

CITY OF HAYS, KANSAS

Hays, Kansas

Financial Statements with Independent Auditors' Report

For the Year Ended December 31, 2004

CITY OF HAYS, KANSAS
Financial Statements with Independent Auditors' Report
For the Year Ended December 31, 2004

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INDEPENDENT AUDITORS' REPORT

To The Mayor and Commissioners
City of Hays, Kansas
Hays, Kansas 67601

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 Hays, Kansas**, as of and for the year ended December 31, 2004, which collectively comprise the basic financial statements of the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the **City of Hays, Kansas** management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Housing Authority of the City of Hays, Kansas which represents the component unit presented in the financial statements. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and in our opinion, in so far as it relates to the amounts included for Housing Authority of the City of Hays, Kansas, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the Kansas Municipal Audit Guide. 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 that our audit provides a reasonable basis for our opinions.

Management has not included the Hays Public Library, a component unit, in the **City of Hays, Kansas**, financial statements. Accounting principles generally accepted in the United States of America require the Hays Public Library, component unit, of the **City of Hays, Kansas** to be a discretely presented component unit. The amount by which this departure would affect the assets, liabilities, revenues, and expenses of the discretely presented component unit is not determinable.

In our opinion, because of the omission of the Hays Public Library, component unit, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America.

In addition, in our opinion, except for the effects of not including the Hays Public Library Component Unit as described above, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information for the primary government of the **City of Hays, Kansas**, as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Great Bend — Hays — McPherson — St. John — LaCrosse —
Colby — Hutchinson — Lyons — Hillsboro — Ness City —

To The Mayor and Commissioners
City of Hays, Kansas
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The management's discussion and analysis and budgetary comparison information on pages 3 through 6 and 34 through 63, 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 of Hays, Kansas'** basic financial statements. The introductory section, combining individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The individual fund financial statements have been subjected to the audit 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 introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Adams, Brown, Beran & Ball

ADAMS, BROWN, BERAN & BALL, CHTD.
Certified Public Accountants

May 20, 2005

CITY OF HAYS
MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis of the **City of Hays'** financial performance provides an overview of the City's financial activities for the year ended December 31, 2004. Please read in conjunction with the City's financial statements, which begins after this letter.

FINANCIAL HIGHLIGHTS

As reflected in this audit, the City of Hays' overall financial position continues to improve. The City of Hays' fund balance on all major funds increased \$1,275,288 over the previous year with the largest increase reflected in the General Fund. The General Fund's balance has increased \$668,963 over the previous year, \$1,582,095 over the past five years and \$1,894,935 over the low in 2001. This continued increase is directly reflective of the current management environment and accountable to increased oversight and new policies. Over the past few years, the purchasing policy has been reviewed and revised creating a more frugal mindset and ensuring that the City gets as much for its dollar as possible. One recent review and bid process allowed the City to notice a savings of \$20,000 on the purchase of water treatment chemicals for this year and should carry over for years to come. In 2004, the City began performing inspection work on street construction which was previously contracted out. While this process started late in 2004, it is projected this will save the City over \$250,000 in expenses per year. The investment policy of the City has been reviewed and improved so that all investments are now put out for competitive bid; this coupled with the improving interest rates has allowed the City to notice an increase in return on investments which should continue to improve in the years to come. In 2004, through a general election, the City passed a 3/4% sales tax for the General Fund. This sales tax will eliminate the General Fund's portion of the Mill Levy in 2006 and will help to lower the property tax paid by the citizens of Hays. The only areas of concern are the Water and Sewer Fund and the Solid Waste Fund which continue to show a decline in their fund balance. The Water and Sewer Fund's balance decreased \$178,748 over the previous year and \$1,704,697 over the past five years. A large portion of this is related to ongoing capital projects which will most likely increase as the treatment facility ages and its maintenance and upkeep increases. The City is evaluating if issuing revenue bonds for these repairs is a better solution than to continue depleting the cash reserve. The Solid Waste Fund had a decrease in fund balance of \$11,157 over the previous year and a decrease of \$374,582 over the past five years. Staff is evaluating the current rate structure in order to level this fund out and ensure it can maintain a healthy fund balance.

One other item of note for 2004, the City of Hays' fire rating was reduced from a 5 to a 3 through the hard work of staff in the Fire Department. While this rating will not be directly reflective on the City's bottom line, industrial and commercial businesses in the City of Hays should have a noticeable decrease in their fire insurance premiums.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The statement of net assets and statement of activities on pages 7 through 9 provide information about the activities of the City as a whole and present a longer-term view to the City's finances. Fund financial statements start on page 10. For governmental activities these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government wide statements by providing information about the City's most significant funds. The remaining statements provide financial information of activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

REPORTING THE CITY AS A WHOLE

The Statement of Net Assets and the Statement of Activities

Our analysis of the City as a whole begins on page 7. One of the most important questions asked about the City's finances is "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities that helps answer this question. These statements include all assets and liabilities

CITY OF HAYS
MANAGEMENT'S DISCUSSION AND ANALYSIS

using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the City's net assets and changes in them. Think of the City's net assets - the difference between assets and liabilities - as one way to measure the City's financial health or financial position. Over time increases or decreases in the City's net assets are one indicator of whether financial health is improving or deteriorating. Consider other non-financial factors however, such as changes in the City's property tax base and the condition of the City's roads to assess the overall health of the City. In the statement of net assets and the statement of activities, the City is divided into three kinds of activities:

- **Governmental Activities** – Most of the City's basic services are reported here including the police, fire, public works, park department and general administration. Property taxes, franchise fees and state and federal grants finance most of these activities.
- **Business Type Activities** – The City charges a fee to customers to help cover all or most of the services it provides. The City's water and sewer system and the solid waste facilities are reported here.
- **Component units** – The City has elected not to include the component unit (Hays Public Library) in these financial statements. The notes to the financial statements contain the listing of those entities that are considered a component unit of the City.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

Analysis of the City's major funds begins on page 10. The fund financial statements begin on page 34 and provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the City Commission establishes other funds to help or control money for particular purposes or to show that it is meeting legal responsibility for using certain taxes, grants and other monies. The City's two kinds of funds, governmental and proprietary, use different accounting approaches.

- **Governmental Funds** – Most of the City's basic services are reported in governmental funds which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can regularly be converted to cash. The governmental fund statements provide a short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in a statement of net assets and the statement of activities) and the governmental funds in reconciliation at the bottom of the fund financial statements.
- **Proprietary Funds** – When the City charges customers for the services it provides, whether to outside customers or to other units in the City, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in a Statement of Net Assets and the Statement of Activities. In fact, the City's enterprise funds are the business type activities reported in the government wide statements that provide more detail and additional information such as cash flows for proprietary funds.

**CITY OF HAYS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

THE CITY AS TRUSTEE

Reporting the City's Fiduciary Responsibilities

The City is the trustee or fiduciary for the police court. It is also responsible for other assets that because of a trust arrangement can be used only for the trust beneficiaries. All of the City's fiduciary activity is reported in a separate statement of fiduciary net assets and changes in fiduciary net assets on page 19. Auditing staff excluded these activities from the City's other financial statements because the City can not use these assets to finance it's operations. The City is responsible for insuring that the assets reported in these funds are used for their intended purposes.

THE CITY AS A WHOLE

**TABLE 1
NET ASSETS**

	Governmental Activities	Business Type Activities	2004 Total Primary Government	2003 Total
Current and Other Assets	\$ 17,283,176	19,189,818	36,472,994	27,766,729
Capital Assets	65,115,408	23,964,499	89,079,907	88,253,341
Total Assets	82,398,584	43,154,317	125,552,901	116,020,070
Long Term Debt				
Outstanding	20,859,020	5,742,309	26,601,329	19,685,929
Other Liabilities	7,060,211	2,201,249	9,261,460	7,977,009
Total Liabilities	27,919,231	7,943,558	35,862,789	27,662,938
Net Assets	8,816,063	1,676,190	10,492,253	5,448,943
Restricted	45,663,290	33,534,569	79,197,859	82,908,189
Unrestricted	\$ 54,479,353	35,210,759	89,690,112	88,357,132

**TABLE 2
STATEMENT OF ACTIVITIES**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Assets		Totals		Housing Authority of the City of Hays, Kansas
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	2004	2003	
Primary Government									
Governmental Activities									
General Government	\$ 7,300,693	483,168	44,777	397,120	(6,375,628)	-	(6,375,628)	(7,228,047)	-
Highway and Street	4,582,732	13,330	-	485,856	(4,083,546)	-	(4,083,546)	(2,210,072)	-
Culture and Recreation	2,210,721	171,312	-	3,987	(2,035,422)	-	(2,035,422)	(2,015,423)	-
Airport	448,213	107,996	-	111,898	(229,318)	-	(229,318)	(365,205)	-
Interest on Long-Term Debt	614,072	-	-	-	(614,072)	-	(614,072)	(502,639)	-
Total Governmental Activities	15,156,631	776,806	44,777	998,861	(13,337,187)	-	(13,337,187)	(12,282,386)	-
Business-Type Activities									
Water and Sewer	3,468,272	4,372,431	4,813	-	-	886,872	-	-	-
Solid Waste	582,852	801,355	-	-	-	318,503	-	-	-
Total Business-Type Activities	4,051,124	5,273,786	4,813	-	-	1,205,375	-	-	-
Total Primary Government	\$ 19,227,755	6,049,592	49,590	998,861	(13,337,187)	1,207,475	-	-	-
Component Unit									
Housing Authority of the City of Hays, Kansas	\$ 351,645	50,746	205,184	38,583	-	-	-	-	(56,732)
General Revenues, Special Items, and Transfers									
Property Taxes				\$ 5,716,079	-	-	-	-	-
Special Assessments				265,923	-	-	-	-	-
Sales Tax				2,156,541	2,156,541	-	-	-	-
Franchise Taxes				1,187,837	-	-	-	-	-
Motor Fuel Taxes				596,258	-	-	-	-	-
Alcoholic Beverage Taxes				254,548	-	-	-	-	-
Transient Guest Taxes				432,314	-	-	-	-	-
Unrestricted Investment Earnings				62,813	120,598	-	-	-	456
Miscellaneous				136,336	150,000	-	-	-	766
Grants not restricted to specific programs				-	-	-	-	-	45,044
Lease Reimbursement - Hays Recreation Commission				141,312	-	-	-	-	-
Special Items				83,697	-	-	-	-	37,615
Transfers				2,165,400	(2,165,400)	-	-	-	-
Total General Revenues, Special Items and Transfers				13,200,853	261,739	-	-	-	83,881
Change in Net Assets					(136,234)	1,469,214	-	-	27,149
Net Assets - Beginning					54,615,587	33,741,545	-	-	1,180,608
Net Assets - Ending					\$ 54,479,353	35,210,759	-	-	1,217,157

**CITY OF HAYS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2004, the City had \$89,079,907 invested in capital assets less depreciation.

**TABLE 3
CAPITAL ASSETS AT YEAR-END
(NET OF DEPRECIATION)**

	Governmental Activities	Business Type Activities	2004 Total Primary Government	2003 Total
Land	\$ 15,477,245	110,489	15,587,734	13,913,687
Infrastructure	38,473,039	9,543,000	48,016,039	48,189,330
Circle K Ranch	-	3,183,721	3,183,721	3,189,845
Building and Equipment	11,165,124	11,127,289	22,292,413	22,961,479
Total	\$ 65,115,408	23,964,499	89,079,907	88,253,341

DEBT

At the end of 2004, the City had the following debt:

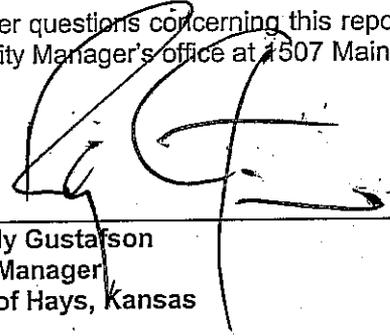
**TABLE 4
OUTSTANDING DEBT AT YEAR-END**

	Governmental Activities	Business Type Activities	2004 Total Primary Government	2003 Total
Capital Leases	\$ 1,260,900	-	1,260,900	1,508,631
G.O. Bonds	12,877,120	137,880	13,015,000	11,755,000
Temporary Notes	6,721,000	-	6,721,000	-
Revenue Bonds	-	6,432,377	6,432,377	6,728,790
Total	\$ 20,859,020	6,570,257	27,429,277	19,992,421

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances. The report is also designed to show the City's accountability for the money it receives.

Further questions concerning this report or the financial status of the **City of Hays**, should be directed to the City Manager's office at 1507 Main, Hays, Kansas (785) 628-7320 or randyg@haysusa.com.



Randy Gustafson
City Manager
City of Hays, Kansas

CITY OF HAYS, KANSAS
Statement of Net Assets
December 31, 2004
(With Comparative Totals for the Year Ended December 31, 2003)

	Primary Government				Component Unit
	Governmental Activities	Business-Type Activities	Totals		Housing Authority of the City of Hays, Kansas
			2004	2003	
ASSETS					
Cash and Cash Equivalents	\$ 12,148,086	16,298,405	28,446,491	19,916,532	77,140
Investments	-	-	-	-	65,811
Receivables (Net of Allowance for Uncollectibles)	5,113,376	494,001	5,607,377	5,699,965	2
Internal Balances	-	210,816	210,816	196,291	-
Due from Other Governments	21,714	-	21,714	30,159	4,248
Prepaid Insurance	-	-	-	-	873
Inventory	-	-	-	-	1,083
Restricted Assets-Cash and Cash Equivalents					
Customer Deposits	-	174,383	174,383	149,555	4,400
Revenue Refunding Bonds - Series 2003	-	342,189	342,189	245,045	-
Revenue Sales Tax Bonds - Series 2003	-	300,235	300,235	196,810	-
Reserve for Capital Improvements	-	1,299,056	1,299,056	1,249,056	-
Capital Assets (Note 1D) - Net of Depreciation					
Land and Infrastructure	53,950,284	9,653,489	63,603,773	62,102,017	179,351
Depreciable Buildings and Equipment	11,165,124	11,127,289	22,292,413	22,961,479	891,784
Cirlice K Ranch	-	3,183,721	3,183,721	3,189,845	-
Issuance Costs - (Net of Amortization)	-	70,733	70,733	83,316	-
Total Assets	82,398,584	43,154,317	125,552,901	116,020,070	1,224,692
LIABILITIES					
Accounts Payable	45,628	826,785	872,413	233,930	592
Accrued Payroll	156,538	32,729	189,267	177,084	721
Accrued Vacation	171,188	38,789	209,977	201,470	-
Accrued Compensation Time	10,809	-	10,809	10,570	362
Accrued Interest Payable	554,456	-	554,456	510,206	-
Internal Balances	207,169	3,647	210,816	196,291	-
Accrued Interest - Revolving Loan	-	39,050	39,050	42,006	-
Deferred Revenue	4,851,276	-	4,851,276	4,825,215	11
Restricted Assets					
Customer Deposits	-	174,383	174,383	149,555	4,400
Accrued Interest - Revenue and Sales Tax Bonds	-	50,472	50,472	42,412	-
Compensated Absences (Note 1P)	1,063,147	207,446	1,270,593	1,281,778	1,449
State of Kansas Waste Water Revolving Loan (Note 3)					
Due Within One Year	-	277,148	277,148	266,412	-
Due in More Than One Year	-	2,855,229	2,855,229	3,132,378	-
Revenue Refunding Bonds - Series 2003 (Note 3)					
Due Within One Year	-	250,000	250,000	-	-
Due in More Than One Year	-	1,680,000	1,680,000	1,930,000	-
Sales Tax Refunding Bonds - Series 2003 (Note 3)					
Due Within One Year	-	290,000	290,000	30,000	-
Due in More Than One Year	-	1,080,000	1,080,000	1,370,000	-
Totals Carried Forward	\$ 7,060,211	7,805,678	14,865,889	14,399,307	7,535

The notes to the financial statements are an integral part of these statements.

CITY OF HAYS, KANSAS
Statement of Net Assets
December 31, 2004
(With Comparative Totals for the Year Ended December 31, 2003)

	Primary Government				Component Unit Housing Authority of the City of Hays, Kansas
	Governmental Activities	Business-Type Activities	Totals		
			2004	2003	
Totals Brought Forward	\$ 7,060,211	7,805,678	14,865,889	14,399,307	7,535
Capital Leases (Note 2)					
Due Within One Year	217,740	-	217,740	247,732	-
Due in More Than One Year	1,043,160	-	1,043,160	1,260,899	-
G.O. Bonds Payable (Note 3)					
Due Within One Year	1,119,200	10,800	1,130,000	1,185,000	-
Due in More Than One Year	11,757,920	127,080	11,885,000	10,570,000	-
Temporary Notes	6,721,000	-	6,721,000	-	-
Total Liabilities	27,919,231	7,943,558	35,862,789	27,662,938	7,535
Net Assets					
Restricted for:					
Capital Projects	3,277,938	-	3,277,938	1,209,709	-
Debt Service	253,643	-	253,643	165,629	-
Encumbrances	1,505,828	377,134	1,882,962	390,425	-
Capital Improvements	-	1,299,056	1,299,056	1,249,056	1,071,136
Designated for Subsequent Year's Expenditures	3,778,654	-	3,778,654	2,434,124	-
Unrestricted	45,663,290	33,534,569	79,197,859	82,908,189	146,021
Total Net Assets	\$ 54,479,353	35,210,759	89,690,112	88,357,132	1,217,157

The notes to the financial statements are an integral part of these statements.

CITY OF HAYS, KANSAS
 Statement of Activities
 For the Year Ended December 31, 2004
 (With Comparative Totals for the Year Ended December 31, 2003)

Component Unit	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		Totals		Component Unit	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Changes in Net Assets		2004		2003
				Governmental Activities	Business-Type Activities			
Primary Government								
Governmental Activities								
General Government	\$ 7,300,893	44,777	397,120	(6,375,828)	(6,375,828)	(7,228,047)	-	
Highway and Street	4,582,732	-	485,856	(4,083,546)	(4,083,546)	(2,210,072)	-	
Culture and Recreation	2,210,721	-	3,987	(2,035,422)	(2,035,422)	(2,015,423)	-	
Airport	448,213	-	111,898	(228,319)	(228,319)	(306,205)	-	
Interest on Long-Term Debt	614,072	-	-	(614,072)	(614,072)	(502,639)	-	
Total Governmental Activities	15,156,631	44,777	998,861	(13,337,187)	(13,337,187)	(12,262,386)	-	
Business-Type Activities								
Water and Sewer	3,488,272	4,813	-	888,972	888,972	-	-	
Solid Waste	582,852	-	-	318,503	318,503	-	-	
Total Business-Type Activities	4,071,124	4,813	-	1,207,475	1,207,475	-	(56,732)	
Total Primary Government	\$ 19,227,755	49,590	998,861	(13,337,187)	1,207,475	-	(56,732)	
Component Unit								
Housing Authority of the City of Hays, Kansas	\$ 50,746	205,184	38,983	-	-	-	-	
General Revenues, Special Items, and Transfers								
Property Taxes	\$ 5,716,073							
Special Assessments	265,923							
Sales Tax	2,156,541				2,156,541			
Franchise Taxes	1,157,937							
Motor Fuel Taxes	598,259							
Alcoholic Beverage Taxes	254,548							
Transient Guest Taxes	432,314							
Unrestricted Investment Earnings	92,613				120,598		456	
Miscellaneous	136,336				150,000		766	
Grants not restricted to specific programs	-				-		45,044	
Lease Reimbursement - Hays Recreation Commission	141,312				-		-	
Special Items	83,697				-		37,615	
Transfers	2,165,400				(2,165,400)		-	
Total General Revenues, Special Items and Transfers	13,200,953				261,739		83,881	
Change in Net Assets					1,469,214		27,149	
Net Assets - Beginning					54,615,587		1,190,008	
Net Assets - Ending	\$ 54,479,353				35,210,759		1,217,157	

The notes to the financial statements are an integral part of these statements.

CITY OF HAYS, KANSAS
Balance Sheet
Governmental Funds
December 31, 2004

(With Comparative Totals for the Year Ended December 31, 2003)

	General Fund	Special Highway Fund	Capital Projects Fund	Other Governmental Funds	Totals	
					2004	2003
ASSETS						
Cash and Investments	\$ 2,954,411	2,467,248	2,409,323	4,317,104	12,148,086	5,938,290
Receivables - Net	-	262,100	-	-	262,100	184,788
Accounts Receivable	21,714	-	-	-	21,714	30,159
Due from Other Governments	-	-	-	-	-	6,681
Due from Special Highway	-	-	-	-	-	22,850
Due from W & S	-	-	-	103,375	103,375	206,750
Due from Airport Improvement	-	-	-	-	-	5,971
Due from Capital Project	1,609,944	-	-	3,241,332	4,851,276	4,825,215
Taxes	-	-	-	-	-	-
Total Assets	\$ 4,586,069	2,729,348	2,409,323	7,661,811	17,386,551	11,220,704
LIABILITIES AND FUND BALANCE						
Liabilities						
Accounts Payable	\$ 33,512	-	-	322,660	356,172	1,064
Accrued Payroll	149,651	-	-	6,887	156,538	145,452
Accrued Vacation	163,791	-	-	7,397	171,188	164,444
Accrued Compensation Time	10,809	-	-	-	10,809	10,570
Due to W & S	-	-	-	-	-	53,958
Due to Capital Projects	-	-	-	-	-	6,661
Due to Bond & Interest	-	-	-	-	-	5,971
Due to Capital Project	-	-	103,375	-	103,375	206,750
Deferred Revenues	1,609,944	-	-	3,241,332	4,851,276	4,825,215
Total Liabilities	1,967,707	-	103,375	3,578,276	5,649,358	5,420,105
Fund Balance						
Reserved for Encumbrances	9,000	1,359,328	-	137,500	1,505,828	288,475
Designated for Subsequent Year's Expenditures	1,672,298	208,414	-	2,115,289	3,996,001	2,465,006
Undesignated	937,064	1,161,606	2,409,323	1,830,746	6,338,739	3,047,118
Total Fund Balance	2,618,362	2,729,348	2,409,323	4,083,535	11,840,568	5,800,599
Total Liabilities and Fund Balance	\$ 4,586,069	2,729,348	2,512,698	7,661,811	17,489,926	11,220,704

The notes to the financial statements are an integral part of these statements.

CITY OF HAYS, KANSAS
 Reconciliation of the Governmental Funds Balance Sheet
 to the Government-Wide Statement of Net Assets
 December 31, 2004

Amounts reported for governmental activities in the Statement of Net Assets differ from the fund balances of Governmental Funds on the preceding balance sheet as shown in the following reconciliation:

Fund Balances of Governmental Funds from the Balance Sheet	\$	11,840,568
Capital assets, net of depreciation, have not been included as financial resources in Governmental Fund activity on the Balance Sheet.		65,115,408
Long-Term debt, capital leases, and compensated absences have not been included in the Governmental Fund activity on the Balance Sheet.		
G.O. Bonds		(12,877,120)
Temporary Notes		(6,721,000)
Capital Leases		(1,260,900)
Compensated Absences		(1,063,147)
Accrued interest payable for the current portion of interest due on bonds has not been reported in the Governmental Funds on the Balance Sheet.		<u>(554,456)</u>
Net Assets of Governmental Activities as Reported on the Statement of Net Assets (Statement 1).	\$	<u><u>54,479,353</u></u>

The notes to the financial statements are an integral part of these statements.

CITY OF HAYS, KANSAS
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2004
(With Comparative Totals for the Year Ended December 31, 2003)

	General Fund	Special Highway Fund	Capital Projects Fund	Other Governmental Funds	2004	2003
Revenues						
Taxes	\$ 4,134,752	-	-	4,003,785	8,138,537	8,575,610
Intergovernmental	129,627	1,084,115	-	713,910	1,927,652	1,322,592
Federal Aid	-	-	-	-	1,840,232	1,840,232
Licenses & Fees	1,281,003	-	-	-	1,281,003	1,118,214
Fines and Forfeitures	347,892	-	-	-	347,892	366,899
Use of Money & Property	318,813	-	2,902	-	321,715	86,432
Collections	178,472	-	-	113,046	291,518	280,463
Donations	76,410	-	-	-	76,410	30,815
Prior Year Encumbrances Voided	-	-	-	-	-	21,504
Miscellaneous	127,315	-	9,719	153,829	290,863	224,263
Total Revenues	6,594,284	1,084,115	12,621	4,984,570	12,675,590	13,887,024
Expenditures						
Current -						
General Government	5,100,370	-	-	1,863,685	6,964,055	7,145,091
Highway and Street	1,614,711	2,578,240	1,950,852	275,314	6,419,117	2,236,145
Culture and Recreation	831,848	-	-	1,052,201	1,884,049	1,893,640
Airport	-	-	-	369,926	369,926	2,148,394
Debt Service	-	-	-	1,828,935	1,828,935	1,713,539
Capital Outlay	178,076	-	-	361,698	539,774	529,141
Total Expenditures	7,725,005	2,578,240	1,950,852	5,751,759	18,005,856	15,665,950
Excess (Deficiency) of Revenues Over Expenditures	(1,130,721)	(1,494,125)	(1,938,231)	(767,189)	(5,330,266)	(1,778,926)
Other Financing Sources (Uses)						
G.O. Bond Proceeds	-	-	2,445,000	-	2,445,000	1,050,895
Temporary Note Proceeds	-	4,192,755	1,902,554	625,691	6,721,000	-
Sale of Equipment	-	-	-	21,035	21,035	57,478
Transfers In	1,812,500	-	-	1,827,353	3,639,853	2,892,567
Transfers Out	(205,000)	(264,200)	-	(987,453)	(1,456,653)	(906,667)
Total Other Financing Sources (Uses)	1,607,500	3,928,555	4,347,554	1,486,626	11,370,235	3,094,273
Net Change in Fund Balances	476,779	2,434,430	2,409,323	719,437	6,039,969	1,315,347
Fund Balance - January 1	2,141,583	294,918	-	3,364,098	5,800,599	4,485,252
Fund Balance - December 31	\$ 2,618,362	2,729,348	2,409,323	4,083,535	11,840,568	5,800,599

The notes to the financial statements are an integral part of these statements.

CITY OF HAYS, 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, 2004

Net Changes in Fund Balances - Total Governmental Funds (Statement 4)	\$	6,039,969
<p>Amounts Reported for Governmental Activities in the Statement of Activities (Statement 2) are different because:</p>		
<p>Governmental Funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$2,532,696) exceeded depreciation (\$919,667) in the current period.</p>		1,613,029
<p>Governmental Funds report lease payments as expenditures. However, in the statement of activities the principal portions of the payments reduce long-term liabilities. This is the amount of principal from lease payments applied to capital lease obligations.</p>		247,731
<p>Bond proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which bond proceeds (\$2,445,000) exceeded bond repayments (\$1,174,920) recorded in the General Governmental Funds.</p>		(1,270,080)
<p>Temporary note proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the statement of net assets. This is the amount of temporary note proceeds recorded in the General Governmental Funds.</p>		(6,721,000)
<p>Accrued Interest Payable and Compensated Absences increased from the prior year. These balances are not accounted for in the General Governmental Funds; however, the changes are reflected in the statement of activities.</p>		<u>(45,883)</u>
Change in Net Assets of Governmental Activities (Statement 2)	\$	<u><u>(136,234)</u></u>

The notes to the financial statements are an integral part of these statements.

CITY OF HAYS, KANSAS
Balance Sheet
Proprietary Funds
December 31, 2004

ASSETS	Enterprise Funds		Totals	
	Water & Sewer Fund	Solid Waste Utility Fund	2004	2003
Current Assets				
Petty Cash	\$ -	-	-	8,000
Cash & Cash Equivalents				
Operating Account	2,517,197	277,442	2,794,639	2,028,228
Local Sales Tax Account	13,503,766	-	13,503,766	11,942,014
Accounts Receivable (Net)	494,001	-	494,001	689,962
Due From Capital Project Fund	207,169	-	207,169	53,958
Due From Water and Sewer Fund	-	3,647	3,647	3,456
Total Current Assets	<u>16,722,133</u>	<u>281,089</u>	<u>17,003,222</u>	<u>14,725,618</u>
NonCurrent Assets				
Restricted Assets				
Customer Deposits	174,383	-	174,383	149,555
Reserve for Capital Improvements	1,195,326	103,730	1,299,056	1,249,056
Revenue Refunding Bonds - Series 2003				
Principal & Interest Account	149,189	-	149,189	52,045
Bond Reserve Account	193,000	-	193,000	193,000
Sales Tax Refunding Bonds - Series 2003				
Principal & Interest Account	160,235	-	160,235	56,810
Bond Reserve Account	140,000	-	140,000	140,000
Total Restricted Assets	<u>2,012,133</u>	<u>103,730</u>	<u>2,115,863</u>	<u>1,840,466</u>
Capital Assets				
Water				
Land & Right-of-Ways	110,489	-	110,489	110,489
Infrastructure	13,049,558	-	13,049,558	12,916,639
Equipment	10,186,559	-	10,186,559	10,070,939
Water Banking Plan	2,082,834	-	2,082,834	2,082,834
Circle K Ranch	3,718,865	-	3,718,865	3,718,865
Sewer and Solid Waste				
Building & Structures	11,782,910	253,434	12,036,344	12,036,344
Equipment	-	729,802	729,802	679,801
	40,931,215	983,236	41,914,451	41,615,911
Less - Accumulated Depreciation	<u>(17,671,517)</u>	<u>(278,435)</u>	<u>(17,949,952)</u>	<u>(16,864,949)</u>
Total Capital Assets	<u>23,259,698</u>	<u>704,801</u>	<u>23,964,499</u>	<u>24,750,962</u>
Other Assets				
Issuance Costs Net of Applicable Amortization	70,733	-	70,733	83,316
Total Noncurrent Assets	<u>25,342,564</u>	<u>808,531</u>	<u>26,151,095</u>	<u>26,674,744</u>
Total Assets	<u>\$ 42,064,697</u>	<u>1,089,620</u>	<u>43,154,317</u>	<u>41,400,362</u>

The notes to the financial statements are an integral part of these statements.

CITY OF HAYS, KANSAS

Balance Sheet
Proprietary Funds
December 31, 2004

LIABILITIES	Enterprise Funds		Totals	
	Water and Sewer Fund	Solid Waste Utility Fund	2004	2003
Current Liabilities				
Accounts Payable	\$ 708,635	-	708,635	226,763
Due on Capital Project	111,214	-	111,214	-
Sales Tax	5,204	-	5,204	3,999
State Water Fee	1,732	-	1,732	2,104
Accrued Payroll	23,870	8,859	32,729	31,632
Accrued Vacation	31,125	7,664	38,789	37,026
Current Portion - Revolving Loan	277,148	-	277,148	266,412
Accrued Interest - Revolving Loan	39,050	-	39,050	42,006
G. O. Bonds - Building	10,800	-	10,800	10,080
Due to Other Funds	3,647	-	3,647	26,306
Total Current Liabilities	<u>1,212,425</u>	<u>16,523</u>	<u>1,228,948</u>	<u>646,328</u>
Current Liabilities Payable From Restricted Assets				
Customer Deposits	169,883	-	169,883	145,055
Monitoring Well Deposits	4,500	-	4,500	4,500
Accrued Interest - Bonds	50,472	-	50,472	42,412
Revenue Refunding Bonds - Series 2003	250,000	-	250,000	-
Sales Tax Refunding Bonds - Series 2003	290,000	-	290,000	30,000
Total Current Liabilities Payable From Restricted Assets	<u>764,855</u>	<u>-</u>	<u>764,855</u>	<u>221,967</u>
Noncurrent Liabilities				
G.O. Bonds - Building	127,080	-	127,080	137,880
State of Kansas Waste Water Revolving Loan	2,855,229	-	2,855,229	3,132,378
Revenue Refunding Bonds - Series 2003	1,680,000	-	1,680,000	1,930,000
Sales Tax Refunding Bonds - Series 2003	1,080,000	-	1,080,000	1,370,000
Total Noncurrent Liabilities	<u>5,742,309</u>	<u>-</u>	<u>5,742,309</u>	<u>6,570,258</u>
Total Liabilities	<u>7,719,589</u>	<u>16,523</u>	<u>7,736,112</u>	<u>7,438,553</u>
Net Assets				
Restricted for:				
Encumbrances	377,134	-	377,134	101,950
Capital Improvements	1,195,326	103,730	1,299,056	1,249,056
Unrestricted	32,772,648	969,367	33,742,015	32,610,803
Total Net Assets	<u>\$ 34,345,108</u>	<u>1,073,097</u>	<u>35,418,205</u>	<u>33,961,809</u>
Compensated absences for sick leave are not reported in the business-type activities in the statement of Net Assets. The amount accrued for sick leave is not available for distribution when the employee terminates.			(207,446)	(220,264)
Net Assets of Business-Type Activities (Statement 1)			<u>\$ 35,210,759</u>	<u>33,741,545</u>

The notes to the financial statements are an integral part of these statements.

CITY OF HAYS, KANSAS
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
For the Year Ended December 31, 2004

	Water and Sewer Fund	Solid Waste Utility Fund	Totals	
			2004	2003
Operating Revenues				
Charges for Sales & Services				
Water Sales	\$ 2,343,952	-	2,343,952	2,497,695
Water Sales Conservation Rate	215,227	-	215,227	48,665
Sub-Total Water Sales	<u>2,559,179</u>	<u>-</u>	<u>2,559,179</u>	<u>2,546,360</u>
Sewer Charges	1,714,681	-	1,714,681	1,839,239
Refuse Collections	-	858,406	858,406	854,158
Tap Fees	44,804	-	44,804	31,578
Sales & Other Charges	53,767	42,949	96,716	70,826
Total Operating Revenues	<u>4,372,431</u>	<u>901,355</u>	<u>5,273,786</u>	<u>5,342,161</u>
Operating Expenses				
Water Production	1,008,231	-	1,008,231	1,011,239
General Administration	253,775	-	253,775	133,831
Wastewater Treatment	641,891	-	641,891	608,920
Refuse Collection	-	529,655	529,655	566,353
Bad Debts	-	-	-	4,093
Amortization	12,583	-	12,583	107,925
Depreciation	1,027,970	57,033	1,085,003	1,043,387
Total Operating Expenses	<u>2,944,450</u>	<u>586,688</u>	<u>3,531,138</u>	<u>3,475,748</u>
Operating Income	<u>1,427,981</u>	<u>314,667</u>	<u>1,742,648</u>	<u>1,866,413</u>
NonOperating Revenues (Expenses)				
Local Sales Tax	2,156,541	-	2,156,541	2,141,845
Interest Income	116,754	3,844	120,598	81,790
Rent on Circle K Ranch	150,000	-	150,000	207,000
State Grant	4,813	-	4,813	159,557
G.O. Bond Proceeds - Reimburse Prior Year Expenditures	-	-	-	764,105
Prior Year Encumbrances Voided	-	-	-	29,259
Interest Expense	(247,356)	-	(247,356)	(297,030)
Water Exploration	(305,448)	-	(305,448)	(23,812)
Professional Services - Other	-	-	-	(213,180)
Total Non-Operating Revenues (Expenses)	<u>1,875,304</u>	<u>3,844</u>	<u>1,879,148</u>	<u>2,849,534</u>
Income (Loss) before Contributions and Transfers				
Developer's Contributions	-	-	-	134,528
Transfers In	24,600	-	24,600	26,400
Transfers Out	(1,903,300)	(286,700)	(2,190,000)	(2,012,300)
Total Income (Loss) before Contributions and Transfers	<u>(1,878,700)</u>	<u>(286,700)</u>	<u>(2,165,400)</u>	<u>(1,851,372)</u>
Change in Net Assets	1,424,585	31,811	1,456,396	2,864,575
Total Net Assets - Beginning of Year	<u>32,920,523</u>	<u>1,041,286</u>		
Total Net Assets - End of Year	<u>\$ 34,345,108</u>	<u>1,073,097</u>		
Compensated absences for sick leave are not reported in the business-type activities in the Statement of Revenues, Expenses, and Changes in Net Assets. The amount accrued for sick leave is not available for distribution when the employee terminates.			<u>12,818</u>	<u>(220,264)</u>
Change in Net Assets of Business-Type Activities (Statement 2)			<u>\$ 1,469,214</u>	<u>2,644,311</u>

CITY OF HAYS, KANSAS
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2004

	Enterprise Funds		Totals	
	Water and Sewer Fund	Solid Waste Utility Fund	2004	2003
Cash Flows from Operating Activities				
Receipts from Customers	\$ 4,415,181	901,164	5,316,345	5,384,013
Payments to Suppliers	(586,600)	(298,099)	(884,699)	(1,414,371)
Payments to Employees	(743,273)	(231,461)	(974,734)	(896,371)
Net Cash Provided by Operating Activities	<u>3,085,308</u>	<u>371,604</u>	<u>3,456,912</u>	<u>3,073,271</u>
Cash Flows from NonCapital Financing Activities				
State Aid Payments	4,813	-	4,813	159,557
Transfers to Other Funds	(1,878,700)	(286,700)	(2,165,400)	(1,985,900)
Net Cash Provided by Operating Activities	<u>(1,873,887)</u>	<u>(286,700)</u>	<u>(2,160,587)</u>	<u>(1,826,343)</u>
Cash Flows from Capital and Related Financing Activities				
Purchase & Construction of Cap. Assets	(248,539)	(50,000)	(298,539)	(901,761)
Water Exploration	(305,448)	-	(305,448)	(23,812)
Interest Paid	(242,252)	-	(242,252)	(320,513)
Principal Payments - Revolving Loan	(266,413)	-	(266,413)	(256,092)
Principal Payments - Bonds	(30,000)	-	(30,000)	(368,221)
Local Sales Tax	2,156,541	-	2,156,541	2,141,845
GO Bond Proceeds (Retired)	(10,080)	-	(10,080)	(9,360)
Net Cash Used for Capital and Related Financing Activities	<u>1,053,809</u>	<u>(50,000)</u>	<u>1,003,809</u>	<u>262,086</u>
Cash Flows from Investing Activities				
Rental Income	150,000	-	150,000	207,000
Interest on Investments	116,754	3,844	120,598	81,790
Net Cash Provided by Investing Activities	<u>266,754</u>	<u>3,844</u>	<u>270,598</u>	<u>288,790</u>
Net Increase in Cash and Cash Equivalents	2,531,984	38,748	2,570,732	1,797,804
Balances - Beginning of Year	<u>15,326,729</u>	<u>342,424</u>	<u>15,669,153</u>	<u>13,871,349</u>
Balances - End of the Year	<u>\$ 17,858,713</u>	<u>381,172</u>	<u>18,239,885</u>	<u>15,669,153</u>

The notes to the financial statements are an integral part of these statements.

CITY OF HAYS, KANSAS
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2004

	Enterprise Funds		Total	
	Water and Sewer Fund	Solid Waste Utility Fund	2004	2003
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating Income	\$ 1,427,981	314,667	1,742,648	1,866,413
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities				
Depreciation and Amortization	1,040,553	57,033	1,097,586	1,043,387
Change in Assets & Liabilities				
(Increase) in Accounts Receivable	195,961	-	195,961	12,792
Increase (Decrease) in Accounts Payable	593,446	(360)	593,086	226,763
Increase (Decrease) Due to Other Funds	(22,659)	-	(22,659)	(23,049)
(Increase) Due from Other Funds	(153,211)	(192)	(153,403)	(54,157)
Increase (Decrease) in Accrued Liab.	3,237	456	3,693	1,122
Total Adjustments	<u>1,657,327</u>	<u>56,937</u>	<u>1,714,264</u>	<u>1,206,858</u>
Net Cash Provided by Operating Activities	<u>\$ 3,085,308</u>	<u>371,604</u>	<u>3,456,912</u>	<u>3,073,271</u>

The notes to the financial statements are an integral part of these statements.

CITY OF HAYS, KANSAS
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2004
(With Comparative Totals for the Year Ended December 31, 2003)

	Private-Purpose Trust			Agency Funds		Totals	
	Fire Insurance	Police Judge	Multi-Agency	2004	2003		
ASSETS							
Cash and Investments	\$ 420	35,287	-	35,707	44,043		
Restricted Cash	-	11,286	-	11,286	9,096		
Loan Receivable-A-1 Plank	-	-	24,337	24,337	81,121		
Loan Receivable-Adronics/Elrob	-	-	4,455	4,455	30,583		
Total Assets	420	46,573	28,792	75,785	164,843		
LIABILITIES - NET ASSETS							
Accounts Payable	-	13,573	-	13,573	13,884		
Due to Other Funds	-	21,714	-	21,714	30,159		
Total Liabilities	-	35,287	-	35,287	44,043		
Net Assets							
Reserved for Loans	-	-	28,792	28,792	111,704		
Reserved for ADSAP	-	11,286	-	11,286	9,096		
Held in Trust	420	-	-	420	-		
Net Assets	\$ 420	11,286	28,792	40,498	120,800		

Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended December 31, 2004
(With Comparative Totals for the Year Ended December 31, 2003)

	Private-Purpose Trust			Agency Funds		Totals	
	Fire Insurance	Police Judge	Multi-Agency	2004	2003		
Revenues							
Fine and Forfeitures	\$ -	434,110	-	434,110	500,419		
Federal Aid	-	-	16,181	16,181	31,360		
Sales Tax Revenue Bond Proceeds	-	-	-	-	-		
Collections	420	-	10,000	10,420	-		
Total Revenues	420	434,110	26,181	460,711	531,779		
Expenditures							
Contractual	-	431,920	109,093	541,013	607,141		
Change in Net Assets	420	2,190	(82,912)	(80,302)	(75,362)		
Net Assets - Beginning of the Year	-	9,096	111,704	120,800	196,162		
Net Assets - End of the Year	\$ 420	11,286	28,792	40,498	120,800		

The notes to the financial statements are an integral part of these statements.

CITY OF HAYS, KANSAS
Notes to Financial Statements
December 31, 2004

1. Summary of Significant Accounting Policies

The accounting and reporting policies of the **City of Hays, Kansas**, relating to the funds included in the accompanying financial statements, conform to generally accepted accounting principles applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governments (GASB 34 Edition), and by the Financial Accounting Standards Board, when applicable. The following is a summary of such significant policies:

A. Reporting Entity

The **City of Hays, Kansas** is a municipal corporation governed by an elected five-member commission. These financial statements include accounts of all City operations.

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 14 as amended by GASB No. 39. The basic – but not the only – criteria for including a potential component unit within the reporting entity is the governing body's ability to influence financial decisions and economic impact. The most significant manifestation of this ability is financial interdependency. Other manifestations of this influence by the City may include, but are not limited to, the selection of governing authority, the designation of management and the ability to significantly influence operations and accountability for fiscal matters. The other criteria used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities. The City has the following component unit that is presented discretely in the financial statements.

Hays Housing Authority

The Hays Housing Authority Board operates a subsidized public housing project. The Board is an appointed five-member board. The City does not provide significant operating subsidies to the Board. Contact the City office for information on how to obtain a copy of the financial statements and audit report.

The City has the following component unit that is not included in the financial statements.

Hays Public Library Board

The Hays Public Library Board operates the public library. Acquisition or disposition of real property by the board must be approved by the City. Bond issuances must also be approved by the City. The City must approve, by charter ordinance, increases in the library mill levy rate. Contact the City office for information on how to obtain a copy of the financial statements and audit report.

B. Government-Wide and Fund Financial Statements

The Government-Wide Financial Statements, the Statement of Net Assets and the Statement of Activities report financial information for the City as a whole excluding fiduciary activities. Individual funds are not displayed, but the statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

CITY OF HAYS, KANSAS
Notes to Financial Statements
December 31, 2004

B. Government-Wide and Fund Financial Statements (cont.)

The statement of activities reports the direct expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Direct expenses are those that are clearly identifiable with a specific function or segment.

Program revenues include charges for services which report fees, fines and forfeitures, and other charges to users of the City's services, operating grants which finance annual operating activities including investment income, and capital grants which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Separate financial statements are provided for Governmental Funds, Proprietary Funds, and Fiduciary Funds, even though the latter are excluded from the government-wide financial statements. Major individual Governmental Funds are reported as separate columns in the fund financial statements.

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 Fund and Fiduciary Fund financial statements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The operating statements present increases and decreases in net total assets. Under the accrual basis of accounting, revenues are recorded when earned, and expenses are recorded when a liability is incurred.

Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available.

"Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred, except for un-matured interest on general long-term debt, which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

The City reports deferred revenue on its combined balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the City before it has legal claim to them, as when grant monies are received prior to incurring a qualifying expenditure. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

CITY OF HAYS, KANSAS
Notes to Financial Statements
December 31, 2004

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

The City of Hays, Kansas reports the following major governmental and proprietary funds:

Governmental Funds

General Fund – The General Fund is the main operating fund of the City. This fund accounts for all unrestricted resources except those required to be accounted for in another fund.

Special Highway Fund – This fund accounts for resources utilized for the construction or reconstruction of highways, bridges, roads and streets and necessary incidental facilities.

Capital Projects Fund – This fund accounts for financial resources segregated for the acquisition or construction of major capital facilities and infrastructure for the City.

Proprietary Fund

Water and Sewer Fund – This fund accounts for water and sewer operations that are financed and operated in a manner similar to private business enterprises, where the stated intent is that the costs (expense, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where periodic determination of revenues earned, expenses incurred, and/or net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The City reports the following non-major governmental funds:

Special Revenue Funds – To account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are restricted by law or administrative action to be expensed for specified purposes.

Capital Project Funds – To account for financial resources segregated for the acquisition of major capital facilities (other than those financed by Enterprise Funds).

Debt Service Fund – This fund accounts for the accumulation of resources for, and the payment of interest and principal on general long-term debt, and the financing of special assessments, which are general obligations of the City.

The City reports the following non-major Proprietary Fund:

Solid Waste Fund – To account for solid waste operations that are financed and operated in a manner similar to private business enterprises, where the stated intent is that the costs (expense, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where periodic determination of revenues earned, expenses incurred, and/or net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Additionally, the City reports the following fund type:

Fiduciary Fund Types

Fiduciary Fund Type – To account for assets held by the City in a trustee capacity or an agent for individuals, private organizations, and other governments. Agency funds are custodial in nature and do not involve measurement of results of operations.

CITY OF HAYS, KANSAS
Notes to Financial Statements
December 31, 2004

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

Private-sector standards of accounting and financial reporting issued before December 1, 1989, generally are followed in both the Government-Wide and Proprietary Fund financial statements, to the extent that those standards do not conflict with or contradict the guidance of the Governmental Accounting Standards Board. Governments have the option of following subsequent guidance from the Financial Accounting Standards Board applicable to private sector entities. The City has elected not to apply all Financial Accounting Standards Board Statements and Interpretations issued after November 30, 1989.

As a general rule, the effect of inter-fund 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 City's water and sewer functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary Funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds are charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Accounting for Capital Assets and Depreciation

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns of the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of three years. These assets are valued at historical cost, estimated historical cost if actual cost is not available, estimated fair value on the date donated, or at the lower of cost or fair market value if transferred from the Governmental Funds.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The sale or disposal of capital assets is recorded by removing cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income.

Capital assets of Proprietary Funds are capitalized and depreciated over the remaining useful lives of the related capital asset categories, as applicable.

Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	40 to 50 Years
Infrastructure	20 to 50 Years
Machinery & Equipment	3 to 7 Years

The City has elected to report governmental-type infrastructure assets (e.g., roads, bridges, drainage systems, water and sewer systems, and similar items) using the modified approach. Infrastructure assets reported by the modified approach are not required to be depreciated as long as the City manages the eligible infrastructure assets using an asset management system that meets certain

CITY OF HAYS, KANSAS
Notes to Financial Statements
December 31, 2004

D. Accounting for Capital Assets and Depreciation (cont.)

criteria and documents that infrastructure assets are being preserved approximately at a condition level established by the City. The City has met the requirements for electing the modified approach and thus, no depreciation is calculated or included in the financial statements for infrastructure assets.

All expenditures made for infrastructure assets are expensed in the period incurred. Any additions or improvements which increase the capacity or efficiency of the assets are capitalized.

Primary Government

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities:				
Non - Depreciable Capital Assets:				
Land & Right of Ways	\$ 13,803,198	1,836,385	(162,338)	15,477,245
Infrastructure (Modified Approach)	<u>38,473,039</u>	<u>-</u>	<u>-</u>	<u>38,473,039</u>
Total Non - Depreciable Capital Assets	<u>52,276,237</u>	<u>1,836,385</u>	<u>(162,338)</u>	<u>53,950,284</u>
Depreciable Capital Assets:				
Buildings	12,963,761	585,710	-	13,549,471
Machinery and Equipment	<u>4,411,414</u>	<u>272,939</u>	<u>(35,700)</u>	<u>4,648,653</u>
Total Depreciable Capital Assets	17,375,175	858,649	(35,700)	18,198,124
Less Accumulated Depreciation	<u>(6,149,033)</u>	<u>(919,667)</u>	<u>35,700</u>	<u>(7,033,000)</u>
Depreciable Capital Assets, Net of Accumulated Depreciation	<u>11,226,142</u>	<u>(61,018)</u>	<u>-</u>	<u>11,165,124</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 63,502,379</u>	<u>1,775,367</u>	<u>(162,338)</u>	<u>65,115,408</u>

The City's buildings were decreased by \$944,592 to reflect the Sunrise Apartments included on the Hays Housing Authority. This adjustment restated the December 31, 2003 capital assets from \$64,446,971 to \$63,502,379.

CITY OF HAYS, KANSAS
Notes to Financial Statements
December 31, 2004

D. Accounting for Capital Assets and Depreciation (cont.)

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business - Type Activities:				
Non - Depreciable Capital Assets:				
Land	\$ 110,489	-	-	110,489
Depreciable Capital Assets:				
Circle K Ranch	3,718,865	-	-	3,718,865
Infrastructure	14,999,473	132,919	-	15,132,392
Buildings	12,036,344	-	-	12,036,344
Machinery and Equipment	10,750,740	165,621	-	10,916,361
Total Depreciable Capital Assets	41,505,422	298,540	-	39,721,128
Less Accumulated Depreciation	(16,864,949)	(1,085,003)	-	(17,949,952)
Depreciable Capital Assets, Net of Accumulated Depreciation	22,557,639	(786,463)	-	21,771,176
Business - Type Activities Capital Assets, Net of Accumulated Depreciation	\$ 24,750,962	(786,463)	-	23,964,499

E. Budgets

Kansas statutes require that an annual operating budget be legally adopted for the General Fund, Special Revenue Funds (unless specifically exempted by statute), Debt Service Funds, and Enterprise Funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

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

CITY OF HAYS, KANSAS
Notes to Financial Statements
December 31, 2004

E. Budgets (cont.)

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no budget amendments for this year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

A legal operating budget is not required for Capital Project Funds and trust funds.

Spending in funds which are not subject to the legal annual operating budget requirement are controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

F. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the Governmental Funds. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

G. Deposits and Investments

The City follows the practice of pooling cash and investments of all funds. Each fund's portion of total cash and investments is summarized by fund type in the combined balance sheet. Various resolutions on deposits and investments, including repurchasing agreements, are imposed by statutes.

Deposits

At year-end the carrying amount of the City's deposits, including certificates of deposit were \$23,209,347. The bank balance was \$23,827,962. The difference between the carrying amount and the bank balance is outstanding checks and deposits in transit. Of the bank balance, \$452,664 was covered by FDIC insurance and the remaining \$23,375,298 was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the City's name. The third-party bank holding the pledged securities is independent of the pledging bank.

CITY OF HAYS, KANSAS
Notes to Financial Statements
December 31, 2004

G. Deposits and Investments (cont.)

Investments – The City is authorized to make investments in temporary notes or no-fund warrants of such investing governmental unit; or trust companies, repurchase agreements with commercial banks, state or federally chartered savings banks, which have offices located in such investing government unit, with certain exceptions; and United States treasury bills or notes. The City's investments were classified as Risk Category 1, which has the least risk, at December 31, 2004.

	Risk Category			Carrying Amount	Market Value
	1	2	3		
Repurchase Agreements	7,400,000	-	-	7,400,000	7,762,846

H. Property Taxes, Receivables, Other Receivables, and Property Tax Calendar

Collection of current year property tax by the County Treasurer is not completed, apportioned nor distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes. Consequently, current year property taxes receivable are not available as a resource that can be used to finance the current year operations of the City; and therefore, are not susceptible to accrual. Accruals of uncollected current year property taxes are offset by deferred revenues.

It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the audit period and, further, the amounts thereof are not material in relationship to the financial statements taken as a whole.

Property taxes are collected and remitted to the County Treasurer. Taxes levied annually on November 1st are due one-half by December 20th and one-half by May 10th. Taxes are recognized as revenue in the year received. Delinquent tax payments are recognized as revenue in the year received.

I. Utility Accounts Receivable

The City records utility revenues on a monthly basis. The balance shown as accounts receivable at December 31, 2004 is the total amount due from users less amounts reserved as bad debts. The reserve method of accounting is used in the recognition of bad debts.

J. Inventories and Prepaid Items

In both government-wide and fund financial statements, payments made to vendors for goods or services that will benefit periods beyond the current fiscal year, are recorded as inventory or prepaid items when they are deemed material and it is considered appropriate.

K. Restricted Assets

These assets consist of cash and short-term investments restricted for certain Enterprise, Debt Service, and Agency Funds. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

L. Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Proprietary Fund Type considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

CITY OF HAYS, KANSAS
Notes to Financial Statements
December 31, 2004

M. Net Assets - Restricted

Certain resources of the Water and Sewer and Solid Waste Utility Funds are classified as restricted assets on the balance sheet because their use is limited by action of the City Commission and by the Bond Covenants. The equipment reserve account is used to report resources set aside to meet unexpected contingencies or to fund asset replacements. The governmental activities are restricted by the amounts to fund capital projects and the current debt service.

N. Special Assessments

Projects financed in part by special assessments are financed through general obligation bonds of the City and are retired from the Bond and Interest Fund. Special assessments paid prior to the issuance of bonds are recorded as revenue in the appropriate project. Special assessments received after the issuance of bonds are recorded as revenue in the Bond and Interest Fund.

O. Defined Benefit Pension Plan

Plan Description – **City of Hays, Kansas**, participates in the Kansas Public Employees Retirement System (KPERs), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERs provides retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefit provisions. KPERs issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERs (611 S. Kansas Avenue, Suite 160; Topeka, KS 66603-3803) or by calling 1-888-275-5737.

Funding Policy – K.S.A. 74-4919 establishes the KPERs member-employee contribution rate at 4% of covered salary. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERs is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERs employers. The employer rate established by statute for January 1, 2004 to June 30, 2004 was 3.22% and for July 1, 2004 to December 31, 2004 was 3.82%. **City of Hays, Kansas** employer contributions to KPERs for the years ending December 31, 2004, 2003 and 2002 were \$166,397, \$160,355, and \$137,630, respectively, equal to the statutory required contributions for each year.

P. Compensated Absences

The City's contracts with the various employees' unions permit employees to accumulate various amounts of vacation time, sick leave, and compensatory time. The contracts require upon termination of an employee in good standing, any vacation time owed for the current and previous calendar year shall be paid in an immediate lump sum payment. The contracts also require the payment of a percentage of accumulated sick leave on date of employment termination of an employee in good standing or upon death or retirement based on length of service. Compensatory time is allowed to accumulate for police, fire department, and convention and tourism employees in lieu of overtime pay and is payable in full upon termination.

Liabilities resulting from accumulated vacation time and compensatory time have been recorded in each respective fund. The sick leave applicable for the governmental and business-type activities at December 31, 2004 has been recorded in the Statement of Net Assets for the amounts of \$1,063,147 and \$207,446, respectively.

CITY OF HAYS, KANSAS
Notes to Financial Statements
December 31, 2004

2. Capital Leases

The City of Hays, Kansas has entered into an agreement with the Hays Recreation Commission. The Hays Recreation Commission has agreed to reimburse the City the lease payments on the Hays Recreation Commission Ball Parks and the Hays Recreation Commission Building Facility.

The City of Hays, Kansas has entered into the following capital leases:

Lease Date	Property
12-01-95	Golf Course Cart Shed
02-14-96	HRC Ball Parks
07-24-98	HRC Building Facility
03-01-00	Golf Course Equipment
09-20-01	Fire Equipment

The following is a schedule by years of future minimum lease payments for the governmental activities funds capital leases together with the present value of the net minimum lease payments as of December 31, 2004.

	Golf Course Cart Shed	HRC Ball Parks	HRC Building Facility	Fire Equipment	Total Governmental Activities Funds
Year Ending December 31:					
2005	\$ 12,326	35,000	106,312	126,818	280,456
2006	-	35,000	106,312	-	141,312
2007	-	-	106,312	-	106,312
2008	-	-	106,312	-	106,312
2009	-	-	106,312	-	106,312
2010-2014	-	-	531,560	-	531,560
2015-2018	-	-	425,248	-	425,248
 Total Minimum Lease Payments	<u>12,326</u>	<u>70,000</u>	<u>1,488,368</u>	<u>126,818</u>	<u>1,697,512</u>

The following is a schedule by years of future minimum lease payments for the governmental activities funds capital leases together with the present value of the net minimum lease payments as of December 31, 2004.

	Golf Course Cart Shed	HRC Ball Parks	HRC Building Facility	Fire Equipment	Total Governmental Activities Funds
Less: Amount Representing Interest	<u>(703)</u>	<u>(6,358)</u>	<u>(423,768)</u>	<u>(5,783)</u>	<u>(436,612)</u>
 Present Value Of Future Minimum Lease Payments	<u>\$ 11,623</u>	<u>63,642</u>	<u>1,064,600</u>	<u>121,035</u>	<u>1,260,900</u>

CITY OF HAYS, KANSAS
Notes to Financial Statements
December 31, 2004

3. Long-Term Debt

General Obligation Bonds

The City issues General Obligation Bonds (G.O. Bonds) to provide funds for the acquisition and construction or improvement of major capital assets. G.O. Bonds have been issued for both governmental and business-type activities and are listed as outstanding by purpose and type as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental Activities	3.45 – 6.50%	\$12,877,120
Business – Type Activities	4.50 – 6.50%	137,880
		<u>\$13,015,000</u>

General Obligation Bonds

The annual requirements to retire G.O. Bonds as of December 31, 2004, are as follows:

<u>Year</u>	<u>Principal Due</u>	<u>Bond Interest Due</u>	<u>Total</u>
2005	\$ 1,130,000	554,456	1,684,456
2006	1,125,000	534,964	1,659,964
2007	1,210,000	488,307	1,698,307
2008	1,245,000	437,733	1,682,733
2009	1,190,000	385,888	1,575,888
2010-2014	3,625,000	1,274,121	4,899,121
2015-2019	2,180,000	647,789	2,827,789
2020-2024	1,310,000	194,256	1,504,256
Total	<u>\$ 13,015,000</u>	<u>4,517,514</u>	<u>17,532,514</u>

Revenue Bond and Revolving Loan

The City has issued revenue bonds and entered into a state revolving loan agreement in order to finance Wastewater Plant Improvements.

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Business – Type Activities	3.60 – 5.25%	\$6,432,379

The annual requirements to retire revenue bonds and the revolving loan as of December 31, 2004 are as follows:

<u>Year</u>	<u>Bond Principal Due</u>	<u>Interest Due</u>	<u>Total</u>
2005	\$ 817,149	193,433	1,010,582
2006	843,317	172,164	1,015,481
2007	869,935	150,173	1,020,108
2008	897,022	126,436	1,023,458
2009	759,596	100,745	860,341
2010-2014	<u>2,245,360</u>	<u>186,491</u>	<u>2,431,851</u>
Total	<u>\$ 6,432,379</u>	<u>929,442</u>	<u>7,361,821</u>

CITY OF HAYS, KANSAS
Notes to Financial Statements
December 31, 2004

3. Long-Term Debt (cont.)

Transportation Development District Sales Tax Revenue Bonds

On November 15, 2004 the City of Hays issued \$1,770,000.00 in bonds to pay the cost of the Transportation Development District. The Bonds shall be special obligations of the City payable solely from and secured as to the payment of principal and interest by a pledge of and lien upon the TDD Sales Revenues and the City pledges the TDD Sales Revenues to the payment of the principal of and interest on the Bonds. The Bonds do not constitute a general obligation of the City, nor do they constitute an indebtedness of the City and the taxing power of the City is not pledged to the payment of the Bonds.

Changes in Long-Term Liabilities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable:					
G.O. Bonds	\$ 11,607,040	2,445,000	(1,174,920)	12,877,120	1,119,200
Capital Leases	1,508,631	-	(247,731)	1,260,900	217,740
Compensated Absences	<u>1,061,514</u>	<u>1,633</u>	<u>-</u>	<u>1,063,147</u>	<u>1,063,147</u>
 Total Governmental- Long Term Liabilities	<u>14,177,185</u>	<u>2,446,633</u>	<u>(1,422,651)</u>	<u>15,201,167</u>	<u>2,400,087</u>
Business - Type Activities:					
Bonds Payable:					
G.O. Bonds	147,960	-	(10,080)	137,880	10,800
Revenue Bonds	3,330,000	-	(30,000)	3,300,000	540,000
State Revolving Loan	<u>3,398,790</u>	<u>-</u>	<u>(266,412)</u>	<u>3,132,378</u>	<u>277,148</u>
Total Bonds Payable	6,876,750	-	(306,492)	6,570,258	827,948
Compensated Absences	<u>220,264</u>	<u>-</u>	<u>(12,818)</u>	<u>207,446</u>	<u>207,446</u>
 Total Business-Type Long-Term Liabilities	<u>7,097,014</u>	<u>-</u>	<u>(319,310)</u>	<u>6,777,704</u>	<u>1,035,394</u>
Total Long-Term Liabilities	<u>\$ 21,274,199</u>	<u>2,446,633</u>	<u>(1,741,961)</u>	<u>21,978,871</u>	<u>3,435,481</u>

CITY OF HAYS, KANSAS
Notes to Financial Statements
December 31, 2004

4. Interfund Transfers

Transfers are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service. Resources are accumulated in a fund to support the administration of various projects or programs.

<u>From</u>	<u>To</u>	<u>Authority</u>	<u>Amount</u>
Water & Sewer	General	12-825d \$	1,414,600
Solid Waste	General	12-825d	139,500
Airport	General	79-2925	28,300
Convention & Tourism	General	79-2925	46,800
Special Highway	General	68-590	174,900
Special Alcohol	General	79-41a04	8,400
Employee Benefit	Risk Management Reserve	79-2925	226,584
Solid Waste	Employee Benefit	12-825d	133,100
Water & Sewer	Employee Benefit	12-825d	488,700
Convention & Tourism	Employee Benefit	79-2925	35,200
Special Highway	Employee Benefit	68-590	78,800
Airport	Employee Benefit	79-2925	26,500
Special Alcohol	Employee Benefit	79-41a04	3,700
Water & Sewer	Bond & Interest	12-825d	17,800
Solid Waste	Water & Sewer	12-825d	14,100
Special Highway	Water & Sewer	68-590	10,500
General	Equipment Reserve	12-1,117	205,000
Pool Construction Capital Project	Pool Construction	79-2925	611,969
Total			<u>\$ 3,664,453</u>

In the fund financial statements, total transfers of \$2,183,200 are equal to the total transfers out of \$10,500 from Governmental Funds and \$2,172,700 from Business-Type Funds.

5. Compliance with Revenue Bond Provision Water Utility Fund

The Water and Sewage System Revenue Refunding Bonds - Series 2003 requires that water rates charged in each year will enable the City to have in each fiscal year Net Operating Revenues from the System equal to 125 percent of the maximum amount required to be paid by the City in such fiscal year on account of both principal and interest on all Water and Sewage System Revenue Bonds then outstanding. This provision was complied with for the year ended December 31, 2004. Excess revenues totaled \$728,907 for the prior year.

Gross Revenues		\$ 4,372,431
Adjustments –		
Less – Operating Expenses	\$(1,903,897)	
Transfers Out	(1,903,300)	
Add - Interest Earned	116,754	
Transfers In	<u>26,400</u>	
Net Adjustments		(3,664,043)
Net Revenues		708,388
Maximum Amount of Principal and Interest	56,440	
	<u>125%</u>	
Net Revenues Required		<u>70,550</u>
Excess		<u>\$ 637,838</u>

CITY OF HAYS, KANSAS
Notes to Financial Statements
December 31, 2004

6. Capital Projects

Capital Projects that are uncompleted or have a fund balance at December 31, 2004, are:

<u>Project Name</u>	<u>Project Authorization</u>	<u>Project Expenditures</u>	<u>Unexpended (Overexpended) Authorization</u>
8 th Street Reconstruction	\$ 1,800,000	193,173	1,606,827
Vine St. Mill & Overlay	539,387	535,551	3,836
Burns & McDonnell – Phase 2004	379,094	62,030	317,064
Burns & McDonnell – Old Phase	145,850	145,850	-
General Hays Road	343,243	342,554	689
Hall Street Reconstruction	3,873,492	1,547,402	2,326,090
41 st Street Plaza 4 th Addition	466,725	461,544	5,181
Micro-Surfacing Improvements	282,921	280,094	2,827
Reverse Access Road 48th to 55th	2,490,795	2,574,876	(84,081)
Tallgrass Addition Phase 3	619,608	487,321	132,287
Street Improvements	124,279	123,036	1,243
Golden Belt Estates First Addition	407,919	364,912	43,007
Curb Repair	50,000	49,500	500
General Custer Waterline Loop	325,000	23,992	301,008
41 st Street Plaza Fifth Addition	619,608	43,093	576,515
Sherman Waterline	4,100	-	4,100
Airport Improvements – Grant 12	1,306,839	1,290,644	16,195
Airport Improvements – Grant 14	2,349,541	1,527,488	822,053
Airport Improvements – Grant 15	1,371,593	78,550	1,293,043

7. Comparative Data

Comparative total data for the prior year has been presented in the accompanying supplemental financial statements in order to provide an understanding of the changes in the City's financial position and operations.

8. Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and net assets at the date of the financial statement and the reported amount of expenses during the reporting period. Actual results could differ from those estimates.

9. Litigation

The City is party to various legal proceedings, such as foreclosure actions and tax appeals, which normally occur in governmental operations.

10. Risk Management – Claims and Judgements

The City is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has been able to obtain errors and omissions insurance at a cost it considered to be economically justifiable.

The City carries commercial insurance for all other risks of loss, including property, general liability, inland marine, crime, umbrella, auto and fidelity bond coverage.

The City does not carry comprehensive collision insurance. The City has elected not to provide for a reserve on this risk.

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three calendar years.

CITY OF HAYS, KANSAS

Hays, Kansas

Supplemental Information

For the Year Ended December 31, 2004

CITY OF HAYS, KANSAS
General Fund
Balance Sheets
December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
ASSETS		
Cash and Investments	\$ 2,954,411	2,418,707
Receivables		
Taxes Receivable	1,609,944	1,681,485
Due From Other Governments	21,714	30,159
Total Receivables	<u>1,631,658</u>	<u>1,711,644</u>
Total Assets	<u>\$ 4,586,069</u>	<u>4,130,351</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts Payable	\$ 33,512	-
Accrued Payroll	149,651	139,295
Accrued Vacation Pay	163,791	158,011
Accrued Comp. Time	10,809	9,977
Deferred Revenues	1,609,944	1,681,485
Total Liabilities	<u>1,967,707</u>	<u>1,988,768</u>
Fund Balance		
Reserved for Encumbrances	9,000	225,517
Unreserved -		
Designated for Subsequent Year's Expenditures	1,672,298	1,082,135
Undesignated	937,064	833,931
Total Fund Balance	<u>2,618,362</u>	<u>2,141,583</u>
Total Liabilities and Fund Balance	<u>\$ 4,586,069</u>	<u>4,130,351</u>

See Accountants' Report.

CITY OF HAYS, KANSAS

General Fund

Summary Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 For the Year Ended December 31, 2004
 (With Comparative Totals for the Year Ended December 31, 2003)

	2004			2003 Actual
	Original and Final Budget	Actual	Variance Favorable (Unfavorable)	
Revenues (Page Four)	\$ 5,835,000	6,594,284	759,284	5,891,109
Expenditures (Page Four)	8,528,235	7,508,488	1,019,747	6,705,644
Excess of Revenues Over (Under) Expenditures	(2,693,235)	(914,204)	1,779,031	(814,535)
Other Financing Sources (Uses)				
Transfers In	1,816,100	1,812,500	(3,600)	1,940,367
Transfers Out	(205,000)	(205,000)	-	(205,000)
Total Other Financing Sources (Uses)	1,611,100	1,607,500	(3,600)	1,735,367
Excess Revenues and Other Sources Over Expenditures & Other (Uses)	(1,082,135)	693,296	1,775,431	920,832
Fund Balance - January 1	1,082,135	2,141,583	1,059,448	1,311,618
Increase (Decrease) in Reserve for Encumbrances	-	(216,517)	(216,517)	(90,867)
Fund Balance - December 31	\$ -	2,618,362	2,618,362	2,141,583

See Accountants' Report.

CITY OF HAYS, KANSAS
General Fund

Summary Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2004
(With Comparative Totals for the Year Ended December 31, 2003)

	2004		Variance Favorable (Unfavorable)	2003 Actual
	Original and Final Budget	Actual		
Revenues				
Taxes				
Ad Valorem	\$ 1,683,000	1,691,164	8,164	1,557,925
Delinquent	5,000	51,679	46,679	25,938
Motor Vehicle	211,000	231,381	20,381	206,372
Recreational Vehicle	2,000	2,699	699	2,337
16/20 M Truck Tax	1,000	1,288	288	736
Local Sales	2,100,000	2,156,541	56,541	2,141,845
Total Taxes	4,002,000	4,134,752	132,752	3,935,153
Intergovernmental				
Liquor Tax	70,000	84,850	14,850	78,514
State Grant	-	3,389	3,389	-
Federal Grant	-	41,388	41,388	10,040
Total Intergovernmental	70,000	129,627	59,627	88,554
Licenses and Permits				
Franchise Tax	988,800	1,157,937	169,137	1,049,858
Licenses	32,000	46,911	14,911	33,809
Building Permits	75,000	76,155	1,155	34,547
Total Licenses and Permits	1,095,800	1,281,003	185,203	1,118,214
Fines and Forfeitures				
Fines and Court Fees	320,000	347,892	27,892	386,899
Use of Money and Property				
Interest Earned	125,000	92,613	(32,387)	85,111
Rent	1,200	1,200	-	1,200
Total Use of Money & Property	\$ 126,200	93,813	(32,387)	86,311

See Accountants' Report.

CITY OF HAYS, KANSAS
General Fund

Summary Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2004
(With Comparative Totals for the Year Ended December 31, 2003)

	2004		Variance Favorable (Unfavorable)	2003 Actual
	Original and Final Budget	Actual		
Miscellaneous				
Golf Course Fees	\$ 170,000	166,262	(3,738)	187,628
Cemetery Receipts	11,000	12,210	1,210	8,820
Donations	-	76,410	76,410	30,815
Insurance Proceeds	-	50,046	50,046	-
Capital Credits	-	27,334	27,334	-
Sale of Sherman Property	-	225,000	225,000	-
Miscellaneous Receipts	40,000	49,935	9,935	27,211
Prior Year Encumbrances Voided	-	-	-	21,504
Total Miscellaneous	<u>221,000</u>	<u>607,197</u>	<u>386,197</u>	<u>275,978</u>
Total General Fund Revenues	<u>\$ 5,835,000</u>	<u>6,594,284</u>	<u>759,284</u>	<u>5,891,109</u>
Expenditures				
City Commission	\$ 17,900	11,988	5,912	17,890
City Manager	1,034,385	636,278	398,107	292,014
City Clerk	305,400	324,544	(19,144)	268,817
City Attorney	91,000	101,925	(10,925)	55,320
Municipal Court	116,600	107,959	8,641	148,816
Intergovernmental	232,700	254,910	(22,210)	248,901
Human Resources	97,600	91,448	6,152	-
Information Technology	225,400	190,820	34,580	177,170
Building & Grounds	82,500	63,812	18,688	49,533
Public Works-Plan, Inspect, & Enforce	261,600	214,986	46,614	288,765
Public Works-Service Division	1,293,500	1,089,162	204,338	946,412
Public Works-Equipment & Motor Pool	333,700	310,563	23,137	257,843
Police Department	1,821,900	1,733,388	88,512	1,662,280
Fire Department	1,070,900	975,140	95,760	921,956
Community Development	-	-	-	3,254
Parks & Playgrounds	653,900	557,966	95,934	610,745
Ballfield Maintenance	40,200	20,214	19,986	-
Swimming Pool	149,100	106,974	42,126	114,318
Cemeteries	8,900	3,686	5,214	-
Golf Course	291,400	273,882	17,518	251,704
Quality of Life	27,900	27,900	-	-
Economic Development	220,000	259,193	(39,193)	277,406
Social Services	151,750	151,750	-	112,500
Total Expenditures	<u>\$ 8,528,235</u>	<u>7,508,488</u>	<u>1,019,747</u>	<u>6,705,644</u>

See Accountants' Report.

CITY OF HAYS, KANSAS
Library Fund
 Balance Sheets
 December 31, 2004 and 2003

	2004	2003
ASSETS		
Cash and Investments	\$ 80,922	73,353
Taxes Receivable	802,279	784,912
Total Assets	\$ 883,201	858,265
LIABILITIES AND FUND BALANCE		
Liabilities		
Deferred Revenues	\$ 802,279	784,912
Fund Balance		
Designated for Subsequent Year's Expenditures	41,119	33,235
Undesignated	39,803	40,118
Total Fund Balance	80,922	73,353
Total Liabilities and Fund Balance	\$ 883,201	858,265

Library Fund

Summary Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 For the Year Ended December 31, 2004
 (With Comparative Totals for the Year Ended December 31, 2003)

	2004		Variance Favorable (Unfavorable)	2003 Actual
	Original and Final Budget	Actual		
Revenues				
Taxes				
Ad Valorem	\$ 778,065	789,502	11,437	769,092
Delinquent	5,000	25,794	20,794	15,492
Motor Vehicle	104,200	112,367	8,167	107,069
Recreational Vehicle	1,000	1,311	311	1,230
16/20M Truck Tax	500	595	95	635
Total Revenues	888,765	929,569	40,804	893,518
Expenditures				
Distributions to Library Board	922,000	922,000	-	869,227
Excess Revenues Over (Under) Expenditures	(33,235)	7,569	40,804	24,291
Fund Balance - January 1	33,235	73,353	40,118	49,062
Fund Balance - December 31	\$ -	80,922	80,922	73,353

See Accountants' Report.

CITY OF HAYS, KANSAS
Library Employee Benefit Fund
 Balance Sheets
 December 31, 2004 and 2003

	2004	2003
ASSETS		
Cash and Investments	\$ 4,556	1,477
Taxes Receivable	92,938	87,358
Total Assets	\$ 97,494	88,835
LIABILITIES AND FUND BALANCE		
Liabilities		
Deferred Revenues	\$ 92,938	87,358
Fund Balance		
Designated for Subsequent Year's Expenditures	873	704
Undesignated	3,683	773
Total Fund Balance	4,556	1,477
Total Liabilities and Fund Balance	\$ 97,494	88,835

Library Employee Benefit Fund
 Summary Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 For the Year Ended December 31, 2004
 (With Comparative-Totals for the Year-Ended-December-31, 2003)

	2004		Variance Favorable (Unfavorable)	2003 Actual
	Original and Final Budget	Actual		
Revenues				
Taxes				
Ad Valorem	\$ 86,596	87,920	1,324	74,858
Delinquent	400	2,344	1,944	822
Motor Vehicle	10,100	10,640	540	7,063
Recreational Vehicle	100	124	24	78
16/20M Truck Tax	100	51	(49)	-
Total Revenues	97,296	101,079	3,783	82,821
Expenditures				
Distributions to Library Board	98,000	98,000	-	85,000
Excess Revenues Over (Under) Expenditures	(704)	3,079	3,783	(2,179)
Fund Balance - January 1	704	1,477	773	3,656
Fund Balance - December 31	\$ -	4,556	4,556	1,477

See Accountants' Report.

CITY OF HAYS, KANSAS
Special Highway Fund
Balance Sheets
December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
ASSETS		
Cash and Investments	\$ 2,467,248	355,557
Grant Receivable	<u>262,100</u>	<u>-</u>
Total Assets	\$ <u>2,729,348</u>	<u>355,557</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Due to Water and Sewer Utility	\$ -	53,958
Due to Capital Projects	<u>-</u>	<u>6,681</u>
Total Liabilities	<u>-</u>	<u>60,639</u>
Fund Balance		
Reserved for Encumbrances	1,359,328	34,905
Unreserved -		
Designated for Subsequent Year's Expenditures	208,414	119,651
Undesignated	<u>1,161,606</u>	<u>140,362</u>
Total Fund Balance	<u>2,729,348</u>	<u>294,918</u>
Total Liabilities and Fund Balance	\$ <u>2,729,348</u>	<u>355,557</u>

See Accountants' Report.

CITY OF HAYS, KANSAS
Special Highway Fund

Summary Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2004
(With Comparative Totals for the Year Ended December 31, 2003)

	2004		Variance Favorable (Unfavorable)	2003 Actual
	Original and Final Budget	Actual		
Revenues				
Intergovernmental				
State Gasoline Tax	\$ 601,400	561,514	(39,886)	550,326
Connecting Link Maintenance	36,000	36,745	745	36,720
State Aid	-	485,856	485,856	-
Interest Income	-	-	-	405
Prior Year Encumbrance Voided	-	-	-	4,928
Total Revenues	<u>637,400</u>	<u>1,084,115</u>	<u>446,715</u>	<u>592,379</u>
Expenditures				
Contractual Services	-	38,000	(38,000)	-
Capital Outlay	492,851	3,864,663	(3,371,812)	231,788
Adjustment for Qualifying Budget Credit (a)	4,192,755	-	4,192,755	-
Total Expenditures	<u>4,685,606</u>	<u>3,902,663</u>	<u>782,943</u>	<u>231,788</u>
Excess Revenues Over (Under) Expenditures	<u>(4,048,206)</u>	<u>(2,818,548)</u>	<u>1,229,658</u>	<u>360,591</u>
Other Financing Sources (Uses)				
G.O. Bond Proceeds	-	-	-	328,672
Temporary Note Proceeds	-	4,192,755	4,192,755	-
Transfers Out	(264,200)	(264,200)	-	(552,600)
Total Other Financing (Uses)	<u>(264,200)</u>	<u>3,928,555</u>	<u>4,192,755</u>	<u>(223,928)</u>
Excess Revenues & Other Sources Over (Under) Expenditures	<u>\$ (4,312,406)</u>	<u>1,110,007</u>	<u>5,422,413</u>	<u>136,663</u>
Fund Balance - January 1		<u>294,918</u>		<u>190,931</u>
Increase (Decrease) in Reserve for Encumbrances		<u>1,324,423</u>		<u>(32,676)</u>
Fund Balance - December 31		<u>\$ 2,729,348</u>		<u>294,918</u>
(a) Budget Credit				
Budgeted Temporary Note Proceeds		\$ -		
Actual Temporary Note Proceeds		<u>4,192,755</u>		
Total Budget Credit		<u>\$ 4,192,755</u>		

See Accountants' Report.

CITY OF HAYS, KANSAS
Employee Benefit Fund
Balance Sheets
December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
ASSETS		
Cash and Investments	\$ 433,091	393,532
Taxes Receivable	800,046	728,329
Refund Receivable	-	63,625
Total Assets	\$ 1,233,137	1,185,486
LIABILITIES AND FUND BALANCE		
Liabilities		
Deferred Revenues	\$ 800,046	728,329
Fund Balance		
Designated for Subsequent Year's Expenditures	433,091	201,124
Undesignated	-	256,033
Total Fund Balance	433,091	457,157
Total Liabilities and Fund Balance	\$ 1,233,137	1,185,486

See Accountants' Report.

CITY OF HAYS, KANSAS
Employee Benefit Fund
 Summary Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 For the Year Ended December 31, 2004
 (With Comparative Totals for the Year Ended December 31, 2003)

	2004		Variance Favorable (Unfavorable)	2003 Actual
	Original and Final Budget	Actual		
Revenues				
Taxes				
Ad Valorem	\$ 721,976	732,532	10,556	911,118
Delinquent	5,000	29,311	24,311	17,026
Motor Vehicle	123,400	128,932	5,532	113,284
Recreational Vehicle	1,100	1,504	404	1,306
16/20M Truck Tax	500	611	111	736
Insurance Company Reimbursement	1,000	-	(1,000)	63,625
Total Revenues	852,976	892,890	39,914	1,107,095
Expenditures				
Workmen's Compensation	168,600	108,384	60,216	121,168
Unemployment Compensation	9,600	6,727	2,873	8,361
Social Security	446,000	413,104	32,896	399,412
Employee Retirement	219,900	182,686	37,214	159,456
Health Insurance	966,000	739,416	226,584	1,014,000
Contractual Services	10,000	6,055	3,945	7,965
Total Expenditures	1,820,100	1,456,372	363,728	1,710,362
Excess Revenues Over (Under) Expenditures	(967,124)	(563,482)	403,642	(603,267)
Other Financing Sources (Uses)				
Transfers In	766,000	766,000	-	729,400
Transfers Out	-	(226,584)	(226,584)	-
Total Other Financing Sources	766,000	539,416	(226,584)	729,400
Excess Revenues & Other Sources Over (Under) Expenditures	(201,124)	(24,066)	177,058	126,133
Fund Balance - January 1	201,124	457,157	256,033	331,024
Fund Balance - December 31	\$ -	433,091	433,091	457,157

See Accountants' Report.

CITY OF HAYS, KANSAS
Special Fire Equipment Fund
 Balance Sheets
 December 31, 2004 and 2003

	2004	2003
ASSETS		
Cash and Investments	\$ 161,411	127,007
Taxes Receivable	141,232	137,197
Total Assets	\$ 302,643	264,204
LIABILITIES AND FUND BALANCE		
Liabilities		
Deferred Revenues	\$ 141,232	137,197
Fund Balance		
Designated for Subsequent Year's Expenditures	153,807	120,963
Undesignated	7,604	6,044
Total Fund Balance	161,411	127,007
Total Liabilities and Fund Balance	\$ 302,643	264,204

Special Fire Equipment Fund
 Summary Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 For the Year Ended December 31, 2004
 (With Comparative Totals for the Year Ended December 31, 2003)

	2004		Variance Favorable (Unfavorable)	2003 Actual
	Original and Final Budget	Actual		
Revenues				
Taxes				
Ad Valorem	\$ 136,000	138,043	2,043	127,669
Delinquent	58	4,204	4,146	2,235
Motor Vehicle	17,300	18,660	1,360	16,746
Recreational Vehicle	200	217	17	191
16/20M Truck Tax	100	99	(1)	79
Total Revenues	153,658	161,223	7,565	146,920
Expenditures				
Capital Outlay	274,621	126,819	147,802	126,818
Excess Revenue Over (Under)				
Expenditures	(120,963)	34,404	155,367	20,102
Fund Balance - January 1	120,963	127,007	6,044	106,905
Fund Balance - December 31	\$ -	161,411	161,411	127,007

See Accountants' Report.

CITY OF HAYS, KANSAS
Airport Fund
Balance Sheets
December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
ASSETS		
Cash and Investments	\$ 227,164	183,389
Taxes Receivable	<u>141,193</u>	<u>137,158</u>
Total Assets	\$ <u>368,357</u>	<u>320,547</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts Payable	\$ 10,040	-
Accrued Payroll	2,629	2,275
Accrued Vacation	3,502	3,407
Deferred Revenues	<u>141,193</u>	<u>137,158</u>
Total Liabilities	<u>157,364</u>	<u>142,840</u>
Fund Balance		
Reserved for Encumbrances	-	22,053
Unreserved		
Designated for Subsequent Year's Expenditures	154,318	-
Undesignated	<u>56,675</u>	<u>155,654</u>
Total Fund Balance	<u>210,993</u>	<u>177,707</u>
Total Liabilities and Fund Balance	\$ <u>368,357</u>	<u>320,547</u>

See Accountants' Report.

CITY OF HAYS, KANSAS

Airport Fund

Summary Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended December 31, 2004

(With Comparative Totals for the Year Ended December 31, 2003)

	2004		Variance Favorable (Unfavorable)	2003 Actual
	Original and Final Budget	Actual		
Revenues				
Taxes				
Ad Valorem	\$ 135,962	137,906	1,944	127,669
Delinquent	1,000	4,329	3,329	2,612
Motor Vehicle	17,300	18,660	1,360	17,838
Recreational Vehicle	200	218	18	205
16/20M Truck Tax	100	99	(1)	106
Licenses and Fees Collected	74,000	107,996	33,996	78,207
Prior Year Encumbrances Voided	-	128	128	-
Total Revenues	228,562	269,336	40,774	226,637
Expenditures				
Personal Services	79,400	78,455	945	74,119
Contractual Services	248,290	59,590	188,700	61,525
Commodities	27,200	12,669	14,531	45,171
Capital Outlay	12,000	8,483	3,517	63,395
Total Expenditures	366,890	159,197	207,693	244,210
Excess Revenues Over (Under) Expenditures	(138,328)	110,139	248,467	(17,573)
Other Financing (Uses) Transfers Out	(54,800)	(54,800)	-	(52,900)
Excess Revenues & Other (Uses) Over Expenditures	(193,128)	55,339	248,467	(70,473)
Fund Balance - January 1	193,128	177,707	(15,421)	226,127
Increase (Decrease) in Reserve for Encumbrances	-	(22,053)	(22,053)	22,053
Fund Balance - December 31	\$ -	210,993	210,993	177,707

See Accountants' Report.

CITY OF HAYS, KANSAS
Park Development Fund
 Balance Sheets
 December 31, 2004 and 2003

	2004	2003
ASSETS		
Cash and Investments	\$ <u>5,818</u>	<u>3,018</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts Payable	\$ <u>1,829</u>	<u>-</u>
Fund Balance		
Designated for Subsequent Year's Expenditures	2,797	3,017
Undesignated	<u>1,192</u>	<u>1</u>
Total Fund Balance	<u>3,989</u>	<u>3,018</u>
Total Liabilities and Fund Balance	\$ <u>5,818</u>	<u>3,018</u>

Park Development Fund
 Summary Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 For the Year Ended December 31, 2004
 (With Comparative Totals for the Year Ended December 31, 2003)

	2004			2003 Actual
	Original and Final Budget	Actual	Variance Favorable (Unfavorable)	
Revenues				
Donations	\$ -	3,987	3,987	-
Expenditures				
Contractual	<u>3,017</u>	<u>3,016</u>	<u>1</u>	<u>7,102</u>
Excess Revenues Over (Under)				
Expenditures	(3,017)	971	3,988	(7,102)
Fund Balance - January 1	<u>3,017</u>	<u>3,018</u>	<u>1</u>	<u>10,120</u>
Fund Balance - December 31	\$ <u>-</u>	<u>3,989</u>	<u>3,989</u>	<u>3,018</u>

See Accountants' Report.

CITY OF HAYS, KANSAS
Convention and Tourism Fund
Balance Sheets
December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
ASSETS		
Cash and Investments	\$ <u>244,767</u>	<u>241,974</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts Payable	\$ 247	1,064
Accrued Payroll	4,258	3,882
Accrued Vacation	3,895	3,026
Accrued Comp. Time	-	593
Total Liabilities	<u>8,400</u>	<u>8,565</u>
Fund Balance		
Designated for Subsequent Year's Expenditures	236,367	139,444
Undesignated	-	93,965
Total Fund Balance	<u>236,367</u>	<u>233,409</u>
Total Liabilities and Fund Balance	\$ <u>244,767</u>	<u>241,974</u>

See Accountants' Report.

CITY OF HAYS, KANSAS
Convention and Tourism Fund

Summary Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 For the Year Ended December 31, 2004
 (With Comparative Totals for the Year Ended December 31, 2003)

	2004		Variance Favorable (Unfavorable)	2003 Actual
	Original and Final Budget	Actual		
Revenues				
Intergovernmental				
Guest Tax	\$ 420,000	432,314	12,314	467,875
Prior Year Encumbrances Voided	-	1,064	1,064	-
Miscellaneous	-	2,893	2,893	2,567
Total Revenues	<u>420,000</u>	<u>436,271</u>	<u>16,271</u>	<u>470,442</u>
Expenditures				
Personal Services	145,000	138,437	6,563	120,567
Contractual Services	252,344	166,564	85,780	160,453
Commodities	76,500	46,312	30,188	60,557
Capital Outlay	-	-	-	2,000
Total Expenditures	<u>473,844</u>	<u>351,313</u>	<u>122,531</u>	<u>343,577</u>
Excess Revenues Over (Under)				
Expenditures	(53,844)	84,958	138,802	126,865
Other Financing Sources (Uses)				
Transfers Out	(85,600)	(82,000)	3,600	(80,000)
Excess Revenues & Other Sources Over (Under) Expenditures	(139,444)	2,958	142,402	46,865
Fund Balance - January 1	<u>139,444</u>	<u>233,409</u>	<u>93,965</u>	<u>186,544</u>
Fund Balance - December 31	<u>\$ -</u>	<u>236,367</u>	<u>236,367</u>	<u>233,409</u>

See Accountants' Report.

CITY OF HAYS, KANSAS
Elderly Transportation Fund
 Balance Sheets
 December 31, 2004 and 2003

	2004	2003
ASSETS		
Cash and Investments	\$ -	-
FUND BALANCE		
Fund Balance Undesignated	\$ -	-

Elderly Transportation Fund
 Summary Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 For the Year Ended December 31, 2004
 (With Comparative Totals for the Year Ended December 31, 2003)

	2004			
	Original and Final Budget	Actual	Variance Favorable (Unfavorable)	2003 Actual
Other Financing Sources (Uses)				
Transfers Out	\$ -	-	-	(2,067)
Excess Revenues & Other Sources Over (Under) Expenditures	-	-	-	(2,067)
Fund Balance - January 1	-	-	-	2,067
Fund Balance - December 31	\$ -	-	-	-

See Accountants' Report.

CITY OF HAYS, KANSAS
Equipment Reserve Fund
 Balance Sheets
 December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
ASSETS		
Cash and Investments	\$ <u>386,538</u>	<u>386,899</u>
FUND BALANCE		
Fund Balance	\$ 88,600	-
Reserved for Encumbrances		
Unreserved		
Designated for Subsequent Year's Expenditures	297,938	329,422
Undesignated	<u>-</u>	<u>57,477</u>
Total Fund Balance	\$ <u><u>386,538</u></u>	<u><u>386,899</u></u>

Equipment Reserve Fund

Summary Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 For the Year Ended December 31, 2004
 (With Comparative Totals for the Year Ended December 31, 2003)

	<u>2004</u>		Variance Favorable (Unfavorable)	<u>2003 Actual</u>
	Original and Final Budget	<u>Actual</u>		
Revenues				
Sale of Equipment	\$ -	21,035	21,035	57,478
Expenditures				
Capital Outlay	534,422	314,996	219,426	101,305
Excess Revenues Over (Under) Expenditures	(534,422)	(293,961)	240,461	(43,827)
Other Financing Sources (Uses)				
Transfers In	205,000	205,000	-	205,000
Excess Revenues and Other Sources Over Expenditures and Other (Uses)	(329,422)	(88,961)	240,461	161,173
Fund Balance - January 1	329,422	386,899	57,477	225,726
Increase (Decrease) in Reserve for Encumbrances	-	88,600	88,600	-
Fund Balance - December 31	\$ <u>-</u>	<u>386,538</u>	<u>386,538</u>	<u>386,899</u>

See Accountants' Report.

CITY OF HAYS, KANSAS
Special Alcohol Program Fund
 Balance Sheets
 December 31, 2004 and 2003

	2004	2003
ASSETS		
Cash and Investments	\$ <u>103,327</u>	<u>86,578</u>
LIABILITIES AND FUND BALANCE		
Fund Balance		
Designated for Subsequent Year's Expenditures	88,477	80,463
Undesignated	<u>14,850</u>	<u>6,115</u>
Total Fund Balance	\$ <u>103,327</u>	<u>86,578</u>

Special Alcohol Program Fund
 Summary Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 For the Year Ended December 31, 2004
 (With Comparative Totals for the Year Ended December 31, 2003)

	2004			2003
	Original and Final Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Intergovernmental				
Liquor Tax	\$ 70,000	84,849	14,849	78,514
Expenditures				
Contractual	<u>138,363</u>	<u>56,000</u>	<u>82,363</u>	<u>48,000</u>
Excess Revenues Over (Under) Expenditures	(68,363)	28,849	97,212	30,514
Other Financing Sources (Uses)				
Transfers Out	<u>(12,100)</u>	<u>(12,100)</u>	-	<u>(14,100)</u>
Excess Revenues & Other Sources Over (Under) Expenditures	(80,463)	16,749	97,212	16,414
Fund Balance - January 1	<u>80,463</u>	<u>86,578</u>	<u>6,115</u>	<u>70,164</u>
Fund Balance - December 31	\$ <u>-</u>	<u>103,327</u>	<u>103,327</u>	<u>86,578</u>

See Accountants' Report.

CITY OF HAYS, KANSAS
Special Park and Recreation Fund
 Balance Sheets
 December 31, 2004 and 2003

	2004	2003
ASSETS		
Cash and Investments	\$ <u>194,331</u>	<u>128,192</u>
FUND BALANCE		
Fund Balance	\$ -	6,000
Reserved for Encumbrances	-	6,000
Unreserved		
Designated for Subsequent Year's Expenditures	175,191	92,302
Undesignated	<u>19,140</u>	<u>29,890</u>
Total Fund Balance	<u>194,331</u>	<u>128,192</u>
Total Liabilities and Fund Balance	\$ <u>194,331</u>	<u>128,192</u>

Special Park and Recreation Fund
 Summary Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 For the Year Ended December 31, 2004
 (With Comparative Totals for the Year Ended December 31, 2003)

	2004		Variance Favorable (Unfavorable)	2003 Actual
	Original and Final Budget	Actual		
Revenues				
Intergovernmental				
Liquor Tax	\$ 70,000	84,849	14,849	78,514
Prior Year Encumbrances Voided	-	2,535	2,535	-
Total Revenues	<u>70,000</u>	<u>87,384</u>	<u>17,384</u>	<u>78,514</u>
Expenditures				
Contractual Services	17,000	15,245	1,755	10,945
Capital Outlay	145,302	-	145,302	110,980
Total Expenditures	<u>162,302</u>	<u>15,245</u>	<u>147,057</u>	<u>121,925</u>
Excess Revenues Over (Under)				
Expenditures	(92,302)	72,139	164,441	(43,411)
Fund Balance - January 1	92,302	128,192	35,890	165,603
Increase (Decrease) in Reserved For Encumbrances	-	(6,000)	(6,000)	6,000
Fund Balance - December 31	\$ <u>-</u>	<u>194,331</u>	<u>194,331</u>	<u>128,192</u>

See Accountants' Report.

CITY OF HAYS, KANSAS
Pool Construction Fund
 Balance Sheets
 December 31, 2004

	2004
ASSETS	
Cash and Investments	\$ <u>604,029</u>
<u>FUND BALANCE</u>	
Fund Balance	
Reserved for Encumbrances	\$ 48,900
Unreserved	
Undesignated	<u>555,129</u>
Total Fund Balance	\$ <u>604,029</u>

Pool Construction Fund
 Summary Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 For the Year Ended December 31, 2004

	2004
Expenditures	
Contractual Services	\$ <u>56,840</u>
Excess Revenues Over (Under)	
Expenditures	(56,840)
Other Financing Sources	
Transfers In	<u>611,969</u>
Excess Revenues & Other (Uses)	
Over Expenditures	555,129
Fund Balance - January 1	-
Increase (Decrease) in Reserved	
For Encumbrances	<u>48,900</u>
Fund Balance - December 31	\$ <u>604,029</u>

See Accountants' Report.

CITY OF HAYS, KANSAS
Library Sales Tax Fund
 Balance Sheets
 December 31, 2004 and 2003

	2004	2003
ASSETS		
Assets		
Cash	\$ <u> -</u>	<u> -</u>
FUND BALANCE		
Fund Balance		
Undesignated	\$ <u> -</u>	<u> -</u>

Library Sales Tax Fund
 Summary Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 For the Year Ended December 31, 2004
 (With Comparative Totals for the Year Ended December 31, 2003)

	2004			
	Original and Final Budget	Actual	Variance Favorable (Unfavorable)	2003 Actual
Revenues				
Local Sales Tax	\$ -	-	-	671,450
Expenditures				
Proceeds to Library Board	<u> -</u>	<u> -</u>	<u> -</u>	<u>671,450</u>
Excess Revenues Over (Under) Expenditures	-	-	-	-
Fund Balance - January 1	<u> -</u>	<u> -</u>	<u> -</u>	<u> -</u>
Fund Balance - December 31	\$ <u> -</u>	<u> -</u>	<u> -</u>	<u> -</u>

See Accountants' Report.

CITY OF HAYS, KANSAS
Risk Management Reserve Fund
 Balance Sheets
 December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
ASSETS		
Cash and Investments	\$ 541,723	192,800
Refund Receivable	-	121,163
Total Assets	<u>541,723</u>	<u>313,963</u>
FUND BALANCE		
Fund Balance		
Designated for Subsequent Year's Expenditures	\$ 313,964	231,664
Undesignated	227,759	82,299
Total Fund Balance	<u>541,723</u>	<u>313,963</u>

Risk Management Reserve Fund
 Summary Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 For the Year Ended December 31, 2004
 (With Comparative Totals for the Year Ended December 31, 2003)

	<u>2004</u>			<u>2003</u> Actual
	Original and Final Budget	Actual	Variance Favorable (Unfavorable)	
Revenues				
Insurance Company Reimbursement	\$ -	1,176	1,176	122,069
Expenditures				
Other Contractual Services	231,664	-	231,664	122,069
Excess Revenues Over (Under) Expenditures	(231,664)	1,176	232,840	-
Other Financing Sources (Uses)				
Transfers In	-	226,584	226,584	-
Excess Revenues & Other Sources Over Expenditures and Other (Uses)	(231,664)	227,760	459,424	-
Fund Balance - January 1	231,664	313,963	82,299	313,963
Fund Balance - December 31	\$ -	<u>541,723</u>	<u>541,723</u>	<u>313,963</u>

See Accountants' Report.

CITY OF HAYS, KANSAS
Bond and Interest Fund
 Balance Sheets
 December 31, 2004 and 2003

	2004	2003
ASSETS		
Cash and Investments	\$ 253,643	159,658
Taxes Receivable	1,263,644	1,268,776
Due from Capital Project Fund	-	5,971
Total Assets	\$ 1,517,287	1,434,405
LIABILITIES AND FUND BALANCE		
Liabilities		
Deferred Revenues	\$ 1,263,644	1,268,776
Fund Balance		
Designated for Subsequent Year's Expenditures	217,347	30,882
Undesignated	36,296	134,747
Total Fund Balance	253,643	165,629
Total Liabilities and Fund Balance	\$ 1,517,287	1,434,405

See Accountants' Report.

CITY OF HAYS, KANSAS

Bond and Interest Fund

Summary Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended December 31, 2004

(With Comparative Totals for the Year Ended December 31, 2003)

	2004		Variance Favorable (Unfavorable)	2003 Actual
	Original and Final Budget	Actual		
Revenues				
Taxes				
Ad Valorem	\$ 1,269,918	1,276,077	6,159	1,198,502
Delinquent	5,000	40,000	35,000	28,429
Motor Vehicle	162,400	172,916	10,516	172,409
Recreational Vehicle	1,500	2,017	517	1,998
16/20M Truck Tax	700	879	179	1,295
Special Assessments	277,000	265,923	(11,077)	251,215
Miscellaneous	300	25	(275)	-
Total Revenues	<u>1,716,818</u>	<u>1,757,837</u>	<u>41,019</u>	<u>1,653,848</u>
Expenditures				
Bond Principal	1,195,000	1,185,000	10,000	1,210,000
Interest Coupons	510,200	502,621	7,579	502,639
Contractual Services	300	2	298	900
Cash Basis Reserve	60,000	-	60,000	-
Total Expenditures	<u>1,765,500</u>	<u>1,687,623</u>	<u>77,877</u>	<u>1,713,539</u>
Excess Revenues Over (Under) Expenditures	<u>(48,682)</u>	<u>70,214</u>	<u>118,896</u>	<u>(59,691)</u>
Other Financing Sources (Uses)				
Transfers In	<u>17,800</u>	<u>17,800</u>	<u>-</u>	<u>17,800</u>
Excess Revenues and Other Sources Over Expenditures and Other Uses	<u>(30,882)</u>	<u>88,014</u>	<u>118,896</u>	<u>(41,891)</u>
Fund Balance - January 1	<u>30,882</u>	<u>165,629</u>	<u>134,747</u>	<u>207,520</u>
Fund Balance - December 31	<u>\$ -</u>	<u>253,643</u>	<u>253,643</u>	<u>165,629</u>

See Accountants' Report.

CITY OF HAYS, KANSAS
Enterprise Funds
Combining Balance Sheets
December 31, 2004 and 2003

	2004		2003	2004		2003
	Water and Sewer Fund	Solid Waste Utility Fund		Water and Sewer Fund	Solid Waste Utility Fund	
ASSETS						
Current Assets						
Petty Cash	-	-	8,000	-	-	-
Cash & Cash Equivalents	-	-	-	-	-	-
Operating Account	2,517,197	277,442	1,620,939	2,794,639	5,204	1,211
Local Sales Tax Account	13,503,766	-	10,223,540	13,503,766	1,732	2,539
Accounts Receivable (Net)	494,001	-	703,412	494,001	8,659	29,721
Accounts Receivable - Other	-	-	53,300	-	7,664	32,796
Due From Capital Project Fund	207,169	-	-	207,169	277,148	256,092
Due From Water and Sewer Fund	-	3,647	3,257	-	39,050	45,199
Total Current Assets	16,722,133	281,089	12,612,448	17,003,222	10,800	9,720
					3,647	3,257
					1,212,425	380,535
					16,523	1,228,948
Restricted Assets						
Customer Deposits	174,383	-	147,745	174,383	-	147,745
Reserve for Capital Improvements	1,195,326	103,730	1,199,056	1,299,056	-	-
Revenue Refunding Bonds	149,189	-	100,140	149,189	169,883	169,883
Principal & Interest Account	193,000	-	303,823	193,000	4,500	4,500
Bond Reserve Account	-	-	-	-	50,472	50,472
Sales Tax Refunding Bonds	160,235	-	107,851	160,235	250,000	195,000
Principal & Interest Account	140,000	-	308,000	140,000	290,000	240,000
Bond Reserve Account	-	-	-	-	-	-
Total Restricted Assets	2,012,133	103,730	2,166,615	2,115,863	764,855	645,734
					127,080	147,960
					2,855,229	3,398,790
					1,680,000	1,970,000
					1,080,000	1,530,000
					5,742,309	7,046,750
					7,719,589	8,073,019
					1,195,326	1,199,056
					377,134	595,667
					3,215,105	3,330,488
					29,557,543	25,972,023
					34,345,108	31,097,294
					42,064,697	39,170,253
					1,089,620	1,089,620
					43,154,317	43,154,317
					70,733	107,924
					23,259,698	24,283,266
					704,801	24,283,266
					(17,671,517)	(15,835,932)
					(17,671,517)	(15,835,932)
					253,434	12,000,034
					729,802	679,801
					679,801	679,801
					41,914,451	40,119,198
					(17,949,952)	(15,835,932)
					(17,949,952)	(15,835,932)
					23,259,698	24,283,266
					704,801	24,283,266
					70,733	107,924
					42,064,697	39,170,253
					1,089,620	1,089,620
					43,154,317	43,154,317
					70,733	107,924
					23,259,698	24,283,266
					704,801	24,283,266
					(17,671,517)	(15,835,932)
					(17,671,517)	(15,835,932)
					253,434	12,000,034
					729,802	679,801
					679,801	679,801
					41,914,451	40,119,198
					(17,949,952)	(15,835,932)
					(17,949,952)	(15,835,932)
					23,259,698	24,283,266
					704,801	24,283,266
					70,733	107,924
					42,064,697	39,170,253
					1,089,620	1,089,620
					43,154,317	43,154,317
					70,733	107,924
					23,259,698	24,283,266
					704,801	24,283,266
					(17,671,517)	(15,835,932)
					(17,671,517)	(15,835,932)
					253,434	12,000,034
					729,802	679,801
					679,801	679,801
					41,914,451	40,119,198
					(17,949,952)	(15,835,932)
					(17,949,952)	(15,835,932)
					23,259,698	24,283,266
					704,801	24,283,266
					70,733	107,924
					42,064,697	39,170,253
					1,089,620	1,089,620
					43,154,317	43,154,317
					70,733	107,924
					23,259,698	24,283,266
					704,801	24,283,266
					(17,671,517)	(15,835,932)
					(17,671,517)	(15,835,932)
					253,434	12,000,034
					729,802	679,801
					679,801	679,801
					41,914,451	40,119,198
					(17,949,952)	(15,835,932)
					(17,949,952)	(15,835,932)
					23,259,698	24,283,266
					704,801	24,283,266
					70,733	107,924
					42,064,697	39,170,253
					1,089,620	1,089,620
					43,154,317	43,154,317
					70,733	107,924
					23,259,698	24,283,266
					704,801	24,283,266
					(17,671,517)	(15,835,932)
					(17,671,517)	(15,835,932)
					253,434	12,000,034
					729,802	679,801
					679,801	679,801
					41,914,451	40,119,198
					(17,949,952)	(15,835,932)
					(17,949,952)	(15,835,932)
					23,259,698	24,283,266
					704,801	24,283,266
					70,733	107,924
					42,064,697	39,170,253
					1,089,620	1,089,620
					43,154,317	43,154,317
					70,733	107,924
					23,259,698	24,283,266
					704,801	24,283,266
					(17,671,517)	(15,835,932)
					(17,671,517)	(15,835,932)
					253,434	12,000,034
					729,802	679,801
					679,801	679,801
					41,914,451	40,119,198
					(17,949,952)	(15,835,932)
					(17,949,952)	(15,835,932)
					23,259,698	24,283,266
					704,801	24,283,266
					70,733	107,924
					42,064,697	39,170,253
					1,089,620	1,089,620
					43,154,317	43,154,317
					70,733	107,924
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					704,801	24,283,266
					(17,671,517)	(15,835,932)
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					(17,949,952)	(15,835,932)
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					(17,949,952)	(15,835,932)
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					23,259,698	24,283,266
					704,801	24,283,266
					70,733	107,924
					42,064,697	39,170,253

CITY OF HAYS, KANSAS
Water and Sewer Utility Fund
Comparison of Actual Revenues and Expenditures to Budget
For the Year Ended December 31, 2004
(With Comparative Totals for December 31, 2003)

	2004		Variance Favorable (Unfavorable)	2003 Actual
	Original and Final Budget	Actual		
Revenues				
Local Sales Tax	\$ 2,100,000	2,156,541	56,541	2,141,845
Water Sales	2,400,000	2,343,952	(56,048)	2,497,695
Sewer Service Charges	1,700,000	1,714,681	14,681	1,839,239
Water Tap - Turn-Ons	40,000	44,804	4,804	31,578
Water Sales Conservation Rate	30,000	215,227	185,227	48,665
Sales & Other Charges	12,000	24,448	12,448	23,139
Penalty	22,000	29,319	7,319	24,058
Rent on R-9 Ranch	225,500	150,000	(75,500)	207,000
G.O. Bond Proceeds	-	-	-	764,105
Interest on Investments	100,000	29,775	(70,225)	36,175
Interest on Sales Tax Reserves	80,000	86,979	6,979	42,981
Developer's Contribution	-	-	-	134,528
State Grant	-	4,813	4,813	159,557
Transfers In	24,600	24,600	-	26,400
Prior Year Encumbrances Voided	-	-	-	29,259
Total Revenues	\$ 6,734,100	6,825,139	91,039	8,006,224
Expenditures				
Water Production Costs				
Personal Services				
Salaries	\$ 330,300	301,706	28,594	289,230
Contractual Services				
Communications	3,000	1,877	1,123	2,841
Publications	-	-	-	127
Heat, Light & Power	188,500	171,765	16,735	177,819
Rentals	111,800	108,470	3,330	108,470
Travel & Training	3,400	1,874	1,526	2,506
Other Contractual Services	72,300	64,463	7,837	126,220
Professional Services	2,000	200	1,800	20
Total Contractual Services	381,000	348,649	32,351	418,003
Commodities				
Office Supplies	1,500	636	864	462
General Supplies	28,000	15,930	12,070	17,373
Chemicals	230,000	250,024	(20,024)	245,813
Equipment Expense	44,200	34,121	10,079	42,536
Uniforms	800	609	191	3,851
Repairs to Buildings & Structures	10,000	4,478	5,522	2,228
Total Commodities	314,500	305,798	8,702	312,263
Total Water Production Costs	\$ 1,025,800	956,153	69,647	1,019,496

See Accountants' Report.

CITY OF HAYS, KANSAS
Water and Sewer Utility Fund
Comparison of Actual Revenues and Expenditures to Budget
For the Year Ended December 31, 2004
(With Comparative Totals for December 31, 2003)

	2004		Variance Favorable (Unfavorable)	2003 Actual
	Original and Final Budget	Actual		
General Administration				
Personal Services				
Office	\$ 128,200	126,445	1,755	77,486
Transfer to Empl. Health Insurance	488,700	488,700	-	465,400
Total Personal Services	<u>616,900</u>	<u>615,145</u>	<u>1,755</u>	<u>542,886</u>
Contractual Services				
Communications	1,400	1,003	397	1,469
Publications	-	-	-	643
Professional Services	13,000	33,624	(20,624)	40,315
Travel & Training	4,300	3,322	978	196
Other Contractual Services	3,000	451	2,549	356
Interest On Deposits	6,500	26,039	(19,539)	5,655
Clean Drinking Water Fee	-	18,630	(18,630)	19,405
Grant Funding	-	67,500	(67,500)	-
Transfer to General Fund	1,414,600	1,414,600	-	1,244,200
Total Contractual Services	<u>1,442,800</u>	<u>1,565,169</u>	<u>(122,369)</u>	<u>1,312,239</u>
Commodities				
Office Supplies	1,000	1,156	(156)	603
General Supplies	1,400	1,644	(244)	1,258
Total Commodities	<u>2,400</u>	<u>2,800</u>	<u>(400)</u>	<u>1,861</u>
Total General Administration	<u>\$ 2,062,100</u>	<u>2,183,114</u>	<u>(121,014)</u>	<u>1,856,986</u>
Wastewater Treatment				
Personal Services				
Salaries	\$ 317,500	317,526	(26)	297,603
Contractual Services				
Communications	5,000	4,512	488	5,713
Publications	300	-	300	250
Heat, Light & Power	154,400	169,122	(14,722)	164,972
Professional Services	1,000	862	138	784
Travel & Training	4,300	1,759	2,541	2,760
Other Contractual Services	44,000	29,173	14,827	29,173
Total Contractual Services	<u>209,000</u>	<u>205,428</u>	<u>3,572</u>	<u>203,652</u>
Commodities				
Office Supplies	1,000	759	241	1,418
General Supplies	44,000	18,757	25,243	22,050
Chemicals	40,000	47,790	(7,790)	43,200
Equipment Expense	43,000	49,507	(6,507)	35,014
Uniforms	700	661	39	3,045
Repairs	2,000	1,463	537	2,938
Total Commodities	<u>130,700</u>	<u>118,937</u>	<u>11,763</u>	<u>107,665</u>
Total Wastewater Treatment	<u>\$ 657,200</u>	<u>641,891</u>	<u>15,309</u>	<u>608,920</u>

See Accountants' Report.

CITY OF HAYS, KANSAS
Water and Sewer Utility Fund
Comparison of Actual Revenues and Expenditures to Budget
 For the Year Ended December 31, 2004
 (With Comparative Totals for December 31, 2003)

	2004			2003 Actual
	Original and Final Budget	Actual	Variance Favorable (Unfavorable)	
Capital Outlay Expenditures				
Capital Expenditures	\$ 901,000	362,185	538,815	678,348
Water Taps, Hydrants, and Meters	101,000	76,239	24,761	241,225
Transfer - Bond & Interest Fund	17,800	17,800	-	17,800
Total Non-Operating Expenses	<u>\$ 1,019,800</u>	<u>456,224</u>	<u>563,576</u>	<u>943,373</u>
Debt Service Expenditures				
Revenue Bond Payment	\$ -	-	-	113,750
Interest- Revenue Bond Payment	56,500	56,440	60	85,929
Principal & Interest-Revolving Loan	399,600	399,393	207	399,006
Total Debt Service	<u>\$ 456,100</u>	<u>455,833</u>	<u>267</u>	<u>599,685</u>
Sales Tax Expenditures				
Principal Payment	\$ 30,000	30,000	-	152,000
Interest Payment	36,200	36,248	(48)	79,225
Transfer Sales Tax Reserve	1,776,400	1,561,752	214,648	1,718,174
Professional Services - Other	-	-	-	183,176
Water Exploration	257,400	682,582	(425,182)	99,000
Total Sales Tax Fund	<u>\$ 2,100,000</u>	<u>2,310,582</u>	<u>(210,582)</u>	<u>2,233,575</u>
Total Expenditures	<u>\$ 7,321,000</u>	<u>7,003,797</u>	<u>317,203</u>	<u>7,261,153</u>

See Accountants' Report.

CITY OF HAYS, KANSAS
Solid Waste Utility Fund
Comparison of Actual Revenues and Expenditures to Budget
For the Year Ended December 31, 2004
(With Comparative Totals for December 31, 2003)

	2004		Variance Favorable (Unfavorable)	2003 Actual
	Original and Final Budget	Actual		
Revenues				
Refuse Collections	\$ 845,000	855,136	10,136	850,026
Interest on Investments	6,000	3,844	(2,156)	2,634
Yard Waste Tags	3,800	3,270	(530)	4,132
Miscellaneous Revenue	8,000	42,949	34,949	23,629
Total Revenues	<u>\$ 862,800</u>	<u>905,199</u>	<u>42,399</u>	<u>880,421</u>
Expenditures				
Personal Services				
Salaries	\$ 265,100	231,917	33,183	238,193
Transfer - Employee Benefit	133,100	133,100	-	-
Total Personal Services	<u>398,200</u>	<u>365,017</u>	<u>33,183</u>	<u>238,193</u>
Contractual Services				
Communications	1,000	900	100	1,439
Publications	17,200	6,990	10,210	11,192
Utility - Water, Light & Power	9,600	6,069	3,531	6,048
Professional Services	2,900	-	2,900	626
Tipping Fees	254,000	259,264	(5,264)	279,222
Transfer to Reserve	50,000	50,000	-	50,000
Travel & Training	1,200	964	236	452
Transfer - Water and Sewer Fund	14,100	14,100	-	-
Transfer - General Fund	139,500	139,500	-	284,900
Total Contractual Services	<u>489,500</u>	<u>477,787</u>	<u>11,713</u>	<u>633,879</u>
Commodities				
Office Supplies	2,000	1,203	797	1,263
General Supplies	10,800	10,755	45	10,564
Equipment Expense	8,300	7,909	391	8,143
Uniforms	1,000	1,525	(525)	3,771
Repairs to Buildings & Structures	2,800	2,159	641	5,440
Total Commodities	<u>24,900</u>	<u>23,551</u>	<u>1,349</u>	<u>29,181</u>
Non-Operating Expenses				
Capital Outlay	50,000	50,000	-	-
Total Expenditures	<u>\$ 962,600</u>	<u>916,355</u>	<u>46,245</u>	<u>901,253</u>

See Accountants' Report.