



# 2019 COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended December 31, 2019



PREPARED BY THE CITY OF GARDNER FINANCE DEPARTMENT



# **CITY OF GARDNER, KANSAS**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019



Prepared by the Finance Department

Fiscal Services Division

Matt Wolff, Finance Director

Nancy Torneden, Fiscal Services Manager

Jackie Schulz, Senior Accountant

Stephanie Diaz, Senior Accountant

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FINANCIAL REPORT  
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**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the fiscal year ended**

**December 31, 2019**

**INTRODUCTORY SECTION**



June 1, 2020

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, 2019. This is the sixteenth 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 controls 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 25 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 597,555.

Because of Gardner's location on the edge of the Kansas City metropolitan area, the city serves as a suburban living area for individuals employed in the metropolitan area, as well as the surrounding rural agricultural community. Gardner is also experiencing rapidly accelerated development tangentially related to the intermodal/logistics park facility noted below. Currently, Gardner is approximately 11.94 square miles in size.

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.

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

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 a blended 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. In 2019, there was no fund balance or activity to report for the PBC.

### **Economic Condition and Outlook**

Since 1990, Gardner has experienced tremendous growth, catapulting from 3,200 to approximately 22,000 citizens. 2020 projections from the county appraiser indicate significant growth in assessed valuation, at 11.47% for taxable properties. Based on the 2020 projections, the City's overall market value increased from \$1.84 billion to \$1.96 billion, an additional 7.68%.

Gardner is experiencing accelerating development, tangentially influenced by a several thousand acre railroad and logistics park - an inland port supporting the global supply chain - on its western border and a premiere multi-modal business park containing over 64 companies with names such as Amazon, DuPont Nutrition and Health, Garmin International, Unilever, and Centurylink on its eastern border. These adjacent business catalysts, the City's financial capacity and ability to leverage its municipally owned utilities, combined with ample undeveloped land around Gardner's two interchanges on Interstate 35, position the City as a central point for commerce.

In 2019, Gardner secured over \$58 million in private investment for business expansion and new development accompanied by projections for 175 new jobs and 151 new single-family homes.

Two projects were facilitated by industrial revenue bonds paired with property tax abatements: a five-story, 84-room Hampton Inn with a 200-seat conference center and the 646,400 sq. ft. "Excelligence" warehouse logistics, manufacturing, and call center facility. The use of property tax abatements for these two projects is consistent with the City Council's long-term strategic priority of promoting economic development and its economic development incentive policy. Gardner's strategic plan, economic development strategy, and economic development incentive policy are available on the City's website. A full cost-benefit analysis for the Hampton Inn Hotel can be found in the March 20, 2017 City Council Meeting Agenda Packet. The full benefit cost analysis for the "Excelligence" industrial project can be found in the October 16, 2017 City Council Meeting Agenda Packet. Both agenda packets can be found on the City's website at [www.gardnerkansas.gov](http://www.gardnerkansas.gov).

In the last 12 months, several businesses have started construction or made announcements of pending construction: a 60,000 sq. ft. new grocery store; the redevelopment of the current Price Chopper grocery store into new commercial uses; the development of two new pad sites for restaurants or retail; two new mixed-use developments that include approximately 100,000 sq. ft. of various retail/restaurant/office, 144 apartments, 136 assisted living units, and a 69,000 sq. ft. hotel. Olathe Medical Center – a major, regional hospital – completed its first phase of construction for a 13,500 sq. ft. laboratory and special services facility; the total build out is anticipated to be 125,000 sq. ft. for additional medical facilities planned over the next 5-10 years. Residential construction is also active; the City anticipates issuing 130 single-family home permits in 2020.

Due to the impact of COVID-19, the City anticipates a shortfall in the City's portion of county sales tax, City sales tax, and transient guest tax revenues in 2020. In response to the expected shortfall, the City has implemented a partial hiring freeze, made budget cuts of approximately 10% of the General Fund expenditures, and reduced expenditures in the Economic Development Fund by 49%.

The City expects continuing diversification of the tax base and increased valuation over the next several years, although any significant increase in associated revenue will not likely occur until approximately 2 years following the construction wave, as announced projects become reality.

### **2019 Major Initiatives**

Following the cohesive commitment evidenced by consecutive Governing Bodies and citizens, a new Justice Center to house police headquarters, municipal court, and other community purposes started construction in 2018. The facility opened in the summer of 2019.

Promotion of economic development continued with the creation of the Gardner Destination Downtown Plan. The purpose of the plan was to form a coalition of ideas and support to create new dynamic public spaces and an enhanced downtown streetscape to revitalize the central core of the City.

The City established four benefit districts to support economic development including the Tuscan Farms residential development, the Waverly Plaza mixed-use development, and the Plaza South mixed-use development.

The City established a community improvement district to support the Main Street Market Place commercial development. The City anticipates issuing special obligation CID bonds in 2020.

Capital projects identified in the previous utility assessments and Capital Improvement Element (CIE) were implemented for water, wastewater, and electric utilities. The CIE is a plan for managing the condition of the City's infrastructure over the next 20 years. This long-term schedule of capital projects will guide infrastructure investment to serve infill areas of the City, as well as extend infrastructure to the I-35 interchanges; development of these interchange areas is essential to securing the City's future.

The City completed the design and started construction of the Hillsdale Water Treatment Plant Expansion Project. The expansion will increase water capacity by 3 million gallons per day and will support future community growth.

The City's Inflow and Infiltration Reduction Program was created in 2018 and implemented in 2019 to help reduce stormwater and ground water from entering into the sanitary sewer system.

Transportation network improvements continued for the I-35 and 191<sup>st</sup> Gardner Road interchange realignment, Waverly Road from 175<sup>th</sup> Street to Madison, and Sante Fe from Waverly to Poplar. Design work for all three projects started in 2018. Construction improvements for the I-35 and 191<sup>st</sup> Gardner road interchange realignment and the Waverly Road from 175<sup>th</sup> Street to Madison are anticipated to start in 2020. Construction improvements for Sante Fe from Waverly to Poplar started in 2019 and are anticipated to be complete in 2020.

The fourth phase of the Pavement Management Program improved 22 lane miles of residential streets, including road resurfacing, curb and gutter work, and new ADA accessible sidewalk curb ramps.

### **Future/Planned Initiatives**

The Strategic Plan documents the majority of the Governing Body's budget policy directives and will guide the development of future initiatives to support the community's continuing economic "*Transformation 2.0*". The plan includes:

- The four strategic priorities
- Top goal for each strategic priority
- Objectives and strategies for each goal

Continued employee recruitment and retention efforts are planned through FY 2020, including merit compensation, bolstered medical insurance benefits, promotional opportunities, and some market wage adjustments.

The City anticipates improvements to the transportation network for the I-35 and 191<sup>st</sup> and Gardner Road interchange realignment, Waverly Road from 175<sup>th</sup> Street to Madison, and the installation of signals at Moonlight and Madison. The fifth year of the Pavement Management Program is planned and supports the "develop long-term infrastructure" objective in the Strategic Plan. Additional pedestrian trail improvements are planned for

2020, as well as construction of sidewalks and trails to fill gaps around Moonlight Elementary School; the project includes approximately \$252,000 in grant funding through MARC's "Safe Routes to Schools" program. Design for improvements on Main Street from Sycamore to Moonlight will begin in 2020 with construction anticipated to start in 2021.

The City continues to develop infrastructure plans for providing service to recently annexed properties on the other side of I-35. The Capital Improvement Program includes a schedule of planned capital projects for the next 5 years.

### **Financial Planning**

Revenues greater than budget estimates contributed to the City's EOY 2019 General Fund balance that met and exceeded the City's target fund balance for the General Fund of 25% of expenditures. This level of fund balance exceeded the Government Finance Officers Association's "best practice" recommendation "of no less than two months of regular general fund operating revenues or regular general fund operating expenditures" (or 16.67%).

Due to the impact of COVID-19, the City anticipates a shortfall in sales tax and transient guest tax revenues. City Management has already implemented budget cuts in the General Fund and Economic Development Fund to offset anticipated revenue shortfalls. City staff participate in regional meetings with other government officials in the KC Metro and across Kansas to share information and prepare for the impact of COVID-19. Despite the impact of COVID-19, development projects continue to move forward in Gardner. It may be several years before the revenues associated with the new development projects become available.

The City updated its Funding Capacity Study in early 2020. The study provides guidance and context to strategically prioritize projects and opportunities and align those priorities with the City's resources. The 2019-2023 Capital Improvement Program (CIP) includes approximately \$53 million in capital improvements.

Increased vigilance and strategic prioritization is necessitated by the Kansas legislature's introduction of a "tax lid" effective January 1, 2018. The legislation limits local governments' ability to increase property tax revenues without voter approval above a cap calculated from a 5-year rolling average of the Consumer Price Index (CPI). The intent of the legislation is to curtail property tax revenue increases historically gained from increases in the appraised value of properties (a.k.a. market value). An additional impact of restricted property tax revenue is more reliance on volatile sales tax revenue or increasing fees for services. The challenge for growing cities such as Gardner will be prioritizing funding for competing operations, initiatives and development opportunities.

The tax lid legislation may inhibit the City's ability to facilitate development projects, such as providing incentives or building infrastructure to prepare an area to be "shovel ready," as development opportunities are typically confidential in nature and require time-

sensitive commitments. This need for nimble response is contradictory to the process of scheduling an election and providing enough in-depth, accurate information to educate voters and gain their approval for any tax increase quickly enough to facilitate opportunities, thus making elections for development funding impractical.

In addition to continuing its economic transformation, Gardner is engaged in continuous process improvement. Future financial planning includes identifying and implementing operational efficiencies to enhance fiscal stewardship, sustainability, and increase funding capacity to facilitate development opportunities.

As the Governing Body continues planning major initiatives and capital projects, and as development continues and revenues increase, projections past 2020 will likely be revised. Management will continue to monitor reserves and will take necessary action to maintain desired levels, as evidenced by past financial performance and the current Standard & Poor's investment grade credit rating of AA-/Stable.

**Acknowledgements**

The preparation of this report could not have been accomplished without the cooperation and support of the Governing Body in maintaining the highest standards of professionalism in the management of Gardner's finances. In addition, special thanks are extended to Administration, other City departments, external auditors, and for the efficient, dedicated efforts of the entire staff of the City's accounting division.

Sincerely,



James Pruetting  
City Administrator

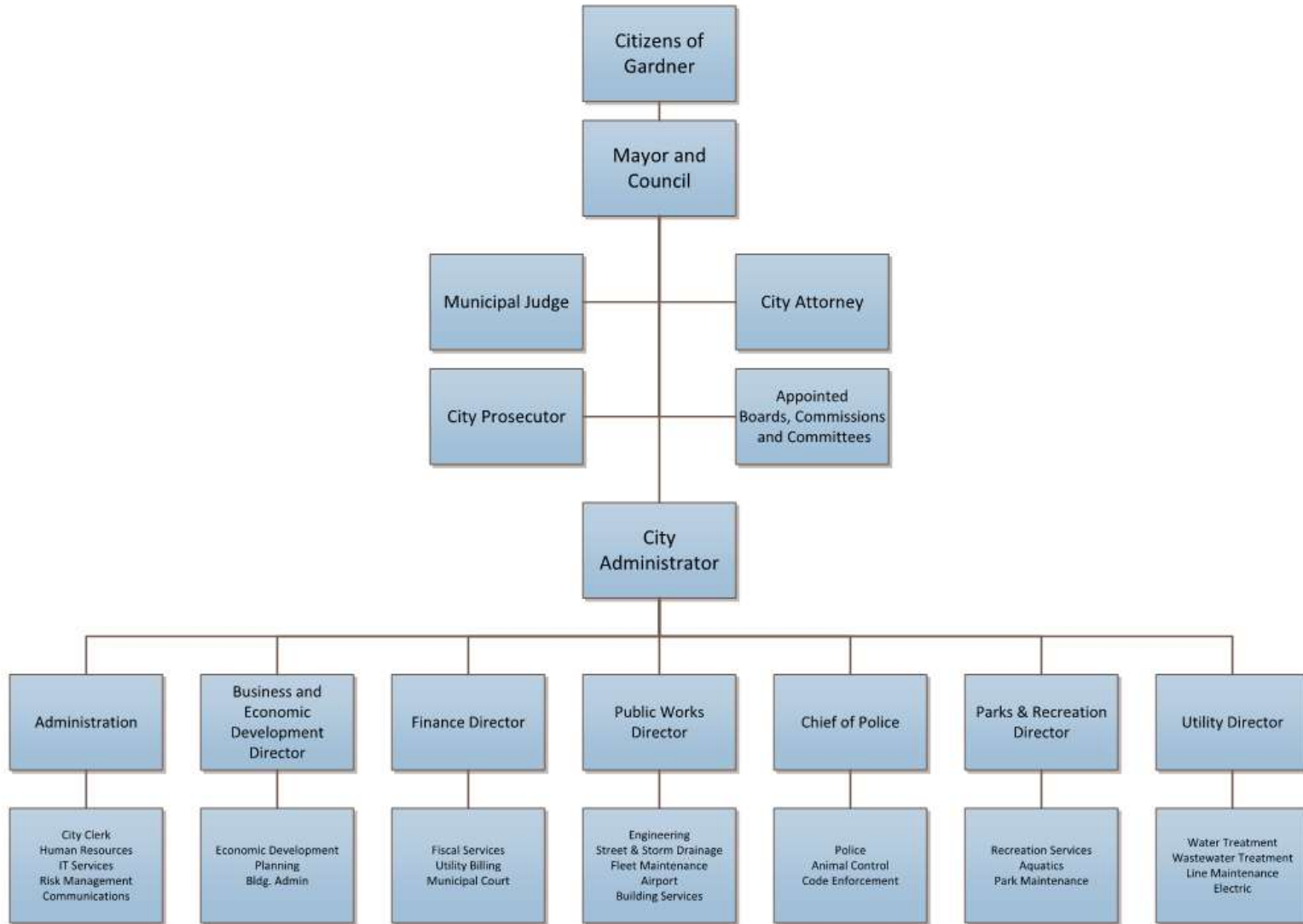


Matthew Wolff  
Finance Director

# City of Gardner, Kansas

## Organizational Chart

December 31, 2019





**City of Gardner, Kansas**

**List of Elected and Appointed Officials**

**December 31, 2019**

Elected Officials

		Term Expires
Mayor	Steve Shute	2022
Council President	Todd Winters	2024
Council Vice President	Rich Melton	2024
Councilmember	Mark Baldwin	2022
Councilmember	Randy Gregorcyk	2022
Councilmember	Tory Roberts	2024

Appointed Officials

City Administrator	Jim Pruetting
Municipal Judge	Robin Lewis
City Prosecutor	Christopher Mann
City Prosecutor	Ashley Repp
City Attorney	Ryan Denk
Business and Economic Development Director	Larry Powell
Finance Director	Matthew Wolff
Public Works Director	Michael Kramer
Chief of Police	James Belcher
Parks and Recreation Director	Jason Bruce
Utility Director	Gonzalo Garcia



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, 2018**

*Christopher P. Morill*

Executive Director/CEO



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the fiscal year ended**

**December 31, 2019**

**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, each major fund, and the aggregate remaining fund information of City of Gardner, Kansas (the City) as of and for the year ended December 31, 2019, 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, 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.

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

As discussed in *Note 16*, adjustments were made to the beginning net position to correct an error in the prior year financial statements. Our opinions are not modified with respect to this matter.

### ***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, each major fund, and the aggregate remaining fund information of the City of Gardner, Kansas, as of December 31, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***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 1, 2020 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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 City's internal control over financial reporting and compliance.

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

June 1, 2020  
Wichita, Kansas

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## 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, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, the City's basic financial statements and the related notes to the basic financial statements.

### FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of 2019 by \$131,921,420 (*net position*). Of this amount, \$15,546,479 (*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 \$1,092,844 during the fiscal year.
- As of the close of 2019, the City's governmental funds reported combined ending fund balances of \$19,497,100. Approximately 19% of this total amount, \$3,701,788, 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 \$4,032,542 or 32% of the total general fund revenues of \$12,574,547.
- The City's total long-term debt increased by \$3,861,061 during the fiscal year. The increase is due to new debt issued for \$11,980,000, which was offset by \$8,118,939 of debt retirement.
- The City recorded a \$427,302 prior period adjustment to the government-wide financial statements and the financial statements of the business-type activities for the City's proprietary funds for the write-off of two capital assets in the wastewater fund. See Note 16 for additional details.

### 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 expenses related to specific programs and how much of the programs were supported by the general taxes of the City. Since this statement is prepared on the accrual basis of accounting, all revenues and expenses are included, regardless of when cash is 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, police, parks and recreation, business & economic development 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 along with the airport.

### ***Fund Financial Statements***

The City uses two types of funds to manage its resources: Governmental Funds and Proprietary Funds. A fund is a grouping of related accounts that are 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, capital projects fund and infrastructure special sales tax 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 non-major governmental funds is provided in the form of combining statements elsewhere in this report.

*Proprietary Funds* are used by the City to account for activities that operate 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 and capital asset ownership transfers.

The City has five enterprise funds: electric fund, water fund, wastewater fund, stormwater fund and the airport fund. The City has four internal service funds: risk services fund, information technology services fund, building services 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.

### ***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 notes described above, required supplementary information concerning the City's net pension liability and schedule of contributions for KPERS and KP&F and the City's total OPEB liability have been included to give the reader further information. Combining statements for non-major funds and internal service funds are presented following the required supplementary information. Finally, the Statistical Section includes statistical data about the City.

## 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 condition. For the City, assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$131,921,420 at the close of the current fiscal year. The City's net position increased by \$1,092,844 from the prior year. While governmental activities decreased by \$1,697,850, business-type activities increased \$2,790,694.

#### City of Gardner, Kansas Net Position

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$35,138,016	\$37,622,601	\$21,158,151	\$22,103,567	\$56,296,167	\$59,726,168
Capital assets	68,220,186	61,435,164	95,478,535	93,089,651	163,698,721	154,524,815
Total assets	<u>103,358,202</u>	<u>99,057,765</u>	<u>116,636,686</u>	<u>115,193,218</u>	<u>219,994,888</u>	<u>214,250,983</u>
Deferred outflow s	2,048,017	2,272,684	475,428	519,724	2,523,445	2,792,408
Long-term liabilities	52,923,814	47,402,559	31,358,608	32,463,120	84,282,422	79,865,679
Other liabilities	1,168,527	1,074,378	926,299	1,206,260	2,094,826	2,280,638
Total liabilities	<u>54,092,341</u>	<u>48,476,937</u>	<u>32,284,907</u>	<u>33,669,380</u>	<u>86,377,248</u>	<u>82,146,317</u>
Deferred inflow s	4,138,925	3,980,709	80,740	87,789	4,219,665	4,068,498
Net position:						
Net investment in						
Capital Assets	32,182,882	34,541,491	66,658,777	63,039,388	98,841,659	97,580,879
Restricted for:						
Debt service	11,909,249	14,218,496	-	-	11,909,249	14,218,496
Capital projects	3,926,975	749,775	-	-	3,926,975	749,775
Streets improvements	1,453,912	1,013,247	-	-	1,453,912	1,013,247
Economic development	110,752	49,488	-	-	110,752	49,488
Other purposes	132,394	89,116	-	-	132,394	89,116
Unrestricted	(2,541,211)	(1,788,810)	18,087,690	18,916,385	15,546,479	17,127,575
Total net position	<u>\$47,174,953</u>	<u>\$48,872,803</u>	<u>\$84,746,467</u>	<u>\$81,955,773</u>	<u>\$131,921,420</u>	<u>\$130,828,576</u>

The largest portion of the City's net position (75%) reflects its investment of \$98,841,659 in capital assets (e.g., land, buildings, intangibles, infrastructure, vehicles, machinery and equipment and construction in progress); 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 \$17,533,282 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 \$15,546,479 is unrestricted and may be used to meet ongoing obligations to citizens and creditors.

The City had a negative balance in unrestricted net position for governmental activities as a result of OPEB and pension liabilities.

## Analysis of Changes in Net Position

As stated earlier, the City's net position increased by \$1,092,844 during the current fiscal year. The following table reflects the revenues and expenses for the City's activities for the year ended December 31, 2019, and illustrates the comparison between 2019 and the prior year:

### City of Gardner, Kansas Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
<b>Revenues:</b>						
Program Revenues:						
Charges for services	\$ 1,728,723	\$ 2,480,839	\$ 28,151,860	\$ 29,493,481	\$ 29,880,583	\$ 31,974,320
Operating grants and contributions	3,835,400	3,734,419	-	-	3,835,400	3,734,419
Capital grants and contributions	1,673,007	2,253,302	700,141	32,121	2,373,148	2,285,423
General Revenues:						
Property taxes	4,476,355	4,206,575	-	-	4,476,355	4,206,575
Sales taxes	4,333,660	4,171,850	-	-	4,333,660	4,171,850
Franchise taxes	257,002	282,893	-	-	257,002	282,893
Excise taxes	451,991	686,718	-	-	451,991	686,718
Transient guest tax	153,661	66,361	-	-	153,661	66,361
Unrestricted investment earnings	335,633	311,797	376,630	240,469	712,263	552,266
Other	78,002	328,963	-	-	78,002	328,963
Total Revenue	17,323,434	18,523,717	29,228,631	29,766,071	46,552,065	48,289,788
<b>Expenses:</b>						
General government	3,091,437	3,332,171	-	-	3,091,437	3,332,171
Police	5,600,299	5,040,277	-	-	5,600,299	5,040,277
Public works	5,353,865	4,653,338	-	-	5,353,865	4,653,338
Culture and recreation	3,531,547	3,363,570	-	-	3,531,547	3,363,570
Business & Economic Dev	1,061,554	947,501	-	-	1,061,554	947,501
Interest on long-term debt	1,404,127	1,453,025	-	-	1,404,127	1,453,025
Electric	-	-	14,817,684	16,829,253	14,817,684	16,829,253
Water	-	-	4,772,701	3,901,601	4,772,701	3,901,601
Wastewater	-	-	5,086,690	4,706,539	5,086,690	4,706,539
Stormwater	-	-	33,155	28,443	33,155	28,443
Airport	-	-	292,205	268,698	292,205	268,698
Total Expenses	20,042,829	18,789,882	25,002,435	25,734,534	45,045,264	44,524,416
Increase (decrease) in net position before transfers	(2,719,395)	(266,165)	4,226,196	4,031,537	1,506,801	3,765,372
Transfers	1,008,200	969,500	(1,008,200)	(969,500)	-	-
Change in net position	(1,711,195)	703,335	3,217,996	3,062,037	1,506,801	3,765,372
Net position, 1/1	48,872,803	48,218,674	81,955,773	78,924,918	130,828,576	127,143,592
Prior period adjustment	13,345	(49,206)	(427,302)	(31,182)	(413,957)	(80,388)
Net position, 12/31	\$ 47,174,953	\$ 48,872,803	\$ 84,746,467	\$ 81,955,773	\$ 131,921,420	\$ 130,828,576

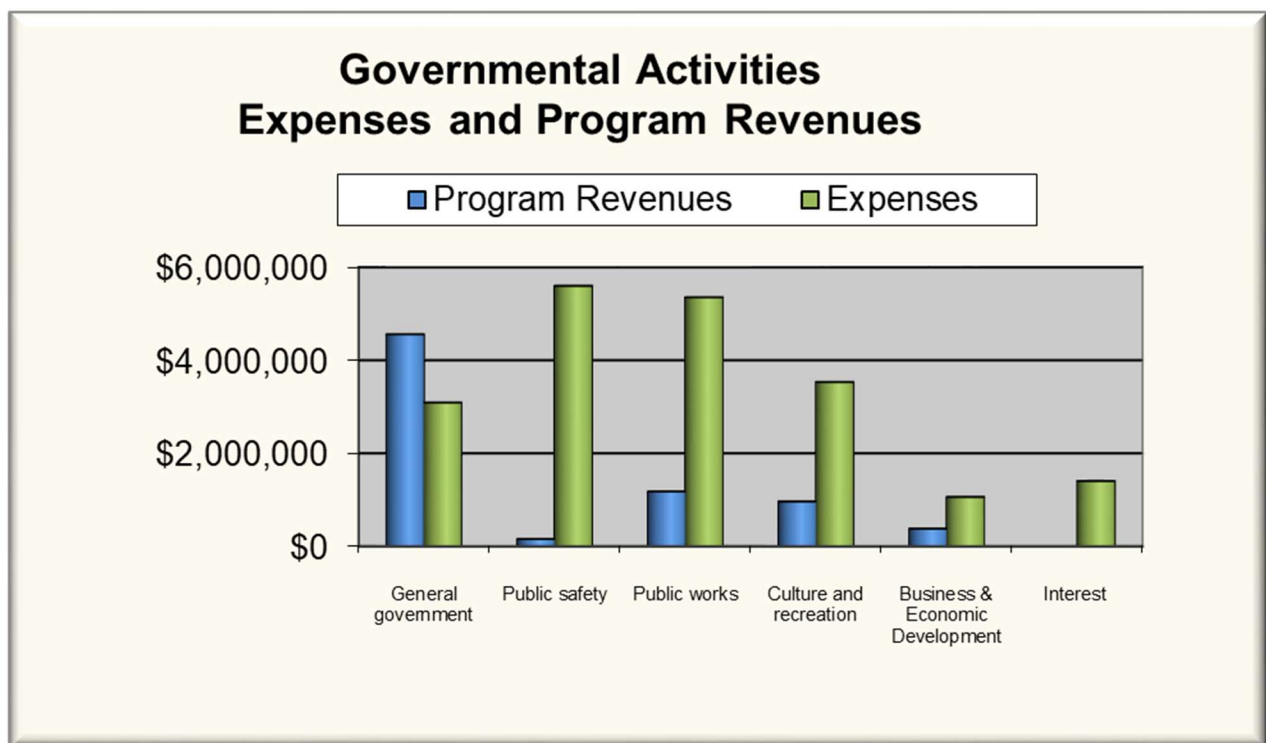
## Governmental Activities

The City's net position related to governmental activities decreased \$1,697,850 during the year, a decrease of \$2,351,979 from the prior year.

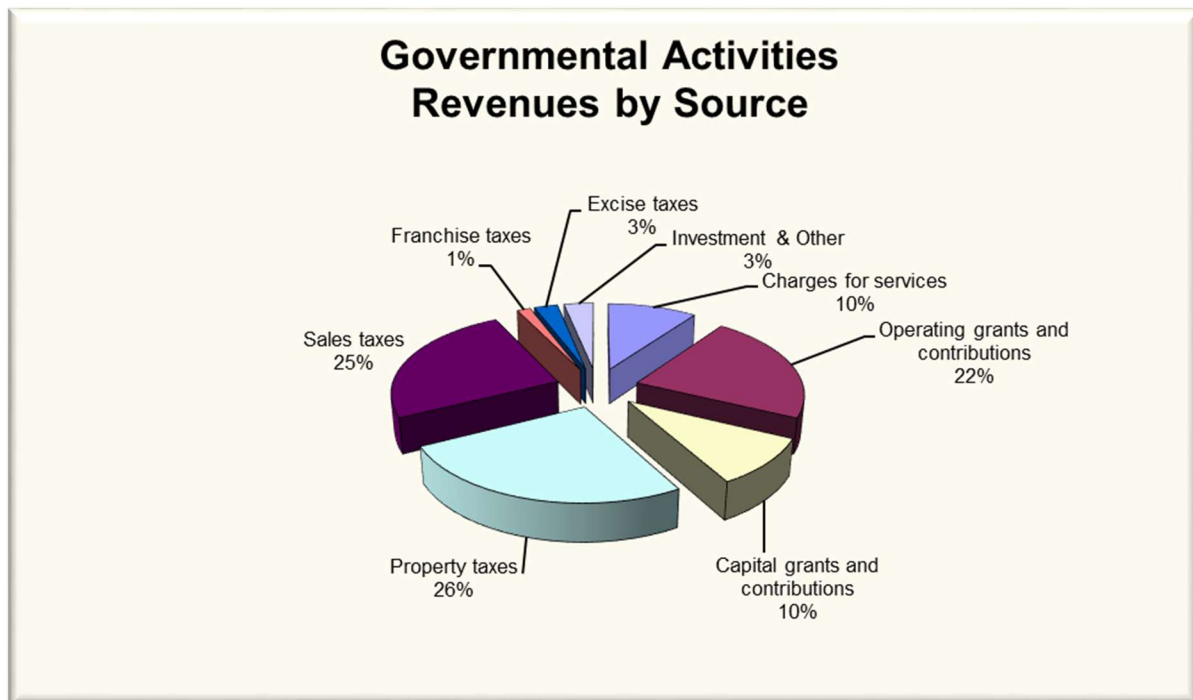
Total governmental revenues decreased \$1,200,283 from the prior year. The City saw decreases in program revenues of \$1,231,430 due to decreased grant funding for qualifying street projects and a large special assessment receivable write-off due to delinquent properties sold at a tax foreclosure auction. Excise tax revenue decreased due to a large development project in 2018 that did not recur in 2019. These decreases were partially offset by increased property and sales tax revenues of \$431,590.

Total governmental expenses increased \$1,252,947 from the prior year. Part of the increase was due to the disposal of some capital assets. Land that was previously reserved for a future fire station was transferred to Johnson County Fire District No.1 and with the recent construction of the new Justice Center the prior police buildings were disposed. Additionally, police saw increases in personnel-related expenses. The City also saw an increase in street related repair and maintenance due to the 2019 Pavement Management Program rehabilitation program.

The chart below illustrates how the City's various governmental activities program revenues vs. program expenses fared in 2019.



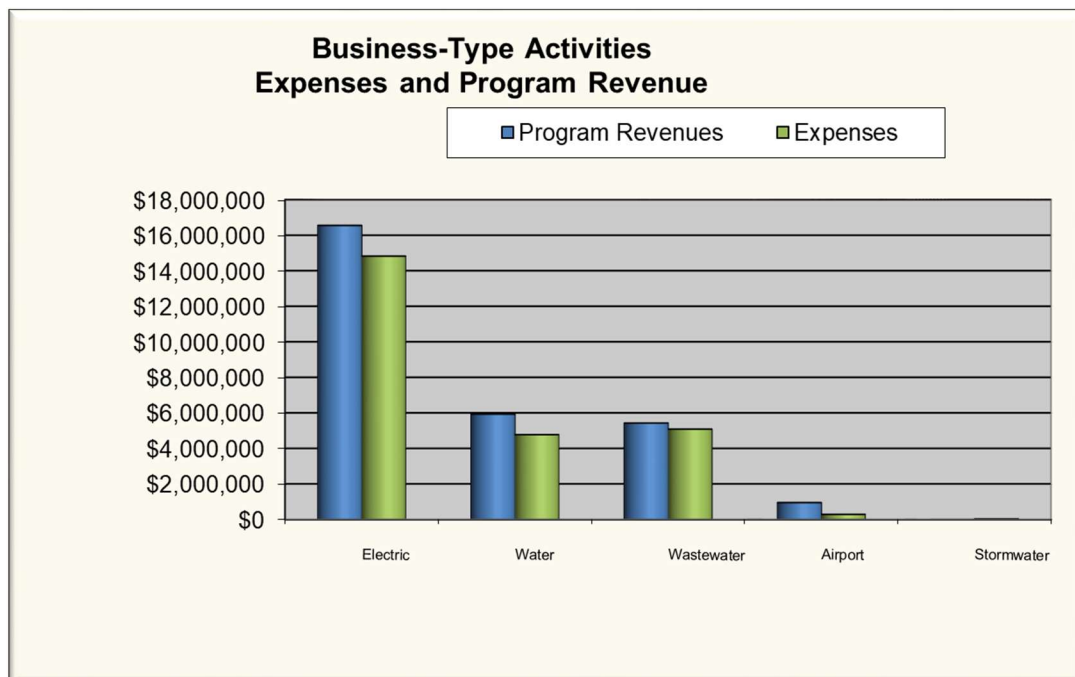
The chart below illustrates the City’s overall program and general revenues for governmental activities:



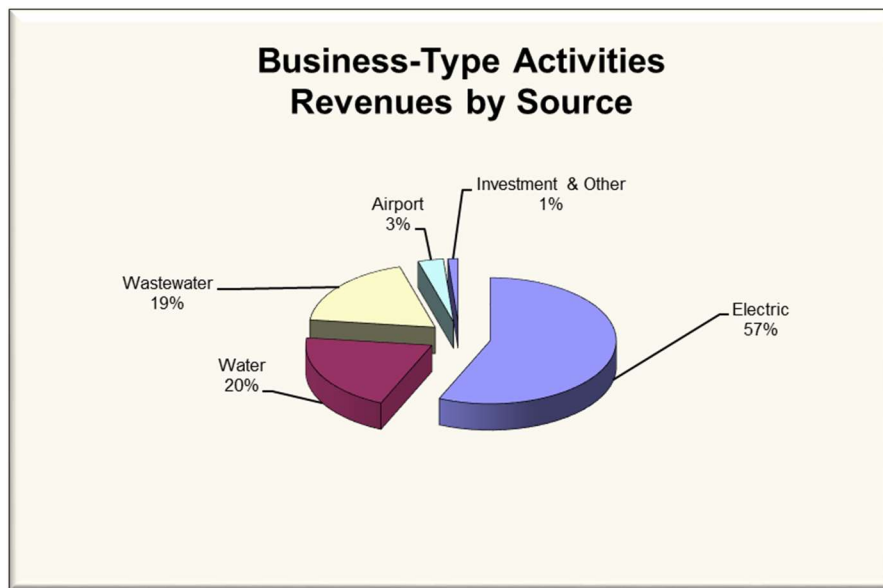
### ***Business-Type Activities***

The City’s net position related to business-type activities increased \$2,790,694. The electric, water and wastewater funds all experienced positive changes (3.3%, 1.4%, and 5.6%, respectively). The increases were mostly due to contributed capital from developers and decreased wholesale energy costs.

The City’s residential electric base rates decreased 2%, water rates increased 3.7% while wastewater rates were unchanged in 2019. The program revenues vs. program expenses for business-type activities chart below illustrates the overall increase in net position for all business-type activities.



The chart below illustrates the City's charges for services from business-type activities, which account for 96.32% of their revenues:



#### **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 \$19,497,100, a decrease of \$725,363 in comparison with the prior year. Approximately 21% of this total amount or \$4,008,784 constitutes fund balance that is available to meet the City's current and future needs. The remainder of the fund balance totaling \$15,488,316 is restricted for specific spending or nonspendable in form.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, the total fund balance was \$4,032,542. 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 29% of total general fund expenditures of \$13,787,200.

The fund balance in the City's general fund had a decrease of \$143,298 during the current fiscal year. While total revenues in the general fund increased \$463,437, total expenditures increased \$347,079, compared to the previous year contributing to the negative change.

The debt service fund had an ending fund balance of \$1,940,213, all of which is restricted for the payment of debt service. This is a decrease of \$2,214,212 from prior year. The City had increased principal payments from the payoff of a partial net cash advance refunding that originated in 2017 and paid off the old debt in 2019.

The capital projects fund had an ending fund balance of \$6,773,678. This is a decrease of \$1,255,405 from the prior year. The decrease is due to increased capital outlay expenses for the Justice Center project started in 2018.

The infrastructure special sales tax fund had an ending fund balance of \$1,412,031, all of which is restricted for rehabilitation of streets and pedestrian bridges and trails. This is an increase of \$312,868 from the previous year. This is due to decreased capital outlay expenditures.

### ***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 *proprietary funds* amounted to \$18,110,405. The total decrease in unrestricted net position was \$838,007 from the prior year.

The electric fund had total net position of \$38,524,166 at the end of the current fiscal year. This is an increase of \$1,215,183 or 3.26%, from the previous year. This is primarily due to decreased operating expenses.

The water fund had total net position of \$21,144,930 at the end of the current fiscal year. This is an increase of \$298,690 or 1.43% from the previous year.

The wastewater fund had total net position of \$21,156,863 at the end of the current fiscal year. This is an increase of \$1,112,731 or 5.55%, from the previous year. This increase is down from the prior year due to increased operating expenses.

The airport fund (a non-major proprietary fund) had total net position of \$3,084,904 at the end of the current fiscal year. This is an increase of \$2,964 or .10% from the previous year.

The stormwater fund (a non-major proprietary fund) had total net position of \$796,396 at the end of the current fiscal year. This is an increase of \$161,126 or 25.36% from the previous year because of capital contributions from developers.

The City's internal service funds had total net position of \$305,708 at the end of the current fiscal year. This is an increase of \$26,546 from the previous year due to an unallocated equipment credit that will be allocated in 2020 when received.

### **GENERAL FUND BUDGETARY HIGHLIGHTS:**

The City's general fund budget was not amended during 2019; therefore, the original budget and the final budget are the same. During the year, total revenues were more than budgetary estimates by \$182,696. Due to the City's effective budget controls expenditures were \$2,722,678 less than budgeted, which



resulted in a positive variance of \$2,905,374. A summary of differences between budgetary estimates for revenues and expenditures is as follows:

- Property tax collections were less than the original estimate by \$58,808.
- City sales and use tax revenues were more than estimated by \$104,889. This is due to an improvement of economic conditions.
- Licenses and permits were \$49,785 more than estimated. This can be attributed to increased building and construction permits.
- Investment earnings were \$77,195 more than estimated due to a more aggressive investment strategy and increased interest rates.
- General fund project reserves of \$3,075,363 remain available at the end of 2019. This is up 2% from the prior year. These large reserves will provide funding to undertake major initiatives planned for the future.
- Police expenditures were \$272,978 more than estimated due to increased contractual services for the newly constructed Justice Center and personnel-related costs.

## 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, 2019, amounted to \$163,698,721 (net of accumulated depreciation and amortization). 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	
	2019	2018	2019	2018	2019	2018
Land	\$ 4,727,103	\$ 4,780,151	\$ 3,640,094	\$ 3,640,094	\$ 8,367,197	\$ 8,420,245
Construction in progress	16,168,381	8,227,572	3,975,849	555,534	20,144,230	8,783,106
Buildings	2,807,978	3,066,860	17,370,866	18,329,300	20,178,844	21,396,160
Improvements	3,225,564	3,424,076	7,385,221	7,124,478	10,610,785	10,548,554
Infrastructure	40,236,574	40,745,456	55,463,078	55,858,536	95,699,652	96,603,992
Intangibles	-	-	6,006,053	6,243,741	6,006,053	6,243,741
Machinery and equipment	640,154	646,312	816,056	877,348	1,456,210	1,523,660
Vehicles	414,432	544,737	821,318	460,620	1,235,750	1,005,357
	<u>\$ 68,220,186</u>	<u>\$ 61,435,164</u>	<u>\$ 95,478,535</u>	<u>\$ 93,089,651</u>	<u>\$163,698,721</u>	<u>\$154,524,815</u>

More detailed information about the City's capital assets is presented in Note 4 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 \$71,440,179. Of this amount, \$33,245,000 was general obligation debt backed by the full faith and credit of the City. However, \$8,845,000 of general obligation debt is supported by business-type revenues. Special assessment debt in the amount \$8,570,000 is debt for which the City is liable in the event of default by the property owners subject to the assessment. An additional \$9,141,812 of the City's debt is from construction loans with the Kansas Department of Health and Environment for improvements to the wastewater system. The

remainder of the City's debt represents bond anticipation notes, PBC revenue bonds and capital lease obligations.

In 2019, the City issued bonds to finance various street improvements within the City and wastewater system improvements. The City also entered into two lease purchase agreements to finance the purchase of equipment for the public works department.

In 2019, the City also issued temporary bond anticipation notes to temporarily finance street and utility improvements for two new benefit districts.

More detailed information about the City's long-term debt is presented in Note 11 to the Basic Financial Statements.

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
General obligation bonds	\$24,400,000	\$23,398,487	\$ 8,845,000	\$ 9,039,013	\$33,245,000	\$32,437,500
Special assessment debt with government commitment	8,570,000	11,592,500	-	-	8,570,000	11,592,500
Bond anticipation notes payable	7,365,000	-	-	-	7,365,000	-
PBC revenue bonds	900,000	1,295,000	-	-	900,000	1,295,000
Construction loan payable	-	-	9,141,812	9,738,473	9,141,812	9,738,473
Capital lease obligations	1,800,000	1,765,000	10,418,367	10,750,645	12,218,367	12,515,645
	<u>\$43,035,000</u>	<u>\$38,050,987</u>	<u>\$28,405,179</u>	<u>\$29,528,131</u>	<u>\$71,440,179</u>	<u>\$67,579,118</u>

The City's total long-term debt increased \$3,861,061 during the current fiscal year. This is due to the aforementioned new GO Debt, bond anticipation notes and capital lease obligations and is offset by retirement of existing debt.

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 \$68,190,386, 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 11 to the basic financial statements.

**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.

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CITY OF GARDNER, KANSAS

STATEMENT OF NET POSITION

December 31, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets:</b>			
Deposits and investments	\$ 10,843,384	\$ 16,649,248	\$ 27,492,632
Receivables, net of allowance for uncollectibles:			
Taxes	4,717,025	-	4,717,025
Accounts Receivable	-	3,068,987	3,068,987
Intergovernmental	938,407	-	938,407
Special assessments	10,473,639	-	10,473,639
Other	82,662	27,266	109,928
Internal balances	(26,842)	26,842	-
Prepaid items	2,848	-	2,848
Inventories	23,758	1,098,035	1,121,793
Restricted deposits and investments	8,083,135	287,773	8,370,908
Capital assets, net of accumulated depreciation, where applicable:			
Land	4,727,103	3,640,094	8,367,197
Construction in progress	16,168,381	3,975,849	20,144,230
Buildings	2,807,978	17,370,866	20,178,844
Improvements	3,225,564	7,385,221	10,610,785
Infrastructure	40,236,574	55,463,078	95,699,652
Intangible	-	6,006,053	6,006,053
Machinery and equipment	640,154	816,056	1,456,210
Vehicles	414,432	821,318	1,235,750
Total assets	103,358,202	116,636,686	219,994,888
<b>Deferred outflows of resources:</b>			
Unamortized portion of refunding gain	225,427	14,411	239,838
Pension deferred outflow	1,809,471	456,283	2,265,754
OPEB deferred outflow	13,119	4,734	17,853
Total deferred outflows of resources	2,048,017	475,428	2,523,445
<b>Liabilities:</b>			
Accounts payable	777,979	474,853	1,252,832
Accrued payroll	68,768	21,734	90,502
Accrued interest payable	321,780	141,939	463,719
Liabilities payable from restricted assets	-	287,773	287,773
Noncurrent liabilities:			
Due within one year	3,783,886	3,412,205	7,196,091
Due in more than one year	49,139,928	27,946,403	77,086,331
Total liabilities	54,092,341	32,284,907	86,377,248
<b>Deferred inflows of resources:</b>			
Property tax receivable	3,992,052	-	3,992,052
Pension deferred inflow	110,806	59,214	170,020
OPEB deferred inflow	36,067	21,526	57,593
Total deferred inflows of resources	4,138,925	80,740	4,219,665
<b>Net position:</b>			
Net investment in capital assets	32,182,882	66,658,777	98,841,659
Restricted for:			
Debt service	11,909,249	-	11,909,249
Capital projects	3,926,975	-	3,926,975
Street improvements	1,453,912	-	1,453,912
Economic development	110,752	-	110,752
Other purposes	132,394	-	132,394
Unrestricted	(2,541,211)	18,087,690	15,546,479
Total net position	\$ 47,174,953	\$ 84,746,467	\$ 131,921,420

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

CITY OF GARDNER, KANSAS

STATEMENT OF ACTIVITIES

Year Ended December 31, 2019

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Position		
	Expenses	Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
						Governmental Activities	Business-Type Activities	
<b>Primary government:</b>								
<b>Governmental activities:</b>								
General government	\$ 4,736,733	\$ (1,645,296)	\$ 417,849	\$ 3,045,078	\$ 1,095,293	\$ 1,466,783	\$ -	\$ 1,466,783
Police	5,600,299	-	8,427	148,581	-	(5,443,291)	-	(5,443,291)
Public works	5,353,865	-	-	601,620	577,714	(4,174,531)	-	(4,174,531)
Culture and recreation	3,531,547	-	923,514	40,121	-	(2,567,912)	-	(2,567,912)
Business and economic development	1,061,554	-	378,933	-	-	(682,621)	-	(682,621)
Interest on long-term debt	1,404,127	-	-	-	-	(1,404,127)	-	(1,404,127)
Total governmental activities	21,688,125	(1,645,296)	1,728,723	3,835,400	1,673,007	(12,805,699)	-	(12,805,699)
<b>Business-type activities:</b>								
Electric	14,316,288	501,396	16,545,548	-	-	-	1,727,864	1,727,864
Water	4,186,201	586,500	5,927,668	-	-	-	1,154,967	1,154,967
Wastewater	4,529,290	557,400	5,428,736	-	-	-	342,046	342,046
Stormwater	33,155	-	-	-	-	-	(33,155)	(33,155)
Airport	292,205	-	249,908	-	700,141	-	657,844	657,844
Total business-type activities	23,357,139	1,645,296	28,151,860	-	700,141	-	3,849,566	3,849,566
Total primary government	\$ 45,045,264	\$ -	\$ 29,880,583	\$ 3,835,400	\$ 2,373,148	(12,805,699)	3,849,566	(8,956,133)
<b>General revenues:</b>								
Property taxes						4,476,355	-	4,476,355
Sales taxes						4,333,660	-	4,333,660
Franchise taxes						257,002	-	257,002
Excise taxes						451,991	-	451,991
Transient guest tax						153,661	-	153,661
Unrestricted investment earnings						335,633	376,630	712,263
Other						78,002	-	78,002
Transfers						1,008,200	(1,008,200)	-
Total general revenues and transfers						11,094,504	(631,570)	10,462,934
Change in net position						(1,711,195)	3,217,996	1,506,801
Net position, beginning of year						48,872,803	81,955,773	130,828,576
Prior period adjustment						13,345	(427,302)	(413,957)
Net position, end of year						\$ 47,174,953	\$ 84,746,467	\$ 131,921,420

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

**CITY OF GARDNER, KANSAS**

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

**December 31, 2019**

	General	Debt Service	Capital Projects	Infrastructure Special Sales Tax	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Deposits and investments	\$ 3,442,477	\$ 1,680,585	\$ 473,694	\$ 1,138,423	\$ 3,772,091	\$ 10,507,270
Receivables (net of allowance for uncollectibles):						
Taxes	3,179,595	1,272,366	-	206,300	58,764	4,717,025
Special assessments	-	10,473,639	-	-	-	10,473,639
Intergovernmental	521,176	76,805	60,656	-	279,770	938,407
Other	49,382	-	6,576	-	-	55,958
Inventories	23,758	-	-	-	-	23,758
Restricted deposits and investments	-	182,823	6,288,944	151,397	1,459,971	8,083,135
<b>Total assets</b>	<b>\$ 7,216,388</b>	<b>\$ 13,686,218</b>	<b>\$ 6,829,870</b>	<b>\$ 1,496,120</b>	<b>\$ 5,570,596</b>	<b>\$ 34,799,192</b>
<b>Liabilities</b>						
Accounts payable	375,607	-	56,192	84,089	231,960	747,848
Accrued payroll	66,079	-	-	-	-	66,079
Due to other funds	22,474	-	-	-	-	22,474
<b>Total liabilities</b>	<b>464,160</b>	<b>-</b>	<b>56,192</b>	<b>84,089</b>	<b>231,960</b>	<b>836,401</b>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue - special assessments	-	10,473,639	-	-	-	10,473,639
Deferred revenue - property taxes	2,719,686	1,272,366	-	-	-	3,992,052
<b>Total deferred inflows of resources</b>	<b>2,719,686</b>	<b>11,746,005</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,465,691</b>
<b>Fund Balances</b>						
Nonspendable	23,758	-	-	-	-	23,758
Restricted						
Debt Service	-	1,940,213	-	-	-	1,940,213
Capital projects	-	-	6,773,678	1,412,031	3,641,578	11,827,287
Street improvements	-	-	-	-	1,453,912	1,453,912
Economic development	-	-	-	-	110,752	110,752
Other	-	-	-	-	132,394	132,394
Assigned						
General Government	1,500	-	-	-	-	1,500
Police	159,826	-	-	-	-	159,826
Public Works	132,760	-	-	-	-	132,760
Culture and Recreation	12,910	-	-	-	-	12,910
Unassigned	3,701,788	-	-	-	-	3,701,788
<b>Total fund balances</b>	<b>4,032,542</b>	<b>1,940,213</b>	<b>6,773,678</b>	<b>1,412,031</b>	<b>5,338,636</b>	<b>19,497,100</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 7,216,388</b>	<b>\$ 13,686,218</b>	<b>\$ 6,829,870</b>	<b>\$ 1,496,120</b>	<b>\$ 5,570,596</b>	<b>\$ 34,799,192</b>

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

**CITY OF GARDNER, KANSAS**

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

**December 31, 2019**

Total fund balances in Governmental Funds Balance Sheet		\$ 19,497,100
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		67,996,462
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		10,473,639
Deferred outflows of resources are not available and payable in the current period and therefore are not reported in the funds:		
Deferred refunding	225,427	
Deferred outflows related to pensions	1,749,120	
Deferred outflows related to OPEB	12,417	
Total	1,986,964	1,986,964
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:		
Accrued interest payable	(321,780)	
Bonds:		
General obligation, bond anticipation notes and special assessments bond payable, net of unamortized premium of \$1,310,866	(41,645,866)	
Net pension liability	(7,378,017)	
PBC lease revenue bonds	(900,000)	
Land Lease Purchase	(1,620,000)	
Other post employment benefits	(311,179)	
Capital lease obligation	(180,000)	
Compensated absences	(554,643)	
Total	(52,911,485)	(52,911,485)
Other deferred inflows of resources are not due and payable in the current period and therefore are not reported in the funds:		
Deferred inflows - pensions		(101,666)
Deferred inflows - OPEB		(32,561)
Internal service funds are used by management to charge the costs of risk services, building services and information technology services to individual funds. The assets and liabilities of these internal service funds are included in governmental activities in the statement of net position.		266,500
Net position of governmental activities		\$ 47,174,953

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

CITY OF GARDNER, KANSAS

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

Year Ended December 31, 2019

	General	Debt Service	Capital Projects	Infrastructure Special Sales Tax	Other Governmental funds	Total Governmental Funds
<b>Revenues</b>						
Taxes:						
Property tax	\$ 3,007,811	\$ 1,468,544	\$ -	\$ -	\$ -	\$ 4,476,355
Sales tax	3,103,889	-	-	1,229,771	-	4,333,660
Franchise tax	257,002	-	-	-	-	257,002
Transient guest tax	-	-	-	-	153,661	153,661
Excise Tax	-	-	-	-	451,991	451,991
Special assessments	7,722	1,111,772	-	-	-	1,119,494
Intergovernmental	2,318,007	423,195	110,250	-	1,156,965	4,008,417
Licenses and permits	306,785	-	-	-	-	306,785
Charges for services	2,882,631	-	-	-	-	2,882,631
Fines and fees	538,399	-	-	-	113,141	651,540
Investment earnings	102,195	77,484	103,462	14,873	37,619	335,633
Other	50,106	-	-	-	4,177	54,283
Total revenues	<u>12,574,547</u>	<u>3,080,995</u>	<u>213,712</u>	<u>1,244,644</u>	<u>1,917,554</u>	<u>19,031,452</u>
<b>Expenditures</b>						
Current:						
General government	2,808,030	-	-	-	111,657	2,919,687
Police	4,774,678	-	-	-	-	4,774,678
Public works	2,336,022	-	-	1,167,764	-	3,503,786
Culture and recreation	2,572,729	-	198,745	-	-	2,771,474
Business and economic development	1,030,478	-	507	-	-	1,030,985
Capital outlay	265,263	-	8,410,305	114,682	614,064	9,404,314
Debt service:						
Principal	-	4,595,987	-	385,000	45,000	5,025,987
Interest and fiscal charges	-	1,153,067	-	142,638	13,563	1,309,268
Other	-	1,000	116,590	21,084	45,997	184,671
Total expenditures	<u>13,787,200</u>	<u>5,750,054</u>	<u>8,726,147</u>	<u>1,831,168</u>	<u>830,281</u>	<u>30,924,850</u>
Excess of revenues over (under) expenditures	<u>(1,212,653)</u>	<u>(2,669,059)</u>	<u>(8,512,435)</u>	<u>(586,524)</u>	<u>1,087,273</u>	<u>(11,893,398)</u>
<b>Other financing sources (uses)</b>						
General obligation bonds issued	-	-	-	860,000	1,605,000	2,465,000
Bond anticipation note issued	-	252,512	7,112,488	-	-	7,365,000
Proceeds from capital lease	180,000	-	-	-	-	180,000
Issuance: premium	-	-	-	39,392	73,379	112,771
Proceeds from sale of capital assets	11,120	-	-	-	12,599	23,719
Transfers in	866,900	202,335	152,177	-	-	1,221,412
Transfers out	-	-	(7,635)	-	(205,577)	(213,212)
Total other financing sources (uses)	<u>1,058,020</u>	<u>454,847</u>	<u>7,257,030</u>	<u>899,392</u>	<u>1,485,401</u>	<u>11,154,690</u>
Net change in fund balances	(154,633)	(2,214,212)	(1,255,405)	312,868	2,572,674	(738,708)
Fund balances, beginning of year	4,175,840	4,154,425	8,029,083	1,099,163	2,763,952	20,222,463
Prior period adjustment	11,335	-	-	-	2,010	13,345
Fund balances, end of year	<u>\$ 4,032,542</u>	<u>\$ 1,940,213</u>	<u>\$ 6,773,678</u>	<u>\$ 1,412,031</u>	<u>\$ 5,338,636</u>	<u>\$ 19,497,100</u>

The accompanying notes are an integral part of these 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, 2019

Net change in fund balances - total governmental funds		\$ (738,708)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital Outlay	9,404,314	
Depreciation Expense	(2,752,400)	
Net Change	<u>6,651,914</u>	6,651,914
Net gain (loss) on disposal of capital assets		(230,396)
Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in the governmental funds.		
Special assessments		(2,141,434)
Donated capital assets		409,697
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.		
Compensated absences	(102,753)	
Accrued interest	15,440	
Premium amortization	116,719	
Deferred refunding	(42,347)	
Net pension liability	(584,687)	
Total OPEB liability	5,598	
Total	<u>(592,030)</u>	(592,030)
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.		
Debt issued or incurred:		
General obligation and special assessment bonds	(2,465,000)	
Proceeds from bond anticipation note	(7,365,000)	
Proceeds from capital lease	(180,000)	
Premiums	(112,771)	
Principal repayments:		
General obligation and special assessment bonds payable	4,485,987	
PBC lease revenue bonds	395,000	
City Lease Purchase	145,000	
Total	<u>(5,096,784)</u>	(5,096,784)
Internal service funds are used by management to charge the costs of risk services, building services and information technology services to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.		
		<u>26,546</u>
Change in net position of governmental activities		<u>\$ (1,711,195)</u>

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

CITY OF GARDNER, KANSAS

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

GENERAL FUND

Year Ended December 31, 2019

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>				
Taxes:				
Property	\$ 3,066,619	\$ 3,066,619	\$ 3,007,811	\$ (58,808)
Sales	2,999,000	2,999,000	3,103,889	104,889
Franchise	315,000	315,000	257,002	(57,998)
Intergovernmental	2,320,940	2,320,940	2,318,007	(2,933)
Licenses and permits	257,000	257,000	306,785	49,785
Charges for services	2,872,600	2,872,600	2,882,631	10,031
Fines and fees	531,900	531,900	538,399	6,499
Investment earnings	25,000	25,000	102,195	77,195
Other	1,000	1,000	55,036	54,036
Total revenues	<u>12,389,059</u>	<u>12,389,059</u>	<u>12,571,755</u>	<u>182,696</u>
<b>Expenditures</b>				
General government	3,012,500	3,012,500	2,809,530	202,970
Police	4,501,700	4,501,700	4,774,678	(272,978)
Public works	2,291,800	2,291,800	2,295,597	(3,797)
Culture and recreation	2,489,500	2,489,500	2,536,650	(47,150)
Business and economic development	1,038,700	1,038,700	1,021,478	17,222
Capital outlay	237,400	237,400	486,352	(248,952)
Project reserve	3,075,363	3,075,363	-	3,075,363
Total expenditures	<u>16,646,963</u>	<u>16,646,963</u>	<u>13,924,285</u>	<u>2,722,678</u>
Excess of revenues over (under) expenditures	<u>(4,257,904)</u>	<u>(4,257,904)</u>	<u>(1,352,530)</u>	<u>2,905,374</u>
<b>Other financing sources and (uses)</b>				
Transfers in	866,900	866,900	866,900	-
Transfers out	-	-	(5,000)	(5,000)
Proceeds from capital lease	-	-	180,000	180,000
Proceeds from sale of capital assets	-	-	11,120	11,120
Total other financing sources and (uses)	<u>866,900</u>	<u>866,900</u>	<u>1,053,020</u>	<u>186,120</u>
Net change in fund balances	(3,391,004)	(3,391,004)	(299,510)	3,091,494
Fund balances, beginning of year	3,483,863	3,483,863	4,009,788	525,925
Fund balances, end of year	<u>\$ 92,859</u>	<u>\$ 92,859</u>	<u>3,710,278</u>	<u>\$ 3,617,419</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 306,996

GAAP fund balance \$ 4,017,274

Fund balances for separately budgeted and non-budgeted funds included with the General Fund on GAAP financials:

Land Bank 5,000  
Special Olympics 10,268  
\$ 4,032,542

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

**CITY OF GARDNER, KANSAS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**December 31, 2019**

	Major Funds		
	Electric	Water	Wastewater
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 13,468,947	\$ 959,986	\$ 1,508,551
Accounts receivable, net	1,871,866	579,143	567,382
Other receivable	19,391	1,790	2,685
Prepaid items	-	-	-
Inventories	880,075	141,864	49,803
Restricted deposits and investments	224,176	57,897	-
Due from other funds	610,582	1,063	197
Total current assets	<u>17,075,037</u>	<u>1,741,743</u>	<u>2,128,618</u>
Noncurrent assets:			
Capital assets:			
Land	678,878	964,968	710,874
Construction in progress	256,372	3,082,569	-
Buildings	11,617,738	7,708,948	26,647
Infrastructure	40,969,870	18,857,461	47,805,864
Intangible	401,622	270,622	7,090,821
Improvements	8,422,821	3,107,473	2,114,224
Machinery and equipment	875,811	384,017	706,633
Vehicles	492,362	571,193	582,816
Less accumulated depreciation and amortization	<u>(29,808,291)</u>	<u>(12,365,239)</u>	<u>(24,338,070)</u>
Total capital assets	<u>33,907,183</u>	<u>22,582,012</u>	<u>34,699,809</u>
Total noncurrent assets	<u>33,907,183</u>	<u>22,582,012</u>	<u>34,699,809</u>
Total assets	<u>50,982,220</u>	<u>24,323,755</u>	<u>36,828,427</u>
Deferred outflows of resources			
Unamortized portion of refunding gain	-	-	14,411
Pension deferred outflow	219,512	85,880	77,443
OPEB deferred outflow	1,234	1,046	1,458
Total deferred outflows of resources	<u>220,746</u>	<u>86,926</u>	<u>93,312</u>
Liabilities			
Current liabilities:			
Accounts payable	210,613	32,080	206,585
Accrued payroll	9,637	4,736	4,113
Customer and developer deposits	224,176	57,897	-
Accrued interest payable	4,581	18,900	117,561
Due to other funds	-	-	-
Compensated absences	125,937	41,650	62,262
Current portion of bonds payable	80,000	390,000	1,675,000
Current portion of construction loans payable	-	-	610,986
Current portion of lease payable	343,569	-	-
Total current liabilities	<u>998,513</u>	<u>545,263</u>	<u>2,676,507</u>
Noncurrent liabilities:			
Other postemployment benefit obligation	49,461	34,617	33,962
Bonds payable, net	539,548	2,263,908	4,143,912
Net Pension liability	980,772	406,734	364,853
Lease payable	10,074,798	-	-
Construction loan payable	-	-	8,530,826
Total noncurrent liabilities	<u>11,644,579</u>	<u>2,705,259</u>	<u>13,073,553</u>
Total liabilities	<u>12,643,092</u>	<u>3,250,522</u>	<u>15,750,060</u>
Deferred inflows of resources			
Pension deferred inflow	26,665	11,305	10,076
OPEB deferred inflow	9,043	3,924	4,740
Total deferred inflows of resources	<u>35,708</u>	<u>15,229</u>	<u>14,816</u>
Net position			
Net investment in capital assets	22,869,268	19,928,104	19,753,496
Unrestricted	15,654,898	1,216,826	1,403,367
Total net position	<u>\$ 38,524,166</u>	<u>\$ 21,144,930</u>	<u>\$ 21,156,863</u>

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.

Net position of business-type activities

Nonmajor Funds		Internal
Totals	Total	Service Funds
\$ 365,963	\$ 16,303,447	\$ 681,915
50,596	3,068,987	-
-	23,866	30,104
-	-	2,848
26,293	1,098,035	-
5,700	287,773	-
-	611,842	-
<u>448,552</u>	<u>21,393,950</u>	<u>714,867</u>
1,285,374	3,640,094	-
636,908	3,975,849	-
1,745,363	21,098,696	-
1,696,409	109,329,604	-
-	7,763,065	-
880,033	14,524,551	-
-	1,966,461	492,694
-	1,646,371	131,844
<u>(2,016,479)</u>	<u>(68,528,079)</u>	<u>(338,891)</u>
<u>4,227,608</u>	<u>95,416,612</u>	<u>285,647</u>
<u>4,227,608</u>	<u>95,416,612</u>	<u>285,647</u>
<u>4,676,160</u>	<u>116,810,562</u>	<u>1,000,514</u>
-	14,411	-
716	383,551	133,083
-	3,738	1,698
<u>716</u>	<u>401,700</u>	<u>134,781</u>
17,782	467,060	37,924
118	18,604	5,819
5,700	287,773	-
897	141,939	-
585,000	585,000	4,368
2,915	232,764	72,536
35,000	2,180,000	-
-	610,986	-
-	343,569	-
<u>647,412</u>	<u>4,867,695</u>	<u>120,647</u>
265	118,305	35,589
146,622	7,093,990	-
1,195	1,753,554	645,800
-	10,074,798	-
-	8,530,826	-
<u>148,082</u>	<u>27,571,473</u>	<u>681,389</u>
<u>795,494</u>	<u>32,439,168</u>	<u>802,036</u>
75	48,121	20,233
<u>7</u>	<u>17,714</u>	<u>7,318</u>
<u>82</u>	<u>65,835</u>	<u>27,551</u>
4,045,986	66,596,854	285,647
(164,686)	18,110,405	20,061
<u>\$ 3,881,300</u>	<u>84,707,259</u>	<u>\$ 305,708</u>
	<u>39,208</u>	
	<u>\$ 84,746,467</u>	

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

**CITY OF GARDNER, KANSAS**

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

**PROPRIETARY FUNDS**

**Year Ended December 31, 2019**

	Major Funds		
	Electric	Water	Wastewater
Operating revenues			
Charges for sales and services	\$ 16,508,702	\$ 5,927,668	\$ 5,428,436
Other	36,846	-	300
Total operating revenues	<u>16,545,548</u>	<u>5,927,668</u>	<u>5,428,736</u>
Operating expenses			
Administration	1,651,507	1,110,945	1,059,431
Wholesale energy cost	8,316,421	-	-
Generation	706,197	-	-
Treatment	-	2,030,397	1,143,699
Distribution and collection	1,974,736	720,889	463,686
Contractual services	-	-	-
Other supplies and expenses	-	-	-
Repairs and maintenance	-	-	-
Depreciation and amortization	1,620,360	863,420	1,981,631
Other	-	-	-
Total operating expenses	<u>14,269,221</u>	<u>4,725,651</u>	<u>4,648,447</u>
Operating income (loss)	<u>2,276,327</u>	<u>1,202,017</u>	<u>780,289</u>
Nonoperating revenues (expenses)			
Investment earnings	279,759	49,343	44,346
Interest expense	(548,463)	(84,150)	(391,692)
Other	-	37,100	(46,551)
Total nonoperating revenues (expenses)	<u>(268,704)</u>	<u>2,293</u>	<u>(393,897)</u>
Income (loss) before transfers and contributions	2,007,623	1,204,310	386,392
Capital grants and contributions	102,060	137,980	223,741
Transfers in	-	-	1,200,000
Transfers out	<u>(894,500)</u>	<u>(1,043,600)</u>	<u>(270,100)</u>
Change in net position	1,215,183	298,690	1,540,033
Total net position, beginning of year	<u>37,308,983</u>	<u>20,846,240</u>	<u>20,044,132</u>
Prior period adjustment	-	-	(427,302)
Total net position, end of year	<u>\$ 38,524,166</u>	<u>\$ 21,144,930</u>	<u>\$ 21,156,863</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

Nonmajor Funds		Internal
Totals	Total	Service Funds
\$ 249,908	\$ 28,114,714	\$ 3,302,562
-	37,146	13,703
<u>249,908</u>	<u>28,151,860</u>	<u>3,316,265</u>
157,448	3,979,331	1,077,566
-	8,316,421	-
-	706,197	-
-	3,174,096	-
-	3,159,311	-
-	-	1,559,520
-	-	99,712
13,916	13,916	20,382
151,601	4,617,012	55,504
-	-	480,435
<u>322,965</u>	<u>23,966,284</u>	<u>3,293,119</u>
(73,057)	4,185,576	23,146
3,182	376,630	-
(2,395)	(1,026,700)	-
-	(9,451)	3,400
<u>787</u>	<u>(659,521)</u>	<u>3,400</u>
(72,270)	3,526,055	26,546
236,360	700,141	-
-	1,200,000	-
-	(2,208,200)	-
164,090	3,217,996	26,546
<u>3,717,210</u>	<u>81,916,565</u>	<u>279,162</u>
-	(427,302)	-
<u>\$ 3,881,300</u>	<u>\$ 84,707,259</u>	<u>\$ 305,708</u>
	3,217,996	
	-	
	<u>\$ 3,217,996</u>	

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

**CITY OF GARDNER, KANSAS**

**STATEMENT OF CASH FLOWS**

**PROPRIETARY FUNDS**

**Year Ended December 31, 2019**

	Major Funds	
	Electric	Water
Cash flows from operating activities:		
Receipts from customers	\$ 16,526,744	\$ 5,997,772
Other receipts	-	-
Payments to suppliers	(10,897,857)	(2,699,490)
Payments to employees	(1,894,881)	(1,191,323)
Other payments	(585,000)	-
Net cash provided by operating activities	<u>3,149,006</u>	<u>2,106,959</u>
Cash flows from noncapital financing activities:		
Transfers from other funds	-	-
Transfers to other funds	(894,500)	(1,043,600)
Net cash provided by (used in) noncapital financing activities	<u>(894,500)</u>	<u>(1,043,600)</u>
Cash flows from capital and related financing activities:		
Capital grants and contributions	-	-
Acquisition and construction of capital assets	(220,702)	(3,488,257)
Principal paid on general obligation bonds	(325,000)	(380,000)
Principal paid on construction loan	-	-
Principal paid on capital lease	(332,278)	-
Interest paid on general obligation bonds, construction loan, and capital lease	(551,130)	(87,000)
Proceeds from general obligation bonds	-	-
Proceeds from sale of assets	-	37,100
Issuance costs and fees	-	-
Net cash used in capital and related financing activities	<u>(1,429,110)</u>	<u>(3,918,157)</u>
Cash flows from investing activities:		
Interest received	<u>279,759</u>	<u>49,343</u>
Net increase (decrease) in cash and cash equivalents	1,105,155	(2,805,455)
Cash and cash equivalents, beginning of year	<u>12,587,968</u>	<u>3,823,338</u>
Cash and cash equivalents, end of year	<u>\$ 13,693,123</u>	<u>\$ 1,017,883</u>

Wastewater	Nonmajor Funds Totals	Total	Internal Service Funds
\$ 5,500,006	\$ 208,964	\$ 28,233,486	\$ 3,302,562
-	585,000	585,000	13,703
(1,814,130)	(147,377)	(15,558,854)	(2,184,127)
(755,755)	(14,445)	(3,856,404)	(1,055,492)
-	-	(585,000)	-
2,930,121	632,142	8,818,228	76,646
1,200,000	-	1,200,000	-
(270,100)	-	(2,208,200)	-
929,900	-	(1,008,200)	-
-	42,079	42,079	-
(2,629,510)	(580,817)	(6,919,286)	-
(1,420,000)	(39,013)	(2,164,013)	-
(596,661)	-	(596,661)	-
-	-	(332,278)	-
(427,964)	(1,997)	(1,068,091)	-
1,970,000	-	1,970,000	-
30,000	-	67,100	-
(25,291)	-	(25,291)	-
(3,099,426)	(579,748)	(9,026,441)	-
44,346	3,182	376,630	-
804,941	55,576	(839,783)	76,646
703,610	316,087	17,431,003	605,269
\$ 1,508,551	\$ 371,663	\$ 16,591,220	\$ 681,915

The accompanying notes are an integral part of the financial statements



**CITY OF GARDNER, KANSAS**

**STATEMENT OF CASH FLOWS  
(Continued)**

**PROPRIETARY FUNDS**

**Year Ended December 31, 2019**

	Electric	Water
Cash consists of:		
Cash	\$ 13,468,947	\$ 959,986
Restricted deposits and investments	224,176	57,897
	13,693,123	1,017,883
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	2,276,327	1,202,017
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Items not requiring cash:		
Depreciation and amortization expense	1,620,360	863,420
Total OPEB liability	3,743	1,005
Loss (gain) on sale of asset	-	-
Pension expense	55,117	23,295
Changes in:		
Receivables	(6,839)	71,020
Inventories	21,927	8,110
Due from other funds	(588,350)	(766)
Prepaid expenses	60	-
Accounts payable	(191,703)	(45,594)
Due to other funds	(125)	(1,017)
Accrued liabilities	(32,896)	(14,381)
Customer deposits	(8,615)	(150)
Net cash provided by operating activities	\$ 3,149,006	\$ 2,106,959
Noncash investing capital and financing activities:		
Contributed capital assets	\$ 102,060	\$ 137,980

<u>Wastewater</u>	<u>Nonmajor Funds Totals</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ 1,508,551	\$ 365,963	\$ 16,303,447	\$ 681,915
-	5,700	287,773	-
<u>1,508,551</u>	<u>371,663</u>	<u>16,591,220</u>	<u>681,915</u>
780,289	(73,057)	4,185,576	23,146
1,981,631	151,601	4,617,012	55,504
512	-	5,260	3,090
-	-	-	(3,400)
20,865	(5)	99,272	37,174
71,160	(40,644)	94,697	(21,340)
13,565	(5,453)	38,149	-
110	-	(589,006)	-
-	-	60	2,920
69,589	14,642	(153,066)	(2,572)
(886)	585,000	582,972	1,378
(6,714)	358	(53,633)	(19,254)
-	(300)	(9,065)	-
<u>\$ 2,930,121</u>	<u>\$ 632,142</u>	<u>\$ 8,818,228</u>	<u>\$ 76,646</u>
\$ 223,741	\$ 194,281	\$ 658,062	-

The accompanying notes are an integral part of the financial statements

# CITY OF GARDNER, KANSAS

## NOTES TO BASIC FINANCIAL STATEMENTS

### 1 - Summary of Significant Accounting Policies

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 police; public works; community services; recreation and leisure; planning and codes enforcement; general management; and electric, water, wastewater, and stormwater utilities, as well as a municipal airport.

#### Reporting Entity

The accompanying financial statements present the City and its component unit, an entity 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.

*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. In prior years, the financial statements of the PBC have been included within the City's reporting entity as a capital projects fund (City Hall); however, in 2017, 2018 and 2019, there was no fund balance or activity to report. Separately issued financial statements of the PBC are not available.

#### 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 non-fiduciary activities of the primary government. 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.

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

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

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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as 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.

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 police, public works, parks and recreation, business and economic development and administration.

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 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 accounts for the acquisition and construction of major capital facilities other than those financed by enterprise funds.

The infrastructure special sales tax fund accounts for the sales tax revenues that are restricted to expenditures relating to the rehabilitation of streets and pedestrian trails and bridges.

The City reports the following major proprietary funds:

The electric fund accounts for the planning, development, production, purchase, transmission and distribution of all electricity for the City.

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 type:

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

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. The principal operating revenues for the municipal airport are hangar rental and fuel sales. Operating expenses for enterprise funds include the cost of sales and services, administrative

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)

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.

Pooled Cash and Investments

Cash and investments of the individual funds are combined to form a pool that is managed by the Finance Director. 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, pooled municipal investment pool, certificate of deposit, money market mutual funds, and a treasury bill. The treasury bill is 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.

Investments are measured at fair value. Fair value is defined as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction. There is a fair value hierarchy which requires an entity to maximize the use of observable inputs when measuring fair value

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. See Note 3, Deposits and Investments for a detailed breakdown of the City's investments.

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, 2019:

Electric Fund	\$ 703,749
Water Fund	286,220
Wastewater Fund	257,460

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Allowances for Uncollectibles (Continued)

The property tax receivable allowance is equal to 2.5% of outstanding property taxes at December 31, 2019.

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 and debt service.

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.

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 cost.

Prepaid Items

Prepaid items are those paid out in the current year but which benefit future accounting periods. The City uses the consumption method and records these items as an asset.

Capital Assets

Capital assets, which include property, plant, equipment, infrastructure (e.g., roads, bridges, sidewalks and similar items), intangibles, vehicles 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, donated works of art

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Capital Assets (Continued)

and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value.

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.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the primary government, as well as the component unit, are depreciated using the straight-line method. Additionally, a full year of depreciation expense is recognized in the year of acquisition and none in the year of disposal. Depreciation is recognized over the following estimated useful lives.

Buildings and improvements	20 - 40 years
Machinery and equipment	10 years
Vehicles	3 - 10 years
Infrastructure	15 - 50 years

The City will, from time to time, acquire electric utility customers and water utility customers. These transactions will be reported in the electric fund and the water fund, respectively and will also be 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.

In prior years, the City contributed capital funding towards the design and construction of a cooperative facility owned by another party under an interlocal agreement. The City has the right to use the facility for a period of time specified in the agreement. The asset has been recorded as an intangible asset in the wastewater fund and will be amortized over 35 years.

Compensated Absences

The City's policies allow employees to accumulate up to one and one half times their annual vacation accrual at any time and can carry over to subsequent years. This carryover, payable upon separation from service, can range 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.



CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Compensated Absences (Continued)

Sick leave for full-time employees accrues at the rate of 3.692 hours per bi-weekly pay period with a maximum accumulation of 1,040 hours. Hours accumulated at the end of the year over the 1,040 hours are paid out the following January at a specified rate. Regular part-time employees accrue sick leave at a proportional rate to full-time employees. Twenty percent of accumulated sick pay under the 1,040 hours is payable upon separation from service and has been included in the compensated absences calculation.

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

The net pension liability is calculated as the difference between the actuarially calculated value of the projected benefit payments attributed to past periods of employee service and the plan's fiduciary net position. The total pension expense is comprised of the service cost or actuarial present value of projected benefit payments attributed to the valuation year, interest on the total pension liability, plan administrative expenses, current year benefit changes, and other changes in plan fiduciary net position less employee contributions and projected earnings on plan investments. Additionally, the total pension expense includes the annual recognition of outflows and inflows of resources due to pension assets and liability.

For purposes of measuring the collective net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Kansas Public Employees Retirement System (KPERS) and additions to/deductions from KPERS' fiduciary net position have been determined on the same basis as they are reported by KPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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.

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

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, 2019, 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 are created by, and can only be changed or removed by, a resolution adopted by the City Council.

*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.

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 has three items that qualify for reporting in this category. First is the deferred charge on refunding reported in the government-wide statement of net position and proprietary funds 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. The second is the deferred outflow for pension related items. See

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Deferred outflows/inflows of resources (Continued)

Note 6 for more information on this deferred outflow. Lastly, the government reports a deferred outflow for OPEB related items. See Note 8 for more information.

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 four types of items, unavailable revenue, deferred revenue, deferred inflow for pension related items, and deferred inflow for OPEB related items 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. The third and fourth items, deferred inflows for pension related items and deferred inflows for OPEB related items, are reported only in the Statement of Net Position. See Notes 6 and 8 for more information on these deferred inflows.

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	\$	2,719,686
Debt service fund property taxes receivable		1,272,366
Debt service fund special assessments receivable		<u>10,473,639</u>
	\$	<u>14,465,691</u>

Net position

The government-wide statement of net position reports \$17,533,282 of restricted net position, of which \$1,453,912 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.

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Concentrations of Credit Risk (Continued)

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, 2019, 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. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

- Statement No. 83, Certain Asset Retirement Obligations
- Statement No. 84, Fiduciary Activities
- Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements
- Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period
- Statement No. 90, Majority Equity Interests
- Statement No. 91, Conduit Debt Obligations
- Statement No. 92, Omnibus 2020
- Statement No. 93, Replacement of Interbank Offered Rates

The effective date of the following pronouncement is postponed by 18 months:

- Statement No. 87, Leases

GASB Statement No. 87, *Leases*, improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Pending Governmental Accounting Standards Board Statements (Continued)

underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The provisions of this statement were originally effective for financial statements for the City's fiscal year ending December 31, 2020 and are now postponed until December 31, 2022 per GASB Statement No. 95.

GASB Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The provisions of this statement were originally effective for the financial statements for the City's fiscal year ending December 31, 2020 and are now postponed until December 31, 2021 per GASB Statement No. 95.

GASB Statement No. 92, *Omnibus 2020*, enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including: effective date of GASB 87 for interim financial reports; intra-entity transfers between primary governments and component unit pension or OPEB plans; applicability of Statements No. 73 and 74 for reporting assets accumulated for postemployment benefits; applicability of certain requirements of GASB 84 to postemployment benefit arrangements; measurement of asset retirement obligations in government acquisitions; reporting by public entity risk pools for amounts recoverable from reinsurers or excess insurers; reference to nonrecurring fair value measurements in authoritative literature and terminology used related to derivative instruments. Certain provisions of this statement were effective upon issuance and did not impact the City's financial reporting, other provisions of this statement were originally effective for financial statements for the City's fiscal year ending December 31, 2021 and are now postponed until December 31, 2022 per GASB Statement No. 95.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, provides guidance where some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The provisions of this statement were originally effective for financial statements for the City's fiscal year ending December 31, 2022 and are now postponed until December 31, 2023 per GASB Statement No. 95.

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

2 - 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 some of the capital projects funds, the capital improvement reserve fund, the Mayor's Christmas tree fund, the Special Olympics fund, and the law enforcement trust fund. Legal operating budgets are, however, required for the park improvement, special highway, and street improvement capital project funds. 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 appropriated 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 2019.

Deficit Budgetary Fund Balance

Kansas statutes additionally state that "... (a) The limits of indebtedness prescribed under the provisions of article 11 of chapter 10 of the Kansas Statutes Annotated may be exceeded when: (1) Payment has been authorized by a vote of the electors of the municipality; (2) provision has been made for payment by the issuance of bonds or temporary notes as provided by law;...". The City had one fund, the Special Highway Fund that exceeded the limits of indebtedness this year due to

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

2 - Stewardship, Compliance and Accountability (Continued)

Deficit Budgetary Fund Balance (Continued)

a project with authorized debt funding for which debt had not yet been issued. This timing difference resulted in a deficit budgetary fund balance of (\$601,309) at the end of the fiscal year.

3 - 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.

*Fair Value Measurements*

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the investment.

Level 1 inputs are quoted prices in active markets for identical assets;

Level 2 inputs are significant other observable inputs, either directly or indirectly observable, and fair value can be determined through the use of models or other valuation methodologies;

Level 3 inputs are significant unobservable inputs in situations where there is little or no market activity for the asset or liability and the entity makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk.

The City has the following recurring fair value measurements as of year-end:

U.S. Treasury Bills are valued at Level 1 using prices quoted in active markets for those identical assets.

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

3 - Deposits and Investments (Continued)

Deposits (Continued)

At December 31, 2019, the City had the following investments:

<b>Schedule of Investments at December 31, 2019</b>					
	Interest Rates	Maturities	Par Value	Fair Value	Fair Value Hierarchy
City Investments:					
Money Market Mutual Funds	1.41%	On Demand	\$ 78,351	\$ 78,351	N/A
U.S. Treasury Bill	2.32%	4/15/2020	10,000,000	10,076,850	Level 1
Certificate of Deposit	2.12%	10/22/2020	7,500,000	7,500,000	N/A
KMIP - Overnight	1.25% - 2.00%	On Demand	8,054,372	8,054,372	N/A
			<u>\$ 25,632,723</u>	<u>\$ 25,709,573</u>	

Investments

*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.

*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.

*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, 2019, the City was not exposed to custodial credit risk.



CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

3 - Deposits and Investments (Continued)

Investments (Continued)

The following is a breakdown of the City's cash by fund type:

<b>Reconciliation of Cash</b>			
	Deposits Including Investments	Restricted Cash and Investments	Total
Government-type activities	\$ 10,843,384	\$ 8,083,135	\$ 18,926,519
Business-type activities	16,649,248	287,773	16,937,021
<b>Total</b>	<b>\$ 27,492,632</b>	<b>\$ 8,370,908</b>	<b>\$ 35,863,540</b>

At year-end, a reconciliation of deposits and investments is as follows:

<b>Reconciliation of Deposits and Investments</b>	
	Primary Government
Cash on hand	\$ 3,000
Carrying amount of deposits	10,150,967
Carrying amount of investments	25,709,573
Total deposits and investments	<u>\$ 35,863,540</u>
Deposits including investments	\$ 27,492,632
Restricted cash and investments	8,370,908
Total deposits and investments	<u>\$ 35,863,540</u>

4 - Capital Assets

Capital asset activity for the primary government for the year ended December 31, 2019 was as follows:

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

4 - Capital Assets (Continued)

	December 31,				December 31,
	2018	Increases	Decreases	Transfers	2019
<b>Governmental activities:</b>					
Capital assets, not being depreciated					
Land	\$ 4,780,151	\$ 22,835	\$ (75,883)	\$ -	\$ 4,727,103
Construction in progress	8,227,572	9,175,452	(1,234,643)	-	16,168,381
Total capital assets, not being depreciated	13,007,723	9,198,287	(1,310,526)	-	20,895,484
Capital assets, being depreciated					
Buildings	5,363,748	-	(416,081)	-	4,947,667
Improvements other than buildings	5,490,163	79,004	-	-	5,569,167
Infrastructure	66,995,295	1,543,527	-	-	68,538,822
Machinery and Equipment	2,378,932	156,484	(23,803)	(32,438)	2,479,175
Vehicles	1,627,287	71,353	(43,637)	32,258	1,687,261
Total capital assets being depreciated	81,855,425	1,850,368	(483,521)	(180)	83,222,092
Less accumulated depreciation for:					
Buildings	(2,296,888)	(123,410)	280,609	-	(2,139,689)
Improvements other than buildings	(2,066,087)	(277,516)	-	-	(2,343,603)
Infrastructure	(26,249,839)	(2,052,409)	-	-	(28,302,248)
Machinery and Equipment	(1,732,620)	(143,600)	4,761	32,438	(1,839,021)
Vehicles	(1,082,550)	(201,658)	43,637	(32,258)	(1,272,829)
Total accumulated depreciation	(33,427,984)	(2,798,593)	329,007	180	(35,897,390)
Total capital assets being depreciated, net	48,427,441	(948,225)	(154,514)	-	47,324,702
Governmental activities capital assets, net	\$ 61,435,164	\$ 8,250,062	\$ (1,465,040)	\$ -	\$ 68,220,186

	December 31,	Prior	Adjusted				December 31,
	2018	Period	12/31/2018	Increases	Decreases	Transfers	2019
		Adjustment	Balance				
<b>Business-type activities:</b>							
Capital assets, not being depreciated							
Land	\$ 3,640,094	\$ -	\$ 3,640,094	\$ -	\$ -	\$ -	\$ 3,640,094
Construction in progress	555,534	-	555,534	6,304,581	(2,884,266)	-	3,975,849
Total capital assets, not being depreciated	4,195,628	-	4,195,628	6,304,581	(2,884,266)	-	7,615,943
Capital assets, being depreciated/amortized							
Buildings	23,007,787	(1,909,091)	21,098,696	-	-	-	21,098,696
Intangibles	7,763,065	-	7,763,065	-	-	-	7,763,065
Improvements other than buildings	13,706,487	-	13,706,487	818,064	-	-	14,524,551
Infrastructure	106,572,436	-	106,572,436	2,757,168	-	-	109,329,604
Machinery and equipment	1,842,702	-	1,842,702	101,830	-	32,438	1,976,970
Vehicles	1,551,432	-	1,551,432	479,971	(270,167)	(32,258)	1,728,978
Total capital assets being depreciated/amortized	154,443,909	(1,909,091)	152,534,818	4,157,033	(270,167)	180	156,421,864
Less accumulated depreciation/amortization for:							
Buildings	(4,678,487)	1,481,789	(3,196,698)	(531,132)	-	-	(3,727,830)
Intangibles	(1,519,324)	-	(1,519,324)	(237,688)	-	-	(1,757,012)
Improvements other than buildings	(6,582,009)	-	(6,582,009)	(557,321)	-	-	(7,139,330)
Infrastructure	(50,713,900)	-	(50,713,900)	(3,152,626)	-	-	(53,866,526)
Machinery and equipment	(965,354)	-	(965,354)	(163,122)	-	(32,438)	(1,160,914)
Vehicles	(1,090,812)	-	(1,090,812)	(119,273)	270,167	32,258	(907,660)
Total accumulated depreciation/amortization	(65,549,886)	1,481,789	(64,068,097)	(4,761,162)	270,167	(180)	(68,559,272)
Total capital assets being depreciated, net	88,894,023	(427,302)	88,466,721	(604,129)	-	-	87,862,592
Business-type activities capital assets, net	\$ 93,089,651	\$ (427,302)	\$ 92,662,349	\$ 5,700,452	\$ (2,884,266)	\$ -	\$ 95,478,535

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

4 - Capital Assets (Continued)

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

<b>Governmental activities</b>	
General Government	\$ 100,369
Police	169,456
Public Works	1,782,590
Culture and Recreation	697,600
Business & Economic Development	2,385
Internal Service Fund - Governmental Type Activities	46,193
Total depreciation expense for governmental activities	<u>\$ 2,798,593</u>

<b>Business-type activities</b>	
Electric	\$ 1,621,010
Water	882,550
Wastewater	2,095,366
Stormwater	33,155
Airport	119,770
Internal Service Fund - Business Type Activity	9,311
Total depreciation expense for business-type activities	<u>\$ 4,761,162</u>

5 - Capital Leases

The City has entered into a lease for land, equipment, golf course improvements, and an asset purchase agreement for a 32.26% interest in KMEA's (Kansas Municipal Energy Agency) 10.1% undivided interest in the Dogwood Energy Facility which have been classified in the financial statements as capital assets.

In December 2016, the City entered into a \$678,000 Lease Purchase Agreement, Series 2016C, to fund the purchase of land for a future City facility. Rental payments began in April 2017 and thereafter on a semi-annual basis until maturity in 2026.

In June 2018, the City entered into a \$1,218,000 Lease Purchase Agreement, Series 2018, to finance various golf course improvements. Rental payments begin in April 2019 and thereafter on a semi-annual basis until maturity in 2028.

In March 2018, the City entered into an asset purchase agreement with KMEA to assume the costs of a 32.26% participation in KMEA's 10.1% undivided interest in the Dogwood Energy Facility. Payments begin in April 2019 and will continue on a semi-annual basis until maturity in 2038.

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

5 - Capital Leases (Continued)

In May 2019, the City entered into a \$45,000 Lease Purchase Agreement to finance the purchase of equipment for the public works department. Rental payments begin in April of 2020 and thereafter on an annual basis until maturity in 2024.

In December 2019, the City entered into a \$135,000 Lease Purchase Agreement to finance the purchase of a dump truck for the public works department. Rental payments begin in April 2020 and thereafter on a semi-annual basis until maturity in 2023.

The following table details property under capital leases by major classification at December 31, 2019.

<b>Assets Under Capital Lease</b>		
	Governmental Activities	Business-Type Activities
Machinery and equipment	\$ 45,000	\$ -
Land	678,000	-
Buildings	-	10,750,645
Infrastructure	862,779	-
Vehicles	71,353	-
Less accumulated depreciation	(102,413)	(470,341)
Total	<u>\$ 1,554,719</u>	<u>\$ 10,280,304</u>

6 - Defined Benefit Pension Plans

Plan Description

The City participates in the Kansas Public Employees Retirement System (KPERs), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* Kansas law establishes and amends benefit provisions. KPERs issues a publicly available financial report that includes financial statements and required supplementary information. KPERs' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERs website at <http://www.kpers.org> or by writing to KPERs (611 S. Kansas Avenue, Suite 100, Topeka, Kansas 66603-3803) or by calling 1-888-275-5737.

Benefits Provided

KPERs provides retirement benefits, life insurance, disability income benefits, and death benefits. Benefits are established by statute and may only be changed by the Legislature. Member employees (except Police and Firemen) with ten or more years of credited service, may retire as early as age

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

6 - Defined Benefit Pension Plans (Continued)

Benefits Provided (Continued)

55 (Police and Firemen may be age 50 with 20 years of credited service), with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever an employee's combined age and years of credited service equal 85 "points" (Police and

Firemen's normal retirement ages are age 60 with 15 years of credited service, age 55 with 20 years, age 50 with 25 years, or any age with 36 years of service).

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

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

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

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

Contributions

K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. K.S.A. 74-4975 establishes the Police and Firemen (KP&F) member-employee contribution rate at 7.15% of covered salary. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

6 - Defined Benefit Pension Plans (Continued)

Contributions (Continued)

State law provides that the employer contribution rates for KPERS 1, KPERS 2, KPERS 3 and KP&F be determined based on the results of each annual actuarial valuation. KPERS is funded on an actuarial reserve basis. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1.0% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.89% for KPERS and 22.13% for KP&F for the fiscal year ended December 31, 2019.

House Substitute for SB21 included changes to the working after retirement rules for members who retire on or after January 1, 2018. The key provisions of the bill were to lengthen the waiting period for KPERS members to return to work from 60 days to 180 days for members who retire before attaining age 62, removing the earnings limitation for all retirees and establish a single employer contribution schedule for all retirees. For employees working after retirement, KPERS employers will pay the same statutorily required rate as the other KPERS plans (for the City that rate is 8.89% for 2019) on earnings up to \$25,000 and 30% on earnings over \$25,000.

Contributions to the pension plan from the City were \$649,618 for KPERS and \$521,143 for KP&F for the year ended December 31, 2019.

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

Although KPERS administers one cost sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each group of the plan. The City participates in the local (KPERS) group and the Police and Firemen (KP&F) group.

At December 31, 2019, the City reported a liability of \$5,416,038 for KPERS and \$4,361,333 for KP&F for its proportionate share of the KPERS' collective net pension liability. The collective net pension liability was measured by KPERS as of June 30, 2019, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of December 31, 2018, which was rolled forward to June 30, 2019. The City's proportion of the collective net pension liability was based on the ratio of the City's actual contributions to KPERS and KP&F, relative to the total employer and nonemployer contributions to KPERS and KP&F for the fiscal year ended June 30, 2019. The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2019, the City's proportion and change from its proportion measured as of June 30, 2018 were as follows:

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

6 - Defined Benefit Pension Plans (Continued)

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

	Governmental Activities	Business-Type Activities	Total net pension liability as of December 31, 2019	Proportion as of June 30, 2019	Change in proportion from June 30, 2018
KPERS (local)	\$ 3,309,833	\$ 2,106,205	\$ 5,416,038	0.387588%	0.015634%
KP&F	4,361,333	-	4,361,333	0.430911%	0.010852%
Total	<u>\$ 7,671,166</u>	<u>\$ 2,106,205</u>	<u>\$ 9,777,371</u>		

For the year ended December 31, 2019, the City recognized pension expense of \$954,564 for KPERS and \$937,331 for KP&F. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Difference between expected and actual experience	\$ 254,379	\$ 3,864	\$ 91,553	\$ 52,929
Net difference between projected and actual earnings on pension plan investments	177,340	37,866	-	-
Changes in proportionate share	663,428	211,454	6,795	2,937
Changes in assumptions	256,003	64,027	12,458	3,348
City contributions subsequent to measurement date	458,321	139,072	-	-
Total	<u>\$ 1,809,471</u>	<u>\$ 456,283</u>	<u>\$ 110,806</u>	<u>\$ 59,214</u>

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

6 - Defined Benefit Pension Plans (Continued)

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

The \$597,393 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as increases (decreases) to pension expense as follows:

	<b>Deferred Outflows (Inflows) of Resources</b>	
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
<b>Year ended December 31:</b>		
2020	\$ 606,088	\$ 132,120
2021	275,702	47,332
2022	222,060	46,393
2023	130,978	31,078
2024	5,516	1,074
	<u>\$ 1,240,344</u>	<u>\$ 257,997</u>

Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2018, which was rolled forward to June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Assumptions	Entry age normal
Inflation	2.75 percent
Salary increases	3.50 to 12.00 percent, including price inflation
Investment rate of return	7.75 percent compounded annually, net of investment expense, including price inflation

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

The actuarial assumptions used in the December 31, 2018, valuation were based on the results of an actuarial experience study conducted for the period January 1, 2013 through December 31, 2015. The experience study is dated November 18, 2016.



CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

6 - Defined Benefit Pension Plans (Continued)

Actuarial assumptions (Continued)

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

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

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

Asset class	Long-term target allocation	Long-term expected real rate of return
Global Equity	47.00 %	6.85 %
Fixed Income	13.00	1.25
Yield driven	8.00	6.55
Real return	11.00	1.71
Real estate	11.00	5.05
Alternatives	8.00	9.85
Short-term investments	2.00	(0.25)
Total	100.00 %	

Discount rate

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

In KPERS, Local groups do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993 and subsequent legislation, the employer contribution rates certified by the KPERS' Board of Trustees for this group may not increase by more than the statutory cap. The statutory cap for Fiscal Year 2019 was 1.2 percent. The Local employers are currently contributing

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

6 - Defined Benefit Pension Plans (Continued)

Discount rate (continued)

the full actuarial contribution rate. Employers contribute the full actuarial determined rate for KP&F.

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

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

Sensitivity of the City's proportionate share of the collective net pension liability to changes in the discount rate (Continued)

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City's KPERS proportionate share of the net pension liability	\$ 8,088,980	\$ 5,416,038	\$ 3,180,188
City's KP&F proportionate share of the net pension liability	6,189,056	4,361,333	2,831,189
	<u>\$ 14,278,036</u>	<u>\$ 9,777,371</u>	<u>\$ 6,011,377</u>

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately-issued KPERS financial report.

7 - Deferred Compensation Plan

The City offers 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

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

7 - Deferred Compensation Plan (Continued)

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 2019, the City’s contributions were \$46,134.

8 - 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 180 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.

Active employees eligible for coverage	128
Inactive employees or beneficiaries currently receiving benefit payments	1
	<u>129</u>

*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.

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 2019, the City contributed \$5,000 to the plan.

OPEB Liability

The City’s total OPEB liability of \$313,749 related to the City’s plan was measured as of December 31, 2018; the total OPEB liability was determined by an actuarial valuation as of July 1, 2017. The

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

8 - Other Postemployment Healthcare Benefits (Continued)

OPEB Liability (Continued)

results of the July 1, 2017 valuation were projected to the beginning and end of year measurement dates using standard actuarial techniques.

*Actuarial assumptions.* The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Valuation Date	July 1, 2017
Measurement Date	December 31, 2018
Payroll Growth	3.00%
Discount rate	3.68%
Actuarial Cost Method	Entry Age - Level Percent-of-Pay
Healthcare cost trend rates	7.0% for 2018-19, decreasing by .5% per year until 2021-22 and then decreasing by .25% per year to an ultimate rate of 5.0% for 2024-25 and later years.
Retirees' share of benefit-related costs	Retirees contribute 135% of the active funding rate

*Discount rate.* GASB 75 standards require a single discount rate to be determined. To the extent Plan (i.e. Trust) assets are projected to be sufficient to make projected benefit payments, the discount rate will equal the expected return on such assets. To the extent a Plan is not projected to be sufficient to make future benefit payments the yield or index for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher should be factored in. Plan assets do not apply to the City's program.

In order to determine the municipal bond rate, the average of the published yields from the S&P Municipal Bond 20 year High Grade and the Fidelity GO AA-20 Years indexes were used. The selected average rates are 3.23% and 3.68% as of the beginning and end of year, respectively. These were used as the discount rates to determine present value costs.

<b>Changes in Total OPEB Liability</b>	
<b>Balance at 12/31/2018</b>	\$ 347,662
Service cost	31,515
Interest cost	12,167
Changes of benefit terms	(62,674)
Changes in assumptions	(15,296)
Differences between expected and actual experience	5,375
Benefit payments	(5,000)
Net change	<u>(33,913)</u>
<b>Balance at 12/31/2019</b>	<u>\$ 313,749</u>

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

8 - Other Postemployment Healthcare Benefits (Continued)

OPEB Liability (Continued)

*Sensitivity of Total OPEB Liability to changes in the Discount rate.* The following presents the Total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate:

	1% Decrease (2.68%)	Current Discount Rate (3.68%)	1% Increase (4.68%)
Total OPEB liability	\$ 346,121	\$ 313,749	\$ 284,597

*Sensitivity of Total OPEB Liability to changes in Healthcare Cost Trend Analysis.* The following presents the Total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates:

	1% Decrease (6.00%)	Current Trend Assumption (7.00%)	1% Increase (8.00%)
Total OPEB liability	\$ 272,105	\$ 313,749	\$ 363,589

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2019, the City recognized OPEB income of \$19,317. Effective July 1, 2018 retirees are charged 135% of group plan premiums rather than 125% from prior year. The impact on the actuarial accrued liability is a reduction of \$62,674 resulting in an OPEB income position.

At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in actuarial experiences	\$ 3,810	\$ -	\$ 1,162	\$ -
Changes in assumptions	3,634	10,844	1,215	3,302
Benefits subsequent to measurement date	4,503	-	1,497	-
	<u>\$ 11,947</u>	<u>\$ 10,844</u>	<u>\$ 3,874</u>	<u>\$ 3,302</u>

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

8 - Other Postemployment Healthcare Benefits (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

The \$6,000 reported as deferred outflows of resources related to OPEB resulting from the City’s benefits subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ended December 31, 2020.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:	Deferred Outflows (Inflows) of Resources	
	Governmental Activities	Business-Type Activities
2020	\$ (255)	\$ (70)
2021	(255)	(70)
2022	(255)	(70)
2023	(255)	(70)
2024	(255)	(70)
2025 & Thereafter	(2,125)	(575)
	<u>\$ (3,400)</u>	<u>\$ (925)</u>

KPERS Death and Disability OPEB Plan

*Plan Description.* The City of Gardner participates in an agent multiple-employer defined benefit other postemployment benefit (OPEB) plan (the Plan) which is administered by the Kansas Public Employees Retirement System (KPERS). The Plan provides long-term disability benefits and a life insurance benefit for disabled KPERS members, as provided by K.S.A. 74-04927. The Plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. However because the trust’s assets are used to pay employee benefits other than OPEB, the trust does not meet the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Accordingly, the Plan is considered to be administered on a pay-as-you-go basis. There is no stand-alone financial report for the plan.

Benefits

Benefits are established by statute and may be amended by the KPERS Board of Trustees. The Plan provides long-term disability benefits equal to 60 percent (prior to January 1, 2006, 66 2/3 percent) of annual compensation, offset by other benefits. Members receiving long-term disability benefits also receive credit towards their KPERS retirement benefits and have their group life insurance coverage continued under the waiver of premium provision.

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

8 - KPERS Death and Disability OPEB Plan (Continued)

Benefits (Continued)

The monthly long-term disability benefit is 60 percent of the member's monthly compensation, with a minimum of \$100 and a maximum of \$5,000. The monthly benefit is subject to reduction by deductible sources of income, which include Social Security primary disability or retirement benefits, workers compensation benefits, other disability benefits from any other sources by reason of employment, and earnings from any form of employment. If the disability begins before age 60, benefits are payable while the disability continues until the member's 65<sup>th</sup> birthday or retirement date, whichever occurs first. If the disability begins after age 60, benefits are payable while the disability continues, for a period of five years or until the member retires, whichever occurs first.

Benefit payments for disabilities caused or contributed to by substance abuse or non-biologically based mental illnesses are limited to the shorter of the term of the disability or 24 months per lifetime.

The death benefit paid to beneficiaries of disabled members is 150% of the greater of 1) the member's annual rate of compensation at the time of disability, or 2) the members previous 12 months of compensation at the time of the last date on payroll. If the member has been disabled for five or more years, the annual compensation or salary rate at the time of death will be indexed using the consumer price index, less one percentage point, to compute the death benefit. If a member is diagnosed as terminally ill with a life expectancy of 12 months or less, the member may be eligible to receive up to 100% of the death benefit rather than having the benefit paid to the beneficiary. If a member retires or disability benefits end, the member may convert the group life insurance coverage to an individual insurance policy.

Covered Employees

The City of Gardner has the following employees covered by the Plan as of June 30, 2019:

Inactive employees or beneficiaries currently receiving benefit payments	0
Active employees	<u>112</u>
Total	112

OPEB Liability

The City of Gardner's total OPEB liability of \$151,324 related to KPERS reported as of December 31, 2019, was measured as of June 30, 2019 (the measurement date), and was determined by an actuarial valuation as of December 31, 2018, which was rolled forward to June 30, 2019, using the following actuarial assumptions:

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

8 - KPERS Death and Disability OPEB Plan (Continued)

OPEB Liability (Continued)

Valuation Date	December 31, 2018
Measurement Date	June 30, 2019
Inflation	2.75%
Payroll Growth	3.00%
Discount rate	3.50%
Salary increases including inflation	3.5% to 10.0%, including price inflation
Healthcare cost trend rates	Not applicable for the coverage in this plan
Retirees' share of benefit-related costs	Not applicable for the coverage in this plan

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index. Mortality rates were based on the RP-2014 Mortality Table, as appropriate, with adjustment for mortality improvements based on Scale MP-2019.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study conducted for three years ending December 31, 2015. Other demographic assumptions are set to be consistent with the actuarial assumptions reflected in the June 30, 2019 pension valuation.

Changes in Total OPEB Liability

<b>Changes in Total OPEB Liability</b>	
<b>Balance at December 31, 2018</b>	\$ 135,555
Service cost	26,028
Interest cost	6,253
Effect of plan changes	-
Effect of economic/demographic gains or losses	(18,777)
Effect of assumptions changes or inputs	2,265
Benefit payments	-
Net change	15,769
<b>Balance at December 31, 2019</b>	<b>\$ 151,324</b>

*Changes of assumptions.* Changes of assumptions and other inputs reflect the changes in the discount rate each period. The discount rate decreased from 3.87% to 3.50%.

*Sensitivity Analysis.* The following presents the City of Gardner's total OPEB liability calculated using the discount rate of 3.50%, as well as what the City's total OPEB liability would be if it were



CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

8 - KPERS Death and Disability OPEB Plan (Continued)

Changes in Total OPEB Liability (Continued)

calculated using a discount rate that is 1-percentage point lower (2.50%) or 1-percentage point higher (4.50%) than the current rate:

	1% Decrease <u>(2.50%)</u>	Current Discount Rate <u>(3.50%)</u>	1% Increase <u>(4.50%)</u>
Total OPEB liability	\$ 156,924	\$ 151,324	\$ 144,963

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.* The healthcare trend rates do not affect the liabilities related to the long-term disability benefits sponsored by KPERS. Therefore, there is no sensitivity to a change in healthcare trend rates.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2019, the City of Gardner recognized OPEB expense of \$27,069. At December 31, 2019, the City of Gardner reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 22,704	\$ -	\$ 16,529
Changes in assumptions	1,172	2,519	860	1,695
	<u>\$ 1,172</u>	<u>\$ 25,223</u>	<u>\$ 860</u>	<u>\$ 18,224</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:	Deferred Outflows (Inflows) of Resources	
	Governmental Activities	Business-Type Activities
2020	\$ (3,027)	\$ (2,185)
2021	(3,027)	(2,185)
2022	(3,027)	(2,185)
2023	(3,027)	(2,185)
2024	(3,027)	(2,185)
2025 & Thereafter	(8,916)	(6,439)
	<u>\$ (24,051)</u>	<u>\$ (17,364)</u>

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

8 - KPERS Death and Disability OPEB Plan (Continued)

Summary of OPEB Plans

As of December 31, 2019 the City's total OPEB liability, deferred outflows of resources, deferred inflows of resources and OPEB expense associated with the two OPEB plans are summarized as follows:

	2019
Total OPEB liability	\$ 465,073
Deferred outflows of resources	\$ 17,853
Deferred inflows of resources	\$ 57,593
OPEB expense	\$ 7,752

9 - Risk Services

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 (Midwest Public Risk), 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.

10 - Capital Projects

The City is currently improving its water, wastewater 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.

Following is a summary of project-to-date costs to December 31, 2019 on the capital projects compared to the amount authorized:

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

10 - Capital Projects (Continued)

Primary Government Project Authorizations and Expenditures Since Inception		
Project Category	Authorization	Expenditures Since Inception
Primary Government		
Governmental Improvements	\$ 40,905,455	\$ 17,403,025
Electric Improvements	4,639,749	256,373
Water Improvements	31,443,856	3,509,711
Wastewater Improvements	2,551,611	2,457,125
Airport Improvements	794,722	636,908
Total	<u>\$ 80,335,393</u>	<u>\$ 24,263,142</u>

11 - Debt

**A. Governmental Activities Long-Term Debt**

1. Changes in Governmental Activities Debt

The following table summarizes the changes in governmental activities long-term debt of the City for the year ended December 31, 2019.

Summary of Governmental Activities Debt for the year ended December 31, 2019					
	Outstanding January 1,	Additions	Reductions	Outstanding December 31	Due Within One Year
<b>Governmental activities:</b>					
Bonds:					
General obligation	\$ 23,398,487	\$ 2,465,000	\$ 1,463,487	\$ 24,400,000	\$ 1,670,000
Plus: issuance premium	1,314,814	112,771	116,719	1,310,866	-
Special assessment debt with government commitment	11,592,500	-	3,022,500	8,570,000	890,000
Bond anticipation notes payable	-	7,365,000	-	7,365,000	-
PBC lease revenue bonds	1,295,000	-	395,000	900,000	430,000
Direct placement - capital lease obligations	1,765,000	180,000	145,000	1,800,000	211,593
Net Pension Liability	7,217,855	453,311	-	7,671,166	-
Compensated absences	476,759	422,215	316,681	582,293	582,293
Total OPEB Liability	342,144	-	17,655	324,489	-
Total	<u>\$ 47,402,559</u>	<u>\$ 10,998,297</u>	<u>\$ 5,477,042</u>	<u>\$ 52,923,814</u>	<u>\$ 3,783,886</u>

For the governmental activities, compensated absences, total other postemployment benefit liability and the net pension liability are generally liquidated by the general and internal service funds.

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

11 - Debt (Continued)

2. Governmental Activities General Obligation Bonds

General obligation bonds payable at December 31, 2019 are comprised of the following issues:

<b>Outstanding Governmental Activities General Obligation Bonds as of December 31, 2019</b>				
	Original Issue Amount	Current Bonds Outstanding	Interest Rates	Original Term in Years
2010A	\$ 2,770,000	\$ 1,725,000	2.000%-3.600%	20
2014A	1,975,000	1,415,000	2.000%-3.125%	15
2014B	4,140,000	2,770,000	2.000%-3.000%	15
2016A	1,380,000	1,000,000	3.000%	12
2017A	1,350,000	1,105,000	2.250%-3.000%	10
2018A	14,985,000	13,920,000	3.000%-5.000%	19
2019E	2,465,000	2,465,000	2.000%-3.000%	10
Total	\$ 29,065,000	\$ 24,400,000		

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and projects.

In December 2019, the City issued Series 2019E General Obligation Bonds in the amount of \$2,465,000. Of that, \$860,000 was issued to finance the City's 2019 Pavement Management Program and \$1,605,000 was issued to finance improvements to Santa Fe Street.

The future annual requirements for general obligation bonds outstanding as of December 31, 2019 are as follows:

<b>Debt Service Requirements Governmental Activities for General Obligation Bonds</b>			
	Principal	Interest	Total
2020	\$ 1,670,000	\$ 834,973	\$ 2,504,973
2021	1,717,500	789,620	2,507,120
2022	1,757,500	727,946	2,485,446
2023	1,760,000	664,620	2,424,620
2024	1,825,000	599,257	2,424,257
2025-2029	8,925,000	1,959,757	10,884,757
2030-2034	4,090,000	829,348	4,919,348
2035-2038	2,655,000	180,169	2,835,169
Total	\$24,400,000	\$ 6,585,690	\$ 30,985,690

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

11 - Debt (Continued)

3. Bond Anticipation Notes Payable

The City issues bond anticipation notes to provide temporary financing for capital improvement projects.

In June 2019, the City issued Series 2019A General Obligation Temporary Notes in the amount of \$3,725,000 to temporarily finance public improvements for the Tuscan Farms Special Benefit Districts.

In December 2019, the City issued Series 2019C General Obligation Temporary Notes in the amount of \$1,130,000 to provide temporary financing for street and utility improvements in the Plaza South Special Benefit District.

In December 2019, the City issued Series 2019D General Obligation Temporary Notes in the amount of \$2,510,000 to temporarily finance street and utility improvements for the Waverly Plaza Special Benefit District.

Bond anticipation notes payable as of December 31, 2019 were as follows:

<b>Outstanding Governmental Activities</b>				
<b>Bond Anticipation Notes Payable as of December 31, 2019</b>				
	Original Issue Amount	Current Notes Outstanding	Interest Rates	Original Term in Years
2019A Tuscan Farms Temp Notes	\$ 3,725,000	\$ 3,725,000	1.70%	2
2019C Plaza South Temp Notes	1,130,000	1,130,000	1.35%	2
2019D Taxable Waverly Plaza Temp Notes	2,510,000	2,510,000	1.75%	2
Total	\$ 7,365,000	\$ 7,365,000		

Annual debt service requirements to maturity for bond anticipation notes payable are as follows:

<b>Debt Service Requirements Governmental Activities for Bond Anticipation Notes Payable</b>			
	Principal	Interest	Total
2020	\$ -	\$ 110,833	\$ 110,833
2021	7,365,000	122,505	7,487,505
Total	\$ 7,365,000	\$ 233,338	\$ 7,598,338

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

11 - Debt (Continued)

4. Governmental Activities 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, 2019 are comprised of the following issues:

<b>Outstanding Governmental Activities Special Assessment Bonds as of December 31, 2019</b>				
	Original Issue Amount	Current Bonds Outstanding	Interest Rates	Original Term in Years
2011A	\$ 1,325,000	\$ 880,000	0.500%-4.000%	20
2012A	3,995,000	2,855,000	1.000%-3.000%	20
2014A	1,975,000	1,415,000	2.000%-3.125%	15
2016A	1,490,000	1,320,000	3.000%	12
2017A	2,155,000	2,100,000	3.000%	7
	\$ 10,940,000	\$ 8,570,000		

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

<b>Debt Service Requirements Governmental Activities for Special Assessment Bonds</b>			
	Principal	Interest	Total
2020	\$ 890,000	\$ 239,262	\$ 1,129,262
2021	927,500	216,022	1,143,522
2022	952,500	190,488	1,142,988
2023	970,000	163,992	1,133,992
2024	1,005,000	137,021	1,142,021
2025-2029	2,885,000	390,396	3,275,396
2030-2034	940,000	56,488	996,488
Total	\$ 8,570,000	\$ 1,393,669	\$ 9,963,669

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

11 - Debt (Continued)

5. PBC Lease Revenue Bonds

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.

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

<b>Debt Service Requirements Governmental Activities for PBC lease revenue bonds</b>				
	Principal	Interest	Total	
<b>Primary Government</b>				
2020	\$ 430,000	\$ 19,176	\$ 449,176	
2021	470,000	10,576	480,576	
Total	\$ 900,000	\$ 29,752	\$ 929,752	

6. Capital Leases

As explained in Note 5, the City has entered into capital lease agreements to purchase land, equipment and make various golf course improvements. The following is a schedule by years of future minimum lease payments under capital leases together with the present value of these payments as of December 31, 2019:

<b>Future Minimum Lease Payments</b>	
Year Ending December 31:	Governmental Activities
2020	\$ 276,979
2021	276,243
2022	277,078
2023	276,553
2024	241,343
2025-2028	776,631
Total minimum lease payments	2,124,827
Less amounts representing interest	(324,827)
Present value of minimum lease payments	\$ 1,800,000

The lease obligations are included in Noncurrent Liabilities for Government Activities on the Statement of Net Position.

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

11 - Debt (Continued)

**B. Business-Type Activities Debt**

1. Changes in Business-Type Activities Debt

The following table summarizes the changes in business-type activities long-term debt of the City for the year ended December 31, 2019.

<b>Summary of Business-Type Activities Debt for the year ended December 31, 2019</b>					
	Outstanding January 1,	Additions	Reductions	Outstanding December 31	Due Within One Year
<b>Business-type activities:</b>					
General obligation bonds	\$ 9,039,013	\$ 1,970,000	\$ 2,164,013	\$ 8,845,000	\$ 2,180,000
Issuance premiums	545,189	27,285	143,484	428,990	-
Construction loans payable	9,738,473	-	596,661	9,141,812	610,986
Compensated absences	240,527	209,261	172,138	277,650	277,650
Capital lease obligations	10,750,645	-	332,278	10,418,367	343,569
Net Pension Liability	2,008,200	98,005	-	2,106,205	-
Total OPEB Liability	141,073	8,529	9,018	140,584	-
Total	<u>\$ 32,463,120</u>	<u>\$ 2,313,080</u>	<u>\$ 3,417,592</u>	<u>\$ 31,358,608</u>	<u>\$ 3,412,205</u>

2. Business-Type Activities General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and projects.

In June 2019, the City issued Series 2019B General Obligation Bonds in the amount of \$1,970,000 to fund wastewater system improvements.



CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

11 - Debt (Continued)

Business-Type Activities General Obligation Bonds (Continued)

General obligation bonds payable at December 31, 2019 are comprised of the following issues:

<b>Outstanding Business-Type Activities General Obligation Bonds as of December 31, 2019</b>				
	Original Issue Amount	Current Bonds Outstanding	Interest Rates	Original Term in Years
2012C	\$ 11,745,000	\$ 2,890,000	2.000%-4.000%	20
2013A	4,246,816	175,000	2.000%-2.250%	11
2014A	945,000	675,000	2.000%-3.125%	15
2015A	3,945,000	2,520,000	3.000%	11
2016B	855,000	615,000	2.000%-3.250%	10
2019B	1,970,000	1,970,000	1.8500%-2.500%	10
Total	\$ 23,706,816	\$ 8,845,000		

The future annual requirements for general obligation bonds outstanding as of December 31, 2019 are as follows:

<b>Debt Service Requirements for Business-Type Activities General Obligation Bonds</b>			
	Principal	Interest	Total
2020	\$ 2,180,000	\$ 273,137	\$ 2,453,137
2021	2,260,000	196,937	2,456,937
2022	810,000	117,212	927,212
2023	825,000	95,362	920,362
2024	850,000	73,112	923,112
2025-2029	1,920,000	108,969	2,028,969
Total	\$ 8,845,000	\$ 864,729	\$ 9,709,729

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

11 - Debt (Continued)

3. Construction Loans Payable

Construction loans payable at December 31, 2019 are comprised of the following:

<b>Outstanding Business-Type Activities Loans as of December 31, 2019</b>				
	Original Issue Amount	Current Bonds Outstanding	Interest Rate	Original Term in Years
Kansas Water Pollution Control Loan # C20 1721 01	\$ 3,483,009	\$ 1,331,089	2.40%	20
Kansas Water Pollution Control Loan # C20 1956 01	10,167,808	7,810,723	2.05%	20
Total	\$ 13,650,817	\$ 9,141,812		

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

<b>Debt Service Requirements for Business-Type Activities Loans</b>			
	Principal	Interest	Total
2020	\$ 610,986	\$ 188,821	\$ 799,807
2021	625,655	175,689	801,344
2022	640,679	162,238	802,917
2023	656,066	148,463	804,529
2024	671,824	134,357	806,181
2025-2029	3,230,164	454,713	3,684,877
2030-2034	2,706,438	140,819	2,847,257
Total	\$ 9,141,812	\$ 1,405,100	\$ 10,546,912

4. Capital Leases

The City of Gardner entered into an Asset Purchase Agreement, with a term of 20 years, with KMEA (Kansas Municipal Energy Agency) to assume the costs of a 32.26% participation in KMEA's 10.1% undivided interest in the Dogwood Energy Facility. The following is a schedule by years of future minimum lease payments under capital leases together with the present value of these payments as of December 31, 2019:

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

11 - Debt (Continued)

Capital Leases (Continued)

<b>Future Minimum Lease Payments</b>	
Year Ending December 31:	Business-Type Activities
2020	\$ 854,180
2021	852,874
2022	852,269
2023	852,349
2024	851,462
2025-2029	4,247,432
2030-2034	4,234,286
2035-2038	3,371,614
Total minimum lease payments	16,116,466
Less amounts representing interest	(5,698,099)
Present value of minimum lease payments	\$ 10,418,367

12 - 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, the special assessments receivable is 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, 2019, the special assessment taxes levied are a lien on the property and are recorded as a special assessment receivable in the debt service fund with a corresponding amount recorded as deferred inflows of resources. Special assessments receivable at December 31, 2019 was \$10,473,639.

The City has written off \$891,127 in receivables for delinquent special assessments in 2019 related to the 2016A bonds, because the property was sold at a tax auction for an amount that did not allow for the full recovery of delinquent assessments. These actions have not and will not affect the repayment of said bonds. The City is also in discussion with a private developer (the new property owner) about potentially abating or partially abating future special assessments through a land bank to facilitate the development of the property. In this event, the City would continue to pay all debt service associated with the bonds.

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

13 - Interfund Transactions

Interfund transfers for the year ended December 31, 2019 consisted of the following:

Fund	Transfers In	Transfers Out
Major funds:		
General Fund	\$ 866,900	\$ -
Debt Service Fund	202,335	-
Capital Projects Fund	152,177	7,635
Electric Fund	-	894,500
Water Fund	-	1,043,600
Wastewater Fund	1,200,000	270,100
Non-major governmental funds	-	205,577
 Total transfers	 \$ 2,421,412	 \$ 2,421,412

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)

13 - Interfund Transactions (Continued)

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

Amounts owed from the general fund to:	
Electric fund	\$ 21,330
Water fund	1,014
Wastewater fund	130
	<u>\$ 22,474</u>
Amounts owed from the internal service funds to:	
Electric fund	\$ 4,252
Water fund	49
Wastewater fund	67
	<u>\$ 4,368</u>
Amounts owed from the airport fund to:	
Electric fund	\$ 585,000
	<u>\$ 585,000</u>

The outstanding balance between proprietary funds was created to reflect the balance owed for services provided and to reflect an interfund loan between the electric fund and the airport fund. The City Council approved the \$585,000 loan to provide temporary financing for a land acquisition at the airport. The land purchase is eligible for an FAA grant that would cover 90% of the eligible costs. The City will apply for this grant as soon as its final purchase cost is determined, which the City anticipates will occur in 2020. The interfund payables due from certain non-major 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)

14 - Commitments and Contingencies

Litigation

The City is currently in litigation related to the condemnation of land. The action has been through an administration procedure resulting in compensation to the plaintiff of \$500,000. This \$500,000 award is eligible for reimbursement to the City under the FAA’s AIP grant program. The property owner has appealed the case with a potential liability to the City of up to an additional \$600,000.

The City is involved in various other 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 provide financial assistance to private businesses for economic development purposes. The lease agreements provide for rentals sufficient to service the related bonds. The debt service on these issues is paid solely from payments from the private businesses involved. Neither the City nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying basic financial statements. As of December 31, 2019, there were three industrial revenue bonds outstanding for a total of \$88,976,190.

<u>Project</u>	<u>Issue Date</u>	<u>Amount Authorized</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Interest</u>	
					<u>Payment Dates</u>	<u>Maturity Date</u>
Midwest Commerce/Coleman (Project 1)	12/11/2009	\$ 47,100,000	\$ 46,950,431	4.50%	Feb. 1	2/1/2020
Midwest Commerce/Excelligence (Project 2)	4/6/2018	38,000,000	28,969,046	2.00%	Feb. 1	2/1/2029
Hampton Inn	12/31/2018	14,000,000	13,056,713	2.00%	Dec. 1	12/1/2028
		<u>\$ 99,100,000</u>	<u>\$ 88,976,190</u>			

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, 2019, the City’s recorded encumbrances in governmental funds were as follows:

General	\$ 306,996
Capital Projects	240,900
Infrastructure Special Sales Tax	348,823
Nonmajor funds	<u>4,118,786</u>
	<u>\$ 5,015,505</u>

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

15 - Tax Abatements

The City enters into property tax abatement agreements with local businesses pursuant to the provisions of Section 13 of Article 11 of the Kansas Constitution and K.S.A. 12-1740 et seq and 79-201a. Under this section of the Kansas Constitution, the governing body of any city may by resolution or ordinance, as the case requires, exempt from all ad valorem taxation all or any portion of the appraised valuation of buildings, land and tangible personal property, for economic development purposes. Such exemption shall be in effect not more than 10 years.

Resolution No. 1737 was passed by the City on November 19, 2007 and took effect January 1, 2008. The resolution established a policy relating to property tax abatements for new and existing businesses. The resolution recognized that it was essential to stimulate the economic growth and development of existing and new industry and businesses for the benefit of Gardner.

For the fiscal year ended December 31, 2019, the City abated property taxes totaling \$2,792,413 (for all taxing jurisdictions) under this program. The City received PILOT (Payments in Lieu of Taxes) payments on these properties totaling \$762,198 in 2019. The active tax abatement projects are described below:

- A 100-percent property tax abatement to a commercial distribution center, granted by the Kansas Board of Tax Appeals pursuant to K.S.A. 79-201a *Second* (Industrial Revenue Bond-Funded Property). In connection with the issuance of the industrial revenue bonds, the City and the Tenant also entered into a Payment in Lieu of Tax Agreement that provided for a payment in lieu of taxes (PILOT) in an amount equal to 50% of the amount of general ad valorem real and personal property taxes for such Tax Abated Project, to be distributed as and/or as a part of the general ad valorem tax collections for all taxing subdivisions in which the Facility is located.
- A 100-percent property tax abatement to a commercial warehouse, manufacturing facility and call center for ten years beginning in 2019. The abatement was granted by the Kansas Board of Tax Appeals pursuant to K.S.A. 79-201a *Second* (Industrial Revenue Bond-Funded Property). In connection with the issuance of the industrial revenue bonds, the City and the Tenant also entered into a Payment in Lieu of Tax Agreement that provided for a payment in lieu of taxes (PILOT) starting in year 6 equal to 20% of the value of the abated tax amount and increasing each succeeding year by 20% through 2028 when the abatement ends. The PILOT payments will be distributed as and/or as a part of the general ad valorem tax collections for all taxing subdivisions in which the Facility is located.
- A 100-percent property tax abatement to a five-story, 84-room hotel, and 200-seat conference center for ten years beginning in 2019. The abatement was granted by the Kansas Board of Tax Appeals pursuant to K.S.A. 79-201a *Second* (Industrial Revenue Bond-Funded Property). In connection with the issuance of the industrial revenue bonds, the City and the Tenant also entered into a Payment in Lieu of Tax Agreement that provided for a fixed annual PILOT. The PILOT payments will approximate 20% of the abated taxes in 2019 and 2020, 30% in 2021 and 2022, and then 40% for the remaining 6 years of the abatement. The PILOT payments will be distributed as and/or as a part of the general ad valorem tax collections for all taxing subdivisions in which the Facility is located.

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

16 - Prior Period Adjustment

Fiduciary Funds

A prior period adjustment has been recorded on the Statement of Activities, the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds and the Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds due to the implementation of GASB 84. The City’s two agency funds did not meet the criteria under the new GASB rules and were reclassified. The Mayor’s Christmas Tree Fund is now a special revenue fund which accounts for the \$2,010 prior period adjustment and the Special Olympics Fund is now a sub-fund of the General Fund and accounts for the \$11,335 prior period adjustment.

Capital Assets

A prior period adjustment has been recorded on the Statement of Activities and Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds. During the year, management performed a review of wastewater capital assets and discovered inconsistencies that resulted in the write-off of two capital assets in the wastewater fund which account for the prior period adjustment of \$427,302.

17 - Subsequent Events

The City will issue approximately \$29,150,000 General Obligation Bonds, Series 2020A to provide financing for construction of a new water treatment plant and to provide financing for the purchase of water and electric smart meters.

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic and recommended worldwide mitigation measures. The extent of COVID-19’s effect on the City’s operational and financial performance will depend on future developments, including the duration, spread and intensity of the pandemic, all of which are uncertain and difficult to predict considering the rapidly evolving landscape. As a result, it is not currently possible to ascertain the overall impact of COVID-19 on the City’s operation. However, if the pandemic continues to evolve, this could have a material adverse effect on the City’s operation, statement of net position, statement of activities and cash flows.



REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GARDNER, KANSAS

KPERS and KPF Defined Benefit Pension Plans  
Schedule of City's Proportionate Share of the Net Pension Liability

Last Seven Fiscal Years\*

	2019	2018	2017	2016	2015	2014	2013
City's proportion of the net pension liability (asset):							
KPERS (local group)	0.387588%	0.371954%	0.355167%	0.345680%	0.296578%	0.301717%	0.275540%
KP&F (police & firemen)	0.430911%	0.420059%	0.413915%	0.387631%	0.334365%	0.332422%	0.313729%
City's proportionate share of the net pension liability (asset)	\$9,777,371	\$9,226,055	\$9,026,076	\$8,947,934	\$6,322,077	\$5,893,730	\$6,744,453
City's covered payroll ^	\$9,209,371	\$8,714,608	\$8,582,884	\$7,675,340	\$6,430,700	\$6,144,004	\$5,834,765
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	106.17%	105.87%	105.16%	116.58%	98.31%	95.93%	115.59%
Plan fiduciary net position as a percentage of the total pension liability	69.88%	68.88%	67.12%	65.10%	64.95%	66.60%	59.94%

\* GASB 68 requires presentation of ten years. As of December 31, 2019, only seven years of information is available.

^ Covered payroll is measured as of the measurement date ending June 30.

KPERS and KPF Defined Benefit Pension Plans  
Schedule of City's Contributions\*

	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$1,170,761	\$1,037,515	\$ 940,924	\$ 981,506	\$ 871,712	\$ 738,362	\$ 610,709	\$ 551,764	\$ 463,747
Contributions in relation to the contractually required contribution	(1,170,761)	(1,037,515)	(940,924)	(981,506)	(871,712)	(738,362)	(610,709)	(551,764)	(463,747)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll ^	\$9,413,571	\$8,962,317	\$8,474,557	\$8,424,022	\$7,000,963	\$6,412,857	\$6,005,230	\$5,775,547	\$5,323,585
Contributions as a percentage of covered payroll	12.436952%	11.576418%	11.102923%	11.651275%	12.451316%	11.513776%	10.169619%	9.553450%	8.711179%

\*Information prior to 2011 is not available.

^Information presented above is as of the City's fiscal year end 12/31

*Changes in benefit terms for KPERS.* In the state fiscal year 2014, the KP&F group had a change in benefit terms. The Legislature increased this group's employee contributions to 7.15 percent and eliminated the reduction of employee contributions to 2.0 percent after 32 years of service. In addition, the maximum retirement benefit increased to 90 percent of final average salary (reached at 36 years of service). Before this change the maximum retirement benefit was limited to 80 percent of final average salary (reached at 32 years of service).

Effective January 1, 2014, KPERS 1 member's employee contribution rate increased to 5.0 percent and then on January 1, 2015, increase to 6.0 percent, with an increase in benefit multiplier to 1.85 percent for future years of service. For KPERS 2 members retired after July 1, 2012, the cost of living adjustment (COLA) is eliminated, but members will receive a 1.85 percent multiplier for all years of service.

On January 1, 2015, the KPERS 3 cash balance plan became effective. Members enrolled in this plan are ones first employed in a KPERS covered position on or after January 1, 2015, or KPERS 1 or KPERS 2 members who left employment before vesting and returned to employment on or after January 1, 2015. The retirement benefit is an annuity based on the account balance at retirement.

For the state fiscal year 2017, the KP&F group had a change in benefit terms. The Legislature changed the duty-related death benefit for KP&F members to the greater of 50% of Final Average Salary and member's accrued retirement benefit under the 100% joint and survivor option, payable to the member's spouse. Including any benefits that may be due to child beneficiaries, the total monthly benefits may not exceed 90% of the member's Final Average Salary. Prior to this bill, the duty-related spousal death benefit for KP&F member was 50% of the Final Average Salary, and the maximum available to the family was 75% of the member's Final Average Salary.

For the state fiscal year 2017, the Legislature changed the working after retirement rules for members who retire on or after January 1, 2018. The key changes to the working after retirement rules were to lengthen the waiting period for KPERS members to return to work from 60 days to 180 days for members who retire before attaining age 62, remove the earnings limitation for all retirees and establish a single-employer contribution schedule for all retirees.

Changes from the November 2016 experience study that impacted individual groups are listed below:

**KPERS:**

- The post-retirement healthy mortality assumption was changed to the RP-2014 Mortality Table, with adjustments to better fit the observed experience for the various KPERS groups. The most recent mortality improvement scale, MP-2016, is used to anticipate future mortality improvements in the valuation process through the next experience study.
- The active member mortality assumption was modified to also be based on the RP-2014 Employee Mortality Table with adjustments.
- The retirement rates for the select period (when first eligible for unreduced benefits under Rule of 85) were increased, but all other retirement rates were decreased.
- Disability rates were decreased for all three groups.
- The termination of employment assumption was increased for all three groups.
- The interest crediting rate assumption for KPERS 3 members was lowered from 6.50% to 6.25%.

**KP&F:**

- The post-retirement healthy mortality assumption was changed to the RP-2014 Mortality Table with 1-year age set forward and the MP-2016, is used to anticipate future mortality improvements.
- The mortality assumption for disabled members was changed to the RP-2014 Disabled Lives Table (generational using MP-2016) with a 1-year age set forward.
- The active member mortality assumption was modified to the RP-2014 Employee Mortality Table with a 1-year age set forward with a 90% scaling factor.
- The retirement rates for Tier 1 were lowered and the ultimate assumed retirement age was changed from 63 to 65 for Tier 2.
- The termination of employment rates for Tier 2 were increased to better match the observed experience.

Schedule of Changes in the  
City's Total OPEB Liability and Related Ratios  
2019\*

Postemployment Healthcare Plan<sup>^</sup>

Schedule of Changes in Total OPEB Liability and Related Ratios		
	2019	2018
Service cost	\$ 31,515	\$ 30,994
Interest cost	12,167	12,501
Changes of benefit terms	(62,674)	-
Changes in assumptions	(15,296)	5,693
Differences between expected and actual experience	5,375	-
Benefit payments	(5,000)	(6,000)
Net change in Total OPEB liability	\$ (33,913)	\$ 43,188
Total OPEB liability - beginning of year	347,662	304,474
Total OPEB liability - end of year	\$ 313,749	\$ 347,662
Covered-employee payroll*	7,231,735	7,231,735
Total OPEB liability as a % of covered payroll	4.34%	4.81%

\*GASB 75 requires presentation of ten years. As of December 31, 2019, only two years of information are available.

<sup>^</sup>No assets are accumulated in a trust to pay related benefits for this plan.

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period:

- The discount rate decreased from 3.76% on December 31, 2016 to 3.23% on December 31, 2017.
- The discount rate remained 3.23% through December 31, 2018.
- The discount rate increased from 3.23% on December 31, 2018 to 3.68% on December 31, 2019.

Schedule of Changes in the  
City's Total OPEB Liability and Related Ratios  
2019\*

Death and Disability OPEB Plan<sup>^</sup>

Schedule of Changes in Total OPEB Liability and Related Ratios			
	2019	2018	2017
Service Cost	\$ 26,028	\$ 25,739	\$ 26,816
Interest on total OPEB liability	6,253	5,718	3,828
Changes of benefit terms	-	-	-
Effect of economic/demographic gains or (losses)	(18,777)	(28,208)	-
Effect of assumption changes or inputs*	2,265	(1,699)	(4,152)
Benefit payments	-	-	-
Net change in total OPEB liability	\$ 15,769	\$ 1,550	\$ 26,492
Total OPEB liability, beginning	\$ 135,555	\$ 134,005	\$ 107,513
Total OPEB liability, ending	\$ 151,324	\$ 135,555	\$ 134,005
Covered payroll	\$ 6,390,365	\$ 6,057,898	\$ 5,821,363
Total OPEB liability as a % of covered payroll	2.37%	2.24%	2.30%

\*GASB 75 requires presentation of ten years. As of December 31, 2019 only 3 years are available.

<sup>^</sup> No assets are accumulated in a trust to pay related benefits for this plan.

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period:

- The discount rate increased from 2.85% on June 30, 2016 to 3.58% on June 30, 2017.
- The discount rate increased from 3.58% on June 30, 2017 to 3.87% on June 30, 2018.
- The discount rate decreased from 3.87% on June 30, 2018 to 3.50% on June 30, 2019.

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.

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.

Mayor's Christmas Tree Fund – This fund is used to account for donations received that are restricted for the purpose of supporting local charities.

### **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.

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.

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. Additional revenue accounted for in this fund includes a portion of the Special County Sales and Use Tax.

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

**December 31, 2019**

	Special Revenue					Total Special Revenue
	Economic Development Reserve	Law Enforcement Trust	Special Alcohol/ Drug Program	Mayor's Christmas Tree	Special Parks and Recreation	
<b>Assets</b>						
Deposits and investments	\$ 51,988	\$ 12,490	\$ 76,870	\$ 3,517	\$ 39,517	\$ 184,382
Receivables:						
Taxes	58,764	-	-	-	-	58,764
Intergovernmental	-	-	-	-	-	-
Restricted deposits and investments	-	-	-	-	-	-
<b>Total assets</b>	<u>\$ 110,752</u>	<u>\$ 12,490</u>	<u>\$ 76,870</u>	<u>\$ 3,517</u>	<u>\$ 39,517</u>	<u>\$ 243,146</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	-	-	-	-	-	-
Street improvements	-	-	-	-	-	-
Economic development	110,752	-	-	-	-	110,752
Other	-	12,490	76,870	3,517	39,517	132,394
<b>Total fund balances</b>	<u>110,752</u>	<u>12,490</u>	<u>76,870</u>	<u>3,517</u>	<u>39,517</u>	<u>243,146</u>
<b>Total liabilities and fund balances</b>	<u>\$ 110,752</u>	<u>\$ 12,490</u>	<u>\$ 76,870</u>	<u>\$ 3,517</u>	<u>\$ 39,517</u>	<u>\$ 243,146</u>

(Continued)



**CITY OF GARDNER, KANSAS**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
(Continued)  
December 31, 2019**

	Capital Projects			Total Capital Projects	Total Nonmajor Governmental Funds
	Park Improvement	Special Highway	Street Improvement		
<b>Assets</b>					
Deposits and investments	\$ 166,601	\$ 1,967,196	\$ 1,453,912	\$ 3,587,709	\$ 3,772,091
Receivables:					
Taxes	-	-	-	-	58,764
Intergovernmental	-	279,770	-	279,770	279,770
Restricted deposits and investments	-	1,459,971	-	1,459,971	1,459,971
<b>Total assets</b>	<u>\$ 166,601</u>	<u>\$ 3,706,937</u>	<u>\$ 1,453,912</u>	<u>\$ 5,327,450</u>	<u>\$ 5,570,596</u>
<b>Liabilities</b>					
Accounts payable	-	231,960	-	231,960	231,960
<b>Total liabilities</b>	<u>-</u>	<u>231,960</u>	<u>-</u>	<u>231,960</u>	<u>231,960</u>
<b>Fund Balances (Deficits)</b>					
Restricted					
Capital projects	166,601	3,474,977	-	3,641,578	3,641,578
Street improvements	-	-	1,453,912	1,453,912	1,453,912
Economic development	-	-	-	-	110,752
Other	-	-	-	-	132,394
<b>Total fund balances</b>	<u>166,601</u>	<u>3,474,977</u>	<u>1,453,912</u>	<u>5,095,490</u>	<u>5,338,636</u>
<b>Total liabilities and fund balances</b>	<u>\$ 166,601</u>	<u>\$ 3,706,937</u>	<u>\$ 1,453,912</u>	<u>\$ 5,327,450</u>	<u>\$ 5,570,596</u>

**CITY OF GARDNER, KANSAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**

**Year Ended December 31, 2019**

	Special Revenue Funds					Total Special Revenue
	Economic Development Reserve	Law Enforcement Trust	Special Alcohol/ Drug Program	Mayor's Christmas Tree	Special Parks and Recreation	
<b>Revenues</b>						
Transient guest tax	\$ 153,661	\$ -	\$ -	\$ -	\$ -	\$ 153,661
Excise Tax	-	-	-	-	-	-
Intergovernmental	-	2,464	40,121	-	40,121	82,706
Fines and Fees	-	-	-	-	-	-
Investment earnings	60	158	674	-	402	1,294
Other	-	-	-	4,177	-	4,177
<b>Total revenues</b>	<u>153,721</u>	<u>2,622</u>	<u>40,795</u>	<u>4,177</u>	<u>40,523</u>	<u>241,838</u>
<b>Expenditures</b>						
<b>Current:</b>						
General government	92,457	-	19,200	-	-	111,657
Capital outlay	-	-	-	-	33,599	33,599
<b>Debt service:</b>						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Other	-	3,979	-	2,670	-	6,649
<b>Total expenditures</b>	<u>92,457</u>	<u>3,979</u>	<u>19,200</u>	<u>2,670</u>	<u>33,599</u>	<u>151,905</u>
Excess of revenues over (under) expenditures	<u>61,264</u>	<u>(1,357)</u>	<u>21,595</u>	<u>1,507</u>	<u>6,924</u>	<u>89,933</u>
<b>Other financing sources (uses)</b>						
General obligation bonds issued	-	-	-	-	-	-
Issuance Premium	-	-	-	-	-	-
Proceed from sale of capital assets	-	-	-	-	12,599	12,599
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,599</u>	<u>12,599</u>
Net change in fund balances	<u>61,264</u>	<u>(1,357)</u>	<u>21,595</u>	<u>1,507</u>	<u>19,523</u>	<u>102,532</u>
Fund balances, beginning of year	<u>49,488</u>	<u>13,847</u>	<u>55,275</u>	<u>-</u>	<u>19,994</u>	<u>138,604</u>
Prior period adjustment	-	-	-	2,010	-	2,010
Fund balances, end of year	<u>\$ 110,752</u>	<u>\$ 12,490</u>	<u>\$ 76,870</u>	<u>\$ 3,517</u>	<u>\$ 39,517</u>	<u>\$ 243,146</u>

(Continued)

**CITY OF GARDNER, KANSAS**

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

**NONMAJOR GOVERNMENTAL FUNDS**

**Year Ended December 31, 2019**

	Capital Projects			Total Capital Projects	Total Nonmajor Governmental Funds
	Park Improvement	Special Highway	Street Improvement		
<b>Revenues</b>					
Transient guest tax	\$ -	\$ -	\$ -	\$ -	\$ 153,661
Excise Tax	-	-	451,991	451,991	451,991
Intergovernmental	-	1,074,259	-	1,074,259	1,156,965
Fines and Fees	113,141	-	-	113,141	113,141
Investment earnings	2,162	19,389	14,774	36,325	37,619
Other	-	-	-	-	4,177
<b>Total revenues</b>	<u>115,303</u>	<u>1,093,648</u>	<u>466,765</u>	<u>1,675,716</u>	<u>1,917,554</u>
<b>Expenditures</b>					
<b>Current:</b>					
General government	-	-	-	-	111,657
Capital outlay	-	580,465	-	580,465	614,064
<b>Debt service:</b>					
Principal	-	45,000	-	45,000	45,000
Interest and fiscal charges	-	13,563	-	13,563	13,563
Other	-	39,348	-	39,348	45,997
<b>Total expenditures</b>	<u>-</u>	<u>678,376</u>	<u>-</u>	<u>678,376</u>	<u>830,281</u>
Excess of revenues over (under) expenditures	<u>115,303</u>	<u>415,272</u>	<u>466,765</u>	<u>997,340</u>	<u>1,087,273</u>
<b>Other financing sources (uses)</b>					
General obligation bonds issued	-	1,605,000	-	1,605,000	1,605,000
Issuance Premium	-	73,379	-	73,379	73,379
Proceed from sale of capital assets	-	-	-	-	12,599
Transfers out	(152,177)	(27,300)	(26,100)	(205,577)	(205,577)
<b>Total other financing sources (uses)</b>	<u>(152,177)</u>	<u>1,651,079</u>	<u>(26,100)</u>	<u>1,472,802</u>	<u>1,485,401</u>
<b>Net change in fund balances</b>	<u>(36,874)</u>	<u>2,066,351</u>	<u>440,665</u>	<u>2,470,142</u>	<u>2,572,674</u>
<b>Fund balances, beginning of year</b>	<u>203,475</u>	<u>1,408,626</u>	<u>1,013,247</u>	<u>2,625,348</u>	<u>2,763,952</u>
<b>Prior period adjustment</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,010</u>
<b>Fund balances, end of year</b>	<u>\$ 166,601</u>	<u>\$ 3,474,977</u>	<u>\$ 1,453,912</u>	<u>\$ 5,095,490</u>	<u>\$ 5,338,636</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, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
Revenues				
Transient guest tax	\$ 285,600	\$ 285,600	\$ 153,661	\$ (131,939)
Investment earnings	500	500	60	(440)
Total revenues	<u>\$ 286,100</u>	<u>\$ 286,100</u>	<u>\$ 153,721</u>	<u>\$ (132,379)</u>
Expenditures				
Project reserve	16,627	16,627	-	16,627
Contractual services	285,000	285,000	109,957	175,043
Total expenditures	<u>301,627</u>	<u>301,627</u>	<u>109,957</u>	<u>191,670</u>
Revenues over (under) expenditures	(15,527)	(15,527)	43,764	59,291
Net change in fund balance	(15,527)	(15,527)	43,764	59,291
Fund balances, beginning of year	15,527	15,527	24,488	8,961
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,252</u>	<u>\$ 68,252</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>42,500</u>	
GAAP fund balance, end of year			<u>\$ 110,752</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, 2019

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Special alcohol tax	\$ 37,800	\$ 37,800	\$ 40,121	\$ 2,321
Investment earnings	200	200	674	474
Total revenues	<u>\$ 38,000</u>	<u>\$ 38,000</u>	<u>\$ 40,795</u>	<u>\$ 2,795</u>
Expenditures				
Project reserve	68,824	68,824	-	68,824
Contractual services	19,200	19,200	19,200	-
Total expenditures	<u>88,024</u>	<u>88,024</u>	<u>19,200</u>	<u>68,824</u>
Revenues over (under) expenditures	(50,024)	(50,024)	21,595	71,619
Net change in fund balance	(50,024)	(50,024)	21,595	71,619
Fund balances, beginning of year	50,024	50,024	55,275	5,251
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76,870</u>	<u>\$ 76,870</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, 2019

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Special alcohol tax	\$ 37,800	\$ 37,800	\$ 40,121	\$ 2,321
Investment earnings	100	100	402	302
Other	-	-	12,599	12,599
Total revenues	<u>37,900</u>	<u>37,900</u>	<u>53,122</u>	<u>15,222</u>
Expenditures				
Project reserve	52,955	52,955	-	52,955
Capital Outlay	-	-	33,599	(33,599)
Total expenditures	<u>52,955</u>	<u>52,955</u>	<u>33,599</u>	<u>19,356</u>
Revenues over (under) expenditures	(15,055)	(15,055)	19,523	34,578
Net change in fund balance	(15,055)	(15,055)	19,523	34,578
Fund balances, beginning of year	<u>15,055</u>	<u>15,055</u>	<u>19,994</u>	<u>4,939</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,517</u>	<u>\$ 39,517</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, 2019

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Park impact fees	\$ 126,700	\$ 126,700	\$ 113,141	\$ (13,559)
Investment earnings	300	300	2,162	1,862
Total revenues	<u>127,000</u>	<u>127,000</u>	<u>115,303</u>	<u>(11,697)</u>
Expenditures				
Project reserve	287,840	287,840	-	287,840
Total expenditures	<u>287,840</u>	<u>287,840</u>	<u>-</u>	<u>287,840</u>
Revenues over (under) expenditures	(160,840)	(160,840)	115,303	276,143
Other financing sources (uses)				
Transfers out	(75,000)	(75,000)	(152,177)	(77,177)
Total other financing sources (uses)	<u>(75,000)</u>	<u>(75,000)</u>	<u>(152,177)</u>	<u>(77,177)</u>
Net change in fund balance	(235,840)	(235,840)	(36,874)	198,966
Fund balances, beginning of year	235,840	235,840	203,475	(32,365)
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 166,601</u>	<u>\$ 166,601</u>

**CITY OF GARDNER, KANSAS**

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

**SPECIAL HIGHWAY FUND**

**Year Ended December 31, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
Revenues				
State gasoline tax	\$ 572,300	\$ 572,300	\$ 423,197	\$ (149,103)
Intergovernmental	3,432,000	3,432,000	651,062	(2,780,938)
Investment earnings	3,500	3,500	19,389	15,889
Total revenues	<u>4,007,800</u>	<u>4,007,800</u>	<u>1,093,648</u>	<u>(2,914,152)</u>
Expenditures				
Project reserve	2,107,890	2,107,890	-	2,107,890
Capital outlay	6,970,000	6,970,000	4,316,898	2,653,102
Principal & Interest	249,600	249,600	58,563	191,037
Other	-	-	39,348	(39,348)
Total expenditures	<u>9,327,490</u>	<u>9,327,490</u>	<u>4,414,809</u>	<u>4,912,681</u>
Revenues over (under) expenditures	(5,319,690)	(5,319,690)	(3,321,161)	1,998,529
Other financing sources (uses)				
General obligation bonds issued	4,833,000	4,833,000	1,605,000	(3,228,000)
Issuance: Premium	-	-	73,379	73,379
Transfers out	(27,300)	(27,300)	(27,300)	-
Total other financing sources (uses)	<u>4,805,700</u>	<u>4,805,700</u>	<u>1,651,079</u>	<u>(3,154,621)</u>
Net change in fund balance	(513,990)	(513,990)	(1,670,082)	(1,156,092)
Fund balances, beginning of year	513,990	513,990	1,068,773	554,783
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>(601,309) *</u>	<u>\$ (601,309)</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

4,076,286

GAAP fund balance, end of year

\$ 3,474,977

\*Kansas statutes allow for funds to exceed the limits of indebtedness when provision has been made for payment by the issuance of bonds or temporary notes as provided by law. See Note 2 - Stewardship, Compliance and Accountability for more details.



**CITY OF GARDNER, KANSAS**

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

**STREET IMPROVEMENT FUND**

**Year Ended December 31, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
Revenues				
Excise tax	\$ 311,300	\$ 311,300	\$ 451,991	\$ 140,691
Investment earnings	8,000	8,000	14,774	6,774
Total revenues	<u>\$ 319,300</u>	<u>\$ 319,300</u>	<u>\$ 466,765</u>	<u>\$ 147,465</u>
Expenditures				
Project reserve	1,532,538	1,532,538	-	1,532,538
Total expenditures	<u>1,532,538</u>	<u>1,532,538</u>	<u>-</u>	<u>1,532,538</u>
Revenues over (under) expenditures	(1,213,238)	(1,213,238)	466,765	1,680,003
Other financing sources (uses)				
Transfers out	(26,100)	(26,100)	(26,100)	-
Total other financing sources (uses)	<u>(26,100)</u>	<u>(26,100)</u>	<u>(26,100)</u>	<u>-</u>
Net change in fund balance	(1,239,338)	(1,239,338)	440,665	1,680,003
Fund balances, beginning of year	1,239,338	1,239,338	1,013,247	(226,091)
Fund balances, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,453,912</u></u>	<u><u>\$ 1,453,912</u></u>

CITY OF GARDNER, KANSAS

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

INFRASTRUCTURE SPECIAL SALES TAX FUND

Year Ended December 31, 2019

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Taxes	\$ 1,176,900	\$ 1,176,900	\$ 1,229,771	\$ 52,871
Intergovernmental	252,000	252,000	-	(252,000)
Investment earnings	6,000	6,000	14,873	8,873
Total revenues	<u>1,434,900</u>	<u>1,434,900</u>	<u>1,244,644</u>	<u>(190,256)</u>
Expenditures				
Principal and Interest	527,700	527,700	527,638	62
Other	-	-	21,084	(21,084)
Public Works	-	-	1,167,764	(1,167,764)
Capital Outlay	2,117,000	2,117,000	463,505	1,653,495
Project Reserve	611,227	611,227	-	611,227
Total expenditures	<u>3,255,927</u>	<u>3,255,927</u>	<u>2,179,991</u>	<u>1,075,936</u>
Revenues over (under) expenditures	(1,821,027)	(1,821,027)	(935,347)	885,680
Other financing sources (uses)				
General obligation bonds issued	1,000,000	1,000,000	860,000	(140,000)
Issuance: Premium	-	-	39,392	39,392
Total other financing sources (uses)	<u>1,000,000</u>	<u>1,000,000</u>	<u>899,392</u>	<u>(100,608)</u>
Net change in fund balance	(821,027)	(821,027)	(35,955)	785,072
Fund balances, beginning of year	821,027	821,027	1,099,163	278,136
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,063,208</u>	<u>\$ 1,063,208</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

348,823

GAAP fund balance, end of year

\$ 1,412,031

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

**DEBT SERVICE FUND**

**Year Ended December 31, 2019**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Taxes	\$ 1,414,327	\$ 1,414,327	\$ 1,468,544	\$ 54,217
Special assessments	1,151,100	1,151,100	1,111,772	(39,328)
Intergovernmental	480,000	480,000	423,195	(56,805)
Investment earnings	14,000	14,000	77,484	63,484
Payments in lieu of taxes	44,773	44,773	-	(44,773)
Total revenues	<u>3,104,200</u>	<u>3,104,200</u>	<u>3,080,995</u>	<u>(23,205)</u>
Expenditures				
Principal	5,880,500	5,880,500	4,595,987	1,284,513
Interest	-	-	1,153,067	(1,153,067)
Other	-	-	1,000	(1,000)
Project Reserve	1,582,621	1,582,621	-	1,582,621
Total expenditures	<u>7,463,121</u>	<u>7,463,121</u>	<u>5,750,054</u>	<u>1,713,067</u>
Revenues over (under) expenditures	(4,358,921)	(4,358,921)	(2,669,059)	1,689,862
Other financing sources				
Bond anticipation note issued	-	-	252,512	252,512
Transfers in	194,700	194,700	202,335	7,635
Total other financing sources	<u>194,700</u>	<u>194,700</u>	<u>454,847</u>	<u>260,147</u>
Net change in fund balance	(4,164,221)	(4,164,221)	(2,214,212)	1,950,009
Fund balances, beginning of year	4,164,221	4,164,221	4,154,425	(9,796)
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,940,213</u>	<u>\$ 1,940,213</u>

## **Nonmajor Proprietary Funds**

### **Enterprise Funds**

Airport – The Airport Fund accounts for all revenues and expenses of the Airport Operations, as directed by the City of Gardner. Revenues are derived from the hangar and building space rental, the sale of fuel and land rental to bale hay on airport property. Expenses are for the construction, renovation and operation of the airport.

Stormwater - The Stormwater Fund accounts for all revenues and expenses of the Stormwater Utility. The principal operating revenues of the stormwater fund are charges to customers for sales and services and grants. Expenses are for the maintenance, construction and renovation of Stormwater projects.

### **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.

Risk Services Fund – This fund is used to account for the accumulation and allocation of costs associated with the City’s risk-financing activities.

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

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

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 and municipal airport.

**CITY OF GARDNER, KANSAS**  
**COMBINING STATEMENT OF NET POSITION**  
**NON-MAJOR ENTERPRISE FUNDS**

**December 31, 2019**

	Stormwater	Airport	Total
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ -	\$ 365,963	\$ 365,963
Accounts receivable, net	-	50,596	50,596
Inventories	-	26,293	26,293
Restricted deposits and investments	-	5,700	5,700
Total current assets	-	448,552	448,552
Noncurrent assets:			
Capital assets:			
Land	-	1,285,374	1,285,374
Construction in progress	-	636,908	636,908
Buildings	-	1,745,363	1,745,363
Infrastructure	342,634	1,353,775	1,696,409
Improvements	737,691	142,342	880,033
Less accumulated depreciation and amortization	(283,929)	(1,732,550)	(2,016,479)
Total capital assets	796,396	3,431,212	4,227,608
Total noncurrent assets	796,396	3,431,212	4,227,608
Total assets	796,396	3,879,764	4,676,160
 <b>Deferred outflows of resources</b>			
Pension deferred outflow	-	716	716
Total deferred outflows of resources	-	716	716
 <b>Liabilities</b>			
Current liabilities:			
Accounts payable	-	17,782	17,782
Accrued payroll	-	118	118
Customer and developer deposits	-	5,700	5,700
Accrued interest payable	-	897	897
Due to other funds	-	585,000	585,000
Compensated absences	-	2,915	2,915
Current portion of bonds payable	-	35,000	35,000
Total current liabilities	-	647,412	647,412
Noncurrent liabilities:			
Other postemployment benefit obligation	-	265	265
Bonds payable, net	-	146,622	146,622
Pension liability	-	1,195	1,195
Total noncurrent liabilities	-	148,082	148,082
Total liabilities	-	795,494	795,494
 <b>Deferred inflows of resources</b>			
Pension deferred inflow	-	75	75
OPEB deferred inflow	-	7	7
Total deferred inflows of resources	-	82	82
 <b>Net position</b>			
Net investment in capital assets	796,396	3,249,590	4,045,986
Unrestricted	-	(164,686)	(164,686)
Total net position	\$ 796,396	\$ 3,084,904	\$ 3,881,300

**CITY OF GARDNER, KANSAS**

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

**NON-MAJOR ENTERPRISE FUNDS**

**Year Ended December 31, 2019**

	Stormwater	Airport	Total
Operating revenues			
Charges for sales and services	\$ -	\$ 249,908	\$ 249,908
Total operating revenues	-	249,908	249,908
Operating expenses			
Administration	-	157,448	157,448
Repairs and maintenance	-	13,916	13,916
Depreciation and amortization	33,155	118,446	151,601
Total operating expenses	33,155	289,810	322,965
Operating income (loss)	(33,155)	(39,902)	(73,057)
<b>Nonoperating revenues (expenses)</b>			
Investment earnings	-	3,182	3,182
Interest expense	-	(2,395)	(2,395)
Total nonoperating revenues (expenses)	-	787	787
Income (loss) before transfers and contributions	(33,155)	(39,115)	(72,270)
Capital grants and contributions	194,281	42,079	236,360
Change in net position	161,126	2,964	164,090
Total net position, beginning of year	635,270	3,081,940	3,717,210
Total net position, end of year	\$ 796,396	\$ 3,084,904	\$ 3,881,300

**CITY OF GARDNER, KANSAS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NON-MAJOR ENTERPRISE FUNDS**

**Year Ended December 31, 2019**

	Stormwater	Airport	Total
<b>Cash flows from operating activities:</b>			
Receipts from customers	\$ -	\$ 208,964	\$ 208,964
Other receipts	-	585,000	585,000
Payments to suppliers	-	(147,377)	(147,377)
Payments to employees	-	(14,445)	(14,445)
	-	632,142	632,142
<b>Net cash provided by operating activities</b>			
<b>Cash flows from capital and related financing activities:</b>			
Capital grants and contributions	-	42,079	42,079
Acquisition and construction of capital assets	-	(580,817)	(580,817)
Principal paid on general obligation bonds	-	(39,013)	(39,013)
Principal paid on construction loan	-	-	-
Interest paid on general obligation bonds, construction loan, and capital lease	-	(1,997)	(1,997)
	-	(579,748)	(579,748)
<b>Net cash used in capital and related financing activities</b>			
<b>Cash flows from investing activities:</b>			
Interest received	-	3,182	3,182
	-	3,182	3,182
<b>Net increase (decrease) in cash and cash equivalents</b>			
	-	55,576	55,576
<b>Cash and cash equivalents, beginning of year</b>			
	-	316,087	316,087
<b>Cash and cash equivalents, end of year</b>			
	\$ -	\$ 371,663	\$ 371,663
<b>Cash consists of:</b>			
Cash	\$ -	\$ 365,963	\$ 365,963
Restricted deposits and investments	-	5,700	5,700
	-	371,663	371,663
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>			
Operating income (loss)	(33,155)	(39,902)	(73,057)
<b>Adjustments to reconcile operating income (loss) to net cash provided by operating activities:</b>			
Items not requiring cash:			
Depreciation and amortization expense	33,155	118,446	151,601
Pension expense	-	(5)	(5)
Changes in:			
Receivables	-	(40,644)	(40,644)
Inventories	-	(5,453)	(5,453)
Accounts payable	-	14,642	14,642
Due to other funds	-	585,000	585,000
Accrued liabilities	-	358	358
Customer deposits	-	(300)	(300)
	-	632,142	632,142
<b>Net cash provided by operating activities</b>			
	\$ -	\$ 632,142	\$ 632,142
<b>Noncash investing capital and financing activities:</b>			
Contributed capital assets	\$ 194,281	\$ -	\$ -

**CITY OF GARDNER, KANSAS**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**

**December 31, 2019**

	Governmental Activities			Business-type Activities	Total
	Risk Services	Information Technology Services	Building Services	Utility Billing Services	
<b>Assets</b>					
Current assets:					
Deposits and investments	\$ 50,536	\$ 175,103	\$ 110,475	\$ 345,801	\$ 681,915
Prepaid items	-	2,848	-	-	2,848
Receivables:					
Other	157	26,547	-	3,400	30,104
Noncurrent assets:					
Capital assets:					
Machinery and equipment	-	467,391	14,794	10,509	492,694
Vehicles	-	-	49,237	82,607	131,844
Less accumulated depreciation	-	(269,289)	(38,409)	(31,193)	(338,891)
Total assets	<u>50,693</u>	<u>402,600</u>	<u>136,097</u>	<u>411,124</u>	<u>1,000,514</u>
Deferred outflows of resources					
Pension deferred outflow	9,979	37,527	12,845	72,732	133,083
OPEB deferred outflow	57	466	179	996	1,698
Total deferred outflows of resources	<u>10,036</u>	<u>37,993</u>	<u>13,024</u>	<u>73,728</u>	<u>134,781</u>
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	389	12,604	17,138	7,793	37,924
Compensated absences	3,340	9,832	14,478	44,886	72,536
Due to other funds	-	-	4,368	-	4,368
Accrued payroll	427	1,735	527	3,130	5,819
Noncurrent liabilities:					
Other postemployment benefit obligation	1,831	6,605	4,874	22,279	35,589
Net Pension liability	48,143	183,379	61,627	352,651	645,800
Total liabilities	<u>54,130</u>	<u>214,155</u>	<u>103,012</u>	<u>430,739</u>	<u>802,036</u>
Deferred inflows of resources					
Pension deferred inflow	1,519	5,672	1,949	11,093	20,233
OPEB deferred inflow	412	2,509	585	3,812	7,318
Total deferred inflows of resources	<u>1,931</u>	<u>8,181</u>	<u>2,534</u>	<u>14,905</u>	<u>27,551</u>
<b>Net position</b>					
Net investment in capital assets	-	198,102	25,622	61,923	285,647
Unrestricted	4,668	20,155	17,953	(22,715)	20,061
Total net position	<u>\$ 4,668</u>	<u>\$ 218,257</u>	<u>\$ 43,575</u>	<u>\$ 39,208</u>	<u>\$ 305,708</u>



**CITY OF GARDNER, KANSAS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**Year Ended December 31, 2019**

	Governmental Activities			Business-type Activities	Total
	Risk Services	Information Technology Services	Building Services	Utility Billing Services	
Operating revenues					
Charges for services	\$ 959,968	\$ 843,962	\$ 323,047	\$ 1,175,585	\$ 3,302,562
Other	13,703	-	-	-	13,703
Total operating revenues	973,671	843,962	323,047	1,175,585	3,316,265
Operating expenses					
Administration	74,299	330,013	87,801	585,453	1,077,566
Contractual services	809,087	304,679	142,139	303,615	1,559,520
Other supplies and expenses	21,206	49,557	13,269	15,680	99,712
Repairs and maintenance	-	17,505	1,979	898	20,382
Depreciation	-	41,265	4,928	9,311	55,504
Other	69,079	74,396	72,932	264,028	480,435
Total operating expenses	973,671	817,415	323,048	1,178,985	3,293,119
Operating income	-	26,547	(1)	(3,400)	23,146
Nonoperating revenues (expenses)					
Other	-	-	-	3,400	3,400
Change in net position	-	26,547	(1)	-	26,546
Total net position, beginning of year	4,668	191,710	43,576	39,208	279,162
Total net position, end of year	\$ 4,668	\$ 218,257	\$ 43,575	\$ 39,208	\$ 305,708

**CITY OF GARDNER, KANSAS  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS**

**Year Ended December 31, 2019**

	Governmental Activities			Business-type Activities	Total
	Risk Management	Information Technology Services	Building Services	Utility Billing Services	
Cash flows from operating activities:					
Receipts from customers	\$ 959,968	\$ 843,962	\$ 323,047	\$ 1,175,585	\$ 3,302,562
Other receipts	13,703	-	-	-	13,703
Payments to suppliers	(896,654)	(486,311)	(217,582)	(583,580)	(2,184,127)
Payments to employees	(72,621)	(324,027)	(84,678)	(574,166)	(1,055,492)
Net cash provided by operating activities	<u>4,396</u>	<u>33,624</u>	<u>20,787</u>	<u>17,839</u>	<u>76,646</u>
Net increase (decrease) in cash and cash equivalents	4,396	33,624	20,787	17,839	76,646
Cash and cash equivalents, beginning of year	<u>46,140</u>	<u>141,479</u>	<u>89,688</u>	<u>327,962</u>	<u>605,269</u>
Cash and cash equivalents, end of year	<u>\$ 50,536</u>	<u>\$ 175,103</u>	<u>\$ 110,475</u>	<u>\$ 345,801</u>	<u>\$ 681,915</u>
Reconciliation of operating income to net cash provided by operating activities:					
Operating income	\$ -	\$ 26,547	\$ (1)	\$ (3,400)	\$ 23,146
Adjustments to reconcile operating income to net cash provided by operating activities:					
Items not requiring cash:					
Depreciation expense	-	41,265	4,928	9,311	55,504
Other postemployment benefit obligation	147	1,457	217	1,269	3,090
Loss (gain) on sale of asset	-	-	-	(3,400)	(3,400)
Pension expense	2,761	10,560	3,537	20,316	37,174
Changes in:					
Receivables	1,807	(26,547)	-	3,400	(21,340)
Due from other funds	-	-	-	-	-
Prepaid expenses	2,920	-	-	-	2,920
Accounts payable	(2,009)	(13,627)	12,423	641	(2,572)
Accrued liabilities	(1,230)	(6,031)	(1,695)	(10,298)	(19,254)
Due to other funds	-	-	1,378	-	1,378
Net cash provided by operating activities	<u>\$ 4,396</u>	<u>\$ 33,624</u>	<u>\$ 20,787</u>	<u>\$ 17,839</u>	<u>\$ 76,646</u>



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the fiscal year ended**

**December 31, 2019**

**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.

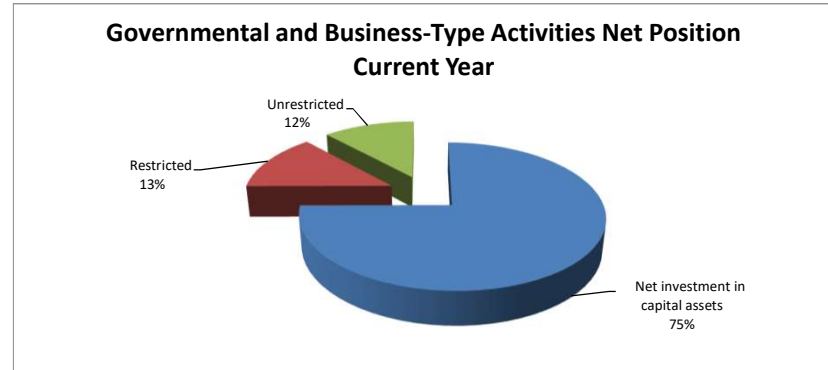
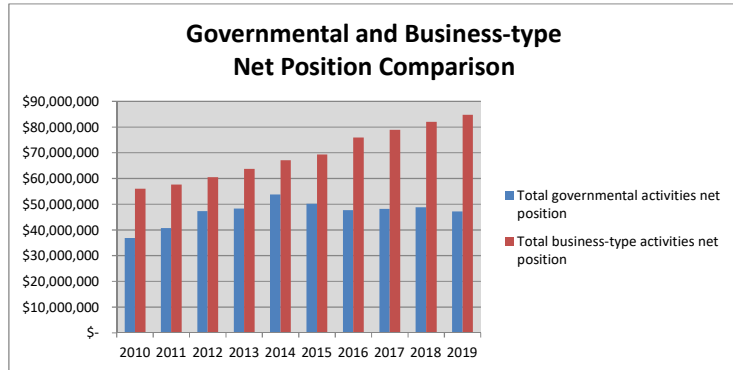
<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	<b>105 - 108</b>
<b>Revenue Capacity</b> These schedules contain information to help the 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>109 - 117</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>118 - 121</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>122 - 124</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>125 - 127</b>

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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

	<u>Fiscal Year</u>									
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Governmental activities										
Net investment in capital assets	\$ 17,247,111	\$ 20,316,915	\$ 17,955,758	\$ 23,990,859	\$ 28,346,555	\$ 30,941,934	\$ 29,574,314	\$ 31,189,584	\$ 34,541,491	\$ 32,182,882
Restricted	16,045,557	16,127,894	24,232,960	20,820,905	20,245,654	18,457,790	17,920,702	17,866,534	16,120,122	17,533,282
Unrestricted	3,604,098	4,345,432	5,166,777	3,548,049	5,208,773	806,326	161,452	(837,444)	(1,788,810)	(2,541,211)
<b>Total governmental activities net position</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>\$ 50,206,050</b>	<b>\$ 47,656,468</b>	<b>\$ 48,218,674</b>	<b>\$ 48,872,803</b>	<b>\$ 47,174,953</b>
Business-type activities										
Net investment in capital assets	\$ 46,462,027	\$ 48,330,111	\$ 51,630,963	\$ 53,358,039	\$ 55,182,468	\$ 57,021,062	\$ 61,598,308	\$ 62,611,603	\$ 63,039,388	\$ 66,658,777
Unrestricted	9,547,927	9,236,658	8,919,022	10,427,135	11,921,883	12,364,866	14,341,092	16,313,315	18,916,385	18,087,690
<b>Total business-type activities net position</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>\$ 69,385,928</b>	<b>\$ 75,939,400</b>	<b>\$ 78,924,918</b>	<b>\$ 81,955,773</b>	<b>\$ 84,746,467</b>
Primary government										
Net investment in capital assets	\$ 63,709,138	\$ 68,647,026	\$ 69,586,721	\$ 77,348,898	\$ 83,529,023	\$ 87,962,996	\$ 91,172,622	\$ 93,801,187	\$ 97,580,879	\$ 98,841,659
Restricted	16,045,557	16,127,894	24,232,960	20,820,905	20,245,654	18,457,790	17,920,702	17,866,534	16,120,122	17,533,282
Unrestricted	13,152,025	13,582,090	14,085,799	13,975,184	17,130,656	13,171,192	14,502,544	15,475,871	17,127,575	15,546,479
<b>Total primary government net position</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>	<b>\$ 119,591,978</b>	<b>\$ 123,595,868</b>	<b>\$ 127,143,592</b>	<b>\$ 130,828,576</b>	<b>\$131,921,420</b>

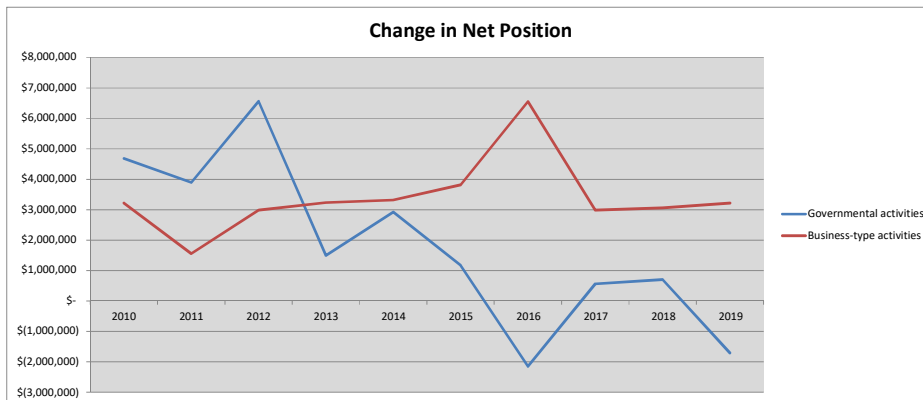
Source: City of Gardner Finance Department



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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Expenses</b>										
<b>Governmental activities:</b>										
General government	\$ 2,822,418	\$ 2,620,535	\$ 2,697,372	\$ 2,817,304	\$ 3,558,824	\$ 3,896,677	\$ 4,598,982	\$ 3,068,153	\$ 3,332,171	\$ 3,091,437
Police	3,565,454	3,647,573	3,776,937	3,874,682	4,688,596	4,383,506	5,315,430	4,395,424	5,040,277	5,000,299
Public Works	2,614,530	2,650,257	2,846,701	2,631,533	3,354,014	3,940,033	3,744,547	4,247,297	4,653,338	5,353,865
Culture and recreation	2,211,773	2,424,862	2,593,737	2,460,190	2,368,847	2,433,317	2,604,472	3,219,356	3,363,570	3,531,547
Business & Economic Development	-	-	-	-	-	-	-	893,753	947,501	1,061,554
Interest on long-term debt	1,742,427	1,397,634	1,308,232	1,595,184	1,100,397	808,488	609,604	696,847	1,453,025	1,404,127
<b>Total governmental activities expenses</b>	<b>12,956,602</b>	<b>12,740,861</b>	<b>13,222,979</b>	<b>13,378,893</b>	<b>15,070,678</b>	<b>15,462,021</b>	<b>16,873,035</b>	<b>16,520,830</b>	<b>18,789,882</b>	<b>20,042,829</b>
<b>Business-type activities:</b>										
Electric	11,572,594	12,052,825	11,996,928	11,779,932	12,536,784	11,919,565	12,006,709	12,699,174	16,829,253	14,817,684
Water	2,952,669	3,235,397	3,447,469	3,345,254	3,549,784	3,692,470	4,032,587	4,228,110	3,901,601	4,772,701
Wastewater	3,661,411	3,590,360	3,513,416	3,657,553	4,317,776	4,675,174	4,591,624	4,503,508	4,706,539	5,086,690
Stormwater	71,086	25,167	25,167	25,167	25,167	28,298	28,298	28,298	28,443	33,155
Airport	-	-	-	-	-	-	204,879	251,234	268,698	292,205
<b>Total business-type activities expenses</b>	<b>18,257,760</b>	<b>18,903,749</b>	<b>18,982,980</b>	<b>18,807,906</b>	<b>20,429,511</b>	<b>20,315,507</b>	<b>20,864,097</b>	<b>21,710,324</b>	<b>25,734,534</b>	<b>25,002,435</b>
<b>Total primary government expenses</b>	<b>\$ 31,214,362</b>	<b>\$ 31,644,610</b>	<b>\$ 32,205,959</b>	<b>\$ 32,186,799</b>	<b>\$ 35,500,189</b>	<b>\$ 35,777,528</b>	<b>\$ 37,737,132</b>	<b>\$ 38,231,154</b>	<b>\$ 44,524,416</b>	<b>\$ 45,045,264</b>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
<b>Charges for services:</b>										
General government	\$ 502,102	\$ 553,992	\$ 604,625	\$ 748,785	\$ 1,607,129	\$ 1,907,297	\$ 2,171,668	\$ 2,085,061	\$ 961,333	\$ 417,849
Police	10,458	10,577	10,199	7,853	9,253	7,439	8,228	6,525	8,616	8,427
Public Works	-	-	-	-	-	-	-	-	-	-
Culture and recreation	970,405	887,173	883,516	858,658	910,947	910,041	963,169	1,002,553	1,074,914	923,514
Business & Economic Development	-	-	-	-	-	-	-	323,431	435,976	378,933
Operating grants and contributions	2,579,475	2,789,802	2,816,127	2,966,108	3,251,406	3,328,990	3,397,426	3,672,663	3,734,419	3,835,400
Capital grants and contributions	5,400,696	3,113,818	5,730,105	782,039	2,902,279	805,138	206,879	493,301	2,253,302	1,673,007
<b>Total governmental activities program revenue:</b>	<b>9,463,136</b>	<b>7,355,362</b>	<b>10,044,572</b>	<b>5,363,443</b>	<b>8,681,014</b>	<b>6,958,905</b>	<b>6,747,370</b>	<b>7,583,534</b>	<b>8,468,560</b>	<b>7,237,130</b>
<b>Business-type activities:</b>										
<b>Charges for services:</b>										
Electric	14,329,969	14,089,709	15,060,888	14,196,340	14,393,780	14,539,925	14,440,663	14,414,445	17,534,000	16,545,548
Water	3,989,505	3,740,962	4,103,707	4,509,458	4,948,652	5,145,232	5,440,947	5,612,380	6,248,707	5,927,668
Wastewater	4,007,841	3,474,928	3,682,494	4,275,217	4,808,675	5,023,691	5,073,706	5,168,047	5,452,335	5,428,736
Stormwater	-	-	-	61,208	-	-	-	-	144	-
Airport	-	-	-	-	-	-	648,050	252,380	258,295	249,908
Capital grants and contributions	78,263	100,187	92,762	-	-	246,112	358,459	57,574	32,121	700,141
<b>Total business-type program revenues</b>	<b>22,405,578</b>	<b>21,405,786</b>	<b>22,939,851</b>	<b>23,042,223</b>	<b>24,151,107</b>	<b>24,954,960</b>	<b>25,961,825</b>	<b>25,504,826</b>	<b>29,525,602</b>	<b>28,852,001</b>
<b>Total primary government program revenues</b>	<b>\$ 31,868,714</b>	<b>\$ 28,761,148</b>	<b>\$ 32,984,423</b>	<b>\$ 28,405,666</b>	<b>\$ 32,832,121</b>	<b>\$ 31,913,865</b>	<b>\$ 32,709,195</b>	<b>\$ 33,088,360</b>	<b>\$ 37,994,162</b>	<b>\$ 36,089,131</b>
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (3,493,466)	\$ (5,385,499)	\$ (3,178,407)	\$ (8,015,450)	\$ (6,389,664)	\$ (8,503,116)	\$ (10,125,665)	\$ (8,937,296)	\$ (10,321,322)	\$ (12,805,699)
Business-type activities	4,147,818	2,502,037	3,956,871	4,234,317	3,721,596	4,639,453	5,097,728	3,794,502	3,791,068	3,849,566
<b>Total primary government net expense</b>	<b>\$ 654,352</b>	<b>\$ (2,883,462)</b>	<b>\$ 778,464</b>	<b>\$ (3,781,133)</b>	<b>\$ (2,668,068)</b>	<b>\$ (3,863,663)</b>	<b>\$ (5,027,937)</b>	<b>\$ (5,142,794)</b>	<b>\$ (6,530,254)</b>	<b>\$ (8,956,133)</b>
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental activities:</b>										
<b>Taxes</b>										
Property taxes	\$ 3,798,207	\$ 4,675,379	\$ 4,845,216	\$ 4,821,475	\$ 4,947,132	\$ 4,893,957	\$ 5,246,198	\$ 4,037,863	\$ 4,206,575	\$ 4,476,355
Sales taxes	2,821,098	2,999,426	3,123,255	3,190,773	3,467,735	3,535,132	3,827,653	4,041,798	4,171,850	4,333,660
Franchise taxes	380,715	365,435	320,227	348,956	349,956	312,625	269,736	360,268	282,893	257,002
Excise taxes	95,710	53,434	312,441	-	-	-	-	-	886,718	451,991
Transient guest taxes	29,338	29,764	38,470	42,493	42,976	62,892	74,272	71,383	66,361	153,661
Other	3	-	-	-	75,467	30,737	70,505	28,852	328,963	78,002
Unrestricted investment earnings	49,689	32,136	31,905	33,418	11,456	9,867	9,533	65,538	311,797	335,633
Gain on disposal of asset	2,095	136,232	67,329	40,567	-	-	(82,063)	-	-	-
Transfers	1,003,312	987,168	1,004,818	1,029,100	413,163	829,600	(1,445,460)	893,800	969,500	1,008,200
<b>Total governmental activities</b>	<b>8,180,157</b>	<b>9,278,974</b>	<b>9,743,661</b>	<b>9,506,782</b>	<b>9,310,721</b>	<b>9,674,810</b>	<b>7,970,374</b>	<b>9,499,502</b>	<b>11,024,657</b>	<b>11,094,504</b>
<b>Business-type activities:</b>										
Unrestricted investment earnings	38,020	31,421	31,163	29,972	10,744	10,442	10,284	84,816	240,469	376,630
Transfers	(1,003,312)	(987,168)	(1,004,818)	(1,029,100)	(413,163)	(829,600)	1,445,460	(893,800)	(969,500)	(1,008,200)
Other	37,070	10,525	-	-	-	-	-	-	-	-
<b>Total business-type activities</b>	<b>(928,222)</b>	<b>(945,222)</b>	<b>(973,655)</b>	<b>(999,128)</b>	<b>(402,419)</b>	<b>(819,158)</b>	<b>1,455,744</b>	<b>(808,984)</b>	<b>(729,031)</b>	<b>(631,570)</b>
<b>Total primary government</b>	<b>\$ 7,251,935</b>	<b>\$ 8,333,752</b>	<b>\$ 8,770,006</b>	<b>\$ 8,507,654</b>	<b>\$ 8,908,302</b>	<b>\$ 8,855,652</b>	<b>\$ 9,426,118</b>	<b>\$ 8,690,518</b>	<b>\$ 10,295,626</b>	<b>\$ 10,462,934</b>
<b>Change in Net Position</b>										
Governmental activities	\$ 4,686,691	\$ 3,893,475	\$ 6,565,254	\$ 1,491,332	\$ 2,921,057	\$ 1,171,694	\$ (2,155,291)	\$ 562,206	\$ 703,335	\$ (1,711,195)
Business-type activities	3,219,596	1,556,815	2,983,216	3,235,189	3,319,177	3,820,295	6,553,472	2,985,518	3,062,037	3,217,996
<b>Total primary government</b>	<b>\$ 7,906,287</b>	<b>\$ 5,450,290</b>	<b>\$ 9,548,470</b>	<b>\$ 4,726,521</b>	<b>\$ 6,240,234</b>	<b>\$ 4,991,989</b>	<b>\$ 4,398,181</b>	<b>\$ 3,547,724</b>	<b>\$ 3,765,372</b>	<b>\$ (493,199)</b>

Source: City of Gardner Finance Department

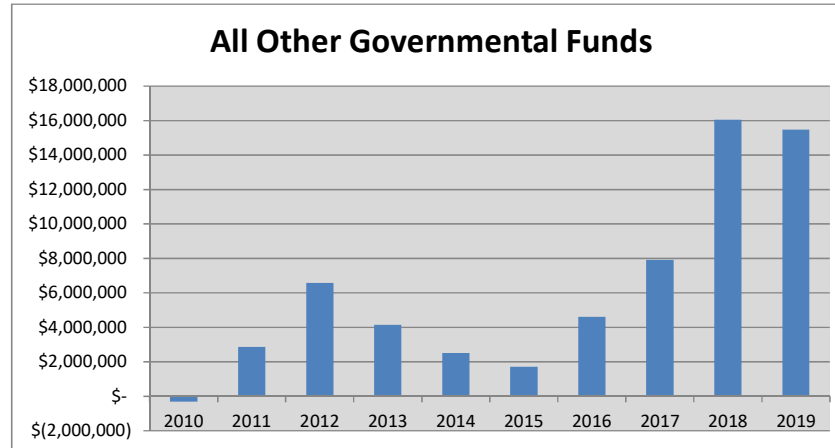
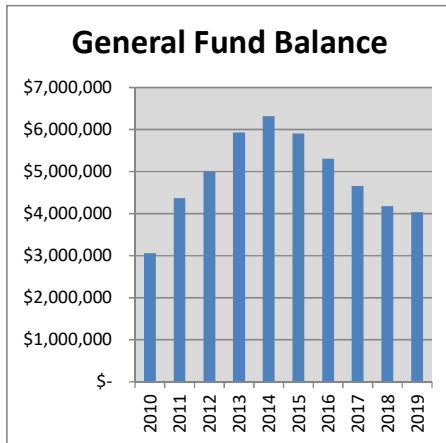


**City of Gardner, Kansas**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>General Fund</b>										
Reserved	\$ 250	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	3,058,934	-	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	29,694	23,758
Restricted	-	24,281	-	-	-	-	-	-	-	-
Assigned	-	20,619	-	64,474	9,640	115,541	22,221	184,992	166,052	306,996
Unassigned	-	4,321,492	4,997,241	5,864,734	6,305,486	5,792,880	5,280,652	4,471,284	3,980,094	3,701,788
<b>Total general fund</b>	<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>	<u>\$ 5,908,421</u>	<u>\$ 5,302,873</u>	<u>\$ 4,656,276</u>	<u>\$ 4,175,840</u>	<u>\$ 4,032,542</u>
<b>All Other Governmental Funds</b>										
Reserved	\$ 451,339	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Debt service fund	105,384	-	-	-	-	-	-	-	-	-
Special revenue funds	3,565,909	-	-	-	-	-	-	-	-	-
Capital projects funds	(4,434,896)	-	-	-	-	-	-	-	-	-
Restricted	-	2,603,807	6,590,028	4,147,059	2,520,366	1,715,705	4,611,811	7,911,908	16,046,623	15,464,558
Assigned	-	260,317	-	-	-	-	-	-	-	-
<b>Total all other governmental funds</b>	<u>\$ (312,264)</u>	<u>\$ 2,864,124</u>	<u>\$ 6,590,028</u>	<u>\$ 4,147,059</u>	<u>\$ 2,520,366</u>	<u>\$ 1,715,705</u>	<u>\$ 4,611,811</u>	<u>\$ 7,911,908</u>	<u>\$ 16,046,623</u>	<u>\$ 15,464,558</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									
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>Revenues</b>										
Taxes	\$ 7,095,720	\$ 8,123,438	\$ 8,639,609	\$ 8,403,697	\$ 8,810,635	\$ 8,804,606	\$ 9,417,859	\$ 8,511,312	\$ 9,414,397	\$ 9,672,669
Licenses and permits	376,192	186,751	237,374	319,508	204,236	189,784	293,055	337,987	452,521	306,785
Fines and fees	217,900	289,358	335,319	415,312	451,700	524,540	591,913	632,258	634,207	651,540
Charges for services	800,534	825,751	844,814	744,055	1,867,940	2,103,849	2,253,903	2,444,420	2,593,495	2,882,631
Special assessments	974,839	951,328	966,502	1,401,884	977,266	1,129,613	1,869,075	1,235,823	1,220,611	1,119,494
Intergovernmental	7,722,154	4,069,190	3,339,121	3,368,473	4,306,908	3,769,237	3,604,305	4,165,964	4,780,797	4,008,417
Investment earnings	49,689	32,136	31,905	33,416	11,456	9,867	9,533	65,538	311,797	335,633
Other revenues	224,533	171,331	93,753	138,960	53,362	22,154	68,397	25,221	311,488	54,283
<b>Total revenues</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>16,553,650</b>	<b>18,108,040</b>	<b>17,418,523</b>	<b>19,719,313</b>	<b>19,031,452</b>
<b>Expenditures</b>										
General government	2,588,787	2,397,137	2,443,979	2,728,857	3,429,383	3,825,458	4,408,175	2,980,122	3,202,406	2,919,687
Police	3,224,327	3,557,178	3,678,525	3,793,325	4,188,261	4,466,208	5,087,946	3,994,544	4,315,082	4,774,678
Public works	1,459,363	1,417,646	1,547,336	1,439,557	1,600,153	1,918,905	1,944,363	2,725,561	2,892,920	3,503,786
Culture and recreation	1,843,546	1,881,715	1,925,478	1,868,548	1,970,858	2,124,243	2,272,346	2,600,834	2,646,171	2,771,474
Business & Economic Development								883,428	925,371	1,030,985
Capital outlay	9,102,539	2,870,018	1,795,401	3,786,717	1,720,480	1,239,165	2,445,875	3,058,193	10,614,356	9,404,314
Debt service:										
Interest	1,453,142	1,266,297	1,162,286	1,202,912	906,684	908,330	690,690	684,294	900,201	1,309,268
Principal	5,094,114	3,389,241	7,458,215	6,524,108	13,008,131	4,062,511	2,971,806	2,227,937	4,231,683	5,025,987
Other	159,058	146,166	196,839	73,359	245,493	58,379	155,738	192,427	434,986	184,671
<b>Total expenditures</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>	<b>18,603,199</b>	<b>19,976,939</b>	<b>19,347,340</b>	<b>30,163,176</b>	<b>30,924,850</b>
Excess of revenues over (under) expenditures	(7,463,315)	(2,276,115)	(5,719,662)	(6,592,078)	(10,385,940)	(2,049,549)	(1,868,899)	(1,928,817)	(10,443,863)	(11,893,398)
<b>Other Financing Sources (Uses)</b>										
Bonds issued	2,794,765	1,325,000	3,995,000	3,256,418	8,090,000	-	3,548,000	3,505,000	14,985,000	2,465,000
Proceeds from capital lease	-	-	-	-	-	-	-	-	1,218,000	180,000
Premium on G.O. Bonds	-	-	-	-	224,484	-	124,700	179,886	908,167	112,771
Bond Anticipation notes issued	-	3,960,000	4,915,000	-	-	-	-	-	-	7,365,000
Construction loan	1,302,327	316,065	87,668	251,482	-	-	-	-	-	-
Sale of capital assets	2,281,216	138,077	73,929	40,567	22,105	8,583	2,108	3,631	17,475	23,719
Capital leases	-	-	-	98,510	-	-	-	-	-	-
Insurance proceeds	8,457	8,261	-	-	-	-	-	-	-	-
Transfers in	3,420,400	3,126,455	3,027,043	2,983,153	1,866,968	1,416,567	1,714,113	1,159,400	1,178,702	1,221,412
Transfers out	(2,417,088)	(2,114,147)	(2,022,225)	(1,954,053)	(1,032,587)	(586,967)	(835,173)	(265,600)	(209,202)	(213,212)
<b>Total other financing sources (uses)</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>838,183</b>	<b>4,553,748</b>	<b>4,582,317</b>	<b>18,098,142</b>	<b>11,154,690</b>
<b>Net change in fund balances</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>	<b>\$ (1,211,366)</b>	<b>\$ 2,684,849</b>	<b>\$ 2,653,500</b>	<b>\$ 7,654,279</b>	<b>\$ (738,708)</b>
Debt service as a percentage of noncapital expenditures	42.0%	33.7%	46.2%	43.6%	53.6%	28.8%	20.9%	17.9%	26.3%	29.4%

Source: City of Gardner Finance Department



**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>(b)</sup> Rate	Usage <sup>(c)</sup> Rate	Base <sup>(b)</sup> Rate	Usage <sup>(c)</sup> Rate	Base <sup>(b)</sup> Rate	Usage <sup>(c)</sup> Rate
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
2015	143,731	135,754	7,977	5.55%	673	577	28	4.16%	466	\$ 6.72	\$ 0.1082	\$ 13.45	\$ 5.99	\$ 13.73	\$ 8.78
2016	150,351	136,060	14,291	9.51%	794	633	74	9.32%	668	\$ 6.72	\$ 0.1082	\$ 13.45	\$ 5.99	\$ 13.73	\$ 8.78
2017	144,632	136,157	8,723	6.03%	841	699	142	16.88%	591	\$ 6.72	\$ 0.1082	\$ 13.45	\$ 5.99	\$ 13.73	\$ 8.78
2018	155,841	148,934	6,907	4.43%	999	761	138	13.81%	593	\$ 6.72	\$ 0.1082	\$ 13.45	\$ 5.99	\$ 13.73	\$ 8.78
2019	154,281	147,686	6,595	4.27%	969	684	285	29.41%	833	\$ 6.72	\$ 0.1082	\$ 13.45	\$ 5.99	\$ 13.73	\$ 8.78

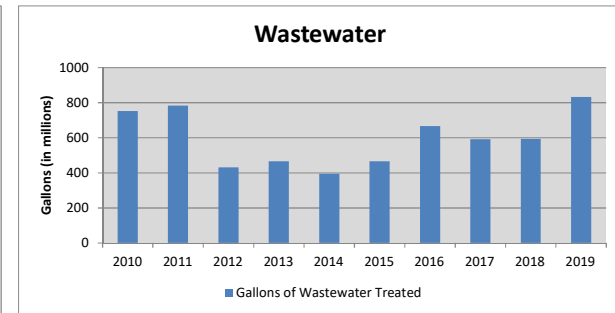
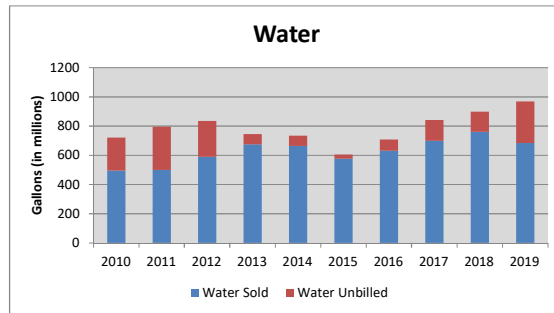
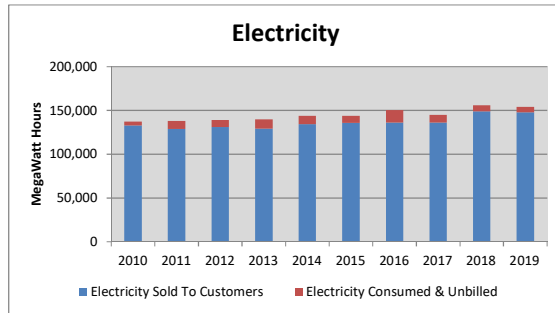
**Notes:** Electricity is presented in MegaWatt Hours and gallons are presented in millions.

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

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

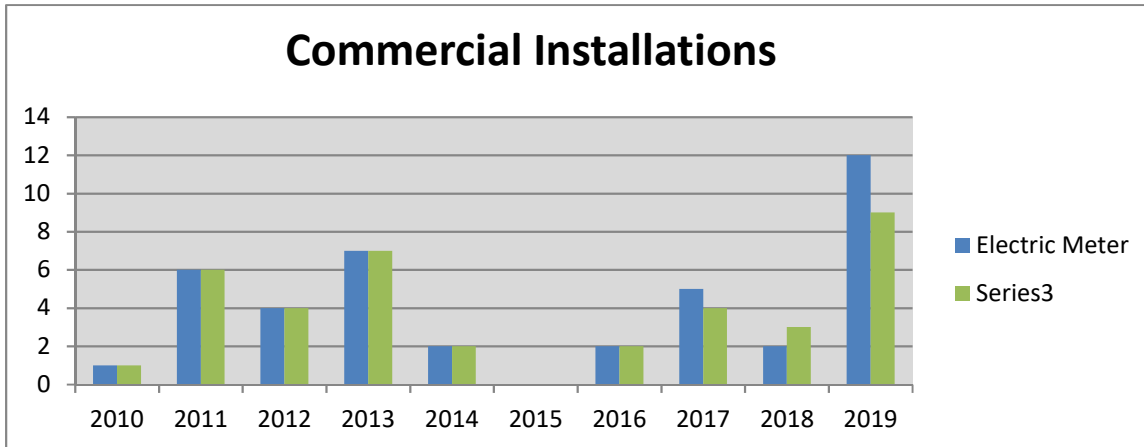
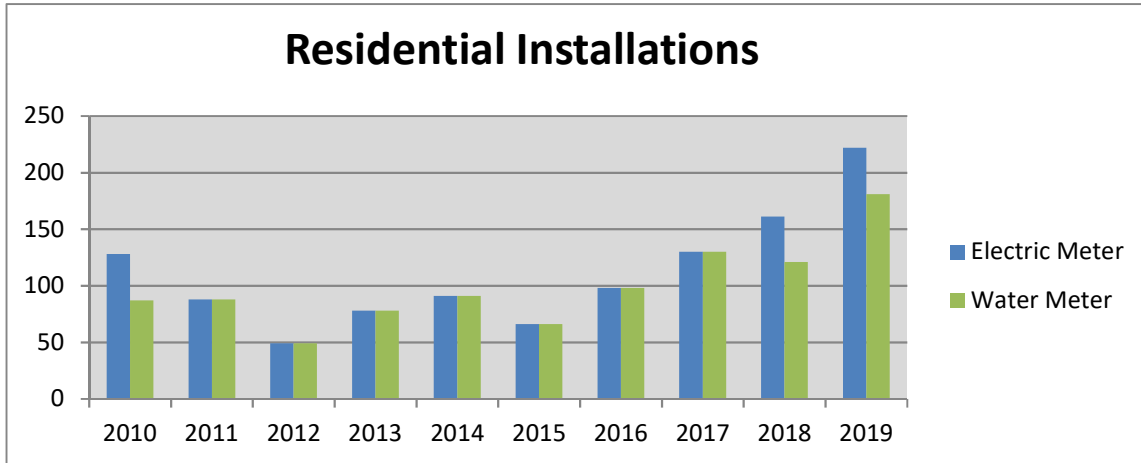
Source: City of Gardner Public Works Department & Utility Department



**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	
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
2015	66	-	66	-	132
2016	98	2	98	2	200
2017	130	5	130	4	269
2018	161	2	121	3	287
2019	222	12	181	9	424

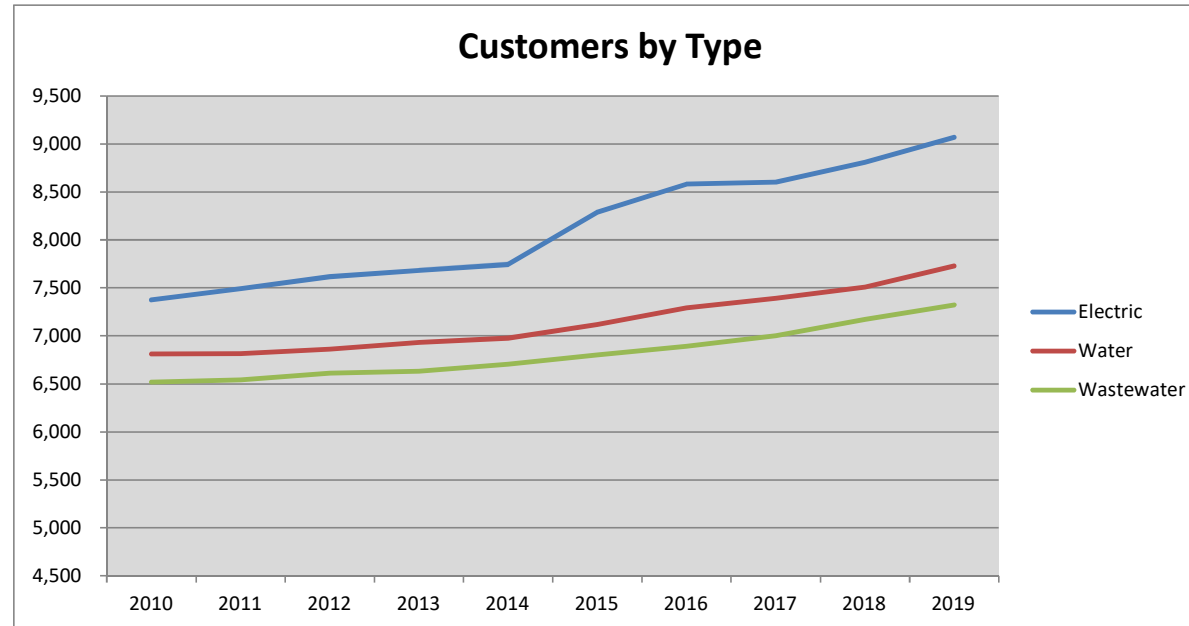
Source: City of Gardner Business and Economic Development Department



**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
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
2015	7,806	479	4	6,821	290	7	6,577	219	6	8,289	7,118	6,802
2016	8,089	488	4	6,977	309	7	6,664	221	6	8,581	7,293	6,891
2017	8,081	517	4	7,069	316	7	6,766	229	6	8,602	7,392	7,001
2018	8,288	515	5	7,189	313	7	6,937	228	7	8,808	7,509	7,172
2019	8,541	522	7	7,402	319	7	7,081	235	7	9,070	7,728	7,323

Source: City of Gardner Utility Department



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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Water Rates<sup>(a)</sup></b>										
<i>(All Meter Sizes)</i>										
Base Rate	\$ 9.90	\$ 10.40	\$ 10.70	\$ 11.55	\$ 12.45	\$ 13.45	\$ 13.45	\$ 13.45	\$ 13.45	\$ 13.45
Usage Rate (per 1,000 gallons) First 40,000 gallons	4.45	4.65	4.80	5.15	-	-	-	-	-	-
Usage Rate (per 1,000 gallons) Over 40,000 gallons	3.60	3.80	3.90	4.20	-	-	-	-	-	-
Usage Rate (per 1,000 gallons) First 6,000 gallons	-	-	-	-	5.55	5.99	5.99	5.99	5.99	5.99
Usage Rate (per 1,000 gallons) 6,001-10,000 gallons	-	-	-	-	6.11	6.60	6.60	6.60	6.60	6.60
Usage Rate (per 1,000 gallons) 10,001-14,000 gallons	-	-	-	-	6.38	6.89	6.89	6.89	6.89	6.89
Usage Rate (per 1,000 gallons) 14,001-18,000 gallons	-	-	-	-	6.67	7.20	7.20	7.20	7.20	7.20
Usage Rate (per 1,000 gallons) 18,001 or more gallons	-	-	-	-	6.97	7.53	7.53	7.53	7.53	7.53
<b>Wastewater Rates</b>										
Base Rate	\$ 9.45	\$ 10.20	\$ 10.70	\$ 11.90	\$ 13.20	\$ 13.73	\$ 13.73	\$ 13.73	\$ 13.73	\$ 13.73
Usage Rate (per 1,000 gallons)	6.00	6.50	6.85	7.60	8.44	8.78	8.78	8.78	8.78	8.78
<b>Electric Rates</b>										
<i>Residential</i>										
Base Rate	\$ 6.72	\$ 6.72	\$ 6.72	\$ 6.72	\$ 6.72	\$ 6.72	\$ 6.72	\$ 6.72	\$ 6.72	\$ 6.72
Usage Rate (per kWh)	0.10083	0.10083	0.10083	0.10819	0.10819	0.10819	0.10819	0.10819	0.10819	0.10819
<i>Commercial</i>										
Base Rate	\$ 7.35	\$ 7.35	\$ 7.35	\$ 7.35	\$ 7.35	\$ 7.35	\$ 7.35	\$ 7.35	\$ 7.35	\$ 7.35
Usage Rate (per kWh)	0.10416	0.10416	0.10416	0.11152	0.11152	0.11152	0.11152	0.11152	0.11152	0.11152
<i>Commercial With Demand</i>										
Base Rate for Demand	\$ 16.70	\$ 16.70	\$ 16.70	\$ 16.70	\$ 16.70	\$ 16.70	\$ 16.70	\$ 16.70	\$ 16.70	\$ 16.70
Usage Rate (per KW)	14.06	14.06	14.06	14.06	14.06	14.06	14.06	14.06	14.06	14.06
Usage Rate (per kWh) First 5,000 kWh	0.05099	0.05099	0.05099	0.05708	0.05708	0.05708	0.05708	0.05708	0.05708	0.05708
Usage Rate (per kWh) Over 5,000 kWh	0.04373	0.04373	0.04373	0.05053	0.05053	0.05053	0.05053	0.05053	0.05053	0.05053
<i>Commercial Large With Demand</i>										
Base Rate for Demand	\$ 22.26	\$ 22.26	\$ 22.26	\$ 22.26	\$ 22.26	\$ 22.26	\$ 2.26	\$ 2.26	\$ 2.26	\$ 2.26
Usage Rate (per KW)	14.06	14.06	14.06	14.06	14.06	14.06	14.06	14.06	14.06	14.06
Usage Rate (per kWh) First 5,000 kWh	0.04972	0.04972	0.04972	0.05080	0.05080	0.05080	0.05080	0.05080	0.05080	0.05080
Usage Rate (per kWh) Over 5,000 kWh	0.04317	0.04317	0.04317	0.05053	0.05053	0.05053	0.05053	0.05053	0.05053	0.05053
<b>All Electric Rates</b>										
<i>Residential</i>										
Base Rate	\$ 6.72	\$ 6.72	\$ 6.72	\$ 6.20	\$ 6.20	\$ 6.20	\$ 6.20	\$ 6.20	\$ 6.20	\$ 6.20
Summer Usage Rate (per kWh)	0.10352	0.10352	0.10352	0.11088	0.11088	0.11088	0.11088	0.11088	0.11088	0.11088
Winter Usage Rate (per kWh) First 800 kWh	0.10352	0.10352	0.10352	0.11088	0.11088	0.11088	0.11088	0.11088	0.11088	0.11088
Winter Usage Rate (per kWh) Over 800 kWh	0.04117	0.04117	0.04117	0.04853	0.04853	0.04853	0.04853	0.04853	0.04853	0.04853
<i>Commercial</i>										
Base Rate	\$ 7.35	\$ 7.35	\$ 7.35	\$ 7.35	\$ 7.35	\$ 7.35	\$ 7.35	\$ 7.35	\$ 7.35	\$ 7.35
Usage Rate (per KW)	5.30	5.30	5.30	5.30	5.30	5.30	5.30	5.30	5.30	5.30
Summer Usage Rate (per kWh)	0.03462	0.03462	0.03462	0.04198	0.04198	0.04198	0.04198	0.04198	0.04198	0.04198
Winter Usage Rate (per kWh)	0.03158	0.03158	0.03158	0.03894	0.03894	0.03894	0.03894	0.03894	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 2019									
	Electric Revenue			Water Revenue			Wastewater Revenue			
	Amount	%	Customer	Amount	%	Customer	Amount	%	Customer	
Wal Mart	\$ 297,158.61	2.13%	New Century	\$ 618,416.13	12.17%	Trails West Carwash	\$ 23,194.70	0.52%		
USD 231 425 N Waverly	\$ 258,587.83	1.86%	Aquatics Center	\$ 52,652.14	1.04%	USD 231 WMS Main Service	\$ 20,602.23	0.46%		
Price Chopper	\$ 234,746.79	1.69%	USD 231 WMS Main Service	\$ 21,344.52	0.42%	Pinnacle Healthcare	\$ 17,215.52	0.38%		
Coleman	\$ 157,986.93	1.13%	Trails West Carwash	\$ 20,644.23	0.41%	RS Associates -- Carwash	\$ 17,154.06	0.38%		
Kill Creek WWTP	\$ 145,615.86	1.05%	USD 231 425 N Waverly	\$ 16,743.69	0.33%	Medical Lodges	\$ 15,687.80	0.35%		
Excelligence	\$ 136,808.98	0.98%	KS Resource Exploration & Dev 31451 W 159th	\$ 15,320.52	0.30%	Bristol Partners 205 N Moonlight	\$ 13,229.40	0.29%		
ITW Labels	\$ 129,360.09	0.93%	Pinnacle Healthcare	\$ 14,913.90	0.29%	Wal Mart	\$ 12,728.94	0.28%		
USD 231 16200 Kill Creek Rd	\$ 122,841.94	0.88%	RS Associates -- Carwash	\$ 14,529.87	0.29%	Sonic	\$ 11,438.28	0.25%		
USD 231 495 E Grand	\$ 119,760.52	0.86%	Medical Lodges	\$ 14,447.04	0.28%	Winbury Group 925 E Lincoln Ln	\$ 11,113.42	0.25%		
USD 231 775 N Center	\$ 77,827.59	0.56%	USD 231 495 E Grand	\$ 12,203.10	0.24%	Toar Management	\$ 10,077.38	0.22%		
Subtotal (10 largest)	1,680,695.14	12.07%	Subtotal (10 largest)	801,215.14	15.76%	Subtotal (10 largest)	152,441.73	3.40%		
Balance from other customers	12,241,956.52	87.93%	Balance from other customers	4,281,197.45	84.24%	Balance from other customers	4,334,364.97	96.60%		
Grand Totals	\$ 13,922,651.66	100.00%	Grand Totals	\$ 5,082,412.59	100.00%	Grand Totals	\$ 4,486,806.70	100.00%		

Customer	Fiscal Year 2010									
	Electric Revenue			Water Revenue			Wastewater Revenue			
	Amount	%	Customer	Amount	%	Customer	Amount	%	Customer	
Walmart	\$ 346,017	2.57%	New Century	\$ 154,269	4.97%	USD 231 WMS	\$ 20,989	0.73%		
Price Chopper	265,128	1.97%	U.S.D. 231 - Gardner-Edgerton H.S. Irrigation	28,356	0.91%	Walmart	12,150	0.42%		
U.S.D. 231 - Gardner-Edgerton H.S.	250,171	1.86%	USD 231 WMS	17,136	0.55%	R & B Autowash	11,982	0.42%		
Coleman	220,316	1.64%	USD 231 Pioneer Ridge Irrigation	12,813	0.41%	Jacobs Properties	11,886	0.41%		
USD 231 Pioneer Ridge	156,088	1.16%	USD 231 High School	10,695	0.34%	U.S.D. 231 - Gardner-Edgerton H.S.	10,850	0.38%		
ITW Labels	136,434	1.01%	Jacobs Properties	10,534	0.34%	Medical Lodge	9,287	0.32%		
Tradenet Publishing Expansion	98,627	0.73%	Walmart	8,203	0.26%	Pinnacle Healthcare	9,067	0.31%		
USD 231 WMS	87,274	0.65%	R & B Autowash	7,698	0.25%	Pinnacle Healthcare	7,656	0.27%		
USD 231 Moonlight Elem	78,278	0.58%	The Winbury Group	7,625	0.25%	Bristol Partners	7,560	0.26%		
USD 231 Madison Elem	76,815	0.57%	Vintage Park	6,452	0.21%	The Winbury Group	6,446	0.22%		
Subtotal (10 largest)	1,715,146	12.73%	Subtotal (10 largest)	263,782	8.50%	Subtotal (10 largest)	107,872	3.74%		
Balance from other customers	11,757,595	87.27%	Balance from other customers	2,839,494	91.50%	Balance from other customers	2,774,710	96.26%		
Grand Totals	\$ 13,472,742	100.00%	Grand Totals	\$ 3,103,276	100.00%	Grand Totals	\$ 2,882,582	100.00%		

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

Source: City of Gardner Utility Department

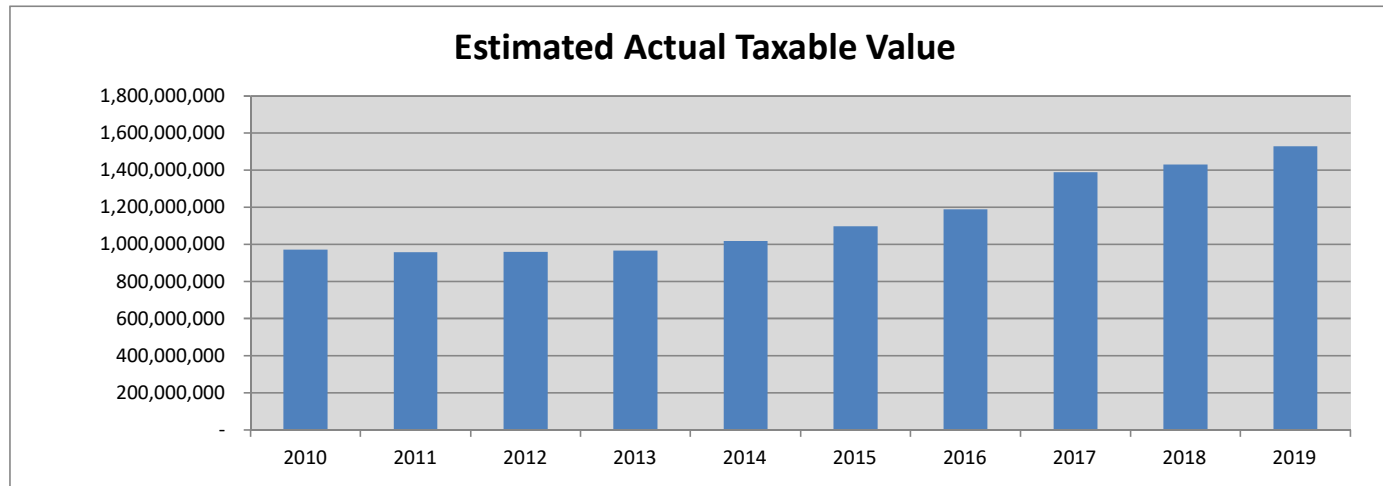
**City of Gardner, Kansas**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

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
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%
2015	113,212,121	25,623,792	1,319,362	135,792	-	140,291,067	29.455	1,098,395,717	12.77%
2016	121,390,107	28,593,736	2,212,724	140,268	-	152,336,835	20.544 <sup>(a)</sup>	1,188,848,018	12.81%
2017	143,153,491	30,093,621	2,804,146	231,726	-	176,282,984	20.540	1,389,327,753	12.69%
2018	147,751,168	31,962,125	2,188,661	162,813	239,102	182,303,869	20.720	1,431,422,817	12.74%
2019	158,457,041	33,314,049	2,073,812	223,801	-	194,068,703	20.710	1,529,171,279	12.69%

**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.

<sup>(a)</sup> The significant change in the mill levy is due to a \$1.4 million reduction in property tax revenue for the termination of the fire services contract, which is equivalent to a reduction of approximately 9 mills.

**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)(b)</sup>	State of Kansas	Johnson County	Johnson County Library	Johnson County Parks and Recreation	Johnson County Community College	Fire District #1	U.S.D. 231 (School District)	
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
2015	19.415	10.040	29.455	1.500	19.582	3.912	3.101	9.469	-	69.185	136.204
2016	13.504	7.040	20.544	1.500	19.590	3.915	3.102	9.473	12.443	67.787	138.354
2017	11.977	8.563	20.540	1.500	19.318	3.921	3.112	9.503	12.440	66.981	137.315
2018	14.116	6.604	20.720	1.500	19.024	3.901	3.088	9.266	14.989	65.969	138.457
2019	14.109	6.601	20.710	1.500	19.036	3.904	3.090	9.121	12.454	65.775	135.590

**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.

(b) The significant change in the mill levy is due to a \$1.4 million reduction in property tax revenue for the termination of the fire services contract, which is equivalent to a reduction of approximately 9 mills.

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

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

Taxpayer	Type of Business	2019			2010		
		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Wal-Mart	Retail	\$ 3,828,501	1	1.97%	\$ 1,641,750	1	1.22%
Moonlight Apartments L.L.C.	Real Estate	2,811,980	2	1.45%	1,611,609	2	1.19%
Conestoga TitleHolder LLC	Real Estate	1,925,100	3	0.99%			
Horizon Trails, LLC	Real Estate	1,779,050	4	0.92%			
Axiom-Aspen, LLC	Real Estate	1,431,290	5	0.74%			
Kansas Gas Service	Utilities	1,234,660	6	0.64%			
Bristol Partner XVI, LLC	Real Estate	1,194,750	7	0.62%	879,500	7	0.65%
Santa Fe Storage, LLC	Real Estate	1,151,501	8	0.59%			
Energy Center Industrial, LLC	Real Estate	1,084,250	9	0.56%	1,143,501	5	0.85%
United Telephone Co of Eastern KS	Utilities	992,777	10	0.51%			
Martens Rentals, L.L.C.	Real Estate				1,453,621	3	1.08%
First Choice Properties, Inc	Real Estate				743,475	8	0.55%
Woodstone Apartments, L.P.	Real Estate				647,565	10	0.48%
C.L.S. Investment Company	Real Estate				1,254,075	4	0.93%
DJC Properties	Real Estate				939,034	6	0.70%
Fountain Gate Village, LLC.	Real Estate				668,531	9	0.50%
<b>Totals</b>		<b>\$ 17,433,859</b>		<b>8.99%</b>	<b>\$ 10,982,661</b>		<b>8.13%</b>

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, 2010 through December 31, 2019

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
2010	3,242,123	3,098,450	95.57%	136,592	3,235,042	99.78%
2011	4,079,766	3,924,028	96.18%	146,676	4,070,704	99.78%
2012	4,024,340	3,890,430	96.67%	125,730	4,016,140	99.80%
2013	4,026,866	3,968,415	98.55%	53,690	4,022,076	99.88%
2014	4,073,122	4,013,682	98.54%	55,899	4,069,529	99.91%
2015	4,063,242	3,997,901	98.39%	64,208	4,060,773	99.94%
2016	4,413,542	4,370,729	99.03%	33,498	4,402,553	99.75%
2017	3,357,036	3,319,439	98.88%	24,075	3,342,106	99.56%
2018	3,694,801	3,656,109	98.95%	(15,831)	3,661,913	99.11%
2019	4,006,379	3,970,824	99.11%	3,846	3,974,670	99.21%

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

For years ended December 31, 2010 through December 31, 2019

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
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%
2015	238,635	238,635	100.00%	-	238,635	100.00%
2016	136,471	136,471	100.00%	-	136,471	100.00%
2017	-	-	0.00%	-	-	0.00%
2018	-	-	0.00%	-	-	0.00%
2019	-	-	0.00%	-	-	0.00%

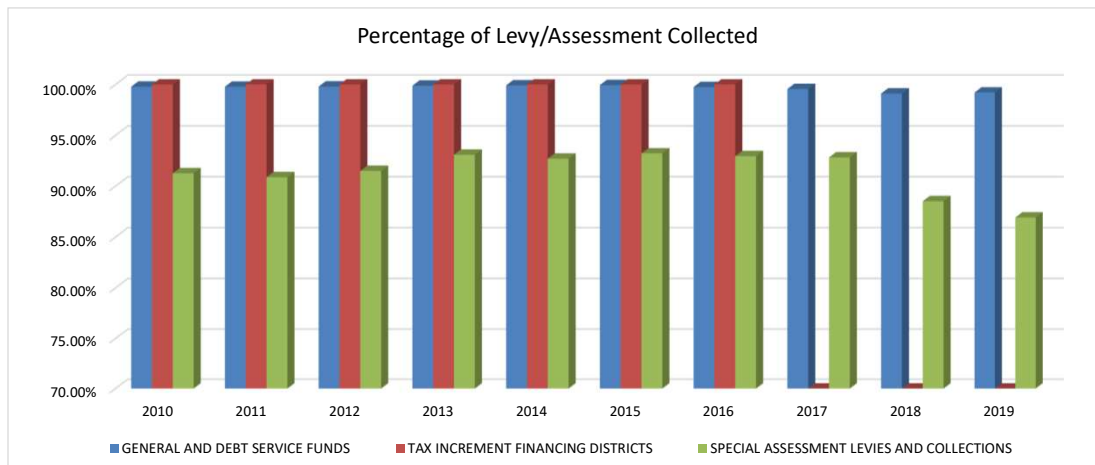
**SPECIAL ASSESSMENT LEVIES AND COLLECTIONS**

For years ended December 31, 2010 through December 31, 2019

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
2010	1,075,608	826,909	76.88%	154,797	981,705	91.27%
2011	1,047,190	811,689	77.51%	139,985	951,675	90.88%
2012	1,105,492	904,363	81.81%	107,159	1,011,522	91.50%
2013	1,341,397	1,068,469	79.65%	180,304	1,248,773	93.09%
2014	1,306,910	857,846	65.64%	353,748	1,211,593	92.71%
2015	1,389,393	1,028,131	74.00%	267,084	1,295,215	93.22%
2016	1,388,634	1,288,438	92.78%	2,319	1,290,756	92.95%
2017	1,344,450	1,225,138	91.13%	22,888	1,248,027	92.83%
2018	1,351,990	1,186,403	87.75%	26,612	1,196,826	88.52%
2019	1,260,509	1,093,669	86.76%	1,989	1,095,658	86.92%

(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



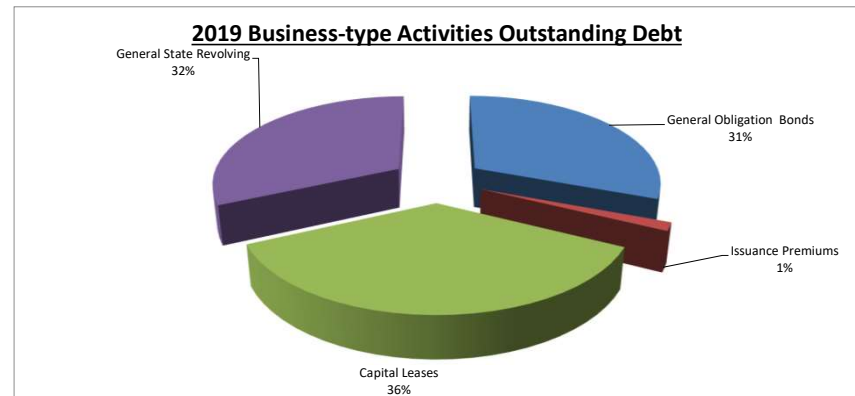
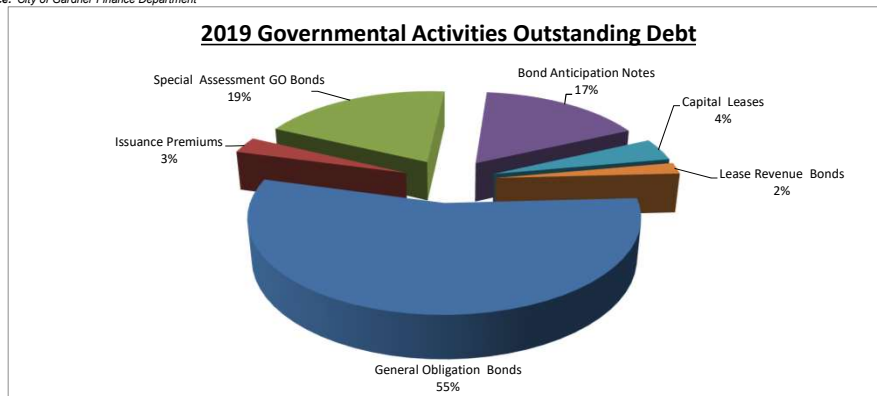
**City of Gardner, Kansas  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years**

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			
<sup>(b)</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
2015	9,310,684	332,742	12,215,000	475,000	-	226,113	244,290	2,330,000	18,049,316	1,108,699	-	-	11,590,158	55,882,002	9.68%	2,678
2016	9,216,264	345,252	12,805,000	-	-	792,116	67,609	2,015,000	15,398,736	859,776	-	-	10,890,162	52,389,915	8.12%	2,482
2017	9,786,170	492,721	14,012,500	-	-	611,000	-	1,670,000	12,231,330	699,751	-	-	10,321,146	49,824,618	6.30%	2,309
2018	23,398,487	1,314,814	11,592,500	-	-	1,765,000	-	1,295,000	9,039,013	545,189	-	10,750,645	9,738,473	69,439,121	8.31%	3,175
2019	24,400,000	1,310,866	8,570,000	-	7,365,000	1,800,000	-	900,000	8,845,000	428,989	-	10,418,367	9,141,842	73,180,064	9.36%	3,317

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

<sup>(b)</sup> In 2010, the Cities 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**

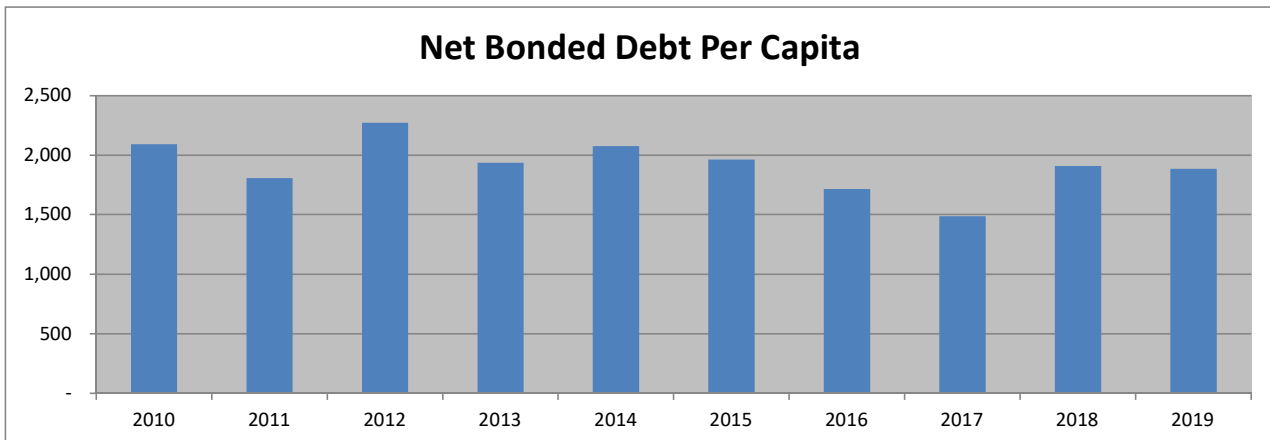
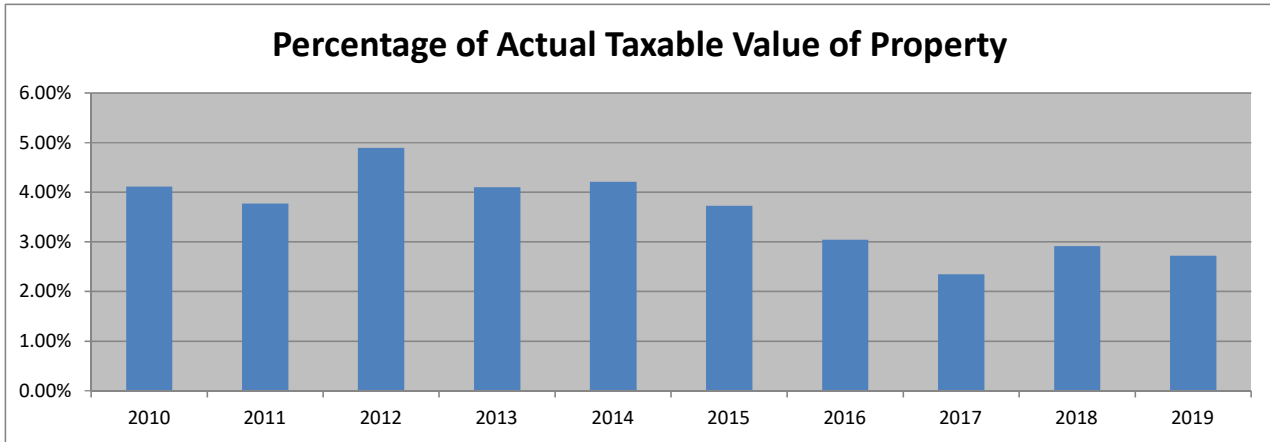
<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Issuance Premiums</b>	<b>Special Assessment GO Bonds</b>	<b>Less: Amounts Available in Debt Service Fund</b>	<b>Total</b>	<b>Percentage of Actual Taxable Value<sup>(a)</sup> of Property</b>	<b>Per Capita<sup>(b)</sup></b>
2010	30,355,000	150,908	9,605,000	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
2015	27,360,000	1,441,441	12,215,000	55,734	40,960,707	3.73%	1,963
2016	24,615,000	1,205,028	12,805,000	2,427,189	36,197,839	3.04%	1,715
2017	22,017,500	1,192,472	14,012,500	5,117,019	32,105,453	2.35%	1,488
2018	32,437,500	1,860,003	11,592,500	4,154,425	41,735,578	2.92%	1,908
2019	33,245,000	1,739,855	8,570,000	1,940,213	41,614,642	2.72%	1,886

**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, 2019**

<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	\$ 139,215,000	56.84%	\$ 79,133,234
Johnson County	18,473,577	1.80%	332,156
Johnson County Community College	51,710,000	1.80%	929,750
Johnson County Park and Recreation	30,740,000	1.80%	552,708
<b>Other</b>			
Johnson County: Public Building Commission	345,025,000	1.80%	<u>6,203,575</u>
Subtotal, overlapping debt			87,151,423
<b>City Direct Debt</b>			<u>44,345,866</u>
<b>Total direct and overlapping debt</b>			<u>\$ 131,497,289</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 Treasury and Financial Management and the City of Gardner Finance Department

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt Limit	\$ 44,909,263	\$ 44,334,725	\$ 44,524,646	\$ 44,867,292	\$ 47,105,324	\$ 50,654,924	\$ 54,443,006	\$ 59,663,274	\$ 64,350,457	\$ 68,190,386
Total net debt applicable to limit	14,841,700	15,147,850	19,631,650	13,584,740	15,085,450	14,197,925	15,602,174	13,783,024	26,568,798	33,054,021
Legal debt margin	\$ 30,067,563	\$ 29,186,875	\$ 24,892,996	\$ 31,282,552	\$ 32,019,874	\$ 36,456,999	\$ 38,840,832	\$ 45,880,250	\$ 37,781,659	\$ 35,136,365
Total net debt applicable to the limit as a percentage of debt limit	33.05%	34.17%	44.09%	30.28%	32.02%	28.03%	28.66%	23.10%	41.29%	48.47%

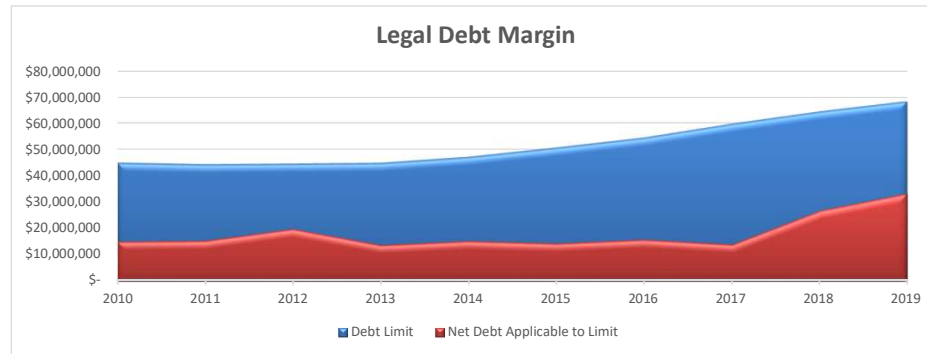
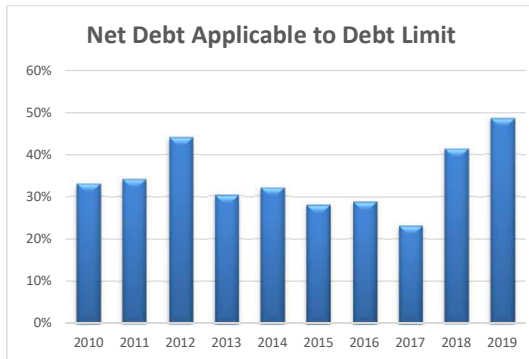
**Legal Debt Margin Calculation for Fiscal Year 2019**

Assessed value <sup>(a)</sup>	\$ 227,301,288
Debt limit (30% of assessed value) <sup>(b)</sup>	68,190,386
Debt applicable to limit:	
G.O. Bonds and Temporary Notes Outstanding	49,180,000
Less: Amount set aside for utilities, refunding, and revenue-supported bonds	<u>(16,125,979)</u>
Total net debt applicable to limit	<u>33,054,021</u>
Legal debt margin	<u>\$ 35,136,365</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>(4)</sup></b>	<b>Median Age <sup>(4)</sup></b>	<b>School Enrollment <sup>(3)</sup></b>	<b>Unemployment Rate <sup>(2)</sup></b>
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%
2015	20,868	577,104,540	27,655	31.9	5,858	2.9%
2016	21,110	639,907,430	30,313	31.9	6,041	3.1%
2017	21,583	790,952,201	36,647	32.3	6,116	2.9%
2018	21,871	835,865,878	38,218	32.3	6,121	3.0%
2019	22,065	781,498,170	35,418	31.9	6,174	2.5%

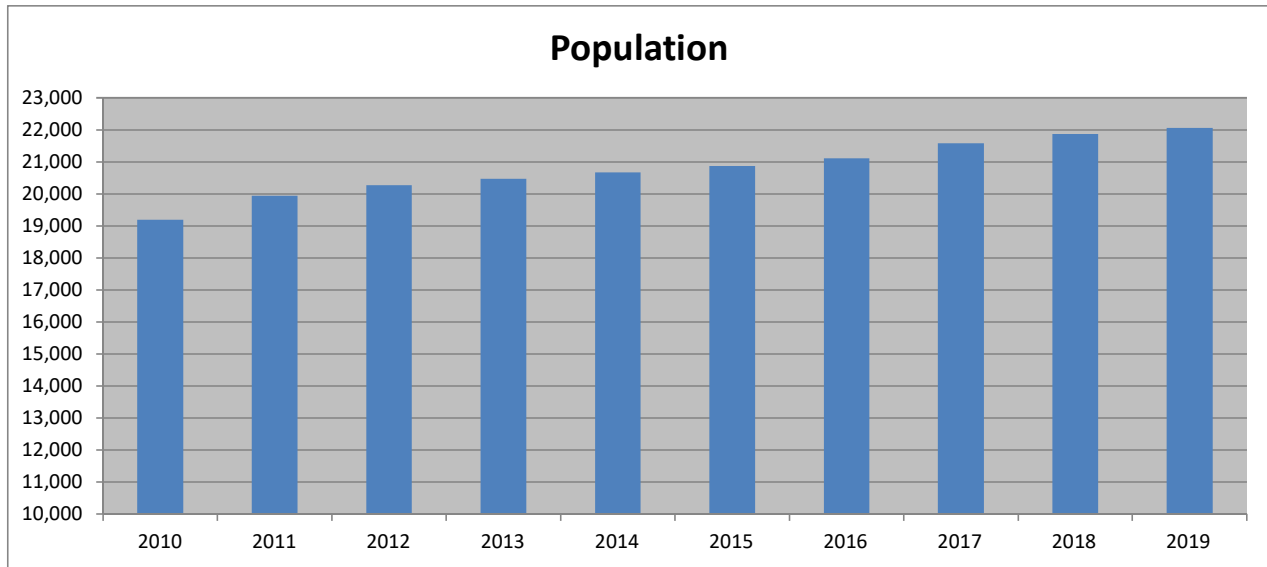
**Sources:** City of Gardner Finance Department and

<sup>(1)</sup> US Census Bureau estimate 2010-2018; worldpopulationreview.com 2019

<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

<sup>(4)</sup> Gardner Trade Area Profile. Provided by Southwest Johnson County Economic Development Corporation



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

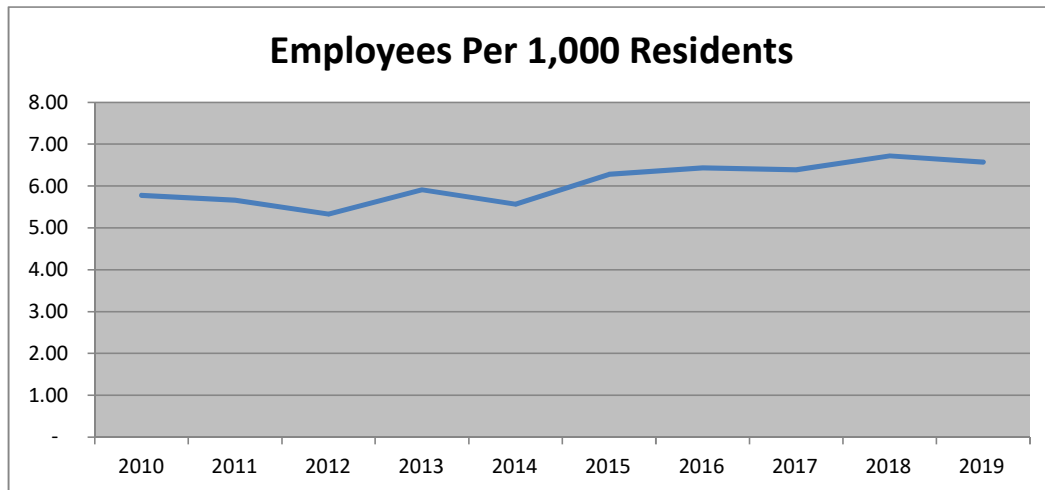
<b>Employer</b>	<b>2019</b>			<b>2010</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
Unified School District No. 231	926	1	24.32%	822	1	38.85%
Epic Landscape Productions	298	2	7.83%			
Walmart	225	3	5.91%	256	2	12.10%
Coleman	160	4	4.20%	200	3	9.45%
City of Gardner	150	5	3.94%	117	7	5.53%
Excelligence Learning Corp	150	6	3.94%			
Price Chopper	130	7	3.41%	120	5	5.67%
TradeNet Publishing	120	8	3.15%	120	6	5.67%
Meadowbrook Rehabilitation Hospital	113	9	2.97%	184	4	8.70%
D.O.T. Label, Inc. (ITW)	86	10	2.26%	34	10	1.61%
Medical Lodge of Gardner	83	11	2.18%	105	8	4.96%
Cramer Products, Inc.	24	12	0.63%	56	9	2.65%
Central Bank (Metcalf Bank)				20	11	0.95%
Gardner Bank				19	12	0.90%
Central National Bank				14	13	0.66%
Empire Plastics				6	14	0.28%
<b>Total</b>	<b>2,465</b>		<b>64.73%</b>	<b>2,073</b>		<b>97.97%</b>

*Source: City of Gardner Business and Economic Development Department*

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

<u>Function</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General government										
Administration	3	3	2	6	5	5	5	5	5	5
Human Resources/City Clerk	3	3	3	2	2	4	4	4	4	4
Information Systems	1	1	1	1	1	3	3	3	3	3
Finance										
Fiscal Services	4	4	4	5	5	7	7	7	7	7
Court	2	2	1	2	2	2	2	2	2	2
Utilities	8	8	8	8	8	9	9	9	9	9
Planning	1	1	1	3	3	5	5	5	5	5
Codes	2	2	1	3	3	3	2	2	3	3
Police										
Administration	5	5	4	5	3	5	6	7	7	7
Operations	23	22	22	23	24	28	28	27	30	30
Animal Control	1	1	1	1	1	1	1	1	1	1
Public Works										
Administration	5	5	5	4	2	2	2	2	2	2
Fleet	1	1	1	1	1	1	1	1	1	1
Engineering	4	4	4	4	4	5	5	5	5	5
Building Services	1	1	1	1	1	1	1	1	1	1
Streets & Line Maintenance	12	11	12	15	17	12	15	15	18	18
Electric	13	16	18	16	10	14	16	18	18	17
Water	5	5	4	5	6	6	6	6	6	6
Wastewater	5	5	5	5	6	6	6	6	6	6
Culture and Recreation										
Recreation Services	5	5	5	5	5	6	7	6	6	7
Park Maintenance	7	8	5	6	6	6	6	6	8	6
<b>Total</b>	<b>111</b>	<b>113</b>	<b>108</b>	<b>121</b>	<b>115</b>	<b>131</b>	<b>137</b>	<b>138</b>	<b>147</b>	<b>145</b>

Source: City of Gardner Human Resources Department





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

<b>Function</b>	<b>2010</b>	<b>2011<sup>(a)</sup></b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017<sup>(b)</sup></b>	<b>2018</b>	<b>2019</b>
General government <sup>(1)</sup>										
Building permits issued	503	570	578	534	607	594	744	852	889	1,155
Building inspections conducted	2,205	1,521	1,560	1,916	2,760	2,723	3,046	4,118	5,553	6,093
Police Department <sup>(2)</sup>										
Violations	2,087	3,732	2,908	3,251	3,056	3,426	4,252	4,389	4,008	5,054
Fire responses	331	113	343	415	235	186	188	227	234	242
Medical responses	825	622	1,052	1,114	904	1,048	1,001	1,064	1,112	1,056
Public Works <sup>(3)</sup>										
Street resurfacing (shown in linear feet)	1,100	13,610	270	3,453	2,420	-	29,276	100,320	100,320	72,225
Curb replacement (shown in linear feet)	-	315	260	2,575	1,945	648	16,310	10,441	28,140	13,868
Electric <sup>(4)</sup>										
Average daily consumption (in kWh)	364,150	354,075	360,000	357,700	370,924	371,929	386,687	373,025	372,086	404,619
Electric meters installed	129	94	53	85	93	66	112	80	161	234
Water <sup>(4)</sup>										
Average daily consumption (in thousands)	1,362	1,659	1,920	1,678	1,896	1,746	1,696	1,765	1,857	1,874
Water meters installed	88	94	53	85	93	66	178	107	253	190
Wastewater <sup>(4)</sup>										
Average daily sewage treatment (in thousands)	2,060	2,147	1,184	1,280	1,083	1,277	1,295	1,619	1,627	2,282
Culture and Recreation <sup>(5)</sup>										
Athletic Program Participants	4,462	5,133	5,205	4,838	4,894	5,085	4,758	4,691	3,820	2,556
Aquatic Admissions	89,163	78,102	84,313	64,636	66,179	65,301	71,627	64,403	71,111	58,971
Airport <sup>(6)</sup>										
Hangers	-	-	-	-	-	-	-	94	94	94
Aviation Fuel 100LL purchased (gallons)	-	-	-	-	-	-	-	18,500	14,000	19,626

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

**Note:** <sup>(b)</sup> In 2017, the City of Gardner acquired the Airport as a Department of the City.

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

<sup>(1)</sup> City of Gardner Business and Economic Development Department

<sup>(2)</sup> City of Gardner Police 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

<sup>(6)</sup> City of Gardner Public Works

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

<u>Function</u>	<u>2010<sup>(a)</sup></u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017<sup>(c)</sup></u>	<u>2018</u>	<u>2019</u>
Police <sup>(1)</sup>										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol/AC Units	13	16	16	16	16	16	19	20	20	20
Fire Fleet	-	-	-	-	-	-	-	-	-	-
Public Works <sup>(2)</sup>										
Streets (lane miles) <sup>(b)</sup>	99.33	108.7	108.7	109.61	109.61	191.00	192.00	192.60	194.35	203.00
Streetlights	1,139	1,214	1,214	1,264	1,264	1,750	1,750	1,750	1,759	1,423
Electric <sup>(3)</sup>										
Generators	2	2	2	2	2	2	2	2	2	2
Substations	3	3	3	3	3	3	3	3	3	3
Overhead lines (miles)	49.75	51.5	56.5	58.8	58.8	58.4	45.0	44.5	44.4	47.0
Underground lines (miles)	52.5	53.5	55.2	55.8	56.3	56.8	97.0	97.8	99.7	91.0
Water <sup>(3)</sup>										
Water mains (miles)	106.01	106.24	106.24	107.61	107.61	134.00	135.00	136.00	137.20	138.00
Treatment Plants	1	1	1	1	1	1	1	1	1	1
Wastewater <sup>(3)</sup>										
Sanitary sewers (miles) <sup>(d)</sup>	123.35	123.35	124.83	125.97	125.97	109.00	109.00	130.50	132.00	111.00
Storm sewers (miles) <sup>(e)</sup>	42.64	42.64	42.64	43.92	43.92	45.00	45.00	45.00	46.00	65.00
Treatment Plants <sup>(f)</sup>	1	1	1	1	1	1	1	1	1	1
Culture and Recreation <sup>(4)</sup>										
Acreage	332.24	339.95	339.95	341.95	341.95	341.95	341.95	341.95	341.95	341.95
Parks	13	13	13	13	13	13	13	13	13	13
Baseball/softball/soccer fields	14	14	14	14	14	14	14	14	14	14
Community Centers	1	1	1	1	1	1	1	1	1	1
Golf Course	1	1	1	1	1	1	1	1	1	1
Airport <sup>(5)</sup>										
Asphalt Runway (feet)	-	-	-	-	-	-	-	2,960	2,960	2,960
Turf Runways (feet)	-	-	-	-	-	-	-	5,394	5,394	5,394

Sources: City of Gardner Finance Department and

<sup>(1)</sup> City of Gardner Police 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> City of Gardner Public Works

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.

(b) In 2015, street miles reported was changed to street lane miles

(c) In 2017, the City of Gardner acquired the Airport as a Department of the City.

(d) In 2019, the City began reporting only active sanitary sewer lines

(e) In 2019, the City began including open concrete channels/ditches in the storm sewer miles

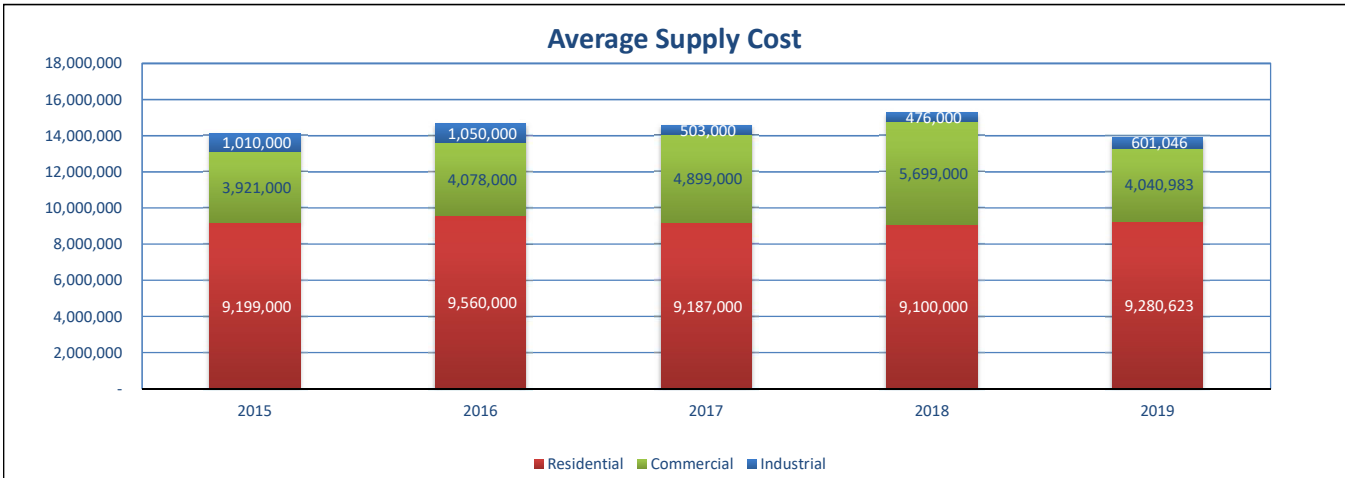
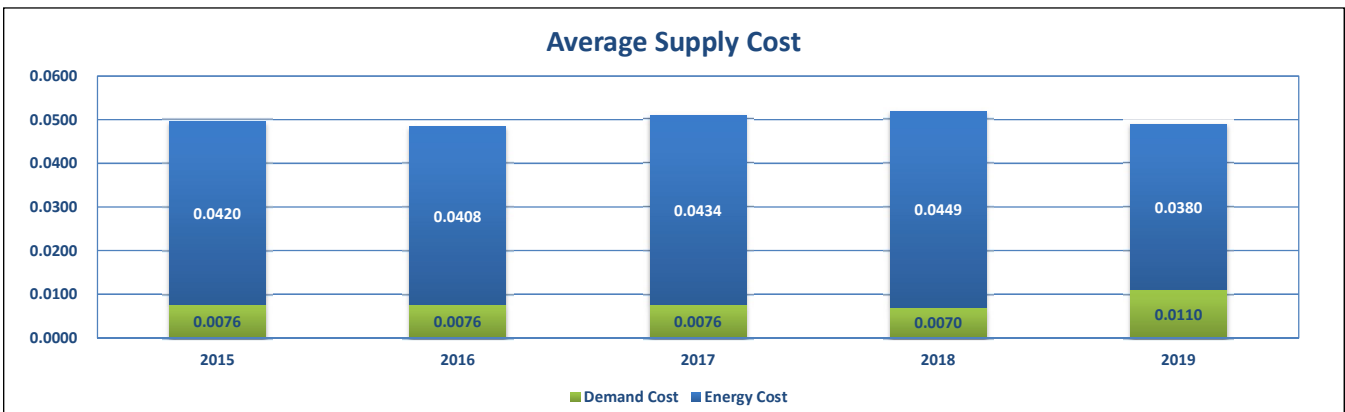
(f) In 2019, the City restated prior year figures for Wastewater Treatment plants from 3 to 1. In 2008, the City decommissioned the Interim Package Plant and the Bull Creek treatment plant

**City of Gardner, Kansas  
Electric Average Power Supply Cost Analysis per KWh and Customer Revenues  
Last Five Fiscal Years**

Fiscal Year	Average Supply Cost			Peak Load MW	Customer Revenues (a)		
	Demand Cost	Energy Cost	Total Cost		Residential	Commercial	Industrial
2015	0.0076	0.0420	0.0496	37.4	9,199,000	3,921,000	1,010,000
2016	0.0076	0.0408	0.0484	39.0	9,560,000	4,078,000	1,050,000
2017	0.0076	0.0434	0.0510	38.1	9,187,000	4,899,000	503,000
2018	0.0070	0.0449	0.0519	39.4	9,100,000	5,699,000	476,000
2019	0.0110	0.0380	0.0490	40.4	9,280,623	4,040,983	601,046

Source: City of Gardner Utility Department

Notes: (a) Customers Revenues may differ from the Operating Revenues as shown in the City's Financial statements due to certain Operating Revenues not being classified as Customer Revenues.



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

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The Honorable Mayor and City Council Members  
**City of Gardner, Kansas**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Gardner, Kansas (the City) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 1, 2020.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

June 1, 2020  
Wichita, Kansas