



2015

CITY OF OLATHE, KANSAS
COMPREHENSIVE ANNUAL
FINANCIAL REPORT

For Year Ended December 31, 2015



City of Olathe, Kansas

Comprehensive Annual Financial Report

Year Ended December 31, 2015

Principal Officials

Mayor

Michael Copeland

City Council

John Bacon

Larry Campbell

Wesley McCoy

Jim Randall

Ronald Ryckman

Marge Vogt

City Manager

J. Michael Wilkes

Assistant City Manager

Susan E. Sherman

City Clerk

Donald T. Howell

Legal Counsel

Ronald R. Shaver

Prepared by Department of Resource Management

Dianna Wright, Director Resource Management

Amy Tharnish, CPA, Assistant Director Finance Services

Curt Hanneman, Senior Accountant

Scott McDonald, Senior Accountant



City of Olathe, Kansas
Comprehensive Annual Financial Report
Year Ended December 31, 2015

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Introductory Section



June 10, 2016

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, 2015.

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 RubinBrown LLP (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, 2015 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 unqualified opinion that the City's financial statements for the fiscal year ended December 31, 2015, 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 2015 population to be 134,231 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 Statutes 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 five 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, 2015, Healthiest Employer, 2015 Best Places to Live, and Top 10 Most Desirable Mid-Size Cities to Move to. At the end of 2015, the City’s unemployment rate was 2.8% compared to 4.0% for the State of Kansas and the national rate of 5.0%.

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 2016-2020 CIP includes project costs totaling an estimated \$310 million. Of the \$78 million of funding for 2016, 83% 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 annually 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 (College, Ridgeview to Renner and the KCPL Streetlight buyout and conversion).

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. In December 2015, the Olathe Conference Center Hotel opened. The Olathe Conference Center Hotel is an Embassy Suites facility with 200-rooms, 175,000 square foot full-service facility with an attached conference center capable of seating 750 – 1,000 people.

The City's retail additions and expansions include:

- Garmin 700,000 square foot warehouse and manufacturing expansion. It is scheduled to open in
- Five Below opened a 7,500 square foot store in 2015.
- Furniture Mall of Kansas opened a 161,000 square foot building in 2015.
- At Home—the Home Décor Superstore, opened a 105,000 square foot building in 2015.
- An 80,000 square-foot Whole Foods Market opened in 2015.
- Menards began construction of a 170,000 square foot building in 2015. It will also include 45,000 square foot of covered storage plus additional outside storage. It is scheduled to open in 2016.

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 2016 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 2016 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 through community partnerships, public engagement, fostering a culture of innovation and excellence within its employees, and technology. The 2015 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 (82%) 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, 2014. 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 37 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 Curt Hanneman and Scott McDonald, Senior Accountants, 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 RubinBrown LLP for the cooperation and professional assistance provided during the audit of the City's 2015 financial records.

Respectfully submitted,



Dianna Wright
Director of Resource Management



Amy Tharnish, CPA
Assistant Director of Finance Services



Government Finance Officers Association

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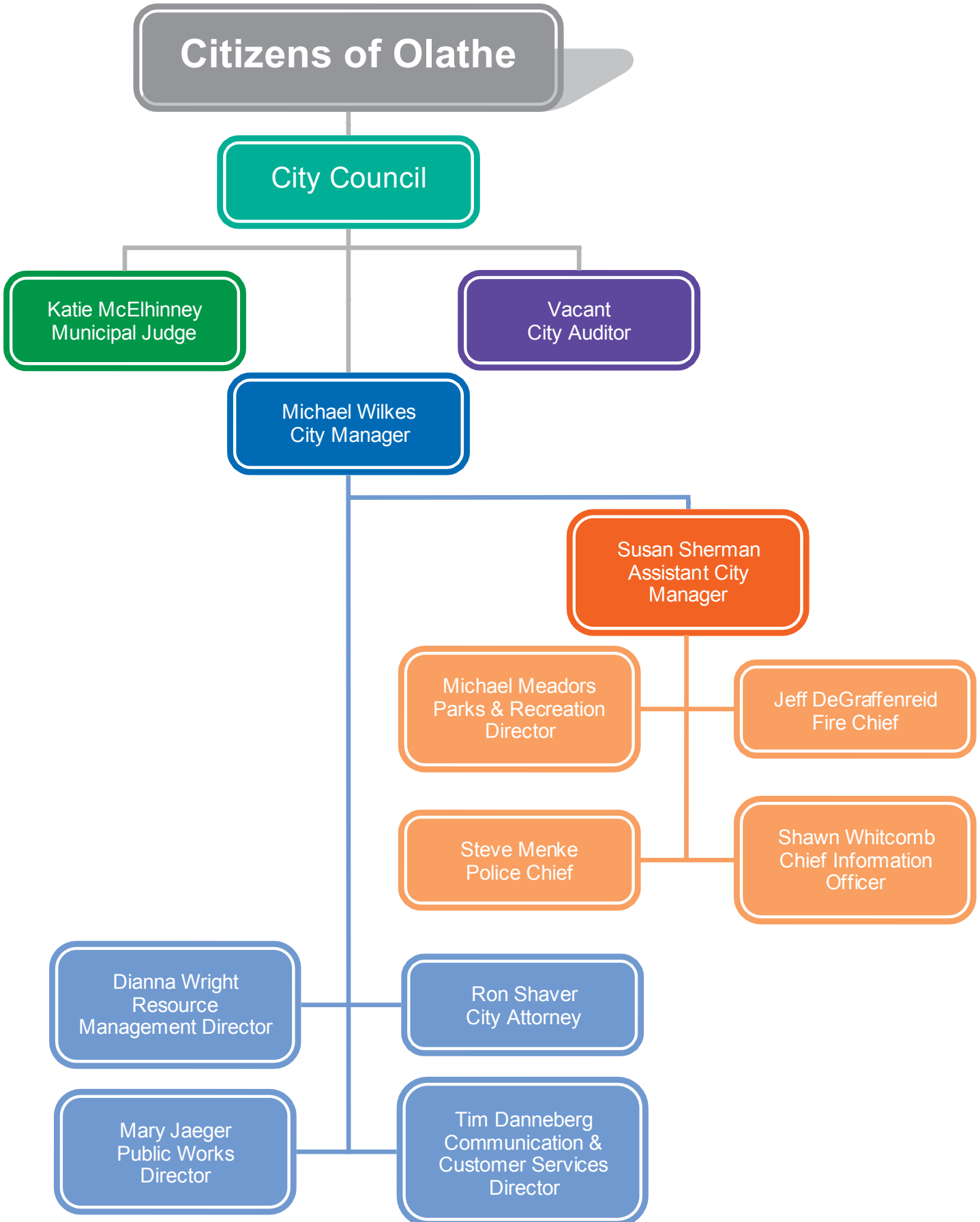
**City of Olathe
Kansas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO

Organizational Chart



Financial Section



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Independent Auditors' 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, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City of Olathe, Kansas' 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 of material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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, 2015, and the respective changes in financial position and where applicable its cash flows thereof, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change In Accounting Principle

As discussed in Note 18 to the financial statements, in 2015 the City of Olathe, Kansas adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to these matters.

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 of Olathe, Kansas' financial statements as a whole. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

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

The combining and individual fund financial statements and schedules are the responsibility of management, and were derived from, and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are 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 a report dated June 9, 2016 on our consideration of the City of Olathe, Kansas' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Olathe, Kansas' internal control over financial reporting and compliance.

RubinBrown LLP

June 9, 2016



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, 2015. 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 15, and the related notes to the basic financial statements which begin on page 35.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources as of December 31, 2015 by \$749,913,114 (net position). Of this amount, \$33,063,980 (unrestricted net position) may be used to meet the City's ongoing obligations.
- The City's total net position increased by \$15,349,569. Governmental donated capital assets were \$15,050,192 which was \$6,178,103 more than last year. Sales tax increased \$4,222,381 over 2014. Part of the reason for the increase is the 3/8% street maintenance sales tax was charged for all of 2015 versus only 9 months of 2014.
- As of December 31, 2015, the City's governmental funds reported combined ending fund balances of \$114,106,668, an increase of \$10,290,107 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, 2015, the fund balance for the general fund was \$27,235,122 or 33.1% of general fund revenues.
- The City's total debt, including temporary notes, decreased by \$11,735,009 during 2015 to a total of \$373,216,388. The key factor in this increase was the payment of \$36,228,929 of Temporary Notes in 2015 while only \$16,127,082 of Temporary Notes were issued in 2015.
- The Net OPEB Obligation as of the close of 2015 is \$8,733,327.
- The Net Pension Liability as of the end of the year is \$59,265,584.
- The operations of the Olathe Public Library were merged with the City effective January 1, 2015. The Library had previously been reported as a component unit of the City.
- The Golf Course Fund was closed in 2015. The land owned by the golf course became a capital asset of the governmental activities. The General Fund wrote off \$134,074 it was owed by the Golf Course.

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 governmental 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, solid waste, and the golf course.

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 18 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 14 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 86 – 89 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, solid waste operation, and golf course. 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 96 – 99 of this report.

Notes to the Basic Financial Statements

The notes to the basic financial statements begin on page 35. 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 \$749,913,114 at December 31, 2015. The City's net position increased by \$15,349,569. Governmental activities increased net position by \$11,427,285 while business-type activities increased net position by \$3,922,284 in 2015.

City of Olathe, Kansas
Net Position

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 220,899,692	\$ 226,901,079	\$ 62,605,499	\$ 53,160,352	\$ 283,505,191	\$ 280,061,431
Capital assets	614,769,444	611,352,713	342,510,553	333,854,911	957,279,997	945,207,624
Total assets	835,669,136	838,253,792	405,116,052	387,015,263	1,240,785,188	1,225,269,055
Deferred outflows of resources	6,716,660	641,565	1,170,811	202,198	7,887,471	843,763
Long-term liabilities	288,643,435	243,031,947	127,711,457	105,690,521	416,354,892	348,722,468
Other liabilities	33,870,817	50,300,947	2,265,760	1,147,265	36,136,577	51,448,212
Total liabilities	322,514,252	293,332,894	129,977,217	106,837,786	452,491,469	400,170,680
Deferred inflows of resources	45,570,295	38,636,863	697,781	-	46,268,076	38,636,863
Net position						
Invested in capital assets	405,739,543	370,692,154	244,478,470	239,782,857	650,218,013	610,475,011
Restricted	56,702,281	57,503,742	9,928,840	8,313,028	66,631,121	65,816,770
Unrestricted	11,859,425	78,729,704	21,204,555	32,283,790	33,063,980	111,013,494
Total net position	\$ 474,301,249	\$ 506,925,600	\$ 275,611,865	\$ 280,379,675	\$ 749,913,114	\$ 787,305,275

By far the largest portion of the City's net position (86.7%) 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, \$66,631,121 (8.9%), represents resources that are subject to external restrictions on how they may be used. \$34,208,243 of this is restricted for future debt service payments. This decreased \$2,329,540 over the prior year. The City had been building up reserves in the Debt Service Fund to pay for future anticipated debt payments.

The remaining balance of the net position of \$33,063,980 (\$11,859,425 governmental activities and \$21,204,555 business-type activities) is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors. The major cause of the decrease from 2014 is the net pension liability recorded.

**City of Olathe, Kansas
Changes in Net Position**

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 20,808,908	\$ 19,776,505	\$ 51,946,616	\$ 50,612,428	\$ 72,755,524	\$ 70,388,933
Operating grants and contributions	2,642,863	2,338,420	-	-	2,642,863	2,338,420
Capital grants and contributions	27,214,326	21,906,462	2,452,669	2,742,115	29,666,995	24,648,577
General revenues:						
Property taxes	40,134,797	38,287,765	-	-	40,134,797	38,287,765
Other taxes	72,355,925	68,142,197	-	-	72,355,925	68,142,197
Interest	602,315	642,836	183,741	230,865	786,056	873,701
Other	1,825,250	6,671,826	1,108,050	1,014,903	2,933,300	7,686,729
Total revenues	165,584,384	157,766,011	55,691,076	54,600,311	221,275,460	212,366,322
Expenses:						
General government	22,935,349	22,648,134	-	-	22,935,349	22,648,134
Public safety	41,065,601	41,446,154	-	-	41,065,601	41,446,154
Public works	70,291,556	72,495,919	-	-	70,291,556	72,495,919
Community services	13,744,699	12,509,572	-	-	13,744,699	12,509,572
Interest on long-term debt	8,496,066	8,620,577	-	-	8,496,066	8,620,577
Water and sewer	-	-	37,538,379	35,799,511	37,538,379	35,799,511
Solid waste	-	-	11,854,241	11,740,294	11,854,241	11,740,294
Total expenses	156,533,271	157,720,356	49,392,620	47,539,805	205,925,891	205,260,161
Excess before transfers	9,051,113	45,655	6,298,456	7,060,506	15,349,569	7,106,161
Transfers	2,376,172	188,459	(2,376,172)	(188,459)	-	-
Change in net position	11,427,285	234,114	3,922,284	6,872,047	15,349,569	7,106,161
Net position, beginning of year,						
as previously reported	506,925,600	506,691,486	280,379,675	273,507,628	787,305,275	780,199,114
Prior period adjustment	(44,051,636)	-	(8,690,094)	-	(52,741,730)	-
Net position, beginning of year, restated	462,873,964	506,691,486	271,689,581	273,507,628	734,563,545	780,199,114
Net position, end of year	\$ 474,301,249	\$ 506,925,600	\$ 275,611,865	\$ 280,379,675	\$ 749,913,114	\$ 787,305,275

Governmental activities

Governmental revenues increased \$7,818,373 or 5.0% over the prior year. All of the categories except interest and other increased in 2015. The key component of this increase was an additional \$5,307,864 in capital grants and contributions from the prior year.

Governmental expenses decreased \$1,187,085 or 0.8%. General government activities increased \$287,215. Public Safety decreased \$380,553. Public works expenses decreased \$2,204,363. Community services increased \$1,235,127. The City opened a new Community Center in July of 2014. There was a full year of expenses for the Community Center instead of just 6 months in 2014.

Business-type activities

Business-type activities increased the City's net position by \$3,922,284. A key element of the changes between 2014 and 2015 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 \$2,452,669 in 2015.

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 2015, unassigned fund balance of the general fund was \$26,653,214 and the total fund balance was \$27,235,122 which is 32.3% and 33.1% of the total general fund revenues, respectively.

The fund balance of the City's general fund increased by \$1,269,006 during 2015. The revenues increased by \$2,159,171 (2.7%). Sales tax is the main reason for the increase. Sales tax increased \$1,458,195 (3.4%). Expenditures increased by \$2,645,202 (3.6%).

The debt service fund has a total fund balance of \$31,491,895. \$20,152,691 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 \$4,013,937. 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 \$469,538 during 2015. Due to the increased economy, the City has increased capital projects. The capital projects fund received additional transfers in 2015 related to a new sales tax for street maintenance.

The special tax financing levy fund has a restricted fund balance of \$5,945,305 at the end of 2015. The fund balance increased by \$514,233 during the year. The primary reason for the increase is an increase in sales tax revenue.

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 2015 amounted to \$12,846,579; and the Solid Waste Fund amounted to \$1,434,040. The total change in net position for the Water and Sewer Utility and Solid Waste were \$4,991,596 and \$(1,101,706), respectively. The Golf Course Fund was closed in 2015. 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 more than budgetary estimates by \$5,366,136 (7.0%). Sales tax was \$3,590,110 more than budget. Franchise fees were \$683,663 more than budget. Total expenditures were less than budgetary estimates by \$20,143,209 (20.8%). As part of the budgeting process the City budgets for a contingency reserve for unforeseen expenditures. Of the total difference in the budgeted expenditures, \$18,089,688 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, 2015, totaled \$957,279,997 (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	
	2015	2014	2015	2014	2015	2014
Land	\$ 96,426,359	\$ 94,212,533	\$ 4,690,111	\$ 5,090,436	\$ 101,116,470	\$ 99,302,969
Other nondepreciable assets	65,305	45,325	-	-	65,305	45,325
Land improvements	111,634	111,634	-	-	111,634	111,634
Buildings	109,211,394	109,211,394	33,614,862	32,402,429	142,826,256	141,613,823
Machinery & equipment	62,367,308	60,769,232	4,757,978	3,735,861	67,125,286	64,505,093
Swimming pools	10,021,514	10,021,514	-	-	10,021,514	10,021,514
Water system	-	-	198,300,711	197,651,835	198,300,711	197,651,835
Sewer system	-	-	185,205,553	183,358,472	185,205,553	183,358,472
Infrastructure	740,747,900	716,014,453	-	-	740,747,900	716,014,453
Books and materials	4,059,605	4,000,196	-	-	4,059,605	4,000,196
Construction in progress	36,225,982	30,107,292	17,175,627	6,060,504	53,401,609	36,167,796
Total capital assets	1,059,237,001	1,024,493,573	443,744,842	428,299,537	1,502,981,843	1,452,793,110
Less accumulated depreciation	444,467,557	410,030,815	101,234,289	94,444,626	545,701,846	504,475,441
Total capital assets (net)	\$ 614,769,444	\$ 614,462,758	\$ 342,510,553	\$ 333,854,911	\$ 957,279,997	\$ 948,317,669

Major additions to the capital assets this year include:

- Santa Fe Streetscape
- Street preservation – Indian Creek E 151st to E 153rd Street Improvements
- Street preservation – Lindenwood E 153rd Terr. Street Improvements
- Street preservation – I35 159th & Lone Elm Street Improvements

Long-term debt

As of December 31, 2015, the City had total bonded debt outstanding of \$302,108,327. Of this amount, \$194,770,000 is comprised of debt backed by the full faith and credit of the City and

\$32,408,327 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	
	2015	2014	2015	2014	2015	2014
General obligation bonds	\$ 181,185,000	\$ 185,985,000	\$ 13,585,000	\$ 14,745,000	\$ 194,770,000	\$ 200,730,000
Special obligation bonds	32,408,327	34,055,952	-	-	32,408,327	34,055,952
Revenue bonds	-	-	74,930,000	58,240,000	74,930,000	58,240,000
Total	\$ 213,593,327	\$ 220,040,952	\$ 88,515,000	\$ 72,985,000	\$ 302,108,327	\$ 293,025,952

The City's total debt, including temporary notes, decreased by \$11,735,009 (3.0%) during 2015. The City issued \$16,127,082 of temporary notes and \$21,796,590 of general obligation bonds in 2015.

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 \$490,122,542 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 May 19, 2015 related to the City's General Obligation Series 226, General Obligation Series 227, and General Obligation Temporary Notes Series 2015-A and the Official Statement dated September 15, 2015 related to the City's Water and Sewer System Revenue Bonds Series 2015. The financial information and operating data contained in these Official Statements are incorporated herein by reference.

Economic Factors and Next Year's Budget

The City Council and staff remain committed to the City's mission of planning for and providing public services to enhance the quality of life for the community. The most significant investment of the City is in public safety. The 2016/2017 budget adds three police officers in 2016 and six in 2017. It also add five employee in the fire department in 2016 and an additional two in 2017.

The 2016/2017 budget development began with an environmental scan. The environmental scan considered factors such as the assessed valuation, sales tax growth, expenditure growth and inflation, volatility in fuel costs, compensation cost trends, service level demands, unemployment, and the changing political environment. Unemployment in the City is 2.8% versus 3.2% a year ago. The City's unemployment rate is less compared to the State of Kansas's rate of 4.0%.

The data acquired during the environment scan will be combined with the City Council's priorities. The 2016/2017 budget priorities include aligning priorities with available resources, maintaining infrastructure, no increase to City mill levy, utilizing citizen survey results to guide resource allocation, and exercise innovative problem solving to chart the course for the community. The

2016/2017 budget shows an increase of 2% in the 2016 assessed valuation assumption, an increase of 4% in sales tax revenue, and an increase of 2% in franchise fee revenue. The 2016 budget will add 11 new positions to meet public needs and maintain service levels with the increase in budgeted revenue.

During 2016, 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, 2015

	Primary Government			Discretely Presented Component Unit
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash, cash equivalents, and investments	\$ 121,616,432	\$ 41,816,704	\$ 163,433,136	\$ 920,512
Cash held by trustee or restricted	11,849,327	9,928,840	21,778,167	-
Receivables (net of allowance)				
Taxes	51,129,912	-	51,129,912	-
Special assessments	31,654,696	-	31,654,696	-
Accounts	639,183	5,816,891	6,456,074	16,459
Accrued interest	295,425	-	295,425	15
Loans	3,674,063	-	3,674,063	-
Internal balances	(4,416,525)	4,416,525	-	-
Due from other governments	4,041,162	-	4,041,162	-
Inventories and other prepaid items	405,017	626,539	1,031,556	-
Capital assets:				
Land and construction in progress	132,717,646	21,865,738	154,583,384	442,111
Other capital assets, net of accumulated depreciation	482,051,798	320,644,815	802,696,613	2,421,312
Other assets	11,000	-	11,000	-
Total assets	<u>835,669,136</u>	<u>405,116,052</u>	<u>1,240,785,188</u>	<u>3,800,409</u>
Deferred Outflows of Resources				
Deferred pension contributions	3,343,407	526,117	3,869,524	-
Deferred outflows - pension	2,201,267	464,963	2,666,230	-
Deferred amounts on refunding	1,171,986	179,731	1,351,717	-
Total deferred outflows of resources	<u>6,716,660</u>	<u>1,170,811</u>	<u>7,887,471</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 842,385,796</u>	<u>\$ 406,286,863</u>	<u>\$ 1,248,672,659</u>	<u>\$ 3,800,409</u>
Liabilities				
Accounts and other current liabilities	\$ 12,124,164	\$ 1,851,924	\$ 13,976,088	\$ 119,572
Interest payable	5,619,571	184,480	5,804,051	-
Temporary notes	16,127,082	-	16,127,082	-
Noncurrent liabilities:				
Due within one year	50,365,386	7,850,927	58,216,313	66,544
Due in more than one year	187,604,701	111,268,294	298,872,995	17,878
Net pension liability	50,673,348	8,592,236	59,265,584	-
Deposits	-	229,356	229,356	-
Total liabilities	<u>322,514,252</u>	<u>129,977,217</u>	<u>452,491,469</u>	<u>203,994</u>
Deferred Inflows of Resources				
Deferred revenue - property taxes	38,493,254	-	38,493,254	-
Deferred revenue - loans	3,730,526	-	3,730,526	-
Deferred pension inflows	3,346,515	697,781	4,044,296	-
Total Deferred Inflows of Resources	<u>45,570,295</u>	<u>697,781</u>	<u>46,268,076</u>	<u>-</u>
Net Position				
Net investment in capital assets	405,739,543	244,478,470	650,218,013	2,863,423
Restricted for:				
Debt service	24,279,403	9,928,840	34,208,243	-
Public safety	139,910	-	139,910	-
Capital improvements	26,612,008	-	26,612,008	-
Community services	5,139,319	-	5,139,319	-
General government	531,641	-	531,641	-
Unrestricted	11,859,425	21,204,555	33,063,980	732,992
Total net position	<u>474,301,249</u>	<u>275,611,865</u>	<u>749,913,114</u>	<u>3,596,415</u>
Total liabilities, deferred inflows of of resources, and net position	<u>\$ 842,385,796</u>	<u>\$ 406,286,863</u>	<u>\$ 1,248,672,659</u>	<u>\$ 3,800,409</u>

See accompanying notes to the basic financial statements

City of Olathe, Kansas
Statement of Activities
For the Year Ended December 31, 2015

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities					
General government	\$ 22,935,349	\$ 4,155,156	\$ 1,528,343	\$ -	\$ (17,251,850)
Public safety	41,065,601	4,315,123	789,343	69,894	(35,891,241)
Public works	70,291,556	7,558,545	47,400	26,949,143	(35,736,468)
Community services	13,744,699	4,780,084	277,777	195,289	(8,491,549)
Interest on long-term debt	8,496,066	-	-	-	(8,496,066)
Total governmental activities	<u>156,533,271</u>	<u>20,808,908</u>	<u>2,642,863</u>	<u>27,214,326</u>	<u>(105,867,174)</u>
Business-type activities					
Water and sewer	37,538,379	38,981,204	-	2,452,669	3,895,494
Solid waste	11,854,241	12,965,412	-	-	1,111,171
Total business-type activities	<u>49,392,620</u>	<u>51,946,616</u>	<u>-</u>	<u>2,452,669</u>	<u>5,006,665</u>
Total primary government	<u>\$ 205,925,891</u>	<u>\$ 72,755,524</u>	<u>\$ 2,642,863</u>	<u>\$ 29,666,995</u>	<u>\$ (100,860,509)</u>
Nonmajor discretely presented component units					
Olathe Public Housing Authority	\$ 4,172,044	\$ 448,281	\$ 3,531,316	\$ 57,236	\$ (135,211)

See accompanying notes to the basic financial statements

City of Olathe, Kansas
Statement of Activities
For the Year Ended December 31, 2015

	Primary Government			Discretely Presented Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net position				
Net (expense) revenue	\$ (105,867,174)	\$ 5,006,665	\$ (100,860,509)	\$ (135,211)
General revenues				
Taxes:				
Property taxes, levied for general purpose	22,565,382	-	22,565,382	-
Property taxes, levied for debt service	17,569,415	-	17,569,415	-
Sales tax	59,758,735	-	59,758,735	-
Franchise taxes	11,134,962	-	11,134,962	-
Transient guest tax	1,462,228	-	1,462,228	-
Unrestricted investment earnings	602,315	183,741	786,056	1,021
Miscellaneous	1,825,250	1,108,050	2,933,300	-
Transfers - internal activities	2,376,172	(2,376,172)	-	-
Total general revenues and transfers	<u>117,294,459</u>	<u>(1,084,381)</u>	<u>116,210,078</u>	<u>1,021</u>
Change in net position	<u>11,427,285</u>	<u>3,922,284</u>	<u>15,349,569</u>	<u>(134,190)</u>
Net position - beginning of year, as previously reported	506,925,600	280,379,675	787,305,275	3,730,605
Prior period adjustment	(44,051,636)	(8,690,094)	(52,741,730)	-
Net position - beginning of year, restated	<u>462,873,964</u>	<u>271,689,581</u>	<u>734,563,545</u>	<u>3,730,605</u>
Net position - end of year	<u>\$ 474,301,249</u>	<u>\$ 275,611,865</u>	<u>\$ 749,913,114</u>	<u>\$ 3,596,415</u>

See accompanying notes to the basic financial statements

City of Olathe, Kansas
Balance Sheet
Governmental Funds
December 31, 2015

	General	Debt Service		Capital Projects	Other Governmental Funds	Total Governmental Funds
		Debt Service	Special Tax Financing			
Assets						
Cash, cash equivalents, and investments	\$ 24,620,140	\$ 17,201,653	\$ 3,661,280	\$ 41,244,931	\$ 23,488,619	\$ 110,216,623
Cash held by trustee	-	10,122,068	1,727,259	-	-	11,849,327
Receivables (net of allowance)						
Taxes	22,637,925	16,588,808	2,956,766	-	8,946,413	51,129,912
Accounts	46,415	-	-	-	592,768	639,183
Accrued interest	295,425	-	-	-	-	295,425
Special assessments	-	31,654,696	-	-	-	31,654,696
Loans	-	-	-	-	3,674,063	3,674,063
Due from other funds	273,262	-	-	-	-	273,262
Due from other governments	111,943	-	-	2,527,283	1,391,851	4,031,077
Prepaid assets	-	-	-	-	80,154	80,154
Total assets and deferred outflows of resources	<u>\$ 47,985,110</u>	<u>\$ 75,567,225</u>	<u>\$ 8,345,305</u>	<u>\$ 43,772,214</u>	<u>\$ 38,173,868</u>	<u>\$ 213,843,722</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 4,719,513	\$ -	\$ -	\$ 1,720,127	\$ 498,386	\$ 6,938,026
Accrued payroll	2,954,397	-	-	-	-	2,954,397
Due to other funds	-	-	-	1,980,000	273,262	2,253,262
Temporary notes	-	-	-	16,127,082	-	16,127,082
Total liabilities	<u>7,673,910</u>	<u>-</u>	<u>-</u>	<u>19,827,209</u>	<u>771,648</u>	<u>28,272,767</u>
Deferred Inflows of Resources						
Deferred revenue - property taxes	12,963,982	16,588,808	2,400,000	-	6,540,464	38,493,254
Deferred revenue - intergovernmental	100,000	-	-	1,441,889	200,000	1,741,889
Deferred revenue - special assessments	-	27,486,522	-	-	-	27,486,522
Deferred revenue - loans	-	-	-	-	3,730,526	3,730,526
Deferred revenue - interest	12,096	-	-	-	-	12,096
Total deferred inflows of resources	<u>13,076,078</u>	<u>44,075,330</u>	<u>2,400,000</u>	<u>1,441,889</u>	<u>10,470,990</u>	<u>71,464,287</u>
Fund balances						
Nonspendable	273,262	-	-	-	80,154	353,416
Restricted	-	20,152,691	5,945,305	22,503,116	9,919,762	58,520,874
Committed	-	-	-	-	16,931,314	16,931,314
Assigned	308,646	11,339,204	-	-	-	11,647,850
Unassigned	26,653,214	-	-	-	-	26,653,214
Total fund balances	<u>27,235,122</u>	<u>31,491,895</u>	<u>5,945,305</u>	<u>22,503,116</u>	<u>26,931,230</u>	<u>114,106,668</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 47,985,110</u>	<u>\$ 75,567,225</u>	<u>\$ 8,345,305</u>	<u>\$ 43,772,214</u>	<u>\$ 38,173,868</u>	<u>\$ 213,843,722</u>

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, 2015

Total fund balance - all governmental funds \$ 114,106,668

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. 614,769,444

Land and construction in progress	132,717,646
Capital assets being depreciated	926,519,355
Accumulated depreciation	(444,467,557)

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. (294,263,006)

Interest payable	(5,619,571)
Noncurrent liabilities:	
Due within one year	
General obligation bonds	(29,536,376)
Special obligation bonds	(18,728,327)
Capitalized leases	(122,914)
Compensated absences	(1,977,769)
Due in more than one year	
General obligation bonds	(164,450,429)
Special obligation bonds	(13,680,000)
Capitalized leases	(181,943)
Compensated absences	(1,956,333)
Net OPEB obligation	(7,335,996)
Pension Liability	(50,673,348)

Long-term assets or deferred outflows of resources are not available to pay current period expenditures and are therefore deferred in the fund statements. 32,610,652

Special assessments	27,486,522
Deferred refunding	1,171,986
Deferred outflows - contributions	3,343,407
Deferred outflows - proportionate share	2,201,267
Deferred inflows - proportionate share	(3,346,515)
Due from other governments	1,753,985

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. 7,077,491

Internal service fund capital assets, net	(21,760,970)
Internal service fund debt	81,371
Internal service fund net position	33,173,615
Internal service fund due to business-type	(4,416,525)

Net position of governmental activities \$ 474,301,249

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, 2015

	<u>Debt Service</u>			<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Debt Service</u>	<u>Special Tax Financing</u>			
Revenues						
Taxes:						
Property	\$ 13,750,181	\$ 17,569,415	\$ 1,800,648	\$ -	\$ 7,014,553	\$ 40,134,797
Sales	44,714,519	341,924	2,598,563	-	12,103,729	59,758,735
Franchise	11,134,962	-	-	-	-	11,134,962
Transient guest	-	-	-	-	1,462,228	1,462,228
Special assessments	-	7,405,239	-	-	-	7,405,239
Intergovernmental	933,380	-	-	5,982,314	5,473,451	12,389,145
Licenses and permits	2,054,140	-	-	-	-	2,054,140
Fines, forfeitures, and penalties	3,665,287	-	-	-	201,278	3,866,565
Charges for services	5,067,262	-	-	-	9,820,941	14,888,203
Use of money and property	127,276	113,740	16,630	190,309	101,335	549,290
Miscellaneous	934,593	73,358	-	629,108	209,800	1,846,859
Total revenues	<u>82,381,600</u>	<u>25,503,676</u>	<u>4,415,841</u>	<u>6,801,731</u>	<u>36,387,315</u>	<u>155,490,163</u>
Expenditures						
Current:						
General government	15,834,106	249,372	78,676	6,923	6,206,883	22,375,960
Public safety	40,561,610	-	-	-	497,223	41,058,833
Public works	12,839,503	-	-	-	2,610,861	15,450,364
Community services	7,450,802	-	-	-	5,691,838	13,142,640
Capital improvements	-	-	1,177,222	42,994,960	-	44,172,182
Debt service:						
Principal retirements	115,839	22,335,000	1,647,626	-	-	24,098,465
Interest and fiscal charges	21,536	7,611,483	998,084	87,442	-	8,718,545
Total expenditures	<u>76,823,396</u>	<u>30,195,855</u>	<u>3,901,608</u>	<u>43,089,325</u>	<u>15,006,805</u>	<u>169,016,989</u>
Excess of revenues over (under) expenditures	<u>5,558,204</u>	<u>(4,692,179)</u>	<u>514,233</u>	<u>(36,287,594)</u>	<u>21,380,510</u>	<u>(13,526,826)</u>
Other financing sources (uses)						
Issuance of general obligation bonds	-	-	-	11,695,000	-	11,695,000
Payment to refunded bond escrow	-	(2,450,000)	-	-	-	(2,450,000)
Issuance of refunding bonds	-	8,290,000	-	-	-	8,290,000
Capital lease	-	-	-	-	-	-
Bond premium	-	585,601	-	1,174,368	-	1,759,969
Temporary note premium	-	-	-	-	-	-
Transfers in	6,122,917	2,280,515	-	24,715,211	2,494,300	35,612,943
Transfers out	(10,412,115)	-	-	(827,447)	(19,851,417)	(31,090,979)
Total other financing sources (uses)	<u>(4,289,198)</u>	<u>8,706,116</u>	<u>-</u>	<u>36,757,132</u>	<u>(17,357,117)</u>	<u>23,816,933</u>
Net changes in fund balances	1,269,006	4,013,937	514,233	469,538	4,023,393	10,290,107
Fund balances - beginning of year	25,966,116	27,477,958	5,431,072	22,033,578	22,907,837	103,816,561
Fund balances - end of year	<u>\$ 27,235,122</u>	<u>\$ 31,491,895</u>	<u>\$ 5,945,305</u>	<u>\$ 22,503,116</u>	<u>\$ 26,931,230</u>	<u>\$ 114,106,668</u>

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, 2015

Net change in fund balances - all governmental funds \$ 10,290,107

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. (14,406,218)

Capital outlay	\$ 19,183,437	
Depreciation	(33,589,655)	

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. 4,157,713

Principal payments	24,098,465	
Proceeds of general obligation bonds	(11,695,000)	
Payment to refund bond escrow	2,450,000	
Premium	(1,759,969)	
Proceeds of refunding bonds	(8,290,000)	
OPEB	(645,783)	

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. 1,722,802

Compensated absences	12,155	
Pension	2,041,886	
Interest expense	(331,239)	

Revenues in the statement of activities that do not provide current financing resources are not reported as revenues in the funds. 10,136,266

Special assessments	(5,741,781)	
Donated capital assets	15,050,192	
Deferred refunding	530,421	
Capital grant	297,434	

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. (473,385)

Change in net position of governmental activities \$ 11,427,285

See accompanying notes to the basic financial statements



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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes:				
Property	\$ 13,835,662	\$ 13,835,662	\$ 13,750,181	\$ (85,481)
Sales	41,124,409	41,124,409	44,714,519	3,590,110
Franchise	10,451,299	10,451,299	11,134,962	683,663
Intergovernmental	910,147	910,147	933,380	23,233
Licenses and permits	1,405,265	1,405,265	2,054,140	648,875
Fines, forfeitures, and penalties	4,013,888	4,013,888	3,665,287	(348,601)
Charges for services	4,483,110	4,483,110	5,067,262	584,152
Use of money and property	-	-	127,276	127,276
Miscellaneous	791,684	791,684	934,593	142,909
Total revenues	<u>77,015,464</u>	<u>77,015,464</u>	<u>82,381,600</u>	<u>5,366,136</u>
Expenditures				
General government	22,245,325	22,245,325	4,700,144	17,545,181
Administration	3,742,446	3,742,446	3,458,290	284,156
Legal	1,481,977	1,481,977	1,439,051	42,926
Information technology services	3,930,830	3,930,830	3,430,256	500,574
Financial services	2,879,942	2,879,942	2,697,155	182,787
Public safety	41,316,808	41,316,808	40,284,353	1,032,455
Public works	13,261,255	13,261,255	12,943,619	317,636
Community services	7,440,952	7,440,952	7,469,383	(28,431)
Contingency	400,000	400,000	134,075	265,925
Total expenditures	<u>96,699,535</u>	<u>96,699,535</u>	<u>76,556,326</u>	<u>20,143,209</u>
Excess of revenues over expenditures	<u>(19,684,071)</u>	<u>(19,684,071)</u>	<u>5,825,274</u>	<u>25,509,345</u>
Other financing sources (uses)				
Transfers in	6,373,300	6,373,300	6,122,917	(250,383)
Transfers out	(4,778,917)	(4,778,917)	(10,412,115)	(5,633,198)
Total other financing sources (uses)	<u>1,594,383</u>	<u>1,594,383</u>	<u>(4,289,198)</u>	<u>(5,883,581)</u>
Net change in fund balance	<u>\$ (18,089,688)</u>	<u>\$ (18,089,688)</u>	<u>1,536,076</u>	<u>\$ 19,625,764</u>
Fund balance - beginning of year - budget basis			<u>25,390,400</u>	
Fund balance - end of year - budget basis			<u>26,926,476</u>	
Encumbrances incurred and outstanding			<u>308,646</u>	
Fund balance - end of year - GAAP basis			<u>\$ 27,235,122</u>	

See accompanying notes to the basic financial statements

City of Olathe, Kansas
Statement of Net Position
Proprietary Funds
December 31, 2015

	Business-type Activities - Enterprise Funds				Governmental
	Major		Nonmajor		Activities -
	Water and Sewer Fund	Solid Waste Fund	Golf Course	Total	Internal Service Funds
Assets					
Current assets:					
Cash and cash equivalents	\$ 38,807,382	\$ 3,009,322	\$ -	\$ 41,816,704	\$ 11,399,809
Accounts receivable (net of allowance)	4,311,111	1,505,780	-	5,816,891	-
Inventories and other prepaid items	626,539	-	-	626,539	324,863
Total current assets	<u>43,745,032</u>	<u>4,515,102</u>	<u>-</u>	<u>48,260,134</u>	<u>11,724,672</u>
Noncurrent assets:					
Restricted assets:					
Cash and cash equivalents	9,928,840	-	-	9,928,840	-
Due from other funds	-	-	-	-	1,980,000
Due from other governments	-	-	-	-	10,085
Other	-	-	-	-	11,000
Total restricted assets	<u>9,928,840</u>	<u>-</u>	<u>-</u>	<u>9,928,840</u>	<u>2,001,085</u>
Capital assets:					
Capital assets not being depreciated					
Land	3,406,879	1,283,232	-	4,690,111	-
Construction in progress	17,175,627	-	-	17,175,627	-
Total capital assets not being depreciated	<u>20,582,506</u>	<u>1,283,232</u>	<u>-</u>	<u>21,865,738</u>	<u>-</u>
Capital assets being depreciated					
Buildings	33,614,862	-	-	33,614,862	-
Machinery and equipment	3,005,900	1,752,078	-	4,757,978	48,949,290
Water system	198,300,711	-	-	198,300,711	-
Sewer system	185,205,553	-	-	185,205,553	-
Total capital assets being depreciated	<u>420,127,026</u>	<u>1,752,078</u>	<u>-</u>	<u>421,879,104</u>	<u>48,949,290</u>
Less accumulated depreciation	<u>(100,306,065)</u>	<u>(928,224)</u>	<u>-</u>	<u>(101,234,289)</u>	<u>(27,188,320)</u>
Total capital assets (net of accumulated depreciation)	<u>340,403,467</u>	<u>2,107,086</u>	<u>-</u>	<u>342,510,553</u>	<u>21,760,970</u>
Total noncurrent assets	<u>350,332,307</u>	<u>2,107,086</u>	<u>-</u>	<u>352,439,393</u>	<u>23,762,055</u>
Total assets	<u>394,077,339</u>	<u>6,622,188</u>	<u>-</u>	<u>400,699,527</u>	<u>35,486,727</u>
Deferred Outflows of Resources					
Deferred outflows contributions	365,359	160,758	-	526,117	-
Deferred outflows proportionate share	322,891	142,072	-	464,963	-
Deferred amounts on refunding	179,731	-	-	179,731	-
Total deferred outflows of resources	<u>867,981</u>	<u>302,830</u>	<u>-</u>	<u>1,170,811</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 394,945,320</u>	<u>\$ 6,925,018</u>	<u>\$ -</u>	<u>\$ 401,870,338</u>	<u>\$ 35,486,727</u>

See accompanying notes to the basic financial statements

City of Olathe, Kansas
Statement of Net Position
Proprietary Funds
December 31, 2015

	Business-type Activities - Enterprise Funds				Governmental
	Major		Nonmajor		Activities -
	Water and Sewer Fund	Solid Waste Fund	Golf Course	Total	Internal Service Funds
Liabilities					
Current liabilities:					
Accounts and claims payable	\$ 1,851,924	\$ -	\$ -	\$ 1,851,924	\$ 2,220,741
Interest payable	184,480	-	-	184,480	-
Compensated absences	465,647	152,848	-	618,495	62,649
Current portion of general obligation bonds	1,180,000	-	-	1,180,000	-
Current portion of capital leases	1,249,957	-	-	1,249,957	-
Current portion of revolving loan	1,602,258	-	-	1,602,258	-
Current portion of revenue bonds	3,200,217	-	-	3,200,217	-
Total current liabilities	<u>9,734,483</u>	<u>152,848</u>	<u>-</u>	<u>9,887,331</u>	<u>2,283,390</u>
Noncurrent liabilities:					
Compensated absences	133,214	43,095	-	176,309	18,722
General obligation bonds	12,405,000	-	-	12,405,000	-
Capital leases, net	6,721,860	-	-	6,721,860	-
Revolving loan, net	17,860,820	-	-	17,860,820	-
Revenue bonds, net	72,706,973	-	-	72,706,973	-
Net OPEB obligation	1,048,000	349,332	-	1,397,332	-
Net pension liability	5,966,830	2,625,406	-	8,592,236	-
Deposit	229,356	-	-	229,356	11,000
Total noncurrent liabilities	<u>117,072,053</u>	<u>3,017,833</u>	<u>-</u>	<u>120,089,886</u>	<u>29,722</u>
Total liabilities	<u>126,806,536</u>	<u>3,170,681</u>	<u>-</u>	<u>129,977,217</u>	<u>2,313,112</u>
Deferred Inflows of Resources					
Deferred inflows proportionate share	<u>484,570</u>	<u>213,211</u>	<u>-</u>	<u>697,781</u>	<u>-</u>
Net position					
Net investment in capital assets	242,371,384	2,107,086	-	244,478,470	21,760,970
Restricted for bond requirements	9,928,840	-	-	9,928,840	-
Unrestricted	15,353,990	1,434,040	-	16,788,030	11,412,645
Total net position	<u>267,654,214</u>	<u>3,541,126</u>	<u>-</u>	<u>271,195,340</u>	<u>33,173,615</u>
Total liabilities and net position	<u>\$ 394,945,320</u>	<u>\$ 6,925,018</u>	<u>\$ -</u>		<u>\$ 35,486,727</u>
Reconciliation to government-wide statement of net position:					
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds				<u>4,416,525</u>	
Net position of business-type activities				<u>\$ 275,611,865</u>	

See accompanying notes to the basic financial statements



City of Olathe, Kansas
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2015

	Business-type Activities - Enterprise Funds			Governmental Activities -	
	Major		Nonmajor	Internal Service Funds	
	Water and Sewer Fund	Solid Waste Fund	Golf Course	Total	Internal Service Funds
Operating revenues					
Charges for services	\$ 38,981,204	\$ 12,965,412	\$ -	\$ 51,946,616	\$ 26,479,115
Miscellaneous	1,374,301	-	-	1,374,301	-
Total operating revenues	<u>40,355,505</u>	<u>12,965,412</u>	<u>-</u>	<u>53,320,917</u>	<u>26,479,115</u>
Operating expenses					
Water production	4,446,492	-	-	4,446,492	-
Wastewater treatment	4,863,005	-	-	4,863,005	-
Water and sewer maintenance	4,153,614	-	-	4,153,614	-
Administration and general	13,395,202	3,076,733	-	16,471,935	15,823,814
Equipment maintenance	-	-	-	-	5,393,301
Sanitation expense	-	5,095,037	-	5,095,037	-
Transfer station expense	-	3,758,393	-	3,758,393	-
Depreciation	6,688,061	101,602	-	6,789,663	4,333,042
Total operating expenses	<u>33,546,374</u>	<u>12,031,765</u>	<u>-</u>	<u>45,578,139</u>	<u>25,550,157</u>
Operating income	<u>6,809,131</u>	<u>933,647</u>	<u>-</u>	<u>7,742,778</u>	<u>928,958</u>
Nonoperating revenues (expenses)					
Intergovernmental	-	-	-	-	456,960
Interest income	164,248	19,493	-	183,741	53,025
Interest expense	(4,113,126)	-	-	(4,113,126)	-
Loss from sale of equipment	-	-	(266,251)	(266,251)	(21,710)
Gain from sale of equipment	-	-	-	-	100
Total nonoperating revenues (expenses)	<u>(3,948,878)</u>	<u>19,493</u>	<u>(266,251)</u>	<u>(4,195,636)</u>	<u>488,375</u>
Net income (loss) before transfers and capital contributions	2,860,253	953,140	(266,251)	3,547,142	1,417,333
Transfers in	97,573	-	-	97,573	40,710
Transfers out	(418,899)	(2,054,846)	-	(2,473,745)	(2,186,502)
Capital contributions	2,452,669	-	-	2,452,669	-
Change in net position	4,991,596	(1,101,706)	(266,251)	3,623,639	(728,459)
Net position - beginning of year, as previously reported	268,697,405	7,298,139	266,251		33,902,074
Prior period adjustment	(6,034,787)	(2,655,307)	-		-
Net position - beginning of year, restated	<u>262,662,618</u>	<u>4,642,832</u>	<u>266,251</u>		<u>33,902,074</u>
Net position - end of year	<u>\$ 267,654,214</u>	<u>\$ 3,541,126</u>	<u>\$ -</u>		<u>\$ 33,173,615</u>

Reconciliation to government-wide statement of activities:

Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds.

298,645

Change in net position of business-type activities

\$ 3,922,284

See accompanying notes to the basic financial statements

City of Olathe, Kansas
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2015

	Business-type Activities - Enterprise Funds				Governmental Activities -
	Major		Nonmajor		Internal Service Funds
	Water and Sewer Fund	Solid Waste Fund	Golf Course	Total	
Cash Flows from Operating Activities					
Receipts from customers and users	\$ 36,863,184	\$ 12,393,009	\$ -	\$ 49,256,193	\$ 27,743,603
Payments to suppliers	(12,311,755)	(7,356,138)	-	(19,667,893)	(19,636,188)
Payments to employees	(10,253,833)	(4,145,836)	-	(14,399,669)	(2,074,840)
Net cash provided by operating activities	14,297,596	891,035	-	15,188,631	6,032,575
Cash Flows from Noncapital Financing Activities					
Transfers from other funds	97,573	-	-	97,573	40,710
Transfers to other funds	(418,899)	(2,054,846)	-	(2,473,745)	(2,186,502)
Net cash (used in) noncapital financing activities	(321,326)	(2,054,846)	-	(2,376,172)	(2,145,792)
Cash Flows from Capital and Related Financing Activities					
Acquisitions and construction of capital assets	(13,011,375)	-	-	(13,011,375)	(4,017,462)
Proceeds from sales of capital assets	-	-	-	-	100
Proceeds from revenue bonds	18,895,000	-	-	18,895,000	-
Principal paid on revenue bonds	(2,205,000)	-	-	(2,205,000)	-
Principal paid on general obligation bonds	(1,160,000)	-	-	(1,160,000)	-
Interest paid on revenue bonds	(2,839,533)	-	-	(2,839,533)	-
Interest paid on general obligation bonds	(447,356)	-	-	(447,356)	-
Principal paid on revolving loans	(1,551,906)	-	-	(1,551,906)	-
Interest paid on revolving loans	(597,056)	-	-	(597,056)	-
Principal paid on capital lease	(1,182,697)	-	-	(1,182,697)	-
Interest paid on capital lease	(231,724)	-	-	(231,724)	-
Net cash (used in) capital and related financing activities	(4,331,647)	-	-	(4,331,647)	(4,017,362)
Cash Flows from Investing Activities					
Interest received	164,248	19,493	-	183,741	53,025
Net cash provided by investing activities	164,248	19,493	-	183,741	53,025
Net increase (decrease) in cash and cash equivalents	9,808,871	(1,144,318)	-	8,664,553	(77,554)
Cash and cash equivalents - beginning of year	38,927,351	4,153,640	-	43,080,991	11,477,363
Cash and cash equivalents - end of year	<u>\$ 48,736,222</u>	<u>\$ 3,009,322</u>	<u>\$ -</u>	<u>\$ 51,745,544</u>	<u>\$ 11,399,809</u>

See accompanying notes to the basic financial statements

City of Olathe, Kansas
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2015

	Business-type Activities - Enterprise Funds				Governmental Activities -
	Major		Nonmajor		Internal Service Funds
	Water and Sewer Fund	Solid Waste Fund	Golf Course	Total	
Reconciliation of operating income to net cash provided by operating activities					
Operating income	6,809,131	933,647	-	7,742,778	928,958
Adjustments to reconcile operating income to cash provided by operating activities					
Depreciation	6,688,061	101,602	-	6,789,663	4,333,042
Intergovernmental	-	-	-	-	456,960
Changes in assets and liabilities					
Increase in receivables	(201,973)	(66,553)	-	(268,526)	-
Increase in deferred outflow - pension	(688,250)	(302,830)	-	(991,080)	-
Increase in inventories	(79,349)	-	-	(79,349)	14,770
Decrease in due from other funds	-	-	-	-	9,914
Increase in accounts and claims payable	1,238,553	-	-	1,238,553	295,377
(Decrease) in net pension liability	(67,957)	(29,901)	-	(97,858)	-
Increase in deferred inflows	484,570	213,211	-	697,781	-
Increase in net OPEB obligation	92,255	30,752	-	123,007	-
Increase (decrease) in compensated absences	22,555	11,107	-	33,662	(6,446)
Total adjustments	<u>7,488,465</u>	<u>(42,612)</u>	<u>-</u>	<u>7,445,853</u>	<u>5,103,617</u>
Net cash provided by operating activities	<u>\$ 14,297,596</u>	<u>\$ 891,035</u>	<u>\$ -</u>	<u>\$ 15,188,631</u>	<u>\$ 6,032,575</u>
Noncash investing capital and financing activities:					
Contributed capital assets	\$ 2,452,669	\$ -	\$ -	\$ 2,452,669	\$ -
Closure of fund	-	-	(400,325)	(400,325)	-

See accompanying notes to the basic financial statements



**Notes to the Basic
Financial Statements**

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2015

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.

The Olathe Public Library was previously reported as a component unit of the City, but is now included in the financial statements of the primary government.

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.

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2015

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.

City of Olathe, Kansas
Notes to the Basic Financial Statements
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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, and 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.

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2015

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.

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2015

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 fair 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

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2015

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 the capital projects fund. 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 Tax, 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.

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2015

- (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:

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2015

(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.

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.

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2015

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	On Demand	\$ 3,388
Government Agency	25-Feb-16	300,924
Government Agency	27-May-16	4,032,220
Government Agency	2-Feb-16	2,999,820
Government Agency	27-Jul-16	5,034,650
Government Agency	10-Jun-16	3,019,350
Government Agency	14-Oct-16	2,001,480
Government Agency	15-Nov-16	997,710
Government Agency	18-Dec-17	4,991,460
Government Agency	26-Oct-17	995,870
Government Agency	23-Nov-16	4,990,200
Government Agency	9-Dec-16	1,948,294
Government Agency	5-Dec-16	4,984,600
Government Agency	30-May-17	4,976,600
Government Agency	9-Dec-16	5,037,000
Government Agency	14-Oct-16	2,501,150
Government Agency	20-Jun-16	500,196
Government Agency	8-Jun-18	2,997,642
Government Agency	8-Dec-17	4,394,054
Treasury Note	15-Dec-16	4,993,555
Total investments		61,700,163
Certificates of deposit		85,742,698
Guaranteed investment contract		2,244,240
Cash held by trustee		11,849,327
Unrestricted cash deposits		23,674,875
Total cash, cash equivalents, and investments		<u>\$ 185,211,303</u>

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, 2015, 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, 2015, of total cash and investment, the City invested \$86 million, or 51%, in certificates of deposit, \$57 million or 33% in Government Sponsored Corporation’s Instruments ((FFCB (4%), FNMA (11%), FHLB (51%), FAMC (14%), and FHLMC (20%) – (all rated Aaa by Moody’s)), \$2 million or 1% in a Guaranteed Investment Contract (the investment is not rated), \$24 million, or 12%, in unrestricted cash deposit accounts, and \$5 million or 3% in Treasury Notes.

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2015

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, 2015, 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 \$56,703,220 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, 2015 are as follows:

	<u>General</u>	<u>Major Debt Service</u>	<u>Special Tax Financing</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Property tax	\$ 13,750,181	\$ 17,569,415	\$ 1,800,648	\$ 7,014,553	\$ 40,134,797
Sales tax	44,714,519	341,924	2,598,563	12,103,729	59,758,735
Franchise tax	11,134,962	-	-	-	11,134,962
Transient guest tax	-	-	-	1,462,228	1,462,228
Special assessment	-	7,405,239	-	-	7,405,239
	<u>\$ 69,599,662</u>	<u>\$ 25,316,578</u>	<u>\$ 4,399,211</u>	<u>\$ 20,580,510</u>	<u>\$ 119,895,961</u>

Taxes and special assessments receivable by fund type as of December 31, 2015 are as follows:

	<u>General</u>	<u>Major Debt Service</u>	<u>Special Tax Financing</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Property tax	\$ 12,963,982	\$ 16,588,808	\$ 2,400,000	\$ 6,540,464	\$ 38,493,254
Sales tax	7,743,777	-	556,766	2,044,178	10,344,721
Franchise tax	1,930,166	-	-	-	1,930,166
Transient guest tax	-	-	-	361,771	361,771
Special assessment	-	31,654,696	-	-	31,654,696
	<u>\$ 22,637,925</u>	<u>\$ 48,243,504</u>	<u>\$ 2,956,766</u>	<u>\$ 8,946,413</u>	<u>\$ 82,784,608</u>

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, 2014 on which the 2015 levy was based was \$1,460,496,000.

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2015

The City's property tax levies per \$1,000 assessed valuation for the year ended December 31, 2015 were as follows:

Fund	Levy
General	\$ 8.866
Special revenue	4.477
Debt service	11.345
	\$ 24.688

The City's property taxes for 2015 were assessed in November of 2014 and distributed to the City in 2015 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, 2015 are as follows:

	Major		Internal Service Funds	Other Governmental Funds	Total
	General	Capital Projects			
Federal					
Department of Housing and Urban Development	\$ -	\$ -	\$ -	\$ 163,362	\$ 163,362
Department of Justice	-	-	-	33,715	33,715
State					
Department of Revenue	100,000	-	-	1,074,954	1,174,954
Department of Transportation	11,943	1,104,299	10,085	3,718	1,130,045
Department of Wildlife and Parks	-	4,550	-	-	4,550
Bureau of Investigations	-	-	-	6,227	6,227
Local					
Kansas City Area Transportation Authority	-	-	-	98,805	98,805
MARC	-	-	-	11,070	11,070
Johnson County	-	1,418,434	-	-	1,418,434
	\$ 111,943	\$ 2,527,283	\$ 10,085	\$ 1,391,851	\$ 4,041,162

City of Olathe, Kansas
Notes to the Basic Financial Statements
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Intergovernmental revenues for the year ended December 31, 2015 consisted of the following:

	<u>Major</u>		<u>Internal</u>	<u>Other</u>	
	<u>General</u>	<u>Capital</u>	<u>Service</u>	<u>Governmental</u>	<u>Total</u>
		<u>Projects</u>	<u>Funds</u>	<u>Funds</u>	
Federal					
Department of Housing and Urban Development	\$ -	\$ -	\$ -	\$ 432,990	\$ 432,990
Department of Justice	-	-	-	20,074	20,074
State					
Liquor Tax	443,522	-	-	887,044	1,330,566
Bureau of Investigation	-	-	-	99,277	99,277
State Highway Connecting Links	47,400	-	-	-	47,400
Special Highway	-	-	-	3,498,785	3,498,785
Library State Aid	-	-	-	43,959	43,959
Department of Aging	-	-	-	15,994	15,994
Department of Wildlife and Parks	-	18,506	-	6,803	25,309
Department of Transportation	-	1,495,931	456,960	42,490	1,995,381
County					
Street improvements	-	4,467,877	-	-	4,467,877
Justice	-	-	-	49,820	49,820
Herritage Trust	-	-	-	23,750	23,750
Local					
MARC	-	-	-	58,958	58,958
Olathe Medical Center	-	-	-	75,000	75,000
Reach Healthcare Foundation	-	-	-	20,000	20,000
Kansas City Area Transportation Authority	-	-	-	198,507	198,507
Unified School District 233	442,458	-	-	-	442,458
	<u>\$ 933,380</u>	<u>\$ 5,982,314</u>	<u>\$ 456,960</u>	<u>\$ 5,473,451</u>	<u>\$ 12,846,105</u>

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2015

5. Capital Assets

Capital Asset activity for the year ended December 31, 2015 was as follows:

	Beginning of Year	Additions	Retirements	End of Year
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 94,212,533	\$ 2,213,826	\$ -	\$ 96,426,359
Art collection	20,845	-	-	20,845
Kansas Room Collection / Genealogy	24,480	19,980	-	44,460
Construction in progress	30,107,292	25,272,908	19,154,218	36,225,982
Total capital assets, not being depreciated	<u>124,365,150</u>	<u>27,506,714</u>	<u>19,154,218</u>	<u>132,717,646</u>
Capital assets being depreciated				
Land improvements	111,634	-	-	111,634
Buildings	109,211,394	-	-	109,211,394
Machinery and equipment	60,769,232	4,951,271	3,353,195	62,367,308
Swimming pools	10,021,514	-	-	10,021,514
Infrastructure	716,014,453	24,733,447	-	740,747,900
Books and materials	4,000,196	386,147	326,738	4,059,605
Total capital assets being depreciated	<u>900,128,423</u>	<u>30,070,865</u>	<u>3,679,933</u>	<u>926,519,355</u>
Less accumulated depreciation for				
Land improvements	(45,727)	(7,826)	-	(53,553)
Buildings	(25,007,278)	(2,742,458)	-	(27,749,736)
Machinery and equipment	(34,428,845)	(5,608,399)	(3,159,216)	(36,878,028)
Swimming pools	(4,404,278)	(602,463)	-	(5,006,741)
Infrastructure	(343,084,330)	(28,576,938)	-	(371,661,268)
Books and materials	(3,060,357)	(384,613)	(326,739)	(3,118,231)
Total accumulated depreciation	<u>(410,030,815)</u>	<u>(37,922,697)</u>	<u>(3,485,955)</u>	<u>(444,467,557)</u>
Total capital assets being depreciated, net	<u>490,097,608</u>	<u>(7,851,832)</u>	<u>193,978</u>	<u>482,051,798</u>
Governmental activities capital assets, net	<u>\$ 614,462,758</u>	<u>\$ 19,654,882</u>	<u>\$ 19,348,196</u>	<u>\$ 614,769,444</u>

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2015

	Beginning of Year	Additions	Retirements	End of Year
Business-type activities				
Capital assets, not being depreciated				
Land	\$ 5,090,436	\$ -	\$ 400,325	\$ 4,690,111
Construction in progress	6,060,504	13,819,762	2,704,639	17,175,627
Total capital assets, not being depreciated	<u>11,150,940</u>	<u>13,819,762</u>	<u>3,104,964</u>	<u>21,865,738</u>
Capital assets being depreciated				
Buildings	32,402,429	1,212,433	-	33,614,862
Machinery and equipment	3,735,861	1,022,117	-	4,757,978
Water system	197,651,835	648,876	-	198,300,711
Sewer system	183,358,472	1,847,081	-	185,205,553
Total capital assets being depreciated	<u>417,148,597</u>	<u>4,730,507</u>	<u>-</u>	<u>421,879,104</u>
Less accumulated depreciation for				
Buildings	(10,091,158)	(801,483)	-	(10,892,641)
Machinery and equipment	(1,826,646)	(191,751)	-	(2,018,397)
Water system	(48,085,459)	(3,329,943)	-	(51,415,402)
Sewer system	(34,441,363)	(2,466,486)	-	(36,907,849)
Total accumulated depreciation	<u>(94,444,626)</u>	<u>(6,789,663)</u>	<u>-</u>	<u>(101,234,289)</u>
Total capital assets being depreciated, net	<u>322,703,971</u>	<u>(2,059,156)</u>	<u>-</u>	<u>320,644,815</u>
Business-type activities capital assets, net	<u>\$ 333,854,911</u>	<u>\$ 11,760,606</u>	<u>\$ 3,104,964</u>	<u>\$ 342,510,553</u>
	Beginning of Year	Additions	Retirements	End of Year
Component unit				
Capital assets, not being depreciated				
Land	\$ 442,111	\$ -	\$ -	\$ 442,111
Total capital assets, not being depreciated	<u>442,111</u>	<u>-</u>	<u>-</u>	<u>442,111</u>
Capital assets being depreciated				
Buildings and improvements	8,274,782	59,500	-	8,334,282
Machinery and equipment	289,401	4,421	5,706	288,116
Total capital assets being depreciated	<u>8,564,183</u>	<u>63,921</u>	<u>5,706</u>	<u>8,622,398</u>
Less accumulated depreciation for				
Buildings	(5,492,349)	(236,800)	-	(5,729,149)
Machinery and equipment	(456,038)	(21,605)	(5,706)	(471,937)
Total accumulated depreciation	<u>(5,948,387)</u>	<u>(258,405)</u>	<u>(5,706)</u>	<u>(6,201,086)</u>
Total capital assets being depreciated, net	<u>2,615,796</u>	<u>(194,484)</u>	<u>-</u>	<u>2,421,312</u>
Component units capital assets, net	<u>\$ 3,057,907</u>	<u>\$ (194,484)</u>	<u>\$ -</u>	<u>\$ 2,863,423</u>

City of Olathe, Kansas
Notes to the Basic Financial Statements
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Depreciation expense was charged to functions/programs of the primary government as follows:

Government activities

General government	\$ 1,763,625
Public safety	1,341,070
Public works	29,727,764
Community services	757,196
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of assets	<u>4,333,042</u>
Total depreciation expense for governmental activities	<u><u>\$ 37,922,697</u></u>

Business-type activities

Water and sewer	\$ 6,688,061
Solid Waste	101,602
Total depreciation expense for business-type activities	<u><u>\$ 6,789,663</u></u>

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, 2015.

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Retirements</u>	<u>End of Year</u>	<u>Due in One Year</u>
Governmental					
Temporary notes	<u>\$ 36,228,929</u>	<u>\$ 16,127,082</u>	<u>\$ 36,228,929</u>	<u>\$ 16,127,082</u>	<u>\$ 16,127,082</u>

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>End of Year</u>
Temporary Notes			
Street and sidewalk improvements	2.00%	1-Aug-16	<u>\$ 16,127,082</u>

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2015

Long-term debt

The following is a summary of long-term debt transactions of the City for the year ended December 31, 2015.

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Retirements</u>	<u>End of Year</u>	<u>Due in One Year</u>
Governmental					
General obligation bonds	\$ 185,985,000	\$ 19,985,000	\$ 24,785,000	\$ 181,185,000	\$ 28,360,000
Special obligations bonds	34,055,952	-	1,647,625	32,408,327	18,728,327
Capitalized leases	420,696	-	115,839	304,857	122,914
Compensated absences	3,946,256	3,165,314	3,177,468	3,934,102	1,977,769
Net OPEB Obligation	6,690,213	1,680,663	1,034,880	7,335,996	-
	<u>231,098,117</u>	<u>24,830,977</u>	<u>30,760,812</u>	<u>225,168,282</u>	<u>49,189,010</u>
Add: bond issuance premium	12,121,329	1,759,969	1,077,158	12,804,140	1,176,502
Deduct: bond discount	(2,461)	-	(126)	(2,335)	(126)
Total governmental debt	<u>243,216,985</u>	<u>26,590,946</u>	<u>31,837,844</u>	<u>237,970,087</u>	<u>50,365,386</u>
Business-type					
General obligation bonds	14,745,000	-	1,160,000	13,585,000	1,180,000
Revenue bonds	58,240,000	18,895,000	2,205,000	74,930,000	3,065,000
KDHE revolving loan	21,014,983	-	1,551,905	19,463,078	1,602,258
Capitalized leases	9,154,514	-	1,182,697	7,971,817	1,249,957
Compensated absences	761,142	1,054,822	1,021,160	794,804	618,495
Net OPEB Obligation	1,274,325	320,126	197,119	1,397,332	-
	<u>105,189,964</u>	<u>20,269,948</u>	<u>7,317,881</u>	<u>118,142,031</u>	<u>7,715,710</u>
Add: bond issuance premium	710,690	826,892	126,887	1,410,695	174,269
Deduct: bond discount	(210,133)	(246,687)	(23,315)	(433,505)	(39,052)
Total business-type debt	<u>105,690,521</u>	<u>20,850,153</u>	<u>7,421,453</u>	<u>119,119,221</u>	<u>7,850,927</u>
Total primary government	<u>\$ 348,907,506</u>	<u>\$ 47,441,099</u>	<u>\$ 39,259,297</u>	<u>\$ 357,089,308</u>	<u>\$ 58,216,313</u>

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.

City of Olathe, Kansas
Notes to the Basic Financial Statements
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Bonds

	<u>Original Issue</u>	<u>Original Issue Interest Rate</u>	<u>Maturity Date</u>	<u>End of Year</u>
General Obligation Bonds				
Governmental activities				
2003 Series 204 improvement bonds	\$ 1,475,000	3.50 - 5.50	1-Apr-18	\$ 275,000
2006 Series 208 improvement bonds	20,320,000	4.00 - 5.00	1-Oct-26	4,280,000
2007 Series 209 improvement bonds	21,530,000	4.00 - 5.00	1-Oct-27	8,710,000
2008 Series 211 improvement bonds	35,400,000	4.00 - 5.00	1-Oct-28	18,600,000
2009 Series 212 improvement bonds	21,650,000	2.00 - 4.25	1-Oct-29	11,890,000
2009 Series 213 improvement bonds	1,360,000	1.75 - 4.60	1-Oct-19	615,000
2010 Series 215 improvement bonds	44,930,000	3.00 - 5.00	1-Oct-30	33,420,000
2010 Series 216 improvement bonds	1,203,000	1.50 - 4.30	1-Oct-20	650,000
2010 Series 217 improvement bonds	7,015,000	1.00 - 4.30	1-Oct-20	3,660,000
2011 Series 218 improvement bonds	28,100,000	2.00 - 5.00	1-Oct-31	20,775,000
2011 Series 219 refunding	8,835,000	0.50 - 3.50	1-Oct-23	4,375,000
2012 Series 221 refunding and improvement	6,505,000	2.00 - 2.375	1-Oct-24	5,265,000
2013 Series 222 refunding and improvement	27,330,000	2.00 - 5.00	1-Oct-33	24,795,000
2014 Series 223 improvement bonds	9,315,000	1.50 - 5.00	1-Oct-24	8,720,000
2014 Series 224 refunding	4,260,000	3.00 - 4.00	1-Oct-20	3,415,000
2014 Series 225 improvement bonds	12,905,000	1.00 - 3.90	1-Sep-35	12,905,000
2015 Series 226 improvement bonds	11,695,000	2.50 - 5.00	1-Oct-25	10,545,000
2015 Series 227 refunding	8,290,000	2.00 - 4.00	1-Oct-27	8,290,000
				<u>181,185,000</u>
Business-type activities				
2011 Series 220 refunding	17,510,000	2.00 - 4.00	1-Jul-25	13,585,000
Total General Obligation Bonds				<u>\$ 194,770,000</u>

	<u>Original Issue</u>	<u>Original Issue Interest Rate</u>	<u>Maturity Date</u>	<u>End of Year</u>
Governmental activities				
Special Obligation Bonds				
2002 Series Southgate Phase TIF	\$ 5,700,000	4.90 - 6.20	1-Mar-22	\$ 3,020,000
2006 Series Olathe Gateway TIF	13,030,000	4.75 - 5.00	1-Mar-26	9,894,291
2006 Series Olathe Gateway TDD	9,195,000	4.75 - 5.00	1-Dec-28	7,784,036
2007 Series West Village TIF	16,565,000	5.00 - 5.50	1-Sep-26	11,710,000
				<u>\$ 32,408,327</u>

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, 2015, total principal and interest remaining on the bonds was \$3,802,560, payable through March 2022. For 2015, principal and interest paid and total incremental revenues were \$505,775 and \$519,797, respectively.

City of Olathe, Kansas
Notes to the Basic Financial Statements
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There was \$11,317 transferred from the Incremental Revenues reserve account to the Debt Service fund to supplement for the shortfall in the Debt Service fund for the March 1, 2015 debt service payment.

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, 2015, total principal and interest remaining on the bonds was \$11,879,769. For 2015, principal and interest paid and total incremental tax revenues were \$545,000 and \$547,231, 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, 2015, total principal and interest remaining on the bonds was \$9,533,508, payable through December 2028. For 2015, principal and interest paid and total incremental tax revenues were \$265,000 and \$267,189, 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, 2015, total principal and interest remaining on the bonds was \$15,709,705, payable through September 2026. For 2015, principal and interest and total incremental tax revenues were \$1,329,935 and \$1,181,439, respectively.

There was \$32,534 transferred from the Bond Proceeds Reserve account to the Debt Service fund to supplement for the shortfall in the Debt Service fund for the March 1, 2015 debt service payment.

City of Olathe, Kansas
Notes to the Basic Financial Statements
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There was \$95,613 transferred from the Bond Proceeds reserve account to the Debt Service fund to supplement for the shortfall in the Debt Service fund for the September 1, 2015 debt service payment.

There was \$41,847 transferred from the Bond Proceeds reserve account to the Debt Service fund to supplement for the shortfall in the Debt Service fund for the March 1, 2016 debt service payment.

	<u>Original Issue</u>	<u>Original Issue Interest Rate</u>	<u>Maturity Date</u>	<u>End of Year</u>
Business-type activities				
Revenue Bonds				
2008 Water and Sewer System revenue bonds	\$ 2,155,000	3.00 - 4.250	1-Jul-28	\$ 1,625,000
2009 Water and Sewer System revenue bonds	3,110,000	2.00 - 4.600	1-Jul-29	2,300,000
2010 Water and Sewer System revenue bonds	6,540,000	0.60 - 5.800	1-Jul-30	4,930,000
2010 Water and Sewer System revenue bonds	8,050,000	1.00 - 5.700	1-Jul-35	6,885,000
2010 Water and Sewer System revenue bonds	36,280,000	1.00 - 6.000	1-Jul-36	32,020,000
2012 Water and Sewer System revenue bonds	9,585,000	2.00 - 3.000	1-Jul-32	8,275,000
2015 Water and Sewer System revenue bonds	18,895,000	2.00 - 5.000	1-Jul-35	18,895,000
Total revenue bonds				<u>\$ 74,930,000</u>

KDHE revolving loans

The City entered into a loan agreement with the Kansas Department of Health and Environment (KDHE) for the Upper Cedar Creek Main Sewers Project. The loan was entered into on February 20, 1996 with an interest rate of 3.31% and a maximum amount of \$3,663,045. As of December 31, 2015, \$2,789,163 had been drawn on this loan and the payback amount was \$236,723. Principal payments of \$240,537 were made in 2015. The payback period for the amount of the loan remaining is 14 years. The loan payment began in 2003 when the project was completed. This loan was paid off in April of 2016.

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, 2015, \$2,143,230 had been drawn on this loan and the payback amount was \$372,188. Principal payments of \$140,213 were made in 2015. The payback period for the amount of the loan remaining is 16 years. The loan payment began in 2003 when the project was completed.

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, 2015, \$2,207,863 had been drawn on this loan and the payback amount was \$1,140,982. Principal payments of \$109,252 were made in 2015. 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, 2015, \$768,500 had been drawn on this loan and the payback amount was \$512,205. Principal payments of \$39,574 were made in 2015. 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, 2015, \$16,883,916 had been drawn on this loan and the payback

City of Olathe, Kansas
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amount was \$13,419,772. Principal payments of \$805,274 were made in 2015. 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, 2015, \$4,221,984 had been drawn on this loan and the payback amount was \$3,657,101. Principal payments of \$210,724 were made in 2015. The payback period for the amount of the loan remaining is 20 years. The loan payment began in 2010 when the project was completed.

The City entered into a loan agreement with KDHE for the Wastewater Treatment Plant 2 Filter Rehab Project. The loan was entered into on March 26, 2010 with an interest rate of 3.42% and a maximum amount of \$230,875. As of December 31, 2015, \$230,875 had been drawn on this loan and the payback amount was \$124,106. Principal payments of \$6,331 were made in 2015. KDHE has committed to \$73,880 principal forgiveness of the loan beginning in 2010. The payback period for the amount of the loan remaining after the principal forgiveness is 21 years. The loan payment began in 2010 when the project was completed.

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

Year	General Obligation Bonds		Governmental Activities Special Obligation Bonds		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 28,360,000	\$ 6,748,816	\$ 18,728,327	\$ 4,545,710	\$ 47,088,327	\$ 11,294,526
2017	17,815,000	5,647,103	1,140,000	751,278	18,955,000	6,398,381
2018	16,490,000	5,047,968	1,230,000	686,278	17,720,000	5,734,246
2019	16,175,000	4,426,023	1,335,000	615,105	17,510,000	5,041,128
2020	14,670,000	3,824,663	1,440,000	538,004	16,110,000	4,362,667
2021 - 2025	53,120,000	12,041,217	7,715,000	1,358,290	60,835,000	13,399,507
2026 - 2030	27,695,000	4,256,081	820,000	22,550	28,515,000	4,278,631
2031 - 2035	6,860,000	671,514	-	-	6,860,000	671,514
	<u>181,185,000</u>	<u>42,663,385</u>	<u>32,408,327</u>	<u>8,517,215</u>	<u>213,593,327</u>	<u>51,180,600</u>
Due within one year	<u>28,360,000</u>	<u>6,748,816</u>	<u>18,728,327</u>	<u>4,545,710</u>	<u>47,088,327</u>	<u>11,294,526</u>
Due in more than one year	<u>\$ 152,825,000</u>	<u>\$ 35,914,569</u>	<u>\$ 13,680,000</u>	<u>\$ 3,971,505</u>	<u>\$ 166,505,000</u>	<u>\$ 39,886,074</u>

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

Year	Business-type Activities						Totals	
	General Obligation Bonds		Revenue Bonds		KDHE Revolving Loan		Principal	Interest
	Principal	Interest	Principal	Interest	Principal	Interest		
2016	\$ 1,180,000	\$ 429,956	\$ 3,065,000	\$ 3,134,322	\$ 1,602,258	\$ 565,546	\$ 5,847,258	\$ 4,129,824
2017	1,210,000	406,356	2,965,000	3,210,170	1,410,738	518,841	5,585,738	4,135,367
2018	1,250,000	370,056	3,035,000	3,120,352	1,379,126	476,562	5,664,126	3,966,970
2019	1,295,000	320,056	3,105,000	3,021,392	1,345,009	436,643	5,745,009	3,778,091
2020	1,330,000	274,731	3,205,000	2,893,910	1,389,314	396,667	5,924,314	3,565,308
2021 - 2025	7,320,000	680,755	17,800,000	12,315,866	7,518,127	1,336,644	32,638,127	14,333,265
2026 - 2030	-	-	20,680,000	8,108,763	4,818,506	261,156	25,498,506	8,369,919
2031 - 2035	-	-	18,915,000	3,453,746	-	-	18,915,000	3,453,746
2036	-	-	2,160,000	129,600	-	-	2,160,000	129,600
	<u>13,585,000</u>	<u>2,481,910</u>	<u>74,930,000</u>	<u>39,388,121</u>	<u>19,463,078</u>	<u>3,992,059</u>	<u>107,978,078</u>	<u>45,862,090</u>
Due within one year	<u>1,180,000</u>	<u>429,956</u>	<u>3,065,000</u>	<u>3,134,322</u>	<u>1,602,258</u>	<u>565,546</u>	<u>5,847,258</u>	<u>4,129,824</u>
Due in more than one year	<u>\$12,405,000</u>	<u>\$ 2,051,954</u>	<u>\$71,865,000</u>	<u>\$36,253,799</u>	<u>\$17,860,820</u>	<u>\$3,426,513</u>	<u>\$102,130,820</u>	<u>\$41,732,266</u>

The City has pledged future water customer revenues, net of specified operating expenses, to repay \$74,930,000 (\$1,625,000 2008 series, \$2,300,000 2009 series, \$4,930,000 2010A series, \$6,885,000 2010B series, \$32,020,000 2010C series, \$8,275,000 2012 series, and \$18,895,000 2015 series) 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 2036. The total principal and interest remaining to be paid on the bonds is \$114,318,121. Principal and interest paid for the current year were \$2,205,000 and \$2,839,533, respectively.

Water & Sewer Revenue Bonds

Fiscal Year	Revenues	Current Expenses	Net Revenue Available for Debt Service	Principal Requirement	Interest Requirement	Coverage
2015	\$ 40,519,753	\$ 26,710,875	\$ 13,808,878	\$ 2,205,000	\$ 2,839,533	2.74

In June 2015, the City issued General Obligation Bonds Series 226 in the amount of \$11,695,000 for the purpose of funding various municipal improvements and pay principal and interest on certain temporary notes of the City. The bonds mature serially on October 1, 2015 through October 1, 2025.

In June 2015, the City issued General Obligation Bonds Series 227 in the amount of \$8,290,000 for the purpose of refunding Series 209 and Series 210. The bonds mature serially on October 1, 2016 through October 1, 2027. The new debt service amount on Series 227 is \$13,966,471. The old debt service amount on Series 209 and Series 210 was a \$14,414,200. This results in a savings of \$447,779. The economic gain of the refunding is \$401,377.

City of Olathe, Kansas
Notes to the Basic Financial Statements
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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, 2015, based on the assessed valuation as of December 15, 2015 of \$1,633,741,808, the general obligation debt limit was \$490,122,542 which, after reduction for outstanding eligible general obligation bonds and notes totaling \$201,025,000, and increases for exempt projects financed with outstanding general obligation bonds and notes totaling \$74,305,922 and amounts available for debt service of \$21,369,827, provides a general obligation debt margin of \$384,773,291.

Capitalized Leases

Governmental activities:

	End of Year
7.46% interest lease on copy machines, payable in monthly principal and interest payments of \$6,864 through December 2017	\$ 152,586
3.27% interest lease on a miller, payable in annual principal and interest payments of \$49,406 through August 2018	139,029
9.50% interest lease on a copy machine, payable in monthly principal and interest payments of \$194 through May 2019	6,783
8.4657% interest lease on a fire plotter, payable in monthly principal and interest payments of \$273 through February 2018	6,459
	\$ 304,857

Business-type activities:

9.50% interest lease for a copy machine, payable in monthly principal and interest payments of \$132 through August 2019	\$ 4,880
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	7,966,937
Total capital leases for business-type activities	\$ 7,971,817

City of Olathe, Kansas
Notes to the Basic Financial Statements
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The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>	<u>Business-type Water & Sewer</u>
Asset:		
Machinery and equipment	\$ 665,541	\$ 1,309,895
Water system	-	12,876,265
Less: Accumulated depreciation	(348,614)	(4,839,998)
Total	<u>\$ 316,927</u>	<u>\$ 9,346,162</u>

Annual debt service requirements to maturity are as follows:

<u>Year</u>	<u>Governmental Activities Payments</u>	<u>Business-type Activities Payments</u>	<u>Total Payments</u>
2016	\$ 137,375	\$ 1,426,729	\$ 1,564,104
2017	137,375	1,466,776	1,604,151
2018	52,285	1,508,116	1,560,401
2018	974	1,550,261	1,551,235
2020	-	1,593,253	1,593,253
2021	-	1,003,850	1,003,850
	<u>328,009</u>	<u>8,548,985</u>	<u>8,876,994</u>
Less interest	23,152	577,168	600,320
Total	<u>\$ 304,857</u>	<u>\$ 7,971,817</u>	<u>\$ 8,276,674</u>

7. Refunded Debt

In 2014 and 2015, 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, 2015, the following crossover advance refunding bonds are recorded as liabilities on the entity-wide statement of net position:

	<u>Refunding Issue (Date)</u>	<u>Debt Series Refunded</u>	<u>Debt Outstanding</u>
General Obligation	Series 222 (2013)	208	\$ 2,500,000
General Obligation	Series 227 (2015)	209	7,105,000

City of Olathe, Kansas
Notes to the Basic Financial Statements
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For Series 227, the reduction in debt service payments is \$447,779. The economic gain on the transaction is \$401,377. The refunding resulted in a deferred loss of \$23,223.

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, 2015.

City of Olathe, Kansas
Components of Fund Balance
December 31, 2015

	Major				Nonmajor	Total
	General	Debt Service	Special Tax Financing	Capital Projects	Other Governmental Funds	
Fund Balances:						
Non Spendable:	\$ 273,262	\$ -	\$ -	\$ -	\$ 80,154	\$ 353,416
Restricted for:						
Debt service	-	20,152,691	-	-	-	20,152,691
Public safety - fire levy	-	-	-	-	122,366	122,366
Public safety - reimbursable programs	-	-	-	-	17,544	17,544
Public works	-	-	5,945,305	22,503,116	-	28,448,421
Public works - motor fuel tax	-	-	-	-	656,636	656,636
Public works - Street Maintenance	-	-	-	-	3,452,256	3,452,256
Sales Tax	-	-	-	-	3,452,256	3,452,256
Community services - special park & recreation	-	-	-	-	79,844	79,844

City of Olathe, Kansas
Notes to the Basic Financial Statements
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City of Olathe, Kansas
Components of Fund Balance
December 31, 2015

	<u>Major</u>				<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>Debt Service</u>	<u>Special Tax Financing</u>		<u>Capital Projects</u>	
Community services - special alcohol	-	-	-	-	844,709	844,709
Community services - Park sales tax	-	-	-	-	3,711,953	3,711,953
Community services - grants	-	-	-	-	385,316	385,316
Community services - reimbursable programs	-	-	-	-	117,497	117,497
General government - reimbursable programs	-	-	-	-	531,641	531,641
General government - library	-	-	-	-	3,604,779	3,604,779
Committed to:						
Public works - storm water	-	-	-	-	4,075,656	4,075,656
Public works - future street improvement	-	-	-	-	5,510,321	5,510,321
Community services - special park & recreation	-	-	-	-	1,966,338	1,966,338
Community services - Recreation	-	-	-	-	447,834	447,834
Community services - Cemetary	-	-	-	-	533,352	533,352
General government - Economic Development	-	-	-	-	793,034	793,034
Assigned to:						
Debt service	-	11,339,204	-	-	-	11,339,204
Public safety - encumbrances	41,772	-	-	-	-	41,772
Public works - encumbrances	65,247	-	-	-	-	65,247
Community services - encumbrances	96,089	-	-	-	-	96,089
Development services - encumbrances	-	-	-	-	-	-
General government - encumbrances	16,332	-	-	-	-	16,332
General government - encumbrances	89,206	-	-	-	-	89,206
Unassigned:	26,653,214	-	-	-	-	26,653,214
Total fund balances:	<u>\$ 27,235,122</u>	<u>\$ 31,491,895</u>	<u>\$ 5,945,305</u>	<u>\$22,503,116</u>	<u>\$ 26,931,230</u>	<u>\$ 114,106,668</u>

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2015

9. Interfund Activities

Interfund transactions for the year were as follows:

Transfers from	Transfer to						Total
	Major				Internal Service Funds	Other Governmental Funds	
	General	Debt Service	Capital Projects	Water and Sewer			
General	\$ -	\$ 2,279,265	\$ 6,418,058	\$ -	\$ 20,710	\$ 1,694,082	\$ 10,412,115
Capital Projects	-	1,250	-	35,073	-	791,124	827,447
Other Governmental Funds	6,122,917	-	13,686,906	12,500	20,000	9,094	19,851,417
Proprietary Funds							
Water and sewer	-	-	418,899	-	-	-	418,899
Solid Waste	-	-	2,004,846	50,000	-	-	2,054,846
Internal Service Funds	-	-	2,186,502	-	-	-	2,186,502
Total proprietary funds	-	-	4,610,247	50,000	-	-	4,660,247
Totals	\$ 6,122,917	\$ 2,280,515	\$ 24,715,211	\$ 97,573	\$ 40,710	\$ 2,494,300	\$ 35,751,226

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, 2015 were as follows:

	Receivables	Payables
Fund Statements		
General	\$ 273,262	\$ -
Other governmental funds	-	273,262
Vehicle replacement	1,980,000	-
Capital projects	-	1,980,000
	\$ 2,253,262	\$ 2,253,262
Government-Wide Statements		
Governmental	\$ 4,416,525	\$ -
Business-type	-	4,416,525

City of Olathe, Kansas
Notes to the Basic Financial Statements
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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.

City of Olathe, Kansas
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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 1.0% of total payroll for the fiscal year ended June 30, 2015.

The actuarially determined employer contribution rate and statutory contribution rate for local government employees are both 9.48%. The actuarially determined employer contribution rate and statutory contribution rate for police and firemen are both 21.36%. Member contribution rates as a percentage of eligible compensation for the fiscal year ended June 30, 2015 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, 2015 and 2014 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, 2015 and 2014, respectively. The contributions used exclude contributions made for prior service, excess benefits, and irregular payments. At June 30, 2015, the City's proportion was 6.429% (1.936% for local government employees and 4.661% for police and firemen) which was an increase of 0.168% from its proportion measured at June 30, 2014.

Net Pension Liability

As of December 31, 2015 and 2014 the City reported a liability of \$59,265,584 (\$25,424,394 for local government employees and \$33,841,190 for police and firemen) and \$52,985,033 (\$23,155,815 for local government employees and \$29,829,218 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, 2014, which was rolled forward to June 30, 2015, using the following actuarial assumptions:

Price inflation	3.00%
Wage Inflation	4.00%
Salary increases, including wage increases	4.00 to 16.00%, including inflation
Long-term rate of return, net of investment expense, and including price inflation	8.00%

Mortality rates were based on the RP-2000Healthy Annuitant Mortality Table for Males and Females with adjustment to better match actual experience. Separate tables apply for males and females as well as each group (State/School, Local, KP&F, and Judges).

The actuarial cost method is entry age normal. The amortization method is level percentage of payroll, closed.

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The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study conducted for three year ending December 31, 2012.

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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target allocation as of June 30, 2015 are summarized in the following table:

Asset Class	Long-Term Target Allocation	Long-Term Expected Real Rate of Return
Global equity	47.00%	6.30%
Fixed income	13.00%	0.80%
Yield driven	8.00%	4.20%
Real return	11.00%	1.70%
Real estate	11.00%	5.40%
Alternatives	8.00%	9.40%
Short-term investments	2.00%	-0.50%
Total	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the contractually required rate. The State/School and Local employers do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993, the employer contribution rates certified by the System's Board of Trustees for these groups may not increase by more than the statutory cap. The expected KPERS employer statutory contribution was modeled for future years, assuming all actuarial assumptions are met in future years. Employers contribution rates were also modeled for Police & Firemen and Judges, assuming all actuarial assumptions are met in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payment of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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, 2015 calculated using the discount rate of 8.00%, 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 (7.00%) or one percentage point higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Discount Rate (8.00%)	1% Increase (9.00%)
Local government	\$ 36,091,277	\$ 25,424,394	\$ 16,380,974
Police and Firemen	49,143,326	33,841,190	20,916,118
Total	\$ 85,234,603	\$ 59,265,584	\$ 37,297,092

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Pension Expense

For the year ended December 31, 2015, the City recognized pension expense of \$5,226,334 (\$1,909,395 local government employees and \$3,316,939 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, 2015, 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
Differences between actual and expected experience	\$ -	\$ 719,711	\$ -	\$ 566,464
Net differences between projected and actual earnings on investments	-	989,684	-	1,074,697
Changes in assumptions	-	355,334	-	338,404
Changes in proportion	1,372,155	-	1,294,075	-
Contributions after measurement date	1,556,336	-	2,313,188	-
Total	\$ 2,928,491	\$ 2,064,729	\$ 3,607,263	\$ 1,979,565

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
2016	\$ (443,351)	\$ (573,475)
2017	(443,351)	(573,475)
2018	(443,351)	(573,475)
2019	616,923	1,061,519
2020	20,554	(26,584)
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

City of Olathe, Kansas
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projects. Any deficiencies are the responsibility of the developer. The remaining certified project costs to be repaid as of December 31, 2015 totaled \$7,741,628.

Encumbrances

Listed below are the encumbrances by fund for the City as of December 31, 2015.

	Major	Nonmajor	
	General	Other Governmental Funds	Total Governmental Funds
Restricted for:			
Community services	\$ -	\$ 42,440	\$ 42,440
Committed to:			
Public works	-	23,605	23,605
Community services	-	5,982	5,982
Assigned to:			
Public safety	41,772	-	41,772
Public works	81,579	-	81,579
Community services	96,089	-	96,089
General government	89,206	-	89,206
Total encumbrances	\$ 308,646	\$ 72,027	\$ 380,673

Commitments

As of December 31, 2015, 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, 2015
Street improvements	\$ 170,491,386	\$ 100,058,087
Citywide improvements	109,354,925	109,046,011
Water and sewer lines	1,451,717	459,201
	\$ 281,298,028	\$ 209,563,299

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.

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

		<u>Operation and Maintenance</u>		<u>Capital Improvements</u>		<u>Total</u>
2015	\$	3,544,856	\$	991,452	\$	4,536,308
2016		3,925,928		1,056,095		4,982,023
2017		4,347,965		1,124,952		5,472,917

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, 2015 which will exceed coverage and the funds reserved. There were no significant reductions in insurance coverage during 2015. 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 \$1,041,870 that represents the estimated future cost of claims made and claims incurred, but not reported at December 31, 2015. 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:

		<u>Beginning of Year</u>		<u>Additions</u>		<u>Deletions</u>		<u>End of Year</u>
2014	\$	835,895	\$	1,080,907	\$	859,212	\$	1,057,590
2015		1,057,590		804,971		820,691		1,041,870

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2015

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 \$691,000 at December 31, 2015. 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
2014	\$	686,000	\$10,736,375	\$ 10,650,375	\$ 772,000
2015		772,000	10,570,880	10,651,880	691,000

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, 2015. 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.

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2015

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 2015, retiree premiums are the same as employees. Listed below are the monthly premiums.

	Consumer Involved Plan	PPO Plan	Dental Plan
Employee Only	\$ 32	\$ 70	\$ 10
Employee Plus Spouse	181	257	26
Employee Plus Child(ren)	159	233	29
Family	244	339	37

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 2015:

1. Annual OPEB Cost for 2015

A. Normal Cost	\$ 1,013,171
B. Amortization of Unfunded Actuarial Accrued Liability	1,078,970
C. Annual Required Contribution (ARC)	2,092,141
D. Interest on Net OPEB Obligation	278,759
E. Adjustment to the ARC	370,110
F. Annual OPEB Cost (C+D-E)	\$ 2,000,790

2. Employer Contributions for 2015

A. Claims + Admin Paid on Behalf of Retirees	\$ 1,497,000
B. Retiree Contribution	265,000
C. Net Employer Contributions (A-B)	\$ 1,232,000

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%

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2015

4. Net OPEB Obligation at 1/01/15

A. Annual OPEB Cost for 2015	\$ 2,000,790
B. Net Employer Contributions for 2015	<u>(1,232,000)</u>
C. Increase in Net OPEB for 2015	768,790
D. Balance at 1/01/14	<u>7,964,538</u>
E. Balance at 1/01/15 (A-B+C)	<u><u>\$ 8,733,328</u></u>

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, 2015 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, 2015, the most recent actuarial valuation date, the plan was not funded. The unfunded actuarial accrued liability for benefits (UAAL) was \$22,433,541. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$47 million, and the ratio of the UAAL to the covered payroll was 47.74%

Plan Report

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

15. Conduit Debt Obligations

The City has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as letters of credit and are payable solely from payments received from the private businesses involved. The City has issued multi-family rental and single-family residences in the City. These bonds are secured solely by the property financed by the educational facility revenue bonds to provide loans to assist college and universities in Kansas with capital improvements. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the city nor any political subdivision thereof is

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2015

obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2015, there were 75 issues of industrial revenue and multi-housing bonds outstanding. Outstanding issues had an aggregate outstanding amount totaling \$688,383,489 and a total assessed valuation of \$343,114,750.

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	\$ 3,800,409
Total liabilities	203,994
Net Position	\$ 3,596,415
Expenses	\$ 4,172,044
Program revenues	4,036,833
Net program revenues	(135,211)
Other general revenues	1,021
Change in net position	(134,190)
Beginning net position	3,730,605
Ending net position	\$ 3,596,415

17. Library Merger

On April 21, 2015, the City Council passed Charter Ordinance No. 75 and Ordinance No. 15-27 which merged the operations of the Olathe Public Library (previously reported as a component unit) with the City. Under the new ordinance, the City Manager will be responsible for the administrative operations of the Library and the City Council will be the governing body of the Library. A Library Advisory Board will advise the City Manager and/or City Council regarding the affairs of the Library. The effective date for the merger was January 1, 2015. The integration of the library provides better funding opportunities/additional support for the library.

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2015

The following chart details the merging of the Olathe Public Library with the Library Tax Fund of the City at January 1, 2015.

	Library Tax	Olathe Public Library	Total	Adjustments		Total
				Debit	Credit	
Assets						
Cash, cash equivalents, and investments	\$ 279,048	\$ 3,240,045	\$ 3,519,093	\$ -	\$ -	\$ 3,519,093
Receivables						
Taxes	3,753,601	-	3,753,601	-	-	3,753,601
Due from primary government	-	279,048	279,048	-	279,048	-
Prepaid assets	-	71,715	71,715	-	-	71,715
Total assets	<u>\$ 4,032,649</u>	<u>\$ 3,590,808</u>	<u>\$ 7,623,457</u>	<u>\$ -</u>	<u>\$ 279,048</u>	<u>\$ 7,344,409</u>
Liabilities						
Accounts payable	\$ -	\$ 50,376	\$ 50,376	\$ -	\$ -	\$ 50,376
Due to component unit	279,048	-	279,048	279,048	-	-
Total liabilities	<u>279,048</u>	<u>50,376</u>	<u>329,424</u>	<u>279,048</u>	<u>-</u>	<u>50,376</u>
Deferred Inflows of Resources						
Deferred revenue - property taxes	3,753,601	-	3,753,601	-	-	3,753,601
Total deferred inflows of resources	<u>3,753,601</u>	<u>-</u>	<u>3,753,601</u>	<u>-</u>	<u>-</u>	<u>3,753,601</u>
Fund balances						
Nonspendable	-	71,715	71,715	-	-	71,715
Restricted						
General government	-	3,468,717	3,468,717	-	-	3,468,717
Total fund balances	<u>-</u>	<u>3,540,432</u>	<u>3,540,432</u>	<u>-</u>	<u>-</u>	<u>3,540,432</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,032,649</u>	<u>\$ 3,590,808</u>	<u>\$ 7,623,457</u>	<u>\$ 279,048</u>	<u>\$ -</u>	<u>\$ 7,344,409</u>

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2015

The following chart details the merging of the Olathe Public Library into the Governmental Activities of the City at January 1, 2015.

	Governmental Activities	Olathe Public Library	Total	Adjustments		Total
				Debit	Credit	
Assets						
Cash, cash equivalents, and investments	\$ 128,322,976	\$ 3,240,045	\$ 131,563,021	\$ -	\$ -	\$ 131,563,021
Cash held by trustee	7,426,925	-	7,426,925	-	-	7,426,925
Receivables (net of allowances)						
Taxes	47,882,780	-	47,882,780	-	-	47,882,780
Special assessments	38,353,513	-	38,353,513	-	-	38,353,513
Accounts	611,058	-	611,058	-	-	611,058
Accrued interest	208,281	-	208,281	-	-	208,281
Loans	3,484,400	-	3,484,400	-	-	3,484,400
Due from primary government	-	279,048	279,048	-	279,048	-
Internal balances	(3,983,806)	-	(3,983,806)	-	-	(3,983,806)
Due from other governments	4,244,319	-	4,244,319	-	-	4,244,319
Inventories and other prepaid items	339,633	71,715	411,348	-	-	411,348
Capital assets:						
Land and construction in progress	123,871,745	493,405	124,365,150	-	-	124,365,150
Other capital assets, net of accumulated depreciation	487,480,968	2,616,640	490,097,608	-	-	490,097,608
Other assets	11,000	-	11,000	-	-	11,000
Total assets	<u>838,253,792</u>	<u>6,700,853</u>	<u>844,954,645</u>	<u>-</u>	<u>279,048</u>	<u>844,675,597</u>
Deferred Outflows of Resources						
Deferred amounts on refunding	641,565	-	641,565	-	-	641,565
Total assets and deferred outflows of resources	<u>\$ 838,895,357</u>	<u>\$ 6,700,853</u>	<u>\$ 845,596,210</u>	<u>\$ -</u>	<u>\$ 279,048</u>	<u>\$ 845,317,162</u>
Liabilities						
Accounts and other current liabilities	\$ 9,021,504	\$ 50,376	\$ 9,071,880	\$ -	\$ -	\$ 9,071,880
Interest payable	4,771,466	-	4,771,466	-	-	4,771,466
Due to component unit	279,048	-	279,048	279,048	-	-
Temporary notes	36,228,929	-	36,228,929	-	-	36,228,929
Noncurrent liabilities:						
Due within one year	45,685,783	148,030	45,833,813	-	-	45,833,813
Due in more than one year	197,346,164	37,008	197,383,172	-	-	197,383,172
Total liabilities	<u>293,332,894</u>	<u>235,414</u>	<u>293,568,308</u>	<u>279,048</u>	<u>-</u>	<u>293,289,260</u>
Deferred Inflows of Resources						
Deferred revenue - property taxes	35,152,463	-	35,152,463	-	-	35,152,463
Deferred revenue - loans	3,484,400	-	3,484,400	-	-	3,484,400
Total deferred inflows of resources	<u>38,636,863</u>	<u>-</u>	<u>38,636,863</u>	<u>-</u>	<u>-</u>	<u>38,636,863</u>
Fund balances						
Net investment in capital assets	370,692,154	3,110,045	373,802,199	-	-	373,802,199
Restricted						
Debt service	28,224,755	-	28,224,755	-	-	28,224,755
Public safety	147,821	-	147,821	-	-	147,821
Capital improvements	25,804,385	-	25,804,385	-	-	25,804,385
Community services	2,672,280	-	2,672,280	-	-	2,672,280
General government	654,501	3,355,394	4,009,895	-	-	4,009,895
Unrestricted	78,729,704	-	78,729,704	-	-	78,729,704
Total fund balances	<u>506,925,600</u>	<u>6,465,439</u>	<u>513,391,039</u>	<u>-</u>	<u>-</u>	<u>513,391,039</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 838,895,357</u>	<u>\$ 6,700,853</u>	<u>\$ 845,596,210</u>	<u>\$ 279,048</u>	<u>\$ -</u>	<u>\$ 845,317,162</u>

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2015

18. Change in Accounting Principle

In 2015, the City adopted Government Accounting Standards Board Statement No. 68. The prior year ending net position balances were restated to report the effect of the change in accounting principles applied in the basic financial statements. The change in accounting principle resulted in the following adjustments:

Fund Statements	Water and Sewer Fund	Solid Waste Fund
Net pension liability	\$ (6,034,787)	\$ (2,655,307)
Government Wide Statements	Governmental Activities	Business-type Activities
Due in more than one year	\$ (44,051,636)	\$ (8,690,094)

The prior year net position balances have been restated to show the effect of this change in accounting principle as follows:

	Water and Sewer Fund	Solid Waste Fund
Net position, December 31, 2014, as previously reported	\$ 268,697,405	\$ 7,298,139
Accounting change to record net pension liability	(6,034,787)	(2,655,307)
Net position, December 31, 2014, as restated	\$ 262,662,618	\$ 4,642,832
	Governmental Activities	Business-type Activities
Net position, December 31, 2014, as previously reported	\$ 506,925,600	\$ 280,379,675
Accounting change to record net pension liability	(44,051,636)	(8,690,094)
Net position, December 31, 2014, as restated	\$ 462,873,964	\$ 271,689,581

19. 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 72, Fair Value Measurement and Application, was issued February 2015 and will be effective for the City with the fiscal year ending December 31, 2016. Management has not yet determined the effect of the implementation of this statement to the City.

Statement Number 73, Accounting and Financial Reporting for Pensions and Related Assets that are not

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2015

within the Scope of GASB Statement 68, and amendments to Certain Provisions of GASB Statements 67 and 68, was issued June 2015 and will be effective for the City with the fiscal year ending December 31, 2016. Management has not yet determined the effect of the implementation of this statement to the City.

Statement Number 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, was issued June 2015 and will be effective for the City with the fiscal year ending December 31, 2017. Management has not yet determined the effect of the implementation of this statement to 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 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, was issued June 2015 and will be effective for the City with the fiscal year ending December 31, 2016. Management has not yet determined the effect of the implementation of this statement to the City.

Statement Number 77, Tax Abatement Disclosures, was issued August 2015 and will be effective for the City with the fiscal year ending December 31, 2016. Management has not yet determined the effect of the implementation of this statement to the City.

Statement Number 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans, was issued December 2015 and is effective for the City with the fiscal year ending December 31, 2016. Management has not yet determined the effect of the implementation of this statement to the City.

Statement Number 79, Certain External Investment Pool and Pool Participants, was issued December 2015 and will be effective for the fiscal year ending December 31, 2016. Management has not yet determined the effect of the implementation of this statement to the City.

Statement Number 80, Blending Requirements for Certain Component Units, was issued January 2016 and is effective for the fiscal year ending December 31, 2017. Management has not yet determined the effect of the implementation of this statement to the City.

Statement Number 81, Irrevocable Split-Interest Agreements, was issued March 2016 and is effective for the fiscal year ending December 31, 2017. Management has not yet determined the effect of this implementation of this statement to the City.

Statement Number 82, Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73, was issued March 2016 and is effective for the fiscal year ending December 31, 2017. Management has not yet determined the effect of this implementation of this statement to the City.

20. Subsequent Event

On March 3, 2016, a water line under the foundation of the Indian Creek Library (branch of the Olathe Public Library) ruptured, flooding the building and eroding the foundation's subbase. Engineers are still determining the full extent of the damage and a timeline for repairs. At this point, repairs have been estimated to cost between \$850,000 and \$1.2 million and are expected to require four to six months to complete. As a result, the Olathe City Council has approved entering into a contract to purchase a vacant 68,000 square foot building less than one mile from the existing Indian Creek Library. The building is envisioned to be programmed for library use and relocation of the Indian Creek Library.

**Required
Supplementary Information**

City of Olathe, Kansas
Required Supplementary Information
Schedule of Funding Progress for OPEB
As of December 31, 2015

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	22,433,541	0%	46,998,072	47.74%

Note 1. Significant Factors Affecting Trends in Actuarial Information

2015

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
December 31, 2015

Local Government	2014	2015
Proportion of the Net Pension Liability	1.878112%	1.936294%
Proportionate share of the net pension liability	\$ 23,155,815	\$ 25,424,394
Covered employee payroll	34,408,016	35,530,007
Proportionate share of the net pension liability as a percentage of covered employee payroll	67.30%	71.56%
Plan fiduciary net position as a percentage of total pension liability	66.60%	64.95%
Police and Firemen	2014	2015
Proportion of the Net Pension Liability	4.500889%	4.660566%
Proportionate share of the net pension liability	\$ 29,829,218	\$ 33,841,190
Covered employee payroll	22,291,450	23,177,996
Proportionate share of the net pension liability as a percentage of covered employee payroll	133.81%	146.01%
Plan fiduciary net position as a percentage of total pension liability	66.60%	64.95%

City of Olathe, Kansas
Required Supplementary Information
Schedule of Agency Contributions
Kansas Employees' Retirement System
December 31, 2015

Local Government	2014	2015
Required contribution	\$ 2,590,522	\$ 2,961,053
Contribution in relation to required contribution	2,590,522	2,961,053
Contribution deficiency	-	-
Covered employee payroll	34,764,813	35,723,597
Contributions as a percentage of covered employee payroll	7.45%	8.29%

Police and Firemen	2014	2015
Required contribution	\$ 3,764,718	\$ 4,378,971
Contribution in relation to required contribution	3,764,718	4,378,971
Contribution deficiency	-	-
Covered employee payroll	22,752,844	23,380,484
Contributions as a percentage of covered employee payroll	16.55%	18.73%

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, 2015.

Changes of assumptions. There were no changes to assumptions in valuation reports for the year ended December 31, 2015.



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 Tax

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.



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

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, 2015**

	Special Revenue						
	Fire Levy	Motor Fuel Tax	Library Tax	Economic Development and Tourism	Special Park and Recreation	Special Alcohol	Stormwater
Assets							
Cash, cash equivalents, and investments	\$ 122,366	\$ -	\$ 3,710,574	\$ 431,263	\$ 2,046,466	\$ 844,709	\$ 3,586,940
Receivables (net of allowance)							
Accounts	-	-	-	-	-	-	488,716
Taxes	2,494,515	-	4,045,949	361,771	-	-	-
Loans	-	-	-	-	-	-	-
Due from other governments	-	874,954	-	-	100,000	100,000	-
Prepaid asset	-	-	80,154	-	-	-	-
Total assets	<u>\$ 2,616,881</u>	<u>\$ 874,954</u>	<u>\$ 7,836,677</u>	<u>\$ 793,034</u>	<u>\$ 2,146,466</u>	<u>\$ 944,709</u>	<u>\$ 4,075,656</u>
Liabilities							
Accounts payable	\$ -	\$ -	\$ 105,795	\$ -	\$ 284	\$ -	\$ -
Due to other funds	-	218,318	-	-	-	-	-
Total liabilities	<u>-</u>	<u>218,318</u>	<u>105,795</u>	<u>-</u>	<u>284</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources							
Deferred revenue - property taxes	2,494,515	-	4,045,949	-	-	-	-
Deferred revenue - intergovernmental	-	-	-	-	100,000	100,000	-
Deferred revenue - loans	-	-	-	-	-	-	-
Total deferred inflows of resources	<u>2,494,515</u>	<u>-</u>	<u>4,045,949</u>	<u>-</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Fund balances							
Nonspendable	-	-	80,154	-	-	-	-
Restricted							
Public safety	122,366	-	-	-	-	-	-
Public works	-	656,636	-	-	-	-	-
Community services	-	-	-	-	79,844	844,709	-
General government	-	-	-	-	-	-	-
Committed							
Public works	-	-	-	-	-	-	4,075,656
Community services	-	-	-	-	1,966,338	-	-
General government	-	-	3,604,779	793,034	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>122,366</u>	<u>656,636</u>	<u>3,684,933</u>	<u>793,034</u>	<u>2,046,182</u>	<u>844,709</u>	<u>4,075,656</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,616,881</u>	<u>\$ 874,954</u>	<u>\$ 7,836,677</u>	<u>\$ 793,034</u>	<u>\$ 2,146,466</u>	<u>\$ 944,709</u>	<u>\$ 4,075,656</u>

**City of Olathe, Kansas
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2015**

	Special Revenue				Capital Projects			Total Nonmajor Governmental Funds
	Reimbursable Programs	Grants Fund	Cemetery	Recreation	Park Sales Tax	Street Maintenance Sales Tax	Future Street Improvement	
Assets								
Cash, cash equivalents, and investments	\$ 669,334	\$ 183,139	\$ 533,352	\$ 730,124	\$ 3,200,383	\$ 1,919,648	\$ 5,510,321	\$ 23,488,619
Receivables (net of allowance)								
Accounts	-	5,950	-	98,102	-	-	-	592,768
Taxes	-	-	-	-	511,570	1,532,608	-	8,946,413
Loans	-	3,674,063	-	-	-	-	-	3,674,063
Due from other governments	-	316,897	-	-	-	-	-	1,391,851
Prepaid asset	-	-	-	-	-	-	-	80,154
Total assets	\$ 669,334	\$ 4,180,049	\$ 533,352	\$ 828,226	\$ 3,711,953	\$ 3,452,256	\$ 5,510,321	\$ 38,173,868
Liabilities								
Accounts payable	\$ 2,652	\$ 9,263	\$ -	\$ 380,392	\$ -	\$ -	\$ -	\$ 498,386
Due to other funds	-	54,944	-	-	-	-	-	273,262
Total liabilities	2,652	64,207	-	380,392	-	-	-	771,648
Deferred Inflows of Resources								
Deferred revenue - property taxes	-	-	-	-	-	-	-	6,540,464
Deferred revenue - intergovernmental	-	-	-	-	-	-	-	200,000
Deferred revenue - loans	-	3,730,526	-	-	-	-	-	3,730,526
Total deferred inflows of resources	-	3,730,526	-	-	-	-	-	10,470,990
Fund balances								
Nonspendable	-	-	-	-	-	-	-	80,154
Restricted								
Public safety	17,544	-	-	-	-	-	-	139,910
Public works	-	-	-	-	-	3,452,256	-	4,108,892
Community services	117,497	385,316	-	-	3,711,953	-	-	5,139,319
General government	531,641	-	-	-	-	-	-	531,641
Committed								
Public works	-	-	-	-	-	-	5,510,321	9,585,977
Community services	-	-	533,352	447,834	-	-	-	2,947,524
General government	-	-	-	-	-	-	-	4,397,813
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	666,682	385,316	533,352	447,834	3,711,953	3,452,256	5,510,321	26,931,230
Total liabilities, deferred inflows of resources, and fund balances	\$ 669,334	\$ 4,180,049	\$ 533,352	\$ 828,226	\$ 3,711,953	\$ 3,452,256	\$ 5,510,321	\$ 38,173,868

City of Olathe, Kansas
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2015

	Special Revenue						
	Fire Levy	Motor Fuel Tax	Library Tax	Economic Development and Tourism	Special Park and Recreation	Special Alcohol	Stormwater
Revenues							
Taxes:							
Property	\$ 2,642,557	\$ -	\$ 4,287,588	\$ -	\$ -	\$ -	\$ -
Sales	-	-	-	-	-	-	-
Transient guest	-	-	-	1,462,228	-	-	-
Intergovernmental	-	3,498,785	43,959	-	443,522	443,522	-
Fines, forfeitures, and penalties	-	-	201,278	-	-	-	-
Charges for services	-	-	22,445	-	592,241	-	3,896,529
Use of money and property	-	-	12,574	-	8,703	3,407	17,231
Miscellaneous	-	-	54,178	-	-	-	-
Total revenues	<u>2,642,557</u>	<u>3,498,785</u>	<u>4,622,022</u>	<u>1,462,228</u>	<u>1,044,466</u>	<u>446,929</u>	<u>3,913,760</u>
Expenditures							
General government	-	-	4,477,521	1,169,998	-	-	-
Public safety	-	-	-	-	-	164,416	-
Public works	-	-	-	-	-	-	2,294,914
Community services	-	-	-	-	488,522	230,323	-
Total expenditures	<u>-</u>	<u>-</u>	<u>4,477,521</u>	<u>1,169,998</u>	<u>488,522</u>	<u>394,739</u>	<u>2,294,914</u>
Excess of revenues over (under) expenditures	<u>2,642,557</u>	<u>3,498,785</u>	<u>144,501</u>	<u>292,230</u>	<u>555,944</u>	<u>52,190</u>	<u>1,618,846</u>
Other financing sources (uses)							
Transfers in	-	-	-	-	69,668	-	-
Transfers out	<u>(2,642,532)</u>	<u>(3,480,385)</u>	<u>-</u>	<u>-</u>	<u>(450,000)</u>	<u>-</u>	<u>(2,412,500)</u>
Total other financing sources (uses)	<u>(2,642,532)</u>	<u>(3,480,385)</u>	<u>-</u>	<u>-</u>	<u>(380,332)</u>	<u>-</u>	<u>(2,412,500)</u>
Net change in fund balances	<u>25</u>	<u>18,400</u>	<u>144,501</u>	<u>292,230</u>	<u>175,612</u>	<u>52,190</u>	<u>(793,654)</u>
Fund balances - beginning of year, as previously reported	122,341	638,236	-	500,804	1,870,570	792,519	4,869,310
Prior period adjustment	-	-	3,540,432	-	-	-	-
Fund balances - beginning of year, restated	<u>122,341</u>	<u>638,236</u>	<u>3,540,432</u>	<u>500,804</u>	<u>1,870,570</u>	<u>792,519</u>	<u>4,869,310</u>
Fund balances - end of year	<u>\$ 122,366</u>	<u>\$ 656,636</u>	<u>\$ 3,684,933</u>	<u>\$ 793,034</u>	<u>\$ 2,046,182</u>	<u>\$ 844,709</u>	<u>\$ 4,075,656</u>

City of Olathe, Kansas
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2015

	Special Revenue				Capital Projects			Total Nonmajor Governmental Funds
	Reimbursable Programs	Grant Fund	Cemetery	Recreation	Park Sales Tax	Street Maintenance Sales Tax	Future Street Improvement	
Revenues								
Taxes:								
Property	\$ 84,408	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,014,553
Sales	-	-	-	-	3,035,109	9,068,620	-	12,103,729
Transient guest	-	-	-	-	-	-	-	1,462,228
Intergovernmental	-	1,043,663	-	-	-	-	-	5,473,451
Fines, forfeitures, and penalties	-	-	-	-	-	-	-	201,278
Charges for services	420,461	-	158,051	4,029,732	-	-	701,482	9,820,941
Use of money and property	593	-	2,220	3,648	7,750	25,392	19,817	101,335
Miscellaneous	64,470	91,152	-	-	-	-	-	209,800
Total revenues	<u>569,932</u>	<u>1,134,815</u>	<u>160,271</u>	<u>4,033,380</u>	<u>3,042,859</u>	<u>9,094,012</u>	<u>721,299</u>	<u>36,387,315</u>
Expenditures								
General government	487,402	59,603	-	-	12,359	-	-	6,206,883
Public safety	13,451	319,356	-	-	-	-	-	497,223
Public works	-	315,947	-	-	-	-	-	2,610,861
Community services	142,488	394,869	131,005	4,096,509	208,122	-	-	5,691,838
Total expenditures	<u>643,341</u>	<u>1,089,775</u>	<u>131,005</u>	<u>4,096,509</u>	<u>220,481</u>	<u>-</u>	<u>-</u>	<u>15,006,805</u>
Excess of revenues over (under) expenditures	<u>(73,409)</u>	<u>45,040</u>	<u>29,266</u>	<u>(63,129)</u>	<u>2,822,378</u>	<u>9,094,012</u>	<u>721,299</u>	<u>21,380,510</u>
Other financing sources (uses)								
Transfers in	99,521	-	-	-	479,261	1,209,550	636,300	2,494,300
Transfers out	(144,270)	-	-	(45,000)	(900,000)	(9,414,948)	(361,782)	(19,851,417)
Total other financing sources (uses)	<u>(44,749)</u>	<u>-</u>	<u>-</u>	<u>(45,000)</u>	<u>(420,739)</u>	<u>(8,205,398)</u>	<u>274,518</u>	<u>(17,357,117)</u>
Net change in fund balances	<u>(118,158)</u>	<u>45,040</u>	<u>29,266</u>	<u>(108,129)</u>	<u>2,401,639</u>	<u>888,614</u>	<u>995,817</u>	<u>4,023,393</u>
Fund balances - beginning of year, as previously reported	784,840	340,276	504,086	555,963	1,310,314	2,563,642	4,514,504	19,367,405
Prior period adjustment	-	-	-	-	-	-	-	3,540,432
Fund balances - beginning of year, restated	784,840	340,276	504,086	555,963	1,310,314	2,563,642	4,514,504	22,907,837
Fund balances - end of year	<u>\$ 666,682</u>	<u>\$ 385,316</u>	<u>\$ 533,352</u>	<u>\$ 447,834</u>	<u>\$ 3,711,953</u>	<u>\$ 3,452,256</u>	<u>\$ 5,510,321</u>	<u>\$ 26,931,230</u>



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, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Taxes:			
Property	\$ 13,835,662	\$ 13,750,181	\$ (85,481)
Sales	41,124,409	44,714,519	3,590,110
Franchise	10,451,299	11,134,962	683,663
Intergovernmental	910,147	933,380	23,233
Licenses and permits	1,405,265	2,054,140	648,875
Fines, forfeitures, and penalties	4,013,888	3,665,287	(348,601)
Charges for services	4,483,110	5,067,262	584,152
Use of money and property	-	127,276	127,276
Miscellaneous	791,684	934,593	142,909
Total revenues	<u>77,015,464</u>	<u>82,381,600</u>	<u>5,366,136</u>
Expenditures			
General government	22,245,325	4,700,144	17,545,181
Administration	3,742,446	3,458,290	284,156
Legal	1,481,977	1,439,051	42,926
Information technology services	3,930,830	3,430,256	500,574
Financial services	2,879,942	2,697,155	182,787
Public safety	41,316,808	40,284,353	1,032,455
Public works	13,261,255	12,943,619	317,636
Community services	7,440,952	7,469,383	(28,431)
Contingency	400,000	134,075	265,925
Total expenditures	<u>96,699,535</u>	<u>76,556,326</u>	<u>20,143,209</u>
Excess of revenues over expenditures	<u>(19,684,071)</u>	<u>5,825,274</u>	<u>25,509,345</u>
Other financing sources (uses)			
Transfers in	6,373,300	6,122,917	(250,383)
Transfers out	<u>(4,778,917)</u>	<u>(10,412,115)</u>	<u>(5,633,198)</u>
Total other financing sources (uses)	<u>1,594,383</u>	<u>(4,289,198)</u>	<u>(5,883,581)</u>
Net change in fund balance	<u>\$ (18,089,688)</u>	<u>1,536,076</u>	<u>\$ 19,625,764</u>
Fund balance - beginning of year - budget basis		<u>25,390,400</u>	
Fund balance - end of year - budget basis		<u>26,926,476</u>	
Encumbrances incurred and outstanding		<u>308,646</u>	
Fund balance - end of year - GAAP basis		<u>\$ 27,235,122</u>	

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, 2015

	Fire Levy Fund			Motor Fuel Tax Fund			Library Tax Fund		
	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
Revenues									
Taxes	\$ 2,617,709	\$ 2,642,557	\$ 24,848	\$ -	\$ -	\$ -	\$ 4,171,572	\$ 4,287,588	\$ 116,016
Intergovernmental	-	-	-	3,324,077	3,498,785	174,708	-	43,959	43,959
Fines, forfeitures, and penalties	-	-	-	-	-	-	-	201,278	201,278
Charges for services	-	-	-	-	-	-	-	22,445	22,445
Use of money and property	-	-	-	-	-	-	5,000	12,574	7,574
Miscellaneous	-	-	-	-	-	-	-	54,178	54,178
Total revenues	<u>2,617,709</u>	<u>2,642,557</u>	<u>24,848</u>	<u>3,324,077</u>	<u>3,498,785</u>	<u>174,708</u>	<u>4,176,572</u>	<u>4,622,022</u>	<u>445,450</u>
Expenditures									
General government	-	-	-	-	-	-	4,300,195	4,198,473	101,722
Public safety	-	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,300,195</u>	<u>4,198,473</u>	<u>101,722</u>
Excess of revenues over/ (under) expenditures	<u>2,617,709</u>	<u>2,642,557</u>	<u>24,848</u>	<u>3,324,077</u>	<u>3,498,785</u>	<u>174,708</u>	<u>(123,623)</u>	<u>423,549</u>	<u>547,172</u>
Other financing sources (uses)									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	<u>(2,672,154)</u>	<u>(2,642,532)</u>	<u>29,622</u>	<u>(3,701,146)</u>	<u>(3,480,385)</u>	<u>220,761</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources/(uses)	<u>(2,672,154)</u>	<u>(2,642,532)</u>	<u>29,622</u>	<u>(3,701,146)</u>	<u>(3,480,385)</u>	<u>220,761</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (54,445)</u>	<u>25</u>	<u>\$ 54,470</u>	<u>\$ (377,069)</u>	<u>18,400</u>	<u>\$ 395,469</u>	<u>\$ (123,623)</u>	<u>423,549</u>	<u>\$ 547,172</u>
Fund balances - beginning of year - Budget basis		<u>122,341</u>			<u>638,236</u>			<u>3,261,384</u>	
Fund balances - end of year - Budget basis		<u>122,366</u>			<u>656,636</u>			<u>3,684,933</u>	
Encumbrances incurred and outstanding / Due to other fund		<u>-</u>			<u>-</u>			<u>-</u>	
Fund balances - end of year - GAAP basis		<u>\$ 122,366</u>			<u>\$ 656,636</u>			<u>\$ 3,684,933</u>	

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, 2015

	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	\$ 1,400,855	\$ 1,462,228	\$ 61,373	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	402,484	443,522	41,038	402,484	443,522	41,038
Fines, forfeitures, and penalties	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	358,701	592,241	233,540	-	-	-
Use of money and property	-	-	-	-	8,703	8,703	2,000	3,407	1,407
Miscellaneous	-	-	-	-	-	-	-	-	-
Total revenues	<u>1,400,855</u>	<u>1,462,228</u>	<u>61,373</u>	<u>761,185</u>	<u>1,044,466</u>	<u>283,281</u>	<u>404,484</u>	<u>446,929</u>	<u>42,445</u>
Expenditures									
General government	2,008,074	1,169,998	838,076	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	193,889	164,561	29,328
Public works	-	-	-	-	-	-	-	-	-
Community services	-	-	-	1,895,405	488,522	1,406,883	914,374	230,323	684,051
Total expenditures	<u>2,008,074</u>	<u>1,169,998</u>	<u>838,076</u>	<u>1,895,405</u>	<u>488,522</u>	<u>1,406,883</u>	<u>1,108,263</u>	<u>394,884</u>	<u>713,379</u>
Excess of revenues over (under) expenditures	<u>(607,219)</u>	<u>292,230</u>	<u>(899,449)</u>	<u>(1,134,220)</u>	<u>555,944</u>	<u>1,690,164</u>	<u>(703,779)</u>	<u>52,045</u>	<u>755,824</u>
Other financing sources (uses)									
Transfers in	-	-	-	-	69,668	69,668	-	-	-
Transfers out	-	-	-	(450,000)	(450,000)	-	-	-	-
Total other financing sources/(uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(450,000)</u>	<u>(380,332)</u>	<u>69,668</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (607,219)</u>	<u>292,230</u>	<u>\$ (899,449)</u>	<u>\$ (1,584,220)</u>	<u>175,612</u>	<u>\$ 1,759,832</u>	<u>\$ (703,779)</u>	<u>52,045</u>	<u>\$ 755,824</u>
Fund balances - beginning of year - Budget basis		<u>500,804</u>			<u>1,870,570</u>			<u>792,519</u>	
Fund balances - end of year - Budget basis		<u>793,034</u>			<u>2,046,182</u>			<u>844,564</u>	
Encumbrances incurred and outstanding / Due from component unit		<u>-</u>			<u>-</u>			<u>145</u>	
Fund balances - end of year - GAAP basis		<u>\$ 793,034</u>			<u>\$ 2,046,182</u>			<u>\$ 844,709</u>	

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, 2015

	Storm Water Fund			Recreation			Total		
	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
Revenues									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,190,136	\$ 8,392,373	\$ 202,237
Intergovernmental	-	-	-	-	-	-	4,129,045	4,429,788	300,743
Fines, forfeitures, and penalties	-	-	-	-	-	-	-	201,278	201,278
Charges for services	3,706,614	3,896,529	189,915	5,242,113	4,029,732	(1,212,381)	9,307,428	8,540,947	(766,481)
Use of money and property	10,703	17,231	6,528	2,600	3,648	1,048	20,303	45,563	25,260
Miscellaneous	-	-	-	-	-	-	-	54,178	54,178
Total revenues	<u>3,717,317</u>	<u>3,913,760</u>	<u>196,443</u>	<u>5,244,713</u>	<u>4,033,380</u>	<u>(1,211,333)</u>	<u>21,646,912</u>	<u>21,664,127</u>	<u>17,215</u>
Expenditures									
General government	-	-	-	-	-	-	6,308,269	5,368,471	939,798
Public safety	-	-	-	-	-	-	193,889	164,561	29,328
Public works	5,183,933	2,314,958	2,868,975	-	-	-	5,183,933	2,314,958	2,868,975
Community services	-	-	-	5,920,943	4,084,233	1,836,710	8,730,722	4,803,078	3,927,644
Total expenditures	<u>5,183,933</u>	<u>2,314,958</u>	<u>2,868,975</u>	<u>5,920,943</u>	<u>4,084,233</u>	<u>1,836,710</u>	<u>20,416,813</u>	<u>12,651,068</u>	<u>7,765,745</u>
Excess of revenues over (under) expenditures	<u>(1,466,616)</u>	<u>1,598,802</u>	<u>3,065,418</u>	<u>(676,230)</u>	<u>(50,853)</u>	<u>625,377</u>	<u>1,230,099</u>	<u>9,013,059</u>	<u>7,782,960</u>
Other financing sources (uses)									
Transfers in	-	-	-	300,000	-	(300,000)	300,000	69,668	(230,332)
Transfers out	(2,400,000)	(2,412,500)	(12,500)	-	(45,000)	(45,000)	(9,223,300)	(9,030,417)	192,883
Total other financing sources/(uses)	<u>(2,400,000)</u>	<u>(2,412,500)</u>	<u>(12,500)</u>	<u>300,000</u>	<u>(45,000)</u>	<u>(345,000)</u>	<u>(8,923,300)</u>	<u>(8,960,749)</u>	<u>(37,449)</u>
Net change in fund balances	<u>\$ (3,866,616)</u>	<u>(813,698)</u>	<u>\$ 3,052,918</u>	<u>\$ (376,230)</u>	<u>(95,853)</u>	<u>\$ 280,377</u>	<u>\$ (7,693,201)</u>	<u>52,310</u>	<u>\$ 7,745,511</u>
Fund balances - beginning of year - Budget basis		<u>4,865,749</u>			<u>2,537,705</u>			<u>14,589,308</u>	
Fund balances - end of year - Budget basis		<u>4,052,051</u>			<u>2,441,852</u>			<u>14,641,618</u>	
Encumbrances incurred and outstanding / Due from component unit		<u>23,605</u>			<u>(1,994,018)</u>			<u>(1,970,268)</u>	
Fund balances - end of year - GAAP basis		<u>\$ 4,075,656</u>			<u>\$ 447,834</u>			<u>\$ 12,671,350</u>	

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, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
Revenues			
Taxes	\$ 1,214,464	\$ 3,035,109	\$ 1,820,645
Use of money and property	2,500	7,750	5,250
Total revenues	<u>1,216,964</u>	<u>3,042,859</u>	<u>1,825,895</u>
Expenditures			
General government	180,541	12,359	168,182
Community services	269,366	208,122	61,244
Total expenditures	<u>449,907</u>	<u>220,481</u>	<u>229,426</u>
Excess of revenues over (under) expenditures	<u>767,057</u>	<u>2,822,378</u>	<u>2,055,321</u>
Other financing sources (uses)			
Transfers in	-	479,261	479,261
Transfers out	(1,400,000)	(900,000)	500,000
Total other financing sources (uses)	<u>(1,400,000)</u>	<u>(420,739)</u>	<u>979,261</u>
Net change in fund balance	<u>\$ (632,943)</u>	2,401,639	<u>\$ 3,034,582</u>
Fund balance - beginning of year		1,310,314	
Fund balance - end of year		<u>\$ 3,711,953</u>	

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, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
Revenues			
Taxes	\$ 8,744,143	\$ 9,068,620	\$ 324,477
Use of money and property	-	25,392	25,392
Total revenues	<u>8,744,143</u>	<u>9,094,012</u>	<u>349,869</u>
Expenditures			
General government	1,646,670	-	1,646,670
Community services	-	-	-
Total expenditures	<u>1,646,670</u>	<u>-</u>	<u>1,646,670</u>
Excess of revenues over (under) expenditures	<u>7,097,473</u>	<u>9,094,012</u>	<u>1,996,539</u>
Other financing sources (uses)			
Transfers in	-	1,209,550	1,209,550
Transfers out	(8,610,000)	(9,414,948)	(804,948)
Total other financing sources (uses)	<u>(8,610,000)</u>	<u>(8,205,398)</u>	<u>404,602</u>
Net change in fund balance	<u>\$ (1,512,527)</u>	888,614	<u>\$ 2,401,141</u>
Fund balance - beginning of year		2,563,642	
Fund balance - end of year		<u>\$ 3,452,256</u>	

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, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
Revenues			
Taxes and special assessments	\$ 23,274,490	\$ 25,316,578	\$ 2,042,088
Use of money and property	89,166	113,740	24,574
Miscellaneous	-	73,358	73,358
Total revenues	<u>23,363,656</u>	<u>25,503,676</u>	<u>2,140,020</u>
Expenditures			
General operations	60,000	136,971	(76,971)
Debt service:			
Principal retirements	37,847,442	21,125,000	16,722,442
Interest	7,226,627	7,081,511	145,116
Total expenditures	<u>45,134,069</u>	<u>28,343,482</u>	<u>16,790,587</u>
Excess of revenues over (under) expenditures	(21,770,413)	(2,839,806)	18,930,607
Other financing sources			
Transfers in	2,279,265	2,280,515	1,250
Net change in fund balance	<u>\$ (19,491,148)</u>	<u>(559,291)</u>	<u>\$ 18,931,857</u>
Fund balance - beginning of year		<u>21,929,118</u>	
Fund balance - end of year			
Budget basis		21,369,827	
Cash held by trustee		10,122,068	
Fund balance - end of year-GAAP basis		<u>\$ 31,491,895</u>	

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, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
Revenues			
Taxes and special assessments	\$ 4,374,700	\$ 4,399,211	\$ 24,511
Charge for services	27,000	-	(27,000)
Use of money and property	9,800	16,630	6,830
Total revenues	<u>4,411,500</u>	<u>4,415,841</u>	<u>4,341</u>
Expenditures			
General operations	30,000	22,659	7,341
Capital improvements	2,720,710	2,645,710	
Debt service	4,340,539	1,233,239	3,107,300
Total expenditures	<u>7,091,249</u>	<u>3,901,608</u>	<u>3,114,641</u>
Excess of revenues over (under) expenditures	<u>\$ (2,679,749)</u>	514,233	<u>\$ 3,193,982</u>
Fund balance - beginning of year		5,431,072	
Fund balance - end of year		<u>\$ 5,945,305</u>	

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, 2015

	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	\$ 22,461,605	\$ 20,475,988	\$ (1,985,617)	\$ -	\$ -	\$ -	\$ 22,461,605	\$ 20,475,988	\$ (1,985,617)
Sewer charges	18,957,378	17,794,925	(1,162,453)	-	-	-	18,957,378	17,794,925	(1,162,453)
Water and sewer connection charges	282,846	335,216	52,370	-	-	-	282,846	335,216	52,370
Sanitation charges and landfill fees	-	-	-	12,354,050	12,961,198	607,148	12,354,050	12,961,198	607,148
Use of money and property	32,887	34,653	1,766	24,000	23,707	(293)	56,887	58,360	1,473
Miscellaneous	956,009	1,375,461	419,452	-	-	-	956,009	1,375,461	419,452
Total revenues	<u>42,690,725</u>	<u>40,016,243</u>	<u>(2,674,482)</u>	<u>12,378,050</u>	<u>12,984,905</u>	<u>606,855</u>	<u>55,068,775</u>	<u>53,001,148</u>	<u>(2,067,627)</u>
Expenditures									
General operations	1,453,918	1,289,913	164,005	319,942	306,784	13,158	1,773,860	1,596,697	177,163
Public works	34,010,169	24,775,677	9,234,492	14,166,503	11,733,791	2,432,712	48,176,672	36,509,468	11,667,204
Debt service	10,370,104	8,876,755	1,493,349	-	-	-	10,370,104	8,876,755	1,493,349
Total expenditures	<u>45,834,191</u>	<u>34,942,345</u>	<u>10,891,846</u>	<u>14,486,445</u>	<u>12,040,575</u>	<u>2,445,870</u>	<u>60,320,636</u>	<u>46,982,920</u>	<u>13,337,716</u>
Excess of revenues over (under expenditures)	<u>(3,143,466)</u>	<u>5,073,898</u>	<u>8,217,364</u>	<u>(2,108,395)</u>	<u>944,330</u>	<u>3,052,725</u>	<u>(5,251,861)</u>	<u>6,018,228</u>	<u>11,270,089</u>
Other financing sources (uses)									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	(2,605,948)	(5,062,420)	(2,456,472)	(1,754,000)	(2,054,846)	(300,846)	(4,359,948)	(7,117,266)	(2,757,318)
Net other financing sources (uses)	<u>(2,605,948)</u>	<u>(5,062,420)</u>	<u>(2,456,472)</u>	<u>(1,754,000)</u>	<u>(2,054,846)</u>	<u>(300,846)</u>	<u>(4,359,948)</u>	<u>(7,117,266)</u>	<u>(2,757,318)</u>
Net change in net position	<u>\$ (5,749,414)</u>	<u>11,478</u>	<u>\$ 5,760,892</u>	<u>\$ (3,862,395)</u>	<u>(1,110,516)</u>	<u>\$ 2,751,879</u>	<u>\$ (9,611,809)</u>	<u>(1,099,038)</u>	<u>\$ 8,512,771</u>
Net position - beginning of year		8,033,760			4,895,734			12,929,494	
Net position - end of year		<u>\$ 8,045,238</u>			<u>\$ 3,785,218</u>			<u>\$ 11,830,456</u>	

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, 2015

	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	\$ 6,746,525	\$ 5,385,179	\$ (1,361,346)	\$ 13,625,010	\$ 14,465,507	\$ 840,497	\$ 5,896,629	\$ 6,456,466	\$ 559,837
Use of money and property	200	165	(35)	30,000	32,358	2,358	19,754	18,034	(1,720)
Total revenues	<u>6,746,725</u>	<u>5,385,344</u>	<u>(1,361,381)</u>	<u>13,655,010</u>	<u>14,497,865</u>	<u>842,855</u>	<u>5,916,383</u>	<u>6,474,500</u>	<u>558,117</u>
Expenditures									
General operations	-	-	-	19,260,901	15,392,719	3,868,182	10,222,367	4,014,696	6,207,671
Public works	6,797,510	5,354,304	1,443,206	-	-	-	-	-	-
Total expenditures	<u>6,797,510</u>	<u>5,354,304</u>	<u>1,443,206</u>	<u>19,260,901</u>	<u>15,392,719</u>	<u>3,868,182</u>	<u>10,222,367</u>	<u>4,014,696</u>	<u>6,207,671</u>
Excess of revenues over (under) expenditures	<u>(50,785)</u>	<u>31,040</u>	<u>81,825</u>	<u>(5,605,891)</u>	<u>(894,854)</u>	<u>4,711,037</u>	<u>(4,305,984)</u>	<u>2,459,804</u>	<u>6,765,788</u>
Other financing (uses)									
Transfers in	-	-	-	-	-	-	-	40,710	40,710
Transfers out	-	(39,101)	(39,101)	-	-	-	-	(1,819,486)	(1,819,486)
Net other financing (uses)	<u>-</u>	<u>(39,101)</u>	<u>(39,101)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,778,776)</u>	<u>(1,778,776)</u>
Net change in net position	<u>\$ (50,785)</u>	<u>(8,061)</u>	<u>\$ 42,724</u>	<u>\$ (5,605,891)</u>	<u>(894,854)</u>	<u>\$ 4,711,037</u>	<u>\$ (4,305,984)</u>	<u>681,028</u>	<u>\$ 4,987,012</u>
Net position - beginning of year		31,892			5,281,427			3,674,996	
Net position - end of year		<u>\$ 23,831</u>			<u>\$ 4,386,573</u>			<u>\$ 4,356,024</u>	

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, 2015

	Personal Computer Replacement			Total		
	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
Revenues						
Charge for services	\$ 825,641	\$ 826,498	\$ 857	\$ 27,093,805	\$ 27,133,650	\$ 39,845
Interest income	1,758	2,468	710	51,712	53,025	1,313
Total revenues	<u>827,399</u>	<u>828,966</u>	<u>1,567</u>	<u>27,145,517</u>	<u>27,186,675</u>	<u>41,158</u>
Expenditures						
General operations	768,287	417,393	350,894	30,251,555	19,824,808	10,426,747
Public works	-	-	-	6,797,510	5,354,304	1,443,206
Total expenditures	<u>768,287</u>	<u>417,393</u>	<u>350,894</u>	<u>37,049,065</u>	<u>25,179,112</u>	<u>11,869,953</u>
Excess of revenues over (under) expenditures	59,112	411,573	352,461	(9,903,548)	2,007,563	11,911,111
Other financing (uses)						
Transfers in	-	-	-	-	40,710	40,710
Transfers out	(327,915)	(327,915)	-	(327,915)	(2,186,502)	(1,858,587)
Net other financing sources (uses)	<u>(327,915)</u>	<u>(327,915)</u>	<u>-</u>	<u>(327,915)</u>	<u>(2,145,792)</u>	<u>(1,817,877)</u>
Net change in net position	<u>\$ (268,803)</u>	<u>83,658</u>	<u>\$ 352,461</u>	<u>\$ (10,231,463)</u>	<u>\$ (138,229)</u>	<u>\$ 10,093,234</u>
Net position - beginning of year		383,791			9,372,106	
Net position - end of year		<u>\$ 467,449</u>			<u>\$ 9,233,877</u>	



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, 2015

	<u>Central Garage</u>	<u>Risk Management</u>	<u>Vehicle Replacement</u>	<u>Personal Computer Replacement</u>	<u>Total</u>
Assets					
Current assets					
Cash and cash equivalents	\$ 94,782	\$ 6,768,014	\$ 4,009,646	\$ 527,367	\$ 11,399,809
Inventories and prepaid assets	289,769	35,094	-	-	324,863
Total current assets	<u>384,551</u>	<u>6,803,108</u>	<u>4,009,646</u>	<u>527,367</u>	<u>11,724,672</u>
Noncurrent assets					
Restricted assets					
Due from other funds	-	-	1,980,000	-	1,980,000
Due from other governments	-	-	10,085	-	10,085
Deposit	-	11,000	-	-	11,000
Total restricted assets	<u>-</u>	<u>11,000</u>	<u>1,990,085</u>	<u>-</u>	<u>2,001,085</u>
Capital assets	89,954	-	48,631,067	228,269	48,949,290
Less accumulated depreciation	<u>(89,954)</u>	<u>-</u>	<u>(26,870,097)</u>	<u>(228,269)</u>	<u>(27,188,320)</u>
Net capital assets	<u>-</u>	<u>-</u>	<u>21,760,970</u>	<u>-</u>	<u>21,760,970</u>
Total assets	<u>\$ 384,551</u>	<u>\$ 6,814,108</u>	<u>\$ 27,760,701</u>	<u>\$ 527,367</u>	<u>\$ 35,486,727</u>
Liabilities					
Current liabilities					
Accounts and claims payable	\$ 128,587	\$ 1,672,662	\$ 419,492	\$ -	\$ 2,220,741
Compensated absences	56,479	6,170	-	-	62,649
Total current liabilities	<u>185,066</u>	<u>1,678,832</u>	<u>419,492</u>	<u>-</u>	<u>2,283,390</u>
Noncurrent liabilities					
Deposit	-	11,000	-	-	11,000
Compensated absences	13,530	5,192	-	-	18,722
Total noncurrent liabilities	<u>13,530</u>	<u>16,192</u>	<u>-</u>	<u>-</u>	<u>29,722</u>
Total liabilities	<u>198,596</u>	<u>1,695,024</u>	<u>419,492</u>	<u>-</u>	<u>2,313,112</u>
Net position					
Net investment in capital assets	-	-	21,760,970	-	21,760,970
Unrestricted	185,955	5,119,084	5,580,239	527,367	11,412,645
Total net position	<u>185,955</u>	<u>5,119,084</u>	<u>27,341,209</u>	<u>527,367</u>	<u>33,173,615</u>
Total liabilities and net position	<u>\$ 384,551</u>	<u>\$ 6,814,108</u>	<u>\$ 27,760,701</u>	<u>\$ 527,367</u>	<u>\$ 35,486,727</u>

City of Olathe, Kansas
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended December 31, 2015

	Central Garage	Risk Management	Vehicle Replacement	Personal Computer Replacement	Total
Operating revenues					
Charges for services	\$ 5,385,179	\$ 14,465,507	\$ 5,802,031	\$ 826,398	\$ 26,479,115
Operating expenses					
Administration and general	-	15,215,275	237,822	370,717	15,823,814
Depreciation	-	-	4,333,042	-	4,333,042
Equipment maintenance	5,393,301	-	-	-	5,393,301
Total operating expenses	5,393,301	15,215,275	4,570,864	370,717	25,550,157
Operating income (loss)	(8,122)	(749,768)	1,231,167	455,681	928,958
Nonoperating revenues (expenses)					
Intergovernmental	-	-	456,960	-	456,960
Interest income	165	32,358	18,034	2,468	53,025
Gain (loss) from sale of equipment	-	-	(21,710)	100	(21,610)
Total nonoperating revenues (expenses)	165	32,358	453,284	2,568	488,375
Net income (loss)	(7,957)	(717,410)	1,684,451	458,249	1,417,333
Transfers in	-	-	40,710	-	40,710
Transfers out	(39,101)	-	(1,819,486)	(327,915)	(2,186,502)
Net income (loss)	(47,058)	(717,410)	(94,325)	130,334	(728,459)
Net position - beginning of year	233,013	5,836,494	27,435,534	397,033	33,902,074
Net position - end of year	\$ 185,955	\$ 5,119,084	\$ 27,341,209	\$ 527,367	\$ 33,173,615



City of Olathe, Kansas
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2015

	<u>Central Garage</u>	<u>Risk Management</u>	<u>Vehicle Replacement</u>	<u>Personal Computer Replacement</u>	<u>Total</u>
Cash Flows from Operating Activities					
Receipts from customers and users	\$ 6,182,793	\$ 14,465,507	\$ 6,268,905	\$ 826,398	\$ 27,743,603
Payments to suppliers	(4,467,306)	(14,932,999)	134,834	(370,717)	(19,636,188)
Payments to employees	(1,678,876)	(395,964)	-	-	(2,074,840)
Net cash provided by (used in) operating activities	<u>36,611</u>	<u>(863,456)</u>	<u>6,403,739</u>	<u>455,681</u>	<u>6,032,575</u>
Cash Flows from Noncapital Financing Activities					
Transfers from other funds	-	-	40,710	-	40,710
Transfers to other funds	(39,101)	-	(1,819,486)	(327,915)	(2,186,502)
Net cash provided by (used in) noncapital financing activities	<u>(39,101)</u>	<u>-</u>	<u>(1,778,776)</u>	<u>(327,915)</u>	<u>(2,145,792)</u>
Cash Flows from Capital and Related Financing Activities					
Acquisitions and construction of capital assets	-	-	(4,017,462)	-	(4,017,462)
Proceeds from sale of capital assets	-	-	-	100	100
Net cash (used in) capital and related financing activities	<u>-</u>	<u>-</u>	<u>(4,017,462)</u>	<u>100</u>	<u>(4,017,362)</u>
Cash Flows from Investing Activities					
Interest received	165	32,358	18,034	2,468	53,025
Net cash provided by (used in) investing activities	<u>165</u>	<u>32,358</u>	<u>18,034</u>	<u>2,468</u>	<u>53,025</u>
Net increase (decrease) in cash and cash equivalents	(2,325)	(831,098)	625,535	130,334	(77,554)
Cash and cash equivalents - beginning of year	97,107	7,599,112	3,384,111	397,033	11,477,363
Cash and cash equivalents - end of year	<u>\$ 94,782</u>	<u>\$ 6,768,014</u>	<u>\$ 4,009,646</u>	<u>\$ 527,367</u>	<u>\$ 11,399,809</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	\$ (8,122)	\$ (749,768)	\$ 1,231,167	\$ 455,681	\$ 928,958
Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities					
Depreciation and amortization	-	-	4,333,042	-	4,333,042
Intergovernmental	-	-	456,960	-	456,960
Changes in assets and liabilities					
(Increase) in inventories and prepaid assets	49,864	(35,094)	-	-	14,770
(Increase) in due from other governments / other funds	-	-	9,914	-	9,914
Increase (decrease) in accounts and claims payable	(4,199)	(73,080)	372,656	-	295,377
Increase in compensated absences	(932)	(5,514)	-	-	(6,446)
Total adjustments	<u>44,733</u>	<u>(113,688)</u>	<u>5,172,572</u>	<u>-</u>	<u>5,103,617</u>
Net cash provided by (used in) operating activities	<u>\$ 36,611</u>	<u>\$ (863,456)</u>	<u>\$ 6,403,739</u>	<u>\$ 455,681</u>	<u>\$ 6,032,575</u>



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 activities 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.

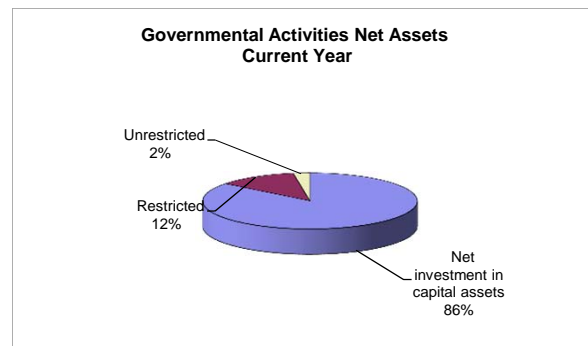
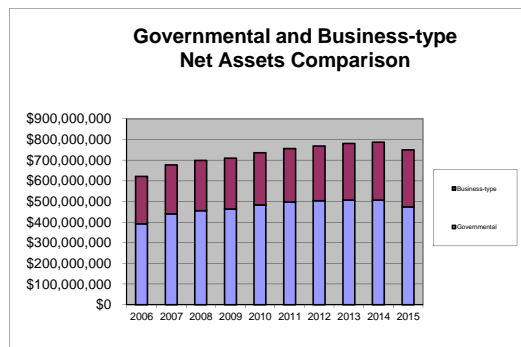
20 - 24

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



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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net investment in capital assets	\$ 254,841,312	\$ 261,882,663	\$ 280,224,650	\$ 297,492,212	\$ 319,933,077	\$ 356,108,246	\$ 370,080,499	\$ 386,512,735	\$ 370,692,154	\$ 405,739,543
Restricted	46,321,539	94,542,378	94,759,587	76,203,831	88,033,948	83,662,819	73,089,869	66,146,861	57,503,742	56,702,281
Unrestricted	90,591,125	83,204,514	79,656,316	89,312,519	75,553,774	57,707,288	60,248,106	54,031,890	78,729,704	11,859,425
Total governmental activities net position	<u>\$ 391,753,976</u>	<u>\$ 439,629,555</u>	<u>\$ 454,640,553</u>	<u>\$ 463,008,562</u>	<u>\$ 483,520,799</u>	<u>\$ 497,478,353</u>	<u>\$ 503,418,474</u>	<u>\$ 506,691,486</u>	<u>\$ 506,925,600</u>	<u>\$ 474,301,249</u>
Business-type activities										
Net investment in capital assets	\$ 210,257,947	\$ 219,405,747	\$ 226,244,029	\$ 228,819,361	\$ 227,495,313	\$ 228,011,260	\$ 225,571,867	\$ 232,476,327	\$ 239,782,857	\$ 244,478,470
Restricted	1,544,000	5,953,021	5,167,008	3,858,058	7,096,586	6,961,829	8,526,843	7,973,798	8,313,028	9,928,840
Unrestricted	18,012,845	12,690,426	13,046,355	13,943,156	17,429,714	23,210,572	30,414,894	33,057,503	32,283,790	21,204,555
Total business-type activities net position	<u>\$ 229,814,792</u>	<u>\$ 238,049,194</u>	<u>\$ 244,457,392</u>	<u>\$ 246,620,575</u>	<u>\$ 252,021,613</u>	<u>\$ 258,183,661</u>	<u>\$ 264,513,604</u>	<u>\$ 273,507,628</u>	<u>\$ 280,379,675</u>	<u>\$ 275,611,865</u>
Primary government										
Net investment in capital assets	\$ 465,099,259	\$ 481,288,410	\$ 506,468,679	\$ 526,311,573	\$ 547,428,390	\$ 584,119,506	\$ 595,652,366	\$ 618,989,062	\$ 610,475,011	\$ 650,218,013
Restricted	47,865,539	100,495,399	99,926,595	80,061,889	95,130,534	90,624,648	81,616,712	74,120,659	65,816,770	66,631,121
Unrestricted	108,603,970	95,894,940	92,702,671	103,255,675	92,983,488	80,917,860	90,663,000	87,089,393	111,013,494	33,063,980
Total primary government activities net position	<u>\$ 621,568,768</u>	<u>\$ 677,678,749</u>	<u>\$ 699,097,945</u>	<u>\$ 709,629,137</u>	<u>\$ 735,542,412</u>	<u>\$ 755,662,014</u>	<u>\$ 767,932,078</u>	<u>\$ 780,199,114</u>	<u>\$ 787,305,275</u>	<u>\$ 749,913,114</u>



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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities:										
General government	\$ 37,677,535	\$ 31,810,323	\$ 24,440,387	\$ 21,386,706	\$ 22,633,081	\$ 22,104,286	\$ 21,758,241	\$ 22,936,723	\$ 22,648,134	\$ 22,935,349
Public safety	33,421,326	35,955,257	35,830,325	35,456,647	37,472,183	35,809,361	36,378,578	38,518,949	41,446,154	41,065,601
Public works	36,187,643	37,394,200	40,357,941	38,794,754	41,971,765	46,931,481	42,001,073	48,561,843	72,495,919	70,291,556
Community services	9,575,895	10,790,076	8,457,058	8,834,620	12,182,817	11,823,644	10,740,780	10,960,318	12,509,572	13,744,699
Development services	2,720,997	2,877,028	5,959,292	3,674,810	-	-	-	-	-	-
Interest on long-term debt	5,301,368	8,238,252	9,838,955	10,706,329	10,352,168	11,892,275	10,001,890	11,049,332	8,620,577	8,496,066
Total governmental activities	<u>124,884,764</u>	<u>127,065,136</u>	<u>124,883,958</u>	<u>118,853,866</u>	<u>124,612,014</u>	<u>128,561,047</u>	<u>120,880,562</u>	<u>132,027,165</u>	<u>157,720,356</u>	<u>156,533,271</u>
Business-type activities:										
Water and sewer	23,806,526	33,076,058	26,312,690	28,516,405	27,921,388	32,419,382	38,637,842	34,389,123	35,799,511	37,538,379
Solid waste	8,039,441	9,195,502	9,318,242	10,676,512	9,411,051	10,297,550	10,934,142	10,738,154	11,740,294	11,854,241
Golf course	-	-	-	-	-	-	-	-	-	-
Total business-type activities	<u>31,845,967</u>	<u>42,271,560</u>	<u>35,630,932</u>	<u>39,192,917</u>	<u>37,332,439</u>	<u>42,716,932</u>	<u>49,571,984</u>	<u>45,127,277</u>	<u>47,539,805</u>	<u>49,392,620</u>
Total primary government expenses	<u>\$ 156,730,731</u>	<u>\$ 169,336,696</u>	<u>\$ 160,514,890</u>	<u>\$ 158,046,783</u>	<u>\$ 161,944,453</u>	<u>\$ 171,277,979</u>	<u>\$ 170,452,546</u>	<u>\$ 177,154,442</u>	<u>\$ 205,260,161</u>	<u>\$ 205,925,891</u>
Program Revenues										
Governmental activities:										
Charges for services										
General government	\$ 1,783,668	\$ 3,449,451	\$ 3,128,686	\$ 3,170,948	\$ 3,932,061	\$ 3,872,262	\$ 3,632,230	\$ 3,965,047	\$ 3,756,217	\$ 4,155,156
Public safety	3,568,672	3,483,805	3,232,142	3,920,737	3,845,049	4,129,741	4,557,513	4,523,774	4,537,798	4,315,123
Public works	6,399,932	5,537,982	4,171,670	3,847,801	4,403,430	4,664,605	6,536,730	5,688,762	7,772,860	7,558,545
Community services	1,773,019	1,499,536	1,221,493	1,321,447	1,744,871	2,114,043	2,300,397	2,380,047	3,709,630	4,780,084
Development services	1,535,322	1,273,264	530,262	322,142	-	-	-	-	-	-
Operating grants and contributions	1,775,844	2,205,429	2,368,671	2,363,067	2,183,878	2,331,708	2,110,344	2,277,453	2,338,420	2,642,863
Capital grants and contributions	38,809,778	64,433,457	30,372,789	19,581,268	37,416,271	25,256,895	12,379,269	20,204,382	21,906,462	27,214,326
Total governmental activities program revenue	<u>55,646,235</u>	<u>81,882,924</u>	<u>45,025,713</u>	<u>34,527,410</u>	<u>53,525,560</u>	<u>42,369,254</u>	<u>31,516,483</u>	<u>39,039,465</u>	<u>44,021,387</u>	<u>50,666,097</u>
Business-type activities:										
Charges for services										
Water and sewer	29,805,473	35,952,339	25,777,540	27,589,229	29,555,094	31,887,691	38,143,966	37,135,057	38,100,769	38,981,204
Solid waste	8,300,341	9,032,917	9,767,231	10,970,942	11,175,942	11,830,205	12,151,751	12,477,796	12,511,659	12,965,412
Golf course	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	-	846	-	-	-	-	-	-	-	-
Capital grants and contributions	10,616,548	3,919,774	5,859,708	2,482,560	1,606,186	4,206,897	5,241,451	3,178,066	2,742,115	2,452,669
Total business-type activities program revenues	<u>48,722,362</u>	<u>48,905,876</u>	<u>41,404,479</u>	<u>41,042,731</u>	<u>42,337,222</u>	<u>47,924,793</u>	<u>55,537,168</u>	<u>52,790,919</u>	<u>53,354,543</u>	<u>54,399,285</u>
Total primary government program revenues	<u>\$ 104,368,597</u>	<u>\$ 130,788,800</u>	<u>\$ 86,430,192</u>	<u>\$ 75,570,141</u>	<u>\$ 95,862,782</u>	<u>\$ 90,294,047</u>	<u>\$ 87,053,651</u>	<u>\$ 91,830,384</u>	<u>\$ 97,375,930</u>	<u>\$ 105,065,382</u>
Net (expense)/revenue										
Governmental activities	\$ (69,238,529)	\$ (45,182,212)	\$ (79,858,245)	\$ (84,326,456)	\$ (71,086,454)	\$ (86,191,793)	\$ (89,364,079)	\$ (92,987,700)	\$ (113,698,969)	\$ (105,867,174)
Business-type activities	16,876,395	6,634,316	5,773,547	1,849,814	5,004,783	5,207,861	5,965,184	7,663,642	5,814,738	5,006,665
Total primary government net expense	<u>\$ (52,362,134)</u>	<u>\$ (38,547,896)</u>	<u>\$ (74,084,698)</u>	<u>\$ (82,476,642)</u>	<u>\$ (66,081,671)</u>	<u>\$ (80,983,932)</u>	<u>\$ (83,398,895)</u>	<u>\$ (85,324,058)</u>	<u>\$ (107,884,231)</u>	<u>\$ (100,860,509)</u>

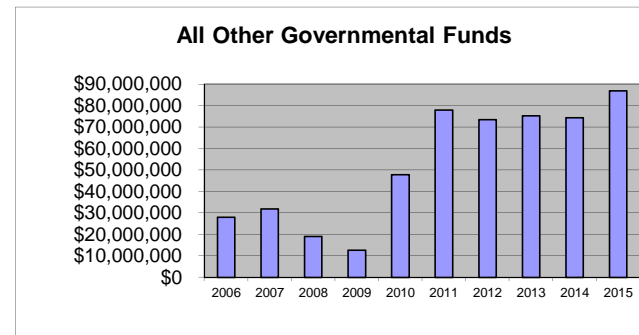
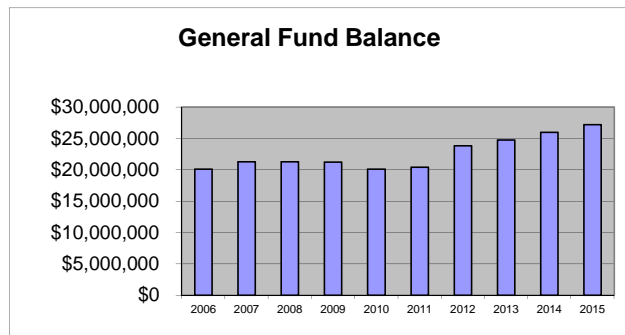
City of Olathe, Kansas
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General revenues and other changes in net position										
Governmental activities:										
Taxes										
Property taxes	\$ 32,558,421	\$ 35,550,691	\$ 38,923,447	\$ 39,530,183	\$ 38,567,592	\$ 37,388,645	\$ 37,803,773	\$ 36,970,133	\$ 38,287,765	\$ 40,134,797
Sales taxes	39,706,793	40,523,898	39,937,282	37,525,065	37,673,077	41,925,494	43,562,332	44,683,816	55,535,354	59,758,735
Franchise taxes	7,131,807	8,063,261	9,087,300	8,452,020	9,264,850	9,676,295	9,857,257	10,683,439	11,346,571	11,134,962
Other taxes	770,973	847,352	865,892	823,184	838,247	879,012	1,015,736	1,333,354	1,260,272	1,462,228
Investment earnings	5,723,310	6,891,722	4,560,797	2,762,325	98,681	961,178	1,462,684	378,433	642,836	602,315
Gain on sale of capital assets	109,124	-	-	-	-	-	-	-	-	-
Miscellaneous	737,075	1,172,183	1,394,572	3,499,966	5,092,981	1,419,911	2,118,260	2,318,868	6,671,826	1,825,250
Transfers	(522,250)	8,684	99,953	101,722	63,263	544,935	823,525	(107,331)	188,459	2,376,172
Total governmental activities	<u>86,215,253</u>	<u>93,057,791</u>	<u>94,869,243</u>	<u>92,694,465</u>	<u>91,598,691</u>	<u>92,795,470</u>	<u>96,643,567</u>	<u>96,260,712</u>	<u>113,933,083</u>	<u>117,294,459</u>
Business-type activities:										
Investment earnings	775,791	981,143	444,586	139,245	(50,857)	178,500	382,636	119,081	230,865	183,741
Gain on sale of capital assets	-	-	-	-	-	-	-	-	-	-
Miscellaneous	282,999	627,627	290,018	275,846	510,375	1,320,622	1,148,332	1,103,970	1,014,903	1,108,050
Transfers	522,250	(8,684)	(99,953)	(101,722)	(63,263)	(544,935)	(823,525)	107,331	(188,459)	(2,376,172)
Total business-type activities	<u>1,581,040</u>	<u>1,600,086</u>	<u>634,651</u>	<u>313,369</u>	<u>396,255</u>	<u>954,187</u>	<u>707,443</u>	<u>1,330,382</u>	<u>1,057,309</u>	<u>(1,084,381)</u>
Total primary government	<u>\$ 87,796,293</u>	<u>\$ 94,657,877</u>	<u>\$ 95,503,894</u>	<u>\$ 93,007,834</u>	<u>\$ 91,994,946</u>	<u>\$ 93,749,657</u>	<u>\$ 97,351,010</u>	<u>\$ 97,591,094</u>	<u>\$ 114,990,392</u>	<u>\$ 116,210,078</u>
Change in Net Position										
Governmental activities	\$ 16,976,724	\$ 47,875,579	\$ 15,010,998	\$ 8,368,009	\$ 20,512,237	\$ 6,603,677	\$ 7,279,488	\$ 3,273,012	\$ 234,114	\$ 11,427,285
Business-type activities	18,457,435	8,234,402	6,408,198	2,163,183	5,401,038	6,162,048	6,672,627	8,994,024	6,872,047	3,922,284
Total primary government	<u>\$ 35,434,159</u>	<u>\$ 56,109,981</u>	<u>\$ 21,419,196</u>	<u>\$ 10,531,192</u>	<u>\$ 25,913,275</u>	<u>\$ 12,765,725</u>	<u>\$ 13,952,115</u>	<u>\$ 12,267,036</u>	<u>\$ 7,106,161</u>	<u>\$ 15,349,569</u>

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

	Fiscal Year									
	2006	2007	2008	2009	2010 (1)	2011	2012	2013	2014	2015
General Fund										
Reserved	\$ 738,136	\$ 1,545,473	\$ 1,133,983	\$ 1,352,091	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	19,356,973	19,730,159	20,157,984	19,881,271	-	-	-	-	-	-
Nonspendable	-	-	-	-	300,950	601,488	826,094	372,171	360,834	273,262
Assigned	-	-	-	-	1,803,838	604,793	423,495	691,195	575,716	308,646
Unassigned	-	-	-	-	17,999,342	19,204,392	22,614,927	23,714,931	25,029,566	26,653,214
Total general fund	\$ 20,095,109	\$ 21,275,632	\$ 21,291,967	\$ 21,233,362	\$ 20,104,130	\$ 20,410,673	\$ 23,864,516	\$ 24,778,297	\$ 25,966,116	\$ 27,235,122
All Other Governmental Funds										
Reserved	\$ 25,118,749	\$ 29,946,051	\$ 36,550,884	\$ 33,452,771	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in										
Special revenue funds	25,493,536	31,916,723	28,817,453	23,531,448	-	-	-	-	-	-
Capital projects fund	(22,655,912)	(30,060,733)	(46,347,007)	(44,296,712)	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	-	80,154
Restricted	-	-	-	-	42,937,040	64,415,415	56,870,747	57,084,752	52,559,149	58,520,874
Committed	-	-	-	-	11,943,046	10,637,847	12,011,354	11,259,718	12,690,925	16,931,314
Assigned	-	-	-	-	1,150,000	3,092,000	4,919,000	6,868,058	9,059,939	11,339,204
Unassigned	-	-	-	-	(8,151,727)	(265,224)	(356,083)	-	-	-
Total all other government	\$ 27,956,373	\$ 31,802,041	\$ 19,021,330	\$ 12,687,507	\$ 47,878,359	\$ 77,880,038	\$ 73,445,018	\$ 75,212,528	\$ 74,310,013	\$ 86,871,546

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

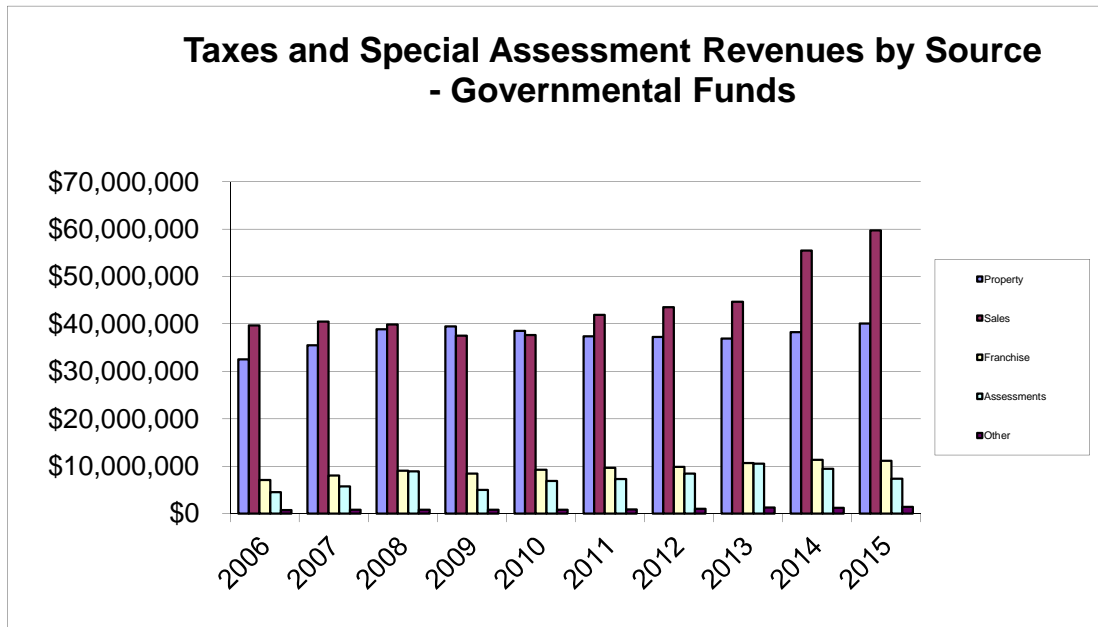


City of Olathe, Kansas
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Taxes and special assessments	\$ 84,697,683	\$ 90,754,821	\$ 97,721,810	\$ 91,334,541	\$ 93,278,764	\$ 97,186,011	\$ 100,151,808	\$ 104,216,196	\$ 115,878,933	\$ 119,895,961
Intergovernmental	11,732,742	40,832,456	18,469,344	14,506,377	20,449,434	10,649,241	8,537,462	11,434,840	14,914,113	12,389,145
Licenses and permits	1,561,945	1,497,666	1,068,989	897,555	813,254	801,090	1,292,246	1,219,515	1,462,444	2,054,140
Fines, forfeitures, and penalties	3,093,526	3,047,531	2,816,600	3,375,876	3,323,570	3,605,967	4,102,130	4,028,710	3,973,992	3,866,565
Charges for services	10,405,142	10,698,841	8,398,664	8,309,644	9,788,587	10,373,594	11,632,494	11,309,405	14,340,069	14,888,203
Use of money and property	5,199,960	6,184,537	4,275,573	2,662,741	106,061	897,601	1,450,621	332,055	569,071	549,290
Miscellaneous	737,075	1,172,183	1,394,572	3,258,702	2,652,214	1,327,317	1,594,024	2,984,067	6,479,238	1,846,859
Total revenues	<u>117,428,073</u>	<u>154,188,035</u>	<u>134,145,552</u>	<u>124,345,436</u>	<u>130,411,884</u>	<u>124,840,821</u>	<u>128,760,785</u>	<u>135,524,788</u>	<u>157,617,860</u>	<u>155,490,163</u>
Expenditures										
General government	36,583,898	30,169,035	23,313,768	20,302,744	21,383,165	21,003,812	20,364,416	21,332,265	21,094,027	22,375,960
Public safety	31,897,840	33,614,880	34,354,585	34,293,288	35,962,013	35,062,536	34,812,525	36,754,816	39,565,726	41,058,833
Public works	12,913,092	13,690,326	14,557,425	13,943,279	12,818,237	12,927,181	12,781,679	14,417,388	14,816,298	15,450,364
Community services	9,250,648	10,206,734	8,090,482	8,588,339	11,877,736	10,281,567	9,964,083	10,163,238	11,699,573	13,142,640
Development services	2,464,599	2,529,592	3,203,016	3,632,333	555,790	-	-	-	-	-
Capital improvements	49,814,606	77,614,339	71,127,640	42,068,750	41,708,828	19,185,356	17,731,294	45,828,161	57,620,792	44,172,182
Debt service										
Principal retirements	16,473,980	17,973,278	18,993,650	20,969,622	20,526,463	21,338,779	24,321,309	24,980,629	28,371,830	24,098,465
Interest and fiscal charges	6,137,525	8,484,217	10,445,658	10,191,231	10,681,749	12,308,753	10,282,122	9,026,964	9,185,557	8,718,545
Total expenditures	<u>165,536,188</u>	<u>194,282,401</u>	<u>184,086,224</u>	<u>153,989,586</u>	<u>155,513,981</u>	<u>132,107,984</u>	<u>130,257,428</u>	<u>162,503,461</u>	<u>182,353,803</u>	<u>169,016,989</u>
Excess of revenues over (under) expenditures	<u>(48,108,115)</u>	<u>(40,094,366)</u>	<u>(49,940,672)</u>	<u>(29,644,150)</u>	<u>(25,102,097)</u>	<u>(7,267,163)</u>	<u>(1,496,643)</u>	<u>(26,978,673)</u>	<u>(24,735,943)</u>	<u>(13,526,826)</u>
Other financing sources (uses)										
Issuance of bonds	42,545,000	44,125,000	35,400,000	23,010,000	53,148,000	28,100,000	3,170,000	22,165,000	22,220,000	11,695,000
Issuance of refunding bonds	-	-	-	-	-	8,835,000	3,335,000	5,165,000	4,260,000	8,290,000
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)
Premium on general obligation bonds	654,115	561,191	1,676,343	-	5,500,575	2,483,846	309,409	1,905,100	1,200,740	1,759,969
Transfers in	28,166,940	17,385,451	14,036,309	15,939,644	16,794,058	23,594,270	25,703,478	25,842,153	27,924,819	35,612,943
Transfers out	(28,663,987)	(16,951,085)	(13,936,356)	(15,697,922)	(16,278,916)	(22,847,731)	(24,757,393)	(25,655,128)	(27,393,567)	(31,090,979)
Total other financing sources (uses)	<u>42,702,068</u>	<u>45,120,557</u>	<u>37,176,296</u>	<u>23,251,722</u>	<u>59,163,717</u>	<u>37,575,385</u>	<u>515,466</u>	<u>29,659,964</u>	<u>25,021,247</u>	<u>23,816,933</u>
Net change in fund balances	<u>\$ (5,406,047)</u>	<u>\$ 5,026,191</u>	<u>\$ (12,764,376)</u>	<u>\$ (6,392,428)</u>	<u>\$ 34,061,620</u>	<u>\$ 30,308,222</u>	<u>\$ (981,177)</u>	<u>\$ 2,681,291</u>	<u>\$ 285,304</u>	<u>\$ 10,290,107</u>
Debt service as a percentage of noncapital expenditures	19.6%	22.5%	25.3%	27.3%	28.4%	28.0%	30.4%	27.2%	24.5%	21.9%

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
2006	\$ 32,558,421	\$ 39,706,793	\$ 7,131,807	\$ 4,529,689	\$ 770,973	\$ 84,697,683
2007	35,550,691	40,523,898	8,063,261	5,769,619	847,352	90,754,821
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
Change 2006 to 2015	23.27%	50.50%	56.13%	63.48%	89.66%	41.56%



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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Retail Trade										
(Big Box Retail, Grocery, Electronics)	\$ 13,776,238	\$ 13,899,061	\$ 13,888,804	\$ 13,238,004	\$ 13,319,118	\$ 14,372,193	\$ 14,838,908	\$ 15,434,172	\$ 17,474,368	\$ 21,654,523
Accommodation & Food Services										
(Hotel, Restaurant)	1,969,574	2,118,186	2,277,762	2,249,410	2,255,334	2,410,568	2,524,117	2,573,292	698,133	836,166
Utilities										
(Gas, Electric)	1,328,028	1,405,563	1,531,469	1,503,487	1,582,942	1,654,295	1,618,624	1,725,732	2,078,355	2,421,297
Information										
(Newsprint, Publishing)	800,898	1,060,532	1,116,833	1,144,893	1,174,579	1,212,359	1,273,169	1,283,752	1,605,851	1,966,346
Wholesale Trade										
(Wholesale Materials)	1,014,892	961,908	919,123	668,273	751,037	967,502	911,285	973,698	1,220,136	1,593,026
Manufacturing										
(Food, Beverage, Paper, Machinery)	845,003	750,185	683,550	542,126	532,486	565,698	637,218	611,627	811,627	967,271
Other Services										
(Auto Repair, Laundry)	666,628	703,340	672,897	673,127	646,856	694,384	663,561	674,440	824,551	1,047,467
Administrative, Support, Waste Management, & Remediation Services	222,905	231,479	220,864	179,478	168,043	191,600	191,995	200,444	229,120	287,092
Other	1,724,797	1,645,458	1,522,889	1,378,575	1,675,706	1,370,760	1,401,392	1,545,115	1,812,842	2,520,342
Total	<u>\$ 22,348,962</u>	<u>\$ 22,775,712</u>	<u>\$ 22,834,191</u>	<u>\$ 21,577,373</u>	<u>\$ 22,106,101</u>	<u>\$ 23,439,359</u>	<u>\$ 24,060,269</u>	<u>\$ 25,022,272</u>	<u>\$ 26,754,983</u>	<u>\$ 33,293,530</u>

Source: Kansas Department of Revenue

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 Kansas (1)	Total	
	General	Parks (2)	Streets (6)	General	Public Safety	Stormwater	Economic Development (3)	Public Safety Capital (4)			Education Research Triangle (5)
2006	1.000%	0.125%	-	0.500%	0.250%	0.100%	0.250%			5.300%	7.525%
2007	1.000%	0.125%	-	0.500%	0.250%	0.100%	0.250%			5.300%	7.525%
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%

Source: Kansas Department of Revenue

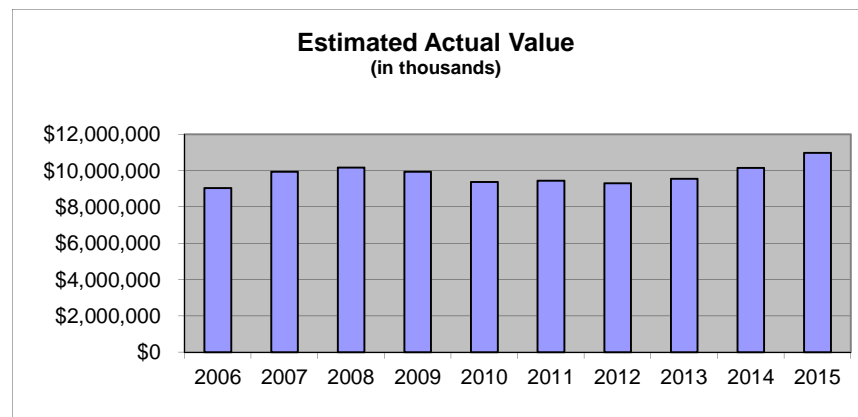
- (1) The State of Kansas increased its sales tax rate effective July 2010 and then decreased its sales tax rate effective July 2013. The State then increased its sales tax rate effective July 2015.
- (2) The citizens of Olathe approved an 1/8% sales tax for various park projects. The tax was in effect from April 2000 through March 2005. The citizens of Olathe approved an extension 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.

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
2006	\$ 1,120,865	\$ 38,423	\$ 75,692	\$ 1,234,980	\$ 9,048,751	24.843
2007	1,240,332	38,990	69,810	1,349,132	9,946,030	25.030
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

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.



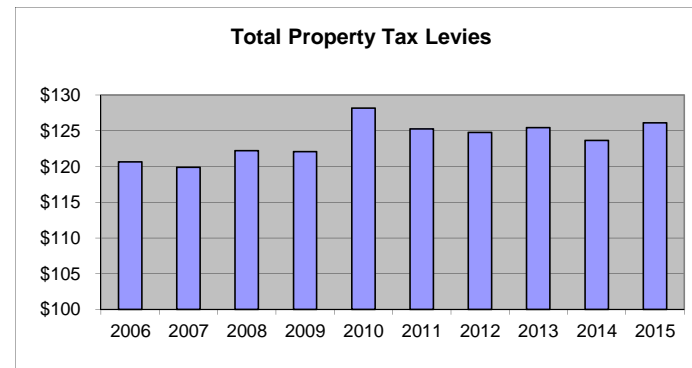
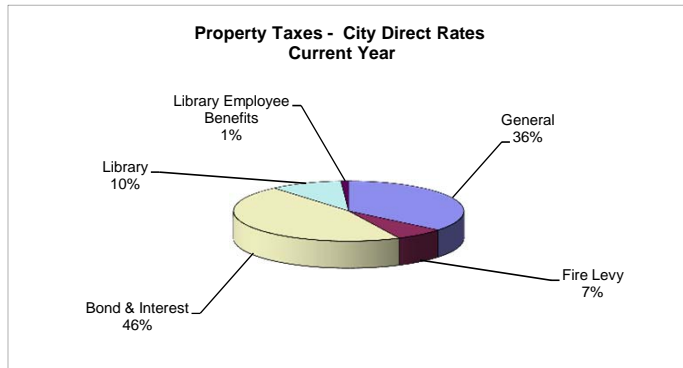
**City of Olathe, Kansas
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years**

Year	City Direct Rates						Overlapping Rates (1)					
	General	Fire Levy	Bond and Interest	Library	Library Employee Benefits	Total	State	County	Community College	County Park	Olathe Schools	Total
2006	10.069	1.689	10.318	2.498	0.269	24.843	1.500	17.949	8.872	2.290	65.180	120.634
2007	9.900	1.707	10.656	2.500	0.267	25.030	1.500	17.985	8.749	2.295	64.343	119.902
2008	9.843	1.694	10.596	2.507	0.268	24.908	1.500	17.767	8.768	2.341	66.913	122.197
2009	9.524	1.702	10.844	2.500	0.267	24.837	1.500	17.716	8.784	2.346	66.900	122.083
2010	9.270	1.703	11.100	2.500	0.267	24.840	1.500	17.748	8.799	2.350	72.917	128.154
2011	9.050	1.710	11.388	2.508	0.268	24.924	1.500	17.700	8.872	2.343	69.924	125.263
2012	9.003	1.702	11.328	2.495	0.266	24.794	1.500	17.717	8.785	2.344	69.618	124.758
2013	9.010	1.705	11.337	2.500	0.266	24.818	1.500	17.745	9.551	2.347	69.486	125.447
2014	8.871	1.709	11.351	2.504	0.266	24.701	1.500	17.764	9.461	2.349	67.868	123.643
2015	8.866	1.710	11.345	2.502	0.265	24.688	1.500	19.582	9.469	3.101	67.764	126.104

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.



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

<u>Taxpayer Name</u>	<u>Type of Property</u>	<u>2015</u>			<u>2006</u>		
		<u>Total Assessed Value (1)</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>	<u>Total Assessed Value (1)</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>
GARMIN International	Manufacturing	\$ 15,307,695	1	1.05%	\$ 27,788,079	1	2.25%
KCPL	Utility	11,656,931	2	0.80%	10,409,278	3	0.84%
Foodbrands America Inc.	Manufacturing	9,876,755	3	0.68%			
Atmos Energy	Utility	9,431,792	4	0.65%	8,017,161	8	0.65%
Westar Energy	Utility	7,266,247	5	0.50%	5,386,914	10	0.44%
Honeywell (Bendix/King)	Aircraft communications	7,104,763	6	0.49%	8,536,002	6	0.69%
Aldi		7,054,250	7	0.48%			
M-III Olathe Station Property LLC	Retail	6,523,752	8	0.45%			
Mid-Central Sysco	Food distributor	6,118,827	9	0.42%	10,401,175	4	0.84%
Wal-mart	Retail	5,020,502	10	0.34%	-		-
Great Mall of the Great Plains	Retail				11,440,501	2	0.93%
Southwestern Bell Telephone	Utility				9,484,060	5	0.77%
Karbank	Retail Development				8,100,555	7	0.66%
Olathe Medical Center	Hospital				7,518,271	9	0.61%
		<u>\$ 85,361,514</u>		<u>5.84%</u>	<u>\$ 25,102,886</u>		<u>8.68%</u>

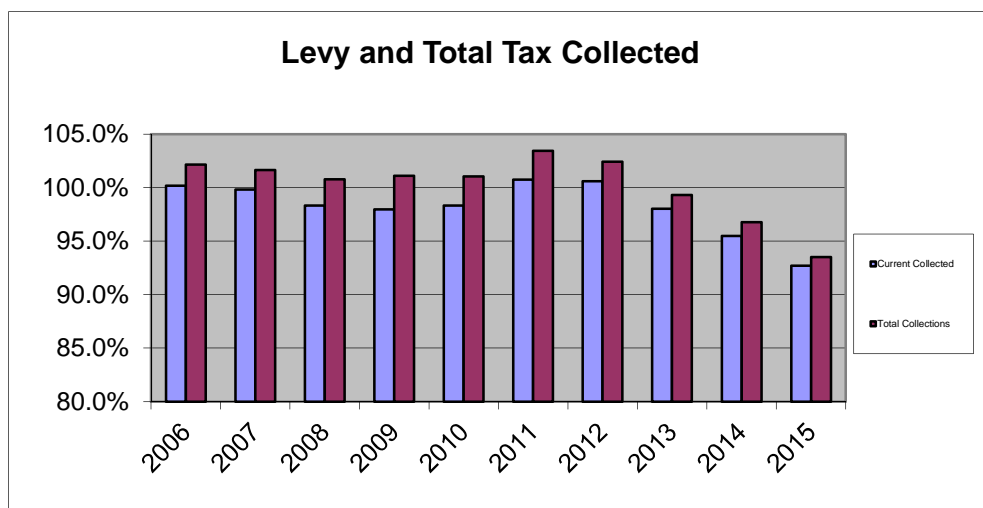
(1) Source: Real estate and personal property valuation from Johnson County Appraiser's Office; utility valuation from Johnson County Clerk's Office.

**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
2006	\$ 28,038,320	\$ 28,091,326	100.2%	\$ 549,361	\$ 28,640,687	102.1%
2007	30,649,140	30,589,878	99.8%	560,852	31,150,730	101.6%
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	31,749,238	31,116,334	98.0%	409,831	31,526,165	99.3%
2014	33,439,317	31,927,827	95.5%	425,649	32,353,476	96.8%
2015	36,056,353	33,426,577	92.7%	288,910	33,715,487	93.5%

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 current levy to be greater than 100%.
- (2) The total levy is the original levy and does not include discoveries or abatements.

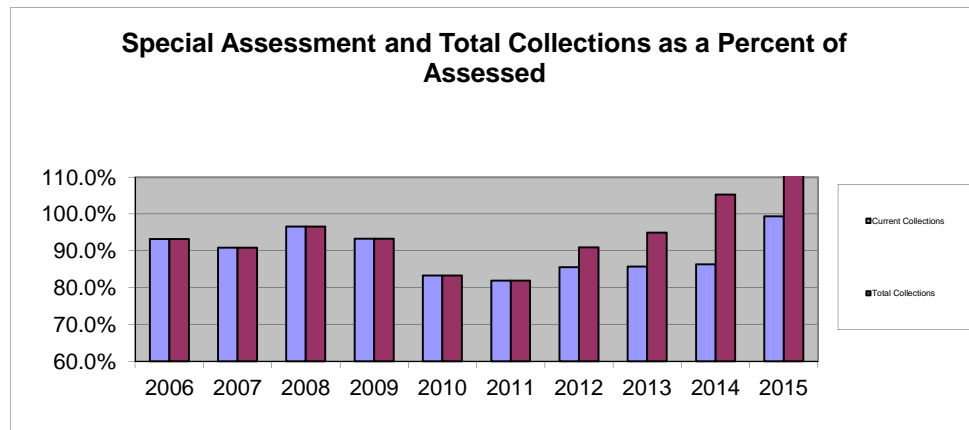


**City of Olathe, Kansas
Special Assessment Collections
Last Ten Fiscal Years**

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
2006	\$ 5,925,926	\$ 5,521,812	93.2%	\$ -	\$ 5,521,812	93.2%	\$ -	\$ 5,521,812
2007	6,511,134	5,915,366	90.9%	-	5,915,366	90.9%	2,045	5,917,411
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	8,976,841	7,753,386	86.4%	1,695,585	9,448,971	105.3%	-	9,448,971
2015	6,259,061	6,217,583	99.3%	1,025,219	7,242,802	115.7%	-	7,242,802

Source: Johnson County

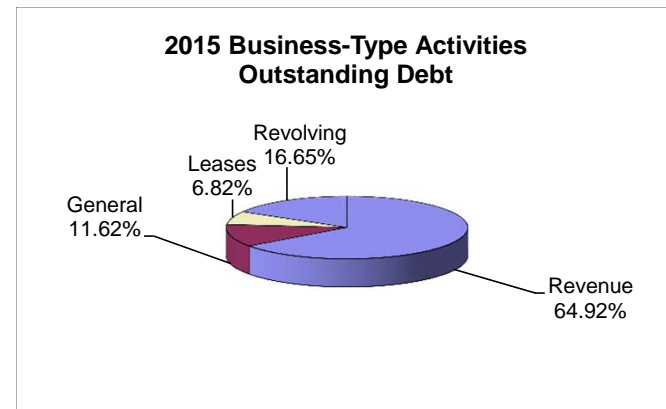
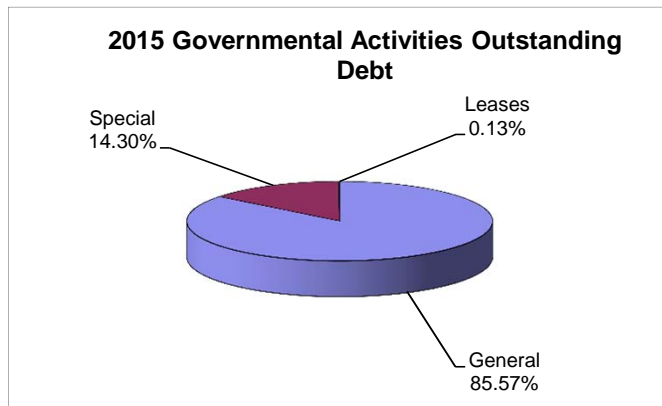
(1) Collections include interest.



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

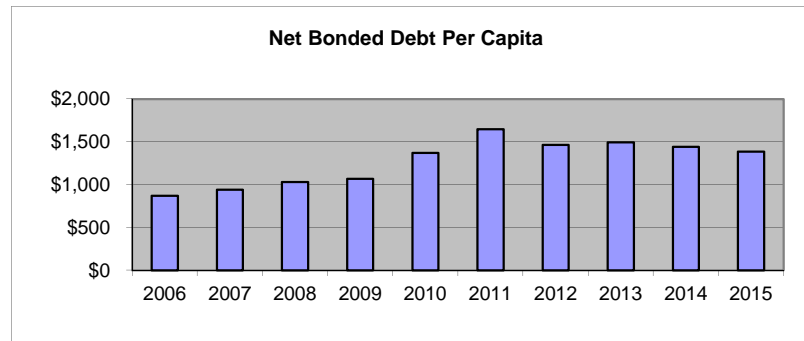
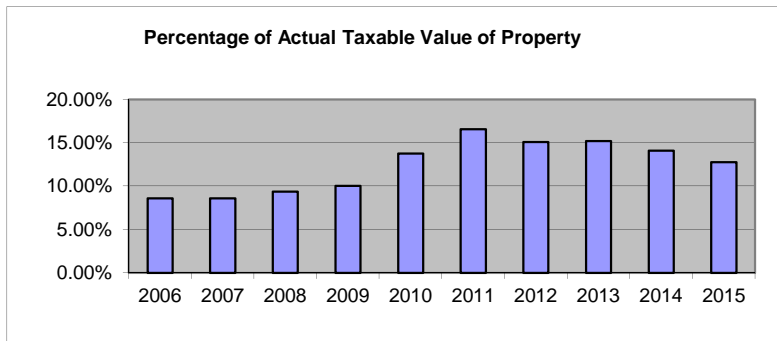
Fiscal Year	Governmental Activities			Business-type Activities			Total Primary Government	Percentage of Personal Income (1)	Per Capita	
	General Obligation Bonds	Special Obligation Bonds	Capital Leases	Revenue Bonds	General Obligation Bonds	State Revolving Loan				Capital Leases
2006	\$ 130,917,413	\$ 27,465,000	\$ 361,044	\$ 11,845,246	\$ -	\$ 25,716,854	\$ 2,194,280	\$ 198,499,837	2.5%	\$ 1,626
2007	141,477,608	43,865,000	250,222	7,018,460	-	26,312,102	1,800,752	220,724,144	2.4%	1,790
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

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



**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
2006	\$ 130,917,413	\$ 24,838,174	\$ 106,079,239	\$ 1,234,980,132	8.59%	122,107	\$ 869
2007	141,477,608	25,394,072	116,083,536	1,349,132,000	8.60%	123,286	942
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



City of Olathe, Kansas
Direct and Overlapping Governmental Activities Debt
December 31, 2015

Taxing Unit	Net Debt to Nearest Date	Percentage Applicable to the City of Olathe	Estimated Share
Johnson County	\$ 356,670,000	17.28%	\$ 61,632,576
Johnson County Park and Recreation	2,315,000	17.28%	400,032
U.S.D. No. 229	326,205,000	2.76%	9,003,258
U.S.D. No. 230	82,910,000	15.59%	12,925,669
U.S.D. No. 231	138,850,000	0.61%	846,985
U.S.D. No. 232	161,745,000	1.56%	2,523,222
U.S.D. No. 233	459,503,395	59.95%	275,472,285
Johnson County Rural Fire No. 2	4,585,000	7.51%	344,334
Total estimated overlapping debt			<u>363,148,361</u>
City of Olathe's direct debt			226,699,989
Total direct and overlapping debt			<u><u>\$ 589,848,350</u></u>

Source: Johnson County

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of 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 account. 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, 2015. All other districts' debt is as of June 30, 2015

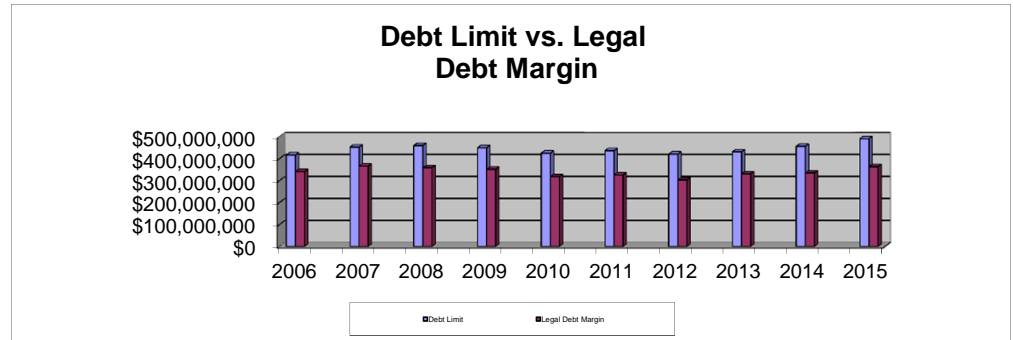
**City of Olathe, Kansas
Legal Debt Margin Information
Last Ten Fiscal Years**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit	\$ 416,229,330	\$ 452,054,088	\$ 459,711,000	\$ 448,824,501	\$ 424,508,108	\$ 435,849,362	\$ 420,451,375	\$ 430,956,078	\$ 455,980,038	\$ 490,122,542
Total net debt applicable to limit	75,691,800	86,366,352	100,690,110	97,039,239	105,954,026	110,502,276	117,628,663	100,536,250	121,451,182	126,719,078
Legal debt margin	<u>\$ 340,537,530</u>	<u>\$ 365,687,736</u>	<u>\$ 359,020,890</u>	<u>\$ 351,785,262</u>	<u>\$ 318,554,082</u>	<u>\$ 325,347,086</u>	<u>\$ 302,822,712</u>	<u>\$ 330,419,828</u>	<u>\$ 334,528,856</u>	<u>\$ 363,403,464</u>
Total net debt applicable to the limit as a percentage of debt limit	18.19%	19.11%	21.90%	21.62%	24.96%	25.35%	27.98%	23.33%	26.64%	25.85%

Legal Debt Margin Calculation for Fiscal Year 2014

Assessed valuation		\$ 1,633,741,808
Legal debt limit (1)		490,122,542
Debt applicable to limit		
General obligation bonds	185,165,000	
Temporary notes	15,860,000	
Total general obligation debt outstanding		201,025,000
Less exempt capital projects (2)	74,305,922	
Less amount available in Debt Service Funds	21,369,827	
Total unfunded debt applicable to debt limit		105,349,251
Debt margin		<u>\$ 384,773,291</u>

- (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.



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)
2006	\$ 30,907,688	\$ 18,622,540	\$ 12,285,148	\$ 4,550,000	\$ 778,491	2.31
2007	37,547,773	26,711,201	10,836,572	4,855,000	481,813	2.03
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

Special Obligation Bonds and Developers' Agreements (2)

Fiscal Year	Revenues	Principal Requirement	Interest Requirement	Developers' Agreement	Coverage
2006	\$ 1,135,633	\$ 160,000	\$ 347,781	\$ 311,362	1.39
2007	2,159,946	165,000	1,362,104	463,278	1.09
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

- (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.

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

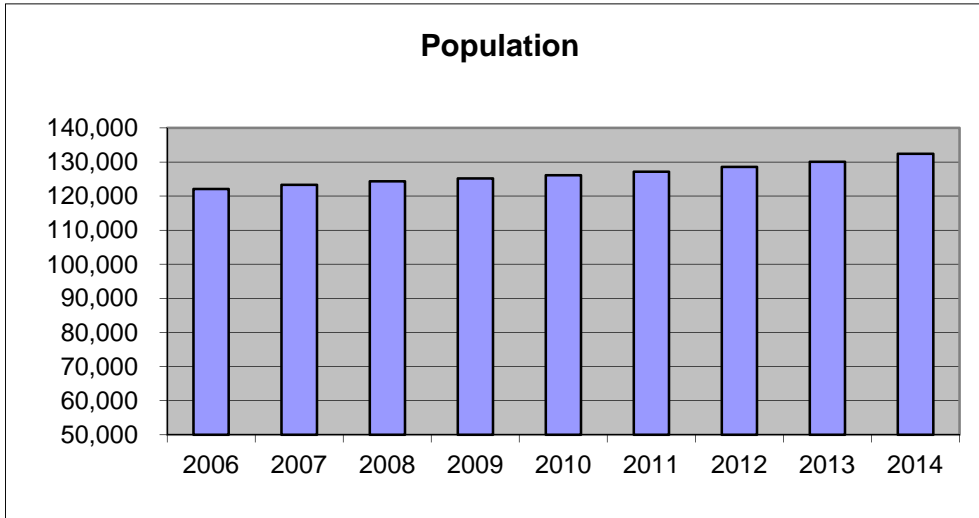
Fiscal Year	Population (3)	Personal Income (2)*	Per Capita Personal Income	Unemployment Rates (1)
2006	122,107	\$ 6,103,396	\$ 49,984	3.6%
2007	123,286	6,399,530	51,908	4.0%
2008	124,378	6,405,467	51,500	4.9%
2009	125,225	6,534,658	52,183	6.0%
2010	126,162	6,665,351	52,832	6.1%
2011	127,211	6,635,258	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%

* 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



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

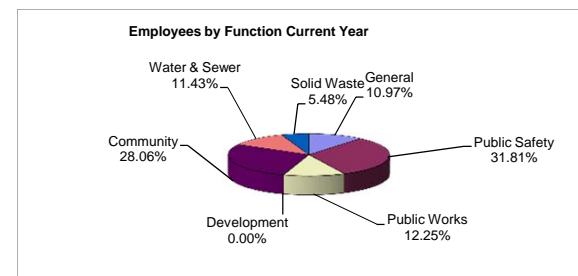
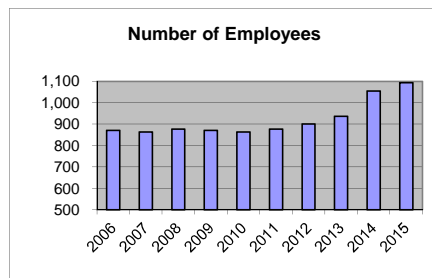
Largest Employers	2015			2005		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Company						
Olathe Unifed School District	4,500	1	3.35%	4,416	1	3.62%
GARMIN International	2,723	2	2.03%	1,557	4	1.28%
Farmers Insurance	2,600	3	1.94%			
Olathe Medical Center	2,500	4	1.86%	1,945	3	1.59%
Johnson County	2,147	5	1.60%	4,113	2	3.37%
Convergys	950	6	0.71%			
City of Olathe	865	7	0.64%	936	6	0.77%
Honeywell (Bendix/King)	850	8	0.63%	980	5	0.80%
Mid-Central Sysco	780	9	0.58%			
TransAm Trucking	750	10	0.56%	691	8	0.57%
Encore Receivable Management				630	9	0.52%
Mid-America Nazarene University				750	7	0.61%
FAA				558	10	0.46%
Totals	<u>18,665</u>		<u>13.91%</u>	<u>16,576</u>		<u>13.57%</u>

Source: Olathe Chamber of Commerce

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental										
General government	108	130	115	109	99	97	113	105	119	120
Public safety	350	343	332	319	324	330	333	341	348	348
Public works	121	130	152	121	121	118	128	134	126	134
Development services	35	38	40	48	11	11	7	-	-	-
Community services	121	130	102	87	129	137	139	162	280	307
Business-Type										
Water & Sewer	143	148	119	134	123	129	123	134	123	125
Solid Waste	51	48	53	52	56	55	58	61	59	60
Totals	929	967	913	870	863	877	901	937	1,055	1,094

Source: City's Payroll System



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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public safety										
<i>Police</i>										
Violent Crime Rate per 1,000 residents	3.00%	3.05%	2.60%	2.45%	1.94%	1.83%	1.51%	1.53%	1.46%	1.20%
Property Crime Rate per 1,000 residents	25.10%	23.76%	21.98%	21.05%	18.38%	17.97%	19.02%	17.33%	16.29%	16.21%
Average calls for service per FTE - first responder	N/A	N/A	N/A	389	360	351	347	353	345	354
<i>Fire</i>										
Code 1 Emergencies responded within 5 minutes	56%	60%	59%	59%	56%	66%	57%	58%	51%	60%
Fire Confined to Object or Room or Origin	N/A	N/A	N/A	N/A	76%	73%	58%	74%	87%	73%
Public works										
<i>Governmental activities</i>										
Maintenance of City Streets - Satisfactory or above	67.00%	73.00%	70.00%	74.00%	72.00%	74.00%	76.00%	70.00%	74.00%	69.00%
Major Street Snow Removal - Satisfactory or above	79.00%	82.00%	84.00%	92.00%	83.00%	79.00%	84.00%	84.00%	85.00%	86.88%
Residential Streetst Snow Removal - Satisfactory or above	58.00%	61.00%	60.00%	57.00%	56.00%	66.00%	63.00%	59.00%	61.00%	64.33%
Maintenance of Sidewalks - Satisfactory or above	57.00%	62.00%	60.00%	60.00%	65.00%	67.00%	62.00%	55.00%	61.00%	60.00%
<i>Business-type activities</i>										
<i>Water and sewer</i>										
Time water meets regulatory standards	99.90%	100.00%	100.00%	100.00%	100.00%	99.98%	100.00%	100.00%	100.00%	100.00%
Time wastewater meets effluent limits	99.98%	99.98%	100.00%	99.98%	99.98%	99.98%	99.97%	100.00%	99.96%	99.86%
<i>Solid waste</i>										
Tonnage diverted	23.91%	19.92%	26.81%	28.58%	34.45%	36.70%	37.67%	38.29%	41.10%	43.88%
Community services										
Respondents indicating needs are completely met by existing outdoor parks	74.00%	77.00%	78.00%	80.00%	81.00%	84.00%	85.00%	89.00%	90.00%	88.00%
Respondents indicating needs are completely met by existing outdoor athletic fields	71.00%	75.00%	78.00%	79.00%	85.00%	81.00%	80.00%	81.00%	81.00%	89.00%
Respondents indicating needs are completely met by existing indoor gymnasium	50.00%	47.00%	49.00%	55.00%	70.00%	68.00%	59.00%	65.00%	75.00%	92.00%

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

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

Function/Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	37	46	47	56	56	56	56	58	58	58
Fire stations	7	7	7	7	7	7	7	7	7	7
Public works										
Governmental activities										
Streets (miles)	1,136	1,225	1,225	1,237	1,237	1,237	1,237	1,256	1,256	1,256
Business-type activities										
Water and sewer										
Water mains (miles)	552	561	550	578	578	578	578	590	590	590
Acre wellfield	95	95	95	95	95	95	95	153	153	153
Sanitary sewers (miles)	389	413	406	428	428	428	428	410	410	410
Solid waste										
Collection trucks	39	42	42	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	39	39	45	45	43	43	45	45	45
Swimming Pools	4	4	4	4	4	4	4	4	4	4
Trails (miles)	30.5	30.5	30.5	30.5	30.5	30.5	30.5	31	31	31

Source: Various city departments

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

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.

<u>Year</u>	<u>Water Customers</u>	<u>Sewer Customers</u>
2006	33,534	27,228
2007	33,996	27,781
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

Water Production Requirements

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

<u>Year</u>	<u>Average Daily Demand</u>		<u>Annual Demand</u>	
	<u>Gallons (in millions)</u>	<u>Percent Change</u>	<u>Gallons (in millions)</u>	<u>Percent Change</u>
2006	14.09	6.9%	4,974.84	4.6%
2007	13.10	-7.0%	4,790.67	-3.7%
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%

**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.

<u>Year</u>	<u>Average Daily Flow</u>		<u>Annual Demand</u>	
	<u>Gallons (in millions)</u>	<u>Percent Change</u>	<u>Gallons (in millions)</u>	<u>Percent Change</u>
2006	4.80	-19.1%	1,788	-18.1%
2007	6.13	27.7%	2,254	26.1%
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%

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.

<u>Year</u>	<u>Water System Peak Daily Demand (millions of gallons)</u>	<u>Sewage System Maximum Daily Flow (millions of gallons)</u>
2006	24.59	13.20
2007	25.58	36.30
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

continued

**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 2015 revenue generated by each.

Water System			
Customer	Type of Enterprise	2015 Water Billing	Percentage of Total 2015 System Revenues
New Century Air Center	Wholesale	\$ 583,484	4.25%
Rural Water District 6	Wholesale	382,777	2.79%
Rural Water District 7	Wholesale	265,597	1.94%
Cintas 430	Services	72,042	0.53%
Olathe Medical Center	Hospital	62,227	0.45%
RRG Santa Barbara	Multi-family	53,361	0.39%
Bass Pro Outdoor World	Retail	49,312	0.36%
Great Olathe Center	Retail	46,324	0.34%
Green Lantern Car Wash	Car wash	38,264	0.28%
Santa Marta Retirement	Retirement home	35,963	0.26%
Sewer System			
Customer	Type of Enterprise	2015 Sewer Charge	Percentage of Total 2015 System Revenues
Cintas 430	Services	\$ 78,849	0.71%
Olathe Medical Center	Hospital	59,313	0.53%
Jay Martin P E/ Shawnee Rock	Quarry	56,183	0.51%
Bass Pro Outdoor World	Retail	52,730	0.48%
Green Lantern Car Wash	Car wash	42,352	0.38%
AMC Theatres/Mail Stop 4	Services	37,069	0.33%
Johnson county Adult Detention	Government	36,331	0.33%
Villa St Francis	Retirement home	35,453	0.32%
Foodbrands Supply Chain	Distribution	34,826	0.31%
Great Olathe Center	Retail	32,265	0.29%

City of Olathe, Kansas
Risk Management Fund
December 31, 2015

	<u>Workers'</u> <u>Compensation</u>	<u>Health &</u> <u>Dental</u>	<u>General</u> <u>Liability</u>	<u>Other</u>	<u>Total</u>
Assets					
Current assets					
Cash and cash equivalents	\$ 2,751,547	\$ 3,115,977	\$ 896,453	\$ 4,037	\$ 6,768,014
Inventories and prepaid assets	-	-	35,094	-	35,094
Total current assets	<u>2,751,547</u>	<u>3,115,977</u>	<u>931,547</u>	<u>4,037</u>	<u>6,803,108</u>
Noncurrent assets					
Restricted assets					
Deposit	-	11,000	-	-	11,000
Total restricted assets	-	11,000	-	-	11,000
Total assets	<u>\$ 2,751,547</u>	<u>\$ 3,126,977</u>	<u>\$ 931,547</u>	<u>\$ 4,037</u>	<u>\$ 6,814,108</u>
Liabilities					
Current liabilities					
Accounts and claims payable	\$ 939,353	\$ 733,309	\$ -	\$ -	\$ 1,672,662
Compensated absences	4,341	1,829	-	-	6,170
Total current liabilities	<u>943,694</u>	<u>735,138</u>	<u>-</u>	<u>-</u>	<u>1,678,832</u>
Noncurrent liabilities					
Deposit	-	11,000	-	-	11,000
Compensated absences	4,879	313	-	-	5,192
Total noncurrent liabilities	<u>4,879</u>	<u>11,313</u>	<u>-</u>	<u>-</u>	<u>16,192</u>
Total liabilities	<u>948,573</u>	<u>746,451</u>	<u>-</u>	<u>-</u>	<u>1,695,024</u>
Net position					
Unrestricted	1,802,974	2,380,526	931,547	4,037	5,119,084
Total liabilities and net position	<u>\$ 2,751,547</u>	<u>\$ 3,126,977</u>	<u>\$ 931,547</u>	<u>\$ 4,037</u>	<u>\$ 6,814,108</u>
Operating revenues					
Charges for services	<u>\$ 1,379,038</u>	<u>\$ 11,892,312</u>	<u>\$ 1,179,471</u>	<u>\$ 14,686</u>	<u>\$ 14,465,507</u>
Operating expenses					
Administration and general	<u>1,019,945</u>	<u>12,931,781</u>	<u>1,250,798</u>	<u>12,751</u>	<u>15,215,275</u>
Operating income (loss)	<u>359,093</u>	<u>(1,039,469)</u>	<u>(71,327)</u>	<u>1,935</u>	<u>(749,768)</u>
Nonoperating revenues (expenses)					
Interest income	10,867	15,586	3,803	2,102	32,358
Net income (loss)	369,960	(1,023,883)	(67,524)	4,037	(717,410)
Net position - beginning of year	1,433,014	3,404,409	999,071	-	5,836,494
Net position - end of year	<u>\$ 1,802,974</u>	<u>\$ 2,380,526</u>	<u>\$ 931,547</u>	<u>\$ 4,037</u>	<u>\$ 5,119,084</u>

