

City of Olathe, Kansas

2016 Comprehensive Annual

Financial Report

For Year Ended December 31, 2016



City of Olathe, Kansas

Comprehensive Annual Financial Report

Year Ended December 31, 2016

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

Emily Vincent

Legal Counsel

Ronald R. Shaver

Prepared by Department of Resource Management

Dianna Wright, Director Resource Management

Amy Tharnish, CPA, Assistant Director Finance Services

Curt Hanneman, Senior Accountant

Scott McDonald, Senior Accountant



City of Olathe, Kansas
Comprehensive Annual Financial Report
Year Ended December 31, 2016

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Introductory Section



June 9, 2017

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, 2016.

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, 2016 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, 2016, 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 2016 population to be 136,394 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 six 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, 2016, Healthiest Employer, 2016 America’s 50 Best Cities to Live, and 2016 America’s Safest Cities. At the end of 2016, the City’s unemployment rate was 2.9% compared to 3.8% for the State of Kansas and the national rate of 4.6%.

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 \$61 million of funding for 2017, 55% is projected to come from funding sources other than General Obligation Debt (i.e., cash and intergovernmental revenues). In preparing the capital budget, needs are assessed, public improvements are

prioritized and costs are projected. This budget is reviewed biannually as projects are re-prioritized and the financial condition of the City is evaluated. The City has been building fund balance in the Debt Service Fund for several years. This will keep the mill levy rate fairly constant as several major projects are bonded (159th Street, Old 56 Hwy to I-35, College Blvd, Lone Elm to Woodland, and the Lake Olathe/Park Master Plan).

In addition to the infrastructure projects contained in the CIP, the City works closely with the Olathe Chamber of Commerce to aggressively promote economic development by attracting companies to locate or relocate facilities to Olathe. In January 2016, the Olathe Conference Center Hotel officially 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.

Other City's additions and expansions include:

- Main Event Family Entertainment Center constructed a 50,000 square foot facility that includes bowling, arcade, laser tag, and dining options. The facility opened in fall 2016.
- Jones Development built a 305,000 square foot facility for Fed Ex Ground which opened in 2016.
- Odyssey Development is constructing a 496,000 square foot speculative building.
- Garmin began construction to expand its headquarters. The new construction includes a 720,000 square foot manufacturing and distribution center.
- Menards opened a 170,000 square foot building in 2016. It also includes 45,000 square foot of covered storage plus additional outside storage.

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 2017 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 2017 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 excellences within its employees, and technology. The 2016 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 (71%) 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, 2015. 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 38 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 2016 financial records.

Respectfully submitted,



Dianna Wright
Director of Resource Management



Amy Tharnish, CPA
Assistant Director of Finance Services



Government Finance Officers Association

**Certificate of
Achievement
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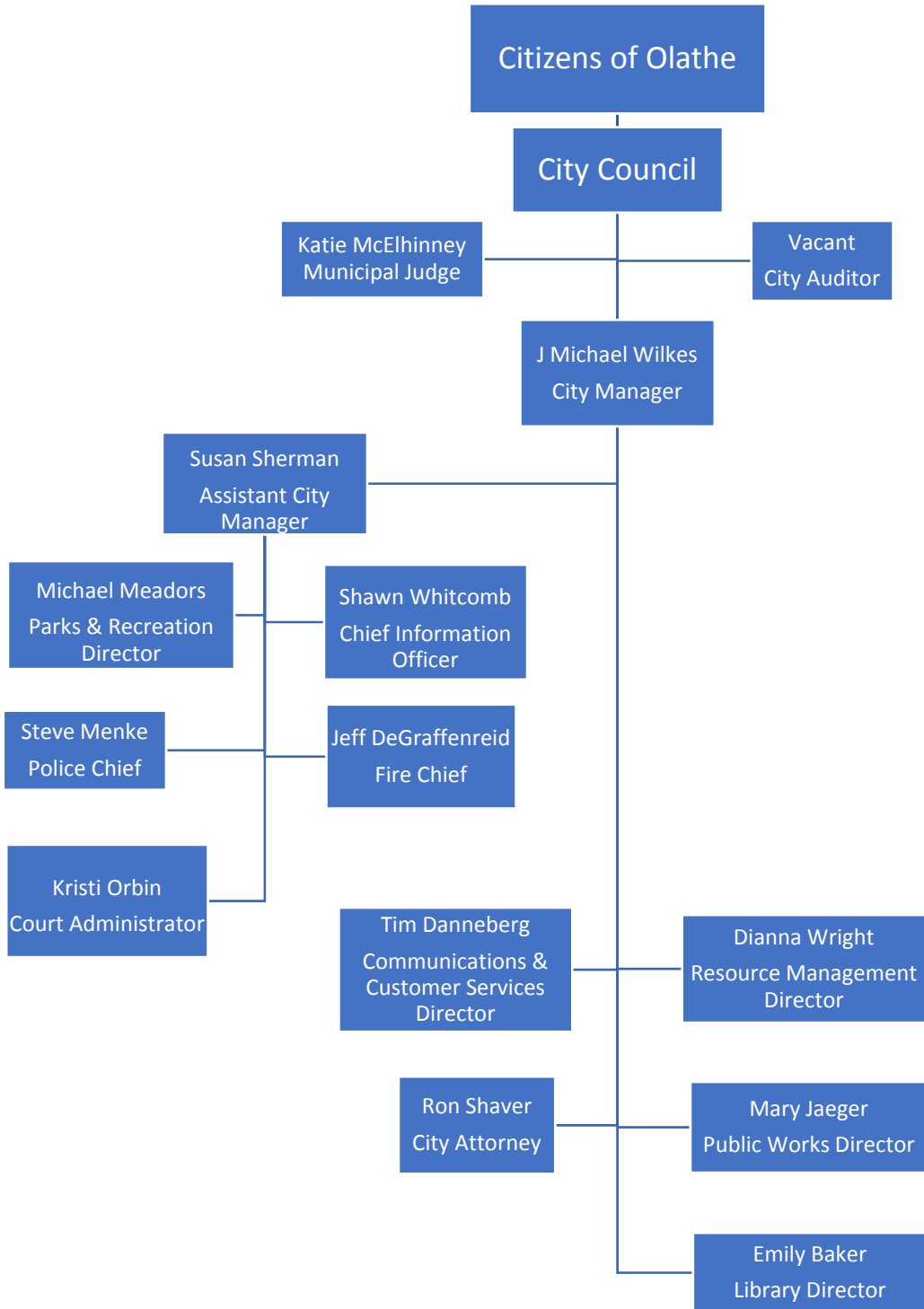
**City of Olathe
Kansas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2015

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, 2016, 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 from 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, 2016, 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.

Emphasis Of Matters

As discussed in Note 17, the City recorded a prior period adjustment to revise the financial reporting for the Olathe Public Library and revise the classification of fund balance related to long-term loans receivable within the Grant Fund. 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 nonmajor 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 combining and individual nonmajor fund financial statements and schedules are the responsibility of management, and were derived from, and relate directly to the underlying accounting and other records used to prepare the 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 8, 2017 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 8, 2017



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, 2016. 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, 2016 by \$790,453,010 (net position). Of this amount, \$45,463,748 (unrestricted net position) may be used to meet the City's ongoing obligations.
- The City's total net position increased by \$36,865,833. Governmental donated capital assets were \$13,078,181 and business-type donated capital assets were \$4,416,279. Sales tax increased \$4,844,071 over 2015. Part of the reason for the increase is a large increase in the amount of use tax collected in 2016 compared to 2015.
- As of December 31, 2016, the City's governmental funds reported combined ending fund balances of \$126,572,438, an increase of \$8,791,707 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, 2016, the fund balance for the general fund was \$28,137,597 or 32.8% of general fund revenues.
- The City's total debt, including temporary notes, decreased by \$2,811,634 during 2016 to a total of \$370,434,754. The key factor in this decrease was business-type activities not issuing any new debt in 2016.
- The Net OPEB Obligation as of the close of 2016 is \$9,436,300.
- The Net Pension Liability as of the end of the year is \$72,215,115.
- 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.

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 and solid waste.

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

Fund financial statements

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

Governmental funds

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

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

The City maintains 19 individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, Capital Projects Fund, and Special Tax Financing Fund (debt service), all of which are considered to be major funds. Data from the other 15 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements on pages 88 – 91 of this report.

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

Proprietary funds

The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer operations and solid waste operation. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its central garage, risk management, vehicle replacement, and personal computer replacement activities. These four services predominantly benefit governmental rather than business-type functions. Therefore, they have been included with the governmental activities in the government-wide financial statements.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements on pages 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 \$790,453,010 at December 31, 2016. The City's net position increased by \$36,865,833. Governmental activities increased net position by \$27,506,534 while business-type activities increased net position by \$9,359,299 in 2016.

City of Olathe, Kansas
Net Position

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 254,066,336	\$ 220,899,692	\$ 55,837,770	\$ 62,605,499	\$ 309,904,106	\$ 283,505,191
Capital assets	621,546,141	614,769,444	350,582,296	342,510,553	972,128,437	957,279,997
Total assets	875,612,477	835,669,136	406,420,066	405,116,052	1,282,032,543	1,240,785,188
Deferred outflows of resources	16,126,337	6,716,660	2,308,052	1,170,811	18,434,389	7,887,471
Long-term liabilities	303,399,240	288,643,435	122,068,536	127,711,457	425,467,776	416,354,892
Other liabilities	38,466,533	33,870,817	1,409,674	2,265,760	39,876,207	36,136,577
Total liabilities	341,865,773	322,514,252	123,478,210	129,977,217	465,343,983	452,491,469
Deferred inflows of resources	44,391,196	45,570,295	278,744	697,781	44,669,940	46,268,076
Net position						
Invested in capital assets	412,629,059	405,739,543	240,994,461	244,478,470	653,623,520	650,218,013
Restricted	81,324,117	56,702,281	10,041,625	9,928,840	91,365,742	66,631,121
Unrestricted	11,528,670	11,859,425	33,935,078	21,204,555	45,463,748	33,063,980
Total net position	\$ 505,481,846	\$ 474,301,249	\$ 284,971,164	\$ 275,611,865	\$ 790,453,010	\$ 749,913,114

By far the largest portion of the City's net position (82.7%) 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, \$91,365,742 (11.6%), represents resources that are subject to external restrictions on how they may be used. \$53,422,791 of this is restricted for future debt service payments. This increased \$19,214,548 over the prior year. The City has been building up reserves in the Debt Service Fund to pay for future anticipated debt payments.

The remaining balance of the net position of \$45,463,748 (\$11,528,670 governmental activities and \$33,935,078 business-type activities) is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

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

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 22,551,154	\$ 20,808,908	\$ 56,538,762	\$ 51,946,616	\$ 79,089,916	\$ 72,755,524
Operating grants and contributions	2,798,886	2,642,863	-	-	2,798,886	2,642,863
Capital grants and contributions	47,057,319	27,214,326	4,416,279	2,452,669	51,473,598	29,666,995
General revenues:						
Property taxes	43,336,975	40,134,797	-	-	43,336,975	40,134,797
Other taxes	77,820,649	72,355,925	-	-	77,820,649	72,355,925
Interest	862,779	602,315	291,045	183,741	1,153,824	786,056
Other	2,165,115	1,825,250	1,328,441	1,108,050	3,493,556	2,933,300
Total revenues	196,592,877	165,584,384	62,574,527	55,691,076	259,167,404	221,275,460
Expenses:						
General government	29,698,687	22,935,349	-	-	29,698,687	22,935,349
Public safety	43,586,807	41,065,601	-	-	43,586,807	41,065,601
Public works	74,644,080	70,291,556	-	-	74,644,080	70,291,556
Community services	16,168,880	13,744,699	-	-	16,168,880	13,744,699
Interest on long-term debt	7,239,575	8,496,066	-	-	7,239,575	8,496,066
Water and sewer	-	-	38,786,625	37,538,379	38,786,625	37,538,379
Solid waste	-	-	12,176,917	11,854,241	12,176,917	11,854,241
Total expenses	171,338,029	156,533,271	50,963,542	49,392,620	222,301,571	205,925,891
Excess before transfers	25,254,848	9,051,113	11,610,985	6,298,456	36,865,833	15,349,569
Transfers	2,251,686	2,376,172	(2,251,686)	(2,376,172)	-	-
Change in net position	27,506,534	11,427,285	9,359,299	3,922,284	36,865,833	15,349,569
Net position, beginning of year,						
as previously reported	474,301,249	506,925,600	275,611,865	280,379,675	749,913,114	787,305,275
Prior period adjustment	3,674,063	(44,051,636)	-	(8,690,094)	3,674,063	(52,741,730)
Net position, beginning of year, restated	477,975,312	462,873,964	275,611,865	271,689,581	753,587,177	734,563,545
Net position, end of year	\$ 505,481,846	\$ 474,301,249	\$ 284,971,164	\$ 275,611,865	\$ 790,453,010	\$ 749,913,114

Governmental activities

Governmental revenues increased \$30,884,007 or 18.4% over the prior year. Taxes increased by \$8,666,902 with sales tax making up \$4,844,071 of that increase. Capital grants and contributions increased \$19,842,993.

Governmental expenses increased \$14,804,758 or 9.5%. General government activities increased \$2,293,349. Public Safety increased \$2,521,206. Public works expenses increased \$4,371,994. Community services increased \$2,424,181.

Business-type activities

Business-type activities increased the City's net position by \$9,359,299. A key element of the changes between 2015 and 2016 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 \$4,416,279 in 2016.

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 2016, unassigned fund balance of the general fund was \$27,547,843 and the total fund balance was \$28,137,597 which is 32.1% and 32.8% of the total general fund revenues, respectively.

The fund balance of the City's general fund increased by \$902,475 during 2016. The revenues increased by \$3,412,966 (4.1%). Sales tax is the main reason for the increase. Sales tax increased \$1,042,516 (2.3%). Expenditures increased by \$3,976,604 (5.2%).

The debt service fund has a total fund balance of \$39,785,439. \$25,357,976 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 \$8,293,544. 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 \$652,987 during 2016. Due to the increased economy, the City has increased capital projects. The capital projects fund received additional transfers in 2016 related to a new sales tax for street maintenance.

The special tax financing levy fund has a restricted fund balance of \$7,379,092 at the end of 2016. The fund balance increased by \$1,433,787 during the year. The primary reason for the increase is an increase in number of districts collecting revenues.

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 2016 amounted to \$28,221,295; and the Solid Waste Fund amounted to \$831,894. The total change in net position for the Water and Sewer Utility and Solid Waste were \$9,597,559 and \$(703,624), respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

During the year, revenues were more than budgetary estimates by \$885,168 (1.0%). Sales tax was \$1,027,924 less than budget. Franchise fees were \$514,875 less than budget. Total expenditures were less than budgetary estimates by \$24,816,706 (23.5%). As part of the budgeting process the City budgets for a contingency reserve for unforeseen expenditures. Of the total difference in the budgeted expenditures, \$20,104,740 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, 2016, totaled \$972,128,437 (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	
	2016	2015	2016	2015	2016	2015
Land	\$ 103,475,067	\$ 96,426,359	\$ 4,622,031	\$ 4,690,111	\$ 108,097,098	\$ 101,116,470
Other nondepreciable assets	66,105	65,305	-	-	66,105	65,305
Land improvements	111,634	111,634	-	-	111,634	111,634
Buildings	110,807,031	109,211,394	33,778,295	33,614,862	144,585,326	142,826,256
Machinery & equipment	68,811,098	62,367,308	4,848,733	4,757,978	73,659,831	67,125,286
Swimming pools	10,021,514	10,021,514	-	-	10,021,514	10,021,514
Water system	-	-	203,395,961	198,300,711	203,395,961	198,300,711
Sewer system	-	-	196,606,802	185,205,553	196,606,802	185,205,553
Infrastructure	771,451,176	740,747,900	-	-	771,451,176	740,747,900
Books and materials	3,997,559	4,059,605	-	-	3,997,559	4,059,605
Construction in progress	34,400,397	36,225,982	15,738,926	17,175,627	50,139,323	53,401,609
Total capital assets	1,103,141,581	1,059,237,001	458,990,748	443,744,842	1,562,132,329	1,502,981,843
Less accumulated depreciation	481,595,440	444,467,557	108,408,452	101,234,289	590,003,892	545,701,846
Total capital assets (net)	\$ 621,546,141	\$ 614,769,444	\$ 350,582,296	\$ 342,510,553	\$ 972,128,437	\$ 957,279,997

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, 2016, the City had total bonded debt outstanding of \$298,874,594. Of this amount, \$196,310,000 is comprised of debt backed by the full faith and credit of the City and \$30,699,594 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	
	2016	2015	2016	2015	2016	2015
General obligation bonds	\$ 183,905,000	\$ 181,185,000	\$ 12,405,000	\$ 13,585,000	\$ 196,310,000	\$ 194,770,000
Special obligation bonds	30,699,594	32,408,327	-	-	30,699,594	32,408,327
Revenue bonds	-	-	71,865,000	74,930,000	71,865,000	74,930,000
Total	\$ 214,604,594	\$ 213,593,327	\$ 84,270,000	\$ 88,515,000	\$ 298,874,594	\$ 302,108,327

The City's total debt, including temporary notes, decreased by \$2,811,634 (0.7%) during 2016. The City issued \$17,182,095 of temporary notes and \$31,080,000 of general obligation bonds in 2016.

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 \$531,685,602 which is significantly in excess of the City's outstanding general obligation bonds.

Certain other financial information and operating data regarding the City is available in the Official Statement dated June 24, 2016 related to the City's General Obligation Series 228, and General Obligation Temporary Notes Series 2016-A and the Official Statement dated November 15, 2016 related to the City's General Obligation Series 229. 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 added five employees 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 2.9% versus 2.8% a year ago. The City's unemployment rate is less compared to the State of Kansas's rate of 3.8%.

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 4% in the 2017 assessed valuation assumption, an increase of 4.5% in sales tax revenue, and an increase of 1.5% in franchise fee revenue. The 2017 budget will add 9 new positions to meet public needs and maintain service levels with the increase in budgeted revenue.

During 2017, 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, 2016

	Primary Government			Discretely Presented Component Unit
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash, cash equivalents, and investments	\$ 132,347,989	\$ 33,971,767	\$ 166,319,756	\$ 1,124,378
Cash held by trustee or restricted	16,256,493	10,041,625	26,298,118	-
Receivables (net of allowance)				
Taxes	56,051,237	-	56,051,237	-
Special assessments	43,747,817	-	43,747,817	-
Accounts	684,380	6,208,024	6,892,404	71,477
Accrued interest	486,618	-	486,618	-
Loans	3,766,712	-	3,766,712	-
Internal balances	(4,881,889)	4,881,889	-	-
Due from other governments	5,243,711	-	5,243,711	-
Inventories and other prepaid items	352,268	734,465	1,086,733	-
Capital assets:				
Land and construction in progress	137,941,569	20,360,957	158,302,526	442,111
Other capital assets, net of accumulated depreciation	483,604,572	330,221,339	813,825,911	2,487,191
Other assets	11,000	-	11,000	-
Total assets	<u>875,612,477</u>	<u>406,420,066</u>	<u>1,282,032,543</u>	<u>4,125,157</u>
Deferred Outflows of Resources				
Deferred pension contributions	3,258,453	541,794	3,800,247	-
Deferred outflows - pension	11,703,906	1,608,994	13,312,900	-
Deferred amounts on refunding	1,163,978	157,264	1,321,242	-
Total deferred outflows of resources	<u>16,126,337</u>	<u>2,308,052</u>	<u>18,434,389</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 891,738,814</u>	<u>\$ 408,728,118</u>	<u>\$ 1,300,466,932</u>	<u>\$ 4,125,157</u>
Liabilities				
Accounts and other current liabilities	\$ 15,196,372	\$ 1,027,024	\$ 16,223,396	\$ 139,868
Interest payable	6,088,066	168,272	6,256,338	-
Temporary notes	17,182,095	-	17,182,095	-
Deposits	-	214,378	214,378	-
Unearned revenue	-	-	-	3,747
Noncurrent liabilities:				
Due within one year	54,628,133	7,688,488	62,316,621	88,994
Due in more than one year	186,677,538	104,258,502	290,936,040	18,757
Net pension liability	62,093,569	10,121,546	72,215,115	-
Total liabilities	<u>341,865,773</u>	<u>123,478,210</u>	<u>465,343,983</u>	<u>251,366</u>
Deferred Inflows of Resources				
Deferred revenue - property taxes	42,437,190	-	42,437,190	-
Deferred grant revenue	-	-	-	264,138
Deferred pension inflows	1,954,005	278,744	2,232,749	-
Total Deferred Inflows of Resources	<u>44,391,195</u>	<u>278,744</u>	<u>44,669,939</u>	<u>264,138</u>
Net Position				
Net investment in capital assets	412,629,059	240,994,461	653,623,520	2,929,302
Restricted for:				
Debt service	43,381,166	10,041,625	53,422,791	-
Public safety	268,685	-	268,685	-
Capital improvements	25,357,203	-	25,357,203	-
Community services	8,829,629	-	8,829,629	-
General government	3,487,434	-	3,487,434	-
Unrestricted	11,528,670	33,935,078	45,463,748	680,351
Total net position	<u>505,481,846</u>	<u>284,971,164</u>	<u>790,453,010</u>	<u>3,609,653</u>
Total liabilities, deferred inflows of of resources, and net position	<u>\$ 891,738,814</u>	<u>\$ 408,728,118</u>	<u>\$ 1,300,466,932</u>	<u>\$ 4,125,157</u>

See accompanying notes to the basic financial statements

City of Olathe, Kansas
Statement of Activities
For the Year Ended December 31, 2016

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	\$ 29,698,687	\$ 4,770,270	\$ 1,451,296	\$ 20,599	\$ (23,456,522)
Public safety	43,586,807	4,191,244	745,388	-	(38,650,175)
Public works	74,644,080	8,064,710	47,433	46,684,056	(19,847,881)
Community services	16,168,880	5,524,930	554,769	352,664	(9,736,517)
Interest on long-term debt	7,239,575	-	-	-	(7,239,575)
Total governmental activities	<u>171,338,029</u>	<u>22,551,154</u>	<u>2,798,886</u>	<u>47,057,319</u>	<u>(98,930,670)</u>
Business-type activities					
Water and sewer	38,786,625	43,168,622	-	4,416,279	8,798,276
Solid waste	12,176,917	13,370,140	-	-	1,193,223
Total business-type activities	<u>50,963,542</u>	<u>56,538,762</u>	<u>-</u>	<u>4,416,279</u>	<u>9,991,499</u>
Total primary government	<u>\$ 222,301,571</u>	<u>\$ 79,089,916</u>	<u>\$ 2,798,886</u>	<u>\$ 51,473,598</u>	<u>\$ (88,939,171)</u>
Nonmajor discretely presented component units					
Olathe Public Housing Authority	\$ 4,164,999	\$ 452,698	\$ 3,468,018	\$ 256,491	\$ 12,208

See accompanying notes to the basic financial statements

City of Olathe, Kansas
Statement of Activities
For the Year Ended December 31, 2016

	Primary Government			Discretely Presented Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net position				
Net (expense) revenue	\$ (98,930,670)	\$ 9,991,499	\$ (88,939,171)	\$ 12,208
General revenues				
Taxes:				
Property taxes, levied for general purpose	24,452,113	-	24,452,113	-
Property taxes, levied for debt service	18,884,862	-	18,884,862	-
Sales tax	64,602,806	-	64,602,806	-
Franchise taxes	11,503,470	-	11,503,470	-
Transient guest tax	1,714,373	-	1,714,373	-
Unrestricted investment earnings	862,779	291,045	1,153,824	1,030
Miscellaneous	2,165,115	1,328,441	3,493,556	-
Transfers - internal activities	2,251,686	(2,251,686)	-	-
Total general revenues and transfers	<u>126,437,204</u>	<u>(632,200)</u>	<u>125,805,004</u>	<u>1,030</u>
Change in net position	<u>27,506,534</u>	<u>9,359,299</u>	<u>36,865,833</u>	<u>13,238</u>
Net position - beginning of year, as previously reported	474,301,249	275,611,865	749,913,114	3,596,415
Prior period adjustment	3,674,063	-	3,674,063	-
Net position - beginning of year, restated	<u>477,975,312</u>	<u>275,611,865</u>	<u>753,587,177</u>	<u>3,596,415</u>
Net position - end of year	<u>\$ 505,481,846</u>	<u>\$ 284,971,164</u>	<u>\$ 790,453,010</u>	<u>\$ 3,609,653</u>

See accompanying notes to the basic financial statements

City of Olathe, Kansas
Balance Sheet
Governmental Funds
December 31, 2016

	General	Debt Service		Capital Projects	Other Governmental Funds	Total Governmental Funds
		Debt Service	Special Tax Financing			
Assets						
Cash, cash equivalents, and investments	\$ 26,914,741	\$ 22,029,444	\$ 4,949,744	\$ 42,839,509	\$ 21,728,183	\$ 118,461,621
Cash held by trustee	-	14,572,881	1,683,612	-	-	16,256,493
Receivables (net of allowance)						
Taxes	27,240,850	14,891,355	3,845,736	-	10,073,296	56,051,237
Accounts	68,142	-	-	-	616,238	684,380
Accrued interest	486,618	-	-	-	-	486,618
Special assessments	-	43,747,817	-	-	-	43,747,817
Loans	-	-	-	-	3,766,712	3,766,712
Due from other funds	180,839	-	-	-	-	180,839
Due from other governments	111,943	-	-	3,689,332	1,442,436	5,243,711
Prepaid assets	-	-	-	-	73,797	73,797
Total assets and deferred outflows of resources	<u>\$ 55,003,133</u>	<u>\$ 95,241,497</u>	<u>\$ 10,479,092</u>	<u>\$ 46,528,841</u>	<u>\$ 37,700,662</u>	<u>\$ 244,953,225</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 5,662,633	\$ -	\$ -	\$ 2,547,866	\$ 628,527	\$ 8,839,026
Accrued payroll	3,775,945	-	-	-	-	3,775,945
Due to other funds	-	-	-	1,839,800	180,839	2,020,639
Temporary notes	-	-	-	17,182,095	-	17,182,095
Total liabilities	<u>9,438,578</u>	<u>-</u>	<u>-</u>	<u>21,569,761</u>	<u>809,366</u>	<u>31,817,705</u>
Deferred Inflows of Resources						
Deferred revenue - property taxes	17,314,862	14,891,355	3,100,000	-	7,130,973	42,437,190
Deferred revenue - intergovernmental	100,000	-	-	3,108,951	340,142	3,549,093
Deferred revenue - special assessments	-	40,564,703	-	-	-	40,564,703
Deferred revenue - interest	12,096	-	-	-	-	12,096
Total deferred inflows of resources	<u>17,426,958</u>	<u>55,456,058</u>	<u>3,100,000</u>	<u>3,108,951</u>	<u>7,471,115</u>	<u>86,563,082</u>
Fund balances						
Nonspendable	180,838	-	-	-	73,797	254,635
Restricted	-	25,357,976	7,379,092	21,850,129	16,092,822	70,680,019
Committed	-	-	-	-	13,253,562	13,253,562
Assigned	408,916	14,427,463	-	-	-	14,836,379
Unassigned	27,547,843	-	-	-	-	27,547,843
Total fund balances	<u>28,137,597</u>	<u>39,785,439</u>	<u>7,379,092</u>	<u>21,850,129</u>	<u>29,420,181</u>	<u>126,572,438</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 55,003,133</u>	<u>\$ 95,241,497</u>	<u>\$ 10,479,092</u>	<u>\$ 46,528,841</u>	<u>\$ 37,700,662</u>	<u>\$ 244,953,225</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, 2016

Total fund balance - all governmental funds \$ 126,572,438

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. 621,546,141

Land and construction in progress	137,941,569	
Capital assets being depreciated	965,180,542	
Accumulated depreciation	(481,575,970)	

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. (309,487,306)

Interest payable	(6,088,066)	
Noncurrent liabilities:		
Due within one year		
General obligation bonds	(35,575,032)	
Special obligation bonds	(18,159,594)	
Capitalized leases	(84,151)	
Compensated absences	(2,019,356)	
Due in more than one year		
General obligation bonds	(162,959,575)	
Special obligation bonds	(12,540,000)	
Capitalized leases	(3,623)	
Compensated absences	(2,037,848)	
Net OPEB obligation	(7,926,492)	
Pension Liability	(62,093,569)	

Long-term assets or deferred outflows of resources are not available to pay current period expenditures and are therefore deferred in the fund statements. 58,298,224

Special assessments	40,564,703	
Deferred refunding	1,163,978	
Deferred outflows - contributions	3,258,453	
Deferred outflows - proportionate share	11,703,906	
Deferred inflows - proportionate share	(1,954,005)	
Deferred inflows - interest	12,096	
Due from other governments	3,549,093	

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. 8,552,349

Internal service fund capital assets, net	(23,444,239)	
Internal service fund debt	69,569	
Internal service fund net position	36,808,908	
Internal service fund due to business-type	(4,881,889)	

Net position of governmental activities \$ 505,481,846

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, 2016

	General	Debt Service		Capital Projects	Other Governmental Funds	Total Governmental Funds
		Debt Service	Special Tax Financing			
Revenues						
Taxes:						
Property	\$ 14,791,142	\$ 18,884,862	\$ 2,127,980	\$ -	\$ 7,532,991	\$ 43,336,975
Sales	45,757,035	369,298	3,084,141	-	15,392,332	64,602,806
Franchise	11,503,470	-	-	-	-	11,503,470
Transient guest	-	-	236,890	-	1,477,483	1,714,373
Special assessments	-	6,434,401	-	311,121	-	6,745,522
Intergovernmental	950,331	-	-	6,376,290	5,661,032	12,987,653
Licenses and permits	2,221,597	-	-	-	-	2,221,597
Fines, forfeitures, and penalties	3,696,115	-	-	-	165,561	3,861,676
Charges for services	5,762,335	-	-	-	10,705,546	16,467,881
Use of money and property	196,747	182,931	28,969	219,859	165,274	793,780
Miscellaneous	915,794	78,415	-	167,870	410,314	1,572,393
Total revenues	<u>85,794,566</u>	<u>25,949,907</u>	<u>5,477,980</u>	<u>7,075,140</u>	<u>41,510,533</u>	<u>165,808,126</u>
Expenditures						
Current:						
General government	21,533,159	119,896	45,750	30,152	6,825,187	28,554,144
Public safety	41,857,628	-	-	-	412,680	42,270,308
Public works	9,274,724	-	-	-	2,567,657	11,842,381
Community services	7,901,793	-	-	-	6,648,053	14,549,846
Capital improvements	-	-	1,317,683	55,066,639	-	56,384,322
Debt service:						
Principal retirements	217,083	18,755,000	1,708,733	-	-	20,680,816
Interest and fiscal charges	15,613	6,926,812	972,027	94,174	-	8,008,626
Total expenditures	<u>80,800,000</u>	<u>25,801,708</u>	<u>4,044,193</u>	<u>55,190,965</u>	<u>16,453,577</u>	<u>182,290,443</u>
Excess of revenues over (under) expenditures	<u>4,994,566</u>	<u>148,199</u>	<u>1,433,787</u>	<u>(48,115,825)</u>	<u>25,056,956</u>	<u>(16,482,317)</u>
Other financing sources (uses)						
Issuance of general obligation bonds	-	-	-	17,883,673	-	17,883,673
Payment to refunded bond escrow	-	(9,605,000)	-	-	-	(9,605,000)
Issuance of refunding bonds	-	13,180,000	-	-	-	13,180,000
Insurance proceeds	-	-	-	-	539,359	539,359
Bond premium	-	1,482,086	-	1,607,598	-	3,089,684
Transfers in	6,267,474	3,088,259	-	31,053,651	193,386	40,602,770
Transfers out	(10,359,565)	-	-	(3,082,084)	(26,974,813)	(40,416,462)
Total other financing sources (uses)	<u>(4,092,091)</u>	<u>8,145,345</u>	<u>-</u>	<u>47,462,838</u>	<u>(26,242,068)</u>	<u>25,274,024</u>
Net changes in fund balances	<u>902,475</u>	<u>8,293,544</u>	<u>1,433,787</u>	<u>(652,987)</u>	<u>(1,185,112)</u>	<u>8,791,707</u>
Fund balances - beginning of year, as previously reported	27,235,122	31,491,895	5,945,305	22,503,116	26,931,230	114,106,668
Prior period adjustment	-	-	-	-	3,674,063	3,674,063
Fund balances - beginning of year, restated	27,235,122	31,491,895	5,945,305	22,503,116	30,605,293	117,780,731
Fund balances - end of year	<u>\$ 28,137,597</u>	<u>\$ 39,785,439</u>	<u>\$ 7,379,092</u>	<u>\$ 21,850,129</u>	<u>\$ 29,420,181</u>	<u>\$ 126,572,438</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, 2016

Net change in fund balances - all governmental funds \$ 8,791,707

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. (10,144,216)

Capital outlay	\$ 24,170,503	
Depreciation	(34,314,719)	

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. (4,458,036)

Principal payments	20,680,816	
Proceeds of general obligation bonds	(17,883,673)	
Payment to refund bond escrow	9,605,000	
Premium	(3,089,684)	
Proceeds of refunding bonds	(13,180,000)	
OPEB	(590,495)	

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. 32,128

Compensated absences	(123,102)	
Pension	(610,026)	
Interest expense	765,256	

Revenues in the statement of activities that do not provide current financing resources are not reported as revenues in the funds. 30,115,022

Special assessments	13,078,181	
Donated capital assets	15,237,645	
Deferred refunding	(8,008)	
Capital grant	1,807,204	

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. 3,169,929

Change in net position of governmental activities \$ 27,506,534

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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes:				
Property	\$ 14,371,151	\$ 14,371,151	\$ 14,791,142	\$ 419,991
Sales	46,784,959	46,784,959	45,757,035	(1,027,924)
Franchise	12,018,345	12,018,345	11,503,470	(514,875)
Intergovernmental	921,902	921,902	950,331	28,429
Licenses and permits	1,535,750	1,535,750	2,221,597	685,847
Fines, forfeitures, and penalties	3,915,473	3,915,473	3,696,115	(219,358)
Charges for services	4,562,372	4,562,372	5,762,335	1,199,963
Use of money and property	152,510	152,510	196,747	44,237
Miscellaneous	646,936	646,936	915,794	268,858
Total revenues	<u>84,909,398</u>	<u>84,909,398</u>	<u>85,794,566</u>	<u>885,168</u>
Expenditures				
General government	25,875,952	25,875,952	3,916,673	21,959,279
Administration	3,991,503	3,991,503	3,733,782	257,721
Legal	1,560,249	1,560,249	1,558,041	2,208
Information technology services	4,007,782	4,007,782	3,921,652	86,130
Financial services	3,028,025	3,028,025	2,853,424	174,601
Public safety	44,405,289	44,405,289	41,923,090	2,482,199
Public works	14,533,309	14,533,309	14,967,958	(434,649)
Community services	7,814,867	7,814,867	8,025,650	(210,783)
Contingency	500,000	500,000	-	500,000
Total expenditures	<u>105,716,976</u>	<u>105,716,976</u>	<u>80,900,270</u>	<u>24,816,706</u>
Excess of revenues over expenditures	<u>(20,807,578)</u>	<u>(20,807,578)</u>	<u>4,894,296</u>	<u>25,701,874</u>
Other financing sources (uses)				
Transfers in	6,599,212	6,599,212	6,267,474	(331,738)
Transfers out	(5,896,374)	(5,896,374)	(10,359,565)	(4,463,191)
Total other financing sources (uses)	<u>702,838</u>	<u>702,838</u>	<u>(4,092,091)</u>	<u>(4,794,929)</u>
Net change in fund balance	<u>\$ (20,104,740)</u>	<u>\$ (20,104,740)</u>	<u>802,205</u>	<u>\$ 20,906,945</u>
Fund balance - beginning of year - budget basis			<u>26,926,476</u>	
Fund balance - end of year - budget basis			<u>27,728,681</u>	
Encumbrances incurred and outstanding			<u>408,916</u>	
Fund balance - end of year - GAAP basis			<u>\$ 28,137,597</u>	

See accompanying notes to the basic financial statements

City of Olathe, Kansas
Statement of Net Position
Proprietary Funds
December 31, 2016

	Business-type Activities - Enterprise Funds			Governmental
	Major			Activities -
	Water and Sewer Fund	Solid Waste Fund	Total	Internal Service Funds
Assets				
Current assets:				
Cash and cash equivalents	\$ 31,720,521	\$ 2,251,246	\$ 33,971,767	\$ 13,886,367
Accounts receivable (net of allowance)	4,521,759	1,686,265	6,208,024	-
Inventories and other prepaid items	734,465	-	734,465	278,471
Total current assets	<u>36,976,745</u>	<u>3,937,511</u>	<u>40,914,256</u>	<u>14,164,838</u>
Noncurrent assets:				
Restricted assets:				
Cash and cash equivalents	10,041,625	-	10,041,625	-
Due from other funds	-	-	-	1,839,800
Other	-	-	-	11,000
Total restricted assets	<u>10,041,625</u>	<u>-</u>	<u>10,041,625</u>	<u>1,850,800</u>
Capital assets:				
Capital assets not being depreciated				
Land	3,338,799	1,283,232	4,622,031	-
Construction in progress	15,738,926	-	15,738,926	-
Total capital assets not being depreciated	<u>19,077,725</u>	<u>1,283,232</u>	<u>20,360,957</u>	<u>-</u>
Capital assets being depreciated				
Buildings	33,778,296	-	33,778,296	-
Machinery and equipment	3,096,655	1,752,078	4,848,733	54,302,141
Water system	203,395,960	-	203,395,960	-
Sewer system	196,606,801	-	196,606,801	-
Total capital assets being depreciated	<u>436,877,712</u>	<u>1,752,078</u>	<u>438,629,790</u>	<u>54,302,141</u>
Less accumulated depreciation	<u>(107,378,749)</u>	<u>(1,029,702)</u>	<u>(108,408,451)</u>	<u>(30,857,902)</u>
Total capital assets (net of accumulated depreciation)	<u>348,576,688</u>	<u>2,005,608</u>	<u>350,582,296</u>	<u>23,444,239</u>
Total noncurrent assets	<u>358,618,313</u>	<u>2,005,608</u>	<u>360,623,921</u>	<u>25,295,039</u>
Total assets	<u>395,595,058</u>	<u>5,943,119</u>	<u>401,538,177</u>	<u>39,459,877</u>
Deferred Outflows of Resources				
Deferred outflows contributions	366,179	175,615	541,794	-
Deferred outflows proportionate share	1,117,357	491,637	1,608,994	-
Deferred amounts on refunding	157,264	-	157,264	-
Total deferred outflows of resources	<u>1,640,800</u>	<u>667,252</u>	<u>2,308,052</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 397,235,858</u>	<u>\$ 6,610,371</u>	<u>\$ 403,846,229</u>	<u>\$ 39,459,877</u>

See accompanying notes to the basic financial statements

City of Olathe, Kansas
Statement of Net Position
Proprietary Funds
December 31, 2016

	Business-type Activities - Enterprise Funds			Governmental
	Major			Activities -
	Water and Sewer Fund	Solid Waste Fund	Total	Internal Service Funds
Liabilities				
Current liabilities:				
Accounts and claims payable	\$ 1,018,075	\$ 8,949	\$ 1,027,024	\$ 2,570,400
Interest payable	168,272	-	168,272	-
Compensated absences	485,794	176,537	662,331	65,855
Current portion of general obligation bonds	1,210,000	-	1,210,000	-
Current portion of capital leases	1,320,078	-	1,320,078	-
Current portion of revolving loan	1,403,614	-	1,403,614	-
Current portion of revenue bonds	3,092,465	-	3,092,465	-
Total current liabilities	<u>8,698,298</u>	<u>185,486</u>	<u>8,883,784</u>	<u>2,636,255</u>
Noncurrent liabilities:				
Compensated absences	154,949	32,065	187,014	3,714
General obligation bonds	11,195,000	-	11,195,000	-
Capital leases, net	5,401,782	-	5,401,782	-
Revolving loan, net	16,350,388	-	16,350,388	-
Revenue bonds, net	69,614,509	-	69,614,509	-
Net OPEB obligation	1,132,357	377,451	1,509,808	-
Net pension liability	7,028,851	3,092,695	10,121,546	-
Deposit	214,379	-	214,379	11,000
Total noncurrent liabilities	<u>111,092,215</u>	<u>3,502,211</u>	<u>114,594,426</u>	<u>14,714</u>
Total liabilities	<u>119,790,513</u>	<u>3,687,697</u>	<u>123,478,210</u>	<u>2,650,969</u>
Deferred Inflows of Resources				
Deferred inflows proportionate share	<u>193,572</u>	<u>85,172</u>	<u>278,744</u>	<u>-</u>
Net position				
Net investment in capital assets	238,988,853	2,005,608	240,994,461	23,444,239
Restricted for bond requirements	10,041,625	-	10,041,625	-
Unrestricted	<u>28,221,295</u>	<u>831,894</u>	<u>29,053,189</u>	<u>13,364,669</u>
Total net position	<u>277,251,773</u>	<u>2,837,502</u>	<u>280,089,275</u>	<u>36,808,908</u>
Total liabilities and net position	<u>\$ 397,235,858</u>	<u>\$ 6,610,371</u>		<u>\$ 39,459,877</u>
Reconciliation to government-wide statement of net position:				
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds			<u>4,881,889</u>	
Net position of business-type activities			<u>\$ 284,971,164</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, 2016

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities -</u>
	<u>Major</u>			<u>Internal Service Funds</u>
	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>	
Operating revenues				
Charges for services	\$ 43,168,622	\$ 13,370,140	\$ 56,538,762	\$ 30,691,009
Miscellaneous	1,328,441	-	1,328,441	-
Total operating revenues	<u>44,497,063</u>	<u>13,370,140</u>	<u>57,867,203</u>	<u>30,691,009</u>
Operating expenses				
Water production	4,226,618	-	4,226,618	-
Wastewater treatment	5,475,229	-	5,475,229	-
Water and sewer maintenance	4,463,844	-	4,463,844	-
Administration and general	13,283,863	3,574,167	16,858,030	18,760,679
Equipment maintenance	-	-	-	5,717,217
Sanitation expense	-	5,206,774	5,206,774	-
Transfer station expense	-	3,571,125	3,571,125	-
Depreciation	7,088,434	101,478	7,189,912	4,765,562
Total operating expenses	<u>34,537,988</u>	<u>12,453,544</u>	<u>46,991,532</u>	<u>29,243,458</u>
Operating income	<u>9,959,075</u>	<u>916,596</u>	<u>10,875,671</u>	<u>1,447,551</u>
Nonoperating revenues (expenses)				
Interest income	274,579	16,466	291,045	68,999
Interest expense	(4,437,374)	-	(4,437,374)	-
Gain from sale of equipment	-	-	-	53,365
Total nonoperating revenues (expenses)	<u>(4,162,795)</u>	<u>16,466</u>	<u>(4,146,329)</u>	<u>122,364</u>
Net income (loss) before transfers and capital contributions	5,796,280	933,062	6,729,342	1,569,915
Transfers in	-	15,000	15,000	2,571,091
Transfers out	(615,000)	(1,651,686)	(2,266,686)	(505,713)
Capital contributions	4,416,279	-	4,416,279	-
Change in net position	9,597,559	(703,624)	8,893,935	3,635,293
Net position - beginning of year	267,654,214	3,541,126		33,173,615
Net position - end of year	<u>\$ 277,251,773</u>	<u>\$ 2,837,502</u>		<u>\$ 36,808,908</u>

Reconciliation to government-wide statement of activities:

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

465,364

Change in net position of business-type activities

\$ 9,359,299

See accompanying notes to the basic financial statements

City of Olathe, Kansas
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2016

	Business-type Activities - Enterprise Funds			Governmental Activities -
	Major			
	Water and Sewer Fund	Solid Waste Fund	Total	Internal Service Funds
Cash Flows from Operating Activities				
Receipts from customers and users	\$ 44,286,415	\$ 13,189,655	\$ 57,476,070	\$ 30,691,009
Payments to suppliers	(17,440,013)	(7,767,999)	(25,208,012)	(21,758,105)
Payments to employees	(10,826,873)	(4,559,512)	(15,386,385)	(2,185,256)
Net cash provided by operating activities	<u>16,019,529</u>	<u>862,144</u>	<u>16,881,673</u>	<u>6,747,648</u>
Cash Flows from Noncapital Financing Activities				
Transfers from other funds	-	15,000	15,000	2,571,091
Transfers to other funds	(615,000)	(1,651,686)	(2,266,686)	(505,713)
Net cash (used in) noncapital financing activities	<u>(615,000)</u>	<u>(1,636,686)</u>	<u>(2,251,686)</u>	<u>2,065,378</u>
Cash Flows from Capital and Related Financing Activities				
Acquisitions and construction of capital assets	(11,043,266)	-	(11,043,266)	(6,448,832)
Proceeds from sales of capital assets	-	-	-	53,365
Principal paid on revenue bonds	(3,065,000)	-	(3,065,000)	-
Principal paid on general obligation bonds	(1,180,000)	-	(1,180,000)	-
Interest paid on revenue bonds	(3,253,529)	-	(3,253,529)	-
Interest paid on general obligation bonds	(418,156)	-	(418,156)	-
Principal paid on revolving loans	(1,709,076)	-	(1,709,076)	-
Interest paid on revolving loans	(548,935)	-	(548,935)	-
Principal paid on capital lease	(1,249,957)	-	(1,249,957)	-
Interest paid on capital lease	(185,265)	-	(185,265)	-
Net cash (used in) capital and related financing activities	<u>(22,653,184)</u>	<u>-</u>	<u>(22,653,184)</u>	<u>(6,395,467)</u>
Cash Flows from Investing Activities				
Interest received	274,579	16,466	291,045	68,999
Net cash provided by investing activities	<u>274,579</u>	<u>16,466</u>	<u>291,045</u>	<u>68,999</u>
Net increase (decrease) in cash and cash equivalents	(6,974,076)	(758,076)	(7,732,152)	2,486,558
Cash and cash equivalents - beginning of year	48,736,222	3,009,322	51,745,544	11,399,809
Cash and cash equivalents - end of year	<u>\$ 41,762,146</u>	<u>\$ 2,251,246</u>	<u>\$ 44,013,392</u>	<u>\$ 13,886,367</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, 2016

	Business-type Activities - Enterprise Funds			Governmental Activities -
	Major			
	Water and Sewer Fund	Solid Waste Fund	Total	Internal Service Funds
Reconciliation of operating income to net cash provided by operating activities				
Operating income	9,959,075	916,596	10,875,671	1,447,551
Adjustments to reconcile operating income to cash provided by operating activities				
Depreciation	7,088,434	101,478	7,189,912	4,765,562
Changes in assets and liabilities				
(Increase) in receivables	(210,648)	(180,485)	(391,133)	-
(Increase) in deferred outflow - pension	(772,819)	(364,422)	(1,137,241)	-
(Increase) decrease in inventories	(107,926)	-	(107,926)	46,393
Decrease in due from other funds	-	-	-	150,286
Increase (decrease) in accounts and claims payable	(833,849)	8,949	(824,900)	349,659
Increase in net pension liability	1,062,021	467,289	1,529,310	-
(Decrease) in deferred inflows	(290,998)	(128,039)	(419,037)	-
Increase in net OPEB obligation	84,357	28,119	112,476	-
Increase (decrease) in compensated absences	41,882	12,659	54,541	(11,803)
Total adjustments	<u>6,060,454</u>	<u>(54,452)</u>	<u>6,006,002</u>	<u>5,300,097</u>
Net cash provided by operating activities	<u>\$ 16,019,529</u>	<u>\$ 862,144</u>	<u>\$ 16,881,673</u>	<u>\$ 6,747,648</u>
Noncash investing capital and financing activities:				
Contributed capital assets	\$ 4,416,279	\$ -	\$ 4,416,279	\$ -

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, 2016

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.

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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.

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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, 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.

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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.

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

h. Capital Assets

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

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

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

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

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

i. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The City has

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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 Operating, Economic Development and Tourism, Special Park and Recreation, Special Alcohol, Storm Water, Park Sales Tax, Street Maintenance Sales Tax, Recreation, Special Tax Financing, Debt Service, Water and Sewer, Solid Waste, and all Internal Service Funds.

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

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

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

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

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

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

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- (2) Publication of the proposed budget on or before August 5 of each year.
- (3) A minimum of 10 days notice of a public hearing, published in a local newspaper on or before August 15 of each year on the proposed budget.
- (4) Adoption of the final budget on or before August 25 of each year.

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

k. Retirement Plans

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

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

l. Compensated Absences

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

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

m. Interfund Transactions

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

n. Equity Classifications

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

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

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

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

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

- (1) Nonspendable – inherently nonspendable
- (2) Restricted – externally enforceable limitations on use
- (3) Committed – self – imposed limitations set in place prior to the end of the period at the highest level of decision making
- (4) Assigned – limitation resulting from intended use
- (5) Unassigned – residual net resources

o. Use of Estimates

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

p. New Accounting Standards Adopted

For the year ended December 31, 2016, the City implemented GASB Statement 72, *Fair Value Measurement and Application*. This statement requires measurement of certain assets at fair value using consistent valuation techniques and enhances disclosures to provide a better understanding about the impact of Fair Value Measurement on a government financial statement position.

For the year ended December 31, 2016, the City implemented GASB Statement 77, *Tax Abatement Disclosures*. The objective of GASB No. 77 is to improve financial reporting by giving financial statement users essential information regarding the nature and magnitude of tax abatements.

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

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the regulatory oversight for this pool. The fair value of the City's position in the pool is the same as the value of the City's pool shares.

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

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

The City has the following recurring fair value measurements as of December 31, 2016:

Government Agencies of \$38 million are valued using quoted market prices (Level 1 inputs).

State investment pool of \$5 million are valued using net asset value.

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

Cash, Cash Equivalents, and Investments	Maturities	Fair Value
State investment pool - overnight	On Demand	\$ 5,082,001
Government Agency	12-May-17	2,004,522
Government Agency	10-Oct-17	7,014,763
Government Agency	26-Oct-17	1,000,140
Government Agency	13-Feb-17	5,024,250
Government Agency	30-May-17	4,997,850
Government Agency	28-Sep-17	10,001,200
Government Agency	21-May-18	995,543
Government Agency	8-Jun-18	3,006,828
Government Agency	8-Dec-17	4,359,436
Total investments		43,486,533
Certificates of deposit		110,742,048
Cash held by trustee		16,256,493
Restricted cash deposits		10,041,625
Unrestricted cash deposits		12,091,175
Total cash, cash equivalents, and investments		\$ 192,617,874

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, 2016, 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 AAAs/S1 by Standard & Poor's).

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Concentration of Credit Risk – At December 31, 2016, of total cash and investment, the City invested \$111 million, or 63%, in certificates of deposit, \$38 million or 22% in Government Sponsored Corporation's Instruments ((FFCB (18%), FNMA (18%), FHLB (32%), and FHLMC (32%) – (all rated Aaa by Moody's)), 3%, or \$5 million in the State investment pool, and \$22 million, or 12%, in unrestricted cash deposit accounts.

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, 2016, 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 \$38,404,532 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, 2016 are as follows:

	Major				Other	Total
	General	Debt Service	Special Tax Financing		Capital Projects	
Property tax	\$ 14,791,142	\$ 18,884,862	\$ 2,127,980	\$ -	\$ 7,532,991	\$ 41,208,995
Sales tax	45,757,035	369,298	3,084,141	-	15,392,331	61,518,664
Franchise tax	11,503,470	-	-	-	-	11,503,470
Transient guest tax	-	-	236,890	-	1,477,483	1,477,483
Special assessment	-	6,434,401	-	311,121	-	6,745,522
	<u>\$ 72,051,647</u>	<u>\$ 25,688,561</u>	<u>\$ 5,449,011</u>	<u>\$ 311,121</u>	<u>\$ 24,402,805</u>	<u>\$ 122,454,134</u>

Taxes and special assessments receivable by fund type as of December 31, 2016 are as follows:

	Major			Other	Total
	General	Debt Service		Special Tax Financing	
Property tax	\$ 17,314,862	\$ 14,891,355	\$ 3,100,000	\$ 7,130,973	\$ 42,437,190
Sales tax	8,031,433	-	639,224	2,577,288	11,247,945
Franchise tax	1,894,555	-	-	-	1,894,555
Transient guest tax	-	-	106,512	365,035	471,547
Special assessment	-	43,747,817	-	-	43,747,817
	<u>\$ 27,240,850</u>	<u>\$ 58,639,172</u>	<u>\$ 3,845,736</u>	<u>\$ 10,073,296</u>	<u>\$ 99,799,054</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, 2015 on which the 2016 levy was based was \$1,590,590,000.

The City's property tax levies per \$1,000 assessed valuation for the year ended December 31, 2016 were as follows:

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Fund	Levy
General	\$ 10.874
Special revenue	4.482
Debt service	9.352
	\$ 24.708

The City's property taxes for 2016 were assessed in November of 2015 and distributed to the City in 2016 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, 2016 are as follows:

	Major		Other	Total
	General	Capital Projects	Governmental Funds	
Federal				
Department of Housing and Urban Development	\$ -	\$ -	\$ 254,279	\$ 254,279
State				
Department of Revenue	100,000	-	1,106,598	1,206,598
Department of Transportation	11,943	1,510,078	-	1,522,021
Local				
Kansas City Area Transportation Authority	-	-	68,509	68,509
MARC	-	-	13,050	13,050
Johnson County	-	2,179,254	-	2,179,254
	\$ 111,943	\$ 3,689,332	\$ 1,442,436	\$ 5,243,711

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Intergovernmental revenues for the year ended December 31, 2016 consisted of the following:

	<u>Major</u>		<u>Other</u>	
	<u>General</u>	<u>Capital Projects</u>	<u>Governmental Funds</u>	<u>Total</u>
Federal				
Department of Housing and Urban Development	\$ -	\$ -	\$ 534,552	\$ 534,552
State				
Liquor Tax	452,188	-	904,376	1,356,564
Bureau of Investigation	-	-	47,121	47,121
State Highway Connecting Links	47,433	-	-	47,433
Special Highway	-	-	3,579,357	3,579,357
Library State Aid	-	-	41,758	41,758
Historical Society	-	-	18,000	18,000
Department of Aging	-	-	26,371	26,371
Department of Wildlife and Parks	-	-	6,803	6,803
Department of Transportation	-	2,985,013	31,351	3,016,364
County				
Street improvements	-	3,391,277	-	3,391,277
Justice	-	-	20,599	20,599
Herritage Trust	-	-	32,925	32,925
Local				
MARC	-	-	43,418	43,418
Olathe Medical Center	-	-	110,000	110,000
Kansas City Area Transportation Authority	-	-	264,401	264,401
Unified School District 233	450,710	-	-	450,710
	<u>\$ 950,331</u>	<u>\$ 6,376,290</u>	<u>\$ 5,661,032</u>	<u>\$ 12,987,653</u>

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5. Capital Assets

Capital Asset activity for the year ended December 31, 2016 was as follows:

	Beginning of Year	Additions	Retirements	End of Year
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 96,426,359	\$ 7,048,708	\$ -	\$ 103,475,067
Art collection	20,845	-	-	20,845
Kansas Room Collection / Genealogy	44,460	800	-	45,260
Construction in progress	36,225,982	15,535,937	17,361,522	34,400,397
Total capital assets, not being depreciated	<u>132,717,646</u>	<u>22,585,445</u>	<u>17,361,522</u>	<u>137,941,569</u>
Capital assets being depreciated				
Land improvements	111,634	-	-	111,634
Buildings	109,211,394	1,595,637	-	110,807,031
Machinery and equipment	62,367,308	8,089,193	1,645,403	68,811,098
Swimming pools	10,021,514	-	-	10,021,514
Infrastructure	740,747,900	30,703,276	-	771,451,176
Books and materials	4,059,605	433,867	495,913	3,997,559
Total capital assets being depreciated	<u>926,519,355</u>	<u>40,821,973</u>	<u>2,141,316</u>	<u>965,200,012</u>
Less accumulated depreciation for				
Land improvements	(53,553)	-	-	(53,553)
Buildings	(27,749,736)	(2,776,193)	-	(30,525,929)
Machinery and equipment	(36,878,028)	(6,076,143)	(1,456,485)	(41,497,686)
Swimming pools	(5,006,741)	(603,878)	-	(5,610,619)
Infrastructure	(371,661,268)	(29,236,749)	-	(400,898,017)
Books and materials	(3,118,231)	(387,318)	(495,913)	(3,009,636)
Total accumulated depreciation	<u>(444,467,557)</u>	<u>(39,080,281)</u>	<u>(1,952,398)</u>	<u>(481,595,440)</u>
Total capital assets being depreciated, net	<u>482,051,798</u>	<u>1,741,692</u>	<u>188,918</u>	<u>483,604,572</u>
Governmental activities capital assets, net	<u>\$ 614,769,444</u>	<u>\$ 24,327,137</u>	<u>\$ 17,550,440</u>	<u>\$ 621,546,141</u>

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2016

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Retirements</u>	<u>End of Year</u>
Business-type activities				
Capital assets, not being depreciated				
Land	\$ 4,690,111	\$ -	\$ 68,080	\$ 4,622,031
Construction in progress	17,175,627	11,346,136	12,782,837	15,738,926
Total capital assets, not being depreciated	<u>21,865,738</u>	<u>11,346,136</u>	<u>12,850,917</u>	<u>20,360,957</u>
Capital assets being depreciated				
Buildings	33,614,862	163,433	-	33,778,295
Machinery and equipment	4,757,978	106,504	15,749	4,848,733
Water system	198,300,711	5,095,250	-	203,395,961
Sewer system	185,205,553	11,401,249	-	196,606,802
Total capital assets being depreciated	<u>421,879,104</u>	<u>16,766,436</u>	<u>15,749</u>	<u>438,629,791</u>
Less accumulated depreciation for				
Buildings	(10,892,641)	(815,234)	-	(11,707,875)
Machinery and equipment	(2,018,397)	(417,386)	(15,749)	(2,420,034)
Water system	(51,415,402)	(3,378,926)	-	(54,794,328)
Sewer system	(36,907,849)	(2,578,366)	-	(39,486,215)
Total accumulated depreciation	<u>(101,234,289)</u>	<u>(7,189,912)</u>	<u>(15,749)</u>	<u>(108,408,452)</u>
Total capital assets being depreciated, net	<u>320,644,815</u>	<u>9,576,524</u>	<u>-</u>	<u>330,221,339</u>
Business-type activities capital assets, net	<u>\$ 342,510,553</u>	<u>\$ 20,922,660</u>	<u>\$ 12,850,917</u>	<u>\$ 350,582,296</u>

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Retirements</u>	<u>End of Year</u>
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	8,334,282	335,241	-	8,669,523
Machinery and equipment	288,116	2,097	48,206	242,007
Total capital assets being depreciated	<u>8,622,398</u>	<u>337,338</u>	<u>48,206</u>	<u>8,911,530</u>
Less accumulated depreciation for				
Buildings	(5,729,149)	(237,688)	-	(5,966,837)
Machinery and equipment	(471,937)	(33,771)	(48,206)	(457,502)
Total accumulated depreciation	<u>(6,201,086)</u>	<u>(271,459)</u>	<u>(48,206)</u>	<u>(6,424,339)</u>
Total capital assets being depreciated, net	<u>2,421,312</u>	<u>65,879</u>	<u>-</u>	<u>2,487,191</u>
Component units capital assets, net	<u>\$ 2,863,423</u>	<u>\$ 65,879</u>	<u>\$ -</u>	<u>\$ 2,929,302</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	\$ 1,537,456
Public safety	1,411,841
Public works	29,996,269
Community services	1,369,153
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of assets	<u>4,765,562</u>
Total depreciation expense for governmental activities	<u><u>\$ 39,080,281</u></u>

Business-type activities

Water and sewer	\$ 7,088,434
Solid Waste	101,478
Total depreciation expense for business-type activities	<u><u>\$ 7,189,912</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, 2016.

	Beginning of Year	Additions	Retirements	End of Year	Due in One Year
Governmental					
Temporary notes	<u>\$ 16,127,082</u>	<u>\$ 17,182,095</u>	<u>\$ 16,127,082</u>	<u>\$ 17,182,095</u>	<u>\$ 17,182,095</u>

	Interest Rate	Maturity Date	End of Year
Temporary Notes			
Street and sidewalk improvements	2.00%	1-Aug-17	<u>\$ 17,182,095</u>

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2016

Long-term debt

The following is a summary of long-term debt transactions for the year ended December 31, 2016.

	Beginning of Year	Additions	Retirements	End of Year	Due in One Year
Governmental					
General obligation bonds	\$ 181,185,000	\$ 31,080,000	\$ 28,360,000	\$ 183,905,000	\$ 32,875,000
Special obligations bonds	32,408,327	-	1,708,733	30,699,594	18,159,594
Capitalized leases	304,857	-	217,083	87,774	84,151
Compensated absences	3,934,102	3,324,594	3,201,492	4,057,204	2,019,356
Net OPEB Obligation	7,335,996	1,673,256	1,082,760	7,926,492	-
	<u>225,168,282</u>	<u>36,077,850</u>	<u>34,570,068</u>	<u>226,676,064</u>	<u>53,138,101</u>
Add: bond issuance premium	12,804,140	3,089,684	1,262,008	14,631,816	1,490,158
Deduct: bond discount	(2,335)	-	(126)	(2,209)	(126)
Total governmental debt	<u>237,970,087</u>	<u>39,167,534</u>	<u>35,831,950</u>	<u>241,305,671</u>	<u>54,628,133</u>
Business-type					
General obligation bonds	13,585,000	-	1,180,000	12,405,000	1,210,000
Revenue bonds	74,930,000	-	3,065,000	71,865,000	2,965,000
KDHE revolving loan	19,463,078	-	1,709,076	17,754,002	1,403,614
Capitalized leases	7,971,817	-	1,249,957	6,721,860	1,320,078
Compensated absences	794,804	1,113,477	1,058,936	849,345	662,331
Net OPEB Obligation	1,397,332	318,715	206,239	1,509,808	-
	<u>118,142,031</u>	<u>1,432,192</u>	<u>8,469,208</u>	<u>111,105,015</u>	<u>7,561,023</u>
Add: bond issuance premium	1,410,695	-	174,269	1,236,426	165,482
Deduct: bond discount	(433,505)	-	(39,054)	(394,451)	(38,017)
Total business-type debt	<u>119,119,221</u>	<u>1,432,192</u>	<u>8,604,423</u>	<u>111,946,990</u>	<u>7,688,488</u>
Total primary government	<u>\$ 357,089,308</u>	<u>\$ 40,599,726</u>	<u>\$ 44,436,373</u>	<u>\$ 353,252,661</u>	<u>\$ 62,316,621</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	\$ 175,000
2008 Series 211 improvement bonds	35,400,000	4.00 - 5.00	1-Oct-28	16,200,000
2009 Series 212 improvement bonds	21,650,000	2.00 - 4.25	1-Oct-29	10,070,000
2009 Series 213 improvement bonds	1,360,000	1.75 - 4.60	1-Oct-19	470,000
2010 Series 215 improvement bonds	44,930,000	3.00 - 5.00	1-Oct-30	30,835,000
2010 Series 216 improvement bonds	1,203,000	1.50 - 4.30	1-Oct-20	530,000
2010 Series 217 improvement bonds	7,015,000	1.00 - 4.30	1-Oct-20	2,955,000
2011 Series 218 improvement bonds	28,100,000	2.00 - 5.00	1-Oct-31	18,730,000
2011 Series 219 refunding	8,835,000	0.50 - 3.50	1-Oct-23	3,800,000
2012 Series 221 refunding and improvement	6,505,000	2.00 - 2.375	1-Oct-24	4,595,000
2013 Series 222 refunding and improvement	27,330,000	2.00 - 5.00	1-Oct-33	23,225,000
2014 Series 223 improvement bonds	9,315,000	1.50 - 5.00	1-Oct-24	8,445,000
2014 Series 224 refunding	4,260,000	3.00 - 4.00	1-Oct-20	2,535,000
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	9,700,000
2015 Series 227 refunding	8,290,000	2.00 - 4.00	1-Oct-27	7,655,000
2016 Series 228 refunding and improvement	25,315,000	0.98 - 2.54	1-Oct-31	25,315,000
2016 Series 229 improvement	5,765,000	0.90 - 2.55	1-Oct-26	5,765,000
				<u>183,905,000</u>
Business-type activities				
2011 Series 220 refunding	17,510,000	2.00 - 4.00	1-Jul-25	12,405,000
Total General Obligation Bonds				<u>\$ 196,310,000</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	\$ 2,695,000
2006 Series Olathe Gateway TIF	13,030,000	4.75 - 5.00	1-Mar-26	9,433,643
2006 Series Olathe Gateway TDD	9,195,000	4.75 - 5.00	1-Dec-28	7,585,951
2007 Series West Village TIF	16,565,000	5.00 - 5.50	1-Sep-26	10,985,000
				<u>\$ 30,699,594</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, 2016, total principal and interest remaining on the bonds was \$3,295,695, payable through March 2022. For 2016, principal and interest paid and total incremental revenues were \$506,865 and \$574,633, respectively.

City of Olathe, Kansas
Notes to the Basic Financial Statements
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The \$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 was repaid in 2016.

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, 2016, total principal and interest remaining on the bonds was \$11,798,364. For 2016, principal and interest paid and total incremental tax revenues were \$570,000 and \$582,198, 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, 2016, total principal and interest remaining on the bonds was \$9,669,781, payable through December 2028. For 2016, principal and interest paid and total incremental tax revenues were \$250,000 and \$580,815, 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, 2016, total principal and interest remaining on the bonds was \$14,355,808, payable through September 2026. For 2016, principal and interest and total incremental tax revenues were \$1,353,895 and \$1,258,666, respectively.

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.

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There was \$69,487 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, 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	\$ 1,530,000
2009 Water and Sewer System revenue bonds	3,110,000	2.00 - 4.600	1-Jul-29	2,180,000
2010 Water and Sewer System revenue bonds	6,540,000	0.60 - 5.800	1-Jul-30	4,665,000
2010 Water and Sewer System revenue bonds	8,050,000	1.00 - 5.700	1-Jul-35	6,635,000
2010 Water and Sewer System revenue bonds	36,280,000	1.00 - 6.000	1-Jul-36	30,915,000
2012 Water and Sewer System revenue bonds	9,585,000	2.00 - 3.000	1-Jul-32	7,865,000
2015 Water and Sewer System revenue bonds	18,895,000	2.00 - 5.000	1-Jul-35	18,075,000
Total revenue bonds				<u>\$ 71,865,000</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, 2016, \$2,789,163 had been drawn on this loan and the loan has been repaid. Principal payments of \$236,723 were made in 2016. The loan payment began in 2003 when the project was completed. This loan was paid off in April 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, 2016, \$2,143,230 had been drawn on this loan and the payback amount was \$227,110. Principal payments of \$145,078 were made in 2016. 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, 2016, \$2,207,863 had been drawn on this loan and the payback amount was \$1,028,495. Principal payments of \$112,487 were made in 2016. 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, 2016, \$768,500 had been drawn on this loan and the payback amount was \$471,567. Principal payments of \$40,638 were made in 2016. 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, 2016, \$16,883,916 had been drawn on this loan and the payback amount was \$12,586,395. Principal payments of \$833,377 were made in 2016. The payback period for

City of Olathe, Kansas
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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, 2016, \$4,221,984 had been drawn on this loan and the payback amount was \$3,440,435. Principal payments of \$216,666 were made in 2016. 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, 2016, \$230,875 had been drawn on this loan. Principal payments of \$124,105 were made in 2016. 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
	2017	\$ 32,875,000	\$ 7,287,590	\$ 18,159,594	\$ 5,199,830	\$ 51,034,594
2018	17,800,000	5,704,087	1,230,000	686,278	19,030,000	6,390,365
2019	17,545,000	5,016,692	1,335,000	615,105	18,880,000	5,631,797
2020	16,100,000	4,335,057	1,440,000	538,004	17,540,000	4,873,061
2021	13,715,000	3,678,797	1,555,000	454,720	15,270,000	4,133,517
2022 - 2026	55,915,000	11,221,085	6,980,000	926,120	62,895,000	12,147,205
2027 - 2031	25,125,000	3,343,075	-	-	25,125,000	3,343,075
2032 - 2035	4,830,000	413,175	-	-	4,830,000	413,175
	<u>183,905,000</u>	<u>40,999,558</u>	<u>30,699,594</u>	<u>8,420,057</u>	<u>214,604,594</u>	<u>49,419,615</u>
Due within one year	<u>32,875,000</u>	<u>7,287,590</u>	<u>18,159,594</u>	<u>5,199,830</u>	<u>51,034,594</u>	<u>12,487,420</u>
Due in more than one year	<u>\$ 151,030,000</u>	<u>\$ 33,711,968</u>	<u>\$ 12,540,000</u>	<u>\$ 3,220,227</u>	<u>\$ 163,570,000</u>	<u>\$ 36,932,195</u>

City of Olathe, Kansas
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Annual debt service requirements to maturity for Business-type Activities are as follows:

Year	Business-type Activities							
	General Obligation Bonds		Revenue Bonds		KDHE Revolving Loan		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 1,210,000	\$ 406,356	\$ 2,965,000	\$ 3,210,170	\$ 1,403,614	\$ 515,154	\$ 5,578,614	\$ 4,131,680
2018	1,250,000	370,056	3,035,000	3,120,352	1,371,734	473,119	5,656,734	3,963,527
2019	1,295,000	320,056	3,105,000	3,021,392	1,337,339	433,452	5,737,339	3,774,900
2020	1,330,000	274,731	3,205,000	2,893,910	1,381,355	393,739	5,916,355	3,562,380
2021	1,370,000	221,531	3,315,000	2,758,405	1,426,831	352,708	6,111,831	3,332,644
2022 - 2026	5,950,000	459,224	18,435,000	11,545,434	7,574,057	1,104,720	31,959,057	13,109,378
2027 - 2031	-	-	20,605,000	7,175,349	3,259,072	127,273	23,864,072	7,302,622
2032 - 2036	-	-	17,200,000	2,528,787	-	-	17,200,000	2,528,787
	12,405,000	2,051,954	71,865,000	36,253,799	17,754,002	3,400,165	102,024,002	41,705,918
Due within one year	1,210,000	406,356	2,965,000	3,210,170	1,403,614	515,154	5,578,614	4,131,680
Due in more than one year	\$ 11,195,000	\$ 1,645,598	\$ 68,900,000	\$ 33,043,629	\$ 16,350,388	\$ 2,885,011	\$ 96,445,388	\$ 37,574,238

The City has pledged future water customer revenues, net of specified operating expenses, to repay \$71,865,000 (\$1,530,000 2008 series, \$2,180,000 2009 series, \$4,665,000 2010A series, \$6,635,000 2010B series, \$30,915,000 2010C series, \$7,865,000 2012 series, and \$18,075,000 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 \$108,118,799. Principal and interest paid for the current year were \$3,065,000 and \$3,253,529, respectively.

Water & Sewer Revenue Bonds

Fiscal Year	Revenues	Current Expenses	Net Revenue			
			Available for Debt Service	Principal Requirement	Interest Requirement	Coverage
2016	\$ 44,771,642	\$ 27,342,877	\$ 17,428,765	\$ 3,065,000	\$ 3,253,529	2.76

In July 2016, the City issued General Obligation Bonds Series 228 in the amount of \$25,315,000 for the purpose of refunding Series 211 and funding various municipal improvements and pay principal and interest on certain temporary notes of the City. The bonds mature serially on October 1, 2017 through October 1, 2031. The new debt service amount on the refunded Series 211 debt is \$21,156,419. The old debt service amount on the Series 211 was \$23,081,400. This results in a savings of \$1,924,981. The economic gain of the refunding is \$1,755,152.

In December 2016, the City issued General Obligation Bonds Series 229 in the amount of \$5,765,000 for the purpose of purchasing streetlights from Kansas City Power & Light Company. The bonds mature serially on October 1, 2017 through October 1, 2026.

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

City of Olathe, Kansas
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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, 2016, based on the assessed valuation as of December 15, 2016 of \$1,772,285,339, the general obligation debt limit was \$531,685,602 which, after reduction for outstanding eligible general obligation bonds and notes totaling \$199,485,000, and increases for exempt projects financed with outstanding general obligation bonds and notes totaling \$70,387,808 and amounts available for debt service of \$25,212,558, provides a general obligation debt margin of \$427,800,968.

Capitalized Leases

	End of Year
Governmental activities:	
7.46% interest lease on copy machines, payable in monthly principal and interest payments of \$6,864 through December 2017	\$ 79,130
9.50% interest lease on a copy machine, payable in monthly principal and interest payments of \$194 through May 2019	5,020
8.4657% interest lease on a fire plotter, payable in monthly principal and interest payments of \$273 through February 2018	3,624
	\$ 87,774
Business-type activities:	
9.50% interest lease for a copy machine, payable in monthly principal and interest payments of \$132 through August 2019	\$ 3,712
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	6,718,148
Total capital leases for business-type activities	\$ 6,721,860

The assets acquired through capital leases are as follows:

	Governmental Activities	Business-type Water & Sewer
Asset:		
Machinery and equipment	\$ 665,541	\$ 1,309,895
Water system	-	12,876,265
Less: Accumulated depreciation	(485,205)	(5,748,336)
Total	\$ 180,336	\$ 8,437,824

City of Olathe, Kansas
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December 31, 2016

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>
2017	\$ 87,969	\$ 1,466,776	\$ 1,554,745
2018	2,879	1,508,116	1,510,995
2019	974	1,550,261	1,551,235
2020	-	1,593,253	1,593,253
2021	-	1,003,850	1,003,850
	<u>91,822</u>	<u>7,122,256</u>	<u>7,214,078</u>
Less interest	4,048	400,396	404,444
Total	<u>\$ 87,774</u>	<u>\$ 6,721,860</u>	<u>\$ 6,809,634</u>

7. Refunded Debt

In 2016, 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, 2016, 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 228 (2016)	211	\$ 13,800,000

For Series 228, the reduction in debt service payments is \$1,924,981. The economic gain on the transaction is \$1,755,152.

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.

City of Olathe, Kansas
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- 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, 2016.

City of Olathe, Kansas
Components of Fund Balance
December 31, 2016

	Major			Nonmajor		Total
	General	Debt Service	Special Tax Financing	Capital Projects	Other Governmental Funds	
Fund Balances:						
Non Spendable:	\$ 180,838	\$ -	\$ -	\$ -	\$ 73,797	\$ 254,635
Restricted for:						
Debt service	-	25,357,976	7,379,092	-	-	32,737,068
Public safety - fire levy	-	-	-	-	122,366	122,366
Public safety - reimbursable programs	-	-	-	21,850,129	25,691	21,875,820
Public safety - grants	-	-	-	-	120,628	120,628
Public works - motor fuel tax	-	-	-	-	811,589	811,589
Public works - Street Maintenance	-	-	-	-	2,695,485	2,695,485
Community services - special park & recreation	-	-	-	-	27,148	27,148
Community services - special alcohol	-	-	-	-	865,670	865,670
Community services - Park sales tax	-	-	-	-	3,786,585	3,786,585
Community services - grants	-	-	-	-	4,007,896	4,007,896
Community services - reimbursable programs	-	-	-	-	142,330	142,330
General government - reimbursable programs	-	-	-	-	681,127	681,127
General government - library	-	-	-	-	2,806,307	2,806,307

City of Olathe, Kansas
Notes to the Basic Financial Statements
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City of Olathe, Kansas
Components of Fund Balance
December 31, 2016

	<u>Major</u>			<u>Nonmajor</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
	<u>General</u>	<u>Debt</u> <u>Service</u>	<u>Special Tax</u> <u>Financing</u>	<u>Capital</u> <u>Projects</u> <u>Other</u> <u>Governmental</u> <u>Funds</u>	
Committed to:					
Public works - storm water	-	-	-	-	2,640,893
Public works - future street improvement	-	-	-	-	6,253,752
Community services - special park & recreation	-	-	-	-	2,095,652
Community services - Recreation	-	-	-	-	687,918
Community services - Cemetary	-	-	-	-	569,330
General government - Economic Development	-	-	-	-	1,006,017
Assigned to:					
Debt service	-	14,427,463	-	-	14,427,463
Public safety - encumbrances	73,860	-	-	-	73,860
Public works - encumbrances	131,961	-	-	-	131,961
Community services - encumbrances	82,656	-	-	-	82,656
General government encumbrances	120,439	-	-	-	120,439
Unassigned:	27,547,843	-	-	-	27,547,843
Total fund balances:	<u>\$28,137,597</u>	<u>\$39,785,439</u>	<u>\$ 7,379,092</u>	<u>\$ 21,850,129</u>	<u>\$29,420,181</u>
	<u>\$126,572,438</u>				<u>\$126,572,438</u>

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2016

9. Interfund Activities

Interfund transactions for the year were as follows:

Transfers from	Transfer to						
	General	Major			Internal Service Funds	Other Governmental Funds	Total
		Debt Service	Capital Projects	Solid Waste			
General	\$ -	\$ 2,410,107	\$ 7,816,708	\$ -	\$ -	\$ 132,750	\$ 10,359,565
Capital Projects	-	470,157	-	-	2,551,291	60,636	3,082,084
Other Governmental Funds	6,267,474	207,995	20,479,544	-	19,800	-	26,974,813
Proprietary Funds							
Water and sewer	-	-	600,000	15,000	-	-	615,000
Solid Waste	-	-	1,651,686	-	-	-	1,651,686
Internal Service Funds	-	-	505,713	-	-	-	505,713
Total proprietary funds	-	-	2,757,399	15,000	-	-	2,772,399
Totals	\$ 6,267,474	\$ 3,088,259	\$ 31,053,651	\$ 15,000	\$ 2,571,091	\$ 193,386	\$ 43,188,861

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, 2016 were as follows:

	Receivables	Payables
Fund Statements		
General	\$ 180,839	\$ -
Other governmental funds	-	180,839
Vehicle replacement	1,839,800	-
Capital projects	-	1,839,800
	<u>\$ 2,020,639</u>	<u>\$ 2,020,639</u>
Government-Wide Statements		
Governmental	\$ -	\$ 4,881,889
Business-type	4,881,889	-

City of Olathe, Kansas
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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.

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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 1.1% of total payroll for the fiscal year ended June 30, 2016.

The actuarially determined employer contribution rate and statutory contribution rate for local government employees are both 9.18%. The actuarially determined employer contribution rate and statutory contribution rate for police and firemen are both 20.42%. Member contribution rates as a percentage of eligible compensation for the fiscal year ended June 30, 2016 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, 2016 and 2015 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, 2016 and 2015, respectively. The contributions used exclude contributions made for prior service, excess benefits, and irregular payments. At June 30, 2016, the City's proportion was 6.485% (1.938% for local government employees and 4.547% for police and firemen) which was an increase of 0.056% from its proportion measured at June 30, 2015.

Net Pension Liability

As of December 31, 2016 and 2015 the City reported a liability of \$72,215,115 (\$29,986,662 for local government employees and \$42,228,453 for police and firemen) and \$59,265,584 (\$25,424,394 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, 2015, which was rolled forward to June 30, 2016, 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-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study conducted for three year ending December 31, 2012.

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The long term expected rate of return of pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target allocation as of June 30, 2016 are summarized in the following table:

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

Discount Rate

The discount rate used to measure the total pension liability was 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 contribute the full actuarially determined rate for Police & Firemen and Judges. Future employer 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 payments 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, 2016 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	\$ 41,101,569	\$ 29,986,662	\$ 20,562,085
Police and Firemen	57,928,798	42,228,453	28,963,485
Total	\$ 99,030,367	\$ 72,215,115	\$ 49,525,570

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Pension Expense

For the year ended December 31, 2016, the City recognized pension expense of \$8,119,694 (\$3,016,445 local government employees and \$5,103,247 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, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources Local Government	Deferred Inflows of Resources Local Government	Deferred Outflows of Resources Police and Firemen	Deferred Inflows of Resources Police and Firemen	Total Deferred Outflows of Resources	Total Deferred Inflows of Resources
Differences between actual and expected experience	\$ 174,043	\$ 541,229	\$ 2,228,766	\$ 435,794	\$ 2,402,809	\$ 977,023
Net differences between projected and actual earnings on investments	3,542,320	-	5,529,015	-	9,071,335	-
Changes in assumptions	-	280,506	-	260,342	-	540,848
Changes in proportion	1,074,523	3,829	764,233	711,049	1,838,756	714,878
Contributions after measurement date	1,561,427	-	2,238,820	-	3,800,247	-
Total	\$ 6,352,313	\$ 825,564	\$ 10,760,834	\$ 1,407,185	\$ 17,113,147	\$ 2,232,749

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
2017	\$ 603,839	\$ 1,208,145
2018	603,839	1,208,145
2019	1,665,268	2,802,917
2020	1,068,460	1,739,047
2021	23,916	156,575
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

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project. The City is only obligated for the amounts of incremental taxes received attributable to the projects. Any deficiencies are the responsibility of the developer. The remaining certified project costs to be repaid as of December 31, 2016 totaled \$27,901,822.

Encumbrances

Listed below are the encumbrances by fund for the City as of December 31, 2016.

	Major	Nonmajor	
	General	Other Governmental Funds	Total Governmental Funds
Restricted for:			
Community services	\$ -	\$ 245	\$ 245
Committed to:			
Public works	-	49,610	49,610
Community services	-	51,732	51,732
Assigned to:			
Public safety	113,494	-	113,494
Public works	92,327	-	92,327
Community services	82,656	-	82,656
General government	120,439	-	120,439
Total encumbrances	\$ 408,916	\$ 101,587	\$ 510,503

Commitments

As of December 31, 2016, 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, 2016
Street improvements	\$ 183,898,980	\$ 129,444,407
Citywide improvements	113,511,390	85,253,952
	\$ 297,410,370	\$ 214,698,359

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>
2017	\$	3,757,548	\$	1,050,938	\$	4,808,486
2018		4,161,484		1,119,459		5,280,943
2019		4,608,844		1,192,448		5,801,292

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, 2016 which will exceed coverage and the funds reserved. There were no significant reductions in insurance coverage during 2016. 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 \$1,088,963 that represents the estimated future cost of claims made and claims incurred, but not reported at December 31, 2016. 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>
2015	\$	1,057,590	\$	804,971	\$	820,691	\$	1,041,870
2016		1,041,870		824,348		777,255		1,088,963

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 \$735,000 at December 31,

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2016. 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:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>
2015	\$ 772,000	\$10,570,880	\$ 10,651,880	\$ 691,000
2016	691,000	13,094,139	13,050,139	735,000

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, 2016. 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.

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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 2016, retiree premiums are the same as employees. Listed below are the monthly premiums.

	Consumer Involved Plan	PPO Plan	Dental Plan
Employee Only	\$ 35	\$ 77	\$ 10
Employee Plus Spouse	199	283	26
Employee Plus Child(ren)	175	256	29
Family	268	373	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 2016:

1. Annual OPEB Cost for 2016

A. Normal Cost	\$ 1,013,171
B. Amortization of Unfunded Actuarial Accrued Liability	1,078,970
C. Annual Required Contribution (ARC)	<u>2,092,141</u>
D. Interest on Net OPEB Obligation	305,666
E. Adjustment to the ARC	405,836
F. Annual OPEB Cost (C+D-E)	<u><u>\$ 1,991,971</u></u>

2. Employer Contributions for 2016

A. Claims + Admin Paid on Behalf of Retirees	\$ 1,585,000
B. Retiree Contribution	296,000
C. Net Employer Contributions (A-B)	<u><u>\$ 1,289,000</u></u>

3. Schedule of Employer Contributions

For Fiscal Year Ended December 31

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

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2016

4. Net OPEB Obligation at 1/01/16

A. Annual OPEB Cost for 2016	\$ 1,991,971
B. Net Employer Contributions for 2016	<u>(1,289,000)</u>
C. Increase in Net OPEB for 2016	702,971
D. Balance at 1/01/15	<u>8,733,328</u>
E. Balance at 1/01/16 (A-B+C)	<u><u>\$ 9,436,299</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. Tax Abatements

Property Tax Abatements

The City provides property tax abatements pursuant to and subject to the terms of Section 13 of Article 11 of the Kansas Constitution or K.S.A. 12-1740 et seq. and 79-201a. (the "Economic Development Revenue Bond Act" (EDRB Act)). The purpose of the EDRB Act is to promote, stimulate, and develop the general welfare and economic prosperity of the State of Kansas. Cities are authorized by the EDRB Act to issue economic development revenue bonds, the proceeds of which shall be used for paying all or part

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2016

of the cost of purchasing, acquiring, constructing, reconstructing, improving, equipping, furnishing, repairing, enlarging, or remodeling facilities for agricultural, commercial, hospital, industrial, natural resources, recreational development and manufacturing purposes. The EDRB Act defines the term facility to include a site and the necessary site preparation, structures, easements, rights-of-way, and appurtenances necessary and convenient to the facility being financed.

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

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

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

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

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2016

For the fiscal year ending December 31, 2016, the City abated ad valorem property taxes. Listed below are projects that individually exceed 4% of the City's total amount abated. The projects listed total over 50% of the total abatement amount.

Project Name	Karbank (Farmers)
Project Description	General Office Buildings
Approved Abatement	75% of ad valorem property taxes
2016 amount	\$78,202
Additional Commitment	N/A

Project Name	Garmin #1
Project Description	Instrument/high-technology manufacturing
Approved Abatement	55% of ad valorem property taxes
2016 amount	\$284,362
Additional Commitment	N/A

Project Name	Garmin #2
Project Description	Instrument/high-technology manufacturing
Approved Abatement	55% of ad valorem property taxes
2016 amount	\$284,362
Additional Commitment	N/A

Project Name	US Bank
Project Description	Information services and data processing
Approved Abatement	55% of ad valorem property taxes
2016 amount	\$155,643
Additional Commitment	N/A

Project Name	KH Jensen – Sun Life Assurance
Project Description	Warehouse/office combination
Approved Abatement	50% of ad valorem property taxes
2016 amount	\$83,236
Additional Commitment	N/A

Project Name	KH Jensen – Sun Life Assurance
Project Description	Warehouse/office combination
Approved Abatement	50% of ad valorem property taxes
2016 amount	\$76,033
Additional Commitment	N/A

Tax Increment Financing

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

The TIF Act authorizes the City to apply the incremental increase in ad valorem property tax and other tax revenues to reimburse eligible project expenses. The increment increase is from a base established

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2016

upon creation of a redevelopment district. The tax increment may be used to finance certain projects expenditures which are defined in the TIF Act. Tax increment revenues are available for a period of twenty years from the date of approval of a TIF project plan.

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

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

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

For the fiscal year ending December 31, 2016, the City applied incremental revenues to TIF projects as follows:

Project Name	Olathe Gateway
Project Description	Development of shopping area / entertainment district anchored by Bass Pro.
Approved TIF	100% Ad valorem property tax increment and 100% incremental sales tax
2016 amount	\$349,600
Project Commitment	Development of shopping area / entertainment district
Additional Commitment	N/A

Project Name	Southgate
Project Description	Development of shopping area / entertainment district anchored by Target.
Approved TIF	100% Ad valorem property tax increment and 50% incremental sales tax
2016 amount	\$389,329
Project Commitment	Development of shopping area
Additional Commitment	N/A

Project Name	Santa Fe and Ridgeview
Project Description	Redevelopment of shopping area anchored by Sutherland's.
Approved TIF	100% Ad valorem property tax increment and 50% incremental sales tax
2016 amount	\$18,331
Project Commitment	Redevelopment of shopping area
Additional Commitment	N/A

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2016

Project Name	Heritage Crossing
Project Description	Development of shopping area.
Approved TIF	100% Ad valorem property tax increment and 50% incremental sales tax.
2016 amount	\$38,324
Project Commitment	Development of shopping area
Additional Commitment	N/A

Project Name	Heart of America / Hilton Garden Inn
Project Description	Development of Hilton Garden Inn hotel
Approved TIF	100% Ad valorem property tax increment and 100% incremental sales tax
2016 amount	\$235,684
Project Commitment	Development of hotel
Additional Commitment	N/A

Project Name	Ancona Honda
Project Description	Redevelopment of car dealership
Approved TIF	100% Ad valorem property tax increment
2016 amount	\$44,679
Project Commitment	Redevelopment of car dealership
Additional Commitment	N/A

Project Name	Heart of America / Conference Center & Hotel
Project Description	Development of conference center and Embassy Suites Hotel
Approved TIF	100% Ad valorem property tax, 100% incremental sales tax, and 100% incremental transient guest tax
2016 amount	\$568,668
Project Commitment	Development of convention center and hotel.
Additional Commitment	N/A

Sales Tax Revenue Bonds (STAR Bonds)

The City has abated sales tax revenue pursuant to and subject to the terms of K.S.A. 12-17,160 et seq., as amended. The STAR Bond Act provides a form of tax increment financing that enables the issuance of bonds payable from certain State and local sales and compensating use tax revenues and transient guest tax revenues generated from STAR bond projects constructed within a STAR bond project district. The Unified Government (Wyandotte County and Kansas City, Kansas) is the issuing government.

Project Name	Village West
Project Description	Development of shopping center
Approved TIF	increment sales tax
2016 amount	\$290,218
Project Commitment	Development of shopping center
Additional Commitment	N/A

As of December 31, 2016, there were 56 issues of industrial revenue and multi-housing bonds outstanding. Outstanding issues had an aggregate outstanding amount totaling \$630,577,363 and a total assessed valuation of \$142,147,208.

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2016

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	\$ 4,125,157
Total liabilities	515,504
Net Position	\$ 3,609,653
Expenses	\$ 4,164,999
Program revenues	4,177,207
Net program revenues	12,208
Other general revenues	1,030
Change in net position	13,238
Beginning net position	3,596,415
Ending net position	\$ 3,609,653

17. Prior Period Adjustment

In 2016, management of the City evaluated the 2015 merger of the Olathe Public Library (previously reported as a component unit) with the City. Management determined a change in methodology is necessary to improve the financial reporting of the Library. Under prior methodology, all aspects of the Library were reported in one special revenue fund (Library Tax Fund). Under the new methodology, the library operations will be reported in a special revenue fund (Library Operations Fund) and the capital portion of the Library will be reported in a capital projects fund (Library Capital Fund).

The change in methodology results in an adjustment at the fund level, but not at the government wide level. The following schedule summarizes the change:

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2016

	Previously Reported Library Tax	Adjusted	
		Library Operations	Library Capital
Assets			
Cash, cash equivalents, and investments	\$ 3,710,574	\$ 1,633,159	\$ 2,077,415
Taxes Receivable	4,045,949	4,045,949	-
Prepaid assets	80,154	80,154	-
Total assets	\$ 7,836,677	\$ 5,759,262	\$ 2,077,415
Liabilities			
Accounts payable	\$ 105,795	\$ 105,795	\$ -
Deferred Inflows of Resources			
Deferred revenue - property taxes	4,045,949	4,045,949	-
Fund balance			
Nonspendable	80,154	80,154	-
Restricted	3,604,779	1,527,364	2,077,415
Total fund balance			
Total liabilities, deferred inflows of resources and fund balance	\$ 3,684,933	1,607,518	2,077,415
	\$ 7,836,677	\$ 5,759,262	\$ 2,077,415

In 2016, management evaluated the recording of the long-term receivable in the Grant fund. The offset of these loans was previously recorded as a deferred inflow of resources. The offset of these loans should instead be recorded as restricted fund balance. This change in methodology results in an adjustment to beginning net position for the Governmental Activities on the Statement of Activities. It also results in an adjustment to beginning fund balance (restricted) for the other governmental funds on the Balance Sheet for Governmental Funds and the Grants fund on the Balance Sheet for Nonmajor Funds. The impact of this adjustment was an increase in the net position/fund balance as of January 1, 2016 for \$3,674,063 and a corresponding decrease to deferred inflows of resources.

18. 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 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 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.

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2016

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 the 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 the implementation of this statement to the City.

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

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

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

**Required
Supplementary Information**

City of Olathe, Kansas
Required Supplementary Information
Schedule of Funding Progress for OPEB
As of December 31, 2016

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

Note 1. Significant Factors Affecting Trends in Actuarial Information

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

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

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

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

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

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

Local Government	2014	2015	2016
Proportion of the Net Pension Liability	1.878112%	1.936294%	1.938338%
Proportionate share of the net pension liability	\$ 23,155,815	\$ 25,424,394	\$ 29,986,662
Covered employee payroll	34,408,016	35,530,007	33,922,111
Proportionate share of the net pension liability as a percentage of covered employee payroll	67.30%	71.56%	88.40%
Plan fiduciary net position as a percentage of total pension liability	66.60%	64.95%	65.09%
Police and Firemen	2014	2015	2016
Proportion of the Net Pension Liability	4.500889%	4.660566%	4.546739%
Proportionate share of the net pension liability	\$ 29,829,218	\$ 33,841,190	\$ 42,228,453
Covered employee payroll	22,291,450	23,177,996	23,547,099
Proportionate share of the net pension liability as a percentage of covered employee payroll	133.81%	146.01%	179.34%
Plan fiduciary net position as a percentage of total pension liability	66.60%	64.95%	65.09%

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

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

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

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, 2016.

Changes of assumptions. There were no changes to assumptions in valuation reports for the year ended December 31, 2016.



Nonmajor Governmental Funds

Nonmajor Governmental Funds

Special Revenue Funds

Fire Levy

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

Motor Fuel Tax

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

Library Operating

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

Economic Development and Tourism

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

Special Park and Recreation

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

Special Alcohol

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

Storm Water

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



Nonmajor Governmental Funds

Special Revenue Funds

Reimbursable Programs

To account for miscellaneous donations for various designated purposes.

Grants Fund

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

Recreation Fund

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

Cemetery

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

Capital Projects Fund

Library Capital

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

Park Sales Tax

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

Street Maintenance Sale Tax

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

Future Street Improvement

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

City of Olathe, Kansas
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2016

	Special Revenue							
	Fire Levy	Motor Fuel Tax	Library Operating	Economic Development and Tourism	Special Park and Recreation	Special Alcohol	Stormwater	
Assets								
Cash, cash equivalents, and investments	\$ 122,366	\$ -	\$ 1,916,812	\$ 640,982	\$ 2,123,084	\$ 865,670	\$ 2,189,620	\$ 849,148
Receivables (net of allowance)								
Accounts	-	-	-	-	-	-	504,182	-
Taxes	2,721,845	-	4,409,128	365,035	-	-	-	-
Loans	-	-	-	-	-	-	-	-
Due from other governments	-	906,598	-	-	100,000	100,000	-	-
Prepaid asset	-	-	73,797	-	-	-	-	-
Total assets	\$ 2,844,211	\$ 906,598	\$ 6,399,737	\$ 1,006,017	\$ 2,223,084	\$ 965,670	\$ 2,693,802	\$ 849,148
Liabilities								
Accounts payable	\$ -	\$ -	\$ 87,663	\$ -	\$ 284	\$ -	\$ 52,909	\$ -
Due to other funds	-	95,009	-	-	-	-	-	-
Total liabilities	-	95,009	87,663	-	284	-	52,909	-
Deferred Inflows of Resources								
Deferred revenue - property taxes	2,721,845	-	4,409,128	-	-	-	-	-
Deferred revenue - intergovernmental	-	-	-	-	100,000	100,000	-	-
Total deferred inflows of resources	2,721,845	-	4,409,128	-	100,000	100,000	-	-
Fund balances								
Nonspendable	-	-	73,797	-	-	-	-	-
Restricted								
Public safety	122,366	-	-	-	-	-	-	25,691
Public works	-	811,589	-	-	-	-	-	-
Community services	-	-	-	-	27,148	865,670	-	142,330
General government	-	-	1,829,149	-	-	-	-	681,127
Committed								
Public works	-	-	-	-	-	-	2,640,893	-
Community services	-	-	-	-	2,095,652	-	-	-
General government	-	-	-	1,006,017	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	122,366	811,589	1,902,946	1,006,017	2,122,800	865,670	2,640,893	849,148
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,844,211	\$ 906,598	\$ 6,399,737	\$ 1,006,017	\$ 2,223,084	\$ 965,670	\$ 2,693,802	\$ 849,148

City of Olathe, Kansas
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2016

	Special Revenue			Capital Projects				Total Nonmajor Governmental Funds
	Grants Fund	Cemetery	Recreation	Library Capital	Park Sales Tax	Street Maintenance Sales Tax	Future Street Improvement	
Assets								
Cash, cash equivalents, and investments	\$ 263,653	\$ 569,330	\$ 1,047,445	\$ 981,539	\$ 3,143,398	\$ 761,384	\$ 6,253,752	\$ 21,728,183
Receivables (net of allowance)								
Accounts	11,818	-	100,238	-	-	-	-	616,238
Taxes	-	-	-	-	643,187	1,934,101	-	10,073,296
Loans	3,766,712	-	-	-	-	-	-	3,766,712
Due from other governments	335,838	-	-	-	-	-	-	1,442,436
Prepaid asset	-	-	-	-	-	-	-	73,797
Total assets	\$ 4,378,021	\$ 569,330	\$ 1,147,683	\$ 981,539	\$ 3,786,585	\$ 2,695,485	\$ 6,253,752	\$ 37,700,662
Liabilities								
Accounts payable	\$ 23,525	\$ -	\$ 459,765	\$ 4,381	\$ -	\$ -	\$ -	\$ 628,527
Due to other funds	85,830	-	-	-	-	-	-	180,839
Total liabilities	109,355	-	459,765	4,381	-	-	-	809,366
Deferred Inflows of Resources								
Deferred revenue - property taxes	-	-	-	-	-	-	-	7,130,973
Deferred revenue - intergovernmental	140,142	-	-	-	-	-	-	340,142
Total deferred inflows of resources	140,142	-	-	-	-	-	-	7,471,115
Fund balances								
Nonspendable	-	-	-	-	-	-	-	73,797
Restricted								
Public safety	120,628	-	-	-	-	-	-	268,685
Public works	-	-	-	-	-	2,695,485	-	3,507,074
Community services	4,007,896	-	-	-	3,786,585	-	-	8,829,629
General government	-	-	-	977,158	-	-	-	3,487,434
Committed								
Public works	-	-	-	-	-	-	6,253,752	8,894,645
Community services	-	569,330	687,918	-	-	-	-	3,352,900
General government	-	-	-	-	-	-	-	1,006,017
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	4,128,524	569,330	687,918	977,158	3,786,585	2,695,485	6,253,752	29,420,181
Total liabilities, deferred inflows of resources, and fund balances	\$ 4,378,021	\$ 569,330	\$ 1,147,683	\$ 981,539	\$ 3,786,585	\$ 2,695,485	\$ 6,253,752	\$ 37,700,662

City of Olathe, Kansas
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2016

	Special Revenue							Reimbursable Programs
	Fire Levy	Motor Fuel Tax	Library Operating	Economic Development and Tourism	Special Park and Recreation	Special Alcohol	Stormwater	
Revenues								
Taxes:								
Property	\$ 2,843,070	\$ -	\$ 4,606,493	\$ -	\$ -	\$ -	\$ -	\$ 83,428
Sales	-	-	-	-	-	-	-	-
Transient guest	-	-	-	1,477,483	-	-	-	-
Intergovernmental	-	3,579,357	-	-	452,188	452,188	-	-
Fines, forfeitures, and penalties	-	-	165,561	-	-	-	-	-
Charges for services	-	-	16,520	-	568,560	-	3,998,749	250,085
Use of money and property	-	-	14,893	-	11,116	5,072	17,609	304
Miscellaneous	-	-	3,456	-	-	-	-	150,268
Total revenues	<u>2,843,070</u>	<u>3,579,357</u>	<u>4,806,923</u>	<u>1,477,483</u>	<u>1,031,864</u>	<u>457,260</u>	<u>4,016,358</u>	<u>484,085</u>
Expenditures								
General government	-	-	4,511,495	1,264,500	-	-	18,992	260,348
Public safety	-	-	-	-	-	196,168	-	13,395
Public works	-	-	-	-	-	-	2,442,179	-
Community services	-	-	-	-	505,246	240,131	-	160,626
Total expenditures	<u>-</u>	<u>-</u>	<u>4,511,495</u>	<u>1,264,500</u>	<u>505,246</u>	<u>436,299</u>	<u>2,461,171</u>	<u>434,369</u>
Excess of revenues over (under) expenditures	<u>2,843,070</u>	<u>3,579,357</u>	<u>295,428</u>	<u>212,983</u>	<u>526,618</u>	<u>20,961</u>	<u>1,555,187</u>	<u>49,716</u>
Other financing sources (uses)								
Insurance proceeds	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	132,750
Transfers out	(2,843,070)	(3,424,404)	-	-	(450,000)	-	(2,989,950)	-
Total other financing sources (uses)	<u>(2,843,070)</u>	<u>(3,424,404)</u>	<u>-</u>	<u>-</u>	<u>(450,000)</u>	<u>-</u>	<u>(2,989,950)</u>	<u>132,750</u>
Net change in fund balances	<u>-</u>	<u>154,953</u>	<u>295,428</u>	<u>212,983</u>	<u>76,618</u>	<u>20,961</u>	<u>(1,434,763)</u>	<u>182,466</u>
Fund balances - beginning of year, as previously reported	122,366	656,636	3,684,933	793,034	2,046,182	844,709	4,075,656	666,682
Prior period adjustment	-	-	(2,077,415)	-	-	-	-	-
Fund balances - beginning of year, restated	<u>122,366</u>	<u>656,636</u>	<u>1,607,518</u>	<u>793,034</u>	<u>2,046,182</u>	<u>844,709</u>	<u>4,075,656</u>	<u>666,682</u>
Fund balances - end of year	<u>\$ 122,366</u>	<u>\$ 811,589</u>	<u>\$ 1,902,946</u>	<u>\$ 1,006,017</u>	<u>\$ 2,122,800</u>	<u>\$ 865,670</u>	<u>\$ 2,640,893</u>	<u>\$ 849,148</u>

City of Olathe, Kansas
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2016

	Special Revenue			Capital Projects			Total Nonmajor Governmental Funds
	Grant Fund	Cemetery	Recreation	Library Capital	Park Sales Tax	Street Maintenance Sales Tax	
Revenues							
Taxes:							
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,532,991
Sales	-	-	-	-	3,847,095	11,545,237	15,392,332
Transient guest	-	-	-	-	-	-	1,477,483
Intergovernmental	1,135,541	-	-	41,758	-	-	5,661,032
Fines, forfeitures, and penalties	-	-	-	-	-	-	165,561
Charges for services	-	173,816	4,782,554	-	-	-	10,705,546
Use of money and property	-	3,474	7,401	-	21,249	47,992	165,274
Miscellaneous	223,993	-	-	32,597	-	-	410,314
Total revenues	<u>1,359,534</u>	<u>177,290</u>	<u>4,789,955</u>	<u>74,355</u>	<u>3,868,344</u>	<u>11,593,229</u>	<u>41,510,533</u>
Expenditures							
General government	41,469	-	-	713,971	14,412	-	6,825,187
Public safety	203,117	-	-	-	-	-	412,680
Public works	125,478	-	-	-	-	-	2,567,657
Community services	920,325	141,312	4,389,871	-	290,542	-	6,648,053
Total expenditures	<u>1,290,389</u>	<u>141,312</u>	<u>4,389,871</u>	<u>713,971</u>	<u>304,954</u>	<u>-</u>	<u>16,453,577</u>
Excess of revenues over (under) expenditures	<u>69,145</u>	<u>35,978</u>	<u>400,084</u>	<u>(639,616)</u>	<u>3,563,390</u>	<u>11,593,229</u>	<u>25,056,956</u>
Other financing sources (uses)							
Insurance proceeds	-	-	-	539,359	-	-	539,359
Transfers in	-	-	-	-	60,636	-	193,386
Transfers out	-	-	(160,000)	(1,000,000)	(3,549,394)	(12,350,000)	(26,974,813)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(160,000)</u>	<u>(460,641)</u>	<u>(3,488,758)</u>	<u>(12,350,000)</u>	<u>(26,242,068)</u>
Net change in fund balances	<u>69,145</u>	<u>35,978</u>	<u>240,084</u>	<u>(1,100,257)</u>	<u>74,632</u>	<u>(756,771)</u>	<u>(1,185,112)</u>
Fund balances - beginning of year, as previously reported	385,316	533,352	447,834	-	3,711,953	3,452,256	26,931,230
Prior period adjustment	3,674,063	-	-	2,077,415	-	-	3,674,063
Fund balances - beginning of year, restated	<u>4,059,379</u>	<u>533,352</u>	<u>447,834</u>	<u>2,077,415</u>	<u>3,711,953</u>	<u>3,452,256</u>	<u>30,605,293</u>
Fund balances - end of year	<u>\$ 4,128,524</u>	<u>\$ 569,330</u>	<u>\$ 687,918</u>	<u>\$ 977,158</u>	<u>\$ 3,786,585</u>	<u>\$ 2,695,485</u>	<u>\$ 29,420,181</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, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Taxes:			
Property	\$ 14,371,151	\$ 14,791,142	\$ 419,991
Sales	46,784,959	45,757,035	(1,027,924)
Franchise	12,018,345	11,503,470	(514,875)
Intergovernmental	921,902	950,331	28,429
Licenses and permits	1,535,750	2,221,597	685,847
Fines, forfeitures, and penalties	3,915,473	3,696,115	(219,358)
Charges for services	4,562,372	5,762,335	1,199,963
Use of money and property	152,510	196,747	44,237
Miscellaneous	646,936	915,794	268,858
Total revenues	<u>84,909,398</u>	<u>85,794,566</u>	<u>885,168</u>
Expenditures			
General government	25,875,952	3,916,673	21,959,279
Administration	3,991,503	3,733,782	257,721
Legal	1,560,249	1,558,041	2,208
Information technology services	4,007,782	3,921,652	86,130
Financial services	3,028,025	2,853,424	174,601
Public safety	44,405,289	41,923,090	2,482,199
Public works	14,533,309	14,967,958	(434,649)
Community services	7,814,867	8,025,650	(210,783)
Contingency	500,000	-	500,000
Total expenditures	<u>105,716,976</u>	<u>80,900,270</u>	<u>24,816,706</u>
Excess of revenues over expenditures	<u>(20,807,578)</u>	<u>4,894,296</u>	<u>25,701,874</u>
Other financing sources (uses)			
Transfers in	6,599,212	6,267,474	(331,738)
Transfers out	(5,896,374)	(10,359,565)	(4,463,191)
Total other financing sources (uses)	<u>702,838</u>	<u>(4,092,091)</u>	<u>(4,794,929)</u>
Net change in fund balance	<u>\$ (20,104,740)</u>	<u>802,205</u>	<u>\$ 20,906,945</u>
Fund balance - beginning of year - budget basis		<u>26,926,476</u>	
Fund balance - end of year - budget basis		<u>27,728,681</u>	
Encumbrances incurred and outstanding		<u>408,916</u>	
Fund balance - end of year - GAAP basis		<u>\$ 28,137,597</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, 2016

	Fire Levy Fund			Motor Fuel Tax Fund			Library Operating Fund		
	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
Revenues									
Taxes	\$ 2,779,061	\$ 2,843,070	\$ 64,009	\$ -	\$ -	\$ -	\$ 4,433,272	\$ 4,606,493	\$ 173,221
Intergovernmental	-	-	-	3,424,404	3,579,357	154,953	-	-	-
Fines, forfeitures, and penalties	-	-	-	-	-	-	-	165,561	165,561
Charges for services	-	-	-	-	-	-	-	16,520	16,520
Use of money and property	-	-	-	-	-	-	5,000	14,893	9,893
Miscellaneous	-	-	-	-	-	-	-	3,456	3,456
Total revenues	<u>2,779,061</u>	<u>2,843,070</u>	<u>64,009</u>	<u>3,424,404</u>	<u>3,579,357</u>	<u>154,953</u>	<u>4,438,272</u>	<u>4,806,923</u>	<u>368,651</u>
Expenditures									
General government	-	-	-	-	-	-	4,632,788	4,511,495	121,293
Public safety	-	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,632,788</u>	<u>4,511,495</u>	<u>121,293</u>
Excess of revenues over/ (under) expenditures	<u>2,779,061</u>	<u>2,843,070</u>	<u>64,009</u>	<u>3,424,404</u>	<u>3,579,357</u>	<u>154,953</u>	<u>(194,516)</u>	<u>295,428</u>	<u>489,944</u>
Other financing sources (uses)									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	(2,865,524)	(2,843,070)	22,454	(3,733,688)	(3,424,404)	309,284	-	-	-
Total other financing sources/(uses)	<u>(2,865,524)</u>	<u>(2,843,070)</u>	<u>22,454</u>	<u>(3,733,688)</u>	<u>(3,424,404)</u>	<u>309,284</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (86,463)</u>	<u>-</u>	<u>\$ 86,463</u>	<u>\$ (309,284)</u>	<u>154,953</u>	<u>\$ 464,237</u>	<u>\$ (194,516)</u>	<u>295,428</u>	<u>\$ 489,944</u>
Fund balances - beginning of year - Budget basis, as previously stated		122,366			656,636			3,684,933	
Prior period adjustment		-			-			(2,077,415)	
Fund balances - beginning of year - Budget basis, restated		<u>122,366</u>			<u>656,636</u>			<u>1,607,518</u>	
Fund balances - end of year - Budget basis		122,366			811,589			1,902,946	
Encumbrances incurred and outstanding / Due to other fund		-			-			-	
Fund balances - end of year - GAAP basis		<u>\$ 122,366</u>			<u>\$ 811,589</u>			<u>\$ 1,902,946</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, 2016

	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	\$ 1,337,023	\$ 1,477,483	\$ 140,460	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	424,502	452,188	27,686	424,502	452,188	27,686
Fines, forfeitures, and penalties	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	465,849	568,560	102,711	-	-	-
Use of money and property	-	-	-	10,839	11,116	277	4,027	5,072	1,045
Miscellaneous	-	-	-	-	-	-	-	-	-
Total revenues	<u>1,337,023</u>	<u>1,477,483</u>	<u>140,460</u>	<u>901,190</u>	<u>1,031,864</u>	<u>130,674</u>	<u>428,529</u>	<u>457,260</u>	<u>28,731</u>
Expenditures									
General government	1,264,500	1,264,500	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	199,663	196,268	3,395
Public works	-	-	-	-	-	-	-	-	-
Community services	-	-	-	2,216,033	505,246	1,710,787	957,347	240,131	717,216
Total expenditures	<u>1,264,500</u>	<u>1,264,500</u>	<u>-</u>	<u>2,216,033</u>	<u>505,246</u>	<u>1,710,787</u>	<u>1,157,010</u>	<u>436,399</u>	<u>720,611</u>
Excess of revenues over (under) expenditures	<u>72,523</u>	<u>212,983</u>	<u>(140,460)</u>	<u>(1,314,843)</u>	<u>526,618</u>	<u>1,841,461</u>	<u>(728,481)</u>	<u>20,861</u>	<u>749,342</u>
Other financing sources (uses)									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	(696,407)	-	(696,407)	(450,000)	(450,000)	-	-	-	-
Total other financing sources/(uses)	<u>(696,407)</u>	<u>-</u>	<u>(696,407)</u>	<u>(450,000)</u>	<u>(450,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (623,884)</u>	<u>212,983</u>	<u>\$ (836,867)</u>	<u>\$ (1,764,843)</u>	<u>76,618</u>	<u>\$ 1,841,461</u>	<u>\$ (728,481)</u>	<u>20,861</u>	<u>\$ 749,342</u>
Fund balances - beginning of year - Budget basis		793,034			2,046,182			844,564	
		<u>-</u>			<u>-</u>			<u>-</u>	
		793,034			2,046,182			844,564	
Fund balances - end of year - Budget basis		1,006,017			2,122,800			865,425	
Encumbrances incurred and outstanding / Due to other fund		-			-			245	
Fund balances - end of year - GAAP basis		<u>\$ 1,006,017</u>			<u>\$ 2,122,800</u>			<u>\$ 865,670</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, 2016

	Storm Water Fund			Recreation			Total		
	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
Revenues									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,549,356	\$ 8,927,046	\$ 377,690
Intergovernmental	-	-	-	-	-	-	4,273,408	4,483,733	210,325
Fines, forfeitures, and penalties	-	-	-	-	-	-	-	165,561	165,561
Charges for services	3,855,443	3,998,749	143,306	4,694,258	4,782,554	88,296	9,015,550	9,366,383	350,833
Use of money and property	25,038	17,609	(7,429)	4,651	7,401	2,750	49,555	56,091	6,536
Miscellaneous	-	-	-	-	-	-	-	3,456	3,456
Total revenues	<u>3,880,481</u>	<u>4,016,358</u>	<u>135,877</u>	<u>4,698,909</u>	<u>4,789,955</u>	<u>91,046</u>	<u>21,887,869</u>	<u>23,002,270</u>	<u>1,114,401</u>
Expenditures									
General government	-	-	-	-	-	-	5,897,288	5,775,995	121,293
Public safety	-	-	-	-	-	-	199,663	196,268	3,395
Public works	4,863,523	2,487,176	2,376,347	-	-	-	4,863,523	2,487,176	2,376,347
Community services	-	-	-	5,353,016	4,595,821	757,195	8,526,396	5,341,198	3,185,198
Total expenditures	<u>4,863,523</u>	<u>2,487,176</u>	<u>2,376,347</u>	<u>5,353,016</u>	<u>4,595,821</u>	<u>757,195</u>	<u>19,486,870</u>	<u>13,800,637</u>	<u>5,686,233</u>
Excess of revenues over (under) expenditures	<u>(983,042)</u>	<u>1,529,182</u>	<u>2,512,224</u>	<u>(654,107)</u>	<u>194,134</u>	<u>848,241</u>	<u>2,400,999</u>	<u>9,201,633</u>	<u>6,800,634</u>
Other financing sources (uses)									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	(2,913,750)	(2,989,950)	(76,200)	(160,000)	(160,000)	-	(10,819,369)	(9,867,424)	(440,869)
Total other financing sources/(uses)	<u>(2,913,750)</u>	<u>(2,989,950)</u>	<u>(76,200)</u>	<u>(160,000)</u>	<u>(160,000)</u>	<u>-</u>	<u>(10,819,369)</u>	<u>(9,867,424)</u>	<u>(440,869)</u>
Net change in fund balances	<u>\$ (3,896,792)</u>	<u>(1,460,768)</u>	<u>\$ 2,436,024</u>	<u>\$ (814,107)</u>	<u>34,134</u>	<u>\$ 848,241</u>	<u>\$ (8,418,370)</u>	<u>(665,791)</u>	<u>\$ 6,359,765</u>
Fund balances - beginning of year - Budget basis		4,052,051			2,441,852			14,641,618	(2,077,415)
		<u>4,052,051</u>			<u>2,441,852</u>			<u>12,564,203</u>	
Fund balances - end of year - Budget basis		2,591,283			2,475,986			11,898,412	
Encumbrances incurred and outstanding / Due to other fund		49,610			(1,788,068)			(1,738,213)	
Fund balances - end of year - GAAP basis		<u>\$ 2,640,893</u>			<u>\$ 687,918</u>			<u>\$ 10,160,199</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, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
Revenues			
Taxes	\$ 3,168,448	\$ 3,847,095	\$ 678,647
Use of money and property	10,402	21,249	10,847
Total revenues	<u>3,178,850</u>	<u>3,868,344</u>	<u>689,494</u>
Expenditures			
General government	-	14,412	(14,412)
Community services	<u>2,878,768</u>	<u>290,542</u>	<u>2,588,226</u>
Total expenditures	<u>2,878,768</u>	<u>304,954</u>	<u>2,573,814</u>
Excess of revenues over (under) expenditures	<u>300,082</u>	<u>3,563,390</u>	<u>3,263,308</u>
Other financing sources (uses)			
Transfers in	364,000	60,636	(303,364)
Transfers out	<u>(3,506,394)</u>	<u>(3,549,394)</u>	<u>(43,000)</u>
Total other financing sources (uses)	<u>(3,142,394)</u>	<u>(3,488,758)</u>	<u>(346,364)</u>
Net change in fund balance	<u>\$ (2,842,312)</u>	74,632	<u>\$ 2,916,944</u>
Fund balance - beginning of year		3,711,953	
Fund balance - end of year		<u>\$ 3,786,585</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, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
Revenues			
Taxes	\$ 9,715,561	\$ 11,545,237	\$ 1,829,676
Use of money and property	7,450	47,992	40,542
Total revenues	<u>9,723,011</u>	<u>11,593,229</u>	<u>1,870,218</u>
Expenditures			
General government	2,569,850	-	2,569,850
Community services	-	-	-
Total expenditures	<u>2,569,850</u>	<u>-</u>	<u>2,569,850</u>
Excess of revenues over (under) expenditures	<u>7,153,161</u>	<u>11,593,229</u>	<u>4,440,068</u>
Other financing sources (uses)			
Transfers in	965,572	-	(965,572)
Transfers out	(11,500,000)	(12,350,000)	(850,000)
Total other financing sources (uses)	<u>(10,534,428)</u>	<u>(12,350,000)</u>	<u>(1,815,572)</u>
Net change in fund balance	<u>\$ (3,381,267)</u>	<u>(756,771)</u>	<u>\$ 2,624,496</u>
Fund balance - beginning of year		3,452,256	
Fund balance - end of year		<u>\$ 2,695,485</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, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
Revenues			
Taxes and special assessments	\$ 23,728,384	\$ 25,688,561	\$ 1,960,177
Use of money and property	143,063	182,931	39,868
Miscellaneous	-	78,415	78,415
Total revenues	<u>23,871,447</u>	<u>25,949,907</u>	<u>2,078,460</u>
Expenditures			
General operations	60,000	30,691	29,309
Debt service:			
Principal retirements	38,505,835	18,755,000	19,750,835
Interest	7,052,598	6,409,744	642,854
Total expenditures	<u>45,618,433</u>	<u>25,195,435</u>	<u>20,422,998</u>
Excess of revenues over (under) expenditures	(21,746,986)	754,472	22,501,458
Other financing sources			
Transfers in	2,534,014	3,088,259	554,245
Net change in fund balance	<u>\$ (19,212,972)</u>	3,842,731	<u>\$ 23,055,703</u>
Fund balance - beginning of year		<u>21,369,827</u>	
Fund balance - end of year			
Budget basis		25,212,558	
Cash held by trustee		14,572,881	
Fund balance - end of year-GAAP basis		<u>\$ 39,785,439</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, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
Revenues			
Taxes and special assessments	\$ 5,259,669	\$ 5,449,011	\$ 189,342
Charge for services	5,000	-	(5,000)
Use of money and property	18,908	28,969	10,061
Total revenues	<u>5,283,577</u>	<u>5,477,980</u>	<u>194,403</u>
Expenditures			
General operations	30,000	28,613	1,387
Capital improvements	2,781,260	1,317,683	
Debt service	7,385,187	2,697,897	4,687,290
Total expenditures	<u>10,196,447</u>	<u>4,044,193</u>	<u>4,688,677</u>
Excess of revenues over (under) expenditures	<u>\$ (4,912,870)</u>	1,433,787	<u>\$ 6,346,657</u>
Fund balance - beginning of year		5,945,305	
Fund balance - end of year		<u>\$ 7,379,092</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, 2016

	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	\$ 24,320,829	\$ 22,217,430	\$ (2,103,399)	\$ -	\$ -	\$ -	\$ 24,320,829	\$ 22,217,430	\$ (2,103,399)
Sewer charges	19,675,885	18,064,606	(1,611,279)	-	-	-	19,675,885	18,064,606	(1,611,279)
Water and sewer connection charges	365,627	593,058	227,431	-	-	-	365,627	593,058	227,431
Sanitation charges and landfill fees	-	-	-	12,515,415	13,216,812	701,397	12,515,415	13,216,812	701,397
Use of money and property	32,887	43,114	10,227	29,321	119,744	90,423	62,208	162,858	100,650
Miscellaneous	973,625	1,328,441	354,816	50,000	50,050	50	1,023,625	1,378,491	354,866
Total revenues	<u>45,368,853</u>	<u>42,246,649</u>	<u>(3,122,204)</u>	<u>12,594,736</u>	<u>13,386,606</u>	<u>791,870</u>	<u>57,963,589</u>	<u>55,633,255</u>	<u>(2,330,334)</u>
Expenditures									
General operations	1,433,238	1,274,535	158,703	-	-	-	1,433,238	1,274,535	158,703
Public works	36,234,194	26,942,539	9,291,655	15,007,791	12,316,653	2,691,138	51,241,985	39,259,192	11,982,793
Debt service	10,678,955	10,610,330	68,625	-	-	-	10,678,955	10,610,330	68,625
Total expenditures	<u>48,346,387</u>	<u>38,827,404</u>	<u>9,518,983</u>	<u>15,007,791</u>	<u>12,316,653</u>	<u>2,691,138</u>	<u>63,354,178</u>	<u>51,144,057</u>	<u>12,210,121</u>
Excess of revenues over (under expenditures)	<u>(2,977,534)</u>	<u>3,419,245</u>	<u>6,396,779</u>	<u>(2,413,055)</u>	<u>1,069,953</u>	<u>3,483,008</u>	<u>(5,390,589)</u>	<u>4,489,198</u>	<u>9,879,787</u>
Other financing sources (uses)									
Transfers in	-	3,197	3,197	-	15,000	15,000	-	18,197	18,197
Transfers out	(3,056,226)	(2,135,257)	920,969	(460,000)	(1,651,686)	(1,191,686)	(3,516,226)	(3,786,943)	(270,717)
Net other financing sources (uses)	<u>(3,056,226)</u>	<u>(2,132,060)</u>	<u>924,166</u>	<u>(460,000)</u>	<u>(1,636,686)</u>	<u>(1,176,686)</u>	<u>(3,516,226)</u>	<u>(3,768,746)</u>	<u>(252,520)</u>
Net change in net position	<u>\$ (6,033,760)</u>	<u>1,287,185</u>	<u>\$ 7,320,945</u>	<u>\$ (2,873,055)</u>	<u>(566,733)</u>	<u>\$ 2,306,322</u>	<u>\$ (8,906,815)</u>	<u>720,452</u>	<u>\$ 9,627,267</u>
Net position - beginning of year		8,045,238			3,785,218			11,830,456	
Net position - end of year		<u>\$ 9,332,423</u>			<u>\$ 3,218,485</u>			<u>\$ 12,550,908</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, 2016

	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	\$ 6,777,726	\$ 5,828,763	\$ (948,963)	\$ 16,380,392	\$ 17,784,320	\$ -	\$ 7,159,154	\$ 6,375,165	\$ (783,989)
Use of money and property	246	488	242	49,474	45,763	-	28,263	17,706	(10,557)
Total revenues	<u>6,777,972</u>	<u>5,829,251</u>	<u>(948,721)</u>	<u>16,429,866</u>	<u>17,830,083</u>	<u>-</u>	<u>7,187,417</u>	<u>6,392,871</u>	<u>(794,546)</u>
Expenditures									
General operations	-	-	-	20,363,828	18,025,688	-	12,110,815	10,679,320	1,431,495
Public works	6,809,864	5,740,005	1,069,859	-	-	-	-	-	-
Total expenditures	<u>6,809,864</u>	<u>5,740,005</u>	<u>1,069,859</u>	<u>20,363,828</u>	<u>18,025,688</u>	<u>-</u>	<u>12,110,815</u>	<u>10,679,320</u>	<u>1,431,495</u>
Excess of revenues over (under) expenditures	<u>(31,892)</u>	<u>89,246</u>	<u>121,138</u>	<u>(3,933,962)</u>	<u>(195,605)</u>	<u>3,738,357</u>	<u>(4,923,398)</u>	<u>(4,286,449)</u>	<u>636,949</u>
Other financing (uses)									
Transfers in	-	-	-	-	550,000	-	-	1,839,286	1,839,286
Transfers out	-	-	-	-	-	-	-	-	-
Net other financing (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>550,000</u>	<u>-</u>	<u>-</u>	<u>1,839,286</u>	<u>1,839,286</u>
Net change in net position	<u>\$ (31,892)</u>	<u>89,246</u>	<u>\$ 121,138</u>	<u>\$ (3,933,962)</u>	<u>354,395</u>	<u>\$ 3,738,357</u>	<u>\$ (4,923,398)</u>	<u>(2,447,163)</u>	<u>\$ 2,476,235</u>
Net position - beginning of year		23,831			4,386,573			4,356,024	
Net position - end of year		<u>\$ 113,077</u>			<u>\$ 4,740,968</u>			<u>\$ 1,908,861</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, 2016

	Personal Computer Replacement			Total		
	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
Revenues						
Charge for services	\$ 905,663	\$ 937,229	\$ 31,566	\$ 31,222,935	\$ 30,925,477	\$ (297,458)
Interest income	3,344	5,042	1,698	81,327	68,999	(12,328)
Total revenues	<u>909,007</u>	<u>942,271</u>	<u>33,264</u>	<u>31,304,262</u>	<u>30,994,476</u>	<u>(309,786)</u>
Expenditures						
General operations	1,414,720	502,630	912,090	33,889,363	29,207,638	4,681,725
Public works	-	-	-	6,809,864	5,740,005	1,069,859
Total expenditures	<u>1,414,720</u>	<u>502,630</u>	<u>912,090</u>	<u>40,699,227</u>	<u>34,947,643</u>	<u>5,751,584</u>
Excess of revenues over (under) expenditures	<u>(505,713)</u>	<u>439,641</u>	<u>945,354</u>	<u>(9,394,965)</u>	<u>(3,953,167)</u>	<u>5,441,798</u>
Other financing (uses)						
Transfers in	-	181,805	181,805	-	2,571,091	2,571,091
Transfers out	-	(505,713)	(505,713)	-	(505,713)	(505,713)
Net other financing sources (uses)	<u>-</u>	<u>(323,908)</u>	<u>(323,908)</u>	<u>-</u>	<u>2,065,378</u>	<u>2,065,378</u>
Net change in net position	<u>\$ (505,713)</u>	<u>115,733</u>	<u>\$ 621,446</u>	<u>\$ (9,394,965)</u>	<u>\$ (1,887,789)</u>	<u>\$ 7,507,176</u>
Net position - beginning of year		<u>467,449</u>			<u>9,233,877</u>	
Net position - end of year		<u>\$ 583,182</u>			<u>\$ 7,346,088</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, 2016

	<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	\$ 226,902	\$ 7,464,031	\$ 5,574,009	\$ 621,425	\$ 13,886,367
Inventories and prepaid assets	278,471	-	-	-	278,471
Total current assets	<u>505,373</u>	<u>7,464,031</u>	<u>5,574,009</u>	<u>621,425</u>	<u>14,164,838</u>
Noncurrent assets					
Restricted assets					
Due from other funds	-	-	1,839,800	-	1,839,800
Deposit	-	11,000	-	-	11,000
Total restricted assets	<u>-</u>	<u>11,000</u>	<u>1,839,800</u>	<u>-</u>	<u>1,850,800</u>
Capital assets	70,544	-	54,003,328	228,269	54,302,141
Less accumulated depreciation	(70,544)	-	(30,559,089)	(228,269)	(30,857,902)
Net capital assets	<u>-</u>	<u>-</u>	<u>23,444,239</u>	<u>-</u>	<u>23,444,239</u>
Total assets	<u>\$ 505,373</u>	<u>\$ 7,475,031</u>	<u>\$ 30,858,048</u>	<u>\$ 621,425</u>	<u>\$ 39,459,877</u>
Liabilities					
Current liabilities					
Accounts and claims payable	\$ 148,199	\$ 2,151,121	\$ 271,080	\$ -	\$ 2,570,400
Compensated absences	59,185	6,670	-	-	65,855
Total current liabilities	<u>207,384</u>	<u>2,157,791</u>	<u>271,080</u>	<u>-</u>	<u>2,636,255</u>
Noncurrent liabilities					
Deposit	-	11,000	-	-	11,000
Compensated absences	-	3,714	-	-	3,714
Total noncurrent liabilities	<u>-</u>	<u>14,714</u>	<u>-</u>	<u>-</u>	<u>14,714</u>
Total liabilities	<u>207,384</u>	<u>2,172,505</u>	<u>271,080</u>	<u>-</u>	<u>2,650,969</u>
Net position					
Net investment in capital assets	-	-	23,444,239	-	23,444,239
Unrestricted	297,989	5,302,526	7,142,729	621,425	13,364,669
Total net position	<u>297,989</u>	<u>5,302,526</u>	<u>30,586,968</u>	<u>621,425</u>	<u>36,808,908</u>
Total liabilities and net position	<u>\$ 505,373</u>	<u>\$ 7,475,031</u>	<u>\$ 30,858,048</u>	<u>\$ 621,425</u>	<u>\$ 39,459,877</u>

City of Olathe, Kansas
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended December 31, 2016

	Central Garage	Risk Management	Vehicle Replacement	Personal Computer Replacement	Total
Operating revenues					
Charges for services	\$ 5,828,763	\$ 17,784,320	\$ 6,140,697	\$ 937,229	\$ 30,691,009
Operating expenses					
Administration and general	-	18,196,641	39,733	524,305	18,760,679
Depreciation	-	-	4,765,562	-	4,765,562
Equipment maintenance	5,717,217	-	-	-	5,717,217
Total operating expenses	5,717,217	18,196,641	4,805,295	524,305	29,243,458
Operating income (loss)	111,546	(412,321)	1,335,402	412,924	1,447,551
Nonoperating revenues (expenses)					
Interest income	488	45,763	17,706	5,042	68,999
Gain (loss) from sale of equipment	-	-	53,365	-	53,365
Total nonoperating revenues (expenses)	488	45,763	71,071	5,042	122,364
Net income (loss)	112,034	(366,558)	1,406,473	417,966	1,569,915
Transfers in	-	550,000	1,839,286	181,805	2,571,091
Transfers out	-	-	-	(505,713)	(505,713)
Net income (loss)	112,034	183,442	3,245,759	94,058	3,635,293
Net position - beginning of year	185,955	5,119,084	27,341,209	527,367	33,173,615
Net position - end of year	\$ 297,989	\$ 5,302,526	\$ 30,586,968	\$ 621,425	\$ 36,808,908



City of Olathe, Kansas
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2016

	Central Garage	Risk Management	Vehicle Replacement	Personal Computer Replacement	Total
Cash Flows from Operating Activities					
Receipts from customers and users	\$ 5,828,763	\$ 17,784,320	\$ 6,140,697	\$ 937,229	\$ 30,691,009
Payments to suppliers	(3,929,511)	(17,266,430)	(37,859)	(524,305)	(21,758,105)
Payments to employees	(1,767,620)	(417,636)	-	-	(2,185,256)
Net cash provided by (used in) operating activities	<u>131,632</u>	<u>100,254</u>	<u>6,102,838</u>	<u>412,924</u>	<u>6,747,648</u>
Cash Flows from Noncapital Financing Activities					
Transfers from other funds	-	550,000	1,839,286	181,805	2,571,091
Transfers to other funds	-	-	-	(505,713)	(505,713)
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>550,000</u>	<u>1,839,286</u>	<u>(323,908)</u>	<u>2,065,378</u>
Cash Flows from Capital and Related Financing Activities					
Acquisitions and construction of capital assets	-	-	(6,448,832)	-	(6,448,832)
Proceeds from sale of capital assets	-	-	53,365	-	53,365
Net cash (used in) capital and related financing activities	<u>-</u>	<u>-</u>	<u>(6,395,467)</u>	<u>-</u>	<u>(6,395,467)</u>
Cash Flows from Investing Activities					
Interest received	488	45,763	17,706	5,042	68,999
Net cash provided by (used in) investing activities	<u>488</u>	<u>45,763</u>	<u>17,706</u>	<u>5,042</u>	<u>68,999</u>
Net increase (decrease) in cash and cash equivalents	132,120	696,017	1,564,363	94,058	2,486,558
Cash and cash equivalents - beginning of year	94,782	6,768,014	4,009,646	527,367	11,399,809
Cash and cash equivalents - end of year	<u>\$ 226,902</u>	<u>\$ 7,464,031</u>	<u>\$ 5,574,009</u>	<u>\$ 621,425</u>	<u>\$ 13,886,367</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	\$ 111,546	\$ (412,321)	\$ 1,335,402	\$ 412,924	\$ 1,447,551
Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities					
Depreciation and amortization	-	-	4,765,562	-	4,765,562
Changes in assets and liabilities					
Decrease in inventories and prepaid assets	11,299	35,094	-	-	46,393
(Increase) in due from other governments / other funds	-	-	150,286	-	150,286
Increase (decrease) in accounts and claims payable	19,612	478,459	(148,412)	-	349,659
Increase in compensated absences	(10,825)	(978)	-	-	(11,803)
Total adjustments	<u>20,086</u>	<u>512,575</u>	<u>4,767,436</u>	<u>-</u>	<u>5,300,097</u>
Net cash provided by (used in) operating activities	<u>\$ 131,632</u>	<u>\$ 100,254</u>	<u>\$ 6,102,838</u>	<u>\$ 412,924</u>	<u>\$ 6,747,648</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.

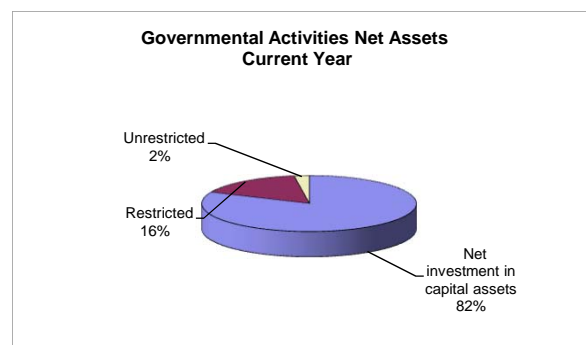
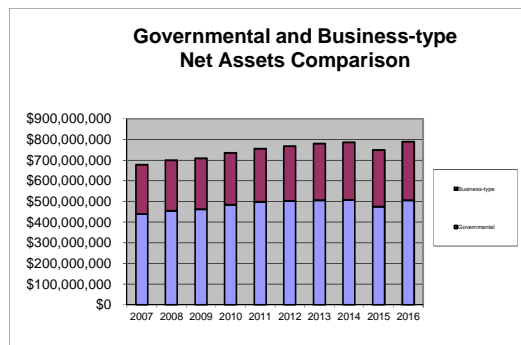
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Source: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.



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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Net investment in capital assets	\$ 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	\$ 412,629,059
Restricted	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	81,324,117
Unrestricted	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	11,528,670
Total governmental activities net position	<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>	<u>\$ 505,481,846</u>
Business-type activities										
Net investment in capital assets	\$ 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	\$ 240,994,461
Restricted	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	10,041,625
Unrestricted	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	33,935,078
Total business-type activities net position	<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>	<u>\$ 284,971,164</u>
Primary government										
Net investment in capital assets	\$ 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	\$ 653,623,520
Restricted	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	91,365,742
Unrestricted	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	45,463,748
Total primary government activities net position	<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>	<u>\$ 790,453,010</u>



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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities:										
General government	\$ 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	\$ 29,698,687
Public safety	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	43,586,807
Public works	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	74,644,080
Community services	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	16,168,880
Development services	2,877,028	5,959,292	3,674,810	-	-	-	-	-	-	-
Interest on long-term debt	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	7,239,575
Total governmental activities	<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>	<u>171,338,029</u>
Business-type activities:										
Water and sewer	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	38,786,625
Solid waste	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	12,176,917
Golf course	-	-	-	-	-	-	-	-	-	-
Total business-type activities	<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>	<u>50,963,542</u>
Total primary government expenses	<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>	<u>\$ 222,301,571</u>
Program Revenues										
Governmental activities:										
Charges for services										
General government	\$ 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	\$ 4,770,270
Public safety	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	4,191,244
Public works	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	8,064,710
Community services	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	5,524,930
Development services	1,273,264	530,262	322,142	-	-	-	-	-	-	-
Operating grants and contributions	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	2,798,886
Capital grants and contributions	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	47,057,319
Total governmental activities program revenue	<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>	<u>72,407,359</u>
Business-type activities:										
Charges for services										
Water and sewer	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	43,168,622
Solid waste	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	13,370,140
Golf course	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	846	-	-	-	-	-	-	-	-	-
Capital grants and contributions	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	4,416,279
Total business-type activities program revenues	<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>	<u>60,955,041</u>
Total primary government program revenues	<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>	<u>\$ 133,362,400</u>
Net (expense)/revenue										
Governmental activities	\$ (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)	\$ (98,930,670)
Business-type activities	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	9,991,499
Total primary government net expense	<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>	<u>\$ (88,939,171)</u>

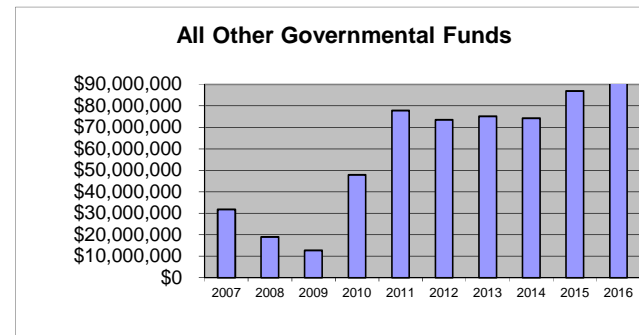
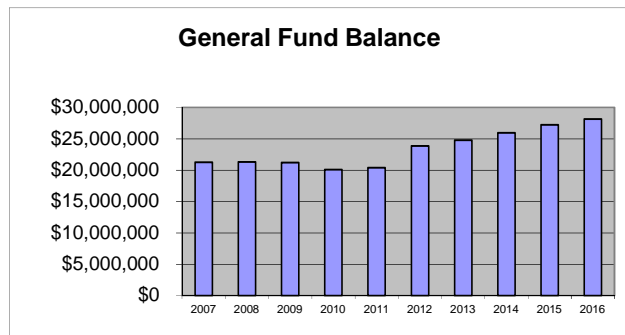
**City of Olathe, Kansas
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)**

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General revenues and other changes in net position										
Governmental activities:										
Taxes										
Property taxes	\$ 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	\$ 43,336,975
Sales taxes	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	64,602,806
Franchise taxes	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	11,503,470
Other taxes	847,352	865,892	823,184	838,247	879,012	1,015,736	1,333,354	1,260,272	1,462,228	1,714,373
Investment earnings	6,891,722	4,560,797	2,762,325	98,681	961,178	1,462,684	378,433	642,836	602,315	862,779
Gain on sale of capital assets	-	-	-	-	-	-	-	-	-	-
Miscellaneous	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	2,165,115
Transfers	8,684	99,953	101,722	63,263	544,935	823,525	(107,331)	188,459	2,376,172	2,251,686
Total governmental activities	93,057,791	94,869,243	92,694,465	91,598,691	92,795,470	96,643,567	96,260,712	113,933,083	117,294,459	126,437,204
Business-type activities:										
Investment earnings	981,143	444,586	139,245	(50,857)	178,500	382,636	119,081	230,865	183,741	291,045
Gain on sale of capital assets	-	-	-	-	-	-	-	-	-	-
Miscellaneous	627,627	290,018	275,846	510,375	1,320,622	1,148,332	1,103,970	1,014,903	1,108,050	1,328,441
Transfers	(8,684)	(99,953)	(101,722)	(63,263)	(544,935)	(823,525)	107,331	(188,459)	(2,376,172)	(2,251,686)
Total business-type activities	1,600,086	634,651	313,369	396,255	954,187	707,443	1,330,382	1,057,309	(1,084,381)	(632,200)
Total primary government	\$ 94,657,877	\$ 95,503,894	\$ 93,007,834	\$ 91,994,946	\$ 93,749,657	\$ 97,351,010	\$ 97,591,094	\$ 114,990,392	\$ 116,210,078	\$ 125,805,004
Change in Net Position										
Governmental activities	\$ 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	\$ 27,506,534
Business-type activities	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	9,359,299
Total primary government	\$ 56,109,981	\$ 21,419,196	\$ 10,531,192	\$ 25,913,275	\$ 12,765,725	\$ 13,952,115	\$ 12,267,036	\$ 7,106,161	\$ 15,349,569	\$ 36,865,833

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

	Fiscal Year									
	2007	2008	2009	2010 (1)	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 1,545,473	\$ 1,133,983	\$ 1,352,091	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	19,730,159	20,157,984	19,881,271	-	-	-	-	-	-	-
Nonspendable	-	-	-	300,950	601,488	826,094	372,171	360,834	273,262	180,838
Assigned	-	-	-	1,803,838	604,793	423,495	691,195	575,716	308,646	408,916
Unassigned	-	-	-	17,999,342	19,204,392	22,614,927	23,714,931	25,029,566	26,653,214	27,547,843
Total general fund	\$ 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	\$ 28,137,597
All Other Governmental Funds										
Reserved	\$ 29,946,051	\$ 36,550,884	\$ 33,452,771	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in										
Special revenue funds	31,916,723	28,817,453	23,531,448	-	-	-	-	-	-	-
Capital projects fund	(30,060,733)	(46,347,007)	(44,296,712)	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	80,154	73,797
Restricted	-	-	-	42,937,040	64,415,415	56,870,747	57,084,752	52,559,149	58,520,874	70,680,019
Committed	-	-	-	11,943,046	10,637,847	12,011,354	11,259,718	12,690,925	16,931,314	13,253,562
Assigned	-	-	-	1,150,000	3,092,000	4,919,000	6,868,058	9,059,939	11,339,204	14,427,463
Unassigned	-	-	-	(8,151,727)	(265,224)	(356,083)	-	-	-	-
Total all other government	\$ 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	\$ 98,434,841

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

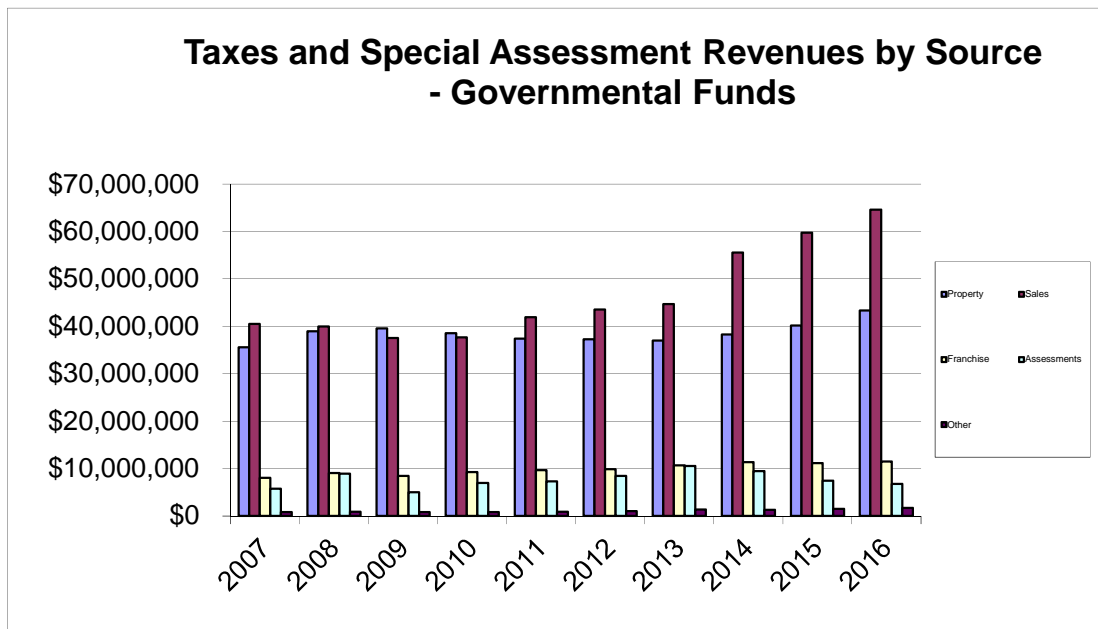


City of Olathe, Kansas
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Taxes and special assessments	\$ 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	\$ 127,903,146
Intergovernmental	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	12,987,653
Licenses and permits	1,497,666	1,068,989	897,555	813,254	801,090	1,292,246	1,219,515	1,462,444	2,054,140	2,221,597
Fines, forfeitures, and penalties	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	3,861,676
Charges for services	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	16,467,881
Use of money and property	6,184,537	4,275,573	2,662,741	106,061	897,601	1,450,621	332,055	569,071	549,290	793,780
Miscellaneous	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	1,572,393
Total revenues	154,188,035	134,145,552	124,345,436	130,411,884	124,840,821	128,760,785	135,524,788	157,617,860	155,490,163	165,808,126
Expenditures										
General government	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	28,554,144
Public safety	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	42,270,308
Public works	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	11,842,381
Community services	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	14,549,846
Development services	2,529,592	3,203,016	3,632,333	555,790	-	-	-	-	-	-
Capital improvements	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	56,384,322
Debt service	-	-	-	-	-	-	-	-	-	-
Principal retirements	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	20,680,816
Interest and fiscal charges	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	8,008,626
Total expenditures	194,282,401	184,086,224	153,989,586	155,513,981	132,107,984	130,257,428	162,503,461	182,353,803	169,016,989	182,290,443
Excess of revenues over (under) expenditures	(40,094,366)	(49,940,672)	(29,644,150)	(25,102,097)	(7,267,163)	(1,496,643)	(26,978,673)	(24,735,943)	(13,526,826)	(16,482,317)
Other financing sources (uses)										
Issuance of bonds	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	17,883,673
Issuance of refunding bonds	-	-	-	-	8,835,000	3,335,000	5,165,000	4,260,000	8,290,000	13,180,000
Proceeds from capital leases	-	-	-	-	-	-	237,839	9,255	-	-
Payment to bond escrow agent	-	-	-	-	(2,590,000)	(7,245,028)	-	(3,200,000)	(2,450,000)	(9,605,000)
Premium on general obligation bonds	561,191	1,676,343	-	5,500,575	2,483,846	309,409	1,905,100	1,200,740	1,759,969	3,089,684
Insurance proceeds	-	-	-	-	-	-	-	-	-	539,359
Transfers in	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	40,602,770
Transfers out	(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)	(40,416,462)
Total other financing sources (uses)	45,120,557	37,176,296	23,251,722	59,163,717	37,575,385	515,466	29,659,964	25,021,247	23,816,933	25,274,024
Net change in fund balances	\$ 5,026,191	\$ (12,764,376)	\$ (6,392,428)	\$ 34,061,620	\$ 30,308,222	\$ (981,177)	\$ 2,681,291	\$ 285,304	\$ 10,290,107	\$ 8,791,707
Debt service as a percentage of noncapital expenditures	22.5%	25.3%	27.3%	28.4%	28.0%	30.4%	27.2%	24.5%	21.9%	18.1%

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
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
2016	43,336,975	64,602,806	11,503,470	6,745,522	1,714,373	127,903,146
Change 2007 to 2016	21.90%	59.42%	42.67%	16.91%	102.32%	40.93%



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

	<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>	<u>2016</u>
Retail Trade										
(Big Box Retail, Grocery, Electronics)	\$ 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	\$ 22,314,004
Accommodation & Food Services										
(Hotel, Restaurant)	2,118,186	2,277,762	2,249,410	2,255,334	2,410,568	2,524,117	2,573,292	3,105,100	3,925,501	4,090,356
Utilities										
(Gas, Electric)	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	2,443,689
Information										
(Newspprint, Publishing)	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	1,624,835
Wholesale Trade										
(Wholesale Materials)	961,908	919,123	668,273	751,037	967,502	911,285	973,698	1,220,136	1,593,026	1,939,542
Manufacturing										
(Food, Beverage, Paper, Machinery)	750,185	683,550	542,126	532,486	565,698	637,218	611,627	811,627	967,271	983,735
Other Services										
(Auto Repair, Laundry)	703,340	672,897	673,127	646,856	694,384	663,561	674,440	824,551	1,047,467	1,111,621
Administrative, Support, Waste Management, & Remediation Services	231,479	220,864	179,478	168,043	191,600	191,995	200,444	229,120	287,092	319,937
Other	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	2,878,013
Total	<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>\$ 29,161,951</u>	<u>\$ 36,382,865</u>	<u>\$ 37,705,732</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)
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%
2016	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

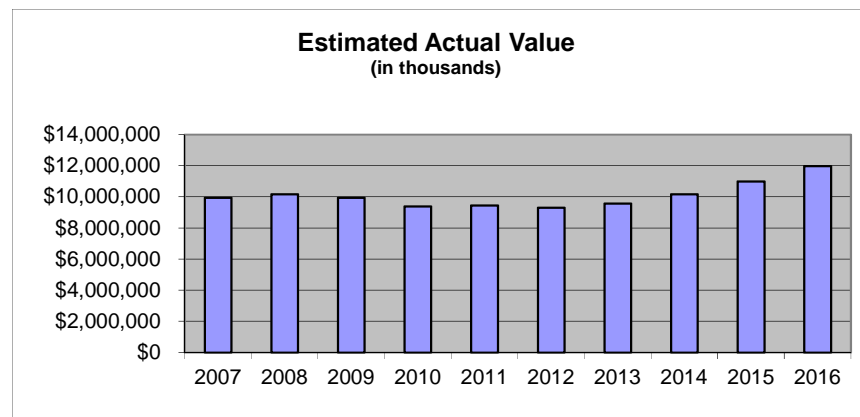
- (1) The State of Kansas increased its sales tax rate effective July 2010 and then decreased its sales tax rate effective July 2013. The State then increased its sales tax rate effective July 2015.
- (2) The citizens of Olathe approved an 1/8% sales tax for various park projects. The tax was in effect 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
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
2016	1,530,644	41,951	17,996	1,590,590	11,981,493	24.708

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.



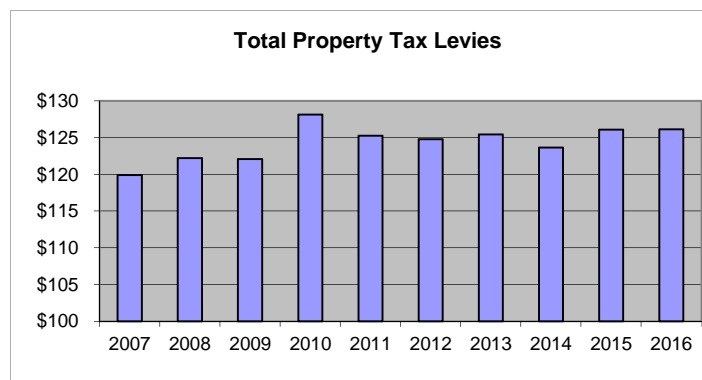
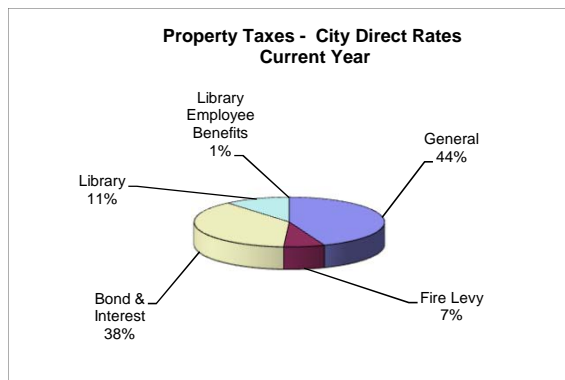
**City of Olathe, Kansas
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years**

Year	City Direct Rates					Overlapping Rates (1)					
	General	Fire Levy	Bond and Interest	Library	Total	State	County	Community College	County Park	Olathe Schools	Total
2007	9.900	1.707	10.656	2.767	25.030	1.500	17.985	8.749	2.295	64.343	119.902
2008	9.843	1.694	10.596	2.775	24.908	1.500	17.767	8.768	2.341	66.913	122.197
2009	9.524	1.702	10.844	2.767	24.837	1.500	17.716	8.784	2.346	66.900	122.083
2010	9.270	1.703	11.100	2.767	24.840	1.500	17.748	8.799	2.350	72.917	128.154
2011	9.050	1.710	11.388	2.776	24.924	1.500	17.700	8.872	2.343	69.924	125.263
2012	9.003	1.702	11.328	2.761	24.794	1.500	17.717	8.785	2.344	69.618	124.758
2013	9.010	1.705	11.337	2.766	24.818	1.500	17.745	9.551	2.347	69.486	125.447
2014	8.871	1.709	11.351	2.770	24.701	1.500	17.764	9.461	2.349	67.868	123.643
2015	8.866	1.710	11.345	2.767	24.688	1.500	19.582	9.469	3.101	67.764	126.104
2016	10.874	1.713	9.352	2.769	24.708	1.500	19.590	9.473	3.102	67.774	126.147

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>2016</u>			<u>2007</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	\$ 15,892,788	1	1.00%	\$ 33,772,447	1	2.73%
KCPL	Utility	12,782,240	2	0.80%	10,760,364	3	0.87%
Atmos Energy	Utility	10,079,834	3	0.63%	7,703,465	8	0.62%
Wal-mart	Retail	9,883,752	4	0.62%			
Westar Energy	Utility	8,182,966	5	0.51%	5,489,909	10	0.44%
Foodbrands America Inc.	Manufacturing	7,497,006	6	0.47%			
Iowa Machine Shed	Hotel	7,445,251	7	0.47%			
Aldi	Grocery	6,873,500	8	0.43%			
Honeywell (Bendix/King)	Aircraft communications	6,722,979	9	0.42%	6,087,498	9	0.49%
Dayton Hudson Corporation	Retail	5,314,751	10	0.33%			
Mid-Central Sysco	Food distributor				9,301,708	6	0.75%
Great Mall of the Great Plains	Retail				11,440,869	2	0.93%
Southwestern Bell Telephone	Utility				9,641,187	4	0.78%
Karbank	Retail Development				8,357,837	7	0.68%
Olathe Medical Center	Hospital				9,427,532	5	0.76%
		<u>\$ 90,675,067</u>		<u>5.70%</u>	<u>\$ 111,982,816</u>		<u>9.05%</u>

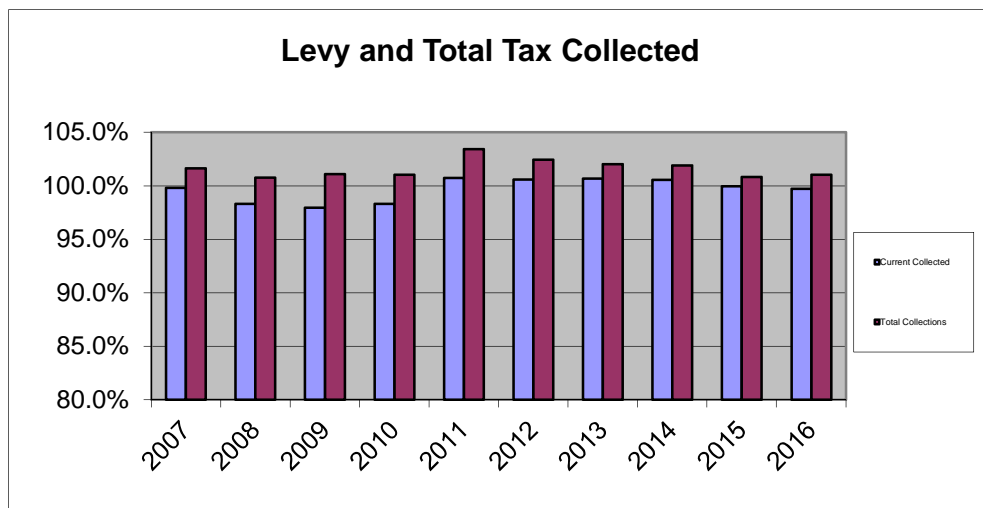
(1) Source: Real estate and personal property valuation from Johnson County Appraiser's Office; utility valuation from Johnson County Clerk's Office.

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
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	30,902,949	31,116,334	100.7%	409,831	31,526,165	102.0%
2014	31,749,238	31,927,827	100.6%	425,649	32,353,476	101.9%
2015	33,439,317	33,426,577	100.0%	288,910	33,715,487	100.8%
2016	36,056,353	35,952,604	99.7%	473,432	36,426,036	101.0%

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.

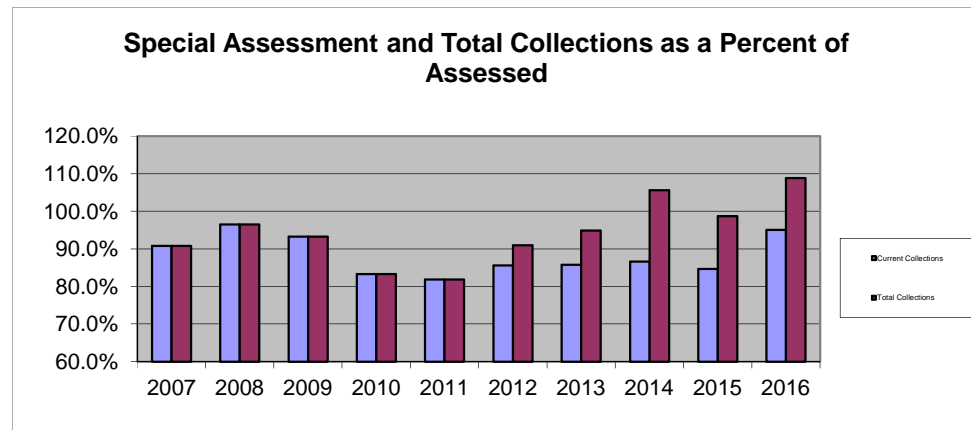


**City of Olathe, Kansas
Special Assessment Collections
Last Ten Fiscal Years**

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
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	8,944,804	7,753,386	86.7%	1,695,585	9,448,971	105.6%	-	9,448,971
2015	7,338,642	6,217,583	84.7%	1,025,219	7,242,802	98.7%	-	7,242,802
2016	6,664,058	6,333,943	95.0%	920,576	7,254,519	108.9%	-	7,254,519

Source: Johnson County

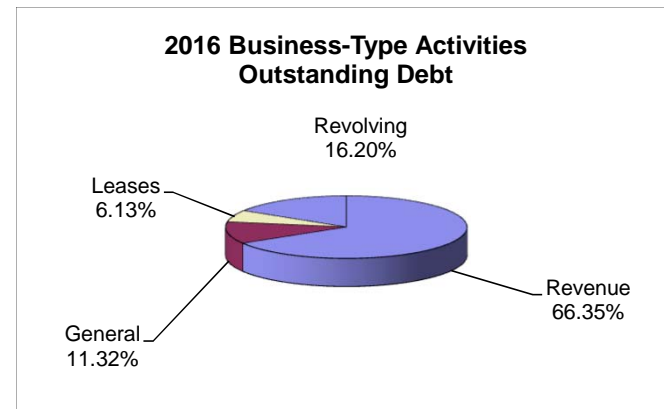
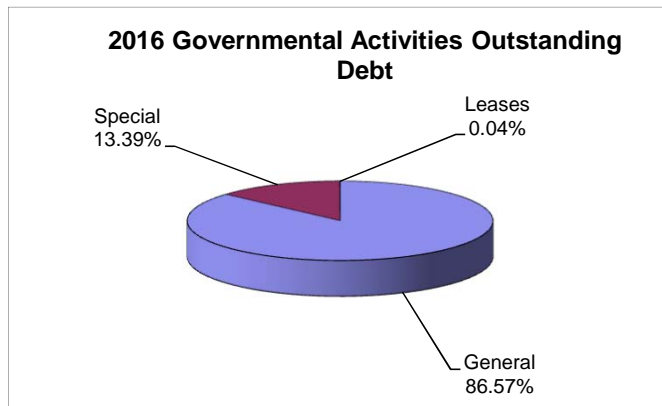
(1) Collections include interest.



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

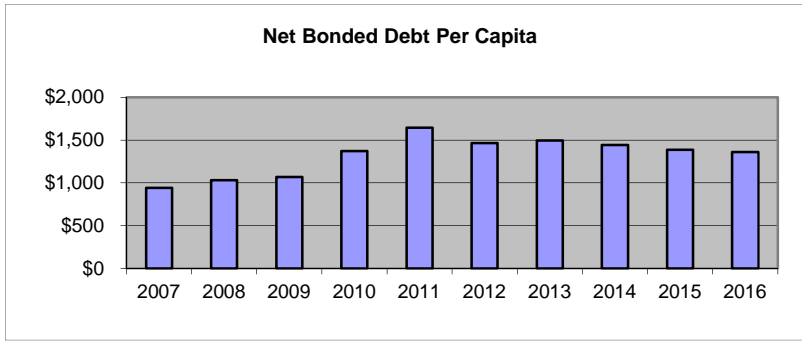
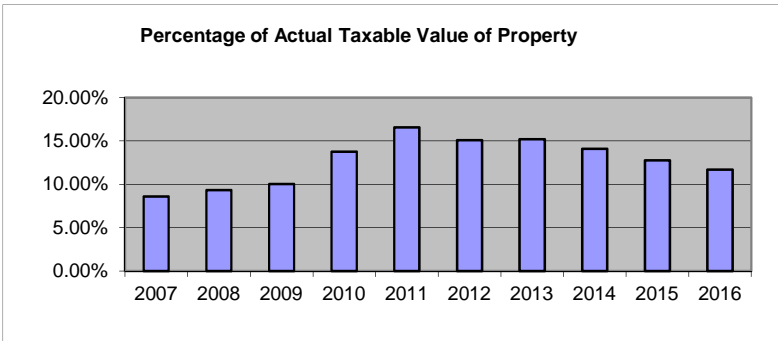
Fiscal Year	Governmental Activities			Business-type Activities			Total Primary Government	Percentage of Personal Income (1)	Per Capita	
	General Obligation Bonds	Special Obligation Bonds	Capital Leases	Revenue Bonds	General Obligation Bonds	State Revolving Loan				Capital Leases
2007	\$ 141,477,608	\$ 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
2016	198,534,607	30,699,594	87,774	72,706,973	12,405,000	17,754,002	6,721,860	338,909,810	1.8%	2,485

(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
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
2016	210,939,607	25,212,558	185,727,049	1,590,590,000	11.68%	136,394	1,362



City of Olathe, Kansas
Direct and Overlapping Governmental Activities Debt
December 31, 2016

Taxing Unit	Net Debt to Nearest Date	Percentage Applicable to the City of Olathe	Estimated Share
Johnson County	\$ 368,395,000	17.50%	\$ 64,469,125
Johnson County Park and Recreation	1,595,000	17.50%	279,125
U.S.D. No. 229	381,230,000	2.57%	9,797,611
U.S.D. No. 230	79,230,000	13.51%	10,703,973
U.S.D. No. 231	160,615,000	0.59%	947,629
U.S.D. No. 232	150,565,000	1.46%	2,198,249
U.S.D. No. 233	429,795,454	55.90%	240,255,659
Total estimated overlapping debt			<u>328,651,370</u>
City of Olathe's direct debt			229,321,975
Total direct and overlapping debt			<u><u>\$ 557,973,345</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, 2016. All other districts' debt is as of June 30, 2016

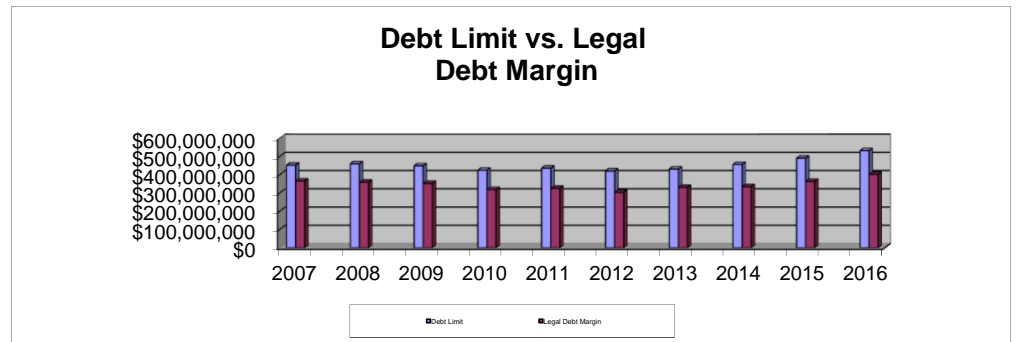
**City of Olathe, Kansas
Legal Debt Margin Information
Last Ten Fiscal Years**

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 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	\$ 531,685,602
Total net debt applicable to limit	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	129,097,192
Legal debt margin	<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>	<u>\$ 402,588,410</u>
Total net debt applicable to the limit as a percentage of debt limit	19.11%	21.90%	21.62%	24.96%	25.35%	27.98%	23.33%	26.64%	25.85%	24.28%

Legal Debt Margin Calculation for Fiscal Year 2015

Assessed valuation		\$ 1,772,285,339
Legal debt limit (1)		531,685,602
Debt applicable to limit		
General obligation bonds	182,510,000	
Temporary notes	16,975,000	
Total general obligation debt outstanding		199,485,000
Less exempt capital projects (2)	70,387,808	
Less amount available in Debt Service Funds	25,212,558	
Total unfunded debt applicable to debt limit		103,884,634
Debt margin		<u>\$ 427,800,968</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)
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
2016	44,771,642	27,342,877	17,428,765	3,065,000	3,253,529	2.76

Special Obligation Bonds and Developers' Agreements (2)

Fiscal Year	Revenues	Principal Requirement	Interest Requirement	Developers' Agreement	Coverage
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
2016	5,477,980	1,708,733	972,027	1,317,683	1.37

- (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**

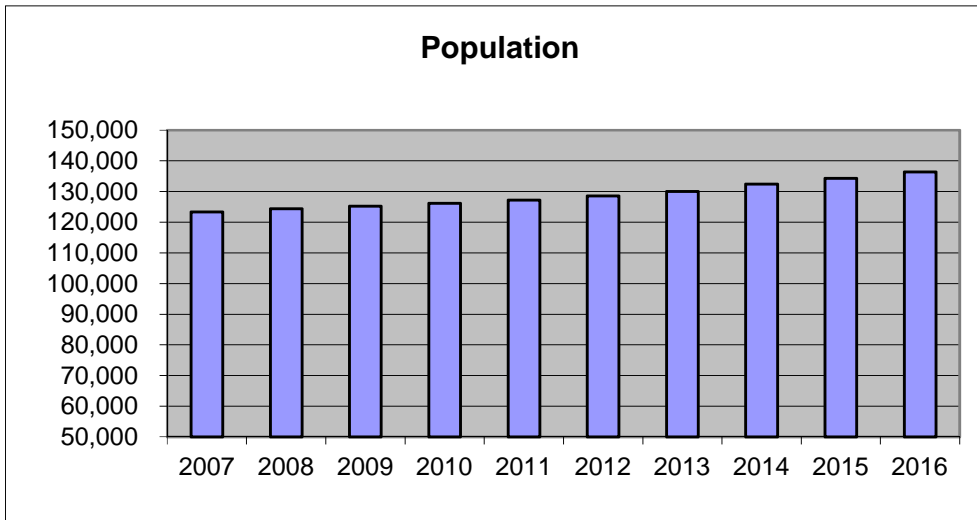
Fiscal Year	Population (3)	Personal Income (2)*	Per Capita Personal Income	Unemployment Rates (1)
2007	123,286	\$ 6,399,530	\$ 51,908	4.0%
2008	124,378	6,405,467	51,500	4.9%
2009	125,225	6,534,658	52,183	6.0%
2010	126,162	6,665,351	52,832	6.1%
2011	127,211	6,635,258	52,832	5.3%
2012	128,563	7,270,238	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%
2016	136,394	8,322,993	61,483	2.9%

* 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

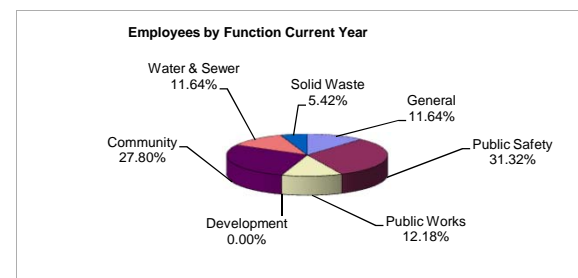
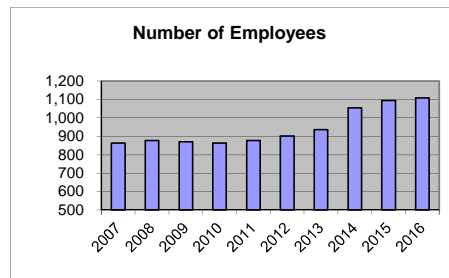
Largest Employers	2016			2007		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Company						
Farmers Insurance	3,000	1	2.20%	4,491	1	3.84%
GARMIN International	3,000	1	2.20%	1,557	5	1.33%
Olathe Unifed School District	2,000	3	1.47%	1,800	4	1.54%
Johnson County	2,000	3	1.47%	1,945	3	1.66%
Olathe Medical Center	1,700	5	1.25%	3,877	2	3.32%
Convergys	950	6	0.70%			
City of Olathe	850	7	0.62%	887	7	0.76%
Honeywell (Bendix/King)	850	8	0.62%	980	6	0.81%
Mid-Central Sysco	780	9	0.57%			
TransAm Trucking	700	10	0.51%	691	9	0.59%
Mid-America Nazarene University				750	8	0.64%
Encore Receivable Management				630	10	0.54%
Totals	<u>15,830</u>		<u>11.61%</u>	<u>17,608</u>		<u>15.03%</u>

Source: Olathe Chamber of Commerce

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental										
General government	130	115	109	99	97	113	105	119	120	129
Public safety	343	332	319	324	330	333	341	348	348	347
Public works	130	152	121	121	118	128	134	126	134	135
Development services	38	40	48	11	11	7	-	-	-	-
Community services	130	102	87	129	137	139	162	280	307	308
Business-Type										
Water & Sewer	148	119	134	123	129	123	134	123	125	129
Solid Waste	48	53	52	56	55	58	61	59	60	60
Totals	967	913	870	863	877	901	937	1,055	1,094	1,108

Source: City's Payroll System



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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public safety										
<i>Police</i>										
Violent Crime Rate per 1,000 residents	3.05%	2.60%	2.45%	1.94%	1.83%	1.51%	1.53%	1.46%	1.20%	1.43%
Property Crime Rate per 1,000 residents	23.76%	21.98%	21.05%	18.38%	17.97%	19.02%	17.33%	16.29%	16.21%	16.84%
Average calls for service per FTE - first responder	N/A	N/A	389	360	351	347	353	345	354	369
<i>Fire</i>										
Code 1 Emergencies responded within 5 minutes	60%	59%	59%	56%	66%	57%	58%	51%	60%	53%
Fire Confined to Object or Room or Origin	N/A	N/A	N/A	76%	73%	58%	74%	87%	73%	76%
Public works										
<i>Governmental activities</i>										
Maintenance of City Streets - Satisfactory or above	73.00%	70.00%	74.00%	72.00%	74.00%	76.00%	70.00%	74.00%	69.00%	74.12%
Major Street Snow Removal - Satisfactory or above	82.00%	84.00%	92.00%	83.00%	79.00%	84.00%	84.00%	85.00%	86.88%	84.94%
Residential Streetst Snow Removal - Satisfactory or above	61.00%	60.00%	57.00%	56.00%	66.00%	63.00%	59.00%	61.00%	64.33%	66.80%
Maintenance of Sidewalks - Satisfactory or above	62.00%	60.00%	60.00%	65.00%	67.00%	62.00%	55.00%	61.00%	60.00%	57.20%
<i>Business-type activities</i>										
<i>Water and sewer</i>										
Time water meets regulatory standards	100.00%	100.00%	100.00%	100.00%	99.98%	100.00%	100.00%	100.00%	100.00%	100.00%
Time wastewater meets effluent limits	99.98%	100.00%	99.98%	99.98%	99.98%	99.97%	100.00%	99.96%	99.86%	99.95%
<i>Solid waste</i>										
Tonnage diverted	19.92%	26.81%	28.58%	34.45%	36.70%	37.67%	38.29%	41.10%	43.88%	44.60%
Community services										
Respondents indicating needs are completely met by existing outdoor parks	77.00%	78.00%	80.00%	81.00%	84.00%	85.00%	89.00%	90.00%	88.00%	92.32%
Respondents indicating needs are completely met by existing outdoor athletic fields	75.00%	78.00%	79.00%	85.00%	81.00%	80.00%	81.00%	81.00%	89.00%	83.54%
Respondents indicating needs are completely met by existing indoor gymnasium	47.00%	49.00%	55.00%	70.00%	68.00%	59.00%	65.00%	75.00%	92.00%	82.03%

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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	46	47	56	56	56	56	58	58	58	58
Fire stations	7	7	7	7	7	7	7	7	7	7
Public works										
Governmental activities										
Streets (miles)	1,225	1,225	1,237	1,237	1,237	1,237	1,256	1,256	1,256	1,275
Business-type activities										
Water and sewer										
Water mains (miles)	561	550	578	578	578	578	590	590	590	606
Acre wellfield	95	95	95	95	95	95	95	95	95	95
Sanitary sewers (miles)	413	406	428	428	428	428	410	410	410	439
Solid waste										
Collection trucks	42	42	43	43	43	43	43	43	43	43
Community services										
Acreage	1,559	1,559	1,559	1,559	1,559	1,559	1,559	1,559	1,559	1,559
Parks	39	39	45	45	43	43	45	45	45	45
Swimming Pools	4	4	4	4	4	4	4	4	5	5
Trails (miles)	30.5	30.5	30.5	30.5	30.5	30.5	31	31	31	33

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>
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
2016	35,559	29,891

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>
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%
2016	12.60	11.5%	4,585.00	26.2%

**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>
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%
2016	5.95	-5.3%	2,186	-4.9%

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>
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
2016	24.68	31.28

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 2016 revenue generated by each.

Customer	Water System		Percentage of Total 2016 System Revenues
	Type of Enterprise	2016 Water Billing	
New Century Air Center	Rural water district	\$ 578,479	3.6%
Rural Water District 6	Rural water district	368,641	2.3%
Rural Water District 7	Rural water district	183,476	1.2%
FSI Santa Barbara Property LLC	Multi-family	81,784	0.5%
Cintas 430	Services	49,782	0.3%
Olathe Medical Center	Hospital	48,219	0.3%
Garmin International	Industrial	45,829	0.3%
Bass Pro Outdoor World	Retail	43,389	0.3%
Santa Marta Retirement	Retirement home	39,381	0.2%
Geiger Ready Mix	Industrial	38,922	0.2%

Customer	Sewer System		Percentage of Total 2016 System Revenues
	Type of Enterprise	2016 Sewer Charge	
Cintas 430	Services	\$ 94,348	0.8%
Bass Pro Outdoor World	Retail	74,018	0.6%
Olathe Medical Center	Hospital	73,172	0.6%
Jay Martin P E/Shawnee Rock	Industrial	69,969	0.6%
Green Lantern Car Wash	Car wash	65,248	0.5%
Villa St. Francis	Multi-family	51,711	0.4%
Johnson County Adult Detention	Government	45,423	0.4%
Good Samaritan Center	Retirement home	37,528	0.3%
AMC Theatres/Mail Stop 4	Entertainment	35,680	0.3%
FAA	Government	34,217	0.3%

City of Olathe, Kansas
Risk Management Fund
December 31, 2016

	<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	\$ 3,179,516	\$ 2,864,666	\$ 1,381,905	\$ 37,944	\$ 7,464,031
Total current assets	<u>3,179,516</u>	<u>2,864,666</u>	<u>1,381,905</u>	<u>37,944</u>	<u>7,464,031</u>
Noncurrent assets					
Restricted assets					
Deposit	-	11,000	-	-	11,000
Total restricted assets	-	11,000	-	-	11,000
Total assets	<u>\$ 3,179,516</u>	<u>\$ 2,875,666</u>	<u>\$ 1,381,905</u>	<u>\$ 37,944</u>	<u>\$ 7,475,031</u>
Liabilities					
Current liabilities					
Accounts and claims payable	\$ 1,088,963	\$ 777,857	\$ 284,301	\$ -	\$ 2,151,121
Compensated absences	4,441	2,229	-	-	6,670
Total current liabilities	<u>1,093,404</u>	<u>780,086</u>	<u>284,301</u>	<u>-</u>	<u>2,157,791</u>
Noncurrent liabilities					
Deposit	-	11,000	-	-	11,000
Compensated absences	3,021	693	-	-	3,714
Total noncurrent liabilities	<u>3,021</u>	<u>11,693</u>	<u>-</u>	<u>-</u>	<u>14,714</u>
Total liabilities	<u>1,096,425</u>	<u>791,779</u>	<u>284,301</u>	<u>-</u>	<u>2,172,505</u>
Net position					
Unrestricted	2,083,091	2,083,887	1,097,604	37,944	5,302,526
Total liabilities and net position	<u>\$ 3,179,516</u>	<u>\$ 2,875,666</u>	<u>\$ 1,381,905</u>	<u>\$ 37,944</u>	<u>\$ 7,475,031</u>
Operating revenues					
Charges for services	<u>\$ 1,320,908</u>	<u>\$ 14,932,911</u>	<u>\$ 1,489,290</u>	<u>\$ 41,211</u>	<u>\$ 17,784,320</u>
Operating expenses					
Administration and general	<u>1,058,306</u>	<u>15,799,383</u>	<u>1,326,033</u>	<u>12,919</u>	<u>18,196,641</u>
Operating income (loss)	<u>262,602</u>	<u>(866,472)</u>	<u>163,257</u>	<u>28,292</u>	<u>(412,321)</u>
Nonoperating revenues (expenses)					
Interest income	17,515	19,833	2,800	5,615	45,763
Transfers in	-	550,000	-	-	550,000
Net income (loss)	<u>280,117</u>	<u>(296,639)</u>	<u>166,057</u>	<u>33,907</u>	<u>183,442</u>
Net position - beginning of year	1,802,974	2,380,526	931,547	4,037	5,119,084
Net position - end of year	<u>\$ 2,083,091</u>	<u>\$ 2,083,887</u>	<u>\$ 1,097,604</u>	<u>\$ 37,944</u>	<u>\$ 5,302,526</u>

