

City of Winfield, Kansas

2006 Comprehensive Annual Financial Report

For the fiscal year ended December 31, 2006

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CITY OF WINFIELD, KANSAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006

CITY COMMISSION AND MAYOR

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

CITY MANAGER

Warren Porter

CITY CLERK/DIRECTOR OF FINANCE

Diane Rosecrans

CITY TREASURER/FINANCE OFFICER

Anne Jarrett

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CITY OF WINFIELD, KANSAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2006

TABLE OF CONTENTS

<u>Page</u>	
	INTRODUCTORY SECTION:
i - 1	Letter of Transmittal
i - 5	GFOA Certificate of Achievement
i - 6	Organizational Chart
i - 7	Principal Officials
	FINANCIAL SECTION:
A - 1	Independent Auditors' Report
A - 3	Management's Discussion and Analysis
	Basic Financial Statements:
	Government-wide Financial Statements:
A - 11	Statement of Net Assets
A - 12	Statement of Activities
	Fund Financial Statements:
	Governmental Funds:
A - 14	Balance Sheet
A - 15	Reconciliation of the Balance Sheet to the Statement of Net Assets
A - 16	Statement of Revenues, Expenditures and Changes in Fund Balances
A - 17	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities
A - 19	Statement of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual - Budgetary Basis for the General Fund
	Proprietary Funds:
A - 20	Statement of Net Assets
A - 24	Statement of Revenues, Expenses, and Changes in Fund Net Assets
A - 26	Statement of Cash Flows
	Fiduciary Funds:
A - 30	Statement of Fiduciary Net Assets
A - 31	Notes to the Financial Statements
	Supplemental Information:
B - 1	Nonmajor Governmental Funds:
B - 3	Combining Balance Sheet
B - 7	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
	Budgeted Nonmajor Special Revenue Funds:
B - 11	Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Budgetary Basis
B - 18	Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Budgetary Basis for the Debt Service Fund
	Nonmajor Capital Projects Funds:
	Schedule of Revenues, Expenditures, and Changes in Fund Balance - From Inception
B - 19	Theatre Benefit District Project
B - 20	Bliss Street Drainage Project, Phase II
B - 21	Hiatt Hills Street Improvements
B - 22	The Fairways Benefit District Projects
B - 23	Utt Industrial Park East Project
	Nonmajor Enterprise Funds:
C - 1	Combining Statement of Net Assets
C - 3	Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
C - 4	Combining Statement of Cash Flows
	Budgeted Enterprise Funds:
C - 5	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual Budgetary Basis

CITY OF WINFIELD, KANSAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2006

TABLE OF CONTENTS

Page

D - 1	Internal Service Funds:
D - 2	Combining Statement of Net Assets
D - 4	Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
D - 6	Combining Statement of Cash Flows
D - 8	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
E - 1	Agency Funds
E - 2	Combining Statement of Changes in Assets and Liabilities
	Capital Assets Used in the Operation of Governmental Funds:
F - 1	Schedule by Source
F - 2	Schedule by Function and Activity
F - 3	Schedule of Changes by Function and Activity
	Nonmajor Component Unit - Business-type Winfield Housing Authority
G - 1	Combining Statement of Net Assets
G - 2	Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
	Nonmajor Component Unit - Governmental-type Winfield Public Library
G - 3	Combining Balance Sheet
G - 4	Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance

STATISTICAL SECTION:

H - 1	Table 1 Net Assets by Component, Last Four Fiscal Years
H - 2	Table 2 Changes in Net Assets, Last Four Fiscal Years
H - 4	Table 3 Program Revenues by Function/Program, Last Four Fiscal Years
H - 5	Table 4 Fund Balances, Governmental Funds, Last Ten Fiscal Years
H - 7	Table 5 Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years
H - 9	Table 6 Assessed Value and Estimated Actual Value of Taxable Property, Last Ten Fiscal Years
H - 10	Table 7 Direct and Overlapping Property Tax Rates, Last Ten Fiscal Years
H - 11	Table 8 Principal Property Taxpayers, Current Year and Nine Years Ago
H - 12	Table 9 Property Tax Levies and Collections, Last Ten Fiscal Years
H - 13	Table 10 Ratios of Outstanding Debt by Type, Last Ten Fiscal Years
H - 14	Table 11 Ratio of General Bonded Debt Outstanding, Last Ten Fiscal Years
H - 15	Table 12 Direct and Overlapping Governmental Activities Debt
H - 16	Table 13 Legal Debt Margin Information, Last Ten Fiscal Years
H - 17	Table 14 Pledged-Revenue Coverage, Last Ten Fiscal Years
H - 20	Table 15 Demographic and Economic Statistics, Last Ten Fiscal Years
H - 21	Table 16 Principal Employers, Current Year and Nine Years Ago
H - 22	Table 17 Full-time Equivalent Employees by Function, Last Ten Fiscal Years
H - 23	Table 18 Operating Indicators, Last Ten Fiscal Years
H - 24	Table 19 Capital Asset Statistics by Function, Last Ten Fiscal Years

SINGLE AUDIT SECTION:

I - 1	Independent Auditors' Report on Compliance on and Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards
I - 2	Independent Auditors' Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133
I - 3	Schedule of Findings and Questioned Costs
I - 4	Schedule of Expenditures of Federal Awards

Introductory Section



July 16, 2007

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

We are please to submit the Comprehensive Annual Financial Report (CAFR) of the City of Winfield, Kansas for the year ended December 31, 2006.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based on a comprehensive framework of internal control that management has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

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.

Kansas statutes require an annual audit of all funds of the City by independent certified public accountants. The firm of Edw. B. Stephenson & Co. issued an unqualified opinion on the City of Winfield's financial statements for the year ended December 31, 2006. The independent auditor's report is located on page A-1 in the Financial Section of this report.

In addition to meeting the requirements set forth in State Statutes, the audit was also designed to meet the requirements of federal Office of Management and Budget Circular A-133. The auditors' reports related specifically to the single audit are included in the Single Audit Section. The audit for the year ended December 31, 2006, disclosed no reportable conditions, material weaknesses or material violations of laws and regulations.

Management's discussion and analysis (M D & A) immediately follows the independent auditor's report and provides an introduction, overview and analysis of the basis financial statements. M D & A complement this transmittal letter and should be read in conjunction with it.

The Reporting Entity and Its Services

The City of Winfield, incorporated in 1873, has a population of 11,861 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 34,931. The other major city in Cowley County is Arkansas City, population 11,581, 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-19 as part of the basic financial statements. For other funds, the comparison is presented in the combining statements and schedules area of this report, beginning on page B-1.

Local Economy

Encouraging signs of economic recovery continued through 2006. Employment in Cowley County was up .8 percent in 2006. Sales tax collections increased 6.6 percent from the prior year. The City issued twenty-one single-family home permits and a total of \$30.8 million of new construction permits in 2006.

Increased industrial expansion occurred within the Winfield during 2006. Rubbermaid, the largest employer within Winfield announced the closing of its Centerville, IA facility and relocated manufacturing equipment in Winfield. Current employment has expanded to almost 900 employees.

KSQ Blowmolding, owned by Western Industries, Inc. of Milwaukee, WI, closed its Wisconsin plastics facility and consolidated its manufacturing operations to the Strother Field plant. Increased employment and equipment followed.

General Electric Engine Services, with operations at Strother Field and Winfield also increased work load through the downsizing of facilities in California and Texas.

Local industries in Winfield also expanded. New facilities were constructed by Galaxy Tool, S&Y Industries, Pray Stone, and Schwan's. On the retail side, Wal-Mart began construction on a new Super Center store and construction began on a Sonic restaurant and Union State Bank facility.

The City of Winfield is a partner in economic development activities with Cowley County and the City of Arkansas City in promotional and economic development activities on a county wide basis.

City Business and Financial Planning

The City annually revises the current year's budget during preparation of the upcoming year budget, to provide internal management with better oversight. Additionally, the City maintains a five year projected budget for its Capital Improvement Fund, for internal purposes.

The City manages its finances with a long term perspective. Anticipating the ongoing cutbacks in state funding, the City has looked to increase fees for some fee-based services. The City has resisted tax increases in the past several years to cover ongoing services, instead looking at long term efficiencies and alternatives. For ten years, the City has been able to sustain its long standing policy not to increase the level mill levy, though actual levies fluctuated slightly with changes in assessed valuation. The 2007 budget did increase the total mill levy by 2.67 mills, to cover a combination of new services, ADA compliance and to replace certain lost revenues. The City monitors its utility funds' cash balances and future capital needs. Any rate increase, when necessary, is designed to cover long term needs of the utility.

The City has increased its debt load in the past five to ten years, to fund numerous capital projects in the city that will provide long term 'quality of life' enhancements, and to maintain necessary city infrastructure. This has created a temporary dip in City idle cash balances, and city management looks forward to the years 2007-2010 as stabilization years.

The City's insurance and self-insurance programs are funded and administered as part of the City's Risk management. The funds are maintained in a reserve funds as authorized in Kansas Statutes. Additionally, the City maintains insurance policies and bonds as detailed in the Additional Information Section of this report.

Relevant Policy Changes

A potential long-term impact on local government finances involves the exemption of commercial and industrial equipment from personal property taxes, an action taken by the Kansas Legislature in the 2006 session. The measure is phased in by exempting new equipment while continuing to tax existing equipment until it is fully depreciated. The salvage value is removed when the equipment is replaced. The impact is mitigated in the initial years by a program approved by the State to replace 90 percent of any actual loss in the first year, 70 percent in the second year, and 50 percent, 30 percent and 10 percent in the succeeding years. The full impact of lost revenue to the city of Wichita will not be until 2013 and is expected to near \$600 thousand annually.

Also in 2006, the Kansas Legislature made changes to municipal banking law, expanding the investment options of local municipalities. Local units of government were granted authorization to invest their active and idle funds in banks or savings and loans, if the bank or savings and loan maintains a branch in the taxing district of the government unit investing the funds. The change allowed the City to invest funds in a more competitive environment.

Major Initiatives

- Phase III of the Andrews/Bliss drainage and street improvement project was completed in 2006.
- Street and stormwater drainage improvements to the Hiatt Hill subdivision were begun in 2006, with completion anticipated in mid 2007.
- The Island Park recreation trail was completed in 2006, partially funded with a federal grant.
- The City participated in a four way partnership with Cowley County, State of Kansas, and Arkansas City, to fund a land use US highway 77 corridor study in 2006 and 2007.

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, 2005. This was the seventh 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.

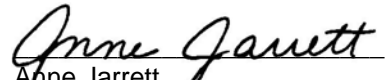
Respectfully submitted,



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

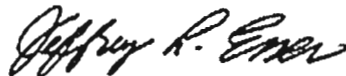
City of Winfield
Kansas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2005

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



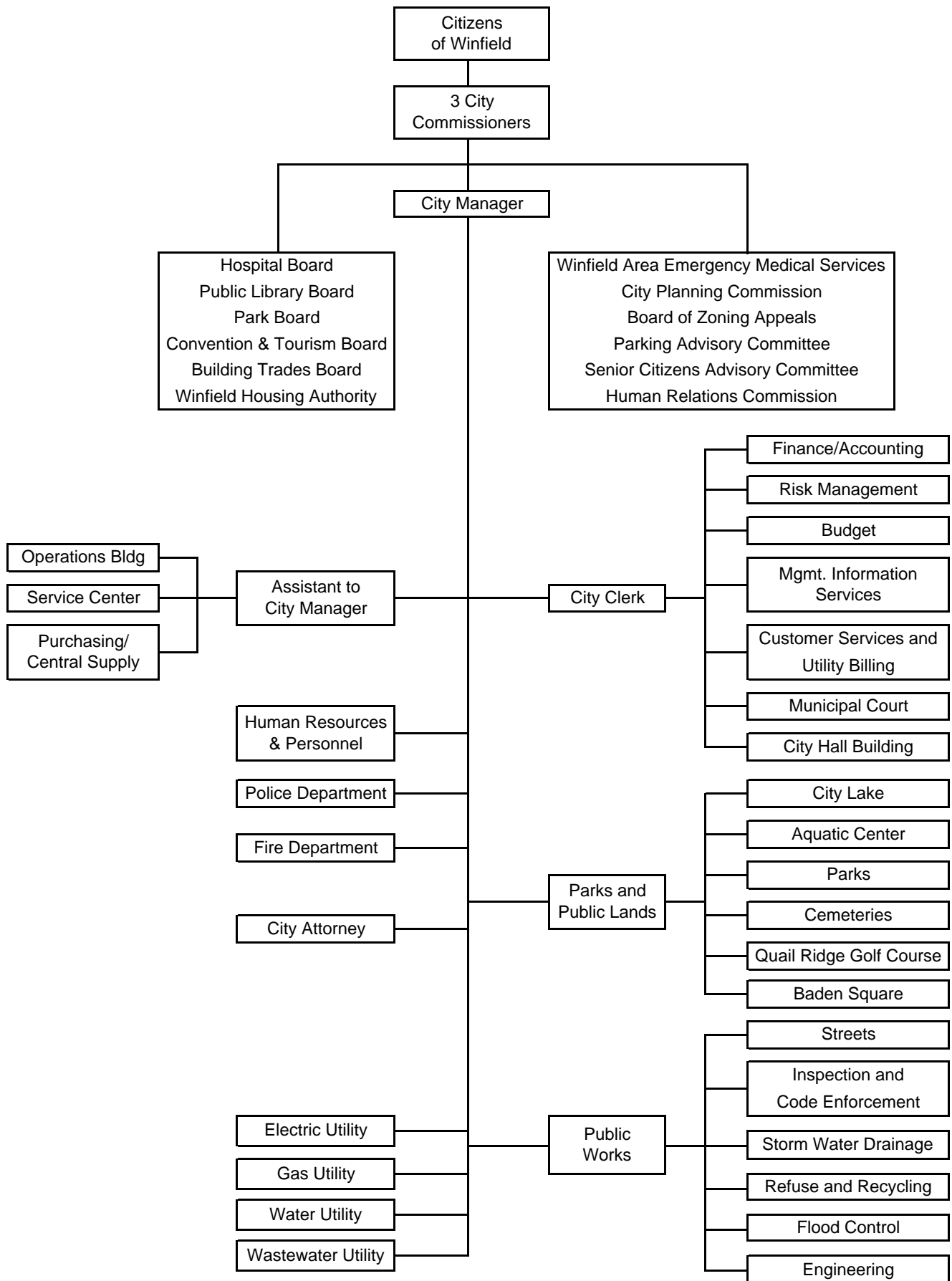
President



Executive Director

CITY OF WINFIELD, KANSAS

ORGANIZATIONAL CHART



CITY OF WINFIELD, KANSAS
LIST OF PRINCIPAL OFFICIALS
DECEMBER 31, 2006

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

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Financial Section

Basic Financial Statements

**EDW. B
STEPHENSON
& CO.**

**CERTIFIED PUBLIC
ACCOUNTANTS**

EDW. B. STEPHENSON
(1905-1985)

JAMES R. DOBBS
(1927-1997)

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

MORRIS W. JARVIS
(1935-1999)

N. DEAN BRADBURY
(1936-2005)

PARTNERS

LOREN L. PONTIOUS, C.P.A.

MAURICE P. ROBERTS, C.P.A.

AARON R. IVERSON, C.P.A.

STAFF ACCOUNTANTS

LEROY D. CAMMERER

BRADY A. DUTTON

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

July 20, 2007

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, 2006, 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 94 percent and 36 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 basis for our opinions. 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

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, 2006, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund 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 July 20, 2007, 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. The purpose of that is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. 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 required supplementary information, as listed in the Table of Contents, are not a required part of the basic financial statements of the City of Winfield but are 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
July 20, 2007

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, 2006. 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 2006

- The City's total net assets increased \$2.2 million, or 4 percent, during the fiscal year ending 2006.
- The cost of governmental activity was \$12 million. The amount of that paid by taxpayers through either property taxes or sales taxes was \$4.9 million, or 41 percent.
- The general fund, on a current financial resource basis, reported \$66 thousand in revenues and other sources in excess of expenditures and other financing uses.
- At the end of the fiscal year, unreserved fund balance for the general fund was \$328,229, or 3.9 percent of the total general fund expenditures (including transfers out). Total fund balance represents 4.2 percent of that same amount of expenditures
- On December 31, 2006, the General Fund reported a budgetary fund balance of \$146,548, 2 percent of the following year's appropriated budget.
- The City's total debt increased by \$2.3 million during the current fiscal year. The net increase included \$5.6 million of new debt and \$3.3 million in debt principal payments.

Overview of the Financial Statements

The Comprehensive Annual Financial Report consists of four sections: Introductory, financial, statistical, and single audit. The financial statements include government-wide financial statements, fund financial statements and notes to the financial statements. Supplementary information, provided in addition to the basic financial statements, 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 are prepared using accounting methods similar to those used by private-sector companies. The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets will serve as a useful indicator of whether or not the financial position of the City is improving or deteriorating, absent extraordinary events.

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

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

- Governmental activities – are principally supported by taxes and intergovernmental revenues. Most of the City's basic services are reported in governmental activities: police, fire, public works and stormwater drainage, cemetery, parks and recreation, health, and general administration.

- Business-type activities – are functions that are intended to recover all or a portion of their costs through user fees and charges. They include these City activities: electric production and distribution, gas distribution, water purification and distribution, refuse collection, wastewater collection and treatment, and municipal golf course
- Component units – The Winfield Public Library and the Winfield Public Housing Authority are presented as component units of the City of Winfield.

The government-wide financial statements can be found on pages A-11 through A-13 of this report.

Fund Financial Statements

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

- *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements, with the exception of the stormwater drainage enterprise fund (it is included as a governmental activity in the government-wide financial statements). Governmental fund financial statements focus on cash flows and other financial assets that can be readily converted to cash and are available in the near future to finance the City's programs. The differences between the short-term view of governmental fund statements and the long-term view of the governmental activities on the entity-wide financial statements are provided in reconciliations on pages A-15 and A-17. 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-30 of this report.

The City of Winfield maintained 31 individual governmental funds in 2006. 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 28 governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements beginning on page B-1.

The City of Winfield adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund on page A-19 to demonstrate compliance with the appropriated budget.

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

Proprietary funds report the same types of information as the government-wide financial statements, however in greater detail. The proprietary fund financial statements provide separate information for the electric, gas, water, wastewater, and golf course funds, all of which are considered to be major funds of the City. The nonmajor funds are consolidated into an aggregated presentation on the proprietary fund financial statements, as are the internal service funds. Individual fund data for proprietary funds (enterprise and internal service funds) can be found on pages C-1 through D-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-30 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.

Government Wide Financial Analysis

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, 2006
(with comparative totals for December 31, 2005)
(in thousands of dollars)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2006	2005	2006	2005	2006	2005
Cash and investments	\$ 5,046	\$ 4,947	\$ 4,649	\$ 6,327	\$ 9,695	\$ 11,274
Other assets	6,322	4,286	5,849	5,851	12,171	10,137
Capital assets	25,550	23,110	52,674	51,932	78,224	75,042
Total assets	36,918	32,343	63,172	64,110	100,090	96,453
Long-term liabilities	16,656	9,524	14,261	15,035	30,917	24,559
Other liabilities	2,075	6,191	3,405	4,267	5,480	10,458
Total liabilities	18,731	15,715	17,666	19,302	36,397	35,017
Net assets:						
Capital assets, net of debt	11,239	12,278	37,791	36,087	49,030	48,365
Restricted	2,757	2,489	202	202	2,959	2,691
Unrestricted	4,191	1,861	7,513	8,519	11,704	10,380
Total net assets	\$ 18,187	\$ 16,628	\$ 45,506	\$ 44,808	\$ 63,693	\$ 61,436

The City's net assets increased \$2.2 million during the 2006 fiscal year. Approximately 77 percent of the City's net assets reflect investment in capital assets (e.g. land, buildings, improvements, equipment), less any outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently the capital assets are not available for future spending. An additional portion of these assets (5 percent) represents resources that are subject to external restrictions on how they may be spent. The unrestricted portion of total net assets is \$12 million (18 percent), available to meet the city's ongoing obligations.

Governmental activities - The governmental activities portion of unrestricted net assets totals \$4.2 million, or 23 percent of total governmental activities net assets. Capital assets, net of related debt, comprise 62 percent of total governmental activities net assets.

Business-type activities - The business-type activities portion of unrestricted net assets total \$7.5 million, or 16.5 percent of total business-type activities net assets. Capital assets, net of related debt, comprise 83 percent of the total, and the remaining 0.5 percent is restricted net assets.

Table 2, below, summarizes total City revenues and expenses for the fiscal year ending December 31, 2006.

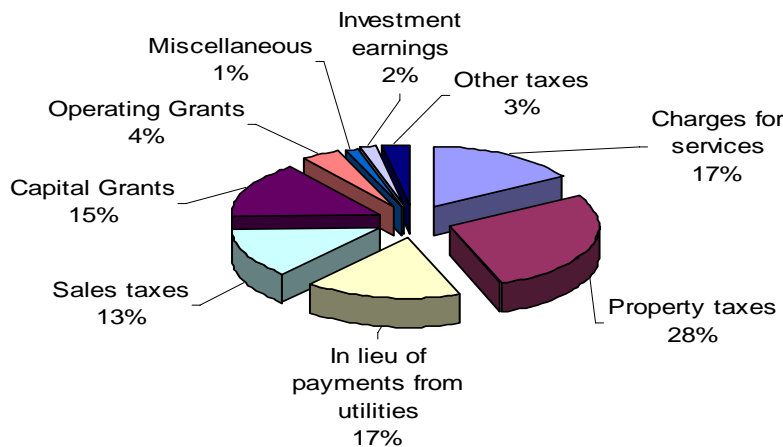
Table 2

City of Winfield, Kansas
Changes in Net Assets
As of December 31, 2006
(with comparative totals for December 31, 2005)
(in thousands of dollars)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2006	2005	2006	2005	2006	2005
Revenues						
Program revenues:						
Charges for services	\$ 1,996	\$ 1,821	\$ 34,782	\$ 31,715	\$ 36,778	\$ 33,536
Operating grants and contributions	504	620	-	-	504	620
Capital grants and contributions	1,803	275	732	645	2,535	920
General revenues:						
Property taxes	3,313	3,105	-	-	3,313	3,105
Sales taxes	1,603	1,514	-	-	1,603	1,514
Franchise fees	222	222	-	-	222	222
Other taxes	136	132	-	-	136	132
In lieu of payments from utilities	2,034	1,816	-	-	2,034	1,816
Miscellaneous income	146	(19)	33	62	179	43
Investment interest	212	115	280	245	492	360
Total revenues	<u>11,969</u>	<u>9,601</u>	<u>35,827</u>	<u>32,667</u>	<u>47,796</u>	<u>42,268</u>
Expenses						
General government	1,010	715	-	-	1,010	715
Public safety	3,985	3,477	-	-	3,985	3,477
Public works	2,148	1,713	-	-	2,148	1,713
Cemetery	150	156	-	-	150	156
Culture and recreation	1,597	1,874	-	-	1,597	1,874
Health and welfare	995	1,182	-	-	995	1,182
Economic development	131	200	-	-	131	200
Interest on debt	456	370	-	-	456	370
Electric	-	-	23,860	20,902	23,860	20,902
Gas	-	-	5,591	7,014	5,591	7,014
Water	-	-	1,958	2,020	1,958	2,020
Refuse	-	-	1,250	1,184	1,250	1,184
Wastewater	-	-	1,574	1,785	1,574	1,785
Golf course	-	-	857	637	857	637
Total expenses	<u>10,472</u>	<u>9,687</u>	<u>35,090</u>	<u>33,542</u>	<u>45,562</u>	<u>43,229</u>
Excess before transfers	1,497	(86)	737	(875)	2,234	(961)
Prior year adjustments	129	(41)	(104)	168	25	127
Transfers	(66)	(411)	66	411	-	-
Increase (decrease) in net assets	<u>\$ 1,560</u>	<u>\$ (538)</u>	<u>\$ 699</u>	<u>\$ (296)</u>	<u>\$ 2,259</u>	<u>\$ (834)</u>

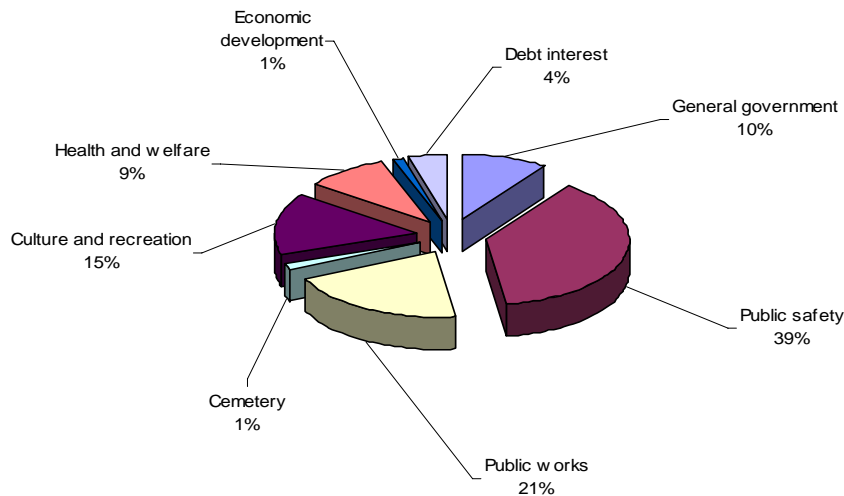
Governmental activities - As indicated above, governmental activities net assets increased \$1.56 million during 2006. The primary increase was due to \$1.6 million in new special assessments. The remaining increase in 2006 revenues was \$808 thousand, largely offsetting the increase in governmental expenditures of \$785 thousand.

Sources of Revenue - Governmental Activities



Major sources of revenue of the governmental activities continue to be property, sales, and other taxes, as illustrated in the above graph. Property taxes comprised \$3.3 million, or 28 percent of the City's governmental activities 2006 revenue. '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. The City recognized \$1.6 million of special assessment revenues in 2006, to be collected over a fifteen year period. Operating grants included primarily public works and public safety funding through the State of Kansas.

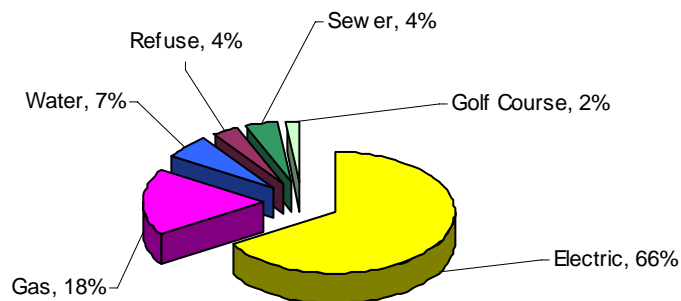
Functional Expenses - Governmental Activities



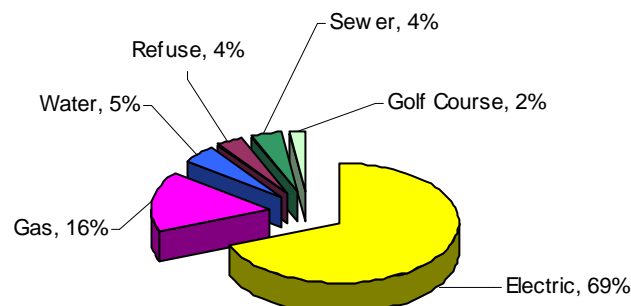
Public safety expense represents the largest governmental expense, \$3.9 million, or 36 percent of the City's total governmental expenses of \$10.5 million.

Business-type activities - The City operates six utilities and a municipal golf course. Combined, the electric and gas utilities comprise 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 \$1.5 million, while overall revenues increased \$3.1 million.
- The electric utility expended \$352 thousand of capital grant dollars in 2006, part of a multi-year reconstruction project of the electric distribution system damaged in a 2002 ice storm.
- Both electric and gas utilities improved their net income position in 2006, the gas fund had an operating income of \$566 thousand, and the electric fund reduced its operating loss to \$859 thousand.
- Similar to prior years, the municipal golf course operated at a net loss of \$279 thousand in 2006. 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 2006, 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 2006, the first two increases in a series of four, scheduled over the period January 2006 to July 2007. The increased rates are to recover increased landfill charges from the City's solid waste customers.

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, 2006, the City's governmental funds reported a combined ending fund balance of \$3.9 million, an increase of \$772 thousand in comparison with the prior year. Approximately 58% of this total amount, \$2.3 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 \$772 thousand increase in fund balance is primarily due to the issuance of debt to finance street and stormwater improvements. The net unreserved fund balance of \$2 million at the end of 2006 remained stable from 2005.

General Fund - The general fund is the major operating and taxing fund for the City of Winfield. At the close of 2006, the general fund balance had increased \$66 thousand. The increase was due to closing another tax levying fund into the general fund at the end of 2006. Excluding transfers to and from the general fund, and a \$1 million capital lease purchase of a fire truck, the overall general fund expenditures increased 4 percent, while revenues increased 7 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 1.7 percent in 2006.
- Sales tax collections exceeded projected revenues by 5 percent. The City attributes the increase primarily to a positive shift in the local economy.
- In 2006, total 'in lieu of' franchise fees from the other utilities increased 12 percent, \$218 thousand, over the prior year, primarily due to the increase in gas and electric utilities' revenues, which resulted from increased energy costs.

Capital Improvements Funds - Included in the governmental funds are the capital projects funds. Major capital projects in 2006 included:

- Completion of phase II of the Andrews/Bliss Streets asphalt and stormwater drainage improvements
- Continued development and infrastructure improvements on Utt Industrial Park

- Street and stormwater improvement to the Hiatt Hills residential subdivision
- Continuation of sidewalk and other infrastructure improvements related to ADA compliance
- One mile of the Island Park recreational trail, partially financed with a federal grant

Debt Service Fund - The debt service fund had a total fund balance of \$86 thousand at year end, stable 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 2006 totaled 103 percent of the original 2006 budget, and actual 2006 expenditures totaled 100 percent of the amended 2006 budget. Revenue highlights are discussed above under 'General Fund'. Other than a 2.5 percent COLA, overall 2006 expenditures were comparable to prior years. The City's amended 2006 budget for the general fund was less than 1 percent higher the original budget, and was due to increased public safety expenditures. The City's unencumbered fund balance in the general fund at December 31, 2006 was \$146,548 equivalent to 2% of the 2006 general fund expenditures.

Capital Assets

At the end of 2006, the City had \$78 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, 2006
(with comparative totals for December 31, 2005)
(in thousands of dollars)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2006	2005	2006	2005	2006	2005
Land	\$ 1,980	\$ 1,990	\$ 827	\$ 827	\$ 2,807	\$ 2,817
Infrastructure/ other improvements	13,125	11,156	31,850	30,628	44,975	41,784
Construction	-	186	-	29	-	215
Buildings and improvements	7,078	7,238	6,734	7,663	13,812	14,901
Equipment	3,367	2,540	13,263	12,784	16,630	15,324
Total	25,550	23,110	52,674	51,931	78,224	75,041

Government-wide capital assets, net of depreciation, increased 10 percent during 2006. The increase was primarily due to a \$1 million aerial fire truck acquisition and \$1.3 million in Hiatt Hills street and stormwater infrastructure additions. In business-type activities, the City capitalized approximately \$1.2 million of electric distribution infrastructure in 2006. Additional information regarding the City of Winfield's capital assets can be found in note 7, page A-43 of this report.

Long-term Debt

At the end of 2006, the City had total long-term debt of \$29.5 million. Of this debt, \$25.4 million is backed by the full faith and credit of the government, although the City's intent is to use sales tax, utility revenues, special assessments, and other government receivables sources to repay \$16.3 million of that \$25.4 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 \$22.6 million, which is significantly higher than the general obligation outstanding debt of \$9.4 million.

Below is a summary of long-term debt:

Table 4

City of Winfield, Kansas						
Long-term Debt, net of Deferred Costs						
As of December 31, 2006						
(with comparative totals for December 31, 2005)						
(in thousands of dollars)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2006	2005	2006	2005	2006	2005
General obligation bonds	\$ 9,365	\$ 9,235	\$ -	\$ -	\$ 9,365	\$ 9,235
Sales tax revenue bonds	375	485	-	-	375	485
Temporary notes	2,335	755	-	-	2,335	755
Certificate of participation	253	333	2,057	2,437	2,310	2,770
KDHE utility loans	-	-	12,899	13,397	12,899	13,397
KDOT revolving loans	800	-	-	-	800	-
Capital leases	1,219	282	-	10	1,219	292
Debt to other governments	201	234	-	-	201	234
Total	\$ 14,548	\$ 11,324	\$ 14,956	\$ 15,844	\$ 29,504	\$ 27,168

During 2006, the City paid off \$755 thousand in temporary notes through the issuance of general obligation debt, and issued a \$2.3 million temporary note. The temporary note activity was all related to infrastructure improvements for benefit districts. General obligation bonds amounting to \$1.115 million were issued in 2006 for infrastructure improvements, a portion to be repaid through special assessments. The City borrowed \$800 thousand from the State of Kansas Department of Transportation revolving loan fund for street improvements. The City also completed borrowings on a KDHE loan, in the amount of \$144,429. In addition, the City entered into a \$1.2 capital lease agreement for an aerial fire truck.

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

Economic Factors and Next Year's Budgets and Rates

Economic recovery continues with the unemployment rate in Cowley County decreasing .8% from the prior year, down from 5.5 percent in 2005 to 4.7 percent in 2006. The value of building permits spiked in 2006, over \$30 million, in comparison to \$16 million in 2005. The 212 permits issued in 2006 included \$22 million of commercial and institutional construction. The value of residential permits remained relatively steady in 2006.

The State of Kansas has continued its elimination of demand transfers to cities during 2006 and has passed legislation to eliminate property tax on new business machinery and equipment with the first impact on the 2008 budget. The City of Winfield continues to partner with other local governments and the private sector to maintain and enhance local employment levels. Spurring economic development and maintaining infrastructure and essential services are all factors considered in preparing the City's budget for 2008 budget and capital improvement program.

Requests for Information

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

CITY OF WINFIELD, KANSAS

STATEMENT OF NET ASSETS DECEMBER 31, 2006

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Pooled cash and investments	\$ 4,966,538	\$ 4,447,111	\$ 9,413,649	\$ 451,148
Receivables:				
Taxes	3,369,553	-	3,369,553	-
Special assessments	1,860,994	-	1,860,994	-
Accounts	162,649	3,897,034	4,059,683	1,412
Due from other governmental agencies	513,443	-	513,443	62,988
Due from primary government	-	-	-	11,708
Due from component units	111,750	-	111,750	-
Inventories and prepaids	59,735	1,772,806	1,832,541	20,125
Deferred costs	245,274	122,468	367,742	-
Cash and investments, restricted	79,000	202,297	281,297	-
Capital assets, not being depreciated	1,979,884	827,527	2,807,411	52,776
Capital assets, net of accumulated depreciation	23,569,893	51,846,271	75,416,164	2,005,098
Other investments	-	2,798	2,798	9,350
Investment in joint venture	-	54,058	54,058	-
Total assets	<u>36,918,713</u>	<u>63,172,370</u>	<u>100,091,083</u>	<u>2,614,605</u>
Liabilities				
Accounts payable	432,033	2,162,164	2,594,197	71,580
Accrued interest payable	173,073	198,666	371,739	-
Unearned revenues	3,225,120	5,901	3,231,021	-
Long-term liabilities				
Due within one year	1,470,175	1,044,165	2,514,340	-
Due in more than one year	13,078,263	13,911,332	26,989,595	-
Due within one year to primary government	-	-	-	18,625
Due in more than one year to primary government	-	-	-	93,126
Accrued compensated absences	352,670	343,786	696,456	3,101
Total liabilities	<u>18,731,334</u>	<u>17,666,014</u>	<u>36,397,348</u>	<u>186,432</u>
Net Assets				
Invested in capital assets, net of related debt	11,238,825	37,790,830	49,029,655	2,057,874
Restricted for:				
Capital projects	1,003,206	-	1,003,206	62,988
Other	1,669,324	-	1,669,324	-
Debt service	79,000	202,297	281,297	-
Endowment - nonexpendable	6,000	-	6,000	-
Unrestricted net assets	<u>4,191,024</u>	<u>7,513,229</u>	<u>11,704,253</u>	<u>307,311</u>
Total net assets	<u>\$ 18,187,379</u>	<u>\$ 45,506,356</u>	<u>\$ 63,693,735</u>	<u>\$ 2,428,173</u>

See accompanying notes to financial statements

CITY OF WINFIELD, KANSAS

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2006

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 1,010,093	\$ 344,835	\$ -	\$ -
Public safety	3,985,164	261,988	40,380	28,307
Public works/stormwater	2,147,916	152,111	455,187	1,712,917
Cemetery	150,677	41,090	8,270	-
Culture and recreation	1,596,973	450,224	-	61,500
Health and welfare	994,863	746,312	-	-
Economic development	130,861	-	-	-
Interest on debt	455,814	-	-	-
Total governmental activities	10,472,361	1,996,560	503,837	1,802,724
Business-type activities:				
Electric	23,859,675	22,984,484	-	655,176
Gas	5,591,193	6,157,572	-	32,816
Water	1,957,787	2,293,376	-	43,847
Refuse	1,250,103	1,257,396	-	-
Wastewater	1,574,041	1,522,009	-	-
Golf course	857,222	567,258	-	-
Total business-type activities	35,090,021	34,782,095	-	731,839
Total primary government	\$ 45,562,382	\$ 36,778,655	\$ 503,837	\$ 2,534,563
Component Units:				
Winfield Public Library	\$ -	\$ -	\$ -	\$ -
Winfield Housing Authority	-	-	-	-
Total component units	-	-	-	-

General revenues:

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

Transfers

Total general revenues and transfers

Change in net assets

Net assets - beginning

Prior period adjustments

Net assets - beginning, restated

Net assets - ending

See accompanying notes to financial statements

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Units
Governmental Activities	Business-type Activities	Total	
\$ (665,258)	\$ -	\$ (665,258)	\$ -
(3,654,489)	-	(3,654,489)	-
172,299	-	172,299	-
(101,317)	-	(101,317)	-
(1,085,249)	-	(1,085,249)	-
(248,551)	-	(248,551)	-
(130,861)	-	(130,861)	-
(455,814)	-	(455,814)	-
(6,169,240)	-	(6,169,240)	-
-	(220,015)	(220,015)	-
-	599,195	599,195	-
-	379,436	379,436	-
-	7,293	7,293	-
-	(52,032)	(52,032)	-
-	(289,964)	(289,964)	-
-	423,913	423,913	-
(6,169,240)	423,913	(5,745,327)	-
-	-	-	(393,081)
-	-	-	15,634
-	-	-	(377,447)
3,313,225	-	3,313,225	-
1,602,854	-	1,602,854	-
211,789	280,672	492,461	8,828
78,535	-	78,535	-
221,379	-	221,379	-
58,050	-	58,050	-
146,328	32,857	179,185	-
-	-	-	399,685
2,033,593	-	2,033,593	-
(65,699)	65,699	-	-
7,600,054	379,228	7,979,282	408,513
1,430,814	803,141	2,233,955	31,066
16,627,681	44,807,664	61,435,345	2,435,682
128,884	(104,449)	24,435	(38,575)
16,756,565	44,703,215	61,459,780	2,397,107
\$ 18,187,379	\$ 45,506,356	\$ 63,693,735	\$ 2,428,173

CITY OF WINFIELD, KANSAS

GOVERNMENTAL FUNDS BALANCE SHEET DECEMBER 31, 2006

	General Fund	Debt Service Fund	Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Pooled cash and investments	\$ 373,743	\$ 6,988	\$ 404,450	\$ 2,930,165	\$ 3,715,346
Receivables:					
Taxes	2,209,308	655,655	-	504,590	3,369,553
Special assessments	23,744	1,837,250	-	-	1,860,994
Accounts	37,247	-	-	43,754	81,001
Due from other governmental agencies	-	-	161,290	39,864	201,154
Restricted cash and investments	-	79,000	-	-	79,000
Due from other funds	-	-	-	18,013	18,013
Advances to other funds	20,265	-	-	-	20,265
Total assets	<u>\$ 2,664,307</u>	<u>\$ 2,578,893</u>	<u>\$ 565,740</u>	<u>\$ 3,536,386</u>	<u>\$ 9,345,326</u>
Liabilities					
Accounts and wages payable	\$ 227,194	\$ -	\$ 60,952	\$ 67,212	\$ 355,358
Due to other funds	-	-	-	18,013	18,013
Deferred revenue	2,088,619	2,492,905	-	504,590	5,086,114
Total liabilities	<u>2,315,813</u>	<u>2,492,905</u>	<u>60,952</u>	<u>589,815</u>	<u>5,459,485</u>
Fund Balances					
Reserved for:					
Encumbrances	-	-	156,049	842,773	998,822
Capital outlay	-	-	348,739	383,994	732,733
Advances to other funds	20,265	-	-	-	20,265
Debt service	-	79,000	-	-	79,000
Unreserved:					
Designated for subsequent year expenditures	328,229	6,988	-	1,309,677	1,644,894
Undesignated, reported in special revenue funds	-	-	-	404,127	404,127
Undesignated, reported in permanent fund	-	-	-	6,000	6,000
Total fund balances	<u>348,494</u>	<u>85,988</u>	<u>504,788</u>	<u>2,946,571</u>	<u>3,885,841</u>
Total liabilities and fund balances	<u>\$ 2,664,307</u>	<u>\$ 2,578,893</u>	<u>\$ 565,740</u>	<u>\$ 3,536,386</u>	<u>\$ 9,345,326</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, 2006

Total fund balances - Total governmental funds \$ 3,885,841

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	\$	1,979,884	
Buildings, net of \$2,336,212 accumulated depreciation		7,064,708	
Improvements other than buildings, net of \$3,760,228 accumulated depreciation		13,185,313	
Machinery and equipment, net of \$5,256,468 accumulated depreciation		3,319,872	
Total capital assets			25,549,777

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

312,718

BOND ISSUANCE COSTS

Issuance costs associated with new debt issued by the City in 2003-2006 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.

96,909

DEFERRED LOSS ON REFUNDING OF GENERAL OBLIGATION DEBT

The 2005 refunding of \$1,980,000 debt with the issuance of \$2,130,000 debt created a \$150,000 increase in debt liability on the balance sheet. This deferred loss is amortized over the life of the new debt.

140,426

DISCOUNT ON TEMPORARY NOTES

The issuance of \$2,335,000 in temporary notes were discounted at time of sale. The discount of \$8,406 is being amortized over the life of the temporary note.

7,939

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, 2006 are:

Deferred special assessments	1,860,994		
Other long-term receivables		73,148	
Contractual receivables from other governmental agencies		424,039	
Total long-term receivables			2,358,181

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.

909,769

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, 2006 are:

Accrued interest payable		(173,073)	
Compensated absences		(352,670)	
Payable to other governmental agencies		(201,274)	
Certificates of participation payable		(252,994)	
General obligation and sales tax revenue debt payable		(9,740,000)	
Temporary note payable		(2,335,000)	
KDOT loan payable		(800,000)	
Capital leases payable		(1,219,170)	

Total net assets of governmental activities \$ 18,187,379

See accompanying notes to financial statements

CITY OF WINFIELD, KANSAS

GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED DECEMBER 31, 2006

	General Fund	Debt Service Fund	Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 1,984,103	\$ 787,498	\$ -	\$ 541,624	\$ 3,313,225
Sales taxes	1,602,854	-	-	-	1,602,854
Special assessments	-	116,141	-	-	116,141
In lieu of taxes payments	2,033,593	-	-	-	2,033,593
Franchise taxes	221,379	-	-	-	221,379
Intergovernmental revenue	302,088	133,872	61,500	617,271	1,114,731
Licenses and permits	26,695	-	-	-	26,695
Fines and penalties	181,605	-	-	-	181,605
Interest income	23,802	20,164	24,308	93,436	161,710
Use of property	92,749	-	-	-	92,749
Charges for services and sales	535,447	-	-	676,437	1,211,884
Other	29,824	-	10	56,030	85,864
Total revenues	<u>7,034,139</u>	<u>1,057,675</u>	<u>85,818</u>	<u>1,984,798</u>	<u>10,162,430</u>
Expenditures					
Current operations:					
General government	\$ 836,971	\$ 58	\$ -	\$ 132,732	\$ 969,761
Public safety	4,669,413	-	-	108,992	4,778,405
Public works	-	-	-	2,061,131	2,061,131
Cemetery	131,464	-	-	4,931	136,395
Culture and recreation	1,082,951	-	-	410,349	1,493,300
Health and welfare	26,770	-	-	896,251	923,021
Economic development	16,227	-	-	120,729	136,956
Debt service:					
Debt principal payments	-	1,095,000	80,069	1,049,715	2,224,784
Debt interest payments	-	299,986	8,329	39,986	348,301
Capital outlay	-	-	421,234	1,435,019	1,856,253
Total expenditures	<u>6,763,796</u>	<u>1,395,044</u>	<u>509,632</u>	<u>6,259,835</u>	<u>14,928,307</u>
Excess (deficiency) of revenues over (under) expenditures	<u>270,343</u>	<u>(337,369)</u>	<u>(423,814)</u>	<u>(4,275,037)</u>	<u>(4,765,877)</u>
Other financing sources (uses):					
Transfers in	130,182	445,792	837,776	678,616	2,092,366
Transfers out	(1,331,047)	(100,000)	(410,125)	(195,456)	(2,036,628)
Issuance of temporary notes	-	-	-	2,335,000	2,335,000
Discount on issuance of temporary notes	-	-	-	(8,406)	(8,406)
Issuance of general obligation bonds	-	-	-	1,115,000	1,115,000
Issuance of KDOT debt	-	-	-	800,000	800,000
Issuance of capital lease debt	991,360	-	-	-	991,360
Capital lease refinancing proceeds	-	-	-	240,000	240,000
Sale of property	5,575	-	-	3,789	9,364
Total other financing sources (uses)	<u>(203,930)</u>	<u>345,792</u>	<u>427,651</u>	<u>4,968,543</u>	<u>5,538,056</u>
Net change in fund balances	66,413	8,423	3,837	693,506	772,179
Fund balances, beginning of year	282,081	77,565	500,951	2,253,065	3,113,662
Prior period adjustment	-	-	-	-	-
Fund balances, beginning of year, restated	<u>282,081</u>	<u>77,565</u>	<u>500,951</u>	<u>2,253,065</u>	<u>3,113,662</u>
Fund balances, end of year	<u>\$ 348,494</u>	<u>\$ 85,988</u>	<u>\$ 504,788</u>	<u>\$ 2,946,571</u>	<u>\$ 3,885,841</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, 2006

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	\$ 772,179
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Amounts reported for governmental activities in the statement of activities are different because:

Capital asset transactions

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

Capital outlay expenditures	3,384,859	
Depreciation	(1,015,197)	
Net asset transfers with business-type activities	(2,366)	
Net loss on retirement of governmental capital assets	<u>(25,762)</u>	
Net capital asset transactions		2,341,534

Revenues

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

Long-term receivables	(135,262)
Special assessments receivables	1,578,763
Fair market value of equipment donated to governmental funds	67,536

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	1,095,000
Temporary note payments	755,000
Capital lease principal payments	294,720
Certification of participation payments	80,069
Long term contractual payments	32,331
Temporary note proceeds (net of \$8,401 discount)	(2,326,599)
General obligation bond issuance proceeds, net of refunding debt balance	(1,115,000)
KDOT loan proceeds	(800,000)
Capital lease proceeds, net of refunding debt balance	(1,231,360)

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	(3,643)
Compensated absences	(15,570)
Interest payable	(114,574)
Amortization of debt issuance costs	17,097
Deferred revenues	(10,036)

(continued)

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, 2006

Stormwater drainage fund reclassified as governmental-type activity

The stormwater drainage fund is included as a proprietary fund in the Proprietary Funds' Statement of Net Assets, and Statement of Revenues, Expenses and Changes in Fund Net Assets. It is reclassified as a governmental-type fund for the government-wide Statement of Net Assets and Statement of Activities, defined as a 'public works/stormwater' function.

37,465

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

111,164

Change in net assets of governmental activities

\$ 1,430,814

See accompanying notes to financial statements

(concluded)

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, 2006

	<u>Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
Revenues and other sources:				
Taxes:				
Property	\$ 2,030,989	\$ 2,030,989	\$ 1,984,103	\$ (46,886)
Sales	1,528,000	1,528,000	1,620,687	92,687
Franchise	232,000	232,000	222,186	(9,814)
Licenses and permits	11,200	11,200	26,695	15,495
Intergovernmental	310,233	310,233	302,088	(8,145)
Rentals, charges for services and sales	682,200	682,200	662,184	(20,016)
Fines and penalties	163,300	163,300	181,605	18,305
Interest earnings	22,000	22,000	23,802	1,802
Payments in lieu of taxes - utilities	1,841,850	1,884,778	2,033,593	148,815
Transfers from other funds	35,000	35,000	130,182	95,182
Contingencies reserve	100,000	100,000	-	(100,000)
Total revenues and other sources	<u>6,956,772</u>	<u>6,999,700</u>	<u>7,187,125</u>	<u>187,425</u>
Expenditures and other uses:				
General government:				
Legal	55,142	55,142	49,050	6,092
Administrative	1,020,209	1,020,209	961,049	59,160
Cemetery maintenance	136,740	136,740	131,464	5,276
Public safety:				
Police department	1,885,668	1,955,354	1,933,350	22,004
Fire department	1,536,304	1,536,304	1,567,961	(31,657)
Building inspection	116,417	116,417	128,000	(11,583)
Parking	41,989	41,989	36,687	5,302
Culture and recreation:				
City lake	256,042	256,042	234,780	21,262
Park maintenance	590,065	590,065	641,950	(51,885)
Baden Square	177,807	177,807	166,909	10,898
Aquatic facility	167,531	167,531	169,542	(2,011)
Operating transfers out:	1,046,400	1,046,400	1,078,884	(32,484)
Total expenditures and other uses	<u>7,030,314</u>	<u>7,100,000</u>	<u>7,099,626</u>	<u>374</u>
Revenues and other sources over				
(under) expenditures and other uses	(73,542)	(100,300)	87,499	187,799
Unencumbered fund balance, Jan 1	<u>100,300</u>	<u>100,300</u>	<u>59,049</u>	<u>(41,251)</u>
Unencumbered fund balance, Dec 31	<u>\$ 26,758</u>	<u>\$ -</u>	<u>\$ 146,548</u>	<u>\$ 146,548</u>

See accompanying notes to financial statements

CITY OF WINFIELD, KANSAS

PROPRIETARY FUNDS STATEMENT OF NET ASSETS DECEMBER 31, 2006

	Enterprise Funds		
	Electric Utility Fund	Gas Utility Fund	Water Utility Fund
Assets			
Current assets			
Pooled cash and investments	\$ 2,010,836	\$ 437,857	\$ 687,406
Utility billing receivables, net	868,356	385,019	42,523
Accounts receivable, net	527,993	20,881	7,570
Inventories and other assets	1,142,020	394,359	85,933
Total current assets	4,549,205	1,238,116	823,432
Noncurrent assets			
Restricted assets - cash and investments	-	-	-
Capital assets			
Land	382,369	6,300	8,801
Buildings and improvements	3,409,185	-	640,440
Improvements other than buildings	23,460,888	6,979,970	9,593,471
Machinery, equipment, other	17,118,821	967,683	6,071,397
Less accumulated depreciation	(23,336,757)	(3,454,995)	(4,052,445)
Net capital assets	21,034,506	4,498,958	12,261,664
Other assets			
Sales tax deposit	-	-	-
Advances to internal service funds	1,393,075	381,498	138,455
Investment in joint venture	-	-	-
Other investments	2,798	-	-
Unamortized loss on refunding	-	-	-
Unamortized issuance costs	6,964	-	14,737
Total other assets	1,402,837	381,498	153,192
Total noncurrent assets	22,437,343	4,880,456	12,414,856
Total Assets	26,986,548	6,118,572	13,238,288

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
\$ 100,419	\$ 16,588	\$ 503,838	\$ 3,756,944	\$ 1,941,359
49,293	-	41,944	1,387,135	1,946,525
511	3,517	4,583	565,055	6,820
28,821	43,678	-	1,694,811	119,469
<u>179,044</u>	<u>63,783</u>	<u>550,365</u>	<u>7,403,945</u>	<u>4,014,173</u>
-	202,297	-	202,297	-
23,355	399,949	3,503	824,277	6,500
5,943,240	514,816	78,599	10,586,280	1,868,119
10,211,737	2,346,358	3,532,153	56,124,577	78,780
2,264,627	416,624	1,161,301	28,000,453	1,880,872
(6,443,944)	(2,164,958)	(1,136,905)	(40,590,004)	(1,841,335)
<u>11,999,015</u>	<u>1,512,789</u>	<u>3,638,651</u>	<u>54,945,583</u>	<u>1,992,936</u>
-	-	-	-	18,259
45,606	-	55,885	2,014,519	-
-	-	54,058	54,058	-
-	-	-	2,798	-
-	76,566	-	76,566	-
-	24,202	-	45,903	-
<u>45,606</u>	<u>100,768</u>	<u>109,943</u>	<u>2,193,844</u>	<u>18,259</u>
<u>12,044,621</u>	<u>1,815,854</u>	<u>3,748,594</u>	<u>57,341,724</u>	<u>2,011,195</u>
<u>12,223,665</u>	<u>1,879,637</u>	<u>4,298,959</u>	<u>64,745,669</u>	<u>6,025,368</u>

(Continued)

CITY OF WINFIELD, KANSAS

PROPRIETARY FUNDS STATEMENT OF NET ASSETS DECEMBER 31, 2006

	Enterprise Funds		
	Electric Utility Fund	Gas Utility Fund	Water Utility Fund
Liabilities			
Current liabilities			
Accounts payable	\$ 1,186,686	\$ 696,819	\$ 49,416
Accrued interest payable	3,620	-	126,500
Current portion of long-term debt	81,724	-	304,714
Total current liabilities	<u>1,272,030</u>	<u>696,819</u>	<u>480,630</u>
Noncurrent liabilities			
State of Kansas KDHE loans payable	-	-	7,525,527
Capital leases/certificates payable	353,893	-	-
Payable from restricted assets	-	-	-
Deferred gain on refunding bonds	5,901	-	-
Accrued compensated absences	152,374	45,448	41,809
Advances from other funds	-	-	-
Total noncurrent liabilities	<u>512,168</u>	<u>45,448</u>	<u>7,567,336</u>
Total liabilities	<u>1,784,198</u>	<u>742,267</u>	<u>8,047,966</u>
Net Assets			
Invested in capital assets	-	4,498,959	-
Invested in capital assets, net of related debt	20,598,889	-	4,431,423
Restricted by debt covenants	-	-	-
Unrestricted	4,603,461	877,346	758,899
Total net assets	<u>\$ 25,202,350</u>	<u>\$ 5,376,305</u>	<u>\$ 5,190,322</u>
Total liabilities and net assets	<u>\$ 26,986,548</u>	<u>\$ 6,118,572</u>	<u>\$ 13,238,288</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
\$ 41,452	\$ 16,937	\$ 39,896	\$ 2,031,206	\$ 207,632
55,075	13,471	-	198,666	-
351,344	306,383	-	1,044,165	-
<u>447,871</u>	<u>336,791</u>	<u>39,896</u>	<u>3,274,037</u>	<u>207,632</u>
4,716,905	-	-	12,242,432	-
-	1,112,710	-	1,466,603	-
-	202,297	-	202,297	-
-	-	-	5,901	-
16,918	3,212	16,508	276,269	135,034
-	-	-	-	2,034,784
<u>4,733,823</u>	<u>1,318,219</u>	<u>16,508</u>	<u>14,193,502</u>	<u>2,169,818</u>
5,181,694	1,655,010	56,404	17,467,539	2,377,450
-	-	3,638,651	8,137,610	1,992,936
6,930,766	93,697	-	32,054,775	-
-	202,297	-	202,297	-
111,205	(71,367)	603,904	6,883,448	1,654,982
<u>\$ 7,041,971</u>	<u>\$ 224,627</u>	<u>\$ 4,242,555</u>	<u>\$ 47,278,130</u>	<u>\$ 3,647,918</u>
<u>\$ 12,223,665</u>	<u>\$ 1,879,637</u>	<u>\$ 4,298,959</u>	<u>\$ 64,745,669</u>	<u>\$ 6,025,368</u>

Total net assets

\$ 47,278,130

Some amounts reported for business-type activities in the statement
of net assets are different because certain internal service fund

assets and liabilities are included with business-type activities

1,809,197

Reclassification of stormwater drainage fund net assets

to governmental activities net assets

(3,580,971)

Net assets of business-type activities

\$ 45,506,356

(Concluded)

CITY OF WINFIELD, KANSAS

PROPRIETARY FUNDS STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2006

	Enterprise Funds		
	Electric Utility Fund	Gas Utility Fund	Water Utility Fund
Operating revenues			
Charges for services and sales	\$ 21,557,003	\$ 6,131,623	\$ 2,256,220
Other	1,427,481	25,949	37,156
Total operating revenues	<u>22,984,484</u>	<u>6,157,572</u>	<u>2,293,376</u>
Operating expenses			
Services and supplies	21,211,055	5,068,930	1,062,542
Payments in lieu of franchise fees	1,480,803	381,178	124,197
Depreciation	1,151,299	141,085	464,141
Total operating expenses	<u>23,843,157</u>	<u>5,591,193</u>	<u>1,650,880</u>
Operating income (loss)	<u>(858,673)</u>	<u>566,379</u>	<u>642,496</u>
Non-operating revenues (expenses)			
Interest income	141,220	45,960	29,927
Loss on joint venture	-	-	-
Interest expense	(16,518)	-	(306,907)
Other	1,927	(34,763)	(1,779)
Total non-operating revenues (expenses)	<u>126,629</u>	<u>11,197</u>	<u>(278,759)</u>
Income (loss) before contributions and transfers	<u>(732,044)</u>	<u>577,576</u>	<u>363,737</u>
Capital contributions and operating transfers:			
Capital contributions	655,176	32,816	43,847
Transfers in - cash	40,000	-	-
Transfers out - cash	(259,000)	(191,000)	(74,725)
Transfers in - capital assets	767	-	2,424
Transfers out - capital assets	-	-	-
Change in net assets	<u>(295,101)</u>	<u>419,392</u>	<u>335,283</u>
Total net assets - beginning	25,459,311	5,076,667	4,863,905
Prior period adjustment	38,140	(119,754)	(8,866)
Restated total net assets - beginning	<u>25,497,451</u>	<u>4,956,913</u>	<u>4,855,039</u>
Total net assets - ending	<u>\$ 25,202,350</u>	<u>\$ 5,376,305</u>	<u>\$ 5,190,322</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
\$ 1,516,873	\$ 567,258	\$ 1,398,511	\$ 33,427,488	\$ 3,242,941
5,136	-	10,996	1,506,718	1,677,715
1,522,009	567,258	1,409,507	34,934,206	4,920,656
766,824	641,564	1,095,566	29,846,481	4,543,228
-	-	47,715	2,033,893	-
637,349	154,581	150,493	2,698,948	179,412
1,404,173	796,145	1,293,774	34,579,322	4,722,640
117,836	(228,887)	115,733	354,884	198,016
9,284	9,052	19,867	255,310	75,442
-	-	(3,338)	(3,338)	-
(169,868)	(61,077)	(434)	(554,804)	-
(11,623)	(17,973)	-	(64,211)	2,801
(172,207)	(69,998)	16,095	(367,043)	78,243
(54,371)	(298,885)	131,828	(12,159)	276,259
-	-	-	731,839	-
100,000	488,000	-	628,000	-
-	-	(82,900)	(607,625)	(76,114)
-	-	933,754	936,945	-
(767)	-	-	(767)	-
44,862	189,115	982,682	1,676,233	200,145
6,999,784	35,512	3,259,873	45,695,052	3,470,360
(2,675)	-	-	(93,155)	(22,587)
6,997,109	35,512	3,259,873	45,601,897	3,447,773
\$ 7,041,971	\$ 224,627	\$ 4,242,555	\$ 47,278,130	\$ 3,647,918

Increase in net assets, per fund statements \$ 1,676,233

Some amounts reported for business-type activities in the statement

of activities are different because the net revenue (expepnse) of certain

internal service funds is reported with business-type activities

98,127

Reclassification of stormwater drainage fund activities to

governmental activities

(971,219)

Change In net assets of business-type activities

\$ 803,141

CITY OF WINFIELD, KANSAS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2006

	Enterprise Funds		
	Electric Utility Fund	Gas Utility Fund	Water Utility Fund
Cash flows from operating activities			
Payments to suppliers	\$ (19,233,636)	\$ (5,409,434)	\$ (464,676)
Payments to employees	(2,080,639)	(689,502)	(702,104)
Payments of claims	-	-	-
Internal activity-receipts to other funds	(1,480,803)	(387,178)	(124,197)
Internal activity-receipts from other funds	-	-	-
Receipts from customers	21,448,067	6,568,509	2,256,855
Other receipts (expenses)	1,214,205	48,086	41,747
Net cash provided by operating activities	<u>(132,806)</u>	<u>130,481</u>	<u>1,007,625</u>
Cash flows from noncapital financing activities			
Advances from (to) other funds	156,036	154,606	18,756
Operating subsidies and transfers from (to) other funds	(219,000)	(191,000)	(74,725)
Net cash used by noncapital financing activities	<u>(62,964)</u>	<u>(36,394)</u>	<u>(55,969)</u>
Cash flows from capital and related financing activities			
Debt payments - principal	-	-	(302,857)
Debt payments - interest	-	-	(308,706)
Issuance of debt	-	-	144,429
Transfers (to) from other funds for debt payments	-	-	-
Transfers (to) from other funds for capital acquisition	-	-	-
Capital lease and cert of part payments - principal	(79,903)	-	-
Capital lease and cert of part payments - interest	(15,278)	-	-
Sale of assets	539	-	3,966
Capital contributions	303,362	32,816	43,847
Capital grant proceeds	285,190	-	-
Acquisition of capital assets	(1,718,168)	(439,300)	(670,750)
Net cash used by capital and related financing activities	<u>(1,224,258)</u>	<u>(406,484)</u>	<u>(1,090,071)</u>
Cash flows from investing activities			
Investment income	138,894	45,960	29,927
Net cash provided from investing activities	<u>138,894</u>	<u>45,960</u>	<u>29,927</u>
Net increase (decrease) in cash and cash equivalents	(1,281,134)	(266,437)	(108,488)
Balances - beginning of the year (includes \$200,910 in restricted accounts)	<u>3,291,970</u>	<u>704,294</u>	<u>795,894</u>
Balances - end of the year (includes \$202,297 in restricted accounts)	<u>\$ 2,010,836</u>	<u>\$ 437,857</u>	<u>\$ 687,406</u>

Enterprise Funds				
Wastewater Utility Fund	Quail Ridge Golf Course Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ (235,624)	\$ (419,213)	\$ (655,907)	\$ (26,418,490)	\$ (1,942,915)
(511,005)	(294,938)	(483,370)	(4,761,558)	(2,141,822)
-	-	-	-	(187,935)
-	-	-	(1,992,178)	(34,523,840)
-	-	-	-	4,506,522
1,517,589	572,987	1,394,720	33,758,727	34,885,091
5,253	37,519	15,629	1,362,439	239,296
<u>776,213</u>	<u>(103,645)</u>	<u>271,072</u>	<u>1,948,940</u>	<u>834,397</u>
13,767	-	10,625	353,790	(353,788)
-	488,000	(82,900)	(79,625)	-
<u>13,767</u>	<u>488,000</u>	<u>(72,275)</u>	<u>274,165</u>	<u>(353,788)</u>
(340,165)	-	-	(643,022)	-
(173,564)	-	-	(482,270)	-
-	-	-	144,429	-
100,000	-	-	100,000	-
-	-	-	-	(76,114)
-	(300,027)	(10,000)	(389,930)	-
-	(56,883)	(275)	(72,436)	-
641	-	-	5,146	2,804
-	-	-	380,025	-
-	-	-	285,190	-
<u>(616,744)</u>	<u>(26,334)</u>	<u>(56,124)</u>	<u>(3,527,420)</u>	<u>(280,127)</u>
<u>(1,029,832)</u>	<u>(383,244)</u>	<u>(66,399)</u>	<u>(4,200,288)</u>	<u>(353,437)</u>
9,284	9,052	19,867	252,984	75,442
<u>9,284</u>	<u>9,052</u>	<u>19,867</u>	<u>252,984</u>	<u>75,442</u>
(230,568)	10,163	152,265	(1,724,199)	202,614
<u>330,987</u>	<u>208,722</u>	<u>351,573</u>	<u>5,683,440</u>	<u>1,738,745</u>
<u>\$ 100,419</u>	<u>\$ 218,885</u>	<u>\$ 503,838</u>	<u>\$ 3,959,241</u>	<u>\$ 1,941,359</u>

(Continued)

CITY OF WINFIELD, KANSAS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2006

	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)	\$ (858,673)	\$ 566,379	\$ 642,496
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,151,299	141,085	464,141
Changes in assets and liabilities:			
Receivables, net	(323,487)	459,023	5,226
Inventories/ prepaids	(80,494)	(291,261)	13,245
Compensated absences	23,097	(105)	4,573
Accounts and other payables	(44,548)	(744,640)	(122,056)
Total adjustments	725,867	(435,898)	365,129
Net cash provided (used) by operating activities	\$ (132,806)	\$ 130,481	\$ 1,007,625
Noncash Transactions			
Assets contributed from other funds	767	-	2,424
Assets contributed to other funds	-	-	-
Noncash patronage dividend	2,326	-	-
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
<u>\$ 117,836</u>	<u>\$ (228,887)</u>	<u>\$ 115,733</u>	<u>\$ 354,884</u>	<u>\$ 198,016</u>
637,349	154,581	150,493	2,698,948	179,412
833	5,729	842	148,166	412,239
(231)	(43,678)	-	(402,419)	(4,974)
(217)	(2,295)	951	26,004	22,516
<u>20,643</u>	<u>10,905</u>	<u>3,053</u>	<u>(876,643)</u>	<u>27,188</u>
<u>658,377</u>	<u>125,242</u>	<u>155,339</u>	<u>1,594,056</u>	<u>636,381</u>
<u>\$ 776,213</u>	<u>\$ (103,645)</u>	<u>\$ 271,072</u>	<u>\$ 1,948,940</u>	<u>\$ 834,397</u>
-	-	933,754	936,945	2
767	-	-	767	-
-	-	-	2,326	-
-	-	(3,338)	(3,338)	-

(Concluded)

CITY OF WINFIELD

FIDUCIARY FUNDS STATEMENT OF FIDUCIARY NET ASSETS DECEMBER 31, 2006

	<u>Agency Funds</u>
Assets	
Pooled cash and investments	<u>\$ 158,757</u>
Total assets	<u>158,757</u>
Liabilities	
Accounts payable	<u>158,757</u>
Net Assets	<u><u>\$ -</u></u>

See accompanying notes to financial statements

CITY OF WINFIELD, KANSAS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006 INDEX

1. Summary of Significant Accounting Policies
 - A. Reporting Entity
 - B. Government-Wide and Fund Financial Statements
 - C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
 - D. Pooled Cash and Temporary Investments
 - E. Property Taxes and Other Receivables
 - F. Revenue Recognition for Proprietary Funds
 - G. Special Assessments Receivable
 - H. Inventories, Advances, and Prepaid Expenses
 - I. Restricted Assets
 - J. Capital Assets
 - K. Payments in Lieu of Franchise Fees
 - L. Compensated Absences
 - M. Statement of Cash Flows
 - N. Estimates
 - O. Pending Governmental Accounting Standards Board Statements
2. Budgetary Control
3. Budget/GAAP Reconciliation
4. Compliance with Kansas Statutes
5. Pooled Cash and Investments
6. Receivables
 - A. Utility Receivables
 - B. Long-term Receivables
7. Changes in Capital Assets
8. Depreciation Allocations
9. Temporary Notes
10. Long-Term Debt
 - A. Capitalized Lease Obligations
 - B. Certificates of Participation
 - C. General Obligation Bonds Payable
 - D. Sales Tax Bonds Payable
 - E. Kansas Department of Health and Environment Loans Payable
 - F. Kansas Department of Transportation Loan Payable
 - G. Other Long-Term Debt
 - H. Changes in Long-Term Debt
 - I. Conduit Debt Obligations
 - J. Prior Year Defeasance of Debt

CITY OF WINFIELD, KANSAS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006 INDEX

- 11. Leases
 - A. Long-Term Operating Leases
- 12. Inter-fund Transfers
- 13. Interfund Receivables/Payables
- 14. Net Assets and Fund Balances
 - A. Net Assets
 - B. Reserves and Designations of Fund Balances
- 15. Prior Period Adjustments
 - A. Proprietary Funds and Statement of Activities – Business-type Activities
 - B. Governmental Funds and Statement of Activities – Governmental Activities
 - C. Proprietary Funds Statement of Revenues, Expenses and Changes in Fund Net Assets; Statement of Activities – Both Business and governmental-type Activities
- 16. Defined Benefit Pension Plan
- 17. Risk Management
 - A. Risk Management Reserve
 - B. Workers' Compensation Reserve
 - C. Health Insurance Reserve
 - D. Short Term Disability Reserve
- 18. Capital Projects
- 19. Contingencies and Commitments
 - A. Electric Purchase Commitments
 - B. Gas Purchase Commitments
 - C. Kansas Disability Coalition Interim Settlement Agreement
 - D. Gas Litigation
 - E. Sales Tax Refund
 - F. Other Legal Matters
- 20. Subsequent Events

CITY OF WINFIELD, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006

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 11,861 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, 2006. 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.

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 Ave, Winfield, KS 67156. Below is a summary of 2006 revenues and expenses for the recycling center.

Recycling revenues	\$ 58,480
Recycling expenses	77,773
Depreciation expense	7,709

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 24,100 rounds were played on the course in 2006.

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 fund. In conjunction with this debt, an outside trustee holds 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 2006, the City had no net interest costs subject to capitalization.

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, water, and refuse utilities pay monthly in lieu of franchise fees monthly to the general fund, in amounts ranging from 4% to 6.9% of gross sales. The percentages are determined annually by the City and included in the annual budget.

L. Compensated Absences

- 1) Vacation - All permanent full-time employees of the City are eligible for vacation benefits. Employees with less than 10 years employment service for the City have vacation days 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 1.5 days per month, with a maximum of 24 days. All vacation pay is accrued when incurred in the government-wide and proprietary financial statements.
- 2) Sick Leave - 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. Accumulated sick leave is not paid to employees separating from service, prior to retirement. No liability is reported in the financial statements of accrued sick leave, unless an employee is entitled to the payout due to retirement.
- 3) Sick Leave Reserve – Employees who have accrued the maximum 90 days of sick leave are eligible to accrue sick leave in a reserve account. Reserve sick leave is credited for 25% of each eight hours sick leave that would have accrued had the 90 days maximum accrual not been reached. There is no maximum as to the number of reserve sick leave hours that may be accumulated, and sick leave reserve hours accumulated by employees eligible for retirement are reflected as accrued liabilities in the financial statements.
- 4) Sick Leave Bonus – Any permanent full time employee who has reached the maximum 90 days sick leave accrual is eligible for the annual sick leave bonus program. For each pay period that an employee begins and ends with 90 days maximum accrued sick leave, they accrue one hour's pay at the regular rate of pay. This bonus is paid out to those employees annually.

M. Statement of Cash Flows

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

N. Estimates

Preparation of financial statements in conformity with GAAP requires making estimates and assumptions that affect: [1] the reported amounts of assets and liabilities, [2] disclosures such as contingencies, and [3] the reported amounts of revenues and expenditures or expenses included in the financial statements. Actual results could differ from those estimates.

O. Pending Governmental Accounting Standards Board Statements

GASB Statement No. 43 "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans" was issued in April 2004 and will apply to financial statements of the City beginning with fiscal year 2007. Statement No. 43 establishes guidance for accounting and reporting for post-employment benefits other than pension benefits, such as insurances.

GASB Statement No. 44, "Economic Condition Reporting: The Statistical Section" was issued in May 2004 and establishes guidance for reporting supplementary information that accompanies the basic financial statements in the statistical section. Statement No. 44 will apply to financial statements of the city beginning with fiscal year 2006.

GASB Statement No. 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions", was issued June 2004 and establishes guidance for accounting and reporting of post-employment benefits other than pension if provided separately from a pension plan. Statement No. 45 will apply to the financial statements of the City beginning with fiscal year 2007.

GASB Statement No. 46, "Net Assets Restricted by Enabling Legislation", was issued December 2004 and will apply to the financial statements of the City beginning with fiscal year 2006. Statement No. 46 establishes and modifies requirements related to restrictions of net assets resulting from enabling legislation, amending GASB Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments."

GASB Statement No. 47, "Accounting for Termination Benefits", was issued in July 2004 and establishes guidance for accounting and financial reporting of termination benefits. Termination benefits in this Statement are benefits provided by employers to employees as an inducement to hasten the termination of services, or as a result of a voluntary early termination, or as a consequence of involuntary early termination. Termination benefits would include early retirement incentives, severance benefits and other termination-related benefits. This Statement is applied to the financial statements of the city beginning with fiscal year 2006.

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:

	Original Budget	Increase	Revised Budget
Enterprise Funds:			
Electric Fund	\$ 7,030,314	\$ 69,686	\$ 7,100,000
Municipal Golf Course Fund	855,970	194,030	1,050,000
Governmental Funds:			
General Fund	21,986,101	4,213,899	26,200,000
Drug Task Force	-	35,000	35,000
Internal Service Fund:			
Management Services Fund	2,585,570	14,430	2,600,000

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	\$ 66,413
Accrued revenue:	
December 31, 2006	(181,684)
December 31, 2005	202,770
Advances to other funds	
December 31, 2006	(20,265)
December 31, 2005	<u>20,265</u>
Budgetary basis	<u><u>\$ 87,499</u></u>

4. Compliance with Kansas Statutes

Three funds' 2006 budgetary expenditures exceeded the 2006 budget, noted below. This is in violation of K.S.A. 79-2930. Management is aware of no other instances of noncompliance with Kansas statutes during the year ended December 31, 2006.

	<u>2006 budget</u>	<u>2006 Expenditures</u>	<u>Amount Over Budget</u>
Law enforcement, amb, and fire (LEA) [a]	169,550	179,429	9,879
Wastewater [b]	1,861,130	1,893,752	32,622
Municipal golf course [c]	1,050,000	1,108,300	58,300

- a) The LEA fund was closed out at the end of 2006, and a \$94,997 transfer of remaining fund balance was transferred to the general fund. This transfer was not included in the 2006 budget.
- b) A replacement SCADA system costing approximately \$78,000 for the wastewater treatment plant was not anticipated in the 2006 budget.
- c) The City acquired ownership and management of the pro shop at the municipal golf course in mid-2006. The \$300,000 increase in inventory purchase and operations costs was not totally absorbed in the amended 2006 budget.

5. Pooled Cash Deposits and Investments

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

	Cash Held by Primary Government	Component Units	Total
Cash on hand	\$ 3,355	\$ -	\$ 3,355
Bank deposits	6,672,156	451,148	7,123,304
Deposits held by third-party trustees, restricted	202,297	-	202,297
Overnight repurchase agreement	2,975,895	-	2,975,895
Total	<u>\$ 9,853,703</u>	<u>\$ 451,148</u>	<u>\$ 10,304,851</u>
Reconciliation to Statement of Net Assets:			
General fund			\$ 373,743
Capital project funds			1,025,505
Capital improvements fund			404,450
Special revenue funds			1,898,660
Debt service fund			6,988
Permanent fund			6,000
Enterprise funds			3,756,944
Internal service funds			1,941,359
Total pooled cash and investments			9,413,649
Enterprise funds - restricted			202,297
Debt service fund - restricted			79,000
Total primary government			9,694,946
Fiduciary funds			158,757
Component units			451,148
Grand Total			<u>\$ 10,304,851</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:

- Temporary notes of the City of Winfield
- Time deposits, open accounts or certificates of deposits with maturities of not more than four years
- Repurchase agreements with commercial banks, state or federally chartered savings and loan associations, which have offices located in the City
- U.S. treasury bills or notes with maturities not exceeding four years
- 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
- 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:

- U.S. Government and agency obligations
- Time deposits with banks and trust companies
- FNMA, FHLB and FHLMC obligations
- Collateralized repurchase agreements
- Mutual funds with portfolios consisting entirely of obligations of the U.S. government, U.S. Government agencies, FNMA, FHLB, and FHLMC
- 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 \$202,297 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, 2006:

Utility receivables, accounts receivable financing fund	\$ 2,507,597
Less provision for uncollectible accounts	<u>(561,072)</u>
Net	1,946,525
Net unbilled utility receivables, individual utility funds	<u>1,387,135</u>
Total utility receivables, net of provision for uncollectible accounts	<u><u>\$ 3,333,660</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, 2006:

	Total Payments Due	[1]Winfield Public Library	[2]Winfield Recreation Commission	[3]Strother Field Ind Park	City of Arkansas City	Cowley County
2007	\$ 138,447	\$ 18,625	\$ 34,387	\$ 60,435	\$ 15,000	\$ 10,000
2008	134,853	18,626	32,792	58,435	15,000	10,000
2009	56,256	18,625	31,196	6,435	-	-
2010	25,059	18,625	-	6,434	-	-
2011	25,060	18,626	-	6,434	-	-
2012	25,060	18,625	-	6,435	-	-
2013	6,435	-	-	6,435	-	-
2014	6,434	-	-	6,434	-	-
2015	6,435	-	-	6,435	-	-
	<u>\$ 424,039</u>	<u>\$ 111,752</u>	<u>\$ 98,375</u>	<u>\$ 163,912</u>	<u>\$ 30,000</u>	<u>\$ 20,000</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, 2006 was as follows:

	Balance January 1	Additions	Deletions	Transfers	Balance December 31
Governmental activities[1]:					
Capital assets, not being depreciated:					
Land	\$ 1,989,745	\$ 44,423	\$ (22,022)	\$ (32,262)	\$ 1,979,884
Construction in progress	185,615	-	-	(185,615)	-
Total capital assets, not being depreciated	<u>\$ 2,175,360</u>	<u>\$ 44,423</u>	<u>\$ (22,022)</u>	<u>\$ (217,877)</u>	<u>\$ 1,979,884</u>
Capital assets, being depreciated:					
Buildings	\$ 9,300,018	\$ 100,902	\$ -	\$ -	\$ 9,400,920
Other improvements/infrastructure	14,659,380	2,068,285	-	217,877	16,945,542
Machinery and equipment	7,232,363	1,395,305	(61,941)	10,616	8,576,343
Total capital assets, being depreciated	<u>31,191,761</u>	<u>3,564,492</u>	<u>(61,941)</u>	<u>228,493</u>	<u>34,922,805</u>
Less accumulated depreciation for:					
Buildings	(2,062,441)	(260,372)	-	-	(2,322,813)
Infrastructure	(3,502,699)	(318,590)	-	-	(3,821,289)
Machinery and equipment	(4,692,073)	(561,915)	58,160	(12,982)	(5,208,810)
Less accumulated depreciation	<u>(10,257,213)</u>	<u>(1,140,877)</u>	<u>58,160</u>	<u>(12,982)</u>	<u>(11,352,912)</u>
Total capital assets, being depreciated, net	<u>\$ 20,934,548</u>	<u>\$ 2,423,615</u>	<u>\$ (3,781)</u>	<u>\$ 215,511</u>	<u>\$ 23,569,893</u>
	Balance January 1	Additions	Deletions	Transfers	Balance December 31
Business activities[1]:					
Capital assets, not being depreciated:					
Land	\$ 827,467	\$ 60	\$ -	\$ -	\$ 827,527
Construction in progress	28,887	-	-	(28,887)	-
Total capital assets, not being depreciated	<u>\$ 856,354</u>	<u>\$ 60</u>	<u>\$ -</u>	<u>\$ (28,887)</u>	<u>\$ 827,527</u>
Capital assets, being depreciated:					
Buildings	\$ 12,010,307	\$ 19,475	\$ -	\$ (508,112)	\$ 11,521,670
Other improvements/infrastructure	50,553,635	2,718,971	(371,515)	(270,607)	52,630,484
Machinery and equipment	27,241,554	912,076	(23,785)	796,991	28,926,836
Total capital assets, being depreciated	<u>89,805,496</u>	<u>3,650,522</u>	<u>(395,300)</u>	<u>18,272</u>	<u>93,078,990</u>
Less accumulated depreciation for:					
Buildings	(4,346,754)	(441,483)	-	-	(4,788,237)
Infrastructure	(20,030,498)	(1,064,898)	314,791	-	(20,780,605)
Machinery and equipment	(14,457,516)	(1,247,129)	27,728	13,040	(15,663,877)
	<u>(38,834,768)</u>	<u>(2,753,510)</u>	<u>342,519</u>	<u>13,040</u>	<u>(41,232,719)</u>
Total capital assets, being depreciated, net	<u>\$ 50,970,728</u>	<u>\$ 897,012</u>	<u>\$ (52,781)</u>	<u>\$ 31,312</u>	<u>\$ 51,846,271</u>

8. Depreciation allocations

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

Governmental activities:	
General government	\$ 176,908
Public safety	294,810
Public works	256,799
Cemetery	14,282
Culture and recreation	299,439
Health and welfare	98,639
Total depreciation expense - governmental activities	<u>\$ 1,140,877</u>

Business-type activities:	
Electric	1,190,887
Gas	145,836
Water	479,771
Refuse	118,417
Wastewater	658,812
Golf course	159,787
Total depreciation expense - business-type activities	<u>\$ 2,753,510</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. In 2006, the City issued \$2,335,000 in temporary notes to finance benefit the Hiatt Hills benefit district project, and paid off an outstanding temporary note. At December 31, 2006, the City had one temporary note outstanding, listed below.

	Interest Rate	Balance December 31
Temporary note 2006-01	3.65%	\$ 2,335,000

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 \$1,231,360, and are governmental activities assets. Below is a listing of the capital leases payable at December 31, 2006:

	Interest Rate	Balance December 31
Governmental activities		
Aerial fire truck	4.57	\$ 991,360
Land	5.366	227,810
Total governmental activities		<u>\$ 1,219,170</u>

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

Year Ending Dec 31	Government activities		
	Total	Principal	Interest
2007	\$ 162,815	\$ 105,790	\$ 57,025
2008	162,815	110,854	51,961
2009	162,816	116,163	46,653
2010	162,815	121,727	41,088
2011	162,815	127,559	35,256
2012-2016	721,334	637,077	84,257
	<u>\$ 1,535,410</u>	<u>\$ 1,219,170</u>	<u>\$ 316,240</u>

B. Certificates of Participation

The City issued \$3,605,000 in certificates of participation on March 15, 2003. Below is a summary of the certificates outstanding at December 31, 2006.

	Interest Rate	Balance December 31
Governmental activities:		
Recreation complex	2.00-3.40	\$ 252,994
Business-type activities:		
Electric generators	2.00-4.00	435,616
Quail Ridge golf course	2.00-4.00	1,621,390
Total business-type activities		<u>\$ 2,057,006</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
2007	\$ 88,398	\$ 81,894	\$ 6,504
2008	88,397	84,180	4,217
2009	88,398	86,920	1,478
	<u>\$ 265,193</u>	<u>\$ 252,994</u>	<u>\$ 12,199</u>

Year Ending December 31	Business-type Activities		
	Total	Principal	Interest
2007	\$ 451,616	\$ 388,106	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>\$ 2,247,169</u>	<u>\$ 2,057,006</u>	<u>\$ 190,163</u>

C. General Obligation Bonds Payable

General obligation bonds outstanding at December 31, 2006 are as follows:

	Interest Rate	Final Maturity Date	Total 12/31/06
1) Series 1998A GO	3.60-5.00	2008	\$ 490,000
2) Series 1998B GO	3.70-5.50	2008	140,000
3) Series 1999A GO	4.70-6.00	2008	470,000
4) Series 2001A GO	3.95-5.65	2011	255,000
5) Series 2002A GO	3.00-4.10	2012	440,000
6) Series 2002B GO refunding	3.00-4.10	2015	1,330,000
7) Series 2003A GO	2.00-4.00	2018	2,110,000
8) Series 2005A GO	3.70-4.30	2021	885,000
9) Series 2005B GO refunding	3.35-4.00	2019	2,130,000
10) Series 2006A GO	3.60-4.50	2021	1,115,000
			<u>\$ 9,365,000</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) 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.

3) The Series 1999-A bonds financed improvements to the City's recreation complex, Meyer Hall renovation, improvements to the Thornton Recreation Center, and provided financing for two special benefit districts. This bond was partially refunded with Series 2005B GO refunding bonds in 2005. \$300,000 of this issue 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.

4) The Series 2001A GO bonds financed the acquisition of fire-fighting equipment by the City.

5) The Series 2002A Go bonds financed municipal building capital improvements.

6) \$85,000 of the 2002B 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.

7) The Series 2003A GO bonds provided financing for municipal building capital improvements, and a section of Bliss Street drainage and street improvements.

8) The Series 2005A GO bonds provided financing for several benefit district projects. Special assessments against the benefit districts' landowners will repay the city the debt costs over a fifteen year period.

9) The Series 2005B GO refunding issue refunded a portion of the outstanding 1999A GO bonds.

10) The Series 2006A GO bonds financed the City's Utt business park, and three special assessment projects.

All of the above general obligation bonds are capital-related debt of the governmental activities. See Note 6.B. for details on the receivable balances related to the above debt issues.

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

Year Ending Dec 31	Total	Principal	Interest
2007	\$ 1,459,042	\$ 1,065,000	\$ 394,042
2008	1,410,875	1,095,000	315,875
2009	1,134,426	860,000	274,426
2010	1,038,598	795,000	243,598
2011	972,715	760,000	212,715
2012-2016	4,008,174	3,355,000	653,174
2017-2021	1,567,079	1,435,000	132,079
	<u>\$ 11,590,909</u>	<u>\$ 9,365,000</u>	<u>\$ 2,225,909</u>

D. Sales Tax Bonds Payable

At December 31, 2006, 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	375,000

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. The citywide one-half cents local option sales tax is also pledged to the repayment of the

Series 1998-B general obligation sales tax bonds, see Note 10.C. above. However, the one-half cent sales tax pledge for the Series 2002 bonds are superior and prior in lien to the pledge toward the 1998-B bonds. The Series 2002 sales tax revenue bonds are required to be secured by a Bond Reserve Account of \$79,000. At December 31, 2006 the City met this reserve requirement.

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

Year Ending Dec 31	Total	Principal	Interest
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>\$ 402,455</u>	<u>\$ 375,000</u>	<u>\$ 27,455</u>

E. Kansas Department of Health and Environment Loans Payable

At December 31, 2006, the City had the following loans outstanding with the Kansas Department of Health and Environment (KDHE):

	Interest Rate	Final Maturity Date	Business-type Activities
Wastewater treatment plant improvements	3.26	2018	\$ 5,068,249
Water treatment plant improvements	3.78	2025	5,825,969
Water distribution system improvements	4.16	2022	2,004,272
			<u>\$ 12,898,490</u>

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
2007	\$ 1,119,105	\$ 656,058	\$ 463,047
2008	1,119,106	679,583	439,523
2009	1,119,105	703,958	415,147
2010	1,119,105	729,216	389,889
2011	1,119,106	755,389	363,717
2012-2016	5,595,528	4,203,951	1,391,577
2017-2021	4,054,340	3,410,825	643,515
2022-2025	1,903,109	1,759,510	143,599
	<u>\$ 17,148,504</u>	<u>\$ 12,898,490</u>	<u>\$ 4,250,014</u>

F. Kansas Department of Transportation Loan Payable

The City entered into a loan agreements with the Kansas Department of Transportation (KDOT) in 2006, to fund street, stormwater, and water improvements on a section of Bliss Street within the city. Below is balance outstanding at December 31, 2006:

	Interest Rate	Final Maturity Date	Governmental- type Activities
Bliss Street improvements	3.84	2016	\$ 800,000

The City's loan agreement with KDOT pledges the stormwater drainage fund revenues as security for payment of the principal and interest amounts. In addition, the agreement directs the City to levy ad valorem taxes without limitation for debt repayment, if the stormwater drainage revenues are insufficient. The City's intent is to generate adequate revenues to meet debt payments.

Annual debt service requirements to maturity for the KDOT loan is as follows:

Year Ending Dec 31	Total	Principal	Interest
2007	\$ 97,849	\$ 70,138	\$ 27,711
2008	97,848	69,822	28,026
2009	97,849	72,503	25,346
2010	97,849	75,287	22,562
2011	97,848	78,178	19,670
2012-2016	485,020	434,072	50,948
	<u>\$ 974,263</u>	<u>\$ 800,000</u>	<u>\$ 174,263</u>

G. 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, 2006:

	Governmental Activities
Animal shelter	\$ 156,624
Water/sewer extensions	44,650
	<u>\$ 201,274</u>

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

Year Ending Dec 31	Total
2007	\$ 32,352
2008	32,431
2009	32,497
2010	32,474
2011	32,507
2012-2013	39,013
	<u>\$ 201,274</u>

H. Changes in Long-Term Debt

Long-term liability activity for the year ended December 31, 2006 is as follows:

	Balance January 1	Additions	Payments/ Refundings	Balance December 31	Due within one year
Governmental Activities					
General obligation bonds	\$ 9,235,000	\$ 1,115,000	\$ 985,000	\$ 9,365,000	\$ 1,065,000
Sales tax revenue bonds	485,000	-	110,000	375,000	115,000
Refunding cert of participation	333,063	-	80,069	252,994	81,894
Temporary notes	755,000	2,335,000	755,000	2,335,000	-
Capital leases	282,530	1,231,360	294,720	1,219,170	105,790
KDOT loan	-	800,000	-	800,000	70,138
Interlocal agreement debt	233,605	-	32,331	201,274	32,353
Total long-term liabilities - governmental activities	<u>\$ 11,324,198</u>	<u>\$ 5,481,360</u>	<u>\$ 2,257,120</u>	<u>\$ 14,548,438</u>	<u>\$ 1,470,175</u>
Business-type Activities					
KDHE loans	\$ 13,397,082	\$ 144,429	\$ 643,021	\$ 12,898,490	\$ 656,058
Refunding cert of participation	2,436,937	-	379,930	2,057,007	388,107
Capital leases	10,000	-	10,000	-	-
Total long-term liabilities - business-type activities	<u>\$ 15,844,019</u>	<u>\$ 144,429</u>	<u>\$ 1,032,951</u>	<u>\$ 14,955,497</u>	<u>\$ 1,044,165</u>

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, 2006, there were four series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$9,885,860.

J. Prior Year Defeasance of Debt

In 2005, the City issued \$2,130,000 of general obligation refunding bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust to provide for future debt service payments on \$1,980,000 of general obligation bonds. For financial reporting purposes, the debt has been considered defeased and therefore removed as liability from the city's government-wide financial statements. As of December 31, 2006, the amount of defeased debt outstanding amounted to \$1,845,000.

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
2007		\$ 3,375	\$ 14,400
2008		3,375	14,400
2009		3,375	14,400
2010			14,400
2011		-	6,300
Total minimum future rentals		<u>\$ 10,125</u>	<u>\$ 63,900</u>

Expenditures in the government-wide governmental and business-type activities for 2006 include \$3,375 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 2006. Below is a summary of 2006 inter-fund cash operating transfers:

<u>Transfers from</u>	<u>Transfers to</u>							<u>Totals</u>
	General	Bond and Interest	Capital Improvements	Nonmajor Governmental	Electric	Wastewater	Quail Ridge Golf Course	
Primary Government:								
General	\$ -	\$ -	\$ 810,344	\$ 520,703	\$ -	\$ -	\$ -	\$ 1,331,047
Bond and Interest	-	-	-	-	-	100,000	-	100,000
Capital Improvements	35,000	369,125	-	6,000	-	-	-	410,125
Nonmajor Governmental	94,997	76,667	-	3,250	-	-	-	174,914
Electric	-	-	-	15,000	-	-	244,000	259,000
Gas	-	-	-	6,000	-	-	185,000	191,000
Water	-	-	-	15,725	-	-	59,000	74,725
Golf course	-	-	-	-	-	-	-	-
Nonmajor enterprise funds	-	-	-	82,900	-	-	-	82,900
Internal Service	-	-	-	36,114	40,000	-	-	76,114
Total Reporting Entity	<u>\$ 129,997</u>	<u>\$ 445,792</u>	<u>\$ 810,344</u>	<u>\$ 685,692</u>	<u>\$ 40,000</u>	<u>\$ 100,000</u>	<u>\$ 488,000</u>	<u>\$ 2,699,825</u>

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

	Govern- mental	Electric	Water	Totals
<u>Transfers from</u>				
Governmental	\$ -	\$ -	\$ 2,412	\$ 2,412
Internal Service	1,028	-	-	1,028
Wastewater	-	767	-	767
Total Reporting Entity	<u>\$ 1,028</u>	<u>\$ 767</u>	<u>\$ 2,412</u>	<u>\$ 4,207</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 2006 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 two internal service funds to account for utilities billings 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	907	-
Business-type funds:		
Electric	1,379,899	-
Gas	381,498	-
Water	138,455	-
Sewer	45,606	-
Subtotal	<u>1,966,630</u>	<u>-</u>
Nonmajor business-type funds:		
Refuse	54,977	-
Subtotal	<u>54,977</u>	<u>-</u>
Internal Service funds:		
Fleet management	-	70,000
Utility receivables financing	-	1,951,607
Subtotal	<u>-</u>	<u>2,021,607</u>
Total	<u>\$ 2,021,607</u>	<u>\$ 2,021,607</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 whose use is not subject solely to the City's own discretion. This includes resources subject to externally imposed restrictions, such as creditors, grantors, contributors, other governments' regulations, and other enabling legislation. Included in governmental-type restricted assets is \$1,534,955 of net assets restricted by legally enforceable enabling legislation

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. Proprietary Funds Statement of Revenues, Expenses and Changes in Fund Net Assets; Statement of Activities – Business-type Activities**

1) Fixed assets, net of depreciation, were overstated \$105,195 in the gas fund, in the 2005 government-wide Statement of Activities and the Proprietary Funds' Statement of Revenues, Expenses and Changes in Fund Net Assets. This was an error discovered during 2006, and related to accumulated depreciation from prior years. The beginning net assets are decreased by this amount.

2) A prior year's utility deposit made by the City to KMEA was refunded to the City in 2006. This deposit was recorded as an electric fund expense in 2002 in error, it should have been reflected as an asset. The amount refunded to the City in 2006, \$87,339 is recorded as a prior year adjustment in the electric fund, increasing beginning net assets.

B. Statement of Activities – Governmental-type Activities

A deferred loss of \$150,000 in 2006, generated from a 2005 advance refunding of general obligation debt was recorded incorrectly in the 2005 financial statements as a \$102,159 accounting gain. The net correction of \$252,159 is reflected as a prior period adjustment on the 2006 Statement of Activities, an increase to beginning net assets.

C. Proprietary Funds Statement of Revenues, Expenses and Changes in Fund Net Assets; Statement of Activities – Both Business and Governmental-type Activities

Under the guidance of GASB 16, Accounting for Compensated Absences, sick leave should be accrued as a liability as the benefits are earned by the employees, to the extent it is probable that the employer will compensate the employees for those benefits through cash payments conditioned on the employees' retirement. See footnote 1.L. for a summary of the City's compensated absences benefits. City management has determined the value of bonus and reserve sick leave benefits, for those employees eligible for retirement, is a liability under GASB 16, and should be included on the proprietary funds' 'Statement of Net Assets' under accrued compensated absences. The liability at December 31, 2005 has been reflected as a prior period adjustment, a decrease to beginning net assets. Below is a summary of the accrued sick leave liabilities at December 31, 2005 and 2006:

	Liability 12-31-2006	Liability 12-31-2005	Net Change included as 2006 expenditures
Business-type Activities:			
Electric	\$ 58,318	\$ 49,199	\$ 9,119
Gas	15,223	14,559	664
Water	9,270	8,866	404
Wastewater	3,471	2,675	796
Certain internal service funds' accruals	20,442	11,294	9,148
Total Business-type activities	<u>\$ 106,724</u>	<u>\$ 86,593</u>	<u>\$ 20,131</u>
Governmental-type Activities:			-
Governmental activities	103,804	111,981	(8,177)
Certain internal service funds' accruals	20,443	11,294	9,149
Total governmental-type activities	<u>\$ 124,247</u>	<u>\$ 123,275</u>	<u>\$ 972</u>

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, 2006 through June 30, 2006 is 4.61%, and 4.81% for the period July 1, 2006 through December 31, 2006. The City of Winfield employer contributions to KPERS for the years ended December 31, 2006, 2005, and 2004 were \$283,862, \$197,681, and \$182,795, respectively, equal to the required contributions for each year. The KP&F employer rate established for fiscal years beginning in 2006 is 12.39%. 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, 2006, 2005, and 2004, were \$341,155, \$302,251, and \$285,517, 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 2006, 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. Insurance settlements did not exceed insurance coverage in any of the past three years.

The following is a summary in changes of liability activity under the plan for 2006 and the prior two years:

	2006	2005	2004
Liability balance, beginning	\$ 4,556	\$ 1,055	\$ 500
Claims incurred	163,169	42,608	86,091
Less insurance/other reimbursements	(99,396)	(109,641)	(42,918)
Total costs incurred	68,329	(65,978)	43,673
Less claims paid	(68,329)	70,534	(42,618)
Liability balance, ending	\$ -	\$ 4,556	\$ 1,055

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. Workers' compensation insurance premiums are paid through this fund. The City has insurance coverage for excess claims, summarized below:

All employee	\$ 350,000
Employers' liability limit	1,000,000
Aggregate retention	1,141,947

Workers' Compensation Insurance settlements did not exceed insurance coverage in 2005 or 2006. One employee's cumulative claims stemming from a 2001 work-injury incident did exceed the city's excess claims coverage of \$300,000 in 2004 (the excess claims ceiling for 2001). All claims related to this incident in 2005, 2006, and future years are being paid through the excess coverage insurance policy, and not a claims liability for the City.

The following represents the changes in the liability activity under the plan for 2006 and the prior two years:

	2006	2005	2004
Liability balance, beginning	\$ 17,865	\$ 59,484	\$ 296,746
Claims incurred	95,702	18,101	80,198
Less insurance coverage reimbursements	(66,122)	(184,381)	(2,465)
Total costs incurred	47,445	(106,796)	374,479
Less claims paid	(44,333)	124,661	(314,995)
Liability balance, ending	<u>\$ 3,112</u>	<u>\$ 17,865</u>	<u>\$ 59,484</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. Health insurance premiums are paid through this reserve fund, and funding is handled through contributions from other funds. The employee health insurance program is a fully insured program with health insurance offered to substantially all full-time employees of the City. Employee health insurance in 2006 was provided through Coventry Health Care of Kansas through a preferred provider network (PPO) with out of area health benefits. At December 31, 2006, the City had \$162,786 of net assets available for future health insurance premiums. The funds are being retained to stabilize future premium increases and provide a reserve, if the City should choose to self-insure in the future.

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.

18. Capital Projects

At December 31, 2006, 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 12-31-06
Construction projects:			
[a] Bliss Street Drainage Project, Phase II	\$ 1,116,668	\$ 927,456	\$ 28,123
[b] Hiatt Hills streets improvements	2,494,245	1,378,204	814,650

[a] financed with KDOT loan

[b] financed with \$2,335,000 temporary note issuance

19. 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, 2006, the balance of the City's share of the Power Supply fund was \$1,124,300.

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 15 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, 2006 through April 30, 2026.

▪ **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. Gas Purchase Commitments

At December 31, 2006, the city was committed to purchase the following gas volumes for 2007:

January 2007	100,000 MMBTU @ \$657,150
February 2007	80,000 MMBTU @ \$512,150
March 2007	30,000 MMBTU @ \$179,100

C. Kansas Disability Coalition Interim Settlement Agreement

The City was party to a lawsuit initiated by the Kansas Disability Coalition in 2006, and agreed to an interim settlement in August 2006. The provisions of the agreement require the City to achieve reasonable compliance with Title II of the Americans with Disabilities Act of 1990. A final court-approved agreement will be reached after the City completes and adopts a self-evaluation and transition plan for ADA compliance. Implementation of the transition plan has been estimated to be \$288,000, over a 10 year period.

D. Gas Litigation

The city joined together with seventeen other municipalities in 2003 to file a civil action suit under the federal antitrust laws for overcharges in natural gas prices incurred by municipal gas systems that have taken place in the last four years and projected to continue into the future. The complaint was filed against five major natural gas companies. At December 31, 2006, the lawsuit remained underway, with no monetary developments to disclose.

E. Sales Tax Refund

The City contracted with a CPA firm in 2006, to recover certain sales tax amounts paid by the City related to its 2004-2005 water plant improvements project. The estimated total sales tax being pursued is \$91,500. The City has recovered approximately \$66,500 of those funds in March 2007.

F. Other 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.

20. Subsequent Events

Approval for a \$460,000 loan through the Kansas Department of Transportation's Revolving Fund was obtained in March 2007. These funds will be used for construction of storm sewer and street improvements to a section of streets in the City's downtown area.

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Financial Section

**Supplemental
Information**

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

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

Water Preservation - 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.

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.

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

Drug Task Force – Cowley County and the cities of Arkansas City and Winfield share drug task force duties within Cowley County, and utilize this fund to centrally manage and share drug task forces costs and funding sources.

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.

NONMAJOR GOVERNMENTAL FUNDS (continued)

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.

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.

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.

Grants and Contributions – Federal and state grants and contributions from private enterprise for general government type projects are funneled through this fund, for tracking and compliance purposes.

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

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.

Hiatt Hill Benefit District – Street improvements in the Hiatt Hills residential area began in 2006, and will be completed in 2007. Special assessments and bonds are expected to be the funding sources of this project.

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.

Sewer Benefit Districts – The City created three sewer benefit districts in 2006, to handle three small sewer projects.

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, 2006

	Special Revenue Funds					Senior Citizen Facility
	Flood Control	Special Parks and Recreation	Special Alcohol Program	Law Enforcement Trust	Water Preservation	
ASSETS						
Pooled cash and investments	\$ 183,030	\$ 64,927	\$ 3,079	\$ 1,477	\$ 42,428	\$ 2,529
Taxes receivable	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Due from other governmental agencies	-	-	-	-	-	-
Total assets	<u>\$ 183,030</u>	<u>\$ 64,927</u>	<u>\$ 3,079</u>	<u>\$ 1,477</u>	<u>\$ 42,428</u>	<u>\$ 2,529</u>
LIABILITIES AND FUND BALANCES						
Accounts payable	\$ 1,759	\$ -	\$ 2,245	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
Deferred revenues	-	-	-	-	-	-
Total liabilities	<u>1,759</u>	<u>-</u>	<u>2,245</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances						
Reserved for encumbrances	-	-	-	-	-	-
Reserved for capital outlay	-	-	-	-	-	-
Unreserved:						
Designated for subsequent year expenditures	163,491	60,364	834	1,477	42,428	2,529
Undesignated, reported in permanent fds	-	-	-	-	-	-
Undesignated	<u>17,780</u>	<u>4,563</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>181,271</u>	<u>64,927</u>	<u>834</u>	<u>1,477</u>	<u>42,428</u>	<u>2,529</u>
Total liabilities and fund balances	<u>\$ 183,030</u>	<u>\$ 64,927</u>	<u>\$ 3,079</u>	<u>\$ 1,477</u>	<u>\$ 42,428</u>	<u>\$ 2,529</u>

Special Revenue Funds							
Special Liability	Law Enforce., Ambulance Fire Equip.	Gasoline Tax	Industrial Development	Tourism and Convention	Fairgrounds Improvements	Drug Task Force	Cemetery Improvement
\$ 638,489	\$ -	\$ 73,247	\$ 79,036	\$ 148,347	\$ 40,515	\$ 36,402	\$ 97,570
32,508	-	-	31,741	-	-	-	-
-	-	129	-	-	281	-	59
-	-	-	-	-	-	-	-
-	-	15,279	-	24,585	-	-	-
<u>\$ 670,997</u>	<u>\$ -</u>	<u>\$ 88,655</u>	<u>\$ 110,777</u>	<u>\$ 172,932</u>	<u>\$ 40,796</u>	<u>\$ 36,402</u>	<u>\$ 97,629</u>
\$ 3,240	\$ -	\$ 14,615	\$ 9	\$ 4,513	\$ -	\$ 1,476	\$ 550
-	-	-	-	-	-	-	-
32,508	-	-	31,741	-	-	-	-
<u>35,748</u>	<u>-</u>	<u>14,615</u>	<u>31,750</u>	<u>4,513</u>	<u>-</u>	<u>1,476</u>	<u>550</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
635,249	-	74,040	79,027	120,442	40,796	-	89,000
-	-	-	-	-	-	-	-
-	-	-	-	47,977	-	34,926	8,079
<u>635,249</u>	<u>-</u>	<u>74,040</u>	<u>79,027</u>	<u>168,419</u>	<u>40,796</u>	<u>34,926</u>	<u>97,079</u>
<u>\$ 670,997</u>	<u>\$ -</u>	<u>\$ 88,655</u>	<u>\$ 110,777</u>	<u>\$ 172,932</u>	<u>\$ 40,796</u>	<u>\$ 36,402</u>	<u>\$ 97,629</u>

(Continued)

CITY OF WINFIELD, KANSAS

Nonmajor Governmental Funds Combining Balance Sheet December 31, 2006

	Library	Library Employee Benefits	Equipment Reserve	Special Improvements	Baden Hall Restoration	Grants and Contributions	Winfield Area EMS
Pooled cash and investments	\$ 655	\$ 39	\$ 37,221	\$ 16,502	\$ 223,561	\$ 6,077	\$ 203,529
Taxes receivable	440,341	-	-	-	-	-	-
Accounts receivable	-	-	2,351	22,921	-	-	-
Due from other funds	-	-	-	18,013	-	-	-
Due from other governmental agencies	-	-	-	-	-	-	-
Total assets	<u>\$ 440,996</u>	<u>\$ 39</u>	<u>\$ 39,572</u>	<u>\$ 57,436</u>	<u>\$ 223,561</u>	<u>\$ 6,077</u>	<u>\$ 203,529</u>
Accounts payable	\$ 655	\$ 39	\$ 1,265	\$ -	\$ -	\$ -	\$ 14,547
Due to other funds	-	-	-	-	-	-	-
Deferred revenues	440,341	-	-	-	-	-	-
Total liabilities	<u>440,996</u>	<u>39</u>	<u>1,265</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,547</u>
Reserved for encumbrances	-	-	-	-	-	-	-
Reserved for capital outlay	-	-	-	-	223,561	-	-
Unreserved:							
Designated for subsequent year expenditures	-	-	-	-	-	-	-
Undesignated, reported in permanent fds	-	-	-	-	-	-	-
Undesignated	-	-	38,307	57,436	-	6,077	188,982
Total fund balances	<u>-</u>	<u>-</u>	<u>38,307</u>	<u>57,436</u>	<u>223,561</u>	<u>6,077</u>	<u>188,982</u>
Total liabilities and fund balances	<u>\$ 440,996</u>	<u>\$ 39</u>	<u>\$ 39,572</u>	<u>\$ 57,436</u>	<u>\$ 223,561</u>	<u>\$ 6,077</u>	<u>\$ 203,529</u>

Capital Projects Funds							Permanent Fund	TOTALS
Theatre Benefit District	Bliss Street Drainage II	2002 Mtnc Bond Issue	Hiatt Hills Benefit District	The Fairway Benefit District	Utt Business Ind Park	Sewer Benefits Districts	Cemetery Endowment	
\$ 110	53,075	-	\$ 970,183	\$ -	\$ 896	\$ 1,241	\$ 6,000	\$ 2,930,165
-	-	-	-	-	-	-	-	504,590
-	-	-	-	-	-	18,013	-	43,754
-	-	-	-	-	-	-	-	18,013
-	-	-	-	-	-	-	-	39,864
<u>\$ 110</u>	<u>\$ 53,075</u>	<u>\$ -</u>	<u>\$ 970,183</u>	<u>\$ -</u>	<u>\$ 896</u>	<u>\$ 19,254</u>	<u>\$ 6,000</u>	<u>\$ 3,536,386</u>
\$ 110	\$ 4,427	\$ -	\$ 15,625	\$ -	\$ 896	\$ 1,241	\$ -	\$ 67,212
-	-	-	-	-	-	18,013	-	18,013
-	-	-	-	-	-	-	-	504,590
110	4,427	-	15,625	-	896	19,254	-	589,815
-	28,123	-	814,650	-	-	-	-	842,773
-	20,525	-	139,908	-	-	-	-	383,994
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	1,309,677
-	-	-	-	-	-	-	6,000	6,000
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	404,127
-	48,648	-	954,558	-	-	-	6,000	2,946,571
<u>\$ 110</u>	<u>\$ 53,075</u>	<u>\$ -</u>	<u>\$ 970,183</u>	<u>\$ -</u>	<u>\$ 896</u>	<u>\$ 19,254</u>	<u>\$ 6,000</u>	<u>\$ 3,536,386</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, 2006

	Special Revenue Funds						
	Flood Control	Special Parks and Recreation	Special Alcohol Program	Law Enforcement Trust	Water Preservation	Senior Citizen Facility	Special Liability
Revenues							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 144
Intergovernmental revenues	-	19,350	19,349	-	-	4,470	-
Charges for services	-	-	-	-	-	-	-
Interest	8,509	1,840	149	18	1,549	169	30,997
Other	-	5,064	8,585	1,459	5,700	1,115	672
Total revenues	8,509	26,254	28,083	1,477	7,249	5,754	31,813
Expenditures							
General government	-	-	-	-	-	-	132,732
Public safety	-	-	34,481	-	-	-	-
Public works	29,708	-	-	-	-	-	-
Cemetery	-	-	-	-	-	-	-
Culture and recreation	-	6,665	-	-	-	3,305	-
Health and welfare	-	-	-	-	20,357	-	-
Economic development	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	29,708	6,665	34,481	-	20,357	3,305	132,732
Revenues over (under) expenditures	(21,199)	19,589	(6,398)	1,477	(13,108)	2,449	(100,919)
Other financing sources (uses)							
Transfers in	6,000	-	-	-	24,865	-	-
Transfers out	-	10,000	-	-	-	-	-
Issuance of temporary notes	-	-	-	-	-	-	-
Discount on temporary note issuance	-	-	-	-	-	-	-
Issuance of general obligation bonds	-	-	-	-	-	-	-
KDOT loan proceeds	-	-	-	-	-	-	-
KDOT loan interest paid	-	-	-	-	-	-	-
Capital lease principal paid	-	-	-	-	-	-	-
Capital lease interest paid	-	-	-	-	-	-	-
Capital lease refinancing proceeds	-	-	-	-	-	-	-
Temporary note principal paid	-	-	-	-	-	-	-
Temporary note interest paid	-	-	-	-	-	-	-
Sale of property	-	-	-	-	-	-	-
Total other financing sources (uses)	6,000	10,000	-	-	24,865	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(15,199)	29,589	(6,398)	1,477	11,757	2,449	(100,919)
Fund balances, January 1	196,470	35,338	7,232	-	30,671	80	736,168
Fund balances, December 31	\$ 181,271	\$ 64,927	\$ 834	\$ 1,477	\$ 42,428	\$ 2,529	\$ 635,249

Special Revenue Funds

Law Enforce. Ambulance Fire Equip.	Gasoline Tax	Industrial Development	Tourism and Convention	Fairgrounds Improvements	Drug Task Force	Cemetery Improvement	Library
\$ 106,857	\$ -	\$ 34,244	\$ -	\$ -	\$ -	\$ -	\$ 377,785
-	455,187	-	78,535	-	40,380	-	-
-	-	-	3,995	8,543	-	8,270	-
3,045	3,926	3,431	6,053	1,597	-	4,189	-
-	6,053	-	1,564	-	-	761	-
<u>109,902</u>	<u>465,166</u>	<u>37,675</u>	<u>90,147</u>	<u>10,140</u>	<u>40,380</u>	<u>13,220</u>	<u>377,785</u>
-	-	-	-	-	-	-	-
49,247	-	-	-	-	5,454	-	-
-	703,483	-	-	-	-	-	-
-	-	-	-	-	-	4,931	-
-	-	-	-	-	-	-	377,785
-	-	-	-	-	-	-	-
-	-	40,734	67,136	-	-	-	-
-	-	-	-	-	-	-	-
<u>49,247</u>	<u>703,483</u>	<u>40,734</u>	<u>67,136</u>	<u>-</u>	<u>5,454</u>	<u>4,931</u>	<u>377,785</u>
<u>60,655</u>	<u>(238,317)</u>	<u>(3,059)</u>	<u>23,011</u>	<u>10,140</u>	<u>34,926</u>	<u>8,289</u>	<u>-</u>
-	249,400	57,114	-	-	-	-	-
(130,182)	(12,500)	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	(31,855)	(262,860)	-	-	-	-	-
-	(1,026)	(13,752)	-	-	-	-	-
-	-	240,000	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	3,789	-	-	-	-	-
<u>(130,182)</u>	<u>204,019</u>	<u>24,291</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
(69,527)	(34,298)	21,232	23,011	10,140	34,926	8,289	-
<u>69,527</u>	<u>108,338</u>	<u>57,795</u>	<u>145,408</u>	<u>30,656</u>	<u>-</u>	<u>88,790</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 74,040</u>	<u>\$ 79,027</u>	<u>\$ 168,419</u>	<u>\$ 40,796</u>	<u>\$ 34,926</u>	<u>\$ 97,079</u>	<u>\$ -</u>

(Continued)

CITY OF WINFIELD, KANSAS
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
FOR THE YEAR ENDED DECEMBER 31, 2006

	Special Revenue Funds					
	Library Employee Benefits	Equipment Reserve	Special Improvements	Baden Hall Restoration	Grants and Contributions	Winfield EMS
Revenues						
Property taxes	\$ 22,594	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	-	-	-	-
Charges for services	-	-	-	-	-	637,616
Interest	-	1,736	1,789	9,769	180	9,811
Other	-	2,599	-	-	22,458	-
Total revenues	<u>22,594</u>	<u>4,335</u>	<u>1,789</u>	<u>9,769</u>	<u>22,638</u>	<u>647,427</u>
Expenditures						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	19,810	-
Public works	-	-	-	-	-	-
Cemetery	-	-	-	-	-	-
Culture and recreation	22,594	-	-	-	-	-
Health and welfare	-	-	-	-	-	875,894
Economic development	-	-	-	-	-	-
Capital outlay	-	5,688	-	-	-	-
Total expenditures	<u>22,594</u>	<u>5,688</u>	<u>-</u>	<u>-</u>	<u>19,810</u>	<u>875,894</u>
Revenues over (under) expenditures	<u>-</u>	<u>(1,353)</u>	<u>1,789</u>	<u>9,769</u>	<u>2,828</u>	<u>(228,467)</u>
Other financing sources (uses)						
Operating transfers in	-	-	-	-	3,249	252,163
Operating transfers out	-	(3,250)	(2,925)	-	-	-
Issuance of temporary notes	-	-	-	-	-	-
Discount on temporary note issuance	-	-	-	-	-	-
Issuance of general obligation bonds	-	-	-	-	-	-
KDOT loan proceeds	-	-	-	-	-	-
KDOT loan interest paid	-	-	-	-	-	-
Capital lease principal paid	-	-	-	-	-	-
Capital lease interest paid	-	-	-	-	-	-
Capital lease refinancing proceeds	-	-	-	-	-	-
Temporary note principal paid	-	-	-	-	-	-
Temporary note interest paid	-	-	-	-	-	-
Sale of property	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(3,250)</u>	<u>(2,925)</u>	<u>-</u>	<u>3,249</u>	<u>252,163</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	<u>-</u>	<u>(4,603)</u>	<u>(1,136)</u>	<u>9,769</u>	<u>6,077</u>	<u>23,696</u>
Fund balances, January 1	<u>-</u>	<u>42,910</u>	<u>58,572</u>	<u>213,792</u>	<u>-</u>	<u>165,286</u>
Fund balances, December 31	<u>\$ -</u>	<u>\$ 38,307</u>	<u>\$ 57,436</u>	<u>\$ 223,561</u>	<u>\$ 6,077</u>	<u>\$ 188,982</u>

Capital Projects Funds							Permanent Fund	TOTALS
Theatre Benefit District	Bliss Street Drainage II	2002 Mtnc Bond Issue	Hiatt Hills Benefit District	The Fairway Benefit District	Utt Business Industrial Park	Sewer Benefit Districts	Cemetery Endowment	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 541,624
-	-	-	-	-	-	-	-	617,271
-	-	-	-	-	-	18,013	-	676,437
881	-	-	2,604	-	1,110	84	-	93,436
-	-	-	-	-	-	-	-	56,030
881	-	-	2,604	-	1,110	18,097	-	1,984,798
-	-	-	-	-	-	-	-	132,732
-	-	-	-	-	-	-	-	108,992
-	836,636	-	-	-	491,304	-	-	2,061,131
-	-	-	-	-	-	-	-	4,931
-	-	-	-	-	-	-	-	410,349
-	-	-	-	-	-	-	-	896,251
12,859	-	-	-	-	-	-	-	120,729
-	-	15,332	1,347,208	669	-	66,122	-	1,435,019
12,859	836,636	15,332	1,347,208	669	491,304	66,122	-	5,170,134
(11,978)	(836,636)	(15,332)	(1,344,604)	(669)	(490,194)	(48,025)	-	(3,185,336)
-	82,900	-	-	-	-	2,925	-	678,616
(2,154)	-	-	(27,432)	-	(27,013)	-	-	(195,456)
-	-	-	2,335,000	-	-	-	-	2,335,000
-	-	-	(8,406)	-	-	-	-	(8,406)
472,940	-	-	-	-	596,960	45,100	-	1,115,000
-	800,000	-	-	-	-	-	-	800,000
-	(1,796)	-	-	-	-	-	-	(1,796)
-	-	-	-	-	-	-	-	(294,715)
-	-	-	-	-	-	-	-	(14,778)
-	-	-	-	-	-	-	-	240,000
(461,208)	-	-	-	-	(293,792)	-	-	(755,000)
(14,302)	-	-	-	-	(9,110)	-	-	(23,412)
-	-	-	-	-	-	-	-	3,789
(4,724)	881,104	-	2,299,162	-	267,045	48,025	-	3,878,842
(16,702)	44,468	(15,332)	954,558	(669)	(223,149)	-	-	693,506
16,702	4,180	15,332	-	669	223,149	-	6,000	2,253,065
\$ -	\$ 48,648	\$ -	\$ 954,558	\$ -	\$ -	\$ -	\$ 6,000	\$ 2,946,571

(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, 2006

	FLOOD CONTROL			SPECIAL PARKS AND RECREATION		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues and other sources						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	-	23,333	19,350	(3,983)
Interest	5,000	8,509	3,509	1,000	1,840	840
Other	-	-	-	-	5,464	5,464
Transfers from other funds	6,000	6,000	-	10,000	10,000	-
Total revenues and other sources	<u>11,000</u>	<u>14,509</u>	<u>3,509</u>	<u>34,333</u>	<u>36,654</u>	<u>2,321</u>
Expenditures and other uses						
Personal services	27,682	29,167	(1,485)	-	-	-
Contractual services	18,500	-	18,500	-	-	-
Materials and supplies	6,000	42	5,958	-	-	-
Other	-	-	-	-	-	-
Capital outlay	15,000	500	14,500	35,000	3,665	31,335
Capital lease payments	-	-	-	-	-	-
Transfers to other funds	-	-	-	-	-	-
Contingency	101,000	-	101,000	28,965	-	28,965
Total expenditures and other uses	<u>168,182</u>	<u>29,709</u>	<u>138,473</u>	<u>63,965</u>	<u>3,665</u>	<u>60,300</u>
Revenues and other sources over (under) expenditures and other uses	(157,182)	(15,200)	141,982	(29,632)	32,989	62,621
Unencumbered fund balance, January 1	<u>167,244</u>	<u>196,470</u>	<u>(29,226)</u>	<u>29,767</u>	<u>31,938</u>	<u>2,171</u>
Unencumbered fund balance, December 31	<u>\$ 10,062</u>	<u>\$ 181,270</u>	<u>\$ 171,208</u>	<u>\$ 135</u>	<u>\$ 64,927</u>	<u>\$ 64,792</u>

SPECIAL ALCOHOL PROGRAM			LAW ENFORCEMENT TRUST			SENIOR CITIZENS FACILITY		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
31,333	27,150	(4,183)	-	-	-	7,000	4,470	(2,530)
100	148	48	-	18	18	50	168	118
5,700	785	(4,915)	5,000	1,458	(3,542)	2,500	1,115	(1,385)
-	-	-	-	-	-	-	-	-
37,133	28,083	(9,050)	5,000	1,476	(3,524)	9,550	5,753	(3,797)
30,352	30,267	85	-	-	-	-	-	-
180	148	32	-	-	-	7,730	2,511	5,219
5,000	1,526	3,474	4,000	-	4,000	500	794	(294)
-	-	-	-	-	-	1,140	-	1,140
-	2,540	(2,540)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
3,009	-	3,009	750	-	750	192	-	192
38,541	34,481	4,060	4,750	-	4,750	9,562	3,305	6,257
(1,408)	(6,398)	(4,990)	250	1,476	1,226	(12)	2,448	2,460
3,128	7,232	4,104	-	1	1	2,604	80	(2,524)
\$ 1,720	\$ 834	\$ (886)	\$ 250	\$ 1,477	\$ 1,227	\$ 2,592	\$ 2,528	(64)

(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, 2006

	SPECIAL LIABILITY			LAW ENFORCEMENT, AMBULANCE, AND FIRE EQUIPMENT		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues and other sources						
Taxes	\$ 140	\$ 144	\$ 4	\$ 109,256	\$ 106,857	\$ (2,399)
Intergovernmental revenues	-	-	-	-	-	-
Interest	17,000	30,997	13,997	1,000	3,045	2,045
Other	-	672	672	-	-	-
Transfers from other funds	-	-	-	-	-	-
Total revenues and other sources	<u>17,140</u>	<u>31,813</u>	<u>14,673</u>	<u>110,256</u>	<u>109,902</u>	<u>(354)</u>
Expenditures and other uses						
Personal services	-	-	-	-	-	-
Contractual services	4,000	16,788	(12,788)	-	-	-
Materials and supplies	-	-	-	-	-	-
Other	79,108	116,872	(37,764)	-	-	-
Capital outlay	-	-	-	124,550	49,247	75,303
Capital lease payments	-	-	-	-	-	-
Transfers to other funds	-	-	-	45,000	130,182	(85,182)
Contingency	635,471	-	635,471	-	-	-
Total expenditures and other uses	<u>718,579</u>	<u>133,660</u>	<u>584,919</u>	<u>169,550</u>	<u>179,429</u>	<u>(9,879)</u>
Revenues and other sources over (under) expenditures and other uses	(701,439)	(101,847)	599,592	(59,294)	(69,527)	(10,233)
Unencumbered fund balance, January 1	<u>731,439</u>	<u>736,107</u>	<u>4,668</u>	<u>65,369</u>	<u>69,527</u>	<u>4,158</u>
Unencumbered fund balance, December 31	<u>\$ 30,000</u>	<u>\$ 634,260</u>	<u>\$ 604,260</u>	<u>\$ 6,075</u>	<u>\$ -</u>	<u>\$ (6,075)</u>

GASOLINE TAX			INDUSTRIAL DEVELOPMENT			TOURISM AND CONVENTION		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
-	\$ -	\$ -	\$ 35,004	\$ 34,185	\$ (819)	\$ -	\$ -	\$ -
475,290	455,187	(20,103)	-	-	-	63,000	75,100	12,100
2,600	3,926	1,326	700	3,431	2,731	2,700	6,053	3,353
11,000	6,389	(4,611)	-	3,789	3,789	-	5,559	5,559
249,400	249,400	-	57,114	57,114	-	-	-	-
738,290	714,902	(23,388)	92,818	98,519	5,701	65,700	86,712	21,012
368,843	345,613	23,230	-	-	-	1,625	751	874
166,330	22,110	144,220	40,250	7,386	32,864	49,459	41,921	7,538
81,750	202,533	(120,783)	-	-	-	3,850	5,446	(1,596)
8,670	690	7,980	12,450	33,348	(20,898)	19,981	18,519	1,462
170,225	161,563	8,662	36,114	-	36,114	-	-	-
				36,611	(36,611)	-	-	-
25,000	12,500	12,500	-	-	-	-	-	-
11,183	-	11,183	49,000	-	49,000	30,000	-	30,000
832,001	745,009	86,992	137,814	77,345	60,469	104,915	66,637	38,278
(93,711)	(30,107)	63,604	(44,996)	21,174	66,170	(39,215)	20,075	59,290
93,711	88,739	(4,972)	44,996	57,795	12,799	122,325	123,758	1,433
-	\$ 58,632	\$ 58,632	\$ -	\$ 78,969	\$ 78,969	\$ 83,110	\$ 143,833	\$ 60,723

(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, 2006

	CEMETERY IMPROVEMENTS			LIBRARY		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues and other sources						
Taxes	\$ -	\$ -	\$ -	\$ 386,483	\$ 377,131	\$ (9,352)
Intergovernmental revenues	-	-	-	-	-	-
Interest	2,500	4,189	1,689	-	-	-
Other	4,150	9,275	5,125	-	-	-
Transfers from other funds	-	-	-	-	-	-
Total revenues and other sources	<u>6,650</u>	<u>13,464</u>	<u>6,814</u>	<u>386,483</u>	<u>377,131</u>	<u>(9,352)</u>
Expenditures and other uses						
Personal services	-	-	-	-	-	-
Contractual services	-	-	-	-	-	-
Materials and supplies	3,500	4,261	(761)	-	-	-
Other	-	120	(120)	386,483	377,131	9,352
Capital outlay	4,000	550	3,450	-	-	-
Capital lease payments	-	-	-	-	-	-
Transfers to other funds	-	-	-	-	-	-
Contingency	80,000	-	80,000	-	-	-
Total expenditures and other uses	<u>87,500</u>	<u>4,931</u>	<u>82,569</u>	<u>386,483</u>	<u>377,131</u>	<u>9,352</u>
Revenues and other sources over (under) expenditures and other uses	(80,850)	8,533	89,383	-	-	-
Unencumbered fund balance, January 1	<u>83,666</u>	<u>88,487</u>	<u>4,821</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unencumbered fund balance, December 31	<u>\$ 2,816</u>	<u>\$ 97,020</u>	<u>\$ 94,204</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

FAIRGROUNDS IMPROVEMENTS		
Budget	Actual	Variance
\$ -	\$ -	\$ -
-	-	-
600	1,597	997
13,000	9,096	(3,904)
-	-	-
13,600	10,693	(2,907)
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
40,000	-	40,000
40,000	-	40,000
(26,400)	10,693	37,093
27,880	29,822	1,942
\$ 1,480	\$ 40,515	\$ 39,035

B - 16

**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, 2006**

	SPECIAL IMPROVEMENTS			WATER PRESERVATION		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues and other sources						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	-	-	-	-
Interest	800	1,789	989	450	1,549	1,099
Other	-	-	-	-	5,700	5,700
Transfers from other funds	-	-	-	38,600	24,865	(13,735)
Total revenues and other sources	<u>800</u>	<u>1,789</u>	<u>989</u>	<u>39,050</u>	<u>32,114</u>	<u>(6,936)</u>
Expenditures and other uses						
Personal services	-	-	-	-	-	-
Contractual services	10,000	-	10,000	33,375	20,357	13,018
Materials and supplies	-	-	-	5,000	-	5,000
Other	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Capital lease payments	-	-	-	-	-	-
Transfers to other funds	-	-	-	-	-	-
Contingency	15,000	-	15,000	18,581	-	18,581
Total expenditures and other uses	<u>25,000</u>	<u>-</u>	<u>25,000</u>	<u>56,956</u>	<u>20,357</u>	<u>36,599</u>
Revenues and other sources over (under) expenditures and other uses	(24,200)	1,789	25,989	(17,906)	11,757	29,663
Unencumbered fund balance, January 1	<u>26,860</u>	<u>35,651</u>	<u>8,791</u>	<u>20,906</u>	<u>30,671</u>	<u>9,765</u>
Unencumbered fund balance, December 31	<u>\$ 2,660</u>	<u>\$ 37,440</u>	<u>\$ 34,780</u>	<u>\$ 3,000</u>	<u>\$ 42,428</u>	<u>\$ 39,428</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, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues and other sources:			
Taxes:			
Property	\$ 807,361	\$ 787,499	\$ (19,862)
Special assessments	116,473	116,141	(332)
Other revenues:			
Interest income	13,000	20,164	7,164
Payments from other governmental entities, debt payment shares	134,287	133,872	(415)
Other - Nonbudgeted debt proceeds	-	-	-
Transfers in	523,465	445,792	(77,673)
Total revenues and other sources	<u>1,594,586</u>	<u>1,503,468</u>	<u>(91,118)</u>
Expenditures and other uses:			
Bond interest payments	348,375	299,986	48,389
Bond principal payments	1,140,000	1,095,000	45,000
Transfer to other fund for debt payment	100,000	100,000	-
Other - Nonbudgeted debt issuance costs	-	58	(58)
Adjustment for qualified budget credit	-	-	-
Contingency	87,500	-	87,500
Total expenditures and other uses	<u>1,675,875</u>	<u>1,495,044</u>	<u>180,831</u>
Revenues and other sources over (under) expenditures and other uses	(81,289)	8,424	89,713
Unencumbered fund balance, Jan 1	<u>97,382</u>	<u>77,565</u>	<u>(19,817)</u>
Unencumbered fund balance, Dec 31	<u><u>\$ 16,093</u></u>	<u><u>\$ 85,989</u></u>	<u><u>\$ 69,896</u></u>

CITY OF WINFIELD, KANSAS

Nonmajor Capital Projects Fund Theatre Benefit District Project

Schedule of Revenues, Expenditures, and Changes in Fund Balances From Inception and for the Year ended December 31, 2006

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</u>
Expenditures:				
Improvement projects	\$ 435,973	\$ 12,859	\$ 448,832	\$ 447,864
Transfer to bond and interest	-	2,154	2,154	
	<u>435,973</u>	<u>15,013</u>	<u>450,986</u>	
Other financing sources (uses):				
Interest income	657	881	1,538	
Temporary note proceeds	852,207	-	852,207	
General obligation bond proceeds	-	472,940	472,940	
Temporary note principal paid	(391,000)	(461,208)	(852,208)	
Temporary note interest paid	(9,189)	(14,302)	(23,491)	447,864
Total other financing sources (uses)	<u>452,675</u>	<u>(1,689)</u>	<u>450,986</u>	<u>447,864</u>
Net change in fund balances	16,702	(16,702)	-	<u>\$ -</u>
Fund balance-beginning of year	-	16,702	-	
Fund balance - end of year	<u>\$ 16,702</u>	<u>\$ -</u>	<u>\$ -</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, 2006

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</u>
Expenditures:				
Improvement projects	<u>\$ 90,820</u>	<u>\$ 838,432</u>	<u>\$ 929,252</u>	<u>\$ 1,116,668</u>
Other financing sources (uses):				
KDOT loan proceeds	-	800,000	800,000	800,000
Other water drainage fund	<u>95,000</u>	<u>82,900</u>	<u>177,900</u>	<u>316,668</u>
Total other financing sources (uses)	<u>95,000</u>	<u>882,900</u>	<u>977,900</u>	<u>1,116,668</u>
Net change in fund balances	4,180	44,468	48,648	<u><u>\$ -</u></u>
Fund balance-beginning of year	<u>-</u>	<u>4,180</u>	<u>-</u>	
Fund balance - end of year	<u><u>\$ 4,180</u></u>	<u><u>\$ 48,648</u></u>	<u><u>\$ 48,648</u></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, 2006

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</u>
Expenditures:				
Improvement projects	\$ 27,432	\$ 1,350,772	\$ 1,378,204	\$ 2,494,246
Other financing sources (uses):				
Temporary note issuance	-	2,335,000	2,335,000	2,335,000
Discount on temporary note issuance		(8,406)	(8,406)	
Interest income	-	2,604	2,604	
Transfer to bond and interest	-	(27,432)	(27,432)	
Other financing	27,432	3,564	30,996	159,246
Total other financing sources (uses)	<u>27,432</u>	<u>2,305,330</u>	<u>2,332,762</u>	<u>2,494,246</u>
Net change in fund balances	-	954,558	954,558	<u>\$ -</u>
Fund balance-beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	
Fund balance - end of year	<u>\$ -</u>	<u>\$ 954,558</u>	<u>\$ 954,558</u>	

CITY OF WINFIELD, KANSAS

Nonmajor Capital Projects Fund The Fairways Benefit District Projects

Schedule of Revenues, Expenditures, and Changes in Fund Balances From Inception and for the Year ended December 31, 2006

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</u>
Expenditures:				
Improvement projects	\$ 813,026	\$ 669	\$ 813,695	\$ 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>813,695</u>	<u>-</u>	<u>813,695</u>	<u>957,000</u>
Net change in fund balances	669	(669)	-	<u>\$ -</u>
Fund balance-beginning of year	<u>-</u>	<u>669</u>	<u>-</u>	
Fund balance - end of year	<u>\$ 669</u>	<u>\$ -</u>	<u>\$ -</u>	

CITY OF WINFIELD, KANSAS

Nonmajor Capital Projects Fund Utt industrial Park East Project

Schedule of Revenues, Expenditures, and Changes in Fund Balances From Inception and for the Year ended December 31, 2006

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</u>
Expenditures:				
Improvement projects	\$ 71,062	\$ 491,303	\$ 562,365	\$ 342,000
Other financing sources (uses):				
Temporary note proceeds	293,792	-	293,792	342,000
General obligation debt proceeds	-	596,959	596,959	-
Interest income	418	1,111	1,529	-
Temporary note principal paid	-	(293,792)	(293,792)	-
Temporary note interest paid	-	(9,110)	(9,110)	-
Transfer to bond and interest fund	-	(27,013)	(27,013)	-
Total other financing sources (uses)	<u>294,210</u>	<u>268,155</u>	<u>562,365</u>	<u>342,000</u>
Net change in fund balances	223,148	(223,148)	-	<u>\$ -</u>
Fund balance-beginning of year	<u>-</u>	<u>223,148</u>	<u>-</u>	
Fund balance - end of year	<u>\$ 223,148</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, 2006

	Refuse	Stormwater Drainage	Total
Assets			
Current assets			
Cash and temporary investments	\$ 197,117	\$ 306,721	\$ 503,838
Utility billing receivables, net	36,854	5,090	41,944
Accounts receivable, net	4,583	-	4,583
Total current assets	<u>238,554</u>	<u>311,811</u>	<u>550,365</u>
Capital Assets:			
Land	3,503	-	3,503
Buildings	78,599	-	78,599
Improvements other than buildings	-	3,532,153	3,532,153
Machinery, equipment, other	1,147,246	14,055	1,161,301
Less accumulated depreciation	(858,950)	(277,955)	(1,136,905)
Net capital assets	<u>370,398</u>	<u>3,268,253</u>	<u>3,638,651</u>
Other assets			
Advances to internal service funds	54,978	907	55,885
Investment in joint venture	54,058	-	54,058
Total other assets	<u>109,036</u>	<u>907</u>	<u>109,943</u>
Total assets	<u>717,988</u>	<u>3,580,971</u>	<u>4,298,959</u>
Liabilities			
Current liabilities			
Accounts payable	39,896	-	39,896
Noncurrent liabilities			
Accrued compensated absences	16,508	-	16,508
Total liabilities	<u>56,404</u>	<u>-</u>	<u>56,404</u>
Net Assets			
Invested in capital assets	370,398	3,268,253	3,638,651
Unrestricted	291,186	312,718	603,904
Total net assets	<u>\$ 661,584</u>	<u>\$ 3,580,971</u>	<u>\$ 4,242,555</u>

CITY OF WINFIELD, KANSAS

NONMAJOR ENTERPRISE FUNDS COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2006

	Refuse	Stormwater Drainage	Total
Operating revenues			
Charges for services and sales	\$ 1,246,400	\$ 152,111	\$ 1,398,511
Other	10,996	-	10,996
Total operating revenues	<u>1,257,396</u>	<u>152,111</u>	<u>1,409,507</u>
Operating expenses			
Services and supplies	1,087,395	8,171	1,095,566
Payments in lieu of franchise fees	47,715	-	47,715
Depreciation	114,559	35,934	150,493
Total operating expenses	<u>1,249,669</u>	<u>44,105</u>	<u>1,293,774</u>
Operating income (loss)	<u>7,727</u>	<u>108,006</u>	<u>115,733</u>
Non-operating revenues (expenses)			
Interest income	7,508	12,359	19,867
Loss on joint venture	(3,338)	-	(3,338)
Interest expense	(434)	-	(434)
Total non-operating revenues (expenses)	<u>3,736</u>	<u>12,359</u>	<u>16,095</u>
Net income (loss) before transfers	11,463	120,365	131,828
Capital contributions and operating transfers:			
Transfers out - cash	-	(82,900)	(82,900)
Transfers in - capital asset	-	933,754	933,754
Change in net assets	11,463	971,219	982,682
Total net assets - beginning	<u>650,121</u>	<u>2,609,752</u>	<u>3,259,873</u>
Total net assets - ending	<u><u>\$ 661,584</u></u>	<u><u>\$ 3,580,971</u></u>	<u><u>\$ 4,242,555</u></u>

CITY OF WINFIELD, KANSAS
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2006

	Refuse	Stormwater Drainage	Total
Cash flows from operating activities			
Payments to suppliers	\$ (647,736)	\$ (8,171)	\$ (655,907)
Payments to employees	(483,370)	-	(483,370)
Receipts from customers	1,242,663	152,057	1,394,720
Other receipts	15,629	-	15,629
Net cash provided by operating activities	<u>127,186</u>	<u>143,886</u>	<u>271,072</u>
Cash flows from noncapital financing activities			
Advances to other funds	9,299	1,326	10,625
Transfer to other funds	-	(82,900)	(82,900)
Net cash used by noncapital financing activities	<u>9,299</u>	<u>(81,574)</u>	<u>(72,275)</u>
Cash flows from capital and related financing activities			
Capital lease payments - principal	(10,000)	-	(10,000)
Capital lease payments - interest	(275)	-	(275)
Acquisition of capital assets	(39,669)	(16,455)	(56,124)
Net cash used by capital and related financing activities	<u>(49,944)</u>	<u>(16,455)</u>	<u>(66,399)</u>
Cash flows from investing activities			
Interest income	7,508	12,359	19,867
Net cash provided from investing activities	<u>7,508</u>	<u>12,359</u>	<u>19,867</u>
Net decrease in cash and cash equivalents	94,049	58,216	152,265
Balances - beginning of the year (Includes \$122 in restricted accounts)	<u>103,068</u>	<u>248,505</u>	<u>351,573</u>
Balances - end of the year	<u><u>\$ 197,117</u></u>	<u><u>\$ 306,721</u></u>	<u><u>\$ 503,838</u></u>

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

Operating income (loss)	\$ 7,727	\$ 108,006	\$ 115,733
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	114,559	35,934	150,493
Changes in assets and liabilities:			
Receivables, net	896	(54)	842
Compensated absences	951	-	951
Accounts and other payables	3,053	-	3,053
Total adjustments	<u>119,459</u>	<u>35,880</u>	<u>155,339</u>
Net cash provided (used) by operating activities	<u><u>\$ 127,186</u></u>	<u><u>\$ 143,886</u></u>	<u><u>\$ 271,072</u></u>

Noncash Transactions

Loss on joint venture	(3,338)	-	(3,338)
Capital assets contributed from other funds	-	933,754	933,754

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, 2006

ELECTRIC

	Original Budget	Amended Budget	Actual	Variance with Amended
Revenues and other sources				
Charges for services	\$ 19,200,000	\$ 23,413,899	\$ 22,546,444	\$ (867,455)
Interest income	130,000	130,000	136,972	6,972
Other	118,150	118,150	240,875	122,725
State and federal grants	68,000	68,000	285,190	217,190
Reimbursement of expenditures	140,000	140,000	366,826	226,826
Transfers from other funds	40,000	40,000	40,000	-
Total revenues and other sources	<u>19,696,150</u>	<u>23,910,049</u>	<u>23,616,307</u>	<u>(293,742)</u>
Expenditures and other uses				
Personal services	2,078,181	2,097,253	2,097,253	-
Contractual services	2,459,489	2,459,489	1,132,854	1,326,635
Materials and supplies	287,650	287,650	1,889,431	(1,601,781)
Other	253,430	253,430	9,624	243,806
Purchased power and fuel/resale	12,832,000	17,026,827	16,617,397	409,430
Capital outlay	946,220	946,220	1,028,755	(82,535)
Debt service	95,181	95,181	95,181	-
In lieu of franchise taxes	1,324,800	1,324,800	1,480,803	(156,003)
Transfers to other funds	209,150	209,150	259,000	(49,850)
Contingency	1,500,000	1,500,000	-	1,500,000
Total expenditures and other uses	<u>21,986,101</u>	<u>26,200,000</u>	<u>24,610,298</u>	<u>1,589,702</u>
Revenues and other sources over (under) expenditures and other uses	(2,289,951)	(2,289,951)	(993,991)	1,295,960
Unencumbered fund balance, January 1	<u>3,318,882</u>	<u>3,318,882</u>	<u>1,446,828</u>	<u>1,872,054</u>
Unencumbered fund balance, December 31	<u>\$ 1,028,931</u>	<u>\$ 1,028,931</u>	<u>\$ 452,837</u>	<u>\$ (576,094)</u>

GAS			WATER		
Original Budget	Actual	Variance	Budget	Actual	Variance
\$ 6,000,000	\$ 6,723,116	\$ 723,116	\$ 2,230,000	\$ 2,275,611	\$ 45,611
25,000	45,960	20,960	8,500	29,927	21,427
720,000	23,096	(696,904)	61,000	39,986	(21,014)
-	-	-	-	-	-
20,000	58,002	38,002	32,000	41,157	9,157
-	-	-	-	-	-
6,765,000	6,850,174	85,174	2,331,500	2,386,681	55,181
716,238	688,009	28,229	720,248	707,478	12,770
699,674	91,547	608,127	661,722	200,459	461,263
29,850	606,938	(577,088)	110,000	632,393	(522,393)
41,391	1,336	40,055	69,161	23,458	45,703
4,500,000	4,261,394	238,606	-	-	-
173,500	130,113	43,387	108,500	140,938	(32,438)
-	-	-	617,750	611,563	6,187
348,000	381,177	(33,177)	122,650	124,197	56,700
161,000	191,000	(30,000)	65,600	74,725	82,875
283,461	-	283,461	408,705	-	408,705
6,953,114	6,351,514	601,600	2,884,336	2,515,211	519,372
(188,114)	498,660	686,774	(552,836)	(128,530)	574,553
188,114	(757,917)	946,031	752,836	760,198	7,362
\$ -	\$ (259,257)	\$ (259,257)	\$ 200,000	\$ 631,668	\$ 581,915

(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, 2006

	REFUSE			WASTEWATER		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues and other sources						
Charges for services	\$ 1,160,000	\$ 1,184,573	\$ 24,573	\$ 1,545,500	\$ 1,518,027	\$ (27,473)
Interest income	4,000	7,508	3,508	6,000	9,284	3,284
Other	55,000	70,390	15,390	4,000	20,023	16,023
FEMA reimbursements	-	-	-	-	-	-
Reimbursement of expenditures	26,177	22,637	(3,540)	500	-	(500)
Transfers from other funds	-	-	-	100,000	100,000	-
Total revenues and other sources	<u>1,245,177</u>	<u>1,285,108</u>	<u>39,931</u>	<u>1,656,000</u>	<u>1,647,334</u>	<u>(8,666)</u>
Expenditures and other uses						
Personal services	496,181	485,608	10,573	529,967	511,103	18,864
Contractual services	597,366	299,162	298,204	441,070	286,577	154,493
Materials and supplies	19,650	295,494	(275,844)	68,600	264,524	(195,924)
Other	21,984	1,490	20,494	44,692	761	43,931
Purchased power and fuel	-	-	-	-	-	-
Capital outlay	39,500	44,267	(4,767)	173,200	317,058	(143,858)
Debt service	20,550	20,550	-	513,729	513,729	-
In lieu of franchise taxes	46,400	47,415	(1,015)	-	-	-
Transfers to other funds	-	-	-	-	-	-
Contingency	66,598	-	66,598	89,872	-	89,872
Total expenditures and other uses	<u>1,308,229</u>	<u>1,193,986</u>	<u>114,243</u>	<u>1,861,130</u>	<u>1,893,752</u>	<u>(32,622)</u>
Revenues and other sources over (under) expenditures and other uses	(63,052)	91,122	154,174	(205,130)	(246,418)	(41,288)
Unencumbered fund balance, January 1	<u>63,052</u>	<u>66,100</u>	<u>3,048</u>	<u>205,130</u>	<u>298,657</u>	<u>93,527</u>
Unencumbered fund balance, December 31	<u>\$ -</u>	<u>\$ 157,222</u>	<u>\$ 157,222</u>	<u>\$ -</u>	<u>\$ 52,239</u>	<u>\$ 52,239</u>

STORMWATER DRAINAGE

Budget	Actual	Variance
\$ 151,000	\$ 152,066	\$ 1,066
4,000	12,359	8,359
-	1,317	1,317
-	-	-
-	-	-
-	-	-
155,000	165,742	10,742
-	-	-
50,000	991	49,009
54,750	7,127	47,623
200	-	200
-	-	-
7,500	16,508	(9,008)
-	-	-
-	-	-
82,900	82,900	-
125,000	-	125,000
320,350	107,526	212,824
(165,350)	58,216	223,566
183,307	248,505	65,198
\$ 17,957	\$ 306,721	\$ 288,764

QUAIL RIDGE GOLF COURSE

Original Budget	Amended Budget	Actual	Variance with Amended
\$ 413,500	\$ 607,530	\$ 572,987	\$ (34,543)
2,000	2,000	9,052	7,052
100	100	-	(100)
-	-	-	-
37,425	37,425	37,519	94
399,150	399,150	488,000	88,850
852,175	1,046,205	1,107,558	61,353
238,224	238,224	296,846	(58,622)
132,225	132,225	145,293	(13,068)
81,825	81,825	94,944	(13,119)
2,420	2,420	2,394	26
-	194,030	177,570	16,460
42,000	42,000	34,342	7,658
356,911	356,911	356,911	-
-	-	-	-
-	-	-	-
2,365	2,365	-	2,365
855,970	1,050,000	1,108,300	(58,300)
(3,795)	(3,795)	(742)	3,053
3,795	3,795	2,688	(1,107)
\$ -	\$ -	\$ 1,946	\$ 1,946

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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.

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, 2006

	Management Services	Operations Center	Accounts Receivable Financing
Assets			
Current assets			
Cash and temporary investments	\$ 89,617	\$ 64,317	\$ 54,283
Utility billing receivables, net	-	-	1,946,525
Accounts receivable, net	3,692	-	-
Inventories	22,588	96,881	-
Total current assets	<u>115,897</u>	<u>161,198</u>	<u>2,000,808</u>
Noncurrent assets			
Capital assets			
Land	-	6,500	-
Buildings and improvements	285,707	1,582,412	-
Improvements other than buildings	-	78,780	-
Machinery, equipment, other	1,483,873	396,999	-
Less accumulated depreciation	(1,082,089)	(759,246)	-
Net capital assets	<u>687,491</u>	<u>1,305,445</u>	<u>-</u>
Other assets			
Sales tax deposit	<u>-</u>	<u>-</u>	<u>18,259</u>
Total assets	<u>\$ 803,388</u>	<u>\$ 1,466,643</u>	<u>\$ 2,019,067</u>
Liabilities			
Current liabilities			
Accounts and claims payable	\$ 87,818	\$ 62,066	\$ 54,283
Total current liabilities	<u>87,818</u>	<u>62,066</u>	<u>54,283</u>
Noncurrent liabilities			
Advances from other funds	-	70,000	1,964,784
Accrued compensated absences	123,415	11,619	-
Total noncurrent liabilities	<u>123,415</u>	<u>81,619</u>	<u>1,964,784</u>
Total liabilities	<u>211,233</u>	<u>143,685</u>	<u>2,019,067</u>
Net Assets			
Invested in capital assets	687,491	1,305,445	-
Unrestricted (deficit)	(95,336)	17,513	-
Total net assets	<u>\$ 592,155</u>	<u>\$ 1,322,958</u>	<u>\$ -</u>

Risk Management Reserve	Workers' Compensation Reserve	Health Insurance Reserve	Short-Term Disability Reserve	Total
\$ 1,167,269	\$ 227,397	\$ 162,786	\$ 175,690	\$ 1,941,359
-	-	-	-	1,946,525
-	3,128	-	-	6,820
-	-	-	-	119,469
<u>1,167,269</u>	<u>230,525</u>	<u>162,786</u>	<u>175,690</u>	<u>4,014,173</u>
-	-	-	-	6,500
-	-	-	-	1,868,119
-	-	-	-	78,780
-	-	-	-	1,880,872
-	-	-	-	(1,841,335)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,992,936</u>
-	-	-	-	18,259
<u>\$ 1,167,269</u>	<u>\$ 230,525</u>	<u>\$ 162,786</u>	<u>\$ 175,690</u>	<u>\$ 6,025,368</u>
\$ -	\$ 3,112	\$ -	\$ 353	\$ 207,632
<u>-</u>	<u>3,112</u>	<u>-</u>	<u>353</u>	<u>207,632</u>
-	-	-	-	2,034,784
-	-	-	-	135,034
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,169,818</u>
-	3,112	-	353	2,377,450
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,992,936</u>
<u>1,167,269</u>	<u>227,413</u>	<u>162,786</u>	<u>175,337</u>	<u>1,654,982</u>
<u><u>\$ 1,167,269</u></u>	<u><u>\$ 227,413</u></u>	<u><u>\$ 162,786</u></u>	<u><u>\$ 175,337</u></u>	<u><u>\$ 3,647,918</u></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, 2006

	Management Services	Operations Center	Accounts Receivable Financing
Operating revenues			
Charges for services	\$ 2,668,510	\$ 482,544	\$ 91,887
Other	26,096	1,296	-
Total operating revenues	<u>2,694,606</u>	<u>483,840</u>	<u>91,887</u>
Operating expenses			
Administration	2,396,480	470,440	91,887
Claims	-	-	-
Depreciation	111,956	67,456	-
Total operating expenses	<u>2,508,436</u>	<u>537,896</u>	<u>91,887</u>
Operating income (loss)	<u>186,170</u>	<u>(54,056)</u>	<u>-</u>
Non-operating revenues (expenses)			
Interest income	-	-	-
Other	1,683	1,118	-
Total non-operating revenues (expenses)	<u>1,683</u>	<u>1,118</u>	<u>-</u>
Net income (loss) before operating transfers	<u>187,853</u>	<u>(52,938)</u>	<u>-</u>
Transfers out - cash	(76,114)	-	-
Net transfers	(76,114)	-	-
Change in net assets	111,739	(52,938)	-
Total net assets - beginning	502,506	1,376,393	-
Prior year adjustment	<u>(22,090)</u>	<u>(497)</u>	<u>-</u>
Restated total net assets - beginning	<u>480,416</u>	<u>1,375,896</u>	<u>-</u>
Total net assets - ending	<u><u>\$ 592,155</u></u>	<u><u>\$ 1,322,958</u></u>	<u><u>\$ -</u></u>

Risk Management Reserve	Workers' Compensation Reserve	Health Insurance Reserve	Short-Term Disability Reserve	Totals
\$ -	\$ -	\$ -	\$ -	\$ 3,242,941
99,396	177,266	1,355,669	17,992	1,677,715
99,396	177,266	1,355,669	17,992	4,920,656
35,568	49,167	1,326,159	-	4,369,701
68,329	104,853	-	345	173,527
-	-	-	-	179,412
103,897	154,020	1,326,159	345	4,722,640
(4,501)	23,246	29,510	17,647	198,016
52,043	9,607	6,515	7,277	75,442
-	-	-	-	2,801
52,043	9,607	6,515	7,277	78,243
47,542	32,853	36,025	24,924	276,259
-	-	-	-	(76,114)
-	-	-	-	(76,114)
47,542	32,853	36,025	24,924	200,145
1,119,727	194,560	126,761	150,413	3,470,360
-	-	-	-	(22,587)
1,119,727	194,560	126,761	150,413	3,447,773
\$ 1,167,269	\$ 227,413	\$ 162,786	\$ 175,337	\$ 3,647,918

CITY OF WINFIELD, KANSAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2006

	Management Services	Operations Center	Accounts Receivable Financing
Cash flows from operating activities			
Payments to suppliers	\$ (393,554)	\$ (133,911)	\$ -
Payments to employees	(1,843,325)	(298,497)	-
Payments of claims	-	-	-
Internal activity-receipts to other funds	-	-	(34,523,840)
Internal activity-receipts from other funds	2,539,173	482,544	-
Receipts from customers	-	-	34,885,091
Other receipts	29,198	2,391	-
Net cash provided (used) by operating activities	<u>331,492</u>	<u>52,527</u>	<u>361,251</u>
Cash flows from noncapital financing activities			
Advances from other funds	<u>-</u>	<u>-</u>	<u>(353,788)</u>
Cash flows from capital and related financing activities			
Transfers (to) from other funds			
for capital acquisition	(76,114)	-	-
Sale of capital assets	1,686	1,118	-
Acquisition of capital assets	(263,532)	(16,595)	-
Net cash used by capital and related financing activities	<u>(337,960)</u>	<u>(15,477)</u>	<u>-</u>
Cash flows from investing activities			
Interest income	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(6,468)	37,050	7,463
Balances - beginning of year	96,085	27,267	46,820
Balances - end of year	<u>\$ 89,617</u>	<u>\$ 64,317</u>	<u>\$ 54,283</u>

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

Operating income (loss)	<u>186,170</u>	<u>(54,056)</u>	<u>-</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	111,956	67,456	-
Changes in assets and liabilities:			
Receivables, net	(1,990)	-	372,048
Inventories	4,246	3,040	-
Compensated absences	23,291	(775)	-
Prepays	-	-	(12,260)
Accounts and other payables	7,819	36,862	1,463
Total adjustments	<u>145,322</u>	<u>106,583</u>	<u>361,251</u>
Net cash provided (used) by operating activities	<u>\$ 331,492</u>	<u>\$ 52,527</u>	<u>\$ 361,251</u>

Noncash Transactions

Capital assets contributed to (from) other funds	2	-	-
--	---	---	---

Risk Management Reserve	Workers' Compensation Reserve	Health Insurance Reserve	Short-Term Disability Reserve	Totals
\$ (40,124)	\$ (49,167)	\$ (1,326,159)	\$ -	\$ (1,942,915)
-	-	-	-	(2,141,822)
(68,329)	(119,606)	-	-	(187,935)
-	-	-	-	(34,523,840)
-	111,144	1,355,669	17,992	4,506,522
-	-	-	-	34,885,091
99,396	108,303	-	8	239,296
<u>(9,057)</u>	<u>50,674</u>	<u>29,510</u>	<u>18,000</u>	<u>834,397</u>
-	-	-	-	(353,788)
-	-	-	-	(76,114)
-	-	-	-	2,804
-	-	-	-	(280,127)
-	-	-	-	(353,437)
52,043	9,607	6,515	7,277	75,442
42,986	60,281	36,025	25,277	202,614
1,124,283	167,116	126,761	150,413	1,738,745
<u>\$ 1,167,269</u>	<u>\$ 227,397</u>	<u>\$ 162,786</u>	<u>\$ 175,690</u>	<u>\$ 1,941,359</u>
(4,501)	23,246	29,510	17,647	198,016
-	-	-	-	179,412
-	42,181	-	-	412,239
-	-	-	-	7,286
-	-	-	-	22,516
-	-	-	-	(12,260)
(4,556)	(14,753)	-	353	27,188
(4,556)	27,428	-	353	636,381
<u>\$ (9,057)</u>	<u>\$ 50,674</u>	<u>\$ 29,510</u>	<u>\$ 18,000</u>	<u>\$ 834,397</u>
-	-	-	-	2
-	-	-	-	-

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, 2006

	MANAGEMENT SERVICES			OPERATIONS CENTER		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues and other sources						
Interfund contributions	\$ 2,575,600	\$ 2,539,173	\$ (36,427)	\$ 564,132	\$ 482,544	\$ (81,588)
Interest income	-	-	-	-	-	-
Other	4,300	28,083	23,783	500	2,415	1,915
Reimbursement of expenditures	2,000	1,684	(316)	-	-	-
Total revenues and other sources	<u>2,581,900</u>	<u>2,568,940</u>	<u>(12,960)</u>	<u>564,632</u>	<u>484,959</u>	<u>(79,673)</u>
Expenditures and other uses						
Personal services	1,878,826	1,843,689	35,137	323,637	298,687	24,950
Contractual services	314,778	367,283	(52,505)	149,640	99,015	50,625
Materials and supplies	121,535	164,895	(43,360)	42,600	75,095	(32,495)
Other	67,127	13,203	53,924	7,955	222	7,733
Capital outlay	76,114	103,435	(27,321)	40,300	11,727	28,573
Transfers to other funds	125,220	76,114	49,106	-	-	-
Contingency	1,970	-	1,970	2,732	-	2,732
Total expenditures and other uses	<u>2,585,570</u>	<u>2,568,619</u>	<u>16,951</u>	<u>566,864</u>	<u>484,746</u>	<u>82,118</u>
Revenues and other sources over (under) expenditures and other uses	(3,670)	321	3,991	(2,232)	213	2,445
Unencumbered fund balance, January 1	<u>3,670</u>	<u>30</u>	<u>(3,640)</u>	<u>2,232</u>	<u>1</u>	<u>(2,231)</u>
Unencumbered fund balance, December 31	<u>\$ -</u>	<u>\$ 351</u>	<u>\$ 351</u>	<u>\$ -</u>	<u>\$ 214</u>	<u>\$ 214</u>

FIDUCIARY AND AGENCY FUNDS

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, 2006

	Balance January 1 2006	Additions	Deductions	Balance December 31 2006
Claims				
Assets: Cash and temporary investments	\$ 127,883	\$ 10,648,291	\$ 10,637,791	\$ 138,383
Liabilities: Accounts payable	\$ 127,883	\$ 10,648,291	\$ 10,637,791	\$ 138,383
Sales Tax				
Assets: Cash and temporary investments	\$ 8,624	\$ 76,404	\$ 82,519	\$ 2,509
Liabilities: Accounts payable	\$ 8,624	\$ 76,404	\$ 82,519	\$ 2,509
Fire Insurance Escrow				
Assets: Cash and temporary investments	\$ -	\$ 10,848	\$ -	\$ 10,848
Liabilities: Accounts payable	\$ -	\$ 10,848	\$ -	\$ 10,848
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	\$ 143,524	\$ 10,735,543	\$ 10,720,310	\$ 158,757
Liabilities: Accounts payable	\$ 143,524	\$ 10,735,543	\$ 10,720,310	\$ 158,757

CITY OF WINFIELD, KANSAS

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS SCHEDULE BY SOURCE DECEMBER 31, 2006

Governmental funds capital assets	2006
Land	\$ 1,976,634
Buildings	8,466,860
Improvements other than buildings	13,373,999
Machinery and equipment	7,621,851
Total governmental funds capital assets	\$ 31,439,344
Investment in governmental funds capital assets by source:	
General fund	\$ 17,857,779
Special revenue funds	13,037,542
Donations	544,023
Total governmental funds capital assets	\$ 31,439,344

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, 2006

Function and Activity	Land	Buildings	Improvements Other Than Buildings	Machinery and Equipment	Construction in Progress	Total
General government:						
Administrative/other	\$ 424,382	\$ 2,852,530	\$ 41,397	\$ 33,370	\$ -	\$ 3,351,679
Total general government	424,382	2,852,530	41,397	33,370	-	3,351,679
Public safety:						
Police	-	205,716	-	1,065,839	-	1,271,555
Fire	-	523,027	-	2,904,737	-	3,427,764
Inspection	-	-	-	18,952	-	18,952
Total public safety	-	728,743	-	3,989,528	-	4,718,271
Highways and streets:	815,260	15,425	10,149,519	1,303,200	-	12,283,404
Health and welfare	-	-	-	543,264	-	543,264
Culture and recreation	735,592	4,806,908	3,172,323	1,603,163	-	10,317,986
Cemetery	1,400	63,255	10,760	149,325	-	224,740
Construction in progress	-	-	-	-	-	-
Total governmental funds capital assets	<u>\$ 1,976,634</u>	<u>\$ 8,466,861</u>	<u>\$ 13,373,999</u>	<u>\$ 7,621,850</u>	<u>\$ -</u>	<u>\$ 31,439,344</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, 2006

Function and Activity	Governmental Funds Capital Assets Jan 1, 2006	Additions	Deductions	Transfers	Governmental Funds Capital Assets Dec 31, 2006
General government:					
Attorney	\$ 16,244	\$ -	\$ -	\$ -	\$ 16,244
Other	4,389,332	55,269	(22,022)	(1,087,144)	3,335,435
Total general government	4,405,576	55,269	(22,022)	(1,087,144)	3,351,679
Public safety:					
Police	1,094,883	133,244	(2,241)	45,669	1,271,555
Fire	2,405,422	1,020,904	-	1,438	3,427,764
Inspection	18,952	-	-	-	18,952
Total public safety	3,519,257	1,154,148	(2,241)	47,107	4,718,271
Highways and streets	8,771,337	1,097,647	-	2,414,420	12,283,404
Health and welfare	570,107	1,359	(28,202)	-	543,264
Culture and recreation	11,318,105	205,069	(14,574)	(1,190,614)	10,317,986
Cemetery	222,913	5,150	(9,300)	5,977	224,740
Under construction	185,703	-	-	(185,703)	-
Total governmental funds capital assets	<u>\$ 28,992,998</u>	<u>\$ 2,518,642</u>	<u>\$ (76,339)</u>	<u>\$ 4,043</u>	<u>\$ 31,439,344</u>

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

CITY OF WINFIELD, KANSAS

NONMAJOR COMPONENT UNITS COMBINING STATEMENT OF NET ASSETS DECEMBER 31, 2006

	Business- Type Activity
Assets	
Current assets	Winfield Housing Authority
Cash and temporary investments	\$ 338,357
Accounts receivable, net	64,400
Prepays and materials inventory	20,125
Total current assets	<u>422,882</u>
Capital Assets:	
Land	52,776
Buildings	2,628,134
Machinery, equipment, other	142,736
Less accumulated depreciation	(1,419,751)
Net capital assets	<u>1,403,895</u>
Other assets	
Restricted cash	-
Utility deposits	9,350
Total other assets	<u>9,350</u>
Total assets	<u>\$ 1,836,127</u>
Liabilities	
Current liabilities	
Accounts payable	26,909
Accrued compensated absences	3,101
Total liabilities	<u>30,010</u>
Net Assets	
Invested in capital assets	1,403,895
Restricted for capital projects	62,988
Unrestricted	339,234
Total net assets	<u>\$ 1,806,117</u>

CITY OF WINFIELD, KANSAS

NONMAJOR COMPONENT UNIT - BUSINESS-TYPE COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS DECEMBER 31, 2006

WINFIELD HOUSING AUTHORITY

Operating revenues

Rental income	\$ 169,259
Other	5,509
Total operating revenues	<u>174,768</u>

Operating expenses

Services and supplies	173,874
Depreciation	<u>62,673</u>

Total operating expenses	<u>236,547</u>
--------------------------	----------------

Operating loss	<u>(61,779)</u>
----------------	-----------------

Non-operating revenues (expenses)

Interest income	4,180
HUD Capital Improvement Grants	75,988
Other	<u>1,425</u>

Total non-operating revenues (expenses)	<u>81,593</u>
---	---------------

Change in net assets	19,814
----------------------	--------

Total net assets - beginning	<u>1,786,303</u>
------------------------------	------------------

Total net assets - ending	<u><u>\$ 1,806,117</u></u>
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CITY OF WINFIELD, KANSAS

NONMAJOR COMPONENT UNIT - GOVERNMENTAL TYPE COMBINING BALANCE SHEET DECEMBER 31, 2006

WINFIELD PUBLIC LIBRARY

Assets

Cash and temporary investments	\$	112,792
Due from other governments		<u>12,402</u>

Total assets

\$ 125,194

Liabilities

Accounts payable	\$	80,310
------------------	----	--------

Fund balance

-

Total liabilities and fund balance

\$ 80,310

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, 2006

WINFIELD PUBLIC LIBRARY

Revenues

Property taxes	\$	400,380
Intergovernmental revenue		31,050
Fines and penalties		3,899
Interest income		4,647
Charges for services and sales		8,406
Other		9,330
Total revenues		<u>457,712</u>

Expenditures

Culture and recreation:		
Personal services		233,476
Contractual services and materials		152,263
Capital outlay		128,668
Other		-
Debt service - Principal		8,111
Debt service - Interest		2,343
Total expenditures		<u>524,861</u>

Excess (deficiency) of revenues over (under) expenditures (67,149)

Other financing sources (uses)

Proceeds from interlocal agreement debt 42,750

Excess (deficiency) of revenues and other sources over (under) expenditures and other uses (24,399)

Fund balance, January 1 104,709

Fund balance, end of year \$ 80,310

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Statistical Section

City of Winfield, Kansas

Net Assets by Component, Last Four Fiscal Years

(accrual basis of accounting)

Table 1

	Fiscal Year			
	2003	2004	2005	2006
Governmental activities				
Invested in capital assets, net of related debt	\$ 15,253,792	\$ 13,224,149	\$ 12,278,113	\$ 11,238,825
Restricted	281,192	1,836,860	2,488,485	2,757,530
Unrestricted	299,686	1,105,886	1,861,083	4,191,024
Total governmental activities net assets	<u>\$ 15,834,670</u>	<u>\$ 16,166,895</u>	<u>\$ 16,627,681</u>	<u>\$ 18,187,379</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 33,869,612	\$ 34,932,896	\$ 36,087,472	\$ 37,790,830
Restricted	1,239,303	306,551	202,003	202,297
Unrestricted	8,984,381	9,864,534	8,518,189	7,513,229
Total business-type activities net assets	<u>\$ 44,093,296</u>	<u>\$ 45,103,981</u>	<u>\$ 44,807,664</u>	<u>\$ 45,506,356</u>
Primary government				
Invested in capital assets, net of related debt	\$ 49,123,404	\$ 48,157,045	\$ 48,365,585	\$ 49,029,655
Restricted	1,520,495	2,143,411	2,690,488	2,959,827
Unrestricted	9,284,067	10,970,420	10,379,272	11,704,253
Total primary government net assets	<u>\$ 59,927,966</u>	<u>\$ 61,270,876</u>	<u>\$ 61,435,345</u>	<u>\$ 63,693,735</u>

Note: The city began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

City of Winfield, Kansas

Changes in Net Assets, Last Four Fiscal Years

(accrual basis of accounting)

Table 2

	Fiscal Year			
	2003	2004	2005	2006
Expenses				
<i>Governmental Activities:</i>				
General government	\$ 1,040,783	\$ 1,113,430	\$ 715,264	\$ 1,010,093
Public safety	3,356,623	3,385,535	3,477,184	3,985,164
Public works/stormwater	1,373,515	1,554,939	1,712,656	2,147,916
Cemetery	139,508	143,665	156,388	150,677
Culture and recreation	1,662,247	1,657,742	1,874,254	1,596,973
Health and welfare	780,187	880,651	1,182,021	994,863
Economic development	167,920	163,517	200,051	130,861
Interest on debt	447,137	455,805	369,833	455,814
Total governmental activities expenses	<u>8,967,920</u>	<u>9,355,284</u>	<u>9,687,651</u>	<u>10,472,361</u>
<i>Business-type activities:</i>				
Electric	15,994,897	17,397,059	20,902,097	23,859,675
Gas	5,113,599	5,085,711	7,013,685	5,591,193
Water	1,734,755	1,709,083	2,020,116	1,957,787
Refuse	1,117,730	1,104,161	1,184,215	1,250,103
Wastewater	1,705,536	1,716,201	1,785,474	1,574,041
Golf course	672,691	656,842	636,572	857,222
Total business-type activities expenses	<u>26,339,208</u>	<u>27,669,057</u>	<u>33,542,159</u>	<u>35,090,021</u>
Total primary government expenses	<u><u>\$ 35,307,128</u></u>	<u><u>\$ 37,024,341</u></u>	<u><u>\$ 43,229,810</u></u>	<u><u>\$ 45,562,382</u></u>
Program Revenues				
<i>Governmental activities:</i>				
General government	\$ 429,391	\$ 464,967	\$ 360,003	\$ 344,835
Public safety	220,323	188,427	172,080	261,988
Public works/stormwater	85,118	127,639	158,272	152,111
Cemetery	44,475	37,050	50,338	41,090
Culture and recreation	376,533	316,582	385,571	450,224
Health and welfare	613,792	659,910	694,747	746,312
Operating grants and contributions	662,919	452,869	619,517	503,837
Capital grants and contributions	420,619	422,683	274,757	1,802,724
Total governmental activities program revenues	<u>2,853,170</u>	<u>2,670,127</u>	<u>2,715,285</u>	<u>4,303,121</u>
<i>Business-type activities:</i>				
Charges for services:				
Electric	18,139,113	17,977,388	19,824,019	22,984,484
Gas	5,340,838	5,154,458	6,695,359	6,157,572
Water	1,452,037	1,813,087	2,159,641	2,293,376
Refuse	1,012,291	1,011,891	1,129,186	1,522,009
Wastewater	1,526,984	1,552,929	1,536,054	567,258
Golf course	407,404	397,666	370,561	1,257,396
Capital grants and contributions	631,306	525,105	644,724	731,839
Total business-type activities program revenues	<u>28,509,973</u>	<u>28,432,524</u>	<u>32,359,544</u>	<u>35,513,934</u>
Total primary government program revenues	<u><u>\$ 31,363,143</u></u>	<u><u>\$ 31,102,651</u></u>	<u><u>\$ 35,074,829</u></u>	<u><u>\$ 39,817,055</u></u>

City of Winfield, Kansas

Changes in Net Assets, Last Four Fiscal Years

(accrual basis of accounting)

Table 2

	Fiscal Year			
	2003	2004	2005	2006
Net (Expenses)/Revenue				
Governmental activities	\$ (6,114,750)	\$ (6,685,157)	\$ (6,972,366)	\$ (6,169,240)
Business-type activities	2,170,765	763,467	(1,182,615)	423,913
Total primary government net expense	<u>\$ (3,943,985)</u>	<u>\$ (5,921,690)</u>	<u>\$ (8,154,981)</u>	<u>\$ (5,745,327)</u>
General Revenues and Other Changes in Net Assets				
<i>Governmental activities:</i>				
Taxes				
Property taxes	\$ 2,997,374	\$ 3,126,752	\$ 3,105,420	\$ 3,313,225
Sales taxes	1,379,400	1,542,114	1,514,594	1,602,854
Franchise taxes	132,719	188,149	221,656	221,379
Other taxes	141,005	127,551	131,823	136,585
Payments in lieu of taxes	1,560,510	1,566,880	1,815,685	2,033,593
Investment earnings	127,150	85,195	115,247	211,789
Miscellaneous	338,863	130,604	(18,886)	146,328
Transfers	(321,036)	(76,950)	(410,948)	(65,699)
Total governmental activities	<u>6,355,985</u>	<u>6,690,295</u>	<u>6,474,591</u>	<u>7,600,054</u>
<i>Business-type activities</i>				
Investment earnings	210,595	170,268	245,094	280,672
Miscellaneous	(700,740)	-	61,868	32,857
Transfers	321,036	76,950	410,948	65,699
Total business-type activities	<u>(169,109)</u>	<u>247,218</u>	<u>717,910</u>	<u>379,228</u>
Total primary government	<u>\$ 6,186,876</u>	<u>\$ 6,937,513</u>	<u>\$ 7,192,501</u>	<u>\$ 7,979,282</u>
Change in Net Assets				
Governmental activities	\$ 241,235	\$ 5,138	\$ (497,775)	\$ 1,430,814
Business-type activities	2,001,656	1,010,685	(464,705)	803,141
Total primary government	<u>\$ 2,242,891</u>	<u>\$ 1,015,823</u>	<u>\$ (962,480)</u>	<u>\$ 2,233,955</u>

Note: The city began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

City of Winfield, Kansas

Program Revenues by Function/Program, Last Four Fiscal Years

(accrual basis of accounting)

Table 3

Function/Program	Program Revenues			
	2003	2004	2005	2006
Governmental activities:				
General government	\$ 576,835	\$ 477,324	\$ 360,515	\$ 344,835
Public safety	402,290	353,989	485,735	330,675
Public works/stormwater	737,071	580,508	738,379	2,320,215
Cemetery	44,475	37,050	50,338	49,360
Culture and recreation	478,707	561,346	385,571	511,724
Health and welfare	613,792	659,910	694,747	746,312
Subtotal governmental activities	<u>2,853,170</u>	<u>2,670,127</u>	<u>2,715,285</u>	<u>4,303,121</u>
Business-type activities:				
Electric	18,738,510	18,465,605	20,388,320	23,639,660
Gas	5,361,197	5,165,526	6,721,047	6,190,388
Water	1,462,241	1,838,907	2,189,376	2,337,223
Refuse	1,012,291	1,011,891	1,154,186	1,257,396
Wastewater	1,528,330	1,552,929	1,536,054	1,522,009
Golf course	407,404	397,666	370,561	567,258
Subtotal business-type activities	<u>28,509,973</u>	<u>28,432,524</u>	<u>32,359,544</u>	<u>35,513,934</u>
Total primary government	<u>\$ 31,363,143</u>	<u>\$ 31,102,651</u>	<u>\$ 35,074,829</u>	<u>\$ 39,817,055</u>

Note: The city began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

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City of Winfield, Kansas

Fund Balances, Governmental Funds, Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year			
	1997	1998	1999	2000
General fund				
Reserved	\$ 86,853	\$ 25,535	\$ 61,394	\$ 63,860
Unreserved	<u>1,582,838</u>	<u>1,813,244</u>	<u>1,141,898</u>	<u>707,748</u>
Total general fund	<u><u>\$ 1,669,691</u></u>	<u><u>\$ 1,838,779</u></u>	<u><u>\$ 1,203,292</u></u>	<u><u>\$ 771,608</u></u>
All other governmental funds				
Reserved	\$ 1,606,966	\$ 908,709	\$ 1,072,946	\$ 642,184
Unreserved, reported in:				
Capital project funds	745,288	1,126,308	1,302,147	1,333,311
Special revenue funds	2,438,465	2,856,232	2,796,192	2,903,612
Permanent funds	6,000	6,000	6,000	6,000
Debt service funds	<u>504,899</u>	<u>535,759</u>	<u>449,886</u>	<u>240,795</u>
Total all other governmental funds	<u><u>\$ 5,301,618</u></u>	<u><u>\$ 5,433,008</u></u>	<u><u>\$ 5,627,171</u></u>	<u><u>\$ 5,125,902</u></u>

Table 4

Fiscal Year					
2001	2002	2003	2004	2005	2006
\$ 132,420	\$ 158,592	\$ 33,340	\$ 37,848	\$ 20,265	\$ 20,265
622,637	667,910	604,905	389,343	261,816	328,229
<u>\$ 755,057</u>	<u>\$ 826,502</u>	<u>\$ 638,245</u>	<u>\$ 427,191</u>	<u>\$ 282,081</u>	<u>\$ 348,494</u>
\$ 651,145	\$ 1,172,354	\$ 693,518	\$ 642,062	\$ 603,974	\$ 1,244,255
1,129,036	205,718	703,983	469,499	459,651	348,739
2,824,736	2,247,553	2,043,023	2,242,289	1,761,955	1,931,365
6,000	6,000	6,000	6,000	6,000	6,000
255,074	301,751	238,485	97,734	-	6,988
<u>\$ 4,865,991</u>	<u>\$ 3,933,376</u>	<u>\$ 3,685,009</u>	<u>\$ 3,457,584</u>	<u>\$ 2,831,580</u>	<u>\$ 3,537,347</u>

City of Winfield, Kansas

Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year			
	1997	1998	1999	2000
Revenues				
Property taxes	\$ 2,818,298	\$ 2,795,448	\$ 2,753,539	\$ 2,859,581
Sales taxes	1,312,256	1,378,285	1,259,437	1,388,868
Utility in lieu of payments	1,147,357	1,144,009	898,019	953,541
Intergovernmental revenue	974,029	763,297	954,021	1,237,512
Charges for services	622,996	752,821	818,023	805,250
Franchise taxes	99,588	140,412	116,730	128,397
Special assessments	175,563	172,580	178,352	206,195
Fines and penalties	98,419	108,117	126,425	116,286
Licenses, fees, and permits	9,168	7,400	17,965	7,044
Investment earnings	429,301	421,616	374,045	407,064
Other revenues	265,609	225,997	90,323	256,336
Total revenues	<u>7,952,584</u>	<u>7,909,982</u>	<u>7,586,879</u>	<u>8,366,074</u>
Expenditures				
General government	766,139	716,912	628,086	597,272
Employee benefits [1]	700,973	698,058	730,539	783,718
Public safety	1,839,320	2,021,120	2,202,707	2,658,366
Public works/streets	1,356,379	1,422,949	900,180	998,889
Cemetery	112,952	101,702	158,906	130,992
Culture and recreation	798,908	941,998	1,145,442	1,242,483
Health and welfare	481,159	611,058	616,369	560,083
Economic development	137,165	1,352,558	90,333	137,856
Debt service:				
Debt principal payments	751,780	1,520,000	930,000	953,000
Debt interest payments	342,309	329,406	361,713	475,396
Capital outlay	1,515,719	1,671,921	3,996,971	1,714,191
Total expenditures	<u>8,802,803</u>	<u>11,387,682</u>	<u>11,761,246</u>	<u>10,252,246</u>
Excess of revenues over (under) expenditures	<u>(850,219)</u>	<u>(3,477,700)</u>	<u>(4,174,367)</u>	<u>(1,886,172)</u>
Other Financing Sources (Uses)				
Transfers in	1,464,889	1,786,100	2,027,537	1,674,092
Transfers out	(1,406,758)	(1,608,584)	(1,512,287)	(1,270,873)
Issuance of temporary notes		215,000	-	-
Issuance of bonds	510,000	3,055,000	3,199,999	650,000
Issuance of KDOT debt	-	-	-	-
Issuance of capital lease	-	266,643	41,607	-
Payments to escrow agent	-	-	-	-
Sales of property	-	-	-	-
Total other financing sources (uses)	<u>568,131</u>	<u>3,714,159</u>	<u>3,756,856</u>	<u>1,053,219</u>
Net change in fund balances	<u>\$ (282,088)</u>	<u>\$ 236,459</u>	<u>\$ (417,511)</u>	<u>\$ (832,953)</u>
Debt service as a percentage of noncapital expenditures	16.7%	18.6%	16.6%	17.3%

[1] The City utilized an 'employee benefits' fund in years 1997 through 2002. Employee benefits are allocated to each function in years 2003 and forward .

Table 5

Fiscal Year					
2001	2002	2003	2004	2005	2006
\$ 2,985,564	\$ 3,012,211	\$ 2,997,374	\$ 3,126,752	\$ 3,105,420	\$ 3,313,225
1,377,205	1,392,752	1,379,400	1,542,114	1,514,594	1,602,854
1,194,195	1,302,919	1,560,510	1,566,880	1,815,684	2,033,593
1,290,222	1,313,125	1,358,166	1,125,975	1,063,211	1,114,731
896,255	955,399	1,125,606	1,139,145	1,193,830	1,304,633
149,917	150,832	141,005	188,149	221,656	221,379
241,614	169,549	147,444	165,447	108,304	116,141
156,111	166,004	158,459	159,399	152,098	181,605
7,128	8,345	28,279	26,451	23,816	26,695
325,548	167,801	127,332	89,192	109,012	161,710
359,158	206,902	220,135	146,413	254,032	85,864
<u>8,982,917</u>	<u>8,845,839</u>	<u>9,243,710</u>	<u>9,275,917</u>	<u>9,561,657</u>	<u>10,162,430</u>
794,071	882,102	964,763	1,059,035	712,127	969,761
763,684	812,755	-	-	-	-
2,495,235	2,647,989	3,154,017	3,319,716	3,603,633	4,778,405
1,104,022	772,363	1,150,330	2,091,819	971,878	2,061,131
123,683	92,489	119,332	131,695	142,741	136,395
1,123,204	1,285,622	1,336,361	1,530,375	1,670,885	1,493,300
598,667	835,153	724,297	840,016	1,132,670	923,021
149,727	146,171	167,920	498,892	206,180	136,956
968,000	930,400	1,033,354	1,189,256	2,434,725	2,224,784
469,051	500,019	399,214	482,977	452,675	348,301
1,356,098	1,696,947	3,819,259	220,272	701,290	1,856,253
<u>9,945,442</u>	<u>10,602,010</u>	<u>12,868,847</u>	<u>11,364,053</u>	<u>12,028,804</u>	<u>14,928,307</u>
<u>(962,525)</u>	<u>(1,756,171)</u>	<u>(3,625,137)</u>	<u>(2,088,136)</u>	<u>(2,467,147)</u>	<u>(4,765,877)</u>
1,666,118	1,783,193	1,753,715	1,965,650	2,022,142	2,092,366
(1,440,055)	(1,573,192)	(1,809,390)	(1,908,495)	(1,843,397)	(2,036,628)
-	-	-	1,195,000	755,000	2,326,594
460,000	3,770,000	3,191,950	-	3,015,000	1,115,000
-	-	-	-	-	800,000
-	-	92,417	271,080	-	1,231,360
-	(3,085,000)	(481,950)	-	(2,130,000)	-
-	-	87,853	118,221	47,095	9,364
<u>686,063</u>	<u>895,001</u>	<u>2,834,595</u>	<u>1,641,456</u>	<u>1,865,840</u>	<u>5,538,056</u>
<u>\$ (276,462)</u>	<u>\$ (861,170)</u>	<u>\$ (790,542)</u>	<u>\$ (446,680)</u>	<u>\$ (601,307)</u>	<u>\$ 772,179</u>
16.4%	16.6%	15.8%	17.2%	25.2%	22.3%

City of Winfield, Kansas

Assessed Value and Estimated Actual Value of Taxable Property, Last Ten Fiscal Years (in thousands of dollars)

Table 6

Fiscal Year	Real Property	Personal Property	Utilities	Motor Vehicles	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
1997	\$ 34,226	\$ 11,664	\$ 1,683	\$ 9,738	\$ 57,311	48.242	\$ 322,027	17.80%
1998	34,853	9,236	1,620	8,031	53,740	47.938	334,379	16.07%
1999	37,535	10,326	1,593	8,454	57,908	48.434	326,039	17.76%
2000	40,336	12,177	1,578	9,388	63,479	46.772	361,839	17.54%
2001	41,838	10,329	1,657	9,767	63,591	47.308	422,606	15.05%
2002	44,901	13,923	1,742	10,165	70,731	47.175	478,019	14.80%
2003	46,522	13,669	1,694	10,178	72,063	47.281	508,997	14.16%
2004	46,697	9,622	1,657	10,286	68,262	47.107	445,361	15.33%
2005	49,812	10,858	1,620	10,255	72,545	47.010	454,705	15.95%
2006	51,809	11,198	1,856	10,219	75,082	51.184	464,833	16.15%

Source: Cowley County Clerk and Appraiser Offices

Notes: Property in Cowley County is reassessed annually. Commercial property is assessed at 25% of actual value, and re

City of Winfield, Kansas

Direct and Overlapping Property Tax Rates, Last Ten Fiscal Years

(rate per \$1,000 pf assessed dollars)

Table 7

Year	Basic Rate	General Obligation Debt Svce	Total Direct Rate	Overlapping Rates				
				USD 465	State of Kansas	Community College	Area Voc Tech School	Cowley County
1997	38.695	8.976	47.671	64.046	1.500	18.968	2.473	26.192
1998	39.134	9.108	48.242	54.925	1.500	19.804	2.054	27.026
1999	38.763	9.175	47.938	53.251	1.500	20.648	2.114	28.293
2000	36.519	11.915	48.434	54.257	1.500	19.967	-	30.793
2001	35.476	11.296	46.772	54.451	1.500	16.936	-	32.270
2002	36.502	10.673	47.175	53.487	1.500	17.627	-	32.073
2003	36.620	10.661	47.281	56.358	1.500	17.561	-	32.491
2004	36.487	10.620	47.107	55.957	1.500	17.423	-	34.797
2005	35.685	11.325	47.010	56.239	1.500	18.425	-	36.754
2006	40.778	10.406	51.184	58.327	1.500	18.595	-	39.035

Source: Cowley County Clerk's office

Notes: The city's property tax rates are set annually by the City commission. Rates for debt service are set based on each year's requirements. Overlapping rates are those of local and county governments that apply to property owners within the City of Winfield.

City of Winfield, Kansas
Principal Property Taxpayers
Current Year and Nine Years Ago

Table 8

Taxpayer	2006			1997		
	Assessed Valuation [1]	Rank	Percentage of Total City Taxable Assessed Value	Assessed Valuation [1]	Rank	Percentage of Total City Taxable Assessed Value
Rubbermaid	\$ 7,041,779	1	9.38%	\$ 8,830,273	1	15.41%
General Electric Company	1,303,095	2	1.74%			
Winfield Economic Development, Inc	1,235,428	3	1.65%			
Calmar	1,229,600	4	1.64%			
Southwestern Bell	885,298	5	1.18%	1,122,505	3	1.96%
Dillons	779,300	6	1.04%			
Galaxy Tool	733,284	7	0.98%	433,999	4	0.76%
Newton Memorial Hospital	682,321	8	0.91%			
Union Pacific Railroad	391,306	9	0.52%			
Union State Bank	489,391	10	0.65%	269,334	5	0.47%
Binney & Smith [2]				2,299,355	2	4.01%
Cornerbank				315,382	6	0.55%
Walnut Towers				258,763	7	0.45%
Snyder Clinic				199,610	8	0.35%
Walmart				182,800	9	0.32%
Bank of Commerce				51,540	10	0.09%
	<u>\$ 14,770,802</u>		<u>19.67%</u>	<u>\$ 13,963,561</u>		<u>24.36%</u>

[1] includes valuation within City of Winfield only

[2] Binney & Smith ceased operations in City in 1998. The facility was sold to Winfield Economic Development, and leased to General Electric.

Source: Cowley County Appraiser's Office

City of Winfield, Kansas

Property Tax Levies and Collections, Last Ten Fiscal Years

Table 9

Year	Taxes Levied For Fiscal Year	Collected within the Fiscal Year of Levy		Collected in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1997	\$ 2,235,427	\$ 2,220,950	99.35%	\$ 18,895	\$ 2,239,845	100.20%
1998	2,295,262	2,257,019	98.33%	(8,228)	2,248,791	97.98%
1999	2,191,077	2,201,097	100.46%	51,489	2,252,586	102.81%
2000	2,401,650	2,284,810	95.14%	17,941	2,302,751	95.88%
2001	2,530,011	2,399,431	94.84%	57,082	2,456,513	97.09%
2002	2,543,972	2,486,412	97.74%	35,273	2,521,685	99.12%
2003	2,857,163	2,567,732	89.87%	30,174	2,597,906	90.93%
2004	2,925,990	2,672,634	91.34%	87,855	2,760,489	94.34%
2005	2,730,930	2,661,557	97.46%	14,635	2,676,192	98.00%
2006	2,928,070	2,774,735	94.76%	74,639	2,849,374	97.31%

Source: Cowley County Clerk's office

City of Winfield, Kansas

Ratios of Outstanding Debt by Type, Last Ten Fiscal Years
(dollars in thousands, except per capita)

Table 10

Year	Governmental Activities							Business-type Activities				Total Primary Government
	General Obligation Bonds	Sales Tax Revenue Bonds	Temporary Notes	KDOT Loan	Contractual Debt	Certificates of Parti- cipation	Capital Leases	Utility Revenue Bonds	KDHE Loans	Certificates of Parti- cipation	Capital Leases	
1997	\$ 4,782	\$ 1,140	\$ 524	\$ -	\$ -	\$ -	\$ 199	\$ 4,904	\$ 2,546	\$ -	\$ 3,794	\$ 17,889
1998	7,114	1,075	7	-	-	-	418	3,590	4,556	-	3,530	11,676
1999	8,916	1,550	-	-	-	-	390	3,015	7,239	-	4,491	14,745
2000	8,083	1,430	-	-	-	-	958	2,420	6,954	-	3,804	13,178
2001	7,745	1,300	-	-	-	-	842	1,795	8,387	-	3,999	14,181
2002	8,285	790	-	-	-	-	615	1,185	8,696	-	4,849	14,730
2003	10,185	690	-	-	297	482	101	605	8,673	3,123	1,089	13,490
2004	9,205	590	1,195	-	266	412	334	-	13,047	2,808	762	16,617
2005	9,235	485	755	-	234	333	283	-	13,397	2,437	10	15,844
2006	9,365	375	2,335	800	201	253	1,219	-	12,898	2,057	-	14,955

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

See Table 15 for personal income and per capita data

City of Winfield, Kansas

Ratio of General Bonded Debt Outstanding, Last Ten Fiscal Years

(dollars in thousands, except per capita)

Table 11

Year	General Bonded Debt Outstanding [c]			Percentage of Actual Taxable Value of Property [a]	Per Capita [b]
	General Obligation Bonds	Temporary Notes	Total		
1997	\$ 4,782	\$ 524	\$ 5,306	1.65%	\$ 455
1998	7,114	7	7,121	2.13%	603
1999	8,916	-	8,916	2.73%	755
2000	8,083	-	8,083	2.23%	662
2001	7,745	-	7,745	1.83%	635
2002	8,285	-	8,285	1.73%	681
2003	10,185	-	10,185	2.00%	848
2004	9,205	1,195	10,400	2.34%	866
2005	9,235	755	9,990	2.20%	840
2006	9,365	2,335	11,700	2.52%	986

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

[a] See T-6 for property value data

[b] Population data can be found in Table 15

[c] In accordance with KSA 10-1116 and KSA 79-5028, KDOT loans constitute 'bonds' characterization. However, stormwater drainage revenues are pledged as payment of the City's \$800,000 KDOT outstanding loan balance, and the debt is not included in the above schedule.

City of Winfield, Kansas

Direct and Overlapping Governmental Activities Debt

As of December 31, 2006

(dollars in thousands)

Table 12

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable [a]</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt repaid with property taxes			
USD #465 General Obligation Debt	\$ 22,940	75.90%	\$ 17,411
Cowley County General Obligation Debt	8,225	29.96%	2,464
Other debt			
USD #465 Capital Leases	594	75.90%	451
Cowley County College Certificates of Participation	6,160	29.96%	1,845
Subtotal, overlapping debt			22,171
City direct debt			14,548
Total direct and overlapping debt			<u>\$ 36,719</u>

Sources: Assessed valuation provided by Cowley County Clerk.
Debt outstanding data is provided by each governmental unit.

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

[a] For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value. This approach was also used for the capital leases, certificates of participation and other debt.

City of Winfield, Kansas

Legal Debt Margin Information, Last Ten Fiscal Years

(dollars in thousands)

Table 13

	Fiscal Year									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Debt limit	\$ 17,193	\$ 16,122	\$ 17,372	\$ 19,044	\$ 19,077	\$ 21,219	\$ 21,619	\$ 20,479	\$ 21,764	\$ 22,525
Total net debt applicable to limit	<u>5,306</u>	<u>7,121</u>	<u>8,916</u>	<u>8,083</u>	<u>7,745</u>	<u>8,285</u>	<u>10,667</u>	<u>10,812</u>	<u>10,323</u>	<u>12,753</u>
Legal debt margin	<u>\$ 11,887</u>	<u>\$ 9,001</u>	<u>\$ 8,456</u>	<u>\$ 10,961</u>	<u>\$ 11,332</u>	<u>\$ 12,934</u>	<u>\$ 10,952</u>	<u>\$ 9,667</u>	<u>\$ 11,441</u>	<u>\$ 9,772</u>
Total net debt applicable to the limit as a percentage of debt limit	30.86%	44.17%	51.32%	42.44%	40.60%	39.04%	49.34%	52.80%	47.43%	56.62%

Notes: Under K.S.A. 10-308, the city's outstanding bonded indebtedness cannot exceed 30 percent of assessed valuation of the city.

City of Winfield, Kansas

Pledged-Revenue Coverage, Last Ten Fiscal Years

(dollars in thousands)

Table 14

Electric Revenue Bonds and Certificates of Participation Debt						
Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
1997	\$ 13,200	\$ 11,084	\$ 2,116	\$ 450	\$ 224	3.14
1998	15,129	12,732	2,397	1,224	206	1.68
1999	14,646	12,800	1,846	483	153	2.90
2000	16,194	14,934	1,260	971	169	1.11
2001	17,082	15,227	1,855	1,022	134	1.60
2002	17,071	14,097	2,974	566	138	4.22
2003	18,139	14,410	3,729	951	147	3.40
2004	17,981	15,883	2,098	982	107	1.93
2005	19,824	19,393	431	812	51	0.50
2006	22,984	22,692	292	80	15	3.07

Water Revenue Bonds and KDHE Debt						
Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
1997	\$ 1,232	\$ 954	\$ 278	\$ 85	\$ 31	2.40
1998	1,412	1,159	253	90	28	2.14
1999	1,304	1,109	195	95	19	1.71
2000	1,436	1,154	282	95	13	2.61
2001	1,462	1,226	236	100	22	1.93
2002	1,359	1,423	(64)	65	2	(0.96)
2003	1,452	1,433	19	77	95	0.11
2004	1,821	1,418	403	80	93	2.33
2005	2,160	1,708	452	84	88	2.63
2006	2,293	1,187	1,106	303	306	1.82

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation, or amortization expenses.

City of Winfield, Kansas

Pledged-Revenue Coverage, Last Ten Fiscal Years

(dollars in thousands)

Table 14 (cont.)

Wastewater KDHE Debt						
<u>Year</u>	<u>Utility Service Charges</u>	<u>Less: Operating Expenses</u>	<u>Net Available Revenue</u>	<u>Debt Service</u>		<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	
1997	\$ 1,197	\$ 533	\$ 664	\$ 72	\$ 10	8.10
1998	1,229	636	593	62	107	3.51
1999	1,255	684	571	287	172	1.24
2000	1,347	807	540	285	212	1.09
2001	1,424	753	671	289	240	1.27
2002	1,463	837	626	299	212	1.23
2003	1,527	901	626	309	202	1.23
2004	1,554	917	637	319	195	1.24
2005	1,536	987	549	329	181	1.08
2006	1,522	767	755	340	170	1.48

Quail Ridge Golf Course Certificates of Participation Debt						
<u>Year</u>	<u>Golf Course Fees</u>	<u>Less: Operating Expenses</u>	<u>Net Available Revenue</u>	<u>Debt Service</u>		<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	
1997	\$ 423	\$ 316	\$ 107	\$ 90	\$ 269	0.30
1998	441	318	123	38	262	0.41
1999	470	314	156	86	161	0.63
2000	434	338	96	222	154	0.26
2001	414	353	61	230	145	0.16
2002	420	340	80	241	135	0.21
2003	407	348	59	256	149	0.15
2004	398	408	(10)	256	68	(0.03)
2005	371	407	(36)	301	61	(0.10)
2006	567	641	(74)	300	55	(0.21)

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation, or amortization expenses.

City of Winfield, Kansas

Pledged-Revenue Coverage, Last Ten Fiscal Years

(dollars in thousands)

Table 14 (concluded)

Special Assessment Bonds				
<u>Year</u>	<u>Special Assessment Collections</u>	<u>Debt Service</u>		<u>Coverage</u>
		<u>Principal</u>	<u>Interest</u>	
1997	\$ 176	\$ 210	\$ 109	0.55
1998	173	220	95	0.55
1999	178	218	83	0.59
2000	206	205	100	0.68
2001	242	107	61	1.44
2002	170	111	55	1.02
2003	147	129	34	0.90
2004	165	128	34	1.02
2005	108	129	30	0.68
2006	116	133	25	0.73

Sales Tax Revenue Bonds [a]				
<u>Year</u>	<u>Sales Tax Collections</u>	<u>Debt Service</u>		<u>Coverage</u>
		<u>Principal</u>	<u>Interest</u>	
1997	\$ 1,312	\$ 60	\$ 59	11.03
1998	1,378	65	57	11.30
1999	1,259	70	54	10.15
2000	1,389	70	51	11.48
2001	1,377	75	48	11.20
2002	1,393	80	45	11.14
2003	1,379	100	19	11.59
2004	1,542	100	21	12.74
2005	1,515	105	18	12.32
2006	1,602	110	16	12.71

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

[a] The City's 1 percent sales tax is pledged against payment of the 2002 refunding sales tax bonds.

City of Winfield, Kansas

Demographic and Economic Statistics, Last Ten Fiscal Years

Table 15

<u>Year</u>	<u>Population [1]</u>	<u>Personal Income [1] (thousands of dollars)</u>	<u>Per Capita Personal Income [1]</u>	<u>School Enrollment [2]</u>	<u>Unemployment Rate [3]</u>
1997	11,650	\$ 656,952	\$ 19,124	2,823	4.8%
1998	11,804	688,210	20,054	2,684	5.9%
1999	11,804	715,552	20,666	2,622	3.7%
2000	12,206	751,381	22,258	2,642	4.8%
2001	12,206	765,356	21,001	2,814	3.9%
2002	12,158	88,719	22,567	2,790	7.0%
2003	12,016	866,419	24,099	2,514	6.3%
2004	12,016	864,007	23,824	2,470	6.5%
2005	11,886	873,042	24,430	2,411	5.8%
2006	11,861	909,810	25,487	2,403	4.7%

[1] Provided by The U.S. Bureau of Economic Analysis, Regional Economic Information System, Policy Research Institute, University of KS, and Wichita State University Center for Economic Development and Business Research. Personal and Per Capital Income reflected is for Cowley County, as real dollars, not adjusted for inflation

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

[3] Kansas Department of Human Resources. Annual average for Cowley County

City of Winfield, Kansas

Principal Employers, Current Year and Nine Years Ago

Table 16

Employer	2006			1997		
	Estimated Employees	Rank	Percentage of Total County Employment	Estimated Employees	Rank	Percentage of Total County Employment
General Electric Co	830	1	4.88%	962	2	5.66%
Creekstone Farms Premium Beef	700	2	4.12%	-	-	-
U.S. D. #465	618	3	3.64%	540	3	3.18%
Newell-Rubbermaid	541	4	3.18%	1,050	1	6.18%
U.S. D. #470	400	5	2.35%	460	4	2.71%
Winfield Correctional Facility	300	6	1.76%	110	16	0.65%
Cowley County Community College	257	7	1.51%	120	14	0.71%
William Newton Memorial Hospital	226	8	1.33%	220	7	1.29%
Calmar, Inc (MeadWestVaco)	225	9	1.32%	-	-	-
Southwestern College	195	10	1.15%	180	8	1.06%
Kansas Veterans' Home	195	11	1.15%	-	-	-
City of Winfield	185	12	1.09%	174	9	1.02%
Elevator Solutions International	164	13	0.96%	126	13	0.74%
City of Arkansas City	158	14	0.93%	128	11	0.75%
Gordon Piatt Energy Group	-	-	-	240	5	1.41%
South Central Kansas Regional Med Ctr	150	16	0.88%	170	10	1.00%

Source: Kansas Department of Commerce and respective employer representatives

The City of Winfield is located approximately twelve miles from the city of Arkansas City, Kansas (population 11,581). Both cities are located in Cowley County, and many employees have work forces consisting of residents of both cities. Major employers listed above are for the Arkansas City/ Winfield populations

City of Winfield, Kansas

Full-time Equivalent Employees by Function, Last Ten Fiscal Years

Table 17

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General government										
Management services	16	17	18	19	18	18	19	15	15	14
Legal/court	1	1	1	1	1	1	1	1	1	2
Utility billing	6	6	6	6	6	6	7	6	6	7
Engineering	6	7	8	8	8	9	8	9	8	8
Service and operations center	4	5	7	7	7	6	6	10	10	10
Public safety										
Fire	20	20	20	20	20	20	20	20	20	20
Police	25	26	26	28	28	29	26	27	29	29
Public works/stormwater	8	8	8	8	8	8	8	7	8	7
Cemetery	2	2	2	2	2	2	2	2	2	2
Culture and recreation	7	8	8	8	9	9	10	10	9	9
Health and welfare										-
Economic development										-
Electric	31	31	31	31	31	33	31	31	31	31
Gas	13	13	13	13	13	13	13	13	13	12
Water	12	11	11	11	11	11	11	12	12	12
Refuse	11	11	11	11	11	11	11	10	11	11
Wastewater	8	8	9	8	9	9	8	8	8	9
Golf course	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>3</u>	<u>4</u>
 Total	 <u>174</u>	 <u>178</u>	 <u>183</u>	 <u>185</u>	 <u>186</u>	 <u>189</u>	 <u>185</u>	 <u>185</u>	 <u>186</u>	 <u>187</u>

Source: City records

City of Winfield, Kansas

Operating Indicators by Function/Program, Last Ten Fiscal Years

Table 18

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General government										
Building permits issued	82	108	119	126	153	185	182	204	192	212
Municipal court cases	1,547	1,431	1,569	1,494	1,770	1,510	1,349	1,437	1,381	1,409
Police										
Class I Offenses	718	676	627	543	671	710	797	750	908	856
Domestic Violence/DUI/Drug Arrests	166	235	7,044	275	300	244	227	254	292	245
Accidents	N/A	430	428	442	444	466	451	405	423	354
Fire										
Total responses	637	714	726	1,193	1,500	1,624	1,377	1,283	1,441	1,491
Parks and recreation										
Aquatic center attendance	N/A	N/A	25,411	23,223	20,500	20,085	28,276	19,605	21,163	N/A
Annual lake permits	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2,142	2,200	2,285
Cemetery										
Cemetery spaces sold	N/A	60	115	99	79	81	60	39	73	82
Streets maintenance										
Resurfacing, annual in tons	N/A	N/A	N/A	N/A	N/A	9,379	6,196	1,648	4,460	4,617
Electric utility										
MWH sold, annual	238,148	249,846	249,964	260,124	266,505	277,717	287,160	276,534	276,206	295,879
Peak daily consumption, MWH	56,100	57,500	60,100	63,100	63,800	62,913	63,391	58,596	61,900	66,700
Gas Utility										
MCF sold, annual	848,918	754,019	679,535	708,046	724,785	693,486	704,883	637,359	604,736	546,357
Water Utility										
Gallons sold, annual, in thousands	639,185	762,944	692,109	799,821	882,559	736,246	782,415	752,735	701,406	785,958
Refuse										
Refuse collected (annual tons, in thousands)	8,922	8,825	9,122	8,471	9,230	8,187	8,976	9,150	8,926	8,700
Recyclables collected (annual tons, in thousands)	297	596	734	708	779	950	1,103	1,106	1,069	1,166
Wastewater Utility										
Sewage treatment, avg daily flow (in thousands of gallons)	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500

Sources: City departments

N/A not available from city records

City of Winfield, Kansas

Capital Asset Statistics by Function, Last Ten Fiscal Years

Table 19

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units (marked)	17	17	17	17	17	17	17	17	17	17
Fire stations	1	1	1	1	1	1	1	1	1	1
Public works										
Streets (miles)	130	130	130	130	130	130	130	130	130	130
Parks and recreation										
Public park acreage	244	279	279	294	294	294	294	294	294	294
Base/softball diamonds	4	4	4	4	4	4	5	5	5	5
Soccer fields		3	3	3	3	3	6	6	6	6
Football fields	1	1	1	1	1	1	1	1	1	1
Electric Utility										
Electric lines (miles) [1]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	114
Gas Utility										
Gas main lines (miles) [1]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	95
Water Utility										
Water main lines (miles) [1]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	95
Fire hydrants [1]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	535
Storage capacity (thousands)	2,750	2,750	2,750	2,750	2,750	2,750	2,750	2,750	2,750	2,750
Refuse										
Collection trucks	5	5	5	5	5	5	5	5	5	5
Wastewater										
Sanitary sewer (miles)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	71
Treatment capacity (thousands)	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000

[1] Information on miles of utility infrastructure from prior years not available in reliable consistent form, and not included on this trends page.

N/A not available from city records

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Compliance Section

**EDW. B
STEPHENSON
& CO.**

**CERTIFIED PUBLIC
ACCOUNTANTS**

EDW. B. STEPHENSON
(1905-1985)

JAMES R. DOBBS
(1927-1997)

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

MORRIS W. JARVIS
(1935-1999)

N. DEAN BRADBURY
(1936-2005)

PARTNERS

LOREN L. PONTIOUS, C.P.A.

MAURICE P. ROBERTS, C.P.A.

AARON R. IVERSON, C.P.A.

STAFF ACCOUNTANTS

LEROY D. CAMMERER

BRADY A. DUTTON

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

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

To the City Commissioners
City Building
Winfield, Kansas 67156

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, and the aggregate remaining fund information of the City of Winfield, Kansas, as of and for the year ended December 31, 2006, which collectively comprise the City of Winfield, Kansas' basic financial statements and have issued our report thereon dated July 20, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; *Kansas Municipal Audit Guide*; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Winfield's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Winfield's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Winfield's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Winfield's financial statements that is more than inconsequential will not be prevented or detected by the City of Winfield's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Winfield's internal control.

Compliance

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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
July 20, 2007

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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**

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, 2006. 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, 2006.

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 significant deficiency, or a combination of significant deficiencies, that may result in more than a remote likelihood that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

Edw. B. Stephenson & Co.

Winfield, Kansas
July 20, 2007

CITY OF WINFIELD, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED DECEMBER 31, 2006

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 material weaknesses 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 significant deficiencies that are not considered to be material weaknesses 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*."
4. No instances of noncompliance material to the financial statements of the City of Winfield, Kansas were disclosed during the audit.
5. No material weaknesses 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".
6. No significant deficiencies 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".
7. 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.
8. 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.
9. 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
10. The threshold for distinguishing Types A and B Programs was \$300,000.
11. 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, 2006

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Program Amount	Federal Expenditures
Department of Transportation			
Federal Highway Administration			
Passed through State of Kansas, Wildlife and Parks			
NRC-001-4 Trails Grant	20.219	61,500	61,500
Passed Through State of Kansas, Dept of Transportation			
Safety Incentive Grant for Use of Seatbelts	20.604	5,000	3,999
Department of Homeland Security.FEMA			
Passed Through State of Kansas, Adjutant General Kansas Division of			
Emergency Management Public Assistance Grants-Disaster #1402	97.036	4,485,182	336,017
Department of Housing and Urban Development			
Passed Through Kansas Department of Commerce and Housing			
Small Cities Community Development Block Grant			
Emergency Shelter Grant S-06-DC 20-0001 2006-29	14.231	7,287	2,900
Emergency Shelter Grant S-02-DC 20-0001 2005-28	14.231	6,671	5,297
Department of Justice			
Passed through State of Kansas Governor's Office			
Edward Byrne Memorial Justice Assistance Grant	16.738	14,115	14,115
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	144,836
Total expenditures of federal awards			<u>\$ 568,665</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, 2006:

	CFDA Number	Original Balance	Amount Outstanding
Environmental Protection Agency, passed through the Kansas Department of Health and Environment, Kansas Water Pollution Control			
Revolving Fund Loan Project C20 1271 01	66.458	\$ 7,525,091	\$ 5,068,249
Environmental Protection Agency, passed through the Kansas Department of Health and Environment, Kansas Public Water Supply Fund			
KPWSLF Project C20 1281	66.468	2,330,986	2,004,272
Environmental Protection Agency, passed through the Kansas Department of Health and Environment, Kansas Public Water Supply Fund			
Project #2233	66.468	6,042,120	5,825,969