

# **City of Wichita, Kansas**

Incorporated 1870

City of 1st Class 1886

Council-Manager Form of

**Government Adopted 1917**

## **Comprehensive Annual Financial Report**

**For the Year Ended December 31, 2006**



### **CITY COUNCIL**

Carl Brewer, Mayor

Sharon Fearey, Vice Mayor (VI)

Vacant, Council Member (I)

Sue Schlapp, Council Member (II)

Jim Skelton, Council Member (III)

Paul Gray, Council Member (IV)

Jeff Longwell, Council Member (V)

### **City Manager**

George Kolb

### **Department of Finance**

Kelly Carpenter, Director of Finance

Rob Raine, Assistant Director of Finance

Prepared by Controller's Office

Department of Finance

# CITY OF WICHITA, KANSAS

## Comprehensive Annual Financial Report Year ended December 31, 2006

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**CITY OF WICHITA, KANSAS**

**Comprehensive Annual Financial Report  
Year ended December 31, 2006**

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— *INTRODUCTORY SECTION* —



Department of Finance  
Controller's Office  
City Hall – Twelfth Floor  
455 North Main  
Wichita, Kansas 67202

April 24, 2007

To the Honorable Mayor, City Council and Citizens of  
the City of Wichita, Kansas:

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

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

To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City and its component unit.

Kansas Statutes require an annual audit of all funds of the City by independent certified public accountants. The certified public accounting firm of Allen, Gibbs & Houlik L.C. issued an unqualified opinion on the City of Wichita's financial statements for the year ended December 31, 2006. The independent auditor's report is located on page A-1 in the Financial Section of this report.

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

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

### ***THE REPORTING ENTITY AND ITS SERVICES***

The City of Wichita is the largest city in Kansas, with an estimated 2006 population of 358,870, and is the county seat of Sedgwick County. The City is located in south central Kansas, 161 miles southeast of the nation's geographic center and 124 miles from the North American geodetic center. The City's incorporated area is approximately 156 square miles.

In 1917, the City became one of the first municipalities in the United States to adopt the Commission-Manager (also known as the Council-Manager) form of government. In 1987, the form of government was modified to a Council-Manager form with City Council members nominated by district and elected at large. One member of the Council was appointed annually to serve as Mayor. In 1989, the form of government was again modified to a Mayor-Council-Manager form with a Mayor elected at large and other City Council members elected by district. The City Council was expanded from five to seven members, including the Mayor. The City Manager is appointed by the City Council and is responsible to them for the management of all City employees and administration of all City affairs.

The City of Wichita and its component unit provide a full range of municipal services, including police and fire protection, parks and recreation programs, libraries, art museum, public housing, public health and social services, infrastructure improvements, bus transportation, airports, water and sewer utilities, planning and zoning, cemetery maintenance, internal support services, and general administration.

The City Council is required to hold public hearings on a proposed budget and adopt a budget no later than August 25 of each year. The annual budget serves as a policy document, a financial plan, an operations guide and as a communication device.

***The Budget Process:*** The City of Wichita actually produces three operating budgets: 1) revising the current year budget; 2) proposing a budget for the next year, which will become the Adopted Budget upon Council approval; and 3) projecting a budget for the year following, which becomes the basis for the proposed budget next year. Each year the departments provide information on operations (financial and performance objectives) and identify changing needs for services. The information is reviewed by Strategy Teams with the Teams' recommendations presented to the City Manager and to the City Council in a workshop setting for discussion and Council feedback. Department directors also separately present budget submissions to the City Manager. Presentations are made to the District Advisory Board of each Council District, providing opportunities for citizen participation in the formulation of the budget as well.

The Finance staff reviews service plans and service enhancement plans and prepares financial analysis for the City Manager. Following the City Council workshop, the City Manager reviews the budget options and directs the Finance staff on development of a recommended budget. The recommended budget is presented to the City Council and to the District Advisory Boards in July. The Council holds public hearings on the proposed budget in July and August prior to adoption of a final budget no later than August 25.

***Budgetary Control:*** The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at an individual fund level, but is monitored by function and activity within an individual fund. The government also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Unencumbered appropriations

lapse at year-end, however, lawful encumbrances are reappropriated as part of the following year's budget. 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 governmental fund for which an appropriated annual budget has been adopted. For the general fund, the comparison is presented on page A-23 as part of the basic financial statements, as well as a more detailed presentation beginning on page B-16. For governmental funds, other than the general fund with appropriated annual budgets, the comparison is presented in the governmental fund subsection of this report which starts on B-1.

### ***THE LOCAL ECONOMY<sup>1</sup>***

The local labor market continues to improve with employment up 1.6 percent in 2006 yielding a net gain of 4,600 jobs in 2006. General aviation had a record year in 2006 with deliveries 12.9 percent above 2005 and billings at a record of \$18.8 billion, a 24.1 percent increase from a year ago. The numbers are good news for the Wichita area, where Raytheon (now Hawker Beechcraft), Cessna Aircraft and Bombardier's Learjet facilities produced 42 percent of the aircraft delivered. Barring any unforeseen event, company backlogs suggest the cycle will continue for at least a couple more years.

Commercial aircraft, Boeing specifically, set a record, booking more than 1,000 new orders and surpassing Airbus SAS for the first time in six years. Spirit AeroSystems builds 75 percent of the 737 airframe plus the forward section and other major assemblies for Boeing's commercial jets, including the composite forward fuselage for Boeings 787 Dreamliner.

While manufacturing employment is growing, all three of the general aviation manufacturers in Wichita moved their harness work to Mexico to affect lower costs. Overall, manufacturing productivity has risen requiring fewer but more highly skilled workers and creating a shortage of highly skilled workers.

The wholesale and retail trade sectors grew slightly in 2006 and are projected to continue that rate of growth in 2007. Professional and business services along with health care services reported strong increases in employment and are also projected to continue growth in 2007. Slower growth in the leisure and hospitality service sector is anticipated where about 700 jobs were added in 2006. The information technology sector and the financial services sectors lost jobs in 2006, and the downward trend continuing the downward trend in 2007.

Other services, such as maintenance and repair, personal, religious and civic services are expected to continue the trend of moderate but steady growth. Total wage and salary employment in the Wichita Metropolitan Statistical Area increased 2.1 percent in 2006 while the unemployment rate moved down from 4.7 percent in 2005 to 4.2 percent at the close of 2006. Overall, the projections indicate that economic growth, though modest, is anticipated in 2007.

In 2005, Boeing Wichita's commercial aircraft operations was sold to Onex Corp., a Canadian company, which created a new company named Spirit AeroSystems. Spirit AeroSystems, reporting employment of 9,400, went public in November of 2006. A \$246 million payout to employees was triggered by the initial public offering of Spirit stock, resulting in 70 percent of the Spirit employees holding an equity stake in the company. As a result of the initial public offering, approximately 4,000 Spirit workers received a one-time, lump-sum cash payment of \$35,446 before taxes in December 2006 as their share of a Union Equity Share program negotiated in employment contracts. An additional \$26,884 payment will be made by Spirit in the spring of 2007 in the form of shares of common stock.

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<sup>1</sup> The Center for Economic Development and Business Research, Wichita State University (CEDBR) has contributed to the information on the local economy.

## ***CITY BUSINESS AND FINANCIAL PLAN***

The City routinely revises the current year budget, then issues a two-year operating budget to identify trends that may extend beyond the statutorily mandated one-year budget. Additionally, the City prepares a ten-year capital budget to better allow for the extended timeframe required for completion of capital projects, including coordination with grant and other funding requirements.

The City manages its finances with a long term perspective. With the knowledge that an economic downturn was likely, the City took action to lower costs beginning in fiscal 2001, so that cash reserves were increased as a cushion against expected losses in 2002 and 2003. The positive change in cash reserve allowed continuation of essential services without a tax increase during a period of revenue shortfall. As a result, the City was able to sustain its long standing policy not to increase the level mill levy, though actual levies fluctuated slightly with changes in assessed valuation. As the City emerges from the economic downturn, cash balances in excess of target are utilized to cash fund projects to reduce borrowing costs and preserve debt capacity for future generations.

Under a comprehensive, written investment policy, the City manages a pooled funds investment program for all cash not otherwise restricted. The program allows the City to invest its cash in secured investments for larger amounts, for longer terms, with fewer total investment transactions and for generally higher yields on City investments.

The City's insurance, self-insurance, and safety programs are funded and administered through the City's Risk Management office. The funds are maintained in a risk management reserve fund as authorized in Kansas Statutes. In addition, the City, Airport Authority, Wichita Housing Authority, Art Museum, and Wichita Public Building Commission maintain insurance policies and bonds as detailed in the Additional Information Section of this report.

The City contributes to two single-employer defined benefit pension plans and a single-employer defined contribution plan, covering all full-time employees. At the close of 2006, the Wichita Employees' Retirement System's actuarially accrued pension liability was 110.2 percent funded and the Wichita Police and Fire Retirement System's actuarially accrued pension liability was 101.2 percent funded. A separate comprehensive annual financial report is issued for the City's pension funds and systems.

## ***RELEVANT POLICY CHANGES***

A potential long-term impact on local government finances involves the exemption of commercial and industrial equipment from personal property taxes, an action taken by the Kansas Legislature in the 2006 session. The measure is phased in by exempting new equipment while continuing to tax existing equipment until it is fully depreciated. The salvage value is removed when the equipment is replaced. The impact is mitigated in the initial years by a program approved by the State to replace 90 percent of any actual loss in the first year, 70 percent in the second year, and 50 percent, 30 percent and 10 percent in the succeeding years. The full impact of lost revenue to the City of Wichita will not be until 2013 and is expected to be \$6 million annually.

Since 2002, the City of Wichita has provided incentives averaging \$1.5 million per year to retain low cost air carriers at Wichita's Mid-Continent Airport. In 2006, Sedgwick County contributed \$1 million and the State of Kansas contributed \$5 million to keep airfares low out of Wichita's Mid-Continent Airport. Continued support from Sedgwick County and the legislature is anticipated.

Also in 2006, the Kansas Legislature made changes to municipal banking law, expanding the investment options of local municipalities. Local units of government were granted authorization to invest their active and idle funds in banks or savings and loans, if the bank or savings and loan maintains a branch in

the taxing district of the government unit investing the funds. The change will allow the City to be more aggressive in obtaining a higher rate of return while meeting the criteria of the City's Investment Policy.

### ***MAJOR INITIATIVES***

Culminating eight years of research and planning in the Water Utility, in late 2006 the piping and pumping network to recharge the underground aquifers became neared completion. The groundwater recharge program is an important element in the 50-year water supply plan.

Major freeway construction continues and is underway on the eastern segments of U.S. 54 which bisects Wichita.

The elevation of the rail tracks that run north-south through the City continued in 2006. The rail elevation project is a major undertaking in conjunction with the Union Pacific/Burlington Northern Railways and the State and Federal Departments of Transportation.

The 2004 groundbreaking of the WaterWalk, a retail and entertainment development adjacent to the City's major convention facilities is anchored by Gander Mountain, with additional venues announced. Street and utility infrastructure construction for the new WaterWalk "urban village" is underway. In January 2007, ground was broken for WaterWalk Place, a 16,280 square foot mixed-use building that will provide residential, office and commercial space. Pre-leasing is underway for it and two additional buildings (68,750 square feet), all scheduled for completion in May 2008. WaterWalk Place also includes a 2,500 seat outdoor amphitheater and a unique \$1 million interactive 'dancing water show' fountain.

The City continues exploring options for developing the West 21st Street corridor, an industrial area, and developing the neighboring retail area into an international marketplace.

Private and public investment continues in the Old Town Area, spurred further by Sedgwick County's planned construction of the 15,000 seat arena scheduled to be opened in 2008. A \$30 million Wild West World amusement theme park, just north of Wichita, is scheduled to open in May 2007. The 130-acre theme park is anticipated to be a major tourist attraction with attendance from May through September 2007 estimated at 500,000.

### ***AWARDS AND ACKNOWLEDGMENTS***

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Wichita, Kansas for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2005. The 2005 award represents the 33rd consecutive year that the City of Wichita's comprehensive annual financial report earned this award.

The City also received the GFOA's Certificate of Achievement for Excellence in Financial Reporting for its Pension Trust Fund CAFR for the fiscal year ended December 31, 2005. The 2005 award represents the 7th consecutive year that the City of Wichita's CAFR for pension funds earned the recognition.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. The 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 this current comprehensive annual financial report continues to meet Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, The City of Wichita has received, for the 18th consecutive year, the GFOA's Outstanding Budget Presentation Award for its 2006 budget document. The award is the highest form of recognition in governmental budgeting. In order to receive the award, a government must publish a budget document judged to be proficient as a policy document, a financial plan, an operations guide and a communications device. The award is the budgetary counterpart to the Certificate of Achievement and is valid for one year only.

The Association of Public Treasurers, United States and Canada, awarded a Certificate of Excellence for the City's Investment Policy in 2002. The City Council adopted a revised investment policy in December 2005. We believe the new policy will also meet the Certificate of Excellence requirements and we are submitting it to determine its eligibility for another award. In order to be awarded a Certificate of Excellence, a government must prepare and publish an investment policy that meets the standards established by the Association.

Preparation of this report could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. We wish to express our appreciation to all members of the department who assisted and contributed to its preparation. The City Manager and elected members of the City governing body are also due credit for their continued interest and support in planning and conducting the financial operations of the City in a professional, responsible and progressive manner.

Respectfully Submitted,



Kelly Carpenter  
Director of Finance



Rob Raine  
Assistant Director of Finance



Carol McMillan  
Controller

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## City of Wichita Kansas

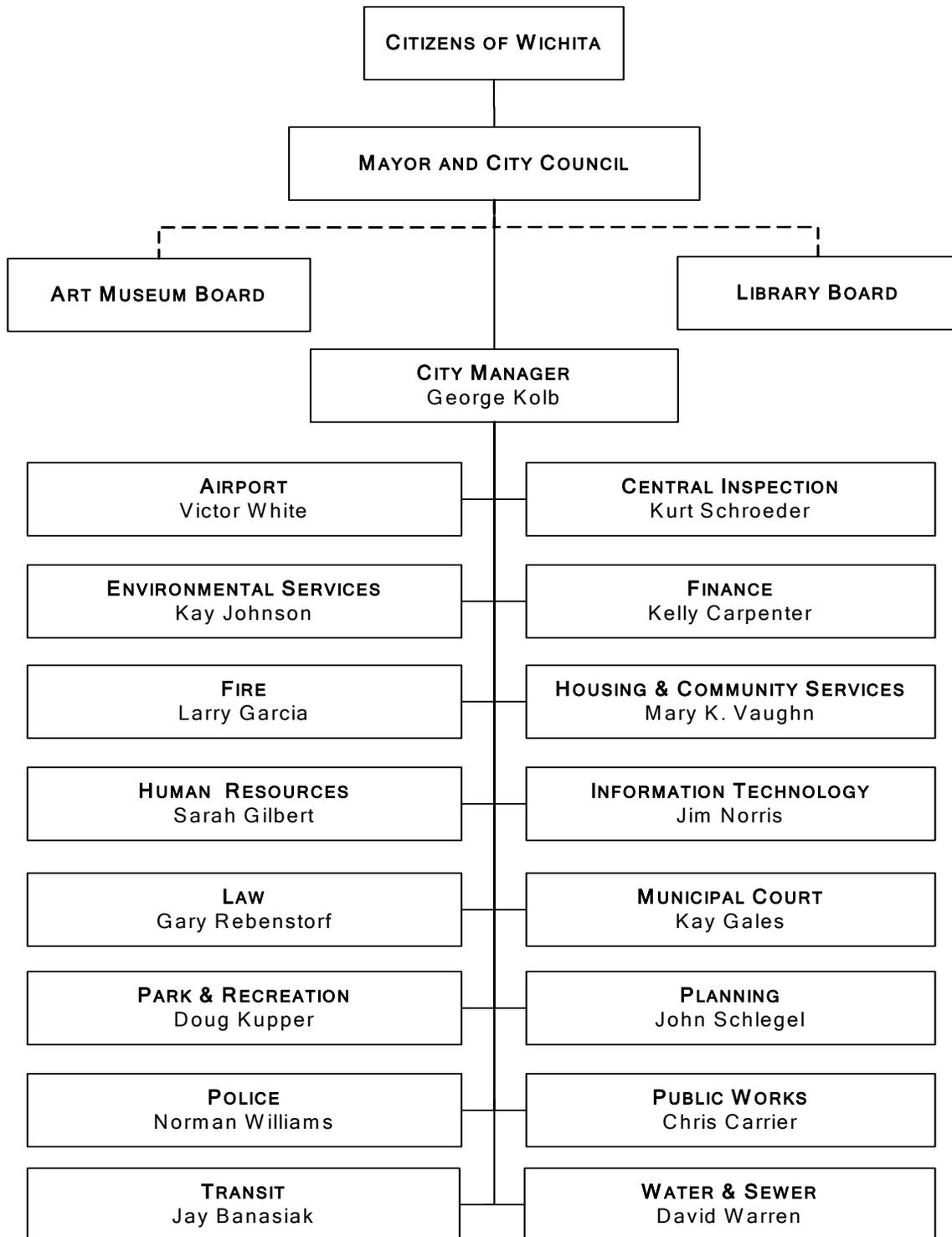
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2005

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



President

Executive Director



**CITY COUNCIL MEMBERS**

Carl Brewer	Mayor	268-4331
Sharon Fearey	Vice Mayor (VI)	268-4331
Vacant	Council Member (I)	268-4331
Sue Schlapp	Council Member (II)	268-4331
Jim Skelton	Council Member (III)	268-4331
Paul Gray	Council Member (IV)	268-4331
Jeff Longwell	Council Member (V)	268-4331

**CITY OFFICES**

City Manager	268-4351	George Kolb, City Manager
Assistant City Manager	268-4351	Cathy Holdeman, Assistant City Manager
Assistant City Manager	268-4351	Scott Moore, Assistant City Manager
Airport	946-4700	Victor White, Director
Art Museum	268-4921	Charles Steiner, Director
Central Inspection	268-4460	Kurt Schroeder, Superintendent
Finance	268-4300	Kelly Carpenter, Director
Fire	268-4451	Larry Garcia, Fire Chief
Environmental Services	268-8351	Kay Johnson, Director
Housing & Community Services	462-3795	Mary K. Vaughn, Director
Human Resources	268-4531	Sarah Gilbert, Interim Director
Information Technology	268-4531	Jim Norris, Chief Information Officer
Law	268-4681	Gary Rebenstorf, Director of Law & City Attorney
Library	261-8500	Cynthia Berner-Harris, Director
Municipal Court	268-4611	Kay Gales, Court Administrator
Park & Recreation	268-4398	Doug Kupper, Director
Planning	268-4425	John Schlegel, Director
Police	268-4158	Norman Williams, Chief of Police
Public Works	268-4497	Chris Carrier, Director
Transit	352-4802	Jay Banasiak, General Manager
Water and Sewer	268-4504	David Warren, Director

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— *FINANCIAL SECTION* —

## INDEPENDENT AUDITORS' REPORT



Allen, Gibbs & Houlik, L.C.  
CPAs & Advisors

Honorable Mayor and City Council Members  
**City of Wichita, Kansas**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Wichita, Kansas (City) as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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 financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, 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 unit, each major fund, and the aggregate remaining fund information of the City as of December 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 23, 2007 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and required supplementary information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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, statistical section, Water and Sewer

Section, Schedule of Expenditures of Federal Awards required by OMB *Circular A-133*, and Schedule of Passenger Facility Charges required by the *Passenger Facility Charge Audit Guide for Public Agencies* 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, *Water and Sewer Section*, Schedule of Expenditures of Federal Awards, and Schedule of Passenger Facility Charges have been subjected to the *auditing procedures* applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The information in the introductory and statistical sections has 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.

*Allen, Gibbs & Houlik, L.C.*  
CERTIFIED PUBLIC ACCOUNTANTS

April 23, 2007  
Wichita, Kansas

This discussion and analysis of the City of Wichita's financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2006. The management discussion and analysis is presented in conjunction with the transmittal letter at the front of this report and the City of Wichita's financial statements, which follow this section.

### Financial Highlights

- ⇒ The City's net assets increased \$52.9 million during the fiscal year ending 2006.
- ⇒ The cost of governmental activity was \$353.8 million. The amount paid by taxpayers through property and sales tax was \$137.4 million or 38.8 percent. The amount paid from intergovernmental resources was \$98.9 million or 28.0 percent.
- ⇒ Long term liabilities in the governmental activities decreased by \$20.3 million, following a \$14.0 million decrease in 2005.
- ⇒ Long-term liabilities in the business type activities increased \$41.7 million as the Water and Sewer Utilities completed long term financing of cash funded projects.
- ⇒ The General Fund, on a budgetary basis, reported \$158,373 in revenue and other financing resources in excess of expenditures and other uses.
- ⇒ On December 31, 2006, the General Fund reported a budgetary fund balance of 11.5 percent of the following year's appropriated budget.
- ⇒ The City maintains a positive bond rating and a progressive capital improvement program.

### Overview of the Financial Statements

The Comprehensive Annual Financial Report consists of four major sections: introductory, financial, statistical and single audit. The financial statements include government-wide financial statements, fund financial statements and notes to the financial statements. Supplementary information, provided in addition to the basic financial statements, is located in the sections titled Additional Information, Statistical and Water and Sewer. The Water and Sewer section provides specific information for water and sewer revenue bond holders.

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

### GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The *statement of activities* reports 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 government-wide statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a portion of their costs through user fees and

charges (business-type activities), and from the City's component unit, the Wichita Public Building Commission. Governmental activities of the City include public safety, culture and recreation, public works, environmental health, housing and highways and streets. Business-type activities include the City's water, sewer, airport and transportation activities.

## 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 Wichita, 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 Wichita 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. 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-18 and A-22. Primary differences are the impact of accounting for capital assets and their long term financing.

The City maintains 26 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the funds considered to be major funds. Information on the other 22 governmental funds is combined into a single, aggregated presentation. Individual fund data for each nonmajor governmental fund is provided in the form of combining statements found beginning on page B-1.

The City of Wichita adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund on page A-23 to demonstrate compliance with the appropriated budget. A more detailed budgetary statement is also provided beginning on page B-16 with the supplementary budgetary governmental fund statements.

- *Proprietary funds* account for services for which the City charges customers a fee 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 Water and Sewer, Airport, Golf, Storm Water, and Transit 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 fleet, technology, office supplies, and self-insurance programs. Because internal services primarily benefit governmental rather than business-type functions, the assets and activities of the internal service funds have predominately been included with governmental 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 Water, Sewer and Airport 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-13 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 the employees' pension plans and other funds that – because of a trust arrangement – can be used only for the specified purpose. The City is responsible for ensuring that the assets reported in fiduciary funds be 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.

- *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, the report also presents certain required supplementary information concerning the City’s progress in funding its obligation to provide pension benefits to its employees. The required supplementary information follows the notes to the financial statements, with additional information in the sections titled *Additional Information*, *Statistical Section* and the *Single Audit Section*.
- *The Water and Sewer Section* provides for the specific informational needs of the Water and Sewer Revenue Bondholders.

**GOVERNMENT WIDE FINANCIAL ANALYSIS**

**Net assets of the Primary Government.** Over time, net assets can serve as a useful indicator of the City’s financial position. The net assets of the City of Wichita increased \$52.9 million during the 2006 fiscal year. Approximately 74 percent of the City’s net assets reflect investment in capital assets (e.g. land, buildings, improvements, equipment), less any related outstanding debt used to acquire those assets. The City uses the capital assets to provide services to citizens; consequently the capital assets are not available for future spending. An additional portion of these assets represents resources that are subject to external restrictions on how they may be spent. The unrestricted portion of the net assets is \$24.3 million and may be used to meet the government’s ongoing obligations.

The \$30.9 million increase in net assets in business-type activities as shown in Table 1 includes increases in the Water, Sewer and Storm Water Utilities and the Airport. System improvements and expansions represent the increases in the Water and Sewer Utilities. The increase in the Storm Water Utility largely represents improvements in a western area of the City that has historically flooded with heavy rainfall. The increase in Airport net assets is largely a stronger cash position, pending implementation of capital projects.

**Net Assets – Primary Government**  
**As of December 31, 2006**  
**(with comparative totals for December 31, 2005)**  
**(in millions of dollars)**

**Table 1**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
Current and other assets	\$ 464.4	\$ 521.3	\$ 200.3	\$ 186.6	\$ 664.7	\$ 707.9
Capital assets	926.4	870.2	1,016.8	961.0	1,943.2	1,831.2
Total assets	<u>1,390.8</u>	<u>1,391.5</u>	<u>1,217.1</u>	<u>1,147.6</u>	<u>2,607.9</u>	<u>2,539.1</u>
Long-term liabilities	402.8	423.1	399.9	358.2	802.7	781.3
Other liabilities	<u>233.1</u>	<u>235.5</u>	<u>30.3</u>	<u>33.5</u>	<u>263.4</u>	<u>269.0</u>
Total liabilities	<u>635.9</u>	<u>658.6</u>	<u>430.2</u>	<u>391.7</u>	<u>1,066.1</u>	<u>1,050.3</u>
Net assets:						
Capital assets, net of debt	457.4	376.6	683.9	664.1	1,141.3	1,040.7
Restricted	306.3	327.7	69.9	56.6	376.2	384.3
Unrestricted	<u>(8.8)</u>	<u>28.6</u>	<u>33.1</u>	<u>35.2</u>	<u>24.3</u>	<u>63.8</u>
<b>Total net assets</b>	<u>\$ 754.9</u>	<u>\$ 732.9</u>	<u>\$ 786.9</u>	<u>\$ 755.9</u>	<u>\$ 1,541.8</u>	<u>\$ 1,488.8</u>

Capital asset increases in the governmental activities consist largely of street improvements, which included right-of-way purchases for the continued conversion of the east-west thoroughfare, Kellogg or U.S. 54 highway, to a controlled access freeway through the City. Improvements along the Arkansas River bank connecting the WaterWalk to the City’s museum

**Table 1 (continued)**  
**Net Assets – Wichita Public Building Commission**  
**As of December 31, 2006**  
**(with comparative totals for December 31, 2005)**

(in millions of dollars)		
	2006	2005
Current and other assets	\$ 29.0	\$ 31.8
Capital assets	-	-
Total assets	29.0	31.8
Long-term liabilities	24.2	26.6
Other liabilities	4.8	5.2
Total liabilities	29.0	31.8
Net assets:		
Capital assets, net of debt	-	-
Restricted	-	-
Unrestricted	-	-
<b>Total net assets</b>	<b>\$ -</b>	<b>\$ -</b>

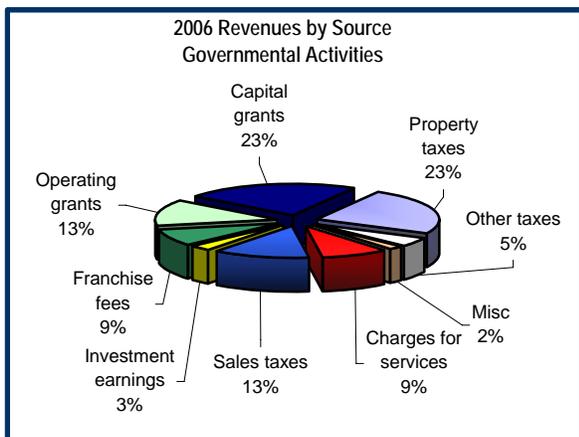
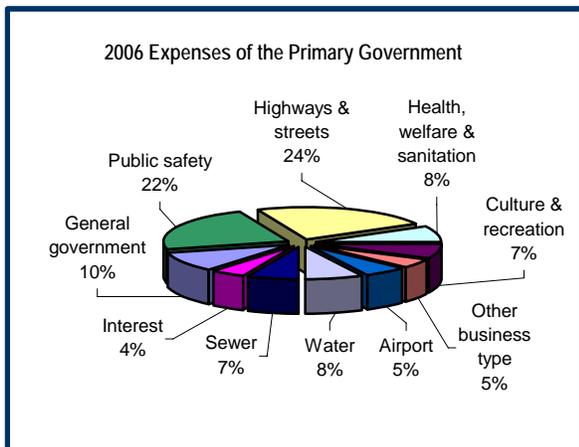
district also represented a significant portion of the capital investment with continued investment in the WaterWalk development, a retail and entertainment complex adjacent to the City’s convention center.

The City’s expenses totaled \$469.1 million with the combined expenses of the business-type activities representing 24.6 percent of the total expenses. Within the governmental activities, public safety, highways and streets represent the largest expenditure categories, with public safety consuming 22.3 percent of total expenditures and highways and streets consuming 23.4 percent of total each of the City’s total expenditures, consistent with past years. Overall, the City’s total 2006 expenses were 6.8 percent above those of 2005, with governmental activities increasing 7.0 percent and the business-type expenses increasing 6.1 percent.

Combined program revenue increased 5.8 percent in 2006. Program revenue in governmental funds remained flat while increased storm water, water and sanitary sewer rates in the business-type activities provided revenue growth, as did the increased volume of water sales. Capital grants and contributions in governmental activities increased primarily due to intergovernmental revenue associated with railroad bridge projects. In the business-type activities, capital contributions returned to levels comparable to years prior to 2005, with 2005 excluded due to \$18 million in capital contributions, which were received by the Airport from a combination of private and governmental resources.

General revenues of the governmental funds, which are taxes, franchise fees, interest earnings and other miscellaneous income, increased by 8.8 percent. The City continued a long-standing policy of maintaining a flat mill levy, however growing property values provided 4.8 percent more in property tax revenue than in 2005, generating an additional \$4.1 million. The City’s portion of the local sales tax distribution generated \$2.5 million more in 2006 than 2005, reflecting a strong local economy, with franchise fees growing \$1.1 million. Investment earnings reflected the increasing market interest rates and increased by \$2.5 million or 31 percent.

**Governmental Activities.** Major sources of local revenue of the governmental activities continue to be property and sales taxes, as illustrated in the accompanying graph. Governmental activities increased the net assets of the City by \$22.0 million. Table 2 provides a comparison between the revenues and expenses of fiscal years 2005 and 2006, with additional comparative information provided in the Statistical Section.



Both governmental revenues and expenses increased in fiscal 2006 over those in 2005. The primary revenue increase was in intergovernmental capital grants associated with street and bridge projects. Revenue from property and sales tax increased, as did franchise fees and income from investments. The amount paid by taxpayers through sales and property taxes totaled \$137.4 million or 38.8 percent, comparable to prior years.

**City of Wichita**  
**Changes in Net Assets**  
**For the Year Ended December 31, 2006**  
**(with comparative totals for year ended December 31, 2005)**  
**(in millions of dollars)**

**Table 2**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2006	2005	2006	2005	2006	2005
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 33.0	\$ 33.7	\$ 103.0	\$ 94.8	\$ 136.0	\$ 128.5
Operating grants and contributions	50.2	50.7	4.8	4.1	55.0	54.8
Capital grants and contributions	86.3	67.8	31.2	47.1	117.5	114.9
General revenues						
Property taxes	89.7	85.6	-	-	89.7	85.6
Sales taxes	47.7	45.2	-	-	47.7	45.2
Franchise fees	31.9	30.7	-	-	31.9	30.7
Other taxes	17.6	17.2	-	-	17.6	17.2
Investment earnings	10.9	8.3	7.3	6.2	18.2	14.5
Miscellaneous	7.7	12.3	0.9	0.5	8.6	12.8
Total revenues	<u>375.0</u>	<u>351.5</u>	<u>147.2</u>	<u>152.7</u>	<u>522.2</u>	<u>504.2</u>
<b>Expenses</b>						
General government	47.2	36.8	-	-	47.2	36.8
Public safety	104.8	98.0	-	-	104.8	98.0
Highways and streets	109.6	104.6	-	-	109.6	104.6
Sanitation	3.7	2.7	-	-	3.7	2.7
Health and welfare	34.7	33.8	-	-	34.7	33.8
Culture and recreation	33.2	33.8	-	-	33.2	33.8
Interest on long-term debt	20.6	20.9	-	-	20.6	20.9
Water	-	-	36.2	34.4	36.2	34.4
Sewer	-	-	31.0	29.3	31.0	29.3
Storm Water	-	-	5.3	4.1	5.3	4.1
Golf	-	-	5.0	4.6	5.0	4.6
Airport	-	-	25.6	24.3	25.6	24.3
Transit	-	-	12.2	11.9	12.2	11.9
Total expenses	<u>353.8</u>	<u>330.6</u>	<u>115.3</u>	<u>108.6</u>	<u>469.1</u>	<u>439.2</u>
Excess before prior period adjustments and transfers	21.2	20.9	31.9	44.1	53.1	65.0
Prior period adjustment	0.3	(0.8)	(0.4)	-	(0.1)	(0.8)
Transfers	0.5	(10.0)	(0.5)	10.0	-	-
<b>Increase in net assets</b>	<u>\$ 22.0</u>	<u>\$ 10.1</u>	<u>\$ 31.0</u>	<u>\$ 54.1</u>	<u>\$ 53.0</u>	<u>\$ 64.2</u>

**Business-type Activities.** The Water and Sewer Utilities are the largest business-type activity funds of the City of Wichita. Capital improvements have required significant capital investment placing pressure on rates. Water and Sewer rates increased three percent in each year between 2000 and 2004 with an additional 4 percent water increase in 2004 for taste and odor treatment. Water rates did not increase in 2005, but a six percent increase was implemented for 2006. A three percent increase

for sewerage was implemented for 2005 and a seven percent increase for 2006. Currently the City has a water supply plan in place to support growth and development through 2050 and is making capital investments in securing that future water supply.

In 2003, Mid-Continent Airport was recognized as one of the fastest growing airports in the nation, with a record number of passengers using the airport. The majority of the increased passenger load has been sustained through 2006, accomplished through subsidies to low-fare carriers and through community programs committing support to the low-fare carriers. Additional acreage was acquired to improve entrance to airport, provide additional runway protection, as well as provide for future development of both Mid-Continent and Jabara Airports.

The Airport Fund accounts for activities of Mid-Continent, a commercial service airport and Jabara, a general aviation reliever airport. Eleven carriers serve Mid-Continent Airport. AirTran Airways continues as the City's eastbound low-cost carrier, while Allegiant Air provides low-cost services directly to Las Vegas. The City has identified the need for an additional westbound low-cost carrier.

Transit operations are funded from fares, General Fund subsidies and state and federal grants. Federal and state funding has remained relatively stable for public transportation providing for the replacement of 75 percent of the buses since 2001. Transit continues to update the fleet as resources allow. Transit also operates a fleet of para-transit vans, replaced on a rotating basis with federal and state grant funds. A new transit operations center was placed in service in 1999, with computerized scheduling for para-transit service implemented in 2002, electronic fareboxes in 2003, and current considerations for an automated vehicle locator system. The Transit operation remains free of long-term debt.

The City operates five golf courses with approximately 188,000 rounds of golf played in 2006. The City's newest golf course, Auburn Hills, has been in operation for five years and is ranked by golf publications as one of the top five and alternately one of the top ten public courses in Kansas. Operational restructuring has been implemented at several of the courses to maintain a quality attraction with a fee structure that encourages golfing as a leisure activity. Golf play has been down since 2001, but 2006 recorded an additional, 6,949 rounds of play above 2005. To spur play, the City has initiated promotional activities and continues to groom young golfers through a junior golf program.

The Storm Water Utility is funded from fees paid by property owners and in past years, has been subsidized by the General Fund. The subsidies were on a phase-out schedule, with 2005 being the final year of subsidy. A rate increase was implemented in 2006 to insure sufficient funds for operations and capital investment. Currently the utility operates and maintains eight pump stations to move excess surface water from heavy rains. Additional pump stations will be added in conjunction with new development and redevelopment projects as needed. The utility maintains existing drainage systems, investigates drainage problems, is responsible for the design and construction of drainage projects, and monitors construction sites to ensure compliance with the Storm Water Pollution Prevention Ordinance.

#### **ANALYSIS OF THE GOVERNMENT'S FUNDS**

*Governmental Funds.* The City of Wichita uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The governmental funds reported a combined fund balance at year-end of \$54.8 million, a decrease of \$68.0 million in 2006. Reservations of the fund balances for inventories, encumbrances and prepaid items totaled \$140.3 million. The Most notable are decreases in the Street Improvement and other capital project funds, a result of timing of project expenditures and an increase in projects funded with temporary notes pending permanent financing upon completion. The Debt Service Fund also reflects a planned decrease in fund balance as available cash was utilized to fund projects in lieu of long-term financing.

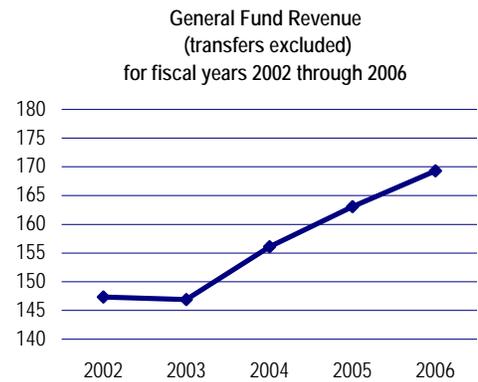
Included in the capital projects are three major investments of the City; the continuation of street improvement program; the continuation of construction of the WaterWalk shopping and entertainment development on the Arkansas River bank, the results of a private/public partnership, and the railroad overpass project which will elevate the railroad tracks through the center of the City to facilitate improved traffic flow and safety. In addition, the City has Arkansas River corridor improvements underway

connecting the WaterWalk district to the museum district. Numerous other economic development projects are ongoing through both public and private/public partnerships.

The General Fund is the major operating and taxing fund of the City of Wichita. At the close of 2006, the unreserved fund balance of the General Fund was \$23.0 million compared to \$22.8 million and \$22.0 million at the close of 2005 and 2004 respectively.

Major revenue sources in the General Fund are:

- Property taxes, which increased \$4.1 million under a long standing policy of maintaining a flat mill levy.
- The City's portion of the local sales tax generated \$2.5 million more in 2006 compared to 2005.
- Franchise fees from the communication industry continue to decline with the growth of wireless technology. Higher natural gas prices, however, yielded a 3.7 percent overall growth in franchise fees above 2005.
- Intergovernmental transfers from the State consist of liquor tax and gas tax providing a combined \$17.1 million 2006.
- Earnings on investments were \$4.2 million in 2006, compared to \$3.8 million in 2005.



General Fund expenses, excluding transfers, totaled \$169.4 million, \$11.7 million above 2005. Throughout the economic recovery, the City has carefully evaluated expenses, deferring expenditures where possible in response to the revenue shortfall. As a result, the General Fund maintained a strong cash position, continued essential services expanded funding of economic development initiatives and restored funding to areas of service in critical need. Subsidies to other funds for services and transfers for discretionary programs continue to be re-evaluated and re-prioritized each year.

The Debt Service Fund carried a fund balance of \$40.9 million at year-end, down from \$57.3 million at the close of 2005 due to the programmed cash funding of projects in lieu of securing long-term financing. At the close of 2006, \$16.0 million was held in escrow dedicated to defeasement of debt in a crossover refunding bond sale in 2004, compared to \$25.2 million last year. The remaining fund balance is dedicated for the payment of debt service first, with funds in excess of the target dedicated directly to the Capital Improvement Program.

*Proprietary Funds:* The Water and Sewer Utilities have been investing in improvements to existing capital and expanding the systems. Capital projects are temporarily financed from available cash in the Utilities and permanently financed with revenue bonds. The Utilities sold revenue bonds in 2006, replenishing their cash reserves and increasing the long-term debt. Operating income in both utilities was higher than the planned budget.

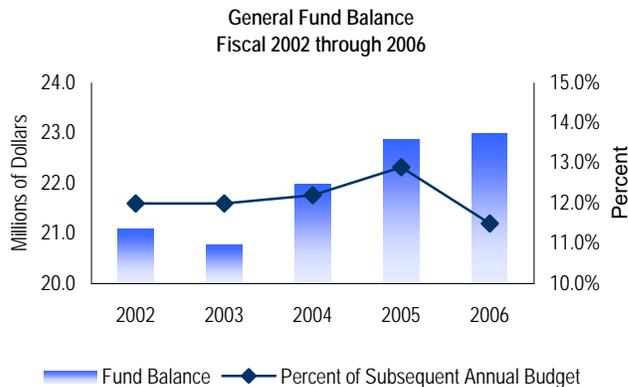
The Airport Fund is in the early stages of capital expansion. A program manager has been selected to plan and construct a new terminal with a target completion date of 2010. During 2005, the passenger facility charge was increased from \$3.00 to \$4.50 to support the capital program at Mid-Continent Airport, reflected in growing cash reserves. Cash and temporary investments at the close of 2004 were \$14.1 million compared to \$24.0 million at the close of 2006.

The operating expenses of the Transit Fund increased \$805,856 or 7 percent above 2005. Increased fuel costs alone account for 27.9 percent of the increased expenditures. Revenue from operations decreased four percent in 2006, consistent with reports of declining ridership. The Fund receives approximately 50 percent of its operating revenue from state and federal grants and 30 percent of its revenue from local subsidies, with the balance from operations. Federal grants have provided approximately 80 percent of funds for capital investment.

The Storm Water Utility increased the billing rate in 2005 and 2006, which is reflected in the increased charges for services. The increased revenue is intended for operations and capital improvements. Non-cash capital contribution of \$6.1 million was the most significant element in the \$7.8 million increase in net assets. The non-cash capital contributions reflect the spreading of

special assessments to property owners in the benefit districts for completed improvement projects, accompanied by the finalization of long-term financing.

The Golf Fund revenue increased 21.4 percent in 2006, with operating expenses increasing 12.1 percent. The growth in operating revenue and expenditures is largely attributed to the financial and operating re-structuring of several courses, completed to yield increased operational control and increased revenue. In addition, rounds played in 2006 increased 3.8 percent above 2005. In order to accomplish the restructuring, an interfund loan has been extended from the Debt Service Fund for debt service payments made on behalf of the Golf Fund until operations generate sufficient resources to meet all golf obligations.



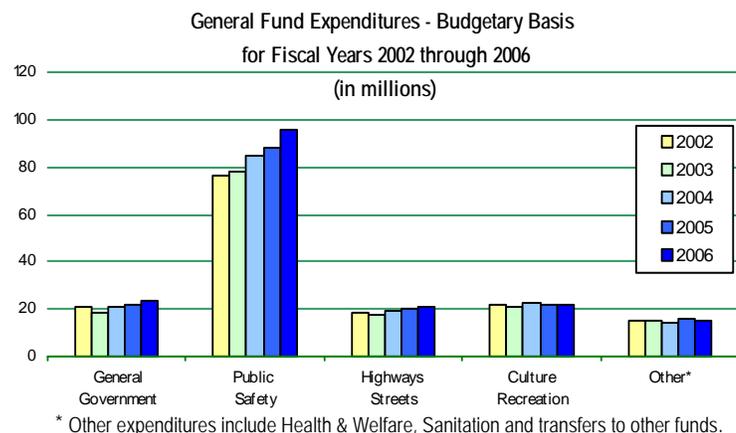
**General Fund Budgetary Highlights.** Actual revenue and other financing sources exceeded the expectations of the original budget by 0.6 percent. A 3.9 percent growth in revenue was lead by increases in property tax, franchise fees, and sales tax revenue.

Growth in property values contributed increased property tax revenue to the General Fund, consistent with projections. Franchise fees increased 3.7 percent, \$1.1 million above 2005, largely reflecting the increased market price of natural gas. Sales tax revenue grew 5.6 percent,

\$1.3 million above 2005, which reflects an improving local economy. General Fund transfers increased by \$2.04 million over 2005 including several one-time transfers as planned. Fiscal 2006 closed with revenue (including transfer revenue) exceeding expenditures and transfers-out by \$158,373 on a budgetary basis.

As the revenue increased, the City addressed needs in all service areas, with public safety absorbing the greatest portion of the revenue increase, as shown in the accompanying graph. Public Safety expenditures increased \$7.7 million or 8.7 percent above public safety expenditures in 2005.

Annually, the adopted budget is revised internally as approved by Council. Customarily, the revised budget does not increase as the City seeks cost savings and opportunities for one-time expenditures for improvements across the City.



**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** At the end of 2006, the City of Wichita had invested \$1.9 billion (net of depreciation) in a broad range of capital assets, including water and sewer facilities, police and fire equipment, buildings, parks, airfields, roads, bridges, and land (Table 3). Capital assets, net of depreciation, increased \$111.9 million during 2006 with approximately 50 percent of the increase in proprietary activities and 50 percent in governmental funds.

Construction in progress in proprietary funds increased \$48.2 million. Water projects represent \$39.7 million of the increase and include phase II of an automated meter reading program and a multi year project to recharge aquifers during periods of excess surface water. A major element in the 50-year water supply plan, the recharge project is near completion. Construction in

progress in the Sewer Utility includes \$4.3 million for system expansion in the growing areas of the City while the Airport fund construction in progress includes \$5.5 million invested in taxiways and \$1.2 million for airport access improvements.

**Capital Assets Net of Depreciation**  
**As of December 31, 2006**  
**(with comparative totals for December 31, 2005)**  
**(in millions of dollars)** **Table 3**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>		<u>Percent Change</u>
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	
Land	\$ 228.9	\$ 222.6	\$ 34.5	\$ 34.6	\$ 263.4	\$ 257.2	2.4%
Airfield	-	-	34.9	38.6	34.9	38.6	(9.6)%
Buildings & improvements	172.1	175.4	705.5	690.0	877.6	865.4	1.4%
Equipment	34.9	28.8	43.0	47.1	77.9	75.9	2.6%
Infrastructure	315.5	311.9	-	-	315.5	311.9	1.2%
Construction in progress	175.0	131.5	198.9	150.7	373.9	282.2	32.5%
<b>Total</b>	<b>\$ 926.4</b>	<b>\$ 870.2</b>	<b>\$ 1,016.8</b>	<b>\$ 961.0</b>	<b>\$ 1,943.2</b>	<b>\$ 1,831.2</b>	<b>6.1%</b>

Construction in progress in governmental activities increased \$43.5 million. Major arterial street improvement projects added \$18.7 million, while improvements to the Arkansas River corridor added \$12.3 million. Street improvement projects represent approximately 80 percent of the assets placed into service in 2006. Additional information on changes in capital assets can be found in Note 6 to the Financial Statements.

Major capital asset additions in governmental activities include the following:

- ❑ Finalization of 30 separate street projects in 2006, each with an average investment of \$391,000 (\$11.8 million).
- ❑ Arkansas River corridor improvements totaled \$15.2 million including street and pedestrian bridges, WaterWalk and other improvements that connect the convention area to the museum district in addition to prior years investments.

**Long-term Debt.** The City finances capital projects with general obligation bonds/notes, revenue bonds, grants, and cash. The most significant of the financing tools is general obligation bonds based on the full faith and credit of the City. The City has approximately 10 mills of the total mill levy dedicated to general obligation capital financing. Projects that rely most heavily upon property taxes for repayment of general obligation bonds are arterial streets, bridges, storm water, parks, transit, core area projects, and public buildings. Capital costs are also funded through enterprise, internal service and special revenue funds.

The City adopts a ten year Capital Improvement Program (CIP). Two years are a capital budget for purposes of project initiation and the remaining period is a planning tool. The City of Wichita maintains an “Aa2” rating from Moody’s and “AA” from Standard and Poor’s. The Water and Sewer Utilities maintain a rating of “A1” from Moody’s and “AAA” insured.

At year-end the City had \$834.9 million in bonds and \$58.8 million in temporary notes outstanding, illustrated in Table 4. Debt outstanding for the City of Wichita increased by net of \$19.0 million, due to new issues offset by retirements and refundings. Included in the outstanding debt figures is \$16.0 million for which an escrow account has been established to fully meet debt service requirements and all repayment costs until such time that the specified bonds (general obligation) can be legally defeased.

Total new debt was \$88.7 million with total retirements of \$69.7 million, excluding temporary notes, which decreased \$7.3 million in 2006. More detail is located in the Notes to the Financial Statements, in the Additional Information and in Statistical sections of this report.

Kansas State Statutes limit the amount of general obligation bonds a City can issue to 30 percent of the equalized tangible valuation. The current limitation for the City is \$964.1 million, significantly higher than the general obligation outstanding debt (\$401.9 million). Additional information can be found in Note 9 to the Financial Statements.

**General Obligation and Revenue Bonds**  
**As of December 31, 2006**  
**(with comparative totals for December 31, 2005)**  
**(in millions of dollars)**

**Table 4**

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Ad valorem property taxes	\$ 51.3	\$ 62.2	\$ -	\$ -	\$ 51.3	\$ 62.2
Special assessments	217.7	210.4	-	-	217.7	210.4
Tax Increment	21.7	25.4	-	-	21.7	25.4
Transient guest tax	6.7	8.9	-	-	6.7	8.9
Local sales tax	104.5	113.5	-	-	104.5	113.5
G.O. and Revenue	-	-	407.2	366.2	407.2	366.2
Wichita Public Building Commission	-	-	26.6	29.3	26.6	29.3
<b>Total</b>	<b>\$ 401.9</b>	<b>\$ 420.4</b>	<b>\$ 433.8</b>	<b>\$ 395.5</b>	<b>\$ 835.7</b>	<b>\$ 815.9</b>

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET<sup>1</sup>

The unemployment rate for the Wichita Metropolitan Statistical Area in 2006 was down to 4.2 percent from 4.7 percent in the 2005. The general aviation industry has continued spurring the local economy, however employment is reported up in all non-farm labor segments except transportation, warehousing and utilities, information and finance, professional science and technical services. Some segments are only reporting slight employment gains.

In the City of Wichita, the value of construction activity in the fourth quarter of 2006 declined 14.6 percent from the fourth quarter of 2005. The value of construction permits for single family and small multi-family units declined, while large multi-family residential permits increased as did as did new non-residential construction permits. Home sales continued to be strong in 2006, with sales in the fourth quarter only slightly higher than in the fourth quarter of 2005.

The City's has five labor bargaining units. Contracts of three bargaining units expire at the end of 2007 and contract negotiations have begun. The labor contract for the Police and Fire units expired in December of 2006 with negotiations ongoing.

The State of Kansas has continued its elimination of demand transfers to cities during 2006 and has passed legislation to eliminate property tax on new business machinery and equipment with the first impact on the 2008 budget. The City of Wichita continues to partner with other local governments and the private sector to replace jobs lost to international outsourcing, capitalizing on the strengths of the City and region, such as the existing labor market, professional and business services, education, healthcare and tourism. Spurring economic development and maintaining infrastructure and essential services were all factors considered in preparing the City's budget for 2007 budget and capital improvement program.

### CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City of Wichita's finances for individuals with an interest in the City's finances. Additional information is provided within the Notes to the Financial Statements, beginning on page A-36. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, 455 North Main, City of Wichita, Kansas, Wichita, KS 67202.

<sup>1</sup> Economic information was drawn from compiled information by Wichita State University, Center for Economic Development and Business Research, supplemented with information provided by the Bureau of Economic Analysis.

# CITY OF WICHITA, KANSAS

## STATEMENT OF NET ASSETS

December 31, 2006

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Wichita Public Building Commission
<b>ASSETS</b>				
Cash and cash equivalents	\$ 131,916,191	25,697,260	\$ 157,613,451	\$ -
Investments	2,728,239	-	2,728,239	-
Receivables (net)	323,896,098	9,181,275	333,077,373	-
Internal balances	2,366,290	(2,366,290)	-	-
Prepaid items	561,450	28,155	589,605	-
Inventories	48,800	1,311,979	1,360,779	-
Due from other agencies	1,612,491	581,069	2,193,560	-
Notes receivable	1,011,635	-	1,011,635	-
Restricted assets:	-			
Temporarily restricted:				
Cash and cash equivalents	-	84,829,254	84,829,254	43,262
Investments	-	-	-	1,685,146
Receivables	-	359,381	359,381	380,362
Net investment in direct financing leases	-	76,556,761	76,556,761	26,909,731
Permanently restricted:				
Cash and cash equivalents	235,437	-	235,437	-
Investments	-	-	-	-
Other assets	-	4,107,439	4,107,439	-
Capital assets:				
Land and construction in progress	403,909,323	233,412,932	637,322,255	-
Other capital assets, net of depreciation	522,496,559	783,362,985	1,305,859,544	-
Total capital assets	926,405,882	1,016,775,917	1,943,181,799	-
 Total assets	1,390,782,513	1,217,062,200	2,607,844,713	29,018,501
<b>LIABILITIES</b>				
Accounts payable and other current liabilities	15,719,832	3,558,509	19,278,341	-
Accrued interest payable	5,801,027	4,172,597	9,973,624	380,362
Temporary notes payable	39,735,562	1,052,000	40,787,562	-
Deposits	1,451,427	2,468,422	3,919,849	-
Unearned revenue	95,192,832	-	95,192,832	-
Due to other agencies	-	-	-	1,728,408
Noncurrent liabilities, including claims payable:				
Due within one year	75,163,462	19,045,848	94,209,310	2,325,000
Due in more than one year	402,818,384	399,881,960	802,700,344	24,230,000
Other liabilities	-	-	-	354,731
 Total liabilities	635,882,526	430,179,336	1,066,061,862	29,018,501
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	457,432,209	683,949,945	1,141,382,154	-
Restricted for:				
Capital projects	25,275,439	10,455,926	35,731,365	-
Highways and streets	8,898,232	-	8,898,232	-
Debt service	252,782,832	3,660,081	256,442,913	-
Revenue bond reserves	-	55,714,369	55,714,369	-
Cemetery:				
Expendable	595,342	-	595,342	-
Nonexpendable	235,437	-	235,437	-
Other purposes	18,523,687	-	18,523,687	-
Unrestricted	(8,843,191)	33,102,543	24,259,352	-
 Total net assets	\$ 754,899,987	\$ 786,882,864	\$ 1,541,782,851	\$ -

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

# CITY OF WICHITA, KANSAS

## STATEMENT OF ACTIVITIES

For the year ended December 31, 2006

	Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Functions/Programs</b>				
Primary government:				
General government	\$ 47,248,184	\$ 14,389,863	\$ 2,519,932	\$ -
Public safety	104,819,018	5,949,091	1,239,362	-
Highways and streets	109,642,759	5,077,098	15,518,123	85,898,373
Sanitation	3,680,755	978,189	-	-
Health and welfare	34,560,783	1,767,288	26,880,904	-
Culture and recreation	33,241,889	4,876,062	4,008,776	429,054
Interest on long-term debt	20,605,080	-	-	-
Total governmental activities	353,798,468	33,037,591	50,167,097	86,327,427
Business-type activities:				
Water	36,233,228	40,657,832	-	7,318,678
Sewer	31,000,348	28,867,696	-	7,523,301
Storm Water	5,270,316	7,063,388	-	6,134,287
Golf Course System	5,017,040	4,365,294	-	-
Airport	25,618,959	20,320,823	-	9,785,425
Transit	12,185,279	1,708,486	4,848,349	447,660
Total business-type activities	115,325,170	102,983,519	4,848,349	31,209,351
Total primary government	\$ 469,123,638	\$ 136,021,110	\$ 55,015,446	\$ 117,536,778
Component unit:				
Wichita Public Building Commission	\$ -	\$ -	\$ -	\$ -

General revenues:

Property taxes

Sales taxes

Franchise fees

Other taxes

Investment earnings

Miscellaneous

Transfers

Total general revenues, special items and transfers

Change in net assets

Net assets, beginning of year as previously reported

Prior period adjustments

Net assets, beginning of year as restated

Net assets, end of year

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

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Wichita Public Building Commission
\$ (30,338,389)	\$ -	\$ (30,338,389)	\$ -
(97,630,565)	-	(97,630,565)	-
(3,149,165)	-	(3,149,165)	-
(2,702,566)	-	(2,702,566)	-
(5,912,591)	-	(5,912,591)	-
(23,927,997)	-	(23,927,997)	-
(20,605,080)	-	(20,605,080)	-
<u>(184,266,353)</u>	<u>-</u>	<u>(184,266,353)</u>	<u>-</u>
-	11,743,282	11,743,282	-
-	5,390,649	5,390,649	-
-	7,927,359	7,927,359	-
-	(651,746)	(651,746)	-
-	4,487,289	4,487,289	-
-	(5,180,784)	(5,180,784)	-
<u>-</u>	<u>23,716,049</u>	<u>23,716,049</u>	<u>-</u>
<u>(184,266,353)</u>	<u>23,716,049</u>	<u>(160,550,304)</u>	<u>-</u>
-	-	-	-
89,705,604	-	89,705,604	-
47,704,546	-	47,704,546	-
31,850,592	-	31,850,592	-
17,601,207	-	17,601,207	-
10,866,162	7,277,028	18,143,190	-
7,747,542	855,601	8,603,143	-
545,302	(545,302)	-	-
<u>206,020,955</u>	<u>7,587,327</u>	<u>213,608,282</u>	<u>-</u>
21,754,602	31,303,376	53,057,978	-
732,894,721	755,961,948	1,488,856,669	-
250,664	(382,460)	(131,796)	-
<u>733,145,385</u>	<u>755,579,488</u>	<u>1,488,724,873</u>	<u>-</u>
<u>\$ 754,899,987</u>	<u>\$ 786,882,864</u>	<u>\$ 1,541,782,851</u>	<u>\$ -</u>

# CITY OF WICHITA, KANSAS

## BALANCE SHEET GOVERNMENTAL FUNDS December 31, 2006

	General Fund	Federal/State Assistance Fund	Debt Service Fund
<b>ASSETS</b>			
Cash and cash equivalents	\$ 34,344,991	\$ 1,576,191	\$ 24,911,257
Cash with fiscal agent	-	-	16,033,325
Investments	-	2,647,803	-
Receivables, net:		-	-
Property taxes	60,349,020	-	28,155,880
Due from other agencies	-	1,308,991	-
Special assessments	-	-	217,705,000
Accounts	292,630	3,862,374	-
Interest	-	13,736	-
Due from other funds	-	1,157,543	2,131,978
Prepaid items	75	79,807	-
Notes receivable	-	1,011,635	-
Inventories	-	48,800	-
	<u>\$ 94,986,716</u>	<u>\$ 11,706,880</u>	<u>\$ 288,937,440</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable and other liabilities	\$ 6,778,242	\$ 402,122	\$ -
Accrued interest payable	-	-	-
Temporary notes payable	-	-	-
Deposits	1,149,548	219,271	-
Due to other funds	-	1,157,543	-
Unearned revenue	61,265,829	5,100,843	247,992,858
	<u>69,193,619</u>	<u>6,879,779</u>	<u>247,992,858</u>
Fund balances (deficits):			
Reserved for:			
Inventories	-	48,800	-
Encumbrances	2,767,209	2,491,979	-
Prepaid items	75	79,807	-
Cemetery perpetual care	-	-	-
Unreserved:			
Designated	13,097,514	-	24,911,257
Designated, crossover refunded bonds	-	-	16,033,325
Undesignated	9,928,299	2,206,515	-
Undesignated, reported in Special Revenue Funds	-	-	-
Undesignated, reported in Capital Projects Funds	-	-	-
Undesignated, reported in Permanent Fund	-	-	-
	<u>25,793,097</u>	<u>4,827,101</u>	<u>40,944,582</u>
Total liabilities and fund balances	<u>\$ 94,986,716</u>	<u>\$ 11,706,880</u>	<u>\$ 288,937,440</u>

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

Street Improvement Fund	Other Governmental Funds	Total Governmental Funds
\$ 1,083,642	\$ 17,814,757	\$ 79,730,838
-	-	16,033,325
-	80,436	2,728,239
-	-	-
-	-	88,504,900
-	303,500	1,612,491
-	-	217,705,000
12,207,987	840,553	17,203,544
-	-	13,736
-	60,191,545	63,481,066
-	-	79,882
-	-	1,011,635
-	-	48,800
<u>\$ 13,291,629</u>	<u>\$ 79,230,791</u>	<u>\$ 488,153,456</u>

\$ 4,243,505	\$ 3,668,801	\$ 15,092,670
271,038	378,120	649,158
11,827,120	27,908,442	39,735,562
6,554	76,054	1,451,427
37,106,753	23,084,792	61,349,088
-	670,280	315,029,810
<u>53,454,970</u>	<u>55,786,489</u>	<u>433,307,715</u>

-	-	48,800
113,477,731	21,196,911	139,933,830
-	-	79,882
-	235,437	235,437
-	-	38,008,771
-	-	16,033,325
-	-	12,134,814
-	55,180,596	55,180,596
(153,641,072)	(53,762,794)	(207,403,866)
-	594,152	594,152
<u>(40,163,341)</u>	<u>23,444,302</u>	<u>54,845,741</u>
<u>\$ 13,291,629</u>	<u>\$ 79,230,791</u>	<u>\$ 488,153,456</u>

## CITY OF WICHITA, KANSAS

### Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets December 31, 2006

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

<b>Total fund balance -- governmental funds</b>	<b>\$</b>	<b>54,845,741</b>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost	1,163,042,597	
Accumulated Depreciation	<u>(248,166,887)</u>	914,875,710
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
General Obligation Bonds Payable	184,199,577	
Special Assessment Bonds Payable	217,705,000	
Premium on Bonds Payable	8,426,049	
Deferred Refunding on Bonds Payable	(1,224,952)	
Accrued Interest Payable on the Bonds	5,151,869	
Section 108 Loan	2,075,000	
Bond anticipation notes	18,057,438	
Accreted interest	2,846,859	
Compensated Absences	7,918,407	
Liability for landfill closure and postclosure costs	<u>24,543,916</u>	(469,699,163)
The amount due from other funds is not considered available to liquidate liabilities of the current period, and therefore is deferred in the funds. However it is properly recognized as revenue in the entity-wide statements.		
		2,131,978
Special assessments are not considered available to liquidate liabilities of the current period, and are therefore deferred in the funds. However, they are properly recognized as revenue in the entity-wide statements as soon as the related improvement has been completed.		
		217,705,000
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net assets.		
		<u>35,040,721</u>
<b>Total net assets -- governmental activities</b>	<b>\$</b>	<b><u>754,899,987</u></b>

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

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# CITY OF WICHITA, KANSAS

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

For the year ended December 31, 2006

	General Fund	Federal/State Assistance Fund	Debt Service Fund
<b>REVENUES</b>			
Taxes	\$ 65,064,691	\$ -	\$ 30,274,546
Special assessments	5,629	-	28,013,024
Franchise fees	31,850,592	-	-
Local sales tax	23,852,273	-	-
Intergovernmental	17,090,771	27,745,667	-
Licenses and permits	1,916,765	-	-
Fines and penalties	8,801,227	-	-
Rentals	2,088,815	-	-
Interest earnings	4,182,203	220,178	2,383,230
Charges for services and sales	7,632,004	-	-
Other	6,831,666	3,258,477	237,499
Total revenues	169,316,636	31,224,322	60,908,299
<b>EXPENDITURES</b>			
Current:			
General government	22,221,846	3,925,635	-
Public safety	95,525,720	916,908	-
Highways and streets	21,573,807	1,259,674	-
Sanitation	2,152,162	-	-
Health and welfare	3,426,720	27,437,604	-
Culture and recreation	24,506,224	647,889	-
Debt service:			
Principal retirement	-	-	41,237,203
Interest and fiscal charges	-	-	18,593,531
Capital outlay	-	-	-
Total expenditures	169,406,479	34,187,710	59,830,734
Excess (deficiency) of revenues over (under) expenditures	(89,843)	(2,963,388)	1,077,565
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of long-term capital debt	-	-	-
Premiums on bonds sold	-	-	158,637
Payments on refunded bonds	-	-	(8,845,000)
Transfers from other funds	8,447,508	505,319	19,740,231
Transfers to other funds	(9,318,912)	(826,184)	(28,473,951)
Total other financing sources (uses)	(871,404)	(320,865)	(17,420,083)
Net change in fund balances	(961,247)	(3,284,253)	(16,342,518)
Fund balances - beginning	26,754,344	8,023,506	57,287,100
Prior period adjustment	-	87,848	-
Fund balances - ending	\$ 25,793,097	\$ 4,827,101	\$ 40,944,582

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

Street Improvement Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 11,967,574	\$ 107,306,811
704,152	378,749	29,101,554
-	-	31,850,592
-	23,852,273	47,704,546
49,334,265	4,817,621	98,988,324
-	5,130,750	7,047,515
-	-	8,801,227
-	1,867,373	3,956,188
423,014	2,735,611	9,944,236
-	2,766,163	10,398,167
198,656	1,652,403	12,178,701
<u>50,660,087</u>	<u>55,168,517</u>	<u>367,277,861</u>
-	8,045,283	34,192,764
-	6,872,510	103,315,138
-	-	22,833,481
-	1,152,306	3,304,468
-	2,617,234	33,481,558
-	4,496,353	29,650,466
9,819,950	8,809,460	59,866,613
883,755	940,327	20,417,613
<u>116,427,166</u>	<u>53,702,149</u>	<u>170,129,315</u>
<u>127,130,871</u>	<u>86,635,622</u>	<u>477,191,416</u>
<u>(76,470,784)</u>	<u>(31,467,105)</u>	<u>(109,913,555)</u>
27,655,429	21,223,779	48,879,208
-	-	158,637
-	-	(8,845,000)
37,981,361	28,115,195	94,789,614
(271,602)	(54,082,331)	(92,972,980)
<u>65,365,188</u>	<u>(4,743,357)</u>	<u>42,009,479</u>
(11,105,596)	(36,210,462)	(67,904,076)
(29,057,745)	59,860,032	122,867,237
-	(205,268)	(117,420)
<u>\$ (40,163,341)</u>	<u>\$ 23,444,302</u>	<u>\$ 54,845,741</u>

**CITY OF WICHITA, KANSAS**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Year Ended December 31, 2006**

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

<b>Net change in fund balances -- total governmental funds</b>		<b>\$(67,904,076)</b>
<p>Governmental funds report capital asset acquisition as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital asset acquisitions exceeded depreciation in the current period.</p>		
Depreciation expense	(22,779,557)	
Capital asset acquisition	95,030,640	72,251,083
<p>In the statement of activities, the gain or loss from the sale of capital assets is reported, whereas in the governmental funds, only cash proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balances by the cost of capital assets sold.</p>		
		(14,470,545)
<p>In the statement of activities, transfers of capital assets from governmental activities to business type activities are reported as transfers, whereas in the governmental funds, there is no event to report as there was no outward flow of current financial resources.</p>		
		(1,594,643)
<p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets.</p>		
		(48,852,438)
<p>Bond premium proceeds provide current financial resources to governmental funds, but premiums on sales do not increase long-term liabilities in the statement of net assets.</p>		
		(158,637)
<p>The amortization of bond premiums decrease the long term liabilities in the statement of net assets but do not provide current financial resources to governmental funds.</p>		
		1,043,139
<p>The amortization of refunding costs increases the long term liabilities in the statement of net assets but do not provide current financial resources to governmental funds.</p>		
		(163,971)
<p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>		
General obligation bonds	25,763,639	
Special assessment bonds	23,460,000	
Temporary notes	18,629,410	
Section 108 HUD loan	3,235,000	71,088,049
<p>Debt service payments on behalf of proprietary funds are recorded as expenditures in governmental funds and interfund loans on the statement of net assets.</p>		
		623,564
<p>In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, and interest expenditure is reported when due.</p>		
		(201,982)
<p>In the statement of activities compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures are measured by the amount of financial resources used (essentially, the amounts actually paid). The compensated absences earned that exceed benefits paid is shown as an expense on the statement of activities.</p>		
		(327,319)
<p>Internal service funds are used to charge the costs of certain activities, such as insurance, to the individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.</p>		
		3,280,127
<p>Special assessments are not considered available to liquidate liabilities of the current period, and are therefore deferred in the funds. However, they are properly recognized as revenue in the statement of activities as soon as the related improvement has been completed.</p>		
		7,335,000
<p>In the statement of activities, costs estimated to be incurred for closure and post-closure care of the landfill are recorded as incurred. In the governmental funds, however, expenditures are measured by the amount of financial resources used (or paid). The change in estimated costs incurred in excess of the amounts paid is shown as an expense on the statement of activities</p>		
		(207,264)
<p>In the statement of activities, interest is accreted on outstanding bonds, whereas in governmental funds, interest is accreted when interest payments are due.</p>		
		14,515
<b>Change in net assets of governmental activities</b>		<b>\$ 21,754,602</b>

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

# CITY OF WICHITA, KANSAS

## GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 64,939,670	\$ 65,360,370	\$ 65,064,691	\$ (295,679)
Special assessments	29,350	29,350	5,629	(23,721)
Franchise fees	31,784,690	31,761,170	31,850,592	89,422
Local sales tax	23,501,940	23,501,940	23,852,273	350,333
Intergovernmental	17,525,180	17,645,790	17,090,771	(555,019)
Licenses and permits	2,476,500	2,020,910	1,916,765	(104,145)
Fines and penalties	9,297,070	9,089,770	8,801,227	(288,543)
Rentals	2,835,080	2,421,100	2,088,815	(332,285)
Interest earnings	3,378,800	4,250,000	4,182,203	(67,797)
Charges for services and sales	8,549,280	7,898,630	7,632,004	(266,626)
Other	5,360,970	5,480,380	7,246,892	1,766,512
<b>Total revenues</b>	<b>169,678,530</b>	<b>169,459,410</b>	<b>169,731,862</b>	<b>272,452</b>
<b>EXPENDITURES</b>				
Current:				
General government	31,014,255	29,417,558	23,815,345	5,602,213
Public safety	95,410,790	96,880,180	95,967,748	912,432
Highways and streets	22,299,480	22,050,280	21,036,509	1,013,771
Sanitation	2,339,520	2,224,410	2,169,959	54,451
Health and welfare	3,490,800	3,691,850	3,472,532	219,318
Culture and recreation	27,072,373	25,803,380	22,239,992	3,563,388
<b>Total expenditures</b>	<b>181,627,218</b>	<b>180,067,658</b>	<b>168,702,085</b>	<b>11,365,573</b>
Excess (deficiency) of revenues over (under) expenditures	(11,948,688)	(10,608,248)	1,029,777	11,638,025
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	7,346,640	8,955,230	8,447,508	(507,722)
Transfers to other funds	(7,920,250)	(9,479,810)	(9,318,912)	160,898
<b>Total other financing sources (uses)</b>	<b>(573,610)</b>	<b>(524,580)</b>	<b>(871,404)</b>	<b>(346,824)</b>
Net change in fund balances	(12,522,298)	(11,132,828)	158,373	11,291,201
Fund balance - beginning	21,999,672	22,867,515	22,867,515	-
Fund balance - ending	<b>\$ 9,477,374</b>	<b>\$ 11,734,687</b>	<b>\$ 23,025,888</b>	<b>\$ 11,291,201</b>

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

# CITY OF WICHITA, KANSAS

## BALANCE SHEET PROPRIETARY FUNDS December 31, 2006

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Airport Authority
<b>ASSETS</b>			
Current assets:			
Cash and temporary investments	\$ 4,688,125	\$ 3,250,844	\$ 13,570,527
Receivables, net	6,953,972	926,062	918,212
Due from other agencies	-	-	-
Inventories	976,223	165,767	-
Prepaid items	1,054	-	27,101
Restricted assets:			
Cash and temporary investments	17,971,382	7,786,432	10,445,097
Receivables	-	-	359,381
Net investment in direct financing leases	-	-	1,359,317
Total current assets	30,590,756	12,129,105	26,679,635
Noncurrent assets:			
Restricted assets:			
Cash and temporary investments	27,735,718	20,890,625	-
Net investment in direct financing leases	-	-	75,197,444
Capital assets:			
Land	8,743,026	3,542,450	16,228,947
Airfield	-	-	111,267,534
Buildings	62,604,898	85,384,560	40,530,501
Improvements other than buildings	353,066,069	261,139,320	35,141,227
Machinery, equipment and other assets	36,520,735	24,742,426	20,592,774
Construction in progress	92,657,620	57,360,169	43,346,604
Less accumulated depreciation	(139,618,369)	(82,858,257)	(139,575,521)
Total capital assets (net of accumulated depreciation)	413,973,979	349,310,668	127,532,066
Other assets	2,135,653	1,955,413	16,373
Total noncurrent assets	443,845,350	372,156,706	202,745,883
Total assets	\$ 474,436,106	\$ 384,285,811	\$ 229,425,518

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

Business-type Activities - Enterprise Funds		Governmental Activities
Other Enterprise Funds	Totals	Internal Service Funds
\$ 4,187,764	\$ 25,697,260	\$ 36,387,465
383,029	9,181,275	468,918
581,069	581,069	-
169,989	1,311,979	481,568
-	28,155	-
-	36,202,911	-
-	359,381	-
-	1,359,317	-
<u>5,321,851</u>	<u>74,721,347</u>	<u>37,337,951</u>
-	48,626,343	-
-	75,197,444	-
5,972,834	34,487,257	71,340
-	111,267,534	-
14,029,572	202,549,531	3,332,437
109,151,330	758,497,946	-
21,439,925	103,295,860	42,743,097
5,561,282	198,925,675	-
<u>(30,195,739)</u>	<u>(392,247,886)</u>	<u>(34,616,701)</u>
<u>125,959,204</u>	<u>1,016,775,917</u>	<u>11,530,173</u>
-	4,107,439	-
<u>125,959,204</u>	<u>1,144,707,143</u>	<u>11,530,173</u>
<u>\$ 131,281,055</u>	<u>\$ 1,219,428,490</u>	<u>\$ 48,868,124</u>

(Continued)

# CITY OF WICHITA, KANSAS

## BALANCE SHEET (CONTINUED) PROPRIETARY FUNDS

December 31, 2006

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Airport Authority
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued expenses	\$ 1,497,505	\$ 919,196	\$ 547,014
Accrued interest payable	334,550	-	46,258
Temporary notes payable	-	-	-
Deposits	2,452,677	-	14,211
Current portion of long-term obligations:			
General obligation bonds payable	-	-	605,000
Claims payable	-	-	-
Compensated absences	472,507	284,499	278,192
Current liabilities payable from restricted assets:			
Accounts payable and accrued expenses	-	-	68,285
Accrued interest payable	1,789,936	1,581,434	359,381
Revenue bonds payable	8,181,446	6,204,998	1,359,317
Total current liabilities	14,728,621	8,990,127	3,277,658
Noncurrent liabilities:			
Due to other funds	-	-	-
General obligation bonds payable	-	-	1,920,000
Revenue bonds	159,291,889	140,604,546	75,197,444
Unamortized deferred refunding	(1,489,781)	(920,836)	-
Unamortized revenue bond premium	6,616,043	5,909,169	-
Claims payable	-	-	-
Compensated absences	66,747	40,189	37,889
Total noncurrent liabilities	164,484,898	145,633,068	77,155,333
Total liabilities	179,213,519	154,623,195	80,432,991
<b>NET ASSETS</b>			
Invested in capital assets	-	-	-
Invested in capital assets, net of related debt	247,785,727	202,405,987	124,960,808
Restricted for:			
Capital projects	-	-	10,445,097
Debt Service	1,912,551	1,747,530	-
Revenue bond reserves	35,259,472	20,454,897	-
Unrestricted - undesignated	10,264,837	5,054,202	13,586,622
Total net assets	295,222,587	229,662,616	148,992,527
Total liabilities and net assets	\$ 474,436,106	\$ 384,285,811	\$ 229,425,518

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

Business-type Activities - Enterprise Funds		Governmental Activities
Other Enterprise Funds	Totals	Internal Service Funds
\$ 526,509	\$ 3,490,224	\$ 627,162
61,038	441,846	-
1,052,000	1,052,000	-
1,534	2,468,422	-
1,311,402	1,916,402	-
-	-	4,172,143
348,487	1,383,685	295,386
-	68,285	-
-	3,730,751	-
-	15,745,761	-
<u>3,300,970</u>	<u>30,297,376</u>	<u>5,094,691</u>
2,131,978	2,131,978	-
12,564,160	14,484,160	-
-	375,093,879	-
-	(2,410,617)	-
-	12,525,212	-
-	-	8,922,812
44,501	189,326	44,212
<u>14,740,639</u>	<u>402,013,938</u>	<u>8,967,024</u>
<u>18,041,609</u>	<u>432,311,314</u>	<u>14,061,715</u>
-	-	11,530,173
108,797,423	683,949,945	-
10,829	10,455,926	-
-	3,660,081	-
-	55,714,369	-
4,431,194	33,336,855	23,276,236
<u>113,239,446</u>	<u>787,117,176</u>	<u>34,806,409</u>
<u>\$ 131,281,055</u>	<u>\$ 1,219,428,490</u>	<u>\$ 48,868,124</u>

Total net assets

\$ 787,117,176

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

(234,312)

Net assets of business-type activities

\$ 786,882,864

# CITY OF WICHITA, KANSAS

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS PROPRIETARY FUNDS

For the year ended December 31, 2006

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Airport Authority
<b>OPERATING REVENUES</b>			
Charges for services and sales	\$ 40,646,567	\$ 28,867,696	\$ 3,508,996
Fees	-	-	3,041,503
Rentals	11,265	-	13,770,324
Employer contributions	-	-	-
Employee contributions	-	-	-
Other	180,418	3,138	66,210
Total operating revenues	<u>40,838,250</u>	<u>28,870,834</u>	<u>20,387,033</u>
<b>OPERATING EXPENSES</b>			
Personal services	8,318,212	9,258,622	6,200,576
Contractual services	7,352,595	4,964,095	3,155,987
Materials and supplies	3,448,326	2,675,652	3,953,256
Cost of materials used	-	-	-
Administrative charges	937,010	234,470	196,810
Franchise fees and payments in lieu of delinquent specials	2,132,460	1,718,550	-
Depreciation	10,031,079	8,108,087	7,205,783
Employee benefits	-	-	-
Insurance claims	-	-	-
Total operating expenses	<u>32,219,682</u>	<u>26,959,476</u>	<u>20,712,412</u>
Operating income (loss)	<u>8,618,568</u>	<u>1,911,358</u>	<u>(325,379)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Operating grants	-	-	-
Interest on investments	1,281,474	519,808	5,277,624
Other revenues (expenses)	(1,314)	(15,124)	(15,405)
Interest expense	(4,271,103)	(4,066,631)	(5,080,167)
Gain (loss) from sale of assets	34,186	(117,341)	17,474
Bond premium (discount) amortization	287,259	235,172	(5,508)
Total nonoperating revenues (expenses)	<u>(2,669,498)</u>	<u>(3,444,116)</u>	<u>194,018</u>
Income (loss) before contributions and transfers	5,949,070	(1,532,758)	(131,361)
Capital contributions and operating transfers:			
Capital contributions - cash	4,138,811	1,981,646	9,785,425
Capital contributions - non cash	3,254,867	5,541,655	187,755
Transfers from other funds	-	-	-
Transfers to other funds	(2,016,763)	(1,257,365)	(740,920)
Increase (decrease) in net assets	11,325,985	4,733,178	9,100,899
Net assets - as previously reported	283,896,602	224,929,438	139,891,628
Prior period adjustment	-	-	-
Net assets - beginning, as restated	283,896,602	224,929,438	139,891,628
Total net assets - ending	<u>\$ 295,222,587</u>	<u>\$ 229,662,616</u>	<u>\$ 148,992,527</u>

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

Business-type Activities - Enterprise Funds		Governmental Activities
Other Enterprise Funds	Totals	Internal Service Funds
\$ 9,276,101	\$ 82,299,360	\$ 10,180,326
2,864,506	5,906,009	-
996,561	14,778,150	9,280,205
-	-	23,877,887
-	-	6,203,254
31,744	281,510	725,660
<u>13,168,912</u>	<u>103,265,029</u>	<u>50,267,332</u>
8,975,114	32,752,524	6,674,387
4,926,845	20,399,522	4,407,195
2,904,880	12,982,114	4,885,673
-	-	2,240,591
535,520	1,903,810	669,100
-	3,851,010	-
4,409,387	29,754,336	3,871,404
-	-	23,076,033
-	-	1,418,458
<u>21,751,746</u>	<u>101,643,316</u>	<u>47,242,841</u>
<u>(8,582,834)</u>	<u>1,621,713</u>	<u>3,024,491</u>
4,848,349	4,848,349	-
198,122	7,277,028	932,036
(120,737)	(152,580)	-
(620,831)	(14,038,732)	(2,691)
(151,764)	(217,445)	(212,947)
-	516,923	-
<u>4,153,139</u>	<u>(1,766,457)</u>	<u>716,398</u>
(4,429,695)	(144,744)	3,740,889
503,272	16,409,154	-
6,185,964	15,170,241	1,224,599
3,475,080	3,475,080	566,710
<u>(375,378)</u>	<u>(4,390,426)</u>	<u>(1,468,000)</u>
5,359,243	30,519,305	4,064,198
108,262,663	756,980,331	30,742,211
<u>(382,460)</u>	<u>(382,460)</u>	<u>-</u>
107,880,203	756,597,871	30,742,211
<u>\$ 113,239,446</u>	<u>\$ 787,117,176</u>	<u>\$ 34,806,409</u>

Increase in net assets per fund statements \$ 30,519,305

Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities

784,071

Change in net assets of business-type activities

\$ 31,303,376

# CITY OF WICHITA, KANSAS

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

For the year ended December 31, 2006

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Airport Authority
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 41,283,410	\$ 29,118,098	\$ 20,472,260
Cash payments to suppliers for goods and services	(11,272,646)	(7,575,630)	(7,045,671)
Cash payments to employees for services	(8,286,938)	(9,244,347)	(6,184,377)
Franchise fees and payments in lieu of delinquent specials	(2,132,460)	(1,718,550)	-
Other operating revenues	180,418	3,138	66,210
Net cash provided by (used in) operating activities	19,771,784	10,582,709	7,308,422
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Operating grant received	-	-	-
Transfers from other funds	-	-	-
Transfers to other funds	(2,016,763)	(1,257,365)	(740,920)
Net cash provided by (used in) noncapital financing activities	(2,016,763)	(1,257,365)	(740,920)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Payment of temporary notes	-	-	-
Additions to property, plant and equipment	(41,661,842)	(12,486,531)	(8,533,536)
Issuance of bonds	28,860,000	22,280,000	-
Premium on bonds sold	1,074,819	844,501	-
Accrued interest on bonds sold	46,239	36,330	-
Bond issuance costs paid	(162,778)	(127,897)	-
Debt service - principal	(7,146,144)	(5,357,549)	(625,000)
Debt service - interest	(6,800,490)	(6,163,699)	(164,059)
Proceeds from sale of assets	53,333	50,185	17,474
Capital contributions	4,138,811	1,981,646	9,770,020
Net cash provided by (used in) capital and related financing activities	(21,598,052)	1,056,986	464,899
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale and maturity of investment securities	-	-	-
Interest on investments	1,281,474	519,808	350,100
Net cash provided by investing activities	1,281,474	519,808	350,100
Net increase (decrease) in cash and temporary investments	(2,561,557)	10,902,138	7,382,501
Cash and temporary investments - January 1	52,956,782	21,025,763	16,633,123
Cash and temporary investments - December 31	\$ 50,395,225	\$ 31,927,901	\$ 24,015,624

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

Business-type Activities - Enterprise Funds		Governmental Activities
Other Enterprise Funds	Totals	Internal Service Funds
\$ 13,101,917	\$ 103,975,685	\$ 49,186,612
(8,217,278)	(34,111,225)	(46,521,754)
(8,948,761)	(32,664,423)	(6,669,104)
-	(3,851,010)	-
31,744	281,510	725,660
<u>(4,032,378)</u>	<u>33,630,537</u>	<u>(3,278,586)</u>
4,730,712	4,730,712	-
3,475,080	3,475,080	566,710
<u>(375,378)</u>	<u>(4,390,426)</u>	<u>(1,468,000)</u>
<u>7,830,414</u>	<u>3,815,366</u>	<u>(901,290)</u>
(5,446,000)	(5,446,000)	-
(3,407,206)	(66,089,115)	(3,015,427)
6,805,000	57,945,000	-
-	1,919,320	-
-	82,569	-
-	(290,675)	-
(1,926,416)	(15,055,109)	-
(608,824)	(13,737,072)	-
63,337	184,329	180,170
<u>485,926</u>	<u>16,376,403</u>	<u>-</u>
<u>(4,034,183)</u>	<u>(24,110,350)</u>	<u>(2,835,257)</u>
-	-	241,206
198,122	2,349,504	932,036
<u>198,122</u>	<u>2,349,504</u>	<u>1,173,242</u>
(38,025)	15,685,057	(5,841,891)
<u>4,225,789</u>	<u>94,841,457</u>	<u>42,229,356</u>
<u>\$ 4,187,764</u>	<u>\$ 110,526,514</u>	<u>\$ 36,387,465</u>

(Continued)

# CITY OF WICHITA, KANSAS

## STATEMENT OF CASH FLOWS (CONTINUED) PROPRIETARY FUNDS

Year ended December 31, 2006

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Airport Authority
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 8,618,568	\$ 1,911,358	\$ (325,379)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	10,031,079	8,108,087	7,205,783
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	509,148	250,402	171,207
(Increase) decrease in inventory	27,280	(27,258)	-
(Increase) decrease in prepaid items	-	-	43,881
(Decrease) increase in accounts payable/accrued expenses	438,005	325,845	216,501
(Decrease) increase in deposits	116,430	-	(19,770)
Increase in claims payable	-	-	-
(Decrease) increase in compensated absences	31,274	14,275	16,199
Total adjustments	11,153,216	8,671,351	7,633,801
Net cash provided by (used in) operating activities	\$ 19,771,784	\$ 10,582,709	\$ 7,308,422

**Supplemental Schedule of Non-Cash Investing and Financing Activities**

Assets contributed by benefit districts	\$ 2,649,607	\$ 5,082,741	\$ -
Contribution of capital assets	75,000	8,978	187,755
Capital contributed for capital purposes	530,260	449,936	-
(Increase) decrease in net investment in direct financing leases	-	-	1,268,219
Increase (decrease) in revenue bonds payable	-	-	(1,268,219)
(Increase) decrease in interest receivable on direct financing leases	-	-	10,044
Increase (decrease) in accrued interest payable on revenue bonds	-	-	(10,044)
Interest income on investment in direct financing leases	-	-	4,927,524
Interest expense on revenue bonds payable	-	-	4,927,524

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

Business-type Activities - Enterprise Funds		Governmental Activities
Other Enterprise Funds	Totals	Internal Service Funds
\$ (8,582,834)	\$ 1,621,713	\$ 3,024,491
4,409,387	29,754,336	3,871,404
(36,286)	894,471	(355,060)
111,977	111,999	153,881
-	43,881	32,925
37,990	1,018,341	(2,394,816)
1,035	97,695	-
26,353	26,353	(7,616,694)
-	61,748	5,283
4,550,456	32,008,824	(6,303,077)
\$ (4,032,378)	\$ 33,630,537	\$ (3,278,586)

\$ -	\$ 7,732,348	\$ -
201,100	472,833	1,224,599
-	980,196	-
-	1,268,219	-
-	(1,268,219)	-
-	10,044	-
-	(10,044)	-
-	4,927,524	-
-	4,927,524	-

# CITY OF WICHITA, KANSAS

## STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS December 31, 2006

	Pension Trust Funds	Agency Funds
<b>ASSETS</b>		
Cash and temporary investments	\$ 863,080	\$ 8,450,340
Receivables:		
Investment sales pending	9,722,748	-
Interest and dividends	1,952,025	-
Accounts	21,794	158,905
Total receivables	11,696,567	158,905
Investments, at fair value:		
Government short-term investment fund	11,975,477	-
Government securities: long term	15,347,590	353,417
Corporate debt instruments: long term	62,364,512	-
Corporate stocks	576,140,760	-
Real estate	51,760,689	-
Mortgage-backed securities	55,638,349	-
Value of interest in pooled funds	211,646,199	-
Securities lending short-term collateral investment pool	101,955,339	-
Total investments	1,086,828,915	353,417
Capital assets:		
Work in progress	955,282	-
Total capital assets	955,282	-
Total assets	1,100,343,844	8,962,662
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	1,623,823	2,691,779
Compensated absences	33,939	-
Investment purchases pending	10,811,742	-
Security lending obligations	101,955,339	-
Deposits	-	6,270,883
Total liabilities	114,424,843	8,962,662
<b>NET ASSETS</b>		
Held in trust for:		
Employees' pension benefits	985,919,001	-
Total net assets	\$ 985,919,001	\$ -

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

# CITY OF WICHITA, KANSAS

## STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FIDUCIARY FUNDS

For the year ended December 31, 2006

	2006 Pension Trust Funds
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 13,482,884
Employee	7,603,855
Total contributions	21,086,739
Investment income:	
<i>From investment activities</i>	
Net appreciation (depreciation) in fair value of investments	106,691,297
Interest and dividends	25,985,366
Commission recapture	59,140
Total investment earnings	132,735,803
Less investment expense	4,223,988
Net income (loss) from investing activities	128,511,815
<i>From securities lending activities</i>	
Securities lending income	4,252,157
Securities lending activities expenses:	
Borrower rebates	3,869,651
Management fees	91,876
Total securities lending activities expenses	3,961,527
Net income from securities lending activities	290,630
Total net investment income (loss)	128,802,445
Transfers from other funds	1,983,067
Total additions	151,872,251
<b>DEDUCTIONS</b>	
Pension benefits	39,395,916
DROP and Back DROP payments	1,589,360
Pension administration	742,232
Employee contributions refunded	1,458,191
Transfers to other funds	1,983,067
Total deductions	45,168,766
Change in net assets	106,703,485
Net assets - beginning	879,215,516
Net assets - ending	\$ 985,919,001

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

**CITY OF WICHITA, KANSAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2006**

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**1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

The City of Wichita is a municipal corporation governed by an elected mayor and six-member council. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. A blended component unit, although a legally separate entity, is, in substance, part of the government's operations and so data from the blended component unit is combined with data of the primary government. A discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize that it is legally separate from the government.

Blended Component Unit - The Wichita Airport Authority (WAA) serves all citizens of the government and is governed by a board comprised of the government's elected council. Bond issuance authorizations are approved by the governing body of the primary government and the legal liability for the general obligation portion of the Authority's debt remains with the government. The Wichita Airport Authority is reported as an enterprise fund.

Discretely Presented Component Unit - The Wichita Public Building Commission (WPBC) acquires and finances buildings or facilities for the City of Wichita or other local, state and federal agencies, school districts, and the Wichita State University Board of Trustees. The nine-member board is appointed by the Mayor and City Council. Of the nine members, one member is recommended for appointment by the County Commissioners of Sedgwick County, Kansas, and one by the President of Wichita State University. The Kansas Secretary of Administration and the Superintendent of Unified School District Number 259 serve as provisional members of the board of the WPBC. Members of the WPBC Board may only be removed for just cause. The City of Wichita provides staff support and legal representation by the Department of Law. Additionally, the City of Wichita is liable on a contingent basis and will make rental payments, if necessary, to supplement rental payments in connection with the City/County "wrap-around" obligation for the State Office Building. (Refer to Note 20.E. - Public Building Commission Lease, for further disclosure.) The WPBC is presented as a proprietary fund type.

Separate audited financial statements are not prepared by the Wichita Airport Authority or the Wichita Public Building Commission.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets on page A-13 and the statement of changes in net assets on page A-14) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported discretely from the legally separate component unit for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include [1] charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and [2] grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if collectible within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the payment is due.

Property taxes, franchise fees, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Special assessments receivable that are not due within the current fiscal period and not susceptible to accrual are recorded as deferred revenue. All other revenue items are considered to be measurable and available only when cash is received.

The following major governmental funds are reported:

The General Fund is the principal fund of the City that accounts for all financial transactions not accounted for in other funds. The majority of current operating expenditures of the City, other than proprietary fund activities, are financed through revenues received by the General Fund.

The Federal/State Assistance Fund accounts for assistance received from Federal and State grant sources providing benefits to the community. The City maintains a separate fund for each Federal or State grant program. Because of the large number of such funds, the funds that are similar in nature or are funded by the same grantor agency have been consolidated.

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

The Street Improvement Fund accounts for capital improvements related to streets, arterials and freeway projects that are financed through the issuance of general obligation bonds, special assessments, local sales tax, Federal grants and other City funds.

The government reports the following major proprietary funds:

The Water Utility Fund accounts for the operation and maintenance of the water component of the combined utility, providing an adequate, quality supply of water and means of wastewater disposal.

The Sewer Utility Fund accounts for the operation and maintenance of the sewer component of the combined utility, including wastewater treatment plants and more than 2,000 miles of sewer laterals and mains.

The Wichita Airport Authority Fund accounts for the provision of air transportation services for the public, business and industry, while maintaining the safe operation of assets.

1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

The government also reports the following fund types:

A permanent fund is used to report resources that are restricted for the maintenance and perpetual care of municipal cemeteries.

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.

Pension trust funds account for the activities of the Wichita Employees' Retirement System, Wichita Police and Fire Retirement System and the Wichita Employees' Retirement System – Plan 3, all of which accumulate resources for pension benefits for qualified employees.

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. Agency funds account for payroll liabilities, prepayments of special assessments, special neighborhood revitalization funds, and payments in lieu of taxes related to industrial revenue bonds.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financials statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between the government's Enterprise funds and various other functions of the government.

Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include [1] charges to customers or applicants for goods, services, or privileges provided, [2] operating grants and contributions, and [3] capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. Principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for Enterprise and Internal Service Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these criteria are reported as nonoperating revenues and expenses.

D. Pooled Cash and Temporary Investments

Cash resources of the individual funds are combined to form a pool of cash and temporary investments, which is managed by the Director of Finance (except for investments of the pension trust funds and those of the Wichita Public Building Commission). The pool has the general characteristics of demand deposit accounts, in that each fund may deposit additional cash at any time and also, effectively, may withdraw cash at any time without prior notice or penalty. Investments of the pooled accounts consist primarily of certificates of deposits, and U.S. government agency securities, carried at amortized cost, which approximates fair value. Interest income earned

**1. Summary of Significant Accounting Policies (continued)**

E. Investments

is allocated to contributing funds based on average daily cash balances and in accordance with the adopted budget.

Investments of all funds (except the pension trust funds) and the component unit are recorded at amortized cost, which approximates fair value. For the pension trust funds, investments are reported at fair value. Investments traded on national or international exchanges are valued at the last trade price of the day. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar investments.

Investments that do not have an established market are reported at their estimated fair value. The pension trust funds invest in Treasury strips and various asset backed securities, such as collateralized mortgage obligations and credit card trusts.

F. 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 as of January 1 and become a lien on the property on November 1 of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20 during the year levied, with the balance to be paid on or before June 20 of the ensuing year (May 10 for 2004 through 2008). State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1 of the ensuing year. Consequently, for revenue recognition purposes, the taxes levied during the current year are not due and receivable until the ensuing year. At December 31, such taxes are a lien on the property and are recorded as taxes receivable, net of anticipated delinquencies, with a corresponding amount recorded as deferred revenue on the balance sheet of the appropriate funds. It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the year and, further, the amounts thereof are not material in relationship to the financial statements taken as a whole.

Recognized State-shared taxes represent payments received during the current fiscal period. 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.

G. Revenue Recognition for Proprietary Funds

The proprietary funds recognize revenue on sales when services are rendered. The Water, Sewer, and Storm Water Utilities recognize revenues for unbilled services. All users, including other City departments are charged for services provided by the respective proprietary fund. Accounts receivable represent uncollected charges (both billed and unbilled) at December 31, net of amounts estimated to be uncollectible.

H. Special Assessments

Kansas statutes require projects financed in part by special assessments to be financed through the issuance of general obligation bonds, which are secured by the full faith and credit of the City. Special assessments paid prior to the issuance of general obligation bonds are recorded as revenue in the appropriate project. Special assessments received after the issuance of general obligation bonds are recorded as revenue in the Debt Service

**1. Summary of Significant Accounting Policies (continued)**

H. Special Assessments (continued)

Fund or a liability in a City of Wichita revocable escrow account for prepaid special assessments. The escrow is revocable and, therefore, not technically public funds. The prepayment amount is discounted for the estimated interest earnings realized from investing the prepayment amount. The amount of interest plus prepayment equals the amount of debt service paid on outstanding bonds.

State statutes allow levying additional ad valorem property taxes in the City's debt service fund to finance delinquent special assessments receivable, if necessary. Special assessments receivable are accounted for within the debt service fund. Special assessments are levied over a ten to twenty year period and the annual installments are due and payable with annual ad valorem property taxes. Delinquent assessments against property benefited by special assessments constitute a lien against such property. When assessments are two years in arrears, they may be collected by foreclosure. At December 31, the special assessment taxes levied are a lien on the property and are recorded as special assessments receivable in the debt service fund with a corresponding amount recorded as deferred revenue.

I. Inventories and Prepaid Expenses

Inventories and prepaid expenses that benefit future periods, other than those recorded in the proprietary fund are recorded as expenditures during the year of purchase. Inventories are stated at the lower of cost or market, cost being determined by the first-in, first-out method except for Transit and the Water Utility and Sewer Utilities, which utilize an average unit cost method.

J. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial individual minimum cost ranging from \$5,000 to \$250,000, depending on the type of asset. Capital assets are valued at historical cost, or estimated historical cost (if actual historical cost is not available). Donated capital assets are valued at their estimated fair market 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.

Capital assets of the primary government and its component unit are depreciated using the straight-line method over the following estimated useful lives:

<b>Assets Classification</b>	<b>Year</b>
Buildings and improvements	1-42
Improvements other than buildings	1-50
Equipment	1-33
Vehicles	1-20
Public domain infrastructure	15-60
Water/Sewer mains and drainage	75-85
Airfields	5-40

**1. Summary of Significant Accounting Policies (continued)**

**K. Payment of Franchise Fees**

Annually, the Water Utility and Sewer Utility pay to the General Fund of the City franchise fees in an amount not to exceed five percent of gross revenues for the preceding year, which is appropriated by the City and included in the annual budget.

**L. Compensated Absences**

The City's policy permits employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts to employees who separate from service with the government. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee terminations and retirements.

**M. Statement of Cash Flows**

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

**N. Estimates**

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

**O. Pending Governmental Accounting Standards Board Statements**

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

GASB Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues", was issued in September 2006 and establishes guidance for accounting and reporting of transactions in which a government receives or is entitled to receive resources in exchange for future cash flows. The requirements of this statement will apply to the financial statement of the City beginning with the fiscal year 2007.

GASB Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations", was issued in November 2006. This statement establishes accounting and reporting requirements for pollution remediation obligations, which are obligations that address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities. The requirements of this statement will apply to the financial statements of the City beginning with fiscal year 2008.

**2. Budgetary Control**

Applicable Kansas statutes require that annual budgets be legally adopted for all funds (including proprietary funds) unless exempted by a specific statute. Specific funds exempted from legally adopted budgets are all Federal and State assistance funds, all capital projects funds (including capital projects of proprietary funds), the Wichita Airport

**2. Budgetary Control (continued)**

Authority, Golf Course System, Transit, Self-Insurance, and all trust and agency funds. The component unit (Wichita Public Building Commission) is also exempt from legally adopted budgets. Controls over spending in funds and the component unit that are not subject to legal budgets are maintained by the use of internal spending limits established by management. K.S.A. 79-2926 et seq provides the following sequence and timetable for adoption of budgets:

- [1] Preparation of budget for the succeeding calendar year on or before August 1 of each year.
- [2] Publication of proposed budget on or before August 5 of each year. A minimum of ten days notice of public hearing, published in local newspaper, on or before August 15 of each year.
- [3] Adoption of final budget on or before August 25 of each year.

K.S.A. 79-2927 requires that all money to be raised by taxation and from all other sources for the ensuing budget year must be appropriated. The law does not permit an appropriation for sundry or miscellaneous purposes in excess of ten percent of the total. The budget for each fund may include a non-appropriated balance not to exceed five percent of the total of each fund. The City of Wichita appropriates amounts for fund balance reserves in the various governmental funds on a budgetary basis; appropriated fund balance reserves are not intended to finance routine expenditures.

Kansas statutes prohibit creating expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. In accordance with Kansas statutes, the legal level of control for the City is established at the individual fund level, also permitting the transfer of budgeted amounts from one object or purpose to another with the same fund. All annual appropriations lapse at the end of the year, except for outstanding encumbrances, which are reappropriated in the following fiscal year.

Kansas statutes permit original budgets to be increased for previously unbudgeted increases in revenue other than ad valorem property taxes. The City must first publish a notice of hearing to amend the budget. Ten days after publication, a public hearing is held at which time the governing body may amend the budget.

**3. Budgetary Basis of Accounting**

Budgets are prepared on a basis (budgetary basis) different from generally accepted accounting principles (GAAP basis). For budgeting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, except for special assessments of the debt service fund that are recognized on the cash basis. The major difference between GAAP and budgetary basis is the reporting of encumbrances (purchase orders, contracts, and other commitments) as a reservation of fund balance (GAAP) as opposed to the equivalent of expenditures (budgetary). Adjustments necessary to convert the net change in fund balances and the ending fund balances from GAAP basis to budgetary basis for the general fund are provided as follows:

	<b>Net Change in Fund Balance from Prior Year</b>	<b>Fund Balances at End of Year</b>
General Fund - GAAP Basis	\$ (961,247)	\$ 25,793,097
Increase (decrease) affecting basis:		
Expenditures due to prior year encumbrances	2,897,816	-
Cancellation of prior year encumbrances	415,226	-
Expenditures due to current year encumbrances	(2,193,422)	(2,767,209)
Budgetary Basis	<u>\$ 158,373</u>	<u>\$ 23,025,888</u>

**4. Fund Balance Deficits**

At December 31, 2006, fund balance deficits were as follows:

<u>Primary Government</u>	<u>Fund Balance Deficits</u>
Street Improvement fund	\$ 40,163,341
Nonmajor governmental funds:	
Water Main Extension	5,678,213
Park Bond Construction	3,096,343
Public Improvement Construction	21,215,743
Sewer Construction	23,944,643
Total Reporting Entity	<u>\$ 94,098,283</u>

The Street Improvement and nonmajor governmental fund balance deficits will be financed through the sale of bonds authorized by the City Council but not yet sold at December 31, 2006.

**5. Cash, Investments and Securities Lending**

The City of Wichita has adopted a formal investment policy. The primary objectives of the investment activities are, in priority order, safety, liquidity and yield. The standard of care to be used by investment officials shall be the “prudent person” standard as contemplated by K.S. A. 17-5004(1), and shall be applied in the context of managing an overall portfolio.

*Custodial Credit Risk:* Custodial credit risk is the risk that in the event of a bank failure or failure of the investment counterparty, the City’s deposits may not be returned to the City, or the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. To address custodial credit risk, the City requires compliance with the provisions of the state law and the more restrictive provisions of the City’s investment policy. The City requires that all investment transactions be settled delivery versus payment with an independent third party safekeeping agent under contract with the City.

State law requires collateralization of all deposits with instruments from the following categories:

1. Federal depository insurance
2. Bonds or obligations of the U.S. Treasury, U.S. agencies or instrumentalities
3. Advance refunded bonds of any State of Kansas municipality
4. State of Kansas bonds, general obligation bonds or notes of any municipality within the State of Kansas
5. Approved Kansas municipality revenue bonds
6. Warrants of any Kansas municipality payable from a mandatory tax levy
7. Bonds of a Kansas not-for-profit corporation rated at least Aa by Moody’s Investors Service or AA by Standard & Poor’s Corp.
8. Commercial paper that does not exceed 270 days to maturity and which has received one of the two highest ratings
9. Negotiable promissory notes from first lien mortgages on one to four family residential real estate located in Kansas
10. Surety bond having an aggregate value at least equal to the amount of deposits.

The City does not accept Government National Mortgage Pools as collateral and requires surety bonds and letters of credit to have an aggregate value of at least 105 percent.

As of December 31, 2006, the City had deposits in nine banks totaling \$20,242,242 with assets pledged by the banks as collateral with a fair value of \$37,183,322.

5. Cash, Investments and Securities Lending (continued)

A. Pooled Investments of the Primary Government

State law (K.S.A. 12-1675-12-1677) allows monies, not otherwise regulated by statute, to be invested in the following instruments:

1. Temporary notes of the City of Wichita
2. Time deposits, open accounts or certificates of deposits with maturities of not more than four years
3. Repurchase agreements with commercial banks, state or federally chartered savings and loan associations, which have offices located in Wichita
4. United States treasury bills or notes with maturities not exceeding four years
5. U.S. Government agency securities with a maturity of not more than four years that do not have any more interest rate risk than U.S. Government obligations or similar maturities
6. The municipal investment pool fund operated by the Kansas State Treasurer
7. A municipal investment pool established through the trust department of commercial banks, which have offices located in Wichita.

On December 31, 2006, the City had the following investments in pooled funds.

Investment type	Book Value	Modified Duration (yrs)	Percent of Total Pooled Funds
U.S. agency coupon securities	\$ 68,656,940	0.594	29.0%
U.S. agency callable securities	43,515,997	0.930	18.4%
U.S. agency discount securities	90,848,996	0.443	38.4%
Municipal Investment Pool	16,324,547	-	6.9%
Collateralized Deposits	17,277,428	-	7.3%
Total Value	<u>\$ 236,623,908</u>		<u>100.0%</u>
Portfolio Modified Duration		<u>0.592</u>	

**Interest Rate Risk:** The City of Wichita uses the methodology of modified duration to construct a portfolio of bonds to fund its future cash needs and to disclose the portfolio's exposure to changes in interest rates. The investment policy of the City of Wichita seeks to limit the modified duration of the portfolio to 1.4 years. The investment policy also requires that portfolio maturities be staggered in a way that avoids undue concentration of assets in a specific maturity sector, and that the investment portfolio remain sufficiently liquid to enable the City to meet all operating requirements which might reasonably be anticipated. Additionally, the investment policy limits investments to a maximum stated maturity of four years.

**Credit Risk:** As described earlier in this section, Kansas law limits the types of investments that can be made by the City of Wichita. The City's investment policy does not impose limitations beyond those of the State of Kansas. On December 31, 2006, the City's investments in U.S. agency obligations not directly guaranteed by the U.S. Government included only instruments rated Aaa by Moody's. The City also held investments in the Kansas Municipal Investment Pool, which is rated AAf/S1+.

**Concentration of Credit Risk:** The City's investment policy limits the amount of investments that can be placed with a single U.S. agency to 35 percent of the total portfolio. The following maximum limits, by instrument, are also established for the City's investments of pooled funds.

**5. Cash, Investments and Securities Lending (continued)**

A. Pooled Investments of the Primary Government (continued)

<u>Instrument</u>	<u>Maximum</u>
Demand deposit/Repurchase agreement	5%
Municipal Investment Pool	10%
Certificates of deposit	10%
Temporary notes	10%
U.S. Treasury notes and bills	100%
U.S. agency obligations	95%
Bullet/Discount	95%
Agency callable	30%
Agency floater	10%

To allow efficient and effective placement of bond proceeds and County tax distributions, the limit of repurchase agreements and deposits with the Municipal Investment Pool may be exceeded up to 50 percent for a maximum of ten days following receipt of proceeds during adverse market conditions. Additionally, to allow for investment maturity timing prior to bond payment dates, the limit on repurchase agreements and Municipal Investment Pool deposits may be exceeded up to the amount of the bond payment for a maximum of five days prior to a bond payment date.

At December 31, 2006, the City's investments in pooled funds by issuer were as follows:

<u>Investment Type</u>	<u>Book Value</u>	<u>Percent of Total Pooled Funds</u>
Federal Farm Credit Bank	\$ 5,906,400	2.5%
Federal Home Loan Bank	64,726,664	27.3%
Federal Home Loan Mortgage Corp.	76,114,754	32.2%
Federal National Mortgage Assoc.	56,274,115	23.8%
Municipal Investment Pool	16,324,547	6.9%
Collateralized deposits	17,277,428	7.3%
Total value	<u>\$ 236,623,908</u>	<u>100.0%</u>

B. Investments of the Primary Government Not Pooled

In addition to the following, State law (K.S.A. 10-131) allows investment of the proceeds of bonds and temporary notes:

1. U.S. Government and agency obligations
2. Time deposits with banks and trust companies in Sedgwick County
3. FNMA, FHLB and FHLMC obligations
4. Collateralized repurchase agreements
5. Investment agreements with financial institutions including broker/dealers whose obligations are rated in one of the three highest rating categories by either Moody's or Standard & Poor's
6. Mutual funds with portfolios consisting entirely of obligations of the U.S. Government, U.S. Government agencies, FNMA, FHLB and FHLMC
7. Certain Kansas municipal bonds.

On December 31, 2006, all bond and temporary note proceeds were invested in the more restrictive City pooled investment portfolio.

City Ordinance (34-671; section 2.52.100) authorizes the Group Life Insurance Fund to hold investments in the following categories:

5. **Cash, Investments and Securities Lending (continued)**

B. Investments of the Primary Government Not Pooled

1. U.S. Government securities
2. Corporate bonds of A quality or better, as listed in Moody's or Standard & Poor's
3. Not more than 50 percent may be invested in equity mutual funds

On December 31, 2006 no investments were held directly by the Group Life Insurance Fund and all cash was invested in the City's pooled investment portfolio.

The City does not maintain a formal investment policy pertaining to investments held in the Special Assessment Advance Payments Fund, the Cemetery Fund, the Federal and State Assistance Fund for the Wichita Housing Authority or the Housing and Urban Development Section 108 Loan Program. Funds for which a formal investment policy is not maintained are authorized to be prudently invested at the discretion of the City's Director of Finance. On December 31, 2006, these Funds held investments in U.S. Treasury instruments, stocks and money markets instruments.

Interest Rate Risk: The City of Wichita uses a duration methodology to construct a portfolio of bonds to fund its future cash needs and utilizes a modified duration to disclose the portfolio's exposure to changes in interest rates. The City seeks to limit the modified duration of the Group Life Insurance portfolio to five years.

Credit Risk: City ordinance limits the types of investments of the Group Life Insurance Fund to U.S. Government securities, corporate bonds of A quality or better and mutual funds.

C. Investments of the Wichita Public Building Commission

Deposits and investments of \$1,728,408 for the Wichita Public Building Commission are invested by trustees and are held under trust indentures. A formal investment policy is not maintained. On December 31, 2006, \$1,685,146 was invested in taxable Treasury money market funds.

D. Investments of the Pension Trust Funds

All of the deposits and investments of the Wichita Employees' and Police and Fire Retirement Systems are held in a joint investment fund that is invested by outside money managers and are held under a custodial agreement. City Ordinance (44-812; section 2.28.090) authorizes the Wichita Employees' Retirement System and City ordinance (Charter Ordinance 176) authorizes the Police and Fire Retirement System to invest in the following financial instruments:

1. Common stock (not more than 70 percent)
2. Direct or indirect obligations of the U.S. Government
3. Corporate bonds rated A or better
4. Commercial paper of high quality
5. Foreign securities (not more than 25 percent)
6. Real estate (pooled) (not more than 10 percent).

The pension funds follow an overall strategic allocation policy that includes investments in four asset types: domestic equities, international equities, domestic fixed income, and international fixed income. Additionally, the pension funds invest in various asset-backed securities such as collateralized mortgage obligations (CMO's) and credit card trusts to maximize yields and reduce the impact of interest rate changes. These securities are based on cash flows from principal and interest payments on the underlying assets. For example, CMO's break up the cash flows from mortgages into categories with defined risk and return characteristics called tranches.

The tranches are differentiated by when the principal payments are received from the mortgage pool. Changes in interest and mortgage prepayment rates may affect the amount and timing of cash flows, which would also affect the reported estimated fair values. The pension funds utilize a combination of asset-backed securities, which vary

5. Cash, Investments and Securities Lending (continued)

D. Investments of the Pension Trust Funds (continued)

in their degree of volatility. Although considerable variability is inherent in such estimates, management believes the estimated fair values are reasonable estimates.

The investments of the Wichita Retirement System on December 31, 2006 are listed as follows.

<u>Type of Investment</u>	<u>Fair Value</u>
Government short-term investment fund	\$ 11,975,477
Government securities, long-term	15,347,590
Corporate debt instruments, long-term	62,364,512
Mortgage-backed securities	55,638,349
Corporate stocks, common domestic	351,761,433
Corporate stocks, common international	209,737,171
Real estate	51,760,689
Value of interest in pooled funds, domestic fixed income	101,445,634
Value of interest in pooled funds, domestic equities	110,124,939
Value of interest in pooled funds, international equities	14,717,782
Securities lending short-term collateral investment pool	101,955,339
Total investments	<u>\$ 1,086,828,915</u>

**Custodial Credit Risk:** The custodial credit risk for deposits is the risk that in the event of a bank failure, the Wichita Retirement Systems' (WRS) deposits may not be recovered. On December 31, 2006, the WRS's cash deposits in the amount of \$863,080 were included in the City's pooled cash and temporary investments. The WRS' debt securities investments were registered in the name of WRS and were held in the possession of the WRS custodial bank, State Street.

**Interest Rate Risk:** Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The interest rate risk is managed using the modified duration methodology. Duration is a measure of a fixed income's cash flow using present values, weighted for cash flows as a percentage of the investment's full price. Modified duration estimates the sensitivity of a bond's price to interest rate changes. The Wichita Retirement Systems manage their exposure to fair value loss arising from increasing interest rates by complying with the following policy:

1. Fixed income managers have full discretion over the issues selected and may hold any mix of fixed income securities and cash equivalents.
2. Portfolio duration must not be less than 80 percent nor more than 120 percent of the duration of the Lehman Brothers Aggregate Bond Index, unless the Joint Investment Committee prospectively grants a written exception. The minimum and maximum of the index range on December 31, 2006 was 3.57 and 5.35, respectively.

The modified duration of investments on December 31, 2006 are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Modified Duration (yrs)</u>
Government securities, long-term	\$ 15,347,590	5.65
Corporate debt	62,364,512	4.88
Mortgage-backed securities	55,638,349	3.92
Actively managed investment totals	133,350,451	4.51
Government short-term investment fund	11,975,477	-
Passive Bond Index Market Fund	101,445,634	4.42
Total investment in debt securities	<u>\$ 246,771,562</u>	

5. Cash, Investments and Securities Lending (continued)

D. Investments of the Pension Trust Funds (continued)

Credit Risk of Debt Securities: Credit risk is the risk that an issuer of an investment will not fulfill its obligations. The Wichita Retirement System manages exposure to investment credit risk by adhering to the following policy: At the time of purchase, bonds and preferred stocks must be rated at least “A” by either Moody’s or Standard and Poor’s. On December 31, 2006, no individual debt security in the investment manager’s portfolio was outside of the policy guidelines.

On December 31, 2006, debt investments held by the Wichita Retirement System as rated by Standard and Poor’s or an equivalent nationally recognized statistical rating organization are as follows.

<u>Quality Rating</u>	<u>Total Domestic Debt Securities</u>
AAA	\$ 73,495,914
AA+	470,262
AA	3,583,328
AA-	9,404,764
A+	17,999,138
A	23,343,631
A-	5,053,414
Total debt securities subject to credit risk	133,350,451
Government Short-term Investment Fund *	11,975,477
Passive Bond Index Market Fund **	101,445,634
Total investment in debt securities	<u>\$ 246,771,562</u>

\* The average quality of the holdings of the Government Short Term Investment Fund on December 31, 2006 was A1+.

\*\* The average quality of the holdings of the Passive Bond Market Fund on December 31, 2006 was AA2.

Concentration Credit Risk: Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government’s investment with a single issuer. The Wichita Retirement Systems’ investment in debt securities had no single issuer of investments that represented five percent or more of the plan assets, with exception of investments issued or implicitly guaranteed by the U.S. government and investments in mutual funds.

Foreign Currency Risk: Currency risk arises due to foreign exchange rate fluctuations. The Wichita Retirement System manages the exposure to foreign currency risk by allowing the international securities investment managers to enter into forward exchange or future contracts on foreign currency provided such contracts have a maturity of less than one year. Currency contracts are only to be utilized for the settlement of securities transactions and defensive hedging of currency positions.

All forward foreign currency contracts are carried at fair value by the Retirement Systems. As of December 31, 2006, the Systems had sold forward currency contracts with a fair value of \$6,844,623. Sales of forward currency contracts are receivables and are reported as investment sales pending in the financial statements.

The Wichita Retirement Systems’ exposure to foreign currency risk on December 31, 2006 is presented in the following table:

5. Cash, Investments and Securities Lending (continued)

D. Investments of the Pension Trust Funds (continued)

<u>Currency</u>	<u>Equity at Fair Value (U.S. Dollars)</u>
International equities:	
Australian dollar	\$ 19,499,839
Euro	86,288,283
Hong Kong dollar	5,100,992
Japanese yen	36,807,023
New Zealand dollar	1,506,624
Norwegian krone	1,382,406
Pound sterling	46,092,700
Singapore dollar	3,150,788
Swedish krona	2,826,811
Swiss franc	7,081,705
International equity mutual fund (various currencies)	14,717,782
Total securities subject to foreign currency risk	<u>\$ 224,454,953</u>

Securities Lending Transactions: Policies of the Board of Trustees for the Wichita Employees' Retirement and Police and Fire Retirement Systems permit the lending of securities to broker-dealers and other entities (borrowers) with a simultaneous agreement to return the collateral for the same securities in the future. The custodian of the City's pension plans is an agent in lending the plans' domestic securities for collateral of 102 percent and international securities for collateral of 105 percent. Collateral may consist of cash, securities issued or guaranteed by the U.S. Government or its agencies, or irrevocable letters of credit issued by a bank (including an affiliate of the agent), other than the securities borrower or affiliate, which is either insured by the Federal Deposit Insurance Corporation or a foreign bank that has complied with applicable requirements of the Federal Reserve Board.

The collateral securities cannot be pledged or sold by the City unless the borrower defaults. The agent shall require additional collateral from the borrower whenever the value of loaned securities exceeds the value of the collateral in the agent's possession, so that collateral always equals or exceeds the required value of the loaned securities. Contracts with the lending agent require them to indemnify the Systems, if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the Systems for income distributions by the securities' issuers while the securities are on loan. At year-end, the Systems had no credit risk exposure to borrowers because the amounts the Systems owe the borrowers exceed the amounts the borrowers owe the Systems. Securities loaned can be terminated on demand by the Systems or the borrower.

At year-end, all loans were secured with cash collateral, involving both domestic and international equities and fixed income securities. For all loans, the term to maturity of the securities loaned is matched with the term to maturity of the investment of the cash collateral. Such matching existed at year-end. However in lending securities, a portion of the cash collateral is invested in the lending agent's short-term investment pool, which at year-end had a weighted average maturity of 59 days. The relationship between the maturities of the investment pool and the Systems' loans is affected by the maturities of the securities loans made by other entities that use the agent's pool, which the Systems cannot determine.

Custodial Credit Risk Related to Securities Lending: Custodial credit risk for lent securities is the risk that, in the event of the failure of the counterparty, the Systems will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Consistent with the System's securities lending policy, \$101,955,339 was held by the counterparty acting as the Systems' agent in securities lending transactions on December 31, 2006.

6. Capital Assets

Capital asset activity of the primary government for the year ended December 31, 2006 was as follows (expressed in thousands of dollars):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 222,665	\$ 17,071	\$ (10,806)	\$ 228,930
Construction in progress	<u>131,490</u>	<u>63,070</u>	<u>(19,581)</u>	<u>174,979</u>
Total capital assets, not being depreciated	<u>354,155</u>	<u>80,141</u>	<u>(30,387)</u>	<u>403,909</u>
Capital assets, being depreciated:				
Buildings	229,381	4,562	(1,003)	232,940
Improvements other than buildings	42,910	521	(125)	43,306
Machinery, equipment and other assets	77,025	15,806	(5,421)	87,410
Infrastructure	<u>426,671</u>	<u>17,820</u>	<u>(2,867)</u>	<u>441,624</u>
Total capital assets being depreciated	<u>775,987</u>	<u>38,709</u>	<u>(9,416)</u>	<u>805,280</u>
Less accumulated depreciation for:				
Buildings	(82,671)	(6,289)	533	(88,427)
Improvements other than buildings	(14,260)	(1,543)	102	(15,701)
Machinery, equipment and other assets	(48,251)	(7,343)	3,129	(52,465)
Infrastructure	<u>(114,715)</u>	<u>(11,475)</u>	<u>-</u>	<u>(126,190)</u>
Total accumulated depreciation	<u>(259,897)</u>	<u>(26,650)</u>	<u>3,764</u>	<u>(282,783)</u>
Total capital assets, being depreciated, net	<u>516,090</u>	<u>12,059</u>	<u>(5,652)</u>	<u>522,497</u>
Governmental activities capital assets, net	<u>\$ 870,245</u>	<u>\$ 92,200</u>	<u>\$ (36,039)</u>	<u>\$ 926,406</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 34,591	\$ 260	\$ (364)	\$ 34,487
Construction in progress	<u>150,739</u>	<u>65,579</u>	<u>(17,392)</u>	<u>198,926</u>
Total capital assets, not being depreciated	<u>185,330</u>	<u>65,839</u>	<u>(17,756)</u>	<u>233,413</u>
Capital assets, being depreciated:				
Airfields	111,143	272	(148)	111,267
Buildings	202,417	133	-	202,550
Improvements other than buildings	725,420	33,230	(153)	758,497
Machinery, equipment and other assets	<u>101,519</u>	<u>4,073</u>	<u>(2,296)</u>	<u>103,296</u>
Total capital assets being depreciated	<u>1,140,499</u>	<u>37,708</u>	<u>(2,597)</u>	<u>1,175,610</u>
Less accumulated depreciation for:				
Airfields	(72,502)	(4,022)	148	(76,376)
Buildings	(85,611)	(4,938)	-	(90,549)
Improvements other than buildings	(152,307)	(12,668)	-	(164,975)
Machinery, equipment and other assets	<u>(54,396)</u>	<u>(8,126)</u>	<u>2,175</u>	<u>(60,347)</u>
Total accumulated depreciation	<u>(364,816)</u>	<u>(29,754)</u>	<u>2,323</u>	<u>(392,247)</u>
Total capital assets, being depreciated, net	<u>775,683</u>	<u>7,954</u>	<u>(274)</u>	<u>783,363</u>
Business-type activities capital assets, net	<u>\$ 961,013</u>	<u>\$ 73,793</u>	<u>\$ (18,028)</u>	<u>\$ 1,016,776</u>

6. Capital Assets (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Fiduciary Activities</b>				
Capital assets, not being depreciated:				
Construction in progress	\$ 557,031	\$ 398,251	\$ -	\$ 955,282
Fiduciary activities capital assets, net	<u>\$ 557,031</u>	<u>\$ 398,251</u>	<u>\$ -</u>	<u>\$ 955,282</u>

Depreciation expense was charged to function/programs of the primary government, as follows (in thousands of dollars):

	<u>Current Year Depreciation</u>
<b>Governmental activities:</b>	
General government	\$ 3,601
Public safety	2,225
Highways and streets, including depreciation of general infrastructure	11,674
Sanitation	129
Health and welfare	1,318
Culture and recreation	3,833
Capital assets held by the government's internal services funds are charged to the various functions based on their usage of the assets	<u>3,871</u>
Total depreciation expense-governmental activities	<u>\$ 26,651</u>
<b>Business-type activities:</b>	
Water	10,031
Sewer	8,108
Airport Authority	7,206
Nonmajor enterprise funds	<u>4,409</u>
Total depreciation expense-business-type activities	<u>\$ 29,754</u>

7. Retirement Funds

The reporting entity contributes to two single-employer defined benefit pension plans and a single-employer defined contribution plan, covering all full-time employees. The defined benefit plans include the Wichita Employees' Retirement System (WERS) and the Wichita Police and Fire Retirement System (WPFERS). Each system is administered by a separate Board of Trustees. The single-employer defined contribution plan consists of the Wichita Employees' Retirement System Plan 3 that is also governed by the Wichita Employees' Retirement System Board of Trustees.

The Wichita Retirement System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for WERS and WPFERS. The financial report may be obtained by writing to the Wichita Retirement System, City Hall, 12<sup>th</sup> Floor, 455 N. Main, Wichita, KS 67202 or by calling (316) 268-4544.

Summary of Significant Accounting Policies and Plan Asset Matters

*Basis of Accounting:* The Wichita Employees' Retirement System, Wichita Police and Fire Retirement System, and the Wichita Employees' Retirement System Plan 3 are reported as pension trust funds in the City's financial statements and use the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

7. Retirement Funds (continued)

Method Used to Value Investments: Investments are reported at fair value. Short-term investments are reported at cost plus accrued interest, which approximates market or fair value. Securities traded on national or international exchanges are valued at the last trade price of the day. If no close price exists, then a bid price is used. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar investments. Investments that do not have an established market are reported at their estimated fair value.

Management of Plan Assets: The Board of Trustees of all Systems have contractual arrangements with independent investment counselors for management of the assets of the Systems. The firms have been granted discretionary authority concerning purchases and sales of investments within guidelines established by City ordinances. The Boards of Trustees of the pension systems also have contractual arrangements with independent firms which monitor the investment decisions of the Systems' investment counselors.

Reserves and Concentrations of Credit Risks: There are no assets legally reserved for purposes other than the payment of plan member benefits. The plans held no individual investments (other than U.S. Government and U.S. Government guaranteed obligations) where the market value exceeded five percent or more of net assets available for benefits. There are no long-term contracts for contributions.

A. Wichita Employees' Retirement System

Plan Description: The WERS was established to provide retirement and survivor annuities, disability benefits, death benefits, and other benefits for all regular full-time civilian employees of the reporting entity and their dependents. Plan 1 was established by City ordinance on January 1, 1948 and became closed to new entrants as of July 19, 1981. With the initiation of Plan 2, which was established by City ordinance on July 18, 1981, all covered employees of Plan 1 were given the option of converting to the new plan. Plan 2 was also closed to new entrants with the establishment of Plan 3, effective January 1, 1994. However, upon completion of seven years of service, employees participating in Plan 3 may convert to participation in Plan 2. Establishment of and amendments to the benefit provisions for the WERS are authorized by the City Council.

Funding Policy: The contribution requirements of plan members and the reporting entity are established by City ordinance and may be amended by the governing body. Members of Plan 1 and 2 are required to contribute 6.4 and 4.7 percent of covered salaries, respectively. The City is required to contribute at an actuarially determined rate; the rate for 2006 was 4.7 percent of annual covered payroll for both Plans 1 and 2. The City provides for pension expenses by levying ad valorem property taxes each year in the amount necessary to meet its obligation as determined by the WERS consulting actuary.

Funding Policy: The contribution requirements of plan members and the reporting entity are established by City ordinance and may be amended by the governing body. Members of Plan 1 and 2 are required to contribute 6.4 and 4.7 percent of covered salaries, respectively. The City is required to contribute at an actuarially determined rate; the rate for 2006 was 4.7 percent of annual covered payroll for both Plans 1 and 2. The City provides for pension expenses by levying ad valorem property taxes each year in the amount necessary to meet its obligation as determined by the WERS consulting actuary.

Annual Pension Cost and Net Pension Obligation: The net pension obligation (NPO) is defined as the cumulative difference between the employer's annual pension cost and the employer's annual required contributions to the plan. For 2006, the City's annual pension cost of \$2,264,339 was equal to the required and actual contributions.

The employer's annual required contribution for the current year was determined as part of the December 31, 2004 actuarial valuation using the individual entry age actuarial cost method. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.75 percent per year compounded annually, (b) projected salary increases of 4.5 percent per year compounded annually (4.0 percent attributable to inflation and 0.5 percent attributable to productivity), (c) additional projected salary increases

7. Retirement Funds (continued)

A. Wichita Employees' Retirement System (continued)

ranging from 0 percent to 5.5 percent per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will increase 3.0 percent per year (non-compounded) after retirement for Plan 1 and 2.0 percent per year (non-compounded) for Plan 2.

The actuarial accrued liability, as determined by the individual entry age actuarial cost method, is the portion of the actuarial present value of pension plan benefits and expenses not provided for by future normal costs. An asset valuation method is used to smooth the effect of market fluctuations. The actuarial value of assets is equal to the Expected Value (calculated using the actuarial assumed rate of 7.75 percent) plus 25 percent of the difference between the market and expected value. This is the fifth year this smoothing method has been used. As of December 31, 2006, the actuarial liability was fully covered by the valuation assets. The City's funding policy is to amortize the surplus over a rolling 20 year period. The amortization of the existing surplus results in a temporary amortization credit.

**Three Year Trend Information**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<u>Fiscal Year Ending</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
12/31/04	\$ 2,084,558	100%	\$ 0
12/31/05	\$ 2,170,650	100%	\$ 0
12/31/06	\$ 2,264,339	100%	\$ 0

B. Police and Fire Retirement System

**Plan Description:** The WPFRS is divided into three plans - Plan A, Plan B, and Plan C-79. The plans were established to provide retirement and survivor annuities, death benefits, and other benefits for Police and Fire Officers of the reporting entity and their dependents. All full-time active "commissioned" Police and Fire department personnel are required to participate in the plans. Plans A and B were established by City ordinance on January 1, 1965 and Plan C-79 was established January 1, 1979 by City ordinance. Plan B was closed to new entrants as of January 1, 1965 and Plan A was closed to new entrants as of December 31, 1978. Establishment of and amendments to the benefit provisions for the WPFRS are authorized by the City Council.

**Funding Policy:** The contribution requirements of plan members and the reporting entity are established by City ordinance and may be amended by the governing body. WPFRS members are required to contribute six to eight percent of covered salaries. The City is required to contribute at an actuarially determined rate; the rate for 2006 was 18.4 percent of annual covered payroll. The City provides for pension expenses by levying ad valorem property taxes each year in the amount necessary to meet its obligation as determined by the consulting actuary.

**Annual Pension Cost and Net Pension Obligation:** The net pension obligation (NPO) is defined as the cumulative difference between the employer's annual pension cost and the employer's annual required contributions to the plan. For 2006, the City's annual pension cost of \$9,849,536 was equal to the required and actual contributions.

The employer's annual required contribution was determined as part of the December 31, 2004 actuarial valuation using the individual entry age actuarial cost method. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.75 percent per year compounded annually, (b) projected salary increases of 4.5 percent per year compounded annually (4.0 percent attributable to inflation and 0.5 percent attributable to productivity), (c) additional projected salary increases ranging from 0 percent to 2.5

**7. Retirement Funds (continued)**

**B. Police and Fire Retirement System (continued)**

percent per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will increase 2.0 percent per year (non-compounded) commencing 36 months after retirement.

The actuarial accrued liability, as determined by the individual entry age normal actuarial cost method, is the portion of the actuarial present value of pension plan benefits and expenses not provided for by future normal costs. An asset valuation method is used to smooth the effect of market fluctuations. The actuarial value of assets is equal to the Expected Value (calculated using the actuarial assumed rate of 7.75 percent) plus 25 percent of the difference between the market and expected value. This is the fifth year this smoothing method has been used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. At December 31, 2006, the amortization period was 20 years.

**Three Year Trend Information  
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<b>Fiscal Year Ending</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>	<b>Net Pension Obligation</b>
12/31/04	\$ 6,925,467	100%	\$ 0
12/31/05	\$ 7,308,916	100%	\$ 0
12/31/06	\$ 9,849,536	100%	\$ 0

**C. Wichita Employees' Retirement System Plan 3**

The reporting entity provides pension benefits for all of its full-time civilian employees hired or rehired on or after January 1, 1994. This is a defined contribution plan; therefore, benefits depend solely on amounts contributed to the plan plus investment earnings. At December 31, 2006, current membership totaled 876.

Plan 3, established by City ordinance on April 9, 1993 and amended on February 8, 2000, requires that both the employee and the reporting entity contribute an amount equal to 4.7 percent of salary (base pay plus longevity) each pay period. The reporting entity's contributions and earnings for each employee are 25 percent vested after three years of service, 50 percent vested after five years and are fully vested after seven years of continuous service.

Upon completion of seven years of service, employees participating in the plan may, within 90 days thereafter, advise the Board of the employee's decision to convert to participation in the Wichita Employees' Retirement System Plan 2, a defined benefit plan. If an employee elects to convert to Plan 2, the employee's account on the date of election shall become part of Plan 2. Fully vested employees who elect to continue participation in Plan 3 beyond seven years, may contribute additional amounts into the plan as permitted by the rules of the Internal Revenue Code in effect at the time of the contribution. Contributions of the reporting entity and earnings forfeited by employees who leave employment before seven years of service are used to reduce the reporting entity's contribution requirements.

For the year ending December 31, 2006, employee and employer contributions to Plan 3 totaled \$1,369,009 and \$1,369,009 respectively.

**8. Self-Insurance Fund**

The City established a self-insurance fund in 1987 to account for self-insurance programs of workers' compensation, group health insurance, group life insurance, employee liability, property damage, auto liability and general liability for the reporting entity.

**8. Self-Insurance Fund (continued)**

Beginning in 2006, the City converted the flexi-funded life insurance program to a fully insured program. The contributions and premiums for this plan are accounted for in the Self Insurance Fund. For those funds paying insurance costs, the contributions are recorded as expenditures/expenses in the paying fund and revenues in the Self-Insurance Fund. The City records liabilities for known claims and estimated liabilities incurred but not reported at year-end. The claims are reflected under accounts payable and accrued liabilities in the internal service funds.

**A. Health Insurance**

The employee health insurance program was a fully insured program with health insurance offered to all full-time employees of the reporting entity. The employee health insurance in 2006 was provided through Coventry Health Care of Kansas, a preferred provider network (PPO) with out of area health benefits. A monthly premium was paid to the Coventry Health Care of Kansas for payment of all medical and prescription costs. On December 31, 2006, the City had \$3,294,695 of net assets available for future health insurance benefits.

Beginning on January 1, 2007, the City converted to a self-insured health insurance program with the City self-insuring health benefits up to \$400,000 per member and a stop-loss secondary coverage for costs above \$400,000. A self-insured prescription drug plan is included in the monthly premium paid to Coventry Health Care of Kansas.

**B. Workers' Compensation**

The workers' compensation program is a partially self-funded program covering substantially all full-time and part-time employees of the reporting entity. The annual requirements of the workers' compensation program are determined based on current claims outstanding and estimates of future liability based on pending claims, maintaining a 90 percent confidence level. The City has reinsured for liabilities exceeding \$750,000 per occurrence with coverage provided through Employers Reinsurance Corporation. The deductible is taken into consideration in actuarial projections of the City's liability. The City maintains a reserve to meet State and actuarial requirements and to provide contingency funding. At December 31, 2006, the City recorded a liability of \$7,913,656 for estimated probable claims pending. Net assets at December 31, 2006 were \$2,871,407.

**C. Life Insurance**

Prior to 2006, the City maintained a flexi-funded life insurance program administered by Minnesota Mutual Life Insurance Company, which provided basic life, dependent life, and accidental death and dismemberment with conversion privileges to participants. Beginning in December 2005, the life insurance program was converted to a fully insured program offering the same benefits to employees. The cost of basic employee life insurance is funded approximately one third by the employee and two thirds by the City.

Benefit levels are based on employee compensation. The City offers additional supplemental, voluntary accidental death and dismemberment insurance for both employees and eligible dependents, the total cost of which is paid by the employee. Contributions (employee and employer), plus interest earned on investments, are used for premium payments. All full-time employees of the reporting entity are eligible to participate in the plans. Coverage is terminated, if the participant fails to make contributions toward the cost of insurance, if the participant terminates employment with the City and does not elect the conversion or portability option, or if the plan is terminated. At December 31, 2006, net assets totaled \$2,501,641.

The City's general liability program provides for legal defense and claims against employees of the reporting entity when an incident occurs during the course of employment. The program also includes vehicle liability and

8. Self-Insurance Fund (continued)

C. Life Insurance (continued)

building and content insurance. The deductible portion of the building and content insurance coverage is paid from the self-insurance fund. The deductible is \$100,000 per occurrence.

D. General Liability

The City is self-insured for tort liability claims against the reporting entity. The Kansas Tort Claims Act provides a liability limitation of \$500,000 per occurrence. Effective June 13, 2006, the City purchased an excess policy of insurance for federal actions because the limitations under the State's Tort Claims Act do not apply to federal actions. The policy provides coverage of \$10 million with a \$2 million self-insured retention.

Settled claims have not exceeded commercial coverage in any of the past three fiscal years. At December 31, 2006, the City recorded a liability of \$5,181,299 for pending claims (maintaining a confidence level of 90 percent) and to provide for the loss of excess liability coverage and potential environmental liability exposure. At December 31, 2006, net assets totaled \$8,524,628.

<u>Fund</u>	<u>Claims Paid</u>	<u>Beginning Balance</u>	<u>Changes in Actuarial Estimate</u>	<u>Ending Balance</u>	<u>Short Term Portion</u>
Worker's Compensation					
2004 - 2005	2,593,360	10,181,169	(339,558)	9,841,611	3,504,288
2005 - 2006	2,920,594	9,841,611	(1,927,955)	7,913,656	2,715,687
General Liability					
2004 - 2005	3,422,192	8,903,451	(1,966,587)	10,870,038	2,918,689
2005 - 2006	5,175,819	10,870,038	(5,688,739)	5,181,299	1,456,456

9. Long-Term Debt

A. General Obligation Bonds

General obligation bonds are issued to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations of the City and pledge the full faith and credit of the government. The bonds generally are issued as 20-year serial bonds with equal amounts of principal maturing each year.

General obligation bonds outstanding (expressed in thousands of dollars) at December 31, 2006 are as follows:

<u>Payable from</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities:		
Ad valorem property taxes	2.25% - 6.50%	\$ 51,314
Transient guest tax	5.00% - 6.87%	6,716
Tax increment financing	2.30% - 5.00%	21,664
Local sales tax	3.40% - 5.00%	<u>104,505</u>
Subtotal - governmental activities		<u>184,199</u>
Business-type activities:		
Storm Water Utility	2.50% - 4.00%	8,782
Golf Course System	4.625% - 5.20%	5,094
Wichita Airport Authority	5.00% - 8.80%	<u>2,525</u>
Subtotal - business-type activities		<u>16,401</u>
Total general obligation bonds		<u>\$ 200,600</u>

9. Long-Term Debt (continued)

A. General Obligation Bonds (continued)

Annual debt service requirements to maturity for general obligation bonds are as follows (expressed in thousands of dollars):

<u>Year ending December 31</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 21,047	\$ 8,152	\$ 1,917	\$ 693
2008	20,268	7,385	1,992	606
2009	19,868	6,607	2,077	514
2010	17,769	5,881	1,972	416
2011	17,012	5,212	1,583	338
2012 - 2016	65,585	14,074	6,860	710
2017 - 2021	<u>22,650</u>	<u>1,460</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 184,199</u>	<u>\$ 48,771</u>	<u>\$ 16,401</u>	<u>\$ 3,277</u>

The City of Wichita also issues special assessment bonds to provide funds for the construction of infrastructure in residential developments. Special assessment bonds will be repaid from amounts levied against the property owners benefited by this construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the government must provide resources to cover the deficiency until other resources, for example, foreclosure proceeds, are received.

Annual debt service requirements to maturity for special assessment bonds are as follows (expressed in thousands of dollars):

<u>Year ending December 31</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2007	\$ 23,490	\$ 8,728
2008	19,680	8,015
2009	19,395	7,267
2010	19,785	6,505
2011	19,140	5,717
2012 - 2016	79,035	17,206
2017 - 2021	36,315	3,944
2022 - 2026	<u>865</u>	<u>105</u>
Totals	<u>\$ 217,705</u>	<u>\$ 57,487</u>

B. Revenue Bonds

Revenue bonds are also issued by the City of Wichita and the Wichita Public Building Commission, where income derived from the acquired or constructed assets is pledged to pay debt service. Revenue bonds outstanding at year-end are as follows (expressed in thousands of dollars):

<u>Primary Government Enterprise Funds:</u>	<u>Interest Rates</u>	<u>Final Maturity Date</u>	<u>Amount Outstanding</u>
Water and Sewer:			
1998-Water & Sewer	4.25% - 4.70%	2012	\$ 13,400
1999-Water & Sewer	4.00% - 6.00%	2018	7,380
2000A-Water	4.69%	2021	2,189
2000B-Water	4.69%	2021	3,769
2001-Water & Sewer	3.30% - 5.00%	2009	6,890
2003-Water & Sewer	2.00% - 5.25%	2028	117,365
2005A-Water & Sewer Refunding	3.00% - 5.00%	2016	39,665
2005B-Water & Sewer Refunding	3.25% - 5.00%	2016	26,695
2005C-Water & Sewer	3.25% - 5.125%	2030	45,790
2006-Water & Sewer	4.50% - 5.00%	2031	51,140

9. Long-Term Debt (continued)

B. Revenue Bonds (continued)

	<u>Interest Rates</u>	<u>Final Maturity Date</u>	<u>Amount Outstanding</u>
Wichita Airport Authority:			
Airborne Freight Corp, Series A, 1994	6.50% - 6.75%	2009	335
Federal Express - Series A&B, 1997	6.45%	2013	740
Learjet, Inc.-Series A, 1997	7.00%	2007	1,069
Executive Aircraft Corp.-Series 1999	6.10% - 6.75%	2014	2,400
Cessna Aircraft Company-Series 2000	8.00%	2009	11,203
Yingling Aircraft-Series 2001	7.50%	2021	1,300
Cessna Aircraft Corp. - Series A, 2002	6.25%	2032	49,300
FlightSafety - Series A, 2003	Variable*	2031	2,860
Yingling Aircraft - Series A 2005	6.00%	2025	1,500
Cessna Aircraft Company - Series A 2005	5.00%	2025	5,850
Total Primary Government			<u>\$ 390,840</u>
<u>Component Unit</u>			
Wichita Public Building Commission:			
Wichita State University, Series L, 2001	4.00% - 5.00%	2017	13,520
Kansas Sports Hall of Fame, Series M, 2003	2.10% - 4.40%	2023	1,520
State Office Building Refunding Series N, 2003	2.00% - 4.00%	2014	<u>11,515</u>
Total Component Unit - Wichita Public Building Commission			<u>\$ 26,555</u>

\*The FlightSafety – Series A, 2003 bonds have a variable interest rate, adjustable weekly based on the rate at which the bonds can be remarketed at par, as determined by a remarketing agent, with an interest rate ceiling of 15 percent. The interest rate utilized to calculate the debt service requirements was the effective rate on December 31, 2006 of 3.97 percent.

Revenue bond debt service requirements to maturity are as follows (expressed in thousands of dollars):

<u>Year ending December 31</u>	<u>Business-type Activities</u>		<u>Component Unit WPBC</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 15,746	\$ 19,238	\$ 2,325	\$ 1,026
2008	14,500	18,997	2,425	949
2009	26,991	18,421	2,505	866
2010	15,463	16,837	2,595	773
2011	16,744	16,099	2,695	678
2012 - 2016	89,231	68,153	11,725	1,777
2017 - 2021	69,795	47,876	2,045	157
2022 - 2026	63,380	30,979	240	16
2027 - 2031	29,690	18,807	-	-
2032 - 2036	<u>49,300</u>	<u>1,541</u>	-	-
Totals	<u>\$ 390,840</u>	<u>\$ 256,948</u>	<u>\$ 26,555</u>	<u>\$ 6,242</u>

C. Section 108 Loans

In April 1999, the City entered into a loan agreement with the U.S. Department of Housing and Urban Development (HUD) for funding of \$3,610,000 for the construction of a manufacturing, training and employment center on 21st Street. The City entered into an operating lease with Cessna Aircraft Company for rental of the facility, with rental payments designed to cover principal and interest owed by the City on the loan. Footnote 12.A. – Operating Leases, provides further disclosure. Interest rates for amounts outstanding under the loan range from 5.75 percent to 6.33 percent. Debt service requirements to maturity for the HUD Section 108 loan is as follows (expressed in thousands of dollars):

9. Long-Term Debt (continued)

C. Section 108 Loans

Year ending December 31	Governmental Activities	
	Principal	Interest
2007	\$ 250	\$ 126
2008	260	112
2009	280	96
2010	295	80
2011	310	62
2012 - 2016	680	65
Totals	<u>\$ 2,075</u>	<u>\$ 541</u>

D. Other Long-Term Obligations

The City's municipal solid waste facility, Brooks Landfill, closed operations October 9, 2001. Kansas and federal laws and regulations require the City to perform certain maintenance and monitoring functions at the site for thirty years after closure. Estimated postclosure costs for the required remaining 26.56 years totaled \$24,089,176, or \$906,972 annually. Additionally, closure costs totaling \$387,384 and \$67,356 have been reported for the construction and demolition landfill and the industrial monofill landfill for asbestos waste, respectively. These costs will be liquidated from prior years' landfill fees accumulated in the Landfill Postclosure Fund. Footnote 18.-Landfill Closure and Postclosure Care provides further disclosure.

E. Changes in Long-Term Debt

Internal Service Funds predominantly serve the governmental funds. Accordingly, long-term liabilities of the internal service funds are included as part of the following totals for governmental activities. At year-end, compensated absences totaling \$339,598 were in the governmental amounts below. Compensated absences for the governmental funds are generally liquidated by the General Fund.

Long-term liability activity for the year ended December 31, 2006, follows (expressed in thousands of dollars):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Bonds Payable:					
General obligation bonds	\$ 209,963	\$ -	\$ (25,763)	\$184,200	\$ 21,047
Special assessment debt with government commitment	210,370	30,795	(23,460)	217,705	23,490
Deferred amount on refunding	(1,021)	(368)	164	(1,225)	-
Unamortized premium	9,311	158	(1,043)	8,426	-
Total bonds payable	428,623	30,585	(50,102)	409,106	44,537
Bond anticipation notes	18,629	18,057	(18,629)	18,057	18,057
Section 108 loan	5,310	-	(3,235)	2,075	250
Accreted interest	2,861	497	(511)	2,847	-
Compensated absences	7,925	8,169	(7,836)	8,258	7,240
Landfill closure/postclosure care	24,337	288	(81)	24,544	907
Total long-term liabilities – Governmental activities	<u>\$ 487,685</u>	<u>\$ 57,596</u>	<u>\$ (80,394)</u>	<u>\$464,887</u>	<u>\$ 70,991</u>

9. Long-Term Debt (continued)

E. Changes in Long-Term Debt (continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Business-type activities</b>					
Bonds payable:					
General obligation bonds	\$ 12,771	\$ 6,805	\$ (3,175)	\$ 16,401	\$ 1,916
Revenue bonds	353,472	51,140	(13,772)	390,840	15,746
Bond anticipation notes	6,233	-	(6,233)	-	-
Deferred amount on refunding	(2,705)	-	294	(2,411)	-
Unamortized premium	11,392	1,919	(786)	12,525	-
Total bonds payable	381,163	59,864	(23,672)	417,355	17,662
Compensated absences	1,485	1,581	(1,493)	1,573	1,384
Total long-term liabilities – Business-type activities	<u>\$ 382,648</u>	<u>\$ 61,445</u>	<u>\$ (25,165)</u>	<u>\$418,928</u>	<u>\$ 19,046</u>
<b>Wichita Public Building Commission</b>					
Bonds payable:					
Revenue bonds	\$ 29,315	\$ -	\$ (2,760)	\$ 26,555	\$ 2,325
Unamortized premium	387	-	(32)	355	-
Total long-term liabilities- WPBC	<u>\$ 29,702</u>	<u>\$ -</u>	<u>\$ (2,792)</u>	<u>\$ 26,910</u>	<u>\$ 2,325</u>

F. Revenue Bond Ordinance Provisions and Reserve Requirements

Revenue bond ordinances related to the issuance of revenue bonds of the respective enterprise funds provide for specific deposits to debt service and other related bond reserve and maintenance accounts. At December 31, 2006, the City was in compliance with all significant reserve requirements of the respective Water and Sewer Utility revenue bond ordinances.

G. Crossover Refunding of Long-Term Debt

Cross-over Refunding. On December 1, 2004, the City issued \$41,730,000 in general obligation bonds with a net interest cost of 3.60 percent for a crossover refunding of 1998 Series 750 with a net interest cost of 3.43 percent, 1998 Series 752 with a net interest cost of 3.42 percent, 1999 Series 756 with a net interest cost of 3.58 percent, 2000 Series 758 with a net interest cost of 3.74 percent, 2000 Series 760 with a net interest cost of 3.75 percent, 1998 Series 950 with a net interest cost of 3.48 percent and 1999 Series 955 with a net interest cost of 3.63 percent. The proceeds of the crossover advance refunding bonds have been placed into an escrow account to temporarily pay the interest on the new bonds up to each crossover date and meet the costs of the refunding on the call date. The debt service requirements on the old bonds, up to the crossover date, are paid from the resources in the Debt Service Fund.

The City completed the crossover advance refunding to reduce the total debt service payments over the following 11 years by \$2,132,722 and to obtain an economic gain of \$1,754,273.

At the crossover date, the resources in the escrow account will cease to pay scheduled interest payments on the new debt, but will pay the outstanding balance of the old bonds and accrued interest. Until the balance of the old bonds are fully paid, the bonds are not considered to be legally defeased and continue to be recorded as a

**9. Long-Term Debt (continued)**

G. Crossover Refunding of Long-Term Debt (continued)

liability of the City. The City has recorded the outstanding liability of the bonds issued on December 1, 2004 and the corresponding funds in escrow.

General obligation bond Series 750, Series 752 and Series 950 had a crossover date of September 1, 2005 and were legally defeased at that date. Series 756 and Series 955 have a crossover date of September 1, 2006; and Series 758 and Series 760 have a crossover date of September 1, 2007. Upon the final payment on each of the bond series, the bonds will be considered legally defeased and the liability will be removed from the long-term debt of the City. On December 31, 2006, the City held \$16,033,325 in escrow to legally defease the bonds.

**10. Prior-Year Defeasance of Debt**

In prior years, the City and the Wichita Public Building Commission defeased certain general obligation, revenue, and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the financial statements of the reporting entity. At December 31, 2006, \$7,580,000 from the Wichita Public Building Commission are considered defeased.

**11. Temporary Notes Payable**

Kansas Statutes permit the issuance of temporary notes to finance certain capital improvement projects that will be refinanced with general obligation bonds. Prior to the issuance of temporary notes, the governing body must take

<u>Primary Government</u>	<u>Interest Rate</u>	<u>Amount Outstanding</u>	<u>Maturity Date</u>
Capital Projects Funds:			
Street and Bridge Improvements - Series 216	4.25%	\$ 21,960,000	02/08/07
Water Improvements -Series 216	4.25%	3,261,000	02/08/07
Sewer Improvements - Series 216	4.25%	8,726,000	02/08/07
Storm Sewer Improvements – Series 216	4.25%	4,534,000	02/08/07
Public Improvements -Series 216	4.25%	14,028,000	02/08/07
Public Improvements -Series 217	5.75%	4,390,000	02/08/07
Park Improvements -Series 216	4.25%	894,000	02/08/07
Enterprise funds:			
Storm Water Utility Improvements - Series 216	4.25%	<u>1,052,000</u>	02/08/07
Total Reporting Entity		<u>\$ 58,845,000</u>	

necessary legal steps to authorize the issuance of general obligation bonds. Temporary notes issued may not exceed the aggregate amount of bonds authorized, are interest bearing, and have a maturity date not later than four years from the date of issuance. Temporary notes outstanding at December 31, 2006 are payable as follows:

During 2006, the City issued \$115,215,000, retired \$122,550,000 and reclassified \$18,057,438 of temporary notes for various capital improvement projects activities.

<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
\$66,180,000	\$115,215,000	\$122,550,000	\$58,845,000

**12. Leases**

A. Rentals Under Operating Leases

The City and the Airport Authority lease facilities and land to various airlines, concessionaires, commercial entities and others. The leases are for varying periods, from one month to 40 years, and require the payment of minimum annual rentals. The following are future minimum rentals of non-cancelable operating leases:

<u>Year ending December 31</u>	<u>Minimum Rentals of Non-cancelable Operating Leases</u>
2007	6,611,979
2008	4,064,990
2009	3,651,850
2010	3,062,384
2011	2,746,292
2012 - 2016	13,392,337
2017 - 2021	9,812,598
2022 - 2026	7,312,327
2027 - 2031	2,704,813
2032 - 2036	2,106,590
2037 - 2041	1,482,189
2042 - 2046	889,493
Total minimum future rentals	<u>\$ 57,837,842</u>

The above amounts do not include contingent rentals that may be received under certain leases; such contingent rentals totaled \$1,877,669.09 in 2006.

The Wichita Airport Authority (WAA) has authorized the construction of buildings on Authority- owned land by 21 tenants. The tenants lease the land from the WAA for periods ranging from two months to 40 years with renewal options ranging from five to 25 years. The WAA has assisted in the financing of certain of these buildings through the issuance of Airport Facility Revenue Bonds.

The Wichita Public Building Commission (WPBC) has assisted in the financing of buildings and facilities for Wichita State University, the State of Kansas and the Kansas Sports Hall of Fame through the issuance of revenue bonds and by entering into lease agreements with the Board of Trustees of the University, the State of Kansas and the Kansas Sports Hall of Fame. The bonds are payable from lease payments that are made directly to a trustee for the purpose of retiring the principal and interest of the related bonds as they mature.

Additionally, lease payments for Wichita State University are secured by a pledge of the surplus on an ad valorem tax levy in amounts sufficient to guarantee the rentals under the leases. Such surplus consists of the proceeds of one and one-half (1½) mill tax levy on all tangible property within the City of Wichita which is not needed to guarantee the rentals due under certain leases from the WPBC to the Board of Trustees of Wichita State University.

Pursuant to lease agreements for the financing of the Finney State Office Building, the City of Wichita and Sedgwick County are contingently liable and will make rental payments, as necessary, to supplement the rental payments to be paid by the State of Kansas so that the total shall be sufficient to pay the debt service on the revenue bonds.

**12. Leases (continued)**

A. Rentals Under Operating Leases (continued)

The financing of these facilities by the WAA and the WPBC represent direct financing leases and accordingly, the net investments of such leases are recorded on the respective enterprise fund and component unit balance sheets as restricted assets. The following lists the components of the net investment in direct financing leases as of December 31, 2006:

	<u>WAA</u>	<u>WPBC</u>	<u>Total</u>
Total minimum lease payments to be received	\$ 170,226,842	\$ 32,796,644	\$ 203,023,486
Less: unearned income	<u>93,670,080</u>	<u>6,241,644</u>	<u>99,911,724</u>
Net investment in direct financing leases	<u>\$ 76,556,762</u>	<u>\$ 26,555,000</u>	<u>\$ 103,111,762</u>

The future minimum lease rentals to be received under direct financing leases are as follows:

<u>Year ending December 31</u>	<u>Airport Authority</u>	<u>Wichita Public Building Commission</u>	<u>Total</u>
2007	\$ 6,212,847	\$ 3,350,824	\$ 9,563,671
2008	5,078,364	3,374,209	8,452,573
2009	16,506,329	3,370,586	19,876,915
2010	4,277,648	3,368,228	7,645,876
2011	4,278,632	3,372,553	7,651,185
2012 - 2016	19,964,995	13,501,728	33,466,723
2017 - 2021	19,596,231	2,202,456	21,798,687
2022 - 2026	24,637,210	256,060	24,893,270
2027 - 2031	18,833,960	-	18,833,960
2032 - 2036	50,840,626	-	50,840,626
Total minimum future rentals	<u>\$ 170,226,842</u>	<u>\$ 32,796,644</u>	<u>\$ 203,023,486</u>

**13. Conduit Debt Obligations**

From time to time the City has issued industrial revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The industrial revenue bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. The City is not obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. At December 31, 2006, 124 series of industrial revenue bonds were outstanding, with an aggregate principal amount payable of \$3,229,782,802.

Special facility revenue bonds have been issued by the Wichita Airport Authority to provide for the construction of buildings on Authority-owned land. The bonds are special limited obligations of the Authority, payable solely from and secured by a pledge of rentals to be received from lease agreements between the Authority and various tenants. The bonds do not constitute a debt or pledge of the faith and credit of the City or the Airport Authority. At December 31, 2006, 10 series of special facility revenue bonds were outstanding totaling \$76,556,762. Note 12 provides further disclosure.

**13. Conduit Debt Obligations (continued)**

To assist in the financing of buildings, facilities, and equipment for other governmental units, the Wichita Public Building Commission has issued four series of revenue bonds. The bonds are secured by the property financed and are payable from payments received based on underlying lease agreements. As of December 31, 2006, the aggregate principal amount payable was \$26,555,000. Note 12.B., Direct Financing Leases, provides further disclosure.

**14. Interfund Transfers**

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. During the year ended December 31, 2006, interfund transfers totaled \$98,831,405, that is, both transfer revenue and expenditures were each \$98,831,405.

Non-routine transfers from the General Fund to nonmajor governmental funds consisted primarily of \$1.9 million for economic development activities. The Debt Service Fund transfers of \$28.5 million to nonmajor governmental funds, nonmajor enterprise funds and the Street Improvement Fund reflect transfers to capital projects to retire temporary notes and cash fund projects. Summary information is provided in the following table.

<u>Fund</u>	<u>Transfers Out</u>
Major Funds:	
General Fund	\$ 9,318,912
Federal/State Assistance Fund	826,184
Debt Service Fund	28,473,951
Street Improvement Fund	271,601
Water Utility Fund	2,016,763
Sewer Utility Fund	1,257,365
Airport Fund	740,920
Nonmajor governmental funds	54,082,331
Nonmajor enterprise funds	375,378
Internal service funds	1,468,000
Total Transfers Out	<u>\$ 98,831,405</u>

<u>Fund</u>	<u>Transfers In</u>
Major Funds:	
General Fund	\$ 8,447,508
Debt Service Fund	19,740,231
Federal/State Assistance Fund	505,319
Street Improvement Fund	37,981,362
Nonmajor governmental funds	28,115,195
Nonmajor enterprise funds	3,475,080
Internal service funds	566,710
Total Transfers In	<u>\$ 98,831,405</u>

**15. Interfund Receivables/Payables**

Interfund receivables/payables result from product or services provided to other funds or loans between funds. Individual fund receivable/payable balances at December 31, 2006 are presented in the following table:

<u>Fund</u>	<u>Interfund Receivables</u>
Debt Service Fund	\$ 2,131,978
Federal and State Assistance Fund:	
Police federal grants	868,157
Community Development Block Grant	289,386
Nonmajor governmental funds:	
Local Sales Tax CIP Fund	19,007,369
Landfill Postclosure Fund	25,000,000
Landfill Fund	4,077,423
TIF Districts Fund	12,106,753
Total	<u>\$ 63,481,066</u>

<u>Fund</u>	<u>Interfund Payables</u>
Street Improvement Fund	\$ 37,106,753
Federal and State Assistance Fund:	
Unified Work Program	656,691
Emergency Shelter HUD	28,034
Federal Health Projects	133,771
Emergency Shelter SRS	8,288
HOME Program	330,759
Nonmajor governmental funds:	
Water Main Extension Fund	4,077,423
Park Bond Construction Fund	2,100,156
Public Improvement Construction Fund	1,293,294
Sewer Construction Fund	15,613,919
Nonmajor enterprise funds:	
Golf Fund	2,131,978
Total	<u>\$ 63,481,066</u>

Interfund receivables/payables at the end of December 2006 include a cash advance from the Police federal grants to the various federal and state assistance subfunds for which grant drawdowns are pending, and a Golf Fund payable to the Debt Service Fund while the Golf Fund operations are being restructured. Most significant are the receivables in the Local Sales Tax CIP Fund, the Landfill Post Closure Fund, the Landfill Fund and the TIF Districts Fund to the capital project funds until projects are completed and long term financing has been secured.

**16. Reserves and Designations of Fund Balances**

Reserved fund balance is reported to denote portions of fund balance that are either (1) legally restricted for a specific future use or (2) not available for appropriation or expenditures. The following reservations of fund balance are used by the City: [1] reserved for encumbrances - used to segregate a portion of fund balance for expenditures upon vendor performance; [2] reserved for inventory – used to segregate a portion of fund balance to indicate that

**16. Reserves and Designations of Fund Balances (continued)**

inventories do not represent available or spendable resources, and [3] reserved for prepaid items – used to segregate a portion of fund balance to indicate that prepaid items do not represent available or spendable resources.

The following designations of fund balances are reflected in the governmental fund financial statements. A fund balance designation is reported in the amount of \$13,097,514 for the General Fund for the subsequent year's appropriation. Of the unreserved fund balance of the Debt Service Fund, \$24,911,257 is designated for future debt service requirements. In the Debt Service Fund, \$16,033,325 of the balance is held in escrow as a result of a cross over refunding bond sale and is designated for repayment and defeasement of general obligation bonds Series 758 and Series 760. Additional information regarding the crossover refunding is located in Note 9-G to the financial statements.

The City maintains the Cemetery Fund, a permanent fund for the perpetual care of the Jamesburg and Highland Cemeteries. The non-expendable portion of the fund balance is \$235,437. The remainder is expendable for care of the cemeteries.

**17. Passenger Facility Charges**

In 1994, the Wichita Airport Authority first received approval from the Federal Aviation Administration to impose and use a passenger facility charge (PFC) of \$3 for each eligible passenger utilizing Wichita Mid-Continent Airport, effective December 1, 1994. The first funds were received by the Wichita Airport Authority in January 1995. On May 1, 2005 the PFC increased to \$4.50 for each eligible passenger.

The charge is collected by all carriers and remitted to the Airport Authority, less an \$.08 per passenger handling fee from January 1, through April 2004. Beginning May 1, 2004, the handling fee increased to \$.11 per passenger. The proceeds from the PFC are restricted for certain FAA approved capital improvement projects. As of December 31, 2006, the Airport Authority has submitted and received approval on five applications with four applications approved. Approval of the fifth application was received in 2007. The approved applications represent a total amended authorized amount of \$25,595,809 of which \$24,292,620 has been collected.

**18. Landfill Closure and Postclosure Care**

The City's municipal solid waste facility, Brooks Landfill, closed operations October 9, 2001. Applicable Kansas and federal laws and regulations require the City to place a final cover on the municipal solid waste facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after the regulatory closure date of July 25, 2003. Accordingly, a liability of \$24,089,176 for postclosure care for the remaining 26.56 years has been reported as a long-term liability of governmental activities on the Statement of Net Assets as of December 31, 2006.

During 2001, the City was granted permission to operate a construction and demolition (C&D) landfill at the existing Brooks site. The C & D landfill began operation on October 1, 2001. Applicable Kansas and federal laws and regulations require the City to place a final cover when it closes. The City is required to report a portion of the closure costs as a liability in each period based on the landfill capacity used as of each balance sheet date.

As of December 31, 2006, a long-term liability of \$387,384 has been recorded under governmental activities on the Statement of Net Assets, representing the cumulative amount reported to date based on the use of 35.0 percent of the estimated capacity of the landfill. The City will recognize the remaining closure costs of \$719,426 as the remaining capacity is filled. Based on activity to date, the City of Wichita expects the C&D landfill to close in approximately 2016, or as capacity is reached.

In May 2002, the City began operation of an industrial monofill landfill for asbestos waste at the existing Brooks Landfill site. Applicable Kansas and federal laws and regulations require the City to place a final cover when it

**18. Landfill Closure and Postclosure Care (continued)**

closes. The City is required to report a portion of the closure costs as a liability in each period based on the landfill capacity used as of each balance sheet date.

As of December 31, 2006, a long-term liability of \$67,356 has been recorded under governmental activities on the Statement of Net Assets, representing the cumulative amount reported to date based on the use of 13.2 percent of the estimated capacity of the landfill. The City will recognize the remaining closure costs of \$442,919 as the remaining capacity is filled. Based on activity to date, the industrial monofill landfill is expected to close in approximately 2040, or as capacity is reached.

The estimates are subject to change due to inflation, deflation, technology, laws and regulations. Financial assurance for closure and post-closure care costs of the landfills has been demonstrated by the local government financial test, as specified in 40 CFR 258.74(f), adopted by reference for use in Kansas by K.A.R. 28-29-98. The Landfill Postclosure Fund and landfill tipping fees will provide the primary source of funding for the landfills' closure and postclosure costs. Additional financing needs beyond those met by the fund and user fees will potentially require the sale of bonds.

**19. Prior Period Adjustments**

A prior period adjustment of \$87,848 is recorded in the Federal/State Fund to reclassify prior period revenue as amounts due to the U.S. Department of Housing and Urban Development. A prior period adjustment of \$205,268 is recorded in the State Office Building Fund to reclassify governmental revenue of prior periods as funds held for the purpose of future economic development. In addition, a prior period adjustment of \$382,460 is recorded in the Transit Fund for expenditures of prior years classified as components of Capital Assets, Construction in progress, which ultimately did not meet capitalization criteria.

The entity wide financial statements include a prior period adjustment of \$368,084 in the governmental activities to establish the deferred refunding account associated with a cross-over refunding in 2004.

**20. Contingencies and Commitments**

**A. Legal Matters**

The reporting entity generally follows the practice of recording liabilities resulting from claims and legal actions only when it is probable that a liability has been incurred and the amount can be reasonably estimated. The reporting entity is vigorously defending its interest in all of the various legal actions and claims against the reporting entity presently pending involving personal injury (including workers' compensation claims), property damages, civil rights complaints, and other miscellaneous claims. The ultimate liability that might result from the final resolution of the above matters is not presently determinable. In the opinion of management and its legal counsel, the probability of material aggregate liabilities resulting from these claims will not have an adverse material effect on the reporting entity's basic financial statements.

Under Kansas Statutes, should the courts sustain any of the litigation against the reporting entity, the City may issue no-fund warrants to cover any resulting over-expenditures not anticipated in the current year budget. The City is then required to levy sufficient ad valorem property taxes in the first levying period following issuance to retire such warrants. This tax levy is without limitation.

**B. Grant Programs**

The City participates in a number of Federal and State assisted grant programs, which are subject to financial and compliance requirements with each applicable grant. Any disallowed costs resulting from financial and

**20. Contingencies and Commitments (continued)**

B. Grant Programs (continued)

compliance audits could become a liability of the City. In the opinion of management, any such disallowed costs will not have a material effect on the basic financial statements of the City at December 31, 2006.

C. Environmental Matters

*Gilbert and Mosley Groundwater Contamination Site:* An area near the City's downtown has been designated by the Kansas Department of Health and Environment (KDHE) as the Gilbert and Mosley groundwater contamination site. In order to address this site - protect human health and the environment, develop a clean-up plan and avert property value decline within the site - the City entered into an agreement with KDHE to conduct a Remediation Investigation and Feasibility Study (RI/FS). Through the RI/FS agreement, the City has undertaken the obligation to perform the RI/FS and to perform such corrective measures as may be indicated by the RI/FS. A tax increment financing district (TIF) was established to raise funds for obligations the City may incur under the agreement with KDHE. The City also pursued cost recovery from potentially responsible parties (PRPs), and portions of the costs have been recovered.

In January 1994, the KDHE completed its review of the RI portion of the report and made it available for review by the public. The RI report describes the nature and extent of contamination at the site.

The FS portion of the report was approved by the State in 1994 and the Corrective Action Decision for Interim Groundwater Remediation was issued by the Kansas Department of Health and Environment for the site. The FS outlined the methods that are to be used for clean-up of the site and the Corrective Action Decision for Interim Groundwater Remediation specified the conditions the City must meet in terms of clean-up levels and containment of the down gradient contamination.

The Gilbert and Mosley Site Final Design Report, Final Interim Groundwater Remediation Plumes ABE, was approved by KDHE on October 5, 2000, and the Remedial Action Work Plan was approved by KDHE on March 1, 2001. The remediation system for plumes ABE has been constructed including thirteen pumping wells and five and one half miles of pipeline. Cleanup of the groundwater commenced in December of 2002. At the end of December 2005, the City had cleaned over one billion gallons of contaminated groundwater.

Twenty-four source locations have been identified as contributing to the down gradient groundwater contamination. Five of the 24 sources are now under the jurisdiction of the Dry Cleaner's Trust Fund that is administered by KDHE and will not require further remedial action from the City. Another seven source properties have been proven to be "non-continuing" or "non-active" sources and will not require active remediation work by the City, only monitoring as approved by KDHE.

One source property (Bus Barn) was cleaned by the City in 1998 and only requires monitoring under the site-wide monitoring activities. Another site (Water Walk) was discovered during revitalization of a portion of the downtown corridor. Although the site is not a continuing source to the groundwater contamination, removal of the contaminated soil is required when encountered during construction. The investigation of the site is complete and removal of the contaminated soil is being incorporated into the construction budget of the revitalization project.

Two source properties are being addressed by the responsible parties under KDHE guidance and will not require action by the City. Four source properties, now under the City's remediation goals, have been combined into two sites where they will be addressed under one remediation plan. Six source locations (sites) require action according to KDHE of which four require City action (Harcros/TriState, TriState-North, S. Washington and English (SWE), and Automotive Fleet Services (AFS)). The City has investigated three of the sites and remedial activity is planned. The remedial action for Harcros/TriState was partially completed in 2006 by the excavation and removal of contaminated soils from three residential properties and the adjacent alley. Construction of an

**20. Contingencies and Commitments (continued)**

C. Environmental Matters (continued)

air-sparge/soil vapor extraction system will be completed and in operation by the end of 2007. The system will reduce levels of contamination in the area, which will reduce or eliminate the amount of material that must be excavated and removed or “entombed” on site. TriState-North, the second source site that the City will address will have a remediation strategy implemented by the end of 2007. The South Washington and English (SWE) site has a KDHE Corrective Action Decision approved and the City of Wichita plans to select the vendor for design and construction of the remedial system in late 2007 with implementation in 2008. The AFS site may need further investigation and remediation as required by KDHE.

Two source sites, APCO and Reid Supply, have pending legal decisions. However, the City plans to start investigations of the APCO site, as it is a potential public health risk. Indoor air sampling is planned for 2007 and 2008 for the adjacent residential homes. Selection of a consultant for investigation of the site is planned for 2007 with projected implementation in 2008.

In 1998, the City filed a lawsuit to recover its costs to cleanup and protect the groundwater. The action was filed against 26 defendants that owned or operated businesses at fifteen locations within the site. Settlements with a value of \$10 million (cash payments, future payments and reduced City responsibilities) were made with a number of the potentially responsible parties (PRPs) before and during litigation. The efforts were intended to seek recovery from the parties responsible for the contamination and minimize the use of the tax increment financing (TIF) district. In 2004, the Kansas Legislature approved changes to the law that would allow the City to extend the TIF district ten additional years (from 2011 to 2021) provided the two effected taxing districts (Sedgwick County and Unified School District 259) extend their approval. The City received these approvals in 2006.

The Federal Court trial of the claims against four defendants was held in 2002 with the Court rendering its decision in 2004. The Court found three defendants liable for groundwater contamination and allocated to each of those defendants liability for a portion of the past and future costs of investigation and remediation. In addition, the Coleman Company had initially committed to paying its share of the cleanup cost through a joint agreement with the City of Wichita. Arbitration of the allocation of those costs also concluded in 2004. The City received reimbursement for the allocated share of past costs from each of these PRPs and the Coleman Company. The City continues to invoice for reimbursement of future costs from these parties as they occur.

The APCO Liquidating Trust (APCO) was one of the responsible parties found liable for the contamination by the Court. In August 2005, APCO filed for bankruptcy. APCO had already settled and paid its obligation to the City for past costs, but remains liable for 100 percent of future source control costs at this site. If APCO does not assume responsibility for this source control, KDHE will demand that the City be responsible for future source control actions. The City has filed a bankruptcy claim of \$1.3 million in projected future costs. The Environmental Protection Agency and the State of Oklahoma have also filed claims against the assets for environmental damages. The extent of the recovery by the City of Wichita from APCO can not yet be determined. The City has not incurred any costs for this source control.

In January of 2002, the net present value of the proposed down gradient plume cleanup plan was estimated to total approximately \$16.4 million. Source area investigations and control were projected to be another \$9.7 million. Since the estimate was prepared, additional investigations, work plans and settlements have occurred. A recalculation of the net present value of the estimated total costs is planned after the City has more specific cost projections based on recent modeling (re-calibration) of the site-wide remediation effectiveness, the source properties are investigated and the remedial activities are determined.

20. Contingencies and Commitments (continued)

C. Environmental Matters (continued)

North Industrial Corridor Groundwater Contamination Site: In 1995, the City took action to apply the Gilbert and Mosley model to another portion of the community, known as the North Industrial Corridor (NIC). The City of Wichita signed an agreement with KDHE to conduct a Remediation Investigation and Feasibility Study (RI/FS) with conditions similar to those identified in the Gilbert and Mosley site. Since the 1995 signing of the agreement, the City has had the NIC Site removed from the National Priority List. The City has created a tax increment financing district to finance portions of the project. In addition, the City has entered into an agreement with more than 25 businesses in the area, called the NIC Participant Group, that have provided partial funding for the RI/FS for the NIC site.

The investigation and cleanup plan is in the initial stages. To date, the City has created a tax increment-financing district and has signed an agreement with the Kansas Department of Health and Environment (KDHE) to conduct a Remediation Investigation and Feasibility Study (RI/FS) with conditions similar to those identified in the Gilbert and Mosley site.

The NIC Site Final Remedial Investigation Report has been completed and has been submitted to KDHE for approval (June 2004). KDHE approved all but a few sections of the RI and requested additional source investigation. The City of Wichita completed the additional source investigation and submitted the information to KDHE. The NIC RI Addendum (November 2005) was submitted to KDHE for approval and in December of 2005, KDHE provided comments on the RI and RI Addendum. Full approval of the NIC RI and RI Addendum is anticipated in the spring of 2007. Upon full approval of the RI, the feasibility study will be completed and submitted to KDHE. Until the remedial investigation and feasibility study for the NIC area is complete, a final resolution of cost sharing by potentially responsible parties and the NIC Participants cannot be finalized; therefore a meaningful estimation of the total cost of investigation and cleanup activities is not currently available.

Brooks Landfill: In 1996, groundwater contamination was identified at the City-owned Brooks Landfill. As a result of the finding, the City entered into the appropriate agreements and permitting conditions regarding the investigation and cleanup of the contamination. The City installed and is operating cleanup facilities at the site to address the contamination.

In 2003, an additional contamination plume was found and a limited groundwater investigation was conducted by the City to evaluate the adequacy of the existing groundwater monitoring network along the south side of the Brooks site. As of December 31, 2006, the work under the Release Assessment Plan has been completed and as a result, KDHE has indicated a need for additional monitoring wells. The City is proceeding with the placement of those additional wells.

The related liability for the groundwater contamination cleanup is included in the total landfill closure and post-closure costs reflected in the general long-term debt, as of December 31, 2006. Note 18 - Landfill Closure and Post Closure Care, provides further disclosure regarding the future funding of landfill liabilities.

D. Construction Commitments

The City has outstanding construction commitments for freeway and arterial street construction and other capital improvements of \$132,606,575 at December 31, 2006. This amount is reflected as reserve for encumbrances in capital projects funds.

E. Public Building Commission Lease

The City of Wichita, in cooperation with Sedgwick County, entered into a lease agreement dated March 1, 1993

**20. Contingencies and Commitments (continued)**

E. Public Building Commission Lease (continued)

with the Wichita Public Building Commission in conjunction with the issuance of \$18,620,000 Revenue Bonds, Series H, 1993, to finance the acquisition, renovation, construction, and other specified improvements of a State Office Building and related parking facilities in downtown Wichita. In 2003, the original bonds on the State Office Building were refunded with the issuance of \$13,880,000 Revenue Bonds, Series N, 2003, to refinance the remaining debt at a lower interest cost.

The Wichita Public Building Commission previously entered into a lease agreement for the project with the State of Kansas regarding the acquisition and renovation of the former "Dillard's" building to provide rentable office space. Agencies of the State, including the Department of Social and Rehabilitation Services, lease office space in the State Office Building. The City/County lease is intended to be a "wrap-around" obligation wherein the City and County are contingently liable and will make rental payments, if necessary, to supplement the rental payments to be paid by the State pursuant to the State lease so that the total shall be sufficient to pay the principal of, premium, if any, and interest on the bonds.

In 2006, no such payments were required. The City of Wichita also serves as the Property Manager for the State Office Building and related parking facilities for the term of the lease.

F. Economic Development Activities

The City has established tax increment financing districts to support economic development activities, including the East Bank, 21st and Grove, and Old Town Redevelopment Districts. The City's contributions to these projects include streets, a waterwalk, meeting rooms for Expo Hall (adjacent to the downtown convention hotel), and a parking garage adjacent to the Hotel at Old Town, which are financed through the issuance of bonds of which \$21.7 million are outstanding.

In the event that property and guest tax revenues generated by the tax increment financing districts and the Hotel at Old Town are not sufficient, and other revenue sources are not available, under State law, the City would be required to levy additional property tax on all taxable tangible property in the City to meet debt service requirements for these projects.

In 2001, the City acquired the Hyatt Hotel adjacent to the Century II and Expo Hall Convention Center to insure that the hotel maintained premiere service for convention business. The Hyatt Hotel is managed under contract by the Hyatt Corporation and the operations of the Hyatt Hotel are not related to the operations of the City in any manner.

**21. Subsequent Events**

On February 1, 2007, the City issued \$14,865,000 of 15-year general obligation bonds (Series 788) with an average interest rate of 4.03 percent. The City also issued \$4,985,000 in general obligation bonds (Series 788A) with an average interest rate 4.26 percent. In addition, on February 1, 2007, the City issued \$57,703,000 general obligation renewal and improvement temporary notes (Series 218) with an average interest rate of 4.25 percent and \$4,390,000 general obligation temporary notes (Series 219 which are taxable under federal law) with an average interest rate of 5.5 percent.

Accordingly, temporary notes payable totaling \$18,057,438 were reclassified as bond anticipation notes and are recorded as long-term liabilities in the governmental funds of the City as of December 31, 2006. The notes in the amount of \$18,057,438 were refinanced through the issuance of general obligation bonds (Series 788 and Series 788A) on February 1, 2007.

# CITY OF WICHITA, KANSAS

## 2006 PENSION REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF FUNDING PROGRESS

### Wichita Employees' Retirement System

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payrol ((b-a)/c)
12/31/04	\$ 462,994	\$ 413,159	\$ (49,835)	112.1	\$ 72,154	(69.1)
12/31/05	479,275	433,297	(45,978)	110.6	72,367	(63.5)
12/31/06	505,756	459,062	(46,694)	110.2	75,881	(61.5)

### Wichita Police and Fire Retirement System

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payrol ((b-a)/c)
12/31/04	\$ 392,485	\$ 393,387	\$ 902	99.8	\$ 50,414	1.8
12/31/05	412,823	414,027	1,204	99.7	52,207	2.3
12/31/06	444,498	439,179	(5,319)	101.2	53,530	(9.9)

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## **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:

- Tourism and Convention
- Downtown Trolley System
- Special Alcohol Program
- Special Parks and Recreation
- Ice Rink Management
- Landfill
- Landfill Postclosure
- Central Inspection
- Economic Development
- Sales Tax Pledge
- Property Management Operations
- State Office Building
- Tax Increment Financing (TIF) Districts
- Self-Supporting Municipal Improvement District
- City-County
- Art Museum Board

### **Nonmajor Capital Projects Funds**

The purpose of the Capital Projects Funds is to account for capital improvements (except those financed by proprietary funds) that are financed from the City's general obligation bond issues, special assessments, local sales tax, certain Federal grants and other City funds. Following are the nonmajor Capital Projects Funds:

- Water Main Extension
- Park Bond Construction
- Public Improvement Construction
- Sewer Construction
- Local Sales Tax CIP

### **Permanent Fund**

The Cemetery Fund is reported as a permanent fund and receives earnings from investments that are used for the perpetual care of two cemeteries maintained by the municipality.

# CITY OF WICHITA, KANSAS

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUND TYPES December 31, 2006 (with comparative totals for December 31, 2005)

	Governmental Fund Types				
	Special Revenue Funds	Capital Projects Funds	Permanent Fund Cemetery	2006 Totals	2005 Totals
<b>ASSETS</b>					
Cash and cash equivalents	\$ 16,770,406	\$ 293,623	\$ 750,728	\$ 17,814,757	\$ 71,209,719
Investments	-	-	80,436	80,436	248,933
Receivables, net:					
Due from other agencies	3,500	300,000	-	303,500	303,500
Accounts	816,689	23,864	-	840,553	2,166,011
Interest	-	-	-	-	2,792
Due from other funds	41,184,176	19,007,369	-	60,191,545	19,859,292
 Total assets	\$ 58,774,771	\$ 19,624,856	\$ 831,164	\$ 79,230,791	\$ 93,790,247
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>					
Liabilities:					
Accounts payable and other liabilities	\$ 780,964	\$ 2,887,452	\$ 385	\$ 3,668,801	\$ 1,250,244
Accrued interest payable	-	378,120	-	378,120	276,978
Temporary notes payable	-	27,908,442	-	27,908,442	22,333,397
Deposits	76,054	-	-	76,054	79,571
Due to other funds	-	23,084,792	-	23,084,792	9,161,925
Unearned revenue	670,280	-	-	670,280	828,100
 Total liabilities	1,527,298	54,258,806	385	55,786,489	33,930,215
Fund balances (deficits):					
Reserved for encumbrances	2,066,877	19,128,844	1,190	21,196,911	12,094,268
Reserved for cemetery perpetual care	-	-	235,437	235,437	235,437
Unreserved, undesignated	55,180,596	(53,762,794)	594,152	2,011,954	47,530,327
 Total fund balances (deficits)	57,247,473	(34,633,950)	830,779	23,444,302	59,860,032
 Total liabilities and fund balances	\$ 58,774,771	\$ 19,624,856	\$ 831,164	\$ 79,230,791	\$ 93,790,247

# CITY OF WICHITA, KANSAS

## COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2006

(with comparative totals for December 31, 2005)

	Tourism and Convention	Downtown Trolley System	Special Alcohol Program	Special Parks and Recreation	Ice Rink Management	Landfill
<b>ASSETS</b>						
Cash and cash equivalents	\$ 1,553,125	\$ 5,540	\$ 572,254	\$ 250,955	\$ 983	\$ 1,226,884
Receivables, net:						
Due from other agencies	-	-	-	-	-	-
Accounts	-	2,129	-	-	-	-
Due from other funds	-	-	-	-	-	4,077,423
<b>Total assets</b>	<b>\$ 1,553,125</b>	<b>\$ 7,669</b>	<b>\$ 572,254</b>	<b>\$ 250,955</b>	<b>\$ 983</b>	<b>\$ 5,304,307</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable and other liabilities	\$ 104,080	\$ 714	\$ 11,387	\$ -	\$ 261	\$ 22,772
Deposits	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
<b>Total liabilities</b>	<b>104,080</b>	<b>714</b>	<b>11,387</b>	<b>-</b>	<b>261</b>	<b>22,772</b>
Fund balances:						
Reserved for encumbrances	56,000	55	126,454	-	250	469,423
Unreserved, undesignated	1,393,045	6,900	434,413	250,955	472	4,812,112
<b>Total fund balances</b>	<b>1,449,045</b>	<b>6,955</b>	<b>560,867</b>	<b>250,955</b>	<b>722</b>	<b>5,281,535</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,553,125</b>	<b>\$ 7,669</b>	<b>\$ 572,254</b>	<b>\$ 250,955</b>	<b>\$ 983</b>	<b>\$ 5,304,307</b>

Landfill Postclosure	Central Inspection	Economic Development	Sales Tax Pledge	Property Management	State Office Building
\$ 257,094	\$ 1,709,104	\$ 2,624,738	\$ 5,974,447	\$ 1,331,361	\$ 396,734
-	-	-	-	3,500	-
-	9,220	775,280	-	-	-
<u>25,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 25,257,094</u>	<u>\$ 1,718,324</u>	<u>\$ 3,400,018</u>	<u>\$ 5,974,447</u>	<u>\$ 1,334,861</u>	<u>\$ 396,734</u>
\$ 7,561	\$ 91,807	\$ 6,422	\$ -	\$ 78,184	\$ 51,602
-	55,000	-	-	7,179	-
-	-	670,280	-	-	-
<u>7,561</u>	<u>146,807</u>	<u>676,702</u>	<u>-</u>	<u>85,363</u>	<u>51,602</u>
108,144	51,002	237,446	-	-	6,806
<u>25,141,389</u>	<u>1,520,515</u>	<u>2,485,870</u>	<u>5,974,447</u>	<u>1,249,498</u>	<u>338,326</u>
<u>25,249,533</u>	<u>1,571,517</u>	<u>2,723,316</u>	<u>5,974,447</u>	<u>1,249,498</u>	<u>345,132</u>
<u>\$ 25,257,094</u>	<u>\$ 1,718,324</u>	<u>\$ 3,400,018</u>	<u>\$ 5,974,447</u>	<u>\$ 1,334,861</u>	<u>\$ 396,734</u>

(Continued)

# CITY OF WICHITA, KANSAS

## COMBINING BALANCE SHEET (CONTINUED) NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2006

(with comparative totals for December 31, 2005)

	TIF Districts	Self-Supporting Municipal District	City- County	Art Museum Board	Totals	
					2006	2005
<b>ASSETS</b>						
Cash and cash equivalents	\$ 351,672	\$ 14,621	\$ 245,747	\$ 255,147	\$ 16,770,406	\$ 56,319,419
Receivables, net:						
Due from other agencies		-	-	-	3,500	3,500
Accounts	30,060	-	-	-	816,689	1,940,233
Due from other funds	12,106,753	-	-	-	41,184,176	-
 Total assets	<u>\$ 12,488,485</u>	<u>\$ 14,621</u>	<u>\$ 245,747</u>	<u>\$ 255,147</u>	<u>\$ 58,774,771</u>	<u>\$ 58,263,152</u>
 <b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable and other liabilities	\$ 10,018	\$ -	\$ 152,461	\$ 243,695	\$ 780,964	\$ 456,518
Deposits	-	-	13,875	-	76,054	79,571
Deferred revenue	-	-	-	-	670,280	828,100
 Total liabilities	10,018	-	166,336	243,695	1,527,298	1,364,189
Fund balances:						
Reserved for encumbrances	931,886	-	79,411	-	2,066,877	2,385,061
Unreserved, undesignated	11,546,581	14,621	-	11,452	55,180,596	54,513,902
 Total fund balances	12,478,467	14,621	79,411	11,452	57,247,473	56,898,963
 Total liabilities and fund balances	<u>\$ 12,488,485</u>	<u>\$ 14,621</u>	<u>\$ 245,747</u>	<u>\$ 255,147</u>	<u>\$ 58,774,771</u>	<u>\$ 58,263,152</u>

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# CITY OF WICHITA, KANSAS

## COMBINING BALANCE SHEET NONMAJOR CAPITAL PROJECTS FUNDS

December 31, 2006

(with comparative totals for December 31, 2005)

	Water Main Extension	Park Bond Construction	Public Improvement Construction
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ -	\$ -
Due from other agencies	-	-	300,000
Accounts receivable, net	-	-	23,864
Due from other funds	-	-	-
	-	-	-
Total assets	\$ -	\$ -	\$ 323,864
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>			
Liabilities:			
Accounts payable and other liabilities	\$ 278,485	\$ 91,320	\$ 1,998,886
Accrued interest payable	39,640	10,867	166,427
Temporary notes payable	1,282,665	894,000	18,081,000
Due to other funds	4,077,423	2,100,156	1,293,294
Total liabilities	5,678,213	3,096,343	21,539,607
Fund balances:			
Reserved for encumbrances	1,559,420	1,357,336	10,758,434
Unreserved, undesignated	(7,237,633)	(4,453,679)	(31,974,177)
Total fund balances (deficits)	(5,678,213)	(3,096,343)	(21,215,743)
Total liabilities and fund balances	\$ -	\$ -	\$ 323,864

Sewer Construction	Local Sales Tax CIP	Totals	
		2006	2005
\$ -	\$ 293,623	\$ 293,623	\$ 14,303,215
-	-	300,000	300,000
-	-	23,864	225,778
-	19,007,369	19,007,369	19,859,292
<u>\$ -</u>	<u>\$ 19,300,992</u>	<u>\$ 19,624,856</u>	<u>\$ 34,688,285</u>
\$ 518,761	\$ -	\$ 2,887,452	\$ 793,411
161,186	-	378,120	276,978
7,650,777	-	27,908,442	22,333,397
15,613,919	-	23,084,792	9,161,925
<u>23,944,643</u>	<u>-</u>	<u>54,258,806</u>	<u>32,565,711</u>
5,453,654	-	19,128,844	9,708,892
<u>(29,398,297)</u>	<u>19,300,992</u>	<u>(53,762,794)</u>	<u>(7,586,318)</u>
<u>(23,944,643)</u>	<u>19,300,992</u>	<u>(34,633,950)</u>	<u>2,122,574</u>
<u>\$ -</u>	<u>\$ 19,300,992</u>	<u>\$ 19,624,856</u>	<u>\$ 34,688,285</u>

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## CITY OF WICHITA, KANSAS

### COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS) NONMAJOR GOVERNMENTAL FUND TYPES

For the year ended December 31, 2006  
(with comparative totals for the year ended December 31, 2005)

	Governmental Fund Types			2006 Totals	2005 Totals
	Special Revenue Funds	Capital Projects Funds	Permanent Fund Cemetery		
<b>REVENUES</b>					
Taxes	\$ 11,967,574	\$ -	\$ -	\$ 11,967,574	\$ 11,460,320
Special assessments	-	378,749	-	378,749	367,032
Local sales tax	23,852,273	-	-	23,852,273	22,590,482
Intergovernmental	4,684,438	133,183	-	4,817,621	12,042,390
Licenses and permits	5,130,750	-	-	5,130,750	4,665,686
Rentals	1,867,373	-	-	1,867,373	1,630,247
Interest earnings	1,997,797	727,704	10,110	2,735,611	1,782,130
Charges for services and sales	2,766,163	-	-	2,766,163	2,616,889
Other	523,465	1,128,938	-	1,652,403	6,357,038
Total revenues	<u>52,789,833</u>	<u>2,368,574</u>	<u>10,110</u>	<u>55,168,517</u>	<u>63,512,214</u>
<b>EXPENDITURES</b>					
Current:					
General government	8,027,457	-	17,826	8,045,283	7,428,827
Public safety	6,872,510	-	-	6,872,510	6,450,160
Sanitation	1,152,306	-	-	1,152,306	1,035,695
Health and welfare	2,617,234	-	-	2,617,234	2,492,926
Culture and recreation	4,496,353	-	-	4,496,353	4,691,079
Debt service:					
Principal retirement	-	8,809,460	-	8,809,460	12,629,600
Interest and fiscal charges	-	940,327	-	940,327	694,471
Capital outlay	-	53,702,149	-	53,702,149	45,299,549
Total expenditures	<u>23,165,860</u>	<u>63,451,936</u>	<u>17,826</u>	<u>86,635,622</u>	<u>80,722,307</u>
Excess (deficiency) of revenues over (under) expenditures	<u>29,623,973</u>	<u>(61,083,362)</u>	<u>(7,716)</u>	<u>(31,467,105)</u>	<u>(17,210,093)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of long-term capital debt	-	21,223,779	-	21,223,779	31,566,326
Transfers from other funds	4,941,112	23,174,083	-	28,115,195	22,018,403
Transfers to other funds	(34,011,307)	(20,071,024)	-	(54,082,331)	(49,212,186)
Total other financing sources (uses)	<u>(29,070,195)</u>	<u>24,326,838</u>	<u>-</u>	<u>(4,743,357)</u>	<u>4,372,543</u>
Net change in fund balances	553,778	(36,756,524)	(7,716)	(36,210,462)	(12,837,550)
Fund balances - beginning	56,898,963	2,122,574	838,495	59,860,032	72,697,582
Prior period adjustment	(205,268)	-	-	(205,268)	-
Fund balances (deficits) - ending	<u>\$ 57,247,473</u>	<u>\$ (34,633,950)</u>	<u>\$ 830,779</u>	<u>\$ 23,444,302</u>	<u>\$ 59,860,032</u>

## CITY OF WICHITA, KANSAS

### COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS

For the year ended December 31, 2006  
(with comparative totals for the year ended December 31, 2005)

	Tourism and Convention	Downtown Trolley System	Special Alcohol Program	Special Parks and Recreation	Ice Rink Management
<b>REVENUES</b>					
Taxes	\$ 5,035,150	\$ -	\$ -	\$ -	\$ -
Local sales tax	-	-	-	-	-
Intergovernmental	-	-	1,572,648	1,572,648	-
Licenses and permits	-	-	-	-	-
Rentals	-	-	-	-	244,903
Interest earnings	94,389	334	12,525	6,533	2,098
Charges for services and sales	-	56,242	-	-	470,006
Other	-	-	-	-	7,003
Total revenues	<u>5,129,539</u>	<u>56,576</u>	<u>1,585,173</u>	<u>1,579,181</u>	<u>724,010</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Sanitation	-	-	-	-	-
Health and welfare	-	-	1,551,660	-	-
Culture and recreation	2,406,147	63,368	-	-	744,201
Total expenditures	<u>2,406,147</u>	<u>63,368</u>	<u>1,551,660</u>	<u>-</u>	<u>744,201</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,723,392</u>	<u>(6,792)</u>	<u>33,513</u>	<u>1,579,181</u>	<u>(20,191)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from other funds	-	-	-	-	-
Transfers to other funds	(2,542,350)	-	-	(1,481,000)	-
Total other financing sources (uses)	<u>(2,542,350)</u>	<u>-</u>	<u>-</u>	<u>(1,481,000)</u>	<u>-</u>
Net change in fund balances	181,042	(6,792)	33,513	98,181	(20,191)
Fund balances - beginning	1,268,003	13,747	527,354	152,774	20,913
Prior period adjustment	-	-	-	-	-
Fund balances - ending	<u>\$ 1,449,045</u>	<u>\$ 6,955</u>	<u>\$ 560,867</u>	<u>\$ 250,955</u>	<u>\$ 722</u>

Landfill	Landfill Postclosure	Central Inspection	Economic Development	Sales Tax Pledge	Property Management	State Office Building
\$ -	\$ -	\$ 7,340	\$ -	\$ -	\$ -	\$ -
-	-	-	-	23,852,273	-	-
-	-	-	-	-	-	-
-	-	5,130,750	-	-	-	-
-	47,974	50	-	-	505,912	1,000,534
162,577	844,346	48,901	64,158	198,403	59,612	20,817
840,977	-	728,791	12,100	-	366,186	13,743
-	-	20,546	265,353	-	153,354	-
<u>1,003,554</u>	<u>892,320</u>	<u>5,936,378</u>	<u>341,611</u>	<u>24,050,676</u>	<u>1,085,064</u>	<u>1,035,094</u>
-	-	-	3,621,332	-	751,790	1,252,856
-	-	5,466,138	-	-	-	-
555,139	597,167	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>555,139</u>	<u>597,167</u>	<u>5,466,138</u>	<u>3,621,332</u>	<u>-</u>	<u>751,790</u>	<u>1,252,856</u>
<u>448,415</u>	<u>295,153</u>	<u>470,240</u>	<u>(3,279,721)</u>	<u>24,050,676</u>	<u>333,274</u>	<u>(217,762)</u>
-	-	-	2,253,010	-	-	-
-	(845,520)	(184,920)	(60,000)	(24,593,887)	(600,000)	-
-	<u>(845,520)</u>	<u>(184,920)</u>	<u>2,193,010</u>	<u>(24,593,887)</u>	<u>(600,000)</u>	<u>-</u>
448,415	(550,367)	285,320	(1,086,711)	(543,211)	(266,726)	(217,762)
<u>4,833,120</u>	<u>25,799,900</u>	<u>1,286,197</u>	<u>3,810,027</u>	<u>6,517,658</u>	<u>1,516,224</u>	<u>768,162</u>
-	-	-	-	-	-	(205,268)
<u>\$ 5,281,535</u>	<u>\$ 25,249,533</u>	<u>\$ 1,571,517</u>	<u>\$ 2,723,316</u>	<u>\$ 5,974,447</u>	<u>\$ 1,249,498</u>	<u>\$ 345,132</u>

(Continued)

## CITY OF WICHITA, KANSAS

### COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED) NONMAJOR SPECIAL REVENUE FUNDS

For the year ended December 31, 2006  
(with comparative totals for the year ended December 31, 2005)

	TIF Districts	Self-Supporting Municipal District	City- County	Art Museum Board	Totals	
					2006	2005
<b>REVENUES</b>						
Taxes	\$ 6,323,479	\$ 601,605	\$ -	\$ -	\$ 11,967,574	\$ 11,460,320
Local sales tax	-	-	-	-	23,852,273	22,590,482
Intergovernmental	130,000	-	1,409,142	-	4,684,438	5,435,226
Licenses and permits	-	-	-	-	5,130,750	4,665,686
Rentals	68,000	-	-	-	1,867,373	1,630,247
Interest earnings	480,529	-	-	2,575	1,997,797	1,168,616
Charges for services and sales	37	-	278,081	-	2,766,163	2,616,889
Other	77,209	-	-	-	523,465	1,691,230
Total revenues	<u>7,079,254</u>	<u>601,605</u>	<u>1,687,223</u>	<u>2,575</u>	<u>52,789,833</u>	<u>51,258,696</u>
<b>EXPENDITURES</b>						
Current:						
General government	152,098	600,410	1,648,971	-	8,027,457	7,406,957
Public safety	-	-	1,406,372	-	6,872,510	6,450,160
Sanitation	-	-	-	-	1,152,306	1,035,695
Health and welfare	1,065,574	-	-	-	2,617,234	2,492,926
Culture and recreation	-	-	-	1,282,637	4,496,353	4,691,079
Total expenditures	<u>1,217,672</u>	<u>600,410</u>	<u>3,055,343</u>	<u>1,282,637</u>	<u>23,165,860</u>	<u>22,076,817</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,861,582</u>	<u>1,195</u>	<u>(1,368,120)</u>	<u>(1,280,062)</u>	<u>29,623,973</u>	<u>29,181,879</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers from other funds	-	-	1,409,142	1,278,960	4,941,112	6,558,062
Transfers to other funds	(3,703,630)	-	-	-	(34,011,307)	(33,920,759)
Total other financing sources (uses)	<u>(3,703,630)</u>	<u>-</u>	<u>1,409,142</u>	<u>1,278,960</u>	<u>(29,070,195)</u>	<u>(27,362,697)</u>
Net change in fund balances	2,157,952	1,195	41,022	(1,102)	553,778	1,819,182
Fund balances - beginning	<u>10,320,515</u>	<u>13,426</u>	<u>38,389</u>	<u>12,554</u>	<u>56,898,963</u>	<u>55,079,781</u>
Prior period adjustment	-	-	-	-	(205,268)	-
Fund balances - ending	<u>\$ 12,478,467</u>	<u>\$ 14,621</u>	<u>\$ 79,411</u>	<u>\$ 11,452</u>	<u>\$ 57,247,473</u>	<u>\$ 56,898,963</u>

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## CITY OF WICHITA, KANSAS

### COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS) NONMAJOR CAPITAL PROJECTS FUNDS

For the year ended December 31, 2006  
(with comparative totals for the year ended December 31, 2005)

	Water Main Extension	Park Bond Construction	Public Improvement Construction
<b>REVENUES</b>			
Special assessments	\$ 141,035	\$ -	\$ -
Intergovernmental	-	50,500	82,683
Interest earnings	-	-	-
Other	313,017	18,906	-
Total revenues	454,052	69,406	82,683
<b>EXPENDITURES</b>			
Debt service:			
Principal retirement	1,783,970	-	-
Interest and fiscal charges	86,375	40,440	431,126
Capital outlay	5,936,781	3,152,966	23,223,958
Total expenditures	7,807,126	3,193,406	23,655,084
Excess (deficiency) of revenues over (under) expenditures	(7,353,074)	(3,124,000)	(23,572,401)
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from long-term capital debt	4,773,021	-	-
Transfers from other funds	-	2,610,500	10,051,068
Transfers to other funds	-	-	(50,599)
Total other financing sources (uses)	4,773,021	2,610,500	10,000,469
Net change in fund balances	(2,580,053)	(513,500)	(13,571,932)
Fund balances (deficits) - beginning	(3,098,160)	(2,582,843)	(7,643,811)
Fund balances (deficits) - ending	\$ (5,678,213)	\$ (3,096,343)	\$ (21,215,743)

Sewer Construction	Local Sales Tax CIP	Totals	
		2006	2005
\$ 237,714	\$ -	\$ 378,749	\$ 367,032
-	-	133,183	6,607,164
-	727,704	727,704	580,674
537,564	259,451	1,128,938	4,665,808
<u>775,278</u>	<u>987,155</u>	<u>2,368,574</u>	<u>12,220,678</u>
7,025,490	-	8,809,460	12,629,600
382,386	-	940,327	694,471
21,388,444	-	53,702,149	45,299,549
<u>28,796,320</u>	<u>-</u>	<u>63,451,936</u>	<u>58,623,620</u>
(28,021,042)	987,155	(61,083,362)	(46,402,942)
16,450,758	-	21,223,779	31,566,326
57,515	10,455,000	23,174,083	15,460,341
-	(20,020,425)	(20,071,024)	(15,291,427)
<u>16,508,273</u>	<u>(9,565,425)</u>	<u>24,326,838</u>	<u>31,735,240</u>
(11,512,769)	(8,578,270)	(36,756,524)	(14,667,702)
<u>(12,431,874)</u>	<u>27,879,262</u>	<u>2,122,574</u>	<u>16,790,276</u>
<u>\$ (23,944,643)</u>	<u>\$ 19,300,992</u>	<u>\$ (34,633,950)</u>	<u>\$ 2,122,574</u>

**CITY OF WICHITA, KANSAS**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2006  
(with comparative totals for the year ended December 31, 2005)

	Budgeted Amounts		Actual Amounts	Variance with	2005
	Original	Final		Final Budget - Positive (Negative)	
<b>REVENUES</b>					
Local government taxes					
Property taxes	\$ 54,863,020	\$ 54,889,070	\$ 55,010,779	\$ 121,709	\$ 52,172,642
Delinquent property taxes	1,678,720	1,800,000	1,376,216	(423,784)	1,827,119
IRBs, In-lieu-of-taxes	20,000	20,000	12,835	(7,165)	7,990
WHA, in-lieu-of-taxes	30,000	30,000	37,715	7,715	38,610
Special assessments	29,350	29,350	5,629	(23,721)	7,633
Motor vehicle tax	8,347,930	8,621,300	8,627,146	5,846	8,329,756
Local sales tax	23,501,940	23,501,940	23,852,273	350,333	22,590,482
Franchise Fees	31,784,690	31,761,170	31,850,592	89,422	30,701,805
<b>Total local government taxes</b>	<b>120,255,650</b>	<b>120,652,830</b>	<b>120,773,185</b>	<b>120,355</b>	<b>115,676,037</b>
Licenses and permits	2,476,500	2,020,910	1,916,765	(104,145)	1,827,977
Fines and penalties	9,297,070	9,089,770	8,801,227	(288,543)	8,666,239
Intergovernmental	17,525,180	17,645,790	17,090,771	(555,019)	16,939,202
Charges for services and sales	8,549,280	7,898,630	7,632,004	(266,626)	7,693,087
Rental/lease income	2,835,080	2,421,100	2,088,815	(332,285)	2,217,382
Interest earnings	3,378,800	4,250,000	4,182,203	(67,797)	3,825,399
Reimbursed expenditures	1,577,660	1,341,860	3,818,630	2,476,770	1,360,544
Administrative fees	3,783,310	4,138,520	3,428,262	(710,258)	5,108,160
<b>Total Revenues</b>	<b>169,678,530</b>	<b>169,459,410</b>	<b>169,731,862</b>	<b>272,452</b>	<b>163,314,027</b>
<b>EXPENDITURES</b>					
City Council:					
Personal services	480,370	484,570	483,573	997	463,622
Contractual services	106,640	109,200	97,390	11,810	105,211
Materials and supplies	20,950	20,950	10,319	10,631	14,512
Contingency	7,750	7,750	-	7,750	-
<b>Total City Council</b>	<b>615,710</b>	<b>622,470</b>	<b>591,282</b>	<b>31,188</b>	<b>583,345</b>
City Manager:					
Personal services	1,998,310	2,403,840	2,146,550	257,290	1,774,806
Contractual services	1,816,970	1,884,960	1,818,396	66,564	1,107,709
Materials and supplies	66,340	94,260	38,124	56,136	41,547
Other	15,000	12,000	10,593	1,407	10,666
Contingency	(62,200)	(10,250)	-	(10,250)	-
<b>Total City Manager</b>	<b>3,834,420</b>	<b>4,384,810</b>	<b>4,013,663</b>	<b>371,147</b>	<b>2,934,728</b>
Department of Finance:					
Personal services	3,200,400	3,301,450	3,011,641	289,809	2,718,741
Contractual services	609,410	659,900	648,408	11,492	587,115
Materials and supplies	29,910	31,670	15,248	16,422	27,062
<b>Total Department of Finance</b>	<b>3,839,720</b>	<b>3,993,020</b>	<b>3,675,297</b>	<b>317,723</b>	<b>3,332,918</b>

**CITY OF WICHITA, KANSAS**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2006  
(with comparative totals for the year ended December 31, 2005)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	2005 Actual Amounts
	Original	Final			
Law Department:					
Personal services	1,696,300	1,782,010	1,781,578	432	1,667,712
Contractual services	233,410	234,900	229,474	5,426	225,499
Materials and supplies	6,870	6,870	6,075	795	7,030
Total Law Department	<u>1,936,580</u>	<u>2,023,780</u>	<u>2,017,127</u>	<u>6,653</u>	<u>1,900,241</u>
Municipal Court:					
Personal services	3,884,810	3,829,940	3,757,384	72,556	3,439,786
Contractual services	1,757,140	1,795,200	1,523,145	272,055	1,455,114
Materials and supplies	90,880	84,180	74,365	9,815	117,005
Capital outlay	-	6,700	6,700	-	-
Total Municipal Court	<u>5,732,830</u>	<u>5,716,020</u>	<u>5,361,594</u>	<u>354,426</u>	<u>5,011,905</u>
Fire Department:					
Personal services	28,613,940	29,055,390	29,139,053	(83,663)	26,947,739
Contractual services	1,634,950	1,664,740	1,601,858	62,882	1,496,543
Materials and supplies	700,010	696,750	675,974	20,776	681,479
Capital outlay	-	24,000	23,992	8	39,000
Total Fire Department	<u>30,948,900</u>	<u>31,440,880</u>	<u>31,440,877</u>	<u>3</u>	<u>29,164,761</u>
Police Department:					
Personal services	54,210,610	54,634,200	54,079,518	554,682	49,693,456
Contractual services	5,765,310	6,288,920	6,180,093	108,827	5,418,809
Materials and supplies	775,730	861,430	826,535	34,895	849,695
Capital outlay	-	88,000	88,000	-	(1,489)
Total Police Department	<u>60,751,650</u>	<u>61,872,550</u>	<u>61,174,146</u>	<u>698,404</u>	<u>55,960,471</u>
Housing & Community Services:					
Personal services	25,000	24,300	24,300	-	-
Contractual services	-	700	700	-	-
Total Housing & Community Services	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>-</u>
Library:					
Personal services	4,886,490	4,933,960	4,776,373	157,587	4,598,866
Contractual services	1,290,990	1,285,070	1,067,512	217,558	975,247
Materials and supplies	795,090	786,870	784,226	2,644	758,104
Capital outlay	13,340	-	-	-	19,340
Total Library	<u>6,985,910</u>	<u>7,005,900</u>	<u>6,628,111</u>	<u>377,789</u>	<u>6,351,557</u>

**CITY OF WICHITA, KANSAS**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2006  
(with comparative totals for the year ended December 31, 2005)

	Budgeted Amounts		Actual Amounts	Variance with	2005 Actual Amounts
	Original	Final		Final Budget - Positive (Negative)	
<b>Public Works:</b>					
Personal services	4,350,510	4,324,760	4,174,297	150,463	4,159,205
Contractual services	4,956,740	4,959,270	4,923,453	35,817	5,089,031
Materials and supplies	581,770	603,370	479,977	123,393	615,742
Capital outlay	117,270	128,270	120,164	8,106	133,129
Engineering overhead	-	-	-	-	(308)
<b>Total Public Works</b>	<b>10,006,290</b>	<b>10,015,670</b>	<b>9,697,891</b>	<b>317,779</b>	<b>9,996,799</b>
<b>Environmental Services:</b>					
Personal services	2,831,000	2,918,670	2,733,723	184,947	2,599,953
Contractual services	1,010,240	1,139,740	1,087,729	52,011	889,519
Materials and supplies	62,670	80,860	80,218	642	127,037
Capital outlay	3,000	35,610	35,607	3	3,292
<b>Total Environmental Services</b>	<b>3,906,910</b>	<b>4,174,880</b>	<b>3,937,277</b>	<b>237,603</b>	<b>3,619,801</b>
<b>Park:</b>					
Personal services	10,368,890	9,889,970	9,315,256	574,714	9,235,696
Contractual services	5,771,330	6,083,390	5,592,178	491,212	5,660,912
Materials and supplies	697,490	723,110	662,141	60,969	591,045
Capital outlay	56,500	145,280	111,310	33,970	35,935
Other	42,200	42,200	30,996	11,204	28,113
Contingency	(13,380)	(250,000)	-	(250,000)	-
<b>Total Park</b>	<b>16,923,030</b>	<b>16,633,950</b>	<b>15,711,881</b>	<b>922,069</b>	<b>15,551,701</b>
<b>Non Departmental:</b>					
Personal services	670,020	49,000	27,329	21,671	-
Contractual services	506,840	772,030	489,827	282,203	957,795
Materials and supplies	196,000	32,000	24,246	7,754	20,614
Other	-	-	75,975	(75,975)	-
Contingency	9,323,528	6,314,338	37,702	6,276,636	29,011
<b>Total Non Departmental</b>	<b>10,696,388</b>	<b>7,167,368</b>	<b>655,079</b>	<b>6,512,289</b>	<b>1,007,420</b>
<b>Human Resources:</b>					
Personal services	1,265,830	1,234,990	1,222,554	12,436	1,090,185
Contractual services	160,950	198,890	172,369	26,521	209,258
Materials and supplies	34,520	37,520	34,981	2,539	41,515
<b>Total Human Resources</b>	<b>1,461,300</b>	<b>1,471,400</b>	<b>1,429,904</b>	<b>41,496</b>	<b>1,340,958</b>

**CITY OF WICHITA, KANSAS**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2006  
(with comparative totals for the year ended December 31, 2005)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with	<u>2005</u>
	<u>Original</u>	<u>Final</u>		Final Budget - Positive (Negative)	
Public Works-Gas Tax:					
Personal services	9,599,750	9,579,370	8,712,740	866,630	8,410,398
Contractual services	11,271,820	10,787,580	10,548,835	238,745	10,265,199
Materials and supplies	1,953,350	1,989,050	1,953,369	35,681	2,020,883
Capital outlay	959,820	986,120	943,666	42,454	389,086
Other	-	-	7	(7)	-
Engineering overhead	177,840	177,840	184,339	(6,499)	191,953
Total Public Works-Gas Tax	<u>23,962,580</u>	<u>23,519,960</u>	<u>22,342,956</u>	<u>1,177,004</u>	<u>21,277,519</u>
Total Expenditures	<u>181,627,218</u>	<u>180,067,658</u>	<u>168,702,085</u>	<u>11,365,573</u>	<u>158,034,124</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,948,688)</u>	<u>(10,608,248)</u>	<u>1,029,777</u>	<u>11,638,025</u>	<u>5,279,903</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from other funds	7,346,640	8,955,230	8,447,508	(507,722)	6,399,595
Transfers to other funds	<u>(7,920,250)</u>	<u>(9,479,810)</u>	<u>(9,318,912)</u>	<u>160,898</u>	<u>(10,741,574)</u>
Total other financing sources (uses)	<u>(573,610)</u>	<u>(524,580)</u>	<u>(871,404)</u>	<u>(346,824)</u>	<u>(4,341,979)</u>
Net change in fund balances	(12,522,298)	(11,132,828)	158,373	11,291,201	937,924
Unencumbered fund balances - beginning	<u>21,999,672</u>	<u>22,867,515</u>	<u>22,867,515</u>	<u>-</u>	<u>21,999,670</u>
Unencumbered fund balances - ending	<u>\$ 9,477,374</u>	<u>\$ 11,734,687</u>	<u>\$ 23,025,888</u>	<u>\$ 11,291,201</u>	<u>\$ 22,937,594</u>

# CITY OF WICHITA, KANSAS

## TOURISM AND CONVENTION PROMOTION FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2006  
(with comparative totals for the year ended December 31, 2005)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	2005 Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Taxes	\$ 4,719,560	\$ 4,916,990	\$ 5,035,150	\$ 118,160	\$ 5,063,526
Interest earnings	17,960	41,000	94,389	53,389	47,207
Revised budget adjustment	-	-	-	-	-
Other	-	(220,470)	32,274	252,744	17,726
<b>Total revenues</b>	<u>4,737,520</u>	<u>4,737,520</u>	<u>5,161,813</u>	<u>424,293</u>	<u>5,128,459</u>
<b>EXPENDITURES</b>					
Culture and recreation:					
Contractual services	2,174,350	2,581,770	2,462,147	119,623	2,142,715
Other	-	80	-	80	-
<b>Total expenditures</b>	<u>2,174,350</u>	<u>2,581,850</u>	<u>2,462,147</u>	<u>119,703</u>	<u>2,142,715</u>
Excess of revenues over expenditures	<u>2,563,170</u>	<u>2,155,670</u>	<u>2,699,666</u>	<u>543,996</u>	<u>2,985,744</u>
<b>OTHER FINANCING (USES)</b>					
Transfers to other funds	(2,949,850)	(2,542,350)	(2,542,350)	-	(2,355,780)
<b>Total other financing (uses)</b>	<u>(2,949,850)</u>	<u>(2,542,350)</u>	<u>(2,542,350)</u>	<u>-</u>	<u>(2,355,780)</u>
Net change in fund balances	(386,680)	(386,680)	157,316	543,996	629,964
Fund balance - beginning	642,945	1,235,729	1,235,729	-	605,765
<b>Fund balance - ending</b>	<u>\$ 256,265</u>	<u>\$ 849,049</u>	<u>\$ 1,393,045</u>	<u>\$ 543,996</u>	<u>\$ 1,235,729</u>

# CITY OF WICHITA, KANSAS

## DOWNTOWN TROLLEY SYSTEM FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2006  
(with comparative totals for the year ended December 31, 2005)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	2005 Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Charges for services and sales	\$ 93,440	\$ 93,440	\$ 56,242	\$ (37,198)	\$ 78,520
Rentals	50,000	50,000	-	(50,000)	200
Interest earnings	-	-	334	334	230
Total revenues	143,440	143,440	56,576	(86,864)	78,950
 <b>EXPENDITURES</b>					
Culture and recreation:					
Personal services	88,880	84,810	44,530	40,280	68,816
Contractual services	34,150	38,050	13,654	24,396	10,473
Materials and supplies	22,180	22,180	5,189	16,991	7,625
Other	13,000	13,170	-	13,170	-
Total expenditures	158,210	158,210	63,373	94,837	86,914
Excess (deficiency) of revenues over (under) expenditures	(14,770)	(14,770)	(6,797)	7,973	(7,964)
Net change in fund balances	(14,770)	(14,770)	(6,797)	7,973	(7,964)
Fund balance - beginning	21,731	13,697	13,697	-	21,661
Fund balance - ending	\$ 6,961	\$ (1,073)	\$ 6,900	\$ 7,973	\$ 13,697

# CITY OF WICHITA, KANSAS

## SPECIAL ALCOHOL PROGRAM FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2006  
(with comparative totals for the year ended December 31, 2005)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	2005 Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Intergovernmental-					
private club liquor tax	\$ 1,441,150	\$ 1,512,320	\$ 1,572,648	\$ 60,328	\$ 1,449,967
Interest earnings	10,000	10,000	12,525	2,525	8,447
Revised budget adjustment	-	-	-	-	-
Other	-	-	1	1	10,795
Total revenues	<u>1,451,150</u>	<u>1,522,320</u>	<u>1,585,174</u>	<u>62,854</u>	<u>1,469,209</u>
<b>EXPENDITURES</b>					
Health and welfare:					
Contractual services	1,705,980	1,544,410	1,519,802	24,608	1,561,249
Other	1,372,980	260,000	-	260,000	-
Total expenditures	<u>3,078,960</u>	<u>1,804,410</u>	<u>1,519,802</u>	<u>284,608</u>	<u>1,561,249</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,627,810)</u>	<u>(282,090)</u>	<u>65,372</u>	<u>347,462</u>	<u>(92,040)</u>
Net change in fund balances	(1,627,810)	(282,090)	65,372	347,462	(92,040)
Fund balance - beginning	265,831	369,041	369,041	-	461,081
Fund balance - ending	<u>\$ (1,361,979)</u>	<u>\$ 86,951</u>	<u>\$ 434,413</u>	<u>\$ 347,462</u>	<u>\$ 369,041</u>

# CITY OF WICHITA, KANSAS

## SPECIAL PARKS AND RECREATION FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2006  
(with comparative totals for the year ended December 31, 2005)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	2005 Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Intergovernmental-					
private club liquor tax	\$ 1,441,150	\$ 1,512,320	\$ 1,572,648	\$ 60,328	\$ 1,449,967
Interest earnings	5,000	5,000	6,533	1,533	2,574
Revised budget adjustment	-	(71,170)	-	71,170	-
<b>Total revenues</b>	<u>1,446,150</u>	<u>1,446,150</u>	<u>1,579,181</u>	<u>133,031</u>	<u>1,452,541</u>
<b>OTHER FINANCING (USES)</b>					
Transfers to other funds	(1,481,000)	(1,481,000)	(1,481,000)	-	(1,415,000)
<b>Total other financing (uses)</b>	<u>(1,481,000)</u>	<u>(1,481,000)</u>	<u>(1,481,000)</u>	<u>-</u>	<u>(1,415,000)</u>
Excess (deficiency) of revenues over (under) other financing uses	(34,850)	(34,850)	98,181	133,031	37,541
Net change in fund balances	(34,850)	(34,850)	98,181	133,031	37,541
Fund balance - beginning	108,733	152,774	152,774	-	115,233
<b>Fund balance - ending</b>	<u>\$ 73,883</u>	<u>\$ 117,924</u>	<u>\$ 250,955</u>	<u>\$ 133,031</u>	<u>\$ 152,774</u>

# CITY OF WICHITA, KANSAS

## ICE RINK MANAGEMENT FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2006  
(with comparative totals for the year ended December 31, 2005)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	2005 Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Charges for services and sales	\$ 710,000	\$ 841,100	\$ 470,006	\$ (371,094)	\$ 824,434
Rentals	-	307,300	244,903	(62,397)	29,681
Interest earnings	-	300	2,098	1,798	268
Other	-	-	7,503	7,503	11,156
Total revenues	<u>710,000</u>	<u>1,148,700</u>	<u>724,510</u>	<u>(424,190)</u>	<u>865,539</u>
<b>EXPENDITURES</b>					
Culture and recreation:					
Personal services	-	228,640	151,780	76,860	105,327
Contractual services	956,190	651,920	456,878	195,042	990,938
Materials and supplies	-	59,850	51,362	8,488	13,070
Other	-	176,000	80,268	95,732	35,914
Total expenditures	<u>956,190</u>	<u>1,116,410</u>	<u>740,288</u>	<u>376,122</u>	<u>1,145,249</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(246,190)</u>	<u>32,290</u>	<u>(15,778)</u>	<u>(48,068)</u>	<u>(279,710)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from other funds	<u>246,190</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>193,810</u>
Total other financing (uses)	<u>246,190</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>193,810</u>
Net change in fund balances	-	32,290	(15,778)	(48,068)	(85,900)
Fund balance - beginning	<u>16,250</u>	<u>16,250</u>	<u>16,250</u>	<u>-</u>	<u>102,150</u>
Fund balance - ending	<u>\$ 16,250</u>	<u>\$ 48,540</u>	<u>\$ 472</u>	<u>\$ (48,068)</u>	<u>\$ 16,250</u>

# CITY OF WICHITA, KANSAS

## LANDFILL FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2006  
(with comparative totals for the year ended December 31, 2005)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	2005 Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Charges for services and sales	\$ 442,000	\$ 410,000	\$ 840,977	\$ 430,977	\$ 387,104
Interest earnings	95,840	134,400	162,577	28,177	95,359
Other	-	(6,560)	3,213	9,773	4,271
<b>Total revenues</b>	<b>537,840</b>	<b>537,840</b>	<b>1,006,767</b>	<b>468,927</b>	<b>486,734</b>
<b>EXPENDITURES</b>					
Sanitation:					
Personal services	4,400	101,660	56,045	45,615	45,630
Contractual services	646,870	1,086,940	859,331	227,609	476,127
Materials and supplies	11,000	11,000	3,850	7,150	5,026
Capital outlay	-	-	-	-	150,000
Other	3,400,000	2,862,670	-	2,862,670	-
<b>Total expenditures</b>	<b>4,062,270</b>	<b>4,062,270</b>	<b>919,226</b>	<b>3,143,044</b>	<b>676,783</b>
Excess (deficiency) of revenues over (under) expenditures	(3,524,430)	(3,524,430)	87,541	3,611,971	(190,049)
Net change in fund balances	(3,524,430)	(3,524,430)	87,541	3,611,971	(190,049)
Fund balance - beginning	3,632,779	4,724,571	4,724,571	-	4,914,620
Fund balance - ending	\$ 108,349	\$ 1,200,141	\$ 4,812,112	\$ 3,611,971	\$ 4,724,571

# CITY OF WICHITA, KANSAS

## LANDFILL POST CLOSURE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2006  
(with comparative totals for the year ended December 31, 2005)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	2005 Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Rentals	\$ 35,000	\$ 35,000	\$ 47,974	\$ 12,974	\$ 41,006
Interest earnings	560,980	709,330	844,346	135,016	550,301
Other	-	(148,350)	-	148,350	-
<b>Total revenues</b>	<b>595,980</b>	<b>595,980</b>	<b>892,320</b>	<b>296,340</b>	<b>591,307</b>
<b>EXPENDITURES</b>					
Sanitation:					
Personal services	166,530	147,670	174,088	(26,418)	168,274
Contractual services	716,560	714,450	429,581	284,869	284,537
Materials and supplies	28,300	20,300	17,454	2,846	114
Other	21,845,000	21,873,970	7	21,873,963	-
<b>Total expenditures</b>	<b>22,756,390</b>	<b>22,756,390</b>	<b>621,130</b>	<b>22,135,260</b>	<b>452,925</b>
Excess (deficiency) of revenues over (under) expenditures	(22,160,410)	(22,160,410)	271,190	22,431,600	138,382
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers to other funds	(845,520)	(845,520)	(845,520)	-	(3,345,520)
<b>Total other financing sources (uses)</b>	<b>(845,520)</b>	<b>(845,520)</b>	<b>(845,520)</b>	<b>-</b>	<b>(3,345,520)</b>
Net change in fund balances	(23,005,930)	(23,005,930)	(574,330)	22,431,600	(3,207,138)
Fund balance - beginning	24,033,077	25,715,719	25,715,719	-	28,922,857
Fund balance - ending	<u>\$ 1,027,147</u>	<u>\$ 2,709,789</u>	<u>\$ 25,141,389</u>	<u>\$ 22,431,600</u>	<u>\$ 25,715,719</u>

# CITY OF WICHITA, KANSAS

## CENTRAL INSPECTION FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2006  
(with comparative totals for the year ended December 31, 2005)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	2005 Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Taxes and Levies	\$ 7,210	\$ 7,210	\$ 7,340	\$ 130	\$ 2,318
Licenses	532,550	586,970	516,478	(70,492)	514,954
Permits	4,350,680	4,270,500	4,614,385	343,885	4,161,759
Fines and Penalties	-	-	(113)	(113)	-
Charges for services and sales	924,180	868,800	728,791	(140,009)	768,699
Rental/Lease Income	-	-	50	50	-
Interest earnings	41,260	41,000	48,901	7,901	23,303
Other	-	81,400	20,546	(60,854)	(2,841)
<b>Total revenues</b>	<b>5,855,880</b>	<b>5,855,880</b>	<b>5,936,378</b>	<b>80,498</b>	<b>5,468,192</b>
<b>EXPENDITURES</b>					
Public safety:					
Personal services	4,115,690	4,261,540	4,261,492	48	3,972,071
Contractual services	1,068,680	1,292,210	1,192,288	99,922	1,098,508
Materials and supplies	32,420	37,020	27,119	9,901	29,773
Capital Outlay	11,000	34,270	18,377	15,893	-
Other	1,700,000	1,299,810	-	1,299,810	-
<b>Total expenditures</b>	<b>6,927,790</b>	<b>6,924,850</b>	<b>5,499,276</b>	<b>1,425,574</b>	<b>5,100,352</b>
Excess (deficiency) of revenues over (under) expenditures	(1,071,910)	(1,068,970)	437,102	1,506,072	367,840
<b>OTHER FINANCING (USES)</b>					
Transfers to other funds	(181,980)	(184,920)	(184,920)	-	(175,880)
<b>Total other financing (uses)</b>	<b>(181,980)</b>	<b>(184,920)</b>	<b>(184,920)</b>	<b>-</b>	<b>(175,880)</b>
Net change in fund balances	(1,253,890)	(1,253,890)	252,182	1,506,072	191,960
Fund balance - beginning	1,474,263	1,268,333	1,268,333	-	1,076,373
<b>Fund balance - ending</b>	<b>\$ 220,373</b>	<b>\$ 14,443</b>	<b>\$ 1,520,515</b>	<b>\$ 1,506,072</b>	<b>\$ 1,268,333</b>

# CITY OF WICHITA, KANSAS

## ECONOMIC DEVELOPMENT FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL

For the year ended December 31, 2006  
(with comparative totals for the year ended December 31, 2005)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	2005 Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 1,000,000
Charges for services and sales	-	-	12,100	12,100	10,000
Interest earnings	25,000	35,000	64,158	29,158	33,307
Administrative fees	300,000	300,000	264,700	(35,300)	266,400
Other	-	-	653	653	453,082
Total revenues	325,000	335,000	341,611	6,611	1,762,789
<b>EXPENDITURES</b>					
General government:					
Personal services	290,240	287,740	288,796	(1,056)	192,886
Contractual services	492,360	1,834,210	1,736,689	97,521	3,993,474
Materials and supplies	4,500	4,500	1,275	3,225	1,018
Other	1,000,000	2,468,750	217,000	2,251,750	-
Total expenditures	1,787,100	4,595,200	2,243,760	2,351,440	4,187,378
Excess (deficiency) of revenues over (under) expenditures	(1,462,100)	(4,260,200)	(1,902,149)	2,358,051	(2,424,589)
<b>OTHER FINANCING SOURCES</b>					
Transfers from other funds	1,300,000	2,287,500	2,253,010	(34,490)	3,800,000
Transfers to other funds	-	-	(60,000)	(60,000)	-
Total other financing sources	1,300,000	2,287,500	2,193,010	(94,490)	3,800,000
Net change in fund balances	(162,100)	(1,972,700)	290,861	2,263,561	1,375,411
Fund balance - beginning	339,018	2,195,009	2,195,009	-	819,598
Fund balance - ending	\$ 176,918	\$ 222,309	\$ 2,485,870	\$ 2,263,561	\$ 2,195,009

# CITY OF WICHITA, KANSAS

## SALES TAX CONSTRUCTION PLEDGE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2006  
(with comparative totals for the year ended December 31, 2005)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	2005 Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Local sales tax	\$ 23,501,940	\$ 23,494,100	\$ 23,852,273	\$ 358,173	\$ 22,590,482
Interest earnings	180,980	197,760	198,403	643	118,604
Other	-	(8,940)	-	8,940	-
<b>Total revenues</b>	<b>23,682,920</b>	<b>23,682,920</b>	<b>24,050,676</b>	<b>367,756</b>	<b>22,709,086</b>
<b>OTHER FINANCING (USES)</b>					
Transfers to other funds	(28,643,890)	(28,643,890)	(24,593,887)	4,050,003	(22,636,665)
<b>Total other financing (uses)</b>	<b>(28,643,890)</b>	<b>(28,643,890)</b>	<b>(24,593,887)</b>	<b>4,050,003</b>	<b>(22,636,665)</b>
Excess (deficiency) of revenues over (under) other financing uses	(4,960,970)	(4,960,970)	(543,211)	4,417,759	72,421
Net change in fund balances	(4,960,970)	(4,960,970)	(543,211)	4,417,759	72,421
Fund balance - beginning	4,962,707	6,517,658	6,517,658	-	6,445,237
Fund balance - ending	<b>\$ 1,737</b>	<b>\$ 1,556,688</b>	<b>\$ 5,974,447</b>	<b>\$ 4,417,759</b>	<b>\$ 6,517,658</b>

# CITY OF WICHITA, KANSAS

## PROPERTY MANAGEMENT OPERATIONS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2006  
(with comparative totals for the year ended December 31, 2005)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	2005 Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Charges for services and sales	\$ 317,800	\$ 237,800	\$ 366,186	\$ 128,386	\$ 244,392
Rentals	599,680	599,680	505,912	(93,768)	566,416
Interest earnings	24,000	24,000	59,612	35,612	32,588
Other	10,000	90,000	154,404	64,404	103,668
Total revenues	951,480	951,480	1,086,114	134,634	947,064
<b>EXPENDITURES</b>					
General government:					
Personal services	211,210	213,530	212,820	710	201,324
Contractual services	830,870	731,350	528,090	203,260	522,079
Materials and supplies	19,660	19,660	10,080	9,580	7,319
Capital outlay	200,000	200,000	800	199,200	1,000
Other	-	97,200	-	97,200	-
Total expenditures	1,261,740	1,261,740	751,790	509,950	731,722
Excess (deficiency) of revenues over (under) expenditures	(310,260)	(310,260)	334,324	644,584	215,342
<b>OTHER FINANCING (USES)</b>					
Transfers to other funds	(600,000)	(600,000)	(600,000)	-	(126,180)
Total other financing (uses)	(600,000)	(600,000)	(600,000)	-	(126,180)
Net change in fund balances	(910,260)	(910,260)	(265,676)	644,584	89,162
Fund balance - beginning	993,923	1,515,174	1,515,174	-	1,426,012
Fund balance - ending	\$ 83,663	\$ 604,914	\$ 1,249,498	\$ 644,584	\$ 1,515,174

# CITY OF WICHITA, KANSAS

## STATE OFFICE BUILDING FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2006  
(with comparative totals for the year ended December 31, 2005)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	2005 Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Charges for services and sales	\$ 15,000	\$ 15,000	\$ 13,743	\$ (1,257)	\$ 14,738
Rentals	968,230	968,230	1,000,534	32,304	992,944
Interest earnings	7,500	19,930	20,817	887	11,430
Other	-	(12,430)	188	12,618	19,714
<b>Total revenues</b>	<b>990,730</b>	<b>990,730</b>	<b>1,035,282</b>	<b>44,552</b>	<b>1,038,826</b>
<b>EXPENDITURES</b>					
General government:					
Personal services	170,510	165,650	167,123	(1,473)	159,152
Contractual services	895,610	1,044,230	1,017,281	26,949	800,653
Materials and supplies	50,630	50,630	43,731	6,899	39,617
Other	225,000	81,240	6,871	74,369	7,369
<b>Total expenditures</b>	<b>1,341,750</b>	<b>1,341,750</b>	<b>1,235,006</b>	<b>106,744</b>	<b>1,006,791</b>
Excess (deficiency) of revenues over (under) expenditures	(351,020)	(351,020)	(199,724)	151,296	32,035
<b>OTHER FINANCING (USES)</b>					
Transfers to other funds	-	-	-	-	(22,231)
<b>Total other financing (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(22,231)</b>
Net change in fund balances	(351,020)	(351,020)	(199,724)	151,296	9,804
Fund balance - beginning	414,064	743,318	743,318	-	733,514
Prior Year Adjustment			(205,268)	(205,268)	
<b>Fund balance - ending</b>	<b>\$ 63,044</b>	<b>\$ 392,298</b>	<b>\$ 338,326</b>	<b>\$ (53,972)</b>	<b>\$ 743,318</b>

# CITY OF WICHITA, KANSAS

## GILBERT/ MOSLEY TIF DISTRICT FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2006  
(with comparative totals for the year ended December 31, 2005)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	2005 Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Taxes and levies	\$ 2,670,040	\$ 2,616,540	\$ 2,673,352	\$ 56,812	\$ 2,558,793
Intergovernmental	130,000	120,000	130,000	10,000	250,000
Charges for services and sales	-	-	37	37	20
Interest earnings	40,000	120,000	206,473	86,473	101,984
Other	200,000	183,500	78,193	(105,307)	1,035,463
	<u>3,040,040</u>	<u>3,040,040</u>	<u>3,088,055</u>	<u>48,015</u>	<u>3,946,260</u>
Total revenues					
<b>EXPENDITURES</b>					
Health and welfare:					
Personal services	-	28,650	-	28,650	-
Contractual services	762,200	1,277,190	1,005,170	272,020	366,513
Materials and supplies	16,960	27,260	26,822	438	27,642
Capital Outlay	-	235,000	191,202	43,798	-
Other	3,625,000	2,836,060	-	2,836,060	-
	<u>4,404,160</u>	<u>4,404,160</u>	<u>1,223,194</u>	<u>3,180,966</u>	<u>394,155</u>
Total expenditures					
Excess (deficiency) of revenues over (under) expenditures	<u>(1,364,120)</u>	<u>(1,364,120)</u>	<u>1,864,861</u>	<u>3,228,981</u>	<u>3,552,105</u>
<b>OTHER FINANCING (USES)</b>					
Transfers to other funds	<u>(1,957,030)</u>	<u>(1,957,030)</u>	<u>(1,957,030)</u>	<u>-</u>	<u>(1,482,380)</u>
Total other financing (uses)	<u>(1,957,030)</u>	<u>(1,957,030)</u>	<u>(1,957,030)</u>	<u>-</u>	<u>(1,482,380)</u>
Net change in fund balances	(3,321,150)	(3,321,150)	(92,169)	3,228,981	2,069,725
Fund balance - beginning	<u>3,539,250</u>	<u>4,522,405</u>	<u>4,522,405</u>	<u>-</u>	<u>2,452,680</u>
Fund balance - ending	<u>\$ 218,100</u>	<u>\$ 1,201,255</u>	<u>\$ 4,430,236</u>	<u>\$ 3,228,981</u>	<u>\$ 4,522,405</u>

# CITY OF WICHITA, KANSAS

## NORTH INDUSTRIAL CORRIDOR TIF DISTRICT FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2006  
(with comparative totals for the year ended December 31, 2005)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	2005 Actual Amounts
	Original	Final		(Negative)	
<b>REVENUES</b>					
Taxes	\$ 1,165,300	\$ 1,165,300	\$ 1,139,805	\$ (25,495)	\$ 1,151,181
Interest earnings	42,000	100,000	170,623	70,623	80,963
Other	-	(58,000)	2	58,002	131,299
<b>Total revenues</b>	<b>1,207,300</b>	<b>1,207,300</b>	<b>1,310,430</b>	<b>103,130</b>	<b>1,363,443</b>
<b>EXPENDITURES</b>					
Health and welfare:					
Personal services	-	28,650	-	28,650	-
Contractual services	2,305,710	1,685,710	115,119	1,570,591	82,520
Materials and supplies	3,380	3,380	972	2,408	5,716
Other	1,575,000	2,166,350	-	2,166,350	-
<b>Total expenditures</b>	<b>3,884,090</b>	<b>3,884,090</b>	<b>116,091</b>	<b>3,767,999</b>	<b>88,236</b>
Excess (deficiency) of revenues over (under) expenditures	(2,676,790)	(2,676,790)	1,194,339	3,871,129	1,275,207
Net change in fund balances	(2,676,790)	(2,676,790)	1,194,339	3,871,129	1,275,207
Fund balance - beginning	2,676,886	4,187,543	4,187,543	-	2,912,336
Fund balance - ending	<b>\$ 96</b>	<b>\$ 1,510,753</b>	<b>\$ 5,381,882</b>	<b>\$ 3,871,129</b>	<b>\$ 4,187,543</b>

# CITY OF WICHITA, KANSAS

## EAST BANK TIF DISTRICT FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2006  
(with comparative totals for the year ended December 31, 2005)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	2005 Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Taxes	\$ 573,020	\$ 608,090	\$ 717,886	\$ 109,796	\$ 510,411
Rental/lease income	-	-	68,000	68,000	-
Interest earnings	6,400	10,010	20,860	10,850	16,994
Revised budget adjustment	-	(38,680)	-	38,680	-
Total revenues	579,420	579,420	806,746	227,326	527,405
<b>OTHER FINANCING (USES)</b>					
Transfers to other funds	(590,350)	(590,350)	(590,350)	-	(1,010,400)
Total other financing (uses)	(590,350)	(590,350)	(590,350)	-	(1,010,400)
Net change in fund balances	(10,930)	(10,930)	216,396	227,326	(482,995)
Fund balance - beginning	40,038	62,573	62,573	-	545,568
Fund balance - ending	\$ 29,108	\$ 51,643	\$ 278,969	\$ 227,326	\$ 62,573

# CITY OF WICHITA, KANSAS

## OLD TOWN TIF DISTRICT FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2006  
(with comparative totals for the year ended December 31, 2005)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	2005 Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Taxes	\$ 675,550	\$ 682,870	\$ 657,926	\$ (24,944)	\$ 524,078
Interest earnings	15,100	43,000	52,423	9,423	22,449
Other	-	(35,220)	-	35,220	-
<b>Total revenues</b>	<u>690,650</u>	<u>690,650</u>	<u>710,349</u>	<u>19,699</u>	<u>546,527</u>
<b>EXPENDITURES</b>					
General government:					
Contractual services	25,000	925,000	547,737	377,263	69,885
Materials and supplies	25,000	25,000	-	25,000	2,350
Other	1,700,000	800,000	-	800,000	-
<b>Total expenditures</b>	<u>1,750,000</u>	<u>1,750,000</u>	<u>547,737</u>	<u>1,202,263</u>	<u>72,235</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,059,350)</u>	<u>(1,059,350)</u>	<u>162,612</u>	<u>1,221,962</u>	<u>474,292</u>
<b>OTHER FINANCING (USES)</b>					
Transfers to other funds	(60,640)	(60,640)	(60,640)	-	-
<b>Total other financing (uses)</b>	<u>(60,640)</u>	<u>(60,640)</u>	<u>(60,640)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(1,119,990)	(1,119,990)	101,972	1,221,962	474,292
Fund balance - beginning	<u>1,122,752</u>	<u>1,224,764</u>	<u>1,224,764</u>	<u>-</u>	<u>750,472</u>
Fund balance - ending	<u>\$ 2,762</u>	<u>\$ 104,774</u>	<u>\$ 1,326,736</u>	<u>\$ 1,221,962</u>	<u>\$ 1,224,764</u>

# CITY OF WICHITA, KANSAS

## 21ST & GROVE TIF DISTRICT FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2006  
(with comparative totals for the year ended December 31, 2005)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	2005 Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Taxes	\$ 19,920	\$ 106,690	\$ 80,622	\$ (26,068)	\$ 65,315
Interest earnings	350	1,220	2,167	947	908
Other	-	(87,640)	-	87,640	-
Total revenues	<u>20,270</u>	<u>20,270</u>	<u>82,789</u>	<u>62,519</u>	<u>66,223</u>
<b>EXPENDITURES</b>					
General government:					
Other	-	100	-	100	-
Total expenditures	<u>-</u>	<u>100</u>	<u>-</u>	<u>100</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>20,270</u>	<u>20,170</u>	<u>82,789</u>	<u>62,619</u>	<u>66,223</u>
<b>OTHER FINANCING (USES)</b>					
Transfers to other funds	(20,300)	(20,200)	(20,200)	-	(66,223)
Total other financing (uses)	<u>(20,300)</u>	<u>(20,200)</u>	<u>(20,200)</u>	<u>-</u>	<u>(66,223)</u>
Net change in fund balances	(30)	(30)	62,589	62,619	-
Fund balance - beginning	99	99	99	-	99
Fund balance - ending	<u>\$ 69</u>	<u>\$ 69</u>	<u>\$ 62,688</u>	<u>\$ 62,619</u>	<u>\$ 99</u>

# CITY OF WICHITA, KANSAS

## CENTRAL AND HILLSIDE TIF DISTRICT FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2006  
(with comparative totals for the year ended December 31, 2005)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive	2005 Actual Amounts
	Original	Final		(Negative)	
<b>REVENUES</b>					
Taxes	\$ 978,840	\$ 869,780	\$ 801,476	\$ (68,304)	\$ 802,033
Interest earnings	4,680	10,840	20,718	9,878	11,864
Other	-	102,900	-	(102,900)	-
Total revenues	<u>983,520</u>	<u>983,520</u>	<u>822,194</u>	<u>(161,326)</u>	<u>813,897</u>
<b>EXPENDITURES</b>					
General government:					
Other	-	102,520	-	102,520	-
Total expenditures	<u>-</u>	<u>102,520</u>	<u>-</u>	<u>102,520</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>983,520</u>	<u>881,000</u>	<u>822,194</u>	<u>(58,806)</u>	<u>813,897</u>
<b>OTHER FINANCING (USES)</b>					
Transfers to other funds	(983,520)	(881,000)	(820,410)	60,590	(813,500)
Total other financing (uses)	<u>(983,520)</u>	<u>(881,000)</u>	<u>(820,410)</u>	<u>60,590</u>	<u>(813,500)</u>
Net change in fund balances	-	-	1,784	1,784	397
Fund balance - beginning	147	544	544	-	147
Fund balance - ending	<u>\$ 147</u>	<u>\$ 544</u>	<u>\$ 2,328</u>	<u>\$ 1,784</u>	<u>\$ 544</u>

# CITY OF WICHITA, KANSAS

## OLD TOWN CINEMA TIF DISTRICT FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2006  
(with comparative totals for the year ended December 31, 2005)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	2005 Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Taxes	\$ 234,320	\$ 234,320	\$ 250,657	\$ 16,337	\$ 186,120
Rentals	87,720	87,720	-	(87,720)	-
Interest earnings	1,040	3,440	6,501	3,061	5,628
Other	-	(2,400)	-	2,400	279,339
Total revenues	323,080	323,080	257,158	(65,922)	471,087
<b>OTHER FINANCING (USES)</b>					
Transfers to other funds	(323,080)	(323,080)	(255,000)	68,080	(471,000)
Total other financing (uses)	(323,080)	(323,080)	(255,000)	68,080	(471,000)
Net change in fund balances	-	-	2,158	2,158	87
Fund balance - beginning	2	339	339	-	252
Fund balance - ending	<u>\$ 2</u>	<u>\$ 339</u>	<u>\$ 2,497</u>	<u>\$ 2,158</u>	<u>\$ 339</u>

# CITY OF WICHITA, KANSAS

## MAIN AND MURDOCK TIF DISTRICT FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2006  
(with comparative totals for the year ended December 31, 2005)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	2005 Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ 1,755	\$ 1,755	\$ 19,584
Interest earnings	-	-	764	764	338
 Total revenues	 -	 -	 2,519	 2,519	 19,922
 Net change in fund balances	 -	 -	 2,519	 2,519	 19,922
Fund balance - beginning	-	22,382	22,382	-	2,460
Fund balance - ending	<u>\$ -</u>	<u>\$ 22,382</u>	<u>\$ 24,901</u>	<u>\$ 2,519</u>	<u>\$ 22,382</u>

# CITY OF WICHITA, KANSAS

## SELF SUPPORTING MUNICIPAL IMPROVEMENT DISTRICT FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2006  
(with comparative totals for the year ended December 31, 2005)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	2005 Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Taxes	\$ 614,790	\$ 600,410	\$ 601,605	\$ 1,195	\$ 576,961
Other	-	14,380	-	(14,380)	-
Total revenues	614,790	614,790	601,605	(13,185)	576,961
<b>EXPENDITURES</b>					
General government:					
Contractual services	614,790	600,410	600,410	-	591,150
Other	-	14,380	-	14,380	-
Total expenditures	614,790	614,790	600,410	14,380	591,150
Excess (deficiency) of revenues over (under) expenditures	-	-	1,195	1,195	(14,189)
Net change in fund balances	-	-	1,195	1,195	(14,189)
Fund balance - beginning	27,615	13,426	13,426	-	27,615
Fund balance - ending	\$ 27,615	\$ 13,426	\$ 14,621	\$ 1,195	\$ 13,426

# CITY OF WICHITA, KANSAS

## CITY/COUNTY FLOOD CONTROL FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2006  
(with comparative totals for the year ended December 31, 2005)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	2005 Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Intergovernmental	\$ 789,310	\$ 789,310	\$ 724,287	\$ (65,023)	\$ 661,719
Other	-	-	71	71	12,810
Total revenues	789,310	789,310	724,358	(64,952)	674,529
<b>EXPENDITURES</b>					
Public safety:					
Personal services	983,030	848,140	739,134	109,006	844,199
Contractual services	500,070	500,070	478,979	21,091	447,942
Materials and supplies	95,520	230,410	230,532	(122)	44,107
Total expenditures	1,578,620	1,578,620	1,448,645	129,975	1,336,248
Excess (deficiency) of revenues over (under) expenditures	(789,310)	(789,310)	(724,287)	65,023	(661,719)
<b>OTHER FINANCING SOURCES</b>					
Transfers from other funds	789,310	789,310	724,287	(65,023)	661,719
	789,310	789,310	724,287	(65,023)	661,719
Net change in fund balances	-	-	-	-	-
Fund balance - beginning	-	-	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -	\$ -	\$ -

# CITY OF WICHITA, KANSAS

## CITY/COUNTY METROPOLITAN PLANNING FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2006  
(with comparative totals for the year ended December 31, 2005)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	2005 Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Intergovernmental	\$ 725,900	\$ 725,900	\$ 684,855	\$ (41,045)	\$ 623,573
Charges for services and sales	280,000	279,500	278,081	(1,419)	288,982
Other	-	500	32	(468)	-
	1,005,900	1,005,900	962,968	(42,932)	912,555
<b>EXPENDITURES</b>					
General government:					
Personal services	1,464,830	1,463,530	1,460,753	2,777	1,286,579
Contractual services	247,370	248,070	169,950	78,120	229,949
Materials and supplies	19,600	20,200	17,120	3,080	19,600
	1,731,800	1,731,800	1,647,823	83,977	1,536,128
Excess (deficiency) of revenues over (under) expenditures	(725,900)	(725,900)	(684,855)	41,045	(623,573)
<b>OTHER FINANCING SOURCES</b>					
Transfers from other funds	725,900	725,900	684,855	(41,045)	623,573
	725,900	725,900	684,855	(41,045)	623,573
Net change in fund balances	-	-	-	-	-
Fund balance - beginning	-	-	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -	\$ -	\$ -

# CITY OF WICHITA, KANSAS

## ART MUSEUM BOARD FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2006  
(with comparative totals for the year ended December 31, 2005)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	2005 Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Interest earnings	\$ 2,500	\$ 3,500	\$ 2,575	\$ (925)	\$ 3,870
Total revenues	<u>2,500</u>	<u>3,500</u>	<u>2,575</u>	<u>(925)</u>	<u>3,870</u>
<b>EXPENDITURES</b>					
Culture and recreation:					
Personal services	1,116,060	945,290	945,235	55	959,214
Contractual services	166,400	337,170	337,402	(232)	360,700
Materials and supplies	-	-	-	-	1,000
Total expenditures	<u>1,282,460</u>	<u>1,282,460</u>	<u>1,282,637</u>	<u>(177)</u>	<u>1,320,914</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,279,960)</u>	<u>(1,278,960)</u>	<u>(1,280,062)</u>	<u>(1,102)</u>	<u>(1,317,044)</u>
<b>OTHER FINANCING SOURCES</b>					
Transfers from other funds	<u>1,279,960</u>	<u>1,278,960</u>	<u>1,278,960</u>	<u>-</u>	<u>1,278,960</u>
Total other financing sources	<u>1,279,960</u>	<u>1,278,960</u>	<u>1,278,960</u>	<u>-</u>	<u>1,278,960</u>
Net change in fund balances	-	-	(1,102)	(1,102)	(38,084)
Fund balance - beginning	<u>10,638</u>	<u>12,554</u>	<u>12,554</u>	<u>-</u>	<u>50,638</u>
Fund balance - ending	<u>\$ 10,638</u>	<u>\$ 12,554</u>	<u>\$ 11,452</u>	<u>\$ (1,102)</u>	<u>\$ 12,554</u>

**CITY OF WICHITA, KANSAS**

**DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2006  
(with comparative totals for the year ended December 31, 2005)

	Budgeted Amounts		Actual Amounts	Variance with	2005
	Original	Final		Final Budget - Positive (Negative)	
<b>REVENUES</b>					
Property taxes	\$ 25,159,240	\$ 25,520,550	\$ 25,681,134	\$ 160,584	\$ 24,285,931
Delinquent property taxes	987,200	892,340	654,501	(237,839)	867,031
Special assessments	26,834,840	27,206,490	26,900,659	(305,831)	24,859,867
Delinquent Special assessments	1,168,240	1,195,780	1,112,365	(83,415)	1,592,476
Motor vehicle tax	3,965,390	3,949,310	3,938,911	(10,399)	3,815,858
Interest earnings	1,000,000	1,600,000	1,407,561	(192,439)	817,730
Other	213,150	213,150	237,499	24,349	559,561
Revised budget adjustment	-	1,598,060	-	(1,598,060)	-
<b>Total Revenues</b>	<b>59,328,060</b>	<b>62,175,680</b>	<b>59,932,630</b>	<b>(2,243,050)</b>	<b>56,798,454</b>
<b>EXPENDITURES</b>					
Debt service:					
Interest on general obligation bonds	5,867,520	9,004,420	8,850,859	153,561	10,179,792
Interest on special assessment bonds	6,232,970	8,091,880	8,324,877	(232,997)	7,121,129
Interest on HUD Section 108 loan	163,510	139,600	139,595	5	152,069
Commission, postage and refunds	45,360	20,000	7,250	12,750	-
Retirement of general obligation bonds	31,890,000	24,151,520	23,902,203	249,317	25,471,458
Retirement of special assessment bonds	20,417,570	17,100,000	17,100,000	-	16,640,000
Retirement of HUD Section 108 loan	211,090	235,000	235,000	-	220,000
Other debt service cost	-	100,000	-	100,000	115,118
Revised budget adjustment	-	21,207,600	-	21,207,600	-
<b>Total Expenditures</b>	<b>64,828,020</b>	<b>80,050,020</b>	<b>58,559,784</b>	<b>21,490,236</b>	<b>59,899,566</b>
Excess (deficiency) of revenues over (under) expenditures	(5,499,960)	(17,874,340)	1,372,846	19,247,186	(3,101,112)
<b>OTHER FINANCING SOURCES (USES)</b>					
Premiums on bonds sold	-	-	158,637	158,637	83,118
Transfers from other funds	23,130,980	20,283,360	19,740,231	(543,129)	21,676,080
Transfers to other funds - retirement of temporary notes	(42,280,000)	(27,058,000)	(28,473,951)	(1,415,951)	(7,051,672)
<b>Total other financing sources (uses)</b>	<b>(19,149,020)</b>	<b>(6,774,640)</b>	<b>(8,575,083)</b>	<b>(1,800,443)</b>	<b>14,707,526</b>
Net change in unencumbered cash balances	(24,648,980)	(24,648,980)	(7,202,237)	17,446,743	11,606,414
Unencumbered fund balances - beginning	27,653,620	32,113,494	32,113,494	-	20,507,080
Unencumbered fund balances - ending	\$ 3,004,640	\$ 7,464,514	\$ 24,911,257	\$ 17,446,743	\$ 32,113,494

## — *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 measurement focus is upon determination of net income, financial position and change in financial position. The following nonmajor Enterprise Funds are reported:

Storm Water Utility - administers the acquisition, design, construction, maintenance and operation of the City's drainage system.

Golf Course System - provides the public five suitable golf facilities on a self-sustaining basis.

Wichita Transit - provides economical bus service through regular route services and special charter services.

# CITY OF WICHITA, KANSAS

## COMBINING BALANCE SHEET NONMAJOR ENTERPRISE FUNDS

December 31, 2006  
(with comparative totals for December 31, 2005)

	Storm Water	Golf Course	Wichita	Totals	
	Utility	System	Transit	2006	2005
<b>ASSETS</b>					
Current assets:					
Cash and temporary investments	\$ 3,187,621	\$ 677,119	\$ 323,024	\$ 4,187,764	\$ 4,225,789
Receivables, net	182,837	-	200,192	383,029	346,743
Due from other agencies	-	-	581,069	581,069	446,086
Inventories	-	-	169,989	169,989	281,966
Total current assets	<u>3,370,458</u>	<u>677,119</u>	<u>1,274,274</u>	<u>5,321,851</u>	<u>5,300,584</u>
Noncurrent assets:					
Capital assets:					
Land	3,361,050	704,968	1,906,816	5,972,834	6,104,936
Buildings	2,428,303	2,765,591	8,835,678	14,029,572	13,955,166
Improvements other than buildings	94,607,065	14,202,084	342,181	109,151,330	96,541,944
Machinery, equipment and other assets	3,085,942	1,661,571	16,692,412	21,439,925	20,914,631
Construction in progress	4,112,542	-	1,448,740	5,561,282	9,901,921
Less accumulated depreciation	<u>(10,253,821)</u>	<u>(8,351,879)</u>	<u>(11,590,039)</u>	<u>(30,195,739)</u>	<u>(26,000,612)</u>
Total capital assets (net of accumulated depreciation)	<u>97,341,081</u>	<u>10,982,335</u>	<u>17,635,788</u>	<u>125,959,204</u>	<u>121,417,986</u>
Total noncurrent assets	<u>97,341,081</u>	<u>10,982,335</u>	<u>17,635,788</u>	<u>125,959,204</u>	<u>121,417,986</u>
 Total assets	 <u>\$ 100,711,539</u>	 <u>\$ 11,659,454</u>	 <u>\$ 18,910,062</u>	 <u>\$ 131,281,055</u>	 <u>\$ 126,718,570</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable and accrued expenses	\$ 102,679	\$ 112,274	\$ 311,556	\$ 526,509	\$ 367,782
Accrued interest payable	39,829	21,209	-	61,038	94,036
Temporary notes payable	1,052,000	-	-	1,052,000	265,000
Deposits	-	1,534	-	1,534	499
Current portion of long-term obligations:					
General obligation bonds payable	847,378	464,024	-	1,311,402	2,549,980
Bond anticipation notes	-	-	-	-	6,233,000
Compensated absences	84,159	113,040	151,288	348,487	329,496
Total current liabilities	<u>2,126,045</u>	<u>712,081</u>	<u>462,844</u>	<u>3,300,970</u>	<u>9,839,793</u>
Noncurrent liabilities:					
Due to other funds	-	2,131,978	-	2,131,978	1,508,414
General obligation bonds payable	7,934,264	4,629,896	-	12,564,160	7,070,561
Compensated absences	11,549	15,523	17,429	44,501	37,139
Total noncurrent liabilities	<u>7,945,813</u>	<u>6,777,397</u>	<u>17,429</u>	<u>14,740,639</u>	<u>8,616,114</u>
 Total liabilities	 <u>10,071,858</u>	 <u>7,489,478</u>	 <u>480,273</u>	 <u>18,041,609</u>	 <u>18,455,907</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	87,426,407	3,735,228	17,635,788	108,797,423	103,696,996
Restricted for capital projects	-	-	10,829	10,829	14,818
Unrestricted	3,213,274	434,748	783,172	4,431,194	4,550,849
Total net assets	<u>90,639,681</u>	<u>4,169,976</u>	<u>18,429,789</u>	<u>113,239,446</u>	<u>108,262,663</u>
 Total liabilities and net assets	 <u>\$ 100,711,539</u>	 <u>\$ 11,659,454</u>	 <u>\$ 18,910,062</u>	 <u>\$ 131,281,055</u>	 <u>\$ 126,718,570</u>

# CITY OF WICHITA, KANSAS

## COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS NONMAJOR ENTERPRISE FUNDS

For the year ended December 31, 2006  
(with comparative totals for the year ended December 31, 2005)

	Storm Water	Golf Course	Wichita	Totals	
	Utility	System	Transit	2006	2005
<b>OPERATING REVENUES</b>					
Charges for services and sales	\$ 7,063,388	\$ 560,238	\$ 1,652,475	\$ 9,276,101	\$ 7,884,690
Fees	-	2,864,506	-	2,864,506	2,656,010
Rentals	-	940,550	56,011	996,561	655,300
Other	-	2,526	29,218	31,744	85,704
Total operating revenues	<u>7,063,388</u>	<u>4,367,820</u>	<u>1,737,704</u>	<u>13,168,912</u>	<u>11,281,704</u>
<b>OPERATING EXPENSES</b>					
Personal services	1,793,532	1,759,229	5,422,353	8,975,114	8,268,761
Contractual services	1,107,017	1,189,748	2,630,080	4,926,845	4,289,784
Materials and supplies	285,138	793,125	1,826,617	2,904,880	2,209,486
Administrative charges	61,150	127,180	347,190	535,520	432,670
Depreciation	1,462,574	897,294	2,049,519	4,409,387	4,363,781
Total operating expenses	<u>4,709,411</u>	<u>4,766,576</u>	<u>12,275,759</u>	<u>21,751,746</u>	<u>19,564,482</u>
Operating income (loss)	<u>2,353,977</u>	<u>(398,756)</u>	<u>(10,538,055)</u>	<u>(8,582,834)</u>	<u>(8,282,778)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Operating grants	-	-	4,848,349	4,848,349	4,075,220
Interest on investments	120,726	20,797	56,599	198,122	83,046
Other revenues (expenses)	(71,019)	(1,066)	(48,652)	(120,737)	(326,696)
Interest expense	(337,237)	(283,594)	-	(620,831)	(501,775)
Gain (loss) from sale of assets	(151,146)	-	(618)	(151,764)	(68,471)
Total nonoperating revenues (expenses)	<u>(438,676)</u>	<u>(263,863)</u>	<u>4,855,678</u>	<u>4,153,139</u>	<u>3,261,324</u>
Income (loss) before contributions and transfers	1,915,301	(662,619)	(5,682,377)	(4,429,695)	(5,021,454)
Capital contributions and operating transfers:					
Capital contributions - cash	55,612	-	447,660	503,272	1,793,312
Capital contributions - non cash	6,078,675	-	107,289	6,185,964	7,872,066
Transfers from other funds	-	-	3,475,080	3,475,080	4,667,080
Transfers to other funds	(240,000)	(70,070)	(65,308)	(375,378)	(299,040)
Change in net assets	7,809,588	(732,689)	(1,717,656)	5,359,243	9,011,964
Net assets - as previously reported	82,830,093	4,902,665	20,529,905	108,262,663	99,250,699
Prior period adjustment	-	-	(382,460)	(382,460)	-
Net assets - beginning, as restated	82,830,093	4,902,665	20,147,445	107,880,203	99,250,699
Total net assets - ending	<u>\$ 90,639,681</u>	<u>\$ 4,169,976</u>	<u>\$ 18,429,789</u>	<u>\$ 113,239,446</u>	<u>\$ 108,262,663</u>

# CITY OF WICHITA, KANSAS

## COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS

For the year ended December 31, 2006  
(with comparative totals for the year ended December 31, 2005)

	Storm Water	Golf Course	Wichita	Totals	
	Utility	System	Transit	2006	2005
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers	\$ 7,117,896	\$ 4,366,329	\$ 1,617,692	\$ 13,101,917	\$ 11,024,209
Cash payments to suppliers for goods and services	(1,513,900)	(2,090,038)	(4,613,340)	(8,217,278)	(7,000,315)
Cash payments to employees for services	(1,793,133)	(1,743,279)	(5,412,349)	(8,948,761)	(8,219,544)
Other operating revenues (uses)	-	2,526	29,218	31,744	85,704
Net cash provided (used) by operating activities	<u>3,810,863</u>	<u>535,538</u>	<u>(8,378,779)</u>	<u>(4,032,378)</u>	<u>(4,109,946)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Operating grant received	-	-	4,730,712	4,730,712	4,091,254
Transfers from other funds	-	-	3,475,080	3,475,080	4,667,080
Transfers to other funds	(240,000)	(70,070)	(65,308)	(375,378)	(299,040)
Net cash provided (used) by noncapital financing activities	<u>(240,000)</u>	<u>(70,070)</u>	<u>8,140,484</u>	<u>7,830,414</u>	<u>8,459,294</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Payment of temporary notes	(5,446,000)	-	-	(5,446,000)	5,897,500
Issuance of bonds	6,805,000	-	-	6,805,000	-
Additions to property, plant and equipment	(2,848,488)	-	(558,718)	(3,407,206)	(9,858,623)
Debt service - principal	(1,917,378)	(9,038)	-	(1,926,416)	(1,831,320)
Debt service - interest	(322,569)	(286,255)	-	(608,824)	(186,878)
Proceeds from sale of assets	62,938	-	399	63,337	18,950
Capital contributions	55,612	-	430,314	485,926	1,786,788
Net cash provided (used) by capital and related financing activities	<u>(3,610,885)</u>	<u>(295,293)</u>	<u>(128,005)</u>	<u>(4,034,183)</u>	<u>(4,173,583)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest on investments	120,726	20,797	56,599	198,122	83,046
Net cash provided by investing activities	<u>120,726</u>	<u>20,797</u>	<u>56,599</u>	<u>198,122</u>	<u>83,046</u>
Net increase (decrease) in cash and temporary investments	80,704	190,972	(309,701)	(38,025)	258,811
Cash and temporary investments - January 1	<u>3,106,917</u>	<u>486,147</u>	<u>632,725</u>	<u>4,225,789</u>	<u>3,966,978</u>
Cash and temporary investments - December 31	<u>\$ 3,187,621</u>	<u>\$ 677,119</u>	<u>\$ 323,024</u>	<u>\$ 4,187,764</u>	<u>\$ 4,225,789</u>

(Continued)

# CITY OF WICHITA, KANSAS

## COMBINING STATEMENT OF CASH FLOWS (CONTINUED) NONMAJOR ENTERPRISE FUNDS

For the year ended December 31, 2006  
(with comparative totals for the year ended December 31, 2005)

	Storm Water Utility	Golf Course System	Wichita Transit	Totals	
				2006	2005
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ 2,353,977	\$ (398,756)	\$ (10,538,055)	\$ (8,582,834)	\$ (8,282,778)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	1,462,574	897,294	2,049,519	4,409,387	4,363,781
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	54,508	-	(90,794)	(36,286)	(172,145)
(Increase) decrease in inventory	21,157	-	90,820	111,977	49,374
Increase (decrease) in accounts payable/accrued expenses	(81,752)	20,015	99,727	37,990	(117,749)
Increase (decrease) in deposits	-	1,035	-	1,035	354
Increase in compensated absences	399	15,950	10,004	26,353	49,217
Total adjustments	1,456,886	934,294	2,159,276	4,550,456	4,172,832
Net cash provided (used) by operating activities	\$ 3,810,863	\$ 535,538	\$ (8,378,779)	\$ (4,032,378)	\$ (4,109,946)
 <b><u>Noncash, investing, capital and financing activities:</u></b>					
Assets contributed by benefit districts	\$ 5,877,575	\$ -	\$ -	\$ 5,877,575	\$ 7,820,516
Contribution of capital asset	-	-	107,289	107,289	-
Capital contributed for capital purposes	201,100	-	-	201,100	51,550

# CITY OF WICHITA, KANSAS

## WATER UTILITY FUND SCHEDULE OF BUDGETARY ACCOUNTS BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2006  
(with comparative totals for the year ended December 31, 2005)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -	2005 Actual Amounts
	Original	Final		Positive (Negative)	
<b>REVENUES</b>					
Charges for services and sales	\$ 40,917,180	\$ 41,314,550	\$ 45,722,380	\$ 4,407,830	\$ 38,722,852
Interest earnings	500,000	1,560,000	1,281,474	(278,526)	725,689
Other	-	-	126,533	126,533	519,557
<b>Total revenues</b>	<b>41,417,180</b>	<b>42,874,550</b>	<b>47,130,387</b>	<b>4,255,837</b>	<b>39,968,098</b>
<b>EXPENDITURES</b>					
Personal services	8,091,360	7,499,790	8,286,938	(787,148)	7,860,583
Contractual services	7,238,370	8,081,110	7,364,969	716,141	6,285,477
Materials and supplies	3,906,060	5,740,260	3,382,322	2,357,938	2,968,915
Capital outlay	3,905,700	3,911,150	3,331,590	579,560	2,935,722
Administrative charges	751,440	937,010	937,010	-	852,640
Debt service	13,345,480	13,987,260	13,946,635	40,625	11,885,431
Bond discount/premium amortization	33,380	33,380	(287,259)	320,639	(138,233)
Payments in lieu of franchise fees	2,007,850	1,998,410	1,998,410	-	1,897,500
Other non-operating expenses	1,000	6,000	1,314	4,686	125
Contingency	1,000,000	252,000	-	252,000	-
<b>Total expenditures</b>	<b>40,280,640</b>	<b>42,446,370</b>	<b>38,961,929</b>	<b>3,484,441</b>	<b>34,548,160</b>
Excess (deficiency) of revenues over (under) expenditures	1,136,540	428,180	8,168,458	7,740,278	5,419,938
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers to other funds	(2,250,740)	(2,273,500)	(2,269,813)	3,687	(2,093,415)
<b>Total other financing sources (uses)</b>	<b>(2,250,740)</b>	<b>(2,273,500)</b>	<b>(2,269,813)</b>	<b>3,687</b>	<b>(2,093,415)</b>
Net change in unencumbered cash balances	(1,114,200)	(1,845,320)	5,898,645	7,743,965	3,326,523
Unencumbered cash - beginning	34,280,728	48,868,791	48,868,791	-	34,280,728
Proceeds/expenditures in (anticipation) of bond sales	-	-	(9,008,862)	(9,008,862)	11,261,540
<b>Unencumbered cash - ending</b>	<b>\$ 33,166,528</b>	<b>\$ 47,023,471</b>	<b>\$ 45,758,574</b>	<b>\$ (1,264,897)</b>	<b>\$ 48,868,791</b>

# CITY OF WICHITA, KANSAS

## SEWER UTILITY FUND SCHEDULE OF BUDGETARY ACCOUNTS BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2006  
(with comparative totals for the year ended December 31, 2005)

	Budgeted Amounts		Actual Amounts	Variance with	2005
	Original	Final		Final Budget - Positive (Negative)	
<b>REVENUES</b>					
Charges for services and sales	\$ 30,704,270	\$ 30,642,710	\$ 30,783,796	\$ 141,086	\$ 29,945,673
Interest earnings	496,530	625,000	519,808	(105,192)	260,929
Other	22,410	22,410	696,513	674,103	155,444
Total revenues	<u>31,223,210</u>	<u>31,290,120</u>	<u>32,000,117</u>	<u>709,997</u>	<u>30,362,046</u>
<b>EXPENDITURES</b>					
Personal services	9,263,000	9,240,010	9,244,347	(4,337)	8,724,592
Contractual services	4,697,460	4,961,310	4,921,034	40,276	4,414,609
Materials and supplies	2,412,520	2,748,160	2,634,231	113,929	2,182,406
Capital outlay	1,189,060	951,920	890,214	61,706	982,770
Administrative charges	174,830	234,470	234,470	-	205,060
Debt service	11,519,360	11,555,950	11,521,248	34,702	10,206,504
Bond amortization expense	(38,230)	(67,210)	(235,172)	167,962	(147,210)
Payments in lieu of franchise fees	1,468,500	1,518,100	1,518,100	-	1,429,650
Other non-operating expenses	1,500	1,500	15,124	(13,624)	380
Contingency	100,000	-	-	-	-
Total expenditures	<u>30,788,000</u>	<u>31,144,210</u>	<u>30,743,596</u>	<u>400,614</u>	<u>27,998,761</u>
Excess (deficiency) of revenues over (under) expenditures	<u>435,210</u>	<u>145,910</u>	<u>1,256,521</u>	<u>1,110,611</u>	<u>2,363,285</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers to other funds	<u>(1,553,100)</u>	<u>(1,550,420)</u>	<u>(1,550,415)</u>	<u>5</u>	<u>(1,474,830)</u>
Total other financing sources (uses)	<u>(1,553,100)</u>	<u>(1,550,420)</u>	<u>(1,550,415)</u>	<u>5</u>	<u>(1,474,830)</u>
Net change in unencumbered cash balances	(1,117,890)	(1,404,510)	(293,894)	1,110,616	888,455
Unencumbered cash - beginning	22,584,971	19,686,289	19,686,289	-	22,584,971
Proceeds/expenditures in (anticipation) of bond sales	<u>-</u>	<u>-</u>	<u>11,210,831</u>	<u>11,210,831</u>	<u>(3,787,137)</u>
Unencumbered cash - ending	<u>\$ 21,467,081</u>	<u>\$ 18,281,779</u>	<u>\$ 30,603,226</u>	<u>\$ 12,321,447</u>	<u>\$ 19,686,289</u>

# CITY OF WICHITA, KANSAS

## STORM WATER UTILITY FUND SCHEDULE OF BUDGETARY ACCOUNTS BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2006  
(with comparative totals for the year ended December 31, 2005)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -	2005 Actuals Amounts
	Original	Final		Positive (Negative)	
<b>REVENUES</b>					
Charges for services and sales	\$ 6,539,750	\$ 6,670,480	\$ 7,117,896	\$ 447,416	\$ 5,778,408
Interest earnings	33,030	119,900	120,726	826	62,863
Other	-	(217,600)	118,760	336,360	1,204,810
<b>Total revenues</b>	<b>6,572,780</b>	<b>6,572,780</b>	<b>7,357,382</b>	<b>784,602</b>	<b>7,046,081</b>
<b>EXPENDITURES</b>					
Personal services	1,982,350	1,995,630	1,793,133	202,497	1,480,407
Contractual services	1,534,370	1,569,670	1,112,322	457,348	774,097
Materials and supplies	173,340	173,510	185,971	(12,461)	224,978
Capital outlay	500,000	500,000	497,971	2,029	352,972
Administrative charges	56,010	61,150	61,150	-	61,680
Debt service	2,024,740	2,024,730	2,239,947	(215,217)	2,018,198
Other non-operating expenses	-	-	71,019	(71,019)	616
Contingency	1,900,000	575,000	-	575,000	-
Revised Budget adjustment	-	1,271,120	-	1,271,120	-
<b>Total expenditures</b>	<b>8,170,810</b>	<b>8,170,810</b>	<b>5,961,513</b>	<b>2,209,297</b>	<b>4,912,948</b>
Excess (deficiency) of revenues over (under) expenditures	(1,598,030)	(1,598,030)	1,395,869	2,993,899	2,133,133
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from other funds	-	-	-	-	-
Transfers to other funds	(640,000)	(640,000)	(806,809)	(166,809)	(670,341)
<b>Total other financing sources (uses)</b>	<b>(640,000)</b>	<b>(640,000)</b>	<b>(806,809)</b>	<b>(166,809)</b>	<b>(670,341)</b>
Net change in unencumbered cash balances	(2,238,030)	(2,238,030)	589,060	2,827,090	1,462,792
Unencumbered cash - beginning	2,814,698	2,727,102	2,727,102	-	2,814,698
Proceeds/expenditures in (anticipation) of bond sales	-	-	304,289	304,289	(1,550,388)
<b>Unencumbered cash - ending</b>	<b>\$ 576,668</b>	<b>\$ 489,072</b>	<b>\$ 3,620,451</b>	<b>\$ 3,131,379</b>	<b>\$ 2,727,102</b>

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## **INTERNAL SERVICE FUNDS**

Internal Service Funds are used to account for the financing and administration of general services rendered to the various departments of the City.

Information Technology - responsible for coordination of the City's total computer automation efforts and provides a City-owned telephone system to the organization. Information Technology also provides limited printing and photocopying services.

Fleet and Buildings - purchases, repairs, and maintains vehicles and equipment used by City departments.

Stationery Stores - provides all departments with office supplies, mail room service, and microfilming services.

Self-Insurance - accounts for self-insurance programs of health insurance, workers' compensation, group life insurance, auto liability and general liability.

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# CITY OF WICHITA, KANSAS

## COMBINING BALANCE SHEET INTERNAL SERVICE FUNDS

December 31, 2006

(with comparative totals for the year ended December 31, 2005)

	Information Technology	Fleet and Buildings
<b>ASSETS</b>		
Current assets:		
Cash and temporary investments	\$ 3,262,752	\$ 2,688,299
Investments	-	-
Receivables, net	13,614	105,148
Inventories	-	481,568
Prepaid items	-	-
Total current assets	3,276,366	3,275,015
Noncurrent assets:		
Capital assets:		
Land	-	71,340
Buildings	53,364	3,279,073
Machinery, equipment and other assets	9,570,187	32,758,538
Less accumulated depreciation	(8,502,597)	(25,879,121)
Total capital assets (net of accumulated depreciation)	1,120,954	10,229,830
Total assets	\$ 4,397,320	\$ 13,504,845
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 257,325	\$ 150,238
Current portion of long-term obligations:		
Claims payable	-	-
Compensated absences	133,581	135,404
Total current liabilities	390,906	285,642
Noncurrent liabilities:		
Claims payable	-	-
Compensated absences	21,392	18,581
Total noncurrent liabilities	21,392	18,581
Total liabilities	412,298	304,223
<b>NET ASSETS</b>		
Invested in capital assets	1,120,954	10,229,830
Unrestricted - undesignated	2,864,068	2,970,792
Total net assets	3,985,022	13,200,622
Total liabilities and net assets	\$ 4,397,320	\$ 13,504,845

Stationery Stores	Self Insurance	Totals	
		2006	2005
\$ 451,808	\$ 29,984,606	\$ 36,387,465	\$ 42,229,356
-	-	-	241,206
3,033	347,123	468,918	109,242
-	-	481,568	640,065
-	-	-	32,925
<u>454,841</u>	<u>30,331,729</u>	<u>37,337,951</u>	<u>43,252,794</u>
-	-	71,340	71,340
-	-	3,332,437	3,332,437
85,362	329,010	42,743,097	40,769,521
(77,145)	(157,838)	(34,616,701)	(32,618,630)
<u>8,217</u>	<u>171,172</u>	<u>11,530,173</u>	<u>11,554,668</u>
<u>\$ 463,058</u>	<u>\$ 30,502,901</u>	<u>\$ 48,868,124</u>	<u>\$ 54,807,462</u>
\$ 33,053	\$ 186,546	\$ 627,162	\$ 3,019,287
-	4,172,143	4,172,143	6,422,977
1,388	25,013	295,386	291,000
<u>34,441</u>	<u>4,383,702</u>	<u>5,094,691</u>	<u>9,733,264</u>
-	8,922,812	8,922,812	14,288,672
223	4,016	44,212	43,315
<u>223</u>	<u>8,926,828</u>	<u>8,967,024</u>	<u>14,331,987</u>
<u>34,664</u>	<u>13,310,530</u>	<u>14,061,715</u>	<u>24,065,251</u>
8,217	171,172	11,530,173	11,554,668
<u>420,177</u>	<u>17,021,199</u>	<u>23,276,236</u>	<u>19,187,543</u>
<u>428,394</u>	<u>17,192,371</u>	<u>34,806,409</u>	<u>30,742,211</u>
<u>\$ 463,058</u>	<u>\$ 30,502,901</u>	<u>\$ 48,868,124</u>	<u>\$ 54,807,462</u>

# CITY OF WICHITA, KANSAS

## COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS INTERNAL SERVICE FUNDS

For the year ended December 31, 2006  
(with comparative totals for the year ended December 31, 2005)

	Information Technology	Fleet and Buildings
<b>OPERATING REVENUES</b>		
Charges for services and sales	\$ 7,831,781	\$ 1,429,501
Rentals	-	9,280,205
Employer contributions	-	-
Employee contributions	-	-
Other	225,316	129,071
Total operating revenues	8,057,097	10,838,777
<b>OPERATING EXPENSES</b>		
Personal services	3,419,786	2,786,436
Contractual services	2,874,498	802,098
Materials and supplies	646,446	4,176,265
Cost of materials used	-	1,506,279
Administrative charges	279,090	342,610
Depreciation	405,696	3,419,487
Employee benefits	-	-
Insurance claims	-	-
Total operating expenses	7,625,516	13,033,175
Operating income (loss)	431,581	(2,194,398)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest earnings	-	-
Interest expense	(2,691)	-
Gain (loss) on the sale of assets	(338,416)	128,609
Total nonoperating revenues (expenses)	(341,107)	128,609
Income (loss) before contributions and transfers	90,474	(2,065,789)
Capital contributions and operating transfers:		
Capital contributions - non cash	625,571	599,028
Transfers from other funds	208,920	-
Transfers to other funds	(635,000)	-
Change in net assets	289,965	(1,466,761)
Total net assets - beginning	3,695,057	14,667,383
Total net assets - ending	\$ 3,985,022	\$ 13,200,622

Stationery Stores	Self Insurance	Totals	
		2006	2005
\$ 919,044	\$ -	\$ 10,180,326	\$ 10,000,499
-	-	9,280,205	8,956,245
-	23,877,887	23,877,887	21,713,767
-	6,203,254	6,203,254	5,808,306
-	371,273	725,660	412,120
<u>919,044</u>	<u>30,452,414</u>	<u>50,267,332</u>	<u>46,890,937</u>
61,838	406,327	6,674,387	6,662,453
55,107	675,492	4,407,195	3,869,722
2,011	60,951	4,885,673	4,550,127
734,312	-	2,240,591	1,683,858
3,920	43,480	669,100	422,280
11,653	34,568	3,871,404	2,775,227
-	23,076,033	23,076,033	24,086,999
-	1,418,458	1,418,458	6,015,552
<u>868,841</u>	<u>25,715,309</u>	<u>47,242,841</u>	<u>50,066,218</u>
<u>50,203</u>	<u>4,737,105</u>	<u>3,024,491</u>	<u>(3,175,281)</u>
-	932,036	932,036	629,876
-	-	(2,691)	-
<u>(1,974)</u>	<u>(1,166)</u>	<u>(212,947)</u>	<u>(58,779)</u>
<u>(1,974)</u>	<u>930,870</u>	<u>716,398</u>	<u>571,097</u>
48,229	5,667,975	3,740,889	(2,604,184)
-	-	1,224,599	122,712
35,000	322,790	566,710	1,045,760
-	(833,000)	(1,468,000)	(1,474,500)
83,229	5,157,765	4,064,198	(2,910,212)
<u>345,165</u>	<u>12,034,606</u>	<u>30,742,211</u>	<u>33,652,423</u>
<u>\$ 428,394</u>	<u>\$ 17,192,371</u>	<u>\$ 34,806,409</u>	<u>\$ 30,742,211</u>

# CITY OF WICHITA, KANSAS

## COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS

For the year ended December 31, 2006  
(with comparative totals for the year ended December 31, 2005)

	Information Technology	Fleet Buildings
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 7,830,126	\$ 10,698,085
Cash payments to suppliers for goods and services	(3,637,825)	(6,804,034)
Cash payments to employees for services	(3,414,683)	(2,787,001)
Other operating revenues	225,316	129,071
Net cash provided by (used in) operating activities	1,002,934	1,236,121
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers from other funds	208,920	-
Transfers to other funds	(635,000)	-
Net cash provided by (used in) noncapital financing activities	(426,080)	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Additions to property, plant and equipment	(150,380)	(2,865,047)
Proceeds from sale of assets	-	180,170
Net cash used in capital and related financing activities	(150,380)	(2,684,877)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale and maturity of investment securities	-	-
Interest on investments	-	-
Net cash provided by investing activities	-	-
Net increase (decrease) in cash and temporary investments	426,474	(1,448,756)
Cash and temporary investments - January 1	2,836,278	4,137,055
Cash and temporary investments - December 31	\$ 3,262,752	\$ 2,688,299

Stationery Stores	Self Insurance	Totals	
		2006	2005
\$ 919,767	\$ 29,738,634	\$ 49,186,612	\$ 49,977,546
(820,918)	(35,258,977)	(46,521,754)	(38,495,818)
(60,227)	(407,193)	(6,669,104)	(6,652,734)
-	371,273	725,660	412,120
<u>38,622</u>	<u>(5,556,263)</u>	<u>(3,278,586)</u>	<u>5,241,114</u>
35,000	322,790	566,710	1,045,760
-	(833,000)	(1,468,000)	(1,474,500)
<u>35,000</u>	<u>(510,210)</u>	<u>(901,290)</u>	<u>(428,740)</u>
-	-	(3,015,427)	(4,231,344)
-	-	180,170	145,525
-	-	<u>(2,835,257)</u>	<u>(4,085,819)</u>
-	241,206	241,206	2,885
-	<u>932,036</u>	<u>932,036</u>	<u>629,876</u>
-	<u>1,173,242</u>	<u>1,173,242</u>	<u>632,761</u>
73,622	(4,893,231)	(5,841,891)	1,359,316
<u>378,186</u>	<u>34,877,837</u>	<u>42,229,356</u>	<u>40,870,040</u>
<u>\$ 451,808</u>	<u>\$ 29,984,606</u>	<u>\$ 36,387,465</u>	<u>\$ 42,229,356</u>

(Continued)

# CITY OF WICHITA, KANSAS

## COMBINING STATEMENT OF CASH FLOWS (CONTINUED) INTERNAL SERVICE FUNDS

For the year ended December 31, 2006  
(with comparative totals for the year ended December 31, 2005)

	Information Technology	Fleet and Buildings
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ 431,581	\$ (2,194,398)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	405,696	3,419,487
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(1,655)	(11,621)
(Increase) decrease in inventory	-	153,881
(Increase) decrease in prepaid items	32,191	-
Increase (decrease) in accounts payable and accrued expenses	130,018	(130,663)
Increase in claims payable	-	-
Increase (decrease) in compensated absences	5,103	(565)
Total adjustments	571,353	3,430,519
Net cash provided by (used in) operating activities	\$ 1,002,934	\$ 1,236,121

### Supplemental Schedule of Non-Cash Investing and Financing Activities

Contributed of capital assets	\$ 625,571	\$ 599,028
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Stationery Stores	Self Insurance	Totals	
		2006	2005
<u>\$ 50,203</u>	<u>\$ 4,737,105</u>	<u>\$ 3,024,491</u>	<u>\$ (3,175,281)</u>
11,653	34,568	3,871,404	2,775,227
723	(342,507)	(355,060)	3,498,729
-	-	153,881	(269,115)
734	-	32,925	(18,654)
(26,302)	(2,367,869)	(2,394,816)	793,460
-	(7,616,694)	(7,616,694)	1,627,029
<u>1,611</u>	<u>(866)</u>	<u>5,283</u>	<u>9,719</u>
<u>(11,581)</u>	<u>(10,293,368)</u>	<u>(6,303,077)</u>	<u>8,416,395</u>
<u>\$ 38,622</u>	<u>\$ (5,556,263)</u>	<u>\$ (3,278,586)</u>	<u>\$ 5,241,114</u>
\$ -	\$ -	\$ 1,224,599	\$ 122,712

## CITY OF WICHITA, KANSAS

### COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS SELF INSURANCE FUNDS

For the year ended December 31, 2006  
(with comparative totals for the year ended December 31, 2005)

	Life	Health	Workers'	General	Totals	
	Insurance	Insurance	Compensation	Liability	2006	2005
<b>OPERATING REVENUES</b>						
Employer contributions	\$ 22,826	\$ 18,738,486	\$ 3,045,122	\$ 2,071,453	\$ 23,877,887	\$ 21,713,767
Employee contributions	17,768	6,185,486	-	-	6,203,254	5,808,306
Other	-	-	288,105	83,168	371,273	413,686
Total operating revenues	<u>40,594</u>	<u>24,923,972</u>	<u>3,333,227</u>	<u>2,154,621</u>	<u>30,452,414</u>	<u>27,935,759</u>
<b>OPERATING EXPENSES</b>						
Personal services	-	46,977	90,863	268,487	406,327	427,799
Contractual services	137	129,813	342,613	202,929	675,492	267,207
Materials and supplies	-	-	201	60,750	60,951	84,747
Administrative changes	11,560	11,130	20,000	790	43,480	108,620
Depreciation	-	-	416	34,152	34,568	34,988
Employee benefits	320,648	22,755,385	-	-	23,076,033	24,086,999
Insurance claims	-	-	992,639	425,819	1,418,458	6,015,552
Total operating expenses	<u>332,345</u>	<u>22,943,305</u>	<u>1,446,732</u>	<u>992,927</u>	<u>25,715,309</u>	<u>31,025,912</u>
Operating income (loss)	<u>(291,751)</u>	<u>1,980,667</u>	<u>1,886,495</u>	<u>1,161,694</u>	<u>4,737,105</u>	<u>(3,090,153)</u>
<b>NONOPERATING REVENUES</b>						
Interest earnings	76,357	44,870	354,960	455,849	932,036	629,876
Loss on sale of asset	-	-	-	(1,166)	(1,166)	-
Total nonoperating revenues	<u>76,357</u>	<u>44,870</u>	<u>354,960</u>	<u>454,683</u>	<u>930,870</u>	<u>629,876</u>
Income (loss) before operating transfers	(215,394)	2,025,537	2,241,455	1,616,377	5,667,975	(2,460,277)
Operating transfers:						
Transfers from other funds	-	-	-	322,790	322,790	2,956,340
Transfers to other funds	-	-	-	(833,000)	(833,000)	(3,608,530)
Change in net assets	(215,394)	2,025,537	2,241,455	1,106,167	5,157,765	(3,112,467)
Total net assets - beginning	<u>2,717,035</u>	<u>1,269,158</u>	<u>629,952</u>	<u>7,418,461</u>	<u>12,034,606</u>	<u>15,147,073</u>
Total net assets - ending	<u>\$ 2,501,641</u>	<u>\$ 3,294,695</u>	<u>\$ 2,871,407</u>	<u>\$ 8,524,628</u>	<u>\$ 17,192,371</u>	<u>\$ 12,034,606</u>

**CITY OF WICHITA, KANSAS**

**INFORMATION TECHNOLOGY FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN UNENCUMBERED CASH  
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2006  
(with comparative totals for the year ended December 31, 2005)

	Budgeted Amounts		Actual Amounts	Variance with	2005
	Original	Final		Final Budget - Positive (Negative)	
<b>REVENUES</b>					
Fines and penalties	\$ -	\$ -	\$ 2,376	\$ 2,376	\$ 15,708
Charges for services and sales	7,562,010	7,780,770	7,829,405	48,635	7,562,189
Other Revenue	-	16,240	351,710	335,470	125,423
<b>Total Revenues</b>	<b>7,562,010</b>	<b>7,797,010</b>	<b>8,183,491</b>	<b>386,481</b>	<b>7,703,320</b>
<b>EXPENDITURES</b>					
Personal services	3,775,090	3,902,850	3,414,682	488,168	3,346,418
Contractual services	2,766,500	2,800,510	2,785,249	15,261	2,424,779
Materials and supplies	741,340	675,720	596,237	79,483	662,799
Capital outlay	234,080	414,840	214,684	200,156	275,096
City administrative charges	65,590	279,090	279,090	-	79,330
Other non-operating expenses	-	-	2,691	(2,691)	-
Cost of materials used	-	-	-	-	8,219
Contingency	50,000	434,590	-	434,590	-
<b>Total Expenditures</b>	<b>7,632,600</b>	<b>8,507,600</b>	<b>7,292,633</b>	<b>1,214,967</b>	<b>6,796,641</b>
Excess (deficiency) of revenues over (under) expenditures	(70,590)	(710,590)	890,858	1,601,448	906,679
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from other funds	428,190	193,190	208,920	15,730	193,190
Transfers to other funds	(1,510,000)	(635,000)	(635,000)	-	(504,740)
<b>Total other financing sources (uses)</b>	<b>(1,081,810)</b>	<b>(441,810)</b>	<b>(426,080)</b>	<b>15,730</b>	<b>(311,550)</b>
<b>Net change in unencumbered cash balances</b>	<b>(1,152,400)</b>	<b>(1,152,400)</b>	<b>464,778</b>	<b>1,617,178</b>	<b>595,129</b>
Unencumbered cash - beginning	1,492,070	2,087,199	2,087,199	-	1,492,070
(Increase)/decrease in assets and liabilities	-	-	(181)	(181)	-
<b>Unencumbered cash - ending</b>	<b>\$ 339,670</b>	<b>\$ 934,799</b>	<b>\$ 2,551,796</b>	<b>\$ 1,616,997</b>	<b>\$ 2,087,199</b>

**CITY OF WICHITA, KANSAS**

**FLEET AND BUILDINGS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN UNENCUMBERED CASH  
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2006  
(with comparative totals for the year ended December 31, 2005)

	Budgeted Amounts		Actual Amounts	Variance with	2005
	Original	Final		Final Budget - Positive (Negative)	
<b>REVENUES</b>					
Charges for services and sales	\$ 1,532,000	\$ 1,693,500	\$ 1,609,671	\$ (83,829)	\$ 1,604,343
Rental/lease income	9,186,320	10,021,790	9,280,205	(741,585)	8,689,592
Other Revenue	145,500	(851,470)	179,342	1,030,812	182,932
<b>Total Revenues</b>	<b>10,863,820</b>	<b>10,863,820</b>	<b>11,069,218</b>	<b>205,398</b>	<b>10,476,867</b>
<b>EXPENDITURES</b>					
Personal services	3,205,930	3,158,640	2,787,002	371,638	2,824,825
Contractual services	816,860	834,040	803,324	30,716	836,219
Materials and supplies	2,590,650	4,077,590	4,176,265	(98,675)	3,858,123
Capital outlay	3,327,000	3,327,000	3,284,073	42,927	2,967,703
City administrative charges	198,380	342,610	342,610	-	189,560
Cost of materials used	1,600,000	1,400,000	1,503,766	(103,766)	955,426
Contingency	1,825,000	423,940	-	423,940	-
<b>Total Expenditures</b>	<b>13,563,820</b>	<b>13,563,820</b>	<b>12,897,040</b>	<b>666,780</b>	<b>11,631,856</b>
Excess (deficiency) of revenues over (under) expenditures	(2,700,000)	(2,700,000)	(1,827,822)	872,178	(1,154,989)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from other funds	-	-	-	-	500,000
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>500,000</b>
Net change in unencumbered cash balances	(2,700,000)	(2,700,000)	(1,827,822)	872,178	(654,989)
Unencumbered cash - beginning	3,932,314	3,277,325	3,277,325	-	3,932,314
(Increase)/decrease in assets and liabilities	-	-	126,503	126,503	-
<b>Unencumbered cash - ending</b>	<b>\$ 1,232,314</b>	<b>\$ 577,325</b>	<b>\$ 1,576,006</b>	<b>\$ 998,681</b>	<b>\$ 3,277,325</b>

**CITY OF WICHITA, KANSAS**

**STATIONERY STORES FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN UNENCUMBERED CASH  
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2006  
(with comparative totals for the year ended December 31, 2005)

	Budgeted Amounts		Actual Amounts	Variance with	2005
	Original	Final		Final Budget - Positive (Negative)	
<b>REVENUES</b>					
Charges for services and sales	\$ 940,000	\$ 940,000	\$ 919,044	\$ (20,956)	\$ 850,131
Total Revenues	940,000	940,000	919,044	(20,956)	850,131
<b>EXPENDITURES</b>					
Personal services	67,200	61,500	60,227	1,273	57,441
Contractual services	105,480	105,480	55,122	50,358	66,279
Materials and supplies	3,130	3,130	2,011	1,119	2,727
City administrative charges	4,740	4,740	3,920	820	44,770
Cost of materials used	800,000	800,000	734,312	65,688	693,332
Contingency	150,000	155,700	-	155,700	-
Total Expenditures	1,130,550	1,130,550	855,592	274,958	864,549
Excess (deficiency) of revenues over (under) expenditures	(190,550)	(190,550)	63,452	254,002	(14,418)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from other funds	35,000	35,000	35,000	-	35,000
Total other financing sources (uses)	35,000	35,000	35,000	-	35,000
Net change in unencumbered cash balances	(155,550)	(155,550)	98,452	254,002	20,582
Unencumbered cash - beginning	318,471	318,471	318,471	-	297,889
(Increase)/decrease in assets and liabilities	-	-	1,458	1,458	-
Unencumbered cash - ending	\$ 162,921	\$ 162,921	\$ 418,381	\$ 255,460	\$ 318,471

**CITY OF WICHITA, KANSAS**

**SELF INSURANCE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN UNENCUMBERED CASH  
BUDGET AND ACTUAL - BUDGETARY BASIS**

For the year ended December 31, 2006  
(with comparative totals for the year ended December 31, 2005)

	Budgeted Amounts		Actual Amounts	Variance with	2005
	Original	Final		Final Budget - Positive (Negative)	
<b>REVENUES</b>					
Charges for services and sales	\$ -	\$ -	\$ 4,700	\$ 4,700	\$ -
Interest earnings	550,000	550,000	932,037	382,037	629,877
Employer contributions	25,655,150	24,431,370	23,352,937	(1,078,433)	21,184,914
Employee contributions	6,908,590	6,647,850	6,203,254	(444,596)	5,808,305
Other Revenue	400,000	1,880,170	914,082	(966,088)	4,445,424
<b>Total Revenues</b>	<b>33,513,740</b>	<b>33,509,390</b>	<b>31,407,010</b>	<b>(2,102,380)</b>	<b>32,068,520</b>
<b>EXPENDITURES</b>					
Personal services	1,842,970	1,798,960	1,627,895	171,065	1,760,743
Contractual services	31,762,260	31,393,490	26,736,882	4,656,608	26,848,775
Materials and supplies	102,290	102,900	40,269	62,631	96,176
Capital outlay	10,000	10,000	-	10,000	-
City administrative charges	111,700	43,610	43,480	130	108,620
Other non-operating expenses	583,160	463,160	395,151	68,009	602,882
Contingency	500,000	50,260	-	50,260	-
<b>Total Expenditures</b>	<b>34,912,380</b>	<b>33,862,380</b>	<b>28,843,677</b>	<b>5,018,703</b>	<b>29,417,196</b>
Excess (deficiency) of revenues over (under) expenditures	(1,398,640)	(352,990)	2,563,333	2,916,323	2,651,324
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from other funds	530,040	534,390	322,790	(211,600)	317,570
Transfers to other funds	-	(1,050,000)	(833,000)	217,000	(969,760)
<b>Total other financing sources (uses)</b>	<b>530,040</b>	<b>(515,610)</b>	<b>(510,210)</b>	<b>5,400</b>	<b>(652,190)</b>
Net change in unencumbered cash balances	(868,600)	(868,600)	2,053,123	2,921,723	1,999,134
Unencumbered cash - beginning	11,421,357	11,421,357	13,048,386	1,627,029	11,049,252
(Increase)/decrease in assets and liabilities	-	-	1,142,306	1,142,306	-
<b>Unencumbered cash - ending</b>	<b>\$ 10,552,757</b>	<b>\$ 10,552,757</b>	<b>\$ 16,243,815</b>	<b>\$ 5,691,058</b>	<b>\$ 13,048,386</b>

## ***—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.

Pension Trust Funds - accounts for the receipt, investment and distribution of retirement contributions made for the benefit of police, fire and other City employees.

Police and Fire Retirement System  
Employees' Retirement System  
Employees' Retirement Plan 3

Agency Funds - *accounts for resources received and held by the City as agent which are to be expended as directed by the party for which the City is acting as agent.*

*Payroll Liability  
Special Assessment Advance Payments  
Neighborhood Revitalization  
IRB, Payment-in-lieu-of taxes (PILOT)*

# CITY OF WICHITA, KANSAS

## COMBINING STATEMENT OF NET ASSETS PENSION TRUST FUNDS December 31, 2006 (with comparative totals for December 31, 2005)

	Police and Fire	Employees'	Employees'	Totals	
	Retirement System	Retirement System	Retirement Plan 3	2006	2005
<b>ASSETS</b>					
Cash and temporary investments	\$ 601,443	\$ 150,996	\$ 110,641	\$ 863,080	\$ 812,096
Receivables:					
Investment sales pending	4,544,729	5,040,335	137,684	9,722,748	8,517,913
Interest and dividends	912,440	1,011,942	27,643	1,952,025	1,952,033
Other	19,972	1,007	815	21,794	1,023,481
Total receivables	5,477,141	6,053,284	166,142	11,696,567	11,493,427
Investments, at fair value:					
Government short term investment fund	5,597,728	6,208,164	169,585	11,975,477	13,200,332
Government securities: long term	7,173,491	7,950,054	224,045	15,347,590	9,972,186
Corporate debt instruments: long term	29,149,283	32,304,827	910,402	62,364,512	66,529,784
Mortgage-backed securities	26,005,463	28,820,674	812,212	55,638,349	52,476,704
Corporate stocks: domestic common	164,413,916	182,212,479	5,135,038	351,761,433	317,822,359
Corporate stocks: international common	98,031,525	108,643,888	3,061,758	209,737,171	107,797,709
Real estate	24,193,038	26,812,045	755,606	51,760,689	44,365,395
Value of interest in pooled funds: domestic fixed income	47,415,868	52,548,855	1,480,911	101,445,634	90,565,631
Value of interest in pooled funds: domestic equities	51,472,591	57,044,736	1,607,612	110,124,939	99,086,502
Value of interest in pooled funds: international equities	6,843,770	7,584,639	289,373	14,717,782	78,330,144
Securities lending short-term collateral investment pool	47,657,249	52,854,303	1,443,787	101,955,339	76,139,838
Total investments	507,953,922	562,984,664	15,890,329	1,086,828,915	956,286,584
Pension administration software	338,170	338,170	278,942	955,282	557,031
Total assets	514,370,676	569,527,114	16,446,054	1,100,343,844	969,149,138
<b>LIABILITIES</b>					
Accounts payable and accrued expenses	900,758	629,646	127,358	1,657,762	4,759,357
Investment purchases pending	5,053,761	5,604,876	153,105	10,811,742	9,034,427
Securities lending obligations	47,657,249	52,854,303	1,443,787	101,955,339	76,139,838
Total liabilities	53,611,768	59,088,825	1,724,250	114,424,843	89,933,622
<b>NET ASSETS</b>					
Held in trust for pension benefits	\$ 460,758,908	\$ 510,438,289	\$ 14,721,804	\$ 985,919,001	\$ 879,215,516

# CITY OF WICHITA, KANSAS

## COMBINING STATEMENT OF CHANGES IN NET ASSETS PENSION TRUST FUNDS

For the year ended December 31, 2006  
(with comparative totals for the year ended December 31, 2005)

	Police and Fire	Employees'	Employees'	Totals	
	Retirement System	Retirement System	Retirement Plan 3	2006	2005
<b>ADDITIONS</b>					
Contributions:					
Employer	\$ 9,849,536	\$ 2,264,339	\$ 1,369,009	\$ 13,482,884	\$ 10,760,722
Employee	3,789,743	2,445,103	1,369,009	7,603,855	7,291,970
Total contributions	<u>13,639,279</u>	<u>4,709,442</u>	<u>2,738,018</u>	<u>21,086,739</u>	<u>18,052,692</u>
Investment income:					
<i>From investment activities</i>					
Net appreciation in fair value					
value of investments	49,586,158	55,538,108	1,567,031	106,691,297	52,587,783
Interest and dividends	12,121,096	13,499,581	364,689	25,985,366	20,023,947
Commission recapture	27,464	30,840	836	59,140	97,708
Total investing activity income	<u>61,734,718</u>	<u>69,068,529</u>	<u>1,932,556</u>	<u>132,735,803</u>	<u>72,709,438</u>
Less investment expense	<u>1,972,794</u>	<u>2,191,060</u>	<u>60,134</u>	<u>4,223,988</u>	<u>4,157,388</u>
Net income from investing activities	<u>59,761,924</u>	<u>66,877,469</u>	<u>1,872,422</u>	<u>128,511,815</u>	<u>68,552,050</u>
<i>From securities lending activities</i>					
Securities lending income	<u>1,978,740</u>	<u>2,213,322</u>	<u>60,095</u>	<u>4,252,157</u>	<u>1,913,480</u>
Securities lending activities expenses:					
Borrower rebates	1,800,873	2,014,074	54,704	3,869,651	1,583,690
Management fees	42,750	47,830	1,296	91,876	83,764
Total securities lending activities expenses	<u>1,843,623</u>	<u>2,061,904</u>	<u>56,000</u>	<u>3,961,527</u>	<u>1,667,454</u>
Net income from securities lending activities	<u>135,117</u>	<u>151,418</u>	<u>4,095</u>	<u>290,630</u>	<u>246,026</u>
Total net investment income	<u>59,897,041</u>	<u>67,028,887</u>	<u>1,876,517</u>	<u>128,802,445</u>	<u>68,798,076</u>
Transfers from other funds	<u>-</u>	<u>1,983,067</u>	<u>-</u>	<u>1,983,067</u>	<u>1,562,135</u>
Total additions	<u>73,536,320</u>	<u>73,721,396</u>	<u>4,614,535</u>	<u>151,872,251</u>	<u>88,412,903</u>
<b>DEDUCTIONS</b>					
Pension benefits	18,141,903	21,254,013	-	39,395,916	37,456,443
DROP and Back DROP payments	641,517	947,843	-	1,589,360	3,146,387
Pension administration	354,904	355,954	31,374	742,232	641,463
Employee contributions refunded	384,672	287,379	786,140	1,458,191	1,193,625
Transfers to other funds	-	-	1,983,067	1,983,067	1,562,135
Total deductions	<u>19,522,996</u>	<u>22,845,189</u>	<u>2,800,581</u>	<u>45,168,766</u>	<u>44,000,053</u>
Change in net assets	54,013,324	50,876,207	1,813,954	106,703,485	44,412,850
Net assets - beginning	<u>406,745,584</u>	<u>459,562,082</u>	<u>12,907,850</u>	<u>879,215,516</u>	<u>834,802,666</u>
Net assets - ending	<u>\$ 460,758,908</u>	<u>\$ 510,438,289</u>	<u>\$ 14,721,804</u>	<u>\$ 985,919,001</u>	<u>\$ 879,215,516</u>

# CITY OF WICHITA, KANSAS

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES ALL AGENCY FUNDS

For the year ended December 31, 2006

	<u>Balance</u> <u>January 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>December 31, 2006</u>
<u>Payroll Liability Fund</u>				
<b>ASSETS</b>				
Cash and temporary investments	\$ 2,449,443	\$ 102,980,239	\$ 102,863,342	\$ 2,566,340
Accounts receivable	50,841	74,598	-	125,439
 Total assets	<u>\$ 2,500,284</u>	<u>\$ 103,054,837</u>	<u>\$ 102,863,342</u>	<u>\$ 2,691,779</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 2,500,284	\$ 158,649,829	\$ 158,458,334	\$ 2,691,779
 Total liabilities	<u>\$ 2,500,284</u>	<u>\$ 158,649,829</u>	<u>\$ 158,458,334</u>	<u>\$ 2,691,779</u>
 <u>Special Assessment Advance Payments Fund</u>				
<b>ASSETS</b>				
Cash and temporary investments	\$ 5,606,994	\$ 2,558,686	\$ 2,294,415	\$ 5,871,265
Investments	434,576	1,019,120	1,100,279	353,417
Accounts receivable	12,221	-	-	12,221
Interest receivable	3,541	38,646	42,187	-
 Total assets	<u>\$ 6,057,332</u>	<u>\$ 3,616,452</u>	<u>\$ 3,436,881</u>	<u>\$ 6,236,903</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 227	\$ 227	\$ -
Deposits	6,057,332	1,181,087	1,001,516	6,236,903
 Total liabilities	<u>\$ 6,057,332</u>	<u>\$ 1,181,314</u>	<u>\$ 1,001,743</u>	<u>\$ 6,236,903</u>
 <u>Neighborhood Revitalization Fund</u>				
<b>ASSETS</b>				
Cash and temporary investments	\$ 44,869	\$ 102,984	\$ 135,118	\$ 12,735
 Total assets	<u>\$ 44,869</u>	<u>\$ 102,984</u>	<u>\$ 135,118</u>	<u>\$ 12,735</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 135,118	\$ 135,118	\$ -
Deposits	44,869	102,984	135,118	12,735
 Total liabilities	<u>\$ 44,869</u>	<u>\$ 238,102</u>	<u>\$ 270,236</u>	<u>\$ 12,735</u>

(Continued)

# CITY OF WICHITA, KANSAS

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED) ALL AGENCY FUNDS

For the year ended December 31, 2006

	Balance <u>January 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>December 31, 2006</u>
<u>IRB, PILOT Fund</u>				
<b>ASSETS</b>				
Cash and temporary investments	\$ -	\$ 12,196	\$ 12,196	\$ -
Accounts receivable	<u>17,133</u>	<u>16,308</u>	<u>12,196</u>	<u>21,245</u>
 Total assets	 <u>\$ 17,133</u>	 <u>\$ 28,504</u>	 <u>\$ 24,392</u>	 <u>\$ 21,245</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 12,196	\$ 12,196	\$ -
Deposits	<u>17,133</u>	<u>16,308</u>	<u>12,196</u>	<u>21,245</u>
 Total liabilities	 <u>\$ 17,133</u>	 <u>\$ 28,504</u>	 <u>\$ 24,392</u>	 <u>\$ 21,245</u>
 <u>Totals - All Agency Funds</u>				
<b>ASSETS</b>				
Cash and temporary investments	\$ 8,101,306	\$ 105,654,105	\$ 105,305,071	\$ 8,450,340
Investments	434,576	1,019,120	1,100,279	353,417
Accounts receivable	80,195	90,906	12,196	158,905
Interest receivable	<u>3,541</u>	<u>38,646</u>	<u>42,187</u>	<u>-</u>
 Total assets	 <u>\$ 8,619,618</u>	 <u>\$ 106,802,777</u>	 <u>\$ 106,459,733</u>	 <u>\$ 8,962,662</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 2,500,284	\$ 158,797,370	\$ 158,605,875	\$ 2,691,779
Deposits	<u>6,119,334</u>	<u>1,300,379</u>	<u>1,148,830</u>	<u>6,270,883</u>
 Total liabilities	 <u>\$ 8,619,618</u>	 <u>\$ 160,097,749</u>	 <u>\$ 159,754,705</u>	 <u>\$ 8,962,662</u>

———— ***COMPONENT UNIT*** ————

The Wichita Public Building Commission (WPBC) is reported as a discretely presented component unit within the financial statements of the City of Wichita (the reporting entity) to emphasize its separate legal status. The WPBC acquires and finances buildings or facilities for the City of Wichita or other local, state and federal agencies, school districts, and the Wichita State University Board of Trustees.

# CITY OF WICHITA, KANSAS

## STATEMENT OF CASH FLOWS COMPONENT UNIT - WICHITA PUBLIC BUILDING COMMISSION For the year ended December 31, 2006

	<u>2006</u>	<u>2005</u>
<b>CASH FLOWS PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCIAL ACTIVITIES</b>		
Project expenditures	\$ -	\$ (11,680)
Received on direct financing lease	2,760,000	2,760,000
Debt service - principal	(2,760,000)	(2,760,000)
Debt service - interest	(1,116,466)	(1,203,196)
Net cash (used in) capital and related financing activities	<u>(1,116,466)</u>	<u>(1,214,876)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on lease investment	<u>1,158,769</u>	<u>1,049,182</u>
Net cash (used in) investment activities	<u>1,158,769</u>	<u>1,049,182</u>
Net increase in cash and temporary investments	42,303	(165,693)
Cash and temporary investments - January 1	<u>1,686,105</u>	<u>1,851,797</u>
Cash and temporary investments - December 31	<u>\$ 1,728,408</u>	<u>\$ 1,686,105</u>

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— ***ADDITIONAL INFORMATION*** —

Additional schedules represent various financial schedules of the City. Included are supplementary schedules pertaining to long-term debt obligations and investments.

**CITY OF WICHITA, KANSAS**

COMBINED SCHEDULE OF CHANGES IN BONDS PAYABLE  
Year ended December 31, 2006

	Balance January 1, 2006	Issued	Retired	Balance December 31, 2006
General obligation bonds payable from:				
Ad valorem property taxes	\$ 62,211,487	\$ -	\$ 10,897,919	\$ 51,313,568
Special assessments	210,370,000	30,795,000	23,460,000	217,705,000
Tax increment financing	25,361,516	-	3,697,121	21,664,395
Transient guest tax	8,890,213	-	2,173,599	6,716,614
Airport Authority	3,150,000	-	625,000	2,525,000
Golf Course System	5,726,522	-	632,602	5,093,920
Local sales tax	113,500,000	-	8,995,000	104,505,000
Storm Water Utility	3,894,020	6,805,000	1,917,378	8,781,642
Revenue bonds payable from:				
Water Utility	145,759,479	28,860,000	7,146,144	167,473,335
Sewer Utility	129,887,093	22,280,000	5,357,547	146,809,546
Airport Special Facilities	77,824,980	-	1,268,218	76,556,762
Wichita Public Building Commission	29,315,000	-	2,760,000	26,555,000
	<u>\$ 815,890,310</u>	<u>\$ 88,740,000</u>	<u>\$ 68,930,528</u>	<u>\$ 835,699,782</u>

RECONCILIATION OF BONDS PAYABLE  
December 31, 2006

General obligation bonds	\$ 418,305,139
Revenue bonds	<u>417,394,643</u>
Total bonds payable	<u>\$ 835,699,782</u>
Serial bonds payable exclusive of bond anticipation notes	\$ 401,904,577
Bonds payable from component unit	26,555,000
Bonds payable from proprietary funds	<u>407,240,205</u>
Total bonds payable	<u>\$ 835,699,782</u>

**CITY OF WICHITA, KANSAS**

SUMMARY OF GENERAL OBLIGATION DEBT SERVICE CHARGES  
BASED ON BONDED DEBT AS OF DECEMBER 31, 2006

Year	PAYABLE FROM PROPERTY TAXES			PAYABLE FROM TRANSIENT GUEST TAX		
	Principal	Interest	Debt Service Charges	Principal	Interest	Debt Service Charges
2007	\$ 10,757,494	\$ 1,821,728	\$ 12,579,222	\$ 1,162,385	\$ 731,702	\$ 1,894,087
2008	9,757,139	1,431,818	11,188,957	915,686	751,669	1,667,355
2009	8,788,137	1,051,780	9,839,917	901,477	778,128	1,679,605
2010	6,710,580	742,556	7,453,136	889,911	796,976	1,686,887
2011	5,381,076	505,070	5,886,146	891,553	811,924	1,703,477
2012	5,390,073	308,154	5,698,227	891,264	824,992	1,716,256
2013	3,509,069	125,146	3,634,215	896,914	829,966	1,726,880
2014	1,020,000	16,830	1,036,830	167,424	8,371	175,795
	<u>\$ 51,313,568</u>	<u>\$ 6,003,082</u>	<u>\$ 57,316,650</u>	<u>\$ 6,716,614</u>	<u>\$ 5,533,728</u>	<u>\$ 12,250,342</u>

Year	PAYABLE FROM TAX INCREMENT FINANCING			PAYABLE FROM LOCAL SALES TAX		
	Principal	Interest	Debt Service Charges	Principal	Interest	Debt Service Charges
2007	\$ 2,327,121	\$ 876,839	\$ 3,203,960	\$ 6,800,000	\$ 4,721,538	\$ 11,521,538
2008	2,505,303	784,453	3,289,756	7,090,000	4,416,688	11,506,688
2009	2,693,485	680,838	3,374,323	7,485,000	4,095,981	11,580,981
2010	2,348,636	574,765	2,923,401	7,820,000	3,766,475	11,586,475
2011	2,534,849	478,398	3,013,247	8,205,000	3,417,000	11,622,000
2012	2,724,091	374,141	3,098,232	8,555,000	3,042,913	11,597,913
2013	1,893,334	260,536	2,153,870	8,955,000	2,635,200	11,590,200
2014	932,576	177,243	1,109,819	9,335,000	2,193,825	11,528,825
2015	700,000	141,429	841,429	9,730,000	1,746,300	11,476,300
2016	735,000	116,339	851,339	10,150,000	1,272,888	11,422,888
2017	765,000	89,153	854,153	10,600,000	806,250	11,406,250
2018	795,000	59,985	854,985	6,710,000	392,388	7,102,388
2019	350,000	28,760	378,760	3,070,000	69,075	3,139,075
2020	360,000	14,760	374,760	-	-	-
	<u>\$ 21,664,395</u>	<u>\$ 4,657,639</u>	<u>\$ 26,322,034</u>	<u>\$ 104,505,000</u>	<u>\$ 32,576,521</u>	<u>\$ 137,081,521</u>

Year	TOTAL PAYABLE FROM TAXES			PAYABLE FROM SPECIAL ASSESSMENTS		
	Principal	Interest	Debt Service Charges	Principal	Interest	Debt Service Charges
2007	\$ 21,047,000	\$ 8,151,807	\$ 29,198,807	\$ 23,490,000	\$ 8,728,331	\$ 32,218,331
2008	20,268,128	7,384,628	27,652,756	19,680,000	8,014,494	27,694,494
2009	19,868,099	6,606,727	26,474,826	19,395,000	7,266,798	26,661,798
2010	17,769,127	5,880,772	23,649,899	19,785,000	6,505,063	26,290,063
2011	17,012,478	5,212,392	22,224,870	19,140,000	5,717,300	24,857,300
2012	17,560,428	4,550,200	22,110,628	18,415,000	4,934,303	23,349,303
2013	15,254,317	3,850,848	19,105,165	17,670,000	4,158,828	21,828,828
2014	11,455,000	2,396,269	13,851,269	16,375,000	3,391,498	19,766,498
2015	10,430,000	1,887,729	12,317,729	15,000,000	2,687,348	17,687,348
2016	10,885,000	1,389,227	12,274,227	11,575,000	2,034,240	13,609,240
2017	11,365,000	895,403	12,260,403	10,650,000	1,556,228	12,206,228
2018	7,505,000	452,373	7,957,373	9,710,000	1,116,531	10,826,531
2019	3,420,000	97,835	3,517,835	7,560,000	712,634	8,272,634
2020	360,000	14,760	374,760	5,570,000	397,963	5,967,963
2021	-	-	-	2,825,000	160,665	2,985,665
2022	-	-	-	195,000	38,820	233,820
2023	-	-	-	205,000	30,155	235,155
2024	-	-	-	210,000	21,015	231,015
2025	-	-	-	185,000	11,615	196,615
2026	-	-	-	70,000	3,395	73,395
	<u>\$ 184,199,577</u>	<u>\$ 48,770,970</u>	<u>\$ 232,970,547</u>	<u>\$ 217,705,000</u>	<u>\$ 57,487,224</u>	<u>\$ 275,192,224</u>

**CITY OF WICHITA, KANSAS**

SUMMARY OF GENERAL OBLIGATION DEBT SERVICE CHARGES  
PAYABLE FROM PROPRIETARY FUND REVENUES  
BASED ON BONDED DEBT AS OF DECEMBER 31, 2006

PROPRIETARY FUNDS

Year	Airport Authority		Golf Course System		Storm Water Utility	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 605,000	\$ 129,149	\$ 464,026	\$ 254,256	\$ 847,377	\$ 309,648
2008	640,000	94,933	479,947	232,213	872,377	279,135
2009	675,000	58,306	504,947	208,958	897,377	246,564
2010	525,000	19,563	525,000	184,243	922,378	211,934
2011	80,000	4,240	555,000	158,255	947,378	175,639
2012	-	-	590,000	130,228	972,378	139,845
2013	-	-	620,000	99,990	997,378	104,245
2014	-	-	660,000	67,750	745,000	72,675
2015	-	-	695,000	34,750	775,000	44,928
2016	-	-	-	-	805,000	15,295
	<u>\$ 2,525,000</u>	<u>\$ 306,191</u>	<u>\$ 5,093,920</u>	<u>\$ 1,370,643</u>	<u>\$ 8,781,642</u>	<u>\$ 1,599,908</u>

Totals

Year	Principal	Interest	Debt Service Charges
2007	\$ 1,916,403	\$ 693,053	\$ 2,609,456
2008	1,992,324	606,281	2,598,605
2009	2,077,324	513,828	2,591,152
2010	1,972,378	415,740	2,388,119
2011	1,582,378	338,134	1,920,512
2012	1,562,378	270,073	1,832,451
2013	1,617,378	204,235	1,821,613
2014	1,405,000	140,425	1,545,425
2015	1,470,000	79,678	1,549,678
2016	805,000	15,295	820,295
	<u>\$ 16,400,562</u>	<u>\$ 3,276,742</u>	<u>\$ 19,677,305</u>

**CITY OF WICHITA, KANSAS**

**SUMMARY OF REVENUE BOND DEBT SERVICE CHARGES  
PAYABLE FROM PROPRIETARY FUND AND COMPONENT UNIT REVENUES  
BASED ON BONDED DEBT AS OF DECEMBER 31, 2006**

**PROPRIETARY FUNDS**

Year	Water Utility		Sewer Utility		Wichita Airport Authority	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 8,181,447	\$ 7,588,148	\$ 6,204,998	\$ 6,796,541	\$ 1,359,317	\$ 4,853,530
2008	8,074,823	7,494,234	6,124,975	6,724,329	300,000	4,778,364
2009	8,731,008	7,181,316	6,512,778	6,480,857	11,747,445	4,758,884
2010	8,735,901	6,801,332	6,277,538	6,207,987	450,000	3,827,648
2011	9,158,555	6,389,530	7,105,230	5,910,924	480,000	3,798,632
2012	9,569,444	5,957,749	7,935,416	5,573,332	505,000	3,767,492
2013	8,841,571	5,520,199	7,390,128	5,208,334	470,000	3,733,765
2014	9,300,325	5,101,970	7,739,010	4,858,776	435,000	3,704,155
2015	9,814,338	4,651,059	8,173,471	4,483,138	-	3,674,792
2016	10,391,326	4,168,404	8,665,834	4,075,404	-	3,674,792
2017	7,918,994	3,657,179	6,708,435	3,643,036	-	3,674,792
2018	8,380,454	3,281,680	7,093,206	3,307,292	-	3,674,792
2019	5,879,587	2,884,765	6,321,310	2,952,470	-	3,674,792
2020	6,162,315	2,595,509	6,616,876	2,638,432	-	3,674,792
2021	6,459,303	2,301,462	6,954,285	2,317,518	1,300,000	3,597,063
2022	6,196,462	1,999,723	7,298,538	1,980,177	-	3,577,292
2023	6,510,365	1,693,916	7,639,635	1,617,597	-	3,577,292
2024	4,749,267	1,372,611	4,655,733	1,238,077	-	3,577,292
2025	5,090,795	1,135,148	5,064,205	1,005,290	7,350,000	3,360,542
2026	4,241,834	888,208	4,583,166	761,267	-	3,194,792
2027	4,066,020	689,784	3,958,980	544,879	-	3,194,792
2028	4,251,517	499,877	4,168,483	358,236	-	3,194,792
2029	2,537,015	300,046	1,377,985	160,992	-	3,194,792
2030	2,655,669	182,668	1,439,331	96,845	-	3,194,792
2031	1,575,000	-	800,000	-	2,860,000	3,194,792
2032	-	-	-	-	49,300,000	1,540,625
	<u>\$ 167,473,335</u>	<u>\$ 84,336,517</u>	<u>\$ 146,809,546</u>	<u>\$ 78,941,730</u>	<u>\$ 76,556,762</u>	<u>\$ 93,670,080</u>

COMPONENT UNIT

Wichita Public Building Commission			Totals		
Principal	Interest	Principal	Interest	Charges	
\$ 2,325,000	\$ 1,025,824	\$ 18,070,762	\$ 20,264,043	\$ 38,334,805	
2,425,000	949,209	16,924,798	19,946,136	36,870,934	
2,505,000	865,586	29,496,231	19,286,643	48,782,874	
2,595,000	773,228	18,058,438	17,610,195	35,668,633	
2,695,000	677,553	19,438,785	16,776,639	36,215,424	
2,790,000	581,495	20,799,860	15,880,068	36,679,928	
2,890,000	473,695	19,591,699	14,935,993	34,527,692	
3,010,000	354,263	20,484,336	14,019,164	34,503,500	
1,480,000	220,960	19,467,810	13,029,949	32,497,759	
1,555,000	146,315	20,612,160	12,064,915	32,677,075	
1,630,000	69,196	16,257,429	11,044,203	27,301,632	
100,000	28,420	15,573,660	10,292,184	25,865,844	
100,000	24,420	12,300,897	9,536,447	21,837,344	
105,000	20,020	12,884,190	8,928,753	21,812,943	
110,000	15,400	14,823,588	8,231,443	23,055,031	
115,000	10,560	13,610,000	7,567,752	21,177,752	
125,000	5,500	14,275,000	6,894,305	21,169,305	
-	-	9,405,000	6,187,980	15,592,980	
-	-	17,505,000	5,500,980	23,005,980	
-	-	8,825,000	4,844,267	13,669,267	
-	-	8,025,000	4,429,455	12,454,455	
-	-	8,420,000	4,052,905	12,472,905	
-	-	3,915,000	3,655,830	7,570,830	
-	-	4,095,000	3,474,305	7,569,305	
-	-	5,235,000	3,194,792	8,429,792	
-	-	49,300,000	1,540,625	50,840,625	
<u>\$ 26,555,000</u>	<u>\$ 6,241,644</u>	<u>\$ 417,394,643</u>	<u>\$ 263,189,971</u>	<u>\$ 680,584,614</u>	

**CITY OF WICHITA, KANSAS**

**SCHEDULE OF INSURANCE IN FORCE**

December 31, 2006

Company	Policy Period		Details of Coverage	Terms	Deductible	Value Limits
	From	To				
Allianz	01-06	01-07	Property Insurance - All risk coverage on real and personal property for which the City is legally liable, per I.A.W. statement of values on replacement cost basis.	Per occurrence	\$ 100,000	\$ 456,000,000
Allianz	01-06	01-07	Property Insurance - Comprehensive coverage for steam boilers, air conditioning and electric motors. Property coverage for repair or replacement cost basis	Per occurrence	10,000	75,000,000
Allianz	01-06	01-07	Data processing property protection	Hardware	100,000	10,000,000
Hartford Fire	01-06	01-09	Burglary and/or theft coverage for monies and securities	Per occurrence	10,000	500,000-1,000,000
Hartford Fire	01-06	01-07	Blanket position bond - coverage per dishonest acts of employees	Per loss/per employee	5,000	1,000,000
Housing Authority Insurance Group	06-06	06-07	WHA general liability	Per occurrence	10,000	5,000,000
Housing Authority Insurance Group	06-06	06-07	WHA fire insurance on owned units	Per occurrence	5,000	\$54,271,843 combined limit based on individual property value
Philadelphia Indemnity Insurance	12-06	12-07	WHA flood insurance on owned units-29 units	Per occurrence	5,000	48,000 per unit
Safety National Casualty Corp.	01-06	01-07	Excess workers' compensation coverage	Per occurrence - liability imposed by law	750,000	1,000,000
Zurich	01-06	01-07	Travel accident insurance	Per person / occurrence Per occurrence	0	100,000 500,000
AIG Aviation	01-06	01-07	Helicopter liability coverage - property	Per occurrence	0	500,000
AIG Aviation	01-06	01-07	Helicopter hull coverage	Per occurrence	10,000	1,200,000
AIG	06-06	06-07	Special liability	Per occurrence	2,000,000	10,000,000
<b>WICHITA AIRPORT</b>						
ACE USA (Primary)	01-06	01-07	Comprehensive general liability	Per occurrence	1,000	50,000,000
Lloyds (Excess)	01-06	01-07	Comprehensive general liability	Per occurrence		50,000,000
Great American Alliance Insurance Company	01-06	01-07	Underground storage tank liability	Per occurrence	10,000	1,000,000
<b>WICHITA ART MUSEUM</b>						
American Insurance Corp. 50%	01-06	01-07	All risk coverage for fine arts collections, on premises, worldwide transit coverage and other locations	Per occurrence	1,000	70,000,000 @ insured's premises; \$20,000,000 @ any other locatoin;
AXA Art Insurance Corp. 50%				Permanent collection and loan collections		\$20,000,000 in transit; \$70,000,000 any one loss / disaster
<b>WICHITA PUBLIC BUILDING COMMISSION - STATE OFFICE BUILDING</b>						
St. Paul	01-06	01-07	Property - buildings and earnings State office building and parking facility	Per occurrence as scheduled	5,000	31,600,000
St. Paul	01-06	01-07	Comprehensive general liability	Per occurrence	5,000	1,000,000

## ***— STATISTICAL SECTION —***

The Statistical Section includes schedules showing ten-year financial trends as extracted from current and prior years' financial reports and supplemental information relevant to the City. The statistical schedules reflect social and economic data, financial trends and the fiscal capacity of the City.

# CITY OF WICHITA, KANSAS

## NET ASSETS BY COMPONENT

For years ended December 31, 2002 through December 31, 2006  
(accrual basis of accounting)  
(dollars expressed in thousands)

	Fiscal Year				
	2002	2003	2004	2005	2006
Governmental activities					
Invested in capital assets net of related debt	\$ 386,100	\$ 414,206	\$ 370,193	\$ 376,630	\$ 457,432
Restricted for:					
Capital projects	13,565	23,340	40,741	34,397	25,275
Highways and streets	12,133	12,558	12,827	11,641	8,898
Debt service	162,623	180,799	266,105	261,354	252,783
Perpetual care	799	813	827	839	831
Other purposes	12,196	12,240	17,452	19,409	18,524
Unrestricted	39,995	15,015	14,643	28,625	(8,843)
Total governmental activities net assets	<u>\$ 627,411</u>	<u>\$ 658,971</u>	<u>\$ 722,788</u>	<u>\$ 732,895</u>	<u>\$ 754,900</u>
Business-type activities					
Invested in capital assets net of related debt	\$ 591,162	\$ 574,685	\$ 625,331	\$ 664,141	\$ 683,950
Restricted for:					
Capital projects	2,432	6,771	7,560	5,233	10,456
Debt service	1,630	2,978	2,840	3,206	3,660
Revenue bond reserves	28,664	65,389	40,613	48,145	55,714
Unrestricted	33,142	26,176	25,565	35,237	33,103
Total business-type activities net assets	<u>\$ 657,030</u>	<u>\$ 675,999</u>	<u>\$ 701,909</u>	<u>\$ 755,962</u>	<u>\$ 786,883</u>
Primary government					
Invested in capital assets net of related debt	\$ 977,262	\$ 988,891	\$ 995,524	\$1,040,771	\$1,141,382
Restricted for:					
Capital projects	15,997	30,111	48,301	39,630	35,731
Highways and streets	12,133	12,558	12,827	11,641	8,898
Debt service	164,253	183,777	268,945	264,560	256,443
Revenue bond reserves	28,664	65,389	40,613	48,145	55,714
Perpetual care	799	813	827	839	831
Other purposes	12,196	12,240	17,452	19,409	18,524
Unrestricted	73,137	41,191	40,208	63,862	24,260
Total primary government net assets	<u>\$1,284,441</u>	<u>\$1,334,970</u>	<u>\$1,424,697</u>	<u>\$1,488,857</u>	<u>\$1,541,783</u>

Note: Comparative information provided beginning with the year of GASB 34 implementation.

**CITY OF WICHITA, KANSAS**

**CHANGES IN NET ASSETS**

For years ended December 31, 2002 through December 31, 2006  
(accrual basis of accounting)  
(dollars expressed in thousands)

	Fiscal Year				
	2002	2003	2004	2005	2006
<b>Expenses</b>					
Governmental activities:					
General government	\$ 30,848	\$ 30,888	\$ 45,119	\$ 36,835	\$ 47,248
Public safety	84,756	88,369	94,029	97,962	104,819
Highways and streets	50,122	94,348	96,767	104,570	109,643
Sanitation	5,184	4,908	1,650	2,700	3,680
Health and welfare	37,372	38,790	35,914	33,833	34,561
Culture and recreation	30,442	29,205	32,102	33,814	33,242
Interest on long-term debt	15,856	16,037	19,104	20,901	20,605
Total governmental activities expenses	<u>254,580</u>	<u>302,545</u>	<u>324,685</u>	<u>330,615</u>	<u>353,798</u>
Business-type activities:					
Water	26,904	29,658	32,290	34,417	36,233
Sewer	21,909	26,133	26,984	29,328	31,001
Airport	23,793	24,606	25,355	24,324	25,619
Transit	9,777	9,959	10,810	11,923	12,185
Storm Water	4,010	4,217	4,030	4,078	5,270
Golf	3,947	4,049	4,357	4,589	5,017
Total business-type activities expenses	<u>90,340</u>	<u>98,622</u>	<u>103,826</u>	<u>108,659</u>	<u>115,325</u>
Total primary activities expenses	<u>\$ 344,920</u>	<u>\$ 401,167</u>	<u>\$ 428,511</u>	<u>\$ 439,274</u>	<u>\$ 469,123</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services					
General government	\$ 12,465	\$ 14,282	\$ 14,085	\$ 15,137	\$ 14,390
Public Safety	6,381	5,207	4,813	5,565	5,949
Highways and streets	4,619	4,602	4,461	4,459	5,077
Sanitation	399	425	788	518	978
Health and welfare	1,139	1,438	1,456	3,179	1,767
Culture and recreation	5,601	5,009	5,311	4,874	4,876
Operating grants and contributions	53,962	50,671	48,862	50,659	50,167
Capital grants and contributions	39,269	78,060	116,377	67,817	86,328
Total governmental activities program revenues	<u>123,835</u>	<u>159,694</u>	<u>196,153</u>	<u>152,208</u>	<u>169,532</u>
Business-type activities:					
Charges for services					
Water	32,787	31,980	33,461	36,036	40,658
Sewer	25,490	25,714	25,881	28,669	28,868
Airport	16,601	15,153	18,280	18,856	20,321
Transit	1,594	1,619	1,633	1,754	1,708
Storm Water	4,959	5,326	5,513	5,868	7,063
Golf	3,359	3,479	3,551	3,574	4,365
Operating grants and contributions	4,277	3,138	3,156	4,075	4,849
Capital grants and contributions	33,869	27,622	31,850	47,139	31,209
Total business-type activities program revenues	<u>122,936</u>	<u>114,031</u>	<u>123,325</u>	<u>145,971</u>	<u>139,041</u>
Total primary government program revenues	<u>\$ 246,771</u>	<u>\$ 273,725</u>	<u>\$ 319,478</u>	<u>\$ 298,179</u>	<u>\$ 308,573</u>
Net (Expense) Revenue					
Governmental activities	\$ (130,745)	\$ (142,851)	\$ (128,532)	\$ (178,407)	\$ (184,266)
Business-type activities	32,596	15,409	19,499	37,312	23,716
Total primary government net expense	<u>\$ (98,149)</u>	<u>\$ (127,442)</u>	<u>\$ (109,033)</u>	<u>\$ (141,095)</u>	<u>\$ (160,550)</u>
<b>General Revenues and Other Charges in Net Assets</b>					
Governmental activities:					
Taxes					
Property taxes	\$ 71,459	\$ 75,300	\$ 82,600	\$ 85,596	\$ 89,706
Sales taxes	40,952	39,735	44,739	45,181	47,705
Franchise taxes	28,792	29,259	29,556	30,702	31,851
Other taxes	15,456	15,543	16,688	17,209	17,601
Investment earnings	8,652	5,472	5,668	8,296	10,866
Miscellaneous	10,409	11,404	13,311	12,263	7,747
Special item-gain (loss) on sale of assets	(1,975)	-	-	-	-
Transfers	(3,671)	(2,302)	(607)	(9,976)	545
Prior period adjustments	-	-	394	(758)	251
Total governmental activities	<u>170,074</u>	<u>174,411</u>	<u>192,349</u>	<u>188,513</u>	<u>206,272</u>
Business-type activities:					
Investment earnings	5,724	6,258	5,615	6,199	7,277
Miscellaneous	292	145	189	566	856
Special item-gain (loss) on sale of assets	44	-	-	-	-
Transfers	3,671	2,302	607	9,976	(545)
Prior period adjustments	-	-	-	-	(383)
Total business-type activities	<u>9,731</u>	<u>8,705</u>	<u>6,411</u>	<u>16,741</u>	<u>7,205</u>
Total primary government	<u>\$ 19,462</u>	<u>\$ 17,410</u>	<u>\$ 12,822</u>	<u>\$ 33,482</u>	<u>\$ 14,410</u>
<b>Change in Net Assets</b>					
Governmental activities	39,329	31,560	63,817	10,106	22,005
Business-type activities	42,327	24,114	25,910	54,053	30,921
Total primary government	<u>\$ 81,656</u>	<u>\$ 55,674</u>	<u>\$ 89,727</u>	<u>\$ 64,159</u>	<u>\$ 52,926</u>

Note: Comparative information provided beginning with the year of GASB 34 implementation.

# CITY OF WICHITA, KANSAS

## FUND BALANCES OF GOVERNMENTAL FUNDS

For years ended December 31, 2002 through December 31, 2006  
 (modified accrual basis of accounting)  
 (dollars expressed in thousands)

	Fiscal Year				
	2002	2003	2004	2005	2006
General fund					
Reserved	\$ 2,258	\$ 2,683	\$ 3,675	\$ 3,887	\$ 2,767
Unreserved	21,126	20,769	22,000	22,867	23,026
Total general fund	\$ 23,384	\$ 23,452	\$ 25,675	\$ 26,754	\$ 25,793
Debt Service fund					
Unreserved	\$ 20,079	\$ 26,286	\$ 65,958	\$ 57,287	\$ 40,945
Total general fund	\$ 20,079	\$ 26,286	\$ 65,958	\$ 57,287	\$ 40,945
All other governmental funds					
Reserved	\$ 144,172	\$ 99,036	\$ 57,962	\$ 115,661	\$ 137,531
Unreserved reported in:					
Special revenue funds	54,434	53,352	59,468	60,404	57,387
Capital projects funds	(150,469)	(105,664)	(49,344)	(137,842)	(207,404)
Permanent funds	798	814	827	603	594
Total all other governmental funds	\$ 48,935	\$ 47,538	\$ 68,913	\$ 38,826	\$ (11,892)

Note: Comparative information provided beginning with the year of GASB 34 implementation.

# CITY OF WICHITA, KANSAS

## CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

For years ended December 31, 2002 through December 31, 2006

(accrual basis of accounting)

(dollars expressed in thousands)

	Fiscal Year				
	2002	2003	2004	2005	2006
<b>Revenues</b>					
Taxes	\$ 127,867	\$ 130,579	\$ 144,028	\$ 147,986	\$ 155,011
Special assessments	27,557	25,875	26,371	27,099	29,102
Franchise fees	28,792	29,259	29,556	30,702	31,851
Intergovernmental	66,353	90,492	96,078	87,953	98,988
Charges for services	9,951	9,842	10,414	10,310	10,398
Licenses and permits	6,331	5,614	6,069	6,494	7,048
Fines and penalties	8,139	8,454	7,933	8,666	8,801
Rents	4,602	4,175	4,061	3,848	3,956
Investment earnings	7,827	5,053	5,396	7,699	9,944
Other revenue	12,925	15,341	18,053	18,036	12,179
<b>Total revenues</b>	<b>300,344</b>	<b>324,684</b>	<b>347,959</b>	<b>348,793</b>	<b>367,278</b>
<b>Expenditures</b>					
General government	29,644	25,343	29,836	30,524	34,193
Public safety	84,887	86,742	91,576	94,353	103,315
Highways and streets	18,658	17,726	18,796	21,569	22,833
Sanitation	4,466	3,590	3,592	3,082	3,304
Health and welfare	36,822	38,100	34,741	32,900	33,482
Culture and recreation	27,271	25,987	27,883	29,256	29,650
Capital outlay	123,828	171,333	146,568	126,314	170,129
Debt service:					
Principal	93,993	55,207	61,745	65,492	59,867
Interest	14,854	15,681	18,341	20,517	20,418
<b>Total expenditures</b>	<b>434,423</b>	<b>439,709</b>	<b>433,078</b>	<b>424,007</b>	<b>477,191</b>
Excess of revenues over (under) expenditures	(134,079)	(115,025)	(85,119)	(75,214)	(109,913)
<b>Other financing sources (uses)</b>					
Transfers in	50,546	44,645	71,432	67,897	94,790
Transfers out	(54,521)	(44,444)	(70,941)	(68,088)	(92,973)
Refunding bonds issued	-	18,230	71,980	-	-
Bonds issued	102,596	119,307	100,466	57,172	48,879
Premium on bonds issued	-	4,045	5,532	83	159
Discount on bonds issued	-	-	(225)	-	-
Payments on refunded bonds	-	(21,880)	(30,250)	(19,175)	(8,845)
<b>Total other financing sources (uses)</b>	<b>98,621</b>	<b>119,903</b>	<b>147,994</b>	<b>37,889</b>	<b>42,010</b>
Prior period adjustment	-	-	-	(354)	(117)
<b>Net changes in fund balances</b>	<b>\$ (35,458)</b>	<b>\$ 4,878</b>	<b>\$ 62,875</b>	<b>\$ (37,679)</b>	<b>\$ (67,903)</b>
Debt service as a percentage of noncapital expenditures	20.3%	12.0%	15.5%	18.0%	26.1%

Note: Comparative information provided beginning with the year of GASB 34 implementation.

# CITY OF WICHITA, KANSAS

## GOVERNMENTAL OWN SOURCE REVENUES BY SOURCE

For years ended December 31, 1997 through December 31, 2006

(modified accrual basis of accounting)

(dollars expressed in thousands)

<u>Year</u>	<u>Property Taxes</u>	<u>Special Assessments</u>	<u>Franchise Fees</u>
1997	\$ 59,257	\$ 26,698	\$ 26,455
1998	61,339	23,826	27,208
1999	62,498	23,269	27,636
2000	69,345	24,576	29,088
2001	73,228	25,598	31,521
2002	78,096	25,705	28,792
2003	81,285	25,042	29,259
2004	88,845	25,216	29,556
2005	91,345	26,452	30,702
2006	95,339	28,013	31,851

Note: For comparative purposes, property tax revenue for years 1997 through 1999 include the tax increment financing districts, which were classified at that the time as trust funds.

In 2000, the tax increment financing districts were reclassified as special revenue funds and became governmental funds.

## CITY OF WICHITA, KANSAS

### GOVERNMENTAL REVENUES BY SOURCE

For fiscal years 1997 through 2006  
(modified accrual basis of accounting)  
(amounts expressed in thousands)

Year	Taxes	Special Assessments	Franchise Fees	Local Sales Tax	Intergovern- mental	Licenses and Permits
1997	\$ 63,692	\$ 26,894	\$ 26,455	\$ 35,359	\$ 59,292	\$ 4,484
1998	66,415	24,778	27,208	39,130	58,700	4,658
1999	68,047	23,915	27,636	38,238	75,954	4,715
2000	75,663	25,877	29,088	37,779	73,682	5,272
2001	81,586	26,295	31,521	40,187	71,330	6,382
2002	86,915	27,557	28,792	40,952	66,352	6,331
2003	90,844	25,875	29,259	39,735	90,492	5,614
2004	99,289	26,371	29,556	44,739	96,078	6,069
2005	102,805	27,099	30,702	45,181	87,953	6,494
2006	107,307	29,102	31,851	47,705	98,988	7,047

Note: All Governmental Fund types including Expendable Trust Funds are reported for 1997-2001.

### GOVERNMENTAL EXPENDITURES BY FUNCTION

For fiscal years 1997 through 2006  
(modified accrual basis of accounting)  
(dollars expressed in thousands)

Year	General Government	Public Safety	Highways and Streets	Sanitation	Health and Welfare
1997	\$ 21,952	\$ 68,126	\$ 14,784	\$ 4,262	\$ 32,924
1998	23,022	71,029	16,707	4,619	29,287
1999	24,453	72,931	15,960	5,408	31,573
2000	23,980	76,700	17,368	4,649	37,618
2001	25,496	78,639	17,685	6,814	38,741
2002	29,644	84,887	18,659	4,466	36,822
2003	25,343	86,742	17,726	3,591	38,100
2004	29,836	91,576	18,796	3,592	34,741
2005	30,524	94,352	21,569	3,082	32,900
2006	34,193	103,315	22,833	3,305	33,482

Note: All Governmental Fund types including Expendable Trust Funds are reported for 1997-2001.

## CITY OF WICHITA, KANSAS

### GOVERNMENTAL REVENUES BY SOURCE

For years ended December 31, 1997 through December 31, 2006  
(modified accrual basis of accounting)  
(amounts expressed in thousands)

Fines and Penalties	Rentals	Interest Earnings	Charges for Services and Sales	Other Revenues	Total	Year
\$ 6,515	\$ 2,816	\$ 7,102	\$ 18,936	\$ 12,028	\$ 263,573	1997
8,999	3,245	7,881	21,238	22,487	284,739	1998
9,181	3,950	8,489	18,722	17,039	295,886	1999
7,400	4,148	10,212	19,775	13,471	302,367	2000
6,852	4,331	10,441	18,444	16,592	313,961	2001
8,139	4,602	7,827	9,950	12,925	300,342	2002
8,454	4,175	5,053	9,842	15,341	324,684	2003
7,933	4,061	5,396	10,414	18,053	347,959	2004
8,666	3,848	7,699	10,310	18,036	348,793	2005
8,801	3,956	9,944	10,398	12,179	367,278	2006

### GOVERNMENTAL EXPENDITURES BY FUNCTION

For fiscal years 1997 through 2006  
(modified accrual basis of accounting)  
(dollars expressed in thousands)

Culture and Recreation	Debt Service	Capital Outlay	Total	Year
\$ 22,821	\$ 74,910	\$ 71,486	\$ 311,265	1997
23,797	71,407	73,176	313,044	1998
23,723	65,056	94,254	333,358	1999
24,386	62,858	78,920	326,479	2000
25,098	68,993	115,792	377,258	2001
27,271	108,847	123,828	434,424	2002
25,987	70,888	171,333	439,710	2003
27,883	80,086	146,568	433,078	2004
29,256	86,009	126,314	424,006	2005
29,650	80,284	170,129	477,191	2006

# CITY OF WICHITA, KANSAS

## ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

For years ended December 31, 1997 through December 31, 2006

(dollars expressed in thousands of dollars)

Year <sup>1</sup>	Real Property		Personal Property		State Assessed Property	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
1997	\$ 1,322,922	\$ 9,116,263	\$ 233,094	\$ 943,478	\$ 120,761	\$ 365,911
1998	1,398,595	9,660,784	240,785	987,508	119,768	362,934
1999	1,521,203	10,572,931	258,933	1,067,548	118,859	360,180
2000	1,666,014	11,620,283	291,867	1,214,678	120,686	365,715
2001	1,787,594	12,475,185	273,783	1,153,727	128,886	390,562
2002	1,888,530	13,132,043	277,106	1,154,747	116,026	351,594
2003	2,064,518	14,310,944	276,057	1,147,884	118,372	358,702
2004	2,147,334	14,958,321	275,516	1,142,836	123,092	373,006
2005	2,265,832	15,804,145	276,669	1,136,938	125,534	380,408
2006	2,434,211	16,932,177	284,827	1,165,037	114,675	347,499

Year	Totals Assessed Property					
	Assessed Value	Estimated Actual Value	Assessed Value as a Percent of Actual Value	Total Direct Tax Rate <sup>2</sup>	Tangible Valuation of Motor Vehicles	Total Valuation for Bonded Debt Limitations
1997	\$ 1,676,777	\$ 10,425,652	16.08%	\$ 4.90	\$ 338,948	\$ 2,015,725
1998	1,759,148	11,011,226	15.98%	4.83	312,087	2,071,235
1999	1,898,995	12,000,659	15.82%	4.74	314,395	2,213,390
2000	2,078,567	13,200,676	15.75%	4.72	306,303	2,384,870
2001	2,190,263	14,019,474	15.62%	4.96	324,709	2,514,972
2002	2,281,662	14,638,384	15.59%	5.01	342,600	2,624,262
2003	2,458,947	15,817,530	15.55%	4.86	352,820	2,811,767
2004	2,545,942	16,474,163	15.45%	5.13	360,861	2,906,803
2005	2,668,035	17,321,491	15.40%	5.03	369,682	3,037,717
2006	2,833,713	18,444,713	15.36%	4.95	379,910	3,213,623

<sup>1</sup> The assessed value and tax rate of the referenced year supports the budget of the subsequent year. For example, the assessed value multiplied by the tax rate supports the budget of fiscal 2007. Excludes valuation of motor vehicles.

<sup>2</sup> Direct tax rates are per \$1,000 of assessed value.

Source: Sedgwick County Clerk and Sedgwick County Appraiser

# CITY OF WICHITA, KANSAS

## PROPERTY TAX RATES DIRECT AND OVERLAPPING GOVERNMENTS For years ended December 31, 1997 through December 31, 2006

Year <sup>1</sup>	City of Wichita			Overlapping Rates				Total Direct & Overlapping Rates	
	Operating Millage	Debt Millage	Total Millage	State Levy	Wichita State University	Sedgwick County	Unified School District 259		Total Overlapping
1997	21.232	9.993	31.225	1.500	1.479	28.717	44.383	76.079	107.304
1998	21.251	10.002	31.253	1.500	1.500	28.138	37.636	68.774	100.027
1999	21.355	10.051	31.406	1.500	1.500	27.199	37.526	67.725	99.131
2000	21.323	10.036	31.359	1.500	1.543	27.057	46.163	76.263	107.622
2001	21.437	10.037	31.474	1.500	1.500	27.154	54.926	85.080	116.554
2002	21.727	10.118	31.845	1.500	1.500	27.276	51.839	82.115	113.960
2003	21.886	10.019	31.905	1.500	1.500	27.317	51.408	81.725	113.630
2004	21.852	9.976	31.828	1.500	1.495	27.268	51.296	81.559	113.387
2005	21.876	10.022	31.898	1.500	1.500	27.258	51.300	81.558	113.456
2006	21.936	10.017	31.953	1.500	1.500	29.815	51.296	84.111	116.064

<sup>1</sup> Represents the year taxes were levied to provide support for the subsequent budget year.

Source: Sedgwick County Clerk and Sedgwick County Appraiser

## CITY OF WICHITA, KANSAS

### PRINCIPAL PROPERTY TAXPAYERS

For years ended December 31, 1997 and December 31, 2006  
(dollars expressed in thousands)

Taxpayer	2006			1997		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
<b>City of Wichita:</b>						
KS Gas & Electric-A Westar Energy Co.	\$ 40,418	1	1.43 %	\$ -		0.00 %
Southwestern Bell	39,395	2	1.39	46,352	2	2.30
Wesley Medical Center LLC (HCA)	35,673	3	1.26	27,375	3	1.40
Simon Property Group	30,097	4	1.06			
Kansas Gas Service-Div on Oneok	11,835	5	0.42			
Target Corporation	11,249	6	0.40			
Builders, Inc.	10,471	7	0.37			
Wal-Mart Real Estate Business	9,439	8	0.33			
Koch Real Estate Holdings	9,231	9	0.33	10,234	4	0.57
Bradley Fair One LLC	8,070	10	0.28			
Western Resources				53,956	1	2.68
The Boeing Company				7,207	5	0.36
AT&T				5,753	6	0.29
Pizza Hut				4,825	7	0.24
Corporate Hills Hotel Associates				4,325	8	0.21
Eastgate Plaza LTD				3,982	9	0.20
Pepsi-Cola				3,037	10	0.15
	<u>\$ 205,878</u>		<u>7.27 %</u>	<u>\$ 167,046</u>		<u>8.40 %</u>
<b>Sedgwick County:</b>						
KS Gas & Electric-A Westar Energy Co.	\$ 73,163	1	1.93 %	\$ -		0.00 %
Southwestern Bell	49,683	2	1.31	61,798	3	2.25
Mid-Western Aircraft Systems, Inc.	47,959	3	1.26			
Spirit Aerosystems	37,343	4	0.98			
Wesley Medical Center LLC (HCA)	35,672	5	0.94	27,375	4	1.00
Simon Property Group LP	30,097	6	0.79	12,145	9	0.44
Raytheon Aircraft Company	18,303	7	0.48	14,217	8	0.52
Kansas Gas Service-Div on Oneok	15,855	8	0.42			
Weststar Energy - Electric Div	20,520	9	0.54			
Basic Chemicals Co LLC	12,798	10	0.34			
Western Resources				94,540	1	3.44
The Boeing Company				67,748	2	2.47
Vulcan Materials				17,951	5	0.65
Kellogg Mall Associates LP (Town East)				17,918	6	0.65
Cessna Aircraft Company				14,692	7	0.53
Koch Industries				10,325	10	0.38
	<u>\$ 341,393</u>			<u>\$ 338,709</u>		<u>12.33 %</u>

### PRINCIPAL EMPLOYERS, WICHITA AREA

December 31, 2006

Employer	2006			1997		
	Total full-time Wichita-area Employees	Rank	Percentage of Total City Employment	Total full-time Wichita-area Employees	Rank	Percentage of Total City Employment
<b>Company name</b>						
Cessna Aircraft Co.	10,258	1	3.53 %	9,145	2	3.24 %
Spirit AeroSystems Inc.	9,400	2	3.24	-	-	-
Ratheon Aircraft Co.	6,300	3	2.17	7,285	3	2.58
United States Government	5,435	4	1.87	4,100	6	1.45
USD 259 Wichita	5,206	5	1.79	4,475	4	1.59
Via Christi Regional Medical Center	4,762	6	1.64	4,109	5	1.46
State of Kansas	4,029	7	1.39	3,651	7	1.29
The Boeing Co.	3,133	8	1.08	19,442	1	6.89
City of Wichita	3,095	9	1.07	2,810	9	1.00
Learjet Inc.	2,571	10	0.89	2,807	10	0.99
McConnell Air Force Base				2,969	8	1.05
			<u>18.67 %</u>			<u>21.54 %</u>
Total employment	290,300			282,200		

Source: Wichita Business Journal, February 16, 2007; Total employment from the Center for Economic Development and Business Research, Wichita State University

## CITY OF WICHITA, KANSAS

### PROPERTY TAX LEVIES AND COLLECTIONS General and Debt Service Funds

For years ended December 31, 1997 through December 31, 2006  
(dollars expressed in thousands)

Year Ended December 31 <sup>1</sup>	Total Tax Levy	Current Tax Collections	Percentage of Current Levy Collected	Collections of Delinquent Taxes	Total Tax Collections	Ratio of Total Collections to Current Levy
1997	50,128	48,453	96.66 %	1,060	49,513	98.77 %
1998	52,357	50,553	96.55	893	51,446	98.26
1999	54,979	52,895	96.21	1,119	54,014	98.24
2000	59,641	56,957	95.50	1,050	58,007	97.26
2001	65,180	61,319	94.08	1,139	62,458	95.82
2002	68,935	65,483	94.99	1,509	66,992	97.18
2003	72,659	68,607	94.42	1,579	70,186	96.60
2004	78,450	74,180	94.56	2,863	77,043	98.21
2005	81,030	76,454	94.35	2,694	79,148	97.68
2006	85,103	80,692	94.82	2,031	82,723	97.20

### PROPERTY TAX LEVIES AND COLLECTIONS Tax Increment Financing Districts

For years ended December 31, 1997 through December 31, 2006  
(dollars expressed in thousands)  
(Includes Taxes on Real Property Only)

Year Ended December 31 <sup>1</sup>	Total Tax Levy	Current Tax Collections	Percentage of Current Levy Collected	Collections of Delinquent Taxes	Total Tax Collections	Ratio of Total Collections to Current Levy
1997	926	884	95.46 %	17	901	97.30 %
1998	800	750	93.75	22	772	96.50
1999	1,896	1,376	72.57	22	1,398	73.73
2000	2,656	2,149	80.91	34	2,183	82.19
2001	4,422	3,823	86.45	52	3,875	87.63
2002	4,467	3,851	86.21	95	3,946	88.34
2003	4,138	4,280	103.43	141	4,421	106.84
2004	6,033	4,524	74.99	242	4,766	79.00
2005	6,163	5,361	86.99	303	5,664	91.90
2006	6,169	5,766	93.47	353	6,119	99.19

### SPECIAL ASSESSMENT LEVIES AND COLLECTIONS

For Fiscal Years 1997 through 2006  
(dollars expressed in thousands)

Year Ended December 31 <sup>1</sup>	Assessments Certified to County <sup>2</sup>	Total Assessment Collections	Percentage of Current Assessments Collected	Collections of Delinquent Assessments	Total Assessments Collected	Ratio of Total Collections to Current Assessment
1997	\$ 25,263	\$ 24,094	95.37 %	\$ 901	\$ 24,995	98.94 %
1998	22,135	21,152	95.56	823	21,975	99.28
1999	21,625	20,815	96.25	989	21,804	100.83
2000	22,965	21,993	95.77	758	22,751	99.07
2001	24,538	23,290	94.91	751	24,041	97.97
2002	24,206	22,953	94.82	1,245	24,198	99.97
2003	23,788	22,645	95.20	1,084	23,729	99.75
2004	24,659	23,355	94.71	481	23,836	96.66
2005	25,034	23,958	95.70	1,258	25,216	100.73
2006	27,137	25,902	95.45	778	26,680	98.32

<sup>1</sup> The year shown is the year in which the collections were received. The levy or assessment is certified to the county the previous year.

<sup>2</sup> Special assessments of proprietary funds and advance payments are not included.

## CITY OF WICHITA, KANSAS

### RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA

For years ending December 31, 1997 through December 31, 2006

(dollars expressed thousands)

Year	Assessed Value <sup>1</sup>	Gross Bonded Debt <sup>2</sup>	Debt Service Monies Available	Debt Payable From Local Sales Tax	Debt Payable from Transient Guest Tax
1997	\$ 2,015,714	\$ 279,215	\$ 2,526	\$ 47,500	\$ 8,650
1998	2,079,606	293,130	10,599	40,000	17,408
1999	2,213,539	305,885	15,490	32,500	17,509
2000	2,384,871	314,685	25,037	25,000	16,203
2001	2,514,971	279,827	6,393	17,500	14,398
2002	2,624,262	327,649	20,079	56,000	12,520
2003	2,811,767	380,223	26,286	92,690	10,552
2004	2,981,652	458,232	65,958	122,180	10,110
2005	3,037,718	433,104	57,287	113,500	8,890
2006	3,213,623	418,305	40,945	104,505	6,717

<sup>1</sup> Includes assessed value and motor vehicle valuations expressed in thousands

<sup>2</sup> Includes all long-term general obligation debt.

Debt Payable from Proprietary Revenues	Debt payable from Special Assessments	Net Bonded Debt Payable	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita	Year
\$ 31,523	\$ 132,086	\$ 56,930	2.82	\$ 173.26	1997
25,267	140,994	58,862	2.83	176.40	1998
19,098	149,115	72,173	3.26	215.08	1999
25,062	158,375	65,008	2.73	188.82	2000
21,278	149,255	71,003	2.82	201.62	2001
18,689	148,540	71,821	2.74	202.71	2002
18,822	160,865	71,008	2.53	200.31	2003
15,846	206,720	37,418	1.25	105.75	2004
12,771	210,370	30,286	1.00	85.77	2005
16,401	217,705	32,032	1.00	89.37	2006

# CITY OF WICHITA, KANSAS

## RATIOS OF OUTSTANDING DEBT BY TYPE

For years ended December 31, 1997 through December 31, 2006  
(dollars expressed in thousands except per capita amounts)

Fiscal Year	Governmental Activities	Proprietary Activities			
	General Obligation Bonds <sup>1</sup>	Water Utility Bonds	Sewer Utility Bonds	Airport Authority Bonds	General Obligation Bonds
1997	\$ 247,692	\$ 63,771	\$ 57,039	\$ 27,451	\$ 31,522
1998	267,863	61,142	55,078	26,809	25,268
1999	286,787	92,865	65,380	27,567	19,098
2000	289,623	91,604	61,921	36,568	25,062
2001	258,549	91,868	58,292	31,093	21,278
2002	148,540	86,921	54,585	75,116	18,689
2003	361,401	129,914	122,999	77,570	18,822
2004	442,386	124,032	118,471	74,166	15,846
2005	420,333	145,759	129,887	77,825	12,771
2006	401,905	167,473	146,810	76,557	16,401

Fiscal Year	Total Primary Government	Per Capita <sup>2</sup>	Total Debt as a Percent of Personal Income	Component Unit
				Wichita Public Building Commission
1997	\$ 427,475	\$ 1,301	5.15 %	\$ 52,315
1998	436,160	1,307	4.92	49,150
1999	491,697	1,465	5.52	49,260
2000	504,778	1,466	5.27	45,700
2001	461,080	1,309	4.38	41,620
2002	383,851	1,083	3.63	37,470
2003	710,706	2,005	6.64	33,505
2004	774,901	2,190	6.89	32,075
2005	786,575	2,228	6.90	29,315
2006	809,146	2,258	6.40	26,555

<sup>1</sup> The source of funding for debt sold as general obligation debt is presented on page G-2 and G-3 in the Statistical Section.

<sup>2</sup> Population figures are presented on page H-16 of this section.

# CITY OF WICHITA, KANSAS

## RATIOS OF GENERAL BONDED DEBT OUTSTANDING

For years ended December 31, 1997 through December 31, 2006  
(dollars expressed in thousands except per capita amounts)

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percent of Estimated Actual Value of Taxable Property <sup>1</sup>	Per Capita <sup>2</sup>
1997	\$ 279,215	\$ 2,526	\$ 276,689	2.65%	842.1
1998	293,130	10,599	282,531	2.57%	846.7
1999	305,885	15,490	290,395	2.42%	865.4
2000	314,685	25,037	289,648	2.19%	841.3
2001	279,827	6,393	273,434	1.95%	776.4
2002	327,649	20,079	307,570	2.10%	868.1
2003	380,223	26,286	353,937	2.24%	998.4
2004	458,232	65,958	392,274	2.38%	1,108.7
2005	433,104	57,287	375,817	2.17%	1,064.3
2006	418,200	40,945	377,255	2.05%	1,052.6

<sup>1</sup> Excludes estimated actual value of motor vehicles.

<sup>2</sup> Population figures provided on page H-16 of this section.

## RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION BONDED DEBT TO TOTAL GOVERNMENT EXPENDITURES

For years ended December 31, 1997 through December 31, 2006  
(dollars expressed in thousands except per capita amounts)

Fiscal Year	Principal	Interest	Debt Service <sup>1</sup>	Total Government Expenditures <sup>2</sup>	Ratio of Debt Service to Government Expenditures
1997	\$ 45,123	\$ 14,085	\$ 59,208	\$ 311,264	19.02 %
1998	30,965	12,624	43,589	313,044	13.92
1999	32,731	13,192	45,923	333,358	13.78
2000	35,299	14,104	49,403	326,480	15.13
2001	45,819	14,119	59,938	377,259	15.89
2002	38,000	13,925	51,925	434,424	11.95
2003	40,241	14,482	54,723	439,709	12.45
2004	38,570	16,473	55,043	433,078	12.71
2005	42,111	17,301	59,412	424,007	14.01
2006	41,002	17,176	58,178	477,191	12.19

<sup>1</sup> Excludes debt service related to Section 108 loan.

<sup>2</sup> Includes expenditures of all government fund types.

# CITY OF WICHITA, KANSAS

## LEGAL DEBT MARGIN INFORMATION

For years ended December 31, 1997 through December 31, 2006  
(dollars expressed in thousands)

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
Debt limit	\$ 604,714	\$ 623,882	\$ 664,018	\$ 715,461
Total net debt applicable to limit	<u>210,812</u>	<u>212,638</u>	<u>217,675</u>	<u>216,533</u>
Legal debt margin	<u>\$ 393,902</u>	<u>\$ 411,244</u>	<u>\$ 446,343</u>	<u>\$ 498,928</u>
Total net debt applicable to limit as a percentage of debt limit	34.86%	34.08%	32.78%	30.26%

<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
\$ 754,491	\$ 787,279	\$ 843,530	\$ 872,044	\$ 911,315	\$ 964,087
<u>266,213</u>	<u>287,304</u>	<u>270,190</u>	<u>252,320</u>	<u>227,053</u>	<u>232,818</u>
<u>\$ 488,278</u>	<u>\$ 499,975</u>	<u>\$ 573,340</u>	<u>\$ 619,724</u>	<u>\$ 684,262</u>	<u>\$ 731,269</u>
35.28%	36.49%	32.03%	28.93%	24.91%	24.15%

2006 Equalized assessed valuation of taxable tangible property	\$ 2,833,713
Add: 2006 Estimated tangible valuation of motor vehicles	<u>379,910</u>
Total assessed value	\$ 3,213,623
Debt limit (30% of equalized assessed value)	964,087
Total debt	740,293
Debt applicable to limit:	
General obligation bonds	273,763
Less: Amount set aside for repayment of general obligation debt	<u>40,945</u>
Total net debt applicable to limit	<u>232,818</u>
Legal debt margin	<u>\$ 731,269</u>

**CITY OF WICHITA, KANSAS**

**COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT**

As of December 31, 2004, 2005 and 2006  
(dollars expressed in thousands)

	<u>December 31, 2004</u>		<u>December 31, 2005</u>		<u>December 31, 2006</u>	
	<u>Percent of debt applicable to City</u>	<u>City of Wichita share of debt</u>	<u>Percent of debt applicable to City</u>	<u>City of Wichita share of debt</u>	<u>Percent of debt applicable to City</u>	<u>City of Wichita share of debt</u>
Direct Debt:						
General obligation bonded debt						
Payable from ad valorem taxes		\$ 75,253		\$ 62,211		\$ 51,314
Temporary note debt		<u>52,300</u>		<u>66,180</u>		<u>58,845</u>
Total direct debt		127,553		128,391		110,159
Less - assets in debt service fund available for payment of principal		<u>20,507</u>		<u>32,113</u>		<u>24,911</u>
Total net direct debt		<u>107,046</u>		<u>96,278</u>		<u>85,248</u>
Overlapping debt:						
Sedgwick County	74.61	105,047	74.45	109,258	74.70	115,748
USD 259	65.41	179,748	64.59	194,148	65.41	192,464
Wichita Public Building Commission	100.00	<u>16,550</u>	100.00	<u>14,950</u>	100.00	<u>13,520</u>
Total overlapping debt		<u>301,345</u>		<u>318,356</u>		<u>321,732</u>
Total direct and overlapping debt		<u>\$ 408,391</u>		<u>\$ 414,634</u>		<u>\$ 406,980</u>

Note: Percentage of overlapping debt based on assessed valuation.

# CITY OF WICHITA, KANSAS

## PLEGDED-REVENUE COVERAGE

For years ended December 31, 1997 through December 31, 2006

(dollars expressed in thousands)

Water Revenue Bonds						
Fiscal Year	Less:					
	Gross Earnings	Operating and Maintenance Expenses	Net Revenue Available for Debt Service	Principal	Interest	Coverage
1997	\$ 25,419	\$ 13,533	\$ 11,886	\$ 4,323	\$ 2,196	1.82
1998	30,786	15,244	15,542	3,425	3,428	2.27
1999	27,342	15,426	11,916	3,677	3,577	1.64
2000	32,778	16,627	16,151	3,901	4,679	1.88
2001	36,729	17,480	19,249	4,357	4,710	2.12
2002	37,687	17,829	19,858	4,947	4,343	2.14
2003	36,427	17,911	18,516	5,122	5,770	1.70
2004	38,059	18,752	19,307	5,881	6,193	1.60
2005	42,081	21,014	21,067	6,279	5,321	1.82
2006	46,580	22,189	24,391	7,146	6,800	1.75

Sewer Revenue Bonds						
Fiscal Year	Less:					
	Gross Earnings	Operating and Maintenance Expenses	Net Revenue Available for Debt Service	Principal	Interest	Coverage
1997	\$ 22,041	\$ 12,417	\$ 9,624	\$ 2,669	\$ 2,121	2.01
1998	23,776	12,744	11,032	2,781	3,109	1.87
1999	22,269	13,173	9,096	3,410	3,023	1.41
2000	25,015	13,494	11,521	3,470	3,309	1.70
2001	25,243	14,768	10,475	3,695	3,306	1.50
2002	27,053	15,938	11,115	3,707	2,800	1.71
2003	27,814	16,252	11,562	3,836	5,170	1.28
2004	28,198	16,487	11,711	4,528	5,876	1.13
2005	30,685	17,328	13,357	4,842	5,364	1.31
2006	31,607	18,851	12,756	5,358	6,164	1.11

Combined Water and Sewer Revenue Bonds						
Fiscal Year	Less:					
	Gross Earnings	Operating and Maintenance Expenses	Net Revenue Available for Debt Service	Principal	Interest	Coverage
1997	\$ 47,460	\$ 25,950	\$ 21,510	\$ 6,992	\$ 4,317	1.90
1998	54,562	27,988	26,574	6,206	6,537	2.09
1999	49,611	28,599	21,012	7,087	6,600	1.54
2000	57,793	30,121	27,672	7,371	7,988	1.80
2001	61,972	32,248	29,724	8,052	8,016	1.85
2002	64,740	33,767	30,973	8,654	7,143	1.96
2003	64,241	34,163	30,078	8,958	10,940	1.51
2004	66,257	35,239	31,018	10,409	12,069	1.38
2005	72,766	38,342	34,424	11,121	10,685	1.58
2006	78,187	41,040	37,147	12,504	12,964	1.46

**CITY OF WICHITA, KANSAS**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
For years 1997 through 2006

Fiscal Year	Population of Wichita <sup>1</sup>	Population of Wichita MSA <sup>1</sup>	Personal Income of Wichita MSA (amounts expressed in thousands) <sup>2</sup>
1997	328,576	556,313	\$ 14,054,287
1998	333,680	565,914	15,026,598
1999	335,562	569,949	15,136,727
2000	344,284	572,015	15,918,139
2001	352,160	574,792	17,197,254
2002	354,306	579,533	17,297,382
2003	354,490	581,666	17,556,461
2004	353,823	583,860	18,555,888
2005	353,115	587,055	18,555,888
2006	358,412	587,055	18,555,888

Fiscal Year	Per Capita Personal Income <sup>2</sup>	Median Age <sup>3</sup>	School Enrollment <sup>4</sup>
1997	\$ 25,263	33.0	47,875
1998	26,553	33.1	48,454
1999	26,558	33.3	48,547
2000	27,828	33.4	49,100
2001	29,919	33.6	49,147
2002	29,847	33.7	48,962
2003	30,183	33.9	49,065
2004	31,781	34.0	48,818
2005	32,298	34.2	48,865
2006	35,283	34.9	48,451

<sup>1</sup> 2005 and 2006 are estimates of the Center of Economic Development and Business Research, Wichita State University; 2001-2004, Bureau of Census NAICS Series, April 2006; 1997-2000 Bureau of Census SIC Series, April 2004. MSA population estimates not available at publishing.

<sup>2</sup> 2005 and 2006 are estimates of the Center of Economic Development and Business Research, Wichita State University; 2001-2004, Bureau of Census NAICS Series, April 2006; 1997-2000 Bureau of Census SIC Series, April 2004. All data not adjusted for inflation. 2005 and 2006 estimates not available at publishing.

<sup>3</sup> 1997-1999, 2001 Center for Business Research and Economic Development, Wichita State University; 2000 Bureau of Census; 2002-2006 Claritas

<sup>4</sup> Wichita Public Schools, Unified School District 259

**CITY OF WICHITA, KANSAS**  
**CAPITAL ASSET STATISTICS BY FUNCTION**

For years ended December 31, 2002 through December 31, 2006

Function	Fiscal Year				
	2002	2003	2004	2005	2006
Public safety					
Police stations	4	4	4	4	4
Police patrol units	175	175	175	175	175
Fire stations	18	18	18	18	18
Highways and streets					
Streets (miles)	1,710	1,725	1,745	1,760	1,795
Traffic signals	518	523	526	541	547
Culture and recreation					
Parks acreage	4,273	4,273	4,273	4,327	4,458
Swimming pools	12	12	12	11	11
Interactive water features	2	2	3	5	5
Fishing ponds	11	11	11	12	13
Tennis courts	85	86	83	74	75
Exercise/fitness trails	13	13	12	12	12
Children's playgrounds	68	67	67	74	78
Community centers	10	10	10	10	10
Golf Courses	5	5	5	5	5
Libraries	12	10	9	9	9
Water					
Water mains (miles)	1,881	1,881	2,006	2,031	2,244
Maximum daily capacity (million gallons per day) <sup>1</sup>	91	95	100	106	119
Sewer					
Sanitary sewers (miles) <sup>2</sup>	1,904	1,904	1,919	1,925	1,935
Storm sewers (miles)	400	400	400	400	400
Maximum daily treatment capacity (million gallons per day)	55	59	59	61	61
Airport	2	2	2	2	2
Transit					
Bus and trolley fleet	56	56	56	56	56
Para-transit vans	27	27	27	22	22

<sup>1</sup> Estimated daily average

<sup>2</sup> Miles of sanitary sewers are estimates for 2005 and 2006

Source: City of Wichita Finance and Operating Departments

**CITY OF WICHITA, KANSAS**  
**OPERATING INDICATORS BY FUNCTION**  
For years ended December 31, 2002 through December 31, 2006

Function	Fiscal Year				
	2002	2003	2004	2005	2006
<b>Public Safety</b>					
<b>Police</b>					
Dispatched calls for 911 service <sup>1</sup>	240,000	242,000	247,233	243,166	245,200
Parking violations	20,250	25,365	20,915	19,816	20,500
Traffic violations	79,425	80,647	71,806	72,047	70,000
<b>Fire</b>					
Number of unit responses	50,263	53,999	52,971	60,830	60,012
Fires contained to room of origin	90%	90%	90%	90%	90%
Inspections <sup>2</sup>	4,150	4,376	6,662	5,262	5,165
<b>Highways and streets</b>					
Street resurfacing (miles) <sup>3</sup>	66	66	62	36	36
Potholes repaired	40,000	55,000	70,000	55,000	42,000
<b>Culture and recreation</b>					
<b>Parks and Recreation</b>					
Golf rounds played	192,197	183,417	180,214	181,934	188,883
Trees planted	4,724	4,119	3,897	4,764	3,907
Swim Lessons	2,245	1,910	1,829	1,732	1,560
Botanica Garden visitors	99,906	101,416	114,529	102,691	111,289
Regional, state, and national conventions	32	29	29	39	29
<b>Library</b>					
Library circulation	1,851,696	1,864,047	1,905,435	1,949,241	1,992,052
Library program attendance	45,198	42,921	64,602	77,038	65,169
<b>Water</b>					
Water customers <sup>4</sup>	135,552	137,592	138,626	141,249	144,780
Main breaks per 1,000 miles of mains	391	307	254	263	311
Average daily consumption (million gallons per day) <sup>5</sup>	50	53	55	57	61
<b>Sanitary Sewer (wastewater)</b>					
Sewer customers <sup>6</sup>	125,995	127,990	127,314	130,496	133,759
Average daily sewage treated (million gallons per day)	37	37	39	38	35
<b>Airport</b>					
Number of passengers	1,337,270	1,431,610	1,498,749	1,486,590	1,460,331
Passenger enplanements	670,833	717,741	749,416	742,363	726,619
Number of daily flights	49	53	45	44	47
<b>Transit</b>					
Fixed route ridership	1,869,667	1,800,022	1,948,838	2,070,153	1,978,149
Para-transit ridership	287,439	320,767	330,891	327,781	326,303

<sup>1</sup> Dispatched calls for 911 service estimated for 2002 and 2003

<sup>2</sup> Number of inspections estimated for 2002

<sup>3</sup> Miles of streets resurfaced estimated for 2002

<sup>4</sup> Water customers estimated for 2006

<sup>5</sup> Average daily consumption estimated for 2002, 2003 and 2004

<sup>6</sup> Sewer customers estimated for 2005 and 2006

Source: City of Wichita Finance and Operating Departments

**CITY OF WICHITA, KANSAS**  
**CITY GOVERNMENT EMPLOYEES BY FUNCTION**  
For Years ended December 31, 2002 through December 31, 2006

Function	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>General Government</b>										
City Council & City Manager	20	20	20	19	16	17	15	15	16	16
General Government Services	20	11	16	21	23	25	24	19	19	17
Economic Development	3	3	3	3	3	3	3	3	3	3
Financial Services	77	76	74	71	73	75	74	70	71	74
Legal Services	26	26	25	26	28	28	26	24	24	24
Municipal Court	110	112	118	104	101	101	101	106	109	105
Information Technology	20	21	23	27	32	40	50	49	52	55
Metropolitan Planning	31	30	32	36	30	29	40	30	32	34
Human Resources	16	16	16	17	17	17	17	17	17	18
<b>Public Safety</b>										
Police	787	784	827	850	830	852	839	834	841	856
Fire	388	388	388	385	383	393	404	397	397	407
Central Inspection	70	70	69	73	73	73	73	74	73	72
Flood Control	15	15	15	19	19	19	19	18	18	18
<b>Public Works</b>										
Administration	6	6	6	6	6	6	6	6	5	5
Maintenance	130	131	136	135	142	142	142	141	128	130
Fleet Services	58	58	58	58	58	58	55	60	61	61
Building Services	78	95	95	99	101	106	108	117	115	109
Engineering	94	95	95	95	95	94	93	92	102	102
<b>Sanitation</b>										
Landfill Operations	2	2	2	3	3	4	4	4	2	2
Street Cleaning	31	31	31	33	33	31	31	28	22	22
<b>Health and Welfare</b>										
Public Health	125	123	219	135	146	147	0	0	0	0
Housing & Community Services	95	97	121	91	110	111	76	75	75	79
Environmental Services	77	75	77	79	81	80	75	65	69	70
<b>Culture and recreation</b>										
Libraries	134	138	138	139	142	139	154	148	148	150
Art Museum	20	20	20	19	19	19	19	26	26	26
Parks & Recreation	745	771	806	783	856	853	741	840	273	187
Golf Courses	48	48	34	56	59	89	86	86	90	34
Community Facilities	43	43	45	47	40	40	39	39	37	40
<b>Water</b>	201	201	212	214	216	219	220	219	213	222
<b>Sewer</b>	146	145	143	143	143	152	157	159	159	159
<b>Airport</b>	109	109	109	109	109	96	114	114	116	116
<b>Storm Water</b>	37	37	37	37	37	37	37	37	37	37
<b>Public Transportation</b>	183	185	134	169	174	151	160	168	157	157
<b>Total</b>	<u>3,762</u>	<u>3,797</u>	<u>4,144</u>	<u>4,101</u>	<u>4,198</u>	<u>4,246</u>	<u>4,002</u>	<u>4,080</u>	<u>3,507</u>	<u>3,407</u>

Note: Numbers presented are authorized positions as reported in the Adopted Budget.

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## ***SINGLE AUDIT SECTION***

The Single Audit Section contains Independent Auditors' Reports, schedules, and exhibits reflecting Federal, State and local matching participation in various projects and programs of the City.



Allen, Gibbs & Houlik, L.C.  
CPAs & Advisors

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

---

Honorable Mayor and City Council Members  
**City of Wichita, Kansas**

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Wichita, Kansas, as of and for the year ended December 31, 2006, which collectively comprise the City of Wichita's basic financial statements and have issued our report thereon dated April 23, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City of Wichita's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Wichita's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Wichita's internal control over financial reporting.

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

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

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

#### Compliance and Other Matters

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

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

*Allen, Gibbs & Houlik, L.C.*  
CERTIFIED PUBLIC ACCOUNTANTS

April 23, 2007  
Wichita, Kansas



Allen, Gibbs & Houlik, L.C.  
CPAs & Advisors

INDEPENDENT AUDITORS' REPORT ON  
COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM,  
THE PASSENGER FACILITY CHARGE PROGRAM, AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB *CIRCULAR A-133* AND  
THE PASSENGER FACILITY CHARGE AUDIT GUIDE

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Honorable Mayor and City Council Members  
**City of Wichita, Kansas**

Compliance

We have audited the compliance of the City of Wichita, Kansas, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs and in the *Passenger Facility Charge Audit Guide for Public Agencies* issued by the Federal Aviation Administration (Guide) for the year ended December 31, 2006. The City of Wichita's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs and to its passenger facility charge program is the responsibility of the City of Wichita's management. Our responsibility is to express an opinion on the City of Wichita's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and the Guide. Those standards, OMB *Circular A-133*, and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the City of Wichita's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Wichita's compliance with those requirements.

In our opinion, the City of Wichita complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs and to its passenger facility charge program for the year ended December 31, 2006.

## Internal Control over Compliance

The management of the City of Wichita is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs and the passenger facility charge program. In planning and performing our audit, we considered the City of Wichita's internal control over compliance with requirements that could have a direct and material effect on a major federal program or the passenger facility charge program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the Guide.

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

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

*Allen, Gibbs & Houlik, L.C.*  
CERTIFIED PUBLIC ACCOUNTANTS

April 23, 2007  
Wichita, Kansas

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**CITY OF WICHITA, KANSAS**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year ended December 31, 2006

Federal Grant or Program Title	Federal CFDA Number	Revenue Recognized	Expenditures
<u>U.S. Department of Housing and Urban Development</u>			
Community Development Block Grants/ Entitlement Grants	14.218	\$ 3,206,846	\$ 5,201,332
Special Purpose Grant	14.225	429,054	429,054
Emergency Shelter Grants Program	14.231	123,138	147,720
Shelter Plus Care	14.238	581,532	581,532
HOME Investment Partnerships Program	14.239	1,942,215	2,306,302
Community Development Block Grants/ Economic Development Initiative	14.246	65,472	103,457
Public and Indian Housing	14.850	1,400,321	2,584,001
Resident Opportunity and Supportive Services	14.870	71,528	71,528
Section 8 Housing Choice Vouchers	14.871	13,251,360	11,976,083
Public Housing Capital Fund	14.872	874,254	874,254
 Total U.S. Department of Housing and Urban Development		<u>\$ 21,945,720</u>	<u>\$ 24,275,263</u>
<u>U. S. Department of the Interior</u>			
Historic Preservation Fund Grants-In-Aid (4)	15.904	\$ 8,000	\$ 11,850
Outdoor Recreation - Acquisition, Development and Planning	15.916	267,621	102,701
 Total U.S. Department of the Interior		<u>\$ 275,621</u>	<u>\$ 114,551</u>
<u>U.S. Department of Justice</u>			
Crime Victim Assistance	16.575	\$ 132,861	\$ 142,710
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	78,200	133,253
Local Law Enforcement Block Grants Program	16.592	-	79,610
Planning, Implementing and Enhancing Strategies in Community Prosecution	16.609	69,438	57,778
Public Safety Partnership and Community Policing Grants	16.710	-	-
Memorial Justice Assistance	16.738	56,949	71,978
 Total U.S. Department of Justice		<u>\$ 337,448</u>	<u>\$ 485,329</u>
<u>U.S. Department of Transportation</u>			
Airport Improvement Program	20.106	\$ 6,568,018	\$ 5,382,504
Highway Planning and Construction (3)	20.205	35,761,858	30,100,266
Federal Transit - Capital Investment Grants	20.500	-	-
Federal Transit - Formula Grants	20.507	3,677,096	3,682,189
Federal Transit - Access to Jobs	20.516	211,711	211,711
State and Community Highway Safety	20.600	7,593	7,907
 Total U.S. Department of Transportation		<u>\$ 46,226,276</u>	<u>\$ 39,384,577</u>

**CITY OF WICHITA, KANSAS**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended December 31, 2006

<u>Federal Grant or Program Title</u>	<u>Federal CFDA Number</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>
<u>Institute of Museum and Library Services</u>			
State Library Program (6)	45.310	\$ 126,194	\$ 118,942
<u>U.S. Environmental Protection Agency</u>			
Air Pollution Control Program Support (1)	66.001	\$ 177,473	\$ 229,987
Water Pollution Control Program Support (1)	66.419	515,262	515,262
Capitalization Grants for Drinking Water (1)	66.468	-	-
Environmental Protection Consolidated Grant	66.600	-	30,246
Total U.S. Environmental Protection Agency		\$ 692,735	\$ 775,495
<u>U.S. Department of Health and Human Services</u>			
Community Services Block Grant (2)	93.569	\$ 970,275	\$ 986,973
Child Care Facility License (1)	93.596	223,826	246,592
Total U.S. Department of Health and Human Services		\$ 1,194,101	\$ 1,233,565
<u>Federal Emergency Management Agency</u>			
Public Assistance Grants (5)	97.036	\$ 18,835	\$ 0
Assistance to Firefighters Grants (5)	97.044	601,122	299,845
Total Federal Emergency Management Agency		\$ 619,957	\$ 299,845
Total revenue and expenditures of federal awards		\$ 71,418,052	\$ 66,687,567

Pass-through Agency

- (1) Federal assistance is passed through from the Kansas Department of Health and Environment
- (2) Federal assistance is passed through from the Kansas Department of Commerce
- (3) Federal assistance is passed through from the Kansas Department of Transportation
- (4) Federal assistance is passed through from the Kansas Department of Administration
- (5) Federal assistance is passed through from the Kansas Adjutant General
- (6) Federal assistance is passed through from the Kansas State Library

**NOTES TO THE SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS**

**CITY OF WICHITA KANSAS**

**1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Wichita and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget Circular A-133, Audits of States Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

**2. Subrecipients**

Of the federal expenditures presented in the schedule, the City of Wichita provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipient</u>
Community Development Block Grants/Entitlement Grants	14.218	\$ 578,423

**3. Community Services Block Grant**

The Community Services Block Grant (CSBG) is passed to the City of Wichita through the Kansas Housing Resources Corporation. Expenditures for the grant program years ending June 30, 2006 and June 30, 2007 are summarized in the following tables.

**CSBG Grant Program Year Ended June 30, 2006**

	<u>Budget</u>	<u>Actual</u>			<u>Variance</u>
	July 1, 2005 to June 30, 2006	July 1 to Dec 31, 2005	January 1 to June 30, 2006	Total	
Revenue	\$ 1,015,297	\$ 375,142	\$ 640,155	\$1,015,297	\$ -
Expenditures:					
Personnel	284,355	93,092	191,263	284,355	-
Contractual	681,240	245,949	443,307	689,256	(8,016)
Commodities	49,702	25,434	24,268	49,702	-
Total expenditures	<u>\$ 1,015,297</u>	<u>\$ 364,475</u>	<u>\$ 658,838</u>	<u>\$1,023,313</u>	<u>\$ (8,016)</u>

**CSBG Grant Program Year Ended June 30, 2007**

	<u>Budget</u>	<u>Actual</u>
	July 1, 2006 to June 30, 2007	July 1 to December 31, 2006
Revenue	\$ 990,358	\$ 330,120
Expenditures:		
Personnel	274,294	94,449
Contractual	666,464	227,341
Commodities	49,600	6,345
Total expenditures	<u>\$ 990,358</u>	<u>\$ 328,135</u>

**4. Emergency Community Services for the Homeless**

The Emergency Community Services for the Homeless Grant is passed to the City of Wichita through the Kansas Housing Resources Corporation. Expenditures for the grant program years ending June 30, 2006 and June 30, 2007 are summarized in the following tables.

<b>Emergency Community Services for the Homeless Grant Year Ended June 30, 2006</b>					
	<b>Budget</b>		<b>Actual</b>		<b>Variance</b>
	July 1, 2005 to June 30, 2006	July 1 to Dec 31, 2004	January 1 to June 30, 2006	Total	
Revenue	\$ 59,526	\$ 24,770	\$ 34,756	\$ 59,526	\$ -
Expenditures:					
Personnel	18,113	6,506	11,777	18,283	(170)
Contractual	21,413	10,893	19,927	30,820	(9,407)
Commodities	20,000	7,371	3,052	10,423	9,577
Total expenditures	\$ 59,526	\$ 24,770	\$ 34,756	\$ 59,526	\$ -

<b>Emergency Community Services for the Homeless Grant Year Ended June 30, 2007</b>		
	<b>Budget</b>	<b>Actual</b>
	July 1, 2006 to June 30, 2007	July 1 to December 31, 2006
Revenue	\$ 58,500	\$ 15,554
Expenditures:		
Personnel	18,153	9,650
Contractual	33,463	12,044
Commodities	6,884	2,148
Total expenditures	\$ 58,500	\$ 23,842

**5. Passenger Facility Charges**

The accompanying schedule of Passenger Facility Charges is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of the Passenger Facility Change Audit Guide for Public Agencies. Therefore, some amounts presented in this schedule may differ from amounts in or used in the preparation of the basic financial statements.

<b>Wichita Airport Authority Passenger Facility Charges (PFC)</b>				
Approved Application Project Number	Unliquidated PFC Beginning Balance	PFC Collected	PFC Expended	Unliquidated PFC Ending Balance
96-02-C-00	\$ 1,249,191	\$ -	\$ 2,000	\$ 1,247,191
98-03-C-00	2,268,477	-	60,575	2,207,902
03-04-C-00	3,190,077	3,152,362	179,239	6,163,200
Total	\$ 6,707,745	\$3,152,362	\$ 238,814	\$ 9,621,293

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CITY OF WICHITA, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2006  
(Continued)

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SECTION I – SUMMARY OF INDEPENDENT AUDITORS' RESULTS (Continued)

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Identification of major programs:

<u>CFDA NUMBER</u>	<u>NAME OF FEDERAL PROGRAM</u>
14.239	<i>HOME Investment Partnerships Program</i>
20.205	<i>Highway Planning and Construction</i>

Dollar threshold used to distinguish  
between type A and type B programs:

\$ 1,996,965

Auditee qualified as low-risk auditee?

X  yes        no

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SECTION II – FINANCIAL STATEMENT FINDINGS

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None were reported.

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SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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None were reported.

— ***WATER AND SEWER SECTION*** —

The Water and Sewer Section contains an Independent Auditors' Report, schedules and exhibits that fulfill the requirements of the Water and Sewer bond covenants.



Wichita Water and Sewer Department  
Director's Office  
City Hall – Eighth Floor  
455 North Main  
Wichita, Kansas 67202

March 23, 2007

To our Water and Sewer Bondholders:

On behalf of the City of Wichita and the Water and Sewer Department, I am pleased to present our 2006 Annual Report.

Wichita continues to uphold its tradition of excellence. Our mission as the premier water and sewer utility in the region is to provide quality, reliable, customer convenient water and sewer service that represents extraordinary value. The mission is achieved by ensuring effectiveness, efficiency, fiscal responsibility, accountability, responsiveness, customer friendliness, and accessibility, while increasing productivity.

The Wichita Water and Sewer Utilities treat and distribute potable water, and collect and process wastewater for about 500,000 people in south central Kansas. Services include maintaining approximately 3,800 miles of sewer and water mains with related facilities, and working with developers to provide infrastructure for continued growth.

2006 was an eventful year for the Water Utility. Two major booster pump stations were brought on-line. The West Maple Booster Station was completed and became operational in May and helps to provide increased water pressure and service to the far west quadrant of the Wichita service area. The Southeast Booster Station became operational in July and has improved service to customers in the southeast quadrant of the service area.

Other efficiencies have been implemented within the Water Distribution division. A new telephone link was upgraded which ensures that customers can easily contact staff after hours in case of an emergency. Laptop computers now available to crews in the field allow for less redundancy and provide information more accurately and readily. A new valve maintenance and replacement program was also initiated in 2006. If crews are not working to repair leaks, crews will systematically exercise valves and hydrants to identify any that need repair or replacement. Identification of valves and

hydrants that need repair or replacement in advance of a leak or break helps greatly to reduce the amount of time necessary to repair the break and reduces the number of customers affected by a break.

In 2004, the Water Utility initiated a program to systematically install automated meter reading devices. The devices have enabled the Utility to read in a few hours what previously took about 50 hours to read. Automated meter reading (AMR) implementation continued in 2006 bringing the total amount of AMR devices to 32,000. Implementation of payment processing through the interactive voice response system and other automated services nearly doubled from 2005 with over 37,000 payments received electronically in 2006.

Sewage Treatment greatly reduced the odor along the K-15 corridor by decommissioning the open water processing at Plant 1 and transferring the operations to Plant 2. Over the last five years, Sewer Maintenance has recorded an average of 252 stoppages per year. In 2006, 193 stoppages were recorded. The reduction in stoppages is directly correlated to the increase in the number of feet of sewer knifed and cleaned on an annual basis. In 2006, over 407 miles were knifed and cleaned by Sewer Maintenance staff.

The Water Utility continues to work on its integrated Water Supply Plan to meet the needs of our customers through 2050. In September 2006, construction of Phase 1 of the aquifer storage recovery program was completed. Phase 1 includes facilities that can capture ten million gallons of water per day from the Little Arkansas River in periods with high water levels and deliver that water to the recharge facilities. A seven million gallon per day surface water treatment plant will be used to remove sediment found in the river water prior to putting the water into the recharge basin.

I want to express my gratitude to our employees for making our operation successful. Without the employees continuous efforts, the Utilities would be unable to provide our customers with quality, reliable water and sewer service.

David R. Warren, Director  
Water and Sewer Department  
The City of Wichita, Kansas

# CITY OF WICHITA, KANSAS

## WATER AND SEWER UTILITIES COMBINED BALANCE SHEET

For the year ended December 31, 2006

(with comparative totals for the year ended December 31, 2005)

	2006	2005
<b>ASSETS</b>		
Current assets:		
Cash and temporary investments	\$ 7,938,969	\$ 7,331,132
Receivables, net	7,880,034	8,639,584
Inventories	1,141,990	1,142,012
Prepaid items	1,054	1,054
Restricted assets:		
Cash and temporary investments	25,757,814	15,805,647
Total current assets	42,719,861	32,919,429
Noncurrent assets:		
Restricted assets:		
Cash and temporary investments	48,626,343	50,845,766
Capital assets:		
Land	12,285,476	12,257,245
Buildings	147,989,458	147,942,844
Improvements other than buildings	614,205,389	596,034,852
Machinery, equipment and other assets	61,263,161	59,678,449
Construction in progress	150,017,789	103,166,546
Less accumulated depreciation	(222,476,626)	(205,444,820)
Total capital assets (net of accumulated depreciation)	763,284,647	713,635,116
Other assets	4,091,066	4,063,888
Total noncurrent assets	816,002,056	768,544,770
Total assets	\$ 858,721,917	\$ 801,464,199
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 2,416,701	\$ 1,636,413
Accrued interest payable	334,550	271,606
Deposits	2,452,677	2,276,701
Current portion of long-term obligations:		
Compensated absences	757,006	716,648
Current liabilities payable from restricted assets:		
Accrued interest payable	3,371,370	3,301,955
Revenue bonds payable	14,386,444	12,503,692
Total current liabilities	23,718,748	20,707,015
Noncurrent liabilities:		
Revenue bonds	299,896,435	263,142,880
Unamortized deferred refunding	(2,410,617)	(2,705,301)
Unamortized revenue bond premium	12,525,212	11,391,820
Compensated absences	106,936	101,745
Total noncurrent liabilities	310,117,966	271,931,144
Total liabilities	333,836,714	292,638,159
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	450,191,714	437,691,545
Restricted for:		
Debt service	3,660,081	3,206,131
Revenue bond reserves	55,714,369	48,145,537
Unrestricted	15,319,039	19,782,827
Total net assets	524,885,203	508,826,040
Total liabilities and net assets	\$ 858,721,917	\$ 801,464,199

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

## CITY OF WICHITA, KANSAS

### WATER AND SEWER UTILITIES COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

For the year ended December 31, 2006  
(with comparative totals for the year ended December 31, 2005)

	2006	2005
<b>OPERATING REVENUES</b>		
Charges for services and sales	\$ 69,514,263	\$ 64,693,983
Rentals	11,265	11,055
Other	183,556	58,875
Total operating revenues	69,709,084	64,763,913
<b>OPERATING EXPENSES</b>		
Personal services	17,576,834	16,635,478
Contractual services	12,316,690	11,455,346
Materials and supplies	6,123,978	5,245,754
Administrative charges	1,171,480	1,057,700
Payments in lieu of franchise fees	3,851,010	3,661,650
Depreciation	18,139,166	16,666,274
Total operating expenses	59,179,158	54,722,202
Operating income (loss)	10,529,926	10,041,711
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest on investments	1,801,282	986,618
Other revenues (expenses)	(16,438)	4,082
Interest expense	(8,337,734)	(8,753,360)
Gain (Loss) from sale of assets	(83,155)	(22,261)
Bond discount amortization	522,431	285,443
Total nonoperating revenues (expenses)	(6,113,614)	(7,499,478)
Income (loss) before contributions and transfers	4,416,312	2,542,233
<b>CAPITAL CONTRIBUTIONS AND OPERATING TRANSFERS</b>		
Capital contributions - cash	6,120,457	6,687,630
Capital contributions - non cash	8,796,522	12,032,409
Transfers to other funds	(3,274,128)	(3,022,145)
Change in net assets	16,059,163	18,240,127
Net assets - beginning	508,826,040	490,585,913
Total net assets - ending	\$ 524,885,203	\$ 508,826,040

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

# CITY OF WICHITA, KANSAS

## WATER AND SEWER UTILITIES COMBINED STATEMENT OF CASH FLOWS

For the year ended December 31, 2006  
(with comparative totals for the year ended December 31, 2005)

	2006	2005
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 70,401,508	\$ 63,105,717
Cash payments to suppliers for goods and services	(18,848,276)	(17,433,611)
Cash payments to employees for services	(17,531,285)	(16,585,175)
Franchise fees and payments in lieu of delinquent specials	(3,851,010)	(3,661,650)
Other operating revenues	183,556	58,875
Net cash provided by (used in) operating activities	30,354,493	25,484,156
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Interfund loan	(3,274,128)	(3,022,145)
Net cash provided by (used in) noncapital financing activities	(3,274,128)	(3,022,145)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from capital debt	51,140,000	119,205,000
Premiums from the sale of bonds	1,919,320	6,658,458
Accrued interest from the sale of bonds	82,569	252,927
Bond issuance costs paid	(290,675)	(1,629,459)
Additions to property, plant and equipment	(54,148,373)	(43,308,095)
Debt service - principal	(12,503,693)	(87,536,164)
Debt service - interest	(12,964,189)	(11,609,243)
Proceeds from sale of assets	103,518	70,321
Capital contributions	6,120,457	6,687,630
Net cash provided by (used in) capital and related financing activities	(20,541,066)	(11,208,625)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on investments	1,801,282	986,618
Net cash provided by investing activities	1,801,282	986,618
Net increase (decrease) in cash and temporary investments	8,340,581	12,240,004
Cash and temporary investments - January 1	73,982,545	61,742,541
Cash and temporary investments - December 31	\$ 82,323,126	\$ 73,982,545
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ 10,529,926	\$ 10,041,711
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	18,139,166	16,666,274
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	759,550	(1,936,930)
(Increase) decrease in inventory	22	(14,766)
(Decrease) in accounts payable/accrued expenses	763,850	339,955
(Decrease) increase in deposits	116,430	337,609
Increase in compensated absences	45,549	50,303
Total adjustments	19,824,567	15,442,445
Net cash provided by (used in) operating activities	\$ 30,354,493	\$ 25,484,156
<b><u>Supplemental Schedule of Non-Cash Investing and Financing Activities</u></b>		
Assets contributed by benefit districts	\$ 7,732,348	\$ 11,144,134
Capital contributed for capital purposes	980,196	888,275
Contribution of capital assets	83,978	269,179

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

**1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

The City of Wichita is a municipal corporation governed by an elected mayor and six-member council. The accompanying combined financial statements represent the proprietary Water and Sewer Utility Funds of the municipal government. The Water Utility Fund accounts for the operation and maintenance of the water supply component of the combined utility. The Sewer Utility Fund accounts for the operation and maintenance of the sewer component of the combined utility, including wastewater treatment plants and the sewer mains and laterals.

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

The Water and Sewer Utility Fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

All users, including other City Departments, are charged for services. Uncollected sales, billed or unbilled, are recorded in the financial statements net of amounts estimated to be uncollectible as of December 31, 2006.

Operating revenues and expenses are distinguished from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. Principal operating revenues of the proprietary funds are charges to customers for sales and services and the portion of tap fees intended for recovery of connecting new customers to the system. Operating expenses of the utilities include the cost of sales and services, administrative expenses, and depreciation on capital assets.

Revenues and expenses not meeting these criteria are reported as nonoperating revenues and expenses. Consistent with Governmental Accounting Standards Board Statement Number 33, capital contributions resulting from nonexchange transactions are included in nonoperating revenues.

**C. Pooled Cash and Temporary Investments**

Cash resources of the individual funds are combined to form a pool of cash and temporary investments, which is managed by the Director of Finance (except for investments of the pension trust funds). The pool has the general characteristics of demand deposit accounts, in that each fund may deposit additional cash at any time and also, effectively, may withdraw cash at any time without prior notice or penalty. Cash and cash equivalents, as reported in the Statement of Cash Flows, is defined as all cash and temporary investments, both restricted and unrestricted. Temporary investments generally have an original maturity of 90 days or less.

**D. Inventories**

Inventories are stated at the lower of cost or market, cost being determined by the average unit cost method for both the Water Utility and Sewer Utility.

**1. Summary of Significant Accounting Policies (continued)**

**E. Capital Assets**

Capital assets are valued at historical cost, or estimated historical cost (if actual historical cost is not available). Donated capital assets are valued at their estimated fair market 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.

Depreciation of all exhaustible capital assets, including the depreciation of capital leased assets, is charged as an expense against the utility operations. Accumulated depreciation is reported on the proprietary funds' balance sheet. Capital assets of the utilities are depreciated using the straight line method over the following estimated useful lives:

<b>Assets Classification</b>	<b>Year</b>
Buildings and improvements	1-42
Improvements other than buildings	1-50
Equipment	1-33
Vehicles	1-20
Water/Sewer mains and drainage	75-85

**F. Capitalized Interest**

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. During 2005 and 2006, total interest cost of the combined Water and Sewer Utility Fund was \$12,017,816 and \$13,370,799 of which \$3,264,456 and \$5,033,065 respectively was capitalized.

**G. Payment of Franchise Fees**

Annually, the Water Utility and Sewer Utility pay franchise fees to the General Fund of the City an amount not to exceed five percent of gross revenues for the preceding year, which is included in the annual budget. The combined utility paid to the General Fund of the City \$3,516,510 in 2006 and paid to the General Fund of the City in 2005 a total of \$3,327,150. The payment of franchise fees is an operating expense passed through to the Utilities' customers.

**H. Compensated Absences**

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts to employees who separate from service with the government. All vacation pay is accrued when incurred in the financial statements.

All permanent full-time and permanent part-time employees of the reporting entity within six months of continuous employment are eligible for vacation benefits in varying amounts. City policy provides that exempt employees may accumulate and carry forward each year, not more than 30 days of vacation leave. Non-exempt employees may accumulate and carry forward each year, not more than 240 hours of vacation leave. Sick leave benefits accrue to full time employees at varying rates, depending on the employees length of service to the City. A limitation has not been placed on the amount of unused sick leave that may accumulate. Upon retirement, employees may apply unused sick leave benefits to increase the employee's retirement benefit.

**NOTES TO THE FINANCIAL STATEMENTS  
OF THE WATER AND SEWER FUNDS  
FISCAL YEAR ENDED DECEMBER 31, 2006**

**CITY OF WICHITA KANSAS**

**1. Summary of Significant Accounting Policies (continued)**

I. Bond Issuance Costs

Bond issuance costs are being amortized using the straight-line method of amortization over the life of the bonds.

J. Estimates

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

**2. Cash and Investments**

At December 31, 2006 and 2005, the combined Utility's cash and temporary investments in the amount of \$82,323,126 and \$73,982,545 respectively are included in the City's pooled cash and temporary investments.

The City of Wichita has adopted a formal investment policy. The primary objectives of the investment activities are, in priority order, safety, liquidity and yield. The standard of care to be used by investment officials shall be the "prudent person" standard as contemplated by K.S. A. 17-5004(1), and shall be applied in the context of managing an overall portfolio. Additional information on the City's investment policy and the pooled investments of the City is located in the Note 5 – Cash, Investments and Securities Lending located in the Financial Section, Notes to the Financial Statements of this publication.

**3. Capital Assets**

Capital asset activity of the of the Water and Sewer Utilities for the year ended December 31, 2006 is shown as follows (expressed in thousands of dollars):

	<u>Balance January 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31</u>
Capital assets, not being depreciated:				
Land	\$ 12,257	\$ 179	\$ (151)	\$ 12,285
Construction in progress	103,166	54,083	(7,231)	150,018
Total capital assets, not being depreciated	<u>115,423</u>	<u>54,262</u>	<u>(7,382)</u>	<u>162,303</u>
Capital assets, being depreciated:				
Buildings	147,943	46	-	147,989
Improvements other than buildings	596,035	18,322	(152)	614,205
Machinery, equipment and other assets	59,678	2,788	(1,203)	61,263
Total capital assets being depreciated	<u>803,656</u>	<u>21,156</u>	<u>(1,355)</u>	<u>823,457</u>
Less accumulated depreciation for:				
Buildings	(50,941)	(3,310)	-	(57,251)
Improvements other than buildings	(119,949)	(9,970)	-	(129,919)
Machinery, equipment and other assets	(31,554)	(4,860)	1,107	(35,307)
Total accumulated depreciation	<u>(205,444)</u>	<u>(18,140)</u>	<u>1,107</u>	<u>(222,477)</u>
Total capital assets, net	<u>\$ 713,635</u>	<u>\$ 57,278</u>	<u>\$ (7,630)</u>	<u>\$ 763,283</u>

**4. Retirement Funds**

The reporting entity contributes to a defined single-employer retirement benefit plan, the Wichita Employees' Retirement System (WERS) and a single-employer defined contribution plan, the Wichita Employees' Retirement System Plan 3. Both plans are governed by the Wichita Employees' Retirement System Board of Trustees. All full-time employees of the Utilities participate in one of the retirement plans. The payroll for the Utilities' employees covered by the systems for the years ended December 31, 2006 and December 31, 2005 was \$14,535,531 and \$13,741,796 respectively, which was also the total payroll for the utilities.

Additional information on the retirement systems is reported in the Notes to the Financial Statements for the City of Wichita, located in the Financial Section of this publication. The Wichita Retirement System also issues a publicly available financial report that includes financial statements and required supplementary information for WERS and Wichita Police and Fire Retirement System. The financial report may be obtained by writing to the Wichita Retirement System, City Hall, 12<sup>th</sup> Floor, 455 N. Main, Wichita, KS 67202 or by calling (316) 268-4544.

The WERS was established to provide retirement and survivor annuities, disability benefits, death benefits, and other benefits for all regular full-time civilian employees of the reporting entity and their dependents. Plan 1 was established by City ordinance on January 1, 1948 and became closed to new entrants as of July 19, 1981. With the initiation of Plan 2, which was established by City ordinance on July 18, 1981, all covered employees of Plan 1 were given the option of converting to the new plan. Plan 2 was also closed to new entrants with the establishment of Plan 3, effective January 1, 1994. However, upon completion of seven years of service, employees participating in Plan 3 may convert to participation in Plan 2. Establishment of and amendments to the benefit provisions for the WERS are authorized by the City Council.

The contribution requirements of plan members and the reporting entity are established by City ordinance and may be amended by the governing body. Members of Plan 1 and 2 are required to contribute 6.4 and 4.7 percent of covered salaries, respectively. The Utility is required to contribute at an actuarially determined rate; the rate for 2005 was 4.7 percent of annual covered payroll for both Plans 1 and 2.

The net pension obligation (NPO) is defined as the cumulative difference between the employer's annual pension cost and the employer's annual required contributions to the plan. For 2006, the Utility's annual pension cost of \$598,055 was equal to the required and actual contributions.

The employer's annual required contribution for the current year was determined as part of the December 31, 2003 actuarial valuation using the individual entry age actuarial cost method. The actuarial accrued liability, as determined by the individual entry age actuarial cost method, is the portion of the actuarial present value of pension plan benefits and expenses not provided for by future normal costs. An asset valuation method is used to smooth the effect of market fluctuations. The actuarial value of assets is equal to the Expected Value (calculated using the actuarial assumed rate of 7.75 percent) plus 25 percent of the difference between the market and expected value. This is the fourth year this smoothing method has been used.

The actuarial value of the entire WERS assets as of December 31, 2006 and December 31, 2005 were respectively \$505,756,000 and \$479,275,000 while the actuarially determined accrued liability was \$459,062,000 and \$433,297,000 respectively. Assets in excess of the actuarial accrued liability at the end of 2006 were \$46,694,000 and at the end of 2005 \$45,978,000

For the year ending December 31, 2006, employee contributions to all pension plans for the Utility totaled \$626,049 and \$602,765 contributed in 2005.

**5. Self-Insurance Fund**

The City established a self-insurance fund in 1987 to account for self-insurance programs of workers' compensation, group life insurance, employee liability, property damage, auto liability and general liability for the reporting entity.

Beginning in 1996, the City chose a fully insured health plan to replace the self-insured plan previously offered. Beginning in 2006, the City converted the life insurance program to a fully insured program. The contributions and premiums for this plan are accounted for in the Self Insurance Fund. The Utility participates in self insurance fund programs of workers' compensation, group life insurance, employee liability, property damage, auto liability and general liability.

Worker's Compensation. The workers' compensation program is a partially self-funded program covering substantially all full-time and part-time employees of the reporting entity. The annual requirements of the workers' compensation program are determined based on current claims outstanding and estimates of future liability based on pending claims, maintaining a 90 percent confidence level.

Group Life Insurance. Prior to 2006, the City maintained a flexi-funded life insurance program administered by Minnesota Mutual Life Insurance Company, which provided basic life, dependent life, and accidental death and dismemberment with conversion privileges to participants. Beginning in December 2005, the life insurance program was converted to a fully insured program offering the same benefits to employees. The cost of basic employee life insurance is funded approximately one third by the employee and two thirds by the City.

Benefit levels are based on employee compensation. The City offers additional supplemental, voluntary accidental death and dismemberment insurance for both employees and eligible dependents, the total cost of which is paid by the employee. Contributions (employee and employer), plus interest earned on investments, are used for premium payments. All full-time employees of the reporting entity are eligible to participate in the plans. Coverage is terminated, if the participant fails to make contributions toward the cost of insurance, if the participant terminates employment with the City and does not elect the conversion or portability option, or if the plan is terminated.

General Liability. The City's general liability program provides for legal defense and claims against employees of the reporting entity when an incident occurs during the course of employment. The program also includes vehicle liability and building and content insurance. The deductible portion of the building and content insurance coverage is paid from the self-insurance fund. The deductible is \$100,000 per occurrence.

Additional information on the insurance programs is located in the Notes to the Comprehensive Annual Financial Report, which begin on page A-36 of this publication.

**6. Long-Term Debt**

**A. Revenue Bonds**

Revenue bonds are issued by the City of Wichita where income derived from the acquired or constructed assets is pledged to pay debt service. Revenue bonds outstanding at December 31, 2006 are as follows (expressed in thousands of dollars):

<u>Outstanding issue</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Amount Outstanding</u>
1998-Water & Sewer	4.25 - 4.70%	2012	\$ 13,400
1999-Water & Sewer	4.00 - 6.00%	2018	7,380
2000A-Water	4.69%	2021	2,189
2000B-Water	4.69%	2021	3,769
2001-Water & Sewer	3.30 - 5.00%	2009	6,890
2003-Water & Sewer	2.00 - 5.25%	2028	117,365
2005A-Water & Sewer Refunding	3.00 - 5.00%	2016	39,665

**NOTES TO THE FINANCIAL STATEMENTS  
OF THE WATER AND SEWER FUNDS  
FISCAL YEAR ENDED DECEMBER 31, 2006**

**CITY OF WICHITA KANSAS**

**6. Long-Term Debt**

**A. Revenue Bonds**

<u>Outstanding issue</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Amount Outstanding</u>
2005B Water & Sewer Refunding	3.25 – 5.00%	2016	26,695
2005C Water & Sewer	3.25 - 5.125%	2030	45,790
2006-Water & Sewer	4.50% - 5.00%	2031	51,140
Total Water and Sewer Utility bonded debt			<u>\$ 314,283</u>

Changes in the long-term liability for the year ended December 31, 2006 are summarized in the following table:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds payable:					
Revenue bonds	\$275,647	\$51,140	\$(12,504)	\$314,283	\$14,386
Deferred amount on refunding	(2,705)	-	294	(2,411)	-
Unamortized premium	<u>11,392</u>	<u>1,919</u>	<u>(786)</u>	<u>12,525</u>	<u>-</u>
Total bonds payable	284,334	53,059	(12,996)	324,397	14,386
Compensated absences	<u>818</u>	<u>866</u>	<u>(820)</u>	<u>864</u>	<u>757</u>
Total long-term liabilities – Water and Sewer Utility	<u>\$285,152</u>	<u>\$ 53,925</u>	<u>\$(13,816)</u>	<u>\$ 325,261</u>	<u>\$ 15,143</u>

Revenue bond debt service requirements to maturity are as follows (expressed in thousands of dollars):

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 14,386	\$ 14,385
2008	14,200	14,219
2009	15,244	13,662
2010	15,013	13,009
2011	16,264	12,301
2012 – 2016	87,821	49,598
2017 – 2021	68,495	29,579
2022 – 2026	56,030	13,692
2027 – 2031	26,830	2,833
Totals	<u>\$ 314,283</u>	<u>\$ 163,278</u>

**B. Revenue Bond Ordinance Provisions and Reserve Requirements**

Revenue bond ordinances related to the issuance of revenue bonds provide for specific deposits to debt service and other related bond reserve and maintenance accounts. At December 31, 2006, the City was in compliance with all significant reserve requirements of the respective Water and Sewer Utility revenue bond ordinances.

6. Long-Term Debt

B. Revenue Bond Ordinance Provisions and Reserve Requirements

<u>Account</u>	<u>Amount</u>	<u>Expenses</u>
Unrestricted revenue	Amount deemed reasonable and necessary to pay expense of operation and maintenance for the ensuing 60 days	Expenses for operation, repair and maintenance for the Utility
Principal and Interest	An equal prorate portion of the next semi-annual interest payment plus the semiannual principal maturity on the first day of each month which is sufficient to meet the maturing bond and interest requirements.	Payment of principal and interest on revenue bonds
Bond Reserve	All Utility revenue bonds are guaranteed by an alternate credit facility. Therefore a bond reserve is not required.	
Depreciation and replacement	\$5,000 monthly, or the amount available after above allocations, until 15% of the operating revenues of the preceding year are accumulated.	To be used for the purpose of extraordinary maintenance and repairs, capital improvements, and if other funds are not available, for the cost of operating and maintaining the Utility.
Improvement	Amount remaining in the Revenue Fund on each January 1, which shall not be required for the operation and maintenance of the Utility or for the transfers required to the above accounts for a period of 90 days shall be credited to the account.	May be used for (1) operational and maintenance expenses of the Utility, (2) increase amounts in any of the other accounts to cover potential deficiencies, (3) improvements, repairs or extensions of the utility, (4) redemption of bonds issued under provisions of the ordinance prior to maturity, or (5) to make transfers to the Revenue Fund.

At December 31, 2006 and 2005, cash determined in accordance with the revenue requirements of the bond covenants was \$7,938,970 and \$7,331,132.

**NOTES TO THE FINANCIAL STATEMENTS  
OF THE WATER AND SEWER FUNDS  
FISCAL YEAR ENDED DECEMBER 31, 2006**

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**CITY OF WICHITA KANSAS**

**6. Long-Term Debt**

B. Revenue Bond Ordinance Provisions and Reserve Requirements

	<b>Water and Sewer Utility Restricted Assets</b>	
	<u>2006</u>	<u>2005</u>
Principal and Interest	\$18,669,788	\$18,505,876
Depreciation and Replacement	6,863,388	6,163,158
Improvements	<u>48,850,980</u>	<u>41,982,379</u>
	<u>\$74,384,156</u>	<u>\$66,651,413</u>

**7. Segment Information**

The Utility maintains separate funds for water and sewer services. Segment information for the year ended December 31, 2006 is located in the Financial Section of this publication.

**CITY OF WICHITA, KANSAS**  
**WATER AND SEWER UTILITIES**  
**NET REVENUES AVAILABLE FOR DEBT SERVICE AND**  
**CAPITAL EXPENDITURES MADE FROM OPERATING REVENUES**  
For the year ended December 31, 2006

**UNAUDITED**

	Water	Sewer	Combined
<b>REVENUES</b>			
Charges for services	\$ 40,646,567	\$ 28,867,696	\$ 69,514,263
Investment earnings	1,281,474	519,808	1,801,282
Capital contributions - cash	4,138,811	1,981,646	6,120,457
Bond discount amortization	287,259	235,172	522,431
Other	225,869	3,138	229,007
Gross earnings	46,579,980	31,607,460	78,187,440
<b>OPERATIONS AND MAINTENANCE</b>			
Personal services	8,318,212	9,258,622	17,576,834
Contractual services	7,352,595	4,964,095	12,316,690
Materials and supplies	3,448,326	2,675,652	6,123,978
Administrative charges	937,010	234,470	1,171,480
Contributions to the city	2,132,460	1,718,550	3,851,010
Total operations and maintenance	22,188,603	18,851,389	41,039,992
Net revenues available for debt service	\$ 24,391,377	\$ 12,756,071	\$ 37,147,448
<b>REVENUE BONDS DEBT SERVICE</b>	\$ 13,946,634	\$ 11,521,248	\$ 25,467,882
<b>DEBT SERVICE COVERAGE RATIO</b>	1.75	1.11	1.46
Gross earnings	\$ 46,579,980	\$ 31,607,460	\$ 78,187,440
Less: other non operating revenue	34,186	-	34,186
Less: investment earnings	1,281,474	519,808	1,801,282
Less: capital contributions	4,138,811	1,981,646	6,120,457
Less: bond discount amortization	287,259	235,172	522,431
Operating revenues	\$ 40,838,250	\$ 28,870,834	\$ 69,709,084
<b>CAPITAL EXPENDITURES FROM OPERATING REVENUES</b>	\$ 2,859,765	\$ 243,311	\$ 3,103,076

**PROPERTY INSURANCE**

Insurance Company	2006 Deductible	Period covered	Detail of Coverage
Allianz	\$100,000 per occurrence	1-06 to 1-07	* All risk coverage on real and personal property.
Allianz	\$10,000 per occurrence	1-06 to 1-07	*Comprehensive coverage for steam boilers, air conditioning and electric motors.

\*Property insurance for the Utility is included in the City's coverage. Limits shown are for the entire City.

**CITY OF WICHITA, KANSAS**  
**WATER AND SEWER UTILITY STATISTICS BY CUSTOMER CLASS**  
For year ended December 31, 2006  
(with comparative totals for the year ended December 31, 2005)

**UNAUDITED**

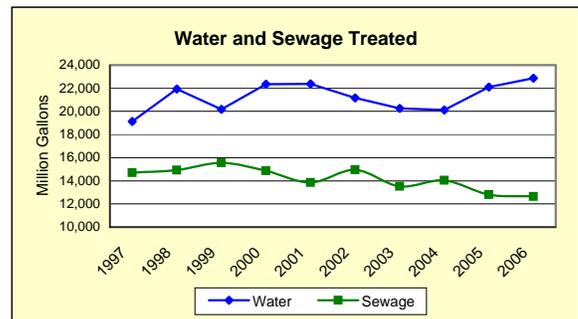
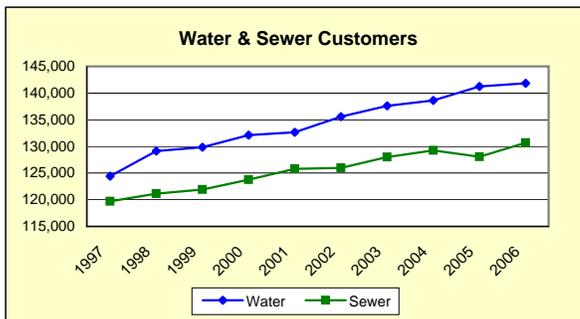
**WATER UTILITY STATISTICS BY CUSTOMER CLASS**

CUSTOMER CLASS	Number of Customers		Water Revenues		Water Consumed (Million Gallons)	
	2006	2005	2006	2005	2006	2005
Residential	123,876	124,141	\$ 24,492,059	\$ 20,855,568	10,705	10,367
Commercial / Industrial	12,975	12,687	12,225,333	11,156,816	8,092	7,809
Institutional	-	-	-	-	-	-
Wholesale	11	12	2,215,482	1,904,646	1,435	1,401
Lawn services	2,990	2,912	-	-	-	-
Fire protection	1,565	1,103	136,101	118,940	-	-
Contract	382	372	940,105	763,853	480	407
Backflow charges	-	-	180,949	-	-	-
Other sales	-	-	231,053	205,548	23	18
Estimated leaks	-	-	-	-	25	19
Water utility uses	22	22	-	-	318	266
Unaccounted for water	-	-	-	-	1,799	1,815
	<u>141,821</u>	<u>141,249</u>	<u>\$ 40,421,082</u>	<u>\$ 35,005,371</u>	<u>22,877</u>	<u>22,102</u>

**SEWER UTILITY STATISTICS BY CUSTOMER CLASS**

CUSTOMER CLASS	Number of Customers		Sewer Revenues	
	2006	2005	2006	2005
Residential	118,762	116,423	\$ 15,835,903	\$ 14,413,230
Commercial	11,118	10,801	8,311,479	7,922,501
Industrial	22	24	2,951,683	3,919,135
Institutional	769	784	608,691	410,970
Wholesale	1	1	42,806	59,655
Other	-	-	30,695	86,376
Extra Strength	22	25	1,357,339	1,378,764
	<u>130,694</u>	<u>128,058</u>	<u>\$ 29,138,596</u>	<u>\$ 28,190,631</u>

**OTHER SUMMARY DATA**



	2006	2005	CHANGE
Number of water customers	141,821	141,249	0.40%
Number of sewer customers	130,694	128,058	2.06%
Miles of water line	2,244	2,031	10.49%
Miles of sanitary sewer line	2,088	2,059	1.41%
Water produced (million gallons)	22,877	22,102	3.51%
Wastewater treated (million gallons)	12,648	12,802	-1.20%
Cost of treated, pressurized water per 1000 gallons	\$0.39	\$0.34	14.71%
Cost of treated wastewater per 1000 gallons	\$0.72	\$0.66	9.09%

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