This Preliminary Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy these securities nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. This Preliminary Official Statement is in a form deemed final as of its date for purposes of SEC Rule 15c2-12(b) (1), but is subject to revision, amendment and completion in a Final Official Statement.

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 7, 2019

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Bonds (including any original issue discount properly allocable to the owner of a Bond) is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that, under existing Kansas law, interest on the Bonds is excluded from computation of Kansas adjusted gross income. The City has designated the Bonds as "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). For a more detailed description of such opinions of Bond Counsel, see "THE BONDS – TAX MATTERS" herein.

New Issue
Bank Qualified

Rating Application Made: S&P Global Ratings

CITY OF GARDNER, KANSAS
(Johnson County)

$2,600,000* GENERAL OBLIGATION BONDS, SERIES 2019E

PROPOSAL OPENING: November 18, 2019, 10:30 A.M., C.T.
CONSIDERATION: November 18, 2019, 7:00 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The $2,600,000* General Obligation Bonds, Series 2019E (the "Bonds")of the City of Gardner, Kansas (the "City") are being issued pursuant to K.S.A. 10-101 *et seq.*, K.S.A. 12-685 *et seq.*, all as amended and supplemented, (i) to fund projects in the City's 2019 Pavement Management Program; and (ii) to finance improvements to Sante Fe Street. The Bonds are valid and binding general obligations of the City. Delivery is subject to receipt of an approving legal opinion of Kutak Rock LLP, Kansas City, Missouri.

DATE OF BONDS: December 12, 2019

MATURITY: October 1 as follows:

Year	Amount*	Year	Amount*	Year	Amount*
2020	$245,000	2024	$255,000	2028	$275,000
2021	240,000	2025	260,000	2029	285,000
2022	245,000	2026	270,000		
2023	255,000	2027	270,000		

MATURITY ADJUSTMENTS: * The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of $5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per $1,000.

TERM BONDS: See "Term Bond Option" herein.

INTEREST: April 1, 2020 and semiannually thereafter.

OPTIONAL REDEMPTION: Bonds maturing on October 1, 2027 and thereafter are subject to call for prior optional redemption on October 1, 2026 and any date thereafter, at a price of par plus accrued interest.

MINIMUM PROPOSAL: $2,568,800.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of $52,000 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT: State of Kansas - Office of the State Treasurer

BOND COUNSEL: Kutak Rock LLP

MUNICIPAL ADVISOR: Ehlers and Associates, Inc.

BOOK-ENTRY-ONLY: See "Book-Entry-Only System" herein (unless otherwise specified by the purchaser).

REPRESENTATIONS

No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representation other than those contained in this Preliminary Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. ***This Preliminary Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any of the Bonds in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.***

This Preliminary Official Statement is not to be construed as a contract with the Syndicate Manager or Syndicate Members. Statements contained herein which involve estimates or matters of opinion are intended solely as such and are not to be construed as representations of fact. Ehlers and Associates, Inc. prepared this Preliminary Official Statement and any addenda thereto relying on information of the City and other sources for which there is reasonable basis for believing the information is accurate and complete. Bond Counsel has not participated in the preparation of this Preliminary Official Statement and is not expressing any opinion as to the completeness or accuracy of the information contained therein. Compensation of Ehlers and Associates, Inc., payable entirely by the City, is contingent upon the delivery of the Bonds.

COMPLIANCE WITH S.E.C. RULE 15c2-12

Certain municipal obligations (issued in an aggregate amount over $1,000,000) are subject to Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Rule").

Preliminary Official Statement: This Preliminary Official Statement was prepared for the City for dissemination to potential investors. Its primary purpose is to disclose information regarding the Bonds to prospective underwriters in the interest of receiving competitive proposals in accordance with the sale notice contained herein. Unless an addendum is posted prior to the sale, this Preliminary Official Statement shall be deemed nearly final for purposes of the Rule subject to completion, revision and amendment in a Final Official Statement as defined below.

Review Period: This Preliminary Official Statement has been distributed to prospective bidders for review. Comments or requests for the correction of omissions or inaccuracies must be submitted to Ehlers and Associates, Inc. at least two business days prior to the sale. Requests for additional information or corrections in the Preliminary Official Statement received on or before this date will not be considered a qualification of a proposal received from an underwriter. If there are any changes, corrections or additions to the Preliminary Official Statement, interested bidders will be informed by an addendum prior to the sale.

Final Official Statement: Copies of the Final Official Statement will be delivered to the underwriter (Syndicate Manager) within seven business days following the proposal acceptance.

Continuing Disclosure: Subject to certain exemptions, issues in an aggregate amount over $1,000,000 may be required to comply with provisions of the Rule which require that underwriters obtain from the issuers of municipal securities (or other obligated party) an agreement for the benefit of the owners of the securities to provide continuing disclosure with respect to those securities. This Preliminary Official Statement describes the conditions under which the City is required to comply with the Rule.

CLOSING CERTIFICATES

Upon delivery of the Bonds, the underwriter (Syndicate Manager) will be furnished with the following items: (1) a certificate of the appropriate officials to the effect that at the time of the sale of the Bonds and all times subsequent thereto up to and including the time of the delivery of the Bonds, this Preliminary Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (2) a receipt signed by the appropriate officer evidencing payment for the Bonds; (3) a certificate evidencing the due execution of the Bonds, including statements that (a) no litigation of any nature is pending, or to the knowledge of signers, threatened, restraining or enjoining the issuance and delivery of the Bonds, (b) neither the corporate existence or boundaries of the City nor the title of the signers to their respective offices is being contested, and (c) no authority or proceedings for the issuance of the Bonds have been repealed, revoked or rescinded; and (4) a certificate setting forth facts and expectations of the City which indicates that the City does not expect to use the proceeds of the Bonds in a manner that would cause them to be arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or within the meaning of applicable Treasury Regulations.

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CITY OF GARDNER
CITY COUNCIL

		Term Expires
Steve Shute	Mayor	January 2022
Dr. Todd Winters	Council President	January 2020
Rich Melton	Council Vice President	January 2020
Vacant	Member	--
Mark Baldwin	Member	January 2022
Randy Gregorcyk	Member	January 2022

ADMINISTRATION

Jim Pruetting, City Administrator
Matt Wolff, Finance Director
Nancy Torneden, Fiscal Services Manager

PROFESSIONAL SERVICES

Ryan Denk, City Attorney, McAnany, Van Cleave & Phillips, P.A., Kansas City, Kansas

Kutak Rock LLP, Bond Counsel, Kansas City, Missouri

Ehlers and Associates, Inc., Municipal Advisors, Roseville, Minnesota
(*Other offices located in Waukesha, Wisconsin and Denver, Colorado*)

INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding the City of Gardner, Kansas (the "City") and the issuance of its $2,600,000* General Obligation Bonds, Series 2019E (the "Bonds"). Any descriptions or summaries of the Bonds, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Bonds to be included in the ordinance and resolution authorizing the issuance and sale of the Bonds (collectively the "Award Resolution") to be adopted by the City Council on November 18, 2019.

Inquiries may be directed to Ehlers and Associates, Inc. ("Ehlers" or the "Municipal Advisor"), Roseville, Minnesota, (651) 697-8500, the City's municipal advisor. A copy of this Preliminary Official Statement may be downloaded from Ehlers' web site at www.ehlers-inc.com by connecting to the Bond Sales link and following the directions at the top of the site.

THE BONDS

GENERAL

The Bonds will be issued in fully registered form as to both principal and interest in denominations of $5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of December 12, 2019. The Bonds will mature on October 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on April 1 and October 1 of each year, commencing April 1, 2020, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). **The rate for any maturity may not be more than 1.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2020 maturity, then the lowest rate that may be proposed for any later maturity is 3.50%.)** All Bonds of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 1/20 or 1/8 of 1%.

Unless otherwise specified by the purchaser, the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). (See "Book-Entry-Only System" herein.) As long as the Bonds are held under the book-entry system, beneficial ownership interests in the Bonds may be acquired in book-entry form only, and all payments of principal of, premium, if any, and interest on the Bonds shall be made through the facilities of DTC and its participants. If the book-entry system is terminated, principal of, premium, if any, and interest on the Bonds shall be payable as provided in the Award Resolution.

The City has selected State of Kansas - Office of the State Treasurer, Topeka, Kansas, to act as paying agent (the "Paying Agent"). The City will pay the charges for Paying Agent services. The City reserves the right to remove the Paying Agent and to appoint a successor.

*Preliminary, subject to change.

OPTIONAL REDEMPTION

At the option of the City, the Bonds maturing on or after October 1, 2027 shall be subject to optional redemption prior to maturity on October 1, 2026 or any date thereafter, at a price of par plus accrued interest.

Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the City. If only part of the Bonds having a common maturity date are called for redemption, then the City or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of redemption shall be sent by mail not less than 30 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books.

AUTHORITY; PURPOSE

The Bonds are issued pursuant to K.S.A. 10-101 *et seq.*, and K.S.A. 12-685 *et seq.*, all as amended and supplemented, by the City, (i) to fund projects included in the City's 2019 Pavement Management Program (the "Pavement Management Portion:); and (ii) to finance improvements to Sante Fe Street (the "Sante Fe Improvement Portion").

ESTIMATED SOURCES AND USES*

Sources	**Pavement Management Portion**	**Sante Fe Improvement Portion**	**Total Bond Issue**
Par Amount of Bonds	$910,000	$1,690,000	$2,600,000
Total Sources	**$910,000**	**$1,690,000**	**$2,600,000**
Uses			
Total Underwriter's Discount (1.200%)	$10,920	$20,280	$31,200
Costs of Issuance	17,090	31,740	48,830
Deposit to Project Construction Fund	878,125	1,637,000	2,515,125
Rounding	3,865	980	4,845
Total Uses	**$910,000**	**$1,690,000**	**$2,600,000**

*Preliminary, subject to change.

Breakdown of Principal Payments*:

Payment Date	Pavement Management Portion	Sante Fe Improvement Portion	Total Bond Issue
10/01/2020	$85,000	$160,000	$245,000
10/01/2021	85,000	155,000	240,000
10/01/2022	85,000	160,000	245,000
10/01/2023	90,000	165,000	255,000
10/01/2024	90,000	165,000	255,000
10/01/2025	90,000	170,000	260,000
10/01/2026	95,000	175,000	270,000
10/01/2027	95,000	175,000	270,000
10/01/2028	95,000	180,000	275,000
10/01/2029	100,000	185,000	285,000
Total	**$910,000**	**$1,690,000**	**$2,600,000**

*Preliminary, subject to change.

SECURITY

The Bonds will be general obligations of the City payable as to both principal and interest from ad valorem taxes to be levied without limitation as to rate or amount on all of the taxable, tangible property, real and personal, within the territorial limits of the City.

The City anticipates that debt service on the Pavement Management Portion of the Bonds will be paid from the City's Infrastructure Special Sales Tax.

The City anticipates that debt service on the Sante Fe Improvement Portion of the Bonds will be paid from the Special Highway Fund.

The full faith, credit and resources of the City are irrevocably pledged for the prompt payment of the principal and interest on the Bonds as the same become due.

CONCURRENT FINANCING

By means of separate Preliminary Official StatementS, the City will be issuing General Obligation Temporary Notes, Series 2019C (the "Concurrent Obligations" or the "Series 2019C Notes"), and General Obligation Temporary Notes, Series 2019D (Taxable Under Federal Law) (the "Concurrent Obligations" or the "Series 2019D Notes") on December 12, 2019.

RATING

General obligation debt of the City, with the exception of any outstanding credit enhanced issues, is currently rated "AA-" by S&P Global Ratings.

The City has requested a rating on the Bonds from S&P Global Ratings, and bidders will be notified as to the assigned rating prior to the sale. Such rating reflects only the views of such organization and explanations of the significance of such rating may be obtained from S&P Global Ratings. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if in the judgment of such rating agency circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

Such rating is not to be construed as a recommendation of the rating agency to buy, sell or hold the Bonds, and the rating assigned by the rating agency should be evaluated independently. Except as may be required by the Disclosure Undertaking described under the heading "UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE" neither the City nor the underwriter undertake responsibility to bring to the attention of the owner of the Bonds any proposed changes in or withdrawal of such rating or to oppose any such revision or withdrawal.

UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with SEC Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities Exchange Act of 1934 (hereinafter the "Rule"), the City shall covenant to take certain actions pursuant to a Resolution adopted by the City Council by entering into a Continuing Disclosure Undertaking (the "Disclosure Undertaking") for the benefit of holders, including beneficial holders. The Disclosure Undertaking requires the City to provide electronically or in the manner otherwise prescribed certain financial information annually and to provide notices of the occurrence of certain events enumerated in the Rule. The details and terms of the Disclosure Undertaking for this issue are set forth in Appendix D to be executed and delivered by the City at the time of delivery of the Bonds. Such Disclosure Undertaking will be in substantially the form attached hereto.

The City has timely filed its Comprehensive Annual Financial Report ("CAFR") each year during the past five years. The City has included information in its CAFR to meet its continuing disclosure undertakings; however, the level of detail and format of certain information presented in the CAFR has not corresponded precisely in all cases to the detail and format of such information as presented in the City's official statements. Except to the extent the preceding is deemed to be material, in the previous five years the City believes it has not failed to comply in all material respects with its prior undertakings under the Rule. The City has reviewed its continuing disclosure responsibilities, and has made a practice of supplementing its CAFR with a filing obtaining certain operating and financial data to help ensure compliance going forward.

A failure by the City to comply with any Disclosure Undertaking will not constitute an event of default on this issue or any issue outstanding. However, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

The City will file its continuing disclosure information using the Electronic Municipal Market Access ("EMMA") system or any system that may be prescribed in the future. Investors will be able to access continuing disclosure information filed with the MSRB at www.emma.msrb.org.

LEGAL OPINION

An opinion as to the validity of the Bonds and the exemption from taxation of the interest thereon will be furnished by Kutak Rock LLP, Kansas City, Missouri, Bond Counsel to the City, and will be available at the time of delivery of the Bonds. The legal opinion will state that the Bonds are valid and binding general obligations of the City; provided that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding). See "FORM OF LEGAL OPINION" found in Appendix B.

TAX MATTERS

General Matters

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Bonds (including any original issue discount properly allocable to the owner of a Bond) is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. The opinion described above assumes the accuracy of certain representations and compliance by the City with covenants designed to satisfy the requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be met subsequent to the issuance of the Bonds. Failure to comply with such requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The City has covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Bonds.

The accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the owners of the Bonds. The extent of these other tax consequences will depend on such owner's particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States of America), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Bonds.

Bond Counsel is also of the opinion that, under existing State of Kansas statutes, interest on the Bonds is excluded from computation of Kansas adjusted gross income. Bond Counsel has expressed no opinion regarding other tax consequences arising with respect to the Bonds under the laws of the State of Kansas or any other state or jurisdiction. A copy of the form of opinion of Bond Counsel is attached hereto as Appendix B.

[Original Issue Discount

The Bonds that have an original yield above their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the "Discount Bonds"), are being sold at an original issue discount. The difference between the initial public offering prices of such Discount Bonds and their stated amounts to be paid at maturity constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

The amount of original issue discount that is treated as having accrued with respect to a Discount Bond or is otherwise required to be recognized in gross income is added to the cost basis of the owner of the bond in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption or payment at maturity). Amounts received on disposition of such Discount Bond that are attributable to accrued or

otherwise recognized original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days that are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, (b) less the amount of any interest payable for such Discount Bond during the accrual period. The tax basis for purposes of the preceding sentence is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date, with respect to when such original issue discount must be recognized as an item of gross income and with respect to the state and local tax consequences of owning a Discount Bond. Subsequent purchasers of Discount Bonds that purchase such bonds for a price that is higher or lower than the "adjusted issue price" of the bonds at the time of purchase should consult their tax advisors as to the effect on the accrual of original issue discount.]

[Original Issue Premium

The Bonds that have an original yield below their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the "Premium Bonds"), are being sold at a premium. An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. A purchaser of a Premium Bond must amortize any premium over such Premium Bond's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, generally by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period, and the purchaser's basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.]

Recognition of Income Generally

Section 451 of the Code was amended by Pub. L. No. 115-97, enacted December 22, 2017 (sometimes referred to as the Tax Cuts and Jobs Act), to provide that taxpayers using an accrual method of accounting for federal income tax purposes generally will be required to include certain amounts in income, including original issue discount, no later than the time such amounts are reflected on certain financial statements of such taxpayer. The application of this rule may require the accrual of income earlier than would have been the case prior to the amendment of Section 451 of the Code. The rule generally applies to taxable years after 2017, except that in the case of income from a debt instrument having original issue discount, the rule does not apply until taxable years after 2018. Investors should consult their own tax advisors regarding the application of this rule and its impact on the timing of the recognition of income related to the Bonds under the Code.

Backup Withholding

As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments to any owner of the Bonds that fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Bank Qualified

The City has represented that it does not reasonably anticipate issuing greater than $10,000,000 of tax-exempt obligations in calendar year 2019 (excluding certain private activity and refunding bonds) and that it has designed the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. Accordingly, assuming the accuracy of such representations, Bond Counsel is of the opinion that in the case of certain banks, thrift institutions or other financial institutions owning the Bonds, a deduction is allowed for 80 percent of that portion of such institutions' interest expense allocable to interest on such bonds. Bond Counsel has expressed no opinion with respect to any deduction for federal tax law purposes of interest on indebtedness incurred or continued by an owner of the Bonds or a related person to purchase or carry such bonds.

Internal Revenue Service Audits

The Internal Revenue Service has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Internal Revenue Service, interest on such tax-exempt obligations is included in the gross income for federal income tax purposes. It cannot be predicted whether or not the Internal Revenue Service will commence an audit of any of the Bonds. If an audit is commenced, under current procedures the Internal Revenue Service may treat the related issuer as a taxpayer, and the registered owners of the Bonds may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the related Bonds until the audit is concluded, regardless of the ultimate outcome.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading "TAX MATTERS" or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds or the market value thereof would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based on existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

PROSPECTIVE PURCHASERS OF THE BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE BONDS AS TO THE IMPACT OF THE CODE UPON THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE BONDS.

MUNICIPAL ADVISOR

Ehlers has served as municipal advisor to the City in connection with the issuance of the Bonds. The Municipal Advisor cannot participate in the underwriting of the Bonds. The financial information included in this Preliminary Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. Ehlers is not a firm of certified public accountants. Ehlers is registered with the Securities and Exchange Commission and the MSRB as a municipal advisor.

MUNICIPAL ADVISOR AFFILIATED COMPANIES

Bond Trust Services Corporation ("BTSC") and Ehlers Investment Partners, LLC ("EIP") are affiliate companies of Ehlers. BTSC is chartered by the State of Minnesota and authorized in Minnesota, Wisconsin, Colorado, and Illinois to transact the business of a limited purpose trust company. BTSC provides paying agent services to debt issuers. EIP is a Registered Investment Advisor with the Securities and Exchange Commission. EIP assists issuers with the investment of bond proceeds or investing other issuer funds. This includes escrow bidding agent services. Issuers, such as the City, have retained or may retain BTSC and/or EIP to provide these services. If hired, BTSC and/or EIP would be retained by the City under an agreement separate from Ehlers.

INDEPENDENT AUDITORS

The basic financial statements of the City for the fiscal year ended December 31, 2018, have been audited by Allen, Gibbs & Houlik, L.C., Wichita, Kansas, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as “APPENDIX A – FINANCIAL STATEMENTS”. The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Preliminary Official Statement.

RISK FACTORS

Following is a description of possible risks to holders of the Bonds without weighting as to probability. This description of risks is not intended to be all-inclusive, and there may be other risks not now perceived or listed here.

Taxes: The Bonds are general obligations of the City, the ultimate payment of which rests in the City's ability to levy and collect sufficient taxes to pay debt service. In the event of delayed billing, collection or distribution of property taxes, sufficient funds may not be available to the City in time to pay debt service when due.

State Actions: Many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. Future actions of the state may affect the overall financial condition of the City, the taxable value of property within the City, and the ability of the City to levy and collect property taxes.

Future Changes in Law: Various State and federal laws, regulations and constitutional provisions apply to the City and to the Bonds. The City can give no assurance that there will not be a change in or interpretation of any such applicable laws, regulations and provisions which would have a material effect on the City or the taxing authority of the City.

Ratings; Interest Rates: In the future, the City's credit rating may be reduced or withdrawn, or interest rates for this type of obligation may rise generally, either possibility resulting in a reduction in the value of the Bonds for resale prior to maturity.

Tax Exemption: If the federal government or the State of Kansas taxes all or a portion of the interest on municipal obligations, directly or indirectly, or if there is a change in federal or state tax policy, the value of the Bonds may fall for purposes of resale. Noncompliance following the issuance of the Bonds with certain requirements of the Code and covenants of the Award Resolution may result in the inclusion of interest on the Bonds in gross income of the recipient for United States income tax purposes or in taxable net income of individuals, estates or trusts for State of Kansas income tax purposes. No provision has been made for redemption of the Bonds, or for an increase in the interest rate on the Bonds, in the event that interest on the Bonds becomes subject to federal or State of Kansas income taxation, retroactive to the date of issuance.

Continuing Disclosure: A failure by the City to comply with the Disclosure Undertaking for continuing disclosure (see "UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE") will not constitute an event of default on the Bonds. Any such failure must be reported in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

State Economy; State Aids: State of Kansas cash flow problems could affect local governments and possibly increase property taxes.

Book-Entry-Only System: The timely credit of payments for principal and interest on the Bonds to the accounts of the Beneficial Owners of the Bonds may be delayed due to the customary practices, standing instructions or for other unknown reasons by DTC participants or indirect participants. Since the notice of redemption or other notices to holders of these obligations will be delivered by the City to DTC only, there may be a delay or failure by DTC, DTC participants or indirect participants to notify the Beneficial Owners of the Bonds.

Economy: A combination of economic, climatic, political or civil disruptions or terrorist actions outside of the control of the City, including loss of major taxpayers or major employers, could affect the local economy and result in reduced tax collections and/or increased demands upon local government. Real or perceived threats to the financial stability of the City may have an adverse effect on the value of the Bonds in the secondary market.

Secondary Market for the Bonds: No assurance can be given that a secondary market will develop for the purchase and sale of the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. The underwriters are not obligated to engage in secondary market trading or to repurchase any of the Bonds at the request of the owners thereof. Prices of the Bonds as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Bonds. Such market value could be substantially different from the original purchase price.

Bankruptcy: The rights and remedies of the holders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws, or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The opinion of Bond Counsel to be delivered with respect to the Bonds will be similarly qualified.

Cybersecurity: The City is dependent on electronic information technology systems to deliver services. These systems may contain sensitive information or support critical operational functions which may have value for unauthorized purposes. As a result, the electronic systems and networks may be targets of cyberattack. There can be no assurance that the City will not experience an information technology breach or attack with financial consequences that could have a material adverse impact.

VALUATIONS

OVERVIEW

The valuation of each parcel of real property subject to taxation must, by law, be updated each year, as of each January 1, and must be physically inspected by the appraiser at least once every six years. By law, property, with the exception of agriculture, is appraised at "fair market value" as it exists on January 1. The state's definition: "Fair market value means the amount in terms of money that a well informed buyer is justified in paying and a well informed seller is justified in accepting for property in an open and competitive market, assuming that the parties are acting without undue compulsion." Land devoted to agricultural use is appraised on the basis of the income-generating capabilities of such land for agricultural purposes at median levels of production.

For taxable years commencing January 1, 1993, and thereafter, property is classified and assessed at the percentages of value as follows:

Class 1

This class consists of real property. Real property is further classified into seven subclasses. Such property is defined by law for the purpose of subclassification and assessed uniformly as to subclass at the following percentages of market value:

Type of Property	
1) Real property used for residential purposes including multi-family residential real property and real property necessary to accommodate a residential community of mobile or manufactured homes including the real property upon which such homes are located	11½%
2) Land devoted to agricultural use which shall be valued upon the basis of its agricultural income or agricultural productivity pursuant to Section 12 of Article 11 of the Constitution	30%
3) Vacant lots	12%
4) Real property which is owned and operated by a not-for-profit organization not subject to federal income taxation pursuant to Section 501 of the federal Internal Revenue Code, and which is included in the subclass by law	12%
5) Public utility real property, except railroad real property which shall be assessed at the average rate that all other commercial and industrial property is assessed	33%
6) Real property used for commercial and industrial purposes and building and other improvements located upon land devoted to agricultural use	25%
7) All other urban and rural real property not otherwise specifically subclassified	30%

CURRENT PROPERTY VALUATIONS

	2018 Assessed Valuation
Real Estate	$182,303,869
Personal Property	1,551,694
State Assessed Utilities	4,756,452
Taxable Assessed Valuation	$188,612,015
Plus:[1] Motor Vehicles	25,689,124
Recreational Vehicles	200,384
Total Equalized Assessed Tangible Valuation	$214,501,523

TREND OF ASSESSED VALUATIONS

Year	Real Estate	Personal Property	State Assessed Utilities	Motor Vehicles	Total Equalized Assessed Tangible Valuation	Percent +/- in Total Equalized Assessed Tangible Valuation
2014	$130,024,179	$2,132,218	$3,823,250	$21,176,628	$157,156,275	+ 4.99%
2015	140,291,218	1,803,988	3,836,836	22,077,044	168,009,086	+ 6.91%
2016	152,336,844	1,614,159	4,113,956	23,590,199	181,655,158	+ 8.12%
2017	168,433,632	1,551,718	4,117,515	25,689,124	199,992,373	+10.09%
2018	182,303,869	1,551,694	4,756,452	25,889,508	214,501,523	+ 7.25%

Source: *Current Property Valuations and Trend of Assessed Valuations have been furnished by Johnson County Records & Tax Administration (www.rta.jocogov.org).*

[1] The valuations for motor vehicles and recreational vehicles are updated as January of 2019. The remaining values are as of November of 2018.

LARGER TAXPAYERS

Taxpayer	Type of Property	2018 Taxable Assessed Valuation	Percent of City's Total Taxable Assessed Valuation
Walmart	Retail	$3,944,500	2.09%
TPAF IV Moonlight, LLC	Real Estate	2,751,375	1.46%
Horizon Trails, LLC	Real Estate	1,726,150	0.92%
Conestoga Titleholder, LLC	Real Estate	1,267,060	0.67%
Martens Rentals, LLC	Real Estate	1,232,194	0.65%
Axiom-Aspen, LLC	Real Estate	1,177,140	0.62%
First Choice Properties, Inc.	Real Estate	1,184,730	0.63%
Kansas Gas Service	Utility	1,115,105	0.59%
Bristol Partners XVI, LLC	Real Estate	1,105,750	0.59%
Energy Center Industrial, LLC	Real Estate	1,084,250	0.57%
Total		**$16,588,254**	**8.79%**

City's Total 2018 Taxable Assessed Valuation	$188,612,015

Source: *Larger Taxpayers have been furnished by Johnson County.*

DEBT

DIRECT DEBT[1]

General Obligation Debt (see schedules following)

Total G.O. debt being paid from taxes and other City revenues (includes the Series 2019E Bonds)*	$39,430,000
Total G.O. debt being paid from wastewater & water revenues	2,520,000
Total General Obligation Debt*	$41,950,000

Temporary General Obligation Debt

Date of Issue	Name of Issue	Final Maturity	Principal Outstanding
6/12/19	General Obligation Temporary Notes, Series 2019A	10/01/21	$ 3,725,000
12/12/19	General Obligation Temporary Notes, Series 2019C*	10/01/21	1,140,000
12/12/19	General Obligation Temporary Notes, Series 2019D (Taxable under Federal Law)*	10/01/21	2,555,000

Non-General Obligation Debt (see schedule following)

Total Non-G.O. debt being paid from water & wastewater revenues	$ 9,141,816

Lease Purchase Obligations (see schedule following)[2]

Lease purchase obligations - City	$12,083,367
Lease purchase obligations - Public Building Commission	900,000
Total Lease Purchase Obligations	$12,983,367

*Preliminary, subject to change.

[1] Outstanding debt is as of the dated date of the Obligations. Does not include funds held in Escrow for payment of refunded maturities.

[2] Non-general obligation debt has not been included in the debt ratios.

City of Gardner, Kansas
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Taxes
(As of 12/12/2019)

	G.O. Bonds Series 2010A		G.O. Bonds Series 2011A		G.O. Bonds Series 2012A		Refunding Bonds Series 2012C		Refunding Bonds Series 2013A	
Dated	09/01/2010		09/08/2011		02/01/2012		04/24/2012		03/27/2013	
Amount	$2,770,000		$1,325,000		$3,995,000		$11,745,000		$7,015,000	
Maturity	10/01		10/01		08/01		09/01		10/01	
Calendar Year Ending	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
2020	135,000	55,635	60,000	29,145	185,000	68,431	1,415,000	115,600	35,000	3,588
2021	135,000	51,585	65,000	27,705	190,000	64,731	1,475,000	59,000	35,000	2,888
2022	130,000	47,535	65,000	26,145	195,000	60,931			35,000	2,188
2023	145,000	43,635	65,000	24,325	200,000	57,031			35,000	1,488
2024	150,000	39,285	70,000	22,505	205,000	53,031			35,000	788
2025	165,000	34,785	70,000	20,300	210,000	48,931				
2026	165,000	29,629	75,000	18,095	215,000	44,731				
2027	165,000	24,266	75,000	15,508	225,000	39,894				
2028	170,000	18,698	80,000	12,920	230,000	34,550				
2029	180,000	12,960	80,000	9,960	235,000	28,800				
2030	185,000	6,660	85,000	7,000	245,000	22,338				
2031			90,000	3,600	255,000	15,600				
2032					265,000	7,950				
2033										
2034										
2035										
2036										
2037										
	1,725,000	364,673	880,000	217,208	2,855,000	546,950	2,890,000	174,600	175,000	10,938

* Preliminary, subject to change.

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City of Gardner, Kansas
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Taxes
(As of 12/12/2019)

	Refunding Series 2014A		G.O. Bonds & Ref Series 2014B		Refunding and Imp Bo Series 2016A		Taxable G.O. Bonds Series 2016B		Ref. and Imp. Bonds Series 2017A	
Dated	04/10/2014		12/23/2014		12/29/2016		12/29/2016		12/20/2017	
Amount	$4,895,000		$4,140,000		$2,870,000		$855,000		$3,505,000	
Maturity	10/01		10/01		10/01		10/01		10/01	
Calendar Year Ending	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
2020	310,000	96,813	300,000	69,563	260,000	69,600	80,000	18,325	515,000	93,188
2021	315,000	90,613	305,000	63,563	270,000	61,800	85,000	16,325	540,000	77,738
2022	330,000	81,163	310,000	57,463	275,000	53,700	85,000	14,200	555,000	61,538
2023	335,000	71,263	245,000	51,263	285,000	45,450	85,000	11,650	565,000	44,888
2024	345,000	61,213	250,000	45,750	290,000	36,900	90,000	9,100	585,000	27,938
2025	355,000	53,450	260,000	39,500	300,000	28,200	95,000	6,175	145,000	10,388
2026	365,000	44,575	265,000	33,000	315,000	19,200	95,000	3,088	150,000	7,125
2027	370,000	34,994	275,000	25,050	160,000	9,750			150,000	3,750
2028	385,000	23,894	280,000	16,800	165,000	4,950				
2029	395,000	12,344	280,000	8,400						
2030										
2031										
2032										
2033										
2034										
2035										
2036										
2037										
	3,505,000	570,319	2,770,000	410,350	2,320,000	329,550	615,000	78,863	3,205,000	326,550

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City of Gardner, Kansas
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Taxes
(As of 12/12/2019)

	G.O. Bonds Series 2018A		Wastewater Bonds Series 2019B		G.O. Bonds Series 2019E							
Dated	06/28/2018		06/12/2019		12/12/2019							
Amount	$14,985,000		$1,970,000		$2,600,000*							
Maturity	10/01		10/01		10/01							
Calendar Year Ending	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Estimated Interest**	**Total Principal**	**Total Interest**	**Total P & I**	**Principal Outstanding**	**% Paid**	**Calendar Year Ending**
2020	625,000	557,600	200,000	41,380	245,000	43,713	4,365,000	1,262,579	5,627,579	35,065,000	11.07%	**2020**
2021	660,000	526,350	205,000	37,380	240,000	48,698	4,520,000	1,128,374	5,648,374	30,545,000	22.53%	**2021**
2022	685,000	493,350	210,000	33,280	245,000	44,498	3,120,000	975,989	4,095,989	27,425,000	30.45%	**2022**
2023	720,000	459,100	215,000	29,080	255,000	40,088	3,150,000	879,259	4,029,259	24,275,000	38.44%	**2023**
2024	760,000	423,100	220,000	24,780	255,000	35,370	3,255,000	779,759	4,034,759	21,020,000	46.69%	**2024**
2025	795,000	385,100	225,000	20,380	260,000	30,525	2,880,000	677,734	3,557,734	18,140,000	53.99%	**2025**
2026	835,000	345,350	230,000	15,880	270,000	25,325	2,980,000	585,998	3,565,998	15,160,000	61.55%	**2026**
2027	880,000	303,600	230,000	11,625	270,000	19,520	2,800,000	487,956	3,287,956	12,360,000	68.65%	**2027**
2028	685,000	259,600	235,000	5,875	275,000	13,445	2,505,000	390,731	2,895,731	9,855,000	75.01%	**2028**
2029	715,000	232,200			285,000	6,983	2,170,000	311,646	2,481,646	7,685,000	80.51%	**2029**
2030	735,000	210,750					1,250,000	246,748	1,496,748	6,435,000	83.68%	**2030**
2031	755,000	188,700					1,100,000	207,900	1,307,900	5,335,000	86.47%	**2031**
2032	780,000	166,050					1,045,000	174,000	1,219,000	4,290,000	89.12%	**2032**
2033	805,000	141,675					805,000	141,675	946,675	3,485,000	91.16%	**2033**
2034	830,000	115,513					830,000	115,513	945,513	2,655,000	93.27%	**2034**
2035	855,000	88,538					855,000	88,538	943,538	1,800,000	95.43%	**2035**
2036	885,000	60,750					885,000	60,750	945,750	915,000	97.68%	**2036**
2037	915,000	30,881					915,000	30,881	945,881	0	100.00%	**2037**
	13,920,000	4,988,206	1,970,000	219,660	2,600,000	308,163	39,430,000	8,546,028	47,976,028			

City of Gardner, Kansas
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Wastewater and Water Revenues
(As of 12/12/2019)

	Refunding Bonds Series 2015A							
Dated	07/15/2015							
Amount	$3,945,000							
Maturity	10/01							
Calendar Year Ending	**Principal**	**Interest**	**Total Principal**	**Total Interest**	**Total P & I**	**Principal Outstanding**	**% Paid**	**Calendar Year Ending**
2020	390,000	75,600	390,000	75,600	465,600	2,130,000	15.48%	**2020**
2021	400,000	63,900	400,000	63,900	463,900	1,730,000	31.35%	**2021**
2022	415,000	51,900	415,000	51,900	466,900	1,315,000	47.82%	**2022**
2023	425,000	39,450	425,000	39,450	464,450	890,000	64.68%	**2023**
2024	440,000	26,700	440,000	26,700	466,700	450,000	82.14%	**2024**
2025	450,000	13,500	450,000	13,500	463,500	0	100.00%	**2025**
	2,520,000	271,050	2,520,000	271,050	2,791,050			

City of Gardner, Kansas
Schedule of Bonded Indebtedness
Revenue Debt Secured by Wastewater and Water Revenues
(As of 12/12/2019)

	KDHE Loan Series 2007		KDHE Loan Series 2014							
Dated	03/01/2008		09/01/2014							
Amount	$3,483,009		$10,167,808							
Maturity	03/01 & 09/01		09/01 Final Maturity 03/01							
Calendar Year Ending	**Principal**	**Interest**	**Principal**	**Interest**	**Total Principal**	**Total Interest**	**Total P & I**	**Principal Outstanding**	**% Paid**	**Calendar Year Ending**
2020	151,465	31,043	459,521	157,778	610,986	188,822	799,807	8,530,830	6.68%	**2020**
2021	155,505	27,384	470,151	148,304	625,656	175,688	801,344	7,905,175	13.53%	**2021**
2022	159,653	23,627	481,026	138,610	640,680	162,238	802,917	7,264,495	20.54%	**2022**
2023	163,912	19,770	492,154	128,693	656,066	148,463	804,529	6,608,429	27.71%	**2023**
2024	168,285	15,810	503,538	118,546	671,823	134,356	806,179	5,936,606	35.06%	**2024**
2025	172,774	11,745	515,186	108,164	687,960	119,908	807,868	5,248,646	42.59%	**2025**
2026	177,383	7,571	527,104	97,542	704,486	105,112	809,598	4,544,160	50.29%	**2026**
2027	182,114	3,285	539,297	86,674	721,411	89,959	811,370	3,822,749	58.18%	**2027**
2028			551,773	75,555	551,773	75,555	627,328	3,270,976	64.22%	**2028**
2029			564,536	64,178	564,536	64,178	628,714	2,706,440	70.39%	**2029**
2030			577,595	52,539	577,595	52,539	630,133	2,128,845	76.71%	**2030**
2031			590,956	40,630	590,956	40,630	631,586	1,537,890	83.18%	**2031**
2032			604,626	28,446	604,626	28,446	633,072	933,264	89.79%	**2032**
2033			618,612	15,980	618,612	15,980	634,592	314,652	96.56%	**2033**
2034			314,652	3,225	314,652	3,225	317,877	0	100.00%	**2034**
	1,331,090	140,236	7,810,726	1,264,862	9,141,816	1,405,098	10,546,914			

City of Gardner, Kansas
Schedule of Bonded Indebtedness
Non-General Obligation Debt Secured by Annual Appropriation
(As of 12/12/2019)

	Land Lease Series 2016C		Electric Capita Dogw Series 2018		Tax-Exempt Lease Series 2018		Equipment Lease 2019 Lease							
Dated	12/29/2016		04/01/2018		06/01/2018		04/25/2019							
Amount	$678,000		$10,750,645		$1,218,000		$45,000							
Maturity	04/01 & 10/01		04/01		04/01 & 10/01		04/25							
Calendar Year Ending	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Total Principal**	**Total Interest**	**Total P & I**	**Principal Outstanding**	**% Paid**	**Calendar Year Ending**
2020	66,000	9,797	343,569	510,611	104,000	52,129	8,358	1,666	521,927	574,203	1,096,130	11,561,440	4.32%	**2020**
2021	66,000	9,011	358,086	494,788	109,000	47,181	8,667	1,356	541,753	552,337	1,094,090	11,019,687	8.80%	**2021**
2022	67,000	8,028	375,829	476,440	115,000	41,999	8,988	1,035	566,817	527,502	1,094,319	10,452,870	13.49%	**2022**
2023	68,000	6,942	395,185	457,165	120,000	36,559	9,321	703	592,506	501,368	1,093,874	9,860,364	18.40%	**2023**
2024	70,000	5,459	414,541	436,921	125,000	30,860	9,666	358	619,207	473,598	1,092,805	9,241,157	23.52%	**2024**
2025	72,000	3,776	435,510	415,670	131,000	24,927			638,510	444,373	1,082,883	8,602,647	28.81%	**2025**
2026	74,000	1,721	456,479	393,370	138,000	18,713			668,479	413,804	1,082,283	7,934,168	34.34%	**2026**
2027			479,061	369,982	144,000	12,171			623,061	382,152	1,005,213	7,311,107	39.49%	**2027**
2028			503,256	345,424	151,000	5,323			654,256	350,747	1,005,003	6,656,851	44.91%	**2028**
2029			529,064	319,616					529,064	319,616	848,680	6,127,787	49.29%	**2029**
2030			554,872	292,518					554,872	292,518	847,390	5,572,915	53.88%	**2030**
2031			583,906	264,048					583,906	264,048	847,954	4,989,009	58.71%	**2031**
2032			612,940	234,127					612,940	234,127	847,067	4,376,069	63.78%	**2032**
2033			643,587	202,714					643,587	202,714	846,301	3,732,482	69.11%	**2033**
2034			675,847	169,728					675,847	169,728	845,575	3,056,635	74.70%	**2034**
2035			709,720	135,089					709,720	135,089	844,809	2,346,915	80.58%	**2035**
2036			743,593	98,756					743,593	98,756	842,349	1,603,322	86.73%	**2036**
2037			782,305	60,608					782,305	60,608	842,913	821,017	93.21%	**2037**
2038			821,017	20,525					821,017	20,525	841,542	0	100.00%	**2038**
	483,000	44,733	10,418,367	5,698,100	1,137,000	269,863	45,000	5,118	12,083,367	6,017,813	18,101,180			

City of Gardner, Kansas
Schedule of Bonded Indebtedness
Non-General Obligation Debt Secured by Revenues
(As of 12/12/2019)

	Lease Refunding (PBC) Series 2012A							
Dated	09/11/2012							
Amount	$3,105,000							
Maturity	11/01							
Calendar Year Ending	**Principal**	**Interest**	**Total Principal**	**Total Interest**	**Total P & I**	**Principal Outstanding**	**% Paid**	**Calendar Year Ending**
2020	430,000	19,175	430,000	19,175	449,175	470,000	47.78%	**2020**
2021	470,000	10,575	470,000	10,575	480,575	0	100.00%	**2021**
	900,000	29,750	900,000	29,750	929,750			

DEBT LIMIT

2018 Equalized Assessed Tangible Valuation	$214,501,523
Multiply by 30%	0.30
Statutory Debt Limit	$ 64,350,457
Less: Outstanding debt subject to the debt limit (includes the Obligations)*	(32,244,021)
Unused Debt Limit*	$ 32,106,436

*Preliminary, subject to change.

OVERLAPPING DEBT[1]

Taxing District	2018 Taxable Assessed Valuation	% In City	Total G.O. Debt[2]	City's Proportionate Share
Johnson County	$10,558,374,635	1.7900%	$ 500,155,000	$ 8,952,775
U.S.D. 231 (Gardner Edgerton)	319,124,777	59.1029%	131,360,000	77,637,576
City's Share of Total Overlapping Debt				$86,590,351

[1] Overlapping debt is as of the dated date of the Notes and Bonds. Only those taxing jurisdictions with general obligation debt outstanding are included in this section. Does ***not*** include non-general obligation debt, self-supporting general obligation revenue debt, or short-term general obligation debt.

[2] Outstanding debt is based on information in official statements obtained on EMMA and the Municipal Advisor's records.

DEBT RATIOS

	G.O. Debt	Debt/Total Equalized Assessed Tangible Valuation ($214,501,523)	Debt/21,871 Current Estimated Population
Direct G.O. Debt Being Paid From:			
Taxes & Other City Revenues*	$ 39,430,000		
Water & Wastewater Revenues	2,520,000		
Total General Obligation Debt (includes the Series 2019E Bonds)*	$ 41,950,000		
Less: G.O. Debt Paid Entirely from Revenues[1]	(14,875,979)		
Net General Obligation Debt*	$ 27,074,021	12.62%	$1,237.90
City's Share of Total Overlapping Debt	$ 86,590,351	40.37%	$3,959.14
Total	$113,664,372	52.99%	$5,197.04

*Preliminary, subject to change.

DEBT PAYMENT HISTORY

The City has no record of default in the payment of principal and interest on its debt.

FUTURE FINANCING

The City plans to issue approximately $47,100,000 in General Obligation Bonds, for various public purposes, in the next 12-18 months.

[1] Debt service on the City's general obligation revenue debt is being paid entirely from revenues and therefore is considered self-supporting debt.

TAX LEVIES AND COLLECTIONS

TAX COLLECTIONS

Tax Year	Net Tax Levy[1]	Total Collected Following Year	Collected to Date[2]	% Collected
2014/15	$ 4,063,435	$ 3,997,901	$ 4,063,435	100.00%
2015/16	4,415,625	4,370,729	4,415,625	100.00%
2016/17	3,356,643	3,319,439	3,356,643	100.00%
2017/18	3,696,484	3,656,109	3,696,484	100.00%
2018/19	3,904,410	In process of collection		

Property taxes are certified by the City to the County Clerk by August 25 of each year for the following fiscal year. Taxes are levied by the County Clerk and payable to the County Treasurer. Property taxes may be paid in two installments, the first due December 20 in the year the taxes are levied and the second due May 10 of the following year. Taxes become delinquent after May 10 and interest accrues at a rate set by State statute until paid or until the property is sold for taxes. Special assessments are levied and collected in the same manner as property taxes.

Source: *Johnson County Treasurer's office*

TAX MILL LEVIES[3]

	2014	2015	2016	2017	2018
Johnson County	17.764%	19.582%	19.590%	19.318%	19.024%
State of Kansas	1.500%	1.500%	1.500%	1.500%	1.500%
City of Gardner	29.434%	29.455%	20.544%	20.540%	20.720%
Johnson County Park & Rec.	2.349%	3.101%	3.102%	3.112%	3.088%
Johnson County Library	3.157%	3.912%	3.915%	3.921%	3.901%
Johnson County Community College	9.461%	9.469%	9.473%	9.503%	9.266%
Fire District #1[4]	N/A	N/A	12.443%	12.440%	14.989%
U.S.D. No. 231 (Gardner Edgerton)	69.711%	69.185%	67.787%	66.981%	65.969%

Source: *Johnson County Abstract of Taxes.*

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1 This reflects the Final Levy Certification of the City after all adjustments have been made.

2 Collections are through December 31, 2018.

3 Tax Levy Rates for a Resident of the City (per $1,000 assessed valuation).

4 In 2016, Fire District #1 began levying taxes separately from the City.

THE ISSUER

CITY GOVERNMENT

The City of Gardner was organized as a municipality in 1858. Under the laws of the State of Kansas, it became a second class city in 2002 and has a Mayor-Council form of government, consisting of a six-member City Council of which the Mayor is not a voting member. The City Administrator and Finance Director are responsible for administrative details and financial records.

EMPLOYEES; PENSIONS; UNIONS

The City currently has 146 full-time, 6 part-time, and 100 seasonal employees. The City participates in the Kansas Public Employees Retirement System (KPERS) and the Kansas Police and Fire Retirement System (KP&F), which are both part of a cost-sharing, multiple-employer defined benefit pension plan. The City collects and remits member-employee contributions according to the provision of Section 414(h) of the Internal Revenue Code. KPERS and KP&F are funded on an actuarial reserve basis.

POST EMPLOYMENT BENEFITS

The City has obligations for some post-employment benefits for its employees. Accounting for these obligations is dictated by Governmental Accounting Standards Board Statement No. 75 (GASB 75). The City's most recent actuarial study shows a total OPEB liability of $483,217 as of December 31, 2018. The City has been funding these obligations on a pay-as-you-go basis.

Source: The City's most recent actuarial study.

LITIGATION

The City is the defendant in a wrongful death lawsuit stemming from an officer-involved shooting in March of 2015. Plaintiff's claim against the City is for $1.8 million in actual damages, and the City has $1.5 million in insurance coverage for the claim in question. It is therefore possible that the plaintiff could recover damages in excess of the City’s coverage in the case. Nevertheless, it is not anticipated that any judgment rendered against the City in such proceedings would materially adversely effect the financial position of the City. There is no litigation threatened or pending questioning the organization or boundaries of the City or the right of any of its officers to their respective offices or in any manner questioning their rights and power to execute and deliver the Obligations or otherwise questioning the validity of the Obligations.

MUNICIPAL BANKRUPTCY

Municipalities are prohibited from filing for bankruptcy under Chapter 11 (reorganization) or Chapter 7 (liquidation) of the U.S. Bankruptcy Code (11 U.S.C. §§ 101-1532) (the "Bankruptcy Code"). Instead, the Bankruptcy Code permits municipalities to file a petition under Chapter 9 of the Bankruptcy Code, but only if certain requirements are met. These requirements include that the municipality must be "specifically authorized" under State law to file for relief under Chapter 9. For these purposes, "State law" may include, without limitation, statutes of general applicability enacted by the State legislature, special legislation applicable to a particular municipality, and/or executive orders issued by an appropriate officer of the State's executive branch.

Currently there is no statutory authority for Kansas municipalities to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code.

Nevertheless, there can be no assurance (a) that State law will not change in the future while the Obligations are outstanding; or (b) even absent such a change in State law, that an executive order or other executive action could not effectively authorize the City to file for relief under Chapter 9; or (c) whether it would still be eligible for voluntary or involuntary relief under Chapters of the Bankruptcy Code other than Chapter 9 or under similar federal or state law or equitable proceeding regarding insolvency or providing for protection from creditors. Such action could impact the rights of holders of the Obligations. Such modifications could be adverse to holders of the Obligations and there could ultimately be no assurance that holders of the Obligations would be paid in full or in part on the Obligations.

FUNDS ON HAND (As of September 30, 2019)

Fund	Total Cash and Investments
General Fund	$ 4,514,238
Special Revenue Fund	58,626
Capital Project Fund	5,804,197
Debt Service Fund	2,004,313
Enterprise Funds	20,022,587
Internal Service Fund	427,704
Escrow Fund	2,153,485
Agency Funds	35,079
Total Funds on Hand	$35,020,229

ENTERPRISE FUNDS

Cash flows for the City's enterprise funds have been as follows as of December 31 each year:

	2016	2017	2018
Electric[1]			
Total Operating Revenues	$14,440,663	$ 14,414,445	$ 17,534,000
Less: Operating Expenses[2]	(11,933,322)	(12,664,568)	(16,792,921)
Operating Income	$ 2,507,341	$ 1,749,877	$ 741,079
Plus: Depreciation	1,361,919	1,495,111	1,577,642
Revenues Available for Debt Service	$ 3,869,260	$ 3,244,988	$ 2,318,721
Water			
Total Operating Revenues	$ 5,440,947	$ 5,612,380	$ 6,248,707
Less: Operating Expenses	(3,852,471)	(4,114,865)	(3,816,158)
Operating Income	$ 1,588,476	$ 1,497,515	$ 2,432,549
Plus: Depreciation	716,308	780,859	804,372
Revenues Available for Debt Service	$ 2,304,784	$ 2,278,374	$ 3,236,921
Wastewater			
Total Operating Revenues	$ 5,073,706	$ 5,168,047	$ 5,452,335
Less: Operating Expenses	(3,874,306)	(3,893,728)	(4,217,707)
Operating Income	$ 1,199,400	$ 1,274,319	$ 1,234,628
Plus: Depreciation	1,557,622	1,582,756	1,587,986
Revenues Available for Debt Service	$ 2,757,022	$ 2,857,075	$ 2,822,614

[1] In November of 2008 the governing body of the City adopted Ordinance No. 2296 which generally provides for the operation of the City owned electric utility through an appointed Board. In October 2013 the governing body of the City was advised by legal counsel that Ordinance No. 2296 in several respects was in conflict with State law relating to management and operation of the City's electric utility through the appointed board. On February 24, 2014 Ordinance No. 2296 was repealed and replaced with an ordinance which makes the Governing Body of the City responsible for the management and operation of the City's electric utility except for obligations permitted to be delegated in compliance with Kansas law.

SUMMARY GENERAL FUND INFORMATION

Following are summaries of the revenues and expenditures and fund balances for the City's General Fund. These summaries are not purported to be the complete audited financial statements of the City, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the City. Copies of the complete statements are available upon request. Appendix A includes the City's 2018 audited financial statements.

COMBINED STATEMENT	FISCAL YEAR ENDING DECEMBER 31				
	2016 Audited	2017 Audited	2018 Audited	2019 Adopted Budget[1]	2020 Adopted Budget[2]
Revenues					
Taxes*	$ 6,439,874	$ 5,896,375	$5,751,080	$ 6,284,900	$ 6,604,000
Special assessments	4,194	2,905	7,540	6,000	6,000
Intergovernmental	2,274,972	2,321,958	2,447,003	2,317,800	2,369,200
License and permits	293,055	337,987	452,521	275,000	275,000
Charges for services	2,253,903	2,444,420	2,593,495	2,840,400	2,937,300
Fines and fees	512,927	529,085	479,255	531,900	542,800
Investment earnings	5,910	27,585	68,728	25,000	25,300
Other miscellaneous revenues	68,397	25,221	311,488	15,200	15,200
Total Revenues	$ 11,853,232	$ 11,585,536	$ 12,111,110	$ 12,296,200	$ 12,774,800
Expenditures					
Current:					
General government	$ 3,328,503	$ 2,885,767	$ 3,073,931	$ 3,012,500	$ 3,102,700
Public safety	5,087,946	3,994,544	4,315,082	4,501,700	4,740,200
Public works	1,944,363	2,178,895	2,164,201	2,291,800	2,355,800
Business and economic development	0	883,428	925,371	1,038,700	2,549,000
Culture and recreation	2,272,346	2,600,834	2,548,071	2,489,500	1,042,300
Capital outlay	364,609	350,175	413,465	237,400	187,400
Debt Service	21,021	21,021	0	0	0
Total Expenditures	$ 13,018,788	$ 12,914,664	$ 13,440,121	$ 13,571,600	$ 13,977,400
Excess of revenues over (under) expenditures	$ (1,165,556)	$ (1,329,128)	$ (1,329,011)	$ (1,275,400)	$ (1,202,600)
Other Financing Sources (Uses)					
Proceeds from sale of capital assets	$ 2,108	$ 3,631	$ 17,475	0	0
Operating transfers in	729,500	759,700	831,100	866,900	882,200
Operating transfers out	(171,600)	(80,800)	0	0	0
Total Other Financing Sources (Uses)	$ 560,008	$ 682,531	$ 848,575	$ 866,900	$ 882,200
Excess of revenues and other financing sources over (under) expenditures and other financing uses	$ (605,548)	$ (646,597)	$ (480,436)	$ (408,500)	$ (320,400)
General Fund Balance January 1	5,908,421	5,302,873	4,656,276		
Prior Period Adjustment	0	0	0		
Residual Equity Transfer in (out)	0	0	0		
General Fund Balance December 31	$ 5,302,873	$ 4,656,276	$ 4,175,840		
DETAILS OF DECEMBER 31 FUND BALANCE					
Nonspendable	$ 0	$ 0	$ 29,694		
Assigned	22,221	184,992	166,052		
Unassigned	5,280,652	4,471,284	3,980,094		
Total	$ 5,302,873	$ 4,656,276	$ 4,175,840		

*Taxes include franchise fees

[1] The 2019 budget was adopted in August of 2018.

[2] The 2020 budget was adopted in August of 2019.

GENERAL INFORMATION

LOCATION

The City of Gardner, with a 2010 U.S. Census population of 19,123, and a current estimated population of 21,871, comprises an area of 10.21 square miles, is located approximately 55 miles southeast of the City of Topeka and 30 miles southwest of Kansas City, Missouri.

LARGER EMPLOYERS

Larger employers within the City include the following:

Firm	Type of Business/Product	No. of Employees
U.S.D. No. 231 (Gardner Edgerton)	Primary and secondary education	950
Walmart	Retail	265
Coleman	Distribution center for camping and outdoor products	160
Meadowbrook Rehabilitation Hospital	Rehabilitation hospital	156
City of Gardner	Municipal government and services	153
Excelligence Learning Corporation	Tech-enabled early childhood and elementary education	150
TradeNet	Specialty advertising products	120
Price Chopper	Grocery store	100
Medical Lodges Gardner	Nursing and rehabilitation center	90
First Student	Transportation- buses & charter rental	66
Vintage Park	Residential care home	65
Perkins	Restaurant	60

Source: *ReferenceUSA, written and telephone survey (September 2019).*

BUILDING PERMITS

	2015	2016	2017	2018	2019[1]
New Residential Homes/Buildings					
No. of building permits	66	98	116	121	103
Valuation	$25,973,615	$18,059,207	$24,965,967	$28,067,777	$20,507,284
New Commercial/Industrial					
No. of building permits	1	1	5	3	11
Valuation	$220,261	$2,601,485	$13,083,304	$52,670,856	$5,971,230
All Building Permits *(including additions and remodelings)*					
No. of building permits	67	108	133	139	137
Valuation	$26,193,876	$22,534,194	$40,097,213	$84,654,766	$28,491,573

Source: The City.

[1] As of September 30, 2019.

U.S. CENSUS DATA

Population Trend: City of Gardner, Kansas

2000 U.S. Census	9,396
2010 U.S. Census	19,123
Current Population Estimate	21,871
Percent of Change 2000 - 2010	+ 103.52%

Income and Age Statistics

	City of Gardner	Johnson County	State of Kansas	United States
2017 per capita income	$27,864	$43,061	$29,600	$31,177
2017 median household income	$71,945	$81,121	$55,477	$57,652
2017 median family income	$79,698	$101,844	$70,711	$70,850
2017 median gross rent	$1,033	$1,020	$801	$982
2017 median value owner-occupied units	$169,500	$232,500	$139,200	$193,500
2017 median age	32.0 yrs.	37.3 yrs.	36.3 yrs.	37.8 yrs.

	State of Kansas	United States
City % of 2017 per capita income	94.14%	89.37%
City % of 2017 median family income	112.71%	112.49%

Housing Statistics

	City of Gardner		
	2000	2017	Percent of Change
All Housing Units	3,533	7,578	114.49%

Source: *2000 and 2010 Census of Population and Housing, and 2017 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (www.factfinder2.census.gov).*

EMPLOYMENT/UNEMPLOYMENT DATA

Rates are not compiled for individual communities within counties.

	Average Employment	Average Unemployment	
Year	Johnson County	Johnson County	State of Kansas
2015	313,905	3.4%	4.2%
2016	317,670	3.3%	4.0%
2017	323,123	3.0%	3.7%
2018	326,954	2.9%	3.4%
2019, August[1]	332,514	3.0%	3.4%

Source: *Kansas Department of Labor (http://klic.dol.ks.gov).*

[1] Preliminary

APPENDIX A

FINANCIAL STATEMENTS

Potential purchasers should read the included financial statements in their entirety for more complete information concerning the City's financial position. Such financial statements have been audited by the Auditor, to the extent and for the periods indicated thereon. The City has not requested or engaged the Auditor to perform, and the Auditor has not performed, any additional examination, assessments, procedures or evaluation with respect to such financial statements since the date thereof or with respect to this Preliminary Official Statement, nor has the City requested that the Auditor consent to the use of such financial statements in this Preliminary Official Statement. Although the inclusion of the financial statements in this Preliminary Official Statement is not intended to demonstrate the fiscal condition of the City since the date of the financial statements, in connection with the issuance of the Bonds, the City represents that there have been no material adverse change in the financial position or results of operations of the City, nor has the City incurred any material liabilities, which would make such financial statements misleading.

Copies of the complete audited financial statements for the past three years and the current budget are available upon request from Ehlers.

CITY OF GARDNER, KANSAS

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

Prepared by the Finance Department

Fiscal Services Division

Matt Wolff, Finance Director

Nancy Torneden, Fiscal Services Manager

Jackie Schulz, Senior Accountant

Lori Winsler, Senior Accountant

CITY OF GARDNER, KANSAS

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

Year Ended December 31, 2018

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CITY OF GARDNER, KANSAS

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CITY OF GARDNER, KANSAS

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GARDNER KANSAS
Blazing New Trails

June 4, 2019

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

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Gardner (City) for the fiscal year ended December 31, 2018. This is the fifteenth year that the City has prepared a CAFR, and staff has submitted this CAFR for a Certificate of Achievement for Excellence in Financial Reporting with the Government Finance Officers Association of the United States and Canada (GFOA). The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report that conforms to program standards. The CAFR must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. A Certificate of Achievement is valid for one year only. We believe this report conforms to the Certificate of Achievement program requirements.

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

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

In addition, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal requirements of Kansas Statutes. Activities of the General Fund, special revenue funds (unless exempted by a specific statute), enterprise funds, and the Debt Service Fund are included in the annual appropriated

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budget, as required by Kansas Statutes. Spending in funds, which are not subject to said Statutes, are controlled by federal regulations, other statutes, or by the use of internal spending limits established by the City.

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

Kansas Statutes Annotated 75-1122 requires an annual audit of the accounts, financial records, and transactions of all administrative departments of the City by independent certified public accountants. The accounting firm of Allen, Gibbs & Houlik, L.C. was selected by the City Council. The auditor's report on the financial statements is included in the Financial Section of this report.

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

Profile of the Government

The City of Gardner was established on March 16, 1858 and came under the jurisdiction of the State of Kansas in 1861. The City was incorporated as a Municipal Corporation of the third class in January 1887 and as a Municipal Corporation of the second class in December 2002. The City is located in Johnson County, Kansas, along Interstate 35, about 25 miles southwest of downtown Kansas City, Missouri. Johnson County, Kansas is considered to be one of the top growth areas in the state, and one of the top growth areas in the country. Johnson County is the largest county in Kansas with a population of approximately 597,555.

Because of Gardner's location on the edge of the Kansas City metropolitan area, the city serves as a suburban living area for individuals employed in the metropolitan area, as well as the surrounding rural agricultural community. Gardner is also experiencing rapidly accelerated development tangentially related to the intermodal/logistics park facility noted below. Currently, Gardner is approximately 10.3 square miles in size.

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

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

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

Using said criterion, it was determined that the City has a blended component unit. The blended component unit - the Public Building Commission (PBC) - although a legally separate entity, is, in substance, part of the City's operations. In 2018, there was no fund balance or activity to report for the PBC.

Economic Condition and Outlook

Since 1990, Gardner has experienced tremendous growth, catapulting from 3,200 to approximately 22,000 citizens. 2019 projections from the county appraiser indicate significant growth in assessed valuation, at 10.12% for taxable properties. Based on the 2019 projections, the City's overall market value increased from $1.69 billion to $1.84 billion, an additional 8.9%.

Gardner is experiencing accelerating development, tangentially influenced by a several thousand acre railroad and logistics park - an inland port supporting the global supply chain - on its western border and a premiere multi-modal business park containing over 64 companies with names such as Amazon, DuPont Nutrition and Health, Garmin International, Unilever, and Centurylink on its eastern border. These adjacent business catalysts, the City's financial capacity and ability to leverage its municipally owned utilities, combined with ample undeveloped land around Gardner's two interchanges on Interstate 35, position the City as a central point for commerce.

In 2018, Gardner secured $105 million in private investment for new businesses and expansions accompanied by projections for over 460 new jobs, 135 new single-family homes, and 3 new housing subdivisions adding over 307 new single-family homes in the future.

Included in this flurry of development activity were two large projects facilitated by industrial revenue bonds paired with property tax abatements: a five-story, 84-room Hampton Inn with a 200-seat conference center and the 646,400 sq. ft. "Excelligence" warehouse logistics, manufacturing, and call center facility. The use of property tax abatements for these two projects is consistent with the City Council's long-term strategic priority of promoting economic development and its economic development incentive policy. Gardner's strategic plan, economic development strategy, and economic development incentive policy are available on the City's website. A full cost-benefit analysis for the Hampton Inn Hotel can be found in the March 20, 2017 City Council Meeting Agenda Packet. The full benefit cost analysis for the "Excelligence" industrial

project can be found in the October 16, 2017 City Council Meeting Agenda Packet. Both agenda packets can be found on the City's website at www.gardnerkansas.gov.

In addition to the aforementioned projects, a CVS pharmacy, Scooter's Coffee, and Planet Sub recently opened for business. In the last 12 months, several businesses have started construction or made announcements of pending construction: a 5,000 sq. ft. urgent care facility; a 60,000 sq. ft. new grocery store; the redevelopment of the current Price Chopper grocery store into new commercial uses; the development of two new pad sites for restaurants or retail; two new mixed-use developments that include approximately 100,000 sq. ft. of various retail/restaurant/office, 144 apartments, 136 assisted living units, and a 69,000 sq. ft. hotel; and a private wedding and community center development. Olathe Medical Center – a major, regional hospital – announced its first phase of construction for a 10,000 sq. ft. laboratory and special services facility; the total build out of 125,000 sq. ft. for additional medical facilities is planned over the next 5-10 years. Residential construction is also active; the City anticipates issuing 130 single-family home permits in 2019.

The City expects continuing diversification of the tax base and increased valuation over the next several years, although any significant increase in associated revenue will not likely occur until approximately 2 years following the construction wave, as announced projects become reality.

2018 Major Initiatives

Following the cohesive commitment evidenced by consecutive Governing Bodies and citizens, a new Justice Center to house police headquarters, municipal court, and other community purposes started construction in 2018. The facility is anticipated to open in mid-2019.

Promotion of economic development continued with the completion of the Main Street Corridor Study. The study developed a vision for the community's main corridor and will serve as a guide for future land use, infrastructure, and development planning.

Partnership continued with the Southwest Johnson County EDC (SWJOCO EDC) and Gardner Edgerton Chamber of Commerce, as the second community profile magazine was published. Work continues to create professional videos, maps and other projects to more extensively promote Gardner.

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

The City's Inflow and Infiltration Reduction Program was created to help reduce stormwater and ground water from entering into the sanitary sewer system.

Transportation network improvements continued for the I-35 and 191st Gardner Road interchange realignment, Waverly Road from 175th to Madison, and Sante Fe from Waverly to Poplar. Design work for all three projects started in 2018. Construction improvements for the I-35 and 191st Gardner road interchange realignment is anticipated to start in 2020. Construction improvements for Waverly Road from 175th Street to Madison and Sante Fe from Waverly to Poplar are anticipated to start in 2019.

The third phase of the Pavement Management Program improved 33 lane miles of residential streets, including road resurfacing, curb and gutter work, and new ADA accessible sidewalk curb ramps.

The City's 30-year contract with the municipal golf course operator terminated in early 2018. Subsequently, Council approved a golf course management contract with a new operator for an initial 10-year term and two 5-year renewal terms. The contract included the City's $1,218,000 financial commitment (10-year lease-purchase agreement) for improvements to the irrigation system, turf improvements and enhancements to the irrigation pond. Future improvements are planned as revenue allows.

Future/Planned Initiatives

The Strategic Plan documents the majority of the Governing Body's budget policy directives and will guide the development of future initiatives to support the community's continuing economic "*Transformation 2.0"*. The plan includes:

- The four strategic priorities
- Top goal for each strategic priority
- Objectives and strategies for each goal

Continued employee recruitment and retention efforts are planned through FY 2020, including merit compensation, bolstered medical insurance benefits, promotional opportunities, and some market wage adjustments.

Expansion of water treatment capacity is identified in the CIE and supports the Strategic Plan priority to "Promote Economic Development" and its top goal to "Diversify the Tax Base." The design for the Water Treatment Plant Expansion started in 2019.

The City anticipates continued improvements to the transportation network for the aforementioned I-35 and 191st and Gardner Road interchange realignment, Waverly Road from 175th Street to Madison, and Sante Fe from Waverly to Poplar. The fourth phase of the Pavement Management Program is planned and supports the "develop long-term infrastructure" objective in the Strategic Plan. Additional pedestrian trail improvements are planned for 2019, as well as construction of sidewalks and trails to fill gaps around Moonlight Elementary School; the project includes approximately $252,000 in grant funding through MARC's "Safe Routes to Schools" program. The Transportation Master

Plan update includes the southeast development area of I-35 and 175th Street interchange to support new development.

Economic development partnerships will continue. Due to the expected 2019 opening of Hampton Inn, transient guest tax revenue is anticipated to increase significantly in the future. Part of the additional transient guest tax revenue is earmarked to provide a greater level of funding to the SWJOCO EDC and to fund a Convention and Visitors Bureau (CVB) formed by the Gardner Edgerton Chamber of Commerce. The SWJOCO EDC is expected to receive a total of $170,000 over FY 2019-2020. The CVB is anticipated to be formed near the end of 2019. A total of $300,000 was budgeted for the Chamber and CVB over FY 2019-2020, but the amount of funding may vary depending on the timing of hotel's opening and the formation of the CVB. The formation of a CVB supports the Strategic Plan objective to "encourage tourism."

An initiative to provide high-speed fiber infrastructure to the community supporting the strategic priority "promote economic development" is contemplated for the future.

Financial Planning

Revenues greater than budget estimates contributed to the City's EOY 2018 General Fund balance at a healthy 34% of expenditures, exceeding the Government Finance Officers Association's "best practice" recommendation "of no less than two months of regular general fund operating revenues or regular general fund operating expenditures" (or 16.67%). The City's electric, water, and wastewater utility funds also ended FY 2018 with healthy fund balances of 89%, 54%, and 15% of expenditures, respectively.

The City expects 2019-2023 to continue to be financially healthy years, but it will require vigilance, continued strategic planning and strong financial management practices, especially until anticipated new development and its associated revenues become reality.

While deliberately reducing reserves to targeted levels during this time, it is imperative to monitor them closely to preserve funding capacity for development opportunities. Consequently, the City updated its Funding Capacity Study in early 2018. The study provides guidance and context to strategically prioritize projects and opportunities and align those priorities with the City's resources. The 2019-2023 Capital Improvement Program (CIP) includes approximately $53 million in capital improvements.

Increased vigilance and strategic prioritization is necessitated by the Kansas legislature's introduction of a "tax lid" effective January 1, 2018. The legislation limits local governments' ability to increase property tax revenues without voter approval above a cap calculated from a 5-year rolling average of the Consumer Price Index (CPI). The intent of the legislation is to curtail property tax revenue increases historically gained from increases in the appraised value of properties (a.k.a. market value). An additional impact of restricted property tax revenue is more reliance on volatile sales tax revenue or increasing fees for services. The challenge for growing cities such as Gardner will be prioritizing funding for competing operations, initiatives and development opportunities.

The tax lid legislation may inhibit the City's ability to facilitate development projects, such as providing incentives or building infrastructure to prepare an area to be "shovel ready," as development opportunities are typically confidential in nature and require time-sensitive commitments. This need for nimble response is contradictory to the process of scheduling an election and providing enough in-depth, accurate information to educate voters and gain their approval for any tax increase quickly enough to facilitate opportunities, thus making elections for development funding impractical.

In addition to continuing its economic transformation, Gardner is engaged in continuous process improvement. Future financial planning includes identifying and implementing operational efficiencies to enhance fiscal stewardship, sustainability, and increase funding capacity to facilitate development opportunities.

As the Governing Body continues planning major initiatives and capital projects, and as development continues and revenues increase, projections past 2019 will likely be revised. Management will continue to monitor reserves and will take necessary action to maintain desired levels, as evidenced by past financial performance and the current Standard & Poor's investment grade credit rating of AA-/Stable.

Acknowledgements

The preparation of this report could not have been accomplished without the cooperation and support of the Governing Body in maintaining the highest standards of professionalism in the management of Gardner's finances. In addition, special thanks are extended to Administration, other City departments, external auditors, and for the efficient, dedicated efforts of the entire staff of the City's accounting division.

Sincerely,

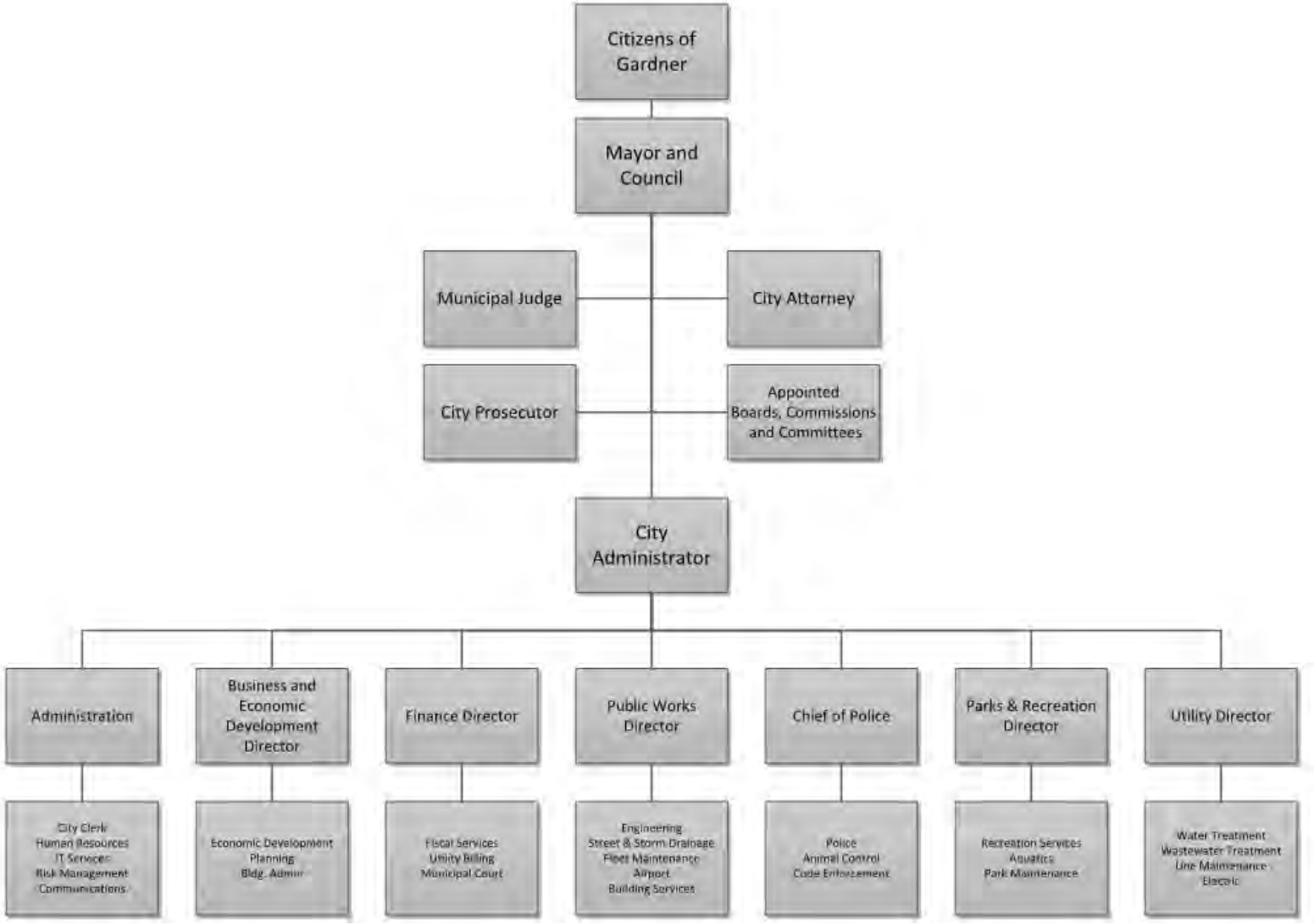
James Pruetting
City Administrator

Matthew Wolff
Finance Director

City of Gardner, Kansas

Organizational Chart

December 31, 2018



City of Gardner, Kansas

List of Elected and Appointed Officials

December 31, 2018

Elected Officials

		Term of Office
Mayor	Steve Shute	2018-2022
Council President	Lee Moore	2015-2019
Council Vice President	Rich Melton	2015-2019
Councilmember	Mark Baldwin	2018-2022
Councilmember	Randy Gregorcyk	2018-2022
Councilmember	Todd Winters	2015-2019

Appointed Officials

Interim City Administrator	Laura Gourley
Municipal Judge	Robin Lewis
City Prosecutor	Christopher Mann
City Prosecutor	Ashley Repp
City Attorney	Ryan Denk
Business and Economic Development Director	Larry Powell
Finance Director	Matthew Wolff
Public Works Director	Michael Kramer
Chief of Police	James Pruetting
Parks and Recreation Director	Jason Bruce
Utility Director	Gonzalo Garcia

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Gardner

Kansas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

Christopher P. Morrill

Executive Director/CEO

AGH
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council Members
City of Gardner, Kansas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Gardner, Kansas (City) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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 *Kansas Municipal Audit and Accounting Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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.

Allen, Gibbs & Houlik, L.C. • aghlc.com • aghemployersolutions.com • aghuniversity.com • 316.267.7231 • 301 N. Main, Suite 1700 • Wichita, KS 67202-4868

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, each major fund, and the aggregate remaining fund information of the City of Gardner, Kansas, as of December 31, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 8 to the financial statements, in 2018, the City adopted GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinion is not modified with respect to this matter.

Other Matters

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

Supplementary and Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the introductory and statistical sections as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

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

June 4, 2019
Wichita, Kansas

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Gardner (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of 2018 by $130,828,576 *(net position).* Of this amount, $6,376,930 *(unrestricted net position)* may be used to meet the City's ongoing obligations to citizens and creditors.

- The City's total net position increased by $3,684,984 during the fiscal year.

- As of the close of 2018, the City's governmental funds reported combined ending fund balances of $20,222,463. Approximately 20% of this total amount, $3,980,094, is unassigned fund balance available for spending at the City's discretion.

- At the close of the current fiscal year, fund balance for the City's primary operating fund, the general fund, was $4,175,840 or 34% of the total general fund revenues of $12,111,110.

- The City's total long-term debt increased by $18,946,972 during the fiscal year. The key factor for the increase was new debt issued for $26,953,645, which was offset by $8,006,673 of debt retirement.

- The City recorded a prior period adjustment to the government-wide financial statements to adjust its total OPEB liability and net position of the governmental activities by $49,206 and net position of the business-type activities by $31,182, for a total reduction in net position of $80,388 due to the implementation of GASB 75. The prior period adjustment of $31,182, recorded in the financial statements of the business-type activities was also recorded in the City's proprietary fund statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The City maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, debt service fund, capital projects fund and infrastructure special sales tax fund, all of which are considered to be major funds. Data from the remaining

governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

The City has five enterprise funds: Electric Fund, Water Fund, Wastewater Fund, Stormwater Fund and the Airport Fund. The City has four internal service funds: Risk Services Fund, Information Technology Services Fund, Building Services Fund, and the Utility Billing Services Fund. The electric fund, water fund, and wastewater fund are the only funds being considered major funds for presentation purposes.

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

Notes to the Financial Statements

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

Other Information

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

ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS

Analysis of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial condition. For the City, assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by $130,828,576 at the close of the current fiscal year. The City's net position increased by $3,684,984 from the prior year, with governmental activities accounting for $654,129 of the increase, and business-type activities accounting for $3,030,855 of the increase.

City of Gardner, Kansas
Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	$37,622,601	$30,923,680	$22,103,567	$19,845,317	$59,726,168	$50,768,997
Capital assets	61,435,164	53,753,991	93,089,651	85,832,128	154,524,815	139,586,119
Total assets	99,057,765	84,677,671	115,193,218	105,677,445	214,250,983	190,355,116
Deferred outflows	2,272,684	2,471,027	519,724	569,498	2,792,408	3,040,525
Long-term liabilities	47,402,559	34,195,511	32,463,120	25,473,104	79,865,679	59,668,615
Other liabilities	1,074,378	1,046,469	1,206,260	1,749,770	2,280,638	2,796,239
Total liabilities	48,476,937	35,241,980	33,669,380	27,222,874	82,146,317	62,464,854
Deferred inflows	3,980,709	3,688,044	87,789	99,151	4,068,498	3,787,195
Net position:						
Net investment in						
Capital Assets	34,541,491	31,189,584	73,790,033	62,611,603	108,331,524	93,801,187
Restricted for:						
Debt service	14,218,496	15,071,645	-	-	14,218,496	15,071,645
Capital projects	749,775	2,297,740	-	-	749,775	2,297,740
Streets improvements	1,013,247	340,262	-	-	1,013,247	340,262
Economic development	49,488	91,676	-	-	49,488	91,676
Other purposes	89,116	65,211	-	-	89,116	65,211
Unrestricted	(1,788,810)	(837,444)	8,165,740	16,313,315	6,376,930	15,475,871
Total net position	$48,872,803	$48,218,674	$81,955,773	$78,924,918	$130,828,576	$127,143,592

The largest portion of the City's net position (83%) reflects its investment of $108,331,524 in capital assets (e.g., land, buildings, intangibles, infrastructure, vehicles, machinery and equipment and construction in progress); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these are not available for future spending.

An additional $16,120,122 of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of the City's net position of $6,376,930 is unrestricted and may be used to meet ongoing obligations to citizens and creditors.

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

Analysis of Changes in Net Position

As stated earlier, the City's net position increased by $3,684,984 during the current fiscal year. The following table reflects the revenues and expenses for the City's activities for the year ended December 31, 2018, and illustrates the comparison between 2018 and the prior year:

City of Gardner, Kansas
Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues:						
Charges for services	$ 2,480,839	$ 3,417,570	$ 29,493,481	$ 25,447,252	$ 31,974,320	$ 28,864,822
Operating grants and contributions	3,734,419	3,495,713	-	-	3,734,419	3,495,713
Capital grants and contributions	2,253,302	493,301	32,121	57,574	2,285,423	550,875
General Revenues:						
Property taxes	4,206,575	4,037,863	-	-	4,206,575	4,037,863
Sales taxes	4,171,850	4,041,798	-	-	4,171,850	4,041,798
Franchise taxes	282,893	360,268	-	-	282,893	360,268
Excise taxes	686,718	176,950	-	-	686,718	176,950
Transient guest tax	66,361	71,383	-	-	66,361	71,383
Unrestricted Investment earnings	311,797	65,538	240,469	84,816	552,266	150,354
Other	328,963	28,852	-	-	328,963	28,852
Total Revenue	18,523,717	16,189,236	29,766,071	25,589,642	48,289,788	41,778,878
Expenses:						
General government	3,332,171	3,068,153	-	-	3,332,171	3,068,153
Police	5,040,277	4,395,424	-	-	5,040,277	4,395,424
Public w orks	4,653,338	4,247,297	-	-	4,653,338	4,247,297
Culture and recreation	3,363,570	3,219,356	-	-	3,363,570	3,219,356
Business & Economic Dev	947,501	893,753	-	-	947,501	893,753
Interest on long-term debt	1,453,025	696,847	-	-	1,453,025	696,847
Electric	-	-	16,829,253	12,699,174	16,829,253	12,699,174
Water	-	-	3,901,601	4,228,110	3,901,601	4,228,110
Wastew ater	-	-	4,706,539	4,503,508	4,706,539	4,503,508
Stormw ater	-	-	28,443	28,298	28,443	28,298
Airport	-	-	268,698	251,234	268,698	251,234
Total Expenses	18,789,882	16,520,830	25,734,534	21,710,324	44,524,416	38,231,154
Increase (decrease) in net position before transfers	(266,165)	(331,594)	4,031,537	3,879,318	3,765,372	3,547,724
Transfers	969,500	893,800	(969,500)	(893,800)	-	-
Change in net position	703,335	562,206	3,062,037	2,985,518	3,765,372	3,547,724
Net position, 1/1	48,218,674	47,656,468	78,924,918	75,939,400	127,143,592	123,595,868
Prior period adjustment	(49,206)	-	(31,182)	-	(80,388)	-
Net position, 12/31	$ 48,872,803	$ 48,218,674	$ 81,955,773	$ 78,924,918	$ 130,828,576	$ 127,143,592

Governmental Activities

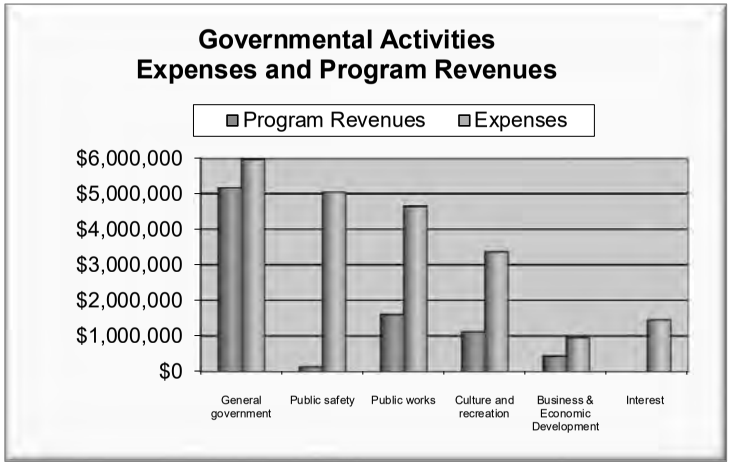
The City's net position related to governmental activities increased $654,129 during the year, an increase of $91,923 from the prior year.

Total governmental revenues increased $2,334,481 from the prior year. The City saw increases in program revenues of $1,061,976 due to increased grant funding for qualifying street projects; and increased general revenues of $1,272,505 mainly due to increased excise tax collections from accelerating commercial and residential development. In addition, healthier interest rates contributed to increased investment earnings and growth in the City resulted in additional fees for new economic development projects.

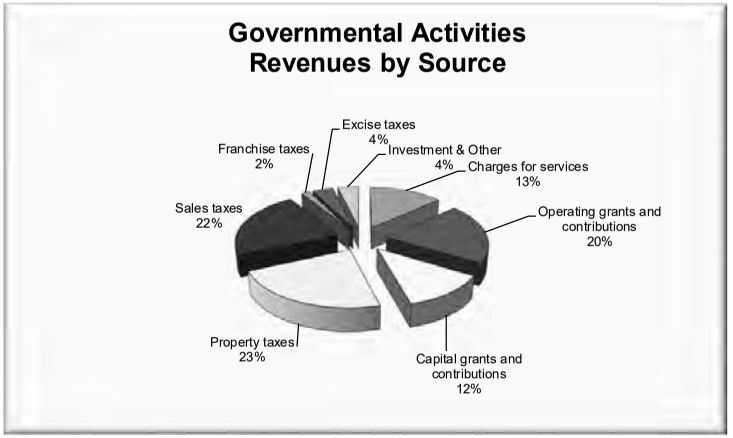
Total governmental expenses increased $2,269,052 from the prior year. Part of the increase was due to increased costs for interest on long-term debt and issuance costs related to the issuance of new debt to

fund the construction of a new Justice Center. Additionally, police and public works saw increases in personnel-related expenses and capital outlay.

The chart below illustrates how the City's various governmental activities program revenues vs. program expenses fared in 2018.



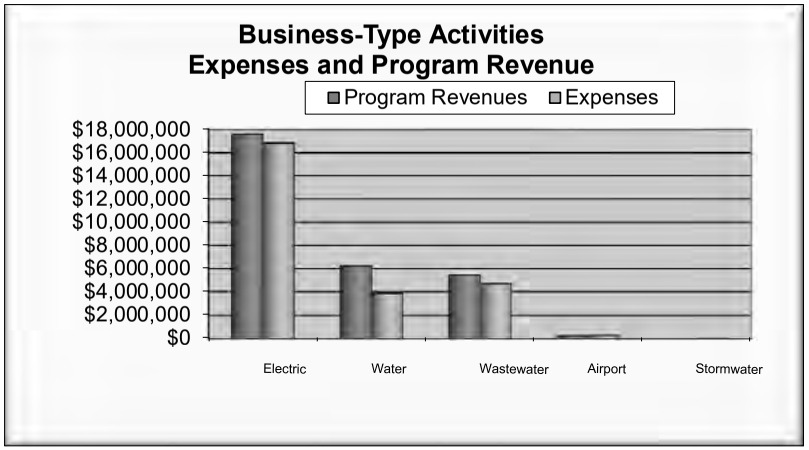
The chart below illustrates the City's overall program and general revenues for governmental activities:



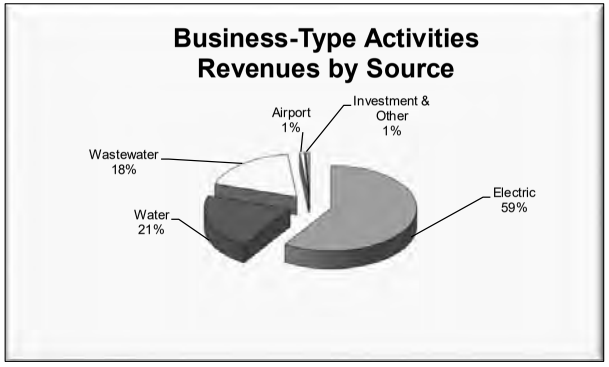
Business-Type Activities

The City's net position related to business-type activities increased $3,030,855. The electric, water and wastewater funds all experienced positive changes (.23%, 7.0%, and 8.7%, respectively). The increases were mostly due to increased usage because of hot, dry environmental conditions.

The City's water, wastewater and electric base rates were unchanged in 2018. The program revenues vs. program expenses for business-type activities chart below illustrates the overall increase in net position for all business-type activities.



The chart below illustrates the City's charges for services from business-type activities, which account for 99.08% of their revenues:



FINANCIAL ANALYSIS OF THE CITY'S FUNDS:

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

Governmental funds

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $20,222,463, an increase of $7,654,279 in comparison with the prior year. Approximately 21% of this total amount or $4,146,146 constitutes fund balance that is available to meet the City's current and future needs. The remainder of the fund balance totaling $16,076,317 is restricted for specific spending or nonspendable in form.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, the total fund balance was $4,175,840. As a measure of the general fund's liquidity, it may be useful to compare the available fund balance to total general fund expenditures. Available fund balance represents 31% of total general fund expenditures of $13,440,121.

The fund balance in the City's general fund had a decrease of $480,436 during the current fiscal year. While total revenues in the general fund increased $610,818, total expenditures also increased $444,657, compared to the previous year contributing to the negative change.

The debt service fund had an ending fund balance of $4,154,425, all of which is restricted for the payment of debt service. This is a decrease of $962,594 in 2018. The City had increased principal payments from the payoff of a partial net cash advance refunding that originated in 2016 and paid off the old debt in 2018.

The capital projects fund had an ending fund balance of $8,029,083. This is an increase of $7,692,487 from the prior year. The increase is due to proceeds from GO Bonds issued for a large project in 2018.

The infrastructure special sales tax fund had an ending fund balance of $1,099,163, all of which is restricted for rehabilitation of streets and pedestrian bridges and trails. This is an increase of $206,712 from the previous year. This is due to increased grant revenue from the State for capital projects and GO Bonds issued for street related projects in 2018.

Proprietary funds

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

At the end of the current fiscal year, unrestricted net position for *proprietary funds* amounted to $8,197,767. The total decrease in unrestricted net position was $8,107,736 from the prior year.

The electric fund had total net position of $37,308,983 at the end of the current fiscal year. This is an increase of $84,006 or .23%, from the previous year.

The water fund had total net position of $20,846,240 at the end of the current fiscal year. This is an increase of $1,354,982 or 7.0% from the previous year. This can be attributed to increased operating revenue from charges for services due to dry climate conditions.

The wastewater fund had total net position of $20,044,132 at the end of the current fiscal year. This is an increase of $1,602,654 or 8.7%, from the previous year. This is due again to the increased water usage.

The airport fund (a non-major proprietary fund) had total net position of $3,081,940 at the end of the current fiscal year. This is an increase of $25,680 or .84% from the previous year.

The City's internal service funds had total net position of $279,162 at the end of the current fiscal year. This is a decrease of $15,591 or 5.29% from the previous year due to the aforementioned prior period adjustment for total OPEB liability.

Fiduciary funds

The City maintains three fiduciary funds: the Alcohol Safety Action Program, the Special Olympics Program, and the Mayor's Christmas Tree Program. At the end of 2018, the assets of the funds were $48,467.

GENERAL FUND BUDGETARY HIGHLIGHTS:

The City's general fund budget was not amended during 2018; therefore, the original budget and the final budget are the same. During the year, total revenues were more than budgetary estimates by $595,808. Due to the City's effective budget controls expenditures were $2,985,272 less than budgeted, which resulted in a positive variance of $3,581,080. A summary of differences between budgetary estimates for revenues and expenditures is as follows:

- Property tax collections were less than the original estimate by $20,523.
- City sales and use tax revenues were more than estimated by $117,649.
- Licenses and permits were $212,321 more than estimated. This can be attributed to increased building and construction permits.
- General fund project reserves of $3,005,553 remain available at the end of 2018. This is down 2% from the prior year. These large reserves will provide funding to undertake major initiatives planned for the future.
- Other miscellaneous revenues were $310,488 more than estimated due to unanticipated origination fees from new economic development partnerships.
- Police expenditures were $255,482 more than estimated due to unanticipated overtime.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2018, amounted to $154,524,815 (net of accumulated depreciation and amortization). This investment in capital assets includes land, construction in progress, buildings, improvements, machinery and equipment, intangibles, vehicles, roads, water lines, sewer collectors and electric lines.

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

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	$ 4,780,151	$ 4,794,440	$ 3,640,094	$ 3,309,293	$ 8,420,245	$ 8,103,733
Construction in progress	8,227,572	1,718,116	555,534	801,333	8,783,106	2,519,449
Buildings	3,066,860	3,200,673	18,329,300	8,039,574	21,396,160	11,240,247
Improvements	3,424,076	986,342	7,124,478	7,487,481	10,548,554	8,473,823
Infrastructure	40,745,456	41,813,405	55,858,536	58,685,897	96,603,992	100,499,302
Intangibles	-	-	6,243,741	6,486,286	6,243,741	6,486,286
Machinery and equipment	646,312	517,143	877,348	691,501	1,523,660	1,208,644
Vehicles	544,737	723,872	460,620	330,763	1,005,357	1,054,635
	$ 61,435,164	$ 53,753,991	$ 93,089,651	$ 85,832,128	$154,524,815	$139,586,119

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

Long-Term Debt

At the end of the current fiscal year, the City had total long-term debt outstanding of $67,579,118. Of this amount, $32,437,500 was general obligation debt backed by the full faith and credit of the City. However, $9,039,013 of general obligation debt is supported by business-type revenues. Special assessment debt in the amount $11,592,500 is debt for which the City is liable in the event of default by the property owners subject to the assessment. An additional $9,738,473 of the City's debt is from construction loans with the Kansas Department of Health and Environment for improvements to the wastewater system. The remainder of the City's debt represents PBC revenue bonds and capital lease obligations.

In 2018, the City issued bonds to finance the construction of a new Justice Center, for improvements to the public pool, and various street improvements within the City and entered into a lease-purchase agreement to finance improvements to the City's Golf Course.

In 2018, the City also entered into an Asset Purchase Agreement with Kansas Municipal Energy Agency (KMEA) to assume the cost of a 32.26% participation in KMEA's 10.1% undivided interest in the Dogwood Energy Facility. The Dogwood Facility is a combined-cycle, natural gas fueled power generation plant.

City of Gardner's Long-Term Debt

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
General obligation bonds	$23,398,487	$ 9,786,170	$ 9,039,013	$12,231,330	$32,437,500	$22,017,500
Special assessment debt with government commitment	11,592,500	14,012,500	-	-	11,592,500	14,012,500
PBC revenue bonds	1,295,000	1,670,000	-	-	1,295,000	1,670,000
Construction loan payable	-	-	9,738,473	10,321,146	9,738,473	10,321,146
Capital lease obligations	1,765,000	611,000	10,750,645	-	12,515,645	611,000
	$38,050,987	$26,079,670	$29,528,131	$22,552,476	$67,579,118	$48,632,146

The City's total long-term debt increased $18,946,972 during the current fiscal year. This is due to the aforementioned new GO Debt and capital lease obligation and offset by retirement of existing debt.

The City was assigned an "AA-" rating from Standard & Poor's for its general obligation bonds. State statutes limit the amount of general obligation debt a government entity may issue to 30% of its total assessed valuation. The current debt limitation for the City is $64,350,457, which is significantly in excess of the City's outstanding general obligation bonds.

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

REQUESTS FOR INFORMATION

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

CITY OF GARDNER, KANSAS

STATEMENT OF NET POSITION

December 31, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets:			
Deposits and investments	$ 7,065,709	$ 17,462,127	$ 24,527,836
Receivables, net of allowance for uncollectibles:			
Taxes	4,545,694	-	4,545,694
Accounts Receivable	-	3,122,020	3,122,020
Intergovernmental	980,346	-	980,346
Special assessments	12,615,073	-	12,615,073
Other	196,771	65,530	262,301
Internal balances	(20,808)	20,808	-
Prepaid items	6,165	60	6,225
Inventories	29,297	1,136,184	1,165,481
Restricted deposits and investments	12,204,354	296,838	12,501,192
Capital assets, net of accumulated depreciation, where applicable:			
Land	4,780,151	3,640,094	8,420,245
Construction in progress	8,227,572	555,534	8,783,106
Buildings	3,066,860	18,329,300	21,396,160
Improvements	3,424,076	7,124,478	10,548,554
Infrastructure	40,745,456	55,858,536	96,603,992
Intangible	-	6,243,741	6,243,741
Machinery and equipment	646,312	877,348	1,523,660
Vehicles	544,737	460,620	1,005,357
Total assets	99,057,765	115,193,218	214,250,983
Deferred outflows of resources:			
Unamortized portion of refunding gain	267,774	23,057	290,831
Pension deferred outflow	1,996,451	493,855	2,490,306
OPEB deferred outflow	8,459	2,812	11,271
Total deferred outflows of resources	2,272,684	519,724	2,792,408
Liabilities:			
Accounts payable	475,520	627,279	1,102,799
Accrued payroll	261,638	122,788	384,426
Accrued interest payable	337,220	159,355	496,575
Liabilities payable from restricted assets	-	296,838	296,838
Noncurrent liabilities:			
Due within one year	5,502,746	3,333,479	8,836,225
Due in more than one year	41,899,813	29,129,641	71,029,454
Total liabilities	48,476,937	33,669,380	82,146,317
Deferred inflows of resources:			
Property tax receivable	3,813,628	-	3,813,628
Pension deferred inflow	149,552	75,203	224,755
OPEB deferred inflow	17,529	12,586	30,115
Total deferred inflows of resources	3,980,709	87,789	4,068,498
Net position:			
Net investment in capital assets	34,541,491	73,790,033	108,331,524
Restricted for:			
Debt service	14,218,496	-	14,218,496
Capital projects	749,775	-	749,775
Street improvements	1,013,247	-	1,013,247
Economic development	49,488	-	49,488
Other purposes	89,116	-	89,116
Unrestricted	(1,788,810)	8,165,740	6,376,930
Total net position	$ 48,872,803	$ 81,955,773	$ 130,828,576

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

CITY OF GARDNER, KANSAS

STATEMENT OF ACTIVITIES

Year Ended December 31, 2018

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Total
Primary government:								
Governmental activities:								
General government	$ 4,651,667	$ (1,319,496)	$ 961,333	$ 2,982,532	$ 1,228,924	$ 1,840,618	$ -	$ 1,840,618
Police	5,040,277	-	8,616	127,128	-	(4,904,533)	-	(4,904,533)
Public works	4,653,338	-	-	584,168	1,024,378	(3,044,792)	-	(3,044,792)
Culture and recreation	3,363,570	-	1,074,914	40,591	-	(2,248,065)	-	(2,248,065)
Business and economic development	947,501	-	435,976	-	-	(511,525)	-	(511,525)
Interest on long-term debt	1,453,025	-	-	-	-	(1,453,025)	-	(1,453,025)
Total governmental activities	20,109,378	(1,319,496)	2,480,839	3,734,419	2,253,302	(10,321,322)	-	(10,321,322)
Business-type activities:								
Electric	16,397,049	432,204	17,534,000	-	-	-	704,747	704,747
Water	3,448,205	453,396	6,248,707	-	-	-	2,347,106	2,347,106
Wastewater	4,272,643	433,896	5,452,335	-	-	-	745,796	745,796
Stormwater	28,443	-	144	-	-	-	(28,299)	(28,299)
Airport	268,698	-	258,295	-	32,121	-	21,718	21,718
Total business-type activities	24,415,038	1,319,496	29,493,481	-	32,121	-	3,791,068	3,791,068
Total primary government	$ 44,524,416	$ -	$ 31,974,320	$ 3,734,419	$ 2,285,423	(10,321,322)	3,791,068	(6,530,254)
General revenues:								
Property taxes						4,206,575	-	4,206,575
Sales taxes						4,171,850	-	4,171,850
Franchise taxes						282,893	-	282,893
Excise taxes						686,718	-	686,718
Transient guest tax						66,361	-	66,361
Unrestricted investment earnings						311,797	240,469	552,266
Other						328,963	-	328,963
Transfers						969,500	(969,500)	-
Total general revenues and transfers						11,024,657	(729,031)	10,295,626
Change in net position						703,335	3,062,037	3,765,372
Net position, beginning of year						48,218,674	78,924,918	127,143,592
Prior period adjustment						(49,206)	(31,182)	(80,388)
Net position, end of year						$ 48,872,803	$ 81,955,773	$ 130,828,576

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

CITY OF GARDNER, KANSAS

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2018

	General	Debt Service	Capital Projects	Infrastructure Special Sales Tax	Other Governmental Funds	Total Governmental Funds
Assets						
Deposits and investments	$ 1,201,618	$ 1,852,002	$ 414,372	$ 882,639	$ 2,437,771	$ 6,788,402
Receivables (net of allowance for uncollectibles):						
Taxes	3,109,116	1,215,515	-	204,079	16,984	4,545,694
Special assessments	-	12,615,073	-	-	-	12,615,073
Intergovernmental	504,421	76,366	-	-	399,559	980,346
Other	169,225	12,275	1,600	3,654	8,053	194,807
Inventories	29,297	-	-	-	-	29,297
Prepaids	397	-	-	-	-	397
Restricted deposits and investments	-	2,213,782	9,956,637	33,935	-	12,204,354
Due from other funds	2,294,561	-	-	-	-	2,294,561
Total assets	$ 7,308,635	$ 17,985,013	$ 10,372,609	$ 1,124,307	$ 2,862,367	$ 39,652,931
Liabilities						
Accounts payable	269,652	-	48,965	25,144	98,415	442,176
Accrued payroll	247,212	-	-	-	-	247,212
Due to other funds	17,818	-	2,294,561	-	-	2,312,379
Total liabilities	534,682	-	2,343,526	25,144	98,415	3,001,767
Deferred Inflows of Resources						
Unavailable revenue - special assessments	-	12,615,073	-	-	-	12,615,073
Deferred revenue - property taxes	2,598,113	1,215,515	-	-	-	3,813,628
Total deferred inflows of resources	2,598,113	13,830,588	-	-	-	16,428,701
Fund Balances						
Nonspendable	29,694	-	-	-	-	29,694
Restricted						
Debt Service	-	4,154,425	-	-	-	4,154,425
Capital projects	-	-	8,029,083	1,099,163	1,612,101	10,740,347
Street improvements	-	-	-	-	1,013,247	1,013,247
Economic development	-	-	-	-	49,488	49,488
Other	-	-	-	-	89,116	89,116
Assigned						
Police	-	-	-	-	-	-
Public Works	111,922	-	-	-	-	111,922
Business and Economic Development	9,000	-	-	-	-	9,000
Culture and Recreation	45,130	-	-	-	-	45,130
Unassigned	3,980,094	-	-	-	-	3,980,094
Total fund balances	4,175,840	4,154,425	8,029,083	1,099,163	2,763,952	20,222,463
Total liabilities, deferred inflows of resources and fund balances	$ 7,308,635	$ 17,985,013	$ 10,372,609	$ 1,124,307	$ 2,862,367	$ 39,652,931

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

CITY OF GARDNER, KANSAS

RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

December 31, 2018

Total fund balances in Governmental Funds Balance Sheet		$ 20,222,463
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		61,165,247
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		12,615,073
Deferred outflows of resources are not available and payable in the current period and therefore are not reported in the funds:		
Deferred refunding	267,774	
Deferred outflows related to pensions	1,929,226	
Deferred outflows related to OPEB	8,266	
Total		2,205,266
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:		
Accrued interest payable	(337,220)	
Bonds:		
General obligation and special assessments bond payable, net of unamortized premium of $1,314,814	(36,305,801)	
Net pension liability	(6,936,636)	
PBC lease revenue bonds	(1,295,000)	
Land Lease Purchase	(1,765,000)	
Other post employment benefits	(329,222)	
Compensated absences	(451,890)	
Total		(47,420,769)
Other deferred inflows of resources are not due and payable in the current period and therefore are not reported in the funds:		
Deferred inflows - pensions		(138,466)
Deferred inflows - OPEB		(15,965)
Internal service funds are used by management to charge the costs of risk services, building services and information technology services to individual funds. The assets and liabilities of these internal service funds are included in governmental activities in the statement of net position.		239,954
Net position of governmental activities		$ 48,872,803

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

CITY OF GARDNER, KANSAS

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

Year Ended December 31, 2018

	General	Debt Service	Capital Projects	Infrastructure Special Sales Tax	Other Governmental funds	Total Governmental Funds
Revenues						
Taxes:						
Property tax	$ 2,494,538	$ 1,712,037	$ -	$ -	$ -	$ 4,206,575
Sales tax	2,973,649	-	-	1,198,201	-	4,171,850
Franchise tax	282,893	-	-	-	-	282,893
Transient guest tax	-	-	-	-	66,361	66,361
Excise Tax	-	-	-	-	686,718	686,718
Special assessments	7,540	1,213,071	-	-	-	1,220,611
Intergovernmental	2,447,003	414,958	63,685	254,953	1,600,198	4,780,797
Licenses and permits	452,521	-	-	-	-	452,521
Charges for services	2,593,495	-	-	-	-	2,593,495
Fines and fees	479,255	-	-	-	154,952	634,207
Investment earnings	68,728	85,864	104,532	25,458	27,215	311,797
Other	311,488	-	-	-	-	311,488
Total revenues	12,111,110	3,425,930	168,217	1,478,612	2,535,444	19,719,313
Expenditures						
Current:						
General government	3,073,931	-	-	-	128,475	3,202,406
Police	4,315,082	-	-	-	-	4,315,082
Public works	2,164,201	-	-	728,719	-	2,892,920
Culture and recreation	2,548,071	-	98,100	-	-	2,646,171
Business and economic development	925,371	-	-	-	-	925,371
Capital outlay	413,465	-	7,307,633	1,910,362	982,896	10,614,356
Debt service:						
Principal	-	3,741,683	-	445,000	45,000	4,231,683
Interest and fiscal charges	-	798,026	-	87,712	14,463	900,201
Other	-	128,415	276,080	30,491	-	434,986
Total expenditures	13,440,121	4,668,124	7,681,813	3,202,284	1,170,834	30,163,176
Excess of revenues over (under) expenditures	(1,329,011)	(1,242,194)	(7,513,596)	(1,723,672)	1,364,610	(10,443,863)
Other financing sources (uses)						
General obligation bonds issued	-	-	13,260,000	1,725,000	-	14,985,000
Proceeds from capital lease	-	37,000	1,181,000	-	-	1,218,000
Issuance: premium	-	-	702,783	205,384	-	908,167
Proceeds from sale of capital assets	17,475	-	-	-	-	17,475
Transfers in	831,100	242,600	62,300	-	42,702	1,178,702
Transfers out	-	-	-	-	(209,202)	(209,202)
Total other financing sources (uses)	848,575	279,600	15,206,083	1,930,384	(166,500)	18,098,142
Net change in fund balances	(480,436)	(962,594)	7,692,487	206,712	1,198,110	7,654,279
Fund balances, beginning of year	4,656,276	5,117,019	336,596	892,451	1,565,842	12,568,184
Fund balances, end of year	$ 4,175,840	$ 4,154,425	$ 8,029,083	$ 1,099,163	$ 2,763,952	$ 20,222,463

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

CITY OF GARDNER, KANSAS

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

Year Ended December 31, 2018

Net change in fund balances - total governmental funds		$ 7,654,279
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital Outlay	10,633,745	
Depreciation Expense	(2,881,562)	
Net Change		7,752,183
Net gain (loss) on disposal of capital assets		(22,108)
Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in the governmental funds.		
Special assessments		(1,213,071)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated absences	(134,499)	
Accrued interest	(161,565)	
Premium amortization	86,074	
Deferred refunding	(42,347)	
Net pension liability	(293,575)	
Total OPEB liability	(42,554)	
Total		(588,466)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Debt issued or incurred:		
General obligation and special assessment bonds	(14,985,000)	
Proceeds from capital lease	(1,218,000)	
Premiums	(908,167)	
Principal repayments:		
General obligation and special assessment bonds payable	3,792,683	
PBC lease revenue bonds	375,000	
City Lease Purchase	64,000	
Total		(12,879,484)
Internal service funds are used by management to charge the costs of risk services, building services and information technology services to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.		2
Change in net position of governmental activities		$ 703,335

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

CITY OF GARDNER, KANSAS

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

GENERAL FUND

Year Ended December 31, 2018

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Taxes:				
Property	$ 2,515,061	$ 2,515,061	$ 2,494,538	$ (20,523)
Sales	2,856,000	2,856,000	2,973,649	117,649
Franchise	317,000	317,000	282,893	(34,107)
Intergovernmental	2,502,341	2,502,341	2,454,543	(47,798)
Licenses and permits	240,200	240,200	452,521	212,321
Charges for services	2,554,800	2,554,800	2,593,495	38,695
Fines and fees	522,100	522,100	479,255	(42,845)
Investment earnings	6,800	6,800	68,728	61,928
Other	1,000	1,000	311,488	310,488
Total revenues	11,515,302	11,515,302	12,111,110	595,808
Expenditures				
General government	3,165,200	3,165,200	3,082,931	82,269
Police	4,059,600	4,059,600	4,315,082	(255,482)
Public works	2,305,500	2,305,500	2,236,606	68,894
Culture and recreation	2,539,600	2,539,600	2,564,462	(24,862)
Business and economic development	1,003,900	1,003,900	925,371	78,529
Capital outlay	327,100	327,100	296,729	30,371
Debt service	-	-	-	-
Project reserve	3,005,553	3,005,553	-	3,005,553
Total expenditures	16,406,453	16,406,453	13,421,181	2,985,272
Excess of revenues over (under) expenditures	(4,891,151)	(4,891,151)	(1,310,071)	3,581,080
Other financing sources and (uses)				
Transfers in	775,500	775,500	831,100	55,600
Proceeds from sale of capital assets	-	-	17,475	17,475
Total other financing sources and (uses)	775,500	775,500	848,575	73,075
Net change in fund balances	(4,115,651)	(4,115,651)	(461,496)	3,654,155
Fund balances, beginning of year	4,166,510	4,166,510	4,471,284	304,774
Fund balances, end of year	$ 50,859	$ 50,859	4,009,788	$ 3,958,929
Explanation of difference between budgetary and GAAP fund balances:				
Encumbrances for equipment and supplies ordered but not received are not recorded for GAAP purposes until received			166,052	
GAAP fund balance			$ 4,175,840	

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

CITY OF GARDNER, KANSAS

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

December 31, 2018

	Major Funds		
	Electric	Water	Wastewater
Assets			
Current assets:			
Cash and cash equivalents	$ 12,355,177	$ 3,765,291	$ 703,610
Accounts receivable, net	1,837,873	640,045	635,382
Other receivable	46,545	11,908	5,845
Prepaid items	60	-	-
Inventories	902,002	149,974	63,368
Restricted deposits and investments	232,791	58,047	-
Due from other funds	22,232	297	307
Total current assets	15,396,680	4,625,562	1,408,512
Noncurrent assets:			
Capital assets:			
Land	678,878	964,968	710,874
Construction in progress	76,046	272,660	138,942
Buildings	11,617,738	7,708,948	1,935,738
Infrastructure	40,867,810	18,719,481	45,483,018
Intangible	401,622	270,622	7,090,821
Improvements	8,422,821	2,680,332	1,735,095
Machinery and equipment	875,811	305,733	650,649
Vehicles	450,876	380,637	593,941
Less accumulated depreciation and amortization	(28,186,171)	(11,465,056)	(23,969,853)
Total capital assets	35,205,431	19,838,325	34,369,225
Total noncurrent assets	35,205,431	19,838,325	34,369,225
Total assets	50,602,111	24,463,887	35,777,737
Deferred outflows of resources			
Unamortized portion of refunding gain	-	-	23,057
Pension deferred outflow	236,846	91,912	82,882
OPEB deferred outflow	712	785	836
Total deferred outflows of resources	237,558	92,697	106,775
Liabilities			
Current liabilities:			
Accounts payable	402,316	77,674	136,996
Accrued payroll	59,330	24,579	21,782
Customer and developer deposits	232,791	58,047	-
Accrued interest payable	7,248	21,750	129,858
Due to other funds	125	1,017	886
Compensated absences	109,140	36,188	51,307
Current portion of bonds payable	325,000	380,000	1,420,000
Current portion of construction loans payable	-	-	596,661
Current portion of lease payable	332,278	-	-
Total current liabilities	1,468,228	599,255	2,357,490
Noncurrent liabilities:			
Other postemployment benefit obligation	48,185	34,787	35,319
Bonds payable, net	620,198	2,673,038	3,944,007
Net Pension liability	935,623	386,106	346,420
Lease payable	10,418,367	-	-
Construction loan payable	-	-	9,141,812
Total noncurrent liabilities	12,022,373	3,093,931	13,467,558
Total liabilities	13,490,601	3,693,186	15,825,048
Deferred inflows of resources			
Pension deferred inflow	34,031	14,670	13,083
OPEB deferred inflow	6,054	2,488	2,249
Total deferred inflows of resources	40,085	17,158	15,332
Net position			
Net investment in capital assets	23,509,588	16,785,287	19,289,802
Unrestricted	13,799,395	4,060,953	754,330
Total net position	$ 37,308,983	$ 20,846,240	$ 20,044,132

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

Net position of business-type activities

Nonmajor Funds Totals	Total	Internal Service Funds
$ 310,087	$ 17,134,165	$ 605,269
8,720	3,122,020	-
1,232	65,530	1,964
-	60	5,768
20,840	1,136,184	-
6,000	296,838	-
-	22,836	-
346,879	21,777,633	613,001
1,285,374	3,640,094	-
67,886	555,534	-
1,745,363	23,007,787	-
1,502,127	106,572,436	-
-	7,763,065	-
868,239	13,706,487	-
-	1,832,193	492,694
-	1,425,454	175,215
(1,863,554)	(65,484,634)	(326,757)
3,605,435	93,018,416	341,152
3,605,435	93,018,416	341,152
3,952,314	114,796,049	954,153
-	23,057	-
711	412,351	148,729
-	2,333	672
711	437,741	149,401
3,140	620,126	40,497
611	106,302	30,912
6,000	296,838	-
499	159,355	-
-	2,028	2,990
2,064	198,699	66,697
39,013	2,164,013	-
-	596,661	-
-	332,278	-
51,327	4,476,300	141,096
265	118,556	35,439
182,946	7,420,189	-
1,195	1,669,344	620,075
-	10,418,367	-
-	9,141,812	-
184,406	28,768,268	655,514
235,733	33,244,568	796,610
75	61,859	24,430
7	10,798	3,352
82	72,657	27,782
3,383,476	62,968,153	341,152
333,734	18,948,412	(61,990)
$ 3,717,210	81,916,565	$ 279,162
	39,208	
	$ 81,955,773	

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

CITY OF GARDNER, KANSAS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

PROPRIETARY FUNDS

Year Ended December 31, 2018

	Major Funds		
	Electric	Water	Wastewater
Operating revenues			
Charges for sales and services	$ 17,084,437	$ 6,243,277	$ 5,452,335
Other	449,563	5,430	-
Total operating revenues	17,534,000	6,248,707	5,452,335
Operating expenses			
Administration	1,577,276	928,584	954,533
Wholesale energy cost	10,752,430	-	-
Generation	793,009	-	-
Treatment	-	1,417,871	1,193,609
Distribution and collection	2,092,564	665,331	481,579
Contractual services	-	-	-
Other supplies and expenses	-	-	-
Repairs and maintenance	-	-	-
Depreciation and amortization	1,577,642	804,372	1,587,986
Other	-	-	-
Total operating expenses	16,792,921	3,816,158	4,217,707
Operating income (loss)	741,079	2,432,549	1,234,628
Nonoperating revenues (expenses)			
Investment earnings	168,502	43,657	24,076
Interest expense	(36,333)	(93,168)	(454,504)
Other	-	7,725	(34,328)
Total nonoperating revenues (expenses)	132,169	(41,786)	(464,756)
Income (loss) before transfers and contributions	873,248	2,390,763	769,872
Capital grants and contributions	-	-	-
Transfers in	83,837	-	1,000,000
Transfers out	(857,900)	(1,042,700)	(152,737)
Change in net position	99,185	1,348,063	1,617,135
Total net position, beginning of year	37,224,977	19,491,258	18,441,478
Prior period adjustment	(15,179)	6,919	(14,481)
Total net position, end of year	$ 37,308,983	$ 20,846,240	$ 20,044,132

Change in net position

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

Change in net position of business-type activities

Nonmajor Funds Totals	Total	Internal Service Funds
$ 258,295	$ 29,038,344	$ 3,214,254
144	455,137	8,884
258,439	29,493,481	3,223,138
125,514	3,585,907	1,020,608
-	10,752,430	-
-	793,009	-
-	2,611,480	-
-	3,239,474	-
-	-	1,450,279
-	-	146,889
15,541	15,541	32,198
152,837	4,122,837	58,215
144	144	517,346
294,036	25,120,822	3,225,535
(35,597)	4,372,659	(2,397)
4,234	240,469	-
(3,105)	(587,110)	-
-	(26,603)	2,400
1,129	(373,244)	2,400
(34,468)	3,999,415	3
32,121	32,121	-
-	1,083,837	-
-	(2,053,337)	-
(2,347)	3,062,036	3
3,719,829	78,877,542	294,753
(272)	(23,013)	(15,594)
$ 3,717,210	81,916,565	$ 279,162
	3,062,036	
	1	
	$ 3,062,037	

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

CITY OF GARDNER, KANSAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

Year Ended December 31, 2018

	Major Funds	
	Electric	Water
Cash flows from operating activities:		
Receipts from customers	$ 17,515,735	$ 6,133,978
Other	-	-
Payments to suppliers	(13,148,884)	(2,454,505)
Payments to employees	(1,798,360)	(1,025,342)
Net cash provided by operating activities	2,568,491	2,654,131
Cash flows from noncapital financing activities:		
Transfers from other funds	-	-
Transfers to other funds	(857,900)	(1,042,700)
Net cash provided by (used in) noncapital financing activities	(857,900)	(1,042,700)
Cash flows from capital and related financing activities:		
Capital contributions	-	-
Acquisition and construction of capital assets	(125,097)	(191,459)
Principal paid on general obligation bonds	(320,000)	(715,000)
Principal paid on construction loan	-	-
Interest paid on general obligation bonds, construction loan, and capital lease	(38,780)	(99,091)
Proceeds from sale of assets	-	7,725
Net cash used in capital and related financing activities	(483,877)	(997,825)
Cash flows from investing activities:		
Interest received	168,502	43,657
Net increase (decrease) in cash and cash equivalents	1,395,216	657,263
Cash and cash equivalents, beginning of year	11,192,752	3,166,075
Cash and cash equivalents, end of year	$ 12,587,968	$ 3,823,338

Wastewater	Nonmajor Funds Totals	Total	Internal Service Funds
$ 5,354,588	$ 258,789	$ 29,263,090	$ 3,214,254
-	-	-	8,884
(1,896,529)	(136,059)	(17,635,977)	(2,165,008)
(674,529)	(12,489)	(3,510,720)	(969,463)
2,783,530	110,241	8,116,393	88,667
1,000,000	-	1,000,000	-
(68,900)	-	(1,969,500)	-
931,100	-	(969,500)	-
-	32,121	32,121	-
(356,091)	(71,317)	(743,964)	(40,982)
(2,100,000)	(57,317)	(3,192,317)	-
(582,673)	-	(582,673)	-
(521,150)	(3,474)	(662,495)	-
3,100	-	10,825	2,400
(3,556,814)	(99,987)	(5,138,503)	(38,582)
24,076	4,234	240,469	-
181,892	14,488	2,248,859	50,085
521,718	301,599	15,182,144	555,184
$ 703,610	$ 316,087	$ 17,431,003	$ 605,269

The accompanying notes are an integral part of the financial statements

CITY OF GARDNER, KANSAS

STATEMENT OF CASH FLOWS
(Continued)

PROPRIETARY FUNDS

Year Ended December 31, 2018

	Electric	Water
Cash consists of:		
Cash	$ 12,355,177	$ 3,765,291
Restricted deposits and investments	232,791	58,047
	12,587,968	3,823,338
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	741,079	2,432,549
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Items not requiring cash:		
Depreciation and amortization expense	1,577,642	804,372
Other postemployment benefit obligation	8,041	4,967
Pension expense	17,660	7,278
Changes in:		
Receivables	(22,486)	(114,360)
Inventories	174,425	11,889
Due from other funds	2,238	206
Prepaid expenses	138	-
Accounts payable	1,220	(508,961)
Due to other funds	59	(205)
Accrued liabilities	66,492	16,971
Customer deposits	1,983	(575)
Net cash provided by operating activities	$ 2,568,491	$ 2,654,131

Wastewater	Nonmajor Funds Totals	Total	Internal Service Funds
$ 703,610	$ 310,087	$ 17,134,165	$ 605,269
-	6,000	296,838	-
703,610	316,087	17,431,003	605,269
1,234,628	(35,597)	4,372,659	(2,397)
1,587,986	152,837	4,122,837	58,215
4,916	-	17,924	5,381
6,579	-	31,517	9,762
(97,776)	(506)	(235,128)	(1,964)
31,709	6,151	224,174	-
29	-	2,473	-
-	-	138	(5,768)
(6,114)	(13,725)	(527,580)	(10,477)
216	(952)	(882)	(87)
21,357	1,033	105,853	36,002
-	1,000	2,408	-
$ 2,783,530	$ 110,241	$ 8,116,393	$ 88,667

The accompanying notes are an integral part of the financial statements

CITY OF GARDNER, KANSAS

STATEMENT OF FIDUCIARY NET POSITION

AGENCY FUNDS

December 31, 2018

	Agency Funds
Assets	
Deposits and investments	$ 48,467
Liabilities	
Due to others	$ 48,467

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

1 - Summary of Significant Accounting Policies

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

Reporting Entity

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

Blended Component Unit. The Public Building Corporation (PBC) is a not-for-profit corporation governed by the Mayor, certain City Council members and members of the City's management. The PBC's sole purpose is to acquire assets and construct facilities and infrastructure for the benefit of the City through the issuance of revenue bonds pursuant to Kansas Statute 12-1757. In prior years, the financial statements of the PBC have been included within the City's reporting entity as a capital projects fund (City Hall); however, in 2017 and 2018, there was no fund balance or activity to report. Separately issued financial statements of the PBC are not available.

Government-Wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

1 - Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. The agency fund does not have a measurement focus and uses the accrual basis of accounting to report its financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

The City reports the following major governmental funds:

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

1 - Summary of Significant Accounting Policies (Continued)

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

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

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

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

The City reports the following major proprietary funds:

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

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

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

Additionally, the City reports the following fund types:

The agency fund is used to report resources held by the City in a custodial capacity for remittance of fiduciary resources to individuals, private organizations or other governments.

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. An exception to this rule is charges between the City's enterprise funds and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the electric, water, wastewater, and stormwater funds are charges to customers for sales and services. The principal operating revenues for the municipal airport are hangar rental and fuel

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

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

sales. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Pooled Cash and Investments

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

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

Statement of Cash Flows

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

Allowances for Uncollectibles

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 238 days comprise the trade accounts receivable allowance for uncollectibles. The allowance for trade uncollectibles is as follows at December 31, 2018:

Electric Fund	$ 672,790
Water Fund	271,537
Wastewater Fund	242,737

1 - Summary of Significant Accounting Policies (Continued)

Allowances for Uncollectibles (Continued)

The property tax receivable allowance is equal to 2.5% of outstanding property taxes at December 31, 2018.

Restricted Assets

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

Property Taxes

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

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

Inventories

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

Prepaid Items

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

Capital Assets

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

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Capital Assets (Continued)

and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

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

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

In prior years, the City contributed capital funding towards the design and construction of a cooperative facility owned by another party under an interlocal agreement. The City has the right to use the facility for a period of time specified in the agreement. The asset has been recorded as an intangible asset in the wastewater fund and will be amortized over 35 years.

Compensated Absences

The City's policies allow employees to accumulate up to one and one half times their annual vacation accrual at any time and can carry over to subsequent years. This carryover, payable upon separation from service, can range from 120 to 240 hours depending upon the employee's length of service.

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

1 - Summary of Significant Accounting Policies (Continued)

Compensated Absences (Continued)

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

Long-Term Obligations

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

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

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

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

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Fund Balances

As prescribed by GASB Statement No. 54, governmental funds report fund balance classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of December 31, 2018, fund balances for governmental funds are made up of the following:

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

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

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

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

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

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

Deferred outflows/inflows of resources

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

1 - Summary of Significant Accounting Policies (Continued)

Deferred outflows/inflows of resources (Continued)

Note 6 for more information on this deferred outflow. Lastly, the government reports a deferred outflow for OPEB related items. See Note 8 for more information.

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

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

General fund property taxes receivable	$	2,598,113
Debt service fund property taxes receivable		1,215,515
Debt service fund special assessments receivable		12,615,073
	$	16,428,701

Net position

The government-wide statement of net position reports $16,120,122 of restricted net position, of which $1,013,247 is restricted by enabling legislation.

Concentrations of Credit Risk

Loans are extended, on a fully secured basis, to local businesses under an economic development loan program. Credit is extended to citizens for special assessments levied by the City for capital improvements. These special assessments are secured by liens on the related properties. Unsecured credit is extended to customers for electric, water and sewer fees and charges for services.

Intergovernmental receivables include unsecured amounts due from federal, state and county agencies for various grant programs.

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Use of Estimates

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

Pending Governmental Accounting Standards Board Statements

At December 31, 2018, the Governmental Accounting Standards Board (GASB) had issued statements not yet implemented by the City. The statements that might impact the City are as follows:

GASB Statement No. 83, *Certain Asset Retirement Obligations,* addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability and a corresponding deferred outflow of resources for AROs when the liability is incurred and reasonably estimable. This statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for estimating the liability and the estimated remaining useful life of the associated tangible capital asset. The provisions of this statement are effective for financial statements for the City's fiscal year ending December 31, 2019.

GASB Statement No. 84, *Fiduciary Activities,* improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when demands for resources has been made or when no further action, approval or condition is required to be taken or met by the beneficiary to release the assets. The provisions of this statement are effective for financial statements for the City's fiscal year ending December 31, 2019.

GASB Statement No. 87, *Leases,* improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Provisions of this statement are effective for financial statements for the City's fiscal year ending December 31, 2020.

1 - Summary of Significant Accounting Policies (Continued)

Pending Governmental Accounting Standards Board Statements (Continued)

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements,* improves information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. Provisions of this statement are effective for financial statements for the City's year ending December 31, 2019.

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period,* enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period. It also simplifies the accounting for interest cost incurred before the end of a construction period. Provisions of this statement are effective for financial statements for the City's fiscal year ending December 31, 2020.

GASB Statement No. 90, *Major Equity Interests*, improves consistency and comparability of reporting a government's majority equity interest in a legally separate organization, and improves the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. Provisions of this statement are effective for financial statements for the City's year ending December 31, 2019.

2 - Stewardship, Compliance and Accountability

Budgetary Information

Applicable Kansas statutes require that budgets be legally adopted for the general fund, special revenue funds (unless exempted by a specific statute), enterprise funds and the debt service fund. A legal operating budget is not required for the capital projects funds, the capital improvement reserve fund, and the law enforcement trust fund. All budgets are prepared utilizing the modified accrual basis further modified by the encumbrance method of accounting – that is, commitments such as purchase orders and contracts, in addition to disbursements and accounts payable, are recorded as expenditures.

The Statutes provide for the following sequence and timetable in adoption of budgets:

a. Preparation of proposed budget for the succeeding calendar year on or before August 1 of each year.
b. Publication of proposed budget on or before August 5 of each year.
c. A minimum of ten days' notice of public hearing, published in a local newspaper, on or before August 15 of each year.
d. Public hearing on or before August 15 of each year.
e. Adoption of final budget on or before August 25 of each year.

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

2 - Stewardship, Compliance and Accountability (Continued)

Budgetary Information (Continued)

Kansas statutes permit transferring budgeted amounts from one object or purpose to another within the same fund; however, such statutes prohibit creating expenditures in excess of the total amount of the adopted budget of expenditures in an individual fund. The City Administrator is authorized to approve over-expenditures at the departmental level or transfers of budgeted appropriations between departments. However, management may not amend a fund's total budgeted expenditures without Council approval. The legal level of budgetary control is the fund level. Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the City. All unencumbered appropriations lapse at the end of the year. Encumbered appropriations are not appropriated in the ensuing year's budget but are carried forward until liquidated or cancelled. Kansas statutes permit original budgets to be increased for previously unbudgeted increases in revenue other than ad valorem property taxes. The City must first publish a notice of public hearing to amend the budget. Ten days after publication, a public hearing is held and the governing body may amend the budget at that time. There were no budget amendments in 2018.

3 - Deposits and Investments

Deposits

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

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

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

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

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

3 - Deposits and Investments (Continued)

Deposits (Continued)

The City has the following recurring fair value measurements as of year-end:

U.S. Treasury Securities - Bonds are valued at Level 2 using pricing models that maximize the use of observable inputs for similar securities.

U.S. Treasury Bills are valued at Level 1 using prices quoted in active markets for those identical assets.

At December 31, 2018, the City had the following investments:

Schedule of Investments at December 31, 2018

	Interest Rates	Maturities	Par Value	Fair Value	Fair Value Hierarchy
City Investments:					
Money Market Mutual Funds	2.00%	On Demand	$ 4,088	$ 4,088	N/A
U.S. Treasury Securities - Bonds	1.62% - 1.70%	04/01/2019 - 10/01/2019	2,176,782	2,176,782	Level 2
U.S. Treasury Bill	2.63%	10/10/2019	5,000,000	5,019,341	Level 1
KMIP - Overnight	1.00% - 1.75%	On Demand	9,990,573	9,990,573	N/A
KMIP - Investments	1.63% - 1.88%	02/01/2019 - 04/02/2019	7,500,000	7,500,000	N/A
			$ 24,671,443	$ 24,690,784	

Investments

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

Credit risk
Kansas statutes authorize the City, with certain restrictions, to deposit or invest in temporary notes, no-fund warrants, open accounts, time deposits, certificates of deposit, repurchase agreements, U.S. Treasury Bills and Notes, the State of Kansas Municipal Investment Pool, or to make direct investments. The City has an investment policy which does not impose limitations beyond those of the State of Kansas. The U.S. Treasury Securities – Bonds are rated AA+ by Standard and Poors and Aaa stable by Moody's.

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

3 - Deposits and Investments (Continued)

Investments (Continued)

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. As of December 31, 2018, the City was not exposed to custodial credit risk.

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

Reconciliation of Cash

	Deposits Including Investments	Restricted Cash and Investments	Total
Government-type activities	$ 7,065,709	$ 12,204,354	$ 19,270,063
Business-type activities	17,462,127	296,838	17,758,965
Agency funds	48,467	-	48,467
Total	$ 24,576,303	$ 12,501,192	$ 37,077,495

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

Reconciliation of Deposits and Investments

	Primary Government
Cash on hand	$ 3,000
Carrying amount of deposits	12,383,711
Carrying amount of investments	24,690,784
Total deposits and investments	$ 37,077,495
Deposits including investments	$ 24,576,303
Restricted cash and investments	12,501,192
Total deposits and investments	$ 37,077,495

4 - Capital Assets

Capital asset activity for the primary government for the year ended December 31, 2018 was as follows:

	December 31, 2017	Increases	Decreases	Transfers	December 31, 2018
Governmental activities:					
Capital assets, not being depreciated					
Land	$ 4,794,440	$ -	$ (14,289)	$ -	$ 4,780,151
Construction in progress	1,718,116	10,083,899	(3,574,443)	-	8,227,572
Total capital assets, not being depreciated	6,512,556	10,083,899	(3,588,732)	-	13,007,723
Capital assets, being depreciated					
Buildings	5,363,748	-	-	-	5,363,748
Improvements other than buildings	2,778,500	2,711,663	-	-	5,490,163
Infrastructure	66,061,857	933,438	-	-	66,995,295
Machinery and Equipment	2,137,137	256,780	(14,985)	-	2,378,932
Vehicles	1,602,719	222,409	(197,841)	-	1,627,287
Total capital assets being depreciated	77,943,961	4,124,290	(212,826)	-	81,855,425
Less accumulated depreciation for:					
Buildings	(2,163,075)	(133,813)	-	-	(2,296,888)
Improvements other than buildings	(1,792,158)	(273,929)	-	-	(2,066,087)
Infrastructure	(24,248,452)	(2,001,387)	-	-	(26,249,839)
Machinery and Equipment	(1,619,994)	(127,611)	14,985	-	(1,732,620)
Vehicles	(878,847)	(393,725)	190,022	-	(1,082,550)
Total accumulated depreciation	(30,702,526)	(2,930,465)	205,007	-	(33,427,984)
Total capital assets being depreciated,net	47,241,435	1,193,825	(7,819)	-	48,427,441
Governmental activities capital assets, net	$ 53,753,991	$ 11,277,724	$ (3,596,551)	$ -	$ 61,435,164

	December 31, 2017	Increases	Decreases	Transfers	December 31, 2018
Business-type activities:					
Capital assets, not being depreciated					
Land	$ 3,309,293	$ 330,801	$ -	$ -	$ 3,640,094
Construction in progress	801,333	309,467	(555,266)	-	555,534
Total capital assets, not being depreciated	4,110,626	640,268	(555,266)	-	4,195,628
Capital assets, being depreciated/amortized					
Buildings	12,203,848	10,803,939	-	-	23,007,787
Intangibles	7,763,065	-	-	-	7,763,065
Improvements other than buildings	13,606,489	99,998	-	-	13,706,487
Infrastructure	106,572,436	-	-	-	106,572,436
Machinery and equipment	1,503,533	339,169	-	-	1,842,702
Vehicles	1,433,078	207,482	(89,128)	-	1,551,432
Total capital assets being depreciated/amortized	143,082,449	11,450,588	(89,128)	-	154,443,909
Less accumulated depreciation/amortization for:					
Buildings	(4,164,274)	(514,213)	-	-	(4,678,487)
Intangibles	(1,276,779)	(242,545)	-	-	(1,519,324)
Improvements other than buildings	(6,119,008)	(463,001)	-	-	(6,582,009)
Infrastructure	(47,886,539)	(2,827,361)	-	-	(50,713,900)
Machinery and equipment	(812,032)	(153,322)	-	-	(965,354)
Vehicles	(1,102,315)	(77,625)	89,128	-	(1,090,812)
Total accumulated depreciation/amortization	(61,360,947)	(4,278,067)	89,128	-	(65,549,886)
Total capital assets being depreciated, net	81,721,502	7,172,521	-	-	88,894,023
Business-type activities capital assets, net	$ 85,832,128	$ 7,812,789	$ (555,266)	$ -	$ 93,089,651

4 - Capital Assets (Continued)

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

Governmental activities	
General Government	$ 93,968
Police	380,561
Public Works	1,713,725
Culture and Recreation	690,923
Business & Economic Development	2,385
Internal Service Fund - Governmental Type Activities	48,903
Total depreciation expense for governmental activities	$ 2,930,465

Business-type activities	
Electric	$ 1,578,293
Water	825,886
Wastewater	1,710,415
Stormwater	28,299
Airport	125,862
Internal Service Fund - Business Type Activity	9,312
Total depreciation expense for business-type activities	$ 4,278,067

5 - Capital Leases

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

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

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

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

The following table details property under capital leases by major classification at December 31, 2018.

5 - Capital Leases (Continued)

Assets Under Capital Lease	Governmental Activities	Business-Type Activities
Land	$ 678,000	$ -
Buildings	-	10,750,645
Infrastructure	862,779	-
Less accumulated depreciation	(43,139)	(201,575)
Total	$ 1,497,640	$ 10,549,070

6 - Defined Benefit Pension Plans

Plan Description

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

Benefits Provided

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

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

Member employees chose one of seven payment options for their monthly retirement benefits. At retirement a member employee may receive a lump-sum payment of up to 50% of the actuarial

6 - Defined Benefit Pension Plans (Continued)

Benefits Provided (Continued)

present value of the member employee's lifetime benefit. His or her monthly retirement benefit is then permanently reduced based on the amount of the lump-sum. Benefit increases, including ad hoc post-retirement benefit increases, must be passed into law by the Kansas Legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas.

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

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

Contributions

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

State law provides that the employer contribution rates for KPERS 1, KPERS 2, KPERS 3 and KP&F be determined based on the results of each annual actuarial valuation. KPERS is funded on an actuarial reserve basis. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1.0% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.39% for KPERS and 20.09% for KP&F for the fiscal year ended December 31, 2018.

House Substitute for SB21 included changes to the working after retirement rules for members who retire on or after January 1, 2018. The key provisions of the bill were to lengthen the waiting period for KPERS members to return to work from 60 days to 180 days for members who retire before attaining age 62, removing the earnings limitation for all retirees and establish a single employer contribution schedule for all retirees. For employees working after retirement, KPERS employers will pay the same statutorily required rate as the other KPERS plans (for the City that rate is 8.39% for 2018) on earnings up to $25,000 and 30% on earnings over $25,000.

6 - Defined Benefit Pension Plans (Continued)

Contributions (Continued)

Contributions to the pension plan from the City were $586,510 for KPERS and $451,005 for KP&F for the year ended December 31, 2018.

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

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

At December 31, 2018, the City reported a liability of $5,184,250 for KPERS and $4,041,805 for KP&F for its proportionate share of the KPERS' collective net pension liability. The collective net pension liability was measured by KPERS as of June 30, 2018, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of December 31, 2017, which was rolled forward to June 30, 2018. The City's proportion of the collective net pension liability was based on the ratio of the City's actual contributions to KPERS and KP&F, relative to the total employer and nonemployer contributions of the KPERS and KP&F for the fiscal year ended June 30, 2018. The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2018, the City's proportion and change from its proportion measured as of June 30, 2017 were as follows:

	Governmental Activities	Business-Type Activities	Total net pension liability as of December 31, 2018	Proportion as of June 30, 2018	Change in proportion from June 30, 2017
KPERS (local)	$ 3,176,050	$ 2,008,200	$ 5,184,250	0.371954%	0.016787%
KP&F	4,041,805	-	4,041,805	0.420059%	0.006144%
Total	$ 7,217,855	$ 2,008,200	$ 9,226,055		

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

6 - Defined Benefit Pension Plans (Continued)

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

For the year ended December 31, 2018, the City recognized pension expense of $673,882 for KPERS and $698,487 for KP&F. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	Governmental Activities	Business-Type Activities	Governmental Activities	Business-Type Activities
Difference between expected and actual experience	$ 258,917	$ 6,766	$ 108,205	$ 57,368
Net difference between projected and actual earnings on pension plan investments	191,197	35,267	-	-
Changes in proportionate share	781,970	246,035	14,489	8,572
Changes in assumptions	348,380	88,959	26,858	9,263
City contributions subsequent to measurement date	415,987	116,828	-	-
Total	$ 1,996,451	$ 493,855	$ 149,552	$ 75,203

The $532,815 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as increases (decreases) to pension expense as follows:

	Deferred Outflows (Inflows) of Resources	
	Governmental Activities	Business-Type Activities
Year ended December 31:		
2019	$ 673,857	$ 153,350
2020	479,761	104,974
2021	159,639	21,165
2022	103,713	19,004
2023	13,942	3,331
	$ 1,430,912	$ 301,824

6 - Defined Benefit Pension Plans (Continued)

Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2017, which was rolled forward to June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Assumptions	Entry age normal
Inflation	2.75 percent
Salary increases	3.50 to 12.00 percent, including price inflation
Investment rate of return	7.75 percent compounded annually, net of investment expense, including price inflation

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

The actuarial assumptions used in the December 31, 2017, valuation were based on the results of an actuarial experience study conducted for the period January 1, 2013 through December 31, 2015. The experience study is dated November 18, 2016.

The actuarial assumptions changes adopted by the Pension Plan for all groups based on the experience study:

- Price inflation assumption lowered from 3.00 percent to 2.75 percent
- Investment return assumption was lowered from 8.00 percent to 7.75 percent
- General wage growth assumption was lowered from 4.00 to 3.5 percent
- Payroll growth assumption was lowered from 4.00 percent to 3.00 percent

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. Best estimates of arithmetic real rates of return for each major asset class as of the most recent experience study, dated November 18, 2016, as provided by KPERS' investment consultant, are summarized in the following table:

6 - Defined Benefit Pension Plans (Continued)

Actuarial assumptions (Continued)

Asset class	Long-term target allocation	Long-term expected real rate of return
Global Equity	47.00 %	6.85 %
Fixed Income	13.00	1.25
Yield driven	8.00	6.55
Real return	11.00	1.71
Real estate	11.00	5.05
Alternatives	8.00	9.85
Short-term investments	2.00	(0.25)
Total	100.00 %	

Discount rate

The discount rate used by KPERS to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate was based on member and employer contributions as outlined below:

In KPERS, Local groups do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993 and subsequent legislation, the employer contribution rates certified by the KPERS' Board of Trustees for this group may not increase by more than the statutory cap. The statutory cap for Fiscal Year 2018 was 1.2 percent. The Local employers are currently contributing the full actuarial contribution rate. Employers contribute the full actuarial determined rate for KP&F.

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

The following presents the City's proportionate share of the collective net pension liability calculated using the discount rate of 7.75%, as well as what the City's proportionate share of the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

6 - Defined Benefit Pension Plans (Continued)

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City's KPERS proportionate share of the net pension liability	$ 7,603,470	$ 5,184,250	$ 3,139,805
City's KP&F proportionate share of the net pension liability	5,760,390	4,041,805	2,602,989
	$ 13,363,860	$ 9,226,055	$ 5,742,794

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately-issued KPERS financial report.

7 - Deferred Compensation Plan

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

The plan assets are placed in a trust for the exclusive benefit of the employees and are not the property of the City or subject to the claims of the City's general creditors. The City does not perform the investing function related to this plan and has no fiduciary accountability for the plan. Accordingly, the plan assets and related liabilities to plan participants are not included in the basic financial statements. For 2018, the City's contributions were $58,007.

8 - Other Postemployment Healthcare Benefits

Description. The City offers postemployment health and dental insurance to retired employees through Midwest Public Risk (MPR) which is a risk pool comprised of more than 180 entity members. MPR functions as an agent multiple-employer plan. The pool arrangement that is maintained to collect premiums and pay claims/administrative costs does not qualify as an "OPEB Plan" and thus cannot be treated as holding assets in order to offset OPEB liabilities. Though retiree benefits are not directly paid by the City, they are implicitly paid over time through employer subsidization of active premiums that would be lower if retirees were not part of the experience group. Kansas statutes provide that postemployment healthcare benefits be extended to retired employees who have met age and/or service eligibility requirements until the individuals become eligible for Medicare coverage at age 65. Retirees of the City (and their dependents) may elect to continue coverage in the medical and dental plans offered through MPR. Spousal coverage may continue for up to three years upon retiree death or retiree attainment of age 65. In any event, spousal coverage is not available beyond spouse age 65. MPR issues a publicly available financial report that may be obtained by writing to MPR at 19400 East Valley View Parkway, Independence, Missouri 64055.

Active employees eligible for coverage	128
Inactive employees or beneficiaries currently receiving benefit payments	1
	129

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

The City appropriates funds annually for the costs associated with this retirement benefit and provides funding for the expenditures on a pay-as-you-go basis through the General Fund, Proprietary Funds, and Internal Service Funds. In 2018, the City contributed $6,000 to the plan.

OPEB Liability

The City's total OPEB liability of $347,662 related to the City's plan was measured as of December 31, 2017; the total OPEB liability was determined by an actuarial valuation as of July 1, 2017. The results of the July 1, 2017 valuation were projected to the beginning and end of year measurement dates using standard actuarial techniques.

Actuarial assumptions. The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs:

8 - Other Postemployment Healthcare Benefits (Continued)

OPEB Liability (Continued)

Valuation Date	July 1, 2017
Measurement Date	December 31, 2017
Payroll Growth	3.00%
Discount rate	3.23%
Actuarial Cost Method	Entry Age - Level Percent-of-Pay
Healthcare cost trend rates	7.5% for 2017-18, decreasing by .5% per year until 2021-22 and then decreasing by .25% per year to an ultimate rate of 5.0% for 2024-25 and later years.
Retirees' share of benefit-related costs	Retirees contribute 125% of the active funding rate

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

In order to determine the municipal bond rate, the average of the published yields from the S&P Municipal Bond 20 year High Grade and the Fidelity GO AA-20 Years indexes were used. The selected average rates are 3.76% and 3.23% as of the beginning and end of year, respectively. These were used as the discount rates to determine present value costs.

Changes in Total OPEB Liability	
Balance at 12/31/2017	$ 304,474
Service cost	30,994
Interest cost	12,501
Changes of benefit terms	-
Changes in assumptions	5,693
Differences between expected and actual experience	-
Benefit payments	(6,000)
Net change	43,188
Balance at 12/31/2018	$ 347,662

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

8 - Other Postemployment Healthcare Benefits (Continued)

OPEB Liability (Continued)

	1% Decrease (2.23%)	Current Discount Rate (3.23%)	1% Increase (4.23%)
Total OPEB liability	$ 383,645	$ 347,662	$ 315,418

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

	1% Decrease (6.50%)	Current Trend Assumption (7.50%)	1% Increase (8.50%)
Total OPEB liability	$ 303,951	$ 347,662	$ 399,679

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

For the year ended December 31, 2018, the City recognized OPEB expense of $43,917. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Governmental Activities		**Business-Type Activities**	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Changes in assumptions	$ 3,956	$ -	$ 1,315	$ -
Benefits subsequent to measurement date	4,503	-	1,497	-
	$ 8,459	$ -	$ 2,812	$ -

The $6,000 reported as deferred outflows of resources related to OPEB resulting from the City's benefits subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ended December 31, 2019.

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

8 - Other Postemployment Healthcare Benefits (Continued)

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

Year ended December 31:	Deferred Outflows (Inflows) of Resources Governmental Activities	Business-Type Activities
2019	$ 317	$ 105
2020	317	105
2021	317	105
2022	317	105
2023	317	105
2024 & Thereafter	2,371	790
	$ 3,956	$ 1,315

KPERS Death and Disability OPEB Plan

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

Benefits

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

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

8 - KPERS Death and Disability OPEB Plan (Continued)

Benefits (Continued)

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

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

Covered Employees

The City of Gardner has the following employees covered by the Plan as of June 30, 2018:

Inactive employees or beneficiaries currently receiving benefit payments	0
Active employees	106
Total	106

OPEB Liability

The City of Gardner's total OPEB liability of $135,555 related to KPERS reported as of December 31, 2018, was measured as of June 30, 2018 (the measurement date), and was determined by an actuarial valuation as of December 31, 2017, which was rolled forward to June 30, 2018, using the following actuarial assumptions:

Valuation Date	December 31, 2017
Measurement Date	June 30, 2018
Inflation	2.75%
Payroll Growth	3.00%
Discount rate	3.87%
Salary increases including inflation	3.5% to 10.0%, including price inflation
Healthcare cost trend rates	Not applicable for the coverage in this plan
Retirees' share of benefit-related costs	Not applicable for the coverage in this plan

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index. Mortality rates were based on the RP-2014 Mortality Table, as appropriate, with adjustment for mortality improvements based on Scale MP-2017.

8 - KPERS Death and Disability OPEB Plan (Continued)

OPEB Liability (Continued)

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study conducted for three years ending December 31, 2016. Other demographic assumptions are set to be consistent with the actuarial assumptions reflected in the June 30, 2018 pension valuation.

Changes in Total OPEB Liability

Changes in Total OPEB Liability	
Balance at December 31, 2017	$ 134,005
Service cost	25,739
Interest cost	5,718
Effect of plan changes	-
Effect of economic/demographic gains or losses	(28,208)
Effect of assumptions changes or inputs	(1,699)
Benefit payments	-
Net change	1,550
Balance at December 31, 2018	$ 135,555

Changes of assumptions. Changes of assumptions and other inputs reflect the changes in the discount rate each period. The discount rate increased from 3.58% to 3.87%.

Sensitivity Analysis. The following presents the City of Gardner's total OPEB liability calculated using the discount rate of 3.87%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.87%) or 1-percentage point higher (4.87%) than the current rate:

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
Total OPEB liability	$141,072	$135,555	$ 129,606

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

8 - KPERS Death and Disability OPEB Plan (Continued)

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

For the year ended December 31, 2018, the City of Gardner recognized OPEB expense of $27,942. At December 31, 2018, the City of Gardner reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Governmental Activities		Business-Type Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 14,662	$ -	$ 10,635
Changes in assumptions	-	2,867	-	1,951
	$ -	$ 17,529	$ -	$ 12,586

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

	Deferred Outflows (Inflows) of Resources	
Year ended December 31:	Governmental Activities	Business-Type Activities
2019	$ (2,046)	$ (1,469)
2020	(2,046)	(1,469)
2021	(2,046)	(1,469)
2022	(2,046)	(1,469)
2023	(2,046)	(1,469)
2024 & Thereafter	(7,299)	(5,241)
	$ (17,529)	$ (12,586)

Prior Period Adjustment

The implementation of GASB 75 resulted in a $6,000 increase to deferred outflows of resources, a $3,723 increase in deferred inflows of resources, an $82,665 increase to the total OPEB liability and an $80,388 decrease to net position as of December 31, 2017.

Summary of OPEB Plans

As of December 31, 2018 the City's total OPEB liability, deferred outflows of resources, deferred inflows of resources and OPEB expense associated with the two OPEB plans are summarized as follows:

	2018
Total OPEB liability	$ 483,217
Deferred outflows of resources	$ 11,271
Deferred inflows of resources	$ 30,115
OPEB expense	$ 71,859

9 - Risk Services

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

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

10 - Capital Projects

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

Following is a summary of project-to-date costs to December 31, 2018 on the capital projects compared to the amount authorized:

Primary Government
Project Authorizations and Expenditures Since Inception

Project Category	Authorization	Expenditures Since Inception
Primary Government		
Governmental Improvements	$ 28,083,362	$ 11,802,016
Electric Improvements	460,000	76,047
Water Improvements	21,435,141	397,060
Wastewater Improvements	2,051,494	239,008
Airport Improvements	508,965	398,688
Total	$ 52,538,962	$ 12,912,819

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

11 - Debt

A. Governmental Activities Long-Term Debt

1. Changes in Governmental Activities Debt

The following table summarizes the changes in governmental activities long-term debt of the City for the year ended December 31, 2018.

Summary of Governmental Activities Debt for the year ended December 31, 2018

	Outstanding January 1, as restated	Additions	Reductions	Outstanding December 31	Due Within One Year
Governmental activities:					
Bonds:					
General obligation	$ 9,786,170	$ 14,985,000	$ 1,372,683	$ 23,398,487	$ 1,463,487
Plus: issuance premium	492,721	908,167	86,074	1,314,814	-
Special assessment debt with government commitment	14,012,500	-	2,420,000	11,592,500	3,022,500
PBC lease revenue bonds	1,670,000	-	375,000	1,295,000	395,000
Capital lease obligations	611,000	1,218,000	64,000	1,765,000	145,000
Net Pension Liability	7,034,617	183,238	-	7,217,855	-
Compensated absences	331,152	531,657	386,050	476,759	476,759
Total OPEB Liability	311,060	49,161	18,077	342,144	-
Total	$ 34,249,220	$ 17,875,223	$ 4,721,884	$ 47,402,559	$ 5,502,746

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

2. Governmental Activities General Obligation Bonds

General obligation bonds payable at December 31, 2018 are comprised of the following issues:

Outstanding Governmental Activities
General Obligation Bonds as of December 31, 2018

	Original Issue Amount	Current Bonds Outstanding	Interest Rates	Original Term in Years
2010A	$ 2,770,000	$ 1,845,000	2.000-3.600%	20
2013A	3,138,250	75,987	2.000-2.250%	10
2014A	1,975,000	1,537,500	2.000-3.125%	15
2014B	4,140,000	3,070,000	2.000-3.000%	15
2016A	1,380,000	1,125,000	3.000%	12
2017A	1,350,000	1,225,000	2.250%-3.000%	10
2018A	14,985,000	14,520,000	3.000%-5.000%	19
Total	$ 29,738,250	$ 23,398,487		

11 - Debt (Continued)

Governmental Activities General Obligation Bonds (Continued)

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

In June 2018, the City issued Series 2018A General Obligation Improvement Bonds in the amount of $14,985,000. Of that, $13,085,000 was issued to finance the construction of a new Justice Center, $175,000 was issued to finance pool improvements, and $1,725,000 was issued to finance street improvements within the City.

The future annual requirements for general obligation bonds outstanding as of December 31, 2018 are as follows:

Debt Service Requirements Governmental Activities for General Obligation Bonds

	Principal	Interest	Total
2019	$ 1,463,487	$ 828,760	$ 2,292,247
2020	1,440,000	782,070	2,222,070
2021	1,492,500	730,620	2,223,120
2022	1,527,500	675,696	2,203,196
2023	1,525,000	619,270	2,144,270
2024-2028	7,870,000	2,174,804	10,044,804
2029-2033	4,595,000	972,395	5,567,395
2034-2038	3,485,000	295,682	3,780,682
Total	$ 23,398,487	$ 7,079,297	$ 30,477,784

3. Governmental Activities Special Assessment Bonds

The City's special assessment debt was issued to provide funds for the construction of infrastructure in new commercial and residential developments. These bonds will be repaid from amounts levied against the property owners benefited by this construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the government must provide resources to cover the deficiency until other resources, for example, foreclosure proceeds, are received. Special assessment bonds at December 31, 2018 are comprised of the following issues:

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

11 - Debt (Continued)

Governmental Activities Special Assessment Bonds (Continued)

Outstanding Governmental Activities Special Assessment Bonds as of December 31, 2018

	Original Issue Amount	Current Bonds Outstanding	Interest Rates	Original Term in Years
2009A	$ 5,437,972	$ 2,510,000	2.000%-4.000%	15
2011A	1,325,000	940,000	0.500%-4.000%	20
2012A	3,995,000	3,035,000	1.000%-3.000%	20
2014A	1,975,000	1,537,500	2.000%-3.125%	15
2016A	1,490,000	1,450,000	3.000%	12
2017A	2,155,000	2,120,000	3.000%	7
	$ 16,377,972	$ 11,592,500		

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

Debt Service Requirements Governmental Activities for Special Assessment Bonds

	Principal	Interest	Total
2019	$ 3,022,500	$ 348,203	$ 3,370,703
2020	890,000	239,262	1,129,262
2021	927,500	216,022	1,143,522
2022	952,500	190,488	1,142,988
2023	970,000	163,992	1,133,992
2024-2028	3,415,000	483,656	3,898,656
2029-2033	1,415,000	100,248	1,515,248
Total	$ 11,592,500	$ 1,741,871	$ 13,334,371

4. PBC Lease Revenue Bonds

On August 1, 2002, the City entered into an irrevocable lease agreement with the PBC. The purpose of the lease agreement is for the city to rent the building financed by the PBC Lease Revenue Bonds, Series 2002A. The rental payments are the same as the scheduled 2002A debt payments. On September 11, 2012, the City issued Series 2012A lease revenue bonds in the amount of $3,105,000 to currently refund $3,323,431 of the 2002A lease revenue bonds.

11 - Debt (Continued)

PBC Lease Revenue Bonds (Continued)

Future maturities of the PBC lease revenue bonds are as follows:

Debt Service Requirements Governmental Activities for PBC lease revenue bonds			
	Principal	Interest	Total
Primary Government			
2019	$ 395,000	$ 27,076	$ 422,076
2020	430,000	19,176	449,176
2021	470,000	10,576	480,576
Total	$ 1,295,000	$ 56,828	$ 1,351,828

5. Capital Leases

As explained in Note 5, the City has entered into capital lease agreements to purchase land and make various golf course improvements. The following is a schedule by years of future minimum lease payments under capital leases together with the present value of these payments as of December 31, 2018:

Future Minimum Lease Payments	
Year Ending December 31:	Governmental Activities
2019	$ 231,059
2020	231,926
2021	231,192
2022	232,027
2023	231,501
2024-2028	1,007,950
Total minimum lease payments	2,165,655
Less amounts representing interest	(400,655)
Present value of minimum lease payments	$ 1,765,000

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

B. Business-Type Activities Debt

1. Changes in Business-Type Activities Debt

The following table summarizes the changes in business-type activities long-term debt of the City for the year ended December 31, 2018.

11 - Debt (Continued)

Changes in Business-Type Activities Debt (Continued)

Summary of Business-Type Activities Debt for the year ended December 31, 2018					
	Outstanding January 1, as restated	Additions	Reductions	Outstanding December 31	Due Within One Year
Business-type activities:					
General obligation bonds	$ 12,231,330	$ -	$ 3,192,317	$ 9,039,013	$ 2,164,013
Issuance premiums	699,752	-	154,563	545,189	-
Construction loans payable	10,321,146	-	582,673	9,738,473	596,661
Compensated absences	130,954	245,070	135,497	240,527	240,527
Capital lease obligations	-	10,750,645	-	10,750,645	332,278
Net Pension Liability	1,991,459	16,741	-	2,008,200	-
Total OPEB Liability	131,142	22,698	12,767	141,073	-
Total	$ 25,505,783	$ 11,035,154	$ 4,077,817	$ 32,463,120	$ 3,333,479

2. Business-Type Activities General Obligation Bonds

General obligation bonds payable at December 31, 2018 are comprised of the following issues:

Outstanding Business-Type Activities General Obligation Bonds as of December 31, 2018				
	Original Issue Amount	Current Bonds Outstanding	Interest Rates	Original Term in Years
2009A	$ 2,267,028	$ 255,000	2.000%-3.700%	10
2012C	11,745,000	4,240,000	2.000%-4.000%	20
2013A	4,246,816	214,013	2.000%-2.250%	11
2014A	945,000	735,000	2.000%-3.125%	15
2015A	3,945,000	2,900,000	3.000%	11
2016B	855,000	695,000	2.000%-3.250%	10
Total	$ 24,003,844	$ 9,039,013		

11 - Debt (Continued)

Business-Type Activities General Obligation Bonds (Continued)

The future annual requirements for general obligation bonds outstanding as of December 31, 2018 are as follows:

Debt Service Requirements for Business-Type Activities General Obligation Bonds

	Principal	Interest	Total
2019	$ 2,164,013	$ 307,803	$ 2,471,816
2020	1,980,000	231,757	2,211,757
2021	2,055,000	159,557	2,214,557
2022	600,000	83,932	683,932
2023	610,000	66,282	676,282
2024-2028	1,555,000	101,197	1,656,197
2029-2033	75,000	2,344	77,344
Total	$ 9,039,013	$ 952,872	$ 9,991,885

3. Construction Loans Payable

Construction loans payable at December 31, 2018 are comprised of the following:

Outstanding Business-Type Activities Loans as of December 31, 2018

	Original Issue Amount	Current Bonds Outstanding	Interest Rate	Original Term in Years
Kansas Water Pollution Control Loan # C20 1721 01	$ 3,483,009	$ 1,478,618	2.40%	20
Kansas Water Pollution Control Loan # C20 1956 01	10,167,808	8,259,855	2.05%	20
Total	$ 13,650,817	$ 9,738,473		

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

Debt Service Requirements for Business-Type Activities Loans

	Principal	Interest	Total
2019	$ 596,661	$ 201,646	$ 798,307
2020	610,986	188,821	799,807
2021	625,655	175,689	801,344
2022	640,679	162,238	802,917
2023	656,066	148,463	804,529
2024-2028	3,337,450	524,891	3,862,341
2029-2033	2,956,324	201,773	3,158,097
2034 thereafter	314,652	3,225	317,877
Total	$ 9,738,473	$ 1,606,746	$ 11,345,219

CITY OF GARDNER, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

11 - Debt (Continued)

Business-Type Activities General Obligation Bonds (Continued)

4. Capital Leases

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

Future Minimum Lease Payments

Year Ending December 31:	Business-Type Activities
2019	$ 854,418
2020	854,180
2021	852,874
2022	852,269
2023	852,349
2024-2028	4,250,214
2029-2033	4,237,392
2034-2038	4,217,188
Total minimum lease payments	16,970,884
Less amounts representing interest	(6,220,239)
Present value of minimum lease payments	$ 10,750,645

12 - Special Assessments

Kansas statutes require special benefit district projects financed in part by special assessments to be financed through the issuance of general obligation bonds that are secured by the full faith and credit of the City. Further, state statutes permit levying additional general ad valorem taxes in the City's Debt Service Fund to finance delinquent special assessments receivable. Accordingly, the special assessments receivable is accounted for within the City's debt service fund. Special assessments are levied over the repayment period of the bonds and the annual installments are due and payable with annual ad valorem taxes. At December 31, 2018, the special assessment taxes levied are a lien on the property and are recorded as a special assessment receivable in the debt service fund with a corresponding amount recorded as deferred inflows of resources. Special assessments receivable at December 31, 2018 was $12,615,073.

13 - Interfund Transactions

Interfund transfers for the year ended December 31, 2018 consisted of the following:

Fund	Transfers In	Transfers Out
Major funds:		
General Fund	$ 831,100	$ -
Debt Service Fund	242,600	-
Capital Projects Fund	62,300	-
Electric Fund	83,837	857,900
Water Fund	-	1,042,700
Wastewater Fund	1,000,000	152,737
Non-major governmental funds	42,702	209,202
Total transfers	$ 2,262,539	$ 2,262,539

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

13 - Interfund Transactions (Continued)

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

Amounts owed from the capital project funds to:	
General fund	$ 2,294,561
Amounts owed from the general fund to:	
Electric fund	$ 17,506
Water	160
Wastewater	152
	$ 17,818
Amounts owed from the internal service funds to:	
Electric fund	$ 2,837
Water fund	69
Wastewater fund	84
	$ 2,990
Amounts owed from the electric fund to:	
Water fund	$ 54
Wastewater	71
	$ 125
Amounts owed from the water fund to:	
Electric fund	$ 1,017
Amounts owed from the wastewater fund to:	
Electric fund	$ 872
Water fund	14
	$ 886

The outstanding balance between proprietary funds was created to reflect the balance owed for services provided. The interfund payables due from certain non-major governmental funds include amounts owed to the General Fund for the reimbursement of certain indirect costs

14 - Commitments and Contingencies

Litigation

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

Industrial Revenue Bonds

The City has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. The lease agreements provide for rentals sufficient to service the related bonds. The debt service on these issues is paid solely from payments from the private businesses involved. Neither the City nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying basic financial statements. As of December 31, 2018, there were three industrial revenue bonds outstanding for a total of $75,818,750.

Project	Issue Date	Amount Authorized	Amount Outstanding	Interest Rate	Interest Payment Dates	Maturity Date
Midwest Commerce/Coleman (Project 1)	12/11/2009	$ 47,100,000	$ 46,950,431	4.50%	Feb. 1	2/1/2020
Midwest Commerce/Excelligence (Project 2)	4/6/2018	38,000,000	28,682,569	2.00%	Feb. 1	2/1/2029
Hampton Inn	12/31/2018	14,000,000	185,750	2.00%	Dec. 1	12/1/2028
		$ 99,100,000	$ 75,818,750			

Encumbrances

The City uses encumbrances to control expenditure commitments for the year and to enhance cash management. Encumbrances represent commitments related to executory contracts not yet performed and purchase orders not yet filled. Commitments for such expenditure of monies are encumbered to reserve a portion of applicable appropriations. Encumbrances still open at year-end are not accounted for as expenditures and liabilities, but, rather, as restricted, committed, or assigned fund balance. At December 31, 2018, the City's recorded encumbrances in governmental funds were as follows:

General	$ 166,052
Capital Projects	7,155,673
Nonmajor funds	364,853
	$ 7,686,578

15 - Tax Abatements

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

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

For the fiscal year ended December 31, 2018, the City abated property taxes totaling $2,056,018 (for all taxing jurisdictions) under this program. The active tax abatement project is described below:

- A 100-percent property tax abatement to a commercial distribution center, granted by the Kansas Board of Tax Appeals pursuant to K.S.A. 79-201a *Second* (Industrial Revenue Bond-Funded Property). In connection with the issuance of the industrial revenue bonds, the City and the Tenant also entered into a Payment in Lieu of Tax Agreement that provided for a payment in lieu of taxes (PILOT) in an amount equal to 50% of the amount of general ad valorem real and personal property taxes for such Tax Abated Project, to be distributed as and/or as a part of the general ad valorem tax collections for all taxing subdivisions in which the Facility is located.

16 - Subsequent Events

The City will issue approximately $3,725,000 General Obligation Temporary Notes, Series 2019A to provide temporary financing to build public improvements for the Tuscan Farms residential development area. Additionally the City will issue approximately $1,970,000 General Obligation Bonds, Series 2019B to finance certain wastewater system improvements.

The City will declare its intent to issue Industrial Revenue Bonds in the approximate principal amount of $19,390,000 for the purpose of financing a portion of the costs of the acquisition, construction and equipping of a commercial facility within the City. The City additionally adopted an ordinance authorizing the creation of the Main Street Market Place Community Improvement District in the City and authorizing the imposition of a community improvement district sales tax to be collected within such district.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GARDNER, KANSAS

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

Last Six Fiscal Years*

	2018	2017	2016	2015	2014	2013
City's proportion of the net pension liability (asset):						
KPERS (local group)	0.371954%	0.355167%	0.345680%	0.296578%	0.301717%	0.275540%
KP&F (police & firemen)	0.420059%	0.413915%	0.387631%	0.334365%	0.332422%	0.313729%
City's proportionate share of the net pension liability (asset)	$9,226,055	$9,026,076	$8,947,934	$6,322,077	$5,893,730	$6,744,453
City's covered payroll ^	$8,714,608	$8,582,884	$7,675,340	$6,430,700	$6,144,004	$5,834,765
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	105.87%	105.16%	116.58%	98.31%	95.93%	115.59%
Plan fiduciary net position as a percentage of the total pension liability	68.88%	67.12%	65.10%	64.95%	66.60%	59.94%

* GASB 68 requires presentation of ten years. As of December 31, 2018, only six years of information is available.

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

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

	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	$1,037,515	$ 940,924	$ 981,506	$ 871,712	$ 738,362	$ 610,709	$ 551,764	$ 463,747
Contributions in relation to the contractually required contribution	(1,037,515)	(940,924)	(981,506)	(871,712)	(738,362)	(610,709)	(551,764)	(463,747)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's covered payroll ^	$8,962,317	$8,474,557	$8,424,022	$7,000,963	$6,412,857	$6,005,230	$5,775,547	$5,323,585
Contributions as a percentage of covered payroll	11.576418%	11.102923%	11.651275%	12.451316%	11.513776%	10.169619%	9.553450%	8.711179%

*Information prior to 2011 is not available.

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

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

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

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

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

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

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

KPERS:

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

KP&F:

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

Schedule of Changes in the
City's Total OPEB Liability and Related Ratios
2018*

Postemployment Healthcare Plan^

Schedule of Changes in Total OPEB Liability and Related Ratios	
	2018
Service cost	$ 30,994
Interest cost	12,501
Changes of benefit terms	-
Changes in assumptions	5,693
Differences between expected and actual experience	-
Benefit payments	(6,000)
Net change in Total OPEB liability	$ 43,188
Total OPEB liability - beginning of year	304,474
Total OPEB liability - end of year	$ 347,662
Covered-employee payroll	7,231,735
Total OPEB liability as a % of covered payroll	4.81%

*GASB 75 requires presentation of ten years. As of December 31, 2018, only one year of information is available.

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

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period:
- The discount rate decreased from 3.76% on December 31, 2016 to 3.23% on December 31, 2017.

Schedule of Changes in the
City's Total OPEB Liability and Related Ratios
2018*

Death and Disability OPEB Plan^

Schedule of Changes in Total OPEB Liability and Related Ratios		
	2018	2017
Service Cost	$ 25,739	$ 26,816
Interest on total OPEB liability	5,718	3,828
Changes of benefit terms	-	-
Effect of economic/demographic gains or (losses)	(28,208)	-
Effect of assumption changes or inputs	(1,699)	(4,152)
Benefit payments	-	-
Net change in total OPEB liability	$ 1,550	$ 26,492
Total OPEB liability, beginning	$ 134,005	$ 107,513
Total OPEB liability, ending	$ 135,555	$ 134,005
Covered payroll	$ 6,057,898	$ 5,821,363
Total OPEB liability as a % of covered payroll	2.24%	2.30%

*GASB 75 requires presentation of ten years. As of December 31, 2018 only 2 years is available.

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

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period:
- The discount rate increased from 2.85% on June 30, 2016 to 3.58% on June 30, 2017.
- The discount rate increased from 3.58% on June 30, 2017 to 3.87% on June 30, 2018.

OTHER SUPPLEMENTARY INFORMATION

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

Capital Projects Fund

Park Improvement Fund – This fund is used to account for the receipt of park impact fees which are restricted for park and playground purposes. Additional revenue accounted for in this fund includes a portion of the Special County Sales and Use Tax.

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

Special Highway Fund – This fund is used to account for county/city revenue sharing of a portion of the State's motor fuel tax. These revenues are restricted to the construction and maintenance of streets, the repair and replacement of curbs, and the repair and construction of sidewalks within the City's boundaries.

Debt Service Fund

Park Sales Tax Fund – This fund is used to account for the sales tax revenues that are restricted to expenditures relating to the acquisition and construction of the new Celebration Park Complex and the Aquatics Center, including the payment of debt service on these projects.

CITY OF GARDNER, KANSAS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2018

	Special Revenue				
	Economic Development Reserve	Law Enforcement Trust	Special Alcohol/ Drug Program	Special Parks and Recreation	Total Special Revenue
Assets					
Deposits and investments	$ 32,298	$ 13,796	$ 55,141	$ 19,992	$ 121,227
Receivables:					
Taxes	16,984	-	-	-	16,984
Other	206	51	134	2	393
Intergovernmental	-	-	-	-	-
Total assets	$ 49,488	$ 13,847	$ 55,275	$ 19,994	$ 138,604
Liabilities					
Accounts payable	-	-	-	-	-
Total liabilities	-	-	-	-	-
Fund Balances (Deficits)					
Restricted					
Capital projects	-	-	-	-	-
Street improvements	-	-	-	-	-
Economic development	49,488	-	-	-	49,488
Other	-	13,847	55,275	19,994	89,116
Total fund balances	49,488	13,847	55,275	19,994	138,604
Total liabilities and fund balances	$ 49,488	$ 13,847	$ 55,275	$ 19,994	$ 138,604

(Continued)

CITY OF GARDNER, KANSAS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
(Continued)
December 31, 2018

	Capital Projects				Debt Service	
	Park Improvement	Special Highway	Street Improvement	Total Capital Projects	Park Sales Tax	Total Nonmajor Governmental Funds
Assets						
Deposits and investments	$ 202,891	$ 1,103,942	$ 1,009,711	$ 2,316,544	$ -	$ 2,437,771
Receivables:						
Taxes	-	-	-	-	-	16,984
Other	584	3,540	3,536	7,660	-	8,053
Intergovernmental	-	399,559	-	399,559	-	399,559
Total assets	$ 203,475	$ 1,507,041	$ 1,013,247	$ 2,723,763	$ -	$ 2,862,367
Liabilities						
Accounts payable	-	98,415	-	98,415	-	98,415
Total liabilities	-	98,415	-	98,415	-	98,415
Fund Balances (Deficits)						
Restricted						
Capital projects	203,475	1,408,626	-	1,612,101	-	1,612,101
Street improvements	-	-	1,013,247	1,013,247	-	1,013,247
Economic development	-	-	-	-	-	49,488
Other	-	-	-	-	-	89,116
Total fund balances	203,475	1,408,626	1,013,247	2,625,348	-	2,763,952
Total liabilities and fund balances	$ 203,475	$ 1,507,041	$ 1,013,247	$ 2,723,763	$ -	$ 2,862,367

CITY OF GARDNER, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

Year Ended December 31, 2018

	Special Revenue Funds				
	Economic Development Reserve	Law Enforcement Trust	Special Alcohol/ Drug Program	Special Parks and Recreation	Total Special Revenue
Revenues					
Transient guest tax	$ 66,361	$ -	$ -	$ -	$ 66,361
Excise Tax	-	-	-	-	-
Park Impact Fees	-	-	-	-	-
Intergovernmental	-	1,240	40,591	40,591	82,422
Fines and Fees	-	-	-	-	-
Investment earnings	726	176	459	48	1,409
Total revenues	67,087	1,416	41,050	40,639	150,192
Expenditures					
Current:					
General government	109,275	-	19,200	-	128,475
Total expenditures	109,275	-	19,200	-	128,475
Excess of revenues over (under) expenditures	(42,188)	1,416	21,850	40,639	21,717
Other financing sources (uses)					
Transfers out	-	-	-	(40,000)	(40,000)
Total other financing sources (uses)	-	-	-	(40,000)	(40,000)
Net change in fund balances	(42,188)	1,416	21,850	639	(18,283)
Fund balances, beginning of year	91,676	12,431	33,425	19,355	156,887
Fund balances, end of year	$ 49,488	$ 13,847	$ 55,275	$ 19,994	$ 138,604

(Continued)

CITY OF GARDNER, KANSAS

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

NONMAJOR GOVERNMENTAL FUNDS

Year Ended December 31, 2018

	Capital Projects				Debt Service	Total Nonmajor
	Park Improvement	Special Highway	Street Improvement	Total Capital Projects	Park Sales Tax	Governmental Funds
Revenues						
Transient guest tax	$ -	$ -	$ -	$ -	$ -	$ 66,361
Excise Tax	-	-	686,718	686,718	-	686,718
Park Impact Fees	-	-	-	-	-	-
Intergovernmental	-	1,517,776	-	1,517,776	-	1,600,198
Fines and Fees	154,952	-	-	154,952	-	154,952
Investment earnings	1,884	11,955	11,967	25,806	-	27,215
Total revenues	156,836	1,529,731	698,685	2,385,252	-	2,535,444
Expenditures						
Current:						
General government	-	-	-	-	-	128,475
Capital outlay	-	982,896	-	982,896	-	982,896
Debt service:						
Principal	-	45,000	-	45,000	-	45,000
Interest and fiscal charges	-	14,463	-	14,463	-	14,463
Other	-	-	-	-	-	-
Total expenditures	-	1,042,359	-	1,042,359	-	1,170,834
Excess of revenues over (under) expenditures	156,836	487,372	698,685	1,342,893	-	1,364,610
Other financing sources (uses)						
Transfers in	-	-	-	-	42,702	42,702
Transfers out	(65,002)	(26,500)	(25,700)	(117,202)	(52,000)	(209,202)
Total other financing sources (uses)	(65,002)	(26,500)	(25,700)	(117,202)	(9,298)	(166,500)
Net change in fund balances	91,834	460,872	672,985	1,225,691	(9,298)	1,198,110
Fund balances, beginning of year	111,641	947,754	340,262	1,399,657	9,298	1,565,842
Fund balances, end of year	$ 203,475	$ 1,408,626	$ 1,013,247	$ 2,625,348	$ -	$ 2,763,952

CITY OF GARDNER, KANSAS

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

ECONOMIC DEVELOPMENT RESERVE FUND

Year Ended December 31, 2018

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Transient guest tax	$ 74,000	$ 74,000	$ 66,361	$ (7,639)
Investment earnings	100	100	726	626
Total revenues	74,100	74,100	67,087	(7,013)
Expenditures				
Project reserve	20,878	20,878	-	20,878
Contractual services	130,650	130,650	134,275	(3,625)
Total expenditures	151,528	151,528	134,275	17,253
Revenues over (under) expenditures	(77,428)	(77,428)	(67,188)	10,240
Net change in fund balance	(77,428)	(77,428)	(67,188)	10,240
Fund balances, beginning of year	77,428	77,428	91,676	14,248
Fund balances, end of year	$ -	$ -	$ 24,488	$ 24,488

Explanation of difference between budgetary and GAAP fund balances:

Encumbrances for equipment and supplies ordered but not received are not recorded for GAAP purposes until received	25,000
GAAP fund balance, end of year	$ 49,488

CITY OF GARDNER, KANSAS

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

SPECIAL ALCOHOL/DRUG PROGRAM FUND

Year Ended December 31, 2018

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Special alcohol tax	$ 35,600	$ 35,600	$ 40,591	$ 4,991
Investment earnings	-	-	459	459
Total revenues	35,600	35,600	41,050	5,450
Expenditures				
Project reserve	47,573	47,573	-	47,573
Contractual services	19,200	19,200	19,200	-
Total expenditures	66,773	66,773	19,200	47,573
Revenues over (under) expenditures	(31,173)	(31,173)	21,850	53,023
Net change in fund balance	(31,173)	(31,173)	21,850	53,023
Fund balances, beginning of year	31,173	31,173	33,425	2,252
Fund balances, end of year	$ -	$ -	$ 55,275	$ 55,275

CITY OF GARDNER, KANSAS

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

SPECIAL PARKS AND RECREATION FUND

Year Ended December 31, 2018

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Special alcohol tax	$ 35,600	$ 35,600	$ 40,591	$ 4,991
Investment earnings	-	-	48	48
Total revenues	35,600	35,600	40,639	5,039
Expenditures				
Project reserve	12,792	12,792	-	12,792
Total expenditures	12,792	12,792	-	12,792
Revenues over (under) expenditures	22,808	22,808	40,639	17,831
Other financing sources (uses)				
Transfers out	(40,000)	(40,000)	(40,000)	-
Total other financing sources (uses)	(40,000)	(40,000)	(40,000)	-
Net change in fund balance	(17,192)	(17,192)	639	17,831
Fund balances, beginning of year	17,192	17,192	19,355	2,163
Fund balances, end of year	$ -	$ -	$ 19,994	$ 19,994

CITY OF GARDNER, KANSAS

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

PARK IMPROVEMENT RESERVE FUND

Year Ended December 31, 2018

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Park impact fees	$ 126,700	$ 126,700	$ 154,952	$ 28,252
Investment earnings	100	100	1,884	1,784
Total revenues	126,800	126,800	156,836	30,036
Expenditures				
Project reserve	179,451	179,451	-	179,451
Total expenditures	179,451	179,451	-	179,451
Revenues over (under) expenditures	(52,651)	(52,651)	156,836	209,487
Other financing sources (uses)				
Transfers out	(67,300)	(67,300)	(65,002)	2,298
Total other financing sources (uses)	(67,300)	(67,300)	(65,002)	2,298
Net change in fund balance	(119,951)	(119,951)	91,834	211,785
Fund balances, beginning of year	119,951	119,951	111,641	(8,310)
Fund balances, end of year	$ -	$ -	$ 203,475	$ 203,475

CITY OF GARDNER, KANSAS

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

SPECIAL HIGHWAY FUND

Year Ended December 31, 2018

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
State gasoline tax	$ 550,500	$ 550,500	$ 584,168	$ 33,668
Intergovernmental	2,629,600	2,629,600	933,608	(1,695,992)
Investment earnings	800	800	11,955	11,155
Total revenues	3,180,900	3,180,900	1,529,731	(1,651,169)
Expenditures				
Project reserve	1,429,719	1,429,719	-	1,429,719
Capital outlay	4,256,000	4,256,000	741,284	3,514,716
Principal & Interest	59,500	59,500	59,463	37
Total expenditures	5,745,219	5,745,219	800,747	4,944,472
Revenues over (under) expenditures	(2,564,319)	(2,564,319)	728,984	3,293,303
Other financing sources (uses)				
General obligation bonds issued	1,588,400	1,588,400	-	(1,588,400)
Transfers out	(26,500)	(26,500)	(26,500)	-
Total other financing sources (uses)	1,561,900	1,561,900	(26,500)	(1,588,400)
Net change in fund balance subject to legal budget	(1,002,419)	(1,002,419)	702,484	1,704,903
Expenditures not subject to legal budget			-	
Net change in fund balance	(1,002,419)	(1,002,419)	702,484	1,704,903
Fund balances, beginning of year	1,002,419	1,002,419	366,289	(636,130)
Fund balances, end of year	$ -	$ -	1,068,773	$ 1,068,773
Explanation of difference between budgetary and GAAP fund balances:				
Encumbrances for equipment and supplies ordered but not received are not recorded for GAAP purposes until received			339,853	
GAAP fund balance, end of year			$ 1,408,626	

CITY OF GARDNER, KANSAS

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

STREET IMPROVEMENT FUND

Year Ended December 31, 2018

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Excise tax	$ 1,653,000	$ 1,653,000	$ 686,718	$ (966,282)
Investment earnings	200	200	11,967	11,767
Total revenues	1,653,200	1,653,200	698,685	(954,515)
Expenditures				
Project reserve	2,382,915	2,382,915	-	2,382,915
Total expenditures	2,382,915	2,382,915	-	2,382,915
Revenues over (under) expenditures	(729,715)	(729,715)	698,685	1,428,400
Other financing sources (uses)				
Transfers out	(25,700)	(25,700)	(25,700)	-
Total other financing sources (uses)	(25,700)	(25,700)	(25,700)	-
Net change in fund balance	(755,415)	(755,415)	672,985	1,428,400
Fund balances, beginning of year	755,415	755,415	340,262	(415,153)
Fund balances, end of year	$ -	$ -	$ 1,013,247	$ 1,013,247

CITY OF GARDNER, KANSAS

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

PARK SALES TAX FUND

Year Ended December 31, 2018

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Investment earnings	$ -	$ -	$ -	$ -
Total revenues	-	-	-	-
Expenditures				
Project reserve	2,223	2,223	-	2,223
Total expenditures	2,223	2,223	-	2,223
Revenues over (under) expenditures	(2,223)	(2,223)	-	2,223
Other financing sources (uses)				
Transfers in	45,000	45,000	42,702	(2,298)
Transfers out	(52,000)	(52,000)	(52,000)	-
Total other financing sources (uses)	(7,000)	(7,000)	(9,298)	(2,298)
Net change in fund balance	(9,223)	(9,223)	(9,298)	(75)
Fund balances, beginning of year	9,223	9,223	9,298	75
Fund balances, end of year	$ -	$ -	$ -	$ -

CITY OF GARDNER, KANSAS

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

INFRASTRUCTURE SPECIAL SALES TAX FUND

Year Ended December 31, 2018

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Taxes	$ 1,120,900	$ 1,120,900	$ 1,198,201	$ 77,301
Intergovernmental	-	-	254,953	254,953
Investment earnings	400	400	25,458	25,058
Total revenues	1,121,300	1,121,300	1,478,612	357,312
Expenditures				
Principal	402,500	402,500	445,000	(42,500)
Interest	-	-	87,712	(87,712)
Other	-	-	30,491	(30,491)
Public Works	-	-	728,719	(728,719)
Capital Outlay	2,830,000	2,830,000	1,814,738	1,015,262
Project Reserve	395,924	395,924	-	395,924
Total expenditures	3,628,424	3,628,424	3,106,660	521,764
Revenues over (under) expenditures	(2,507,124)	(2,507,124)	(1,628,048)	879,076
Other financing sources (uses)				
General obligation bonds issued	2,000,000	2,000,000	1,725,000	(275,000)
Issuance: Premium	-	-	205,384	205,384
Total other financing sources (uses)	2,000,000	2,000,000	1,930,384	(69,616)
Expenditures and other financing sources subject to legal budget	3,628,424	3,628,424	3,106,660	521,764
Net change in fund balance	(507,124)	(507,124)	302,336	809,460
Fund balances, beginning of year	507,124	507,124	796,827	289,703
Fund balances, end of year	$ -	$ -	$ 1,099,163	$ 1,099,163
Explanation of difference between budgetary and GAAP fund balances:				
Encumbrances for equipment and supplies ordered but not received are not recorded for GAAP purposes until received			-	
GAAP fund balance, end of year			$ 1,099,163	

CITY OF GARDNER, KANSAS

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

DEBT SERVICE FUND

Year Ended December 31, 2018

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Taxes	$ 1,629,276	$ 1,629,276	$ 1,712,037	$ 82,761
Special assessments	973,900	973,900	1,213,071	239,171
Intergovernmental	480,000	480,000	414,958	(65,042)
Investment earnings	11,900	11,900	85,864	73,964
Payments in lieu of taxes	58,024	58,024	-	(58,024)
Total revenues	3,153,100	3,153,100	3,425,930	272,830
Expenditures				
Principal	5,145,200	5,145,200	3,741,683	1,403,517
Interest	-	-	798,026	(798,026)
Other	-	-	128,415	(128,415)
Project Reserve	1,001,389	1,001,389	-	1,001,389
Total expenditures	6,146,589	6,146,589	4,668,124	1,478,465
Revenues over (under) expenditures	(2,993,489)	(2,993,489)	(1,242,194)	1,751,295
Other financing sources				
General obligation bonds issued	-	-	-	-
Proceeds from capital lease	-	-	37,000	37,000
Issuance: Premium	-	-	-	-
Transfers in	242,600	242,600	242,600	-
Total other financing sources	242,600	242,600	279,600	37,000
Expenditures and other financing sources subject to legal budget	6,146,589	6,146,589	4,668,124	1,478,465
Net change in fund balance	(2,750,889)	(2,750,889)	(962,594)	1,788,295
Fund balances, beginning of year	2,750,889	2,750,889	5,117,019	2,366,130
Fund balances, end of year	$ -	$ -	$ 4,154,425	$ 4,154,425

Nonmajor Proprietary Funds

Enterprise Funds

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

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

Internal Service Funds

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

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

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

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

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

CITY OF GARDNER, KANSAS

COMBINING STATEMENT OF NET POSITION

NON-MAJOR ENTERPRISE FUNDS

December 31, 2018

	Stormwater	Airport	Total
Assets			
Current assets:			
Cash and cash equivalents	$ -	$ 310,087	$ 310,087
Accounts receivable, net	-	8,720	8,720
Other receivable	-	1,232	1,232
Inventories	-	20,840	20,840
Restricted deposits and investments	-	6,000	6,000
Total current assets	-	346,879	346,879
Noncurrent assets:			
Capital assets:			
Land	-	1,285,374	1,285,374
Construction in progress	-	67,886	67,886
Buildings	-	1,745,363	1,745,363
Infrastructure	148,352	1,353,775	1,502,127
Improvements	737,692	130,547	868,239
Less accumulated depreciation and amortizatior	(250,774)	(1,612,780)	(1,863,554)
Total capital assets	635,270	2,970,165	3,605,435
Total noncurrent assets	635,270	2,970,165	3,605,435
Total assets	635,270	3,317,044	3,952,314
Deferred outflows of resources			
Pension deferred outflow	-	711	711
Total deferred outflows of resources	-	711	711
Liabilities			
Current liabilities:			
Accounts payable	-	3,140	3,140
Accrued payroll	-	611	611
Customer and developer deposits	-	6,000	6,000
Accrued interest payable	-	499	499
Compensated absences	-	2,064	2,064
Current portion of bonds payable	-	39,013	39,013
Total current liabilities	-	51,327	51,327
Noncurrent liabilities:			
Other postemployment benefit obligation	-	265	265
Bonds payable, net	-	182,946	182,946
Pension liability	-	1,195	1,195
Total noncurrent liabilities	-	184,406	184,406
Total liabilities	-	235,733	235,733
Deferred inflows of resources			
Pension deferred inflow	-	75	75
OPEB deferred inflow	-	7	7
Total deferred inflows of resources	-	82	82
Net position			
Net investment in capital assets	635,270	2,748,206	3,383,476
Unrestricted	-	333,734	333,734
Total net position	$ 635,270	$ 3,081,940	$ 3,717,210

CITY OF GARDNER, KANSAS

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

NON-MAJOR ENTERPRISE FUNDS

Year Ended December 31, 2018

	Stormwater	Airport	Total
Operating revenues			
Charges for sales and services	$ -	$ 258,295	$ 258,295
Other	144	-	144
Total operating revenues	144	258,295	258,439
Operating expenses			
Administration	-	125,514	125,514
Repairs and maintenance	-	15,541	15,541
Depreciation and amortization	28,299	124,538	152,837
Other	144	-	144
Total operating expenses	28,443	265,593	294,036
Operating income (loss)	(28,299)	(7,298)	(35,597)
Nonoperating revenues (expenses)			
Investment earnings	-	4,234	4,234
Interest expense	-	(3,105)	(3,105)
Total nonoperating revenues (expenses)	-	1,129	1,129
Income (loss) before transfers and contributions	(28,299)	(6,169)	(34,468)
Capital grants and contributions	-	32,121	32,121
Change in net position	(28,299)	25,952	(2,347)
Total net position, beginning of year	663,569	3,056,260	3,719,829
Prior period adjustment	-	(272)	(272)
Total net position, end of year	$ 635,270	$ 3,081,940	$ 3,717,210

CITY OF GARDNER, KANSAS

COMBINING STATEMENT OF CASH FLOWS

NON-MAJOR ENTERPRISE FUNDS

Year Ended December 31, 2018

	Stormwater	Airport	Total
Cash flows from operating activities:			
Receipts from customers	$ -	$ 258,789	$ 258,789
Payments to suppliers	-	(136,059)	(136,059)
Payments to employees	-	(12,489)	(12,489)
Net cash provided by operating activities	-	110,241	110,241
Cash flows from capital and related financing activities:			
Capital contribution	-	32,121	32,121
Acquisition and construction of capital assets	-	(71,317)	(71,317)
Principal paid on general obligation bonds	-	(57,317)	(57,317)
Interest paid on general obligation bonds, construction loan, and capital lease	-	(3,474)	(3,474)
Net cash used in capital and related financing activities	-	(99,987)	(99,987)
Cash flows from investing activities:			
Interest received	-	4,234	4,234
Net increase (decrease) in cash and cash equivalents	-	14,488	14,488
Cash and cash equivalents, beginning of year	-	301,599	301,599
Cash and cash equivalents, end of year	$ -	$ 316,087	$ 316,087
Cash consists of:			
Cash	$ -	$ 310,087	$ 310,087
Restricted deposits and investments	-	6,000	6,000
	-	316,087	316,087
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	(28,299)	(7,298)	(35,597)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Items not requiring cash:			
Depreciation and amortization expense	28,299	124,538	152,837
Changes in:			
Receivables	-	(506)	(506)
Inventories	-	6,151	6,151
Accounts payable	-	(13,725)	(13,725)
Due to other funds	-	(952)	(952)
Accrued liabilities	-	1,033	1,033
Customer deposits	-	1,000	1,000
Net cash provided by operating activities	$ -	$ 110,241	$ 110,241

CITY OF GARDNER, KANSAS

COMBINING STATEMENT OF NET POSITION

INTERNAL SERVICE FUNDS

December 31, 2018

	Governmental Activities			Business-type Activities	
	Risk Services	Information Technology Services	Building Services	Utility Billing Services	Total
Assets					
Current assets:					
Deposits and investments	$ 46,140	$ 141,479	$ 89,688	$ 327,962	$ 605,269
Prepaid items	2,920	2,848	-	-	5,768
Receivables:					
Other	1,964	-	-	-	1,964
Noncurrent assets:					
Capital assets:					
Machinery and equipment	-	467,391	14,794	10,509	492,694
Vehicles	-	-	49,237	125,978	175,215
Less accumulated depreciation	-	(228,024)	(33,481)	(65,252)	(326,757)
Total assets	51,024	383,694	120,238	399,197	954,153
Deferred outflows of resources					
Pension deferred outflow	11,146	41,696	14,383	81,504	148,729
OPEB deferred outflow	22	58	113	479	672
Total deferred outflows of resources	11,168	41,754	14,496	81,983	149,401
Liabilities					
Current liabilities:					
Accounts payable	2,398	26,231	4,715	7,153	40,497
Compensated absences	2,730	8,331	13,808	41,828	66,697
Due to other funds	-	-	2,990	-	2,990
Accrued payroll	2,267	9,267	2,892	16,486	30,912
Noncurrent liabilities:					
Other postemployment benefit obligation	1,813	6,240	4,869	22,517	35,439
Net Pension liability	46,238	175,742	59,239	338,856	620,075
Total liabilities	55,446	225,811	88,513	426,840	796,610
Deferred inflows of resources					
Pension deferred inflow	1,830	6,918	2,338	13,344	24,430
OPEB deferred inflow	248	1,009	307	1,788	3,352
Total deferred inflows of resources	2,078	7,927	2,645	15,132	27,782
Net position					
Net investment in capital assets	-	239,367	30,550	71,235	341,152
Unrestricted	4,668	(47,657)	13,026	(32,027)	(61,990)
Total net position	$ 4,668	$ 191,710	$ 43,576	$ 39,208	$ 279,162

CITY OF GARDNER, KANSAS

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

INTERNAL SERVICE FUNDS

Year Ended December 31, 2018

	Governmental Activities			Business-type Activities	
	Risk Services	Information Technology Services	Building Services	Utility Billing Services	Total
Operating revenues					
Charges for services	$ 881,553	$ 833,152	$ 345,669	$ 1,153,880	$ 3,214,254
Other	8,884	-	-	-	8,884
Total operating revenues	890,437	833,152	345,669	1,153,880	3,223,138
Operating expenses					
Administration	64,689	307,643	87,613	560,663	1,020,608
Contractual services	731,676	281,565	153,563	283,475	1,450,279
Other supplies and expenses	20,467	98,425	13,878	14,119	146,889
Repairs and maintenance	-	17,296	9,925	4,977	32,198
Depreciation	-	43,975	4,928	9,312	58,215
Other	73,605	84,248	75,760	283,733	517,346
Total operating expenses	890,437	833,152	345,667	1,156,279	3,225,535
Operating income	-	-	2	(2,399)	(2,397)
Nonoperating revenues (expenses)					
Other	-	-	-	2,400	2,400
Change in net position	-	-	2	1	3
Total net position, beginning of year	6,154	196,599	44,624	47,376	294,753
Prior period adjustment	(1,486)	(4,889)	(1,050)	(8,169)	(15,594)
Total net position, end of year	$ 4,668	$ 191,710	$ 43,576	$ 39,208	$ 279,162

CITY OF GARDNER, KANSAS

COMBINING STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUNDS

Year Ended December 31, 2018

	Governmental Activities			Business-type Activities	
	Risk Management	Information Technology Services	Building Services	Utility Billing Services	Total
Cash flows from operating activities:					
Receipts from customers	$ 881,553	$ 833,152	$ 345,669	$ 1,153,880	$ 3,214,254
Other	8,884	-	-	-	8,884
Payments to suppliers	(829,328)	(498,236)	(251,551)	(585,893)	(2,165,008)
Payments to employees	(63,066)	(299,286)	(77,872)	(529,239)	(969,463)
Net cash provided by operating activities	(1,957)	35,630	16,246	38,748	88,667
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	-	-	-	(40,982)	(40,982)
Proceeds from sale of assets	-	-	-	2,400	2,400
Net cash used in capital and related financing activities	-	-	-	(38,582)	(38,582)
Net increase (decrease) in cash and cash equivalents	(1,957)	35,630	16,246	166	50,085
Cash and cash equivalents, beginning of year	48,097	105,849	73,442	327,796	555,184
Cash and cash equivalents, end of year	$ 46,140	$ 141,479	$ 89,688	$ 327,962	$ 605,269
Reconciliation of operating income to net cash provided by operating activities:					
Operating income	$ -	$ -	$ 2	$ (2,399)	$ (2,397)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Items not requiring cash:					
Depreciation expense	-	43,975	4,928	9,312	58,215
Other postemployment benefit obligation	306	1,131	666	3,278	5,381
Loss (gain) on sale of asset	-	-	-	-	-
Pension expense	719	2,933	894	5,216	9,762
Changes in:					
Receivables	(1,964)	-	-	-	(1,964)
Prepaid expenses	(2,920)	(2,848)	-	-	(5,768)
Accounts payable	1,304	(13,854)	1,662	411	(10,477)
Accrued liabilites	598	4,293	8,181	22,930	36,002
Due to other funds	-	-	(87)	-	(87)
Net cash provided by operating activities	$ (1,957)	$ 35,630	$ 16,246	$ 38,748	$ 88,667

CITY OF GARDNER, KANSAS

COMBINING STATEMENT OF FIDUCIARY NET POSITION

AGENCY FUNDS

December 31, 2018

	Alcohol Safety Action Program	Special Olympics Program	Mayor's Christmas Tree Program	Total
Assets				
Deposits and investments	$ 35,034	$ 11,423	$ 2,010	$ 48,467
Liabilities				
Due to others	$ 35,034	$ 11,423	$ 2,010	$ 48,467

CITY OF GARDNER, KANSAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

Year Ended December 31, 2018

Alcohol Safety Action Program	Balance January 1, 2018	Additions	Deductions	Balance December 31, 2018
Assets				
Deposits and investments	$ 34,809	$ 225	$ -	$ 35,034
Liabilities				
Due to others	$ 34,809	$ 225	$ -	$ 35,034

Special Olympics Program	Balance January 1, 2018	Additions	Deductions	Balance December 31, 2018
Assets				
Deposits and investments	$ 12,699	$ 1,690	$ 2,966	$ 11,423
Liabilities				
Due to others	$ 12,699	$ 1,690	$ 2,966	$ 11,423

Mayor's Christmas Tree Program	Balance January 1, 2018	Additions	Deductions	Balance December 31, 2018
Assets				
Deposits and investments	$ 6,692	$ 3,718	$ 8,400	$ 2,010
Liabilities				
Due to others	$ 6,692	$ 3,718	$ 8,400	$ 2,010

Statistical Section

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

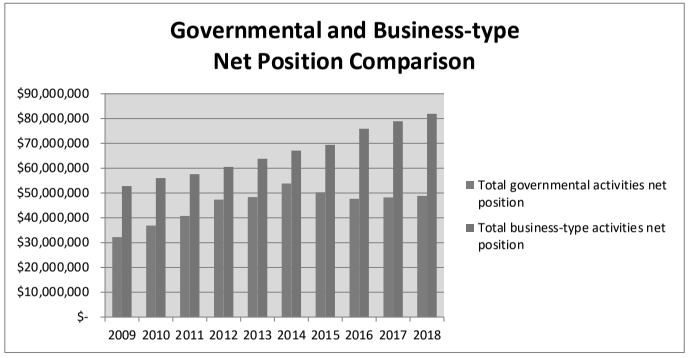
Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	**105 - 108**
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the City's ability to generate its most significant local revenue source, which is the electric, water and wastewater revenues, as well as its property taxes.	**109 - 117**
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.	**118 - 121**
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time with other governments.	**122 - 124**
Operating Information These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	**125 - 127**

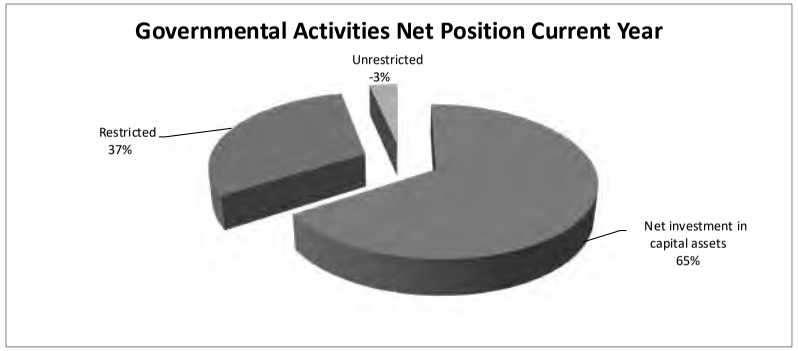
Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	$ 11,427,079	$ 17,247,111	$ 20,316,915	$ 17,955,758	$ 23,990,859	$ 28,346,555	$ 30,941,934	$ 29,574,314	$ 31,189,584	$ 34,541,491
Restricted	17,997,310	16,045,557	16,127,894	24,232,960	20,820,905	20,245,654	18,457,790	17,920,702	17,866,534	16,120,122
Unrestricted	2,785,686	3,604,098	4,345,432	5,166,777	3,548,049	5,208,773	806,326	161,452	(837,444)	(1,788,810)
Total governmental activities net position	$ 32,210,075	$ 36,896,766	$ 40,790,241	$ 47,355,495	$ 48,359,813	$ 53,800,982	$ 50,206,050	$ 47,656,468	$ 48,218,674	$ 48,872,803
Business-type activities										
Net investment in capital assets	$ 45,202,862	$ 46,462,027	$ 48,330,111	$ 51,630,963	$ 53,358,039	$ 55,182,468	$ 57,021,062	$ 61,598,308	$ 62,611,603	$ 73,790,033
Unrestricted	7,587,496	9,547,927	9,236,658	8,919,022	10,427,135	11,921,883	12,364,866	14,341,092	16,313,315	8,165,740
Total business-type activities net position	$ 52,790,358	$ 56,009,954	$ 57,566,769	$ 60,549,985	$ 63,785,174	$ 67,104,351	$ 69,385,928	$ 75,939,400	$ 78,924,918	$ 81,955,773
Primary government										
Net investment in capital assets	$ 56,629,941	$ 63,709,138	$ 68,647,026	$ 69,586,721	$ 77,348,898	$ 83,529,023	$ 87,962,996	$ 91,172,622	$ 93,801,187	$ 108,331,524
Restricted	17,997,310	16,045,557	16,127,894	24,232,960	20,820,905	20,245,654	18,457,790	17,920,702	17,866,534	16,120,122
Unrestricted	10,373,182	13,152,025	13,582,090	14,085,799	13,975,184	17,130,656	13,171,192	14,502,544	15,475,871	6,376,930
Total primary government net position	$ 85,000,433	$ 92,906,720	$ 98,357,010	$ 107,905,480	$ 112,144,987	$ 120,905,333	$ 119,591,978	$ 123,595,868	$ 127,143,592	$ 130,828,576

Source: *City of Gardner Finance Department*

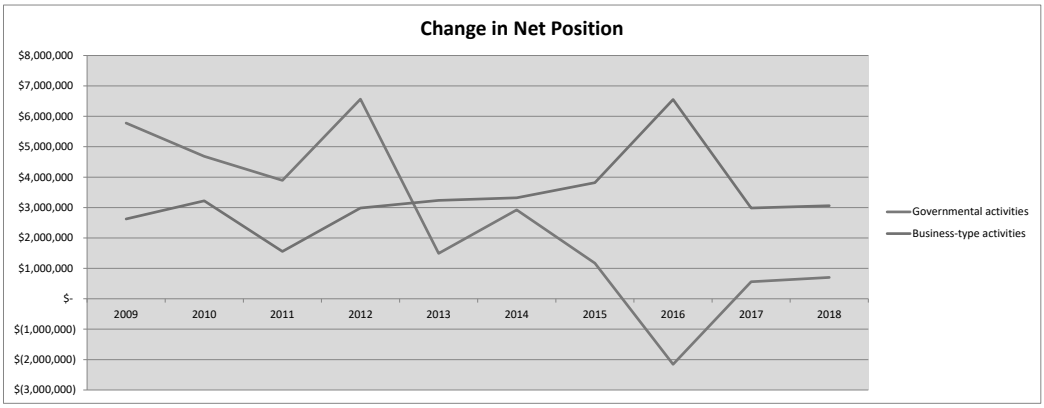




City of Gardner, Kansas
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
General government	$ 3,164,663	$ 2,822,418	$ 2,620,535	$ 2,697,372	$ 2,817,304	$ 3,558,824	$ 3,896,677	$ 4,598,982	$ 3,068,153	$ 3,332,171
Police	3,567,111	3,565,454	3,647,573	3,776,937	3,874,682	4,688,596	4,383,506	5,315,430	4,395,424	5,040,277
Public Works	2,674,913	2,614,530	2,650,257	2,846,701	2,631,533	3,354,014	3,940,033	3,744,547	4,247,297	4,653,338
Culture and recreation	2,271,682	2,211,773	2,424,862	2,593,737	2,460,190	2,368,847	2,433,317	2,604,472	3,219,356	3,363,570
Business & Economic Development	-	-	-	-	-	-	-	-	893,753	947,501
Interest on long-term debt	1,843,829	1,742,427	1,397,634	1,308,232	1,595,184	1,100,397	808,488	609,604	696,847	1,453,025
Total governmental activities expenses	13,522,198	12,956,602	12,740,861	13,222,979	13,378,893	15,070,678	15,462,021	16,873,035	16,520,830	18,789,882
Business-type activities:										
Electric	9,911,349	11,572,594	12,052,825	11,996,928	11,779,932	12,536,784	11,919,565	12,006,709	12,699,174	16,829,253
Water	2,874,987	2,952,669	3,235,397	3,447,469	3,345,254	3,549,784	3,692,470	4,032,587	4,228,110	3,901,601
Wastewater	3,678,278	3,661,411	3,590,360	3,513,416	3,657,553	4,317,776	4,675,174	4,591,624	4,503,508	4,706,539
Stormwater	70,817	71,086	25,167	25,167	25,167	25,167	28,298	28,298	28,298	28,443
Airport	-	-	-	-	-	-	-	204,879	251,234	268,698
Total business-type activities expenses	16,535,431	18,257,760	18,903,749	18,982,980	18,807,906	20,429,511	20,315,507	20,864,097	21,710,324	25,734,534
Total primary government expenses	$ 30,057,629	$ 31,214,362	$ 31,644,610	$ 32,205,959	$ 32,186,799	$ 35,500,189	$ 35,777,528	$ 37,737,132	$ 38,231,154	$ 44,524,416
Program Revenues										
Governmental activities:										
Charges for services:										
General government	$ 622,807	$ 502,102	$ 553,992	$ 604,625	$ 748,785	$ 1,607,129	$ 1,907,297	$ 2,171,668	$ 2,085,061	$ 961,333
Police	13,141	10,458	10,577	10,199	7,853	9,253	7,439	8,228	6,525	8,616
Public Works	2,300	-	-	-	-	-	-	-	-	-
Culture and recreation	937,542	970,405	887,173	883,516	858,658	910,947	910,041	963,169	1,002,553	1,074,914
Business & Economic Development	-	-	-	-	-	-	-	-	323,431	435,976
Operating grants and contributions	2,514,392	2,579,475	2,789,802	2,816,127	2,966,108	3,251,406	3,328,990	3,397,426	3,672,663	3,734,419
Capital grants and contributions	7,240,013	5,400,696	3,113,818	5,730,105	782,039	2,902,279	805,138	206,879	493,301	2,253,302
Total governmental activities program revenues	11,330,195	9,463,136	7,355,362	10,044,572	5,363,443	8,681,014	6,958,905	6,747,370	7,583,534	8,468,560
Business-type activities:										
Charges for services:										
Electric	12,661,952	14,329,969	14,089,709	15,060,888	14,196,340	14,393,780	14,539,925	14,440,663	14,414,445	17,534,000
Water	3,293,010	3,989,505	3,740,962	4,103,707	4,509,458	4,948,652	5,145,232	5,440,947	5,612,380	6,248,707
Wastewater	3,062,919	4,007,841	3,474,928	3,682,494	4,275,217	4,808,675	5,023,691	5,073,706	5,168,047	5,452,335
Stormwater	-	-	-	-	61,208	-	-	-	-	144
Airport	-	-	-	-	-	-	-	648,050	252,380	258,295
Capital grants and contributions	506,591	78,263	100,187	92,762	-	-	246,112	358,459	57,574	32,121
Total business-type program revenues	19,524,472	22,405,578	21,405,786	22,939,851	23,042,223	24,151,107	24,954,960	25,961,825	25,504,826	29,525,602
Total primary government program revenues	$ 30,854,667	$ 31,868,714	$ 28,761,148	$ 32,984,423	$ 28,405,666	$ 32,832,121	$ 31,913,865	$ 32,709,195	$ 33,088,360	$ 37,994,162
Net (Expense)/Revenue										
Governmental activities	$ (2,192,003)	$ (3,493,466)	$ (5,385,499)	$ (3,178,407)	$ (8,015,450)	$ (6,389,664)	$ (8,503,116)	$ (10,125,665)	$ (8,937,296)	$ (10,321,322)
Business-type activities	2,989,041	4,147,818	2,502,037	3,956,871	4,234,317	3,721,596	4,639,453	5,097,728	3,794,502	3,791,068
Total primary government net expense	$ 797,038	$ 654,352	$ (2,883,462)	$ 778,464	$ (3,781,133)	$ (2,668,068)	$ (3,863,663)	$ (5,027,937)	$ (5,142,794)	$ (6,530,254)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	$ 3,788,866	$ 3,798,207	$ 4,675,379	$ 4,845,216	$ 4,821,475	$ 4,947,132	$ 4,893,957	$ 5,246,198	$ 4,037,863	$ 4,206,575
Sales taxes	2,696,984	2,821,088	2,999,426	3,123,255	3,190,773	3,467,735	3,535,132	3,827,653	4,041,798	4,171,850
Franchise taxes	396,100	380,715	365,435	320,227	348,956	352,792	312,625	269,736	360,268	282,893
Excise taxes	456,384	95,710	53,434	312,441	-	-	-	-	-	686,718
Transient guest taxes	34,702	29,338	29,764	38,470	42,493	42,976	62,892	74,272	71,383	66,361
Other	-	3	-	-	-	75,467	30,737	70,505	28,852	328,963
Unrestricted investment earnings	49,100	49,689	32,136	31,905	33,418	11,456	9,867	9,533	65,538	311,797
Gain on disposal of asset	-	2,095	136,232	67,329	40,567	-	-	(82,063)	-	-
Transfers	546,714	1,003,312	987,168	1,004,818	1,029,100	413,163	829,600	(1,445,460)	893,800	969,500
Total governmental activities	7,968,850	8,180,157	9,278,974	9,743,661	9,506,782	9,310,721	9,674,810	7,970,374	9,499,502	11,024,657
Business-type activities:										
Unrestricted investment earnings	28,208	38,020	31,421	31,163	29,972	10,744	10,442	10,284	84,816	240,469
Transfers	(546,714)	(1,003,312)	(987,168)	(1,004,818)	(1,029,100)	(413,163)	(829,600)	1,445,460	(893,800)	(969,500)
Other	156,366	37,070	10,525	-	-	-	-	-	-	-
Total business-type activities	(362,140)	(928,222)	(945,222)	(973,655)	(999,128)	(402,419)	(819,158)	1,455,744	(808,984)	(729,031)
Total primary government	$ 7,606,710	$ 7,251,935	$ 8,333,752	$ 8,770,006	$ 8,507,654	$ 8,908,302	$ 8,855,652	$ 9,426,118	$ 8,690,518	$ 10,295,626
Change in Net Position										
Governmental activities	$ 5,776,847	$ 4,686,691	$ 3,893,475	$ 6,565,254	$ 1,491,332	$ 2,921,057	$ 1,171,694	$ (2,155,291)	$ 562,206	$ 703,335
Business-type activities	2,626,901	3,219,596	1,556,815	2,983,216	3,235,189	3,319,177	3,820,295	6,553,472	2,985,518	3,062,037
Total primary government	$ 8,403,748	$ 7,906,287	$ 5,450,290	$ 9,548,470	$ 4,726,521	$ 6,240,234	$ 4,991,989	$ 4,398,181	$ 3,547,724	$ 3,765,372

Source: *City of Gardner Finance Department*

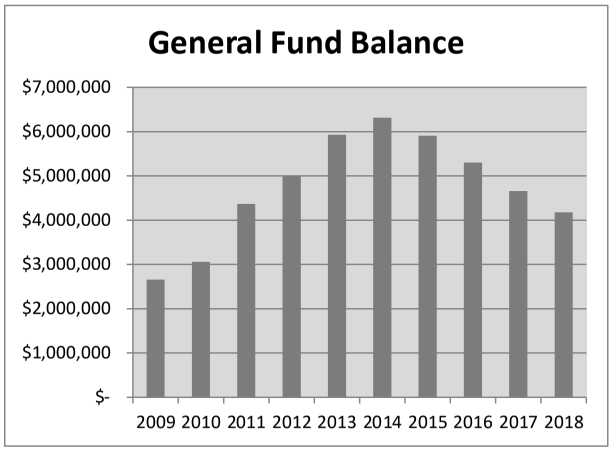


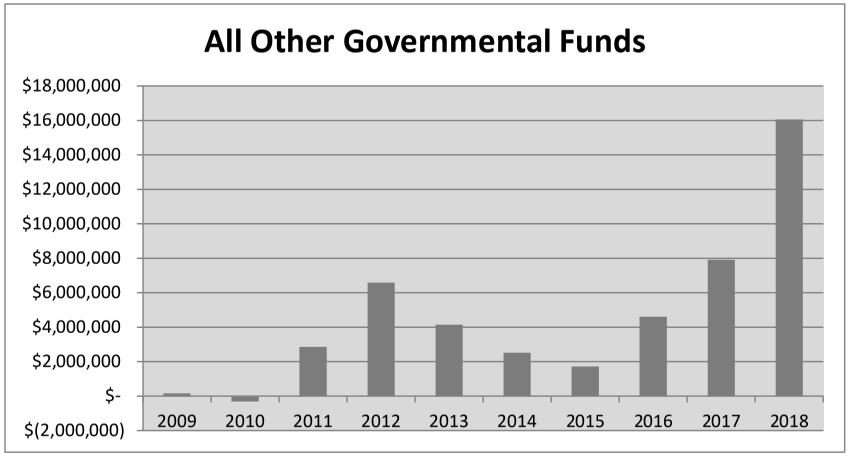
City of Gardner, Kansas
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	$ 39,182	$ 250	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unreserved	2,619,334	3,058,934	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	-	29,694
Restricted	-	-	24,281	-	-	-	-	-	-	-
Assigned	-	-	20,619	-	64,474	9,640	115,541	22,221	184,992	166,052
Unassigned	-	-	4,321,492	4,997,241	5,864,734	6,305,486	5,792,880	5,280,652	4,471,284	3,980,094
Total general fund	$ 2,658,516	$ 3,059,184	$ 4,366,392	$ 4,997,241	$ 5,929,208	$ 6,315,126	$ 5,908,421	$ 5,302,873	$ 4,656,276	$ 4,175,840
All Other Governmental Funds										
Reserved	$ 1,479,432	$ 451,339	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unreserved, reported in:										
Debt service fund	78,023	105,384	-	-	-	-	-	-	-	-
Special revenue funds	5,119,227	3,565,909	-	-	-	-	-	-	-	-
Capital projects funds	(6,515,040)	(4,434,896)	-	-	-	-	-	-	-	-
Restricted	-	-	2,603,807	6,590,028	4,147,059	2,520,366	1,715,705	4,611,811	7,911,908	16,046,623
Assigned	-	-	260,317	-	-	-	-	-	-	-
Total all other governmental funds	$ 161,642	$ (312,264)	$ 2,864,124	$ 6,590,028	$ 4,147,059	$ 2,520,366	$ 1,715,705	$ 4,611,811	$ 7,911,908	$16,046,623

Note: In 2011, the City implemented GASB Statement No. 54 under which governmental fund balances are reported as nonspendable, restricted, commited, assigned, and unassigned compared to the past catagories of reserved and unreserved

Source: *City of Gardner Finance Department*





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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Taxes	$ 7,338,334	$ 7,095,720	$ 8,123,438	$ 8,639,609	$ 8,403,697	$ 8,810,635	$ 8,804,606	$ 9,417,859	$ 8,511,312	$ 9,414,397
Licenses and permits	441,422	376,192	186,751	237,374	319,508	204,236	189,784	293,055	337,987	452,521
Fines and fees	263,248	217,900	289,358	335,319	415,312	451,700	524,540	591,913	632,258	634,207
Charges for services	727,625	800,534	825,751	844,814	744,055	1,867,940	2,103,849	2,253,903	2,444,420	2,593,495
Special assessments	387,736	974,839	951,328	966,502	1,401,884	977,266	1,129,613	1,869,075	1,235,823	1,220,611
Intergovernmental	2,383,778	7,722,154	4,069,190	3,339,121	3,368,473	4,306,908	3,769,237	3,604,305	4,165,964	4,780,797
Investment earnings	49,100	49,689	32,136	31,905	33,416	11,456	9,867	9,533	65,538	311,797
Other revenues	438,029	224,533	171,331	93,753	138,960	53,362	22,154	68,397	25,221	311,488
Total revenues	12,029,272	17,461,561	14,649,283	14,488,397	14,825,305	16,683,503	16,553,650	18,108,040	17,418,523	19,719,313
Expenditures										
General government	2,901,931	2,588,787	2,397,137	2,443,979	2,728,857	3,429,383	3,825,458	4,408,175	2,980,122	3,202,406
Police	3,286,448	3,224,327	3,557,178	3,678,525	3,793,325	4,188,261	4,466,208	5,087,946	3,994,544	4,315,082
Public works	1,482,616	1,459,363	1,417,646	1,547,336	1,439,557	1,600,153	1,918,905	1,944,363	2,725,561	2,892,920
Culture and recreation	1,781,799	1,843,546	1,881,715	1,925,478	1,868,548	1,970,858	2,124,243	2,272,346	2,600,834	2,646,171
Business & Economic Development									883,428	925,371
Capital outlay	3,563,318	9,102,539	2,870,018	1,795,401	3,786,717	1,720,480	1,239,165	2,445,875	3,058,193	10,614,356
Debt service:										
Interest	1,501,306	1,453,142	1,266,297	1,162,286	1,202,912	906,684	908,330	690,690	684,294	900,201
Principal	2,720,699	5,094,114	3,389,241	7,458,215	6,524,108	13,008,131	4,062,511	2,971,806	2,227,937	4,231,683
Other	314,416	159,058	146,166	196,839	73,359	245,493	58,379	155,738	192,427	434,986
Total expenditures	17,552,533	24,924,876	16,925,398	20,208,059	21,417,383	27,069,443	18,603,199	19,976,939	19,347,340	30,163,176
Excess of revenues over (under) expenditures	(5,523,261)	(7,463,315)	(2,276,115)	(5,719,662)	(6,592,078)	(10,385,940)	(2,049,549)	(1,868,899)	(1,928,817)	(10,443,863)
Other Financing Sources (Uses)										
Bonds issued	5,689,822	2,794,765	1,325,000	3,995,000	3,256,418	8,090,000	-	3,548,000	3,505,000	14,985,000
Proceeds from capital lease	-	-	-	-	-	-	-	-	-	1,218,000
Premium on G.O. Bonds	-	-	-	-	-	224,484	-	124,700	179,886	908,167
Bond Anticipation notes issued	-	-	3,960,000	4,915,000	-	-	-	-	-	-
Construction loan	2,570,970	1,302,327	316,065	87,668	251,482	-	-	-	-	-
Sale of capital assets	-	2,281,216	138,077	73,929	40,567	22,105	8,583	2,108	3,631	17,475
Capital leases	-	-	-	-	98,510	-	-	-	-	-
Insurance proceeds	-	8,457	8,261	-	-	-	-	-	-	-
Transfers in	3,181,035	3,420,400	3,126,455	3,027,043	2,983,153	1,866,968	1,416,567	1,714,113	1,159,400	1,178,702
Transfers out	(2,558,856)	(2,417,088)	(2,114,147)	(2,022,225)	(1,954,053)	(1,032,587)	(586,967)	(835,173)	(265,600)	(209,202)
Total other financing sources (uses)	8,882,971	7,390,077	6,759,711	10,076,415	4,676,077	9,170,970	838,183	4,553,748	4,582,317	18,098,142
Net change in fund balances	$ 3,359,710	$ (73,238)	$ 4,483,596	$ 4,356,753	$ (1,916,001)	$ (1,214,970)	$ (1,211,366)	$ 2,684,849	$ 2,653,500	$ 7,654,279
Debt service as a percentage of noncapital expenditures	29.2%	42.0%	33.7%	46.2%	43.6%	53.6%	28.8%	20.9%	17.9%	26.3%

Source: *City of Gardner Finance Department*

City of Gardner, Kansas
Utilities Produced, Consumed, and Treated
Last Ten Fiscal Years

Fiscal Year	Electricity Generated & Purchased	Electricity Sold To Customers	[a]Electricity Consumed & Unbilled	[a]Average Percent Unbilled	Gallons of Water Produced & Purchased	Gallons of Water Sold	[a]Gallons of Water Unbilled	[a]Average Percent Unbilled	Gallons of Wastewater Treated	Total Direct Rate					
										Electric		Water		Wastewater	
										Base [b]Rate	Usage [c]Rate	Base [b]Rate	Usage [c]Rate	Base [b]Rate	Usage [c]Rate
2009	124,014	116,584	7,430	5.99%	717	473	244	34.03%	768	$ 6.72	$ 0.1008	$ 9.40	$ 4.25	$ 8.75	$ 5.57
2010	137,083	132,915	4,168	3.04%	721	497	224	31.07%	752	$ 6.72	$ 0.1008	$ 9.90	$ 4.45	$ 9.45	$ 6.00
2011	137,841	128,646	9,195	6.67%	795	501	294	36.98%	784	$ 6.72	$ 0.1008	$ 10.40	$ 4.65	$ 10.20	$ 6.50
2012	138,940	131,151	7,789	5.61%	835	589	246	29.46%	432	$ 6.72	$ 0.1008	$ 10.70	$ 4.80	$ 10.70	$ 6.85
2013	139,849	129,350	10,499	7.51%	745	675	70	9.40%	467	$ 6.72	$ 0.1082	$ 11.55	$ 5.15	$ 11.90	$ 7.60
2014	143,884	134,608	9,276	6.45%	753	664	70	9.30%	395	$ 6.72	$ 0.1082	$ 12.45	$ 5.55	$ 13.20	$ 8.44
2015	143,731	135,754	7,977	5.55%	673	577	28	4.16%	466	$ 6.72	$ 0.1082	$ 13.45	$ 5.99	$ 13.73	$ 8.78
2016	150,351	136,060	14,291	9.51%	794	633	74	9.32%	668	$ 6.72	$ 0.1082	$ 13.45	$ 5.99	$ 13.73	$ 8.78
2017	144,632	136,157	8,723	6.03%	841	699	142	16.88%	591	$ 6.72	$ 0.1082	$ 13.45	$ 5.99	$ 13.73	$ 8.78
2018	155,841	148,934	6,907	4.43%	999	761	138	13.81%	593	$ 6.72	$ 0.1082	$ 13.45	$ 5.99	$ 13.73	$ 8.78

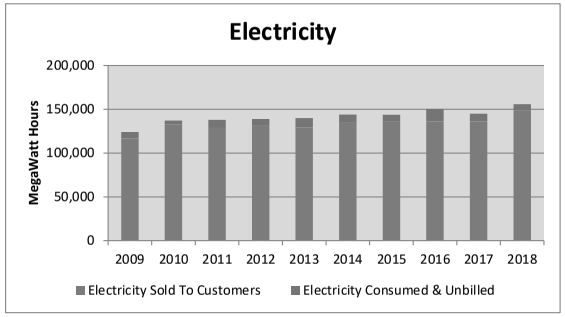
Notes: *Electricity is presented in MegaWatt Hours and gallons are presented in millions.*

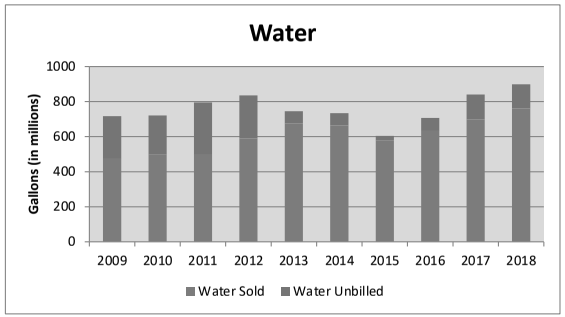
[a] Unbilled amounts include electric, water, and sewer used by the City of Gardner for government operations, and also amounts sold to wholesale customers through the EMP#1 pool.

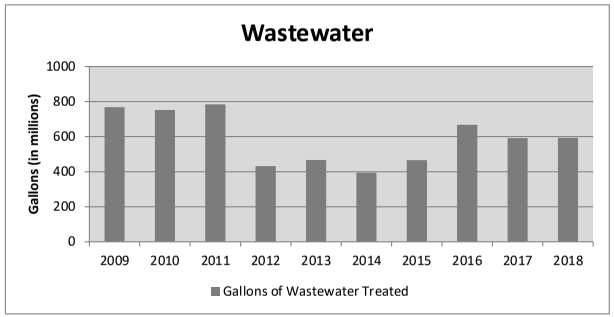
[b] Rates shown are for residential customers. For more detail on utility rates see the Electric, Water, and Sewer Rate schedule in this section.

[c] Per 1,000 gallons.

Source: *City of Gardner Public Works Department & Utility Department*



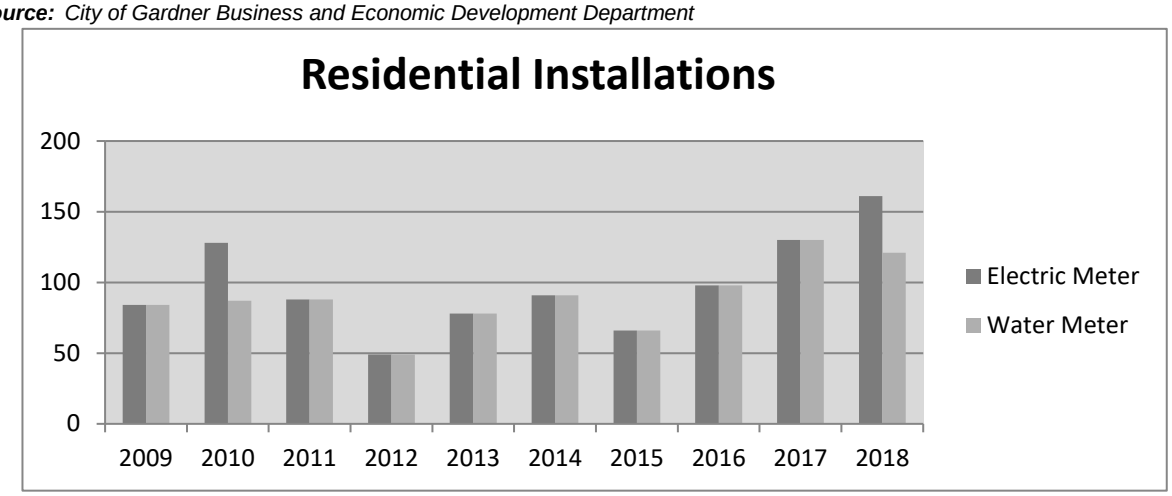


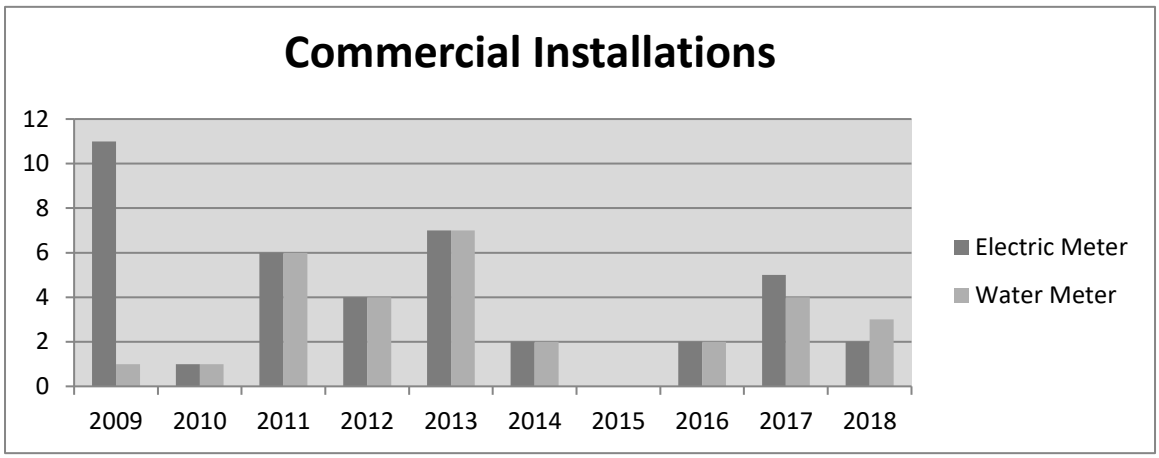


City of Gardner, Kansas
Annual Electric and Water Meter Installations
Last Ten Fiscal Years

Fiscal Year	Electric Meter Installations		Water Meter Installations		Total Installations
	Residential	Commercial	Residential	Commercial	
2009	84	11	84	1	180
2010	128	1	87	1	217
2011	88	6	88	6	188
2012	49	4	49	4	106
2013	78	7	78	7	170
2014	91	2	91	2	186
2015	66	-	66	-	132
2016	98	2	98	2	200
2017	130	5	130	4	269
2018	161	2	121	3	287

Source: *City of Gardner Business and Economic Development Department*

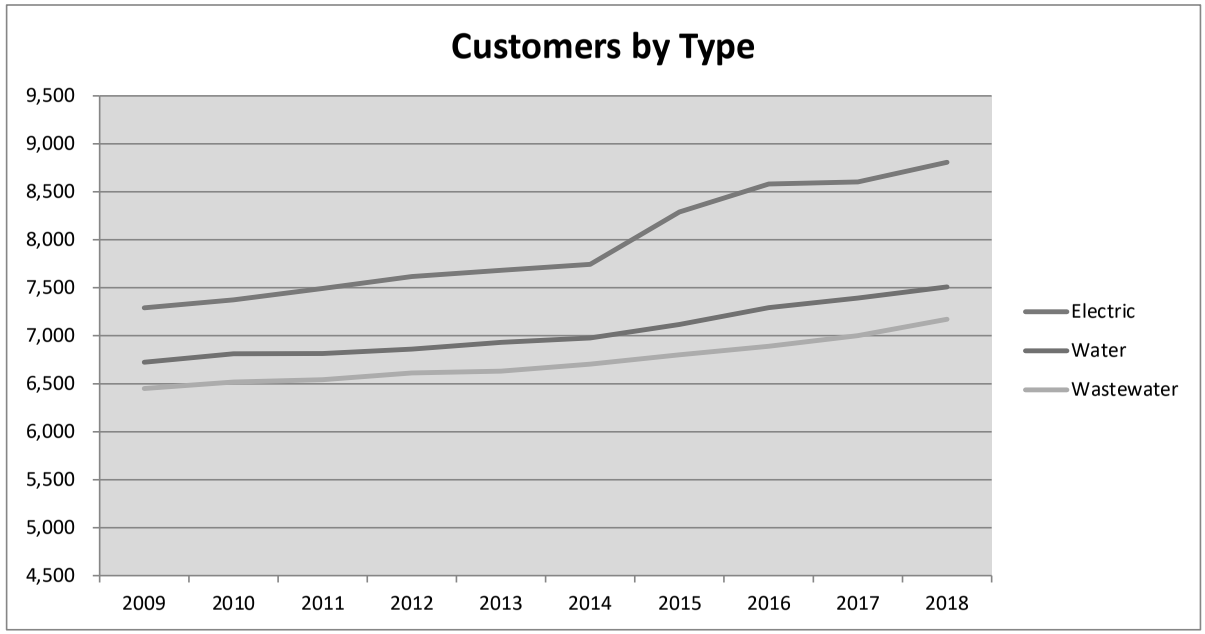




City of Gardner, Kansas
Number of Electric, Water, and Wastewater Customers by Type
Last Ten Fiscal Years

Fiscal	Electric			Water			Wastewater			Total		
Year	Residential	Commercial	Industrial	Residential	Commercial	Industrial	Residential	Commercial	Industrial	Electric	Water	Wastewater
2009	6,867	418	6	6,476	243	5	6,239	206	5	7,291	6,724	6,450
2010	6,944	425	6	6,546	260	5	6,309	205	5	7,375	6,811	6,519
2011	7,064	424	6	6,554	256	5	6,333	204	5	7,494	6,815	6,542
2012	7,163	448	6	6,598	259	5	6,398	209	5	7,617	6,862	6,612
2013	7,214	462	6	6,655	270	7	6,408	216	7	7,682	6,932	6,631
2014	7,274	465	4	6,709	261	7	6,480	219	6	7,743	6,977	6,705
2015	7,806	479	4	6,821	290	7	6,577	219	6	8,289	7,118	6,802
2016	8,089	488	4	6,977	309	7	6,664	221	6	8,581	7,293	6,891
2017	8,081	517	4	7,069	316	7	6,766	229	6	8,602	7,392	7,001
2018	8,288	515	5	7,189	313	7	6,937	228	7	8,808	7,509	7,172

Source: *City of Gardner Utility Department*



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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Water Rates[a]										
(All Meter Sizes)										
Base Rate	$ 9.40	$ 9.90	$ 10.40	$ 10.70	$ 11.55	$ 12.45	$ 13.45	$ 13.45	$ 13.45	$ 13.45
Usage Rate (per 1,000 gallons) First 40,000 gallons	4.25	4.45	4.65	4.80	5.15	-	-	-	-	-
Usage Rate per 1,000 gallons) Over 40,000 gallons	3.42	3.60	3.80	3.90	4.20	-	-	-	-	-
Usage Rate (per 1,000 gallons) First 6,000 gallons	-	-	-	-	-	5.55	5.99	5.99	5.99	5.99
Usage Rate per 1,000 gallons) 6,001-10,000 gallons	-	-	-	-	-	6.11	6.60	6.60	6.60	6.60
Usage Rate (per 1,000 gallons) 10,001-14,000 gallons	-	-	-	-	-	6.38	6.89	6.89	6.89	6.89
Usage Rate (per 1,000 gallons) 14,001-18,000 gallons	-	-	-	-	-	6.67	7.20	7.20	7.20	7.20
Usage Rate (per 1,000 gallons)18,001 or more gallons	-	-	-	-	-	6.97	7.53	7.53	7.53	7.53
Wastewater Rates										
Base Rate	$ 8.75	$ 9.45	$ 10.20	$ 10.70	$ 11.90	$ 13.20	$ 13.73	$ 13.73	$ 13.73	$ 13.73
Usage Rate (per 1,000 gallons)	5.57	6.00	6.50	6.85	7.60	8.44	8.78	8.78	8.78	8.78
Electric Rates										
Residential										
Base Rate	$ 6.72	$ 6.72	$ 6.72	$ 6.72	$ 6.72	$ 6.72	$ 6.72	$ 6.72	$ 6.72	$ 6.72
Usage Rate (per kWh)	0.10083	0.10083	0.10083	0.10083	0.10819	0.10819	0.10819	0.10819	0.10819	0.10819
Commercial										
Base Rate	$ 7.35	$ 7.35	$ 7.35	$ 7.35	$ 7.35	$ 7.35	$ 7.35	$ 7.35	$ 7.35	$ 7.35
Usage Rate (per kWh)	0.10416	0.10416	0.10416	0.10416	0.11152	0.11152	0.11152	0.11152	0.11152	0.11152
Commercial With Demand										
Base Rate for Demand	$ 16.70	$ 16.70	$ 16.70	$ 16.70	$ 16.70	$ 16.70	$ 16.70	$ 16.70	$ 16.70	$ 16.70
Usage Rate (per KW)	14.06	14.06	14.06	14.06	14.06	14.06	14.06	14.06	14.06	14.06
Usage Rate (per kWh) First 5,000 kWh	0.05099	0.05099	0.05099	0.05099	0.05708	0.05708	0.05708	0.05708	0.05708	0.05708
Usage Rate (per kWh) Over 5,000 kWh	0.04373	0.04373	0.04373	0.04373	0.05053	0.05053	0.05053	0.05053	0.05053	0.05053
Commercial Large With Demand										
Base Rate for Demand	$ 22.26	$ 22.26	$ 22.26	$ 22.26	$ 22.26	$ 22.26	$ 22.26	$ 2.26	$ 2.26	$ 2.26
Usage Rate (per KW)	14.06	14.06	14.06	14.06	14.06	14.06	14.06	14.06	14.06	14.06
Usage Rate (per kWh) First 5,000 kWh	0.04972	0.04972	0.04972	0.04972	0.05080	0.05080	0.05080	0.05080	0.05080	0.05080
Usage Rate (per kWh) Over 5,000 kWh	0.04317	0.04317	0.04317	0.04317	0.05053	0.05053	0.05053	0.05053	0.05053	0.05053
All Electric Rates										
Residential										
Base Rate	$ 6.72	$ 6.72	$ 6.72	$ 6.72	$ 6.20	$ 6.20	$ 6.20	$ 6.20	$ 6.20	$ 6.20
Summer Usage Rate (per kWh)	0.10352	0.10352	0.10352	0.10352	0.11088	0.11088	0.11088	0.11088	0.11088	0.11088
Winter Usage Rate (per kWh) First 800 kWh	0.10352	0.10352	0.10352	0.10352	0.11088	0.11088	0.11088	0.11088	0.11088	0.11088
Winter Usage Rate (per kWh) Over 800 kWh	0.04117	0.04117	0.04117	0.04117	0.04853	0.04853	0.04853	0.04853	0.04853	0.04853
Commercial										
Base Rate	$ 7.35	$ 7.35	$ 7.35	$ 7.35	$ 7.35	$ 7.35	$ 7.35	$ 7.35	$ 7.35	$ 7.35
Usage Rate (per KW)	5.30	5.30	5.30	5.30	5.30	5.30	5.30	5.30	5.30	5.30
Summer Usage Rate (per kWh)	0.03462	0.03462	0.03462	0.03462	0.04198	0.04198	0.04198	0.04198	0.04198	0.04198
Winter Usage Rate (per kWh)	0.03158	0.03158	0.03158	0.03158	0.03894	0.03894	0.03894	0.03894	0.03894	0.03894

Source: *City of Gardner Utility Department*

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

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

Fiscal Year 2018

Electric Revenue			Water Revenue			Wastewater Revenue		
Customer	**Amount**	**%**	**Customer**	**Amount**	**%**	**Customer**	**Amount**	**%**
WalMart	$ 341,611.53	2.34%	New Century	$ 653,780.70	12.13%	USD 231 WMS Main Service	$ 21,241.71	0.47%
USD 231 425 Waverly	$ 286,779.84	1.96%	Aquatics Center	$ 37,588.85	0.70%	RS Associates	$ 16,355.08	0.36%
Price Chopper	$ 253,024.56	1.73%	USD 231 495 E Grand	$ 36,453.84	0.68%	Pinnacle Healthcare	$ 15,125.88	0.34%
Coleman	$ 173,074.53	1.19%	USD 231 KillCreek Irrigation	$ 28,332.39	0.53%	Bristol Partners 205 N Moonlight	$ 14,950.28	0.33%
KillCreek WWTP	$ 151,626.18	1.04%	USD 231 WMS Main Service	$ 27,824.46	0.52%	Medical Lodges	$ 14,607.86	0.32%
USD 231 16200 KillCreek Rd	$ 143,072.05	0.98%	Trailswest Carwash	$ 21,961.98	0.41%	WalMart	$ 13,659.62	0.30%
USD 231 495 E Grand	$ 141,725.22	0.97%	USD 231 425 N Waverly	$ 20,512.83	0.38%	USD 231 425 N Waverly	$ 12,128.07	0.27%
ITW Labels	$ 141,606.44	0.97%	Pinnacle Healthcare	$ 19,168.35	0.36%	Tradenet	$ 12,017.76	0.27%
USD 231 775 N Center	$ 92,173.85	0.63%	RS Associates	$ 17,492.72	0.32%	Toar Management	$ 11,657.78	0.26%
USD 231 401 E Grand	$ 84,046.08	0.58%	KS Resource Explore & Development 31451 W	$ 16,419.90	0.30%	Winbury Group 925 E Lincoln Ln	$ 10,358.34	0.23%
Subtotal (10 largest)	1,808,740.28	12.39%	Subtotal (10 largest)	879,536.02	16.31%	Subtotal (10 largest)	142,102.38	3.16%
Balance from other customers	12,795,264.64	87.61%	Balance from other customers	4,512,412.54	83.69%	Balance from other customers	4,353,101.28	96.84%
Grand Totals	$ 14,604,004.92	100.00%	Grand Totals	$ 5,391,948.56	100.00%	Grand Totals	$ 4,495,203.66	100.00%

Fiscal Year 2009

Electric Revenue			Water Revenue			Wastewater Revenue		
Customer	**Amount**	**%**	**Customer**	**Amount**	**%**	**Customer**	**Amount**	**%**
WalMart	$ 333,878	2.81%	New Century	$ 239,842	8.24%	U.S.D. 231 - Wheat Ridge Middle School	$ 17,080	0.65%
Price Chopper	254,837	2.15%	U.S.D. 231 - High School Irrigation	36,050	1.24%	Jacobs Property	12,449	0.47%
U.S.D. 231 - High School	243,439	2.05%	U.S.D. 231 - Wheat Ridge Middle School	12,414	0.43%	TradeNet Publishing	11,650	0.44%
U.S.D. 231 - Pioneer Ridge Middle School	149,659	1.26%	WalMart	10,568	0.36%	Pinnacle (Rehab Hospital)	11,004	0.42%
ITW Labels	141,274	1.19%	U.S.D. 231 - High School	8,797	0.30%	R & B Autowash	10,347	0.39%
TradeNet Publishing (Expansion)	90,109	0.76%	Jacobs Property	8,119	0.28%	WalMart	10,333	0.39%
U.S.D. 231 - Wheat Ridge Middle School	81,633	0.69%	TradeNet Publishing	7,614	0.26%	U.S.D. 231 - High School	10,320	0.39%
U.S.D. 231 - Madison Elementary	77,524	0.65%	Pinnacle (Rehab Hospital)	7,222	0.25%	Medical Lodge	8,803	0.33%
U.S.D. 231 - Wheat Ridge Middle School GYM	70,279	0.59%	Sonic	7,155	0.25%	Gardner Super 8	6,902	0.26%
TradeNet Publishing	58,189	0.49%	R & B Autowash	6,822	0.23%	Sonic	5,406	0.20%
Subtotal (10 largest)	1,500,821	12.64%	Subtotal (10 largest)	344,603	11.83%	Subtotal (10 largest)	104,294	3.94%
Balance from other customers	10,373,453	87.36%	Balance from other customers	2,567,735	88.17%	Balance from other customers	2,543,362	96.06%
Grand Totals	$ 11,874,274	100.00%	Grand Totals	$ 2,912,338	100.00%	Grand Totals	$ 2,647,656	100.00%

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

Source: *City of Gardner Utility Department*

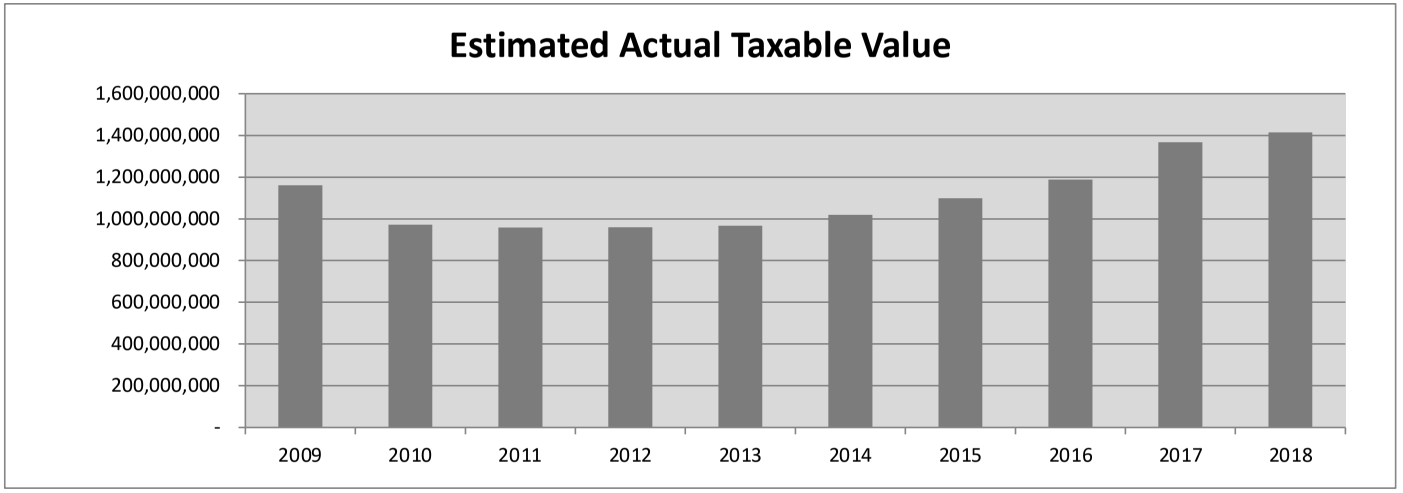
City of Gardner, Kansas
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Residential Property	Commercial Property	Not-for-Profit Property	Agricultural and Other Property	Not Otherwise Subclassified	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
2009	101,303,291	23,619,198	2,637,597	96,501	-	127,656,587	24.606	1,160,488,730	11.00%
2010	99,793,594	21,148,834	2,277,327	90,384	-	123,310,139	31.119	971,642,165	12.69%
2011	98,455,518	21,904,442	1,683,579	94,002	-	122,137,541	31.132	958,093,470	12.75%
2012	98,872,623	21,627,029	1,603,987	101,109	-	122,204,748	31.140	959,973,643	12.73%
2013	99,823,425	22,122,018	1,276,279	111,138	-	123,332,860	31.133	967,523,973	12.75%
2014	104,947,182	23,509,159	1,445,888	121,944	-	130,024,173	29.434	1,019,076,374	12.76%
2015	113,212,121	25,623,792	1,319,362	135,792	-	140,291,067	29.455	1,098,395,717	12.77%
2016	121,390,107	28,593,736	2,212,724	140,268	-	152,336,835	20.544 [(a)]	1,188,848,018	12.81%
2017	143,153,491	30,093,621	79,762	231,726	-	173,558,600	20.540	1,366,624,553	12.70%
2018	147,751,168	31,962,125	80,866	162,813	239,102	180,196,074	20.720	1,413,857,859	12.74%

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

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

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



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

	Direct Rates			Overlapping Rates						
Fiscal Year	Gardner General Operating	Bond and Interest	Total Direct Rate - Gardner City [a][b]	State of Kansas	Johnson County	Johnson County Library	Johnson County Parks and Recreation	Johnson County Community College	U.S.D. 231 (School District)	Total Direct & Overlapping Rates
2009	21.551	3.055	24.606	1.500	17.716	3.151	2.346	8.784	78.539	136.642
2010	21.563	9.556	31.119	1.500	17.748	3.158	2.350	8.799	81.536	146.210
2011	23.107	8.025	31.132	1.500	17.700	3.145	2.343	8.776	82.595	147.191
2012	23.113	8.027	31.140	1.500	17.717	3.149	2.344	8.785	82.406	147.041
2013	23.108	8.025	31.133	1.500	17.745	3.155	2.347	9.551	79.170	144.601
2014	21.401	8.033	29.434	1.500	17.764	3.157	2.349	9.461	69.711	133.376
2015	19.415	10.040	29.455	1.500	19.582	3.912	3.101	9.469	69.185	136.204
2016	13.504	7.040	20.544	1.500	19.590	3.915	3.102	9.473	67.787	125.911
2017	11.977	8.563	20.540	1.500	19.318	3.921	3.112	9.503	66.981	124.875
2018	14.116	6.604	20.720	1.500	19.024	3.901	3.088	9.266	65.969	123.468

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

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

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

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

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

		2018			2009		
Taxpayer	Type of Business	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Wal-Mart	Retail	$ 3,944,500	1	2.16%	$ 1,726,000	1	1.28%
Moonlight Apartments L.L.C.	Real Estate	2,751,375	2	1.51%	1,431,749	3	1.06%
Horizon Trails, LLC	Real Estate	1,726,150	3	0.95%			
Conestoga TitleHolder LLC	Real Estate	1,267,060	4	0.70%			
Martens Rentals, L.L.C.	Real Estate	1,232,194	5	0.68%	1,566,126	2	1.16%
Axiom-Aspen, LLC	Real Estate	1,177,140	6	0.65%			
First Choice Properties, Inc	Real Estate	1,184,730	7	0.65%	826,965	8	0.61%
Kansas Gas Service	Utilities	1,115,105	8	0.61%			
Bristol Partner XVI, LLC	Real Estate	1,105,750	9	0.61%	1,081,750	6	0.80%
Energy Center Industrial, LLC	Real Estate	1,084,250	10	0.59%	1,307,751	4	0.97%
Moonlight Plaza, LLC	Shopping Mall				767,605	9	0.57%
Woodstone Apartments, L.P.	Real Estate				710,815	10	0.53%
C.L.S. Investment Company	Real Estate				1,289,380	5	0.95%
DJC Properties	Real Estate				1,016,534	7	0.75%
Totals		$ 16,588,254		9.11%	$ 11,724,675		8.68%

Source: *Johnson County Clerk's Office*

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

City of Gardner, Kansas

PROPERTY TAX LEVIES AND COLLECTIONS
GENERAL AND DEBT SERVICE FUNDS
For years ended December 31, 2009 through December 31, 2018

		Current Year Collections			Total Tax Collections	
Year Ended December 31[1]	Adjusted Tax Levy	Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
2009	3,206,980	3,077,032	95.95%	124,204	3,201,236	99.82%
2010	3,242,123	3,098,450	95.57%	136,592	3,235,042	99.78%
2011	4,079,766	3,924,028	96.18%	146,676	4,070,704	99.78%
2012	4,024,340	3,890,430	96.67%	125,710	4,016,140	99.80%
2013	4,026,866	3,968,415	98.55%	53,661	4,022,076	99.88%
2014	4,073,122	4,013,682	98.54%	55,847	4,069,529	99.91%
2015	4,063,242	3,997,901	98.39%	62,872	4,060,773	99.94%
2016	4,413,542	4,370,729	99.03%	31,824	4,402,553	99.75%
2017	3,357,036	3,319,439	98.88%	22,668	3,342,106	99.56%
2018	3,694,801	3,656,109	98.95%	5,803	3,661,913	99.11%

PROPERTY TAX LEVIES AND COLLECTIONS
TAX INCREMENT FINANCING DISTRICTS
For years ended December 31, 2009 through December 31, 2018

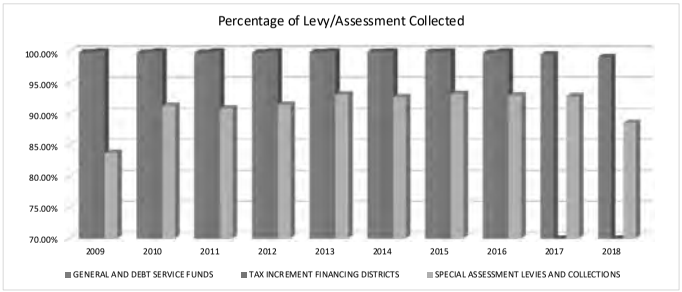
		Current Year Collections			Total Tax Collections	
Year Ended December 31[1]	Adjusted Tax Levy	Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
2009	254,556	254,556	100.00%	-	254,556	100.00%
2010	214,715	214,715	100.00%	-	214,715	100.00%
2011	238,008	238,008	100.00%	-	238,008	100.00%
2012	264,743	264,743	100.00%	-	264,743	100.00%
2013	252,151	252,151	100.00%	-	252,151	100.00%
2014	252,950	252,950	100.00%	-	252,950	100.00%
2015	238,635	238,635	100.00%	-	238,635	100.00%
2016	136,471	136,471	100.00%	-	136,471	100.00%
2017	-	-	0.00%	-	-	0.00%
2018	-	-	0.00%	-	-	0.00%

SPECIAL ASSESSMENT LEVIES AND COLLECTIONS
For years ended December 31, 2009 through December 31, 2018

		Current Year Collections			Total Assessment Collections	
Year Ended December 31[1]	Assessments Certified to County	Amount	Percentage of Assessment	Collections in Subsequent Years	Amount	Percentage of Assessment
2009	590,334	389,232	65.93%	104,988	494,220	83.72%
2010	1,075,608	826,909	76.88%	154,797	981,705	91.27%
2011	1,047,190	811,689	77.51%	139,985	951,675	90.88%
2012	1,105,492	904,363	81.81%	107,159	1,011,522	91.50%
2013	1,341,397	1,068,469	79.65%	180,304	1,248,773	93.09%
2014	1,306,910	857,846	65.64%	353,748	1,211,593	92.71%
2015	1,389,393	1,028,131	74.00%	267,084	1,295,215	93.22%
2016	1,388,634	1,288,438	92.78%	2,319	1,290,756	92.95%
2017	1,344,450	1,225,138	91.13%	22,888	1,248,027	92.83%
2018	1,351,990	1,186,403	87.75%	10,423	1,196,826	88.52%

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

Source: *Johnson County Treasurer's Office*

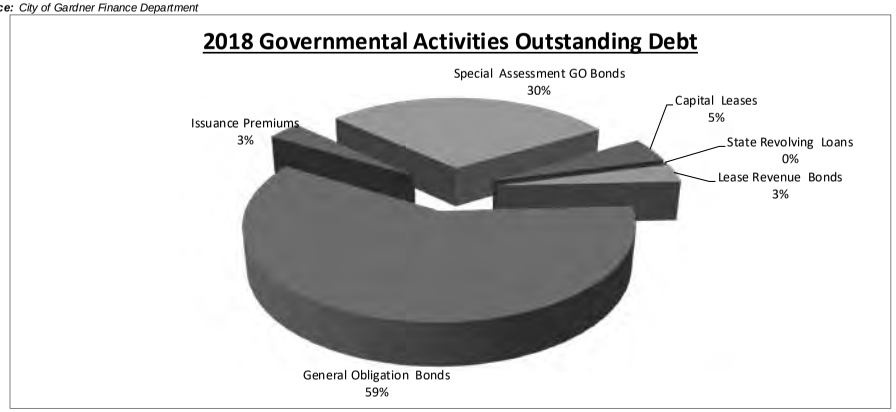


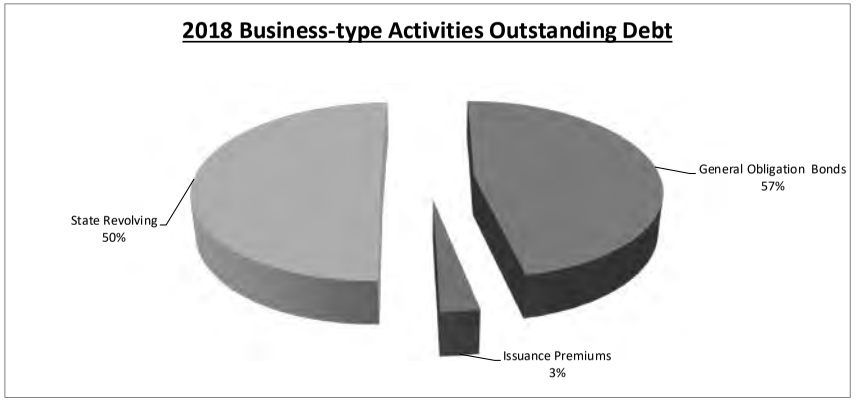
City of Gardner, Kansas
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Government Activities								Business-type Activities							
Fiscal Year	General Obligation Bonds	Issuance Premiums	Special Assessment GO Bonds	Certificates of Participation	Bond Anticipation Notes	Capital Leases	State Revolving Loans	Lease Revenue Bonds	General Obligation Bonds	Issuance Premiums	Bond Anticipation Notes	Capital Leases	State Revolving Loans	Total Primary Government	Percentage of Personal Income [a]	Per Capita [a]
[b] 2009	9,377,200	31,657	10,307,972	5,665,000	5,515,000	830,353	4,065,034	3,545,000	23,524,828	111,962	-	92,781	24,183,410	87,250,197	11.84%	4,691
[c] 2010	9,626,450	51,387	9,605,000	5,045,000	5,180,000	-	5,082,322	3,410,000	20,728,550	99,521	-	47,647	22,832,614	81,708,491	15.63%	4,273
2011	8,444,150	45,637	10,215,000	4,235,000	3,960,000	-	4,876,446	3,250,000	17,735,850	87,082	-	-	21,509,041	74,358,206	14.76%	3,714
2012	7,049,550	39,887	13,425,000	3,480,000	4,915,000	-	4,581,094	3,105,000	25,850,450	1,145,828	-	-	11,780,890	75,372,699	14.34%	3,643
2013	6,153,300	147,910	12,385,000	2,670,000	4,915,000	77,489	4,515,624	2,880,000	21,181,700	1,146,323	1,330,000	-	16,155,452	73,557,798	13.52%	3,593
2014	8,816,334	359,318	15,035,000	1,670,000	-	59,064	477,884	2,620,000	18,113,666	1,032,792	-	-	16,679,528	64,863,586	11.89%	3,139
2015	9,310,684	332,742	12,215,000	475,000	-	226,113	244,290	2,330,000	18,049,316	1,108,699	-	-	11,590,158	55,882,002	9.68%	2,678
2016	9,216,264	345,252	12,805,000	-	-	792,116	67,609	2,015,000	15,398,736	859,776	-	-	10,890,162	52,389,915	8.12%	2,482
2017	9,786,170	492,721	14,012,500	-	-	611,000	-	1,670,000	12,231,330	699,751	-	-	10,321,146	49,824,618	6.30%	2,309
2018	23,398,487	1,314,814	11,592,500	-	-	1,765,000	-	1,295,000	9,039,013	545,189	-	10,750,645	9,738,473	69,439,121	8.31%	3,175

Notes: *[a] See the Demographic and Economic Statistics schedule in this section for personal income and population data.*
[b] In 2009, the City issued Special Assessment bonds in the amount of $5,437,972 to finance the completion of University Park and Kill Creek Waterline Benefit Districts.
[c] In 2010, the Cities fire services moved to Johnson County Fire District No 1. The County purchased a fire pumper the City was leasing.

Source: *City of Gardner Finance Department*



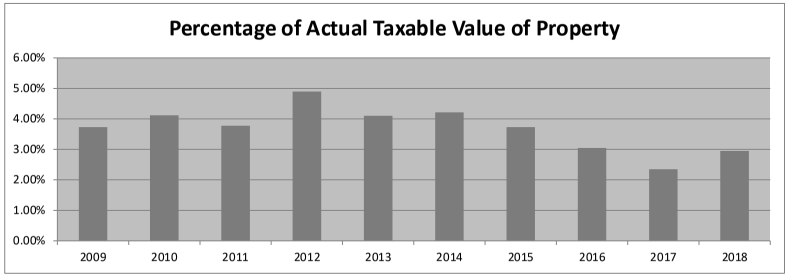


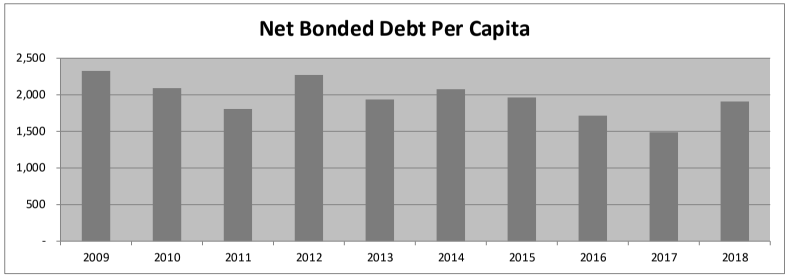
City of Gardner, Kansas
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Issuance Premiums	Special Assessment GO Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Actual Taxable Value[a] of Property	Per Capita [b]
2009	32,902,028	143,619	10,307,972	78,023	43,275,596	3.73%	2,327
2010	30,355,000	150,908	9,605,000	105,384	40,005,524	4.12%	2,092
2011	26,180,000	132,719	10,215,000	373,870	36,153,849	3.77%	1,806
2012	32,900,000	1,185,715	13,425,000	493,029	47,017,686	4.90%	2,273
2013	27,335,000	1,294,233	12,385,000	1,351,864	39,662,369	4.10%	1,937
2014	26,930,000	1,392,110	15,035,000	425,504	42,931,606	4.21%	2,077
2015	27,360,000	1,441,441	12,215,000	55,734	40,960,707	3.73%	1,963
2016	24,615,000	1,205,028	12,805,000	2,427,189	36,197,839	3.04%	1,715
2017	22,017,500	1,192,472	14,012,500	5,117,019	32,105,453	2.35%	1,488
2018	32,437,500	1,860,003	11,592,500	4,154,425	41,735,578	2.95%	1,908

Notes: *Details regarding the City's outstanding debt can be found in the notes to the financial statements.*
[a] Property value data can be found in the Assessed Value and Estimated Actual Value of Taxable Property schedule in this section.
[b] Population data can be found in the Demographic and Economic Statistics schedule in this section.

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





City of Gardner, Kansas
Direct and Overlapping Governmental Activities Debt
As of December 31, 2018

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable [a]	Estimated Share of Direct and Overlapping Debt
GO Debt repaid with property taxes			
Unified School District No. 231	$ 139,215,000	59.10%	$ 82,280,110
Johnson County	14,998,164	1.79%	267,923
Johnson County Community College	53,665,000	1.79%	958,657
Johnson County Park and Recreation	30,740,000	1.79%	549,131
Other			
Johnson County: Public Building Commission	368,180,000	1.79%	6,577,070
Subtotal, overlapping debt			90,632,892
City Direct Debt			39,365,801
Total direct and overlapping debt			$ 129,998,693

Notes: *Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City.*
[a] For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.
One parcel within the City of Gardner was within the boundaries of Fire District No 1 when the District incurred debt in 2010, and is therefore considered debt-obligated even though it is no longer in the District and is property tax-exempt. The City does not anticipate the parcel becoming taxable in the foreseeable future and the City therefore has no overlapping debt with the Fire District.

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

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

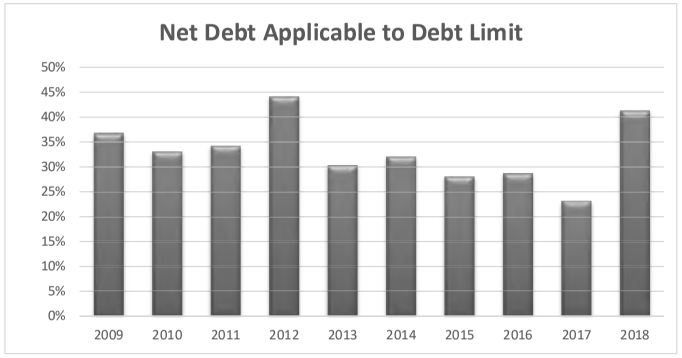
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Limit	$ 46,444,391	$ 44,909,263	$ 44,334,725	$ 44,524,646	$ 44,867,292	$ 47,105,324	$ 50,654,924	$ 54,443,006	$ 59,663,274	$ 64,350,457
Total net debt applicable to limit	17,092,536	14,841,700	15,147,850	19,631,650	13,584,740	15,085,450	14,197,925	15,602,174	13,783,024	26,568,798
Legal debt margin	$ 29,351,855	$ 30,067,563	$ 29,186,875	$ 24,892,996	$ 31,282,552	$ 32,019,874	$ 36,456,999	$ 38,840,832	$ 45,880,250	$ 37,781,659
Total net debt applicable to the limit as a percentage of debt limit	36.80%	33.05%	34.17%	44.09%	30.28%	32.02%	28.03%	28.66%	23.10%	41.29%

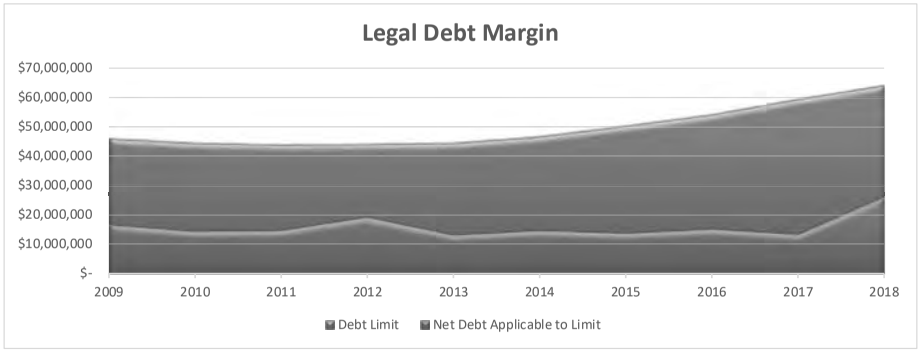
Legal Debt Margin Calculation for Fiscal Year 2018

Assessed value [(a)]	$ 214,501,523
Debt limit (30% of assessed value) [(b)]	64,350,457
Debt applicable to limit:	
G.O. Bonds and Temporary Notes Outstanding	44,030,000
Less: Amount set aside for utilities, refunding, and revenue-supported bonds	(17,461,202)
Total net debt applicable to limit	26,568,798
Legal debt margin	$ 37,781,659

Notes: *[(a)] Assessed value includes property tax collected for motor vehicles.*
[(b)] The City is subject to Kansas statutes which limit the amount of net bonded debt (exclusive of revenue, utility, and refunding bonds) the City may have outstanding to 30% of the current assessed valuation of property.

Source: *City of Gardner Finance Department*





City of Gardner, Kansas
Demographics and Economic Statistics
Last Ten Calendar Years

Calendar Year	Population [1]	Personal Income	Per Capita Personal Income [4]	Median Age [4]	School Enrollment [3]	Unemployment Rate [2]
2009	18,600	736,727,400	39,609	31.6	4,721	6.6%
2010	19,195	524,733,715	27,337	30.0	4,977	6.5%
2011	19,944	501,791,040	25,160	30.0	5,229	5.4%
2012	20,267	515,004,737	25,411	30.4	5,411	4.5%
2013	20,473	543,988,083	26,571	30.7	5,452	3.8%
2014	20,667	545,629,467	26,401	31.8	5,647	3.1%
2015	20,868	577,104,540	27,655	31.9	5,858	2.9%
2016	21,110	639,907,430	30,313	31.9	6,041	3.1%
2017	21,583	790,952,201	36,647	32.3	6,116	2.9%
2018	21,871	835,865,878	38,218	32.3	6,121	3.0%

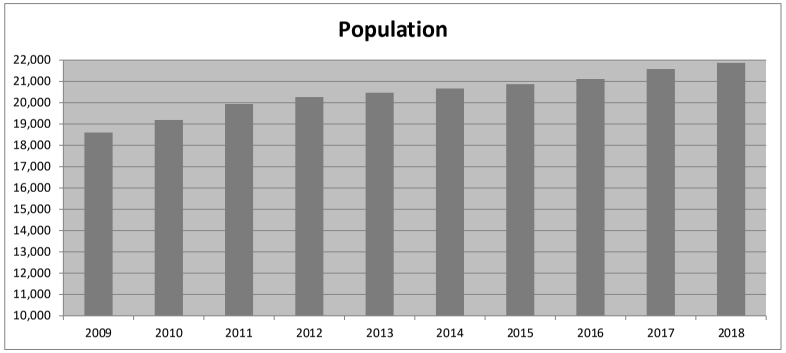
Sources: *City of Gardner Finance Department and*

[1] US Census Bureau - estimate as of July 1, xxxx

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

[3] Unified School District No. 231

[4] Gardner Trade Area Profile. Provided by Southwest Johnson County Economic Development Corportion



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

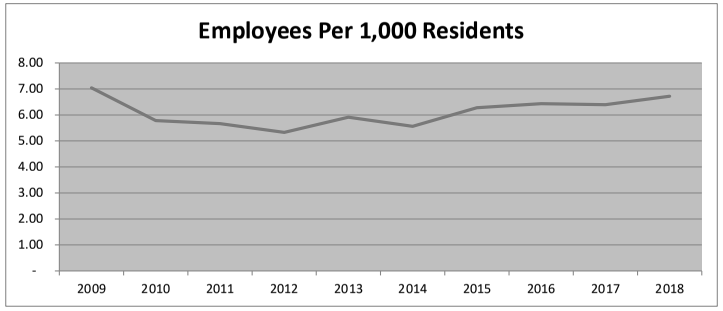
	2018			2009		
Employer	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Unified School District No. 231	960	1	5.41%	760	1	19.84%
Epic Landscape Productions	298	2	1.68%			
Walmart	265	3	1.49%	170	2	4.44%
Meadowbrook Rehabilitation Hospital	174	4	0.98%	107	6	2.79%
Excelligence Learning Corp	150	5	0.84%			
City of Gardner	146	6	0.82%	132	3	3.45%
Price Chopper	130	7	0.73%	115	4	3.00%
TradeNet Publishing	130	7	0.73%	114	5	2.98%
Coleman	90	8	0.51%			
D.O.T. Label, Inc. (ITW)	87	9	0.49%	34	9	0.89%
Medical Lodge of Gardner	83	10	0.47%	102	7	2.66%
Cramer Products, Inc.	35	11	0.20%	50	8	1.31%
Central Bank (Metcalf Bank)				30	10	0.78%
Total	2,548		14.35%	1,614		42.14%

Source: *City of Gardner Business and Economic Development Department*

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

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government										
Administration	3	3	3	2	6	5	5	5	5	5
Human Resources/City Clerk	3	3	3	3	2	2	4	4	4	4
Information Systems	1	1	1	1	1	1	3	3	3	3
Finance										
Fiscal Services	4	4	4	4	5	5	7	7	7	7
Court	2	2	2	1	2	2	2	2	2	2
Utilities	8	8	8	8	8	8	9	9	9	9
Planning	4	1	1	1	3	3	5	5	5	5
Codes	5	2	2	1	3	3	3	2	2	3
Police										
Administration	6	5	5	4	5	3	5	6	7	7
Operations	33	23	22	22	23	24	28	28	27	30
Animal Control	1	1	1	1	1	1	1	1	1	1
Public Works										
Administration	4	5	5	5	4	2	2	2	2	2
Fleet	1	1	1	1	1	1	1	1	1	1
Engineering	4	4	4	4	4	4	5	5	5	5
Building Services	1	1	1	1	1	1	1	1	1	1
Streets & Line Maintenance	8	12	11	12	15	17	12	15	15	18
Electric	10	13	16	18	16	10	14	16	18	18
Water	10	5	5	4	5	6	6	6	6	6
Wastewater	9	5	5	5	5	6	6	6	6	6
Culture and Recreation										
Recreation Services	6	5	5	5	5	5	6	7	6	6
Park Maintenance	8	7	8	5	6	6	6	6	6	8
Total	131	111	113	108	121	115	131	137	138	147

Source: *City of Gardner Human Resources Department*



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

Function	2009	2010	2011 [a]	2012	2013	2014	2015	2016	2017 [b]	2018
General government [1]										
Building permits issued	511	503	570	578	534	607	594	744	852	889
Building inspections conducted	2,602	2,205	1,521	1,560	1,916	2,760	2,723	3,046	4,118	5,553
Police Department [2]										
Violations	2,459	2,087	3,732	2,908	3,251	3,056	3,426	4,252	4,389	4,008
Fire responses	432	331	113	343	415	235	186	188	227	234
Medical responses	980	825	622	1,052	1,114	904	1,048	1,001	1,064	1,112
Public Works [3]										
Street resurfacing (shown in linear feet)	3,370	1,100	13,610	270	3,453	2,420	-	29,276	100,320	100,320
Curb replacement (shown in linear feet)	1,165	-	315	260	2,575	1,945	648	16,310	10,441	28,140
Electric [4]										
Average daily consumption (in kWh)	319,408	364,150	354,075	360,000	357,700	370,924	371,929	386,687	373,025	372,086
Electric meters installed	95	129	94	53	85	93	66	112	80	161
Water [4]										
Average daily consumption (in thousands)	1,296	1,362	1,659	1,920	1,678	1,896	1,746	1,696	1,765	1,857
Water meters installed	85	88	94	53	85	93	66	178	107	253
Wastewater [4]										
Average daily sewage treatment (in thousands)	2,103	2,060	2,147	1,184	1,280	1,083	1,277	1,295	1,619	1,627
Culture and Recreation [5]										
Athletic Program Participants	2,984	4,462	5,133	5,205	4,838	4,894	5,085	4,758	4,691	3,820
Aquatic Admissions	97,984	89,163	78,102	84,313	64,636	66,179	65,301	71,627	64,403	71,111
Airport [6]										
Hangers	-	-	-	-	-	-	-	-	94	94
Aviation Fuel 100LL purchased (gallons)	-	-	-	-	-	-	-	-	18,500	14,000

Note: *[a] In 2010, the City of Gardner entered into a contractual agreement with Johnson County Fire District No. 1 to provide all fire services.*
Note: *[b] In 2017, the City of Gardner acquired the Airport as a Department of the City.*
Sources: *City of Gardner Finance Department and*
[1] City of Gardner Business and Economic Development Department
[2] City of Gardner Police Department
[3] City of Gardner Street Department
[4] City of Gardner Utility Department
[5] City of Gardner Parks and Recreation Department
[6] City of Gardner Public Works

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

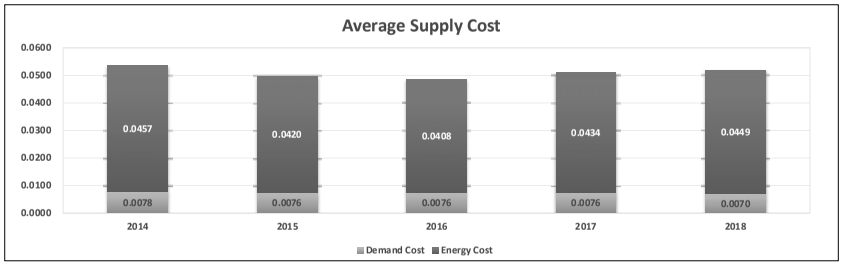
Function	2009	2010[a]	2011	2012	2013	2014	2015	2016	2017[d]	2018
Police [1]										
Stations	2	1	1	1	1	1	1	1	1	1
Patrol/AC Units	14	13	16	16	16	16	16	19	20	20
Fire Fleet	8	-	-	-	-	-	-	-	-	-
Public Works [2]										
Streets (lane miles) [c]	93.53	99.33	108.7	108.7	109.61	109.61	191.00	192.00	192.60	194.35
Streetlights	1,139	1,139	1,214	1,214	1,264	1,264	1,750	1,750	1,750	1,759
Electric [3]										
Generators	2	2	2	2	2	2	2	2	2	2
Substations	3	3	3	3	3	3	3	3	3	3
Overhead lines (miles)	49.5	49.75	51.5	56.5	58.8	58.8	58.4	45.0	44.5	44.4
Underground lines (miles)	52.5	52.5	53.5	55.2	55.8	56.3	56.8	97.0	97.8	99.7
Water [3]										
Water mains (miles)	105.52	106.01	106.24	106.24	107.61	107.61	134.00	135.00	136.00	137.20
Treatment Plants	1	1	1	1	1	1	1	1	1	1
Wastewater [3]										
Sanitary sewers (miles)	122.6	123.35	123.35	124.83	125.97	125.97	109.00	109.00	130.50	132.00
Storm sewers (miles)	42.59	42.64	42.64	42.64	43.92	43.92	45.00	45.00	45.00	46.00
Treatment Plants	3	3	3	3	3	3	3	3	3	3
Culture and Recreation [4]										
Acreage	332.24	332.24	339.95	339.95	341.95	341.95	341.95	341.95	341.95	341.95
Parks	13	13	13	13	13	13	13	13	13	13
Baseball/softball/soccer fields	14	14	14	14	14	14	14	14	14	14
Community Centers	1	1	1	1	1	1	1	1	1	1
Golf Course	1	1	1	1	1	1	1	1	1	1
Airport [5]										
Asphalt Runway (feet)	-	-	-	-	-	-	-	-	2,960	2,960
Turf Runways (feet)	-	-	-	-	-	-	-	-	5,394	5,394

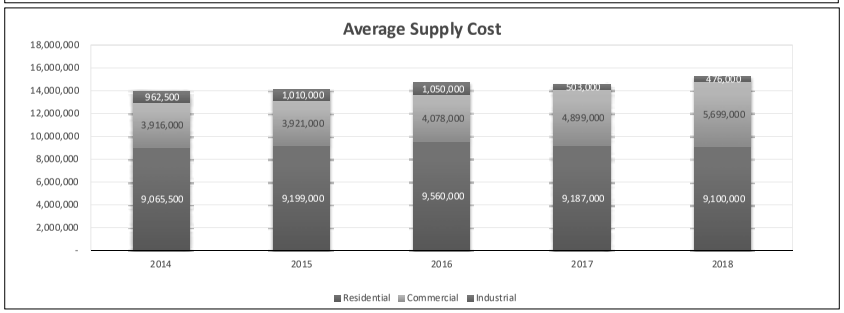
Sources: *City of Gardner Finance Department and*
[1] City of Gardner Police Department
[2] City of Gardner Street Department
[3] City of Gardner Utility Department
[4] City of Gardner Parks and Recreation Department
[5] City of Gardner Public Works
NOTE: *(a) In 2010, the City of Gardner entered into a contractual agreement with Johnson County Fire District No. 1 to provide all fire services.*
(c) In 2015, street miles reported was changed to street lane miles
(d) In 2017, the City of Gardner acquired the Airport as a Department of the City.

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

	Average Supply Cost				Customer Revenues (a)		
Fiscal Year	Demand Cost	Energy Cost	Total Cost	Peak Load MW	Residential	Commercial	Industrial
2014	0.0078	0.0457	0.0535	36.8	9,065,500	3,916,000	962,500
2015	0.0076	0.0420	0.0496	37.4	9,199,000	3,921,000	1,010,000
2016	0.0076	0.0408	0.0484	39.0	9,560,000	4,078,000	1,050,000
2017	0.0076	0.0434	0.0510	38.1	9,187,000	4,899,000	503,000
2018	0.0070	0.0449	0.0519	39.4	9,100,000	5,699,000	476,000

Source: *City of Gardner Utility Department*
Notes: (a) Customers Revenues may differ from the Operating Revenues as shown in the City's Financial statements due to certain Operating Revenues not being classified as Customer Revenues.





AGH
CPAs & ADVISORS

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

The Honorable Mayor and City Council Members
City of Gardner

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, each major fund, and the aggregate remaining fund information of the City of Gardner, Kansas (City) as of and for the year ended December 31, 2018, 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 4, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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 that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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.

Allen, Gibbs & Houlik, L.C. ■ aghlc.com ■ aghemployersolutions.com ■ aghuniversity.com ■ 316.267.7231 ■ 301 N. Main, Suite 1700 ■ Wichita, KS 67202-4858

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

June 4, 2019
Wichita, Kansas

APPENDIX B

FORM OF LEGAL OPINION

(See following pages)

PROPOSED FORM OF BOND COUNSEL OPINION

[Closing Date]

Governing Body of the
City of Gardner, Kansas

Re: $2,600,000* General Obligation Bonds, Series 2019E, of the City of Gardner, Kansas, dated December 12, 2019

We have acted as Bond Counsel in connection with the issuance by the City of Gardner, Kansas (the "City"), of the above-captioned bonds (the "Bonds").

We have examined the law and such certified proceedings and other documents as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Bonds are valid and legally binding general obligations of the City, payable as to both principal and interest from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the City.

2. The interest on the Bonds [(including any original issue discount properly allocable to the owners thereof)] is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. The opinions set forth in this paragraph are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. Because the City has properly designated the Bonds as a "qualified tax-exempt obligation" under Section 265(b)(3) of the Code, in the case of "financial institutions" as defined in Section 265(b)(5) of the Code owning the Bonds, a deduction is allowed for 80% of the otherwise allowable deduction of that portion of such institutions' interest expense allocable to interest on the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

* Subject to change.

3. The interest on the Bonds is excluded from computation of Kansas adjusted gross income. We express no opinion regarding other tax consequences arising with respect to the Bonds under the laws of the State of Kansas or any other state or jurisdiction.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of the official statement or other offering material relating to the Bonds (except to the extent, if any, stated in the official statement) and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the official statement).

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent applicable, and their enforcement may be subject to the exercise of judicial discretion in appropriate cases.

APPENDIX C

BOOK-ENTRY-ONLY SYSTEM

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the City or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

APPENDIX D

FORM OF CONTINUING DISCLOSURE LETTER OF INSTRUCTIONS

(See following pages)

FORM OF CONTINUING DISCLOSURE LETTER OF INSTRUCTIONS

[Closing Date]

Governing Body of the
City of Gardner, Kansas

Re: Continuing Disclosure Letter of Instructions for $2,600,000* General Obligation Bonds, Series 2019E, dated December 12, 2019, of the City of Gardner, Kansas (the "Obligations")

The purpose of this letter is to assist the Underwriter (as defined below) in complying with the requirements of the SEC Rule (as defined below). It being the intention of the City that there be full and complete compliance with the SEC Rule and EMMA (as defined below), this letter shall be construed in accordance with the written interpretative guidance and no-action letters published from time to time by the Commission (as defined below) and its staff or the MSRB (as defined below) and its staff with respect to the SEC Rule or EMMA, as the case may be. The City represents that it will be the only Obligated Person (as defined below) with respect to the Obligations at the time the Obligations are delivered to the Underwriter and that no other person is expected to become so committed at any time after issuance of the Obligations.

Section 1. Definitions. Unless the context otherwise requires, the following capitalized terms have the following meanings:

"**Annual Financial Information**" means the financial information or operating data with respect to the City, provided at least annually, of the type included in the portions of the Final Official Statement set forth in *Exhibit A* to this Letter.

"**Audited Financial Statements**" means the City's annual financial statements, prepared in accordance with auditing standards generally accepted in the United States of America, the *Kansas Municipal Audit and Accounting Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, which financial statements shall have been audited by such auditor as shall be then required or permitted by the laws of the State.

"**Bond Counsel**" means the firm of Kutak Rock LLP, or any other attorney or firm of attorneys whose expertise in matters relating to the issuance of obligations by states and their political subdivisions is nationally recognized and acceptable to the City.

"**Bond Resolution**" means the resolution of the City prescribing the terms and details of the Obligations.

"**City**" means the City of Gardner, Kansas.

*Subject to change.

"**Commission**" means the Securities and Exchange Commission.

"**Continuing Disclosure Letter of Instructions**" or "**Letter**" means this Continuing Disclosure Letter of Instructions the execution of which is authorized by the Bond Resolution, as the same may be amended or supplemented in accordance with its terms.

"**EMMA**" means the Electronic Municipal Market Access facility for municipal securities disclosure of the MSRB, or any other market access method approved under the SEC Rule.

"**Final Official Statement**" means the final Official Statement prepared by the City or its representatives in connection with the sale of the Obligations and delivered to the Underwriter within seven business days after the sale of the Obligations in accordance with the SEC Rule. The Final Official Statement includes the information in the Preliminary Official Statement as supplemented or amended.

"**Financial Obligation**" means a financial obligation as defined in the SEC Rule.

"**MSRB**" means the Municipal Securities Rulemaking Board and any successors or assigns, or any other entities or agencies approved under the SEC Rule.

"**Obligated Person**" means an obligated person as defined in the SEC Rule.

"**Obligations**" means the "Obligations" as previously defined herein.

"**Official Statement**" means the Official Statement which was prepared by the City and its advisors in connection with the sale of the Obligations and distributed to potential purchasers of the Obligations before the Final Official Statement, as described in the SEC Rule, was made available.

"**Outstanding**" means as of a particular date of determination, all Obligations authenticated and delivered under the provisions of the Bond Resolution, except:

A. Obligations canceled by the Paying Agent or delivered to the Paying Agent for cancellation pursuant to the Bond Resolution;

B. Obligations for the payment or redemption of which moneys or investments have been deposited in accordance with the defeasance provisions of the Bond Resolution; and

C. Obligations in exchange for or in lieu of which other Obligations have been authenticated and delivered pursuant to the Bond Resolution.

"**Paying Agent**" means the paying agent for the Obligations as described in the Bond Resolution.

"**Preliminary Official Statement**" means the Preliminary Official Statement which was prepared by the City and its advisors in connection with the sale of the Obligations and

distributed to potential purchasers of the Obligations before the Final Official Statement, as described in the SEC Rule, was made available.

"**Prescribed Form**" means such electronic format accompanied by such identifying information as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of the applicable information.

"**Reporting Event**" means any of the following events with respect to the Obligations:

A. principal and interest payment delinquencies;

B. non-payment related defaults, if material;

C. unscheduled draws on debt service reserves reflecting financial difficulties;

D. unscheduled draws on credit enhancements reflecting financial difficulties;

E. substitution of credit or liquidity providers, or their failure to perform;

F. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

G. modifications to rights of security holders, if material;

H. bond calls (other than mandatory sinking fund redemptions), if material, and tender offers;

I. defeasances;

J. release, substitution, or sale of property securing repayment of the securities, if material;

K. rating changes;

L. bankruptcy, insolvency, receivership or similar event of the Obligated Person (this event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in proceedings under the U.S. Bankruptcy Code or in any other proceedings under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person);

M. the consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

N. appointment of a successor or additional trustee or the change of name of a trustee, if material;

O. the incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect security holders, if material; and

P. a default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Obligated Person, any of which reflect financial difficulties.

"**Reporting Event Notice**" means notice in Prescribed Form in accordance with EMMA of a Reporting Event.

"**SEC Report Date**" means November 1 of each year, beginning November 1, 2020.

"**SEC Rule**" means the Securities and Exchange Commission Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (17 CFR § 240.15c2-12).

"**State**" means the State of Kansas.

"**Underwriter**" means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Obligations.

Section 2. Undertaking.

A. This Letter constitutes the written undertaking for the benefit of the holders of the Obligations required by Section (b)(5)(i) of the SEC Rule.

B. The City, as an "Obligated Person" within the meaning of the SEC Rule, undertakes to provide the following information as provided in this Letter:

(1) Annual Financial Information;

(2) Audited Financial Statements, if any; and

(3) Reporting Event Notices.

C. (1) The City shall while any Obligations are Outstanding provide the Annual Financial Information in Prescribed Form in accordance with EMMA to the MSRB, on or before the SEC Report Date. The City may adjust the SEC Report

Date if the City changes its fiscal year by providing written notice of the change of fiscal year and the new SEC Report Date to the MSRB; provided that the new SEC Report Date shall be six months after the end of the new fiscal year and provided further that the period between the final SEC Report Date relating to the former fiscal year and the initial SEC Report Date relating to the new fiscal year shall not exceed one year in duration. It shall be sufficient if the City provides to the MSRB the Annual Financial Information by specific reference to documents available to the public on the MSRB's Internet website, or filed with the Commission.

(2) If not provided as part of the Annual Financial Information, the City shall provide the Audited Financial Statements when and if available while any Obligations are Outstanding to the MSRB in Prescribed Form in accordance with EMMA.

(3) If a Reporting Event occurs while any Obligations are Outstanding, the City shall file a Reporting Event Notice in a timely manner not in excess of ten business days after the occurrence of such event in Prescribed Form in accordance with EMMA with the MSRB. Each Reporting Event Notice shall be so captioned and shall prominently state the date, title and CUSIP numbers of the Obligations.

(4) The City shall provide in Prescribed Form in accordance with EMMA in a timely manner not in excess of ten business days after the occurrence of such event to the MSRB notice of any failure by the City while any Obligations are Outstanding to provide to the MSRB Annual Financial Information on or before the SEC Report Date.

D. Any failure by the City to perform in accordance with this Letter shall not constitute an "event of default" under the Bond Resolution, and the rights and remedies provided therein upon the occurrence of an event of default shall not apply to any such failure.

Section 3. Method of Transmitting Continuing Disclosure. The information listed in Section 2 shall be provided by the City to the MSRB, at www.emma.msrb.org (or at such other address or addresses as the MSRB may from time to time specify), in the Prescribed Form or by such other method of transmitting information that is approved by the Commission.

Section 4. Termination or Amendment of Obligation to Provide Continuing Disclosure. The continuing obligation hereunder of the City to provide Annual Financial Information, Audited Financial Statements, if any, and Reporting Event Notices shall terminate immediately once the Obligations no longer are Outstanding. This Letter, or any provision hereof, shall be null and void in the event that the City delivers to the MSRB an opinion of Bond Counsel to the effect that those portions of the SEC Rule which require this Letter, or any such provision, are invalid, have been repealed retroactively or otherwise do not apply to the Obligations. This Letter may be amended without the consent of the holders of the Obligations, but only upon the delivery by the City to the MSRB, of the proposed amendment and an opinion

of Bond Counsel to the effect that such amendment, and giving effect thereto, will not adversely affect the compliance of this Letter by the City with the SEC Rule.

Section 5. Dissemination Agent. The City may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Letter and may discharge any such agent with or without appointing a successor agent.

Section 6. Additional Information. Nothing in this Letter shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this subsection or any other means of communication, or including any other information in any Annual Financial Information or notice of occurrence of a Reporting Event in addition to that which is required by this Letter. If the City chooses to include any information from any document or notice of occurrence of a Reporting Event in addition to that which is specifically required by this Letter, the City shall not have any obligation under this Letter to update such information or include it in any future disclosure or notice of the occurrence of a Reporting Event.

Section 7. Beneficiaries. This Letter has been executed in order to assist the Underwriter in complying with the Rule; however, this Letter shall inure solely to the benefit of the holders of the Obligations as required by Section (b)(5)(i) of the SEC Rule, and shall create no rights in any other person or entity.

Section 8. Recordkeeping. The City shall maintain records of all disclosure made pursuant to this Letter, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

KUTAK ROCK LLP

THIS CONTINUING DISCLOSURE LETTER OF INSTRUCTIONS, received, acknowledged and agreed to as of [Closing Date].

CITY OF GARDNER, KANSAS

By _____
Mayor

EXHIBIT A

ANNUAL FINANCIAL INFORMATION

"*Annual Financial Information*" shall include the City's Audited Financial Statements and, if not included in the City's Audited Financial Statements, the following portions of the Final Official Statement:

"CURRENT PROPERTY VALUATIONS" under the section entitled "VALUATIONS"
"DIRECT DEBT" under the section entitled "DEBT"
"TAX COLLECTIONS" under the section entitled "TAX LEVIES AND COLLECTIONS"

APPENDIX E

NOTICE OF SALE

NOTICE OF SALE

$1,140,000*
GENERAL OBLIGATION TEMPORARY NOTES, SERIES 2019C

AND

$2,555,000*
GENERAL OBLIGATION TEMPORARY NOTES, SERIES 2019D
(TAXABLE UNDER FEDERAL LAW)

AND

$2,600,000*
GENERAL OBLIGATION BONDS, SERIES 2019E

OF THE CITY OF GARDNER, KANSAS

(GENERAL OBLIGATIONS PAYABLE
FROM UNLIMITED AD VALOREM TAXES)

Bids. Bids will be received on behalf of the City of Gardner, Kansas (the "City"), at the offices of Ehlers & Associates, Inc., 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105 ("Ehlers" or the "Municipal Advisor"), by delivery, by telephone at 651-697-8500 or via facsimile at 651-697-8555, or, in the case of electronic proposals, via ***PARITY***® *("PARITY")*, in the manner described in this Notice of Sale ("Notice"), until 10:30 a.m. on

MONDAY, NOVEMBER 18, 2019 (the "Sale Date")

for the purchase of $1,140,000* principal amount of General Obligation Temporary Notes, Series 2019C (the "2019C Notes"); $2,555,000* principal amount of General Obligation Temporary Notes, Series 2019D (Taxable Under Federal Law) (the "2019D Notes") and $2,600,000* principal amount of General Obligation Bonds, Series 2019E (the "Bonds") of the City. The Series 2019C Notes and the Series 2019D Notes are referred to collectively herein as the "Notes". The Notes and Bonds are referred to collectively herein as the "Obligations". All bids will be available to the public at the office of the City Clerk at the address shown below at that time and place and will be acted upon by the Governing Body at its meeting to be held at 7:00 p.m. on the Sale Date or as soon thereafter as may be heard. No oral or auction bids will be considered. All references to the time in this Notice mean Central Time.

NOTES

Note Details. The Notes will consist of fully registered notes in the denomination of $5,000 or any integral multiple thereof. The Notes will be dated December 12, 2019 ("Dated Date"), and will become due on October 1, 2021. The Notes will bear interest from the Dated Date at a rate to

* *Preliminary; subject to change.*

be determined when the Notes are sold, which interest will be payable semiannually on April 1 and October 1, beginning on April 1, 2020 (the "Note Interest Payment Dates") or earlier redemption.

Principal Amount Subject to Change. The City reserves the right to decrease or increase the principal amount of the Notes in order to properly size the Notes issue, including making adjustments based on net note proceeds received by the City as a result of any premium or discount bid. In the event the principal amount is modified, the purchase price will be adjusted to result in the same gross spread per $1,000 of the Notes as that of the original proposal. Gross spread is the differential between the price paid to the City for the new issue and the price at which the securities are initially offered to the investing public. The successful bidder for the Notes may not withdraw its bid or change the interest rate bid as a result of any changes made to the principal amount of the Notes as described herein. If there is an adjustment in the final principal amount of the Notes as described above, any premium or discount bid on the Notes will be proportionately adjusted. Bidders wishing to obtain the final principal amount may contact the City by 1:00 p.m. on the Sale Date.

Place of Payment and Note Registration. The Notes will be initially registered in the name of Cede & Co., as nominee of DTC, New York, New York, to which payment of principal of and interest on the Notes will be made. Individual purchases of Notes will be made in book-entry form only. Purchasers of Notes will not receive certificates representing their interest in Notes purchased. The principal of and interest on the Notes will be payable in lawful money of the United States of America by check or draft of the Treasurer of the State of Kansas, Topeka, Kansas (the "Paying Agent" and "Note Registrar"). The principal of each Note will be payable at maturity or earlier redemption upon presentation and surrender at the office of the Paying Agent. The interest payable on the Notes on any Note Interest Payment Dates shall be paid by the Paying Agent to the owner of each Note at the owner's address as it appears on the registration books of the Note Registrar as of the fifteenth day (whether or not a business day) of the calendar month next preceding each Note Interest Payment Date (the "Record Date") or at such other address provided in writing by the owner to the Note Registrar (a) by check or draft mailed by the Paying Agent to the address of such registered owner shown on the registration books, or (b) in the case of an interest payment to any registered owner that is a securities depository, by electronic transfer to such registered owner upon written notice given to the Paying Agent by such registered owner, not less than 15 days prior to the Record Date for such interest payment, containing the electronic transfer instructions including the bank (which shall be in the continental United States), address, ABA routing number and account number to which such registered owner wishes to have such wire directed. The Notes will be registered pursuant to a plan of registration approved by the City and the Attorney General of the State of Kansas.

The City will pay for the fees of the Note Registrar for registration and transfer of the Notes and will also pay for preparation of a reasonable supply of registered note blanks. Any additional costs or fees that might be incurred in the secondary market, other than fees of the Note Registrar, will be the responsibility of the owners.

As long as the Notes remain in book-entry form only, the provisions relating to registration, transfer and exchange stated above will be governed by the procedures of DTC or its successor with respect to its book-entry only system.

Optional Redemption. At the option of the City, the Notes may be called for redemption and payment prior to maturity on October 1, 2020, or thereafter at any time, in whole or in part (selection of Notes to be designated by the City in such equitable manner as it may determine), at the redemption price of 100% (expressed as a percentage of the principal amount), plus accrued interest to the date of redemption.

Whenever the City is to select Notes for the purpose of redemption, it will, in the case of Notes in denominations greater than $5,000, if less than all of the Notes then outstanding are to be called for redemption, treat each $5,000 of face value of each such fully registered Note as though it were a separate Note in the denomination of $5,000.

Unless waived by any owner of the Notes to be redeemed, if the City elects to call any Notes for redemption and payment prior to maturity, the City shall instruct the Note Registrar to give written notice of its intention to call and pay such Notes on a specified date, such notice to be mailed by United States first-class mail addressed to the owners of the Notes, each of the notices to be mailed not less than 30 days prior to the date fixed for redemption. The City shall also give such additional notice as may be required by Kansas law or regulation of the Securities and Exchange Commission in effect as of the date of such notice. If any Note is called for redemption and payment as described above, all interest on such Note shall cease from and after the date for which such call is made, provided funds are available for its payment at the price specified.

As long as the book-entry only system remains in effect for the Notes, the Paying Agent will provide the notices described above to DTC or its successor. It is expected that DTC will, in turn, notify its Participants (as defined in the Official Statement) and that the Participants will notify the Beneficial Owners (as defined in the Official Statement) of the Notes. Please refer to the Official Statement (as defined herein) for a more detailed description of the book-entry only system.

Authority, Purpose and Security. The Notes are being issued pursuant to K.S.A. 10-123 and K.S.A. 12-6a01 *et seq.*, all as amended or supplemented, for the purpose of: (i) paying the cost of certain water, street and related improvements; and (ii) paying the cost of issuance of the Notes. The Notes shall be general obligations of the City payable as to both principal and interest from general obligation bonds of the City, from special assessments levied upon the property benefited by the construction of the improvements, and from current revenues of the City authorized for such purpose. If not so paid, the principal of and interest on the Notes shall be payable from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the City. The full faith, credit and resources of the City are irrevocably pledged for the prompt payment of the principal of and interest on the Notes as the same become due.

Conditions of Bids. Proposals will be received on each series of Notes bearing such rate of interest as may be specified by the bidders, subject to the following conditions: The same rate shall apply to each series of Notes. The interest rate specified shall be a multiple of 1/8 or 1/100 of 1% and may not exceed a rate equal to the daily yield for the 10-year Treasury Bonds published by The Bond Buyer, in New York, New York, on the Monday next preceding the day on which the Notes are sold, plus 3% for the Series 2019C Notes or plus 4% for the Series 2019D Notes. No bid will be considered for a price of less than 99.2% of the par value of each series of Notes plus accrued interest, if any, to the date of delivery. No supplemental interest payments will be considered. Each

bid must specify the total interest cost to the City during the term of such series of Notes on the basis of such bid, the premium, if any, and the discount, if any, offered by the bidder, and the net interest cost to the City on the basis of such bid, all certified by the bidder to be correct. The City will be entitled to rely on the certificate of correctness of the bidder. Each bid must also specify the true interest cost to the City on the basis of such bid.

Establishment of Issue Price for the Series 2019C Notes

(a) The winning bidder shall assist the City in establishing the issue price of the Series 2019C Notes for federal income tax purposes and shall execute and deliver to the City at closing an "issue price" or similar certificate setting forth the reasonably expected Initial Offering Price (as defined herein) to the public or the sales price or prices of the Series 2019C Notes, together with the supporting pricing wires or equivalent communications, which certificate shall be substantially in one of the two forms attached hereto as *Exhibit A-1* or *A-2*, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the City and Bond Counsel. All actions to be taken by the City under this Notice to establish the issue price of the Series 2019C Notes may be taken on behalf of the City by the City's Municipal Advisor identified herein. At the written request of the City, Bond Counsel, or the Municipal Advisor (including via e-mail), any notice or report to be provided to the City under this Notice shall be provided to, as applicable pursuant to such written request, the City, Bond Counsel, or the Municipal Advisor.

(b) The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Series 2019C Notes) will apply to the initial sale of the Series 2019C Notes (the "Competitive Sale Requirements") because:

(1) the City shall disseminate this Notice to potential underwriters in a manner that is reasonably designed to reach potential underwriters;

(2) all bidders shall have an equal opportunity to bid;

(3) the City anticipates receiving bids for the Series 2019C Notes from at least three bidders with established industry reputations for underwriting new issuances of municipal bonds; and

(4) the City anticipates awarding the sale of the Series 2019C Notes to the bidder who submits a firm offer to purchase the Series 2019C Notes at the lowest interest cost, as set forth in this Notice.

The City shall take all reasonable steps that are appropriate so that the initial sale of the Series 2019C Notes to the Public will satisfy the Competitive Sale Requirements. Any bid submitted pursuant to this Notice shall be considered a firm offer for the purchase of the Series 2019C Notes, as specified in the bid and in this Notice and shall not be subject to any conditions or qualifications except as permitted by this Notice.

(c) In the event that the Competitive Sale Requirements are not satisfied, the City shall so advise the winning bidder. In such event, the City shall treat the first price at which 10% of the Series 2019C Notes (the "10% Test") is sold to the Public as the issue price. The winning bidder shall advise the City if the Series 2019C Notes satisfy the 10% Test as of the date and time of the award of the Series 2019C Notes. The City (or the City's Municipal Advisor) shall promptly advise the prospective winning bidder, at or before the time of award of the Series 2019C Notes, whether the Series 2019C Notes shall be subject to the 10% Test. Bids will not be subject to cancellation in the event that the Competitive Sale Requirements are not satisfied. Bidders should prepare their bids on the assumption that the Series 2019C Notes will be subject to the 10% Test in order to establish the issue price of the Series 2019C Notes.

If the Competitive Sale Requirements are not satisfied, then until the 10% Test has been satisfied, the winning bidder agrees to promptly report to the City the prices at which the unsold Series 2019C Notes have been sold to the public. That reporting obligation shall continue, whether or not the closing date has occurred, until the 10% Test has been satisfied or until all Series 2019C Notes have been sold.

(d) By submitting a bid, each bidder confirms that: (i) it has an established industry reputation for underwriting new issuances of municipal bonds; (ii) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Series 2019C Notes to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to report the prices at which it sells to the public the unsold Series 2019C Notes allotted to it until it is notified by the winning bidder that either the 10% Test has been satisfied or all Series 2019C Notes have been sold to the public; and (iii) any agreement among underwriters relating to the initial sale of the Series 2019C Notes to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Series 2019C Notes to the public to require each broker-dealer that is a party to such retail distribution agreement to report the prices at which it sells to the public the unsold Series 2019C Notes allotted to it until it is notified by the winning bidder or such underwriter that the 10% Test has been satisfied or all Series 2019C Notes have been sold to the public if and for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires.

Sales of any Series 2019C Notes to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice. Further, for purposes of this section:

(i) "public" means any person other than an underwriter or a related party,

(ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2019C Notes to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Series 2019C Notes to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Series 2019C Notes to the public), and

(iii) a purchaser of any of the Series 2019C Notes is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

Failure to provide the reoffering prices and yields, and to certify the same in a form satisfactory to Bond Counsel, may result in cancellation of the sale and/or forfeiture of the winning bidder's good faith deposit.

BONDS

Bond Details. The Bonds will consist of fully registered bonds in the denomination of $5,000 or any integral multiple thereof. The Bonds will be dated the Dated Date. The Bonds will become due on October 1 in the years as follows:

Year	Principal* Amount	Year	Principal* Amount
2020	$245,000	2025	$260,000
2021	240,000	2026	270,000
2022	245,000	2027	270,000
2023	255,000	2028	275,000
2024	255,000	2029	285,000

* *Preliminary; subject to change*

The Bonds will bear interest from the Dated Date at rates to be determined when the Bonds are sold as provided herein, which interest will be payable semiannually on April 1 and October 1 in each year, beginning on April 1, 2020.

Principal Amounts Subject to Change. The City reserves the right to decrease or increase the total principal amount of the Bonds and the principal amount of any maturity and adjust any bid premium or discount in order to properly size the Bonds. Any such decrease or increase in the principal amount will be made in multiples of $5,000 in any of the maturities. The successful bidder for the Bonds may not withdraw its bid or change the interest rates bid as a result of any changes made to the principal amount of or premium or discount on the Bonds. The net production as a percentage of the par amount of Bonds generated from the bid of the successful bidder will not be decreased as a result of any change in the aggregate principal amount of the Bonds, the principal amount per maturity or any premium or discount. Bidders wishing to obtain the final maturity schedule may contact the City by 1:00 p.m. on the Sale Date.

Place of Payment and Bond Registration. The Bonds will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), to which payment of principal of and interest on the Bonds will be made. Individual purchases of Bonds will be made in book-entry form only. Purchasers of Bonds will not receive certificates representing their interest in Bonds purchased. The principal of and interest on the Bonds will be payable in lawful money of the United States of America by check or draft of the Treasurer of the State of Kansas, Topeka, Kansas (the "Paying Agent" and "Registrar"). The principal of each Bond will be payable at maturity or earlier redemption upon presentation and surrender at the principal office of the Paying Agent. The interest payable on the Bonds on any interest payment date shall be paid by the Paying Agent to the owner of each Bond at the owner's address as it appears on the registration books of the Registrar as of the fifteenth day (whether or not a business day) of the calendar month next preceding each interest payment date (the "Record Date") (a) by check or draft mailed by the Paying Agent to the address of such registered owner shown on the registration books, (b) at such other address provided in writing by the owner to the Registrar or (c) in the case of an interest payment to any registered owner that is a securities depository, by electronic transfer to such registered owner upon written notice given to the Paying Agent by such registered owner, not less than 15 days prior to the Record Date for such interest payment, containing the electronic transfer instructions, including the bank (which shall be in the continental United States), address, ABA routing number and account number to which such registered owner wishes to have such wire directed. The Bonds will be registered pursuant to a plan of registration approved by the City and the Attorney General of the State of Kansas.

The City will pay for the fees of the Registrar for registration and transfer of the Bonds and will also pay for preparation of a reasonable supply of registered bond blanks. Any additional costs or fees that might be incurred in the secondary market, other than fees of the Registrar, will be the responsibility of the owners.

As long as the Bonds remain in book-entry form only, the provisions relating to registration, transfer and exchange stated above for the Bonds will be governed by the procedures of DTC or its successor with respect to its book-entry only system.

Optional Redemption. At the option of the City, the Bonds maturing on October 1, 2027, and thereafter, may be called for redemption and payment prior to maturity on October 1, 2026, or thereafter at any time, in whole or in part (selection of Bonds to be designated by the City in such equitable manner as it may determine), at the redemption price of 100% (expressed as a percentage of the principal amount), plus accrued interest to the date of redemption.

Mandatory Redemption. A bidder may elect to have all or a portion of the Bonds scheduled to mature in consecutive years issued as term bonds (the "Term Bonds") scheduled to mature in the latest of those consecutive years and subject to mandatory redemption requirements consistent with the schedule of serial maturities set forth herein, subject to the following conditions for the Bonds: (a) not less than all Bonds of the same serial maturity shall be converted to Term Bonds with mandatory redemption requirements; and (b) a bidder must make the Term Bond election by completing the applicable paragraph on the Official Bid Form (as defined herein) or through *PARITY*.

Selection of Bonds for Redemption. Whenever the City is to select Bonds for the purpose of redemption, it will, in the case of Bonds in denominations greater than $5,000, if less than all of the Bonds then outstanding are to be called for redemption, treat each $5,000 of face value of each such fully registered Bond as though it were a separate Bond in the denomination of $5,000.

Notice of Redemption. Unless waived by any owner of the Bonds to be redeemed, if the City elects to call any Bond for redemption and payment prior to maturity, the City shall instruct the Registrar to give written notice of its intention to call and pay such Bond on a specified date, the same being described by series and maturity, such notice to be mailed by United States first-class mail addressed to the owners of the Bond, each of the notices to be mailed not less than 30 days prior to the date fixed for redemption. The City shall also give such additional notice as may be required by Kansas law or regulation of the Securities and Exchange Commission in effect as of the date of such notice. If any Bond be called for redemption and payment as described above, all interest on such Bond shall cease from and after the date for which such call is made, provided funds are available for its payment at the price specified.

As long as the book-entry only system remains in effect for the Bonds, the Paying Agent will provide the notices described above to DTC or its successor. It is expected that DTC will, in turn, notify its Participants (as defined in the Official Statement) and that the Participants will notify the Beneficial Owners (as defined in the Official Statement) of such Bonds. Please refer to the Official Statement (as defined herein) for a more detailed description of the book-entry only system.

Authority, Purpose and Security. The Bonds are being issued pursuant to K.S.A. 10-101 *et seq.* and K.S.A. 12-685 *et seq.*, all as amended or supplemented, for the purpose of: (i) financing a portion of certain street improvements; and (ii) paying the cost of issuance of the Bonds. The Bonds shall be general obligations of the City payable as to both principal and interest from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the City. The full faith, credit and resources of the City are irrevocably pledged for the prompt payment of the principal and interest on the Bonds as the same become due.

Conditions of Bids. Proposals will be received on the Bonds bearing such rate or rates of interest as may be specified by the bidders, subject to the following conditions: The same rate shall apply to all Bonds of the same maturity year. Each interest rate specified shall be a multiple of 1/8 or 1/20 of 1%. No interest rate may exceed a rate equal to the daily yield for the 10-year Treasury Bonds published by The Bond Buyer, in New York, New York, on the Monday next preceding the day on which the Bonds are sold, plus 3%. Rates for the Bonds are not required to be in level or ascending order; however, the rate for any maturity cannot be more than 1% lower than the highest rate of any of the preceding maturities. Only bids of 98.80% of the par value of the Bonds, plus accrued interest to the date of delivery, will be considered. No supplemental interest payments will be considered. Each bid must specify the total interest cost to the City during the term of the Bonds and the TIC (as defined herein) on the basis of such bid, all certified by the bidder to be correct.

Establishment of Issue Price for the Bonds

(a) The winning bidder shall assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City at closing an "issue price" or similar certificate setting forth

the reasonably expected Initial Offering Price (as defined herein) to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as *Exhibit B-1* or *B-2*, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the City and Bond Counsel. All actions to be taken by the City under this Notice to establish the issue price of the Bonds may be taken on behalf of the City by the City's Municipal Advisor identified herein. At the written request of the City, Bond Counsel, or the Municipal Advisor (including via e-mail), any notice or report to be provided to the City under this Notice shall be provided to, as applicable pursuant to such written request, the City, Bond Counsel, or the Municipal Advisor.

(b) The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "Competitive Sale Requirements") because:

(1) the City shall disseminate this Notice to potential underwriters in a manner that is reasonably designed to reach potential underwriters;

(2) all bidders will have an equal opportunity to bid;

(3) the City anticipates receiving bids for the Bonds from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and

(4) the City anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Notice.

The City shall take all reasonable steps that are appropriate so that the initial sale of the Bonds to the Public will satisfy the Competitive Sale Requirements. Any bid submitted pursuant to this Notice shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

(c) In the event that the Competitive Sale Requirements are not satisfied, the City shall so advise the winning bidder. The City may determine to treat (i) the first price at which 10% of a maturity of the Bonds (the "10% Test") is sold to the public as the issue price of that maturity and/or (ii) the Initial Offering Price to the public as of the Sale Date of any maturity of the Bonds as the issue price of that maturity (the "Hold-the-Offering-Price Rule"), in each case applied on a maturity-by-maturity basis. The winning bidder shall advise the City if any maturity of the Bonds satisfies the 10% Test as of the date and time of the award of the Bonds. The City (or the City's Municipal Advisor) shall promptly advise the prospective winning bidder, at or before the time of award of the Bonds, which maturities of the Bonds shall be subject to the 10% Test or shall be subject to the Hold-the-Offering-Price Rule. Bids will not be subject to cancellation in the event that the City determines to apply the Hold-the-Offering-Price Rule to any maturity of the Bonds. Bidders should prepare their bids on the assumption that some or all of the maturities of the Bonds will be subject to the Hold-the-Offering-Price Rule in order to establish the issue price of the Bonds.

(d) By submitting a bid, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the "Initial Offering Price"), or at the corresponding yield or yields, set forth in the bid

submitted by the bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the Hold-the-Offering-Price Rule shall apply to any person at a price that is higher than the Initial Offering Price to the public during the period starting on the Sale Date and ending on the earlier of the following:

(1) the close of the fifth (5th) business day after the Sale Date; or

(2) the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the Initial Offering Price to the public.

The winning bidder shall promptly advise the City or the Municipal Advisor when the underwriters have sold 10% of that maturity of the Bonds to the public at a price that is no higher than the Initial Offering Price to the public, if that occurs prior to the close of the fifth (5th) business day after the Sale Date.

(e) If the Competitive Sale Requirements are not satisfied, then until the 10% Test has been satisfied as to each maturity of the Bonds, the winning bidder agrees to promptly report to the City the prices at which the unsold Bonds of that maturity have been sold to the public. That reporting obligation shall continue, whether or not the closing date has occurred, until either (1) all Bonds of that maturity have been sold or (ii) the 10% Test has been satisfied as to the Bonds of that maturity, provided that the winning bidder's reporting obligation after the closing date may be at reasonable periodic intervals or otherwise upon the request of the City or Bond Counsel.

(f) The City acknowledges that, in making the representations set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing the issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for

establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds.

(g) By submitting a bid, each bidder confirms that:

(i) it has an established industry reputation for underwriting new issuances of municipal bonds;

(ii) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A)(i) to report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the closing date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the winning bidder that the 10% Test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the closing date may be at reasonable periodic intervals or otherwise upon request of the winning bidder, and (ii) to comply with the Hold-the-Offering-Price Rule, if applicable, if and for so long as directed by the winning bidder and as set forth in the related pricing wires;

(B) to promptly notify the winning bidder of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below); and

(C) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public.

(iii) any agreement among underwriters or selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter or dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the closing date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the winning bidder or such underwriter that the 10% Test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the closing date may be at reasonable periodic intervals or otherwise upon request of the winning bidder or such underwriter, and (B) comply with the Hold-the-Offering-Price Rule, if applicable, if and for so long as directed by the winning bidder or the underwriter and as set forth in the related pricing wires.

(h) Sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this Notice. Further, for purposes of this section:

(i) "public" means any person other than an underwriter or a related party;

(ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public); and

(iii) a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

Failure to provide the reoffering prices and yields, and to certify the same in a form satisfactory to Bond Counsel, may result in cancellation of the sale and/or forfeiture of the winning bidder's good faith deposit.

GOOD FAITH DEPOSIT

Checks Received by 10:30 a.m. on Sale Date. Unless a wire transfer of funds is provided as described in the next paragraph, each bid shall be accompanied by a cashier's or certified check drawn on a bank located in the United States of America in the amount of $22,800 for the Series 2019C Notes, $51,100 for the Series 2019D Notes, and $52,000 for the Bonds, payable to the order of the City to secure the City from any loss resulting from the failure of the bidder to comply with the terms of its bid. Good faith checks submitted by unsuccessful bidders will be returned.

Wire Transfers Received by 1:30 p.m. on Sale Date. In lieu of submitting a check as the good faith deposit for the Notes or Bonds, a bidder may elect to submit the good faith deposit in the amount previously specified by wire transfer of same-day funds in accordance with wire transfer instructions for the good faith deposit for a series of Obligations which the City will provide to the bidder of the apparent best bid for a series of Obligations following the bid opening. The City agrees to notify the bidder of the apparent best bid for each series of Obligations by no later than 11:00 a.m. on the Sale Date by telephoning the representative of the bidder who signed the bid form at the telephone number indicated on the bid form for such bidder. **PLEASE NOTE THE WIRE TRANSFER IS TO BE RECEIVED BY THE CITY AND NOT BY THE CITY'S**

MUNICIPAL ADVISOR, EHLERS & ASSOCIATES, INC. The wire transfer of the good faith deposit must be received by the City by no later than 1:30 p.m. on the Sale Date. The wire transfer identification information is to include the following identification to be completed with the applicable information by the bidder:

Ref: City of Gardner, Kansas Good Faith Deposit, Series [2019C Notes / 2019D Notes / 2019E Bonds]

Contemporaneously with such wire transfer, the bidder shall send an e-mail to mwolff@gardnerkansas.gov including the following information: (i) indication that a wire transfer has been made; (ii) the amount of the wire transfer; and (iii) the wire transfer federal reference number. The City assumes no liability for incorrect or incomplete information provided from a sending or receiving bank regarding a wire transfer.

Disposition of Good Faith Deposit. If a bid is accepted the good faith deposit will be held by the City until the bidder has complied with all of the terms and conditions of this Notice at which time the good faith deposit will be returned to the applicable successful bidder or deducted from the purchase price for the applicable series of Obligations at the option of the City. If a bid is accepted but the City fails to deliver the applicable series of Obligations to the applicable bidder in accordance with the terms and conditions of this Notice, the good faith deposit amount will be returned to such bidder. If a bid is accepted but the bidder defaults in the performance of any of the terms and conditions of this Notice, the good faith deposit will be retained by the City. No interest will be paid on any bidder's good faith deposit.

BASIS OF AWARD

The award of each series of Obligations will be made on the basis of the lowest true interest cost ("TIC") to the City, which will be determined as follows: the TIC is the discount rate (expressed as a per annum percentage rate) which, when used in computing the present value of all payments of principal and interest to be paid on such Obligations, from the payment date to the Dated Date, produces an amount equal to the par amount of such Obligations, plus the premium, if any, or less the discount, if any. Present value will be computed on the basis of semiannual compounding and a 360-day year of twelve 30-day months. If there is any discrepancy between the TIC specified and the interest rates and premium or discount specified, the specified interest rates and premium or discount shall govern, and the TIC specified in the bid shall be adjusted accordingly. If two or more proper bids providing for identical amounts for the lowest TIC are received, the City will determine which bid, if any, will be accepted, and its determination will be final. The City reserves the right to reject any and/or all bids and to waive any irregularities in a submitted bid. Any bid for a series of Obligations received after 10:30 a.m. on the Sale Date will not be considered.

BID FORMS

Except for bids submitted through *PARITY*, all bids must be made on the forms attached hereto, copies of which may be procured from the City's Finance Director or the Municipal Advisor (the "Official Bid Forms"). No additions or alterations in such forms shall be made, and any erasures may cause rejection of any bid.

SUBMISSION OF BIDS

Bids submitted for each series of Obligations must be received by 10:30 a.m. on the Sale Date, and must be submitted in one of the following manners:

(a) ***Sealed Bids***. Bids may be submitted in a sealed envelope marked, as applicable to the bid as either "Proposal for the Series 2019C Notes", "Proposal for the Series 2019D Notes" or "Proposal for the Bonds." Sealed bids may be submitted to Ehlers at the address shown in the first paragraph of this Notice.

(b) ***Facsimile Bids***. Bids may be submitted via facsimile to Ehlers at 651-697-8555. Neither the City nor Ehlers will accept responsibility for inaccurate bids submitted by facsimile transmission or for the inability to access the facsimile number before the indicated sale time. Facsimile facilities are limited and bidders using them should plan to allow time to compensate. **The deadline for facsimile bids is based on the time the transmission is printed through the facsimile facilities of Ehlers as opposed to the time the transmission is sent by the bidder**. Bidders are advised to allow time for the transmission to be received. No facsimile bid will be considered unless, prior to sending the facsimile transmission, the bidder calls Ehlers at 651-697-8500 to indicate that a facsimile bid is being submitted.

(c) ***Telephone Bids***. Bids may be submitted by telephone to Ehlers at 651-697-8500. Bidders electing to submit by telephone must submit an executed Official Bid Form for the applicable series of Obligations to Ehlers prior to the time of the sale. The bidder shall be responsible for submitting to Ehlers the information required to complete the bid form for inclusion in the submitted bid.

(d) ***Electronic Bids***. Electronic bids may be submitted to *PARITY*. For purposes of the electronic bidding process, the time as maintained by *PARITY* shall constitute the official time with respect to all bids submitted to *PARITY*. *Each bidder shall be solely responsible for making necessary arrangements to access PARITY for purposes of submitting its electronic bid in a timely manner and in compliance with the requirements of this Notice*. Neither the City, its agents nor *PARITY* shall have any duty or obligation to undertake registration to bid for any prospective bidder or to provide or ensure electronic access to any qualified prospective bidder, and neither the City, its agents nor *PARITY* shall be responsible for a bidder's failure to register to bid or for any failure in the proper operation of, or have any liability for any delays or interruptions of or any damages caused by *PARITY*'s service. The City is using the services of *PARITY* solely as a communication mechanism to conduct the electronic bidding for each series of the Obligations, and *PARITY* is not an agent of the City.

To the extent any instructions or directions set forth in *PARITY* conflict with this Notice, the terms of this Notice shall control. For further information about *PARITY*, including any fee charged, potential bidders may contact *PARITY* at 212-849-5021.

Neither the City nor Ehlers assumes any liability for the inability of the bidder to

reach Ehlers or *PARITY* prior to the time of sale specified above. All bidders are advised that each bid shall be deemed to constitute a nonrescindable offer for a contract between the bidder and the City to purchase the applicable series of Obligations regardless of the manner by which the bid is submitted.

BOND INSURANCE AT PURCHASER'S OPTION

The City has not applied for or pre-approved a commitment for any policy of municipal bond insurance with respect to the Obligations. If a series of Obligations qualifies for municipal bond insurance and a bidder desires to purchase a policy, such indication, the maturities to be insured, and the name of the desired insurer must be set forth on the bidder's bid form for the applicable series of Obligations. If a series of Obligations qualifies for issuance of any policy of municipal bond insurance or commitment therefor at the option of the bidder, the purchase of any such insurance policy or the issuance of any such commitment shall be at the option and expense of the purchaser of the applicable series of Obligations. Any rating agency fees (in addition to the rating fees for the Obligations of S&P Global Ratings, which will be paid by the City) and all costs associated with the issuance and administration of such policy shall be the responsibility of the purchaser of the applicable series of Obligations. If a bidder elects to purchase insurance for a series of Obligations and the bond insurer requires the City to execute any documents in connection with such insurance or to include any terms or provisions relating to the insurance in any documents relating to the applicable series of Obligations (except for a statement of insurance on the note or bond form and information describing the bond insurer in the Official Statement), any such document, terms or provisions to be required by a bond insurer shall be provided to the Finance Director of the City not less than two business days prior to the Sale Date. The City specifically reserves the right to reject any bid specifying municipal bond insurance, even though such bid may result in the lowest TIC to the City. Failure of a municipal bond insurer to issue a policy after the applicable series of Obligations has been awarded to the successful purchaser shall not constitute cause for failure or refusal by the successful purchaser to accept delivery of the applicable series of Obligations from the City.

BOND RATING

The City has applied to S&P Global Ratings for a rating on the Obligations offered for sale.

CUSIP NUMBERS

The City will assume no obligation for the assignment of or payment for CUSIP numbers for each series of Obligations or for the failure to print or the correctness of any CUSIP numbers printed on each series of Obligations, but will permit such numbers to be printed at the expense of the applicable successful bidder, if the applicable successful bidder waives any delay in delivery occasioned thereby.

DELIVERY AND PAYMENT

The City will pay for preparation of each series of Obligations and will deliver the same properly prepared, executed and registered without cost to the successful bidder of such obligations on or about December 12, 2019, through the facilities of DTC, New York, New York. Delivery

elsewhere will be made at the expense of the successful bidder. The successful bidder for each series of Obligations will be furnished with a certified transcript of the proceedings evidencing the authorization and issuance of the applicable series of Obligations and the usual closing documents, including a certificate that there is no litigation pending or threatened at the time of delivery of the applicable series of Obligations affecting their validity and a certificate regarding the completeness and accuracy of the Preliminary Official Statement and the Official Statement. Payment for the applicable series of Obligations must be made in Federal Reserve funds, immediately subject to use by the City.

OFFICIAL STATEMENTS

The City has prepared a preliminary official statement dated November 7, 2019, with respect to each series of Obligations (each, a "Preliminary Official Statement"), each "deemed final" by the City except for the omission of certain information as provided in Securities and Exchange Commission Rule 15c2-12, copies of which may be obtained from the Finance Director or from the Municipal Advisor. Upon the sale of each series of Obligations, the City will adopt a final official statement with respect to each series of Obligations (each, an "Official Statement") and will furnish the applicable successful bidder of each series of Obligations, within seven business days of the award of the bid, with a reasonable number of copies of such Official Statement without additional cost upon request. Additional copies may be ordered by the successful bidder(s) at its expense.

LEGAL OPINION

Each series of Obligations will be sold subject to the approving legal opinion of Kutak Rock LLP, Kansas City, Missouri, Bond Counsel, which opinion will be furnished and paid for by the City and delivered to the applicable successful bidder when the applicable series of Obligations are delivered. The opinions for the Series 2019C Notes and the Series 2019E Bonds will also include the opinion of Bond Counsel relating to the exclusion of the interest on each such series of Obligations from gross income for federal income tax purposes. The opinions for each series of Obligations will include the opinion of Bond Counsel relating to the exclusion of interest on each series of Obligations from computation of Kansas adjusted gross income. Reference is made to the Preliminary Official Statement for further discussion of federal and Kansas income tax matters relating to the interest on the Obligations and for the forms of opinion of Bond Counsel.

BANK QUALIFIED

The Series 2019C Notes and the Bonds will be designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). The Series 2019D Notes will <u>not</u> be designated as "qualified tax-exempt obligations" within the meaning of the Code.

ADDITIONAL INFORMATION

Additional information regarding the Obligations may be obtained from Matt Wolff, the City's Finance Director (913-856-0927), or from the City's Municipal Advisor, Ehlers & Associates, Inc., of Roseville, Minnesota (651-697-8500) or from Kutak Rock LLP, Bond Counsel, 2300 Main Street, Suite 800, Kansas City, Missouri 64108 (816-960-0090), Attention: Tyler Ellsworth.

DATED November 7, 2019.

CITY OF GARDNER, KANSAS

Matt Wolff
Finance Director
120 East Main
Gardner, Kansas 66030
913-856-0927

[IF THREE BIDS OR MORE ARE RECEIVED FOR THE NOTES, EXHIBIT A-1 SHALL BE USED AS THE ISSUE PRICE CERTIFICATE. IF FEWER THAN THREE BIDS ARE RECEIVED FOR THE NOTES, EXHIBIT A-2 SHALL BE USED AS THE ISSUE PRICE CERTIFICATE.]

EXHIBIT A-1

FORM OF ISSUE PRICE CERTIFICATE

**$1,140,000*
GENERAL OBLIGATION TEMPORARY NOTES
SERIES 2019C
OF THE CITY OF GARDNER, KANSAS
DATED DECEMBER 12, 2019**

The undersigned, as representative of [UNDERWRITER], [LOCATION] ("[SHORT NAME OF UNDERWRITER]"), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Notes").

1. ***Reasonably Expected Initial Offering Price***.

(a) As of the Sale Date, the reasonably expected initial offering price of the Notes to the Public by [SHORT NAME OF UNDERWRITER] is the price listed in Schedule A (the "Expected Offering Price"). The Expected Offering Price is the price of the Notes used by [SHORT NAME OF UNDERWRITER] in formulating its bid to purchase the Notes. Attached as Schedule B is a true and correct copy of the bid provided by [SHORT NAME OF UNDERWRITER] to purchase the Notes.

(b) [SHORT NAME OF UNDERWRITER] was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by [SHORT NAME OF UNDERWRITER] constituted a firm offer to purchase the Notes.

2. ***Defined Terms***.

(a) "*Issuer*" means City of Gardner, Kansas.

(b) "*Public*" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter. The term "Related Party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) "*Sale Date*" means the first day on which there is a binding contract in writing for the sale of the Notes. The Sale Date of the Notes is November 18, 2019.

(d) "*Underwriter*" means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Notes to the Public

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* Subject to change

(including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF UNDERWRITER]'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Closing Certificate and with respect to compliance with the federal income tax rules affecting the Notes, and by Kutak Rock LLP in connection with rendering its opinion that the interest on the Notes is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Notes.

[UNDERWRITER]

By:_____

Name:_____

Dated: [ISSUE DATE]

SCHEDULE A

EXPECTED OFFERING PRICE

**$1,140,000*
General Obligation Temporary Notes
Series 2019C
of the City of Gardner, Kansas
Dated December 12, 2019**

Maturity October 1	Principal Amount	Interest Rate	Dollar Price	Extended Price
2021	$	%	%	$

* Subject to change

SCHEDULE B

COPY OF UNDERWRITER'S BID

(*Attached*)

EXHIBIT A-2

FORM OF ISSUE PRICE CERTIFICATE

**$1,140,000*
GENERAL OBLIGATION TEMPORARY NOTES
SERIES 2019C
OF THE CITY OF GARDNER, KANSAS
DATED DECEMBER 12, 2019**

The undersigned, as representative of [UNDERWRITER], [LOCATION] ("[SHORT NAME OF UNDERWRITER]") hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Notes").

1. ***Sale of the Notes***. As of the date of this certificate, the first price at which at least 10% of the Notes was sold to the Public is the respective price listed in *Schedule A*.

2. ***Defined Terms***.

(a) "*Issuer*" means the City of Gardner, Kansas.

(b) "*Public*" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter. The term "Related Party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) "*Underwriter*" means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF UNDERWRITER]'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Closing Certificate and with respect to compliance with the federal income tax rules affecting the Notes, and by Kutak Rock LLP in connection with rendering its opinion that the interest on the Notes is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Notes.

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* Subject to change

[UNDERWRITER]

By:_____

Name:_____

Dated: [ISSUE DATE]

SCHEDULE A

SALE PRICE OF THE NOTES

**$1,140,000*
General Obligation Temporary Notes
Series 2019C
of the City of Gardner, Kansas
Dated December 12, 2019**

Maturity October 1	Principal Amount	Interest Rate	Dollar Price	Extended Price
2021	$	%	%	$

* Subject to change

[IF THREE BIDS OR MORE ARE RECEIVED FOR THE BONDS, EXHIBIT B-1 SHALL BE USED AS THE ISSUE PRICE CERTIFICATE. IF LESS THAN THREE BIDS ARE RECEIVED FOR THE BONDS, EXHIBIT B-2 SHALL BE USED AS THE ISSUE PRICE CERTIFICATE.]

EXHIBIT B-1

FORM OF ISSUE PRICE CERTIFICATE

$2,600,000*
GENERAL OBLIGATION BONDS,
SERIES 2019E
OF THE CITY OF GARDNER, KANSAS

The undersigned, as representative of [UNDERWRITER], [LOCATION] ("[SHORT NAME OF UNDERWRITER]"), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Bonds").

1. ***Reasonably Expected Initial Offering Price***.

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by [SHORT NAME OF UNDERWRITER] are the prices listed in *Schedule A* (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Bonds used by [SHORT NAME OF UNDERWRITER] in formulating its bid to purchase the Bonds. Attached as *Schedule B* is a true and correct copy of the bid provided by [SHORT NAME OF UNDERWRITER] to purchase the Bonds.

(b) [SHORT NAME OF UNDERWRITER] was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by [SHORT NAME OF UNDERWRITER] constituted a firm offer to purchase the Bonds.

2. ***Defined Terms***.

(a) "*Issuer*" means City of Gardner, Kansas.

(b) "*Maturity*" means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) "*Public*" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter. The term "Related Party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

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* *Preliminary; subject to change.*

(d) "*Sale Date*" means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is November 18, 2019.

(e) "*Underwriter*" means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF UNDERWRITER]'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Closing Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Kutak Rock LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[UNDERWRITER]

By:_____

Name:_____

Dated: [ISSUE DATE]

SCHEDULE A

EXPECTED OFFERING PRICES

$2,600,000*
GENERAL OBLIGATION BONDS,
SERIES 2019E
OF THE CITY OF GARDNER, KANSAS

SERIAL BONDS

Maturity October 1	Principal Amount	Interest Rate	Dollar Price	Extended Price
2020	$	%	%	$
2021				
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
				$

[TERM BONDS

Maturity October 1	Principal Amount	Interest Rate	Dollar Price	Extended Price
	$	%	%	$
			TOTAL BONDS:	**$]**

* *Preliminary; subject to change.*

SCHEDULE B

COPY OF UNDERWRITER'S BID

(*Attached*)

EXHIBIT B-2

FORM OF ISSUE PRICE CERTIFICATE

$2,600,000*
GENERAL OBLIGATION BONDS,
SERIES 2019E
OF THE CITY OF GARDNER, KANSAS

The undersigned, on behalf of [NAME OF UNDERWRITER] ("[SHORT NAME OF UNDERWRITER]"), hereby certifies as set forth below with respect to the sale by the City of Gardner, Kansas (the "City"), General Obligation Bonds, Series 2019E, in the aggregate principal amount of $2,600,000* (the "Bonds").

1. [*If all maturities satisfy the 10% test on the sale date:*] ***Sale of the Bonds***. As of the date of this Issue Price Certificate, for each Maturity of the Bonds, the first price at which at least ten percent of such Maturity of the Bonds was sold to the Public is the respective price listed in *Schedule A* hereto. [*If only some of the maturities satisfy the 10% test on the sale date:*] ***Sale of the General Rule Maturities***. As of the date of this Issue Price Certificate, for each Maturity of the General Rule Maturities, the first price at which at least ten percent of such Maturity of the Bonds was sold to the Public is the respective price listed in *Schedule A* hereto.

2. [*If only some of the maturities satisfy the 10% test on the sale date:*] ***Initial Offering Price of the Hold-the-Offering-Price Maturities]***.

(a) [*If all maturities use hold-the-offering-price rule:*] [SHORT NAME OF UNDERWRITER] offered the Bonds to the Public for purchase at the respective initial offering prices listed in *Schedule A* hereto (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached as *Schedule B* hereto. [*If select maturities use hold-the-offering-price rule:*] [SHORT NAME OF UNDERWRITER] offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in *Schedule A* hereto (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached as *Schedule B* hereto.]

(b) [*If all maturities use hold-the-offering-price rule:*] As set forth in the Notice of Sale, [SHORT NAME OF UNDERWRITER] has agreed in writing that, (i) for each Maturity of the Bonds, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "hold-the-offering-price rule"), and (ii) any selling group agreement will contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement will contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Bonds at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period. [*If select maturities use hold-the-offering-price rule:*] As set forth in the Notice of Sale, [SHORT NAME OF UNDERWRITER] has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "hold-the-offering-price rule"), and (ii) any selling group agreement will contain the agreement of each dealer who is a

* *Preliminary; subject to change.*

member of the selling group, and any retail distribution agreement will contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. ***Defined Terms***.

[(a) "*General Rule Maturities*" means those Maturities of the Bonds listed in *Schedule A* hereto as the "General Rule Maturities."]

[(b) "*Hold-the-Offering-Price Maturities*" means those Maturities of the Bonds listed in *Schedule A* hereto as the "Hold-the-Offering-Price Maturities."]

[(c) "*Holding Period*" means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (November 18, 2019), or (ii) the date on which [SHORT NAME OF UNDERWRITER] sold at least ten percent of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.]

(d) "*Maturity*" means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(e) "*Public*" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(f) "*Sale Date*" means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is November 18, 2019.

(g) "*Underwriter*" means (i) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this Issue Price Certificate are limited to factual matters only. Nothing in this Issue Price Certificate represents [SHORT NAME OF UNDERWRITER]'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied on by the City with respect to certain of the representations set forth in the Closing Certificate for the Bonds and with respect to compliance with the federal income tax rules affecting the Bonds, and by Kutak Rock LLP, as bond counsel ("Bond Counsel"), in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that Bond Counsel may give to the City from time to time relating to the Bonds.

IN WITNESS WHEREOF, the undersigned, on behalf of [SHORT NAME OF UNDERWRITER], has set his or her hand as of the date first written above.

[UNDERWRITER]

By:_____

Name:_____

Dated: [ISSUE DATE]

SCHEDULE A

INITIAL OFFERING PRICES OF THE BONDS

$2,600,000*
General Obligation Bonds, Series 2019E
of the City of Gardner, Kansas
Dated December 12, 2019

[GENERAL RULE MATURITIES]

Maturity October 1	Principal Amount	Interest Rate	Dollar Price	Extended Price
20__	$	%	%	$
				$

[HOLD-THE-OFFERING-PRICE MATURITIES]

Maturity October 1	Principal Amount	Interest Rate	Dollar Price	Extended Price
20__	$	%	%	$
				$

* *Preliminary; subject to change.*

SCHEDULE B

PRICING WIRE OR EQUIVALENT COMMUNICATION

(*Attached*)

OFFICIAL BID FORM

PROPOSAL FOR THE PURCHASE OF GENERAL OBLIGATION BONDS,
SERIES 2019E, OF THE CITY OF GARDNER, KANSAS

To: Matt Wolff, Finance Director of the City of Gardner, Kansas | City's ID# 48 6033380 | **Fax No. 651-697-8555** (Ehlers) Phone No. 651-697-8500 (Ehlers) | November 18, 2019

c/o Ehlers & Associates, Inc., 3060 Centre Pointe Drive, Roseville, Minnesota, 55113-1122

For $2,600,000* principal amount of General Obligation Bonds, Series 2019E, of the City of Gardner, Kansas (the "City"), to be dated December 12, 2019 (referred to herein as the "Bonds"), as described in your Notice of Sale dated November 7, 2019 (the "Notice"), the Bonds to bear interest as follows:

Maturity October 1	Principal Amount*	Interest Rate	Maturity October 1	Principal Amount*	Interest Rate	Maturity October 1	Principal Amount*	Interest Rate
2020	$245,000	_____%	2024	$255,000	_____%	2027	$270,000	_____%
2021	240,000	_____	2025	260,000	_____	2028	275,000	_____
2022	245,000	_____	2026	270,000	_____	2029	285,000	_____
2023	255,000	_____						

the undersigned will pay the par value of the Bonds plus accrued interest to the date of delivery, plus a total premium, or less a discount, in the amount set forth below:

Total interest cost to maturity at the rates specified	$_____
Discount (if any, not to exceed $31,2000 or 1.20%)	($_____)
Premium (if any)	$_____
Net interest cost	$_____
True interest cost	_____%

The Bidder will ☐ will not ☐ purchase Municipal Bond Insurance from _____.

Term Bond Option. The Bidder elects to have the principal amount of Bonds maturing in the years shown below issued as Term Bond(s) subject to mandatory redemption requirements in the amounts and at the times shown above. To bid more than 3 term bonds, include additional information on a separate sheet.

Years included in term bond:		
First Term Bond	_____ to _____	, inclusive
Second Term Bond	_____ to _____	, inclusive
Third Term Bond	_____ to _____	, inclusive

This bid is a firm offer for the purchase of the Bonds identified in the Notice, on the terms set forth in this Official Bid Form and the Notice, and is not subject to any conditions, except as permitted by the Notice. By submitting this bid, we confirm that we have an established industry reputation for underwriting new issuances of municipal bonds. This proposal is subject to all terms and conditions contained in the Notice, and if the undersigned is the successful bidder, the undersigned will comply with all of the provisions contained in the Notice. Unless agreeing to wire transfer the good faith deposit as checked in the box shown below, a cashier's or certified check in the amount of **$52,000** payable to the order of City of Gardner, Kansas, that complies with the provisions of the Notice accompanies this proposal as an evidence of good faith. The acceptance of this proposal by the City shall constitute a contract between the City and the successful bidder for purposes of complying with Rule 15c2-12 of the Securities and Exchange Commission and Treasury Regulations 1.148-1(f) and 1.150-1A. If this Official Bid Form is received electronically the City may rely on the electronic signature of the bidder to the same extent as if the City had received an originally executed bid form.

☐ **[check here if electing to wire the good faith deposit]** if notified that we have submitted the apparent best bid, we agree to wire transfer the good faith deposit amount referenced above in same-day funds to be received by the City by 1:30 p.m. Central Time, on November 18, 2019.

Submitted by: _____

[LIST ACCOUNT MEMBERS ON REVERSE]

By: _____
Telephone No. _____

Preliminary; subject to change.