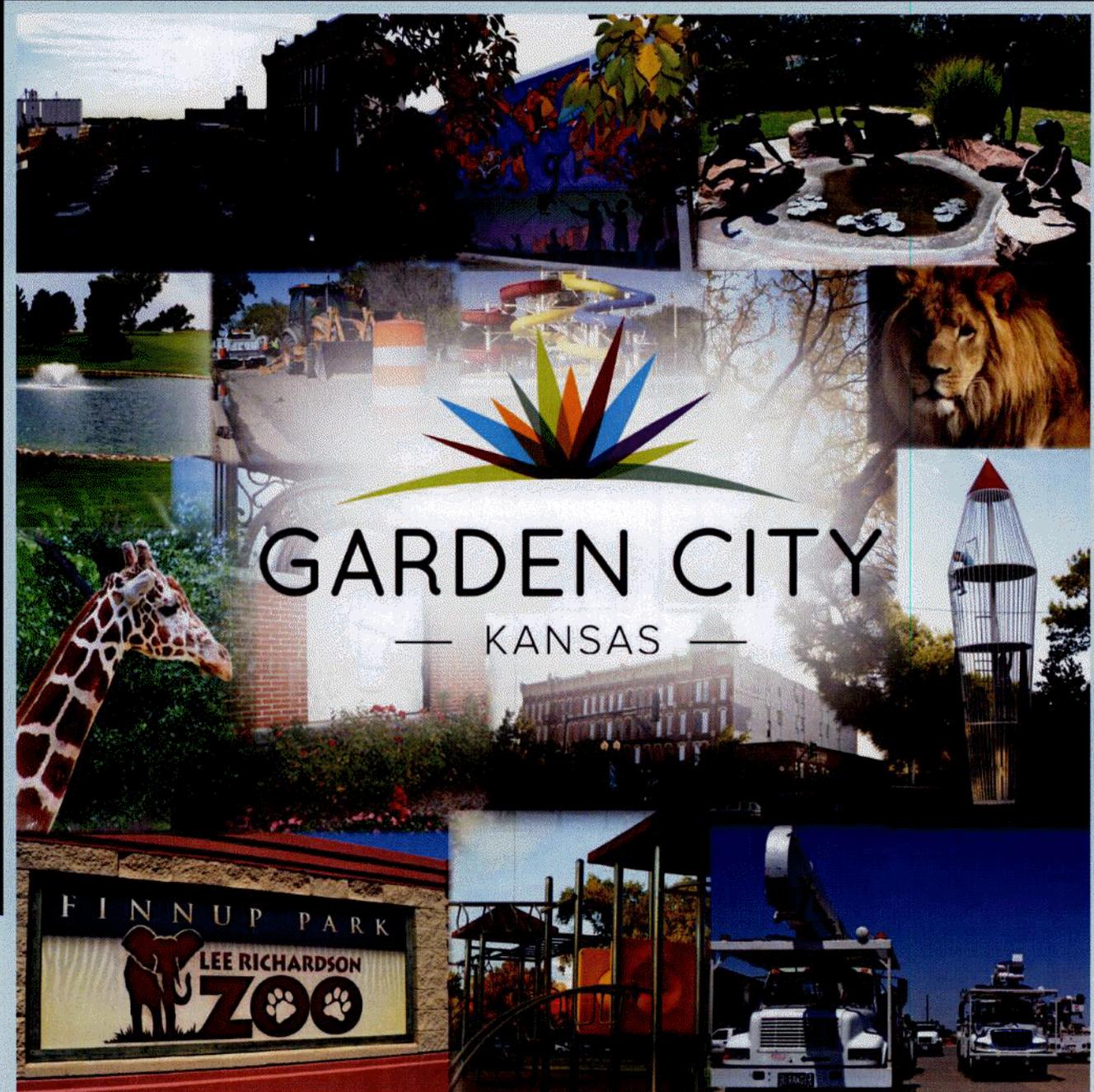


Comprehensive Annual Financial Report

Year Ending December 31, 2013



State of Kansas

CITY OF GARDEN CITY, KANSAS

Comprehensive Annual Financial Report

For the Year Ended
December 31, 2013

Prepared by:

Melinda A. Hitz
Finance Director

CITY OF GARDEN CITY, KANSAS
 Comprehensive Annual Financial Report
 For the year ended December 31, 2013

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INTRODUCTORY
SECTION



May 22, 2014

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

CITY COMMISSION

ROY CESSNA,
Mayor

MELVIN DALE

JANET DOLL

DAN FANKHAUSER

J. CHRISTOPHER LAW

This is the Comprehensive Annual Financial Report (CAFR) of the City of Garden City, Kansas, (the City) for the calendar year ended December 31, 2013. This report was prepared by the City's Service and Finance Department.

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

Independent Audit

Kansas Statutes Annotated 75-1122 requires an annual audit of the books of account, financial records, and transactions of all administration departments of the City by independent certified public accountants selected by the City Commission. This report is published to fulfill that requirement for the fiscal year ended December 31, 2013.

Lewis, Hooper & Dick, LLC, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Garden City's financial statements for the year ended December 31, 2013. The independent auditors' report is located at the front of the financial section of this report.

MATTHEW C. ALLEN
City Manager

MELINDA A. HITZ, CPA
Finance Director

RANDALL D. GRISELL
City Counselor

Management's Discussion and Analysis

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

Profile of the Government

The City of Garden City, incorporated in 1883, is located in the southwest part of the state. It currently occupies 8.84 square miles and serves a population of 30,678. The City is empowered to levy a property tax on both real and personal property located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which it has done from time to time.

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

CITY ADMINISTRATIVE
CENTER
301 N. 8TH
P.O. Box 998
GARDEN CITY, KS
67846-0998
620.276.1160
FAX 620.276.1169
www.garden-city.org

Governmental Services

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

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

Budgetary Controls

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

Local Economy

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

Unemployment is relatively stable. During the past ten years, the unemployment rate rose from an initial rate of 2.8% in 1999, to a decade high of 10.59% in 2001, and to remain at the current rate of 3.3%. The 2001 high resulted from a fire and the resulting facility shutdown of ConAgra Beef Processors, Inc.'s facility and loss of its 2,300 jobs. The unemployment rate is expected to either remain stable or decrease in the near term as new economic development and job opportunity occurs.

Economic development is obviously a very important concern of cities in Kansas, and particularly as a strategy to counter an uncertain national economy. In 2013, the community continued to see a marked increase in the number of inquiries and meetings with clients that indicated potential for additional development in the area. The City is involved with the other partner agencies which form the Finney County Economic Development Corporation in the recruitment of new employers and expansion of existing industry.

Long-term Financial Planning

The City of Garden City has been steadily growing over the last two decades. As a result, the need to provide for sound and appropriate growth must not overshadow the need to maintain the existing

infrastructure – the backbone of our future. Since 1989, the City has had a long-term capital improvement program, looking at not just the immediate needs, but also at the ensuing five-year period. The Capital Improvement Plan (CIP) is one of the more critical policy statements adopted by the Governing Body. The primary funding sources for capital projects include regular departmental operating budgets, bonding and partnering with the Community College, School District, County, State and Federal agencies.

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

Relevant Financial Policies

In 2013, City management and staff continued to review current budgeting policies, purchasing practices, debt policies, cost savings, efficiency alternatives, options for privatizing and consolidation of services, revenue enhancement, improved inventory management systems, and cash management practices with the thought in mind of providing a proper use of assets based on need. As the State continues to see the State revenues decline, the City is required to manage the combined burden of lost statutory revenues from the State and the assumption of mandated responsibilities from State and Federal agencies. With guidance by the elected City Commission, the City is committed to continuing to provide both a high level and quality of service while simultaneously taking a conservative approach to the capital planning necessary to meet projected growth.

Another City Commission goal was to develop a financial forecasting model for the City's tax supported funds. This forecast model provides the City Commission and staff with the ability to test the impact of different scenarios on Garden City's financial future. This model has been developed and is in use for the 2015 budget preparation.

Major Initiatives for the Year

As noted above, the City of Garden City continued the Citizen-based Capital Improvement Planning process for 2013. This is the eighth year using this process that precedes the annual budget season with a blend of citizen input tools, commission goal setting, multi-year financial forecasting and multi-year debt management analysis. Within this framework, the City Commission authorized capital investment of \$7.7 million. Major capital improvement projects in 2013 included a \$1.4 million irrigation system renovation project at Buffalo Dunes golf course and the completion of the concrete reconstruction of Main Street between Fulton and Maple Streets. The City started its second neighborhood street reconstruction projects using \$336,600 from the federal fund exchange program through the Kansas Department of Transportation. Other projects included \$789,000 in public infrastructure improvements to serve a 43 unit residential development.

Increased citizen involvement in City government has been a long term goal of the Governing Body. 2013 saw the sixth session of the Citizen's Academy, an up-close and personal view of City government taught by City staff. In months with five Tuesdays, the City Commission holds Town Hall meetings, with no set agenda, other than to hear comments from the citizens – these meetings take place as virtual meetings from the City Administrative Center via the internet, cable TV, and our social media venues.

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

Quality of life issues remain a focus of City government. Through the fundraising efforts of the Friends of Lee Richardson Zoo, Cat Canyon – the new \$898,600 home to our bobcats, mountain lions and jaguars was completed in 2013. The City also under took a \$250,000 Safe Routes to School grant from KDOT that built 1.6 miles of new sidewalks at several locations throughout the city.

2013 saw a major initiative for the City utility services, with the negotiation of a new power supply contract with the Kansas Municipal Energy Association that began January 1, 2014. This new partnership includes construction of a \$27 million generating facility just north of the City's wastewater treatment plant.

Other 2013 initiatives were geared towards enhancing our standing as the regional center of southwest Kansas. The City and a developer completed Phase 1 of a total of a new \$70,000,000 retail center at Schulman Avenue and US-50/83/400. Approximately \$6,100,000 in utility extensions and roadwork was completed by spring 2013, culminating in the opening of a 200,000 sq. ft. Menards. The City and developer are partners again in 2014 on Phase 2 of the Schulman Crossing development. 2013 also saw the beginning of a second retail area at Schulman Avenue and US-50/83/400. Construction of an Old Chicago restaurant is the initial building in this \$25,000,000 development that will also include a 94 unit hotel and a 25,000 sq. ft. indoor water park.

Improvements at Garden City Regional Airport saw the commencement of a new \$422,000 Snow Removal Equipment building and \$80,600 in runway and taxiway lighting improvements. American Eagle's non-stop service to Dallas/Fort Worth International Airport continued with two flights per day with total enplanements of 23,346 passengers, well above the 10,000 enplanements required to maintain our primary airport status. Construction of an additional 200 parking spaces at the Airport terminal was completed in the spring of 2013.

Awards

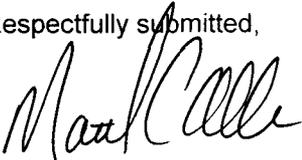
The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended December 31, 2012. This was the eighteenth year that the City has achieved this prestigious award since the first award was granted for the CAFR for the year ended December 31, 1994. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both accounting principles generally accepted in the United States and applicable legal requirements.

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

Acknowledgments

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

Respectfully submitted,



Matthew C. Allen
City Manager



Melinda A. Hitz
Finance Director



Government Finance Officers Association

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

Presented to

**City of Garden City
Kansas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2012

Executive Director/CEO

**City of Garden City, Kansas
Organizational Chart**

City Attorney
Randy Grisell

City Commission

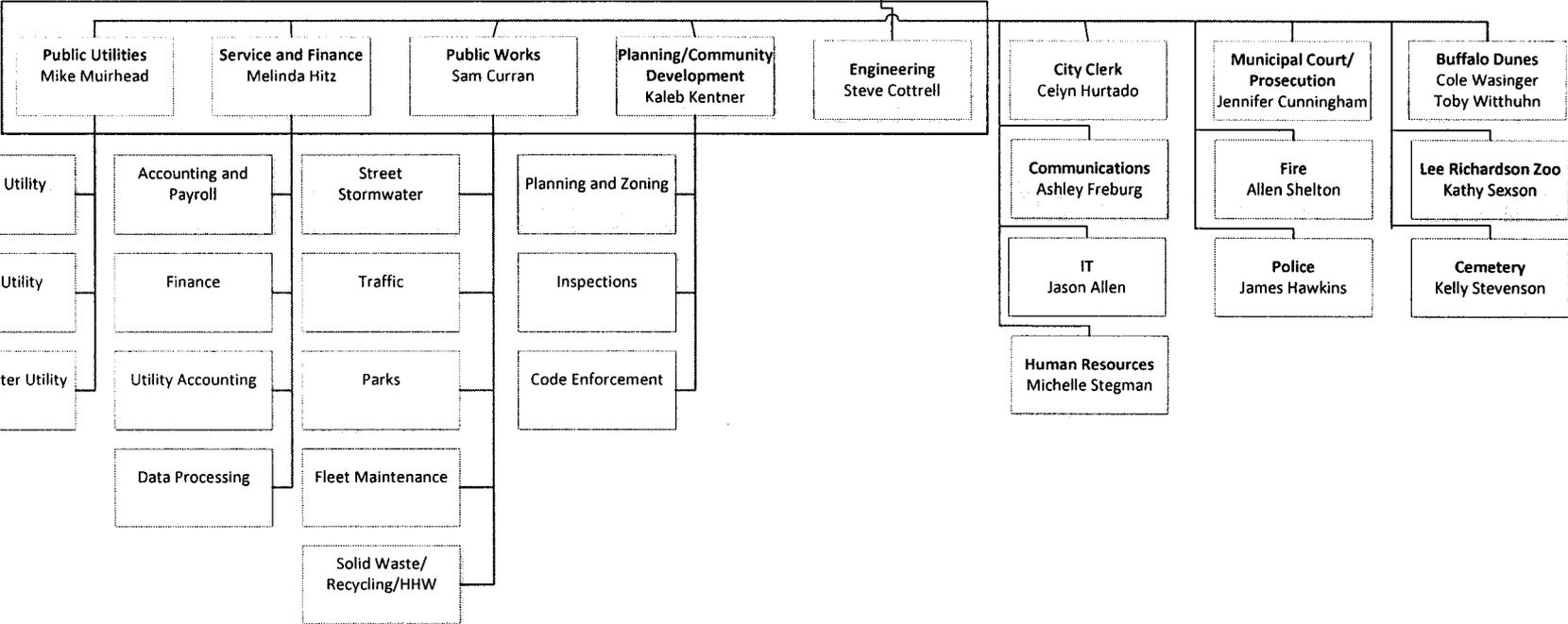
Municipal Judge
Peter Ramirez

City Manager
Matt Allen

(Concur)

(Appoint)

Senior Staff



X

CITY OF GARDEN CITY, KANSAS

List of Principal Officials
December 31, 2013

Mayor

Dan Fankhauser

City Commissioners

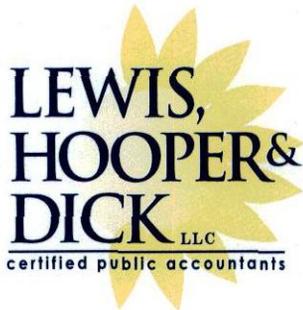
Roy Cessna
Melvin Dale
Janet Doll
J. Christopher Law

City Administration

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

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FINANCIAL
SECTION



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Garden City, Kansas, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City of Garden City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Kansas Municipal Audit and Accounting Guide*, issued by the State of Kansas. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Garden City Recreation Commission were not audited in accordance with *Government Auditing Standards*. We did not audit the financial statements of the Garden City Housing Authority, which represents 75.6% and 21.3%, respectively, of the assets and revenues of the component units of the City of Garden City, Kansas. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Garden City Housing Authority, is based solely on the report of the other auditors.

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

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

405 North Sixth Street | P.O. Box 699
Garden City, KS 67846
620-275-9267 | 800-627-0636
Fax: 620-275-8936 | www.lhd.com

CPAs

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

Lisa L. Axman, CPA
Sue A. Bradley, CPA
Susan A. Burgardt, CPA
Tracey Homm, CPA, CSEP
Kristin J. Sekavec, CPA
Keysha Urie, CPA
Monica J. Wilson, CPA

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Garden City, as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

The Honorable Mayor,
City Commissioners and City Manager
Page 3

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have issued our report dated May 22, 2014, on our consideration of the City of Garden City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering in the City of Garden City's internal control over financial reporting and compliance.


LEWIS, HOOPER & DICK, LLC

May 22, 2014

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Management's Discussion and Analysis

As management of the City of Garden City, Kansas, we offer readers of the City of Garden City's financial statements this narrative overview and analysis of the financial activity of the City of Garden City for the fiscal year ended December 31, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages v through viii of this report.

Financial Highlights

- The assets of the City of Garden City exceeded its liabilities at the close of the most recent fiscal year by \$104,663,551 (net position). Of this amount, \$9,501,146 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position decreased by \$1,837,721. This decrease was attributable to the increase in liabilities to fund capital improvement projects and infrastructure in the City.
- As of the close of the current fiscal year, the City of Garden City's governmental funds reported combined ending fund balances of a deficit \$1,582,421, a decrease of \$4,881,477 in comparison with the prior year. This deficit was attributable to the \$21,090,000 of temporary notes payable for capital projects.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$6,367,098, or 32.2% of total general fund expenditures.
- The City of Garden City's total long-term debt increased by \$5,394,000 (24.0%) during the current fiscal year. The key factor in this increase was the issuance of \$8,404,000 on general obligation bonds for internal improvements in the governmental and utility funds.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

The City of Garden City maintains thirty individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, the debt service fund, the 2012 Schulman Crossing 1 Temporary Note Projects fund, and the 2013 Schulman Crossing 2 Temporary Note Projects fund, which are considered to be major funds. Data from the other twenty-six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

Proprietary Funds

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

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

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

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

Fiduciary Funds

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

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

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

Notes to the Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31 through 65 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City of Garden City's progress in funding its obligation to provide other postemployment benefits (OPEB) benefits to its employees. Required supplementary information can be found on pages 66 through 67 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds and internal service funds are presented immediately following the required supplementary information on OPEB. Combining and individual fund statements and schedules can be found on pages 68 through 117 of this report.

Government-wide Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the City of Garden City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$104,663,551 at the close of the most recent fiscal year.

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City of Garden City's Net Position December 31, 2013 and 2012

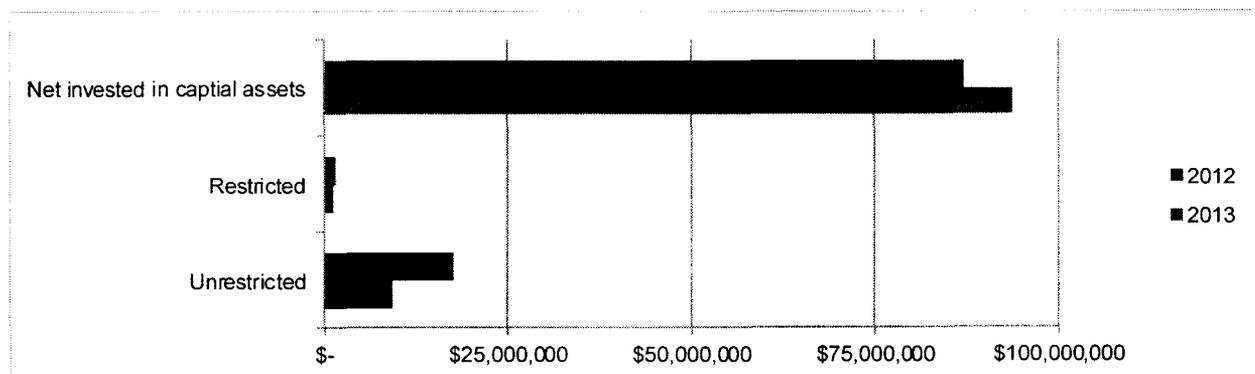
	2013			2012		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 29,763,370	\$ 19,150,004	\$ 48,913,374	\$ 25,058,101	\$ 14,301,784	\$ 39,359,885
Capital assets	45,576,853	76,763,061	122,339,914	44,567,846	71,558,175	116,126,021
Total assets	\$ 75,340,223	\$ 95,913,065	\$ 171,253,288	\$ 69,625,947	\$ 85,859,959	\$ 155,485,906
Long-term liabilities	\$ 11,370,255	\$ 15,240,350	\$ 26,610,605	\$ 10,099,036	\$ 11,601,312	\$ 21,700,348
Other liabilities	25,840,172	6,261,602	32,101,774	15,906,013	3,934,747	19,840,760
Total liabilities	\$ 37,210,427	\$ 21,501,952	\$ 58,712,379	\$ 26,005,049	\$ 15,536,059	\$ 41,541,108
Total deferred inflows of resources	\$ 7,267,684	\$ 609,674	\$ 7,877,358	\$ 6,971,769	\$ 471,757	\$ 7,443,526
Net position:						
Net investment in capital assets	\$ 34,387,771	\$ 59,500,783	\$ 93,888,554	\$ 28,238,372	\$ 58,914,266	\$ 87,152,638
Restricted for:						
Debt service	394,287	879,564	1,273,851	276,747	1,397,130	1,673,877
Unrestricted	(3,919,946)	13,421,092	9,501,146	8,134,010	9,540,747	17,674,757
Total net position	\$ 30,862,112	\$ 73,801,439	\$ 104,663,551	\$ 36,649,129	\$ 69,852,143	\$ 106,501,272

By far the largest portion of the City of Garden City's net position (89.7%) reflects its investment in capital assets (e.g., land, property, plant and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Garden City's net position (1.2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$9,501,146) may be used to meet the City's ongoing obligations to citizens and creditors.

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

City of Garden City's Net Position December 31, 2013 and 2012



The City's net position decreased by \$1,837,721 during the current fiscal year. All of this decrease was attributable to the investment in community development, capital assets and infrastructure in the City's temporary note projects.

There was an increase of \$3,880,345 in unrestricted net position reported in connection with the City of Garden City's business-type activities. This increase is a result of increases in electric utility fees and of increases in transfers into the water and sewer utility.

Governmental Activities

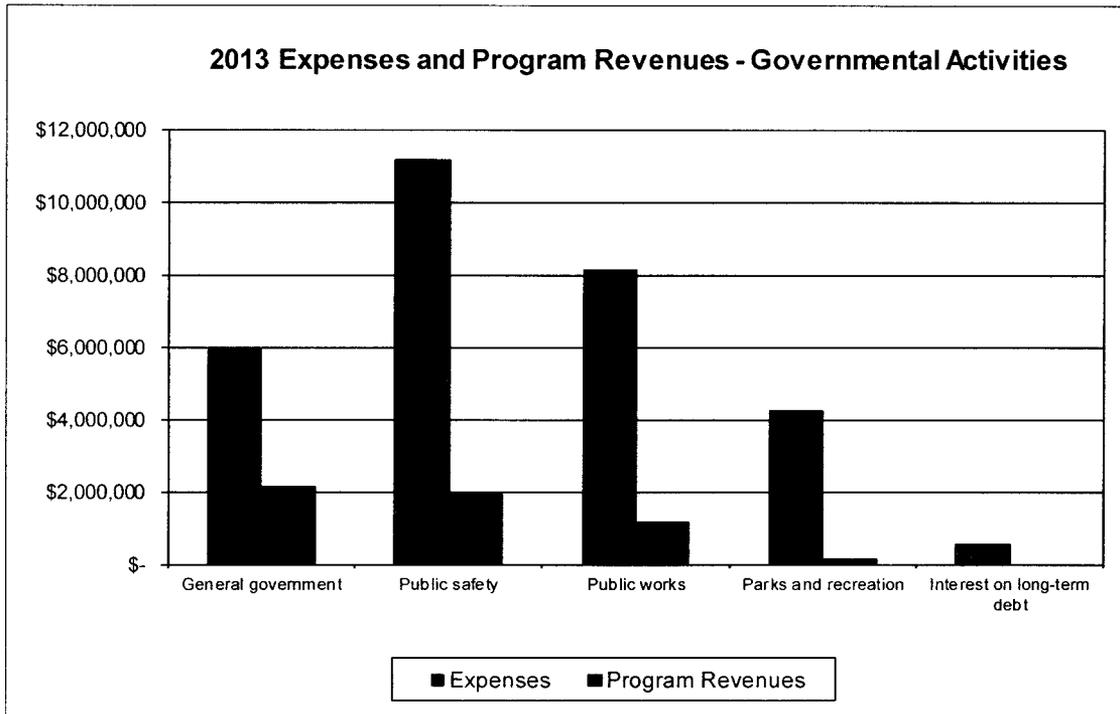
During the current fiscal year, net position for governmental activities decreased \$5,787,017 from the prior fiscal year for an ending balance of \$30,862,112. The decrease is mainly attributable to the organization being fully staffed during the year and the continued investment in community development projects. Key elements of this decrease are as follows:

- Property taxes of the governmental activities increased \$463,232 (8.54%) during the year. This increase is primarily due to the increase in assessed valuation compared to 2012.
- Sales tax collections increased \$652,180 during the year, a 6.76% increase from 2012 sales tax collections due largely to the opening of new businesses within the City. The City's total sales tax collections were \$10,298,449.
- General government expenses increased \$1,130,948 during the year. This increase is largely due to a \$667,540 loss on the transfer of a building previously donated to the City and fewer community development costs in 2013.
- Public safety expenses increased \$1,541,352 during the year. This increase is due to fewer expenditures in 2013 being attributed to capitalized projects when compared to 2012.
- Public works expenses decreased \$1,476,885 during the year. This decrease is due to a decrease in the size of the temporary note projects in 2013 when compared to 2012.
- Park and recreation expenses increased \$513,846 during the year. This increase is due to improvements to the golf course by governmental activities which were contributed as capital to the benefitting business-type activity.

City of Garden City's Changes in Net Position

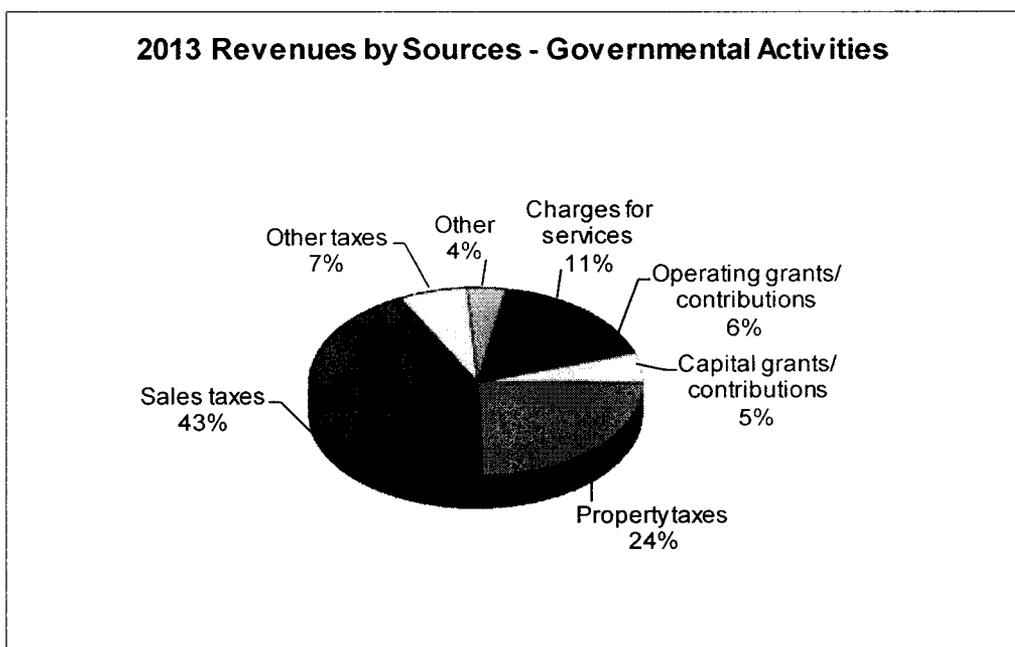
	2013			2012		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 2,720,428	\$ 40,964,415	\$ 43,684,843	\$ 2,072,443	\$ 37,618,350	\$ 39,690,793
Operating grants and contributions	1,401,702	659,303	2,061,005	1,441,504	1,359,000	2,800,504
Capital grants and contributions	1,234,945	-	1,234,945	926,049	-	926,049
General revenues:						
Property taxes	5,890,538	574,613	6,465,151	5,427,306	684,477	6,111,783
Sales taxes	10,298,449	-	10,298,449	9,646,269	-	9,646,269
Other taxes	1,584,780	-	1,584,780	1,419,592	-	1,419,592
Other	911,665	411,670	1,323,335	820,651	419,707	1,240,358
Total revenues	24,042,507	42,610,001	66,652,508	21,753,814	40,081,534	61,835,348
Expenses:						
General government	5,950,337	-	5,950,337	4,819,389	-	4,819,389
Public safety	11,138,906	-	11,138,906	9,597,554	-	9,597,554
Public works	8,149,727	37,568,105	45,717,832	9,626,612	35,462,552	45,089,164
Parks and recreation	4,222,466	943,331	5,165,797	3,708,620	850,038	4,558,658
Interest on long-term debt	517,357	-	517,357	303,726	-	303,726
Total expenses	29,978,793	38,511,436	68,490,229	28,055,901	36,312,590	64,368,491
Increase (decrease) in net assets before transfers:	(5,936,286)	4,098,565	(1,837,721)	(6,302,087)	3,768,944	(2,533,143)
Transfers	149,269	(149,269)	-	1,826,850	(1,826,850)	-
Change in net position	(5,787,017)	3,949,296	(1,837,721)	(4,475,237)	1,942,094	(2,533,143)
Net position, beginning of year	36,649,129	69,852,143	106,501,272	41,124,366	67,910,049	109,034,415
Net position, end of year	\$ 30,862,112	\$ 73,801,439	\$ 104,663,551	\$ 36,649,129	\$ 69,852,143	\$ 106,501,272

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



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

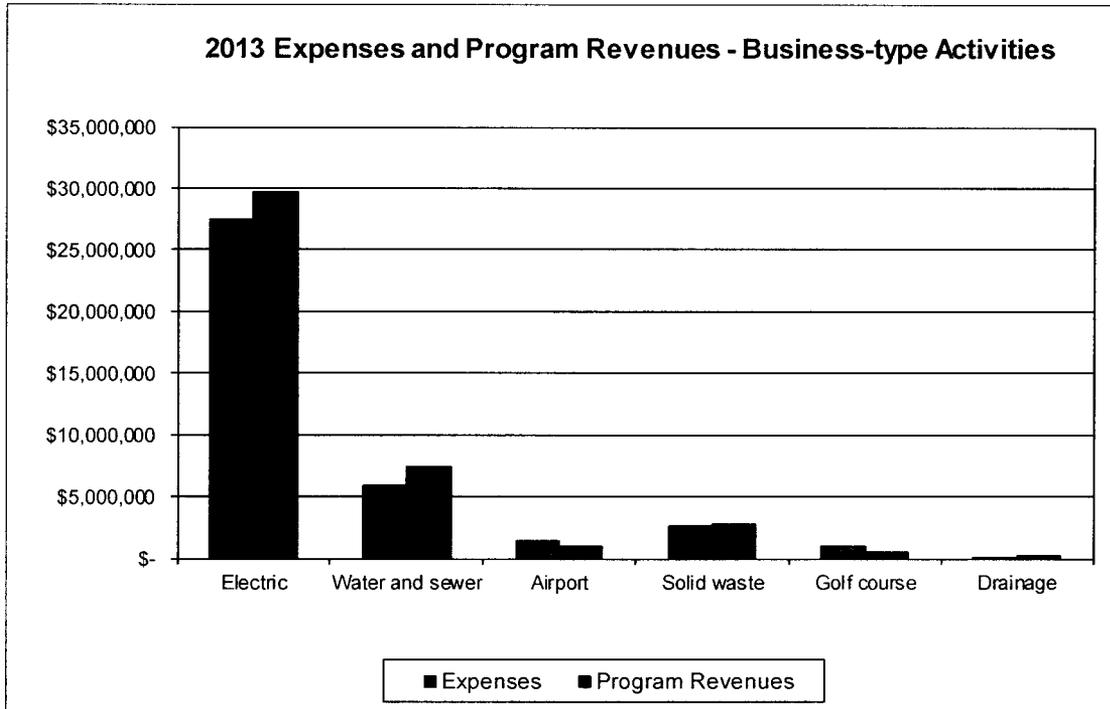
The following graph shows the composition of 2013 revenues by sources for the governmental activities.



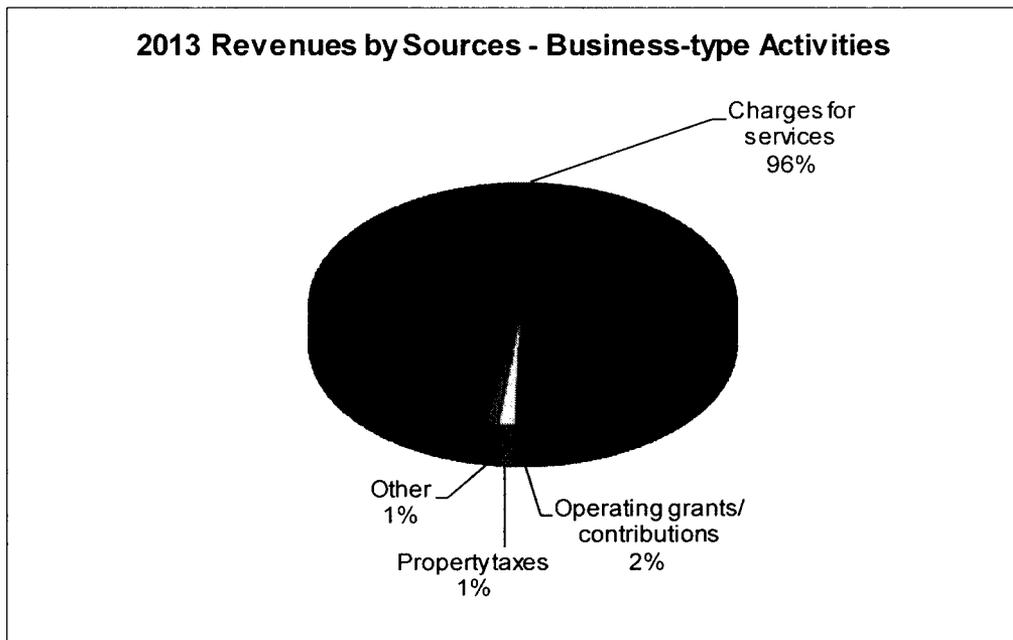
Business-type Activities

For the City of Garden City's business-type activities, the results for the current fiscal year were positive in that overall net position increased to reach an ending balance of \$73,801,439. The total increase for business-type activities was \$3,949,296, reducing the total decline in the City's net position. The key element of this increase was the ability of the water and sewer utility fund to operate at a profit by monitoring rates charged for services and expenses incurred, grants received in the airport fund and contributed capital in the form of capital assets in the recreation area.

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



The following graph shows the composition of 2013 revenues by sources for the business-type activities.



Financial Analysis of the Government's Funds

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

Governmental Funds

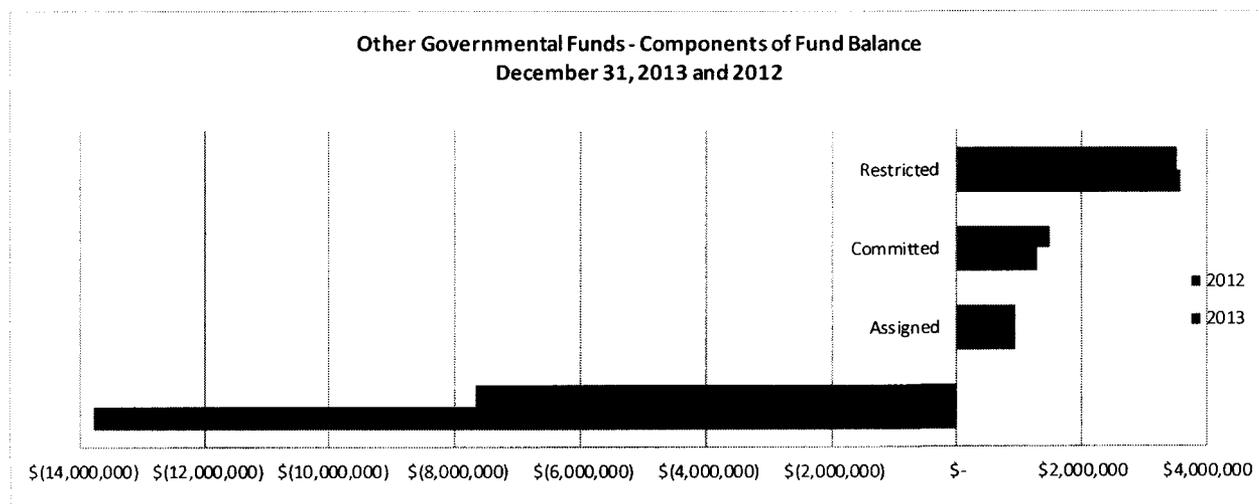
The focus of the City of Garden City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a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

At December 31, 2013, the City of Garden City's governmental funds reported combined ending fund balances of a deficit \$1,582,421, a decrease of \$4,881,477 in comparison with the prior year. Of this total amount, a deficit \$7,398,656 constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is either nonspendable, restricted, committed, or assigned to indicate that it is 1) not in spendable form (\$-0-), 2) legally required to be maintained intact (\$-0-), 3) restricted for particular purposes (\$3,590,992), 4) committed for particular purposes (\$1,292,166), or 5) assigned for particular purposes (\$933,077).

The general fund is the chief operating fund of the City of Garden City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$6,367,098, which is 100% of the total fund balance. Total fund balance increased to \$6,367,098. As a measure of the general fund's liquidity, it may be useful to compare the unassigned fund balance (total fund balance) to total general fund expenditures. The unassigned fund balance represents approximately 32.2% of total general fund expenditures.

The fund balance of the City of Garden City's general fund increased by \$1,337,519 during the current fiscal year. Key factors in this increase are as follows:

- Taxes increased \$814,265.
- Miscellaneous increased \$318,432
- Expenditures for general government increased \$107,516.
- Expenditures for public safety increased \$876,352.
- Expenditures for public works increased \$78,884.
- Expenditures for parks and recreation increased \$166,658.
- Transfers in increased \$86,000.
- Transfers out decreased \$697,580.



The debt service fund, a major governmental fund, had an increase in fund balance during the current year of \$117,540 to bring the year end fund balance to \$394,287. The increase essentially results from an increase in taxes during the current year. A portion of the fund balance at the beginning of the year was used for debt service payments during the year.

The 2012 Schulman Crossing 1 Temporary Note Projects capital projects fund, a major governmental fund, had a \$1,904,241 decrease in fund balance during the current fiscal year which put the overall fund balance in a deficit position of \$9,449,156. The fund reports this amount as the unassigned balance for capital improvement projects that began during the prior fiscal year.

The 2013 Schulman Crossing 2 Temporary Note Projects capital projects fund, the remaining major governmental fund, had a \$4,295,769 decrease in fund balance during the current fiscal year which put the overall fund balance in a deficit position for the same amount. The fund reports this amount as the unassigned balance for capital improvement projects that began during the current fiscal year.

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

Temporary notes in the amount of \$21,090,000 remained outstanding and were reported as a liability in the 2012 Schulman Crossing 1 Temporary Note Projects and 2013 Schulman Crossing 2 Temporary Note Projects capital projects funds at year end, while only \$7,345,075 of the proceeds remained unspent. The difference between these two amounts (\$13,744,925) is the total amount reported as the deficit in unassigned fund balances in the 2012 Schulman Crossing 1 Temporary Note Projects and 2013 Schulman Crossing 2 Temporary Note Projects capital projects funds at the end of the year. It is our intent to issue long-term bonds to replace the temporary notes. The issuance of the bonds will eliminate both the unassigned and the overall fund balance deficit in the 2012 Schulman Crossing 1 Temporary Note Projects and 2013 Schulman Crossing 2 Temporary Note Projects capital projects fund.

Proprietary Funds

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

Unrestricted net position of the electric utility at the end of the year amounted to \$8,097,894, and that for the water and sewer utility amounted to \$3,428,443. In addition, the airport fund's unrestricted net position at the end of the year amounted to a deficit of \$62,961; the other enterprise funds' unrestricted net position at the end of the year totaled \$1,861,748. The total growth in net position for all of the City's enterprise funds was \$3,949,296. This total includes a growth in net position of the electric utility of \$155,637 and a growth in net position of the water and sewer utility of \$1,712,400. In addition, the airport experienced a growth in net position of \$552,002. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Garden City's business-type activities.

General Fund Budgetary Highlights

The legally adopted budget for the general fund was not amended by the City Commission during 2013. However, departments within the City are allowed to transfer budget authority between line items and between cost centers within a department. In addition, budget authority may be transferred out of cost centers to reflect insurance savings, budget cuts, etc. As a result of these budget transfers, the original budget and the final budgets may not be the same in some cost centers.

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

Revenue Source	Estimated Revenues	Actual Revenues	Difference
Taxes	\$ 13,484,155	\$ 14,265,549	\$ 781,394
Use of money and property	276,261	117,981	(158,280)
Miscellaneous	1,244	331,703	330,459
Engineering	16,000	442,674	426,674

Taxes were more than estimated as a result of increased sales tax collections. Use of money and property was less than estimated due to decreased investment rates and reimbursements were reported against expenditures. Miscellaneous is budgeted conservatively due to the uncertain nature of the revenue, but actual receipts increased. Engineering is budgeted conservatively due to the uncertain nature of the revenue, but actual receipts for services increased.

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

Expenditures Category	Estimated Expenditures	Actual Expenditures	Difference
General administration	\$ 1,634,300	\$ 950,178	\$ 684,122
Capital improvements	3,984,000	1,689,258	2,294,742
Fire	2,849,000	3,316,091	(467,091)
Parks and zoo	2,761,150	2,646,314	114,836

General administration expenditures were \$684,122 less than budgeted, and capital improvements were \$2,294,742 less than budgeted due to the budget process which requires an overstatement of expenditures to allow for cash carryovers. Fire expenditures were \$467,091 more than budgeted due to capital lease purchases of equipment. Parks and zoo expenditures were \$114,836 less than budgeted due to vacancies in personnel.

Capital Asset and Debt Administration

Capital Assets

The City of Garden City's investment in capital assets for its governmental and business-type activities as of December 31, 2013, amounts to \$122,339,914 (net of accumulated depreciation). This investment in capital assets includes land; buildings and system; improvements; machinery and equipment; park, zoo and recreational facilities; and streets. The total increase in capital assets for the current fiscal year was approximately 5.4% over the 2012 total (a 2.3% increase for governmental activities and a 7.3% increase for business-type activities).

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

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

	2013			2012		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Land	\$ 1,358,349	\$ 777,801	\$ 2,136,150	\$ 1,343,759	\$ 381,870	\$ 1,725,629
Water rights	-	756,925	756,925	-	-	-
Construction in progress	-	2,645,435	2,645,435	667,597	-	667,597
Buildings and improvements	8,527,889	69,253,101	77,780,990	8,554,464	69,320,893	77,875,357
Vehicles and equipment	3,969,399	3,329,799	7,299,198	3,109,570	1,855,412	4,964,982
Infrastructure	31,721,216	-	31,721,216	30,892,456	-	30,892,456
Total capital assets	\$ 45,576,853	\$ 76,763,061	\$ 122,339,914	\$ 44,567,846	\$ 71,558,175	\$ 116,126,021

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

Cat Canyon	\$ 898,596
2013 Pierce rescue pumper	470,700
Sprayground area/equipment	325,796
2013 wildlife fence/runway lights	175,760
Electrical infrastructure	1,568,164
2013 Ford F-750	140,127
2013 Irrigation system	1,433,000
2014 Freightliner sideload collection truck	137,382
Water infrastructure	969,445
Water rights	756,925
Land	<u>395,931</u>
 Total	 <u><u>\$ 7,271,826</u></u>

Additional information on the City of Garden City's capital assets can be found in Note 4, item D on page 49 through 51, and Note 4, item G on pages 54 through 56 of this report.

Long-term Debt

At the end of the current fiscal year, the City of Garden City had total bonded debt outstanding of \$27,834,000, which was backed by the full faith and credit of the City.

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

	2013			2012		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
General obligation bonds	\$ 10,787,162	\$ 17,046,838	\$ 27,834,000	\$ 10,041,250	\$ 12,398,750	\$ 22,440,000
Total	<u>\$ 10,787,162</u>	<u>\$ 17,046,838</u>	<u>\$ 27,834,000</u>	<u>\$ 10,041,250</u>	<u>\$ 12,398,750</u>	<u>\$ 22,440,000</u>

The City's total bonded debt increased by \$5,394,000 (24.0%) during the current fiscal year. The key factor in this increase was issuance of \$8,404,000 of general obligation bonds for internal improvements and payment of \$3,010,000 in bond principal during 2013.

The City of Garden City maintains a credit rating of Aa3 from Moody's Investors Service for its general obligation debt.

State statutes limit the amount of general obligation debt the City may issue to 30% of its total assessed valuation. The current debt limitation for the City of Garden City is \$49,275,789, which is significantly in excess of the City's outstanding general obligation debt.

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

Economic Factors and Next Year's Budget and Rates

The following economic factors currently affect the City of Garden City and were considered in developing the 2014 fiscal year budget.

- The unemployment rate for the City of Garden City is currently 3.3%, which is considerably less than the State's average unemployment rate of 4.9% and the national average rate of 6.7%.
- The occupancy rate of the City's central business district is at 94%, which is an increase of 1.2% from one year ago.

- Inflationary trends in the region compare favorably to national indices.
- The City's utility rates for all utilities have stabilized as to customer rates with the exception of Solid Waste. The City Commission approved small annual increases starting in 2014.

During the current fiscal year, the unassigned fund balance in the general fund increased \$1,252,223, to \$4,354,032. The City has appropriated \$3,396,539 of this amount for spending in the 2014 fiscal year budget. It is intended that this use of available fund balance will avoid the need to raise taxes or charges during the 2014 fiscal year. It also is intended to prevent the need for the transfer of additional resources to the general fund from the utility operations.

Requests for Information

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

Basic Financial Statements

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CITY OF GARDEN CITY, KANSAS
Statement of Net Position
December 31, 2013

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Garden City Recreation Commission	Garden City Housing Authority
<u>Assets</u>					
Cash	\$ 18,336,811	\$ 11,987,684	\$ 30,324,495	\$ 310,775	\$ 67,090
Investments	1,674,626	300,000	1,974,626	-	180,873
Restricted assets:					
Cash	-	365,453	365,453	-	-
Investments	-	100,000	100,000	-	-
Receivables (net of allowances for uncollectibles):					
Taxes	9,263,496	609,674	9,873,170	-	-
Accounts and interest	393,472	1,729,825	2,123,297	-	3,590
Other	35,350	-	35,350	-	-
Due from component unit	109,615	-	109,615	-	-
Internal balances	(50,000)	50,000	-	-	-
Prepaid expenses	-	-	-	3,553	19,046
Inventory	-	3,142,554	3,142,554	-	7,026
Restricted assets:					
Cash	-	864,814	864,814	-	27,334
Capital assets (net of accumulated depreciation):					
Land	1,358,349	777,801	2,136,150	-	426,144
Water rights	-	756,925	756,925	-	-
Construction in progress	-	2,645,435	2,645,435	-	-
Property, plant and equipment	<u>44,218,504</u>	<u>72,582,900</u>	<u>116,801,404</u>	<u>381,843</u>	<u>1,427,399</u>
Total assets	<u>75,340,223</u>	<u>95,913,065</u>	<u>171,253,288</u>	<u>696,171</u>	<u>2,158,502</u>
<u>Liabilities</u>					
Accounts payable and accrued liabilities	2,065,087	3,206,143	5,271,230	27,579	60,026
Accrued interest	65,946	111,591	177,537	-	-
Due to primary government	-	-	-	109,615	-
Current portion of long-term liabilities	2,619,139	2,060,765	4,679,904	52,338	1,410
Payable from restricted assets:					
Customer deposits and refunds	-	450,703	450,703	-	27,334
Accrued interest	-	-	-	-	-
Temporary notes payable	21,090,000	-	21,090,000	-	-
Unearned revenue	-	432,400	432,400	-	7,595
Noncurrent liabilities:					
Long-term liabilities due in more than one year	<u>11,370,255</u>	<u>15,240,350</u>	<u>26,610,605</u>	<u>49,945</u>	<u>12,690</u>
Total liabilities	<u>37,210,427</u>	<u>21,501,952</u>	<u>58,712,379</u>	<u>239,477</u>	<u>109,055</u>
<u>Deferred Inflows of Resources</u>					
Unearned revenue - property taxes	<u>7,267,684</u>	<u>609,674</u>	<u>7,877,358</u>	<u>-</u>	<u>-</u>
<u>Net Position</u>					
Net investment in capital assets	34,387,771	59,500,783	93,888,554	333,615	1,853,543
Restricted for:					
Debt service	394,287	879,564	1,273,851	-	-
Other purposes	-	-	-	-	-
Unrestricted	<u>(3,919,946)</u>	<u>13,421,092</u>	<u>9,501,146</u>	<u>123,079</u>	<u>195,904</u>
Total net position	<u>\$ 30,862,112</u>	<u>\$ 73,801,439</u>	<u>\$ 104,663,551</u>	<u>\$ 456,694</u>	<u>\$ 2,049,447</u>

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

CITY OF GARDEN CITY, KANSAS
Statement of Activities
For the Year Ended December 31, 2013

Functions/Programs	Program Revenues			
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary government:				
Governmental activities:				
General government	\$ 5,950,337	\$ 420,050	\$ 506,912	\$ 1,209,945
Public safety	11,138,906	1,834,479	108,611	-
Public works	8,149,727	442,674	696,458	25,000
Parks and recreation	4,222,466	23,225	89,721	-
Interest on long-term debt	517,357	-	-	-
Total governmental activities	<u>29,978,793</u>	<u>2,720,428</u>	<u>1,401,702</u>	<u>1,234,945</u>
Business-type activities:				
Electric	27,478,722	29,757,981	-	-
Water and sewer	5,857,843	7,349,270	-	-
Airport	1,440,781	321,177	659,303	-
Solid waste	2,685,291	2,833,375	-	-
Golf course	943,331	496,488	-	-
Drainage	105,468	206,124	-	-
Total business-type activities	<u>38,511,436</u>	<u>40,964,415</u>	<u>659,303</u>	<u>-</u>
Total primary government	<u>\$ 68,490,229</u>	<u>\$ 43,684,843</u>	<u>\$ 2,061,005</u>	<u>\$ 1,234,945</u>
Component units:				
Garden City Recreation Commission	\$ 2,105,105	\$ 447,543	\$ 176,813	\$ -
Garden City Housing Authority	681,170	323,960	111,872	72,310
Total component units	<u>\$ 2,786,275</u>	<u>\$ 771,503</u>	<u>\$ 288,685</u>	<u>\$ 72,310</u>
General revenues:				
Taxes:				
Property taxes levied for general purposes				
Property taxes levied for debt service				
Property taxes levied for contributed capital purposes				
Sales taxes				
Franchise taxes				
Other taxes				
Investment earnings				
Miscellaneous				
Gain on disposal of capital assets				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position, beginning of year				
Net position, end of year				

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

Net (Expense) Revenue and Changes in Net Assets				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Garden City Recreation Commission	Garden City Housing Authority
\$ (3,813,430)	\$ -	\$ (3,813,430)	\$ -	\$ -
(9,195,816)	-	(9,195,816)	-	-
(6,985,595)	-	(6,985,595)	-	-
(4,109,520)	-	(4,109,520)	-	-
(517,357)	-	(517,357)	-	-
(24,621,718)	-	(24,621,718)	-	-
-	2,279,259	2,279,259	-	-
-	1,491,427	1,491,427	-	-
-	(460,301)	(460,301)	-	-
-	148,084	148,084	-	-
-	(446,843)	(446,843)	-	-
-	100,656	100,656	-	-
-	3,112,282	3,112,282	-	-
(24,621,718)	3,112,282	(21,509,436)	-	-
-	-	-	(1,480,749)	-
-	-	-	-	(173,028)
-	-	-	(1,480,749)	(173,028)
4,250,559	-	4,250,559	1,224,367	-
1,639,979	-	1,639,979	-	-
-	574,613	574,613	-	-
10,298,449	-	10,298,449	-	-
769,365	-	769,365	-	-
815,415	-	815,415	9,000	-
349,180	18,002	367,182	21,413	1,651
562,485	376,306	938,791	34,556	6,678
-	17,362	17,362	-	-
149,269	(149,269)	-	-	-
18,834,701	837,014	19,671,715	1,289,336	8,329
(5,787,017)	3,949,296	(1,837,721)	(191,413)	(164,699)
36,649,129	69,852,143	106,501,272	648,107	2,214,146
<u>\$ 30,862,112</u>	<u>\$ 73,801,439</u>	<u>\$ 104,663,551</u>	<u>\$ 456,694</u>	<u>\$ 2,049,447</u>

CITY OF GARDEN CITY, KANSAS
Balance Sheet
Governmental Funds
December 31, 2013

<u>Assets</u>	General	Debt Service	2012 Schulman Crossing 1 Temporary Note Projects	2013 Schulman Crossing 2 Temporary Note Projects	Other Governmental Funds	Total Governmental Funds
Cash	\$ 4,660,475	\$ 394,287	\$ 2,349,451	\$ 5,618,098	\$ 4,127,613	\$ 17,149,924
Investments	-	-	-	-	1,549,626	1,549,626
Receivables (net of allowances for uncollectibles):						
Taxes	5,251,654	1,357,561	-	-	970,604	7,579,819
Special assessments	-	1,683,677	-	-	-	1,683,677
Accounts and interest	396,788	-	-	-	-	396,788
Other	-	-	-	-	141,649	141,649
Due from other funds	106,299	-	-	-	-	106,299
Total assets	\$ 10,415,216	\$ 3,435,525	\$ 2,349,451	\$ 5,618,098	\$ 6,789,492	\$ 28,607,782
 <u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>						
Liabilities:						
Accounts payable and accrued liabilities	\$ 618,335	\$ -	\$ 48,607	\$ 573,867	\$ 435,411	\$ 1,676,220
Due to other funds	-	-	-	-	106,299	106,299
Temporary notes payable	-	-	11,750,000	9,340,000	-	21,090,000
Advances from other funds	-	-	-	-	50,000	50,000
Total liabilities	618,335	-	11,798,607	9,913,867	591,710	22,922,519
Deferred inflows of resources:						
Unearned revenue - property taxes	3,429,783	3,041,238	-	-	796,663	7,267,684
Fund balances (deficits):						
Restricted:						
Recreation and parks	-	-	-	-	152,509	152,509
Capital improvement projects	-	-	-	-	2,249,430	2,249,430
Alcoholism prevention and education programs	-	-	-	-	41,206	41,206
Law enforcement	-	-	-	-	381,571	381,571
Economic development activities	-	-	-	-	371,989	371,989
General obligation debt	-	394,287	-	-	-	394,287
Committed:						
Capital improvement projects	-	-	-	-	1,292,166	1,292,166
Assigned:						
Capital improvement projects	-	-	-	-	777,141	777,141
Legal claims and settlements	-	-	-	-	155,936	155,936
Unassigned	6,367,098	-	(9,449,156)	(4,295,769)	(20,829)	(7,398,656)
Total fund balances (deficits)	6,367,098	394,287	(9,449,156)	(4,295,769)	5,401,119	(1,582,421)
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 10,415,216	\$ 3,435,525	\$ 2,349,451	\$ 5,618,098	\$ 6,789,492	\$ 28,607,782

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

CITY OF GARDEN CITY, KANSAS
Reconciliation of the Balance Sheet to the
Statement of Net Position - Governmental Funds
December 31, 2013

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

Fund balances - total governmental funds \$ (1,582,421)

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. 45,576,853

Long-term liabilities, including bonds payables, are not due and payable in the current period and, therefore, are not reported in the governmental funds. (13,008,608)

Internal service funds are used by management to charge the costs of certain activities, such as health insurance and workers compensation, to individual funds. The assets and liabilities of the internal service funds have not been included in the balance sheet. (123,712)

Net position of governmental activities \$ 30,862,112

CITY OF GARDEN CITY, KANSAS
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2013

	General	Debt Service	2012 Schulman Crossing 1 Temporary Note Projects	2013 Schulman Crossing 2 Temporary Note Projects	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 14,337,467	\$ 1,639,979	\$ -	\$ -	\$ 1,026,956	\$ 17,004,402
Special assessment taxes	-	254,853	-	-	-	254,853
Intergovernmental revenue	193,037	25,000	-	-	1,508,665	1,726,702
Franchises	769,365	-	-	-	-	769,365
Licenses and permits	292,231	-	-	-	-	292,231
Use of money and property	117,981	-	-	5,138	225,920	349,039
Miscellaneous	331,703	9,162	-	-	221,620	562,485
Donations	-	-	-	-	655,092	655,092
Cemetery	117,125	-	-	-	5,425	122,550
Police and municipal court	1,474,422	-	-	-	-	1,474,422
Fire	195,797	-	-	-	-	195,797
Engineering	442,674	-	-	-	-	442,674
Inspection	164,260	-	-	-	-	164,260
Planning and zoning	5,269	-	-	-	-	5,269
Parks and zoo	23,225	-	-	-	-	23,225
Total revenues	18,464,556	1,928,994	-	5,138	3,643,678	24,042,366
Expenditures:						
Current:						
General government	3,855,166	-	-	-	309,905	4,165,071
Public safety	11,665,551	-	-	-	49,880	11,715,431
Public works	1,624,275	-	-	-	598,485	2,222,760
Parks and recreation	2,646,314	-	-	-	993,438	3,639,752
Capital outlay and capital projects	-	-	1,794,026	4,273,898	4,182,796	10,250,720
Debt service:						
Principal	-	1,536,500	-	-	-	1,536,500
Interest and fiscal charges	-	274,954	110,215	-	16,272	401,441
Bond issuance costs	-	-	-	27,009	74,027	101,036
Total expenditures	19,791,306	1,811,454	1,904,241	4,300,907	6,224,803	34,032,711
Revenues over (under) expenditures	(1,326,750)	117,540	(1,904,241)	(4,295,769)	(2,581,125)	(9,990,345)
Other financing sources (uses):						
Transfers in	2,032,850	-	-	-	736,686	2,769,536
Transfers out	(188,687)	-	-	-	(574,499)	(763,186)
Bonds issued	-	-	-	-	2,282,412	2,282,412
Issuance of capital leases	820,106	-	-	-	-	820,106
Total other financing sources (uses)	2,664,269	-	-	-	2,444,599	5,108,868
Net change in fund balances	1,337,519	117,540	(1,904,241)	(4,295,769)	(136,526)	(4,881,477)
Fund balance (deficit), beginning of year	5,029,579	276,747	(7,544,915)	-	5,537,645	3,299,056
Fund balance (deficit), end of year	\$ 6,367,098	\$ 394,287	\$ (9,449,156)	\$ (4,295,769)	\$ 5,401,119	\$ (1,582,421)

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

CITY OF GARDEN CITY, KANSAS
 Reconciliation of the Statement of Revenues, Expenditures and
 Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Year Ended December 31, 2013

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

Net change in fund balances - total governmental funds \$ (4,881,477)

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 these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period. 2,866,088

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets contributed to proprietary funds is reported as transfers. This is the amount of capital outlay contributed to proprietary funds in the current period. (1,857,081)

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. (74,548)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statements of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (1,269,482)

Internal service funds are used by management to charge the costs of certain activities, such as health insurance and workers compensation, to individual funds. The net revenues (expenses) of the internal service funds are reported with governmental activities. (570,517)

Changes in net position of governmental activities \$ (5,787,017)

CITY OF GARDEN CITY, KANSAS
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
General Fund
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	Budgetary Basis	
Revenues:				
Administration:				
Taxes	\$ 13,484,155	\$ 13,484,155	\$ 14,265,549	\$ 781,394
Intergovernmental revenue	151,000	151,000	192,985	41,985
Franchises	722,000	722,000	756,039	34,039
Licenses and permits	313,470	313,470	292,231	(21,239)
Use of money and property	196,000	276,261	117,981	(158,280)
Reimbursements	80,261	-	-	-
Miscellaneous	1,244	1,244	331,703	330,459
Total administration	14,948,130	14,948,130	15,956,488	1,008,358
Cemetery	107,750	107,750	117,125	9,375
Police and municipal court	1,399,500	1,399,500	1,474,422	74,922
Fire	200,000	200,000	195,797	(4,203)
Inspection	219,700	219,700	164,260	(55,440)
Engineering	16,000	16,000	442,674	426,674
Planning and zoning	-	-	5,269	5,269
Parks and zoo	20,000	20,000	23,225	3,225
Total revenues	16,911,080	16,911,080	18,379,260	1,468,180
Expenditures:				
Current:				
General government:				
General administration	1,634,300	1,634,300	950,178	684,122
Human resources	171,450	171,450	169,612	1,838
Cemetery	535,500	535,500	544,542	(9,042)
Development services	322,250	322,250	340,576	(18,326)
Capital improvements	3,984,000	3,984,000	1,689,258	2,294,742
Employee benefits	161,000	161,000	161,000	-
Public safety:				
Police	7,062,000	7,062,000	7,016,899	45,101
Fire	2,849,000	2,849,000	3,316,091	(467,091)
Inspection	320,200	320,200	254,815	65,385
Municipal court	1,165,350	1,165,350	1,077,746	87,604
Highways and streets:				
Engineering	247,000	247,000	248,141	(1,141)
Street	1,417,250	1,417,250	1,376,134	41,116
Recreation:				
Parks and zoo	2,761,150	2,761,150	2,646,314	114,836
Total expenditures	22,630,450	22,630,450	19,791,306	2,839,144
Revenues over (under) expenditures	(5,719,370)	(5,719,370)	(1,412,046)	4,307,324
Other financing sources (uses):				
Transfers in	2,633,520	2,633,520	2,032,850	(600,670)
Transfers out	(100,000)	(100,000)	(188,687)	(88,687)
Capital lease proceeds	-	-	820,106	820,106
Net change in fund balances	(3,185,850)	(3,185,850)	1,252,223	4,438,073
Fund balance, beginning of year	3,185,850	3,185,850	3,101,809	(84,041)
Fund balance, end of year	\$ -	\$ -	\$ 4,354,032	\$ 4,354,032

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

CITY OF GARDEN CITY, KANSAS
Statement of Net Position
Proprietary Funds
December 31, 2013

	Business-type Activities - Enterprise Funds				Totals	Governmental
	Electric Utility	Water and Sewer Utility	Airport	Other Enterprise Funds		Internal Service Funds
Assets						
Current assets:						
Cash	\$ 5,832,967	\$ 4,045,754	\$ 467,652	\$ 1,641,311	\$ 11,987,684	\$ 1,186,887
Investments, at fair value	-	-	-	300,000	300,000	125,000
Advances to other funds	50,000	-	-	-	50,000	-
Restricted assets:						
Cash	350,703	-	-	14,750	365,453	-
Investments	100,000	-	-	-	100,000	-
Taxes receivable	-	-	609,674	-	609,674	-
Accounts receivable	1,283,492	289,522	1,990	154,821	1,729,825	-
Inventory	2,762,990	379,564	-	-	3,142,554	-
Total current assets	10,380,152	4,714,840	1,079,316	2,110,882	18,285,190	1,311,887
Noncurrent assets:						
Restricted assets:						
Cash	-	864,814	-	-	864,814	-
Total restricted assets	-	864,814	-	-	864,814	-
Capital assets:						
Land	103,041	536,260	-	138,500	777,801	-
Water rights	-	756,925	-	-	756,925	-
Construction in progress	1,747,896	-	897,539	-	2,645,435	-
Production, storage and distribution equipment	30,518,769	48,134,703	-	347,612	79,001,084	-
Less accumulated depreciation	(11,995,685)	(20,920,877)	-	(69,530)	(32,986,092)	-
Golf course, club house and equipment	-	-	-	1,726,389	1,726,389	-
Less accumulated depreciation	-	-	-	(1,048,810)	(1,048,810)	-
Vehicles and equipment	1,110,660	1,111,908	1,178,716	3,442,531	6,843,815	-
Less accumulated depreciation	(852,435)	(1,015,133)	(272,595)	(1,373,853)	(3,514,016)	-
Containers	-	-	-	3,904,084	3,904,084	-
Less accumulated depreciation	-	-	-	(2,343,581)	(2,343,581)	-
Airport improvement	-	-	29,370,291	-	29,370,291	-
Less accumulated depreciation	-	-	(8,370,264)	-	(8,370,264)	-
Total capital assets	20,632,246	28,603,786	22,803,687	4,723,342	76,763,061	-
Total noncurrent assets	20,632,246	29,468,600	22,803,687	4,723,342	77,627,875	-
Total assets	\$ 31,012,398	\$ 34,183,440	\$ 23,883,003	\$ 6,834,224	\$ 95,913,065	\$ 1,311,887
Liabilities						
Current liabilities:						
Accounts payable and accrued liabilities	\$ 1,790,960	\$ 1,206,295	\$ 100,203	\$ 108,685	\$ 3,206,143	\$ 388,867
Accrued interest	31,489	80,102	-	-	111,591	-
Current portion of capital leases payable	5,816	-	-	6,898	12,714	-
Current portion of revenue bonds payable	584,615	1,463,436	-	-	2,048,051	-
Payable from restricted assets:						
Customer deposits	450,703	-	-	-	450,703	-
Total current liabilities	2,863,583	2,749,833	100,203	115,583	5,829,202	388,867
Noncurrent liabilities:						
Net OPEB obligation	-	-	-	-	-	1,046,732
Capital leases payable	3,290	-	-	22,833	26,123	-
Revenue bonds payable	5,758,885	9,455,342	-	-	15,214,227	-
Unearned revenue	-	-	432,400	-	432,400	-
Total noncurrent liabilities	5,762,175	9,455,342	432,400	22,833	15,672,750	1,046,732
Total liabilities	8,625,758	12,205,175	532,603	138,416	21,501,952	1,435,599
Deferred Inflows of Resources						
Unearned revenue - property taxes	-	-	609,674	-	609,674	-
Net Position						
Net investment in capital assets	14,288,746	17,685,008	22,803,687	4,723,342	59,500,783	-
Restricted for debt service	-	864,814	-	14,750	879,564	-
Restricted for health insurance	-	-	-	-	-	(696,712)
Restricted for workers compensation	-	-	-	-	-	573,000
Unrestricted	8,097,894	3,428,443	(62,961)	1,957,716	13,421,092	-
Total net position	22,386,640	21,978,265	22,740,726	6,695,808	73,801,439	(123,712)
Total liabilities, deferred inflows of resources and net position	\$ 31,012,398	\$ 34,183,440	\$ 23,883,003	\$ 6,834,224	\$ 95,913,065	\$ 1,311,887

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

CITY OF GARDEN CITY, KANSAS
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2013

	Business-type Activities - Enterprise Funds				Totals	Governmental
	Electric Utility	Water and Sewer Utility	Airport	Other Enterprise Funds		Internal Service Funds
Operating revenues:						
Charges for services	\$ 29,757,981	\$ 7,349,270	\$ -	\$ 3,039,499	\$ 40,146,750	\$ -
Reimbursements	-	-	-	-	-	3,808,603
Rents and utilities	-	-	321,177	-	321,177	-
Miscellaneous	104,128	27,673	10,545	18,956	161,302	-
Membership and fees	-	-	-	417,188	417,188	-
Concessions	-	-	-	79,300	79,300	-
Total operating revenues	29,862,109	7,376,943	331,722	3,554,943	41,125,717	3,808,603
Operating expenses:						
Personnel services	-	-	312,508	1,790,412	2,102,920	-
Contractual services	-	-	242,679	1,157,146	1,399,825	4,379,261
Commodities	105,142	-	404,478	470,012	979,632	-
Depreciation	741,507	1,112,214	462,815	316,520	2,633,056	-
Production expense	22,723,670	3,285,908	-	-	26,009,578	-
Distribution expense	1,713,948	548,546	-	-	2,262,494	-
Commercial and general expense	835,338	499,480	-	-	1,334,818	-
Sundry expenses	1,303,354	180,000	-	-	1,483,354	-
Total operating expenses	27,422,959	5,626,148	1,422,480	3,734,090	38,205,677	4,379,261
Operating income (loss)	2,439,150	1,750,795	(1,090,758)	(179,147)	2,920,040	(570,658)
Nonoperating revenues (expenses):						
Intergovernmental revenue	-	-	659,303	-	659,303	-
Interest income	16,602	-	-	1,400	18,002	141
Rent and royalties	-	-	3,064	5,660	8,724	-
Sale of materials	28,286	125,800	-	52,194	206,280	-
Interest expense	(55,763)	(231,395)	-	-	(287,158)	-
Gain (loss) on disposal of assets	17,362	(300)	(18,301)	-	(1,239)	-
Total nonoperating revenues (expenses)	6,487	(105,895)	644,066	59,254	603,912	141
Income before capital contributions and operating transfers	2,445,637	1,644,900	(446,692)	(119,893)	3,523,952	(570,517)
Capital contributions	-	-	998,694	1,433,000	2,431,694	-
Transfers in	-	500,000	-	356,500	856,500	-
Transfers out	(2,290,000)	(432,500)	-	(140,350)	(2,862,850)	-
Change in net position	155,637	1,712,400	552,002	1,529,257	3,949,296	(570,517)
Total net position, beginning of year	22,231,003	20,265,865	22,188,724	5,166,551	69,852,143	446,805
Total net position, end of year	\$ 22,386,640	\$ 21,978,265	\$ 22,740,726	\$ 6,695,808	\$ 73,801,439	\$ (123,712)

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

CITY OF GARDEN CITY, KANSAS
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2013

	Business-type Activities - Enterprise Funds				Totals	Governmental Activities
	Electric Utility	Water and Sewer Utility	Airport	Other Enterprise Funds		Internal Service Funds
Cash flows from operating activities:						
Receipts from customers	\$ 29,688,471	\$ 7,352,366	\$ 302,905	\$ 3,556,605	\$ 40,900,347	\$ -
Other receipts	104,128	27,673	10,545	18,956	161,302	3,808,603
Payments to suppliers	(25,013,900)	(1,962,083)	(569,794)	(1,612,958)	(29,158,735)	-
Payments for personnel services	(2,003,850)	(1,573,324)	(312,508)	(1,790,412)	(5,680,094)	-
Claims paid	-	-	-	-	-	(4,132,881)
Net cash provided (used) by operating activities	<u>2,774,849</u>	<u>3,844,632</u>	<u>(568,852)</u>	<u>172,191</u>	<u>6,222,820</u>	<u>(324,278)</u>
Cash flows from noncapital financing activities:						
Customer deposits	110,400	-	-	-	110,400	-
Subsidy from federal grants	-	-	659,303	-	659,303	-
Transfers in	-	500,000	-	356,500	856,500	-
Transfers out	(2,290,000)	(432,500)	-	(140,350)	(2,862,850)	-
Net cash provided (used) by noncapital financing activities	<u>(2,179,600)</u>	<u>67,500</u>	<u>659,303</u>	<u>216,150</u>	<u>(1,236,647)</u>	<u>-</u>
Cash flows from capital and related financing activities:						
Receipts from sale of materials	28,286	125,800	-	52,194	206,280	-
Proceeds from sale of capital assets	595,275	-	-	-	595,275	-
Purchases of capital assets	(3,467,746)	(2,128,471)	(654,318)	(288,880)	(6,539,415)	-
Capital contributions	-	-	574,613	-	574,613	-
Proceeds from issuance of long-term debt	5,112,750	1,008,838	-	-	6,121,588	-
Payment of long-term debt	(159,541)	(1,320,000)	-	(8,229)	(1,487,770)	-
Interest paid on long-term debt	(29,129)	(263,927)	-	-	(293,056)	-
Net cash provided (used) by capital and related financing activities	<u>2,079,895</u>	<u>(2,577,760)</u>	<u>(79,705)</u>	<u>(244,915)</u>	<u>(822,485)</u>	<u>-</u>
Cash flows from investing activities:						
Interest income	16,602	-	-	1,400	18,002	141
Proceeds from sale of investments	788,000	-	-	100,000	888,000	-
Purchase of investments	(150,000)	-	-	(100,000)	(250,000)	-
Rents and royalties	-	-	3,064	5,660	8,724	-
Net cash provided by investing activities	<u>654,602</u>	<u>-</u>	<u>3,064</u>	<u>7,060</u>	<u>664,726</u>	<u>141</u>
Net increase (decrease) in cash	3,329,746	1,334,372	13,810	150,486	4,828,414	(324,137)
Cash, beginning of year	2,853,924	3,576,196	453,842	1,505,575	8,389,537	1,511,024
Cash, end of year	\$ 6,183,670	\$ 4,910,568	\$ 467,652	\$ 1,656,061	\$ 13,217,951	\$ 1,186,887
Statement of net position classification:						
Current assets	\$ 5,832,967	\$ 4,045,754	\$ 467,652	\$ 1,641,311	\$ 11,987,684	\$ 1,186,887
Restricted assets	350,703	864,814	-	14,750	1,230,267	-
Total cash, end of year	\$ 6,183,670	\$ 4,910,568	\$ 467,652	\$ 1,656,061	\$ 13,217,951	\$ 1,186,887
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 2,439,150	\$ 1,750,795	\$ (1,090,758)	\$ (179,147)	\$ 2,920,040	\$ (570,658)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Unearned revenue recognized	-	-	(18,600)	-	(18,600)	-
Depreciation	741,507	1,112,214	462,815	316,520	2,633,056	-
Change in assets and liabilities:						
(Increase) decrease in receivables	(69,510)	3,096	328	20,618	(45,468)	-
(Increase) decrease in inventory	(499,727)	25,306	-	-	(474,421)	-
Increase (decrease) in accounts payable	163,429	953,221	77,363	14,200	1,208,213	145,686
Increase in net OPEB obligations	-	-	-	-	-	100,694
Net cash provided (used) by operating activities	<u>\$ 2,774,849</u>	<u>\$ 3,844,632</u>	<u>\$ (568,852)</u>	<u>\$ 172,191</u>	<u>\$ 6,222,820</u>	<u>\$ (324,278)</u>
Schedule of non-cash capital and related financing activities:						
Capital assets were acquired through contributions from governmental funds	\$ -	\$ -	\$ 424,081	\$ 1,433,000	\$ 1,857,081	\$ -
Purchase of capital assets through capital leases	-	-	-	37,960	37,960	-

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

CITY OF GARDEN CITY, KANSAS
Statement of Net Position
Fiduciary Funds
December 31, 2013

	<u>Agency Funds</u>
<u>Assets</u>	
Cash	<u>\$ 190,940</u>
Total assets	<u>\$ 190,940</u>
<u>Liabilities</u>	
Accounts payable	<u>\$ 190,940</u>
Total liabilities	<u>\$ 190,940</u>

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

Notes to the
Financial Statements

CITY OF GARDEN CITY, KANSAS
Notes to the Financial Statements
December 31, 2013

1. Summary of Significant Accounting Policies

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

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

A. Description of Government-wide Financial Statements

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

B. Financial Reporting Entity

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

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

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

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

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

Garden City Housing Authority
606 Pershing
Garden City, KS 67846

CITY OF GARDEN CITY, KANSAS
Notes to the Financial Statements
December 31, 2013

1. Summary of Significant Accounting Policies (continued)

C. Basis of Presentation - Government-wide Financial Statements

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

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

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

D. Basis of Presentation - Fund Financial Statements

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

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

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

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

2012 Schulman Crossing 1 Temporary Note Projects Fund – this is a capital project fund used to account for the acquisition and construction of the Schulman Crossing 1 area improvements.

2013 Schulman Crossing 2 Temporary Note Projects Fund – this is a capital project fund used to account for the acquisition and construction of the Schulman Crossing 2 area improvements.

CITY OF GARDEN CITY, KANSAS
Notes to the Financial Statements
December 31, 2013

1. Summary of Significant Accounting Policies (continued)

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

The City reports the following nonmajor governmental funds:

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

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

The City reports the following major enterprise funds:

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

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

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

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

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

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

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

- Payroll clearing account used to account for employee earnings and related benefits after distribution from the corresponding City departments.
- Bail bonds account used to account for monies held as bail bonds by the police department.
- Sidewalk construction account used to account for monies received by the City for sidewalk construction projects.
- Special investigations account used to account for monies received by the police department all of which are to be expended for drug control and special investigation type expenditures.

CITY OF GARDEN CITY, KANSAS
Notes to the Financial Statements
December 31, 2013

1. Summary of Significant Accounting Policies (continued)

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

- Section 125 account used to account for employee withholdings under the Section 125 plan.
- Employee flower account used to account for monies received from employee vending machines and other fees which are to be expended for employee memorials and recognition type expenditures.

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

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

E. Measurement Focus and Basis of Accounting

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

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

CITY OF GARDEN CITY, KANSAS
Notes to the Financial Statements
December 31, 2013

1. Summary of Significant Accounting Policies (continued)

E. Measurement Focus and Basis of Accounting (continued)

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

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

F. Budgetary Information

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

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

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

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

Fund	Increase
DEA Forfeiture Fund	\$ 27,000
Finnup Trust Fund	118,041
Special Recreation and Parks Fund	91,855
Airport Fund	60,117
Recreation Area Fund	9,700

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

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

CITY OF GARDEN CITY, KANSAS
Notes to the Financial Statements
December 31, 2013

1. Summary of Significant Accounting Policies (continued)

F. Budgetary Information (continued)

Budgetary Basis of Accounting

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

A legal operating budget is not required for certain special revenue funds and capital projects funds. Spending in funds which are not subject to the legal annual operating budget requirement are controlled by federal regulations, other statutes or by the use of internal spending limits established by the governing body. Special revenue funds of the City controlled by federal regulations and state statutes include the 2012 JAG Grant fund. Capital projects controlled by spending limits established by the governing body include the 2012 Schulman Crossing 1 Temporary Note Projects, 2013 Schulman Crossing 2 Temporary Note Projects, 2013 GO Bond Projects, 2013 Pioneer Road Estates Improvement Projects, 2013 Temporary Note Projects, 2012 Temporary Note Projects, 2012 GO Bond Projects, 2012 FOLRZ Zoo Projects, 2011 GO Bond Projects, and 2011-A Temporary Note Projects funds.

Budgetary Compliance – Non-GAAP Financial Statements

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

	General Fund	Debt Service Fund
Revenues (budgetary basis)	\$ 18,379,260	\$ 1,928,994
Less 2012 accrued revenues	(1,927,770)	-
Plus 2013 accrued revenues	2,013,066	-
Revenues (GAAP basis)	\$ 18,464,556	\$ 1,928,994
Expenditures (budgetary basis)	\$ 19,791,306	\$ 1,811,454
Expenditures (GAAP basis)	\$ 19,791,306	\$ 1,811,454

CITY OF GARDEN CITY, KANSAS
Notes to the Financial Statements
December 31, 2013

1. Summary of Significant Accounting Policies (continued)

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

Cash and Cash Equivalents

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

Deposits and Investments

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

State statutes authorize the City to invest idle funds in U.S. government securities, temporary notes, no-fund warrants, repurchase agreements and the Kansas Municipal Investment Pool. The Kansas Municipal Investment Pool operates in accordance with appropriate State laws and regulations. The reported value of the investment in the Kansas Municipal Investment Pool is the same as the fair value of its pool shares. Other investments of the City and its component units are stated at fair value, which equals cost. The aggregate value of the investments, including certificates of deposit, at December 31, 2013, is \$2,074,626.

Inventories and Prepaid Items

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

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

Restricted Assets

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

Capital Assets

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

CITY OF GARDEN CITY, KANSAS
Notes to the Financial Statements
December 31, 2013

1. Summary of Significant Accounting Policies (continued)

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

Capital Assets (continued)

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

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

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

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

CITY OF GARDEN CITY, KANSAS
Notes to the Financial Statements
December 31, 2013

1. Summary of Significant Accounting Policies (continued)

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

Net Position Flow Assumption

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

Fund Balance Flow Assumptions

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

Fund Balance Policies

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

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

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

CITY OF GARDEN CITY, KANSAS
Notes to the Financial Statements
December 31, 2013

1. Summary of Significant Accounting Policies (continued)

H. Revenues and Expenditures/Expenses

Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property Taxes

In accordance with governing state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis, are levied and become a lien on the property on November 1st of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20th during the year levied with the balance to be paid on or before May 10th of the ensuing year. State statutes prohibit the County Treasurer from distributing the taxes collected in the year levied prior to January 1st of the ensuing year. Consequently, for revenue recognition purposes, taxes levied during the current year are not due and receivable until the ensuing year. At December 31, 2013, such taxes are a lien on the property and are recorded as taxes receivable, net of anticipated delinquencies of \$340,750, with a corresponding amount recorded as unearned revenue on the balance sheets of the appropriate funds. Delinquent taxes held by the County Treasurer at December 31, 2013, are not significant.

Compensated Absences

Vacation

The City's policy regarding vacation leave pay permits employees to accumulate leave days at a maximum rate of 22 days per year up to 40 days. Vacation leave pay is accrued when incurred in the government-wide and proprietary funds' financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The City has estimated the value of accrued vacation leave pay at December 31, 2013, to be \$1,045,826 of which \$663,340 is expected to be used in 2014.

Sick Leave

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

CITY OF GARDEN CITY, KANSAS
Notes to the Financial Statements
December 31, 2013

1. Summary of Significant Accounting Policies (continued)

H. Revenues and Expenditures/Expenses (continued)

Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. The electric utility fund and water fund also recognize as operating revenue the portion of connect fees intended to recover the cost of connecting new customers to the system. The principal operating revenues of the internal service funds are departmental billings for insurance. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

I. New Pronouncements

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

- GASB Statement No. 67, *Financial Reporting for Pension Plans*, issued June 2012, will be effective for the City beginning with its year ending December 31, 2014. This Statement is intended to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25 and No. 50 as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions.
- GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, issued June 2012, will be effective for the City beginning with its year ending December 31, 2015. This Statement is intended to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.
- GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, issued January 2013, will be effective for the City beginning with its year ending December 31, 2014. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations.
- GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, issued April 2013, will be effective for the City beginning with its year ending December 31, 2014. This Statement is intended to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

CITY OF GARDEN CITY, KANSAS
Notes to the Financial Statements
December 31, 2013

1. Summary of Significant Accounting Policies (continued)

I. New Pronouncements (continued)

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

2. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.” The details of this \$45,576,853 are as follows:

Land	\$ 1,358,349
Property, plant and equipment	84,105,880
Less accumulated depreciation	<u>(39,887,376)</u>
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 45,576,853</u>

Another element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$13,008,608 difference are as follows:

Governmental bonds payable	\$ 10,787,162
Capital leases payable	1,109,674
Accrued interest payable on long-term debt	65,946
Compensated absences	<u>1,045,826</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 13,008,608</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.” The details of this \$2,866,088 difference are as follows:

CITY OF GARDEN CITY, KANSAS
Notes to the Financial Statements
December 31, 2013

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

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

Expenditures for capital assets	\$ 5,868,146
Less current year depreciation	(2,282,915)
Less current year disposals (net of depreciation)	<u>(719,143)</u>
Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 2,866,088</u>

Another element of that reconciliation states that “governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets contributed to proprietary funds is reported as transfers. This is the amount of capital outlay contributed to proprietary funds in the current period.” The details of this \$1,857,081 difference are as follows:

Capital assets contributed to Airport	\$ (424,081)
Capital assets contributed to Recreation Area	<u>(1,433,000)</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (1,857,081)</u>

Another element of that reconciliation states that “some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$74,548 difference are as follows:

Accrued interest expense on long-term debt, net change	\$ (14,880)
Change in compensated absences	<u>(59,668)</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (74,548)</u>

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statements of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.” The details of this \$1,269,482 difference are as follows:

CITY OF GARDEN CITY, KANSAS
Notes to the Financial Statements
December 31, 2013

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

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

Debt issued or incurred:	
General obligation bonds	\$ (2,282,412)
Capital leases issued	(820,106)
Principal repayments:	
General obligation debt	1,536,500
Capital leases paid	<u>296,536</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (1,269,482)</u>

3. Stewardship, Compliance and Accountability

A. Compliance with Kansas Statutes

References made herein to the statutes are not intended as interpretation of law, but are offered for consideration of the Director of Accounts and Reports and interpretation by the County Attorney and the legal representative of the City. A cash custodial credit risk violation was noted as discussed in Note 4, Item A. No other material violations were noted.

B. Deficit Fund Equity

The 2012 Schulman Crossing 1 Temporary Note Projects capital project fund had a deficit fund balance of \$9,449,156 as of December 31, 2013. The fund incurred expenditures paid through the issuance of temporary notes. Subsequent to the year ended December 31, 2013, the City Commissioners authorized a bond sale for May 1, 2014, totaling \$10,750,000 to finance the Projects.

The 2013 Schulman Crossing 2 Temporary Note Projects capital project fund had a deficit fund balance of \$4,295,769 as of December 31, 2013. The fund incurred expenditures paid through the issuance of temporary notes. The City plans to issue bonds to finance the Projects in 2014.

The 2013 Temporary Note Projects capital project fund had a deficit fund balance of \$20,829 as of December 31, 2013. The fund incurred expenditures paid through the issuance of temporary notes. The City plans to issue bonds to finance the Projects in 2014.

The Health Insurance internal service fund had a deficit net position restricted for health insurance balance as of December 31, 2013, as a result of the net OPEB obligation payable at December 31, 2013.

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CITY OF GARDEN CITY, KANSAS
Notes to the Financial Statements
December 31, 2013

4. Detailed Notes on All Activities and Funds

A. Cash and Investments

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

Cash		\$	30,324,495
Investments, at fair value			1,974,626
Restricted assets:			
Cash			1,230,267
Investments, at fair value			<u>100,000</u>
Total cash and investments		\$	<u>33,629,388</u>
Cash on hand		\$	450
Carrying amount of deposits			33,819,878
Less agency funds			<u>(190,940)</u>
Total cash and investments		\$	<u>33,629,388</u>

Cash Deposits with Financial Institutions

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City or the Federal Home Loan Bank of Topeka except during designated "peak periods" when required coverage is 50%. The City's designated "peak periods" are with Commerce Bank from January 6 to March 7 and June 6 to August 5.

At year-end, the City's carrying amount of deposits was \$33,819,878 and the bank balance was \$33,988,127. Ninety-four percent of the bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance, \$5,539,920 was covered by federal depository insurance, \$28,313,343 was collateralized with securities held by the pledging financial institutions' agents in the City's name and \$134,864 was unsecured. The City's cash deposits by financial institution at year-end are as follows:

	Bank balance covered by			Total bank balance
	FDIC coverage	Pledged securities at market value	Unsecured	
Commerce Bank	\$ 500,000	\$ 24,161,295	\$ -	\$ 24,661,295
Western State Bank	262,294	1,243,226	-	1,505,520
First National Bank	4,277,626	726,640	134,864	5,139,130
American State Bank	250,000	1,889,602	-	2,139,602
Garden City State Bank	250,000	292,580	-	542,580
Total	<u>\$ 5,539,920</u>	<u>\$ 28,313,343</u>	<u>\$ 134,864</u>	<u>\$ 33,988,127</u>

CITY OF GARDEN CITY, KANSAS
Notes to the Financial Statements
December 31, 2013

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

A. Cash and Investments (continued)

Investments

Credit and Interest Rate Risks

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

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

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

Concentration of Credit Risk

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

Custodial Credit Risk - Investments

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

B. Receivables

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

	General	Debt Service	Electric Utility	Water and Sewer Utility	Airport	Nonmajor and Other Funds	Total
Receivables:							
Taxes	\$ 5,441,654	\$ 1,427,561	\$ -	\$ -	\$ 648,424	\$ 1,012,604	\$ 8,530,243
Special assessments	-	1,683,677	-	-	-	-	1,683,677
Accounts and interest	396,788	-	1,574,444	380,572	1,990	213,564	2,567,358
Other	-	-	-	-	-	141,649	141,649
Gross receivables	5,838,442	3,111,238	1,574,444	380,572	650,414	1,367,817	12,922,927
Less allowance for uncollectibles	(190,000)	(70,000)	(290,952)	(91,050)	(38,750)	(100,743)	(781,495)
Net receivables	<u>\$ 5,648,442</u>	<u>\$ 3,041,238</u>	<u>\$ 1,283,492</u>	<u>\$ 289,522</u>	<u>\$ 611,664</u>	<u>\$ 1,267,074</u>	<u>\$ 12,141,432</u>

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 90 days comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is equal to 5.70% of outstanding property taxes at December 31, 2013.

CITY OF GARDEN CITY, KANSAS
Notes to the Financial Statements
December 31, 2013

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

B. Receivables (continued)

Kansas statutes require projects financed in part by special assessments to be financed through the issuance of general obligation bonds which are secured by the full faith and credit of the City. Special assessments received prior to or after the issuance of general obligation bonds are recorded as revenue in the appropriate project fund. Further, state statutes require levying additional general ad valorem property taxes in the Debt Service fund to finance delinquent special assessments receivable. Accordingly, special assessments receivable are accounted for within the Debt Service fund and no provision is made for potentially delinquent receivables. Special assessments are levied over a ten or fifteen year period and annual installments are due and payable with annual ad valorem property taxes. The City may foreclose liens against property benefited by special assessments when delinquent assessments are two years in arrears. At December 31, 2013, the special assessment taxes levied are a lien on the property and are recorded as special assessments receivable in the applicable fund with a corresponding amount recorded as unearned revenue.

C. Restricted Assets

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

Cash:		
Maintenance reserve	\$	579,758
Repair and replacement		285,056
Building		14,750
Security deposits		350,703
Investments:		
Security deposits		100,000
Total restricted assets	\$	1,330,267

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CITY OF GARDEN CITY, KANSAS
Notes to the Financial Statements
December 31, 2013

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

D. Capital Assets

Capital asset activity for the primary government for the year ended December 31, 2013, was as follows:

	Balance 01-01-13	Additions	Deductions	Transfers/ Reclassifications	Balance 12-31-13
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 1,343,759	\$ 14,590	\$ -	\$ -	\$ 1,358,349
Construction in progress	667,597	2,082,540	-	(2,750,137)	-
Total capital assets not being depreciated	<u>2,011,356</u>	<u>2,097,130</u>	<u>-</u>	<u>(2,750,137)</u>	<u>1,358,349</u>
Capital assets being depreciated:					
Buildings and improvements	15,367,458	587,782	667,540	429,084	15,716,784
Equipment	4,329,760	646,137	108,291	249,796	5,117,402
Vehicles	4,829,667	679,716	36,687	80,367	5,553,063
Furniture and fixtures	77,602	-	-	-	77,602
Infrastructure	55,533,873	-	-	2,107,156	57,641,029
Total capital assets being depreciated	<u>80,138,360</u>	<u>1,913,635</u>	<u>812,518</u>	<u>2,866,403</u>	<u>84,105,880</u>
Less accumulated depreciation for:					
Buildings and improvements	6,812,994	375,901	-	-	7,188,895
Equipment	2,434,138	345,801	59,188	35,899	2,756,650
Vehicles	3,677,737	279,710	34,187	80,067	4,003,327
Furniture and fixtures	15,584	3,107	-	-	18,691
Infrastructure	24,641,417	1,278,396	-	-	25,919,813
Total accumulated depreciation	<u>37,581,870</u>	<u>2,282,915</u>	<u>93,375</u>	<u>115,966</u>	<u>39,887,376</u>
Total capital assets being depreciated, net	<u>42,556,490</u>	<u>(369,280)</u>	<u>719,143</u>	<u>2,750,437</u>	<u>44,218,504</u>
Governmental activities capital assets, net	<u>\$ 44,567,846</u>	<u>\$ 1,727,850</u>	<u>\$ 719,143</u>	<u>\$ 300</u>	<u>\$ 45,576,853</u>

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CITY OF GARDEN CITY, KANSAS
Notes to the Financial Statements
December 31, 2013

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

D. Capital Assets (continued)

	Balance 01-01-13	Additions	Deductions	Transfers/ Reclassifications	Balance 12-31-13
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 381,870	\$ 395,931	\$ -	\$ -	\$ 777,801
Water rights	-	756,925	-	-	756,925
Construction in progress	-	2,645,435	-	-	2,645,435
Total capital assets not being depreciated	381,870	3,798,291	-	-	4,180,161
Capital assets being depreciated:					
Production, storage and distribution equipment	77,058,750	2,537,609	595,275	-	79,001,084
Golf course, club house and equipment	1,726,389	-	-	-	1,726,389
Vehicles and equipment	5,351,184	1,899,126	290,229	(116,266)	6,843,815
Containers and equipment	3,812,362	91,722	-	-	3,904,084
Airport improvements	29,194,531	175,760	-	-	29,370,291
Total capital assets being depreciated	117,143,216	4,704,217	885,504	(116,266)	120,845,663
Less accumulated depreciation for:					
Production, storage and distribution equipment	31,259,811	1,743,643	17,362	-	32,986,092
Golf course, club house and equipment	1,013,707	35,103	-	-	1,048,810
Vehicles and equipment	3,495,772	338,086	203,876	(115,966)	3,514,016
Containers and equipment	2,274,775	68,806	-	-	2,343,581
Airport improvements	7,922,846	447,418	-	-	8,370,264
Total accumulated depreciation	45,966,911	2,633,056	221,238	(115,966)	48,262,763
Total capital assets being depreciated, net	71,176,305	2,071,161	664,266	(300)	72,582,900
Business-type activities capital assets, net	\$ 71,558,175	\$ 5,869,452	\$ 664,266	\$ (300)	\$ 76,763,061

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CITY OF GARDEN CITY, KANSAS
Notes to the Financial Statements
December 31, 2013

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

D. Capital Assets (continued)

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

Governmental activities:	
General government	\$ 138,499
Public safety	374,527
Public works	1,443,047
Parks and recreation	<u>326,842</u>
Total additions to accumulated depreciation - governmental activities	<u>\$ 2,282,915</u>
Business-type activities:	
Electric	\$ 741,507
Water and sewer	1,112,214
Airport	462,815
Solid waste	229,594
Golf course	66,215
Drainage	<u>20,711</u>
Total additions to accumulated depreciation - business-type activities	<u>\$ 2,633,056</u>

E. Kansas Public Employees Retirement System

Plan Description

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

Funding Policy

K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rate at up to 6% of covered salary. Effective July 1, 2009 KPERS has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate at 4% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. K.S.A. 74-4975 establishes KP&F member-employee contribution rate at 7% of covered salary. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. Kansas law provides that the employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERS and KP&F are funded on an actuarial reserve basis. Kansas law sets a limitation on annual increases in the contribution rates. The KPERS employer rate established by statute for calendar year 2013 is 8.94%. The City of Garden City, Kansas, contributions to KPERS for the years ending December 31, 2013, 2012 and 2011, were

CITY OF GARDEN CITY, KANSAS
Notes to the Financial Statements
December 31, 2013

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

E. Kansas Public Employees Retirement System (continued)

Funding Policy (continued)

\$759,281, \$694,875, and \$633,949, respectively, equal to the statutory required contributions for each year. The KP&F employer rate established by statute for fiscal years beginning in 2013 is 17.26%. Employers participating in KP&F also make contributions to amortize the liability for past service costs, if any, which is determined separately for each participating employer. The City of Garden City, Kansas, contributions to KP&F for the years ending December 31, 2013, 2012 and 2011, were \$755,160, \$722,271, and \$622,725, respectively, equal to the statutory required contributions for each year as set forth by the legislature.

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

F. Other Postemployment Benefit (OPEB) Obligations

Plan Description

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

Funding Policy

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

Currently, eligible retirees receive no direct contribution from the City for their medical, prescription drug and dental premium rates as established annually by the City. The required retiree contribution rate equals the carrier-charged premium. The carrier-charged premium for the year ended December 31, 2013, ranged from \$250 to \$792 per month per retiree participant. The City appropriates funds annually for the costs associated with the retirement benefit and provides funding for the expenditures on a pay-as-you-go basis.

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CITY OF GARDEN CITY, KANSAS
Notes to the Financial Statements
December 31, 2013

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

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

Annual OPEB Cost and Net OPEB Obligation

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

Normal cost	\$	185,059
Amortization of unfunded actuarial accrued liability		98,063
Annual required contribution		283,122
Interest on net OPEB obligation		33,111
Adjustment to annual required contribution		(43,962)
Annual OPEB cost (expense)		272,271
Contributions made		171,577
Increase in net OPEB obligation		100,694
Net OPEB Obligation, January 1		946,038
Net OPEB Obligation, December 31	\$	1,046,732

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

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

Funded Status and Funding Progress

As of January 1, 2013, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$2,252,352. The City's policy is to fund the benefits on a pay as you go basis, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,038,882. The covered payroll (annual payroll of active employees covered by the plan) was \$11,957,340 and the ratio of the UAAL to the covered payroll was 17.1%.

CITY OF GARDEN CITY, KANSAS
Notes to the Financial Statements
December 31, 2013

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

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

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

Actuarial Methods and Assumptions

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

The ARC for the plan's year was determined as part of the January 1, 2013, actuarial valuation using the following methods and assumptions:

Actuarial cost method	projected unit credit
Amortization method	level percentage of payroll, open
Remaining amortization period	30 years
Inflation rate	2.75%
Asset valuation method	long-term historical return experience
Investment return	3.5%
Projected salary increases	1%
Healthcare cost trend rate	10% to 5% reaching 5% in the twelfth year

G. Construction and Other Significant Commitments

Construction Commitments

The City has active construction projects as of December 31, 2013. At year-end, the City's commitments with contractors are as follows:

<u>Project</u>	<u>Project Authorization</u>	<u>Expended to 12-31-13</u>	<u>Committed</u>
Airport SRE building and ERGL	\$ 669,088	\$ 473,458	\$ 195,630
Windsor Hotel project	169,600	100,168	69,432
Schulman Crossing design services	552,901	514,955	37,946
Street improvement projects	2,061,058	1,332,236	728,822
Airport parking lot expansion	429,231	424,082	5,149
East Schulman Avenue water and sewer	271,561	268,561	3,000
Electric substations	2,004,000	1,286,405	717,595
SCADA	435,000	461,490	(26,490)
Total	<u>\$ 6,592,439</u>	<u>\$ 4,861,355</u>	<u>\$ 1,731,084</u>

CITY OF GARDEN CITY, KANSAS
Notes to the Financial Statements
December 31, 2013

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

G. Construction and Other Significant Commitments (continued)

Construction Commitments (continued)

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

	Project Authorization
Windsor Hotel project	\$ 924,423
2014 street improvements	205,534
Airport restroom remodeling project	235,496
Chappel Heights Phase 1 electric infrastructure	102,995
Street sealing	360,693
Total	\$ 1,829,141

Commitments

In 2013 the City entered into an agreement with the Kansas Municipal Energy Agency (KMEA) under a five year power supply plan in which KMEA expects to provide the necessary financial and contractual arrangements for resources to implement the power supply plan, manage the City's electrical power supply resources and coordinate with the Southwest Power Pool on behalf of the City through a portfolio of agreements between KMEA and the City, not all of which have been executed as of December 31, 2013. As part of this agreement, the City intends to enter into a capital lease purchase agreement with KMEA for three new combustion turbine generators to be installed in Garden City by KMEA at an estimated project cost of \$39,169,214.

Contracts

The City has entered into an operating agreement for the airport air traffic control tower. This is an annual agreement with fees totaling \$56,544 for the year ended December 31, 2013.

The City has entered into an operating agreement for an employee wellness center. This is a three year agreement with fees totaling \$296,506 for the year ended December 31, 2013. Future fees under this agreement are \$167,858 for 2014.

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CITY OF GARDEN CITY, KANSAS
Notes to the Financial Statements
December 31, 2013

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

G. Construction and Other Significant Commitments (continued)

Conduit Debt Obligations

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

As of December 31, 2013, there were 5 series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$14,356,600.

H. Risk Management and Self-Insurance

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

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

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

The City's self-insurance policy for medical insurance contains a stop/loss clause of \$100,000 per individual and an aggregate stop/loss clause that covers claims above \$2,424,977. Since the City became self-insured in these areas, payments from City departments have exceeded claims. The City is discontinuing self-insurance for medical insurance in 2014.

CITY OF GARDEN CITY, KANSAS
Notes to the Financial Statements
December 31, 2013

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

H. Risk Management and Self-Insurance (continued)

Changes in the fund's claims liability amount in fiscal years 2012 and 2013 were:

	Health Insurance Fund	
	12-31-12	12-31-13
Beginning of fiscal year liability	\$ 212,737	\$ 238,029
Current year claims and changes in estimates	3,386,939	3,949,755
Claim payments	(3,361,647)	(3,801,517)
Balance at fiscal year end	\$ 238,029	\$ 386,267

I. Lease Obligations

Capital Leases

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

The following is a summary of assets acquired through these capital lease agreements by the City at December 31, 2013:

	Governmental Activities	Business-type Activities
Vehicles and equipment	\$ 1,477,917	\$ 56,144
Less accumulated depreciation	(261,742)	(7,142)
Total	\$ 1,216,175	\$ 49,002

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2013, are as follows:

	Governmental Activities	Business-type Activities
2014	\$ 289,219	\$ 14,507
2015	260,314	11,724
2016	157,346	8,384
2017	117,705	8,384
2018	86,195	-
2019-2023	290,705	-
Total minimum lease payments	1,201,484	42,999
Less amount representing interest	(91,810)	(4,162)
Present value of future minimum lease payments	\$ 1,109,674	\$ 38,837

CITY OF GARDEN CITY, KANSAS
Notes to the Financial Statements
December 31, 2013

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

I. Lease Obligations (continued)

Capital Leases (continued)

Subsequent to year-end, the City Commissioners authorized staff to enter into lease agreements for the acquisition of police vehicles and motorcycles, and golf carts. The future minimum lease obligation and the net present value of the minimum lease payments are as follows:

	Governmental Activities	Business-type Activities
2014	\$ 56,733	\$ 32,979
2015	56,733	32,979
2016	56,733	-
2017	18,850	-
Total minimum lease payments	189,049	65,958
Less amount representing interest	(5,820)	(1,108)
Present value of future minimum lease payments	\$ 183,229	\$ 64,850

J. Short-Term Debt

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

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

The schedule below details the changes in short-term capital borrowings during the year ended December 31, 2013, for the governmental activities:

	Date of Issue	Interest Rate	Balance 01-01-13	Issues	Redemptions	Balance 12-31-13
Governmental activities:						
2012 Schulman Crossing 1 Temporary Note Projects	06-01-12	0.938%	\$ 11,750,000	\$ -	\$ -	\$ 11,750,000
2013 Schulman Crossing 2 Temporary Note Projects	12-19-13	4.000%	-	9,340,000	-	9,340,000
			\$ 11,750,000	\$ 9,340,000	\$ -	\$ 21,090,000

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CITY OF GARDEN CITY, KANSAS
Notes to the Financial Statements
December 31, 2013

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

K. Long-Term Liabilities

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction or improvement of major capital assets. General obligation bonds have been issued for both governmental and business-type activities. The original principal amount of general obligation bonds issued in prior years was \$13,632,000. During the year, general obligation bonds totaling \$8,404,000 were issued.

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

<u>Purpose</u>	<u>Date of Issue</u>	<u>Maturity Date</u>	<u>Outstanding Interest Rates</u>	<u>Balance 12-31-13</u>
Governmental activities:				
Internal Improvement	12-01-03	11-01-14	3.75%	\$ 75,000
Internal Improvement	09-01-05	11-01-15	3.70 to 3.80%	325,000
Internal Improvement	05-01-06	11-01-16	3.85 to 3.95%	480,000
Internal Improvement	04-01-07	11-01-17	3.55 to 3.65%	805,000
Internal Improvement	09-01-08	11-01-18	3.10 to 3.70%	1,740,000
Internal Improvement	07-01-09	11-01-19	2.25 to 3.30%	1,440,000
Internal Improvement	08-01-10	11-01-20	1.60 to 2.75%	894,750
Internal Improvement	08-01-11	11-01-21	1.50 to 2.50%	1,895,000
Internal Improvement	11-01-12	11-01-22	2.00 to 2.15%	850,000
Internal Improvement	08-01-13	11-01-28	2.00 to 4.00%	1,670,412
Internal Improvement	08-01-13	11-01-23	2.00 to 4.00%	612,000
Business-type activities:				
Internal Improvement	08-01-10	11-01-20	1.60 to 2.75%	2,515,250
Refunding	12-01-10	09-01-24	2.00 to 3.25%	8,410,000
Internal Improvement	08-01-13	11-01-23	2.00 to 3.00%	<u>6,121,588</u>
Total general obligation bonds payable				<u>\$ 27,834,000</u>

During the year ended December 31, 2012, the City Commissioners authorized staff to proceed with a \$6,000,000 bond sale for economic development and welfare of the City, and for \$5,750,000 for the related 2012 and 2013 projects. Subsequent to the year ended December 31, 2013, the City Commissioners authorized a bond sale for May 1, 2014, totaling \$10,750,000 with an interest rate of 2.0% to 3.5% and a maturity date of November 1, 2034, to redeem the 2012 temporary notes issued for these projects.

During the year ended December 31, 2013, the City Commissioners authorized staff to proceed with a \$9,000,000 bond sale for economic development and welfare of the City related 2013 and 2014 projects.

Bond Covenants

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

CITY OF GARDEN CITY, KANSAS
Notes to the Financial Statements
December 31, 2013

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

K. Long-Term Liabilities (continued)

Legal Debt Margin

The City is subject to a general obligation debt limit that is 30% of the assessed valuation of taxable real property. For the year ended December 31, 2013, that amount was \$58,880,595. As of December 31, 2013, the total outstanding debt applicable to the limit was \$49,189,440 which is 83.54% of the total debt limit.

Segment Information

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

Changes in Long-Term Liabilities

Changes in the City's long-term liabilities for the year ended December 31, 2013, are as follows:

	Balance 01-01-13	Additions	Retired	Balance 12-31-13	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 10,041,250	\$ 2,282,412	\$ 1,536,500	\$ 10,787,162	\$ 1,691,309
Capital leases	586,104	930,759	407,189	1,109,674	264,490
Compensated absences	986,158	59,668	-	1,045,826	663,340
Net OPEB obligation	946,038	272,271	171,577	1,046,732	-
Total governmental activities long-term liabilities	<u>\$ 12,559,550</u>	<u>\$ 3,545,110</u>	<u>\$ 2,115,266</u>	<u>\$ 13,989,394</u>	<u>\$ 2,619,139</u>
Business-type activities:					
General obligation bonds	\$ 12,398,750	\$ 6,121,588	\$ 1,473,500	\$ 17,046,838	2,017,691
Plus bond premium	245,159	-	29,719	215,440	30,360
Capital leases	15,147	37,960	14,270	38,837	12,714
Total business-type activities long-term liabilities	<u>\$ 12,659,056</u>	<u>\$ 6,159,548</u>	<u>\$ 1,517,489</u>	<u>\$ 17,301,115</u>	<u>\$ 2,060,765</u>

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

The annual debt service requirements to maturity for the general obligation bonds outstanding at December 31, 2013, including interest payments, are as follows:

Year ending December 31,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2014	\$ 1,691,309	\$ 319,259	\$ 2,017,691	\$ 459,177
2015	1,691,310	256,149	2,098,690	381,258
2016	1,584,761	209,561	2,150,239	340,088
2017	1,480,761	166,626	2,209,239	294,548
2018	1,314,011	127,267	2,265,989	243,501
2019-2023	2,435,010	277,649	6,224,990	474,898
2024-2028	590,000	72,200	80,000	2,600
Total	<u>\$ 10,787,162</u>	<u>\$ 1,428,711</u>	<u>\$ 17,046,838</u>	<u>\$ 2,196,070</u>

CITY OF GARDEN CITY, KANSAS
Notes to the Financial Statements
December 31, 2013

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

K. Long-Term Liabilities (continued)

Changes in Long-Term Liabilities (continued)

The annual debt service requirements to maturity for the general obligation bonds issued subsequent to December 31, 2013, including interest payments, are as follows:

Year ending December 31,	Governmental Activities	
	Principal	Interest
2015	\$ -	\$ 158,881
2016	400,000	317,763
2017	415,000	309,762
2018	430,000	301,462
2019	445,000	292,862
2020-2024	2,485,000	1,285,462
2025-2029	2,985,000	885,913
2030-2034	3,590,000	378,412
Total	<u>\$ 10,750,000</u>	<u>\$ 3,930,517</u>

L. Interfund Receivables and Payables

The composition of interfund balances as of December 31, 2013, is as follows:

Due To/From Other Funds

Receivable Fund	Payable Fund	Amount
General	Nonmajor capital projects fund	<u>\$ 106,299</u>

Advances To/From Other Funds

Receivable Fund	Payable Fund	Amount
Temporary notes: Electric Utility	Nonmajor capital projects fund	<u>\$ 50,000</u>

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

M. Interfund Transfers

The composition of interfund transfers by fund type for the year ended December 31, 2013, is as follows:

	Transfers in:				Total
	General	Water and Sewer Utility	Nonmajor Governmental Funds	Nonmajor Proprietary Funds	
Transfers out:					
General	\$ -	\$ -	\$ 88,687	\$ 100,000	\$ 188,687
Electric Utility	1,475,000	500,000	315,000	-	2,290,000
Water and Sewer Utility	417,500	-	15,000	-	432,500
Nonmajor Governmental Funds	-	-	317,999	256,500	574,499
Nonmajor Proprietary Funds	140,350	-	-	-	140,350
Total	<u>\$ 2,032,850</u>	<u>\$ 500,000</u>	<u>\$ 736,686</u>	<u>\$ 356,500</u>	<u>\$ 3,626,036</u>

CITY OF GARDEN CITY, KANSAS
Notes to the Financial Statements
December 31, 2013

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

M. Interfund Transfers (continued)

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

In the government-wide financial statements, transfers in and out of the internal service funds are not reflected. In addition, capital assets contributed to proprietary funds by governmental funds are reflected as transfers in and out in the government-wide financial statements; the total of contributed capital assets during the year ended December 31, 2013, is \$1,857,081.

Further, during the year ended December 31, 2013, the City made transfers totaling \$2,362,850 from the enterprise funds to the governmental funds as allowed under state statutes authorizing the transfer from the gross operating revenue of the City's utilities to the different funds used for governmental functions.

N. Discretely Presented Component Units

Garden City Recreation Commission

The carrying amount of deposits for the Garden City Recreation Commission, a discretely presented component unit, was \$310,775 and the bank balance was \$329,149. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$322,014 was covered by federal depository insurance and \$7,135 was collateralized with securities held by the pledging financial institutions' agents in the Recreation Commission's name.

Capital asset activity for the Garden City Recreation Commission for the year ended December 31, 2013, is as follows:

	Balance 01-01-13	Additions	Deductions	Balance 12-31-13
Governmental activities:				
Capital assets being depreciated:				
depreciated:				
Buildings and improvements	\$ 60,397	\$ 74,026	\$ 10,413	\$ 124,010
Equipment	887,526	74,093	222,090	739,529
Total capital assets being depreciated	947,923	148,119	232,503	863,539
Less accumulated depreciation for:				
Buildings and improvements	26,048	11,718	7,098	30,668
Equipment	541,248	113,140	203,360	451,028
Total accumulated depreciation	567,296	124,858	210,458	481,696
Recreation Commission capital assets, net	\$ 380,627	\$ 23,261	\$ 22,045	\$ 381,843

CITY OF GARDEN CITY, KANSAS
Notes to the Financial Statements
December 31, 2013

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

N. Discretely Presented Component Units (continued)

Garden City Recreation Commission (continued)

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

The following is a summary of assets acquired through these capital lease agreements by the Garden City Recreation Commission at December 31, 2013:

	Governmental Activities
Vehicles and equipment	\$ 140,542
Less accumulated depreciation	(63,080)
Total	\$ 77,462

The future minimum lease obligations and the net present value of these minimum lease payments for the Garden City Recreation Commission as of December 31, 2013, are as follows:

	Governmental Activities
2014	\$ 28,686
2015	14,243
2016	7,865
Total minimum lease payments	50,794
Less amount representing interest	(2,566)
Present value of future minimum lease payments	\$ 48,228

Changes in the long-term liabilities of the Garden City Recreation Commission for the year ended December 31, 2013, are as follows:

	Balance 01-01-13	Additions	Retired	Balance 12-31-13	Due Within One Year
Governmental activities:					
Capital leases	\$ 64,159	\$ 18,500	\$ 34,431	\$ 48,228	\$ 27,098
Compensated absences	50,945	38,678	35,568	54,055	25,240
Total governmental activities long-term liabilities	\$ 115,104	\$ 57,178	\$ 69,999	\$ 102,283	\$ 52,338

CITY OF GARDEN CITY, KANSAS
Notes to the Financial Statements
December 31, 2013

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

N. Discretely Presented Component Units (continued)

Garden City Housing Authority

The carrying amount of deposits for the Garden City Housing Authority, a discretely presented component unit, was \$275,097 and the bank balance was \$276,100. All of the bank balance was covered by federal depository insurance.

Capital asset activity for the Garden City Housing Authority for the year ended December 31, 2013, is as follows:

	Balance 01-01-13	Additions	Deductions	Balance 12-31-13
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 426,144	\$ -	\$ -	\$ 426,144
Construction in progress	26,550	-	26,550	-
Total capital assets not being depreciated	452,694	-	26,550	426,144
Capital assets being depreciated:				
Buildings and improvements	4,002,567	26,550	-	4,029,117
Equipment	413,601	1,573	86,878	328,296
Total capital assets being depreciated	4,416,168	28,123	86,878	4,357,413
Less accumulated depreciation	2,866,394	149,599	85,979	2,930,014
Total capital assets being depreciated, net	1,549,774	(121,476)	899	1,427,399
Housing Authority capital assets, net	<u>\$ 2,002,468</u>	<u>\$ (121,476)</u>	<u>\$ 27,449</u>	<u>\$ 1,853,543</u>

Changes in the long-term liabilities of the Garden City Housing Authority for the year ended December 31, 2013, are as follows:

	Balance 01-01-13	Additions	Retired	Balance 12-31-13	Due Within One Year
Governmental activities:					
Compensated absences	\$ 10,304	\$ 9,795	\$ 5,999	\$ 14,100	\$ 1,410

CITY OF GARDEN CITY, KANSAS
Notes to the Financial Statements
December 31, 2013

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

O. Jointly Governed Organization

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

Garden City Information Technologies Cooperative is a jointly governed organization between the City of Garden City, Kansas; the County of Finney, Kansas; Unified School District No. 457; Garden City Community College; and St. Catherine Hospital, created under K.S.A. 12-2901. Garden City Information Technologies Cooperative is governed by a board appointed by the participating parties. The purpose of Garden City Information Technologies Cooperative is to enhance the coordination and technology sharing among the members of the Cooperative, address the long term goals of the Cooperative that provide an enhanced community and regional telecommunications and integrated community network, and to seek out the opportunities that are identified by the Cooperative that provide services to local and regional interests and lead to the use of the Cooperative as a tool for economic development. This is accomplished by coordinating technology purchases and training, development of communication networks within Garden City and southwest Kansas, and providing videoconferencing, telecommuting and office access within the community. The primary source of funding for Garden City Information Technologies Cooperative is from the general funds of the participating parties and through procuring grants. The City of Garden City, Kansas, contributed \$-0- to the operations of Garden City Information Technologies Cooperative during the year-ended December 31, 2013. The City of Garden City, Kansas, has no equity interest nor does the City materially contribute to the continued existence of Garden City Information Technologies Cooperative. Garden City Information Technologies Cooperative has a December 31st year-end.

P. Contingencies

Grant Audits

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

Litigation

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

Q. Subsequent Events

Subsequent to year-end the City entered into contracts for capital projects as discussed in Note 4, item G; approved capital leases as discussed in Note 4, item I; and authorized bond sales as discussed in Note 4, item K. In addition, the City accepted bids subsequent to year-end for the purchase of a solid waste collection truck and new trash containers totaling \$262,185

R. Prior Period Adjustments

The net position for net investment in capital assets for the governmental activities of the government-wide financial statements at December 31, 2012, was decreased by \$986,179 to correct an overstatement of construction in progress.

Required Supplementary Information

CITY OF GARDEN CITY, KANSAS
 Schedule of Funding Progress –
 Other Postemployment Benefits
 December 31, 2013

Actuarial Valuation Date	Actuarial Value of Assets (a)	Net Actuarial Accrued Liability (AAL) (b)	Unfunded (AAL) (UAAL) (b-a)	Funded Ratio	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/(c)
1/1/2009	\$ -	\$ 1,939,286	\$ 1,939,286	0.0%	\$ 10,384,185	18.7%
1/1/2011	-	2,252,352	2,252,352	0.0%	10,611,304	21.2%
1/1/2013	-	2,038,882	2,038,882	0.0%	11,957,340	17.1%

Combining and Individual Fund
Statements and Schedules

Nonmajor Governmental Funds

Special Revenue Funds

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

Community Trust:

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

Capital Improvements:

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

Recreation:

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

Special Trafficway:

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

Special Improvements:

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

Cemetery Endowment:

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

Special Recreation and Parks:

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

Special Alcohol Programs:

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

Nonmajor Governmental Funds

Special Revenue Funds

Finnup Trust Fund:

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

Special Liability:

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

Drug Enforcement:

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

DEA Forfeiture:

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

Community Development Loan Fund:

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

Economic Development:

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

Enhanced Wireless 911:

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

Community Development Grant:

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

2012 JAG Grant:

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

Project Development:

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

Nonmajor Governmental Funds

Capital Projects Funds

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

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

- 2013 GO Bond Projects
- 2013 Pioneer Road Estates Improvement Projects
- 2013 Temporary Note Projects
- 2012 Temporary Note Projects
- 2012 GO Bond Projects
- 2012 FOLRZ Zoo Projects
- 2011 GO Bond Projects
- 2011-A Temporary Note Projects

CITY OF GARDEN CITY, KANSAS
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2013

<u>Assets</u>	<u>Community Trust</u>	<u>Capital Improvements</u>	<u>Recreation</u>	<u>Special Trafficway</u>
Cash	\$ 277,499	\$ 601,857	\$ -	\$ 688,791
Investments, at fair value	1,000,000	100,000	-	310,229
Receivables (net of allowances for uncollectibles):				
Taxes	-	-	796,663	173,941
Other	-	-	-	466
Total assets	<u>\$ 1,277,499</u>	<u>\$ 701,857</u>	<u>\$ 796,663</u>	<u>\$ 1,173,427</u>
 <u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ -	\$ 11,486	\$ -	\$ 27,943
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
Total liabilities	<u>-</u>	<u>11,486</u>	<u>-</u>	<u>27,943</u>
Deferred inflows of resources:				
Unavailable revenue - property taxes	-	-	796,663	-
Fund balances (deficits):				
Restricted:				
Recreation and parks	-	-	-	-
Capital improvement projects	-	-	-	1,145,484
Alcoholism prevention and education programs	-	-	-	-
Law enforcement	-	-	-	-
Economic development activities	-	-	-	-
Committed:				
Capital improvement projects	1,277,499	-	-	-
Assigned:				
Capital improvement projects	-	690,371	-	-
Legal claims and settlements	-	-	-	-
Unassigned	-	-	-	-
Total fund balances (deficits)	<u>1,277,499</u>	<u>690,371</u>	<u>-</u>	<u>1,145,484</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,277,499</u>	<u>\$ 701,857</u>	<u>\$ 796,663</u>	<u>\$ 1,173,427</u>

(continued)

Special Revenues

<u>Special Improvements</u>	<u>Cemetery Endowment</u>	<u>Special Recreation and Parks</u>	<u>Special Alcohol Programs</u>	<u>Finnup Trust Fund</u>	<u>Special Liability</u>
\$ 80,734	\$ 12,626	\$ 99,153	\$ 60,706	\$ 108,282	\$ 160,936
-	14,397	-	-	-	-
-	-	-	-	-	-
6,200	-	-	-	500	-
<u>\$ 86,934</u>	<u>\$ 27,023</u>	<u>\$ 99,153</u>	<u>\$ 60,706</u>	<u>\$ 108,782</u>	<u>\$ 160,936</u>
\$ 164	\$ -	\$ 1,396	\$ 19,500	\$ 54,030	\$ 5,000
-	-	-	-	-	-
-	-	-	-	-	-
<u>164</u>	<u>-</u>	<u>1,396</u>	<u>19,500</u>	<u>54,030</u>	<u>5,000</u>
-	-	-	-	-	-
-	-	97,757	-	54,752	-
-	27,023	-	-	-	-
-	-	-	41,206	-	-
-	-	-	-	-	-
-	-	-	-	-	-
86,770	-	-	-	-	-
-	-	-	-	-	155,936
-	-	-	-	-	-
<u>86,770</u>	<u>27,023</u>	<u>97,757</u>	<u>41,206</u>	<u>54,752</u>	<u>155,936</u>
<u>\$ 86,934</u>	<u>\$ 27,023</u>	<u>\$ 99,153</u>	<u>\$ 60,706</u>	<u>\$ 108,782</u>	<u>\$ 160,936</u>

CITY OF GARDEN CITY, KANSAS
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2013

<u>Assets</u>	<u>Drug Enforcement</u>	<u>DEA Forfeiture</u>	<u>Community Development Loan Fund</u>
Cash	\$ 21,068	\$ 41,880	\$ 14,667
Investments, at fair value	-	-	-
Receivables (net of allowances for uncollectibles):			
Taxes	-	-	-
Other	-	-	-
 Total assets	 <u>\$ 21,068</u>	 <u>\$ 41,880</u>	 <u>\$ 14,667</u>
 <u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>			
Liabilities:			
Accounts payable	\$ 2,555	\$ 160	\$ -
Due to other funds	-	-	-
Advances from other funds	-	-	-
 Total liabilities	 <u>2,555</u>	 <u>160</u>	 <u>-</u>
Deferred inflows of resources:			
Unavailable revenue - property taxes	-	-	-
Fund balances (deficits):			
Restricted:			
Recreation and parks	-	-	-
Capital improvement projects	-	-	-
Alcoholism prevention and education programs	-	-	-
Law enforcement	18,513	41,720	-
Economic development activities	-	-	-
Committed:			
Capital improvement projects	-	-	14,667
Assigned:			
Capital improvement projects	-	-	-
Legal claims and settlements	-	-	-
Unassigned	-	-	-
 Total fund balances (deficits)	 <u>18,513</u>	 <u>41,720</u>	 <u>14,667</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u>\$ 21,068</u>	 <u>\$ 41,880</u>	 <u>\$ 14,667</u>

(continued)

Special Revenues					
Economic Development	Enhanced Wireless 911 Fund	Community Development Grant	2012 JAG Grant	Project Development	Totals
\$ 246,989	\$ 296,572	\$ -	\$ -	\$ 250,000	\$ 2,961,760
125,000	-	-	-	-	1,549,626
-	-	-	-	-	970,604
-	28,184	-	-	-	35,350
<u>\$ 371,989</u>	<u>\$ 324,756</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 250,000</u>	<u>\$ 5,517,340</u>
\$ -	\$ 3,418	\$ -	\$ -	\$ 58,383	\$ 184,035
-	-	-	-	-	-
-	-	-	-	-	-
-	3,418	-	-	58,383	184,035
-	-	-	-	-	796,663
-	-	-	-	-	152,509
-	-	-	-	191,617	1,364,124
-	-	-	-	-	41,206
-	321,338	-	-	-	381,571
371,989	-	-	-	-	371,989
-	-	-	-	-	1,292,166
-	-	-	-	-	777,141
-	-	-	-	-	155,936
-	-	-	-	-	-
<u>371,989</u>	<u>321,338</u>	<u>-</u>	<u>-</u>	<u>191,617</u>	<u>4,536,642</u>
<u>\$ 371,989</u>	<u>\$ 324,756</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 250,000</u>	<u>\$ 5,517,340</u>

CITY OF GARDEN CITY, KANSAS
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2013

	2013 GO Bond Projects	2013 Pioneer Roads Estates Projects	2013 Temporary Note Projects	2012 Temporary Note Projects
<u>Assets</u>				
Cash	\$ 291,283	\$ -	\$ 50,000	\$ -
Investments, at fair value	-	-	-	-
Receivables (net of allowances for uncollectibles):				
Taxes	-	-	-	-
Other	-	-	-	-
Total assets	<u>\$ 291,283</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ -</u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ 178,788	\$ -	\$ 20,829	\$ -
Due to other funds	-	-	-	-
Advances from other funds	-	-	50,000	-
Total liabilities	<u>178,788</u>	<u>-</u>	<u>70,829</u>	<u>-</u>
Deferred inflows of resources:				
Unavailable revenue - property taxes	-	-	-	-
Fund balances (deficits):				
Restricted:				
Recreation and parks	-	-	-	-
Capital improvement projects	112,495	-	-	-
Alcoholism prevention and education programs	-	-	-	-
Law enforcement	-	-	-	-
Economic development activities	-	-	-	-
Committed:				
Capital improvement projects	-	-	-	-
Assigned:				
Capital improvement projects	-	-	-	-
Legal claims and settlements	-	-	-	-
Unassigned	-	-	(20,829)	-
Total fund balances (deficits)	<u>112,495</u>	<u>-</u>	<u>(20,829)</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 291,283</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ -</u>

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

Capital Projects					Total
2012 GO Bond Projects	2012 FOLRZ Zoo Projects	2011 GO Bond Projects	2011-A Temporary Note Projects	Totals	Nonmajor Governmental Funds
\$ 824,570	\$ -	\$ -	\$ -	\$ 1,165,853	\$ 4,127,613
-	-	-	-	-	1,549,626
-	-	-	-	-	970,604
-	-	106,299	-	106,299	141,649
<u>\$ 824,570</u>	<u>\$ -</u>	<u>\$ 106,299</u>	<u>\$ -</u>	<u>\$ 1,272,152</u>	<u>\$ 6,789,492</u>
\$ 51,759	\$ -	\$ -	\$ -	\$ 251,376	\$ 435,411
-	-	106,299	-	106,299	106,299
-	-	-	-	50,000	50,000
<u>51,759</u>	<u>-</u>	<u>106,299</u>	<u>-</u>	<u>407,675</u>	<u>591,710</u>
-	-	-	-	-	796,663
-	-	-	-	-	152,509
772,811	-	-	-	885,306	2,249,430
-	-	-	-	-	41,206
-	-	-	-	-	381,571
-	-	-	-	-	371,989
-	-	-	-	-	1,292,166
-	-	-	-	-	777,141
-	-	-	-	-	155,936
-	-	-	-	(20,829)	(20,829)
<u>772,811</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>864,477</u>	<u>5,401,119</u>
<u>\$ 824,570</u>	<u>\$ -</u>	<u>\$ 106,299</u>	<u>\$ -</u>	<u>\$ 1,272,152</u>	<u>\$ 6,789,492</u>

CITY OF GARDEN CITY, KANSAS
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2013

	Community Trust	Capital Improvements	Recreation	Special Trafficway
Revenues:				
Taxes	\$ -	\$ -	\$ 923,368	\$ -
Intergovernmental revenue	250,000	-	-	696,458
Use of money and property	32,241	-	-	581
Miscellaneous	-	-	-	975
Donations	-	2,080	-	-
Sale of spaces	-	-	-	-
Total revenues	282,241	2,080	923,368	698,014
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	598,485
Parks and recreation	-	-	924,707	-
Capital outlay	588,572	32,776	-	84,238
Debt service:				
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
Total expenditures	588,572	32,776	924,707	682,723
Revenues over (under) expenditures	(306,331)	(30,696)	(1,339)	15,291
Other financing sources (uses):				
Transfers in	340,000	48,687	-	-
Transfers out	(231,500)	-	-	-
Bonds issued	-	-	-	-
Net change in fund balances	(197,831)	17,991	(1,339)	15,291
Fund balances (deficit), beginning of year	1,475,330	672,380	1,339	1,130,193
Fund balances (deficit), end of year	\$ 1,277,499	\$ 690,371	\$ -	\$ 1,145,484

(continued)

Special Revenues					
Special Improvements	Cemetery Endowment	Special Recreation and Parks	Special Alcohol Programs	Finnup Trust Fund	Special Liability
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	89,721	89,721	-	-
-	1,018	16,907	-	-	-
2,673	-	-	-	-	-
-	-	-	-	183,500	-
-	5,425	-	-	-	-
<u>2,673</u>	<u>6,443</u>	<u>106,628</u>	<u>89,721</u>	<u>183,500</u>	<u>-</u>
27,823	-	-	75,880	7,486	27,162
-	-	-	-	-	-
-	-	-	-	-	-
-	-	68,731	-	-	-
-	-	7,495	-	174,302	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>27,823</u>	<u>-</u>	<u>76,226</u>	<u>75,880</u>	<u>181,788</u>	<u>27,162</u>
(25,150)	6,443	30,402	13,841	1,712	(27,162)
-	-	-	-	-	30,000
-	-	(25,000)	-	-	-
-	-	-	-	-	-
<u>(25,150)</u>	<u>6,443</u>	<u>5,402</u>	<u>13,841</u>	<u>1,712</u>	<u>2,838</u>
<u>111,920</u>	<u>20,580</u>	<u>92,355</u>	<u>27,365</u>	<u>53,040</u>	<u>153,098</u>
<u>\$ 86,770</u>	<u>\$ 27,023</u>	<u>\$ 97,757</u>	<u>\$ 41,206</u>	<u>\$ 54,752</u>	<u>\$ 155,936</u>

CITY OF GARDEN CITY, KANSAS
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2013

	Drug Enforcement	DEA Forfeiture	Community Development Loan Fund
Revenues:			
Taxes	\$ -	\$ -	\$ -
Intergovernmental revenue	3,077	-	-
Use of money and property	25	22	7,565
Miscellaneous	6,566	34,344	-
Donations	-	-	-
Sale of spaces	-	-	-
Total revenues	<u>9,668</u>	<u>34,366</u>	<u>7,565</u>
Expenditures:			
Current:			
General government	-	-	2,270
Public safety	23,985	25,895	-
Public works	-	-	-
Parks and recreation	-	-	-
Capital outlay	-	-	-
Debt service:			
Interest	-	-	-
Bond issuance costs	-	-	-
Total expenditures	<u>23,985</u>	<u>25,895</u>	<u>2,270</u>
Revenues over (under) expenditures	(14,317)	8,471	5,295
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	-	-	-
Bonds issued	-	-	-
Net change in fund balances	(14,317)	8,471	5,295
Fund balances (deficit), beginning of year	<u>32,830</u>	<u>33,249</u>	<u>9,372</u>
Fund balances (deficit), end of year	<u>\$ 18,513</u>	<u>\$ 41,720</u>	<u>\$ 14,667</u>

(continued)

Special Revenues

Economic Development	Enhanced Wireless 911	Community Development Grant	2012 JAG Grant	Project Development	Totals
\$ -	\$ -	\$ -	\$ -	\$ 103,588	\$ 1,026,956
-	-	63,875	15,813	-	1,208,665
61,484	-	-	-	1,196	121,039
-	177,062	-	-	-	221,620
-	-	-	-	-	185,580
-	-	-	-	-	5,425
<u>61,484</u>	<u>177,062</u>	<u>63,875</u>	<u>15,813</u>	<u>104,784</u>	<u>2,769,285</u>
1,046	104,363	63,875	-	-	309,905
-	-	-	-	-	49,880
-	-	-	-	-	598,485
-	-	-	-	-	993,438
-	-	-	15,813	128,161	1,031,357
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,046</u>	<u>104,363</u>	<u>63,875</u>	<u>15,813</u>	<u>128,161</u>	<u>2,983,065</u>
60,438	72,699	-	-	(23,377)	(213,780)
-	-	-	-	-	418,687
-	-	-	-	-	(256,500)
-	-	-	-	-	-
60,438	72,699	-	-	(23,377)	(51,593)
<u>311,551</u>	<u>248,639</u>	<u>-</u>	<u>-</u>	<u>214,994</u>	<u>4,588,235</u>
<u>\$ 371,989</u>	<u>\$ 321,338</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 191,617</u>	<u>\$ 4,536,642</u>

CITY OF GARDEN CITY, KANSAS
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2013

	2013 GO Bond Projects	2013 Pioneer Roads Estates Projects	2013 Temporary Note Projects	2012 Temporary Note Projects
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	-	300,000	-	-
Use of money and property	103,875	-	-	1,006
Miscellaneous	-	-	-	-
Donations	-	-	-	-
Sale of spaces	-	-	-	-
Total revenues	<u>103,875</u>	<u>300,000</u>	<u>-</u>	<u>1,006</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Parks and recreation	-	-	-	-
Capital outlay	1,445,584	300,000	19,429	59,610
Debt service:				
Interest	-	-	-	12,108
Bond issuance costs	72,627	-	1,400	-
Total expenditures	<u>1,518,211</u>	<u>300,000</u>	<u>20,829</u>	<u>71,718</u>
Revenues over (under) expenditures	(1,414,336)	-	(20,829)	(70,712)
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Bonds issued	1,526,831	-	-	606,376
Net change in fund balances	112,495	-	(20,829)	535,664
Fund balances (deficit), beginning of year	-	-	-	(535,664)
Fund balances (deficit), end of year	<u>\$ 112,495</u>	<u>\$ -</u>	<u>\$ (20,829)</u>	<u>\$ -</u>

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

Capital Projects					Total
2012 GO Bond Projects	2012 FOLRZ Zoo Projects	2011 GO Bond Projects	2011-A Temporary Note Projects	Totals	Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,026,956
-	-	-	-	300,000	1,508,665
-	-	-	-	104,881	225,920
-	-	-	-	-	221,620
-	469,512	-	-	469,512	655,092
-	-	-	-	-	5,425
-	469,512	-	-	874,393	3,643,678
-	-	-	-	-	309,905
-	-	-	-	-	49,880
-	-	-	-	-	598,485
-	-	-	-	-	993,438
469,329	469,512	380,173	7,802	3,151,439	4,182,796
-	-	-	4,164	16,272	16,272
-	-	-	-	74,027	74,027
469,329	469,512	380,173	11,966	3,241,738	6,224,803
(469,329)	-	(380,173)	(11,966)	(2,367,345)	(2,581,125)
317,999	-	-	-	317,999	736,686
-	-	(317,999)	-	(317,999)	(574,499)
-	-	-	149,205	2,282,412	2,282,412
(151,330)	-	(698,172)	137,239	(84,933)	(136,526)
924,141	-	698,172	(137,239)	949,410	5,537,645
\$ 772,811	\$ -	\$ -	\$ -	\$ 864,477	\$ 5,401,119

CITY OF GARDEN CITY, KANSAS
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Debt Service Fund
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 1,649,530	\$ 1,649,530	\$ 1,639,979	\$ (9,551)
Special assessment taxes	225,000	225,000	254,853	29,853
Intergovernmental revenue	25,000	25,000	25,000	-
Miscellaneous	-	-	9,162	9,162
Total revenues	<u>1,899,530</u>	<u>1,899,530</u>	<u>1,928,994</u>	<u>29,464</u>
Expenditures:				
Bond principal	1,528,950	1,528,950	1,536,500	(7,550)
Bond interest	286,550	286,550	274,954	11,596
Fiscal and bond rating fees	115,280	115,280	-	115,280
Total expenditures	<u>1,930,780</u>	<u>1,930,780</u>	<u>1,811,454</u>	<u>119,326</u>
Revenues over (under) expenditures	(31,250)	(31,250)	117,540	148,790
Other financing sources (uses):				
Transfers out	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>	<u>100,000</u>
Net change in fund balances	(131,250)	(131,250)	117,540	248,790
Fund balance, beginning of year	<u>131,250</u>	<u>131,250</u>	<u>276,747</u>	<u>145,497</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 394,287</u>	<u>\$ 394,287</u>

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

CITY OF GARDEN CITY, KANSAS
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
2012 Schulman Crossing 1 Temporary Note Projects
From Inception and For the Year Ended December 31, 2013

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</u>
Revenues:				
Use of money and property	\$ 1,225	\$ -	\$ 1,225	\$ 1,225
Total revenues	<u>1,225</u>	<u>-</u>	<u>1,225</u>	<u>1,225</u>
Expenditures:				
Capital outlay:				
Construction contracts	6,412,643	813,445	7,226,088	8,899,112
Engineering and other	1,075,508	980,581	2,056,089	2,686,790
Debt service:				
Interest and fiscal charges	55,108	110,215	165,323	165,323
Bond issuance costs	<u>2,881</u>	<u>-</u>	<u>2,881</u>	<u>-</u>
Total expenditures	<u>7,546,140</u>	<u>1,904,241</u>	<u>9,450,381</u>	<u>11,751,225</u>
Revenues under expenditures	(7,544,915)	(1,904,241)	(9,449,156)	(11,750,000)
Other financing sources (uses):				
Bonds issued	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,750,000</u>
Net change in fund balance	<u>\$ (7,544,915)</u>	(1,904,241)	<u>\$ (9,449,156)</u>	<u>\$ -</u>
Fund balance (deficit), beginning of year		<u>(7,544,915)</u>		
Fund balance (deficit), end of year		<u>\$ (9,449,156)</u>		

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

CITY OF GARDEN CITY, KANSAS
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
2013 Schulman Crossing 2 Temporary Note Projects
From Inception and For the Year Ended December 31, 2013

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</u>
Revenues:				
Use of money and property	\$ -	\$ 5,138	\$ 5,138	\$ -
Total revenues	<u>-</u>	<u>5,138</u>	<u>5,138</u>	<u>-</u>
Expenditures:				
Capital outlay:				
Construction contracts	-	4,158,998	4,158,998	7,205,285
Engineering and other	-	114,900	114,900	1,988,715
Debt service:				
Interest	-	-	-	146,000
Bond issuance costs	<u>-</u>	<u>27,009</u>	<u>27,009</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>4,300,907</u>	<u>4,300,907</u>	<u>9,340,000</u>
Revenues over (under) expenditures	-	(4,295,769)	(4,295,769)	(9,340,000)
Other financing sources (uses):				
Bonds issued	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,340,000</u>
Net change in fund balance	<u>\$ -</u>	<u>(4,295,769)</u>	<u>\$ (4,295,769)</u>	<u>\$ -</u>
Fund balance, beginning of year		<u>-</u>		
Fund balance (deficit), end of year		<u>\$ (4,295,769)</u>		

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

CITY OF GARDEN CITY, KANSAS
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
Community Trust Fund
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental revenue	\$ 570,000	\$ 570,000	\$ 363,520	\$ (206,480)
Use of money and property	3,200	3,200	32,241	29,041
Total revenues	<u>573,200</u>	<u>573,200</u>	<u>395,761</u>	<u>(177,439)</u>
Expenditures:				
Capital outlay	<u>2,199,000</u>	<u>2,199,000</u>	<u>588,572</u>	<u>1,610,428</u>
Total expenditures	<u>2,199,000</u>	<u>2,199,000</u>	<u>588,572</u>	<u>1,610,428</u>
Revenues over (under) expenditures	(1,625,800)	(1,625,800)	(192,811)	1,432,989
Other financing sources (uses):				
Transfers in	240,000	240,000	340,000	100,000
Transfers out	<u>(200,000)</u>	<u>(200,000)</u>	<u>(231,500)</u>	<u>(31,500)</u>
Net change in fund balance	(1,585,800)	(1,585,800)	(84,311)	1,501,489
Fund balance, beginning of year	<u>1,585,800</u>	<u>1,585,800</u>	<u>1,361,810</u>	<u>(223,990)</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,277,499</u>	<u>\$ 1,277,499</u>

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

CITY OF GARDEN CITY, KANSAS
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
Capital Improvements Fund
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Reimbursements	\$ 132,835	\$ 132,835	\$ -	\$ (132,835)
Donations	-	-	2,080	2,080
Total revenues	<u>132,835</u>	<u>132,835</u>	<u>2,080</u>	<u>(130,755)</u>
Expenditures:				
Capital outlay	<u>265,500</u>	<u>265,500</u>	<u>32,776</u>	<u>232,724</u>
Total expenditures	<u>265,500</u>	<u>265,500</u>	<u>32,776</u>	<u>232,724</u>
Revenues over (under) expenditures	(132,665)	(132,665)	(30,696)	101,969
Other financing sources (uses):				
Transfers in	<u>-</u>	<u>-</u>	<u>48,687</u>	<u>48,687</u>
Net change in fund balance	(132,665)	(132,665)	17,991	150,656
Fund balance, beginning of year	<u>448,665</u>	<u>448,665</u>	<u>672,380</u>	<u>223,715</u>
Fund balance, end of year	<u>\$ 316,000</u>	<u>\$ 316,000</u>	<u>\$ 690,371</u>	<u>\$ 374,371</u>

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

CITY OF GARDEN CITY, KANSAS
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
Recreation Fund
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 926,267	\$ 926,267	\$ 923,368	\$ (2,899)
Total revenues	<u>926,267</u>	<u>926,267</u>	<u>923,368</u>	<u>(2,899)</u>
Expenditures:				
Distribution to organization's treasurer	<u>926,267</u>	<u>926,267</u>	<u>924,707</u>	<u>1,560</u>
Total expenditures	<u>926,267</u>	<u>926,267</u>	<u>924,707</u>	<u>1,560</u>
Revenues over (under) expenditures	-	-	(1,339)	(1,339)
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>1,339</u>	<u>1,339</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

CITY OF GARDEN CITY, KANSAS
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
Special Trafficway Fund
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental revenue	\$ 715,000	\$ 715,000	\$ 690,244	\$ (24,756)
Use of money and property	500	500	581	81
Reimbursements	12,050	12,050	-	(12,050)
Miscellaneous	-	-	975	975
Total revenues	<u>727,550</u>	<u>727,550</u>	<u>691,800</u>	<u>(35,750)</u>
Expenditures:				
Current:				
Contractual services	131,399	131,399	108,586	22,813
Commodities	115,150	115,150	489,899	(374,749)
Capital outlay	<u>1,370,251</u>	<u>1,370,251</u>	<u>84,238</u>	<u>1,286,013</u>
Total expenditures	<u>1,616,800</u>	<u>1,616,800</u>	<u>682,723</u>	<u>934,077</u>
Revenues over (under) expenditures	(889,250)	(889,250)	9,077	898,327
Fund balance, beginning of year	<u>889,250</u>	<u>889,250</u>	<u>962,466</u>	<u>73,216</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 971,543</u>	<u>\$ 971,543</u>

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

CITY OF GARDEN CITY, KANSAS
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
Special Improvements Fund
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Miscellaneous	\$ 40,000	\$ 40,000	\$ 2,673	\$ (37,327)
Total revenues	40,000	40,000	2,673	(37,327)
Expenditures:				
Current:				
Contractual services	68,000	68,000	27,823	40,177
Total expenditures	68,000	68,000	27,823	40,177
Revenues over (under) expenditures	(28,000)	(28,000)	(25,150)	2,850
Fund balance, beginning of year	28,000	28,000	111,920	83,920
Fund balance, end of year	\$ -	\$ -	\$ 86,770	\$ 86,770

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

CITY OF GARDEN CITY, KANSAS
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
Cemetery Endowment Fund
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Use of money and property	\$ 950	\$ 950	\$ 1,018	\$ 68
Sale of spaces	3,500	3,500	5,425	1,925
Total revenues	<u>4,450</u>	<u>4,450</u>	<u>6,443</u>	<u>1,993</u>
Expenditures:				
Capital outlay	<u>21,250</u>	<u>21,250</u>	-	<u>21,250</u>
Total expenditures	<u>21,250</u>	<u>21,250</u>	-	<u>21,250</u>
Revenues over (under) expenditures	(16,800)	(16,800)	6,443	23,243
Fund balance, beginning of year	<u>16,800</u>	<u>16,800</u>	<u>20,580</u>	<u>3,780</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,023</u>	<u>\$ 27,023</u>

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

CITY OF GARDEN CITY, KANSAS
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
Special Recreation and Parks Fund
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental revenue	\$ 72,000	\$ 78,000	\$ 89,721	\$ 11,721
Use of money and property	-	-	16,907	16,907
Reimbursements	12,008	9,000	-	(9,000)
Total revenues	<u>84,008</u>	<u>87,000</u>	<u>106,628</u>	<u>19,628</u>
Expenditures:				
Current:				
Contractual services	42,000	52,145	68,731	(16,586)
Capital outlay	20,500	102,210	7,495	94,715
Total expenditures	<u>62,500</u>	<u>154,355</u>	<u>76,226</u>	<u>78,129</u>
Revenues over (under) expenditures	21,508	(67,355)	30,402	97,757
Other financing sources (uses):				
Transfers out	(25,000)	(25,000)	(25,000)	-
Net change in fund balance	(3,492)	(92,355)	5,402	97,757
Fund balance, beginning of year	3,492	92,355	92,355	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 97,757</u>	<u>\$ 97,757</u>

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

CITY OF GARDEN CITY, KANSAS
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
Special Alcohol Programs Fund
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental revenue	\$ 72,000	\$ 72,000	\$ 89,721	\$ 17,721
Total revenues	<u>72,000</u>	<u>72,000</u>	<u>89,721</u>	<u>17,721</u>
Expenditures:				
Current:				
Contractual services	<u>78,484</u>	<u>78,484</u>	<u>75,880</u>	<u>2,604</u>
Total expenditures	<u>78,484</u>	<u>78,484</u>	<u>75,880</u>	<u>2,604</u>
Revenues over (under) expenditures	(6,484)	(6,484)	13,841	20,325
Fund balance, beginning of year	<u>6,484</u>	<u>6,484</u>	<u>27,365</u>	<u>20,881</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,206</u>	<u>\$ 41,206</u>

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

CITY OF GARDEN CITY, KANSAS
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
Finnup Trust Fund
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Reimbursements	\$ 10,000	\$ 14,500	\$ -	\$ (14,500)
Donations	95,000	169,000	183,500	14,500
Total revenues	<u>105,000</u>	<u>183,500</u>	<u>183,500</u>	<u>-</u>
Expenditures:				
Current:				
Personnel services	-	-	7,486	(7,486)
Capital outlay	105,000	223,041	174,302	48,739
Total expenditures	<u>105,000</u>	<u>223,041</u>	<u>181,788</u>	<u>41,253</u>
Revenues over (under) expenditures	-	(39,541)	1,712	41,253
Fund balance, beginning of year	<u>-</u>	<u>53,041</u>	<u>53,040</u>	<u>(1)</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ 13,500</u>	<u>\$ 54,752</u>	<u>\$ 41,252</u>

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

CITY OF GARDEN CITY, KANSAS
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
Special Liability Fund
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Reimbursements	\$ 30,007	\$ 30,007	\$ -	\$ (30,007)
Total revenues	<u>30,007</u>	<u>30,007</u>	<u>-</u>	<u>(30,007)</u>
Expenditures:				
Current:				
Contractual services	<u>71,750</u>	<u>71,750</u>	<u>27,162</u>	<u>44,588</u>
Total expenditures	<u>71,750</u>	<u>71,750</u>	<u>27,162</u>	<u>44,588</u>
Revenues over (under) expenditures	(41,743)	(41,743)	(27,162)	14,581
Other financing sources (uses):				
Transfers in	<u>-</u>	<u>-</u>	<u>30,000</u>	<u>30,000</u>
Net change in fund balance	(41,743)	(41,743)	2,838	44,581
Fund balance, beginning of year	<u>49,243</u>	<u>49,243</u>	<u>153,098</u>	<u>103,855</u>
Fund balance, end of year	<u>\$ 7,500</u>	<u>\$ 7,500</u>	<u>\$ 155,936</u>	<u>\$ 148,436</u>

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

CITY OF GARDEN CITY, KANSAS
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
Drug Enforcement Fund
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Use of money and property	250	250	25	(225)
Miscellaneous	13,500	13,500	6,566	(6,934)
Total revenues	<u>13,750</u>	<u>13,750</u>	<u>9,668</u>	<u>(4,082)</u>
Expenditures:				
Current:				
Contractual services	29,250	29,250	23,985	5,265
Total expenditures	<u>29,250</u>	<u>29,250</u>	<u>23,985</u>	<u>5,265</u>
Revenues over (under) expenditures	(15,500)	(15,500)	(14,317)	1,183
Fund balance, beginning of year	<u>15,500</u>	<u>15,500</u>	<u>32,830</u>	<u>17,330</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,513</u>	<u>\$ 18,513</u>

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

CITY OF GARDEN CITY, KANSAS
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
DEA Forfeiture Fund
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Use of money and property	\$ 250	\$ 51	\$ 22	\$ (29)
Miscellaneous	15,000	30,300	34,344	4,044
Total revenues	<u>15,250</u>	<u>30,351</u>	<u>34,366</u>	<u>4,015</u>
Expenditures:				
Current:				
Contractual services	<u>28,000</u>	<u>55,000</u>	<u>25,895</u>	<u>29,105</u>
Total expenditures	<u>28,000</u>	<u>55,000</u>	<u>25,895</u>	<u>29,105</u>
Revenues over (under) expenditures	(12,750)	(24,649)	8,471	33,120
Fund balance, beginning of year	<u>12,750</u>	<u>33,249</u>	<u>33,249</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ 8,600</u>	<u>\$ 41,720</u>	<u>\$ 33,120</u>

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

CITY OF GARDEN CITY, KANSAS
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
Community Development Loan Fund
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Use of money and property	\$ 15,000	\$ 15,000	\$ 7,565	\$ (7,435)
Total revenues	<u>15,000</u>	<u>15,000</u>	<u>7,565</u>	<u>(7,435)</u>
Expenditures:				
Current:				
Contractual services	<u>25,750</u>	<u>25,750</u>	<u>2,270</u>	<u>23,480</u>
Total expenditures	<u>25,750</u>	<u>25,750</u>	<u>2,270</u>	<u>23,480</u>
Revenues over (under) expenditures	(10,750)	(10,750)	5,295	16,045
Fund balance, beginning of year	<u>10,750</u>	<u>10,750</u>	<u>9,372</u>	<u>(1,378)</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,667</u>	<u>\$ 14,667</u>

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

CITY OF GARDEN CITY, KANSAS
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
Economic Development Fund
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Use of money and property	\$ 30,000	\$ 30,000	\$ 61,484	\$ 31,484
Total revenues	<u>30,000</u>	<u>30,000</u>	<u>61,484</u>	<u>31,484</u>
Expenditures:				
Current:				
Contractual	<u>156,500</u>	<u>156,500</u>	<u>1,046</u>	<u>155,454</u>
Total expenditures	<u>156,500</u>	<u>156,500</u>	<u>1,046</u>	<u>155,454</u>
Revenues over (under) expenditures	(126,500)	(126,500)	60,438	186,938
Fund balance, beginning of year	<u>126,500</u>	<u>126,500</u>	<u>311,551</u>	<u>185,051</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 371,989</u>	<u>\$ 371,989</u>

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

CITY OF GARDEN CITY, KANSAS
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
Enhanced Wireless 911 Fund
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Miscellaneous	\$ 120,000	\$ 120,000	\$ 180,677	\$ 60,677
Total revenues	<u>120,000</u>	<u>120,000</u>	<u>180,677</u>	<u>60,677</u>
Expenditures:				
Current:				
Capital outlay	<u>231,500</u>	<u>231,500</u>	<u>104,363</u>	<u>127,137</u>
Total expenditures	<u>231,500</u>	<u>231,500</u>	<u>104,363</u>	<u>127,137</u>
Revenues over (under) expenditures	(111,500)	(111,500)	76,314	187,814
Fund balance, beginning of year	<u>111,500</u>	<u>111,500</u>	<u>216,840</u>	<u>105,340</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 293,154</u>	<u>\$ 293,154</u>

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

CITY OF GARDEN CITY, KANSAS
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
Community Development Grant Fund
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental revenue	\$ 100,000	\$ 100,000	\$ 63,875	\$ (36,125)
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>63,875</u>	<u>(36,125)</u>
Expenditures:				
Current:				
Contractual	<u>100,000</u>	<u>100,000</u>	<u>63,875</u>	<u>36,125</u>
Total expenditures	<u>100,000</u>	<u>100,000</u>	<u>63,875</u>	<u>36,125</u>
Revenues over expenditures	-	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

CITY OF GARDEN CITY, KANSAS
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
Project Development Fund
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Use of money and property	\$ 1,995	\$ 1,995	\$ 1,196	\$ (799)
Total revenues	<u>1,995</u>	<u>1,995</u>	<u>1,196</u>	<u>(799)</u>
Expenditures:				
Current:				
Contractual	251,995	251,995	-	251,995
Capital outlay	<u>-</u>	<u>-</u>	<u>128,161</u>	<u>(128,161)</u>
Total expenditures	<u>251,995</u>	<u>251,995</u>	<u>128,161</u>	<u>123,834</u>
Revenues over (under) expenditures	(250,000)	(250,000)	(126,965)	123,035
Other financing sources (uses):				
Transfers in	<u>110,000</u>	<u>110,000</u>	<u>-</u>	<u>(110,000)</u>
Net change in fund balance	(140,000)	(140,000)	(126,965)	13,035
Fund balance, beginning of year	<u>140,000</u>	<u>140,000</u>	<u>214,994</u>	<u>74,994</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 88,029</u>	<u>\$ 88,029</u>

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

CITY OF GARDEN CITY, KANSAS
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
2013 GO Bond Projects
From Inception and For the Year Ended December 31, 2013

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</u>
Revenues:				
Use of money and property	\$ -	\$ 103,875	\$ 103,875	\$ -
Total revenues	<u>-</u>	<u>103,875</u>	<u>103,875</u>	<u>-</u>
Expenditures:				
Capital outlay:				
Construction contracts	-	1,445,584	1,445,584	7,568,000
Debt service:				
Bond issuance costs	<u>-</u>	<u>72,627</u>	<u>72,627</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>1,518,211</u>	<u>1,518,211</u>	<u>7,568,000</u>
Revenues over (under) expenditures	-	(1,414,336)	(1,414,336)	(7,568,000)
Other financing sources (uses):				
Bonds issued	<u>-</u>	<u>1,526,831</u>	<u>1,526,831</u>	<u>7,568,000</u>
Net change in fund balance	<u>\$ -</u>	<u>112,495</u>	<u>\$ 112,495</u>	<u>\$ -</u>
Fund balance, beginning of year		<u>-</u>		
Fund balance, end of year		<u>\$ 112,495</u>		

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

CITY OF GARDEN CITY, KANSAS
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
2013 Pioneer Road Estates Improvement Projects
From Inception and For the Year Ended December 31, 2013

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</u>
Revenues:				
Intergovernmental revenue	\$ -	\$ 300,000	\$ 300,000	\$ 300,000
Total revenues	<u>-</u>	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>
Expenditures:				
Capital outlay:				
Construction contracts	-	300,000	300,000	1,252,636
Engineering and other	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,632</u>
Total expenditures	<u>-</u>	<u>300,000</u>	<u>300,000</u>	<u>1,315,268</u>
Revenues over (under) expenditures	-	-	-	(1,015,268)
Other financing sources (uses):				
Bonds issued	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,015,268</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning of year		<u>-</u>		
Fund balance, end of year		<u>\$ -</u>		

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

CITY OF GARDEN CITY, KANSAS
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
2013 Temporary Note Projects
From Inception and For the Year Ended December 31, 2013

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</u>
Revenues:				
Use of money and property	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Capital outlay:				
Construction contracts	-	19,429	19,429	104,700
Debt service:				
Bond issuance costs	<u>-</u>	<u>1,400</u>	<u>1,400</u>	<u>1,500</u>
Total expenditures	<u>-</u>	<u>20,829</u>	<u>20,829</u>	<u>106,200</u>
Revenues over (under) expenditures	-	(20,829)	(20,829)	(106,200)
Other financing sources (uses):				
Bonds issued	<u>-</u>	<u>-</u>	<u>-</u>	<u>106,200</u>
Net change in fund balance	<u>\$ -</u>	<u>(20,829)</u>	<u>\$ (20,829)</u>	<u>\$ -</u>
Fund balance, beginning of year		<u>-</u>		
Fund balance (deficit), end of year		<u>\$ (20,829)</u>		

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

CITY OF GARDEN CITY, KANSAS
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
2012 Temporary Note Projects
From Inception and For the Year Ended December 31, 2013

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</u>
Revenues:				
Use of money and property	\$ -	\$ 1,006	\$ 1,006	\$ 1,006
Total revenues	<u>-</u>	<u>1,006</u>	<u>1,006</u>	<u>1,006</u>
Expenditures:				
Capital outlay:				
Construction contracts	532,299	20,575	552,874	607,382
Engineering and other	1,805	39,035	40,840	-
Debt service:				
Interest	-	12,108	12,108	-
Bond issuance costs	1,560	-	1,560	-
Total expenditures	<u>535,664</u>	<u>71,718</u>	<u>607,382</u>	<u>607,382</u>
Revenues under expenditures	(535,664)	(70,712)	(606,376)	(606,376)
Other financing sources (uses):				
Bonds issued	<u>-</u>	<u>606,376</u>	<u>606,376</u>	<u>606,376</u>
Net change in fund balance	<u>\$ (535,664)</u>	535,664	<u>\$ -</u>	<u>\$ -</u>
Fund balance (deficit), beginning of year		<u>(535,664)</u>		
Fund balance, end of year		<u>\$ -</u>		

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

CITY OF GARDEN CITY, KANSAS
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
2012 GO Bond Projects
From Inception and For the Year Ended December 31, 2013

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</u>
Revenues:				
Use of money and property	\$ 362	\$ -	\$ 362	\$ -
Total revenues	<u>362</u>	<u>-</u>	<u>362</u>	<u>-</u>
Expenditures:				
Capital outlay:				
Construction contracts	-	469,329	469,329	905,700
Debt service:				
Bond issuance costs	<u>1,221</u>	<u>-</u>	<u>1,221</u>	<u>19,300</u>
Total expenditures	<u>1,221</u>	<u>469,329</u>	<u>470,550</u>	<u>925,000</u>
Revenues under expenditures	(859)	(469,329)	(470,188)	(925,000)
Other financing sources (uses):				
Bonds issued	<u>925,000</u>	<u>-</u>	<u>925,000</u>	<u>925,000</u>
Net change in fund balance	<u>\$ 924,141</u>	(151,330)	<u>\$ 772,811</u>	<u>\$ -</u>
Fund balance, beginning of year		<u>924,141</u>		
Fund balance, end of year		<u>\$ 772,811</u>		

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

CITY OF GARDEN CITY, KANSAS
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
2012 FOLRZ Zoo Projects
From Inception and For the Year Ended December 31, 2013

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</u>
Revenues:				
Donations	<u>\$ 429,084</u>	<u>\$ 469,512</u>	<u>\$ 898,596</u>	<u>\$ 898,596</u>
Total revenues	<u>429,084</u>	<u>469,512</u>	<u>898,596</u>	<u>898,596</u>
Expenditures:				
Capital outlay:				
Construction contracts	<u>429,084</u>	<u>469,512</u>	<u>898,596</u>	<u>898,596</u>
Total expenditures	<u>429,084</u>	<u>469,512</u>	<u>898,596</u>	<u>898,596</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning of year		<u>-</u>		
Fund balance, end of year		<u>\$ -</u>		

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

CITY OF GARDEN CITY, KANSAS
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
2011 GO Bond Projects
From Inception and For the Year Ended December 31, 2013

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</u>
Revenues:				
Use of money and property	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Capital outlay:				
Construction contracts	935,676	380,173	1,315,849	2,329,300
Debt service:				
Bond issuance costs	<u>36,007</u>	<u>-</u>	<u>36,007</u>	<u>30,700</u>
Total expenditures	<u>971,683</u>	<u>380,173</u>	<u>1,351,856</u>	<u>2,360,000</u>
Revenues under expenditures	(971,683)	(380,173)	(1,351,856)	(2,360,000)
Other financing sources (uses):				
Bonds issued	1,736,855	-	1,736,855	2,360,000
Transfers out	<u>(67,000)</u>	<u>(317,999)</u>	<u>(384,999)</u>	<u>-</u>
Net change in fund balance	<u>\$ 698,172</u>	(698,172)	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning of year		<u>698,172</u>		
Fund balance, end of year		<u>\$ -</u>		

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

CITY OF GARDEN CITY, KANSAS
Schedule of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
2011-A Temporary Note Projects
From Inception and For the Year Ended December 31, 2013

	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Project Authorization</u>
Revenues:				
Use of money and property	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Capital outlay:				
Construction contracts	131,282	1,000	132,282	163,400
Engineering and other	5,957	6,802	12,759	-
Debt service:				
Interest	<u>-</u>	<u>4,164</u>	<u>4,164</u>	<u>-</u>
Total expenditures	<u>137,239</u>	<u>11,966</u>	<u>149,205</u>	<u>163,400</u>
Revenues under expenditures	(137,239)	(11,966)	(149,205)	(163,400)
Other financing sources (uses):				
Bonds issued	<u>-</u>	<u>149,205</u>	<u>149,205</u>	<u>163,400</u>
Net change in fund balance	<u>\$ (137,239)</u>	137,239	<u>\$ -</u>	<u>\$ -</u>
Fund balance (deficit), beginning of year		<u>(137,239)</u>		
Fund balance, end of year		<u>\$ -</u>		

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

Proprietary Funds

Nonmajor Enterprise Funds

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

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

Solid Waste Utility:

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

Recreation Area:

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

Drainage Utility:

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

CITY OF GARDEN CITY, KANSAS
Combining Statement of Net Position
Nonmajor Proprietary Funds
December 31, 2013

	Business-type Activities - Enterprise Funds			
	Solid Waste Utility	Recreation Area	Drainage Utility	Totals
<u>Assets</u>				
Current assets:				
Cash	\$ 1,274,739	\$ 75,458	\$ 291,114	\$ 1,641,311
Investments, at fair value	200,000	-	100,000	300,000
Restricted assets:				
Cash	-	14,750	-	14,750
Accounts receivable	142,901	400	11,520	154,821
Total current assets	<u>1,617,640</u>	<u>90,608</u>	<u>402,634</u>	<u>2,110,882</u>
Capital assets:				
Land	68,500	-	70,000	138,500
Production, storage and distribution equipment	-	-	347,612	347,612
Less accumulated depreciation	-	-	(69,530)	(69,530)
Golf course, club house and equipment	-	1,726,389	-	1,726,389
Less accumulated depreciation	-	(1,048,810)	-	(1,048,810)
Vehicles and equipment	1,755,400	1,687,131	-	3,442,531
Less accumulated depreciation	(1,214,195)	(159,658)	-	(1,373,853)
Containers	3,904,084	-	-	3,904,084
Less accumulated depreciation	(2,343,581)	-	-	(2,343,581)
Total capital assets	<u>2,170,208</u>	<u>2,205,052</u>	<u>348,082</u>	<u>4,723,342</u>
Total assets	<u>\$ 3,787,848</u>	<u>\$ 2,295,660</u>	<u>\$ 750,716</u>	<u>\$ 6,834,224</u>
<u>Liabilities</u>				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 103,171	\$ 4,530	\$ 984	\$ 108,685
Current portion of capital leases payable	-	6,898	-	6,898
Total current liabilities	<u>103,171</u>	<u>11,428</u>	<u>984</u>	<u>115,583</u>
Noncurrent liabilities:				
Capital leases payable	-	22,833	-	22,833
Total liabilities	<u>103,171</u>	<u>34,261</u>	<u>984</u>	<u>138,416</u>
<u>Net Position</u>				
Net investment in capital assets	2,170,208	2,175,321	348,082	4,693,611
Restricted for debt service	-	14,750	-	14,750
Unrestricted	1,514,469	71,328	401,650	1,987,447
Total net position	<u>3,684,677</u>	<u>2,261,399</u>	<u>749,732</u>	<u>6,695,808</u>
Total liabilities and net position	<u>\$ 3,787,848</u>	<u>\$ 2,295,660</u>	<u>\$ 750,716</u>	<u>\$ 6,834,224</u>

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

CITY OF GARDEN CITY, KANSAS
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Nonmajor Proprietary Funds
For the Year Ended December 31, 2013

	Business-type Activities - Enterprise Funds			
	Solid Waste Utility	Recreation Area	Drainage Utility	Totals
Operating revenues:				
Charges for services	\$ 2,833,375	\$ -	\$ 206,124	\$ 3,039,499
Miscellaneous	2,705	16,251	-	18,956
Membership and fees	-	417,188	-	417,188
Concessions	-	79,300	-	79,300
Total operating revenues	2,836,080	512,739	206,124	3,554,943
Operating expenses:				
Personnel services	1,191,794	554,508	44,110	1,790,412
Contractual services	1,031,361	108,635	17,150	1,157,146
Commodities	232,542	213,973	23,497	470,012
Depreciation	229,594	66,215	20,711	316,520
Total operating expenses	2,685,291	943,331	105,468	3,734,090
Operating income (loss)	150,789	(430,592)	100,656	(179,147)
Nonoperating revenues:				
Interest income	1,100	-	300	1,400
Rent and royalties	-	5,660	-	5,660
Sale of materials	52,194	-	-	52,194
Total nonoperating revenues	53,294	5,660	300	59,254
Income (loss) before operating transfers	204,083	(424,932)	100,956	(119,893)
Capital contributions	-	1,433,000	-	1,433,000
Transfers in	-	356,500	-	356,500
Transfers out	(140,350)	-	-	(140,350)
Change in net position	63,733	1,364,568	100,956	1,529,257
Total net position, beginning of year	3,620,944	896,831	648,776	5,166,551
Total net position, end of year	<u>\$ 3,684,677</u>	<u>\$ 2,261,399</u>	<u>\$ 749,732</u>	<u>\$ 6,695,808</u>

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

CITY OF GARDEN CITY, KANSAS
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For the Year Ended December 31, 2013

	Business-type Activities - Enterprise Funds			
	Solid Waste Utility	Recreation Area	Drainage Utility	Totals
Cash flows from operating activities:				
Receipts from customers	\$ 2,849,388	\$ 497,888	\$ 209,329	\$ 3,556,605
Other receipts	2,705	16,251	-	18,956
Payments to suppliers	(1,236,715)	(324,297)	(51,946)	(1,612,958)
Payments for personnel services	(1,191,794)	(554,508)	(44,110)	(1,790,412)
Net cash provided (used) by operating activities	<u>423,584</u>	<u>(364,666)</u>	<u>113,273</u>	<u>172,191</u>
Cash flows from noncapital financing activities:				
Transfers in	-	356,500	-	356,500
Transfers out	(140,350)	-	-	(140,350)
Net cash provided (used) by noncapital financing activities	<u>(140,350)</u>	<u>356,500</u>	<u>-</u>	<u>216,150</u>
Cash flows from capital and related financing activities:				
Receipts from sale of materials	52,194	-	-	52,194
Purchases of property, plant and equipment	(260,091)	(28,789)	-	(288,880)
Payment of long-term debt	-	(8,229)	-	(8,229)
Net cash provided (used) by capital and related financing activities	<u>(207,897)</u>	<u>(37,018)</u>	<u>-</u>	<u>(244,915)</u>
Cash flows from investing activities:				
Interest income	1,100	-	300	1,400
Proceeds from sale of investments	-	-	100,000	100,000
Purchase of investments	-	-	(100,000)	(100,000)
Rents and royalties	-	5,660	-	5,660
Net cash provided by investing activities	<u>1,100</u>	<u>5,660</u>	<u>300</u>	<u>7,060</u>
Net increase (decrease) in cash	76,437	(39,524)	113,573	150,486
Cash, beginning of year	1,198,302	129,732	177,541	1,505,575
Cash, end of year	<u>\$ 1,274,739</u>	<u>\$ 90,208</u>	<u>\$ 291,114</u>	<u>\$ 1,656,061</u>
Statement of net position classification:				
Current assets	\$ 1,274,739	\$ 75,458	\$ 291,114	\$ 1,641,311
Restricted assets	-	14,750	-	14,750
Total cash, end of year	<u>\$ 1,274,739</u>	<u>\$ 90,208</u>	<u>\$ 291,114</u>	<u>\$ 1,656,061</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 150,789	\$ (430,592)	\$ 100,656	\$ (179,147)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	229,594	66,215	20,711	316,520
Change in assets and liabilities:				
Increase in receivables	16,013	1,400	3,205	20,618
Increase in accounts payable	27,188	(1,689)	(11,299)	14,200
Net cash provided (used) by operating activities	<u>\$ 423,584</u>	<u>\$ (364,666)</u>	<u>\$ 113,273</u>	<u>\$ 172,191</u>
Schedule of non-cash capital and related financing activities:				
Capital assets were acquired through				
contributions from governmental funds	\$ -	\$ 1,433,000	\$ -	\$ 1,433,000
Purchase of capital assets through capital leases	-	37,960	-	37,960

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

Proprietary Funds

Internal Service Funds

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

Health Insurance:

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

Workers Compensation:

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

CITY OF GARDEN CITY, KANSAS
Combining Statement of Net Position
Internal Service Funds
December 31, 2013

	<u>Health Insurance</u>	<u>Workers Compensation</u>	<u>Totals</u>
<u>Assets</u>			
Current assets:			
Cash	\$ 736,287	\$ 450,600	\$ 1,186,887
Investments	-	125,000	125,000
	<u>\$ 736,287</u>	<u>\$ 575,600</u>	<u>\$ 1,311,887</u>
<u>Liabilities</u>			
Current liabilities:			
Accounts payable	\$ 386,267	\$ 2,600	\$ 388,867
Noncurrent liabilities:			
Net OPEB obligation	1,046,732	-	1,046,732
	<u>1,432,999</u>	<u>2,600</u>	<u>1,435,599</u>
<u>Net Position</u>			
Restricted for health insurance	(696,712)	-	(696,712)
Restricted for workers compensation	-	573,000	573,000
	<u>(696,712)</u>	<u>573,000</u>	<u>(123,712)</u>
Total net position	<u>(696,712)</u>	<u>573,000</u>	<u>(123,712)</u>
Total liabilities and net position	<u>\$ 736,287</u>	<u>\$ 575,600</u>	<u>\$ 1,311,887</u>

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

CITY OF GARDEN CITY, KANSAS
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
For the Year Ended December 31, 2013

	<u>Health Insurance</u>	<u>Workers Compensation</u>	<u>Total</u>
Operating revenues:			
Department billings	\$ 3,457,063	\$ 351,540	\$ 3,808,603
Total operating revenues	<u>3,457,063</u>	<u>351,540</u>	<u>3,808,603</u>
Operating expenses:			
Contractual	<u>3,949,755</u>	<u>429,506</u>	<u>4,379,261</u>
Total operating expenses	<u>3,949,755</u>	<u>429,506</u>	<u>4,379,261</u>
Operating income (loss)	(492,692)	(77,966)	(570,658)
Nonoperating revenues:			
Interest income	<u>-</u>	<u>141</u>	<u>141</u>
Change in net position	(492,692)	(77,825)	(570,517)
Total net position, beginning of year	<u>(204,020)</u>	<u>650,825</u>	<u>446,805</u>
Total net position, end of year	<u>\$ (696,712)</u>	<u>\$ 573,000</u>	<u>\$ (123,712)</u>

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

CITY OF GARDEN CITY, KANSAS
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2013

	Health Insurance	Workers Compensation	Total
Cash flows from operating activities:			
Other receipts	\$ 3,457,063	\$ 351,540	\$ 3,808,603
Claims paid	(3,700,823)	(432,058)	(4,132,881)
Net cash used by operating activities	(243,760)	(80,518)	(324,278)
Cash flows from investing activities:			
Interest income	-	141	141
Net cash provided by investing activities	-	141	141
Net decrease in cash	(243,760)	(80,377)	(324,137)
Cash, beginning of year	980,047	530,977	1,511,024
Cash, end of year	\$ 736,287	\$ 450,600	\$ 1,186,887
 Reconciliation of operating loss to net cash used by operating activities:			
Operating income (loss)	\$ (492,692)	\$ (77,966)	\$ (570,658)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Decrease in accounts payable	148,238	(2,552)	145,686
Increase in net OPEB obligation	100,694	-	100,694
Net cash used by operating activities	\$ (243,760)	\$ (80,518)	\$ (324,278)

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

Fiduciary Funds

Agency Funds

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

Payroll Clearing:

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

Bail Bonds:

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

Sidewalk Construction:

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

Special Investigations:

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

Section 125:

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

Employee Flower:

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

CITY OF GARDEN CITY, KANSAS
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2013

	<u>Balance</u> 01-01-13	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> 12-31-13
Payroll Clearing:				
	<u>Assets</u>			
Cash	\$ 18,345	\$ 13,453,738	\$ 13,443,770	\$ 28,313
	<u>Liabilities</u>			
Accounts payable	\$ 18,345	\$ 13,453,738	\$ 13,443,770	\$ 28,313
Bail Bonds:				
	<u>Assets</u>			
Cash	\$ 122,786	\$ 243,452	\$ 246,270	\$ 119,968
	<u>Liabilities</u>			
Accounts payable	\$ 122,786	\$ 243,452	\$ 246,270	\$ 119,968
Sidewalk Construction:				
	<u>Assets</u>			
Cash	\$ 972	\$ -	\$ 24	\$ 948
	<u>Liabilities</u>			
Accounts payable	\$ 972	\$ -	\$ 24	\$ 948
Special Investigations:				
	<u>Assets</u>			
Cash	\$ 5,264	\$ 24,004	\$ 17,800	\$ 11,468
	<u>Liabilities</u>			
Accounts payable	\$ 5,264	\$ 24,004	\$ 17,800	\$ 11,468
Section 125:				
	<u>Assets</u>			
Cash	\$ 40,936	\$ 172,271	\$ 183,790	\$ 29,417
	<u>Liabilities</u>			
Accounts payable	\$ 40,936	\$ 172,271	\$ 183,790	\$ 29,417
Employee Flower:				
	<u>Assets</u>			
Cash	\$ 861	\$ 1,746	\$ 1,781	\$ 826
	<u>Liabilities</u>			
Accounts payable	\$ 861	\$ 1,746	\$ 1,781	\$ 826
Totals:				
	<u>Assets</u>			
Cash	\$ 189,164	\$ 13,895,211	\$ 13,893,435	\$ 190,940
	<u>Liabilities</u>			
Accounts payable	\$ 189,164	\$ 13,895,211	\$ 13,893,435	\$ 190,940

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

Supplementary Information

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

CITY OF GARDEN CITY, KANSAS
Schedule of Investments
December 31, 2013

<u>Idle Funds</u>	
Certificates of deposit	\$ 5,125,552
Total Idle Funds investments	5,125,552
<u>Special Revenue Funds</u>	
Community Trust - Certificates of deposit	1,000,000
Capital Improvement - Certificates of deposit	100,000
Special Trafficway - Certificates of deposit	310,229
Cemetery Endowment - Certificates of deposit	14,397
Economic Development - Certificates of deposit	125,000
Total Special Revenue Funds investments	1,549,626
<u>Electric Utility</u>	
General - Temporary notes	50,000
Security Deposit - Certificates of deposit	100,000
Total Electric Utility investments	150,000
<u>Solid Waste Utility</u>	
General - Certificates of deposit	200,000
<u>Drainage Utility</u>	
General - Certificates of deposit	100,000
<u>Workers Compensation Reserve</u>	
Certificates of deposit	125,000
Total investment - all funds	\$ 7,250,178

CITY OF GARDEN CITY, KANSAS
Comparison of Cash Balances with Encumbrances and Composition of Cash
For the Year Ended December 31, 2013

Fund	Unencumbered Cash Balance (Deficit) 01-01-13	Receipts and Transfers	Expenditures and Transfers	Unencumbered Cash Balance (Deficit) 12-31-13	Add Payables and Encumbrances	Treasurer's Cash 12-31-13
Operating						
General	\$ 3,101,809	\$ 21,232,216	\$ 19,979,993	\$ 4,354,032	\$ 618,335	\$ 4,972,367
Debt Service Fund						
Bond and Interest	276,747	1,928,994	1,811,454	394,287	-	394,287
Special Revenue Funds						
Community Trust	1,361,810	735,761	820,072	1,277,499	-	1,277,499
Capital Improvements	672,380	50,767	32,776	690,371	11,486	701,857
Recreation	1,339	923,368	924,707	-	-	-
Special Trafficway	962,466	691,800	682,723	971,543	27,943	999,486
Special Improvements	111,920	2,673	27,823	86,770	164	86,934
Cemetery Endowment	20,580	6,443	-	27,023	-	27,023
Special Recreation and Parks	92,355	106,628	101,226	97,757	1,396	99,153
Special Alcohol Programs	27,365	89,721	75,880	41,206	19,500	60,706
Finnup Trust Fund	53,040	183,500	181,788	54,752	54,030	108,782
Special Liability	153,098	30,000	27,162	155,936	5,000	160,936
Drug Enforcement	32,830	9,668	23,985	18,513	2,555	21,068
DEA Forfeiture	33,249	34,366	25,895	41,720	160	41,880
Community Development Loan Fund	9,372	7,565	2,270	14,667	-	14,667
Economic Development	311,551	61,484	1,046	371,989	-	371,989
Enhanced Wireless 911	216,840	180,677	104,363	293,154	3,418	296,572
Community Development Grant	-	63,875	63,875	-	-	-
2012 JAG Grant	-	15,813	15,813	-	-	-
Project Development	214,994	104,784	128,161	191,617	58,383	250,000
Total Special Revenue	4,275,189	3,298,893	3,239,565	4,334,517	184,035	4,518,552
Capital Projects Funds						
2012 Schulman Crossing 1						
Temporary Note Projects	4,205,085	-	1,904,241	2,300,844	48,607	2,349,451
2013 Schulman Crossing 2						
Temporary Note Projects	-	9,345,138	4,300,907	5,044,231	573,867	5,618,098
2013 GO Bond Projects	-	1,630,706	1,518,211	112,495	178,788	291,283
2013 Pioneer Road Estates						
Improvement Projects	-	300,000	300,000	-	-	-
2013 Temporary Note Projects	-	50,000	20,829	29,171	20,829	50,000
2012 Temporary Note Projects	14,336	627,382	641,718	-	-	-
2012 GO Bond Projects	924,141	317,999	469,329	772,811	51,759	824,570
2012 FOLRZ Zoo Projects	-	469,512	469,512	-	-	-
2011 GO Bond Projects	698,172	-	698,172	-	-	-
2011-A Temporary Note Projects	761	179,205	179,966	-	-	-
Total Capital Projects	5,842,495	12,919,942	10,502,885	8,259,552	873,850	9,133,402
Enterprise Funds						
Electric Utility:						
General	1,708,208	35,545,851	33,127,595	4,126,464	1,790,960	5,917,424
Security Deposits	340,303	301,365	190,965	450,703	-	450,703
Total Electric Utility	2,048,511	35,847,216	33,318,560	4,577,167	1,790,960	6,368,127
Water and Sewer Utility:						
General	1,982,621	9,514,360	8,633,526	2,863,455	1,206,295	4,069,750
Water and Sewage Maintenance						
Reserve	821,689	208,069	450,000	579,758	-	579,758
Wastewater Repair and Replacement	550,660	134,396	400,000	285,056	-	285,056
Total Water and Sewer Utility	3,354,970	9,856,825	9,483,526	3,728,269	1,206,295	4,934,564
Airport:						
General	351,613	890,799	931,747	310,665	31,511	342,176
Airport Improvement	81,707	659,303	682,236	58,774	68,692	127,466
Total Airport	433,320	1,550,102	1,613,983	369,439	100,203	469,642
Solid Waste Utility:						
General	1,326,364	2,901,704	2,856,138	1,371,930	103,171	1,475,101
Recreation Area:						
General Golf Course	98,732	883,255	911,059	70,928	4,530	75,458
Golf Course Building	26,581	21,375	32,806	15,150	-	15,150
Total Recreation Area	125,313	904,630	943,865	86,078	4,530	90,608
Drainage Utility:						
General	268,152	207,400	84,757	390,795	984	391,779

(continued)

CITY OF GARDEN CITY, KANSAS
 Comparison of Cash Balances with Encumbrances and Composition of Cash
 For the Year Ended December 31, 2013

Fund	Unencumbered Cash Balance (Deficit) 01-01-13	Receipts and Transfers	Expenditures and Transfers	Unencumbered Cash Balance (Deficit) 12-31-13	Add Payables and Encumbrances	Treasurer's Cash 12-31-13
<i>(continued)</i>						
<u>Internal Service Funds</u>						
Health Insurance	\$ (904,020)	\$ 4,157,063	\$ 3,949,755	\$ (696,712)	\$ 1,432,999	\$ 736,287
Health Insurance Reserve	700,000	-	700,000	-	-	-
Workers Compensation	67,131	351,540	348,174	70,497	99	70,596
Workers Compensation Reserve	583,694	141	81,332	502,503	2,501	505,004
Total Internal Service	<u>446,805</u>	<u>4,508,744</u>	<u>5,079,261</u>	<u>(123,712)</u>	<u>1,435,599</u>	<u>1,311,887</u>
<u>Agency Funds</u>						
Payroll Clearing	-	13,453,738	13,453,738	-	28,313	28,313
Bail Bonds	-	243,452	243,452	-	119,968	119,968
Sidewalk Construction	-	-	-	-	948	948
Special Investigations	-	24,004	24,004	-	11,468	11,468
Section 125	-	172,271	172,271	-	29,417	29,417
Employee Flower	-	1,746	1,746	-	826	826
Total Agency Funds	<u>-</u>	<u>13,895,211</u>	<u>13,895,211</u>	<u>-</u>	<u>190,940</u>	<u>190,940</u>
Total all funds (memorandum only)	<u>\$ 21,499,675</u>	<u>\$ 109,051,877</u>	<u>\$ 102,809,198</u>	<u>\$ 27,742,354</u>	<u>\$ 6,508,902</u>	<u>\$ 34,251,256</u>
<u>Composition of Treasurer's Cash</u>						
Commerce Bank					\$ 18,884,510	
Western State Bank					505,520	
First National Bank					5,139,130	
American State Bank					1,914,602	
Garden City State Bank					342,580	
Plus deposits in transit					168,019	
Less outstanding checks					<u>(334,661)</u>	
Total cash in banks						\$ 26,619,700
Utility petty cash accounts						450
Accounts receivable						380,928
Investments						<u>7,250,178</u>
Total cash						<u>\$ 34,251,256</u>

CITY OF GARDEN CITY, KANSAS
Schedule of Insurance
December 31, 2013

<u>Type of Insurance - Insurer</u>	<u>Policy Number</u>	<u>Expiration Date</u>	<u>Insured Amount</u>
Buildings and personal property - The St. Paul Travelers Companies	H-630-403M4559-TIL-12	12/31/2013	\$ 65,274,747
Commercial auto - The St. Paul Travelers Companies	H-630-403M4559-TIL-12	12/31/2013	1,000,000/1,000,000
Commercial general liability - The St. Paul Travelers Companies	H-630-403M4559-TIL-12	12/31/2013	1,000,000
Aviation insurance and airport liability - Global Aerospace, Inc.	ALI14000619	02/01/2014	1,000,000
Law enforcement liability - The St. Paul Travelers Companies	H-630-403M4559-TIL-12	12/31/2013	2,000,000
Employee dishonesty coverage - The St. Paul Travelers Companies	H-630-403M4559-TIL-12	12/31/2013	250,000
Public officials liability - The St. Paul Travelers Companies	H-630-403M4559-TIL-12	12/31/2013	2,000,000/2,000,000
Gas well liability - Mid-Continent Casualty Company	04GL000864200	12/07/2014	1,000,000

STATISTICAL
SECTION

Statistical Section

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

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.	128
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	140
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.	146
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.	153
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	155

Source: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The debt limit presented on the Legal Debt Margin Information schedule on page 151 has been updated to agree with the total taxable assessed value presented on page 140.

Note: The 2012 amounts for the government-wide and governmental-type activities have been restated for prior period adjustments as discussed in Note 4, item R, on page 65 of the 2013 report.

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

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

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

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

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

	2004	2005	2006	2007
Governmental activities:				
Net investment in capital assets	\$ 29,444,859	\$ 30,340,781	\$ 30,082,449	\$ 32,766,383
Restricted	234,496	322,545	141,758	232,006
Unrestricted	<u>8,330,258</u>	<u>9,259,051</u>	<u>9,575,188</u>	<u>8,468,785</u>
Total governmental activities net position	<u>\$ 38,009,613</u>	<u>\$ 39,922,377</u>	<u>\$ 39,799,395</u>	<u>\$ 41,467,174</u>
Business-type activities:				
Net investment in capital assets	\$ 40,958,332	\$ 41,500,141	\$ 44,028,234	\$ 45,622,009
Restricted	1,025,473	1,064,866	1,102,975	1,137,405
Unrestricted	<u>9,436,297</u>	<u>9,538,962</u>	<u>9,092,540</u>	<u>8,918,876</u>
Total business-type activities net position	<u>\$ 51,420,102</u>	<u>\$ 52,103,969</u>	<u>\$ 54,223,749</u>	<u>\$ 55,678,290</u>
Primary government:				
Net investment in capital assets	\$ 70,403,191	\$ 71,840,922	\$ 74,110,683	\$ 78,388,392
Restricted	1,259,969	1,387,411	1,244,733	1,369,411
Unrestricted	<u>17,766,555</u>	<u>18,798,013</u>	<u>18,667,728</u>	<u>17,387,661</u>
Total primary government net position	<u>\$ 89,429,715</u>	<u>\$ 92,026,346</u>	<u>\$ 94,023,144</u>	<u>\$ 97,145,464</u>

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 32,525,667	\$ 31,454,153	\$ 31,975,036	\$ 32,479,006	\$ 28,238,372	\$ 34,387,771
256,240	213,341	189,267	239,073	276,747	394,287
9,943,841	9,543,948	8,541,673	8,406,287	8,134,010	(3,919,946)
<u>\$ 42,725,748</u>	<u>\$ 41,211,442</u>	<u>\$ 40,705,976</u>	<u>\$ 41,124,366</u>	<u>\$ 36,649,129</u>	<u>\$ 30,862,112</u>
\$ 47,733,618	\$ 51,227,065	\$ 53,402,931	\$ 55,236,148	\$ 58,914,266	\$ 59,500,783
1,259,840	1,234,110	1,484,641	1,444,781	1,397,130	879,564
8,677,126	9,314,091	10,471,328	11,229,120	9,540,747	13,421,092
<u>\$ 57,670,584</u>	<u>\$ 61,775,266</u>	<u>\$ 65,358,900</u>	<u>\$ 67,910,049</u>	<u>\$ 69,852,143</u>	<u>\$ 73,801,439</u>
\$ 80,259,285	\$ 82,681,218	\$ 85,377,967	\$ 87,715,154	\$ 87,152,638	\$ 93,888,554
1,516,080	1,447,451	1,673,908	1,683,854	1,673,877	1,273,851
18,620,967	18,858,039	19,013,001	19,635,407	17,674,757	9,501,146
<u>\$ 100,396,332</u>	<u>\$ 102,986,708</u>	<u>\$ 106,064,876</u>	<u>\$ 109,034,415</u>	<u>\$ 106,501,272</u>	<u>\$ 104,663,551</u>

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

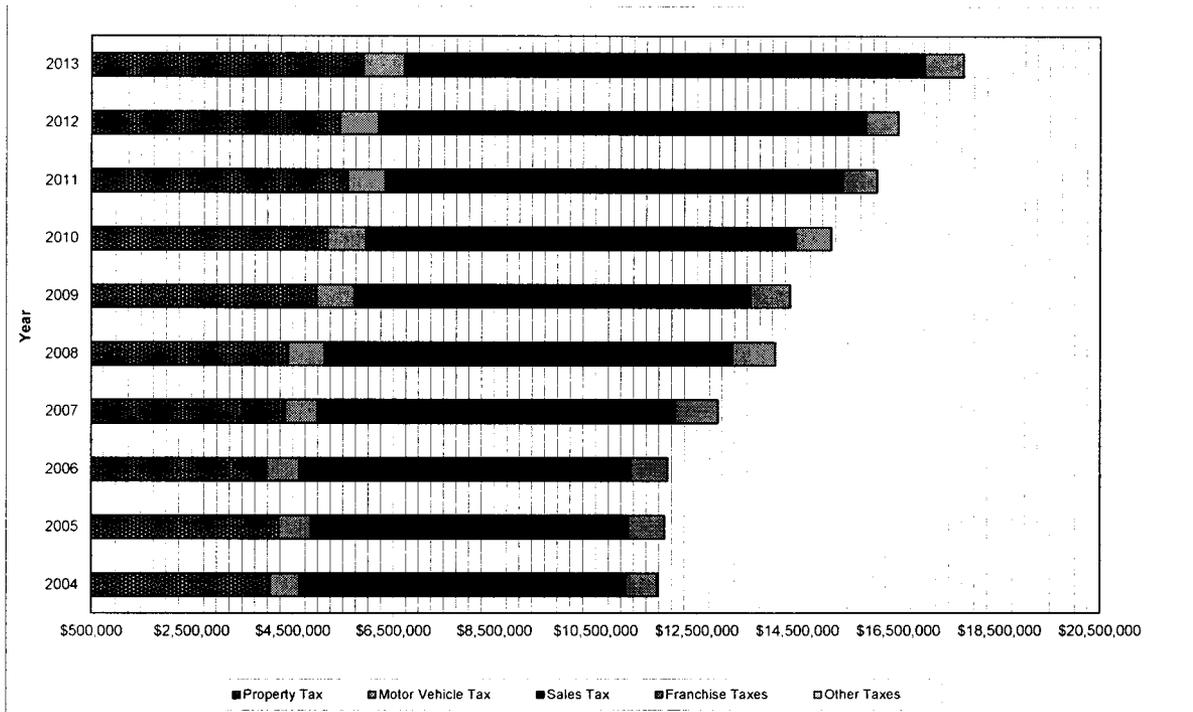
	2004	2005	2006	2007	Fiscal 2008
Expenses					
Governmental activities:					
General government	\$ 6,507,206	\$ 7,316,396	\$ 8,515,542	\$ 6,838,681	\$ 6,653,078
Public safety	5,897,958	5,867,304	6,326,228	6,930,303	7,312,265
Public works	1,341,869	771,928	2,238,682	865,762	2,425,119
Parks and recreation	1,614,017	2,294,948	1,707,918	2,316,097	2,958,139
Interest on long-term debt	325,608	277,659	281,904	323,812	328,853
Total governmental activities expenses	<u>15,686,658</u>	<u>16,528,235</u>	<u>19,070,274</u>	<u>17,274,655</u>	<u>19,677,454</u>
Business-type activities:					
Electric	13,966,263	14,352,413	16,228,944	16,942,321	19,396,414
Water and sewer	4,757,292	5,424,249	5,033,390	5,100,961	5,393,462
Airport	1,244,054	1,067,487	1,091,263	1,161,850	1,354,229
Solid waste	1,769,639	1,821,275	1,855,054	2,044,744	2,149,923
Golf course	628,578	633,050	661,343	659,059	632,179
Housing	182,176	193,477	5,397	7,341	1,905
Drainage	61,790	312,337	56,973	133,167	98,346
Total business-type activities expenses	<u>22,609,792</u>	<u>23,804,288</u>	<u>24,932,364</u>	<u>26,049,443</u>	<u>29,026,458</u>
Total primary government expenses	<u>\$ 38,296,450</u>	<u>\$ 40,332,523</u>	<u>\$ 44,002,638</u>	<u>\$ 43,324,098</u>	<u>\$ 48,703,912</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 201,684	\$ 226,808	\$ 339,891	\$ 318,971	\$ 542,897
Public safety	1,482,633	1,507,534	1,430,306	1,347,231	1,356,357
Public works	17,319	141	48	-	32,698
Parks and recreation	18,532	19,201	18,063	79,529	17,764
Operating grants and contributions	2,678,825	2,333,272	2,282,281	1,433,246	2,079,099
Capital grants and contributions	1,032,749	636,251	534,787	674,112	642,208
Total governmental activities program revenues	<u>5,431,742</u>	<u>4,723,207</u>	<u>4,605,376</u>	<u>3,853,089</u>	<u>4,671,023</u>
Business-type activities:					
Charges for services:					
Electric	15,332,112	16,495,795	17,230,391	18,868,092	20,784,933
Water and sewer	5,065,747	5,376,382	5,428,052	5,376,025	5,596,886
Airport	292,182	313,163	337,710	342,071	319,904
Solid waste	1,972,994	2,070,307	2,088,905	2,078,521	2,096,321
Golf course	389,652	381,543	393,040	390,248	407,705
Drainage	127,628	128,904	130,602	202,059	202,133
Operating grants and contributions	720,761	273,961	2,019,509	621,952	2,175,426
Total business-type activities program revenues	<u>23,901,076</u>	<u>25,040,055</u>	<u>27,628,209</u>	<u>27,878,968</u>	<u>31,583,308</u>
Total primary government program revenues	<u>\$ 29,332,818</u>	<u>\$ 29,763,262</u>	<u>\$ 32,233,585</u>	<u>\$ 31,732,057</u>	<u>\$ 36,254,331</u>
Net (expense)/revenue:					
Governmental activities	\$ (10,254,916)	\$ (11,805,028)	\$ (14,464,898)	\$ (13,421,566)	\$ (15,006,431)
Business-type activities	1,291,284	1,235,767	2,695,845	1,829,525	2,556,850
Total primary government net expense	<u>\$ (8,963,632)</u>	<u>\$ (10,569,261)</u>	<u>\$ (11,769,053)</u>	<u>\$ (11,592,041)</u>	<u>\$ (12,449,581)</u>
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes:					
Property taxes	\$ 4,055,007	\$ 4,253,964	\$ 3,983,104	\$ 4,346,459	\$ 4,407,894
Sales taxes	6,449,808	6,289,182	6,562,890	7,079,556	8,076,358
Franchise taxes	627,919	705,538	720,481	836,308	848,048
Other taxes	600,950	608,946	652,469	650,440	725,920
Investment earnings	318,808	505,618	956,891	890,270	714,423
Miscellaneous	42,873	65,898	201,909	109,734	151,646
Gain on disposal of capital assets	-	-	-	-	-
Transfers	1,968,901	1,288,646	1,264,172	1,176,578	1,340,716
Total governmental activities	<u>14,064,266</u>	<u>13,717,792</u>	<u>14,341,916</u>	<u>15,089,345</u>	<u>16,265,005</u>
Business-type activities:					
Taxes:					
Property taxes	281,976	275,754	423,666	374,102	363,283
Investment earnings	38,951	64,336	102,658	136,897	104,615
Miscellaneous	510,640	396,656	161,783	290,595	308,262
Gain on disposal of capital assets	17,930	-	-	-	-
Transfers	(1,976,121)	(1,288,646)	(1,264,172)	(1,176,578)	(1,340,716)
Total business-type activities	<u>(1,126,624)</u>	<u>(551,900)</u>	<u>(576,065)</u>	<u>(374,984)</u>	<u>(564,556)</u>
Total primary government	<u>\$ 12,937,642</u>	<u>\$ 13,165,892</u>	<u>\$ 13,765,851</u>	<u>\$ 14,714,361</u>	<u>\$ 15,700,449</u>
Change in Net Position					
Governmental activities	\$ 3,809,350	\$ 1,912,764	\$ (122,982)	\$ 1,667,779	\$ 1,258,574
Business-type activities	164,660	683,867	2,119,780	1,454,541	1,992,294
Total primary government	<u>\$ 3,974,010</u>	<u>\$ 2,596,631</u>	<u>\$ 1,996,798</u>	<u>\$ 3,122,320</u>	<u>\$ 3,250,868</u>

Year					
	2009	2010	2011	2012	2013
\$	6,699,734	\$ 4,698,266	\$ 4,009,461	\$ 4,819,389	\$ 5,950,337
	9,631,721	10,520,505	11,122,229	9,597,554	11,138,906
	2,768,845	3,997,877	3,237,551	9,626,612	8,149,727
	3,854,085	2,766,802	3,714,687	3,708,620	4,222,466
	372,770	400,611	265,565	303,726	517,357
	<u>23,327,155</u>	<u>22,384,061</u>	<u>22,349,493</u>	<u>28,055,901</u>	<u>29,978,793</u>
	18,798,030	21,157,506	22,638,475	25,493,419	27,478,722
	5,588,047	5,666,156	5,702,703	5,979,324	5,857,843
	1,305,582	1,107,934	1,248,706	1,192,292	1,440,781
	2,221,036	2,364,421	2,178,135	2,607,220	2,685,291
	708,671	763,293	820,835	850,038	943,331
	-	-	-	-	-
	82,417	98,028	272,108	190,297	105,468
	<u>28,703,783</u>	<u>31,157,338</u>	<u>32,860,962</u>	<u>36,312,590</u>	<u>38,511,436</u>
\$	<u>52,030,938</u>	<u>53,541,399</u>	<u>55,210,455</u>	<u>64,368,491</u>	<u>68,490,229</u>
\$	373,066	\$ 449,462	\$ 352,233	\$ 380,532	\$ 420,050
	1,458,791	1,594,491	1,702,490	1,668,919	1,834,479
	-	-	17,873	-	442,674
	54,137	16,734	24,045	22,992	23,225
	2,403,258	1,657,675	1,320,230	1,441,504	1,401,702
	615,363	837,029	846,951	926,049	1,234,945
	<u>4,904,615</u>	<u>4,555,391</u>	<u>4,263,822</u>	<u>4,439,996</u>	<u>5,357,075</u>
	21,424,209	23,072,844	24,206,117	26,091,924	29,757,981
	6,266,262	7,092,827	7,602,554	7,736,305	7,349,270
	326,444	286,326	236,487	301,669	321,177
	2,116,312	2,733,879	2,767,614	2,780,344	2,833,375
	437,066	448,690	451,342	500,407	496,488
	204,986	205,276	206,328	207,701	206,124
	3,432,840	1,629,530	811,252	1,359,000	659,303
	<u>34,208,119</u>	<u>35,469,372</u>	<u>36,281,694</u>	<u>38,977,350</u>	<u>41,623,718</u>
\$	<u>39,112,734</u>	<u>40,024,763</u>	<u>40,545,516</u>	<u>43,417,346</u>	<u>46,980,793</u>
\$	(18,422,540)	\$ (17,828,670)	\$ (18,085,671)	\$ (23,615,905)	\$ (24,621,718)
	5,504,336	4,312,034	3,420,732	2,664,760	3,112,282
\$	<u>(12,918,204)</u>	<u>(13,516,636)</u>	<u>(14,664,939)</u>	<u>(20,951,145)</u>	<u>(21,509,436)</u>
\$	4,978,312	\$ 5,193,216	\$ 5,588,035	\$ 5,427,306	\$ 5,890,538
	7,843,971	8,505,990	9,055,986	9,646,269	10,298,449
	776,554	707,656	670,290	638,389	769,365
	753,351	761,578	753,828	781,203	815,415
	395,687	301,284	240,453	332,773	349,180
	129,959	174,980	638,986	251,320	562,485
	-	-	17,957	236,558	-
	2,030,400	1,678,500	1,634,500	1,826,850	149,269
	<u>16,908,234</u>	<u>17,323,204</u>	<u>18,600,035</u>	<u>19,140,668</u>	<u>18,834,701</u>
	419,206	471,787	468,849	684,477	574,613
	13,934	5,929	15,714	7,661	18,002
	197,606	471,116	256,500	407,546	376,306
	-	1,268	23,854	4,500	17,362
	(2,030,400)	(1,678,500)	(1,634,500)	(1,826,850)	(149,269)
	<u>(1,399,654)</u>	<u>(728,400)</u>	<u>(869,583)</u>	<u>(722,666)</u>	<u>837,014</u>
\$	<u>15,508,580</u>	<u>16,594,804</u>	<u>17,730,452</u>	<u>18,418,002</u>	<u>19,671,715</u>
\$	(1,514,306)	\$ (505,466)	\$ 514,364	\$ (4,475,237)	\$ (5,787,017)
	4,104,682	3,583,634	2,551,149	1,942,094	3,949,296
\$	<u>2,590,376</u>	<u>3,078,168</u>	<u>3,065,513</u>	<u>(2,533,143)</u>	<u>(1,837,721)</u>

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

Fiscal Year	Property Tax	Motor Vehicle Tax	Sales Tax	Franchise Taxes	Other Taxes	Total
2004	\$ 4,045,769	\$ 583,511	\$ 6,449,808	\$ 627,919	\$ 17,677	\$ 11,724,684
2005	4,215,809	642,697	6,289,182	705,538	4,404	11,857,630
2006	3,972,128	652,469	6,562,890	720,481	10,976	11,918,944
2007	4,337,090	650,440	7,079,556	839,308	9,369	12,915,763
2008	4,400,476	725,920	8,076,358	848,048	7,418	14,058,220
2009	4,963,808	753,351	7,843,971	776,554	14,504	14,352,188
2010	5,181,820	761,578	8,505,990	707,656	11,396	15,168,440
2011	5,583,820	753,828	9,055,986	670,290	4,215	16,068,139
2012	5,422,084	781,203	9,646,269	638,389	5,222	16,493,167
2013	5,890,538	815,415	10,298,449	769,365	-	17,773,767



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

	2004	2005	2006	2007
General fund:				
Unreserved	\$ 4,331,026	\$ 4,644,051	\$ 4,686,557	\$ 4,599,827
Unassigned	-	-	-	-
Total general fund	<u>\$ 4,331,026</u>	<u>\$ 4,644,051</u>	<u>\$ 4,686,557</u>	<u>\$ 4,599,827</u>
All other governmental funds:				
Reserved	\$ 234,496	\$ 322,545	\$ 141,758	\$ 232,006
Unreserved, reported in:				
Special revenue funds	2,914,907	2,563,468	3,327,295	3,844,311
Capital project funds	223,430	1,248,935	819,556	19,309
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 3,372,833</u>	<u>\$ 4,134,948</u>	<u>\$ 4,288,609</u>	<u>\$ 4,095,626</u>

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

Fiscal Year					
2008	2009	2010	2011 (1)	2012	2013
\$ 4,857,753	\$ 4,930,556	\$ 5,100,420	\$ -	\$ -	\$ -
-	-	-	5,443,223	5,029,579	6,367,098
<u>\$ 4,857,753</u>	<u>\$ 4,930,556</u>	<u>\$ 5,100,420</u>	<u>\$ 5,443,223</u>	<u>\$ 5,029,579</u>	<u>\$ 6,367,098</u>
\$ 256,240	\$ 213,341	\$ 189,267	\$ -	\$ -	\$ -
4,401,327	4,163,831	4,198,268	-	-	-
1,857,190	1,741,915	789,840	-	-	-
-	-	-	3,539,330	3,529,531	3,590,992
-	-	-	1,650,217	1,484,702	1,292,166
-	-	-	732,257	937,398	933,077
-	-	-	-	(7,682,154)	(13,765,754)
<u>\$ 6,514,757</u>	<u>\$ 6,119,087</u>	<u>\$ 5,177,375</u>	<u>\$ 5,921,804</u>	<u>\$ (1,730,523)</u>	<u>\$ (7,949,519)</u>

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

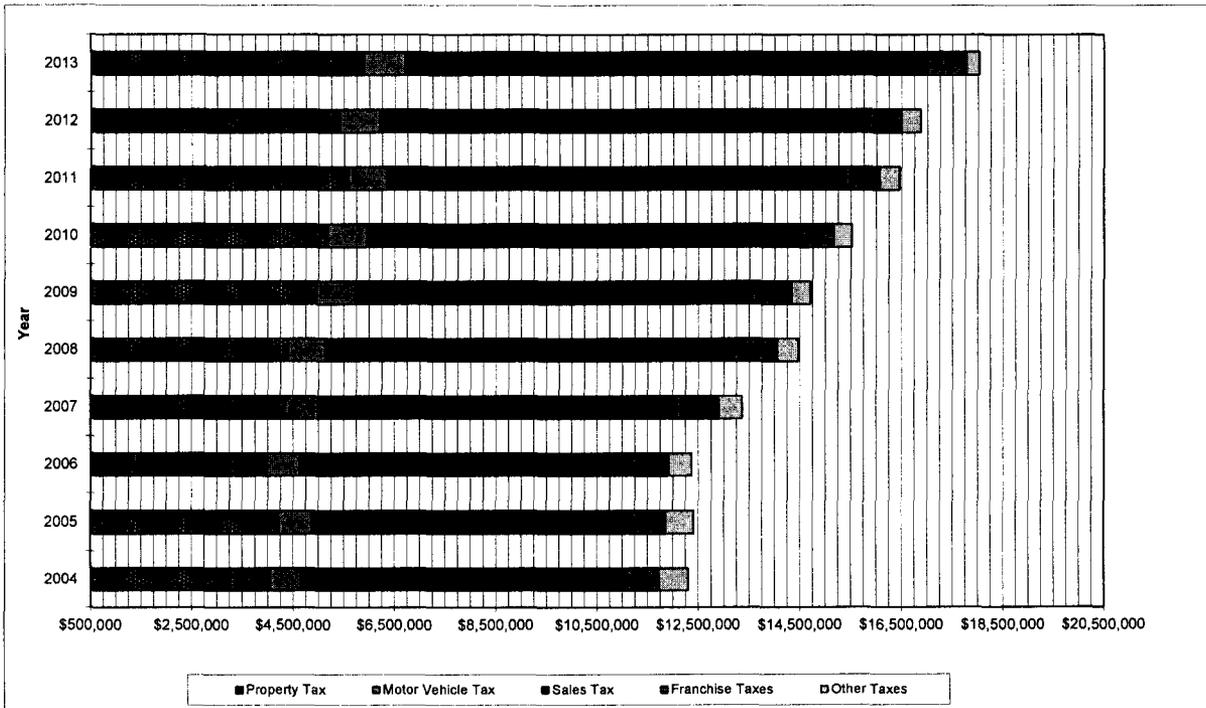
	2004	2005	2006	2007
Revenues:				
Taxes	\$ 11,105,765	\$ 11,152,092	\$ 11,198,463	\$ 12,076,455
Special assessment taxes	561,948	553,004	442,787	448,123
Intergovernmental revenue	1,463,983	1,373,840	2,282,281	1,433,246
Franchises	627,919	705,538	720,481	836,308
Licenses and permits	101,215	101,818	233,954	216,907
Use of money and property	299,767	470,251	904,927	819,395
Reimbursements/Insurance proceeds	1,282,342	959,432	-	-
Miscellaneous	42,873	65,898	201,909	109,734
Donations	403,301	83,247	92,000	225,989
Cemetery	97,564	120,560	102,778	100,430
Police and municipal court	1,280,006	1,255,877	1,181,481	1,032,772
Fire	120,845	154,074	163,485	178,364
Engineering	17,319	141	48	-
Inspection	81,782	97,583	85,340	136,095
Planning and zoning	2,905	4,430	3,159	1,634
Parks and zoo	18,532	19,201	18,063	79,529
Total revenues	17,508,066	17,116,986	17,631,156	17,694,981
Expenditures:				
Current:				
General government	4,502,985	5,258,070	5,534,780	5,177,643
Public safety	5,853,879	6,040,126	6,585,437	6,831,003
Public works	1,428,731	1,507,574	1,442,581	1,777,833
Parks and recreation	2,131,701	2,157,063	2,160,162	2,307,451
Capital outlay and capital projects	1,863,194	1,942,931	2,812,883	2,993,041
Debt service:				
Principal	2,845,000	2,124,000	1,635,000	1,445,000
Interest and fiscal charges	337,942	279,701	270,201	318,197
Refunding and bond issuance costs	-	-	21,693	195
Total expenditures	18,963,432	19,309,465	20,462,737	20,850,363
Excess of revenues under expenditures	(1,455,366)	(2,192,479)	(2,831,581)	(3,155,382)
Other financing sources (uses):				
Transfers in	3,617,236	2,124,347	1,908,950	1,828,212
Transfers out	(1,843,335)	(903,701)	(804,778)	(851,331)
Bonds issued	614,000	1,885,000	1,370,000	1,755,300
Issuance of capital leases	65,364	161,973	553,576	143,488
Sale of capital assets	-	-	-	-
Total other financing sources (uses)	2,453,265	3,267,619	3,027,748	2,875,669
Net change in fund balances	\$ 997,899	\$ 1,075,140	\$ 196,167	\$ (279,713)
Debt service as a percentage of noncapital expenditures	19.20%	14.34%	10.11%	10.43%

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 13,210,172	\$ 13,575,634	\$ 14,460,784	\$ 15,397,849	\$ 15,854,778	\$ 17,004,402
409,466	352,286	348,077	389,521	376,172	254,853
1,489,754	2,428,258	1,682,675	1,345,230	1,466,504	1,726,702
848,048	776,554	707,656	670,290	638,389	769,365
442,022	259,885	339,459	237,266	237,856	292,231
667,398	380,785	300,090	239,918	332,281	349,039
589,345	-	-	-	-	-
151,646	129,959	174,980	638,986	251,320	562,485
232,742	238,077	463,952	432,430	524,877	655,092
97,731	106,695	105,760	110,330	132,480	122,550
1,068,948	1,156,939	1,262,325	1,324,361	1,290,786	1,474,422
178,979	162,268	195,861	192,882	167,865	195,797
32,698	-	-	17,873	-	442,674
108,430	139,584	136,305	185,247	210,268	164,260
3,144	6,486	4,243	4,637	10,196	5,269
17,764	54,137	16,734	24,045	22,992	23,225
<u>19,548,287</u>	<u>19,767,547</u>	<u>20,198,901</u>	<u>21,210,865</u>	<u>21,516,764</u>	<u>24,042,366</u>
5,909,715	3,999,678	3,836,071	4,295,142	4,086,445	4,165,071
7,314,638	10,264,218	10,217,268	10,327,641	10,825,211	11,715,431
1,825,338	1,567,406	1,752,581	1,971,459	2,162,895	2,222,760
2,429,367	2,934,845	3,121,023	3,256,194	3,430,557	3,639,752
2,099,230	3,647,370	3,014,771	2,572,033	10,207,028	10,250,720
1,450,300	1,452,000	1,623,700	1,565,500	1,501,250	1,536,500
323,200	349,881	359,944	314,114	306,636	401,441
31,780	28,253	4,341	36,007	5,662	101,036
<u>21,383,568</u>	<u>24,243,651</u>	<u>23,929,699</u>	<u>24,338,090</u>	<u>32,525,684</u>	<u>34,032,711</u>
<u>(1,835,281)</u>	<u>(4,476,104)</u>	<u>(3,730,798)</u>	<u>(3,127,225)</u>	<u>(11,008,920)</u>	<u>(9,990,345)</u>
1,801,896	2,788,596	2,284,095	2,121,500	2,588,950	2,769,536
(611,180)	(1,544,366)	(850,595)	(487,000)	(762,100)	(763,186)
3,072,000	2,173,700	1,418,000	2,360,000	925,000	2,282,412
249,622	735,307	107,450	202,000	122,526	820,106
-	-	-	17,957	68,573	-
<u>4,512,338</u>	<u>4,153,237</u>	<u>2,958,950</u>	<u>4,214,457</u>	<u>2,942,949</u>	<u>5,108,868</u>
<u>\$ 2,677,057</u>	<u>\$ (322,867)</u>	<u>\$ (771,848)</u>	<u>\$ 1,087,232</u>	<u>\$ (8,065,971)</u>	<u>\$ (4,881,477)</u>
9.25%	8.22%	9.54%	8.69%	6.54%	6.88%

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

Fiscal Year	Property Tax	Motor Vehicle Tax	Sales Tax	Franchise Taxes	Other Taxes	Total
2004	\$ 4,054,769	\$ 584,591	\$ 6,449,808	\$ 627,919	\$ 578,545	\$ 12,295,632
2005	4,215,809	642,697	6,289,182	705,538	557,408	12,410,634
2006	3,972,128	652,469	6,562,890	720,481	453,763	12,361,731
2007	4,337,090	650,440	7,079,556	836,308	457,492	13,360,886
2008	4,400,476	725,920	8,076,358	848,048	416,884	14,467,686
2009	4,963,808	753,351	7,843,971	776,554	366,790	14,704,474
2010	5,181,820	761,578	8,505,990	707,656	359,473	15,516,517
2011	5,583,820	753,828	9,055,986	670,290	393,736	16,457,660
2012	5,422,084	781,203	9,646,269	638,389	381,394	16,869,339
2013	5,890,538	815,415	10,298,449	769,365	254,853	18,028,620

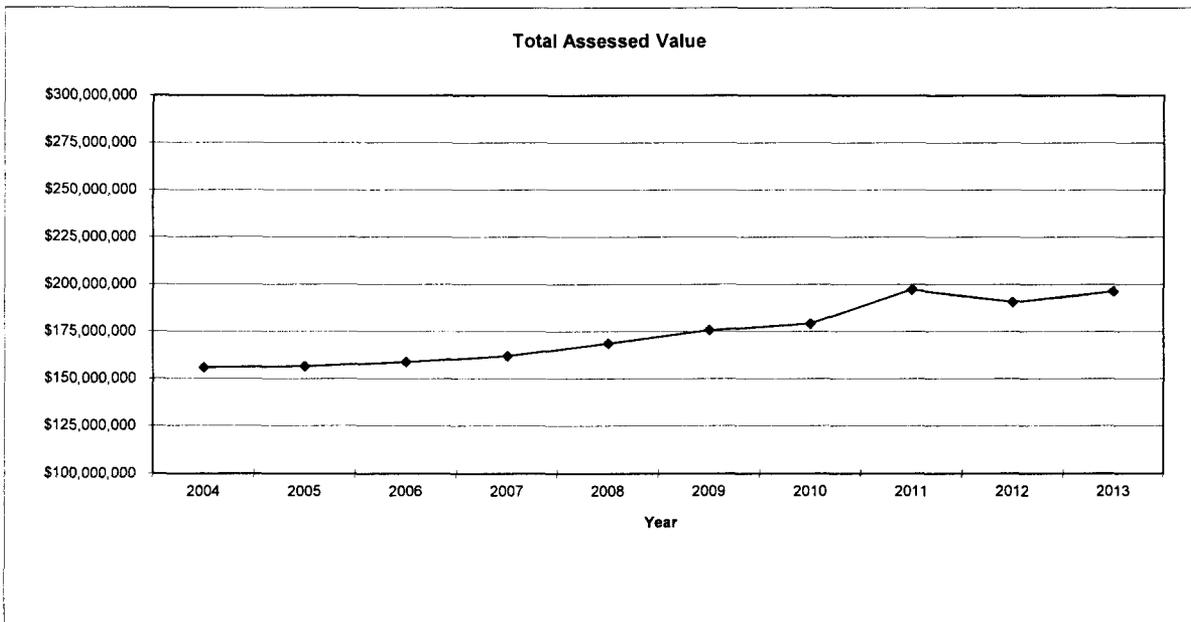


CITY OF GARDEN CITY, KANSAS
 Assessed Value and Estimated Actual Value of Taxable Property
 Retail Sales and Retail Sales Tax Rate
 Last Ten Fiscal Years

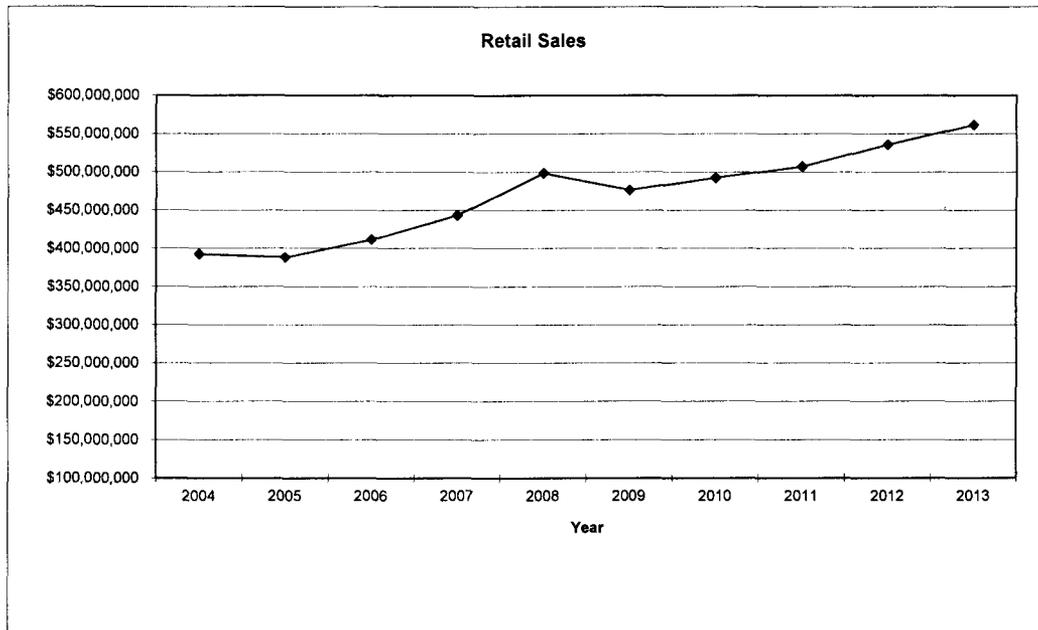
Fiscal Year	Assessed Value				Total Taxable Assessed Value	Total Direct Tax Rate
	Real Estate	Personal Property	State Utility	Motor Vehicle		
2004	\$ 120,617,527	\$ 9,563,754	\$ 2,913,615	\$ 22,879,911	\$ 155,974,807	\$ 33.93
2005	120,934,099	9,594,386	3,085,731	22,972,740	156,586,956	33.70
2006	122,887,690	9,265,313	2,953,087	23,770,228	158,876,318	33.74
2007	126,090,517	8,417,385	3,077,141	24,480,511	162,065,554	34.90
2008	131,094,161	7,677,368	2,920,903	27,137,490	168,829,922	34.96
2009	139,283,065	6,973,993	2,571,161	26,913,876	175,742,095	37.98
2010	144,481,953	6,334,757	2,544,753	25,886,364	179,247,827	37.85
2011	149,202,109	5,897,379	2,531,716	39,565,244	197,196,448	38.88
2012	155,719,616	6,208,184	2,655,867	25,997,701	190,581,368	38.96
2013	160,935,832	5,626,520	2,732,191	26,975,320	196,269,863	38.98

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

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



Estimated Actual Taxable Value Real Estate	Assessed Value as a Percentage of Actual Value	Taxable Retail Sales*	Retail Sales Tax Rate
\$ 991,826,169	15.73 %	\$ 392,462,285	1.00 %
995,962,188	15.72	388,279,267	1.00
1,035,874,909	15.34	411,333,818	1.00
1,073,053,496	15.10	443,339,785	1.00
1,117,175,220	15.11	498,786,142	1.00
1,169,648,551	15.03	476,508,922	1.00
1,214,518,251	14.76	492,834,585	1.00
1,322,021,861	14.92	507,207,150	1.00
1,415,781,760	13.46	535,820,208	1.00
1,447,584,380	13.56	561,576,931	1.00

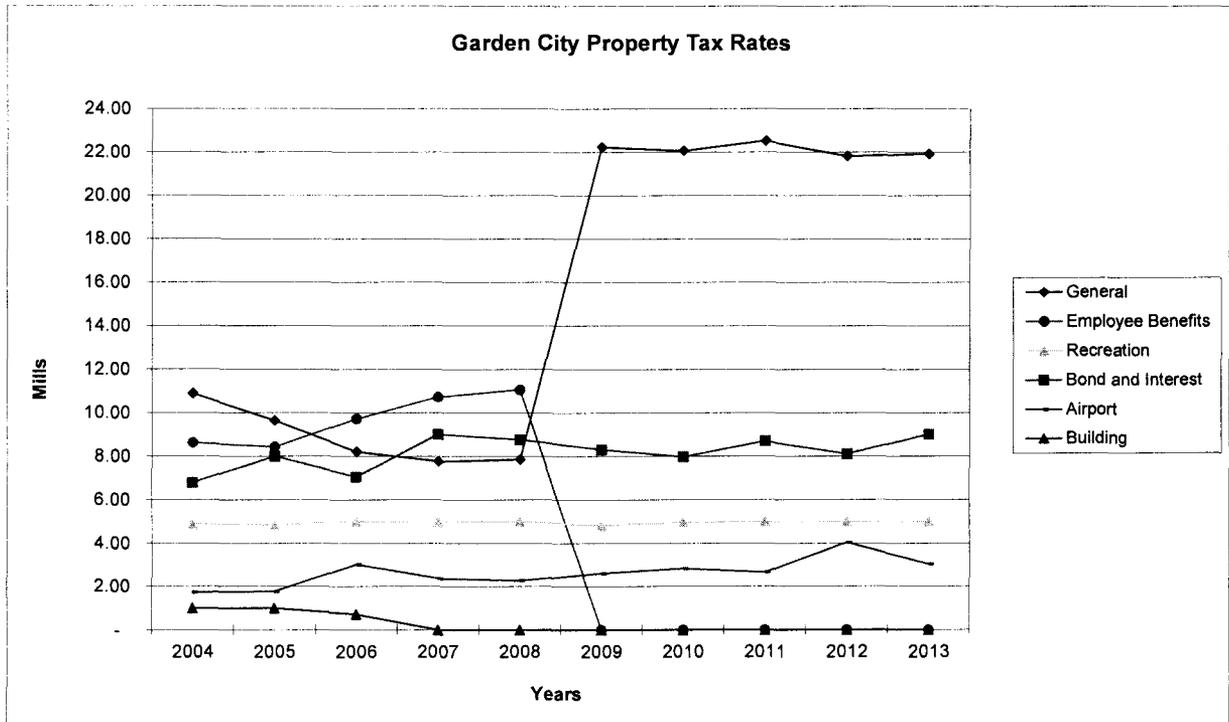


CITY OF GARDEN CITY, KANSAS
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years

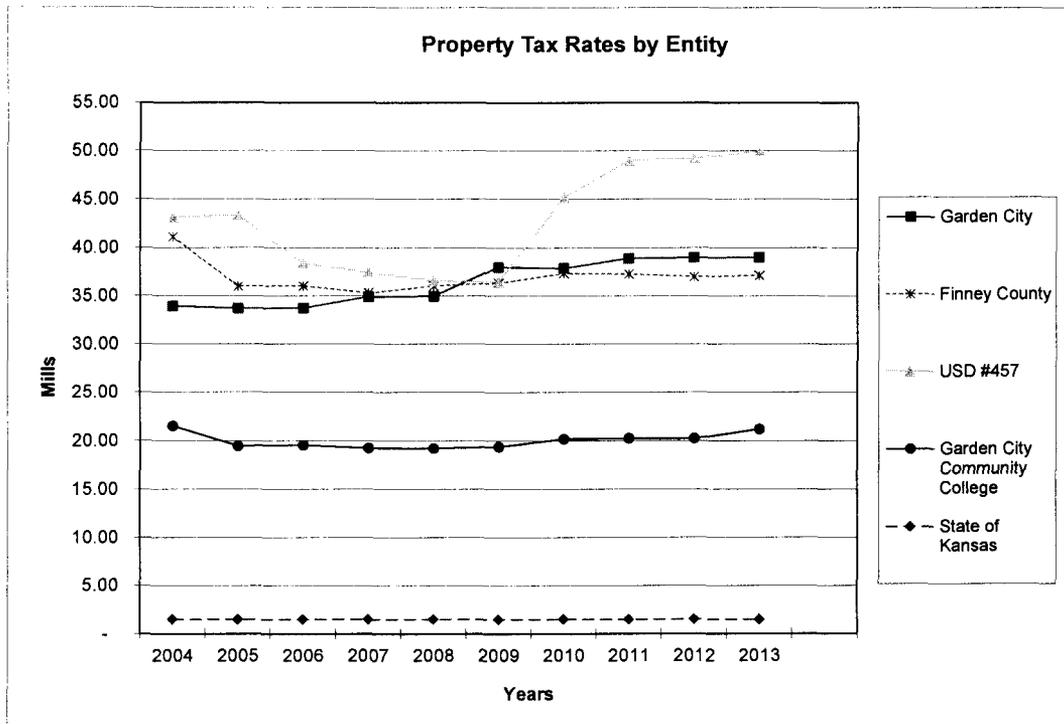
Fiscal Year	Garden City						Total
	General	Employee Benefits	Recreation	Bond and Interest	Airport	Building	
2004	10.90	8.62	4.89	6.79	1.73	1.00	33.93
2005	9.65	8.43	4.86	8.00	1.76	1.00	33.70
2006	8.21	9.73	5.01	7.06	3.01	0.72	33.74
2007	7.77	10.74	5.00	9.02	2.37	-	34.90
2008	7.85	11.07	5.01	8.76	2.27	-	34.96
2009	22.24	-	4.83	8.31	2.60	-	37.98
2010	22.07	-	4.98	7.98	2.82	-	37.85
2011	22.53	-	5.00	8.70	2.65	-	38.88
2012	21.82	-	5.00	8.10	4.04	-	38.96
2013	21.93	-	5.00	9.02	3.03	-	38.98

Rates are expressed in mills.

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



State of Kansas	Overlapping Rates			Total Direct & Overlapping Rates
	Finney County	Garden City Community College	USD #457	
1.50	41.10	21.53	43.13	141.19
1.50	35.99	19.45	43.34	133.98
1.50	36.03	19.54	38.38	129.19
1.50	35.31	19.22	37.38	128.31
1.50	36.02	19.20	36.54	128.22
1.50	36.33	19.36	36.42	131.59
1.50	37.32	20.18	45.20	142.05
1.50	37.24	20.24	48.96	146.82
1.50	36.98	20.24	49.19	146.87
1.50	37.12	21.20	49.92	148.72



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

Name	2013			2004		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Wai-Mart Real Estate Business Trust	\$ 2,610,383	1	1.54 %	\$ 2,492,748	1	1.87 %
Sam's Real Estate Business Trust	1,758,651	2	1.04			
Black Hills Corp. (KS Division)	1,670,382	3	0.99			
Golden Plains Credit Union	1,650,368	4	0.97			
Garden City Plaza LLC	1,526,176	5	0.90			
HD Development of Maryland (Home Depot)	1,379,890	6	0.82	1,962,441	2	1.47
ART Mortgage Borrower Prop Co (Americold)	1,098,878	7	0.65	993,800	8	0.75
Dayton Hudson Corp (Target)	1,092,708	8	0.65	1,035,116	6	0.78
Indy Lube Investments (Sears)	998,790	9	0.59	976,738	9	0.73
Shiva Hotels, Inc.	997,573	10	0.59			
Southwestern Bell Telephone Co.				1,907,279	3	1.43
St. Catherine Hospital (Imaging Center)				1,406,446	4	1.06
Galileo CMBS (Mall)				1,166,058	5	0.88
Steve & Ann Burgess				998,558	7	0.75
Western Building Corp.				882,484	10	0.66
Other taxpayers	154,510,744		91.25	119,273,228		89.62
Total	\$ 169,294,543		99.99 %	\$ 133,094,896		100.00 %

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

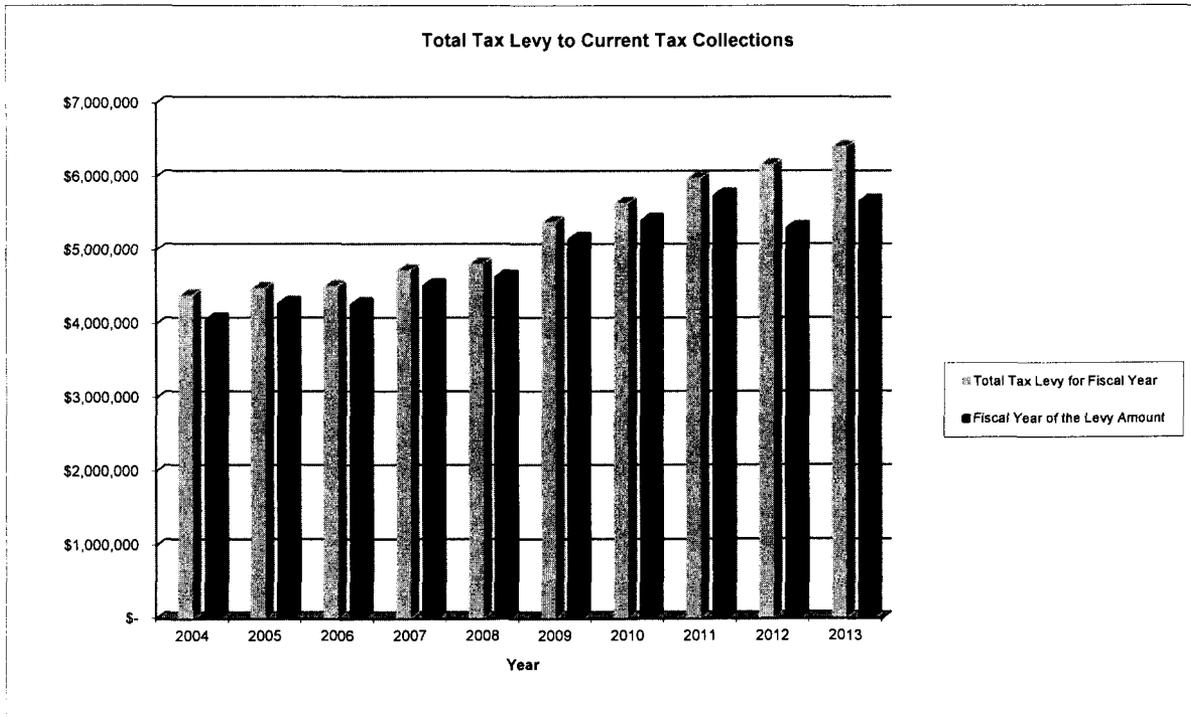
Principal Sales Taxpayers by NAICS Code
Current Year and Nine Years Ago

NAICS Code	2013			2004		
	Taxable Retail Sales	Rank	Percentage of Total Taxable Retail Sales	Taxable Retail Sales	Rank	Percentage of Total Taxable Retail Sales
Retail Trade	\$ 403,689,369	1	71.88 %	\$ 284,434,120	1	72.47 %
Accommodation and Food Services	58,953,728	2	10.50	37,119,466	2	9.46
Information	22,116,605	3	3.94	19,146,372	3	4.88
Wholesale Trade	15,264,505	4	2.72	10,998,455	5	2.80
Other Services (except Public Administration)	13,305,908	5	2.37	11,127,392	4	2.84
Utilities	11,337,721	6	2.02	7,119,602	6	1.81
Real Estate and Rental and Leasing	7,870,493	7	1.40	3,637,166	9	0.93
Manufacturing	7,306,029	8	1.30	4,814,372	8	1.23
Construction	6,771,193	9	1.21	6,517,961	7	1.66
Administrative and Waste	2,270,153	10	0.40	1,265,318	10	0.32
Professional and Technical	2,016,981		0.36	1,599,526		0.41
Finance and Insurance	280,127		0.05	243,438		0.06
Other codes	10,394,119		1.85	4,439,097		1.13
Total within Garden City	\$ 561,576,931		100.00 %	\$ 392,462,285		100.00 %

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

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

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collected for the Fiscal Year of the Levy	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2004	\$ 4,384,802	\$ 4,059,527	92.58 %	\$ 325,275	\$ 4,384,802	100.00 %
2005	4,484,633	4,278,421	95.40	206,212	4,484,633	100.00
2006	4,508,411	4,266,334	94.63	242,077	4,508,411	100.00
2007	4,724,466	4,519,744	95.67	204,722	4,724,466	100.00
2008	4,809,613	4,642,217	96.52	167,396	4,809,613	100.00
2009	5,387,799	5,156,267	95.70	199,205	5,355,472	99.40
2010	5,643,613	5,412,175	95.90	180,645	5,592,820	99.10
2011	5,981,461	5,748,296	96.10	221,202	5,969,498	99.80
2012	6,164,521	5,307,220	86.09	32,854	5,340,074	86.63
2013	6,402,896	5,668,318	88.53	-	5,668,318	88.53



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

Fiscal Year	Governmental Activities		Business-Type Activities			
	General Obligation Bonds	Capital Leases	General Obligation Bonds	Revenue Bonds	Revenue Loans	Capital Leases
2004	\$ 7,879,000	\$ 339,074	\$ -	\$ 140,000	\$ 17,510,030	\$ 43,160
2005	7,640,000	372,290	-	95,000	16,643,688	22,165
2006	7,375,000	677,630	-	50,000	15,763,041	-
2007	7,685,300	458,669	-	-	14,850,919	-
2008	9,307,000	465,606	-	-	13,906,169	-
2009	10,028,700	939,690	-	-	12,927,595	-
2010	9,823,000	744,533	15,581,726	-	-	-
2011	10,617,500	694,026	14,111,866	-	-	-
2012	10,041,250	586,104	12,643,909	-	-	15,147
2013	10,787,162	1,109,674	17,262,278	-	-	38,837

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

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

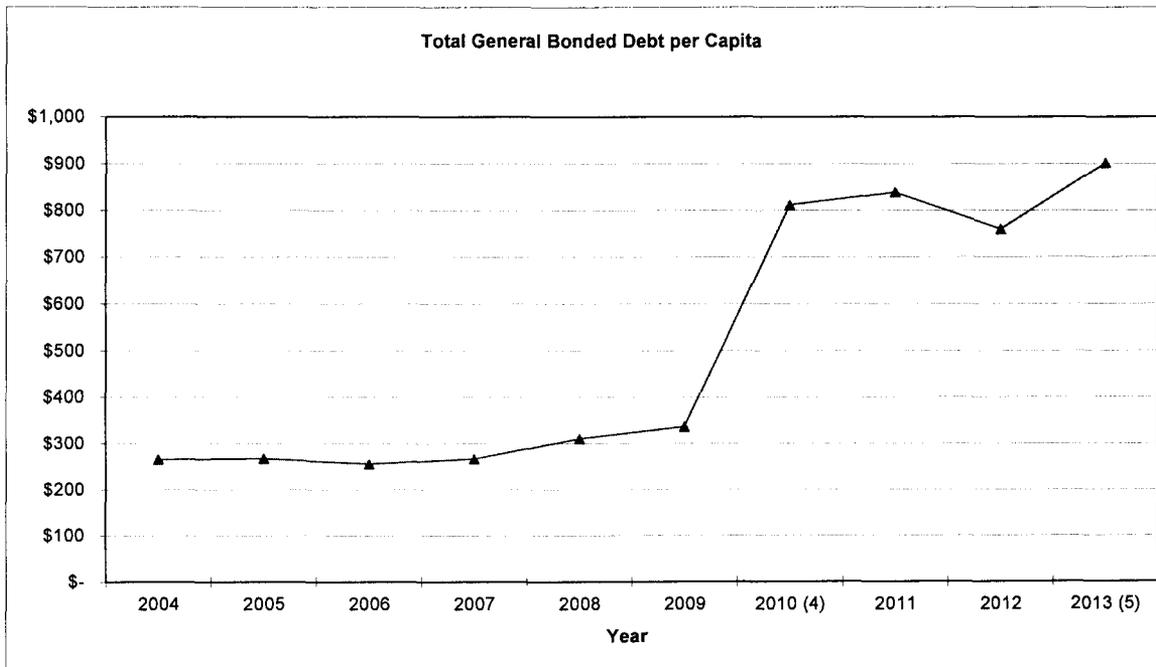
<u>Total Primary Government</u>	<u>Percentage of Personal Income *</u>	<u>Per Capita *</u>
\$ 25,911,264	2.98 %	\$ 903
24,773,143	2.78	908
23,865,671	2.64	828
22,994,888	2.37	800
23,678,775	2.54	812
23,895,985	2.84	821
26,149,259	2.40	842
25,423,392	2.28	872
23,286,410	2.39	790
29,197,951	2.66	952

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

Fiscal Year	General Obligation Bonds (1)	Less Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property (2)	Total General Bonded Debt Per Capita (3)
2004	\$ 7,879,000	\$ 234,496	\$ 7,644,504	0.01 %	\$ 266
2005	7,640,000	322,545	7,317,455	0.01	268
2006	7,375,000	141,758	7,233,242	0.01	256
2007	7,685,300	232,006	7,453,294	0.01	267
2008	9,307,000	256,240	9,050,760	0.01	311
2009	10,028,700	213,341	9,815,359	0.01	337
2010 (4)	25,404,726	189,267	25,215,459	0.02	812
2011	24,729,366	239,073	24,490,293	0.02	839
2012	22,685,159	276,747	22,408,412	0.02	760
2013 (5)	28,049,440	394,287	27,655,153	0.02	901

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

- (1) Includes special assessments.
- (2) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on pages 138 through 139 property value data.
- (3) Population data can be found in the Schedule of Demographic and Economic Statistics on page 151.
- (4) In 2010, the City issued \$15,277,000 of general obligation bonds for internal improvements and to refinance debt in its utility funds due to the lower interest rates available on the general obligation bonds. Although these bonds are general obligation bonds, it is the intent of the City to use utility revenues to meet the debt service requirements.
- (5) In 2013, the City issued \$6,121,588 of general obligation bonds for internal improvements and improvements in its utility funds due to the lower interest rates available on the general obligation bonds. Although these bonds are general obligation bonds, it is the intent of the City to use utility revenues to meet the debt service requirements.



CITY OF GARDEN CITY, KANSAS
Direct and Overlapping Governmental Activities Debt
As of December 31, 2013

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Direct:			
City of Garden City	<u>\$ 10,787,162</u>	100.00 %	<u>\$ 10,787,162</u>
Overlapping:			
Finney County	4,205,000	33.04	1,389,332
Garden City Community College	8,085,931	33.04	2,671,592
USD #457	<u>96,845,000</u>	50.87	<u>49,265,052</u>
Total overlapping debt	<u>109,135,931</u>		<u>53,325,976</u>
Total direct and overlapping debt	<u>\$ 119,923,093</u>		<u>\$ 64,113,138</u>

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

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

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

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Debt limit	\$ 46,792,442	\$ 46,976,087	\$ 47,662,895	\$ 48,619,666
Total net debt applicable to limit	<u>7,879,000</u>	<u>7,640,000</u>	<u>7,375,000</u>	<u>7,685,300</u>
Legal debt margin	<u>\$ 38,913,442</u>	<u>\$ 39,336,087</u>	<u>\$ 40,287,895</u>	<u>\$ 40,934,366</u>
Total net debt applicable to the limit as a percentage of debt limit	16.84%	16.26%	15.47%	15.81%

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

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 50,648,977	\$ 52,722,629	\$ 53,774,348	\$ 59,158,934	\$ 57,174,410	\$ 58,880,959
9,307,000	10,028,700	25,654,726	24,754,366	35,123,159	49,189,440
<u>\$ 41,341,977</u>	<u>\$ 42,693,929</u>	<u>\$ 28,119,622</u>	<u>\$ 34,404,568</u>	<u>\$ 22,051,251</u>	<u>\$ 9,691,519</u>
18.38%	19.02%	47.71%	41.84%	61.43%	83.54%

Assessed value	<u>\$ 196,269,863</u>
Debt limit (30% of total assessed value)	<u>\$ 58,880,959</u>
Debt applicable to limit:	
General obligation bonds - governmental activities	\$ 10,787,162
General obligation bonds - business-type activities	17,262,278
Temporary notes payable	<u>21,140,000</u>
Total net debt applicable to limit	<u>\$ 49,189,440</u>
Legal debt margin	<u>\$ 9,691,519</u>

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

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

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

Fiscal Year	Electric Utility Loans					Coverage
	Electric Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	
2011	\$24,210,977	\$21,903,317	\$ 2,307,660	\$ 124,500	\$ 41,455	13.91
2012	26,096,656	24,758,379	1,338,277	149,712	31,317	7.39
2013	29,862,109	26,681,452	3,180,657	159,541	29,129	16.86

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

Fiscal Year	Water and Sewer Utility Loans					Coverage
	Water and Sewer Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	
2004	\$ 5,075,101	\$ 3,104,847	\$ 1,970,254	\$ 795,415	\$ 585,076	1.43
2005	5,384,839	3,351,478	2,033,361	866,342	604,795	1.38
2006	5,430,773	3,395,097	2,035,676	880,647	574,920	1.40
2007	5,376,144	3,543,845	1,832,299	912,122	543,015	1.26
2008	5,596,999	3,895,952	1,701,047	944,750	509,939	1.17
2009	6,286,255	4,102,088	2,184,167	978,574	475,650	1.50
2010	7,094,923	4,219,113	2,875,810	1,013,639	453,507	1.96
2011	7,622,896	4,177,144	3,445,752	1,315,000	253,355	2.20
2012	7,776,945	4,629,827	3,147,118	1,292,500	289,021	1.99
2013	7,376,943	4,513,934	2,863,009	1,320,000	263,927	1.81

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

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

Fiscal Year	Population (1)	Personal Income (amounts expressed in thousands)	Per Capita Personal Income (2)	Median Age (3)	Education Level in Years of Formal Schooling (4)	School Enrollment (4)	Unemployment Rate (5)
2004	28,707	\$ 870,163	\$ 22,188	28	13	7,543	4.40 %
2005	27,295	891,582	22,827	28	13	7,400	4.20
2006	28,832	902,781	23,404	28	13	7,391	3.60
2007	28,743	971,130	24,564	28	13	7,249	3.30
2008	29,095	932,034	24,089	31	13	7,218	3.30
2009	29,093	839,960	20,999	31	13	7,400	3.70
2010	30,685	1,088,104	35,460	30	13	7,461	4.20
2011	28,855	1,116,176	38,682	30	13	7,557	4.20
2012	29,176	974,975	33,417	31	13	7,578	4.70
2013	30,678	1,099,162	35,829	31	13	7,573	3.30

Data Sources:

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

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

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

Employer	2013			2004		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Tyson Fresh Meats, Inc. (Iowa Beef Processors, Inc.)	2,200	1	15.70 %	3,100	1	25.77 %
Unified School District No. 457	1,200	2	8.56	1,100	2	9.15
St. Catherine Hospital	641	3	4.57	504	3	4.19
Garden City Community College	400	4	2.85	225	7	1.87
Finney County	350	5	2.50	350	5	2.91
Wal-Mart	315	6	2.25	405	4	3.37
City of Garden City	287	7	2.05	283	6	2.35
Dillons	250	8	1.78	210	10	1.75
Sunflower Electric Power Corp.	225	9	1.61	217	8	1.80
Unified School District No. 363	211	10	1.51			
Beef Products, Inc.	-		-	216	9	1.80
Other employers	7,937		56.62	5,418		45.04
Total	14,016		100.00 %	12,028		100.00 %

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

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

Function	Full-time Equivalent Employees as of December 31,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government	57	61	61	69	59	54	55	57	54	54
Public safety:										
Police:										
Officers	55	55	44	50	51	58	57	60	56	50
Civilians	26	31	32	26	29	30	34	29	32	26
Fire:										
Firefighters and officers	30	32	30	34	38	34	36	34	34	34
Civilians	1	1	1	1	1	1	1	1	1	1
Streets:										
Engineering	6	5	5	4	4	3	4	5	4	4
Maintenance	17	16	16	16	16	16	16	16	20	19
Sanitation	14	14	14	14	14	20	23	16	15	10
Culture and recreation	34	38	35	32	39	42	46	43	45	46
Water	12	11	11	13	12	13	13	12	14	13
Sewer	12	14	15	13	13	13	15	10	8	11
Electric	19	20	21	18	20	19	22.5	21	20	19
Total	283	298	285	290	296	303	323	304.0	303	287

Source: City Human Resource Office.

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

Function	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police:										
Physical arrests	4,003	4,372	4,125	3,509	3,242	4,294	4,557	3,407	3,169	2,477
Parking violations	479	261	243	181	211	344	471	360	283	154
Traffic violations	8,261	6,390	4,751	3,962	3,405	5,239	7,170	7,747	6,710	5,107
Fire:										
Number of calls answered	704	669	731	707	779	751	772	847	908	806
Inspections	1,601	841	119	868	923	759	850	738	923	736
Streets:										
Street resurfacing (improved miles)	120	96	124	120	120	121	121	121	122	123
Potholes patch/tons	768	543	329	733	614	580	430	381	347	355
Sanitation:										
Refuse collected (tons/day)	74	71	64	72	70	71	69	67	69	71
Recyclables collected (tons/day)	1.83	1.69	2.22	4.00	3.80	4.48	7.21	3.62	2.27	2.24
Culture and recreation:										
Golf memberships issued	179	154	196	260	271	166	249	338	275	247
Zoo admissions	198,036	209,785	200,003	190,530	181,559	198,731	182,137	183,130	155,549	190,833
Water:										
New connections	47	20	24	27	32	26	22	30	28	89
Water mains breaks	9	20	14	25	14	22	10	20	8	17
Average daily consumption (thousands of gallons)	5,040	5,416	5,585	5,489	5,705	5,365	5,472	7,426	7,396	6,432
Sewer:										
Average daily sewage treatment (thousands of gallons)	3,281	3,235	3,164	3,215	3,301	2,902	2,466	2,696	2,980	2,480
Electric:										
New connections	114	5	20	12	11	48	31	27	28	89
Average daily usage (thousands of kilowatts)	577	605	611	654	696	686	683	711	729	745

Sources: Various City departments.

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

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

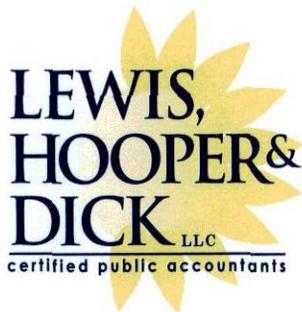
Function	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public safety:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	0
Patrol units	25	26	26	26	30	30	30	29	26	26
Motorcycle patrol units	-	-	-	-	4	4	6	6	6	6
Fire stations	2	2	2	2	2	2	2	2	2	2
Streets:										
Street (miles)	125	125	125	125	125	125	125	125	126	129
Streetlights	2,120	2,738	3,066	2,571	2,559	2,556	2,665	3,407	3,507	3,407
Traffic signals	30	29	29	30	30	30	33	35	35	34
Sanitation:										
Collection trucks	10	10	10	11	12	12	12	12	13	13
Culture and recreation:										
Park acreage	161.8	161.8	183	182	182	185	185	185	185	185
Parks	11	11	12	12	12	12	12	12	12	12
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	8	8	8	8	8	8	8	8	8	8
Senior centers	1	1	1	1	1	1	1	1	1	1
Water:										
Water mains (miles)	138.12	138.84	139	139	139	139	147	148	149	152
Fire hydrants	765	881	891	895	902	906	918	922	923	927
Maximum daily capacity (thousands of gallons)	29,000	29,000	29,000	29,000	29,000	29,000	29,000	27,000	28,000	28,000
Sewer:										
Sanitary sewer (miles)	112.30	112.30	112	113	113	113	113	113	114	117
Storm sewer (miles)	31	31	31	33	33	33	33	33	34	67
Average daily sewage treatment (thousands of gallons)	3,281	3,235	3,164	3,215	3,301	2,902	2,466	2,696	2,552	2,480
Electric:										
Number of distribution stations	9	9	9	8	8	8	8	8	9	11
Miles of service lines	320	320	321	321	322	322	322	323	328	333

Sources: Various City departments.

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

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SINGLE AUDIT
SECTION



INDEPENDENT AUDITORS' REPORT
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,
City Commissioners and City Manager
Garden City, Kansas 67846

We have audited, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the *Kansas Municipal Audit and Accounting Guide*, issued by the State of Kansas, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Garden City as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents, and have issued our report thereon dated May 22, 2014. The financial statements of the Garden City Recreation Commission were not audited in accordance with *Government Auditing Standards*; accordingly, this report does not extend to that component unit. Our report includes a reference to other auditors who audited the financial statements of the Garden City Housing Authority, as described in our report on the City of Garden City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Garden 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 of Garden City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Garden City's internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that

405 North Sixth Street | P.O. Box 699
Garden City, KS 67846
620-275-9267 | 800-627-0636
Fax: 620-275-8936 | www.lhd.com

CPAs

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

Lisa L. Axman, CPA
Sue A. Bradley, CPA
Susan A. Burgardt, CPA
Tracey Homm, CPA, CSEP
Kristin J. Sekavec, CPA
Keysha Urie, CPA
Monica J. Wilson, CPA

The Honorable Mayor,
City Commissioners and City Manager
Page 2

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2013-1 and 2012-1 to be material weaknesses.

Compliance and Other Matters

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

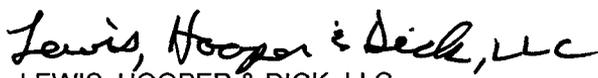
We noted certain matters that we have reported to management of the City of Garden City in a separate letter dated May 22, 2014.

City of Garden City's Response to Findings

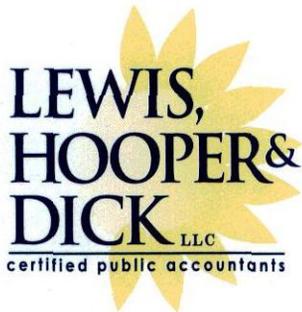
The City of Garden City's response to the findings identified in our audit is described in the accompanying corrective action plan. The City of Garden City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion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

Purpose of this Report

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


LEWIS, HOOPER & DICK, LLC

May 22, 2014



INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We have audited the compliance of the City of Garden City, Kansas, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2013. The City of Garden City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Garden City's major federal programs based on our audit of the types of compliance requirements referred to above. The City of Garden City's financial statements include the operations of the Garden City Recreation Commission, which received no federal awards during the year ended December 31, 2013, and the Garden City Housing Authority, which received \$184,182 in federal awards during the year ended December 31, 2013, which are not included in the schedule. Our compliance audit, described below, did not include the operations of the Garden City Recreation Commission because it expended no federal awards or the Garden City Housing Authority because the component unit engaged other auditors to perform an audit which was not in accordance with OMB Circular A-133 as the Garden City Housing Authority only expended \$184,182 in federal expenditures.

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

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

405 North Sixth Street | P.O. Box 699
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620-275-9267 | 800-627-0636
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The Honorable Mayor,
City Commissioners and City Manager
Page 2

Opinion on Each Major Federal Program

In our opinion, the City of Garden City, Kansas, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

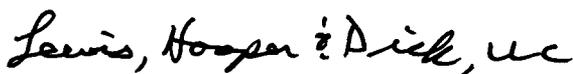
Report on Internal Control Over Compliance

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

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

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

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


LEWIS, HOOPER & DICK, LLC

May 22, 2014

CITY OF GARDEN CITY, KANSAS
Schedule of Findings and Questioned Costs
 December 31, 2013

I. SUMMARY OF AUDIT RESULTS

A. Financial Statements

- Type of auditors' report issued: Unmodified

- Internal control over financial reporting as reported in the INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS:
 - Material weaknesses identified: Yes
 - Significant deficiencies identified: None reported

- Noncompliance material to financial statements noted: None

B. Federal Awards

- Internal control over major programs as reported in the INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133:
 - Material weaknesses identified: None
 - Significant deficiencies identified: None reported

- Type of auditors' report issued on compliance for major programs: Unmodified

- Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133: None

- The programs tested as major programs include:

Program	CFDA	Grant Number	Expenditures
Airport Improvement Program	20.106	3-20-0024-34-2013	\$ 449,787
Airport Improvement Program	20.106	3-20-0024-33	166,972
Airport Improvement Program	20.106	3-20-0024-31	33,269

- Dollar threshold used to distinguish between type A and B programs: \$300,000

- Auditee qualified as low-risk auditee: Yes

CITY OF GARDEN CITY, KANSAS
Schedule of Findings and Questioned Costs
December 31, 2013

II. FINANCIAL STATEMENT FINDINGS

Finding 2013-1:

Type of Finding: Material weakness in internal control over financial reporting.

Finding: Control procedures over the recording of journal entries were not functioning as intended.

Criteria: Control procedures over the recording of journal entries should be in place to prevent, detect, and correct potential misstatement of transactions. This includes reviewing the impact of the posted journal entries to ensure the transactions are accurate.

Condition: In the current year we noted journal entries were posted as approved, but the impact of the journal entries was not reviewed. This resulted in material misstatement in several revenue and expense accounts.

Context: Incorrect journal entries resulting in material misstatements were posted as follows:

1. A \$1,402,273.81 receipt from KMEA reimbursing the City for electric projects was posted as a reimbursement against 2013 expenses in the Electric Utility fund resulting in deficit account balances. Of the receipt, \$660,338.92 was for 2012 transactions and should have been reflected as revenue. In addition, the allocation of the balance of the reimbursement did not match the accounts in which the 2013 expenses were actually recorded.
2. A journal entry was posted to reclassify expenses from the Electric Utility fund to the capital project fund. However, part of the entry included \$548,894 that was actually expended in 2012 at which time it was capitalized as part of the infrastructure additions for 2012. In addition, this amount was also part of the reimbursement the City received from KMEA mentioned previously. Consequently, the journal entry as posted resulted in a deficit expense account balance in the Electric Utility fund.
3. A journal entry was posted to move funds between capital project funds. However, the entry was posted as a reimbursement of expenses of \$317,304.01, resulting in a deficit expense account balance. Of the amount posted, \$317,999 should have been reflected as a transfer in and out of the two affected capital project funds.

Audit entries were posted to correct these journal entries.

Cause: This finding results from a lack of review of the results of journal entries posted by the City.

Effect or Potential Effect:

Failure to review the results of journal entries posted could result in a material misstatement in the financial statements which could lead to management decisions based on inaccurate information.

(continued)

CITY OF GARDEN CITY, KANSAS
Schedule of Findings and Questioned Costs
December 31, 2013

Recommendation: We recommend the effect of journal entries be reviewed by management to ensure proper recording of all transactions.

Responsible Official's

Response: The importance of reviewing the results of approved journal entries posted to the City's accounts will be stressed by management.

Finding 2012-1:

Type of Finding: Material weakness in internal control over financial reporting.

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

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

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

1. The disposal list was not a complete list due to transformers being disposed of during the year not being included in the deletions.
2. The addition list was not a complete list due to the wildlife fence addition at the airport not being included on the original list of additions.
3. Infrastructure at the water department was materially overstated.
4. Property was purchased during the year without allocating a portion of the purchase price to the cost of the land.

Context: A \$1,402,273.81 receipt from KMEA towards electric projects was not properly reflected in the City's revenue and expense accounts. This resulted in a failure to remove 2012 capitalized assets from the fixed asset records, an overstatement of the 2013 infrastructure costs capitalized, an overstatement of the 2013 construction in progress and the misstatement of revenue and expense accounts in 2013. In addition, journal entries to reclassify electric project expenses resulted in an additional deficit of \$470,634 in the electric materials expense account for 2013.

The remaining portion of the wildlife fence at the airport was completed during 2013; however, it was not included on the original fixed asset listing.

The infrastructure at the water department was materially overstated due to the reports used to calculate the amount of infrastructure at year end being incorrect.

(continued)

CITY OF GARDEN CITY, KANSAS
Schedule of Findings and Questioned Costs
December 31, 2013

Property was purchased during the year with the entire purchase price being allocated to the building instead of allocating a portion of the price to the cost of the land.

Cause: This finding results from a lack of adherence to the City's policy in recording transactions affecting the determination of fixed asset additions, deletions and construction in progress.

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

Recommendation: We recommend the effect of journal entries impacting fixed asset transactions and the resulting fixed asset listing be reviewed by management to ensure proper recording of all transactions, additions and deletions in compliance with the City's policy. The fixed asset listing and construction in progress records should be reconciled to the general ledger prior to calculation of depreciation for the year.

Responsible Official's Response: The importance of adhering to the City's policy in determining fixed asset additions and deletions will be reinforced. In addition, a review of the fixed asset reports will be performed prior to submitting the records for audit. The effect of journal entries on fixed asset transactions will be reviewed by management. Construction in progress records will be reconciled to the general ledger.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None



Corrective Action Plan
and Comments on Audit Resolution Matters Relating
to the Federal Award Programs
December 31, 2013

CITY COMMISSION

ROY CESSNA,
Mayor

MELVIN DALE

JANET DOLL

DAN FANKHAUSER

J. CHRISTOPHER LAW

May 22, 2014

The City of Garden City, Kansas, respectfully submits the following corrective action plan for the year ended December 31, 2013.

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

Audit period: January 1, 2013 through December 31, 2013

The findings from the December 31, 2013, Schedule of Findings and Questioned Costs related to the federal award programs are discussed below. The findings are numbered consistently with the number assigned in the Schedule. Section I of the Schedule, Summary of Auditors' Results, does not include findings and is not addressed.

II. FINANCIAL STATEMENT FINDINGS

Finding 2013-1

Planned Corrective Action:

The importance of reviewing the results of approved journal entries posted to the City's accounts will be stressed by management. The City will follow the same process used to review monthly and year-end reports. Financial statements, including a report of expenditures compared to budget, are prepared by the finance department and will be provided to the department heads, including the year-end reports which will be reviewed prior to submitting them for audit.

Finding 2012-1

Planned Corrective Action:

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

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None

IV. STATUS OF CORRECTIVE ACTIONS ON PRIOR FINDINGS

None

MATTHEW C. ALLEN
City Manager

MELINDA A. HITZ, CPA
Finance Director

RANDALL D. GRISELL
City Counselor

CITY ADMINISTRATIVE
CENTER
301 N. 8TH
P.O. BOX 998
GARDEN CITY, KS
67846-0998
620.276.1160
FAX 620.276.1169
www.garden-city.org

(continued)

Corrective Action Plan
and Comments on Audit Resolution Matters Relating
to the Federal Award Programs
December 31, 2013

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

Sincerely,

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

Matthew C. Allen
City Manager

CITY OF GARDEN CITY, KANSAS
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2013

Grant Title	Federal CFDA Number	Clusters	Grant Number	Program Award Amount	Disburse- ments/ Expenditures
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
Passed through State Department of Commerce:					
Community Development Block Grant (Note 3)	14.218		87-BF-206	\$ 1,047	\$ 1,047
Emergency Shelter Grants Program	14.231		ESG-FF72012	118,226	63,875
DEPARTMENT OF JUSTICE					
Direct Programs:					
Bulletproof Vest Grant Partnership Program	16.607		1121-0235	60,833	2,368
Public Safety Partnerships and Community Policing Program	16.710		2009CKWX0398	150,000	28,090
Edward Byrne Memorial Justice Assistance Grant Program	16.738	A	2013-DJ-BX-0857	11,942	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	A	2012-DJ-BX-0188	15,898	15,813
ARRA Justice Assistance Grant Program	ARRA 16.804	A	2009-SB-B9-2351	100,400	904
Drug Enforcement State & Local Task Force Grant Program	16.XXX		DEA Garden City	31,146	15,947
DEPARTMENT OF TRANSPORTATION					
Direct Programs:					
Airport Improvement Program	20.106		3-20-0024-34-2013	680,715	449,787
Airport Improvement Program	20.106		3-20-0024-33	617,392	166,972
Airport Improvement Program	20.106		3-20-0024-31	554,476	33,269
Passed through State Department of Transportation:					
Highway Planning and Construction - Safe Routes to Schools Program	20.205		28 U-0074-01	250,000	250,000
State and Community Highway Safety	20.600		OP-0992-14	5,000	-
State and Community Highway Safety	20.600		OP-0992-13	7,000	4,532
State and Community Highway Safety	20.601		AL-9476-13	6,635	3,113
Occupant Protection Incentive Grants	20.602		OP 1453-13/SP-4205-13	5,694	3,483
DEPARTMENT OF HOMELAND SECURITY					
Direct Programs:					
Law Enforcement Officer Reimbursement Agreement Program	97.090		HST0208HSLR151	630,000	20,905
Passed through Kansas Highway Patrol:					
Homeland Security Grant Program	97.067			66,975	29,316
TOTAL FEDERAL EXPENDITURES - PRIMARY GOVERNMENT					<u>\$ 1,089,421</u>

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

CITY OF GARDEN CITY, KANSAS
Notes to Schedule of Expenditures of Federal Awards
December 31, 2013

1. General

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

2. Basis of accounting

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

3. Community Development Block Grant

Receipts included as program revenues are from payments received on a revolving loan fund originally established through Community Development Block Grant monies. The original program was closed out in prior years. Loans receivable at December 31, 2013, totaled \$197,113.

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