

CITY OF  
GARDNER  
KANSAS



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended  
December 31, 2011

CITY OF GARDNER, KANSAS

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COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

Prepared by:

Finance Department  
City of Gardner, Kansas

CITY OF GARDNER, KANSAS

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

Year Ended December 31, 2011

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION:	
Letter of Transmittal	i - vii
Organizational Chart	viii
List of Elected and Appointed Officials	ix
Certificate of Achievement for Excellence in Financial Reporting	x
FINANCIAL SECTION:	
Independent Auditor's Report	1 - 2
Management's Discussion and Analysis	3 - 16
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets	17
Statement of Activities	18
Fund Financial Statements:	
Balance Sheet – Governmental Funds	19
Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Assets	20
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	22

CITY OF GARDNER, KANSAS

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

Year Ended December 31, 2011

TABLE OF CONTENTS  
(Continued)

	<u>Page</u>
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	23
Statement of Net Assets – Proprietary Funds	24 - 25
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds	26 - 27
Statement of Cash Flows – Proprietary Funds	28 - 31
Statement of Fiduciary Net Assets – Fiduciary Fund	32
Notes to Basic Financial Statements	33 - 74
Required Supplementary Information:	
Schedule of Funding Progress – Health Insurance Postemployment Benefits	75
Other Supplementary Information:	
Combining Balance Sheet – Nonmajor Governmental Funds	76 - 77
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	78 - 79
Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:	
Law Enforcement Trust Fund	80
Park Sales Tax Fund	81
Special Alcohol/Drug Program Fund	82
Street Improvement Fund	83
Special Highway Fund	84
Special Parks and Recreation Fund	85
East Santa Fe TIF District	86
Economic Development Reserve Fund	87
Capital Improvement Reserve Fund	88
Debt Service Fund	89
Special Benefit Fee Fund	90
Park Improvement Reserve Fund	91

CITY OF GARDNER, KANSAS

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

Year Ended December 31, 2011

TABLE OF CONTENTS  
(Continued)

	<u>Page</u>
Combining Statement of Net Assets – Internal Service Funds	92
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets – Internal Service Funds	93
Combining Statement of Cash Flows – Internal Service Funds	94
Statement of Cash Flows – Airport Association Component Unit	95
Statement of Changes in Assets and Liabilities – Agency Fund	96
STATISTICAL SECTION (UNAUDITED):	97
Net Assets by Component	98
Changes in Net Assets	99
Fund Balances of Governmental Funds	100
Changes in Fund Balances, Governmental Funds	101
Utilities Produced, Consumed and Treated	102
Annual Electric and Water Meter Installations	103
Number of Electric, Water, and Wastewater Customers by Type	104
Electric, Water, and Wastewater Rates	105
Ten Largest Electric, Water, and Wastewater Customers	106
Assessed Value and Estimated Actual Value of Taxable Property	107
Direct and Overlapping Property Tax Rates	108
Principal Property Tax Payers	109
Property Tax Levies and Collections	110
Ratios of Outstanding Debt by Type	111
Ratios of General Bonded Debt Outstanding	112
Direct and Overlapping Governmental Activities Debt	113
Legal Debt Margin Information	114
Demographics and Economic Statistics	115
Principal Employers	116
Full-time Equivalent City Government Employees by Function	117
Operating Indicators by Function	118
Capital Asset Statistics by Function	119

CITY OF  
**GARDNER**  
KANSAS



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the fiscal year ended  
December 31, 2011**

**INTRODUCTORY SECTION**



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120 E. Main, Gardner, Kansas 66030 (913) 856-7535

FINANÇE

June 27, 2012

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

The Comprehensive Annual Financial Report (CAFR) of the City of Gardner (the City) for the fiscal year ended December 31, 2011 is hereby submitted. This is the eighth year that the City has prepared a CAFR, and staff has submitted this CAFR for a Certificate of Achievement for Excellence in Financial Reporting with the Government Finance Officers Association of the United States and Canada (GFOA). The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report that conforms to program standards. The CAFR must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. A Certificate of Achievement is valid for one year only. We believe this report conforms to the Certificate of Achievement program requirements.

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

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

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

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

Kansas Statutes Annotated 75-1122 requires an annual audit of the accounts, financial records, and transactions of all administrative departments of the City by independent certified public accountants. The accounting firm of Berberich Trahan & Co., P.A. 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 complement this letter of transmittal and should be read in conjunction with it.

### **Profile of the Government**

The City of Gardner was established on March 16, 1858 and came under the jurisdiction of the State of Kansas in 1861. The City was incorporated as a Municipal Corporation of the third class in January 1887 and as a Municipal Corporation of the second class in December 2002. The City is located in Johnson County, Kansas, along Interstate 35, about 30 miles southwest of downtown Kansas City, Missouri. Johnson County, Kansas is considered to be one of the top growth areas in the state, and one of the top growth areas in the country. The 2010 census shows that Johnson County overtook Sedgwick County as the largest county in Kansas. Because of Gardner's location on the edge of the Kansas City metropolitan area, it serves as a suburban rural living area for individuals employed in the metropolitan area and also continues to serve the surrounding rural agricultural community.

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

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

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

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

### **Economic Condition and Outlook**

In the past decade, Gardner has experienced considerable growth with the 2010 Census reflecting a population of 19,120. With its location on Interstate 35 and on a major rail transit route, and adjacent to New Century AirCenter - a premier multi-modal business park - as well as being adjacent to the anticipated BNSF Intermodal facility, the City benefits from access to a unique combination of interstate, air and rail infrastructure.

In 2011, the City annexed an additional 40 acres of land for the construction of a new combined middle and elementary school campus for Unified School District No. 231. Currently, Gardner is approximately 10.18 square miles in size. The City installed .19 miles of new streets, .23 miles of water lines, and 1.75 miles of new overhead and 1 mile of new underground electric distribution and transmission lines.

In 2010, the City experienced one of its highest levels of building permits since 2006; however, 2011 did not reflect the same progression as the struggle continued with the national downturn in new home construction. Gardner experienced housing construction activity in six subdivisions. The number of building permits for single-family home construction decreased from 76 in 2010 to 40 in 2011, and multi-family unit construction decreased from 168 in 2010 to 48 in 2011.

The City welcomed an estimated 897 new residents to the community or about 2.5 new neighbors a day on average. There are over 20,000 people who now call Gardner home. This is a 24% increase from six years ago, where the number of Gardner citizens was about 16,199.

Even with a decrease in City assessed valuation of .9% from 2010 to 2011, the City still experienced assessed valuation growth of 37% since 2006 and 138% since 2002. Wealth levels and housing values exceed state averages, and Johnson County's 2011 unemployment rate at 5.4% was lower than the state's rate of 6.7%, and far less than the national unemployment rate of 8.5%.

In light of the regional and national economic downturn, Gardner has experienced significant revenue shortfalls the past few years caused by simultaneously declining building permits and property sales tax. However, in 2011, an unbudgeted \$200,000 surplus was reported in sales tax revenue. This aided in the governing body's decision to extend a cost-of-living-adjustment to City employees in 2012. This wage adjustment comes as the first adjustment provided to employees since a wage freeze was implemented in 2009. City management continues to utilize prudent management practices by limiting capital improvement projects and extending a hiring freeze initiated in 2008.

As a result of management's due diligence, reports reflect healthy financial operations for the City. The City currently holds a Moody's debt rating of Aa3. In a bond rating report prepared by Moody's in March of 2012, Moody's wrote that rapid growth was slowing in Johnson County causing recent declines in valuation. Despite recent declines in valuations, Gardner's tax base is expected to remain relatively stable due to its location in southern Johnson County. In addition, Moody's noted Gardner's medium sized \$983 million tax base has grown at a rapid pace during the past decade. Moody's explained in their report that although overall growth has slowed, continued commercial growth is expected because BNSF Railway Company is currently constructing a 1,000 acre intermodal and warehousing facility in the neighboring city of Edgerton. Although the facility is not in the Gardner city limits, the entire region is expected to benefit from the additional jobs that will be created when the industrial park is completed.

Aside from the economic downturn challenges, the City of Gardner continues to be a prosperous community. Gardner possesses excellent schools, affordable housing, sound management and governing body leadership, and a strong community spirit. With each of these attributes, Gardner is certain to prevail even in these times of economic turbulence.

### **2011 Major Initiatives**

Despite the aforementioned challenges, the City was able to focus on numerous improvement projects. The City started construction of the Moonlight Road project in late 2009 and is steadily working toward completion. A significant amount of the project was completed in 2011. The project widens approximately a mile-long section of Moonlight Road from two lanes to four lanes from 167th Street to Warren including associated storm sewer improvements, a 10-foot wide pedestrian/bike trail, street lighting, landscaping and also includes major improvements to the City's largest intersection at Moonlight and US Highway 56 including the implementation of a "quiet zone" railroad crossing. The project is anticipated to be completed in 2012.

Funding was approved for the improvement of one of the City's busiest intersections at Center Street and Main Street. The project funding will be shared between the Kansas Department of Transportation and the City of Gardner. The concept plan for the intersection was developed in the US-56 Corridor Study and is intended to enhance safety as well as increase traffic capacity. Construction is anticipated to begin in early 2013. Engineer selection began in the beginning of 2011.

Construction on 183<sup>rd</sup> Street improvements began in August of 2011 and was substantially completed by October. The project included pavement reconstruction and ditch grading improvements for the western half-mile, and a 2-inch pavement overlay and drainage improvements for the eastern half-mile. A 10-foot wide concrete sidewalk was also constructed on the north side of the road from Gardner Road east to Maple Street as well as restore area grasslands to original conditions. The project was funded by the Johnson County Community Development Grant, Johnson County CARS program, and the City of Gardner.

Johnson County completed the installation of an asphalt surface on 159th Street from Gardner Road to Celebration Park. This was a cooperative venture between the City of Gardner and Johnson County.

Street repairs in the Pumpkin Ridge Subdivision were completed in October 2011. The work consisted of full depth pavement repair and resurfacing on Pumpkin Ridge between Moonlight Road and Stone Creek Drive and the Witch Hollow Cul-de-sac west of Creekside Drive.

In June, the City's contractor began work to paint the interior of the downtown standpipe (the above-ground water storage facility at Sycamore and Shawnee Streets) and repair the structural supports for the roof of the tank. The repairs and painting were completed in early August, and final work was completed in November on the tank by replacing the ladder and safety devices to meet current safety standards. Additionally, the 183<sup>rd</sup> Street water tower was primed, painted, and repaired.

In addition to the street and other improvements projects in 2011, the City partnered with the Climate and Energy Project and the Kansas Office of Energy to enlist the residents of Gardner to save energy with the Take Charge Challenge. This was a friendly challenge between the cities of Gardner, Ottawa, Paola and Baldwin City from January 1 through October 2011. The challenge was funded by a grant provided by the Kansas Corporation Commission, by means of funds provided by the American Recovery and Reinvestment Act through the Department of Energy. Although a sufficient effort was extended by the residents, in the end Gardner conceded to the City of Baldwin City. An additional grant funded by American Recovery and Reinvestment Act helped the City install nearly 200 new energy efficient street light fixtures.

In an effort to stay abreast with the social media communication network, the City unveiled its Facebook and Twitter accounts. The venture was an effort to share updates and communications in a timely manner and on a regular basis with the residents.

### **Future/Planned Initiatives**

As a result of the continued slow growth of the economy, future capital projects are minimal. However, with the BNSF Intermodal facility under construction in the neighboring city of Edgerton, City officials expect an increase in commercial activity.

As aforementioned, the City of Gardner will receive a grant from the Kansas Department of Transportation (KDOT) Corridor Management Program for funding the construction of the Main Street and Center Street Intersection improvements project. Construction will include the addition of east-west turn lanes on US 56, right turn lanes on Center Street, traffic signal modification, traffic control, pavement markings, and associated site improvements. The grant will pay for one-hundred percent of the total actual cost of construction for a maximum of \$870,000. The City will be responsible for funding engineering, right-of-way acquisition, utility adjustments, and construction engineering. The project is anticipated to begin early 2013.

At the petition of Unified School District No. 231 (Gardner-Edgerton), the City created the USD 231 School Campus Benefit District to install street, water distribution, and sanitary sewer collection infrastructure to serve the site of the new elementary and middle school campus. The City and the USD 231 district will each fund fifty percent of the cost of the benefit district. A description of the improvements included in the benefit district follows:

Grand Street will be constructed as a collector roadway between its current terminations east of Center Street to Cedar Street. The project will include geometric improvements at the existing intersections of Grand Street with both Center Street and Moonlight Road. The work will include a traffic signal at the intersection of Moonlight Road and, if warranted, a traffic signal at Center Street. It is estimated that costs will be \$4,062,000 with the City's maximum share, exclusive of finance and issuance cost, to be \$2,031,000.

The sanitary sewer connection will include a new 10-inch/12-inch sanitary sewer to connect the School campus and the City's sanitary sewer. The estimated cost of the connection is \$484,000 with the City's maximum share, exclusive of finance and issuance cost, to be \$242,000.

The Waterline will be constructed to provide adequate service to the School campus with an estimated cost of \$256,000 with the City's maximum share, exclusive of finance and issuance cost, to be \$128,000.

In addition to the infrastructure to be constructed as part of the USD 231 benefit district, there must also be capacity improvements to the existing sanitary sewer system in order to serve the new school campus. The City is accelerating the planned White Drive Sanitary Sewer project to replace the sewer main between the BNSF railway tracks and approximately Washington Street and Brookside Park; the project is approximately \$1.3 million and will be funded by general obligation bonds.

In early 2012, the City agreed to partner with the neighboring City of Edgerton to construct a wastewater treatment plant in the Bull Creek basin. The treatment plant will be owned and operated by the City of Edgerton. The City of Gardner will provide funding for enhancements to the plant that are needed to benefit Gardner. The construction of this wastewater treatment plant will enable the City to delay the significantly larger cost to expand the City's existing Kill Creek Wastewater Treatment Plant. Added benefits of partnering with Edgerton in the construction of this treatment plant also include reducing the peak load on the South lift station, reducing or delaying planned expansions to the Bull Creek lift station, and opening the southwestern portion of Gardner for development. The estimated cost to the City for this joint project is \$9,000,000. The project will be funded by a KDHE revolving loan.

### **Financial Planning**

The City expects 2012-2016 to be difficult years due to continued revenue shortfalls resulting from the struggling economy. While the economy will affect revenue growth, current conditions cannot be assumed to be long term trends since historically such economic trends do not continue indefinitely. Neither can we be too optimistic about the future since we run the risk of creating unreasonable expectations.

In the City's main fund for services, the General Fund – which covers Parks and Recreation, Public Works, Finance, Community Development, and the Police and Administration departments – the 2012 budgeted expenditures increased 5% more than the 2011 budget. The 2012 budget includes a 3% cost of living adjustment for its hard working and devoted employees. This accounts for the bulk of the increase. Previously, 2011 expenditures were reduced 5% from 2010, 2010 expenditures were reduced 7% from 2009, and 2009 expenditures had been reduced 7% from 2008.

Property tax revenues are assumed to slowly increase in the General Fund, with 2013-2016 showing a slow, steady projected increase in 1% increments from 1% to 4% increase in valuation. However, there is a significant gap in revenues to expenditures that is projected to reduce fund balance below the City's financial policy of 25% for 2015-2016. Always mindful of future projections, management has begun identifying ways to mitigate the projected shortfalls and will take action if necessary.

In 2011, the City dissolved its Public Safety department (combined police and fire services) and began contracting for fire services with Johnson County Fire District No. 1; the City continues to provide police services to its citizens.

As part of the service agreement with the fire district, the fire district acquired the debt for the City's recently constructed Fire Station No. 2. As the debt payment for Fire Station No. 2 was equivalent to 1.5 mills, the funds in the Bond and Interest Fund that were to pay for the Fire Station debt were transferred to the General Fund to pay for contractual fire services. The 2012 budget reflected the 1.5 mill increase to the General Fund and a corresponding decrease of 1.5 mills in the Bond & Interest Fund; the net effect to the taxpayers was zero as the total mill levy remained constant.

From double-digit increases in valuation due to new construction and sales tax growth, to negative growth in sales tax and a -1% increase in property tax, the funds of the City have been struggling to manage this unprecedented drop in revenues and unprecedented slow recovery. But due to sound financial management, fund balances have been adequate enough to retain the City's Aa3 Moody's credit rating while providing good services to citizens, as indicated by the results of the City's biannual Citizen Satisfaction Survey.

The City continues to assess its utility rates in relation to current and future costs. In recent years, the City had to start transferring money from operating revenues to debt service to cover declining growth-related revenues caused by the significant decrease in new construction. Consequently, the water line replacement program has been curtailed until 2015. However, the 2013 budget does include \$1,934,300 for Capital Improvements. The Water Fund assumes between a 1-8% rate increase per year from 2012-2016. The Wastewater Fund is in a similar situation; line replacements are curtailed until 2016. The Wastewater Fund assumes a 4-11% increase per year from 2012-2016.

In the City's other funds, there are also significant impacts especially related to capital improvements. There are no park capital projects planned, as monies designated for park improvements are being used to offset inadequate sales tax revenue used for debt payments for Celebration Park and the Aquatic Center. Most future capital projects have been reduced or delayed until such time as funds become available. There are very limited dollars for road maintenance and much of the available money is needed to cover the City's share of the aforementioned grant-funded projects.

The City Council will again face tough decisions regarding how to fund services as it faces the 2013 budget process. In addition to the elimination or delay of infrastructure improvements and likely future utility rate increases, other discussion will occur regarding employee position reclassification and compensation and changes to the City's health insurance options.

Acknowledgements

The preparation of this report could not have been accomplished without the support and cooperation of the Governing Body, Administration, other City departments, external auditors, and the efficient, dedicated efforts of the entire staff of the Accounting Department. A significant amount of information provided in this letter was gleaned from City newsletters prepared by then Interim City Administrator Melissa Mundt. In addition, Tom Riederer of the Southwest Johnson County Economic Development Corporation significantly contributed to the Statistical section of this document. Credit must be given to the Governing Body for their support in maintaining the highest standards of professionalism in the management of Gardner's finances.

Sincerely,



Michael B. Press  
Interim City Administrator

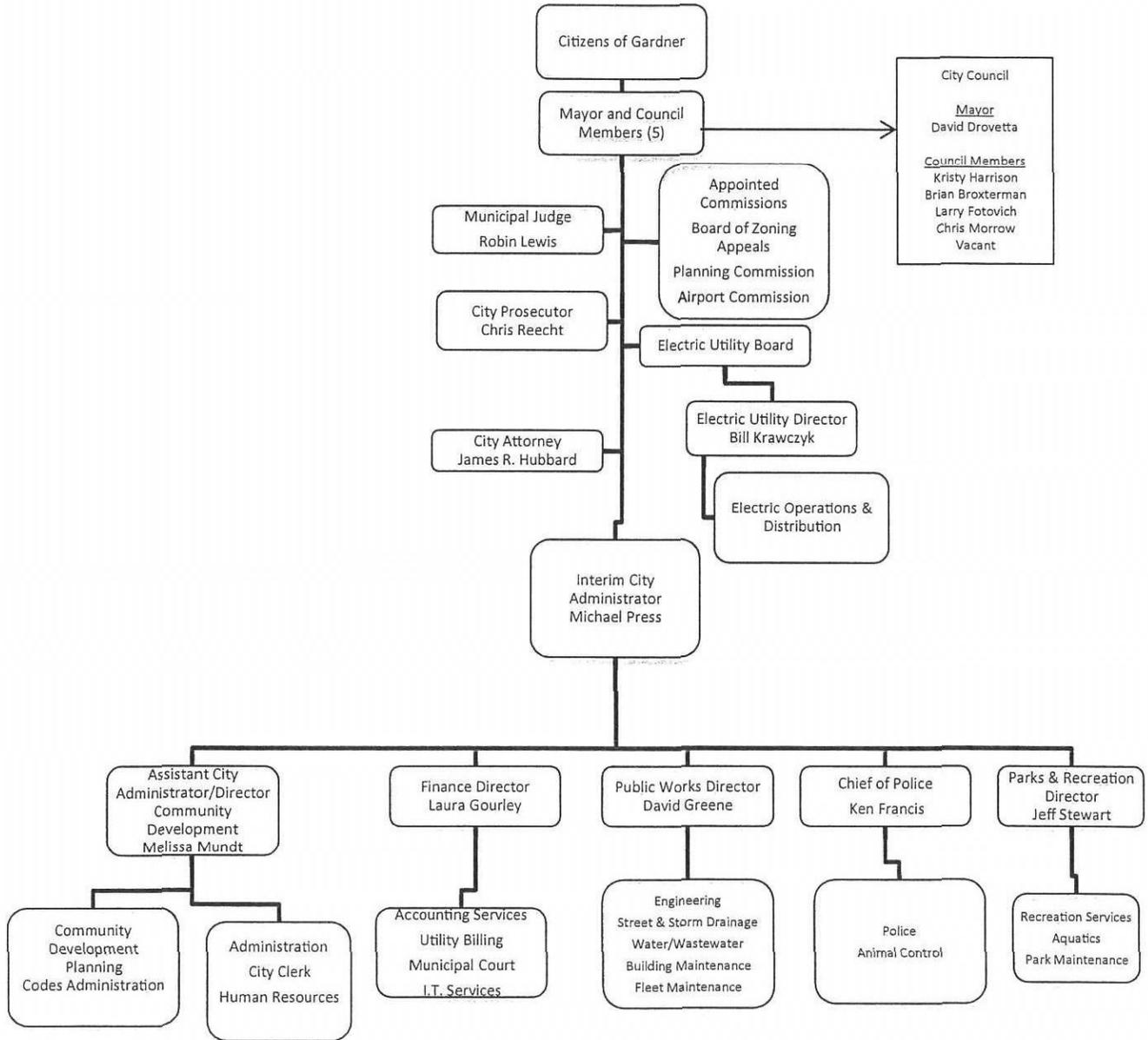


Laura Gourley  
Finance Director

CITY OF GARDNER, KANSAS

ORGANIZATIONAL CHART

December 31, 2011



City of Gardner, Kansas  
List of Elected and Appointed Officials  
December 31, 2011

Elected Officials

		<u>Term of Office</u>
Mayor	David Drovetta	2009-2013
Council President	Kristy Harrison	2010-2013
Council Vice President	Brian Broxterman	2010-2013
Councilmember	Larry Fotovich	2011-2015
Councilmember	Chris Morrow	2011-2015
Councilmember	Vacant	

Appointed Officials

Interim City Administrator	Michael Press
Assistant City Administrator/Community Development Director	Melissa Mundt
Municipal Judge	Robin Lewis
City Prosecutor	Chris Reece
City Attorney	James R. Hubbard
Finance Director	Laura Gourley
Public Works Director	David Greene
Public Safety Director	Ken Francis
Parks and Recreation Director	Jeff Stewart

# 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, 2010

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



*Linda C. Dawson*

President

*Jeffrey R. Evers*

Executive Director

CITY OF  
**GARDNER**  
KANSAS



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For the fiscal year ended  
December 31, 2011

**FINANCIAL SECTION**

**FINANCIAL SECTION**



BERBERICH TRAHAN & CO., P.A.  
Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor, City Administrator  
and City Council  
City of Gardner, Kansas:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Gardner, Kansas (the City) as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Gardner, Kansas, as of December 31, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, on January 1, 2011, the City changed its method of accounting to adopt Government Accounting Standards Board Statement No. 54: Fund Balance Reporting and Governmental Fund Type Definitions.

BERBERICH TRAHAN & CO., P.A. 3630 SW Burlingame Rd., Topeka, KS 66611-2050 t 785-234-3427 toll-free 800-530-5526 f 785-233-1768 btandco.com

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 16 and the Schedule of Funding Progress on page 75 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.

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 nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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 it.

*Berberich Trahan & Co., P.A.*

June 27, 2012

## 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, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

### FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of 2011 by \$98,357,010 (*net assets*). Of this amount, \$13,582,090 (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$5,450,290 from the prior year.
- As of the close of 2011, the City's governmental funds reported combined ending fund balances of \$7,230,516. Approximately 60 percent of this total amount, \$4,321,492, is unassigned fund balance available for spending at the City's discretion.
- At close of the current fiscal year, the unassigned fund balance for the general fund was \$4,321,492 or 49% of the total general fund revenues of \$8,822,899.
- The City's total long-term debt decreased by \$6,112,096 during the fiscal year. A combination of aggressive debt retirement and few new projects contributed to the decrease.

### 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 nonmajor 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 Assets* reports all of the City's assets and liabilities. Net assets, the difference between assets and liabilities, are an important measure of the City's overall financial health. Over time, the increases and decreases in net assets can be monitored to determine whether the City's financial position is improving or deteriorating.

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

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

## ***Fund Financial Statements***

The City uses three types of funds to manage its resources: Governmental Funds, Proprietary Funds, and Fiduciary Funds. A fund is a fiscal entity with a set of self-balancing accounts recording financial resources, together with all related liabilities and equity, and the changes therein. These accounting entities 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 13 individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, debt service fund and capital projects fund, all of which are considered to be major funds. Data from the other 10 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

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

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

### ***Other Information***

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

## ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS

### *Analysis of Net Assets*

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities (net assets) by \$98,357,010 at the close of 2011. The City's net assets increased by \$5,450,290 from the prior year, with governmental activities accounting for \$3,893,475 of the increase, and business-type activities accounting for \$1,556,815 of the increase.

#### City of Gardner, Kansas Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$25,409,661	\$25,488,047	\$11,070,695	\$11,211,796	\$36,480,356	\$36,699,843
Capital assets	55,123,626	54,347,647	87,576,071	90,016,682	142,699,697	144,364,329
Total assets	80,533,287	79,835,694	98,646,766	101,228,478	179,180,053	181,064,172
Long-term liabilities	35,329,165	33,107,526	39,382,734	43,730,341	74,711,899	76,837,867
Other liabilities	4,413,881	9,831,402	1,697,263	1,488,183	6,111,144	11,319,585
Total liabilities	39,743,046	42,938,928	41,079,997	45,218,524	80,823,043	88,157,452
Net assets:						
Invested in capital assets, net of related debt	20,316,915	17,247,111	48,330,111	46,462,027	68,647,026	63,709,138
Restricted for:						
Debt service	13,873,779	12,728,810	-	-	13,873,779	12,728,810
Capital projects	698,492	428,182	-	-	698,492	428,182
Street improvements	1,335,404	2,260,553	-	-	1,335,404	2,260,553
Economic development	145,918	199,522	-	-	145,918	199,522
Other purposes	74,301	428,490	-	-	74,301	428,490
Unrestricted	4,345,432	3,604,098	9,236,658	9,547,927	13,582,090	13,152,025
Total net assets	\$40,790,241	\$36,896,766	\$57,566,769	\$56,009,954	\$98,357,010	\$92,906,720

The largest portion of the City's net assets (69 %) reflects its investment of \$68,647,026 in capital assets (e.g., land, buildings, infrastructure, construction in progress, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these are not available for future spending.

An additional \$16,127,894 of the City's net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of the net assets of \$13,582,090 (\$4,345,432 governmental activities and \$9,236,658 business-type activities) is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

## Analysis of Changes in Net Assets

As stated earlier, the City's net assets increased by \$5,450,290 during the 2011 fiscal year. The following table reflects the revenues and expenses for the City's activities for the year ended December 31, 2011, and illustrates the comparison between 2011 and the prior year:

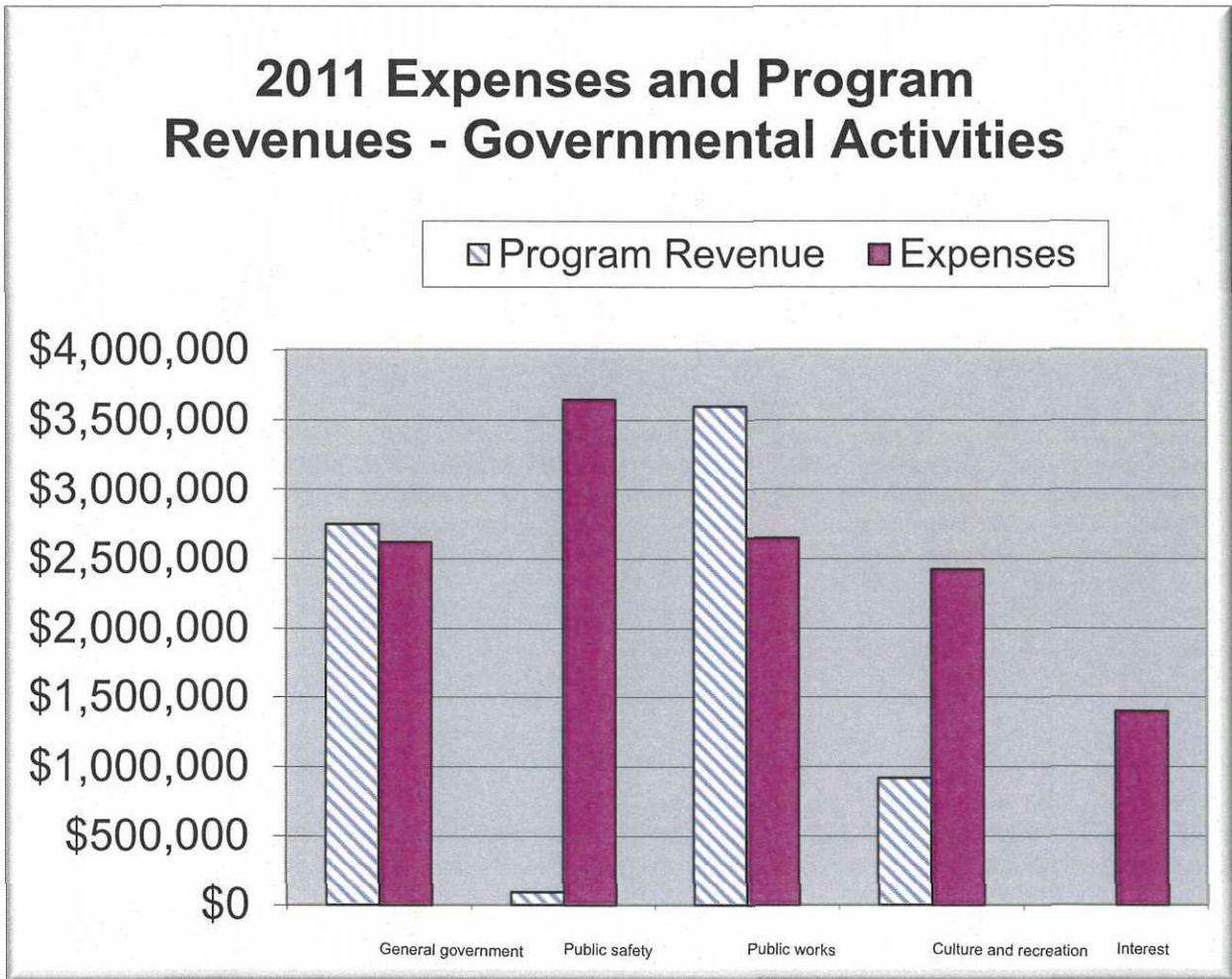
City of Gardner, Kansas Changes in Net Assets						
	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>Revenues:</b>						
Program Revenues:						
Charges for services	\$1,451,742	\$1,482,965	\$21,305,599	\$22,327,315	\$22,757,341	\$23,810,280
Operating grants and contributions	2,789,802	2,579,475	-	-	2,789,802	2,579,475
Capital grants and contributions	3,113,818	5,400,696	100,187	78,263	3,214,005	5,478,959
General Revenues:						
Property taxes	4,675,379	3,798,207	-	-	4,675,379	3,798,207
Sales taxes	2,999,426	2,821,088	-	-	2,999,426	2,821,088
Franchise taxes	365,435	380,715	-	-	365,435	380,715
Excise taxes	53,434	95,710	-	-	53,434	95,710
Transient guest tax	29,764	29,338	-	-	29,764	29,338
Other	-	3	10,525	37,070	10,525	37,073
Unrestricted Investment earnings	32,136	49,690	31,421	38,020	63,557	87,710
Gain on sale of assets	136,232	2,095	-	-	136,232	2,095
<b>Total Revenue</b>	<b>15,647,168</b>	<b>16,639,982</b>	<b>21,447,732</b>	<b>22,480,668</b>	<b>37,094,900</b>	<b>39,120,650</b>
<b>Expenses:</b>						
General government	2,620,535	2,822,418	-	-	2,620,535	2,822,418
Public safety	3,647,573	3,565,455	-	-	3,647,573	3,565,455
Public works	2,650,257	2,614,530	-	-	2,650,257	2,614,530
Culture and recreation	2,424,862	2,211,773	-	-	2,424,862	2,211,773
Interest on long-term debt	1,397,634	1,742,427	-	-	1,397,634	1,742,427
Electric	-	-	12,052,825	11,572,594	12,052,825	11,572,594
Water	-	-	3,235,397	2,952,669	3,235,397	2,952,669
Wastewater	-	-	3,590,360	3,661,411	3,590,360	3,661,411
Stormwater	-	-	25,167	71,086	25,167	71,086
<b>Total Expenses</b>	<b>12,740,861</b>	<b>12,956,603</b>	<b>18,903,749</b>	<b>18,257,760</b>	<b>31,644,610</b>	<b>31,214,363</b>
Increase in net assets						
before transfers	2,906,307	3,683,379	2,543,983	4,222,908	5,450,290	7,906,287
Transfers	987,168	1,003,312	(987,168)	(1,003,312)	-	-
Increase in net assets	3,893,475	4,686,691	1,556,815	3,219,596	5,450,290	7,906,287
Net assets, Jan 1	36,896,766	32,210,075	56,009,954	52,790,358	92,906,720	85,000,433
<b>Net assets, Dec 31</b>	<b>\$40,790,241</b>	<b>\$36,896,766</b>	<b>\$57,566,769</b>	<b>\$56,009,954</b>	<b>\$98,357,010</b>	<b>\$92,906,720</b>

### Governmental Activities

Governmental revenues decreased by \$992,814 from the prior year. The key component of this decrease was a decrease of \$2,286,878 in capital grants and contributions compared to the prior year. Grant funding for several capital projects slowed as those projects near completion. This decrease was offset by increases in property taxes of \$877,172. Although property tax values decreased in 2011, the City's 2011 budget included a 6.5 mill rate increase which increased property tax revenues. Sales tax revenues from the County, as well as the City's, have increased \$460,097 due to a stabilizing economy.

Total governmental expenses decreased by \$215,742 from the prior year. A combination of few new projects, continued fiscal restraint of spending and salary freezes implemented in 2009 all contributed to the decrease.

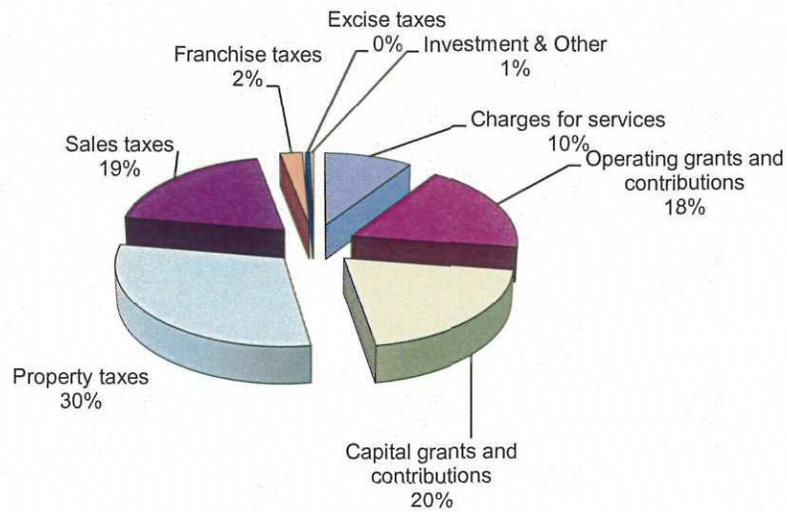
The chart below illustrates how the City's various governmental activities program revenues vs. program expenses fared in 2011.



General government program revenues include the amount of building permit and related inspection fees, special assessment mowing, miscellaneous airport revenue, as well as fines and forfeitures collected by the Municipal Court department during the year.

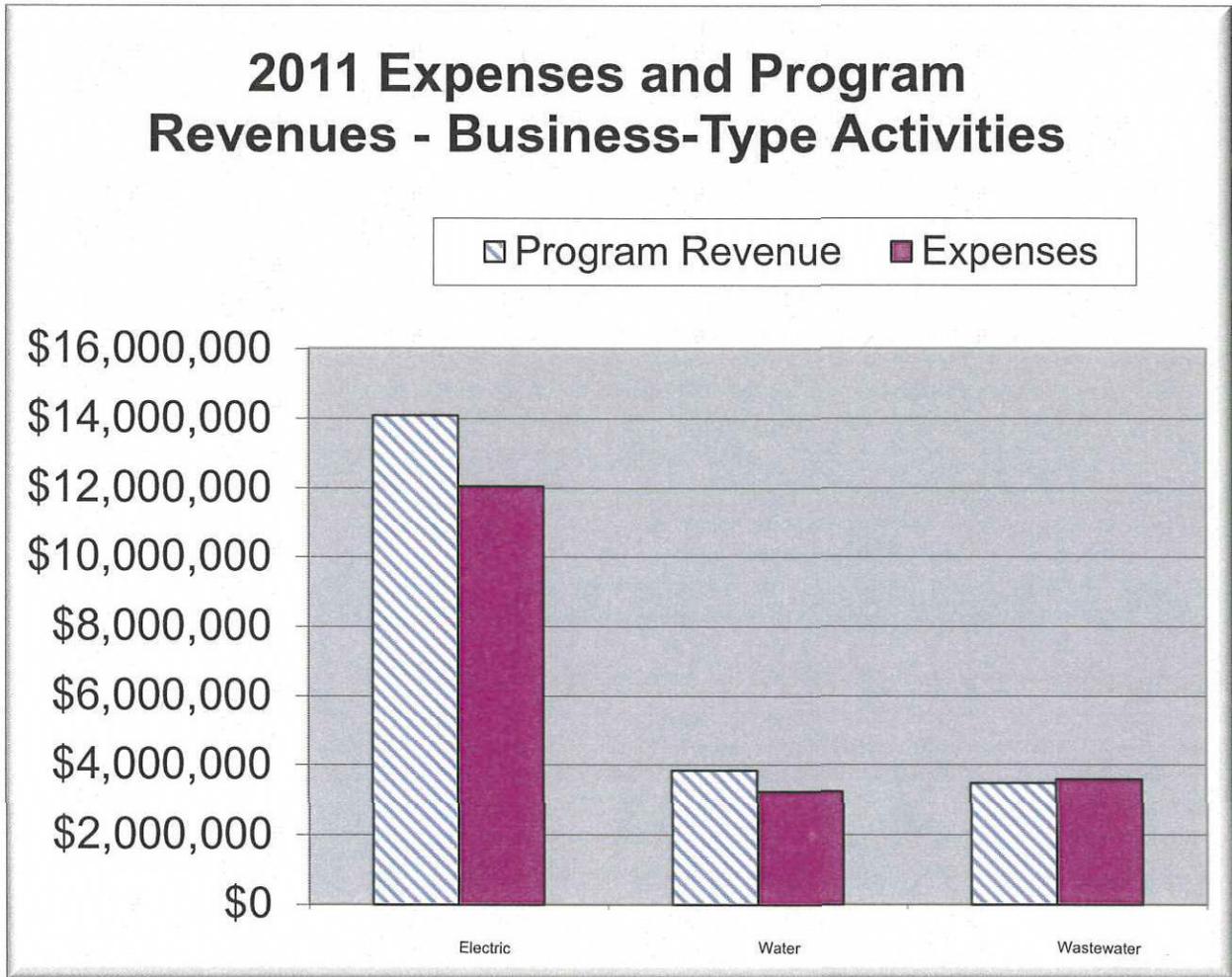
Overall program and general revenues for the City's governmental activities are:

## Revenues by Source - Governmental Activities

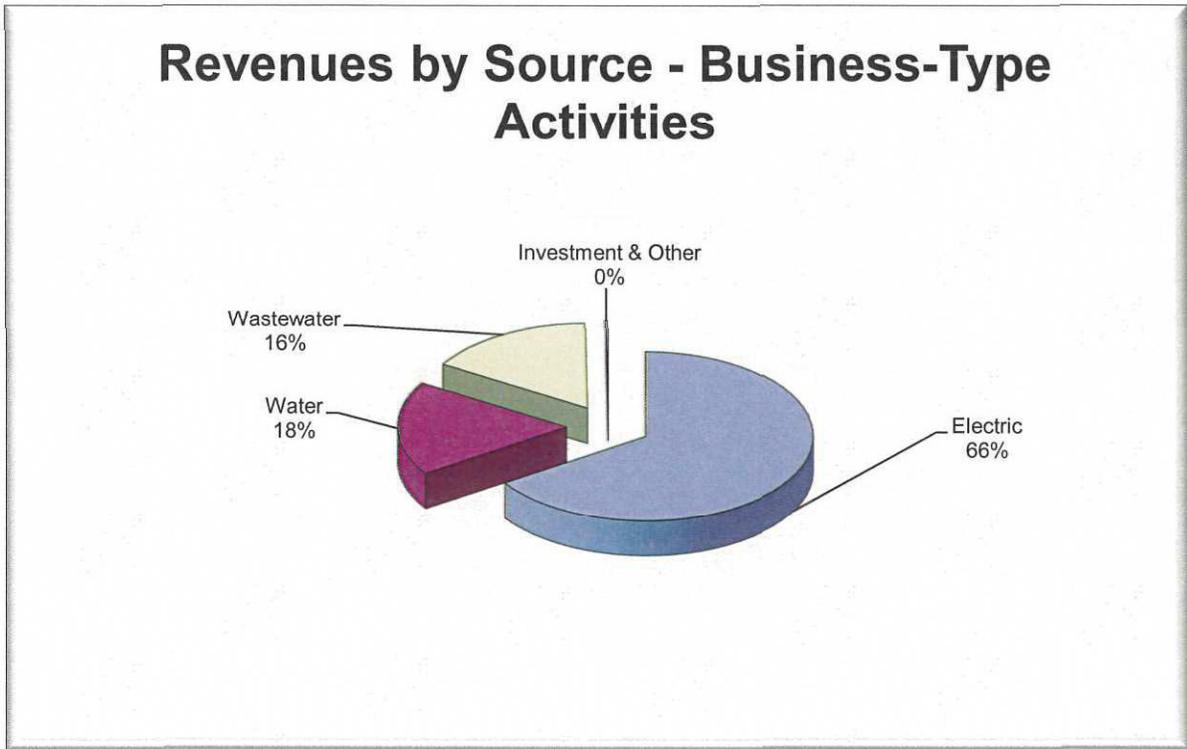


***Business Type Activities***

Business-type activities experienced a small overall increase in net assets since the prior year. The City implemented utility rate increases of 5% in water rates and an 8% increase to the wastewater base rate; electric rates were unchanged. The program revenues vs. program expenses for business-type activities chart below illustrates an overall increase in net assets for electric, water, and wastewater.



Overall program and general revenues for the City's business type activities are:



## **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, unreserved fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

As of the end of 2011, the City's governmental funds reported combined ending fund balances of \$7,230,516, an increase of \$4,483,596 in comparison with the prior year. This increase can be largely attributed to a \$6.2 million decrease in the City's capital outlay expenses. The expenditures associated with the projects are simply decreasing as the projects near completion.

The General Fund is the chief operating fund of the City. At the end of 2011, the fund balance of the General Fund was \$4,366,392. Fund balance represents 51% of total General Fund expenditures of \$8,548,891. This year's fund balance represents an increase of \$854,420 over the previous year's balance. This increase is largely due to the reclassification of some special revenue funds now included as part of the general fund per GASB 54 requirements.

The debt service fund has a fund balance of \$373,870. This is an increase of \$268,486 from the prior year. This is attributed to increased taxes receivable caused by the City's increase to the debt service mill levy by 6.5 mills to cover the short fall caused by delinquent special assessments unpaid by developers suffering the effects of the poor economy.

The capital projects fund has a fund balance of \$408,213. This is an increase of \$4,476,485 from the prior year. These projects are nearing completion thus expending minimal capital outlay. They are primarily funded by temporary notes until they are completed at which time they are bonded which is a major reason for the increase in fund balance.

### ***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 2011, unrestricted net assets for the business-type activities amounted to \$9,214,313, an increase of \$329,352.

The Electric Fund had total net assets of \$28,673,506 at the end of 2011. This is an increase of \$1,302,620 from the previous year. The key component of this increase is an increase in operating income before transfers of \$2,046,710.

The Water Fund had total net assets of \$15,343,055 at the end of 2011. This is a decrease of \$441,500 from the previous year. This is attributable to a \$1,000,000 transfer of funds to the Sewer Fund, and decreased operating revenues.

The Wastewater Fund had total net assets of \$12,881,971 at the end of 2011. This is an increase of \$703,829 from the previous year. The increase is due to sustained operating income and the aforementioned transfer from the Water Fund of \$1,000,000.

The City's Internal Service Funds had total net assets of \$58,061 at the end of 2011.

### ***Fiduciary funds***

The City maintains a fiduciary fund for the assets of the Alcohol Safety Action Program. This fund accounts for the amount collected from municipal court to be remitted to the State of Kansas. At the end of 2011, the assets of the fund were \$31,594.

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

There was no difference between the original budget and the final budget. During the year, however, total revenues were more than budgetary estimates by \$901,941. A summary of differences between budgetary estimates for revenue and actual collections is as follows:

- Property tax collections were more than the original estimate by \$72,369.
- City sales and use tax revenue were more than estimated by \$250,801.
- Franchise tax collections were less than the original budget by \$58,565. The majority of this decrease was due to a decrease in gross receipts for natural gas.
- Intergovernmental revenues were more than the original budget by \$459,841. Revenues for County sales and use tax were up as a result of a stabilizing economy.
- Licenses and permits were less than the original estimate by \$3,819.
- Charges for services were more than the estimate by \$37,651. The majority of this increase is due to recreation programs, special events and instructional recreation fees exceeding expectations.
- Fines and fees were more than the original estimate by \$33,858. Fines and Fee collections were up from the prior year by \$48,711.

In addition, expenditures were less than budgeted by \$2,049,585. Project reserves of \$1,811,075 were budgeted but not utilized.

## 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, 2011, amounted to \$142,699,697 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements, machinery and equipment, roads, water lines, sewer collectors and electric lines.

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

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$4,435,434	\$4,434,179	\$2,193,349	\$2,193,349	\$6,628,783	\$6,627,528
Water Rights	-	-	475,000	475,000	475,000	475,000
Construction in progress	11,841,421	18,527,814	254,635	485,478	12,096,056	19,013,292
Buildings	3,430,673	3,550,921	668,770	668,824	4,099,443	4,219,745
Improvements	1,021,674	1,110,642	6,904,728	7,572,649	7,926,402	8,683,291
Infrastructure	33,514,454	25,651,547	76,204,464	77,786,868	109,718,918	103,438,415
Machinery and equipment	484,563	632,687	446,314	344,837	930,877	977,524
Vehicles	395,407	439,857	428,811	489,677	824,218	929,534
	<u>\$55,123,626</u>	<u>\$54,347,647</u>	<u>\$87,576,071</u>	<u>\$90,016,682</u>	<u>\$142,699,697</u>	<u>\$144,364,329</u>

Major additions to the capital assets this year include:

- Celebration Park
- Prairie Brook Benefit District
- 183<sup>rd</sup> street from Center to Moonlight

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

### *Long-Term Debt*

At the end of 2011, the City had total long-term debt outstanding of \$70,265,487. Of this amount, \$26,180,000 was general obligation debt backed by the full faith and credit of the City. However, \$17,735,850 of the general obligation debt is supported by business-type revenues. Another \$10,215,000 of the City's long-term debt outstanding is special assessment debt for which the City is liable in the event of default by the property owners subject to the assessment.

In 2002, the City entered into an irrevocable lease agreement with the Public Building Commission (PBC), a separate, not-for-profit corporation formed for the sole purpose of financing the remodeling and enlarging of City Hall. The purpose of the lease agreement is for the City to rent the building financed by the PBC Lease Revenue bonds. The rental payments are the same as the scheduled debt payments, and because the lease is irrevocable, the City is liable for the associated revenue bonds.

In 2006, the City purchased \$7,150,000 of Certificates of Participation to fund Celebration Park. The debt is paid for with a ten-year ½ cent sales tax increment voters approved in 2005.

**City of Gardner's Long-Term Debt**  
December 31, 2011

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
General obligation bonds	\$8,444,150	\$9,626,450	\$17,735,850	\$20,728,550	\$26,180,000	\$30,355,000
Special assessment debt with government commitment	10,215,000	9,605,000	-	-	10,215,000	9,605,000
PBC revenue bonds	3,250,000	3,410,000	-	-	3,250,000	3,410,000
Construction loan payable	4,876,446	5,082,322	21,509,041	22,832,614	26,385,487	27,914,936
Certificates of participation	4,235,000	5,045,000	-	-	4,235,000	5,045,000
Capital lease obligations	-	-	-	47,647	-	47,647
	\$31,020,596	\$32,768,772	\$39,244,891	\$43,608,811	\$70,265,487	\$76,377,583

The City's total long-term debt decreased by \$6,112,096 during the fiscal year. The City issued \$1,325,000 of new general obligation bonds during 2011. The City paid down \$4,890,000 in general obligation bonds, \$160,000 in revenue bonds, \$1,855,110 in construction loans, and \$810,000 in certificates of participation. The City fulfilled its capital lease obligation in 2011. The City maintains an "Aa3" rating from Moody's for its general obligation bonds.

State statutes limit the amount of general obligation debt a government entity may issue to 30 percent of its total assessed valuation. The current debt limitation for the City is \$44,334,725, 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 12 to the basic financial statements and information regarding bond anticipation notes in Note 13.

## 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.

CITY OF GARDNER, KANSAS

STATEMENT OF NET ASSETS

December 31, 2011

	Primary Government			Component
	Governmental Activities	Business-type Activities	Total	Unit Airport Association
<b>Assets:</b>				
Deposits and investments	\$ 5,612,031	\$ 7,329,466	\$ 12,941,497	\$ 119,069
Receivables, net of allowance for uncollectibles:				
Taxes	4,329,456	-	4,329,456	-
Accounts	-	2,653,481	2,653,481	11,491
Intergovernmental	782,489	39,535	822,024	-
Special assessments	14,008,892	-	14,008,892	-
Airport Association	130,985	-	130,985	-
Other	8,402	8,655	17,057	-
Internal balances	(38,540)	38,540	-	-
Deferred charges	329,111	259,456	588,567	-
Prepaid items	-	2,254	2,254	11,270
Inventories	-	285,759	285,759	22,881
Restricted deposits and investments	246,835	453,549	700,384	-
Capital assets, net of accumulated depreciation, where applicable:				
Land	4,435,434	2,193,349	6,628,783	301,500
Water rights	-	475,000	475,000	-
Construction in progress	11,841,421	254,635	12,096,056	-
Buildings	3,430,673	668,770	4,099,443	1,136,924
Improvements	1,021,674	6,904,728	7,926,402	31,096
Infrastructure	33,514,454	76,204,464	109,718,918	526,146
Machinery and equipment	484,563	446,314	930,877	-
Vehicles	395,407	428,811	824,218	-
Total assets	<u>80,533,287</u>	<u>98,646,766</u>	<u>179,180,053</u>	<u>2,160,377</u>
<b>Liabilities:</b>				
Accounts payable	154,769	777,979	932,748	5,175
Accrued expenses	73,428	38,393	111,821	-
Accrued interest payable	508,983	427,342	936,325	-
Due to primary government	-	-	-	8,588
Unearned revenue	3,649,388	-	3,649,388	4,165
Liabilities payable from restricted assets	27,313	453,549	480,862	-
Noncurrent liabilities:				
Due within one year	3,535,381	4,689,869	8,225,250	15,000
Due in more than one year	31,793,784	34,692,865	66,486,649	107,397
Total liabilities	<u>39,743,046</u>	<u>41,079,997</u>	<u>80,823,043</u>	<u>140,325</u>
<b>Net assets:</b>				
Invested in capital assets, net of related debt	20,316,915	48,330,111	68,647,026	1,873,269
Restricted for:				
Debt service	13,873,779	-	13,873,779	-
Capital projects	698,492	-	698,492	-
Street improvements	1,335,404	-	1,335,404	-
Economic development	145,918	-	145,918	-
Other purposes	74,301	-	74,301	-
Unrestricted	4,345,432	9,236,658	13,582,090	146,783
Total net assets	<u>\$ 40,790,241</u>	<u>\$ 57,566,769</u>	<u>\$ 98,357,010</u>	<u>\$ 2,020,052</u>

See accompanying notes to basic financial statements.

CITY OF GARDNER, KANSAS

STATEMENT OF ACTIVITIES

Year Ended December 31, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit Airport Association
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-Type Activities		
Primary government:								
Governmental activities:								
General government	\$ 2,620,535	\$ 553,992	\$ 2,193,128	\$ -	\$ 126,585	\$ -	\$ 126,585	\$ -
Public safety	3,647,573	10,577	80,410	-	(3,556,586)	-	(3,556,586)	-
Public works	2,650,257	-	485,323	3,113,818	948,884	-	948,884	-
Culture and recreation	2,424,862	887,173	30,941	-	(1,506,748)	-	(1,506,748)	-
Interest on long-term debt	1,397,634	-	-	-	(1,397,634)	-	(1,397,634)	-
Total governmental activities	<u>12,740,861</u>	<u>1,451,742</u>	<u>2,789,802</u>	<u>3,113,818</u>	<u>(5,385,499)</u>	<u>-</u>	<u>(5,385,499)</u>	<u>-</u>
Business-type activities:								
Electric	12,052,825	14,089,709	-	-	-	2,036,884	2,036,884	-
Water	3,235,397	3,740,962	-	100,187	-	605,752	605,752	-
Wastewater	3,590,360	3,474,928	-	-	-	(115,432)	(115,432)	-
Stormwater	25,167	-	-	-	-	(25,167)	(25,167)	-
Total business-type activities	<u>18,903,749</u>	<u>21,305,599</u>	<u>-</u>	<u>100,187</u>	<u>-</u>	<u>2,502,037</u>	<u>2,502,037</u>	<u>-</u>
Total primary government	<u>\$ 31,644,610</u>	<u>\$ 22,757,341</u>	<u>\$ 2,789,802</u>	<u>\$ 3,214,005</u>	<u>(5,385,499)</u>	<u>2,502,037</u>	<u>(2,883,462)</u>	<u>-</u>
Component unit:								
Airport Association	\$ 331,945	\$ 324,605	\$ -	\$ -	-	-	-	(7,340)
General revenues:								
Property taxes					4,675,379	-	4,675,379	-
Sales taxes					2,999,426	-	2,999,426	-
Franchise taxes					365,435	-	365,435	-
Excise taxes					53,434	-	53,434	-
Transient guest tax					29,764	-	29,764	-
Other					-	10,525	10,525	-
Unrestricted investment earnings					32,136	31,421	63,557	505
Gain on sale of assets					136,232	-	136,232	-
Transfers					987,168	(987,168)	-	-
Total general revenues and transfers					<u>9,278,974</u>	<u>(945,222)</u>	<u>8,333,752</u>	<u>505</u>
Change in net assets					<u>3,893,475</u>	<u>1,556,815</u>	<u>5,450,290</u>	<u>(6,835)</u>
Net assets, beginning of year					<u>36,896,766</u>	<u>56,009,954</u>	<u>92,906,720</u>	<u>2,026,887</u>
Net assets, end of year					<u>\$ 40,790,241</u>	<u>\$ 57,566,769</u>	<u>\$ 98,357,010</u>	<u>\$ 2,020,052</u>

See accompanying notes to basic financial statements.

CITY OF GARDNER, KANSAS

BALANCE SHEET  
GOVERNMENTAL FUNDS

December 31, 2011

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Deposits and investments	\$ 3,737,925	\$ 373,870	\$ 248,970	\$ 1,244,710	\$ 5,605,475
Receivables (net of allowance for uncollectibles):					
Taxes	3,174,003	940,741	-	214,712	4,329,456
Special assessments	-	14,008,892	-	-	14,008,892
Intergovernmental	323,267	-	47,936	411,286	782,489
Airport Association	-	-	122,399	8,586	130,985
Other	8,402	-	-	-	8,402
Restricted deposits and investments	27,313	-	-	219,419	246,732
Due from other funds	37,237	-	-	287,399	324,636
<b>Total assets</b>	<b>\$ 7,308,147</b>	<b>\$ 15,323,503</b>	<b>\$ 419,305</b>	<b>\$ 2,386,112</b>	<b>\$ 25,437,067</b>
<b>Liabilities and fund balances:</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 117,325	\$ -	\$ 11,092	\$ 16,672	\$ 145,089
Accrued payroll	71,679	-	-	-	71,679
Other	27,313	-	-	-	27,313
Deferred revenue	2,708,647	14,949,633	-	-	17,658,280
Due to other funds	16,791	-	-	287,399	304,190
<b>Total liabilities</b>	<b>2,941,755</b>	<b>14,949,633</b>	<b>11,092</b>	<b>304,071</b>	<b>18,206,551</b>
<b>Fund balances:</b>					
<b>Restricted:</b>					
Debt service	-	373,870	-	-	373,870
Capital projects	-	-	408,213	290,382	698,595
Street improvements	-	-	-	1,335,404	1,335,404
Economic development	-	-	-	145,918	145,918
Other	24,281	-	-	50,020	74,301
Assigned	20,619	-	-	260,317	280,936
Unassigned	4,321,492	-	-	-	4,321,492
<b>Total fund balances</b>	<b>4,366,392</b>	<b>373,870</b>	<b>408,213</b>	<b>2,082,041</b>	<b>7,230,516</b>
<b>Total liabilities and fund balances</b>	<b>\$ 7,308,147</b>	<b>\$ 15,323,503</b>	<b>\$ 419,305</b>	<b>\$ 2,386,112</b>	<b>\$ 25,437,067</b>

See accompanying notes to basic financial statements.