

Internal Service Funds

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

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

Building maintenance fund – This fund is used to account for the accumulation and allocation of costs associated with maintenance and miscellaneous repairs at City Hall.

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

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

CITY OF GARDNER, KANSAS
 COMBINING STATEMENT OF NET ASSETS
 INTERNAL SERVICE FUNDS

December 31, 2008

	Governmental Activities		Business-type Activities		Total
	Information Technology Services	Building Maintenance	Utility Billing Services	Risk Management	
Assets:					
Current assets:					
Deposits and investments	\$ 19,277	\$ 1,357	\$ 15,136	\$ -	\$ 35,770
Due from other funds	1,309	-	-	-	1,309
Noncurrent assets:					
Capital assets:					
Construction in progress	54,186	-	-	-	54,186
Machinery and equipment	27,645	-	-	-	27,645
Vehicles	-	14,749	-	-	14,749
Less accumulated depreciation	(6,913)	(3,687)	-	-	(10,600)
Total assets	<u>95,504</u>	<u>12,419</u>	<u>15,136</u>	<u>-</u>	<u>123,059</u>
Liabilities:					
Current liabilities:					
Accounts payable	36,394	5,332	15,017	377	57,120
Due to other funds	-	8,440	-	1,309	9,749
Accrued expenses	631	455	-	-	1,086
Noncurrent liabilities:					
Other postemployment benefit obligation	393	653	1,487	-	2,533
Total liabilities	<u>37,418</u>	<u>14,880</u>	<u>16,504</u>	<u>1,686</u>	<u>70,488</u>
Net assets:					
Invested in capital assets, net of related debt	74,918	11,062	-	-	85,980
Unrestricted	(16,832)	(13,523)	(1,368)	(1,686)	(33,409)
Total net assets	<u>\$ 58,086</u>	<u>\$ (2,461)</u>	<u>\$ (1,368)</u>	<u>\$ (1,686)</u>	<u>\$ 52,571</u>

CITY OF GARDNER, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS

INTERNAL SERVICE FUNDS

Year Ended December 31, 2008

	Governmental Activities		Business-type Activities		Total
	Information Technology Services	Building Maintenance	Utility Billing Services	Risk Management	
Operating revenues:					
Charges for services	\$ 373,682	\$ 278,223	\$ 637,248	\$ 619,194	\$ 1,908,347
Operating expenses:					
Administration	74,802	50,599	405,821	-	531,222
Contractual services	198,643	198,061	145,657	617,217	1,159,578
Other supplies and expenses	40,746	21,131	17,793	2,038	81,708
Repairs and maintenance	5,676	9,084	4,064	-	18,824
Depreciation	2,765	1,475	-	-	4,240
Other	-	-	65,026	-	65,026
Total operating expenses	322,632	280,350	638,361	619,255	1,860,598
Operating income (loss)	51,050	(2,127)	(1,113)	(61)	47,749
Total net assets, beginning of year	7,036	(334)	(255)	(1,625)	4,822
Total net assets, end of year	\$ 58,086	\$ (2,461)	\$ (1,368)	\$ (1,686)	\$ 52,571

CITY OF GARDNER, KANSAS

COMBINING STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUNDS

Year Ended December 31, 2008

	Governmental Activities		Business-type Activities		Total
	Information Technology Services	Building Maintenance	Utility Billing Services	Risk Management	
Cash flows from operating activities:					
Receipts from customers	\$ 372,373	\$ 278,223	\$ 637,248	\$ 619,194	\$ 1,907,038
Payments to suppliers	(222,983)	(225,860)	(221,087)	(619,194)	(1,289,124)
Payments to employees	(75,927)	(51,006)	(404,333)	-	(531,266)
Net cash provided by operating activities	73,463	1,357	11,828	-	86,648
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(54,186)	-	-	-	(54,186)
Net increase in cash and cash equivalents	19,277	1,357	11,828	-	32,462
Cash and cash equivalents, beginning of year	-	-	3,308	-	3,308
Cash and cash equivalents, end of year	\$ 19,277	\$ 1,357	\$ 15,136	\$ -	\$ 35,770
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ 51,050	\$ (2,127)	\$ (1,113)	\$ (61)	\$ 47,749
Adjustments to reconcile operating income to net cash provided by operating activities:					
Items not requiring cash:					
Depreciation expense	2,765	1,475	-	-	4,240
Changes in:					
Due from other funds	(1,309)	-	-	-	(1,309)
Accounts payable	22,083	2,085	11,454	(1,248)	34,374
Due to other funds	-	331	-	1,309	1,640
OPEB liability	393	653	1,487	-	2,533
Accrued liabilities	(1,519)	(1,060)	-	-	(2,579)
Net cash provided by operating activities	\$ 73,463	\$ 1,357	\$ 11,828	\$ -	\$ 86,648

CITY OF GARDNER, KANSAS

STATEMENT OF CASH FLOWS

AIRPORT ASSOCIATION COMPONENT UNIT

Year Ended December 31, 2008

Cash flows from operating activities:	
Receipts from customers	\$ 325,195
Payments to suppliers	(257,026)
Payments to employees	(5,379)
	<hr/>
Net cash provided by operating activities	62,790
	<hr/>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(82,585)
	<hr/>
Cash flows from investing activities:	
Interest received	4,496
	<hr/>
Net decrease in cash and cash equivalents	(15,299)
Cash and cash equivalents, beginning of year	192,544
	<hr/>
Cash and cash equivalents, end of year	<u>\$ 177,245</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ (15,339)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Items not requiring cash:	
Depreciation expense	66,132
Changes in:	
Receivables	2,297
Prepaid items	816
Inventories	7,520
Accounts payable	(286)
Deferred revenue	1,650
	<hr/>
Net cash provided by operating activities	<u>\$ 62,790</u>
Supplemental disclosures of Non-Cash Investing and Financing Activities:	
Capital grant KDOT	\$ 19,991
Received from the City	19,992
Airport Runway Rehabilitation	(39,983)

CITY OF GARDNER, KANSAS

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

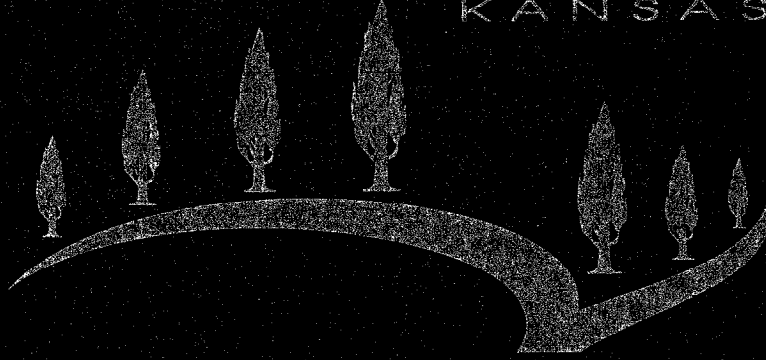
AGENCY FUND

Year Ended December 31, 2008

Alcohol Safety Action Program:

	Balance January 1, 2008	Additions	Deductions	Balance December 31, 2008
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Assets:				
Deposits and investments	\$ 25,715	\$ 18,701	\$ 16,380	\$ 28,036
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Liabilities:				
Due to others	\$ 25,715	\$ 18,701	\$ 16,380	\$ 28,036
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

CITY OF
GARDNER
KANSAS



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended
December 31, 2008

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.

<u>Contents</u>	<u>Page</u>
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.	104 - 107
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.	108 - 116
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.	117 - 120
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.	121 - 122
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.	123 - 125

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 Six Fiscal Years
(accrual basis of accounting)**

	<u>Fiscal Year</u>					
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental activities						
Invested in capital assets, net of related debt	\$ 7,460,781	\$ 9,085,457	\$ 14,068,012	\$ 12,854,680	\$ 15,189,970	\$ 11,793,968
Restricted	619,460	209,186	8,375,348	8,637,479	8,508,190	11,654,614
Unrestricted	<u>8,247,839</u>	<u>10,187,715</u>	<u>285,475</u>	<u>3,572,437</u>	<u>(146,614)</u>	<u>2,984,646</u>
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>	<u>\$ 23,551,546</u>	<u>\$ 26,433,228</u>
Business-type activities						
Invested in capital assets, net of related debt	\$ 22,669,570	\$ 26,593,163	\$ 37,238,650	\$ 36,644,874	\$ 43,009,998	\$ 42,592,536
Unrestricted	<u>8,574,639</u>	<u>9,868,088</u>	<u>4,437,961</u>	<u>8,438,191</u>	<u>7,383,676</u>	<u>7,570,921</u>
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>	<u>\$ 50,393,674</u>	<u>\$ 50,163,457</u>
Primary government						
Invested in capital assets, net of related debt	\$ 30,130,351	\$ 35,678,620	\$ 51,306,662	\$ 49,499,554	\$ 58,199,968	\$ 54,386,504
Restricted	619,460	209,186	8,375,348	8,637,479	8,508,190	11,654,614
Unrestricted	<u>16,822,478</u>	<u>20,055,803</u>	<u>4,723,436</u>	<u>12,010,628</u>	<u>7,237,062</u>	<u>10,555,567</u>
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>	<u>\$ 73,945,220</u>	<u>\$ 76,596,685</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 Six Fiscal Years
(accrual basis of accounting)

	2003	2004	2005	Fiscal Year 2006	2007	2008
Expenses						
Governmental activities:						
General government	\$ 667,923	\$ 2,481,063	\$ 2,487,540	\$ 2,283,679	\$ 3,378,759	\$ 3,467,896
Public Safety	1,578,382	1,793,104	2,133,175	2,698,278	3,248,539	3,653,003
Public Works	1,870,330	2,702,878	1,814,204	1,953,847	2,730,439	3,274,927
Culture and recreation	925,051	1,008,522	1,191,341	1,280,138	2,025,252	2,280,655
Interest on long-term debt	463,569	679,071	912,018	1,098,258	1,450,723	1,506,419
Total governmental activities expenses	<u>5,505,255</u>	<u>8,664,638</u>	<u>8,538,278</u>	<u>9,314,200</u>	<u>12,833,712</u>	<u>14,182,900</u>
Business-type activities:						
Electric	4,401,222	5,235,673	7,065,972	9,369,802	10,369,407	10,655,734
Water	2,074,904	1,809,446	2,045,852	2,353,432	2,606,773	2,829,545
Wastewater	2,763,238	2,980,535	3,176,131	3,215,418	3,659,179	4,194,130
Stormwater	-	-	-	-	75,643	220,061
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>	<u>16,711,002</u>	<u>17,899,470</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>	<u>\$ 29,544,714</u>	<u>\$ 32,082,370</u>
Program Revenues						
Governmental activities:						
Charges for services:						
General government	\$ 831,756	\$ 1,241,976	\$ 1,348,564	\$ 1,132,996	\$ 712,907	\$ 606,513
Public Safety	-	5,655	4,737	11,443	10,344	13,021
Public Works	676,890	275	-	-	1,900	-
Culture and recreation	348,307	428,120	446,685	436,514	905,149	767,693
Operating grants and contributions	1,553,297	2,352,704	2,139,253	2,216,293	2,529,574	2,657,199
Capital grants and contributions	2,349,249	2,817,443	1,087,882	218,234	360,016	4,808,296
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>	<u>4,519,890</u>	<u>8,852,722</u>
Business-type activities:						
Charges for services:						
Electric	6,998,195	7,887,555	10,240,759	10,229,014	11,805,651	11,688,030
Water	3,072,348	3,725,407	3,639,347	3,511,004	4,201,647	3,192,736
Wastewater	2,544,156	3,419,810	3,518,583	3,304,989	3,835,313	2,821,531
Stormwater	-	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-	-
Capital grants and contributions	-	-	50,000	589,004	59,606	356,751
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>	<u>19,902,217</u>	<u>18,059,048</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>	<u>\$ 24,422,107</u>	<u>\$ 26,911,770</u>
Net (Expense)/Revenue						
Governmental activities	\$ 254,244	\$ (1,818,465)	\$ (3,511,157)	\$ (5,298,720)	\$ (8,313,822)	\$ (5,330,178)
Business-type activities	3,375,335	5,007,118	5,160,734	2,695,359	3,191,215	159,578
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>	<u>\$ (5,122,607)</u>	<u>\$ (5,170,600)</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	\$ 3,290,415	\$ 3,667,858
Sales taxes	1,128,934	1,483,480	1,566,055	2,636,630	2,854,565	2,815,576
Franchise taxes	236,073	305,843	337,916	350,024	386,139	412,989
Excise taxes	-	1,211,458	1,455,739	1,289,599	819,908	395,182
Transient guest taxes	-	31,150	34,338	40,680	41,073	45,573
Unrestricted investment earnings	88,024	181,268	497,681	831,916	993,815	296,824
Gain on disposal of asset	-	-	-	-	1,617	-
Transfers	34,641	989,891	329,158	(190,643)	(1,586,760)	577,858
Total governmental activities	<u>3,227,057</u>	<u>6,233,754</u>	<u>6,532,096</u>	<u>7,634,481</u>	<u>6,800,772</u>	<u>8,211,860</u>
Business-type activities:						
Unrestricted investment earnings	79,755	205,001	532,024	520,452	532,634	188,063
Transfers	(34,641)	(989,891)	(329,158)	190,643	1,586,760	(577,858)
Other	107,320	-	-	-	-	-
Total business-type activities	<u>152,434</u>	<u>(784,890)</u>	<u>202,866</u>	<u>711,095</u>	<u>2,119,394</u>	<u>(389,795)</u>
Total primary government	<u>\$ 3,379,491</u>	<u>\$ 5,448,864</u>	<u>\$ 6,734,962</u>	<u>\$ 8,345,576</u>	<u>\$ 8,920,166</u>	<u>\$ 7,822,065</u>
Change in Net Assets						
Governmental activities	\$ 3,481,301	\$ 4,415,289	\$ 3,020,939	\$ 2,335,761	\$ (1,513,050)	\$ 2,881,682
Business-type activities	3,527,769	4,222,228	5,363,600	3,406,454	5,310,609	(230,217)
Total primary government	<u>\$ 7,009,070</u>	<u>\$ 8,637,517</u>	<u>\$ 8,384,539</u>	<u>\$ 5,742,215</u>	<u>\$ 3,797,559</u>	<u>\$ 2,651,465</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									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Fund										
Reserved	\$ 2,704	\$ 33,379	\$ 6,261	\$ -	\$ 73,395	\$ -	\$ -	\$ 1,019,948	\$ 15,151	\$ 34,779
Unreserved	492,031	596,301	659,085	851,220	1,549,455	2,392,171	3,321,238	3,107,516	4,008,117	2,964,795
Total general fund	<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>	<u>\$ 4,023,268</u>	<u>\$ 2,999,574</u>
All Other Governmental Funds										
Reserved	\$ 670,121	\$ 14,319	\$ 261,208	\$ -	\$ 57,500	\$ -	\$ -	\$ 9,998,577	\$ 2,164,409	\$ 1,058,524
Unreserved, reported in:										
Debt service fund	-	69,045	193,608	329,980	488,565	313,625	258,152	184,701	237,844	310,091
Special revenue funds	1,180,530	1,456,644	1,546,341	1,903,127	3,124,695	4,953,169	5,597,454	6,771,640	6,525,624	5,383,372
Capital projects funds	1,331,693	2,951,155	3,632,057	4,948,112	2,370,633	(565,001)	(3,188,976)	(10,700,412)	(14,211,726)	(10,291,113)
Total all other governmental funds	<u>\$ 3,182,344</u>	<u>\$ 4,491,163</u>	<u>\$ 5,633,214</u>	<u>\$ 7,181,219</u>	<u>\$ 6,041,393</u>	<u>\$ 4,701,793</u>	<u>\$ 2,666,630</u>	<u>\$ 6,254,506</u>	<u>\$ (5,283,849)</u>	<u>\$ (3,539,126)</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

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

Revenues	Fiscal Year									
	1999	2000	2001	2002	2003 ⁽¹⁾	2004	2005	2006	2007	2008
Taxes	\$ 1,621,094	\$ 1,878,059	\$ 2,099,438	\$ 2,633,287	\$ 4,366,955	\$ 5,031,445	\$ 5,670,919	\$ 6,952,528	\$ 7,351,027	\$ 7,291,605
Licenses and permits	431,109	442,716	1,046,365	950,004	687,140	888,846	942,495	750,727	615,355	186,978
Fines and fees	146,126	115,907	129,166	188,099	204,886	265,911	282,659	316,720	240,072	305,001
Charges for services	211,822	164,531	250,978	133,748	161,889	335,289	423,670	337,022	654,973	792,935
Special assessments	37,443	35,828	34,221	76,161	77,341	466,514	298,989	229,317	345,883	300,420
Intergovernmental	1,352,262	1,624,257	1,403,072	1,889,659	2,641,553	2,611,934	3,262,304	2,352,409	2,415,554	2,606,764
Investment earnings	136,160	209,611	225,241	177,013	88,024	181,268	497,682	831,916	993,815	296,824
Loan revenue	-	-	-	-	32,652	37,465	35,378	41,875	-	-
Other revenues	627,517	509,827	204,486	119,734	155,056	221,921	147,338	257,407	347,542	321,922
Total revenues	4,563,573	4,980,736	5,392,967	6,167,705	8,415,496	10,038,593	11,561,343	12,069,921	12,964,221	12,102,447
Expenditures										
General government	486,428	563,699	1,730,428	2,117,659	588,524	2,220,815	2,170,591	2,068,118	3,055,359	3,210,270
Public safety	1,094,611	1,497,282	1,319,402	1,506,022	1,710,856	1,727,208	2,059,613	2,526,659	3,040,670	3,411,959
Public works	453,368	848,263	841,594	1,679,088	1,345,077	1,072,924	925,613	1,161,471	1,554,869	1,694,200
Culture and recreation	548,526	582,645	798,394	832,531	828,581	835,493	935,986	1,122,244	1,670,953	1,843,126
Capital outlay	1,303,471	1,657,455	1,497,192	3,933,507	5,100,746	4,248,331	9,831,552	11,992,605	14,508,283	4,431,783
Debt service:										
Interest	-	-	-	-	405,611	506,669	774,222	914,694	1,529,276	1,410,869
Principal	1,336,442	1,663,065	1,589,076	4,446,338	3,097,500	4,062,598	694,737	1,156,069	2,160,583	2,158,231
Other	82,014	89,815	12,000	-	43,268	12,127	96,444	202,359	61,669	183,014
Total expenditures	5,304,860	6,922,224	7,788,086	14,515,145	13,180,163	14,886,165	17,488,758	21,144,279	27,581,681	18,343,492
Excess of revenues over (under) expenditures	(741,287)	(1,941,488)	(2,395,119)	(8,347,440)	(4,764,667)	(4,847,572)	(5,927,415)	(9,074,358)	(14,617,660)	(6,241,045)
Other Financing Sources (Uses)										
Bonds issued	1,300,000	-	866,142	4,144,102	3,091,000	725,000	3,355,000	3,545,000	-	5,460,000
Premium on general obligation bonds	-	-	-	-	-	-	-	-	-	30,160
Certificates of participation issued	-	-	-	-	-	-	-	7,150,000	-	-
Loan proceeds	-	-	-	-	-	-	-	1,053,190	-	-
Revenue bonds issued	-	-	1,000,000	-	-	-	-	-	-	-
Refunding bonds issued	-	-	-	-	-	105,000	-	-	-	-
Special assessment bonds issued	-	-	-	-	-	1,835,000	-	-	-	-
Temporary notes issued	-	3,745,000	-	4,500,000	1,095,750	-	-	-	-	-
Construction loan	-	-	-	-	-	-	-	-	910,757	651,632
Sale of capital assets	-	-	-	-	-	-	-	-	23,001	-
Capital leases	-	232,755	30,558	-	175,080	-	-	97,958	989,000	-
Insurance proceeds	-	-	-	-	-	-	-	19,302	3,053	997
Payments to escrow agent	-	-	-	(218,250)	-	(105,000)	-	-	-	-
Transfers in	1,486,364	423,742	2,747,452	2,291,197	743,534	2,982,920	2,625,016	2,796,990	2,441,559	2,513,128
Transfers out	(463,066)	(273,742)	(1,292,186)	(420,000)	(708,893)	(1,378,863)	(1,158,697)	(1,193,980)	(1,392,261)	(1,699,863)
Total other financing sources (uses)	2,323,298	4,127,755	3,351,964	10,297,049	4,396,471	4,164,057	4,821,319	13,468,460	2,975,109	6,962,074
Net change in fund balances	\$ 1,562,011	\$ 2,186,207	\$ 896,845	\$ 1,949,609	\$ (308,196)	\$ (483,515)	\$ (1,106,096)	\$ 4,394,102	\$(11,642,551)	\$ 721,029
Debt service as a percentage of noncapital expenditures	35.4%	33.7%	25.5%	42.0%	41.1%	36.8%	19.0%	24.6%	27.4%	25.4%

Note: ⁽¹⁾ 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 \$2,183,840.

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	^(b) Average Percent Unbilled	Gallons of Water Produced & Purchased	Gallons of Water Sold	^(c) Gallons of Water Unbilled	^(d) Average Percent Unbilled	Gallons of Wastewater Treated	Total Direct Rate					
										Electric		Water		Wastewater	
										Base Rate	Usage Rate	Base Rate	Usage Rate	Base Rate	Usage Rate
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	20.16%	235	\$5.00	\$0.0839	\$8.70	\$3.94	\$4.70	\$3.80
2001	77,563	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
2007	135,953	118,858	17,095	12.57%	723	488	235	32.50%	517	\$6.20	\$0.0932	\$8.52	\$3.86	\$7.72	\$4.91
2008	126,224	120,486	5,738	4.55%	758	552	206	27.18%	589	\$6.40	\$0.0960	\$9.40	\$4.25	\$8.75	\$5.57

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, and also amounts sold to wholesale customers through the EMP#1 pool.

^(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.

Source: City of Gardner Public Works Department & Gardner Energy

**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>	
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
2007	382	17	278	6	683
2008	89	1	89	1	180

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
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	109	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	5,877
2007	6,547	407	5	6,065	253	5	5,958	197	5	6,959	6,323	6,160
2008	6,726	410	5	6,360	248	5	6,146	207	5	7,141	6,613	6,358

Source: City of Gardner Utility Department

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

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Water Rates										
<i>(All Meter Sizes)</i>										
Base Rate	\$ 8.70	\$ 8.70	\$ 8.70	\$ 8.70	\$ 8.70	\$ 8.70	\$ 8.27	\$ 8.52	\$ 8.52	\$ 8.95
Usage Rate (per 1,000 gallons) First 40,000 gallons	3.94	3.94	3.94	3.94	3.94	3.94	3.75	3.86	3.86	4.05
Usage Rate (per 1,000 gallons) Over 40,000 gallons	3.15	3.15	3.15	3.15	3.15	3.15	3.00	3.10	3.10	3.26
Wastewater Rates										
Base Rate	\$ 4.70	\$ 4.70	\$ 4.70	\$ 4.70	\$ 7.00	\$ 7.00	\$ 7.35	\$ 7.72	\$ 7.72	\$ 8.10
Usage Rate (per 1,000 gallons)	3.80	3.80	3.80	3.80	4.45	4.45	4.68	4.91	4.91	5.16
Electric Rates										
<i>Residential</i>										
Base Rate	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 6.00	\$ 6.00	\$ 6.20	\$ 6.40
Usage Rate (per kWh)	0.08390	0.08390	0.08390	0.08390	0.08390	0.08390	0.08620	0.09051	0.09323	0.09603
<i>Commercial</i>										
Base Rate	6.00	6.00	6.00	6.00	6.00	6.00	6.60	6.80	6.80	7.00
Usage Rate (per kWh)	0.0890	0.0890	0.0890	0.0890	0.0890	0.0890	0.9350	0.0963	0.09631	0.09920
<i>Commercial With Demand</i>										
Base Rate for Demand	100.00	100.00	100.00	100.00	100.00	100.00	15.00	15.00	15.45	15.90
Usage Rate (per kW)	10.00	10.00	10.00	10.00	10.00	10.00	12.00	12.60	13.00	13.39
Usage Rate (per kWh) First 5,000 kWh	0.0432	0.0432	0.0432	0.0432	0.0432	0.0432	0.0436	0.0458	0.0472	0.0486
Usage Rate (per kWh) Over 5,000 kWh	0.0370	0.0370	0.0370	0.0370	0.0370	0.0370	0.0374	0.0393	0.0404	0.04165
<i>Commercial Large With Demand</i>										
Base Rate for Demand	100.00	100.00	100.00	100.00	100.00	100.00	20.00	20.00	20.60	21.20
Usage Rate (per kW)	10.00	10.00	10.00	10.00	10.00	10.00	12.00	12.60	13.00	13.39
Usage Rate (per kWh) First 5,000 kWh	0.04000	0.04000	0.04000	0.04000	0.04000	0.04000	0.04250	0.04463	0.04597	0.04735
Usage Rate (per kWh) Over 5,000 kWh	0.03470	0.03470	0.03470	0.03470	0.03470	0.03470	0.03690	0.03875	0.03991	0.04111
All Electric Rates										
<i>Residential</i>										
Base Rate	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 6.00	\$ 6.00	\$ 6.20	\$ 6.40
Summer Usage Rate (per kWh)	0.08390	0.08390	0.08390	0.08390	0.08390	0.08390	0.08850	0.09293	0.09572	0.09859
Winter Usage Rate (per kWh) First 800 kWh	0.06800	0.06800	0.06800	0.06800	0.06800	0.06800	0.07260	0.07623	0.07852	0.08088
Winter Usage Rate (per kWh) Over 800 kWh	0.02700	0.02700	0.02700	0.02700	0.02700	0.02700	0.03520	0.03696	0.03807	0.03921
<i>Commercial</i>										
Base Rate	6.00	6.00	6.00	6.00	6.00	6.00	6.60	6.60	6.80	7.00
Usage Rate (per kW)	-	-	-	-	-	-	4.55	4.78	4.90	5.05
Summer Usage Rate (per kWh)	0.08900	0.08900	0.08900	0.08900	0.08900	0.08900	0.02960	0.03108	0.03201	0.03297
Winter Usage Rate (per kWh)	0.02700	0.02700	0.02700	0.02700	0.02700	0.02700	0.02700	0.02835	0.02920	0.03008

Source: City of Gardner Utility Department

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

Customer	Electric Revenue		Customer	Water Revenue		Customer	Wastewater Revenue	
	Amount	%		Amount	%		Amount	%
	Wal-Mart	\$ 306,165		2.81%	New Century		\$ 138,668	4.93%
Price Chopper	217,008	1.99%	Wal-Mart	19,593	0.70%	TradeNet	14,044	0.58%
U.S.D. 231 - Gardner-Edgerton H.S.	216,726	1.99%	Jacobs Properties	12,755	0.45%	Pinnacle (Rehab Hospital)	11,080	0.46%
U.S.D. 231 - Pioneer Ridge Middle School	157,852	1.45%	U.S.D. 231 - Gardner-Edgerton H.S. Irriga	11,027	0.39%	R&B Autowash	10,995	0.45%
TradeNet Publishing	141,131	1.29%	U.S.D. 231 - Wheat Ridge Middle School	10,882	0.39%	Jacobs Properties	18,580	0.77%
ITW Labels	121,284	1.11%	U.S.D. 231 - Gardner-Edg. H.S.	9,837	0.35%	U.S.D. 231 - Gardner-Edgerton H.S.	8,863	0.37%
U.S.D. 231 - Wheat Ridge Middle School	70,819	0.65%	TradeNet Publishing	9,708	0.35%	Wal-Mart	9,236	0.38%
U.S.D. 231 - Madison Elementary	65,880	0.60%	Pinnacle (Rehab Hospital)	8,027	0.29%	Super 8 Motel	4,740	0.20%
U.S.D. 231 - Wheat Ridge Middle School GYM	65,459	0.60%	Bluehawk Townhome Assoc	7,456	0.27%	Cedar Niles 66	4,740	0.20%
U.S.D. 231 - Sunflower Elementary	58,593	0.54%	R&B Autowash	7,370	0.26%	Sonic	4,067	0.17%
Subtotal (10 largest)	1,420,917	13.02%	Subtotal (10 largest)	235,322	8.37%	Subtotal (10 largest)	101,193	4.19%
Balance from other customers	9,490,645	86.98%	Balance from other customers	2,574,711	91.63%	Balance from other customers	2,316,185	95.81%
Grand Totals	\$ 10,911,562	100.00%	Grand Totals	\$ 2,810,033	100.00%	Grand Totals	\$ 2,417,378	100.00%

Customer	Electric Revenue		Customer	Water Revenue		Customer	Wastewater Revenue	
	Amount	%		Amount	%		Amount	%
	Mid-America Plastics	\$ 405,974		6.96%	New Century Air Center		\$ 136,176	8.73%
U.S.D. #231 425 N Waverly DAC	240,180	4.11%	Jacobs Properties	12,658	0.81%	Jacobs Property	12,054	1.28%
Price Chopper	229,850	3.94%	Blazer's Power Wash	11,505	0.74%	Mid-America Plastics	8,497	0.90%
Dot Label	113,604	1.95%	U.S.D. #231 High School DAC	10,208	0.65%	CLC HealthCare	8,292	0.88%
Cramer Products, Inc.	106,556	1.83%	Mid America Plastics	7,517	0.48%	Medical Lodge of Gardner	8,056	0.86%
U.S.D. 231 - Sunflower Elementary	86,402	1.48%	Medical Lodges	7,397	0.47%	U.S.D. #231 High School DAC	7,144	0.76%
U.S.D. 231 - Wheat Ridge Middle School	80,931	1.39%	CLC Healthcare	7,347	0.47%	Super 8 Motel	5,760	0.61%
Empire Plastics	79,266	1.36%	Gardner Super 8	6,771	0.43%	Dot Label	4,956	0.53%
Medical Lodges of Gardner	52,147	0.89%	Price Chopper	5,791	0.37%	Price Chopper	4,804	0.51%
CLC Healthcare	40,121	0.69%	ITW Labels	4,530	0.29%	EZ Car Wash	4,085	0.43%
Subtotal (10 largest)	1,435,030	24.59%	Subtotal (10 largest)	209,899	13.46%	Subtotal (10 largest)	76,956	8.19%
Balance from other customers	4,401,812	75.41%	Balance from other customers	1,349,674	86.54%	Balance from other customers	862,716	91.81%
Grand Totals	\$ 5,836,842	100.00%	Grand Totals	\$ 1,559,574	100.00%	Grand Totals	\$ 939,672	100.00%

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

^(a) Data 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	Not Otherwise Subclassified	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
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%
2007	87,598,362	18,592,967	2,717,458	108,681	-	14,044,822	109,017,468	24.080	976,309,650	11.17%
2008	97,621,749	23,111,451	3,371,852	104,208	165,123	16,154,720	124,374,383	24.069	1,115,603,821	11.15%

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)	
1999	19.768	4.170	23.938	1.500	14.345	3.174	1.437	7.746	67.514	119.654
2000	19.674	4.150	23.824	1.500	16.112	3.137	1.451	7.184	67.920	121.128
2001	18.693	4.078	22.771	1.500	15.676	2.981	1.322	7.646	75.318	127.214
2002	18.758	4.092	22.850	1.500	16.333	2.971	1.382	7.743	75.243	128.022
2003	19.822	3.032	22.854	1.500	16.221	2.948	1.602	9.428	75.494	130.047
2004	20.882	3.032	23.914	1.500	16.381	2.954	2.365	9.432	72.957	129.503
2005	20.952	3.042	23.994	1.500	16.041	2.956	2.367	9.438	73.008	129.304
2006	21.038	3.054	24.092	1.500	17.922	2.955	2.286	8.960	78.016	135.731
2007	21.028	3.052	24.080	1.500	17.949	2.960	2.290	8.872	76.546	134.197
2008	21.019	3.050	24.069	1.500	17.985	2.962	2.295	8.749	76.511	134.071

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	2008			1999		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Wal-Mart	\$ 2,121,750	1	1.56%	-		-
Martens Rentals, L.L.C.	1,707,126	2	1.26%	-		-
Energy Center Industrial, LLC	1,500,001	3	1.10%	-		-
C.L.S. Investment Company	1,308,010	4	0.96%	\$ 390,383	3	1.31%
Bristol Partners XVI, L.L.C.	1,106,751	5	0.82%	-		-
Moonlight Apartments L.L.C.	1,097,870	6	0.81%	-		-
DJC Properties, L.L.C.	1,069,509	7	0.79%	425,001	1	1.43%
First Choice Properties, Inc.	896,080	8	0.66%	-		-
Moonlight Plaza, L.L.C.	793,280	9	0.58%	294,579	9	0.99%
Woodstone Apartments, L.P.	783,610	10	0.58%	-		-
Mid-America Plastics				393,850	2	1.33%
Gardner Super 8				353,976	4	1.19%
Mertz, Thomas D.	-		-	323,852	6	1.09%
Gaut, C. Rufus				313,870	7	1.06%
Cramer Products, Inc.				351,827	5	1.18%
Moonlight Townhomes, L.P.				309,224	8	1.04%
Gay, William D.				261,001	10	0.88%
Totals	<u>\$ 12,383,987</u>		<u>9.12%</u>	<u>\$ 3,417,563</u>		<u>11.50%</u>

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
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%
2007	3,146,176	3,171,873	100.82%	60,952	3,232,825	102.75%
2008	3,488,729	3,439,440	98.59%	136,258	3,575,698	102.49%

Source: Johnson County Treasurer's Office

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

Fiscal Year	Government Activities						Business-type Activities				Total Primary Government	Percentage of Personal Income ⁽⁴⁾	Per Capita ⁽⁴⁾
	General Obligation Bonds	Special Assessment GO Bonds	Certificates of Participation	Capital Leases	State Revolving Loans	Lease Revenue Bonds	General Obligation Bonds	Capital Leases	State Revolving Loans	Electric Revenue Bonds			
1999	\$ 1,120,950	\$ 235,553	\$ -	\$ 297,342	\$ -	\$ -	\$ 8,593,497	\$ 72,975	\$ 1,917,639	\$ 10,665,000	\$ 22,902,956	6.56%	\$ 2,682
2000	1,089,610	199,740	-	439,107	-	-	10,300,650	37,550	1,820,681	10,040,000	23,927,338	5.77%	2,547
2001	1,415,039	648,561	-	359,579	-	1,000,000	18,656,400	-	8,521,192	-	30,600,771	6.91%	3,023
^(b) 2002	1,087,843	752,057	-	114,008	-	4,000,000	17,685,100	-	20,270,974	-	43,909,982	9.36%	4,088
2003	3,112,272	1,321,128	-	191,747	-	4,000,000	16,416,600	-	20,285,005	-	45,326,752	8.75%	3,841
2004	4,129,800	3,200,000	-	94,749	-	3,960,000	16,025,200	-	19,643,931	-	47,053,680	7.64%	3,552
2005	6,873,400	3,035,000	-	54,412	-	3,905,000	15,466,600	-	18,976,298	-	48,310,710	8.42%	3,270
^(c) 2006	9,757,850	2,790,000	7,150,000	108,152	911,889	3,840,000	20,337,150	-	24,996,620	-	69,891,661	10.78%	4,315
2007	9,162,650	2,270,000	6,535,000	1,056,393	1,513,022	3,760,000	17,482,350	178,030	25,349,440	-	67,304,885	9.39%	3,934
2008	10,483,950	5,255,000	6,140,000	911,755	1,799,761	3,660,000	23,891,050	135,533	25,433,886	-	77,710,935	10.73%	4,294

Notes: ⁽⁴⁾ See the Demographic and Economic Statistics schedule in this section for personal income and population data.

^(b) In 2002, the City received a \$20,079,700 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

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)
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
2007	26,645,000	2,270,000	237,844	28,677,156	3%	1,676
2008	34,375,000	5,255,000	310,091	39,319,909	3%	2,173

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, 2008

<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	\$ 108,415,000	54.30%	\$ 58,869,345
Johnson County	26,965,191	1.65%	444,926
Johnson County Park and Recreation ^(b)	4,305,000	1.65%	71,033
Other			
Johnson County: Public Building Commission	152,750,000	1.65%	<u>2,520,375</u>
Subtotal, overlapping debt			61,905,678
City Direct Debt			<u>28,250,466</u>
Total direct and overlapping debt			<u>\$ 90,156,144</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.

^(b) Johnson County Park and Recreation outstanding GO debt not available from County; using 2007 total.

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**

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt Limit	\$ 14,031,119	\$ 14,503,378	\$ 17,586,796	\$ 23,173,071	\$ 26,225,612	\$ 29,025,556	\$ 33,798,595	\$ 40,485,098	\$ 45,321,494	\$ 46,494,676
Total net debt applicable to limit	<u>2,953,845</u>	<u>5,318,179</u>	<u>4,272,679</u>	<u>6,403,815</u>	<u>11,052,125</u>	<u>12,405,932</u>	<u>14,375,447</u>	<u>13,046,486</u>	<u>12,546,504</u>	<u>17,272,700</u>
Legal debt margin	<u>\$ 11,077,274</u>	<u>\$ 9,185,199</u>	<u>\$ 13,314,117</u>	<u>\$ 16,769,256</u>	<u>\$ 15,173,487</u>	<u>\$ 16,619,624</u>	<u>\$ 19,423,148</u>	<u>\$ 27,438,612</u>	<u>\$ 32,774,990</u>	<u>\$ 29,221,976</u>
Total net debt applicable to the limit as a percentage of debt limit	21.05%	36.67%	24.29%	27.63%	42.14%	42.74%	42.53%	32.23%	27.68%	37.15%

Legal Debt Margin Calculation for Fiscal Year 2008

Assessed value ^(a)	\$ 154,982,252
Debt limit (30% of assessed value) ^(b)	46,494,676
Debt applicable to limit:	
G O. Bonds and Temporary Notes Outstanding	51,745,700
Less: Amount set aside for utilities, refunding, and revenue-supported bonds	<u>(34,373,000)</u>
Total net debt applicable to limit	<u>17,372,700</u>
Legal debt margin	<u>\$ 29,121,976</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⁾
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	573,914,616	38,841	31.5	3,593	4.5%
2006	16,199	648,105,791	40,009	31.4	3,811	4.3%
2007	17,110	716,515,470	41,877	31.6	4,293	3.9%
2008	18,096	724,002,864	40,009	31.6	4,491	4.3%

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	2008			1999		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Unified School District No. 231	760	1	9.24%	250	1	11.36%
Walmart	170	2	2.07%			
City of Gardner	131	3	1.59%	63	8	2.86%
Price Chopper	115	4	1.40%	120	4	5.45%
TradeNet Publishing	114	5	1.39%	85	5	3.86%
Meadowbrook Rehabilitation Hospital	107	6	1.30%	50	9	2.27%
Medical Lodge of Gardner	102	7	1.24%	65	7	2.95%
Cramer Products, Inc.	50	8	0.61%	65	6	2.95%
D.O.T. Label, Inc. (ITW)	34	9	0.41%	125	3	5.68%
Metcalf Bank	30	10	0.36%			
Mid America Plastics, Inc.	-			160	2	7.27%
Empire Plastics	6	-		14	10	0.64%
Total	1,619		19.61%	997		45.29%

Source: Southwest Johnson County Economic Development Corporation

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

<u>Function</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General government										
Administration	2	2	2	2	2	2	3	3	3	3
Human Resources/City Clerk	1	1	1	1	2	2	2	2	2	3
Finance										
Accounting	2	3	3	4	4	5	5	5	5	4
Court	1	1	1	1	1	2	2	2	2	2
Utilities	3	4	5	6	7	8	8	8	8	8
Information Systems	-	-	-	-	-	-	-	1	1	1
Planning	2	2	3	3	3	4	4	5	4	4
Codes	2	2	3	4	5	5	5	6	7	5
Public Safety										
Administration	2	3	3	3	4	4	4	5	6	6
Operations	8	10	12	18	21	21	24	28	34	33
Animal Control	-	-	-	-	-	1	1	1	1	1
Public Works										
Administration	4	4	5	5	5	5	5	5	4	4
Fleet	-	-	-	1	1	1	1	1	1	1
Engineering	2	3	3	3	3	3	5	6	6	4
Building Maintenance	-	-	-	-	-	-	-	1	1	1
Streets & Maintenance	6	6	6	8	8	8	11	12	9	8
Electric	4	4	5	9	9	9	10	10	12	9
Water	4	4	4	5	6	6	8	9	10	10
Wastewater	3	4	4	4	6	6	7	9	10	10
Culture and Recreation										
Recreation Services	3	3	3	3	3	3	4	4	6	6
Park Maintenance	2	3	3	4	4	5	6	6	8	8
Total	<u>51</u>	<u>59</u>	<u>66</u>	<u>84</u>	<u>94</u>	<u>100</u>	<u>115</u>	<u>129</u>	<u>140</u>	<u>131</u>

Source: City of Gardner Human Resources Department

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

Function	1999	2000	2001	2002 ^(a)	2003	2004	2005	2006	2007 ^(b)	2008
General government ⁽¹⁾										
Building permits issued	325	220	202	319	432	505	475	300	255	82
Building inspections conducted	unavailable	unavailable	2,548	4,393	5,748	8,142	9,669	7,419	4,862	3,432
Public Safety ⁽²⁾										
Traffic violations	unavailable	1,465	2,652	2,938	2,820	2,931	3,366	3,799	2,742	3,763
Fire responses	248	266	247	298	257	298	333	319	364	430
Medical responses	490	616	634	650	616	640	824	871	922	901
Public Works ⁽³⁾										
Street resurfacing (shown in linear feet)	unavailable	9,750	6,400	9,500	5,060	12,766	8,420	11,080	19,183	5,280
Curb replacement (shown in linear feet)	unavailable	unavailable	1,000	1,435	1,505	2,897	2,547	4,340	8,627	-
Electric ⁽⁴⁾										
Average daily consumption (in kWh)	158,904	214,004	218,683	363,002	214,543	224,965	287,326	292,556	327,896	322,695
Electric meters installed	280	167	243	399	552	567	547	369	399	90
Water ⁽⁴⁾										
Average daily consumption (in thousands)	1,125	1,396	1,233	2,088	1,565	1,402	1,457	1,543	1,634	1,604
Water meters installed	303	311	229	398	511	514	477	317	284	90
Wastewater ⁽⁴⁾										
Average daily sewage treatment (in thousands)	521	644	819	967	1,129	1,367	1,518	1,304	1,415	1,614
Culture and Recreation ⁽⁵⁾										
Athletic Program Participants	unavailable	1,645	1,883	1,622	1,903	1,823	1,863	2,132	2,182	2,428
Aquatic Admissions	21,006	19,957	22,945	22,294	17,175	14,057	21,969	27,174	100,247	101,727

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.

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

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	1999	2000	2001	2002	2003	2004	2005	2006	2007 ⁽⁶⁾	2008 ⁽⁷⁾
Public Safety ⁽²⁾										
Stations	1	1	1	1	1	1	1	1	1	2
Patrol/AC Units	3	4	4	5	10	11	11	14	15	14
Fire Fleet	3	3	4	4	4	4	5	5	7	8
Public Works ⁽³⁾										
Streets (miles)	35.19	36.57	39.76	42.08	47.91	53.23	60.84	66.34	87.40	91.93
Streellights	709	751	801	853	908	964	1,022	1,070	1,085	1,134
Electric ⁽⁴⁾										
Generators	2	2	2	2	2	2	2	2	2	2
Substations	2	2	2	2	2	2	2	3	3	3
Overhead lines (miles)	24	25	26	26	28	34	38	45	46	46
Underground lines (miles)	unavailable	20	23	27	32	40	44	50	51	51
Water ⁽⁴⁾										
Water mains (miles)	59.81	65.51	69.00	72.35	80.44	86.26	93.86	99.93	104.05	104.35
Treatment Plants	2	2	2	2	2	2	2	1	1	1
Wastewater ⁽⁴⁾										
Sanitary sewers (miles)	52.68	54.89	61.49	71.77	84.45	93.27	107.68	112.54	119.40	122.66
Storm sewers (miles)	14.27	15.63	17.43	19.33	24.09	27.72	33.68	38.26	39.72	41.16
Treatment Plants	2	2	3	3	3	3	3	3	3	3
Culture and Recreation ⁽⁵⁾										
Acreage	unavailable	unavailable	unavailable	unavailable	unavailable	96.04	177.06	196.40	226.93	330.58
Parks	8	8	8	8	9	9	10	10	10	13
Baseball/softball/soccer fields	3	3	4	4	4	4	4	4	4	14
Community Centers	1	1	1	1	1	1	1	1	1	1
Golf Course	1	1	1	1	1	1	1	1	1	1

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

⁽⁶⁾ Streets Dept. new inventory process begun in 2006 found unreported miles.

⁽⁷⁾ Culture and Recreation acreage includes 19.21 acres undeveloped park land.



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

**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, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 26, 2009. 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 2008-1 and 2008-2 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 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*.

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the City's response and, accordingly, we express no opinion on it.

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 26, 2009

CITY OF GARDNER, KANSAS
SCHEDULE OF FINDINGS AND RESPONSES

Year Ended December 31, 2008

Finding 2008-1 – Significant Deficiency

Condition – The City is not currently recording some of its capital asset additions in the City’s capital assets system until the end of the year when they are identified during the audit. Depreciation of capital assets is not being calculated until the end of the year at the time of the audit. This finding is repeated from the prior year.

Criteria – The financial statements are the responsibility of management. As such, the City’s internal control over capital assets should identify all fixed asset additions on a consistent basis so that they may be properly recorded in the financial statements.

Cause – Inappropriate application of generally accepted accounting principles.

Effect – There is the potential that the financial statements may be materially misstated.

Recommendation – 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 traced separately from the general ledger in the City’s capital assets system. In addition, depreciation of capital assets should be calculated and recorded.

Management’s Response/Corrective Action Plan (Unaudited) – The number of capital asset additions not recorded in the City’s capital assets system until the end of the year when they are identified during the audit has been steadily decreasing since 2006. In addition to the ongoing training received, the advanced knowledge needed to enable full completion of the capital asset cycle each year can only be gained through increasing governmental accounting experience. Existing staff gained valuable experience in the 2008 audit, and believes their judgment related to capitalization decisions will further reduce incomplete capital asset transactions and possibly eliminate this finding in 2009.

Finding 2008-2 – Significant Deficiency

Condition – During the course of our audit, we identified significant adjustments to the trial balance that were not initially identified by the City’s internal control structure. In addition, there were journal entries being posted to the general ledger that were not being reviewed or approved before they were posted. This finding is repeated from the prior year.

CITY OF GARDNER, KANSAS

SCHEDULE OF FINDINGS AND RESPONSES
(Continued)

Criteria – The financial statements are the responsibility of management. As such, the City's internal control over the financial statements should identify misstatements on a consistent basis.

Cause – Inappropriate application of generally accepted accounting principles.

Effect – There is the potential that the financial statements may be materially misstated.

Recommendation – We recommend that the City review its trial balance at year-end to ensure that all adjustments have been made. All journal entries should also be reviewed and approved before posting.

Management's Response/Corrective Action Plan (Unaudited) – Progress was made by City Staff to decrease the number (by one-third fewer) of unidentified adjustments to the trial balance. Additional progress is expected with increased experience of existing staff in assuming responsibility for year end journal entries for 2009. Additional review and approval procedures have been implemented in 2009 for entries to the general ledger.

CITY OF GARDNER, KANSAS

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

Year Ended December 31, 2008

Finding 2007-1 – Significant Deficiency

Condition – The City is not currently recording some of its capital asset additions in the City's capital assets system until the end of the year when they are identified during the audit. Depreciation of capital assets is not being calculated until the end of the year at the time of the audit. This finding is repeated from the prior year.

Criteria – The financial statements are the responsibility of management. As such, the City's internal control over capital assets should identify all fixed asset additions on a consistent basis so that they may be properly recorded in the financial statements.

Cause – Inappropriate application of generally accepted accounting principles.

Effect – There is the potential that the financial statements may be materially misstated.

Recommendation – 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 traced separately from the general ledger in the City's capital assets system. In addition, depreciation of capital assets should be calculated and recorded.

Management's Response/Corrective Action Plan (Unaudited) – Staff engaged in additional training for the recording of capital assets after this issue was noted in the 2006 audit. Due to turnover in senior staff, the correction was not implemented. New and existing staff received training, but a gap in experience remained for 2007. The capital asset information was gathered and schedules compiled, but the final step to properly record the assets in the system, and calculate depreciation was not taken.

With experience gained from the 2007 audit cycle and continued cooperation between the auditors and staff, this finding will be corrected in 2008.

Follow-up – Capital asset additions were not recorded in the current year. This significant deficiency is repeated in the current year as Finding 2008-1.

CITY OF GARDNER, KANSAS

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
(Continued)

Finding 2007-2 – Significant Deficiency

Condition – During the course of our audit, we identified significant adjustments to the trial balance that were not initially identified by the City's internal control structure. This finding is repeated from the prior year. In addition, during the current year, there were journal entries being posted to the general ledger that were not being reviewed or approved before they were posted.

Criteria – The financial statements are the responsibility of management. As such, the City's internal control over the financial statements should identify misstatements on a consistent basis.

Cause – Inappropriate application of generally accepted accounting principles.

Effect – There is the potential that the financial statements may be materially misstated.

Recommendation – We recommend that the City review its trial balance at year-end to ensure that all adjustments have been made. All journal entries should also be reviewed and approved before posting.

Management's Response/Corrective Action Plan (Unaudited) – City Staff has received training in the proper recording of year end journal entries and will continue implementation of that training in 2008. To that end, an additional checklist has been developed to aid in the year end process. As in Finding 2007-1 above, turnover of staff affected the ability of the department to make further progress in assuming responsibility for year end journal entries. The possibility of receiving additional training prior to the 2008 audit has been discussed and will be utilized if necessary.

Follow-up – Significant journal entries were made during the current year audit. In addition, in the current year, there were journal entries being posted to the general ledger that were not being reviewed or approved before they were posted. This significant deficiency is repeated in the current year as Finding 2008-2.