



Newly Expanded Hillsdale Water Treatment Plant

City of Gardner, Kansas

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021



CITY OF GARDNER, KANSAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021



Prepared by the Finance Department

Fiscal Services Division

Matt Wolff, Finance Director

Nancy Torneden, Fiscal Services Manager

Jackie Schulz, Senior Accountant

Stephanie Diaz, Senior Accountant

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CITY OF GARDNER, KANSAS

ANNUAL COMPREHENSIVE
FINANCIAL REPORT

Year Ended December 31, 2021

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ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the fiscal year ended

December 31, 2021

INTRODUCTORY SECTION

June 09, 2022

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

We are pleased to present the Annual Comprehensive Financial Report of the City of Gardner (City) for the fiscal year ended December 31, 2021. The report was prepared by the City's Finance Department. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the government. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

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

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

Kansas Statutes Annotated 75-1122 requires an annual audit of the accounts, financial records, and transactions of all administrative departments of the City by independent certified public accountants. The accounting firm of Allen, Gibbs & Houlik, L.C. was selected by the City Council. Allen, Gibbs & Houlik, L.C. issued an unmodified ("clean") opinion on the City of Gardner's financial statements for the year ended December 31,

2021. The independent auditor's report on the financial statements is included in the Financial Section of this report.

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

Profile of the Government

The City of Gardner was established on March 16, 1858 and came under the jurisdiction of the State of Kansas in 1861. The City was incorporated as a Municipal Corporation of the third class in January 1887 and as a Municipal Corporation of the second class in December 2002. The City is located in Johnson County, Kansas, along Interstate 35, about 25 miles southwest of downtown Kansas City, Missouri. Johnson County, Kansas is considered to be one of the top growth areas in the state, and one of the top growth areas in the country. Johnson County is the largest county in Kansas with a population of approximately 613,219.

Because of Gardner's location on the edge of the Kansas City metropolitan area, the city serves as a suburban living area for individuals employed in the metropolitan area, as well as the surrounding rural agricultural community. Gardner is experiencing development tangentially related to the intermodal/logistics park facility noted below. Currently, Gardner is approximately 12.36 square miles in size. In 2021, Gardner's population was estimated at 23,287.

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

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

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

Using said criterion, it was determined that the City has a blended component unit. The blended component unit - the Public Building Commission (PBC) - although a legally separate entity, is, in substance, part of the City's operations. In 2021, there was no fund balance or activity to report for the PBC.

Economic Condition and Outlook

2022 projections from the county appraiser also indicate significant growth in assessed valuation, at 14.43% for taxable properties. Based on the 2022 projections, the City's overall market value increased from \$2.114 billion to \$2.418 billion, an additional 14.39%.

In 2021, Gardner saw the issuance of 1,172 building and improvement project permits. This included 102 new single-family homes and 32 new multifamily units. Planning approvals for residential projects during 2021 in Gardner totaled 463 new single-family lots and 424 multi-family units of future development inventory.

Gardner continues to experience strong residential and commercial development. The City's financial capacity and ability to leverage its municipally-owned utilities, combined with ample undeveloped land around Gardner's two interchanges on Interstate 35, position the City as a central point for commerce and additional growth. The city is also in close proximity to a several thousand acre railroad and logistics park - an inland port supporting the global supply chain - on its western border and a premiere multi-modal business park containing over 60 companies. These adjacent businesses create job opportunities that have contributed to a strong demand for housing throughout the city.

2021 Major Initiatives

Investment in the community's transportation network continued in 2021 with Waverly Road from 175th Street to Madison reconstruction, installation of the Moonlight and Madison signals, and neighborhood street improvements under the 2021 Pavement Management Program. 2021 also included design work for US-56 from Sycamore to Old Highway 56 reconstruction, Center Street Sidewalks improvements, and 167th St. Center to Moonlight improvements.

The City continued its focus on promoting economic development by extending sewer and electric infrastructure to the Prairie Trace/GRATA, a 262 acre mixed-use development. The City completed the Hillsdale Water Treatment Plant Expansion Project, which increased water capacity by 3 million gallons per day and will support future community growth.

The City established a Vehicle and Equipment Replacement Fund to ensure that there is adequate funding to support the timely replacement of vehicles and equipment. This fund will cover all equipment and vehicle replacements over \$10,000, except for the Police

Department and Electric Utility. The Police Department and Electric Utility have their own separate asset management programs.

Future/Planned Initiatives

In 2022, transportation network improvements are expected to continue with the reconstruction of US-56/Main Street from Sycamore to Old Highway 56, 167th Street from Center to Moonlight rehabilitation, and Center Street Sidewalk improvements. The Center Street Sidewalk improvements were identified in the City's "Destination Downtown" planning document and represent the first step towards adding more accessibility to the downtown area.

The City continues to develop infrastructure plans for providing service to properties on the other side of I-35 that were annexed in recent years. This includes utilities infrastructure improvements to support future phases of the 262-acre Prairie Trace/GRATA mixed-use development. Also, design work is expected to start in 2022 for the Gardner Road Bridge project, which will accommodate more growth around the Gardner Road and I-35 Interchange.

The Capital Improvement Program includes a schedule of planned capital projects for the next 5 years. The City is planning to make significant investments over the next 5 years in sanitary sewer infrastructure. This includes the expansion of the Kill Creek Resource Recovery Facility to increase treatment capacity by 2.5 million gallons per day.

Financial Planning

Revenues greater than budget estimates contributed to the City's EOY 2021 General Fund balance that met and exceeded the City's target fund balance for the General Fund of 25% of expenditures. This level of fund balance exceeded the Government Finance Officers Association's "best practice" recommendation "of no less than two months of regular general fund operating revenues or regular general fund operating expenditures" (or 16.67%).

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

The City continues to implement planned water rate increases of 3.7% each year until 2029 to assist with paying for the Hillsdale Water Treatment Plant expansion project. In 2022, the City will update the rate studies for the electric utility and the wastewater utility to ensure that rates are appropriate for supporting anticipated capital projects.

In February 2021, the City, like many other electric utility providers, experienced a large spike in the cost of gas and electric power purchases due to a prolonged cold snap. The City's robust electric fund balance was able to absorb the high operational costs. The City will continue to recover the costs through the Power Cost Adjustment (PCA) component of customers' monthly utility bill. The PCA is used to account for changes in the net cost of purchasing wholesale power and the cost of fuel used to produce electric power. The increase or decrease is passed on to customers through a 12-month rolling average.

Management will continue to monitor reserves and will take necessary action to maintain desired levels, as evidenced by past financial performance and the current Standard & Poor's investment grade credit rating of AA-/Stable.

Awards/Acknowledgements

The City received the GFOA Distinguished Budget Presentation Award for the fiscal year beginning January 1, 2021. This is the seventh consecutive year the City has earned the budget presentation award. The award reflects the commitment of the Governing Body and staff to meeting the highest principles of governmental budgeting. In order to receive the budget award, the City had to satisfy nationally recognized guidelines for effective budget presentation. These guidelines are designed to assess how well an entity's budget serves as: a policy document, a financial plan, an operations guide, and a communications device. Budget documents must be rated "proficient" in all four categories, and the fourteen mandatory criteria within those categories, to receive the award. We believe the revised FY 2021-2022 biennial budget document will meet the award criteria for FY 2022. The City's Finance Department, working in conjunction with City administration and the Governing Body, is responsible for developing the budget document.

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

The preparation of this Annual Comprehensive Financial Report could not have been accomplished without the cooperation and support of the Governing Body in maintaining the highest standards of professionalism in the management of Gardner's finances. In

addition, special thanks are extended to Administration, other City departments, external auditors, and for the efficient, dedicated efforts of the entire staff of the City's accounting division.

Sincerely,

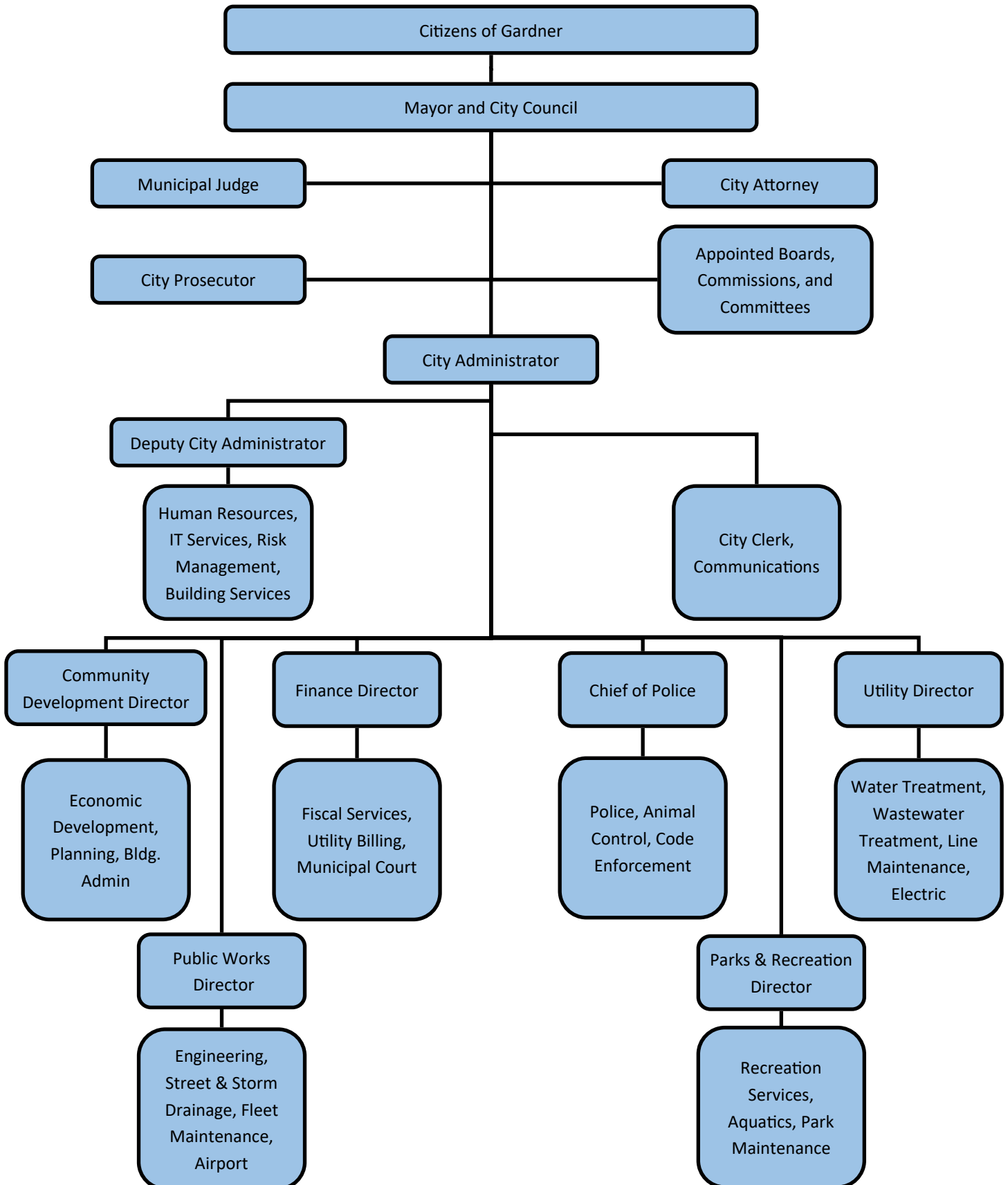


James Pruetting
City Administrator



Matthew Wolff
Finance Director

City of Gardner Organizational Chart December 31, 2021



City of Gardner, Kansas

List of Elected and Appointed Officials

December 31, 2021

Elected Officials

| | | <u>Term Expires</u> |
|------------------------|--------------|---------------------|
| Mayor | Todd Winters | 2025 |
| Council President | Vacant | |
| Council Vice President | Mark Baldwin | 2025 |
| Councilmember | Kacy Deaton | 2023 |
| Councilmember | Tory Roberts | 2023 |
| Councilmember | Steve Shute | 2025 |

Appointed Officials

| | |
|--------------------------------|----------------|
| City Administrator | Jim Pruetting |
| Municipal Judge | Robin Lewis |
| City Prosecutor | Vacant |
| City Prosecutor | Vacant |
| City Attorney | Ryan Denk |
| Community Development Director | David Knopick |
| Finance Director | Matthew Wolff |
| Public Works Director | Kellen Headlee |
| Chief of Police | James Belcher |
| Parks and Recreation Director | Jason Bruce |
| Utility Director | Gonzalo Garcia |



Government Finance Officers Association

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

Presented to

**City of Gardner
Kansas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morill

Executive Director/CEO

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ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the fiscal year ended

December 31, 2021

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council Members
City of Gardner, Kansas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Gardner, Kansas (the City) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Gardner, Kansas, as of December 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the *Kansas Municipal Audit and Accounting Guide*, and the standards applicable to financial audits contained in Government Auditing Standards (*Government Auditing Standards*), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information consists of the introductory, statistical and annual operating data sections as listed in the table of contents but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2022 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Overland Park, Kansas
June 9, 2022

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Gardner (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, the City's basic financial statements and the related notes to the basic financial statements.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of 2021 by \$143,854,897 (*net position*). Of this amount, \$17,971,442 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$4,617,757 during the fiscal year.
- As of the close of 2021, the City's governmental funds reported combined ending fund balances of \$16,796,868. Approximately 41% of this total amount, \$6,879,876, is unassigned fund balance available for spending at the City's discretion.
- At the close of the current fiscal year, fund balance for the City's primary operating fund, the general fund, was \$7,111,481 or 47% of the total general fund revenues of \$15,171,783.
- The City's total long-term debt decreased \$7,770,707 during the current fiscal year. The City issued \$6,895,000 of new debt, the majority of which was for the purpose of effecting current refundings and for definitive financing of existing Bond Anticipation Notes. The new debt issued was offset by the retirement of existing debt.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The City maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, debt service fund, capital projects fund, infrastructure special sales tax fund and special highway fund, all of which are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

The City has five enterprise funds: electric fund, water fund, wastewater fund, stormwater fund and the airport fund. The City has four internal service funds: risk services fund, information technology services fund, building services fund, and the utility billing services fund. The electric fund, water fund, and wastewater fund are the only funds being considered major funds for presentation purposes.

Notes to the Financial Statements

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

Other Information

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

ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS

Analysis of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial condition. For the City, assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$143,854,897 at the close of the current fiscal year. The City's net position increased by \$4,617,757 from the prior year, with governmental activities increasing \$7,541,699, and business-type activities decreasing \$2,923,942.

City of Gardner, Kansas Net Position

| | Governmental Activities | | Business-type Activities | | Total | |
|--------------------------|-------------------------|--------------|--------------------------|--------------|---------------|---------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Current and other assets | \$35,730,508 | \$35,401,846 | \$22,314,755 | \$35,204,142 | \$58,045,263 | \$70,605,988 |
| Capital assets | 79,694,508 | 75,500,544 | 118,119,743 | 114,312,005 | 197,814,251 | 189,812,549 |
| Total assets | 115,425,016 | 110,902,390 | 140,434,498 | 149,516,147 | 255,859,514 | 260,418,537 |
| Deferred outflow s | 2,708,090 | 3,029,641 | 636,758 | 826,047 | 3,344,848 | 3,855,688 |
| Long-term liabilities | 50,207,077 | 56,611,798 | 53,421,108 | 57,863,452 | 103,628,185 | 114,475,250 |
| Other liabilities | 2,771,415 | 2,365,403 | 893,886 | 3,532,474 | 3,665,301 | 5,897,877 |
| Total liabilities | 52,978,492 | 58,977,201 | 54,314,994 | 61,395,926 | 107,293,486 | 120,373,127 |
| Deferred inflow s | 7,249,724 | 4,591,639 | 806,255 | 72,319 | 8,055,979 | 4,663,958 |
| Net position: | | | | | | |
| Net investment in | | | | | | |
| Capital Assets | 40,365,621 | 36,297,226 | 67,367,298 | 67,028,494 | 107,732,919 | 103,325,720 |
| Restricted for: | | | | | | |
| Debt service | 12,401,283 | 10,609,553 | - | - | 12,401,283 | 10,609,553 |
| Capital projects | 2,660,031 | 1,052,955 | - | - | 2,660,031 | 1,052,955 |
| Streets improvements | 2,556,031 | 4,263,206 | - | - | 2,556,031 | 4,263,206 |
| Economic development | 275,405 | 292,588 | - | - | 275,405 | 292,588 |
| Other purposes | 257,786 | 173,904 | - | - | 257,786 | 173,904 |
| Unrestricted | (611,267) | (2,326,241) | 18,582,709 | 21,845,455 | 17,971,442 | 19,519,214 |
| Total net position | \$57,904,890 | \$50,363,191 | \$85,950,007 | \$88,873,949 | \$143,854,897 | \$139,237,140 |

The largest portion of the City's net position (75%) reflects its investment of \$107,732,919 in capital assets (e.g., land, buildings, intangibles, infrastructure, vehicles, machinery and equipment and construction in progress); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these are not available for future spending.

An additional \$18,150,536 of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of the City's net position of \$17,971,442 is unrestricted and may be used to meet ongoing obligations to citizens and creditors.

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

Analysis of Changes in Net Position

Governmental activities increased the City's net position by \$7,541,699, while business-type activities decreased the City's net position by \$2,923,942. The following table reflects the revenues and expenses for the City's activities for the year ended December 31, 2021, and illustrates the comparison between 2021 and the prior year:

City of Gardner, Kansas Changes in Net Position

| | Governmental Activities | | | Business-type Activities | | |
|--|--------------------------------|---------------|--------------------------------|---------------------------------|---------------|--------------------------------|
| | 2021 | 2020 | Increase (Decrease) | 2021 | 2020 | Increase (Decrease) |
| Revenues: | | | | | | |
| Program Revenues: | | | | | | |
| Charges for services | \$ 4,183,186 | \$ 3,418,154 | \$ 765,032 | \$ 37,330,613 | \$ 28,638,324 | \$ 8,692,289 |
| Operating grants and contributions | 3,590,921 | 3,530,893 | 60,028 | 1,098 | 98 | 1,000 |
| Capital grants and contributions | 8,379,221 | 3,642,976 | 4,736,245 | 1,405,534 | 2,403,147 | (997,613) |
| General Revenues: | | | | | | |
| Property taxes | 5,394,940 | 4,810,228 | 584,712 | - | - | - |
| Sales taxes | 5,931,142 | 5,079,085 | 852,057 | - | - | - |
| Franchise taxes | 264,835 | 245,477 | 19,358 | - | - | - |
| Excise taxes | 359,835 | 28,227 | 331,608 | - | - | - |
| Transient guest tax | 244,697 | 217,553 | 27,144 | - | - | - |
| Unrestricted Investment earnings | 17,313 | 137,134 | (119,821) | 23,649 | 145,906 | (122,257) |
| Other | 496,004 | 235,353 | 260,651 | - | - | - |
| Total Revenue | 28,862,094 | 21,345,080 | 7,517,014 | 38,760,894 | 31,187,475 | 7,573,419 |
| Expenses: | | | | | | |
| General government | 3,760,357 | 3,504,843 | 255,514 | - | - | - |
| Police | 6,128,179 | 5,992,914 | 135,265 | - | - | - |
| Public works | 4,780,947 | 4,745,816 | 35,131 | - | - | - |
| Culture and recreation | 3,082,003 | 2,591,111 | 490,892 | - | - | - |
| Community Development | 861,708 | 967,771 | (106,063) | - | - | - |
| Interest on long-term debt | 1,208,794 | 1,319,387 | (110,593) | - | - | - |
| Electric | - | - | - | 28,977,189 | 14,644,403 | 14,332,786 |
| Water | - | - | - | 8,267,952 | 5,685,051 | 2,582,901 |
| Wastewater | - | - | - | 5,601,851 | 5,469,660 | 132,191 |
| Stormwater | - | - | - | 66,470 | 49,186 | 17,284 |
| Airport | - | - | - | 269,781 | 246,693 | 23,088 |
| Total Expenses | 19,821,988 | 19,121,842 | 700,146 | 43,183,243 | 26,094,993 | 17,088,250 |
| Increase (decrease) in net position before transfers | 9,040,106 | 2,223,238 | 6,816,868 | (4,422,349) | 5,092,482 | (9,514,831) |
| Transfers | (1,498,407) | 965,000 | (2,463,407) | 1,498,407 | (965,000) | 2,463,407 |
| Change in net position | 7,541,699 | 3,188,238 | 4,353,461 | (2,923,942) | 4,127,482 | (7,051,424) |
| Net position, 1/1 | 50,363,191 | 47,174,953 | 3,188,238 | 88,873,949 | 84,746,467 | 4,127,482 |
| Net position, 12/31 | \$ 57,904,890 | \$ 50,363,191 | \$ 7,541,699 | \$ 85,950,007 | \$ 88,873,949 | \$ (2,923,942) |

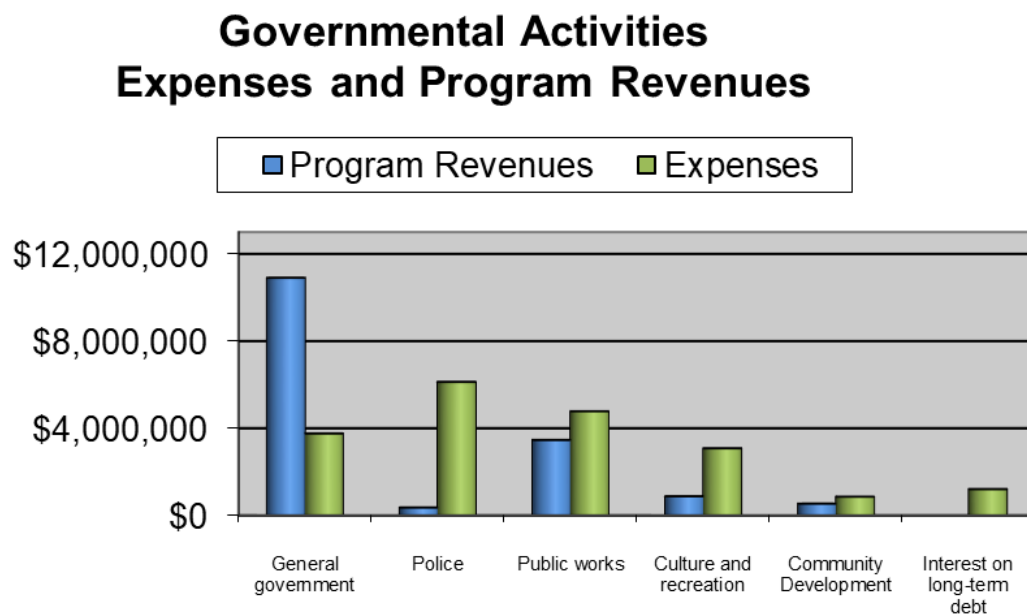
Governmental Activities

The City's net position related to governmental activities increased \$7,541,699 during the year, an increase of \$4,353,461 from the prior year.

Total governmental revenues increased \$7,517,014 from the prior year. The City saw increases in program revenues of \$5,561,305, of this amount \$4,736,245 is primarily due to increased capital grants and contributions. The City received a donation of land valued at \$1,950,000, a developer reimbursement for a street project, additional grant funding for qualifying street projects and law enforcement programs, and new special assessments certified in 2021. Additionally, the City's property and sales tax revenues increased \$1,436,769 and excise tax revenues increased \$331,608 in comparison with the prior year.

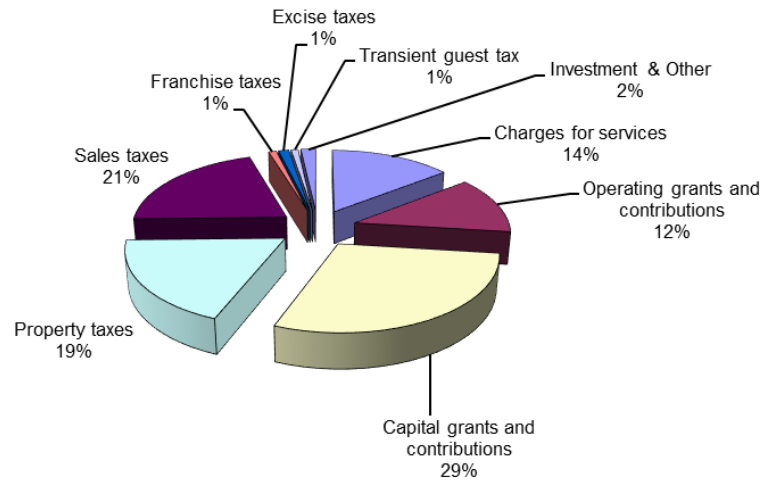
Total governmental expenses increased \$700,146 from the prior year. The City saw slight increases in general government and police activities and a larger increase in culture and recreation activities from the prior year. The increase in culture and recreation expenses is due to the reopening of recreation programs that were cancelled in 2020 as a result of the COVID-19 pandemic.

The chart below illustrates how the City's various governmental activities program revenues vs. program expenses fared in 2021.



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

Governmental Activities Revenues by Source

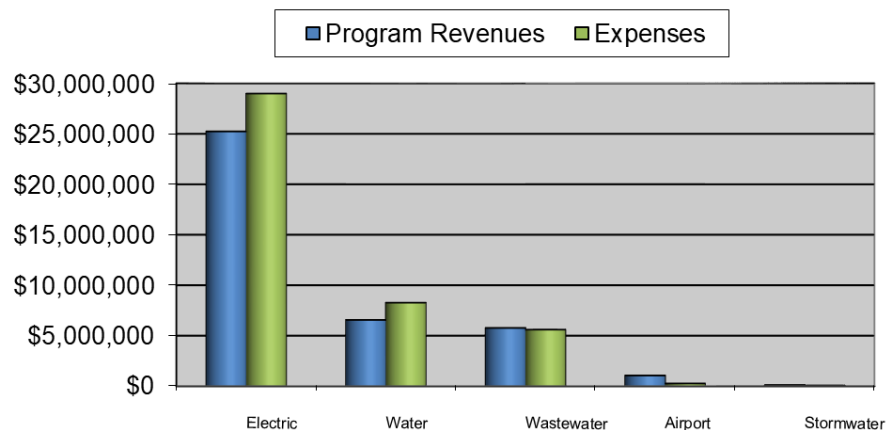


Business-Type Activities

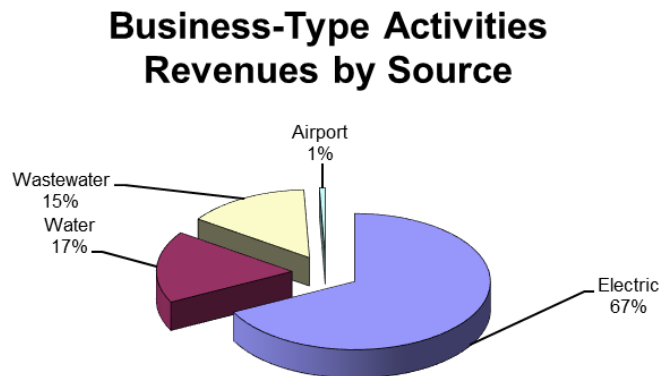
The City's net position related to business-type activities decreased \$2,923,942. The electric and water funds experienced negative changes (-11.9% and -6.9%, respectively) whereas the wastewater fund experienced positive change of 8.9%. The City's residential water base rates increased 3.7%, while electric and wastewater base rates were unchanged in 2021. The negative change in electric was primarily due to increased wholesale electric purchases related to the February 2021 Polar Vortex event. The negative change in water was primarily due to the costs related to the water line connection for a new development project.

The program revenues vs. program expenses for business-type activities chart below illustrates the overall increase in net position for all business-type activities.

Business-Type Activities Expenses and Program Revenue



The chart below illustrates the City's charges for services from business-type activities, which account for 96.3% of their revenues:



FINANCIAL ANALYSIS OF THE CITY'S FUNDS:

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

Governmental funds

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$16,796,868, a decrease of \$2,387,077 in comparison with the prior year. Approximately 42% of this total amount or \$7,035,762 constitutes fund balance that is available to meet the City's current and future needs. The remainder of the fund balance totaling \$9,761,106 is restricted for specific spending or nonspendable in form.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, the total fund balance was \$7,111,481. As a measure of the general fund's liquidity, it may be useful to compare the available fund balance to total general fund expenditures. Available fund balance represents 51% of total general fund expenditures of \$13,974,967.

The fund balance in the City's general fund had an increase of \$2,024,505 during the current fiscal year. Total revenues in the general fund increased \$1,603,945 and total expenditures increased \$645,644 compared to the previous year.

The debt service fund had an ending fund balance of \$1,612,653, all of which is restricted for the payment of debt service. This is a decrease of \$101,054 from prior year.

The capital projects fund had an ending fund balance of \$1,904,589. This is a decrease of \$2,036,400 from the prior year. The decrease is due to increased capital outlay expenditures from multiple capital projects within the City.

The infrastructure special sales tax fund had an ending fund balance of \$1,358,147, all of which is restricted for rehabilitation of streets and pedestrian bridges and trails. This is an increase of \$15,588 from the previous year.

The special highway fund had an ending fund balance of \$1,634,732, all of which is restricted for construction and maintenance of streets, curbs and sidewalks within the City. This is a decrease of \$3,226,304 from the prior year due to several large streets projects within the City.

Proprietary funds

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

At the end of the current fiscal year, unrestricted net position for proprietary funds amounted to \$18,568,090. The total decrease in unrestricted net position was \$3,291,819 from the prior year.

The electric fund had total net position of \$35,163,986 at the end of the current fiscal year. This is a decrease of \$4,760,565 or 11.9%, from the previous year. This decrease is a result of increased wholesale electric purchases related to the February 2021 Polar Vortex event.

The water fund had total net position of \$20,142,218 at the end of the current fiscal year. This is a decrease of \$1,491,869 or 6.9% from the previous year primarily due to the costs related to the water line connection for a new development project.

The wastewater fund had total net position of \$24,632,478 at the end of the current fiscal year. This is an increase of \$2,009,903 or 8.9%, from the previous year. The increase is due to increased capital contributions from developers, offset by the implementation of the inflow and infiltration program.

The airport fund (a non-major proprietary fund) had total net position of \$4,001,524 at the end of the current fiscal year. This is an increase of \$732,554 or 22.4% from the previous year due to the receipt of capital grants.

The stormwater fund (a non-major proprietary fund) had total net position of \$1,970,593 at the end of the current fiscal year. This is an increase of \$586,035 or 42.3% from the previous year because of capital contributions from developers.

The City's internal service funds had total net position of \$305,956 at the end of the current fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS:

The City's general fund budget was not amended during 2021; therefore, the original budget and the final budget are the same. During the year, total revenues were more than budgetary estimates by \$1,851,767. Total expenditures were \$4,388,193 less than budgeted, which resulted in a positive variance of \$6,239,960. General fund project reserves of \$3,846,419 remain available at the end of 2021. These large reserves will provide funding to undertake major initiatives planned for the future and any unforeseen expenditures. A summary of differences between budgetary estimates for revenues and expenditures is as follows:

- City sales and use tax revenues were more than estimated by \$892,469 due to strong performances by the City's top sales tax producers.
- Intergovernmental revenues were \$586,084 more than estimated due to strong sales tax collections within the Johnson County area.
- Police expenditures were \$132,766 more than estimated due to increased personnel costs.
- General Government and Community Development combined expenditures were \$530,594 less than estimated due to favorable personnel costs.
- Transfers out increased by \$230,900 due to the implementation of the new VERF (Vehicle and Equipment Replacement Fund) program.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2021, amounted to \$197,814,251 (net of accumulated depreciation and amortization). This investment in capital assets includes land, construction in progress, buildings, improvements, machinery and equipment, intangibles, vehicles, roads, water lines, sewer collectors and electric lines.

Major capital asset events during the current fiscal year included the following:

- The City replaced most of its existing electric and water meters with Advanced Metering Infrastructure (AMI) to achieve real time usage and reduced costs for metering and billing, this included the disposal of existing meters.
- The City completed street improvements to Waverly Road and US-56/Main Street.
- The City received a donation of land valued at \$1,950,000

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

| | Governmental Activities | | Business-type Activities | | Total | |
|--------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Land | \$ 7,203,958 | \$ 5,069,653 | \$ 3,689,744 | \$ 3,689,744 | \$ 10,893,702 | \$ 8,759,397 |
| Construction in progress | 8,706,492 | 10,429,849 | 32,012,206 | 25,191,510 | 40,718,698 | 35,621,359 |
| Buildings | 15,586,090 | 16,047,646 | 16,308,993 | 16,839,733 | 31,895,083 | 32,887,379 |
| Improvements | 2,915,557 | 3,186,996 | 6,402,682 | 6,938,807 | 9,318,239 | 10,125,803 |
| Infrastructure | 44,325,859 | 39,714,817 | 52,670,921 | 54,421,722 | 96,996,780 | 94,136,539 |
| Intangibles | - | - | 5,548,348 | 5,774,620 | 5,548,348 | 5,774,620 |
| Machinery and equipment | 448,145 | 564,282 | 728,216 | 665,610 | 1,176,361 | 1,229,892 |
| Vehicles | 508,407 | 487,301 | 758,633 | 790,259 | 1,267,040 | 1,277,560 |
| | <u>\$ 79,694,508</u> | <u>\$ 75,500,544</u> | <u>\$118,119,743</u> | <u>\$114,312,005</u> | <u>\$197,814,251</u> | <u>\$189,812,549</u> |

More detailed information about the City's capital assets is presented in Note 4 to the Basic Financial Statements.

Long-Term Debt

At the end of the current fiscal year, the City had total long-term debt outstanding of \$89,498,324. This amount was comprised of \$55,662,500 of general obligation debt and \$5,205,000 of bond anticipation notes backed by the full faith and credit of the City. Special assessment debt in the amount \$9,637,500 is debt for which the City is liable in the event of default by the property owners subject to the assessment. An additional \$7,905,171 of the City's debt is from construction loans with the Kansas Department of Health and Environment for improvements to the wastewater system. The remainder of the City's debt in the amount \$11,088,153 represents capital lease obligations.

In 2021, the City issued General Obligation Refunding and Improvement Bonds to finance business-type improvements and for the purpose of effecting current refundings of General Obligation Bonds and the definitive financing of General Obligation Bond Anticipation Notes. The City completed the refundings of the General Obligation Bonds issued in 2011 and 2012 to obtain an economic gain of \$320,407. The refunding of the Bond Anticipation Note will realize a net savings of \$203,141.

In 2021, the City also issued Taxable General Obligation Bonds for the definitive financing of Taxable Bond Anticipation Notes.

City of Gardner's Long-Term Debt

| | Governmental Activities | | Business-type Activities | | Total | |
|--|--------------------------------|---------------------|---------------------------------|---------------------|----------------------|---------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| General obligation bonds | \$23,942,500 | \$25,965,000 | \$31,720,000 | \$34,115,000 | \$ 55,662,500 | \$60,080,000 |
| Special assessment debt with government commitment | 9,637,500 | 7,680,000 | - | - | 9,637,500 | 7,680,000 |
| Bond anticipation notes payable | 5,205,000 | 8,845,000 | - | - | 5,205,000 | 8,845,000 |
| PBC revenue bonds | - | 470,000 | - | - | - | 470,000 |
| Construction loan payable | - | - | 7,905,171 | 8,530,826 | 7,905,171 | 8,530,826 |
| Capital lease obligations | 1,371,441 | 1,588,407 | 9,716,712 | 10,074,798 | 11,088,153 | 11,663,205 |
| | <u>\$40,156,441</u> | <u>\$44,548,407</u> | <u>\$49,341,883</u> | <u>\$52,720,624</u> | <u>\$ 89,498,324</u> | <u>\$97,269,031</u> |

The City's total long-term debt decreased \$7,770,707 during the current fiscal year. This is due to the retirement of existing debt, offset by the aforementioned new GO Debt issued.

The City was assigned an "AA-" rating from Standard & Poor's for its general obligation bonds. State statutes limit the amount of net bonded debt (exclusive of revenue, utility, and refunding bonds) a government entity may issue to 30% of its total assessed valuation of property. The current debt limitation for the City is \$82,542,551, which is significantly in excess of the City's outstanding net bonded debt.

More detailed information about the City's long-term debt is presented in Note 11 to the basic financial statements.

REQUESTS FOR INFORMATION

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

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CITY OF GARDNER, KANSAS
STATEMENT OF NET POSITION
December 31, 2021

| | Primary Government | | |
|--|----------------------|----------------------|-----------------------|
| | Governmental | Business-type | |
| | Activities | Activities | Total |
| Assets: | | | |
| Deposits and investments | \$ 10,479,470 | \$ 11,930,750 | \$ 22,410,220 |
| Certificate of deposit | 3,485,536 | 4,014,464 | 7,500,000 |
| Receivables, net of allowance for uncollectibles: | | | |
| Taxes | 5,806,761 | - | 5,806,761 |
| Accounts receivable | - | 4,719,418 | 4,719,418 |
| Intergovernmental | 1,997,939 | - | 1,997,939 |
| Special assessments | 11,098,160 | - | 11,098,160 |
| Other | 50,426 | - | 50,426 |
| Internal balances | 389,289 | (389,289) | - |
| Prepaid items | 2,848 | - | 2,848 |
| Inventories | 75,719 | 1,518,844 | 1,594,563 |
| Restricted deposits and investments | 2,344,360 | 520,568 | 2,864,928 |
| Capital assets, net of accumulated depreciation, where applicable: | | | |
| Land | 7,203,958 | 3,689,744 | 10,893,702 |
| Construction in progress | 8,706,492 | 32,012,206 | 40,718,698 |
| Buildings | 15,586,090 | 16,308,993 | 31,895,083 |
| Improvements | 2,915,557 | 6,402,682 | 9,318,239 |
| Infrastructure | 44,325,859 | 52,670,921 | 96,996,780 |
| Intangible | - | 5,548,348 | 5,548,348 |
| Machinery and equipment | 448,145 | 728,216 | 1,176,361 |
| Vehicles | 508,407 | 758,633 | 1,267,040 |
| Total assets | 115,425,016 | 140,434,498 | 255,859,514 |
| Deferred outflows of resources: | | | |
| Unamortized portion of refunding gain | 143,453 | - | 143,453 |
| Pension deferred outflow | 2,524,034 | 616,539 | 3,140,573 |
| OPEB deferred outflow | 40,603 | 20,219 | 60,822 |
| Total deferred outflows of resources | 2,708,090 | 636,758 | 3,344,848 |
| Liabilities: | | | |
| Accounts payable | 666,883 | 410,115 | 1,076,998 |
| Accrued payroll | 134,815 | 55,722 | 190,537 |
| Accrued interest payable | 288,651 | 291,294 | 579,945 |
| Unearned revenue | 1,681,066 | - | 1,681,066 |
| Liabilities payable from restricted assets | - | 136,755 | 136,755 |
| Noncurrent liabilities: | | | |
| Due within one year | 8,997,839 | 3,338,429 | 12,336,268 |
| Due in more than one year | 41,209,238 | 50,082,679 | 91,291,917 |
| Total liabilities | 52,978,492 | 54,314,994 | 107,293,486 |
| Deferred inflows of resources: | | | |
| Property tax receivable | 4,893,918 | - | 4,893,918 |
| Pension deferred inflow | 2,219,677 | 731,170 | 2,950,847 |
| OPEB deferred inflow | 136,129 | 75,085 | 211,214 |
| Total deferred inflows of resources | 7,249,724 | 806,255 | 8,055,979 |
| Net position: | | | |
| Net investment in capital assets | 40,365,621 | 67,367,298 | 107,732,919 |
| Restricted for: | | | |
| Debt service | 12,401,283 | - | 12,401,283 |
| Capital projects | 2,660,031 | - | 2,660,031 |
| Street improvements | 2,556,031 | - | 2,556,031 |
| Economic development | 275,405 | - | 275,405 |
| Other purposes | 257,786 | - | 257,786 |
| Unrestricted | (611,267) | 18,582,709 | 17,971,442 |
| Total net position | \$ 57,904,890 | \$ 85,950,007 | \$ 143,854,897 |

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

CITY OF GARDNER, KANSAS

STATEMENT OF ACTIVITIES

Year Ended December 31, 2021

| Functions/Programs | | | | | | Net (Expense) Revenue and Changes in Net Position | | |
|--------------------------------------|---------------|------------------------------------|-------------------------|--|--|--|-----------------------------|----------------|
| | Expenses | Indirect Expenses Allocation | Program Revenues | | | Primary Government | | |
| | | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| Primary government: | | | | | | | | |
| Governmental activities: | | | | | | | | |
| General government | \$ 5,605,357 | \$ (1,845,000) | \$ 2,818,108 | \$ 3,172,427 | \$ 4,910,126 | \$ 7,140,304 | \$ - | \$ 7,140,304 |
| Police | 6,128,179 | - | 7,745 | 359,099 | - | (5,761,335) | - | (5,761,335) |
| Public works | 4,780,947 | - | 7,853 | - | 3,456,607 | (1,316,487) | - | (1,316,487) |
| Culture and recreation | 3,082,003 | - | 807,255 | 59,395 | 12,488 | (2,202,865) | - | (2,202,865) |
| Community development | 861,708 | - | 542,225 | - | - | (319,483) | - | (319,483) |
| Interest on long-term debt | 1,208,794 | - | - | - | - | (1,208,794) | - | (1,208,794) |
| Total governmental activities | 21,666,988 | (1,845,000) | 4,183,186 | 3,590,921 | 8,379,221 | (3,668,660) | - | (3,668,660) |
| Business-type activities: | | | | | | | | |
| Electric | 28,548,189 | 429,000 | 25,221,237 | - | 8,750 | - | (3,747,202) | (3,747,202) |
| Water | 7,532,256 | 735,696 | 6,379,148 | - | 178,959 | - | (1,709,845) | (1,709,845) |
| Wastewater | 4,921,547 | 680,304 | 5,480,160 | - | 286,772 | - | 165,081 | 165,081 |
| Stormwater | 66,470 | - | - | 1,098 | 120,368 | - | 54,996 | 54,996 |
| Airport | 269,781 | - | 250,068 | - | 810,685 | - | 790,972 | 790,972 |
| Total business-type activities | 41,338,243 | 1,845,000 | 37,330,613 | 1,098 | 1,405,534 | - | (4,445,998) | (4,445,998) |
| Total primary government | \$ 63,005,231 | \$ - | \$ 41,513,799 | \$ 3,592,019 | \$ 9,784,755 | (3,668,660) | (4,445,998) | (8,114,658) |
| General revenues: | | | | | | | | |
| Property taxes | | | | | | 5,394,940 | - | 5,394,940 |
| Sales taxes | | | | | | 5,931,142 | - | 5,931,142 |
| Franchise taxes | | | | | | 264,835 | - | 264,835 |
| Excise taxes | | | | | | 359,835 | - | 359,835 |
| Transient guest tax | | | | | | 244,697 | - | 244,697 |
| Unrestricted investment earnings | | | | | | 17,313 | 23,649 | 40,962 |
| Other | | | | | | 496,004 | - | 496,004 |
| Transfers | | | | | | (1,498,407) | 1,498,407 | - |
| Total general revenues and transfers | | | | | | 11,210,359 | 1,522,056 | 12,732,415 |
| Change in net position | | | | | | 7,541,699 | (2,923,942) | 4,617,757 |
| Net position, beginning of year | | | | | | 50,363,191 | 88,873,949 | 139,237,140 |
| Net position, end of year | | | | | | \$ 57,904,890 | \$ 85,950,007 | \$ 143,854,897 |

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

CITY OF GARDNER, KANSAS

**BALANCE SHEET
GOVERNMENTAL FUNDS**

December 31, 2021

| | General | Debt Service | Capital Projects | Infrastructure Special Sales Tax | Special Highway | Non-Major Governmental Funds | Total Governmental Funds |
|---|----------------------|----------------------|---------------------|-------------------------------------|---------------------|------------------------------------|--------------------------------|
| Assets | | | | | | | |
| Deposits and investments | \$ 4,080,575 | \$ 1,121,215 | \$ 446,258 | \$ 843,685 | \$ - | \$ 3,603,825 | \$ 10,095,558 |
| Certificate of deposit | 1,356,719 | 373,017 | 148,465 | 280,686 | - | 1,198,955 | 3,357,842 |
| Receivables (net of allowance for uncollectibles): | | | | | | | |
| Taxes | 3,986,579 | 1,431,152 | - | 239,139 | - | 149,891 | 5,806,761 |
| Special assessments | - | 11,098,160 | - | - | - | - | 11,098,160 |
| Intergovernmental | 748,104 | 97,532 | - | 2,187 | 1,150,116 | - | 1,997,939 |
| Other | 50,416 | 10 | - | - | - | - | 50,426 |
| Inventories | 75,719 | - | - | - | - | - | 75,719 |
| Restricted deposits and investments | - | 20,879 | 1,387,545 | - | 935,936 | - | 2,344,360 |
| Due from other funds | 805,848 | - | - | - | 27,666 | - | 833,514 |
| Total assets | \$ 11,103,960 | \$ 14,141,965 | \$ 1,982,268 | \$ 1,365,697 | \$ 2,113,718 | \$ 4,952,671 | \$ 35,660,279 |
| Liabilities | | | | | | | |
| Accounts payable | 401,098 | - | 6,070 | 7,550 | 134,036 | 68,673 | 617,427 |
| Accrued payroll | 128,615 | - | - | - | - | - | 128,615 |
| Due to other funds | - | - | 71,609 | - | 344,950 | 27,666 | 444,225 |
| Unearned revenue | - | - | - | - | - | 1,681,066 | 1,681,066 |
| Total liabilities | 529,713 | - | 77,679 | 7,550 | 478,986 | 1,777,405 | 2,871,333 |
| Deferred Inflows of Resources | | | | | | | |
| Unavailable revenue - special assessments | - | 11,098,160 | - | - | - | - | 11,098,160 |
| Deferred revenue - property taxes | 3,462,766 | 1,431,152 | - | - | - | - | 4,893,918 |
| Total deferred inflows of resources | 3,462,766 | 12,529,312 | - | - | - | - | 15,992,078 |
| Fund Balances | | | | | | | |
| Nonspendable | 75,719 | - | - | - | - | - | 75,719 |
| Restricted | | | | | | | |
| Debt service | - | 1,612,653 | - | - | - | - | 1,612,653 |
| Capital projects | - | - | 1,904,589 | 1,358,147 | - | 784,840 | 4,047,576 |
| Street improvements | - | - | - | - | 1,634,732 | 1,857,235 | 3,491,967 |
| Economic development | - | - | - | - | - | 275,405 | 275,405 |
| Other | - | - | - | - | - | 257,786 | 257,786 |
| Assigned | | | | | | | |
| General government | 3,657 | - | - | - | - | - | 3,657 |
| Public works | 104,129 | - | - | - | - | - | 104,129 |
| Business and economic development | 1,397 | - | - | - | - | - | 1,397 |
| Culture and recreation | 46,703 | - | - | - | - | - | 46,703 |
| Unassigned | 6,879,876 | - | - | - | - | - | 6,879,876 |
| Total fund balances | 7,111,481 | 1,612,653 | 1,904,589 | 1,358,147 | 1,634,732 | 3,175,266 | 16,796,868 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 11,103,960 | \$ 14,141,965 | \$ 1,982,268 | \$ 1,365,697 | \$ 2,113,718 | \$ 4,952,671 | \$ 35,660,279 |

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

CITY OF GARDNER, KANSAS
RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION

December 31, 2021

| | |
|---|---------------|
| Total fund balances in Governmental Funds Balance Sheet | \$ 16,796,868 |
|---|---------------|

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

| | |
|---|------------|
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | 79,553,669 |
|---|------------|

| | |
|--|------------|
| Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds. | 11,098,160 |
|--|------------|

| | |
|---|-----------|
| Deferred outflows of resources are not available and payable in the current period and therefore are not reported in the funds: | |
| Deferred refunding | 143,453 |
| Deferred outflows related to pensions | 2,448,336 |
| Deferred outflows related to OPEB | 38,116 |
| Total | 2,629,905 |

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:

| | |
|---|--------------|
| Accrued interest payable | (288,651) |
| Bonds: | |
| General obligation, bond anticipation notes and special assessments bond payable, net of unamortized premium of \$1,660,260 | (40,445,260) |
| Net pension liability | (6,953,491) |
| Land lease purchase | (1,275,000) |
| Total OPEB liability | (485,762) |
| Capital lease obligation | (96,441) |
| Compensated absences | (631,007) |
| Total | (50,175,612) |

| | |
|--|-------------|
| Other deferred inflows of resources are not due and payable in the current period and therefore are not reported in the funds: | |
| Deferred inflows - pensions | (2,137,803) |
| Deferred inflows - OPEB | (127,045) |

| | |
|---|---------|
| Internal service funds are used by management to charge the costs of risk services, building services and information technology services to individual funds. The assets and liabilities of these internal service funds are included in governmental activities in the statement of net position. | 266,748 |
|---|---------|

| | |
|---|---------------|
| Net position of governmental activities | \$ 57,904,890 |
|---|---------------|

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

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

Year Ended December 31, 2021

| | General | Debt Service | Capital Projects | Infrastructure Special Sales Tax | Special Highway | Non-Major Governmental funds | Total Governmental Funds |
|--|--------------|-----------------|---------------------|-------------------------------------|--------------------|---------------------------------|-----------------------------|
| Revenues | | | | | | | |
| Taxes: | | | | | | | |
| Property tax | \$ 3,720,359 | \$ 1,560,812 | \$ - | \$ - | \$ - | \$ 113,769 | \$ 5,394,940 |
| Sales tax | 4,150,269 | - | - | 1,463,233 | - | 317,640 | 5,931,142 |
| Franchise tax | 264,835 | - | - | - | - | - | 264,835 |
| Transient guest tax | - | - | - | - | - | 244,697 | 244,697 |
| Excise Tax | - | - | - | - | - | 359,835 | 359,835 |
| Special assessments | - | 1,096,540 | 27,486 | - | - | - | 1,124,026 |
| Intergovernmental | 2,934,284 | 520,203 | - | - | 2,916,907 | 136,434 | 6,507,828 |
| Licenses and permits | 307,314 | - | - | - | - | - | 307,314 |
| Charges for services | 3,080,578 | - | - | - | - | - | 3,080,578 |
| Fines and fees | 631,208 | - | - | - | - | 164,086 | 795,294 |
| Investment earnings | 6,893 | 2,703 | 673 | 1,315 | 2,736 | 2,993 | 17,313 |
| Other | 76,043 | - | - | - | 400,000 | 242 | 476,285 |
| Total revenues | 15,171,783 | 3,180,258 | 28,159 | 1,464,548 | 3,319,643 | 1,339,696 | 24,504,087 |
| Expenditures | | | | | | | |
| Current: | | | | | | | |
| General government | 2,795,441 | - | - | - | - | 683,136 | 3,478,577 |
| Police | 5,434,698 | - | - | - | - | - | 5,434,698 |
| Public works | 2,231,340 | - | - | 499,881 | - | - | 2,731,221 |
| Culture and recreation | 2,386,493 | - | - | - | - | - | 2,386,493 |
| Community development | 865,692 | - | - | - | - | - | 865,692 |
| Capital outlay | 216,251 | - | 1,493,715 | 313,691 | 5,854,372 | 24,365 | 7,902,394 |
| Debt service: | | | | | | | |
| Principal | 41,966 | 9,970,000 | - | 500,000 | - | - | 10,511,966 |
| Interest and fiscal charges | 3,086 | 1,060,489 | - | 135,388 | - | - | 1,198,963 |
| Other | - | 138,470 | - | - | - | - | 138,470 |
| Total expenditures | 13,974,967 | 11,168,959 | 1,493,715 | 1,448,960 | 5,854,372 | 707,501 | 34,648,474 |
| Excess of revenues over (under) expenditures | 1,196,816 | (7,988,701) | (1,465,556) | 15,588 | (2,534,729) | 632,195 | (10,144,387) |
| Other financing sources (uses) | | | | | | | |
| General obligation bonds issued | - | 6,120,000 | - | - | - | - | 6,120,000 |
| Issuance: premium | - | 312,362 | - | - | - | - | 312,362 |
| Proceeds from sale of capital assets | 17,542 | - | - | - | - | - | 17,542 |
| Transfers in | 1,041,047 | 1,455,285 | 46,100 | - | 27,666 | 389,400 | 2,959,498 |
| Transfers out | (230,900) | - | (616,944) | - | (719,241) | (85,007) | (1,652,092) |
| Total other financing sources (uses) | 827,689 | 7,887,647 | (570,844) | - | (691,575) | 304,393 | 7,757,310 |
| Net change in fund balances | 2,024,505 | (101,054) | (2,036,400) | 15,588 | (3,226,304) | 936,588 | (2,387,077) |
| Fund balances, beginning of year | 5,086,976 | 1,713,707 | 3,940,989 | 1,342,559 | 4,861,036 | 2,238,678 | 19,183,945 |
| Fund balances, end of year | \$ 7,111,481 | \$ 1,612,653 | \$ 1,904,589 | \$ 1,358,147 | \$ 1,634,732 | \$ 3,175,266 | \$ 16,796,868 |

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

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

Year Ended December 31, 2021

Net change in fund balances - total governmental funds \$ (2,387,077)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

| | | |
|----------------------|-------------|-----------|
| Capital Outlay | 7,902,394 | |
| Depreciation Expense | (3,370,581) | |
| Net Change | 4,531,813 | 4,531,813 |

Transfer of capital assets to electric, water, wastewater and stormwater (2,802,213)

Net gain (loss) on disposal of capital assets 2,177

Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in the governmental funds.

| | | |
|------------------------|-----------|--|
| Special assessments | 1,836,100 | |
| Donated capital assets | 2,502,188 | |

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

| | | |
|-----------------------|-----------|-----------|
| Compensated absences | 6,543 | |
| Accrued interest | 1,119 | |
| Premium amortization | 167,147 | |
| Deferred refunding | (39,627) | |
| Net pension liability | (164,105) | |
| Total OPEB liability | (191,970) | |
| Total | (220,893) | (220,893) |

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Debt issued or incurred:

| | | |
|---|-------------|--|
| General obligation and special assessment bonds | (6,120,000) | |
| Premiums | (312,362) | |

Principal repayments:

| | | |
|---|-----------|-----------|
| General obligation and special assessment bonds payable | 6,185,000 | |
| PBC lease revenue bonds | 470,000 | |
| City lease purchase | 175,000 | |
| Capital lease obligation | 41,966 | |
| Bond anticipation note payable | 3,640,000 | |
| Total | 4,079,604 | 4,079,604 |

Internal service funds are used by management to charge the costs of risk services, building services and information technology services to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.

| | | |
|---|--------------|--|
| Change in net position of governmental activities | \$ 7,541,699 | |
|---|--------------|--|

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

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

GENERAL FUND

Year Ended December 31, 2021

| | Original Budgeted Amounts | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|--|------------------------------|---------------------------|---------------------|---|
| Revenues | | | | |
| Taxes: | | | | |
| Property | \$ 3,534,000 | \$ 3,534,000 | \$ 3,720,359 | \$ 186,359 |
| Sales | 3,257,800 | 3,257,800 | 4,150,269 | 892,469 |
| Franchise | 250,500 | 250,500 | 264,835 | 14,335 |
| Intergovernmental | 2,348,200 | 2,348,200 | 2,934,284 | 586,084 |
| Licenses and permits | 303,600 | 303,600 | 307,314 | 3,714 |
| Charges for services | 3,041,200 | 3,041,200 | 3,080,578 | 39,378 |
| Fines and fees | 549,000 | 549,000 | 631,208 | 82,208 |
| Investment earnings | 12,700 | 12,700 | 6,875 | (5,825) |
| Other | 21,200 | 21,200 | 74,245 | 53,045 |
| Total revenues | <u>13,318,200</u> | <u>13,318,200</u> | <u>15,169,967</u> | <u>1,851,767</u> |
| Expenditures | | | | |
| General government | 3,013,700 | 3,013,700 | 2,689,695 | 324,005 |
| Police | 5,236,600 | 5,236,600 | 5,369,366 | (132,766) |
| Public works | 2,377,000 | 2,377,000 | 2,344,357 | 32,643 |
| Culture and recreation | 2,497,200 | 2,497,200 | 2,404,646 | 92,554 |
| Community development | 1,043,500 | 1,043,500 | 836,911 | 206,589 |
| Capital outlay | 235,000 | 235,000 | 216,251 | 18,749 |
| Project reserve | 3,846,419 | 3,846,419 | - | 3,846,419 |
| Total expenditures | <u>18,249,419</u> | <u>18,249,419</u> | <u>13,861,226</u> | <u>4,388,193</u> |
| Excess of revenues over (under) expenditures | <u>(4,931,219)</u> | <u>(4,931,219)</u> | <u>1,308,741</u> | <u>6,239,960</u> |
| Other financing sources and (uses) | | | | |
| Transfers in | 903,600 | 903,600 | 1,041,047 | 137,447 |
| Transfers out | - | - | (230,900) | (230,900) |
| Proceeds from sale of capital assets | - | - | 17,542 | 17,542 |
| Total other financing sources and (uses) | <u>903,600</u> | <u>903,600</u> | <u>827,689</u> | <u>(75,911)</u> |
| Net change in fund balances | <u>(4,027,619)</u> | <u>(4,027,619)</u> | <u>2,136,430</u> | <u>6,164,049</u> |
| Fund balances, beginning of year | <u>4,027,619</u> | <u>4,027,619</u> | <u>5,023,425</u> | <u>995,806</u> |
| Fund balances, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>7,159,855</u> | <u>\$ 7,159,855</u> |
| Explanation of difference between budgetary and GAAP fund balances: | | | | |
| Cumulative effect of GAAP entries for Pension, OPEB, and inventory | | | (222,808) | |
| Encumbrances for equipment and supplies ordered but not received are not recorded for GAAP purposes until received | | | <u>155,886</u> | |
| GAAP fund balance | | | <u>\$ 7,092,933</u> | |
| Fund balances for separately budgeted and non-budgeted funds included with the General Fund on GAAP financials: | | | | |
| Land Bank | | | 5,052 | |
| Special Olympics | | | <u>13,496</u> | |
| | | | <u>\$ 7,111,481</u> | |

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

CITY OF GARDNER, KANSAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2021

| | Major Funds | | |
|--|---------------|---------------|---------------|
| | Electric | Water | Wastewater |
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 10,434,679 | \$ 1,032,048 | \$ - |
| Certificate of Deposit | 3,507,694 | 352,046 | - |
| Accounts receivable, net | 2,878,415 | 1,039,616 | 709,894 |
| Prepaid items | - | - | - |
| Inventories | 1,106,373 | 357,303 | 30,646 |
| Restricted deposits and investments | 386,337 | 26,132 | 101,499 |
| Total current assets | 18,313,498 | 2,807,145 | 842,039 |
| Noncurrent assets: | | | |
| Capital assets: | | | |
| Land | 678,878 | 1,014,618 | 710,874 |
| Construction in progress | 3,109,565 | 25,233,793 | 2,878,078 |
| Buildings | 11,617,738 | 7,688,948 | 26,647 |
| Infrastructure | 36,337,045 | 20,512,074 | 50,054,749 |
| Intangible | 401,622 | 270,622 | 7,090,821 |
| Improvements | 8,539,160 | 3,107,473 | 2,114,224 |
| Machinery and equipment | 1,014,556 | 390,891 | 672,323 |
| Vehicles | 322,540 | 570,371 | 625,249 |
| Less accumulated depreciation and amortization | (30,899,263) | (13,378,121) | (28,418,637) |
| Total capital assets | 31,121,841 | 45,410,669 | 35,754,328 |
| Total noncurrent assets | 31,121,841 | 45,410,669 | 35,754,328 |
| Total assets | 49,435,339 | 48,217,814 | 36,596,367 |
| Deferred outflows of resources | | | |
| Pension deferred outflow | 292,514 | 128,798 | 108,966 |
| OPEB deferred outflow | 7,574 | 4,782 | 4,248 |
| Total deferred outflows of resources | 300,088 | 133,580 | 113,214 |
| Liabilities | | | |
| Current liabilities: | | | |
| Accounts payable | 141,209 | 97,333 | 153,380 |
| Accrued payroll | 25,987 | 12,525 | 10,865 |
| Customer and developer deposits | 104,023 | 26,132 | - |
| Accrued interest payable | 24,681 | 192,384 | 73,682 |
| Due to other funds | - | - | 389,289 |
| Compensated absences | 102,444 | 31,359 | 42,006 |
| Current portion of bonds payable | 325,000 | 1,410,000 | 340,000 |
| Current portion of construction loans payable | - | - | 640,679 |
| Current portion of lease payable | 375,829 | - | - |
| Total current liabilities | 1,099,173 | 1,769,733 | 1,649,901 |
| Noncurrent liabilities: | | | |
| Compensated absences | 50,458 | 15,446 | 20,690 |
| Total OPEB liability | 95,036 | 49,128 | 52,791 |
| Bonds payable, net | 2,827,478 | 25,858,273 | 2,644,650 |
| Net Pension liability | 783,974 | 337,858 | 294,811 |
| Lease payable | 9,340,883 | - | - |
| Construction loan payable | - | - | 7,264,492 |
| Total noncurrent liabilities | 13,097,829 | 26,260,705 | 10,277,434 |
| Total liabilities | 14,197,002 | 28,030,438 | 11,927,335 |
| Deferred inflows of resources | | | |
| Pension deferred inflow | 343,546 | 162,331 | 134,648 |
| OPEB deferred inflow | 30,893 | 16,407 | 15,120 |
| Total deferred inflows of resources | 374,439 | 178,738 | 149,768 |
| Net position | | | |
| Net investment in capital assets | 18,534,965 | 18,142,396 | 24,966,006 |
| Unrestricted | 16,629,021 | 1,999,822 | (333,528) |
| Total net position | \$ 35,163,986 | \$ 20,142,218 | \$ 24,632,478 |

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

Net position of business-type activities

| Nonmajor Funds | | | Internal |
|----------------|---------------|------------|---------------|
| Totals | Total | | Service Funds |
| \$ 121,966 | \$ 11,588,693 | \$ 725,969 | |
| 42,772 | 3,902,512 | 239,646 | |
| 91,493 | 4,719,418 | - | |
| - | - | 2,848 | |
| 24,522 | 1,518,844 | - | |
| 6,600 | 520,568 | - | |
| 287,353 | 22,250,035 | 968,463 | |
| 1,285,374 | 3,689,744 | - | |
| 790,770 | 32,012,206 | - | |
| 1,745,363 | 21,078,696 | - | |
| 3,432,950 | 110,336,818 | - | |
| - | 7,763,065 | - | |
| 880,033 | 14,640,890 | - | |
| - | 2,077,770 | 492,694 | |
| 15,023 | 1,533,183 | 90,218 | |
| (2,341,197) | (75,037,218) | (417,484) | |
| 5,808,316 | 118,095,154 | 165,428 | |
| 5,808,316 | 118,095,154 | 165,428 | |
| 6,095,669 | 140,345,189 | 1,133,891 | |
| 953 | 531,231 | 161,006 | |
| - | 16,604 | 6,102 | |
| 953 | 547,835 | 167,108 | |
| 2,850 | 394,772 | 64,799 | |
| 231 | 49,608 | 12,314 | |
| 6,600 | 136,755 | - | |
| 547 | 291,294 | - | |
| - | 389,289 | - | |
| 2,520 | 178,329 | 56,370 | |
| 35,000 | 2,110,000 | - | |
| - | 640,679 | - | |
| - | 375,829 | - | |
| 47,748 | 4,566,555 | 133,483 | |
| 1,241 | 87,835 | 28,810 | |
| 265 | 197,220 | 66,136 | |
| 73,974 | 31,404,375 | - | |
| 1,195 | 1,417,838 | 572,428 | |
| - | 9,340,883 | - | |
| - | 7,264,492 | - | |
| 76,675 | 49,712,643 | 667,374 | |
| 124,423 | 54,279,198 | 800,857 | |
| 75 | 640,600 | 172,444 | |
| 7 | 62,427 | 21,742 | |
| 82 | 703,027 | 194,186 | |
| 5,699,342 | 67,342,709 | 165,428 | |
| 272,775 | 18,568,090 | 140,528 | |
| \$ 5,972,117 | 85,910,799 | \$ 305,956 | |
| | 39,208 | | |
| | \$ 85,950,007 | | |

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

CITY OF GARDNER, KANSAS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

PROPRIETARY FUNDS

Year Ended December 31, 2021

| | Major Funds | | |
|--|----------------------|----------------------|----------------------|
| | Electric | Water | Wastewater |
| Operating revenues | | | |
| Charges for sales and services | \$ 25,178,141 | \$ 6,374,304 | \$ 5,480,160 |
| Other | 43,096 | 4,844 | - |
| Total operating revenues | <u>25,221,237</u> | <u>6,379,148</u> | <u>5,480,160</u> |
| Operating expenses | | | |
| Administration | 1,405,253 | 1,296,984 | 1,179,518 |
| Wholesale energy cost | 19,144,742 | - | - |
| Generation | 818,359 | - | - |
| Treatment | - | 2,280,857 | 1,267,380 |
| Distribution and collection | 2,092,181 | 2,135,082 | 847,591 |
| Contractual services | - | - | - |
| Other supplies and expenses | - | - | - |
| Repairs and maintenance | - | - | - |
| Depreciation and amortization | 1,506,814 | 916,514 | 2,120,686 |
| Other | - | - | - |
| Total operating expenses | <u>24,967,349</u> | <u>6,629,437</u> | <u>5,415,175</u> |
| Operating income (loss) | <u>253,888</u> | <u>(250,289)</u> | <u>64,985</u> |
| Nonoperating revenues (expenses) | | | |
| Investment earnings | 20,102 | 1,843 | 1,416 |
| Interest expense | (571,512) | (700,768) | (150,338) |
| Gain (Loss) sale of assets | (3,459,216) | (937,747) | 4,700 |
| Other | - | - | (41,038) |
| Total nonoperating revenues (expenses) | <u>(4,010,626)</u> | <u>(1,636,672)</u> | <u>(185,260)</u> |
| Income (loss) before transfers and contributions | (3,756,738) | (1,886,961) | (120,275) |
| Capital grants and contributions | 391,505 | 604,267 | 1,749,883 |
| Transfers in | 33,175 | 425,907 | 508,895 |
| Transfers out | <u>(1,428,507)</u> | <u>(635,082)</u> | <u>(128,600)</u> |
| Change in net position | (4,760,565) | (1,491,869) | 2,009,903 |
| Total net position, beginning of year | <u>39,924,551</u> | <u>21,634,087</u> | <u>22,622,575</u> |
| Total net position, end of year | <u>\$ 35,163,986</u> | <u>\$ 20,142,218</u> | <u>\$ 24,632,478</u> |

Change in net position

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

Change in net position of business-type activities

| Nonmajor Funds | | Internal |
|----------------|----------------|---------------|
| Totals | Total | Service Funds |
| \$ 250,068 | \$ 37,282,673 | \$ 3,447,479 |
| 1,098 | 49,038 | 17,405 |
| 251,166 | 37,331,711 | 3,464,884 |
| 140,724 | 4,022,479 | 936,997 |
| - | 19,144,742 | - |
| - | 818,359 | - |
| - | 3,548,237 | - |
| - | 5,074,854 | - |
| - | - | 1,867,381 |
| - | - | 76,818 |
| 20,415 | 20,415 | 13,484 |
| 164,044 | 4,708,058 | 44,099 |
| 1,098 | 1,098 | 489,129 |
| 326,281 | 37,338,242 | 3,427,908 |
| (75,115) | (6,531) | 36,976 |
| 288 | 23,649 | - |
| (9,970) | (1,432,588) | - |
| - | (4,392,263) | - |
| - | (41,038) | (12,488) |
| (9,682) | (5,842,240) | (12,488) |
| (84,797) | (5,848,771) | 24,488 |
| 1,462,092 | 4,207,747 | - |
| - | 967,977 | - |
| (58,706) | (2,250,895) | (24,488) |
| 1,318,589 | (2,923,942) | - |
| 4,653,528 | 88,834,741 | 305,956 |
| \$ 5,972,117 | \$ 85,910,799 | \$ 305,956 |
| | (2,923,942) | |
| | - | |
| | \$ (2,923,942) | |

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

CITY OF GARDNER, KANSAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

Year Ended December 31, 2021

| | Major Funds | |
|---|---------------|--------------|
| | Electric | Water |
| Cash flows from operating activities: | | |
| Receipts from customers | \$ 24,851,877 | \$ 6,043,834 |
| Other receipts | - | - |
| Payments to suppliers | (21,990,661) | (6,631,535) |
| Payments to employees | (1,962,343) | (850,876) |
| Other payments | - | - |
| Net cash provided by operating activities | 898,873 | (1,438,577) |
| Cash flows from noncapital financing activities: | | |
| Transfers from other funds | 33,175 | 425,907 |
| Transfers to other funds | (1,428,507) | (635,082) |
| Net cash provided by (used in) noncapital financing activities | (1,395,332) | (209,175) |
| Cash flows from capital and related financing activities: | | |
| Capital grants and contributions | - | - |
| Acquisition and construction of capital assets | (888,077) | (5,856,021) |
| Principal paid on general obligation bonds | (285,000) | (1,110,000) |
| Principal paid on construction loan | - | - |
| Principal paid on capital lease | (358,086) | - |
| Interest paid on general obligation bonds, construction loan, and capital lease | (633,909) | (1,060,071) |
| Proceeds from general obligation bonds including premiums | - | - |
| Proceeds from sale of assets | 6,400 | 60,871 |
| Issuance costs and fees | - | - |
| Net cash used in capital and related financing activities | (2,158,672) | (7,965,221) |
| Cash flows from investing activities: | | |
| Purchase of certificate of deposit | (3,507,694) | (352,046) |
| Interest received | 20,102 | 1,843 |
| | (3,487,592) | (350,203) |
| Net increase (decrease) in cash and cash equivalents | (6,142,723) | (9,963,176) |
| Cash and cash equivalents, beginning of year | 16,963,739 | 11,021,356 |
| Cash and cash equivalents, end of year | \$ 10,821,016 | \$ 1,058,180 |

| | Nonmajor Funds | | Internal |
|--------------------|-------------------|----------------------|-------------------|
| Wastewater | Totals | Total | Service Funds |
| \$ 5,496,210 | \$ 167,016 | \$ 36,558,937 | \$ 3,447,479 |
| - | 1,098 | 1,098 | 17,405 |
| (2,365,511) | (755,006) | (31,742,713) | (2,443,584) |
| (774,151) | (15,589) | (3,602,959) | (920,590) |
| - | (1,098) | (1,098) | - |
| <u>2,356,548</u> | <u>(603,579)</u> | <u>1,213,265</u> | <u>100,710</u> |
| 508,895 | - | 967,977 | - |
| (128,600) | (58,706) | (2,250,895) | (24,488) |
| <u>380,295</u> | <u>(58,706)</u> | <u>(1,282,918)</u> | <u>(24,488)</u> |
| - | 810,685 | 810,685 | - |
| (2,523,208) | (344,736) | (9,612,042) | - |
| (1,740,000) | (35,000) | (3,170,000) | - |
| (625,655) | - | (625,655) | - |
| - | - | (358,086) | - |
| (310,449) | (11,469) | (2,015,898) | - |
| 830,061 | - | 830,061 | - |
| 4,700 | - | 71,971 | 12,488 |
| (20,100) | - | (20,100) | - |
| <u>(4,384,651)</u> | <u>419,480</u> | <u>(14,089,064)</u> | <u>12,488</u> |
| - | (42,772) | (3,902,512) | (239,646) |
| 1,416 | 288 | 23,649 | - |
| <u>1,416</u> | <u>(42,484)</u> | <u>(3,878,863)</u> | <u>(239,646)</u> |
| (1,646,392) | (285,289) | (18,037,580) | (150,936) |
| <u>1,747,891</u> | <u>413,855</u> | <u>30,146,841</u> | <u>876,905</u> |
| <u>\$ 101,499</u> | <u>\$ 128,566</u> | <u>\$ 12,109,261</u> | <u>\$ 725,969</u> |

The accompanying notes are an integral part of the financial statements

CITY OF GARDNER, KANSAS

STATEMENT OF CASH FLOWS
(Continued)

PROPRIETARY FUNDS

Year Ended December 31, 2021

| | <u>Electric</u> | <u>Water</u> |
|--|-------------------|-----------------------|
| Cash consists of: | | |
| Cash | \$ 10,434,679 | \$ 1,032,048 |
| Restricted deposits and investments | <u>386,337</u> | <u>26,132</u> |
| | <u>10,821,016</u> | <u>1,058,180</u> |
| Reconciliation of operating income (loss) to net cash provided by operating activities: | | |
| Operating income (loss) | 253,888 | (250,289) |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | |
| Items not requiring cash: | | |
| Depreciation and amortization expense | 1,506,814 | 916,514 |
| Total OPEB liability | 51,673 | 17,340 |
| Pension expense | (40,112) | (3,695) |
| Changes in: | | |
| Receivables | (846,272) | (308,575) |
| Inventories | (143,657) | (204,503) |
| Due from other funds | 604,752 | 33 |
| Accounts payable | (371,243) | (1,588,126) |
| Due to other funds | - | - |
| Accrued liabilities | 10,870 | 9,496 |
| Customer deposits | <u>(127,840)</u> | <u>(26,772)</u> |
| Net cash provided by operating activities | <u>\$ 898,873</u> | <u>\$ (1,438,577)</u> |
| Noncash investing capital and financing activities: | | |
| Contributed capital assets | \$ 391,505 | \$ 604,267 |

| | Nonmajor Funds | | Internal |
|--------------|----------------|---------------|---------------|
| Wastewater | Totals | Total | Service Funds |
| \$ - | \$ 121,966 | \$ 11,588,693 | \$ 725,969 |
| 101,499 | 6,600 | 520,568 | - |
| 101,499 | 128,566 | 12,109,261 | 725,969 |
| 64,985 | (75,115) | (6,531) | 36,976 |
| 2,120,686 | 164,044 | 4,708,058 | 44,099 |
| 20,442 | - | 89,455 | 33,903 |
| (13,015) | (237) | (57,059) | 1,065 |
| 15,902 | (83,952) | (1,222,897) | 650 |
| (4,348) | (7,969) | (360,477) | - |
| 148 | - | 604,933 | - |
| (226,113) | (3,432) | (2,188,914) | 6,054 |
| 389,289 | (598,741) | (209,452) | (3,283) |
| (11,428) | 923 | 9,861 | (18,754) |
| - | 900 | (153,712) | - |
| \$ 2,356,548 | \$ (603,579) | \$ 1,213,265 | \$ 100,710 |
| \$ 1,749,883 | \$ 651,407 | \$ 3,397,062 | - |

The accompanying notes are an integral part of the financial statements

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

1 - Summary of Significant Accounting Policies

The City of Gardner, Kansas (the City) is located in Johnson County, Kansas and was first incorporated in 1887 under the provisions of the constitution and general statutes of the State of Kansas. The City operates under a Mayor-Council-Administrator form of government and provides a full range of services including police; public works; community services; recreation and leisure; planning and codes enforcement; general management; and electric, water, wastewater, and stormwater utilities, as well as a municipal airport.

Reporting Entity

The accompanying financial statements present the City and its component unit, an entity for which the City is considered to be financially accountable. The blended component unit, although a legally separate entity, is, in substance, part of the City's operations.

Blended Component Unit. The Public Building Corporation (PBC) is a not-for-profit corporation governed by the Mayor, certain City Council members and members of the City's management. The PBC's sole purpose is to acquire assets and construct facilities and infrastructure for the benefit of the City through the issuance of revenue bonds pursuant to Kansas Statute 12-1757. In prior years, the financial statements of the PBC have been included within the City's reporting entity as a capital projects fund (City Hall); however, in 2017 - 2021, there was no fund balance or activity to report. Separately issued financial statements of the PBC are not available.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1 - Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

A double-step down allocation methodology is used to allocate the allowable costs of the central service divisions and departments. This methodology recognizes the cross support provided between central service divisions and departments. It requires an initial sequencing of allocating divisions and departments. In the first step of the double-step methodology, allowable costs from central service divisions and departments are allocated in the sequence selected to all City divisions, departments and funds; including to other central service divisions and departments. The second

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1 - Summary of Significant Accounting Policies (Continued)

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

step in the double-step down methodology is made to fully account for the cross support provided between central service divisions and departments. Central service divisions and departments are closed after the second step in the double-step down allocation methodology.

The City reports the following major governmental funds:

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

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

The capital projects fund accounts for the acquisition and construction of major capital facilities and the construction of infrastructure for special benefit districts other than those financed by enterprise funds.

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

The special highway fund accounts for the State's motor fuel tax and special county sales and use tax revenues that are restricted to expenditures related to the construction and maintenance of streets, curbs and sidewalks.

The City reports the following major proprietary funds:

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

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

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

Additionally, the City reports the following fund type:

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. An exception to this rule is charges between the City's enterprise funds and

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1 - Summary of Significant Accounting Policies (Continued)

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

various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the electric, water, wastewater, and stormwater funds are charges to customers for sales and services. The principal operating revenues for the municipal airport are hangar rental and fuel sales. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Pooled Cash and Investments

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

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

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1 - Summary of Significant Accounting Policies (Continued)

Statement of Cash Flows

For purposes of the statement of cash flows, the City considers deposits and highly liquid investments with an original maturity of three months or less to be cash equivalents. See Note 3, Deposits and Investments for a detailed breakdown of the City's investments.

Allowances for Uncollectibles

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 238 days comprise the trade accounts receivable allowance for uncollectibles. The allowance for trade uncollectibles is as follows at December 31, 2021:

| | |
|-----------------|------------|
| Electric Fund | \$ 935,025 |
| Water Fund | 365,389 |
| Wastewater Fund | 332,826 |
| Airport Fund | 652 |

The property tax receivable allowance is equal to 3.2% of outstanding property taxes at December 31, 2021.

Restricted Assets

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

Property Taxes

The City's property tax is levied each year on the assessed value of all real estate listed as of the prior January 1, the lien date. Assessed values are established by Johnson County.

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

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Inventories

Inventories consist of expendable supplies and merchandise held for consumption. All inventories are valued at cost.

Prepaid Items

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

Capital Assets

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

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

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

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

| | |
|----------------------------|---------------|
| Buildings and improvements | 20 - 40 years |
| Machinery and equipment | 5 - 10 years |
| Vehicles | 3 - 10 years |
| Infrastructure | 15 - 50 years |

The City will, from time to time, acquire electric utility customers and water utility customers. These transactions will be reported in the electric fund and the water fund, respectively and will also be reported in the business-type activities column in the government-wide financial statements as an intangible capital asset. The city is amortizing these assets based on the revenue generated from the acquired customers.

In prior years, the City contributed capital funding towards the design and construction of a cooperative facility owned by another party under an interlocal agreement. The City has the right

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1 - Summary of Significant Accounting Policies (Continued)

Capital Assets (Continued)

to use the facility for a period of time specified in the agreement. The asset has been recorded as an intangible asset in the wastewater fund and will be amortized over 35 years.

Compensated Absences

The City's policies allow employees to accumulate up to one and one half times their annual vacation accrual at any time and can carry over to subsequent years. This carryover, payable upon separation from service, can range from 156 to 300 hours depending upon the employee's length of service.

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

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

Long-Term Obligations

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

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

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1 - Summary of Significant Accounting Policies (Continued)

Long-Term Obligations (Continued)

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

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

Fund Balances

As prescribed by GASB Statement No. 54, governmental funds report fund balance classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of December 31, 2021, fund balances for governmental funds are made up of the following:

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

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

Committed fund balance – includes amounts that can only be used for specific purposes determined by a formal action of the City's highest level of decision-making authority, the City Council. Commitments are created by, and can only be changed or removed by, a resolution adopted by the City Council.

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

Unassigned fund balance – is the residual classification for the General Fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose. A positive unassigned fund balance is only possible in the general fund.

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1 - Summary of Significant Accounting Policies (Continued)

Fund Balances (Continued)

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

Deferred outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has three items that qualify for reporting in this category. First is the deferred charge on refunding reported in the government-wide statement of net position and proprietary funds statement of net position. A deferred charge on the refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second is the deferred outflow for pension related items. See Note 6 for more information on this deferred outflow. Lastly, the government reports a deferred outflow for OPEB related items. See Note 8 for more information.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has four types of items, unavailable revenue, deferred revenue, deferred inflow for pension related items, and deferred inflow for OPEB related items that qualify for reporting in this category. Unavailable revenue, which arises only under a modified accrual basis of accounting, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred revenues are reported in both the government-wide statement of net position and the governmental funds balance sheet for property tax receivable. Property taxes are not recognized as revenue until the period for which they are levied. The third and fourth items, deferred inflows for pension related items and deferred inflows for OPEB related items, are reported only in the Statement of Net Position. See Notes 6 and 8 for more information on these deferred inflows.

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1 - Summary of Significant Accounting Policies (Continued)

Deferred outflows/inflows of resources (Continued)

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

| | |
|--|----------------------|
| General fund property taxes receivable | \$ 3,462,766 |
| Debt service fund property taxes receivable | 1,431,152 |
| Debt service fund special assessments receivable | <u>11,098,160</u> |
| | <u>\$ 15,992,078</u> |

Net position

The government-wide statement of net position reports \$18,150,536 of restricted net position, of which \$1,857,235 is restricted by enabling legislation.

Concentrations of Credit Risk

Loans are extended, on a fully secured basis, to local businesses under an economic development loan program. Credit is extended to citizens for special assessments levied by the City for capital improvements. These special assessments are secured by liens on the related properties. Unsecured credit is extended to customers for electric, water and sewer fees and charges for services. Intergovernmental receivables include unsecured amounts due from federal, state and county agencies for various grant programs.

Use of Estimates

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

Pending Governmental Accounting Standards Board Statements

At December 31, 2021, the Governmental Accounting Standards Board (GASB) had issued statements not yet implemented by the City. The statements that might impact the City are as follows:

GASB Statement No. 87, Leases, improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1 - Summary of Significant Accounting Policies (Continued)

Pending Governmental Accounting Standards Board Statements (Continued)

resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Provisions of this statement are effective for financial statements for the City's fiscal year ending December 31, 2022.

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

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

GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). A PPP is an arrangement in which a government contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset, for a period of time in an exchange or exchange-like transaction. This statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs), which is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The provisions of this statement are effective for the City's fiscal year ending December 31, 2023.

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1 - Summary of Significant Accounting Policies (Continued)

Pending Governmental Accounting Standards Board Statements (Continued)

GASB Statement No. 96, Subscription-Based Information Technology Arrangements, provides new accounting and financial reporting guidance for subscription-based information technology arrangements (SBITAs), which have become increasingly common among state and local governments in recent years. Statement 96 is based on the standards established in Statement 87, Leases. The new defines a SBITA as a contract that conveys control of the right to use a SBITA vendor's IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The guidance requires governments with SBITAs to recognize a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability (with an exception for short-term SBITAs, those with a maximum possible term of 12 months) and provides guidance related to outlays other than subscription payments, including implementation costs, and requirements for note disclosures related to a SBITA. The provisions of this statement will be effective for the City's fiscal year ending December 31, 2023.

GASB Statement No. 97, Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, provides the following guidance: 1) increases consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; 2) mitigates costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans and employee benefit plans other than pension or OPEB plans as fiduciary component units in fiduciary fund financial statements; and 3) addresses relevance, consistency and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan and for benefit provided through those plans. The first two provisions of this statement are effective immediately. The last provision will be effective for the City's fiscal year ending December 31, 2022.

2 - Stewardship, Compliance and Accountability

Budgetary Information

Applicable Kansas statutes require that budgets be legally adopted for the general fund, special revenue funds (unless exempted by a specific statute), enterprise funds and the debt service fund. A legal operating budget is not required for some of the capital projects funds, the Capital Improvement Reserve Fund, the Vehicle and Equipment Replacement Fund, the American Rescue Plan Act Grant Fund, the Mayor's Christmas Tree Fund, the Special Olympics Fund, and the Law Enforcement Trust Fund. Legal operating budgets are, however, required for the Infrastructure Special Sales Tax, Park Improvement, Special Highway, and Street Improvement capital project funds. All budgets are prepared utilizing the modified accrual basis further modified by the encumbrance method of accounting – that is, commitments such as purchase orders and contracts, in addition to disbursements and accounts payable, are recorded as expenditures.

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

2 - Stewardship, Compliance and Accountability

Budgetary Information (Continued)

In March 2021, the Kansas Legislature passed Senate Bill (SB) 13 to establish limitations on ad valorem property tax levies by taxing subdivisions without an additional notice and hearing prior to budget adoption. This change in policy applies to the 2022 budget cycle. The bill repeals the tax lid law and computed tax limits imposed by KSA 79-2925b and KSA 79-2925c. Alternatively the bill introduces the use of a “revenue neutral rate” (RNR), defined as the amount of ad valorem tax revenue levied in the prior year over the current year assessed valuation estimates, expressed as a mill. County clerks are responsible for computing and providing the rate to taxing subdivisions with the budget information estimates.

Timeline if exceeding the RNR:

- a. **June 15th** Assessed property valuation estimates distributed from County Clerks (will include Revenue Neutral Rate)
- b. **July 20th** Last day to notify County Clerk of intent to levy above RNR
- c. **August 10th** County Clerk notifies taxpayers via mail/email of all taxing subdivisions exceeding RNR
- d. **August 10th – September 10th** Publication of hearing 10 days prior to hearing for both the RNR hearing and the budget hearing. The RNR hearing must be done prior to or in conjunction with the budget hearing.
- e. **August 20th – September 20th** Hold RNR hearing and budget hearing
- f. **August 20th – October 1st** Governing body passes resolution to exceed RNR and formally adopts budget. Governing body certifies budget to County Clerk.

Timeline if not exceeding the RNR:

- a. **June 15th** Assessed property valuation estimates distributed from County Clerks (will include Revenue Neutral Rate)
- b. **August 4th** Deadline to publish notice of budget hearing in newspaper
- c. **August 15th** Deadline to hold budget hearing
- d. **August 15th – 25th** Governing body formally adopts budget
- e. **August 25th** Governing body certifies budget to County Clerk

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

2 - Stewardship, Compliance and Accountability

Budgetary Information (Continued)

Kansas statutes permit transferring budgeted amounts from one object or purpose to another within the same fund; however, such statutes prohibit creating expenditures in excess of the total amount of the adopted budget of expenditures in an individual fund. The City Administrator is authorized to approve over-expenditures at the departmental level or transfers of budgeted appropriations between departments. However, management may not amend a fund's total budgeted expenditures without Council approval. The legal level of budgetary control is the fund level. Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the City. All unencumbered appropriations lapse at the end of the year. Encumbered appropriations are not appropriated in the ensuing year's budget but are carried forward until liquidated or cancelled.

Kansas statutes permit original budgets to be increased for previously unbudgeted increases in revenue other than ad valorem property taxes. The City must first publish a notice of public hearing to amend the budget. Ten days after publication, a public hearing is held and the governing body may amend the budget at that time.

During the fiscal year, the City Council adopted a budget amendment for the Main Street Marketplace CID Fund. The Main Street Marketplace CID Fund was created to collect the 1% CID (Community Improvement District) sales tax within the district and account for the proceeds of special obligation bonds, if issued. Expenditures include administrative fees, the payout of special obligation bond proceeds and the debt service on those bonds (if issued), as well as reimbursing the developer for project costs. The budget amendment was done to increase the expenditure authority in the fund to payout excess CID sales tax carried over from 2020. The total budgeted expenditures increased from \$496,200 (original budget) to \$576,284 (amended budget).

3 - Deposits and Investments

Deposits

Custodial Credit Risk-Deposits

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

Fair Value Measurements

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

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

3 - Deposits and Investments (Continued)

Deposits (Continued)

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

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

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

At December 31, 2021, the City had the following investments:

| Schedule of Investments at December 31, 2021 | | | | | |
|---|---------------------------|-------------------|----------------------|-----------------------|---------------------------------|
| | <u>Interest Rates</u> | <u>Maturities</u> | <u>Par Value</u> | <u>Fair Value</u> | <u>Fair Value Hierarchy</u> |
| City Investments: | | | | | |
| Certificate of Deposit | 0.17% | 6/13/2022 | \$ 7,500,000 | \$ 7,500,000 | N/A |
| KMIP - Overnight | .002%-0.010% | On Demand | 2,728,175 | 2,728,175 | N/A |
| | | | <u>\$ 10,228,175</u> | <u>\$ 10,228,175</u> | |

Investments

Interest Rate Risk

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

Credit risk

Kansas statutes authorize the City, with certain restrictions, to deposit or invest in temporary notes, no-fund warrants, open accounts, time deposits, certificates of deposit, repurchase agreements, U.S. Treasury Bills and Notes, the State of Kansas Municipal Investment Pool, or to make direct investments. The City has an investment policy which does not impose limitations beyond those of the State of Kansas.

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

3 - Deposits and Investments (Continued)

Investments (Continued)

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. As of December 31, 2021, the City was not exposed to custodial credit risk.

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

| Reconciliation of Cash | | | |
|-------------------------------|-----------------------------------|------------------------------------|----------------------|
| | Deposits Including Investments | Restricted Cash and Investments | Total |
| Government-type activities | \$ 13,965,006 | \$ 2,344,360 | \$ 16,309,366 |
| Business-type activities | 15,945,214 | 520,568 | 16,465,782 |
| Total | \$ 29,910,220 | \$ 2,864,928 | \$ 32,775,148 |

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

| Reconciliation of Deposits and Investments | |
|---|-----------------------|
| | Primary Government |
| Cash on hand | \$ 3,450 |
| Carrying amount of deposits | 22,543,523 |
| Carrying amount of investments | 10,228,175 |
| Total deposits and investments | <u>\$ 32,775,148</u> |
| Deposits including investments | \$ 29,910,220 |
| Restricted cash and investments | 2,864,928 |
| Total deposits and investments | <u>\$ 32,775,148</u> |

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

4 - Capital Assets

Capital asset activity for the primary government for the year ended December 31, 2021 was as follows:

| | December 31, 2020 | Increases | Decreases | Transfers | December 31, 2021 |
|---|----------------------|---------------|----------------|----------------|----------------------|
| Governmental activities: | | | | | |
| Capital assets, not being depreciated | | | | | |
| Land | \$ 5,069,653 | \$ 2,134,305 | \$ - | \$ - | \$ 7,203,958 |
| Construction in progress | 10,429,849 | 5,160,210 | (4,081,354) | (2,802,213) | 8,706,492 |
| Total capital assets, not being depreciated | 15,499,502 | 7,294,515 | (4,081,354) | (2,802,213) | 15,910,450 |
| Capital assets, being depreciated | | | | | |
| Buildings | 18,651,111 | - | - | - | 18,651,111 |
| Improvements other than buildings | 5,818,376 | 15,541 | (30,579) | - | 5,803,338 |
| Infrastructure | 70,122,257 | 6,948,383 | - | - | 77,070,640 |
| Machinery and Equipment | 2,528,626 | 24,868 | - | 33,002 | 2,586,496 |
| Vehicles | 1,869,036 | 201,141 | (71,950) | 5,790 | 2,004,017 |
| Total capital assets being depreciated | 98,989,406 | 7,189,933 | (102,529) | 38,792 | 106,115,602 |
| Less accumulated depreciation for: | | | | | |
| Buildings | (2,603,465) | (461,556) | - | - | (3,065,021) |
| Improvements other than buildings | (2,631,380) | (282,157) | 25,756 | - | (2,887,781) |
| Infrastructure | (30,407,440) | (2,337,341) | - | - | (32,744,781) |
| Machinery and Equipment | (1,964,344) | (141,005) | - | (33,002) | (2,138,351) |
| Vehicles | (1,381,735) | (188,523) | 67,950 | 6,698 | (1,495,610) |
| Total accumulated depreciation | (38,988,364) | (3,410,582) | 93,706 | (26,304) | (42,331,544) |
| Total capital assets being depreciated, net | 60,001,042 | 3,779,351 | (8,823) | 12,488 | 63,784,058 |
| Governmental activities capital assets, net | \$ 75,500,544 | \$ 11,073,866 | \$ (4,090,177) | \$ (2,789,725) | \$ 79,694,508 |

| | December 31, 2020 | Increases | Decreases | Transfers | December 31, 2021 |
|--|----------------------|---------------|----------------|--------------|----------------------|
| Business-type activities: | | | | | |
| Capital assets, not being depreciated | | | | | |
| Land | \$ 3,689,744 | \$ - | \$ - | \$ - | \$ 3,689,744 |
| Construction in progress | 25,191,510 | 9,089,570 | (5,071,087) | 2,802,213 | 32,012,206 |
| Total capital assets, not being depreciated | 28,881,254 | 9,089,570 | (5,071,087) | 2,802,213 | 35,701,950 |
| Capital assets, being depreciated/amortized | | | | | |
| Buildings | 21,098,696 | - | (20,000) | - | 21,078,696 |
| Intangibles | 7,763,065 | - | - | - | 7,763,065 |
| Improvements other than buildings | 14,640,890 | - | - | - | 14,640,890 |
| Infrastructure | 111,377,621 | 5,773,370 | (6,814,173) | - | 110,336,818 |
| Machinery and equipment | 1,928,909 | 293,228 | (133,858) | - | 2,088,279 |
| Vehicles | 1,778,698 | 111,822 | (277,564) | (38,792) | 1,574,164 |
| Total capital assets being depreciated/amortized | 158,587,879 | 6,178,420 | (7,245,595) | (38,792) | 157,481,912 |
| Less accumulated depreciation/amortization for: | | | | | |
| Buildings | (4,258,963) | (530,740) | 20,000 | - | (4,769,703) |
| Intangibles | (1,988,445) | (226,272) | - | - | (2,214,717) |
| Improvements other than buildings | (7,702,083) | (536,125) | - | - | (8,238,208) |
| Infrastructure | (56,955,899) | (3,143,972) | 2,433,974 | - | (57,665,897) |
| Machinery and equipment | (1,263,299) | (144,087) | 47,323 | - | (1,360,063) |
| Vehicles | (988,439) | (130,960) | 277,564 | 26,304 | (815,531) |
| Total accumulated depreciation/amortization | (73,157,128) | (4,712,156) | 2,778,861 | 26,304 | (75,064,119) |
| Total capital assets being depreciated, net | 85,430,751 | 1,466,264 | (4,466,734) | (12,488) | 82,417,793 |
| Business-type activities capital assets, net | \$ 114,312,005 | \$ 10,555,834 | \$ (9,537,821) | \$ 2,789,725 | \$ 118,119,743 |

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

4 - Capital Assets (Continued)

| Capital Asset Transfers During the Year | | | | |
|--|--------------------------------|--------------------------|---------------------------------|--------------------------|
| | Governmental activities | | Business-type activities | |
| | Book Value | Accumulated Depreciation | Book Value | Accumulated Depreciation |
| Transfers In: | | | | |
| Machinery and Equipment | \$ 33,002 | \$ (33,002) | \$ - | \$ - |
| Vehicles | 20,813 | (8,325) | 15,023 | (15,023) |
| Transfers Out: | | | | |
| Vehicles | (15,023) | 15,023 | (53,815) | 41,327 |
| Net Change: | | | | |
| Machinery and Equipment | 33,002 | (33,002) | - | - |
| Vehicles | 5,790 | 6,698 | (38,792) | 26,304 |
| Capital assets, being depreciated | <u>\$ 38,792</u> | <u>\$ (26,304)</u> | <u>\$ (38,792)</u> | <u>\$ 26,304</u> |
| Construction in progress transfers in (out) | (2,802,213) | | 2,802,213 | |
| Capital assets transfers, net | | \$ (2,789,725) | | \$ 2,789,725 |

Depreciation and amortization expense on capital assets was charged to functions/programs of the government as follows:

| | |
|--|---------------------|
| Governmental activities | |
| General Government | \$ 112,584 |
| Police | 482,463 |
| Public Works | 2,058,436 |
| Culture and Recreation | 714,713 |
| Community Development | 2,385 |
| Internal Service Fund - Governmental Type Activities | 40,001 |
| Total depreciation expense for governmental activities | <u>\$ 3,410,582</u> |

| | |
|---|---------------------|
| Business-type activities | |
| Electric | \$ 1,506,814 |
| Water | 916,514 |
| Wastewater | 2,120,686 |
| Stormwater | 65,372 |
| Airport | 98,672 |
| Internal Service Fund - Business Type Activity | 4,098 |
| Total depreciation expense for business-type activities | <u>\$ 4,712,156</u> |

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

5 - Capital Leases

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

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

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

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

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

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

The following table details property under capital leases by major classification at December 31, 2021.

| Assets Under Capital Lease | | |
|-----------------------------------|------------------------------------|-------------------------------------|
| | Governmental Activities | Business-Type Activities |
| Machinery and equipment | \$ 45,000 | \$ - |
| Land | 678,000 | - |
| Buildings | - | 10,750,645 |
| Infrastructure | 862,779 | - |
| Vehicles | 132,894 | - |
| Less accumulated depreciation | (233,270) | (1,007,873) |
| Total | <u>\$ 1,485,403</u> | <u>\$ 9,742,772</u> |

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

6 - Defined Benefit Pension Plans

Plan Description

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

Benefits Provided

KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Benefits are established by statute and may only be changed by the Legislature. Member employees (except Police and Firemen) with ten or more years of credited service, may retire as early as age 55 (Police and Firemen may be age 50 with 20 years of credited service), with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever an employee's combined age and years of credited service equal 85 "points" (Police and Firemen's normal retirement ages are age 60 with 15 years of credited service, age 55 with 20 years, age 50 with 25 years, or any age with 36 years of service).

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

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

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

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

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

6 - Defined Benefit Pension Plans (Continued)

Contributions

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

State law provides that the employer contribution rates for KPERS 1, KPERS 2, KPERS 3 and KP&F be determined based on the results of each annual actuarial valuation. KPERS is funded on an actuarial reserve basis. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1.0% contribution rate for the Death and Disability Program) and the statutory contribution rate were 8.87% for KPERS and 22.80% for KP&F for the fiscal year ended December 31, 2021.

House Substitute for SB21 included changes to the working after retirement rules for members who retire on or after January 1, 2018. The key provisions of the bill were to lengthen the waiting period for KPERS members to return to work from 60 days to 180 days for members who retire before attaining age 62, removing the earnings limitation for all retirees and establish a single employer contribution schedule for all retirees. For employees working after retirement, KPERS employers will pay the same statutorily required rate as the other KPERS plans (for the City that rate is 8.87% for 2021) on earnings up to \$25,000 and 30% on earnings over \$25,000.

Contributions to the pension plan from the City were \$639,429 for KPERS and \$610,876 for KP&F for the year ended December 31, 2021.

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

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

At December 31, 2021, the City reported a liability of \$4,486,844 for KPERS and \$4,456,913 for KP&F for its proportionate share of the KPERS' collective net pension liability. The collective net pension liability was measured by KPERS as of June 30, 2021, and the total pension liability used

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

6 - Defined Benefit Pension Plans (Continued)

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

to calculate the collective net pension liability was determined by an actuarial valuation as of December 31, 2020, which was rolled forward to June 30, 2021. The City's proportion of the collective net pension liability was based on the ratio of the City's actual contributions to KPERS and KP&F, relative to the total employer and nonemployer contributions to KPERS and KP&F for the fiscal year ended June 30, 2021. The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2021, the City's proportion and change from its proportion measured as of June 30, 2020 were as follows:

| | Governmental Activities | Business-Type Activities | Total net pension liability as of December 31, 2021 | Proportion as of June 30, 2021 | Change in proportion from June 30, 2020 |
|---------------|----------------------------|-----------------------------|---|-----------------------------------|---|
| KPERS (local) | \$ 2,759,091 | \$ 1,727,753 | \$ 4,486,844 | 0.373918% | -0.010851% |
| KP&F | 4,456,913 | - | 4,456,913 | 0.467063% | 0.028778% |
| Total | \$ 7,216,004 | \$ 1,727,753 | \$ 8,943,757 | | |

For the year ended December 31, 2021, the City recognized pension expense of \$521,374 for KPERS and \$832,946 for KP&F. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | | Deferred Inflows of Resources | |
|--|--------------------------------|-----------------------------|-------------------------------|-----------------------------|
| | Governmental Activities | Business-Type Activities | Governmental Activities | Business-Type Activities |
| Difference between expected and actual experience | \$ 456,075 | \$ 72,716 | \$ 27,569 | \$ 13,058 |
| Net difference between projected and actual earnings on pension plan investments | - | - | 2,103,303 | 659,246 |
| Changes in proportionate share | 447,768 | 38,860 | 88,805 | 58,866 |
| Changes in assumptions | 1,088,043 | 362,126 | | |
| City contributions subsequent to measurement date | 532,148 | 142,837 | - | - |
| Total | \$ 2,524,034 | \$ 616,539 | \$ 2,219,677 | \$ 731,170 |

The \$674,985 (KPERS and KP&F) reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended December 31, 2022. Other amounts reported

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

6 - Defined Benefit Pension Plans (Continued)

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

as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as increases (decreases) to pension expense as follows:

| | Deferred Outflows (Inflows) of Resources | |
|--------------------------------|---|---------------------------------|
| | Governmental Activities | Business-Type Activities |
| Year ended December 31: | | |
| 2022 | \$ 151,891 | \$ (3,967) |
| 2023 | 61,130 | (23,118) |
| 2024 | (60,748) | (60,006) |
| 2025 | (429,119) | (182,135) |
| 2026 | 49,055 | 11,758 |
| | <u>\$ (227,791)</u> | <u>\$ (257,468)</u> |

Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2020, which was rolled forward to June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|--|
| Actuarial Assumptions | Entry age normal |
| Inflation | 2.75 percent |
| Salary increases | 3.50 to 12.00 percent, including price inflation |
| Investment rate of return | 7.25 percent compounded annually, net of investment expense, including price inflation |

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

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study conducted for the three-year period beginning January 1, 2016. The experience study is dated January 7, 2020.

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

6 - Defined Benefit Pension Plans (Continued)

Actuarial assumptions (Continued)

The actuarial assumptions changes adopted by the Pension Plan for all groups based on the actuarial valuation were as follows:

- The investment return assumption was lowered from 7.50% to 7.25%.
- The general wage growth assumption was increased from 3.25% to 3.50%.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. Best estimates of arithmetic real rates of return for each major asset class as of the most recent experience study, dated January 7, 2020, as provided by KPERS' investment consultant, are summarized in the following table:

| Asset class | Long-term target allocation | Long-term expected real rate of return |
|------------------------|-----------------------------------|--|
| U.S. Equities | 23.50 % | 5.20 % |
| Non-U.S. Equities | 23.50 | 6.40 |
| Private Equity | 8.00 | 9.50 |
| Private Real Estate | 11.00 | 4.45 |
| Yield Driven | 8.00 | 4.70 |
| Real Return | 11.00 | 3.25 |
| Fixed Income | 11.00 | 1.55 |
| Short-term investments | 4.00 | 0.25 |
| Total | 100.00 % | |

Discount rate

The discount rate used by KPERS to measure the total pension liability was 7.25 percent. The discount rate used to measure total pension liability at the prior measurement date of June 30, 2020 was 7.50 percent. The actuarial assumptions used in the calculation of the total pension liability were based on the results of the most recent actuarial experience study. It covered the three-year period of January 1, 2016 through December 31, 2018 and was dated January 7, 2020.

The projection of cash flows used to determine the discount rate was based on member and employer contributions as outlined below:

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

6 - Defined Benefit Pension Plans (Continued)

Discount Rate (Continued)

In KPERS, Local groups do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993 and subsequent legislation, the employer contribution rates certified by the KPERS' Board of Trustees for this group may not increase by more than the statutory cap. The statutory cap for Fiscal Year 2021 was 1.2 percent. The Local employers are currently contributing the full actuarial contribution rate. Employers contribute the full actuarial determined rate for KP&F.

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

The following presents the City's proportionate share of the collective net pension liability calculated using the discount rate of 7.25 percent, as well as what the City's proportionate share of the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

| | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|--|------------------------|-------------------------------------|------------------------|
| City's KPERS proportionate share of the net pension liability | \$ 7,380,436 | \$ 4,486,844 | \$ 2,060,215 |
| City's KP&F proportionate share of the net pension liability | 6,689,415 | 4,456,913 | 2,589,443 |
| | <u>\$ 14,069,851</u> | <u>\$ 8,943,757</u> | <u>\$ 4,649,658</u> |

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately-issued KPERS financial report, which can be found here: <https://www.kpers.org/about/reports.html>

7 - Deferred Compensation Plan

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

The plan assets are placed in a trust for the exclusive benefit of the employees and are not the property of the City or subject to the claims of the City's general creditors. The City does not

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

7 - Deferred Compensation Plan (Continued)

perform the investing function related to this plan and has no fiduciary accountability for the plan. Accordingly, the plan assets and related liabilities to plan participants are not included in the basic financial statements. For 2021, the City's contributions were \$51,145.

8 - Other Postemployment Healthcare Benefits

Description. The City offers postemployment health and dental insurance to retired employees through HSA Bank-COBRA. HSA Bank-COBRA functions as an agent multiple-employer plan. Administrative costs of the plan are paid by the City. It was determined the Fund did not qualify as an "OPEB Plan" and thus cannot be treated as holding assets in order to offset OPEB liabilities. Though retiree benefits were not directly paid by the City, they were implicitly paid over time through employer subsidization of active premiums that would be lower if retirees were not part of the experience group. Kansas statutes provide that postemployment healthcare benefits be extended to retired employees who have met age and/or service eligibility requirements until the individuals become eligible for Medicare coverage at age 65. Retirees of the City (and their dependents) were able to elect to continue coverage in the medical and dental plans offered by the City by paying required premium rates. Upon retiree death or attainment of age 65, spouses may continue COBRA coverage for up to three years. The required premium rates are based on combined active and retiree experience so retirees may not be charged the full age-based projected cost. The Plan does not issue separate financial statements.

| | |
|--|------------|
| Active employees eligible for coverage | 143 |
| Inactive employees or beneficiaries currently receiving benefit payments | 0 |
| | <u>143</u> |

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

The City appropriated funds annually for the costs associated with this retirement benefit and provided funding for the expenditures on a pay-as-you-go basis through the General Fund, Proprietary Funds, and Internal Service Funds. In 2021, the City contributed \$16,000 to the plan.

OPEB Liability

The City's total OPEB liability of \$574,394 related to the City's plan was measured as of December 31, 2020; the total OPEB liability was determined by an actuarial valuation as of July 1, 2020. The results of the July 1, 2020 valuation were projected to the beginning and end of year measurement dates using standard actuarial techniques.

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

8 - Other Postemployment Healthcare Benefits (Continued)

OPEB Liability (Continued)

Actuarial assumptions. The total OPEB liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs:

| | |
|--|---|
| Valuation Date | July 1, 2020 |
| Measurement Date | December 31, 2020 |
| Payroll Growth | 3.00% |
| Discount rate | 2.00% |
| Actuarial Cost Method | Entry Age Normal- Level Percent-of-Pay |
| Healthcare cost trend rates | 7% for 2020-21, decreasing by .5% per year through 2023-24 and then decreasing by .25% per year through 2025-26, then decreasing by .10% per year to an ultimate rate of 4.50% for 2030-31 and later years. |
| Retirees' share of benefit-related costs | Retirees contribute 100% of the active funding rate |

The mortality assumption was changed from Society of Actuaries Scale MP-2020 Full Generational Improvement to the Society of Actuaries Scale MP-2021 Full Generational Improvement. The disability assumption was eliminated.

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

In order to determine the municipal bond rate, the average of the published yields from the S&P Municipal Bond 20 year High Grade and the Fidelity GO AA-20 Years indexes were used. The selected average rates are 3.00% and 2.00% as of the beginning and end of year, respectively. These were used as the discount rates to determine present value costs.

| Changes in Total OPEB Liability | |
|--|-------------------|
| Balance at 12/31/2020 | \$ 453,816 |
| Service cost | 37,764 |
| Interest cost | 14,279 |
| Changes of benefit terms | 188,282 |
| Changes in assumptions | (108,924) |
| Differences between expected and actual experience | (10,823) |
| Benefit payments | - |
| Net change | 120,578 |
| Balance at 12/31/2021 | \$ 574,394 |

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)8 - Other Postemployment Healthcare Benefits (Continued)OPEB Liability (Continued)

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

| | 1% Decrease (1.00%) | Current Discount Rate (2.00%) | 1% Increase (3.00%) |
|----------------------|------------------------|-------------------------------------|------------------------|
| Total OPEB liability | \$ 634,558 | \$ 574,394 | \$ 519,471 |

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

| | 1% Decrease (6.00%) | Current Trend Assumption (7.00%) | 1% Increase (8.00%) |
|----------------------|------------------------|--|------------------------|
| Total OPEB liability | \$ 496,564 | \$ 574,394 | \$ 667,737 |

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

For the year ended December 31, 2021, the City recognized OPEB expense of \$304,520. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Governmental Activities | | Business-Type Activities | |
|---|-----------------------------------|----------------------------------|-----------------------------------|----------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Changes in actuarial experiences | \$ 3,300 | \$ 9,599 | \$ 866 | \$ 5,245 |
| Changes in assumptions | 19,691 | 77,625 | 9,323 | 34,766 |
| Contributions subsequent to measurement date | 10,858 | - | 5,142 | - |
| | <u>\$ 33,849</u> | <u>\$ 87,224</u> | <u>\$ 15,331</u> | <u>\$ 40,011</u> |

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

8 - Other Postemployment Healthcare Benefits (Continued)

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

The \$16,000 reported as deferred outflows of resources related to OPEB resulting from the City's benefits subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ended December 31, 2022.

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

| Year ended December 31: | Deferred Outflows (Inflows) of Resources | |
|-------------------------|--|-----------------------------|
| | Governmental Activities | Business-Type Activities |
| 2022 | \$ (5,263) | \$ (2,444) |
| 2023 | (5,263) | (2,444) |
| 2024 | (5,263) | (2,444) |
| 2025 | (5,263) | (2,444) |
| 2026 | (5,263) | (2,444) |
| 2027 & Thereafter | (37,918) | (17,602) |
| | <u>\$ (64,233)</u> | <u>\$ (29,822)</u> |

KPERS Death and Disability OPEB Plan

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

Benefits

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

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

8 - KPERS Death and Disability OPEB Plan (Continued)

Benefits (Continued)

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

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

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

Covered Employees

The City of Gardner has the following employees covered by the Plan as of June 30, 2021:

| | |
|------------------|------------|
| Active members | 111 |
| Disabled members | - |
| | <u>111</u> |

OPEB Liability

The City of Gardner's total OPEB liability of \$174,724 related to KPERS reported as of December 31, 2021, was measured as of June 30, 2021 (the measurement date), and was determined by an actuarial valuation as of December 31, 2020, which was rolled forward to June 30, 2021, using the following actuarial assumptions:

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

8 - KPERS Death and Disability OPEB Plan (Continued)

OPEB Liability (Continued)

| | |
|--|--|
| Valuation Date | December 31, 2020 |
| Measurement Date | June 30, 2021 |
| Inflation | 2.75% |
| Payroll Growth | 3.00% |
| Discount rate | 2.16% |
| Salary increases including inflation | 3.5% to 10.0%, including price inflation |
| Healthcare cost trend rates | Not applicable for the coverage in this plan |
| Retirees' share of benefit-related costs | Not applicable for the coverage in this plan |

The discount rate was based on the Bond Buyer General Obligation 20-Year Municipal Bond Index. Mortality rates were based on the RP-2014 Mortality Table, as appropriate, with adjustment for mortality improvements based on Scale MP-2021.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study conducted during 2016-2018. Other demographic assumptions are set to be consistent with the actuarial assumptions reflected in the December 31, 2020 pension valuation.

Changes in Total OPEB Liability

| Changes in Total OPEB Liability | |
|--|-------------------|
| Balance at December 31, 2020 | \$ 173,271 |
| Service cost | 32,198 |
| Interest cost | 4,541 |
| Effect of economic/demographic gains or losses | (35,586) |
| Effect of assumptions changes or inputs | 300 |
| Benefit payments | - |
| Net change | 1,453 |
| Balance at December 31, 2021 | \$ 174,724 |

Changes of assumptions. Changes of assumptions and other inputs reflect the changes in the discount rate each period. The discount rate decreased from 2.21% to 2.16%.

Sensitivity Analysis. The following presents the City of Gardner's total OPEB liability calculated using the discount rate of 2.16%, as well as what the City's total OPEB liability would be if it were

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

8 - KPERS Death and Disability OPEB Plan (Continued)

Changes in Total OPEB Liability (Continued)

calculated using a discount rate that is 1-percentage point lower (1.16%) or 1-percentage point higher (3.16%) than the current rate:

| | 1% Decrease (1.16%) | Current Discount Rate (2.16%) | 1% Increase (3.16%) |
|----------------------|------------------------|-------------------------------------|------------------------|
| Total OPEB liability | \$ 180,044 | \$ 174,724 | \$ 168,226 |

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

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

For the year ended December 31, 2021, the City of Gardner recognized OPEB expense of \$26,808. At December 31, 2021, the City of Gardner reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Governmental Activities | | Business-Type Activities | |
|---|-----------------------------------|----------------------------------|-----------------------------------|----------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ - | \$ 47,091 | \$ - | \$ 33,882 |
| Changes in assumptions | 6,754 | 1,814 | 4,888 | 1,192 |
| | \$ 6,754 | \$ 48,905 | \$ 4,888 | \$ 35,074 |

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

| | | Deferred Outflows (Inflows) of Resources | |
|-------------------------|----|--|-----------------------------|
| | | Governmental Activities | Business-Type Activities |
| Year ended December 31: | | | |
| 2022 | \$ | (5,787) | \$ (4,144) |
| 2023 | | (5,787) | (4,144) |
| 2024 | | (5,787) | (4,144) |
| 2025 | | (5,787) | (4,144) |
| 2026 | | (5,706) | (4,087) |
| 2027 & Thereafter | | (13,297) | (9,523) |
| | \$ | (42,151) | \$ (30,186) |

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

8 - KPERS Death and Disability OPEB Plan (Continued)

Summary of OPEB Plans

As of December 31, 2021 the City's total OPEB liability, deferred outflows of resources, deferred inflows of resources and OPEB expense associated with the two OPEB plans are summarized as follows:

| | 2021 |
|--------------------------------|------------|
| Total OPEB liability | \$ 749,118 |
| Deferred outflows of resources | \$ 60,822 |
| Deferred inflows of resources | \$ 211,214 |
| OPEB expense | \$ 331,328 |

9 - Risk Services

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

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

10 - Capital Projects

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

Following is a summary of project-to-date costs to December 31, 2021 on the capital projects compared to the amount authorized:

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Capital Projects (Continued)

| Primary Government Project Authorizations and Expenditures Since Inception | | |
|---|---------------|------------------------------|
| Project Category | Authorization | Expenditures Since Inception |
| Primary Government | | |
| Governmental Improvements | \$ 31,454,140 | \$ 15,115,175 |
| Electric Improvements | 5,301,300 | 3,607,714 |
| Water Improvements | 29,441,456 | 27,712,542 |
| Wastewater Improvements | 27,330,720 | 4,341,190 |
| Airport Improvements | 2,190,713 | 890,808 |
| Stormwater Improvements | 531,400 | 531,039 |
| Total | \$ 96,249,729 | \$ 52,198,468 |

11 - Debt

A. Governmental Activities Long-Term Debt

1. Changes in Governmental Activities Debt

The following table summarizes the changes in governmental activities long-term debt of the City for the year ended December 31, 2021.

| Summary of Governmental Activities Debt for the year ended December 31, 2021 | | | | | |
|--|--------------------------|----------------------|----------------------|----------------------------|------------------------|
| | Outstanding January 1 | Additions | Reductions | Outstanding December 31 | Due Within One Year |
| Governmental activities: | | | | | |
| Bonds: | | | | | |
| General obligation | \$ 25,965,000 | \$ - | \$ 2,022,500 | \$ 23,942,500 | \$ 2,052,500 |
| Plus: issuance premium | 1,515,045 | 312,362 | 167,147 | 1,660,260 | - |
| Special assessment debt with government commitment | 7,680,000 | 6,120,000 | 4,162,500 | 9,637,500 | 1,082,500 |
| Bond anticipation notes payable | 8,845,000 | - | 3,640,000 | 5,205,000 | 5,205,000 |
| PBC lease revenue bonds | 470,000 | - | 470,000 | - | - |
| Direct placement - capital lease obligations | 1,588,407 | - | 216,966 | 1,371,441 | 224,906 |
| Net Pension Liability | 9,443,896 | 4,755,590 | 6,983,482 | 7,216,004 | - |
| Compensated absences | 678,088 | 425,585 | 437,623 | 666,050 | 432,933 |
| Total OPEB Liability | 426,362 | 81,960 | - | 508,322 | - |
| Total | <u>\$ 56,611,798</u> | <u>\$ 11,695,497</u> | <u>\$ 18,100,218</u> | <u>\$ 50,207,077</u> | <u>\$ 8,997,839</u> |

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

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

11 - Debt (Continued)

2. Governmental Activities General Obligation Bonds

General obligation bonds payable at December 31, 2021 are comprised of the following issues:

| Outstanding Governmental Activities General Obligation Bonds as of December 31, 2021 | | | | |
|---|-----------------------------|---------------------------------|-------------------|------------------------------|
| | Original Issue Amount | Current Bonds Outstanding | Interest Rates | Original Term in Years |
| 2014A | \$ 1,975,000 | \$ 1,162,500 | 2.000%-3.125% | 15 |
| 2014B | 4,140,000 | 2,165,000 | 2.000%-3.000% | 15 |
| 2016A | 1,380,000 | 735,000 | 3.000% | 12 |
| 2017A | 1,350,000 | 850,000 | 2.250%-3.000% | 10 |
| 2018A | 14,985,000 | 12,635,000 | 3.000%-5.000% | 19 |
| 2019E | 2,465,000 | 2,010,000 | 2.000%-3.000% | 10 |
| 2020B | 4,825,000 | 4,385,000 | 2.000%-3.000% | 10 |
| Total | \$ 31,120,000 | \$ 23,942,500 | | |

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

The future annual requirements for general obligation bonds outstanding as of December 31, 2021 are as follows:

| Debt Service Requirements Governmental Activities for General Obligation Bonds | | | |
|---|---------------|--------------|---------------|
| | Principal | Interest | Total |
| 2022 | \$ 2,052,500 | \$ 791,210 | \$ 2,843,710 |
| 2023 | 2,060,000 | 719,034 | 2,779,034 |
| 2024 | 2,135,000 | 644,672 | 2,779,672 |
| 2025 | 2,222,500 | 567,722 | 2,790,222 |
| 2026 | 2,302,500 | 488,247 | 2,790,747 |
| 2027-2031 | 8,100,000 | 1,415,150 | 9,515,150 |
| 2032-2036 | 4,155,000 | 572,526 | 4,727,526 |
| 2037-2041 | 915,000 | 30,881 | 945,881 |
| Total | \$ 23,942,500 | \$ 5,229,442 | \$ 29,171,942 |

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

11 - Debt (Continued)

3. Bond Anticipation Notes Payable

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

Bond anticipation notes payable as of December 31, 2021 were as follows:

| Outstanding Governmental Activities Bond Anticipation Notes Payable as of December 31, 2021 | | | | |
|--|-----------------------------|---------------------------------|-------------------|------------------------------|
| | Original Issue Amount | Current Notes Outstanding | Interest Rates | Original Term in Years |
| 2020C Hilltop Special BD | \$ 1,455,000 | \$ 1,455,000 | 0.40% | 2 |
| 2020C Refunding 2019A | 3,750,000 | 3,750,000 | 0.40% | 2 |
| Total | \$ 5,205,000 | \$ 5,205,000 | | |

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

| Debt Service Requirements Governmental Activities for Bond Anticipation Notes Payable | | | |
|--|--------------|-----------|--------------|
| | Principal | Interest | Total |
| 2022 | \$ 5,205,000 | \$ 20,820 | \$ 5,225,820 |

4. Governmental Activities Special Assessment Bonds

The City's special assessment debt was issued to provide funds for the construction of infrastructure in new commercial and residential developments. These bonds will be repaid from amounts levied against the property owners benefited by this construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the government must provide resources to cover the deficiency until other resources, for example, foreclosure proceeds, are received. Special assessment bonds at December 31, 2021 are comprised of the following issues:

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)11 - Debt (Continued)

| Outstanding Governmental Activities Special Assessment Bonds as of December 31, 2021 | | | | |
|---|-----------------------------|---------------------------------|-------------------|------------------------------|
| | Original Issue Amount | Current Bonds Outstanding | Interest Rates | Original Term in Years |
| 2014A | \$ 1,975,000 | \$ 1,162,500 | 2.000%-3.125% | 15 |
| 2016A | 1,490,000 | 1,055,000 | 3.000% | 12 |
| 2017A | 2,155,000 | 1,300,000 | 3.000% | 7 |
| 2021A | 1,550,000 | 1,550,000 | 1.00%-3.00% | 10 |
| 2021A | 2,385,000 | 2,385,000 | 1.00%-3.00% | 11 |
| 2021B | 2,185,000 | 2,185,000 | 2.00-2.25% | 20 |
| | <u>\$ 11,740,000</u> | <u>\$ 9,637,500</u> | | |

In August 2021, the City issued Series 2021A General Obligation Refunding and Improvement Bonds in the amount of \$4,710,000. Of that, \$775,000 was issued to finance business-type improvements and \$3,935,000 was issued for the purpose of effecting current refundings of the 2022-2032 maturities of the Series 2011A and 2012A General Obligation Bonds and the definitive financing of the Series 2019C General Obligation Bond Anticipation Note. The City completed the refundings of the General Obligation Bonds to reduce the total debt service payments over the next 10 years by \$336,811 and to obtain an economic gain of \$320,407. The refunding of the Bond Anticipation Note will realize a net savings of \$203,141.

In August 2021, the City also issued Series 2021B Taxable General Obligation Bonds in the amount of \$2,185,000 for the definitive financing of Taxable Bond Anticipation Notes (Waverly Plaza), Series 2019D.

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

| Debt Service Requirements Governmental Activities for Special Assessment Bonds | | | |
|---|---------------------|---------------------|----------------------|
| | Principal | Interest | Total |
| 2022 | \$ 1,082,500 | \$ 250,806 | \$ 1,333,306 |
| 2023 | 1,125,000 | 206,118 | 1,331,118 |
| 2024 | 1,170,000 | 173,270 | 1,343,270 |
| 2025 | 737,500 | 140,168 | 877,668 |
| 2026 | 777,500 | 119,707 | 897,207 |
| 2027-2031 | 3,295,000 | 301,624 | 3,596,624 |
| 2032-2036 | 820,000 | 105,512 | 925,512 |
| 2037-2041 | 630,000 | 42,162 | 672,162 |
| Total | <u>\$ 9,637,500</u> | <u>\$ 1,339,367</u> | <u>\$ 10,976,867</u> |

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

11 - Debt (Continued)

5. Capital Leases

As explained in Note 5, the City has entered into capital lease agreements to purchase land, equipment, vehicles and make various golf course improvements. The following is a schedule by years of future minimum lease payments under capital leases together with the present value of these payments as of December 31, 2021:

| Future Minimum Lease Payments | |
|---|----------------------------|
| Year Ending December 31: | Governmental Activities |
| 2022 | \$ 277,078 |
| 2023 | 276,553 |
| 2024 | 241,343 |
| 2025 | 231,703 |
| 2026 | 232,434 |
| 2027-2028 | 312,494 |
| Total minimum lease payments | 1,571,605 |
| Less amounts representing interest | (200,164) |
| Present value of minimum lease payments | \$ 1,371,441 |

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

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

11 - Debt (Continued)

B. Business-Type Activities Debt

1. Changes in Business-Type Activities Debt

The following table summarizes the changes in business-type activities long-term debt of the City for the year ended December 31, 2021.

| Summary of Business-Type Activities Debt for the year ended December 31, 2021 | | | | | |
|--|--------------------------|---------------------|---------------------|----------------------------|------------------------|
| | Outstanding January 1 | Additions | Reductions | Outstanding December 31 | Due Within One Year |
| Business-type activities: | | | | | |
| General obligation bonds | \$ 34,115,000 | \$ 775,000 | \$ 3,170,000 | \$ 31,720,000 | \$ 2,110,000 |
| Issuance premiums | 1,993,552 | 55,061 | 254,238 | 1,794,375 | - |
| Construction loans payable | 8,530,826 | - | 625,655 | 7,905,171 | 640,679 |
| Compensated absences | 317,247 | 211,731 | 212,677 | 316,301 | 211,921 |
| Capital lease obligations | 10,074,798 | - | 358,086 | 9,716,712 | 375,829 |
| Net Pension Liability | 2,631,304 | 1,519,090 | 2,422,641 | 1,727,753 | - |
| Total OPEB Liability | 200,725 | 40,071 | - | 240,796 | - |
| Total | <u>\$ 57,863,452</u> | <u>\$ 2,600,953</u> | <u>\$ 7,043,297</u> | <u>\$ 53,421,108</u> | <u>\$ 3,338,429</u> |

2. Business-Type Activities General Obligation Bonds

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

In August 2021, the City issued Series 2021A General Obligation Bonds in the amount of \$4,710,000. Of that, \$775,000 was to finance wastewater system improvements. The remaining \$3,935,000 was issued for the financing of governmental activities (see note above).

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)11 - Debt (Continued)Business-Type Activities General Obligation Bonds (Continued)

General obligation bonds payable at December 31, 2021 are comprised of the following issues:

| Outstanding Business-Type Activities General Obligation Bonds as of December 31, 2021 | | | | | |
|--|-----------------------------|---------------------------------|-------------------|------------------------------|--|
| | Original Issue Amount | Current Bonds Outstanding | Interest Rates | Original Term in Years | |
| 2013A | \$ 4,246,816 | \$ 105,000 | 2.00%-2.25% | 11 | |
| 2014A | 945,000 | 555,000 | 2.00%-3.125% | 15 | |
| 2015A | 3,945,000 | 1,730,000 | 3.0% | 11 | |
| 2016B | 855,000 | 450,000 | 2.00%-3.25% | 10 | |
| 2019B | 1,970,000 | 1,565,000 | 1.85%-2.50% | 9 | |
| 2020A | 23,905,000 | 23,260,000 | 2.0%-3.5% | 20 | |
| 2020A | 3,545,000 | 3,280,000 | 3.0%-3.5% | 10 | |
| 2021A | 775,000 | 775,000 | 1.0%-3.0% | 10 | |
| Total | \$ 40,186,816 | \$ 31,720,000 | | | |

The future annual requirements for general obligation bonds outstanding as of December 31, 2021 are as follows:

| Debt Service Requirements for Business-Type Activities General Obligation Bonds | | | |
|--|---------------|--------------|---------------|
| | Principal | Interest | Total |
| 2022 | \$ 2,110,000 | \$ 939,430 | \$ 3,049,430 |
| 2023 | 2,165,000 | 870,628 | 3,035,628 |
| 2024 | 2,245,000 | 801,828 | 3,046,828 |
| 2025 | 2,280,000 | 730,603 | 3,010,603 |
| 2026 | 1,880,000 | 657,741 | 2,537,741 |
| 2027-2031 | 8,485,000 | 2,384,762 | 10,869,762 |
| 2032-2036 | 6,600,000 | 1,414,001 | 8,014,001 |
| 2037-2041 | 5,955,000 | 453,150 | 6,408,150 |
| Total | \$ 31,720,000 | \$ 8,252,143 | \$ 39,972,143 |

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

11 - Debt (Continued)

3. Construction Loans Payable

Construction loans payable at December 31, 2021 are comprised of the following:

| Outstanding Business-Type Activities Loans as of December 31, 2021 | | | | |
|---|-----------------------------|---------------------------------|------------------|------------------------------|
| | Original Issue Amount | Current Bonds Outstanding | Interest Rate | Original Term in Years |
| Kansas Water Pollution Control Loan # C20 1721 01 | \$ 3,483,009 | \$ 1,024,119 | 2.40% | 20 |
| Kansas Water Pollution Control Loan # C20 1956 01 | 10,167,808 | 6,881,052 | 2.05% | 20 |
| Total | \$ 13,650,817 | \$ 7,905,171 | | |

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

| Debt Service Requirements for Business-Type Activities Loans | | | |
|---|--------------|--------------|--------------|
| | Principal | Interest | Total |
| 2022 | \$ 640,679 | \$ 162,238 | \$ 802,917 |
| 2023 | 656,066 | 148,463 | 804,529 |
| 2024 | 671,824 | 134,357 | 806,181 |
| 2025 | 687,959 | 119,907 | 807,866 |
| 2026 | 704,487 | 105,113 | 809,600 |
| 2027-2031 | 3,006,268 | 322,862 | 3,329,130 |
| 2032-2036 | 1,537,888 | 47,650 | 1,585,538 |
| Total | \$ 7,905,171 | \$ 1,040,590 | \$ 8,945,761 |

4. Capital Leases

In 2018, the City of Gardner entered into an Asset Purchase Agreement, with a term of 20 years, with KMEA (Kansas Municipal Energy Agency) to assume the costs of a 32.26% participation in KMEA's 10.1% undivided interest in the Dogwood Energy Facility. The following is a schedule by years of future minimum lease payments under capital leases together with the present value of these payments as of December 31, 2021:

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

11 - Debt (Continued)

Capital Leases (Continued)

| Future Minimum Lease Payments | |
|---|-----------------------------|
| Year Ending December 31: | Business-Type Activities |
| 2022 | \$ 852,269 |
| 2023 | 852,349 |
| 2024 | 851,462 |
| 2025 | 851,180 |
| 2026 | 849,849 |
| 2027-2031 | 4,241,747 |
| 2032-2036 | 4,226,101 |
| 2037-2038 | 1,684,455 |
| Total minimum lease payments | 14,409,412 |
| Less amounts representing interest | (4,692,700) |
| Present value of minimum lease payments | \$ 9,716,712 |

12 - Special Assessments

Kansas statutes require special benefit district projects financed in part by special assessments to be financed through the issuance of general obligation bonds that are secured by the full faith and credit of the City. Further, state statutes permit levying additional general ad valorem taxes in the City's Debt Service Fund to finance delinquent special assessments receivable. Accordingly, the special assessments receivable is accounted for within the City's debt service fund. Special assessments are levied over the repayment period of the bonds and the annual installments are due and payable with annual ad valorem taxes. At December 31, 2021, the special assessment taxes levied are a lien on the property and are recorded as a special assessment receivable in the debt service fund with a corresponding amount recorded as deferred inflows of resources. Special assessments receivable at December 31, 2021 was \$11,098,160.

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)13 - Interfund Transactions

Interfund transfers for the year ended December 31, 2021 consisted of the following:

| Interfund Transfers: | | |
|------------------------------|---------------------|---------------------|
| | Transfers In | Transfers Out |
| Major funds: | | |
| General Fund | \$ 1,041,047 | \$ 230,900 |
| Debt Service Fund | 1,455,285 | - |
| Capital Projects Fund | 46,100 | 616,944 |
| Special Highway Fund | 27,666 | 719,241 |
| Electric Fund | 33,175 | 1,428,507 |
| Water Fund | 425,907 | 635,082 |
| Wastewater Fund | 508,895 | 128,600 |
| Non-Major Proprietary Fund | - | 58,706 |
| Non-Major Governmental Funds | 389,400 | 85,007 |
| Non-Major Internal Svc Funds | - | 24,488 |
| Total Transfers In | \$ 3,927,475 | \$ 3,927,475 |

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

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

13 - Interfund Transactions (Continued)

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

| | |
|---|--------------------------|
| Amounts owed from the capital project funds to: | |
| General fund | \$ 71,609 |
| Amounts owed from the wastewater fund to: | |
| General fund | \$ 389,289 |
| Amounts owed from the special highway fund to: | |
| General fund | \$ 344,950 |
| Amounts owed from the nonmajor governmental funds to: | |
| Special Highway fund | <u>\$ 27,666</u> |
| Total amounts owed from other funds | <u><u>\$ 833,514</u></u> |

The interfund payables due to the general fund include amounts for the reimbursement of certain indirect costs. The interfund payable due from certain nonmajor governmental funds to the special highway fund are for reimbursement of costs for a traffic signal through the Main St. TIF.

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

14 - Commitments and Contingencies

Litigation

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

Industrial Revenue Bonds

The City has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. The lease agreements provide for rentals sufficient to service the related bonds. The debt service on these issues is paid solely from payments from the private businesses involved. Neither the City nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying basic financial statements. As of December 31, 2021, there were two industrial revenue bonds outstanding for a total of \$45,216,475.

| <u>Project</u> | <u>Issue Date</u> | <u>Amount Authorized</u> | <u>Amount Outstanding</u> | <u>Interest</u> | | |
|--|-----------------------|------------------------------|-------------------------------|-----------------|--------------------------|--------------------------|
| | | | | <u>Rate</u> | <u>Payment Dates</u> | <u>Maturity Date</u> |
| Midwest Commerce/Excelligence (Proj 2) | 4/6/2018 | \$ 38,000,000 | \$ 32,159,762 | 2.00% | Feb. 1 | 2/1/2029 |
| Hampton Inn | 12/31/2018 | 14,000,000 | 13,056,713 | 2.00% | Dec. 1 | 12/1/2028 |
| | | <u>\$ 52,000,000</u> | <u>\$ 45,216,475</u> | | | |

Encumbrances

The City uses encumbrances to control expenditure commitments for the year and to enhance cash management. Encumbrances represent commitments related to executory contracts not yet performed and purchase orders not yet filled. Commitments for such expenditure of monies are encumbered to reserve a portion of applicable appropriations. Encumbrances still open at year-end are not accounted for as expenditures and liabilities, but, rather, as restricted, committed, or assigned fund balance. At December 31, 2021, the City's recorded encumbrances in governmental funds were as follows:

| | |
|----------------------------------|---------------------|
| General | \$ 155,886 |
| Capital Projects | 71,573 |
| Infrastructure Special Sales Tax | 47,698 |
| Special Highway | 1,714,282 |
| Nonmajor funds | 25,000 |
| | <u>\$ 2,014,439</u> |

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

15 - Tax Abatements

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

Resolution No. 1737 was passed by the City on November 19, 2007 and took effect January 1, 2008. The resolution established a policy relating to property tax abatements for new and existing businesses. The resolution recognized that it was essential to stimulate the economic growth and development of existing and new industry and businesses for the benefit of Gardner. Resolution No. 2052 took effect April 2020 and is the current guiding resolution for all abatements.

For the fiscal year ended December 31, 2021, the City abated property taxes totaling \$1,402,527 (for all taxing jurisdictions) under this program. The City received PILOT (Payments in Lieu of Taxes) payments on these properties totaling \$81,387 in 2021. The active tax abatement projects are described below:

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GARDNER, KANSAS

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

Last Nine Fiscal Years*

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|--|--------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| City's proportion of the net pension liability (asset): | | | | | | | | | |
| KPERS (local group) | 0.373918% | 0.384769% | 0.387588% | 0.371954% | 0.355167% | 0.345680% | 0.296578% | 0.301717% | 0.275540% |
| KP&F (police & firemen) | 0.467063% | 0.438285% | 0.430911% | 0.420059% | 0.413915% | 0.387631% | 0.334365% | 0.332422% | 0.313729% |
| City's proportionate share of the net pension liability (asset) | \$ 8,943,757 | \$12,075,200 | \$9,777,371 | \$9,226,055 | \$9,026,076 | \$8,947,934 | \$6,322,077 | \$5,893,730 | \$6,744,453 |
| City's covered payroll ^ | \$ 9,727,641 | \$ 9,406,648 | \$9,209,371 | \$8,714,608 | \$8,582,884 | \$7,675,340 | \$6,430,700 | \$6,144,004 | \$5,834,765 |
| City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 91.94% | 128.37% | 106.17% | 105.87% | 105.16% | 116.58% | 98.31% | 95.93% | 115.59% |
| Plan fiduciary net position as a percentage of the total pension liability | 76.40% | 66.30% | 69.88% | 68.88% | 67.12% | 65.10% | 64.95% | 66.60% | 59.94% |

* GASB 68 requires presentation of ten years. As of December 31, 2021, only nine years of information is available.

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

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

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|--|--------------------|--------------------|--------------------|--------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Contractually required contribution | \$1,250,305 | \$1,212,750 | \$1,170,761 | \$1,037,515 | \$ 940,924 | \$ 981,506 | \$ 871,712 | \$ 738,362 | \$ 610,709 | \$ 551,764 |
| Contributions in relation to the contractually required contribution | <u>(1,250,305)</u> | <u>(1,212,750)</u> | <u>(1,170,761)</u> | <u>(1,037,515)</u> | <u>(940,924)</u> | <u>(981,506)</u> | <u>(871,712)</u> | <u>(738,362)</u> | <u>(610,709)</u> | <u>(551,764)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| City's covered payroll ^ | \$9,884,554 | \$9,854,085 | \$9,413,571 | \$8,962,317 | \$8,474,557 | \$8,424,022 | \$7,000,963 | \$6,412,857 | \$6,005,230 | \$5,775,547 |
| Contributions as a percentage of covered payroll | 12.649078% | 12.307080% | 12.436952% | 11.576418% | 11.102923% | 11.651275% | 12.451316% | 11.513776% | 10.169619% | 9.553450% |

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

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

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

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

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

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

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

KPERS:

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

KP&F:

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

As a result of the experience study completed in January 2020, there were several changes made to the actuarial assumptions and methods since the prior valuation. The changes that impact all groups were effective December 31, 2019 and include:

- The investment return assumption was lowered from 7.75% to 7.50%.
- The general wage growth assumption was lowered from 3.50% to 3.25%.
- The payroll growth assumption was lowered from 3.00% to 2.75%.

Changes from the January 2020 experience study that impacted individual groups are listed below:

KPERS:

- Retirement rates were adjusted to partially reflect observed experience.
- Termination rates were increased for most KPERS groups.
- Disability rates were reduced.
- Factors for the State group that are used to anticipate higher liabilities due to higher final average salary at retirement for pre-1993 hires were modified to better reflect actual experience.
- The administrative expense load for contributions rates was increased from 0.16% to 0.18%.

KP&F:

- Retirement rates were adjusted to partially reflect observed experience.
- Factors for the KP&F group that are used to anticipate higher liabilities due to higher final average salary at retirement for pre-1993 hires were modified to better reflect actual experience.
- The administrative expense load for contributions rates was increased from 0.16% to 0.18%.

Assumption changes effective December 31, 2020 were as follows:

- The investment return assumption was lowered from 7.50% to 7.25%.
- The general wage growth assumption was increased from 3.25% to 3.50%.

Schedule of Changes in the
City's Total OPEB Liability and Related Ratios
Last Four Fiscal Years*

Postemployment Healthcare Plan^

| Schedule of Changes in Total OPEB Liability and Related Ratios | | | | |
|--|------------|------------|-------------|------------|
| | 2021 | 2020 | 2019 | 2018 |
| Service cost | \$ 37,764 | \$ 26,118 | \$ 31,515 | \$ 30,994 |
| Interest cost | 14,279 | 12,507 | 12,167 | 12,501 |
| Changes of benefit terms | 188,282 | - | (62,674) | - |
| Changes in assumptions | (108,924) | 107,183 | (15,296) | 5,693 |
| Differences between expected and actual experience | (10,823) | (5,741) | 5,375 | - |
| Benefit payments | - | - | (5,000) | (6,000) |
| Net change in Total OPEB liability | \$ 120,578 | \$ 140,067 | \$ (33,913) | \$ 43,188 |
| Total OPEB liability - beginning of year | 453,816 | 313,749 | 347,662 | 304,474 |
| Total OPEB liability - end of year | \$ 574,394 | \$ 453,816 | \$ 313,749 | \$ 347,662 |
| Covered-employee payroll* | 8,748,684 | 8,499,327 | 7,231,735 | 7,231,735 |
| Total OPEB liability as a % of covered payroll | 6.57% | 5.34% | 4.34% | 4.81% |

*GASB 75 requires presentation of ten years. As of December 31, 2021, only four years of information are available.

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

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

- The discount rate decreased from 3.76% on December 31, 2016 to 3.23% on December 31, 2017.
- The discount rate remained 3.23% through December 31, 2018.
- The discount rate increased from 3.23% on December 31, 2018 to 3.68% on December 31, 2019.
- The discount rate decreased from 3.68% on December 31, 2019 to 3.00% on December 31, 2020.
- The discount rate decreased from 3.00% on December 31, 2020 to 2.00% on December 31, 2021.

Schedule of Changes in the
City's Total OPEB Liability and Related Ratios
Last Five Fiscal Years*

Death and Disability OPEB Plan[^]

| Schedule of Changes in Total OPEB Liability and Related Ratios | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 |
| Service Cost | \$ 32,198 | \$ 27,673 | \$ 26,028 | \$ 25,739 | \$ 26,816 |
| Interest on total OPEB liability | 4,541 | 6,265 | 6,253 | 5,718 | 3,828 |
| Changes of benefit terms | - | - | - | - | - |
| Effect of economic/demographic gains or (losses) | (35,586) | (24,283) | (18,777) | (28,208) | - |
| Effect of assumption changes or inputs | 300 | 12,292 | 2,265 | (1,699) | (4,152) |
| Benefit payments | - | - | - | - | - |
| Net change in total OPEB liability | \$ 1,453 | \$ 21,947 | \$ 15,769 | \$ 1,550 | \$ 26,492 |
| Total OPEB liability, beginning | \$ 173,271 | \$ 151,324 | \$ 135,555 | \$ 134,005 | \$ 107,513 |
| Total OPEB liability, ending | \$ 174,724 | \$ 173,271 | \$ 151,324 | \$ 135,555 | \$ 134,005 |
| Covered payroll | \$ 6,910,902 | \$ 6,658,129 | \$ 6,390,365 | \$ 6,057,898 | \$ 5,821,363 |
| Total OPEB liability as a % of covered payroll | 2.53% | 2.60% | 2.37% | 2.24% | 2.30% |

*GASB 75 requires presentation of ten years. As of December 31, 2021, only five years are available.

[^] No assets are accumulated in a trust to pay related benefits for this plan.

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

- The discount rate increased from 2.85% on June 30, 2016 to 3.58% on June 30, 2017.
- The discount rate increased from 3.58% on June 30, 2017 to 3.87% on June 30, 2018.
- The discount rate decreased from 3.87% on June 30, 2018 to 3.50% on June 30, 2019.
- The discount rate decreased from 3.50% on June 30, 2019 to 2.21% on June 30, 2020.
- The discount rate decreased from 2.21% on June 30, 2020 to 2.16% on June 30, 2021.

OTHER SUPPLEMENTARY INFORMATION

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

Main Street Marketplace TIF Fund – This fund is used to account for the captured incremental real property taxes from the properties within the Main Street Marketplace Redevelopment District. The captured increments are to be used to reimburse the developer for TIF eligible expenses.

Main Street Marketplace CID Fund – This fund is used to account for the captured CID sales tax from the properties within the Main Street Marketplace Community Improvement District. The captured CID sales tax is to be used to reimburse the developer for CID eligible expenses.

American Recovery Plan Act (ARPA) Fund – This fund is used to account for the receipt of coronavirus grant funds that may be used for responding to a public health emergency, employee premium pay, providing government services to the extent of reduction in revenue, and to make necessary investments in water, sewer, or broadband infrastructure.

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

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

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

Capital Projects Fund

Park Improvement Fund – This fund is used to account for the receipt of park impact fees which are restricted for park and playground purposes.

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

Vehicle and Equipment Replacement Fund – This fund is used to account for resources assigned to the City's vehicle and equipment replacement program for all departments except for the Police Department and the Electric Utility.

CITY OF GARDNER, KANSAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2021

| | Special Revenue Funds | | | | | | |
|-------------------------------------|------------------------------------|-----------------------------|-----------------------------------|-----------------------------------|----------------------------------|-------------------------------------|------------------------------|
| | Economic Development Reserve | Law Enforcement Trust | Main Street Marketplace TIF | Main Street Marketplace CID | American Recovery Plan Act | Special Alcohol/ Drug Program | Mayor's Christmas Tree |
| Assets | | | | | | | |
| Deposits and investments | \$ 144,677 | \$ 42,919 | \$ 2,761 | \$ 19,032 | \$ 1,261,854 | \$ 95,333 | \$ 1,114 |
| Certificate of deposit | 48,133 | 14,279 | 918 | 6,332 | 419,806 | 31,716 | 371 |
| Receivables: | | | | | | | |
| Taxes | 50,604 | - | 99,287 | - | - | - | - |
| Total assets | <u>\$ 243,414</u> | <u>\$ 57,198</u> | <u>\$ 102,966</u> | <u>\$ 25,364</u> | <u>\$ 1,681,660</u> | <u>\$ 127,049</u> | <u>\$ 1,485</u> |
| Liabilities | | | | | | | |
| Accounts payable | - | - | 68,673 | - | - | - | - |
| Due to other funds | - | - | 27,666 | - | - | - | - |
| Unearned revenue | - | - | - | - | 1,681,066 | - | - |
| Total liabilities | <u>-</u> | <u>-</u> | <u>96,339</u> | <u>-</u> | <u>1,681,066</u> | <u>-</u> | <u>-</u> |
| Fund Balances (Deficits) | | | | | | | |
| Restricted | | | | | | | |
| Capital projects | - | - | - | - | 594 | - | - |
| Street improvements | - | - | - | - | - | - | - |
| Economic development | 243,414 | - | 6,627 | 25,364 | - | - | - |
| Other | - | 57,198 | - | - | - | 127,049 | 1,485 |
| Total fund balances | <u>243,414</u> | <u>57,198</u> | <u>6,627</u> | <u>25,364</u> | <u>594</u> | <u>127,049</u> | <u>1,485</u> |
| Total liabilities and fund balances | <u>\$ 243,414</u> | <u>\$ 57,198</u> | <u>\$ 102,966</u> | <u>\$ 25,364</u> | <u>\$ 1,681,660</u> | <u>\$ 127,049</u> | <u>\$ 1,485</u> |

(Continued)

CITY OF GARDNER, KANSAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
(Continued)
December 31, 2021

| | Special Revenue Funds | Total Special Revenue | Capital Projects | | | Total Capital Projects | Total Nonmajor Governmental Funds |
|-------------------------------------|------------------------------------|-----------------------------|---------------------|-----------------------|----------------------------------|------------------------------|--|
| | Special Parks and Recreation | | Park Improvement | Street Improvement | Vehicle Equipment Replacement | | |
| Assets | | | | | | | |
| Deposits and investments | \$ 54,067 | \$ 1,621,757 | \$ 296,201 | \$ 1,393,599 | \$ 292,268 | \$ 1,982,068 | \$ 3,603,825 |
| Certificate of deposit | 17,987 | 539,542 | 98,543 | 463,636 | 97,234 | 659,413 | 1,198,955 |
| Receivables: | | | | | | | |
| Taxes | - | 149,891 | - | - | - | - | 149,891 |
| Total assets | <u>\$ 72,054</u> | <u>\$ 2,311,190</u> | <u>\$ 394,744</u> | <u>\$ 1,857,235</u> | <u>\$ 389,502</u> | <u>\$ 2,641,481</u> | <u>\$ 4,952,671</u> |
| Liabilities | | | | | | | |
| Accounts payable | - | 68,673 | - | - | - | - | 68,673 |
| Due to other funds | - | 27,666 | - | - | - | - | 27,666 |
| Unearned revenue | - | 1,681,066 | - | - | - | - | 1,681,066 |
| Total liabilities | <u>-</u> | <u>1,777,405</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,777,405</u> |
| Fund Balances (Deficits) | | | | | | | |
| Restricted | | | | | | | |
| Capital projects | - | 594 | 394,744 | - | 389,502 | 784,246 | 784,840 |
| Street improvements | - | - | - | 1,857,235 | - | 1,857,235 | 1,857,235 |
| Economic development | - | 275,405 | - | - | - | - | 275,405 |
| Other | 72,054 | 257,786 | - | - | - | - | 257,786 |
| Total fund balances | <u>72,054</u> | <u>533,785</u> | <u>394,744</u> | <u>1,857,235</u> | <u>389,502</u> | <u>2,641,481</u> | <u>3,175,266</u> |
| Total liabilities and fund balances | <u>\$ 72,054</u> | <u>\$ 2,311,190</u> | <u>\$ 394,744</u> | <u>\$ 1,857,235</u> | <u>\$ 389,502</u> | <u>\$ 2,641,481</u> | <u>\$ 4,952,671</u> |

CITY OF GARDNER, KANSAS

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

NONMAJOR GOVERNMENTAL FUNDS

Year Ended December 31, 2021

| | Special Revenue Funds | | | | | | |
|--|------------------------------------|-----------------------------|-----------------------------------|-----------------------------------|----------------------------------|-------------------------------------|------------------------------|
| | Economic Development Reserve | Law Enforcement Trust | Main Street Marketplace TIF | Main Street Marketplace CID | American Recovery Plan Act | Special Alcohol/ Drug Program | Mayor's Christmas Tree |
| Revenues | | | | | | | |
| Property tax | \$ - | \$ - | \$ 113,769 | \$ - | \$ - | \$ - | \$ - |
| Sales tax | - | - | - | 317,640 | - | - | - |
| Transient guest tax | 244,697 | - | - | - | - | - | - |
| Excise Tax | - | - | - | - | - | - | - |
| Intergovernmental | - | 34,294 | - | - | - | 51,070 | - |
| Fines and Fees | - | - | - | - | - | - | - |
| Investment earnings | 134 | 48 | - | - | 594 | 92 | 1 |
| Other | - | - | - | - | - | - | 242 |
| Total revenues | <u>244,831</u> | <u>34,342</u> | <u>113,769</u> | <u>317,640</u> | <u>594</u> | <u>51,162</u> | <u>243</u> |
| Expenditures | | | | | | | |
| Current: | | | | | | | |
| General government | 180,000 | 9,420 | 79,598 | 394,918 | - | 19,200 | - |
| Capital outlay | - | - | - | - | - | - | - |
| Total expenditures | <u>180,000</u> | <u>9,420</u> | <u>79,598</u> | <u>394,918</u> | <u>-</u> | <u>19,200</u> | <u>-</u> |
| Excess of revenues over (under) expenditures | <u>64,831</u> | <u>24,922</u> | <u>34,171</u> | <u>(77,278)</u> | <u>594</u> | <u>31,962</u> | <u>243</u> |
| Other financing sources (uses) | | | | | | | |
| Transfers in | - | - | - | - | - | - | - |
| Transfers out | - | - | (27,666) | (11,241) | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>(27,666)</u> | <u>(11,241)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | <u>64,831</u> | <u>24,922</u> | <u>6,505</u> | <u>(88,519)</u> | <u>594</u> | <u>31,962</u> | <u>243</u> |
| Fund balances, beginning of year | <u>178,583</u> | <u>32,276</u> | <u>122</u> | <u>113,883</u> | <u>-</u> | <u>95,087</u> | <u>1,242</u> |
| Fund balances, end of year | <u>\$ 243,414</u> | <u>\$ 57,198</u> | <u>\$ 6,627</u> | <u>\$ 25,364</u> | <u>\$ 594</u> | <u>\$ 127,049</u> | <u>\$ 1,485</u> |

(Continued)

CITY OF GARDNER, KANSAS

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

NONMAJOR GOVERNMENTAL FUNDS

Year Ended December 31, 2021

| | Special Revenue Funds | | Capital Projects | | | | Total Nonmajor Governmental Funds |
|--|------------------------------------|-----------------------------|---------------------|-----------------------|----------------------------------|------------------------------|--|
| | Special Parks and Recreation | Total Special Revenue | Park Improvement | Street Improvement | Vehicle Equipment Replacement | Total Capital Projects | |
| Revenues | | | | | | | |
| Property tax | \$ - | \$ 113,769 | \$ - | \$ - | \$ - | \$ - | \$ 113,769 |
| Sales tax | - | 317,640 | - | - | - | - | 317,640 |
| Transient guest tax | - | 244,697 | - | - | - | - | 244,697 |
| Excise tax | - | - | - | 359,835 | - | 359,835 | 359,835 |
| Intergovernmental | 51,070 | 136,434 | - | - | - | - | 136,434 |
| Fines and fees | - | - | 164,086 | - | - | 164,086 | 164,086 |
| Investment earnings | 50 | 919 | 327 | 1,645 | 102 | 2,074 | 2,993 |
| Other | - | 242 | - | - | - | - | 242 |
| Total revenues | 51,120 | 813,701 | 164,413 | 361,480 | 102 | 525,995 | 1,339,696 |
| Expenditures | | | | | | | |
| Current: | | | | | | | |
| General government | - | 683,136 | - | - | - | - | 683,136 |
| Capital outlay | 24,365 | 24,365 | - | - | - | - | 24,365 |
| Total expenditures | 24,365 | 707,501 | - | - | - | - | 707,501 |
| Excess of revenues over (under) expenditures | 26,755 | 106,200 | 164,413 | 361,480 | 102 | 525,995 | 632,195 |
| Other financing sources (uses) | | | | | | | |
| Transfers in | - | - | - | - | 389,400 | 389,400 | 389,400 |
| Transfers out | - | (38,907) | (46,100) | - | - | (46,100) | (85,007) |
| Total other financing sources (uses) | - | (38,907) | (46,100) | - | 389,400 | 343,300 | 304,393 |
| Net change in fund balances | 26,755 | 67,293 | 118,313 | 361,480 | 389,502 | 869,295 | 936,588 |
| Fund balances, beginning of year | 45,299 | 466,492 | 276,431 | 1,495,755 | - | 1,772,186 | 2,238,678 |
| Fund balances, end of year | \$ 72,054 | \$ 533,785 | \$ 394,744 | \$ 1,857,235 | \$ 389,502 | \$ 2,641,481 | \$ 3,175,266 |

CITY OF GARDNER, KANSAS

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

ECONOMIC DEVELOPMENT RESERVE FUND

Year Ended December 31, 2021

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|--|--------------------|--------------------|--------------------------|---|
| Revenues | | | | |
| Transient guest tax | \$ 222,000 | \$ 222,000 | \$ 244,697 | \$ 22,697 |
| Investment earnings | - | - | 134 | 134 |
| Total revenues | <u>222,000</u> | <u>222,000</u> | <u>244,831</u> | <u>22,831</u> |
| Expenditures | | | | |
| Project reserve | 90,452 | 90,452 | - | 90,452 |
| Contractual services | <u>175,000</u> | <u>175,000</u> | <u>180,000</u> | <u>(5,000)</u> |
| Total expenditures | <u>265,452</u> | <u>265,452</u> | <u>180,000</u> | <u>85,452</u> |
| Revenues over (under) expenditures | (43,452) | (43,452) | 64,831 | 108,283 |
| Net change in fund balance | (43,452) | (43,452) | 64,831 | 108,283 |
| Fund balances, beginning of year | <u>43,452</u> | <u>43,452</u> | <u>153,583</u> | <u>110,131</u> |
| Fund balances, end of year | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 218,414</u></u> | <u><u>\$ 218,414</u></u> |
| Explanation of difference between budgetary and GAAP fund balances: | | | | |
| Encumbrances for equipment and supplies ordered but not received are not recorded for GAAP purposes until received | | | <u>25,000</u> | |
| GAAP fund balance, end of year | | | <u><u>\$ 243,414</u></u> | |

CITY OF GARDNER, KANSAS

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

MAIN STREET MARKETPLACE TIF FUND

Year Ended December 31, 2021

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|--------------------------------------|--------------------|-----------------|-------------------|---|
| Revenues | | | | |
| Property tax | \$ 194,200 | \$ 194,200 | \$ 113,769 | \$ (80,431) |
| Investment earnings | 100 | 100 | - | (100) |
| Total revenues | <u>194,300</u> | <u>194,300</u> | <u>113,769</u> | <u>(80,531)</u> |
| Expenditures | | | | |
| General government | 194,300 | 194,300 | 79,598 | 114,702 |
| Total expenditures | <u>194,300</u> | <u>194,300</u> | <u>79,598</u> | <u>114,702</u> |
| Revenues over (under) expenditures | - | - | 34,171 | 34,171 |
| Other financing sources (uses) | | | | |
| Transfers out | - | - | (27,666) | (27,666) |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>(27,666)</u> | <u>(27,666)</u> |
| Net change in fund balance | - | - | 6,505 | 6,505 |
| Fund balances, beginning of year | - | - | 122 | 122 |
| Fund balances, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 6,627</u> | <u>\$ 6,627</u> |

CITY OF GARDNER, KANSAS

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

MAIN STREET MARKETPLACE CID FUND

Year Ended December 31, 2021

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|--------------------------------------|--------------------|-----------------|-------------------|---|
| Revenues | | | | |
| Sales tax | \$ 462,400 | \$ 462,400 | \$ 317,640 | \$ (144,760) |
| Investment earnings | 200 | - | - | - |
| Total revenues | <u>462,600</u> | <u>462,400</u> | <u>317,640</u> | <u>(144,760)</u> |
| Expenditures | | | | |
| Project reserve | 21,700 | 84 | - | 84 |
| General Government | 9,200 | 562,600 | 394,918 | 167,682 |
| Principal & Interest | 451,700 | - | - | - |
| Total expenditures | <u>482,600</u> | <u>562,684</u> | <u>394,918</u> | <u>167,766</u> |
| Revenues over (under) expenditures | (20,000) | (100,284) | (77,278) | 23,006 |
| Other financing sources (uses) | | | | |
| Transfers out | <u>(13,600)</u> | <u>(13,600)</u> | <u>(11,241)</u> | <u>2,359</u> |
| Total other financing sources (uses) | <u>(13,600)</u> | <u>(13,600)</u> | <u>(11,241)</u> | <u>2,359</u> |
| Net change in fund balance | (33,600) | (113,884) | (88,519) | 25,365 |
| Fund balances, beginning of year | <u>33,600</u> | <u>113,884</u> | <u>113,883</u> | <u>(1)</u> |
| Fund balances, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 25,364</u> | <u>\$ 25,364</u> |

CITY OF GARDNER, KANSAS

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

SPECIAL ALCOHOL/DRUG PROGRAM FUND

Year Ended December 31, 2021

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|------------------------------------|--------------------|-----------------|-------------------|---|
| Revenues | | | | |
| Special alcohol tax | \$ 43,200 | \$ 43,200 | \$ 51,070 | \$ 7,870 |
| Investment earnings | 200 | 200 | 92 | (108) |
| Total revenues | <u>43,400</u> | <u>43,400</u> | <u>51,162</u> | <u>7,762</u> |
| Expenditures | | | | |
| Project reserve | 122,969 | 122,969 | - | 122,969 |
| Contractual services | <u>19,200</u> | <u>19,200</u> | <u>19,200</u> | <u>-</u> |
| Total expenditures | <u>142,169</u> | <u>142,169</u> | <u>19,200</u> | <u>122,969</u> |
| Revenues over (under) expenditures | (98,769) | (98,769) | 31,962 | 130,731 |
| Net change in fund balance | (98,769) | (98,769) | 31,962 | 130,731 |
| Fund balances, beginning of year | <u>98,769</u> | <u>98,769</u> | <u>95,087</u> | <u>(3,682)</u> |
| Fund balances, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 127,049</u> | <u>\$ 127,049</u> |

CITY OF GARDNER, KANSAS

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

SPECIAL PARKS AND RECREATION FUND

Year Ended December 31, 2021

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|------------------------------------|--------------------|-----------------|-------------------|---|
| Revenues | | | | |
| Special alcohol tax | \$ 43,200 | \$ 43,200 | \$ 51,070 | \$ 7,870 |
| Investment earnings | 300 | 300 | 50 | (250) |
| Total revenues | <u>43,500</u> | <u>43,500</u> | <u>51,120</u> | <u>7,620</u> |
| Expenditures | | | | |
| Project reserve | 92,714 | 92,714 | - | 92,714 |
| Capital Outlay | - | - | 24,365 | (24,365) |
| Total expenditures | <u>92,714</u> | <u>92,714</u> | <u>24,365</u> | <u>68,349</u> |
| Revenues over (under) expenditures | (49,214) | (49,214) | 26,755 | 75,969 |
| Net change in fund balance | (49,214) | (49,214) | 26,755 | 75,969 |
| Fund balances, beginning of year | <u>49,214</u> | <u>49,214</u> | <u>45,299</u> | <u>(3,915)</u> |
| Fund balances, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 72,054</u> | <u>\$ 72,054</u> |

CITY OF GARDNER, KANSAS

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

PARK IMPROVEMENT RESERVE FUND

Year Ended December 31, 2021

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|--------------------------------------|--------------------|-----------------|-------------------|---|
| Revenues | | | | |
| Park impact fees | \$ 180,900 | \$ 180,900 | \$ 164,086 | \$ (16,814) |
| Investment earnings | 200 | 200 | 327 | 127 |
| Total revenues | <u>181,100</u> | <u>181,100</u> | <u>164,413</u> | <u>(16,687)</u> |
| Expenditures | | | | |
| Project reserve | 438,718 | 438,718 | - | 438,718 |
| Total expenditures | <u>438,718</u> | <u>438,718</u> | <u>-</u> | <u>438,718</u> |
| Revenues over (under) expenditures | (257,618) | (257,618) | 164,413 | 422,031 |
| Other financing sources (uses) | | | | |
| Transfers out | - | - | (46,100) | (46,100) |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>(46,100)</u> | <u>(46,100)</u> |
| Net change in fund balance | (257,618) | (257,618) | 118,313 | 375,931 |
| Fund balances, beginning of year | <u>257,618</u> | <u>257,618</u> | <u>276,431</u> | <u>18,813</u> |
| Fund balances, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 394,744</u> | <u>\$ 394,744</u> |

CITY OF GARDNER, KANSAS

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

STREET IMPROVEMENT FUND

Year Ended December 31, 2021

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|------------------------------------|--------------------|------------------|---------------------|---|
| Revenues | | | | |
| Excise tax | \$ 38,000 | \$ 38,000 | \$ 359,835 | \$ 321,835 |
| Investment earnings | 8,000 | 8,000 | 1,645 | (6,355) |
| Total revenues | <u>46,000</u> | <u>46,000</u> | <u>361,480</u> | <u>315,480</u> |
| Expenditures | | | | |
| Project reserve | 1,505,212 | 1,505,212 | - | 1,505,212 |
| Total expenditures | <u>1,505,212</u> | <u>1,505,212</u> | <u>-</u> | <u>1,505,212</u> |
| Revenues over (under) expenditures | (1,459,212) | (1,459,212) | 361,480 | 1,820,692 |
| Net change in fund balance | (1,459,212) | (1,459,212) | 361,480 | 1,820,692 |
| Fund balances, beginning of year | <u>1,459,212</u> | <u>1,459,212</u> | <u>1,495,755</u> | <u>36,543</u> |
| Fund balances, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,857,235</u> | <u>\$ 1,857,235</u> |

CITY OF GARDNER, KANSAS

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

LAND BANK FUND

Year Ended December 31, 2021

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|------------------------------------|--------------------|-----------------|-------------------|---|
| Revenues | | | | |
| Investment earnings | \$ - | \$ - | \$ 5 | \$ 5 |
| Total revenues | - | - | 5 | 5 |
| Expenditures | | | | |
| Contractual services | - | 2,500 | - | 2,500 |
| Total expenditures | - | 2,500 | - | 2,500 |
| Revenues over (under) expenditures | - | (2,500) | 5 | 2,505 |
| Net change in fund balance | - | (2,500) | 5 | 2,505 |
| Fund balances, beginning of year | - | 2,500 | 5,047 | 2,547 |
| Fund balances, end of year | \$ - | \$ - | \$ 5,052 | \$ 5,052 |

CITY OF GARDNER, KANSAS

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

INFRASTRUCTURE SPECIAL SALES TAX FUND

Year Ended December 31, 2021

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|--|--------------------|------------------|---------------------|---|
| Revenues | | | | |
| Taxes | \$ 1,273,000 | \$ 1,273,000 | \$ 1,463,233 | \$ 190,233 |
| Investment earnings | 2,000 | 2,000 | 1,315 | (685) |
| Total revenues | <u>1,275,000</u> | <u>1,275,000</u> | <u>1,464,548</u> | <u>189,548</u> |
| Expenditures | | | | |
| Principal & Interest | 635,400 | 635,400 | 635,388 | 12 |
| Public Works | - | - | 516,646 | (516,646) |
| Capital Outlay | 500,000 | 500,000 | 313,691 | 186,309 |
| Project Reserve | 1,184,406 | 1,184,406 | - | 1,184,406 |
| Total expenditures | <u>2,319,806</u> | <u>2,319,806</u> | <u>1,465,725</u> | <u>854,081</u> |
| Revenues over (under) expenditures | (1,044,806) | (1,044,806) | (1,177) | 1,043,629 |
| Net change in fund balance | (1,044,806) | (1,044,806) | (1,177) | 1,043,629 |
| Fund balances, beginning of year | <u>1,044,806</u> | <u>1,044,806</u> | <u>1,311,626</u> | <u>266,820</u> |
| Fund balances, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,310,449</u> | <u>\$ 1,310,449</u> |
| Explanation of difference between budgetary and GAAP fund balances: | | | | |
| Encumbrances for equipment and supplies ordered but not received are not recorded for GAAP purposes until received | | | <u>47,698</u> | |
| GAAP fund balance, end of year | | | <u>\$ 1,358,147</u> | |

CITY OF GARDNER, KANSAS

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

SPECIAL HIGHWAY FUND

Year Ended December 31, 2021

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|--|--------------------|-------------------|---------------------|---|
| Revenues | | | | |
| Intergovernmental | \$ 4,645,000 | \$ 4,645,000 | \$ 2,916,907 | \$ (1,728,093) |
| Investment earnings | 12,100 | 12,100 | 2,736 | (9,364) |
| Other | - | - | 400,000 | 400,000 |
| Total revenues | <u>4,657,100</u> | <u>4,657,100</u> | <u>3,319,643</u> | <u>(1,337,457)</u> |
| Expenditures | | | | |
| Project reserve | 3,544,494 | 3,544,494 | - | 3,544,494 |
| Capital outlay | 9,205,000 | 9,205,000 | 6,327,401 | 2,877,599 |
| Principal & Interest | 599,700 | 599,700 | - | 599,700 |
| Total expenditures | <u>13,349,194</u> | <u>13,349,194</u> | <u>6,327,401</u> | <u>7,021,793</u> |
| Revenues over (under) expenditures | (8,692,094) | (8,692,094) | (3,007,758) | 5,684,336 |
| Other financing sources (uses) | | | | |
| General obligation bonds issued | 3,626,800 | 3,626,800 | - | (3,626,800) |
| Transfers In | - | - | 27,666 | 27,666 |
| Transfers out | <u>(31,000)</u> | <u>(31,000)</u> | <u>(719,241)</u> | <u>(688,241)</u> |
| Total other financing sources (uses) | <u>3,595,800</u> | <u>3,595,800</u> | <u>(691,575)</u> | <u>(4,287,375)</u> |
| Net change in fund balance | (5,096,294) | (5,096,294) | (3,699,333) | 1,396,961 |
| Fund balances, beginning of year | <u>5,096,294</u> | <u>5,096,294</u> | <u>3,619,783</u> | <u>(1,476,511)</u> |
| Fund balances, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>(79,550)</u> | <u>\$ (79,550)</u> |
| Explanation of difference between budgetary and GAAP fund balances: | | | | |
| Encumbrances for equipment and supplies ordered but not received are not recorded for GAAP purposes until received | | | <u>1,714,282</u> | |
| GAAP fund balance, end of year | | | <u>\$ 1,634,732</u> | |

CITY OF GARDNER, KANSAS

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

DEBT SERVICE FUND

Year Ended December 31, 2021

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|---|--------------------|-------------------|---------------------|---|
| Revenues | | | | |
| Taxes | \$ 1,486,800 | \$ 1,486,800 | \$ 1,560,812 | \$ 74,012 |
| Special assessments | 1,074,500 | 1,074,500 | 1,096,540 | 22,040 |
| Intergovernmental | 428,000 | 428,000 | 520,203 | 92,203 |
| Investment earnings | 14,000 | 14,000 | 2,703 | (11,297) |
| Total revenues | <u>3,003,300</u> | <u>3,003,300</u> | <u>3,180,258</u> | <u>176,958</u> |
| Expenditures | | | | |
| Principal & Interest | 11,067,600 | 11,067,600 | 11,030,489 | 37,111 |
| Other | - | - | 138,470 | (138,470) |
| Project Reserve | 824,816 | 824,816 | - | 824,816 |
| Total expenditures | <u>11,892,416</u> | <u>11,892,416</u> | <u>11,168,959</u> | <u>723,457</u> |
| Revenues over (under) expenditures | (8,889,116) | (8,889,116) | (7,988,701) | 900,415 |
| Other financing sources | | | | |
| General obligation bonds issued | 7,365,000 | 7,365,000 | 6,120,000 | (1,245,000) |
| Issuance: Premium | - | - | 312,362 | 312,362 |
| Transfers in | 150,100 | 150,100 | 1,455,285 | 1,305,185 |
| Total other financing sources | <u>7,515,100</u> | <u>7,515,100</u> | <u>7,887,647</u> | <u>372,547</u> |
| Net change in fund balance subject to legal budget | (1,374,016) | (1,374,016) | (101,054) | 1,272,962 |
| Net change in fund balance | (1,374,016) | (1,374,016) | (101,054) | 1,272,962 |
| Fund balances, beginning of year | <u>1,374,016</u> | <u>1,374,016</u> | <u>1,713,707</u> | <u>339,691</u> |
| Fund balances, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,612,653</u> | <u>\$ 1,612,653</u> |

Nonmajor Proprietary Funds

Enterprise Funds

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

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

Internal Service Funds

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

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

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

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

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

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

December 31, 2021

| | Stormwater | Airport | Total |
|--|---------------------|---------------------|---------------------|
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ - | \$ 121,966 | \$ 121,966 |
| Certificate of deposit | - | 42,772 | 42,772 |
| Accounts receivable, net | - | 91,493 | 91,493 |
| Inventories | - | 24,522 | 24,522 |
| Restricted deposits and investments | - | 6,600 | 6,600 |
| Total current assets | <u>-</u> | <u>287,353</u> | <u>287,353</u> |
| Noncurrent assets: | | | |
| Capital assets: | | | |
| Land | - | 1,285,374 | 1,285,374 |
| Construction in progress | - | 790,770 | 790,770 |
| Buildings | - | 1,745,363 | 1,745,363 |
| Infrastructure | 1,631,290 | 1,801,660 | 3,432,950 |
| Improvements | 737,691 | 142,342 | 880,033 |
| Vehicles | - | 15,023 | 15,023 |
| Less accumulated depreciation and amortization | <u>(398,388)</u> | <u>(1,942,809)</u> | <u>(2,341,197)</u> |
| Total capital assets | <u>1,970,593</u> | <u>3,837,723</u> | <u>5,808,316</u> |
| Total noncurrent assets | <u>1,970,593</u> | <u>3,837,723</u> | <u>5,808,316</u> |
| Total assets | <u>1,970,593</u> | <u>4,125,076</u> | <u>6,095,669</u> |
| Deferred outflows of resources | | | |
| Pension deferred outflow | <u>-</u> | <u>953</u> | <u>953</u> |
| Total deferred outflows of resources | <u>-</u> | <u>953</u> | <u>953</u> |
| Liabilities | | | |
| Current liabilities: | | | |
| Accounts payable | - | 2,850 | 2,850 |
| Accrued payroll | - | 231 | 231 |
| Customer and developer deposits | - | 6,600 | 6,600 |
| Accrued interest payable | - | 547 | 547 |
| Compensated absences | - | 2,520 | 2,520 |
| Current portion of bonds payable | <u>-</u> | <u>35,000</u> | <u>35,000</u> |
| Total current liabilities | <u>-</u> | <u>47,748</u> | <u>47,748</u> |
| Noncurrent liabilities: | | | |
| Compensated absences | - | 1,241 | 1,241 |
| Total OPEB liability | - | 265 | 265 |
| Bonds payable, net | - | 73,974 | 73,974 |
| Pension liability | <u>-</u> | <u>1,195</u> | <u>1,195</u> |
| Total noncurrent liabilities | <u>-</u> | <u>76,675</u> | <u>76,675</u> |
| Total liabilities | <u>-</u> | <u>124,423</u> | <u>124,423</u> |
| Deferred inflows of resources | | | |
| Pension deferred inflow | - | 75 | 75 |
| OPEB deferred inflow | <u>-</u> | <u>7</u> | <u>7</u> |
| Total deferred inflows of resources | <u>-</u> | <u>82</u> | <u>82</u> |
| Net position | | | |
| Net investment in capital assets | 1,970,593 | 3,728,749 | 5,699,342 |
| Unrestricted | <u>-</u> | <u>272,775</u> | <u>272,775</u> |
| Total net position | <u>\$ 1,970,593</u> | <u>\$ 4,001,524</u> | <u>\$ 5,972,117</u> |

CITY OF GARDNER, KANSAS

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

NON-MAJOR ENTERPRISE FUNDS

Year Ended December 31, 2021

| | Stormwater | Airport | Total |
|--|---------------------|---------------------|---------------------|
| Operating revenues | | | |
| Charges for sales and services | \$ - | \$ 250,068 | \$ 250,068 |
| Other | 1,098 | - | 1,098 |
| Total operating revenues | <u>1,098</u> | <u>250,068</u> | <u>251,166</u> |
| Operating expenses | | | |
| Administration | - | 140,724 | 140,724 |
| Repairs and maintenance | - | 20,415 | 20,415 |
| Depreciation and amortization | 65,372 | 98,672 | 164,044 |
| Other | 1,098 | - | 1,098 |
| Total operating expenses | <u>66,470</u> | <u>259,811</u> | <u>326,281</u> |
| Operating income (loss) | <u>(65,372)</u> | <u>(9,743)</u> | <u>(75,115)</u> |
| Nonoperating revenues (expenses) | | | |
| Investment earnings | - | 288 | 288 |
| Interest expense | - | (9,970) | (9,970) |
| Total nonoperating revenues (expenses) | <u>-</u> | <u>(9,682)</u> | <u>(9,682)</u> |
| Income (loss) before transfers and contributions | (65,372) | (19,425) | (84,797) |
| Capital grants and contributions | 651,407 | 810,685 | 1,462,092 |
| Transfers out | <u>-</u> | <u>(58,706)</u> | <u>(58,706)</u> |
| Change in net position | 586,035 | 732,554 | 1,318,589 |
| Total net position, beginning of year | <u>1,384,558</u> | <u>3,268,970</u> | <u>4,653,528</u> |
| Total net position, end of year | <u>\$ 1,970,593</u> | <u>\$ 4,001,524</u> | <u>\$ 5,972,117</u> |

CITY OF GARDNER, KANSAS
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
Year Ended December 31, 2021

| | Stormwater | Airport | Total |
|--|------------|--------------|--------------|
| Cash flows from operating activities: | | | |
| Receipts from customers | \$ - | \$ 167,016 | \$ 167,016 |
| Other receipts | 1,098 | - | 1,098 |
| Payments to suppliers | - | (755,006) | (755,006) |
| Payments to employees | - | (15,589) | (15,589) |
| Other payments | (1,098) | - | (1,098) |
| Net cash provided by operating activities | - | (603,579) | (603,579) |
| Cash flows from noncapital financing activities: | | | |
| Transfers to other funds | - | (58,706) | (58,706) |
| Net cash provided by (used in) noncapital financing activities | - | (58,706) | (58,706) |
| Cash flows from capital and related financing activities: | | | |
| Capital grants and contributions | - | 810,685 | 810,685 |
| Acquisition and construction of capital assets | - | (344,736) | (344,736) |
| Principal paid on general obligation bonds | - | (35,000) | (35,000) |
| Interest paid on general obligation bonds, construction loan, and capital lease | - | (11,469) | (11,469) |
| Net cash used in capital and related financing activities | - | 419,480 | 419,480 |
| Cash flows from investing activities: | | | |
| Purchase of certificate of deposit | - | (42,772) | (42,772) |
| Interest received | - | 288 | 288 |
| Net cash provided from investing activities | - | (42,484) | (42,484) |
| Net increase (decrease) in cash and cash equivalents | - | (285,289) | (285,289) |
| Cash and cash equivalents, beginning of year | - | 413,855 | 413,855 |
| Cash and cash equivalents, end of year | \$ - | \$ 128,566 | \$ 128,566 |
| Cash consists of: | | | |
| Cash | \$ - | \$ 121,966 | \$ 121,966 |
| Restricted deposits and investments | - | 6,600 | 6,600 |
| | - | 128,566 | 128,566 |
| Reconciliation of operating income (loss) to net cash provided by operating activities: | | | |
| Operating income (loss) | (65,372) | (9,743) | (75,115) |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | | |
| Items not requiring cash: | | | |
| Depreciation and amortization expense | 65,372 | 98,672 | 164,044 |
| Pension expense | - | (237) | (237) |
| Changes in: | | | |
| Receivables | - | (83,952) | (83,952) |
| Inventories | - | (7,969) | (7,969) |
| Accounts payable | - | (3,432) | (3,432) |
| Due to other funds | - | (598,741) | (598,741) |
| Accrued liabilities | - | 923 | 923 |
| Customer deposits | - | 900 | 900 |
| Net cash provided by operating activities | \$ - | \$ (603,579) | \$ (603,579) |
| Noncash investing capital and financing activities: | | | |
| Contributed capital assets | \$ 651,407 | \$ - | \$ 651,407 |

CITY OF GARDNER, KANSAS
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
December 31, 2021

| | Governmental Activities | | | Business-type Activities | |
|--------------------------------------|----------------------------|---------------------------------------|----------------------|--------------------------------|------------|
| | Risk Services | Information Technology Services | Building Services | Utility Billing Services | Total |
| Assets | | | | | |
| Current assets: | | | | | |
| Deposits and investments | \$ 49,178 | \$ 252,281 | \$ 82,453 | \$ 342,057 | \$ 725,969 |
| Certificate of deposit | 16,043 | 83,973 | 27,678 | 111,952 | 239,646 |
| Prepaid items | - | 2,848 | - | - | 2,848 |
| Noncurrent assets: | | | | | |
| Capital assets: | | | | | |
| Machinery and equipment | - | 467,391 | 14,794 | 10,509 | 492,694 |
| Vehicles | - | - | 49,237 | 40,981 | 90,218 |
| Less accumulated depreciation | - | (343,797) | (46,786) | (26,901) | (417,484) |
| Total assets | 65,221 | 462,696 | 127,376 | 478,598 | 1,133,891 |
| Deferred outflows of resources | | | | | |
| Pension deferred outflow | 12,763 | 46,388 | 16,547 | 85,308 | 161,006 |
| OPEB deferred outflow | 351 | 1,721 | 415 | 3,615 | 6,102 |
| Total deferred outflows of resources | 13,114 | 48,109 | 16,962 | 88,923 | 167,108 |
| Liabilities | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | 8,022 | 37,546 | 3,888 | 15,343 | 64,799 |
| Compensated absences | 1,938 | 9,940 | 10,900 | 33,592 | 56,370 |
| Accrued payroll | 1,025 | 3,781 | 1,394 | 6,114 | 12,314 |
| Noncurrent liabilities: | | | | | |
| Compensated absences | 1,044 | 5,352 | 5,869 | 16,545 | 28,810 |
| Total OPEB liability | 4,349 | 12,705 | 5,506 | 43,576 | 66,136 |
| Net Pension liability | 41,664 | 168,282 | 52,567 | 309,915 | 572,428 |
| Total liabilities | 58,042 | 237,606 | 80,124 | 425,085 | 800,857 |
| Deferred inflows of resources | | | | | |
| Pension deferred inflow | 14,238 | 48,820 | 18,816 | 90,570 | 172,444 |
| OPEB deferred inflow | 1,387 | 6,122 | 1,575 | 12,658 | 21,742 |
| Total deferred inflows of resources | 15,625 | 54,942 | 20,391 | 103,228 | 194,186 |
| Net position | | | | | |
| Net investment in capital assets | - | 123,594 | 17,245 | 24,589 | 165,428 |
| Unrestricted | 4,668 | 94,663 | 26,578 | 14,619 | 140,528 |
| Total net position | \$ 4,668 | \$ 218,257 | \$ 43,823 | \$ 39,208 | \$ 305,956 |

CITY OF GARDNER, KANSAS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
Year Ended December 31, 2021

| | Governmental Activities | | | Business-type Activities | |
|--|----------------------------|---------------------------------------|----------------------|--------------------------------|--------------|
| | Risk Services | Information Technology Services | Building Services | Utility Billing Services | Total |
| Operating revenues | | | | | |
| Charges for services | \$ 971,235 | \$ 869,300 | \$ 420,507 | \$ 1,186,437 | \$ 3,447,479 |
| Other | 17,405 | - | - | - | 17,405 |
| Total operating revenues | 988,640 | 869,300 | 420,507 | 1,186,437 | 3,464,884 |
| Operating expenses | | | | | |
| Administration | 66,509 | 282,565 | 87,601 | 500,322 | 936,997 |
| Contractual services | 828,969 | 428,634 | 236,714 | 373,064 | 1,867,381 |
| Other supplies and expenses | 21,959 | 28,543 | 12,967 | 13,349 | 76,818 |
| Repairs and maintenance | - | 11,187 | 1,757 | 540 | 13,484 |
| Depreciation | - | 36,552 | 3,449 | 4,098 | 44,099 |
| Other | 71,203 | 81,819 | 74,419 | 261,688 | 489,129 |
| Total operating expenses | 988,640 | 869,300 | 416,907 | 1,153,061 | 3,427,908 |
| Operating income | - | - | 3,600 | 33,376 | 36,976 |
| Nonoperating revenues (expenses) | | | | | |
| Other | - | - | - | (12,488) | (12,488) |
| Income (loss) before transfers and contributions | - | - | 3,600 | 20,888 | 24,488 |
| Capital grants and contributions | | | | | |
| Transfers out | - | - | (3,600) | (20,888) | (24,488) |
| Change in net position | - | - | - | - | - |
| Total net position, beginning of year | 4,668 | 218,257 | 43,823 | 39,208 | 305,956 |
| Total net position, end of year | \$ 4,668 | \$ 218,257 | \$ 43,823 | \$ 39,208 | \$ 305,956 |

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

Year Ended December 31, 2021

| | Governmental Activities | | | Business-type Activities | |
|--|----------------------------|---------------------------------------|----------------------|--------------------------------|-------------------|
| | Risk Management | Information Technology Services | Building Services | Utility Billing Services | Total |
| Cash flows from operating activities: | | | | | |
| Receipts from customers | \$ 971,235 | \$ 869,300 | \$ 420,507 | \$ 1,186,437 | \$ 3,447,479 |
| Other receipts | 17,405 | - | - | - | 17,405 |
| Payments to suppliers | (916,003) | (554,763) | (333,426) | (639,392) | (2,443,584) |
| Payments to employees | (65,566) | (287,801) | (86,366) | (480,857) | (920,590) |
| Net cash provided by operating activities | <u>7,071</u> | <u>26,736</u> | <u>715</u> | <u>66,188</u> | <u>100,710</u> |
| Cash flows from noncapital financing activities: | | | | | |
| Transfers to other funds | - | - | (3,600) | (20,888) | (24,488) |
| Net cash provided by (used in) noncapital financing activities | <u>-</u> | <u>-</u> | <u>(3,600)</u> | <u>(20,888)</u> | <u>(24,488)</u> |
| Cash flows from capital and related financing activities: | | | | | |
| Proceeds from sale of assets | - | - | - | 12,488 | 12,488 |
| Net cash provided by capital and related financing activities | <u>-</u> | <u>-</u> | <u>-</u> | <u>12,488</u> | <u>12,488</u> |
| Cash flows from investing activities: | | | | | |
| Purchase of certificate of deposit | (16,043) | (83,973) | (27,678) | (111,952) | (239,646) |
| Net cash provided from investing activities | <u>(16,043)</u> | <u>(83,973)</u> | <u>(27,678)</u> | <u>(111,952)</u> | <u>(239,646)</u> |
| Net increase (decrease) in cash and cash equivalents | (8,972) | (57,237) | (30,563) | (54,164) | (150,936) |
| Cash and cash equivalents, beginning of year | <u>58,150</u> | <u>309,518</u> | <u>113,016</u> | <u>396,221</u> | <u>876,905</u> |
| Cash and cash equivalents, end of year | <u>\$ 49,178</u> | <u>\$ 252,281</u> | <u>\$ 82,453</u> | <u>\$ 342,057</u> | <u>\$ 725,969</u> |
| Reconciliation of operating income to net cash provided by operating activities: | | | | | |
| Operating income | \$ - | \$ - | \$ 3,600 | \$ 33,376 | \$ 36,976 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | | | |
| Items not requiring cash: | | | | | |
| Depreciation expense | - | 36,552 | 3,449 | 4,098 | 44,099 |
| Total OPEB liability | 2,760 | 6,582 | 1,065 | 23,496 | 33,903 |
| Pension expense | (326) | 3,967 | (664) | (1,912) | 1,065 |
| Changes in: | | | | | |
| Receivables | 650 | - | - | - | 650 |
| Accounts payable | 5,671 | (4,580) | (4,286) | 9,249 | 6,054 |
| Accrued liabilities | (1,684) | (15,785) | 834 | (2,119) | (18,754) |
| Due to other funds | - | - | (3,283) | - | (3,283) |
| Net cash provided by operating activities | <u>\$ 7,071</u> | <u>\$ 26,736</u> | <u>\$ 715</u> | <u>\$ 66,188</u> | <u>\$ 100,710</u> |



ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the fiscal year ended

December 31, 2021

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.

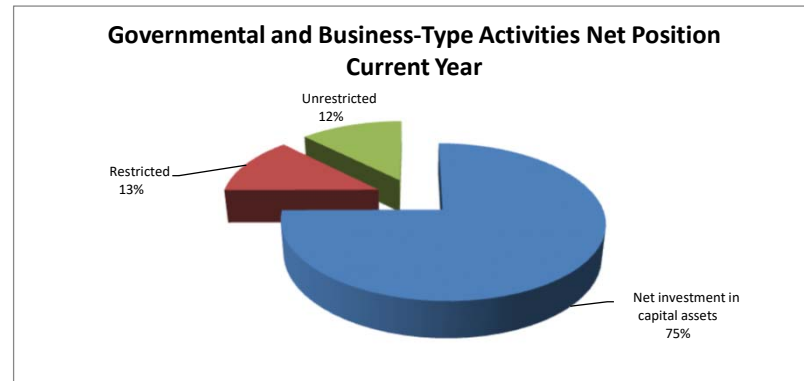
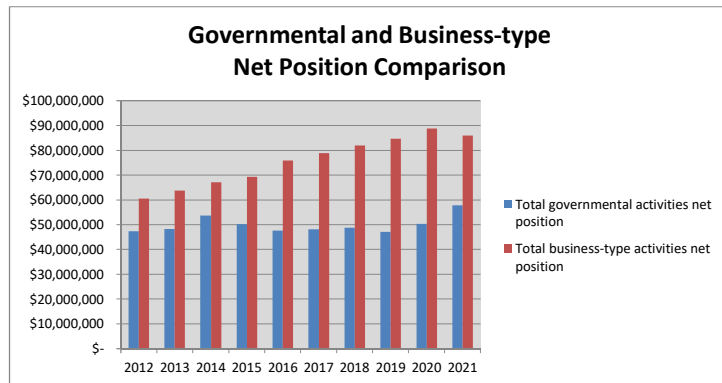
| <u>Contents</u> | <u>Page</u> |
|---|--------------------|
| Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. | 119 - 122 |
| Revenue Capacity These schedules contain information to help 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. | 123 - 131 |
| 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. | 132 - 135 |
| 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. | 136 - 138 |
| 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. | 139- 141 |

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

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

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets | \$ 17,955,758 | \$ 23,990,859 | \$ 28,346,555 | \$ 30,941,934 | \$ 29,574,314 | \$ 31,189,584 | \$ 34,541,491 | \$ 32,182,882 | \$ 36,297,226 | \$ 40,365,621 |
| Restricted | 24,232,960 | 20,820,905 | 20,245,654 | 18,457,790 | 17,920,702 | 17,866,534 | 16,120,122 | 17,533,282 | 16,392,206 | 18,150,536 |
| Unrestricted | <u>5,166,777</u> | <u>3,548,049</u> | <u>5,208,773</u> | <u>806,326</u> | <u>161,452</u> | <u>(837,444)</u> | <u>(1,788,810)</u> | <u>(2,541,211)</u> | <u>(2,326,241)</u> | <u>(611,267)</u> |
| Total governmental activities net position | <u>\$ 47,355,495</u> | <u>\$ 48,359,813</u> | <u>\$ 53,800,982</u> | <u>\$ 50,206,050</u> | <u>\$ 47,656,468</u> | <u>\$ 48,218,674</u> | <u>\$ 48,872,803</u> | <u>\$ 47,174,953</u> | <u>\$ 50,363,191</u> | <u>\$ 57,904,890</u> |
| Business-type activities | | | | | | | | | | |
| Net investment in capital assets | \$ 51,630,963 | \$ 53,358,039 | \$ 55,182,468 | \$ 57,021,062 | \$ 61,598,308 | \$ 62,611,603 | \$ 63,039,388 | \$ 66,658,777 | \$ 67,028,494 | \$ 67,367,298 |
| Unrestricted | <u>8,919,022</u> | <u>10,427,135</u> | <u>11,921,883</u> | <u>12,364,866</u> | <u>14,341,092</u> | <u>16,313,315</u> | <u>18,916,385</u> | <u>18,087,690</u> | <u>21,845,455</u> | <u>18,582,709</u> |
| Total business-type activities net position | <u>\$ 60,549,985</u> | <u>\$ 63,785,174</u> | <u>\$ 67,104,351</u> | <u>\$ 69,385,928</u> | <u>\$ 75,939,400</u> | <u>\$ 78,924,918</u> | <u>\$ 81,955,773</u> | <u>\$ 84,746,467</u> | <u>\$ 88,873,949</u> | <u>\$ 85,950,007</u> |
| Primary government | | | | | | | | | | |
| Net investment in capital assets | \$ 69,586,721 | \$ 77,348,898 | \$ 83,529,023 | \$ 87,962,996 | \$ 91,172,622 | \$ 93,801,187 | \$ 97,580,879 | \$ 98,841,659 | \$ 103,325,720 | \$ 107,732,919 |
| Restricted | 24,232,960 | 20,820,905 | 20,245,654 | 18,457,790 | 17,920,702 | 17,866,534 | 16,120,122 | 17,533,282 | 16,392,206 | 18,150,536 |
| Unrestricted | <u>14,085,799</u> | <u>13,975,184</u> | <u>17,130,656</u> | <u>13,171,192</u> | <u>14,502,544</u> | <u>15,475,871</u> | <u>17,127,575</u> | <u>15,546,479</u> | <u>19,519,214</u> | <u>17,971,442</u> |
| Total primary government net position | <u>\$ 107,905,480</u> | <u>\$ 112,144,987</u> | <u>\$ 120,905,333</u> | <u>\$ 119,591,978</u> | <u>\$ 123,595,868</u> | <u>\$ 127,143,592</u> | <u>\$ 130,828,576</u> | <u>\$ 131,921,420</u> | <u>\$ 139,237,140</u> | <u>\$ 143,854,897</u> |

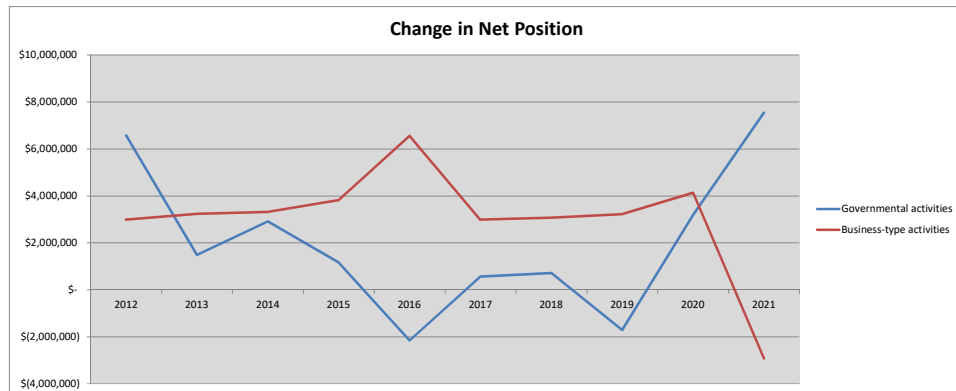
Source: City of Gardner Finance Department



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

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|----------------|----------------|----------------|----------------|-----------------|----------------|-----------------|-----------------|----------------|----------------|
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 2,697,372 | \$ 2,817,304 | \$ 3,558,824 | \$ 3,896,677 | \$ 4,598,982 | \$ 3,068,153 | \$ 3,332,171 | \$ 3,091,437 | \$ 3,504,843 | \$ 3,760,357 |
| Police | 3,776,937 | 3,874,682 | 4,688,596 | 4,383,506 | 5,315,430 | 4,395,424 | 5,040,277 | 5,600,299 | 5,992,914 | 6,128,179 |
| Public Works | 2,846,701 | 2,631,533 | 3,354,014 | 3,940,033 | 4,247,297 | 4,247,297 | 4,653,338 | 5,353,865 | 4,745,816 | 4,780,947 |
| Culture and recreation | 2,593,737 | 2,460,190 | 2,368,847 | 2,433,317 | 2,604,472 | 3,219,366 | 3,363,570 | 3,331,547 | 2,591,111 | 3,082,003 |
| Community Development | - | - | - | - | - | 893,753 | 947,501 | 1,061,554 | 967,771 | 861,708 |
| Interest on long-term debt | 1,308,232 | 1,595,184 | 1,100,397 | 808,488 | 609,604 | 696,847 | 1,453,025 | 1,404,127 | 1,319,387 | 1,208,794 |
| Total governmental activities expenses | 13,222,979 | 13,378,893 | 15,070,678 | 15,462,021 | 16,873,035 | 16,520,830 | 18,789,882 | 20,042,829 | 19,121,842 | 19,821,988 |
| Business-type activities: | | | | | | | | | | |
| Electric | 11,996,928 | 11,779,932 | 12,536,784 | 11,919,565 | 12,006,709 | 12,699,174 | 16,829,253 | 14,817,684 | 14,644,403 | 28,977,189 |
| Water | 3,447,469 | 3,345,254 | 3,549,784 | 3,692,470 | 4,032,587 | 4,228,110 | 3,901,601 | 4,772,701 | 5,685,051 | 8,267,952 |
| Wastewater | 3,513,416 | 3,657,553 | 4,317,776 | 4,675,174 | 4,591,624 | 4,503,508 | 4,706,539 | 5,086,690 | 5,469,660 | 5,601,851 |
| Stormwater | 25,167 | 25,167 | 25,167 | 28,298 | 28,298 | 28,298 | 28,443 | 33,155 | 49,186 | 66,470 |
| Airport | - | - | - | - | 204,879 | 251,234 | 268,698 | 292,205 | 246,693 | 269,781 |
| Total business-type activities expenses | 18,982,980 | 18,807,906 | 20,429,511 | 20,315,507 | 20,864,097 | 21,710,324 | 25,734,534 | 25,002,435 | 26,094,993 | 43,183,243 |
| Total primary government expenses | \$ 32,205,959 | \$ 32,186,799 | \$ 35,500,189 | \$ 35,777,528 | \$ 37,737,132 | \$ 38,231,154 | \$ 44,524,416 | \$ 45,045,264 | \$ 45,216,835 | \$ 63,005,231 |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | \$ 604,625 | \$ 748,785 | \$ 1,607,129 | \$ 1,907,297 | \$ 2,171,668 | \$ 2,085,061 | \$ 961,333 | \$ 417,849 | \$ 2,597,085 | \$ 2,818,108 |
| Police | 10,199 | 7,853 | 9,253 | 7,439 | 8,228 | 6,525 | 8,616 | 8,427 | 8,687 | 7,745 |
| Public Works | - | - | - | - | - | - | - | - | 5,165 | 7,853 |
| Culture and recreation | 883,516 | 858,658 | 910,947 | 910,041 | 963,169 | 1,002,553 | 1,074,914 | 923,514 | 413,567 | 807,255 |
| Community Development | - | - | - | - | - | 323,431 | 435,976 | 378,933 | 393,650 | 542,225 |
| Operating grants and contributions | 2,816,127 | 2,966,108 | 3,251,406 | 3,328,990 | 3,397,426 | 3,672,663 | 3,734,419 | 3,835,400 | 3,530,893 | 3,590,921 |
| Capital grants and contributions | 5,730,105 | 782,039 | 2,902,279 | 805,138 | 206,879 | 493,301 | 2,253,302 | 1,673,007 | 3,642,976 | 8,379,221 |
| Total governmental activities program revenues | 10,044,572 | 5,363,443 | 8,681,014 | 6,958,905 | 6,747,370 | 7,583,534 | 8,468,560 | 7,237,130 | 10,592,023 | 16,153,328 |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Electric | 15,060,888 | 14,196,340 | 14,393,780 | 14,539,925 | 14,440,663 | 14,414,445 | 17,534,000 | 16,545,548 | 16,749,055 | 25,221,237 |
| Water | 4,103,707 | 4,509,458 | 4,948,652 | 5,145,232 | 5,440,947 | 5,612,380 | 6,248,707 | 5,927,688 | 6,225,920 | 6,379,148 |
| Wastewater | 3,682,494 | 4,275,217 | 4,808,675 | 5,023,691 | 5,073,706 | 5,168,047 | 5,452,335 | 5,428,736 | 5,434,314 | 5,480,160 |
| Stormwater | - | 61,208 | - | - | - | - | 144 | - | - | - |
| Airport | - | - | - | - | 648,050 | 252,380 | 258,295 | 249,908 | 229,035 | 250,068 |
| Operating grants and contributions | - | - | - | - | - | - | - | - | 98 | 1,098 |
| Capital grants and contributions | 92,762 | - | - | 246,112 | 358,459 | 57,574 | 32,121 | 700,141 | 2,403,147 | 1,405,534 |
| Total business-type activities program revenues | 22,939,851 | 23,042,223 | 24,151,107 | 24,954,960 | 25,961,825 | 25,504,826 | 29,525,602 | 28,852,001 | 31,041,569 | 38,737,245 |
| Total primary government program revenues | \$ 32,984,423 | \$ 28,405,666 | \$ 32,832,121 | \$ 31,913,865 | \$ 32,709,195 | \$ 33,088,360 | \$ 37,994,162 | \$ 36,089,131 | \$ 41,633,592 | \$ 54,890,573 |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental activities | \$ (3,178,407) | \$ (8,015,450) | \$ (6,389,664) | \$ (8,503,116) | \$ (10,125,665) | \$ (8,937,296) | \$ (10,321,322) | \$ (12,805,699) | \$ (8,529,819) | \$ (3,668,660) |
| Business-type activities | 3,956,871 | 4,234,317 | 3,721,596 | 4,639,453 | 5,097,728 | 3,794,502 | 3,791,068 | 3,849,566 | 4,946,576 | (4,445,998) |
| Total primary government net expense | \$ 778,464 | \$ (3,781,133) | \$ (2,668,068) | \$ (3,863,663) | \$ (5,027,937) | \$ (5,142,794) | \$ (6,530,254) | \$ (8,956,133) | \$ (3,583,243) | \$ (8,114,658) |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Property taxes | \$ 4,845,216 | \$ 4,821,475 | \$ 4,947,132 | \$ 4,893,957 | \$ 5,246,198 | \$ 4,037,863 | \$ 4,206,575 | \$ 4,476,355 | \$ 4,810,228 | \$ 5,394,940 |
| Sales taxes | 3,123,255 | 3,190,773 | 3,467,735 | 3,535,132 | 3,827,653 | 4,041,798 | 4,171,850 | 4,333,660 | 5,079,085 | 5,931,142 |
| Franchise taxes | 320,227 | 348,956 | 352,792 | 312,625 | 269,736 | 360,268 | 282,893 | 257,002 | 245,477 | 264,835 |
| Excise taxes | 312,441 | - | - | - | - | - | 686,718 | 451,991 | 28,227 | 359,835 |
| Transient guest taxes | 38,470 | 42,493 | 42,976 | 62,892 | 74,272 | 71,383 | 66,361 | 153,661 | 217,553 | 244,697 |
| Other | - | - | - | - | - | - | - | - | - | - |
| Unrestricted investment earnings | 31,905 | 33,418 | 75,467 | 30,737 | 70,505 | 28,852 | 328,963 | 78,002 | 235,353 | 496,004 |
| Gain on disposal of asset | 67,329 | 40,567 | - | 9,867 | 9,533 | 65,538 | 311,797 | 335,633 | 137,134 | 17,313 |
| Transfers | 1,004,818 | 1,029,100 | 413,163 | 829,600 | (1,445,460) | 893,800 | 969,500 | 1,008,200 | 965,000 | (1,498,407) |
| Total governmental activities | 9,743,661 | 9,506,782 | 9,310,721 | 9,674,810 | 7,970,374 | 9,499,502 | 11,024,657 | 11,094,504 | 11,718,057 | 11,210,359 |
| Business-type activities: | | | | | | | | | | |
| Unrestricted investment earnings | 31,163 | 29,972 | 10,744 | 10,442 | 10,284 | 84,816 | 240,469 | 376,630 | 145,906 | 23,649 |
| Transfers | (1,004,818) | (1,029,100) | (413,163) | (829,600) | 1,445,460 | (893,800) | (969,500) | (1,008,200) | (965,000) | 1,498,407 |
| Total business-type activities | (973,655) | (999,128) | (402,419) | (819,158) | 1,455,744 | (808,984) | (729,031) | (631,570) | (819,094) | 1,522,056 |
| Total primary government | \$ 8,770,006 | \$ 8,507,654 | \$ 8,908,302 | \$ 8,855,652 | \$ 9,426,118 | \$ 8,690,518 | \$ 10,295,626 | \$ 10,462,934 | \$ 10,898,963 | \$ 12,732,415 |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | \$ 6,565,254 | \$ 1,491,332 | \$ 2,921,057 | \$ 1,171,694 | \$ (2,155,291) | \$ 562,206 | \$ 703,335 | \$ (1,711,195) | \$ 3,188,238 | \$ 7,541,699 |
| Business-type activities | 2,983,216 | 3,235,189 | 3,319,177 | 3,820,295 | 6,553,472 | 2,985,518 | 3,062,037 | 3,217,996 | 4,127,482 | (2,923,942) |
| Total primary government | \$ 9,548,470 | \$ 4,726,521 | \$ 6,240,234 | \$ 4,991,989 | \$ 4,398,181 | \$ 3,547,724 | \$ 3,765,372 | \$ 1,506,801 | \$ 7,315,720 | \$ 4,617,757 |

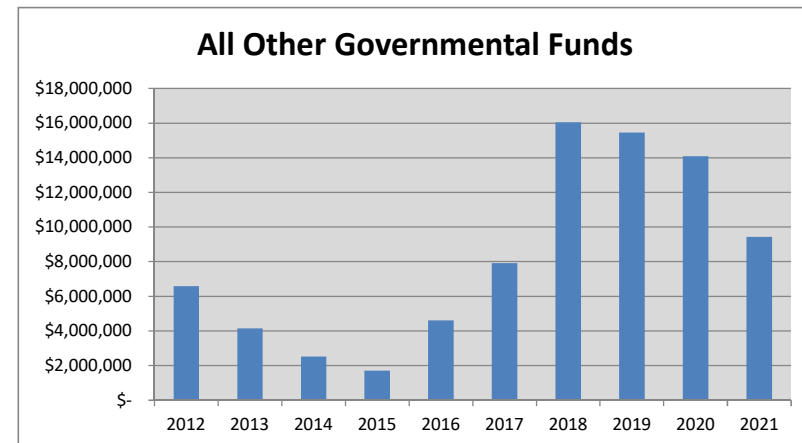
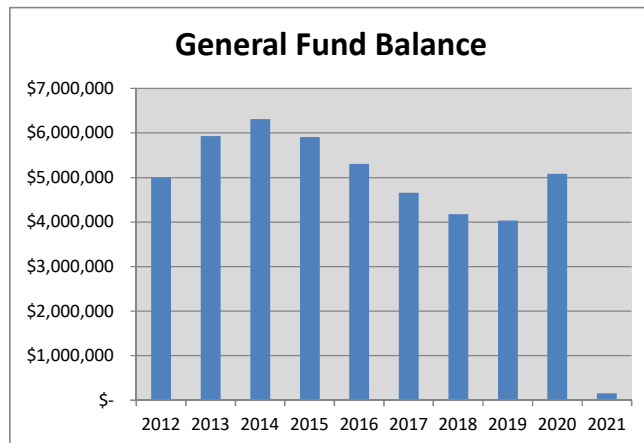
Source: City of Gardner Finance Department



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

| | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------|---------------------|
| General Fund | | | | | | | | | | |
| Nonspendable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 29,694 | \$ 23,758 | \$ 28,584 | \$ - |
| Assigned | - | 64,474 | 9,640 | 115,541 | 22,221 | 184,992 | 166,052 | 306,996 | 45,957 | 105,526 |
| Unassigned | 4,997,241 | 5,864,734 | 6,305,486 | 5,792,880 | 5,280,652 | 4,471,284 | 3,980,094 | 3,701,788 | 5,012,435 | 46,703 |
| Total general fund | <u>\$ 4,997,241</u> | <u>\$ 5,929,208</u> | <u>\$ 6,315,126</u> | <u>\$ 5,908,421</u> | <u>\$ 5,302,873</u> | <u>\$ 4,656,276</u> | <u>\$ 4,175,840</u> | <u>\$ 4,032,542</u> | <u>\$ 5,086,976</u> | <u>\$ 152,229</u> |
| | | | | | | | | | | |
| All Other Governmental Funds | | | | | | | | | | |
| Restricted | \$ 6,590,028 | \$ 4,147,059 | \$ 2,520,366 | \$ 1,715,705 | \$ 4,611,811 | \$ 7,911,908 | \$ 16,046,623 | \$ 15,464,558 | \$ 14,096,969 | \$ 9,427,601 |
| Total all other governmental funds | <u>\$ 6,590,028</u> | <u>\$ 4,147,059</u> | <u>\$ 2,520,366</u> | <u>\$ 1,715,705</u> | <u>\$ 4,611,811</u> | <u>\$ 7,911,908</u> | <u>\$ 16,046,623</u> | <u>\$ 15,464,558</u> | <u>\$ 14,096,969</u> | <u>\$ 9,427,601</u> |

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)

| | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|---|---------------------|-----------------------|-----------------------|-----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-----------------------|
| Revenues | | | | | | | | | | |
| Taxes | \$ 8,639,609 | \$ 8,403,697 | \$ 8,810,635 | \$ 8,804,606 | \$ 9,417,859 | \$ 8,511,312 | \$ 9,414,397 | \$ 9,672,669 | \$ 10,380,570 | \$ 12,195,449 |
| Licenses and permits | 237,374 | 319,508 | 204,236 | 189,784 | 293,055 | 337,987 | 452,521 | 306,785 | 337,714 | 307,314 |
| Fines and fees | 335,319 | 415,312 | 451,700 | 524,540 | 591,913 | 632,258 | 634,207 | 651,540 | 704,130 | 795,294 |
| Charges for services | 844,814 | 744,055 | 1,867,940 | 2,103,849 | 2,253,903 | 2,444,420 | 2,593,495 | 2,882,631 | 2,371,488 | 3,080,578 |
| Special assessments | 966,502 | 1,401,884 | 977,266 | 1,129,613 | 1,869,075 | 1,235,823 | 1,220,611 | 1,119,494 | 1,216,401 | 1,124,026 |
| Intergovernmental | 3,339,121 | 3,368,473 | 4,306,908 | 3,769,237 | 3,604,305 | 4,165,964 | 4,780,797 | 4,008,417 | 5,963,090 | 6,507,828 |
| Investment earnings | 31,905 | 33,416 | 11,456 | 9,867 | 9,533 | 65,538 | 311,797 | 335,633 | 137,134 | 17,313 |
| Other revenues | 93,753 | 138,960 | 53,362 | 22,154 | 68,397 | 25,221 | 311,488 | 54,283 | 204,041 | 476,285 |
| Total revenues | <u>14,488,397</u> | <u>14,825,305</u> | <u>16,683,503</u> | <u>16,553,650</u> | <u>18,108,040</u> | <u>17,418,523</u> | <u>19,719,313</u> | <u>19,031,452</u> | <u>21,314,568</u> | <u>24,504,087</u> |
| Expenditures | | | | | | | | | | |
| General government | 2,443,979 | 2,728,857 | 3,429,383 | 3,825,458 | 4,408,175 | 2,980,122 | 3,202,406 | 2,919,687 | 3,191,213 | 3,478,577 |
| Police | 3,678,525 | 3,793,325 | 4,188,261 | 4,466,208 | 5,087,946 | 3,994,544 | 4,315,082 | 4,774,678 | 4,977,084 | 5,434,698 |
| Public works | 1,547,336 | 1,439,557 | 1,600,153 | 1,918,905 | 1,944,363 | 2,725,561 | 2,892,920 | 3,503,786 | 2,869,204 | 2,731,221 |
| Culture and recreation | 1,925,478 | 1,868,548 | 1,970,858 | 2,124,243 | 2,272,346 | 2,600,834 | 2,646,171 | 2,771,474 | 1,809,340 | 2,386,493 |
| Community Development | | | | | | 883,428 | 925,371 | 1,030,985 | 946,782 | 865,692 |
| Capital outlay | 1,795,401 | 3,786,717 | 1,720,480 | 1,239,165 | 2,445,875 | 3,058,193 | 10,614,356 | 9,404,314 | 9,224,447 | 7,902,394 |
| Debt service: | | | | | | | | | | |
| Interest | 1,162,286 | 1,202,912 | 906,684 | 908,330 | 690,690 | 684,294 | 900,201 | 1,309,268 | 1,294,205 | 1,198,963 |
| Principal | 7,458,215 | 6,524,108 | 13,008,131 | 4,062,511 | 2,971,806 | 2,227,937 | 4,231,683 | 5,025,987 | 8,516,593 | 10,511,966 |
| Other | 196,839 | 73,359 | 245,493 | 58,379 | 155,738 | 192,427 | 434,986 | 184,671 | 154,146 | 138,470 |
| Total expenditures | <u>20,208,059</u> | <u>21,417,383</u> | <u>27,069,443</u> | <u>18,603,199</u> | <u>19,976,939</u> | <u>19,347,340</u> | <u>30,163,176</u> | <u>30,924,850</u> | <u>32,983,014</u> | <u>34,648,474</u> |
| Excess of revenues | (5,719,662) | (6,592,078) | (10,385,940) | (2,049,549) | (1,868,899) | (1,928,817) | (10,443,863) | (11,893,398) | (11,668,446) | (10,144,387) |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Bonds issued | 3,995,000 | 3,256,418 | 8,090,000 | - | 3,548,000 | 3,505,000 | 14,985,000 | 2,465,000 | 4,825,000 | 6,120,000 |
| Proceeds from capital lease | - | - | - | - | - | - | 1,218,000 | 180,000 | - | - |
| Premium on G.O. Bonds | - | - | 224,484 | - | 124,700 | 179,886 | 908,167 | 112,771 | 343,479 | 312,362 |
| Bond Anticipation notes issued | 4,915,000 | - | - | - | - | - | - | 7,365,000 | 5,205,000 | - |
| Construction loan | 87,668 | 251,482 | - | - | - | - | - | - | - | - |
| Sale of capital assets | 73,929 | 40,567 | 22,105 | 8,583 | 2,108 | 3,631 | 17,475 | 23,719 | 16,812 | 17,542 |
| Capital leases | - | 98,510 | - | - | - | - | - | - | - | - |
| Transfers in | 3,027,043 | 2,983,153 | 1,866,968 | 1,416,567 | 1,714,113 | 1,159,400 | 1,178,702 | 1,221,412 | 1,168,680 | 2,959,498 |
| Transfers out | (2,022,225) | (1,954,053) | (1,032,587) | (586,967) | (835,173) | (265,600) | (209,202) | (213,212) | (203,680) | (1,652,092) |
| Total other financing sources (uses) | <u>10,076,415</u> | <u>4,676,077</u> | <u>9,170,970</u> | <u>838,183</u> | <u>4,553,748</u> | <u>4,582,317</u> | <u>18,098,142</u> | <u>11,154,690</u> | <u>11,355,291</u> | <u>7,757,310</u> |
| Net change in fund balances | <u>\$ 4,356,753</u> | <u>\$ (1,916,001)</u> | <u>\$ (1,214,970)</u> | <u>\$ (1,211,366)</u> | <u>\$ 2,684,849</u> | <u>\$ 2,653,500</u> | <u>\$ 7,654,279</u> | <u>\$ (738,708)</u> | <u>\$ (313,155)</u> | <u>\$ (2,387,077)</u> |
| Debt service as a percentage of noncapital expenditures | 46.2% | 43.6% | 53.6% | 28.8% | 20.9% | 17.9% | 26.3% | 29.4% | 41.3% | 43.8% |

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 ^(b) Rate | Usage ^(c) Rate | Base ^(b) Rate | Usage ^(c) Rate | Base ^(b) Rate | Usage ^(c) Rate |
| 2012 | 138,940 | 131,151 | 7,789 | 5.61% | 835 | 589 | 246 | 29.46% | 432 | \$ 6.72 | \$ 0.1008 | \$ 10.70 | \$ 4.80 | \$ 10.70 | \$ 6.85 |
| 2013 | 139,849 | 129,350 | 10,499 | 7.51% | 745 | 675 | 70 | 9.40% | 467 | \$ 6.72 | \$ 0.1082 | \$ 11.55 | \$ 5.15 | \$ 11.90 | \$ 7.60 |
| 2014 | 143,884 | 134,608 | 9,276 | 6.45% | 753 | 664 | 70 | 9.30% | 395 | \$ 6.72 | \$ 0.1082 | \$ 12.45 | \$ 5.55 | \$ 13.20 | \$ 8.44 |
| 2015 | 143,731 | 135,754 | 7,977 | 5.55% | 673 | 577 | 28 | 4.16% | 466 | \$ 6.72 | \$ 0.1082 | \$ 13.45 | \$ 5.99 | \$ 13.73 | \$ 8.78 |
| 2016 | 150,351 | 136,060 | 14,291 | 9.51% | 794 | 633 | 74 | 9.32% | 668 | \$ 6.72 | \$ 0.1082 | \$ 13.45 | \$ 5.99 | \$ 13.73 | \$ 8.78 |
| 2017 | 144,632 | 136,157 | 8,723 | 6.03% | 841 | 699 | 142 | 16.88% | 591 | \$ 6.72 | \$ 0.1082 | \$ 13.45 | \$ 5.99 | \$ 13.73 | \$ 8.78 |
| 2018 | 155,841 | 148,934 | 6,907 | 4.43% | 999 | 761 | 138 | 13.81% | 593 | \$ 6.72 | \$ 0.1082 | \$ 13.45 | \$ 5.99 | \$ 13.73 | \$ 8.78 |
| 2019 | 154,281 | 147,686 | 6,595 | 4.27% | 969 | 684 | 285 | 29.41% | 833 | \$ 6.72 | \$ 0.1082 | \$ 13.45 | \$ 5.99 | \$ 13.73 | \$ 8.78 |
| 2020 | 149,688 | 142,404 | 7,284 | 4.87% | 952 | 708 | 244 | 25.63% | 760 | \$ 6.72 | \$ 0.1038 | \$ 13.95 | \$ 6.21 | \$ 13.73 | \$ 8.78 |
| 2021 | 154,373 | 149,224 | 5,149 | 3.34% | 977 | 754 | 223 | 22.82% | 763 | \$ 6.72 | \$ 0.1038 | \$ 14.47 | \$ 6.44 | \$ 13.73 | \$ 8.78 |

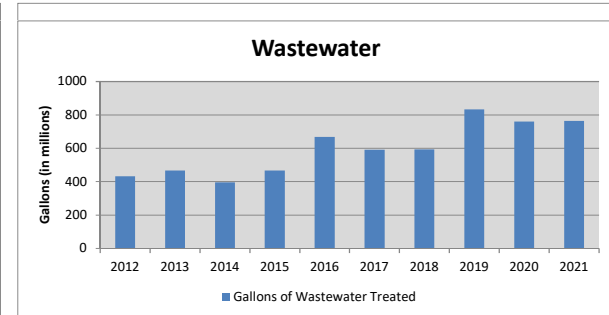
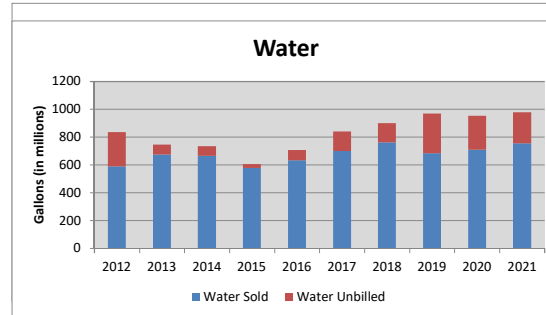
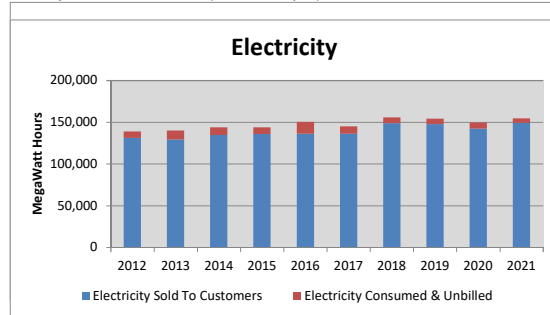
Notes: Electricity is presented in MegaWatt Hours and gallons are presented in millions.

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

^(c) Per 1,000 gallons.

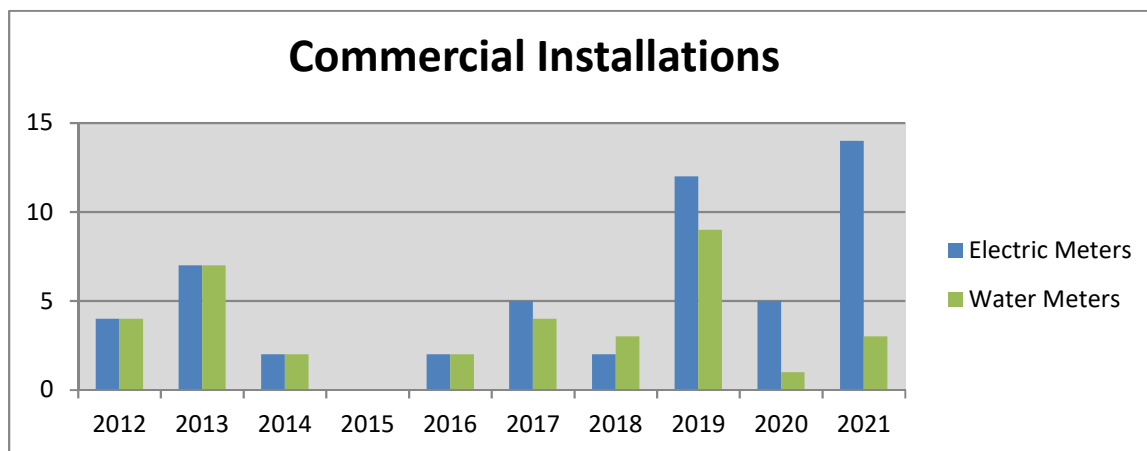
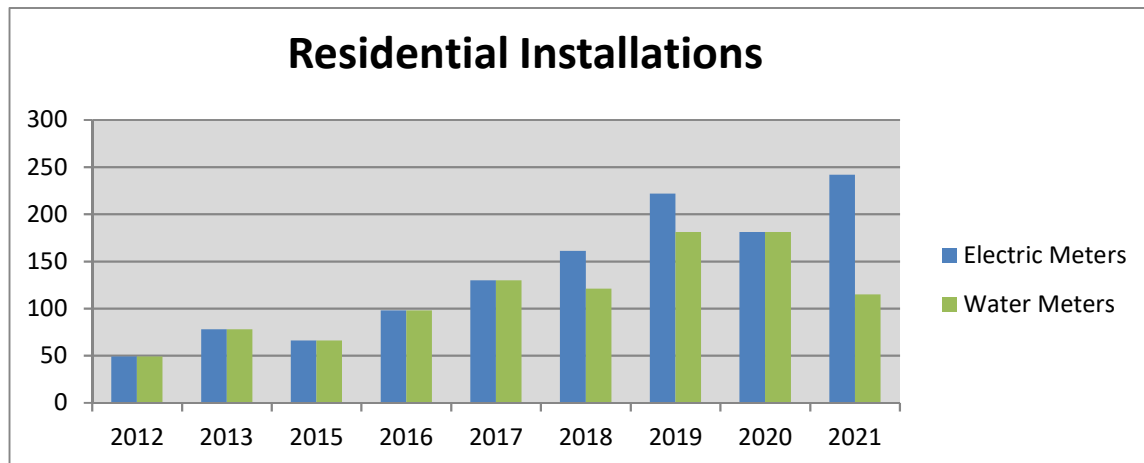
Source: City of Gardner Public Works Department & Utility Department



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

| Fiscal Year | Electric Meter Installations | | Water Meter Installations | | Total Installations |
|-------------|------------------------------|------------|---------------------------|------------|---------------------|
| | Residential | Commercial | Residential | Commercial | |
| 2012 | 49 | 4 | 49 | 4 | 106 |
| 2013 | 78 | 7 | 78 | 7 | 170 |
| 2014 | 91 | 2 | 91 | 2 | 186 |
| 2015 | 66 | - | 66 | - | 132 |
| 2016 | 98 | 2 | 98 | 2 | 200 |
| 2017 | 130 | 5 | 130 | 4 | 269 |
| 2018 | 161 | 2 | 121 | 3 | 287 |
| 2019 | 222 | 12 | 181 | 9 | 424 |
| 2020 | 181 | 5 | 181 | 1 | 368 |
| 2021 | 242 | 14 | 115 | 3 | 374 |

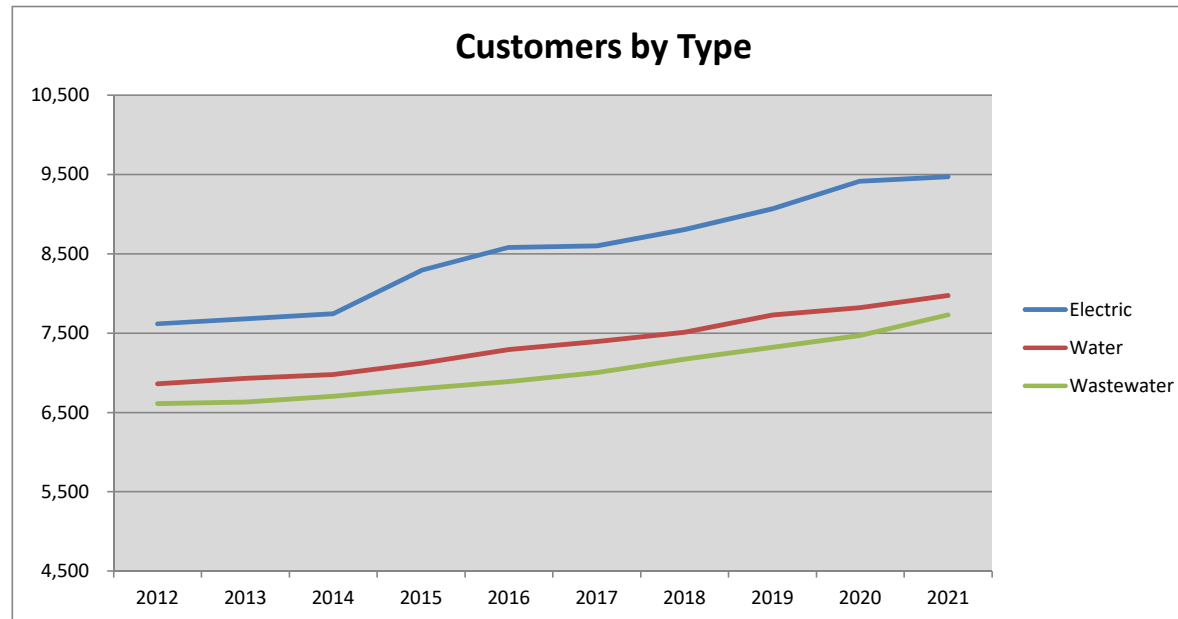
Source: City of Gardner Utility Department



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 |
| 2012 | 7,163 | 448 | 6 | 6,598 | 259 | 5 | 6,398 | 209 | 5 | 7,617 | 6,862 | 6,612 |
| 2013 | 7,214 | 462 | 6 | 6,655 | 270 | 7 | 6,408 | 216 | 7 | 7,682 | 6,932 | 6,631 |
| 2014 | 7,274 | 465 | 4 | 6,709 | 261 | 7 | 6,480 | 219 | 6 | 7,743 | 6,977 | 6,705 |
| 2015 | 7,806 | 479 | 4 | 6,821 | 290 | 7 | 6,577 | 219 | 6 | 8,289 | 7,118 | 6,802 |
| 2016 | 8,089 | 488 | 4 | 6,977 | 309 | 7 | 6,664 | 221 | 6 | 8,581 | 7,293 | 6,891 |
| 2017 | 8,081 | 517 | 4 | 7,069 | 316 | 7 | 6,766 | 229 | 6 | 8,602 | 7,392 | 7,001 |
| 2018 | 8,288 | 515 | 5 | 7,189 | 313 | 7 | 6,937 | 228 | 7 | 8,808 | 7,509 | 7,172 |
| 2019 | 8,541 | 522 | 7 | 7,402 | 319 | 7 | 7,081 | 235 | 7 | 9,070 | 7,728 | 7,323 |
| 2020 | 8,869 | 536 | 9 | 7,490 | 326 | 7 | 7,224 | 239 | 7 | 9,414 | 7,823 | 7,470 |
| 2021 | 8,917 | 545 | 9 | 7,509 | 455 | 9 | 7,475 | 245 | 9 | 9,471 | 7,973 | 7,729 |

Source: City of Gardner Utility Department



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

| | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020^(b)</u> | <u>2021</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|---------------------------|-------------|
| Water Rates^(a) | | | | | | | | | | |
| (All Meter Sizes) | | | | | | | | | | |
| Base Rate | \$ 10.70 | \$ 11.55 | \$ 12.45 | \$ 13.45 | \$ 13.45 | \$ 13.45 | \$ 13.45 | \$ 13.45 | \$ 13.95 | \$ 14.47 |
| Usage Rate (per 1,000 gallons) First 40,000 gallons | 4.80 | 5.15 | - | - | - | - | - | - | - | - |
| Usage Rate (per 1,000 gallons) Over 40,000 gallons | 3.90 | 4.20 | - | - | - | - | - | - | - | - |
| Usage Rate (per 1,000 gallons) First 6,000 gallons | - | - | 5.55 | 5.99 | 5.99 | 5.99 | 5.99 | 5.99 | 6.21 | 6.44 |
| Usage Rate (per 1,000 gallons) 6,001-10,000 gallons | - | - | 6.11 | 6.60 | 6.60 | 6.60 | 6.60 | 6.60 | 6.84 | 7.09 |
| Usage Rate (per 1,000 gallons) 10,001-14,000 gallons | - | - | 6.38 | 6.89 | 6.89 | 6.89 | 6.89 | 6.89 | 7.14 | 7.40 |
| Usage Rate (per 1,000 gallons) 14,001-18,000 gallons | - | - | 6.67 | 7.20 | 7.20 | 7.20 | 7.20 | 7.20 | 7.47 | 7.75 |
| Usage Rate (per 1,000 gallons) 18,001 or more gallons | - | - | 6.97 | 7.53 | 7.53 | 7.53 | 7.53 | 7.53 | 7.81 | 8.10 |
| Wastewater Rates | | | | | | | | | | |
| Base Rate | \$ 10.70 | \$ 11.90 | \$ 13.20 | \$ 13.73 | \$ 13.73 | \$ 13.73 | \$ 13.73 | \$ 13.73 | \$ 13.73 | \$ 13.73 |
| Usage Rate (per 1,000 gallons) | 6.85 | 7.60 | 8.44 | 8.78 | 8.78 | 8.78 | 8.78 | 8.78 | 8.78 | 8.78 |
| Electric Rates | | | | | | | | | | |
| <i>Residential</i> | | | | | | | | | | |
| Base Rate | \$ 6.72 | \$ 6.72 | \$ 6.72 | \$ 6.72 | \$ 6.72 | \$ 6.72 | \$ 6.72 | \$ 6.72 | \$ 6.72 | \$ 6.72 |
| Usage Rate (per kWh) | 0.10083 | 0.10819 | 0.10819 | 0.10819 | 0.10819 | 0.10819 | 0.10819 | 0.10819 | 0.10380 | 0.10380 |
| <i>Commercial^(c)</i> | | | | | | | | | | |
| Base Rate | \$ 7.35 | \$ 7.35 | \$ 7.35 | \$ 7.35 | \$ 7.35 | \$ 7.35 | \$ 7.35 | \$ 7.35 | \$ - | \$ - |
| Usage Rate (per kWh) | 0.10416 | 0.11152 | 0.11152 | 0.11152 | 0.11152 | 0.11152 | 0.11152 | 0.11152 | - | - |
| <i>Commercial Small With Demand</i> | | | | | | | | | | |
| Base Rate for Demand | \$ 16.70 | \$ 16.70 | \$ 16.70 | \$ 16.70 | \$ 16.70 | \$ 16.70 | \$ 16.70 | \$ 16.70 | \$ 10.00 | \$ 10.00 |
| Usage Rate (per kW) | 14.06 | 14.06 | 14.06 | 14.06 | 14.06 | 14.06 | 14.06 | 14.06 | 5.00 | 5.00 |
| Usage Rate (per kWh) | 0.05099 | 0.05708 | 0.05708 | 0.05708 | 0.05708 | 0.05708 | 0.05708 | 0.05708 | 0.07860 | 0.07860 |
| Usage Rate (per kWh) Over 5,000 kWh ^(c) | 0.04373 | 0.05053 | 0.05053 | 0.05053 | 0.05053 | 0.05053 | 0.05053 | 0.05053 | - | - |
| <i>Commercial Medium With Demand</i> | | | | | | | | | | |
| Base Rate for Demand | - | - | - | - | - | - | - | - | \$ 20.00 | \$ 20.00 |
| Usage Rate (per kW) | - | - | - | - | - | - | - | - | 9.75 | 9.75 |
| Usage Rate (per kWh) | - | - | - | - | - | - | - | - | 0.07860 | 0.07860 |
| <i>Commercial Large With Demand</i> | | | | | | | | | | |
| Base Rate for Demand | \$ 22.26 | \$ 22.26 | \$ 22.26 | \$ 22.26 | \$ 2.26 | \$ 2.26 | \$ 2.26 | \$ 2.26 | \$ 35.00 | \$ 35.00 |
| Usage Rate (per kW) | 14.06 | 14.06 | 14.06 | 14.06 | 14.06 | 14.06 | 14.06 | 14.06 | 14.50 | 14.50 |
| Usage Rate (per kWh) | 0.04972 | 0.05080 | 0.05080 | 0.05080 | 0.05080 | 0.05080 | 0.05080 | 0.05080 | 0.05400 | 0.05400 |
| Usage Rate (per kWh) Over 5,000 kWh ^(c) | 0.04317 | 0.05053 | 0.05053 | 0.05053 | 0.05053 | 0.05053 | 0.05053 | 0.05053 | - | - |
| All Electric Rates^(c) | | | | | | | | | | |
| <i>Residential</i> | | | | | | | | | | |
| Base Rate | \$ 6.72 | \$ 6.20 | \$ 6.20 | \$ 6.20 | \$ 6.20 | \$ 6.20 | \$ 6.20 | \$ 6.20 | \$ - | \$ - |
| Summer Usage Rate (per kWh) | 0.10352 | 0.11088 | 0.11088 | 0.11088 | 0.11088 | 0.11088 | 0.11088 | 0.11088 | - | - |
| Winter Usage Rate (per kWh) First 800 kWh | 0.10352 | 0.11088 | 0.11088 | 0.11088 | 0.11088 | 0.11088 | 0.11088 | 0.11088 | - | - |
| Winter Usage Rate (per kWh) Over 800 kWh | 0.04117 | 0.04853 | 0.04853 | 0.04853 | 0.04853 | 0.04853 | 0.04853 | 0.04853 | - | - |
| <i>Commercial</i> | | | | | | | | | | |
| Base Rate | \$ 7.35 | \$ 7.35 | \$ 7.35 | \$ 7.35 | \$ 7.35 | \$ 7.35 | \$ 7.35 | \$ 7.35 | \$ - | \$ - |
| Usage Rate (per kW) | 5.30 | 5.30 | 5.30 | 5.30 | 5.30 | 5.30 | 5.30 | 5.30 | - | - |
| Summer Usage Rate (per kWh) | 0.03462 | 0.04198 | 0.04198 | 0.04198 | 0.04198 | 0.04198 | 0.04198 | 0.04198 | - | - |
| Winter Usage Rate (per kWh) | 0.03158 | 0.03894 | 0.03894 | 0.03894 | 0.03894 | 0.03894 | 0.03894 | 0.03894 | - | - |

Source: City of Gardner Utility Department

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

(b) The City of Gardner implemented new rate structures for water and electric in 2020

(c) Some rates and rate classes were eliminated as part of the implementation of new rate structures in 2020

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

| Fiscal Year 2021 | | | | | | | | |
|----------------------------------|------------------|---------|-------------------------------|-----------------|---------|------------------------------|--------------------|---------|
| Customer | Electric Revenue | | Customer | Water Revenue | | Customer | Wastewater Revenue | |
| | Amount | % | | Amount | % | | Amount | % |
| Walmart | \$ 362,888.77 | 1.90% | New Century Airport | \$ 687,547.05 | 11.65% | Go Car Wash Management Corp | \$ 41,580.02 | 0.86% |
| U.S.D. 231 - 425 N Waverly Rd | 331,391.51 | 1.74% | Go Car Wash Management Corp | 38,512.45 | 0.65% | U.S.D. 231 | 29,478.96 | 0.61% |
| Price Chopper #117 | 287,988.71 | 1.51% | Nottingham Village LP | 29,841.90 | 0.51% | Nottingham Village LP | 28,819.20 | 0.60% |
| Coleman Company, Inc. | 241,026.89 | 1.26% | U.S.D. 231 - 495 E Grand St | 29,788.71 | 0.50% | Trailswest Carwash | 22,158.66 | 0.46% |
| COG - KillCreek WWTP | 226,490.35 | 1.19% | U.S.D. 231 - WMS Main Service | 22,646.19 | 0.38% | U.S.D. 231 | 21,669.36 | 0.45% |
| Excelligence Learning Corp | 217,113.37 | 1.14% | Trailswest Carwash | 20,571.54 | 0.35% | Nottingham Village LP | 16,149.66 | 0.33% |
| U.S.D. 231 - 16200 Kill Creek Rd | 170,146.10 | 0.89% | Nottingham Village LP | 16,370.27 | 0.28% | Jacobs Properties | 15,257.58 | 0.32% |
| ITW Labels | 166,817.13 | 0.88% | U.S.D. 231 - 425 N Waverly Rd | 14,889.00 | 0.25% | Price Chopper #117 | 14,871.26 | 0.31% |
| U.S.D. 231 - 495 E Grand St | 153,375.53 | 0.80% | Price Chopper #117 | 14,392.62 | 0.24% | U.S.D. 231 | 14,856.12 | 0.31% |
| Tradenet Publishing | 130,988.48 | 0.69% | Jacobs Properties | 14,295.35 | 0.24% | Walmart | 14,546.40 | 0.30% |
| Subtotal (10 largest) | \$ 2,288,226.84 | 12.00% | Subtotal (10 largest) | 888,855.08 | 15.05% | Subtotal (10 largest) | 219,387.22 | 4.55% |
| Balance from other customers | \$ 16,775,294.37 | 88.00% | Balance from other customers | 5,015,287.69 | 84.95% | Balance from other customers | 4,617,547.54 | 95.45% |
| Grand Totals | \$ 19,063,521.21 | 100.00% | Grand Totals | \$ 5,904,142.77 | 100.00% | Grand Totals | \$ 4,836,934.76 | 100.00% |

| Fiscal Year 2012 | | | | | | | | |
|-----------------------------------|------------------|---------|---|-----------------|---------|-----------------------------------|--------------------|---------|
| Customer | Electric Revenue | | Customer | Water Revenue | | Customer | Wastewater Revenue | |
| | Amount | % | | Amount | % | | Amount | % |
| Walmart | \$ 357,367.16 | 2.58% | New Century | \$ 184,466.50 | 4.81% | U.S.D. 231 - WMS | \$ 32,433.90 | 0.96% |
| Price Chopper | 279,408.08 | 2.02% | U.S.D. 231 - Gardner-Edgerton HS Irrigation | 30,283.20 | 0.79% | Jacobs Properties | 26,897.45 | 0.79% |
| Coleman Company, Inc. | 217,516.13 | 1.57% | Jacobs Properties | 18,595.40 | 0.48% | U.S.D. 231 - Gardner-Edgerton HS | 14,573.65 | 0.43% |
| ITW Labels | 145,957.84 | 1.05% | U.S.D. 231 - Gardner-Edgerton HS Irrigation # 2 | 17,251.80 | 0.45% | Walmart | 13,003.65 | 0.38% |
| U.S.D. 231 - Pioneer Ridge | 134,519.84 | 0.97% | U.S.D. 231 - Gardner-Edgerton HS Gym | 13,290.03 | 0.35% | R & B Autowash | 11,615.15 | 0.34% |
| Tradenet Publishing Expansion | 112,952.23 | 0.81% | U.S.D. 231 - High School | 12,523.00 | 0.33% | Medical Lodge | 11,497.85 | 0.34% |
| U.S.D. 231 - WMS | 92,950.15 | 0.67% | Briston Partners | 8,975.40 | 0.23% | Pinnacle Healthcare | 11,246.30 | 0.33% |
| U.S.D. 231 - Moonlight Elementary | 80,218.68 | 0.58% | Walmart | 8,447.10 | 0.22% | The Winbury Group | 10,751.25 | 0.32% |
| U.S.D. 231 - Madison | 76,514.42 | 0.55% | Bluehawk townhome Association | 8,311.80 | 0.22% | U.S.D. 231 - Moonlight Elementary | 7,740.30 | 0.23% |
| Tradenet Publishing | 72,239.37 | 0.52% | R & B Autowash | 8,229.30 | 0.21% | Vintage Park | 5,734.10 | 0.17% |
| Subtotal (10 largest) | 1,569,643.90 | 11.32% | Subtotal (10 largest) | 310,373.53 | 8.09% | Subtotal (10 largest) | 145,493.60 | 4.29% |
| Balance from other customers | 12,294,117.34 | 88.68% | Balance from other customers | 3,525,070.23 | 91.91% | Balance from other customers | 3,242,769.69 | 95.71% |
| Grand Totals | \$ 13,863,761.24 | 100.00% | Grand Totals | \$ 3,835,443.76 | 100.00% | Grand Totals | \$ 3,388,263.29 | 100.00% |

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

Source: City of Gardner Utility Department

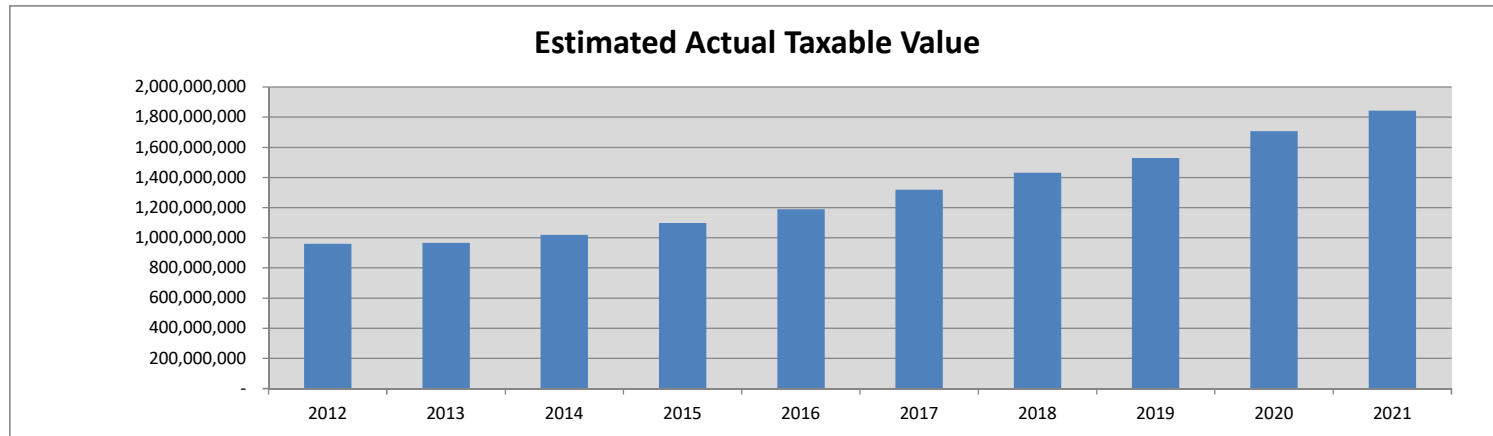
City of Gardner, Kansas
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

| Fiscal Year | Residential Property | Commercial Property | Vacant Lots/Not-for-Profit Property | Agricultural and Other Property | Personal Property | State Assessed Utility | Not Otherwise Subclassified | Total Taxable Assessed Value | Total Direct Tax Rate | Estimated Actual Taxable Value | Taxable Assessed Value as a Percentage of Actual Taxable Value |
|-------------|----------------------|---------------------|-------------------------------------|---------------------------------|-------------------|------------------------|-----------------------------|------------------------------|-----------------------|--------------------------------|--|
| 2012 | 98,872,623 | 21,627,029 | 1,603,987 | 101,109 | 3,184,534 | 3,183,537 | - | 128,572,819 | 31.140 | 959,973,643 | 13.39% |
| 2013 | 99,823,425 | 22,122,018 | 1,276,279 | 111,138 | 2,521,248 | 3,529,808 | - | 129,383,916 | 31.133 | 967,523,973 | 13.37% |
| 2014 | 104,947,182 | 23,509,159 | 1,445,888 | 121,944 | 2,132,218 | 3,823,250 | - | 135,979,641 | 29.434 | 1,019,076,374 | 13.34% |
| 2015 | 113,212,121 | 25,623,792 | 1,319,507 | 135,798 | 1,803,988 | 3,836,836 | - | 145,932,042 | 29.455 | 1,098,396,946 | 13.29% |
| 2016 | 121,390,107 | 28,593,736 | 2,212,724 | 140,268 | 1,614,159 | 4,113,956 | - | 158,064,950 | 20.544 ^(a) | 1,188,848,018 | 13.30% |
| 2017 | 134,815,031 | 30,564,675 | 2,827,897 | 226,029 | 1,551,718 | 4,117,515 | - | 174,102,865 | 20.540 | 1,318,882,556 | 13.20% |
| 2018 | 147,751,168 | 31,962,125 | 2,188,661 | 162,813 | 1,551,694 | 4,756,452 | 239,102 | 188,612,015 | 20.720 | 1,431,422,817 | 13.18% |
| 2019 | 158,457,041 | 33,314,049 | 2,073,812 | 223,801 | 1,491,583 | 4,923,303 | - | 200,483,589 | 20.710 | 1,529,171,279 | 13.11% |
| 2020 | 170,300,580 | 50,169,157 | 2,956,301 | 296,698 | 1,874,266 | 4,957,080 | - | 230,554,082 | 20.665 | 1,707,176,072 | 13.50% |
| 2021 | 184,623,605 | 50,527,253 | 4,279,461 | 285,009 | 1,893,113 | 4,947,052 | - | 246,555,493 | 19.854 | 1,844,143,869 | 13.37% |

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

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

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



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

| Fiscal Year | Direct Rates | | | Overlapping Rates | | | | | | | Total Direct & Overlapping Rates |
|-------------|---------------------------|-------------------|----------------------------------|-------------------|----------------|------------------------|-------------------------------------|----------------------------------|-----------------------|------------------------------|----------------------------------|
| | Gardner General Operating | Bond and Interest | Total Direct Rate - Gardner City | State of Kansas | Johnson County | Johnson County Library | Johnson County Parks and Recreation | Johnson County Community College | Fire District #1 | U.S.D. 231 (School District) | |
| 2012 | 23.113 | 8.027 | 31.140 | 1.500 | 17.717 | 3.149 | 2.344 | 8.785 | - | 82.406 | 147.041 |
| 2013 | 23.108 | 8.025 | 31.133 | 1.500 | 17.745 | 3.155 | 2.347 | 9.551 | - | 79.170 | 144.601 |
| 2014 | 21.401 | 8.033 | 29.434 | 1.500 | 17.764 | 3.157 | 2.349 | 9.461 | - | 69.711 | 133.376 |
| 2015 | 19.415 | 10.040 | 29.455 | 1.500 | 19.582 | 3.912 | 3.101 | 9.469 | - | 69.185 | 136.204 |
| 2016 | 13.504 | 7.040 | 20.544 | 1.500 | 19.590 | 3.915 | 3.102 | 9.473 | 12.443 | 67.787 | 138.354 |
| 2017 | 11.977 | 8.563 | 20.540 | 1.500 | 19.318 | 3.921 | 3.112 | 9.503 | 12.440 | 66.981 | 137.315 |
| 2018 | 14.116 | 6.604 | 20.720 | 1.500 | 19.024 | 3.901 | 3.088 | 9.266 | 12.383 | 65.969 | 135.851 |
| 2019 | 14.109 | 6.601 | 20.710 | 1.500 | 19.036 | 3.904 | 3.090 | 9.121 | 12.454 | 65.775 | 135.590 |
| 2020 | 14.622 | 6.043 | 20.665 | 1.500 | 18.799 | 3.905 | 3.093 | 9.191 | 15.715 ^(a) | 64.682 | 137.550 |
| 2021 | 14.048 | 5.806 | 19.854 | 1.500 | 18.564 | 3.908 | 3.096 | 9.110 | 15.278 ^(b) | 62.995 | 134.305 |

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

^(a) Fire District #1 added 1.953 mills in 2020 for the first year of debt service on the "B" bonds.

^(b) The stated mill rate does not include 1.816 mills for Fire District Bond "A" that apply only to recently annexed properties.

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

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

| | | 2021 | | | 2012 | | |
|---|-------------------------|------------------------|------|--|------------------------|------|--|
| | | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value |
| Taxpayer | Type of Business | | | | | | |
| NNN AGP OPP II Owner IV, LLC/Midwest Commerce Center | Warehousing | \$ 12,285,157 | 1 | 4.98% | | | |
| Walmart | Retail | 3,936,001 | 2 | 1.60% | \$ 1,758,251 | 1 | 1.37% |
| Moonlight Apartments, LLC | Real Estate | 3,033,010 | 3 | 1.23% | 1,660,944 | 2 | 1.29% |
| Conestoga TitleHolder, LLC | Real Estate | 2,462,442 | 4 | 1.00% | | | |
| Hudson SFR Property Holdings II, LLC/Plum Creek Manor | Real Estate | 1,920,324 | 5 | 0.78% | | | |
| Horizon Trails, LLC | Real Estate | 1,828,960 | 6 | 0.74% | 1,439,915 | 3 | 1.12% |
| Group Gardner/Price Chopper | Retail | 1,789,000 | 7 | 0.73% | | | |
| RH Partners Owner Co, LLC/Genesis Farms | Real Estate | 1,638,992 | 8 | 0.67% | | | |
| Santa Fe Storage, LLC | Storage | 1,554,404 | 9 | 0.63% | | | |
| Axiom-Aspen, LLC | Real Estate | 1,543,990 | 10 | 0.63% | | | |
| Kansas Gas Service | Utilities | | | | 936,000 | 8 | 0.73% |
| Energy Center Industrial, LLC | Real Estate | | | | 1,037,001 | 6 | 0.81% |
| Martens Rentals, LLC | Real Estate | | | | 1,368,981 | 4 | 1.07% |
| C.L.S. Investment Company | Real Estate | | | | 1,254,075 | 5 | 0.98% |
| DJC Properties | Real Estate | | | | 1,008,311 | 7 | 0.78% |
| Fountain Gate Village, LLC | Real Estate | | | | 849,777 | 9 | 0.66% |
| Woodstone Apartments, L.P. | Real Estate | | | | 841,685 | 10 | 0.65% |
| Totals | | <u>\$ 31,992,280</u> | | <u>12.98%</u> | <u>\$ 12,154,940</u> | | <u>9.46%</u> |

Source: Johnson County Clerk's Office

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

City of Gardner, Kansas

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

For years ended December 31, 2012 through December 31, 2021

| Year Ended December 31 ⁽¹⁾ | Adjusted Tax Levy | Current Year Collections | | Collections in Subsequent Years | Total Tax Collections | |
|--|----------------------|--------------------------|-----------------------|---------------------------------------|-----------------------|-----------------------|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2012 | 4,020,300 | 3,890,430 | 96.77% | 126,447 | 4,016,877 | 99.91% |
| 2013 | 4,024,583 | 3,968,415 | 98.60% | 54,143 | 4,022,558 | 99.95% |
| 2014 | 4,070,856 | 4,013,682 | 98.60% | 56,406 | 4,070,089 | 99.98% |
| 2015 | 4,063,209 | 3,997,901 | 98.39% | 64,805 | 4,062,706 | 99.99% |
| 2016 | 4,406,651 | 4,370,729 | 99.18% | 33,247 | 4,403,976 | 99.94% |
| 2017 | 3,350,248 | 3,319,439 | 99.08% | 29,380 | 3,348,818 | 99.96% |
| 2018 | 3,658,443 | 3,656,109 | 99.94% | 390 | 3,656,499 | 99.95% |
| 2019 | 4,002,520 | 3,970,824 | 99.21% | 27,134 | 3,997,959 | 99.89% |
| 2020 | 4,261,312 | 4,223,131 | 99.10% | 31,831 | 4,254,961 | 99.85% |
| 2021 | 4,701,388 | 4,680,118 | 99.55% | 4,636 | 4,684,754 | 99.65% |

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

For years ended December 31, 2012 through December 31, 2021

| Year Ended December 31 ⁽¹⁾ | Adjusted Tax Levy | Current Year Collections | | Collections in Subsequent Years | Total Tax Collections | |
|--|----------------------|--------------------------|-----------------------|---------------------------------------|-----------------------|-----------------------|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2012 | 264,743 | 264,743 | 100.00% | - | 264,743 | 100.00% |
| 2013 | 252,151 | 252,151 | 100.00% | - | 252,151 | 100.00% |
| 2014 | 252,950 | 252,950 | 100.00% | - | 252,950 | 100.00% |
| 2015 | 238,635 | 238,635 | 100.00% | - | 238,635 | 100.00% |
| 2016 | 136,471 | 136,471 | 100.00% | - | 136,471 | 100.00% |
| 2017 | - | - | - | - | - | - |
| 2018 | - | - | - | - | - | - |
| 2019 | - | - | - | - | - | - |
| 2020 | 622 | 622 | 100.00% | - | 622 | 100.00% |
| 2021 | 15,105 | 15,105 | 100.00% | - | 15,105 | 100.00% |

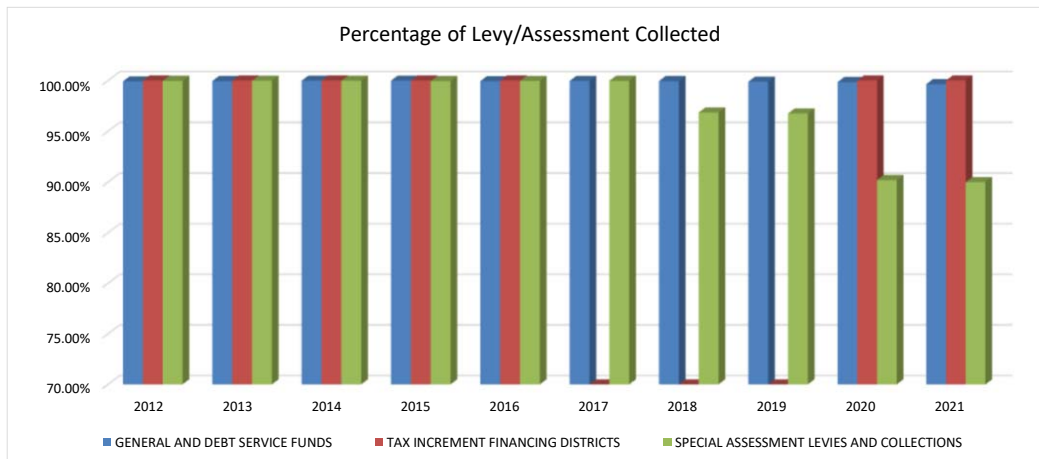
SPECIAL ASSESSMENT LEVIES AND COLLECTIONS

For years ended December 31, 2012 through December 31, 2021

| Year Ended December 31 ⁽¹⁾ | Assessments Certified to County | Current Year Collections | | Collections in Subsequent Years | Total Assessment Collections | |
|--|---------------------------------------|--------------------------|-----------------------------|---------------------------------------|------------------------------|-----------------------------|
| | | Amount | Percentage of Assessment | | Amount | Percentage of Assessment |
| 2012 | 1,024,999 | 904,363 | 88.23% | 120,353 | 1,024,716 | 99.97% |
| 2013 | 1,262,280 | 1,068,469 | 84.65% | 193,535 | 1,262,004 | 99.98% |
| 2014 | 1,225,206 | 857,846 | 70.02% | 367,093 | 1,224,939 | 99.98% |
| 2015 | 1,309,313 | 1,028,131 | 78.52% | 280,515 | 1,308,646 | 99.95% |
| 2016 | 1,305,642 | 1,288,438 | 98.68% | 16,780 | 1,305,218 | 99.97% |
| 2017 | 1,263,310 | 1,225,138 | 96.98% | 37,843 | 1,262,981 | 99.97% |
| 2018 | 1,272,825 | 1,186,403 | 93.21% | 46,314 | 1,232,717 | 96.85% |
| 2019 | 1,178,720 | 1,093,669 | 92.78% | 46,792 | 1,140,461 | 96.75% |
| 2020 | 1,172,880 | 1,041,270 | 88.78% | 16,638 | 1,057,908 | 90.20% |
| 2021 | 1,188,355 | 1,055,291 | 88.80% | 14,121 | 1,069,412 | 89.99% |

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

Source: Johnson County Treasurer's Office



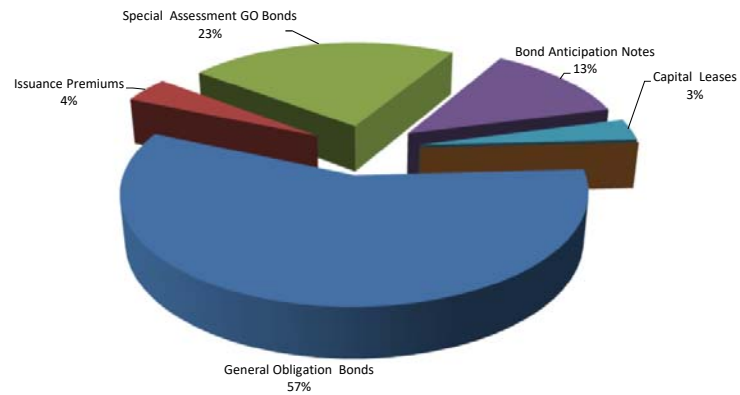
**City of Gardner, Kansas
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

| Fiscal Year | Governmental Activities | | | | | | | | Business-type Activities | | | | | Total Primary Government | Percentage of Personal Income ^(a) | Per Capita ^(a) |
|-------------|--------------------------|-------------------|-----------------------------|-------------------------------|-------------------------|----------------|-----------------------|---------------------|--------------------------|-------------------|-------------------------|----------------|-----------------------|--------------------------|--|---------------------------|
| | General Obligation Bonds | Issuance Premiums | Special Assessment GO Bonds | Certificates of Participation | Bond Anticipation Notes | Capital Leases | State Revolving Loans | Lease Revenue Bonds | General Obligation Bonds | Issuance Premiums | Bond Anticipation Notes | Capital Leases | State Revolving Loans | | | |
| 2012 | 7,049,550 | 39,887 | 13,425,000 | 3,480,000 | 4,915,000 | - | 4,581,094 | 3,105,000 | 25,850,450 | 1,145,828 | - | - | 11,780,890 | 75,372,699 | 14.34% | 3,643 |
| 2013 | 6,153,300 | 147,910 | 12,385,000 | 2,670,000 | 4,915,000 | 77,489 | 4,515,624 | 2,880,000 | 21,181,700 | 1,146,323 | 1,330,000 | - | 16,155,452 | 73,557,798 | 13.52% | 3,593 |
| 2014 | 8,816,334 | 359,318 | 15,035,000 | 1,670,000 | - | 59,064 | 477,884 | 2,620,000 | 18,113,666 | 1,032,792 | - | - | 16,679,528 | 64,863,586 | 11.89% | 3,139 |
| 2015 | 9,310,684 | 332,742 | 12,215,000 | 475,000 | - | 226,113 | 244,290 | 2,330,000 | 18,049,316 | 1,108,699 | - | - | 11,590,158 | 55,882,002 | 9.68% | 2,678 |
| 2016 | 9,216,264 | 345,252 | 12,805,000 | - | - | 792,116 | 67,609 | 2,015,000 | 15,398,736 | 859,776 | - | - | 10,890,162 | 52,389,915 | 8.12% | 2,482 |
| 2017 | 9,786,170 | 492,721 | 14,012,500 | - | - | 611,000 | - | 1,670,000 | 12,231,330 | 699,751 | - | - | 10,321,146 | 49,824,618 | 6.30% | 2,309 |
| 2018 | 23,398,487 | 1,314,814 | 11,592,500 | - | - | 1,765,000 | - | 1,295,000 | 9,039,013 | 545,189 | - | 10,750,645 | 9,738,473 | 69,439,121 | 8.31% | 3,175 |
| 2019 | 24,400,000 | 1,310,866 | 8,570,000 | - | 7,365,000 | 1,800,000 | - | 900,000 | 8,845,000 | 428,989 | - | 10,418,367 | 9,141,842 | 73,180,064 | 9.36% | 3,317 |
| 2020 | 25,965,000 | 1,515,045 | 7,680,000 | - | 8,845,000 | 1,588,407 | - | 470,000 | 34,115,000 | 1,993,552 | - | 10,074,798 | 8,530,826 | 100,777,628 | 11.66% | 4,444 |
| 2021 | 23,942,500 | 1,660,260 | 9,637,500 | - | 5,205,000 | 1,371,441 | - | - | 31,720,000 | 1,794,375 | - | 9,716,712 | 7,905,171 | 92,952,959 | 10.42% | 3,992 |

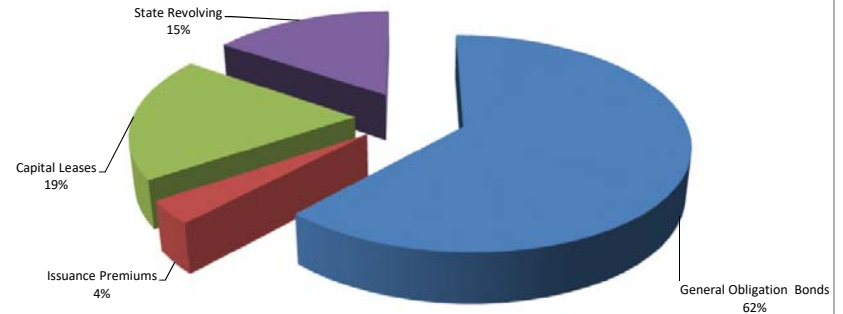
Notes: ^(a) See the Demographic and Economic Statistics schedule in this section for personal income and population data.

Source: City of Gardner Finance Department

2021 Governmental Activities Outstanding Debt



2021 Business-type Activities Outstanding Debt



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

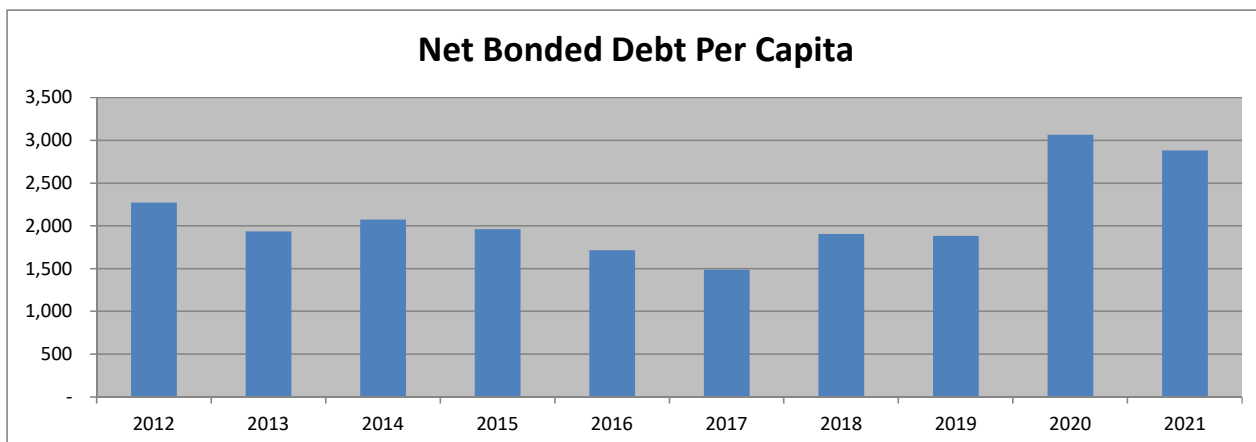
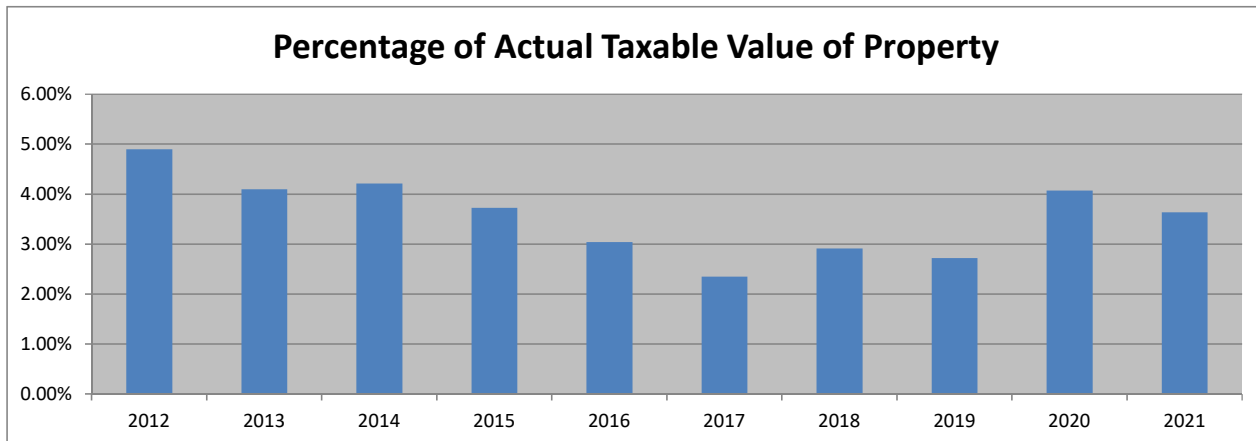
| Fiscal Year | General Obligation Bonds | Issuance Premiums | Special Assessment GO Bonds | Less: Amounts Available in Debt Service Fund | Total | Percentage of Actual Taxable Value ^(a) of Property | Per Capita ^(b) |
|-------------|--------------------------|-------------------|-----------------------------|--|------------|---|---------------------------|
| 2012 | 32,900,000 | 1,185,715 | 13,425,000 | 493,029 | 47,017,686 | 4.90% | 2,273 |
| 2013 | 27,335,000 | 1,294,233 | 12,385,000 | 1,351,864 | 39,662,369 | 4.10% | 1,937 |
| 2014 | 26,930,000 | 1,392,110 | 15,035,000 | 425,504 | 42,931,606 | 4.21% | 2,077 |
| 2015 | 27,360,000 | 1,441,441 | 12,215,000 | 55,734 | 40,960,707 | 3.73% | 1,963 |
| 2016 | 24,615,000 | 1,205,028 | 12,805,000 | 2,427,189 | 36,197,839 | 3.04% | 1,715 |
| 2017 | 22,017,500 | 1,192,472 | 14,012,500 | 5,117,019 | 32,105,453 | 2.35% | 1,488 |
| 2018 | 32,437,500 | 1,860,003 | 11,592,500 | 4,154,425 | 41,735,578 | 2.92% | 1,908 |
| 2019 | 33,245,000 | 1,739,855 | 8,570,000 | 1,940,213 | 41,614,642 | 2.72% | 1,886 |
| 2020 | 60,080,000 | 3,508,597 | 7,680,000 | 1,713,707 | 69,554,890 | 4.07% | 3,067 |
| 2021 | 55,662,500 | 3,454,635 | 9,637,500 | 1,612,653 | 67,141,982 | 3.64% | 2,883 |

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, 2021

| <u>Governmental Unit</u> | <u>Debt Outstanding</u> | <u>Estimated Percentage Applicable ^(a)</u> | <u>Estimated Share of Direct and Overlapping Debt</u> |
|--|------------------------------------|--|--|
| GO Debt repaid with property taxes | | | |
| Unified School District No. 231 | \$ 114,415,000 | 62.21% | \$ 71,173,763 |
| Johnson County | 14,430,439 | 2.01% | 290,195 |
| Johnson County Community College | 45,935,000 | 2.01% | 923,751 |
| Johnson County Park and Recreation | 44,746,217 | 2.01% | 899,844 |
| Johnson County Fire District #1 | 9,475,000 | 63.19% | 5,987,546 |
| Other | | | |
| Johnson County: Public Building Commission | 287,380,000 | 2.01% | 5,779,198 |
| Subtotal, overlapping debt | | | 85,054,298 |
| City Direct Debt | | | 41,816,701 |
| Total direct and overlapping debt | | | \$ 126,870,999 |

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.

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

Sources: Johnson County Treasury and Financial Management and the City of Gardner Finance Department

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

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Debt Limit | \$ 44,524,646 | \$ 44,867,292 | \$ 47,105,324 | \$ 50,654,924 | \$ 54,443,006 | \$ 59,663,274 | \$ 64,350,457 | \$ 68,190,386 | \$ 77,576,243 | \$ 82,542,551 |
| Total net debt applicable to limit | 19,631,650 | 13,584,740 | 15,085,450 | 14,197,925 | 15,602,174 | 13,783,024 | 26,568,798 | 33,054,021 | 33,830,413 | 30,302,055 |
| Legal debt margin | \$ 24,892,996 | \$ 31,282,552 | \$ 32,019,874 | \$ 36,456,999 | \$ 38,840,832 | \$ 45,880,250 | \$ 37,781,659 | \$ 35,136,365 | \$ 43,745,830 | \$ 52,240,496 |
| Total net debt applicable to the limit as a percentage of debt limit | 44.09% | 30.28% | 32.02% | 28.03% | 28.66% | 23.10% | 41.29% | 48.47% | 43.61% | 36.71% |

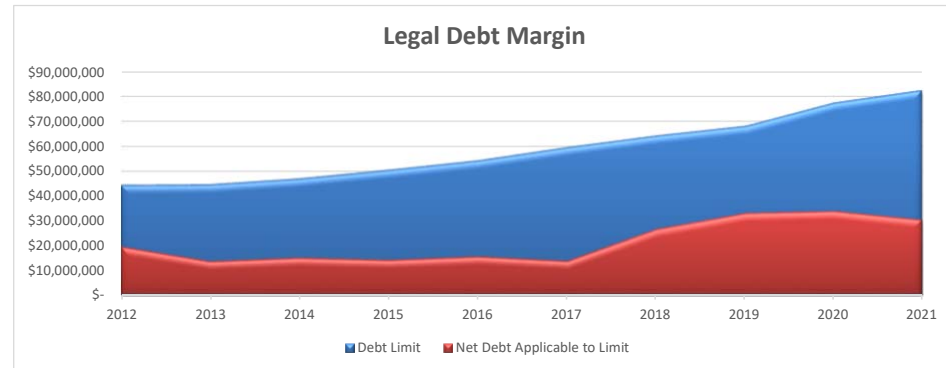
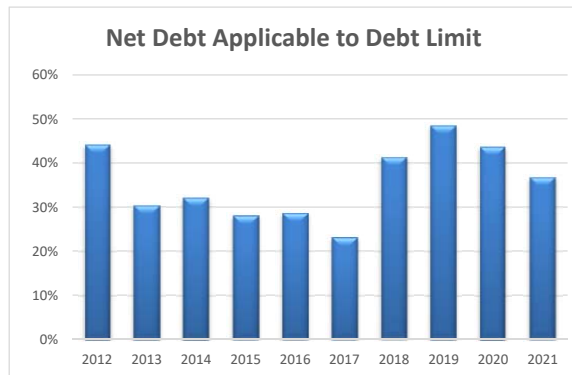
Legal Debt Margin Calculation for Fiscal Year 2021

| | |
|---|----------------|
| Assessed value ^(a) | \$ 275,141,835 |
| Debt limit (30% of assessed value) ^(b) | 82,542,551 |
| Debt applicable to limit: | |
| G.O. Bonds and Temporary Notes Outstanding | 70,505,000 |
| Less: Amount set aside for utilities, refunding, and revenue-supported bonds | (40,202,945) |
| Total net debt applicable to limit | 30,302,055 |
| Legal debt margin | \$ 52,240,496 |

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 ⁽⁴⁾ | Median Age ⁽⁴⁾ | School Enrollment ⁽³⁾ | Unemployment Rate ⁽²⁾ |
|----------------------|----------------------------------|------------------------|--|----------------------------------|---|---|
| 2012 | 20,267 | 515,004,737 | 25,411 | 30.4 | 5,411 | 4.5% |
| 2013 | 20,473 | 543,988,083 | 26,571 | 30.7 | 5,452 | 3.8% |
| 2014 | 20,667 | 545,629,467 | 26,401 | 31.8 | 5,647 | 3.1% |
| 2015 | 20,868 | 577,104,540 | 27,655 | 31.9 | 5,858 | 2.9% |
| 2016 | 21,110 | 639,907,430 | 30,313 | 31.9 | 6,041 | 3.1% |
| 2017 | 21,583 | 790,952,201 | 36,647 | 32.3 | 6,116 | 2.9% |
| 2018 | 21,871 | 835,865,878 | 38,218 | 32.3 | 6,121 | 3.0% |
| 2019 | 22,065 | 781,498,170 | 35,418 | 31.9 | 6,174 | 2.5% |
| 2020 | 22,677 | 864,333,855 | 38,115 | 32.0 | 5,837 | 3.3% |
| 2021 | 23,287 | 891,822,239 | 38,297 | 32.0 | 5,977 | 2.0% |

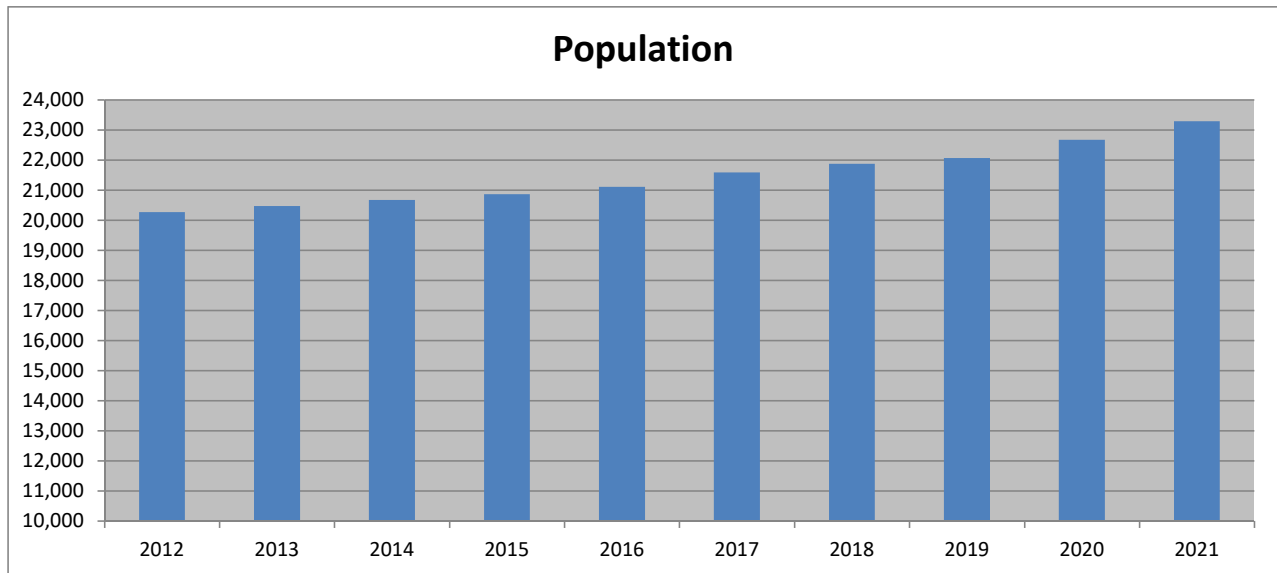
Sources: City of Gardner Finance Department and

⁽¹⁾ US Census Bureau estimate 2011-2018; worldpopulationreview.com 2019; Gardner Trade Area Profile 2020; 2020 US Census Results 2021

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

⁽³⁾ Unified School District No. 231

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



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

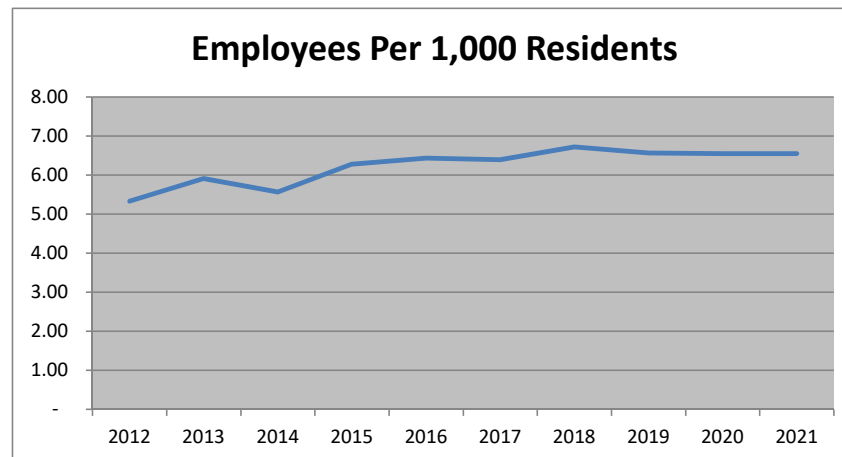
| Employer | 2021 | | | 2012 | | |
|-------------------------------------|------------------|-------------|--|------------------|-------------|--|
| | Employees | Rank | Percentage of Total City Employment | Employees | Rank | Percentage of Total City Employment |
| Unified School District No. 231 | 926 | 1 | 24.02% | 775 | 1 | 34.11% |
| Epic Landscape Productions | 300 | 2 | 7.78% | | | 0.00% |
| Walmart | 225 | 3 | 5.84% | 120 | 3 | 5.28% |
| Coleman | 160 | 4 | 4.15% | 183 | 2 | 8.06% |
| City of Gardner | 150 | 5 | 3.89% | 108 | 6 | 4.75% |
| Excelligence Learning Corp | 150 | 6 | 3.89% | | | 0.00% |
| Price Chopper | 130 | 7 | 3.37% | 115 | 5 | 5.06% |
| TradeNet Publishing | 120 | 8 | 3.11% | 100 | 7 | 4.40% |
| Meadowbrook Rehabilitation Hospital | 113 | 9 | 2.93% | 118 | 4 | 5.19% |
| D.O.T. Label, Inc. (ITW) | 86 | 10 | 2.23% | 50 | 10 | 2.20% |
| Medical Lodge of Gardner | 83 | 11 | 2.15% | 52 | 8 | 2.29% |
| Cramer Products, Inc. | 24 | 12 | 0.62% | 50 | 9 | 2.20% |
| Total | 2,467 | | 63.98% | 1,671 | | 73.54% |

Source: City of Gardner Community Development Department

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

| Function | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|---------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|---------------------|
| General government | | | | | | | | | | |
| Administration/City Clerk | 2 | 6 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Human Resources/Risk | 3 | 2 | 2 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Information Systems | 1 | 1 | 1 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Finance | | | | | | | | | | |
| Finance Admin/Fiscal Services | 4 | 5 | 5 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Court | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2.5 | 2.5 |
| Utilities | 8 | 8 | 8 | 9 | 9 | 9 | 9 | 9 | 8 | 6 |
| Planning | 1 | 3 | 3 | 5 | 5 | 5 | 5 | 5 | 5 | 4 |
| Codes | 1 | 3 | 3 | 3 | 2 | 2 | 3 | 3 | 3 | 3 |
| Building Services | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Airport | - | - | - | - | - | - | - | - | 0.5 | 0.5 |
| Police | | | | | | | | | | |
| Administration | 4 | 5 | 3 | 5 | 6 | 7 | 7 | 7 | 7 | 8 |
| Operations | 22 | 23 | 24 | 28 | 28 | 27 | 30 | 30 | 33 | 31 |
| Animal Control | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Public Works | | | | | | | | | | |
| Administration | 5 | 4 | 2 | 2 | 2 | 2 | 2 | 2 | 1 | 2 |
| Fleet | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Engineering | 4 | 4 | 4 | 5 | 5 | 5 | 5 | 5 | 5 | 6 |
| Streets & Line Maintenance | 12 | 15 | 17 | 12 | 15 | 15 | 18 | 18 | 17 | 17 |
| Electric | 18 | 16 | 10 | 14 | 16 | 18 | 18 | 17 | 20.5 | 18.5 |
| Water | 4 | 5 | 6 | 6 | 6 | 6 | 6 | 6 | 5 | 7 |
| Wastewater | 5 | 5 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 5 |
| Culture and Recreation | | | | | | | | | | |
| Parks Admin/Recreation Services | 5 | 5 | 5 | 6 | 7 | 6 | 6 | 7 | 7 | 5 |
| Park Maintenance | 5 | 6 | 6 | 6 | 6 | 6 | 8 | 6 | 6 | 6 |
| Total | <u>108</u> | <u>121</u> | <u>115</u> | <u>131</u> | <u>137</u> | <u>138</u> | <u>147</u> | <u>145</u> | <u>148.5</u> | <u>143.5</u> |

Source: City of Gardner Human Resources Department



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

| Function | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 ^(a) | 2018 | 2019 | 2020 ^(b) | 2021 |
|---|-------------|-------------|-------------|-------------|-------------|----------------------------|-------------|-------------|----------------------------|-------------|
| General government ⁽¹⁾ | | | | | | | | | | |
| Building permits issued | 578 | 534 | 607 | 594 | 744 | 852 | 889 | 1,155 | 2,067 | 1,172 |
| Building inspections conducted | 1,560 | 1,916 | 2,760 | 2,723 | 3,046 | 4,118 | 5,553 | 6,093 | 6,586 | 5,647 |
| Police Department ⁽²⁾ | | | | | | | | | | |
| Violations | 2,908 | 3,251 | 3,056 | 3,426 | 4,252 | 4,389 | 4,008 | 5,054 | 4,417 | 6,124 |
| Fire responses | 343 | 415 | 235 | 186 | 188 | 227 | 234 | 242 | 240 | 277 |
| Medical responses | 1,052 | 1,114 | 904 | 1,048 | 1,001 | 1,064 | 1,112 | 1,056 | 1,238 | 1,352 |
| Public Works ⁽³⁾ | | | | | | | | | | |
| Street resurfacing (shown in linear feet) | 270 | 3,453 | 2,420 | - | 29,276 | 100,320 | 100,320 | 72,225 | 15,356 | 7,715 |
| Curb replacement (shown in linear feet) | 260 | 2,575 | 1,945 | 648 | 16,310 | 10,441 | 28,140 | 13,868 | 15,816 | 7,035 |
| Electric ⁽⁴⁾ | | | | | | | | | | |
| Average daily consumption (in kWh) | 360,000 | 357,700 | 370,924 | 371,929 | 386,687 | 373,025 | 372,086 | 404,619 | 408,982 | 422,940 |
| Electric meters installed | 53 | 85 | 93 | 66 | 112 | 80 | 161 | 234 | 157 | 256 |
| Water ⁽⁴⁾ | | | | | | | | | | |
| Average daily consumption (in thousands) | 1,920 | 1,678 | 1,896 | 1,746 | 1,696 | 1,765 | 1,857 | 1,874 | 2,380 | 2,469 |
| Water meters installed | 53 | 85 | 93 | 66 | 178 | 107 | 253 | 190 | 181 | 118 |
| Wastewater ⁽⁴⁾ | | | | | | | | | | |
| Average daily sewage treatment (in thousands) | 1,184 | 1,280 | 1,083 | 1,277 | 1,295 | 1,619 | 1,627 | 2,282 | 2,078 | 2,092 |
| Culture and Recreation ⁽⁵⁾ | | | | | | | | | | |
| Athletic Program Participants | 5,205 | 4,838 | 4,894 | 5,085 | 4,758 | 4,691 | 3,820 | 3,556 | 1,743 | 3,008 |
| Aquatic Admissions | 84,313 | 64,636 | 66,179 | 65,301 | 71,627 | 64,403 | 71,111 | 58,971 | - | 43,011 |
| Airport ⁽⁶⁾ | | | | | | | | | | |
| Hangars | - | - | - | - | - | 94 | 94 | 94 | 94 | 94 |
| Aviation Fuel 100LL purchased (gallons) | - | - | - | - | - | 18,500 | 14,000 | 19,626 | 7,980 | 13,489 |

Sources: City of Gardner Finance Department and

⁽¹⁾ City of Gardner Community Development Department

⁽²⁾ City of Gardner Police Department

⁽³⁾ City of Gardner Street Department

⁽⁴⁾ City of Gardner Utility Department

⁽⁵⁾ City of Gardner Parks and Recreation Department

⁽⁶⁾ City of Gardner Public Works

Note: ^(a) In 2017, the City of Gardner acquired the Airport as a Department of the City.

^(b) In 2020, the City of Gardner did not open the Aquatic Center and athletic program participation was down due to the COVID-19 pandemic.

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

| Function | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017^(b)</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|----------------------------------|--------------------|--------------------|--------------------|--------------------|
| Police ⁽¹⁾ | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrol/AC Units | 16 | 16 | 16 | 16 | 19 | 20 | 20 | 20 | 20 | 20 |
| Public Works ⁽²⁾ | | | | | | | | | | |
| Streets (lane miles) ^(a) | 108.7 | 109.61 | 109.61 | 191.00 | 192.00 | 192.60 | 194.35 | 203.00 | 212.00 | 219.20 |
| Streetlights | 1,214 | 1,264 | 1,264 | 1,750 | 1,750 | 1,750 | 1,759 | 1,423 | 1,402 | 1,434 |
| Electric ⁽³⁾ | | | | | | | | | | |
| Generators | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Substations | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Overhead lines (miles) | 56.5 | 58.8 | 58.8 | 58.4 | 45.0 | 44.5 | 44.4 | 47.0 | 47.0 | 48.5 |
| Underground lines (miles) | 55.2 | 55.8 | 56.3 | 56.8 | 97.0 | 97.8 | 99.7 | 91.0 | 93.1 | 96.0 |
| Water ⁽³⁾ | | | | | | | | | | |
| Water mains (miles) | 106.24 | 107.61 | 107.61 | 134.00 | 135.00 | 136.00 | 137.20 | 138.00 | 139.00 | 141.00 |
| Treatment Plants | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Wastewater ⁽³⁾ | | | | | | | | | | |
| Sanitary sewers (miles) ^(c) | 124.83 | 125.97 | 125.97 | 109.00 | 109.00 | 130.50 | 132.00 | 111.00 | 116.00 | 120.00 |
| Storm sewers (miles) ^(d) | 42.64 | 43.92 | 43.92 | 45.00 | 45.00 | 45.00 | 46.00 | 65.00 | 69.00 | 71.00 |
| Treatment Plants | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Culture and Recreation ⁽⁴⁾ | | | | | | | | | | |
| Acreage | 339.95 | 341.95 | 341.95 | 341.95 | 341.95 | 341.95 | 341.95 | 341.95 | 341.95 | 344.35 |
| Parks | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 |
| Baseball/softball/soccer fields | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 |
| Community Centers | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Golf Course | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Airport ⁽⁵⁾ | | | | | | | | | | |
| Asphalt Runway (feet) | - | - | - | - | - | 2,960 | 2,960 | 2,960 | 2,960 | 2,960 |
| Turf Runways (feet) | - | - | - | - | - | 5,394 | 5,394 | 5,394 | 5,394 | 5,394 |

Sources: City of Gardner Finance Department and

⁽¹⁾ City of Gardner Police Department

⁽²⁾ City of Gardner Street Department

⁽³⁾ City of Gardner Utility Department

⁽⁴⁾ City of Gardner Parks and Recreation Department

⁽⁵⁾ City of Gardner Public Works

Note: (a) In 2015, street miles reported was changed to street lane miles

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

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

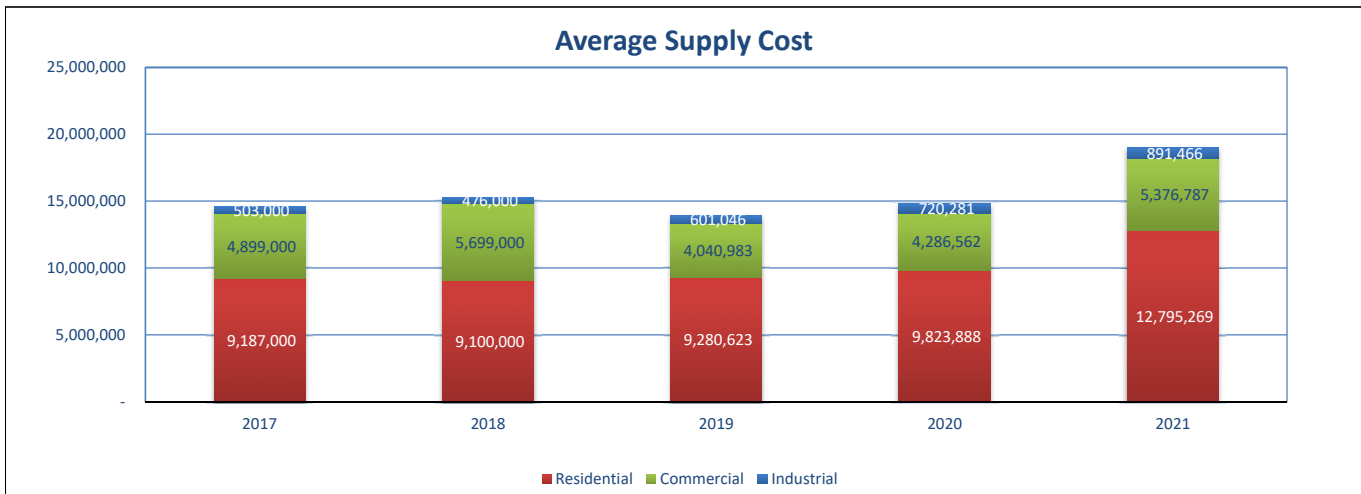
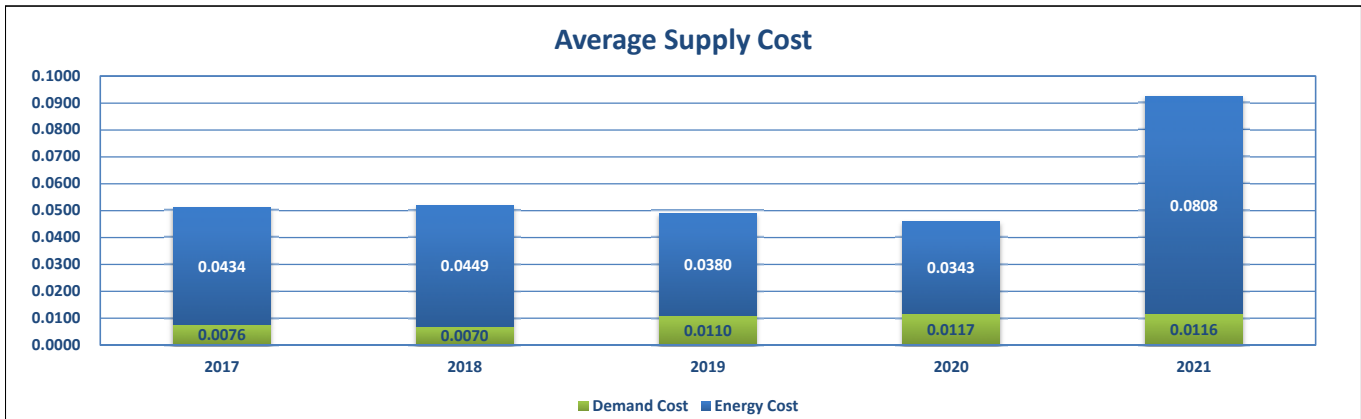
(d) In 2019, the City began including open concrete channels/ditches in the storm sewer miles

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

| Fiscal Year | Average Supply Cost | | | Peak Load MW | Customer Revenues ^(a) | | |
|-------------|---------------------|-------------|------------|--------------|----------------------------------|------------|------------|
| | Demand Cost | Energy Cost | Total Cost | | Residential | Commercial | Industrial |
| 2017 | 0.0076 | 0.0434 | 0.0510 | 38.1 | 9,187,000 | 4,899,000 | 503,000 |
| 2018 | 0.0070 | 0.0449 | 0.0519 | 39.4 | 9,100,000 | 5,699,000 | 476,000 |
| 2019 | 0.0110 | 0.0380 | 0.0490 | 40.4 | 9,280,623 | 4,040,983 | 601,046 |
| 2020 | 0.0117 | 0.0343 | 0.0460 | 37.8 | 9,823,888 | 4,286,562 | 720,281 |
| 2021 | 0.0116 | 0.0808 | 0.0924 | 42.2 | 12,795,269 | 5,376,787 | 891,466 |

Source: City of Gardner Utility Department

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





ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the fiscal year ended

December 31, 2021

ANNUAL OPERATING DATA SECTION

ANNUAL FINANCIAL AND OPERATING DATA FILING

FOR

GARDNER, KANSAS

CITY PROPERTY VALUES

The determination of assessed valuation and the collection of property taxes for all political subdivisions in the State of Kansas is conducted by Kansas counties. The Johnson County Appraiser's office determines annually the assessed valuation that is used as a basis for the mill levy on property located in the City. The County Appraiser's determination is based on criteria established by Kansas statutes.

The market valuation of every property must be updated every year, with physical inspection required once every six years. Valuations as of January 1 are made available in September of each year for taxes payable during the next calendar year. The State Constitution provides that, for ad valorem taxation purposes, real and personal property are divided into classes and assessed at percentages of market value.

2021 Market Value of Taxable Property: \$2,453,008,413*

* *Market value is calculated by dividing the City's 2021 appraised value of \$1,879,004,444 by the 2020 final median sales ratio of 76.6% for Johnson County as determined by the State Department of Revenue. (The 2020 sales ratio is the most current ratio available.)*

2021 Taxable Assessed Value: \$246,555,493

2021 Equalized Assessed Tangible Valuation: \$275,141,835

| | | <u>Percent of Total</u> |
|---------------------------------------|----------------------|------------------------------------|
| Real Estate | \$239,715,328 | 97.2% |
| Personal Property | 1,893,113 | 0.8 |
| State Assessed Utilities | 4,947,052 | 2.0 |
| Taxable Assessed Value | <u>\$246,555,493</u> | <u>100.0%</u> |
| Motor and Recreational Vehicles | <u>28,586,342</u> | |
| Equalized Assessed Tangible Valuation | \$275,141,835 | |

Trend of Values

| <u>Year</u> | <u>Market Value^(a)</u> | <u>Sales Ratio^(b)</u> | <u>Appraised Value</u> | <u>Taxable Assessed Value</u> | <u>Motor and Recreational Vehicles</u> | <u>Equalized Assessed Tangible Valuation</u> |
|--------------------|--|---|-----------------------------------|--|---|---|
| 2021 | \$2,453,008,413 | 76.6% | \$1,879,004,444 | \$246,555,493 | \$28,586,342 | \$275,141,835 |
| 2020 | 2,275,183,084 | 76.6% | 1,742,790,242 | 230,554,082 | 28,033,395 | 258,587,477 |
| 2019 | 1,988,616,298 | 78.5% | 1,561,063,793 | 200,483,589 | 26,817,699 | 227,301,288 |
| 2018 | 2,116,902,767 | 69.2% | 1,464,896,715 | 188,612,015 | 25,889,508 | 214,501,523 |
| 2017 | 1,691,695,028 | 79.6% | 1,346,589,242 | 174,102,865 | 24,774,715 | 198,877,580 |

(a) *Market values are calculated by dividing the City's appraised value by the annual sales ratios for Johnson County as provided by the Kansas Sales Ratio Study, Kansas Department of Revenue.*

(b) *The 2020 median sales ratio is the most current ratio available.*

Sources: City of Gardner, the Johnson County Clerk's Office, and the Kansas Department of Revenue

Ten of the Largest Taxpayers

| <u>Taxpayer</u> | <u>Type of Property</u> | <u>2021 Taxable Assessed Value</u> |
|-----------------------------|-------------------------|--|
| Midwest Commerce Center | Warehousing | \$12,285,157 |
| Walmart | Retail | 3,936,001 |
| Moonlight Apartments, LLC | Real Estate | 3,033,010 |
| Conestoga Titleholder, LLC | Real Estate | 2,462,442 |
| Plum Creek Manor | Real Estate | 1,920,324 |
| Horizon Trails, LLC | Real Estate | 1,828,960 |
| Group Gardner/Price Chopper | Retail | 1,789,000 |
| Genesis Farms | Real Estate | 1,638,992 |
| Santa Fe Storage, LLC | Storage | 1,554,404 |
| Axiom-Aspen, LLC | Real Estate | 1,543,990 |
| | Total | <u>\$ 31,992,280</u> |

Source: Johnson County, KS

CITY INDEBTEDNESS

| | |
|---|----------------------------|
| 2021 Total Equalized Assessed Tangible Valuation | \$275,141,835 |
| Debt Limit Ratio | <u>30%</u> |
| Debt Limit | \$ 82,542,551 |
| Outstanding Debt Subject to Debt Limit | <u>(30,302,055) *</u> |
| Debt Authority Remaining December 31, 2021 | \$52,240,496 |
| * <i>G.O. Bonds and Temporary Notes Outstanding as of December 31, 2021</i> | <i>\$70,505,000</i> |
| <i>Less: Bonds or Notes for Utility Improvements, Refunding, and Revenue Debt</i> | <i><u>(40,202,945)</u></i> |
| <i>Total Outstanding Debt Subject to Debt Limit as of December 31, 2021</i> | <i>\$30,302,055</i> |
| NOTE: <i>G.O. bonds and temporary notes issued to finance utility improvements, revenue bonds, and refunding bonds are not subject to the debt limit.</i> | |

[remainder of page left blank intentionally]

Direct Debt***General Obligation Debt**

| | |
|---|-----------------------------|
| Total G.O. debt being paid from taxes and other City revenues | \$ 63,570,000 |
| Total G.O. debt being paid from water & wastewater revenues | <u>1,730,000</u> |
| Total General Obligation Debt** | <u>\$ 65,300,000</u> |

Temporary General Obligation Debt

| | |
|------------------------------------|---------------------------|
| General Obligation Temporary Notes | <u>\$5,205,000</u> |
|------------------------------------|---------------------------|

Non-General Obligation Debt***

| | |
|---|----------------------------|
| Total Non-G.O. debt being paid from water & wastewater revenues | <u>\$ 7,905,171</u> |
|---|----------------------------|

Lease Purchase Obligations***

| | |
|-----------------------------------|-----------------------------|
| Lease purchase obligations - City | <u>\$ 11,088,153</u> |
|-----------------------------------|-----------------------------|

* *Outstanding debt is as of December 31, 2021 and does not include funds held in escrow for payment of refunded maturities.*

** *Total General Obligation Debt does not include General Obligation Temporary Note debt*

*** *Non-general obligation debt has not been included in the Debt Ratios section below.*

General Obligation Debt

| <u>Date of Issue</u> | <u>Original Amount</u> | <u>Purpose</u> | <u>Final Maturity</u> | <u>Est. Principal Outstanding as of 12-31-21</u> | <u>% Subject to the Debt Limit</u> |
|----------------------|------------------------|--------------------------|-----------------------|--|------------------------------------|
| 03/27/13 | \$7,015,000 | Refunding | 10/01/24 | \$105,000 | 0.00% |
| 04/10/14 | 4,895,000 | Improvements | 10/01/29 | 2,880,000 | 80.70 |
| 12/23/14 | 4,140,000 | Refunding & Improvements | 10/01/29 | 2,165,000 | 100.00 |
| 07/15/15 | 3,945,000 | Refunding | 10/01/25 | 1,730,000 | 0.00 |
| 12/29/16 | 2,870,000 | Refunding & Improvements | 10/01/28 | 1,790,000 | 48.10 |
| 12/26/16 | 855,000 | Improvements | 10/01/26 | 450,000 | 0.00 |
| 12/20/17 | 3,505,000 | Refunding & Improvements | 10/01/27 | 2,150,000 | 38.52 |
| 06/28/18 | 14,985,000 | Improvements | 10/01/37 | 12,635,000 | 100.00 |
| 06/12/19 | 1,970,000 | Improvements | 10/01/28 | 1,565,000 | 0.00 |
| 12/12/19 | 2,465,000 | Improvements | 10/01/29 | 2,010,000 | 100.00 |
| 05/28/20 | 27,450,000 | Improvements | 10/01/40 | 26,540,000 | 0.00 |
| 12/10/20 | 4,825,000 | Refunding & Improvements | 10/01/30 | 4,385,000 | 68.50 |
| 08/26/21 | 4,710,000 | Refunding & Improvements | 10/01/32 | 4,710,000 | 17.63 |
| 08/26/21 | 2,185,000 | Improvements | 10/01/41 | 2,185,000 | 100.00 |
| Total | | | | <u>\$65,300,000</u> | |

Temporary Notes

| | | | | | |
|----------|-----------|--------------|----------|---------------------|--------|
| 12/10/20 | 5,205,000 | Improvements | 10/01/22 | \$ 5,205,000 | 66.47% |
|----------|-----------|--------------|----------|---------------------|--------|

Certificates of Participation and Leases

| <u>Date of Issue</u> | <u>Original Amount</u> | <u>Purpose</u> | <u>Final Maturity</u> | <u>Est. Principal Outstanding as of 12-31-21</u> |
|----------------------|------------------------|----------------|-----------------------|--|
| 2016 | \$ 678,000 | Land Purchase | 10/01/2026 | \$ 351,000 |
| 2018 | 1,218,000 | Improvements | 10/01/2028 | 924,000 |
| 2018 | 10,750,645 | Improvements | 12/31/2038 | 9,716,712 |
| 2019 | 45,000 | Equipment | 04/25/2024 | 27,975 |
| 2019 | 135,000 | Equipment | 10/01/2023 | 68,466 |
| Total | | | | \$ 11,088,153 |

State Revolving Loans

During 2006, the City entered into a loan agreement with the Kansas Department of Health and Environment's Kansas Water Pollution Control Revolving Fund. The agreement enabled the City to borrow \$3,483,009 to finance improvements to the wastewater system. The loan will be repaid over twenty years at an interest rate of 2.40%. The total outstanding balance at 12/31/21 is \$1,024,119.

During 2012, the City entered into a loan agreement with the Kansas Department of Health and Environment's Kansas Water Pollution Control Revolving Fund. The agreement enabled the City to borrow \$10,167,808 to finance improvements to the wastewater system. The loan will be repaid over twenty years at an interest rate of 2.05%. The total outstanding balance at 12/31/21 is \$6,881,052.

Total Obligations Outstanding Excluding the State Revolving Loans

| | |
|--|---------------------------|
| | <u>Direct Debt</u> |
| General Obligation Debt | \$70,505,000 |
| Certificates of Participation and Leases | 11,088,153 |
| Total Obligations Outstanding | \$81,593,153 |

Annual Debt Service Payments Excluding All Temporary Notes

| <u>Year</u> | GENERAL OBLIGATION DEBT | | CERTIFICATES OF PARTICIPATION AND LEASES | |
|--------------|--------------------------------|---------------------------------|---|---------------------------------|
| | <u>Principal</u> | <u>Principal & Interest</u> | <u>Principal</u> | <u>Principal & Interest</u> |
| 2022 | 5,245,000 | 7,226,444 | 600,735 | 1,129,347 |
| 2023 | 5,350,000 | 7,145,780 | 627,054 | 1,128,902 |
| 2024 | 5,550,000 | 7,169,769 | 619,207 | 1,092,805 |
| 2025 | 5,240,000 | 6,678,494 | 638,510 | 1,082,883 |
| 2026 | 4,960,000 | 6,225,694 | 668,479 | 1,082,283 |
| 2027 | 4,840,000 | 5,939,044 | 623,061 | 1,005,214 |
| 2028 | 4,600,000 | 5,539,444 | 654,256 | 1,005,003 |
| 2029 | 4,345,000 | 5,142,044 | 529,064 | 848,680 |
| 2030 | 3,490,000 | 4,167,200 | 554,872 | 847,390 |
| 2031 | 2,605,000 | 3,193,800 | 583,906 | 847,954 |
| 2032 | 2,405,000 | 2,938,400 | 612,940 | 847,067 |
| 2033 | 2,205,000 | 2,683,525 | 643,587 | 846,301 |
| 2034 | 2,260,000 | 2,682,750 | 675,847 | 845,575 |
| 2035 | 2,320,000 | 2,680,600 | 709,720 | 844,809 |
| 2036 | 2,385,000 | 2,681,762 | 743,593 | 842,348 |
| 2037 | 2,460,000 | 2,683,093 | 782,305 | 842,913 |
| 2038 | 1,590,000 | 1,737,062 | 821,017 | 841,542 |
| 2039 | 1,635,000 | 1,735,612 | - | - |
| 2040 | 1,685,000 | 1,737,500 | - | - |
| 2041 | 130,000 | 132,924 | - | - |
| TOTAL | \$65,300,000 | \$80,120,941 | \$11,088,153 | \$15,981,016 |

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Annual Debt Service Payments Excluding All Temporary Notes (continued)

| STATE REVOLVING LOANS | | |
|------------------------------|-------------------------|--|
| <u>Year</u> | <u>Principal</u> | <u>Principal & Interest</u> |
| 2022 | 640,679 | 822,281 |
| 2023 | 656,065 | 822,283 |
| 2024 | 671,823 | 822,285 |
| 2025 | 687,960 | 822,279 |
| 2026 | 704,486 | 822,283 |
| 2027 | 721,411 | 822,283 |
| 2028 | 551,772 | 636,541 |
| 2029 | 564,536 | 636,542 |
| 2030 | 577,595 | 636,540 |
| 2031 | 590,956 | 636,541 |
| 2032 | 604,626 | 636,540 |
| 2033 | 618,612 | 636,541 |
| 2034 | 314,650 | 318,270 |
| TOTAL | \$7,905,171 | \$9,071,209 |

Indirect Debt

| <u>Taxing Unit^(a)</u> | <u>G.O. Debt</u> | <u>Debt Applicable to Value in City</u> | |
|---|--|--|----------------------|
| | <u>As of 12/31/21</u> <i>(b)</i> | <u>Percent</u> | <u>Amount</u> |
| Johnson County | \$304,990,439 | 2.01% | \$6,130,308 |
| Johnson County Fire District #1 | 9,475,000 | 63.19% | 5,987,253 |
| U.S.D. No. 231 (Gardner) | 114,415,000 | 62.21% | 71,177,572 |
| Total | | | <u>\$83,295,133</u> |

(a) Only those taxing units which have general obligation debt outstanding are shown here.

(b) Excludes general obligation debt supported by revenues and revenue debt. Includes airport debt and \$287,380,000 of lease purchase revenue bonds issued by the Public Building Commission of Johnson County (PBC) which are payable solely from lease payments received by the PBC from the County and the Library Board, respectively.

Debt Ratios*

| | <u>G.O. Direct Debt</u> | <u>G.O. Indirect & Direct Debt</u> |
|--|------------------------------------|---|
| To 2021 Appraised Valuation (\$1,879,004,444) | 2.2% | 6.6% |
| To 2021 Equalized Assessed Tangible Valuation (\$ 275,141,835) | 15.0% | 45.3% |
| Per Capita (23,287 – 2021 U.S. Census Bureau Estimate) | \$1,777 | \$5,352 |

**Excludes bonds and notes supported by revenues, refunding bonds and state loans. Includes other temporary notes, bonds, certificates of participation, and the PBC lease revenue obligations.*

CITY TAX RATES, LEVIES AND COLLECTIONS

Property taxes are certified by the City to the County Clerk by August 25 of each year for the following fiscal year, unless the City has notified the County Clerk of their intent to levy above the revenue neutral rate (RNR). If the City intends to exceed the RNR, the deadline to certify property taxes is October 1. Taxes are levied by the County Clerk and payable to the County Treasurer. Property taxes may be paid in two installments, the first due December 20 in the year the taxes are levied and the second due May 10 of the following year. Taxes become delinquent after May 10 and interest accrues at a rate set by state statute until paid or until the property is sold for taxes. Special assessments are levied and collected in the same manner as property taxes.

Tax Rates of the City (Expressed in Mills)

| <u>Levy Year</u> | <u>Budget Year</u> | <u>General</u> | <u>Bond Indebtedness</u> | <u>Total</u> |
|-----------------------------|-------------------------------|-----------------------|-------------------------------------|---------------------|
| 2021 | 2022 | 14.048 | 5.806 | 19.854 |
| 2020 | 2021 | 14.622 | 6.043 | 20.665 |
| 2019 | 2020 | 14.109 | 6.601 | 20.710 |
| 2018 | 2019 | 14.116 | 6.604 | 20.720 |
| 2017 | 2018 | 11.977 | 8.563 | 20.540 |

Source: Johnson County Clerk's Office.

Tax Mill Levies*

| | 2017 | 2018 | 2019 | 2020 | 2021 |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Johnson County | 19.318 | 19.024 | 19.036 | 18.799 | 18.564 |
| State of Kansas | 1.500 | 1.500 | 1.500 | 1.500 | 1.500 |
| City of Gardner | 20.540 | 20.720 | 20.710 | 20.665 | 19.854 |
| Johnson Co.Park & Rec. | 3.112 | 3.088 | 3.090 | 3.093 | 3.096 |
| Johnson County Library | 3.921 | 3.901 | 3.904 | 3.905 | 3.908 |
| Johnson County Community College | 9.503 | 9.266 | 9.121 | 9.191 | 9.110 |
| Fire District #1 | 12.440 | 12.383 | 12.454 | 15.715 | 15.278 |
| U.S.D. No. 231 (Gardner Edgerton) | 66.981 | 65.969 | 65.775 | 64.682 | 62.995 |

** Tax Levy Rates for a resident of the City (per \$1,000 assessed valuation).*

Source: Johnson County Abstract of Taxes.

Tax Levies and Collections

The City may levy taxes in accordance with the requirements of its adopted budget and within the restrictions of Kansas statute. The County Clerk determines property tax levies based on the assessed valuation provided by the County Appraiser and spreads the levies on the tax rolls.

City of Gardner, Kansas

PROPERTY TAX LEVIES AND COLLECTIONS GENERAL AND DEBT SERVICE FUNDS

For years ended December 31, 2017 through December 31, 2021

| Year Ended December 31 ⁽¹⁾ | Adjusted Tax Levy | Current Year Collections | | Collections in Subsequent Years | Total Tax Collections | |
|--|----------------------|--------------------------|-----------------------|---------------------------------------|-----------------------|-----------------------|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2017 | 3,350,248 | 3,319,439 | 99.08% | 29,380 | 3,348,818 | 99.96% |
| 2018 | 3,658,443 | 3,656,109 | 99.94% | 390 | 3,656,499 | 99.95% |
| 2019 | 4,002,520 | 3,970,824 | 99.21% | 27,134 | 3,997,959 | 99.89% |
| 2020 | 4,261,312 | 4,223,131 | 99.10% | 31,831 | 4,254,961 | 99.85% |
| 2021 | 4,701,388 | 4,680,118 | 99.55% | 4,636 | 4,684,754 | 99.65% |

PROPERTY TAX LEVIES AND COLLECTIONS TAX INCREMENT FINANCING DISTRICTS

For years ended December 31, 2017 through December 31, 2021

| Year Ended December 31 ⁽¹⁾ | Adjusted Tax Levy | Current Year Collections | | Collections in Subsequent Years | Total Tax Collections | |
|--|----------------------|--------------------------|-----------------------|---------------------------------------|-----------------------|-----------------------|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2017 | - | - | - | - | - | - |
| 2018 | - | - | - | - | - | - |
| 2019 | - | - | - | - | - | - |
| 2020 | 622 | 622 | 100.00% | - | 622 | 100.00% |
| 2021 | 15,105 | 15,105 | 100.00% | - | 15,105 | 100.00% |

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

Source: Johnson County Treasurer's Office

Special Assessment Collections

Special assessments are spread on benefited real estate with the property tax levy in August of each year. Interest on special assessments is computed relative to the rate of the obligations which financed the public improvements. The following table presents special assessments levies and collections for the past five years.

SPECIAL ASSESSMENT LEVIES AND COLLECTIONS
For years ended December 31, 2017 through December 31, 2021

| Year Ended December 31 ⁽¹⁾ | Assessments Certified to County | Current Year Collections | | Collections in Subsequent Years | Total Assessment Collections | |
|--|---------------------------------------|--------------------------|-----------------------------|---------------------------------------|------------------------------|-----------------------------|
| | | Amount | Percentage of Assessment | | Amount | Percentage of Assessment |
| 2017 | 1,263,310 | 1,225,138 | 96.98% | 37,843 | 1,262,981 | 99.97% |
| 2018 | 1,272,825 | 1,186,403 | 93.21% | 46,314 | 1,232,717 | 96.85% |
| 2019 | 1,178,720 | 1,093,669 | 92.78% | 46,792 | 1,140,461 | 96.75% |
| 2020 | 1,172,880 | 1,041,270 | 88.78% | 16,638 | 1,057,908 | 90.20% |
| 2021 | 1,188,355 | 1,055,291 | 88.80% | 14,121 | 1,069,412 | 89.99% |

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

Source: Johnson County Treasurer's Office

Sales Tax Collections

The current total sales tax rate of the City is 9.475%, of which the City's portion is 1.50%, the County's portion is 1.475%, and the State's portion is 6.5%.

The following table sets forth the City's portion of sales tax collections within the City in the years indicated:

| <u>Year</u> | <u>Amount Received</u> |
|-------------|----------------------------|
| 2021 | \$4,341,620 |
| 2020 | 4,065,662 |
| 2019 | 3,689,312 |
| 2018 | 3,594,603 |
| 2017 | 3,510,641 |
| 2016 | 3,323,159 |

Note: The figures above do not include collections from community improvement district sales taxes. At the request of developers and all of the property owners within each proposed community improvement district, the City has established three community improvement districts (CIDs). The CIDs typically impose a 1.0% CID sales tax within each district, which amount is in excess of the City's 9.475% sales tax rate. The CID sales tax collections are typically made available to developers to reimburse certain eligible costs of development and are not generally available to support governmental functions of the City.