



# 2014 COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDING DECEMBER 31, 2014

## CITY OF GARDNER, KANSAS



*Prepared by the City of Gardner Finance Department*

GARDNER  
KANSAS



CITY OF GARDNER, KANSAS

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COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014

Prepared by:

Finance Department  
City of Gardner, Kansas

GARDNER  
KANSAS



CITY OF GARDNER, KANSAS

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

Year Ended December 31, 2014

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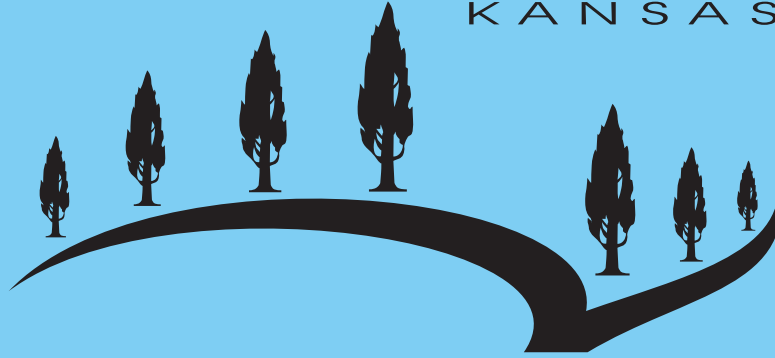
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CITY OF  
**GARDNER**  
KANSAS



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the fiscal year ended  
December 31, 2014**

**INTRODUCTORY SECTION**



June 25, 2015

The Honorable Mayor, City Council, Citizens,  
Taxpayers, and Other Interested Parties of the  
City of Gardner, Kansas:

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Gardner (City) for the fiscal year ended December 31, 2014. This is the eleventh year that the City has prepared a CAFR, and staff has submitted this CAFR for a Certificate of Achievement for Excellence in Financial Reporting with the Government Finance Officers Association of the United States and Canada (GFOA). The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report that conforms to program standards. The CAFR must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. A Certificate of Achievement is valid for one year only. We believe this report conforms to the Certificate of Achievement program requirements.

The report was prepared by the City's Finance Department. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the government. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The City is responsible for establishing and maintaining internal control designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

In addition, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal requirements of Kansas Statutes. Activities of the General Fund, special revenue funds (unless exempted by a specific statute), enterprise funds, and the Debt Service Fund are included in the annual appropriated budget, as required by Kansas Statutes. Spending in funds which are not subject to said Statutes are controlled by federal regulations, other statutes, or by the use of internal spending limits established by the City.

As demonstrated by the statements and schedules included in the Financial Section of this report, the City continues to meet its responsibility for sound financial management.

Kansas Statutes Annotated 75-1122 requires an annual audit of the accounts, financial records, and transactions of all administrative departments of the City by independent certified public accountants. The accounting firm of Allen, Gibbs & Houlik, L.C. was selected by the City Council. The auditor's report on the financial statements is included in the Financial Section of this report.

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

### **Profile of the Government**

The City of Gardner was established on March 16, 1858 and came under the jurisdiction of the State of Kansas in 1861. The City was incorporated as a Municipal Corporation of the third class in January 1887 and as a Municipal Corporation of the second class in December 2002. The City is located in Johnson County, Kansas, along Interstate 35, about 30 miles southwest of downtown Kansas City, Missouri. Johnson County, Kansas is considered to be one of the top growth areas in the state, and one of the top growth areas in the country. Johnson County is the largest county in Kansas with a population of approximately 574,000. Because of Gardner's location on the edge of the Kansas City metropolitan area, it serves as a suburban rural living area for individuals employed in the metropolitan area and also continues to serve the surrounding rural agricultural community.

The City has a Mayor-Council-Administrator form of government. There are five members of the City Council; the Mayor and Council Members are elected on an at-large ballot to serve a four-year term on a staggered basis.

The City is privileged to have a full range of services including police protection through its Police Department, fire services through Johnson County Fire District No.1, and ambulance services through Johnson County Med-Act. The City provides municipal electric, water, and wastewater services, street maintenance, and engineering. Other City of Gardner services include: planning, zoning, and codes enforcement, municipal court, comprehensive parks and recreational activities and facilities, and general administrative services.

The Governmental Accounting Standards Board has established the criteria to determine the financial reporting entity for a municipal government's financial report. This criterion is used to examine the relationship of the City to other associated but legally separate entities to determine if their inclusion in this report would be necessary to fairly present the financial position of the City. This criterion generally has to do with the financial benefit or burden and levels of influence over the activities of these associated, but legally separate, entities.

Using said criterion, it was determined that the City has both a blended component unit and a discretely presented component unit. The blended component unit - the Public Building Commission (PBC) - although a legally separate entity, is, in substance, part of the City's operations. The discretely presented component unit is the Airport Association, which operates the municipal airport.

### **Economic Condition and Outlook**

In the past decade, Gardner has experienced significant growth. This growth is expected to continue because the City benefits from its direct access to a unique combination of interstate, air and rail infrastructure: two intersections on Interstate 35, Burlington Northern Santa Fe's major rail transit route, New Century Air Center - a premier multimodal business park - on the City's eastern side, and the consistently expanding BNSF Intermodal facility on its western side. There is no other City in the region with this combination of access to multimodal infrastructure, ample developable land, professional staff, and a Governing Body clearly dedicated to development.

This commitment to development not only includes many completed and planned initiatives related to economic development as detailed later in this document, but also includes regular interaction with an appointed, blue-ribbon Economic Development Advisory Taskforce consisting of area developers and business leaders who dedicate their time to assist the City with development-related visionary tasks and policy creation, as needed. The City also benefits from its partnerships with the Southwest Johnson County Economic Development Corporation and the Gardner-Edgerton Chamber of Commerce, both under new leadership with renewed focus in retaining and attracting business.

Gardner's location at the crossroads of multimodal transportation and its proximity to Kansas City will assuredly reap benefits, and the City partnered with the Kansas City Area Development Council (KCADC) to engage its recognized expertise in facilitating economic development, especially related to transportation. As noted on the KCADC website, they represent the two-state, 18-county region of Greater Kansas City, including Gardner. KCADC's website contains the stated mission "[...] to brand the region as one product to stimulate economic growth [...]" and "[...] equally support all regional communities [...]". KCADC's website promotes the area's supply chain-centered attributes noting, "Kansas City is experiencing one of the largest industrial booms in its history and is a center of choice for warehousing, manufacturing and distribution. Business has prospered due in large part to the region's abundant, multi-modal transportation network."

The aforementioned \$250 million Burlington Northern Santa Fe intermodal facility and associated \$1.45 billion BNSF Logistics Park KC is an inland port which provides businesses with a connection to the global supply chain and multimodal transportation to import and export goods by rail or truck. The facility will impact the City's growth, as evidenced by Coleman constructing a 1.1 million square foot distribution facility in Gardner in 2009 in anticipation of the intermodal facility's 2013 opening. Ancillary services to support the multimodal industry such as towing and hauling businesses located in Gardner in 2013. The City receives regular inquiries from developers expressing interest in building both warehousing and ancillary supply chain-related services.

In addition to increasing commercial business, an increase in residential housing is also expected. Employment projections for BNSF Logistics Park KC are 13,000 employees. As previously stated, the City is also bordered on its eastern limits by New Century Air Center, which boasts premiere companies such as Unilever, Kimberly Clark, and DuPont. As premiere companies continue to locate and expand in the area due to their need to access the intermodal facility to transport their products, Gardner will increasingly benefit, as these companies actively encourage their employees to live and shop in the local community.

The City's population in 2014 was approximately 21,000. Located in one of the fastest growing areas of the state, the City's population grew 140% between 2005 and 2014. In 2014, the number of people employed within the Gardner Trade Area Profile was 3,547.

Gardner's award-winning school district continues to expand, as a new combined middle and elementary school campus opened in August 2013.

Currently, Gardner is approximately 10.18 square miles in size. The City installed .5 miles of new underground electric distribution and transmission lines.

While the City's assessed valuation increased 5.8% from 2013 to 2014, for 2015 the assessed valuation jumped 8.5%. The City has experienced assessed valuation growth of 87% since 2005. Wealth levels and housing values exceed state averages, and Johnson County's 2014 unemployment rate at 3.1% was lower than the state's rate of 4.5%, and far less than the national unemployment rate of 6.2%.

The City's current Standard & Poor's credit rating of AA-/Stable reflects healthy financial operations for the City. The associated bond rating report prepared by Standard & Poor's Ratings Services in November 2014 notes that Gardner's economy is "adequate [...] based on projected per capita effective buying income and market value per capita [...]" but they also parenthetically added "(the city benefits from its participation in the broad and diverse Kansas City metropolitan statistical area [MSA])". S&P also concurred that Gardner benefits from the unique combination of interstate, air, and rail infrastructure.

Standard & Poor's also referenced the City's "very strong liquidity, with strong access to external liquidity" and "very strong budgetary flexibility" because of the City's large reserves. These reserves, combined with results-oriented leadership in both city staff and elected officials, are key components in approved funding for a slew of initiatives to position the City to be a key player in the area.

### **2014 Major Initiatives**

Building upon the momentum created in 2013 during which Gardner's new leadership structure implemented many best practices for visioning, planning, budgeting, economic development, and creating a high-performance organization, the development of major initiatives in 2014 were created from input received during a series of visioning and planning sessions with both the business community and an appointed 18-member "Citizen Visioning Committee." Feedback from these sessions identified that the City needed a strategy for how it would develop in the future. The Governing Body took the first step in developing a strategy for the future when they identified 4 strategic goals they would use to guide the City's vision:

- Promote Economic Development
- Improve Quality of Life
- Improve Infrastructure and Asset Management
- Improve Fiscal Stewardship

In support of the Governing Body's strategic goals, especially their greatest priority of promoting economic development, key initiatives in 2014 included the development of a Comprehensive Plan and an Economic Development Strategy.

The Comprehensive Plan defined the "blueprint" for how the City will develop and included goals for neighborhoods and housing; commercial and industrial areas; growth

and annexation; transportation and mobility; community facilities such as schools, libraries, and City facilities; open space, recreation and environmental features; preserving the traditional character of the community; and integrating sustainability measures throughout the City to protect and enhance the natural environment and increase healthy living.

The Economic Development Strategy involved an outside assessment of the City's assets, opportunities, weaknesses and challenges. It also included a review of the City's economic development readiness in its growth corridors, in business retention, staffing levels of the City and the City's economic development partners, and the City's ability to leverage its municipally-owned utilities to facilitate economic development. The assessment included on-site tours of the community, stakeholder interviews and collaborative input with the Economic Development Advisory Taskforce. The stakeholder interviews included local businesses, regional economic development agencies, major employers, developers and other community stakeholders.

The Economic Development Strategy identified seven long term goals for the City. The goals are:

1. Continue to develop and maintain a quality community with character
2. Create a community that people don't want to leave
3. Build an image and identity as a business-friendly community
4. Recreate downtown as a destination
5. Utilize existing assets
6. Be development-ready
7. Diversify the economic base

The Comprehensive Plan serves as the vision for building a sustainable, resilient community through diversification of the City's land uses. The Economic Development Strategic Plan complements the Comprehensive Plan and identified the aforementioned 7 economic development goals. Together, these plans will help City staff and the Governing Body create an environment that enhances business attraction.

Key initiatives also included the development of a three-year Information Technology Business/Disaster Recovery Plan including revising all I.T. network infrastructure to support and safeguard the integrity of City operations; the actual implementation of the network rehabilitation began in early 2015. The City also began work on a complete redesign and implementation of a new City website to include citizen engagement capabilities; the expected unveiling will occur in 2015.

The long-awaited reconfiguration of one of the City's busiest intersections at Center Street and Main Street was completed in 2014. Construction included the addition of turn lanes, traffic signal modifications, and associated site improvements to improve safety and relieve congestion. KDOT funding paid for 100% of the project.

Finally, due to Gardner's proximity to the aforementioned BNSF intermodal facility and increased train traffic, the City constructed a "quiet zone" by modifying an existing intersection in the residential area of town nearest the facility to alleviate increased train whistles.

### **Future/Planned Initiatives**

As previously stated, the City spent 2013-2014 implementing best practices, including Priority-Based budgeting. One of the key components of Priority-Based budgeting is that it is a cycle of continuous process improvement, with each year's new initiatives building upon the previous year's completed plans and projects. In 2014, the budget featured a theme of defining a strategy for development – *Vision: Determining a Roadmap to Our Destination* – and the initiatives were focused on visioning and planning, such as developing the aforementioned Comprehensive Plan and Economic Development Strategy.

Subsequently, the 2015 initiatives build upon the vision and planning work of 2014 and were developed around a new, supporting theme "A Roadmap to Building a Community," with initiatives focused on maintaining or improving the City's existing infrastructure and assets while continuing to plan for growth and enhancing fiscal stewardship to efficiently provide core services.

Key initiatives that support the "infrastructure - building the community" theme include updating and revising the land development code, creating a comprehensive economic development incentive policy, completing assessments of the City's electric, water, and wastewater utility systems and the City's streets and pedestrian trails, installing ADA compliant ramps in the downtown sidewalks, conducting a Facility Needs Study to identify the building requirements for replacing the City's aging police facility, and rehabilitating the Aquatic Center that anchors the northwest corner of a future downtown district.

The City's current *Zoning Ordinance* was adopted in 1992 and the *Subdivision Regulations* in 2007. Substantial growth and the adoption of the aforementioned Comprehensive Plan and Economic Development Strategy have occurred since the Zoning and Subdivision Regulations were adopted. As part of the implementation of the Comprehensive Plan, the Zoning and Subdivision Regulations need to be updated to align with the community's vision developed in 2014. The land development code will serve as the implementation tool for the vision defined in the Comprehensive Plan through the revision and updating of the City's zoning and subdivision regulations and streamlining of the City's permitting processes; a land development code ensures quality development and facilitates a responsive, proactive business climate.



Among the findings from the assessments conducted during the development of the aforementioned Economic Development Strategy was the need for an incentives “toolkit” to implement the 7 identified economic development goals detailed in the strategy. In order to develop a toolkit – a comprehensive *Economic Development Incentives Policy* - the City will seek the assistance of the Economic Development Advisory Taskforce and other area members of the development and business community, as well as the advice of other area elected officials of successful communities. The incentives policy will identify the full range of incentives the City is willing to provide to facilitate both new development and assist existing small business owners.

Another key, planned initiative to support the theme of “infrastructure – building the community” – is to perform an evaluation of each of the City’s water, wastewater, and electric systems. These assessments will identify improvements needed to prepare for the next wave of growth and develop a plan to strategically and responsibly invest in the City’s utility assets. The completed evaluations will complement the Governing Body’s 2014 decision to reorganize the City’s three, separate utility departments into one department under the direction of a newly created position of Utilities Director. Additionally, a Utility Advisory Commission composed of resident ratepayers was formed in 2014 and will work in conjunction with Utility Department leadership to study issues related to the utilities and to develop recommendations to the Governing Body. The Governing Body envisions enhanced efficiency and ability to leverage the utility assets for economic development from the synergy and focus on utility best practices created from the reorganization. The utility system evaluations will provide the Utilities Director with a plan for targeted, timely improvements.

Continuing the theme of improving infrastructure, a pavement assessment of the City’s residential streets and pedestrian trails is also planned to assist the Governing Body with prioritization of needed improvements. Further, in order to improve mobility for all citizens equally, the City will seek a CDBG grant to install ADA compliant ramps in downtown sidewalks to make downtown accessible to everyone.

As a follow-up to the Governing Body’s 2013 tour of City facilities during which they noted the need to rehabilitate or replace the City’s aging police facility, a Law Enforcement Needs Facility Study is planned, as well as rehabilitation of the City’s popular Aquatics Center to make major improvements to the lap lane pool, the bath house, and the water slides.

Finally, the City also plans to invest in its human assets – its employees – as the City continues its transformation to a high-performance organization. Consequently, a compensation study is planned to determine how employees will be evaluated and rewarded for their work in assisting the Governing Body in implementing their strategic goals and the aforementioned initiatives and for providing excellent service to Gardner’s citizens; a significant funding allocation is planned to implement merit pay increases for employees pending the results of the compensation study.

## **Financial Planning**

The City expects 2015-2019 to be financially healthy years as revenues for both property and sales tax are consistently trending upward and some large debt obligations will pay off. Additionally, the City will continue to seek opportunities to refinance existing debt for interest cost savings.

A combination of revenue greater than projected and expenses below budgeted levels contributed to the City's General Fund balance increasing to an extremely robust 57% of expenditures at the end of fiscal 2014. These large reserves, combined with increasing utility fund balances, increasing economic development activity, and greater focus on financial planning – including the aforementioned pavement and utility assessments and law enforcement facility study – will provide both strategic plans and available funding to facilitate the Governing Body's ability to undertake major initiatives in 2016 and beyond.

Major initiatives being considered for the future 2015/2016 budget will again build upon the previous years' initiatives including addressing the findings of the aforementioned utility and pavement assessments. The expected focus is to further economic development opportunities through infrastructure development and asset management.

As the Governing Body's greatest priority is economic development, it is important for the City to secure its future and the prime land area around the City's two interchanges on Interstate 35. As the City previously documented its vision for development in the recently completed Comprehensive Plan, a Capital Improvement Element (CIE) – a 20-year infrastructure analysis – is planned to determine possible costs to extend infrastructure to large areas of undeveloped land around these interchanges. The CIE will also review the ability to serve the existing and infill areas of the City. The CIE is the "bridge" – the plan – for how the City moves from the current state of the City's infrastructure documented in the utilities assessments to the future vision documented in the Comprehensive Plan.

Planning also continues for initiatives to support the Governing Body's goal of improving the management of the City's assets. A major initiative being considered is a master plan for the City's golf course. The golf course is a City asset and a large, prime parcel of land. The existing 30-year contract the City has with the operator of the golf course expires in 2018. The future budget is likely to contain a significant placeholder for development of a master plan once the Governing Body determines the vision for this valuable property.

Other asset management initiatives under consideration are the construction of a covered salt storage facility to replace an open storage facility that is non-compliant with National Pollutant Discharge Elimination System requirements, and a facility needs study to identify requirements for relocating the City's parks maintenance facility and possibly co-locating it with a public works facility. The interest in relocating the parks maintenance facility stems from the Governing Body's goal of economic development because the City's parks maintenance facility is a historic, WPA (Works Progress Administration from the Roosevelt era) building that is perfect for adaptive reuse and is geographically located in the future, envisioned downtown district.

The City's senior facility needs rehabilitation, especially for ADA accessibility; upgrading appliances, flooring, and overall remodeling are also being considered. The City plans to seek CDBG grant funding for this project. The Governing Body is also likely to approve funding to replace the roof of City Hall, especially as they previously approved a major investment of \$300,000 to rehabilitate the I.T. infrastructure which is housed in the building.

During the economic downturn, the City delayed large equipment purchases and vehicle replacements. As the City's future financial operations project to be healthy, vehicle evaluations were conducted in early 2015 which indicated an urgent need to replace over one-half of the City's police fleet; the replacement of eight police cars with SUV's is being considered, as well as replacement of a dump truck.

As previously noted, a compensation study was completed in 2015 to determine how to evaluate and implement merit pay and market comparison corrections. The Governing Body is considering setting aside significant funding to implement a second phase of pay increases, including providing "career ladders" as promotional opportunities for employees.

Future, planned improvements identified in the aforementioned utilities assessments may be funded from the increasing reserves in the utility funds. For more costly improvements, the City may prefer to pay utility debt from revenues generated in the utility funds. The phasing and scope of the future improvements will be determined with the assistance of the newly-appointed Utilities Director and the Utility Advisory Committee.

The City is not proposing any increases in the 2016 mill levy; most of the future initiatives may be implemented through the continued realignment of existing resources, the use of excess reserve funds in the General Fund and utility funds, grants, and debt financing for some capital projects.

Additionally, the City plans to conduct a sales tax election in late 2015 to seek voter approval to renew an existing .5% special sales tax that will sunset at the end of 2015. If renewal of the special sales tax is approved by Gardner voters, the City will use the

special sales tax revenue to implement a 3-year project to rehabilitate an estimated \$7 million of failing residential streets and to invest in properly maintaining the 79% of streets that are in “satisfactory” or “good” condition. If renewal of the special sales tax is not approved, the rehabilitation project will need to be reevaluated for scope and phasing as other funding sources are identified. Additionally, reconstruction of approximately \$1 million in failed pedestrian trails over a 3-year time frame may be funded from this special sales tax, although General Fund reserves may also be used if the renewal of the special sales tax is not approved.

Finally, the results of the facility needs study for a law enforcement center indicate the need for an estimated \$13 million to replace the aging police facility. Although the Governing Body strongly desires the construction of this facility, funding sources are not yet identified. The results of the future facility needs study for the park/public works facility may also impact any funding plan. As more planning is needed, it is unlikely there will be any budget impact prior to 2017.

Reviewing projections for 2015-2019 reveals that property tax revenues are anticipated to continue increasing in the General Fund, as property tax values continue to rise and new development continues. A significant increase in property tax revenue will occur in 2016 due to the aforementioned increase of 8.5% in the City’s assessed valuation; additionally, the City’s tax increment financing (TIF) district pays off in 2016. For the 5-year period of 2015-2019, the City projects an overall 17% increase in valuation at a moderate annual increase of approximately 5% each year for the years 2017-2019, following the 2016 jump of 8.5%. Sales tax during that same period is projected to increase significantly due to the aforementioned pay off of the tax increment financing district which contains the City’s largest retailer; the overall projected increase from 2015 to 2019 is 64%.

As the Governing Body continues planning major initiatives and capital projects, the results of the aforementioned studies and assessments become known, and as development continues, projections past 2016 will likely be significantly revised. Management will continue to monitor the reserves and will take whatever actions are necessary to maintain the desired reserve level, as evidenced by past financial performance and the aforementioned investment grade Standard & Poor’s credit rating of AA-/Stable.

### **Acknowledgements**

The preparation of this report could not have been accomplished without the support and cooperation of the Governing Body, Administration, other City departments, external auditors, and the efficient, dedicated efforts of the entire staff of the City’s accounting division. In addition, special thanks are extended to various Southwest Johnson County Economic Development Corporation, the Gardner-Edgerton School District and Johnson County staff for their contribution to the statistical section of this document.

Credit must be given to the Governing Body for their support in maintaining the highest standards of professionalism in the management of Gardner's finances.

Sincerely,



Cheryl Harrison-Lee  
City Administrator

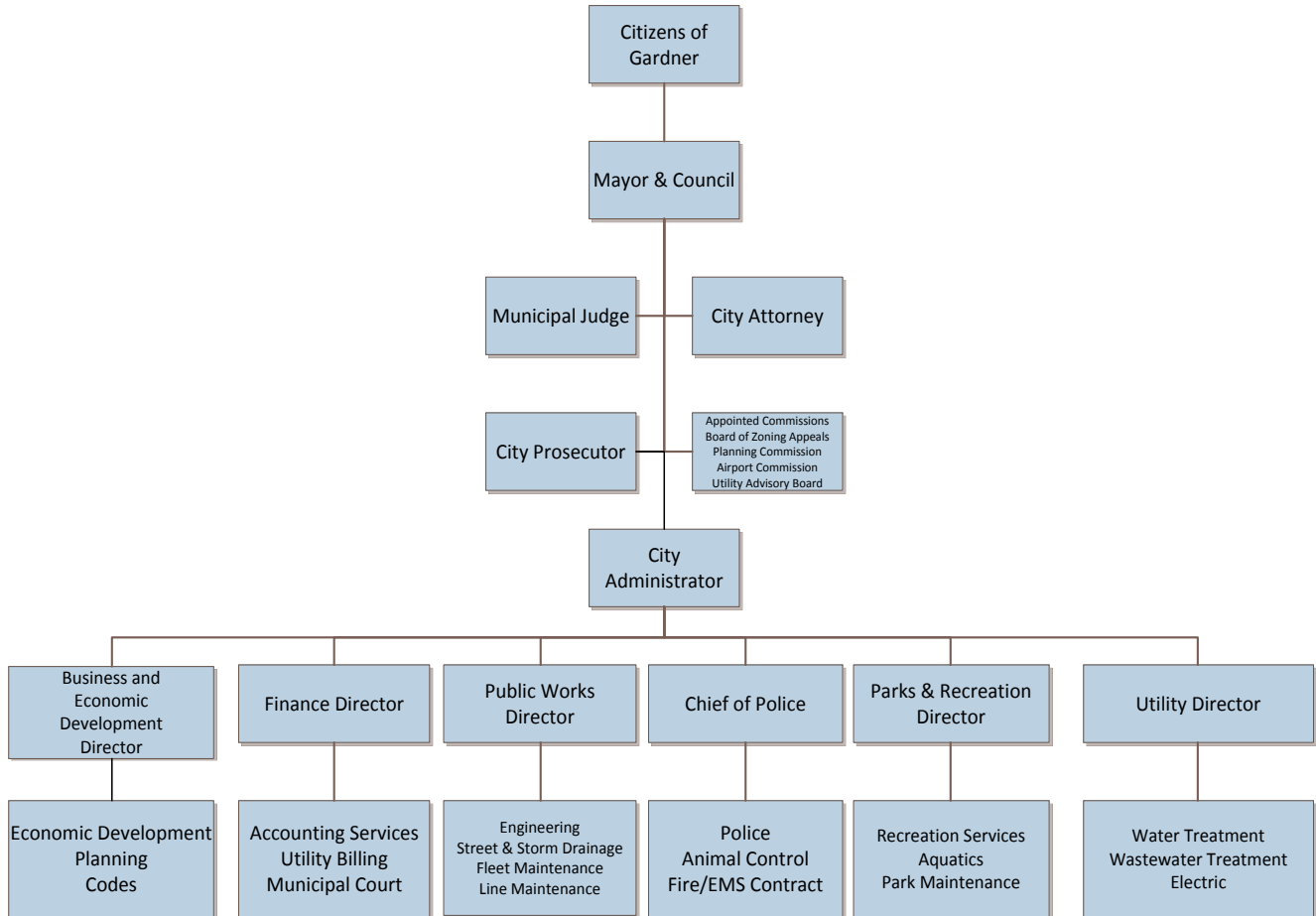


Laura Gourley  
Finance Director

# City of Gardner, Kansas

## Organizational Chart

December 31, 2014



**City of Gardner, Kansas**

**List of Elected and Appointed Officials**

**December 31, 2014**

Elected Officials

		Term of Office
Mayor	Chris Morrow	2013-2017
Council President	Kristy Harrison	2013-2017
Council Vice President	Steve Shute	2013-2017
Councilmember	Heath Freeman	2012-2015
Councilmember	Todd Winters	2014-2015
Councilmember	Tory Roberts	2013-2015

Appointed Officials

City Administrator	Cheryl Harrison-Lee
Municipal Judge	Robin Lewis
City Prosecutor	Chris Reece
City Attorney	Ryan Denk
Business and Economic Development Director	Vacant
Finance Director	Laura Gourley
Public Works Director	Brian Faust
Chief of Police	Vacant
Parks and Recreation Director	Jeff Stewart
Utility Director	Vacant



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Gardner  
Kansas**

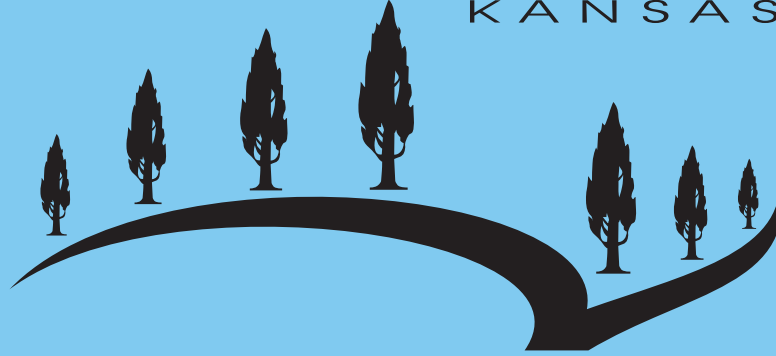
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2013**

Executive Director/CEO



CITY OF  
**GARDNER**  
KANSAS



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the fiscal year ended  
December 31, 2014**

**FINANCIAL SECTION**

**FINANCIAL SECTION**

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council Members  
City of Gardner, Kansas

### **Report on the Financial Statements**

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 Gardner, Kansas (City) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit and Accounting Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Gardner, Kansas, as of December 31, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 18 to the basic financial statements, the financial statements for governmental activities and the discretely presented component unit as of January 1, 2014 have been restated to fix a prior period adjustment. Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

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

#### ***Supplementary and Other Information***

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

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

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

June 25, 2015  
Wichita, Kansas

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Gardner (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

### FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of 2014 by \$120,905,333 (*net position*). Of this amount, \$17,130,656 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$8,786,151 during the fiscal year.
- As of the close of 2014, the City's governmental funds reported combined ending fund balances of \$8,835,492. Approximately 71% of this total amount, \$6,305,486, is unassigned fund balance available for spending at the City's discretion.
- At the close of the current fiscal year, fund balance for the City's primary operating fund, the general fund, was \$6,315,126 or 61% of the total general fund revenues of \$10,421,620.
- The City's total long-term debt decreased by \$8,792,089 during the fiscal year. This was due to a portion of the City's debt paying off in 2014 from a crossover refunding that originated in 2013 and aggressive debt retirement.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

## ***Government-wide Financial Statements***

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

The *Statement of Net Position* reports all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources and net position. Net position, the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources, are important measures of the City's overall financial health. Over time, the increases and decreases in net position can be monitored to determine whether the City's financial position is improving or deteriorating.

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

Both statements show the operations of the City broken down by governmental activities and business-type activities. Governmental activities are the operations of the City generally supported by taxes, such as public works, public safety, parks and recreation, and general administration. Business-type activities are operations of the City that are intended to recover all or a significant portion of their costs through user fees and charges. These consist of the four utilities the City operates: electric, water, wastewater, and stormwater.

## ***Fund Financial Statements***

The City uses three types of funds to manage its resources: Governmental Funds, Proprietary Funds, and Fiduciary Funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. These funds are separated for the purpose of carrying on specific activities or attaining certain objectives in accordance with regulations, restrictions, or limitations.

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

The City maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, debt service fund and capital projects fund, all of which are considered to be major funds. Data from the remaining governmental funds are combined into a

single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

The City has four enterprise funds: Electric Fund, Water Fund, Wastewater Fund and the Storm Water Fund. The City has four internal service funds: Risk Management Fund, Information Technology Services Fund, Building Maintenance Fund, and the Utility Billing Services Fund. The Electric Fund, Water Fund, and Wastewater Fund are the only funds being considered major funds for presentation purposes.

*Fiduciary Funds* are used by the City to account for resources held by the City for the benefit of a third party. Because the resources of these funds are not available for the City's operations, they are not presented in the government-wide financial statements.

### ***Notes to the Financial Statements***

The notes to the financial statements are an integral part of the basic financial statements because they contain valuable additional information necessary for gaining a complete understanding of the City's financial statements.

### ***Other Information***

In addition to the financial statements and the notes described above, required supplementary information concerning the City's progress in funding its obligation to provide postemployment benefits to its employees and supplementary information regarding non-major funds have been included to give the reader further information.

## ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS

### *Analysis of Net Position*

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the City, assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$120,905,333 at the close of the current fiscal year. The City's net position increased by \$8,786,151 from the prior year, with governmental activities accounting for \$5,466,974 of the increase, and business-type activities accounting for \$3,319,177 of the increase.

#### City of Gardner, Kansas Net Position

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$31,107,111	\$31,504,137	\$13,697,724	\$12,784,293	\$44,804,835	\$44,288,430
Capital assets	56,630,840	55,537,613	90,914,439	93,241,071	147,545,279	148,778,684
Total assets	<u>87,737,951</u>	<u>87,041,750</u>	<u>104,612,163</u>	<u>106,025,364</u>	<u>192,350,114</u>	<u>193,067,114</u>
Deferred outflows	54,393	62,552	87,321	112,725	141,714	175,277
Long-term liabilities	29,446,420	34,071,909	36,000,491	39,995,757	65,446,911	74,067,666
Other liabilities	796,954	924,515	1,594,642	2,357,158	2,391,596	3,281,673
Total liabilities	<u>30,243,374</u>	<u>34,996,424</u>	<u>37,595,133</u>	<u>42,352,915</u>	<u>67,838,507</u>	<u>77,349,339</u>
Deferred inflows	3,747,988	3,773,870	-	-	3,747,988	3,773,870
Net position:						
Invested in capital assets, net of related debt	28,346,555	23,965,054	55,182,468	53,358,039	83,529,023	77,323,093
Restricted for:						
Debt service	18,150,792	18,156,526	-	-	18,150,792	18,156,526
Capital projects	1,755,222	2,242,140	-	-	1,755,222	2,242,140
Streets improvements	115,336	213,522	-	-	115,336	213,522
Economic development	190,719	173,807	-	-	190,719	173,807
Other purposes	33,585	34,910	-	-	33,585	34,910
Unrestricted	5,208,773	3,548,049	11,921,883	10,427,135	17,130,656	13,975,184
Total net position	<u>\$53,800,982</u>	<u>\$48,334,008</u>	<u>\$67,104,351</u>	<u>\$63,785,174</u>	<u>\$120,905,333</u>	<u>\$112,119,182</u>

The largest portion of the City's net position (69%) reflects its investment of \$83,529,023 in capital assets (e.g., land, buildings, infrastructure, construction in progress, machinery and equipment); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these are not available for future spending.

An additional \$20,245,654 of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of the City's net position of \$17,130,656 (\$5,208,773 governmental activities and \$11,921,883 business-type activities) is unrestricted and may be used to meet ongoing obligations to citizens and creditors.

## *Analysis of Changes in Net Position*

As stated earlier, the City's net position increased by \$8,786,151 during the current fiscal year. The following table reflects the revenues and expenses for the City's activities for the year ended December 31, 2014, and illustrates the comparison between 2014 and the prior year:

<b>City of Gardner, Kansas</b>						
<b>Changes in Net Position</b>						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
<b>Revenues:</b>						
Program Revenues:						
Charges for services	\$ 2,527,329	\$ 1,615,296	\$ 24,151,107	\$ 23,042,223	\$ 26,678,436	\$ 24,657,519
Operating grants and contributions	3,251,406	2,966,108	-	-	3,251,406	2,966,108
Capital grants and contributions	2,902,279	782,039	-	-	2,902,279	782,039
General Revenues:						
Property taxes	4,947,132	4,821,475	-	-	4,947,132	4,821,475
Sales taxes	3,467,735	3,190,773	-	-	3,467,735	3,190,773
Franchise taxes	352,792	348,956	-	-	352,792	348,956
Excise taxes	-	-	-	-	-	-
Transient guest tax	42,976	42,493	-	-	42,976	42,493
Unrestricted Investment earnings	11,456	33,418	10,744	29,972	22,200	63,390
Other	75,467	-	-	-	75,467	-
Gain on sale of assets	-	40,567	-	-	-	40,567
<b>Total Revenue</b>	<b>17,578,572</b>	<b>13,841,125</b>	<b>24,161,851</b>	<b>23,072,195</b>	<b>41,740,423</b>	<b>36,913,320</b>
<b>Expenses:</b>						
General government	3,558,824	2,817,304	-	-	3,558,824	2,817,304
Public safety	4,688,596	3,874,682	-	-	4,688,596	3,874,682
Public works	3,354,014	2,631,533	-	-	3,354,014	2,631,533
Culture and recreation	2,368,847	2,460,190	-	-	2,368,847	2,460,190
Interest on long-term debt	1,100,397	1,595,184	-	-	1,100,397	1,595,184
Electric	-	-	12,536,784	11,779,932	12,536,784	11,779,932
Water	-	-	3,549,784	3,345,254	3,549,784	3,345,254
Wastewater	-	-	4,317,776	3,657,553	4,317,776	3,657,553
Stormwater	-	-	25,167	25,167	25,167	25,167
<b>Total Expenses</b>	<b>15,070,678</b>	<b>13,378,893</b>	<b>20,429,511</b>	<b>18,807,906</b>	<b>35,500,189</b>	<b>32,186,799</b>
Increase (decrease) in net position before transfers	2,507,894	462,232	3,732,340	4,264,289	6,240,234	4,726,521
Transfers	413,163	1,029,100	(413,163)	(1,029,100)	-	-
<b>Change in net position</b>	<b>2,921,057</b>	<b>1,491,332</b>	<b>3,319,177</b>	<b>3,235,189</b>	<b>6,240,234</b>	<b>4,726,521</b>
Net position, 1/1/2014	48,334,008	47,329,690	63,785,174	60,549,985	112,119,182	107,879,675
Prior period adjustment	2,545,917	(487,014)	-	-	2,545,917	(487,014)
<b>Net position, 12/31/14</b>	<b>\$ 53,800,982</b>	<b>\$ 48,334,008</b>	<b>\$ 67,104,351</b>	<b>\$ 63,785,174</b>	<b>\$ 120,905,333</b>	<b>\$ 112,119,182</b>

## *Governmental Activities*

The City's net position related to governmental activities increased by \$5,466,974 during the year. The increase can be attributed to an adjustment the City made to correct assets recorded mostly before 2005 that belong to the City that were improperly recorded as Airport Association Component Unit assets and increased revenues.

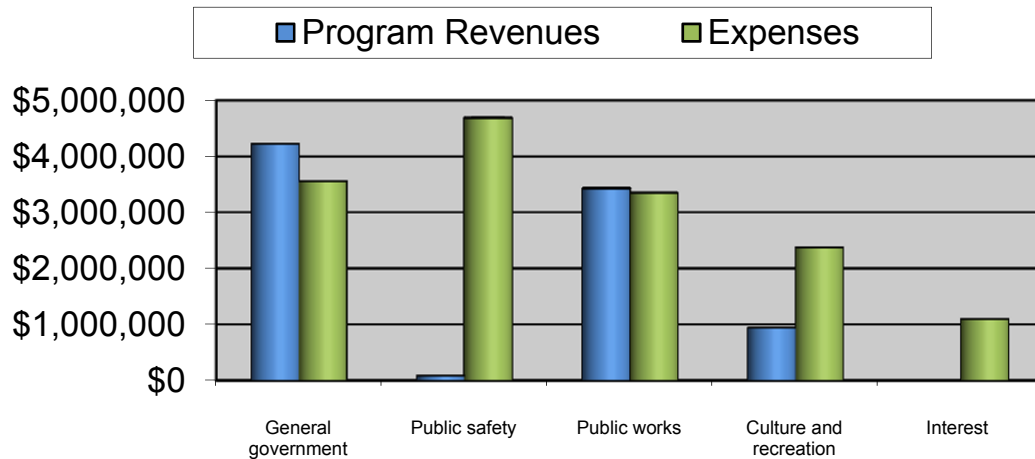
Total governmental revenues increased \$3,737,447 over the prior year. Charges for Services reflects an increase in revenue from the implementation of a cost allocation plan to recover costs into the general fund for general fund services provided to the City's utilities; and Capital Grants and Contributions reflects an increase in revenue from grant funding from FAA, KDOT, CARS and CDBG for qualifying projects.



Total governmental expenses increased \$1,691,785 from the prior year. Increased costs for personnel-related expenses account for part of the increase, due in part to the implementation of a merit/COLA adjustment for personnel, state-mandated increases for KPERS and KPF, and increased overtime expenses due to vacancies. Additionally, the City completed various economic development studies, such as the Comprehensive Plan and the Economic Development Strategy, which increased expenses for outsourced services. The City also had increased depreciation expense due to the completion and capitalization of large capital projects early in 2014.

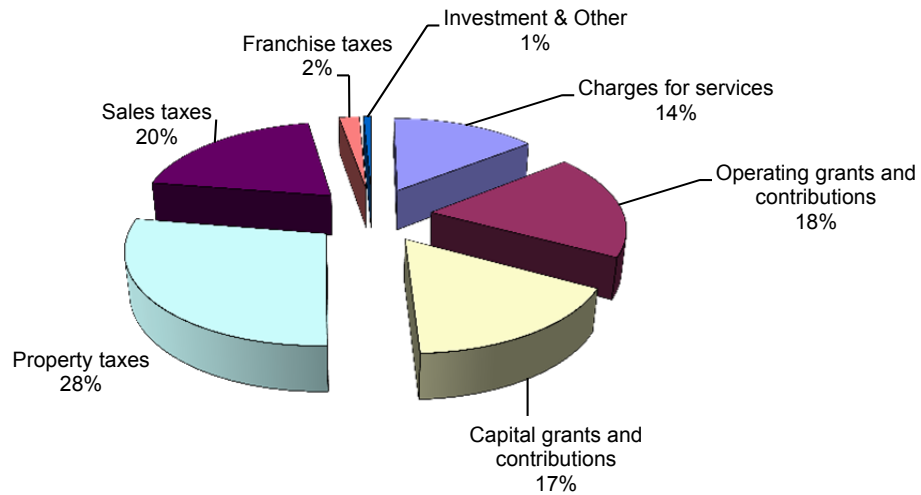
The chart below illustrates how the City's various governmental activities program revenues vs. program expenses fared in 2014.

### Governmental Activities Expenses and Program Revenues



The chart below illustrates the City’s overall program and general revenues for governmental activities:

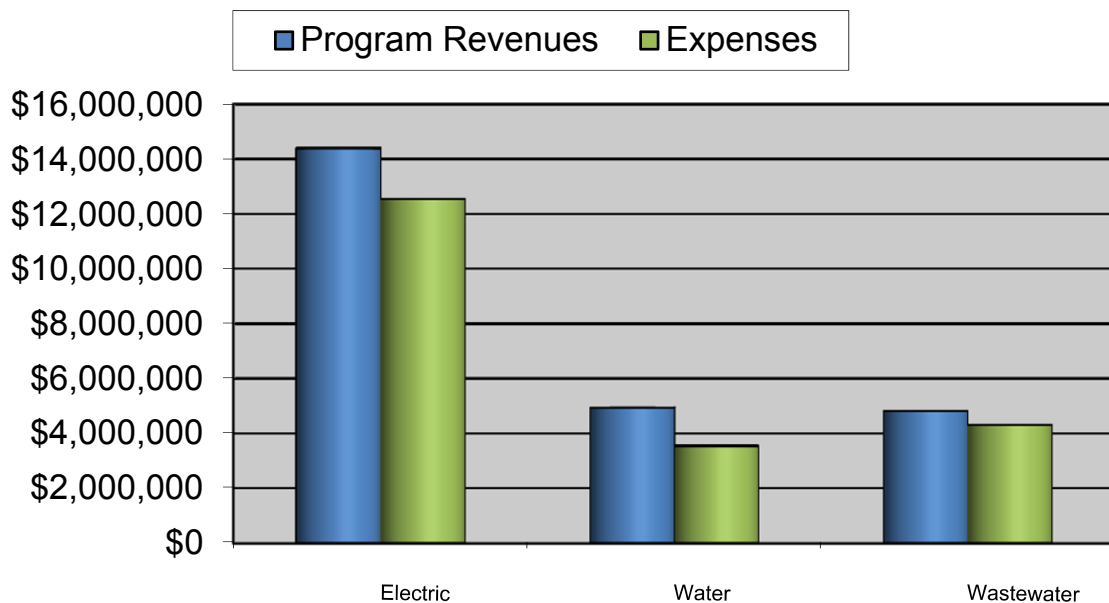
### Governmental Activities Revenues by Source



### Business-Type Activities

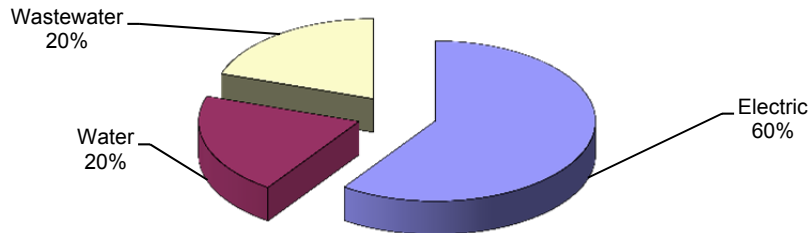
The City’s net position related to business-type activities increased by \$3,319,177 from the prior year. The City implemented utility rate increases of 8% in water and 11% in the wastewater base rate; electric rates were unchanged. The program revenues vs. program expenses for business-type activities chart below illustrates the overall increase in net position for electric, water, and wastewater.

### Business-Type Activities Expenses and Program Revenue



The chart below illustrates the City's charges for services from business-type activities, which account for 99.95% of their revenues:

### **Business-Type Activities Charges for Services by Fund**



#### **FINANCIAL ANALYSIS OF THE CITY'S FUNDS:**

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

##### ***Governmental funds***

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$8,835,492, a decrease of \$1,214,970 in comparison with the prior year. Approximately 71% of this total amount or \$6,315,126 constitutes fund balance that is available to meet the City's current and future needs. The remainder of the fund balance totaling \$2,520,366 is restricted for specific spending.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, the total fund balance was \$6,315,126. As a measure of the general fund's liquidity, it may be useful to compare the available fund balance to total general fund expenditures. Available fund balance represents 59% of total general fund expenditures of \$10,643,144.

The fund balance in the City's general fund had an increase of \$640,151 during the current fiscal year. Total revenue in the general fund was \$10,421,620, an increase of \$972,853 over the previous year due to the cost allocation, as stated previously. This revenue increase of \$972,853 was partially offset by increased expenses of \$332,702 due to the aforementioned personnel-related expenses and economic development studies.

The capital projects fund had an ending fund balance of \$1,159,108. This is a decrease of \$829,697 from the prior year. The decrease is due to capital project spending for improvements made to the City's aquatic center and the result of issuing permanent financing for temporary notes at an amount less than the originally financed temporary notes in the amount of \$965,000.

The debt service fund had an ending fund balance of \$425,504, all of which is restricted for the payment of debt service. This is a decrease of \$926,360 from the prior year. Part of the decrease can be attributed to the reduction in the collection of delinquent special assessment taxes. Additionally, the City had increased principal expenses in 2014 from a crossover refunding that originated in 2013.

### ***Proprietary funds***

The City's proprietary funds financial statements provide the same type of information found in the government-wide financial statements, but in more detail.

At the end of the current fiscal year, unrestricted net position for the business-type activities amounted to \$11,929,766. The total increase in unrestricted net position was \$1,400,845 from the prior year.

The electric fund had total net position of \$33,515,679 at the end of the current fiscal year. This is an increase of \$927,722 from the previous year. This increase was down from prior years due to an increase in wholesale energy costs.

The water fund had total net position of \$17,391,145 at the end of the current fiscal year. This is an increase of \$1,265,224 from the previous year. This can be attributed to increased operating revenue from charges for services due to the aforementioned rate increase and decreased treatment costs.

The wastewater fund had total net position of \$15,568,829 at the end of the current fiscal year. This is an increase of \$1,167,618 from the previous year. The increase is mostly due to increased charges for services again due to the aforementioned rate increase.

The City's internal service funds had total net position of \$50,082 at the end of the current fiscal year.

### ***Fiduciary funds***

The City maintains three fiduciary funds for the assets of the Alcohol Safety Action Program, Special Olympics Program, and the Mayor's Christmas Tree Program. At the end of 2014, the assets of the funds were \$59,463.

## **GENERAL FUND BUDGETARY HIGHLIGHTS:**

The City's budget was not amended during 2014; therefore, the original budget and the final budget are the same. During the year, total revenues were more than budgetary estimates by \$1,631,415. Due to the City's effective budget controls, expenditures were \$4,071,362 less than budgeted, which resulted in a positive variance of \$5,702,777. A summary of differences between budgetary estimates for revenues and expenditures is as follows:

- Property tax collections were more than the original estimate by \$140,629.

- City sales and use tax revenue were more than estimated by \$207,739. This is due to a slight improvement in economic conditions.
- Intergovernmental revenues were more than budget by \$219,805. Revenues for County sales and use tax were up as a result of a stabilizing economy.
- Charges for services were more than the original estimate by \$1,006,440. This increase in revenue is due to the implementation of the aforementioned cost allocation plan.
- General Fund project reserves of \$3,917,798 remain available at the end of 2014. This is up 57% from the prior year. These large reserves will provide funding to undertake major initiatives planned for the future.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### *Capital Assets*

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2014, amounted to \$147,545,279 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements, machinery and equipment, intangibles, vehicles, roads, water lines, sewer collectors and electric lines.

#### City of Gardner's Capital Assets (Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 5,056,725	\$ 4,102,151	\$ 2,354,720	\$ 2,354,720	\$ 7,411,445	\$ 6,456,871
Water Rights	-	-	-	475,000	-	475,000
Construction in progress	1,011,891	16,267,209	858,330	11,482,421	1,870,221	27,749,630
Buildings	3,949,863	3,235,377	763,721	785,397	4,713,584	4,020,774
Improvements	768,640	854,687	6,021,181	6,390,413	6,789,821	7,245,100
Infrastructure	45,088,034	30,311,866	72,468,836	70,419,946	117,556,870	100,731,812
Intangibles	-	-	7,632,270	368,307	7,632,270	368,307
Machinery and equipment	400,224	372,559	500,598	559,560	900,822	932,119
Vehicles	355,463	393,764	314,783	405,307	670,246	799,071
	<u>\$ 56,630,840</u>	<u>\$ 55,537,613</u>	<u>\$ 90,914,439</u>	<u>\$ 93,241,071</u>	<u>\$ 147,545,279</u>	<u>\$ 148,778,684</u>

More detailed information about the City's capital assets is presented in Note 6 to the Basic Financial Statements.

### *Long-Term Debt*

At the end of the current fiscal year, the City had total long-term debt outstanding of \$63,471,476. Of this amount, \$26,930,000 was general obligation debt backed by the full faith and credit of the City. However, \$18,113,666 of the general obligation debt is supported by business-type revenues. Special assessment debt in the amount \$15,035,000 is debt for which the City is liable in the event of default by the property owners subject to the assessment. An additional \$17,157,412 of the City's debt is from construction loans with the Kansas Department of Health and Environment and the Kansas Department of Transportation for improvements to the water, wastewater and road systems. The remainder of the City's debt represents PBC revenue bonds, certificates of participation and capital lease obligations.

In 2014, the City issued permanent financing for the temporary notes issued in 2012 for the purpose of financing a school campus benefit district and sewer project. In addition, the City issued bonds for

improvements to the City's aquatic center and to currently refund two state revolving fund loans. The refunding was undertaken to provide interest cost savings to the City.

**City of Gardner's Long-Term Debt**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
General obligation bonds	\$ 8,816,334	\$ 6,153,300	\$ 18,113,666	\$ 21,181,700	\$ 26,930,000	\$ 27,335,000
Special assessment debt with government commitment	15,035,000	12,385,000	-	-	15,035,000	12,385,000
Bond anticipation notes payable	-	4,915,000	-	1,330,000	-	6,245,000
PBC revenue bonds	2,620,000	2,880,000	-	-	2,620,000	2,880,000
Construction loan payable	477,884	4,515,624	16,679,528	16,155,452	17,157,412	20,671,076
Certificates of participation	1,670,000	2,670,000	-	-	1,670,000	2,670,000
Capital lease obligations	59,064	77,489	-	-	59,064	77,489
	<b>\$ 28,678,282</b>	<b>\$ 33,596,413</b>	<b>\$ 34,793,194</b>	<b>\$ 38,667,152</b>	<b>\$ 63,471,476</b>	<b>\$ 72,263,565</b>

The City's total long-term debt decreased \$8,792,089 during the current fiscal year. This is due to a portion of the City's debt paying off in 2014 related to a crossover refunding that was completed in 2013, cost savings from issuing permanent financing for temporary notes at an amount less than the originally financed temporary notes in the amount of \$965,000 and aggressive debt retirement.

The City was assigned an "AA-" rating from Standard & Poor's for its general obligation bonds. State statutes limit the amount of general obligation debt a government entity may issue to 30% of its total assessed valuation. The current debt limitation for the City is \$47,105,324, which is significantly in excess of the City's outstanding general obligation bonds.

More detailed information about the City's long-term debt is presented in Note 13 to the basic financial statements and information regarding bond anticipation notes in Note 14.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the City's finances for all interested parties. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Finance Department, 120 East Main, Gardner, Kansas 66030.

# GARDNER

KANSAS



CITY OF GARDNER, KANSAS

STATEMENT OF NET POSITION

December 31, 2014

	Primary Government			Component
	Governmental	Business-type	Total	Unit
	Activities	Activities		Airport
				Association
<b>Assets:</b>				
Deposits and investments	\$ 6,710,868	\$ 8,932,631	\$ 15,643,499	\$ 138,032
Receivables, net of allowance for uncollectibles:				
Taxes	4,373,750	-	4,373,750	-
Accounts	-	2,998,432	2,998,432	22,776
Intergovernmental	834,282	-	834,282	-
Special assessments	18,048,950	-	18,048,950	-
Airport Association	455,000	-	455,000	-
Other	9,815	2,354	12,169	-
Internal balances	(24,476)	24,476	-	-
Prepaid items	-	2,000	2,000	8,777
Inventories	-	1,276,140	1,276,140	27,545
Restricted deposits and investments	698,922	461,691	1,160,613	-
Capital assets, net of accumulated depreciation, where applicable:				
Land	5,056,725	2,354,720	7,411,445	-
Construction in progress	1,011,891	858,330	1,870,221	-
Buildings	3,949,863	763,721	4,713,584	152,218
Improvements	768,640	6,021,181	6,789,821	19,423
Infrastructure	45,088,034	72,468,836	117,556,870	55,722
Intangibles	-	7,632,270	7,632,270	-
Machinery and equipment	400,224	500,598	900,822	-
Vehicles	355,463	314,783	670,246	-
Total assets	<u>87,737,951</u>	<u>104,612,163</u>	<u>192,350,114</u>	<u>424,493</u>
Deferred outflows of resources:				
Unamortized portion of refunding gain	<u>54,393</u>	<u>87,321</u>	<u>141,714</u>	<u>-</u>
<b>Liabilities:</b>				
Accounts payable	339,329	648,439	987,768	6,119
Accrued payroll	133,963	54,583	188,546	-
Accrued interest payable	323,662	353,969	677,631	-
Unearned revenue	-	75,960	75,960	-
Liabilities payable from restricted assets	-	461,691	461,691	-
Noncurrent liabilities:				
Due within one year	4,297,042	5,076,520	9,373,562	50,000
Due in more than one year	25,149,378	30,923,971	56,073,349	405,000
Total liabilities	<u>30,243,374</u>	<u>37,595,133</u>	<u>67,838,507</u>	<u>461,119</u>
Deferred inflows of resources:				
Property tax receivable	<u>3,747,988</u>	<u>-</u>	<u>3,747,988</u>	<u>-</u>
<b>Net position:</b>				
Net investment in capital assets	28,346,555	55,182,468	83,529,023	(227,637)
Restricted for:				
Debt service	18,150,792	-	18,150,792	-
Capital projects	1,755,222	-	1,755,222	-
Street improvements	115,336	-	115,336	-
Economic development	190,719	-	190,719	-
Other purposes	33,585	-	33,585	-
Unrestricted	5,208,773	11,921,883	17,130,656	191,011
Total net position	<u>\$ 53,800,982</u>	<u>\$ 67,104,351</u>	<u>\$ 120,905,333</u>	<u>\$ (36,626)</u>

See accompanying notes to basic financial statements.



CITY OF GARDNER, KANSAS

STATEMENT OF ACTIVITIES

Year Ended December 31, 2014

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit Airport Association
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
						Governmental Activities	Business-Type Activities		
<b>Primary government:</b>									
Governmental activities:									
General government	\$ 4,575,923	\$ (1,017,099)	\$ 1,607,129	\$ 2,609,703	\$ -	\$ 658,008	\$ -	\$ 658,008	\$ -
Public safety	4,688,596	-	9,253	80,053	-	(4,599,290)	-	(4,599,290)	-
Public works	3,354,014	-	-	529,972	2,902,279	78,237	-	78,237	-
Culture and recreation	2,368,847	-	910,947	31,678	-	(1,426,222)	-	(1,426,222)	-
Interest on long-term debt	1,100,397	-	-	-	-	(1,100,397)	-	(1,100,397)	-
Total governmental activities	<u>16,087,777</u>	<u>(1,017,099)</u>	<u>2,527,329</u>	<u>3,251,406</u>	<u>2,902,279</u>	<u>(6,389,664)</u>	<u>-</u>	<u>(6,389,664)</u>	<u>-</u>
Business-type activities:									
Electric	12,179,385	357,399	14,393,780	-	-	-	1,856,996	1,856,996	-
Water	3,220,084	329,700	4,948,652	-	-	-	1,398,868	1,398,868	-
Wastewater	3,987,776	330,000	4,808,675	-	-	-	490,899	490,899	-
Stormwater	25,167	-	-	-	-	-	(25,167)	(25,167)	-
Total business-type activities	<u>19,412,412</u>	<u>1,017,099</u>	<u>24,151,107</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,721,596</u>	<u>3,721,596</u>	<u>-</u>
Total primary government	<u>\$ 35,500,189</u>	<u>\$ -</u>	<u>\$ 26,678,436</u>	<u>\$ 3,251,406</u>	<u>\$ 2,902,279</u>	<u>(6,389,664)</u>	<u>3,721,596</u>	<u>(2,668,068)</u>	<u>-</u>
<b>Component unit:</b>									
Airport Association	\$ 162,674	\$ -	\$ 294,716	\$ -	\$ -	-	-	-	132,042
General revenues:									
Property taxes						4,947,132	-	4,947,132	-
Sales taxes						3,467,735	-	3,467,735	-
Franchise taxes						352,792	-	352,792	-
Transient guest tax						42,976	-	42,976	-
Unrestricted investment earnings						11,456	10,744	22,200	-
Other						75,467	-	75,467	-
Transfers						413,163	(413,163)	-	-
Total general revenues and transfers						<u>9,310,721</u>	<u>(402,419)</u>	<u>8,908,302</u>	<u>-</u>
Change in net position						<u>2,921,057</u>	<u>3,319,177</u>	<u>6,240,234</u>	<u>132,042</u>
Net position, beginning of year						48,334,008	63,785,174	112,119,182	2,377,249
Prior period adjustment						2,545,917	-	2,545,917	(2,545,917)
Net position, end of year						<u>\$ 53,800,982</u>	<u>\$ 67,104,351</u>	<u>\$ 120,905,333</u>	<u>\$ (36,626)</u>

See accompanying notes to basic financial statements.

**CITY OF GARDNER, KANSAS**

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

**December 31, 2014**

	<b>General</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>					
Deposits and investments	\$ 5,482,103	\$ 432,650	\$ 285,777	\$ 486,446	\$ 6,686,976
Receivables (net of allowance for uncollectibles):					
Taxes	3,061,215	1,022,857	-	289,678	4,373,750
Special assessments	-	18,048,950	-	-	18,048,950
Intergovernmental	454,669	-	16,740	362,873	834,282
Airport Association	-	-	455,000	-	455,000
Other	9,637	-	106	72	9,815
Restricted deposits and investments	-	-	438,272	260,650	698,922
Due from other funds	333,487	-	-	-	333,487
<b>Total assets</b>	<b>\$ 9,341,111</b>	<b>\$ 19,504,457</b>	<b>\$ 1,195,895</b>	<b>\$ 1,399,719</b>	<b>\$ 31,441,182</b>
<b>Liabilities</b>					
Accounts payable	\$ 151,255	\$ 7,146	\$ 36,787	\$ 139,542	\$ 334,730
Accrued payroll	130,292	-	-	-	130,292
Due to other funds	19,307	-	-	324,423	343,730
<b>Total liabilities</b>	<b>300,854</b>	<b>7,146</b>	<b>36,787</b>	<b>463,965</b>	<b>808,752</b>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue - special assessments	-	18,048,950	-	-	18,048,950
Deferred revenue - property taxes	2,725,131	1,022,857	-	-	3,747,988
<b>Total deferred inflows of resources</b>	<b>2,725,131</b>	<b>19,071,807</b>	<b>-</b>	<b>-</b>	<b>21,796,938</b>
<b>Fund Balances</b>					
Restricted					
Debt Service	-	425,504	-	106,101	531,605
Capital projects	-	-	1,159,108	490,013	1,649,121
Street improvements	-	-	-	115,336	115,336
Economic development	-	-	-	190,719	190,719
Other	-	-	-	33,585	33,585
Assigned	9,640	-	-	-	9,640
Unassigned	6,305,486	-	-	-	6,305,486
<b>Total fund balances</b>	<b>6,315,126</b>	<b>425,504</b>	<b>1,159,108</b>	<b>935,754</b>	<b>8,835,492</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 9,341,111</b>	<b>\$ 19,504,457</b>	<b>\$ 1,195,895</b>	<b>\$ 1,399,719</b>	<b>\$ 31,441,182</b>

See accompanying notes to basic financial statements

CITY OF GARDNER, KANSAS

RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL  
FUNDS TO THE STATEMENT OF NET POSITION

December 31, 2014

Total fund balances in Governmental Funds Balance Sheet \$ 8,835,492

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 56,577,923

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. 18,048,950

Deferred refunding on bonds payable are not due and payable in the current period and therefore not reported as deferred outflows in the funds. 54,393

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. (29,760,351)

Internal service funds are used by management to charge the costs of building maintenance and information technology services to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net position. 44,575

Net position of governmental activities \$ 53,800,982

See accompanying notes to the basic financial statements.

CITY OF GARDNER, KANSAS

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

Year Ended December 31, 2014

	General	Debt Service	Capital Projects	Other Governmental funds	Total Governmental Funds
<b>Revenues</b>					
Taxes:					
Property tax	\$ 3,485,675	\$ 1,208,507	\$ -	\$ 252,950	\$ 4,947,132
Sales tax	1,923,739	-	-	1,543,996	3,467,735
Franchise tax	352,792	-	-	-	352,792
Transient guest tax	-	-	-	42,976	42,976
Special assessments	3,453	973,813	-	-	977,266
Intergovernmental	2,162,152	-	259,583	1,885,173	4,306,908
Licenses and permits	204,236	-	-	-	204,236
Charges for services	1,867,940	-	-	-	1,867,940
Fines and fees	384,400	-	-	67,300	451,700
Investment earnings	7,010	3,214	523	709	11,456
Other	30,223	20,538	2,601	-	53,362
<b>Total revenues</b>	<u>10,421,620</u>	<u>2,206,072</u>	<u>262,707</u>	<u>3,793,104</u>	<u>16,683,503</u>
<b>Expenditures</b>					
Current:					
General government	2,588,646	-	-	840,737	3,429,383
Public safety	4,188,261	-	-	-	4,188,261
Public works	1,600,153	-	-	-	1,600,153
Culture and recreation	1,970,858	-	-	-	1,970,858
Capital outlay	265,483	-	508,367	946,630	1,720,480
Debt service:					
Principal	18,425	6,443,312	4,915,000	1,631,394	13,008,131
Interest and fiscal charges	11,318	753,623	24,575	117,168	906,684
Other	-	151,981	91,972	1,540	245,493
<b>Total expenditures</b>	<u>10,643,144</u>	<u>7,348,916</u>	<u>5,539,914</u>	<u>3,537,469</u>	<u>27,069,443</u>
Excess of revenues over (under) expenditures	<u>(221,524)</u>	<u>(5,142,844)</u>	<u>(5,277,207)</u>	<u>255,635</u>	<u>(10,385,940)</u>
<b>Other financing sources (uses)</b>					
General obligation bonds issued	-	3,600,000	4,490,000	-	8,090,000
Issuance: Premium	-	87,542	136,942	-	224,484
Proceeds from sale of capital assets	22,105	-	-	-	22,105
Transfers in	841,298	528,942	1,728	495,000	1,866,968
Transfers out	(1,728)	-	(181,160)	(849,699)	(1,032,587)
<b>Total other financing sources (uses)</b>	<u>861,675</u>	<u>4,216,484</u>	<u>4,447,510</u>	<u>(354,699)</u>	<u>9,170,970</u>
Net change in fund balances	640,151	(926,360)	(829,697)	(99,064)	(1,214,970)
Fund balances, beginning of year	5,674,975	1,351,864	1,988,805	1,034,818	10,050,462
Fund balances, end of year	<u>\$ 6,315,126</u>	<u>\$ 425,504</u>	<u>\$ 1,159,108</u>	<u>\$ 935,754</u>	<u>\$ 8,835,492</u>

See accompanying notes to basic financial statements

CITY OF GARDNER, KANSAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES

Year Ended December 31, 2014

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

Net change in fund balances - total governmental funds	\$ (1,214,970)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	(1,439,281)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	872,964
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	4,693,647
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(24,207)
Internal service funds are used by management to charge the costs of building maintenance and information technology services to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	<u>32,904</u>
Change in net position of governmental activities	<u><u>\$ 2,921,057</u></u>

See accompanying notes to the basic financial statements

CITY OF GARDNER, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES - BUDGET AND ACTUAL

GENERAL FUND

Year Ended December 31, 2014

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>			
Taxes:			
Property	\$ 3,345,046	\$ 3,485,675	\$ 140,629
Sales	1,716,000	1,923,739	207,739
Franchise	365,000	352,792	(12,208)
Intergovernmental	1,945,800	2,165,605	219,805
Licenses and permits	158,700	204,236	45,536
Charges for services	861,500	1,867,940	1,006,440
Fines and fees	352,700	384,400	31,700
Investment earnings	15,200	6,907	(8,293)
Other	30,156	30,223	67
<b>Total revenues</b>	<u>8,790,102</u>	<u>10,421,517</u>	<u>1,631,415</u>
<b>Expenditures</b>			
General government	2,516,400	2,491,320	25,080
Public safety	4,347,400	4,188,261	159,139
Public works	1,551,100	1,609,793	(58,693)
Culture and recreation	2,015,400	1,970,858	44,542
Capital outlay	-	265,483	(265,483)
Debt service	270,000	21,021	248,979
Project reserve	3,917,798	-	3,917,798
<b>Total expenditures</b>	<u>14,618,098</u>	<u>10,546,736</u>	<u>4,071,362</u>
Excess of revenues over (under) expenditures	<u>(5,827,996)</u>	<u>(125,219)</u>	<u>5,702,777</u>
<b>Other financing sources and (uses)</b>			
Transfers in	1,116,400	891,298	(225,102)
Transfers out	-	(1,728)	(1,728)
Proceeds from sale of capital assets	-	22,105	22,105
<b>Total other financing sources and (uses)</b>	<u>1,116,400</u>	<u>911,675</u>	<u>(204,725)</u>
<b>Net change in fund balances</b>	(4,711,596)	786,456	5,498,052
<b>Fund balances, beginning of year</b>	4,729,596	5,431,508	701,912
<b>Fund balances, end of year</b>	<u>\$ 18,000</u>	<u>6,217,964</u>	<u>\$ 6,199,964</u>
Explanation of difference between budgetary and GAAP fund balances:			
Encumbrances for equipment and supplies ordered but not received are not recorded for GAAP purposes until received		<u>9,640</u>	
GAAP fund balance - General Fund only		6,227,604	
Fund balances for separately budgeted funds included with the General Fund on GAAP financials:			
Special Benefit Fee Fund		<u>87,522</u>	
		<u>\$ 6,315,126</u>	

See accompanying notes to financial statements

**CITY OF GARDNER, KANSAS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**

**December 31, 2014**

	Major Funds	
	Electric	Water
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 5,957,919	\$ 1,760,187
Accounts receivable, net	1,827,938	579,522
Other receivable	1,562	530
Prepaid items	2,000	-
Inventories	1,194,110	82,030
Restricted deposits and investments	390,912	70,779
Due from other funds	42,097	600
Total current assets	9,416,538	2,493,648
Noncurrent assets:		
Capital assets:		
Land	678,879	964,968
Construction in progress	858,330	-
Buildings	867,093	-
Infrastructure	40,379,732	25,986,728
Intangibles	401,622	265,000
Improvements	6,056,474	2,680,332
Machinery and equipment	763,654	170,572
Vehicles	365,688	269,600
Less accumulated depreciation and amortization	(22,257,515)	(8,485,188)
Total capital assets	28,113,957	21,852,012
Total noncurrent assets	28,113,957	21,852,012
<b>Total assets</b>	37,530,495	24,345,660
<b>Deferred outflows of resources</b>		
Unamortized portion of refunding gain	29,680	-
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	373,028	57,814
Accrued payroll	20,094	14,065
Customer and developer deposits	390,912	70,779
Accrued interest payable	21,003	83,036
Due to other funds	131	1,080
Unearned revenue	-	75,960
Compensated absences	31,007	13,998
Current portion of bonds payable	1,447,550	731,000
Current portion of construction loans payable	-	301,415
Total current liabilities	2,283,725	1,349,147
Noncurrent liabilities:		
Other postemployment benefit obligation	25,569	37,670
Bonds payable, net	1,735,202	1,462,719
Construction loan payable	-	4,104,979
Total noncurrent liabilities	1,760,771	5,605,368
<b>Total liabilities</b>	4,044,496	6,954,515
<b>Net position</b>		
Net investment in capital assets	24,960,885	15,251,899
Unrestricted	8,554,794	2,139,246
<b>Total net position</b>	\$ 33,515,679	\$ 17,391,145

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

<u>Wastewater</u>	<u>Nonmajor Fund Stormwater</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ 1,166,834	\$ -	\$ 8,884,940	\$ 71,583
590,972	-	2,998,432	-
262	-	2,354	-
-	-	2,000	-
-	-	1,276,140	-
-	-	461,691	-
236	-	42,933	-
<u>1,758,304</u>	<u>-</u>	<u>13,668,490</u>	<u>71,583</u>
710,873	-	2,354,720	-
-	-	858,330	-
-	-	867,093	-
47,478,657	23,080	113,868,197	-
7,090,821	-	7,757,443	-
1,408,723	737,691	10,883,220	-
274,384	-	1,208,610	129,853
470,523	-	1,105,811	74,850
(17,115,398)	(137,580)	(47,995,681)	(145,090)
<u>40,318,583</u>	<u>623,191</u>	<u>90,907,743</u>	<u>59,613</u>
<u>40,318,583</u>	<u>623,191</u>	<u>90,907,743</u>	<u>59,613</u>
<u>42,076,887</u>	<u>623,191</u>	<u>104,576,233</u>	<u>131,196</u>
<u>57,641</u>	<u>-</u>	<u>87,321</u>	<u>-</u>
208,504	-	639,346	13,692
10,950	-	45,109	13,145
-	-	461,691	-
249,930	-	353,969	-
17,246	-	18,457	14,233
-	-	75,960	-
21,120	-	66,125	23,607
1,830,800	-	4,009,350	-
682,976	-	984,391	-
<u>3,021,526</u>	<u>-</u>	<u>6,654,398</u>	<u>64,677</u>
14,828	-	78,067	16,437
11,939,187	-	15,137,108	-
11,590,158	-	15,695,137	-
<u>23,544,173</u>	<u>-</u>	<u>30,910,312</u>	<u>16,437</u>
<u>26,565,699</u>	<u>-</u>	<u>37,564,710</u>	<u>81,114</u>
14,333,103	623,191	55,169,078	59,613
1,235,726	-	11,929,766	(9,531)
<u>\$ 15,568,829</u>	<u>\$ 623,191</u>	<u>67,098,844</u>	<u>\$ 50,082</u>
		<u>5,507</u>	
		<u>\$ 67,104,351</u>	

See accompanying notes to basic financial statements



**CITY OF GARDNER, KANSAS**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**

**PROPRIETARY FUNDS**

**Year Ended December 31, 2014**

	<b>Major Funds</b>	
	<b>Electric</b>	<b>Water</b>
<b>Operating revenues</b>		
Charges for sales and services	\$ 14,393,780	\$ 4,948,652
Other	-	-
<b>Total operating revenues</b>	<u>14,393,780</u>	<u>4,948,652</u>
<b>Operating expenses</b>		
Administration	581,533	442,329
Wholesale energy cost	7,688,972	-
Generation	737,002	-
Treatment	-	1,701,750
Distribution and collection	2,004,943	420,068
Contractual services	-	-
Other supplies and expenses	-	-
Repairs and maintenance	-	-
Depreciation and amortization	1,414,440	729,962
Other	-	-
<b>Total operating expenses</b>	<u>12,426,890</u>	<u>3,294,109</u>
Operating income (loss)	<u>1,966,890</u>	<u>1,654,543</u>
<b>Nonoperating revenues (expenses)</b>		
Investment earnings	6,491	1,984
Interest expense	(104,486)	(234,079)
Other	-	(16,189)
<b>Total nonoperating revenues (expenses)</b>	<u>(97,995)</u>	<u>(248,284)</u>
Income (loss) before transfers and contributions	1,868,895	1,406,259
Capital contributions	-	237,438
Transfers in	-	-
Transfers out	(941,173)	(378,473)
<b>Change in net position</b>	927,722	1,265,224
Total net position, beginning of year	32,587,957	16,125,921
Total net position, end of year	<u>\$ 33,515,679</u>	<u>\$ 17,391,145</u>

Change in net position

Some amounts reported for business-type activities in the statements of activities are different because the net revenue of certain internal service funds is reported with business-type activities.

Change in net position of business-type activities

<u>Wastewater</u>	<u>Nonmajor Fund Stormwater</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ 4,808,675	\$ -	\$ 24,151,107	\$ 1,907,909
-	-	-	28,350
<u>4,808,675</u>	<u>-</u>	<u>24,151,107</u>	<u>1,936,259</u>
408,569	-	1,432,431	661,330
-	-	7,688,972	-
-	-	737,002	-
1,194,822	-	2,896,572	-
363,541	-	2,788,552	-
115,007	-	115,007	1,022,545
-	-	-	38,752
-	-	-	111,184
1,355,396	25,167	3,524,965	15,177
-	-	-	70,588
<u>3,437,335</u>	<u>25,167</u>	<u>19,183,501</u>	<u>1,919,576</u>
<u>1,371,340</u>	<u>(25,167)</u>	<u>4,967,606</u>	<u>16,683</u>
2,269	-	10,744	-
(826,190)	-	(1,164,755)	-
(48,846)	-	(65,035)	-
<u>(872,767)</u>	<u>-</u>	<u>(1,219,046)</u>	<u>-</u>
498,573	(25,167)	3,748,560	16,683
183,780	-	421,218	-
531,838	-	531,838	-
<u>(46,573)</u>	<u>-</u>	<u>(1,366,219)</u>	<u>-</u>
1,167,618	(25,167)	3,335,397	16,683
<u>14,401,211</u>	<u>648,358</u>	<u>63,763,447</u>	<u>33,399</u>
<u>\$ 15,568,829</u>	<u>\$ 623,191</u>	<u>67,098,844</u>	<u>\$ 50,082</u>
		3,335,397	
		<u>(16,220)</u>	
		<u>\$ 3,319,177</u>	

See accompanying notes to the basic financial statements

CITY OF GARDNER, KANSAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

Year Ended December 31, 2014

	Major Funds	
	Electric	Water
Cash flows from operating activities:		
Receipts from customers	\$ 14,405,401	\$ 4,844,931
Other	--	--
Payments to suppliers	(10,148,892)	(1,889,019)
Payments to employees	(1,223,139)	(674,034)
Net cash provided by operating activities	3,033,370	2,281,878
Cash flows from noncapital financing activities:		
Transfers from other funds	--	--
Transfers to other funds	(941,173)	(378,473)
Net cash provided by (used in) noncapital financing activities	(941,173)	(378,473)
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(297,901)	(145,784)
Principal paid on general obligation bonds and special assessments	(1,445,814)	(715,949)
Principal paid on construction loan	--	(291,165)
Interest paid on general obligation bonds, construction loan, and capital lease	(123,041)	(279,492)
Proceeds from general obligation bonds	--	--
Issuance costs and fees	--	--
Net cash used in capital and related financing activities	(1,866,756)	(1,432,390)
Cash flows from investing activities:		
Interest received	6,491	1,984
Net increase (decrease) in cash and cash equivalents	231,932	472,999
Cash and cash equivalents, beginning of year	6,116,899	1,357,967
Cash and cash equivalents, end of year	\$ 6,348,831	\$ 1,830,966

<u>Wastewater</u>	<u>Nonmajor Fund Stormwater</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ 4,736,245	\$ --	\$ 23,986,577	\$ 1,907,909
--	--	--	26,191
(2,006,120)	--	(14,044,031)	(1,278,484)
(356,680)	--	(2,253,853)	(631,288)
<u>2,373,445</u>	<u>--</u>	<u>7,688,693</u>	<u>24,328</u>
531,838	--	531,838	--
(46,573)	--	(1,366,219)	--
<u>485,265</u>	<u>--</u>	<u>(834,381)</u>	<u>--</u>
485,265	--	--	--
(344,875)	--	(788,560)	--
(1,863,692)	--	(4,025,455)	--
(473,870)	--	(765,035)	--
(768,348)	--	(1,170,881)	--
945,000	--	945,000	--
(35,954)	--	(35,954)	--
<u>(2,541,739)</u>	<u>--</u>	<u>(5,840,885)</u>	<u>--</u>
<u>2,269</u>	<u>--</u>	<u>10,744</u>	<u>--</u>
319,240	--	1,024,171	24,328
<u>847,594</u>	<u>--</u>	<u>8,322,460</u>	<u>47,255</u>
<u>\$ 1,166,834</u>	<u>\$ --</u>	<u>\$ 9,346,631</u>	<u>\$ 71,583</u>

See accompanying notes to the basic financial statements

CITY OF GARDNER, KANSAS

(Continued)

PROPRIETARY FUNDS

Year Ended December 31, 2014

	Major Funds	
	Electric	Water
Cash consists of:		
Cash	\$ 5,957,919	\$ 1,760,187
Restricted deposits and investments	390,912	70,779
	<u>6,348,831</u>	<u>1,830,966</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	1,966,890	1,654,543
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Items not requiring cash:		
Depreciation and amortization expense	1,414,440	729,962
Operating revenue (other)	--	--
Other postemployment benefit obligation	6,526	19,681
Changes in:		
Receivables	27,069	(103,649)
Inventories	252,610	--
Due from other funds	6,477	119
Prepaid expenses	(1,000)	--
Accounts payable	(578,412)	(2,981)
Due to other funds	(3)	(677)
Accrued liabilities	(39,302)	(14,929)
Customer deposits	(21,925)	(191)
Net cash provided by operating activities	<u>\$ 3,033,370</u>	<u>\$ 2,281,878</u>

**Noncash capital and financing activities:** In 2014 the Water Fund and the Wastewater Fund received \$237,438 and \$183,780, respectively, in capital contributions. In addition, \$77,000 of the Water Fund's Intangible Asset was obtained without a cash outlay

Wastewater	Nonmajor Fund Stormwater	Total	Internal Service Funds
\$ 1,166,834	\$ --	\$ 8,884,940	\$ 71,583
--	--	461,691	--
1,166,834	--	9,346,631	71,583
1,371,340	(25,167)	4,967,606	16,683
1,355,396	25,167	3,524,965	15,177
--	--	--	(2,159)
(3,179)	--	23,028	4,095
(72,507)	--	(149,087)	--
--	--	252,610	--
77	--	6,673	--
--	--	(1,000)	--
(263,918)	--	(845,311)	(21,695)
(3,431)	--	(4,111)	(13,720)
(10,333)	--	(64,564)	25,947
--	--	(22,116)	--
\$ 2,373,445	\$ --	\$ 7,688,693	\$ 24,328

See accompanying notes to the basic financial statements

**CITY OF GARDNER, KANSAS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**December 31, 2014**

	<u>Agency Funds</u>
<b>Assets</b>	
Deposits and investments	<u>\$    59,463</u>
<b>Liabilities</b>	
Due to others	<u>\$    59,463</u>

See accompanying notes to the basic financial statements

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

1 - Summary of Significant Accounting Policies

Reporting Entity

The City of Gardner, Kansas (the City) is located in Johnson County, Kansas and was first incorporated in 1887 under the provisions of the constitution and general statutes of the State of Kansas. The City operates under a Mayor-Council-Administrator form of government and provides a full range of services including public safety (police and fire); public works; community services; recreation and leisure; planning and codes enforcement; general management; and electric, water, wastewater, and stormwater utilities. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The blended component unit, although a legally separate entity, is, in substance, part of the City's operations. The discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the City.

*Blended Component Unit.* The Public Building Corporation (PBC) is a not-for-profit corporation governed by the Mayor, certain City Council members and members of the City's management. The PBC's sole purpose is to acquire assets and construct facilities and infrastructure for the benefit of the City through the issuance of revenue bonds pursuant to Kansas Statute 12-1757. The financial statements of the PBC have been included within the City's reporting entity as a capital projects fund (City Hall). Separately issued financial statements of the PBC are not available.

*Discretely Presented Component Unit.* The Airport Association is a not-for-profit corporation that operates the municipal airport located in the City and promotes economic development at the facility. The governing body of the Airport Association is appointed by the City Council. The Airport Association must obtain the City's approval before issuing debt and the City has also issued debt for the Airport Association. The Airport Association's revenue is derived from the rental of hangar and building space, the sale of fuel and the sale of crops grown on airport property. The Airport Association is presented as a proprietary fund. Separately issued financial statements for the Airport Association are not available.



CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

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

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 and major individual enterprise funds are reported as separate columns in the fund financial statements.

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 financial statements. The agency funds do not have a measurement focus and use the accrual basis of accounting to report their financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. A 90-day availability period is used for revenue recognition for all governmental funds revenues except property taxes for which a 60-day availability period is used. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues at the time of receipt, or earlier if the susceptible to accrual criteria are met.

Property taxes, sales taxes, franchise taxes, interest associated with the current fiscal period, and certain state and federal grants and entitlements are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City. While property taxes are shown on the balance sheet as current assets of the City, they are not recognized as revenue at year end because statutory provisions prohibit their use until the year for which they were raised and budgeted. Instead, they are offset by deferred inflows of resources accounts.

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The City reports the following major governmental funds:

The general fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. This fund accounts for the general operating transactions of the City including public safety, public works, parks, recreation, and administration.

The debt service fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

The capital projects fund is used to account for the acquisition and construction of major capital facilities other than those financed by enterprise funds.

The City reports the following major proprietary funds:

The electric fund accounts for the operation and maintenance activities of the City's electric distribution and generation system.

The water fund accounts for the operation and maintenance activities of the City's water treatment and distribution system.

The wastewater fund accounts for the operation and maintenance activities of the City's wastewater collection and treatment system.

Additionally, the City reports the following fund types:

The agency funds are used to report resources held by the City in a custodial capacity for remittance of fiduciary resources to individuals, private organizations or other governments.

Internal service funds account for risk management, information technology, building maintenance and utility billing services provided to other departments on a cost reimbursement basis.

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. An exception to this rule is charges between the City's enterprise funds and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the electric, water, wastewater and stormwater 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 nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Pooled Cash and Investments

Cash and investments of the individual funds are combined to form a pool that is managed by the Director of Finance. Each fund's equity in the pool is included in "deposits and investments" in the financial statements. These pooled deposits and investments consist of operating accounts, money market mutual funds, pooled municipal investment pool and United States Treasury Notes. The money market mutual funds, pooled municipal investment pool and treasury bills are recorded at fair value. The pool is not an SEC registered pool. The Pooled Money investment board (PMIB) provides the regulatory oversight for this pool. The reported value of the pool is the same as the fair value of the pool shares. Investment earnings, including interest income, are allocated to the funds required to accumulate interest; other investment earnings are allocated based on management discretion and upon their average daily equity balances. If a fund is not required to account for its own earnings by law or regulation, the earnings are allocated to the general fund.

For the fiscal year ended December 31, 2014, interest earnings of \$22,200 were allocated to the various funds.

Statement of Cash Flows

For purposes of the statement of cash flows, the City considers deposits and highly liquid investments with an original maturity of three months or less to be cash equivalents. At December 31, 2014, cash equivalents consisted of money market mutual funds and treasury bills included in pooled cash described above.

Allowances for Uncollectibles

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 238 days comprise the trade accounts receivable allowance for uncollectibles. The allowance for trade uncollectibles is as follows at December 31, 2014:

Electric Fund	\$	515,610
Water Fund		204,236
Wastewater Fund		179,108

The property tax receivable allowance is equal to 6.30% of outstanding property taxes at December 31, 2014.

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Restricted Assets

The State of Kansas requires the City to maintain customer utility and developer deposits separate from City assets in the enterprise funds. Interest earned on deposits is credited back to customers as required by State statutes. Restricted deposits and investments are also set aside for capital projects.

Property Taxes

The City's property tax is levied each year on the assessed value of all real estate listed as of the prior January 1, the lien date. Assessed values are established by Johnson County. The assessed value at January 1, 2013 upon which the 2014 levy was based was approximately \$135,979,647.

Property taxes are legally restricted for use in financing operations of the ensuing year. Accordingly, the City defers revenue recognition until the year for which they are to be used. Property taxes are levied on November 1 of each year. Property owners have the option of paying one-half of the full amount of the taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the following year. Property taxes become delinquent on December 20 of each fiscal year if the taxpayer has not remitted at least one-half of the amount due. The Johnson County Treasurer is the tax collection agent for all taxing entities within the County. Property taxes levied in prior years that remain uncollected are recorded as receivables, net of estimated uncollectibles

Inventories

Inventories consist of expendable supplies and merchandise held for consumption. All inventories are valued at the lower of cost using the first-in/first-out (FIFO method) or market.

Capital Assets

Capital assets, which include property, plant, equipment, infrastructure (e.g., roads, bridges, sidewalks and similar items) and construction in progress are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial individual cost of more than \$10,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Capital Assets (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government, as well as the component unit, are depreciated using the straight-line method over the following estimated useful lives.

Buildings and improvements	20 - 40 years
Machinery and equipment	10 years
Vehicles	10 years
Infrastructure	15 - 50 years

The City acquired electric utility customers during 2013 and water utility customers during 2014 which are reported in the electric fund and the water fund, respectively and are also reported in the business-type activities column in the government-wide financial statements as a capital asset. The City is amortizing these assets based on the revenue generated from the acquired customers.

Compensated Absences

The City's policies allow up to one and one half times employees' earned rates of vacation to be carried over to subsequent years. This carryover is payable upon separation from service and ranges from 120 to 240 hours depending upon the employee's length of service.

All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. In the governmental fund financial statements, a liability for these amounts is reported only when they have matured, for example, as a result of employee resignations and retirements.

Sick leave for full-time employees is earned at the rate of approximately four hours per bi-weekly pay period with a maximum accumulation of 1,040 hours. Regular part-time employees accrue sick leave at a proportional rate to full-time employees. Accumulated sick pay is not vested, and therefore is not recorded in the financial statements.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Long-Term Obligations (Continued)

using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

Fund Balances

As prescribed by GASB Statement No. 54, governmental funds report fund balance classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of December 31, 2014, fund balances for governmental funds are made up of the following:

*Nonspendable fund balance* – includes amounts that are (a) not spendable in form, or (b) legally or contractually required to remain intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

*Restricted fund balance* – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

*Committed fund balance* – includes amounts that can only be used for specific purposes determined by a formal action of the City’s highest level of decision-making authority, the City Council. Commitments may be changed or lifted only by the City Council taking the same formal action that imposed the restraint originally.

*Assigned fund balance* – includes amounts intended to be used by the City for specific purposes that are neither restricted nor committed. For this type of fund balance, it is the City’s policy that spending authority is delegated to management by the City Council.

*Unassigned fund balance* – is the residual classification for the General Fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose.



CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Fund Balances(Continued)

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

Deferred outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on the refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items, unavailable revenue and deferred revenue that qualify for reporting in this category. Unavailable revenue, which arises only under a modified accrual basis of accounting, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred revenues are reported in both the government-wide statement of net position and the governmental funds balance sheet for property tax receivable. Property taxes are not recognized as revenue until the period for which they are levied.

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Deferred inflows of resources are reported as follows:

General fund property taxes receivable	\$ 2,725,131
Debt service fund property taxes receivable	1,022,857
Debt service fund special assessments receivable	<u>18,048,950</u>
	<u>\$ 21,796,938</u>

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Net position

The government-wide statement of net position reports \$20,245,654 of restricted net position, of which \$115,336 is restricted by enabling legislation.

Concentrations of Credit Risk

Loans are extended, on a fully secured basis, to local businesses under an economic development loan program. Credit is extended to citizens for special assessments levied by the City for capital improvements. These special assessments are secured by liens on the related properties. Unsecured credit is extended to customers for electric, water and sewer fees and charges for services.

Intergovernmental receivables include unsecured amounts due from federal, state and county agencies for various grant programs.

Use of Estimates

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

Pending Governmental Accounting Standards Board Statements

At December 31, 2014, the Governmental Accounting Standards Board (GASB) had issued statements not yet implemented by the City. The statements that might impact the City are as follows:

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, was issued in June 2012. This statement establishes accounting and financial reporting by state and local governments for pensions, including entities that participate in cost-sharing multiple-employer plans. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. Also, this statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For example, cost-sharing employers participating in KPERS, such as the

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Pending Governmental Accounting Standards Board Statements (Continued)

City of Gardner, will be required to record its proportionate share, as defined in Statement No 68, of the KPERS unfunded pension liability. While management of the City has not yet estimated its share of the KPERS liability, it is presumed that the amount will be material to the City's financial statements. The provisions of this statement are effective for financial statements for the City of Gardner's fiscal year ending December 31, 2015.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, was issued in November 2013. The objective of this statement is to address an issue regarding application of the transition provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Under Statement 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances of deferred outflows and inflows of resources not be reported. This statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The provisions of this statement should be applied simultaneously with the provisions of Statement 68 and will be effective for financial statements for the City of Gardner's fiscal year ending December 31, 2015.

GASB Statement No. 72, *Fair Value Presentation and Measurement*, was issued in February, 2015. The objective of this statement is to address the accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The provisions of this statement will be effective for financial statements for the City of Gardner's fiscal year ending December 31, 2016.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, completes the suite of pension standards. Statement 73 establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria (in other words, those not covered by Statements 67 and 68). The requirements in Statement 73 for reporting pensions generally are the same as in Statement 68. However, the lack of a pension plan that is administered through a trust that meets specified criteria is reflected in the measurements. The provisions of this statement will be effective for financial statements for the City of Gardner's fiscal year ending December 31, 2016.

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Pending Governmental Accounting Standards Board Statements (Continued)

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Statement 74 replaces GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Statement 74 addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The Statement follows the framework for financial reporting of defined benefit OPEB plans in Statement 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position. The Statement requires more extensive note disclosures and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments. Statement 74 also sets forth note disclosure requirements for defined contribution OPEB plans. The provisions of this statement will be effective for financial statements for the City of Gardner's fiscal year ending December 31, 2017.

GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Statement 75 replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* and requires governments to report a liability on the face of the financial statements for the OPEB that they provide. Statement 75 requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. Among the new note disclosures is a description of the effect on the reported OPEB liability of using a discount rate and a healthcare cost trend rate that are one percentage point higher and one percentage point lower than assumed by the government. The new RSI includes a schedule showing the causes of increases and decreases in the OPEB liability and a schedule comparing a government's actual OPEB contributions to its contribution requirements. The provisions of this statement will be effective for financial statements for the City of Gardner's fiscal year ending December 31, 2018.

2 - Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position of governmental activities as reported in the government -

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

2 - Reconciliation of Government-Wide and Fund Financial Statements (Continued)

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position (Continued)

wide statement of net position. One element of that reconciliation explains that “Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$29,760,351 difference are as follows:

General obligation and special assessments bonds payable	\$ (23,851,334)
Issuance premium	(359,318)
PBC lease revenue bonds	(2,620,000)
Construction loans payable	(477,884)
Certificates of participation	(1,670,000)
Accrued interest payable	(323,662)
Other postemployment benefit obligations	(172,286)
Capital lease obligation	(59,064)
Compensated absences	<u>(226,803)</u>
 Net adjustment to decrease fund balance - total governmental funds to arrive at net position - governmental activities	 <u><u>\$ (29,760,351)</u></u>

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between net change in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$1,439,281 difference are as follows:

Capitalized assets acquired	\$ 1,086,898
Depreciation expense	<u>(2,526,179)</u>
 Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net position of governmental activities	 <u><u>\$ (1,439,281)</u></u>

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

2 - Reconciliation of Government-Wide and Fund Financial Statements (Continued)

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities (Continued)

Another element of that reconciliation states that “The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$4,693,647 difference are as follows:

Debt issued or incurred:	
General obligation bonds and special assessments bonds payable	\$ (8,090,000)
Premiums	(224,484)
Principal repayments:	
General obligation and special assessments bonds payable	2,776,966
PBC lease revenue bonds	260,000
Certificates of participation	1,000,000
Construction loans	4,037,740
Capital lease obligation	18,425
Temporary note payable	<u>4,915,000</u>
Net adjustment to decrease net change in fund balances - total governmental funds to arrive at change in net position of governmental activities	<u>\$ 4,693,647</u>

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$24,207 difference are as follows:

Compensated absences	\$ (67,850)
Accrued interest	46,863
Premium amortization	13,076
Deferred refunding	(8,159)
Other postemployment benefit obligation	<u>(8,137)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (24,207)</u>

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

3 - Stewardship, Compliance and Accountability

Budgetary Information

Applicable Kansas statutes require that budgets be legally adopted for the general fund, special revenue funds (unless exempted by a specific statute), enterprise funds and the debt service fund. A legal operating budget is not required for the capital projects funds, the capital improvement reserve fund or the airport fund. All budgets are prepared utilizing the modified accrual basis further modified by the encumbrance method of accounting – that is, commitments such as purchase orders and contracts, in addition to disbursements and accounts payable, are recorded as expenditures.

The Statutes provide for the following sequence and timetable in adoption of budgets:

- a. Preparation of proposed budget for the succeeding calendar year on or before August 1 of each year.
- b. Publication of proposed budget on or before August 5 of each year.
- c. A minimum of ten days' notice of public hearing, published in a local newspaper, on or before August 15 of each year.
- d. Public hearing on or before August 15 of each year.
- e. Adoption of final budget on or before August 25 of each year.

Kansas statutes permit transferring budgeted amounts from one object or purpose to another within the same fund; however, such statutes prohibit creating expenditures in excess of the total amount of the adopted budget of expenditures in an individual fund. The City Administrator is authorized to approve over-expenditures at the departmental level or transfers of budgeted appropriations between departments. However, management may not amend a fund's total budgeted expenditures without Council approval. The legal level of budgetary control is the fund level. Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the City. All unencumbered appropriations lapse at the end of the year. Encumbered appropriations are not reappropriated in the ensuing year's budget but are carried forward until liquidated or cancelled. Kansas statutes permit original budgets to be increased for previously unbudgeted increases in revenue other than ad valorem property taxes. The City must first publish a notice of public hearing to amend the budget. Ten days after publication, a public hearing is held and the governing body may amend the budget at that time. There were no budget amendments in 2014.

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

4 - Deposits and Investments

Deposits

*Custodial Credit Risk-Deposits*

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. Kansas statutes require that deposits be collateralized, and that collateral pledged must have a fair market value equal to 100% of the deposits and investments, less insured amounts, and must be assigned for the benefit of the City. The carrying amount of deposits for the City was not exposed to custodial credit risk.

The Airport Association does not have a policy covering custodial credit risk. At December 31, 2014, the Airport Association's deposits were not exposed to custodial credit risk.

Investments

At December 31, 2014, the City had the following investments:

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value</u>
Money market mutual funds	< 1 year	\$ 260,650
T-Bills	<1 year	10,000,000
Pooled municipal investment pool	<1 year	<u>438,272</u>
Total Investments		<u>\$ 10,698,922</u>

*Interest Rate Risk*

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's formal investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, but requires that to the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. The City is not exposed to significant interest rate risk.



CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

4 - Deposits and Investments (Continued)

Investments (Continued)

*Credit risk*

Kansas statutes authorize the City, with certain restrictions, to deposit or invest in temporary notes, no-fund warrants, open accounts, time deposits, certificates of deposit, repurchase agreements, U.S. Treasury Bills and Notes, the State of Kansas Municipal Investment Pool, or to make direct investments. The City has an investment policy which does not impose limitations beyond those of the State of Kansas. The City's investments in money market mutual funds are rated AAAM by Standard & Poor's and Aaa-mf by Moody's.

*Custodial Credit Risk – Investments*

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. As of December 31, 2014 the City had \$10,000,000 exposed to custodial credit risk.

The State Treasurer's Investment Pool (Pool) operates in accordance with state law, which requires it to meet all of the requirements of Rule 2a-7 of the Securities and Exchange Commission. The Pool has a credit rating of AAAsf/S1+ from Standard & Poor's Financial Services. Local government investment pools in this rating category meet the highest standards for credit quality, conservative investment policies, and safety of principal. The pool invests in a high quality portfolio of debt securities investments legally permissible for municipalities and school districts in the state.

5 - Loan Receivable

During 2004, 2007, 2008 and 2013 the City made loans to the Airport Association for airport improvements. At December 31, 2014, the receivable balance was \$455,000 and is included in noncurrent liabilities on the Airport Association component unit column of the statement of net position. The final principal and interest payments are to be made in 2024.

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

6 - Capital Assets

Capital asset activity for the primary government for the year ended December 31, 2014 was as follows:

Governmental activities	12/31/2013	Prior	Adjusted	Increase	Decrease	Transfer	12/31/2014
	Balance	Period Adjustment	12/31/2013 Balance				Balance
Capital assets not being depreciated							
Land	\$ 4,102,151	\$ 669,833	\$ 4,771,984	\$ -	\$ -	\$ 284,741	\$ 5,056,725
Construction in progress	16,267,209	35,854	16,303,063	888,059	-	(16,179,231)	1,011,891
<b>Total capital assets not being depreciated</b>	<b>20,369,360</b>	<b>705,687</b>	<b>21,075,047</b>	<b>888,059</b>	<b>-</b>	<b>(15,894,490)</b>	<b>6,068,616</b>
Capital assets being depreciated							
Buildings	4,902,925	1,546,603	6,449,528	-	-	-	6,449,528
Improvements	2,203,517	15,583	2,219,100	-	-	-	2,219,100
Infrastructure	46,641,201	1,227,667	47,868,868	37,148	-	15,894,490	63,800,506
Machinery and equipment	1,720,151	-	1,720,151	110,808	-	-	1,830,959
Vehicles	1,181,665	-	1,181,665	50,883	(31,071)	-	1,201,477
<b>Total capital assets being depreciated</b>	<b>56,649,459</b>	<b>2,789,853</b>	<b>59,439,312</b>	<b>198,839</b>	<b>(31,071)</b>	<b>15,894,490</b>	<b>75,501,570</b>
Less accumulated depreciation for:							
Buildings	(1,667,548)	(668,494)	(2,336,042)	(163,623)	-	-	(2,499,665)
Improvements	(1,348,830)	(11,296)	(1,360,126)	(90,334)	-	-	(1,450,460)
Infrastructure	(16,329,335)	(269,833)	(16,599,168)	(2,113,304)	-	-	(18,712,472)
Machinery and equipment	(1,347,592)	-	(1,347,592)	(83,143)	-	-	(1,430,735)
Vehicles	(787,901)	-	(787,901)	(89,184)	31,071	-	(846,014)
<b>Total accumulated depreciation</b>	<b>(21,481,206)</b>	<b>(949,623)</b>	<b>(22,430,829)</b>	<b>(2,539,588)</b>	<b>31,071</b>	<b>-</b>	<b>(24,939,346)</b>
<b>Total capital assets being depreciated, net</b>	<b>35,168,253</b>	<b>1,840,230</b>	<b>37,008,483</b>	<b>(2,340,749)</b>	<b>-</b>	<b>15,894,490</b>	<b>50,562,224</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 55,537,613</b>	<b>\$ 2,545,917</b>	<b>\$ 58,083,530</b>	<b>\$ (1,452,690)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 56,630,840</b>

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

6 - Capital Assets (Continued)

Business-type activities	12/31/2013				12/31/2014			
	Balance	Increase	Decrease	Transfer	Balance			
Capital assets not being depreciated								
Land	\$ 2,354,720	\$ -	\$ -	\$ -	\$ 2,354,720			
Water rights	475,000	-	-	(475,000)	-			
Construction in progress	11,482,421	892,005	-	(11,516,096)	858,330			
Total capital assets not being depreciated	14,312,141	892,005	-	(11,991,096)	3,213,050			
Capital assets being depreciated								
Buildings	867,093	-	-	-	867,093			
Intangibles	401,622	265,000	-	7,090,821	7,757,443			
Improvements	10,883,220	-	-	-	10,883,220			
Infrastructure	108,834,753	133,169	-	4,900,275	113,868,197			
Machinery and equipment	1,193,297	25,822	-	-	1,219,119			
Vehicles	1,120,419	45,493	-	-	1,165,912			
Total capital assets being depreciated	123,300,404	469,484	-	11,991,096	135,760,984			
Less accumulated depreciation for:								
Buildings	(81,696)	(21,676)	-	-	(103,372)			
Intangibles	(33,315)	(91,858)	-	-	(125,173)			
Improvements	(4,492,807)	(369,232)	-	-	(4,862,039)			
Infrastructure	(38,414,807)	(2,984,554)	-	-	(41,399,361)			
Machinery and equipment	(633,737)	(84,784)	-	-	(718,521)			
Vehicles	(715,112)	(136,017)	-	-	(851,129)			
Total accumulated depreciation	(44,371,474)	(3,688,121)	-	-	(48,059,595)			
Total capital assets being depreciated, net	78,928,930	(3,218,637)	-	11,991,096	87,701,389			
Business-type activities capital assets, net	\$ 93,241,071	\$ (2,326,632)	\$ -	\$ -	\$ 90,914,439			

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

6 - Capital Assets (Continued)

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

Governmental activities:	
General government	\$ 176,873
Public safety	72,731
Public works	1,959,023
Culture and recreation	330,961
	<hr/>
Total depreciation expense - governmental activities	\$ 2,539,588
	<hr/>
Business-type activities:	
Electric	\$ 1,403,771
Water	722,553
Wastewater	1,476,920
Stormwater	25,167
Capital assets held by the government's internal service funds are charged to the business-type activities based on their usage of the assets	59,710
	<hr/>
Total depreciation expense - business-type activities	\$ 3,688,121
	<hr/>

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

6 - Capital Assets (Continued)

Capital asset activity for the Airport Association component unit for the year ended December 31, 2014 was as follows:

	12/31/2013	Prior	Adjusted				12/31/2014
	Balance	Period	12/31/2013	Increase	Decrease	Transfer	Balance
		Adjustment	Balance				
Capital assets not being depreciated							
Land	\$ 669,833	\$ (669,833)	\$ -	\$ -	\$ -	\$ -	\$ -
Construction in progress	35,854	(35,854)	-	-	-	-	-
Total capital assets not being depreciated	705,687	(705,687)	-	-	-	-	-
Capital assets being depreciated							
Buildings	1,745,363	(1,546,603)	198,760	-	-	-	198,760
Improvements	54,433	(15,583)	38,850	-	-	-	38,850
Infrastructure	1,332,261	(1,227,667)	104,594	21,514	-	-	126,108
Machinery and equipment	13,390	-	13,390	-	-	-	13,390
Total capital assets being depreciated	3,145,447	(2,789,853)	355,594	21,514	-	-	377,108
Less accumulated depreciation for:							
Buildings	(705,097)	668,494	(36,603)	(9,939)	-	-	(46,542)
Improvements	(28,779)	11,296	(17,483)	(1,944)	-	-	(19,427)
Infrastructure	(329,640)	269,833	(59,807)	(10,579)	-	-	(70,386)
Machinery and equipment	(13,390)	-	(13,390)	-	-	-	(13,390)
Total accumulated depreciation	(1,076,906)	949,623	(127,283)	(22,462)	-	-	(149,745)
Total capital assets being depreciated, net	2,068,541	(1,840,230)	228,311	(948)	-	-	227,363
Business-type activities capital assets, net	\$ 2,774,228	\$ (2,545,917)	\$ 228,311	\$ (948)	\$ -	\$ -	\$ 227,363

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

7 - Capital Lease

During 2013, the City entered into a capital lease agreement for \$98,510 of equipment, included in Machinery and Equipment for Governmental Activities on the Statement of Net Position. Related accumulated depreciation was \$14,777 at December 31, 2014. The lease requires five annual payments of \$21,021, with the first payment on May 31, 2013. The lease obligation is included in Noncurrent Liabilities for Governmental Activities on the Statement of Net Position (Note 13).

8 - Defined Benefit Pension Plans

Plan Description

The City participates in the Kansas Public Employees Retirement System (KPERS) and the Kansas Police and Firemen's Retirement System (KP&F). Both are part of a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERS and KP&F provide retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS and KP&F issue a publicly available financial report (only one is issued) that includes financial statements and required supplementary information. Those reports may be obtained by writing to KPERS (611 S. Kansas Avenue, Suite 100; Topeka, Kansas 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 for all employees hired prior to July 1, 2009. K.S.A. 74-49,135 establishes the KPERS member-employee contribution rate at 5% for employees hired after July 1, 2009. K.S.A. 74-4975 establishes the KP&F member-employee contribution rate at 7.15% of covered salary. The employer collects and remits member-employee contributions according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERS and KP&F are funded on an actuarial reserve basis. State law sets a limitation on annual increases in the employer contribution rates. The KPERS employer rate established by statute for January through December 2014 was 9.69%. The City employer contributions to KPERS for the years ending December 31, 2014, 2013, and 2012 were \$427,555, \$363,966, and \$319,211, respectively, equal to the statutorily required contributions for each year. The KP&F uniform participating employer rate established for fiscal years beginning in 2014 is 19.92%. Employers participating in KP&F also make contributions to amortize the liability for past service costs, if any, which is determined separately for each participating employer. The contributions to KP&F for the years ending December 31, 2014, 2013, and 2012 were \$303,409, \$242,229, and \$232,555, respectively, equal to the statutory required contributions for each year.

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

9 - Defined Contribution Plan

The City offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. The plan, available to all full-time and regular part-time employees, permits them to defer a portion of their salary until future years. The plan is administered by International City/County Management Association (ICMA) Retirement Corporation.

The plan assets are placed in a trust for the exclusive benefit of the employees and are not the property of the City or subject to the claims of the City's general creditors. The City does not perform the investing function related to this plan and has no fiduciary accountability for the plan. Accordingly, the plan assets and related liabilities to plan participants are not included in the basic financial statements. For 2014, the City's contributions were \$30,811.

10 - Other Postemployment Healthcare Benefits

*Description.* The City offers postemployment health and dental insurance to retired employees through Midwest Public Risk (MPR) which is a risk pool comprised of more than 160 entity members. MPR functions as an agent multiple-employer plan. The pool arrangement that is maintained to collect premiums and pay claims/administrative costs does not qualify as an "OPEB Plan" and thus cannot be treated as holding assets in order to offset OPEB liabilities. Though retiree benefits are not directly paid by the City, they are implicitly paid over time through employer subsidization of active premiums that would be lower if retirees were not part of the experience group. Kansas statutes provide that postemployment healthcare benefits be extended to retired employees who have met age and/or service eligibility requirements until the individuals become eligible for Medicare coverage at age 65. Retirees of the City (and their dependents) may elect to continue coverage in the medical and dental plans offered through MPR. Spousal coverage may continue for up to three years upon retiree death or retiree attainment of age 65. In any event, spousal coverage is not available beyond spouse age 65. MPR issues a publicly available financial report that may be obtained by writing to MPR at 19400 East Valley View Parkway, Independence, Missouri 64055.

*Funding Policy.* Through MPR, the City provides health and dental insurance benefits to retirees and their dependents in accordance with Kansas law (K.S.A. 12-5040). Kansas statutes, which may be amended by the state legislature, establish that participating retirees may be required to contribute to the employee group health benefits plan, including administrative costs at an amount not to exceed 125% of the premium cost for other similarly situated employees. The contribution requirements of plan members and the City are established and may be amended by the MPR Board of Directors. Retirees contribute 100% of the cost of premiums, which vary depending on the coverage selected.

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

10 - Other Postemployment Healthcare Benefits (Continued)

The City appropriates funds annually for the costs associated with this retirement benefit and provides funding for the expenditures on a pay-as-you-go basis through the General Fund, Proprietary Funds, and Internal Service Funds. In 2014, plan members receiving benefits contributed \$15,000 to the plan and the City contributed \$3,000 to the plan.

Annual OPEB Cost and Net OPEB Obligation. The City's annual OPEB (other post-employment benefit) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period of not to exceed thirty years. The following table presents the components of the City's annual OPEB cost for the year, the amount contributed to the plan, and changes in the City's net OPEB obligation.

Annual required contribution	\$ 41,443
Interest on net OPEB obligation	10,419
Adjustment to annual required contribution	<u>(13,602)</u>
Annual OPEB cost (expense)	38,260
Contributions made	<u>(3,000)</u>
Increase in net OPEB obligation	35,260
Net OPEB obligation, January 1, 2014	<u>231,530</u>
Net OPEB obligation, December 31, 2014	<u><u>\$ 266,790</u></u>



CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

10 - Other Postemployment Healthcare Benefits (Continued)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligations for 2012, 2013 and 2014 are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Cost Contributed	Net OPEB Obligation
2012	\$ 31,274	15.98%	\$ 203,570
2013	30,960	9.69	231,530
2014	38,260	7.84	266,790

*Funded Status and Funding Progress.* As of July 1, 2013, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$242,341. The City's policy is to fund the benefits on a pay-as-you-go basis, resulting in an unfunded actuarial accrued liability (UAAL) of \$242,341. The covered payroll (annual payroll of active employees covered by the plan) was \$5,454,745 and the ratio of the UAAL to the covered payroll was 4.4 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The valuation includes, for example, assumptions about future employment, mortality and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with the past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present in time, multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and actuarial value of assets, consistent with the long-term perspective of the calculations.

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

10 - Other Postemployment Healthcare Benefits (Continued)

In the July 1, 2013 actuarial valuation, the projected unit credit actuarial cost method was applied. The actuarial assumptions included a 4.50% discount rate, which reflects the expected rate of return of the MPR Health and Dental Fund as it is used to pay retiree claims. The valuation assumed annual healthcare cost trend rates of 5.00% to 7.00% in the first eight years and an ultimate rate of 5.00% after eight years. It also assumed an inflation rate of 2.5%. The UAAL is being amortized on a level dollar open basis over a period of 30 years with the remaining amortization period of 30 years.

11 - Risk Management

The City is exposed to various risks of loss related to torts; that is, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than those related to employee health benefits and workers' compensation. Settled claims have not exceeded this commercial coverage in any of the three preceding years. There have not been significant reductions in claims from prior years.

The City obtains workers' compensation and employee health insurance through its membership in the Kansas Eastern Region Insurance Trust (KERIT) and MPR, whose members consist of local cities and counties. KERIT is a risk-sharing pool organized under the insurance laws of the State of Kansas which self-insures workers' compensation and other related expenses up to certain limits and reinsures additional excess amounts up to certain limits. The City pays annual premiums to KERIT based upon historical experience and legal requirements mandated by the State of Kansas. The trust agreement allows for member assessments in the event claims and expenses exceed KERIT's self-insured retention limit. MPR operates as a purchasing pool to provide medical and dental insurance coverage on both a self-insured and conventional basis. The City does not anticipate any additional assessments in excess of premiums paid as a result of its participation in these trusts.

12 - Capital Projects

The City is currently improving its water/sewer and electrical systems, working on street projects and performing various new developments. These projects are being funded primarily by the issuance of bonds, both general obligation and special assessment.

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

12 - Capital Projects (Continued)

Following is a summary of project-to-date costs to December 31, 2014 on the capital projects compared to the amount authorized:

	<u>Costs to Date</u>	<u>Amount Authorized</u>
Governmental improvements	\$ 16,906,383	\$ 19,154,731
Electric improvements	858,331	2,404,560
Sewer improvements	11,278,658	11,516,780
Water improvements	<u>237,438</u>	<u>237,438</u>
	<u>\$ 29,280,810</u>	<u>\$ 33,313,509</u>

13 - Long-Term Debt

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and projects. General obligation bonds have been issued for both governmental and business-type activities.

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

13 - Long-Term Debt (Continued)

General Obligation Bonds (Continued)

General obligation bonds payable at December 31, 2014 are comprised of the following issues:

	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Final Maturity Date</u>	<u>Principal Payments During 2014</u>	<u>Outstanding December 31, 2014</u>
General Obligation Bonds:					
Governmental activities:					
2004D refunding and improvement	3.5%-4.5%	\$ 830,000	10/1/2024	\$ 420,000	\$ -
2008A improvement	3.00%-3.65%	1,810,000	10/1/2018	15,000	80,000
2008B improvement	3.125%-4.00%	435,000	10/1/2018	45,000	190,000
2009C refunding and improvement	1.50%-2.55%	251,850	9/1/2015	44,850	46,000
2010A refunding and improvement	2.00%-3.60%	2,770,000	10/1/2030	110,000	2,330,000
2013A refunding	2.00%-2.25%	3,138,250	10/1/2024	842,116	2,030,334
2014B refunding and improvement	2.0%-3.0%	4,140,000	10/1/2029	-	4,140,000
				<u>\$ 1,476,966</u>	<u>\$ 8,816,334</u>
Business-type activities:					
2004D refunding and improvement	3.5%-3.85%	\$ 495,000	10/1/2014	\$ 60,000	\$ -
2008A improvement	3.00%-3.65%	2,910,000	10/1/2018	295,000	1,295,000
2008B improvement	3.125%-4.00%	6,250,000	10/1/2018	630,000	2,740,000
2008D refunding	3.25%-5.40%	1,410,000	11/1/2016	35,000	75,000
2009A improvement	2.00%-3.7%	2,267,028	10/1/2019	220,000	1,195,000
2009C refunding and improvement	1.50%-2.90%	2,628,150	9/1/2016	450,150	574,000
2012C refunding	2.0% - 4.0%	11,745,000	9/1/2021	1,055,000	9,040,000
2013A refunding	2.0%-2.25%	3,876,750	10/1/2016	1,267,884	2,249,666
2014A improvement	2.0%-3.125%	945,000	10/1/2029	-	945,000
				<u>\$ 4,013,034</u>	<u>\$ 18,113,666</u>

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

13 - Long-Term Debt (Continued)

General Obligation Bonds (Continued)

The future annual requirements for general obligation bonds outstanding as of December 31, 2014 are as follows:

	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2015	\$ 1,395,650	\$ 196,009	\$ 4,009,350	\$ 659,888
2016	1,025,684	188,841	3,519,316	495,856
2017	595,000	167,140	2,670,000	391,342
2018	595,000	153,940	2,685,000	302,402
2019	535,000	140,085	1,665,000	198,879
2020-2024	2,280,000	536,213	3,205,000	251,769
2025-2029	2,205,000	243,088	360,000	32,444
2030-2034	185,000	6,660	-	-
	<u>\$ 8,816,334</u>	<u>\$ 1,631,976</u>	<u>\$ 18,113,666</u>	<u>\$ 2,332,580</u>

In April the City issued Series 2014A General Obligation Bonds in the amount of \$4,895,000 for the purpose of financing the USD 231 School Campus Benefit District in the amount of \$3,950,000 and the White Drive Sanitary Sewer project in the amount of \$945,000 that the City originally financed with its General Obligation Temporary Notes, Series 2012B.

In December the City issued Series 2014B General Obligation Bonds in the amount of \$4,140,000 for the purpose of financing certain public swimming pool improvements and to currently refund \$3,600,000 of KDOT revolving fund loans TR-0101 and TR-0106. As a result, the KDOT loans are considered defeased and the liability for the loans have been removed from the long-term debt of the City. The City completed the refunding to reduce the total debt service payments over the next 15 years by \$438,343 and to obtain an economic gain of \$441,528.

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

13 - Long-Term Debt (Continued)

Special Assessment Bonds

The City's special assessment debt was issued to provide funds for the construction of infrastructure in new commercial and residential developments. These bonds will be repaid from amounts levied against the property owners benefited by this construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the government must provide resources to cover the deficiency until other resources, for example, foreclosure proceeds, are received. Special assessment bonds at December 31, 2014 are comprised of the following issues:

	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Final Maturity Date</u>	<u>Principal Payments During 2014</u>	<u>Outstanding December 31, 2014</u>
Special Assessment Bonds:					
Governmental activities:					
2003C refunding and improvement	1.5%-4.4%	\$ 670,000	10/1/2018	\$ 20,000	\$ 80,000
2004D refunding and improvement	3.5%-4.1%	1,835,000	10/1/2019	555,000	-
2008B improvement	3.125%-4.5%	3,215,000	10/1/2028	185,000	2,215,000
2009A improvement	2.00%-4.00%	5,437,972	10/1/2024	320,000	3,900,000
2011A improvement	.5%-4.00%	1,325,000	10/1/2031	55,000	1,165,000
2012A improvement	1.0%-3.0%	3,995,000	8/1/2032	165,000	3,725,000
2014A improvement	2.0%-3.125%	3,950,000	10/1/2029	-	3,950,000
				<u>\$ 1,300,000</u>	<u>\$ 15,035,000</u>

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

13 - Long-Term Debt (Continued)

Special Assessment Bonds (Continued)

Annual debt service requirements to maturity for special assessment bonds are as follows:

	Governmental Activities	
	Principal	Interest
2015	\$ 930,000	\$ 506,947
2016	1,015,000	432,416
2017	1,040,000	404,424
2018	1,070,000	374,486
2019	985,000	344,491
2020-2024	5,405,000	1,249,334
2025-2029	3,650,000	484,526
2030-2034	940,000	56,488
	\$ 15,035,000	\$ 3,853,112

Defeased Debt

The City has defeased certain general obligation bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At December 31, 2014, \$720,000 of the bonds that are considered defeased are outstanding.

Construction Loans Payable

During 1996, the City entered into a loan agreement with the Kansas Department of Health and Environment's Kansas Public Water Pollution Control Revolving Fund. The agreement enabled the City to borrow \$2,223,206 to finance improvements to the wastewater system. The loan will be repaid over twenty years at an interest rate of 3.22%. The total outstanding balance of \$283,754 is shown as a liability in the wastewater fund.

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

13 - Long-Term Debt (Continued)

Construction Loans Payable (Continued)

During 2005, the City entered into a loan agreement with the Kansas Department of Health and Environment's Kansas Public Water Supply Loan Fund. The agreement enabled the City to borrow \$7,582,910 to finance improvements to the water system. The loan will be repaid over twenty years at an interest rate of 3.14%. The total outstanding balance of \$4,406,394 is shown as a liability in the water fund.

During 2006, the City entered into a loan agreement with the Kansas Department of Health and Environment's Kansas Water Pollution Control Revolving Fund. The agreement enabled the City to borrow \$3,483,009 to finance improvements to the wastewater system. The loan will be repaid over twenty years at an interest rate of 2.40%. The total outstanding balance of \$2,031,387 is shown as a liability in the wastewater fund.

During 2006, the City entered into a loan agreement with the Kansas Department of Transportation. The agreement enabled the City to borrow \$692,706 to finance significant street improvement projects. The loans will be repaid over ten years at an interest rate of 3.61%. The outstanding balance of \$63,086 is shown as a liability in the governmental activities column of the statement of net position.

During 2007, the City entered into a loan agreement with the Kansas Department of Transportation. The agreement enabled the City to borrow \$1,533,638 to finance significant street improvement projects. The loans will be repaid over ten years at an interest rate of 3.37%. The outstanding balance of \$414,798 is shown as a liability in the governmental activities column of the statement of net position.

During 2012, the City entered into a loan agreement with the Kansas Department of Health and Environment's Kansas Water Pollution Control Revolving Fund. The agreement enabled the City to borrow \$10,167,808 to finance improvements to the wastewater system. The loan will be repaid over twenty years at an interest rate of 2.05%. The total outstanding balance of \$9,957,993 is shown as a liability in the wastewater fund.



CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

13 - Long-Term Debt (Continued)

The future annual debt service requirements for the amortizable loans payable are as follows:

	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2015	\$ 233,594	\$ 17,451	\$ 984,391	\$ 393,244
2016	176,681	8,233	1,012,021	368,299
2017	67,609	2,278	892,026	342,981
2018	-	-	917,056	320,522
2019	-	-	942,815	297,409
2020-2024	-	-	5,127,584	1,115,992
2025-2029	-	-	4,097,196	489,038
2030 thereafter	-	-	2,706,439	140,819
	<u>\$ 477,884</u>	<u>\$ 27,962</u>	<u>\$ 16,679,528</u>	<u>\$ 3,468,304</u>

PBC Lease Revenue Bonds

Future maturities of the PBC lease revenue bonds are as follows:

Year	Principal	Interest
2015	\$ 290,000	\$ 53,575
2016	315,000	47,775
2017	345,000	41,475
2018	375,000	34,575
2019	395,000	27,075
2020-2021	900,000	29,750
	<u>\$ 2,620,000</u>	<u>\$ 234,225</u>

On August 1, 2002, the City entered into an irrevocable lease agreement with the PBC. The purpose of the lease agreement is for the City to rent the building financed by the PBC lease Revenue Bonds, Series 2002A. The rental payments are the same as the scheduled 2002A debt payments. On September 11, 2012, the City issued Series 2012A lease revenue bonds in the amount of \$3,105,000 to currently refund \$3,323,431 of the 2002A lease revenue bonds.

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

13 - Long-Term Debt (Continued)

Certificates of Participation

In 2006, the City issued \$7,150,000 of certificates of participation series 2006D with interest rates ranging from 3.75% to 4% and with a final maturity in 2016. Future maturities of the certificates of participation are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 1,195,000	\$ 66,800
2016	<u>475,000</u>	<u>19,000</u>
	<u>\$ 1,670,000</u>	<u>\$ 85,800</u>

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

13 - Long-Term Debt (Continued)

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2014 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds	\$ 6,153,300	\$ 4,140,000	\$ 1,476,966	\$ 8,816,334	\$ 1,395,650
Issuance premiums	147,910	224,484	13,076	359,318	-
Special assessment debt with government commitment	12,385,000	3,950,000	1,300,000	15,035,000	930,000
Bond anticipation notes payable	4,915,000	-	4,915,000	-	-
Construction loans payable	4,515,624	-	4,037,740	477,884	233,594
Certificates of participation	2,670,000	-	1,000,000	1,670,000	1,195,000
PBC lease revenue bonds	2,880,000	-	260,000	2,620,000	290,000
Capital lease obligation	77,489	-	18,425	59,064	19,042
Compensated absences	158,953	337,138	262,335	233,756	233,756
Other postemployment benefit obligation	168,633	9,431	3,000	175,064	-
	<u>34,071,909</u>	<u>8,661,053</u>	<u>13,286,542</u>	<u>29,446,420</u>	<u>4,297,042</u>
Governmental activities long- term liabilities	<u>\$ 34,071,909</u>	<u>\$ 8,661,053</u>	<u>\$ 13,286,542</u>	<u>\$ 29,446,420</u>	<u>\$ 4,297,042</u>
<b>Business-type activities:</b>					
General obligation bonds	\$ 21,181,700	\$ 945,000	\$ 4,013,034	\$ 18,113,666	\$ 4,009,350
Bond anticipation notes payable	1,330,000	-	1,330,000	-	-
Construction loans payable	16,155,452	1,289,114	765,038	16,679,528	984,391
Issuance premiums	1,146,323	29,925	143,456	1,032,792	-
Compensated absences	119,385	93,324	129,930	82,779	82,779
Other postemployment benefit obligation	62,897	28,829	-	91,726	-
	<u>39,995,757</u>	<u>2,386,192</u>	<u>6,381,458</u>	<u>36,000,491</u>	<u>5,076,520</u>
Business-type activities long- term liabilities	<u>\$ 39,995,757</u>	<u>\$ 2,386,192</u>	<u>\$ 6,381,458</u>	<u>\$ 36,000,491</u>	<u>\$ 5,076,520</u>
<b>Component unit:</b>					
Loan payable to primary government	<u>\$ 497,399</u>	<u>\$ 2,601</u>	<u>\$ 45,000</u>	<u>\$ 455,000</u>	<u>\$ 50,000</u>

For the governmental activities, compensated absences and the other postemployment benefit obligation are generally liquidated by the general fund.

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

14 - Bond Anticipation Notes Payable

The City issues bond anticipation notes to provide temporary financing for capital improvement projects. These bond anticipation notes were refinanced on a long-term basis during the year. Bond anticipation notes payable at December 31, 2014 were as follows:

<u>Issue</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	
2012B	\$ 6,245,000	1.00%	4/15/2014	
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Governmental activities: Bond anticipation notes	\$ 4,915,000	\$ --	\$ 4,915,000	\$ --
Business-type activities: Bond anticipation notes	<u>1,330,000</u>	<u>--</u>	<u>1,330,000</u>	<u>--</u>
Total	<u>\$ 6,245,000</u>	<u>\$ --</u>	<u>\$ 6,245,000</u>	<u>\$ --</u>

15 - Special Assessments

Kansas statutes require special benefit district projects financed in part by special assessments to be financed through the issuance of general obligation bonds that are secured by the full faith and credit of the City. Further, state statutes permit levying additional general ad valorem taxes in the City's Debt Service Fund to finance delinquent special assessments receivable. Accordingly, special assessments receivable are accounted for within the City's debt service fund. Special assessments are levied over the repayment period of the bonds and the annual installments are due and payable with annual ad valorem taxes. At December 31, 2014, the special assessment taxes levied are a lien on the property and are recorded as a special assessments receivable in the debt service fund with a corresponding amount recorded as deferred inflows of resources. Special assessments receivable at December 31, 2014 was \$18,048,950.

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

16 - Interfund Transactions

Interfund transfers for the year ended December 31, 2014 consisted of the following:

Fund	Transfers In	Transfers Out
Major funds:		
General Fund	\$ 841,298	\$ 1,728
Debt Service Fund	528,942	-
Capital Projects Fund	1,728	181,160
Electric Fund	-	941,173
Water Fund	-	378,473
Wastewater Fund	531,838	46,573
Nonmajor governmental funds	495,000	849,699
Total transfers	\$ 2,398,806	\$ 2,398,806

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

16 - Interfund Transactions (Continued)

Due to and due from other funds are reported in the financial statements as follows:

Amounts owed from the nonmajor government funds to:

General fund	\$ 324,423
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Amounts owed from the general fund to:

Electric fund	\$ 19,177
Water fund	87
Wastewater fund	43
	<u>\$ 19,307</u>

Amounts owed from the internal service funds to:

General fund	\$ 9,064
Electric fund	4,924
Water fund	104
Wastewater fund	141
	<u>\$ 14,233</u>

Amounts owed from the electric fund to:

Water fund	\$ 79
Wastewater fund	52
	<u>\$ 131</u>

Amounts owed from the water fund to:

Electric fund	\$ 1,080
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Amounts owed from the wastewater fund to:

Electric fund	\$ 16,916
Water fund	330
	<u>\$ 17,246</u>

The outstanding balance between proprietary funds was created to reflect the balance owed for services provided. The interfund payables due from certain nonmajor governmental funds include amounts owed to the General Fund for the reimbursement of certain indirect costs.

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

17 - Commitments and Contingencies

Litigation

The City is involved in various lawsuits incurred through normal operations. It is the opinion of the City's management that the outcome of this litigation will not result in a material loss to the City in excess of applicable insurance coverage.

Industrial Revenue Bonds

The City has issued industrial revenue bonds to finance the purchase of land and construction of a facility leased to a business that relocated to the City. The lease agreement provides for rentals sufficient to service the related bonds. The debt service on this issue is paid solely from lease agreements; this issue does not constitute a debt of the City. The lessee has the option of purchasing the leased property at any time during the lease period for an amount sufficient to retire the related outstanding bonds. At the end of the lease period, which conforms to bond maturity schedules, the lessee may either purchase the property for a nominal amount or renew the lease annually at a nominal amount. As of December 31, 2014, industrial revenue bonds of \$46,950,431 are outstanding.

Encumbrances

The City uses encumbrances to control expenditure commitments for the year and to enhance cash management. Encumbrances represent commitments related to executory contracts not yet performed and purchase orders not yet filled. Commitments for such expenditure of monies are encumbered to reserve a portion of applicable appropriations. Encumbrances still open at year-end are not accounted for as expenditures and liabilities, but, rather, as restricted, committed, or assigned fund balance. At December 31, 2014, the City's recorded encumbrances in governmental funds were as follows:

General	\$	9,640
Capital projects		259,240
Special highway		79,180
		<hr/>
	\$	348,060
		<hr/> <hr/>

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

18 - Prior Period Adjustment

A prior period adjustment has been recorded on the entity-wide Statement of Activities for the governmental activities, increasing the net position by \$2,545,917 to reflect a change in the beginning balance of capital assets. The adjustment was made to correct assets recorded mostly before 2005 that belong to the City's governmental activities that were improperly recorded as Airport Association Component Unit assets.

The offsetting prior period adjustment was made to the Airport Association Component Unit for a total decrease in net position of \$2,545,917.

19 - Change in Fund Structure

In the current year, the City evaluated certain funds to improve financial reporting. The evaluation included an analysis of GASB Statement No. 54 to ensure all changes were appropriate. This evaluation resulted in the following changes: 1) Park Improvement fund (previously a sub-fund of the General Fund) is now a non-major capital projects fund 2) Capital Improvement Reserve fund (previously a non-major special revenue fund) is now a sub-fund of the Capital Projects fund 3) Special Olympics Program and Mayor's Christmas Tree Program funds (previously sub-funds of the General Fund) are now Agency funds and 4) 167<sup>th</sup> Improvement fund (previously a sub-fund of the Capital Projects fund) was moved to a sub-fund of the Street Improvement fund. There was no material impact to total fund balance for governmental funds as a result of these changes.

20 - Subsequent Events

Subsequent to year end, the City issued \$3,945,000 in General Obligation Bonds, Series 2015A, for the purpose of currently refunding the City's outstanding KDHE 2006 state-revolving fund Hillsdale loan.



**REQUIRED SUPPLEMENTARY INFORMATION**

CITY OF GARDNER, KANSAS

Schedule of Funding Progress

Health Insurance Postemployment Benefits

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2009	-	296,691	296,691	0.0%	5,944,323	5.0%
7/1/2011	-	160,208	160,208	0.0%	4,527,176	3.5%
7/1/2013	-	242,341	242,341	0.0%	5,454,745	4.4%

Note 1 - Significant Factors Affecting Trends in Actuarial Information

Changes in Actuarial Liability for the valuation completed at July 1, 2013 are primarily due to:

- The valuation interest rate was lowered from 5.0% to 4.5%. This is based on our analysis and correspondence with the investment advisors of MPR concerning the anticipated asset allocation and accompanying expected returns of the Health and Dental Fund.
- The assumed Medical / Rx trend rates were changed from 8.50% then grading down in increments of .5 percentage points to an ultimate of 5.00% **to** a starting trend of 7.00% grading down in increments of .25 percentage points to an ultimate of 5.00%. The assumed Dental trend was lowered from 4.00% to 3.75%.
- The turnover and retirement rates were updated where applicable to be based on the latest available rates from the applicable pension reports or other sources.
- Assumed mortality was updated to reflect improvement through 2018 based on recommendations of actuarial literature.
- Projected per capita retiree costs based on MPR and industry data, and retiree plan premiums, both increased more than expected.

OTHER SUPPLEMENTARY INFORMATION

## **Nonmajor Governmental Funds**

### **Special Revenue Funds**

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Law Enforcement Trust Fund – This fund is used to account for monies forfeited to the City of Gardner Police Department relating to controlled substance investigation forfeitures. Expenditures from this fund shall be made only for authorized law enforcement purposes of the Gardner Police Department.

Special Alcohol/Drug Program Fund – This fund is used to account for special alcohol liquor tax revenues that are restricted for the purpose of funding programs for the education, treatment, and intervention of alcohol and drug abuse.

Special Parks and Recreation Fund – This fund is used to account for special alcohol liquor tax revenues that are restricted to expenditures for the purchase, establishment, maintenance, or expansion of park and recreational services, programs, and facilities.

East Santa Fe TIF District Fund – This fund is used to account for the captured ad valorem tax increment and sales tax increment from properties within the Redevelopment District created by Ordinance 2110, adopted June 21, 2004. The captured increments are to be used to reimburse the developer for “reimbursable project costs” as defined in the 175<sup>th</sup> and Cedar Niles Redevelopment Agreement dated January 3, 2005.

Economic Development Reserve Fund – This fund is used to account for transient guest tax revenues that are restricted for the purpose of convention and tourism promotion.

### **Capital Projects Fund**

Park Improvement Fund – This fund is used to account for the receipt of park impact fees which are restricted for park and playground purposes. Additional revenue accounted for in this fund includes a portion of the Special County Sales and Use Tax.

Special Highway Fund – This fund is used to account for county/city revenue sharing of a portion of the State’s motor fuel tax. These revenues are restricted to the construction and maintenance of streets, the repair and replacement of curbs, and the repair and construction of sidewalks within the City’s boundaries.

Street Improvement Fund – This fund is used to account for receipt of the City’s excise fee on platted land. The expenditures in this fund are specifically restricted for the purpose of improvement of existing streets and the construction of new streets necessitated by the City’s new development growth.

City Hall – This fund is used to account for the PBC blended component unit.

### **Debt Service Fund**

Park Sales Tax Fund – This fund is used to account for the sales tax revenues that are restricted to expenditures relating to the acquisition and construction of the new Celebration Park Complex and the Aquatics Center.

**CITY OF GARDNER, KANSAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**

December 31, 2014

	Special Revenue					Total Special Revenue
	Economic Development Reserve	E. Santa Fe TIF District	Law Enforcement Trust	Special Alcohol/ Drug Program	Special Parks and Recreation	
<b>Assets</b>						
Deposits and investments	\$ 70,875	\$ 3	\$ 8,185	\$ 13,785	\$ 11,609	\$ 104,457
Receivables:						
Taxes	11,712	108,092	-	-	-	119,804
Other	19	18	2	2	2	43
Intergovernmental	-	-	-	-	-	-
Restricted deposits and investments	-	-	-	-	-	-
<b>Total assets</b>	<u>\$ 82,606</u>	<u>\$ 108,113</u>	<u>\$ 8,187</u>	<u>\$ 13,787</u>	<u>\$ 11,611</u>	<u>\$ 224,304</u>
<b>Liabilities</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances (Deficits)</b>						
Restricted						
Capital projects	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Street improvements	-	-	-	-	-	-
Economic development	82,606	108,113	-	-	-	190,719
Other	-	-	8,187	13,787	11,611	33,585
<b>Total fund balances</b>	<u>82,606</u>	<u>108,113</u>	<u>8,187</u>	<u>13,787</u>	<u>11,611</u>	<u>224,304</u>
<b>Total liabilities and fund balances</b>	<u>\$ 82,606</u>	<u>\$ 108,113</u>	<u>\$ 8,187</u>	<u>\$ 13,787</u>	<u>\$ 11,611</u>	<u>\$ 224,304</u>

(Continued)

**CITY OF GARDNER, KANSAS**  
**COMBINING BALANCE SHEET**  
(Continued)  
**NONMAJOR GOVERNMENTAL FUNDS**

**December 31, 2014**

	<b>Capital Projects</b>				<b>Debt Service</b>	<b>Total Nonmajor</b>
	<b>Park Improvement</b>	<b>Special Highway</b>	<b>Street Improvement</b>	<b>City Hall</b>	<b>Park Sales Tax</b>	<b>Governmental Funds</b>
<b>Assets</b>						
Deposits and investments	\$ 101,236	\$ 165,328	\$ 115,322	\$ 103	\$ -	\$ 486,446
Receivables:						
Taxes	-	-	-	-	169,874	289,678
Other	15	-	14	-	-	72
Intergovernmental	74,610	288,263	-	-	-	362,873
Restricted deposits and investments	-	-	-	-	260,650	260,650
<b>Total assets</b>	<b>\$ 175,861</b>	<b>\$ 453,591</b>	<b>\$ 115,336</b>	<b>\$ 103</b>	<b>\$ 430,524</b>	<b>\$ 1,399,719</b>
<b>Liabilities</b>						
Accounts payable	\$ -	\$ 139,542	\$ -	\$ -	\$ -	\$ 139,542
Due to other funds	-	-	-	-	324,423	324,423
<b>Total liabilities</b>	<b>-</b>	<b>139,542</b>	<b>-</b>	<b>-</b>	<b>324,423</b>	<b>463,965</b>
<b>Fund Balances (Deficits)</b>						
Restricted						
Capital projects	175,861	314,049	-	103	-	490,013
Debt Service	-	-	-	-	106,101	106,101
Street improvements	-	-	115,336	-	-	115,336
Economic development	-	-	-	-	-	190,719
Other	-	-	-	-	-	33,585
<b>Total fund balances</b>	<b>175,861</b>	<b>314,049</b>	<b>115,336</b>	<b>103</b>	<b>106,101</b>	<b>935,754</b>
<b>Total liabilities and fund balances</b>	<b>\$ 175,861</b>	<b>\$ 453,591</b>	<b>\$ 115,336</b>	<b>\$ 103</b>	<b>\$ 430,524</b>	<b>\$ 1,399,719</b>

CITY OF GARDNER, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

Year Ended December 31, 2014

	Special Revenue Funds					Total Special Revenue
	Economic Development Reserve	E. Santa Fe TIF District	Law Enforcement Trust	Special Alcohol/ Drug Program	Special Parks and Recreation	
<b>Revenues</b>						
Property tax	\$ -	\$ 252,950	\$ -	\$ -	\$ -	\$ 252,950
Sales tax	-	534,601	-	-	-	534,601
Transient guest tax	42,976	-	-	-	-	42,976
Intergovernmental	-	-	2,252	31,678	31,678	65,608
Fines and Fees	-	-	-	-	-	-
Investment earnings	76	93	8	8	4	189
<b>Total revenues</b>	<u>43,052</u>	<u>787,644</u>	<u>2,260</u>	<u>31,686</u>	<u>31,682</u>	<u>896,324</u>
<b>Expenditures</b>						
Current:						
General government	30,700	778,084	-	31,953	-	840,737
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total expenditures</b>	<u>30,700</u>	<u>778,084</u>	<u>-</u>	<u>31,953</u>	<u>-</u>	<u>840,737</u>
Excess of revenues over (under) expenditures	<u>12,352</u>	<u>9,560</u>	<u>2,260</u>	<u>(267)</u>	<u>31,682</u>	<u>55,587</u>
<b>Other financing sources (uses)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	(5,000)	-	-	(35,000)	(40,000)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>(5,000)</u>	<u>-</u>	<u>-</u>	<u>(35,000)</u>	<u>(40,000)</u>
Net change in fund balances	<u>12,352</u>	<u>4,560</u>	<u>2,260</u>	<u>(267)</u>	<u>(3,318)</u>	<u>15,587</u>
<b>Fund balances, beginning of year</b>	<u>70,254</u>	<u>103,553</u>	<u>5,927</u>	<u>14,054</u>	<u>14,929</u>	<u>208,717</u>
<b>Fund balances, end of year</b>	<u>\$ 82,606</u>	<u>\$ 108,113</u>	<u>\$ 8,187</u>	<u>\$ 13,787</u>	<u>\$ 11,611</u>	<u>\$ 224,304</u>

(Continued)

CITY OF GARDNER, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES (Continued)

NONMAJOR GOVERNMENTAL FUNDS

Year Ended December 31, 2014

	Capital Projects				Debt Service	Total Nonmajor Governmental Funds
	Park Improvement	Special Highway	Street Improvement	City Hall	Park Sales Tax	
<b>Revenues</b>						
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 252,950
Sales tax	-	-	-	-	1,009,395	1,543,996
Transient guest tax	-	-	-	-	-	42,976
Intergovernmental	410,086	1,325,891	83,588	-	-	1,885,173
Fines and Fees	67,300	-	-	-	-	67,300
Investment earnings	47	240	100	-	133	709
<b>Total revenues</b>	<u>477,433</u>	<u>1,326,131</u>	<u>83,688</u>	<u>-</u>	<u>1,009,528</u>	<u>3,793,104</u>
<b>Expenditures</b>						
Current:						
General government	-	-	-	-	-	840,737
Capital outlay	-	946,569	61	-	-	946,630
Debt service:						
Principal	-	264,600	-	-	1,366,794	1,631,394
Interest and fiscal charges	-	10,368	-	-	106,800	117,168
Other	-	-	-	-	1,540	1,540
<b>Total expenditures</b>	<u>-</u>	<u>1,221,537</u>	<u>61</u>	<u>-</u>	<u>1,475,134</u>	<u>3,537,469</u>
Excess of revenues over (under) expenditures	<u>477,433</u>	<u>104,594</u>	<u>83,627</u>	<u>-</u>	<u>(465,606)</u>	<u>255,635</u>
<b>Other financing sources (uses)</b>						
Transfers in	-	-	-	-	495,000	495,000
Transfers out	(530,000)	(20,593)	(205,100)	-	(54,006)	(849,699)
<b>Total other financing sources (uses)</b>	<u>(530,000)</u>	<u>(20,593)</u>	<u>(205,100)</u>	<u>-</u>	<u>440,994</u>	<u>(354,699)</u>
Net change in fund balances	<u>(52,567)</u>	<u>84,001</u>	<u>(121,473)</u>	<u>-</u>	<u>(24,612)</u>	<u>(99,064)</u>
<b>Fund balances, beginning of year</b>	<u>228,428</u>	<u>230,048</u>	<u>236,809</u>	<u>103</u>	<u>130,713</u>	<u>1,034,818</u>
<b>Fund balances, end of year</b>	<u>\$ 175,861</u>	<u>\$ 314,049</u>	<u>\$ 115,336</u>	<u>\$ 103</u>	<u>\$ 106,101</u>	<u>\$ 935,754</u>



**CITY OF GARDNER, KANSAS**

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

**LAW ENFORCEMENT TRUST**

**Year Ended December 31, 2014**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Revenues</b>			
Investment earnings	\$ -	\$ 8	\$ 8
Intergovernmental	-	2,252	2,252
<b>Total revenues</b>	<u>-</u>	<u>2,260</u>	<u>2,260</u>
<b>Expenditures</b>			
Equipment	5,767	-	5,767
<b>Total expenditures</b>	<u>5,767</u>	<u>-</u>	<u>5,767</u>
<b>Revenues over (under) expenditures</b>	(5,767)	2,260	8,027
Net change in fund balance	(5,767)	2,260	8,027
<b>Fund balances, beginning of year</b>	5,767	5,927	160
<b>Fund balances, end of year</b>	<u>\$ -</u>	<u>\$ 8,187</u>	<u>\$ 8,187</u>

**CITY OF GARDNER, KANSAS**

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

**SPECIAL ALCOHOL/DRUG PROGRAM FUND**

**Year Ended December 31, 2014**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Revenues</b>			
Special alcohol tax	\$ 30,000	\$ 31,678	\$ 1,678
Investment earnings	100	8	(92)
<b>Total revenues</b>	<u>30,100</u>	<u>31,686</u>	<u>1,586</u>
<b>Expenditures</b>			
Project reserve	12,308	-	12,308
Contractual services	32,000	31,953	47
<b>Total expenditures</b>	<u>44,308</u>	<u>31,953</u>	<u>12,355</u>
<b>Revenues over (under) expenditures</b>	(14,208)	(267)	13,941
Net change in fund balance	(14,208)	(267)	13,941
<b>Fund balances, beginning of year</b>	14,208	14,054	(154)
<b>Fund balances, end of year</b>	<u>\$ -</u>	<u>\$ 13,787</u>	<u>\$ 13,787</u>

**CITY OF GARDNER, KANSAS**

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

**SPECIAL PARKS AND RECREATION FUND**

**Year Ended December 31, 2014**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Revenues</b>			
Special alcohol tax	\$ 30,000	\$ 31,678	\$ 1,678
Investment earnings	100	4	(96)
<b>Total revenues</b>	<u>30,100</u>	<u>31,682</u>	<u>1,582</u>
<b>Expenditures</b>			
Project reserve	10,155	-	10,155
<b>Total expenditures</b>	<u>10,155</u>	<u>-</u>	<u>10,155</u>
<b>Revenues over (under) expenditures</b>	<u>19,945</u>	<u>31,682</u>	<u>11,737</u>
<b>Other financing sources (uses)</b>			
Transfers out	(35,000)	(35,000)	-
<b>Total other financing sources (uses)</b>	<u>(35,000)</u>	<u>(35,000)</u>	<u>-</u>
Net change in fund balance	(15,055)	(3,318)	11,737
<b>Fund balances, beginning of year</b>	15,055	14,929	(126)
<b>Fund balances, end of year</b>	<u>\$ -</u>	<u>\$ 11,611</u>	<u>\$ 11,611</u>

**CITY OF GARDNER, KANSAS**

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

**EAST SANTA FE TIF DISTRICT**

**Year Ended December 31, 2014**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Revenues</b>			
Taxes	\$ 955,600	\$ 787,551	\$ (168,049)
Investment earnings	400	93	(307)
<b>Total revenues</b>	<u>956,000</u>	<u>787,644</u>	<u>(168,356)</u>
<b>Expenditures</b>			
Contractual services	1,052,461	778,084	274,377
<b>Total expenditures</b>	<u>1,052,461</u>	<u>778,084</u>	<u>274,377</u>
<b>Revenues over (under) expenditures</b>	(96,461)	9,560	106,021
<b>Other financing sources (uses)</b>			
Transfers out	(5,000)	(5,000)	-
<b>Total other financing sources (uses)</b>	<u>(5,000)</u>	<u>(5,000)</u>	<u>-</u>
Net change in fund balance	(101,461)	4,560	106,021
<b>Fund balances, beginning of year</b>	<u>101,461</u>	<u>103,553</u>	<u>2,092</u>
<b>Fund balances, end of year</b>	<u>\$ -</u>	<u>\$ 108,113</u>	<u>\$ 108,113</u>

**CITY OF GARDNER, KANSAS**

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

**ECONOMIC DEVELOPMENT RESERVE FUND**

**Year Ended December 31, 2014**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Revenues</b>			
Transient guest tax	\$ 29,900	\$ 42,976	\$ 13,076
Investment earnings	100	76	(24)
<b>Total revenues</b>	<u>30,000</u>	<u>43,052</u>	<u>13,052</u>
<b>Expenditures</b>			
Project reserve	34,482	-	34,482
Contractual services	50,700	30,700	20,000
<b>Total expenditures</b>	<u>85,182</u>	<u>30,700</u>	<u>54,482</u>
<b>Revenues over (under) expenditures</b>	(55,182)	12,352	67,534
Net change in fund balance	(55,182)	12,352	67,534
<b>Fund balances, beginning of year</b>	<u>55,182</u>	<u>70,254</u>	<u>15,072</u>
<b>Fund balances, end of year</b>	<u>\$ -</u>	<u>\$ 82,606</u>	<u>\$ 82,606</u>

**CITY OF GARDNER, KANSAS**

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

**STREET IMPROVEMENT FUND**

**Year Ended December 31, 2014**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Revenues</b>			
Excise tax	\$ 87,000	\$ 83,588	\$ (3,412)
Investment earnings	2,100	100	(2,000)
<b>Total revenues</b>	<u>89,100</u>	<u>83,688</u>	<u>(5,412)</u>
<b>Expenditures</b>			
Project reserve	67,417	61	67,356
<b>Total expenditures</b>	<u>67,417</u>	<u>61</u>	<u>67,356</u>
 <b>Revenues over (under) expenditures</b>	 21,683	 83,627	 61,944
<b>Other financing sources (uses)</b>			
Transfers out	(235,600)	(205,100)	30,500
<b>Total other financing sources (uses)</b>	<u>(235,600)</u>	<u>(205,100)</u>	<u>30,500</u>
 Net change in fund balance	 (213,917)	 (121,473)	 92,444
<b>Fund balances, beginning of year</b>	<u>213,917</u>	<u>236,809</u>	<u>22,892</u>
<b>Fund balances, end of year</b>	<u><u>\$ -</u></u>	<u><u>\$ 115,336</u></u>	<u><u>\$ 115,336</u></u>

CITY OF GARDNER, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

SPECIAL HIGHWAY FUND

Year Ended December 31, 2014

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Revenues</b>			
State gasoline tax	\$ 494,000	\$ 529,972	\$ 35,972
Intergovernmental	-	795,919	795,919
Investment earnings	1,000	240	(760)
<b>Total revenues</b>	<u>495,000</u>	<u>1,326,131</u>	<u>831,131</u>
<b>Expenditures</b>			
Project reserve	230,726	-	230,726
Capital outlay	179,000	229,830	(50,830)
Principal & Interest	250,000	274,968	(24,968)
<b>Total expenditures</b>	<u>659,726</u>	<u>504,798</u>	<u>154,928</u>
<b>Revenues over (under) expenditures</b>	(164,726)	821,333	986,059
<b>Other financing sources (uses)</b>			
Transfers out	(20,600)	(20,593)	7
<b>Total other financing sources (uses)</b>	<u>(20,600)</u>	<u>(20,593)</u>	<u>7</u>
Net change in fund balance subject to legal budget	<u>(185,326)</u>	800,740	<u>986,066</u>
Expenditures not subject to legal budget		<u>795,919</u>	
Net change in fund balance	(185,326)	4,821	190,147
<b>Fund balances, beginning of year</b>	185,326	230,048	44,722
<b>Fund balances, end of year</b>	<u>\$ -</u>	<u>234,869</u>	<u>\$ 234,869</u>
Explanation of difference between budgetary and GAAP fund balances:			
Encumbrances for equipment and supplies ordered but not received are not recorded for GAAP purposes until received		<u>79,180</u>	
GAAP fund balance, end of year		<u>\$ 314,049</u>	

**CITY OF GARDNER, KANSAS**

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

**PARK SALES TAX FUND**

**Year Ended December 31, 2014**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Revenues</b>			
Taxes	\$ 944,500	\$ 1,009,395	\$ 64,895
Investment earnings	100	133	33
<b>Total revenues</b>	<u>944,600</u>	<u>1,009,528</u>	<u>64,928</u>
<b>Expenditures</b>			
Principal	836,800	1,366,794	(529,994)
Interest	-	106,800	(106,800)
Project reserve	62,450	-	62,450
Other expenditures	1,400	1,540	(140)
<b>Total expenditures</b>	<u>900,650</u>	<u>1,475,134</u>	<u>(574,484)</u>
<b>Revenues over (under) expenditures</b>	43,950	(465,606)	(509,556)
<b>Other financing sources (uses)</b>			
Transfers in	475,000	495,000	20,000
Transfers out	(631,700)	(54,006)	577,694
<b>Total other financing sources (uses)</b>	<u>(156,700)</u>	<u>440,994</u>	<u>597,694</u>
Net change in fund balance	(112,750)	(24,612)	88,138
<b>Fund balances, beginning of year</b>	<u>112,750</u>	<u>130,713</u>	<u>17,963</u>
<b>Fund balances, end of year</b>	<u>\$ -</u>	<u>\$ 106,101</u>	<u>\$ 106,101</u>



**CITY OF GARDNER, KANSAS**

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

**DEBT SERVICE FUND**

**Year Ended December 31, 2014**

	<b>Original and Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
<b>Revenues</b>			
Taxes	\$ 1,117,291	\$ 1,208,507	\$ 91,216
Special assessments	1,013,840	973,813	(40,027)
Investment earnings	3,800	3,214	(586)
Payments in lieu of taxes	40,045	-	(40,045)
Other	1,509	20,538	19,029
<b>Total revenues</b>	<b>2,176,485</b>	<b>2,206,072</b>	<b>29,587</b>
<b>Expenditures</b>			
Principal	3,653,815	2,829,353	824,462
Interest	-	753,623	(753,623)
Other	-	151,981	(151,981)
<b>Total expenditures</b>	<b>3,653,815</b>	<b>3,734,957</b>	<b>(81,142)</b>
Revenues over (under) expenditures	(1,477,330)	(1,528,885)	(51,555)
<b>Other financing sources</b>			
General obligation bonds issued	-	3,600,000	3,600,000
Issuance: Premium	-	87,542	87,542
Payment to refunded bond escrow agent	-	(3,613,959)	(3,613,959)
Transfers in	983,900	528,942	(454,958)
<b>Total other financing sources</b>	<b>983,900</b>	<b>602,525</b>	<b>(381,375)</b>
Expenditures and other financing sources subject to legal budget	3,653,815	3,637,171	16,644
Expenditures and other financing sources not subject to legal budget		3,711,746	
Net change in fund balance	(493,430)	(926,360)	(432,930)
<b>Fund balances, beginning of year</b>	493,430	1,351,864	858,434
<b>Fund balances, end of year</b>	\$ -	\$ 425,504	\$ 425,504

**CITY OF GARDNER, KANSAS**

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

**SPECIAL BENEFIT FEE FUND**

**Year Ended December 31, 2014**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Revenues</b>			
Benefit District Fees	\$ 120,100	\$ -	\$ (120,100)
Investment earnings	400	100	(300)
<b>Total revenues</b>	<u>120,500</u>	<u>100</u>	<u>(120,400)</u>
<b>Expenditures</b>			
Project reserve	208,001	-	208,001
<b>Total expenditures</b>	<u>208,001</u>	<u>-</u>	<u>208,001</u>
<b>Revenues over (under) expenditures</b>	(87,501)	100	87,601
<b>Other financing sources (uses)</b>			
Transfers out	(50,000)	(50,000)	-
<b>Total other financing sources (uses)</b>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
Net change in fund balance	(137,501)	(49,900)	87,601
<b>Fund balances, beginning of year</b>	<u>137,501</u>	<u>137,422</u>	<u>(79)</u>
<b>Fund balances, end of year</b>	<u>\$ -</u>	<u>\$ 87,522</u>	<u>\$ 87,522</u>

**CITY OF GARDNER, KANSAS**

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

**PARK IMPROVEMENT RESERVE FUND**

**Year Ended December 31, 2014**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Revenues</b>			
Intergovernmental	\$ 357,000	\$ 410,086	\$ 53,086
Park impact fees	53,900	67,300	13,400
Investment earnings	600	47	(553)
<b>Total revenues</b>	<u>411,500</u>	<u>477,433</u>	<u>65,933</u>
<b>Expenditures</b>			
Project reserve	155,424	-	155,424
<b>Total expenditures</b>	<u>155,424</u>	<u>-</u>	<u>155,424</u>
<b>Revenues over (under) expenditures</b>	256,076	477,433	221,357
<b>Other financing sources (uses)</b>			
Transfers out	(440,000)	(530,000)	(90,000)
<b>Total other financing sources (uses)</b>	<u>(440,000)</u>	<u>(530,000)</u>	<u>(90,000)</u>
Net change in fund balance	(183,924)	(52,567)	131,357
<b>Fund balances, beginning of year</b>	183,924	228,428	44,504
<b>Fund balances, end of year</b>	<u>\$ -</u>	<u>\$ 175,861</u>	<u>\$ 175,861</u>

## **Internal Service Funds**

Internal service funds are used to account for the financing of goods or services provided by one department to other departments of the City on a cost reimbursement basis.

Information technology services fund – This fund is used to account for the accumulation and allocation of costs associated with electronic data processing.

Building maintenance fund – This fund is used to account for the accumulation and allocation of costs associated with maintenance and miscellaneous repairs on city owned property.

Risk management fund – This fund is used to account for the accumulation and allocation of costs associated with the City's risk financing activities.

Utility billing services fund – This fund is used to account for the accumulation and allocation of costs associated with calculating and billing amounts owed for services provided by the City's utilities.

**CITY OF GARDNER, KANSAS**

**COMBINING STATEMENT OF NET POSITION**

**INTERNAL SERVICE FUNDS**

**December 31, 2014**

	<b>Governmental Activities</b>			<b>Business-type Activities</b>	<b>Total</b>
	<b>Risk Management</b>	<b>Information Technology Services</b>	<b>Building Maintenance</b>	<b>Utility Billing Services</b>	
<b>Assets</b>					
Current assets:					
Deposits and investments	\$ 8,202	\$ -	\$ 15,690	\$ 47,691	\$ 71,583
Noncurrent assets:					
Capital assets:					
Machinery and equipment	-	104,550	14,794	10,509	129,853
Vehicles	-	-	14,749	60,101	74,850
Less accumulated depreciation	-	(62,723)	(18,453)	(63,914)	(145,090)
<b>Total assets</b>	<b>8,202</b>	<b>41,827</b>	<b>26,780</b>	<b>54,387</b>	<b>131,196</b>
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	\$ 951	\$ 898	\$ 2,750	\$ 9,093	\$ 13,692
Compensated absences	1,131	1,582	4,240	16,654	23,607
Due to other funds	-	9,064	5,169	-	14,233
Accrued payroll	-	1,925	1,746	9,474	13,145
Noncurrent liabilities:					
Other postemployment benefit obligator	-	-	2,778	13,659	16,437
<b>Total liabilities</b>	<b>2,082</b>	<b>13,469</b>	<b>16,683</b>	<b>48,880</b>	<b>81,114</b>
<b>Net position</b>					
Net investment in capital assets	-	41,827	11,090	6,696	59,613
Unrestricted	6,120	(13,469)	(993)	(1,189)	(9,531)
<b>Total net position</b>	<b>\$ 6,120</b>	<b>\$ 28,358</b>	<b>\$ 10,097</b>	<b>\$ 5,507</b>	<b>\$ 50,082</b>

**CITY OF GARDNER, KANSAS**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION**

**INTERNAL SERVICE FUNDS**

**Year Ended December 31, 2014**

	<b>Governmental Activities</b>			<b>Business-type Activities</b>	<b>Total</b>
	<b>Risk Management</b>	<b>Information Technology Services</b>	<b>Building Maintenance</b>	<b>Utility Billing Services</b>	
<b>Operating revenues</b>					
Charges for services	\$ 526,385	\$ 342,610	\$ 327,462	\$ 711,452	\$ 1,907,909
Other	26,191	-	-	2,159	28,350
<b>Total operating revenues</b>	<b>552,576</b>	<b>342,610</b>	<b>327,462</b>	<b>713,611</b>	<b>1,936,259</b>
<b>Operating expenses</b>					
Administration	54,582	87,566	76,640	442,542	661,330
Contractual services	484,686	172,122	164,105	201,632	1,022,545
Other supplies and expenses	5,940	6,988	10,788	15,036	38,752
Repairs and maintenance	-	68,739	36,737	5,708	111,184
Depreciation	-	10,455	2,954	1,768	15,177
Other	5,428	5,883	7,332	51,945	70,588
<b>Total operating expenses</b>	<b>550,636</b>	<b>351,753</b>	<b>298,556</b>	<b>718,631</b>	<b>1,919,576</b>
Operating income	1,940	(9,143)	28,906	(5,020)	16,683
Change in net position	1,940	(9,143)	28,906	(5,020)	16,683
<b>Total net position, beginning of year</b>	<b>4,180</b>	<b>37,501</b>	<b>(18,809)</b>	<b>10,527</b>	<b>33,399</b>
<b>Total net position, end of year</b>	<b>\$ 6,120</b>	<b>\$ 28,358</b>	<b>\$ 10,097</b>	<b>\$ 5,507</b>	<b>\$ 50,082</b>

CITY OF GARDNER, KANSAS

COMBINING STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUNDS

Year Ended December 31, 2014

	Governmental Activities			Business-type Activities	Total
	Risk Management	Information Technology Services	Building Maintenance	Utility Billing Services	
Cash flows from operating activities:					
Receipts from customers	\$ 526,385	\$ 342,610	\$ 327,462	\$ 711,452	\$ 1,907,909
Other	26,191	--	--	--	26,191
Payments to suppliers	(496,033)	(255,447)	(239,579)	(287,425)	(1,278,484)
Payments to employees	(53,451)	(87,163)	(72,193)	(418,481)	(631,288)
Net cash provided by operating activities	<u>3,092</u>	<u>--</u>	<u>15,690</u>	<u>5,546</u>	<u>24,328</u>
Net increase (decrease) in cash and cash equivalents	3,092	--	15,690	5,546	24,328
Cash and cash equivalents, beginning of year	<u>5,110</u>	<u>--</u>	<u>--</u>	<u>42,145</u>	<u>47,255</u>
Cash and cash equivalents, end of year	<u>\$ 8,202</u>	<u>\$ --</u>	<u>\$ 15,690</u>	<u>\$ 47,691</u>	<u>\$ 71,583</u>
Reconciliation of operating income to net cash provided by operating activities:					
Operating income	\$ 1,940	\$ (9,143)	\$ 28,906	\$ (5,020)	\$ 16,683
Adjustments to reconcile operating income to net cash provided by operating activities:					
Items not requiring cash:					
Depreciation expense	--	10,455	2,954	1,768	15,177
Operating revenue (other)	--	--	--	(2,159)	(2,159)
Other postemployment benefit obligation	--	(1,576)	(130)	5,801	4,095
Changes in:					
Accounts payable	21	(8,328)	(284)	(13,104)	(21,695)
Accrued liabilities	1,131	1,979	4,577	18,260	25,947
Due to other funds	--	6,613	(20,333)	--	(13,720)
Net cash provided by operating activities	<u>\$ 3,092</u>	<u>\$ --</u>	<u>\$ 15,690</u>	<u>\$ 5,546</u>	<u>\$ 24,328</u>

CITY OF GARDNER, KANSAS  
AIRPORT ASSOCIATION

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

Year Ended December 31, 2014

	Airport Association
Cash flows from operating activities:	
Receipts from customers	\$ 266,815
Other	20,012
Payments to suppliers	(152,994)
Payments to employees	(5,251)
	<hr/>
Net cash provided by operating activities	128,582
	<hr/>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(21,514)
Principal paid on construction loan	(42,399)
Interest paid on general obligation bonds, construction loan, and capital lease	(20,976)
	<hr/>
Net cash used in capital and related financing activities	(84,889)
	<hr/>
Cash flows from investing activities:	
Interest received	299
	<hr/>
Net increase (decrease) in cash and cash equivalents	43,992
Cash and cash equivalents, beginning of year	94,040
	<hr/>
Cash and cash equivalents, end of year	\$ 138,032
	<hr/> <hr/>



CITY OF GARDNER, KANSAS  
AIRPORT ASSOCIATION

STATEMENT OF CASH FLOWS  
(Continued)

PROPRIETARY FUND

Year Ended December 31, 2014

	Airport Association
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	\$ 152,723
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Items not requiring cash:	
Depreciation and amortization expense	22,458
Changes in:	
Receivables	(7,589)
Inventories	(1,554)
Prepaid expenses	12
Accounts payable	(37,468)
Net cash provided by operating activities	<u>\$ 128,582</u>

**CITY OF GARDNER, KANSAS**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**AGENCY FUNDS**  
**December 31, 2014**

	<b>Alcohol Safety Action Program</b>	<b>Special Olympics Program</b>	<b>Mayor's Christmas Tree Program</b>	<b>Totals</b>
<b>Assets</b>				
Deposits and investments	\$ 34,500	\$ 8,638	\$ 16,325	\$ 59,463
<b>Liabilities</b>				
Due to others	\$ 34,500	\$ 8,638	\$ 16,325	\$ 59,463

**CITY OF GARDNER, KANSAS**

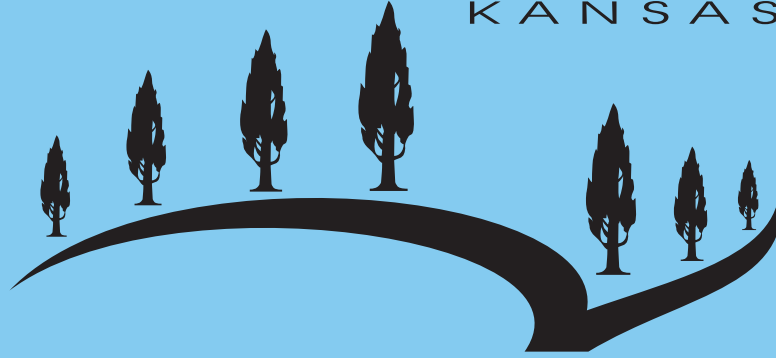
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**

**AGENCY FUNDS**

**December 31, 2014**

<u><b>Alcohol Safety Action Program</b></u>	<b>Balance January 1, 2014</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31, 2014</b>
<b>Assets</b>				
Deposits and investments	\$ 34,646	\$ 152	\$ 298	\$ 34,500
<b>Liabilities</b>				
Due to others	\$ 34,646	\$ 152	\$ 298	\$ 34,500
<u><b>Special Olympics Program</b></u>	<b>Balance January 1, 2014</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31, 2014</b>
<b>Assets</b>				
Deposits and investments	\$ 9,343	\$ 3,108	\$ 3,813	\$ 8,638
<b>Liabilities</b>				
Due to others	\$ 9,343	\$ 3,108	\$ 3,813	\$ 8,638
<u><b>Mayor's Christmas Tree Program</b></u>	<b>Balance January 1, 2014</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31, 2014</b>
<b>Assets</b>				
Deposits and investments	\$ 16,462	\$ 8,363	\$ 8,500	\$ 16,325
<b>Liabilities</b>				
Due to others	\$ 16,462	\$ 8,363	\$ 8,500	\$ 16,325

CITY OF  
**GARDNER**  
KANSAS



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the fiscal year ended  
December 31, 2014**

**STATISTICAL SECTION**

**STATISTICAL SECTION**

## Statistical Section

This part of the City of Gardner’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

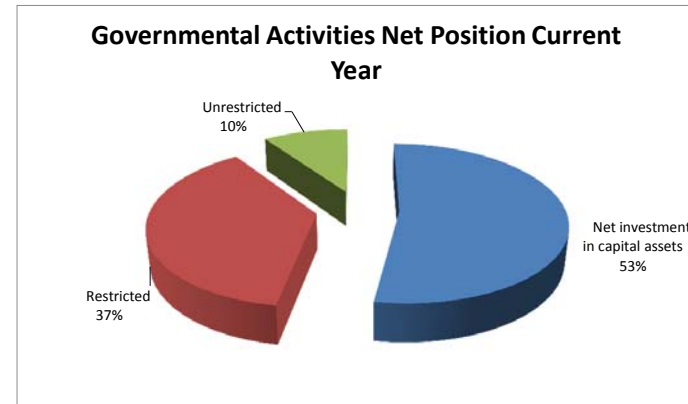
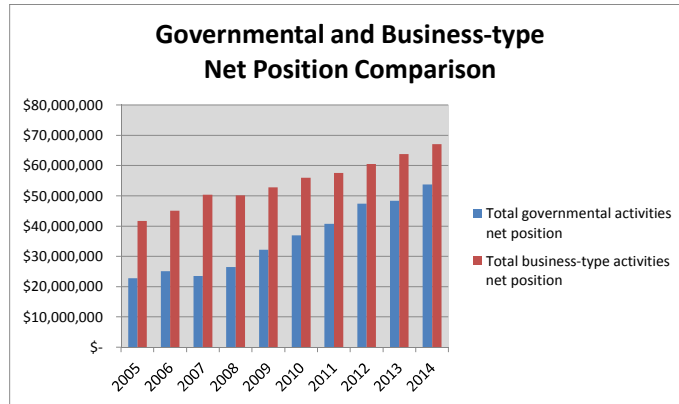
<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	<b>97 - 100</b>
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the factors affecting the City’s ability to generate its most significant local revenue source, which is the electric, water and wastewater revenues, as well as its property taxes.	<b>101 - 109</b>
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	<b>110 - 113</b>
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place and to help make comparisons over time with other governments.	<b>114 - 116</b>
<b>Operating Information</b> These schedules contain information about the City’s operations and resources to help the reader understand how the City’s financial information relates to the services the City provides and the activities it performs.	<b>117 - 118</b>

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City of Gardner implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

**City of Gardner, Kansas  
Net Position by Component  
Last Ten Fiscal Years  
(accrual basis of accounting)**

	<u>Fiscal Year</u>									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>Governmental activities</b>										
Net investment in capital assets	\$ 14,068,012	\$ 12,854,680	\$ 15,189,970	\$ 11,793,968	\$ 11,427,079	\$ 17,247,111	\$ 20,316,915	\$ 17,955,758	\$ 23,990,859	\$ 28,346,555
Restricted	8,375,348	8,637,479	8,508,190	11,654,614	17,997,310	16,045,557	16,127,894	24,232,960	20,820,905	20,245,654
Unrestricted	285,475	3,572,437	(146,614)	2,984,646	2,785,686	3,604,098	4,345,432	5,166,777	3,548,049	5,208,773
<b>Total governmental activities net position</b>	<b>\$ 22,728,835</b>	<b>\$ 25,064,596</b>	<b>\$ 23,551,546</b>	<b>\$ 26,433,228</b>	<b>\$ 32,210,075</b>	<b>\$ 36,896,766</b>	<b>\$ 40,790,241</b>	<b>\$ 47,355,495</b>	<b>\$ 48,359,813</b>	<b>\$ 53,800,982</b>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 37,238,650	\$ 36,644,874	\$ 43,009,998	\$ 42,592,536	\$ 45,202,862	\$ 46,462,027	\$ 48,330,111	\$ 51,630,963	\$ 53,358,039	\$ 55,182,468
Restricted	4,437,961	8,438,191	7,383,676	7,570,921	7,587,496	9,547,927	9,236,658	8,919,022	10,427,135	11,921,883
<b>Total business-type activities net position</b>	<b>\$ 41,676,611</b>	<b>\$ 45,083,065</b>	<b>\$ 50,393,674</b>	<b>\$ 50,163,457</b>	<b>\$ 52,790,358</b>	<b>\$ 56,009,954</b>	<b>\$ 57,566,769</b>	<b>\$ 60,549,985</b>	<b>\$ 63,785,174</b>	<b>\$ 67,104,351</b>
<b>Primary government</b>										
Net investment in capital assets	\$ 51,306,662	\$ 49,499,554	\$ 58,199,968	\$ 54,386,504	\$ 56,629,941	\$ 63,709,138	\$ 68,647,026	\$ 69,586,721	\$ 77,348,898	\$ 83,529,023
Restricted	8,375,348	8,637,479	8,508,190	11,654,614	17,997,310	16,045,557	16,127,894	24,232,960	20,820,905	20,245,654
Unrestricted	4,723,436	12,010,628	7,237,062	10,555,567	10,373,182	13,152,025	13,582,090	14,085,799	13,975,184	17,130,656
<b>Total primary government net position</b>	<b>\$ 64,405,446</b>	<b>\$ 70,147,661</b>	<b>\$ 73,945,220</b>	<b>\$ 76,596,685</b>	<b>\$ 85,000,433</b>	<b>\$ 92,906,720</b>	<b>\$ 98,357,010</b>	<b>\$ 107,905,480</b>	<b>\$ 112,144,987</b>	<b>\$ 120,905,333</b>

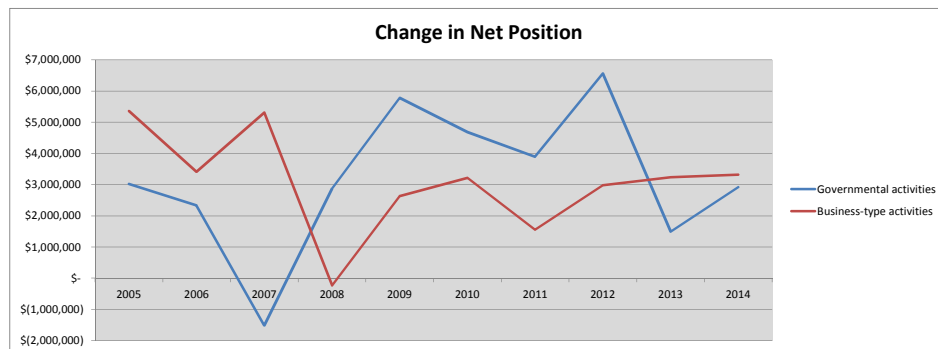
Source: City of Gardner Finance Department



**City of Gardner, Kansas  
Changes in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Expenses</b>										
Governmental activities:										
General government	\$ 2,487,540	\$ 2,283,679	\$ 3,378,759	\$ 3,467,896	\$ 3,164,663	\$ 2,822,418	\$ 2,620,535	\$ 2,697,372	\$ 2,817,304	\$ 3,558,824
Public Safety	2,133,175	2,698,278	3,248,539	3,653,003	3,567,111	3,565,454	3,647,573	3,776,937	3,874,682	4,688,596
Public Works	1,814,204	1,953,847	2,730,439	3,274,927	2,674,913	2,614,530	2,650,257	2,846,701	2,631,533	3,354,014
Culture and recreation	1,191,341	1,280,138	2,025,252	2,280,655	2,271,682	2,211,773	2,424,862	2,593,737	2,460,190	2,368,847
Interest on long-term debt	912,018	1,098,258	1,450,723	1,506,419	1,843,829	1,742,427	1,397,634	1,308,232	1,595,184	1,100,397
Total governmental activities expenses	<u>8,538,278</u>	<u>9,314,200</u>	<u>12,833,712</u>	<u>14,182,900</u>	<u>13,522,198</u>	<u>12,956,602</u>	<u>12,740,861</u>	<u>13,222,979</u>	<u>13,378,893</u>	<u>15,070,678</u>
Business-type activities:										
Electric	7,065,972	9,369,802	10,369,407	10,655,734	9,911,349	11,572,594	12,052,825	11,996,928	11,779,932	12,536,784
Water	2,045,852	2,353,432	2,606,773	2,829,545	2,874,987	2,952,669	3,235,397	3,447,469	3,345,254	3,549,784
Wastewater	3,176,131	3,215,418	3,659,179	4,194,130	3,678,278	3,661,411	3,590,360	3,513,416	3,657,553	4,317,776
Stormwater	-	-	75,843	220,061	70,817	71,086	25,167	25,167	25,167	25,167
Total business-type activities expenses	<u>12,287,955</u>	<u>14,938,652</u>	<u>16,711,002</u>	<u>17,899,470</u>	<u>16,535,431</u>	<u>18,257,760</u>	<u>18,903,749</u>	<u>18,982,980</u>	<u>18,807,906</u>	<u>20,429,511</u>
Total primary government expenses	<u>\$ 20,826,233</u>	<u>\$ 24,252,852</u>	<u>\$ 29,544,714</u>	<u>\$ 32,082,370</u>	<u>\$ 30,057,629</u>	<u>\$ 31,214,362</u>	<u>\$ 31,644,610</u>	<u>\$ 32,205,959</u>	<u>\$ 32,186,799</u>	<u>\$ 35,500,189</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 1,348,564	\$ 1,132,996	\$ 712,907	\$ 606,513	\$ 622,807	\$ 502,102	\$ 553,992	\$ 604,625	\$ 748,785	\$ 1,607,129
Public Safety	4,737	11,443	10,344	13,021	13,141	10,458	10,577	10,199	7,853	9,253
Public Works	-	-	1,900	-	2,300	-	-	-	-	-
Culture and recreation	446,685	436,514	905,149	767,693	937,542	970,405	887,173	883,516	858,658	910,947
Operating grants and contributions	2,139,253	2,216,293	2,529,574	2,657,199	2,514,392	2,579,475	2,789,802	2,816,127	2,966,108	3,251,406
Capital grants and contributions	1,087,882	218,234	360,016	4,808,296	7,240,013	5,400,696	3,113,818	5,730,105	782,039	2,902,279
Total governmental activities program revenues	<u>5,027,121</u>	<u>4,015,480</u>	<u>4,519,890</u>	<u>8,852,722</u>	<u>11,330,195</u>	<u>9,463,136</u>	<u>7,355,362</u>	<u>10,044,572</u>	<u>5,363,443</u>	<u>8,681,014</u>
Business-type activities:										
Charges for services:										
Electric	10,240,759	10,229,014	11,805,851	11,688,030	12,861,952	14,329,969	14,089,709	15,060,888	14,196,340	14,393,780
Water	3,639,347	3,511,004	4,201,847	3,192,736	3,293,010	3,989,505	3,740,962	4,103,707	4,509,458	4,948,652
Wastewater	3,519,583	3,304,989	3,835,313	2,821,531	3,062,919	4,007,841	3,474,928	3,682,494	4,275,217	4,808,675
Stormwater	-	-	-	-	-	-	-	-	61,208	-
Capital grants and contributions	50,000	589,004	59,606	356,751	506,591	78,263	100,187	92,762	-	-
Total business-type program revenues	<u>17,448,689</u>	<u>17,634,011</u>	<u>19,902,217</u>	<u>18,059,048</u>	<u>19,524,472</u>	<u>22,405,578</u>	<u>21,405,786</u>	<u>22,939,851</u>	<u>23,042,223</u>	<u>24,151,107</u>
Total primary government program revenues	<u>\$ 22,475,810</u>	<u>\$ 21,649,491</u>	<u>\$ 24,422,107</u>	<u>\$ 26,917,770</u>	<u>\$ 30,854,667</u>	<u>\$ 31,868,714</u>	<u>\$ 28,761,148</u>	<u>\$ 32,984,423</u>	<u>\$ 28,405,666</u>	<u>\$ 32,832,121</u>
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (3,511,157)	\$ (5,298,720)	\$ (8,313,822)	\$ (5,330,178)	\$ (2,192,003)	\$ (3,493,466)	\$ (5,385,499)	\$ (3,178,407)	\$ (8,015,450)	\$ (6,389,664)
Business-type activities	5,160,734	2,695,359	3,191,215	159,578	2,989,041	4,147,818	2,502,037	3,956,871	4,234,317	3,721,596
Total primary government net expense	<u>\$ 1,649,577</u>	<u>\$ (2,603,361)</u>	<u>\$ (5,122,607)</u>	<u>\$ (5,170,600)</u>	<u>\$ 797,038</u>	<u>\$ 654,352</u>	<u>\$ (2,883,462)</u>	<u>\$ 778,464</u>	<u>\$ (3,781,133)</u>	<u>\$ (2,668,068)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 2,311,209	\$ 2,676,275	\$ 3,290,415	\$ 3,667,858	\$ 3,788,866	\$ 3,798,207	\$ 4,675,379	\$ 4,845,216	\$ 4,821,475	\$ 4,947,132
Sales taxes	1,566,055	2,636,630	2,854,565	2,815,576	2,696,984	2,821,088	2,999,426	3,123,255	3,190,773	3,467,735
Franchise taxes	337,916	350,024	386,139	412,989	396,100	380,715	365,435	320,227	348,956	352,792
Excise taxes	1,455,739	1,289,599	819,908	395,182	456,384	95,710	53,434	312,441	-	-
Transient guest taxes	34,338	40,680	41,073	45,573	34,702	29,338	29,764	38,470	-	42,976
Other	-	-	-	-	-	-	-	-	42,493	-
Unrestricted investment earnings	497,681	831,916	993,815	296,824	49,100	49,689	32,136	31,905	33,418	75,467
Gain on disposal of asset	-	-	1,617	-	-	2,095	136,232	67,329	40,567	11,456
Transfers	329,158	(190,643)	(1,586,760)	577,858	546,714	1,003,312	987,168	1,004,818	1,029,100	413,163
Total governmental activities	<u>6,532,096</u>	<u>7,634,481</u>	<u>6,800,772</u>	<u>8,211,860</u>	<u>7,968,850</u>	<u>8,180,157</u>	<u>9,278,974</u>	<u>9,743,661</u>	<u>9,506,782</u>	<u>9,310,721</u>
Business-type activities:										
Unrestricted investment earnings	532,024	520,452	532,634	188,063	28,208	38,020	31,421	31,163	29,972	10,744
Transfers	(329,158)	190,643	1,586,760	(577,858)	(546,714)	(1,003,312)	(987,168)	(1,004,818)	(1,029,100)	(413,163)
Other	-	-	-	-	156,366	37,070	10,525	-	-	-
Total business-type activities	<u>202,866</u>	<u>711,095</u>	<u>2,119,394</u>	<u>(389,795)</u>	<u>(362,140)</u>	<u>(928,222)</u>	<u>(945,222)</u>	<u>(973,655)</u>	<u>(999,128)</u>	<u>(402,419)</u>
Total primary government	<u>\$ 6,734,962</u>	<u>\$ 8,345,576</u>	<u>\$ 8,920,166</u>	<u>\$ 7,822,065</u>	<u>\$ 7,606,710</u>	<u>\$ 7,251,935</u>	<u>\$ 8,333,752</u>	<u>\$ 8,770,006</u>	<u>\$ 8,507,654</u>	<u>\$ 8,908,302</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 3,020,939	\$ 2,335,761	\$ (1,513,050)	\$ 2,881,682	\$ 5,776,847	\$ 4,686,691	\$ 3,893,475	\$ 6,565,254	\$ 1,491,332	\$ 2,921,057
Business-type activities	5,363,600	3,406,454	5,310,809	(230,217)	2,626,901	3,219,596	1,556,815	2,983,216	3,235,189	3,319,177
Total primary government	<u>\$ 8,384,539</u>	<u>\$ 5,742,215</u>	<u>\$ 3,797,559</u>	<u>\$ 2,651,465</u>	<u>\$ 8,403,748</u>	<u>\$ 7,906,287</u>	<u>\$ 5,450,290</u>	<u>\$ 9,548,470</u>	<u>\$ 4,726,521</u>	<u>\$ 6,240,234</u>

Source: City of Gardner Finance Department

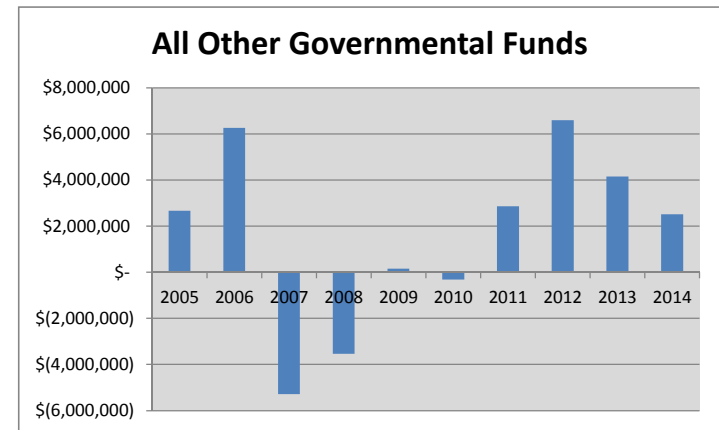
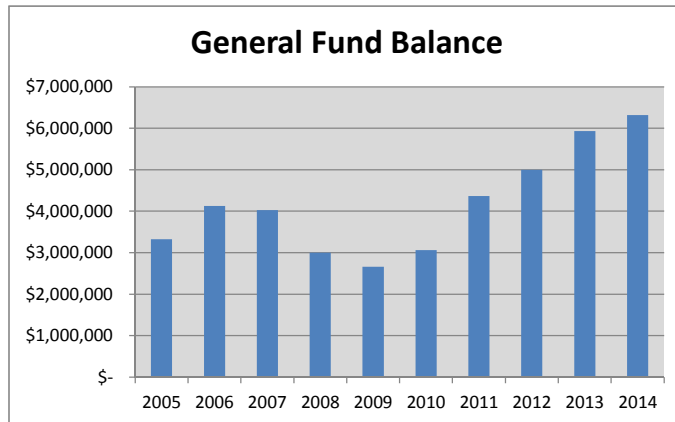


**City of Gardner, Kansas**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Fund										
Reserved	\$ -	\$ 1,019,948	\$ 15,151	\$ 34,779	\$ 39,182	\$ 250	\$ -	\$ -	\$ -	\$ -
Unreserved	3,321,238	3,107,516	4,008,117	2,964,795	2,619,334	3,058,934	-	-	-	-
Restricted	-	-	-	-	-	-	24,281	-	-	-
Assigned	-	-	-	-	-	-	20,619	-	64,474	9,640
Unassigned	-	-	-	-	-	-	4,321,492	4,997,241	5,864,734	6,305,486
Total general fund	<u>\$ 3,321,238</u>	<u>\$ 4,127,464</u>	<u>\$ 4,023,268</u>	<u>\$ 2,999,574</u>	<u>\$ 2,658,516</u>	<u>\$ 3,059,184</u>	<u>\$ 4,366,392</u>	<u>\$ 4,997,241</u>	<u>\$ 5,929,208</u>	<u>\$ 6,315,126</u>
All Other Governmental Funds										
Reserved	\$ -	\$ 9,998,577	\$ 2,164,409	\$ 1,058,524	\$ 1,479,432	\$ 451,339	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Debt service fund	258,152	184,701	237,844	310,091	78,023	105,384	-	-	-	-
Special revenue funds	5,597,454	6,771,640	6,525,624	5,383,372	5,119,227	3,565,909	-	-	-	-
Capital projects funds	(3,188,976)	(10,700,412)	(14,211,726)	(10,291,113)	(6,515,040)	(4,434,896)	-	-	-	-
Restricted	-	-	-	-	-	-	2,603,807	6,590,028	4,147,059	2,520,366
Assigned	-	-	-	-	-	-	260,317	-	-	-
Total all other governmental funds	<u>\$ 2,666,630</u>	<u>\$ 6,254,506</u>	<u>\$ (5,283,849)</u>	<u>\$ (3,539,126)</u>	<u>\$ 161,642</u>	<u>\$ (312,264)</u>	<u>\$ 2,864,124</u>	<u>\$ 6,590,028</u>	<u>\$ 4,147,059</u>	<u>\$ 2,520,366</u>

**Note:** In 2011, the City implemented GASB Statement No. 54 under which governmental fund balances are reported as nonspendable, restricted, committed, assigned, and unassigned compared to the past categories of reserved and unreserved

**Source:** City of Gardner Finance Department





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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Revenues</b>										
Taxes	\$ 5,670,919	\$ 6,952,528	\$ 7,351,027	\$ 7,291,605	\$ 7,338,334	\$ 7,095,720	\$ 8,123,438	\$ 8,639,609	\$ 8,403,697	\$ 8,810,635
Licenses and permits	942,495	750,727	615,355	186,976	441,422	376,192	186,751	237,374	319,508	204,236
Fines and fees	282,659	316,720	240,072	305,001	263,248	217,900	289,358	335,319	415,312	451,700
Charges for services	423,579	337,022	654,973	792,935	727,625	800,534	825,751	844,814	744,055	1,867,940
Special assessments	298,989	229,317	345,883	300,420	387,736	974,839	951,328	966,502	1,401,884	977,266
Intergovernmental	3,262,304	2,352,409	2,415,554	2,606,764	2,383,778	7,722,154	4,069,190	3,339,121	3,368,473	4,306,908
Investment earnings	497,682	831,916	993,815	296,824	49,100	49,689	32,136	31,905	33,416	11,456
Loan revenue	35,378	41,875	-	-	-	-	-	-	-	-
Other revenues	147,338	257,407	347,542	321,922	438,029	224,533	171,331	93,753	138,960	53,362
<b>Total revenues</b>	<b>11,561,343</b>	<b>12,069,921</b>	<b>12,964,221</b>	<b>12,102,447</b>	<b>12,029,272</b>	<b>17,461,561</b>	<b>14,649,283</b>	<b>14,488,397</b>	<b>14,825,305</b>	<b>16,683,503</b>
<b>Expenditures</b>										
General government	2,170,591	2,068,118	3,055,358	3,210,270	2,901,931	2,588,787	2,397,137	2,443,979	2,728,857	3,429,383
Public safety	2,059,613	2,526,659	3,040,870	3,411,999	3,286,448	3,224,327	3,557,178	3,678,525	3,793,325	4,188,261
Public works	925,613	1,161,471	1,554,889	1,694,200	1,482,616	1,459,363	1,417,646	1,547,336	1,439,557	1,600,153
Culture and recreation	935,986	1,122,244	1,670,953	1,843,126	1,781,799	1,843,546	1,881,715	1,925,478	1,868,548	1,970,858
Capital outlay	9,831,552	11,992,665	14,508,283	4,431,783	3,563,318	9,102,539	2,870,018	1,795,401	3,786,717	1,720,480
Debt service:										
Interest	774,222	914,694	1,529,276	1,410,869	1,501,306	1,453,142	1,266,297	1,162,286	1,202,912	906,684
Principal	694,737	1,156,069	2,160,583	2,158,231	2,720,699	5,094,114	3,389,241	7,458,215	6,524,108	13,008,131
Other	96,444	202,359	61,669	183,014	314,416	159,058	146,166	196,839	73,359	245,493
<b>Total expenditures</b>	<b>17,488,758</b>	<b>21,144,279</b>	<b>27,581,881</b>	<b>18,343,492</b>	<b>17,552,533</b>	<b>24,924,876</b>	<b>16,925,398</b>	<b>20,208,059</b>	<b>21,417,383</b>	<b>27,069,443</b>
Excess of revenues over (under) expenditures	(5,927,415)	(9,074,358)	(14,617,660)	(6,241,045)	(5,523,261)	(7,463,315)	(2,276,115)	(5,719,662)	(6,592,078)	(10,385,940)
<b>Other Financing Sources (Uses)</b>										
Bonds issued	3,355,000	3,545,000	-	5,460,000	5,689,822	2,794,765	1,325,000	3,995,000	3,256,418	8,090,000
Premium on G.O. Bonds	-	-	-	36,180	-	-	-	-	-	224,484
Certificates of participation issued	-	7,150,000	-	-	-	-	-	-	-	-
Loan proceeds	-	1,053,190	-	-	-	-	-	-	-	-
Bond Anticipation notes issued	-	-	-	-	-	-	3,960,000	4,915,000	-	-
Construction loan	-	-	910,757	651,632	2,570,970	1,302,327	316,065	87,668	251,482	-
Sale of capital assets	-	-	23,001	-	-	2,281,216	138,077	73,929	40,567	22,105
Capital leases	-	97,958	989,000	-	-	-	-	-	98,510	-
Insurance proceeds	-	19,302	3,053	997	-	8,457	8,261	-	-	-
Transfers in	2,625,016	2,796,990	2,441,559	2,513,128	3,181,035	3,420,400	3,126,455	3,027,043	2,983,153	1,866,968
Transfers out	(1,158,697)	(1,193,980)	(1,392,261)	(1,699,863)	(2,558,856)	(2,417,088)	(2,114,147)	(2,022,225)	(1,954,053)	(1,032,587)
<b>Total other financing sources (uses)</b>	<b>4,821,319</b>	<b>13,468,460</b>	<b>2,975,109</b>	<b>6,962,074</b>	<b>8,882,971</b>	<b>7,390,077</b>	<b>6,759,711</b>	<b>10,076,415</b>	<b>4,676,077</b>	<b>9,170,970</b>
<b>Net change in fund balances</b>	<b>\$ (1,106,096)</b>	<b>\$ 4,394,102</b>	<b>\$(11,642,551)</b>	<b>\$ 721,029</b>	<b>\$ 3,359,710</b>	<b>\$ (73,238)</b>	<b>\$ 4,483,596</b>	<b>\$ 4,356,753</b>	<b>\$ (1,916,001)</b>	<b>\$ (1,214,970)</b>
Debt service as a percentage of noncapital expenditures	17.8%	22.4%	26.9%	24.1%	29.2%	42.0%	33.7%	46.2%	43.6%	59.5%

**City of Gardner, Kansas  
Utilities Produced, Consumed, and Treated  
Last Ten Fiscal Years**

Fiscal Year	Electricity Generated & Purchased	Electricity Sold To Customers	<sup>(a)</sup> Electricity Consumed & Unbilled	<sup>(a)</sup> Average Percent Unbilled	Gallons of Water Produced & Purchased	Gallons of Water Sold	<sup>(a)</sup> Gallons of Water Unbilled	<sup>(a)</sup> Average Percent Unbilled	Gallons of Wastewater Treated	Total Direct Rate					
										Electric		Water		Wastewater	
										Base <sup>(d)</sup> Rate	Usage <sup>(e)</sup> Rate	Base <sup>(d)</sup> Rate	Usage <sup>(e)</sup> Rate	Base <sup>(d)</sup> Rate	Usage <sup>(e)</sup> Rate
<sup>(b,c)</sup> 2005	103,687	97,863	5,824	5.62%	691	469	223	32.21%	554	\$ 6.00	\$ 0.0862	\$ 8.27	\$ 3.75	\$ 7.35	\$ 4.68
2006	117,288	111,371	5,917	5.04%	712	494	218	30.62%	476	\$ 6.00	\$ 0.0905	\$ 8.52	\$ 3.86	\$ 7.72	\$ 4.91
2007	135,953	118,858	17,095	12.57%	723	488	235	32.50%	517	\$ 6.20	\$ 0.0932	\$ 8.52	\$ 3.86	\$ 7.72	\$ 4.91
2008	126,224	120,486	5,738	4.55%	758	552	206	27.18%	589	\$ 6.40	\$ 0.0960	\$ 8.95	\$ 4.05	\$ 8.10	\$ 5.16
2009	124,014	116,584	7,430	5.99%	717	473	244	34.03%	768	\$ 6.72	\$ 0.1008	\$ 9.40	\$ 4.25	\$ 8.75	\$ 5.57
2010	137,083	132,915	4,168	3.04%	721	497	224	31.07%	752	\$ 6.72	\$ 0.1008	\$ 9.90	\$ 4.45	\$ 9.45	\$ 6.00
2011	137,841	128,646	9,195	6.67%	795	501	294	36.98%	784	\$ 6.72	\$ 0.1008	\$ 10.40	\$ 4.65	\$ 10.20	\$ 6.50
2012	138,940	131,151	7,789	5.61%	835	589	246	29.46%	432	\$ 6.72	\$ 0.1008	\$ 10.70	\$ 4.80	\$ 10.70	\$ 6.85
2013	139,849	129,350	10,499	7.51%	745	675	70	9.40%	467	\$ 6.72	\$ 0.1082	\$ 11.55	\$ 5.15	\$ 11.90	\$ 7.60
2014	143,884	134,608	9,276	6.45%	753	664	70	9.30%	395	\$ 6.72	\$ 0.1082	\$ 12.45	\$ 5.55	\$ 13.20	\$ 8.44

**Notes:** Electricity is presented in MegaWatt Hours and gallons are presented in millions.

<sup>(a)</sup> Unbilled amounts include electric, water, and sewer used by the City of Gardner for government operations, and also amounts sold to wholesale customers through the EMP#1 pool.

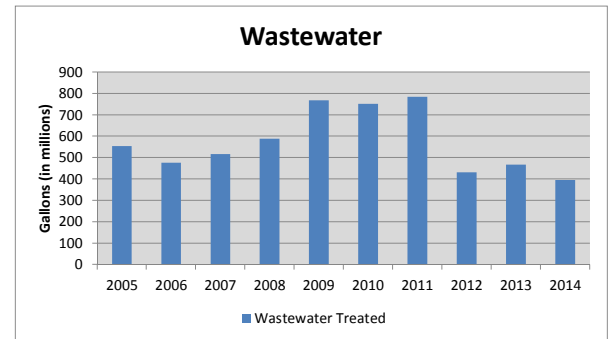
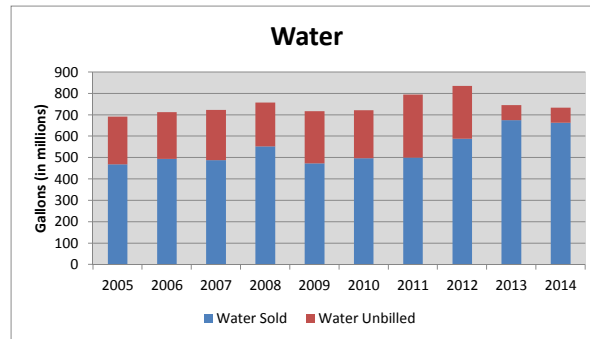
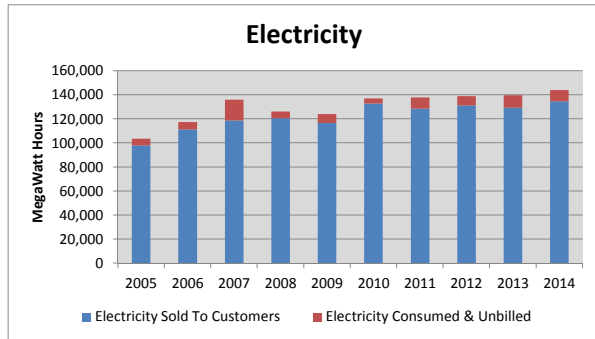
<sup>(b)</sup> In 2005, the City implemented interdepartmental billing, thus reducing the amount of unbilled electric usage.

<sup>(c)</sup> In 2005, the increase to gallons of wastewater treated was due to a significant increase in rainfall.

<sup>(d)</sup> Rates shown are for residential customers. For more detail on utility rates see the Electric, Water, and Sewer Rate schedule in this section.

<sup>(e)</sup> Per 1,000 gallons.

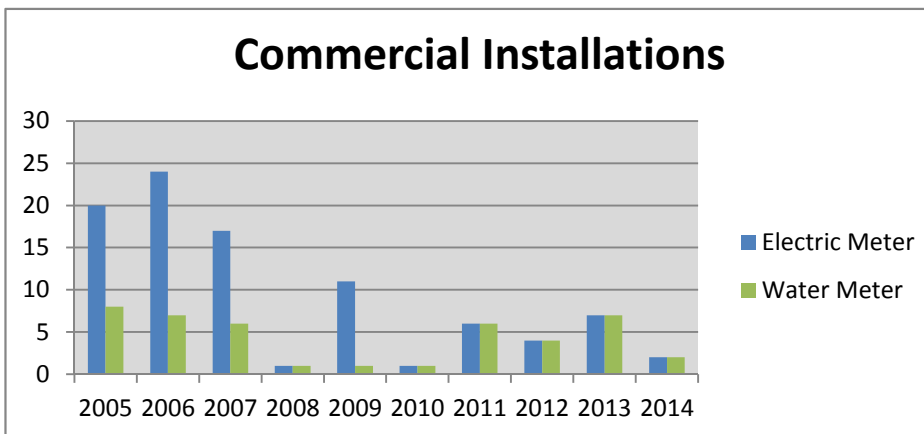
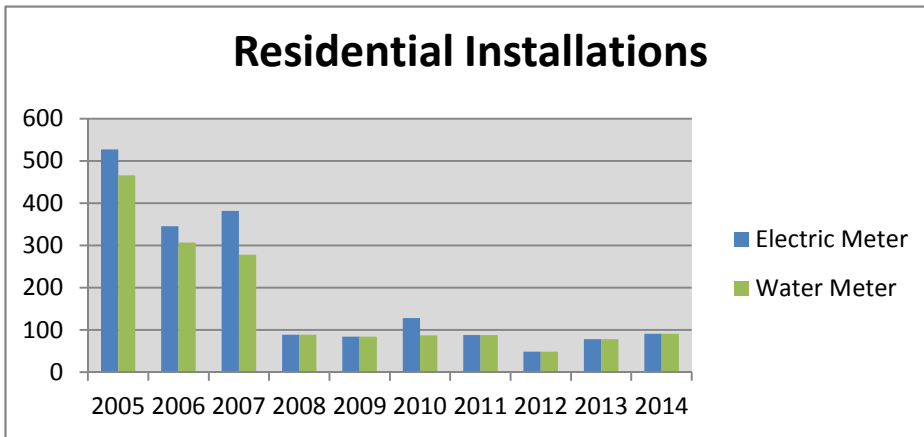
Source: City of Gardner Public Works Department & Gardner Energy



**City of Gardner, Kansas  
Annual Electric and Water Meter Installations  
Last Ten Fiscal Years**

Fiscal Year	Electric Meter Installations		Water Meter Installations		Total Installations
	Residential	Commercial	Residential	Commercial	
2005	527	20	466	8	1,021
2006	345	24	307	7	683
2007	382	17	278	6	683
2008	89	1	89	1	180
2009	84	11	84	1	180
2010	128	1	87	1	217
2011	88	6	88	6	188
2012	49	4	49	4	106
2013	78	7	78	7	170
2014	91	2	91	2	186

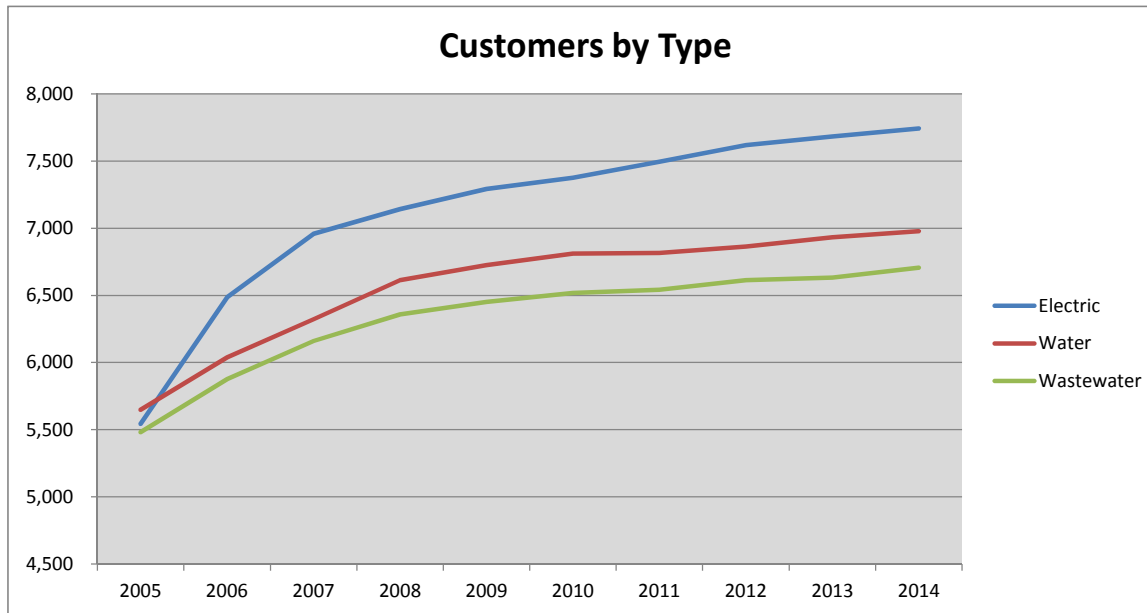
*Source: City of Gardner Community Development Department*



**City of Gardner, Kansas**  
**Number of Electric, Water, and Wastewater Customers by Type**  
**Last Ten Fiscal Years**

Fiscal Year	Electric			Water			Wastewater			Total		
	Residential	Commercial	Industrial	Residential	Commercial	Industrial	Residential	Commercial	Industrial	Electric	Water	Wastewater
2004	4,821	269	7	4,699	185	7	4,549	179	7	5,097	4,891	4,735
2005	5,254	283	6	5,439	204	6	5,278	198	6	5,543	5,649	5,482
2006	6,156	325	6	5,812	220	6	5,657	214	6	6,487	6,038	5,877
2007	6,547	407	5	6,065	253	5	5,958	197	5	6,959	6,323	6,160
2008	6,726	410	5	6,360	248	5	6,146	207	5	7,141	6,613	6,358
2009	6,867	418	6	6,476	243	5	6,239	206	5	7,291	6,724	6,450
2010	6,944	425	6	6,546	260	5	6,309	205	5	7,375	6,811	6,519
2011	7,064	424	6	6,554	256	5	6,333	204	5	7,494	6,815	6,542
2012	7,163	448	6	6,598	259	5	6,398	209	5	7,617	6,862	6,612
2013	7,214	462	6	6,655	270	7	6,408	216	7	7,682	6,932	6,631
2014	7,274	465	4	6,709	261	7	6,480	219	6	7,743	6,977	6,705

Source: City of Gardner Utility Department



**City of Gardner, Kansas  
Electric, Water, and Wastewater Rates  
Last Ten Fiscal Years**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Water Rates<sup>(a)</sup></b>										
<i>(All Meter Sizes)</i>										
Base Rate	\$ 8.27	\$ 8.52	\$ 8.52	\$ 8.95	\$ 9.40	\$ 9.90	\$ 10.40	\$ 10.70	\$ 11.55	\$ 12.45
Usage Rate (per 1,000 gallons) First 40,000 gallons	3.75	3.86	3.86	4.05	4.25	4.45	4.65	4.80	5.15	-
Usage Rate (per 1,000 gallons) Over 40,000 gallons	3.00	3.10	3.10	3.26	3.42	3.60	3.80	3.90	4.20	-
Usage Rate (per 1,000 gallons) First 6,000 gallons	-	-	-	-	-	-	-	-	-	5.55
Usage Rate (per 1,000 gallons) 6,001-10,000 gallons	-	-	-	-	-	-	-	-	-	6.11
Usage Rate (per 1,000 gallons) 10,001-14,000 gallons	-	-	-	-	-	-	-	-	-	6.38
Usage Rate (per 1,000 gallons) 14,001-18,000 gallons	-	-	-	-	-	-	-	-	-	6.67
Usage Rate (per 1,000 gallons) 18,001 or more gallons	-	-	-	-	-	-	-	-	-	6.97
<b>Wastewater Rates</b>										
Base Rate	\$ 7.35	\$ 7.72	\$ 7.72	\$ 8.10	\$ 8.75	\$ 9.45	\$ 10.20	\$ 10.70	\$ 11.90	\$ 13.20
Usage Rate (per 1,000 gallons)	4.68	4.91	4.91	5.16	5.57	6.00	6.50	6.85	7.60	8.44
<b>Electric Rates</b>										
<i>Residential</i>										
Base Rate	\$ 6.00	\$ 6.00	\$ 6.20	\$ 6.40	\$ 6.72	\$ 6.72	\$ 6.72	\$ 6.72	\$ 6.72	\$ 6.72
Usage Rate (per kWh)	0.08620	0.09051	0.09323	0.09603	0.10083	0.10083	0.10083	0.10083	0.10819	0.10819
<i>Commercial</i>										
Base Rate	\$ 6.60	\$ 6.80	\$ 6.80	\$ 7.00	\$ 7.35	\$ 7.35	\$ 7.35	\$ 7.35	\$ 7.35	\$ 7.35
Usage Rate (per kWh)	0.9350	0.0963	0.09631	0.09920	0.10416	0.10416	0.10416	0.10416	0.11152	0.11152
<i>Commercial With Demand</i>										
Base Rate for Demand	\$ 15.00	\$ 15.00	\$ 15.45	\$ 15.90	\$ 16.70	\$ 16.70	\$ 16.70	\$ 16.70	\$ 16.70	\$ 16.70
Usage Rate (per kW)	12.00	12.60	13.00	13.39	14.06	14.06	14.06	14.06	14.06	14.06
Usage Rate (per kWh) First 5,000 kWh	0.0436	0.0458	0.0472	0.0486	0.05099	0.05099	0.05099	0.05099	0.05708	0.05708
Usage Rate (per kWh) Over 5,000 kWh	0.0374	0.0393	0.0404	0.04165	0.04373	0.04373	0.04373	0.04373	0.05053	0.05053
<i>Commercial Large With Demand</i>										
Base Rate for Demand	\$ 20.00	\$ 20.00	\$ 20.60	\$ 21.20	\$ 22.26	\$ 22.26	\$ 22.26	\$ 22.26	\$ 22.26	\$ 22.26
Usage Rate (per kW)	12.00	12.60	13.00	13.39	14.06	14.06	14.06	14.06	14.06	14.06
Usage Rate (per kWh) First 5,000 kWh	0.04250	0.04463	0.04597	0.04735	0.04972	0.04972	0.04972	0.04972	0.05080	0.05080
Usage Rate (per kWh) Over 5,000 kWh	0.03690	0.03875	0.03991	0.04111	0.04317	0.04317	0.04317	0.04317	0.05053	0.05053
<b>All Electric Rates</b>										
<i>Residential</i>										
Base Rate	\$ 6.00	\$ 6.00	\$ 6.20	\$ 6.40	\$ 6.72	\$ 6.72	\$ 6.72	\$ 6.72	\$ 6.20	\$ 6.20
Summer Usage Rate (per kWh)	0.08850	0.09293	0.09572	0.09859	0.10352	0.10352	0.10352	0.10352	0.11088	0.11088
Winter Usage Rate (per kWh) First 800 kWh	0.07260	0.07623	0.07852	0.08088	0.10352	0.10352	0.10352	0.10352	0.11088	0.11088
Winter Usage Rate (per kWh) Over 800 kWh	0.03520	0.03696	0.03807	0.03921	0.04117	0.04117	0.04117	0.04117	0.04853	0.04853
<i>Commercial</i>										
Base Rate	\$ 6.60	\$ 6.60	\$ 6.80	\$ 7.00	\$ 7.35	\$ 7.35	\$ 7.35	\$ 7.35	\$ 7.35	\$ 7.35
Usage Rate (per kW)	4.55	4.78	4.90	5.05	5.30	5.30	5.30	5.30	5.30	5.30
Summer Usage Rate (per kWh)	0.02960	0.03108	0.03201	0.03297	0.03462	0.03462	0.03462	0.03462	0.04198	0.04198
Winter Usage Rate (per kWh)	0.02700	0.02835	0.02920	0.03008	0.03158	0.03158	0.03158	0.03158	0.03894	0.03894

Source: City of Gardner Utility Department

(a) The City of Gardner implemented a new step rate structure for water in 2014

**City of Gardner, Kansas**  
**Ten Largest Electric, Water, and Wastewater Customers**  
**Current Year and Nine Years Ago**

Customer	Fiscal Year 2014								
	Electric Revenue			Water Revenue			Wastewater Revenue		
	Amount	%	Customer	Amount	%	Customer	Amount	%	Customer
Wal-Mart	\$ 331,872.60	2.39%	New Century Aircenter	\$ 256,470.50	5.93%	USD 231- WMS Main	\$ 27,883.70	0.68%	
Price Chopper	273,326.32	1.97%	USD 231- High School Irrigation	58,312.90	1.35%	Wal-Mart	21,163.74	0.52%	
USD 231 - High School Main	254,980.24	1.84%	USD 231- Trail Ridge Middle School	38,283.90	0.89%	R&B Autowash	19,925.86	0.49%	
Coleman	216,867.19	1.56%	USD 231- Grand Star Elementary	33,748.18	0.78%	Jacobs Properties	19,445.14	0.48%	
ITW Labels	152,530.70	1.10%	USD 231- WMS Main	26,751.64	0.62%	USD 231- High School Main	13,239.42	0.32%	
USD 231- Grand Star Elementary	140,512.98	1.01%	Wal-Mart	16,799.73	0.39%	Pinnacle Healthcare	12,564.46	0.31%	
USD 231 - Poiner Ridge	139,141.93	1.00%	R&B Autowash	16,071.44	0.37%	Trailswest Car Wash	12,125.66	0.30%	
Century Link -107 S Elm	126,239.17	0.91%	USD 231- High School Main	15,958.12	0.37%	Bristol Partners- 205 N Moonlight	11,964.34	0.29%	
Tradenet	107,276.40	0.77%	Jacobs Properties	15,873.87	0.37%	Vintage Park	11,690.60	0.29%	
USD 231 - Sunflower Elementary	93,101.28	0.67%	USD 231- High School Irrigation (2)	15,777.74	0.37%	Sonic	8,244.86	0.20%	
Subtotal (10 largest)	1,835,848.81	13.22%	Subtotal (10 largest)	494,048.02	11.43%	Subtotal (10 largest)	158,247.78	3.87%	
Balance from other customers	12,047,605.25	86.78%	Balance from other customers	3,827,343.22	88.57%	Balance from other customers	3,927,268.84	96.13%	
Grand Totals	\$ 13,883,454.06	100.00%	Grand Totals	\$ 4,321,391.24	100.00%	Grand Totals	\$ 4,085,516.62	100.00%	

Customer	Fiscal Year 2005								
	Electric Revenue			Water Revenue			Wastewater Revenue		
	Amount	%	Customer	Amount	%	Customer	Amount	%	Customer
Mid-America Plastics	\$ 416,331.97	4.87%	New Century Air Center	\$ 74,343.50	3.44%	U.S.D. 231 - WMS Main Service	\$ 15,569.34	0.87%	
Price Chopper	200,399.93	2.35%	U.S.D. 231 - 425 N Waverly DAC	17,855.12	0.83%	Jacobs Property	11,470.63	0.64%	
U.S.D. 231 - 425 N Waverly DAC	190,738.52	2.23%	U.S.D. 231 - WMS Main Service	11,874.02	0.55%	Gardner Super 8	9,629.76	0.54%	
Dot Label	115,993.29	1.36%	Jacobs Properties	9,099.94	0.42%	Medical Lodge of Gardner	9,343.15	0.52%	
Tradenet	78,642.61	0.92%	Gardner Super 8	6,986.84	0.32%	CLC HealthCare Addition	7,565.52	0.42%	
U.S.D. 231 - WMS Main Service	71,476.36	0.84%	Medical Lodges	6,561.77	0.30%	U.S.D. 231 - 425 N Waverly DAC	6,977.44	0.39%	
U.S.D. 231 - Sunflower Elementary	66,530.93	0.78%	CLC HealthCare Addition	5,382.32	0.25%	Mid-America Plastics	5,840.80	0.33%	
Cramer Products	66,431.47	0.78%	Price Chopper	4,599.92	0.21%	Price Chopper	5,416.24	0.30%	
U.S.D. 231 - Gardner Elementary	64,056.92	0.75%	Mid America Plastics	4,595.84	0.21%	CLC HealthCare	5,378.57	0.30%	
U.S.D. 231 - Madison Elementary	58,013.03	0.68%	CLC HealthCare	4,405.07	0.20%	Cedar Niles	5,257.49	0.29%	
Subtotal (10 largest)	1,328,615.03	15.56%	Subtotal (10 largest)	145,704.34	6.75%	Subtotal (10 largest)	82,448.94	4.60%	
Balance from other customers	7,211,997.45	84.44%	Balance from other customers	2,014,025	93.25%	Balance from other customers	1,709,343	95.40%	
Grand Totals	\$ 8,540,612	100.00%	Grand Totals	\$ 2,159,729	100.00%	Grand Totals	\$ 1,791,792	100.00%	

*Notes: Dollar values reflected include base rate charges, as well as multiple meters on various accounts.*

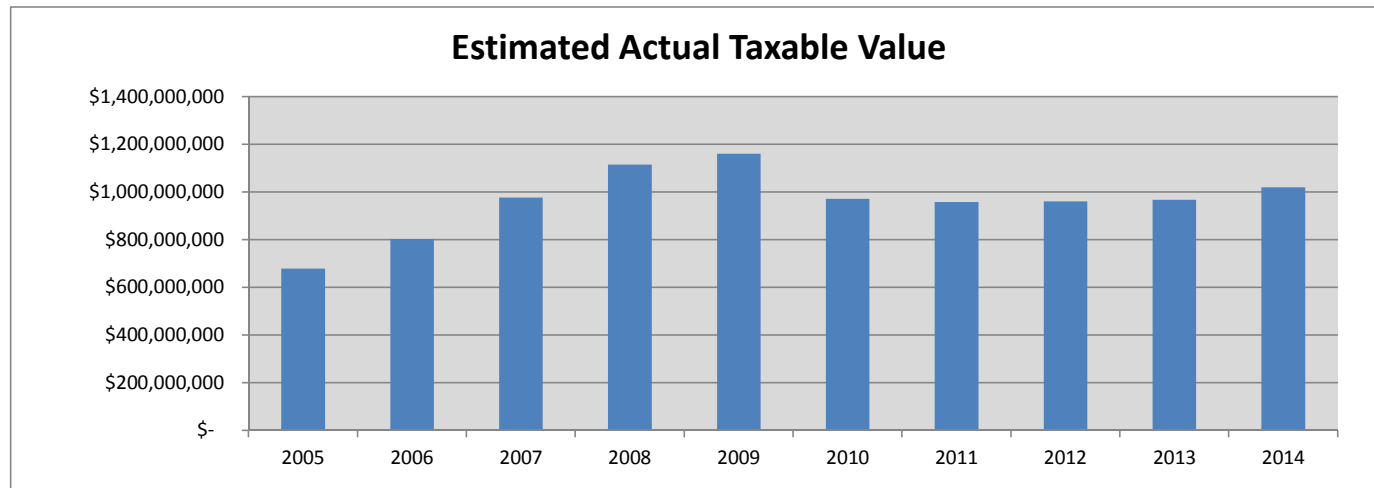
**Source:** City of Gardner Utility Department

**City of Gardner, Kansas**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

Fiscal Year	Residential Property	Commercial Property	Not-for-Profit Property	Agricultural and Other Property	Not Otherwise Subclassified	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
2005	\$ 61,026,225	\$ 12,090,961	\$ 2,290,585	\$ 325,419	\$ -	\$ 75,733,190	\$ 23.994	\$ 678,670,888	11.16%
2006	73,120,689	13,675,841	2,279,893	112,374	-	89,188,797	24.092	801,727,555	11.12%
2007	87,598,362	18,592,967	2,717,458	108,681	-	109,017,468	24.080	976,309,650	11.17%
2008	97,621,749	23,111,451	3,371,852	104,208	165,123	124,374,383	24.108	1,115,603,821	11.15%
2009	101,303,291	23,619,198	2,637,597	96,501	-	127,656,587	24.606	1,160,488,730	11.00%
2010	99,793,594	21,148,834	2,277,327	90,384	-	123,310,139	31.119	971,642,165	12.69%
2011	98,455,518	21,904,442	1,683,579	94,002	-	122,137,541	31.132	958,093,470	12.75%
2012	98,872,623	21,627,029	1,603,987	101,109	-	122,204,748	31.140	959,973,643	12.73%
2013	99,823,425	22,122,018	1,276,279	111,138	-	123,332,860	31.133	967,523,973	12.75%
2014	104,947,182	23,509,159	1,445,888	121,944	-	130,024,173	29.434	1,019,076,374	12.76%

**Note:** Property in Johnson County is reassessed every year. The county assesses property at approximately 25 percent of actual value for commercial, 30 percent for agricultural, 12 percent for not-for-profit, and 11.5 percent for residential. Estimated actual taxable value is calculated by dividing taxable assessed value by those percentages. Tax rates are per \$1,000 of assessed value.

**Sources:** City of Gardner Finance Department and Johnson County Department of Records and Tax Administration - County Clerk's Office



**City of Gardner, Kansas  
Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years**

Fiscal Year	Direct Rates			Overlapping Rates						Total Direct & Overlapping Rates
	Gardner General Operating	Bond and Interest	Total Direct Rate - Gardner City <sup>(a)</sup>	State of Kansas	Johnson County	Johnson County Library	Johnson County Parks and Recreation	Johnson County Community College	U.S.D. 231 (School District)	
2005	20.952	3.042	23.994	1.500	16.041	2.956	2.367	9.438	73.008	129.304
2006	21.038	3.054	24.092	1.500	17.922	2.955	2.286	8.960	78.016	135.731
2007	21.028	3.052	24.080	1.500	17.949	2.960	2.290	8.872	76.546	134.197
2008	21.053	3.050	24.108	1.500	17.767	3.057	2.341	8.768	76.568	134.109
2009	21.551	3.055	24.606	1.500	17.716	3.151	2.346	8.784	78.539	136.642
2010	21.563	9.556	31.119	1.500	17.748	3.158	2.350	8.799	81.536	146.210
2011	23.107	8.025	31.132	1.500	17.700	3.145	2.343	8.776	82.595	147.191
2012	23.113	8.027	31.140	1.500	17.717	3.149	2.344	8.785	82.406	147.041
2013	23.108	8.025	31.133	1.500	17.745	3.155	2.347	9.551	79.170	144.601
2014	21.401	8.033	29.434	1.500	17.764	3.157	2.349	9.461	69.711	133.376

**Note:** One mill is \$1 of property tax for each \$1,000 of assessed valuation.

(a) During some of these years, there were both "Gardner with City Fire" and "Gardner - No Fire" mill rates because there were portions of Gardner that were assessed for fire protection by the Johnson County Fire District. In the interest of consistency, only "Gardner with City Fire" rates are shown here for those years in which there were multiple "Gardner City" mill rates.

**Source:** Johnson County Department of Records and Tax Administration - County Clerk's Office



**City of Gardner, Kansas  
Principal Property Tax Payers  
Current Year and Nine Years Ago**

Taxpayer	Type of Business	2014			2005		
		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Wal-Mart	Retail	\$ 1,883,500	1	1.45%			
Moonlight Apartments L.L.C.	Real Estate	1,737,535	2	1.34%			
Horizon Trails, LLC	Real Estate	1,625,985	3	1.25%			
C.L.S. Investment Company	Real Estate	1,307,390	4	1.01%	1,240,631	2	1.39%
Martens Rentals, L.L.C.	Real Estate	1,261,039	5	0.97%	1,612,870	1	1.81%
Kansas Gas Service	Utility	1,076,326	6	0.83%			
DJC Properties, L.L.C.	Real Estate	1,047,512	7	0.81%	914,358	3	1.03%
Bristol Partner XVI, LLC	Real Estate	961,250	8	0.74%			
Energy Center Industrial, LLC	Real Estate	927,001	9	0.71%			
Woodstone Apartments, L.P.	Real Estate	884,235	10	0.68%	650,705	5	0.73%
Moonlight Plaza, LLC	Shopping Mall				683,075	4	0.77%
Gardner, LLC	Manufacturing-Plastics				606,050	6	0.68%
Mid-America Products	Manufacturing-Plastics				560,924	7	0.63%
First Choice Properties, Inc	Real Estate				480,425	8	0.54%
Lincoln Terrace Townhomes	Townhomes				470,074	9	0.53%
Cramer Products, Inc	Real Estate				431,233	10	0.48%
Totals		<u>\$ 12,711,773</u>		<u>9.78%</u>	<u>\$ 7,650,345</u>		<u>8.58%</u>

Source: Johnson County Clerk's Office

Note: This schedule excludes agreements that the City has with certain entities to make payments in lieu of taxes on property that is currently statutorily exempt from ad valorem property taxes and therefore has no assessed valuation

**City of Gardner, Kansas**

**PROPERTY TAX LEVIES AND COLLECTIONS  
GENERAL AND DEBT SERVICE FUNDS**

For years ended December 31, 2005 through December 31, 2014

Year Ended December 31 <sup>(1)</sup>	Adjusted Tax Levy	Current Year Collections		Collections in Subsequent Years	Total Tax Collections	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2005	\$ 2,009,240	\$ 1,942,719	96.69%	\$ 64,516	\$ 2,007,235	99.90%
2006	2,350,461	2,241,942	95.38%	84,984	2,326,926	99.00%
2007	2,777,859	2,683,021	96.59%	92,609	2,775,630	99.92%
2008	3,089,154	2,965,661	96.00%	120,520	3,086,181	99.90%
2009	3,206,980	3,077,032	95.95%	122,362	3,199,394	99.76%
2010	3,242,503	3,098,450	95.56%	132,031	3,230,482	99.63%
2011	4,079,977	3,924,028	96.18%	139,534	4,063,562	99.60%
2012	4,024,340	3,890,430	96.67%	119,848	4,010,278	99.65%
2013	4,026,981	3,968,415	98.55%	37,633	4,006,048	99.48%
2014	4,073,260	4,013,682	98.54%	20,549	4,034,232	99.04%

**PROPERTY TAX LEVIES AND COLLECTIONS  
TAX INCREMENT FINANCING DISTRICTS**

For years ended December 31, 2005 through December 31, 2014

Year Ended December 31 <sup>(1)</sup>	Adjusted Tax Levy	Current Year Collections		Collections in Subsequent Years	Total Tax Collections	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2005	\$ -	\$ -	-	\$ -	\$ -	n/a
2006	-	-	-	-	-	n/a
2007	184,370	184,370	100.00%	-	184,370	100.00%
2008	249,500	249,500	100.00%	-	249,500	100.00%
2009	254,556	254,556	100.00%	-	254,556	100.00%
2010	214,715	214,715	100.00%	-	214,715	100.00%
2011	238,008	238,008	100.00%	-	238,008	100.00%
2012	264,743	264,743	100.00%	-	264,743	100.00%
2013	252,151	252,151	100.00%	-	252,151	100.00%
2014	252,950	252,950	100.00%	-	252,950	100.00%

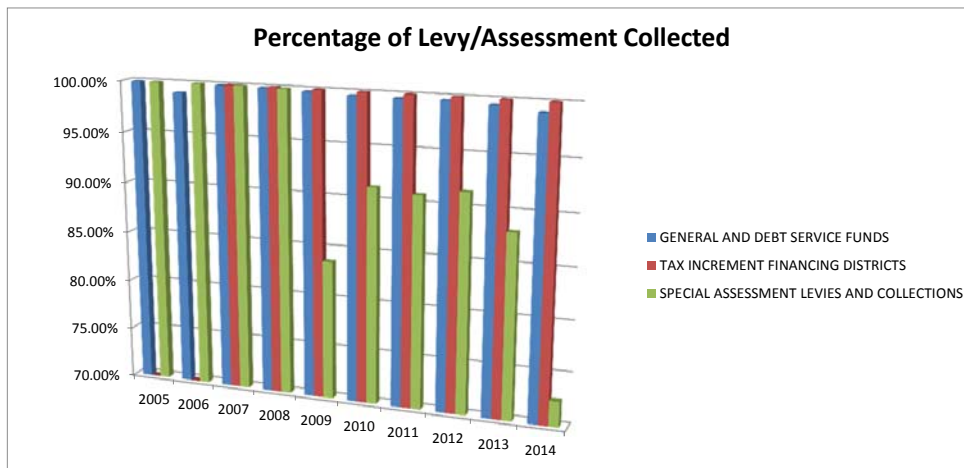
**SPECIAL ASSESSMENT LEVIES AND COLLECTIONS**

For years ended December 31, 2005 through December 31, 2014

Year Ended December 31 <sup>(1)</sup>	Assessments Certified to County	Current Year Collections		Collections in Subsequent Years	Total Assessment Collections	
		Amount	Percentage of Assessment		Amount	Percentage of Assessment
2005	\$ 301,265	\$ 299,818	99.52%	\$ 1,221	\$ 301,040	99.93%
2006	308,240	230,392	74.74%	77,737	308,129	99.96%
2007	304,802	304,483	99.90%	320	304,802	100.00%
2008	298,800	224,279	75.06%	74,267	298,547	99.92%
2009	590,334	389,232	65.93%	104,988	494,220	83.72%
2010	1,075,608	826,909	76.88%	154,667	981,575	91.26%
2011	1,047,190	811,689	77.51%	139,985	951,675	90.88%
2012	1,105,492	904,363	81.81%	106,983	1,011,346	91.48%
2013	1,341,397	1,068,469	79.65%	113,749	1,182,218	88.13%
2014	1,306,910	857,846	65.64%	90,143	947,989	72.54%

(1) The year shown is the year in which the collections were received. The levy or assessment is certified to the County the previous year.

Source: Johnson County Treasurer's Office



**City of Gardner, Kansas  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years**

Fiscal Year	Government Activities								Business-type Activities					Total Primary Government	Percentage of Personal Income <sup>(a)</sup>	Per Capita <sup>(a)</sup>
	General Obligation Bonds	Issuance Premiums	Special Assessment GO Bonds	Certificates of Participation	Bond Anticipation Notes	Capital Leases	State Revolving Loans	Lease Revenue Bonds	General Obligation Bonds	Issuance Premiums	Bond Anticipation Notes	Capital Leases	State Revolving Loans			
2005	6,873,400	-	3,035,000	11,642,768	11,642,768	54,412	-	3,905,000	15,466,600	74,400	8,477,232	-	18,976,298	80,147,878	13.97%	5,424
<sup>(b)</sup> 2006	9,757,850	-	2,790,000	7,150,000	9,700,000	108,152	911,889	3,840,000	20,337,150	67,532	6,790,000	-	24,996,620	86,449,193	13.34%	5,337
2007	9,162,650	-	2,270,000	6,535,000	9,945,000	1,056,393	1,513,022	3,760,000	17,482,350	60,664	6,865,000	176,030	25,349,440	84,175,549	11.75%	4,920
2008	10,483,950	36,180	5,255,000	6,140,000	11,715,000	911,755	1,799,761	3,660,000	23,891,050	124,403	-	135,533	25,433,886	89,586,518	12.37%	4,951
<sup>(c)</sup> 2009	9,377,200	31,657	10,307,972	5,665,000	5,515,000	830,353	4,065,034	3,545,000	23,524,828	111,962	-	92,781	24,183,410	87,250,197	11.84%	4,691
<sup>(d)</sup> 2010	9,626,450	51,387	9,605,000	5,045,000	5,180,000	-	5,082,322	3,410,000	20,728,550	99,521	-	47,647	22,832,614	81,708,491	15.63%	4,273
2011	8,444,150	45,637	10,215,000	4,235,000	3,960,000	-	4,876,446	3,250,000	17,735,850	87,082	-	-	21,509,041	74,358,206	14.76%	3,714
2012	7,049,550	39,887	13,425,000	3,480,000	4,915,000	-	4,581,094	3,105,000	25,850,450	1,145,828	-	-	11,780,890	75,372,699	14.34%	3,643
2013	6,153,300	147,910	12,385,000	2,670,000	4,915,000	77,489	4,515,624	2,880,000	21,181,700	1,146,323	1,330,000	-	16,155,452	73,557,798	13.52%	3,593
2014	8,816,334	359,318	15,035,000	1,670,000	-	59,064	477,884	2,620,000	18,113,666	1,032,792	-	-	16,679,528	64,863,586	11.89%	3,139

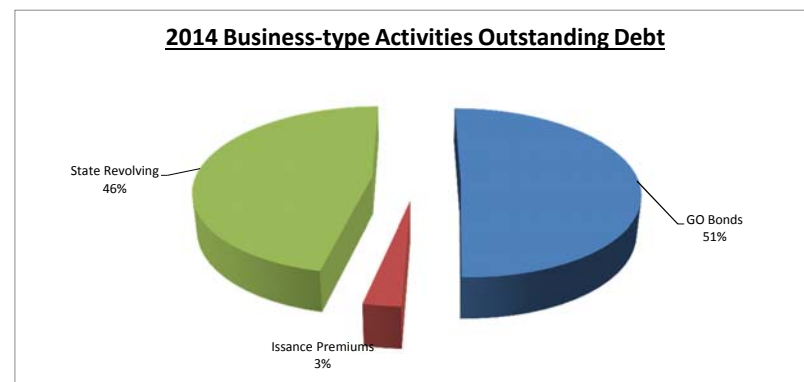
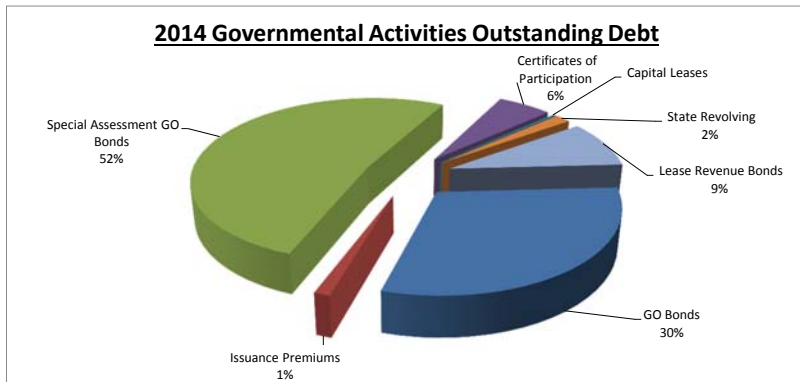
**Notes:** <sup>(a)</sup> See the Demographic and Economic Statistics schedule in this section for personal income and population data.

<sup>(b)</sup> In 2006, the City issued Certificates of Participation in the amount of \$7,150,000 for the purpose of the construction of a new park complex.

<sup>(c)</sup> In 2009, the City issued Special Assessment bonds in the amount of \$5,437,972 to finance the completion of University Park and Kill Creek Waterline Benefit Districts.

<sup>(d)</sup> In 2010, the City's fire services moved to Johnson County Fire District No 1. The County purchased a fire pumper the City was leasing.

Source: City of Gardner Finance Department



**City of Gardner, Kansas**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

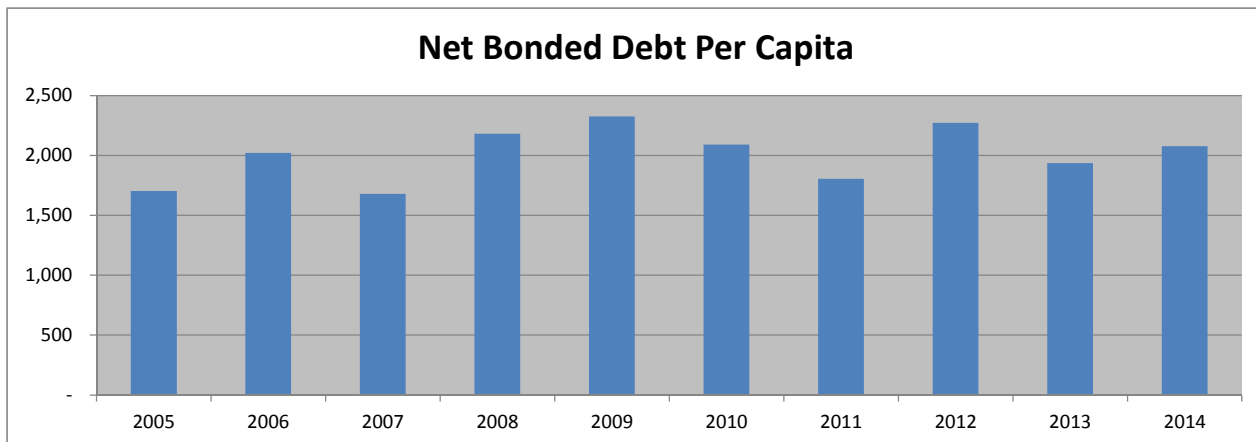
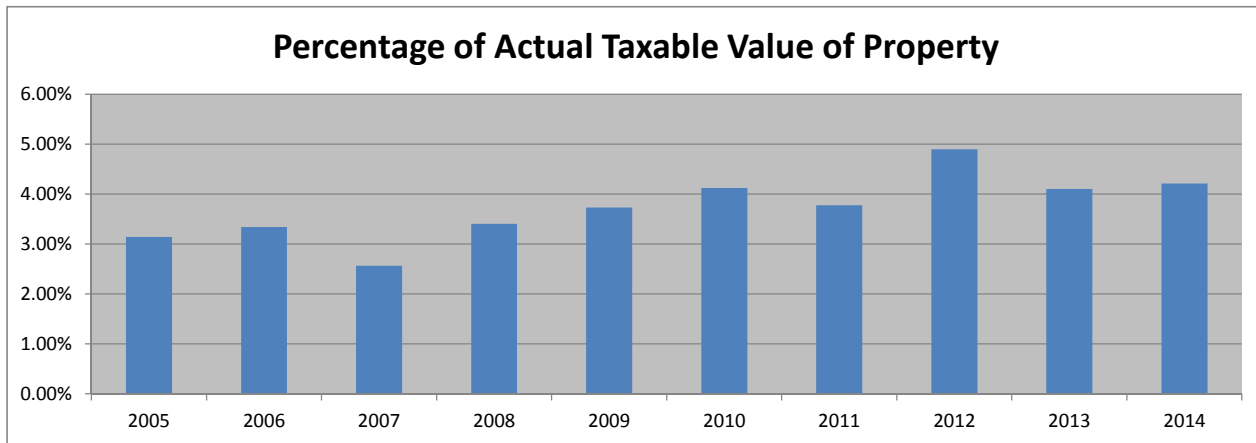
Fiscal Year	General Obligation Bonds	Issuance Premiums	Special Assessment GO Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Actual Taxable Value <sup>(a)</sup> of Property	Per Capita <sup>(b)</sup>
2005	22,340,000	74,400	3,035,000	258,152	25,191,248	3.14%	1,705
2006	30,095,000	67,532	2,790,000	184,701	32,767,831	3.34%	2,023
2007	26,645,000	60,664	2,270,000	237,844	28,737,820	2.56%	1,680
2008	34,375,000	160,583	5,255,000	310,091	39,480,492	3.40%	2,182
2009	32,902,028	143,619	10,307,972	78,023	43,275,596	3.73%	2,327
2010	30,355,000	150,908	9,605,000	105,384	40,005,524	4.12%	2,092
2011	26,180,000	132,719	10,215,000	373,870	36,153,849	3.77%	1,806
2012	32,900,000	1,185,715	13,425,000	493,029	47,017,686	4.90%	2,273
2013	27,335,000	1,294,233	12,385,000	1,351,864	39,662,369	4.10%	1,937
2014	26,930,000	1,392,110	15,035,000	425,504	42,931,606	4.21%	2,077

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

<sup>(a)</sup> Property value data can be found in the Assessed Value and Estimated Actual Value of Taxable Property schedule in this section.

<sup>(b)</sup> Population data can be found in the Demographic and Economic Statistics schedule in this section.

**Sources:** City of Gardner Finance Department and Johnson County Department of Records and Tax Administration - County Clerk's Office



**City of Gardner, Kansas  
Direct and Overlapping Governmental Activities Debt  
As of December 31, 2014**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>(a)</sup></u>	<u>Estimated Share of Direct and Overlapping Debt</u>
<b>GO Debt repaid with property taxes</b>			
Unified School District No. 231	\$ 138,883,860	55.16%	\$ 76,613,673
Johnson County	9,063,558	1.68%	152,451
Johnson County Park and Recreation	1,960,000	1.68%	32,968
<b>Other</b>			
Johnson County: Public Building Commission	209,450,000	1.70%	<u>3,551,243</u>
Subtotal, overlapping debt			80,350,335
<b>City Direct Debt</b>			<u>29,037,600</u>
<b>Total direct and overlapping debt</b>			<u>\$ 109,387,935</u>

**Notes:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City.

<sup>(a)</sup> For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

One parcel within the City of Gardner was within the boundaries of Fire District No 1 when the District incurred debt in 2010, and is therefore considered debt-obligated even though it is no longer in the District and is property tax-exempt. The City does not anticipate the parcel becoming taxable in the foreseeable future and the City therefore has no overlapping debt with the Fire District.

**Sources:** Johnson County's Office of Financial Management and the City of Gardner Finance Department

**City of Gardner, Kansas  
Legal Debt Margin Information  
Last Ten Fiscal Years**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt Limit	\$ 33,798,595	\$ 40,485,098	\$ 45,321,494	\$ 46,494,676	\$ 46,444,391	\$ 44,909,263	\$ 44,334,725	\$ 44,524,646	\$ 44,867,292	\$ 47,105,324
Total net debt applicable to limit	14,375,447	13,046,486	12,546,504	17,272,700	17,092,536	14,841,700	15,147,850	19,631,650	13,584,740	15,085,450
Legal debt margin	\$ 19,423,148	\$ 27,438,612	\$ 32,774,990	\$ 29,221,976	\$ 29,351,855	\$ 30,067,563	\$ 29,186,875	\$ 24,892,996	\$ 31,282,552	\$ 32,019,874
Total net debt applicable to the limit as a percentage of debt limit	42.53%	32.23%	27.68%	37.15%	36.80%	33.05%	34.17%	44.09%	30.28%	32.02%

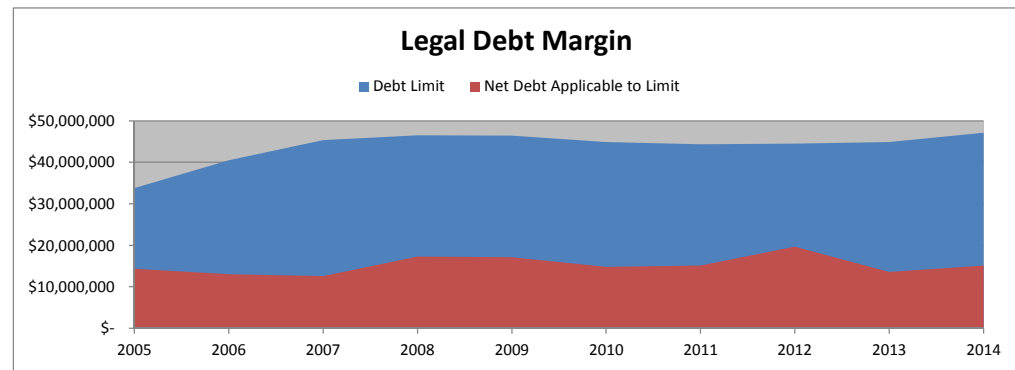
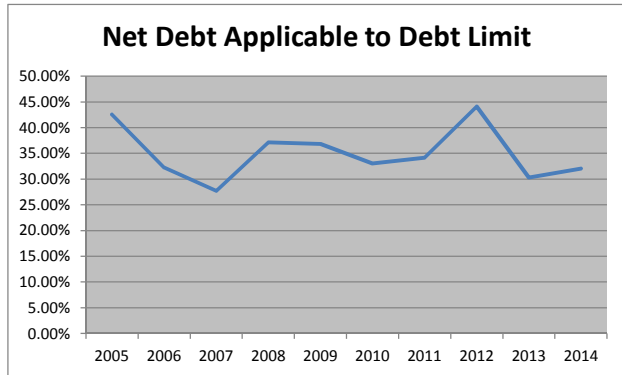
**Legal Debt Margin Calculation for Fiscal Year 2014**

Assessed value <sup>(a)</sup>	\$ 157,017,746
Debt limit (30% of assessed value) <sup>(b)</sup>	47,105,324
Debt applicable to limit:	
G.O. Bonds and Temporary Notes Outstanding	41,965,000
Less: Amount set aside for utilities, refunding, and revenue-supported bonds	<u>(26,879,550)</u>
Total net debt applicable to limit	<u>15,085,450</u>
Legal debt margin	<u>\$ 32,019,874</u>

**Notes:** <sup>(a)</sup> Assessed value includes property tax collected for motor vehicles.

<sup>(b)</sup> The City is subject to Kansas statutes which limit the amount of net bonded debt (exclusive of revenue, utility, and refunding bonds) the City may have outstanding to 30% of the current assessed valuation of property.

Source: City of Gardner Finance Department



**City of Gardner, Kansas  
Demographics and Economic Statistics  
Last Ten Calendar Years**

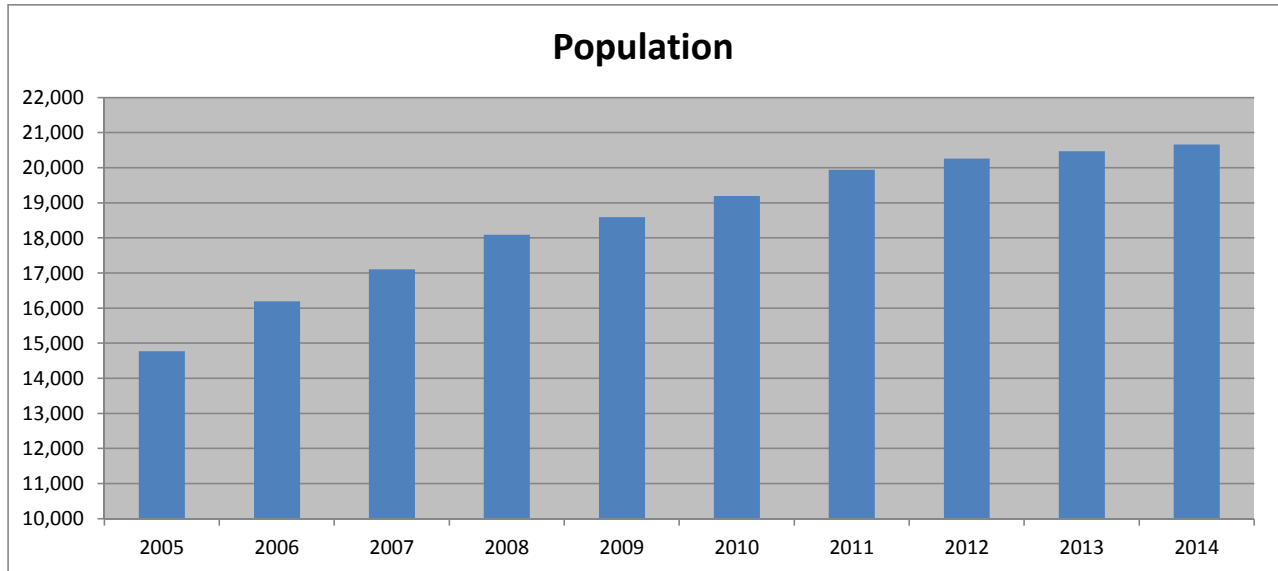
<b>Calendar Year</b>	<b>Population <sup>(1)</sup></b>	<b>Personal Income</b>	<b>Per Capita Personal Income <sup>(2)</sup></b>	<b>Median Age <sup>(2)</sup></b>	<b>School Enrollment <sup>(3)</sup></b>	<b>Unemployment Rate <sup>(2)</sup></b>
2005	14,776	573,914,616	38,841	31.5	3,593	4.5%
2006	16,199	648,105,791	40,009	31.4	3,811	4.3%
2007	17,110	716,515,470	41,877	31.6	4,293	3.9%
2008	18,096	724,002,864	40,009	31.6	4,491	4.3%
2009	18,600	736,727,400	39,609	31.6	4,721	6.6%
2010	19,195	524,733,715	27,337	30.0	4,977	6.5%
2011	19,944	501,791,040	25,160	30.0	5,229	5.4%
2012	20,267	515,004,737	25,411	30.4	5,411	4.5%
2013	20,473	543,988,083	26,571	30.7	5,452	3.8%
2014	20,667	545,629,467	26,401	31.8	5,647	3.1%

**Sources:** City of Gardner Finance Department and

<sup>(1)</sup> US Census Bureau - estimate as of July 1, xxxx

<sup>(2)</sup> Unemployment Rate is for Johnson County, Kansas. The City rate is not available. Provided by Southwest Johnson County Economic Development Corporation

<sup>(3)</sup> Unified School District No. 231



**City of Gardner, Kansas  
Principal Employers  
Current Year and Nine Years Ago**

<u>Employer</u>	<u>2014</u>			<u>2005</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Unified School District No. 231	800	1	22.55%	525	1	31.95%
Wal-Mart	250	2	7.05%			
Meadowbrook Rehabilitation Hospital	174	3	4.91%	113	3	6.88%
Coleman	167	4	4.71%			
TradeNet Publishing	130	5	3.67%	108	5	6.57%
Price Chopper	130	5	3.67%	100	6	6.09%
City of Gardner	128	7	3.61%	111	4	6.76%
Medical Lodge of Gardner	111	8	3.13%	85	7	5.17%
D.O.T. Label, Inc. (ITW)	86	9	2.42%	142	2	8.64%
Cramer Products, Inc.	50	10	1.41%	55	8	3.35%
Gardner Bank	19		0.54%	41	9	2.50%
Metcalfe Bank	22		0.62%	40	10	2.43%
<b>Total</b>	<b>2,067</b>		<b>58.27%</b>	<b>1,320</b>		<b>80.34%</b>

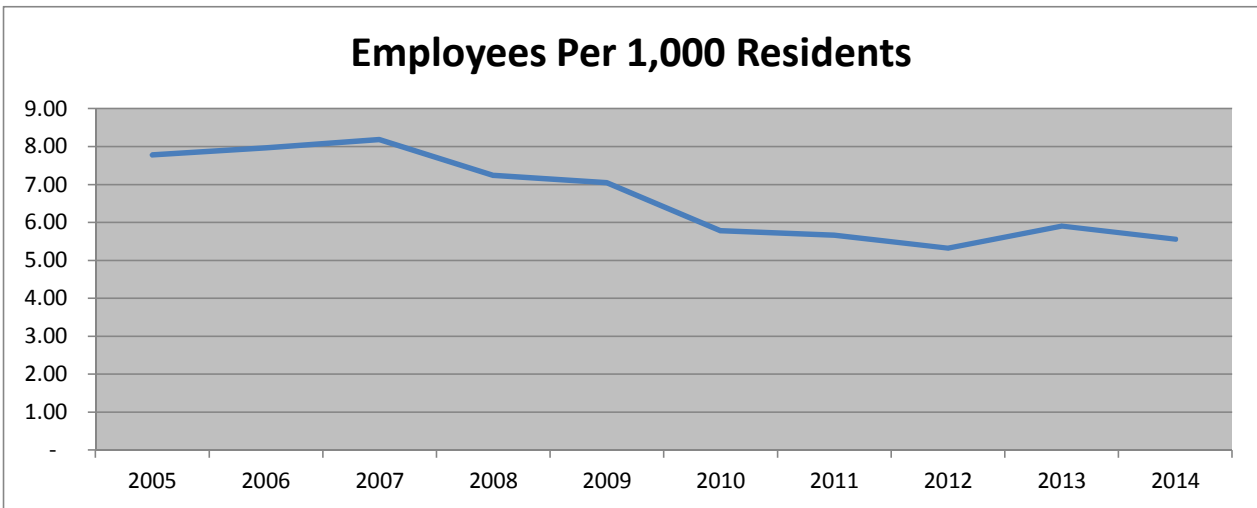
*Source: Southwest Johnson County Economic Development Corporation*



**City of Gardner, Kansas**  
**Full-time Equivalent City Government Employees by Function**  
**Last Ten Fiscal Years**

<u>Function</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General government									
Administration	3	3	3	3	3	3	3	2	6
Human Resources/City Clerk	2	2	2	3	3	3	3	3	2
Information Systems	-	1	1	1	1	1	1	1	1
Finance									
Accounting	5	5	5	4	4	4	4	4	5
Court	2	2	2	2	2	2	2	1	2
Utilities	8	8	8	8	8	8	8	8	8
Planning	4	5	4	4	4	1	1	1	3
Codes	5	6	7	5	5	2	2	1	3
Public Safety									
Administration	4	5	6	6	6	5	5	4	5
Operations	24	28	34	33	33	23	22	22	23
Animal Control	1	1	1	1	1	1	1	1	1
Public Works									
Administration	5	5	4	4	4	5	5	5	4
Fleet	1	1	1	1	1	1	1	1	1
Engineering	5	6	6	4	4	4	4	4	4
Building Maintenance	-	1	1	1	1	1	1	1	1
Streets & Line Maintenance	11	12	9	8	8	12	11	12	15
Electric	10	10	12	9	10	13	16	18	16
Water	8	9	10	10	10	5	5	4	5
Wastewater	7	9	10	10	9	5	5	5	5
Culture and Recreation									
Recreation Services	4	4	6	6	6	5	5	5	5
Park Maintenance	6	6	8	8	8	7	8	5	6
<b>Total</b>	<b>115</b>	<b>129</b>	<b>140</b>	<b>131</b>	<b>131</b>	<b>111</b>	<b>113</b>	<b>108</b>	<b>121</b>

Source: City of Gardner Human Resources Department



**City of Gardner, Kansas  
Operating Indicators by Function  
Last Ten Fiscal Years**

<u>Function</u>	<u>2005</u>	<u>2006</u>	<u>2007</u> <sup>(a)</sup>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u> <sup>(b)</sup>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General government <sup>(1)</sup>										
Building permits issued	945	760	677	524	511	503	570	578	534	607
Building inspections conducted	10,271	7,866	5,203	3,597	2,602	2,205	1,521	1,560	1,916	2,760
Police Department <sup>(2)</sup>										
Traffic violations	3,366	3,799	2,742	3,763	2,459	2,087	3,732	2,908	3,251	3,056
Fire responses	333	319	364	430	432	331	113	343	415	235
Medical responses	824	871	922	901	980	825	622	1,052	1,114	904
Public Works <sup>(3)</sup>										
Street resurfacing (shown in linear feet)	8,420	11,080	19,183	5,280	3,370	1,100	13,610	270	3,453	2,420
Curb replacement (shown in linear feet)	2,547	4,340	8,627	-	1,165	-	315	260	2,575	1,945
Electric <sup>(4)</sup>										
Average daily consumption (in kWh)	287,326	292,556	327,896	322,695	319,408	364,150	354,075	360,000	357,700	370,924
Electric meters installed	547	369	399	90	95	129	94	53	85	93
Water <sup>(4)</sup>										
Average daily consumption (in thousands)	1,457	1,543	1,634	1,604	1,296	1,362	1,659	1,920	1,678	1,896
Water meters installed	477	317	284	90	85	88	94	53	85	93
Wastewater <sup>(4)</sup>										
Average daily sewage treatment (in thousands)	1,518	1,304	1,415	1,614	2,103	2,060	2,147	1,184	1,280	1,083
Culture and Recreation <sup>(5)</sup>										
Athletic Program Participants	1,863	2,132	2,182	2,428	2,984	4,462	5,133	5,205	4,838	4,894
Aquatic Admissions	21,969	27,174	100,247	103,206	97,984	89,163	78,102	84,313	64,636	66,179

**Note:** <sup>(a)</sup> In 2007, the City of Gardner Streets Dept. began a new resurfacing program using slurry seal. The savings allowed more linear feet to be completed in both streets and curbs. Also in 2007, a new Aquatic Facility opened. The added features and capacity attracted patrons from miles around.

**Note:** <sup>(b)</sup> In 2010, the City of Gardner entered into a contractual agreement with Johnson County Fire District No. 1 to provide all fire services.

**Sources:** City of Gardner Finance Department and

<sup>(1)</sup> City of Gardner Community Development Department

<sup>(2)</sup> City of Gardner Public Safety Department

<sup>(3)</sup> City of Gardner Street Department

<sup>(4)</sup> City of Gardner Utility Department

<sup>(5)</sup> City of Gardner Parks and Recreation Department

**City of Gardner, Kansas  
Capital Asset Statistics by Function  
Last Ten Fiscal Years**

<u>Function</u>	<u>2005</u>	<u>2006</u>	<u>2007<sup>(5)</sup></u>	<u>2008<sup>(6)</sup></u>	<u>2009</u>	<u>2010<sup>(a)</sup></u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Public Safety <sup>(1)</sup></b>									
Stations	1	1	1	2	2	1	1	1	1
Patrol/AC Units	11	14	15	14	14	13	16	16	16
Fire Fleet	5	5	7	8	8	-	-	-	-
<b>Public Works <sup>(2)</sup></b>									
Streets (miles)	60.84	66.34	87.40	91.93	93.53	99.33	108.7	108.7	109.61
Streetlights	1,022	1,070	1,085	1,134	1,139	1,139	1,214	1,214	1,264
<b>Electric <sup>(3)</sup></b>									
Generators	2	2	2	2	2	2	2	2	2
Substations	2	3	3	3	3	3	3	3	3
Overhead lines (miles)	38	45	46	46	49.5	49.75	51.5	56.5	58.8
Underground lines (miles)	44	50	51	51	52.5	52.5	53.5	55.2	55.8
<b>Water <sup>(3)</sup></b>									
Water mains (miles)	93.86	99.93	104.05	104.35	105.52	106.01	106.24	106.24	107.61
Treatment Plants	2	1	1	1	1	1	1	1	1
<b>Wastewater <sup>(3)</sup></b>									
Sanitary sewers (miles)	107.68	112.54	119.40	122.66	122.6	123.35	123.35	124.83	125.97
Storm sewers (miles)	33.68	38.26	39.72	41.16	42.59	42.64	42.64	42.64	43.92
Treatment Plants	3	3	3	3	3	3	3	3	3
<b>Culture and Recreation <sup>(4)</sup></b>									
Acreage	177.06	196.40	226.93	330.58	332.24	332.24	339.95	339.95	341.95
Parks	10	10	10	13	13	13	13	13	13
Baseball/softball/soccer fields	4	4	4	14	14	14	14	14	14
Community Centers	1	1	1	1	1	1	1	1	1
Golf Course	1	1	1	1	1	1	1	1	1

**Sources:** City of Gardner Finance Department and

<sup>(1)</sup> City of Gardner Public Safety Department

<sup>(2)</sup> City of Gardner Street Department

<sup>(3)</sup> City of Gardner Utility Department

<sup>(4)</sup> City of Gardner Parks and Recreation Department

<sup>(5)</sup> Streets Dept. new inventory process begun in 2006 found unreported miles.

<sup>(6)</sup> Culture and Recreation acreage includes 19.21 acres undeveloped park land.

**NOTE:** (a) In 2010, the City of Gardner entered into a contractual agreement with Johnson County Fire District No. 1 to provide all fire services.