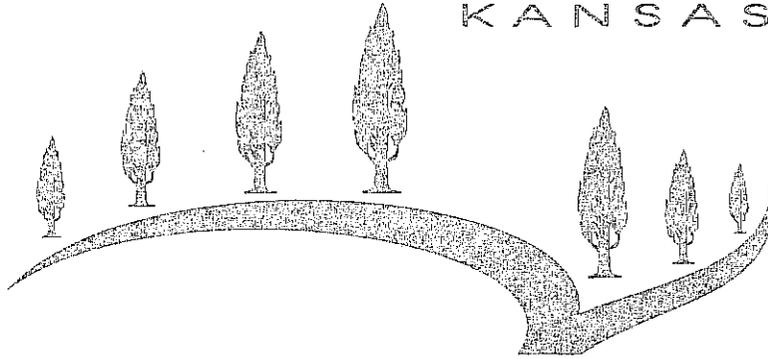


CITY OF
GARDNER
KANSAS



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended
December 31, 2006

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.

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Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	94 - 97
Revenue Capacity 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.	98 - 106
Debt Capacity 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.	107 - 117
Demographic and Economic Information 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.	112 - 113
Operating Information 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.	114 - 116

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

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

	Fiscal Year			
	2003	2004	2005	2006
Governmental activities				
Invested in capital assets, net of related debt	\$ 7,460,781	\$ 9,085,457	\$ 14,068,012	\$ 12,854,680
Restricted	619,460	209,186	8,375,348	8,637,479
Unrestricted	8,247,839	10,187,715	285,475	3,572,437
Total governmental activities net assets	<u>\$ 16,328,080</u>	<u>\$ 19,482,358</u>	<u>\$ 22,728,835</u>	<u>\$ 25,064,596</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 22,669,570	\$ 26,593,163	\$ 37,238,650	36,644,874
Unrestricted	8,574,639	9,868,088	4,437,961	8,438,191
Total business-type activities net assets	<u>\$ 31,244,209</u>	<u>\$ 36,461,251</u>	<u>\$ 41,676,611</u>	<u>\$ 45,083,065</u>
Primary government				
Invested in capital assets, net of related debt	\$ 30,130,351	\$ 35,678,620	\$ 51,306,662	\$ 49,499,554
Restricted	619,460	209,186	8,375,348	8,637,479
Unrestricted	16,822,478	20,055,803	4,723,436	12,010,628
Total primary government net assets	<u>\$ 47,572,289</u>	<u>\$ 55,943,609</u>	<u>\$ 64,405,446</u>	<u>\$ 70,147,661</u>

Note: The city began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

Source: City of Gardner Finance Department

City of Gardner, Kansas
Changes in Net Assets
Last Four Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2003	2004	2005	2006
Expenses				
Governmental activities:				
General government	\$ 667,923	\$ 2,461,063	\$ 2,487,540	\$ 2,283,679
Public Safety	1,578,382	1,793,104	2,133,175	2,698,278
Public Works	1,870,330	2,702,878	1,814,204	1,953,847
Culture and recreation	925,051	1,008,522	1,191,341	1,280,138
Interest on long-term debt	463,569	679,071	912,018	1,098,258
Total governmental activities expenses	<u>5,505,255</u>	<u>8,664,638</u>	<u>8,538,278</u>	<u>9,314,200</u>
Business-type activities:				
Electric	4,401,222	5,235,673	7,065,972	9,369,802
Water	2,074,904	1,809,446	2,045,852	2,353,432
Wastewater	2,763,238	2,980,535	3,176,131	3,215,418
Total business-type activities expenses	<u>9,239,364</u>	<u>10,025,654</u>	<u>12,287,955</u>	<u>14,938,652</u>
Total primary government expenses	<u>\$ 14,744,619</u>	<u>\$ 18,690,292</u>	<u>\$ 20,826,233</u>	<u>\$ 24,252,852</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 831,756	\$ 1,241,976	\$ 1,348,564	\$ 1,132,996
Public Safety	-	5,655	4,737	11,443
Public Works	676,890	275	-	-
Culture and recreation	348,307	428,120	446,685	436,514
Operating grants and contributions	1,553,297	2,352,704	2,139,253	2,216,293
Capital grants and contributions	2,349,249	2,817,443	1,087,882	218,234
Total governmental activities program revenues	<u>5,759,499</u>	<u>6,846,173</u>	<u>5,027,121</u>	<u>4,015,480</u>
Business-type activities:				
Charges for services:				
Electric	6,998,195	7,887,555	10,240,759	10,229,014
Water	3,072,348	3,725,407	3,639,347	3,511,004
Wastewater	2,544,156	3,419,810	3,518,583	3,304,989
Operating grants and contributions	-	-	-	-
Capital grants and contributions	-	-	50,000	589,004
Total business-type program revenues	<u>12,614,699</u>	<u>15,032,772</u>	<u>17,448,689</u>	<u>17,634,011</u>
Total primary government program revenues	<u>\$ 18,374,198</u>	<u>\$ 21,878,945</u>	<u>\$ 22,475,810</u>	<u>\$ 21,649,491</u>
Net (Expense)/Revenue				
Governmental activities	\$ 254,244	\$ (1,818,465)	\$ (3,511,157)	\$ (5,298,720)
Business-type activities	3,375,335	5,007,118	5,160,734	2,695,359
Total primary government net expense	<u>\$ 3,629,579</u>	<u>\$ 3,188,653</u>	<u>\$ 1,649,577</u>	<u>\$ (2,603,361)</u>
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Taxes				
Property taxes	\$ 1,739,385	\$ 2,030,664	\$ 2,311,209	\$ 2,676,275
Sales taxes	1,128,934	1,483,480	1,566,055	2,636,630
Franchise taxes	236,073	305,843	337,916	350,024
Excise taxes	-	1,211,458	1,455,739	1,289,599
Transient guest taxes	-	31,150	34,338	40,680
Unrestricted investment earnings	88,024	181,268	497,681	831,916
Transfers	34,641	989,891	329,158	(190,643)
Total governmental activities	<u>3,227,057</u>	<u>6,233,754</u>	<u>6,532,096</u>	<u>7,634,481</u>
Business-type activities:				
Unrestricted investment earnings	79,755	205,001	532,024	520,452
Transfers	(34,641)	(989,891)	(329,158)	190,643
Other	107,320	-	-	-
Total business-type activities	<u>152,434</u>	<u>(784,890)</u>	<u>202,866</u>	<u>711,095</u>
Total primary government	<u>\$ 3,379,491</u>	<u>\$ 5,448,864</u>	<u>\$ 6,734,962</u>	<u>\$ 8,345,576</u>
Change In Net Assets				
Governmental activities	\$ 3,481,301	\$ 4,415,289	\$ 3,020,939	\$ 2,335,761
Business-type activities	3,527,769	4,222,228	5,363,600	3,406,454
Total primary government	<u>\$ 7,009,070</u>	<u>\$ 8,637,517</u>	<u>\$ 8,384,539</u>	<u>\$ 5,742,215</u>

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

Source: City of Gardner Finance Department

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

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Fund										
Reserved	\$ -	\$ -	\$ 2,704	\$ 33,379	\$ 6,261	\$ -	\$ 73,395	\$ -	\$ -	\$ 1,019,948
Unreserved	43,571	326,126	492,031	596,301	659,085	851,220	1,549,455	2,392,171	3,321,238	3,107,516
Total general fund	<u>\$ 43,571</u>	<u>\$ 326,126</u>	<u>\$ 494,735</u>	<u>\$ 629,680</u>	<u>\$ 665,346</u>	<u>\$ 851,220</u>	<u>\$ 1,622,850</u>	<u>\$ 2,392,171</u>	<u>\$ 3,321,238</u>	<u>\$ 4,127,464</u>
All Other Governmental Funds										
Reserved	\$ -	\$ 26,740	\$ 670,121	\$ 14,319	\$ 261,208	\$ -	\$ 57,500	\$ -	\$ -	\$ 9,998,577
Unreserved, reported in:										
Debt service fund	2,479	-	-	69,045	193,608	329,980	488,565	313,625	258,152	184,701
Special revenue funds	505,941	758,851	1,180,530	1,456,644	1,546,341	1,903,127	3,124,695	4,953,169	5,597,454	6,771,640
Capital projects funds	3,342,016	983,351	1,331,693	2,951,155	3,632,057	4,948,112	2,370,633	(565,001)	(3,188,976)	(10,700,412)
Total all other governmental funds	<u>\$ 3,850,436</u>	<u>\$ 1,768,942</u>	<u>\$ 3,182,344</u>	<u>\$ 4,491,163</u>	<u>\$ 5,633,214</u>	<u>\$ 6,851,239</u>	<u>\$ 6,041,393</u>	<u>\$ 4,701,793</u>	<u>\$ 2,666,630</u>	<u>\$ 6,254,506</u>

Note: In 2004, in order to avoid arbitrage penalties, the City decided to fund Capital Projects with pooled cash during the beginning stages of construction.

Source: City of Gardner Finance Department

Balance Sheet - Gov't Funds

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

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003 ^(a)	2004	2005	2006
Revenues										
Taxes	\$ 1,170,493	\$ 1,388,818	\$ 1,621,094	\$ 1,878,059	\$ 2,099,436	\$ 2,633,287	\$ 4,366,955	\$ 5,031,445	\$ 5,670,919	\$ 6,952,528
Licenses and permits	334,384	375,152	431,109	442,716	1,046,365	950,004	687,140	866,846	942,495	750,727
Fines and fees	118,015	103,332	146,126	115,907	129,166	188,099	204,886	265,911	282,659	316,720
Charges for services	211,126	230,211	211,822	164,531	250,978	133,748	161,869	335,269	423,579	337,022
Special assessments	-	63,829	37,443	35,828	34,221	76,161	77,341	466,814	298,989	229,317
Intergovernmental	5,443,115	866,828	1,352,282	1,624,257	1,403,072	1,889,659	2,641,553	2,611,934	3,262,304	2,352,409
Investment earnings	66,792	153,122	136,180	209,611	225,241	177,013	88,024	161,268	497,682	831,916
Loan revenue	-	-	-	-	-	-	32,652	37,465	35,378	41,875
Other revenues	654,611	223,587	627,517	509,827	204,486	119,734	155,056	221,921	147,338	257,407
Total revenues	7,998,536	3,384,879	4,563,573	4,980,736	5,392,967	6,167,705	8,415,496	10,038,593	11,561,343	12,069,921
Expenditures										
General government	373,201	406,169	486,428	563,699	1,730,426	2,117,659	588,524	2,220,815	2,170,591	2,068,118
Public safety	923,444	927,993	1,094,611	1,497,282	1,319,402	1,506,022	1,710,856	1,727,208	2,059,613	2,526,659
Public works	340,344	492,158	453,368	848,263	841,594	1,679,088	1,345,077	1,072,924	925,613	1,161,471
Culture and recreation	434,156	526,915	548,526	582,645	798,394	832,531	828,581	835,493	935,966	1,122,244
Capital outlay	2,790,979	5,102,495	1,303,471	1,657,455	1,497,192	3,933,507	5,160,746	4,248,331	9,831,552	11,992,665
Debt service:										
Interest	-	-	-	-	-	-	405,611	506,669	774,222	914,694
Principal	929,306	1,092,885	1,336,442	1,683,065	1,569,076	4,446,338	3,097,500	4,062,598	694,737	1,156,069
Other	2,973,682	110,920	82,014	89,815	12,000	-	43,268	12,127	96,444	202,359
Total expenditures	8,765,112	8,659,535	5,304,860	6,922,224	7,788,086	14,515,145	13,180,163	14,886,165	17,488,758	21,144,279
Excess of revenues over (under) expenditures	(766,576)	(5,274,656)	(741,287)	(1,941,488)	(2,395,119)	(8,347,440)	(4,764,667)	(4,847,572)	(5,927,415)	(9,074,358)
Other Financing Sources (Uses)										
Bonds issued	-	2,415,000	1,300,000	-	866,142	4,144,102	3,091,000	725,000	3,355,000	3,545,000
Certificates of participation issued	-	-	-	-	-	-	-	-	-	7,150,000
Loan proceeds	-	-	-	-	-	-	-	-	-	1,053,190
Revenue bonds issued	-	-	-	-	1,000,000	-	-	-	-	-
Refunding bonds issued	-	2,260,000	-	-	-	-	-	105,000	-	-
Special assessment bonds issued	-	-	-	-	-	-	-	1,835,000	-	-
Temporary notes issued	-	-	-	3,745,000	-	4,500,000	1,095,750	-	-	-
Capital leases	-	-	-	232,755	30,556	-	175,080	-	-	97,958
Insurance proceeds	-	-	-	-	-	-	-	-	-	19,302
Payments to escrow agent	(1,616,358)	(2,209,647)	-	-	-	(218,250)	-	(105,000)	-	-
Transfers in	928,122	1,045,003	1,486,364	423,742	2,747,452	2,291,197	743,534	2,962,920	2,625,016	2,796,990
Transfers out	(71,490)	(326,885)	(463,066)	(273,742)	(1,292,188)	(420,000)	(706,893)	(1,378,863)	(1,158,697)	(1,193,980)
Total other financing sources (uses)	(759,726)	3,183,471	2,323,298	4,127,755	3,351,964	10,297,049	4,396,471	4,164,057	4,821,319	13,468,460
Net change in fund balances	\$ (1,526,302)	\$ (2,091,185)	\$ 1,582,011	\$ 2,188,267	\$ 956,845	\$ 1,949,609	\$ (368,196)	\$ (483,515)	\$ (1,106,096)	\$ 4,394,102
Debt service as a percentage of noncapital expenditures	65.3%	33.8%	35.4%	33.7%	25.5%	42.0%	41.1%	36.8%	17.0%	21.7%

Note: ^(a) Differences between 2003 and 2004 General Government expenditures are largely due to GAAP reporting categorization differences caused by a change in City accounting practices. In 2003, proprietary transfers to the General Fund were calculated as a percentage of services to General Government. GAAP direct such "interfund services" transfers to be netted against General Governmental expenditures. In 2004, proprietary transfers to the General Fund were a percentage of revenues, and GAAP direct these "interfund transfers" to be reported as transfers in. Without GAAP requirements, the General Government expenditures for 2003 was \$2,163,840.

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	^(a) Electricity Consumed & Unbilled	^(a) Average Percent Unbilled	Gallons of Water Produced & Purchased	Gallons of Water Sold	^(a) Gallons of Water Unbilled	^(a) Average Percent Unbilled	Gallons of Wastewater Treated	Total Direct Rate					
										Electric		Water		Wastewater	
										Base ^(d) Rate	Usage ^(e) Rate	Base ^(d) Rate	Usage ^(e) Rate	Base ^(d) Rate	Usage ^(e) Rate
1997	57,544	55,073	2,471	4.29%	299	255	44	14.72%	166	\$5.00	\$0.0839	\$8.70	\$3.94	\$4.70	\$3.80
1998	71,965	62,028	9,937	13.81%	376	287	89	23.63%	182	\$5.00	\$0.0839	\$8.70	\$3.94	\$4.70	\$3.80
1999	72,476	67,059	5,417	7.47%	426	367	59	13.87%	190	\$5.00	\$0.0839	\$8.70	\$3.94	\$4.70	\$3.80
2000	74,123	68,506	5,617	7.58%	511	408	103	20.15%	235	\$5.00	\$0.0839	\$8.70	\$3.94	\$4.70	\$3.80
2001	77,663	68,751	8,912	11.48%	509	381	128	25.15%	299	\$5.00	\$0.0839	\$8.70	\$3.94	\$4.70	\$3.80
2002	82,923	76,842	6,081	7.33%	583	444	139	23.84%	353	\$5.00	\$0.0839	\$8.70	\$3.94	\$4.70	\$3.80
2003	93,554	83,082	10,472	11.19%	519	414	105	20.23%	412	\$5.00	\$0.0839	\$8.70	\$3.94	\$7.00	\$4.45
2004	94,470	81,988	12,482	13.21%	598	463	135	22.59%	499	\$5.00	\$0.0839	\$8.70	\$3.94	\$7.00	\$4.45
^(b,c) 2005	103,687	97,863	5,824	5.62%	691	469	223	32.21%	554	\$6.00	\$0.0862	\$8.27	\$3.75	\$7.35	\$4.68
2006	117,288	111,371	5,917	5.04%	712	494	218	30.62%	476	\$6.00	\$0.0905	\$8.52	\$3.86	\$7.72	\$4.91

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

^(a) Unbilled amounts include electric, water, and sewer used by the City of Gardner for government operations.

^(b) In 2005, the City implemented interdepartmental billing, thus reducing the amount of unbilled electric usage.

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

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

^(e) Per 1,000 gallons.

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

<u>Fiscal Year</u>	<u>Electric Meter Installations</u>		<u>Water Meter Installations</u>		<u>Total Installations</u>
	<u>Residential</u>	<u>Commercial</u>	<u>Residential</u>	<u>Commercial</u>	
1997	258	9	238	5	510
1998	301	14	355	4	674
1999	276	4	303	3	586
2000	162	5	311	4	482
2001	238	5	229	5	477
2002	384	15	384	6	789
2003	546	6	507	4	1,063
2004	563	4	510	7	1,084
2005	527	20	466	8	1,021
2006	345	24	307	7	683

Source: City of Gardner Community Development Department

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

Fiscal Year	Electric			Water			Wastewater			Total		
	Residential	Commercial	Industrial	Residential	Commercial	Industrial	Residential	Commercial	Industrial	Electric	Water	Wastewater
1997	2,435	227	7	2,433	169	7	2,283	163	3	2,669	2,609	2,449
1998	2,756	237	7	2,754	175	7	2,604	169	3	3,000	2,936	2,776
1999	3,171	250	7	3,176	158	7	3,026	152	4	3,428	3,341	3,182
2000	3,604	250	7	3,598	160	7	3,448	154	4	3,861	3,765	3,606
2001	3,881	259	7	3,874	172	7	3,724	166	4	4,147	4,053	3,894
2002	4,120	270	7	4,020	187	7	3,870	181	7	4,397	4,214	4,058
2003	4,252	270	7	4,744	195	7	4,560	189	7	4,529	4,946	4,756
2004	4,821	269	7	4,699	185	7	4,549	179	7	5,097	4,891	4,735
2005	5,254	283	6	5,439	204	6	5,278	198	6	5,543	5,649	5,482
2006	6,156	325	6	5,812	220	6	5,657	214	6	6,487	6,038	6,091

Source: City of Gardner Utility Department

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

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Water Rates										
<i>(All Meter Sizes)</i>										
Base Rate	\$ 8.70	\$ 8.70	\$ 8.70	\$ 8.70	\$ 8.70	\$ 8.70	\$ 8.70	\$ 8.70	\$ 8.27	\$ 8.52
Usage Rate (per 1,000 gallons) First 40,000 gallons	3.94	3.94	3.94	3.94	3.94	3.94	3.94	3.94	3.75	3.86
Usage Rate per 1,000 gallons) Over 40,000 gallons	3.15	3.15	3.15	3.15	3.15	3.15	3.15	3.15	3.00	3.10
Wastewater Rates										
Base Rate	\$ 4.70	\$ 4.70	\$ 4.70	\$ 4.70	\$ 4.70	\$ 4.70	\$ 7.00	\$ 7.00	\$ 7.35	\$ 7.72
Usage Rate (per 1,000 gallons)	3.80	3.80	3.80	3.80	3.80	3.80	4.45	4.45	4.68	4.91
Electric Rates										
<i>Residential</i>										
Base Rate	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 6.00	\$ 6.00
Usage Rate (per kWh)	0.08390	0.08390	0.08390	0.08390	0.08390	0.08390	0.08390	0.08390	0.08620	0.09051
<i>Commercial</i>										
Base Rate	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.60	6.80
Usage Rate (per kWh)	0.0890	0.0890	0.0890	0.0890	0.0890	0.0890	0.0890	0.0890	0.9350	0.0963
<i>Commercial With Demand</i>										
Base Rate for Demand	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	15.00	15.00
Usage Rate (per KW)	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	12.00	12.60
Usage Rate (per kWh) First 5,000 kWh	0.0432	0.0432	0.0432	0.0432	0.0432	0.0432	0.0432	0.0432	0.0436	0.0458
Usage Rate (per kWh) Over 5,000 kWh	0.0370	0.0370	0.0370	0.0370	0.0370	0.0370	0.0370	0.0370	0.0374	0.0393
<i>Commercial Large With Demand</i>										
Base Rate for Demand	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	20.00	20.00
Usage Rate (per KW)	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	12.00	12.60
Usage Rate (per kWh) First 5,000 kWh	0.04000	0.04000	0.04000	0.04000	0.04000	0.04000	0.04000	0.04000	0.04250	0.04463
Usage Rate (per kWh) Over 5,000 kWh	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03690	0.03875
All Electric Rates										
<i>Residential</i>										
Base Rate	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 6.00	\$ 6.00
Summer Usage Rate (per kWh)	0.08390	0.08390	0.08390	0.08390	0.08390	0.08390	0.08390	0.08390	0.08850	0.09293
Winter Usage Rate (per kWh) First 750 kWh	0.06800	0.06800	0.06800	0.06800	0.06800	0.06800	0.06800	0.06800	0.07260	0.07623
Winter Usage Rate (per kWh) Over 750 kWh	0.02700	0.02700	0.02700	0.02700	0.02700	0.02700	0.02700	0.02700	0.03520	0.03696
<i>Commercial</i>										
Base Rate	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.60	6.60
Usage Rate (per kWh)	-	-	-	-	-	-	-	-	4.55	4.78
Summer Usage Rate (per kWh)	0.08900	0.08900	0.08900	0.08900	0.08900	0.08900	0.08900	0.08900	0.02960	0.03108
Winter Usage Rate (per kWh)	0.02700	0.02700	0.02700	0.02700	0.02700	0.02700	0.02700	0.02700	0.02700	0.02835

Source: City of Gardner Utility Department

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

Customer	Fiscal Year 2006									
	Electric Revenue			Water Revenue			Wastewater Revenue			
	Amount	%	Customer	Amount	%	Customer	Amount	%	Customer	
Mid-America Plastics	\$ 332,507	3.49%	New Century Air Center	\$ 61,019	2.48%	U.S.D. 231 - Wheat Ridge Middle School	\$ 17,598	0.83%		
Price Chopper	232,292	2.44%	U.S.D. 231 - Wheat Ridge Middle School	13,909	0.57%	Jacobs Property	10,706	0.51%		
U.S.D. 231 - High School	195,276	2.05%	U.S.D. 231 - High School	8,590	0.35%	Medical Lodge of Gardner	10,063	0.48%		
TradeNet Publishing	150,595	1.58%	Jacobs Property	7,929	0.32%	U.S.D. 231 - High School	9,674	0.46%		
Dot Label	110,698	1.16%	Medical Lodge of Gardner	6,802	0.28%	Super 8 Motel	7,506	0.35%		
Wal Mart	90,485	0.95%	Mid-America Plastics	6,757	0.28%	C.L.C. Healthcare	6,662	0.31%		
U.S.D. 231 - Wheat Ridge Middle School	69,349	0.73%	Bristol Partners XVI	5,757	0.23%	Mid-America Plastics	6,443	0.30%		
Medical Lodge of Gardner	67,504	0.71%	Vintage Park	5,361	0.22%	Price Chopper	5,601	0.26%		
U.S.D. 231 - Gardner Elementary	61,700	0.65%	Super 8 Motel	5,220	0.21%	Vintage Park	4,579	0.22%		
Cramer Products, Inc.	62,477	0.66%	C.L.C. Healthcare	4,586	0.19%	Trade Net Publishing	4,081	0.19%		
Subtotal (10 largest)	1,372,883	14.43%	Subtotal (10 largest)	125,930	5.13%	Subtotal (10 largest)	82,913	3.91%		
Balance from other customers	8,144,448	85.57%	Balance from other customers	2,329,886	94.87%	Balance from other customers	2,035,291	96.09%		
Grand Totals	\$ 9,517,331	100.00%	Grand Totals	\$ 2,455,816	100.00%	Grand Totals	\$ 2,118,204	100.00%		

Customer	Fiscal Year 2000 ^(a)									
	Electric Revenue			Water Revenue			Wastewater Revenue			
	Amount	%	Customer	Amount	%	Customer	Amount	%	Customer	
Mid-America Plastics	\$ 337,664	6.23%	New Century Air Center	\$ 183,860	11.64%	Blazers Power Wash	\$ 10,372	1.11%		
Price Chopper	187,996	3.47%	Blazers Power Wash	9,711	0.62%	Jacobs Property	6,299	0.67%		
Cramer Products, Inc.	114,305	2.11%	Jacobs Property	8,170	0.52%	Mid-America Plastics	5,155	0.55%		
Dot Label	85,083	1.57%	Mid-America Plastics	5,729	0.36%	Super 8 Motel	4,631	0.50%		
U.S.D. 231 - Wheat Ridge Middle School	88,936	1.27%	Medical Lodge of Gardner	4,967	0.31%	Price Chopper	3,289	0.35%		
U.S.D. 231 - Sunflower Elementary	60,132	1.11%	Super 8 Motel	4,942	0.31%	EZ Car Wash	3,028	0.32%		
TradeNet Publishing	59,380	1.09%	U.S.D. 231 - Nike	4,017	0.25%	Kicks 66	2,335	0.25%		
U.S.D. 231 - Gardner Elementary	59,282	1.09%	Kicks 66	3,934	0.25%	U.S.D. 231 - Sunflower Elementary	2,256	0.24%		
Empire Plastics	58,203	1.07%	Brad Schwartz	3,867	0.24%	Medical Lodge of Gardner	1,910	0.20%		
U.S.D. 231 - High School	50,910	0.94%	U.S.D. 231 - Wheat Ridge Middle School	3,360	0.21%	Dot Label	1,849	0.20%		
Subtotal (10 largest)	1,081,891	19.95%	Subtotal (10 largest)	232,557	14.73%	Subtotal (10 largest)	41,124	4.40%		
Balance from other customers	4,341,011	80.05%	Balance from other customers	1,346,370	85.27%	Balance from other customers	893,687	95.60%		
Grand Totals	\$ 5,422,902	100.00%	Grand Totals	\$ 1,578,927	100.00%	Grand Totals	\$ 934,811	100.00%		

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

^(a) Date of the top ten utility customers is unavailable prior to 2000 due to a system failure in 1999.

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	Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
1997	\$ 12,571,250	\$ 3,572,434	\$ 618,073	\$ 62,268	\$ 1,864,645	\$ 16,824,025	21.667	\$ 128,962,185	13.05%
1998	16,327,179	4,213,375	796,464	59,739	2,713,592	21,396,757	24.157	165,664,423	12.92%
1999	19,289,895	5,753,665	1,154,948	56,148	2,871,413	26,254,656	23.938	200,563,713	13.09%
2000	25,499,787	6,761,729	1,406,725	42,963	2,930,808	33,711,204	23.824	260,648,992	12.93%
2001	33,838,364	7,758,868	1,326,019	39,963	4,207,618	42,963,214	22.771	336,464,237	12.77%
2002	40,961,196	8,765,345	1,198,167	331,626	5,627,856	51,256,334	22.850	402,334,372	12.74%
2003	45,593,076	10,257,888	1,434,550	1,921,260	6,922,687	59,206,774	22.854	515,395,275	11.49%
2004	53,793,458	12,073,033	1,492,565	72,441	8,665,812	67,431,497	23.914	603,016,135	11.18%
2005	61,026,225	12,090,961	2,290,585	325,419	9,278,944	75,733,190	23.994	678,670,888	11.16%
2006	73,120,689	13,675,841	2,279,893	112,374	10,707,120	89,188,797	24.092	801,727,555	11.12%

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 and tax exempt property. Estimated actual taxable value is calculated by dividing taxable assessed value by those percentages. Tax rates are per \$1,000 of assessed value.

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

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

Fiscal Year	Direct Rates			Overlapping Rates						Total Direct & Overlapping Rates
	Gardner General Operating	Bond and Interest	Total Direct Rate - Gardner City ^(a)	State of Kansas	Johnson County	Johnson County Library	Johnson County Parks and Recreation	Johnson County Community College	U.S.D. 231 (School District)	
1997	\$21.041	\$3.116	\$24.157	\$1.500	\$15.305	\$3.254	\$1.512	\$8.540	\$61.625	\$115.893
1998	19.768	4.170	23.938	1.500	14.345	3.174	1.437	7.746	67.514	119.654
1999	19.674	4.150	23.824	1.500	16.112	3.137	1.451	7.184	67.920	121.128
2000	18.693	4.078	22.771	1.500	15.676	2.981	1.322	7.646	75.318	127.214
2001	18.758	4.092	22.850	1.500	16.333	2.971	1.382	7.743	75.243	128.022
2002	19.822	3.032	22.854	1.500	16.221	2.948	1.602	9.428	75.494	130.047
2003	20.882	3.032	23.914	1.500	16.381	2.954	2.365	9.432	72.957	129.503
2004	20.952	3.042	23.994	1.500	16.041	2.956	2.367	9.438	73.008	129.304
2005	21.038	3.054	24.092	1.500	17.922	2.955	2.286	8.960	78.016	135.731
2006	21.028	3.052	24.080	1.500	17.949	2.960	2.290	8.872	76.546	134.197

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

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

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

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

Taxpayer	2006			1997		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Martens Rentals, L.L.C.	1,612,870	1	1.37%	-		-
C.L.S. Investment Company	1,240,631	2	1.05%	389,586	1	1.82%
DJC Properties, L.L.C.	914,358	3	0.77%	389,503	2	1.82%
Moonlight Plaza, L.L.C.	727,753	4	0.62%	253,850	5	1.19%
Woodsione Apartments, L.P.	650,705	5	0.55%	-		-
Gardner, L.L.C.	606,050	6	0.51%	-		-
Mid-America Products	560,924	7	0.48%	-		-
First Choice Properties, Inc.	480,425	8	0.41%	-		-
Lincoln Terrace Townhomes	470,074	9	0.40%	-		-
Ward Development	415,176	10	0.35%	-		-
Mertz, Thomas D.	-		-	277,650	3	1.30%
Gaut, C. Rufas	-		-	269,675	4	1.26%
Cramer Products, inc.	-		-	247,092	6	1.15%
Glasser, Harvey W.	-		-	213,340	7	1.00%
Medical lodges, Inc.	-		-	211,703	8	0.99%
Gay, William D.	-		-	201,915	9	0.94%
Moonlight Townhomes, L.P.	-		-	155,246	10	0.73%
Totals	\$ 7,678,966		6.51%	\$ 2,609,560		12.20%

Source: Johnson County Clerk's Office

**City of Gardner, Kansas
Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year Ended December 31	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections for Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1997	\$ 508,592	\$ 489,032	96.15%	19,177	508,209	99.92%
1998	681,131	662,169	97.22%	18,962	681,131	100.00%
1999	806,354	773,724	95.95%	14,607	788,331	97.76%
2000	1,001,117	927,268	92.62%	6,842	934,110	93.31%
2001	1,194,589	1,108,494	92.79%	34,458	1,142,952	95.68%
2002	1,437,687	1,344,550	93.52%	44,579	1,389,129	96.62%
2003	1,610,557	1,492,539	92.67%	102,250	1,594,789	99.02%
2004	1,953,944	1,845,505	94.45%	58,935	1,904,440	97.47%
2005	2,327,047	2,242,537	96.37%	72,463	2,315,000	99.48%
2006	2,675,243	2,472,334	92.42%	90,252	2,562,586	95.79%

Source: Johnson County Treasurer's Office

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

Fiscal Year	Government Activities					
	General Obligation Bonds	Special Assessment GO Bonds	Certificates of Participation	Capital Leases	State Revolving Loans	Lease Revenue Bonds
1997	\$ 1,327,500	\$ -	\$ -	\$ 436,563	\$ -	\$ -
1998	1,225,850	272,891	-	368,895	-	-
1999	1,120,950	235,553	-	297,342	-	-
2000	1,089,610	199,740	-	439,107	-	-
2001	1,415,039	648,561	-	359,579	-	1,000,000
^(b) 2002	1,087,843	752,057	-	114,008	-	4,000,000
2003	3,112,272	1,321,128	-	191,747	-	4,000,000
2004	4,129,800	3,200,000	-	94,749	-	3,960,000
2005	6,873,400	3,035,000	-	54,412	-	3,905,000
^(c) 2006	9,757,850	2,790,000	7,150,000	108,152	911,889	3,840,000

Notes: ^(a) See the Demographic and Economic Statistics schedule in this section for personal income and population data.

^(b) In 2002, the City received a \$20,078,700 revolving loan from the Kansas Department of Health and Environment for the construction of a new sewer plant. The City also issued \$4,000,000 of Lease Revenue Bonds to finance the construction of a new City Hall.

^(c) In 2006, the City issued Certificates of Participation in the amount of \$7,150,000 for the purpose of the construction of a new park complex.

Source: City of Gardner Finance Department

Business-type Activities						
General Obligation Bonds	Capital Leases	State Revolving Loans	Electric Revenue Bonds	Total Primary Government	Percentage of Personal Income ^(a)	Per Capita ^(a)
\$ 7,802,500	\$ -	\$ 2,249,461	\$ 11,650,000	\$ 23,466,024	9.95%	\$ 3,566
8,931,259	-	2,011,319	11,200,000	24,010,214	8.54%	3,320
8,593,497	72,975	1,917,639	10,665,000	22,902,956	6.56%	2,682
10,300,650	37,550	1,820,681	10,040,000	23,927,338	5.77%	2,547
18,656,400	-	8,521,192	-	30,600,771	6.91%	3,023
17,685,100	-	20,270,974	-	43,909,982	9.36%	4,088
16,416,600	-	20,285,005	-	45,326,752	8.75%	3,841
16,025,200	-	19,643,931	-	47,053,680	7.64%	3,552
15,466,600	-	18,976,298	-	48,310,710	unavailable	3,270
20,337,150	-	24,996,620	-	69,891,661	unavailable	4,315

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

Fiscal Year	General Obligation Bonds	Special Assessment GO Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Actual Taxable Value ^(a) of Property	Per Capita ^(b)
1997	\$ 9,130,000	\$ -	\$ 2,479	\$ 9,127,521	6%	\$ 1,387
1998	10,157,109	272,891	26,740	10,403,260	5%	1,439
1999	9,714,447	235,553	24,394	9,925,606	4%	1,163
2000	11,390,260	199,740	69,045	11,520,955	3%	1,226
2001	20,071,439	648,561	193,608	20,526,392	5%	2,028
2002	18,772,943	752,057	329,980	19,195,020	4%	1,787
2003	19,528,872	1,321,128	488,565	20,361,435	3%	1,726
2004	20,155,000	3,200,000	313,625	23,041,375	3%	1,739
2005	22,340,000	3,035,000	258,152	25,116,848	3%	1,700
2006	30,095,000	2,790,000	184,701	32,700,299	3%	2,019

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

^(a) *Property value data can be found in the Assessed Value and Estimated Actual Value of Taxable Property schedule in this section.*

^(b) *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, 2006

<u>Governmental Unit</u>	<u>GO Debt Outstanding</u>	<u>Estimated Percentage Applicable ^(a)</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt repaid with property taxes			
Unified School District No. 231	\$ 118,225,000	54.60%	\$ 64,550,850
Johnson County	37,495,231	1.20%	449,943
Johnson County Park and Recreation	4,820,000	1.20%	57,840
Johnson County Community College	6,905,000	1.20%	82,860
Other			
Johnson County: Public Building Commission	95,410,000	1.20%	<u>1,144,920</u>
Subtotal, overlapping debt			66,286,413
City Direct Debt			<u>24,557,891</u>
Total direct and overlapping debt			<u>\$ 90,844,304</u>

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

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

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

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Debt Limit	\$ 7,874,114	\$11,231,154	\$ 14,031,119	\$14,503,378	\$ 17,586,796	\$ 23,173,071	\$ 26,225,612	\$ 29,025,556	\$ 33,798,595	\$ 40,485,098
Total net debt applicable to limit	1,764,063	1,867,636	2,953,845	5,318,179	4,272,679	6,403,815	11,052,125	12,405,932	14,375,447	13,046,486
Legal debt margin	\$ 6,110,051	\$ 9,363,518	\$ 11,077,274	\$ 9,185,199	\$ 13,314,118	\$ 16,769,256	\$ 15,173,487	\$ 16,619,624	\$ 19,423,148	\$ 27,438,612
Total net debt applicable to the limit as a percentage of debt limit	22.40%	16.63%	21.05%	36.67%	24.29%	27.63%	42.14%	42.74%	42.53%	32.23%

Legal Debt Margin Calculation for Fiscal Year 2006

Assessed value ^(a)	\$ 134,950,327
Debt limit (30% of assessed value) ^(b)	40,485,098
Debt applicable to limit:	
G.O. Bonds and Temporary Notes Outstanding	53,132,000
Less: Amount set aside for utilities, refunding, and revenue-supported bonds	<u>(40,085,514)</u>
Total net debt applicable to limit	<u>13,046,486</u>
Legal debt margin	<u>\$ 27,438,612</u>

Notes: ^(a) Assessed value includes property tax collected for motor vehicles.

^(b) 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**

Calendar Year	Population ⁽¹⁾	Personal Income	Per Capita Personal Income ⁽²⁾	Median Age ⁽²⁾	School Enrollment ⁽³⁾	Unemployment Rate ⁽²⁾
1997	6,580	\$ 235,893,000	\$ 35,850	unavailable	2,275	2.3 %
1998	7,232	281,288,640	38,895	unavailable	2,344	2.6
1999	8,538	349,178,586	40,897	33.2	2,501	1.9
2000	9,396	415,021,320	44,170	33.9	2,670	2.4
2001	10,122	442,594,572	43,726	35.0	2,879	3.4
2002	10,742	468,909,784	43,652	30.7	3,097	4.3
2003	11,800	518,161,600	43,912	31.2	3,215	4.5
2004	13,247	615,959,006	46,498	31.2	3,401	4.9
2005	14,776	unavailable	unavailable	31.5	3,593	4.5
2006	16,199	unavailable	unavailable	31.4	3,811	4.3

Sources: City of Gardner Finance Department and

⁽¹⁾ City of Gardner Community Development Department

⁽²⁾ Information for Johnson County, Kansas provided by Southwest Johnson County Economic Development Corporation

⁽³⁾ Unified School District No. 231

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

Employer	2006			1997		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Unified School District No. 231	650	1	16.97%	250	1	11.36%
D.O.T. Label, Inc.	144	2	3.76%	-	-	-
Mid America Plastics, Inc.	120	3	3.13%	160	2	7.27%
City of Gardner	118	4	3.08%	63	7	2.86%
Meadowbrook Rehabilitation Hospital	113	5	2.95%	55	8	2.50%
TradeNet Publishing	105	6	2.74%	85	5	3.86%
Medical Lodge of Gardner	90	7	2.35%	50	9	2.27%
Price Chopper	75	8	1.96%	120	4	5.45%
Cramer Products, Inc.	52	9	1.36%	65	6	2.95%
Embarq (formerly Sprint)	45	10	1.17%	-	-	-
Package Services Co., Inc.	-	-	-	125	3	5.68%
Empire Plastics	-	-	-	14	10	0.64%
Total	1,512		39.47%	987		44.86%

Source: Southwest Johnson County Economic Development Corporation

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

Function	Full-time Equivalent Employees as of December 31									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General government										
Administration	2	2	2	2	2	2	2	2	3	3
Human Resources/City Clerk	1	1	1	1	1	1	2	2	2	2
Finance										
Accounting	1	2	2	3	3	4	4	5	5	5
Court	1	1	1	1	1	1	1	2	2	2
Utilities	2	3	3	4	5	6	7	8	8	8
Information Systems	-	-	-	-	-	-	-	-	-	1
Planning	1	2	2	2	3	3	3	4	4	5
Codes	2	2	2	2	3	4	5	5	5	6
Public Safety										
Administration	2	2	2	3	3	3	4	4	4	5
Operations	5	6	8	10	12	18	21	21	24	28
Animal Control	-	-	-	-	-	-	-	1	1	1
Public Works										
Administration	2	4	4	4	5	5	5	5	5	5
Fleet	-	-	-	-	-	1	1	1	1	1
Engineering	2	2	2	3	3	3	3	3	5	6
Building Maintenance	-	-	-	-	-	-	-	-	-	1
Streets & Maintenance	4	5	6	6	6	8	8	8	11	12
Electric	4	4	4	4	5	9	9	9	10	10
Water	3	3	4	4	4	5	6	6	8	9
Wastewater	3	3	3	4	4	4	6	6	7	9
Culture and Recreation										
Recreation Services	3	3	3	3	3	3	3	3	4	4
Park Maintenance	1	2	2	3	3	4	4	5	6	6
Total	39	47	51	59	66	84	94	100	115	129

Source: City of Gardner Human Resources Department

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

Function	Fiscal Year									
	1997	1998	1999	2000	2001	2002 ^(a)	2003	2004	2005	2006
General government ⁽¹⁾										
Building permits issued	204	364	325	220	202	319	432	505	475	300
Building inspections conducted	unavailable	unavailable	unavailable	unavailable	2,548	4,393	5,748	8,142	9,669	7,419
Public Safety ⁽²⁾										
Traffic violations	unavailable	unavailable	unavailable	1,465	2,652	2,938	2,820	2,931	3,366	3,799
Fire responses	unavailable	218	248	266	247	298	257	298	333	319
Medical responses	unavailable	564	490	616	634	650	616	640	824	871
Public Works ⁽³⁾										
Street resurfacing (shown in linear feet)	unavailable	unavailable	unavailable	9,750	6,400	9,500	5,860	12,766	8,420	11,080
Curb replacement (shown in linear feet)	unavailable	unavailable	unavailable	unavailable	1,000	1,435	1,505	2,897	2,547	4,340
Electric ⁽⁴⁾										
Average daily consumption (in kWh)	126,858	142,888	158,904	214,004	218,683	363,002	214,543	224,965	287,326	292,556
Electric meters installed	267	315	280	167	243	399	552	567	547	369
Water ⁽⁴⁾										
Average daily consumption (in thousands)	748	823	1,125	1,396	1,233	2,088	1,565	1,402	1,457	1,543
Water meters installed	238	355	303	311	229	398	511	514	477	317
Wastewater ⁽⁴⁾										
Average daily sewage treatment (in thousands)	455	499	521	644	819	967	1,129	1,367	1,518	1,304
Culture and Recreation ⁽⁵⁾										
Athletic Program Participants	unavailable	unavailable	unavailable	1,645	1,883	1,622	1,903	1,823	1,863	2,132
Aquatic Admissions	unavailable	unavailable	21,006	19,957	22,945	22,294	17,175	14,057	21,969	27,174

Note: ^(a) In 2002, the City of Gardner implemented a new utility billing software. In order to convert to the new system, the City was required to process an extra billing cycle to bring the meter reading dates current, rather than for the 30 days prior to the billing date. The extra billing cycle in 2002 also explains the drop in consumption in 2003.

Sources: City of Gardner Finance Department and

⁽¹⁾ City of Gardner Community Development Department

⁽²⁾ City of Gardner Public Safety Department

⁽³⁾ City of Gardner Street Department

⁽⁴⁾ City of Gardner Utility Department

⁽⁵⁾ City of Gardner Parks and Recreation Department

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

Function	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Public Safety ⁽²⁾										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	3	3	3	4	4	5	10	11	11	14
Fire Trucks	3	3	3	3	4	4	4	4	5	5
Public Works ⁽³⁾										
Streets (miles)	27.67	31.78	35.19	36.57	39.76	42.08	47.91	53.23	60.84	66.34
Streetlights	644	676	709	751	801	853	908	964	1,022	1,094
Electric ⁽⁴⁾										
Generators	2	2	2	2	2	2	2	2	2	2
Substations	2	2	2	2	2	2	2	2	2	3
Overhead lines (miles)	22	22	24	25	26	26	28	34	38	45
Underground lines (miles)	unavailable	unavailable	unavailable	20	23	27	32	40	44	50
Water ⁽⁴⁾										
Water mains (miles)	42.99	56.23	59.81	65.51	69.00	72.35	80.44	86.26	93.86	99.93
Treatment Plants	2	2	2	2	2	2	2	2	2	2
Wastewater ⁽⁴⁾										
Sanitary sewers (miles)	40.49	48.75	52.68	54.89	61.49	71.77	84.45	93.27	107.68	112.54
Storm sewers (miles)	8.11	11.90	14.27	15.63	17.43	19.33	24.09	27.72	33.68	38.26
Treatment Plants	2	2	2	2	3	3	3	3	3	3
Culture and Recreation ⁽⁵⁾										
Acreage	unavailable	96.04	177.06	196.40						
Parks	8	8	8	8	8	8	9	9	10	10
Baseball/softball diamonds	3	3	3	3	4	4	4	4	4	4
Community Centers	1	1	1	1	1	1	1	1	1	1
Golf Course	1	1	1	1	1	1	1	1	1	1

Sources: City of Gardner Finance Department and
⁽¹⁾ City of Gardner Community Development Department
⁽²⁾ City of Gardner Public Safety Department
⁽³⁾ City of Gardner Street Department
⁽⁴⁾ City of Gardner Utility Department
⁽⁵⁾ City of Gardner Parks and Recreation Department



Berberich Trahan & Co.

Certified Public Accountants

3630 SW Burlingame Road
Topeka, KS 66611-2050

Telephone 785 234 3427
Toll Free 800 530 5526
Facsimile 785 233 1768
www.cpakansas.com

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Gardner, Kansas (the City) as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 20, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Airport Association were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not extend to that component unit.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement on the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies, described in the accompanying schedule of findings and responses as Findings 2006-1 and 2006-2, to be significant deficiencies in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

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

This report is intended solely for the information and use of management and the City Council and is not intended to be and should not be used by anyone other than those specified parties.

Berberich Trahan & Co., P.A.

June 20, 2007

CITY OF GARDNER, KANSAS

SCHEDULE OF FINDINGS AND RESPONSES

Year Ended December 31, 2006

Finding 2006-1 - Segregation of Records

The City is not currently recording some capital asset additions in the City's capital assets system until the end of the year when they are identified during the audit. We recommend that the City implement a procedure to record all capital asset additions, including additions to construction in progress, at the time of acquisition or construction. Proprietary fund additions should be recorded in the City's capital assets system and on the general ledger at the time of acquisition or construction, and governmental fund additions should be tracked separately from the general ledger in the City's capital assets system. In addition, depreciation of capital assets is not being calculated until the end of the year at the time of the audit.

Response (Unaudited) – During the course of the 2006 audit, it was discovered that some of the City's capital asset transactions were not properly recorded in the City's capital asset system. Staff has already engaged in additional training and developed additional procedures to remedy the oversight.

Due to a misunderstanding, depreciation was not calculated in the system for 2006 until the time of the audit. It will be calculated throughout the year in 2007.

Finding 2006-2 – Journal Entries

During the course of the audit, we identified significant adjustments to the trial balance that were not initially identified by the City's internal control structure. We recommend that the City review its trial balance at year end to ensure that all adjustments have been made.

Response (Unaudited) – Many of the adjustments to the trial balance were year end journal entries including the reclassification of debt, capitalization of construction in progress, and depreciation of capital assets. The Finance Department will obtain additional training with the City's auditors to prepare staff to make the entries prior to the date of field work.