

CITY OF WINFIELD, KANSAS

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

CITY COMMISSION AND MAYOR

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

CITY MANAGER

Warren Porter

CITY CLERK/DIRECTOR OF FINANCE

Diane Rosecrans

CITY TREASURER/FINANCE OFFICER

Anne Jarrett

CITY OF WINFIELD, KANSAS

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July 28, 2006

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

The Comprehensive Annual Financial Report (CAFR) of the City of Winfield, Kansas for the year ended December 31, 2005, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City and its component units. All disclosures necessary to enable the reader to gain an understanding of the city's financial activities have been included.

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

Kansas statutes require an annual audit of all funds of the City by independent certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements for the fiscal year ended December 31, 2005 are free of material misstatement. The firm of Edw. B. Stephenson & Co. has included their opinions in the report. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded that there was a reasonable basis for rendering an unqualified opinion that the statements are presented in conformity with generally accepted accounting principles (GAAP).

In addition to meeting the requirements set forth in State Statutes, the audit was also designed to meet the requirements of OMB Circular A-133. The auditors' reports related specifically to the single audit are included in the Single Audit Section. Information related to this single audit, including the schedule of expenditures from federal awards, findings and recommendations, and auditors' reports on the internal control structure and compliance with applicable laws and regulations, are included in the single audit section of this report. The audit for the year ended December 31, 2004, disclosed no reportable conditions, material weaknesses or material violations of laws and regulations.

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

The Reporting Entity and Its Services

The City of Winfield, incorporated in 1873, has a population of 11,886 has an incorporated area of 12.35 square miles. Winfield is located in south central Kansas, approximately 35 miles southeast of Wichita, Kansas. Winfield serves as the county seat for Cowley County, population 36,427. The other major city in Cowley County is Arkansas City, population 11,788, located twelve miles south of Winfield. Many of the area's employers have work forces consisting of residents of both cities. According to a County profile provided by the Kansas Department of Commerce & Housing, manufacturing and services are the largest sectors of employment in Cowley County.

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

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

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

The legal level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is at an individual fund level, but is internally monitored by function and activity within an individual fund. The City also maintains an encumbrance accounting system as a tool of budgetary control. Unencumbered appropriations lapse at year end; however, legal encumbrances at year end are carried forward to the subsequent year. As demonstrated by statements and schedules included in the financial section of this report, the city continues to meet its responsibility for sound financial management. Budget-to-actual comparisons are provided in this report for each individual fund for which an appropriated budget has been adopted. For the general fund, the comparison is presented on page A-21 as part of the basic financial statements. For other funds, the comparison is presented in the combining statements and schedules area of this report, beginning on page B-1.

Factors Affecting Financial Condition

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

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

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

Major Initiatives

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

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

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

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

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

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

Cash Management

Kansas statutes authorize the City to invest idle funds in time deposits, U.S. Treasury bills or notes, bonds of municipalities of the State of Kansas, repurchase agreements, and the Kansas Municipal Investment Pool (MIP). In 2005, idle funds in excess of very short term needs were invested primarily in certificates of deposit with local banking institutions. The City uses bidding procedures for these investments, which have historically generated higher interest yields than U.S. treasury paper or the Kansas MIP. The City sweeps all idle checking account funds into an overnight repurchase agreement. All deposits are insured by federal depository insurance or collateralized, as required by State statutes.

Risk Management

The City manages exposure to risk of loss in several ways. The City has contracts with commercial carriers for property insurance, surety bond coverage of officials and employees, and commercial liability coverage for specified situations. The City assumes the risk of loss for general liability not covered by commercial carriers. Funds for these programs are provided through allocations to all covered operations based upon actuarial experience factors and exposure. These funds are maintained in a risk management reserve fund. The City also maintains workers' compensation reserve fund, as authorized by Kansas statutes. The City has historically maintained low workers' compensation experience modification rates; the 2005, 2006, and 2007 rates are .91, .80, and .65, respectively. Because of several large workers' compensation claims over the past three years, the workers' compensation reserve fund balance has dropped significantly, a balance of \$195 thousand at December 31, 2005. It is the City's intent to build back the reserves in the coming years to provide adequate cash balances.

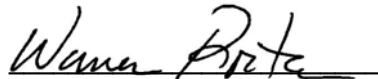
Certificate of Achievement and Acknowledgments


The Certificate of Achievement, awarded by the Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the year ended December 31, 2004. This was the sixth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

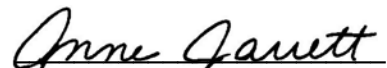
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,


Warren Porter
City Manager


Diane Rosecrans
City Clerk/Director of Finance


Anne Jarrett
City Treasurer/Finance Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Winfield,
Kansas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2004

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



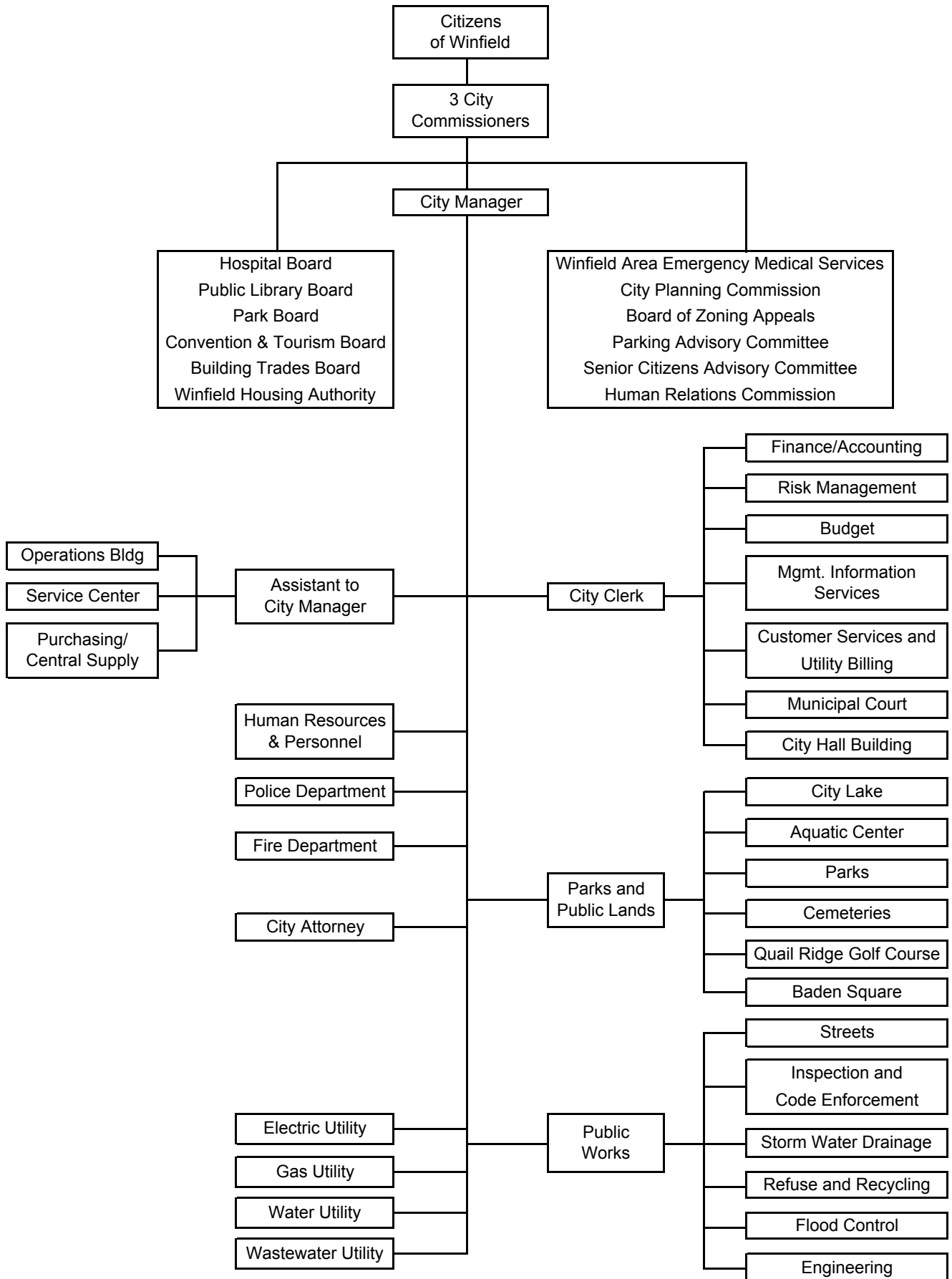
Carla E. Perry

President

Jeffrey R. Enns

Executive Director

CITY OF WINFIELD, KANSAS ORGANIZATIONAL CHART



CITY OF WINFIELD, KANSAS

LIST OF PRINCIPAL OFFICIALS

DECEMBER 31, 2005

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

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**EDW. B
STEPHENSON
& CO.**

**CERTIFIED PUBLIC
ACCOUNTANTS**

EDW. B. STEPHENSON
(1905-1985)

JAMES R. DOBBS
(1927-1997)

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

MORRIS W. JARVIS
(1935-1999)

N. DEAN BRADBURY
(1936-2005)

PARTNERS

LOREN L. PONTIOUS, C.P.A.

MAURICE P. ROBERTS, C.P.A.

AARON R. IVERSON, C.P.A.

STAFF ACCOUNTANTS

LEROY D. CAMMERER

TAMMY R. SPENCER

MELISSA J. SCHOOLEY

BRADY A. DUTTON

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

April 27, 2006

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Winfield, Kansas, as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements, as listed in the Table of Contents. These financial statements are the responsibility of the City of Winfield, Kansas' management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Winfield Housing Authority, which represents 86 percent and 20 percent, respectively, of the assets and revenues of the component units. Those financial statements of the Winfield Housing Authority were reviewed by us, and we issued a report expressing limited assurance that there are no material modifications that should be made to the statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

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

In our opinion, based on our audit and the limited assurance report as stated in the first paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Winfield, Kansas, as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2006, on our consideration of the City of Winfield's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

Edw. B. Stephenson & Co.

Winfield, Kansas
April 27, 2006

Management's Discussion and Analysis

The following discussion and analysis of the City of Winfield's financial performance provides an overview of the City financial activities for the fiscal year ended December 31, 2005. The management discussion and analysis is presented in conjunction with the transmittal letter at the front of this report and the City of Winfield's financial statements, which follow this section.

Financial Highlights for 2005

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

Overview of the Financial Statements

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

The City presents two kinds of statements, each providing a different snapshot of the City's finances. The reporting focus is on both the City as a whole (government-wide) and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the City's overall financial status. The fund financial statements focus on the individual parts of the City government, reporting the City's operations in more detail than the government-wide statements. Both perspectives allow the user to address relevant questions, broaden the basis of comparison and enhance the city's accountability.

Government-wide Financial Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets will serve as a useful indicator of whether or not the financial position of the City is improving or deteriorating, absent extraordinary events.

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

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

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

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

Fund Financial Statements

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

- *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements, with the exception of the stormwater drainage enterprise fund (it is included as a governmental activity in the government-wide financial statements). Governmental fund financial statements focus on cash flows and other financial assets that can be readily converted to cash and are available in the near future to finance the City’s programs. The differences between the short-term view of governmental fund statements and the long-term view of the governmental activities on the entity-wide financial statements are provided in reconciliations on pages A-17 and A-20. Primary differences are the impact of accounting for capital assets and their long-term financing. The basis fund financial statements can be found on pages A-16 through A-33 of this report.

The City of Winfield maintained 26 individual governmental funds in 2005. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Capital Improvements Fund, and the Debt Service Fund, all considered to be major funds. Information from the other 23 governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements beginning on page B-1.

The City of Winfield adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund on page A-21 to demonstrate compliance with the appropriated budget.

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

Proprietary funds report the same types of information as the government-wide financial statements, however in greater detail. The proprietary fund financial statements provide separate information for the electric, gas, water, wastewater, and golf course funds, all of which are considered to be major funds of the City. The nonmajor funds are consolidated into an aggregated presentation on the proprietary fund financial statements, as are the internal service funds. Individual fund data for proprietary funds (enterprise and internal service funds) can be found on pages C-1 through D-8 of this report.

- *Fiduciary funds* report on activities for which the City is the trustee, or fiduciary, and like proprietary funds, present information based on the full accrual basis of accounting. Fiduciary funds include funds that are not available to support the City's own programs. The City's responsibility is to ensure that the assets reported in these funds are used for the intended purposes only. Activities conducted in a fiduciary capacity are excluded from the city's government-wide financial statements because the City is prohibited from using fiduciary assets to finance its operations. The basic fiduciary fund financial statements can be found on page A-32 through A-33 of this report.
- *Notes to the financial statements* provide information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements immediately follow the basic financial statements.
- *Other Information* – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information in relation to the municipal golf course, found on page H-17. The combining statements referred to earlier in connection with nonmajor funds follow the notes to the financial statements.

Financial Analysis of City as a Whole

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

Table 1

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

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

The City's net assets decreased \$792 thousand during the fiscal year ending 2005. Approximately 77% of the City's net assets reflect investment in capital assets (e.g. land, buildings, improvements, equipment), less any outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently the capital assets are not available for future spending. An additional portion of these assets (4 percent) represents resources that are subject to external restrictions on how they may be spent.

The unrestricted portion of total net assets is \$11 million (19 percent), available to meet the city's ongoing obligations to citizens and creditors.

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

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

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

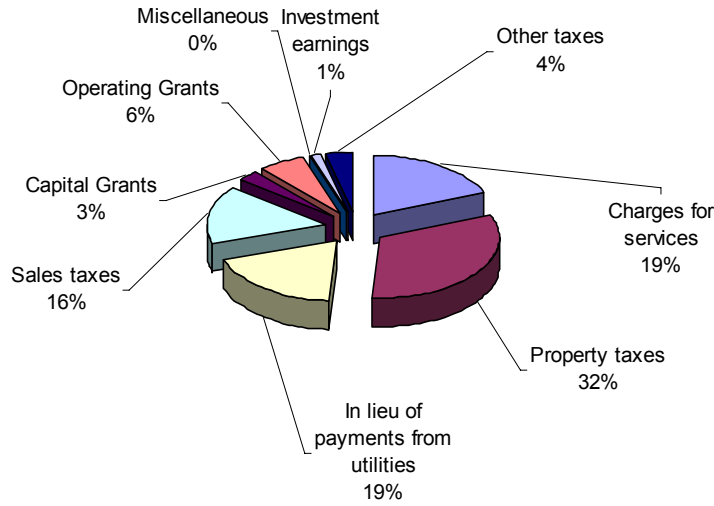
Table 2

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

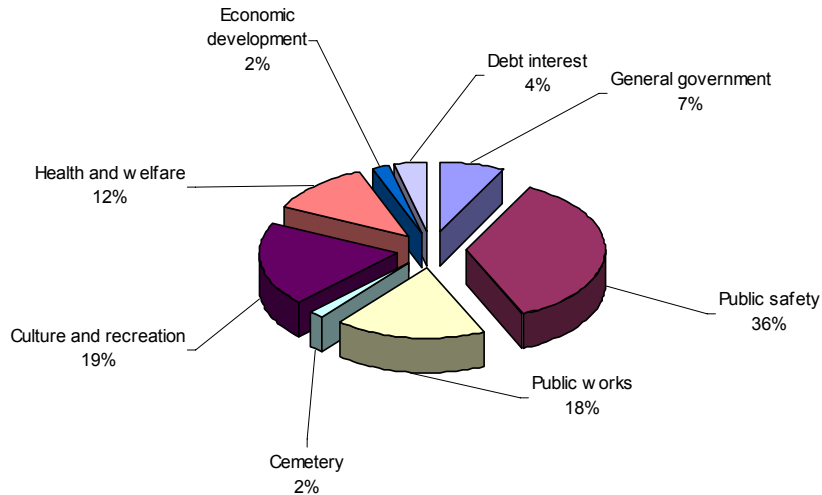
	Governmental Activities		Business-type Activities		Total Primary Government	
	2005	2004	2005	2004	2005	2004
Revenues						
Program revenues:						
Charges for services	\$ 1,821	\$ 1,795	\$ 31,715	\$ 27,908	\$ 33,536	\$ 29,703
Operating grants and contributions	620	453	-	-	620	453
Capital grants and contributions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

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

Sources of Revenue - Governmental Activities



Functional Expenses - Governmental Activities

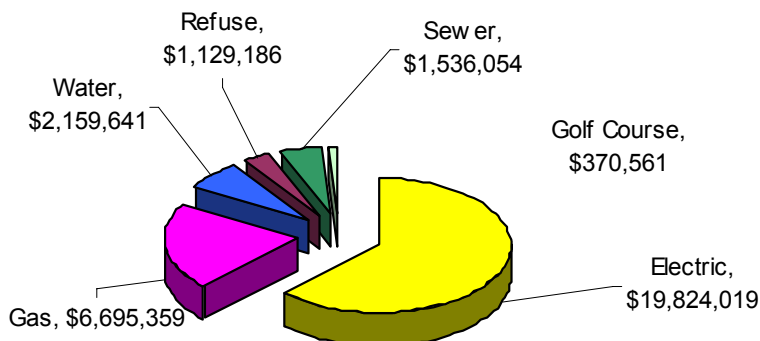


Revenues for the governmental activities are derived from several major sources, as the Sources of Revenue Chart above shows. \$3.1 million, or 32 percent of the City's 2005 revenue, came from property taxes. 'Other taxes' includes alcohol beverage, franchise, and transient guest taxes. The City charges the electric, gas, water, and refuse funds 'in lieu of' franchise fees, a set percentage of gross revenues, similar to what would be assessed third-party utility companies supplying services to Winfield citizens. Capital grants and contributions included public safety grants and infrastructure contributions. Operating grants included public works dollars through the State of Kansas.

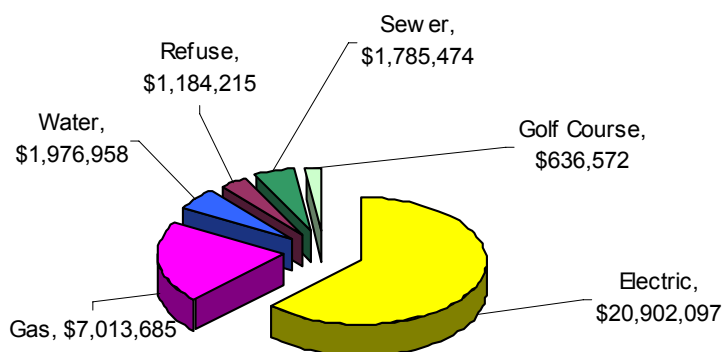
Public safety expense represents the largest governmental expense, \$3.5 million, or 36 percent of the City's total governmental expenses of \$9.7 million.

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

Program Revenues - Business Type Activities



Program Expenditures - Business Type Activities



Highlights in the business-type activities area include:

- For business-type activities, overall expenditures increased \$5.8 million, however, overall revenues increased only \$4.0 million.
- The electric utility expended \$415 thousand of capital grant dollars in 2005, part of a multi-year reconstruction project of the electric distribution system damaged in a 2002 ice storm.
- 95% of a \$6.2 million water treatment plant construction project occurred in 2005, and the City began using ozone as part of the water treatment process. The project is being financed through a twenty year loan from the Kansas Public Water Supply revolving loan program.
- Water rates increased in January and May of 2005. The rate increases were necessary to fund future debt retirement for the water treatment plant and other water system improvements.
- Similar to prior years, the municipal golf course operated at a net loss of \$266 thousand in 2005. Cash flows from golf course revenues are not adequate to meet the debt payments, and the City transfers surplus funds from other proprietary funds annually to cover the gap. In 2005, golf course debt principal and interest payments amounted to \$356 thousand, and \$439 thousand cash was transferred from the electric fund to the golf course fund.
- Refuse rates increased in January and July 2005, and are scheduled to increase in four increments during the period January 2006 to July 2007. The increased rates are to recover increased landfill charges from the City's solid waste customers.

Financial Analysis of the Government's Funds

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

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

As of the end of the fiscal year ending December 31, 2005, the City's governmental funds reported a combined ending fund balance of \$3.1 million, a decrease of \$771 thousand in comparison with the prior year. Approximately 65% of this total amount, \$2 million, constitutes unreserved fund balance, available for spending at the City's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to liquidate encumbrances of the prior period, fund required debt reserves, fund inventory levels, and fund specific capital projects. The \$771 thousand decrease in fund balance is primarily due to increased general fund expenditures and capital projects.

General Fund - The general fund is the major operating and taxing fund for the City of Winfield. At the close of 2005, the general fund balance had decreased \$145 thousand. Excluding transfers to and from the general fund, overall general fund expenditures increased 2.8 percent, while revenues increased only 2.5 percent. Revenue highlights include:

- The City continued its long-standing history to maintain a stable mill levy. Property tax collections fell short of projected revenues by only 1.8 percent in 2005.
- Sales tax collections exceeded projected revenues by 3.0 percent. The City attributes the increase to both the changes in the state sales tax laws, shifting from source to destination-based taxation rules, and a positive shift in the local economy.
- In 2005, total 'in lieu of' franchise fees from the other utilities increased 16 percent, \$249 thousand, over the prior year, primarily due to the increase in gas and electric utilities' revenues, which resulted from the increase in energy costs.

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

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

Debt Service Fund - The debt service fund had a total fund balance of \$78 thousand at year end, down \$188 thousand from the prior year. All of the debt service fund's fund balance is designated for future payments of debt service.

General Fund Budgetary Highlights

Actual revenue sources in 2005 totaled 98.6 percent of the original 2005 budget, and actual 2005 expenditures totaled 97 percent of the original 2005 budget. Revenue highlights are discussed above under 'General Fund'. Other than a 2.5 percent COLA, overall 2005 expenditures were comparable to prior years. The City's unencumbered fund balance in the general fund at December 31, 2005 was \$59,049, equivalent to 0.9% of the 2005 general fund expenditures.

Capital Assets

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

Table 3

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

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

Long-term Debt

At the end of 2005, the City had total long-term debt of \$27.1 million. Of this debt, \$23.9 million is backed by the full faith and credit of the government, although the City's intent is to use sales tax and utility revenue sources to repay \$16.0 million of that \$23.9 million.

Statutes limit the amount of general obligation debt the City may issue to 30 percent of its total assessed valuation. The current debt limitation for the City is \$21.8 million, which is significantly higher than the general obligation outstanding debt of \$10.5 million.

Below is a summary of long-term debt:

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

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

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

Economic Factors and Next Year's Budgets and Rates

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

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

Requests for Information

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

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CITY OF WINFIELD, KANSAS

STATEMENT OF NET ASSETS DECEMBER 31, 2005

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

See accompanying notes to financial statements

CITY OF WINFIELD, KANSAS

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2005

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 715,264	\$ 360,003	\$ 512	\$ -
Public safety	3,477,184	172,080	38,898	274,757
Public works/stormwater	1,712,656	158,272	580,107	-
Cemetery	156,388	50,338	-	-
Culture and recreation	1,874,254	385,571	-	-
Health and welfare	1,182,021	694,747	-	-
Economic development	200,051	-	-	-
Interest on debt	369,833	-	-	-
Total governmental activities	9,687,651	1,821,011	619,517	274,757
Business-type activities:				
Electric	20,902,097	19,824,019	-	564,301
Gas	7,013,685	6,695,359	-	25,688
Water	2,020,116	2,159,641	-	29,735
Refuse	1,184,215	1,129,186	-	25,000
Wastewater	1,785,474	1,536,054	-	-
Golf course	636,572	370,561	-	-
Total business-type activities	33,542,159	31,714,820	-	644,724
Total primary government	\$ 43,229,810	\$ 33,535,831	\$ 619,517	\$ 919,481
Component Units:				
Winfield Public Library	\$ -	\$ -	\$ -	\$ -
Winfield Housing Authority	-	-	-	-
Total component units	-	-	-	-

General revenues:

Property taxes
Sales taxes
Investment earnings
Transient guest taxes
Franchise taxes
Alcohol beverage taxes
Miscellaneous
Payments from City of Winfield
In lieu of transfer payments from utilities
Debt balance increase from advance bond refdg
Transfers
Total general revenues and transfers
Change in net assets

Net assets - beginning
Prior period adjustments
Net assets - beginning, restated
Net assets - ending

See accompanying notes to financial statements

Net (Expense) Revenue and Changes in Net Assets

Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (354,749)	\$ -	\$ (354,749)	\$ -
(2,991,449)	-	(2,991,449)	-
(974,277)	-	(974,277)	-
(106,050)	-	(106,050)	-
(1,488,683)	-	(1,488,683)	-
(487,274)	-	(487,274)	-
(200,051)	-	(200,051)	-
(369,833)	-	(369,833)	-
<u>(6,972,366)</u>	<u>-</u>	<u>(6,972,366)</u>	<u>-</u>
-	(513,777)	(513,777)	-
-	(292,638)	(292,638)	-
-	169,260	169,260	-
-	(30,029)	(30,029)	-
-	(249,420)	(249,420)	-
-	(266,011)	(266,011)	-
<u>-</u>	<u>(1,182,615)</u>	<u>(1,182,615)</u>	<u>-</u>
<u>(6,972,366)</u>	<u>(1,182,615)</u>	<u>(8,154,981)</u>	<u>-</u>
-	-	-	(377,534)
-	-	-	57,440
<u>-</u>	<u>-</u>	<u>-</u>	<u>(320,094)</u>
3,105,420	-	3,105,420	-
1,514,594	-	1,514,594	-
115,247	245,094	360,341	5,465
69,917	-	69,917	-
221,656	-	221,656	-
61,906	-	61,906	-
131,114	61,868	192,982	-
1,815,685	-	1,815,685	380,717
(150,000)	-	(150,000)	-
(410,948)	410,948	-	-
<u>6,474,591</u>	<u>717,910</u>	<u>7,192,501</u>	<u>386,182</u>
<u>(497,775)</u>	<u>(464,705)</u>	<u>(962,480)</u>	<u>66,088</u>
17,166,895	45,103,981	62,270,876	2,369,594
(41,439)	168,388	126,949	-
<u>17,125,456</u>	<u>45,272,369</u>	<u>62,397,825</u>	<u>2,369,594</u>
<u>\$ 16,627,681</u>	<u>\$ 44,807,664</u>	<u>\$ 61,435,345</u>	<u>\$ 2,435,682</u>

CITY OF WINFIELD, KANSAS

GOVERNMENTAL FUNDS BALANCE SHEET DECEMBER 31, 2005

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

See accompanying notes to financial statements

CITY OF WINFIELD, KANSAS

GOVERNMENTAL FUNDS RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS DECEMBER 31, 2005

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

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

CAPITAL ASSETS

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

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

STORMWATER DRAINAGE

The stormwater drainage utility fund is an enterprise fund of the City, and has been reclassified to governmental activities in the government-wide statements. Stormwater drainage fees are charged to City utility wastewater customers through consolidated utility bills. The fees are used to partially fund stormwater drainage system facilities and improvements. However, general obligation debt has funded a significant portion of the system

255,773

BOND ISSUANCE COSTS

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

79,812

DEFERRED GAIN ON REFUNDING OF GENERAL OBLIGATION BONDS

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

(102,159)

LONG TERM RECEIVABLES

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

Balances at December 31, 2005 are:

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

INTERNAL SERVICE FUNDS

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

1,748,000

LIABILITIES

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

Balances at December 31, 2005 are:

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

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

See accompanying notes to financial statements

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CITY OF WINFIELD, KANSAS

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

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

See accompanying notes to financial statements

CITY OF WINFIELD, KANSAS

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

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

Net change in fund balances - total governmental funds	\$	(601,307)
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Amounts reported for governmental activities in the statement of activities are different because:

Land held for resale:

Basis in land held for resale		(13,026)
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Capital asset transactions

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

Capital outlay expenditures	586,815	
Depreciation	(1,043,559)	
Net loss on retirement of governmental capital assets	<u>(43,938)</u>	
Net capital asset transactions		(500,682)

Revenues

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

Fair market value of equipment donated to governmental funds		183,129
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Long-term debt

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

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

Accrual of non-current items

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

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

Allocation of internal service funds activity

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

		<u>(173,796)</u>
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Change in net assets of governmental activities	\$	<u>(497,775)</u>
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See accompanying notes to financial statements

CITY OF WINFIELD, KANSAS

GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - BUDGETARY BASIS FOR THE YEAR ENDED DECEMBER 31, 2005

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

See accompanying notes to financial statements

CITY OF WINFIELD, KANSAS

PROPRIETARY FUNDS STATEMENT OF NET ASSETS DECEMBER 31, 2005

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

See accompanying notes to financial statements

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

(Continued)

CITY OF WINFIELD, KANSAS

PROPRIETARY FUNDS STATEMENT OF NET ASSETS DECEMBER 31, 2005

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

See accompanying notes to financial statements

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

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

(Concluded)

CITY OF WINFIELD, KANSAS

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

	Enterprise Funds		
	Electric Utility Fund	Gas Utility Fund	Water Utility Fund
Operating revenues			
Charges for services and sales	\$ 18,921,963	\$ 6,674,191	\$ 2,127,175
Other	902,056	21,167	32,466
Total operating revenues	<u>19,824,019</u>	<u>6,695,358</u>	<u>2,159,641</u>
Operating expenses			
Services and supplies	18,043,185	6,513,727	1,593,100
Payments in lieu of franchise fees	1,350,013	350,781	114,891
Depreciation	1,486,235	149,177	223,978
Total operating expenses	<u>20,879,433</u>	<u>7,013,685</u>	<u>1,931,969</u>
Operating income (loss)	<u>(1,055,414)</u>	<u>(318,327)</u>	<u>227,672</u>
Non-operating revenues (expenses)			
Interest income	156,413	31,001	17,823
Loss on joint venture	-	-	-
Interest expense	(22,664)	-	(88,147)
Other	(52,300)	-	(1,703)
Total non-operating revenues (expenses)	<u>81,449</u>	<u>31,001</u>	<u>(72,027)</u>
Income (loss) before contributions and transfers	<u>(973,965)</u>	<u>(287,326)</u>	<u>155,645</u>
Capital contributions and operating transfers:			
Capital contributions	564,301	25,688	29,735
Transfers in - cash	-	-	-
Transfers out - cash	(454,500)	(6,000)	(14,593)
Transfers in - capital assets	10,354	1,088	74,081
Transfers out - capital assets	-	-	-
Change in net assets	<u>(853,810)</u>	<u>(266,550)</u>	<u>244,868</u>
Total net assets - beginning	26,202,504	5,304,724	4,607,815
Prior period adjustment	110,617	38,493	11,222
Restated total net assets - beginning	<u>26,313,121</u>	<u>5,343,217</u>	<u>4,619,037</u>
Total net assets - ending	<u>\$ 25,459,311</u>	<u>\$ 5,076,667</u>	<u>\$ 4,863,905</u>

See accompanying notes to financial statements

Enterprise Funds

Wastewater Utility Fund	Quail Ridge Golf Course Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ 1,527,181	\$ 369,997	\$ 1,259,813	\$ 30,880,320	\$ 2,983,529
8,873	564	20,618	985,744	1,746,274
<u>1,536,054</u>	<u>370,561</u>	<u>1,280,431</u>	<u>31,866,064</u>	<u>4,729,803</u>
986,283	406,973	1,079,953	28,623,221	4,442,417
-	-	-	1,815,685	-
618,381	162,424	151,741	2,791,936	139,427
<u>1,604,664</u>	<u>569,397</u>	<u>1,231,694</u>	<u>33,230,842</u>	<u>4,581,844</u>
(68,610)	(198,836)	48,737	(1,364,778)	147,959
8,426	4,845	11,618	230,126	42,405
-	-	(3,703)	(3,703)	-
(180,810)	(67,175)	(709)	(359,505)	-
(76)	(18,259)	12,188	(60,150)	(5,996)
<u>(172,460)</u>	<u>(80,589)</u>	<u>19,394</u>	<u>(193,232)</u>	<u>36,409</u>
(241,070)	(279,425)	68,131	(1,558,010)	184,368
-	-	25,000	644,724	-
70,000	439,500	-	509,500	-
-	-	(95,000)	(570,093)	(118,150)
277,461	-	25,000	387,984	254,498
(11,443)	-	-	(11,443)	-
<u>94,948</u>	<u>160,075</u>	<u>23,131</u>	<u>(597,338)</u>	<u>320,716</u>
6,900,716	(124,563)	3,232,646	46,123,842	3,149,644
4,120	-	4,096	168,548	-
<u>6,904,836</u>	<u>(124,563)</u>	<u>3,236,742</u>	<u>46,292,390</u>	<u>3,149,644</u>
<u>\$ 6,999,784</u>	<u>\$ 35,512</u>	<u>\$ 3,259,873</u>	<u>\$ 45,695,052</u>	<u>\$ 3,470,360</u>
Adjustment to consolidate certain internal service fund activities			1,575,439	
Reclassification of stormwater drainage fund to governmental			(2,609,752)	
Total net assets per the government-wide Statement of Net Assets			<u>\$ 44,660,739</u>	

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

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

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

(Continued)

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

	Enterprise Funds		
	Electric Utility Fund	Gas Utility Fund	Water Utility Fund
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	\$ (1,055,414)	\$ (318,327)	\$ 227,672
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,486,235	149,177	223,978
Changes in assets and liabilities:			
Receivables, net	(503,918)	(670,558)	404,253
Inventories/ prepaids	(864,333)	73,664	(12,752)
Compensated absences	14,303	1,226	3,049
Accounts and other payables	404,630	808,863	(294,410)
Total adjustments	536,917	362,372	324,118
Net cash provided (used) by operating activities	\$ (518,497)	\$ 44,045	\$ 551,790
 Noncash Transactions			
Assets contributed from other funds	53,434	1,088	74,081
Assets contributed to other funds		-	(41,780)
Inventories moved to originating funds	967,540	105,108	86,427
Loss on joint venture	-	-	-

See accompanying notes to financial statements

Enterprise Funds				
Wastewater Utility Fund	Quail Ridge Golf Course Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ (68,610)	\$ (198,836)	\$ 48,737	\$ (1,364,778)	\$ 147,959
618,381	162,424	151,741	2,791,936	139,427
(19,844)	(3,101)	(29,142)	(822,310)	(366,690)
(3,779)	-	-	(807,200)	1,053,286
3,870	(1,828)	3,422	24,042	3,978
(16,022)	(4,888)	(13,971)	884,202	(1,230,055)
582,606	152,607	112,050	2,070,670	(400,054)
\$ 513,996	\$ (46,229)	\$ 160,787	\$ 705,892	\$ (252,095)
277,461	-	25,000	431,064	254,498
(11,443)	-	-	(53,223)	-
22,213	-	-	1,181,288	(1,161,150)
-	-	(3,704)	(3,704)	-

(Concluded)

CITY OF WINFIELD

FIDUCIARY FUNDS STATEMENT OF FIDUCIARY NET ASSETS DECEMBER 31, 2005

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

See accompanying notes to financial statements

CITY OF WINFIELD

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

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

See accompanying notes to financial statements

CITY OF WINFIELD, KANSAS

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CITY OF WINFIELD, KANSAS

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CITY OF WINFIELD, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

1. Summary of Significant Accounting Policies

The City of Winfield, Kansas was founded in 1869. Located in the northern half of Cowley County, Winfield has a population of 11,886 living within an area of 12 square miles. The City operates under a charter adopted February 2, 1873, and a Commission/Manager form of government.

A. Reporting Entity

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

1) Blended Component Unit

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

2) Discretely Presented Component Units

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

Winfield Housing Authority - operates the City's housing projects. The City created the Winfield Housing Authority as its agent in 1978, under K.S.A 17-2340. The City has delegated to the Housing Authority the power to operate and manage the low-rent housing projects of the City. The City of Winfield is financially accountable for the Housing Authority, and appoints all Housing Authority board members. The Housing Authority is on a June 30 fiscal year end. Data included in these financial statements are for the fiscal year ended June 30, 2005. The financial statements of the Winfield Housing Authority for this period were reviewed, not audited.

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

Winfield Public Library	Winfield Housing Authority
605 College	1417 Pine Terrace
Winfield, KS 67156	Winfield, KS 67156

3) Joint Ventures

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

Strother Field Airport and Industrial Park – The Cities of Winfield and Arkansas City, Kansas entered into an interlocal agreement to create the Strother Field Commission. Commissioners from both cities comprise the Strother Field governing body, and the two cities jointly own Strother Field.

