

City of Winfield

2017 Comprehensive Annual Financial Report



CITY OF WINFIELD, KANSAS
For the Year Ended December 31, 2017

Brenda K. Butters, Mayor

COMMISSIONERS

Ronald E. Hutto

Gregory N. Thompson

Phil R. Jarvis

CITY OFFICERS

Brenda Peters, Clerk

Jeremy Willmoth, City Manager

William E. Muret, Attorney

Kim Reynolds, Treasurer

Thomas D. Herlocker, Municipal Judge

Brett Stone, Chief of Police

CITY OF WINFIELD, KANSAS

For the Year Ended December 31, 2017

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INTRODUCTORY SECTION



August 30, 2018

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

This document is the Comprehensive Annual Financial Report (CAFR) of the City of Winfield, Kansas for the year ended December 31, 2017. This report was prepared by the City's finance department. Responsibility for both the accuracy of the presented data and the completeness and fairness of presentation, including all disclosures, rests with the management of the City. We believe the report, as presented, is accurate in all material respects. We also believe it is presented in a manner designed to set forth the financial position and results of operations of the City as measured by the financial activity of its various funds. Finally, we believe that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

The Comprehensive Annual Financial Report is presented in three sections: Introductory, Financial, and Statistical. The introductory section includes a description of the City, including services provided, and explanation of the City's accounting system and budgetary controls, and a brief discussion of the city's economic condition and outlook. The City's organizational chart is also included to assist the reader in understanding the structure of the City. The financial section includes the independent auditor's report, Management's Discussion & Analysis, Government-wide financial statements, fund financial statements, notes to the financial statements, and individual and combining statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

The reader is specifically directed to Management's Discussion and Analysis (MD&A) which immediately follows the independent auditor's report. MD&A provides a narrative explanation and overview of significant features and trends reflected by data in the financial statements.

Management of the City is responsible for establishing and maintaining an internal control structure to ensure that the assets of the City are protected from loss, theft or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The cost of the internal controls should not outweigh their benefits. Thus, the City of Winfield's internal controls are designed to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement.

Kansas Statute 75-1122 requires an annual audit of all funds of the City by independent certified public accountants. The firm of Swindoll, Janzen, Hawk & Loyd, LLC issued an unmodified opinion on the City of Winfield's financial statements for the year ended December 31, 2017. The independent auditor's report is located on page 9 in the Financial Section of this report.

Profile of the Government

The City of Winfield, incorporated in 1873, has a population of 12,332 and has an incorporated area of 12.35 square miles. Winfield is located in south central Kansas, less than an hour away from Wichita, and two hours from Tulsa and Oklahoma City. Winfield serves as the county seat for Cowley County, population approximately 35,361.

The City is unique in providing 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, ambulance services, 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 operations and maintenance, general administration, and internal support services. The City provides single-stream recycling to its citizens, along with composting site facilities, available at no charge to area residents. 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. 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 odd years. 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.

Expenditures are authorized by a budget approved by the City Commission as required by State statute. The State statute level of budgetary control (i.e. the level at which expenditures cannot legally exceed the appropriated amount) is established at an individual fund level, but is monitored by department within each fund. The finance department continually reviews and approves all significant deviations from budget authorizations. The Kansas cash basis and budget laws requires cash be on hand before an expenditure is authorized, that all expenditures be budgeted (unless specifically exempted by statute), and that the budget not exceed anticipated revenues, including carry forward balances. Budget-to-actual comparisons are provided in this report for each individual fund in which an adopted annual operating budget is required by Kansas statute.

Economic Condition and Outlook

The intersection of U.S. Highway 160 and U.S. 77 is located in the center of Winfield. The cities of Arkansas City and Winfield jointly own Strother Field Airport and Industrial Park, located less than seven miles from Winfield. Many of the county area's employers have work forces consisting of residents of both the City of Winfield and the City of Arkansas City, located twelve miles to the south of Winfield. Manufacturing and services are the largest sectors of employment in Cowley County of which include three Fortune 500 companies, Rubbermaid, WestRock, and GE Aviation. The GE aviation plant has announced it will begin making engines, specifically the Passport 20 engine. The Winfield location was chosen from 80 other potential GE sites for producing the engine. Building these engines in Winfield will not only create jobs, it will stabilize employment. GE, Strother Field location, will invest approximately \$7 million in machinery and equipment that will enable the Strother field plant to assemble, maintain, repair and overhaul the new engine.

Southwestern College, a private liberal arts four year institution established in 1885, has an estimated enrollment of over 1767 full-time students, including online. Southwestern has made major infrastructure improvements in recent years, including a \$4.8 million renovation of the Richard L. Jantz football stadium and the Richardson Performing Arts Auditorium.

2017 sales tax again had a slight decrease of .88% under the 2016 sales tax collections which does not include the increase in the sales tax rate that went into effect July of 2014. The City of Winfield approved the imposition of a general purpose four-tenths of one percent (.40%) city-wide retailers' sales tax for renovations to finance costs of certain library, street and other capital improvements throughout the City.

Real estate property assessed valuation increased 0.77% from 2016 to 2017, reflecting small but steady property values. The City issued 12 new dwelling unit permits, and a total of \$8,281,458 of building permits in 2017. This is a very slight increase to the 2016 statistics of dwelling permits, and a slight decrease in building permits issued (overall) of \$8,375. Winfield was not shielded from the struggling national economy in late 2008 and through 2009. Mid 2009 unemployment peaked at 8.2%, compared to the January 2008 rate of 4.0%. The years 2010 through 2016 have shown gradual turnaround. At the end

of 2017, Cowley County unemployment was at 3.0%, down significantly, by 1.2 percent from the 2016 unemployment rate of 4.2%. Even with the slight decrease in sales tax, and in permits issued, the decreased unemployment rate and the upcoming industrial developments currently in the discussion phases indicate a continued improving economic environment.

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. Reacting to the ongoing cutbacks in state funding, the City increased fees for many of its fee-based services. The City increased water rates in 2014, and, made other adjustments to these increases in 2017 to cover current debt as well as building a fund balance in the water fund for future projects. There was an increase in electric rates in 2014 which comes after numerous years of increasing electric costs and no corresponding increase to base rates. The City has resisted tax increases in the past several years to cover ongoing services, instead looking at long-term efficiencies and alternatives. The City has been able to sustain a level mill levy in dollars for a decade, though actual levies fluctuated slightly with changes in assessed valuation. The City monitors its utility funds' cash balances and future capital needs. Rate increases, when necessary, are designed to cover long term needs of the utility.

The City had numerous large capital projects in the past fifteen years, that have provided long term 'quality of life' enhancements, and, maintained necessary city infrastructure. Years 2009-2012 were viewed as stabilization years as we paid down bonded indebtedness. The City-wide debt load has dropped from approximately \$28.6 million at the end of 2004 to \$20.6 million at the end of 2015. In October of 2015, the City refinanced existing debt and temporary notes into general obligation debt. We continue to evaluate our financial goals on the notion of an improving economy.

The City's insurance and self-insurance programs have been funded and administered as part of the City's Risk management. Funds were maintained in a reserve fund as authorized in Kansas Statutes. Additionally, the City maintains insurance policies and bonds as detailed in the Additional Information Section of this report. The City transitioned to full workers' compensation coverage in late 2011, through the Kansas Eastern Region Insurance Trust group (KERIT) but continues to fund the Risk Management reserve to fulfill liabilities prior to transitioning to KERIT.

Cash Management Policies and Practices

The City maintains its cash and investments under a pooled concept. This mechanism enhances the City's investment possibilities. The City requests competitive bids on all investments in accordance with K.S.A. 12-1675. Idle funds are used to purchase certificates of deposit or other allowable investments, with maturities scheduled to meet anticipated cash flow requirements. During 2017, an average of \$8.44 million was invested for an average of 208 days, at an average rate of 1.13%.

Major Initiatives

- City of Winfield continues to maintain its single family home builds, but still surpassing 2008 numbers.
- The City began collecting sales tax from an increase for a 7 year period for library renovations and street/infrastructure improvements. Voters approved an additional .4% sales tax increase in February 2014, with 81% of those voting in favor of the increase. The increase went into effect July 1, 2014. The library portion of \$900,000 was reached in March of 2016. Going forward, all collections will be used for street and ADA projects.
- The City entered into an agreement with USD 465 for the future transfer of property as the proposed site of a future public safety facility. The City also entered into an agreement with Gordon & Associates (now Algora Architecture) to provide professional design services for Phase I

and Phase II of this project. Phase I considers design and consulting for evaluating the demolition of the building, or possible re-use of part of the building. Phase II is for design services for the bay addition to the Fire Department portion of the project. Plans for the future use of this facility will be carried out over a period of three to five years. The process is ongoing.

- The City entered into a joint project with the Kansas Department of Transportation for improvements on 12th Avenue to increase the footprint of the street to accommodate truck traffic for Rubbermaid. The project was completed by Bryant & Bryant for a total cost of \$1,117,717. The State of Kansas participated in the project with \$725,000 with the remaining paid for by the City.
- The City entered into an agreement with the Kansas Department of Transportation authorizing a KLINK Project for improvements US Highway 77 from 6th Avenue to Manning Street; and on US Highway 160 from Loomis Street to College Street. The contract was awarded to Flint Hills Materials, LLC for a total cost of \$398,324. The State of Kansas' participation in the cost of construction and construction engineering will be 50%.
- The City entered into an agreement with Vance Brothers, Kansas City, Missouri to do micro sealing on selected streets within the City. The total project cost was \$99,134.
- The City entered into an agreement with the Kansas Department of Transportation for replacement of the 14th Avenue bridge. The total cost of the project is expected to be \$1.8 million with the State participating with 80% of the cost.
- The City entered into an agreement with APAC-Kansas Inc. Shears Division for local street asphalt work for 2017. Contract amount is \$317,147.
- The City is in negotiations for two possible new developments: Stonebrook Division to be located at 19th Avenue and Bliss Street and will provide construction of duplexes and multi-family housing; Country Club Villas, to be located on Country Club Road right next to the Country Club Golf Course, is expected to provide 22 new dwelling units.
- Other possible plans upcoming for the community are a dog park to be located at Black Creek Park and a performance venue sponsored and paid for by the Rotary Club to commemorate their 100 year anniversary to be located in Island Park.
- The most recent Standard & Poor's Rating Services affirmed its 'A+' long-term rating on Winfield, Kansas' General Obligation (GO) bonds, based on improved general fund balance levels, strong management team, and strong liquidity.
- The City continued its sidewalk and other infrastructure improvements, related to ADA compliance.

Certificate of Achievement and Acknowledgments

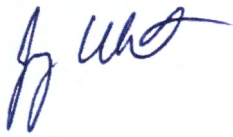
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Winfield for its comprehensive annual financial report for the year ended December 31, 2016. This was the Nineteenth consecutive 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 both in and out of local government. The firm of Swindoll, Janzen, Hawk & Loyd, LLC 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,



Jeremy Willmoth
City Manager



Brenda Peters
City Clerk



Kim Reynolds
City Treasurer

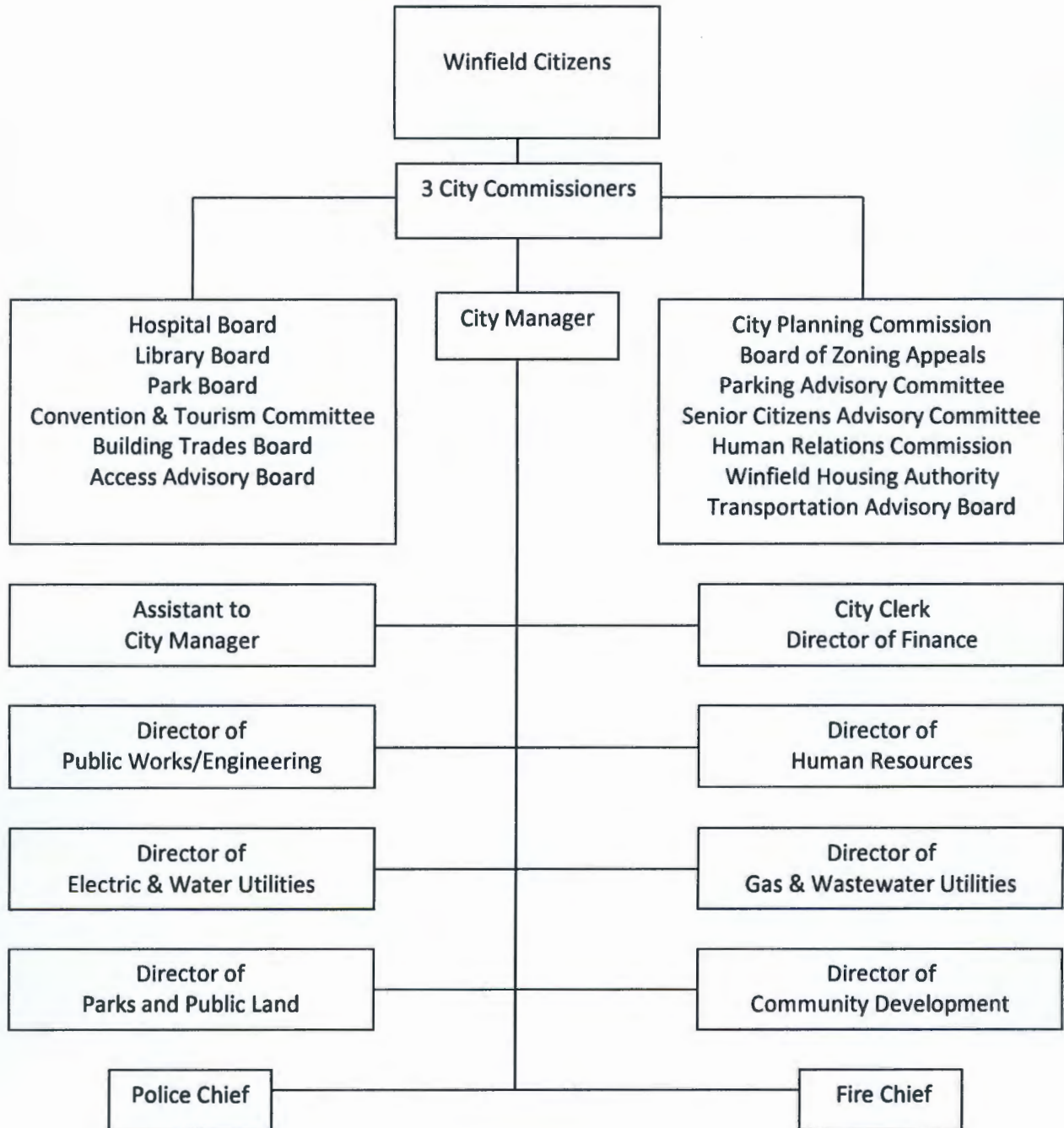
CITY OF WINFIELD, KANSAS

LIST OF PRINCIPAL OFFICIALS
DECEMBER 31, 2017

Mayor	Gregory N. Thompson
Commissioner	Brenda K. Butters
Commissioner	Ronald E. Hutto
City Manager	Jeremy Willmoth
City Attorney	William Muret
Assistant City Manager	Gary Mangus
City Clerk/ Director of Finance	Brenda Peters
City Treasurer	Kimberly Reynolds
Fire Chief	Vincent Warren
Police Chief	Brett Stone
Municipal Judge	Thomas D. Herlocker
Director of Public Improvements	Patrick Steward
Director of Utilities	Adam R. Collins
Director of Parks and Public Land	Mark Olney
Director of Information Systems	Jerred Schmidt
Director of Human Resources	James Chism

Winfield

CITY OF WINFIELD ORGANIZATIONAL CHART





Government Finance Officers Association

**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, 2016

Christopher P. Morill

Executive Director/CEO

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Commission
City of Winfield, Kansas 67019

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Winfield, Kansas (City) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Winfield Public Library and the Winfield Housing Authority, which represents 100 percent, 100 percent, and 100 percent, respectively, of the assets, net position and revenues of the discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the *Kansas Municipal Audit and Accounting Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate

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remaining fund information of the City of Winfield, Kansas, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 19 to the financial statements, the 2017 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules and statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Swindoll, Janzen, Hawk & Loyd, LLC

Swindoll, Janzen, Hawk & Loyd, LLC
Hutchinson, Kansas
August 30, 2018

FINANCIAL SECTION

CITY OF WINFIELD, KANSAS

Management's Discussion and Analysis

December 31, 2017

As management for the City of Winfield, Kansas (the City) we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Finances for this City are multifaceted and quite complex. As such, management desires for this narrative to be informative beyond what is seen on the face of the statements and to discuss the financial activities of the City. We hope you find these comments helpful as you read through them.

Financial Highlights

The assets and deferred outflow of resources for the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$61.3 million (net position). Of this amount, a negative \$3.16 million (unrestricted net position) is the balance. The existence of such a deficit does not necessarily mean that a government is on the brink of fiscal disaster—additional information is needed to place it in context.

The City's total net position decreased by \$950 thousand during the fiscal year.

At the close of 2017, the City's governmental funds reported combined ending fund balances of \$2.46 million. There is a negative \$2.5 million of unassigned Fund Balance.

At the close of 2017, the City's primary operating fund, the general fund, had a balance of \$984 thousand or 12.02% of the total general fund revenues of \$8.18 million.

The City's total long-term debt decreased \$1.7 million during the current fiscal year. The City continues to make payments on existing debt.

Overview of the Financial Statements

The City's financial report consists of the following sections:

- Management Discussion and Analysis;
- The basic financial statements, which include the government-wide and the fund financial statements, along with the notes to the basic financial statements;
- Combining and individual statements and schedules for non-major funds; and,
- Statistical section

The basic financial statements of the City include the government-wide financial statements and the fund financial statements. The notes to the financial statements follow the basic financial statements and are essential for the reader's understanding of the financial statements. Other supplementary information, including the statistical section, is also included at the end of this report to provide additional context and information for the reader.

Government-wide financial statements present the results of the City's operations using the accrual basis of accounting, the basis of accounting used by private-sector businesses. These statements focus on the long-term financial picture of the City as a whole.

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

CITY OF WINFIELD, KANSAS

Management's Discussion and Analysis

December 31, 2017

The *statement of activities* shows how the City's net position changed during the most recent fiscal year. The unique feature of this statement is how it shows the revenues and expenses related to specific programs and how much of the programs were supported by the general taxes of the City. Since this statement is prepared on the accrual basis of accounting, all revenues and expenses are included, regardless of when cash is received.

Both statements show the operations of the City broken down by governmental activities and business-type activities. Governmental activities are the operations of the City generally supported by taxes, such as public works, public safety, parks, land management, and general administration. Business-type activities are operations of the City that are intended to recover all or a significant portion of their costs through user fees and charges. These consist of the five utilities the City operates: electric, natural gas, water, wastewater, and storm water along with the Quail Ridge Golf Course.

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

Governmental funds financial statements are prepared on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available, and expenditures are recognized when the related fund liability is incurred, except for long-term debt and other similar items, which are recorded when due. The focus, therefore, is on the short-term financial picture of the operations reported rather than the City as a whole. Most of the City's basic operations are reported in the Governmental Fund financial statements. The information reported in these statements can be compared to the governmental activities information in the government-wide statements. The reconciliation at the end of the fund financial statements details the relationship between the two types of financial statements.

The City maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, debt service fund and capital projects fund, all of which are major funds. Data from the remaining governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary funds are used by the City to account for activities that operate like commercial enterprises found in the private sector. Funds that charge fees for services provided to outside customers including other local governments are called enterprise funds. These funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Funds that charge fees for services provided to departments within the reporting government are known as internal service funds. Proprietary funds use the accrual basis of accounting; thus, the only reconciling items needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements relate to the elimination of internal service fund activity and capital asset ownership transfers.

The City has six enterprise funds: Electric Fund, Natural Gas Fund, Water Fund, Wastewater Fund, Refuse Fund, and the Quail Ridge Golf Course Fund. The City has two internal service funds: Management Services Fund, and Operational Services Fund. The Electric, Natural Gas, Water and Wastewater funds are the only ones considered major for presentation purposes.

Fiduciary funds are used by the City to account for resources held by the City for the benefit of a third party. Fiduciary funds are not reflected in the government-wide financial statements, since the resources

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of those funds are not available to support the City's operations. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

Other information. In addition to the financial statements and accompanying notes described above, this report also contains *required supplementary information* concerning the City's progress in funding its obligation to provide postemployment benefits to its employees and supplementary information regarding non-major funds have been included to give the reader greater context of the information provided.

Analysis of the Government-Wide Financial Statements

Analysis of net position

As indicated earlier, net position may serve over time as a useful indicator of the City's financial condition. For the City, assets plus deferred outflows exceeded liabilities plus deferred inflows of resources by \$61.36 million at the close of the current fiscal year. The City's net position decreased by \$950 thousand from the prior year, with business-type activities accounting for a decrease of \$1.01 million offset by an increase of \$64 thousand in governmental activities.

City of Winfield Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 17,280,816	\$ 13,770,320	\$ 11,978,544	\$ 11,778,554	\$ 29,259,360	\$ 25,548,874
Capital assets	30,736,216	30,359,236	41,676,464	43,419,980	72,412,680	73,779,216
Total assets	48,017,032	44,129,556	53,655,008	55,198,534	101,672,040	99,328,090
Deferred Outflows	1,466,621	1,608,923	972,742	1,032,391	2,439,363	2,641,314
Long-term liabilities	16,295,676	17,346,289	8,754,108	9,713,505	25,049,784	27,059,794
Other liabilities	9,095,939	4,306,406	3,932,399	3,568,323	13,028,338	7,874,729
Total liabilities	25,391,615	21,652,695	12,686,507	13,281,828	38,078,122	34,934,523
Deferred Inflows	4,378,518	4,436,031	295,692	289,609	4,674,210	4,725,640
Net position:						
Net investment in						
Capital Assets	20,175,047	18,881,347	36,999,468	38,952,498	57,174,515	38,386,472
Restricted for:						
Capital Projects	861,375	433,962	3,308,708	2,574,319	4,170,083	3,008,281
General Government	101,910	115,406	-	-	101,910	115,406
Public Safety	562,503	559,189	-	-	562,503	559,189
Public Works	437,718	220,052	-	-	437,718	220,052
Health & Welfare	245,523	144,050	-	-	245,523	144,050
Environmental Prot.	39,720	39,406	-	-	39,720	39,406
Cultural & Recreation	97,261	92,269	-	-	97,261	92,269
Economic Devel.	781,839	730,560	-	-	781,839	730,560
Enabling Legislation	-	-	-	-	-	-
Debt Service	909,581	761,442	-	-	909,581	761,442
Cemetery Endow.	-	-	-	-	-	-
Unrestricted (deficit)	(4,498,957)	(2,327,930)	1,337,375	1,132,671	(3,161,582)	(1,195,259)
Total net position	\$ 19,713,520	\$ 19,649,753	\$ 41,645,551	\$ 42,659,488	\$ 61,359,071	\$ 62,309,241

Assets increased by \$2.34 million. Governmental Activities Assets increased \$3.89 million with the largest change occurring in cash (\$3.06 million). Business-Type Activities Assets decreased \$1.54 million with the largest change occurring in Capital Assets (\$1.74 million reduction).

CITY OF WINFIELD, KANSAS

Management's Discussion and Analysis

December 31, 2017

Liabilities increased by \$3.14 million. Governmental Activities Liabilities increased \$3.74 million with the largest change occurring in temporary notes (\$4.82 million). Business-Type Activities Liabilities decreased \$595 thousand with the largest change occurring in Noncurrent Liabilities Due in more than one year (\$959 thousand reduction).

Approximately 93% of the City's net position reflect a net investment in capital assets (e.g., land, buildings, improvements, machinery and equipment, and construction work in process), 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. The City has about \$7.34 million of restricted net position, which represents resources that are subject to external restrictions on how they may be spent. The unrestricted net position represents the amount of net position that is neither net investment in capital assets nor restricted. The City's unrestricted net position at December 31, 2017 was a deficit of \$3.16 million with -\$4.5 million in governmental activities, and \$1.34 million in business-type activities.

Analysis of Changes in Net Position

The following table reflects the revenues and expenses for the City's activities for the year ended December 31, 2017, and illustrate the comparison between the current year, and the prior year:

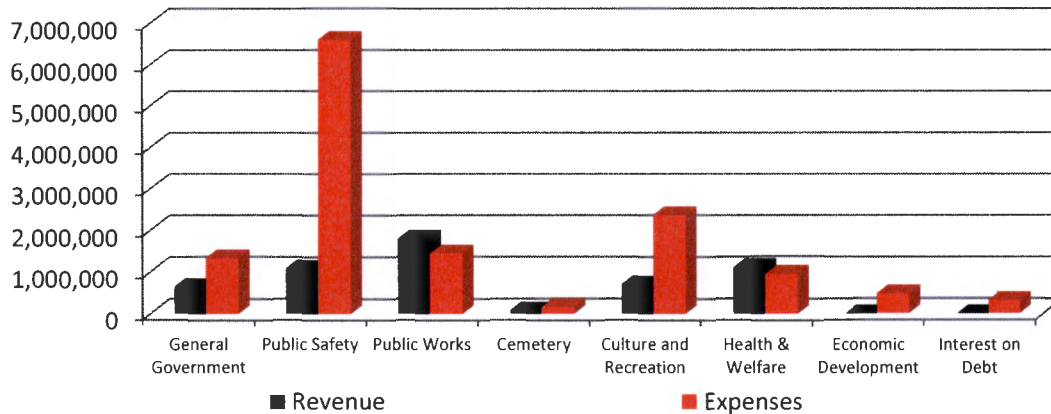
City of Winfield Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 3,065,219	\$ 2,081,863	\$ 37,131,486	\$ 36,753,989	\$ 40,196,705	\$ 38,835,852
Operating grants and contributions	735,755	1,295,256	-	-	735,755	1,295,256
Capital grants and contributions	1,603,376	307,425	-	-	1,603,376	307,425
General revenues:						
Property taxes	4,200,161	4,122,880	-	-	4,200,161	4,122,880
Sales taxes	2,610,928	2,593,154	-	-	2,610,928	2,593,154
Franchise taxes	154,830	162,633	-	-	154,830	162,633
Transient Guest Tax	92,363	97,115	-	-	92,363	97,115
Alcohol Beverage Tax	75,574	57,006	-	-	75,574	57,006
Investment Earnings	36,798	27,740	51,035	46,676	87,833	74,416
Other	-	-	-	-	-	-
Total revenues	<u>12,575,004</u>	<u>10,745,072</u>	<u>37,182,521</u>	<u>36,800,665</u>	<u>49,757,525</u>	<u>47,545,737</u>
Expenses:						
General government	1,313,256	1,188,911	-	-	1,313,256	1,188,911
Public safety	6,590,362	5,839,730	-	-	6,590,362	5,839,730
Public works	1,426,464	1,874,415	-	-	1,426,464	1,874,415
Cemetery	155,216	176,880	-	-	155,216	176,880
Culture and recreation	2,352,435	2,369,941	678,223	581,613	3,030,658	2,951,554
Health & welfare	935,641	78,513	-	-	935,641	78,513
Economic development	461,928	278,007	-	-	461,928	278,007
Interest on long-term debt	303,648	154,058	-	-	303,648	154,058
Electric	-	-	25,798,434	26,856,102	25,798,434	26,856,102
Natural Gas	-	-	3,469,446	3,087,782	3,469,446	3,087,782
Water	-	-	2,434,505	2,136,541	2,434,505	2,136,541
Wastewater	-	-	2,018,355	2,302,971	2,018,355	2,302,971
Refuse	-	-	1,313,917	1,363,589	1,313,917	1,363,589
Total expenses	<u>13,538,950</u>	<u>11,960,455</u>	<u>35,712,880</u>	<u>36,328,598</u>	<u>49,251,830</u>	<u>48,289,053</u>
Change in net position before transfers	(963,946)	(1,215,383)	1,469,641	472,067	505,695	(743,316)
Transfers	2,483,578	3,039,316	(2,483,578)	(3,039,316)	-	-
Change in net position after transfers	1,519,632	1,823,933	(1,013,937)	(2,567,249)	505,695	(743,316)
Net position, beginning	18,193,888	17,825,820	42,659,488	45,226,737	60,853,376	63,052,557
Restated Capital Assets	-	(1,455,865)	-	-	-	(1,455,865)
Net position, ending	<u>\$ 19,713,520</u>	<u>\$ 18,193,888</u>	<u>\$ 41,645,551</u>	<u>\$ 42,659,488</u>	<u>\$ 61,359,071</u>	<u>\$ 60,853,376</u>

The city's net position in governmental activities increased \$1.5 million due to the restatement of capital assets. The chart below illustrates how the City's various governmental activities program revenue vs.

CITY OF WINFIELD, KANSAS

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program expenses fared in 2017. You will notice that this restatement is a cause for most of the variances from the prior year.

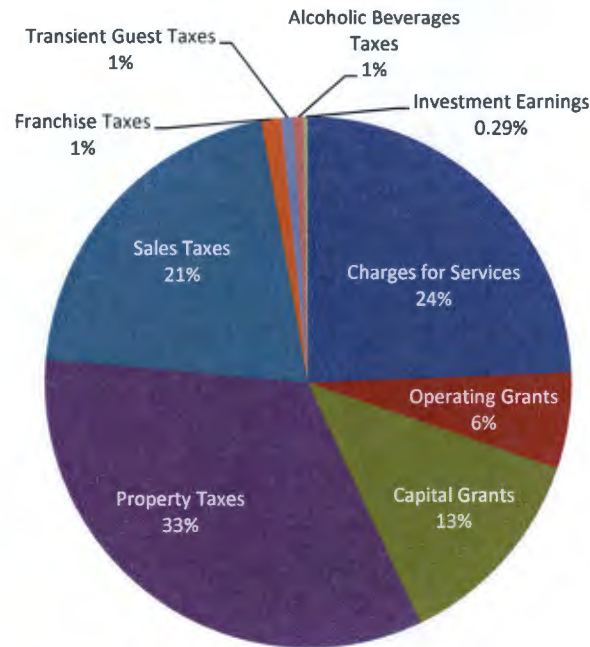


- Public safety activities continue to represent the largest governmental activity expense, \$6.6 million, or 49% of the City's total governmental activity expenses. Public safety expenses include police, fire, ambulance, building inspection and public parking services provided by the City. These expenses increased \$751 thousand or 12.85% over the prior year due to the purchase of a new fire engine.
- Culture and recreation activities account for \$2.35 million, or about 17% of the total governmental activity expenses. This activity includes the Aquatic Center, parks maintenance and the recreation operations at the City of Winfield Lake, the Broadway Sports Complex, and the Winfield Fairgrounds. These expenses were \$18 thousand or -0.74% less than the prior year due to reductions in capital expenses.
- Public works activities account for \$1.43 million, or 10.5% of the total governmental activity expenses. This activity includes the street pavement maintenance program. These expenses were \$448 thousand or -23.90% less than the prior year due to projects that were funded through KLINK in FY 2016, that were not funded in FY 2017.
- General government activities account for \$1.31 million, or 9.70% of the total governmental activity expenses. This activity includes cost not directly attributable to any other category such as street lights, property insurance, management services, etc. These expenses were \$124 thousand or 10.46% more than the prior year due to an adjustment in depreciation expenses from FY 2016 to FY 2017.

The chart below illustrates the City's overall program and general revenues for governmental activities in 2017.

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Major sources of revenue in the governmental activities continue to be property, sales, and other taxes as illustrated in the above graph.

- Property taxes totaled \$4.2 million, or 33% of the City's governmental activities revenues. These revenues increased \$77 thousand or 1.87% due to an increase in assessed valuation.
- Charges for services totaled \$3.07 million or 24% of the City's governmental activities revenues. These fees can essentially be summarized into four categories: community development, cemetery services, parks and recreation, and emergency medical services. These revenues increased \$983 thousand or 47% due to increases in EMS fees, lake fees, fairground fees, and nuisance property fees.
- Sales taxes totaled \$2.6 million, or 21% of the City's governmental activities revenues. The City has a 1% general sales tax. 1/2 of that tax is dedicated to Capital Projects and is recorded and tracked separately from the General Fund. The other 1/2 is used for general government services to help keep property taxes down. In addition, On February 25, 2014, the citizens approved a 2/5 of a cent Special Sales tax. Collections for this tax began July of 2014. This tax was set up to provide the first \$600 thousand to the Library for renovations. The next \$300 thousand was split 50/50 between the Library and the Street maintenance program. Any funds over \$900 thousand go solely to the Street program to improve streets and bridges not a part of the State highway system. The Library received much of their portion of this tax in 2014 and 2015 and a small portion in 2016. The Street program will be the only recipient of this tax until it sunsets June 30, 2021. Sales taxes are \$18 thousand or 0.69% higher than the prior year.
- Capital grants and contributions totaled \$1.6 million or 13% of the City's governmental activities revenues. These revenues include contributions and federal and state grants for public safety equipment and for public works street improvement projects. These revenues increased \$1.3 million or 422% due to the grants from KDOT for the 14th avenue bridge replacement.

CITY OF WINFIELD, KANSAS

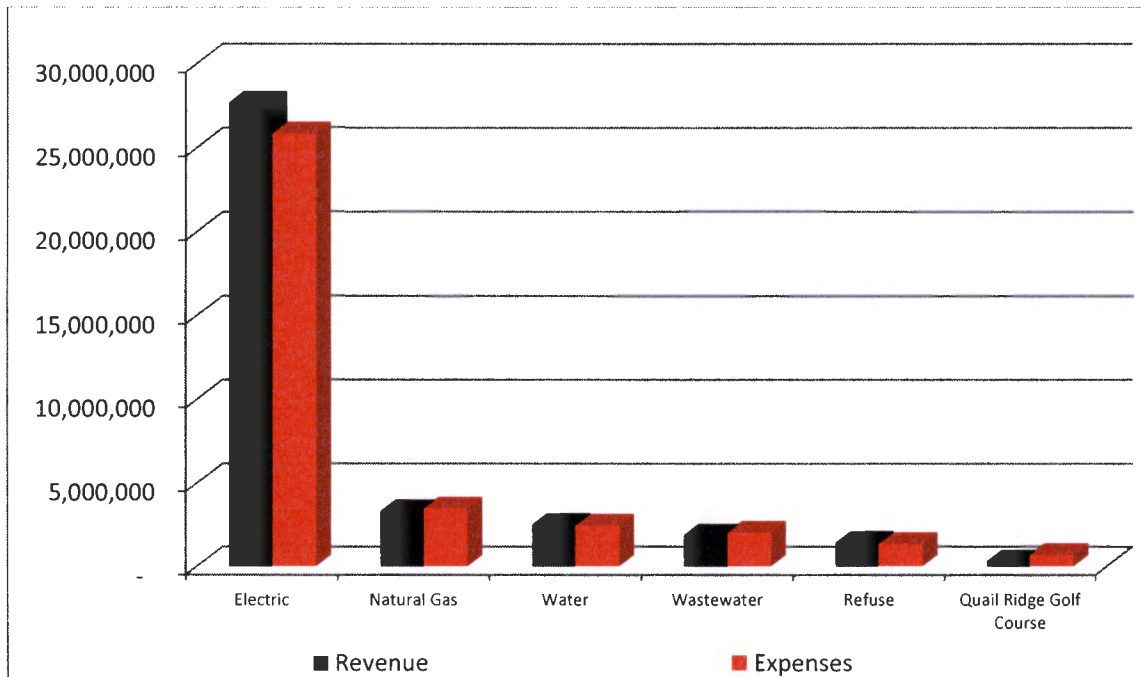
Management's Discussion and Analysis

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Business-type Activities

The City operates five utilities and a municipal golf course. Combined the electric and gas utilities comprise 82% of the total business-type activity charges.

The City's net position related to business-type activities decreased by \$1.04 million from the prior year. While most of these activities are covering their operating cost, the losses come from their collective inability to cover their portion of the shared costs with the governmental activities programs.



Highlights in the business-type activities area include:

- The Electric Fund had revenues of \$27.7 million, which was an increase of \$221 thousand or 0.81%. The primary factor for the revenue increase was an increase in sales. Expenses were \$25.8 million, which was \$1.06 million, or -3.94% less than the prior year. The primary reason for the expense reduction was an adjustment in depreciation expenses from FY 2016 to FY 2017. Revenues exceeded expenses by \$1.89 million.
- The Natural Gas Fund had revenues of \$3.33 million, which was an increase of \$190 thousand or 6.07%. The primary factor for the revenue increase was an increase in the sale of natural gas. Expenses were \$3.47 million, which was \$382 thousand, or 12.36% more than the prior year. The primary reason for the expense increase was an increase in the purchase of natural gas, as well as an increase in capital expenses. Revenues were less than expenses by \$144 thousand.
- The Water Fund had revenues of \$2.51 million, which was an increase of \$158 thousand or 6.72%. The primary factor for the revenue increase was an increase in water sales. Expenses were \$2.43 million, which was \$298 thousand, or 13.95% more than the prior year. The primary reason for the expense increase was an adjustment in depreciation expenses from FY 2016 to FY 2017. Revenues were more than expenses by \$73 thousand.

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- The Wastewater Fund had revenues of \$1.87 million, which was a decrease of \$232 thousand or -11.04%. The primary factor for the revenue decrease was a drop in user fees, and a drop in reimbursable services. Expenses were \$2.02 million, which was \$285 thousand, or 12.36% less than the prior year. The primary reason for the expense decrease was the Fund did not have enough cash on hand to make the final lease payment, so we had to finance that payment. Revenues were less than expenses by \$149 thousand.
- The Refuse Fund had revenues of \$1.42 million, which was an increase of \$52 thousand or 3.82%. The primary factor for the revenue increase was to eliminate lease activity for proprietary funds leases for GAAP purposes. Expenses were \$1.31 million, which was \$50 thousand, or 3.64% less than the prior year. The primary reason for the expense reduction was an adjustment in depreciation expenses from FY 2016 to FY 2017. Revenues were more than expenses by \$106 thousand.
- The Quail Ridge Golf Course Fund had revenues of \$318 thousand, which was a decrease of \$12 thousand or -3.67%. The primary factor for the revenue decrease was refunds and advertising revenues. Expenses were \$678 thousand, which was \$97 thousand, or 16.61% more than the prior year. The primary reason for the expense increase was an adjustment in depreciation expenses from FY 2016 to FY 2017. Revenues were less than expenses by \$360 thousand.

Financial Analysis of the City's Funds

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the City's financing requirements. Unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year. Types of governmental funds reports by the City include the general fund, special revenue funds, debt service funds, and capital project funds.

General Fund

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the total fund balance was \$984 thousand, an increase of \$26 thousand compared to the prior year. As a measure of the general fund's liquidity, it may be useful to compare the available fund balance to total general fund expenditures. Available fund balance represents 11.78% of total general fund expenditures of \$8.35 million.

The total revenue in the general fund was \$8.18 million, an increase of \$187 thousand or 2.34% over the previous fiscal year mostly due to increases in EMS fees.

The total expenditures in the general fund were \$8.35 million, a decrease of \$574 thousand or -6.43% compared to the previous fiscal year mostly due to an adjustment in depreciation expenses from FY 2016 to FY 2017.

Debt Service Fund

At the end of the current fiscal year, the total fund balance was \$910 thousand, an increase of \$148 thousand, or 19.46% compared to the prior year all of which is restricted for the payment of future debt.

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The total revenue was \$1.15 million, an increase of \$78 thousand or 7.26% over the previous fiscal year mostly due to an increase from William Newton Hospital to pay for debt issued on their behalf, and a reduction of payments from the Winfield Recreation Commission as a debt previously issued on their behalf has been fully repaid.

The total expenditures were \$2.22 million, an increase of \$738 thousand or 49.83% compared to the previous fiscal year mostly due to increases in debt service based upon their repayment schedules.

Capital Projects Fund

At the end of the current fiscal year, the total fund balance in the major capital project funds was \$620 thousand, an increase of \$247 thousand compared to the prior year all of which is restricted for future capital projects.

The total revenue was \$4.9 thousand, an increase of \$3.5 thousand over the previous fiscal year mostly due to increases in interest income. The largest financing source to these funds is an interfund transfer from the General Fund for the ½ cent sales tax attributable to capital projects/equipment.

The total expenditures were \$266 thousand, an increase of \$118 thousand or 79.68% compared to the previous fiscal year primarily due to expenses related to the 14th Avenue Bridge replacement project. The largest financing use is a the interfund transfer out of this fund to the debt service fund to pay for the temporary notes and bond financing of capital projects/equipment.

Other governmental funds (Combined)

This grouping is the summation of all other special revenue funds. These funds are not considered major funds, so the detail on each specific fund can be found in the section titled, "Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds".

At the end of the current fiscal year, the total fund balances in all other governmental funds was -\$55 thousand, a decrease of \$2.2 million compared to the prior year. Most of these projects are funded by temporary note/bond financing so this negative fund balance is a matter of timing.

The total revenue was \$2.76 million, an increase of \$744 thousand or 37% over the previous fiscal year mostly due to payments from the State of Kansas for road projects.

The total expenditures were \$6.13 million, an increase of \$2.79 million or 84% compared to the previous fiscal year mostly due to road projects planned in FY 2017.

Proprietary Funds

The City's proprietary fund statements provide the same type of information found in the government-wide statements, but for our business type activities. The funds listed below are the City's major proprietary funds:

The electric fund had a total net position of \$23.47 million at the end of the current fiscal year. This is a decrease of \$165 thousand, or -0.70% from the previous year. Much of the reduction to net position is a reduction in capital assets because of reclassifying assets at a value of \$5 thousand or greater.

The natural gas fund had a total net position of \$4.46 million at the end of the current fiscal year. This is a decrease of \$559 thousand, or -11.14% from the previous year. Most of the reduction to net position is a reduction in capital assets because of reclassifying assets at a value of \$5 thousand or greater.

CITY OF WINFIELD, KANSAS

Management's Discussion and Analysis

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The water fund had a total net position of \$4.81 million at the end of the current fiscal year. This is an increase of \$20 thousand, or 0.42% from the previous year.

The wastewater fund had a total net position of \$7.05 million at the end of the current fiscal year. This is a decrease of \$178 thousand, or -2.46% from the previous year. Most of the reduction to net position is a reduction in capital assets because of reclassifying assets at a value of \$5 thousand or greater.

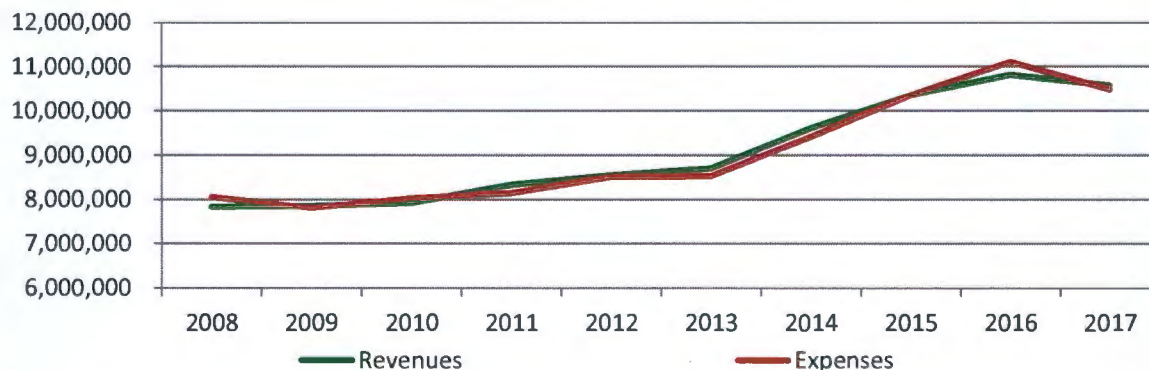
Fiduciary Funds

The City maintains three fiduciary funds: Payroll Clearing, Sales Tax, and Flexible Medical.

General Fund Budgetary Highlights

Actual revenue sources in 2017 totaled more than 95% of the amended general fund budget. Revenue highlights are discussed above under 'General Fund'. Overall 2017 expenditures decreased 5.64% over the prior year. This is primarily due to operating transfer reductions for the special sales tax and the capital improvement program being reduced \$244 thousand, and reductions in capital expenses. The City's unassigned fund balance in the general fund at December 31, 2017 was \$693 thousand, which is an increase over the prior year of \$86 thousand or 14.20%.

The following graph illustrates the City's General Fund Revenues against Expenditures for fiscal years ended 2008 through 2017:



As this graph illustrates, the City has had revenues more than expenditures six of the last ten years. However, the City had expenditures more than revenue that had to be made up from the fund balance four of the last ten years, with FY 2016 being the last year. FY 2017 ended with a positive \$92 thousand, but this is a troubling trend. With the tax lid now in effect and revenues flattening, the City will need to continue making tough decisions as to the future for budget growth.

Capital Asset and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2017, amounts to \$73,779,216 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements, machinery and equipment, intangibles, vehicles, roads, water lines, sewer lines, natural gas lines and electric lines.

CITY OF WINFIELD, KANSAS

Management's Discussion and Analysis December 31, 2017

City of Winfield Capital Assets

	Governmental		Business-Type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Land	\$ 1,900,216	\$ 1,900,213	\$ 830,777	\$ 830,777	\$ 2,730,993	\$ 2,730,990
Buildings	8,173,292	8,642,917	13,339,031	13,592,579	21,512,323	22,235,496
Improvements	30,059,432	27,443,513	62,911,885	63,061,060	92,971,317	90,504,573
Machinery & Equipment	8,959,557	9,077,551	31,293,798	30,465,443	40,253,355	39,542,994
Less Accumulated Deprec.	(19,219,139)	(18,325,946)	(66,802,002)	(64,529,879)	(86,021,141)	(82,855,825)
Leased Equipment	424,755	-	114,417	-	539,172	-
Less Accumulated Amort.	(239,662)	-	(11,442)	-	(251,104)	-
Construction in Process	677,765	1,620,988	-	-	677,765	1,620,988
Total	<u>\$ 30,736,216</u>	<u>\$ 30,359,236</u>	<u>\$ 41,676,464</u>	<u>\$ 43,419,980</u>	<u>\$ 72,412,680</u>	<u>\$ 73,779,216</u>

For additional information on capital assets, see Note 4 to the Basic Financial Statements.

Debt Administration

At the end of the current fiscal year, the City had a total long-term debt outstanding of \$27.87 million. Of this amount, \$13.64 million was general obligation debt backed by the full faith and credit of the City. However, \$3.99 million of the general obligation debt is supported by business-type activities revenues.

City of Winfield Outstanding Debt

	Governmental		Business-Type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
General Obligation	\$ 9,650,000	\$ 10,871,807	\$ 3,990,000	\$ 4,503,193	\$ 13,640,000	\$ 15,375,000
Capital Leases	358,663	36,458	640,620	1,099,824	999,283	1,136,282
Interlocal Agreement	167,500	32,000	-	-	167,500	32,000
Compensated Absences	262,462	253,191	567,152	511,306	829,614	764,497
Net Premium on GO Bonds	452,637	489,095	-	-	452,637	489,095
Net OPEB Obligation	302,630	281,387	435,033	398,919	737,663	680,306
Net pension Obligation	6,642,374	6,934,414	4,405,579	4,540,712	11,047,953	11,475,126
Total	<u>\$ 17,836,266</u>	<u>\$ 18,898,352</u>	<u>\$ 10,038,384</u>	<u>\$ 11,053,954</u>	<u>\$ 27,874,650</u>	<u>\$ 29,952,306</u>

The City's long-term debt decreased by \$2.08 million due primarily to retiring \$1.74 million on GO debt, and to the net pension obligation reducing \$427 thousand.

The City was assigned an "A+" rating from Standard & Poor's for its general obligation bonds in 2015. State Statutes limit the amount of general obligation debt a government entity may issue to 30% of its total assessed valuation. The current debt limitation for the City is \$21.23 million of which the City has only used 64%.

For additional information on debt administration, see Note 5 to the Basic Financial Statements.

Requests for Information

This financial report is designed to provide the reader with a general overview of the City's finances. Questions or requests for more information concerning any of the information provided in this report should be directed to Finance Department, City of Winfield, 200 E 9th Ave, Winfield, KS 67156.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF WINFIELD, KANSAS

Statement of Net Position
December 31, 2017

	Primary Government			Component units
	Governmental Activities	Business Type Activities	Total	
Assets:				
Cash and investments	\$ 8,634,473	\$ 4,075,123	\$ 12,709,596	\$ 721,462
Receivables:				
Property taxes	3,773,283	-	3,773,283	-
Special assessment taxes	1,606,631	-	1,606,631	-
Sales taxes	198,284	-	198,284	-
Franchise fees	33,858	-	33,858	-
Economic development loan receivable	176,000	-	176,000	-
Trade accounts, net	316,206	3,239,534	3,555,740	63,849
Due from other governments	1,099,873	-	1,099,873	-
Internal balances	731,956	(731,956)	-	-
Advances from fiduciary type funds	-	28,321	28,321	-
Inventories	-	1,938,805	1,938,805	3,888
Prepaid expenses	-	32,225	32,225	27,694
Investment in joint venture	-	75,827	75,827	-
Other investments	-	11,957	11,957	-
Restricted assets	-	3,308,708	3,308,708	-
Land held for resale	710,252	-	710,252	-
Capital assets:				
Land	1,900,216	830,777	2,730,993	52,776
Buildings	8,173,292	13,339,031	21,512,323	5,840,236
Improvements other than buildings	30,059,432	62,911,885	92,971,317	-
Machinery and equipment	8,959,557	31,293,798	40,253,355	473,962
Less accumulated depreciation	(19,219,139)	(66,802,002)	(86,021,141)	(3,222,072)
Leased equipment	424,755	114,417	539,172	-
Less accumulated amortization	(239,662)	(11,442)	(251,104)	-
Construction work in progress	677,765	-	677,765	-
Total assets	<u>48,017,032</u>	<u>53,655,008</u>	<u>101,672,040</u>	<u>3,961,795</u>
Deferred Outflows of Resources:				
Deferred outflows related to pensions	<u>1,466,621</u>	<u>972,742</u>	<u>2,439,363</u>	<u>67,836</u>
Liabilities:				
Accounts payable	93,399	1,815,344	1,908,743	41,788
Accrued payroll payable	210,310	238,174	448,484	21,401
Accrued interest payable	99,869	46,376	146,245	-
Temporary notes payable	7,151,771	548,229	7,700,000	-
Noncurrent liabilities:				
Due within one year	1,540,590	1,284,276	2,824,866	1,025
Due in more than one year	<u>16,295,676</u>	<u>8,754,108</u>	<u>25,049,784</u>	<u>335,097</u>
Total liabilities	<u>25,391,615</u>	<u>12,686,507</u>	<u>38,078,122</u>	<u>399,311</u>
Deferred Inflows of Resources:				
Deferred inflows for property taxes receivable	3,773,283	-	3,773,283	-
Deferred inflows for loan receivable	176,000	-	176,000	86,718
Deferred inflows on refundings	53,978	46,801	100,779	-
Deferred inflows related to pensions	<u>375,257</u>	<u>248,891</u>	<u>624,148</u>	<u>25,781</u>
Total deferred inflows of resources	<u>4,378,518</u>	<u>295,692</u>	<u>4,674,210</u>	<u>112,499</u>
Net Position:				
Net investment in capital assets	20,175,047	36,999,468	57,174,515	3,144,902
Restricted for:				
Debt service	909,581	-	909,581	-
Capital improvements	861,375	3,308,708	4,170,083	-
General government	101,910	-	101,910	-
Public safety	562,503	-	562,503	-
Public works	437,718	-	437,718	-
Health and welfare	245,523	-	245,523	63,185
Environment protection	39,720	-	39,720	-
Culture and recreation	97,261	-	97,261	-
Economic development	781,839	-	781,839	-
Unrestricted	<u>(4,498,957)</u>	<u>1,337,375</u>	<u>(3,161,582)</u>	<u>309,734</u>
Total net position	<u>\$ 19,713,520</u>	<u>\$ 41,645,551</u>	<u>\$ 61,359,071</u>	<u>\$ 3,517,821</u>

CITY OF WINFIELD, KANSAS

Statement of Activities
Year Ended December 31, 2017

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business Type Activities	Total	
Governmental Activities:								
General government	\$ 1,313,256	\$ 643,513	\$ -	\$ -	\$ (669,743)	\$ -	\$ (669,743)	\$ -
Public safety	6,590,362	1,060,172	9,777	9,413	(5,511,000)	-	(5,511,000)	-
Public works/stormwater	1,426,464	184,720	699,872	916,529	374,657	-	374,657	-
Cemetery	155,216	77,565	500	-	(77,151)	-	(77,151)	-
Culture and recreation	2,352,435	647,920	25,606	30,243	(1,648,666)	-	(1,648,666)	-
Health and welfare	935,641	451,329	-	647,191	162,879	-	162,879	-
Economic development	461,928	-	-	-	(461,928)	-	(461,928)	-
Interest on long-term debt	303,648	-	-	-	(303,648)	-	(303,648)	-
Total Governmental Activities	\$ 13,538,950	\$ 3,065,219	\$ 735,755	\$ 1,603,376	(8,134,600)	-	(8,134,600)	-
Business-Type Activities:								
Electric Utility	\$ 25,798,434	\$ 27,691,161	\$ -	\$ -	-	1,892,727	1,892,727	-
Gas Utility	3,469,446	3,325,465	-	-	-	(143,981)	(143,981)	-
Water Utility	2,434,505	2,507,101	-	-	-	72,596	72,596	-
Wastewater Utility	2,018,355	1,869,697	-	-	-	(148,658)	(148,658)	-
Refuse	1,313,917	1,419,973	-	-	-	106,056	106,056	-
Quail Ridge Golf Course	678,223	318,089	-	-	-	(360,134)	(360,134)	-
Total Business-Type Activities	\$ 35,712,880	\$ 37,131,486	\$ -	\$ -	-	1,418,606	1,418,606	-
Component Units:								
Winfield Public Library	\$ 606,257	\$ 29,138	\$ 74,564	\$ -	-	-	-	(502,555)
Winfield Housing Authority	327,979	138,300	71,850	56,057	-	-	-	(61,772)
Total Component Units	\$ 934,236	\$ 167,438	\$ 146,414	\$ 56,057	-	-	-	(564,327)
General Revenues and Transfers:								
General Revenues:								
Property taxes levied for:								
General purposes					3,557,846	-	3,557,846	-
Debt service					642,315	-	642,315	-
Sales taxes					2,610,928	-	2,610,928	-
Franchise fees					154,830	-	154,830	-
Transient guest taxes					92,363	-	92,363	-
Alcohol beverage taxes					75,574	-	75,574	-
Payment from City of Winfield					-	-	-	538,895
Investment earnings					36,798	51,035	87,833	2,390
Transfers in (out)					2,483,578	(2,483,578)	-	-
Total general revenues and transfers					9,654,232	(2,432,543)	7,221,689	(23,042)
Change in net position					1,519,632	(1,013,937)	505,695	(23,042)
Net position at beginning of year:								
As previously reported					19,649,753	42,659,488	62,309,241	3,540,863
Restatement for capital assets (see note 20)					(1,455,865)	-	(1,455,865)	-
As restated					18,193,888	42,659,488	60,853,376	3,540,863
Net position at end of year					\$ 19,713,520	\$ 41,645,551	\$ 61,359,071	\$ 3,517,821

FUND FINANCIAL STATEMENTS

CITY OF WINFIELD, KANSAS

**Balance Sheet - Governmental Funds
December 31, 2017**

	General	Debt Service	Capital Improvements	Capital Projects 14th Ave Bridge	Other Governmental Funds	Total Governmental Funds
Assets:						
Cash and short-term investments	\$ 716,724	\$ 717,104	\$ 867,458	\$ 1,450,232	\$ 4,882,952	\$ 8,634,470
Property taxes receivable	2,617,032	562,021	-	-	594,230	3,773,283
Special assessment taxes receivable	154,517	1,452,113	-	-	-	1,606,630
Due from other funds	20,265	183,277	-	-	-	203,542
Accounts receivable, net	285,326	9,200	-	-	31,172	325,698
Economic development loan receivable	176,000	-	-	-	-	176,000
Due from other governmental agencies	-	1,099,873	-	-	-	1,099,873
Franchise fees receivable	33,858	-	-	-	-	33,858
Sales tax receivable	198,284	-	-	-	-	198,284
Land held for resale	-	-	-	-	710,252	710,252
Total assets	\$ 4,202,006	\$ 4,023,588	\$ 867,458	\$ 1,450,232	\$ 6,218,606	\$ 16,761,890
Liabilities:						
Accounts payable	\$ 75,845	\$ -	\$ 6,083	\$ 1,553	\$ 19,610	\$ 102,891
Accrued payroll	195,119	-	-	-	15,192	210,311
Due to other funds	-	-	-	-	183,277	183,277
Temporary notes payable	-	-	-	1,690,016	5,461,755	7,151,771
Total liabilities	270,764	-	6,083	1,691,569	5,679,834	7,648,250
Deferred Inflows of Resources:						
Property taxes receivable	2,617,032	562,021	-	-	594,230	3,773,283
Special assessment taxes receivable	154,517	1,452,113	-	-	-	1,606,630
Economic development receivable	176,000	-	-	-	-	176,000
Intergovernmental receivables	-	1,099,873	-	-	-	1,099,873
Total deferred inflows of resources	2,947,549	3,114,007	-	-	594,230	6,655,786
Fund Balances:						
Nonspendable	20,265	-	-	-	716,300	736,565
Restricted:						
Debt service	-	909,581	-	-	-	909,581
General government	-	-	-	-	62,385	62,385
Public safety	-	-	-	-	562,503	562,503
Stormwater drainage improvements	-	-	-	-	216,750	216,750
Public works	-	-	-	-	437,718	437,718
Recreation	-	-	-	-	97,261	97,261
Health and welfare	-	-	-	-	28,773	28,773
Economic development	-	-	-	-	45,274	45,274
Levee maintenance	-	-	-	-	39,720	39,720
Equipment acquisitions	-	-	-	-	39,525	39,525
Capital improvements	-	-	861,375	-	-	861,375
Committed:						
Street improvements	-	-	-	-	278,359	278,359
Water quality improvements	-	-	-	-	142,333	142,333
Fairgrounds improvements	-	-	-	-	154,698	154,698
Cemetery improvements	-	-	-	-	72,901	72,901
Assigned:						
Capital projects	-	-	-	-	9,250	9,250
Subsequent year's budget	270,293	-	-	-	-	270,293
Unassigned	693,135	-	-	(241,337)	(2,959,208)	(2,507,410)
Total fund balances	983,693	909,581	861,375	(241,337)	(55,458)	2,457,854
Total liabilities, deferred inflows and fund balances	\$ 4,202,006	\$ 4,023,588	\$ 867,458	\$ 1,450,232	\$ 6,218,606	\$ 16,761,890

CITY OF WINFIELD, KANSAS

Reconciliation of the Balance Sheet of Governmental Funds
To Statement of Net Position
December 31, 2017

Total Governmental Fund Balances \$ 2,457,854

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

Capital assets used in governmental activities are not
financial resources and therefore are not reported
in the funds (capital assets net of accumulated depreciation):

Cost	\$ 50,195,020	
Accumulated depreciation	<u>(19,458,801)</u>	30,736,219

Other assets not available to pay for current period
expenditures and therefore are not reported in
the governmental funds:

Special assessments receivable	1,606,631
Long-term contractual receivables from other governmental agencies	1,099,873

Certain items, which result in a consumption of net
position applicable to a future reporting period, are
recognized as deferred outflows of resources in
government-wide financial statements:

Deferred outflows related to pensions	1,466,621
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Long-term liabilities are not due and payable in the
current period and therefore are not reported
in the funds:

Accrued interest payable on general obligation bonds	99,869	
Compensated absences payable	262,462	
Capital lease obligations payable	358,663	
General obligation bonds payable	9,650,000	
Unamortized premium on sale of general obligation bonds	452,636	
Interlocal agreement payable	167,500	
Net pension liability payable	6,642,374	
Net OPEB liability payable	<u>302,630</u>	(17,936,134)

Certain items, which result in an acquisition of net
position applicable to a future reporting period, are
recognized as deferred inflows of resources in
government-wide financial statements:

Deferred inflows related to bond refundings	(53,978)
Deferred inflows related to pensions	(375,257)

Internal service funds are used to charge the cost of
certain activities to individual funds. The accumulated
equity for the governmental fund types is reported
on the statement of net position as internal balances

711,691

Net Position of Governmental Activities \$ 19,713,520

CITY OF WINFIELD, KANSAS

Statement of Revenues, Expenditures and Changes
In Fund Balances - Governmental Funds
Year Ended December 31, 2017

	General	Debt Service	Capital Improvements	Capital Projects 14th Ave Bridge	Other Governmental Funds	Total Governmental Funds
Revenues:						
Property taxes	\$ 2,861,477	\$ 642,315	\$ -	\$ -	\$ 696,368	\$ 4,200,160
Sales taxes	2,610,927	-	-	-	-	2,610,927
Special assessment taxes	-	224,114	-	-	-	224,114
Franchise taxes	154,831	-	-	-	-	154,831
Intergovernmental	476,521	-	-	-	1,575,867	2,052,388
Licenses and permits	58,504	-	-	-	-	58,504
Charges for services	1,752,857	-	-	-	162,018	1,914,875
Fines and forfeitures	108,868	-	-	-	-	108,868
Use of money and property	116,089	4,519	4,882	-	49,510	175,000
Miscellaneous	44,030	283,892	-	-	277,721	605,643
Total revenues	8,184,104	1,154,840	4,882	-	2,761,484	12,105,310
Expenditures:						
Current:						
General government	738,578	9,504	-	-	247,947	996,029
Public safety	5,518,358	-	-	-	805,150	6,323,508
Public works	-	-	-	180,173	3,374,583	3,554,756
Culture and recreation	1,526,926	-	-	-	631,573	2,158,499
Health and welfare	25,023	-	-	-	910,619	935,642
Economic development	336,833	-	-	-	125,095	461,928
Cemetery	174,058	-	-	-	2,055	176,113
Capital improvements	-	-	85,592	-	-	85,592
Debt service	32,000	2,208,583	-	-	35,942	2,276,525
Total expenditures	8,351,776	2,218,087	85,592	180,173	6,132,964	16,968,592
Revenues over (under) expenditures	(167,672)	(1,063,247)	(80,710)	(180,173)	(3,371,480)	(4,863,282)
Other Financing Sources (Uses):						
Transfers in	2,328,369	1,211,386	1,154,374	-	1,212,634	5,906,763
Transfers out	(2,134,612)	-	(646,251)	-	(64,929)	(2,845,792)
Total other financing sources (uses)	193,757	1,211,386	508,123	-	1,147,705	3,060,971
Net change in fund balances	26,085	148,139	427,413	(180,173)	(2,223,775)	(1,802,311)
Fund balances, beginning year	957,608	761,442	433,962	(61,164)	2,168,317	4,260,165
Fund balances, end of year	\$ 983,693	\$ 909,581	\$ 861,375	\$ (241,337)	\$ (55,458)	\$ 2,457,854

CITY OF WINFIELD, KANSAS

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities December 31, 2017

Net Change in Fund Balances - Total Governmental Funds \$ (1,802,311)

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

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their
estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlays	\$ 3,050,658	
Depreciation	<u>(1,168,883)</u>	
Excess capital outlays over depreciation		1,881,775

Debt proceeds provide current financial resources for governmental fund but issuing
debt increases long-term liabilities in the statement of net position for:

Capital lease obligations payable		(385,052)
Interlocal payable		<u>(167,500)</u>

In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due.		14,780
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In the statement of activities, the gain or loss from the disposition of capital assets is reported, whereas in the governmental funds, only cash proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the assets sold.		(76,741)
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Repayment of debt principal is an expenditure in the governmental funds,
but the repayment reduces long-term liabilities in the statement of net assets:

General obligation bond payments	1,221,808	
Capital lease obligation payments	62,847	
Interlocal agreement payments	<u>32,000</u>	
Total payments on long-term liabilities		1,316,655

In the statement of activities the deferred refunding costs increases deferred outflows of resources but does not provide current resources to the governmental funds. Amortization of the deferred refunding costs is reflected in the statement of activities but is not reported as expenditures in the governmental funds: Amortization of deferred refunding costs		26,551
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Special assessments are not considered available to liquidate liabilities of the current period. However, they are recognized as revenue in the statement of activities as soon as the related improvements is completed and the special assessments are levied.		(224,689)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental fund for long-term receivables		647,191
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Pension contributions is an expenditure in the governmental funds but reduces the net pension liability in the statement of net position. Additionally, the effect of changes in deferred outflows and inflows for pensions are only recorded in the statement of activities.		(128,395)
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.		
Net Other Postemployment Benefits Other Than Pensions		292,040
(OPEB) liability change		(21,243)
Compensated absences payable		(9,271)
Amortization of premium on issuance of general obligation bonds		36,458

Internal service funds are used to charge the cost of certain activities to the individual funds. Net revenue (expense) of the internal service funds is reported within governmental activities.		119,384
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Prior period adjustment due to capital asset restatement		<u>(1,455,865)</u>
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Change in Net Position of Governmental Activities		<u>\$ 63,767</u>
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CITY OF WINFIELD, KANSAS

Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Budgetary Basis
General Fund
Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	Original	Final		
Revenues:				
Taxes				
Property	\$ 2,919,767	\$ 2,919,767	\$ 2,861,477	\$ (58,290)
Sales	2,780,000	2,780,000	2,629,404	(150,596)
Franchise	168,000	168,000	157,342	(10,658)
Intergovernmental	411,200	411,200	476,521	65,321
Licenses, fees and permits	867,700	867,700	1,165,687	297,987
Charges for services	592,525	592,525	681,587	89,062
Fines and forfeitures	105,500	105,500	108,868	3,368
Use of money and property	112,000	112,000	116,089	4,089
Miscellaneous	97,726	97,726	39,243	(58,483)
Transfers in	3,056,450	3,056,450	2,328,369	(728,081)
Total revenues	11,110,868	11,110,868	10,564,587	(546,281)
Expenditures and encumbrances:				
General government				
Administrative/other	794,145	794,145	808,232	14,087
Cemetery maintenance	193,865	193,865	174,058	(19,807)
Public safety:				
Police Department	2,750,340	2,750,340	2,523,618	(226,722)
Fire Department	2,875,806	2,875,806	2,714,295	(161,511)
EMS Department	260,420	260,420	265,982	5,562
Municipal Court	76,085	76,085	74,876	(1,209)
Parking	29,734	29,734	17,587	(12,147)
Culture and recreation:				
City Lake	322,465	322,465	274,417	(48,048)
Park maintenance	829,618	829,618	803,082	(26,536)
Baden Square	246,154	246,154	222,332	(23,822)
Aquatic facility	259,364	259,364	243,194	(16,170)
Economic Development:				
Community development	352,672	352,672	329,333	(23,339)
Miscellaneous	78,805	78,805	-	(78,805)
Transfers out	2,041,395	2,041,395	2,021,612	(19,783)
Total expenditures and encumbrances	11,110,868	11,110,868	10,472,618	(638,250)
Revenues over (under) expenditures and encumbrances	-	-	91,969	91,969
Unencumbered cash, beginning of year	-	-	315,623	315,623
Unencumbered cash, end of year	\$ -	\$ -	\$ 407,592	\$ 407,592

CITY OF WINFIELD, KANSAS

Statement of Net Position - Proprietary Funds
December 31, 2017

	Business-Type Activities - Enterprise Funds						Governmental Activities
	Electric Utility	Gas Utility	Water Utility	Wastewater Utility	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Current Assets:							
Cash and investments	\$ 1,687,540	\$ 33,966	\$ 6,132	\$ 614,477	\$ 737,430	\$ 3,079,545	\$ 995,578
Trade accounts receivable	2,160,559	498,109	240,021	157,536	146,898	3,203,123	36,411
Inventories	1,316,959	334,011	125,281	22,974	25,871	1,825,096	113,709
Prepaid insurance	-	-	-	-	-	-	32,225
Restricted assets:							
Cash and investments restricted for:							
Electric Utility improvements	3,156,208	-	-	-	-	3,156,208	-
Wastewater Utility improvements	-	-	-	152,500	-	152,500	-
Total current assets	8,321,266	866,086	371,434	947,487	910,199	11,416,472	1,177,923
Property, Plant and Equipment:							
Land	382,366	6,303	8,801	23,355	403,452	824,277	6,500
Buildings	3,533,772	-	1,209,573	5,885,307	574,793	11,203,445	2,135,586
Improvements other than buildings	30,041,458	6,575,925	11,213,740	12,419,471	2,551,268	62,801,862	110,023
Machinery and equipment	18,695,233	826,841	5,401,081	2,419,059	2,049,055	29,391,269	1,902,529
Less accumulated depreciation	(34,815,359)	(3,153,100)	(8,795,199)	(13,095,224)	(4,228,438)	(64,087,320)	(2,714,682)
Leased equipment	-	-	-	77,245	37,172	114,417	-
Less accumulated amortization	-	-	-	(7,725)	(3,717)	(11,442)	-
Property, plant and equipment, net	17,837,470	4,255,969	9,037,996	7,721,488	1,383,585	40,236,508	1,439,956
Other Assets:							
Advances to other funds	55,909	6,645	2,970	4,912	7,620	78,056	-
Investment in joint venture	-	-	-	-	75,827	75,827	-
Other investments	11,957	-	-	-	-	11,957	-
Total other assets	67,866	6,645	2,970	4,912	83,447	165,840	-
Total assets	26,226,602	5,128,700	9,412,400	8,673,887	2,377,231	51,818,820	2,617,879
Deferred Outflows of Resources:							
Deferred outflows related to pensions	270,481	81,570	104,770	88,956	79,796	625,573	347,169
Total assets and deferred outflows of resources	26,497,083	5,210,270	9,517,170	8,762,843	2,457,027	52,444,393	2,965,048

The accompanying notes are an integral part of the financial statements.

CITY OF WINFIELD, KANSAS

Statement of Net Position - Proprietary Funds
December 31, 2017

	Business-Type Activities - Enterprise Funds						Governmental Activities
	Electric Utility	Gas Utility	Water Utility	Wastewater Utility	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Current Liabilities:							
Salaries and wages payable	\$ 65,749	\$ 14,339	\$ 27,851	\$ 20,564	\$ 22,437	\$ 150,940	\$ 87,234
Accounts payable	1,347,534	255,899	15,175	14,232	90,829	1,723,669	91,675
Compensated absences payable	83,542	27,304	29,199	22,522	21,192	183,759	88,372
Current portion of general obligation bonds payable	-	-	465,000	-	-	465,000	-
Accrued interest payable	-	-	37,154	9,222	-	46,376	-
Current portion of capitalized lease obligations payable	-	-	-	544,500	2,645	547,145	-
Temporary notes payable	-	-	-	548,229	-	548,229	-
Total current liabilities	1,496,825	297,542	574,379	1,159,269	137,103	3,665,118	267,281
Noncurrent Liabilities:							
Advances from other funds	-	-	-	-	-	-	70,000
Long-term portion of compensated absences payable	120,205	29,546	9,756	28,617	12,035	200,159	94,862
Long-term portion of general obligation bonds payable	-	-	3,525,000	-	-	3,525,000	-
Long-term portion of capitalized lease obligations	-	-	-	63,110	30,365	93,475	-
OPEB obligation payable	118,354	35,070	46,461	38,263	36,837	274,985	160,048
Net pension liability payable	1,225,017	369,434	474,506	402,884	361,400	2,833,241	1,572,338
Total noncurrent liabilities	1,463,576	434,050	4,055,723	532,874	440,637	6,926,860	1,897,248
Total liabilities	2,960,401	731,592	4,630,102	1,692,143	577,740	10,591,978	2,164,529
Deferred Inflows of Resources:							
Unamortized premium on general obligation bonds	-	-	46,801	-	-	46,801	-
Deferred inflows related to pensions	69,207	20,871	26,807	22,761	20,417	160,063	88,828
Total deferred inflows of resources	69,207	20,871	73,608	22,761	20,417	206,864	88,828
Net Position:							
Net investment in capital assets	17,837,470	4,255,969	5,010,842	7,104,656	1,350,575	35,559,512	1,439,956
Restricted for Electric Utility Improvements	3,156,208	-	-	-	-	3,156,208	-
Restricted for Wastewater Utility Improvements	-	-	-	152,500	-	152,500	-
Unrestricted	2,473,797	201,838	(197,382)	(209,217)	508,295	2,777,331	(728,265)
Total net position	\$ 23,467,475	4,457,807	4,813,460	\$ 7,047,939	\$ 1,858,870	\$ 41,645,551	\$ 711,691

CITY OF WINFIELD, KANSAS

Statement of Revenues, Expenses and Change in Net Position - Proprietary Funds
Year Ended December 31, 2017

	Business-Type Activities - Enterprise Funds						Governmental Activities
	Electric Utility	Gas Utility	Water Utility	Wastewater Utility	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Operating Revenues:							
Charges for services	\$ 27,591,604	\$ 3,345,207	\$ 2,483,295	\$ 1,847,471	\$ 1,690,742	\$ 36,958,319	\$ 5,942,468
Miscellaneous	104,966	-	16,023	7,154	47,299	175,442	79,380
Total operating revenues	27,696,570	3,345,207	2,499,318	1,854,625	1,738,041	37,133,761	6,021,848
Operating Expenses:							
Services and supplies	24,466,017.00	3,352,607	1,863,375	1,321,342	1,828,259	32,831,600	5,822,094
Depreciation and amortization	1,332,417	116,839	460,357	697,013	163,881	2,770,507	112,094
Total operating expenses	25,798,434	3,469,446	2,323,732	2,018,355	1,992,140	35,602,107	5,934,188
Operating income (loss)	1,898,136	(124,239)	175,586	(163,730)	(254,099)	1,531,654	87,660
Nonoperating Revenues (Expense):							
Interest income	37,291	6,004	827	923	5,990	51,035	5,548
Interest expense	-	-	(110,773)	-	-	(110,773)	-
Gain(loss) on disposal of assets	9,589	(19,742)	7,783	15,072	-	12,702	357
Gain on joint venture	-	-	-	-	21	21	-
Total nonoperating revenue (expense)	46,880	(13,738)	(102,163)	15,995	6,011	(47,015)	5,905
Income (loss) before transfers	1,945,016	(137,977)	73,423	(147,735)	(248,088)	1,484,639	93,565
Transfers from other funds	563,000	-	145,000	100,000	238,500	1,046,500	-
Transfers to other funds	(2,672,737)	(421,146)	(198,509)	(130,000)	(107,686)	(3,530,078)	(17,500)
Change in net position	(164,721)	(559,123)	19,914	(177,735)	(117,274)	(998,939)	76,065
Net position, beginning of year	23,632,196	5,016,930	4,793,546	7,225,674	1,976,144	42,644,490	635,626
Net position, end of year	\$ 23,467,475	\$ 4,457,807	\$ 4,813,460	\$ 7,047,939	\$ 1,858,870	\$ 41,645,551	\$ 711,691

CITY OF WINFIELD, KANSAS

Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2017

	Business-Type Activities - Enterprise Funds						Governmental Activities
	Electric Utility	Gas Utility	Water Utility	Wastewater Utility	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Cash flows from operating activities:							
Cash received from customers	\$ 27,627,015	\$ 3,421,853	\$ 2,483,516	\$ 1,914,604	\$ 1,680,812	\$ 37,127,800	\$ -
Cash received from interfund charges	-	-	-	-	-	-	5,937,784
Other cash receipts	104,966	-	16,023	7,156	47,320	175,465	79,737
Cash payments for materials and services	(21,304,531)	(1,769,369)	(583,846)	(515,995)	(793,921)	(24,967,662)	(3,125,618)
Cash payments to employees for services and benefits	(2,066,117)	(600,024)	(760,377)	(616,198)	(734,600)	(4,777,316)	(2,713,397)
Cash payments for interfund services	(1,362,678)	(731,244)	(456,518)	(186,333)	(293,667)	(3,030,440)	-
Net cash provided by (used for) operating activities	2,998,655	321,216	698,798	603,234	(94,056)	4,527,847	178,506
Cash flows from capital and related financing activities:							
Proceeds from capital lease obligation	-	-	-	77,245	37,172	114,417	-
Proceeds from disposal of capital assets	19,599	-	7,783	15,072	-	42,454	-
Proceeds from temporary note	-	-	-	548,229	-	548,229	-
Principal paid on capital lease obligations	-	-	-	(536,241)	(37,381)	(573,622)	-
Principal paid on general obligation bonds	-	-	(513,192)	-	-	(513,192)	-
Interest paid on debt	-	-	(5,166)	2,299	-	(2,867)	-
Acquisition and construction of capital assets	(700,994)	(94,058)	(53,828)	(144,923)	(58,937)	(1,052,740)	(153,373)
Net cash provided (used) by capital and related financing activities	(681,395)	(94,058)	(564,403)	(38,319)	(59,146)	(1,437,321)	(153,373)
Cash flows from noncapital financing activities:							
Transfers from other funds	563,000	-	145,000	100,000	238,500	1,046,500	-
Transfers to other funds	(2,672,737)	(421,146)	(198,509)	(130,000)	(107,686)	(3,530,078)	(17,500)
Net cash provided (used) by noncapital financing activities	(2,109,737)	(421,146)	(53,509)	(30,000)	130,814	(2,483,578)	(17,500)
Cash flows from investing activities:							
Interest received	37,291	6,004	827	923	5,990	51,035	5,548
Interest expensed	-	-	(110,773)	-	-	(110,773)	-
Net decrease in cash and cash equivalents	244,814	(187,984)	(29,060)	535,838	(16,398)	547,210	13,181
Cash and cash equivalents, beginning of year	4,598,934	221,950	35,192	231,139	753,828	5,841,043	982,397
Cash and cash equivalents, end of year	\$ 4,843,748	\$ 33,966	\$ 6,132	\$ 766,977	\$ 737,430	\$ 6,388,253	\$ 995,578
Cash and cash equivalents	\$ 1,687,540	\$ 33,966	\$ 6,132	\$ 614,477	\$ 737,430	\$ 3,079,545	\$ 995,578
Restricted cash and cash equivalents included in restricted cash and investments	3,156,208	-	-	152,500	-	3,308,708	-
Cash and cash equivalents, end of year	\$ 4,843,748	\$ 33,966	\$ 6,132	\$ 766,977	\$ 737,430	\$ 6,388,253	\$ 995,578

The accompanying notes are an integral part of the financial statements.

CITY OF WINFIELD, KANSAS

Statement of Cash Flows - Proprietary Funds
 Proprietary Funds
 Year Ended December 31, 2017

	Business-Type Activities - Enterprise Funds						Governmental Activities
	Electric Utility	Gas Utility	Water Utility	Wastewater Utility	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities							
Operating income (loss)	\$ 1,898,136	\$ (124,239)	\$ 175,586	\$ (163,730)	\$ (254,099)	\$ 1,531,654	\$ 87,660
Adjustments to reconcile operating income (loss) to net cash Provided (used) by operating activities:							
Depreciation expense	1,332,417	116,839	460,357	697,013	163,881	2,770,507	112,094
(Increase) decrease in accounts receivable	35,411	76,646	221	67,135	10,962	190,375	(6,165)
(Increase) decrease in inventories	(11,479)	126,990	2,319	4,700	507	123,037	(1,487)
(Increase) decrease in prepaid expenses	-	-	-	-	-	-	1,838
(Increase) decrease in deferred outflows related to pensions	28,247	4,161	(7,058)	13,815	10,454	49,619	10,030
(Increase) decrease in salaries and wages payable	(14,568)	(5,448)	4,528	(2,447)	4,059	(13,876)	8,992
(Increase) decrease in accounts payable	(256,305)	118,512	(2,120)	(2,969)	(5,847)	(148,729)	(48,284)
(Increase) decrease in deferred inflows related to pensions	2,115	1,617	4,862	(327)	139	8,406	3,857
(Increase) decrease in compensated absences payable	41,977	2,383	(2,391)	29,294	1,216	72,479	(16,633)
(Increase) decrease in OPEB liability payable	5,195	3,820	9,125	806	2,286	21,232	14,881
(Increase) decrease in net pension liability payable	(62,491)	(65)	53,369	(40,056)	(27,614)	(76,857)	(58,277)
Net cash provided by (used for) operating activities	<u>\$ 2,998,655</u>	<u>\$ 321,216</u>	<u>\$ 698,798</u>	<u>\$ 603,234</u>	<u>\$ (94,056)</u>	<u>\$ 4,527,847</u>	<u>\$ 108,506</u>

CITY OF WINFIELD, KANSAS

Statement of Fiduciary Net Position
Agency Funds
December 31, 2017

	Agency Funds
Assets:	
Cash including investments	\$ 60,664
Other receivables	<u>90,978</u>
Total assets	<u>151,642</u>
Liabilities	
Accounts payable	<u>151,642</u>
Net position	<u>\$ -</u>

CITY OF WINFIELD, KANSAS

Notes to the Financial Statements December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City of Winfield, Kansas (the City) was founded in 1869. Located in the northern half of Cowley County, the City has a population of over 12,000 living within an area of 12 square miles. The City operates under a charter adopted February 2, 1873, as a Commission/Manager form of government. The City provides a full range of municipal utility services to its citizens including electric, gas, water, wastewater and sanitation services. Other municipal services include police and fire protection, ambulance services, 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 operations and maintenance, general administration and internal support services.

As required by generally accepted accounting principles, these financial statements present the City of Winfield, Kansas (primary government) and its component units, entities for which the City is considered to be financially accountable. A primary government is financially accountable if it appoints a voting majority of an organization's governing body and (1) it is able to impose its will on that organization or (2) there is potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The component units discussed in the following paragraphs are included in the City's reporting entity because of the significance of their operational or financial relationship with the City.

Discretely presented component units

Winfield Public Library

The Winfield Public Library operates the public library in the City. The Winfield Public Library is accounted for using the same principles as the governmental fund types of the City. The City Commission appoints all Library Board members and the Library Board may not purchase or lease a site or erect a building for use of the library without the approval of the City Commission. The Library Board taxes are levied under the taxing authority of the City and are included as part of the City's total tax levy. These taxes are accounted for in the Library special revenue fund of the City. The Library Board also receives funding through state assistance programs and other sources. The Library Board issues separate financial statements and can be obtained by contacting the administrative offices of the Winfield Public Library, 605 College, Winfield, Kansas 67156.

Winfield Housing Authority

The Winfield Housing Authority (Housing Authority) operates the City's housing projects. The Winfield Housing Authority is accounted for using the same principles as the business-type funds of the City. The City created the Winfield Housing Authority as its agent in 1978 under the provisions of K.S.A. 17-2340. The City Commission appoints all board members and has the ability to impose its will on the Winfield Housing Authority. Although the City does not have the authority to approve or modify the Housing Authority's operational and capital budgets, and the Housing Authority has the ability to issue bonded debt, the City is fiscally responsible for the Housing Authority since it was created as an agent of the City. The City Commission has delegated to the Housing Authority the power to operate and manage the low-rent housing projects of the City. The Housing Authority is on a June 30th fiscal year end and data included in these financial statements are for the fiscal year ended June 30, 2017. The Winfield Housing Authority issues separate financial statements and to obtain by contacting the administrative offices of the Winfield Housing Authority, 1417 Pine Terrace, Winfield, Kansas 67156.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

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 (1) 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 Strother Field Airport and Industrial Park (Strother Field). Three commissioners from both cities comprise the Strother Field governing body. 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, P.O. Box 47, Winfield, Kansas 67156.

Cowley County Humane Society Interlocal Agreement

The Cities of Winfield and Arkansas City, Kansas entered into an interlocal agreement to jointly operate and fund the animal shelter. The purpose of this agreement is to provide for the continuity for the use of the Cowley County Human Society to temporarily house, care for and disperse unwanted or stray animals. Each City and the Society shall continue to have equal one-third ownership interest in the shelter facility. Records and reporting are maintained by the Humane Society, and both cities contribute annually to the operations of the shelter and have an ongoing financial interest in the organization. Unaudited financial statements are available from the Cowley County Humane Society, 7468 222nd Road, Winfield, Kansas 67156.

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. Additionally, the City of Winfield offers single stream recycling to Winfield residents. Records are maintained by the City of Winfield and both cities share equally in the costs and recycling revenues. No separate financial statements are prepared for this joint venture. Further financial information can be obtained from the City of Winfield, 200 E. 9th Avenue, Winfield, Kansas 67516. A summary of 2017 revenues and expenses for the recycling center are as follows:

Recycling revenues	\$8,172
Recycling expense	55,018
Depreciation Expense	9,146

Related organizations

A related organization is an organization of which a primary government is not financially accountable (because it does not impose will or have a financial benefit or burden relationship) even though the primary government appoints a voting majority of that organization's governing board.

William Newton Memorial Hospital

The City Commission is responsible for appointing the Board members of the William Newton Memorial Hospital (Hospital), but the City's accountability for the Hospital does not extend beyond making appointments.

Basis of presentation

The financial statements of the City have been prepared in conformity with accounting principals generally accepted in the United States of America as applied to governmental units. The *Governmental Accounting Standards Board* (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The more significant of the City's accounting policies are described here-in.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Basis of presentation (Cont.)

The City's basic financial statements include both government-wide, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide financial statements

The government-wide financial statements, consisting of the statement of net position and the statement of activities, report information on all the nonfiduciary activities of the primary government and its component units. As a general rule, the effect of interfund activities has been eliminated from the government-wide financial 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 separately from the legally separate component units for which the primary government is financially accountable.

The statement of net position presents the financial condition of the City and its component units at year-end. 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 specifically associated with a service, program or department and therefore are clearly identifiable to a particular function. 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 governmental revenues.

Fund financial statements

The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

Measurement focus and basis of accounting

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 are 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 available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers property tax revenues to be available in the period for which levied and other revenues if they are collected in 60 days of the end of the current fiscal period. Expenditures generally are 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 payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Measurement focus and basis of accounting (cont.)

Sales taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Property taxes and special assessments are not available as explained in Note 1, topic *Property Taxes and Other Receivable*, and result in unavailable revenue. All other revenue items are considered measurable and available only when cash is received by the City.

The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus, but utilizes the accrual basis of accounting for reporting its assets and liabilities.

The City reports the following major governmental funds:

General Fund - The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

Debt Service Fund - The Debt Service Fund is used to account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Capital Improvements Fund - The Capital Improvements Fund is used to account for many of the major capital improvements of the City (other than those financed in proprietary funds) and is financed primarily through on-half of the local sales tax revenues and other City transfers.

14th Avenue Bridge - This Capital Projects Fund is used to account for the 14th Avenue bridge improvements with KDOT providing the funding for a portion of the project with the balance to be financed through the issuance of general obligation bonds.

Additionally, the City reports the following major proprietary funds:

Electric Utility Fund - The Electric Utility Fund is used to account for the operation and maintenance of the City's electric generation and distribution system. The City purchases electricity and maintains a 65 KW generation capacity. Electric service is provided to more than 7,400 meters, both within the City and in surrounding areas, and sold wholesale to neighboring cities.

Gas Utility Fund - 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 5,200 meters.

Water Utility Fund - The Water Utility Fund is used to account for the operation and maintenance of the City's water treatment plant and the water distribution system. The Winfield City Lake provides adequate quality water supply to Winfield citizens providing water to approximately 5,200 meters. The City also provides access to water for five rural water districts and one neighboring city.

Wastewater Utility Fund - The Wastewater Utility Fund is used to account 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 through the City to approximately 5,000 customers.

The City also reports the following fund types:

Special Revenue Funds - Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Capital Project Funds - The Capital Project Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets other than those financed by proprietary funds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Measurement focus and basis of accounting (cont.)

Permanent Funds - Permanent Funds are used to report an endowment restricted to the perpetual care of the municipal cemeteries.

Internal Service Funds - The 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 - The 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. The agency funds maintained by the City include the Payroll Clearing Fund to account for monies held on behalf of City employee's payroll for related payroll taxes, retirement contributions, insurance and other authorized withholdings by City employees; the Sales Tax Fund to collect and pass through sales taxes; the Flex Medical Fund to collect and pass through flexible benefit contributions; and the Fire Insurance Proceeds Fund to collect and pass through fire insurance recoveries.

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 for franchise fees and other charges between the City's enterprise funds and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reports for the various functions concerned.

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/due to other funds and advanced to/from other funds. While these balances are reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between funds included in governmental activities are eliminated so that only the net amount is included in the governmental activities column. Similarly, balances between funds included in business-type activities are eliminated so that only the net amount is included in the business-type activities column. The City does not have a formal policy on removing internal activity on the government-wide financial statements.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

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. Internally dedicated resources are reported as general revenues rather than as program revenues. In addition, general revenues included all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperation 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 fund 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 nonoperation revenues and expenses.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Measurement focus and basis of accounting (Cont.)

Property taxes are not susceptible to accrual. Sales taxes are collected and held by the State at year-end on behalf of the City are recognized as revenue. In addition, gaming facility revenues collected and held by the State at year-end on behalf of the City are recognized as revenue. Recognized state shared taxes represent payments received during the current fiscal period. State statutes specify distribution dates for such shared taxes and consequently, for revenue recognition purposes, amounts collected and held by the State on behalf of the City at year-end are not due and receivable until the ensuing year.

Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Unrestricted aid is reported as revenue in the fiscal year the entitlement is received.

Licenses, fees, fines, forfeitures and other revenue are generally not susceptible to accrual and are recorded when received as cash.

Cash and pooled investments

Cash and investments of the individual funds are combined to form a pool that is managed by the Director of Finance. Each fund's equity in the pool is included in "deposits and investments" in the financial statements. Cash includes amounts in demand deposits. Investments of the pooled accounts consist of certificates of deposit and money market investments backed by U.S. government securities. Investments are carried at fair value. Deposits are reported at their cost, which approximates fair value. Interest income is allocated based on management discretion and is credited to the investing fund based on their average monthly balances.

Cash flows statement

For purposes of the cash flows statement, the City considers deposits of highly liquid investments with an original maturity of three months or less to be cash equivalents.

Property taxes and other receivables

In accordance with governing state statutes, property taxes levied during the current year are a revenue source 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 other taxes levied on or before December 20th during the year levied, with the balance to be paid on or before May 10th 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 unearned revenue on the balance sheets of the appropriate funds. It is not practical 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. State statutes specify distribution dates for such shared taxes. For revenue recognition purposes, amounts collected and held by the State on behalf of the City at year-end are not due and receivable until the ensuing year.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Special assessments receivable

As required by State statutes, projects financed in part by special assessments are financed through the issuance of general obligation bonds that are secured by the full faith and credit of the City and are retired from the City's debt service fund. Further, State statutes permit levying additional general ad valorem property taxes in the City's debt service fund to finance delinquent special assessments receivable. Special assessments paid prior to the issuance of bonds are recorded as revenue in the appropriate construction project. Special assessments received after the issuance of bonds are recorded as revenue in the debt service fund. Special assessment taxes are levied over a ten or fifteen-year period and the annual installments are due and payable benefited by special assessments when delinquent assessments are two years in arrears. 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 and accrued as revenues in the statement of net position. Since they are not considered available spendable resources for the funds statement, the special assessment receivables are reported as unearned revenue in the funds statement.

Revenue recognition for proprietary funds

Revenue is recorded as billed to customers on a cycle basis. Residential and commercial customers are billed monthly. The uncollected portion of billed services through December 31 and estimates of unbilled service at December 31 are reflected as accounts receivable net of amounts estimated to be uncollectible. All users, including other City departments are charged for services provided by the respective proprietary funds.

Inventories and prepaid expenditures

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. Inventories are stated at the lower of cost or market, cost being determined by the average unit cost method. Certain prepaid payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items of government funds are recorded as expenditures when consumed rather than when purchased.

Capital assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, curbs and similar items) and construction in progress are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial individual cost of \$5,000 or more. Capital assets are valued at historical cost, or estimated historical cost (if actual historical cost is not available.) The historical cost, or estimates of historical cost, for the City's infrastructure assets include only those assets acquired subsequent to January 1, 1980. Donated capital assets are valued at their acquisition value on the date donated. 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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. 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. Additionally, in situations involving the acquisition of certain assets financed with the proceeds of tax-exempt borrowing, any interest earned on related interest-bearing investments from such proceeds are offset against the related interest costs in determining either capitalization rates or limitations on the amount of interest costs to be capitalized. During 2017, the City had no interest costs subject to capitalization.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Capital assets (Cont.)

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

<u>Asset</u>	<u>Life/Years</u>
Buildings and improvements	40-50
Equipment	5-15
Vehicles	8
Meters	20-30
Asphalt and concrete streets	40-50
Sidewalk and curbs and gutters	40-50
Park/recreational infrastructure	20-30
Electric generation plans	30-35
Transformers	15-20
Electric poles	25
Conductors/related equipment	35
Gas lines/infrastructure	40-75
Water treatment plant	30-50
Water lines/infrastructure	30-65
Sewer lines/infrastructure	50-75
Lift stations	25

Amortization of capital assets acquired under lease purchase agreements is included in depreciation expense. Capital assets not being depreciated include land and construction work in process.

Compensated absences

The City provides compensated absence benefits for the following:

Vacation

All permanent full-time employees of the City are eligible for vacation benefits. Employees with less than ten years employment service with the City have vacation days accumulated at the rate of one day for each month of employment, with a maximum of eighteen days. If employed ten years or more, the rate is one and one-half days per month, with a maximum accumulation of twenty-four days. All vacation pay is accrued when incurred in the government-wide and proprietary financial statements.

Sick leave

Sick leave is accumulated at the rate of one day per month, regardless of the length of employment, with the accumulated carryover not to exceed ninety days. Accumulated sick leave is not paid to employees separating from service prior to retirement. No liability is reported in the financial statements for accrued sick leave, unless an employee is entitled to the payout due to retirement.

Sick leave reserve

Employees who have accrued the maximum ninety days of sick leave are eligible to accrue sick leave in a reserve account. Reserve sick leave is credited for twenty-five percent of each eight hours sick leave that would have been accrued had the ninety 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Compensated absences (Cont.)

Sick leave bonus

Any permanent full-time employee who has reached the maximum ninety days sick leave accrual is eligible for the annual sick leave bonus program. For each pay period that an employee begins and ends with ninety days maximum accrued sick leave they accrue one hour's pay at their regular rate of pay. This bonus is paid out to those employees annually.

Accrued liabilities and long-term debt

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences, general obligation bonds and capital lease obligations that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year.

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

Deferred amounts on bond refunding's and bond premiums and discounts are being amortized on a straight-line method over the life of the related bonds in the enterprise funds and for the government-wide financial statements. Bonds payable are reported net of the applicable bond premium or discount.

Long-term liabilities for certain general obligation bonds payable and capital lease obligations payable are recorded as liabilities in the enterprise funds. Principal payments are deducted from the liability as made.

Pension Plans

Substantially all full-time employees, except for police, fire and emergency medical services employees, are members of the State of Kansas Public Employee's Retirement System, which is a cost sharing multi-employer statewide-defined benefit pension plan. Police, fire and emergency medical services employees are members of the State of Kansas Police and Firemen's Retirement System, which is also a cost sharing multi-employer statewide pension plan. The City's policy is to fund all pension costs accrued; such costs to be funded are determined annually by the system's actuary.

The City of Winfield participates in a cost-sharing multiple-employer pension plan administered by the Kansas Public Employees Retirement System (KPERs). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Kansas Public Employees Retirement System (KPERs) and additions to/deductions from KPERs' fiduciary net position have been determined on the same basis as they are reported by KPERs. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at actuarial value.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. The separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports amounts related to pensions on the government-wide statement of net position as a deferred outflow of resources. See Note 9 for more information on the deferred outflows for pensions.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three types of items that qualify for reporting in this category. (1) The City reports amounts related to pensions on the government-wide statement of net position as a deferred inflow of resources. See Note 9 for more information on the deferred inflows for pensions. (2) Under a modified accrual basis of accounting, the governmental funds and business-type activities funds report unavailable revenues from two sources as deferred inflows of resources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available and earned. (3) The deferred change on refunding is reported in the government-wide and proprietary fund statements of net position. A deferred change on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Net Position

In the government-wide financial statements, net position is classified into three components:

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

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

Fund Balance

Governmental fund balance classifications are based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be expended. In the governmental funds financial statements, fund balance is classified into potentially five components:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Fund Balance (cont.)

- *Nonspendable fund balances* - includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivables.
- *Restricted fund balances* - includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.
- *Committed fund balances* - includes amounts that can be used only for a specific purpose determined by a formal action of the City Commission. The City Commission is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances approved through a majority vote by a quorum of the Commission.
- *Assigned fund balances* - the assigned portion of fund balance is comprised of amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by (1) the City Commission or (2) a body or official to whom the City Commission has delegated the authority to. The City Commission has delegated authority to the City Manager or Department Heads to assign amounts to be used for specific purposes. The portion of fund balance that is appropriated by the City Commission for the next year's budget that is not already restricted or committed is considered assigned. Encumbrances, which can be approved by designated senior staff, are included in the assigned fund balance.
- *Unassigned fund balances* - is the residual classification for the General Fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Concentration of credit risk

The City routinely grants credit to utility customers, in accordance with applicable utility rate ordinances, all of which are located within the environs of the City.

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, which include general risk management, worker's compensation, health insurance and short-term disability insurance. The City records liabilities for known claims and estimated liabilities for claims incurred, but not reported at year-end. These claims are reflected under accounts payable in the internal service funds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Risk management (cont.)

Risk management reserve

The City established the Risk Management Reserve Fund in 1987 in accordance with provisions of K.S.A. 12-2615. This fund provides for payment of insurance premiums, 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, for the Risk Management Reserve Fund, is provided by annual contributions provided by an insurance consultant to the City. The City purchases commercial insurance coverage for all substantial areas of risk, including property loss, auto liability, boiler and machinery, and general and public official's liability. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

The following is a summary of changes in of liability activity under the plan for the last three years:

	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	End of Year Liability
2015	\$ -	\$ 14,555	\$ 14,555	\$ -
2016	-	23,122	23,122	-
2017	-	22,467	22,467	-

During 2017, the City charged \$0 of unfunded Kansas Police and Firemen's Retirement System contributions to the Risk Management Reserve Fund. This liability was the result of converting certain emergency medical service personnel from the Kansas Public Employees Retirement System to the Kansas Police and Firemen's Retirement System. At December 31, 2017, Risk Management Reserve Fund cash and short-term investments of \$349,829 were held for the purpose of funding the City's future claims liabilities.

Worker's Compensation Reserve

Prior to 2011, the City maintained a partially self-funded worker's compensation program to cover substantially all full-time and part-time employees. In 2011, the City joined the Kansas Eastern Region Insurance Trust (KERIT), a self-funded insurance risk pool, and claims for 2011 and forward are handled by KERIT. KERIT is comprised of eighteen government entities within the State of Kansas. It is organized under the pooling laws of the State of Kansas, is a risk sharing pool which self-insures, up to certain limits, and reinsures additional excess amounts up to certain limits, workers' compensation and other related expenses. The City pays annual premiums to KERIT based on historical experience and legal requirements mandated by the State of Kansas and participates in management decisions as a trustee. Members of the trust may be assessed additional premiums to cover losses up to the attached point of excess coverage, and for losses in excess of the aggregate loss limit of \$5,000,000per year. The City has not been involved in any settlements where the amounts exceeded coverage in the past three years.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Risk management (cont.)

Health Insurance Reserve

The City created the Health Insurance Reserve Fund in 1993 to accumulate monies to eventually fund a partially self-insured health insurance program. Resources 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. The employee health insurance program is a fully insured program with health insurance offered to substantially all full-time employees of the City. At December 31, 2017, the Health Insurance Reserve Fund had a net position of \$189,613 available for future health insurance premiums. The funds are being retained to stabilize projected premium increases and to provide a reserve if the City should choose to self-insure in the future.

Short-term Disability Reserve

The Short-term Disability Reserve Fund was created in 1997 to provide financial assistance to regular employees following sixty days of continuous disability. The benefit amounts to fifty percent of pre-disability weekly gross earnings up to a maximum weekly benefit of \$650, and is payable to an employee for a maximum for 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. At December 31, 2017, the City had a net position in the Short-Term Disability Reserve Fund of \$210,880 available for short-term disability benefits to employees.

Use of Estimates

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

New Standards

The GASB has issued the following statements, which will have an impact on the City's future financial reporting, although they are not yet required to be implemented by the City:

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, issued June 2015, will be effective for the City beginning with its year ending December 31, 2018. This Statement's objective is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The scope addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers.
- GASB Statement No. 83, *Certain Asset Retirement Obligations*, issued November 2016, will be effective for the City beginning with its year ending December 31, 2019. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

New Standards (cont.)

- GASB Statement No. 84, *Fiduciary Activities*, issued January 2017, will be effective for the City beginning with its year ending December 31, 2019. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.
- GASB Statement No. 85, *Omnibus 2017*, issued March 2017, will be effective for the City beginning with its year ending December 31, 2018. The objective of this Statement is to improve consistency in accounting and financial reporting by addressing practice issues that have been identified during implementation and application of certain GASB Statements.
- GASB Statement No. 86, *Certain Debt Extinguishment Issues*, issued May 2017, will be effective for the City beginning with its year ending December 31, 2018. The objective of this Statement is to improve consistency in accounting and financial reporting for certain debt extinguishments and to enhance the decision-usefulness of that information.

The City's management has not yet determined the effect these statements will have on the City's financial statements.

2. BUDGETARY PRINCIPLES

The City is required by state statute to legally adopt annual operating budgets for the general fund, special revenue funds (unless exempted by specific statute), debt service fund, enterprise funds and internal service funds (unless exempted by specific statute). The funds exempted from legally adopted budget include the Ambulance and Fire Equipment Reserve, Equipment Reserve, Grants and Contributions, Barr Police Building, Capital Improvements, Risk Management Reserve, Worker's Compensation Reserve, Health Insurance Reserve and Short-term Disability Reserve Funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least 10 days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. This process requires a notice of public hearing to amend the budget to be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. During 2017, the governing body amended the following funds:

<u>Fund</u>	<u>Original Budget</u>	<u>Amended Budget</u>
Water Preservation	\$ 40,500	\$ 49,615
LE Ambulance & Fire Equipment	-	1,076
Special Streets & Highway	1,121,329	1,216,431
Bond & Interest	2,187,222	2,230,087
Electric	28,285,990	28,747,678

2. BUDGETARY PRINCIPLES (CONT.)

Kansas statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Management has the authority to revise line items within a department; however, changes to total appropriations at the department level must be approved by the City Commission.

All legal annual operating budgets are prepared using the cash basis of accounting, modified further by the inclusion of accounts payable and the encumbrance method of accounting. For budgetary purposes, encumbrances of the budgeted governmental fund types, representing purchase orders, contracts and other commitments, are reported as a charge to the current year budget. All unencumbered appropriations lapse at the end of the year, except for capital project funds, which are carried forward until such time as the project is completed or terminated. In addition, revenues are not recognized as revenues until their date of receipt. Also, interfund receivables and payable transactions are recognized as revenues and expenditures in the respective funds for budgetary purposes. Accordingly, actual data presented in the budgetary comparison statements can differ from the expenditure data presented in the financial statements prepared in accordance with generally accepted accounting principles. For budget purposes, fund balances are determined by deducting accounts payable and encumbrances from cash.

Controls over spending in funds that are not subject to legal budgets are maintained by other statutes or by the use of internal spending limits established by management.

3. DEPOSIT AND INVESTMENT

Kansas Statutes Annotated (K.S.A.) 9-1401 establishes the depositories that may be used by governmental entities in Kansas. The statutes requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the bank provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of Federal Depository Insurance Corporation (FDIC) coverage. The City has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City's formal investment policies set forth the prime objectives, in order of priority, as safety of principal, liquidity and yield. The standard of care to be used by investment officials shall be the "prudent man rule".

Concentration of Credit Risk

State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 ad 9-1405. The City's allocation of cash and investments as of December 31, 2017, is as follows:

RCB Bank	55%
Citizens Bank	43%
Security Bank	3%

Custodial Credit Risk - Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's policy follows applicable State Statutes and requires deposits to be 100% secured by collateral (pledge securities) valued at market, less the amount of the Federal Deposit Insurance Corporation (FDIC) insurance. State Statutes define the allowable pledge securities.

3. DEPOSIT AND INVESTMENT (CONT.)

At year-end, the carrying amount of the City's deposits was \$16,075,693, with the bank balances of such accounts being \$16,376,281. Of the bank balances, \$1,045,229 was covered by federal depository insurance and the remaining balance of \$15,331,052 was covered by collateral held by the City's custodial banks in joint custody in the name of the City and its banks. The fair value of those pledged securities held by the City's custodial investment agencies was \$19,749,686 at December 31, 2017.

The remaining carrying amount of the City's cash and investments at December 31, 2017, consisted of cash on hand of \$3,275.

A reconciliation of cash and investments as reported in the financial statements at December 31, 2017, is as follows:

Cash on hand	\$ 3,275
Carrying amount of deposits - City	16,075,693
Carrying amount of deposits - component unit	<u>721,462</u>
Total	<u>\$ 16,800,430</u>
Amounts per statement of net position:	
Cash including investments	\$ 12,709,596
Restricted cash and investments	3,308,708
Component unit cash and investments	713,155
Component unit restricted cash and investments	8,307
Cash held in fiduciary funds	<u>60,664</u>
Total	<u>\$ 16,800,430</u>

4. RECEIVABLES

Utility Receivables

A summary of the City's utility receivables at December 31, 2017, is as follows:

	Total receivables	Less provision for uncollectible accounts	Net Receivables
Electric Utility	\$ 2,563,275	\$ 412,538	\$ 2,150,737
Gas Utility	607,172	109,063	498,109
Water Utility	283,906	43,885	240,021
Wastewater Utility	198,105	40,729	157,376
Refuse	172,100	27,820	144,280
Management Service	26,666	-	26,666
Stormwater Drainage	16,154	3,384	12,770
Sales Tax	<u>72,516</u>	<u>-</u>	<u>72,516</u>
Totals	<u>\$ 3,939,894</u>	<u>\$ 637,419</u>	<u>\$ 3,302,475</u>

The City adjusts its reserves for uncollectible accounts based on a eight-year average. Based on this computation, the provision for uncollectible accounts was increased by \$60,212, \$7,704, \$5,360, \$4,274, \$3,012 and \$339 for the Electric Utility, Gas Utility, Water Utility, Wastewater Utility, Refuse and Stormwater Drainage Funds, respectively.

4. RECEIVABLES (CONT.)

Other Receivables

Miscellaneous accounts receivable are recorded at the full value of services provided. A provision for uncollectible accounts is established for all uncollected balances over one year old. For ambulance service billings, accounts are routinely settled for amounts less than the full rate as a result of negotiated contracts with third-party payers (insurance companies and Medicare). The provision for contractual adjustments is set up to reflect anticipated reductions in those settlements. The City has estimated the provision for contractual adjustments based on prior years' experience history. The City contracts with a third-party provider for all medical billing services including ambulance billings and collections.

The following is a summary of accounts receivable in the governmental fund types:

	Accounts receivable	Less provision for uncollectible accounts	Less provision for contractual adjustments	Net accounts receivable
Major Funds:				
General:				
Miscellaneous	\$ 43,604	\$ 14,746	\$ -	\$ 28,858
Ambulance services	559,214	42,555	260,748	255,911
Total General Fund	602,818	57,301	260,748	284,769
Nonmajor Funds:				
Special Streets	3,060	889	-	2,171
Cemetery Improvements	919	259	-	660
Total Nonmajor Funds	3,979	1,148	-	2,831
Total miscellaneous receivables	\$ 606,797	\$ 58,449	\$ 260,748	\$ 287,600

Economic Development Loan Receivable

In January 2011, the City sold Baden Hall, an unoccupied building, to Baden Hall Limited Partnership (developer) for \$1. The building was rehabilitated and developed into a 24-unit residential rental property for households with low and moderate income. In addition, the City agreed to a 30-year no-interest loan of \$248,000 to the developer. The agreement provides that no payments are due until maturity of the loan. The loan funds consisted of prior year's private donations to the "Baden Hall Preservation Committee for the Preservation and Renovation of Baden Hall." Because the loaned funds are not available to finance expenditures of the current period, there is a corresponding liability recorded as a deferred inflow of resources to the General Fund.

Long-term Receivables

The City has entered into several interlocal agreements with other local governmental entities which are 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 various time periods. These receivables are included in governmental activities for the statement of net position and, because they are not considered to be available to liquidate liabilities of the current period, they are considered unearned and reflected as a deferred inflow of resources in the Debt Service Fund in the governmental funds balance sheet. A summary of these long-term receivables is as follows:

4. RECEIVABLES (CONT.)

Year	Winfield USD No. 465	Winfield Recreation Commission	William Newton Hospital	Total
2018	\$ 6,378	\$ 100,985	\$ 228,200	\$ 335,563
2019	-	50,985	228,900	279,885
2020	-	50,985	229,500	280,485
2021	-	50,985	-	50,985
2022	-	50,985	-	50,985
2023	-	50,985	-	50,985
2024	-	50,985	-	50,985
	<u>\$ 6,378</u>	<u>\$ 406,895</u>	<u>\$ 686,600</u>	<u>\$ 1,099,873</u>

Southwestern College is a non-profit private liberal arts four-year institution located in Winfield, Kansas. Winfield USD No. 465 is the local school district; the Winfield Recreation Commission is a component unit of the local school district; and William Newton Hospital is the local hospital.

5. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance January 1, 2017	Additions	Deletions	PPA	Balance December 31, 2017
<u>Governmental Activities:</u>					
Non-depreciable capital assets:					
Land	\$ 1,900,213	\$ -	\$ -	\$ 3	\$ 1,900,216
Construction work in progress	1,620,988	-	-	(943,223)	677,765
Total non-depreciable capital assets	3,521,201	-	-	(943,220)	3,521,201
Depreciable capital assets:					
Buildings	8,642,917	111,140	-	(580,765)	8,173,292
Improvements other than buildings	27,443,513	2,494,862	86,380	207,437	30,059,432
Machinery and equipment	9,077,551	327,469	168,590	(276,873)	8,959,557
Leased equipment	-	43,533	-	381,222	424,755
Total depreciable capital assets	45,163,981	2,977,004	254,970	(268,979)	47,617,036
Accumulated depreciation:					
Buildings	3,608,498	216,716	-	748,956	4,574,170
Improvements other than buildings	5,852,828	501,472	86,380	2,035,238	8,303,158
Machinery and equipment	8,864,620	379,427	149,681	(2,752,555)	6,341,811
Leased equipment	-	75,621	-	164,041	239,662
Total accumulated depreciation	18,325,946	1,173,236	236,061	195,680	19,458,801
Total depreciable capital assets (net)	26,838,035	1,803,768	18,909	(464,659)	28,158,235
Governmental activities capital assets (net)	\$ 30,359,236	\$ 1,803,768	\$ 18,909	\$ (1,407,879)	\$ 31,679,436
<u>Business-Type Activities:</u>					
Non-depreciable capital assets:					
Land	\$ 830,777	\$ -	\$ -	\$ -	\$ 830,777
Depreciable capital assets:					
Buildings	13,592,579	-	1,084	(252,464)	13,339,031
Improvements other than buildings	63,061,060	664,178	206,781	(606,572)	62,911,885
Machinery and equipment	30,465,443	411,390	419,117	836,082	31,293,798
Leased equipment	-	114,417	-	-	114,417
Total depreciable capital assets	107,119,082	1,189,985	626,982	(22,954)	107,659,131
Accumulated depreciation:					
Buildings	9,730,840	468,230	1,084	(64,343)	10,133,643
Improvements other than buildings	31,525,125	1,340,683	181,590	535,952	33,220,170
Machinery and equipment	23,273,914	1,059,733	419,117	(466,341)	23,448,189
Leased equipment	-	11,442	-	-	11,442
Total accumulated depreciation	64,529,879	2,880,088	601,791	5,268	66,813,444
Total depreciable capital assets (net)	42,589,203	(1,690,103)	25,191	(28,222)	40,845,687
Business-type activities capital assets (net)	\$ 43,419,980	\$ (1,690,103)	\$ 25,191	\$ (28,222)	\$ 41,676,464

5. CHANGES IN CAPITAL ASSETS (CONT.)

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

Governmental activities:		
General government	\$	166,719
Public safety		281,665
Public works (including depreciation of infrastructure assets)		334,863
Culture and recreation		248,793
Economic development		69,250
Cemetery		27,964
Total governmental activities depreciation and amortization expense	\$	<u>1,129,254</u>
Business-Type activities:		
Enterprise Funds:		
Electric utility	\$	1,335,423
Gas Utility		121,232
Water Utility		460,591
Wastewater Utility		680,150
Refuse		99,822
Quail Ridge Golf Course		53,225
Internal Service Funds:		
Management Services		59,588
Operations Center		58,615
Total business-type activities depreciation and amortization expense	\$	<u>2,868,646</u>

6. LONG-TERM DEBT

The following is a summary of changes in long-term debt transactions of the City for the year ended December 31, 2017:

	Outstanding January 1, 2017	Additions	Deletions	Outstanding December 31, 2017	Due Within One Year
<u>Government activities</u>					
General obligation bonds	\$ 10,871,807	\$ -	\$ 1,221,807	\$ 9,650,000	\$ 1,165,000
Capital leases	36,458	385,053	62,848	358,663	125,224
Interlocal agreement debt	32,000	167,500	32,000	167,500	33,500
Compensated absences	253,191	203,970	194,699	262,462	180,679
Net premium on issuance of general obligation bonds	489,095	-	36,458	452,637	36,187
Net other postemployment benefits obligation	281,387	41,064	19,821	302,630	-
Net pension liability	<u>6,934,414</u>	<u>707,860</u>	<u>999,900</u>	<u>6,642,374</u>	<u>-</u>
Total long-term liabilities - Governmental activities	<u>\$ 18,898,352</u>	<u>\$ 1,505,447</u>	<u>\$ 2,567,533</u>	<u>\$ 17,836,266</u>	<u>\$ 1,540,590</u>
<u>Business-Type activities</u>					
General obligation bonds	\$ 4,503,193	\$ -	\$ 513,193	\$ 3,990,000	\$ 465,000
Capital leases	1,099,824	114,417	573,621	640,620	547,145
Compensated absences	511,306	353,413	297,567	567,152	272,131
Net other postemployment benefits obligation	398,919	59,092	22,978	435,033	-
Net pension liability	<u>4,540,712</u>	<u>469,490</u>	<u>604,623</u>	<u>4,405,579</u>	<u>-</u>
Total long-term liabilities - Business-Type activities	<u>\$ 11,053,954</u>	<u>\$ 996,412</u>	<u>\$ 2,011,982</u>	<u>\$ 10,038,384</u>	<u>\$ 1,284,276</u>

6. LONG-TERM DEBT (CONT.)

General obligation bonds

General obligation bonds payable are serial bonds to be retired through calendar year 2030. At December 31, 2017, bonds consist of the following:

	<u>Interest rates</u>	<u>Bonds outstanding</u>
General Obligation Refunding and Improvement Bonds, Series 2010-A	2.00% - 3.10%	\$ 3,800,000
General Obligation Refunding Bonds, Series 2012-A	.80% - 1.60%	175,000
General Obligation Refunding and Improvement Bonds, Series 2015-A	3.00% - 4.00%	9,045,000
Taxable General Obligation Improvement Bonds, Series B 2015	3.00% - 3.00%	<u>620,000</u>
Total general obligation bonds outstanding		13,640,000
Less: debt service from enterprise funds		<u>(3,990,000)</u>
Total general obligation bonds payable from debt service fund		<u>\$ 9,650,000</u>

Remaining debt service requirements for general obligation bonds will be paid from the debt service fund with future property tax revenues and special assessment taxes. Annual debt service requirements to maturity for general obligation bonds to be retired from the debt service fund are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,165,000	\$ 298,225	\$ 1,463,225
2019	1,080,000	266,825	1,346,825
2020	945,000	235,250	1,180,250
2021	875,000	208,875	1,083,875
2022	775,000	182,813	957,813
2023	805,000	159,750	964,750
2024	840,000	135,600	975,600
2025	615,000	110,400	725,400
2026	500,000	91,950	591,950
2027	485,000	76,950	561,950
2028	505,000	57,550	562,550
2029	520,000	42,400	562,400
2030	540,000	21,600	561,600
Total	<u>\$ 9,650,000</u>	<u>\$ 1,888,188</u>	<u>\$ 11,538,188</u>

General obligation bonds payable from enterprise funds

Remaining debt service requirements for general obligation bonds to be paid from the Water Utility Fund is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 465,000	\$ 103,785	\$ 568,785
2019	535,000	91,973	626,973
2020	550,000	78,198	628,198
2021	565,000	63,708	628,708
2022	575,000	48,261	623,261
2023	420,000	34,055	454,055
2024	430,000	21,305	451,305
2025	450,000	7,990	457,990
Total	<u>\$ 3,990,000</u>	<u>\$ 449,275</u>	<u>\$ 4,439,275</u>

6. LONG-TERM DEBT (CONT.)

Capitalized lease obligations

During 2013, the City Commission entered into a lease agreement for financing a Caterpillar Wheel Loader. The lease agreement provides for annual payments, including interest, in the amount of \$13,436 and a lump-sum optional buyout payment of \$100,000 through June 2018.

During 2015, the City Commission entered into a lease agreement for financing a Caterpillar Motor Graders. The lease agreement provides for annual payments, including interest, in the amount of \$17,659 and a lump-sum optional buyout payment of \$174,000 through June 2018.

During 2015, the City Commission entered into a lease agreement for financing wastewater treatment plant improvements and related equipment. The lease agreement provides for semi-annual payments, including interest, in the amount of \$274,119 through September 2018. In 2017, a temporary note was issued and part of this will be used to payoff the remaining lease payable balance in 2018 as the lease payments come due.

During 2017, the City Commission entered into a lease agreement for the financing of two Skid-Steer Loaders for the Wastewater Department. The lease agreement provided for a monthly payment in the amounts of \$4,358 and \$4,286 and a lump-sum payment of \$23,723 and \$23,420 in June 2022, including interest.

During 2017, the City Commission entered into a lease agreement for the financing of a Skid-Steer Loader for the Refuse Department. The lease agreement provided for a monthly payment in the amount of \$4,162 and a lump-sum payment of \$22,356 in September 2022, including interest.

During 2017, the City Commission entered into a lease agreement for the financing of a Skid-Steer Loader for the Street Department. The lease agreement provided for a monthly payment in the amount of \$5,017 and a lump-sum payment of \$25,735 in August 2022, including interest.

The Skid-Steer lease payments are being financed from the City's Special Street and Highway Fund and the Refuse Fund. The Wastewater treatment plant lease payments are being financed from the Wastewater Utility Fund.

The cost and accumulated amortization of the leased equipment is as follows:

	Governmental Activities	Business-Type Activities
Cost	\$ 424,755	\$ 114,417
Accumulated Depreciation	239,662	11,442

These leases qualify as capital leases for accounting purposes and, accordingly, have been recorded at the present value of the net minimum lease payments at the date of the lease inception. The annual requirements to amortize the capital lease obligation outstanding at December 31, 2017, including interest payments, is as follows:

Year Ending December 31,	Business-Type Funds			
	Wastewater Treatment Plant	Skid-Steer Wastewater Treatment	Skid-Steer Wastewater Collection	Recycle
2018	\$ 548,229	\$ 4,286	\$ 4,358	\$ 4,162
2019	-	4,286	4,358	4,162
2020	-	4,286	4,358	4,162
2021	-	4,286	4,358	4,162
2022	-	23,421	23,721	22,355
Total minimum lease payments	548,229	40,565	41,153	39,003
Less amounts representing interest	(9,221)	(6,513)	(6,604)	(5,992)
Present value of net minimum lease payments	\$ 539,008	\$ 34,052	\$ 34,549	\$ 33,011

6. LONG-TERM DEBT (CONT.)

Capitalized lease obligations (cont.)

Year Ending December 31,	Governmental Activities			Total Leases
	Street	2013 Cat	2015 Cat	
2018	\$ 5,017	\$ 113,436	\$ 17,659	\$ 697,147
2019	5,017	-	17,659	35,482
2020	5,017	-	17,659	35,482
2021	5,017	-	179,046	196,869
2022	25,734	-	-	95,231
Total minimum lease payments	45,802	113,436	232,023	1,060,211
Less amounts representing interest	(7,285)	(3,036)	(22,277)	636,352
Present value of net minimum lease payments	\$ 38,517	\$ 110,400	\$ 209,746	\$ 1,696,563

Other long-term debt

The City entered into an interlocal agreement with the City of Arkansas City, Kansas related to construction of a countywide animal shelter. The agreement provides for the City of Winfield to make annual payments to the City of Arkansas City for an agreed-upon share of the costs. The City renewed the agreement in December 2017. The new agreement calls for monthly payments of \$33,500. The payments under the agreement have been made from the City's General Fund.

Compensated absences

The governmental funds portion of outstanding compensated absence liabilities is principally liquidated from resources of the City's General Fund.

Other postemployment benefits

The governmental funds portion of the other postemployment benefit obligation (OPEB) is principally liquidated from the City's General Fund.

Net pension liability

The governmental funds portion of the net pension liability is principally liquidated from the City's General

Conduit debt

The City has issued limited obligation bonds for the purpose of financing capital activities of unrelated third parties. Although conduit debt obligation bear the name of the City, they are payable solely from resources provided by leases or loans with the third parties on whose behalf they were issued. The bonds do not constitute an indebtedness or pledge of the faith or credit of the City of Winfield, and accordingly, are not included as liabilities in the accompanying financial statements. There are eight industrial revenue bond series outstanding at December 31, 2017. During 2017, there were \$0 of new issues and \$601,667 of debt retired. The aggregate outstanding balance of Industrial Revenue Bonds was \$48,638,965 at December 31, 2017.

7. TEMPORARY NOTES

Kansas statutes permit the issuance of temporary notes to finance certain capital improvement projects which will be refinanced with general obligation bonds or paid through other resources available to the City. Prior to the issuance of the temporary notes, the governing body 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

7. TEMPORARY NOTES (CONT.)

During 2017, the City issued \$7,700,000 of temporary notes. The proceeds of the notes were used to repay the Series 2016-1 temporary note, the Wastewater Treatment Plant Lease, and new construction projects.

At December 31, 2017, the City had the following outstanding temporary notes:

	<u>Interest Rate</u>	<u>Amount Outstanding</u>	<u>Maturity Date</u>
Capital Project Funds:			
General Obligation Temporary Notes			
Series 2016-2 - Hospital	2.00%	\$ 870,000	1/20/2020
General Obligation Temporary Notes			
Series 2016-3 for:			
14th Avenue Bridge Project	1.45%	203,883	12/1/2019
2017 KLINK Project	1.45%	321,117	12/1/2019
Total:		<u>525,000</u>	
General Obligation Temporary Notes			
Series 2017-1	1.40%	<u>6,305,000</u>	12/1/2018
Total temporary notes		<u>\$ 7,700,000</u>	

During 2017, the temporary note activity for the various capital improvement projects were as follows:

<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
\$ 2,330,000	\$ 6,305,000	\$ 935,000	\$ 7,700,000

8. ELECTRIC AND WASTEWATER DEPRECIATION RESERVES

Applicable state statutes permit the governing body to legally restrict a portion of operating revenue to be used for future acquisition of equipment and utility system improvements. Net position in the Electric Utility Fund in the amount of \$3,156,208 and in the Wastewater Utility Fund in the amount of \$152,500 has been reserved for the portion of assets legally restricted for future equipment acquisitions and facility improvements.

9. CAPITAL PROJECT FUND AUTHORIZATIONS

At December 31, 2017, individual project authorizations compared with project expenditures from inception which are reported with the Capital Projects Fund are as follows:

<u>Project</u>	<u>Project authorizations</u>	<u>Expenditures project inception to December 31, 2017</u>
Geometric KLINK Main Street	\$ 735,000	\$ 729,571
Library Parking Lot	150,000	85,180
Country Club Villa	177,000	64,967
2016 KLINK	256,506	258,688
Hospital Improvements	870,000	864,655
Vaughn Tennis Center Project	1,026,108	1,001,745
Public Safety Needs Study	101,081	52,352
2015 EMS Ambulance	250,704	203,552
12th Avenue Project	404,325	404,325
14th Avenue Bridge Project	203,883	241,337
Baden Center Building Improvements	101,081	39,731
2016 Technology Upgrades	101,081	92,825
2017 KLINK	321,117	382,452
2017 Pierce Fire Truck	754,127	754,127

10. PENSION PLAN

Plan description

The City of Winfield participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by Kansas law and administered by KPERS, a body corporate and an instrumentality of the State of Kansas. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available, stand-alone comprehensive annual financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737, or at the KPERS website at www.kpers.org.

KPERS provides benefit to the following statewide pension groups under one plan, as provided by K.S.A 74 article 49:

- Public employees, which include:
 - State/School Employees
 - Local Employees
- Police and Firemen
- Judges

Substantially all public employees in Kansas are covered by the pension plan. The Statute of Kansas and Kansas schools are required to participate, while participation by local political subdivisions is optional, but irrevocable once elected.

Those employees participating in the pension plan for City of Winfield are included in the local employee group and the Kansas Police and Firemen group.

Benefits Provided

Benefits are established by statute and may only be changed by the Legislature. Members with ten or more years of credited service, may retire as early as age 55, with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever a member's combined age and years of credited service equal 85 "points."

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

Members choose one of seven payment options for their monthly retirement benefits. At retirement a member may receive a lump sum payment of up to 50% of the actuarial present value of the member's lifetime benefit. The monthly retirement benefit is then permanently reduced based on the amount of the lump sum. Benefit increases, including ad hoc postretirement benefit increases, must be passed into law by the Kansas Legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas.

The 2012 Legislature made changes affecting new hires, current members and employers. A new KPERS 3 cash balance retirement plan for new hires starting January 1, 2015, was created. Normal retirement age for KPERS 3 is 65 with five years of service or 60 with 30 years of service. Early retirement is available at age 55 with ten years of service, with a reduced benefit. Monthly benefit options are an annuity benefit based on the account balance at retirement.

For all pension coverage groups, the retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

10. PENSION PLAN (CONT.)

Contributions

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

For fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 1.2% of total payroll for the fiscal year ended June 30, 2017.

The actuarially determined employer contribution rates and the statutory contribution rates for local government employees are 8.46% and 8.46%, respectively. K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate of 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members.

Employer Allocations

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

- State/School
- Local
- Police and Fireman
- Judges

To facilitate the separate (sub) actuarial valuations, KPERS maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedules of pension amounts by employer and nonemployer. The allocation percentages for each group as of June 30, 2017, are based on the ratio of the employer's contributions to total employer and nonemployer contributions of the group for the fiscal years ended June 30, 2017. The contributions used exclude contributions made for prior service, excess benefits and irregular payments.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2017, City of Winfield reported a liability of \$11,047,953 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, which was rolled forward to June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the ratio of its contributions to the total of the employer and nonemployer contributions of the group for the fiscal years ended June 30, 2017. The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2017, the City's proportion was 0.9678% percent, which was an decrease of 0.0115% from its proportion measured as of June 30, 2016.

For the actuarial report as of June 30 2017, there were changes in assumptions or benefits as described in the notes to the required supplemental information.

10. PENSION PLAN (CONT.)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont.)

There were no changes between the measurement date of December 31, 2016, rolled forward to June 30, 2017, and City of Winfield's reporting date of December 31, 2017.

For the year ended December 31, 2017, rolled forward from June 30, 2017, the City recognized pension expense of \$1,231,512, which includes the changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period.

At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
City contributions subsequent to the measurement date	\$ 896,749	\$ -
Differences between expected and actual experience	290,785	234,179
Net difference between projected and actual earnings on pension plan investments	377,529	-
Changes in assumptions	682,129	65,274
Changes in proportion	192,171	324,695
Total	<u>\$ 2,439,363</u>	<u>\$ 624,148</u>

The deferred outflows of resources related to pensions totaling \$896,748, resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

<u>Year ended December 31,</u>	<u>Amount</u>
2018	\$ 80,272
2019	515,048
2020	343,393
2021	(71,531)
2022	51,284
Thereafter	-
	<u>\$ 918,466</u>

The City contributes 100% of the contributions to the pension plan, therefore, there is no revenue recognized for the support provided by nonemployer contributing entities.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2016, which was rolled forward to June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

• Inflation	2.75 percent
• Salary increases, including wage increases	3.50 to 12.00 percent, including inflation
• Long-term rate of return, compounded annually, net of investment expense, and including price inflation	7.75 percent

10. PENSION PLAN (CONT.)

Actuarial Assumptions (cont.)

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

The actuarial assumptions used in the December 31, 2016, valuation were based on the results of an actuarial experience study conducted for the period January 1, 2013, through December 31, 2015. The experience study is dated November 18, 2016.

The actuarial assumptions changes adopted by the Pension Plan for all groups based on the experience study:

- Price inflation lowered from 3.00 percent to 2.75 percent
- Investment return assumption was lowered from 8.00 percent to 7.75 percent
- General wage growth assumption was lowered from 4.00 percent to 3.5 percent
- Payroll growth assumption was lowered from 4.00 percent to 3.00 percent

The long-term expected rate of return of pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class as of the most recent experience study, dated November 18, 2016, as provided by KPER's investment consultant, are summarized in the following table.

Asset class	Long-term target allocation	Long-term expected real rate of return
Global Equity	47.00%	6.80%
Fixed Income	13.00%	1.25%
Yield Driven	8.00%	6.55%
Real Return	11.00%	1.71%
Real Estate	11.00%	5.05%
Alternatives	8.00%	9.85%
Short-term Investments	2.00%	-0.25%
Total	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate was based on member and employer contributions as outlined below.

In KPERS, the State/School and Local groups do not necessarily contribute the full actuarial determined rate. Based on legislation first passed in 1993 and subsequent legislation, the employer contribution rates certified by the Board may not increase by more than the statutory cap. The statutory cap for Fiscal Year 2017 was 1.2 percent.

In recent years, the Legislature has made several changes to statutory rates that deviate from the schedules contribution increases set under the caps established in 2012 for the State/School group. Under 2015 SB 4, the previously certified State/School statutory rate for the Fiscal Year 2015 of 11.27 percent was reduced to 8.65 percent for the last half of the fiscal year as part of the Governor's allotment. That same session, SB 228 recertified statutory rates for the State/School group to 10.91 percent for Fiscal Year 2016 and 10.81 percent for Fiscal Year 2017 in anticipation of the issuance of \$1 billion in pension obligation bonds. Legislation in the 2016 session (SB 161) provided for the delay of up to \$100 million in State and School contributions to the Pension Plan. Legislation passed by the 2017 Legislature removed the repayment provisions included in SB 161.

10. PENSION PLAN (CONT.)

Discount Rate (cont.)

In addition, 2017 S Sub. For Sub. HB 2052 delayed \$64.1 million in Fiscal Year State/School contribution, to be repaid over 20 years in level dollar installments. The first year payment of \$6.4 million was received in July 2017 and appropriations for Fiscal Year 2018 are intended to fully fund the State/School group statutory contribution rate of 12.01 percent for that year. Additional legislation in the 2017 Session (S Sub for HB 2002) provided for a reduction of \$194 million from the previously certified contribution rate of 13.21 percent in the State/School contributions for Fiscal Year 2019. Like the Fiscal Year 2017 reduction, it is to be paid back over a 20 year period, beginning in Fiscal Year 2020. Therefore, both reductions will be accounted for as long-term receivables by the Pension Plan.

Based on employer contribution history as described above, it is a reasonable estimate that the State/School group's contribution rate may not be certified at the statutory rate. It has been assumed that contribution rates will be made within the same range as have been seen in the past few years. Using this assumption actuarial modeling indicates that employer contribution rates for the State/School group are sufficient to avoid a depletion date.

Sensitivity of City of Winfield's proportionate share of the net pension liability to changes in the discount rate

The following presents City's proportionate share of the net pension liability calculated using the discount rate of 7.75%, as well as what City of Winfield's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.75%) or 1-percentage point higher (8.75%) than the current rate:

1% Decrease (6.75%)	Discount rate (7.75%)	1% Increase (8.75%)
\$15,793,761	\$11,047,951	\$7,060,710

11. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The City sponsors a single-employer defined benefit healthcare plan that provides healthcare benefits, including medical and dental, to retirees. Retiree health coverage is provided for under K.S.A. 12-5040. Employees who retire with at least 10 years of cumulative service with the City and commence retirement or disability benefits under the Kansa Public Employee Retirement System (KPERs) are eligible for benefits. The funding policy of the City is to pay benefits through its self-insured Health Insurance Reserve Fund.

The City requires retirees to pay the same premiums charges to COBRA participants with a 2% additional charge for administrative expenses. The rate being paid by retirees for benefits are typically lower than those for individual health insurance policies. The difference between these two amounts is the implicit rate subsidy, which is considered other post employment benefits (OPEB) under Governmental Accounting Standard Board Statement No. 45 (GASB Statement No. 45).

Retirees and spouses have the same benefit as active employees. Retiree coverage terminates either when the retiree becomes covered under another employer health plan, or when the retiree reaches the Medicare eligibility age, which is currently age 65. Spousal coverage is available until the retiree becomes covered under another employer health plan, attains Medicare eligibility age, or dies.

Membership in the Plan comprised the following at January 1, 2016

Active Employees	165
Retired participants medical	16

11. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONT.)

Funding Policy

The contributions of the plan members and the City are established and may be amended by the City Commission. The required contribution is based on pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually. City retirees pay 100% of their healthcare premiums; the City is not required to share costs of retiree premiums.

The City's contributions to the plan for the year ended December 31, 2017 were \$2,065,913 of which 44% was paid from governmental funds and 56% was paid from business-type funds.

Annual OPEB Cost and Net OPEB Obligation

The City's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarially determined liabilities (or funding excess) over a period not to exceed thirty years. The following tables show the components of the City's OPEB cost for 2017:

<u>Annual OPEB Cost and Obligation for 2017</u>		<u>Amount</u>
Annual required contribution (ARC)	\$	110,367
Interest on net OPEB obligation		28,035
Adjustment to ARC		(38,244)
Annual OPEB cost (expense)		100,158
Contributions made		(42,801)
Increase in net OPEB obligation		57,357
Net OPEB obligation - beginning of year		680,306
Net OPEB obligation - end of year	\$	737,663

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017, and the five preceding years, is as follows:

<u>Year ended</u>	<u>Annual OPEB Cost</u>	<u>Net Employer Contributions</u>	<u>% of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation (asset)</u>
12/31/12	\$ 126,325	\$ 38,825	30.73%	\$ 356,982
12/31/13	126,325	38,825	30.73%	444,482
12/31/14	131,791	42,557	32.29%	533,716
12/31/15	131,791	42,557	32.29%	622,951
12/31/16	100,156	42,800	42.73%	680,306
12/31/17	100,156	42,500	42.73%	737,661

Funded Status and Funding Progress

As of December 31, 2017, the plan was not funded. The actuarial accrued liability for benefits was \$969,013, and there were no actuarial assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$969,013. The covered payroll (annual payroll of active employees covered by the plan) was \$8,235,212, and the ratio of the UAAL to the covered payroll was 11.8%.

Actuarial valuation of an ongoing plan involve estimates of the value of reported amounts and assumptions about future employment, mortality and the health care cost trend. Amounts determined regarding the funded status of the Plan and the ARC of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents trend information.

11. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONT.)

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future and, actuarially determined amounts are subject to continual revisions as results are compared to past expectations and new estimates are made about the future.

In the January 1, 2016 actuarial valuation (the most recent actuarial valuation received by the City), the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5% percent investment rate of return, an annual healthcare cost trend rate of 6.5% for 2016 and an ultimate rate of 5% after 2021, and assumed inflation rate and projected salary increases at 3%. The UAAL is being amortized as a level percentage of projected payroll on an open basis over a period of 30 years.

12. DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan (the Plan) in accordance with Internal Revenue Cost Section 457. Employees may choose between VOYA Financial 457 Plan or the ICMA Plan. The Plan, available to all city employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. Assets of the Plan, values at current market values, are held in trust for the benefit of the participants.

All amounts of compensation deferred under the Plan as well as earnings attributable to those amounts, are solely the property of the participant employees. Accordingly, the assets and related liabilities for the Plan are not recorded in the accompanying financial statements. In addition, the City Commission has adopted by resolution a salary reduction flexible benefit plan (125 Plan) under Section 125 of the Internal Revenue Code. All permanent full-time employees are eligible to participate in the 125 Plan beginning after one full month of employment. Each participant may elect to reduce his or her salary to purchase benefits offered through the 125 Plan. Benefits offered through the 125 Plan include various insurances and disability benefits.

13. BUDGETARY DATA

As described in Note 1, the actual data presented in the budgetary comparison statements differ from data presented in accordance with generally accepted accounting principles (GAAP) for the governmental fund types. The following reconciliation's are presented to provide a correlation between the different bases of reporting:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Other Nonmajor Governmental Funds</u>
GAAP Fund balance at December 31, 2017	\$ 983,693	\$ 909,581	\$ 564,580
Adjustments:			
Accrued sales tax revenues	(198,284)	-	-
Accrued franchise fee revenues	(33,858)	-	-
Due to(from) other funds	(20,265)	(183,277)	183,277
Other receivables	(285,326)	-	(30,881)
Land held for resale	-	-	(710,252)
Reserves for encumbrances - budgeted funds	<u>(38,368)</u>	<u>-</u>	<u>(1,250)</u>
Budgetary Fund Balance at December 31, 2017	<u>\$ -</u>	<u>\$ 726,304</u>	<u>\$ 5,474</u>

14. DEFINED CONTRIBUTION PLAN

The City established a 401(a) money purchase deferred compensation plan in 2004 for the benefit of City employees. Employees, who have reached the top step in their position's pay range, and make a minimum contribution of \$20 per pay period into the City sponsored 457 plan, are eligible for employer contributions into the 401(a) plan. The plan provides that the City make matching contributions, up to \$20 per pay period. The City contributed \$43,620 to employee accounts in 2017. The City of Winfield administers the plan and has the authority for establishing and amending the plan's provisions and contribution requirements. Employees have the option of investing contributions with VOYA Financial or ICMA-RC Investments.

15. INTERFUND RECEIVABLES AND PAYABLES

Individual interfund receivables and payables (due to/due from funds) at December 31, 2017 were as follows:

<u>Fund</u>	<u>Due To</u>	<u>Due From</u>
Major Funds:		
General	\$ 20,265	\$ -
Debt Service	183,277	-
Electric Utility	55,909	-
Gas Utility	6,645	-
Water Utility	2,970	-
Wastewater Utility	4,912	-
Total major funds	<u>273,978</u>	<u>-</u>
Nonmajor Funds:		
Stormwater Drainage	-	183,277
Refuse	7,620	-
Operations Center	-	70,000
Sales Tax	-	28,321
Total nonmajor funds	<u>7,620</u>	<u>281,598</u>
	<u>\$ 281,598</u>	<u>\$ 281,598</u>

The City utilizes two internal service funds to account for utility receivables and fleet management services. Advances from the General Fund (\$20,265), Electric Utility Fund (\$27,588), Gas Utility Fund (\$6,645), Water Utility Fund (\$4,912) were used to create the internal service funds. These advances are considered long-term, and the intent is not to repay these amounts within one year.

The amount due to the Debt Service Fund is related to debt service payments actually paid by the Debt Service Fund in prior years' but were scheduled to be paid by the Stormwater Drainage Fund.

The amounts due to the 12th Avenue Project Fund are the result of cash deficiencies incurred at year-end by other project funds for which temporary or permanent financing has been authorized by the governing body but not yet issued at year-end.

16. INTERFUND TRANSFERS

A summary of interfund transfers by individual fund for 2017 is as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
General	\$ 2,328,369	\$ 2,134,611
Debt Service	651,494	-
Capital Improvements	1,154,374	646,250
Electric Utility	563,000	2,672,740
Gas Utility	-	421,146
Water Utility	145,000	198,509
Wastewater Utility	100,000	130,000
Total major funds	<u>4,942,237</u>	<u>6,203,256</u>
Nonmajor Funds:		
Special Parks and Recreation	-	10,000
Water Preservation	45,949	8,300
Senior Citizens Facility	3,500	-
Special Liability	75,000	-
Special Streets and Highway	285,000	-
L.E. Ambulance and Fire Equipment	-	1,075
Management Services	-	17,500
Industrial Development	49,000	1,500
Equipment Reserve	3,811	-
Alcohol and Drug Safety Action	15	-
Streets - Sales Tax	750,359	-
Stormwater Drainage	-	30,000
Refuse	-	107,686
Quail Ridge Golf Course	238,500	-
Total nonmajor funds	<u>1,451,134</u>	<u>190,115</u>
	<u>\$ 6,393,371</u>	<u>\$ 6,393,371</u>

Interfund transfers reflect the flow of resources from one fund to another fund, generally from the fund in which the resources are received or reside to the fund in which the resources will be expended.

The General Fund received transfers from the Electric Utility, Gas Utility, Water Utility and Refuse Funds in the amounts of \$1,855,237, \$199,146, \$131,224 and \$66,686 respectively. These transfers represent in lieu of franchise taxes ranging from 4% to 6.9% of gross sales. The in lieu of taxes mirror the payment received from external utilities providing services to the City, such as telephone and cable services. All other transfers represent operational transfers, capital equipment transfers, and transfers to assist with debt service payments.

17. FUND DEFICITS

At December 31, 2017, the following individual funds had incurred deficits:

<u>Fund</u>	<u>Amount</u>
Geometric KLINK Main Street	\$ 199,575
Country Club Villa	21,987
2016 KLINK	12,853
Hospital Improvements	864,655
Public Safety Needs Study	128,528
2015 EMS Ambulance	102,826
12th Avenue Project	602,220
14th Avenue Bridge	241,337
Baden Center Building Improvements	39,730
2016 Technology Upgrades	92,824
2017 KLINK	190,923
2017 Pierce Fire Truck	754,048

These fund deficits will be financed through the sale of bonds authorized by the City Commission, not yet sold at December 31, 2017, or through other revenue sources available to the City.

18. TAX ABATEMENTS

The City operates three economic development programs that qualify as tax abatements under Governmental Accounting Standards Board (GASB) No. 77. These programs include: (1) Neighborhood Revitalize Plan (NRP), (2) Economic Development Tax Exemption (EDX) and (3) Industrial Revenue Bond Exemption (IRB). NRP authority is K.S.A. 12-17,114 et. seq. EDX authority is given to local units of government in Article II, Section 13 of the Kansas Constitution. IRB exemptions authority is K.S.A. 12-1740 et. seq. Those programs as are summarized as follows.

Neighborhood Revitalization Programs Property Tax Abatements

The City of Winfield Neighborhood Revitalization Plan (NRP), which was effective January 1, 2015 and approves property tax abatements in accordance with K.S.A. 79-201a Second and Twenty-Fourth and K.S.A. 12-1740 to 12-1749d, inclusive. The NRP incentive program requires that the construction of an improvement must have been commenced on or after January 1, 2015 and be located within the designated Neighborhood Revitalization Areas. The NRP program shall expire on December 31, 2017 however, the City Commission will review the program annually on or before August 15, at which time the City Commission will consider modifications and extensions. An application for tax rebate must be filed within 60 days of the issuance of a building permit. The minimum investment in an improvement is \$5,000, as determined by the building permit value, for residential, commercial and historic property. Rehabilitation, alterations and additions to any existing residential commercial and industrial structure or multi-family residential, commercial or industrial new construction, shall be eligible. The rebate period will be for a period of 7 years with the rebate amount being 75% of the increased valuation from such improvements. Single-family residential new construction is also eligible with a rebate period of 5 years at 50% of the first \$150,000 of appraised value. In addition, properties in the National, Kansas or Local Historical Register shall be eligible with a rebate period of 10 years with the rebate amount being 100%. Properties within the City of Winfield located with Cowley County are eligible. On June 1, 2015, the City Commission amended the NRP Plan to include properties within the Winfield city limits acquired by delinquent tax or mortgage foreclosures. Building permits must be issued from a minimum of \$20,000 and improvements made with 24 months after filing of the Sheriff's Deed. Eligibility will be revoked if building permit and improvement requirements are not met. Eligible properties will receive a rebate of 75% for 7 years after final project completion. Upon timely payment in full of all real estate tax and special assessments for the property, a rebate of the taxes related to the valuation improvement (less an administrative fee not to exceed 5% to be retained by Cowley County, Kansas) will be made to the property owner. Cowley County issues the rebate checks directly to the individual taxpayers. All taxing subdivisions overlapping the City of Winfield participate in this NRP program.

For the year ended December 31, 2017, the City abated property taxes totaling \$51,008 under the NRP program.

Economic Development Tax Exemption (EDX) and Industrial Revenue Bond (IRB) Tax Abatements

Eligible properties for economic development tax exemptions are new or existing business engaged in manufacturing articles of commerce, conducting research and development or storing goods or commodities which are sold or traded in interstate commerce.

The City's Tax Exemption Policy allows tax abatements that meet the guidelines for EDX and IRB tax exemptions under Kansas law. The City considers granting an exemption incentive upon a clear and factual showing of direct economic benefit to the City. Factors considered in determining the amount and term of a tax exemption include, but are not limited to: increased employment and earnings, additional revenues from new or expanded business, types of jobs created, degree to which the business improves diversification of the economy, potential for future expansion and additional job creation, utilization of local products or materials in manufacturing and the additional direct and indirect public costs for additional infrastructure. All applications require a Cost Benefit Analysis per Kansas regulations, which can be prepared by an independent consultant or Kansas Department of Commerce.

The business is required to report any change in ownership of exempt assets which requires a new application for property tax exemption

18. TAX ABATEMENTS (CONT.)

Economic Development Tax Exemption (EDX) and Industrial Revenue Bond (IRB) Tax Abatements (cont.)

There is an annual requirement that the business submit an Annual Claim for Exemption from Property Taxation form with the County Appraiser. The annual review of the business report by the County is to ensure that the ownership and use of the property and any other qualifying criteria of the business for the tax exemption incentive shall continue to exist.

All applications and records pertaining to a property tax exemption request shall be subject to the provisions of the Kansas Open Records Act. Any business records or information eligible to remain confidential will be kept confidential only if requested by the applicant.

The City has no provisions to recapture abated taxes if the business does not meet initial new employment or salary estimates used in the preparation of the initial Cost Benefit Analysis. If the use changes to another qualifying use the annual tax abatement will most likely continue following review of the Annual Claim for Exemption Form. The tax abatement incentive is cancelled for any business that ceases to operate or no longer is considered an eligible property.

Property tax incentives issued by the City are abated based on the new or expanded costs of improvements at 100% of the cost of the improvements. Per Kansas law, machinery and equipment placed in use by a business after June 30, 2006, is exempt from ad valorem taxes.

The City has made no commitments other than reduced taxes to business receiving tax abatement incentives.

The City negotiates property tax abatement agreements on an individual basis. The abated taxes reflect the amounts that would have been levied on behalf of the City of the 2016 tax roll to fund expenditures during the calendar year 2017 were it not for an exemption.

A summary of economic development tax abatements for 2017 is as follows:

<u>Location of Exempt Property</u>	<u>Amount</u>
EDX and IRB Tax Abatements:	
City	\$ 494,626
Other taxing entities	1,067,323
Total abatements	<u>\$ 1,561,949</u>

19. COMMITMENTS AND CONTINGENCIES

Electric Purchase Commitments

The City became a member of the Kansas Power Pool (KPP), a municipal energy agency, in January 2005. KPP was created to provide economic benefits to its member cities, through coordination of collective electrical resources, facilities and loads. The City has power supply contracts with the Kansas Municipal Energy Agency (KMEA) for power supply from the Grand River Dam Authority (GRDA). The scheduling responsibilities for those contracts and the City's contract with the Southwestern Power Administration (SPA) have been assigned to KPP. That agency manages power supply on behalf of the City. The contracts with KMEA for GRDA Power were in force through December 31, 2015, KPP has entered into transmission arrangements with the Southwest Power Pool on behalf of the City. The City terminated its SPA power supply arrangement from KMEA in 2010 and entered into a contract directly with SPA. This contract is in force through May 31, 2025. In September 2012 the city entered into a twenty-year power purchase contract with KPP, to purchase all of the City's required electrical power. That contract was amended in June 2017 to provide a commitment to purchase power and energy and the associated transmission service not to exceed

The payment and scheduling responsibilities under all these contracts have all been assigned to KPP and all billings and payments are handled through KPP. Payment responsibility for each of these contracts remains with the City for the full term of each contract and would be under the respective contract conditions should the City withdraw from KPP.

19. COMMITMENTS AND CONTINGENCIES (CONT.)

Natural Gas Purchase Commitments

The City entered into a contract with the Kansas Municipal Gas Agency (KMGA) in February 2014 to purchase its entire gas requirements from and through KMGA for the term of the agreement. The contract provides that the City may provide for alternative supplies not to exceed 35% of its total annual gas supply. The contract provides for a year-to-year term until terminated by either party giving at least a 1-year written notice to the other party.

20. PRIOR PERIOD ADJUSTMENT

During the year ended December 31, 2017, the City made changes to the capital asset records and leased equipment asset records to better reflect compliance with the City's capital asset depreciation and capitalization policy. This resulted in an adjustment of (\$1,455,865).

21. SUBSEQUENT EVENTS

Management has evaluated the effects on the financial statements of subsequent events occurring through the date of this report, which is the date at which the financial statement was available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WINFIELD, KANSAS

Required Supplementary Information Other Postemployment Benefits Other Than Pensions Year Ended December 31, 2017

Schedule of Funding Progress:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percent of Covered Payroll ((b - a) / c)
1/1/2012	-	\$ 1,068,057	\$ 1,068,057	0.00%	\$ 7,875,204	13.56%
1/1/2014	-	1,132,796	1,132,796	0.00%	6,774,798	16.72%
1/1/2016	-	969,013	969,013	0.00%	8,235,412	11.77%

Schedule of Employer Contributions:

Fiscal Year Ended	Annual OPEB Cost	Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2012	\$ 126,325	\$ 38,825	\$ 356,982
12/31/2013	126,325	38,825	444,482
12/31/2014	131,791	42,557	533,716
12/31/2015	131,791	42,557	622,951
12/31/2016	100,156	42,800	680,306
12/31/2017	100,156	42,500	737,661

CITY OF WINFIELD, KANSAS

Schedule of City's Proportionate Share of the Net Pension Liability For the Year ended December 31, 2017

Kansas Public Employees Retirement System Last 10 Fiscal Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Local</u>			
City's proportionate percentage of the net pension liability	0.38608%	0.38485%	0.34185%
City's proportionate share of the net pension liability	\$ 5,592,197	\$ 5,953,805	\$ 4,488,598
City's covered employee payroll	\$ 6,535,786	\$ 6,705,665	\$ 6,538,246
City's proportionate share of the net pension liability as a percentage of its covered employee payroll	85.56%	88.79%	68.65%
Plan fiduciary net position as a percentage of the total pension liability	72.15%	68.55%	71.98%
<u>Police and Firemen</u>			
City's proportionate percentage of the net pension liability	0.58177%	0.59448%	0.69902%
City's proportionate share of the net pension liability	\$ 5,455,754	\$ 5,521,321	\$ 5,075,730
City's covered employee payroll	\$ 2,812,286	\$ 2,891,488	\$ 2,807,888
City's proportionate share of the net pension liability as a percentage of its covered employee payroll	194.00%	190.95%	180.77%
Plan fiduciary net position as a percentage of the total pension liability	70.99%	69.30%	74.60%

* Data became available with the inception of GASB Statement No. 68 during fiscal year 2015, therefore 10 years of data is unavailable.

CITY OF WINFIELD, KANSAS

Schedule of City's Contributions
For the Year ended December 31, 2017

Kansas Public Employees Retirement System
Last 10 Fiscal Years*

<u>Local</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 603,892	\$ 620,385	\$ 650,603
Contributions in relation to the contractually required contribution	<u>(603,892)</u>	<u>(620,385)</u>	<u>(650,603)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered employee payroll	\$ 6,535,786	\$ 6,705,665	\$ 6,538,246
Contributions as a percentage of covered employee payroll	9.24%	9.25%	9.95%
<u>Police and Firemen</u>			
Contractually required contribution	\$ 573,458	\$ 678,363	\$ 705,623
Contributions in relation to the contractually required contribution	<u>(573,458)</u>	<u>(678,363)</u>	<u>(705,623)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered employee payroll	\$ 2,812,286	\$ 2,891,488	\$ 2,807,888
Contributions as a percentage of covered employee payroll	20.39%	23.46%	25.13%

* Data became available with the inception of GASB Statement No. 68 during fiscal year 2015, therefore 10 years of data is unavailable. Data is measured as of the most recent fiscal year end.

CITY OF WINFIELD, KANSAS

Notes to Required Supplementary Information For the Year Ended December 31, 2017

Changes in benefit terms:

The 2012 Legislature made changes affecting new hires, current members and employers. A new KPERS 3 cash balance retirement plan for new hires starting January 1, 2015 was created. Normal retirement age for KPERS 3 is 65 with five years of service or 60 with 30 years of service. Early retirement is available at age 55 with ten years of service, with a reduced benefit. Monthly benefit options are an annuity benefit based on the account balance at retirement.

Changes in assumptions:

The actuarial assumptions changes adopted by the Pension Plan for all groups based on the experience study:

- Price inflation lowered from 3.00 percent to 2.75 percent
- Investment return assumption was lowered from 8.00 percent to 7.75 percent
- General wage growth assumption was lowered from 4.00 percent to 3.50 percent
- Payroll growth assumption was lowered from 4.00 percent to 3.00 percent

**COMBINING FINANCIAL STATEMENTS
AND
INDIVIDUAL FUND SCHEDULES**

CITY OF WINFIELD, KANSAS

GOVERNMENTAL FUNDS

NONMAJOR SPECIAL REVENUE FUNDS

The primary purpose of the Special Revenue Funds is to account for the proceeds of designated revenue sources which are used to finance specified activities as required by law or administrative regulation. The following nonmajor Special Revenue Funds are reported:

Flood Control - to account for maintenance costs of the flood levee.

Special Parks and Recreation - to account for park and recreation upgrades. Financing is provided through one-third of the 10% gross receipts tax on the sale of alcoholic liquor, which is a statewide alcohol liquor tax.

Special Alcohol - to account for expenditures of drug and alcohol education, treatment and prevention services for City residents. Financing is provided through one-third of the 10% gross receipts tax on the sale of alcoholic liquor, which is a statewide alcohol liquor tax.

Law Enforcement Trust - to account for the net proceeds of sale of forfeited property and moneys related to controlled substances activities. The enabling statute defines allowable expenditures.

Water Preservation - established 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. A portion of the lake permit fees and two cents for every one thousand gallons of water billed provide the revenue sources for this fund.

Senior Citizens Facility - to account for the operations of the Senior Center activities. Financing is provided from appropriations from the Cowley County Council on Aging and other sources.

Special Liability - to account for City employee legal defense costs and various uninsured risk costs as provided by applicable statutes. Financing is provided by a specific tax levy.

Ambulance and Fire Equipment Reserve - used to account for the resources to be used for the replacement of ambulance or emergency service equipment. Financing is provided by transfers from other City funds.

Special Streets and Highway - to account for street maintenance operations. Financing is provided through motor fuel taxes distributed from the State of Kansas Special City and County Highway Fund.

Industrial Development - to account for the promotion of industrial development. Financing is provided through a specific tax levy.

Tourism and Convention - to account for the administration of the Transient Guest Tax received by the City. All moneys are to be expended for convention and tourism promotion per applicable State statutes.

Fairgrounds Improvements - to account for Cowley County Fairgrounds maintenance and improvement expenditures. Financing is provided by fairgrounds facility usage fees.

Drug Task Force - Cowley County and the cities of Arkansas City and Winfield share drug task force duties within Cowley County and this fund is utilized to centrally manage and share drug task force costs

and funding sources.

Cemetery Improvements - Cemetery operations and maintenance expenditures are paid from this fund with one-third of sales proceeds of each cemetery space and pre-need payments providing the funding for this fund.

Library - to account for the City's tax levy funding of the operation of the Winfield Public Library. Financing is provided by a specific tax levy.

Equipment Reserve - to account for the resources provided by other City funds to provide for future equipment purchases.

Grants and Contributions - to account for federal and state grants and contributions from private enterprise for general government type projects.

Alcohol and Drug Safety Action - to account for assessment fees collected by the Municipal Court for alcohol and drug related charges, as established by state statutes. Resources can only be used for court expenditures involved in administering the provisions of the related statute.

Barr Police Building - The City received a \$542,972 bequest in 2015 restricted for use of police improvements.

Streets - Sales Tax - to account for the .4% cent sales tax approved by the voters of the city beginning July 1, 2014 and ending June 30, 2021 to be used for library, street and other capital improvements. The first \$600,000 of sales tax collections is committed to library improvements with 50% of the remaining collections allocated to the library, to a maximum of \$900,000, with the remaining resources for the specified City purposes.

Stormwater Drainage - established in 1996 to fund major drainage projects throughout the City. Financing is provided through stormwater drainage fees charges to City utility customers.

NONMAJOR CAPITAL PROJECT FUNDS

The primary purpose of the capital projects fund is to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds. Nonmajor projects included within this fund type are as follows:

Geometric KLINK Main Street - to account for the costs of a street resurfacing project on a main traffic way of the City. The Kansas Department of Transportation (KDOT) provides funding for a portion of the project with the balance to be financed through the issuance of general obligation bonds.

Library Parking Lot Improvements - to account for the costs of renovating the parking lot at the Winfield Public Library with financing to be provided from the issuance of general obligation bonds.

Country Club Villa - to account for future sewer line expansion to areas surrounding the Winfield Country Club. Financing to be provided from the issuance of general obligation bonds and other resources available to the City.

2014 Capital Equipment - to account for the proceeds from debt financing of certain equipment purchases.

2016 KLINK - to account for the costs of a street resurfacing project on a main traffic way of the City. KDOT provides funding for a portion of the project with the balance to be financed through the issuance

of general obligation bonds.

Hospital Improvements - to account for facility improvements at the William Newton Memorial Hospital with financing to be provided through the issuance of general obligation bonds to be repaid by the hospital through a financing agreement with the City.

Vaughn Tennis Center Project - to account for the improvements to the tennis center facilities located on the south end of Whittier Elementary School. The City entered into an agreement with the Winfield Unified School District No. 465, Southwestern College and the Winfield Recreation Commission to expand and improve the tennis center.

Public Safety Needs Study - to account for a project authorized by the City Commission in 2015 to determine the long-term solution for police, fire and ambulance facilities.

2015 EMS Ambulance - to account for the financing of a new ambulance to be financed from the issuance of general obligation bonds or other resources available to the City.

12th Avenue Project - to account for infrastructure improvements for a portion of 12th Avenue to be financed from the issuance of general obligation bonds and other resources available to the City.

Baden Center Building Improvements - to account for improvements to the Baden Center building to be financing from the issuance of general obligation bonds and other resources available to the City.

2016 Technology Upgrades - to account for the purchase of technology equipment imaging upgrades to be financed from the issuance of general obligation bonds and other resources available to the City.

2017 KLINK - to account for the costs of a street resurfacing project on a main traffic way of the City. KDOT provides funding for a portion of the project with the balance to be financed through the issuance of general obligation bonds.

2017 Pierce Fire Truck - to account for the costs of purchasing a new fire truck to be financed from the issuance of general obligation bonds and other resources.

PERMANENT FUNDS

Cemetery Endowment - the fund is an endowment from a citizen and prohibits the use of the principal and only the investment earnings can be used for cemetery improvements.

CITY OF WINFIELD, KANSAS

Combining Balance Sheet Nonmajor Governmental Funds December 31, 2017

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Cemetery Endowment	Total All Nonmajor Governmental Funds
Assets:				
Cash including short-term investments	\$ 2,364,721	\$ 2,512,183	\$ 6,048	\$ 4,882,952
Accounts receivable	31,172	-	-	31,172
Property tax receivable	594,230	-	-	594,230
Land held for resale	710,252	-	-	710,252
Total assets	\$ 3,700,375	\$ 2,512,183	\$ 6,048	\$ 6,218,606
Liabilities, Deferred Inflows and Fund Balances				
Liabilities:				
Accounts payable	\$ 9,974	\$ 9,636	\$ -	\$ 19,610
Accrued payroll and accrued liabilities	15,192	-	-	15,192
Due to other funds	183,277	-	-	183,277
Temporary notes payable	-	5,461,755	-	5,461,755
Total liabilities	208,443	5,471,391	-	5,679,834
Deferred Inflows of Resources:				
Property taxes receivable	594,230	-	-	594,230
Fund Balances:				
Nonspendable	710,252	-	6,048	716,300
Restricted:				
General government	62,385	-	-	62,385
Public safety	562,503	-	-	562,503
Stormwater drainage improvements	216,750	-	-	216,750
Public works	97,261	-	-	97,261
Recreation	28,773	-	-	28,773
Health and welfare	45,274	-	-	45,274
Economic development	39,720	-	-	39,720
Levee maintenance	437,718	-	-	437,718
Equipment acquisitions	39,525	-	-	39,525
Committed:				
Street improvements	278,359	-	-	278,359
Water quality programs	142,333	-	-	142,333
Fairgrounds improvements	154,698	-	-	154,698
Cemetery improvements	72,901	-	-	72,901
Assigned:				
Capital projects	9,250	-	-	9,250
Unassigned	-	(2,959,208)	-	(2,959,208)
Total fund balances	2,897,702	(2,959,208)	6,048	(55,458)
Total liabilities, deferred inflows and fund balances	\$ 3,700,375	\$ 2,512,183	\$ 6,048	\$ 6,218,606

CITY OF WINFIELD, KANSAS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2017

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Cemetery Endowment	Total All Nonmajor Governmental Funds
Revenues:				
Taxes	\$ 696,368	\$ -	\$ -	\$ 696,368
Intergovernmental	850,867	725,000	-	1,575,867
Charges for services	162,018	-	-	162,018
Use of money and property	49,462	-	48	49,510
Miscellaneous	55,949	221,772	-	277,721
Total revenues	<u>1,814,664</u>	<u>946,772</u>	<u>48</u>	<u>2,761,484</u>
Expenditures:				
Current:				
General government	239,881	8,066	-	247,947
Public safety	11,332	793,818	-	805,150
Public works	1,724,843	1,649,740	-	3,374,583
Culture and recreation	593,367	38,206	-	631,573
Health and welfare	53,581	857,038	-	910,619
Economic development	125,095	-	-	125,095
Cemetery	2,055	-	-	2,055
Debt service	35,942	-	-	35,942
Total expenditures	<u>2,786,096</u>	<u>3,346,868</u>	<u>-</u>	<u>6,132,964</u>
Expenditures over revenues	<u>(971,432)</u>	<u>(2,400,096)</u>	<u>48</u>	<u>(3,371,480)</u>
Other Financing Sources (Uses):				
Transfers in	1,212,634	-	-	1,212,634
Transfers out	(54,686)	(10,243)	-	(64,929)
Total other financing sources (uses)	<u>1,157,948</u>	<u>(10,243)</u>	<u>-</u>	<u>1,147,705</u>
Net change in fund balances	186,516	(2,410,339)	48	(2,223,775)
Fund balances (deficit), beginning of year	<u>2,711,186</u>	<u>(548,869)</u>	<u>6,000</u>	<u>2,168,317</u>
Fund balances (deficit), end of year	<u>\$ 2,897,702</u>	<u>\$ (2,959,208)</u>	<u>\$ 6,048</u>	<u>\$ (55,458)</u>

CITY OF WINFIELD, KANSAS

Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2017

	Flood Control	Special Parks and Recreation	Special Alcohol Program	Law Enforcement Trust	Water Preservation	Senior Citizens Facility	Special Liability	Ambulance And Fire Equipment Reserve	Special Streets and Highway	Industrial Development	Convention and Tourism
Assets:											
Cash and short-term investments	\$ 39,720	\$ 91,784	\$ 29,002	\$ 32,320	\$ 142,333	\$ 8,777	\$ 62,385	\$ -	\$ 280,082	\$ 9,250	\$ 44,983
Accounts receivable	-	-	-	-	-	-	-	-	17,450	-	291
Property taxes receivable	-	-	-	-	-	-	110,491	-	-	2,638	-
Land held for resale	-	-	-	-	-	-	-	-	-	710,252	-
Total assets	\$ 39,720	\$ 91,784	\$ 29,002	\$ 32,320	\$ 142,333	\$ 8,777	\$ 172,876	\$ -	\$ 297,532	\$ 722,140	\$ 45,274
Liabilities, Deferred Inflows and Fund Balances											
Liabilities:											
Accounts payable	\$ -	\$ 3,296	\$ -	\$ -	\$ -	\$ 4	\$ -	\$ -	\$ 4,824	\$ -	\$ -
Accrued payroll and taxes	-	-	843	-	-	-	-	-	14,349	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	3,296	843	-	-	4	-	-	19,173	-	-
Deferred inflows of resources:											
Property taxes receivable	-	-	-	-	-	-	110,491	-	-	2,638	-
Fund Balances:											
Nonspendable	-	-	-	-	-	-	-	-	-	710,252	-
Restricted:											
General government	-	-	-	-	-	-	62,385	-	-	-	-
Public safety	-	-	-	32,320	-	-	-	-	-	-	-
Stormwater drainage improvements	-	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	88,488	-	-	-	8,773	-	-	-	-	-
Health and welfare	-	-	28,159	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-	45,274
Levee maintenance	39,720	-	-	-	-	-	-	-	-	-	-
Street improvements	-	-	-	-	-	-	-	-	-	-	-
Equipment acquisition	-	-	-	-	-	-	-	-	-	-	-
Committed:											
Street improvements	-	-	-	-	-	-	-	-	278,359	-	-
Water quality programs	-	-	-	-	142,333	-	-	-	-	-	-
Fairgrounds improvements	-	-	-	-	-	-	-	-	-	-	-
Cemetery improvements	-	-	-	-	-	-	-	-	-	-	-
Assigned:											
Capital projects	-	-	-	-	-	-	-	-	-	9,250	-
Total fund balances	39,720	88,488	28,159	32,320	142,333	8,773	62,385	-	278,359	719,502	45,274
Total liabilities, deferred inflows and fund balances	\$ 39,720	\$ 91,784	\$ 29,002	\$ 32,320	\$ 142,333	\$ 8,777	\$ 172,876	\$ -	\$ 297,532	\$ 722,140	\$ 45,274

CITY OF WINFIELD, KANSAS

Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2017

	Fairgrounds Improvements	Cemetery Improvement	Library	Equipment Reserve	Grants and Contributions	Alcohol and Drug Safety Action	Barr Police Building	Streets Sales Tax	CDBG	Stormwater Drainage	Total Nonmajor Special Revenue Funds
Assets:											
Cash and short-term investments	\$ 156,548	\$ 72,241	\$ -	\$ 2,030	\$ 37,495	\$ 614	\$ 530,183	\$ 437,718	\$ -	\$ 387,256	\$ 2,364,721
Accounts receivable	-	660	-	-	-	-	-	-	-	12,771	31,172
Property tax receivable	-	-	481,101	-	-	-	-	-	-	-	594,230
Land held for resale	-	-	-	-	-	-	-	-	-	-	710,252
Total assets	\$ 156,548	\$ 72,901	\$ 481,101	\$ 2,030	\$ 37,495	\$ 614	\$ 530,183	\$ 437,718	\$ -	\$ 400,027	3,700,375
Liabilities, Deferred Inflows and Fund Balances											
Liabilities:											
Accounts payable	\$ 1,850	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,974
Accrued payroll and taxes	-	-	-	-	-	-	-	-	-	-	15,192
Due to other funds	-	-	-	-	-	-	-	-	-	183,277	183,277
Total liabilities	1,850	-	-	-	-	-	-	-	-	183,277	208,443
Deferred Inflows of Resources:											
Property taxes receivable	-	-	481,101	-	-	-	-	-	-	-	594,230
Fund Balances:											
Nonspendable	-	-	-	-	-	-	-	-	-	-	710,252
Restricted:											
General government	-	-	-	-	-	-	-	-	-	-	62,385
Public safety	-	-	-	-	-	-	530,183	-	-	-	562,503
Stormwater drainage improvements	-	-	-	-	-	-	-	-	-	216,750	216,750
Culture and recreation	-	-	-	-	-	-	-	-	-	-	97,261
Health and welfare	-	-	-	-	-	614	-	-	-	-	28,773
Economic development	-	-	-	-	-	-	-	-	-	-	45,274
Levee maintenance	-	-	-	-	-	-	-	-	-	-	39,720
Street improvements	-	-	-	-	-	-	-	437,718	-	-	437,718
Equipment acquisition	-	-	-	2,030	37,495	-	-	-	-	-	39,525
Committed:											
Street improvements	-	-	-	-	-	-	-	-	-	-	278,359
Water quality programs	-	-	-	-	-	-	-	-	-	-	142,333
Fairgrounds improvements	154,698	-	-	-	-	-	-	-	-	-	154,698
Cemetery improvements	-	72,901	-	-	-	-	-	-	-	-	72,901
Assigned:											
Capital projects	-	-	-	-	-	-	-	-	-	-	9,250
Total fund balances	154,698	72,901	-	2,030	37,495	614	530,183	437,718	-	216,750	2,897,702
Total liabilities, deferred inflows and fund balances	\$ 156,548	\$ 72,901	\$ 481,101	\$ 2,030	\$ 37,495	\$ 614	\$ 530,183	\$ 437,718	\$ -	\$ 400,027	\$ 3,700,375

CITY OF WINFIELD, KANSAS

Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
Year Ended December 31, 2017

	Flood Control	Special Parks and Recreation	Special Alcohol Program	Law Enforcement Trust	Water Preservation	Senior Citizens Facility	Special Liability	Ambulance And Fire Equipment Reserve	Special Streets and Highway	Industrial Development	Convention and Tourism
Revenues:											
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 143,981	\$ -	\$ -	\$ 13,717	\$ -
Intergovernmental revenues	-	25,191	25,191	-	-	4,000	-	-	699,872	-	92,363
Charges for services	-	-	-	-	-	-	-	-	-	-	-
Use of money and property	314	16,184	215	254	1,047	68	484	5	4,892	278	273
Miscellaneous	-	1,432	1,896	234	-	2,153	-	-	3,786	4,115	7,100
Total assets	<u>314</u>	<u>42,807</u>	<u>27,302</u>	<u>488</u>	<u>1,047</u>	<u>6,221</u>	<u>144,465</u>	<u>5</u>	<u>708,550</u>	<u>18,110</u>	<u>99,736</u>
Expenditures:											
Current:											
General government	-	-	-	-	-	-	191,615	-	-	205	-
Public safety	-	-	-	(221)	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-	1,163,782	-	-
Culture and recreation	-	20,934	-	-	-	8,286	-	-	-	-	-
Health and welfare	-	-	16,625	-	36,956	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	56,325	68,770
Cemetery	-	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	35,942	-	-
Total expenditures	<u>-</u>	<u>20,934</u>	<u>16,625</u>	<u>(221)</u>	<u>36,956</u>	<u>8,286</u>	<u>191,615</u>	<u>-</u>	<u>1,199,724</u>	<u>56,530</u>	<u>68,770</u>
Revenues over (under) expenditures	<u>314</u>	<u>21,873</u>	<u>10,677</u>	<u>709</u>	<u>(35,909)</u>	<u>(2,065)</u>	<u>(47,150)</u>	<u>5</u>	<u>(491,174)</u>	<u>(38,420)</u>	<u>30,966</u>
Other Financing Sources (Uses):											
Transfers in	-	-	-	-	45,949	3,500	75,000	-	285,000	49,000	-
Transfers out	-	(10,000)	-	-	(8,300)	-	-	(1,075)	-	(1,500)	-
Total other financing sources (uses)	<u>-</u>	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>37,649</u>	<u>3,500</u>	<u>75,000</u>	<u>(1,075)</u>	<u>285,000</u>	<u>47,500</u>	<u>-</u>
Net change in fund balance	314	11,873	10,677	709	1,740	1,435	27,850	(1,070)	(206,174)	9,080	30,966
Fund balances, beginning of year	<u>39,406</u>	<u>76,615</u>	<u>17,482</u>	<u>31,611</u>	<u>140,593</u>	<u>7,338</u>	<u>34,535</u>	<u>1,070</u>	<u>484,533</u>	<u>710,422</u>	<u>14,308</u>
Fund balances, end of year	<u>\$ 39,720</u>	<u>\$ 88,488</u>	<u>\$ 28,159</u>	<u>\$ 32,320</u>	<u>\$ 142,333</u>	<u>\$ 8,773</u>	<u>\$ 62,385</u>	<u>\$ -</u>	<u>\$ 278,359</u>	<u>\$ 719,502</u>	<u>\$ 45,274</u>

CITY OF WINFIELD, KANSAS

Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds (continued)
Year Ended December 31, 2017

	Fairgrounds Improvements	Cemetery Improvement	Library	Equipment Reserve	Grants and Contributions	Alcohol and Drug Safety Action	Barr Police Building	Streets Sales Tax	CDBG	Stormwater Drainage	Total Nonmajor Special Revenue Funds
Revenues:											
Taxes	\$ -	\$ -	\$ 538,670	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 696,368.00
Intergovernmental revenues	-	-	-	-	-	-	-	-	4,250	-	850,867
Charges for services	15,716	-	-	-	-	-	-	-	-	146,302	162,018
Use of money and property	1,228	17,268	-	138	292	5	3,675	-	-	2,842	49,462
Miscellaneous	24,956	500	-	-	9,777	-	-	-	-	-	55,949
Total assets	41,900	17,768	538,670	138	10,069	5	3,675	-	4,250	149,144	1,814,664
Expenditures:											
Current:											
General government	-	-	-	43,811	-	-	-	-	4,250	-	239,881
Public safety	-	-	-	-	11,553	-	-	-	-	-	11,332
Public works	-	-	-	-	-	-	-	532,693	-	28,368	1,724,843
Culture and recreation	17,161	-	546,986	-	-	-	-	-	-	-	593,367
Health and welfare	-	-	-	-	-	-	-	-	-	-	53,581
Economic development	-	-	-	-	-	-	-	-	-	-	125,095
Cemetery	-	2,055	-	-	-	-	-	-	-	-	2,055
Debt service	-	-	-	-	-	-	-	-	-	-	35,942
Total expenditures	17,161	2,055	546,986	43,811	11,553	-	-	532,693	4,250	28,368	2,786,096
Revenues over (under) expenditures	24,739	15,713	(8,316)	(43,673)	(1,484)	5	3,675	(532,693)	-	120,776	(971,432)
Other Financing Sources (Uses):											
Transfers in	-	-	-	3,811	-	15	-	750,359	-	-	1,212,634
Transfers out	-	(3,811)	-	-	-	-	-	-	-	(30,000)	(54,686)
Total other financing sources (uses)	-	(3,811)	-	3,811	-	15	-	750,359	-	(30,000)	1,157,948
Net change in fund balance	24,739	11,902	(8,316)	(39,862)	(1,484)	20	3,675	217,666	-	90,776	186,516
Fund balances, beginning of year	129,959	60,999	8,316	41,892	38,979	594	526,508	220,052	-	125,974	2,711,186
Fund balances, end of year	\$ 154,698	\$ 72,901	\$ -	\$ 2,030	\$ 37,495	\$ 614	\$ 530,183	\$ 437,718	\$ -	\$ 216,750	\$ 2,897,702

CITY OF WINFIELD, KANSAS

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Budgetary Basis
Flood Control Fund
Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	Original	Final		
Revenues:				
Interest earnings	\$ 200	\$ 200	\$ 314	\$ 114
Expenditures and encumbrances:				
Contractual services	10,250	10,250	-	(10,250)
Commodities	5,000	5,000	-	(5,000)
Total expenditures and encumbrances	15,250	15,250	-	(15,250)
Revenues over (under) expenditures	(15,050)	(15,050)	314	15,364
Fund balance, beginning of year	24,844	24,844	39,406	14,562
Fund balance, end of year	\$ 9,794	\$ 9,794	\$ 39,720	\$ 29,926

CITY OF WINFIELD, KANSAS

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Budgetary Basis
Special Parks and Recreation Fund
Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	Original	Final		
Revenues:				
Intergovernmental	\$ 18,000	\$ 18,000	\$ 25,191	\$ 7,191
Rent	15,200	15,200	18,402	3,202
Interest earnings	385	385	733	348
Miscellaneous	1,000	1,000	1,432	432
Total revenues	34,585	34,585	45,758	11,173
Expenditures and encumbrances:				
Commodities	-	-	681	681
Capital outlay	20,000	20,000	20,253	253
Contingency	90,000	90,000	-	(90,000)
Transfers out	10,000	10,000	10,000	-
Total expenditures and encumbrances	120,000	120,000	30,934	(89,066)
Revenues over (under) expenditures	(85,415)	(85,415)	14,824	100,239
Fund balance, beginning of year	123,107	123,107	73,604	(49,443)
Fund balance, end of year	\$ 37,692	\$ 37,692	\$ 88,488	\$ 50,796

CITY OF WINFIELD, KANSAS

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Budgetary Basis
Special Alcohol Program Fund
Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	Original	Final		
Revenues:				
Intergovernmental	\$ 18,000	\$ 18,000	\$ 25,191	\$ 7,191
Interest earnings	100	100	215	115
Miscellaneous	<u>2,000</u>	<u>2,000</u>	<u>1,896</u>	<u>(104)</u>
Total revenues	<u>20,100</u>	<u>20,100</u>	<u>27,302</u>	<u>7,202</u>
Expenditures and encumbrances:				
Personal services	35,931	35,931	16,625	(19,306)
Commodities	<u>100</u>	<u>100</u>	<u>-</u>	<u>(100)</u>
Total expenditures and encumbrances	<u>36,031</u>	<u>36,031</u>	<u>16,625</u>	<u>(19,406)</u>
Revenues over (under) expenditures	(15,931)	(15,931)	10,677	26,608
Fund balance, beginning of year	<u>18,589</u>	<u>18,589</u>	<u>17,482</u>	<u>(1,107)</u>
Fund balance, end of year	<u>\$ 2,658</u>	<u>\$ 2,658</u>	<u>\$ 28,159</u>	<u>\$ 25,501</u>

CITY OF WINFIELD, KANSAS

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Budgetary Basis
Law Enforcement Trust Fund
Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	Original	Final		
Revenues:				
Interest earnings	\$ 100	\$ 100	\$ 254	\$ 154
Miscellaneous	<u>10,000</u>	<u>10,000</u>	<u>234</u>	<u>(9,766)</u>
Total revenues	<u>10,100</u>	<u>10,100</u>	<u>488</u>	<u>(9,612)</u>
Expenditures and encumbrances:				
Contractual services	2,000	2,000	-	(2,000)
Capital outlay	<u>5,000</u>	<u>5,000</u>	<u>(221)</u>	<u>(5,221)</u>
Total expenditures and encumbrances	<u>7,000</u>	<u>7,000</u>	<u>(221)</u>	<u>(7,221)</u>
Revenues over (under) expenditures	3,100	3,100	709	(2,391)
Fund balance, beginning of year	<u>27,542</u>	<u>27,542</u>	<u>31,611</u>	<u>4,069</u>
Fund balance, end of year	<u>\$ 30,642</u>	<u>\$ 30,642</u>	<u>\$ 32,320</u>	<u>\$ 1,678</u>

CITY OF WINFIELD, KANSAS

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Budgetary Basis
Water Preservation Fund
Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	Original	Final		
Revenues:				
Interest earnings	\$ 350	\$ 350	\$ 1,047	\$ 697
Transfer In	<u>48,200</u>	<u>48,200</u>	<u>45,949</u>	<u>(2,251)</u>
Total revenues	<u>48,550</u>	<u>48,550</u>	<u>46,996</u>	<u>(1,554)</u>
Expenditures and encumbrances:				
Contractual services	32,000	41,115	36,956	(4,159)
Commodities	200	200	-	(200)
Transfer out	<u>8,300</u>	<u>8,300</u>	<u>8,300</u>	<u>-</u>
Total expenditures and encumbrances	<u>40,500</u>	<u>49,615</u>	<u>45,256</u>	<u>(4,359)</u>
Revenues over (under) expenditures	8,050	(1,065)	1,740	2,805
Fund balance, beginning of year	<u>119,542</u>	<u>119,542</u>	<u>140,593</u>	<u>21,051</u>
Fund balance, end of year	<u>\$ 127,592</u>	<u>\$ 118,477</u>	<u>\$ 142,333</u>	<u>\$ 23,856</u>

CITY OF WINFIELD, KANSAS

Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - Budgetary Basis Senior Citizens Facility Fund Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts Budgetary	Variance With Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>	<u>Basis</u>	<u></u>
Revenues:				
Intergovernmental	\$ 4,000	\$ 4,000	\$ 4,000	\$ -
Interest earnings	20	20	68	48
Miscellaneous	3,000	3,000	2,153	(847)
Transfer In	<u>3,500</u>	<u>3,500</u>	<u>3,500</u>	<u>-</u>
 Total revenues	 10,520	 10,520	 9,721	 (799)
Expenditures and encumbrances:				
Contractual services	<u>8,340</u>	<u>8,340</u>	<u>8,286</u>	<u>(54)</u>
 Revenues over (under) expenditures	 2,180	 2,180	 1,435	 (745)
Fund balance, beginning of year	<u>5,614</u>	<u>5,614</u>	<u>7,338</u>	<u>1,724</u>
Fund balance, end of year	<u>\$ 7,794</u>	<u>\$ 7,794</u>	<u>\$ 8,773</u>	<u>\$ 979</u>

CITY OF WINFIELD, KANSAS

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Budgetary Basis
Special Liability Fund
Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	Original	Final		
Revenues:				
Taxes	\$ 144,810	\$ 144,810	\$ 143,981	\$ (829)
Interest Earnings	100	100	484	384
Transfer In	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>	<u>-</u>
Total revenues	<u>219,910</u>	<u>219,910</u>	<u>219,465</u>	<u>(445)</u>
Expenditures and encumbrances:				
Contractual services	3,200	3,200	-	(3,200)
Commodities	150,000	150,000	189,231	39,231
Capital outlay	35,000	35,000	222	(34,778)
Contingency	5,000	5,000	-	(5,000)
Other	<u>1,360</u>	<u>1,360</u>	<u>2,162</u>	<u>802</u>
Total expenditures and encumbrances	<u>194,560</u>	<u>194,560</u>	<u>191,615</u>	<u>(2,945)</u>
Revenues over (under) expenditures	25,350	25,350	27,850	2,500
Fund balance, beginning of year	<u>47,123</u>	<u>47,123</u>	<u>34,535</u>	<u>(12,588)</u>
Fund balance, end of year	<u>\$ 72,473</u>	<u>\$ 72,473</u>	<u>\$ 62,385</u>	<u>\$ (10,088)</u>

CITY OF WINFIELD, KANSAS

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Budgetary Basis
Special Streets and Highway Fund
Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	Original	Final		
Revenues:				
Intergovernmental	\$ 529,618	\$ 529,618	\$ 699,872	\$ 170,254
Interest Earnings	-	-	4,892	4,892
Miscellaneous	316,550	316,550	3,216	(313,334)
Transfers In	285,000	285,000	285,000	-
Total revenues	1,131,168	1,131,168	992,980	(138,188)
Expenditures and encumbrances:				
Personal services	400,578	400,578	399,263	(1,315)
Contractual services	42,100	42,100	30,183	(11,917)
Commodities	228,122	228,122	186,054	(42,068)
Capital outlay	50,530	145,632	556,885	411,253
Principal	-	-	26,389	26,389
Interest	-	-	9,553	9,553
Transfer out	400,000	400,000	-	(400,000)
Total expenditures and encumbrances	1,121,330	1,216,432	1,208,327	(8,105)
Revenues over (under) expenditures	9,838	(85,264)	(215,347)	(130,083)
Fund balance, beginning of year	164,429	164,429	475,006	639,435
Fund balance, end of year	\$ 174,267	\$ 79,165	\$ 259,659	\$ 509,352

CITY OF WINFIELD, KANSAS

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Budgetary Basis
Industrial Development Fund
Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	Original	Final		
Revenues:				
Taxes	\$ 14,124	\$ 14,124	\$ 13,717	\$ (407)
Interest earnings	-	-	-	-
Miscellaneous	607	607	4,393	3,786
Transfers in	49,000	49,000	49,000	-
Total revenues	63,731	63,731	67,110	3,379
Expenditures and encumbrances:				
Contractual services	12,584	12,584	-	(12,584)
Capital outlay	1,400	1,400	1,325	(75)
Other	50,000	50,000	55,205	5,205
Transfers out	-	-	1,500	1,500
Total expenditures and encumbrances	63,984	63,984	58,030	(5,954)
Revenues over (under) expenditures	(253)	(253)	9,080	9,333
Fund balance, beginning of year	807	807	170	(637)
Fund balance, end of year	\$ 554	\$ 554	\$ 9,250	\$ 8,696

CITY OF WINFIELD, KANSAS

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Budgetary Basis
Convention and Tourism Fund
Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	Original	Final		
Revenues:				
Intergovernmental	\$ 105,000	\$ 105,000	\$ 92,363	\$ (12,637)
Interest earnings	300	300	273	(27)
Miscellaneous	<u>300</u>	<u>300</u>	<u>7,100</u>	<u>6,800</u>
Total revenues	<u>105,600</u>	<u>105,600</u>	<u>99,736</u>	<u>(5,864)</u>
Expenditures and encumbrances:				
Personal services	433	433	7	(426)
Contractual services	58,530	58,530	41,490	(17,040)
Commodities	7,328	7,328	2,013	(5,315)
Capital outlay	10,500	10,500	784	(9,716)
Other	<u>32,000</u>	<u>32,000</u>	<u>24,476</u>	<u>(7,524)</u>
Total expenditures and encumbrances	<u>108,791</u>	<u>108,791</u>	<u>68,770</u>	<u>(40,021)</u>
Revenues over (under) expenditures	(3,191)	(3,191)	30,966	34,157
Fund balance, beginning of year	<u>8,480</u>	<u>8,480</u>	<u>14,308</u>	<u>5,828</u>
Fund balance, end of year	<u>\$ 5,289</u>	<u>\$ 5,289</u>	<u>\$ 45,274</u>	<u>\$ 39,985</u>

CITY OF WINFIELD, KANSAS

Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - Budgetary Basis Fairgrounds Improvement Fund Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	Original	Final		
Revenues:				
Charges for services	\$ 14,000	\$ 14,000	\$ 15,716	\$ 1,716
Miscellaneous	-	-	24,956	24,956
Interest earnings	400	400	1,228	828
Total revenues	14,400	14,400	41,900	27,500
Expenditures and encumbrances:				
Capital outlay	25,000	25,000	17,161	(7,839)
Contingency	35,000	35,000	-	(35,000)
Total expenditures and encumbrances	60,000	60,000	17,161	(42,839)
Revenues over (under) expenditures	(45,600)	(45,600)	24,739	70,339
Fund balance, beginning of year	79,375	79,375	129,959	50,584
Fund balance, end of year	\$ 33,775	\$ 33,775	\$ 154,698	\$ 120,923

CITY OF WINFIELD, KANSAS

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Budgetary Basis
Cemetery Improvements Fund
Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	Original	Final		
Revenues:				
Sale of lots	\$ 5,000	\$ 5,000	\$ 16,058	\$ 11,058
Interest earnings	250	250	550	300
Miscellaneous	100	100	500	400
Total revenues	5,350	5,350	17,108	11,758
Expenditures and encumbrances:				
Commodities	26,500	26,500	2,055	(24,445)
Transfers out	-	-	3,811	3,811
Total expenditures and encumbrances	26,500	26,500	5,866	(20,634)
Revenues over (under) expenditures	(21,150)	(21,150)	11,242	32,392
Fund balance, beginning of year	76,334	76,334	60,999	(15,335)
Fund balance, end of year	\$ 55,184	\$ 55,184	\$ 72,241	\$ 17,057

CITY OF WINFIELD, KANSAS

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Budgetary Basis
Library Fund
Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 554,531	\$ 554,531	\$ 538,670	\$ (15,861)
Expenditures and encumbrances:				
Appropriations to Library Board	549,459	549,459	538,895	(10,564)
Other	<u>5,072</u>	<u>5,072</u>	<u>8,091</u>	<u>3,019</u>
Total expenditures and encumbrances	<u>554,531</u>	<u>554,531</u>	<u>546,986</u>	<u>(7,545)</u>
Revenues over (under) expenditures	-	-	(8,316)	(8,316)
Fund balance, beginning of year	<u>18,975</u>	<u>18,975</u>	<u>8,316</u>	<u>(10,659)</u>
Fund balance, end of year	<u>\$ 18,975</u>	<u>\$ 18,975</u>	<u>\$ -</u>	<u>\$ (18,975)</u>

CITY OF WINFIELD, KANSAS

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Budgetary Basis
Alcohol and Drug Safety Action Fund
Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	Original	Final		
Revenues:				
Interest earnings	\$ 10	\$ 10	\$ 5	\$ (5)
Transfers in	<u>200</u>	<u>200</u>	<u>15</u>	<u>(185)</u>
Total revenues	210	210	20	(190)
Expenditures and encumbrances:				
Commodities	<u>100</u>	<u>100</u>	<u>-</u>	<u>(100)</u>
Revenues over (under) expenditures	110	110	20	(90)
Fund balance, beginning of year	<u>629</u>	<u>629</u>	<u>594</u>	<u>(35)</u>
Fund balance, end of year	<u>\$ 739</u>	<u>\$ 739</u>	<u>\$ 614</u>	<u>\$ (125)</u>

CITY OF WINFIELD, KANSAS

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Budgetary Basis
Street - Sales Tax Fund
Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Transfers in	\$ 768,200	\$ 768,200	\$ 750,359	\$ (17,841)
Expenditures and encumbrances:				
Capital outlay	<u>850,000</u>	<u>850,000</u>	<u>532,693</u>	<u>(317,307)</u>
Revenues over (under) expenditures	(81,800)	(81,800)	217,666	299,466
Fund balance, beginning of year	<u>83,615</u>	<u>83,615</u>	<u>220,052</u>	<u>136,437</u>
Fund balance, end of year	<u>\$ 1,815</u>	<u>\$ 1,815</u>	<u>\$ 437,718</u>	<u>\$ 435,903</u>

CITY OF WINFIELD, KANSAS

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Budgetary Basis
Stormwater Drainage Fund
Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	Original	Final		
Revenues:				
Charges for services	\$ 151,000	\$ 151,000	\$ 150,893	\$ (107)
Interest earnings	<u>750</u>	<u>750</u>	<u>2,842</u>	<u>2,092</u>
Total revenues	<u>151,750</u>	<u>151,750</u>	<u>153,735</u>	<u>1,985</u>
Expenditures and encumbrances:				
Contractual services	51,200	51,200	2,513	(48,687)
Commodities	59,850	59,850	25,855	(33,995)
Transfers out	<u>20,000</u>	<u>20,000</u>	<u>30,000</u>	<u>10,000</u>
Total expenditures and encumbrances	<u>131,050</u>	<u>131,050</u>	<u>58,368</u>	<u>(72,682)</u>
Revenues over (under) expenditures	20,700	20,700	95,367	74,667
Fund balance, beginning of year	<u>266,263</u>	<u>266,263</u>	<u>291,889</u>	<u>25,626</u>
Fund balance, end of year	<u>\$ 286,963</u>	<u>\$ 286,963</u>	<u>\$ 387,256</u>	<u>\$ 100,293</u>

CITY OF WINFIELD, KANSAS

Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - Budgetary Basis Debt Service Fund Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	Original	Final		
Revenues:				
Taxes	\$ 652,940	\$ 652,940	\$ 642,315	\$ (10,625)
Special assessments	206,000	206,000	224,114	18,114
Intergovernmental	26,377	26,377	283,892	257,515
Interest earnings	1,500	1,500	4,519	3,019
Transfers in	<u>1,311,143</u>	<u>1,311,143</u>	<u>1,211,386</u>	<u>(99,757)</u>
Total revenues	<u>2,197,960</u>	<u>2,197,960</u>	<u>2,366,226</u>	<u>168,266</u>
Expenditures and encumbrances:				
Debt principal	1,735,000	1,735,000	1,735,000	-
Debt interest	445,393	488,258	465,348	(22,910)
Other	6,829	6,829	9,504	2,675
Debt issuance costs	<u>-</u>	<u>-</u>	<u>8,235</u>	<u>8,235</u>
Total expenditures and encumbrances	<u>2,187,222</u>	<u>2,230,087</u>	<u>2,218,087</u>	<u>(12,000)</u>
Revenues over (under) expenditures	10,738	(32,127)	148,139	180,266
Fund balance, beginning of year	<u>391,220</u>	<u>391,220</u>	<u>578,165</u>	<u>186,945</u>
Fund balance, end of year	<u>\$ 401,958</u>	<u>\$ 359,093</u>	<u>\$ 726,304</u>	<u>\$ 367,211</u>

CITY OF WINFIELD, KANSAS

Combining Balance Sheet
Nonmajor Capital Project Funds
December 31, 2017

	Geometric KLINK Main Street	Library Parking Lot Improvements	Country Club Villa	2016 Capital Equipment	2016 KLINK	Hospital Improvements	Vaughn Tennis Center Project	Public Safety Needs Study	2015 EMS Ambulance
Assets:									
Cash and short-term investments	\$ (199,575)	\$ 64,820	\$ 1,337,152	\$ 8,461	\$ 28	\$ 10,545	\$ 93,360	\$ 780,133	\$ 22
Total assets	<u>\$ (199,575)</u>	<u>\$ 64,820</u>	<u>\$ 1,337,152</u>	<u>\$ 8,461</u>	<u>\$ 28</u>	<u>\$ 10,545</u>	<u>\$ 93,360</u>	<u>\$ 780,133</u>	<u>\$ 22</u>
Liabilities and Fund Balances									
Liabilities:									
Accounts payable	\$ -	\$ -	\$ 579	\$ -	\$ -	\$ 5,200	\$ -	\$ 1,410	\$ -
Temporary notes payable	-	-	1,358,560	-	128,561	870,000	-	907,251	102,848
Total liabilities	-	-	1,359,139	-	128,561	875,200	-	908,661	102,848
Fund balances (deficit):									
Assigned:									
Capital projects	(199,575)	64,820	(21,987)	8,461	(128,533)	(864,655)	93,360	(128,528)	(102,826)
Total liabilities and fund balances	<u>\$ (199,575)</u>	<u>\$ 64,820</u>	<u>\$ 1,337,152</u>	<u>\$ 8,461</u>	<u>\$ 28</u>	<u>\$ 10,545</u>	<u>\$ 93,360</u>	<u>\$ 780,133</u>	<u>\$ 22</u>

CITY OF WINFIELD, KANSAS

Combining Balance Sheet
Nonmajor Capital Project Funds (continued)
December 31, 2017

	12th Avenue Project	Baden Center Building Improvements	2016 Technology Upgrades	2017 KLINK	2017 Pierce Fire Truck	Total Nonmajor Capital Project Funds
Assets:						
Cash and short-term investments	\$ 211,375	\$ 63,118	\$ 10,024	\$ 132,641	\$ 79	\$ 2,512,183
Total assets	<u>\$ 211,375</u>	<u>\$ 63,118</u>	<u>\$ 10,024</u>	<u>\$ 132,641</u>	<u>\$ 79</u>	<u>\$ 2,512,183</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ 2,447	\$ -	\$ 9,636
Temporary notes payable	<u>813,595</u>	<u>102,848</u>	<u>102,848</u>	<u>321,117</u>	<u>754,127</u>	<u>5,461,755</u>
Total liabilities	<u>813,595</u>	<u>102,848</u>	<u>102,848</u>	<u>323,564</u>	<u>754,127</u>	<u>5,471,391</u>
Fund balances (deficit):						
Assigned:						
Capital projects	<u>(602,220)</u>	<u>(39,730)</u>	<u>(92,824)</u>	<u>(190,923)</u>	<u>(754,048)</u>	<u>(2,959,208)</u>
Total liabilities and fund balances	<u>\$ 211,375</u>	<u>\$ 63,118</u>	<u>\$ 10,024</u>	<u>\$ 132,641</u>	<u>\$ 79</u>	<u>\$ 2,512,183</u>

CITY OF WINFIELD, KANSAS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Project Funds
Year Ended December 31, 2017

	Geometric KLINK Main Street	Library Parking Lot Improvements	Country Club Villa	2016 Capital Equipment	2016 KLINK	Hospital Improvements	Vaughn Tennis Center Project	Public Safety Needs Study	2015 EMS Ambulance
Revenues:									
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-	-	-	30,243	-	-
Total revenues	-	-	-	-	-	-	30,243	-	-
Expenditures:									
General government	-	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	38,025	1,745
Public works	-	-	11,154	-	2,182	-	-	-	-
Culture and recreation	-	1,787	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	857,038	-	-	-
Total expenditures	-	1,787	11,154	-	2,182	857,038	-	38,025	1,745
Revenues over (under) expenditures	-	(1,787)	(11,154)	-	(2,182)	(857,038)	30,243	(38,025)	(1,745)
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(10,243)	-	-
Total other financing sources (uses)	-	-	-	-	-	-	(10,243)	-	-
Net change in fund balance	-	(1,787)	(11,154)	-	(2,182)	(857,038)	20,000	(38,025)	(1,745)
Fund balances (deficit), beginning of year	(199,575)	66,607	(10,833)	8,461	(126,351)	(7,617)	73,360	(90,503)	(101,081)
Fund balances (deficit), end of year	\$ (199,575)	\$ 64,820	\$ (21,987)	\$ 8,461	\$ (128,533)	\$ (864,655)	\$ 93,360	\$ (128,528)	\$ (102,826)

CITY OF WINFIELD, KANSAS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Project Funds (continued)
Year Ended December 31, 2017

	12th Avenue Project	Baden Center Building Improvements	2016 Technology Upgrades	2017 KLINK	2017 Pierce Fire Truck	Total Nonmajor Capital Project Funds
Revenues:						
Intergovernmental	\$ 725,000	\$ -	\$ -	\$ -	\$ -	\$ 725,000
Miscellaneous	-	-	-	191,529	-	221,772
Total revenues	<u>725,000</u>	<u>-</u>	<u>-</u>	<u>191,529</u>	<u>-</u>	<u>946,772</u>
Expenditures:						
General government	-	-	8,066	-	-	8,066
Public Safety	-	-	-	-	754,048	793,818
Public works	1,256,648	-	-	379,756	-	1,649,740
Culture and recreation	-	36,419	-	-	-	38,206
Health and welfare	-	-	-	-	-	857,038
Total expenditures	<u>1,256,648</u>	<u>36,419</u>	<u>8,066</u>	<u>379,756</u>	<u>754,048</u>	<u>3,346,868</u>
Revenues over (under) expenditures	<u>(531,648)</u>	<u>(36,419)</u>	<u>(8,066)</u>	<u>(188,227)</u>	<u>(754,048)</u>	<u>(2,400,096)</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(10,243)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,243)</u>
Net change in fund balance	(531,648)	(36,419)	(8,066)	(188,227)	(754,048)	(2,410,339)
Fund balances (deficit), beginning of year	<u>(70,572)</u>	<u>(3,311)</u>	<u>(84,758)</u>	<u>(2,696)</u>	<u>-</u>	<u>(548,869)</u>
Fund balances (deficit), end of year	<u>\$ (602,220)</u>	<u>\$ (39,730)</u>	<u>\$ (92,824)</u>	<u>\$ (190,923)</u>	<u>\$ (754,048)</u>	<u>\$ (2,959,208)</u>

CITY OF WINFIELD, KANAS

ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The fund measurers focus is upon determination of net income, financial position and change in financial position. The following Enterprise Funds are reported:

Electric Utility - to account for the operations and maintenance of the City's electric generation and distribution system. The City purchases electricity and maintains a 65 KW generation capacity. Electric service is provided to approximately 7,500 meters both within the City and in surrounding areas, and sold wholesale to neighboring towns. Financing is provided by user charges.

Gas Utility - to account for the operations and maintenance of the City's gas distribution system. The City purchases natural gas and provides service to approximately 5,200 customers. Financing is provided by user charges.

Water Utility - to account for the operation and maintenance of the City's water treatment plan and water distribution system. The Winfield City Lake provides adequate quality water supply to Winfield citizens providing water to approximately 5,200 meters. The City also provides water to five rural water districts and one neighboring town. Financing is provided by user charges.

Wastewater Utility - to account for the operation and maintenance of the City's wastewater collection system and wastewater treatment plan. The City collects and treats effluent of City residents providing service to approximately 5,000 households. Financing is provided by user charges.

Refuse - 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 account for into his fund, including but not limited to, administration, operations and maintenance, financing and related debt service, and capital improvements. In addition, a prorata portion of administration, utility billings and collection expenses are charged to this fund from the Management Services Fund. Financing is provided by user charges.

Quail Ridge Golf Course - to account for the operation and maintenance of the City's eighteen hole golf course owned and operated by the City. The golf course revenues consist of memberships, round fees, cart rentals and driving range fees.

CITY OF WINFIELD, KANSAS

Combining Statement of Net Position
Nonmajor Enterprise Funds
December 31, 2017

	Refuse	Quail Ridge Golf Course	Total All Nonmajor Governmental Funds
Assets:			
Cash including short-term investments	\$ 720,343	\$ 17,087	\$ 737,430
Accounts receivable	145,747	1,151	146,898
Inventories	-	25,871	25,871
Total current assets	866,090	44,109	910,199
Noncurrent Assets:			
Land	3,503	399,949	403,452
Buildings	60,157	514,636	574,793
Improvements other than buildings	-	2,551,268	2,551,268
Machinery and equipment	1,473,702	575,353	2,049,055
Less accumulated depreciation	(1,115,021)	(3,113,417)	(4,228,438)
Leased equipment	37,172	-	37,172
Less accumulated amortization	(3,717)	-	(3,717)
Total noncurrent assets	455,796	927,789	1,383,585
Other Assets:			
Advance to other funds	7,620	-	7,620
Investment in joint venture	75,827	-	75,827
Total other assets	83,447	-	83,447
Total assets	1,405,333	971,898	2,377,231
Deferred Outflows of Resources:			
Deferred outflows related to pensions	54,707	25,089	79,796
Current Liabilities:			
Accounts payable	67,368	23,461	90,829
Accrued wages payable	15,174	7,263	22,437
Current portion of compensated absences payable	17,226	3,966	21,192
Current portion of long-term lease payable	2,645	-	2,645
Total current liabilities	102,413	34,690	137,103
Noncurrent Liabilities:			
Long-term portion of accrued compensated absences payable	12,035	-	12,035
Long-term portion of capitalized lease obligations	30,365	-	30,365
Net OPEB obligation payable	24,759	12,078	36,837
Net pension liability	247,771	113,629	361,400
Total noncurrent liabilities	314,930	125,707	440,637
Total liabilities	417,343	160,397	577,740
Deferred Inflows of Resources:			
Deferred inflows related to pensions	13,998	6,419	20,417
Net Position:			
Net investment in capital assets	422,786	927,789	1,350,575
Unrestricted	605,913	(97,618)	508,295
Total net position	\$ 1,028,699	\$ 830,171	\$ 1,858,870

CITY OF WINFIELD, KANSAS

Combining Statement of Revenues, Expenses and Changes in Net Position
 Nonmajor Enterprise Funds
 Year Ended December 31, 2017

	Refuse	Quail Ridge Golf Course	Total Nonmajor Enterprise Funds
Operating Revenues:			
Charges for services and sales	\$ 1,372,653	\$ 318,089	\$ 1,690,742
Other	<u>47,299</u>	<u>-</u>	<u>47,299</u>
Total operating revenues	<u>1,419,952</u>	<u>318,089</u>	<u>1,738,041</u>
Operating Expenses			
Services and supplies	1,210,810	617,449	1,828,259
Depreciation	<u>103,107</u>	<u>60,774</u>	<u>163,881</u>
Total operating expenses	<u>1,313,917</u>	<u>678,223</u>	<u>1,992,140</u>
Revenues over (under) expenses	106,035	(360,134)	(254,099)
Nonoperating Revenues (Expenses):			
Interest income	5,990	-	5,990
Gain on joint venture	<u>21</u>	<u>-</u>	<u>21</u>
Total nonoperating revenues (expenses)	<u>6,011</u>	<u>-</u>	<u>6,011</u>
Income (loss) before transfers	112,046	(360,134)	(248,088)
Transfers in	-	238,500	238,500
Transfers out	<u>(107,686)</u>	<u>-</u>	<u>(107,686)</u>
Change in net position	4,360	(121,634)	(117,274)
Net position, beginning of year	<u>1,024,339</u>	<u>951,805</u>	<u>1,976,144</u>
Net position, end of year	<u>\$ 1,028,699</u>	<u>\$ 830,171</u>	<u>\$ 1,858,870</u>

CITY OF WINFIELD, KANSAS

Combining Statement of Cash Flows
Nonmajor Enterprise Fund
Year Ended December 31, 2017

	Refuse	Quail Ridge Golf Course	Total Nonmajor Enterprise Funds
Cash flows from operating activities:			
Receipts from customers	\$ 1,363,574	\$ 317,238	\$ 1,680,812
Other receipts	47,320	-	47,320
Payments to suppliers and providers	(481,954)	(311,967)	(793,921)
Payments to employees for salaries and benefits	(439,398)	(295,202)	(734,600)
Cash payments for interfund services	(292,053)	(1,614)	(293,667)
Net cash provided by (used in) operations	197,489	(291,545)	(94,056)
Cash flows from capital and related financing activities:			
Proceeds from capital lease obligation	37,172	-	37,172
Debt service principal	(37,381)	-	(37,381)
Acquisition of capital assets	(95,589)	36,652	(58,937)
Net cash provided (used) by capital and related financing activities	(95,798)	36,652	(59,146)
Cash flows noncapital financing activities:			
Transfers in	-	238,500	238,500
Transfers out	(107,686)	-	(107,686)
Net cash provided (used) for noncapital financing activities	(107,686)	238,500	130,814
Cash flows from investing activities:			
Interest income	5,990	-	5,990
Net increase (decrease) in cash and cash equivalents	(5)	(16,393)	(16,398)
Cash and cash equivalents, beginning of year	720,348	33,480	753,828
Cash and cash equivalents, end of year	\$ 720,343	\$ 17,087	\$ 737,430
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ 106,035	\$ (360,134)	\$ (254,099)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	103,107	60,774	163,881
(Increase) decrease in accounts receivable	(9,058)	(851)	(9,909)
(Increase) decrease in inventories	-	507	507
(Increase) decrease in deferred outflows of resources related to pensions	9,458	996	10,454
(Increase) decrease in accounts payable	12,461	2,561	15,022
(Increase) decrease in accrued wages payable	2,127	1,932	4,059
(Increase) decrease in compensated absences payable	2,615	(1,399)	1,216
(Increase) decrease in deferred inflows of resources related to pensions	(413)	552	139
(Increase) decrease in OPEB liability payable	(64)	2,351	2,287
(Increase) decrease in net pension liability payable	(28,779)	1,166	(27,613)
Net cash provided (used) by operating activities	\$ 197,489	\$ (291,545)	\$ (94,056)

CITY OF WINFIELD, KANSAS

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Budget Basis
Electric Utility Fund
Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	Original	Final		
Revenues:				
Charges for services	\$ 27,903,000	\$ 27,903,000	\$ 27,565,693	\$ (337,307)
Use of money and property	15,000	15,000	14,569	(431)
Miscellaneous	26,600	26,600	42,007	15,407
Total revenues	27,944,600	27,944,600	27,622,269	(322,331)
Expenditures and encumbrances:				
Personal services	2,147,341	2,147,341	2,051,550	(95,791)
Contractual services	599,145	599,145	431,026	(168,119)
Commodities	2,234,754	2,234,754	1,930,879	(303,875)
Purchased energy	19,600,000	20,061,688	19,912,105	(149,583)
Capital outlay	802,000	802,000	714,408	(87,592)
Miscellaneous	15,750	15,750	10,345	(5,405)
Transfers out	2,887,000	2,887,000	2,672,737	(214,263)
Total expenditures and encumbrances	28,285,990	28,747,678	27,723,050	(1,024,628)
Revenues over (under) expenditures and encumbrances	(341,390)	(803,078)	(100,781)	702,297
Fund balance, beginning of year	864,790	864,790	345,206	(519,584)
Fund balance, end of year	\$ 523,400	\$ 61,712	\$ 244,425	\$ 182,713

CITY OF WINFIELD, KANSAS

Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - Budget Basis Gas Utility Fund Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over Under
	Original	Final		(Under)
Revenues:				
Charges for services	\$ 5,534,000	\$ 5,534,000	\$ 3,413,586	\$ (2,120,414)
Use of money and property	4,500	4,500	6,004	1,504
Miscellaneous	5,000	5,000	-	(5,000)
Total revenues	5,543,500	5,543,500	3,419,590	(2,123,910)
Expenditures and encumbrances:				
Personal services	583,147	583,147	606,492	23,345
Contractual services	79,900	79,900	41,732	(38,168)
Commodities	886,889	886,889	775,680	(111,209)
Purchased energy	3,000,000	3,000,000	1,750,083	(1,249,917)
Capital outlay	104,000	104,000	121,170	17,170
Miscellaneous	6,900	6,900	4,658	(2,242)
Transfers out	777,500	777,500	421,146	(356,354)
Total expenditures and encumbrances	5,438,336	5,438,336	3,720,961	(1,717,375)
Revenues over (under) expenditures and encumbrances	105,164	105,164	(301,371)	(406,535)
Fund balance, beginning of year	486,724	486,724	64,776	(421,948)
Fund balance, end of year	\$ 591,888	\$ 591,888	\$ (236,595)	\$ (828,483)

CITY OF WINFIELD, KANSAS

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Budget Basis
Water Utility Fund
Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	Original	Final		
Revenues:				
Charges for services	\$ 2,680,000	\$ 2,680,000	\$ 2,409,859	\$ (270,141)
Use of money and property	500	500	827	327
Miscellaneous	15,970	15,970	25,149	9,179
Transfers in	85,000	85,000	145,000	60,000
Total revenues	<u>2,781,470</u>	<u>2,781,470</u>	<u>2,580,835</u>	<u>(200,635)</u>
Expenditures and encumbrances:				
Personal services	782,813	782,813	819,542	36,729
Contractual services	219,925	219,925	221,201	1,276
Commodities	740,526	740,526	673,275	(67,251)
Capital outlay	206,000	206,000	143,841	(62,159)
Miscellaneous	20,400	20,400	16,968	(3,432)
Transfers out	750,642	750,642	758,401	7,759
Total expenditures and encumbrances	<u>2,720,306</u>	<u>2,720,306</u>	<u>2,633,228</u>	<u>(87,078)</u>
Revenues over (under) expenditures and encumbrances	61,164	61,164	(52,393)	(113,557)
Fund balance, beginning of year	<u>30,624</u>	<u>30,624</u>	<u>(8,075)</u>	<u>(38,699)</u>
Fund balance, end of year	<u>\$ 91,788</u>	<u>\$ 91,788</u>	<u>\$ (60,468)</u>	<u>\$ (152,256)</u>

CITY OF WINFIELD, KANSAS

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Budget Basis
Wastewater Utility Fund
Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	Original	Final		
Revenues:				
Charges for services	\$ 1,998,100	\$ 1,998,100	\$ 1,914,570	\$ (83,530)
Use of money and property	1,000	1,000	923	(77)
Temporary not proceeds	-	-	548,229	548,229
Miscellaneous	6,580	6,580	22,686	16,106
Total revenues	<u>2,005,680</u>	<u>2,005,680</u>	<u>2,486,408</u>	<u>480,728</u>
Expenditures and encumbrances:				
Personal services	712,128	712,128	670,419	(41,709)
Contractual services	289,011	289,011	295,916	6,905
Commodities	346,735	346,735	251,621	(95,114)
Capital outlay	150,100	150,100	104,792	(45,308)
Miscellaneous	1,050	1,050	1,235	185
Debt service	548,239	548,239	551,239	3,000
Transfers out	80,000	80,000	130,000	50,000
Total expenditures and encumbrances	<u>2,127,263</u>	<u>2,127,263</u>	<u>2,005,222</u>	<u>(122,041)</u>
Revenues over (under) expenditures and encumbrances	(121,583)	(121,583)	481,186	602,769
Fund balance, beginning of year	<u>123,575</u>	<u>123,575</u>	<u>98,440</u>	<u>(25,135)</u>
Fund balance, end of year	<u>\$ 1,992</u>	<u>\$ 1,992</u>	<u>\$ 579,626</u>	<u>\$ 577,534</u>

CITY OF WINFIELD, KANSAS

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Budget Basis
Refuse Fund
Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	Original	Final		
Revenues:				
Charges for services	\$ 1,353,000	\$ 1,353,000	\$ 1,351,755	\$ (1,245)
Use of money and property	3,500	3,500	5,990	2,490
Miscellaneous	20,000	20,000	25,527	5,527
Total revenues	1,376,500	1,376,500	1,383,272	6,772
Expenditures and encumbrances:				
Personal services	490,117	490,117	463,941	(26,176)
Contractual services	334,585	334,585	318,002	(16,583)
Commodities	475,521	475,521	434,291	(41,230)
Capital outlay	102,000	102,000	71,774	(30,226)
Miscellaneous	925	925	801	(124)
Transfers out	75,700	75,700	107,686	31,986
Total expenditures and encumbrances	1,478,848	1,478,848	1,396,495	(82,353)
Revenues over (under) expenditures and encumbrances	(102,348)	(102,348)	(13,223)	89,125
Fund balance, beginning of year	686,706	686,706	651,024	(35,682)
Fund balance, end of year	\$ 584,358	\$ 584,358	\$ 637,801	\$ 53,443

CITY OF WINFIELD, KANSAS

Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual - Budget Basis
 Quail Ridge Golf Course Fund
 Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	Original	Final		
Revenues:				
Charges for services	\$ 394,325	\$ 394,325	\$ 312,775	\$ (81,550)
Transfers in	256,000	256,000	238,500	(17,500)
Total revenues	650,325	650,325	551,275	(99,050)
Expenditures and encumbrances:				
Personal services	313,716	313,716	300,799	(12,917)
Contractual services	94,262	94,262	66,279	(27,983)
Commodities	203,850	203,850	172,563	(31,287)
Capital outlay	32,500	32,500	31,878	(622)
Miscellaneous	2,165	2,165	642	(1,523)
Total expenditures and encumbrances	646,493	646,493	572,161	(74,332)
Revenues over (under) expenditures and encumbrances	3,832	3,832	(20,886)	(24,718)
Fund balance, beginning of year	64	64	7,249	7,185
Fund balance, end of year	\$ 3,896	\$ 3,896	\$ (13,637)	\$ (17,533)

CITY OF WINFIELD, KANSAS

INTERNAL SERVICE FUNDS

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. The following Internal Service Funds are reported:

Management Services - a cost center for the City's 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.

Operation Center - a cost center for the City's 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 a square footage basis. The Service Center charges other departments based on usage.

Risk Management Reserve - 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 insurable risk, based on actuarial computations provided by an insurance consultant. The City purchases commercial insurance coverage for substantial areas of risk, including property loss, auto liability, boiler and machinery and general and public officials' liability. Individual funds pay their portions of insurance policy premiums that are recorded as expenditures/expenses in those funds.

Worker's Compensation Reserve - accounts for all workers' compensation-related claims, judgments and expenses through September 24, 2011. At this time, the City purchased workers' compensation insurance to cover all future claims. The City's workers' compensation program was a partially self-funded program covering substantially all full-time and part-time employees of the City. Fund has been provided by annual contributions from other City functions that have an insurable risk, based on actuarial computations provided by an insurance consultant.

Health Insurance Reserve - created to eventually fund a partially self-insured health insurance program. The fund currently is used to pay a portion of the employee health insurance premiums.

Short Term Disability Reserve - used to provide short-term disability for up to twenty-six weeks of financial assistance to City full-time employees following sixty days of continuous disability.

CITY OF WINFIELD, KANSAS

Combining Statement of Net Position
Nonmajor Internal Service Funds
December 31, 2017

	Management Services	Operations Center	Risk Management Reserve	Workers' Compensation Reserve	Health Insurance Reserve	Short-Term Disability Reserve	Total Internal Service Funds
Current Assets:							
Cash and short-term investments	\$ 151,040	\$ 32,915	\$ 349,829	\$ 93,526	\$ 157,388	\$ 210,880	\$ 995,578
Accounts receivable	38,411	-	-	-	-	-	38,411
Prepaid insurance	-	-	-	-	32,225	-	32,225
Inventories	22,615	91,094	-	-	-	-	113,709
Total current assets	210,066	124,009	349,829	93,526	189,613	210,880	1,177,923
Noncurrent Assets:							
Land	-	6,500	-	-	-	-	6,500
Buildings	297,677	1,837,909	-	-	-	-	2,135,586
Improvements other than buildings	-	110,023	-	-	-	-	110,023
Machinery and equipment	1,434,962	467,567	-	-	-	-	1,902,529
Less accumulated depreciation	(1,374,785)	(1,339,897)	-	-	-	-	(2,714,682)
Total noncurrent assets	357,854	1,082,102	-	-	-	-	1,439,956
Total assets	567,920	1,206,111	349,829	93,526	189,613	210,880	2,617,879
Deferred Outflows of Resources:							
Deferred outflows related to pensions	303,953	43,216	-	-	-	-	347,169
Current Liabilities:							
Accounts payable	46,529	13,753	-	31,393	-	-	91,675
Accrued payroll payable	76,009	11,225	-	-	-	-	87,234
Current portion of compensated absences payable	80,333	8,039	-	-	-	-	88,372
Total current liabilities	202,871	33,017	-	31,393	-	-	267,281
Noncurrent Liabilities:							
Long-term portion of compensated absences payable	87,778	7,084	-	-	-	-	94,862
Net OPEB liability	139,748	20,300	-	-	-	-	160,048
Net pension liability	1,376,612	195,726	-	-	-	-	1,572,338
Advances from other funds	-	70,000	-	-	-	-	70,000
Total noncurrent liabilities	1,604,138	293,110	-	-	-	-	1,897,248
Total liabilities	1,807,009	326,127	-	31,393	-	-	2,164,529
Deferred Inflows of Resources:							
Deferred inflows related to pensions	77,771	11,057	-	-	-	-	88,828
Net Position:							
Net investment in capital assets	357,854	1,082,102	-	-	-	-	1,439,956
Unrestricted (deficit)	(1,370,761)	(169,959)	349,829	62,133	189,613	210,880	(728,265)
Total net position (deficit)	\$ (1,012,907)	\$ 912,143	\$ 349,829	\$ 62,133	\$ 189,613	\$ 210,880	\$ 711,691

CITY OF WINFIELD, KANSAS

Combining Statement of Revenues, Expenses and Changes in Net Position
Nonmajor Internal Service Funds
Year Ended December 31, 2017

	Management Services	Operations Center	Risk Management Reserve	Workers' Compensation Reserve	Health Insurance Reserve	Short-Term Disability Reserve	Total Internal Service Funds
Operating Revenues:							
Charges for services	\$ 3,219,775	\$ 520,400	\$ -	\$ 136,380	\$ 2,065,913	\$ -	\$ 5,942,468
Other	53,480	580	9,425	15,895	-	-	79,380
Total operating revenues	3,273,255	520,980	9,425	152,275	2,065,913	-	6,021,848
Operating Expenses:							
Administration	3,122,281	418,275	-	-	-	-	3,540,556
Premiums and claims	-	-	75,062	142,348	2,064,128	-	2,281,538
Depreciation	55,511	56,583	-	-	-	-	112,094
Total operating expenses	3,177,792	474,858	75,062	142,348	2,064,128	-	5,934,188
Operating income (loss)	95,463	46,122	(65,637)	9,927	1,785	-	87,660
Nonoperating Revenues (Expenses):							
Interest income	-	-	2,989	441	449	1,669	5,548
Gain on sale of equipment	270	87	-	-	-	-	357
Income (loss) before transfers	95,733	46,209	(62,648)	10,368	2,234	1,669	93,565
Transfers out	(17,500)	-	-	-	-	-	(17,500)
Change in net position	78,233	46,209	(62,648)	10,368	2,234	1,669	76,065
Net position (deficit), beginning of year	(1,091,140)	865,934	412,477	51,765	187,379	209,211	635,626
Net position (deficit), end of year	\$ (1,012,907)	\$ 912,143	\$ 349,829	\$ 62,133	\$ 189,613	\$ 210,880	\$ 711,691

CITY OF WINFIELD, KANSAS

Combining Statement of Cash Flows
Nonmajor Internal Service Funds
Year Ended December 31, 2017

	Management Services	Operations Center	Risk Management Reserve	Worker's Compensation Reserve	Health Insurance Reserve	Short-Term Disability Reserve	Total Internal Service Funds
Cash flows from operating activities:							
Receipts from interfund charges	\$ 3,213,253	\$ 520,400	\$ -	\$ 138,380	\$ 2,067,751	\$ -	\$ 5,937,784
Other receipts	53,750	667	9,425	15,895	-	-	79,737
Payments to suppliers and providers	(748,510)	(95,570)	(75,062)	(142,348)	(2,064,128)	-	(3,125,618)
Payments to employees for salaries and benefits	(2,352,125)	(361,272)	-	-	-	-	(2,713,397)
Net cash provided by (used in) operations	166,368	64,225	(65,637)	9,927	3,623	-	178,506
Cash flows from capital and related financing activities:							
Acquisition of capital assets	(99,544)	(53,829)	-	-	-	-	(153,373)
Cash flows noncapital financing activities:							
Transfers out	(17,500)	-	-	-	-	-	(17,500)
Cash flows from investing activities:							
Interest income	-	-	2,989	441	449	1,669	5,548
Net increase (decrease) in cash and cash equivalents	49,324	10,396	(62,648)	10,368	4,072	1,669	13,181
Cash and cash equivalents, beginning of year	101,716	22,519	412,477	83,158	153,316	209,211	982,397
Cash and cash equivalents, end of year	\$ 151,040	\$ 32,915	\$ 349,829	\$ 93,526	\$ 157,388	\$ 210,880	\$ 995,578
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
Operating income (loss)	95,483	46,122	(65,637)	9,927	1,765	-	87,660
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation	55,511	58,583	-	-	-	-	112,094
(Increase) decrease in accounts receivable	(6,252)	87	-	-	-	-	(6,165)
(Increase) decrease in inventories	1,160	(2,647)	-	-	-	-	(1,487)
Decrease in prepaid expenses	-	-	-	-	1,838	-	1,838
(Increase) decrease in deferred outflows of resources related to pensions	23,529	(13,499)	-	-	-	-	10,030
Increase in accounts payable	18,323	3,393	-	-	-	-	21,716
Increase (decrease) in accrued wages payable	9,583	(591)	-	-	-	-	8,992
(Decrease) in compensated absences payable	(14,815)	(1,818)	-	-	-	-	(16,633)
Increase (decrease) in deferred inflows of resources related to pensions	4,221	(364)	-	-	-	-	3,857
Increase in OPEB liability payable	14,473	408	-	-	-	-	14,881
Increase (decrease) in net pension liability payable	(34,828)	(23,449)	-	-	-	-	(58,277)
Net cash provided (used) by operating activities	\$ 166,368	\$ 64,225	\$ (65,637)	\$ 9,927	\$ 3,623	\$ -	\$ 178,506

CITY OF WINFIELD, KANSAS

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Budget Basis
Management Services Fund
Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	Original	Final		
Revenues:				
Charges for services	\$ 3,255,089	\$ 3,255,089	\$ 3,219,234	\$ (35,855)
Miscellaneous	35,350	35,350	47,770	12,420
Total revenues	3,290,439	3,290,439	3,267,004	(23,435)
Expenditures and encumbrances:				
Personal services	2,429,774	2,429,774	2,361,708	(68,066)
Contractual services	666,268	666,268	697,377	31,109
Commodities	164,385	164,385	138,751	(25,634)
Capital outlay	40,000	40,000	17,143	(22,857)
Miscellaneous	29,865	29,865	34,325	4,460
Contingency	1,000	1,000	-	(1,000)
Transfer out	-	-	17,500	17,500
Total expenditures and encumbrances	3,331,292	3,331,292	3,266,804	(64,488)
Revenues over (under) expenditures, encumbrances, and other uses	(40,853)	(40,853)	200	41,053
Fund balance, beginning of year	42,163	42,163	1,136	(41,027)
Fund balance, end of year	\$ 1,310	\$ 1,310	\$ 1,336	\$ 26

CITY OF WINFIELD, KANSAS

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Budget Basis
Operations Center Fund
Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	Original	Final		
Revenues:				
Charges for services	\$ 638,803	\$ 638,803	\$ 520,400	\$ (118,403)
Miscellaneous	950	950	667	(283)
Total revenues	639,753	639,753	521,066	(118,687)
Expenditures and encumbrances:				
Personal services	391,665	391,665	360,681	(30,984)
Contractual services	123,398	123,398	113,778	(9,620)
Commodities	76,000	76,000	42,239	(33,761)
Capital outlay	45,000	45,000	4,756	(40,244)
Miscellaneous	1,750	1,750	892	(858)
Transfers	5,000	5,000	-	(5,000)
Total expenditures and encumbrances	642,813	642,813	522,346	(120,467)
Revenues over (under) expenditures and encumbrances	(3,060)	(3,060)	(1,280)	1,780
Unencumbered cash, beginning of year	8,936	8,936	343	(8,593)
Unencumbered cash, end of year	\$ 5,876	\$ 5,876	\$ (937)	\$ (6,813)

CITY OF WINFIELD, KANSAS

FIDUCIARY FUNDS

Fiduciary Funds are used to report assets held in a trustee or agent capacity for others and, therefore, are not used to support the government's own programs. The following Fiduciary Funds are reported:

Payroll Clearing - to account for moneys held on behalf of City employees' payroll for related payroll taxes, retirement contributions, insurance and other authorized withholdings by City employees.

Fire Insurance Proceeds - to collect and pass through flexible benefit contributions.

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

Flexible Medical - to account for moneys held on behalf of City employees' payroll for reimbursement of qualifying medical expenses by City employees.

CITY OF WINFIELD, KANSAS

Statement of Changes in Assets and Liabilities Agency Funds Year Ended December 31, 2017

	Balance January 1, 2017	Additions	Deductions	Balance December 31, 2017
Payroll Clearing Fund				
Assets				
Cash and short-term investments	\$ 202,213	\$ 7,707,463	\$ 7,898,253	\$ 11,423
Liabilities				
Accrued liabilities payable	\$ 202,213	\$ 7,707,463	\$ 7,898,253	\$ 11,423
Fire Insurance Proceeds Fund				
Assets				
Cash and short-term investments	\$ -	\$ 25,558	\$ -	\$ 25,558
Liabilities				
Accrued liabilities payable	\$ -	\$ 25,558	\$ -	\$ 25,558
Sales Tax Fund				
Assets				
Cash and short-term investments	\$ -	\$ 902,298	\$ 901,529	\$ 769
Other receivables	90,674	934,333	934,029	90,978
Total assets	\$ 90,674	\$ 1,836,631	\$ 1,835,558	\$ 91,747
Liabilities				
Accrued liabilities payable	\$ 90,674	\$ 901,976	\$ 900,903	\$ 91,747
Flex Medical Fund				
Assets				
Cash and short-term investments	\$ 27,027	\$ 208,109	\$ 212,222	\$ 22,914
Liabilities				
Accrued liabilities payable	\$ 27,027	\$ 208,109	\$ 212,222	\$ 22,914
Total Agency Funds				
Assets				
Cash and short-term investments	\$ 229,240	\$ 8,843,428	\$ 9,012,004	\$ 60,664
Other receivables	90,674	934,333	934,029	90,978
Total assets	\$ 319,914	\$ 9,777,761	\$ 9,946,033	\$ 151,642
Liabilities				
Accrued liabilities payable	\$ 319,914	\$ 8,843,106	\$ 9,011,378	\$ 151,642

CITY OF WINFIELD, KANSAS

COMPONENT UNITS

Winfield Public Library

The Winfield Public Library is reported as a discretely presented component unit within the financial statements of the City of Winfield (the reporting entity) to emphasize its separate legal status. The Winfield Public Library Board is appointed by the City Council and operates the public library of the City. The Library Board taxes are levied under the taxing authority of the City and are included as part of the City's total tax levy. These taxes are accounted for in the Library special revenue fund of the City. The Library Board also received funding through state assistance programs, fines and donations from the public.

Winfield Housing Authority

The Winfield Housing Authority was created in 1978 as an agent of the City under K.S.A. 17-2340. The City Commission appoints all Board members and has the ability to impose its will on the Winfield Housing Authority. Although the City does not have the authority to approve or modify the Housing Authority's operational and capital budgets, and the Housing Authority has the authority to issue bonded debt, the City is fiscally responsible for the Housing Authority since it was created as an agency of the City. The City has delegated to the Housing Authority the power to operate and manage the low-rent housing projects of the City. The Housing Authority is on a June 30th fiscal year end and financial data included in these financial statements are for the fiscal year ended June 30, 2017.

CITY OF WINFIELD, KANSAS

Winfield Housing Authority Statement of Net Position June 30, 2017

Assets:

Cash including investments	\$ 87,389
Security deposits	8,307
Accounts receivable, net	664
HUD restricted capital grant receivable	63,185
Prepaid expenses	27,694
Inventory	3,888
Land	52,776
Buildings	3,315,380
Furniture, equipment and machinery	291,879
Accumulated depreciation	<u>(2,319,334)</u>

Total assets	<u>1,531,828</u>
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Deferred Outflows of Resources:

Deferred outflows related to pensions	<u>21,127</u>
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Liabilities:

Accounts payable and accrued liabilities	17,390
Salaries and benefits payable	5,749
Tenant security deposits	16,487
Tenant prepaid rents	151
Noncurrent liabilities:	
Due in one year	1,025
Due after one year	<u>164,020</u>

Total liabilities	<u>204,822</u>
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Deferred Inflows of Resources:

Deferred inflows - HUD capital grant receivable	80,202
Deferred inflows related to pensions	7,924
Deferred operating subsidy	<u>9,516</u>

Total deferred inflows of resources	<u>94,642</u>
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Net Position:

Net investment in capital assets	1,340,701
Restricted for capital projects	63,185
Unrestricted	<u>(150,395)</u>

Total net position	<u>\$ 1,253,491</u>
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CITY OF WINFIELD, KANSAS

Winfield Housing Authority Statement of Revenues, Expenses and Changes in Net Position For the Year Ended June 30, 2017

Operating Revenues:	
Dwelling rentals	\$ 129,432
HUD operating subsidies	71,850
Other operating income	<u>8,754</u>
Total operating revenues	<u>210,036</u>
Operating Expenses:	
Payroll and employee benefits	122,199
Maintenance and repairs	24,505
Utilities	7,690
Insurance	19,530
Administration	38,951
Payments in lieu of taxes	12,174
Depreciation	100,524
Miscellaneous expenses	<u>2,406</u>
Total operating expenses	<u>327,979</u>
Operating loss	(117,943)
Nonoperating revenues - interest income	<u>114</u>
Loss before capital contributions	(117,829)
HUD capital improvement grants	<u>56,057</u>
Change in net position	(61,772)
Net position, beginning of year	<u>1,315,263</u>
Net position, end of year	<u>\$ 1,253,491</u>

CITY OF WINFIELD, KANSAS

Winfield Public Library Statement of Net Position December 31, 2017

Assets:

Cash including investments	\$ 625,766
Leasehold cost	2,162,886
Computers and equipment	182,083
Furniture and fixtures	112,516
Books, audio visual, and automation	249,454
Accumulated depreciation	<u>(902,738)</u>

Total assets 2,429,967

Deferred Outflows of Resources:

Deferred outflows related to pensions 46,709

Liabilities:

Accounts payable	7,760
Salaries and benefits payable	15,652
Noncurrent liabilities:	
Due after one year	<u>171,077</u>

Total liabilities 194,489

Deferred Inflows of Resources:

Deferred inflows related to pensions 17,857

Net Position:

Net investment in capital assets	1,804,201
Unrestricted	<u>460,129</u>

Total net position \$ 2,264,330

CITY OF WINFIELD, KANSAS

Winfield Public Library Statement of Revenues, Expenses and Changes in Net Position For the Year Ended December 31, 2017

Operating Revenues:	
Appropriations from City of Winfield	\$ 538,895
Operating grants, gifts and memorials	74,564
Charges for services	14,892
Charges for fines	7,520
Investment earnings	2,390
Miscellaneous	2,947
Intergovernmental - state aid	<u>3,779</u>
 Total operating revenues	 <u>644,987</u>
Operating Expenses:	
Current:	
Personal services	348,064
Materials and services	162,369
Gifts and memorials	441
Grants	19,797
Depreciation	63,487
Capital outlay	<u>12,099</u>
 Total expenses	 <u>606,257</u>
 Revenues over expenses	 38,730
Net position, beginning of year	<u>2,225,600</u>
 Net position, end of year	 <u>\$ 2,264,330</u>

STATISTICAL SECTION

CITY OF WINFIELD, KANSAS

STATISTICAL SECTION

This part of the City of Winfield's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information indicates about the government's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	129
Revenue Capacity	
These schedules contain information to help the reader assess the City's most significant local revenue source.	135
Debt Capacity	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	139
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	147
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	149

Sources: Unless otherwise noted, the information in these schedules is derived from the City's Comprehensive Annual Financial Reports for the relevant year.

CITY OF WINFIELD, KANSAS

Net Position by Component, Last Ten Fiscal Years
(accrual basis of accounting)

Table 1

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Net investment in										
capital assets	\$ 16,604,943	\$ 18,467,441	\$ 15,221,844	\$ 16,091,925	\$ 16,850,705	\$ 17,623,357	\$ 16,436,223	\$ 17,577,431	\$ 18,881,347	\$ 20,175,047
Restricted	1,697,377	744,041	1,100,540	1,001,143	903,217	1,582,593	897,959	2,424,216	3,096,336	4,037,430
Unrestricted	<u>1,613,399</u>	<u>1,747,071</u>	<u>4,814,451</u>	<u>4,296,353</u>	<u>5,240,513</u>	<u>3,957,875</u>	<u>6,018,000</u>	<u>(2,175,827)</u>	<u>(2,327,930)</u>	<u>(4,498,957)</u>
Total governmental activities										
net position	<u>\$ 19,915,719</u>	<u>\$ 20,958,553</u>	<u>\$ 21,136,835</u>	<u>\$ 21,389,421</u>	<u>\$ 22,994,435</u>	<u>\$ 23,103,825</u>	<u>\$ 23,352,182</u>	<u>\$ 17,825,820</u>	<u>\$ 19,649,753</u>	<u>\$ 19,713,520</u>
Business-type activities										
Invested in capital assets,										
net of related debt	\$ 38,069,991	\$ 39,034,768	\$ 39,238,338	\$ 38,560,011	\$ 37,304,887	\$ 37,119,806	\$ 38,288,922	\$ 38,571,383	\$ 38,952,498	\$ 36,999,468
Restricted	200,316	200,000	200,000	-	-	-	-	-	2,574,319	3,308,708
Unrestricted	<u>6,429,463</u>	<u>8,171,269</u>	<u>9,145,650</u>	<u>11,038,264</u>	<u>11,902,772</u>	<u>11,561,504</u>	<u>10,405,524</u>	<u>6,655,354</u>	<u>1,132,671</u>	<u>1,337,375</u>
Total business-type activities										
net position	<u>\$ 44,699,770</u>	<u>\$ 47,406,037</u>	<u>\$ 48,583,988</u>	<u>\$ 49,598,275</u>	<u>\$ 49,207,659</u>	<u>\$ 48,681,310</u>	<u>\$ 48,694,446</u>	<u>\$ 45,226,737</u>	<u>\$ 42,659,488</u>	<u>\$ 41,645,551</u>
Primary government										
Invested in capital assets,										
net of related debt	\$ 54,674,934	\$ 57,502,209	\$ 54,460,182	\$ 54,651,936	\$ 54,155,592	\$ 54,743,163	\$ 54,725,145	\$ 56,148,814	\$ 57,833,845	\$ 57,174,515
Restricted	1,897,693	944,041	1,300,540	1,001,143	903,217	1,582,593	897,959	2,424,216	5,670,655	7,346,138
Unrestricted	<u>8,042,862</u>	<u>9,918,340</u>	<u>13,960,101</u>	<u>15,334,617</u>	<u>17,143,285</u>	<u>15,519,379</u>	<u>16,423,524</u>	<u>4,479,527</u>	<u>(1,195,259)</u>	<u>(3,161,582)</u>
Total primary government										
net position	<u>\$ 64,615,489</u>	<u>\$ 68,364,590</u>	<u>\$ 69,720,823</u>	<u>\$ 70,987,696</u>	<u>\$ 72,202,094</u>	<u>\$ 71,845,135</u>	<u>\$ 72,046,628</u>	<u>\$ 63,052,557</u>	<u>\$ 62,309,241</u>	<u>\$ 61,359,071</u>

CITY OF WINFIELD, KANSAS

Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)

Table 2

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
<i>Governmental Activities:</i>										
General government	\$ 1,007,890	\$ 1,136,384	\$ 1,378,157	\$ 1,284,081	\$ 1,296,695	\$ 1,679,541	\$ 2,536,371	\$ 2,681,384	\$ 1,857,537	\$ 1,313,256
Public safety	4,799,553	4,363,022	4,486,349	4,493,341	4,588,327	4,467,782	5,497,169	6,533,821	5,839,730	6,590,362
Public works/stormwater	1,750,265	1,511,058	1,391,930	1,392,216	1,413,920	940,998	1,354,619	303,226	1,874,415	1,426,464
Cemetery	163,789	142,764	164,665	145,656	156,726	170,300	172,554	166,866	176,880	155,216
Culture and recreation	2,157,393	1,405,506	1,910,251	2,044,763	1,986,876	3,295,984	2,465,021	1,980,871	2,369,941	2,352,435
Health and welfare	313,261	353,557	333,945	341,963	344,062	327,336	37,455	101,146	78,513	935,641
Economic development	175,827	165,271	148,777	185,683	305,823	163,584	146,271	190,447	278,007	461,928
Interest on debt	525,663	483,691	500,300	452,192	487,573	613,933	449,271	459,790	154,058	303,648
Total governmental activities expenses	10,893,641	9,561,253	10,314,374	10,339,895	10,580,002	11,659,458	12,658,731	12,417,551	12,629,081	13,538,950
<i>Business-type activities:</i>										
Electric	25,974,432	20,755,104	21,107,926	22,331,177	24,216,773	24,159,020	27,821,735	24,958,831	26,856,102	25,798,434
Gas	6,249,824	4,565,950	4,433,654	4,160,674	3,507,599	4,054,864	4,946,102	3,376,428	3,087,782	3,469,446
Water	2,461,897	2,443,606	2,318,531	2,354,597	2,433,503	2,352,849	2,206,641	2,322,396	2,136,541	2,434,505
Refuse	1,305,321	1,231,637	1,200,127	1,247,376	1,151,417	1,137,167	1,323,129	1,322,722	1,363,589	1,313,917
Wastewater	1,900,444	1,730,487	1,865,241	1,849,088	1,844,635	1,714,342	1,522,762	1,954,858	2,302,971	2,018,355
Golf course	939,736	881,196	813,684	762,407	681,748	581,179	539,075	611,452	581,613	678,223
Total business-type activities expenses	38,831,654	31,607,980	31,739,163	32,705,319	33,835,675	33,999,421	38,359,445	34,546,687	36,328,598	35,712,880
Total primary government expenses	\$ 49,725,295	\$ 41,169,233	\$ 42,053,537	\$ 43,045,214	\$ 44,415,677	\$ 45,658,879	\$ 51,018,176	\$ 46,964,238	\$ 48,957,679	\$ 49,251,830

CITY OF WINFIELD, KANSAS

Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)

Table 2

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Program Revenues										
<i>Governmental activities:</i>										
General government	\$ 403,991	\$ 401,180	\$ 662,013	\$ 351,445	\$ 336,317	\$ 416,522	\$ 499,031	\$ 355,557	\$ 303,368	\$ 643,513
Public safety	213,522	244,913	223,217	217,361	233,349	225,052	1,431,890	637,143	1,008,550	1,060,172
Public works/stormwater	157,989	168,703	149,339	149,761	150,130	146,302	199,247	151,162	157,748	184,720
Cemetery	43,285	51,560	53,860	70,245	63,810	51,550	50,403	44,662	44,445	77,565
Culture and recreation	479,106	520,190	544,552	532,471	508,072	388,829	407,773	583,748	563,921	647,920
Health and welfare	188,322	189,415	189,856	187,630	178,714	177,307	180,974	399,189	-	451,329
Economic Development									3,831	-
Operating grants and contributions	469,169	484,355	641,420	553,306	646,035	619,871	463,505	606,833	1,295,256	735,755
Capital grants and contributions	2,247,932	594,320	13,286	55,651	1,118,000	499,185	255,641	614,080	307,425	1,603,376
Total governmental activities program revenues	<u>4,203,316</u>	<u>2,654,636</u>	<u>2,477,543</u>	<u>2,117,870</u>	<u>3,234,427</u>	<u>2,524,618</u>	<u>3,488,464</u>	<u>3,392,374</u>	<u>3,684,544</u>	<u>5,404,350</u>
<i>Business-type activities:</i>										
Charges for services:										
Electric	24,141,325	24,760,069	22,771,769	24,623,166	26,074,970	25,075,556	29,332,542	26,922,703	27,469,873	27,691,161
Gas	6,586,008	5,501,142	5,455,036	4,955,953	3,750,750	4,366,055	5,539,500	3,990,898	3,135,190	3,325,465
Water	2,053,763	2,040,831	2,134,745	2,375,968	2,470,167	2,188,618	2,280,116	2,334,501	2,349,167	2,507,101
Refuse	1,468,186	1,379,395	1,401,131	1,394,287	1,379,195	1,385,780	1,365,123	1,374,125	1,367,750	1,419,973
Wastewater	1,645,841	1,672,416	1,809,506	1,942,758	2,072,943	2,094,907	2,015,682	1,940,840	2,101,798	1,869,697
Golf course	510,225	508,703	468,167	459,404	448,759	411,866	348,137	347,342	330,211	318,089
Capital grants and contributions	456,579	199,131	798,404	113,230	85,932	762,833	195,159	122,547	-	-
Total business-type activities program revenues	<u>36,861,927</u>	<u>36,061,687</u>	<u>34,838,758</u>	<u>35,864,766</u>	<u>36,282,716</u>	<u>36,285,615</u>	<u>41,076,260</u>	<u>37,032,956</u>	<u>36,753,989</u>	<u>37,131,486</u>
Total primary government program revenues	<u>\$ 41,065,243</u>	<u>\$ 38,716,323</u>	<u>\$ 37,316,301</u>	<u>\$ 37,982,636</u>	<u>\$ 39,517,143</u>	<u>\$ 38,810,233</u>	<u>\$ 44,564,724</u>	<u>\$ 40,425,330</u>	<u>\$ 40,438,533</u>	<u>\$ 42,535,836</u>
Net (Expenses)/Revenue										
Governmental activities	\$ (6,690,325)	\$ (6,906,617)	\$ (7,836,831)	\$ (8,222,025)	\$ (7,345,575)	\$ (9,134,840)	\$ (9,170,267)	\$ (9,025,177)	\$ (8,944,537)	\$ (8,134,600)
Business-type activities	(1,969,727)	4,453,707	3,099,595	3,159,447	2,447,041	2,286,194	2,716,816	2,486,269	425,391	1,418,606
Total primary government net expense	<u>\$ (8,660,052)</u>	<u>\$ (2,452,910)</u>	<u>\$ (4,737,236)</u>	<u>\$ (5,062,578)</u>	<u>\$ (4,898,534)</u>	<u>\$ (6,848,646)</u>	<u>\$ (6,453,451)</u>	<u>\$ (6,538,908)</u>	<u>\$ (8,519,146)</u>	<u>\$ (6,715,994)</u>

CITY OF WINFIELD, KANSAS

Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)

Table 2

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Revenues and Other										
Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 3,613,367	\$ 3,946,608	\$ 3,995,278	\$ 4,133,774	\$ 3,941,589	\$ 4,156,656	\$ 4,157,886	\$ 4,068,492	\$ 4,122,880	\$ 4,200,161
Sales taxes	1,796,192	1,642,867	1,650,437	1,802,734	1,744,484	1,765,516	2,221,697	2,814,924	2,593,154	2,610,928
Franchise taxes	232,233	208,506	217,851	197,907	247,602	218,778	200,961	173,254	162,633	154,830
Other taxes	119,667	117,440	127,883	164,781	144,171	137,802	116,005	172,802	154,121	167,937
Payments in lieu of taxes	2,209,504	2,097,169	1,987,491	2,090,193	2,576,964	2,503,962	2,530,448	2,643,580	2,877,787	2,252,293
Investment earnings	159,269	67,920	21,433	9,874	11,056	17,741	15,085	11,666	27,740	36,798
Miscellaneous	68,148	107,661	44,392	-	-	161,977	57,071	84,349	-	-
Special items	1,976,607	-	-	-	-	-	-	-	-	-
Transfers	(693,327)	(238,720)	(29,652)	75,348	284,722	341,798	117,128	149,472	161,529	231,285
Total governmental activities	<u>9,481,660</u>	<u>7,949,451</u>	<u>8,015,113</u>	<u>8,474,611</u>	<u>8,950,588</u>	<u>9,304,230</u>	<u>9,416,281</u>	<u>10,118,539</u>	<u>10,099,844</u>	<u>9,654,232</u>
Business-type activities										
Investment earnings	230,619	111,009	36,195	20,381	24,030	33,217	23,540	25,308	46,676	51,035
In lieu of franchise fees	(2,209,504)	(2,097,169)	(1,987,491)	(2,090,193)	(2,576,964)	(2,503,962)	(2,530,448)	(2,643,580)	(2,877,787)	(2,252,293)
Transfers	<u>693,327</u>	<u>238,720</u>	<u>29,652</u>	<u>(75,348)</u>	<u>(284,722)</u>	<u>(341,798)</u>	<u>(117,128)</u>	<u>(149,472)</u>	<u>(161,529)</u>	<u>(231,285)</u>
Total business-type activities	<u>(1,285,558)</u>	<u>(1,747,440)</u>	<u>(1,921,644)</u>	<u>(2,145,160)</u>	<u>(2,837,656)</u>	<u>(2,812,543)</u>	<u>(2,624,036)</u>	<u>(2,767,744)</u>	<u>(2,992,640)</u>	<u>(2,432,543)</u>
Total primary government	<u>\$ 8,196,102</u>	<u>\$ 6,202,011</u>	<u>\$ 6,093,469</u>	<u>\$ 6,329,451</u>	<u>\$ 6,112,932</u>	<u>\$ 6,491,687</u>	<u>\$ 6,792,245</u>	<u>\$ 7,350,795</u>	<u>\$ 7,107,204</u>	<u>\$ 7,221,689</u>
Change in Net Position										
Governmental activities	2,791,335	1,042,834	178,282	252,586	1,605,013	169,390	246,014	1,093,362	1,155,307	1,519,632
Business-type activities	<u>(3,255,285)</u>	<u>2,706,267</u>	<u>1,177,951</u>	<u>1,014,287</u>	<u>(390,615)</u>	<u>(526,350)</u>	<u>92,779</u>	<u>(281,475)</u>	<u>(2,567,249)</u>	<u>(1,013,937)</u>
Total primary government	<u>\$ (463,950)</u>	<u>\$ 3,749,101</u>	<u>\$ 1,356,233</u>	<u>\$ 1,266,873</u>	<u>\$ 1,214,398</u>	<u>\$ (356,960)</u>	<u>\$ 338,793</u>	<u>\$ 811,887</u>	<u>\$ (1,411,942)</u>	<u>\$ 505,695</u>

CITY OF WINFIELD, KANSAS

Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Table 3

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General fund										
Reserved	\$ 41,336	\$ 24,847	\$ 28,911	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nonspendable	-	-	-	20,265	20,265	20,265	20,265	20,265	20,265	20,265
Restricted	-	-	-	-	-	-	-	218,132	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	331,883	336,688	226,205	418,171	464,835	580,434	1,171,872	976,043	330,351	270,293
Unassigned	-	-	-	-	-	-	-	-	606,992	693,135
Total general fund	<u>\$ 373,219</u>	<u>\$ 361,535</u>	<u>\$ 255,116</u>	<u>\$ 438,436</u>	<u>\$ 485,100</u>	<u>\$ 600,699</u>	<u>\$ 1,192,137</u>	<u>\$ 1,214,440</u>	<u>\$ 957,608</u>	<u>\$ 983,693</u>
All other governmental funds										
Reserved	\$ 812,756	\$ 517,816	\$ 322,885	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nonspendable	6,000	6,000	6,000	6,000	6,000	6,000	722,252	716,252	716,252	716,300
Restricted	1,491,587	1,023,398	1,453,568	995,143	1,575,860	1,496,982	829,976	1,546,813	2,380,084	3,300,865
Committed	-	-	-	422,139	348,373	291,949	327,030	450,250	816,084	648,291
Assigned	-	-	-	(33,924)	669,560	943,224	1,283,045	(25,097)	170	9,250
Unassigned	-	-	-	-	-	(43,833)	-	-	(610,033)	(3,200,545)
Total other governmental funds	<u>\$ 2,310,343</u>	<u>\$ 1,547,214</u>	<u>\$ 1,782,453</u>	<u>\$ 1,389,358</u>	<u>\$ 2,599,793</u>	<u>\$ 2,694,322</u>	<u>\$ 3,162,302</u>	<u>\$ 2,688,218</u>	<u>\$ 3,302,557</u>	<u>\$ 1,474,161</u>

* In 2011, The City implemented GASB Statement No. 54 under which governmental fund balances are reported as nonspendable, restricted, committed, assigned, and unassigned compared to previous years.

CITY OF WINFIELD, KANAS

Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years
(modified accrual basis of accounting)

Table 4

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Property taxes	\$ 3,613,367	\$ 3,946,608	\$ 3,995,277	\$ 4,133,774	\$ 3,941,589	\$ 4,156,656	\$ 4,157,886	\$ 4,081,948	\$ 4,122,880	\$ 4,200,160
Sales taxes	1,796,192	1,642,867	1,650,437	1,802,734	1,744,484	1,749,986	2,221,697	2,814,924	2,593,154	2,610,927
Intergovernmental revenue	1,228,607	1,130,876	1,209,844	1,107,981	1,166,436	1,174,855	984,128	1,175,486	1,674,896	2,052,388
Charges for services	661,048	625,933	747,203	770,710	559,154	568,504	1,810,152	1,336,419	1,721,968	1,914,875
Franchise taxes	232,233	208,506	217,851	197,907	247,603	180,218	200,961	173,254	162,633	154,831
Special assessments	168,392	163,672	206,224	207,926	256,707	205,071	223,940	204,679	243,164	224,114
Fines and penalties	176,362	160,454	132,875	134,467	120,658	119,892	99,604	100,911	84,232	108,868
Licenses, fees, and permits	56,228	57,929	49,586	70,546	82,150	46,922	66,382	59,219	52,941	58,504
Investment earnings	122,941	54,327	16,513	7,318	6,057	9,266	12,438	9,259	170,200	175,000
Other revenues	201,090	351,214	65,241	134,958	2,201,816	764,473	614,607	712,812	266,346	605,643
Total revenues	8,256,460	8,342,386	8,291,051	8,568,321	10,326,654	8,975,843	10,391,795	10,668,911	11,092,414	12,105,310
Expenditures										
General government	993,000	1,033,537	1,052,806	1,344,999	1,181,274	1,819,569	2,014,877	1,563,415	1,236,497	996,029
Public safety	4,556,668	4,310,118	4,362,464	4,311,581	4,613,336	4,478,126	5,629,779	6,718,548	6,333,425	6,323,508
Public works/streets	2,685,567	1,427,589	1,008,716	651,094	1,028,453	1,026,521	2,606,888	863,600	1,886,666	3,554,756
Cemetery	152,279	140,513	163,761	160,580	160,451	163,385	187,041	166,866	170,768	176,113
Culture and recreation	1,729,654	2,171,340	1,778,099	1,793,269	1,805,704	3,050,218	2,231,156	2,062,813	2,201,156	2,158,499
Health and welfare	313,261	353,557	333,945	341,963	344,062	327,336	37,455	101,146	86,130	935,642
Economic development	175,827	165,271	148,777	185,683	3,956,430	163,584	146,271	190,447	204,014	461,928
Debt service:										
Debt principal payments	1,466,001	1,242,033	1,328,559	1,794,554	966,116	3,167,487	7,098,815	11,411,228	1,321,322	1,793,389
Debt interest payments	363,499	466,280	482,537	597,363	512,828	451,172	445,119	409,927	307,589	474,901
Temporary note principal pymts	5,280,000	-	-	-	-	-	-	-	-	-
Temporary note interest pymts	168,106	-	-	-	-	-	-	-	-	-
Discount on temporary note	8,040	-	-	-	-	-	-	-	-	-
Debt issuance costs	41,686	-	-	-	-	24,515	32,610	184,250	-	8,235
Capital outlay	305,879	555,840	362,291	443,657	279,691	226,844	240,044	272,656	147,909	85,592
Total expenditures	18,239,467	11,866,078	11,021,955	11,624,743	14,848,345	14,898,757	20,670,054	23,944,896	13,895,476	16,968,592
Excess of revenues over (under) expenditures	(9,983,007)	(3,523,692)	(2,730,904)	(3,056,422)	(4,521,691)	(5,922,914)	(10,278,259)	(13,275,985)	(2,803,062)	(4,863,282)
Other Financing Sources (Uses)										
Transfers in	2,138,437	1,958,394	2,086,218	2,729,475	2,093,424	2,991,209	5,968,200	3,457,125	6,154,465	5,906,763
Transfers out	(2,049,767)	(1,983,495)	(2,101,654)	(1,973,021)	(1,970,140)	(1,973,180)	(5,168,219)	(2,629,373)	(3,115,149)	(2,845,792)
Transfers in - Pymts in lieu of franchise fees	2,209,504	2,097,169	1,987,491	2,090,193	2,576,965	2,503,962	2,530,448	2,643,579	-	-
Issuance of temporary notes	2,945,000	-	-	-	3,410,000	2,610,000	8,083,543	-	-	-
Issuance of bonds	4,525,000	-	-	-	-	-	-	6,720,000	-	-
Issuance of refunding debt	-	-	1,398,246	-	1,520,000	-	-	4,780,000	-	-
Premium on bonds issued	-	-	18,898	-	-	-	-	553,742	-	-
Issuance of KDOT debt	-	-	630,970	-	-	-	-	-	-	-
Issuance of capital lease	-	227,844	-	-	-	-	-	-	41,558	-
Payments to escrow agent	-	-	(1,144,247)	-	(1,833,955)	-	-	(2,700,868)	-	-
Advance payments of specials	162,174	-	-	-	-	-	-	-	-	-
Insurance recoveries	-	429,781	-	-	-	-	-	-	-	-
Debt issuance costs	-	-	(18,798)	-	(17,505)	-	-	-	-	-
Sales of property	-	19,186	2,600	-	-	-	-	-	-	-
Total other financing sources (uses)	9,930,348	2,748,879	2,859,724	2,846,647	5,778,789	6,131,991	11,413,972	12,824,205	3,080,874	3,060,971
Net change in fund balances	\$ (52,659)	\$ (774,813)	\$ 128,820	\$ (209,775)	\$ 1,257,098	\$ 209,077	\$ 1,135,713	\$ (451,780)	\$ 277,812	\$ (1,802,311)
Debt service as a percentage of noncapital expenditures	12.02%	17.89%	17.52%	21.56%	13.80%	26.29%	41.00%	24.42%	13.32%	16.21%

CITY OF WINFIELD, KANSAS

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

Table 5

Fiscal Year	Real Property	Personal Property	[a] 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
2008	\$ 55,940	\$ 7,697	\$ 1,652	\$ 10,421	\$ 75,710	\$ 52.640	\$ 485,765	15.59%
2009	56,560	7,446	1,663	10,083	75,752	54.552	478,410	15.83%
2010	56,166	6,855	1,733	9,731	74,485	56.746	475,007	15.68%
2011	55,746	4,942	82	9,741	70,511	56.466	422,422	16.69%
2012	57,032	6,296	69	9,848	73,245	55.068	488,629	14.99%
2013	56,870	6,677	1,731	9,923	75,201	54.631	432,743	17.38%
2014	57,802	7,154	1,767	9,935	76,658	54.393	438,971	17.46%
2015	59,597	6,869	1,911	9,843	78,220	53.722	451,785	17.31%
2016	61,149	7,056	2,004	10,171	80,380	53.359	459,831	17.48%
2017	61,938	6,954	1,923	10,117	80,932	53.287	468,506	17.27%

Source: Cowley County Clerk, Treasurer, and Appraiser Offices

Notes: Property in Cowley County is reassessed annually. Commercial property is assessed at 25% of actual value, and residential at 11.5%.

[a] includes oil and gas. Beginning in 2007, certain types of personal property were removed from the tax rolls.

CITY OF WINFIELD, KANSAS

Direct and Overlapping Property Tax Rates Last Ten Fiscal Years (rate per \$1,000 of assessed dollars)

Table 6

Year	City of Winfield Direct Rates			Overlapping Rates-Other Governments				Total Direct & Overlapping Rate
	Operating Rate	Debt Service	Total Direct Rate	USD 465	State of Kansas	Cowley College	Cowley County	
2008	40.893	11.747	52.640	60.679	1.500	19.976	42.270	177.065
2009	45.363	9.189	54.552	59.346	1.500	20.226	42.064	177.688
2010	47.096	9.650	56.746	62.251	1.500	20.219	43.036	183.752
2011	46.816	9.650	56.466	63.096	1.500	20.013	43.420	184.495
2012	45.704	9.364	55.068	58.600	1.500	19.020	40.100	174.288
2013	45.352	9.279	54.631	62.909	1.500	19.388	43.302	181.730
2014	45.252	9.141	54.393	55.795	1.500	18.790	43.186	173.664
2015	44.693	9.029	53.722	55.752	1.500	18.915	43.568	173.457
2016	45.330	8.029	53.359	51.193	1.500	18.998	43.449	168.499
2017	45.350	7.937	53.287	50.995	1.500	20.302	45.063	171.147

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 7

Taxpayer	2017			2008		
	Assessed Valuation [a]	Rank	Percentage of Total City Taxable Assessed Value [a]	Assessed Valuation [a]	Rank	Percentage of Total City Taxable Assessed Value [a]
Newell Rubbermaid	\$ 6,485,969	1	9.17%	\$ 5,718,809	1	7.43%
Walmart	2,147,545	2	3.04%	2,581,800	2	3.35%
General Electric Company	1,593,564	3	2.25%	1,203,983	4	1.56%
WestRock	1,559,391	4	2.20%	-		
Union Pacific Railroad	982,513	5	1.39%	387,500	10	0.50%
Galaxy Tool Corporation	873,567	6	1.23%	491,684	8	0.64%
Calmar	700,345	7	0.99%	-		
Novogroder (Dillons Stores)	553,848	8	0.78%	-		
Kevin Coon	553,848	9	0.78%	663,200	7	0.86%
Winfield Hospitality	563,104	10	0.80%	-		
Winfield Economic Development, Inc	N/A			1,344,562	3	1.75%
Southwestern Bell	N/A			687,661	5	0.89%
Schwans Home Service	N/A			441,137	9	0.57%
Philco Inns	N/A			677,527	6	0.88%

[a] excludes motor vehicle valuation

Source: Cowley County Clerk Office

CITY OF WINFIELD, KANSAS

Property Tax Levies and Collections Last Ten Fiscal Years

Table 8

Year	Taxes Levied	Collected within the Fiscal Year of Levy		Delinquent	Total	Percentage of Levy
	For Fiscal Year	Amount	Percentage of Levy	Tax Collections	Tax Collections	
2008	\$ 3,361,313	\$ 3,093,973	92.05%	\$ 60,621	\$ 3,154,594	93.85%
2009	3,439,637	3,357,994	97.63%	65,116	3,423,110	99.52%
2010	3,571,586	3,462,827	96.95%	53,150	3,515,977	98.44%
2011	3,532,436	3,493,214	98.89%	32,621	3,525,835	99.81%
2012	3,532,435	3,371,833	95.45%	42,135	3,413,968	96.65%
2013	3,590,753	3,484,949	97.05%	102,552	3,587,501	99.91%
2014	3,562,198	3,538,003	99.32%	165,638	3,703,641	103.97%
2015	3,632,089	3,497,585	96.30%	63,113	3,560,698	98.03%
2016	3,674,502	3,537,750	96.28%	58,798	3,596,548	97.88%
2017	3,767,764	3,518,922	93.40%	59,729	3,578,651	94.98%

Source: Cowley County Clerk and County Treasurer's office

CITY OF WINFIELD, KANSAS

Legal Debt Margin Information
Last Ten Fiscal Years
(dollars in thousands)

Table 9

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Legal debt limit [1]	\$ 22,713	\$ 22,726	\$ 22,346	\$ 21,153	\$ 21,974	\$ 22,560	\$ 22,997	\$ 23,466	\$ 24,114	\$ 21,226
Total debt applicable to debt limit	24,525	22,853	22,178	20,105	14,865	18,435	19,525	17,135	17,705	21,340
Less self-supporting debt [2]	<u>(11,563)</u>	<u>(10,911)</u>	<u>(10,555)</u>	<u>(9,696)</u>	<u>(5,773)</u>	<u>(5,347)</u>	<u>(4,908)</u>	<u>(5,007)</u>	<u>(4,503)</u>	<u>(3,990)</u>
Total net debt applicable to limit	<u>12,962</u>	<u>11,942</u>	<u>11,623</u>	<u>10,409</u>	<u>9,092</u>	<u>13,088</u>	<u>14,617</u>	<u>12,128</u>	<u>13,202</u>	<u>17,350</u>
Legal debt margin	<u>\$ 9,751</u>	<u>\$ 10,784</u>	<u>\$ 10,723</u>	<u>\$ 10,744</u>	<u>\$ 12,882</u>	<u>\$ 9,472</u>	<u>\$ 8,380</u>	<u>\$ 11,338</u>	<u>\$ 10,912</u>	<u>\$ 3,876</u>
Total net debt applicable to the limit as a percentage of debt limit	57.07%	52.55%	52.01%	49.21%	41.38%	58.01%	63.56%	51.68%	54.75%	81.74%

Legal debt margin calculation for fiscal year 2017

Assessed taxable value \$ 70,754

Debt limit (30% of total assessed v: \$ 21,226

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

[2] Principal amount of City's general obligation and state revolving fund debt which is anticipated to be paid from net revenues from the operation of the City's water and sewer systems.

CITY OF WINFIELD, KANSAS

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(dollars in thousands)

Table 10

Governmental Activities							
Year	General Obligation Bonds	Sales Tax Revenue Bonds	Temporary Notes	KDOT Loan	Contractual Debt	Certificates of Participation	Capital Leases
2008	\$ 11,730	\$ 145	\$ -	\$ 1,232	\$ 136	\$ 87	\$ 827
2009	10,870	25	-	1,702	104	-	992
2010	11,552	-	-	71	72	-	831
2011	10,373	-	-	36	39	-	663
2012	9,071	-	3,410	-	33	-	498
2013	7,843	-	4,695	-	128	-	349
2014	6,551	-	7,525	-	96	-	235
2015	12,697	-	-	-	64	-	118
2016	11,361	-	2,330	-	32	-	36
2017	10,103	-	7,700	-	167	-	359

Business-type Activities									
Year	General Obligation Bonds	Capital Leases	Temporary Notes	KDHE Loans	Certificates of Participation	Total Primary Government	Percentage of Personal Income	Per Capita	Current Population
2008	\$ -	\$ -	\$ -	\$ 11,563	\$ 1,273	\$ 26,993	2.57%	\$ 2,348	11,497
2009	-	106	-	10,911	860	25,570	2.27%	2,294	11,148
2010	6,618	58	-	3,937	445	23,584	2.08%	1,917	12,301
2011	6,197	9	-	3,499	-	20,816	1.74%	1,693	12,292
2012	5,774	3,064	550	-	-	22,400	1.87%	1,812	12,365
2013	5,347	2,581	550	-	-	21,493	1.48%	1,743	12,333
2014	4,944	2,088	550	-	-	21,989	1.58%	1,794	12,258
2015	5,067	1,583	-	-	-	19,529	1.40%	1,600	12,204
2016	4,503	1,100	-	-	-	19,362	1.45%	1,576	12,284
2017	3,990	640	-	-	-	22,959	1.77%	1,897	12,104

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

General obligation bond balances include general obligation debt, net of related premiums, discounts, and adjustments

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 [b]			LESS: Amounts Restricted to Repaying Principal		Percentage of Actual Taxable Value of Property [a]	Per Capita
	General Obligation Bonds	Temporary Notes	KDOT GO Debt		Total		
2008	\$ 11,730	\$ 1,232	\$ 1,232	\$ (79)	\$ 14,115	2.91%	\$ 1,228
2009	10,870	1,702	1,072	(191)	13,453	2.81%	1,207
2010	18,170	71	72	(131)	18,182	3.83%	1,478
2011	16,570	-	36	(159)	16,447	3.89%	1,338
2012	14,865	3,960	-	(208)	18,617	3.81%	1,506
2013	13,190	5,245	-	(463)	17,972	4.15%	1,457
2014	11,496	8,075	-	(314)	19,257	4.39%	1,571
2015	17,764	-	-	(478)	17,286	3.83%	1,416
2016	15,375	2,330	-	(594)	17,111	3.72%	1,393
2017 [c]	13,640	7,700	-	(909)	20,431	4.44%	1,663

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

[a] See Table 5 for property value data

[b] In accordance with KSA 10-1116 and KSA 79-5028, KDOT loans constitute 'bonds' characterization. KDOT debt for street improvements are being repaid as general obligation debt.

[c] Includes \$3,990 thousand of general obligation debt, that is being repaid from water revenues, net of related premiums, discounts, and adjustments.

CITY OF WINFIELD, KANSAS

Governmental Activities Direct and Overlapping Debt
December 31, 2017

Table 12

	<u>Debt</u>	<u>Percent of Debt Applicable to City</u>	<u>City Share of Debt</u>
Direct debt:			
General obligation bonded debt	\$ 9,650,000	100.00%	\$ 9,650,000
Capital leases	358,663	100.00%	<u>358,663</u>
Total direct debt			<u>10,008,663</u>
Overlapping debt:			
USD 465	\$ 11,495,000	62.02%	\$ 7,129,618
Cowley County	1,535,000	27.29%	<u>418,917</u>
Total overlapping debt			<u>7,548,535</u>
Total direct and overlapping debt			<u>\$ 17,557,198</u>

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

Percentage of debt applicable to the city of Winfield is based on the proportion that the assessed valuation of the City of Winfield bears to the assessed valuation of the overlapping entity.

CITY OF WINFIELD, KANSAS

Pledged-Revenue Coverage
Last Ten Fiscal Years
(dollars in thousands)

Table 13

Electric Revenue Bonds and Certificates of Participation Debt [2]						
Year	Utility Service Charges	Less: Operating Expenses [1]	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2008	\$ 24,141	\$ 26,231	\$ (2,090)	\$ 84	\$ 12	(21.77)
2009	24,760	21,093	3,667	87	8	38.60
2010	21,669	20,964	705	90	5	7.42
2011	24,650	23,879	771	93	1	8.20
2012	26,098	24,202	1,896	-	-	-
2013	25,076	25,182	(106)	-	-	-
2014	29,333	29,232	101	-	-	-
2015	26,786	26,849	(63)	-	-	-
2016	27,452	26,651	801	-	-	-
2017	27,697	2,578	25,119	-	-	-

Water Debt						
Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2,007	2,164	1,764	400	301	305	1
2008	\$ 2,054	\$ 1,810	\$ 244	\$ 317	\$ 289	0.40
2009	2,041	1,819	222	329	276	0.37
2010	2,135	1,741	394	342	263	0.65
2011	2,376	2,326	50	421	149	0.09
2012	2,470	2,419	51	421	148	0.09
2013	2,189	2,328	(139)	427	138	(0.25)
2014	2,280	2,201	79	439	129	0.14
2015	2,334	2,295	39	446	120	0.07
2016	2,349	1,976	373	504	125	0.59
2017	2,499	2,324	175	513	22	0.33

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

[1] Operating expenses do not include interest/amortization expense, but do include payments in lieu of franchise fees

[2] Certification of Participation was paid in full in 2012.

CITY OF WINFIELD, KANSAS

Pledged-Revenue Coverage
Last Ten Fiscal Years
(dollars in thousands)

Table 13 (cont.)

Wastewater Debt						
Year	Utility Service Charges	Less: Operating Expenses [1]	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2008	\$ 1,646	\$ 1,110	\$ 536	\$ 363	\$ 151	1.04
2009	1,672	936	736	413	153	1.30
2010	1,810	1,095	715	434	132	1.26
2011	1,943	1,729	214	438	125	0.38
2012	2,073	1,781	292	465	87	0.53
2013	2,095	1,629	466	482	66	0.85
2014	2,016	1,483	533	493	55	0.97
2015	1,941	1,955	(14)	506	43	(0.03)
2016	1,974	2,107	(133)	516	32	(0.24)
2017	1,855	2,018	(163)	536	27	(0.29)

Quail Ridge Golf Course Certificates of Participation Debt [2]						
Year	Golf Course Fees	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2008	\$ 510	\$ 731	\$ (221)	\$ 312	\$ 41	(0.63)
2009	509	681	(172)	326	31	(0.48)
2010	468	615	(147)	325	20	(0.43)
2011	459	753	(294)	352	7	(0.82)
2012	449	674	(225)	-	-	-
2013	412	564	(152)	-	-	-
2014	348	539	(191)	-	-	-
2015	347	611	(264)	-	-	-
2016	310	557	(247)	-	-	-
2017	318	678	(360)	-	-	-

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

[1] Operating expenses do not include interest/amortization expense, but do include payments in lieu of franchise fees

[2] Certification of Participation was paid in full in 2012.

CITY OF WINFIELD, KANSAS

Pledged-Revenue Coverage
Last Ten Fiscal Years
(dollars in thousands)

Table 13 (cont.)

Special Assessment Bonds				
Year	Special Assessment	Debt Service [1]		Coverage
	Collections	Principal	Interest	
2008	\$ 168	\$ 155	\$ 68	0.75
2009	164	69	123	0.85
2010	206	186	152	0.61
2011	208	192	145	0.62
2012	257	219	138	0.72
2013	205	225	130	0.58
2014	224	237	121	0.63
2015	205	253	112	0.56
2016	243	260	102	0.67
2017	224	182	65	0.91

Sales Tax Revenue Bonds [2]				
Year	Sales Tax	Debt Service		Coverage
	Collections	Principal	Interest	
2008	\$ 1,768	\$ 115	\$ 9	14.26
2009	1,643	120	5	13.14
2010	1,653	25	1	63.58
2011	1,781	-	-	-
2012	1,746	-	-	-
2013	1,766	-	-	-
2014	2	-	-	-
2015	2,698	-	-	-
2016	2,653	-	-	-
2017	2,629	-	-	-

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

[1] Debt service includes total project costs, including city-at-large portion

[2] The City's 1 percent sales tax is pledged against payment of the 2002 refunding sales tax bonds. Bonds paid in full in 2010

CITY OF WINFIELD, KANSAS

Pledged-Revenue Coverage Last Ten Fiscal Years (dollars in thousands)

Table 13 (concluded)

Year	Stormwater Debt					
	Stormwater Revenue Collections	Less: Operating Expenses [1]	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2008	\$ 158	\$ 92	\$ 66	\$ 70	\$ 28	0.67
2009	149	35	114	73	25	1.16
2010	149	61	88	75	23	0.90
2011	150	114	36	82	9	0.40
2012	150	106	44	84	7	0.48
2013	152	110	42	85	6	0.46
2014	151	94	57	87	6	0.61
2015	150	132	18	90	3	0.19
2016	150	35	115	91	1	1.25
2017	149	28	121	-	-	-

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

[1] Operating expenses do not include interest/amortization expense, but do include payments in lieu of franchise fees

CITY OF WINFIELD, KANSAS

Demographic and Economic Statistics, Last Ten Fiscal Years

Table 14

Year	Population [1]	Personal Income [2] (thousands of dollars)	Per Capita Personal Income [2]*	School Enrollment [3]	Unemployment Rate [4]
2008	11,497	\$ 1,051,005	\$ 31,713	\$ 2,434	5.40%
2009	11,148	1,126,122	30,391	2,475	6.80%
2010	12,301	1,135,511	30,359	2,536	7.10%
2011	12,292	1,196,317	32,982	2,461	6.20%
2012	12,365	1,199,453	37,004	2,318	5.80%
2013	12,333	1,454,597	38,278	2,449	4.80%
2014	12,258	1,390,203	38,656	2,332	4.40%
2015	12,204	1,390,203	38,656	2,156	4.50%
2016	12,284	1,337,790	37,381	2,303	4.20%
2017	12,104	1,295,687	36,240	2,290	3.00%

[1] Provided by League of Kansas Municipalities

[2] Provided by U.S. Bureau of Economic Analysis

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

[4] From cowleycounty.org/employment-statistics, end of year

* in 2012, Kansas University Institute for Policy and Social Research combined City of Arkansas City and City of Winfield as a Micropolitan Area.

CITY OF WINFIELD, KANSAS

Principal Employers, Current Year and Nine Years Ago

Table 15

Employer	2017			2008		
	Estimated Employees	Rank	Percentage of Total County Employment	Estimated Employees	Rank	Percentage of Total County Employment
Creekstone Farms Premium Beef	806	1	4.97%	620	3	3.65%
Newell-Rubbermaid	800	2	4.93%	512	4	3.01%
General Electric Aviation	750	3	4.62%	830	1	4.88%
U.S. D. #465	625	4	3.85%	750	2	4.41%
U.S. D. #470	440	5	2.71%	400	5	2.35%
William Newton Memorial Hospital	310	6	1.91%	300	6	1.76%
Kan-Pak	277	7	1.71%	-	-	-
WestRock (Silgan Dispensing)	276	8	1.70%	225	9	1.32%
Southwestern College	214	9	1.32%	195	13	1.15%
SCKRMC	205	10	1.26%	-	-	-

Total employment 16,223

Source: cowleycounty.org and KS Dept of Labor

The City of Winfield is located approximately twelve miles from the city of Arkansas City, Kansas (population 12,063). Both cities are located in Cowley County, and many employers 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 16

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General government											
Management services	14	14	13	13	13	13	14	13	13	16	13
Legal/court	2	2	2	2	2	2	2	2	2	2	2
Utility billing	7	7	7	7	7	8	7	7	7	9	8
Engineering	8	8	8	8	7	8	7	7	7	7	6
Service and operations center	10	9	9	9	8	9	10	10	10	10	7
Public safety											
Fire	20	20	20	20	19	19	20	28	29	26	29
Police	30	28	31	32	31	31	26	31	30	26	26
Public works/stormwater	7	6	6	6	6	6	6	6	6	6	6
Cemetery	2	2	2	2	2	2	2	2	2	2	2
Culture and recreation	9	9	9	9	9	9	9	9	9	9	8
Health and welfare											
Economic development											
Electric	29	29	28	29	29	28	26	26	25	24	26
Gas	12	11	11	10	9	8	8	8	8	8	8
Water	12	12	13	12	12	11	12	12	10	11	10
Refuse	11	10	10	10	10	9	8	8	9	8	8
Wastewater	8	8	8	8	8	8	8	8	8	8	8
Golf course	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>3</u>	<u>3</u>	<u>2</u>	<u>3</u>	<u>2</u>	<u>4</u>
Total	<u>185</u>	<u>179</u>	<u>181</u>	<u>181</u>	<u>176</u>	<u>174</u>	<u>168</u>	<u>179</u>	<u>178</u>	<u>174</u>	<u>171</u>

Source: City records

CITY OF WINFIELD, KANSAS

Operating Indicators by Function/Program Last Ten Fiscal Years

Table 17

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government										
Building permits issued	254	309	381	328	324	313	310	353	310	454
Municipal court cases	1,418	1,141	908	1,066	929	984	799	901	739	937
Police										
Class I Offenses	799	630	610	762	615	734	558	548	434	422
Domestic Violence/ DUI/Drug Arrests	301	327	385	276	181	201	165	131	105	181
Accidents	395	408	362	311	346	322	304	N/A	316	284
Fire/EMS										
Total responses*	1,530	1,481	1,682	1,723	1,734	1,606	2,239	2,527	2,788	3,205
Parks and recreation										
Aquatic center attendance	18,466	19,931	20,618	20,565	17,613	14,441	15,888	N/A	16,480	15,963
Annual lake permits	1,851	2,315	3,088	2,159	1,548	1,429	1,811	2,035	2,160	2,166
Cemetery										
Cemetery spaces sold	61	85	62	77	77	49	45	33	43	100
Streets maintenance										
Resurfacing, annual in tons	1,343	1,965	1,285	4,660	5,774	3,220	3,583	2,515	2,902	8,514
Electric utility										
MWH sold, annual	306,588	259,957	281,210	277,467	293,650	304,843	309,246	292,191	295,480	291,868
Peak daily consumption, MWH	66,000	59,420	61,132	65,385	66,825	64,734	63,408	61,300	64,376	63,563
Gas Utility										
MCF sold, annual	636,285	576,264	582,502	574,253	469,299	573,585	648,287	518,406	445,930	473,019
Water Utility										
Gallons sold annual, in thousands	647,747	661,432	688,586	762,729	741,021	705,878	700,180	633,399	583,415	583,606
Refuse (annual tons, in thousands)										
Refuse collected	8,142	7,883	8,170	8,032	7,617	7,784	7,783	7,640	7,813	8,059
Recyclables collected	1,241	1,176	1,174	1,147	1,150	518	697	827	887	988
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

In July 2014, City of Winfield Fire Department took over Winfield Area EMS operations. Includes Fire & EMS calls.

N/A - information not available

CITY OF WINFIELD, KANSAS

Capital Asset Statistics by Function Last Ten Fiscal Years

Table 18

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units (marked)	17	17	17	17	17	22	23	26	25	26
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	294	294	294	294	294	294	294	296	296	296
Base/softball diamonds	5	5	5	5	5	5	5	5	5	5
Soccer fields	6	6	6	6	6	6	6	6	6	6
Football fields	1	1	1	1	1	1	1	1	1	1
Electric Utility										
Electric lines (miles) [1]	114	114	114	114	114	114	114	114	114	114
Gas Utility										
Gas main lines (miles) [1]	95	95	95	95	95	95	94	94	94	94
Water Utility										
Water main lines (miles) [1]	95	95	95	95	95	95	95	95	95	95
Fire hydrants [1]	535	535	535	535	535	535	535	535	535	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)	71	71	71	71	73	73	76	76	76	76
Treatment capacity (thousands, per day)	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000

**CITY OF WINFIELD
WINFIELD, KANSAS**

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

**RELATED TO THE AUDIT FOR THE
YEAR ENDED DECEMBER 31, 2017**

City Commission
City of Winfield
200 East 9th
P.O. Box 646
Winfield, KS 67156

We have audited the 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 City of Winfield, Winfield, Kansas, (City) as of and for the year ended December 31, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 14, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Winfield are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during December 31, 2017. We noted no transactions entered into by the City of Winfield during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statement in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There are no sensitive accounting estimates noted affecting the financial statement.

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The adjustments that convert the internal financial statements to the accrual basis financial statements are numerous and are material to the financial statements.

sjhl.com

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Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. No such disagreements arose during the course of our audit.

Management Representation

We have requested certain written representations from management, which are included in the management representation letter dated August 31, 2018.

Management's Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statement or a determination of the type of auditor's opinion that may be expressed on that statement, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred during the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management's discussion and analysis, budgetary comparison information, other post-employment benefits other than pensions, the schedule of the City's proportionate share of the net pension liability, the schedule of the City's contributions, and the notes to the required supplementary information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining statements and individual fund statements, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory section or the statistical section, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Communication of Significant Deficiencies

In planning and performing our audit of the 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 City of Winfield, as of and for the year ended December 31, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the City of Winfield's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Winfield's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in internal control to be significant deficiencies:

SIGNIFICANT DEFICIENCIES

CAPITAL ASSET RECONCILIATION

Condition: During our procedures over capital assets, we found that balances were not being reconciled to the general ledger.

Recommendation: We recommend that reports are generated at least quarterly and reconciled to the general ledger. We also recommend that at year end, reports are generated and reconciled before rolling to future periods.

SUMMARY

The matters discussed herein were considered during our examination of the financial statements as of December 31, 2017, and they do not modify the opinion expressed in our auditor's report dated August 31, 2018, on such financial statements.

We look forward to assisting the City in implementing the above suggestions. If you have any questions regarding comments included in this letter, please contact Scot Loyd or Christina Henson at (620) 662-3358.

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We greatly appreciate the assistance and helpfulness provided by City personnel during the recent audit. It is a pleasure to work with individuals who respond to our questions and requests in a quick and efficient manner. Our thanks to each employee involved with the audit. If you have any questions or need us to stop by, please give us a call.

RESTRICTION ON USE

This information is intended solely for the information and use of the City Commission and management of the City of Winfield and is not intended to be and should not be used by anyone other than these specified parties.

Swindoll, Janzen, Hawk & Loyd, LLC

Swindoll, Janzen, Hawk & Loyd, LLC
Certified Public Accountants
Hutchinson, Kansas

August 31, 2018