City of Olathe, Kansas

2017 Comprehensive Annual

Financial Report

For Year Ended December 31, 2017



City of Olathe, Kansas

Comprehensive Annual Financial Report

Year Ended December 31, 2017

Principal Officials

Mayor

Michael Copeland

City Council

John Bacon

Karin Brownlee

Larry Campbell

Wesley McCoy

Jim Randall

Marge Vogt

City Manager

J. Michael Wilkes

Assistant City Manager

Susan E. Sherman

City Clerk

Emily Vincent

Legal Counsel

Ronald R. Shaver

Prepared by Department of Resource Management

Dianna Wright, Director Resource Management

Amy Tharnish, CPA, Assistant Director Finance Services

Loretta Morgan, Accounting Manager

Scott McDonald, Senior Accountant


OLATHE
KANSAS

City of Olathe, Kansas
Comprehensive Annual Financial Report
Year Ended December 31, 2017

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Introductory Section

June 1, 2018

Honorable Mayor, Members of the City Council, and Citizens of the City of Olathe, Kansas

Finance Services is pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Olathe, Kansas (the City), for the fiscal year ended December 31, 2017.

The responsibility for accuracy, completeness, and fairness of the data presented, including all disclosures, rests with the City. We believe the report, as presented, is accurate in all material aspects and is presented in a manner designed to fairly set forth the financial position and results of the City, on a Government-wide and Fund basis. It is our belief that all disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included. To enhance the reader's understanding of these financial statements, note disclosures have been included as an integral part of this document.

This report was prepared by the City's Finance Services staff in accordance with generally accepted accounting principles (GAAP), which are uniform minimum standards and guidelines for financial accounting and reporting in the United States. This report is intended to provide sufficient information to permit the assessment of stewardship and accountability and to demonstrate legal compliance.

The City's financial statements have been audited by Mize Houser & Company PA (the Auditor) as required by K.S.A. 75-1122. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for fiscal year ended December 31, 2017 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The Auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended December 31, 2017, are fairly presented in conformity with GAAP. The Auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of Federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and compliance with legal requirements involving the administration of federal awards. These reports are available in the City's separately issued Single Audit Report. The costs of a control should not exceed the benefits to be derived. The objective is to provide reasonable, rather than absolute assurance, that the financial statements are free of any material misstatements.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the Auditor.

In evaluating the City as a reporting entity, management has considered all potential component units. Determination of whether an entity is controlled by, or dependent on, the City is made on the basis of budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the City, or the City's obligation to fund any deficit that may occur. As required by GAAP, the City has included the Olathe Public Housing Authority's activities in its financial statements as a discretely presented component unit.

Profile of the City

Olathe has always been an important destination – just as it is today. Among its earliest visitors were those who traveled the Santa Fe Trail, whether they were turn-of-the-century freighters ferrying cargo to the Southwest, farm families on the move to Oregon, or stagecoach travelers stopping at Mahaffie Stagecoach Stop and Farm while making their way west. Olathe played a vital role in Western expansion as the site where three historic trails – the Santa Fe, Oregon, and California trails – converged.

The City was founded in 1857. Its name was derived from the Shawnee Indian word for "beautiful" and is pronounced "o-LAY-tha." The City operates under a Council-Manager form of government. The mayor is elected at-large for a four-year term. Four of the six council members are elected on a non-partisan basis by wards for four year terms. The other two council members are elected on a non-partisan basis by the city at large for a four-year term. The City Manager is appointed by the Mayor and City Council as the chief administrative officer of the City and is charged with the efficient and effective administration of the City.

As a city in a free state, Olathe was the scene of Civil War clashes. After the war, businesses opened, churches and cultural centers were built, and the community flourished. Olathe is home to Mid-America Nazarene University, the largest private college in the State, and the Kansas School for the Deaf, a 15-acre campus founded in 1861. Today, Olathe is a full-service community operating its own water, wastewater, and refuse programs as well as a full array of public safety, public works, and development and support services.

Olathe has encountered tremendous growth over the last several decades and evolved into the dynamic community it is today. Olathe is the county seat of Johnson County, Kansas, the Greater Kansas City area's most affluent and fastest-growing county. Olathe's strong and steady growth began about 50 years ago. Olathe was still a small, rural town in the 1960s with a population of just over 10,000. Olathe began to experience a tremendous amount of growth that continues today; adding nearly 30,000 new residents between 1990 and 2000. The City estimates the 2017 population to be 138,922 making it the second largest city in Johnson County and the fourth largest city in the State. Olathe has blossomed not only into a full-blown city, but also a strong suburban community in the southwest portion of the metropolitan Kansas City area.

The City is also financially accountable for a legally separate housing authority; which is reported as a component unit in the City's financial statements.

Expenditures are authorized in a budget, approved by the City Council, as required by State Statute. Expenditures cannot exceed the budgeted amount for each fund. Budgetary control is maintained through the use of an encumbrance system. As purchase orders are issued, corresponding amounts of appropriations are reserved with the use of encumbrances, for later payment, so that appropriations may not be overspent. Kansas Statues also require unencumbered cash to be on hand before an obligation can be incurred. Budget-to-actual comparisons are provided in this report for each individual fund for which an appropriated budget has been adopted.

Factors Affecting Financial Condition

Local economy The City is a fast-growing community with an average of almost seven new residents every day. The recent expansion of industrial and commercial businesses provides new jobs for local and regional residents. The City has transformed from a bedroom community into a force in the Kansas City Metropolitan Area. It continues to be an attractive location for both families and businesses. Some recent City awards include Tree City USA designation, 2017, Silver Level Healthy KC Certified, American Public Works Association Reaccreditation, and Commission on Fire Accreditation International Accredited Agency. At the end of 2017, the City's unemployment rate was 2.4% compared to 3.6% for the State of Kansas and the national rate of 4.1%.

Long-term financial planning The City prepares a five-year Capital Improvement Plan (CIP). The CIP includes estimated costs for constructing, upgrading, and replacing the City's physical infrastructures. The fiscal year 2018-2022 CIP includes project costs totaling an estimated $417 million. Of the $119 million of funding for 2018, 73% is projected to come from funding sources other than General Obligation Debt (i.e., cash and

intergovernmental revenues). In preparing the capital budget, needs are assessed, public improvements are prioritized, and costs are projected. This budget is reviewed biannually as projects are re-prioritized and the financial condition of the City is evaluated. The City has been building fund balance in the Debt Service Fund for several years. This will keep the mill levy rate fairly constant as several major projects are bonded (Indian Creek Library, Street Reconstruction, 143rd Street, Pflumm to Quivira, and the Lake Olathe/Park Master Plan).

In addition to the infrastructure projects contained in the CIP, the City works closely with the Olathe Chamber of Commerce to aggressively promote economic development by attracting companies to locate or relocate facilities to Olathe. Retail Manufacturing/Warehouse and Office development continues to grow throughout the City. In 2017, nearly 1.14 million square feet of new space was added to the City and nearly 320,000 square feet of existing space was filled.

Other City's additions and expansions include:

- QuikTrip opened a new store at Dennis & Parker for a $750,000 investment.
- Aldi relocated one store to a new location and remodeled an existing space for a $3.2 million investment.
- Chuy's, a Tex-Mex restaurant, was opened at 119th & Strang Line for a $1.5 million investment.
- Garmin began construction to expand its headquarters. The new construction includes a 720,000 square foot manufacturing and distribution center.
- Old Navy relocated to a new space at 119th and BlackBob for a $1.5 million investment.
- A new Johnson County Courthouse is being constructed in downtown Olathe. Demolition began late 2017. The project is expected to be completed in 2021. This will be an $182 million investment.
- A 9-field soccer complex with 2 new hotels and several new retail pads is being developed at K-10 Highway and Ridgeview Rd. The soccer fields are scheduled for operations in January 2019. The total project is nearly a $60 million investment.

Relevant financial policies The Organizational Scorecard (Scorecard) is a tool that helps to align business activities with strategic priorities. It allows management to plan and monitor program results from four perspectives: Satisfied Customer, Financially Strong, Effective Organization, and Engaged Workforce. The City's Scorecard helps manage progress toward strategic targets, promote continuous improvement in efficiency, and provide better service delivery and value for tax dollars invested.

Fiscal principles have also been established to ensure the City meets its responsibility to citizens to carefully account for public funds, manage municipal finances wisely, and plan for adequate funding of City services and improvements. These principles provide the framework for day-to-day decision making and are the foundation for long term financial stability. Fiscal principles are reviewed by the City Manager and finance staff on a periodic basis to ensure the City is prepared for changing circumstances and economic conditions. The fiscal principles are listed below.

1. The City will continuously evaluate its financial position to ensure stability of the City to its citizens.
2. The City will minimize the use of long term debt to finance major projects to avoid placing debt on future tax payers.
3. The City will provide a balanced revenue structure which is responsive to economic conditions.
4. The budget will be prepared in a manner in which all current revenues will pay the costs of all current expenditures (balanced budget).
5. The City Council will hold public hearings which will allow public input on budgetary spending.
6. The budget will establish legal fund level spending limits.
7. The budget will establish maintenance reserves to allow for maintenance of capital assets.
8. The budget will apply one time cash revenues to non-recurring expenditures.
9. The budget will address major capital improvement priorities which have been prioritized by the City Council.
10. The City will maintain City services through innovative budgeting procedures and fiscal management in an effort to maintain the current mill levy rate.

Major initiatives Stewardship has allowed the City to remain on solid financial footing. Being financially resilient has allowed the City to maintain its fund balance at the Council target of 30%. It has met maintaining the mill levy which has been constant since 1990 and remains so in the 2018 budget. It has allowed the City to be viewed very favorably by rating agencies. The City enjoys a AA+ rating with Standard and Poor's and Fitch. Stewardship has also led the City to invest in its assets to ensure costs are planned for and controlled over the entire journey rather than draining reserves or neglecting maintenance. In 2014, Olathe voters approved a 3/8 cent sales tax to ensure streets are maintained at the most cost effective level. The 2018 budget increases cash going to that program to stay ahead of the street maintenance curve.

Providing excellent services at an excellent value has been and continues to be a consistent driver for the City. While citizen satisfaction remains exceptionally high, the trend of employees per 1,000 residents continues to decline. Rather than relying solely on additional manpower, the City has achieved those results though community partnerships, public engagement, fostering a culture of innovation and excellences within its employees, and technology. The 2017 DirectionFinder survey results demonstrate the City continues to be a leader in the Kansas City metro and the nation in overall satisfaction as rated by residents. The survey shows the majority of residents in Olathe (73%) are satisfied with the overall value received for the taxes and fees.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Olathe for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2016. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR), whose contents conform to program standards. Such CAFR must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City has received a Certificate of Achievement for the last 39 consecutive years. We believe our current CAFR continues to conform to the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report could not have been accomplished without the professional, efficient and dedicated services of the staff of the Resource Management Department. We want to express our appreciation to all members of the department that contributed to its preparation. Special thanks are extended to Loretta Morgan (Accounting Manager) and Scott McDonald (Senior Accountant), for their primary role in preparation of this CAFR. We would also like to thank the City Council and City Manager for the direction and support necessary to plan and conduct the financial operations of the City in a responsible, sound manner. Finally, we would like to extend the City's thanks to Mize Houser & Company PA for the cooperation and professional assistance provided during the audit of the City's 2017 financial records.

Respectfully submitted,





Dianna Wright
Director of Resource Management

Amy Tharnish, CPA
Assistant Director of Finance Services

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Olathe

Kansas

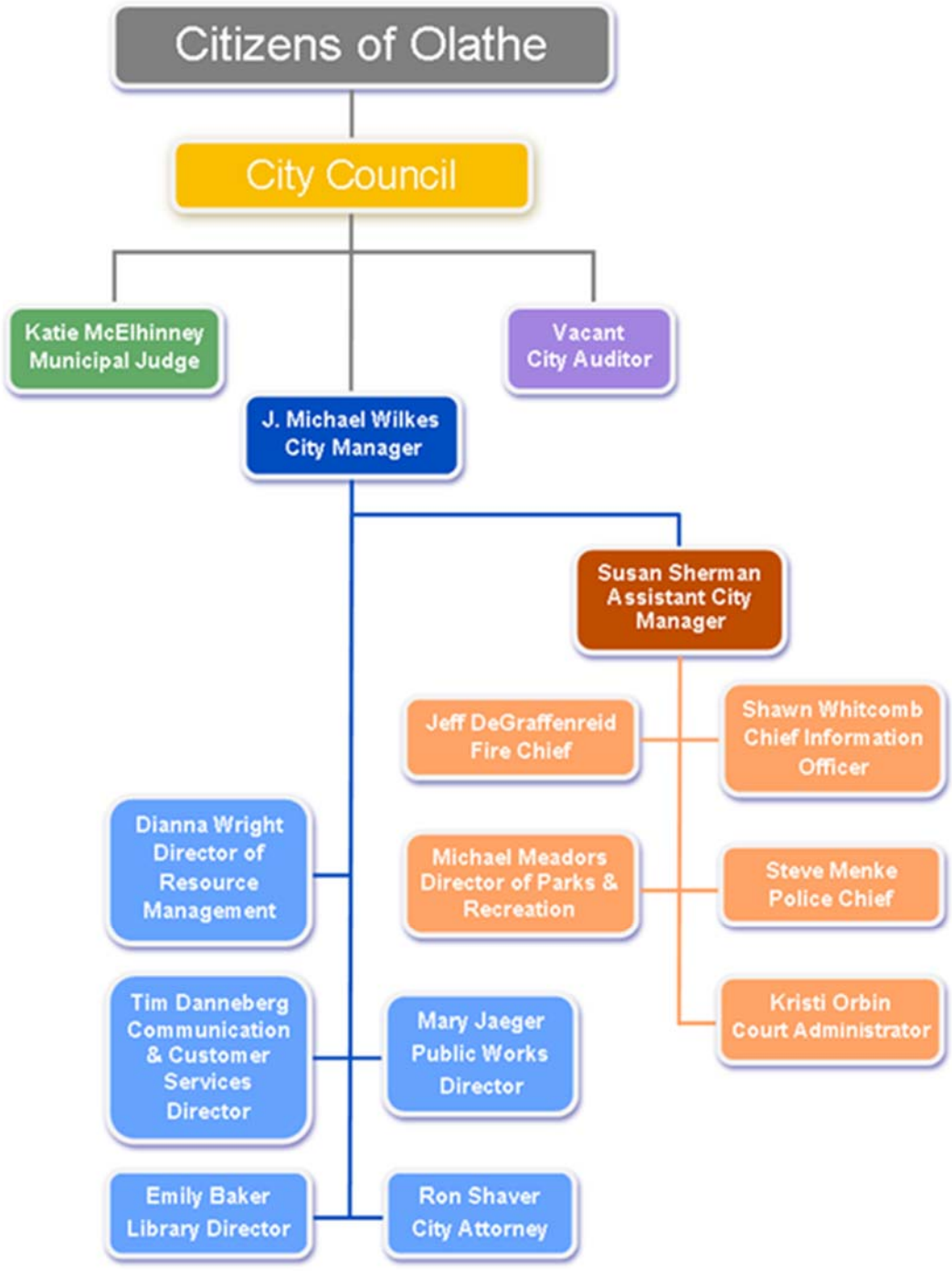
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

Christopher P. Morrill

Executive Director/CEO

Organizational Chart



Financial Section

MIZE HOUSER & COMPANY P.A.

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Olathe, Kansas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Olathe, Kansas (the City), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement 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*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

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

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

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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Olathe, Kansas, as of December 31, 2017, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Emphasis of Matter

The financial statements of the City of Olathe, Kansas, as of December 31, 2016, were audited by other auditors whose report dated June 8, 2017, expressed an unmodified opinion on those statements.

Other Matters

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

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

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards
In accordance with *Government Auditing Standards*, we have also issued our report dated June 1, 2018, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 the City's internal control over financial reporting and compliance.

Mize Houser & Company PA

Certified Public Accountants
Lawrence, Kansas
June 1, 2018

Management's Discussion and Analysis

As management of the City of Olathe (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2017. 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 iii – vi of this report, the City's basic financial statements which begin on page 13, and the related notes to the basic financial statements which begin on page 31.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources as of December 31, 2017 by $828,173,354 (net position). Of this amount, $71,159,700 (unrestricted net position) may be used to meet the City's ongoing obligations.
- The City's total net position increased by $37,720,344. Governmental donated capital assets were $14,249,819 and business-type donated capital assets were $3,286,002. Sales tax increased $3,749,098 over 2016. Part of the reason for the increase is a large increase in the amount of use tax collected in 2017 compared to 2016.
- As of December 31, 2017, the City's governmental funds reported combined ending fund balances of $134,202,278, an increase of $7,629,840 from the prior year. The primary reason for the overall increase in fund balance of the City's governmental funds was attributable to the issuance of refunding general obligation bonds, but the old debt has yet to be paid off.
- At December 31, 2017, the fund balance for the general fund was $29,040,528 or 31.1% of general fund revenues.
- The City's total debt, including temporary notes, increased by $8,016,255 during 2017 to a total of $378,451,009. The key factor in this increase was business-type activities issuing new debt in 2017.
- The Net OPEB Obligation as of the close of 2017 is $9,971,128.
- The Net Pension Liability as of the end of the year is $71,227,955.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to 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'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 and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the 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 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 government activities of the City include general government, public safety, public works, and community services. The business-type activities of the City include water and sewer and solid waste.

The government-wide financial statements include not only the City (known as the primary government), but also the legally separate entity for which the City is financially accountable. Financial information for the discretely presented component unit (Olathe Public Housing Authority) is reported separately from the financial information presented for the primary government.

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, 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 can be divided into two categories: governmental funds and proprietary 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 the 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 government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between the governmental funds and governmental activities.

The City maintains 19 individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, Capital Projects Fund, and Special Tax Financing Fund (debt service), all of which are considered to be major funds. Data from the other 15 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 on pages 82 – 85 of this report.

The City adopts an annual appropriated budget for the General Fund. A budgetary comparison statement has been provided for this fund to demonstrate compliance with this budget.

Proprietary funds

The City maintains two different types of proprietary 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 water and sewer operations and solid waste operation. 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 central garage, risk management, vehicle replacement, and personal computer replacement activities. These four services predominantly benefit governmental rather than business-type functions. Therefore, they have been included with the governmental activities in the government-wide financial statements.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements on pages 104 – 107 of this report.

Notes to the Basic Financial Statements

The notes to the basic financial statements begin on page 31. They provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $828,173,354 at December 31, 2017. The City's net position increased by $37,720,344. Governmental activities increased net position by $28,482,356 while business-type activities increased net position by $9,237,988 in 2017.

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Current and other assets	$ 275,792,101	$ 254,066,336	$ 61,764,923	$ 55,837,770	$ 337,557,024	$ 309,904,106
Capital assets	644,633,414	621,546,141	356,593,197	350,582,296	1,001,226,611	972,128,437
Total assets	920,425,515	875,612,477	418,358,120	406,420,066	1,338,783,635	1,282,032,543
Deferred outflows of resources	13,902,894	16,126,337	2,114,218	2,308,052	16,017,112	18,434,389
Long-term liabilities	297,408,778	303,399,240	124,792,983	122,068,536	422,201,761	425,467,776
Other liabilities	54,321,225	38,466,533	1,059,510	1,409,674	55,380,735	39,876,207
Total liabilities	351,730,003	341,865,773	125,852,493	123,478,210	477,582,496	465,343,983
Deferred inflows of resources	48,634,204	44,391,196	410,693	278,744	49,044,897	44,669,940
Net position						
Invested in capital assets	428,374,947	412,629,059	244,073,175	240,994,461	672,448,122	653,623,520
Restricted	78,369,300	81,324,117	6,196,232	10,041,625	84,565,532	91,365,742
Unrestricted	27,219,955	11,528,670	43,939,745	33,935,078	71,159,700	45,463,748
Total net position	$ 533,964,202	$ 505,481,846	$ 294,209,152	$ 284,971,164	$ 828,173,354	$ 790,453,010

By far the largest portion of the City's net position (81.2%) reflects its investments in capital assets (e.g., land, buildings, infrastructure, machinery, 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 are not available for future spending. Although the City's investments in its capital assets is reported net of related debt, it should be noted that the resources needed to repay the debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the City's net position, $84,565,532 (10.3%), represents resources that are subject to external restrictions on how they may be used. Future debt service payments of $56,780,244 are restricted. This increased $3,357,453 over the prior year. The City has been building up reserves in the Debt Service Fund to pay for future anticipated debt payments.

The remaining balance of the net position of $71,159,700 ($27,219,955 governmental activities and $43,939,745 business-type activities) is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

City of Olathe, Kansas
Changes in Net Position

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	$ 23,218,619	$ 22,551,154	$ 58,660,934	$ 56,538,762	$ 81,879,553	$ 79,089,916
Operating grants and contributions	2,691,260	2,798,886	-	-	2,691,260	2,798,886
Capital grants and contributions	38,451,050	47,057,319	3,286,002	4,416,279	41,737,052	51,473,598
General revenues:						
Property taxes	47,021,050	43,336,975	-	-	47,021,050	43,336,975
Other taxes	82,007,947	77,820,649	-	-	82,007,947	77,820,649
Interest	1,512,957	862,779	477,905	291,045	1,990,862	1,153,824
Other	2,443,044	2,165,115	1,307,433	1,328,441	3,750,477	3,493,556
Total revenues	197,345,927	196,592,877	63,732,274	62,574,527	261,078,201	259,167,404
Expenses:						
General government	30,659,017	29,698,687	-	-	30,659,017	29,698,687
Public safety	51,947,482	43,586,807	-	-	51,947,482	43,586,807
Public works	61,820,535	74,644,080	-	-	61,820,535	74,644,080
Community services	16,667,781	16,168,880	-	-	16,667,781	16,168,880
Interest on long-term debt	7,906,438	7,239,575	-	-	7,906,438	7,239,575
Water and sewer	-	-	41,493,532	38,786,625	41,493,532	38,786,625
Solid waste	-	-	12,863,072	12,176,917	12,863,072	12,176,917
Total expenses	169,001,253	171,338,029	54,356,604	50,963,542	223,357,857	222,301,571
Excess before transfers	28,344,674	25,254,848	9,375,670	11,610,985	37,720,344	36,865,833
Transfers	137,682	2,251,686	(137,682)	(2,251,686)	-	-
Change in net position	28,482,356	27,506,534	9,237,988	9,359,299	37,720,344	36,865,833
Net position, beginning of year, as previously reported	505,481,846	474,301,249	284,971,164	275,611,865	790,453,010	749,913,114
Prior period adjustment	-	3,674,063	-	-	-	3,674,063
Net position, beginning of year, restated	505,481,846	477,975,312	284,971,164	275,611,865	790,453,010	753,587,177
Net position, end of year	$ 533,964,202	$ 505,481,846	$ 294,209,152	$ 284,971,164	$ 828,173,354	$ 790,453,010

Governmental activities

Governmental revenues increased $753,050 or less than 1% over the prior year. Taxes increased by $7,871,373 with sales tax making up $4,187,298 of that increase. Capital grants and contributions decreased $8,606,269.

Governmental expenses increased $2,615,091 or 1.5%. General government activities increased $960,330. Public Safety increased $8,360,675. Public works expenses decreased $8,186,680. Community services increased $498,901. Part of the increases is public safety is related to new equipment purchased with a grant. Part of the decrease in public works is because of less depreciation.

Business-type activities

Business-type activities increased the City's net position by $9,237,988. A key element of the changes between 2016 and 2017 was capital contributions for developers. This continues to be a major source of revenue for the Water and Sewer Utility. Capital contributions increased net position by $3,286,002 in 2017.

Financial Analysis of the City's Funds

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

Governmental funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the main operating fund of the City. At the end of 2017, unassigned fund balance of the general fund was $28,660,751 and the total fund balance was $29,040,528 which is 30.7% and 31.1% of the total general fund revenues, respectively.

The fund balance of the City's general fund increased by $902,931 during 2017. The revenues increased by $7,435,257 (8.71%). Sales tax is the main reason for the increase. Sales tax increased $3,915,989 (8.6%). Expenditures increased by $4,304,360 (5.3%).

The debt service fund has a total fund balance of $47,697,398. $27,011,052 of which is restricted for the payment of debt service. The net increase in the fund balance during the current year in debt service was $7,911,959. The increase was caused by the issuance of refunding bonds, but the payment of the existing debt has not been made yet.

The capital projects fund decreased its fund balance by $1,590,250 during 2017. Due to the increased economy, the City has increased capital projects. The capital projects fund received additional transfers in 2017 related to a new sales tax for street maintenance.

The special tax financing levy fund has a restricted fund balance of $6,974,325 at the end of 2017. The fund balance decreased by $404,767 during the year. The primary reason for the decrease is paying off some of the debt early.

Proprietary funds

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

Unrestricted net position of the Water and Sewer Fund at the end of 2017 was $37,827,488; and the Solid Waste Fund was $1,056,678. The total change in net position for the Water and Sewer Utility and Solid Waste were $8,940,433 and $123,865, respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

During the year, revenues were less than budgetary estimates by $210,741 (less than 1.0%). Sales tax was $782,742 more than budget. Franchise fees were $735,386 less than budget. Total expenditures were less than budgetary estimates by $24,867,323 (22.6%). As part of the budgeting process the City budgets for a contingency reserve for unforeseen expenditures. Of the total difference in the budgeted expenditures, $23,034,809 is due to the restricted reserve.

Capital Asset and Debt Administration

Capital assets

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2017, totaled $1,001,226,611 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, vehicles and equipment, park and pool facilities, storm sewers, bridges, streets, and water and sewer lines. More detailed information about the City's capital assets is presented in Note 5 to the Basic Financial Statements.

City of Olathe, Kansas
Capital Assets

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Land	$ 104,004,549	$ 103,475,067	$ 4,622,031	$ 4,622,031	$ 108,626,580	$ 108,097,098
Other nondepreciable assets	66,365	66,105	-	-	66,365	66,105
Land improvements	111,634	111,634	-	-	111,634	111,634
Buildings	114,754,239	110,807,031	33,778,295	33,778,295	148,532,534	144,585,326
Machinery & equipment	77,086,594	68,811,098	4,883,811	4,848,733	81,970,405	73,659,831
Swimming pools	10,021,514	10,021,514	-	-	10,021,514	10,021,514
Water system	-	-	206,847,183	203,395,961	206,847,183	203,395,961
Sewer system	-	-	199,753,310	196,606,802	199,753,310	196,606,802
Infrastructure	789,817,570	771,451,176	-	-	789,817,570	771,451,176
Books and materials	4,010,351	3,997,559	-	-	4,010,351	3,997,559
Construction in progress	61,655,731	34,400,397	22,316,081	15,738,926	83,971,812	50,139,323
Total capital assets	1,161,528,547	1,103,141,581	472,200,711	458,990,748	1,633,729,258	1,562,132,329
Less accumulated depreciation	516,895,133	481,595,440	115,607,514	108,408,452	632,502,647	590,003,892
Total capital assets (net)	$ 644,633,414	$ 621,546,141	$ 356,593,197	$ 350,582,296	$ 1,001,226,611	$ 972,128,437

Major additions to the capital assets this year include:

- Land for the Robinson Facility
- Street preservation – Cedar Street, Kansas to Blake Street Improvements
- Machinery & Equipment – Bomb truck

Long-term debt

As of December 31, 2017, the City had total bonded debt outstanding of $285,351,571. Of this amount, $178,555,000 is comprised of debt backed by the full faith and credit of the City and $28,091,571 is special obligation tax increment financing debt and transportation development district debt payable solely from the specific TIF or TDD revenues. The remainder of the City's debt represents bonds secured solely by specific revenue sources (i.e., revenue bonds). More detailed information about the City's long-term debt is presented in Note 6 to the basic financial statements.

City of Olathe, Kansas
Outstanding Debt
General Obligation and Revenue Bonds

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
General obligation bonds	$ 178,555,000	$ 183,905,000	$ -	$ 12,405,000	$ 178,555,000	$ 196,310,000
Special obligation bonds	28,091,571	30,699,594	-	-	28,091,571	30,699,594
Revenue bonds	-	-	78,705,000	71,865,000	78,705,000	71,865,000
Total	$ 206,646,571	$ 214,604,594	$ 78,705,000	$ 84,270,000	$ 285,351,571	$ 298,874,594

The City's total debt, including temporary notes, increased by $8,016,255 (2.2%) during 2017. The City issued $27,477,203 of temporary notes and $27,525,000 of general obligation bonds in 2017.

The rating for the City's general obligation bonds is a "AA+" rating from Standard & Poor's (S&P) and from Fitch Ratings (Fitch). The rating for the Water and Sewer Utility revenue bonds is a "AA" rating from S&P.

State statutes limit the amount of general obligation debt a government entity may issue to 30% of its total assessed valuation. The current debt limitation for the City is $579,500,865 which is significantly in excess of the City's outstanding general obligation bonds.

Certain other financial information and operating data regarding the City is available in the Official Statement dated June 13, 2017 related to the City's General Obligation Series 230, and General Obligation Temporary Notes Series 2017-A. The financial information and operating data contained in these Official Statements are incorporated herein by reference.

Economic Factors and Next Year's Budget

Olathe is Safe – Olathe remains one of America's safest cities and that recognition is not by accident. Based on the intense use of analytics and crime date, the 2018/2019 budget includes adding five detectives and one detective sergeant over the two years. This will allow the police department to both clear crimes more quickly and prevent crime. In partnership with the Olathe District Schools, the budget includes adding a school resource officer (SRO) and SRO sergeant over two years to accommodate the new high school and middle school.

Olathe is Innovative – based on council guidance and public expectation, the City looks for ways to work smarter and more efficiently. We recognize we can no longer accept business as usual given cost pressures. The budget includes continuing our use of squads in the fire department. The budget includes adding two squads that, based on analytics, will be able to cost effectively respond to emergencies in areas most needing service, using the right resources in the right places at the right time.

Olathe is Moving – Our residents tell us traffic flow remains their highest priority for investment. The 2018/2019 budget and CIP include adding one project inspector for infrastructure projects, investment in traffic signal timing improvement, and capital projects that improve capacity and travel efficiency. It also continues the commitment to build budget capacity for street maintenance by increasing cash contribution to the Street Maintenance Fund.

Olathe is Active – The 2018/2019 budget follows Olathe voter direction to enhance and grow our parks, including Lake Olathe. With the added investment to the lake and surrounding park, the budget includes adding four employees to maintain the new investment. In addition, the budget adds a safety maintenance technician to ensure park and pool amenities remain safe.

The 2018/2019 budget again follows tax payer guidance with nearly 70% of all General Fund spending being applied to public safety and transportation related costs. Much of the remaining budget funds internal capacity essential to the success of those two priorities. The 2018 General Fund Budget of $102,561,390 is a 2.7% increase from the previous year however, the number of fulltime equivalent employees per 1,000 residents is consistent with 2017 levels.

During 2018, the City will continue its goal to decrease debt load in future years by cash-financing more capital projects, while continuing to meet Council's general fund balance target of 30% (fund balance as a percentage of revenues).

Requests for information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the Department of Resource Management, City of Olathe, 100 E. Santa Fe, Olathe, Kansas 66061. The Olathe Public Housing Authority does not issue separate financial statements.

Basic Financial Statements

City of Olathe, Kansas
Statement of Net Position
December 31, 2017

	Primary Government			Discretely Presented Component Unit
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash, cash equivalents, and investments	$ 144,279,273	$ 43,021,315	$ 187,300,588	$ 755,159
Cash held by trustee or restricted	20,157,228	6,196,232	26,353,460	-
Receivables (net of allowance)				
Taxes	61,506,755	-	61,506,755	-
Special assessments	44,149,493	-	44,149,493	-
Accounts	639,057	6,639,469	7,278,526	17,818
Accrued interest	1,031,848	-	1,031,848	-
Loans	3,674,410	-	3,674,410	-
Internal balances	(5,055,579)	5,055,579	-	-
Due from other governments	4,942,419	-	4,942,419	-
Inventories and other prepaid items	456,197	852,328	1,308,525	-
Capital assets:				
Land and construction in progress	165,660,280	26,938,112	192,598,392	442,111
Other capital assets, net of accumulated depreciation	478,973,134	329,655,085	808,628,219	2,241,171
Other assets	11,000	-	11,000	-
Total assets	920,425,515	418,358,120	1,338,783,635	3,456,259
Deferred Outflows of Resources				
Deferred pension contributions	3,179,366	519,884	3,699,250	-
Deferred outflows - pension	9,763,847	1,362,240	11,126,087	-
Deferred amounts on refunding	959,681	232,094	1,191,775	-
Total deferred outflows of resources	13,902,894	2,114,218	16,017,112	-
Total assets and deferred outflows of resources	$ 934,328,409	$ 420,472,338	$ 1,354,800,747	$ 3,456,259
Liabilities				
Accounts and other current liabilities	$ 20,216,150	$ 653,155	$ 20,869,305	$ 146,919
Interest payable	6,627,872	161,358	6,789,230	-
Temporary notes	27,477,203	-	27,477,203	-
Deposits	-	244,997	244,997	-
Unearned revenue	-	-	-	4,752
Noncurrent liabilities:				
Due within one year	43,993,342	8,268,483	52,261,825	69,179
Due in more than one year	191,965,776	106,746,205	298,711,981	24,516
Net pension liability	61,449,660	9,778,295	71,227,955	-
Total liabilities	351,730,003	125,852,493	477,582,496	245,366
Deferred Inflows of Resources				
Deferred revenue - property taxes	46,543,504	-	46,543,504	-
Deferred grant revenue	-	-	-	15,476
Deferred pension inflows	2,090,700	410,693	2,501,393	-
Total Deferred Inflows of Resources	48,634,204	410,693	49,044,897	15,476
Net Position				
Net investment in capital assets	428,374,947	244,073,175	672,448,122	2,683,282
Restricted for:				
Debt service	50,584,012	6,196,232	56,780,244	-
Public safety	371,004	-	371,004	-
Capital improvements	18,722,573	-	18,722,573	-
Community services	4,753,049	-	4,753,049	-
General government	3,938,662	-	3,938,662	-
Unrestricted	27,219,955	43,939,745	71,159,700	512,135
Total net position	533,964,202	294,209,152	828,173,354	3,195,417
Total liabilities, deferred inflows of of resources, and net position	$ 934,328,409	$ 420,472,338	$ 1,354,800,747	$ 3,456,259

See accompanying notes to the basic financial statements

City of Olathe, Kansas
Statement of Activities
For the Year Ended December 31, 2017

Functions / Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue
Primary government					
Governmental activities					
General government	$ 30,659,017	$ 4,660,223	$ 1,542,567	$ -	$ (24,456,227)
Public safety	51,947,482	3,091,130	682,063	2,000,000	(46,174,289)
Public works	61,820,535	9,472,541	47,367	36,169,809	(16,130,818)
Community services	16,667,781	5,994,725	419,263	281,241	(9,972,552)
Interest on long-term debt	7,906,438	-	-	-	(7,906,438)
Total governmental activities	169,001,253	23,218,619	2,691,260	38,451,050	(104,640,324)
Business-type activities					
Water and sewer	41,493,532	45,752,839	-	3,286,002	7,545,309
Solid waste	12,863,072	12,908,095	-	-	45,023
Total business-type activities	54,356,604	58,660,934	-	3,286,002	7,590,332
Total primary government	$ 223,357,857	$ 81,879,553	$ 2,691,260	$ 41,737,052	$ (97,049,992)
Nonmajor discretely presented component units					
Olathe Public Housing Authority	$ 4,465,429	$ 463,552	$ 3,586,612	$ -	$ (415,265)

See accompanying notes to the basic financial statements

City of Olathe, Kansas
Statement of Activities
For the Year Ended December 31, 2017

	Primary Government			Discretely Presented Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net position				
Net (expense) revenue	$ (104,640,324)	$ 7,590,332	$ (97,049,992)	$ (415,265)
General revenues				
Taxes:				
Property taxes, levied for general purpose	29,911,093	-	29,911,093	-
Property taxes, levied for debt service	17,109,957	-	17,109,957	-
Sales tax	68,351,904	-	68,351,904	-
Franchise taxes	11,629,244	-	11,629,244	-
Transient guest tax	2,026,799	-	2,026,799	-
Unrestricted investment earnings	1,512,957	477,905	1,990,862	1,029
Miscellaneous	2,443,044	1,307,433	3,750,477	-
Transfers - internal activities	137,682	(137,682)	-	-
Total general revenues and transfers	133,122,680	1,647,656	134,770,336	1,029
Change in net position	28,482,356	9,237,988	37,720,344	(414,236)
Net position - beginning of year	505,481,846	284,971,164	790,453,010	3,609,653
Net position - end of year	$ 533,964,202	$ 294,209,152	$ 828,173,354	$ 3,195,417

See accompanying notes to the basic financial statements

City of Olathe, Kansas
Balance Sheet
Governmental Funds
December 31, 2017

	General	Debt Service: Debt Service	Debt Service: Special Tax Financing	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets						
Cash, cash equivalents, and investments	$ 27,121,251	$ 26,901,734	$ 5,123,660	$ 53,094,304	$ 22,369,029	$ 134,609,978
Cash held by trustee	-	18,178,001	1,979,227	-	-	20,157,228
Receivables (net of allowance)						
Taxes	28,876,309	17,391,283	4,248,369	-	10,990,794	61,506,755
Accounts	94,879	-	-	-	544,178	639,057
Accrued interest	1,031,848	-	-	-	-	1,031,848
Special assessments	-	44,149,493	-	-	-	44,149,493
Loans	-	-	-	-	3,674,410	3,674,410
Due from other governments	111,943	-	-	3,409,802	1,420,674	4,942,419
Prepaid assets	65,974	-	-	-	89,632	155,606
Total assets and deferred outflows of resources	$ 57,302,204	$ 106,620,511	$ 11,351,256	$ 56,504,106	$ 39,088,717	$ 270,866,794
Liabilities and Fund Balances						
Liabilities						
Accounts payable	$ 6,256,080	$ -	$ 876,931	$ 5,501,701	$ 570,465	$ 13,205,177
Accrued payroll	4,129,273	-	-	-	-	4,129,273
Due to other funds	-	-	-	1,658,198	-	1,658,198
Temporary notes	-	-	-	27,477,203	-	27,477,203
Total liabilities	10,385,353	-	876,931	34,637,102	570,465	46,469,851
Deferred Inflows of Resources						
Deferred revenue - property taxes	17,764,227	17,391,283	3,500,000	-	7,887,994	46,543,504
Deferred revenue - intergovernmental	100,000	-	-	1,607,125	400,110	2,107,235
Deferred revenue - special assessments	-	41,531,830	-	-	-	41,531,830
Deferred revenue - interest	12,096	-	-	-	-	12,096
Total deferred inflows of resources	17,876,323	58,923,113	3,500,000	1,607,125	8,288,104	90,194,665
Fund balances						
Nonspendable	65,974	-	-	-	89,632	155,606
Restricted	-	27,011,052	6,974,325	20,259,879	15,747,052	69,992,308
Committed	-	-	-	-	14,393,464	14,393,464
Assigned	313,803	20,686,346	-	-	-	21,000,149
Unassigned	28,660,751	-	-	-	-	28,660,751
Total fund balances	29,040,528	47,697,398	6,974,325	20,259,879	30,230,148	134,202,278
Total liabilities, deferred inflows of resources, and fund balances	$ 57,302,204	$ 106,620,511	$ 11,351,256	$ 56,504,106	$ 39,088,717	$ 270,866,794

See accompanying notes to the basic financial statements

City of Olathe, Kansas
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
December 31, 2017

Total fund balance - all governmental funds		$ 134,202,278
Amounts reported for governmental activities in the statement of net position are different because		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		644,633,414
Land and construction in progress	$ 165,660,280	
Capital assets being depreciated	995,868,267	
Accumulated depreciation	(516,895,133)	
Some liabilities, including bonds payable and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.		(304,036,650)
Interest payable	(6,627,872)	
Noncurrent liabilities:		
Due within one year		
General obligation bonds	(24,210,032)	
Special obligation bonds	(17,441,571)	
Capitalized leases	(2,670)	
Compensated absences	(2,339,069)	
Due in more than one year		
General obligation bonds	(171,236,735)	
Special obligation bonds	(10,650,000)	
Capitalized leases	(952)	
Compensated absences	(1,702,341)	
Net OPEB obligation	(8,375,748)	
Pension Liability	(61,449,660)	
Long-term assets or deferred outflows of resources are not available to pay current period expenditures and are therefore deferred in the fund statements.		55,463,355
Special assessments	41,531,830	
Deferred refunding	959,681	
Deferred outflows - contributions	3,179,366	
Deferred outflows - proportionate share	9,763,847	
Deferred inflows - proportionate share	(2,090,700)	
Deferred inflows - interest	12,096	
Due from other governments	2,107,235	
Internal service funds are used by management to charge costs of certain activities, such as insurance, purchasing, and fleet maintenance to certain funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net position.		3,701,805
Internal service fund capital assets, net	(28,563,837)	
Internal service fund debt	96,914	
Internal service fund net position	37,224,307	
Internal service fund due to business-type	(5,055,579)	
Net position of governmental activities		$ 533,964,202

See accompanying notes to the basic financial statements

City of Olathe, Kansas
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2017

	General	Debt Service	Special Tax Financing	Capital Projects	Other Governmental Funds	Total Governmental Funds
		Debt Service				
Revenues						
Taxes:						
Property	$ 19,011,228	$ 17,109,957	$ 2,818,444	$ -	$ 8,081,421	$ 47,021,050
Sales	49,673,024	366,137	2,952,776	-	15,359,967	68,351,904
Franchise	11,629,244	-	-	-	-	11,629,244
Transient guest	-	-	515,299	-	1,511,500	2,026,799
Special assessments	-	5,764,491	-	-	-	5,764,491
Intergovernmental	986,747	-	-	13,014,788	7,601,186	21,602,721
Licenses and permits	2,311,842	-	-	-	-	2,311,842
Fines, forfeitures, and penalties	2,600,898	-	-	-	166,032	2,766,930
Charges for services	6,039,518	-	-	-	12,100,338	18,139,856
Use of money and property	411,408	354,875	40,123	284,161	331,433	1,422,000
Miscellaneous	565,914	50,640	-	795,718	529,756	1,942,028
Total revenues	93,229,823	23,646,100	6,326,642	14,094,667	45,681,633	182,978,865
Expenditures						
Current:						
General government	20,912,297	260,443	97,673	-	6,996,754	28,267,167
Public safety	44,978,227	-	-	-	2,607,101	47,585,328
Public works	10,720,618	-	-	-	2,572,946	13,293,564
Community services	8,405,249	-	-	-	6,298,759	14,704,008
Capital improvements	-	-	3,048,153	56,362,987	-	59,411,140
Debt service:						
Principal retirements	84,152	19,075,000	2,608,023	-	-	21,767,175
Interest and fiscal charges	3,817	7,652,486	977,560	137,118	-	8,770,981
Total expenditures	85,104,360	26,987,929	6,731,409	56,500,105	18,475,560	193,799,363
Excess of revenues over (under) expenditures	8,125,463	(3,341,829)	(404,767)	(42,405,438)	27,206,073	(10,820,498)
Other financing sources (uses)						
Issuance of general obligation bonds	-	-	-	12,700,000	-	12,700,000
Payment to refunded bond escrow	-	(13,800,000)	-	-	-	(13,800,000)
Issuance of refunding bonds	-	16,235,000	-	-	-	16,235,000
Insurance proceeds	-	-	-	-	164,173	164,173
Bond premium	-	2,418,079	-	42,727	-	2,460,806
Transfers in	6,421,360	6,400,709	-	28,241,955	275,530	41,339,554
Transfers out	(13,643,892)	-	-	(169,494)	(26,835,809)	(40,649,195)
Total other financing sources (uses)	(7,222,532)	11,253,788	-	40,815,188	(26,396,106)	18,450,338
Net changes in fund balances	902,931	7,911,959	(404,767)	(1,590,250)	809,967	7,629,840
Fund balances - beginning of year	28,137,597	39,785,439	7,379,092	21,850,129	29,420,181	126,572,438
Fund balances - end of year	$ 29,040,528	$ 47,697,398	$ 6,974,325	$ 20,259,879	$ 30,230,148	$ 134,202,278

See accompanying notes to the basic financial statements

City of Olathe, 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, 2017

Net change in fund balances - all governmental funds		$ 7,629,840
Amounts reported for governmental activities in the statement of activities are different because		
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		3,717,856
Capital outlay	$ 41,374,383	
Depreciation	(37,656,527)	
The issuance of long-term debt provides current financial resources to governmental funds, but issuing debt increase long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments.		3,722,113
Principal payments	21,767,175	
Proceeds of general obligation bonds	(12,700,000)	
Payment to refund bond escrow	13,800,000	
Premium	(2,460,806)	
Proceeds of refunding bonds	(16,235,000)	
OPEB	(449,256)	
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(399,953)
Compensated absences	(43,139)	
Pension	(1,511,932)	
Interest expense	1,155,118	
Revenues in the statement of activities that do not provide current financing resources are not reported as revenues in the funds.		13,570,791
Special assessments	967,127	
Donated capital assets	14,249,819	
Deferred refunding	(204,297)	
Capital grant	(1,441,858)	
Internal service funds are used by management to charge costs of certain activities, such as insurance, purchasing, and fleet maintenance to certain funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.		241,709
Change in net position of governmental activities		$ 28,482,356

See accompanying notes to the basic financial statements


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City of Olathe, Kansas
Statement of Revenues, Expenditures, and Changes in Fund Balance
General Fund
Budget and Actual - Budgetary Basis
For the Year Ended December 31, 2017

	Budgeted Amounts			Variance Positive
	Original	Final	Actual	(Negative)
Revenues				
Taxes:				
Property	$ 18,996,664	$ 18,996,664	$ 19,011,228	$ 14,564
Sales	48,890,282	48,890,282	49,673,024	782,742
Franchise	12,364,630	12,364,630	11,629,244	(735,386)
Intergovernmental	926,147	926,147	986,747	60,600
Licenses and permits	1,533,750	1,533,750	2,311,842	778,092
Fines, forfeitures, and penalties	3,915,473	3,915,473	2,600,898	(1,314,575)
Charges for services	6,000,686	6,000,686	6,039,518	38,832
Use of money and property	219,139	219,139	411,408	192,269
Miscellaneous	593,793	593,793	565,914	(27,879)
Total revenues	93,440,564	93,440,564	93,229,823	(210,741)
Expenditures				
General government	29,255,709	29,255,709	8,382,957	20,872,752
Administration	3,028,783	3,028,783	2,771,410	257,373
Legal	1,633,889	1,633,889	1,637,121	(3,232)
Information technology services	4,126,049	4,126,049	4,039,856	86,193
Financial services	3,160,917	3,160,917	2,943,662	217,255
Public safety	48,922,978	48,922,978	46,233,591	2,689,387
Public works	11,123,374	11,123,374	10,662,176	461,198
Community services	8,124,871	8,124,871	8,338,474	(213,603)
Contingency	500,000	500,000	-	500,000
Total expenditures	109,876,570	109,876,570	85,009,247	24,867,323
Excess of revenues over expenditures	(16,436,006)	(16,436,006)	8,220,576	24,656,582
Other financing sources (uses)				
Transfers in	6,419,898	6,419,898	6,421,360	1,462
Transfers out	(10,088,632)	(10,088,632)	(13,643,892)	(3,555,260)
Total other financing sources (uses)	(3,668,734)	(3,668,734)	(7,222,532)	(3,553,798)
Net change in fund balance	$ (20,104,740)	$ (20,104,740)	998,044	$ 21,102,784
Fund balance - beginning of year - budget basis			27,728,681	
Fund balance - end of year - budget basis			28,726,725	
Encumbrances incurred and outstanding			313,803	
Fund balance - end of year - GAAP basis			$ 29,040,528	

See accompanying notes to the basic financial statements

City of Olathe, Kansas
Statement of Net Position
Proprietary Funds
December 31, 2017

	Business-type Activities - Enterprise Funds			Governmental Activities -
	Major			
	Water and Sewer Fund	Solid Waste Fund	Total	Internal Service Funds
Assets				
Current assets:				
Cash and cash equivalents	$ 40,393,109	$ 2,628,206	$ 43,021,315	$ 9,669,295
Accounts receivable (net of allowance)	5,001,312	1,638,157	6,639,469	-
Inventories and other prepaid items	852,328	-	852,328	300,591
Total current assets	46,246,749	4,266,363	50,513,112	9,969,886
Noncurrent assets:				
Restricted assets:				
Cash and cash equivalents	6,196,232	-	6,196,232	-
Due from other funds	-	-	-	1,658,198
Other	-	-	-	11,000
Total restricted assets	6,196,232	-	6,196,232	1,669,198
Capital assets:				
Capital assets not being depreciated				
Land	3,338,799	1,283,232	4,622,031	-
Construction in progress	22,316,081	-	22,316,081	-
Total capital assets not being depreciated	25,654,880	1,283,232	26,938,112	-
Capital assets being depreciated				
Buildings	33,778,296	-	33,778,296	-
Machinery and equipment	3,131,732	1,752,078	4,883,810	62,548,672
Water system	206,847,183	-	206,847,183	-
Sewer system	199,753,310	-	199,753,310	-
Total capital assets being depreciated	443,510,521	1,752,078	445,262,599	62,548,672
Less accumulated depreciation	(114,476,893)	(1,130,621)	(115,607,514)	(33,984,835)
Total capital assets (net of accumulated depreciation)	354,688,508	1,904,689	356,593,197	28,563,837
Total noncurrent assets	360,884,740	1,904,689	362,789,429	30,233,035
Total assets	407,131,489	6,171,052	413,302,541	40,202,921
Deferred Outflows of Resources				
Deferred outflows contributions	350,964	168,920	519,884	-
Deferred outflows proportionate share	946,000	416,240	1,362,240	-
Deferred amounts on refunding	232,094	-	232,094	-
Total deferred outflows of resources	1,529,058	585,160	2,114,218	-
Total assets and deferred outflows of resources	$ 408,660,547	$ 6,756,212	$ 415,416,759	$ 40,202,921

See accompanying notes to the basic financial statements

City of Olathe, Kansas
Statement of Net Position
Proprietary Funds
December 31, 2017

	Business-type Activities - Enterprise Funds			Governmental Activities -
	Major			
	Water and Sewer Fund	Solid Waste Fund	Total	Internal Service Funds
Liabilities				
Current liabilities:				
Accounts and claims payable	$ 601,932	$ 51,223	$ 653,155	$ 2,870,700
Interest payable	161,358	-	161,358	-
Compensated absences	548,737	183,137	731,874	75,306
Current portion of general obligation bonds	1,250,000	-	1,250,000	-
Current portion of capital leases	1,403,495	-	1,403,495	-
Current portion of revolving loan	1,360,716	-	1,360,716	-
Current portion of revenue bonds	3,522,398	-	3,522,398	-
Total current liabilities	8,848,636	234,360	9,082,996	2,946,006
Noncurrent liabilities:				
Compensated absences	119,072	48,339	167,411	21,608
General obligation bonds	9,945,000	-	9,945,000	-
Capital leases, net	4,029,068	-	4,029,068	-
Revolving loan, net	15,000,390	-	15,000,390	-
Revenue bonds, net	76,008,956	-	76,008,956	-
Net OPEB obligation	1,196,536	398,844	1,595,380	-
Net pension liability	6,790,483	2,987,812	9,778,295	-
Deposit	244,997	-	244,997	11,000
Total noncurrent liabilities	113,334,502	3,434,995	116,769,497	32,608
Total liabilities	122,183,138	3,669,355	125,852,493	2,978,614
Deferred Inflows of Resources				
Deferred inflows proportionate share	285,203	125,490	410,693	-
Net position				
Net investment in capital assets	242,168,486	1,904,689	244,073,175	28,563,837
Restricted for bond requirements	6,196,232	-	6,196,232	-
Unrestricted	37,827,488	1,056,678	38,884,166	8,660,470
Total net position	286,192,206	2,961,367	289,153,573	37,224,307
Total liabilities and net position	$ 408,660,547	$ 6,756,212		$ 40,202,921
Reconciliation to government-wide statement of net position:				
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds			5,055,579	
Net position of business-type activities			$ 294,209,152	

See accompanying notes to the basic financial statements


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City of Olathe, Kansas
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2017

	Business-type Activities - Enterprise Funds			Governmental Activities -
	Major			
	Water and Sewer Fund	Solid Waste Fund	Total	Internal Service Funds
Operating revenues				
Charges for services	$ 45,752,839	$ 12,908,095	$ 58,660,934	$ 33,701,958
Intergovernmental	-	-	-	326,182
Miscellaneous	1,244,190	63,243	1,307,433	-
Total operating revenues	46,997,029	12,971,338	59,968,367	34,028,140
Operating expenses				
Water production	4,924,741	-	4,924,741	-
Wastewater treatment	5,835,056	-	5,835,056	-
Water and sewer maintenance	4,843,059	-	4,843,059	-
Administration and general	14,418,060	3,656,514	18,074,574	22,545,621
Equipment maintenance	-	-	-	5,862,408
Sanitation expense	-	5,633,314	5,633,314	-
Transfer station expense	-	3,575,573	3,575,573	-
Depreciation	7,098,144	100,918	7,199,062	5,079,836
Total operating expenses	37,119,060	12,966,319	50,085,379	33,487,865
Operating income	9,877,969	5,019	9,882,988	540,275
Nonoperating revenues (expenses)				
Interest income	444,271	33,634	477,905	90,957
Interest expense	(4,444,915)	-	(4,444,915)	-
Gain from sale of equipment	-	-	-	336,844
Total nonoperating revenues (expenses)	(4,000,644)	33,634	(3,967,010)	427,801
Net income (loss) before transfers and capital contributions	5,877,325	38,653	5,915,978	968,076
Transfers in	7,769	85,212	92,981	18,398
Transfers out	(230,663)	-	(230,663)	(571,075)
Capital contributions	3,286,002	-	3,286,002	-
Change in net position	8,940,433	123,865	9,064,298	415,399
Net position - beginning of year	277,251,773	2,837,502		36,808,908
Net position - end of year	$ 286,192,206	$ 2,961,367		$ 37,224,307
Reconciliation to government-wide statement of activities:				
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds.			173,690	
Change in net position of business-type activities			$ 9,237,988	

See accompanying notes to the basic financial statements

City of Olathe, Kansas
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2017

	Business-type Activities - Enterprise Funds			Governmental Activities -
	Major			
	Water and Sewer Fund	Solid Waste Fund	Total	Internal Service Funds
Cash Flows from Operating Activities				
Receipts from customers and users	$ 42,061,076	$ 13,019,446	$ 55,080,522	$ 34,028,140
Payments to suppliers	(21,782,315)	(8,044,832)	(29,827,147)	(25,602,785)
Payments to employees	(11,358,101)	(4,716,500)	(16,074,601)	(2,318,121)
Net cash provided by operating activities	8,920,660	258,114	9,178,774	6,107,234
Cash Flows from Noncapital Financing Activities				
Transfers from other funds	7,769	85,212	92,981	18,398
Transfers to other funds	(230,663)	-	(230,663)	(571,075)
Net cash (used in) noncapital financing activities	(222,894)	85,212	(137,682)	(552,677)
Cash Flows from Capital and Related Financing Activities				
Acquisitions and construction of capital assets	(2,783,997)	-	(2,783,997)	(10,205,334)
Proceeds from sales of capital assets	-	-	-	342,748
Proceeds from revenue bonds	11,340,000	-	11,340,000	-
Principal paid on revenue bonds	(4,500,000)	-	(4,500,000)	-
Principal paid on general obligation bonds	(1,210,000)	-	(1,210,000)	-
Interest paid on revenue bonds	(3,400,661)	-	(3,400,661)	-
Interest paid on general obligation bonds	(388,206)	-	(388,206)	-
Principal paid on revolving loans	(1,392,896)	-	(1,392,896)	-
Interest paid on revolving loans	(508,308)	-	(508,308)	-
Principal paid on capital lease	(1,324,374)	-	(1,324,374)	-
Interest paid on capital lease	(146,400)	-	(146,400)	-
Net cash (used in) capital and related financing activities	(4,314,842)	-	(4,314,842)	(9,862,586)
Cash Flows from Investing Activities				
Interest received	444,271	33,634	477,905	90,957
Net cash provided by investing activities	444,271	33,634	477,905	90,957
Net increase (decrease) in cash and cash equivalents	4,827,195	376,960	5,204,155	(4,217,072)
Cash and cash equivalents - beginning of year	41,762,146	2,251,246	44,013,392	13,886,367
Cash and cash equivalents - end of year	$ 46,589,341	$ 2,628,206	$ 49,217,547	$ 9,669,295

See accompanying notes to the basic financial statements

City of Olathe, Kansas
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2017

	Business-type Activities - Enterprise Funds			Governmental Activities -
	Major			
	Water and Sewer Fund	Solid Waste Fund	Total	Internal Service Funds
Reconciliation of operating income to net cash provided by operating activities				
Operating income	$ 9,877,969	$ 5,019	$ 9,882,988	$ 540,275
Adjustments to reconcile operating income to cash provided by operating activities				
Depreciation	-	100,918	100,918	5,079,836
Changes in assets and liabilities				
(Increase) in receivables	(479,553)	48,108	(431,445)	-
(Increase) in deferred outflow - pension	111,742	82,092	193,834	-
(Increase) decrease in inventories	(117,863)	-	(117,863)	(22,120)
Decrease in due from other funds	-	-	-	181,602
Increase (decrease) in accounts and claims payable	(416,143)	42,274	(373,869)	300,296
Increase in net pension liability	(238,368)	(104,883)	(343,251)	-
(Decrease) in deferred inflows	91,631	40,318	131,949	-
Increase in net OPEB obligation	64,179	21,394	85,573	-
Increase (decrease) in compensated absences	27,066	22,874	49,940	27,345
Total adjustments	(957,309)	253,095	(704,214)	5,566,959
Net cash provided by operating activities	$ 8,920,660	$ 258,114	$ 9,178,774	$ 6,107,234
Noncash investing capital and financing activities:				
Contributed capital assets	$ 3,286,002	$ -	$ 3,286,002	$ -

See accompanying notes to the basic financial statements


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Notes to the Basic Financial Statements

1. Summary of Significant Accounting Policies

The City of Olathe, Kansas (the City) was incorporated February 20, 1857 under the provisions of K.S.A. 12-101, et seq. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, health and social services, culture/recreation, education, public improvements, water and sewer, planning and zoning, and general administrative services.

This summary of significant accounting policies of the City is presented to assist in understanding the City's basic financial statements. The basic financial statements and notes are representations of the City's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to local governments and have been consistently applied in the preparation of the basic financial statements. The following is a summary of the more significant policies:

a. Reporting Entity

An elected seven member council (including the Mayor) governs the City. As required by GAAP, the financial statements present data for all departments and funds of the City, including all boards and commissions (the primary government, herein referred to as the City) and a component unit, an entity for which the City is considered to be financially accountable.

The determination of financial accountability includes consideration of a number of criteria including: (1) the appointment of a voting majority of an entity's governing authority and the ability of the primary government to impose its will on the entity, (2) the potential for the entity to provide specific financial benefits to, or impose specific financial burdens on, the primary government, and (3) the entity's fiscal dependency on the primary government.

b. Individual Component Unit Disclosures

Discretely Presented Component Unit – The discretely presented component unit is presented in a separate column in the government-wide financial statements to emphasize it is legally separate from the primary government.

The Olathe Public Housing Authority (the Authority) is a separate legal entity governed by a seven member board, which is appointed by the City Council. Although City employees perform administration of various programs, management of the Authority has responsibility for its own operations. The City provides a significant portion of the Authority's support and property. The Authority does not issue separate financial statements.

c. Basis of Presentation – Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The City's funds are grouped into two broad fund categories for basic financial statement presentation purposes. Governmental funds include the general, special revenue, debt service, and the capital projects funds. Proprietary funds include enterprise and internal service funds.

d. Basis of Accounting

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the City (the primary government) as a whole. Internal service funds and other interfund activities are eliminated to avoid "doubling up" revenues and expenses. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared. Therefore, each of the governmental fund financial statements includes a reconciliation with brief explanations to better identify the relationship between the governmental fund's statements and the government-wide statements.

The government-wide statement of activities presents a comparison between expenses and program revenues for each program of the governmental activities. Expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program is self-financing or draws from the general revenues of the City.

Fund Financial Statements

Fund financial statements report detailed information about the City. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. The major individual enterprise funds are reported as separate columns in the proprietary fund financial statements. Nonmajor funds are aggregated and presented in a single column on the governmental and proprietary fund financial statements.

The City reports the following major governmental funds:

General

The General Fund is the main operating fund of the City. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Debt Service

The Debt Service Fund accounts for the accumulation of resources for, and the payment of, long-term general obligation debt principal, interest, and related costs.

Special Tax Financing

The Special Tax Financing Fund accounts for ad valorem and sales tax monies received from the increased assessed values of the tax increment financing (TIF) districts and its sales activities, the transportation development district (TDD) sales activities, and the Community Improvement District (CID) sales activities. This fund is considered a debt service fund.

Capital Projects

The Capital Projects Fund accounts for the financing and construction of street improvement projects, water and sewer improvement projects, and various other citywide improvement projects.

The City reports the following major proprietary funds:

Water and Sewer

The Water and Sewer Fund accounts for the activities of the sewage treatment plant, sewage pumping stations, collection systems, and the water distribution system.

Solid Waste

The Solid Waste Fund accounts for the provision of solid waste collection and disposal services to the residents and businesses of the City.

Proprietary Funds

Proprietary funds use the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. All assets and liabilities (whether current or noncurrent) associated with a proprietary fund's activities are included on its statement of net assets.

Proprietary funds include the following fund types:

Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises, as the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Internal Service Funds account for the financing of goods and services, such as insurance and fleet management, provided to other departments or agencies of the City on a cost reimbursement basis.

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 City's enterprise funds and of the City's internal service funds are charges for services. 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.

Governmental Funds

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized as they are both measurable and available to finance the City's current operations.

"Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used 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 year. Significant revenues, which are considered susceptible to accrual, include property taxes, sales taxes, franchise taxes, interest, and certain state and federal grants and entitlements. Expenditures, including capital outlays, are recorded in all nonproprietary fund types when the related liability is both measurable and incurred except for general obligation debt principal and interest which are reported as expenditures in the year due.

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

Licenses and permits, fines and forfeitures, charges for services and miscellaneous revenues are recorded when received in cash because they are generally not measurable until actually received.

In accordance with state statutes, projects financed in part by special assessments are financed through issuance of general obligation bonds of the City and are retired from the Debt Service Fund. Special assessments are recorded as unearned revenues in the year the assessments are levied. Special assessments paid in full prior to the issuance of bonds are recorded as revenue in the capital project fund. Special assessments received after the issuance of bonds are recorded as revenue in the Debt Service Fund.

e. Cash and Cash Equivalents

In the statement of cash flows for the proprietary funds, cash and cash equivalents include cash held in financial institutions and investments with original maturities less than three months.

f. Accounts Receivable

Accounts receivable result primarily from water, sewer, and sanitation services accounted for in the Water and Sewer Fund and the Solid Waste Fund (Enterprise Funds).

g. Inventories and Other Prepaid Items

Inventories are stated at 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 represent costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

h. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. streets, traffic signals, sewers, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost at or above the capitalization threshold listed below and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

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

Capital assets of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

		Capitalization Threshold
Buildings and improvements	40 years	$ 100,000
Vehicles and equipment	4 - 20 years	5,000
Water system	75 years	50,000
Sewage system	75 years	50,000
Streets	20 years	100,000
Storm sewer	40 years	25,000
Traffic signals	30 years	25,000
Land	Not Depreciated	25,000

i. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes 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 will not be recognized as an outflow of resources (expense/expenditure) until then. The City has three items that qualify for reporting in this category. One is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. In addition, there is the deferred change in proportion dealing with pensions and contributions made after the measurement date. These represent a consumption of net position that applies to future periods and is not recognized as an outflow of resources 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 will not be recognized as an inflow of resources (revenue) until that time. The City has

nonexchange revenue transactions where a receivable has been recorded because property taxes were levied, but the resources cannot be used until a future period. This item has been reported as deferred inflow on the government-wide statement of net position. In addition, nonexchange revenue transactions for intergovernmental, special assessments, and loan related transactions have receivables recorded, but resources are not available on the modified accrual basis and therefore are recorded as deferred inflows in the governmental funds. Also a deferred inflow of resources dealing with pension is reported for the differences between expected and actual experience, the net difference between projected and actual earnings on pension investments, and changes of assumptions.

j. Budgets and Budgetary Accounting

Applicable Kansas statutes require budgets be legally adopted for all funds unless exempt by a specific statute. Specific funds exempt from legally adopted budgets are all federal and state assistance funds and capital projects funds. Specific special revenue funds exempt from legally adopted budgetary requirements include the Reimbursable Programs, Grants, Future Street Improvement, and Cemetery Funds. Controls over spending in funds which are not subject to legal budgets are maintained by the use of the internal spending limits established by management.

Funds requiring legally adopted budgets are the General, Fire Levy, Motor Fuel Tax, Library Operating, Economic Development and Tourism, Special Park and Recreation, Special Alcohol, Storm Water, Park Sales Tax, Street Maintenance Sales Tax, Recreation, Special Tax Financing, Debt Service, Water and Sewer, Solid Waste, and all Internal Service Funds.

The annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized on the modified accrual basis. Expenditures include disbursements, accounts payable, and encumbrances.

Encumbrances are commitments of funds for unperformed contracts for goods and services. Encumbrance accounting is used, to the extent necessary, to ensure effective budgetary control and accountability and to facilitate effective cash planning and control in governmental funds. Encumbered appropriations which will be honored at year-end are included with the fund balance classifications to which resources had already been classified. If the balance had not been previously classified (general fund only), it is included within assigned. Subsequent year's appropriations will provide the authority to complete these transactions; they do not constitute either expenditures or liabilities of the fund.

All unencumbered appropriations lapse at year-end. Accordingly, the actual data presented in the budgetary comparison statements include encumbrances and, consequently, differ from the expenditure data presented in the basic financial statements prepared in accordance with GAAP.

The Debt Service Fund budget is prepared to provide a basis for a level ad valorem tax levy through the tax year life of the outstanding debt. Therefore, the timing of the amounts levied for the principal reduction does not necessarily correspond to the timing of the payment of principal maturities.

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

(1) Preparation of the budget for the succeeding calendar year on or before August 1 of each year.

(2) Publication of the proposed budget on or before August 5 of each year.

(3) A minimum of 10 days notice of a public hearing, published in a local newspaper on or before August 15 of each year on the proposed budget.

(4) Adoption of the final budget on or before August 25 of each year.

Kansas statutes permit transferring budgeted amounts between line items within an individual fund; however, such statutes prohibit creating expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. The City Manager can transfer appropriations within a fund without the approval of the governing body; however, total appropriations are not to exceed the fund's total budgeted amount.

k. Retirement Plans

Substantially all full-time City employees are members of the Kansas Public Employees Retirement System (KPERS) or the Kansas Police and Fire Retirement Plan (KP&F) (a cost-sharing multiple-employer public employee retirement system). The City's policy is to fund all pension costs accrued; such costs are determined annually by the State.

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

l. *Compensated Absences*

The City's policy permits employees to accumulate a maximum of 8 weeks of vacation time. Accumulated unpaid vacation for the governmental funds is included as a liability in the government-wide financial statements. Accumulated unpaid vacation for proprietary funds is included as a liability in both the fund and government-wide financial statements.

The City's policy permits employees to accumulate an unlimited amount of sick leave. The current policy is to compensate employees for 25% of unused accumulated sick leave based on a maximum of 960 hours upon retirement. The employee must be eligible for KPERS or KP&F retirement to qualify.

m. Interfund Transactions

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For purpose of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

n. Equity Classifications

In the government-wide statements, equity is shown as net position and classified into three components:

(1) Net investment in capital assets – consisting of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages notes, or other borrowings that are attributable to the acquisitions, construction, or improvements of those assets.

(2) Restricted net position – consisting of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The City first utilizes restricted resources to finance qualifying activities.

(3) Unrestricted net position – All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

In the governmental funds, equity is shown as fund balance and classified into five components:

(1) Nonspendable – inherently nonspendable

(2) Restricted – externally enforceable limitations on use

(3) Committed – self – imposed limitations set in place prior to the end of the period at the highest level of decision making

(4) Assigned – limitation resulting from intended use

(5) Unassigned – residual net resources

o. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

p. New Accounting Standards Adopted

For the year ended December 31, 2017, the City implemented GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.* The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) include in the general purpose financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.

For the year ended December 31, 2017, the City implemented GASB Statement No.80, *Blending Requirement for Certain Component Units.* The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units.

For the year ended December 31, 2017, the City implemented GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

For the year ended December 31, 2017, the City implemented GASB Statement 82, Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans,* No. 68, *Accounting and financial Reporting for*

Pensions, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement No. 67 and GASB Statement No. 68.*

2. Deposits and Investments

The City combines idle cash from all funds for the purpose of increasing income through investment activities. Investments are carried at fair value, which approximates cost. Interest income on investments and appreciation/depreciation in fair value investments are allocated to the governmental fund types and proprietary fund types on the basis of average monthly cash balances. State statutes authorize the City to invest in fully collateralized or fully insured money market accounts, time deposits, the State of Kansas Municipal Investment Pool, direct debt securities of the United States, and fully collateralized repurchase agreements. The State of Kansas Municipal Investment Pool is operated by the State Treasurer and is not a SEC registered pool. The Pooled Money Investment Board (PMIB) provides the regulatory oversight for this pool. The fair value of the City's position in the pool is the same as the value of the City's pool shares.

Facts and Assumptions – The City holds investments that are measured at fair value on a recurring basis. Since investing is not a core part of the City's mission, the City determines that the disclosures related to these investments only need to be disaggregated by major type. The City chooses a narrative format for the fair value disclosures.

The City categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of December 31, 2017:

Government Agencies of $4 million are valued using quoted market prices (Level 1 inputs).

State investment pool of $5.5 million are valued using net asset value.

Interest Rate Risk and Reconciliation of Cash and Investments to the Statement of Net Position – As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits its investment maturities to less than four years. Listed below are the City's investments with maturity dates.

Cash, Cash Equivalents, and Investments	Maturities	Fair Value
State investment pool - overnight	1 Day	$ 5,508,234
Government Agency	21-May-18	998,060
Government Agency	8-Jun-18	2,995,773
Total investments		9,502,067
Certificates of deposit		161,051,736
Cash held by trustee		20,157,228
Restricted cash deposits		6,196,232
Unrestricted cash deposits		16,746,785
Total cash, cash equivalents, and investments		$ 213,654,048

Credit Risk – State law limits investments to Temporary Notes of the City, Collateralized Certificates of Deposit, Collateralized Repurchase Agreements, U.S. Treasury Obligations, the Kansas Municipal

Investment Pool, Commercial Bank Savings Accounts, U.S. Government Agency Securities, U.S. Government Sponsored Corporation's Instruments, and Multiple Client Investment Pools. The City's policy on credit risk follows state statutes. As of December 31, 2017, City funds not held in depository accounts had been invested in Certificates of Deposit, Government Sponsored Corporation Instruments, Guaranteed Investment Contracts, and the Kansas Municipal Investment Pool (rated AAAf/S1 by Standard & Poor's).

Concentration of Credit Risk – At December 31, 2017, of total cash and investment, the City invested $161 million, or 75%, in certificates of deposit, $4 million or 2% in Government Sponsored Corporation's Instruments ((FNMA (25%) and FHLB (75%)) – (all rated Aaa by Moody's)), 3%, or $5.5 million in the Kansas Municipal Investment Pool, and $17 million, or 8%, in unrestricted cash deposit accounts. The City also has $26 million or 12% of cash that is held by trustee or restricted.

Custodial Credit Risk – For deposits or investments, custodial credit risk is the risk that, in the event of the failure of the bank or counterparty, the City will not be able to recover the value of its deposits, investments, or collateral securities that are in the possession of an outside party. The City's policy for deposits and investments follows state statutes. At December 31, 2017, all of the City's deposits were fully insured by federal depository insurance or otherwise collateralized by securities held in the City's name. The City has $3,993,833 of Government Agencies that are held by the investment counterparty.

3. Taxes and Special Assessments

Taxes and special assessments revenue by fund type, including interest and penalties, as of December 31, 2017 are as follows:

	Major			Other	
	General	Debt Service	Special Tax Financing	Governmental Funds	Total
Property tax	$ 19,011,228	$ 17,109,957	$ 2,818,444	$ 8,081,421	$ 47,021,050
Sales tax	49,673,024	366,137	2,952,776	15,359,967	68,351,904
Franchise tax	11,629,244	-	-	-	11,629,244
Transient guest tax	-	-	515,299	1,511,500	2,026,799
Special assessment	-	5,764,491	-	-	5,764,491
	$ 80,313,496	$ 23,240,585	$ 6,286,519	$ 24,952,888	$ 134,793,488

Taxes and special assessments receivable by fund type as of December 31, 2017 are as follows:

	Major			Other	
	General	Debt Service	Special Tax Financing	Governmental Funds	Total
Property tax	$ 17,764,228	$ 17,391,283	$ 3,500,000	$ 7,887,994	$ 46,543,505
Sales tax	9,017,620	-	636,730	2,724,684	12,379,034
Franchise tax	2,094,461	-	-	-	2,094,461
Transient guest tax	-	-	111,639	378,116	489,755
Special assessment	-	44,149,493	-	-	44,149,493
	$ 28,876,309	$ 61,540,776	$ 4,248,369	$ 10,990,794	$ 105,656,248

The City's Property tax is levied each November 1 on the assessed value as of the prior January 1 for all property located in the City. November 1 also serves as the lien date. The assessed values are established by the Johnson County Assessor. The assessed value for property (excluding motor vehicle) located in the City as of November 1, 2016 on which the 2017 levy was based was $1,741,496,000.

The City's property tax levies per $1,000 assessed valuation for the year ended December 31, 2017 were as follows:

Fund	Levy
General	$ 10.193
Special revenue	4.528
Debt service	9.979
	$ 24.700

The City's property taxes for 2017 were assessed in November of 2016 and distributed to the City in 2017 in accordance with state statutes. Property taxes are due in total by December 31 following the levy date, or they may be paid in equal installments if paid by December 20 (first installment) and the following May 10 (second installment).

State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1 of the ensuing year. Therefore taxes levied in the current year are recorded as taxes receivable and deferred inflows of resources at year-end and are recognized as revenue, net of estimated uncollectible and delinquent amounts, in the year they become due.

4. Intergovernmental Receivables and Revenue

Amounts due from other governments as of December 31, 2017 are as follows:

	Major		Other Governmental Funds	Total
	General	Capital Projects		
Federal				
Department of Housing and Urban Development	$ -	$ -	$ 258,233	$ 258,233
State				
Department of Revenue	100,000	-	1,106,598	1,206,598
Department of Transportation	11,943	680,116	7,879	699,938
Local				
Kansas City Area Transportation Authority	-	-	5,345	5,345
MARC	-	-	13,534	13,534
City of Overland Park	-	488,284	-	488,284
Johnson County	-	2,241,402	29,085	2,270,487
	$ 111,943	$ 3,409,802	$ 1,420,674	$ 4,942,419

Intergovernmental revenues for the year ended December 31, 2017 consisted of the following:

	Major		Internal Service	Other	
	General	Capital Projects	Vehicle Replacement	Governmental Funds	Total
Federal					
Department of Housing and Urban Development	$ -	$ -	$ -	$ 483,426	$ 483,426
FEMA	-	-	-	2,000,000	2,000,000
State					
Liquor Tax	481,217	-	-	962,434	1,443,651
State Highway Connecting Links	47,367	-	-	-	47,367
Special Highway	-	-	-	3,596,817	3,596,817
Library State Aid	-	-	-	40,499	40,499
Department of Aging	-	-	-	51,818	51,818
Department of Wildlife and Parks	-	-	-	6,803	6,803
Department of Transportation	-	5,538,075	326,182	29,586	5,893,843
County					
Street improvements	-	7,476,713	-	18,625	7,495,338
Herritage Trust	-	-	-	8,046	8,046
Local					
MARC	-	-	-	30,015	30,015
Olathe Medical Center	-	-	-	110,000	110,000
Kansas City Area Transportation Authority	-	-	-	263,117	263,117
Unified School District 233	458,163	-	-	-	458,163
	$ 986,747	$ 13,014,788	$ 326,182	$ 7,601,186	$ 21,928,903

5. Capital Assets

Capital Asset activity for the year ended December 31, 2017 was as follows:

	Beginning of Year	Additions	Retirements	End of Year
Governmental activities				
Capital assets, not being depreciated				
Land	$ 103,475,067	$ 1,684,297	$ 1,154,815	$ 104,004,549
Art collection	20,845	-	-	20,845
Kansas Room Collection / Genealogy	45,260	260	-	45,520
Construction in progress	34,400,397	34,233,239	6,977,905	61,655,731
Total capital assets, not being depreciated	137,941,569	35,917,796	8,132,720	165,726,645
Capital assets being depreciated				
Land improvements	111,634	-	-	111,634
Buildings	110,807,031	3,947,208	-	114,754,239
Machinery and equipment	68,811,098	10,470,304	2,194,808	77,086,594
Swimming pools	10,021,514	-	-	10,021,514
Infrastructure	771,451,176	18,366,394	-	789,817,570
Books and materials	3,997,559	383,954	371,162	4,010,351
Total capital assets being depreciated	965,200,012	33,167,860	2,565,970	995,801,902
Less accumulated depreciation for				
Land improvements	(53,553)	(12,313)	-	(65,866)
Buildings	(30,525,929)	(2,767,218)	-	(33,293,147)
Machinery and equipment	(41,497,686)	(6,222,501)	(1,985,672)	(45,734,515)
Swimming pools	(5,610,619)	(603,878)	-	(6,214,497)
Infrastructure	(400,898,017)	(27,664,503)	-	(428,562,520)
Books and materials	(3,009,636)	(386,114)	(371,162)	(3,024,588)
Total accumulated depreciation	(481,595,440)	(37,656,527)	(2,356,834)	(516,895,133)
Total capital assets being depreciated, net	483,604,572	(4,488,667)	209,136	478,906,769
Governmental activities capital assets, net	$ 621,546,141	$ 31,429,129	$ 8,341,856	$ 644,633,414

	Beginning of Year	Additions	Retirements	End of Year
Business-type activities				
Capital assets, not being depreciated				
Land	$ 4,622,031	$ -	$ -	$ 4,622,031
Construction in progress	15,738,926	9,888,884	3,311,729	22,316,081
Total capital assets, not being depreciated	20,360,957	9,888,884	3,311,729	26,938,112
Capital assets being depreciated				
Buildings	33,778,295	-	-	33,778,295
Machinery and equipment	4,848,733	35,078	-	4,883,811
Water system	203,395,961	3,451,222	-	206,847,183
Sewer system	196,606,802	3,146,508	-	199,753,310
Total capital assets being depreciated	438,629,791	6,632,808	-	445,262,599
Less accumulated depreciation for				
Buildings	(11,707,875)	(815,234)	-	(12,523,109)
Machinery and equipment	(2,420,034)	(403,103)	-	(2,823,137)
Water system	(54,794,328)	(3,389,756)	-	(58,184,084)
Sewer system	(39,486,215)	(2,590,969)	-	(42,077,184)
Total accumulated depreciation	(108,408,452)	(7,199,062)	-	(115,607,514)
Total capital assets being depreciated, net	330,221,339	(566,254)	-	329,655,085
Business-type activities capital assets, net	$ 350,582,296	$ 9,322,630	$ 3,311,729	$ 356,593,197

Component unit	Reclassified Beginning of Year	Additions	Retirements	End of Year
Capital assets, not being depreciated				
Land	$ 442,111	$ -	$ -	$ 442,111
Total capital assets, not being depreciated	442,111	-	-	442,111
Capital assets being depreciated				
Buildings and improvements	8,669,523	9,867	-	8,679,390
Machinery and equipment	242,007	7,471	10,983	238,495
Total capital assets being depreciated	8,911,530	17,338	10,983	8,917,885
Less accumulated depreciation for				
Buildings	(6,199,048)	(258,567)	-	(6,457,615)
Machinery and equipment	(225,291)	(3,742)	(9,934)	(219,099)
Total accumulated depreciation	(6,424,339)	(262,309)	(9,934)	(6,676,714)
Total capital assets being depreciated, net	2,487,191	(244,971)	1,049	2,241,171
Component units capital assets, net	$ 2,929,302	$ (244,971)	$ 1,049	$ 2,683,282

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

Government activities	
General government	$ 1,425,270
Public safety	1,373,441
Public works	28,408,831
Community services	1,369,147
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of assets	5,079,838
Total depreciation expense for governmental activities	$ 37,656,527
Business-type activities	
Water and sewer	$ 7,098,144
Solid Waste	100,918
Total depreciation expense for business-type activities	$ 7,199,062

6. Debt

Short-term debt

The following is a summary of the short-term debt transactions of the City for the year ended December 31, 2017.

	Beginning of Year	Additions	Retirements	End of Year	Due in One Year
Governmental					
Temporary notes	$ 17,182,095	$ 27,477,203	$ 17,182,095	$ 27,477,203	$ 27,477,203

	Interest Rate	Maturity Date	End of Year
Temporary Notes			
Street and sidewalk improvements	2.00%	1-Aug-18	$ 27,477,203

Long-term debt

The following is a summary of long-term debt transactions for the year ended December 31, 2017.

	Beginning of Year	Additions	Retirements	End of Year	Due in One Year
Governmental					
General obligation bonds	$ 183,905,000	$ 27,525,000	$ 32,875,000	$ 178,555,000	$ 22,720,000
Special obligations bonds	30,699,594	-	2,608,023	28,091,571	17,441,571
Capitalized leases	87,774	-	84,152	3,622	2,671
Compensated absences	4,057,204	3,612,497	3,628,291	4,041,410	2,339,068
Net OPEB Obligation	7,926,492	1,784,856	1,335,600	8,375,748	-
	226,676,064	32,922,353	40,531,066	219,067,351	42,503,310
Add: bond issuance premium	14,631,816	3,915,330	1,653,296	16,893,850	1,490,158
Deduct: bond discount	(2,209)	-	(126)	(2,083)	(126)
Total governmental debt	241,305,671	36,837,683	42,184,236	235,959,118	43,993,342
Business-type					
General obligation bonds	12,405,000	-	1,210,000	11,195,000	1,250,000
Revenue bonds	71,865,000	11,340,000	4,500,000	78,705,000	3,400,000
KDHE revolving loan	17,754,002	-	1,392,896	16,361,106	1,360,716
Capitalized leases	6,721,860	35,077	1,324,374	5,432,563	1,403,495
Compensated absences	849,345	1,212,102	1,162,162	899,285	731,874
Net OPEB Obligation	1,509,808	339,970	254,398	1,595,380	-
	111,105,015	12,927,149	9,843,830	114,188,334	8,146,085
Add: bond issuance premium	1,236,426	375,093	350,746	1,260,773	171,544
Deduct: bond discount	(394,451)	(89,114)	(49,146)	(434,419)	(49,146)
Total business-type debt	111,946,990	13,213,128	10,145,430	115,014,688	8,268,483
Total primary government	$ 353,252,661	$ 50,050,811	$ 52,329,666	$ 350,973,806	$ 52,261,825

Projects financed in part by special assessments are financed by the issuance of general obligation bonds of the City and are backed by the full faith and credit of the City, and are included within the General Obligation Bonds and are retired from the Debt Service Fund.

Upon authorization for the issuance of general obligation bonds for certain improvements, Kansas law permits temporary financing of such improvements by the issuance of general obligation notes. General obligation notes issued may not exceed the aggregate amount of bonds authorized, are interest bearing, and have a maturity date not later than four years from the date of issuance of such general obligation notes.

Compensated absences and OPEB obligations have typically been liquidated by the General, Water and Sewer, Solid Waste, and Central Garage Funds.

Bonds

	Original Issue	Original Issue Interest Rate	Maturity Date	End of Year
General Obligation Bonds				
Governmental activities				
2003 Series 204 improvement bonds	$ 1,475,000	3.50 - 5.50	1-Apr-18	$ 75,000
2009 Series 212 improvement bonds	21,650,000	2.00 - 4.25	1-Oct-29	4,280,000
2009 Series 213 improvement bonds	1,360,000	1.75 - 4.60	1-Oct-19	320,000
2010 Series 215 improvement bonds	44,930,000	3.00 - 5.00	1-Oct-30	14,960,000
2010 Series 216 improvement bonds	1,203,000	1.50 - 4.30	1-Oct-20	405,000
2010 Series 217 improvement bonds	7,015,000	1.00 - 4.30	1-Oct-20	2,240,000
2011 Series 218 improvement bonds	28,100,000	2.00 - 5.00	1-Oct-31	16,660,000
2011 Series 219 refunding	8,835,000	0.50 - 3.50	1-Oct-23	3,245,000
2012 Series 221 refunding and improvement	6,505,000	2.00 - 2.375	1-Oct-24	3,910,000
2013 Series 222 refunding and improvement	27,330,000	2.00 - 5.00	1-Oct-33	21,390,000
2014 Series 223 improvement bonds	9,315,000	1.50 - 5.00	1-Oct-24	8,165,000
2014 Series 224 refunding	4,260,000	3.00 - 4.00	1-Oct-20	1,815,000
2014 Series 225 improvement bonds	12,905,000	1.00 - 3.90	1-Sep-35	12,375,000
2015 Series 226 improvement bonds	11,695,000	2.50 - 5.00	1-Oct-25	8,810,000
2015 Series 227 refunding	8,290,000	2.00 - 4.00	1-Oct-27	5,425,000
2016 Series 228 refunding and improvement	25,315,000	0.98 - 2.54	1-Oct-31	24,575,000
2016 Series 229 improvement	5,765,000	0.90 - 2.55	1-Oct-26	5,245,000
2016 Series 230 refunding and improvement	27,525,000	2.50 - 5.00	1-Oct-29	27,525,000
				161,420,000
Refunded Debt				
2009 Series 212 improvement bonds	21,650,000	2.00 - 4.25	1-Oct-29	3,920,000
2010 Series 215 improvement bonds	44,930,000	3.00 - 5.00	1-Oct-30	13,215,000
				178,555,000
Business-type activities				
2011 Series 220 refunding	17,510,000	2.00 - 4.00	1-Jul-25	11,195,000
Total General Obligation Bonds				$ 189,750,000

	Original Issue	Original Issue Interest Rate	Maturity Date	End of Year
Governmental activities				
Special Obligation Bonds				
2002 Series Southgate Phase TIF	$ 5,700,000	4.90 - 6.20	1-Mar-22	$ 1,690,000
2006 Series Olathe Gateway TIF	13,030,000	4.75 - 5.00	1-Mar-26	8,816,091
2006 Series Olathe Gateway TDD	9,195,000	4.75 - 5.00	1-Dec-28	7,395,480
2007 Series West Village TIF	16,565,000	5.00 - 5.50	1-Sep-26	10,190,000
				$ 28,091,571

2002 Southgate Series Phase TIF

The City has pledged 100% of the incremental increase in ad valorem tax revenues and 50% of the incremental increase in the City's sales tax revenues to repay the $5,700,000 in tax increment financing bonds issued in June 2002 to finance the redevelopment of the Southgate Retail Center (Center). The bonds are payable solely from the incremental ad valorem and sales taxes generated by the Center. Incremental taxes were projected to produce $7,839,254 over the life of the bonds. As of December 31 2017, total principal and interest remaining on the bonds was $1,944,820, payable through March 2022. For 2017, principal and interest paid and total incremental revenues were $1,156,040 and $1,164,748, respectively. On March 1, 2018, the City paid off these bonds early.

2006 Olathe Gateway TIF

The City has pledged 100% of the incremental increase in ad valorem tax revenues and 100% of the incremental increase in the City's sales tax revenues to repay the $13,030,000 in tax increment financing bonds issued in December 2006 to finance the redevelopment of the Olathe Gateway. The bonds are payable solely from the incremental ad valorem and sales taxes generated by Olathe Gateway. Incremental taxes were projected to produce $21,199,063, payable through March 2026. As of December 31, 2017, total principal and interest remaining on the bonds was $11,687,218. For 2017, principal and interest paid and total incremental tax revenues were $795,000 and $793,562, respectively.

Due to the insufficiency of funds to cover the principal on the Bonds for the September 1, 2011, debt service payment, the Trustee has determined that an "event of default" has occurred under the Indenture and has declared the principal of all bonds outstanding and the interest accrued thereon to be immediately due and payable. The Bonds are special, limited obligations of the City. Neither the Bonds nor the interest thereon constitute a general obligation or indebtedness of, nor is the payment thereof guaranteed by the City.

2006 Olathe Gateway TDD

The City has pledged 100% of the transportation development district sales tax (1%) on the selling of tangible personal property or rendering or furnishing of services within the transportation district to repay the $9,195,000 in transportation development district bonds issued in December 2006 to finance the redevelopment of the Olathe Gateway. The bonds are payable solely from the transportation development district tax revenue generated by Olathe Gateway. Incremental taxes were projected to produce $19,042,625 over the life of the bonds. As of December 31, 2017, total principal and interest remaining on the bonds was $9,796,353, payable through December 2028. For 2017, principal and interest paid and total incremental tax revenues were $250,000 and $275,047, respectively.

Due to the insufficiency of funds to cover the principal on the Bonds for the June 1, 2011, debt service payment, the Trustee has determined that an "event of default" has occurred under the Indenture and has declared the principal of all bonds outstanding and the interest accrued thereon to be immediately due and payable. The Bonds are special, limited obligations of the City. Neither the Bonds nor the interest thereon constitute a general obligation or indebtedness of, nor is the payment thereof guaranteed by the City.

2007 West Village TIF

The City has pledged 100% of the incremental increase in ad valorem tax revenues and 100% of the incremental increase in the City's sales tax revenues to repay the $16,565,000 in tax increment financing bonds issued in July 2007 to finance the redevelopment of the West Village. The bonds are payable solely from the incremental ad valorem and sales taxes generated by the West Village. Incremental taxes were projected to produce $32,108,898 over the life of the bonds. As of December 31, 2017, total principal and interest remaining on the bonds was $12,971,267, payable through September 2026. For 2017, principal and interest and total incremental tax revenues were $1,384,543 and $1,670,437, respectively.

	Original Issue	Original Issue Interest Rate	Maturity Date	End of Year
Business-type activities				
Revenue Bonds				
2009 Water and Sewer System revenue bonds	$ 3,110,000	2.00 - 4.600	1-Jul-29	$ 2,055,000
2010 Water and Sewer System revenue bonds	6,540,000	0.60 - 5.800	1-Jul-30	4,395,000
2010 Water and Sewer System revenue bonds	8,050,000	1.00 - 5.700	1-Jul-35	6,380,000
2010 Water and Sewer System revenue bonds	36,280,000	1.00 - 6.000	1-Jul-36	29,790,000
2012 Water and Sewer System revenue bonds	9,585,000	2.00 - 3.000	1-Jul-32	7,450,000
2015 Water and Sewer System revenue bonds	18,895,000	2.00 - 5.000	1-Jul-35	17,400,000
2017 Water and Sewer System revenue bonds	11,340,000	3.00 - 4.000	1-Jul-37	11,235,000
Total revenue bonds				$ 78,705,000

KDHE revolving loans

The City entered into a loan agreement with KDHE for the Cedar Creek Wastewater Treatment Plant Expansion Project. The loan was entered into on July 7, 1998 with an interest rate of 3.19% and a maximum amount of $2,864,968. As of December 31, 2017, $2,143,230 had been drawn on this loan and the payback amount was $76,998. Principal payments of $150,112 were made in 2017. The loan payment began in 2003 when the project was completed. The loan was paid off in March 2018.

The City entered into a loan agreement with KDHE for the Cedar Creek Wastewater Treatment Plant Sludge Project. The loan was entered into on July 16 2003 with an interest rate of 2.69% and a maximum amount of $2,207,863. As of December 31, 2017, $2,207,863 had been drawn on this loan and the payback amount was $912,677. Principal payments of $115,819 were made in 2017. The payback period for the amount of the loan remaining is 20 years. The loan payment began in 2005 when the project was completed.

The City entered into a loan agreement with KDHE for the Cedar Creek Wastewater Treatment Plant Pump Station Project. The loan was entered into on March 7, 2006 with an interest rate of 2.42% and a maximum amount of $768,500. As of December 31, 2017, $768,500 had been drawn on this loan and the payback amount was $429,837. Principal payments of $41,730 were made in 2017. The payback period for the amount of the loan remaining is 20 years. The loan payment began in 2007 when the project was completed.

The City entered into a loan agreement with KDHE for the 42" Finished Water Transmission Project. The loan was entered into on November 13, 2007 with an interest rate of 3.11% and a maximum amount of $16,883,916. As of December 31, 2017, $16,883,916 had been drawn on this loan and the payback amount was $11,723,934. Principal payments of $862,462 were made in 2017. The payback period for the amount of the loan remaining is 20 years. The loan payment began in 2009 when the project was completed.

The City entered into a loan agreement with KDHE for the Cedar Creek Wastewater Treatment Plant Expansion Project. The loan was entered into on March 9, 2009 with an interest rate of 2.55% and a maximum amount of $4,221,984. As of December 31, 2017, $4,221,984 had been drawn on this loan and the payback amount was $3,217,660. Principal payments of $222,775 were made in 2017. The payback period for the amount of the loan remaining is 20 years. The loan payment began in 2010 when the project was completed.

Annual debt service requirements to maturity for Governmental Activities are as follows:

	Governmental Activities					
	General Obligation Bonds		Special Obligation Bonds		Totals	
Year	Principal	Interest	Principal	Interest	Principal	Interest
2018	$ 18,800,000	$ 6,889,137	$ 17,441,571	$ 5,917,358	$ 36,241,571	$ 12,806,495
2019	18,545,000	6,151,742	1,335,000	574,185	19,880,000	6,725,927
2020	17,100,000	5,420,107	1,440,000	497,084	18,540,000	5,917,191
2021	14,675,000	4,713,847	1,555,000	413,800	16,230,000	5,127,647
2022	13,720,000	4,030,847	1,280,000	328,984	15,000,000	4,359,831
2023 - 2027	55,595,000	11,141,389	5,040,000	576,676	60,635,000	11,718,065
2028 - 2032	19,655,000	2,449,034	-	-	19,655,000	2,449,034
2033 - 2035	3,330,000	231,215	-	-	3,330,000	231,215
	161,420,000	41,027,318	28,091,571	8,308,087	189,511,571	49,335,405
Due within one year	18,800,000	6,889,137	17,441,571	5,917,358	36,241,571	12,806,495
Due in more than one year	$ 142,620,000	$ 34,138,181	$ 10,650,000	$ 2,390,729	$ 153,270,000	$ 36,528,910

Annual debt service requirements to maturity for Business-type Activities are as follows:

	Business-type Activities							
	General Obligation Bonds		Revenue Bonds		KDHE Revolving Loan		Totals	
Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2018	$ 1,250,000	$ 370,056	$ 3,400,000	$ 3,420,983	$ 1,360,716	$ 473,462	$ 6,010,716	$ 4,264,501
2019	1,295,000	320,056	3,480,000	3,311,598	1,326,010	434,078	6,101,010	4,065,732
2020	1,330,000	274,731	3,585,000	3,173,966	1,369,707	394,655	6,284,707	3,843,352
2021	1,370,000	221,531	3,705,000	3,028,161	1,414,855	353,924	6,489,855	3,603,616
2022	1,435,000	180,431	3,845,000	2,873,553	1,461,503	311,839	6,741,503	3,365,823
2023 - 2027	4,515,000	278,793	21,295,000	11,856,322	7,557,004	892,584	33,367,004	13,027,699
2028 - 2032	-	-	23,130,000	7,022,508	1,871,311	49,112	25,001,311	7,071,620
2033 - 2037	-	-	16,265,000	1,981,511	-	-	16,265,000	1,981,511
	11,195,000	1,645,598	78,705,000	36,668,602	16,361,106	2,909,654	106,261,106	41,223,854
Due within one year	1,250,000	370,056	3,400,000	3,420,983	1,360,716	473,462	6,010,716	4,264,501
Due in more than one year	$ 9,945,000	$ 1,275,542	$ 75,305,000	$ 33,247,619	$ 15,000,390	$ 2,436,192	$ 100,250,390	$ 36,959,353

The City has pledged future water customer revenues, net of specified operating expenses, to repay $78,705,000 ($2,055,000 Series 2009, $4,395,000 Series 2010A, $6,380,000 Series 2010B, $29,790,000 Series 2010C, $7,450,000 Series 2012, $17,400,000 Series 2015, and $11,235,000 Series 2017) in water system revenue bonds. Proceeds from the bonds provide financing for several new improvements to the City's water and sewer system. The bonds are payable solely from water customer net revenues and are payable through 2037. The total principal and interest remaining to be paid on the bonds is $115,373,602. Principal and interest paid for the current year were $4,500,000 and $3,400,661, respectively.

	Water & Sewer Revenue Bonds					
Fiscal Year	Revenues	Current Expenses	Net Revenue Available for Debt Service	Principal Requirement	Interest Requirement	Coverage
2017	$ 47,441,300	$ 29,913,182	$ 17,528,118	$ 4,500,000	$ 3,400,661	2.22

In July 2017, the City issued General Obligation Bonds Series 230 in the amount of $27,525,000 for the purpose of refunding Series 212 and Series 215 and funding various municipal improvements and pay principal and interest on certain temporary notes of the City. The bonds mature serially on October 1, 2018 through October 1, 2029. The new debt service amount on the refunded Series 212 and Series 215 debt is $21,002,274. The old debt service amount on the Series 212 and Series 215 was $23,542,156. This results in a savings of $2,539,882. The economic gain of the refunding is $2,242,777.

K.S.A. 10-308 restricts the level of the authorized and outstanding bonded indebtedness of the City to not more than 30% of the assessed valuation of the City. For purposes of calculating the legal debt margin of the City, the following types of bonds are excluded from the total indebtedness of the City: (a) bonds issued for the purpose of acquiring, enlarging, extending, or improving any storm or sanitary sewer system or any municipal utility, and (b) bonds issued to pay for the costs of improvements to intersections of streets and alleys or that portion of any street immediately in front of City or school district property.

As of December 31, 2017, based on the assessed valuation as of December 15, 2017 of $1,931,669,551, the general obligation debt limit was $579,500,865 which, after reduction for outstanding eligible general obligation bonds and notes totaling $199,825,000, and increases for exempt projects financed with outstanding general obligation bonds and notes totaling $63,658,839 and amounts available for debt service of $29,519,397, provides a general obligation debt margin of $472,854,101.

Capitalized Leases

Governmental activities:	End of Year
9.50% interest lease on a copy machine, payable in monthly principal and interest payments of $194 through May 2019	$ 3,082
8.4657% interest lease on a fire plotter, payable in monthly principal and interest payments of $273 through February 2018	540
	$ 3,622
Business-type activities:	
9.50% interest lease for a copy machine, payable in monthly principal and interest payments of $132 through August 2019	$ 2,429
4.07% interest lease for fitness equipment, payable in monthly principal and interest payments of $948 through August 2020	30,781
2.350% interest lease for water meters, payable in quarterly principal and interest payments ranging from $477,397 to $321,419 starting in February 2012 through February 2023	5,399,353
Total capital leases for business-type activities	$ 5,432,563

The assets acquired through capital leases are as follows:

	Governmental Activities	Business-type Water & Sewer
Asset:		
Machinery and equipment	$ 665,541	$ 1,344,972
Water system	-	12,876,265
Less: Accumulated depreciation	(615,788)	(6,656,973)
Total	$ 49,753	$ 7,564,264

Annual debt service requirements to maturity are as follows:

Year	Governmental Activities Payments	Business-type Activities Payments	Total Payments
2018	$ 2,879	$ 1,519,498	$ 1,522,377
2019	974	1,561,642	1,562,616
2020	-	1,603,143	1,603,143
2021	-	1,003,850	1,003,850
	3,853	5,688,133	5,691,986
Less interest	231	255,570	255,801
Total	$ 3,622	$ 5,432,563	$ 5,436,185

7. Refunded Debt

In 2017, the City refunded certain debt by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on old debt using a crossover advance refunding bond issue. For reporting purposes, under a crossover advance refunding bond issue, the original issue (refunded bonds) is not considered defeased until they are retired. As with advance refunding bond issues, the proceeds of the crossover advance refunding bonds are placed into an escrow account. However, unlike other types of advance refunding, the escrow account in a crossover advance refunding transaction is not immediately dedicated to debt service principal and interest payments on the refunded debt. Instead the resources in the escrow account are used temporarily to meet debt service requirements on the refunding bonds. Only at a later date, known as the "crossover date" are the resources in the escrow account dedicated exclusively to the payment of principal and interest on the refunded debt. Crossover refunding does not result in the defeasance of debt prior to the crossover date. The City has recorded in the appropriate financial statements the outstanding debt of both the refunding and the refunded issues which are not considered defeased. At December 31, 2017, the following crossover advance refunding bonds are recorded as liabilities on the entity-wide statement of net position:

	Refunding Issue (Date)	Debt Series Refunded	Debt Outstanding
General Obligation	Series 230 (2017)	212	$ 3,920,000
General Obligation	Series 230 (2017)	215	13,215,000

For Series 230, the reduction in debt service payments is $2,539,882. The economic gain on the transaction is $2,242,777.

8. Fund Balances

In the fund financial statements, governmental funds report fund balance in five different classifications.

a. Nonspendable. Assets legally or contractually required to be maintained or are not in spendable form. Such constraint is binding until the legal requirement is repealed or the amounts become spendable.
b. Restricted. Assets with externally imposed constraints, such as those mandated by creditors, grantors, and contributors, or laws and regulations. Such constraint is binding unless modified or rescinded by the applicable external body, laws, or regulations.
c. Committed. Assets with a purpose formally imposed by ordinance by the City Council, binding unless modified or rescinded by the City Council.
d. Assigned. Assets constrained by the expressed written intent of the City Council (only possible if any fund balance is budgeted to be used in the next year), City Manager, Director of Resource Management, or designee. The designee is only allowed to assign for the purpose of encumbrances. Various people are allowed to approve encumbrances based upon the dollar amount per the City Council approved Purchasing Policy. Encumbrances shall be considered as assigned unless they specifically meet the requirements to be restricted or committed.
e. Unassigned. All amounts not included in the other fund balance classifications. The general fund shall be the only fund to report positive unassigned fund balance. All other governmental funds may report negative unassigned fund balance.

For unrestricted fund balance, committed amounts should be reduced first, followed by assigned amounts, followed by unassigned amounts. It is the goal of the City to maintain a minimum fund balance in the general fund of 15% of revenues, with an annual target of 30% of revenues. The following chart details the components of fund balance for the City at December 31, 2017.

City of Olathe, Kansas
Components of Fund Balance
December 31, 2017

	Major				Nonmajor	
	General	Debt Service	Special Tax Financing	Capital Projects	Other Governmental Funds	Total Governmental Funds
Fund Balances:						
Non Spendable:	$ 65,974	$ -	$ -	$ -	$ 89,632	$ 155,606
Restricted for:						
Debt service	-	27,011,052	6,974,325	-	-	33,985,377
Public safety - fire levy	-	-	-	-	215,776	215,776
Public safety - reimbursable programs	-	-	-	20,259,879	94,971	20,354,850
Public safety - grants	-	-	-	-	120,678	120,678
Public works - motor fuel tax	-	-	-	-	949,869	949,869
Public works - Street Maintenance Sales Tax	-	-	-	-	2,149,690	2,149,690
Community services - special alcohol	-	-	-	-	927,609	927,609
Community services - Park sales tax	-	-	-	-	3,370,019	3,370,019
Community services - grants	-	-	-	-	3,973,378	3,973,378
Community services - reimbursable programs	-	-	-	-	156,453	156,453
General government - reimbursable programs	-	-	-	-	713,252	713,252
General government - library	-	-	-	-	3,075,357	3,075,357
Committed to:						
Public works - storm water	-	-	-	-	1,584,408	1,584,408
Public works - future street improvement	-	-	-	-	7,959,161	7,959,161
Community services - special park & recreation	-	-	-	-	2,188,948	2,188,948
Community services - Recreation	-	-	-	-	873,096	873,096
Community services - Cemetary	-	-	-	-	661,834	661,834
General government - Economic Development	-	-	-	-	1,126,017	1,126,017
Assigned to:						
Debt service	-	20,686,346	-	-	-	20,686,346
Public safety - encumbrances	184,045	-	-	-	-	184,045
Public works - encumbrances	73,519	-	-	-	-	73,519
Community services - encumbrances	15,880	-	-	-	-	15,880
General government encumbrances	40,359	-	-	-	-	40,359
Unassigned:	28,660,751	-	-	-	-	28,660,751
Total fund balances:	$29,040,528	$47,697,398	$ 6,974,325	$ 20,259,879	$30,230,148	$134,202,278

9. Interfund Activities

Interfund transactions for the year were as follows:

	Transfer to							
Transfers from	General	Debt Service	Major Capital Projects	Water & Sewer	Solid Waste	Internal Service Funds	Other Governmental Funds	Total
General	$ -	$ 6,258,883	$ 7,257,259	$ -	$ -	$ -	$ 127,750	$ 13,643,892
Capital Projects	1,462	11,440	-	7,769	65,596	-	83,227	169,494
Other Governmental Funds	6,419,898	125,000	20,267,859	-	-	18,398	4,654	26,835,809
Proprietary Funds								
Water and sewer	-	5,386	205,661	-	19,616	-	-	230,663
Internal Service Funds	-	-	511,176	-	-	-	59,899	571,075
Total proprietary funds	-	5,386	716,837	-	19,616	-	59,899	801,738
Totals	$ 6,421,360	$ 6,400,709	$ 28,241,955	$ 7,769	$ 85,212	$ 18,398	$ 275,530	$ 41,450,933

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from funds collecting the receipts to the debt service fund as debt service payments are due, and (3) use unrestricted revenues collected in various funds to finance various programs accounted for in other funds in accordance with budgetary authorization. Any transfers within the government funds have been eliminated in the government-wide statement of activities.

Interfund receivable/payable balances as of December 31, 2017 were as follows:

	Receivables	Payables
Fund Statements		
Vehicle replacement	$ 1,658,198	$ -
Capital projects	-	1,658,198
	$ 1,658,198	$ 1,658,198
Government-Wide Statements		
Governmental	$ 5,055,579	$ -
Business-type	-	5,055,579

10. Pension Plans

The City participates in the Kansas Public Employees Retirement System (KPERS) and the Kansas Police and Firemen's Retirement System (KP&F). Both are part of a cost-sharing, multiple-employer defined benefit pension plan as defined in Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pensions.* The pension plan is administered by KPERS, a body corporate and an instrumentality of the State of Kansas. KPERS provides benefit provisions to the following statewide pension groups under one plan, as provided by K.S.A. 74, article 49 (1) public employees (which includes State/School employees and local employees), (2) Police and Firemen, and (3) judges. Substantially all public employees in Kansas are covered by KPERS. Participation by local political subdivisions is

optional, but irrevocable once elected. KPERS issues a stand-alone comprehensive annual financial report which is available on the KPERS website at www.kpers.org or may be obtained by writing to KPERS (611 S. Kansas Avenue, Suite 100, Topeka, Kansas 66603-3803) or by calling 1-888-275-5737.

Benefits

Benefits are established by statute and may only be changed by the General Assembly. Members (except Police and Firemen) with ten or more years of credited service, may retire as early as age 55 (Police and Firemen may be age 50 with 20 years of credited service), with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever a members combined age and years of credited service equal 85 "points" (Police and Firemen normal retirement ages are 60 with 15 years of credited service, age 55 with 20 years, age 50 with 25 years, or any age with 36 years of service). Monthly retirement benefits are based on a statutory formula that includes final average salary and years of service. When ending employment, members may withdraw their contributions from their individual accounts, including interest. Members who withdraw their accumulated contributions lose all rights and privileges of membership.

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

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

For all pension coverage groups, the accumulated contributions and interest are deposited into and disbursed from the membership accumulated reserve fund as established by K.S.A. 74-4922.

Contributions

Member contributions are established by state law and are paid by the employee according to the provisions of Section 414 (h) of the Internal Revenue Code. State law provides that the employer contribution rates are determined based on the results of an annual actuarial valuation. The contributions and assets of all groups are deposited in the KPERS Fund established by K.S.A. 74-4921. All of the retirement systems are funded on an actuarial reserve basis.

For fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 1.2% of total payroll for the fiscal year ended June 30, 2017.

The actuarially determined employer contribution rate and statutory contribution rate for local government employees are both 8.46%. The actuarially determined employer contribution rate and statutory contribution rate for police and firemen are both 19.03%. Member contribution rates as a percentage of eligible compensation for the fiscal year ended June 30, 2017 are 6% for local government employees and 7.15% for police and firemen.

Employer Allocations

Although KPERS administers one cost-sharing multiple-employer defined pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each group in the plan. To facilitate the separate (sub) actuarial valuations, KPERS maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedules of pension amounts by employer and nonemployer.

The allocation percentages for the City's share of the collective pension amounts as of June 30, 2017 and 2016 were based on the ratio of its contributions to the total of the employer and nonemployer contribution group for the fiscal years ended June 30, 2017 and 2016, respectively. The contributions used exclude contributions made for prior service, excess benefits, and irregular payments. At June 30, 2017, the City's proportion was 6.508% (1.997% for local government employees and 4.511% for police and firemen) which was an increase of 0.023% from its proportion measured at June 30, 2017.

Net Pension Liability

As of December 31 2017 and 2016 the City reported a liability of $71,227,955 ($28,925,745 for local government employees and $42,302,210 for police and firemen) and $72,215,115 ($29,986,662 for local government employees and $42,228,453 for police and firemen), respectively, for its proportionate share of the net pension liability.

The total pension liability was determined by an actuarial valuation as of December 31, 2016, which was rolled forward to June 30, 2017, using the following actuarial assumptions:

Inflation	2.75%
Salary increases, including wage increases	3.50 to 12.00%, including inflation
Long-term rate of return, net of investment expense, and including price inflation	7.75%

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

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

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

Asset Class	Long-Term Target Allocation	Long-Term Expected Real Rate of Return
Global equity	47.00%	6.80%
Fixed income	13.00%	1.25%
Yield driven	8.00%	6.55%
Real return	11.00%	1.71%
Real estate	11.00%	5.05%
Alternatives	8.00%	9.85%
Short-term investments	2.00%	-0.25%
Total	100.00%	

Discount Rate

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

In KPERS, the State/School and Local groups do not necessarily contribute the full actuarial determined rate. Based on legislation first passed in 1993 and subsequent legislation, the employer contribution rates certified by the Board may not increase by more than the statutory cap. The statutory cap for Fiscal Year 2017 was 1.2 percent.

In recent years, the Legislature has made several changes to statutory rates that deviate from the scheduled contribution increases set under the caps established in 2012 for State/School group. Under 2015SB 4, the previously certified State/School statutory rate for Fiscal Year 2015 of 11.27 percent was reduced to 8.65 percent for the last half of the fiscal year as part of the Governor's Allotment. The same session, SB 228 recertified statutory rates for the State/School group to 10.91 percent for Fiscal Year 2016 and 10.81 percent for Fiscal Year 2017 in anticipation of the issuance of $1 billion in pension obligation bonds. Legislation in the 2016 session (SB 161) provided for the delay of up to $100 million in State and School contributions to the Pension Plan. Legislation passed by the 2017 Legislature removed the repayment provisions included in SB 161.

In addition, 2017 S Sub. For Sbu. HB 2052 delayed $64.1 million in Fiscal Year State/School contributions to be repaid over 20 years in level dollar installments. The first year payment of $6.4 million was received in July 2017 and appropriations for Fiscal Year 2018 are intended to fully fund the State/School group statutory contribution rate of 12.01 percent for the year. Additional legislation in the 2017 Session (S Sub for HB 2002) provided for a reduction of $194 million from the previously certified contribution rate of 13.21 percent in the State/School contributions for Fiscal Year 2019. Like the Fiscal Year 2017 reduction, it is to be paid back over a 20 year period, beginning in Fiscal Year 2020. Therefore, both reductions will be accounted for as long-term receivable by the Pension Plan.

Based on employer contribution history as described above, it is a reasonable estimate that the State/School groups contribution rate may not be certified at the statutory rate. It has been assumed that contribution rates will be made within the same range as have been seen in the past few years. Using this assumption actuarial modeling indicates that employer contribution rates for the State/School group are sufficient to avoid a depletion date.

Sensitivity of the City Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability as of June 30, 2017 calculated using the discount rate of 7.75%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75%) or one percentage point higher (8.75%) that the current rate:

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
Local government	$ 41,659,396	$ 28,925,745	$ 18,191,777
Police and Firemen	60,011,781	42,302,210	27,476,772
Total	$ 101,671,177	$ 71,227,955	$ 45,668,549

Pension Expense

For the year ended December 31, 2017, the City recognized pension expense of $9,048,838 ($3,237,335 local government employees and $5,811,503 for police and firemen), which includes the changes in the collective net pension liability, projected earning on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period.

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources Local Government	Deferred Inflows of Resources Local Government	Deferred Outflows of Resources Police and Firemen	Deferred Inflows of Resources Police and Firemen	Total Deferred Outflows of Resources	Total Deferred Inflows of Resources
Differences between actual and expected experience	$ 139,902	$ 1,000,192	$ 2,044,940	$ 316,441	$ 2,184,842	$ 1,316,633
Net differences between projected and actual earnings on investments	907,353	-	1,567,104	-	2,474,457	-
Changes in assumptions	1,557,771	211,518	2,953,894	189,041	4,511,665	400,559
Changes in proportion	1,411,912	2,987	543,211	781,214	1,955,123	784,201
Contributions after measurement date	1,494,663	-	2,204,587	-	3,699,250	-
Total	$ 5,511,601	$ 1,214,697	$ 9,313,736	$ 1,286,696	$ 14,825,337	$ 2,501,393

Contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. The remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	Local Government	Police and Firemen
2018	$ 414,477	$ 1,116,648
2019	1,509,027	2,698,734
2020	899,856	1,642,505
2021	(173,084)	72,189
2022	151,965	292,377
Thereafter	-	-

11. Commitments and Contingent Liabilities

Reimbursable Developer's Cost

The City has pledged revenues (property tax and sales tax) from development areas to repay eligible developers' costs associated with each project. These obligations represent redeveloper project costs that have been certified as eligible for reimbursement from the incremental taxes attributable to each project. The City is only obligated for the amounts of incremental taxes received attributable to the projects. Any deficiencies are the responsibility of the developer. The remaining certified project costs to be repaid as of December 31, 2017 totaled $27,266,861.

Encumbrances

Listed below are the encumbrances by fund for the City as of December 31, 2017.

	Major	Nonmajor	
	General	Other Governmental Funds	Total Governmental Funds
Restricted for:			
Community services	$ -	$ 2,959	$ 2,959
General government	-	45	45
Committed to:			
Public works	-	16,380	16,380
Community services	-	52,943	52,943
Assigned to:			
Public safety	184,045	-	184,045
Public works	73,519	-	73,519
Community services	15,880	-	15,880
General government	40,359	-	40,359
Total encumbrances	$ 313,803	$ 72,327	$ 386,130

Commitments

As of December 31, 2017, uncompleted capital project authorizations compared with project costs from inception (excluding expenditures for general obligation notes, general obligation note interest, note and bond issuance costs and transfers of unused funds back to the funding source) were as follows:

	Project Authorizations	Costs - Project Inception to December 31, 2017
Street improvements	$ 199,566,852	$ 145,095,587
Citywide improvements	122,978,508	118,016,789
Water and sewer lines	101,297,001	84,118,142
	$ 423,842,361	$ 347,230,518

The City has entered into an agreement with Johnson County Indian Creek Middle Basin Main Sewer District No. 1 (the Sewer District) for the transportation and treatment of sewage. The agreement, which is effective for a period of 99 years from August 28, 1984, provides for the transportation of sewage to the county treatment plant and sets billing standards. The City will be billed by the Sewer District for operation, and maintenance, and capital improvements costs in the same manner as other Sewer District users. The City will then be responsible for allocating these costs to City property owners.

The City has estimated the costs to be billed under the agreement for the next three years to be as follows:

	Operation and Maintenance	Capital Improvements	Total
2018	$ 3,272,690	$ 884,372	$ 4,157,062
2019	3,624,504	942,033	4,566,537
2020	4,014,138	1,003,454	5,017,592

Litigation

There are claims and/or lawsuits to which the City is a party as a result of law enforcement activities, injuries and various other matters and complaints arising in the ordinary course of City activities. The City's management and legal counsel anticipate that potential claims against the City not covered by insurance would not materially affect the financial position of the City.

12. Risk Management

The City's risk management activities are reported separately in an Internal Service Fund. The City's risk management activities cover both the primary reporting unit and discretely presented component unit, the Authority. The insurance programs administered are property and various types of liability. The City uses a commercial insurance program with various levels of coverage.

The City has a deductible of $25,000 per occurrence for all property damage losses, $25,000 per occurrence for auto liability and auto property losses, $25,000 per occurrence for general liability losses, $25,000 per occurrence for police liability losses, and $25,000 per occurrence for public official liability losses. The City's deductible would be limited to $25,000 should more than one line of coverage be involved in any single occurrence/event. The City maintains a loss reserves fund for pending claims and for claims incurred, but not reported. The City believes that there is no potential liability as of December 31, 2017 which will exceed coverage and the funds reserved. There were no significant reductions in

insurance coverage during 2017. No significant settlements in excess of insurance coverage have been paid in the last three years.

Effective January 1, 1998, the City was granted a self-insured permit by the Kansas Workers' Compensation Division. The City had previously been a member of a self-insured pool for 11 years. As a stand-alone workers' compensation self-insured, the City must comply with very strict procedural and funding standards monitored by the Kansas Workers' Compensation Division. The City has recorded a liability of $1,318,367 that represents the estimated future cost of claims made and claims incurred, but not reported at December 31, 2017. All is considered due within one year and is included in accounts and claims payable in the Statement of Net Position.

Changes in the balances of workers' compensation claims liabilities during the past two years are as follows:

	Beginning of Year	Additions	Deletions	End of Year
2016	$ 1,041,870	$ 824,348	$ 777,255	$ 1,088,963
2017	1,088,963	954,717	725,313	1,318,367

Employee health and dental insurances are self-insured by the City. The City has an accrued liability for various insurance claims payable including claims incurred, but not yet paid of $978,000 at December 31, 2017. All is considered due within one year and is included in accounts and claims payable in the Statement of Net Position.

Changes in the balances of health and dental insurance claims liabilities during the past two years are as follows:

	Beginning of Year	Additions	Deletions	End of Year
2016	$ 691,000	$13,094,139	$ 13,050,139	$ 735,000
2017	735,000	14,988,093	14,745,093	978,000

The risk management claims payable are based on claims adjusters' and management's evaluations and a third party administrator's review of experience with respect to the probable number and nature of claims arising from losses that have been incurred, but not reported. The liability includes the estimated ultimate cost of settling the claims, including incremental costs, the effects of inflation and other societal and economic factors. Other nonincremental costs are not included in the basis of estimating the liability.

13. Landfill Closure

In October 1993, the City ceased landfill operations. In 1994, the City sold $1,015,000 of Solid Waste Revenue Bonds to finance closure and postclosure costs of the landfill and to construct a transfer station for waste collection and distribution to a regional landfill.

The Environmental Protection Agency (EPA), through the Kansas Department of Health and Environment, requires the former site to be capped. This cap must be inspected for erosion, and the ground water samples must be tested annually. The City has obtained an environmental engineer study of the landfill to evaluate the ultimate postclosure liability to be accrued at December 31, 1995 in accordance with EPA regulations, state regulations and GASB Statement No. 18, "Accounting for Municipal Solid Waste Landfill Closure and Solid Waste Enterprise Fund". Based on the information from the study no liability has been accrued at December 31, 2017. The postclosure care costs will be expensed as incurred. The City will continue to evaluate the ultimate postclosure care cost annually. In the event that a material liability is estimated, the City will accrue the liability at that financial statement

date. Total current cost of landfill closure and postclosure care is an estimate and subject to changes resulting from inflation, deflation, technology, or changes in applicable laws or regulations.

14. Postemployment Benefits Other than Pension Benefits (OPEB)

The City sponsors a single-employer defined benefit healthcare plan that provides healthcare benefits to retirees and their dependents. Retiree health coverage is provided for under Kansas Statute 12-5040. Retirees who retire under the KPERS requirements are eligible for benefits.

Retirees and spouses have the same benefits as active employees. Retiree coverage terminates either when the retiree becomes covered under another employer health plan or when the retiree reaches Medicare eligibility age which is currently age 65. Spousal coverage is available until the retiree becomes covered under another employer health plan, attains Medicare eligibility age, or dies.

Funding Policy

GASB Statement 45 does not require the funding of OPEB liability and the City has chosen not to fund it. City policy dictates the payment of retiree claims as they come due through an internal service fund. For 2017, retiree premiums are the same as employees. Listed below are the monthly premiums.

	Consumer Involved Plan	PPO Plan	Dental Plan
Employee Only	$ 37	$ 81	$ 11
Employee Plus Spouse	209	297	27
Employee Plus Child(ren)	184	269	30
Family	281	392	38

Annual OPEB Cost

The City's annual OPEB is based on an actuarial valuation. The actuarial calculations are performed in accordance with the Projected Unit Credit Actuarial Cost Method as allowed under GASB Statement 45. The following table shows the components of the primary government OPEB cost for 2017:

1. Annual OPEB Cost for 2017	
A. Normal Cost	$ 1,029,148
B. Amortization of Unfunded Actuarial Accrued Liability	1,203,913
C. Annual Required Contribution (ARC)	2,233,061
D. Interest on Net OPEB Obligation	330,270
E. Adjustment to the ARC	438,503
F. Annual OPEB Cost (C+D-E)	$ 2,124,828
2. Employer Contributions for 2017	
A. Claims + Admin Paid on Behalf of Retirees	$ 1,988,000
B. Retiree Contribution	398,000
C. Net Employer Contributions (A-B)	$ 1,590,000

3. Schedule of Employer Contributions

For Fiscal Year Ended December 31

Year	Annual OPEB Costs	Net Employer Contributions	Net OPEB Obligation	Percentage Contributed
2007	$ 2,198,000	$ 607,011	$ 1,590,989	27.62%
2008	2,277,549	892,462	2,976,056	39.19%
2009	1,702,224	899,000	3,779,299	52.81%
2010	1,702,224	958,000	4,523,523	56.28%
2011	1,889,264	986,000	5,426,787	52.19%
2012	1,882,650	1,042,000	6,267,437	55.35%
2013	1,960,207	1,061,000	7,166,644	54.13%
2014	1,949,894	1,152,000	7,964,538	59.08%
2015	2,000,790	1,232,000	8,733,328	61.58%
2016	1,991,971	1,289,000	9,436,300	64.71%
2017	2,124,828	1,590,000	9,971,128	74.83%

4. Net OPEB Obligation at 1/01/17

A. Annual OPEB Cost for 2017	$ 2,124,828
B. Net Employer Contributions for 2017	(1,590,000)
C. Increase in Net OPEB for 2017	534,828
D. Balance at 1/01/16	9,436,300
E. Balance at 1/01/17 (A-B+C)	$ 9,971,128

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. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the Basic Financial Section, presented multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs 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 the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2017 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 3.5% investment rate of return, which is a blended rate of the expected long-term investment returns on the City's own investments. An annual health care costs trend rate of 7.0% initially, reduced by decrements to an ultimate rate of 4.75% after seven years. Both rates include a 2.5% inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period as of this actuarial valuation was 30 years.

Funded Status and Funding Progress

As of January 1, 2017, the most recent actuarial valuation date, the plan was not funded. The unfunded actuarial accrued liability for benefits (UAAL) was $25,031,312. The covered payroll (annual payroll of active employees covered by the plan) was approximately $49 million, and the ratio of the UAAL to the covered payroll was 50.43%.

Plan Report

The plan does not issue a stand-alone audited GAAP basis report.

15. Tax Abatements

Property Tax Abatements

The City provides property tax abatements pursuant to and subject to the terms of Section 13 of Article 11 of the Kansas Constitution or K.S.A. 12-1740 et seq. and 79-201a. (the "Economic Development Revenue Bond Act" (EDRB Act). The purpose of the EDRB Act is to promote, stimulate, and develop the general welfare and economic prosperity of the State of Kansas. Cities are authorized by the EDRB Act to issue economic development revenue bonds, the proceeds of which shall be used for paying all or part of the cost of purchasing, acquiring, constructing, reconstructing, improving, equipping, furnishing, repairing, enlarging, or remodeling facilities for agricultural, commercial, hospital, industrial, natural resources, recreational development and manufacturing purposes. The EDRB Act defines the term facility to include a site and the necessary site preparation, structures, easements, rights-of-way, and appurtenances necessary and convenient to the facility being financed.

Property tax abatements are authorized by and subject to the terms of K.S.A. 79-201a, which provides that facilities financed pursuant to the EDRB Act are, upon issuance of the economic development revenue bonds (EDRBs), exempt from real property taxation for a period of ten calendar years after the calendar year in which the revenue bonds are issued. Pursuant to the EDRB Act the City may execute agreements which may provide for payment in lieu of taxes and provide for an origination fee and for the actual costs of administering and supervising the bond issue.

Issuance of EDBRs and approval of tax abatements are also subject to City Resolution No. 16-1003, establishing policies relating to industrial revenue bonds and property tax abatements. Resolution No. 16-1003 recognizes that it is essential to stimulate economic growth and development for industries and businesses to provide services, employment, and tax revenues for the benefit of the community. The Governing Body intends that all projects receiving property tax abatement meet the criteria that are detailed below.

a. Employment – Wages: The amount and diversity of additional employment opportunities which would be provided shall be a primary consideration. The City expects all projects which receive a property tax abatement to produce a high quantity of jobs and or pay above average wages.
b. Design Criteria: The City will, at its sole discretion, require higher design standards for the design of building and material used for projects receiving property tax abatement. Projects shall utilize construction material that meet or exceed the requirement set forth in the design guidelines as provided by the City's Planning Services Division. The project must be environmentally acceptable to the location intended as well as the surrounding area.
c. Compatibility with Adopted City Plans: All projects shall be consistent with the City's Comprehensive Plan, any applicable corridor plans, and other plans of the City which may be relevant to the project. When evaluating proposed projects, the City will consider a variety of

factors to determine compliance, including compatibility of the location of the business with the land use and development plans of the City and the availability of existing infrastructure facilities and the essential public services.

The City will consider granting tax exemption incentives upon factual showing of direct economic benefit to the City through advancement of its economic development goals, including the creation of additional jobs and the stimulation of additional private investment. Before a tax exemption incentive is granted, a cost-benefit analysis report examining the costs and benefits to the public of the proposed tax exemption incentive is prepared. In addition, the City provides a public hearing notice and the City Council conducts a public hearing to consider the abatement. Any tax exemption granted pursuant to Resolution No. 16-1003 shall be accompanied by a performance agreement which is subject to annual review and determination by the Governing Body that the conditions qualifying the business for the exemption continue to exist. If the Governing Body finds the business is not in compliance, then the tax exemption may be modified pursuant to the performant agreement or eliminated as the Governing Body deems appropriate.

For the fiscal year ending December 31, 2017, the City abated ad valorem property taxes. Listed below are projects that individually exceed 4% of the City's total amount abated. The projects listed total over 50% of the total abatement amount.

Project Name	Karbank (Farmers)
Project Description	General Office Buildings
Approved Abatement	75% of ad valorem property taxes
2017 amount	$78,266
Additional Commitment	N/A

Project Name	Garmin #1
Project Description	Instrument/high-technology manufacturing
Approved Abatement	55% of ad valorem property taxes
2017 amount	$284,593
Additional Commitment	N/A

Project Name	Garmin #2
Project Description	Instrument/high-technology manufacturing
Approved Abatement	55% of ad valorem property taxes
2017 amount	$284,593
Additional Commitment	N/A

Project Name	US Bank
Project Description	Information services and data processing
Approved Abatement	55% of ad valorem property taxes
2017 amount	$155,769
Additional Commitment	N/A

Project Name	KH Jensen – Sun Life Assurance
Project Description	Warehouse/office combination
Approved Abatement	50% of ad valorem property taxes
2017 amount	$83,303
Additional Commitment	N/A

Project Name	KH Jensen – Sun Life Assurance
Project Description	Warehouse/office combination
Approved Abatement	50% of ad valorem property taxes
2017 amount	$76,094
Additional Commitment	N/A

Tax Increment Financing

The City provides tax increment financing (TIF) for projects pursuant to and subject to the terms of K.S.A. 12-1770 (the TIF Act). The TIF Act authorizes the City to assist in the development and redevelopment of eligible areas within the City to promote, stimulate, and develop the general and economic welfare of the State of Kansas and its communities. The Governing Body recognizes that tax increment financing is an appropriate tool to utilize to provide services, employment, and tax revenues for the benefit of the community.

The TIF Act authorizes the City to apply the incremental increase in ad valorem property tax and other tax revenues to reimburse eligible project expenses. The increment increase is from a base established upon creation of a redevelopment district. The tax increment may be used to finance certain projects expenditures which are defined in the TIF Act. Tax increment revenues are available for a period of twenty years from the date of approval of a TIF project plan.

Approval of TIF financing is also subject to City Resolution No. 15-1089 which provides that the City will consider use of a TIF when a project meets the requirement of the TIF Act and which demonstrate a substantial and significant public benefit by constructing public improvement, in support of development that will, by creating new jobs and retaining existing employment, eliminate blight, strengthen the employment and economic base of the city, increase property values and tax revenues, reduce poverty, create economic stability, upgrade older neighborhoods, facilitate economic self-sufficiency, promote projects that are of community wide importance, and implement the Comprehensive Plan and economic development goals of the City.

The TIF Act and Resolution No. 15-1089 require creation of a redevelopment district (District). The District can only be established after completion of an eligibility study (as defined in the TIF Act), providing notice of and conducting a public hearing, and a finding by the Governing Body that the area of the proposed District meets criteria outlined in the TIF Act.

Authorization of eligible TIF project expenditures is accomplished through the adoption of a Project Plan. A Project Plan can only be established after completion of a feasibility study, providing notice of and conducting a public hearing on the Project Plan, and approval by the Governing Body. Additionally, all Project Plans approved by the City are subject to a development agreement between the City and the developer of the TIF. All development agreements entered by the City include performance milestones and provisions assuring that the redevelopment project is delivered as represented.

For the fiscal year ending December 31, 2017, the City applied incremental revenues to TIF projects as follows:

Project Name	Olathe Gateway
Project Description	Development of shopping area / entertainment district anchored by Bass Pro.
Approved TIF	100% Ad valorem property tax increment and 100% incremental sales tax
2017 amount	$970,143
Project Commitment	Development of shopping area / entertainment district
Additional Commitment	N/A

Project Name	West Village
Project Description	Development of shopping area anchored by Wal-Mart.
Approved TIF	100% Ad valorem property tax increment and incremental sales tax
2017 amount	$1,670,437
Project Commitment	Development of shopping area
Additional Commitment	N/A

Project Name	Santa Fe and Ridgeview
Project Description	Redevelopment of shopping area anchored by Sutherland's.
Approved TIF	100% Ad valorem property tax increment and 50% incremental sales tax
2017 amount	$71,224
Project Commitment	Redevelopment of shopping area
Additional Commitment	N/A

Project Name	Heritage Crossing
Project Description	Development of shopping area.
Approved TIF	100% Ad valorem property tax increment and 50% incremental sales tax.
2017 amount	$40,200
Project Commitment	Development of shopping area
Additional Commitment	N/A

Project Name	Heart of America / Hilton Garden Inn
Project Description	Development of Hilton Garden Inn hotel
Approved TIF	100% Ad valorem property tax increment and 100% incremental sales tax
2017 amount	$307,372
Project Commitment	Development of hotel
Additional Commitment	N/A

Project Name	Ancona Honda
Project Description	Redevelopment of car dealership
Approved TIF	100% Ad valorem property tax increment
2017 amount	$40,499
Project Commitment	Redevelopment of car dealership
Additional Commitment	N/A

Project Name	Heart of America / Conference Center & Hotel
Project Description	Development of conference center and Embassy Suites Hotel
Approved TIF	100% Ad valorem property tax, 100% incremental sales tax, and 100% incremental transient guest tax
2017 amount	$1,290,806
Project Commitment	Development of convention center and hotel.
Additional Commitment	N/A

As of December 31, 2017, there were 54 issues of industrial revenue and multi-housing bonds outstanding. Outstanding issues had an aggregate outstanding amount totaling $621,345,277 and a total assessed valuation of $140,499,458.

16. Component Unit Condensed Financial Statements

The City has one discretely presented component unit – Olathe Housing Authority. Listed below are condensed financial statements for the component unit.

	Olathe Public Housing Authority
Total assets	$ 3,456,259
Total liabilities and deferred inflows	260,842
Net Position	$ 3,195,417
Expenses	$ 4,465,429
Program revenues	4,050,164
Net program revenues	(415,265)
Other general revenues	1,029
Change in net position	(414,236)
Beginning net position	3,609,653
Ending net position	$ 3,195,417

17. Pending GASB Statements

As of the date of the audit report, the Government Accounting Standards Board (GASB) has issued the following statements not yet implemented by the City:

Statement Number 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension Plans*, was issued June 2015 and will be effective for the City with the fiscal year ending December 31, 2018. Management has not yet determined the effect of the implementation of this statement to the City.

Statement Number 83, *Certain Asset Retirement Obligations*, was issued November 2016 and is effective for the fiscal year ending December 31, 2019. Management has not yet determined the effect of the implementation of the statement to the City.

Statement Number 84, *Fiduciary Activities*, was issued January 2017 and is effective for the fiscal year ending December 31, 2019. Management has not yet determined the effect of the implementation of the statement to the City.

Statement Number 85, *Omnibus 2017*, was issued March 2017 and is effective for the fiscal year ending December 31, 2018. Management has not yet determined the effect of the implementation of the statement to the City.

Statement Number 86, *Certain Debt Extinguishment Issues*, was issued May 2017 and is effective for the fiscal year ending December 31, 2018. Management has not yet determined the effect of the implementation of the statement to the City.

Statement Number 87, *Leases*, was issued June 2017 and is effective for the fiscal year ending December 31, 2020. Management has not yet determined the effect of the implementation of this statement to the City.

Statement Number 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, was issued April 2018 and is effective for the fiscal year ending December 31, 2019. Management has not yet determined the effect of this implementation of this statement to the City.

18 Subsequent Event

On April 3, 2018, the City issued $11,580,000 of revenue bonds with interest rates ranging from 3.00% - 5.00% with a maturity date of July 1, 2038 for certain capital improvements.

Required

Supplementary Information

City of Olathe, Kansas
Required Supplementary Information
Schedule of Funding Progress for OPEB
As of December 31, 2017

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2007	$ -	$ 16,557,000	$ 16,557,000	0%	$ 48,837,676	33.90%
1/1/2009	-	18,789,317	18,789,317	0%	47,129,764	39.87%
1/1/2011	-	19,178,128	19,178,128	0%	44,259,121	43.33%
1/1/2013	-	21,092,427	21,092,427	0%	43,415,505	48.58%
1/1/2015	-	22,433,541	22,435,541	0%	46,998,072	47.74%
1/1/2017	-	25,031,312	25,031,312	0%	49,640,251	50.43%

Note 1. Significant Factors Affecting Trends in Actuarial Information

Retirement, Turnover, and Disability assumptions were updated to reflect the latest statistics from KPERs and KP&F

The assumed mortality was updated to reflect the Society of Actuaries Adjusted RPH-2014. Total Dataset Mortality table with MP-2015 full generational improvement.

Considering spouse enrollment experience of employees retiring after 2009, the assumed proportion of future retirees with a covered spouse was lowered from 30% to 25%.

Considering retiree enrollment experience from January 2007 to December 2014, the assumed retiree enrollment was increased from 80% (hired prior to 2004) to 90%. The assumed enrollment rate of 70% applicable to those retirees hired after December 31, 2003 is unchanged.

The net impact of updating per capita costs and retiree contribution premiums resulted in lower present value costs than expected.

City of Olathe, Kansas
Required Supplementary Information
Schedule of Net Pension Liability
Kansas Employees' Retirement System
Last Four Fiscal Years

Local Government	2014	2015	2016	2017
Proportion of the Net Pension Liability	1.878112%	1.936294%	1.938338%	1.997006%
Proportionate share of the net pension liability	$ 23,155,815	$ 25,424,394	$ 29,986,662	$ 28,925,745
Covered employee payroll	34,408,016	35,530,007	33,922,111	36,032,058
Proportionate share of the net pension liability as a percentage of covered employee payroll	67.30%	71.56%	88.40%	80.28%
Plan fiduciary net position as a percentage of total pension liability	66.60%	64.95%	65.09%	67.12%

Police and Firemen	2014	2015	2016	2017
Proportion of the Net Pension Liability	4.500889%	4.660566%	4.546739%	4.510839%
Proportionate share of the net pension liability	$ 29,829,218	$ 33,841,190	$ 42,228,453	$ 42,302,210
Covered employee payroll	22,291,450	23,177,996	23,547,099	24,530,506
Proportionate share of the net pension liability as a percentage of covered employee payroll	133.81%	146.01%	179.34%	172.45%
Plan fiduciary net position as a percentage of total pension liability	66.60%	64.95%	65.09%	67.12%

Note: Due to the city's implenting GASB 68, only four years of information is available.

City of Olathe, Kansas
Required Supplementary Information
Schedule of Agency Contributions
Kansas Employees' Retirement System
Last Four Fiscal Years

Local Government	2014	2015	2016	2017
Required contribution	$ 2,590,522	$ 2,961,053	$ 3,100,570	$ 3,100,570
Contribution in relation to required contribution	2,590,522	2,961,053	3,100,570	3,100,570
Contribution deficiency	-	-	-	-
Covered employee payroll	34,764,813	35,723,597	34,689,897	36,369,668
Contributions as a percentage of covered employee payroll	7.45%	8.29%	8.94%	8.53%

Police and Firemen	2014	2015	2016	2017
Required contribution	$ 3,764,718	$ 4,378,971	$ 4,515,855	$ 4,446,415
Contribution in relation to required contribution	3,764,718	4,378,971	4,515,855	4,446,415
Contribution deficiency	-	-	-	-
Covered employee payroll	22,752,844	23,380,484	23,644,300	25,055,519
Contributions as a percentage of covered employee payroll	16.55%	18.73%	19.10%	17.75%

Changes of benefit terms or assumptions

Changes of benefit terms. There were no changes to benefit terms in the plan for the year ended December 31, 2017.

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

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


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Nonmajor Governmental Funds

Nonmajor Governmental Funds

Special Revenue Funds

Fire Levy

To account for property taxes received for the fire department operations.

Motor Fuel Tax

To account for monies levied by the State of Kansas for the purpose of producing revenues to be used to defray in whole or in part the cost of constructing, altering, reconstructing, maintaining and repairing streets and highways.

Library Operating

To account for monies received from the annual tax levy and transfers to the Library Operating Fund for the operation of the Olathe Public Library.

Economic Development and Tourism

To account for monies provided from the transient guest tax for the purpose of funding economic development and tourism.

Special Park and Recreation

To account for monies provided by a state liquor taxation on private clubs and expended for the purchase, establishment, maintenance, or expansion of park and recreational services, programs and education.

Special Alcohol

To account for monies provided by a state liquor taxation on private clubs and expended for the purchase, establishment, maintenance or expansion of services or programs for alcoholism prevention and education.

Storm Water

To account for monies received from monthly residential and commercial fees for the enhancement of the City's storm water management system.


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Nonmajor Governmental Funds

Special Revenue Funds

Reimbursable Programs

To account for miscellaneous donations for various designated purposes.

Grants Fund

To account for monies provided by various federal, state, and local granting agencies.

Recreation Fund

To account for recreation activities administered by the City. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, concessions, aquatics and sports.

Cemetery

To account for monies received through the sale of cemetery lots and to be used for care of such lots.

Capital Projects Fund

Library Capital

To account for monies used for capital purchases of the Olathe Public Library

Park Sales Tax

To account for the one-eighth cent sales tax collected for the construction of various park projects.

Street Maintenance Sale Tax

To account for the three-eighth cent sales tax collected for the maintenance of streets.

Future Street Improvement

To account for monies provided by developers' deposits for future street improvements in proposed areas of development.

City of Olathe, Kansas
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2017

	Special Revenue								
	Fire Levy	Motor Fuel Tax	Library Operating	Economic Development and Tourism	Special Park and Recreation	Special Alcohol	Stormwater	Reimbursable Programs	Grants Fund
Assets									
Cash, cash equivalents, and investments	$ 215,776	$ 43,271	$ 2,499,345	$ 747,901	$ 2,189,232	$ 927,609	$ 1,055,627	$ 962,209	$ 311,754
Receivables (net of allowance)									
Accounts	-	-	-	-	-	-	534,864	-	9,314
Taxes	3,011,699	-	4,876,295	378,116	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-	3,674,410
Due from other governments	-	906,598	-	-	100,000	100,000	-	-	314,076
Prepaid asset	-	-	89,632	-	-	-	-	-	-
Total assets	$ 3,227,475	$ 949,869	$ 7,465,272	$ 1,126,017	$ 2,289,232	$ 1,027,609	$ 1,590,491	$ 962,209	$ 4,309,554
Liabilities									
Accounts payable	$ -	$ -	$ 72,475	$ -	$ 284	$ -	$ 6,083	$ -	$ 12,921
Due to other funds	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	72,475	-	284	-	6,083	-	12,921
Deferred Inflows of Resources									
Deferred revenue - property taxes	3,011,699	-	4,876,295	-	-	-	-	-	-
Deferred revenue - intergovernmental	-	-	-	-	100,000	100,000	-	-	200,110
Total deferred inflows of resources	3,011,699	-	4,876,295	-	100,000	100,000	-	-	200,110
Fund balances									
Nonspendable	-	-	89,632	-	-	-	-	-	-
Restricted									
Public safety	215,776	-	-	-	-	-	-	94,971	120,678
Public works	-	949,869	-	-	-	-	-	-	-
Community services	-	-	-	-	-	927,609	-	156,453	3,973,378
General government	-	-	2,426,870	-	-	-	-	710,785	2,467
Committed									
Public works	-	-	-	-	-	-	1,584,408	-	-
Community services	-	-	-	-	2,188,948	-	-	-	-
General government	-	-	-	1,126,017	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-
Total fund balances	215,776	949,869	2,516,502	1,126,017	2,188,948	927,609	1,584,408	962,209	4,096,523
Total liabilities, deferred inflows of resources, and fund balances	$ 3,227,475	$ 949,869	$ 7,465,272	$ 1,126,017	$ 2,289,232	$ 1,027,609	$ 1,590,491	$ 962,209	$ 4,309,554

City of Olathe, Kansas
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2017

	Special Revenue		Capital Projects				Total Nonmajor Governmental Funds
	Cemetery	Recreation	Library Capital	Park Sales Tax	Street Maintenance Sales Tax	Future Street Improvement	
Assets							
Cash, cash equivalents, and investments	$ 661,834	$ 1,350,093	$ 650,192	$ 2,688,760	$ 106,265	$ 7,959,161	$ 22,369,029
Receivables (net of allowance)							
Accounts	-	-	-	-	-	-	544,178
Taxes	-	-	-	681,259	2,043,425	-	10,990,794
Loans	-	-	-	-	-	-	3,674,410
Due from other governments	-	-	-	-	-	-	1,420,674
Prepaid asset	-	-	-	-	-	-	89,632
Total assets	$ 661,834	$ 1,350,093	$ 650,192	$ 3,370,019	$ 2,149,690	$ 7,959,161	$ 39,088,717
Liabilities							
Accounts payable	$ -	$ 476,997	$ 1,705	$ -	$ -	$ -	$ 570,465
Due to other funds	-	-	-	-	-	-	-
Total liabilities	-	476,997	1,705	-	-	-	570,465
Deferred Inflows of Resources							
Deferred revenue - property taxes	-	-	-	-	-	-	7,887,994
Deferred revenue - intergovernmental	-	-	-	-	-	-	400,110
Total deferred inflows of resources	-	-	-	-	-	-	8,288,104
Fund balances							
Nonspendable	-	-	-	-	-	-	89,632
Restricted							
Public safety	-	-	-	-	-	-	431,425
Public works	-	-	-	-	2,149,690	-	3,099,559
Community services	-	-	-	3,370,019	-	-	8,427,459
General government	-	-	648,487	-	-	-	3,788,609
Committed							
Public works	-	-	-	-	-	7,959,161	9,543,569
Community services	661,834	873,096	-	-	-	-	3,723,878
General government	-	-	-	-	-	-	1,126,017
Unassigned	-	-	-	-	-	-	-
Total fund balances	661,834	873,096	648,487	3,370,019	2,149,690	7,959,161	30,230,148
Total liabilities, deferred inflows of resources, and fund balances	$ 661,834	$ 1,350,093	$ 650,192	$ 3,370,019	$ 2,149,690	$ 7,959,161	$ 39,088,717

City of Olathe, Kansas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2017

	Special Revenue							
	Fire Levy	Motor Fuel Tax	Library Operating	Economic Development and Tourism	Special Park and Recreation	Special Alcohol	Stormwater	Reimbursable Programs
Revenues								
Taxes:								
Property	$ 3,054,660	$ -	$ 4,941,262	$ -	$ -	$ -	$ -	$ 85,499
Sales	-	-	-	-	-	-	-	-
Transient guest	-	-	-	1,511,500	-	-	-	-
Intergovernmental	-	3,596,817	-	-	481,217	481,217	18,625	-
Fines, forfeitures, and penalties	-	-	166,032	-	-	-	-	-
Charges for services	-	-	15,716	-	541,525	-	4,087,456	241,820
Use of money and property	-	111	23,220	-	18,036	8,515	24,396	515
Miscellaneous	-	-	2,497	-	-	-	-	204,920
Total revenues	3,054,660	3,596,928	5,148,727	1,511,500	1,040,778	489,732	4,130,477	532,754
Expenditures								
General government	-		4,535,171	1,391,500	-	-	382,533	379,628
Public safety	-	-	-	-	-	188,479	-	8,072
Public works	-	-	-	-	-	-	2,035,979	-
Community services	-	-	-	-	524,630	239,314	-	164,398
Total expenditures	-	-	4,535,171	1,391,500	524,630	427,793	2,418,512	552,098
Excess of revenues over (under) expenditures	3,054,660	3,596,928	613,556	120,000	516,148	61,939	1,711,965	(19,344)
Other financing sources (uses)								
Insurance proceeds	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	132,405
Transfers out	(2,961,250)	(3,458,648)	-	-	(450,000)	-	(2,768,450)	-
Total other financing sources (uses)	(2,961,250)	(3,458,648)	-	-	(450,000)	-	(2,768,450)	132,405
Net change in fund balances	93,410	138,280	613,556	120,000	66,148	61,939	(1,056,485)	113,061
Fund balances - beginning of year	122,366	811,589	1,902,946	1,006,017	2,122,800	865,670	2,640,893	849,148
Fund balances - end of year	$ 215,776	$ 949,869	$ 2,516,502	$ 1,126,017	$ 2,188,948	$ 927,609	$ 1,584,408	$ 962,209

City of Olathe, Kansas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2017

	Special Revenue			Capital Projects				Total Nonmajor Governmental Funds
	Grant Fund	Cemetery	Recreation	Library Capital	Park Sales Tax	Street Maintenance Sales Tax	Future Street Improvement	
Revenues								
Taxes:								
Property	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 8,081,421
Sales	-	-	-	-	3,849,188	11,510,779	-	15,359,967
Transient guest	-	-	-	-	-	-	-	1,511,500
Intergovernmental	2,982,811	-	-	40,499	-	-	-	7,601,186
Fines, forfeitures, and penalties	-	-	-	-	-	-	-	166,032
Charges for services	-	222,664	5,009,962	-	-	-	1,981,195	12,100,338
Use of money and property	14	5,995	14,391	-	48,091	116,402	71,747	331,433
Miscellaneous	226,836	-	-	76,268	19,235	-	-	529,756
Total revenues	3,209,661	228,659	5,024,353	116,767	3,916,514	11,627,181	2,052,942	45,681,633
Expenditures								
General government	48,433	-	-	253,030	6,459	-	-	6,996,754
Public safety	2,410,550	-	-	-	-	-	-	2,607,101
Public works	536,967	-	-	-	-	-	-	2,572,946
Community services	305,611	136,155	4,634,521	-	294,130	-	-	6,298,759
Total expenditures	3,301,561	136,155	4,634,521	253,030	300,589	-	-	18,475,560
Excess of revenues over (under) expenditures	(91,900)	92,504	389,832	(136,263)	3,615,925	11,627,181	2,052,942	27,206,073
Other financing sources (uses)								
Insurance proceeds	-	-	-	164,173	-	-	-	164,173
Transfers in	59,899	-	-	-	5,759	-	77,467	275,530
Transfers out	-	-	(204,654)	(356,581)	(4,038,250)	(12,172,976)	(425,000)	(26,835,809)
Total other financing sources (uses)	59,899	-	(204,654)	(192,408)	(4,032,491)	(12,172,976)	(347,533)	(26,396,106)
Net change in fund balances	(32,001)	92,504	185,178	(328,671)	(416,566)	(545,795)	1,705,409	809,967
Fund balances - beginning of year	4,128,524	569,330	687,918	977,158	3,786,585	2,695,485	6,253,752	29,420,181
Fund balances - end of year	$ 4,096,523	$ 661,834	$ 873,096	$ 648,487	$ 3,370,019	$ 2,149,690	$ 7,959,161	$ 30,230,148


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Budgetary Schedules

City of Olathe, Kansas
Schedule of Revenues, Expenditures, and Changes in Fund Balance
General Fund
Budget and Actual - Budgetary Basis
For the Year Ended December 31, 2017

	Budget	Actual	Variance Positive (Negative)
Revenues			
Taxes:			
Property	$ 18,996,664	$ 19,011,228	$ 14,564
Sales	48,890,282	49,673,024	782,742
Franchise	12,364,630	11,629,244	(735,386)
Intergovernmental	926,147	986,747	60,600
Licenses and permits	1,533,750	2,311,842	778,092
Fines, forfeitures, and penalties	3,915,473	2,600,898	(1,314,575)
Charges for services	6,000,686	6,039,518	38,832
Use of money and property	219,139	411,408	192,269
Miscellaneous	593,793	565,914	(27,879)
Total revenues	93,440,564	93,229,823	(210,741)
Expenditures			
General government	29,255,709	8,382,957	20,872,752
Administration	3,028,783	2,771,410	257,373
Legal	1,633,889	1,637,121	(3,232)
Information technology services	4,126,049	4,039,856	86,193
Resource management	3,160,917	2,943,662	217,255
Public safety	48,922,978	46,233,591	2,689,387
Public works	11,123,374	10,662,176	461,198
Community services	8,124,871	8,338,474	(213,603)
Contingency	500,000	-	500,000
Total expenditures	109,876,570	85,009,247	24,867,323
Excess of revenues over expenditures	(16,436,006)	8,220,576	24,656,582
Other financing sources (uses)			
Transfers in	6,419,898	6,421,360	1,462
Transfers out	(10,088,632)	(13,643,892)	(3,555,260)
Total other financing sources (uses)	(3,668,734)	(7,222,532)	(3,553,798)
Net change in fund balance	$ (20,104,740)	998,044	$ 21,102,784
Fund balance - beginning of year - budget basis		27,728,681	
Fund balance - end of year - budget basis		28,726,725	
Encumbrances incurred and outstanding		313,803	
Fund balance - end of year - GAAP basis		$ 29,040,528	

City of Olathe, Kansas
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
All Budgeted Special Revenue Funds
Budget and Actual - Budgetary Basis
For the Year Ended December 31, 2017

	Fire Levy Fund			Motor Fuel Tax Fund			Library Operating Fund		
	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
Revenues									
Taxes	$ 2,961,250	$ 3,054,660	$ 93,410	$ -	$ -	$ -	$ 4,727,485	$ 4,941,262	$ 213,777
Intergovernmental	-	-	-	3,458,648	3,596,817	138,169	-	-	-
Fines, foreitures, and penalties	-	-	-	-	-	-	-	166,032	166,032
Charges for services	-	-	-	-	-	-	-	15,716	15,716
Use of money and property	-	-	-	-	111	111	5,000	23,220	18,220
Miscellaneous	-	-	-	-	-	-	-	2,497	2,497
Total revenues	2,961,250	3,054,660	93,410	3,458,648	3,596,928	138,280	4,732,485	5,148,727	416,242
Expenditures									
General government	-	-	-	-	-	-	4,732,485	4,535,216	197,269
Public safety	-	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-	-
Total expenditures	-	-	-	-	-	-	4,732,485	4,535,216	197,269
Excess of revenues over/ (under) expenditures	2,961,250	3,054,660	93,410	3,458,648	3,596,928	138,280	-	613,511	613,511
Other financing sources (uses)									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	(2,961,250)	(2,961,250)	-	(3,458,648)	(3,458,648)	-	-	-	-
Total other financing sources/(uses)	(2,961,250)	(2,961,250)	-	(3,458,648)	(3,458,648)	-	-	-	-
Net change in fund balances	$ -	93,410	$ 93,410	$ -	138,280	$ 138,280	$ -	613,511	$ 613,511
Fund balances - beginning of year - Budget basis		122,366			811,589			1,902,946	
Fund balances - end of year - Budget basis		215,776			949,869			2,516,457	
Encumbrances incurred and outstanding / Due to other fund		-			-			45	
Fund balances - end of year - GAAP basis		$ 215,776			$ 949,869			$ 2,516,502	

City of Olathe, Kansas
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
All Budgeted Special Revenue Funds
Budget and Actual - Budgetary Basis
For the Year Ended December 31, 2017

	Economic Development and Tourism			Special Park and Recreation Fund			Special Alcohol Fund		
	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
Revenues									
Taxes	$ 1,391,500	$ 1,511,500	$ 120,000	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental	-	-	-	428,747	481,217	52,470	428,747	481,217	52,470
Fines, foreitures, and penalties	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	475,166	541,525	66,359	-	-	-
Use of money and property	-	-	-	-	18,036	18,036	4,229	8,515	4,286
Miscellaneous	-	-	-	11,381	-	(11,381)	-	-	-
Total revenues	1,391,500	1,511,500	120,000	915,294	1,040,778	125,484	432,976	489,732	56,756
Expenditures									
General government	1,391,500	1,391,500	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	208,487	191,193	17,294
Public works	-	-	-	-	-	-	-	-	-
Community services	-	-	-	2,120,880	524,630	1,596,250	915,836	239,314	676,522
Total expenditures	1,391,500	1,391,500	-	2,120,880	524,630	1,596,250	1,124,323	430,507	693,816
Excess of revenues over (under) expenditures	-	120,000	120,000	(1,205,586)	516,148	1,721,734	(691,347)	59,225	750,572
Other financing sources (uses)									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	(450,000)	(450,000)	-	-	-	-
Total other financing sources/(uses)	-	-	-	(450,000)	(450,000)	-	-	-	-
Net change in fund balances	$ -	120,000	$ 120,000	$ (1,655,586)	66,148	$ 1,721,734	$ (691,347)	59,225	$ 750,572
Fund balances - beginning of year - Budget basis		1,006,017			2,122,800			865,425	
Fund balances - end of year - Budget basis		1,126,017			2,188,948			924,650	
Encumbrances incurred and outstanding / Due to other fund		-			-			2,959	
Fund balances - end of year - GAAP basis		$ 1,126,017			$ 2,188,948			$ 927,609	

continued

City of Olathe, Kansas
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
All Budgeted Special Revenue Funds
Budget and Actual - Budgetary Basis (continued)
For the Year Ended December 31, 2017

	Storm Water Fund			Recreation			Total		
	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
Revenues									
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ 9,080,235	$ 9,507,422	$ 427,187
Intergovernmental	-	18,625	18,625	-	-	-	4,316,142	4,577,876	261,734
Fines, foreitures, and penalties	-	-	-	-	-	-	-	166,032	166,032
Charges for services	3,893,498	4,087,456	193,958	4,969,520	5,008,386	38,866	9,338,184	9,653,083	314,899
Use of money and property	26,290	24,396	(1,894)	4,883	14,402	9,519	40,402	88,680	48,278
Miscellaneous	-	-	-	5,000	1,565	(3,435)	16,381	4,062	(12,319)
Total revenues	3,919,788	4,130,477	210,689	4,979,403	5,024,353	44,950	22,791,344	23,997,155	1,205,811
Expenditures									
General government	-	-	-	-	-	-	6,123,985	5,926,716	197,269
Public safety	-	-	-	-	-	-	208,487	191,193	17,294
Public works	3,654,307	2,385,282	1,269,025	-	-	-	3,654,307	2,385,282	1,269,025
Community services	-	-	-	5,669,370	4,817,334	852,036	8,706,086	5,581,278	3,124,808
Total expenditures	3,654,307	2,385,282	1,269,025	5,669,370	4,817,334	852,036	18,692,865	14,084,469	4,608,396
Excess of revenues over (under) expenditures	265,481	1,745,195	1,479,714	(689,967)	207,019	896,986	4,098,479	9,912,686	5,814,207
Other financing sources (uses)									
Transfers in	-	-	-	240,000	-	(240,000)	240,000	-	(240,000)
Transfers out	(2,621,000)	(2,768,450)	(147,450)	(200,000)	(204,654)	(4,654)	(9,690,898)	(9,843,002)	(152,104)
Total other financing sources/(uses)	(2,621,000)	(2,768,450)	(147,450)	40,000	(204,654)	(244,654)	(9,450,898)	(9,843,002)	(392,104)
Net change in fund balances	$ (2,355,519)	(1,023,255)	$ 1,332,264	$ (649,967)	2,365	$ 652,332	$ (5,352,419)	69,684	$ 5,422,103
Fund balances - beginning of year - Budget basis		2,591,283			2,475,986			11,898,412	
Fund balances - end of year - Budget basis		1,568,028			2,478,351			11,968,096	
Encumbrances incurred and outstanding / Due to other fund		16,380			(1,605,255)			(1,585,871)	
Fund balances - end of year - GAAP basis		$ 1,584,408			$ 873,096			$ 10,382,225	

City of Olathe, Kansas
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budgeted Capital Projects Fund
Park Sales Tax Fund
Budget and Actual - Budgetary Basis
For the Year Ended December 31, 2017

	Budget	Actual	Variance - Positive (Negative)
Revenues			
Taxes	$ 3,311,028	$ 3,849,188	$ 538,160
Miscellaneous	-	19,235	19,235
Use of money and property	10,922	48,091	37,169
Total revenues	3,321,950	3,916,514	594,564
Expenditures			
General government	3,434,593	6,459	3,428,134
Community services	284,433	294,130	(9,697)
Total expenditures	3,719,026	300,589	3,418,437
Excess of revenues over (under) expenditures	(397,076)	3,615,925	4,013,001
Other financing sources (uses)			
Transfers in	380,380	5,759	(374,621)
Transfers out	(2,586,750)	(4,038,250)	(1,451,500)
Total other financing sources (uses)	(2,206,370)	(4,032,491)	(1,826,121)
Net change in fund balance	$ (2,603,446)	(416,566)	$ 2,186,880
Fund balance - beginning of year		3,786,585	
Fund balance - end of year		$ 3,370,019	

City of Olathe, Kansas
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budgeted Capital Projects Fund
Street Maintenance Sales Tax Fund
Budget and Actual - Budgetary Basis
For the Year Ended December 31, 2017

	Budget	Actual	Variance - Positive (Negative)
Revenues			
Taxes	$ 10,152,762	$ 11,510,779	$ 1,358,017
Use of money and property	7,599	116,402	108,803
Total revenues	10,160,361	11,627,181	1,466,820
Expenditures			
General government	1,739,234	-	1,739,234
Community services	-	-	-
Total expenditures	1,739,234	-	1,739,234
Excess of revenues over (under) expenditures	8,421,127	11,627,181	3,206,054
Other financing sources (uses)			
Transfers in	1,009,023	-	(1,009,023)
Transfers out	(12,000,000)	(12,172,976)	(172,976)
Total other financing sources (uses)	(10,990,977)	(12,172,976)	(1,181,999)
Net change in fund balance	$ (2,569,850)	(545,795)	$ 2,024,055
Fund balance - beginning of year		2,695,485	
Fund balance - end of year		$ 2,149,690	

City of Olathe, Kansas
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Debt Service Fund
Budget and Actual - Budgetary Basis
For the Year Ended December 31, 2017

	Budget	Actual	Variance - Positive (Negative)
Revenues			
Taxes and special assessments	$ 23,090,990	$ 23,240,585	$ 149,595
Use of money and property	131,494	306,133	174,639
Miscellaneous	-	50,641	50,641
Total revenues	23,222,484	23,597,359	374,875
Expenditures			
General operations	60,000	146,605	(86,605)
Debt service:			
Principal retirements	42,048,527	19,075,000	22,973,527
Interest	7,851,716	6,469,623	1,382,093
Total expenditures	49,960,243	25,691,228	24,269,015
Excess of revenues over (under) expenditures	(26,737,759)	(2,093,869)	24,643,890
Other financing sources			
Transfers in	6,148,044	6,400,708	252,664
Net change in fund balance	$ (20,589,715)	4,306,839	$ 24,896,554
Fund balance - beginning of year		25,212,558	
Fund balance - end of year			
Budget basis		29,519,397	
Cash held by trustee		18,178,001	
Fund balance - end of year-GAAP basis		$ 47,697,398	

City of Olathe, Kansas
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Special Tax Financing Fund
Budget and Actual - Budgetary Basis
For the Year Ended December 31, 2017

	Budget	Actual	Variance - Positive (Negative)
Revenues			
Taxes and special assessments	$ 5,146,408	$ 6,286,519	$ 1,140,111
Charge for services	5,000	-	(5,000)
Use of money and property	19,853	40,123	20,270
Total revenues	5,171,261	6,326,642	1,155,381
Expenditures			
General operations	36,000	97,673	(61,673)
Capital improvements	2,299,000	3,048,153	(749,153)
Debt service	7,966,948	3,585,583	4,381,365
Total expenditures	10,301,948	6,731,409	3,570,539
Excess of revenues over (under) expenditures	$ (5,130,687)	(404,767)	$ 4,725,920
Fund balance - beginning of year		7,379,092	
Fund balance - end of year		$ 6,974,325	

City of Olathe, Kansas
Combining Schedule of Revenues, Expenditures and Changes in Net Position
Enterprise Funds
Budget and Actual - Budgetary Basis
For the Year Ended December 31, 2017

	Water and Sewer Fund			Solid Waste Fund			Total		
	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
Revenues									
Water charges	$ 25,470,299	$ 22,452,515	$ (3,017,784)	$ -	$ -	$ -	$ 25,470,299	$ 22,452,515	$ (3,017,784)
Sewer charges	21,156,872	18,404,378	(2,752,494)	-	-	-	21,156,872	18,404,378	(2,752,494)
Water and sewer connection charges	280,831	439,545	158,714	-	-	-	280,831	439,545	158,714
Sanitation charges and landfill fees	-	-	-	12,697,430	12,900,785	203,355	12,697,430	12,900,785	203,355
Use of money and property	205,745	249,116	43,371	30,476	40,946	10,470	236,221	290,062	53,841
Miscellaneous	782,780	1,068,134	285,354	50,000	63,243	13,243	832,780	1,131,377	298,597
Total revenues	47,896,527	42,613,688	(5,282,839)	12,777,906	13,004,974	227,068	60,674,433	55,618,662	(5,055,771)
Expenditures									
General operations	1,627,504	1,685,533	(58,029)	-	-	-	1,627,504	1,685,533	(58,029)
Public works	37,998,676	28,760,273	9,238,403	14,414,337	12,799,611	1,614,726	52,413,013	41,559,884	10,853,129
Debt service	11,223,841	11,391,162	(167,321)	-	-	-	11,223,841	11,391,162	(167,321)
Total expenditures	50,850,021	41,836,968	9,013,053	14,414,337	12,799,611	1,614,726	65,264,358	54,636,579	10,627,779
Excess of revenues over (under expenditures	(2,953,494)	776,720	3,730,214	(1,636,431)	205,363	1,841,794	(4,589,925)	982,083	5,572,008
Other financing sources (uses)									
Transfers in	-	1,463,029	1,463,029	-	85,211	85,211	-	1,548,240	1,548,240
Transfers out	(3,080,266)	(2,637,199)	443,067	(250,000)	-	250,000	(3,330,266)	(2,637,199)	693,067
Net other financing sources (uses)	(3,080,266)	(1,174,170)	1,906,096	(250,000)	85,211	335,211	(3,330,266)	(1,088,959)	2,241,307
Net change in net position	$ (6,033,760)	(397,450)	$ 5,636,310	$ (1,886,431)	290,574	$ 2,177,005	$ (7,920,191)	(106,876)	$ 7,813,315
Net position - beginning of year		9,332,423			3,218,485			12,550,908	
Net position - end of year		$ 8,934,973			$ 3,509,059			$ 12,444,032	

City of Olathe, Kansas
Combining Schedule of Revenues, Expenditures and Changes in Net Position
Internal Service Funds
Budget and Actual - Budgetary Basis
For the Year Ended December 31, 2017

	Central Garage			Risk Management			Vehicle Replacement		
	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
Revenues									
Charge for services	$ 7,098,747	$ 5,735,102	$ (1,363,645)	$ 18,925,077	$ 19,945,497	$ 1,020,420	$ 7,611,841	$ 7,266,704	$ (345,137)
Intergovernmental	-	-	-	-	-	-	-	326,182	326,182
Use of money and property	258	822	564	37,701	74,314	36,613	29,677	7,710	(21,967)
Total revenues	7,099,005	5,735,924	(1,363,081)	18,962,778	20,019,811	1,057,033	7,641,518	7,600,596	(40,922)
Expenditures									
General operations	-	-	-	22,285,198	20,154,458	2,130,740	4,285,064	8,750,832	(4,465,768)
Public works	7,150,144	5,842,676	1,307,468	-	-	-	-	-	-
Total expenditures	7,150,144	5,842,676	1,307,468	22,285,198	20,154,458	2,130,740	4,285,064	8,750,832	(4,465,768)
Excess of revenues over (under) expenditures	(51,139)	(106,752)	(55,613)	(3,322,420)	(134,647)	3,187,773	3,356,454	(1,150,236)	(4,506,690)
Other financing (uses)									
Transfers in	-	-	-	-	-	-	-	18,398	18,398
Transfers out	-	-	-	-	-	-	(6,865,677)	(59,899)	6,805,778
Net other financing (uses)	-	-	-	-	-	-	(6,865,677)	(41,501)	6,824,176
Net change in net position	$ (51,139)	(106,752)	$ (55,613)	$ (3,322,420)	(134,647)	$ 3,187,773	$ (3,509,223)	(1,191,737)	$ 2,317,486
Net position - beginning of year		113,077			4,740,968			1,908,861	
Net position - end of year		$ 6,325			$ 4,606,321			$ 717,124	

City of Olathe, Kansas
Combining Schedule of Revenues, Expenditures and Changes in Net Position
Internal Service Funds
Budget and Actual - Budgetary Basis
For the Year Ended December 31, 2017

	Personal Computer Replacement			Total		
	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
Revenues						
Charge for services	$ 1,019,495	$ 1,097,403	$ 77,908	$ 34,655,160	$ 34,044,706	$ (610,454)
Intergovernmental	-	-	-	-	326,182	326,182
Interest income	3,510	8,111	4,601	71,146	90,957	19,811
Total revenues	1,023,005	1,105,514	82,509	34,726,306	34,461,845	(264,461)
Expenditures						
General operations	902,147	646,621	255,526	27,472,409	29,551,911	(2,079,502)
Public works	-	-	-	7,150,144	5,842,676	1,307,468
Total expenditures	902,147	646,621	255,526	34,622,553	35,394,587	(772,034)
Excess of revenues over (under) expenditures	120,858	458,893	338,035	103,753	(932,742)	(1,036,495)
Other financing (uses)						
Transfers in	-	-	-	-	18,398	18,398
Transfers out	(511,176)	(511,176)	-	(7,376,853)	(571,075)	6,805,778
Net other financing sources (uses)	(511,176)	(511,176)	-	(7,376,853)	(552,677)	6,824,176
Net change in net position	$ (390,318)	(52,283)	$ 338,035	$ (7,273,100)	$ (1,485,419)	$ 5,787,681
Net position - beginning of year		583,182			7,346,088	
Net position - end of year		$ 530,899			$ 5,860,669	


OLATHE
KANSAS

Internal Service Funds

Internal Service Funds

Central Garage

To account for the costs of operating a maintenance facility for automotive equipment provided to other city departments. Such costs are billed to other departments at actual cost plus a fixed overhead factor. The automotive equipment itself is acquired by the various user departments which are responsible for financing replacement vehicles as necessary.

Risk Management

To account for the monies provided for health and dental, workers' compensation, property, casualty and other liability insurance coverage purchased by the City.

Vehicle Replacement

To account for monies provided by usage charges for future replacement of City vehicles.

Personal Computer Replacement

To account for monies provided by usage charges for future replacement of City personal computers.

City of Olathe, Kansas
Combining Statement of Net Position
Internal Service Funds
December 31, 2017

	Central Garage	Risk Management	Vehicle Replacement	Personal Computer Replacement	Total
Assets					
Current assets					
Cash and cash equivalents	$ 77,104	$ 7,742,863	$ 1,305,186	$ 544,142	$ 9,669,295
Inventories and prepaid assets	300,591	-	-	-	300,591
Total current assets	377,695	7,742,863	1,305,186	544,142	9,969,886
Noncurrent assets					
Restricted assets					
Due from other funds	-	-	1,658,198	-	1,658,198
Deposit	-	11,000	-	-	11,000
Total restricted assets	-	11,000	1,658,198	-	1,669,198
Capital assets	70,544	-	62,249,859	228,269	62,548,672
Less accumulated depreciation	(70,544)	-	(33,686,022)	(228,269)	(33,984,835)
Net capital assets	-	-	28,563,837	-	28,563,837
Total assets	$ 377,695	$ 7,753,863	$ 31,527,221	$ 544,142	$ 40,202,921
Liabilities					
Current liabilities					
Accounts and claims payable	$ 118,939	$ 2,564,600	$ 187,161	$ -	$ 2,870,700
Compensated absences	69,444	5,862	-	-	75,306
Total current liabilities	188,383	2,570,462	187,161	-	2,946,006
Noncurrent liabilities					
Deposit	-	11,000	-	-	11,000
Compensated absences	17,807	3,801	-	-	21,608
Total noncurrent liabilities	17,807	14,801	-	-	32,608
Total liabilities	206,190	2,585,263	187,161	-	2,978,614
Net position					
Net investment in capital assets	-	-	28,563,837	-	28,563,837
Unrestricted	171,505	5,168,600	2,776,223	544,142	8,660,470
Total net position	171,505	5,168,600	31,340,060	544,142	37,224,307
Total liabilities and net position	$ 377,695	$ 7,753,863	$ 31,527,221	$ 544,142	$ 40,202,921

City of Olathe, Kansas
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended December 31, 2017

	Central Garage	Risk Management	Vehicle Replacement	Personal Computer Replacement	Total
Operating revenues					
Intergovernmental	$ -	$ -	$ 326,182	$ -	$ 326,182
Charges for services	5,735,102	19,945,497	6,923,956	1,097,403	33,701,958
Total operating revenues	5,735,102	19,945,497	7,250,138	1,097,403	34,028,140
Operating expenses					
Administration and general	-	20,153,737	1,720,263	671,621	22,545,621
Depreciation	-	-	5,079,836	-	5,079,836
Equipment maintenance	5,862,408	-	-	-	5,862,408
Total operating expenses	5,862,408	20,153,737	6,800,099	671,621	33,487,865
Operating income (loss)	(127,306)	(208,240)	450,039	425,782	540,275
Nonoperating revenues (expenses)					
Interest income	822	74,314	7,710	8,111	90,957
Gain (loss) from sale of equipment	-	-	336,844	-	336,844
Total nonoperating revenues (expenses)	822	74,314	344,554	8,111	427,801
Net income (loss)	(126,484)	(133,926)	794,593	433,893	968,076
Transfers in	-	-	18,398	-	18,398
Transfers out	-	-	(59,899)	(511,176)	(571,075)
Net income (loss)	(126,484)	(133,926)	753,092	(77,283)	415,399
Net position - beginning of year	297,989	5,302,526	30,586,968	621,425	36,808,908
Net position - end of year	$ 171,505	$ 5,168,600	$ 31,340,060	$ 544,142	$ 37,224,307


OLATHE
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City of Olathe, Kansas
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2017

	Central Garage	Risk Management	Vehicle Replacement	Personal Computer Replacement	Total
Cash Flows from Operating Activities					
Receipts from customers and users	$ 5,735,102	$ 19,945,497	$ 7,250,138	$ 1,097,403	$ 34,028,140
Payments to suppliers	(4,030,777)	(19,277,803)	(1,622,584)	(671,621)	(25,602,785)
Payments to employees	(1,854,945)	(463,176)	-	-	(2,318,121)
Net cash provided by (used in) operating activities	(150,620)	204,518	5,627,554	425,782	6,107,234
Cash Flows from Noncapital Financing Activities					
Transfers from other funds	-	-	18,398	-	18,398
Transfers to other funds	-	-	(59,899)	(511,176)	(571,075)
Net cash provided by (used in) noncapital financing activities	-	-	(41,501)	(511,176)	(552,677)
Cash Flows from Capital and Related Financing Activities					
Acquisitions and construction of capital assets	-	-	(10,205,334)	-	(10,205,334)
Proceeds from sale of capital assets	-	-	342,748	-	342,748
Net cash (used in) capital and related financing activities	-	-	(9,862,586)	-	(9,862,586)
Cash Flows from Investing Activities					
Interest received	822	74,314	7,710	8,111	90,957
Net cash provided by (used in) investing activities	822	74,314	7,710	8,111	90,957
Net increase (decrease) in cash and cash equivalents	(149,798)	278,832	(4,268,823)	(77,283)	(4,217,072)
Cash and cash equivalents - beginning of year	226,902	7,464,031	5,574,009	621,425	13,886,367
Cash and cash equivalents - end of year	$ 77,104	$ 7,742,863	$ 1,305,186	$ 544,142	$ 9,669,295
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	$ (127,306)	$ (208,240)	$ 450,039	$ 425,782	$ 540,275
Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities					
Depreciation and amortization	-	-	5,079,836	-	5,079,836
Changes in assets and liabilities					
Decrease in inventories and prepaid assets	(22,120)	-	-	-	(22,120)
(Increase) in due from other governments / other funds	-	-	181,602	-	181,602
Increase (decrease) in accounts and claims payable	(29,260)	413,479	(83,923)	-	300,296
Increase in compensated absences	28,066	(721)	-	-	27,345
Total adjustments	(23,314)	412,758	5,177,515	-	5,566,959
Net cash provided by (used in) operating activities	$ (150,620)	$ 204,518	$ 5,627,554	$ 425,782	$ 6,107,234


OLATHE
KANSAS

Statistical Section

City of Olathe, Kansas
Statistical Section

This part of the City of Olathe's Comprehensive Annual Financial Report (CAFR) presents detailed information as a context for understanding what the information in the financial statements and note disclosures say about the City's overall financial health.

Contents	Exhibit
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.	1 - 5
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources, sales tax and property tax.	6 - 12
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.	13 - 17
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial acitivities take place.	18 - 19
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.	20 - 24

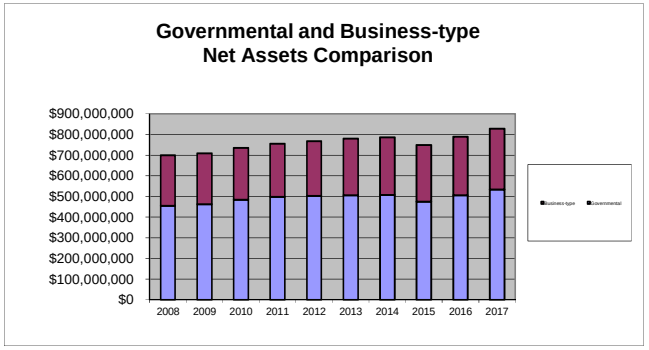
Source: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.


OLATHE
KANSAS

Exhibit 1

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Net investment in capital assets	$ 280,224,650	$ 297,492,212	$ 319,933,077	$ 356,108,246	$ 370,080,499	$ 386,512,735	$ 370,692,154	$ 405,739,543	$ 412,629,059	$ 428,374,947
Restricted	94,759,587	76,203,831	88,033,948	83,662,819	73,089,869	66,146,861	57,503,742	56,702,281	81,324,117	78,369,300
Unrestricted	79,656,316	89,312,519	75,553,774	57,707,288	60,248,106	54,031,890	78,729,704	11,859,425	11,528,670	27,219,955
Total governmental activities net position	$ 454,640,553	$ 463,008,562	$ 483,520,799	$ 497,478,353	$ 503,418,474	$ 506,691,486	$ 506,925,600	$ 474,301,249	$ 505,481,846	$ 533,964,202
Business-type activities										
Net investment in capital assets	$ 226,244,029	$ 228,819,361	$ 227,495,313	$ 228,011,260	$ 225,571,867	$ 232,476,327	$ 239,782,857	$ 244,478,470	$ 240,994,461	$ 244,073,175
Restricted	5,167,008	3,858,058	7,096,586	6,961,829	8,526,843	7,973,798	8,313,028	9,928,840	10,041,625	6,196,232
Unrestricted	13,046,355	13,943,156	17,429,714	23,210,572	30,414,894	33,057,503	32,283,790	21,204,555	33,935,078	43,939,745
Total business-type activities net position	$ 244,457,392	$ 246,620,575	$ 252,021,613	$ 258,183,661	$ 264,513,604	$ 273,507,628	$ 280,379,675	$ 275,611,865	$ 284,971,164	$ 294,209,152
Primary government										
Net investment in capital assets	$ 506,468,679	$ 526,311,573	$ 547,428,390	$ 584,119,506	$ 595,652,366	$ 618,989,062	$ 610,475,011	$ 650,218,013	$ 653,623,520	$ 672,448,122
Restricted	99,926,595	80,061,889	95,130,534	90,624,648	81,616,712	74,120,659	65,816,770	66,631,121	91,365,742	84,565,532
Unrestricted	92,702,671	103,255,675	92,983,488	80,917,860	90,663,000	87,089,393	111,013,494	33,063,980	45,463,748	71,159,700
Total primary government activities net position	$ 699,097,945	$ 709,629,137	$ 735,542,412	$ 755,662,014	$ 767,932,078	$ 780,199,114	$ 787,305,275	$ 749,913,114	$ 790,453,010	$ 828,173,354



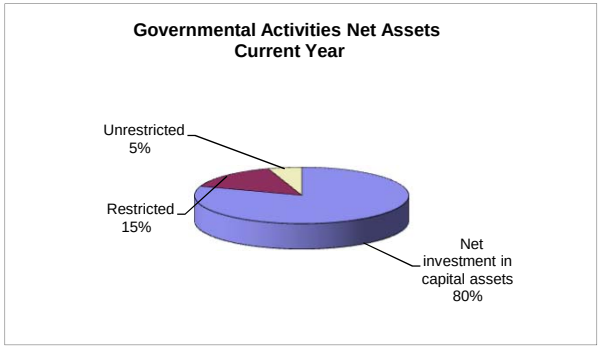


Exhibit 2

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities:										
General government	$ 24,440,387	$ 21,386,706	$ 22,633,081	$ 22,104,286	$ 21,758,241	$ 22,936,723	$ 22,648,134	$ 22,935,349	$ 29,698,687	$ 30,659,017
Public safety	35,830,325	35,456,647	37,472,183	35,809,361	36,378,578	38,518,949	41,446,154	41,065,601	43,586,807	51,947,482
Public works	40,357,941	38,794,754	41,971,765	46,931,481	42,001,073	48,561,843	72,495,919	70,291,556	74,644,080	61,820,535
Community services	8,457,058	8,834,620	12,182,817	11,823,644	10,740,780	10,960,318	12,509,572	13,744,699	16,168,880	16,667,781
Development services	5,959,292	3,674,810	-	-	-	-	-	-	-	-
Interest on long-term debt	9,838,955	10,706,329	10,352,168	11,892,275	10,001,890	11,049,332	8,620,577	8,496,066	7,239,575	7,906,438
Total governmental activities	124,883,958	118,853,866	124,612,014	128,561,047	120,880,562	132,027,165	157,720,356	156,533,271	171,338,029	169,001,253
Business-type activities:										
Water and sewer	26,312,690	28,516,405	27,921,388	32,419,382	38,637,842	34,389,123	35,799,511	37,538,379	38,786,625	41,493,532
Solid waste	9,318,242	10,676,512	9,411,051	10,297,550	10,934,142	10,738,154	11,740,294	11,854,241	12,176,917	12,863,072
Golf course	-	-	-	-	-	-	-	-	-	-
Total business-type activities	35,630,932	39,192,917	37,332,439	42,716,932	49,571,984	45,127,277	47,539,805	49,392,620	50,963,542	54,356,604
Total primary government expenses	$ 160,514,890	$ 158,046,783	$ 161,944,453	$ 171,277,979	$ 170,452,546	$ 177,154,442	$ 205,260,161	$ 205,925,891	$ 222,301,571	$ 223,357,857
Program Revenues										
Governmental activities:										
Charges for services										
General government	$ 3,128,686	$ 3,170,948	$ 3,932,061	$ 3,872,262	$ 3,632,230	$ 3,965,047	$ 3,756,217	$ 4,155,156	$ 4,770,270	$ 4,660,223
Public safety	3,232,142	3,920,737	3,845,049	4,129,741	4,557,513	4,523,774	4,537,798	4,315,123	4,191,244	3,091,130
Public works	4,171,670	3,847,801	4,403,430	4,664,605	6,536,730	5,688,762	7,772,860	7,558,545	8,064,710	9,472,541
Community services	1,221,493	1,321,447	1,744,871	2,114,043	2,300,397	2,380,047	3,709,630	4,780,084	5,524,930	5,994,725
Development services	530,262	322,142	-	-	-	-	-	-	-	-
Operating grants and contributions	2,368,671	2,363,067	2,183,878	2,331,708	2,110,344	2,277,453	2,338,420	2,642,863	2,798,886	2,691,260
Capital grants and contributions	30,372,789	19,581,268	37,416,271	25,256,895	12,379,269	20,204,382	21,906,462	27,214,326	47,057,319	38,451,050
Total governmental activities program revenue	45,025,713	34,527,410	53,525,560	42,369,254	31,516,483	39,039,465	44,021,387	50,666,097	72,407,359	64,360,929
Business-type activities:										
Charges for services										
Water and sewer	25,777,540	27,589,229	29,555,094	31,887,691	38,143,966	37,135,057	38,100,769	38,981,204	43,168,622	45,752,839
Solid waste	9,767,231	10,970,942	11,175,942	11,830,205	12,151,751	12,477,796	12,511,659	12,965,412	13,370,140	12,908,095
Golf course	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	5,859,708	2,482,560	1,606,186	4,206,897	5,241,451	3,178,066	2,742,115	2,452,669	4,416,279	3,286,002
Total business-type activities program revenues	41,404,479	41,042,731	42,337,222	47,924,793	55,537,168	52,790,919	53,354,543	54,399,285	60,955,041	61,946,936
Total primary government program revenues	$ 86,430,192	$ 75,570,141	$ 95,862,782	$ 90,294,047	$ 87,053,651	$ 91,830,384	$ 97,375,930	$ 105,065,382	$ 133,362,400	$ 126,307,865
Net (expense)/revenue										
Governmental activities	$ (79,858,245)	$ (84,326,456)	$ (71,086,454)	$ (86,191,793)	$ (89,364,079)	$ (92,987,700)	$ (113,698,969)	$ (105,867,174)	$ (98,930,670)	$ (104,640,324)
Business-type activities	5,773,547	1,849,814	5,004,783	5,207,861	5,965,184	7,663,642	5,814,738	5,006,665	9,991,499	7,590,332
Total primary government net expense	$ (74,084,698)	$ (82,476,642)	$ (66,081,671)	$ (80,983,932)	$ (83,398,895)	$ (85,324,058)	$ (107,884,231)	$ (100,860,509)	$ (88,939,171)	$ (97,049,992)

Exhibit 2

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

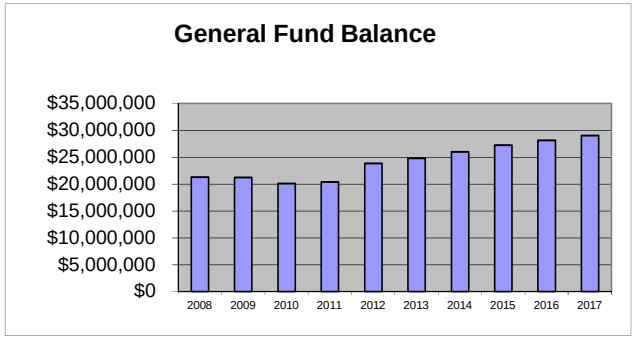
	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General revenues and other changes in net position										
Governmental activities:										
Taxes										
Property taxes	$ 38,923,447	$ 39,530,183	$ 38,567,592	$ 37,388,645	$ 37,803,773	$ 36,970,133	$ 38,287,765	$ 40,134,797	$ 43,336,975	$ 47,021,050
Sales taxes	39,937,282	37,525,065	37,673,077	41,925,494	43,562,332	44,683,816	55,535,354	59,758,735	64,602,806	68,351,904
Franchise taxes	9,087,300	8,452,020	9,264,850	9,676,295	9,857,257	10,683,439	11,346,571	11,134,962	11,503,470	11,629,244
Other taxes	865,892	823,184	838,247	879,012	1,015,736	1,333,354	1,260,272	1,462,228	1,714,373	2,026,799
Investment earnings	4,560,797	2,762,325	98,681	961,178	1,462,684	378,433	642,836	602,315	862,779	1,512,957
Gain on sale of capital assets	-	-	-	-	-	-	-	-	-	-
Miscellaneous	1,394,572	3,499,966	5,092,981	1,419,911	2,118,260	2,318,868	6,671,826	1,825,250	2,165,115	2,443,044
Transfers	99,953	101,722	63,263	544,935	823,525	(107,331)	188,459	2,376,172	2,251,686	137,682
Total governmental activities	94,869,243	92,694,465	91,598,691	92,795,470	96,643,567	96,260,712	113,933,083	117,294,459	126,437,204	133,122,680
Business-type activities:										
Investment earnings	444,586	139,245	(50,857)	178,500	382,636	119,081	230,865	183,741	291,045	477,905
Gain on sale of capital assets	-	-	-	-	-	-	-	-	-	-
Miscellaneous	290,018	275,846	510,375	1,320,622	1,148,332	1,103,970	1,014,903	1,108,050	1,328,441	1,307,433
Transfers	(99,953)	(101,722)	(63,263)	(544,935)	(823,525)	107,331	(188,459)	(2,376,172)	(2,251,686)	(137,682)
Total business-type activities	634,651	313,369	396,255	954,187	707,443	1,330,382	1,057,309	(1,084,381)	(632,200)	1,647,656
Total primary government	$ 95,503,894	$ 93,007,834	$ 91,994,946	$ 93,749,657	$ 97,351,010	$ 97,591,094	$ 114,990,392	$ 116,210,078	$ 125,805,004	$ 134,770,336
Change in Net Position										
Governmental activities	$ 15,010,998	$ 8,368,009	$ 20,512,237	$ 6,603,677	$ 7,279,488	$ 3,273,012	$ 234,114	$ 11,427,285	$ 27,506,534	$ 28,482,356
Business-type activities	6,408,198	2,163,183	5,401,038	6,162,048	6,672,627	8,994,024	6,872,047	3,922,284	9,359,299	9,237,988
Total primary government	$ 21,419,196	$ 10,531,192	$ 25,913,275	$ 12,765,725	$ 13,952,115	$ 12,267,036	$ 7,106,161	$ 15,349,569	$ 36,865,833	$ 37,720,344

Exhibit 3

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

	Fiscal Year									
	2008	2009	2010 (1)	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	$ 1,133,983	$ 1,352,091	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unreserved	20,157,984	19,881,271	-	-	-	-	-	-	-	-
Nonspendable	-	-	300,950	601,488	826,094	372,171	360,834	273,262	180,838	65,974
Assigned	-	-	1,803,838	604,793	423,495	691,195	575,716	308,646	408,916	313,803
Unassigned	-	-	17,999,342	19,204,392	22,614,927	23,714,931	25,029,566	26,653,214	27,547,843	28,660,751
Total general fund	$ 21,291,967	$ 21,233,362	$ 20,104,130	$ 20,410,673	$ 23,864,516	$ 24,778,297	$ 25,966,116	$ 27,235,122	$ 28,137,597	$ 29,040,528
All Other Governmental Funds										
Reserved	$ 36,550,884	$ 33,452,771	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unreserved, reported in										
Special revenue funds	28,817,453	23,531,448	-	-	-	-	-	-	-	-
Capital projects fund	(46,347,007)	(44,296,712)	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	80,154	73,797	89,632
Restricted	-	-	42,937,040	64,415,415	56,870,747	57,084,752	52,559,149	58,520,874	70,680,019	69,992,308
Committed	-	-	11,943,046	10,637,847	12,011,354	11,259,718	12,690,925	16,931,314	13,253,562	14,393,464
Assigned	-	-	1,150,000	3,092,000	4,919,000	6,868,058	9,059,939	11,339,204	14,427,463	20,686,346
Unassigned	-	-	(8,151,727)	(265,224)	(356,083)	-	-	-	-	-
Total all other government	$ 19,021,330	$ 12,687,507	$ 47,878,359	$ 77,880,038	$ 73,445,018	$ 75,212,528	$ 74,310,013	$ 86,871,546	$ 98,434,841	$ 105,161,750

(1) GASB 54 was implemented by the City in 2010.



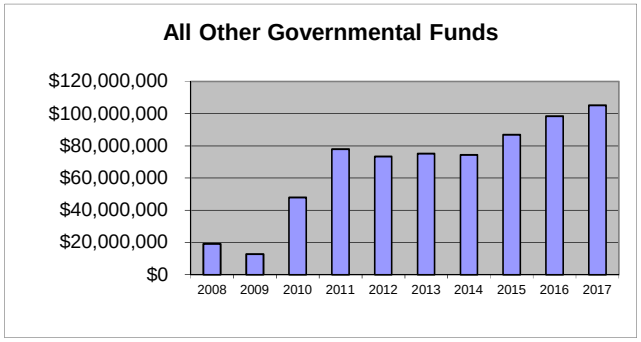


Exhibit 4

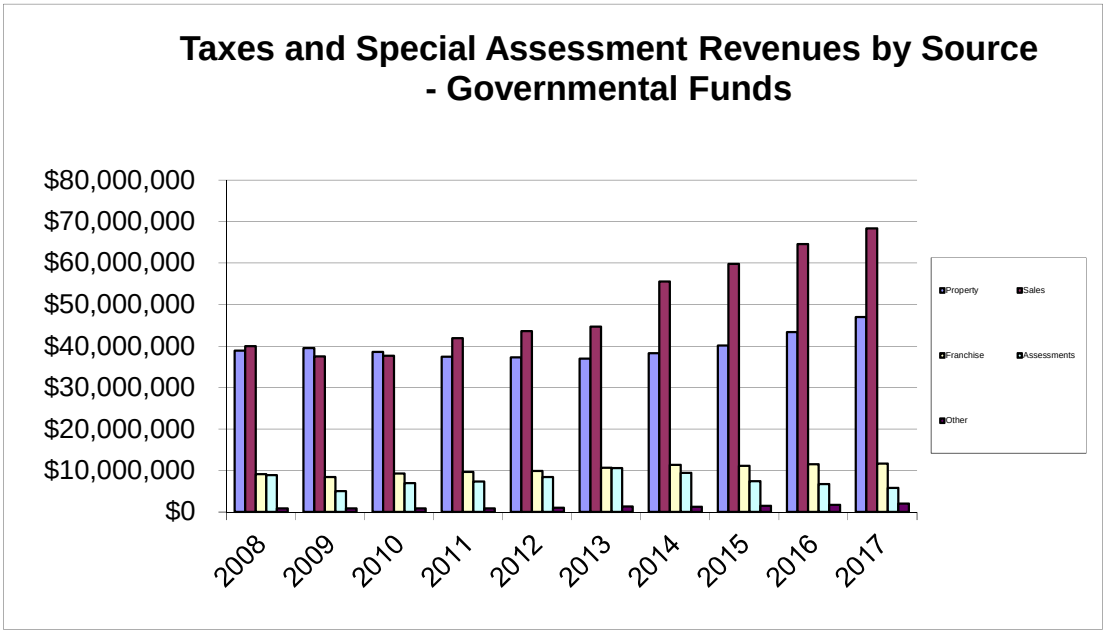
City of Olathe, Kansas
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Taxes and special assessments	$ 97,721,810	$ 91,334,541	$ 93,278,764	$ 97,186,011	$ 100,151,808	$ 104,216,196	$ 115,878,933	$ 119,895,961	$ 127,903,146	$ 134,793,488
Intergovernmental	18,469,344	14,506,377	20,449,434	10,649,241	8,537,462	11,434,840	14,914,113	12,389,145	12,987,653	21,602,721
Licenses and permits	1,068,989	897,555	813,254	801,090	1,292,246	1,219,515	1,462,444	2,054,140	2,221,597	2,311,842
Fines, forfeitures, and penalties	2,816,600	3,375,876	3,323,570	3,605,967	4,102,130	4,028,710	3,973,992	3,866,565	3,861,676	2,766,930
Charges for services	8,398,664	8,309,644	9,788,587	10,373,594	11,632,494	11,309,405	14,340,069	14,888,203	16,467,881	18,139,856
Use of money and property	4,275,573	2,662,741	106,061	897,601	1,450,621	332,055	569,071	549,290	793,780	1,422,000
Miscellaneous	1,394,572	3,258,702	2,652,214	1,327,317	1,594,024	2,984,067	6,479,238	1,846,859	1,572,393	1,942,028
Total revenues	134,145,552	124,345,436	130,411,884	124,840,821	128,760,785	135,524,788	157,617,860	155,490,163	165,808,126	182,978,865
Expenditures										
General government	23,313,768	20,302,744	21,383,165	21,003,812	20,364,416	21,332,265	21,094,027	22,375,960	28,554,144	28,267,167
Public safety	34,354,585	34,293,288	35,962,013	35,062,536	34,812,525	36,754,816	39,565,726	41,058,833	42,270,308	47,585,328
Public works	14,557,425	13,943,279	12,818,237	12,927,181	12,781,679	14,417,388	14,816,298	15,450,364	11,842,381	13,293,564
Community services	8,090,482	8,588,339	11,877,736	10,281,567	9,964,083	10,163,238	11,699,573	13,142,640	14,549,846	14,704,008
Development services	3,203,016	3,632,333	555,790	-	-	-	-	-	-	-
Capital improvements	71,127,640	42,068,750	41,708,828	19,185,356	17,731,294	45,828,161	57,620,792	44,172,182	56,384,322	59,411,140
Debt service										
Principal retirements	18,993,650	20,969,622	20,526,463	21,338,779	24,321,309	24,980,629	28,371,830	24,098,465	20,680,816	21,767,175
Interest and fiscal charges	10,445,658	10,191,231	10,681,749	12,308,753	10,282,122	9,026,964	9,185,557	8,718,545	8,008,626	8,770,981
Total expenditures	184,086,224	153,989,586	155,513,981	132,107,984	130,257,428	162,503,461	182,353,803	169,016,989	182,290,443	193,799,363
Excess of revenues over (under) expenditures	(49,940,672)	(29,644,150)	(25,102,097)	(7,267,163)	(1,496,643)	(26,978,673)	(24,735,943)	(13,526,826)	(16,482,317)	(10,820,498)
Other financing sources (uses)										
Issuance of bonds	35,400,000	23,010,000	53,148,000	28,100,000	3,170,000	22,165,000	22,220,000	11,695,000	17,883,673	12,700,000
Issuance of refunding bonds	-	-	-	8,835,000	3,335,000	5,165,000	4,260,000	8,290,000	13,180,000	16,235,000
Proceeds from capital leases	-	-	-	-	-	237,839	9,255	-	-	-
Payment to bond escrow agent	-	-	-	(2,590,000)	(7,245,028)	-	(3,200,000)	(2,450,000)	(9,605,000)	(13,800,000)
Premium on general obligation bonds	1,676,343	-	5,500,575	2,483,846	309,409	1,905,100	1,200,740	1,759,969	3,089,684	2,460,806
Insurance proceeds	-	-	-	-	-	-	-	-	539,359	164,173
Transfers in	14,036,309	15,939,644	16,794,058	23,594,270	25,703,478	25,842,153	27,924,819	35,612,943	40,602,770	41,339,554
Transfers out	(13,936,356)	(15,697,922)	(16,278,916)	(22,847,731)	(24,757,393)	(25,655,128)	(27,393,567)	(31,090,979)	(40,416,462)	(40,649,195)
Total other financing sources (uses)	37,176,296	23,251,722	59,163,717	37,575,385	515,466	29,659,964	25,021,247	23,816,933	25,274,024	18,450,338
Net change in fund balances	$ (12,764,376)	$ (6,392,428)	$ 34,061,620	$ 30,308,222	$ (981,177)	$ 2,681,291	$ 285,304	$ 10,290,107	$ 8,791,707	$ 7,629,840
Debt service as a percentage of noncapital expenditures	25.3%	27.3%	28.4%	28.0%	30.4%	27.2%	24.5%	21.9%	18.1%	20.0%

Exhibit 5

City of Olathe, Kansas
Tax and Special Assessment Revenues by Source, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	Property	Sales	Franchise	Special Assessments	Other Taxes	Total
2008	$ 38,923,447	$ 39,937,282	$ 9,087,300	$ 8,907,889	$ 865,892	$ 97,721,810
2009	39,530,183	37,525,065	8,452,020	5,004,089	823,184	91,334,541
2010	38,567,592	37,673,077	9,264,850	6,934,998	838,247	93,278,764
2011	37,388,645	41,925,494	9,676,295	7,316,565	879,012	97,186,011
2012	37,273,386	43,562,332	9,857,257	8,443,097	1,015,736	100,151,808
2013	36,970,133	44,683,816	10,683,439	10,545,454	1,333,354	104,216,196
2014	38,287,765	55,529,354	11,346,571	9,448,971	1,260,272	115,872,933
2015	40,134,797	59,758,735	11,134,962	7,405,239	1,462,228	119,895,961
2016	43,336,975	64,602,806	11,503,470	6,745,522	1,714,373	127,903,146
2017	47,021,050	68,351,904	11,629,244	5,764,491	2,026,799	134,793,488
Change 2008 to 2017	20.80%	71.15%	27.97%	-35.29%	134.07%	37.94%



City of Olathe, Kansas
Taxable Sales by Category
City Sales Tax Only
Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Retail Trade										
(Big Box Retail, Grocery, Electronics)	$ 13,888,804	$ 13,238,004	$ 13,319,118	$ 14,372,193	$ 14,838,908	$ 15,434,172	$ 17,474,368	$ 21,654,523	$ 22,314,004	$ 23,255,377
Accommodation & Food Services										
(Hotel, Restaurant)	2,277,762	2,249,410	2,255,334	2,410,568	2,524,117	2,573,292	3,105,100	3,925,501	4,090,356	4,153,401
Utilities										
(Gas, Electric)	1,531,469	1,503,487	1,582,942	1,654,295	1,618,624	1,725,732	2,078,355	2,421,297	2,443,689	2,511,899
Information										
(Newsprint, Publishing)	1,116,833	1,144,893	1,174,579	1,212,359	1,273,169	1,283,752	1,605,851	1,966,346	1,624,835	1,595,511
Wholesale Trade										
(Wholesale Materials)	919,123	668,273	751,037	967,502	911,285	973,698	1,220,136	1,593,026	1,939,542	1,984,038
Manufacturing										
(Food, Beverage, Paper, Machinery)	683,550	542,126	532,486	565,698	637,218	611,627	811,627	967,271	983,735	948,760
Other Services										
(Auto Repair, Laundry)	672,897	673,127	646,856	694,384	663,561	674,440	824,551	1,047,467	1,111,621	1,129,824
Adminstrative, Support, Waste Management, & Remediation Services	220,864	179,478	168,043	191,600	191,995	200,444	229,120	287,092	319,937	382,946
Other	1,522,889	1,378,575	1,675,706	1,370,760	1,401,392	1,545,115	1,812,842	2,520,342	2,878,013	2,721,310
Total	$ 22,834,191	$ 21,577,373	$ 22,106,101	$ 23,439,359	$ 24,060,269	$ 25,022,272	$ 29,161,951	$ 36,382,865	$ 37,705,732	$ 38,683,066

Source: Kansas Department of Revenue

Exhibit 7

City of Olathe, Kansas
Direct and Overlapping Sales Tax Rates
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	City			Johnson County							State of	
	General	Parks (2)	Streets (6)	General	Public Safety	Stormwater	Economic Development (3)	Public Safety Capital (4)	Education Research Triangle (5)	Public Safety Courthouse (7)	Kansas (1)	Total
2008	1.000%	0.125%	-	0.500%	0.250%	0.100%	0.250%	-	-	-	5.300%	7.525%
2009	1.000%	0.125%	-	0.500%	0.250%	0.100%	-	0.250%	0.125%	-	5.300%	7.650%
2010	1.000%	0.125%	-	0.500%	0.250%	0.100%	-	0.250%	0.125%	-	6.300%	8.650%
2011	1.000%	0.125%	-	0.500%	0.250%	0.100%	-	0.250%	0.125%	-	6.300%	8.650%
2012	1.000%	0.125%	-	0.500%	0.250%	0.100%	-	0.250%	0.125%	-	6.300%	8.650%
2013	1.000%	0.125%	-	0.500%	0.250%	0.100%	-	0.250%	0.125%	-	6.150%	8.500%
2014	1.000%	0.125%	0.375%	0.500%	0.250%	0.100%	-	0.250%	0.125%	-	6.150%	8.875%
2015	1.000%	0.125%	0.375%	0.500%	0.250%	0.100%	-	0.250%	0.125%	-	6.500%	9.225%
2016	1.000%	0.125%	0.375%	0.500%	0.250%	0.100%	-	0.250%	0.125%	-	6.500%	9.225%
2017	1.000%	0.125%	0.375%	0.500%	0.250%	0.100%	-	0.250%	0.125%	0.250%	6.500%	9.475%

Source: Kansas Department of Revenue

(1) The State of Kansas increased its sales tax rate effective July 2010 and then decreased its sales tax rate effective July 2013. The State then increased its sales tax rate effective July 2015.

(2) The citizens of Olathe approved an 1/8% sales tax for various park projects. The tax was in effect from April 2000 through March 2005. The citizens of Olathe approved an extention of this tax until March 2015. Citizens approved a second extension of this tax until March 2025.

(3) The citizens of Johnson County approved an 1/4% sales tax for economic development (schools). The tax was in effect from January 2003 through December 2005. The citizens of Johnson County approved an extension of this tax until December 2008.

(4) The citizens of Johnson County approved an 1/4% sales tax for public safety capital and operations. The tax was in effect starting in January 2009.

(5) The citizens of Johnson County approved an 1/8% sales tax for the education research triangle. The tax was in effect starting in January 2009.

(6) The citizens of Olathe approved an 3/8% sales tax for street maintenance for 10 years. The tax was in effect starting in April 2014.

(7) The citizens of Johnson County approved an 1/4% sales tax for public safety for a new courthouse. The tax was in effect starting in April 2017.

Exhibit 8

City of Olathe, Kansas
Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands of dollars)

Collection Year	Real Property	Utilities	Personal Property	Total Assessed Value	Estimated Actual Value (1)	Total Direct Tax Rate
2008	$ 1,278,173	$ 36,347	$ 56,686	$ 1,371,207	$ 10,176,098	24.908
2009	1,255,699	33,786	45,042	1,334,527	9,948,378	24.837
2010	1,185,808	33,997	37,727	1,257,532	9,382,174	24.840
2011	1,195,322	35,716	33,254	1,264,292	9,443,015	24.924
2012	1,177,481	37,426	31,526	1,246,433	9,304,378	24.794
2013	1,212,161	38,311	28,765	1,279,238	9,562,962	24.818
2014	1,293,678	38,898	21,385	1,353,961	10,162,389	24.701
2015	1,400,333	40,813	19,349	1,460,496	10,980,846	24.688
2016	1,530,644	41,951	17,996	1,590,590	11,981,493	24.708
2017	1,682,451	42,752	16,293	1,741,496	13,145,013	24.700

Source: Johnson County Appraiser

(1) Residential real estate is assessed at 11.5% of its fair market value. Commercial property is assessed at 25% of its fair market value. All other property is assessed at rates between 12% and 33% of its fair market value.

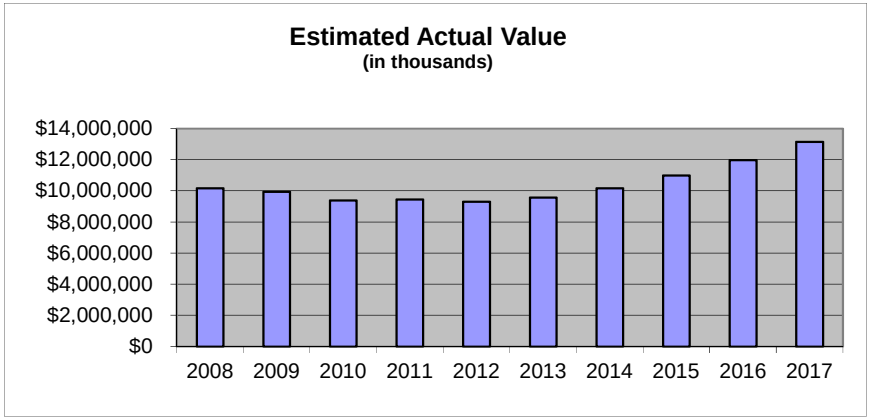


Exhibit 9

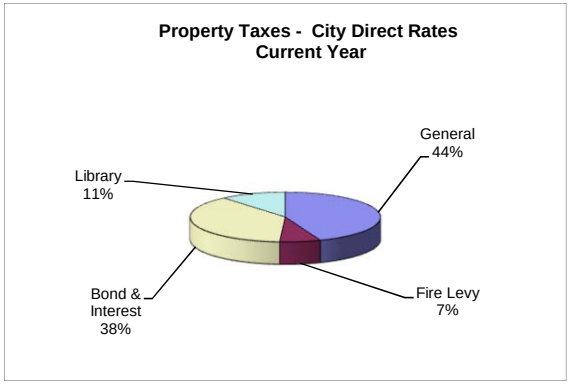
City of Olathe, Kansas
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years

	City Direct Rates					Overlapping Rates (1)					
Year	General	Fire Levy	Bond and Interest	Library	Total	State	County	Community College	County Park	Olathe Schools	Total
2008	9.843	1.694	10.596	2.775	24.908	1.500	17.767	8.768	2.341	66.913	122.197
2009	9.524	1.702	10.844	2.767	24.837	1.500	17.716	8.784	2.346	66.900	122.083
2010	9.270	1.703	11.100	2.767	24.840	1.500	17.748	8.799	2.350	72.917	128.154
2011	9.050	1.710	11.388	2.776	24.924	1.500	17.700	8.872	2.343	69.924	125.263
2012	9.003	1.702	11.328	2.761	24.794	1.500	17.717	8.785	2.344	69.618	124.758
2013	9.010	1.705	11.337	2.766	24.818	1.500	17.745	9.551	2.347	69.486	125.447
2014	8.871	1.709	11.351	2.770	24.701	1.500	17.764	9.461	2.349	67.868	123.643
2015	8.866	1.710	11.345	2.767	24.688	1.500	19.582	9.469	3.101	67.764	126.104
2016	10.874	1.713	9.352	2.769	24.708	1.500	19.590	9.473	3.102	67.774	126.147
2017	10.193	1.730	9.979	2.798	24.700	1.500	19.318	9.503	3.112	71.174	129.307

Per $1,000 of Assessed Valuation

Source: Johnson County

(1) Overlapping rates are those of local, county, and state governments that apply to property owners within the City of Olathe. Not all overlapping rates apply to all property owners.



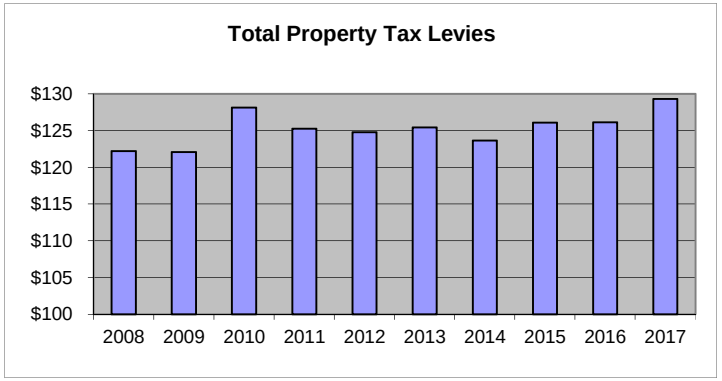


Exhibit 10

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

		2017			2008		
Taxpayer Name	**Type of Property**	**Total Assessed Value (1)**	**Rank**	**Percentage of Total Assessed Valuation**	**Total Assessed Value (1)**	**Rank**	**Percentage of Total Assessed Valuation**
GARMIN International	Manufacturing	$ 18,487,420	1	1.06%	$ 11,314,435	1	0.83%
JDM III SF Kansas City DC LLC	Information Processing	15,867,535	2	0.91%	10,710,422	3	0.78%
KCPL	Utility	13,939,970	3	0.80%	7,599,966	6	0.55%
Iowa Machine Shed	Hotel	10,082,251	4	0.58%			
Atmos Energy	Utility	9,954,968	5	0.57%			
Wal-Mart	Retail	9,415,501	6	0.54%			
Karbank	Retail Development	8,252,502	7	0.47%	5,653,464	9	0.41%
Westar Energy	Utility	8,241,750	8	0.47%			
Foodbrands America Inc.	Manufacturing	7,716,497	9	0.44%	5,364,250	10	0.39%
Maeburg II, LLC	Retail Development	7,211,750	10	0.41%			
Passco Olathe Station	Retail				10,867,252	2	0.79%
Great Mall of the Great Plains	Retail				9,361,918	4	0.68%
Southwestern Bell Telephone	Utility				8,182,430	5	0.60%
Arciterra Olathe Pointe	Retail				6,132,250	7	0.45%
Homestead Apartment Homes	Apartments				5,926,410	8	0.43%
		$ 109,170,144		6.27%	$ 81,112,797		5.91%

(1) Source: Real estate and personal property valuation from Johnson County Appraiser's Office; utility valuation from Johnson County Clerk's Office.

Exhibit 11

City of Olathe, Kansas
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Levy (2)	Current Tax Collection	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Total Collections as Percent of Current Levy
2008	$ 33,822,104	$ 33,250,808	98.3%	$ 834,640	$ 34,085,448	100.8%
2009	34,134,533	33,436,467	98.0%	1,074,274	34,510,741	101.1%
2010	33,133,648	32,574,869	98.3%	901,988	33,476,857	101.0%
2011	31,258,771	31,489,083	100.7%	840,702	32,329,785	103.4%
2012	31,508,143	31,690,293	100.6%	582,840	32,273,133	102.4%
2013	30,902,949	31,116,334	100.7%	409,831	31,526,165	102.0%
2014	31,749,238	31,927,827	100.6%	425,649	32,353,476	101.9%
2015	33,439,317	33,426,577	100.0%	288,910	33,715,487	100.8%
2016	36,056,353	35,952,604	99.7%	473,432	36,426,036	101.0%
2017	39,304,956	38,673,924	98.4%	224,940	38,898,864	99.0%

Source: Johnson County Appraiser

(1) Outstanding delinquent taxes are collected by Johnson County. County Treasurer's records do not provide a determination of delinquent outstanding taxes by year, therefore, it is possible for the total collections as a percent of currenty levy to be greater than 100%.

(2) The total levy is the original levy and does not include discoveries or abatements.

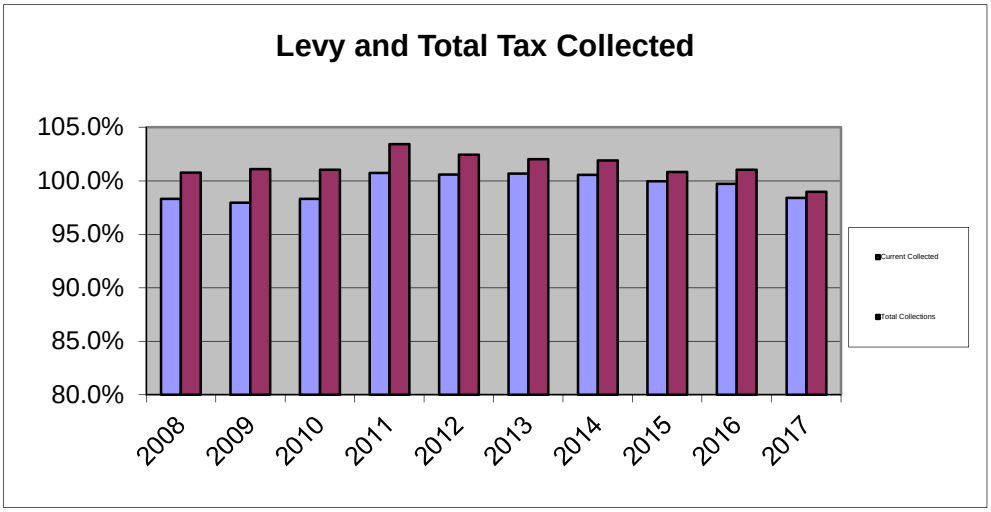


Exhibit 12

City of Olathe, Kansas
Special Assessment Collections
Last Ten Fiscal Years

Collection Year	Assessment Levy	Current Collections (1)	Percent of Levy Collected	Delinquent Collections	Current and Delinquent Collection	Percent of Levy Collected	Prepaid Assessment	Total Collections
2008	$ 7,320,695	$ 7,068,366	96.6%	$ -	$ 7,068,366	96.6%	$ -	$ 7,068,366
2009	7,421,501	6,925,571	93.3%	-	6,925,571	93.3%	-	6,925,571
2010	7,275,093	6,061,429	83.3%	-	6,061,429	83.3%	266	6,061,695
2011	8,782,929	7,191,882	81.9%	2,797	7,194,679	81.9%	-	7,194,679
2012	9,887,997	8,464,087	85.6%	531,059	8,995,146	91.0%	14	8,995,160
2013	9,301,654	7,976,297	85.8%	854,213	8,830,510	94.9%	-	8,830,510
2014	8,944,804	7,753,386	86.7%	1,695,585	9,448,971	105.6%	-	9,448,971
2015	7,338,642	6,217,583	84.7%	1,025,219	7,242,802	98.7%	-	7,242,802
2016	6,664,058	6,333,943	95.0%	920,576	7,254,519	108.9%	-	7,254,519
2017	6,301,761	5,521,284	87.6%	67,744	5,589,028	88.7%	175,463	5,764,491

Source: Johnson County

(1) Collections include interest.

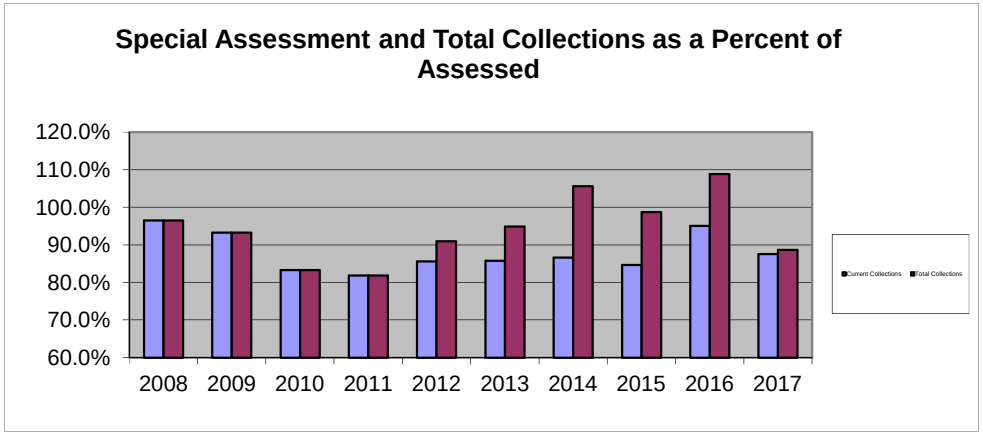
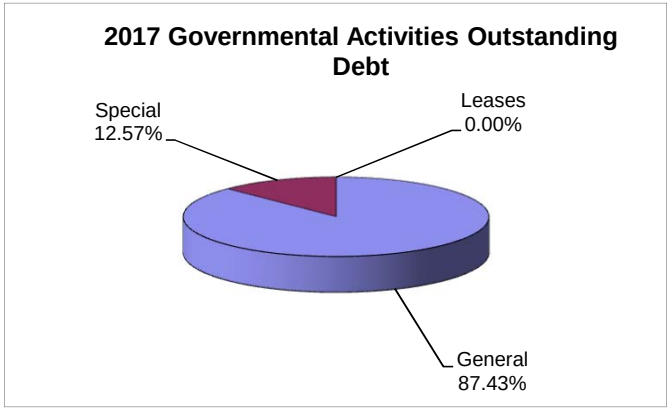


Exhibit 13

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

Fiscal Year	Governmental Activities: General Obligation Bonds	Governmental Activities: Special Obligation Bonds	Governmental Activities: Capital Leases	Business-type Activities: Revenue Bonds	Business-type Activities: General Obligation Bonds	Business-type Activities: State Revolving Loan	Business-type Activities: Capital Leases	Total Primary Government	Percentage of Personal Income (1)	Per Capita
2008	$ 160,221,122	$ 43,415,000	$ 181,642	$ 6,405,000	$ -	$ 30,365,098	$ 1,392,210	$ 241,980,072	2.1%	$ 1,946
2009	163,406,384	42,580,000	124,436	5,050,000	-	40,976,922	13,844,342	265,982,084	2.0%	2,124
2010	202,119,767	41,325,000	62,973	55,395,000	-	43,146,756	13,404,024	355,453,520	1.5%	2,817
2011	217,958,574	40,377,193	-	55,649,010	17,510,000	24,287,018	12,891,616	368,673,411	1.4%	2,898
2012	194,760,707	38,782,331	342,842	63,339,650	16,960,000	23,560,461	11,556,585	349,302,576	1.6%	2,717
2013	201,346,499	35,653,366	520,070	61,003,683	15,880,000	22,526,925	10,345,822	347,276,365	1.7%	2,670
2014	198,103,868	34,055,952	420,696	58,740,557	14,745,000	21,014,983	9,154,514	336,235,570	1.8%	2,539
2015	193,986,805	32,408,327	304,857	75,907,189	13,585,000	19,463,078	7,971,817	343,627,073	1.8%	2,560
2016	198,534,607	30,699,594	87,774	72,706,973	12,405,000	17,754,002	6,721,860	338,909,810	1.8%	2,485
2017	195,446,767	28,091,571	3,622	79,531,354	11,195,000	16,361,106	5,432,563	336,061,983	2.0%	2,419

(1) For personal income and population data, see exhibit 18



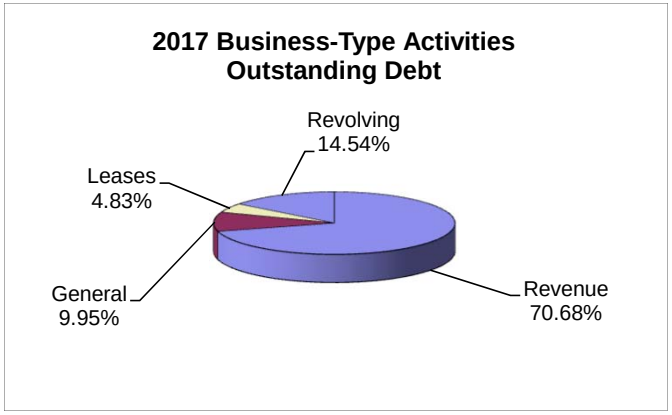
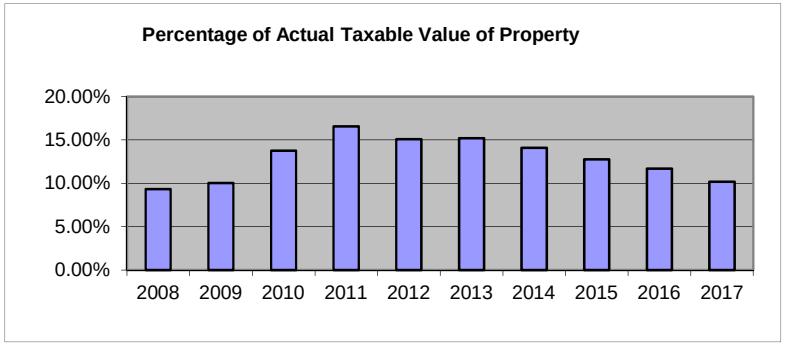


Exhibit 14

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

Fiscal Year	General Obligation Debt	Reserved for Debt Service	Net General Obligation Debt	Assessed Valuation	Percentage of Actual Taxable Value of Property	Population	Per Capita
2008	$ 160,221,122	$ 32,036,952	$ 128,184,170	$ 1,371,207,000	9.35%	124,378	$ 1,031
2009	163,406,384	29,669,701	133,736,683	1,334,527,000	10.02%	125,225	1,068
2010	202,119,767	29,180,689	172,939,078	1,257,532,000	13.75%	126,162	1,371
2011	235,468,574	26,083,374	209,385,200	1,264,292,000	16.56%	127,211	1,646
2012	211,720,707	23,518,301	188,202,406	1,246,433,000	15.10%	128,563	1,464
2013	217,226,499	22,881,695	194,344,804	1,279,238,000	15.19%	130,055	1,494
2014	212,848,868	21,929,118	190,919,750	1,353,961,000	14.10%	132,437	1,442
2015	207,571,805	21,369,827	186,201,978	1,460,496,000	12.75%	134,231	1,387
2016	210,939,607	25,212,558	185,727,049	1,590,590,000	11.68%	136,394	1,362
2017	206,641,767	29,519,397	177,122,370	1,741,496,000	10.17%	138,922	1,275



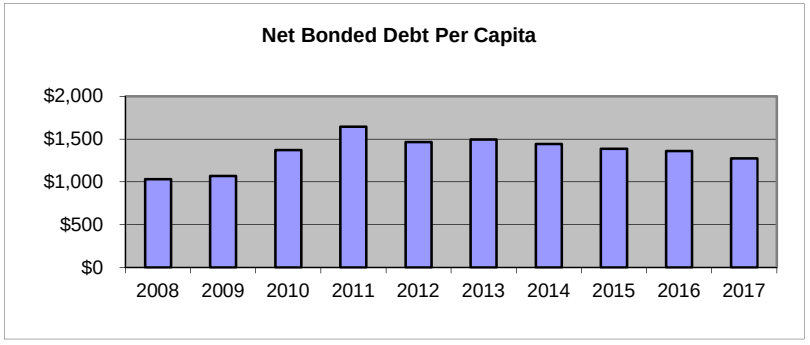


Exhibit 15

City of Olathe, Kansas
Direct and Overlapping Governmental Activities Debt
December 31, 2017

Taxing Unit	Net Debt to Nearest Date	Percentage Applicable to the City of Olathe	Estimated Share
Johnson County	$ 312,063,100	17.89%	$ 55,828,089
Johnson County Park and Recreation	1,215,000	17.89%	217,364
U.S.D. No. 229	341,240,000	2.64%	9,008,736
U.S.D. No. 230	158,565,000	13.25%	21,009,863
U.S.D. No. 231	152,625,000	0.60%	915,750
U.S.D. No. 232	139,615,000	1.52%	2,122,148
U.S.D. No. 233	523,901,157	57.16%	299,461,901
Johnson County Fire District #2	3,760,000	6.69%	251,544
Total estimated overlapping debt			388,815,395
City of Olathe's direct debt			223,541,960
Total direct and overlapping debt			$ 612,357,355

Source: Johnson County

Note: Overlapping governments are those that coincide, at least in part, with the geographic 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 Olathe. 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 acount. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

All Johnson County Taxing Units' debt is as of September 1, 2017. All other districts' debt is as of June 30, 2017.

Exhibit 16

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	$ 459,711,000	$ 448,824,501	$ 424,508,108	$ 435,849,362	$ 420,451,375	$ 430,956,078	$ 455,980,038	$ 490,122,542	$ 531,685,602	$ 579,500,865
Total net debt applicable to limit	100,690,110	97,039,239	105,954,026	110,502,276	117,628,663	100,536,250	121,451,182	126,719,078	129,097,192	136,166,161
Legal debt margin	$ 359,020,890	$ 351,785,262	$ 318,554,082	$ 325,347,086	$ 302,822,712	$ 330,419,828	$ 334,528,856	$ 363,403,464	$ 402,588,410	$ 443,334,704
Total net debt applicable to the limit as a percentage of debt limit	21.90%	21.62%	24.96%	25.35%	27.98%	23.33%	26.64%	25.85%	24.28%	23.50%

Legal Debt Margin Calculation for Fiscal Year 2017

Assessed valuation		$ 1,931,669,551
Legal debt limit (1)		579,500,865
Debt applicable to limit		
General obligation bonds	172,615,000	
Temporary notes	27,210,000	
Total general obligation debt outstanding		199,825,000
Less exempt capital projects (2)	63,658,839	
Less amount available in Debt Service Funds	29,519,397	
Total unfunded debt applicable to debt limit		106,646,764
Debt margin		$ 472,854,101

(1) Represents the valuation arrived at by using a formula as required by K.S.A. 79-5037. Debt limit is currently set at 30%.

(2) Represents the debt associated with projects exempt from debt limit calculation in accordance with K.S.A. 10-309.

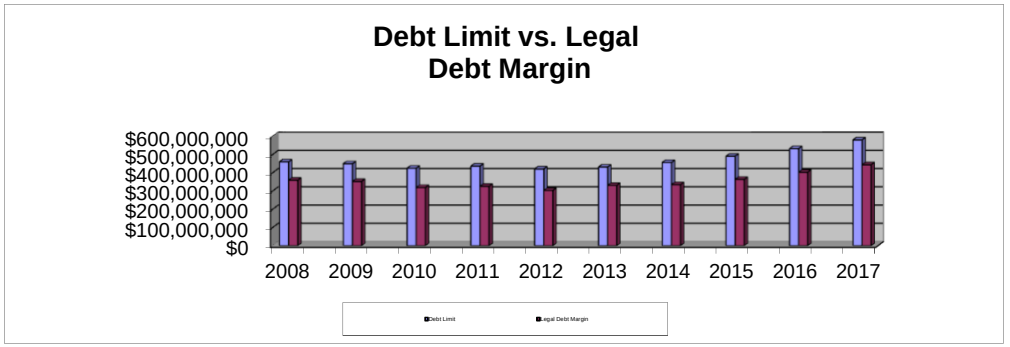


Exhibit 17

City of Olathe, Kansas
Pledged Revenue Coverage
Last Ten Fiscal Years

Water & Sewer Revenue Bonds

Fiscal Year	Revenues	Current Expenses (1)	Net Revenue Available for Debt Service	Principal Requirement	Interest Requirement	Coverage (3)
2008	$ 26,067,558	$ 20,261,768	$ 5,805,790	$ 2,770,000	$ 361,026	1.85
2009	26,468,208	21,356,853	5,111,355	4,475,600	305,876	1.07
2010	30,065,468	21,404,000	8,661,468	525,000	285,425	10.69
2011	32,912,000	21,508,858	11,403,142	635,000	1,746,982	4.79
2012	39,653,439	28,134,894	11,518,545	1,710,000	2,562,750	2.70
2013	38,349,614	23,871,194	14,478,420	2,230,000	2,783,709	2.89
2014	39,327,067	24,801,732	14,525,335	2,165,000	2,789,113	2.93
2015	40,519,753	26,710,875	13,808,878	2,205,000	2,707,312	2.81
2016	44,771,642	27,342,877	17,428,765	3,065,000	3,253,529	2.76
2017	47,441,300	29,913,182	17,528,118	4,500,000	3,400,661	2.22

Special Obligation Bonds and Developers' Agreements (2)

Fiscal Year	Revenues	Principal Requirement	Interest Requirement	Developers' Agreement	Coverage
2008	$ 2,903,859	$ 450,000	$ 2,298,631	$ 483,650	0.90
2009	3,394,838	835,000	2,273,554	567,414	0.92
2010	3,572,247	1,255,000	2,226,502	1,449,174	0.72
2011	3,732,892	1,230,000	2,160,478	874,099	0.88
2012	3,757,245	1,594,862	1,110,888	393,992	1.21
2013	3,965,586	3,128,965	1,086,367	943,425	0.77
2014	4,013,561	1,597,414	1,017,481	960,974	1.12
2015	4,415,841	1,647,626	998,084	1,177,222	1.16
2016	5,477,980	1,708,733	972,027	1,317,683	1.37
2017	6,326,642	2,608,023	977,560	3,048,153	0.95

(1) Current expenses do not include bad debt expense, depreciation, or amortization.
(2) The City is only obligated for the amounts of incremental taxes received attributable to the project. Any deficiencies are the responsibility of the redeveloper.
(3) Debt has been scheduled for small principal amounts due in 2010 which leads to a high coverage amount in that year.

Exhibit 18

City of Olathe, Kansas
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (3)	Personal Income (2)*	Per Capita Personal Income	Unemployment Rates (1)
2008	124,378	$ 6,405,467	$ 51,500	4.9%
2009	125,225	6,534,658	52,183	6.0%
2010	126,162	6,665,351	52,832	6.1%
2011	127,211	6,635,258	52,832	5.3%
2012	128,563	7,270,238	56,550	5.3%
2013	130,055	7,741,384	59,524	4.1%
2014	132,437	7,955,489	60,070	3.2%
2015	134,231	8,322,972	62,005	2.8%
2016	136,394	8,322,993	61,483	2.9%
2017	138,922	8,385,912	66,063	2.4%

* In thousands of dollars

(1) Source: Kansas Department of Labor

(2) Source: Derived from the personal income from Johnson County provided in the U.S. Department of Commerce Bureau of Economic Analysis

(3) Source: City of Olathe Planning Division

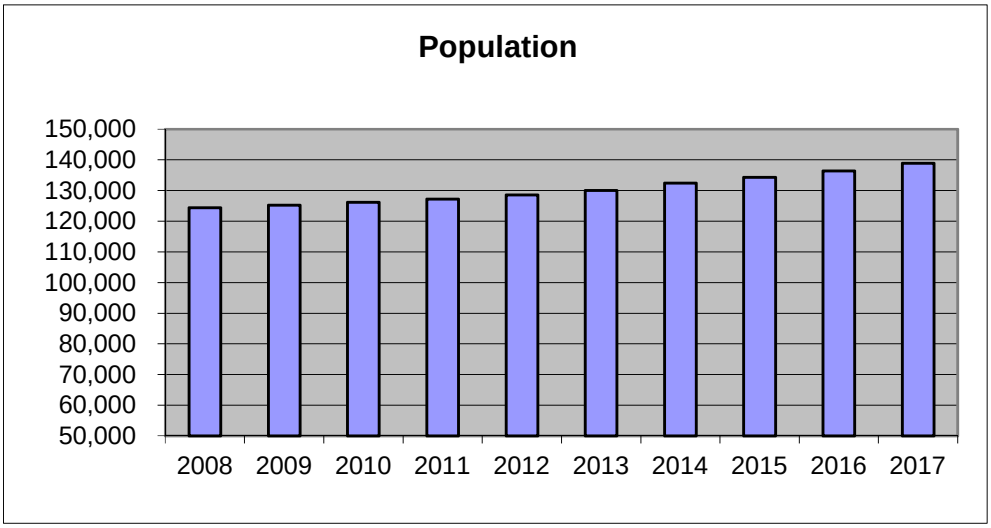


Exhibit 19

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

Largest Employers	2017 Employees	2017 Rank	2017 Percentage of Total City Employment	2008 Employees	2008 Rank	2008 Percentage of Total City Employment
Company						
Olathe Unifed School District	4,000	1	2.88%	3,717	1	2.99%
GARMIN International	3,685	2	2.65%	1,375	5	1.11%
Farmers Insurance	3,000	3	2.16%	1,900	3	1.53%
Johnson County	2,000	4	1.44%	3,712	2	2.98%
Olathe Medical Center	1,700	5	1.22%	1,500	4	1.21%
Convergys	950	6	0.68%			
City of Olathe	850	7	0.61%	913	8	0.73%
Honeywell (Bendix/King)	850	7	0.61%	980	6	0.96%
Mid-Central Sysco	780	9	0.56%	725	10	0.58%
TransAm Trucking	700	10	0.50%	1,000	7	0.80%
Encore Receivable Management				900	9	0.72%
Totals	18,515		13.33%	16,722		13.61%

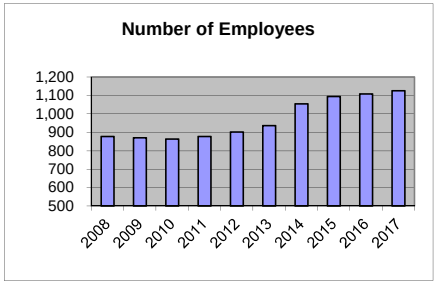
Source: Olathe Chamber of Commerce

Exhibit 20

City of Olathe, Kansas
City Government Employees by Function/Program
Last Ten Fiscal Years

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental										
General government	115	109	99	97	113	105	119	120	129	119
Public safety	332	319	324	330	333	341	348	348	347	374
Public works	152	121	121	118	128	134	126	134	135	128
Development services	40	48	11	11	7	-	-	-	-	-
Community services	102	87	129	137	139	162	280	307	308	291
Business-Type										
Water & Sewer	119	134	123	129	123	134	123	125	129	152
Solid Waste	53	52	56	55	58	61	59	60	60	62
Totals	913	870	863	877	901	937	1,055	1,094	1,108	1,126

Source: City's Payroll System



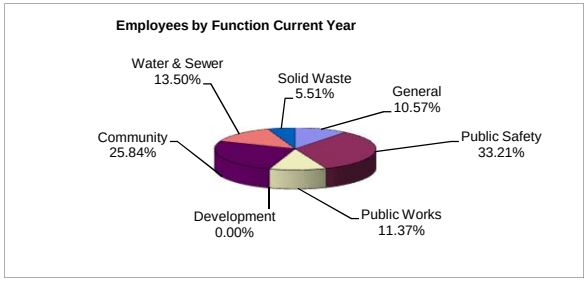


Exhibit 21

City of Olathe, Kansas
Operating Indicators by Function/Program
Last Ten Fiscal Years

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public safety										
Police										
Violent Crime Rate per 1,000 residents	2.60%	2.45%	1.94%	1.83%	1.51%	1.53%	1.46%	1.20%	1.43%	1.48%
Property Crime Rate per 1,000 residents	21.98%	21.05%	18.38%	17.97%	19.02%	17.33%	16.29%	16.21%	16.84%	15.48%
Average calls for service per FTE - first responder	N/A	389	360	351	347	353	345	354	369	367
Fire										
Code 1 Emergencies responed within 5 minutes	59%	59%	56%	66%	57%	58%	51%	60%	53%	59%
Fire Confined to Object or Room or Origin	N/A	N/A	76%	73%	58%	74%	87%	73%	76%	73%
Public works										
Governmental activities										
Maintenance of City Streets - Satisfactory or above	70.00%	74.00%	72.00%	74.00%	76.00%	70.00%	74.00%	69.00%	74.12%	75.72%
Major Street Snow Removal - Satisfactory or above	84.00%	92.00%	83.00%	79.00%	84.00%	84.00%	85.00%	86.88%	84.94%	85.52%
Residential Streetst Snow Removal - Satisfactory or above	60.00%	57.00%	56.00%	66.00%	63.00%	59.00%	61.00%	64.33%	66.80%	70.23%
Maintenance of Sidewalks - Satisfactory or above	60.00%	60.00%	65.00%	67.00%	62.00%	55.00%	61.00%	60.00%	57.20%	61.34%
Business-type activities										
Water and sewer										
Time water meets regulatory standards	100.00%	100.00%	100.00%	99.98%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Time wastewater meets effluent limits	100.00%	99.98%	99.98%	99.98%	99.97%	100.00%	99.96%	99.86%	99.95%	100.00%
Solid waste										
Tonnage diverted	26.81%	28.58%	34.45%	36.70%	37.67%	38.29%	41.10%	43.88%	44.60%	45.27%
Community services										
Respondents indicating needs are completely met by existing outdoor parks	78.00%	80.00%	81.00%	84.00%	85.00%	89.00%	90.00%	88.00%	92.32%	91.88%
Respondents indicating needs are completely met by existing outdoor athletic fields	78.00%	79.00%	85.00%	81.00%	80.00%	81.00%	81.00%	89.00%	83.54%	82.19%
Respondents indicating needs are completely met by existing indoor gymnasium	49.00%	55.00%	70.00%	68.00%	59.00%	65.00%	75.00%	92.00%	82.03%	80.97%

Source: Various City Departments and the annual Direction Finder Survey.

Exhibit 22

City of Olathe, Kansas
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Function/Program										
Public safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	47	56	56	56	56	58	58	58	58	58
Fire stations	7	7	7	7	7	7	7	7	7	7
Public works										
Governmental activities										
Streets (miles)	1,225	1,237	1,237	1,237	1,237	1,256	1,256	1,256	1,275	1,275
Business-type activities										
Water and sewer										
Water mains (miles)	550	578	578	578	578	590	590	590	606	608
Acre wellfield	95	95	95	95	95	95	95	95	95	95
Sanitary sewers (miles)	406	428	428	428	428	410	410	410	439	449
Solid waste										
Collection trucks	42	43	43	43	43	43	43	43	43	43
Community services										
Acreage	1,559	1,559	1,559	1,559	1,559	1,559	1,559	1,559	1,559	1,559
Parks	39	45	45	43	43	45	45	45	45	45
Swimming Pools	4	4	4	4	4	4	4	5	5	5
Trails (miles)	30.5	30.5	30.5	30.5	30.5	31	31	31	33	33

Source: Various city departments
Note: No capital asset indicators are available for the general government or development services functions.

Exhibit 23

City of Olathe, Kansas
Water and Sewer Information
Last Ten Fiscal Years

Number of Customers

The following table lists the approximate number of customers of the System for the last ten fiscal years.

Year	Water Customers	Sewer Customers
2008	34,140	27,912
2009	34,302	28,155
2010	34,249	28,260
2011	34,401	28,398
2012	34,570	28,679
2013	34,860	29,004
2014	35,090	29,303
2015	35,323	29,633
2016	35,559	29,891
2017	35,879	30,262

Water Production Requirements

The following table indicates historical water production requirements and comparison to the previous year.

	Average Daily Demand		Annual Demand	
Year	Gallons (in millions)	Percent Change	Gallons (in millions)	Percent Change
2008	11.93	-8.9%	4,351.17	-9.2%
2009	11.58	-2.9%	4,253.65	-2.2%
2010	12.87	11.1%	4,705.99	10.6%
2011	13.50	4.9%	4,935.35	4.9%
2012	16.15	19.6%	5,918.72	19.9%
2013	13.64	-15.5%	4,976.95	-15.9%
2014	12.14	-11.0%	4,419.31	-11.2%
2015	11.30	-6.9%	3,634.00	-17.8%
2016	12.60	11.5%	4,585.00	26.2%
2017	11.82	-6.2%	4,304.00	-6.1%

Exhibit 23

City of Olathe, Kansas
Water and Sewer Information
Last Ten Fiscal Years

Sewage Treatment Requirements

The following table indicates historical sewage treatment requirements of the City, but does not include that portion of the City that is served by the Johnson County Unified Wastewater District.

	Average Daily Flow		Annual Demand	
Year	Gallons (in millions)	Percent Change	Gallons (in millions)	Percent Change
2008	6.21	1.3%	2,286	1.4%
2009	6.09	-1.9%	2,240	-2.0%
2010	6.63	8.9%	2,441	9.0%
2011	6.26	-5.6%	2,186	-10.4%
2012	5.54	-11.5%	2,034	-7.0%
2013	5.74	3.6%	2,105	3.5%
2014	5.11	-11.0%	1,893	-10.1%
2015	6.28	22.9%	2,298	21.4%
2016	5.95	-5.3%	2,186	-4.9%
2017	5.60	-5.9%	2,044	-6.5%

Water and Sewer Peak Daily Demand

The following table indicates the peak daily demand of the water system and the maximum daily flow for the sewage treatment system for each of the last ten years.

Year	Water System Peak Daily Demand (millions of gallons)	Sewage System Maximum Daily Flow (millions of gallons)
2008	21.99	28.02
2009	20.47	29.45
2010	25.50	29.52
2011	25.89	14.66
2012	28.09	23.67
2013	28.57	18.21
2014	24.12	18.08
2015	19.30	25.76
2016	24.68	31.28
2017	21.50	28.54

continued

Exhibit 23

City of Olathe, Kansas
Water and Sewer Information

Largest Customers

The following table lists the ten largest users of the System based on the percentage of total 2017 revenue generated by each.

Customer	Water System Type of Enterprise	2017 Water Billing	Percentage of Total 2017 System Revenues
New Century Air Center	Wholesale	$ 725,278	3.6%
Rural Water District 6	Rural water district	400,282	1.8%
Rural Water District 7	Rural water district	322,709	1.5%
FSI Santa Barbara Property LLC	Multi-family	85,550	0.4%
Olathe Medical Center	Hospital	65,560	0.3%
Site One Landscaping	Lanscaping	63,990	0.3%
Garmin International	Industrial	61,074	0.3%
Cintas	Retail	56,253	0.3%
Good Samaritan Center	Retirement home	43,226	0.2%
Geiger Ready Mix	Industrial	41,481	0.2%

Customer	Sewer System Type of Enterprise	2017 Sewer Charge	Percentage of Total 2017 System Revenues
Cintas	Services	$ 104,481	0.6%
Olathe Medical Center	Hospital	99,426	0.6%
Shawnee Rock Co.	Industrial	71,971	0.4%
Villa St. Francis	Multi-family	66,029	0.4%
Green Lantern Car Wash LLC	Car wash	59,842	0.3%
Exxon Mobil	Industrial	53,484	0.3%
AMC Theaters	Entertainment	46,722	0.3%
Architerra	Commerical	43,186	0.2%
Good Samaritan Center	Retirement home	38,033	0.2%
Federal Aviation Administration	Government	37,650	0.2%

City of Olathe, Kansas
Risk Management Fund
December 31, 2017

	Workers' Compensastion	Health & Dental	General Liability	Other	Total
Assets					
Current assets					
Cash and cash equivalents	$ 3,587,019	$ 2,514,650	$ 1,566,100	$ 75,094	$ 7,742,863
Total current assets	3,587,019	2,514,650	1,566,100	75,094	7,742,863
Noncurrent assets					
Restricted assets					
Deposit	-	11,000	-	-	11,000
Total restricted assets	-	11,000	-	-	11,000
Total assets	$ 3,587,019	$ 2,525,650	$ 1,566,100	$ 75,094	$ 7,753,863
Liabilities					
Current liabilities					
Accounts and claims payable	$ 1,334,727	$ 1,024,373	$ 205,500	$ -	$ 2,564,600
Compensated absences	2,957	2,905	-	-	5,862
Total current liabilities	1,337,684	1,027,278	205,500	-	2,570,462
Noncurrent liabilities					
Deposit	-	11,000	-	-	11,000
Compensated absences	3,120	681	-	-	3,801
Total noncurrent liabilities	3,120	11,681	-	-	14,801
Total liabilities	1,340,804	1,038,959	205,500	-	2,585,263
Net position					
Unrestricted	2,246,215	1,486,691	1,360,600	75,094	5,168,600
Total liabilities and net position	$ 3,587,019	$ 2,525,650	$ 1,566,100	$ 75,094	$ 7,753,863
Operating revenues					
Charges for services	$ 1,344,159	$ 17,171,260	$ 1,389,236	$ 40,842	$ 19,945,497
Operating expenses					
Administration and general	1,212,026	17,793,173	1,135,394	13,144	20,153,737
Operating income (loss)	132,133	(621,913)	253,842	27,698	(208,240)
Nonoperating revenues (expenses)					
Interest income	30,991	24,717	9,154	9,452	74,314
Net income (loss)	163,124	(597,196)	262,996	37,150	(133,926)
Net position - beginning of year	2,083,091	2,083,887	1,097,604	37,944	5,302,526
Net position - end of year	$ 2,246,215	$ 1,486,691	$ 1,360,600	$ 75,094	$ 5,168,600


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