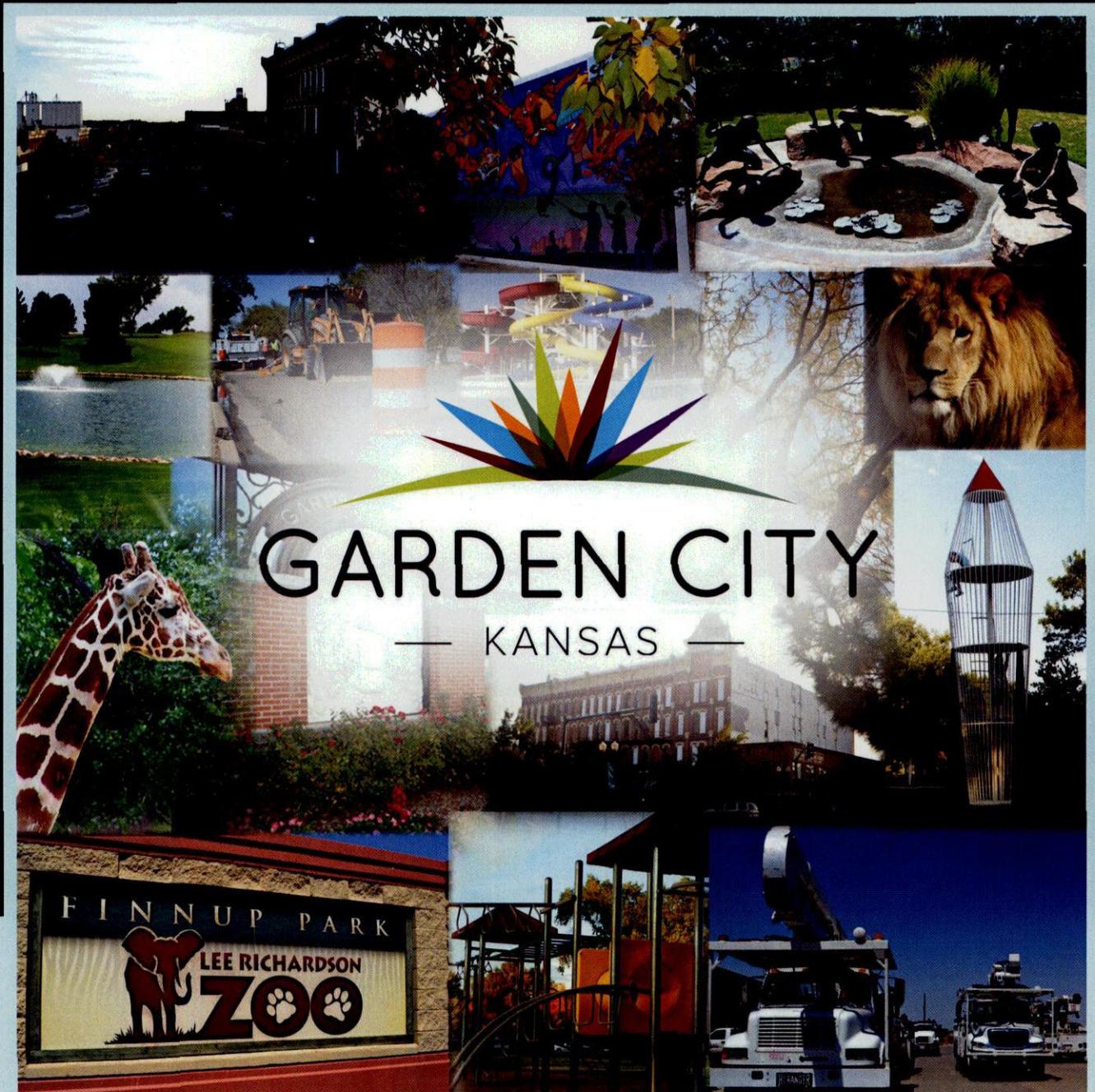


# Comprehensive Annual Financial Report

Year Ending December 31, 2012



State of Kansas

# CITY OF GARDEN CITY, KANSAS

## Comprehensive Annual Financial Report

For the Year Ended  
December 31, 2012

Prepared by:

Melinda A. Hitz  
Finance Director

**INTRODUCTORY  
SECTION**

CITY OF GARDEN CITY, KANSAS  
 Comprehensive Annual Financial Report  
 For the year ended December 31, 2012

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June 3, 2013

The Honorable Mayor,  
City Commissioners and  
Citizens of the City of Garden City  
Garden City, Kansas 67846

**CITY COMMISSION**

DAVID D. CRASE,  
Mayor

ROY CESSNA

JOHN DOLL

DAN FANKHAUSER

CHRIS LAW

This is the Comprehensive Annual Financial Report (CAFR) of the City of Garden City, Kansas, (the City) for the calendar year ended December 31, 2012. This report was prepared by the City's Service and Finance Department.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Within that framework and because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

### **Independent Audit**

Kansas Statutes Annotated 75-1122 requires an annual audit of the books of account, financial records, and transactions of all administration departments of the City by independent certified public accountants selected by the City Commission. This report is published to fulfill that requirement for the fiscal year ended December 31, 2012.

Lewis, Hooper & Dick, LLC, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Garden City's financial statements for the year ended December 31, 2012. The independent auditors' report is located at the front of the financial section of this report.

MATTHEW C. ALLEN  
City Manager

MELINDA A. HITZ, CPA  
Finance Director

RANDALL D. GRISELL  
City Counselor

### **Management's Discussion and Analysis**

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

### **Profile of the Government**

The City of Garden City, incorporated in 1883, is located in the southwest part of the state. It currently occupies 8.71 square miles and serves a population of 28,855. The City is empowered to levy a property tax on both real and personal property located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which it has done from time to time.

The City operates under the commission-manager form of government. Policy-making and legislative authority are vested in a governing commission (Governing Body) consisting of five members, all elected on a non-partisan basis. The Governing Body appoints a City Manager, who in turn appoints the heads of the various departments. Members of the Governing Body serve four-year or two-year terms, with three members elected every two years. The Governing Body appoints the mayor annually from its members for the purposes of chairing the meetings and informally serving as the spokesperson for the Governing Body.

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67846-0998  
620.276.1160  
FAX 620.276.1169  
[www.garden-city.org](http://www.garden-city.org)

## **Governmental Services**

The City provides its citizens with various municipal services commonly associated with municipalities. The public safety area provides police, fire and emergency dispatch services. Construction and maintenance of the City's street and highway network is the responsibility of the public works department. The community development department has the responsibility of maintaining the structural standards of the community through the planning and enforcement of the City's building codes and comprehensive land use plan. The development and maintenance of the City's parks, zoo and recreation programs and facilities is the responsibility of the parks, zoo and recreation departments. The finance and administration departments are responsible for the general and financial administration of the City, and includes the courts, the prosecution of violations of City codes and ordinances, general counsel, human resource administration and information technology. Additionally, the City provides utility functions for water, wastewater, solid waste, drainage, and electric utilities. More specialized areas include cemetery, airport, golf course, and GIS.

The City is also accountable for two legally separate entities, which are reported separately within the City's financial statements. These component units are the Garden City Recreation Commission and Garden City Housing Authority. Additional information on these entities can be found in the notes to the financial statements (see Note 1, item B).

## **Budgetary Controls**

The City's budget is prepared on the modified accrual basis which is modified further by an encumbrance system of accounting as required by applicable state statutes. The City Manager annually presents a proposed budget to the City Commission for their review and consideration. The City Manager's proposed budget sets forth the proposed funding level of the City's various operating and public service programs. A series of public meetings are held by the City Commission to review the proposed budget, as well as alternative spending proposals the staff or Commissioners may also wish the City Commission to consider. After a public hearing to solicit citizens' comments on the proposed budget and amendments made by the City Commission, the City Commission adopts the final budget. The final budget is appropriately controlled through an accounting system to ensure effective fiscal management and accountability.

## **Local Economy**

Major industries located within the City's boundaries or in close proximity are agricultural and ag-industrial based. In addition, the City is a regional center for southwest Kansas resulting in several financial institutions, medical facilities, and retail centers.

Unemployment is relatively stable. During the past ten years, the unemployment rate rose from an initial rate of 2.8% in 1999, to a decade high of 10.59% in 2001, and to remain at the current rate of 4.7%. The 2001 high resulted from a fire and the resulting facility shutdown of ConAgra Beef Processors, Inc.'s facility and loss of its 2,300 jobs. The unemployment rate is expected to either remain stable or decrease in the near term as new economic development and job opportunity occurs.

Economic development is obviously a very important concern of cities in Kansas, and particularly as a strategy to counter an uncertain national economy. In 2012, the community continued to see a marked increase in the number of inquiries and meetings with clients that indicated potential for additional development in the area. The City is involved with the other partner agencies which form the Finney County Economic Development Corporation in the recruitment of new employers and expansion of existing industry.

## **Long-term Financial Planning**

The City of Garden City has been steadily growing over the last two decades. As a result, the need to provide for sound and appropriate growth must not overshadow the need to maintain the existing infrastructure – the backbone of our future. Since 1989, the City has had a long-term capital improvement program, looking at not just the immediate needs, but also at the ensuing five-year period. The Capital Improvement Plan (CIP) is one of the more critical policy statements adopted by the Governing Body. The primary funding sources for capital projects include regular departmental operating budgets, bonding and partnering with the Community College, School District, County, State and Federal agencies.

One of the City Commission goals has been to increase citizen involvement in their City government. As we have done since 2006, the CIP process, for both the 2013 and 2014 programs, again stepped to the front in the area of citizen involvement. Citizen input was actively sought through the opportunity to suggest capital projects; a citizen committee then reviewed all the proposed projects before the CIP was reviewed by the Governing Body or any projects were submitted for approval in the budget. The Citizen's Committee was very cognizant of the project costs and the effect on the City's mill levy.

## **Relevant Financial Policies**

In 2012, City management and staff continued to review current budgeting policies, purchasing practices, debt policies, cost savings, efficiency alternatives, options for privatizing and consolidation of services, revenue enhancement, improved inventory management systems, and cash management practices with the thought in mind of providing a proper use of assets based on need. As the State continues to see the State revenues decline, the City is required to manage the combined burden of lost statutory revenues from the State and the assumption of mandated responsibilities from State and Federal agencies. With guidance by the elected City Commission, the City is committed to continuing to provide both a high level and quality of service while simultaneously taking a conservative approach to the capital planning necessary to meet projected growth.

Another City Commission goal was to develop a financial forecasting model for the City's tax supported funds. This forecast model provides the City Commission and staff with the ability to test the impact of different scenarios on Garden City's financial future. This model has been developed and is in use for the 2014 budget preparation.

## **Major Initiatives for the Year**

As noted above, the City of Garden City continued the Citizen-based Capital Improvement Planning process for 2012. This is the seventh year using this process that precedes the annual budget season with a blend of citizen input tools, commission goal setting, multi-year financial forecasting and multi-year debt management analysis. Within this framework, the City Commission authorized capital investment of \$5.5 million. Major capital improvement projects in 2012 included the concrete reconstruction of Main Street between Fulton and Maple Streets, and reconstruction of two industrial area streets. The City completed its first \$230,000 neighborhood street reconstruction projects using a federal fund exchange program through the Kansas Department of Transportation. In a similar fashion, the City and property owners partnered in two projects in older neighborhoods to improve their streets. Other projects included water transmission mains to replace an old undersized line and enhance water delivery in the southwest portion of the City and to serve a proposed 120 unit TownPlace Square hotel.

Increased citizen involvement in City government has been a long term goal of the Governing Body. 2012 saw the fifth session of the Citizen's Academy, an up-close and personal view of City government taught by City staff. In months with five Tuesdays, the City Commission holds Town Hall meetings, with no set agenda, other than to hear comments from the citizens – these meetings take place as virtual meetings from the City Administrative Center via the internet, cable TV, and our social media venues.

The Planning and Community Development Department is continuing to re-structure processes and implement changes begun in fiscal year 2006 at the request of the City Commission in an effort to improve customer service. The department is preparing to meet the demands of pending population growth, along with residual growth in the commercial sector while actively implementing the City Comprehensive Plan that was completed in 2009.

Quality of life issues remain a focus of City government. A unisex/family restroom was built in A. Harold Long Park, a prototype for the future. Through the fundraising efforts of the Friends of Lee Richardson Zoo, a new tortoise building was constructed and Cat Canyon – the new \$898,600 home to our bobcats, mountain lions and jaguars was started; that exhibit will be completed in 2013.

Other 2012 initiatives were geared towards enhancing our standing as the regional center of southwest Kansas. The City and a developer are partners on phase 1 of a total of a new \$70,000,000 retail center at Schulman Avenue and US-50/83/400. Approximately \$6,100,000 in utility extensions and roadwork began, with completion set for spring 2013 and the opening of a 200,000 sq. ft. Menards. A new industrial park was developed, with a \$480,000 investment in utilities and streets. Improvements at Garden City Regional Airport saw the completion of a new 20 year Master Plan and a \$1,400,000 wildlife fence. On April 3, 2012, American Eagle began non-stop service to Dallas/Fort Worth International Airport with two flights per day; by year's end enplanements totaled 17,923 passengers, well above the 10,000 enplanements required to maintain our primary airport status. A contract for construction of an additional 200 parking spaces at the Airport terminal was awarded, the parking lot will be completed in the spring of 2013.

## Awards

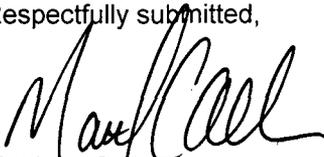
The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended December 31, 2011. This was the seventeenth year that the City has achieved this prestigious award since the first award was granted for the CAFR for the year ended December 31, 1994. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both accounting principles generally accepted in the United States and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

## Acknowledgments

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Service and Finance Department. In addition several members of the Management team contributed to the preparation of this transmittal letter, especially the City Engineer, whom we could not function without. We truly appreciate all contributions to the preparation of this report. Credit also must be given to the Mayor and City Commission for their unfailing support of City staff as we take necessary steps to ensure the highest standards of professionalism in the management of the City of Garden City.

Respectfully submitted,



Matthew C. Allen  
City Manager



Melinda A. Hitz  
Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Garden City  
Kansas

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2011

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



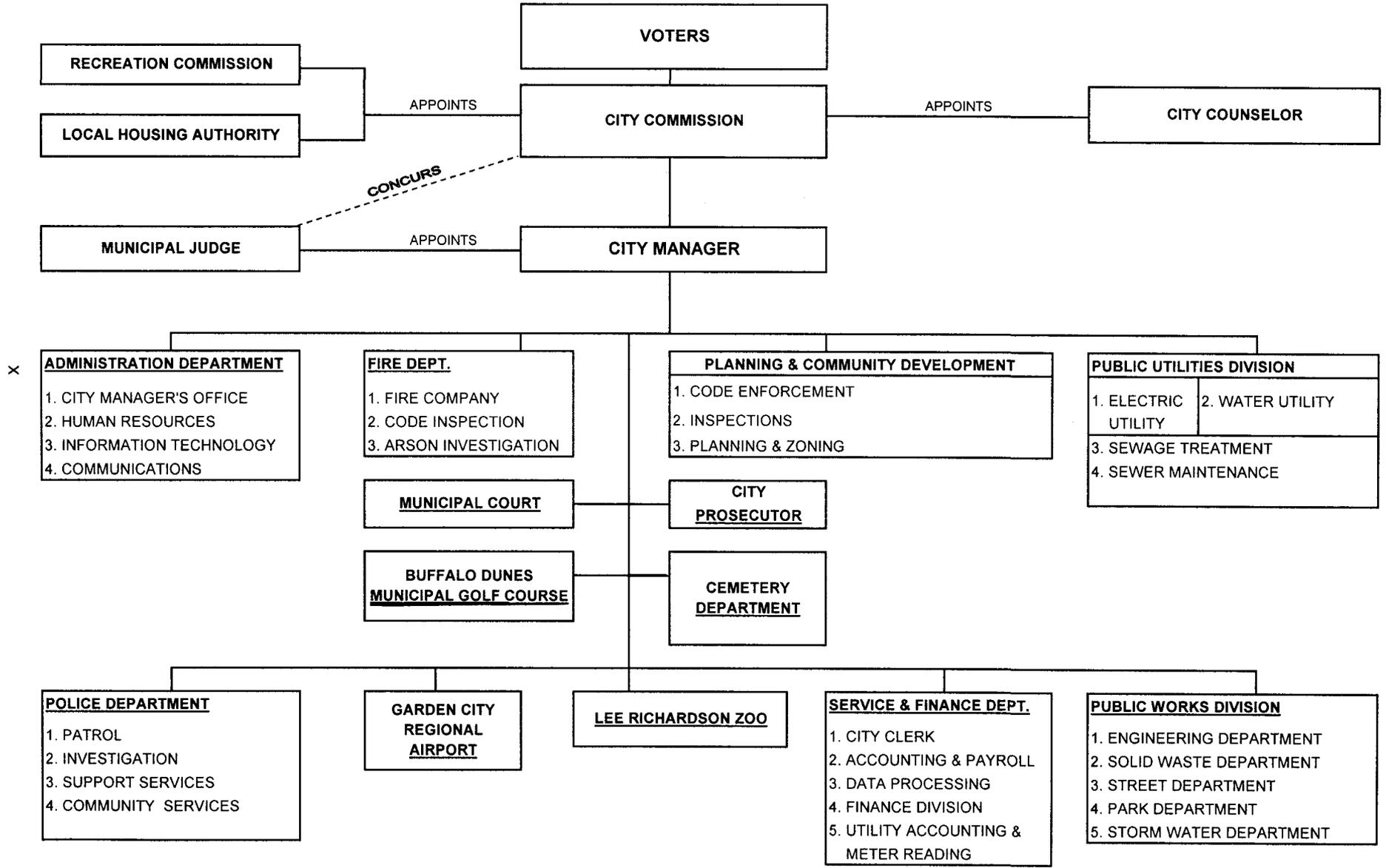
*Christopher P. Moirrell*

President

*Jeffrey R. Emery*

Executive Director

# CITY OF GARDEN CITY, KANSAS ORGANIZATIONAL CHART



CITY OF GARDEN CITY, KANSAS

List of Principal Officials  
December 31, 2012

**Mayor**

David Crase

**City Commissioners**

Roy Cessna  
John Doll  
Dan Fankhauser  
Chris Law

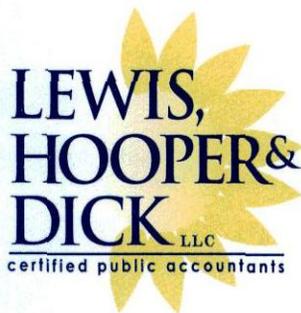
**City Administration**

Matthew C. Allen, City Manager  
Melinda A. Hitz, CPA, Finance Director  
Randall D. Grisell, City Counselor

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# FINANCIAL SECTION



## INDEPENDENT AUDITORS' REPORT

The Honorable Mayor,  
City Commissioners and City Manager  
Garden City, Kansas 67846

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Garden City, Kansas, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City of Garden City's basic financial statements as listed in the table of contents.

#### Management's Responsibility for the Financial Statements

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

#### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Kansas Municipal Audit and Accounting Guide*, issued by the State of Kansas. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Garden City Recreation Commission were not audited in accordance with *Government Auditing Standards*. We did not audit the financial statements of the Garden City Housing Authority, which represents 73.8% and 21.3%, respectively, of the assets and revenues of the component units of the City of Garden City, Kansas. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Garden City Housing Authority, is based solely on the report of the other auditors.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Fax: 620-275-8936 | www.lhd.com

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#### CPAs

Charles H. Claar, Jr, CPA  
Theresa Dasenbrock, CPA, CFE  
David L. Hetrick, CPA  
Steven D. Jossierand, CPA  
Gary A. Schlappé, CPA  
Rodney Van Norden, CPA

---

Lisa L. Axman, CPA  
Sarah J. Bartel, CPA  
Sue A. Bradley, CPA  
Susan A. Burgardt, CPA  
Shannon N. Miller, CPA  
Tracey Homm, CPA, CSEP  
Rebecca L. Pfannenstiel, CPA  
Kimberly A. Roth, CPA  
Kristin J. Sekavec, CPA  
Keysha Urie, CPA  
Monica J. Wilson, CPA

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Garden City, as of December 31, 2012, 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 conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

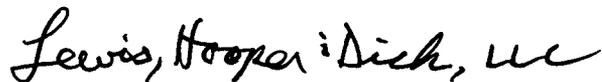
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Garden City's basic financial statements. The combining and individual fund statements and schedules, and the supplementary information as listed in the table of contents, and the Schedule of Expenditures of Federal Awards, required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information, including the Schedule of Expenditures of Federal Awards, is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Garden City's basic financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

The Honorable Mayor,  
City Commissioners and City Manager  
Page 3

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have issued our report dated June 3, 2013, on our consideration of the City of Garden City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

  
LEWIS, HOOPER & DICK, LLC

June 3, 2013

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## Management's Discussion and Analysis

As management of the City of Garden City, Kansas, we offer readers of the City of Garden City's financial statements this narrative overview and analysis of the financial activity of the City of Garden City for the fiscal year ended December 31, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages v through viii of this report.

### *Financial Highlights*

- The assets of the City of Garden City exceeded its liabilities at the close of the most recent fiscal year by \$107,487,451 (net position). Of this amount, \$17,674,757 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position decreased by \$1,546,964. This decrease was attributable to the increase in liabilities to fund capital improvement projects and infrastructure in the City.
- As of the close of the current fiscal year, the City of Garden City's governmental funds reported combined ending fund balances of \$3,299,056, a decrease of \$8,065,971 in comparison with the prior year. Approximately 152.5% of this total amount is available for spending at the City's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$5,029,579, or 27.1% of total general fund expenditures.
- The City of Garden City's total long-term debt decreased by \$1,879,471 (6.9%) during the current fiscal year. The key factor in this decrease was the payment of \$2,940,000 on general obligation bonds for internal improvements in the governmental and utility funds.

## Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Garden City's basic financial statements. The City of Garden City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to the financial statements. This report also contains supplementary information intended to furnish additional detail to support the basic financial statements themselves.

### *Government-wide Financial Statements*

The government-wide financial statements are designed to provide readers with a broad overview of the City of Garden City's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether financial position of the City of Garden City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Garden City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, parks and recreation. The business-type activities of the City include the electric utility, water and sewer utility, airport, solid waste utility, golf course operation and drainage utility.

The government-wide financial statements include not only the City of Garden City itself (known as the primary government), but also a legally separate recreation commission and a legally separate housing authority for which the City is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself. See Note 1, item B, in the notes to the financial statements for more details regarding the relationship between these entities and the City.

The government-wide financial statements can be found on pages 19 through 21 of this report.

### *Fund Financial Statements*

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Garden City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Garden City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

#### Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Garden City maintains twenty-eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, the debt service fund and the 2012 Durango Temporary Note Projects fund, which are considered to be major funds. Data from the other twenty-five governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Garden City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental financial statements can be found on pages 22 through 26 of this report.

#### Proprietary Funds

The City of Garden City maintains two different types of proprietary funds: enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its electric utility fund, water and sewer utility fund, airport fund, solid waste utility fund, recreation fund and drainage utility fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its self-insurance activities: the health insurance fund and the workers compensation fund. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information at the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the electric

utility fund, water and sewer utility fund, and airport fund, all of which are considered to be major funds of the City of Garden City. Conversely, the other three enterprise funds are combined into a single, aggregated presentation, as are the two internal service funds. Individual fund data for each of these nonmajor enterprise funds and internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 27 through 29 of this report.

#### *Fiduciary Funds*

Fiduciary funds are used to account for resources held for the benefit of parties outside the City of Garden City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City of Garden City maintains one type of fiduciary funds. The agency fund reports resources held by the City in a custodial capacity for individuals, private organizations and other governments.

The basic fiduciary funds financial statements can be found on page 30 of this report.

#### *Notes to the Financial Statements*

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31 through 66 of this report.

#### *Other Information*

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City of Garden City's progress in funding its obligation to provide other postemployment benefits (OPEB) benefits to its employees. Required supplementary information can be found on pages 68 through 69 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds and internal service funds are presented immediately following the required supplementary information on OPEB. Combining and individual fund statements and schedules can be found on pages 70 through 119 of this report.

## **Government-wide Financial Analysis**

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the City of Garden City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$107,487,451 at the close of the most recent fiscal year.

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## City of Garden City's Net Position December 31, 2012 and 2011

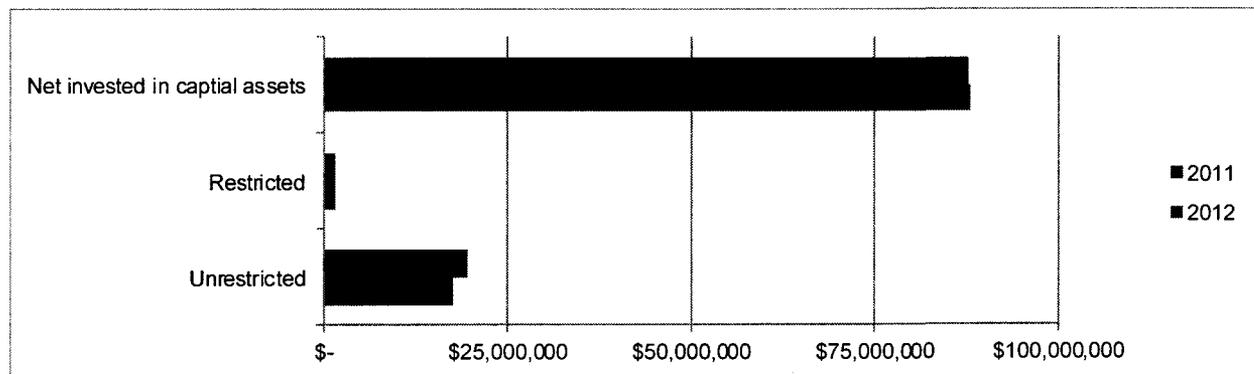
	2012			2011		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 25,058,101	\$ 14,301,784	\$ 39,359,885	\$ 18,500,589	\$ 15,367,283	\$ 33,867,872
Capital assets	45,554,025	71,558,175	117,112,200	41,719,848	69,514,673	111,234,521
<b>Total assets</b>	<b>\$ 70,612,126</b>	<b>\$ 85,859,959</b>	<b>\$ 156,472,085</b>	<b>\$ 60,220,437</b>	<b>\$ 84,881,956</b>	<b>\$ 145,102,393</b>
Long-term liabilities	\$ 10,099,036	\$ 11,150,312	\$ 21,249,348	\$ 10,626,915	\$ 12,643,909	\$ 23,270,824
Other liabilities	22,877,782	4,857,504	27,735,286	8,469,156	4,327,998	12,797,154
<b>Total liabilities</b>	<b>\$ 32,976,818</b>	<b>\$ 16,007,816</b>	<b>\$ 48,984,634</b>	<b>\$ 19,096,071</b>	<b>\$ 16,971,907</b>	<b>\$ 36,067,978</b>
<b>Net position:</b>						
Net investment in capital assets	\$ 29,224,551	\$ 58,914,266	\$ 88,138,817	\$ 32,479,006	\$ 55,236,148	\$ 87,715,154
Restricted for:						
Debt service	276,747	1,397,130	1,673,877	239,073	1,444,781	1,683,854
Unrestricted	8,134,010	9,540,747	17,674,757	8,406,287	11,229,120	19,635,407
<b>Total net position</b>	<b>\$ 37,635,308</b>	<b>\$ 69,852,143</b>	<b>\$ 107,487,451</b>	<b>\$ 41,124,366</b>	<b>\$ 67,910,049</b>	<b>\$ 109,034,415</b>

By far the largest portion of the City of Garden City's net position (82.0%) reflects its investment in capital assets (e.g., land, property, plant and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Garden City's net position (1.6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$17,674,757) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Garden City is able to report positive balances in all categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

## City of Garden City's Net Position December 31, 2012 and 2011



The City's net position decreased by \$1,546,964 during the current fiscal year. All of this decrease was attributable to the investment in capital assets and infrastructure in the City's temporary note projects, along with increased expenses in the utility funds.

There was a decrease of \$1,688,373 in unrestricted net position reported in connection with the City of Garden City's business-type activities. This decrease is a result of increases in expenses.

Governmental Activities

During the current fiscal year, net position for governmental activities decreased \$3,489,058 from the prior fiscal year for an ending balance of \$37,635,308. While the current recession certainly had an impact on the City of Garden City, management was able to take various actions (e.g., increasing rates for certain revenue sources, delaying certain nonrecurring expenses, reducing expenses related to non-essential ongoing programs in the culture and recreation function) that neutralized its effect on governmental activities. Key elements of this decrease are as follows:

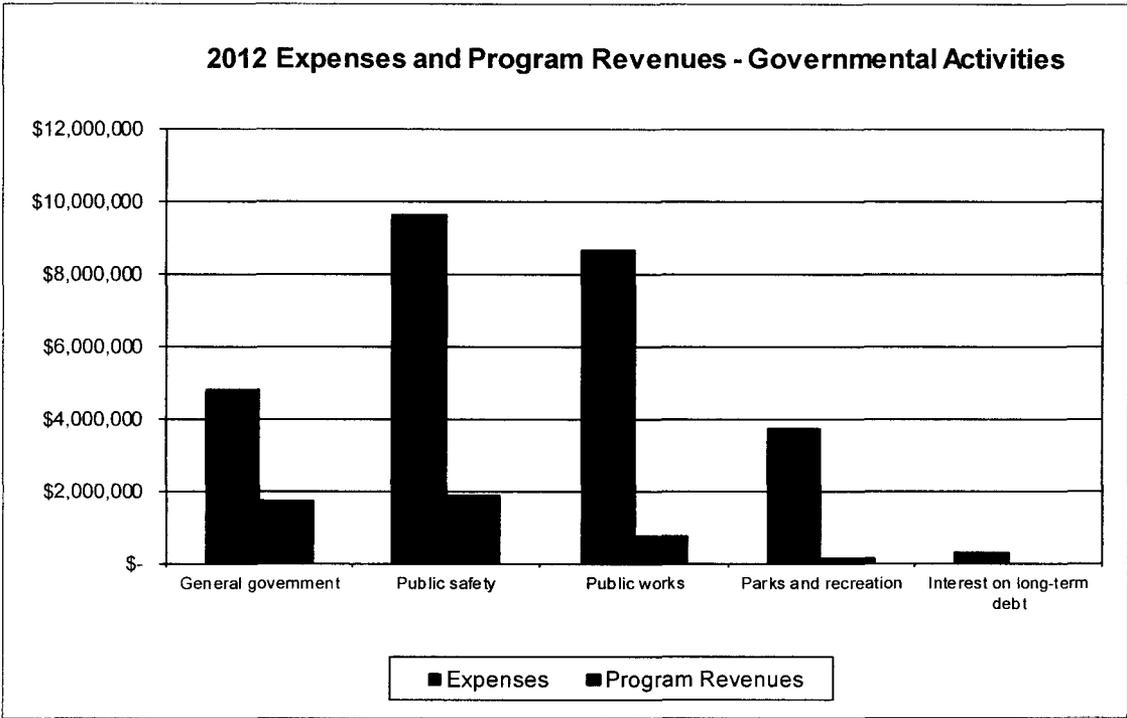
- Property taxes of the governmental activities decreased \$160,729 (2.9%) during the year. This decrease is primarily due to mill levy decreases compared to 2011.
- Sales tax collections increased \$590,283 during the year, a 6.5% increase from 2011 sales tax collections. The City's total sales tax collections were \$9,646,269.
- Public works projects increased \$5,402,882 during the year. This increase is due to the acquisition and development of land within the City to provide for economic development.

**City of Garden City's Changes in Net Position**

	2012			2011		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 2,072,443	\$ 37,618,350	\$ 39,690,793	\$ 2,096,641	\$ 35,470,442	\$ 37,567,083
Operating grants and contributions	1,441,504	1,359,000	2,800,504	1,320,230	811,252	2,131,482
Capital grants and contributions	926,049	-	926,049	846,951	-	846,951
General revenues:						
Property taxes	5,427,306	684,477	6,111,783	5,588,035	468,849	6,056,884
Sales taxes	9,646,269	-	9,646,269	9,055,986	-	9,055,986
Other taxes	1,419,592	-	1,419,592	1,424,118	-	1,424,118
Other	820,651	419,707	1,240,358	897,396	296,068	1,193,464
<b>Total revenues</b>	<b>21,753,814</b>	<b>40,081,534</b>	<b>61,835,348</b>	<b>21,229,357</b>	<b>37,046,611</b>	<b>58,275,968</b>
<b>Expenses:</b>						
General government	4,819,389	-	4,819,389	4,009,461	-	4,009,461
Public safety	9,597,554	-	9,597,554	11,122,229	-	11,122,229
Public works	8,640,433	35,462,552	44,102,985	3,237,551	31,544,642	34,782,193
Parks and recreation	3,708,620	850,038	4,558,658	3,714,687	820,835	4,535,522
Interest on long-term debt	303,726	-	303,726	294,356	311,417	605,773
<b>Total expenses</b>	<b>27,069,722</b>	<b>36,312,590</b>	<b>63,382,312</b>	<b>22,378,284</b>	<b>32,676,894</b>	<b>55,055,178</b>
<b>Increase (decrease) in net assets before transfers:</b>	<b>(5,315,908)</b>	<b>3,768,944</b>	<b>(1,546,964)</b>	<b>(1,148,927)</b>	<b>4,369,717</b>	<b>3,220,790</b>
Transfers	1,826,850	(1,826,850)	-	1,634,500	(1,634,500)	-
<b>Change in net position</b>	<b>(3,489,058)</b>	<b>1,942,094</b>	<b>(1,546,964)</b>	<b>485,573</b>	<b>2,735,217</b>	<b>3,220,790</b>
Net position, beginning of year	41,124,366	67,910,049	109,034,415	40,638,793	65,174,832	105,813,625
<b>Net position, end of year</b>	<b>\$ 37,635,308</b>	<b>\$ 69,852,143</b>	<b>\$ 107,487,451</b>	<b>\$ 41,124,366</b>	<b>\$ 67,910,049</b>	<b>\$ 109,034,415</b>

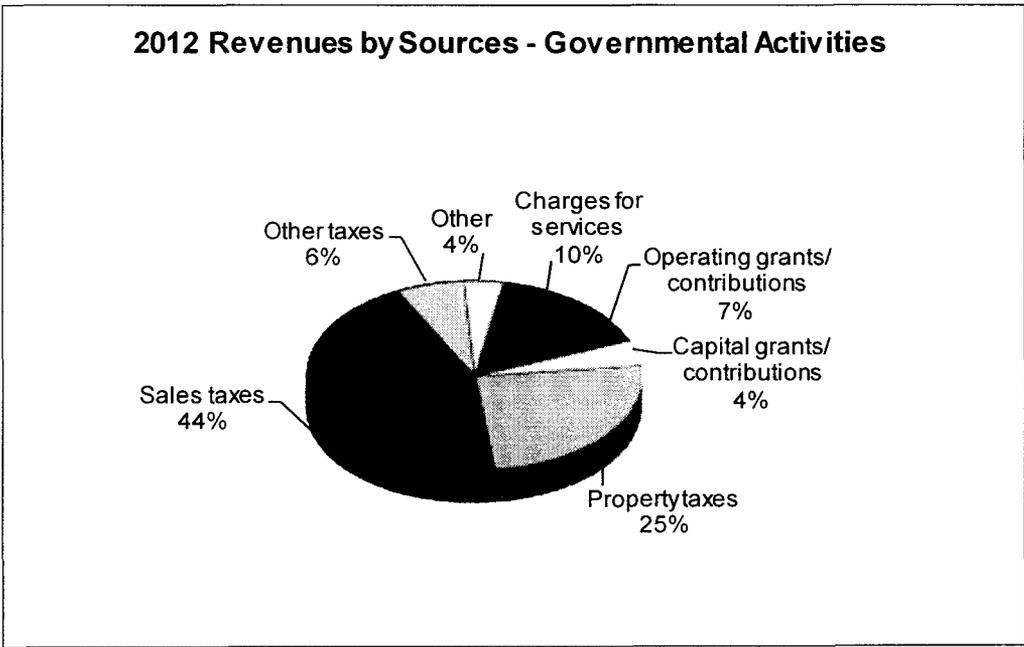
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The following chart compares expenses with program revenues for the various governmental activities of the City.



For the most part, changes in expenses for general government and public safety closely paralleled inflation and changes in the demand for services. Expenses in public works and parks and recreation changed as projects changed during the current fiscal year.

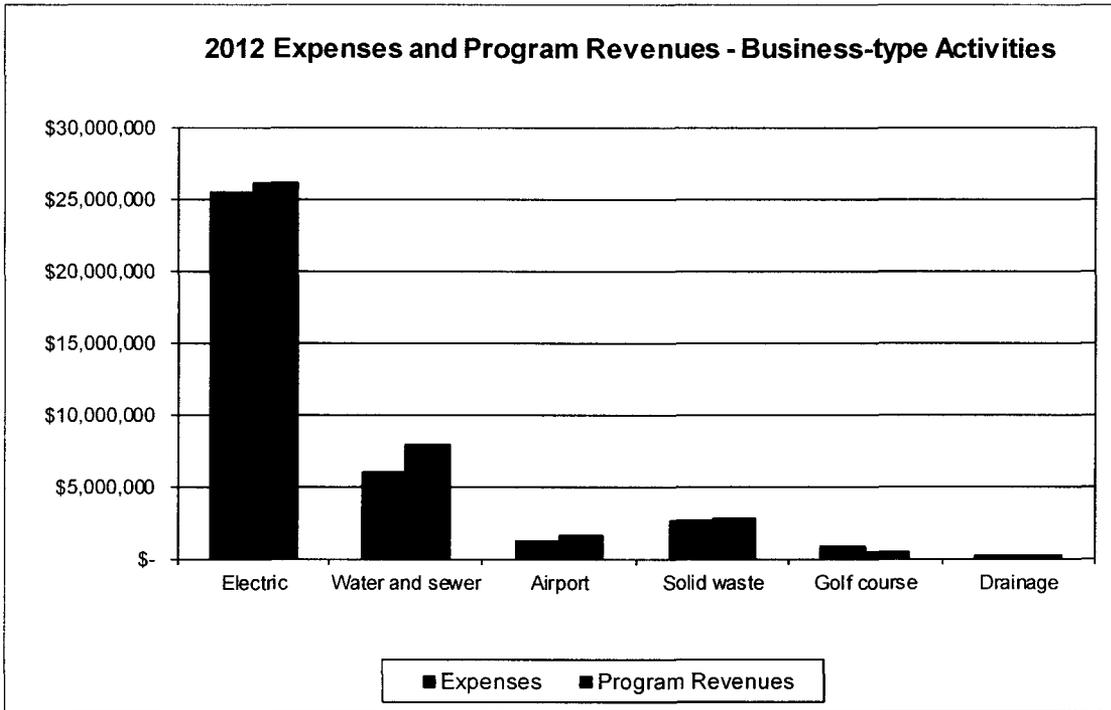
The following graph shows the composition of 2012 revenues by sources for the governmental activities.



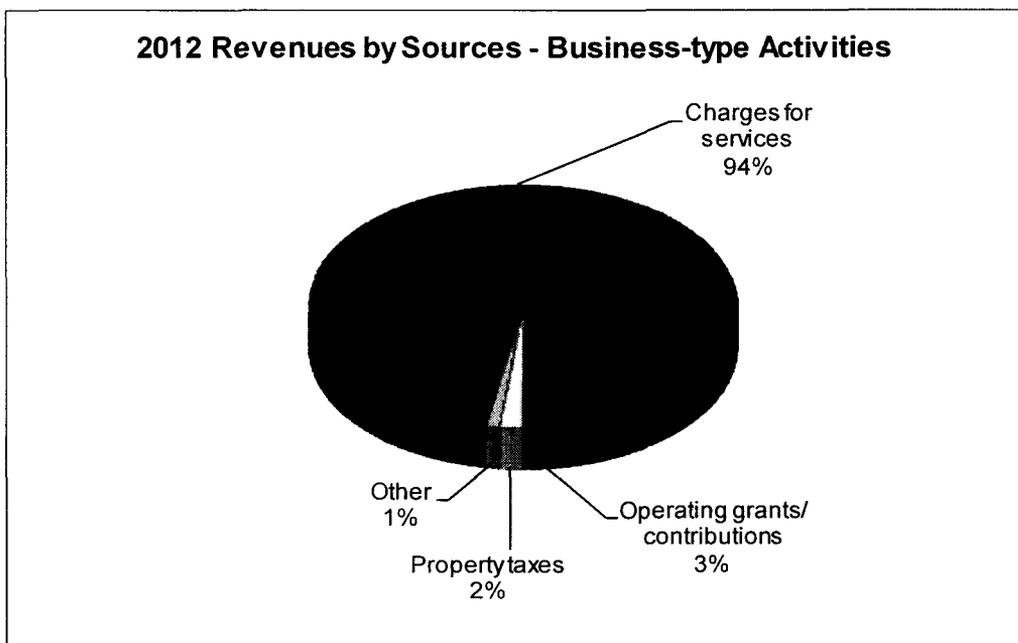
**Business-type Activities**

For the City of Garden City's business-type activities, the results for the current fiscal year were positive in that overall net position increased to reach an ending balance of \$69,852,143. The total increase for business-type activities was \$1,942,094, reducing the total decline in the City's net assets. The key element of this increase was the ability of the water and sewer utility fund to operate at a profit by monitoring rates charged for services and expenses incurred, and grants received in the airport fund.

The following chart compares expenses with program revenues for the various business-type activities of the City.



The following graph shows the composition of 2012 revenues by sources for the business-type activities.



## Financial Analysis of the Government's Funds

As noted earlier, the City of Garden City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### Governmental Funds

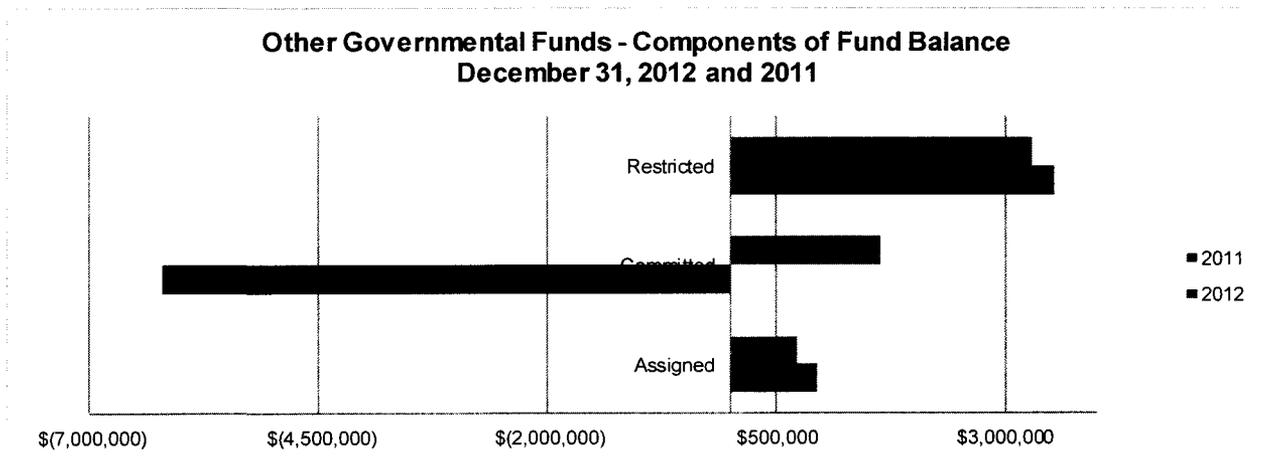
The focus of the City of Garden City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City of Garden City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City's Commission.

At December 31, 2012, the City of Garden City's governmental funds reported combined ending fund balances of \$3,299,056, a decrease of \$8,065,971 in comparison with the prior year. Of this total amount, \$5,029,579 constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is either nonspendable, restricted, committed, or assigned to indicate that it is 1) not in spendable form (\$-0-), 2) legally required to be maintained intact (\$-0-), 3) restricted for particular purposes (\$3,529,531), 4) committed for particular purposes (\$6,197,452 deficit), or 5) assigned for particular purposes (\$937,398).

The general fund is the chief operating fund of the City of Garden City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$5,029,579, which is 100% of the total fund balance. Total fund balance decreased to \$5,029,579. As a measure of the general fund's liquidity, it may be useful to compare the unassigned fund balance (total fund balance) to total general fund expenditures. The unassigned fund balance represents approximately 27.1% of total general fund expenditures.

The fund balance of the City of Garden City's general fund decreased by \$413,644 during the current fiscal year. Key factors in this increase are as follows:

- Taxes increased \$520,697.
- Miscellaneous and donations decreased \$643,106.
- Expenditures for general government decreased \$169,886.
- Expenditures for public safety increased \$508,344.
- Expenditures for parks and recreation increased \$146,617.
- Transfers in increased \$177,850.
- Transfers out increased \$282,100.



The debt service fund, a major governmental fund, had an increase in fund balance during the current year of \$37,674 to bring the year end fund balance to \$276,747. The increase essentially results from a decrease in debt service requirements during the current year. A portion of the fund balance at the beginning of the year was used for debt service payments during the year.

The 2012 Durango Temporary Note Projects capital projects fund, the remaining major fund, had a \$7,544,915 decrease in fund balance during the current fiscal year which put the overall fund balance in a deficit position for the same amount. The fund reports this amount as the balance committed for capital improvement projects that began during the current fiscal year.

The large decrease in fund balance was caused mainly by the spending of resources obtained through the use of short-term debt. In the case of the capital projects fund, temporary notes (bond anticipation notes) were issued to finance expenditures of the Durango area capital projects. When issued, short-term temporary notes are reported as a liability on the balance sheet, with no effect on fund balance (i.e., proceeds = liability for debt). However, as the proceeds are spent, the related expenditures cause a decrease in fund balance. The overall deficit results when the short-term debt is outstanding but the proceeds from its issuance have been spent (i.e., there are no assets available to net against the fund liability for the temporary notes).

Temporary notes in the amount of \$11,750,000 remained outstanding and were reported as a liability in the 2012 Durango Temporary Note Projects capital projects fund at year end, while only \$4,205,085 of the proceeds remained unspent. The difference between these two amounts (\$7,544,915) is the amount reported as the deficit in committed fund balance in the 2012 Durango Temporary Note Projects capital projects fund at the end of the year. It is our intent to issue long-term bonds to replace the temporary notes. The issuance of the bonds will eliminate both the committed and the overall fund balance deficit in the 2012 Durango Temporary Note Projects capital projects fund.

#### Proprietary Funds

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

Unrestricted net position of the electric utility at the end of the year amounted to \$5,131,333, and those for the water and sewer utility amounted to \$2,565,346. In addition, the airport fund's unrestricted net assets at the end of the year amounted to a deficit of \$17,680; the other enterprise funds' unrestricted net assets at the end of the year totaled \$1,861,748. The total growth in net assets for all of the City's enterprise funds was \$1,942,094. This total includes a decrease in net position of the electric utility of \$856,202 and a growth in net position of the water and sewer utility of \$1,442,321. In addition, the airport experienced a growth in net position of \$1,188,244. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Garden City's business-type activities.

## **General Fund Budgetary Highlights**

The legally adopted budget for the general fund was not amended by the City Commission during 2012. However, departments within the City are allowed to transfer budget authority between line items and between cost centers within a department. In addition, budget authority may be transferred out of cost centers to reflect insurance savings, budget cuts, etc. As a result of these budget transfers, the original budget and the final budgets may not be the same in some cost centers.

The most significant differences between estimated revenues and actual revenues were as follows:

Revenue Source	Estimated Revenues	Actual Revenues	Difference
Taxes	\$ 12,471,310	\$ 13,463,424	\$ 992,114
Franchises	768,000	630,469	(137,531)
Licenses and permits	362,300	237,856	(124,444)
Use of money and property	905,473	111,567	(793,906)

Taxes were more than estimated as a result of increased sales tax collections. Franchises were less than estimated due to an overestimation on gas utility fees. Licenses and permits were budgeted conservatively due to the uncertain economy, but actual collections increased. Use of money and property was less than estimated due to decreased investment rates and reimbursements were reported against expenditures.

A review of actual expenditures compared to the appropriations in the final budget yields significant variances as follows:

Expenditures Category	Estimated Expenditures	Actual Expenditures	Difference
General administration	\$ 1,551,200	\$ 980,943	\$ 570,257
Capital improvements	3,878,074	1,635,937	2,242,137
Parks and zoo	2,614,150	2,479,656	134,494

General administration expenditures were \$570,257 less than budgeted, and capital improvements were \$2,242,137 less than budgeted due to the budget process which requires an overstatement of expenditures to allow for cash carryovers. Parks and zoo expenditures were \$134,494 less than budgeted due to vacancies in personnel.

## Capital Asset and Debt Administration

### Capital Assets

The City of Garden City's investment in capital assets for its governmental and business-type activities as of December 31, 2012, amounts to \$117,112,200 (net of accumulated depreciation). This investment in capital assets includes land; buildings and system; improvements; machinery and equipment; park, zoo and recreational facilities; and streets. The total increase in capital assets for the current fiscal year was approximately 5.3% over the 2011 total (a 9.2% increase for governmental activities and a 2.9% increase for business-type activities).

The following chart breaks down the City's capital assets balance into the various categories of assets.

#### City of Garden City's Capital Assets (net of depreciation)

	2012			2011		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Land	\$ 1,343,759	\$ 381,870	\$ 1,725,629	\$ 1,183,776	\$ 361,870	\$ 1,545,646
Construction in progress	1,653,776	-	1,653,776	68,743	-	68,743
Buildings and improvements	8,554,464	69,320,893	77,875,357	8,692,400	67,463,280	76,155,680
Vehicles and equipment	3,109,570	1,855,412	4,964,982	3,144,270	1,689,523	4,833,793
Infrastructure	30,892,456	-	30,892,456	28,630,659	-	28,630,659
<b>Total capital assets</b>	<b>\$ 45,554,025</b>	<b>\$ 71,558,175</b>	<b>\$ 117,112,200</b>	<b>\$ 41,719,848</b>	<b>\$ 69,514,673</b>	<b>\$ 111,234,521</b>

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

302 North 6th building	\$	134,018
Garcia Park water rights		130,123
Airport wildlife perimeter fencing		901,695
2 Airport hangers		580,000
Airport improvements		417,857
Electrical infrastructure		1,352,818
Trash containers		115,596
Frontload collection truck		189,639
Water infrastructure		758,444
		<hr/>
Total	\$	<u>4,580,190</u>

Additional information on the City of Garden City's capital assets can be found in Note 4, item D on page 49 through 51, and Note 4, item G on pages 54 through 55 of this report.

### *Long-term Debt*

At the end of the current fiscal year, the City of Garden City had total bonded debt outstanding of \$22,440,000, which was backed by the full faith and credit of the City.

#### **City of Garden City's Outstanding Debt General Obligation and Revenue Bonds/Loans**

	2012			2011		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
General obligation bonds	\$ 10,041,250	\$ 12,398,750	\$ 22,440,000	\$ 10,617,500	\$ 13,837,500	\$ 24,455,000
Total	<u>\$ 10,041,250</u>	<u>\$ 12,398,750</u>	<u>\$ 22,440,000</u>	<u>\$ 10,617,500</u>	<u>\$ 13,837,500</u>	<u>\$ 24,455,000</u>

The City's total bonded debt decreased by \$2,015,000 (8.2%) during the current fiscal year. The key factor in this decrease was payment of \$2,940,000 of general obligation bonds for internal improvements and only one new bond issuance of \$925,000 during 2012.

The City of Garden City maintains a credit rating of A2 from Moody's Investors Service for its general obligation debt.

State statutes limit the amount of general obligation debt the City may issue to 30% of its total assessed valuation. The current debt limitation for the City of Garden City is \$47,311,050, which is significantly in excess of the City's outstanding general obligation debt.

Additional information about the City's long-term debt can be found in Note 4, item I on pages 57 through 58; and Note 4, item K on pages 59 through 60 of this report.

## **Economic Factors and Next Year's Budget and Rates**

The following economic factors currently affect the City of Garden City and were considered in developing the 2013 fiscal year budget.

- The unemployment rate for the City of Garden City is currently 4.7%, which is the slightly higher than a year ago. It compares favorably to the State's average unemployment rate of 5.7% and the national average rate of 8.1%.
- The occupancy rate of the City's central business district is at 92.8%, which is an increase of 1.3% from one year ago.
- Inflationary trends in the region compare favorably to national indices.

- A 10% increase in electric rates beginning June 1, 2012, plus an additional 10% rate increase beginning March 1, 2013, anticipating current and future expenditure increases due to additional power supply costs.
- A 25% increase in multi-family solid waste rates beginning January 1, 2013, anticipating current and future expenditure increases for collection, hauling and disposal of refuse.

During the current fiscal year, the unassigned fund balance in the general fund decreased \$481,290, to \$3,101,809. The City has appropriated this entire amount for spending in the 2013 fiscal year budget. It is intended that this use of available fund balance will avoid the need to raise taxes or charges during the 2013 fiscal year. It also is intended to prevent the need for the transfer of additional resources to the general fund from the utility operations.

## **Requests for Information**

This financial report is designed to provide a general overview of the City of Garden City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, 301 North 8<sup>th</sup>, PO Box 998, Garden City, KS 67846.

## Basic Financial Statements

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CITY OF GARDEN CITY, KANSAS  
Statement of Net Position  
December 31, 2012

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Garden City Recreation Commission	Garden City Housing Authority
<b>Assets</b>					
Cash	\$ 14,692,791	\$ 6,752,104	\$ 21,444,895	\$ 430,550	\$ 59,702
Investments	1,674,164	300,000	1,974,164	-	180,882
Restricted assets:					
Cash	-	265,084	265,084	-	-
Investments	-	100,000	100,000	-	-
Receivables (net of allowances for uncollectibles):					
Taxes	8,889,449	471,757	9,361,206	-	-
Accounts and interest	332,146	1,684,357	2,016,503	-	5,638
Other	157,551	-	157,551	-	22,950
Internal balances	(688,000)	688,000	-	-	-
Prepaid expenses	-	-	-	3,234	18,245
Inventory	-	2,668,133	2,668,133	-	8,518
Restricted assets:					
Cash	-	1,372,349	1,372,349	-	-
Capital assets (net of accumulated depreciation):					
Land	1,343,759	381,870	1,725,629	-	426,144
Property, plant and equipment	42,556,490	71,176,305	113,732,795	380,627	1,549,774
Construction in progress	1,653,776	-	1,653,776	-	26,550
<b>Total assets</b>	<b>70,612,126</b>	<b>85,859,959</b>	<b>156,472,085</b>	<b>814,411</b>	<b>2,298,403</b>
<b>Liabilities</b>					
Accounts payable and accrued liabilities	1,644,433	1,997,930	3,642,363	51,200	37,978
Accrued interest	51,066	87,770	138,836	-	-
Current portion of long-term liabilities	2,460,514	1,508,744	3,969,258	53,294	1,030
Payable from restricted assets:					
Customer deposits and refunds	-	340,303	340,303	-	24,014
Accrued interest	-	-	-	-	-
Temporary notes payable	11,750,000	-	11,750,000	-	-
Unearned revenue	6,971,769	922,757	7,894,526	-	11,961
Noncurrent liabilities:					
Long-term liabilities due in more than one year	10,099,036	11,150,312	21,249,348	61,810	9,274
<b>Total liabilities</b>	<b>32,976,818</b>	<b>16,007,816</b>	<b>48,984,634</b>	<b>166,304</b>	<b>84,257</b>
<b>Net Position</b>					
Net investment in capital assets	29,224,551	58,914,266	88,138,817	316,468	2,002,468
Restricted for:					
Debt service	276,747	1,397,130	1,673,877	-	-
Other purposes	-	-	-	-	-
Unrestricted	8,134,010	9,540,747	17,674,757	331,639	211,678
<b>Total net position</b>	<b>\$ 37,635,308</b>	<b>\$ 69,852,143</b>	<b>\$ 107,487,451</b>	<b>\$ 648,107</b>	<b>\$ 2,214,146</b>

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF GARDEN CITY, KANSAS  
Statement of Activities  
For the Year Ended December 31, 2012

	Program Revenues			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 4,819,389	\$ 380,532	\$ 444,679	\$ 901,049
Public safety	9,597,554	1,668,919	207,838	-
Public works	8,640,433	-	698,106	25,000
Parks and recreation	3,708,620	22,992	90,881	-
Interest on long-term debt	303,726	-	-	-
Total governmental activities	27,069,722	2,072,443	1,441,504	926,049
Business-type activities:				
Electric	25,493,419	26,091,924	-	-
Water and sewer	5,979,324	7,736,305	115,000	-
Airport	1,192,292	301,669	1,244,000	-
Solid waste	2,607,220	2,780,344	-	-
Golf course	850,038	500,407	-	-
Drainage	190,297	207,701	-	-
Total business-type activities	36,312,590	37,618,350	1,359,000	-
Total primary government	\$ 63,382,312	\$ 39,690,793	\$ 2,800,504	\$ 926,049
<b>Component units:</b>				
Garden City Recreation Commission	\$ 2,013,840	\$ 422,544	\$ 177,622	\$ -
Garden City Housing Authority	624,298	294,738	176,552	20,679
Total component units	\$ 2,638,138	\$ 717,282	\$ 354,174	\$ 20,679
<b>General revenues:</b>				
Taxes:				
Property taxes levied for general purposes				
Property taxes levied for debt service				
Property taxes levied for contributed capital purposes				
Sales taxes				
Franchise taxes				
Other taxes				
Investment earnings				
Miscellaneous				
Gain on disposal of capital assets				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position, beginning of year				
Net position, end of year				

The accompanying Notes to the Financial Statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Garden City Recreation Commission	Garden City Housing Authority
\$ (3,093,129)	\$ -	\$ (3,093,129)	\$ -	\$ -
(7,720,797)	-	(7,720,797)	-	-
(7,917,327)	-	(7,917,327)	-	-
(3,594,747)	-	(3,594,747)	-	-
(303,726)	-	(303,726)	-	-
(22,629,726)	-	(22,629,726)	-	-
-	598,505	598,505	-	-
-	1,871,981	1,871,981	-	-
-	353,377	353,377	-	-
-	173,124	173,124	-	-
-	(349,631)	(349,631)	-	-
-	17,404	17,404	-	-
-	2,664,760	2,664,760	-	-
(22,629,726)	2,664,760	(19,964,966)	-	-
-	-	-	(1,413,674)	-
-	-	-	-	(132,329)
-	-	-	(1,413,674)	(132,329)
3,982,964	-	3,982,964	1,194,250	-
1,444,342	-	1,444,342	-	-
-	684,477	684,477	-	-
9,646,269	-	9,646,269	-	-
638,389	-	638,389	-	-
781,203	-	781,203	5,000	-
332,773	7,661	340,434	17,707	1,746
251,320	407,546	658,866	11,420	-
236,558	4,500	241,058	-	-
1,826,850	(1,826,850)	-	-	-
19,140,668	(722,666)	18,418,002	1,228,377	1,746
(3,489,058)	1,942,094	(1,546,964)	(185,297)	(130,583)
41,124,366	67,910,049	109,034,415	833,404	2,344,729
<u>\$ 37,635,308</u>	<u>\$ 69,852,143</u>	<u>\$ 107,487,451</u>	<u>\$ 648,107</u>	<u>\$ 2,214,146</u>

CITY OF GARDEN CITY, KANSAS  
Balance Sheet  
Governmental Funds  
December 31, 2012

<u>Assets</u>	<u>General</u>	<u>Debt Service</u>	<u>2012 Durango Temporary Note Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash	\$ 3,613,900	\$ 276,747	\$ 4,826,302	\$ 4,464,818	\$ 13,181,767
Investments	-	-	-	1,549,164	1,549,164
Receivables (net of allowances for uncollectibles):					
Taxes	5,162,294	1,402,131	-	945,853	7,510,278
Special assessments	-	1,379,171	-	-	1,379,171
Accounts and interest	332,146	-	-	-	332,146
Other	-	-	-	157,551	157,551
<b>Total assets</b>	<b>\$ 9,108,340</b>	<b>\$ 3,058,049</b>	<b>\$ 4,826,302</b>	<b>\$ 7,117,386</b>	<b>\$ 24,110,077</b>
 <u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 666,420	\$ -	\$ 621,217	\$ 113,615	\$ 1,401,252
Temporary notes payable	-	-	11,750,000	-	11,750,000
Advances from other funds	-	-	-	688,000	688,000
<b>Total liabilities</b>	<b>666,420</b>	<b>-</b>	<b>12,371,217</b>	<b>801,615</b>	<b>13,839,252</b>
<b>Deferred inflows of resources:</b>					
Unearned revenue - property taxes	3,412,341	2,781,302	-	778,126	6,971,769
<b>Fund balances (deficits):</b>					
<b>Restricted:</b>					
Recreation and parks	-	-	-	146,734	146,734
Capital improvement projects	-	-	-	2,452,416	2,452,416
Alcoholism prevention and education programs	-	-	-	27,365	27,365
Law enforcement	-	-	-	314,718	314,718
Economic development activities	-	-	-	311,551	311,551
General obligation debt	-	276,747	-	-	276,747
<b>Committed:</b>					
Capital improvement projects	-	-	(7,544,915)	1,347,463	(6,197,452)
<b>Assigned:</b>					
Capital improvement projects	-	-	-	784,300	784,300
Legal claims and settlements	-	-	-	153,098	153,098
<b>Unassigned</b>	<b>5,029,579</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,029,579</b>
<b>Total fund balances (deficits)</b>	<b>5,029,579</b>	<b>276,747</b>	<b>(7,544,915)</b>	<b>5,537,645</b>	<b>3,299,056</b>
<b>Total liabilities, deferred inflows of resources and fund balances (deficits)</b>	<b>\$ 9,108,340</b>	<b>\$ 3,058,049</b>	<b>\$ 4,826,302</b>	<b>\$ 7,117,386</b>	<b>\$ 24,110,077</b>

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF GARDEN CITY, KANSAS  
 Reconciliation of the Balance Sheet to the  
 Statement of Net Position - Governmental Funds  
 December 31, 2012

Amounts reported for governmental activities in the statement of net position differ from the fund balances of governmental funds on the preceding balance sheet as shown in the following reconciliation:

Fund balances - total governmental funds	\$ 3,299,056
 Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	45,554,025
Long-term liabilities, including bonds payables, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(11,664,578)
Internal service funds are used by management to charge the costs of certain activities, such as health insurance and workers compensation, to individual funds. The assets and liabilities of the internal service funds have not been included in the balance sheet.	<u>446,805</u>
Net position of governmental activities	<u>\$ 37,635,308</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF GARDEN CITY, KANSAS  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2012

	General	Debt Service	2012 Durango Temporary Note Projects	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes	\$ 13,523,202	\$ 1,444,342	\$ -	\$ 887,234	\$ 15,854,778
Special assessment taxes	-	376,172	-	-	376,172
Intergovernmental revenue	231,654	25,000	-	1,209,850	1,466,504
Franchises	638,389	-	-	-	638,389
Licenses and permits	237,856	-	-	-	237,856
Use of money and property	111,567	-	1,225	219,489	332,281
Miscellaneous	13,271	46	-	238,003	251,320
Donations	-	-	-	524,877	524,877
Cemetery	127,930	-	-	4,550	132,480
Police and municipal court	1,290,786	-	-	-	1,290,786
Fire	167,865	-	-	-	167,865
Inspection	210,268	-	-	-	210,268
Planning and zoning	10,196	-	-	-	10,196
Parks and zoo	22,992	-	-	-	22,992
<b>Total revenues</b>	<b>16,585,976</b>	<b>1,845,560</b>	<b>1,225</b>	<b>3,084,003</b>	<b>21,516,764</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	3,747,650	-	-	338,795	4,086,445
Public safety	10,789,199	-	-	36,012	10,825,211
Public works	1,545,391	-	-	617,504	2,162,895
Parks and recreation	2,479,656	-	-	950,901	3,430,557
Capital outlay and capital projects	-	-	7,543,259	2,663,769	10,207,028
<b>Debt service:</b>					
Principal	-	1,501,250	-	-	1,501,250
Interest and fiscal charges	-	306,636	-	-	306,636
Bond issuance costs	-	-	2,881	2,781	5,662
<b>Total expenditures</b>	<b>18,561,896</b>	<b>1,807,886</b>	<b>7,546,140</b>	<b>4,609,762</b>	<b>32,525,684</b>
<b>Revenues over (under) expenditures</b>	<b>(1,975,920)</b>	<b>37,674</b>	<b>(7,544,915)</b>	<b>(1,525,759)</b>	<b>(11,008,920)</b>
<b>Other financing sources (uses):</b>					
Transfers in	1,946,850	-	-	642,100	2,588,950
Transfers out	(507,100)	-	-	(255,000)	(762,100)
Bonds issued	-	-	-	925,000	925,000
Issuance of capital leases	122,526	-	-	-	122,526
Sale of capital assets	-	-	-	68,573	68,573
<b>Total other financing sources (uses)</b>	<b>1,562,276</b>	<b>-</b>	<b>-</b>	<b>1,380,673</b>	<b>2,942,949</b>
<b>Net change in fund balances</b>	<b>(413,644)</b>	<b>37,674</b>	<b>(7,544,915)</b>	<b>(145,086)</b>	<b>(8,065,971)</b>
Fund balance, beginning of year	5,443,223	239,073	-	5,682,731	11,365,027
<b>Fund balance (deficit), end of year</b>	<b>\$ 5,029,579</b>	<b>\$ 276,747</b>	<b>\$ (7,544,915)</b>	<b>\$ 5,537,645</b>	<b>\$ 3,299,056</b>

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF GARDEN CITY, KANSAS  
 Reconciliation of the Statement of Revenues, Expenditures and  
 Changes in Fund Balances of Governmental Funds  
 to the Statement of Activities  
 For the Year Ended December 31, 2012

Amounts reported for governmental activities in the statement of revenues, expenditures and changes in fund balances of governmental funds differ from the amounts reported in the government-wide statement of activities as shown in the following reconciliation:

Net change in fund balances - total governmental funds \$ (8,065,971)

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. This is the amount by which capital outlay exceeded depreciation in the current period. 3,834,177

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. (35,517)

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 statements of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. 684,172

Internal service funds are used by management to charge the costs of certain activities, such as health insurance and workers compensation, to individual funds. The net revenues (expenses) of the internal service funds are reported with governmental activities. 94,081

Changes in net position of governmental activities \$ (3,489,058)

CITY OF GARDEN CITY, KANSAS  
Statement of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual  
General Fund  
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
<b>Administration:</b>				
Taxes	\$ 12,471,310	\$ 12,471,310	\$ 13,463,424	\$ 992,114
Intergovernmental revenue	146,000	146,000	231,706	85,706
Franchises	768,000	768,000	630,469	(137,531)
Licenses and permits	362,300	362,300	237,856	(124,444)
Use of money and property	243,173	905,473	111,567	(793,906)
Reimbursements	662,300	-	-	-
Miscellaneous	63,580	63,580	13,271	(50,309)
Total administration	<u>14,716,663</u>	<u>14,716,663</u>	<u>14,688,293</u>	<u>(28,370)</u>
Cemetery	106,750	106,750	127,930	21,180
Police and municipal court	1,368,650	1,368,650	1,290,786	(77,864)
Fire	198,000	198,000	167,865	(30,135)
Inspection	206,000	206,000	210,268	4,268
Engineering	6,000	6,000	-	(6,000)
Planning and zoning	-	-	10,196	10,196
Parks and zoo	18,500	18,500	22,992	4,492
Total revenues	<u>16,620,563</u>	<u>16,620,563</u>	<u>16,518,330</u>	<u>(102,233)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General government:</b>				
General administration	1,551,200	1,551,200	980,943	570,257
Human resources	159,250	159,250	181,870	(22,620)
Cemetery	505,250	505,250	459,367	45,883
Development services	318,350	318,350	331,533	(13,183)
Capital improvements	3,878,074	3,878,074	1,635,937	2,242,137
Employee benefits	158,000	158,000	158,000	-
<b>Public safety:</b>				
Police	6,810,650	6,810,650	6,824,051	(13,401)
Fire	2,708,650	2,708,650	2,644,354	64,296
Inspection	289,750	289,750	277,545	12,205
Municipal court	1,107,000	1,107,000	1,043,249	63,751
<b>Highways and streets:</b>				
Engineering	246,250	246,250	248,152	(1,902)
Street	1,320,016	1,320,016	1,297,239	22,777
<b>Recreation:</b>				
Parks and zoo	2,614,150	2,614,150	2,479,656	134,494
Total expenditures	<u>21,666,590</u>	<u>21,666,590</u>	<u>18,561,896</u>	<u>3,104,694</u>
Revenues over (under) expenditures	(5,046,027)	(5,046,027)	(2,043,566)	3,002,461
<b>Other financing sources (uses):</b>				
Transfers in	1,796,500	1,796,500	1,946,850	150,350
Transfers out	(100,000)	(100,000)	(507,100)	(407,100)
Capital lease proceeds	-	-	122,526	122,526
Net change in fund balances	(3,349,527)	(3,349,527)	(481,290)	2,868,237
Fund balance, beginning of year	3,349,527	3,349,527	3,583,099	233,572
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,101,809</u>	<u>\$ 3,101,809</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF GARDEN CITY, KANSAS  
Statement of Net Position  
Proprietary Funds  
December 31, 2012

	Business-type Activities - Enterprise Funds					Governmental
	Electric Utility	Water and Sewer Utility	Airport	Other Enterprise Funds	Totals	Internal Service Funds
<b>Assets</b>						
<b>Current assets:</b>						
Cash	\$ 2,613,621	\$ 2,203,847	\$ 453,842	\$ 1,480,794	\$ 6,752,104	\$ 1,511,024
Investments, at fair value	-	-	-	300,000	300,000	125,000
Advances to other funds	688,000	-	-	-	688,000	-
<b>Restricted assets:</b>						
Cash	240,303	-	-	24,781	265,084	-
Investments	100,000	-	-	-	100,000	-
Taxes receivable	-	-	471,757	-	471,757	-
Accounts receivable	1,213,982	292,618	2,318	175,439	1,684,357	-
Inventory	2,263,263	404,870	-	-	2,668,133	-
<b>Total current assets</b>	<b>7,119,169</b>	<b>2,901,335</b>	<b>927,917</b>	<b>1,981,014</b>	<b>12,929,435</b>	<b>1,636,024</b>
<b>Noncurrent assets:</b>						
<b>Restricted assets:</b>						
Cash	-	1,372,349	-	-	1,372,349	-
<b>Total restricted assets</b>	<b>-</b>	<b>1,372,349</b>	<b>-</b>	<b>-</b>	<b>1,372,349</b>	<b>-</b>
<b>Capital assets:</b>						
Land	103,041	140,329	-	138,500	381,870	-
Production, storage and distribution equipment	29,545,880	47,165,258	-	347,612	77,058,750	-
Less accumulated depreciation	(11,323,728)	(19,887,264)	-	(48,819)	(31,259,811)	-
Golf course, club house and equipment	-	-	-	1,726,389	1,726,389	-
Less accumulated depreciation	-	-	-	(1,013,707)	(1,013,707)	-
Vehicles and equipment	1,035,254	1,170,538	1,181,716	1,963,676	5,351,184	-
Less accumulated depreciation	(876,527)	(1,001,032)	(246,997)	(1,371,216)	(3,495,772)	-
Containers	-	-	-	3,812,362	3,812,362	-
Less accumulated depreciation	-	-	-	(2,274,775)	(2,274,775)	-
Airport improvement	-	-	29,194,531	-	29,194,531	-
Less accumulated depreciation	-	-	(7,922,846)	-	(7,922,846)	-
<b>Total capital assets</b>	<b>18,483,920</b>	<b>27,587,829</b>	<b>22,206,404</b>	<b>3,280,022</b>	<b>71,558,175</b>	<b>-</b>
<b>Total noncurrent assets</b>	<b>18,483,920</b>	<b>28,960,178</b>	<b>22,206,404</b>	<b>3,280,022</b>	<b>72,930,524</b>	<b>-</b>
<b>Total assets</b>	<b>\$ 25,603,089</b>	<b>\$ 31,861,513</b>	<b>\$ 23,134,321</b>	<b>\$ 5,261,036</b>	<b>\$ 85,859,959</b>	<b>\$ 1,636,024</b>
<b>Liabilities</b>						
<b>Current liabilities:</b>						
Accounts payable and accrued liabilities	\$ 1,627,531	\$ 253,074	\$ 22,840	\$ 94,485	\$ 1,997,930	\$ 243,181
Accrued interest	4,855	82,915	-	-	87,770	-
Current portion of capital leases payable	5,525	-	-	-	5,525	-
Current portion of revenue bonds payable	153,500	1,349,719	-	-	1,503,219	-
<b>Payable from restricted assets:</b>						
Customer deposits	340,303	-	-	-	340,303	-
<b>Total current liabilities</b>	<b>2,131,714</b>	<b>1,685,708</b>	<b>22,840</b>	<b>94,485</b>	<b>3,934,747</b>	<b>243,181</b>
<b>Noncurrent liabilities:</b>						
Net OPEB obligation	-	-	-	-	-	946,038
Capital leases payable	9,622	-	-	-	9,622	-
Revenue bonds payable	1,230,750	9,909,940	-	-	11,140,690	-
Unearned revenue	-	-	451,000	-	451,000	-
<b>Total noncurrent liabilities</b>	<b>1,240,372</b>	<b>9,909,940</b>	<b>451,000</b>	<b>-</b>	<b>11,601,312</b>	<b>946,038</b>
<b>Total liabilities</b>	<b>3,372,086</b>	<b>11,595,648</b>	<b>473,840</b>	<b>94,485</b>	<b>15,536,059</b>	<b>1,189,219</b>
<b>Deferred Inflows of Resources</b>						
Unearned revenue - property taxes	-	-	471,757	-	471,757	-
<b>Net Position</b>						
Net investment in capital assets	17,099,670	16,328,170	22,206,404	3,280,022	58,914,266	-
Restricted for debt service	-	1,372,349	-	24,781	1,397,130	-
Restricted for health insurance	-	-	-	-	-	(204,020)
Restricted for workers compensation	-	-	-	-	-	650,825
Unrestricted	5,131,333	2,565,346	(17,680)	1,861,748	9,540,747	-
<b>Total net position</b>	<b>22,231,003</b>	<b>20,265,865</b>	<b>22,188,724</b>	<b>5,166,551</b>	<b>69,852,143</b>	<b>446,805</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 25,603,089</b>	<b>\$ 31,861,513</b>	<b>\$ 23,134,321</b>	<b>\$ 5,261,036</b>	<b>\$ 85,859,959</b>	<b>\$ 1,636,024</b>

The accompanying Notes to the Financial Statements are an integral part of this statement.

**CITY OF GARDEN CITY, KANSAS**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended December 31, 2012**

	Business-type Activities - Enterprise Funds				Totals	Governmental
	Electric Utility	Water and Sewer Utility	Airport	Other Enterprise Funds		Internal Service Funds
<b>Operating revenues:</b>						
Charges for services	\$ 26,091,924	\$ 7,736,305	\$ -	\$ 2,988,045	\$ 36,816,274	\$ -
Reimbursements	-	-	-	-	-	3,650,005
Rents and utilities	-	-	301,669	-	301,669	-
Miscellaneous	4,732	40,640	-	102,430	147,802	-
Membership and fees	-	-	-	418,857	418,857	-
Concessions	-	-	-	81,550	81,550	-
<b>Total operating revenues</b>	<b>26,096,656</b>	<b>7,776,945</b>	<b>301,669</b>	<b>3,590,882</b>	<b>37,766,152</b>	<b>3,650,005</b>
<b>Operating expenses:</b>						
Personnel services	-	-	303,876	1,740,827	2,044,703	-
Contractual services	-	-	215,557	1,103,582	1,319,139	3,556,416
Commodities	497,151	150,121	149,111	491,012	1,287,395	-
Depreciation	704,088	1,097,666	462,069	312,134	2,575,957	-
Production expense	20,691,188	3,221,425	-	-	23,912,613	-
Distribution expense	1,613,714	602,813	-	-	2,216,527	-
Commercial and general expense	698,973	477,807	-	-	1,176,780	-
Sundry expenses	1,257,353	177,661	-	-	1,435,014	-
<b>Total operating expenses</b>	<b>25,462,467</b>	<b>5,727,493</b>	<b>1,130,613</b>	<b>3,647,555</b>	<b>35,968,128</b>	<b>3,556,416</b>
<b>Operating income (loss)</b>	<b>634,189</b>	<b>2,049,452</b>	<b>(828,944)</b>	<b>(56,673)</b>	<b>1,798,024</b>	<b>93,589</b>
<b>Nonoperating revenues (expenses):</b>						
Intergovernmental revenue	-	-	1,244,000	-	1,244,000	-
Donations	-	-	115,000	-	115,000	-
Interest income	5,833	-	-	1,828	7,661	492
Rent and royalties	-	-	5,390	6,000	11,390	-
Sale of materials	141,978	53,450	-	52,926	248,354	-
Interest expense	(30,952)	(251,831)	-	-	(282,783)	-
Gain (loss) on disposal of assets	-	-	(61,679)	4,500	(57,179)	-
<b>Total nonoperating revenues (expenses)</b>	<b>116,859</b>	<b>(198,381)</b>	<b>1,302,711</b>	<b>65,254</b>	<b>1,286,443</b>	<b>492</b>
<b>Income before capital contributions and operating transfers</b>	<b>751,048</b>	<b>1,851,071</b>	<b>473,767</b>	<b>8,581</b>	<b>3,084,467</b>	<b>94,081</b>
<b>Capital contributions</b>	<b>-</b>	<b>-</b>	<b>684,477</b>	<b>-</b>	<b>684,477</b>	<b>-</b>
Transfers in	-	-	30,000	325,000	355,000	-
Transfers out	(1,607,250)	(408,750)	-	(165,850)	(2,181,850)	-
<b>Change in net position</b>	<b>(856,202)</b>	<b>1,442,321</b>	<b>1,188,244</b>	<b>167,731</b>	<b>1,942,094</b>	<b>94,081</b>
<b>Total net position, beginning of year</b>	<b>23,087,205</b>	<b>18,823,544</b>	<b>21,000,480</b>	<b>4,998,820</b>	<b>67,910,049</b>	<b>352,724</b>
<b>Total net position, end of year</b>	<b>\$ 22,231,003</b>	<b>\$ 20,265,865</b>	<b>\$ 22,188,724</b>	<b>\$ 5,166,551</b>	<b>\$ 69,852,143</b>	<b>\$ 446,805</b>

The accompanying Notes to the Financial Statements are an integral part of this statement.

**CITY OF GARDEN CITY, KANSAS**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2012**

	Business-type Activities - Enterprise Funds				Totals	Governmental Activities
	Electric Utility	Water and Sewer Utility	Airport	Other Enterprise Funds		Internal Service Funds
<b>Cash flows from operating activities:</b>						
Receipts from customers	\$ 25,857,706	\$ 7,747,762	\$ 304,793	\$ 3,490,108	\$ 37,400,369	\$ -
Other receipts	4,732	40,640	-	102,430	147,802	3,650,005
Payments to suppliers	(22,954,120)	(2,977,459)	(420,947)	(1,724,476)	(28,077,002)	-
Payments for personnel services	(1,814,698)	(1,553,034)	(303,876)	(1,740,827)	(5,412,435)	-
Claims paid	-	-	-	-	-	(3,314,027)
<b>Net cash provided (used) by operating activities</b>	<b>1,093,620</b>	<b>3,257,909</b>	<b>(420,030)</b>	<b>127,235</b>	<b>4,058,734</b>	<b>335,978</b>
<b>Cash flows from noncapital financing activities:</b>						
Customer deposits	86,120	-	-	-	86,120	-
Subsidy from federal grants	-	-	1,244,000	-	1,244,000	-
Subsidy from donations	-	-	115,000	-	115,000	-
Transfers in	-	-	30,000	325,000	355,000	-
Transfers out	(1,607,250)	(408,750)	-	(165,850)	(2,181,850)	-
<b>Net cash provided (used) by noncapital financing activities</b>	<b>(1,521,130)</b>	<b>(408,750)</b>	<b>1,389,000</b>	<b>159,150</b>	<b>(381,730)</b>	<b>-</b>
<b>Cash flows from capital and related financing activities:</b>						
Receipts from sale of materials	141,978	53,450	-	52,926	248,354	-
Purchases of capital assets	(1,378,025)	(973,658)	(1,469,456)	(371,890)	(4,193,029)	-
Capital contributions	-	-	684,477	-	684,477	-
Payment of long-term debt	(149,712)	(1,292,500)	-	-	(1,442,212)	-
Interest paid on long-term debt	(31,317)	(289,021)	-	-	(320,338)	-
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(1,417,076)</b>	<b>(2,501,729)</b>	<b>(784,979)</b>	<b>(318,964)</b>	<b>(5,022,748)</b>	<b>-</b>
<b>Cash flows from investing activities:</b>						
Interest income	5,833	-	-	1,828	7,661	492
Proceeds from sale of investments	100,000	-	-	300,000	400,000	-
Purchase of investments	(763,000)	-	-	(300,000)	(1,063,000)	-
Rents and royalties	-	-	5,390	6,000	11,390	-
<b>Net cash provided (used) by investing activities</b>	<b>(657,167)</b>	<b>-</b>	<b>5,390</b>	<b>7,828</b>	<b>(643,949)</b>	<b>492</b>
<b>Net increase (decrease) in cash</b>	<b>(2,501,753)</b>	<b>347,430</b>	<b>189,381</b>	<b>(24,751)</b>	<b>(1,989,693)</b>	<b>336,470</b>
<b>Cash, beginning of year</b>	<b>5,355,677</b>	<b>3,228,766</b>	<b>278,461</b>	<b>1,530,326</b>	<b>10,393,230</b>	<b>1,174,554</b>
<b>Cash, end of year</b>	<b>\$ 2,853,924</b>	<b>\$ 3,576,196</b>	<b>\$ 467,842</b>	<b>\$ 1,505,575</b>	<b>\$ 8,403,537</b>	<b>\$ 1,511,024</b>
<b>Statement of net position classification:</b>						
Current assets	\$ 2,613,621	\$ 2,203,847	\$ 453,842	\$ 1,480,794	\$ 6,752,104	\$ 1,511,024
Restricted assets	240,303	1,372,349	-	24,781	1,637,433	-
<b>Total cash, end of year</b>	<b>\$ 2,853,924</b>	<b>\$ 3,576,196</b>	<b>\$ 453,842</b>	<b>\$ 1,505,575</b>	<b>\$ 8,389,537</b>	<b>\$ 1,511,024</b>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>						
Operating income (loss)	\$ 634,189	\$ 2,049,452	\$ (828,944)	\$ (56,673)	\$ 1,798,024	\$ 93,589
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation	704,088	1,097,666	462,069	312,134	2,575,957	-
Change in assets and liabilities:						
(Increase) decrease in receivables	(234,218)	11,457	3,124	1,656	(217,981)	-
(Increase) decrease in inventory	(224,573)	33,220	-	-	(191,353)	-
Increase (decrease) in accounts payable	214,134	66,114	(56,279)	(129,882)	94,087	28,967
Increase in net OPEB obligations	-	-	-	-	-	213,422
<b>Net cash provided (used) by operating activities</b>	<b>\$ 1,093,620</b>	<b>\$ 3,257,909</b>	<b>\$ (420,030)</b>	<b>\$ 127,235</b>	<b>\$ 4,058,734</b>	<b>\$ 335,978</b>
<b>Schedule of non-cash capital and related financing activities:</b>						
Contributions of capital assets	\$ -	\$ -	\$ 580,000	\$ -	\$ 580,000	\$ -
Purchase of capital assets through capital leases	18,609	-	-	-	18,609	-

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF GARDEN CITY, KANSAS  
Statement of Net Position  
Fiduciary Funds  
December 31, 2012

	<u>Agency Funds</u>
<u>Assets</u>	
Cash	\$ 189,164
Total assets	<u>\$ 189,164</u>
<u>Liabilities</u>	
Accounts payable	\$ 189,164
Total liabilities	<u>\$ 189,164</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

# Notes to the Financial Statements

CITY OF GARDEN CITY, KANSAS  
Notes to the Financial Statements  
December 31, 2012

1. Summary of Significant Accounting Policies

The City of Garden City, Kansas (the City) was incorporated under the provisions of the State of Kansas. The City operates under a Commission-Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services. Other services include utilities and airport operations.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Description of Government-wide 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 nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

B. Financial Reporting Entity

The City is a municipal corporation governed by an elected four-member commission and a mayor. The accompanying financial statements present the City (the primary government) and its component units, entities for which the City is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

The Garden City Recreation Commission operates the City's recreational programs. The Recreation Commission is a separate, legal municipality that prepares and publishes its own budget. The taxes budgeted by the Recreation Commission are appropriated by the City and are required to be distributed to the Recreation Commission. The Board of Directors is responsible for the management and fiscal accountability of the Recreation Commission. The Board is appointed by the City Commission, who also has the authority to remove appointed Board members. The Recreation Commission is presented as a governmental fund type.

The Garden City Housing Authority operates the City's housing projects. It has its own Board of Directors, who operates independently from the City. The Board of Directors is responsible for the management and fiscal accountability of the Housing Authority. The Board is appointed by the City Commission, who also has the authority to remove appointed Board members. The Housing Authority is presented as an enterprise fund type.

Each discretely presented component unit has a December 31st year-end. Separately issued financial reports of the individual component units can be obtained from the City Clerk's office at the City Administrative Building or from their respective administrative offices.

Garden City Recreation Commission  
310 North 6th  
Garden City, KS 67846

Garden City Housing Authority  
606 Pershing  
Garden City, KS 67846

CITY OF GARDEN CITY, KANSAS  
Notes to the Financial Statements  
December 31, 2012

1. Summary of Significant Accounting Policies (continued)

C. Basis of Presentation - Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As discussed earlier, the City has two discretely presented component units. While neither the Garden City Recreation Commission nor the Garden City Housing Authority are considered to be a major component unit, they are nevertheless shown in separate columns in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's enterprise activities and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City of Garden City reports the following major governmental funds:

General Fund - the general fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

Debt Service Fund - the debt service fund is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

2012 Durango Temporary Note Projects Fund – this is a capital project fund used to account for the acquisition and construction of the Durango area improvements.

The City reports the following nonmajor governmental funds:

Special Revenue Funds - the special revenue funds account for revenue sources that are legally restricted to expenditures for specific purposes (not including major capital projects).

Capital Project Funds - the capital project funds account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

CITY OF GARDEN CITY, KANSAS  
Notes to the Financial Statements  
December 31, 2012

1. Summary of Significant Accounting Policies (continued)

D. Basis of Presentation - Fund Financial Statements (continued)

The City reports the following major enterprise funds:

Electric Utility - this fund is used to account for the activities of the City's electric utility department while operating the City owned generating and distribution system.

Water and Sewer Utility - this fund is used to account for the activities of the City's operations of the City owned waterworks distribution system, sanitary sewer and wastewater treatment operations. Additional funds maintained within the water and sewer utility department include Water and Sewage Maintenance Reserve, and Wastewater Repair and Replacement.

Airport - this fund is used to account for the operations of the Garden City Regional Airport. This department includes the Airport Improvement fund which is used to account for the federal grants and required City matching shares for the ongoing airport improvement projects.

Additionally, the City reports the following nonmajor enterprise funds and other fund types:

Nonmajor Enterprise Funds - nonmajor enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the City has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Internal Service Funds - internal service funds account for health insurance and workers compensation benefits provided to other departments or agencies of the City, or to other governmental units, on a cost-reimbursement basis.

Agency Fund - agency fund accounts are used to account for assets held by the City as an agent on behalf of others. Agency accounts are custodial in nature and do not present results of operation or have a measurement focus. The agency accounts used by the City include:

- Payroll clearing account used to account for employee earnings and related benefits after distribution from the corresponding City departments.
- Bail bonds account used to account for monies held as bail bonds by the police department.
- Sidewalk construction account used to account for monies received by the City for sidewalk construction projects.
- Special investigations account used to account for monies received by the police department all of which are to be expended for drug control and special investigation type expenditures.
- Section 125 account used to account for employee withholdings under the Section 125 plan.
- Employee flower account used to account for monies received from employee vending machines and other fees which are to be expended for employee memorials and recognition type expenditures.

CITY OF GARDEN CITY, KANSAS  
Notes to the Financial Statements  
December 31, 2012

1. Summary of Significant Accounting Policies (continued)

D. Basis of Presentation - Fund Financial Statements (continued)

During the course of operations the City has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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.

The 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 available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Sales taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Property taxes and special assessments are not available as explained in Note 1, item G and result in unavailable revenue. All other revenue items are considered measurable and available only when cash is received by the City.

CITY OF GARDEN CITY, KANSAS  
Notes to the Financial Statements  
December 31, 2012

1. Summary of Significant Accounting Policies (continued)

E. Measurement Focus and Basis of Accounting

The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

F. Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, enterprise funds, and internal service funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time.

Amendments to the original budget, including qualifying budget adjustments for bond issuances and refunding, and grant revenue, were approved by the governing body, resulting in additional budget authority as follows:

Fund	Increase
Special Improvements Fund	\$ 166,164
Finnup Trust Fund	52,517
Airport Fund	34,355
Golf Course Building Fund	2,750
Health Insurance Fund	441,000

The legal level of budgetary control is the fund level. The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of adopted budget of expenditures of individual funds. The governing body allows management to transfer budgeted amounts between line items within an individual fund without prior approval. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

The Garden City Housing Authority is exempt from the Kansas budget laws.

CITY OF GARDEN CITY, KANSAS  
Notes to the Financial Statements  
December 31, 2012

1. Summary of Significant Accounting Policies (continued)

F. Budgetary Information (continued)

Budgetary Basis of Accounting

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when measurable and available. Expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments by the City for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Encumbrances also represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because commitments will be honored in the subsequent year. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

A legal operating budget is not required for certain special revenue funds and capital projects funds. Spending in funds which are not subject to the legal annual operating budget requirement are controlled by federal regulations, other statutes or by the use of internal spending limits established by the governing body. Special revenue funds of the City controlled by federal regulations and state statutes include the COPS Grant Technology and JAG ARRA Grant funds. Capital projects controlled by spending limits established by the governing body include the 2012 Durango Temporary Note Projects, 2012 Temporary Note Projects, 2012 GO Bond Projects, 2012 FOLRZ Zoo Projects, 2011 GO Bond Projects, and 2011-A Temporary Note Projects funds.

Excess of Expenditures over Appropriations

Under Kansas statutes, expenditures are mandated to be controlled, so that no indebtedness is created in excess of budgeted limits. At December 31, 2012, three funds exceeded their legal budgets under Kansas statute 79-2935. The Special Recreation and Parks fund expenditures exceeded its legal budget by \$13,251 as a result of excess expenditures for contractual services and capital outlay, the Special Alcohol Programs fund expenditures exceeded its legal budget by \$2,592 as a result of excess expenditures for contractual services, and the Electric Utility fund expenditures exceeded its legal budget by \$1,219,206 as a result of excess expenditures for production expenses.

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CITY OF GARDEN CITY, KANSAS  
Notes to the Financial Statements  
December 31, 2012

1. Summary of Significant Accounting Policies (continued)

F. Budgetary Information (continued)

Budgetary Compliance – Non-GAAP Financial Statements

By statute, the City prepares its annual budget on a non-GAAP basis of accounting as described above. A reconciliation of these budgetary basis statements to the GAAP statements is as follows:

	General Fund	Debt Service Fund
Revenues (budgetary basis)	\$ 16,518,330	\$ 1,845,560
Less 2011 accrued revenues	(1,860,124)	-
Plus 2012 accrued revenues	1,927,770	-
Revenues (GAAP basis)	\$ 16,585,976	\$ 1,845,560
Expenditures (budgetary basis)	\$ 18,561,896	\$ 1,807,886
Expenditures (GAAP basis)	\$ 18,561,896	\$ 1,807,886

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Deposits and Investments

Cash resources of the individual funds are combined to form a pool of cash and investments which is managed by the Finance Director. Cash includes amounts in demand deposits. Investments of the pooled accounts consist of certificates of deposit and money market investments backed by U.S. government securities. Interest income earned is allocated among funds based on average monthly cash balances and in accordance with the adopted budget.

State statutes authorize the City to invest idle funds in U.S. government securities, temporary notes, no-fund warrants, repurchase agreements and the Kansas Municipal Investment Pool. The Kansas Municipal Investment Pool operates in accordance with appropriate State laws and regulations. The reported value of the investment in the Kansas Municipal Investment Pool is the same as the fair value of its pool shares. Other investments of the City and its component units are stated at fair value, which equals cost. The aggregate value of the investments, including certificates of deposit, at December 31, 2012, is \$2,074,164.

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CITY OF GARDEN CITY, KANSAS  
Notes to the Financial Statements  
December 31, 2012

1. Summary of Significant Accounting Policies (continued)

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance  
(continued)

Inventories and Prepaid Items

All inventories are valued at average cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods. The City deems prepaid expenses as immaterial to the financial statements. No capitalization or amortization has been recorded in the financial statements of the primary government. The Garden City Recreation Commission and Garden City Housing Authority record certain payments to vendors that reflect costs applicable to future accounting periods as prepaid items in their financial statements.

Restricted Assets

Certain resources set aside for the repayment of the City's enterprise funds' revenue bonds are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants. The "maintenance reserve" account and "repair and replacement" account are used to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements.

Capital Assets

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and intangible assets (e.g., water rights), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, except for infrastructure assets, are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. The City reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements regardless of their amount.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the City chose to include all such items regardless of their acquisition date or amount. The City was able to estimate the historical cost for the initial reporting of these assets through engineering records. As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

Interest incurred during the construction phase of capital assets of enterprise funds is included as part of the capitalized value of the assets constructed. The amount of interest capitalized depends on the specific circumstances. Construction in connection with the enterprise funds was completed in previous years so none of the interest expense in the current year was included as part of the cost of capital assets.

CITY OF GARDEN CITY, KANSAS  
Notes to the Financial Statements  
December 31, 2012

1. Summary of Significant Accounting Policies (continued)

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance  
(continued)

Capital Assets (continued)

Land and construction in progress are not depreciated. The other property, plant and equipment, infrastructure and intangible assets of the City, as well as the component units, are depreciated/amortized using the straight-line method, with one-half year's depreciation/amortization in the year of acquisition, over the following estimated useful lives:

Buildings	40 years
Street infrastructure	40 years
Storm sewer infrastructure	50 years
Water rights	Contractual life
Improvements	20 years
Equipment and vehicles	3-10 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial 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(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

In addition to liabilities, the statement of financial 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(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. The governmental funds and business-type activities funds report unearned revenues from two sources as deferred inflows of resources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available and earned.

Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

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CITY OF GARDEN CITY, KANSAS  
Notes to the Financial Statements  
December 31, 2012

1. Summary of Significant Accounting Policies (continued)

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance  
(continued)

Fund Balance Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Commission is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Commission has by resolution authorized the City Manager and City Finance Director to assign fund balance. The City Commission may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

H. Revenues and Expenditures/Expenses

Program Revenues

Amounts reported as 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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

CITY OF GARDEN CITY, KANSAS  
Notes to the Financial Statements  
December 31, 2012

1. Summary of Significant Accounting Policies (continued)

H. Revenues and Expenditures/Expenses (continued)

Property Taxes

In accordance with governing state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis, are levied and become a lien on the property on November 1st of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20th during the year levied with the balance to be paid on or before May 10th of the ensuing year. State statutes prohibit the County Treasurer from distributing the taxes collected in the year levied prior to January 1st of the ensuing year. Consequently, for revenue recognition purposes, taxes levied during the current year are not due and receivable until the ensuing year. At December 31, 2012, such taxes are a lien on the property and are recorded as taxes receivable, net of anticipated delinquencies of \$338,250, with a corresponding amount recorded as unearned revenue on the balance sheets of the appropriate funds. Delinquent taxes held by the County Treasurer at December 31, 2012, are not significant.

Compensated Absences

Vacation

The City's policy regarding vacation leave pay permits employees to accumulate leave days at a maximum rate of 22 days per year up to 40 days. Vacation leave pay is accrued when incurred in the government-wide and proprietary funds' financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The City has estimated the value of accrued vacation leave pay at December 31, 2012, to be \$986,158 of which \$652,904 is expected to be used in 2012.

Sick Leave

The City's policy regarding sick leave pay permits employees to accumulate leave days at a maximum rate of 12 days per year up to 60 days. Leave may be used for sick leave, bereavement leave and personal leave. Payment for leave time in lieu of time off is computed at November 30th each year so that no more than 60 days are accumulated for any one individual. The City's policy is to recognize the costs of sick leave when actually paid since employees are not reimbursed for unused sick leave when they leave the City's employ.

Proprietary Funds Operating and Nonoperating Revenues and Expenses

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 enterprise funds are charges to customers for sales and services. The electric utility fund and water fund also recognize as operating revenue the portion of connect fees intended to recover the cost of connecting new customers to the system. The principal operating revenues of the internal service funds are departmental billings for insurance. Operating expenses for enterprise funds and internal service 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.

CITY OF GARDEN CITY, KANSAS  
Notes to the Financial Statements  
December 31, 2012

1. Summary of Significant Accounting Policies (continued)

I. New Pronouncements

The GASB has issued the following statements which will have an impact on the City's future financial reporting, although they are not yet required to be implemented by the City:

- GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-an Amendment of GASB Statements No. 14 and No. 34*, issued November 2010, will be effective for the City beginning with its year ending December 31, 2013. This Statement is intended to improve guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity.
- GASB Statement No. 67, *Financial Reporting for Pension Plans*, issued June 2012, will be effective for the City beginning with its year ending December 31, 2014. This Statement is intended to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25 and No. 50 as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions.
- GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, issued June 2012, will be effective for the City beginning with its year ending December 31, 2015. This Statement is intended to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.
- GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, issued January 2013, will be effective for the City beginning with its year ending December 31, 2014. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations.

The City's management has not yet determined the effect these Statements will have on the City's financial statements.

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CITY OF GARDEN CITY, KANSAS  
Notes to the Financial Statements  
December 31, 2012

2. Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.” The details of this \$45,554,025 are as follows:

Land	\$ 1,343,759
Construction in progress	1,653,776
Property, plant and equipment	80,138,360
Less accumulated depreciation	<u>(37,581,870)</u>
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 45,554,025</u>

Another element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$11,664,578 difference are as follows:

Governmental bonds payable	\$ 10,041,250
Capital leases payable	586,104
Accrued interest payable on long-term debt	51,066
Compensated absences	<u>986,158</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 11,664,578</u>

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.” The details of this \$3,834,177 difference are as follows:

Expenditures for capital assets	\$ 5,857,284
Less current year depreciation	(2,135,273)
Less current year disposals (net of depreciation)	<u>112,166</u>
Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 3,834,177</u>

CITY OF GARDEN CITY, KANSAS  
Notes to the Financial Statements  
December 31, 2012

2. Reconciliation of Government-wide and Fund Financial Statements (continued)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities (continued)

Another element of that reconciliation states that "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." The details of this \$35,517 difference are as follows:

Accrued interest expense on long-term debt, net change	\$ 8,572
Change in compensated absences	(44,089)
	(35,517)
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	\$ (35,517)

Another element of that reconciliation states that "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 statements of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items." The details of this \$684,172 difference are as follows:

Debt issued or incurred:	
General obligation bonds	\$ (925,000)
Capital leases issued	(122,526)
Principal repayments:	
General obligation debt	1,501,250
Capital leases paid	230,448
	684,172
Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	\$ 684,172

3. Stewardship, Compliance and Accountability

A. Compliance with Kansas Statutes

References made herein to the statutes are not intended as interpretation of law, but are offered for consideration of the Director of Accounts and Reports and interpretation by the County Attorney and the legal representative of the City. Budget violations were noted as discussed in Note 1, Item F. No other material violations were noted.

CITY OF GARDEN CITY, KANSAS  
Notes to the Financial Statements  
December 31, 2012

3. Stewardship, Compliance and Accountability

B. Deficit Fund Equity

The 2012 Durango Temporary Note Projects capital project fund had a deficit fund balance of \$7,544,915 as of December 31, 2012. The fund incurred expenditures paid through the issuance of temporary notes. The City plans to issue bonds to finance the Projects in 2013.

The 2011-A Temporary Note Projects capital project fund had a deficit fund balance of \$137,239 as of December 31, 2012. The fund incurred expenditures paid through the issuance of temporary notes. The City plans to issue bonds to finance the Projects in 2013.

The Health Insurance internal service fund had a deficit net position restricted for health insurance balance as of December 31, 2012, as a result of the net OPEB obligation payable at December 31, 2012.

4. Detailed Notes on All Activities and Funds

A. Cash and Investments

A reconciliation of cash and investments as shown on the government-wide statement of net position for the primary government follows:

Cash	\$ 21,444,895
Investments, at fair value	1,974,164
Restricted assets:	
Cash	1,637,433
Investments, at fair value	<u>100,000</u>
Total cash and investments	<u>\$ 25,156,492</u>
Cash on hand	\$ 450
Carrying amount of deposits	25,345,206
Less agency funds	<u>(189,164)</u>
Total cash and investments	<u>\$ 25,156,492</u>

Cash Deposits with Financial Institutions

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 to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City or the Federal Home Loan Bank of Topeka except during designated "peak periods" when required coverage is 50%. The City's designated "peak periods" are with Commerce Bank from January 6 to March 7 and June 6 to August 5.

At year-end, the City's carrying amount of deposits was \$25,345,206 and the bank balance was \$25,925,954. Ninety-two percent of the bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance, \$6,922,687 was covered by federal depository insurance; the balance of \$19,003,267 was collateralized with securities held by the pledging financial institutions' agents in the City's name. The City's cash deposits by financial institution at year-end are as follows:

CITY OF GARDEN CITY, KANSAS  
Notes to the Financial Statements  
December 31, 2012

4. Detailed Notes on All Activities and Funds (continued)

A. Cash and Investments (continued)

Cash Deposits with Financial Institutions (continued)

Custodial Credit Risk – Deposits (continued)

	Bank balance covered by		
	FDIC coverage	Pledged securities at market value	Total bank balance
Commerce Bank	\$ 3,903,647	\$ 12,728,112	\$ 16,631,759
Western State Bank	250,861	1,239,981	1,490,842
First National Bank	2,268,179	858,485	3,126,664
American State Bank	250,000	3,886,662	4,136,662
Garden City State Bank	250,000	290,027	540,027
Total	\$ 6,922,687	\$ 19,003,267	\$ 25,925,954

Investments

Credit and Interest Rate Risks

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. City securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices.

At year-end, the City of Garden City had no investments of this type.

Concentration of Credit Risk

State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

CITY OF GARDEN CITY, KANSAS  
Notes to the Financial Statements  
December 31, 2012

4. Detailed Notes on All Activities and Funds (continued)

B. Receivables

Amounts are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. Below is the detail of receivables for the City's individual major and nonmajor funds, and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts:

	General	Debt Service	Electric Utility	Water and Sewer Utility	Airport	Nonmajor and Other Funds	Total
Receivables:							
Taxes	\$ 5,352,294	\$ 1,480,531	\$ -	\$ -	\$ 498,107	\$ 989,353	\$ 8,320,285
Special assessments	-	1,379,171	-	-	-	-	1,379,171
Accounts and interest	332,146	-	1,650,608	433,636	2,318	265,830	2,684,538
Other	-	-	-	-	-	157,551	157,551
Gross receivables	5,684,440	2,859,702	1,650,608	433,636	500,425	1,412,734	12,541,545
Less allowance for uncollectibles	(190,000)	(78,400)	(436,626)	(141,018)	(26,350)	(133,891)	(1,006,285)
Net receivables	\$ 5,494,440	\$ 2,781,302	\$ 1,213,982	\$ 292,618	\$ 474,075	\$ 1,278,843	\$ 11,535,260

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 90 days comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is equal to 5.70% of outstanding property taxes at December 31, 2012.

Kansas statutes require projects financed in part by special assessments to be financed through the issuance of general obligation bonds which are secured by the full faith and credit of the City. Special assessments received prior to or after the issuance of general obligation bonds are recorded as revenue in the appropriate project fund. Further, state statutes require levying additional general ad valorem property taxes in the Debt Service fund to finance delinquent special assessments receivable. Accordingly, special assessments receivable are accounted for within the Debt Service fund and no provision is made for potentially delinquent receivables. Special assessments are levied over a ten or fifteen year period and annual installments are due and payable with annual ad valorem property taxes. The City may foreclose liens against property benefited by special assessments when delinquent assessments are two years in arrears. At December 31, 2012, the special assessment taxes levied are a lien on the property and are recorded as special assessments receivable in the applicable fund with a corresponding amount recorded as unearned revenue.

C. Restricted Assets

The balances of the restricted asset accounts in the enterprise funds are as follows:

Cash:	
Maintenance reserve	\$ 821,689
Repair and replacement	550,660
Building	24,781
Security deposits	240,303
Investments:	
Security deposits	100,000
Total restricted assets	<u>\$ 1,737,433</u>

CITY OF GARDEN CITY, KANSAS  
Notes to the Financial Statements  
December 31, 2012

4. Detailed Notes on All Activities and Funds (continued)

D. Capital Assets

Capital asset activity for the primary government for the year ended December 31, 2012, was as follows:

	Balance 01-01-12	Additions	Deductions	Balance 12-31-12
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,183,776	\$ 159,983	\$ -	\$ 1,343,759
Construction in progress	68,743	4,889,878	3,304,845	1,653,776
<b>Total capital assets not being depreciated</b>	<b>1,252,519</b>	<b>5,049,861</b>	<b>3,304,845</b>	<b>2,997,535</b>
Capital assets being depreciated:				
Buildings and improvements	15,182,812	224,646	40,000	15,367,458
Equipment	4,131,984	394,979	197,203	4,329,760
Vehicles	4,992,493	134,854	297,680	4,829,667
Furniture and fixtures	15,463	62,139	-	77,602
Infrastructure	52,061,043	3,472,830	-	55,533,873
<b>Total capital assets being depreciated</b>	<b>76,383,795</b>	<b>4,289,448</b>	<b>534,883</b>	<b>80,138,360</b>
Less accumulated depreciation for:				
Buildings and improvements	6,490,412	362,582	40,000	6,812,994
Equipment	2,267,724	311,420	145,006	2,434,138
Vehicles	3,712,621	259,174	294,058	3,677,737
Furniture and fixtures	15,325	259	-	15,584
Infrastructure	23,430,384	1,211,033	-	24,641,417
<b>Total accumulated depreciation</b>	<b>35,916,466</b>	<b>2,144,468</b>	<b>479,064</b>	<b>37,581,870</b>
<b>Total capital assets being depreciated, net</b>	<b>40,467,329</b>	<b>2,144,980</b>	<b>55,819</b>	<b>42,556,490</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 41,719,848</b>	<b>\$ 7,194,841</b>	<b>\$ 3,360,664</b>	<b>\$ 45,554,025</b>

CITY OF GARDEN CITY, KANSAS  
Notes to the Financial Statements  
December 31, 2012

4. Detailed Notes on All Activities and Funds (continued)

D. Capital Assets (continued)

	Balance 01-01-12	Additions	Deductions	Balance 12-31-12
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 361,870	\$ 20,000	\$ -	\$ 381,870
<b>Total capital assets not being depreciated</b>	<b>361,870</b>	<b>20,000</b>	<b>-</b>	<b>381,870</b>
Capital assets being depreciated:				
Production, storage and distribution equipment	74,937,109	2,121,641	-	77,058,750
Golf course, club house and equipment	1,712,660	13,729	-	1,726,389
Vehicles and equipment	4,988,535	586,550	223,901	5,351,184
Containers and equipment	3,696,766	115,596	-	3,812,362
Airport improvements	27,356,658	1,899,552	61,679	29,194,531
<b>Total capital assets being depreciated</b>	<b>112,691,728</b>	<b>4,737,068</b>	<b>285,580</b>	<b>117,143,216</b>
Less accumulated depreciation for:				
Production, storage and distribution equipment	29,569,756	1,690,055	-	31,259,811
Golf course, club house and equipment	978,805	34,902	-	1,013,707
Vehicles and equipment	3,299,012	348,265	151,505	3,495,772
Containers and equipment	2,210,991	63,784	-	2,274,775
Airport improvements	7,480,361	442,485	-	7,922,846
<b>Total accumulated depreciation</b>	<b>43,538,925</b>	<b>2,579,491</b>	<b>151,505</b>	<b>45,966,911</b>
<b>Total capital assets being depreciated, net</b>	<b>69,152,803</b>	<b>2,157,577</b>	<b>134,075</b>	<b>71,176,305</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 69,514,673</b>	<b>\$ 2,177,577</b>	<b>\$ 134,075</b>	<b>\$ 71,558,175</b>

CITY OF GARDEN CITY, KANSAS  
Notes to the Financial Statements  
December 31, 2012

4. Detailed Notes on All Activities and Funds (continued)

D. Capital Assets (continued)

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

Governmental activities:	
General government	\$ 128,637
Public safety	334,312
Public works	1,366,723
Parks and recreation	<u>305,601</u>
Total depreciation expense - governmental activities	2,135,273
Accumulated depreciation on transferred assets	<u>9,195</u>
Total additions to accumulated depreciation - governmental activities	<u>\$ 2,144,468</u>
Business-type activities:	
Electric	\$ 704,088
Water and sewer	1,097,666
Airport	462,069
Solid waste	235,537
Golf course	55,972
Drainage	<u>20,625</u>
Total depreciation expense - business-type activities	2,575,957
Accumulated depreciation on transferred assets	<u>3,534</u>
Total additions to accumulated depreciation - business-type activities	<u>\$ 2,579,491</u>

E. Kansas Public Employees Retirement System

Plan Description

The City of Garden City, Kansas, contributes to the Kansas Public Employees Retirement System (KPERs) and the Kansas Police and Firemen's Retirement System (KP&F). Both are cost sharing, multiple-employer defined benefit pension plans as provided by K.S.A. 74-4901, *et seq.* KPERs and KP&F provide retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERs and KP&F issue a publicly available financial report that includes financial statements and required supplementary information. Those reports may be obtained by writing to KPERs (611 S Kansas, Suite 100; Topeka, KS 66603) or by calling 1-888-275-5737.

Funding Policy

K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERs member-employee contribution rate at up to 6% of covered salary. K.S.A. 74-4975 establishes KP&F member-employee contribution rate at up to 7% of covered salary. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERs and KP&F are funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates. The KPERs employer rate established by statute for calendar year 2012 is 8.34%. The City of Garden City, Kansas, contributions to KPERs for the years ending December 31, 2012, 2011 and 2010, were \$694,875, \$633,949, and \$561,262, respectively, equal to the statutory required

CITY OF GARDEN CITY, KANSAS  
Notes to the Financial Statements  
December 31, 2012

4. Detailed Notes on All Activities and Funds (continued)

E. Kansas Public Employees Retirement System (continued)

Funding Policy (continued)

contributions for each year. The KP&F employer rate established by statute for fiscal years beginning in 2012 is 16.54%. Employers participating in KP&F also make contributions to amortize the liability for past service costs, if any, which is determined separately for each participating employer.

The City of Garden City, Kansas, contributions to KP&F for the years ending December 31, 2012, 2011 and 2010, were \$722,271, \$622,725, and \$551,548, respectively, equal to the statutory required contributions for each year as set forth by the legislature.

Employees of the discretely presented component units also contribute to the Kansas Public Employees Retirement System. All contribution requirements were met by the component units and their employees.

F. Other Postemployment Benefit (OPEB) Obligations

Plan Description

Kansas statute provides that postemployment healthcare benefits be extended to retired employees who have met the age and/or service eligibility requirements. The health insurance benefit generally provides the same coverage for retirees and their dependents as for active employees and their dependents. The health insurance benefit plan is a single employer defined benefit plan administered by the City. The benefit is available for selection at retirement and is extended to retirees and their dependents until the age of 65. Grandfathered retirees may continue coverage until death. The benefits renew on a calendar year basis. The accounting for the health insurance for retirees is included in the City's health insurance fund, with the subsidy provided from the general and enterprise funds.

Funding Policy

The City provides health insurance benefits to qualifying retirees and their dependents in accordance with Kansas law. Kansas statute, which may be amended by the State legislature, established that participating retirees may remain in the City's health insurance plan by paying the entire premium.

Currently, eligible retirees receive no direct contribution from the City for their medical, prescription drug and dental premium rates as established annually by the City. The required retiree contribution rate equals the carrier-charged premium. The carrier-charged premium for the year ended December 31, 2012, ranged from \$227 to \$720 per month per retiree participant. The City appropriates funds annually for the costs associated with the retirement benefit and provides funding for the expenditures on a pay-as-you-go basis.

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CITY OF GARDEN CITY, KANSAS  
Notes to the Financial Statements  
December 31, 2012

4. Detailed Notes on All Activities and Funds (continued)

F. Other Postemployment Benefit (OPEB) Obligations (continued)

Annual OPEB Cost and Net OPEB Obligation

The City's annual OPEB (Other Postemployment Benefits) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table presents the components of the City's annual OPEB cost for the year, the contribution to the plan, and changes in the City's net OPEB obligation.

Normal cost	\$	194,614
Amortization of unfunded actuarial accrued liability		108,689
Annual required contribution		303,303
Interest on net OPEB obligation		18,008
Adjustment to annual required contribution		(20,889)
Annual OPEB cost (expense)		300,422
Contributions made		87,000
Increase in net OPEB obligation		213,422
Net OPEB Obligation, January 1		732,616
Net OPEB Obligation, December 31	\$	946,038

The City's annual OPEB cost, percentage of OPEB cost contributed, and net postemployment benefit obligation for the plan for the fiscal years ended December 31st is as follows:

Fiscal Year	Annual OPEB Cost	Employer Contributions	Percentage Contributed	Net OPEB Obligation
2009	\$ 266,097	\$ 41,000	15.4 %	\$ 225,097
2010	266,097	41,000	15.4	450,194
2011	300,422	18,000	6.0	732,616
2012	300,422	87,000	29.0	946,038

Funded Status and Funding Progress

As of January 1, 2011, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$2,252,352. The City's policy is to fund the benefits on a pay as you go basis, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,252,352. The covered payroll (annual payroll of active employees covered by the plan) was \$10,611,304 and the ratio of the UAAL to the covered payroll was 21.2%.

CITY OF GARDEN CITY, KANSAS  
Notes to the Financial Statements  
December 31, 2012

4. Detailed Notes on All Activities and Funds (continued)

F. Other Postemployment Benefit (OPEB) Obligations (continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The valuation includes, for example, assumptions about future employment, mortality and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of employer are subject to continual revision as actual results are compared with the past expectations and new estimates are made about the future. The schedule of funding progress will present in time, multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Projections of benefits for reporting purposes are based on the substantive plan and include the types of benefits provided at the time of valuation and the historical pattern of sharing of benefit cost between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and actuarial value of assets, consistent with the long-term perspective of the calculations.

The ARC for the plan's year was determined as part of the January 1, 2011, actuarial valuation using the following methods and assumptions:

Actuarial cost method	projected unit credit
Amortization method	level percentage of payroll, open
Remaining amortization period	30 years
Inflation rate	8% to 5% in seventh year
Asset valuation method	long-term historical return experience
Investment return	4%
Projected salary increases	1.5%
Cost of living adjustments	8% to 5% in seventh year
Healthcare cost trend rate	5%

G. Construction and Other Significant Commitments

Construction Commitments

The City has active construction projects as of December 31, 2012. At year-end, the City's commitments with contractors are as follows:

Project	Project Authorization	Expended to 12-31-12	Committed
Airport Master Plan update	\$ 583,660	\$ 548,641	\$ 35,019
Airport wildlife fence construction	1,549,906	1,339,736	210,170
Household hazardous waste project	16,050	11,896	4,154
Windsor Hotel project	155,760	86,353	69,407
2012 street improvement projects	6,243,657	2,258,051	3,985,606
Schulman Crossing design services	552,901	331,536	221,365
Swimming pool spray ground improvements	273,958	213,897	60,061
2012 substation transformers	1,195,551	548,894	646,657
Cat Canyon at Lee Richardson Zoo	896,800	453,700	443,100
Schulman Crossing utilities	580,161	529,238	50,923

CITY OF GARDEN CITY, KANSAS  
Notes to the Financial Statements  
December 31, 2012

4. Detailed Notes on All Activities and Funds (continued)

G. Construction and Other Significant Commitments (continued)

Construction Commitments (continued)

<u>Project</u>	<u>Project Authorization</u>	<u>Expended to 12-31-12</u>	<u>Committed</u>
Inge Avenue watermain	\$ 379,860	\$ 134,356	\$ 245,504
Safe Routes to School sidewalk	261,843	-	261,843
Airport parking lot expansion	429,231	-	429,231
 Total	 <u>\$ 13,119,338</u>	 <u>\$ 6,456,298</u>	 <u>\$ 6,663,040</u>

Subsequent to year-end, the City entered into capital projects with commitments to contractors, by category, as follows:

	<u>Project Authorization</u>
Pioneer Road Estates	\$ 795,490
Automatic irrigation system renovation	1,433,000
Switchgear and site work for Substation No. 10	651,090
2013 street sealing	418,700
Special assessment improvements	771,496
Schulman Avenue water transmission main	261,811
Lareu Road & Stone Creek Drive construction	177,481
 Total	 <u>\$ 4,509,068</u>

Contracts

The City has entered into an operating agreement for the airport air traffic control tower. This is an annual agreement with fees totaling \$54,866 for the year ended December 31, 2012.

The City has entered into an operating agreement for an employee wellness center. This is a three year agreement with fees totaling \$274,445 for the year ended December 31, 2012. Future fees under this agreement are as follows:

2013	\$ 286,832
2014	167,858
Total	<u>\$ 454,690</u>

Conduit Debt Obligations

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2012, there were 5 series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$9,028,791.

CITY OF GARDEN CITY, KANSAS  
Notes to the Financial Statements  
December 31, 2012

4. Detailed Notes on All Activities and Funds (continued)

H. Risk Management and Self-Insurance

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City carries commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. In addition, the City has established, through ordinances, the following risk management and self-insurance funds:

The Health Insurance Fund (an internal service fund) accounts for the City's payments on self-insured medical costs. The City remits amounts from funds paying salaries and benefits for the City employees to this fund based upon projected premium costs if a third party insurance carrier was used. Claims are then paid out of this fund for medical costs as they are filed or incurred. Retired employees are also covered by the program provided that they pay an annual premium to the City. Since the City began self-insuring, claims liability has not exceeded departmental billings. Net assets represent equity designated to pay for future catastrophic losses.

The Workers Compensation Fund (an internal service fund) accounts for the City's payments on self-insured workers compensation and employer's liability insurance costs. The City transfers amounts from funds paying salaries and benefits for the City employees to this fund based upon projected costs. Claims are then paid out of this fund for workers' claims as they are filed or incurred. Net assets represent equity designated to pay for future catastrophic losses.

Liabilities of the funds are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from subrogation, are another component of the claims liability estimate.

The City's self-insurance coverage for workers compensation applies up to \$400,000 per accident on electrical employees and up to \$300,000 per accident on all other employees. The City carries additional commercial insurance to cover risk above the preceding limits up to \$1,000,000 per accident. The City's self-insurance policy for medical insurance contains a stop/loss clause of \$100,000 per individual and an aggregate stop/loss clause that covers claims above \$2,395,105. Since the City became self-insured in these areas, payments from City departments have exceeded claims.

Changes in the funds' claims liability amount in fiscal years 2011 and 2012 were:

	<u>Health Insurance Fund</u>		<u>Workers Compensation Fund</u>	
	12-31-11	12-31-12	12-31-11	12-31-12
Beginning of fiscal year liability	\$ 189,065	\$ 212,737	\$ 5,817	\$ 1,477
Current year claims and changes in estimates	3,157,156	3,386,939	263,204	169,477
Claim payments	<u>(3,133,484)</u>	<u>(3,361,647)</u>	<u>(267,544)</u>	<u>(165,802)</u>
Balance at fiscal year end	<u>\$ 212,737</u>	<u>\$ 238,029</u>	<u>\$ 1,477</u>	<u>\$ 5,152</u>

CITY OF GARDEN CITY, KANSAS  
Notes to the Financial Statements  
December 31, 2012

4. Detailed Notes on All Activities and Funds (continued)

I. Lease Obligations

Capital Leases

The City has entered into various lease agreements to finance the acquisition of fire and police department vehicles and equipment, street department equipment, and a copier for the planning and community development department. These leases qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The following is a summary of assets acquired through these capital lease agreements by the City at December 31, 2012:

	Governmental Activities	Business-type Activities
Vehicles and equipment	\$ 821,421	\$ 18,184
Less accumulated depreciation	(203,324)	(1,818)
Total	\$ 618,097	\$ 16,366

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2012, are as follows:

	Governmental Activities	Business-type Activities
2013	\$ 290,002	\$ 6,123
2014	173,494	6,679
2015	104,947	3,340
2016	45,305	-
2017	5,663	-
Total minimum lease payments	619,411	16,142
Less amount representing interest	(33,307)	(995)
Present value of future minimum lease payments	\$ 586,104	\$ 15,147

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CITY OF GARDEN CITY, KANSAS  
Notes to the Financial Statements  
December 31, 2012

4. Detailed Notes on All Activities and Funds (continued)

I. Lease Obligations (continued)

Capital Leases (continued)

Subsequent to year-end, the City Commissioners authorized staff to enter into lease agreements for the acquisition of fire vehicles and equipment, police cars, a backhoe and a mower at a cost of \$822,312. The future minimum lease obligation and the net present value of the minimum lease payments are as follows:

	Governmental Activities
2013	\$ 96,628
2014	135,446
2015	135,446
2016	102,334
2017	102,335
2018-2022	302,385
2023	29,285
Total minimum lease payments	903,859
Less amount representing interest	(81,547)
Present value of future minimum lease payments	\$ 822,312

J. Short-Term Debt

The purpose of all of the short-time borrowings is to provide resources for various capital construction or improvement projects. The form of financing used in all cases is temporary notes (i.e.: bond anticipation notes). The amounts issued for governmental activities are accounted for in the capital projects fund.

State law requires that temporary notes issued for capital purposes be converted to long-term obligations within four years after the original issue date, if not completely repaid.

The schedule below details the changes in short-term capital borrowings during the year ended December 31, 2012, for the governmental activities:

	Date of Issue	Interest Rate	Balance 01-01-12	Issues	Redemptions	Balance 12-31-12
<b>Governmental activities:</b>						
2012 Durango Temporary Note Projects	06-01-12	0.938%	\$ -	\$ 11,750,000	\$ -	\$ 11,750,000

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CITY OF GARDEN CITY, KANSAS  
Notes to the Financial Statements  
December 31, 2012

4. Detailed Notes on All Activities and Funds (continued)

K. Long-Term Liabilities

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction or improvement of major capital assets. General obligation bonds have been issued for both governmental and business-type activities. The original principal amount of general obligation bonds issued in prior years was \$12,707,000. During the year, general obligation bonds totaling \$925,000 were issued.

General obligation bonds are direct obligations and the full faith and credit of the City is pledged to their repayment. These bonds generally are issued as 5 to 15-year serial bonds with nearly equal amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Date of Issue</u>	<u>Maturity Date</u>	<u>Outstanding Interest Rates</u>	<u>Balance 12-31-12</u>
<u>Governmental activities:</u>				
Refunding	12-01-03	11-01-13	3.25 to 3.60%	\$ 40,000
Internal Improvement	12-01-03	11-01-14	3.35 to 3.75%	145,000
Internal Improvement	09-01-05	11-01-15	3.45 to 3.80%	475,000
Internal Improvement	05-01-06	11-01-16	3.75 to 4.00%	630,000
Internal Improvement	04-01-07	11-01-17	3.50 to 3.65%	985,000
Internal Improvement	09-01-08	11-01-18	2.75 to 3.70%	2,050,000
Internal Improvement	07-01-09	11-01-19	2.00 to 3.30%	1,645,000
Internal Improvement	08-01-10	11-01-20	1.50 to 2.75%	1,006,250
Internal Improvement	08-01-11	11-01-21	1.00 to 2.50%	2,140,000
Internal Improvement	11-01-12	11-01-22	2.00 to 2.15%	925,000
<u>Business-type activities:</u>				
Internal Improvement	08-01-10	11-01-20	1.50 to 2.75%	2,828,750
Refunding	12-01-10	09-01-24	2.00 to 3.25%	9,570,000
<u>Total general obligation bonds payable</u>				<u>\$ 22,440,000</u>

During the year ended December 31, 2012, the City Commissioners authorized staff to proceed with a \$6,000,000 bond sale for economic development and welfare of the City, and for \$5,750,000 for the related 2012 and 2013 projects. Subsequent to the year ended December 31, 2012, the City Commissioners authorized staff to proceed with bond sales totaling \$8,339,496 for 2013 projects, internal improvements and special assessments.

Bond Covenants

There are a number of limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant limitations and restrictions.

Legal Debt Margin

The City is subject to a debt limit that is 30% of the assessed valuation of taxable real property. For the year ended December 31, 2012, that amount is \$157,703,499. As of December 31, 2012, the total outstanding debt applicable to the limit is \$10,041,250 which is 21.2% of the total debt limit.

CITY OF GARDEN CITY, KANSAS  
Notes to the Financial Statements  
December 31, 2012

4. Detailed Notes on All Activities and Funds (continued)

K. Long-Term Liabilities (continued)

Segment Information

The City issued general obligation bonds to finance its electric utility and water and sewer utility, which operate the City's electrical system and water system and sewage treatment plant. The electric utility and water and sewer utility are accounted for as separate activities. Financial information for the electric utility fund and water and sewer utility fund is shown on pages 27 through 29 of this report.

Changes in Long-Term Liabilities

Changes in the City's long-term liabilities for the year ended December 31, 2012, are as follows:

	Balance 01-01-12	Additions	Retired	Balance 12-31-12	Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds	\$ 10,617,500	\$ 925,000	\$ 1,501,250	\$ 10,041,250	\$ 1,536,500
Capital leases	694,026	122,526	230,448	586,104	271,110
Compensated absences	942,069	687,915	643,826	986,158	652,904
Net OPEB obligation	732,616	300,422	87,000	946,038	-
<b>Total governmental activities long-term liabilities</b>	<b>\$ 12,986,211</b>	<b>\$ 2,035,863</b>	<b>\$ 2,462,524</b>	<b>\$ 12,559,550</b>	<b>\$ 2,460,514</b>
<b>Business-type activities:</b>					
General obligation bonds	\$ 13,837,500	\$ -	\$ 1,438,750	\$ 12,398,750	1,473,500
Plus bond premium	274,366	-	29,207	245,159	29,719
Capital leases	-	18,609	3,462	15,147	5,525
<b>Total business-type activities long-term liabilities</b>	<b>\$ 14,111,866</b>	<b>\$ 18,609</b>	<b>\$ 1,471,419</b>	<b>\$ 12,659,056</b>	<b>\$ 1,508,744</b>

The liability for compensated absences is generally liquidated by the general fund. The liability for net OPEB obligation is generally liquidated by the health insurance fund.

The annual debt service requirements to maturity for the general obligation bonds outstanding at December 31, 2012, including interest payments, are as follows:

Year ending December 31,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2013	\$ 1,536,500	\$ 274,954	\$ 1,473,500	\$ 293,056
2014	1,554,000	233,455	1,506,000	265,018
2015	1,538,050	190,252	1,541,950	236,165
2016	1,428,500	146,730	1,576,500	206,129
2017	1,317,250	107,020	1,622,750	172,064
2018-2022	2,666,950	138,586	4,428,050	297,739
2023-2024	-	-	250,000	10,725
<b>Total</b>	<b>\$ 10,041,250</b>	<b>\$ 1,090,997</b>	<b>\$ 12,398,750</b>	<b>\$ 1,480,896</b>

CITY OF GARDEN CITY, KANSAS  
Notes to the Financial Statements  
December 31, 2012

4. Detailed Notes on All Activities and Funds (continued)

L. Interfund Receivables and Payables

The composition of interfund balances as of December 31, 2012, is as follows:

Advances From/To Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Temporary notes:		
Electric Utility	Nonmajor capital projects fund	\$ 688,000
Total		<u>\$ 688,000</u>

Kansas statutes permit the issuance of temporary notes to finance certain capital improvement projects which will be refinanced with general obligation bonds. These temporary notes are interfund loans for internal improvements and are to be retired with bond proceeds.

M. Interfund Transfers

The composition of interfund transfers by fund type for the year ended December 31, 2012, is as follows:

	<u>Transfers in:</u>				<u>Total</u>
	<u>General</u>	<u>Airport</u>	<u>Nonmajor Governmental Funds</u>	<u>Nonmajor Proprietary Funds</u>	
Transfers out:					
General	\$ -	\$ -	\$ 407,100	\$ 100,000	\$ 507,100
Electric Utility	1,387,250	-	220,000	-	1,607,250
Water and Sewer Utility	393,750	-	15,000	-	408,750
Nonmajor Governmental Funds	-	30,000	-	225,000	255,000
Nonmajor Proprietary Funds	165,850	-	-	-	165,850
Total	<u>\$ 1,946,850</u>	<u>\$ 30,000</u>	<u>\$ 642,100</u>	<u>\$ 325,000</u>	<u>\$ 2,943,950</u>

During the year, transfers are used to (1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due, (2) move restricted amounts from borrowings to the debt service fund to establish mandatory reserve accounts, and (3) move unrestricted general fund revenues to finance various programs that the City must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

In the government-wide financial statements, transfers in and out of the internal service funds are not reflected.

Further, during the year ended December 31, 2012, the City made transfers totaling \$2,181,850 from the enterprise funds to the governmental funds as allowed under state statutes authorizing the transfer from the gross operating revenue of the City's utilities to the different funds used for governmental functions.

CITY OF GARDEN CITY, KANSAS  
Notes to the Financial Statements  
December 31, 2012

4. Detailed Notes on All Activities and Funds (continued)

N. Discretely Presented Component Units

Garden City Recreation Commission

The carrying amount of deposits for the Garden City Recreation Commission, a discretely presented component unit, was \$430,550 and the bank balance was \$454,961. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$349,188 was covered by federal depository insurance and \$105,773 was collateralized with securities held by the pledging financial institutions' agents in the Recreation Commission's name.

Capital asset activity for the Garden City Recreation Commission for the year ended December 31, 2012, is as follows:

	Balance 01-01-12	Additions	Deductions	Balance 12-31-12
<b>Governmental activities:</b>				
Capital assets being depreciated:				
Buildings and improvements	\$ 61,241	\$ 24,234	\$ 25,078	\$ 60,397
Equipment	832,030	161,971	106,475	887,526
<b>Total capital assets being depreciated</b>	<b>893,271</b>	<b>186,205</b>	<b>131,553</b>	<b>947,923</b>
Less accumulated depreciation for:				
Buildings and improvements	28,991	7,268	10,211	26,048
Equipment	513,982	109,211	81,945	541,248
<b>Total accumulated depreciation</b>	<b>542,973</b>	<b>116,479</b>	<b>92,156</b>	<b>567,296</b>
<b>Recreation Commission capital assets, net</b>	<b>\$ 350,298</b>	<b>\$ 69,726</b>	<b>\$ 39,397</b>	<b>\$ 380,627</b>

The Garden City Recreation Commission has entered into lease agreements to finance the acquisition of equipment. These leases qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of inception.

The following is a summary of assets acquired through these capital lease agreements by the Garden City Recreation Commission at December 31, 2012:

	<u>Governmental Activities</u>
Vehicles and equipment	\$ 122,042
Less accumulated depreciation	(35,198)
<b>Total</b>	<b>\$ 86,844</b>

CITY OF GARDEN CITY, KANSAS  
Notes to the Financial Statements  
December 31, 2012

4. Detailed Notes on All Activities and Funds (continued)

N. Discretely Presented Component Units (continued)

Garden City Recreation Commission (continued)

The future minimum lease obligations and the net present value of these minimum lease payments for the Garden City Recreation Commission as of December 31, 2012, are as follows:

	Governmental Activities
2013	\$ 30,142
2014	22,308
2015	7,865
2016	7,865
Total minimum lease payments	68,180
Less amount representing interest	(4,021)
Present value of future minimum lease payments	\$ 64,159

Changes in the long-term liabilities of the Garden City Recreation Commission for the year ended December 31, 2012, are as follows:

	Balance 01-01-12	Additions	Retired	Balance 12-31-12	Due Within One Year
<b>Governmental activities:</b>					
Capital leases	\$ 75,701	\$ 42,083	\$ 53,625	\$ 64,159	\$ 28,054
Compensated absences	42,817	39,380	31,252	50,945	25,240
Total governmental activities long-term liabilities	\$ 118,518	\$ 81,463	\$ 84,877	\$ 115,104	\$ 53,294

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CITY OF GARDEN CITY, KANSAS  
Notes to the Financial Statements  
December 31, 2012

4. Detailed Notes on All Activities and Funds (continued)

N. Discretely Presented Component Units (continued)

Garden City Housing Authority

The carrying amount of deposits for the Garden City Housing Authority, a discretely presented component unit, was \$240,384 and the bank balance was \$240,864. All of the bank balance was covered by federal depository insurance.

Capital asset activity for the Garden City Housing Authority for the year ended December 31, 2012, is as follows:

	Balance 01-01-12	Additions	Deductions	Balance 12-31-12
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 426,144	\$ -	\$ -	\$ 426,144
Construction in progress	61,116	12,540	47,106	26,550
Total capital assets not being depreciated	487,260	12,540	47,106	452,694
Capital assets being depreciated:				
Buildings and improvements	3,955,461	47,106	-	4,002,567
Equipment	403,313	10,288	-	413,601
Total capital assets being depreciated	4,358,774	57,394	-	4,416,168
Less accumulated depreciation	2,715,156	151,238	-	2,866,394
Total capital assets being depreciated, net	1,643,618	(93,844)	-	1,549,774
Housing Authority capital assets, net	<u>\$ 2,130,878</u>	<u>\$ (81,304)</u>	<u>\$ 47,106</u>	<u>\$ 2,002,468</u>

Changes in the long-term liabilities of the Garden City Housing Authority for the year ended December 31, 2012, are as follows:

	Balance 01-01-12	Additions	Retired	Balance 12-31-12	Due Within One Year
<b>Governmental activities:</b>					
Compensated absences	\$ 15,552	\$ -	\$ 5,248	\$ 10,304	\$ 1,030

CITY OF GARDEN CITY, KANSAS  
Notes to the Financial Statements  
December 31, 2012

4. Detailed Notes on All Activities and Funds (continued)

O. Jointly Governed Organization

The following organization is a jointly governed organization in which the City participates and is not included in the basic financial statements of the City:

Garden City Information Technologies Cooperative is a jointly governed organization between the City of Garden City, Kansas; the County of Finney, Kansas; Unified School District No. 457; Garden City Community College; and St. Catherine Hospital, created under KSA 12-2901. Garden City Information Technologies Cooperative is governed by a board appointed by the participating parties. The purpose of Garden City Information Technologies Cooperative is to enhance the coordination and technology sharing among the members of the Cooperative, address the long term goals of the Cooperative that provide an enhanced community and regional telecommunications and integrated community network, and to seek out the opportunities that are identified by the Cooperative that provide services to local and regional interests and lead to the use of the Cooperative as a tool for economic development. This is accomplished by coordinating technology purchases and training, development of communication networks within Garden City and southwest Kansas, and providing videoconferencing, telecommuting and office access within the community. The primary source of funding for Garden City Information Technologies Cooperative is from the general funds of the participating parties and through procuring grants. The City of Garden City, Kansas, contributed \$-0- to the operations of Garden City Information Technologies Cooperative during the year-ended December 31, 2012. The City of Garden City, Kansas, has no equity interest nor does the City materially contribute to the continued existence of Garden City Information Technologies Cooperative. Garden City Information Technologies Cooperative has a December 31st year-end.

P. Contingencies

Grant Audits

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

Litigation

The City is named as a party in various lawsuits. These lawsuits are in the discovery stages and the effect, if any, on the City is not determinable at this time. In the opinion of management, the ultimate outcome of these lawsuits will not have a material adverse effect on the financial condition of the City.

Q. Subsequent Events

Subsequent to year-end the City entered into contracts for capital projects as discussed in Note 4, item G; approved capital leases as discussed in Note 4, item I; and authorized bond sales as discussed in Note 4, item K.

CITY OF GARDEN CITY, KANSAS  
Notes to the Financial Statements  
December 31, 2012

4. Detailed Notes on All Activities and Funds (continued)

R. Prior Period Adjustments

The net position for net investment in capital assets for the governmental activities of the government-wide financial statements at December 31, 2011, was decreased by \$95,974 to implement GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. In addition, the business-type activities in the government-wide financial statements and in the proprietary funds financial statements at December 31, 2011, were decreased \$166,659. The adjustments were due to deferred bond costs being removed. The effect on the City's business-type activities in the proprietary funds financial statements are summarized as follows:

Change to Net Position	Electric Utility	Water and Sewer Utility	Total
Net investment in capital assets	\$ 17,648	\$ 149,011	\$ 166,659

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## Required Supplementary Information

CITY OF GARDEN CITY, KANSAS  
 Schedule of Funding Progress –  
 Other Postemployment Benefits  
 December 31, 2012

As of January 1, 2011, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$2,252,352. The City's policy is to fund the benefits on a pay as you go basis, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,252,352. The covered payroll (annual payroll of active employees covered by the plan) was \$10,611,304 and the ratio of the UAAL to the covered payroll was 21.2%.

Actuarial Valuation Date	Actuarial Value of Assets ( a )	Net Actuarial Accrued Liability (AAL) ( b )	Unfunded (AAL) (UAAL) ( b-a )	Funded Ratio	Covered Payroll ( c )	UAAL as a Percentage of Covered Payroll ( b-a )/( c )
1/1/2009	\$ -	\$ 1,939,286	\$ 1,939,286	0.0%	\$ 10,384,185	18.7%
1/1/2011	-	2,252,352	2,252,352	0.0%	10,611,304	21.2%

## **Combining and Individual Fund Statements and Schedules**

# Nonmajor Governmental Funds

## Special Revenue Funds

Special revenue funds are used to account for specific revenue sources that are restricted, committed, or assigned to expenditures for particular purposes. The special revenue funds used by the City of Garden City, Kansas, are:

### Community Trust:

This fund was created from monies remaining in a bond reserve fund when the bond issue was retired. Loans for capital improvements are made through and repaid through this fund. In addition, the fund accounts for the operating transfers to the golf course.

### Capital Improvements:

This fund is used to account for monies transferred in from various City funds for capital projects that were authorized but not completed in that year. By transferring the monies to this fund, the projects can be completed with funds which were previously authorized for that purpose.

### Recreation:

This fund is used to account for monies received from the annual tax levy which are then distributed to the Recreation Commission.

### Special Trafficway:

This fund is used to account for monies levied by the State of Kansas (i.e., motor fuels tax) which produces revenues the City can use to defray in whole or in part the cost of constructing, altering, reconstructing, maintaining and repairing streets and highways. A portion of this fund is reserved by the motor fuels tax revenue bond - series 1993 ordinance which requires a cash reserve for the revenue bond issue. In addition, the fund is used to account for monies dedicated to repay the principal and interest costs on the motor fuels tax revenue bond - series 1993.

### Special Improvements:

This fund is used to account for monies received on insurance claims which are then paid out in accordance with the claim. The fund also accounts for expenses involved in property nuisance complaints which are then reimbursed by the property owner.

### Cemetery Endowment:

This fund was established to provide monies for maintenance and upkeep of the cemetery by providing that six percent of the cemetery space proceeds be accounted for in this fund.

### Special Recreation and Parks:

This fund is used to account for monies provided by a state liquor tax on private clubs which are to be expended for the purchase, establishment, maintenance or expansion of park and recreational services, programs and facilities.

### Special Alcohol Programs:

This fund is used to account for monies provided by a state liquor tax on private clubs which are to be expended for the purchase, establishment, maintenance or expansion of services or programs for alcoholism prevention and education.

# Nonmajor Governmental Funds

## Special Revenue Funds

### Finnup Trust Fund:

This fund is used to account for monies received from the Finnup Foundation and expended on specified projects for Finnup Park.

### Special Liability:

This fund is used to account for monies reserved for the purpose of paying nondeductible claims and related costs arising from legal actions and settlements.

### Drug Enforcement:

This fund is used to account for revenues passed through from the State Department of Justice which are matched with a percentage of City monies, all of which are to be expended for drug control type expenditures.

### DEA Forfeiture:

This fund is used to account for monies from DEA drug forfeitures which are to be expended for drug control type expenditures.

### Community Development Loan Fund:

This fund is used to account for housing rehabilitation loan repayments and expenditures for qualified housing rehabilitation loans.

### Economic Development:

This fund is used to account for loan repayments and new loan authorizations of monies available and set aside for economic development activities within the City.

### Enhanced Wireless 911:

This fund is used to account for the activities of the City's E911 emergency communications system funded by a special telephone use fee imposed on all wireless user accounts.

### Community Development Grant:

This fund is used to account for a federal grant received and expenditures made for the benefit of the Emmaus House.

### COPS Grant Technology:

This fund is used to account for a federal grant received and expenditures made for technology equipment for local law enforcement.

### JAG ARRA Grant:

This fund is used to account for a federal grant received and expenditures made for equipment for police services.

### Project Development:

This fund is used to account for all resources received and expenditures made for project development within the City.

## Nonmajor Governmental Funds

### Capital Projects Funds

The capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

The following funds are used to account for the financing and construction of various street, storm drainage, sewer, wastewater and water distribution improvements within the City. Interim financing is provided by temporary notes until the projects are completed and included in subsequent general and limited obligation bond issues.

- 2012 Temporary Note Projects
- 2012 GO Bond Projects
- 2012 FOLRZ Zoo Projects
- 2011 GO Bond Projects
- 2011-A Temporary Note Projects

CITY OF GARDEN CITY, KANSAS  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2012

<u>Assets</u>	<u>Community Trust</u>	<u>Capital Improvements</u>	<u>Recreation</u>	<u>Special Trafficway</u>
Cash	\$ 361,810	\$ 586,415	\$ 1,339	\$ 693,087
Investments, at fair value	1,000,000	100,000	-	309,810
Receivables (net of allowances for uncollectibles):				
Taxes	-	-	778,126	167,727
Other	<u>113,520</u>	<u>-</u>	<u>-</u>	<u>1,777</u>
Total assets	<u>\$ 1,475,330</u>	<u>\$ 686,415</u>	<u>\$ 779,465</u>	<u>\$ 1,172,401</u>
 <u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ -	\$ 14,035	\$ -	\$ 42,208
Advances from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>14,035</u>	<u>-</u>	<u>42,208</u>
Deferred inflows of resources:				
Unavailable revenue - property taxes	<u>-</u>	<u>-</u>	<u>778,126</u>	<u>-</u>
Fund balances (deficits):				
Restricted:				
Recreation and parks	-	-	1,339	-
Capital improvement projects	-	-	-	1,130,193
Alcoholism prevention and education programs	-	-	-	-
Law enforcement	-	-	-	-
Economic development activities	-	-	-	-
Committed:				
Capital improvement projects	1,475,330	-	-	-
Assigned:				
Capital improvement projects	-	672,380	-	-
Legal claims and settlements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances (deficits)	<u>1,475,330</u>	<u>672,380</u>	<u>1,339</u>	<u>1,130,193</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,475,330</u>	<u>\$ 686,415</u>	<u>\$ 779,465</u>	<u>\$ 1,172,401</u>

(continued)

Special Revenues					
Special Improvements	Cemetery Endowment	Special Recreation and Parks	Special Alcohol Programs	Finnup Trust Fund	Special Liability
\$ 101,964	\$ 6,226	\$ 92,355	\$ 27,365	\$ 64,401	\$ 153,098
-	14,354	-	-	-	-
-	-	-	-	-	-
10,455	-	-	-	-	-
<u>\$ 112,419</u>	<u>\$ 20,580</u>	<u>\$ 92,355</u>	<u>\$ 27,365</u>	<u>\$ 64,401</u>	<u>\$ 153,098</u>
\$ 499	\$ -	\$ -	\$ -	\$ 11,361	\$ -
-	-	-	-	-	-
499	-	-	-	11,361	-
-	-	-	-	-	-
-	-	92,355	-	53,040	-
-	20,580	-	-	-	-
-	-	-	27,365	-	-
-	-	-	-	-	-
-	-	-	-	-	-
111,920	-	-	-	-	-
-	-	-	-	-	153,098
<u>111,920</u>	<u>20,580</u>	<u>92,355</u>	<u>27,365</u>	<u>53,040</u>	<u>153,098</u>
<u>\$ 112,419</u>	<u>\$ 20,580</u>	<u>\$ 92,355</u>	<u>\$ 27,365</u>	<u>\$ 64,401</u>	<u>\$ 153,098</u>

CITY OF GARDEN CITY, KANSAS  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2012

<u>Assets</u>	<u>Drug Enforcement</u>	<u>DEA Forfeiture</u>	<u>Community Development Loan Fund</u>	<u>Economic Development</u>
Cash	\$ 32,967	\$ 33,463	\$ 9,372	\$ 186,551
Investments, at fair value	-	-	-	125,000
Receivables (net of allowances for uncollectibles):				
Taxes	-	-	-	-
Other	-	-	-	-
<b>Total assets</b>	<b><u>\$ 32,967</u></b>	<b><u>\$ 33,463</u></b>	<b><u>\$ 9,372</u></b>	<b><u>\$ 311,551</u></b>
 <u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>				
<b>Liabilities:</b>				
Accounts payable	\$ 137	\$ 214	\$ -	\$ -
Advances from other funds	-	-	-	-
<b>Total liabilities</b>	<b><u>137</u></b>	<b><u>214</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Deferred inflows of resources:</b>				
Unavailable revenue - property taxes	-	-	-	-
<b>Fund balances (deficits):</b>				
<b>Restricted:</b>				
Recreation and parks	-	-	-	-
Capital improvement projects	-	-	-	-
Alcoholism prevention and education programs	-	-	-	-
Law enforcement	32,830	33,249	-	-
Economic development activities	-	-	-	311,551
<b>Committed:</b>				
Capital improvement projects	-	-	9,372	-
<b>Assigned:</b>				
Capital improvement projects	-	-	-	-
Legal claims and settlements	-	-	-	-
<b>Total fund balances (deficits)</b>	<b><u>32,830</u></b>	<b><u>33,249</u></b>	<b><u>9,372</u></b>	<b><u>311,551</u></b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b><u>\$ 32,967</u></b>	<b><u>\$ 33,463</u></b>	<b><u>\$ 9,372</u></b>	<b><u>\$ 311,551</u></b>

(continued)

Special Revenues					
Enhanced Wireless 911 Fund	Community Development Grant	COPS Grant Technology	JAG ARRA Grant	Project Development	Totals
\$ 222,660	\$ 12,507	\$ -	\$ -	\$ 214,994	\$ 2,800,574
-	-	-	-	-	1,549,164
-	-	-	-	-	945,853
31,799	-	-	-	-	157,551
<u>\$ 254,459</u>	<u>\$ 12,507</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 214,994</u>	<u>\$ 5,453,142</u>
\$ 5,820	\$ 12,507	\$ -	\$ -	\$ -	\$ 86,781
-	-	-	-	-	-
5,820	12,507	-	-	-	86,781
-	-	-	-	-	778,126
-	-	-	-	-	146,734
-	-	-	-	214,994	1,365,767
-	-	-	-	-	27,365
248,639	-	-	-	-	314,718
-	-	-	-	-	311,551
-	-	-	-	-	1,484,702
-	-	-	-	-	784,300
-	-	-	-	-	153,098
248,639	-	-	-	214,994	4,588,235
<u>\$ 254,459</u>	<u>\$ 12,507</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 214,994</u>	<u>\$ 5,453,142</u>

CITY OF GARDEN CITY, KANSAS  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2012

	Capital Projects			
	2012 Temporary Note Projects	2012 GO Bond Projects	2012 FOLRZ Zoo Projects	2011 GO Bond Projects
<u>Assets</u>				
Cash	\$ 15,295	\$ 924,141	\$ 24,616	\$ 699,431
Investments, at fair value	-	-	-	-
Receivables (net of allowances for uncollectibles):				
Taxes	-	-	-	-
Other	-	-	-	-
Total assets	<u>\$ 15,295</u>	<u>\$ 924,141</u>	<u>\$ 24,616</u>	<u>\$ 699,431</u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ 959	\$ -	\$ 24,616	\$ 1,259
Advances from other funds	550,000	-	-	-
Total liabilities	<u>550,959</u>	<u>-</u>	<u>24,616</u>	<u>1,259</u>
Deferred inflows of resources:				
Unavailable revenue - property taxes	-	-	-	-
Fund balances (deficits):				
Restricted:				
Recreation and parks	-	-	-	-
Capital improvement projects	(535,664)	924,141	-	698,172
Alcoholism prevention and education programs	-	-	-	-
Law enforcement	-	-	-	-
Economic development activities	-	-	-	-
Committed:				
Capital improvement projects	-	-	-	-
Assigned:				
Capital improvement projects	-	-	-	-
Legal claims and settlements	-	-	-	-
Total fund balances (deficits)	<u>(535,664)</u>	<u>924,141</u>	<u>-</u>	<u>698,172</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 15,295</u>	<u>\$ 924,141</u>	<u>\$ 24,616</u>	<u>\$ 699,431</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

2011-A Temporary Note Projects	Totals	Total Nonmajor Governmental Funds
\$ 761	\$ 1,664,244	\$ 4,464,818
-	-	1,549,164
-	-	945,853
-	-	157,551
<u>\$ 761</u>	<u>\$ 1,664,244</u>	<u>\$ 7,117,386</u>
\$ -	\$ 26,834	\$ 113,615
138,000	688,000	688,000
<u>138,000</u>	<u>714,834</u>	<u>801,615</u>
-	-	778,126
-	-	146,734
-	1,086,649	2,452,416
-	-	27,365
-	-	314,718
-	-	311,551
(137,239)	(137,239)	1,347,463
-	-	784,300
-	-	153,098
<u>(137,239)</u>	<u>949,410</u>	<u>5,537,645</u>
<u>\$ 761</u>	<u>\$ 1,664,244</u>	<u>\$ 7,117,386</u>

CITY OF GARDEN CITY, KANSAS  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2012

	Community Trust	Capital Improvements	Recreation	Special Trafficway
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ 887,234	\$ -
Intergovernmental revenue	156,123	-	-	698,106
Use of money and property	36,692	-	-	771
Miscellaneous	-	-	-	-
Donations	-	2,793	-	-
Sale of spaces	-	-	-	-
<b>Total revenues</b>	<b>192,815</b>	<b>2,793</b>	<b>887,234</b>	<b>698,877</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	617,504
Parks and recreation	-	-	896,250	-
Capital outlay	400,625	129,994	-	103,507
<b>Debt service:</b>				
Bond issuance costs	-	-	-	-
<b>Total expenditures</b>	<b>400,625</b>	<b>129,994</b>	<b>896,250</b>	<b>721,011</b>
<b>Revenues over (under) expenditures</b>	<b>(207,810)</b>	<b>(127,201)</b>	<b>(9,016)</b>	<b>(22,134)</b>
<b>Other financing sources (uses):</b>				
Transfers in	240,000	367,100	-	-
Transfers out	(200,000)	-	-	-
Bonds issued	-	-	-	-
Sale of capital assets	-	68,573	-	-
<b>Net change in fund balances</b>	<b>(167,810)</b>	<b>308,472</b>	<b>(9,016)</b>	<b>(22,134)</b>
<b>Fund balances (deficit), beginning of year</b>	<b>1,643,140</b>	<b>363,908</b>	<b>10,355</b>	<b>1,152,327</b>
<b>Fund balances (deficit), end of year</b>	<b>\$ 1,475,330</b>	<b>\$ 672,380</b>	<b>\$ 1,339</b>	<b>\$ 1,130,193</b>

(continued)

Special Revenues					
Special Improvements	Cemetery Endowment	Special Recreation and Parks	Special Alcohol Programs	Finnup Trust Fund	Special Liability
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	90,881	90,881	-	-
-	1,018	9,364	-	-	-
4,638	-	-	-	-	-
-	-	-	-	93,000	-
-	4,550	-	-	-	-
<u>4,638</u>	<u>5,568</u>	<u>100,245</u>	<u>90,881</u>	<u>93,000</u>	<u>-</u>
106,824	1,600	-	82,000	4,974	36,145
-	-	-	-	-	-
-	-	-	-	-	-
-	-	54,651	-	-	-
-	4,050	11,600	-	82,503	-
-	-	-	-	-	-
<u>106,824</u>	<u>5,650</u>	<u>66,251</u>	<u>82,000</u>	<u>87,477</u>	<u>36,145</u>
(102,186)	(82)	33,994	8,881	5,523	(36,145)
-	-	-	-	-	35,000
-	-	(25,000)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>(102,186)</u>	<u>(82)</u>	<u>8,994</u>	<u>8,881</u>	<u>5,523</u>	<u>(1,145)</u>
<u>214,106</u>	<u>20,662</u>	<u>83,361</u>	<u>18,484</u>	<u>47,517</u>	<u>154,243</u>
<u>\$ 111,920</u>	<u>\$ 20,580</u>	<u>\$ 92,355</u>	<u>\$ 27,365</u>	<u>\$ 53,040</u>	<u>\$ 153,098</u>

CITY OF GARDEN CITY, KANSAS  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2012

	Drug Enforcement	DEA Forfeiture	Community Development Loan Fund	Economic Development
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	1,418	-	-	-
Use of money and property	31	27	5,749	87,582
Miscellaneous	23,968	19,163	-	-
Donations	-	-	-	-
Sale of spaces	-	-	-	-
<b>Total revenues</b>	<b>25,417</b>	<b>19,190</b>	<b>5,749</b>	<b>87,582</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	5,853	959
Public safety	23,790	12,222	-	-
Public works	-	-	-	-
Parks and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Bond issuance costs	-	-	-	-
<b>Total expenditures</b>	<b>23,790</b>	<b>12,222</b>	<b>5,853</b>	<b>959</b>
<b>Revenues over (under) expenditures</b>	<b>1,627</b>	<b>6,968</b>	<b>(104)</b>	<b>86,623</b>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Bonds issued	-	-	-	-
Sale of capital assets	-	-	-	-
<b>Net change in fund balances</b>	<b>1,627</b>	<b>6,968</b>	<b>(104)</b>	<b>86,623</b>
<b>Fund balances (deficit), beginning of year</b>	<b>31,203</b>	<b>26,281</b>	<b>9,476</b>	<b>224,928</b>
<b>Fund balances (deficit), end of year</b>	<b>\$ 32,830</b>	<b>\$ 33,249</b>	<b>\$ 9,372</b>	<b>\$ 311,551</b>

Special Revenues					
Enhanced Wireless 911	Community Development Grant	COPS Grant Technology	JAG ARRA Grant	Project Development	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 887,234
-	56,902	58,458	57,081	-	1,209,850
-	-	-	-	77,893	219,127
190,234	-	-	-	-	238,003
-	-	-	-	-	95,793
-	-	-	-	-	4,550
<u>190,234</u>	<u>56,902</u>	<u>58,458</u>	<u>57,081</u>	<u>77,893</u>	<u>2,654,557</u>
43,538	56,902	-	-	-	338,795
-	-	-	-	-	36,012
-	-	-	-	-	617,504
-	-	-	-	-	950,901
-	-	55,620	57,081	36,932	881,912
-	-	-	-	-	-
<u>43,538</u>	<u>56,902</u>	<u>55,620</u>	<u>57,081</u>	<u>36,932</u>	<u>2,825,124</u>
146,696	-	2,838	-	40,961	(170,567)
-	-	-	-	-	642,100
-	-	-	-	-	(225,000)
-	-	-	-	-	-
-	-	-	-	-	68,573
<u>146,696</u>	<u>-</u>	<u>2,838</u>	<u>-</u>	<u>40,961</u>	<u>315,106</u>
<u>101,943</u>	<u>-</u>	<u>(2,838)</u>	<u>-</u>	<u>174,033</u>	<u>4,273,129</u>
<u>\$ 248,639</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 214,994</u>	<u>\$ 4,588,235</u>

CITY OF GARDEN CITY, KANSAS  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2012

	Capital Projects			
	2012 Temporary Note Projects	2012 GO Bond Projects	2012 FOLRZ Zoo Projects	2011 GO Bond Projects
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	-	-	-
Use of money and property	-	362	-	-
Miscellaneous	-	-	-	-
Donations	-	-	429,084	-
Sale of spaces	-	-	-	-
<b>Total revenues</b>	<u>-</u>	<u>362</u>	<u>429,084</u>	<u>-</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Parks and recreation	-	-	-	-
Capital outlay	534,104	-	429,084	683,829
<b>Debt service:</b>				
Bond issuance costs	1,560	1,221	-	-
<b>Total expenditures</b>	<u>535,664</u>	<u>1,221</u>	<u>429,084</u>	<u>683,829</u>
<b>Revenues over (under) expenditures</b>	<u>(535,664)</u>	<u>(859)</u>	<u>-</u>	<u>(683,829)</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	(30,000)
Bonds issued	-	925,000	-	-
Sale of capital assets	-	-	-	-
<b>Net change in fund balances</b>	<u>(535,664)</u>	<u>924,141</u>	<u>-</u>	<u>(713,829)</u>
<b>Fund balances (deficit), beginning of year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,412,001</u>
<b>Fund balances (deficit), end of year</b>	<u>\$ (535,664)</u>	<u>\$ 924,141</u>	<u>\$ -</u>	<u>\$ 698,172</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

2011-A Temporary Note Projects	Totals	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 887,234
-	-	1,209,850
-	362	219,489
-	-	238,003
-	429,084	524,877
-	-	4,550
<u>-</u>	<u>429,446</u>	<u>3,084,003</u>
-	-	338,795
-	-	36,012
-	-	617,504
-	-	950,901
134,840	1,781,857	2,663,769
<u>-</u>	<u>2,781</u>	<u>2,781</u>
<u>134,840</u>	<u>1,784,638</u>	<u>4,609,762</u>
(134,840)	(1,355,192)	(1,525,759)
-	-	642,100
-	(30,000)	(255,000)
-	925,000	925,000
-	-	68,573
<u>(134,840)</u>	<u>(460,192)</u>	<u>(145,086)</u>
<u>(2,399)</u>	<u>1,409,602</u>	<u>5,682,731</u>
<u>\$ (137,239)</u>	<u>\$ 949,410</u>	<u>\$ 5,537,645</u>

CITY OF GARDEN CITY, KANSAS  
Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual  
Debt Service Fund  
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 1,465,018	\$ 1,465,018	\$ 1,444,342	\$ (20,676)
Special assessment taxes	285,632	285,632	376,172	90,540
Intergovernmental revenue	25,000	25,000	25,000	-
Miscellaneous	-	-	46	46
<b>Total revenues</b>	<b>1,775,650</b>	<b>1,775,650</b>	<b>1,845,560</b>	<b>69,910</b>
<b>Expenditures:</b>				
Bond principal	1,501,250	1,501,250	1,501,250	-
Bond interest	306,636	306,636	306,636	-
Fiscal and bond rating fees	114,114	114,114	-	114,114
<b>Total expenditures</b>	<b>1,922,000</b>	<b>1,922,000</b>	<b>1,807,886</b>	<b>114,114</b>
<b>Revenues over (under) expenditures</b>	<b>(146,350)</b>	<b>(146,350)</b>	<b>37,674</b>	<b>184,024</b>
<b>Fund balance, beginning of year</b>	<b>146,350</b>	<b>146,350</b>	<b>239,073</b>	<b>92,723</b>
<b>Fund balance, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 276,747</b>	<b>\$ 276,747</b>

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF GARDEN CITY, KANSAS  
Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual  
2012 Durango Temporary Note Projects  
From Inception and For the Year Ended December 31, 2012

	Prior Years	Current Year	Total to Date	Project Authorization
<b>Revenues:</b>				
Use of money and property	\$ -	\$ 1,225	\$ 1,225	\$ 1,225
Total revenues	-	1,225	1,225	1,225
<b>Expenditures:</b>				
Capital outlay:				
Construction contracts	-	6,412,643	6,412,643	8,899,112
Engineering and other	-	1,130,616	1,130,616	2,852,113
Debt service:				
Bond issuance costs	-	2,881	2,881	-
Total expenditures	-	7,546,140	7,546,140	11,751,225
Revenues over (under) expenditures	-	(7,544,915)	(7,544,915)	(11,750,000)
<b>Other financing sources (uses):</b>				
Bonds issued	-	-	-	11,750,000
Net change in fund balance	<u>\$ -</u>	<u>(7,544,915)</u>	<u>\$ (7,544,915)</u>	<u>\$ -</u>
Fund balance, beginning of year		-		
Fund balance (deficit), end of year		<u>\$ (7,544,915)</u>		

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF GARDEN CITY, KANSAS  
Schedule of Revenues, Expenditures and Changes in  
Fund Balances - Budget and Actual  
Community Trust Fund  
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental revenue	\$ 400,000	\$ 400,000	\$ 42,603	\$ (357,397)
Use of money and property	3,000	3,000	36,692	33,692
Total revenues	<u>403,000</u>	<u>403,000</u>	<u>79,295</u>	<u>(323,705)</u>
Expenditures:				
Capital outlay	<u>2,237,000</u>	<u>2,237,000</u>	<u>400,625</u>	<u>1,836,375</u>
Total expenditures	<u>2,237,000</u>	<u>2,237,000</u>	<u>400,625</u>	<u>1,836,375</u>
Revenues over (under) expenditures	(1,834,000)	(1,834,000)	(321,330)	1,512,670
Other financing sources (uses):				
Transfers in	200,000	200,000	240,000	40,000
Transfers out	<u>(200,000)</u>	<u>(200,000)</u>	<u>(200,000)</u>	<u>-</u>
Net change in fund balance	(1,834,000)	(1,834,000)	(281,330)	1,552,670
Fund balance, beginning of year	<u>1,834,000</u>	<u>1,834,000</u>	<u>1,643,140</u>	<u>(190,860)</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,361,810</u>	<u>\$ 1,361,810</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF GARDEN CITY, KANSAS  
Schedule of Revenues, Expenditures and Changes in  
Fund Balances - Budget and Actual  
Capital Improvements Fund  
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Use of money and property	\$ 500	\$ 500	\$ -	\$ (500)
Reimbursements	157,082	157,082	-	(157,082)
Donations	-	-	2,793	2,793
<b>Total revenues</b>	<b>157,582</b>	<b>157,582</b>	<b>2,793</b>	<b>(154,789)</b>
<b>Expenditures:</b>				
Capital outlay	308,500	308,500	129,994	178,506
<b>Total expenditures</b>	<b>308,500</b>	<b>308,500</b>	<b>129,994</b>	<b>178,506</b>
Revenues over (under) expenditures	(150,918)	(150,918)	(127,201)	23,717
<b>Other financing sources (uses):</b>				
Transfers in	-	-	367,100	367,100
Sale of capital assets	-	-	68,573	68,573
<b>Net change in fund balance</b>	<b>(150,918)</b>	<b>(150,918)</b>	<b>308,472</b>	<b>459,390</b>
<b>Fund balance, beginning of year</b>	<b>150,918</b>	<b>150,918</b>	<b>363,908</b>	<b>212,990</b>
<b>Fund balance, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 672,380</b>	<b>\$ 672,380</b>

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF GARDEN CITY, KANSAS  
Schedule of Revenues, Expenditures and Changes in  
Fund Balances - Budget and Actual  
Recreation Fund  
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 896,250	\$ 896,250	\$ 887,234	\$ (9,016)
Total revenues	<u>896,250</u>	<u>896,250</u>	<u>887,234</u>	<u>(9,016)</u>
Expenditures:				
Distribution to organization's treasurer	<u>896,250</u>	<u>896,250</u>	<u>896,250</u>	<u>-</u>
Total expenditures	<u>896,250</u>	<u>896,250</u>	<u>896,250</u>	<u>-</u>
Revenues over (under) expenditures	-	-	(9,016)	(9,016)
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>10,355</u>	<u>10,355</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,339</u>	<u>\$ 1,339</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF GARDEN CITY, KANSAS  
Schedule of Revenues, Expenditures and Changes in  
Fund Balances - Budget and Actual  
Special Trafficway Fund  
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Intergovernmental revenue	\$ 730,000	\$ 730,000	\$ 705,082	\$ (24,918)
Use of money and property	1,500	1,500	771	(729)
Reimbursements	11,550	11,550	-	(11,550)
<b>Total revenues</b>	<b>743,050</b>	<b>743,050</b>	<b>705,853</b>	<b>(37,197)</b>
<b>Expenditures:</b>				
Current:				
Contractual services	142,500	142,500	113,728	28,772
Commodities	111,150	111,150	503,776	(392,626)
Capital outlay	1,296,600	1,296,600	103,507	1,193,093
<b>Total expenditures</b>	<b>1,550,250</b>	<b>1,550,250</b>	<b>721,011</b>	<b>829,239</b>
Revenues over (under) expenditures	(807,200)	(807,200)	(15,158)	792,042
Fund balance, beginning of year	807,200	807,200	977,624	170,424
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 962,466</u>	<u>\$ 962,466</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF GARDEN CITY, KANSAS  
Schedule of Revenues, Expenditures and Changes in  
Fund Balances - Budget and Actual  
Special Improvements Fund  
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Miscellaneous	\$ 40,000	\$ 40,058	\$ 4,638	\$ (35,420)
Total revenues	<u>40,000</u>	<u>40,058</u>	<u>4,638</u>	<u>(35,420)</u>
Expenditures:				
Current:				
Contractual services	60,000	226,164	106,824	119,340
Total expenditures	<u>60,000</u>	<u>226,164</u>	<u>106,824</u>	<u>119,340</u>
Revenues over (under) expenditures	(20,000)	(186,106)	(102,186)	83,920
Fund balance, beginning of year	<u>20,000</u>	<u>214,106</u>	<u>214,106</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ 28,000</u>	<u>\$ 111,920</u>	<u>\$ 83,920</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF GARDEN CITY, KANSAS  
Schedule of Revenues, Expenditures and Changes in  
Fund Balances - Budget and Actual  
Cemetery Endowment Fund  
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	Budgetary Basis	
<b>Revenues:</b>				
Use of money and property	\$ 1,000	\$ 1,000	\$ 1,018	\$ 18
Sale of spaces	3,750	3,750	4,550	800
Total revenues	<u>4,750</u>	<u>4,750</u>	<u>5,568</u>	<u>818</u>
<b>Expenditures:</b>				
Current:				
Commodities	-	-	1,600	(1,600)
Capital outlay	8,300	8,300	4,050	4,250
Total expenditures	<u>8,300</u>	<u>8,300</u>	<u>5,650</u>	<u>2,650</u>
Revenues over (under) expenditures	(3,550)	(3,550)	(82)	3,468
Fund balance, beginning of year	<u>3,550</u>	<u>3,550</u>	<u>20,662</u>	<u>17,112</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 20,580</u></u>	<u><u>\$ 20,580</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF GARDEN CITY, KANSAS  
Schedule of Revenues, Expenditures and Changes in  
Fund Balances - Budget and Actual  
Special Recreation and Parks Fund  
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Intergovernmental revenue	\$ 70,000	\$ 70,000	\$ 90,881	\$ 20,881
Use of money and property	-	-	9,364	9,364
Reimbursements	8,000	8,000	-	(8,000)
<b>Total revenues</b>	<b>78,000</b>	<b>78,000</b>	<b>100,245</b>	<b>22,245</b>
<b>Expenditures:</b>				
Current:				
Contractual services	45,500	45,500	54,651	(9,151)
Capital outlay	7,500	7,500	11,600	(4,100)
<b>Total expenditures</b>	<b>53,000</b>	<b>53,000</b>	<b>66,251</b>	<b>(13,251)</b>
Revenues over expenditures	25,000	25,000	33,994	8,994
<b>Other financing sources (uses):</b>				
Transfers out	(25,000)	(25,000)	(25,000)	-
Net change in fund balance	-	-	8,994	8,994
Fund balance, beginning of year	-	-	83,361	83,361
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 92,355</u>	<u>\$ 92,355</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF GARDEN CITY, KANSAS  
Schedule of Revenues, Expenditures and Changes in  
Fund Balances - Budget and Actual  
Special Alcohol Programs Fund  
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental revenue	\$ 70,000	\$ 70,000	\$ 90,881	\$ 20,881
Total revenues	<u>70,000</u>	<u>70,000</u>	<u>90,881</u>	<u>20,881</u>
Expenditures:				
Current:				
Contractual services	79,408	79,408	82,000	(2,592)
Total expenditures	<u>79,408</u>	<u>79,408</u>	<u>82,000</u>	<u>(2,592)</u>
Revenues over (under) expenditures	(9,408)	(9,408)	8,881	18,289
Fund balance, beginning of year	<u>9,408</u>	<u>9,408</u>	<u>18,484</u>	<u>9,076</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,365</u>	<u>\$ 27,365</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF GARDEN CITY, KANSAS  
Schedule of Revenues, Expenditures and Changes in  
Fund Balances - Budget and Actual  
Finnup Trust Fund  
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Reimbursements	\$ 8,000	\$ 12,600	\$ -	\$ (12,600)
Donations	85,000	95,400	93,000	(2,400)
Total revenues	<u>93,000</u>	<u>108,000</u>	<u>93,000</u>	<u>(15,000)</u>
<b>Expenditures:</b>				
Current:				
Personnel services	-	-	4,974	(4,974)
Capital outlay	93,000	145,517	82,503	63,014
Total expenditures	<u>93,000</u>	<u>145,517</u>	<u>87,477</u>	<u>58,040</u>
Revenues over (under) expenditures	-	(37,517)	5,523	43,040
Fund balance, beginning of year	<u>-</u>	<u>37,517</u>	<u>47,517</u>	<u>10,000</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 53,040</u></u>	<u><u>\$ 53,040</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF GARDEN CITY, KANSAS  
Schedule of Revenues, Expenditures and Changes in  
Fund Balances - Budget and Actual  
Special Liability Fund  
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Reimbursements	\$ 25,000	\$ 25,000	\$ -	\$ (25,000)
Total revenues	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>(25,000)</u>
Expenditures:				
Current:				
Contractual services	140,000	140,000	36,145	103,855
Total expenditures	<u>140,000</u>	<u>140,000</u>	<u>36,145</u>	<u>103,855</u>
Revenues over (under) expenditures	(115,000)	(115,000)	(36,145)	78,855
Other financing sources (uses):				
Transfers in	<u>-</u>	<u>-</u>	<u>35,000</u>	<u>35,000</u>
Net change in fund balance	(115,000)	(115,000)	(1,145)	113,855
Fund balance, beginning of year	<u>115,000</u>	<u>115,000</u>	<u>154,243</u>	<u>39,243</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 153,098</u>	<u>\$ 153,098</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF GARDEN CITY, KANSAS  
Schedule of Revenues, Expenditures and Changes in  
Fund Balances - Budget and Actual  
Drug Enforcement Fund  
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Intergovernmental revenue	\$ -	\$ -	\$ 1,418	\$ 1,418
Use of money and property	150	150	31	(119)
Miscellaneous	23,600	23,600	23,968	368
<b>Total revenues</b>	<b>23,750</b>	<b>23,750</b>	<b>25,417</b>	<b>1,667</b>
<b>Expenditures:</b>				
Current:				
Contractual services	46,000	46,000	23,790	22,210
<b>Total expenditures</b>	<b>46,000</b>	<b>46,000</b>	<b>23,790</b>	<b>22,210</b>
Revenues over (under) expenditures	(22,250)	(22,250)	1,627	23,877
Fund balance, beginning of year	22,250	22,250	31,203	8,953
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,830</u>	<u>\$ 32,830</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF GARDEN CITY, KANSAS  
Schedule of Revenues, Expenditures and Changes in  
Fund Balances - Budget and Actual  
DEA Forfeiture Fund  
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Use of money and property	\$ 250	\$ 250	\$ 27	\$ (223)
Miscellaneous	15,000	15,000	19,163	4,163
<b>Total revenues</b>	<b>15,250</b>	<b>15,250</b>	<b>19,190</b>	<b>3,940</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Contractual services	39,250	39,250	12,222	27,028
<b>Total expenditures</b>	<b>39,250</b>	<b>39,250</b>	<b>12,222</b>	<b>27,028</b>
Revenues over (under) expenditures	(24,000)	(24,000)	6,968	30,968
Fund balance, beginning of year	24,000	24,000	26,281	2,281
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,249</u>	<u>\$ 33,249</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF GARDEN CITY, KANSAS  
Schedule of Revenues, Expenditures and Changes in  
Fund Balances - Budget and Actual  
Community Development Loan Fund  
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Use of money and property	\$ 15,000	\$ 15,000	\$ 5,749	\$ (9,251)
Total revenues	<u>15,000</u>	<u>15,000</u>	<u>5,749</u>	<u>(9,251)</u>
Expenditures:				
Current:				
Contractual services	<u>22,000</u>	<u>22,000</u>	<u>5,853</u>	<u>16,147</u>
Total expenditures	<u>22,000</u>	<u>22,000</u>	<u>5,853</u>	<u>16,147</u>
Revenues over (under) expenditures	(7,000)	(7,000)	(104)	6,896
Fund balance, beginning of year	<u>7,000</u>	<u>7,000</u>	<u>9,476</u>	<u>2,476</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,372</u>	<u>\$ 9,372</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF GARDEN CITY, KANSAS  
 Schedule of Revenues, Expenditures and Changes in  
 Fund Balances - Budget and Actual  
 Economic Development Fund  
 For the Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Use of money and property	\$ 30,750	\$ 30,750	\$ 87,582	\$ 56,832
Total revenues	<u>30,750</u>	<u>30,750</u>	<u>87,582</u>	<u>56,832</u>
Expenditures:				
Current:				
Contractual	<u>281,000</u>	<u>281,000</u>	<u>959</u>	<u>280,041</u>
Total expenditures	<u>281,000</u>	<u>281,000</u>	<u>959</u>	<u>280,041</u>
Revenues over (under) expenditures	(250,250)	(250,250)	86,623	336,873
Fund balance, beginning of year	<u>250,250</u>	<u>250,250</u>	<u>224,928</u>	<u>(25,322)</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 311,551</u>	<u>\$ 311,551</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF GARDEN CITY, KANSAS  
Schedule of Revenues, Expenditures and Changes in  
Fund Balances - Budget and Actual  
Enhanced Wireless 911 Fund  
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Miscellaneous	\$ 70,000	\$ 70,000	\$ 169,106	\$ 99,106
Total revenues	<u>70,000</u>	<u>70,000</u>	<u>169,106</u>	<u>99,106</u>
Expenditures:				
Capital outlay	<u>163,000</u>	<u>163,000</u>	<u>43,538</u>	<u>119,462</u>
Total expenditures	<u>163,000</u>	<u>163,000</u>	<u>43,538</u>	<u>119,462</u>
Revenues over (under) expenditures	(93,000)	(93,000)	125,568	218,568
Fund balance, beginning of year	<u>93,000</u>	<u>93,000</u>	<u>91,272</u>	<u>(1,728)</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 216,840</u>	<u>\$ 216,840</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF GARDEN CITY, KANSAS  
 Schedule of Revenues, Expenditures and Changes in  
 Fund Balances - Budget and Actual  
 Community Development Grant Fund  
 For the Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Intergovernmental revenue	\$ 100,000	\$ 100,000	\$ 56,902	\$ (43,098)
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>56,902</u>	<u>(43,098)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Contractual	<u>100,000</u>	<u>100,000</u>	<u>56,902</u>	<u>43,098</u>
Total expenditures	<u>100,000</u>	<u>100,000</u>	<u>56,902</u>	<u>43,098</u>
Revenues over expenditures	-	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF GARDEN CITY, KANSAS  
Schedule of Revenues, Expenditures and Changes in  
Fund Balances - Budget and Actual  
Project Development Fund  
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Use of money and property	\$ -	\$ -	\$ 77,893	\$ 77,893
Total revenues	<u>-</u>	<u>-</u>	<u>77,893</u>	<u>77,893</u>
Expenditures:				
Current:				
Contractual	250,000	250,000	-	250,000
Capital outlay	<u>-</u>	<u>-</u>	<u>36,932</u>	<u>(36,932)</u>
Total expenditures	<u>250,000</u>	<u>250,000</u>	<u>36,932</u>	<u>213,068</u>
Revenues over (under) expenditures	(250,000)	(250,000)	40,961	290,961
Fund balance, beginning of year	<u>250,000</u>	<u>250,000</u>	<u>174,033</u>	<u>(75,967)</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 214,994</u>	<u>\$ 214,994</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF GARDEN CITY, KANSAS  
Schedule of Revenues, Expenditures and Changes in  
Fund Balances - Budget and Actual  
2012 Temporary Note Projects  
From Inception and For the Year Ended December 31, 2012

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</u>
Revenues:				
Use of money and property	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Capital outlay:				
Construction contracts	-	532,299	532,299	555,000
Engineering and other	-	1,805	1,805	-
Debt service:				
Bond issuance costs	<u>-</u>	<u>1,560</u>	<u>1,560</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>535,664</u>	<u>535,664</u>	<u>555,000</u>
Revenues over (under) expenditures	-	(535,664)	(535,664)	(555,000)
Other financing sources (uses):				
Bonds issued	<u>-</u>	<u>-</u>	<u>-</u>	<u>555,000</u>
Net change in fund balance	<u>\$ -</u>	<u>(535,664)</u>	<u>\$ (535,664)</u>	<u>\$ -</u>
Fund balance, beginning of year		<u>-</u>		
Fund balance (deficit), end of year		<u>\$ (535,664)</u>		

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF GARDEN CITY, KANSAS  
Schedule of Revenues, Expenditures and Changes in  
Fund Balances - Budget and Actual  
2012 GO Bond Projects  
From Inception and For the Year Ended December 31, 2012

	Prior Years	Current Year	Total to Date	Project Authorization
Revenues:				
Use of money and property	\$ -	\$ 362	\$ 362	\$ -
Total revenues	<u>-</u>	<u>362</u>	<u>362</u>	<u>-</u>
Expenditures:				
Capital outlay:				
Construction contracts	-	-	-	905,700
Debt service:				
Bond issuance costs	-	1,221	1,221	19,300
Total expenditures	<u>-</u>	<u>1,221</u>	<u>1,221</u>	<u>925,000</u>
Revenues over (under) expenditures	-	(859)	(859)	(925,000)
Other financing sources (uses):				
Bonds issued	-	925,000	925,000	925,000
Net change in fund balance	<u>\$ -</u>	<u>924,141</u>	<u>\$ 924,141</u>	<u>\$ -</u>
Fund balance, beginning of year		<u>-</u>		
Fund balance, end of year		<u>\$ 924,141</u>		

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF GARDEN CITY, KANSAS  
 Schedule of Revenues, Expenditures and Changes in  
 Fund Balances - Budget and Actual  
 2012 FOLRZ Zoo Projects  
 From Inception and For the Year Ended December 31, 2012

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</u>
Revenues:				
Donations	\$ -	\$ 429,084	\$ 429,084	\$ 896,800
Total revenues	<u>-</u>	<u>429,084</u>	<u>429,084</u>	<u>896,800</u>
Expenditures:				
Capital outlay:				
Construction contracts	-	429,084	429,084	896,800
Total expenditures	<u>-</u>	<u>429,084</u>	<u>429,084</u>	<u>896,800</u>
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning of year		<u>-</u>		
Fund balance, end of year		<u>\$ -</u>		

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF GARDEN CITY, KANSAS  
Schedule of Revenues, Expenditures and Changes in  
Fund Balances - Budget and Actual  
2011 GO Bond Projects  
From Inception and For the Year Ended December 31, 2012

	Prior Years	Current Year	Total to Date	Project Authorization
Revenues:				
Use of money and property	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
Capital outlay:				
Construction contracts	251,847	683,829	935,676	1,637,400
Debt service:				
Bond issuance costs	36,007	-	36,007	30,700
Total expenditures	287,854	683,829	971,683	1,668,100
Revenues under expenditures	(287,854)	(683,829)	(971,683)	(1,668,100)
Other financing sources (uses):				
Bonds issued	1,736,855	-	1,736,855	2,360,000
Transfers out	(37,000)	(30,000)	(67,000)	-
Net change in fund balance	\$ 1,412,001	(713,829)	\$ 698,172	\$ 691,900
Fund balance, beginning of year		1,412,001		
Fund balance, end of year		\$ 698,172		

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF GARDEN CITY, KANSAS  
Schedule of Revenues, Expenditures and Changes in  
Fund Balances - Budget and Actual  
2011-A Temporary Note Projects  
From Inception and For the Year Ended December 31, 2012

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</u>
<b>Revenues:</b>				
Use of money and property	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
<b>Expenditures:</b>				
<b>Capital outlay:</b>				
Construction contracts	194	131,088	131,282	163,400
Engineering and other	2,205	3,752	5,957	-
Total expenditures	2,399	134,840	137,239	163,400
Revenues under expenditures	(2,399)	(134,840)	(137,239)	(163,400)
<b>Other financing sources (uses):</b>				
Bonds issued	-	-	-	163,400
Net change in fund balance	<u>\$ (2,399)</u>	(134,840)	<u>\$ (137,239)</u>	<u>\$ -</u>
Fund balance (deficit), beginning of year		<u>(2,399)</u>		
Fund balance (deficit), end of year		<u>\$ (137,239)</u>		

The accompanying Notes to the Financial Statements are an integral part of this statement.

# Proprietary Funds

## Nonmajor Enterprise Funds

The enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the government's council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the government's council has decided that periodic determination of net income is appropriate for accountability purposes.

The nonmajor enterprise funds used by the City of Garden City, Kansas, are:

### Solid Waste Utility:

This fund is used to account for the revenues generated and costs incurred in operating the City owned solid waste disposal and recycling operations.

### Recreation Area:

This fund is used to account for the fees generated and expenditures incurred in the operation of the City-owned municipal golf course. The recreation area department includes the Golf Course Building fund which is used to account for a portion of the fees collected that are dedicated to the repayment of the golf course club house.

### Drainage Utility:

This fund is used to account for the revenues generated and costs incurred in operating the City's drainage utility.

CITY OF GARDEN CITY, KANSAS  
Combining Statement of Net Position  
Nonmajor Proprietary Funds  
December 31, 2012

	Business-type Activities - Enterprise Funds			
	Solid Waste Utility	Recreation Area	Drainage Utility	Totals
<u>Assets</u>				
Current assets:				
Cash	\$ 1,198,302	\$ 104,951	\$ 177,541	\$ 1,480,794
Investments, at fair value	200,000	-	100,000	300,000
Restricted assets:				
Cash	-	24,781	-	24,781
Accounts receivable	158,914	1,800	14,725	175,439
Total current assets	<u>1,557,216</u>	<u>131,532</u>	<u>292,266</u>	<u>1,981,014</u>
Capital assets:				
Land	68,500	-	70,000	138,500
Production, storage and distribution equipment	-	-	347,612	347,612
Less accumulated depreciation	-	-	(48,819)	(48,819)
Golf course, club house and equipment	-	1,726,389	-	1,726,389
Less accumulated depreciation	-	(1,013,707)	-	(1,013,707)
Vehicles and equipment	1,694,596	269,080	-	1,963,676
Less accumulated depreciation	(1,160,972)	(210,244)	-	(1,371,216)
Containers	3,812,362	-	-	3,812,362
Less accumulated depreciation	(2,274,775)	-	-	(2,274,775)
Total capital assets	<u>2,139,711</u>	<u>771,518</u>	<u>368,793</u>	<u>3,280,022</u>
Total assets	<u>\$ 3,696,927</u>	<u>\$ 903,050</u>	<u>\$ 661,059</u>	<u>\$ 5,261,036</u>
<u>Liabilities</u>				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 75,983	\$ 6,219	\$ 12,283	\$ 94,485
Total liabilities	<u>75,983</u>	<u>6,219</u>	<u>12,283</u>	<u>94,485</u>
<u>Net Position</u>				
Net investment in capital assets	2,139,711	771,518	368,793	3,280,022
Restricted for debt service	-	24,781	-	24,781
Unrestricted	1,481,233	100,532	279,983	1,861,748
Total net position	<u>3,620,944</u>	<u>896,831</u>	<u>648,776</u>	<u>5,166,551</u>
Total liabilities and net position	<u>\$ 3,696,927</u>	<u>\$ 903,050</u>	<u>\$ 661,059</u>	<u>\$ 5,261,036</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF GARDEN CITY, KANSAS  
Combining Statement of Revenues, Expenses and Changes in Fund Net Position  
Nonmajor Proprietary Funds  
For the Year Ended December 31, 2012

	Business-type Activities - Enterprise Funds			Totals
	Solid Waste Utility	Recreation Area	Drainage Utility	
Operating revenues:				
Charges for services	\$ 2,780,344	\$ -	\$ 207,701	\$ 2,988,045
Miscellaneous	49,466	15,000	37,964	102,430
Membership and fees	-	418,857	-	418,857
Concessions	-	81,550	-	81,550
<b>Total operating revenues</b>	<b>2,829,810</b>	<b>515,407</b>	<b>245,665</b>	<b>3,590,882</b>
Operating expenses:				
Personnel services	1,155,796	519,792	65,239	1,740,827
Contractual services	940,923	103,855	58,804	1,103,582
Commodities	274,964	170,419	45,629	491,012
Depreciation	235,537	55,972	20,625	312,134
<b>Total operating expenses</b>	<b>2,607,220</b>	<b>850,038</b>	<b>190,297</b>	<b>3,647,555</b>
<b>Operating income (loss)</b>	<b>222,590</b>	<b>(334,631)</b>	<b>55,368</b>	<b>(56,673)</b>
Nonoperating revenues:				
Interest income	1,527	-	301	1,828
Rent and royalties	-	6,000	-	6,000
Sale of materials	52,605	321	-	52,926
Gain on disposal of assets	-	4,500	-	4,500
<b>Total nonoperating revenues</b>	<b>54,132</b>	<b>10,821</b>	<b>301</b>	<b>65,254</b>
<b>Income (loss) before operating transfers</b>	<b>276,722</b>	<b>(323,810)</b>	<b>55,669</b>	<b>8,581</b>
Transfers in	-	325,000	-	325,000
Transfers out	(165,850)	-	-	(165,850)
<b>Change in net position</b>	<b>110,872</b>	<b>1,190</b>	<b>55,669</b>	<b>167,731</b>
<b>Total net position, beginning of year</b>	<b>3,510,072</b>	<b>895,641</b>	<b>593,107</b>	<b>4,998,820</b>
<b>Total net position, end of year</b>	<b>\$ 3,620,944</b>	<b>\$ 896,831</b>	<b>\$ 648,776</b>	<b>\$ 5,166,551</b>

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF GARDEN CITY, KANSAS  
Combining Statement of Cash Flows  
Nonmajor Proprietary Funds  
For the Year Ended December 31, 2012

	Business-type Activities - Enterprise Funds			
	Solid Waste Utility	Recreation Area	Drainage Utility	Totals
<b>Cash flows from operating activities:</b>				
Receipts from customers	\$ 2,784,899	\$ 499,207	\$ 206,002	\$ 3,490,108
Other receipts	49,466	15,000	37,964	102,430
Payments to suppliers	(1,347,927)	(283,958)	(92,591)	(1,724,476)
Payments for personnel services	(1,155,796)	(519,792)	(65,239)	(1,740,827)
Net cash provided (used) by operating activities	<u>330,642</u>	<u>(289,543)</u>	<u>86,136</u>	<u>127,235</u>
<b>Cash flows from noncapital financing activities:</b>				
Transfers in	-	325,000	-	325,000
Transfers out	(165,850)	-	-	(165,850)
Net cash provided (used) by noncapital financing activities	<u>(165,850)</u>	<u>325,000</u>	<u>-</u>	<u>159,150</u>
<b>Cash flows from capital and related financing activities:</b>				
Receipts from sale of materials	52,605	321	-	52,926
Purchases of property, plant and equipment	(308,036)	(53,474)	(10,380)	(371,890)
Net cash provided (used) by capital and related financing activities	<u>(255,431)</u>	<u>(53,153)</u>	<u>(10,380)</u>	<u>(318,964)</u>
<b>Cash flows from investing activities:</b>				
Interest income	1,527	-	301	1,828
Proceeds from sale of investments	200,000	-	100,000	300,000
Purchase of investments	(200,000)	-	(100,000)	(300,000)
Rents and royalties	-	6,000	-	6,000
Net cash provided by investing activities	<u>1,527</u>	<u>6,000</u>	<u>301</u>	<u>7,828</u>
Net increase (decrease) in cash	(89,112)	(11,696)	76,057	(24,751)
Cash, beginning of year	<u>1,287,414</u>	<u>141,428</u>	<u>101,484</u>	<u>1,530,326</u>
Cash, end of year	<u>\$ 1,198,302</u>	<u>\$ 129,732</u>	<u>\$ 177,541</u>	<u>\$ 1,505,575</u>
<b>Statement of net position classification:</b>				
Current assets	\$ 1,198,302	\$ 104,951	\$ 177,541	\$ 1,480,794
Restricted assets	-	24,781	-	24,781
Total cash, end of year	<u>\$ 1,198,302</u>	<u>\$ 129,732</u>	<u>\$ 177,541</u>	<u>\$ 1,505,575</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ 222,590	\$ (334,631)	\$ 55,368	\$ (56,673)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	235,537	55,972	20,625	312,134
Change in assets and liabilities:				
(Increase) decrease in receivables	4,555	(1,200)	(1,699)	1,656
Increase (decrease) in accounts payable	(132,040)	(9,684)	11,842	(129,882)
Net cash provided (used) by operating activities	<u>\$ 330,642</u>	<u>\$ (289,543)</u>	<u>\$ 86,136</u>	<u>\$ 127,235</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

# Proprietary Funds

## Internal Service Funds

The internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City or to other governmental units on a cost-reimbursement basis. The internal service funds used by the City of Garden City, Kansas, are:

### Health Insurance:

This fund is used to account for the City's departmental billings made monthly on a set amount per employee and expended on qualified medical costs as provided for in the City's self-insured health insurance program.

### Workers Compensation:

This fund is used to account for transfers from the Employee Benefit fund used to pay qualified expenditures as provided for in the City's self-insured worker's compensation program.

CITY OF GARDEN CITY, KANSAS  
Combining Statement of Net Position  
Internal Service Funds  
December 31, 2012

	<u>Health Insurance</u>	<u>Workers Compensation</u>	<u>Totals</u>
<u>Assets</u>			
Current assets:			
Cash	\$ 980,047	\$ 530,977	\$ 1,511,024
Investments	-	125,000	125,000
Total assets	<u>\$ 980,047</u>	<u>\$ 655,977</u>	<u>\$ 1,636,024</u>
 <u>Liabilities</u>			
Current liabilities:			
Accounts payable	\$ 238,029	\$ 5,152	\$ 243,181
Noncurrent liabilities:			
Net OPEB obligation	946,038	-	946,038
Total liabilities	<u>1,184,067</u>	<u>5,152</u>	<u>1,189,219</u>
 <u>Net Position</u>			
Restricted for health insurance	(204,020)	-	(204,020)
Restricted for workers compensation	-	650,825	650,825
Total net position	<u>(204,020)</u>	<u>650,825</u>	<u>446,805</u>
Total liabilities and net position	<u>\$ 980,047</u>	<u>\$ 655,977</u>	<u>\$ 1,636,024</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF GARDEN CITY, KANSAS  
Combining Statement of Revenues, Expenses and Changes in Fund Net Position  
Internal Service Funds  
For the Year Ended December 31, 2012

	Health Insurance	Workers Compensation	Total
Operating revenues:			
Department billings	\$ 3,298,465	\$ 351,540	\$ 3,650,005
Total operating revenues	3,298,465	351,540	3,650,005
Operating expenses:			
Contractual	3,386,939	169,477	3,556,416
Total operating expenses	3,386,939	169,477	3,556,416
Operating income (loss)	(88,474)	182,063	93,589
Nonoperating revenues:			
Interest income	-	492	492
Change in net position	(88,474)	182,555	94,081
Total net position, beginning of year	(115,546)	468,270	352,724
Total net position, end of year	\$ (204,020)	\$ 650,825	\$ 446,805

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF GARDEN CITY, KANSAS  
Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended December 31, 2012

	Health Insurance	Workers Compensation	Total
Cash flows from operating activities:			
Other receipts	\$ 3,298,465	\$ 351,540	\$ 3,650,005
Claims paid	(3,148,225)	(165,802)	(3,314,027)
Net cash used by operating activities	150,240	185,738	335,978
Cash flows from investing activities:			
Interest income	-	492	492
Net cash provided by investing activities	-	492	492
Net increase in cash	150,240	186,230	336,470
Cash, beginning of year	829,807	344,747	1,174,554
Cash, end of year	\$ 980,047	\$ 530,977	\$ 1,511,024
Reconciliation of operating loss to net cash used by operating activities:			
Operating income (loss)	\$ (88,474)	\$ 182,063	\$ 93,589
Adjustments to reconcile operating loss to net cash used by operating activities:			
Decrease in accounts payable	25,292	3,675	28,967
Increase in net OPEB obligation	213,422	-	213,422
Net cash used by operating activities	\$ 150,240	\$ 185,738	\$ 335,978

The accompanying Notes to the Financial Statements are an integral part of this statement.

# Fiduciary Funds

## Agency Funds

The agency funds are used to account for short-term custodial collections of resources on behalf of another individual, entity or government. The agency funds used by the City of Garden City, Kansas, are:

### Payroll Clearing:

This fund is used to account for employee earnings and related benefits which are then distributed to the corresponding City departments.

### Bail Bonds:

This fund is used to account for monies held as bail bonds by the police department.

### Sidewalk Construction:

This fund is used to account for monies received by the City for sidewalk construction projects.

### Special Investigations:

This fund is used to account for monies received by the police department, all of which are to be expended for drug control and special investigation type expenditures.

### Section 125:

This fund is used to account for employee withholdings under the Section 125 plan.

### Employee Flower:

This fund is used to account for monies received from employee vending machines and other fees, which are to be expended for employee memorials and recognition type expenditures.

CITY OF GARDEN CITY, KANSAS  
Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended December 31, 2012

	<u>Balance 01-01-12</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 12-31-12</u>
<b>Payroll Clearing:</b>				
	<u>Assets</u>			
Cash	\$ 12,845	\$ 13,242,931	\$ 13,237,431	\$ 18,345
	<u>Liabilities</u>			
Accounts payable	\$ 12,845	\$ 13,242,931	\$ 13,237,431	\$ 18,345
<b>Bail Bonds:</b>				
	<u>Assets</u>			
Cash	\$ 99,390	\$ 240,571	\$ 217,175	\$ 122,786
	<u>Liabilities</u>			
Accounts payable	\$ 99,390	\$ 240,571	\$ 217,175	\$ 122,786
<b>Sidewalk Construction:</b>				
	<u>Assets</u>			
Cash	\$ -	\$ 979	\$ 7	\$ 972
	<u>Liabilities</u>			
Accounts payable	\$ -	\$ 979	\$ 7	\$ 972
<b>Special Investigations:</b>				
	<u>Assets</u>			
Cash	\$ 5,587	\$ 20,003	\$ 20,326	\$ 5,264
	<u>Liabilities</u>			
Accounts payable	\$ 5,587	\$ 20,003	\$ 20,326	\$ 5,264
<b>Section 125:</b>				
	<u>Assets</u>			
Cash	\$ -	\$ 210,451	\$ 169,515	\$ 40,936
	<u>Liabilities</u>			
Accounts payable	\$ -	\$ 210,451	\$ 169,515	\$ 40,936
<b>Employee Flower:</b>				
	<u>Assets</u>			
Cash	\$ -	\$ 5,000	\$ 4,139	\$ 861
	<u>Liabilities</u>			
Accounts payable	\$ -	\$ 5,000	\$ 4,139	\$ 861
<b>Totals:</b>				
	<u>Assets</u>			
Cash	\$ 117,822	\$ 13,719,935	\$ 13,648,593	\$ 189,164
	<u>Liabilities</u>			
Accounts payable	\$ 117,822	\$ 13,719,935	\$ 13,648,593	\$ 189,164

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Supplementary Information

The Supplementary Information is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City of Garden City, Kansas.

CITY OF GARDEN CITY, KANSAS  
Schedule of Investments  
December 31, 2012

<u>Idle Funds</u>	
Certificates of deposit	\$ 5,117,573
Total Idle Funds investments	5,117,573
<u>Special Revenue Funds</u>	
Community Trust - Certificates of deposit	1,000,000
Capital Improvement - Certificates of deposit	100,000
Special Trafficway - Certificates of deposit	309,810
Cemetery Endowment - Certificates of deposit	14,354
Economic Development - Certificates of deposit	125,000
Total Special Revenue Funds investments	1,549,164
<u>Electric Utility</u>	
General - Temporary notes	688,000
Security Deposit - Certificates of deposit	100,000
Total Electric Utility investments	788,000
<u>Solid Waste Utility</u>	
General - Certificates of deposit	200,000
<u>Drainage Utility</u>	
General - Certificates of deposit	100,000
<u>Workers Compensation Reserve</u>	
Certificates of deposit	125,000
Total investment - all funds	\$ 7,879,737

**CITY OF GARDEN CITY, KANSAS**  
**Comparison of Cash Balances with Encumbrances and Composition of Cash**  
**For the Year Ended December 31, 2012**

<u>Fund</u>	Unencumbered Cash Balance (Deficit) 01-01-12	Receipts and Transfers	Expenditures and Transfers	Unencumbered Cash Balance (Deficit) 12-31-12	Add Payables and Encumbrances	Treasurer's Cash 12-31-12
<u>Operating</u>						
General	\$ 3,583,099	\$ 18,587,706	\$ 19,068,996	\$ 3,101,809	\$ 666,420	\$ 3,768,229
<u>Debt Service Fund</u>						
Bond and Interest	239,073	1,845,560	1,807,886	276,747	-	276,747
<u>Special Revenue Funds</u>						
Community Trust	1,643,140	319,295	600,625	1,361,810	-	1,361,810
Capital Improvements	363,908	438,466	129,994	672,380	14,035	686,415
Recreation	10,355	887,234	896,250	1,339	-	1,339
Special Trafficway	977,624	705,853	721,011	962,466	42,208	1,004,674
Special Improvements	214,106	4,638	106,824	111,920	499	112,419
Cemetery Endowment	20,662	5,568	5,650	20,580	-	20,580
Special Recreation and Parks	83,361	100,245	91,251	92,355	-	92,355
Special Alcohol Programs	18,484	90,881	82,000	27,365	-	27,365
Finnup Trust Fund	47,517	93,000	87,477	53,040	11,361	64,401
Special Liability	154,243	35,000	36,145	153,098	-	153,098
Drug Enforcement	31,203	25,417	23,790	32,830	137	32,967
DEA Forfeiture	26,281	19,190	12,222	33,249	214	33,463
Community Development Loan Fund	9,476	5,749	5,853	9,372	-	9,372
Economic Development	224,928	87,582	959	311,551	-	311,551
Enhanced Wireless 911	91,272	169,106	43,538	216,840	5,820	222,660
Community Development Grant	-	56,902	56,902	-	12,507	12,507
COPS Grant Technology	(2,838)	58,458	55,620	-	-	-
JAG ARRA Grant	-	57,081	57,081	-	-	-
Project Development	174,033	77,893	36,932	214,994	-	214,994
Total Special Revenue	<u>4,087,755</u>	<u>3,237,558</u>	<u>3,050,124</u>	<u>4,275,189</u>	<u>86,781</u>	<u>4,361,970</u>
<u>Capital Projects Funds</u>						
2012 Temporary Note Projects	-	550,000	535,664	14,336	959	15,295
2012 GO Bond Projects	-	924,141	-	924,141	-	924,141
2012 Durango Temporary Note Projects	-	11,751,225	7,546,140	4,205,085	621,217	4,826,302
2012 FOLRZ Zoo Projects	-	429,084	429,084	-	24,616	24,616
2011 GO Bond Projects	1,412,001	-	713,829	698,172	1,259	699,431
2011-A Temporary Note Projects	22,601	113,000	134,840	761	-	761
Total Capital Projects	<u>1,434,602</u>	<u>13,767,450</u>	<u>9,359,557</u>	<u>5,842,495</u>	<u>648,051</u>	<u>6,490,546</u>
<u>Enterprise Funds</u>						
Electric Utility:						
General	3,831,971	26,025,493	28,149,256	1,708,208	1,627,531	3,335,739
Security Deposits	254,183	231,210	145,090	340,303	-	340,303
Total Electric Utility	<u>4,086,154</u>	<u>26,256,703</u>	<u>28,294,346</u>	<u>2,048,511</u>	<u>1,627,531</u>	<u>3,676,042</u>
Water and Sewer Utility:						
General	1,788,736	7,734,421	7,540,536	1,982,621	253,074	2,235,695
Water and Sewage Maintenance Reserve	747,817	223,872	150,000	821,689	-	821,689
Wastewater Repair and Replacement	519,730	130,930	100,000	550,660	-	550,660
Total Water and Sewer Utility	<u>3,056,283</u>	<u>8,089,223</u>	<u>7,790,536</u>	<u>3,354,970</u>	<u>253,074</u>	<u>3,608,044</u>
Airport:						
General	87,597	977,536	713,520	351,613	22,840	374,453
Airport Improvement	117,187	1,274,000	1,309,480	81,707	-	81,707
Total Airport	<u>204,784</u>	<u>2,251,536</u>	<u>2,023,000</u>	<u>433,320</u>	<u>22,840</u>	<u>456,160</u>
Solid Waste Utility:						
General	1,282,346	2,889,587	2,845,569	1,326,364	75,983	1,402,347
Recreation Area:						
General Golf Course	108,370	824,174	833,812	98,732	6,219	104,951
Golf Course Building	17,755	22,554	13,728	26,581	-	26,581
Total Recreation Area	<u>126,125</u>	<u>846,728</u>	<u>847,540</u>	<u>125,313</u>	<u>6,219</u>	<u>131,532</u>
Drainage Utility:						
General	201,593	246,611	180,052	268,152	12,283	280,435
<u>Internal Service Funds</u>						
Health Insurance	(715,546)	3,198,465	3,386,939	(904,020)	1,184,067	280,047
Health Insurance Reserve	600,000	100,000	-	700,000	-	700,000
Workers Compensation	35,068	201,540	169,477	67,131	5,152	72,283
Workers Compensation Reserve	433,202	150,492	-	583,694	-	583,694
Total Internal Service	<u>352,724</u>	<u>3,650,497</u>	<u>3,556,416</u>	<u>446,805</u>	<u>1,189,219</u>	<u>1,636,024</u>

(continued)

**CITY OF GARDEN CITY, KANSAS**  
**Comparison of Cash Balances with Encumbrances and Composition of Cash**  
**For the Year Ended December 31, 2012**

<u>Fund</u>	Unencumbered Cash Balance (Deficit) 01-01-12	Receipts and Transfers	Expenditures and Transfers	Unencumbered Cash Balance (Deficit) 12-31-12	Add Payables and Encumbrances	Treasurer's Cash 12-31-12
<i>(continued)</i>						
<u>Agency Funds</u>						
Payroll Clearing	\$ -	\$ 13,242,931	\$ 13,242,931	\$ -	\$ 18,345	\$ 18,345
Bail Bonds	-	240,571	240,571	-	122,786	122,786
Sidewalk Construction	-	979	979	-	972	972
Special Investigations	-	20,003	20,003	-	5,264	5,264
Section 125	-	210,451	210,451	-	40,936	40,936
Employee Flower	-	5,000	5,000	-	861	861
Total Agency Funds	-	<u>13,719,935</u>	<u>13,719,935</u>	-	<u>189,164</u>	<u>189,164</u>
Total all funds (memorandum only)	<u>\$ 18,654,538</u>	<u>\$ 95,389,094</u>	<u>\$ 92,543,957</u>	<u>\$ 21,499,675</u>	<u>\$ 4,777,565</u>	<u>\$ 26,277,240</u>
<u>Composition of Treasurer's Cash</u>						
Commerce Bank					\$ 10,863,429	
Western State Bank					496,106	
First National Bank					3,126,664	
American State Bank					3,911,662	
Garden City State Bank					340,027	
Plus deposits in transit					19,779	
Less outstanding checks					<u>(604,198)</u>	
Total cash in banks						\$ 18,153,469
Utility petty cash accounts						450
Accounts receivable						243,584
Investments						<u>7,879,737</u>
Total cash						<u>\$ 26,277,240</u>

CITY OF GARDEN CITY, KANSAS  
Schedule of Insurance  
December 31, 2012

<u>Type of Insurance - Insurer</u>	<u>Policy Number</u>	<u>Expiration Date</u>	<u>Insured Amount</u>
Buildings and personal property - The St. Paul Travelers Companies	GP09314453	12/31/2012	\$ 66,493,481
Commercial auto - The St. Paul Travelers Companies	GP09314453	12/31/2012	1,000,000/1,000,000
Commercial general liability - The St. Paul Travelers Companies	GP09314453	12/31/2012	1,000,000
Aviation insurance and airport liability - Global Aerospace, Inc.	ALI14000619	02/01/2013	1,000,000
Law enforcement liability - The St. Paul Travelers Companies	GP09314453	12/31/2012	2,000,000
Employee dishonesty coverage - The St. Paul Travelers Companies	GP09314453	12/31/2012	250,000
Public officials liability - The St. Paul Travelers Companies	GP09314453	12/31/2012	2,000,000/2,000,000
Gas well liability - Mid-Continent Casualty Company	04GL000807969	12/07/2013	1,000,000



# STATISTICAL SECTION

## Statistical Section

This part of the City of Garden City, Kansas, comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<b>Contents</b>	<b>Page</b>
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.	126
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	138
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.	144
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.	151
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	153

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

Note: The 2011 amounts for net position – net investment in capital assets for the governmental activities and business-type activities of the government-wide financial statements, and the unrestricted net position for the business-type activities funds financial statements have been restated for prior period adjustments as discussed in Note 4, item R, on page 66 of the 2012 report.

Note: The 2010 amounts for net position – net investment in capital assets, and unrestricted net position for the business-type activities have been restated for prior period adjustments as discussed in Note 4, item J, on page 63 of the 2011 report.

Note: The 2008 amounts for the government-wide and governmental-type activities have been restated for prior period adjustments as discussed in Note 4, item K, on page 62 of the 2009 report.

Note: The 2007 amounts for the government-wide and business-type activities have been restated for prior period adjustments as discussed in Note 4, item J, on pages 59 through 60 of the 2008 report.

CITY OF GARDEN CITY, KANSAS  
Net Position by Component  
Last Ten Fiscal Years  
(accrual basis of accounting)

	2003	2004	2005	2006
Governmental activities:				
Net investment in capital assets	\$ 26,753,243	\$ 29,444,859	\$ 30,340,781	\$ 30,082,449
Restricted	319,897	234,496	322,545	141,758
Unrestricted	<u>7,127,123</u>	<u>8,330,258</u>	<u>9,259,051</u>	<u>9,575,188</u>
Total governmental activities net position	<u>\$ 34,200,263</u>	<u>\$ 38,009,613</u>	<u>\$ 39,922,377</u>	<u>\$ 39,799,395</u>
Business-type activities:				
Net investment in capital assets	\$ 41,003,482	\$ 40,958,332	\$ 41,500,141	\$ 44,028,234
Restricted	1,021,182	1,025,473	1,064,866	1,102,975
Unrestricted	<u>9,230,778</u>	<u>9,436,297</u>	<u>9,538,962</u>	<u>9,092,540</u>
Total business-type activities net position	<u>\$ 51,255,442</u>	<u>\$ 51,420,102</u>	<u>\$ 52,103,969</u>	<u>\$ 54,223,749</u>
Primary government:				
Net investment in capital assets	\$ 67,756,725	\$ 70,403,191	\$ 71,840,922	\$ 74,110,683
Restricted	1,341,079	1,259,969	1,387,411	1,244,733
Unrestricted	<u>16,357,901</u>	<u>17,766,555</u>	<u>18,798,013</u>	<u>18,667,728</u>
Total primary government net position	<u>\$ 85,455,705</u>	<u>\$ 89,429,715</u>	<u>\$ 92,026,346</u>	<u>\$ 94,023,144</u>

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 32,766,383	\$ 32,525,667	\$ 31,454,153	\$ 31,975,036	\$ 32,479,006	\$ 29,224,551
232,006	256,240	213,341	189,267	239,073	276,747
8,468,785	9,943,841	9,543,948	8,541,673	8,406,287	8,134,010
<u>\$ 41,467,174</u>	<u>\$ 42,725,748</u>	<u>\$ 41,211,442</u>	<u>\$ 40,705,976</u>	<u>\$ 41,124,366</u>	<u>\$ 37,635,308</u>
\$ 45,622,009	\$ 47,733,618	\$ 51,227,065	\$ 53,402,931	\$ 55,236,148	\$ 58,914,266
1,137,405	1,259,840	1,234,110	1,484,641	1,444,781	1,397,130
8,918,876	8,677,126	9,314,091	10,471,328	11,229,120	9,540,747
<u>\$ 55,678,290</u>	<u>\$ 57,670,584</u>	<u>\$ 61,775,266</u>	<u>\$ 65,358,900</u>	<u>\$ 67,910,049</u>	<u>\$ 69,852,143</u>
\$ 78,388,392	\$ 80,259,285	\$ 82,681,218	\$ 85,377,967	\$ 87,715,154	\$ 88,138,817
1,369,411	1,516,080	1,447,451	1,673,908	1,683,854	1,673,877
17,387,661	18,620,967	18,858,039	19,013,001	19,635,407	17,674,757
<u>\$ 97,145,464</u>	<u>\$ 100,396,332</u>	<u>\$ 102,986,708</u>	<u>\$ 106,064,876</u>	<u>\$ 109,034,415</u>	<u>\$ 107,487,451</u>

**CITY OF GARDEN CITY, KANSAS**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

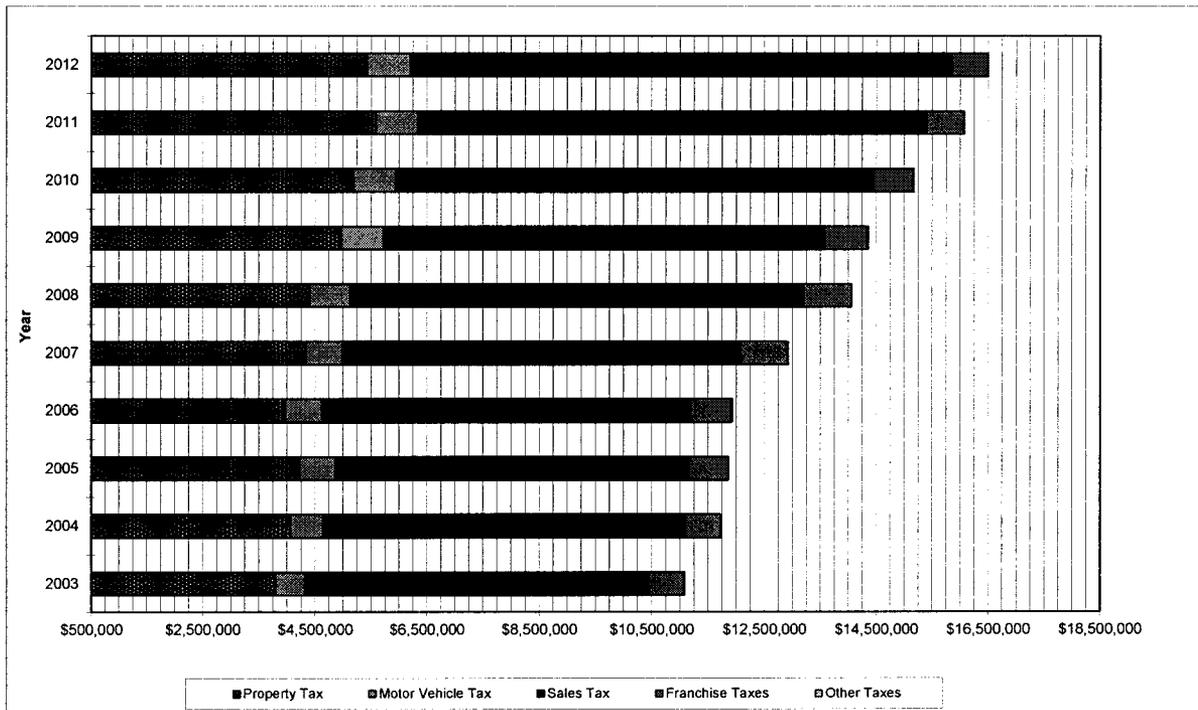
	2003	2004	2005	2006	Fiscal 2007
<b>Expenses</b>					
<b>Governmental activities:</b>					
General government	\$ 6,425,634	\$ 6,507,206	\$ 7,316,396	\$ 8,515,542	\$ 6,838,681
Public safety	5,837,395	5,897,958	5,867,304	6,326,228	6,930,303
Public works	1,787,800	1,341,869	771,928	2,238,682	865,762
Parks and recreation	1,715,201	1,614,017	2,294,948	1,707,918	2,316,097
Interest on long-term debt	423,111	325,608	277,659	281,904	323,812
Total governmental activities expenses	<u>16,189,141</u>	<u>15,686,658</u>	<u>16,528,235</u>	<u>19,070,274</u>	<u>17,274,655</u>
<b>Business-type activities:</b>					
Electric	14,555,759	13,966,263	14,352,413	16,228,944	16,942,321
Water and sewer	4,034,173	4,757,292	5,424,249	5,033,390	5,100,961
Airport	1,017,403	1,244,054	1,067,487	1,091,263	1,161,850
Solid waste	1,748,618	1,769,639	1,821,275	1,855,054	2,044,744
Golf course	496,069	628,578	633,050	661,343	659,059
Housing	168,013	182,176	193,477	5,397	7,341
Drainage	77,577	61,790	312,337	56,973	133,167
Total business-type activities expenses	<u>22,097,612</u>	<u>22,609,792</u>	<u>23,804,288</u>	<u>24,932,364</u>	<u>26,049,443</u>
Total primary government expenses	<u>\$ 38,286,753</u>	<u>\$ 38,296,450</u>	<u>\$ 40,332,523</u>	<u>\$ 44,002,638</u>	<u>\$ 43,324,098</u>
<b>Program Revenues</b>					
<b>Governmental activities:</b>					
<b>Charges for services:</b>					
General government	\$ 248,618	\$ 201,684	\$ 226,808	\$ 339,891	\$ 318,971
Public safety	1,103,543	1,482,633	1,507,534	1,430,306	1,347,231
Public works	373	17,319	141	48	-
Parks and recreation	18,655	18,532	19,201	18,063	79,529
Operating grants and contributions	3,117,098	2,678,825	2,333,272	2,282,281	1,433,246
Capital grants and contributions	647,313	1,032,749	636,251	534,787	674,112
Total governmental activities program revenues	<u>5,135,600</u>	<u>5,431,742</u>	<u>4,723,207</u>	<u>4,605,376</u>	<u>3,853,089</u>
<b>Business-type activities:</b>					
<b>Charges for services:</b>					
Electric	16,397,919	15,332,112	16,495,795	17,230,391	18,868,092
Water and sewer	5,213,894	5,065,747	5,376,382	5,428,052	5,376,025
Airport	283,180	292,182	313,163	337,710	342,071
Solid waste	2,079,692	1,972,994	2,070,307	2,088,905	2,078,521
Golf course	302,095	389,652	381,543	393,040	390,248
Drainage	116,347	127,628	128,904	130,602	202,059
Operating grants and contributions	2,732,848	720,761	273,961	2,019,509	621,952
Total business-type activities program revenues	<u>27,125,975</u>	<u>23,901,076</u>	<u>25,040,055</u>	<u>27,628,209</u>	<u>27,878,968</u>
Total primary government program revenues	<u>\$ 32,261,575</u>	<u>\$ 29,332,818</u>	<u>\$ 29,763,262</u>	<u>\$ 32,233,585</u>	<u>\$ 31,732,057</u>
<b>Net (expense)/revenue:</b>					
Governmental activities	\$ (11,053,541)	\$ (10,254,916)	\$ (11,805,028)	\$ (14,464,898)	\$ (13,421,566)
Business-type activities	5,028,363	1,291,284	1,235,767	2,695,845	1,829,525
Total primary government net expense	<u>\$ (6,025,178)</u>	<u>\$ (8,963,632)</u>	<u>\$ (10,569,261)</u>	<u>\$ (11,769,053)</u>	<u>\$ (11,592,041)</u>
<b>General Revenues and Other Changes in Net Assets</b>					
<b>Governmental activities:</b>					
<b>Taxes:</b>					
Property taxes	\$ 3,888,695	\$ 4,055,007	\$ 4,253,964	\$ 3,983,104	\$ 4,346,459
Sales taxes	6,110,402	6,449,808	6,289,182	6,562,890	7,079,556
Franchise taxes	642,811	627,919	705,538	720,481	836,308
Other taxes	434,807	600,950	608,946	652,469	650,440
Investment earnings	355,442	318,808	505,618	956,891	890,270
Miscellaneous	50,053	42,873	65,898	201,909	109,734
Gain on disposal of capital assets	-	-	-	-	-
Transfers	1,393,587	1,968,901	1,288,646	1,264,172	1,176,578
Total governmental activities	<u>12,875,797</u>	<u>14,064,266</u>	<u>13,717,792</u>	<u>14,341,916</u>	<u>15,089,345</u>
<b>Business-type activities:</b>					
<b>Taxes:</b>					
Property taxes	434,842	281,976	275,754	423,666	374,102
Investment earnings	49,717	38,951	64,336	102,658	136,897
Miscellaneous	611,840	510,640	396,656	161,783	290,595
Gain on disposal of capital assets	-	17,930	-	-	-
Transfers	(1,393,587)	(1,976,121)	(1,288,646)	(1,264,172)	(1,176,578)
Total business-type activities	<u>(297,188)</u>	<u>(1,126,624)</u>	<u>(551,900)</u>	<u>(576,065)</u>	<u>(374,984)</u>
Total primary government	<u>\$ 12,578,609</u>	<u>\$ 12,937,642</u>	<u>\$ 13,165,892</u>	<u>\$ 13,765,851</u>	<u>\$ 14,714,361</u>
<b>Change in Net Position</b>					
Governmental activities	\$ 1,822,256	\$ 3,809,350	\$ 1,912,764	\$ (122,982)	\$ 1,667,779
Business-type activities	4,731,175	164,660	683,867	2,119,780	1,454,541
Total primary government	<u>\$ 6,553,431</u>	<u>\$ 3,974,010</u>	<u>\$ 2,596,631</u>	<u>\$ 1,996,798</u>	<u>\$ 3,122,320</u>

Year	2008	2009	2010	2011	2012
\$	6,653,078	\$ 6,699,734	\$ 4,698,266	\$ 4,009,461	\$ 4,819,389
	7,312,265	9,631,721	10,520,505	11,122,229	9,597,554
	2,425,119	2,768,845	3,997,877	3,237,551	8,640,433
	2,958,139	3,854,085	2,766,802	3,714,687	3,708,620
	328,853	372,770	400,611	265,565	303,726
	<u>19,677,454</u>	<u>23,327,155</u>	<u>22,384,061</u>	<u>22,349,493</u>	<u>27,069,722</u>
	19,396,414	18,798,030	21,157,506	22,638,475	25,493,419
	5,393,462	5,588,047	5,666,156	5,702,703	5,979,324
	1,354,229	1,305,582	1,107,934	1,248,706	1,192,292
	2,149,923	2,221,036	2,364,421	2,178,135	2,607,220
	632,179	708,671	763,293	820,835	850,038
	1,905	-	-	-	-
	98,346	82,417	98,028	272,108	190,297
	<u>29,026,458</u>	<u>28,703,783</u>	<u>31,157,338</u>	<u>32,860,962</u>	<u>36,312,590</u>
\$	<u>48,703,912</u>	<u>52,030,938</u>	<u>53,541,399</u>	<u>55,210,455</u>	<u>63,382,312</u>
\$	542,897	\$ 373,066	\$ 449,462	\$ 352,233	\$ 380,532
	1,356,357	1,458,791	1,594,491	1,702,490	1,668,919
	32,698	-	-	17,873	-
	17,764	54,137	16,734	24,045	22,992
	2,079,099	2,403,258	1,657,675	1,320,230	1,441,504
	642,208	615,363	837,029	846,951	926,049
	<u>4,671,023</u>	<u>4,904,615</u>	<u>4,555,391</u>	<u>4,263,822</u>	<u>4,439,996</u>
	20,784,933	21,424,209	23,072,844	24,206,117	26,091,924
	5,596,886	6,266,262	7,092,827	7,602,554	7,736,305
	319,904	326,444	286,326	236,487	301,669
	2,096,321	2,116,312	2,733,879	2,767,614	2,780,344
	407,705	437,066	448,690	451,342	500,407
	202,133	204,986	205,276	206,328	207,701
	2,175,426	3,432,840	1,629,530	811,252	1,359,000
	<u>31,583,308</u>	<u>34,208,119</u>	<u>35,469,372</u>	<u>36,281,694</u>	<u>38,977,350</u>
\$	<u>36,254,331</u>	<u>39,112,734</u>	<u>40,024,763</u>	<u>40,545,516</u>	<u>43,417,346</u>
\$	(15,006,431)	\$ (18,422,540)	\$ (17,828,670)	\$ (18,085,671)	\$ (22,629,726)
	2,556,850	5,504,336	4,312,034	3,420,732	2,664,760
\$	<u>(12,449,581)</u>	<u>(12,918,204)</u>	<u>(13,516,636)</u>	<u>(14,664,939)</u>	<u>(19,964,966)</u>
\$	4,407,894	\$ 4,978,312	\$ 5,193,216	\$ 5,588,035	\$ 5,427,306
	8,076,358	7,843,971	8,505,990	9,055,986	9,646,269
	848,048	776,554	707,656	670,290	638,389
	725,920	753,351	761,578	753,828	781,203
	714,423	395,687	301,284	240,453	332,773
	151,646	129,959	174,980	638,986	251,320
	-	-	-	17,957	236,558
	1,340,716	2,030,400	1,678,500	1,634,500	1,826,850
	<u>16,265,005</u>	<u>16,908,234</u>	<u>17,323,204</u>	<u>18,600,035</u>	<u>19,140,668</u>
	363,283	419,206	471,787	468,849	684,477
	104,615	13,934	5,929	15,714	7,661
	308,262	197,606	471,116	256,500	407,546
	-	-	1,268	23,854	4,500
	(1,340,716)	(2,030,400)	(1,678,500)	(1,634,500)	(1,826,850)
	<u>(564,556)</u>	<u>(1,399,654)</u>	<u>(728,400)</u>	<u>(869,583)</u>	<u>(722,666)</u>
\$	<u>15,700,449</u>	<u>15,508,580</u>	<u>16,594,804</u>	<u>17,730,452</u>	<u>18,418,002</u>
\$	1,258,574	\$ (1,514,306)	\$ (505,466)	\$ 514,364	\$ (3,489,058)
	1,992,294	4,104,682	3,583,634	2,551,149	1,942,094
\$	<u>3,250,868</u>	<u>2,590,376</u>	<u>3,078,168</u>	<u>3,065,513</u>	<u>(1,546,964)</u>

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CITY OF GARDEN CITY, KANSAS  
 Governmental Activities Tax Revenues by Source  
 Last Ten Fiscal Years  
 (accrual basis of accounting)

Fiscal Year	Property Tax	Motor Vehicle Tax	Sales Tax	Franchise Taxes	Other Taxes	Total
2003	\$ 3,786,725	\$ 536,777	\$ 6,110,402	\$ 642,811	\$ -	\$ 11,076,715
2004	4,054,769	583,511	6,449,808	627,919	17,677	11,733,684
2005	4,215,809	642,697	6,289,182	705,538	4,404	11,857,630
2006	3,972,128	652,469	6,562,890	720,481	10,976	11,918,944
2007	4,337,090	650,440	7,079,556	839,308	9,369	12,915,763
2008	4,400,476	725,920	8,076,358	848,048	7,418	14,058,220
2009	4,963,808	753,351	7,843,971	776,554	14,504	14,352,188
2010	5,181,820	761,578	8,505,990	707,656	11,396	15,168,440
2011	5,583,820	753,828	9,055,986	670,290	4,215	16,068,139
2012	5,422,084	781,203	9,646,269	638,389	5,222	16,493,167



CITY OF GARDEN CITY, KANSAS  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	2003	2004	2005	2006
General fund:				
Unreserved	\$ 3,499,186	\$ 4,331,026	\$ 4,644,051	\$ 4,686,557
Unassigned	-	-	-	-
Total general fund	<u>\$ 3,499,186</u>	<u>\$ 4,331,026</u>	<u>\$ 4,644,051</u>	<u>\$ 4,686,557</u>
All other governmental funds:				
Reserved	\$ 319,897	\$ 234,496	\$ 322,545	\$ 141,758
Unreserved, reported in:				
Special revenue funds	3,001,545	2,914,907	2,563,468	3,327,295
Capital project funds	(114,668)	223,430	1,248,935	819,556
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Total all other governmental funds	<u>\$ 3,206,774</u>	<u>\$ 3,372,833</u>	<u>\$ 4,134,948</u>	<u>\$ 4,288,609</u>

(1) GASB 54 was implemented by the City in 2011.

Fiscal Year					
2007	2008	2009	2010	2011 (1)	2012
\$ 4,599,827	\$ 4,857,753	\$ 4,930,556	\$ 5,100,420	\$ -	\$ -
-	-	-	-	5,443,223	5,029,579
<u>\$ 4,599,827</u>	<u>\$ 4,857,753</u>	<u>\$ 4,930,556</u>	<u>\$ 5,100,420</u>	<u>\$ 5,443,223</u>	<u>\$ 5,029,579</u>
\$ 232,006	\$ 256,240	\$ 213,341	\$ 189,267	\$ -	\$ -
3,844,311	4,401,327	4,163,831	4,198,268	-	-
19,309	1,857,190	1,741,915	789,840	-	-
-	-	-	-	3,539,330	3,529,531
-	-	-	-	1,650,217	(6,197,452)
-	-	-	-	732,257	937,398
<u>\$ 4,095,626</u>	<u>\$ 6,514,757</u>	<u>\$ 6,119,087</u>	<u>\$ 5,177,375</u>	<u>\$ 5,921,804</u>	<u>\$ (1,730,523)</u>

CITY OF GARDEN CITY, KANSAS  
Changes in Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

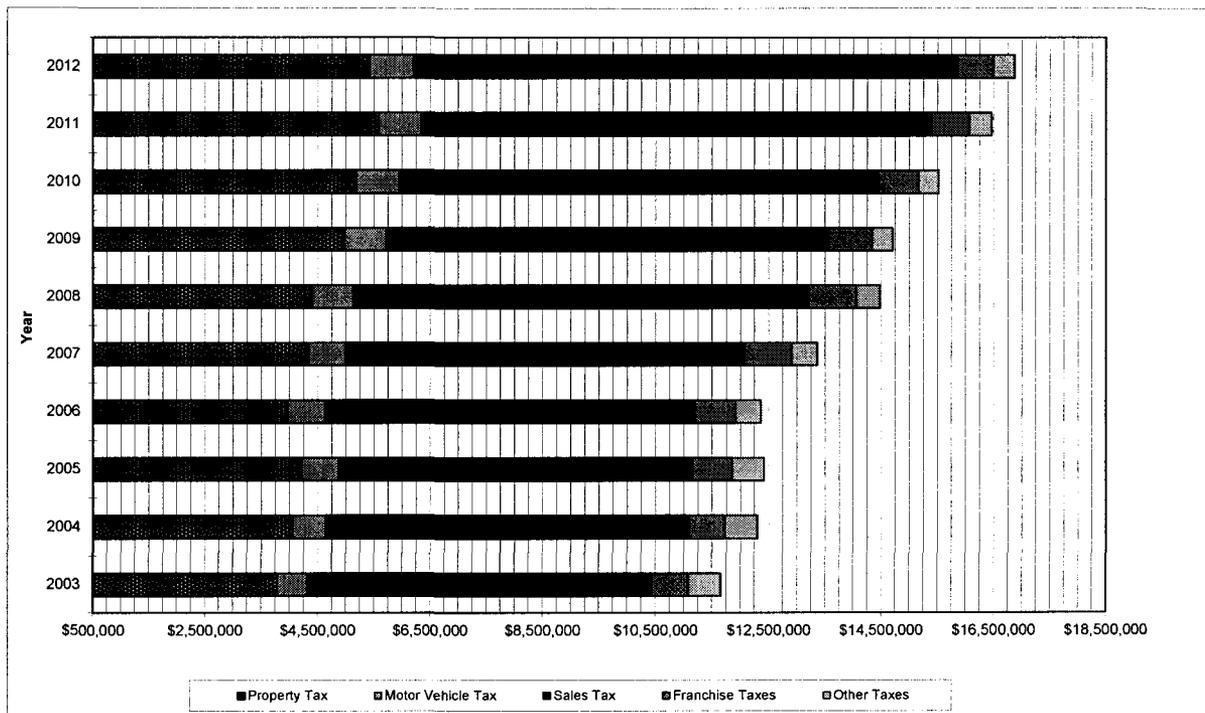
	2003	2004	2005	2006
<b>Revenues:</b>				
Taxes	\$ 10,433,904	\$ 11,105,765	\$ 11,152,092	\$ 11,198,463
Special assessment taxes	576,363	561,948	553,004	442,787
Intergovernmental revenue	1,337,959	1,463,983	1,373,840	2,282,281
Franchises	642,811	627,919	705,538	720,481
Licenses and permits	142,507	101,215	101,818	233,954
Use of money and property	326,700	299,767	470,251	904,927
Reimbursements/Insurance proceeds	1,779,139	1,282,342	959,432	-
Miscellaneous	50,053	42,873	65,898	201,909
Donations	70,950	403,301	83,247	92,000
Cemetery	101,860	97,564	120,560	102,778
Police and municipal court	991,385	1,280,006	1,255,877	1,181,481
Fire	32,281	120,845	154,074	163,485
Engineering	373	17,319	141	48
Inspection	79,877	81,782	97,583	85,340
Planning and zoning	4,251	2,905	4,430	3,159
Parks and zoo	18,655	18,532	19,201	18,063
<b>Total revenues</b>	<b>16,589,068</b>	<b>17,508,066</b>	<b>17,116,986</b>	<b>17,631,156</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	4,186,318	4,502,985	5,258,070	5,534,780
Public safety	5,516,313	5,853,879	6,040,126	6,585,437
Public works	1,382,576	1,428,731	1,507,574	1,442,581
Parks and recreation	2,152,716	2,131,701	2,157,063	2,160,162
Capital outlay and capital projects	2,242,796	1,863,194	1,942,931	2,812,883
<b>Debt service:</b>				
Principal	2,930,000	2,845,000	2,124,000	1,635,000
Interest and fiscal charges	444,428	337,942	279,701	270,201
Refunding and bond issuance costs	-	-	-	21,693
<b>Total expenditures</b>	<b>18,855,147</b>	<b>18,963,432</b>	<b>19,309,465</b>	<b>20,462,737</b>
<b>Excess of revenues under expenditures</b>	<b>(2,266,079)</b>	<b>(1,455,366)</b>	<b>(2,192,479)</b>	<b>(2,831,581)</b>
<b>Other financing sources (uses):</b>				
Transfers in	3,265,671	3,617,236	2,124,347	1,908,950
Transfers out	(1,812,084)	(1,843,335)	(903,701)	(804,778)
Bonds issued	350,000	614,000	1,885,000	1,370,000
Issuance of capital leases	-	65,364	161,973	553,576
Sale of capital assets	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>1,803,587</b>	<b>2,453,265</b>	<b>3,267,619</b>	<b>3,027,748</b>
<b>Net change in fund balances</b>	<b>\$ (462,492)</b>	<b>\$ 997,899</b>	<b>\$ 1,075,140</b>	<b>\$ 196,167</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>19.59%</b>	<b>19.20%</b>	<b>14.34%</b>	<b>10.11%</b>

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 12,076,455	\$ 13,210,172	\$ 13,575,634	\$ 14,460,784	\$ 15,397,849	\$ 15,854,778
448,123	409,466	352,286	348,077	389,521	376,172
1,433,246	1,489,754	2,428,258	1,682,675	1,345,230	1,466,504
836,308	848,048	776,554	707,656	670,290	638,389
216,907	442,022	259,885	339,459	237,266	237,856
819,395	667,398	380,785	300,090	239,918	332,281
-	589,345	-	-	-	-
109,734	151,646	129,959	174,980	638,986	251,320
225,989	232,742	238,077	463,952	432,430	524,877
100,430	97,731	106,695	105,760	110,330	132,480
1,032,772	1,068,948	1,156,939	1,262,325	1,324,361	1,290,786
178,364	178,979	162,268	195,861	192,882	167,865
-	32,698	-	-	17,873	-
136,095	108,430	139,584	136,305	185,247	210,268
1,634	3,144	6,486	4,243	4,637	10,196
79,529	17,764	54,137	16,734	24,045	22,992
<u>17,694,981</u>	<u>19,548,287</u>	<u>19,767,547</u>	<u>20,198,901</u>	<u>21,210,865</u>	<u>21,516,764</u>
5,177,643	5,909,715	3,999,678	3,836,071	4,295,142	4,086,445
6,831,003	7,314,638	10,264,218	10,217,268	10,327,641	10,825,211
1,777,833	1,825,338	1,567,406	1,752,581	1,971,459	2,162,895
2,307,451	2,429,367	2,934,845	3,121,023	3,256,194	3,430,557
2,993,041	2,099,230	3,647,370	3,014,771	2,572,033	10,207,028
1,445,000	1,450,300	1,452,000	1,623,700	1,565,500	1,501,250
318,197	323,200	349,881	359,944	314,114	306,636
195	31,780	28,253	4,341	36,007	5,662
<u>20,850,363</u>	<u>21,383,568</u>	<u>24,243,651</u>	<u>23,929,699</u>	<u>24,338,090</u>	<u>32,525,684</u>
<u>(3,155,382)</u>	<u>(1,835,281)</u>	<u>(4,476,104)</u>	<u>(3,730,798)</u>	<u>(3,127,225)</u>	<u>(11,008,920)</u>
1,828,212	1,801,896	2,788,596	2,284,095	2,121,500	2,588,950
(851,331)	(611,180)	(1,544,366)	(850,595)	(487,000)	(762,100)
1,755,300	3,072,000	2,173,700	1,418,000	2,360,000	925,000
143,488	249,622	735,307	107,450	202,000	122,526
-	-	-	-	17,957	68,573
<u>2,875,669</u>	<u>4,512,338</u>	<u>4,153,237</u>	<u>2,958,950</u>	<u>4,214,457</u>	<u>2,942,949</u>
<u>\$ (279,713)</u>	<u>\$ 2,677,057</u>	<u>\$ (322,867)</u>	<u>\$ (771,848)</u>	<u>\$ 1,087,232</u>	<u>\$ (8,065,971)</u>
10.43%	9.25%	8.22%	9.54%	8.69%	6.78%

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**CITY OF GARDEN CITY, KANSAS**  
**General Governmental Tax Revenues by Source**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)

Fiscal Year	Property Tax	Motor Vehicle Tax	Sales Tax	Franchise Taxes	Other Taxes	Total
2003	\$ 3,786,725	\$ 536,777	\$ 6,110,402	\$ 642,811	\$ 576,363	\$ 11,653,078
2004	4,054,769	584,591	6,449,808	627,919	578,545	12,295,632
2005	4,215,809	642,697	6,289,182	705,538	557,408	12,410,634
2006	3,972,128	652,469	6,562,890	720,481	453,763	12,361,731
2007	4,337,090	650,440	7,079,556	836,308	457,492	13,360,886
2008	4,400,476	725,920	8,076,358	848,048	416,884	14,467,686
2009	4,963,808	753,351	7,843,971	776,554	366,790	14,704,474
2010	5,181,820	761,578	8,505,990	707,656	359,473	15,516,517
2011	5,583,820	753,828	9,055,986	670,290	393,736	16,457,660
2012	5,422,084	781,203	9,646,269	638,389	381,394	16,869,339

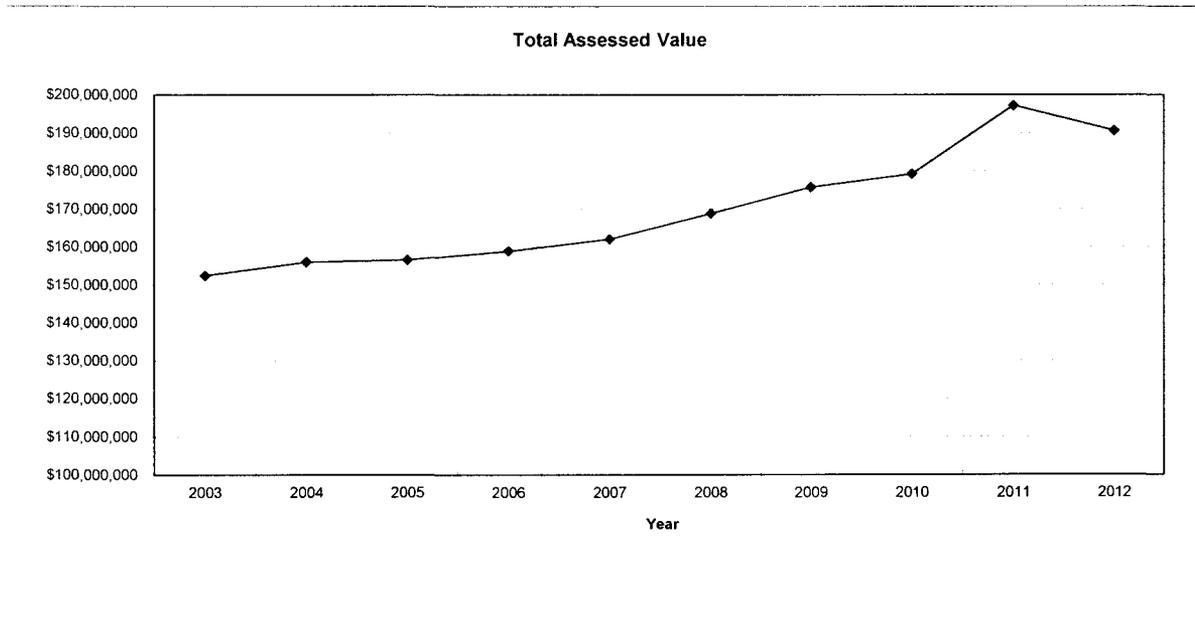


**CITY OF GARDEN CITY, KANSAS**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Retail Sales and Retail Sales Tax Rate**  
**Last Ten Fiscal Years**

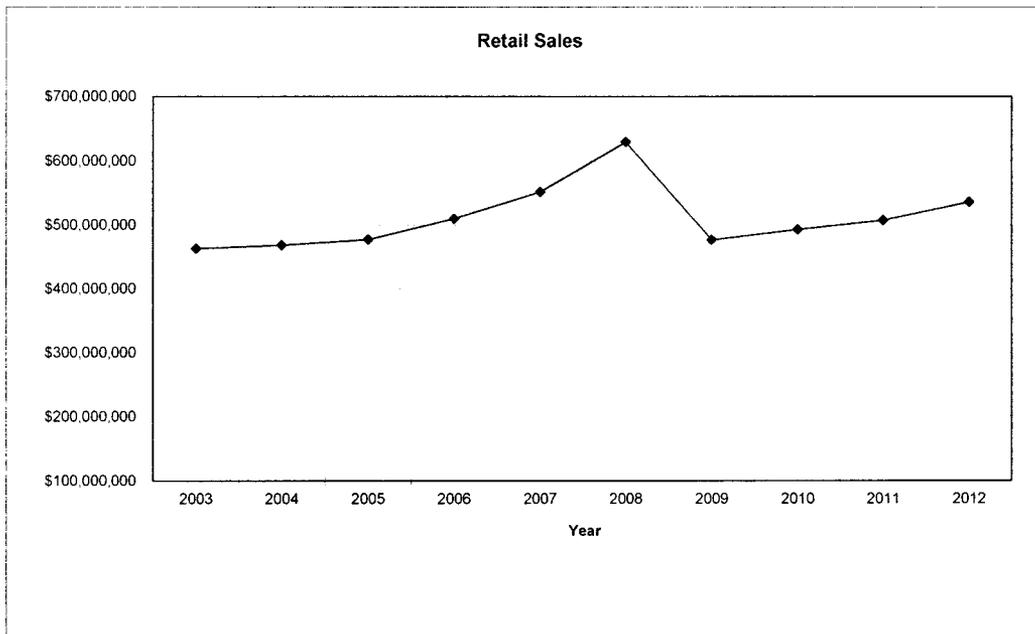
Fiscal Year	Assessed Value				Total Taxable Assessed Value	Total Direct Tax Rate
	Real Estate	Personal Property	State Utility	Motor Vehicle		
2003	\$ 116,939,959	\$ 9,346,846	\$ 3,008,807	\$ 23,082,605	\$ 152,378,217	\$ 33.27
2004	120,617,527	9,563,754	2,913,615	22,879,911	155,974,807	33.93
2005	120,934,099	9,594,386	3,085,731	22,972,740	156,586,956	33.70
2006	122,887,690	9,265,313	2,953,087	23,770,228	158,876,318	33.74
2007	126,090,517	8,417,385	3,077,141	24,480,511	162,065,554	34.90
2008	131,094,161	7,677,368	2,920,903	27,137,490	168,829,922	34.96
2009	139,283,065	6,973,993	2,571,161	26,913,876	175,742,095	37.98
2010	144,481,953	6,334,757	2,544,753	25,886,364	179,247,827	37.85
2011	149,202,109	5,897,379	2,531,716	39,565,244	197,196,448	38.88
2012	155,719,616	6,208,184	2,655,867	25,997,701	190,581,368	38.96

Note: Property in the County is reassessed annually. The County assesses property at approximately 70 to 88 percent of actual value for all types of real and personal property. Estimated actual value is calculated by dividing assessed value by those percentages. Tax rates are per \$1,000 of assessed value.

\* Note: Taxable Retail Sales are from the Kansas Department of Revenue for Finney County. The City receives 1% on the sales from within the City limits plus a proportionate share of the County's sales tax collections. The amounts shown in 2009 and thereafter are for the City of Garden City only.



Estimated Actual Taxable Value Real Estate	Assessed Value as a Percentage of Actual Value	Taxable Retail Sales*	Retail Sales Tax Rate
\$ 955,244,056	15.95 %	\$ 462,942,679	1.00 %
991,826,169	15.73	468,255,563	1.00
995,962,188	15.72	477,108,515	1.00
1,035,874,909	15.34	509,956,935	1.00
1,073,053,496	15.10	551,741,758	1.00
1,117,175,220	15.11	629,398,070	1.00
1,169,648,551	15.03	476,508,922	1.00
1,214,518,251	14.76	492,834,585	1.00
1,322,021,861	14.92	507,207,150	1.00
1,415,781,760	13.46	535,820,208	1.00

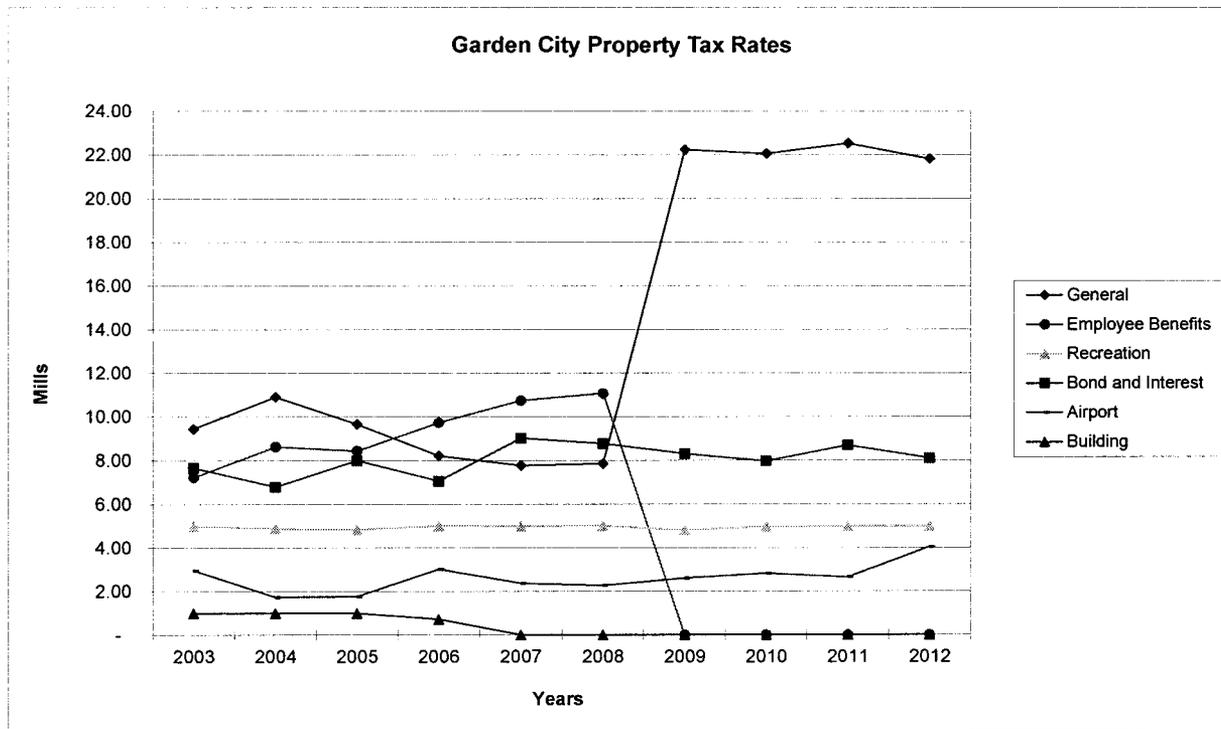


CITY OF GARDEN CITY, KANSAS  
Property Tax Rates  
Direct and Overlapping Governments  
Last Ten Fiscal Years

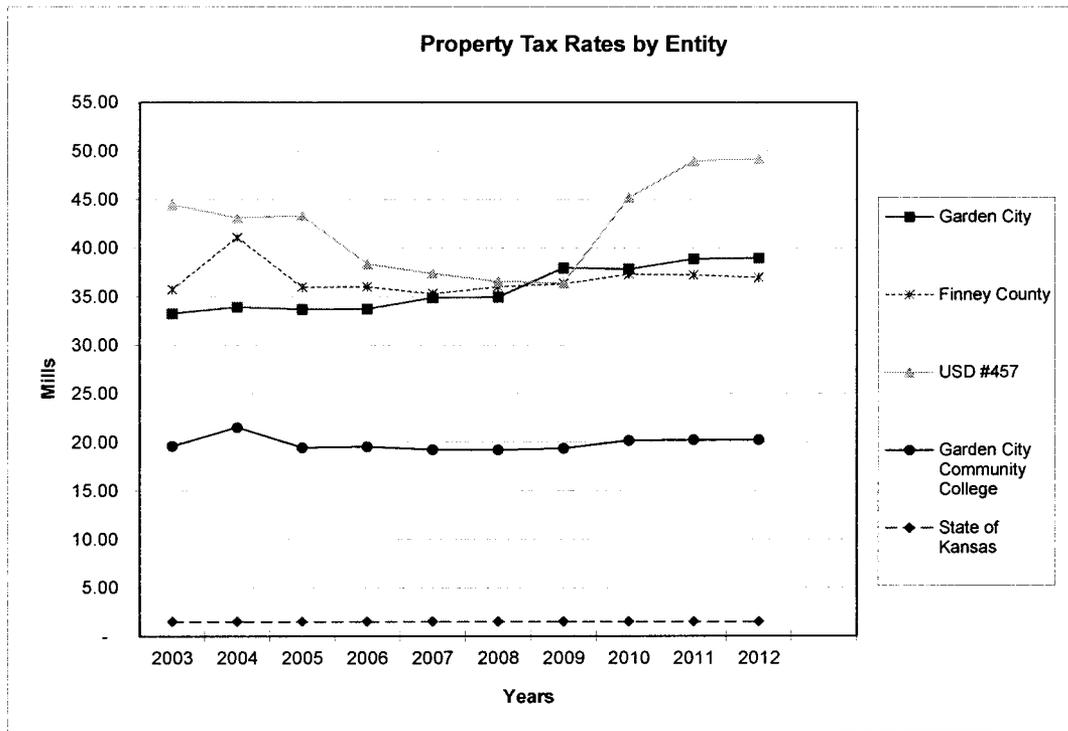
Fiscal Year	Garden City						Total
	General	Employee Benefits	Recreation	Bond and Interest	Airport	Building	
2003	9.44	7.22	5.00	7.66	2.95	1.00	33.27
2004	10.90	8.62	4.89	6.79	1.73	1.00	33.93
2005	9.65	8.43	4.86	8.00	1.76	1.00	33.70
2006	8.21	9.73	5.01	7.06	3.01	0.72	33.74
2007	7.77	10.74	5.00	9.02	2.37	-	34.90
2008	7.85	11.07	5.01	8.76	2.27	-	34.96
2009	22.24	-	4.83	8.31	2.60	-	37.98
2010	22.07	-	4.98	7.98	2.82	-	37.85
2011	22.53	-	5.00	8.70	2.65	-	38.88
2012	21.82	-	5.00	8.10	4.04	-	38.96

Rates are expressed in mills.

Overlapping rates are those of state, local and county governments that apply to property owners within the City of Garden City.



State of Kansas	Overlapping Rates			Total Direct & Overlapping Rates
	Finney County	Garden City Community College	USD #457	
1.50	35.72	19.59	44.49	134.57
1.50	41.10	21.53	43.13	141.19
1.50	35.99	19.45	43.34	133.98
1.50	36.03	19.54	38.38	129.19
1.50	35.31	19.22	37.38	128.31
1.50	36.02	19.20	36.54	128.22
1.50	36.33	19.36	36.42	131.59
1.50	37.32	20.18	45.20	142.05
1.50	37.24	20.24	48.96	146.82
1.50	36.98	20.24	49.19	146.87



CITY OF GARDEN CITY, KANSAS  
Principal Property Taxpayers  
Current Year and Nine Years Ago

Name	2012			2003		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Wal-Mart Real Estate Business Trust	\$ 2,625,000	1	1.59 %	\$ 2,337,454	1	1.81 %
Sam's Real Estate Business Trust	1,774,790	2	1.08			
Golden Plains Credit Union	1,606,314	3	0.98			
Black Hills Corp. (KS Division)	1,444,409	4	0.88			
HD Development of Maryland (Home Depot)	1,410,145	5	0.86			
Garden City Plaza LLC	1,392,351	6	0.85			
Dayton Hudson Corp (Target)	1,139,018	7	0.69	1,034,855	6	0.80
ART Mortgage Borrower Prop Co (Americold)	1,051,595	8	0.64			
Shiva Hotels, Inc.	985,270	9	0.60			
Indy Lube Investments (Sears)	980,000	10	0.60	1,148,006	5	0.89
Southwestern Bell Telephone Co.				2,002,532	2	1.55
St. Catherine Hospital (Imaging Center)				1,439,284	3	1.11
Inland Container Corp.				1,160,269	4	0.90
Dillons				1,003,834	7	0.78
Steve & Ann Burgess				998,710	8	0.77
Western Building Corp.				962,665	9	0.74
Minter-Wilson (Plaza Inn)				800,169	10	0.62
Other taxpayers	150,174,775		91.23	116,407,834		90.03
<b>Total</b>	<b>\$ 164,583,667</b>		<b>100.00 %</b>	<b>\$ 129,295,612</b>		<b>100.00 %</b>

Source: Assessed value data used to estimate applicable percentages provided by the Finney County Clerk.

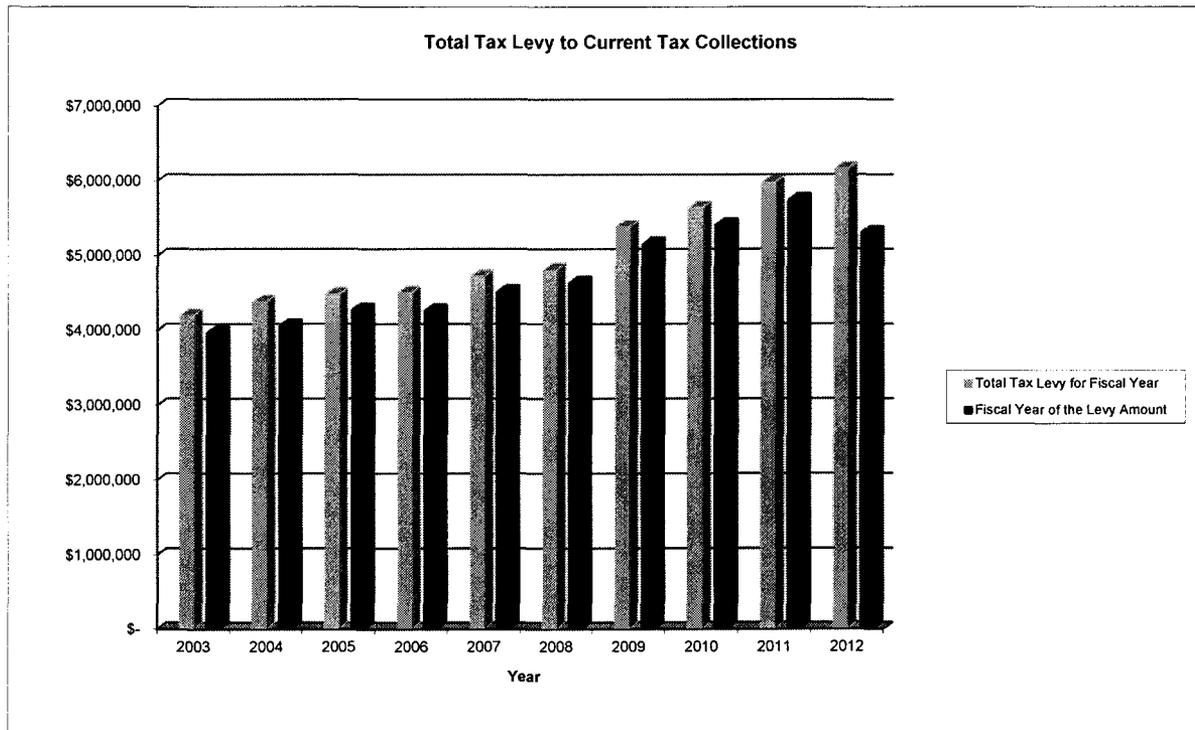
Principal Sales Taxpayers by NAICS Code  
Current Year and Nine Years Ago

NAICS Code	2012			2003		
	Taxable Retail Sales	Rank	Percentage of Total Taxable Retail Sales	Taxable Retail Sales	Rank	Percentage of Total Taxable Retail Sales
Retail Trade	\$ 382,025,095	1	71.30 %	\$ 281,561,126	1	72.31 %
Accommodation and Food Services	58,252,144	2	10.87	35,624,364	2	9.15
Information	22,306,459	3	4.16	19,777,484	3	5.08
Wholesale Trade	14,505,781	4	2.71	9,441,533	6	2.42
Other Services (except Public Administration)	12,432,222	5	2.32	14,757,981	4	3.79
Utilities	10,923,847	6	2.04	6,827,609	7	1.75
Manufacturing	6,813,712	7	1.27	4,380,175	9	1.12
Construction	6,377,907	8	1.19	6,150,186	5	1.58
Real Estate and Rental and Leasing	5,981,216	9	1.12	2,980,559	8	0.77
Administrative and Waste	5,328,011	10	0.99	1,142,518	10	0.29
Professional and Technical	2,750,790		0.51			
Finance and Insurance	316,038		0.06	509,142		0.13
Other codes	7,806,987		1.46	6,212,506		1.61
<b>Total within Garden City</b>	<b>\$ 535,820,209</b>		<b>100.00 %</b>	<b>\$ 389,365,183</b>		<b>100.00 %</b>

Source: Estimated taxable retail sales by North American Industry Classification System (NAICS) code provided by the Kansas Department of Revenue.

CITY OF GARDEN CITY, KANSAS  
Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collected for the Fiscal Year of the Levy	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2003	\$ 4,198,929	\$ 3,968,795	94.52 %	\$ 230,134	\$ 4,198,929	100.00 %
2004	4,384,802	4,059,527	92.58	325,275	4,384,802	100.00
2005	4,484,633	4,278,421	95.40	183,795	4,462,216	99.50
2006	4,508,411	4,266,334	94.63	223,519	4,489,853	99.59
2007	4,724,466	4,519,744	95.67	204,722	4,724,466	100.00
2008	4,809,613	4,642,217	96.52	167,396	4,809,613	100.00
2009	5,387,799	5,156,267	95.70	145,018	5,301,285	98.39
2010	5,643,613	5,412,175	95.90	137,852	5,550,027	98.34
2011	5,981,461	5,748,296	96.10	226,165	5,974,461	99.88
2012	6,164,521	5,307,220	86.09	-	5,307,220	86.09



CITY OF GARDEN CITY, KANSAS  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-Type Activities		
	General Obligation Bonds	Limited Obligation Bonds	Capital Leases	General Obligation Bonds	Revenue Bonds	Revenue Loans
2003	\$ 10,110,000	\$ -	\$ 380,212	\$ -	\$ 185,000	\$ 17,973,761
2004	7,879,000	-	339,074	-	140,000	17,510,030
2005	7,640,000	-	372,290	-	95,000	16,643,688
2006	7,375,000	-	677,630	-	50,000	15,763,041
2007	7,685,300	-	458,669	-	-	14,850,919
2008	9,307,000	-	465,606	-	-	13,906,169
2009	10,028,700	-	939,690	-	-	12,927,595
2010	9,823,000	-	744,533	15,277,000	-	-
2011	10,617,500	-	694,026	13,837,500	-	-
2012	10,041,250	-	586,104	12,398,750	-	-

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

\* See the Schedule of Demographic and Economic Statistics on page 151 for personal income and population data.

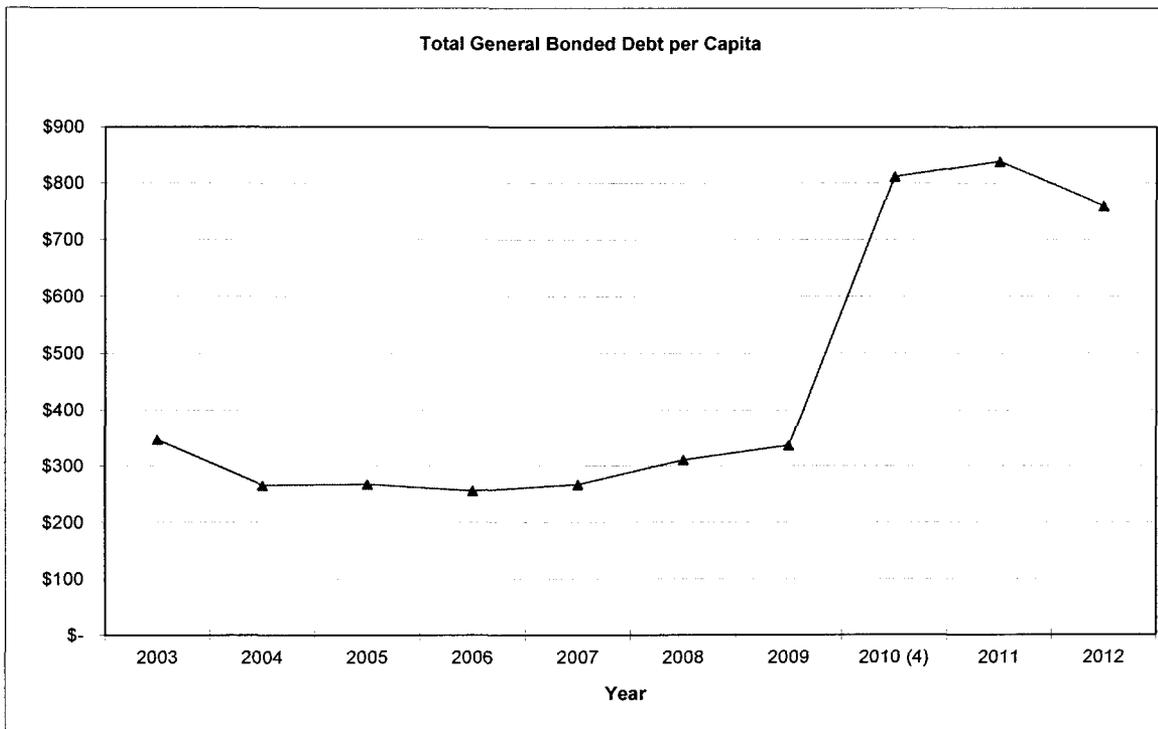
<u>Capital Leases</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income *</u>	<u>Per Capita *</u>
\$ -	\$ 28,648,973	3.44 %	\$ 1,016
43,160	25,911,264	2.98	903
22,165	24,773,143	2.78	908
-	23,865,671	2.64	828
-	22,994,888	2.37	800
-	23,678,775	2.54	812
-	23,895,985	2.84	821
-	25,844,533	2.38	842
-	25,149,026	2.25	872
15,147	23,041,251	2.36	790

**CITY OF GARDEN CITY, KANSAS**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

Fiscal Year	General Obligation Bonds (1)	Less Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property (2)	Total General Bonded Debt Per Capita (3)
2003	\$ 10,110,000	\$ 319,897	\$ 9,790,103	0.01 %	\$ 347
2004	7,879,000	234,496	7,644,504	0.01	266
2005	7,640,000	322,545	7,317,455	0.01	268
2006	7,375,000	141,758	7,233,242	0.01	256
2007	7,685,300	232,006	7,453,294	0.01	267
2008	9,307,000	256,240	9,050,760	0.01	311
2009	10,028,700	213,341	9,815,359	0.01	337
2010 (4)	25,100,000	189,267	24,910,733	0.02	812
2011	24,455,000	239,073	24,215,927	0.02	839
2012	22,440,000	276,747	22,163,253	0.02	760

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

- (1) Includes special assessments.
- (2) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on pages 138 through 139 property value data.
- (3) Population data can be found in the Schedule of Demographic and Economic Statistics on page 151.
- (4) In 2010, the City issued \$15,277,000 of general obligation bonds for internal improvements and to refinance debt in its utility funds due to the lower interest rates available on the general obligation bonds. Although these bonds are general obligation bonds, it is the intent of the City to use utility revenues to meet the debt service requirements.



CITY OF GARDEN CITY, KANSAS  
 Direct and Overlapping Governmental Activities Debt  
 As of December 31, 2012

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Direct:			
City of Garden City	<u>\$ 10,041,250</u>	100.00 %	<u>\$ 10,041,250</u>
Overlapping:			
Finney County	5,310,000	32.46	1,723,626
Garden City Community College	6,548,876	32.46	2,125,765
USD #457	<u>97,845,000</u>	50.40	<u>49,313,880</u>
Total overlapping debt	<u>109,703,876</u>		<u>53,163,271</u>
Total direct and overlapping debt	<u>\$ 119,745,126</u>		<u>\$ 63,204,521</u>

Source: Assessed value data used to estimate applicable percentages provided by the Finney County Clerk. Debt outstanding data provided by Finney County, Garden City Community College and USD #457.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Garden City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account.

- (1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the County's taxable assessed value that is within the City's boundaries and dividing it by the County's total taxable assessed value.

CITY OF GARDEN CITY, KANSAS  
 Legal Debt Margin Information  
 Last Ten Fiscal Years

	2003	2004	2005	2006
Debt limit	\$ 45,713,465	\$ 38,788,684	\$ 39,928,469	\$ 40,084,265
Total net debt applicable to limit	<u>10,110,000</u>	<u>7,879,000</u>	<u>7,640,000</u>	<u>7,375,000</u>
Legal debt margin	<u>\$ 35,603,465</u>	<u>\$ 30,909,684</u>	<u>\$ 32,288,469</u>	<u>\$ 32,709,265</u>
Total net debt applicable to the limit as a percentage of debt limit	22.12%	20.31%	19.13%	18.40%

Note: Under state finance law, the City of Garden City's outstanding general obligation debt should not exceed 30% of total assessed property value.

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 40,616,113	\$ 41,275,513	\$ 42,561,015	\$ 44,855,767	\$ 46,155,620	\$ 47,311,050
7,685,300	9,307,000	10,028,700	9,823,000	10,617,500	10,041,250
<u>\$ 32,930,813</u>	<u>\$ 31,968,513</u>	<u>\$ 32,532,315</u>	<u>\$ 35,032,767</u>	<u>\$ 35,538,120</u>	<u>\$ 37,269,800</u>
18.92%	22.55%	23.56%	21.90%	23.00%	21.22%

Assessed value	<u>\$ 157,703,499</u>
Debt limit (30% of total assessed value)	<u>\$ 47,311,050</u>
Debt applicable to limit:	
General obligation bonds	<u>\$ 22,440,000</u>
Total net debt applicable to limit	<u>\$ 22,440,000</u>
Legal debt margin	<u>\$ 24,871,050</u>

CITY OF GARDEN CITY, KANSAS  
Pledged-Revenue Coverage  
Last Ten Fiscal Years

Fiscal Year	Sales Tax Revenue Bonds				Coverage
	Sales Tax Collections	Debt Service			
		Principal	Interest		
2003	\$ 49,374	\$ 40,000	\$ 10,120	0.99	
2004	52,469	45,000	8,400	0.98	
2005	50,501	45,000	6,420	0.98	
2006	48,325	45,000	4,395	0.98	
2007	6,470	50,000	2,325	0.12	

Note: Sales tax revenue bonds were paid off in 2007.

Fiscal Year	Electric Utility Loans					Coverage
	Electric Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	
2011	\$24,210,977	\$21,903,317	\$ 2,307,660	\$ 124,500	\$ 41,455	13.91
2012	26,096,656	24,758,379	1,338,277	149,712	31,317	7.39

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Electric charges and other includes connect fees and other operating revenues. Operating expenses do not include interest or depreciation.

Fiscal Year	Water and Sewer Utility Loans					Coverage
	Water and Sewer Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	
2003	\$ 5,240,443	\$ 2,465,964	\$ 2,774,479	\$ 850,988	\$ 555,432	1.97
2004	5,075,101	3,104,847	1,970,254	795,415	585,076	1.43
2005	5,384,839	3,351,478	2,033,361	866,342	604,795	1.38
2006	5,430,773	3,395,097	2,035,676	880,647	574,920	1.40
2007	5,376,144	3,543,845	1,832,299	912,122	543,015	1.26
2008	5,596,999	3,895,952	1,701,047	944,750	509,939	1.17
2009	6,286,255	4,102,088	2,184,167	978,574	475,650	1.50
2010	7,094,923	4,219,113	2,875,810	1,013,639	453,507	1.96
2011	7,622,896	4,177,144	3,445,752	1,315,000	253,355	2.20
2012	7,776,945	4,629,827	3,147,118	1,292,500	289,021	1.99

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Water and sewer charges and other includes tap fees and other operating revenues. Operating expenses do not include interest or depreciation.

**CITY OF GARDEN CITY, KANSAS**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income (amounts expressed in thousands)</u>	<u>Per Capita Personal Income (2)</u>	<u>Median Age (3)</u>	<u>Education Level in Years of Formal Schooling (4)</u>	<u>School Enrollment (4)</u>	<u>Unemployment Rate (5)</u>
2003	28,190	\$ 831,616	\$ 21,263	28	13	7,670	3.70 %
2004	28,707	870,163	22,188	28	13	7,543	4.40
2005	27,295	891,582	22,827	28	13	7,400	4.20
2006	28,832	902,781	23,404	28	13	7,391	3.60
2007	28,743	971,130	24,564	28	13	7,249	3.30
2008	29,095	932,034	24,089	31	13	7,218	3.30
2009	29,093	839,960	20,999	31	13	7,400	3.70
2010	30,685	1,088,104	35,460	30	13	7,461	4.20
2011	28,855	1,116,176	38,682	30	13	7,557	4.20
2012	29,176	974,975	33,417	31	13	7,578	4.70

**Data Sources:**

- (1) Bureau of the Census/City Planning Department
- (2) Bureau of Economic Analysis
- (3) State Department of Commerce
- (4) School District
- (5) Kansas Department of Labor

Note: Population, median age and education level information are based on surveys conducted during the last quarter of the calendar year. Personal income information is a total for the year. Unemployment rate information is an adjusted yearly average. School enrollment is based on the census at the start of the school year.

CITY OF GARDEN CITY, KANSAS  
Principal Employers  
Current Year and Nine Years Ago

Employer	2012			2003		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Tyson Fresh Meats, Inc. (Iowa Beef Processors, Inc.)	2,200	1	15.40 %	3,000	1	23.99 %
Unified School District No. 457	1,200	2	8.40	1,231	2	9.84
Cheyenne Drilling	638	3	4.47			
St. Catherine Hospital	635	4	4.45	650	3	5.20
Garden City Community College	385	5	2.70	500	4	4.00
Wal-Mart	372	6	2.60	450	5	3.60
Finney County	330	7	2.31	325	6	2.60
City of Garden City	303	8	2.12	284	7	2.27
Beef Products, Inc.	245	9	1.72			
Sunflower Electric Power Corp.	225	10	1.58			
Dillons				271	8	2.17
Brookover Feed Yards (Brookover Companies)				200	9	1.60
Garden Valley Retirement Village				162	10	1.30
Other employers	7,749		54.25	5,433		43.43
<b>Total</b>	<b>14,282</b>		<b>100.00 %</b>	<b>12,506</b>		<b>100.00 %</b>

Source: Chamber of Commerce; U.S. Department of Labor, Bureau of Labor Statistics  
Note: Based on employment of Finney County labor force; information not available for City only.

CITY OF GARDEN CITY, KANSAS  
 Full-time Equivalent City Government Employees by Function  
 Last Ten Fiscal Years

Function	Full-time Equivalent Employees as of December 31,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government	62	57	61	61	69	59	54	55	57	54
Public safety:										
Police:										
Officers	58	55	55	44	50	51	58	57	60	56
Civilians	31	26	31	32	26	29	30	34	29	32
Fire:										
Firefighters and officers	29	30	32	30	34	38	34	36	34	34
Civilians	1	1	1	1	1	1	1	1	1	1
Streets:										
Engineering	6	6	5	5	4	4	3	4	5	4
Maintenance	17	17	16	16	16	16	16	16	16	20
Sanitation	13	14	14	14	14	14	20	23	16	15
Culture and recreation	24	34	38	35	32	39	42	46	43	45
Water	12	12	11	11	13	12	13	13	12	14
Sewer	12	12	14	15	13	13	13	15	10	8
Electric	19	19	20	21	18	20	19	22.5	21	20
<b>Total</b>	<b>284</b>	<b>283</b>	<b>298</b>	<b>285</b>	<b>290</b>	<b>296</b>	<b>303</b>	<b>322.5</b>	<b>304</b>	<b>303</b>

Source: City Human Resource Office.

**CITY OF GARDEN CITY, KANSAS**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**

Function	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Police:</b>										
Physical arrests	4,212	4,003	4,372	4,125	3,509	3,242	4,294	4,557	3,407	3,169
Parking violations	626	479	261	243	181	211	344	471	360	283
Traffic violations	7,276	8,261	6,390	4,751	3,962	3,405	5,239	7,170	7,747	6,710
<b>Fire:</b>										
Number of calls answered	764	704	669	731	707	779	751	772	847	908
Inspections	1,527	1,601	841	119	868	923	759	850	738	923
<b>Streets:</b>										
Street resurfacing (improved miles)	120	120	96	124	120	120	121	121	121	122
Potholes patch/tons	535	768	543	329	733	614	580	430	381	347
<b>Sanitation:</b>										
Refuse collected (tons/day)	72	74	71	64	72	70	71	69	67	69
Recyclables collected (tons/day)	1.26	1.83	1.69	2.22	4.00	3.80	4.48	7.21	3.62	2.27
<b>Culture and recreation:</b>										
Golf memberships issued	274	179	154	196	260	271	166	249	338	275
Zoo admissions	218,665	198,036	209,785	200,003	190,530	181,559	198,731	182,137	183,130	155,549
<b>Water:</b>										
New connections	84	47	20	24	27	32	26	22	30	28
Water mains breaks	8	9	20	14	25	14	22	10	20	8
Average daily consumption (thousands of gallons)	5,639	5,040	5,416	5,585	5,489	5,705	5,365	5,472	7,426	7,396
<b>Sewer:</b>										
Average daily sewage treatment (thousands of gallons)	3,380	3,281	3,235	3,164	3,215	3,301	2,902	2,466	2,696	2,980
<b>Electric:</b>										
New connections	93	114	5	20	12	11	48	31	27	28
Average daily usage (thousands of kilowatts)	571	577	605	611	654	696	686	683	711	729

Sources: Various City departments.

Note: Indicators are not available for the general government function.

**CITY OF GARDEN CITY, KANSAS**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

Function	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Public safety:</b>										
<b>Police:</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	24	25	26	26	26	30	30	30	29	26
Motorcycle patrol units	-	-	-	-	-	4	4	6	6	6
Fire stations	2	2	2	2	2	2	2	2	2	2
<b>Streets:</b>										
Street (miles)	124	125	125	125	125	125	125	125	125	126
Streetlights	1,873	2,120	2,738	3,066	2,571	2,559	2,556	2,665	3,407	3,507
Traffic signals	30	30	29	29	30	30	30	33	35	35
<b>Sanitation:</b>										
Collection trucks	10	10	10	10	11	12	12	12	12	13
<b>Culture and recreation:</b>										
Park acreage	161.8	161.8	161.8	183	182	182	185	185	185	185
Parks	11	11	11	12	12	12	12	12	12	12
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	8	8	8	8	8	8	8	8	8	8
Senior centers	1	1	1	1	1	1	1	1	1	1
<b>Water:</b>										
Water mains (miles)	136.17	138.12	138.84	139	139	139	139	147	148	149
Fire hydrants	765	765	881	891	895	902	906	918	922	923
Maximum daily capacity (thousands of gallons)	27,000	29,000	29,000	29,000	29,000	29,000	29,000	29,000	27,000	28,000
<b>Sewer:</b>										
Sanitary sewer (miles)	113.69	112.30	112.30	112	113	113	113	113	113	114
Storm sewer (miles)	31	31	31	31	33	33	33	33	33	34
Average daily sewage treatment (thousands of gallons)	3,380	3,281	3,235	3,164	3,215	3,301	2,902	2,466	2,696	2,552
<b>Electric:</b>										
Number of distribution stations	9	9	9	9	8	8	8	8	8	9
Miles of service lines	318	320	320	321	321	322	322	322	323	328

Sources: Various City departments.

Note: No capital asset indicators are available for the general government function.

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**SINGLE AUDIT  
SECTION**



## INDEPENDENT AUDITORS' REPORT

The Honorable Mayor,  
City Commissioners and City Manager  
Garden City, Kansas 67846

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Garden City as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 3, 2013. Our report includes a reference to other auditors. The financial statements of the Garden City Recreation Commission were not audited in accordance with *Government Auditing Standards*; accordingly, this report does not extend to that component unit. In addition, other auditors audited the financial statements of the Garden City Housing Authority, as described in our report on the City of Garden City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

### **Internal Control over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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

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### CPAs

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Theresa Dasenbrock, CPA, CFE  
David L. Hetrick, CPA  
Steven D. Josserand, CPA  
Gary A. Schlappe, CPA  
Rodney Van Norden, CPA

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Lisa L. Axman, CPA  
Sarah J. Bartel, CPA  
Sue A. Bradley, CPA  
Susan A. Burgardt, CPA  
Shannon N. Miller, CPA  
Tracey Homm, CPA, CSEP  
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Kimberly A. Roth, CPA  
Kristin J. Sekavec, CPA  
Keysha Urie, CPA  
Monica J. Wilson, CPA

The Honorable Mayor,  
City Commissioners and City Manager  
Page 2

that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2012-1 and 2012-2 to be material weaknesses.

### **Compliance and Other Matters**

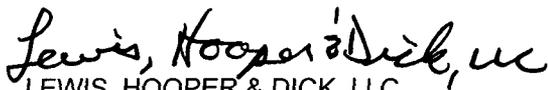
As part of obtaining reasonable assurance about whether the City of Garden City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and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

### **City of Garden City's Response to Findings**

The City of Garden City's response to the findings identified in our audit is described in the accompanying corrective action plan. The City of Garden City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this 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 of Garden City's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Garden City's internal control over financial reporting and compliance. Accordingly, this report is not suitable for any other purpose.

  
LEWIS, HOOPER & DICK, LLC

June 3, 2013



## INDEPENDENT AUDITORS' REPORT

The Honorable Mayor,  
City Commissioners and City Manager  
Garden City, Kansas 67846

### **Report on Compliance for Each Major Federal Program**

We have audited the compliance of the City of Garden City, Kansas, with the types of compliance requirements described in the U.S. Office of Management and Budget Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012. The City of Garden City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its federal programs.

#### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Garden City's major federal programs based on our audit of the types of compliance requirements referred to above. The City of Garden City's financial statements include the operations of the Garden City Recreation Commission, which received no federal awards during the year ended December 31, 2012, and the Garden City Housing Authority, which received \$197,231 in federal awards which is not included in the schedule during the year ended December 31, 2012. Our compliance audit, described below, did not include the operations of the Garden City Recreation Commission because it expended no federal awards or the Garden City Housing Authority because the component unit engaged other auditors to perform an audit which was not in accordance with OMB Circular A-133 as the Garden City Housing Authority only expended \$197,231 in federal expenditures.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Garden City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the City of Garden City's compliance.

#### Opinion on Each Major Federal Program

In our opinion, the City of Garden City, Kansas, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

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The Honorable Mayor,  
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Page 2

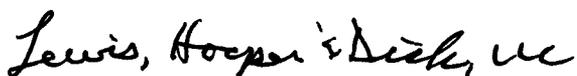
## Report on Internal Control Over Compliance

The management of the City of Garden City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Garden City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Garden City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

  
LEWIS, HOOPER & DICK, LLC

June 3, 2013

CITY OF GARDEN CITY, KANSAS  
Schedule of Findings and Questioned Costs  
 December 31, 2012

I. SUMMARY OF AUDIT RESULTS

A. Financial Statements

- Type of auditors' report issued: Unqualified
  
- Internal control over financial reporting as reported in the INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS:
  - Material weaknesses identified: Yes
  - Significant deficiencies identified: None reported
  
- Noncompliance material to financial statements noted: None

B. Federal Awards

- Internal control over major programs as reported in the INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133:
  - Material weaknesses identified: None
  - Significant deficiencies identified: None reported
  
- Type of auditors' report issued on compliance for major programs: Unqualified
  
- Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133: None
  
- The programs tested as major programs include:
 

Program	CFDA	Grant Number	Expenditures
Airport Improvement Program	20.106	3-20-0024-33	\$ 419,447
Airport Improvement Program	20.106	3-20-0024-32	561,178
Airport Improvement Program	20.106	3-20-0024-31	263,375
  
- Dollar threshold used to distinguish between type A and B programs: \$300,000
  
- Auditee qualified as low-risk auditee: Yes

(continued)

CITY OF GARDEN CITY, KANSAS  
Schedule of Findings and Questioned Costs  
December 31, 2012

II. FINANCIAL STATEMENT FINDINGS

**Material Weakness**

**Finding 2012-1**

Finding: Control procedures over the recording of fixed assets were not functioning as designed.

Criteria: Control procedures over fixed assets should be in place to prevent, detect, and correct potential misstatement of fixed assets. This includes consistent application of the City's policies and correct calculation of fixed asset additions. Fixed asset additions and deletions should be reconciled to the general ledger by the City staff to ensure they are properly stated.

Condition: In the current year we noted several transactions recorded on the fixed asset listing which were not consistent with the City's policy. In addition, when reconciling the fixed asset listing to the general ledger we noted several material adjustments were required as follows:

1. Infrastructure at the airport was materially overstated.
2. Depreciation expense on assets acquired through noncash transactions was not accurately calculated.
3. Several assets under the \$5,000 capitalization policy were included on the current year addition report.
4. The disposal list was not a complete list.

Context: The airport wildlife fence and apron lighting was materially overstated due to a variety of reasons:

- Disbursements that had been capitalized as infrastructure in prior years were included in the current year capitalized amount.
- Commitments as of year-end were included in the current year infrastructure total although the expenditures were not yet incurred or payable.
- Engineering costs were not included in the capitalized cost of the assets.
- The costs of the two assets were overstated by \$24,090,460.

Two airport hangars donated to the City and assets seized by the police department had no depreciation calculated because the salvage value was set as equal to the basis of the assets.

Assets under the \$5,000 capitalization policy were added to the fixed asset listing at the request of department heads to track for insurance purposes; however, per the City's fixed asset policy, department heads are responsible for maintaining a separate listing of controllable assets under \$5,000 for their department for insurance purposes.

A 1995 Ford F150 was disposed of in the current year; however, it was not included on the current year "Disposal Report" since it was deleted when the prior year's asset disposals were removed from the fixed asset listing.

(continued)

CITY OF GARDEN CITY, KANSAS  
Schedule of Findings and Questioned Costs  
December 31, 2012

Cause: This finding results from a lack of adherence to the City's policy in determining fixed asset additions and deletions.

Effect: Failure to properly record fixed asset transactions could result in a material misstatement in the financial statements.

Recommendation: We recommend the fixed asset transactions and resulting fixed asset listing be reviewed by management to ensure proper recording of all additions and deletions in compliance with the City's policy and the fixed asset listing be reconciled to the general ledger prior to calculation of depreciation for the year. A suggested method has been discussed with management.

Responsible Official's

Response: Additional training will be provided to all department heads and the importance of adhering to the City's policy in determining fixed asset additions and deletions will be reinforced. In addition, a review of the fixed asset reports will be performed prior to submitting the records for audit.

**Material Weakness**

**Finding 2012-2**

Finding: Management did not review the final month end and resulting year-end financial reports prior to submitting them for audit; consequently, they were not aware of a material budget violation which occurred within one department.

Criteria: Financial reports, including a report of expenditures compared to budget, are prepared by the finance department and provided to the department heads. The year-end reports should be reviewed prior to submitting them for audit.

Condition: In the current year, management did not review the year-end reports prior to submitting them to the auditors. As a result, management was not aware of a material budget violation which was reflected on the year-end financial reports.

Context: Reports submitted for audit included a budget violation in the Electric Utility fund of \$1,219,206 of which management was not aware.

Cause: The budget violation was a result of excess expenditures for production expenses. Management was not aware of the violation because the December month end and resulting year-end reports were not reviewed in the same manner as the monthly reports.

Effect: Failure to properly review all financial reports could result in a material misstatement in the financial statements.

Recommendation: We recommend the City follow the same process used to review monthly reports in reviewing year-end reports. The year-end reports should be reviewed by management prior to submitting them for audit.

Responsible Official's

Response: Additional training will be provided to all department heads on their role in the review process. In addition, management will review all year-end financial reports prior to submitting them for audit.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

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Corrective Action Plan  
and Comments on Audit Resolution Matters Relating  
to the Federal Award Programs  
December 31, 2012

CITY COMMISSION

June 3, 2013

DAVID D. CRASE,  
Mayor

The City of Garden City, Kansas, respectfully submits the following corrective action plan for the year ended December 31, 2012.

ROY CESSNA  
JOHN DOLL

Name and address of independent accounting firm: Lewis, Hooper & Dick, LLC  
PO Box 699  
Garden City, KS 67846

DAN FANKHAUSER  
CHRIS LAW

Audit period: January 1, 2012 through December 31, 2012

The findings from the December 31, 2012, Schedule of Findings and Questioned Costs related to the federal award programs are discussed below. The findings are numbered consistently with the number assigned in the Schedule. Section I of the Schedule, Summary of Auditors' Results, does not include findings and is not addressed.

II. FINANCIAL STATEMENT FINDINGS

**Finding 2012-1**

Planned Corrective Action:

Additional training on the importance of adhering to the City's policy in determining fixed additions and deletions will be reinforced to all department heads as a means of preventing, detecting, and correcting potential misstatement of fixed assets. This includes consistent application of the City's policies and correct calculation of fixed asset additions. Fixed asset additions and deletions will be reconciled to the general ledger by the City staff to ensure they are properly stated. In addition, a review of the fixed asset reports by management will be performed prior to submitting the records for audit.

**Finding 2012-2**

Planned Corrective Action:

Additional training will be provided to all department heads on their role in the review process. The City will follow the same process used to review monthly reports in reviewing year-end reports. Financial statements, including a report of expenditures compared to budget, are prepared by the finance department and will be provided to the department heads, including the year-end reports which will be reviewed prior to submitting them for audit.

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None

IV. STATUS OF CORRECTIVE ACTIONS ON PRIOR FINDINGS

None

MATTHEW C. ALLEN  
City Manager

MELINDA A. HITZ, CPA  
Finance Director

RANDALL D. GRISELL  
City Counselor

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(continued)

Corrective Action Plan  
and Comments on Audit Resolution Matters Relating  
to the Federal Award Programs  
December 31, 2012

If there are any questions regarding this plan, please call Matthew C. Allen at 620-276-1160.

Sincerely,

A handwritten signature in black ink, appearing to read "Matt Allen", written in a cursive style.

Matthew C. Allen  
City Manager

CITY OF GARDEN CITY, KANSAS  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2012

Grant Title	Federal CFDA Number	Clusters	Grant Number	Program Award Amount	Disburse- ments/ Expenditures
<b>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>					
Passed through State Department of Commerce:					
Community Development Block Grant (Note 3)	14.218		87-BF-206	\$ 959	\$ 959
Emergency Shelter Grants Program	14.231		ESG-FF72012	118,226	12,507
Emergency Shelter Grants Program	14.231		ESG-FF72011	56,447	36,907
Emergency Shelter Grants Program	14.231		ESG-FF72010	45,671	7,488
<b>DEPARTMENT OF JUSTICE</b>					
Direct Programs:					
Bulletproof Vest Grant Partnership Program	16.607		1121-0235	60,833	9,255
Public Safety Partnerships and Community Policing Program	16.710		2009CKWX0398	150,000	55,620
Edward Byrne Memorial Justice Assistance Grant Program	16.738	A	2012-DJ-BX-0188	15,898	-
ARRA Justice Assistance Grant Program	ARRA 16.804	A	2009-SB-B9-2351	100,400	57,081
Drug Enforcement State & Local Task Force Grant Program	16.XXX		DEA Garden City	31,146	9,100
<b>DEPARTMENT OF TRANSPORTATION</b>					
Direct Programs:					
Airport Improvement Program	20.106		3-20-0024-33	617,392	419,447
Airport Improvement Program	20.106		3-20-0024-32	864,519	561,178
Airport Improvement Program	20.106		3-20-0024-31	554,476	263,375
Passed through State Department of Transportation:					
State and Community Highway Safety	20.600		OP-0992-13	7,000	-
State and Community Highway Safety	20.600		OP-0992-12	7,000	3,936
State and Community Highway Safety	20.601		AL-9476-13	6,635	556
State and Community Highway Safety	20.601		AL-9476-12	6,635	4,850
Occupant Protection Incentive Grants	20.602		OP 1453-13/SP-4205-13	5,694	1,705
<b>DEPARTMENT OF HOMELAND SECURITY</b>					
Direct Programs:					
Law Enforcement Officer Reimbursement Agreement Program	97.090		HST0208HSLR151	630,000	26,932
Passed through Kansas Highway Patrol:					
Homeland Security Grant Program	97.067			66,975	<u>66,975</u>
<b>TOTAL FEDERAL EXPENDITURES - PRIMARY GOVERNMENT</b>					<b><u>\$ 1,537,871</u></b>

The accompanying Notes to Schedule of Federal Awards are an integral part of this statement.

CITY OF GARDEN CITY, KANSAS  
Notes to Schedule of Expenditures of Federal Awards  
December 31, 2012

1. General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the primary government of the City of Garden City, Kansas. The City's reporting entity is defined in Note 1 to the City's basic financial statements. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies is included on the schedule.

2. Basis of accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the City's basic financial statements.

3. Community Development Block Grant

Receipts included as program revenues are from payments received on a revolving loan fund originally established through Community Development Block Grant monies. The original program was closed out in prior years. Loans receivable at December 31, 2012, totaled \$247,536.

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