streets	8,335,818	41,954	(10,293)	403,858	8,771,337
Health and welfare	446,288	123,819	-	-	570,107
Culture and recreation	11,198,504	113,121	(9,092)	15,572	11,318,105
Cemetery	217,763	5,150	-	-	222,913
Under construction	<u>826,907</u>	<u>266,544</u>	<u>-</u>	<u>(907,748)</u>	<u>185,703</u>
Total governmental funds capital assets	<u>\$ 28,835,519</u>	<u>\$ 955,101</u>	<u>\$ (294,904)</u>	<u>\$ (502,718)</u>	<u>\$ 28,992,997</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, 2005

WINFIELD HOUSING AUTHORITY

Assets

Current assets

Cash and temporary investments	\$ 271,156
Accounts receivable, net	53,525
Prepays and materials inventory	21,041
Total current assets	<u>345,722</u>

Capital Assets:

Land	52,776
Buildings	2,626,929
Machinery, equipment, other	149,213
Less accumulated depreciation	(1,377,364)
Net capital assets	<u>1,451,554</u>

Other assets

Restricted cash	-
Utility deposits	5,635
Total other assets	<u>5,635</u>

Total assets \$ 1,802,911

Liabilities

Current liabilities

Accounts payable	12,839
Accrued compensated absences	3,769

Total liabilities 16,608

Net Assets

Invested in capital assets	1,451,553
Restricted for capital projects	34,581
Unrestricted	300,169
Total net assets	<u>\$ 1,786,303</u>

CITY OF WINFIELD, KANSAS

NONMAJOR COMPONENT UNIT - BUSINESS-TYPE COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS DECEMBER 31, 2005

WINFIELD HOUSING AUTHORITY

Operating revenues	
Rental income	\$ 171,861
Other	4,315
Total operating revenues	<u>176,176</u>
Operating expenses	
Services and supplies	141,969
Depreciation	58,548
Total operating expenses	<u>200,517</u>
Operating loss	<u>(24,341)</u>
Non-operating revenues (expenses)	
Interest income	3,358
HUD grants	81,781
Other	-
Total non-operating revenues (expenses)	<u>85,139</u>
Change in net assets	60,798
Total net assets - beginning	<u>1,725,505</u>
Total net assets - ending	<u>\$ 1,786,303</u>

CITY OF WINFIELD, KANSAS

NONMAJOR COMPONENT UNIT - GOVERNMENTAL TYPE COMBINING BALANCE SHEET DECEMBER 31, 2005

WINFIELD PUBLIC LIBRARY

Assets	
Cash and temporary investments	\$ 114,062
Total assets	<u>\$ 114,062</u>
Liabilities	
Accounts payable	\$ 9,353
Fund balance	<u>104,709</u>
Total liabilities and fund balance	<u>\$ 114,062</u>

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, 2005

WINFIELD PUBLIC LIBRARY

Revenues

Property taxes	\$	380,717
Intergovernmental revenue		28,210
Fines and penalties		3,728
Interest income		2,107
Charges for services and sales		13,797
Other		13,493
Total revenues		<u>442,052</u>

Expenditures

Culture and recreation:		
Personal services		220,438
Contractual services		116,210
Commodities		66,497
Capital outlay		15,055
Other		-
Total expenditures		<u>418,200</u>

Excess (deficiency) of revenues over (under) expenditures 23,852

Fund balance, beginning of year 80,857

Fund balance, end of year \$ 104,709

CITY OF WINFIELD, KANSAS

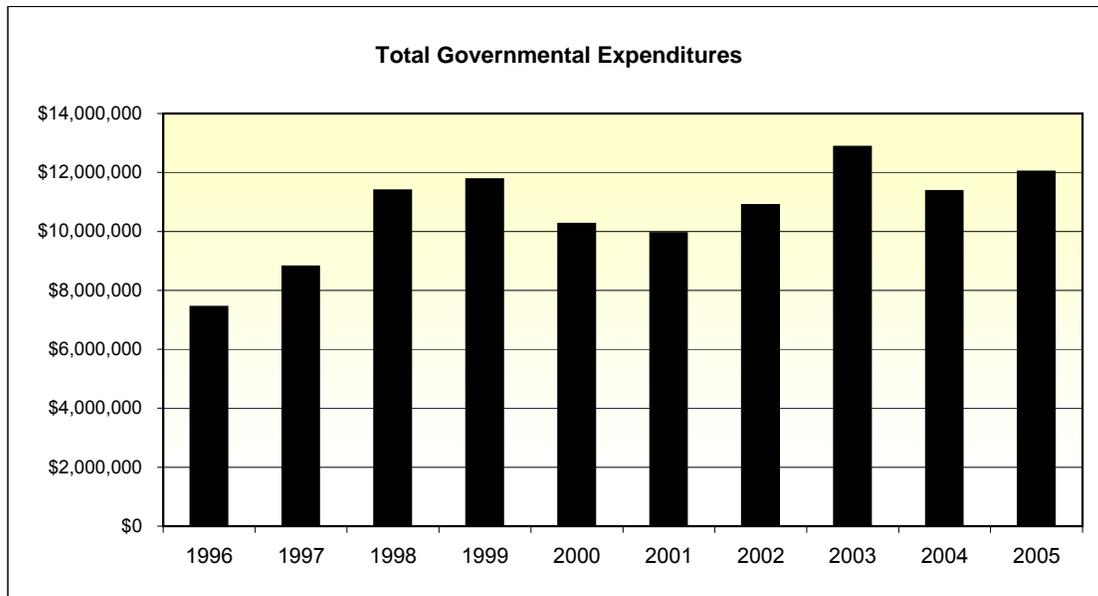
GENERAL GOVERNMENT EXPENDITURES BY FUNCTION [1] LAST TEN FISCAL YEARS

Fiscal Year	General Government	Public Safety	Public Works	Culture and Recreation	Debt Service	Employee Benefits	Capital Outlay	Economic Development	Health and welfare	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
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	3,319,716	2,091,819	1,530,375	1,672,233	***	220,272	498,892	840,016	11,364,053
2005	854,868	3,603,633	971,878	1,670,885	2,887,400	***	701,290	206,180	1,132,670	12,028,804

*** 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

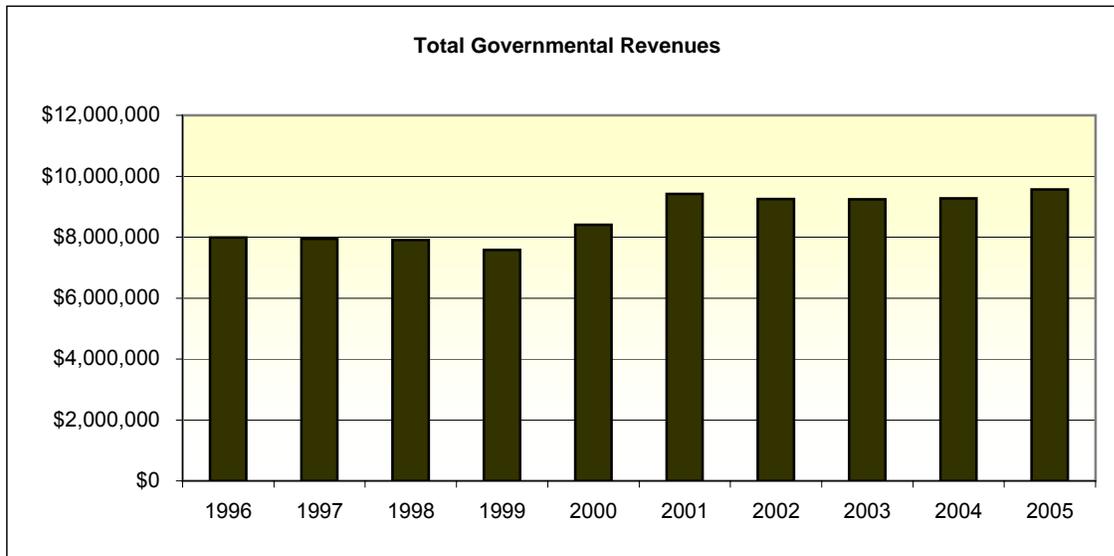


CITY OF WINFIELD, KANSAS
GENERAL GOVERNMENT REVENUES BY SOURCES [1]
LAST TEN FISCAL YEARS

Fiscal Year	Taxes (including special assessments)	Inter-Governmental	Licenses and Permits	Fines and Forfeitures	Charges for Services	Utilities in lieu of Taxes	Other	Total
	\$	\$	\$	\$	\$	\$	\$	\$
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
2005	4,949,974	1,063,211	23,816	152,098	1,193,830	1,815,684	363,044	9,561,657

Source: Audited City financial records

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

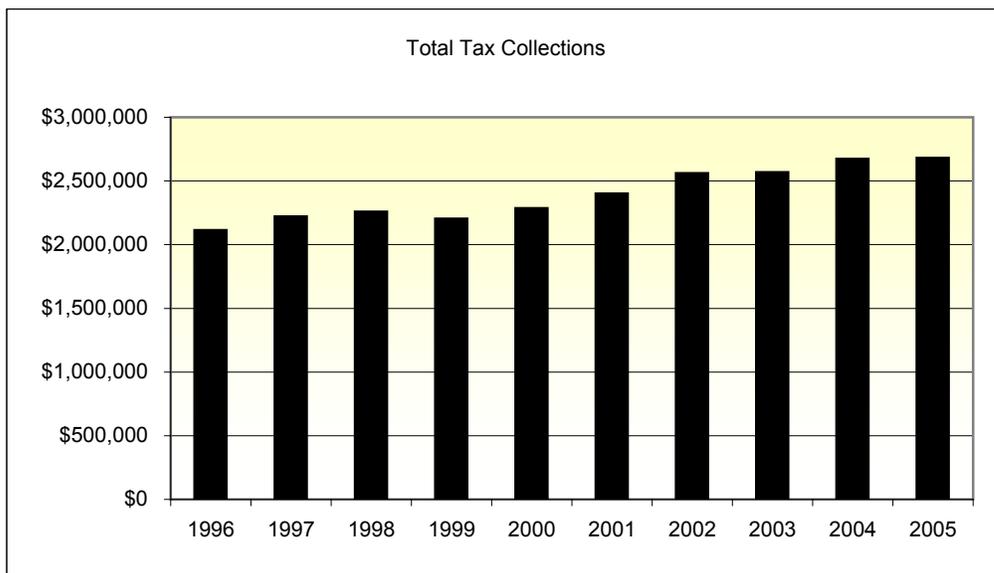


CITY OF WINFIELD, KANSAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Total Tax Levy*	Current Tax Collections	Percentage of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Total Collections As % of Levy
	\$	\$		\$	\$	
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%
2005	2,730,930	2,666,158	97.63%	14,635	2,680,793	98.16%

* 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

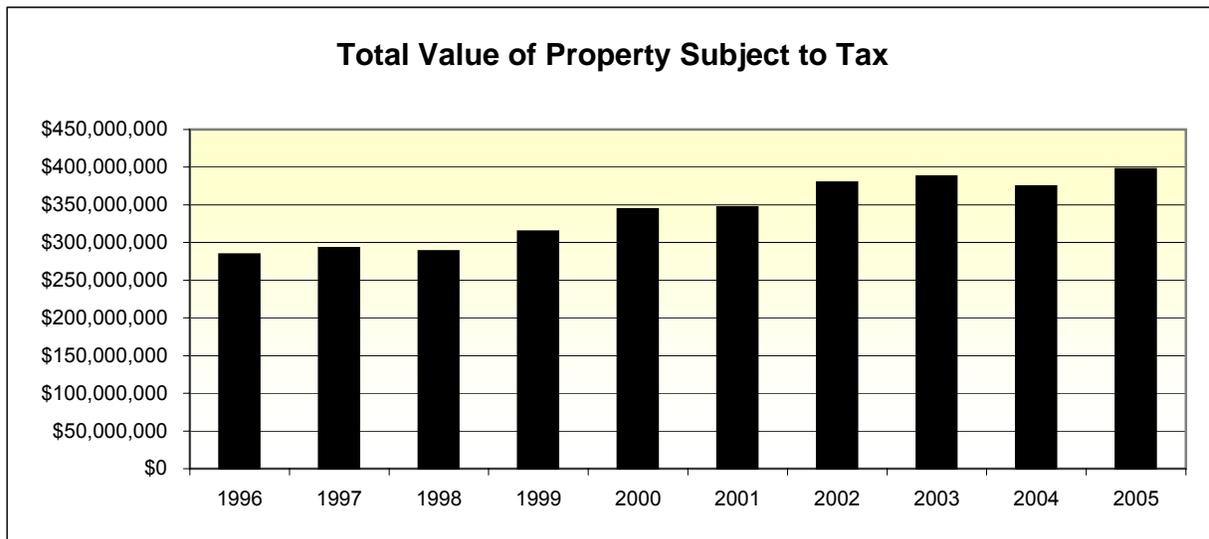
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY LAST TEN FISCAL YEARS

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	
	\$	\$	\$	\$	\$	\$	
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	48,839,325	335,616,550	9,136,647	38,736,995	57,975,972	374,353,545	15.49%
2005	51,432,013	353,842,789	10,858,221	43,589,751	62,290,234	397,432,540	15.67%

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

[2] Includes all personal property subject to property taxes, excluding 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
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
2005	47.010	56.239	1.500	18.425	-	36.754	159.928

* "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 2005

<u>Taxpayer</u>	<u>Product or Service</u>	<u>Assessed Valuation[1]</u>	<u>Percentage of Total Assessed Value</u>
Newell-Rubbermaid	Plastics Manufacturer	\$ 7,041,779	11.305%
General Electric Engine	Engine Repair	1,303,095	2.092%
Winfield Economic Dev Inc.	Economic Development, Leasing	1,235,428	1.983%
Calmar	Plastics Manufacturer	1,229,600	1.974%
Southwestern Bell	Telephone Utility	885,298	1.421%
Dillons	Grocery Store	779,300	1.251%
Galaxy Tool Corporation	Molds Manufacturer	733,284	1.177%
William Newton Memoial	Healthcare	682,321	1.095%
Union Pacific Railroad	Railroad	391,306	0.628%
The State Bank	Banking	489,391	0.786%
		Total	<u>23.713%</u>

[1] Includes valuation within City of Winfield only.

Source: Cowley County Appraiser's Office

CITY OF WINFIELD, KANSAS

SPECIAL ASSESSMENTS BILLINGS AND COLLECTIONS LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Current Assessments Due</u>	<u>Assessments Collected</u>		<u>Percent Collected</u>
	\$	\$		
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%
2005	120,179	108,304		90.119%

[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, 2005

Assessed Valuation for Bonded Debt [1]	\$ 72,576,059
Current Debt Limit (30% of Assessed Valuation; K.S.A. 10-308)	21,772,818
Existing G.O. Bonded Debt, subject to legal debt margin [2]	9,790,000
Less: Assets in Debt Service Funds	100,583
Total Amount Applicable to Debt Limit	9,689,417
Legal Debt Margin	12,083,401
Existing Percentage of Debt Limit	44.50%

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

(2) Includes \$205,000 1998-B sales tax general obligation bonds. City intent is to pay off this debt with sales tax revenue collections.

Source: Cowley County Clerk office and City records.

CITY OF WINFIELD, KANSAS

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

Year	Population [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
		\$	\$	\$	\$	\$	\$		
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%
2005	11,886	72,576,059	9,030,000	282,335	522,500	100,583	8,124,582	684	11.19%

[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 \$205,000 1998-B Sales Tax General Obligation Bond. City intent is to pay with sales tax revenue. Also does not include \$13,397,083 KDHE loan balance. City intent is to pay with sewer and water charges.

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

[5] The City is annually transferring \$100,000 of sales tax dollars from the Capital Improvements Fund into the Bond and Interest Fund to pay for a substantial portion of the aquatic center. These transfers began in 1997, and will continue through 2015. 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

Year	Principal Paid [1]	Interest Paid	Total Debt Service	General Expenditures [2]	Ratio of Debt Service to General Expenditures
	\$	\$	\$	\$	
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%
2005	700,714	358,313	1,059,027	12,028,804	8.80%

[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, 2005

Governmental Unit	Net Debt Outstanding (1)	Percent Applicable to City	City Share of Debt
Overlapping Debt:			
Unified School District #465	\$ 24,960,000	67%	\$ 16,623,360
Cowley County	160,000	31%	48,848
Overlapping Debt			16,672,208
Direct Debt:			
City of Winfield [2]	8,124,582	100%	8,124,582
Total			\$ 24,796,790

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

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

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

CITY OF WINFIELD, KANSAS

DEBT COVERAGE ELECTRIC UTILITY FUND LAST TEN FISCAL YEARS

ELECTRIC FUND

Year	Gross Revenues [1]	Operating Expenses [2]	Net Revenue Available for Debt Service	Debt Service Requirements [3]			Debt Service Coverage
				Principal	Interest	Total	
	\$	\$	\$	\$	\$	\$	
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
2005	19,980,432	19,393,198	587,234	515,520	55,567	571,087	1.03

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	
	\$	\$	\$	\$	\$	\$	
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
2005	2,177,464	1,664,833	512,631	299,096	318,653	617,749	0.83

[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 capital leases, KDHE loans, and Certificates of participation.

Source: Audited City financial statements.

CITY OF WINFIELD, KANSAS

DEBT 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	
	\$	\$	\$	\$	\$	\$	
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
2005	1,544,480	986,283	558,197	340,165	173,564	513,729	1.09

[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>
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	21,001	2,814	3.9%
2002	12,214	22,567	2,790	7.0%
2003	12,016	24,099	2,514	6.3%
2004	12,016	23,524	2,470	6.5%
2005	11,886	24,430	2,411	5.8%

Sources:

Population - From Table 9.

[1] Per Capita Income - The U.S. Bureau of Economic Analysis, Regional Economic Information System, Policy Research Institute, University of KS
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 - Kansas Department of Human Resources, 2005
Annual average for all of Cowley County.

CITY OF WINFIELD
CONSTRUCTION ACTIVITY
LAST TEN FISCAL YEARS

Fiscal Year	Building Permits	
	Number	Valuation (in thousands)
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
2005	192	16,002

Source: \ City records

CITY OF WINFIELD, KANSAS
SCHEDULE OF INSURANCE COVERAGES
December 31, 2005

Table 16

Insurance Company	Policy Period		Type	Coverage	Premium	Coverage Amount	Aggregate	Deductible
	From	To						
Safety National Casualty Corp	9/25/2005	9/25/2006	Workers' Compensation	All City Employees Employers' liability limit	62,706	\$ Statutory	\$ 600,000 1,141,947	350,000
Employers Mutotal	4/1/2005	4/1/2006	Property-Replacement Cost	Building/contents, 90% coins. Lights, 90% coins. Golf course (bus. income), 50% coins. Extra exp, per location	137,196 1,414 1,012 3,833	43,416,228 411,313 200,000 250,000		1,000 1,000 1,000
Employers Mutotal	4/1/2005	4/1/2006	Auto liability - all City rolling stock	Liability and U.M. Specified perils Comprehensive Collision Garage keeper's liability Hired/borrowed vehicles Endorsements	35,937 2,164 11,293 17,263 60 361 3,354	500,000 20,000 20,000		100 250 500 250 100/500
Federal Ins. Co - Chubb	9/22/2006	9/22/2005	Boiler and machinery	Blanket	48,026	20,000,000		varies
Employers Mutotal	4/1/2005	4/1/2006	General liability	Each occurrence limit Products completed	57,362	500,000 500,000	1,000,000 1,000,000	500
Employers Mutual	4/1/2005	4/1/2006	Employee benefits	Benefits	450	500,000	500,000	1,000
U.S. Risk Underwriters, Inc.	9/22/2005	9/22/2006	Public officials liability	Each wrongful act- Winfield Housing Auth.	3,412	1,000,000	1,000,000	5,000
Employers Mutual	4/1/2005	4/1/2006	Public officials liability	Linebacker-law enforcement	12,133	1,000,000	1,000,000	3,000
Great American Alliance Ins.	10/26/2005	10/26/2006		Underground storage tanks	472	500,000	1,000,000	10,000
Employers Mutual	11/1/2005	continuous	Public officials bond	City treasurer	300	100,000		
American Reliable Ins. Co.	4/17/2005	4/17/2006	Flood	Grandstands	3,101	500,000		4,000
Employers Mutual	4/1/2005	4/1/2006	Contractors equip Property Property Floater	Contractors equipment Telephone system Golf Cars, Mowers	11,349 611 1,981	1,891,470 94,000 165,120		1,000 500/5,000 1,000
Employers Mutual	4/1/2005	4/1/2006	General liability Auto liability Linebacker	Rural Fire Dist #7	250 89 1,980	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, 2005

Golf Course - Customers Served

	<u>Number of customers served</u>	
	<u>12-31-05</u>	<u>12-31-04</u>
Green fees	23,503	25,712
Cart fees - club	12,760	13,072
Cart fees - private	7,515	8,073

Source: City records

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

**EDW. B
STEPHENSON
& CO.**

**CERTIFIED PUBLIC
ACCOUNTANTS**

EDW. B. STEPHENSON
(1905-1985)

JAMES R. DOBBS
(1927-1997)

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

MORRIS W. JARVIS
(1935-1999)

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

TAMMY R. SPENCER

MELISSA J. SCHOOLEY

BRADY A. DUTTON

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, 2005. 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, 2005.

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

Compliance, Internal Control, and Schedule of Expenditures - A-133

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 27, 2006

CITY OF WINFIELD, KANSAS

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2005**

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.
Environmental Protection Agency	
Kansas Public Water Supply Loan Fund	66.468
Department of Homeland Security	
Public Assistance Grant	97.036
8. The threshold for distinguishing Types A and B Programs was \$300,000.
9. The City of Winfield, Kansas did qualify as a low-risk auditee.

B. FINDINGS—FINANCIAL STATEMENT AUDIT

None

C. FINDINGS AND QUESTIONED COSTS—MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

CITY OF WINFIELD, KANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2005

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Program Amount</u>	<u>Federal Expenditures</u>
Department of Homeland Security/FEMA			
Disaster Grant - Public Assistance 3216EM HSFEEM-06-F-5399	97.036	34,840	34,840
Assistance to Firefighters Grant Program EMW-2004-FP-00910	97.044	26,370	26,370
Passed Through State of Kansas, Adjutant General Kansas Division of Emergency Management Public Assistance Grants-Disaster #1579	97.036	9,935	9,935
Passed Through State of Kansas, Adjutant General Kansas Division of Emergency Management Public Assistance Grants-Disaster #1402	97.036	4,485,182	451,051
Passed through State of Kansas, Adjutant General Disaster Grant - Public Assistance 06R-EMAC 05	97.036	4,639	4,639
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 2005-28	14.231	6,671	2,954
Emergency Shelter Grant S-01-DC 20-0001 2004-28	14.231	8,211	4,172
U.S. Department of Transportation			
Passed Through State of Kansas, Dept of Transportation Safety Incentive Grant for Use of Seatbelts	20.604	4,500	4,058
Environmental Protection Agency			
Passed through the Kansas Department of Health and Environment, Kansas Public Water Supply Loan Fund Project #2233	66.468	6,205,000	947,732
Total expenditures of federal awards			<u>\$ 1,485,751</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, 2005:

	<u>CFDA Number</u>	<u>Original Balance</u>	<u>Amount Outstanding</u>
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	\$ 5,408,414
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	209,978
Environmental Protection Agency, passed through the Kansas Department of Health and Environment, Kansas Public Water Supply Fund Project #2233	66.468	-	5,897,690