

**SUPPLEMENT DATED JUNE 12, 2020
TO
PRELIMINARY OFFICIAL STATEMENT DATED JUNE 9, 2020**

CITY OF OLATHE, KANSAS

\$75,595,000*
GENERAL OBLIGATION TEMPORARY NOTES
SERIES 2020-A

\$32,240,000*
GENERAL OBLIGATION IMPROVEMENT AND REFUNDING BONDS
SERIES 233

This Supplement dated June 12, 2020 (the “**Supplement**”) supplements and amends certain information in the Preliminary Official Statement dated June 9, 2020 (the “**Preliminary Official Statement**”) relating to the above-referenced notes and bonds (the “**Obligations**”).

Page 9 of the Preliminary Official Statement dated June 9, 2020 incorrectly states the optional redemption dates for the above-referenced bonds (the “**Bonds**”). The Optional Redemption provisions for the Bonds are as follows:

Optional Redemption. At the option of the Issuer, Bonds maturing on October 1, 2029, and thereafter, will be subject to redemption and payment prior to their Stated Maturity on October 1, 2028, and thereafter, as a whole or in part (selection of maturities and the amount of Bonds of each maturity to be redeemed to be determined by the Issuer in such equitable manner as it may determine) at any time, at the Redemption Price of 100% (expressed as a percentage of the principal amount), plus accrued interest to the Redemption Date.

Unless otherwise indicated herein, the information set forth in the Preliminary Official Statement has not been amended, modified, supplemented or updated since June 9, 2020. This Supplement may not be delivered to any person unless accompanied by the Preliminary Official Statement.

All references to the Preliminary Official Statement in the Preliminary Official Statement mean the Preliminary Official Statement as supplemented and amended by this Supplement. Except as expressly supplemented or amended hereby, the terms of the offering of the Obligations set forth in the Official Statement remain in full force and effect.

CITY OF OLATHE, KANSAS

* Preliminary; subject to change.

NOTICE OF BOND SALE

CITY OF OLATHE, KANSAS

\$32,240,000*

GENERAL OBLIGATION IMPROVEMENT AND REFUNDING BONDS SERIES 233

(GENERAL OBLIGATION BONDS PAYABLE
FROM UNLIMITED AD VALOREM TAXES)

Bids. Facsimile and electronic (as explained below) bids for the purchase of the above-referenced bonds (the “Bonds”) of the City of Olathe, Kansas (the “Issuer”) herein described will be received on behalf of the undersigned Director of Resource Management of the Issuer in the case of facsimile bids, via fax number (913) 312-8053, and in the case of electronic bids, via **www.columbiacapitalauction.com** (the “Columbia Capital Auction”) until 10:00 a.m. applicable Central Time (the “Submittal Hour”), on

TUESDAY, JUNE 16, 2020

(the “Sale Date”). All bids will be publicly evaluated at said time at the office of Columbia Capital Management, LLC and the award of the Bonds to the successful bidder (the “Successful Bidder”) will be acted upon by the governing body of the Issuer at its meeting to be held at 7:00 p.m. on the Sale Date. No oral or hand-delivered bids will be considered.

Terms of the Bonds. The Bonds will consist of fully registered bonds in the denomination of \$5,000 or any integral multiple thereof (the “Authorized Denomination”). The Bonds will be dated July 16, 2020 (the “Dated Date”), and will become due in principal installments on October 1 in the years as follows:

<u>Year</u>	<u>Principal Amount*</u>	<u>Year</u>	<u>Principal Amount*</u>
2021	\$4,605,000	2027	\$2,655,000
2022	3,190,000	2028	2,720,000
2023	3,150,000	2029	2,765,000
2024	3,235,000	2030	2,805,000
2025	3,340,000	2031	500,000
2026	3,275,000		

** Preliminary; subject to change as provided herein.*

The Bonds will bear interest from the Dated Date at rates to be determined when the Bonds are sold as hereinafter provided, which interest will be payable semiannually on April 1 and October 1 in each year, beginning on October 1, 2020 (the “Interest Payment Dates”).

Authority, Purpose and Security. The Bonds are being issued pursuant to K.S.A. 10-101 to 10-125, inclusive, K.S.A. 10-427 *et seq.*, K.S.A. 10-620 *et seq.*, K.S.A. 12-685 *et seq.*, K.S.A. 12-6a01 *et seq.*, Charter Ordinance No. 74 of the Issuer and Article 12, Section 5 of the Constitution of the State of Kansas, as amended, and an ordinance and a resolution adopted by the governing body of the Issuer (collectively the “Bond Resolution”) for the purpose of financing certain capital improvements within the

boundaries of the Issuer and to refund certain outstanding bonds of the Issuer (the “Refunded Bonds”). The Bonds shall be general obligations of the Issuer payable as to both principal and interest in part from special assessments levied upon the property benefited by the construction of the Improvements, and if not so paid, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The full faith, credit and resources of the Issuer are irrevocably pledged for the prompt payment of the principal and interest on the Bonds as the same become due.

Redemption of Bonds Prior to Maturity.

General. Whenever the Issuer is to select Bonds for the purpose of redemption, it will, in the case of Bonds in denominations greater than the minimum Authorized Denomination, if less than all of the Bonds then outstanding are to be called for redemption, treat each minimum Authorized Denomination of face value of each such fully registered Bond as though it were a separate Bond in the minimum Authorized Denomination.

Optional Redemption. At the option of the Issuer, Bonds maturing on October 1, 2029, and thereafter, will be subject to redemption and payment prior to maturity on October 1, 2028, and thereafter, as a whole or in part (selection of maturities and the amount of Bonds of each maturity to be redeemed to be determined by the Issuer in such equitable manner as it may determine) at any time, at the redemption price of 100% (expressed as a percentage of the principal amount), plus accrued interest to the date of redemption.

Mandatory Redemption. A bidder may elect to have all or a portion of the Bonds scheduled to mature in consecutive years issued as term bonds (the “Term Bonds”) scheduled to mature in the latest of said consecutive years and subject to mandatory redemption requirements consistent with the schedule of serial maturities set forth above, subject to the following conditions: (a) not less than all Bonds of the same serial maturity shall be converted to Term Bonds with mandatory redemption requirements; and (b) a bidder shall make such an election by completing the applicable paragraph on the Official Bid Form.

Notice and Effect of Call for Redemption. Unless waived by any owner of Bonds to be redeemed, if the Issuer shall call any Bonds for redemption and payment prior to the maturity thereof, the Issuer shall give written notice of its intention to call and pay said Bonds to the Bond Registrar and any provider of municipal bond insurance. In addition, the Issuer shall cause the Bond Registrar to give written notice of redemption to the registered owners of said Bonds. Each of said written notices shall be deposited in United States first class mail not less than 30 days prior to the Redemption Date. All notices of redemption shall state the Redemption Date, the redemption price, the Bonds to be redeemed, the place of surrender of Bonds so called for redemption and a statement of the effect of the redemption. The Issuer shall also give such additional notice as may be required by State law or regulation of the Securities and Exchange Commission in effect as of the date of such notice. If any Bond be called for redemption and payment as aforesaid, all interest on such Bond shall cease from and after the Redemption Date, provided funds are available for its payment at the price hereinbefore specified.

Place of Payment. The principal of and interest on the Bonds will be payable in lawful money of the United States of America by check or draft of the Treasurer of the State of Kansas, Topeka, Kansas (the “Paying Agent” and “Bond Registrar”). The principal of each Bond will be payable at maturity or earlier redemption to the owner thereof whose name is on the registration books (the “Bond Register”) of the Bond Registrar (the “Registered Owner”) upon presentation and surrender at the principal office of the Paying Agent. Interest on each Bond will be payable to the Registered Owner of such Bond as of the fifteenth day (whether or not a business day) of the calendar month next preceding each Interest Payment Date (the “Record Date”) (a) mailed by the Paying Agent to the address of such Registered Owner as

shown on the Bond Register or at such other address as is furnished to the Paying Agent in writing by such Registered Owner; or (b) in the case of an interest payment to any Owner of \$500,000 or more in aggregate principal amount of Bonds, by wire transfer to such Registered Owner upon written notice given to the Paying Agent by such Registered Owner, not less than 15 days prior to the Record Date for such interest, containing the wire transfer address to which such Registered Owner wishes to have such wire directed.

Adjustment of Issue Size. The Issuer reserves the right to increase or decrease the total principal amount of the Bonds and the amount of any maturity, in order to properly size the Bonds. The modifications will be based on the purchase price, discount, premium and interest rates submitted by the Successful Bidder. The aggregate modification of the principal amount of the Bonds will generally not exceed the net premium or net discount bid by the Successful Bidder. In formulating bids, bidders should consider that bids generating significant premium may lead to post-bid revisions by the Issuer as described above, resulting in greater principal amortization in later years, and bids generating significant discount may lead to post-bid revisions by the Issuer as described above, resulting in greater principal amortization in earlier years.

The Successful Bidder may not withdraw its bid or change the interest rates bid as a result of a post-bid change as described in this section. If there is an increase or decrease in the final aggregate principal amount of the Bonds or the schedule of principal payments as described above, the Issuer will notify the Successful Bidder by means of telephone or facsimile transmission, subsequently confirmed in writing, no later than 12:00 p.m., central time, on the Sale Date. If the principal amounts are modified, the Issuer will seek to modify the maturity schedule, or make other mutually agreeable changes, in a way that will neither increase nor reduce the Successful Bidder's spread as a percentage of the principal amount of the Bonds issued after taking into account such adjustments.

Bond Registration. The Bonds will be registered pursuant to a plan of registration approved by the Issuer and the Attorney General of the State of Kansas (the "State"). The Issuer will pay for the fees of the Bond Registrar for registration and transfer of the Bonds and will also pay for printing a reasonable supply of registered bond blanks. Any additional costs or fees that might be incurred in the secondary market, other than fees of the Bond Registrar, will be the responsibility of the Owners.

Book-Entry-Only System. The Depository Trust Company, New York, New York ("DTC"), will act as securities depository for the Bonds. The Bonds will initially be issued exclusively in "book entry" form and shall be initially registered in the name of Cede & Co., as the nominee of DTC and no beneficial owner will receive certificates representing their interests in the Bonds. During the term of the Bonds, so long as the book-entry-only system is continued, the Issuer will make payments of principal of, premium, if any, and interest on the Bonds to DTC or its nominee as the Registered Owner of the Bonds, DTC will make book-entry-only transfers among its participants and receive and transmit payment of principal of, premium, if any, and interest on the Bonds to its participants who shall be responsible for transmitting payments to beneficial owners of the Bonds in accordance with agreements between such participants and the beneficial owners. The Issuer will not be responsible for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. In the event that: (a) DTC determines not to continue to act as securities depository for the Bonds, or (b) the Issuer determines that continuation of the book-entry-only form of evidence and transfer of ownership of the Bonds would adversely affect the interests of the beneficial owners of the Bonds, the Issuer will discontinue the book-entry-only form of registration with DTC. If the Issuer fails to identify another qualified securities depository to replace DTC, the Issuer will cause to be authenticated and delivered to the beneficial owners replacement Bonds in the form of fully registered certificates. Reference is made to the Official Statement for further information regarding the book-entry-only system of registration of the Bonds and DTC.

Submission of Bids. Facsimile bids must be made on form included in this Notice, and marked “Proposal for General Obligation Improvement and Refunding Bonds, Series 233.” Facsimile bids should not be preceded by a cover sheet and should be sent only once to (913) 312-8053. Confirmation of receipt of facsimile bids may be made by contacting the Municipal Advisor at the number listed below.

Electronic bids via Columbia Capital Auction must be submitted in accordance with its Rules of Participation, as well as the provisions of this Notice of Bond Sale. If provisions of this Notice of Bond Sale conflict with those of Columbia Capital Auction, this Notice of Bond Sale shall control. Bids must be received prior to the Submittal Hour on the Sale Date accompanied by the Deposit (as hereinafter defined), which may be submitted separately. The Issuer shall not be responsible for any failure, misdirection or error in the means of transmission of any bid.

Subsequent to the Submittal Hour, such initial offering prices to the public shall be provided to the Issuer or Municipal Advisor not more than 20 minutes after requested by the Issuer or the Municipal Advisor.

Columbia Capital Auction. Information about, registration to use and instruction for the electronic bidding services of Columbia Capital Auction may be obtained from Grant Street Group, at (412) 391-5555 x370.

Conditions of Bids. Proposals will be received on the Bonds bearing such rate or rates of interest as may be specified by the bidders, subject to the following conditions: (a) the same rate shall apply to all Bonds of the same maturity year; (b) no interest rate may exceed a rate equal to the daily yield for the 10-year Treasury Bond published by **THE BOND BUYER**, in New York, New York, on the Monday next preceding the day on which the Bonds are sold, plus 3%; (c) no supplemental interest payments will be considered; and (d) each interest rate specified shall be a multiple of 1/8 or 1/100 of 1%. **No bond maturing on or after October 1, 2029 may be reoffered at a price less than 98% of the principal amount of such Bonds.** No bid for less than 99% of the principal amount of the Bonds and accrued interest thereon to the date of delivery will be considered. Each bid shall specify the total interest cost (expressed in dollars) during the term of the Bonds on the basis of such bid, the discount, if any, the premium, if any, offered by the bidder, the net interest cost (expressed in dollars) on the basis of such bid, and an estimate of the TIC (as hereinafter defined) on the basis of such bid. Each bidder shall certify to the Issuer the correctness of the information contained on the Official Bid Form; the Issuer will be entitled to rely on such certification. Each bidder agrees that, if it is awarded the Bonds, it will provide the certification described under the caption “Establishment of Issue Price” in this Notice.

Good Faith Deposit. Not later than the Submittal Hour for each of the Notes and the Bonds, bidders must provide a good faith deposit as follows:

Each bid for the Bonds shall be accompanied by a good faith deposit in the form of a wire of Federal Reserve funds, immediately available for use by the Issuer in the amount of \$644,800.

Good faith wires submitted by unsuccessful bidders will be returned. No interest on the good faith deposits will be paid by the Issuer.

Good faith deposits shall be sent to:

U.S. Bank
120 W 12th Street #105
Kansas City, MO 64105

City of Olathe General Operating Account
ABA# - 101000187
Acct#145592401189
Ref: City of Olathe, Kansas Series 233 Good Faith Deposit

Contemporaneously with the submission of a wire transfer deposit, such bidder shall send an email to the Municipal Advisor at jwhite@columbiacapital.com and jprichard@columbiacapital.com, including the following information: (a) notification that a wire transfer has been made; (b) the amount of the wire transfer; and (c) return wire transfer instructions in the event such bid is unsuccessful. The failure of any bidder to provide return wire instructions by the Submittal Hour of the Bonds will likely result in the delayed return of such bidder's deposit if such bidder is unsuccessful.

The good faith deposit of the Successful Bidder shall constitute a good faith deposit and shall be retained by the Issuer to insure performance of the requirements of the sale by the Successful Bidder. In the event the Successful Bidder shall fail to comply with the terms of its bid, the good faith deposit will be forfeited as full and complete liquidated damages. Upon delivery, the good faith deposit will be applied to the purchase price of the Bonds or Notes, as applicable, but no interest shall be allowed thereon.

Basis of Award. Subject to the timely receipt of the Deposit set forth above, the award of the Bonds will be made on the basis of the lowest true interest cost ("TIC"), which will be determined as follows: the TIC is the discount rate (expressed as a per annum percentage rate) which, when used in computing the present value of all payments of principal and interest to be paid on the Bonds, from the payment dates to the Dated Date, produces an amount equal to the price bid, including any adjustments for premium [or discount,] if any. Present value will be computed on the basis of semiannual compounding and a 360-day year of twelve 30-day months. Bidders are requested to provide a calculation of the TIC for the Bonds on the Official Bid Form, computed as specified herein on the basis of their respective bids, which shall be considered as informative only and not binding on either the Issuer or the bidder. The Issuer or its Municipal Advisor will verify the TIC based on such bids. If there is any discrepancy between the TIC specified and the bid price and interest rates specified, the specified bid price and interest rates shall govern and the TIC specified in the bid shall be adjusted accordingly. If two or more proper bids providing for identical amounts for the lowest TIC are received, the Director of Resource Management of the Issuer will decide which bid, if any, will be recommended to the governing body for approval. The governing body will determine if said bid will be accepted, and its determination is final.

The Issuer reserves the right to reject any and/or all bids and to waive any irregularities in a submitted bid. Any bid received after the Submittal Hour on the Sale Date will be destroyed. Any disputes arising hereunder shall be governed by the laws of the State, and any party submitting a bid agrees to be subject to jurisdiction and venue of the federal and state courts within the State with regard to such dispute.

The Issuer's acceptance through Columbia Capital Auction of the Successful Bidder's proposal for the purchase of the Bonds in accordance with this Notice of Sale shall constitute a contract between the Issuer and the Successful Bidder for the purposes of Rule 15c2-12 of the Securities and Exchange Commission (the "Rule") and Rule G-32 of the Municipal Securities Rulemaking Board ("Rule G-32") and a bond purchase agreement for purposes of the laws of the State of Kansas.

Establishment of Issue Price.

In order to provide the Issuer with information necessary for compliance with Section 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder (collectively, the “Code”), the Successful Bidder will be required to assist the Issuer in establishing the “issue price” of the Bonds and complete, execute and deliver to the Issuer prior to the Closing Date, a written certification in a form acceptable to the Successful Bidder, the Issuer and Bond Counsel (the “Issue Price Certificate”) containing the following for each maturity of the Bonds: (1) the interest rate; (2) the reasonably expected initial offering price to the “public” (as said term is used in Treasury Regulation Section 1.148-1(f) (the “Regulation”)) or the sale price; and (3) pricing wires or equivalent communications supporting such offering or sale price. However, such Issue Price Certificate may indicate that the Successful Bidder has purchased the Bonds for its own account in a capacity other than as an underwriter or wholesaler, and currently has no intent to reoffer the Bonds for sale to the public.

The Issuer intends that the sale of the Bonds pursuant to this Notice shall constitute a “competitive sale” as defined in the Regulation. In support thereof: (1) the Issuer shall cause this Notice to be disseminated to potential bidders in a manner reasonably designed to reach potential bidders; (2) all bidders shall have an equal opportunity to submit a bid; (3) the Issuer reasonably expects that it will receive bids from at least three bidders that have established industry reputations for underwriting municipal bonds such as the Bonds; and (4) the Issuer anticipates awarding the sale of the Bonds to the bidder that provides a bid with the lowest TIC in accordance with the section hereof entitled “Basis of Award.”

Any bid submitted pursuant to this Notice shall be considered a firm offer for the purchase of the Bonds as specified therein. The Successful Bidder shall constitute an “underwriter” as said term is defined in the Regulation. By submitting its bid, each bidder confirms (1) that it shall require any agreement among underwriters, a selling group agreement or other agreement to which it is a party relating to the initial sale of the Bonds, to include provisions requiring compliance with provisions of the Code and the Regulation regarding the initial sale of the Bonds, and (2) that it has an established industry reputation for underwriting municipal securities such as the Bonds.

If all of the requirements of a “competitive sale” are not satisfied, the Issuer shall advise the Successful Bidder of such fact at the time of award of the sale of the Bonds to the Successful Bidder and the following provisions shall apply to the Bonds. ***In such event, any bid submitted will not be subject to cancellation or withdrawal.*** Within twenty-four (24) hours of the notice of award of the sale of the Bonds, the Successful Bidder shall advise the Issuer if a “substantial amount” (as defined in the Regulation (10%)) of any maturity of the Bonds has been sold to the public and the price at which such substantial amount was sold. The Issuer will treat such sale price as the “issue price” for such maturity, applied on a maturity-by-maturity basis. The Issuer will ***not*** require the Successful Bidder to comply with that portion of the Regulation commonly described as the “hold-the-offering-price” requirement for the remaining maturities, but the Successful Bidder may elect such option. If the Successful Bidder exercises such option, the Issuer will apply the initial offering price to the public provided in the bid as the issue price for such maturities. If the Successful Bidder does not exercise that option, it shall thereafter promptly provide the Issuer the prices at which a substantial amount of such maturities are sold to the public. ***Any change in the issue price of any of the Bonds after the Submittal Hour will not affect the purchase price for the Bonds submitted in the bid of the Successful Bidder.***

After the Closing Time, the Successful Bidder shall provide to the Issuer all reasonable requests for information in conjunction with (i) an audit or inquiry by the Internal Revenue Service (the “IRS”) or the Securities and Exchange Commission (the “SEC”) or (ii) the implementation of future regulation or similar guidance from the IRS, the SEC or other federal or state regulatory authority.

Bond Ratings. The Bonds have been rated “AA+” by Fitch Ratings. The Bonds have been rated “AA+” by S&P Global Ratings, a division of S&P Global Inc.

Optional Bond Insurance. The Issuer has **not** applied for any policy of municipal bond insurance with respect to the Bonds. If the Bonds qualify for municipal bond insurance, and any bidder desires to purchase such policy, such indication and the name of the desired insurer must be set forth on the bidder’s Official Bid Form. The Issuer specifically reserves the right to reject any bid specifying municipal bond insurance, even though such bid may result in the lowest TIC to the Issuer.

If the Successful Bidder elects to purchase the Bonds with municipal bond insurance, certain rating agencies will assign their ratings to the Bonds with the understanding that upon delivery of the Bonds, a policy insuring the payment when due of the principal of and interest on the Bonds will be issued by such bond insurer. All costs associated with the purchase and issuance of such municipal bond insurance policy and associated ratings and expenses (other than any independent rating requested by the Issuer) shall be paid by the Successful Bidder. Failure of the municipal bond insurer to issue the policy after the award of the Bonds shall not constitute cause for failure or refusal by the Successful Bidder to accept delivery of the Bonds.

CUSIP Numbers. CUSIP identification numbers will be assigned and printed on the Bonds, but neither the failure to print such number on any Bond nor any error with respect thereto shall constitute cause for failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds in accordance with the terms of this Notice. The Municipal Advisor will apply for CUSIP numbers pursuant to Rule G-34 implemented by the Municipal Securities Rulemaking Board. All expenses in relation to the assignment and printing of CUSIP numbers on the Bonds will be paid by the Issuer.

Delivery and Payment. The Issuer will pay for preparation of the Bonds and will deliver the Bonds properly prepared, executed and registered without cost on or about **JULY 16, 2020** (the “Closing Date”). The Successful Bidder will be furnished with a certified transcript of the proceedings evidencing the authorization and issuance of the Bonds and the usual closing documents, including a certificate that there is no litigation pending or threatened at the time of delivery of the Bonds affecting their validity and a certificate regarding the completeness and accuracy of the Official Statement. Payment for the Bonds shall be made in federal reserve funds, immediately available for use by the Issuer. The Issuer will deliver one Bond of each maturity registered in the nominee name of DTC.

Preliminary Official Statement and Official Statement. The Issuer has prepared a Preliminary Official Statement dated June 9, 2020, “deemed final” by the Issuer except for the omission of certain information as provided in the Rule, copies of which may be obtained from the Director of Resource Management or from the Municipal Advisor. Upon the sale of the Bonds and Notes, the Issuer will adopt the final Official Statement and will furnish the Successful Bidder(s), without cost, within seven business days of the acceptance of the Successful Bidders’ proposal, with a sufficient number of copies thereof, which may be in electronic format, in order for the Successful Bidder(s) to comply with the requirements of the Rule 15c2-12(b)(3) and (4) of the Securities and Exchange Commission and Rule G-32 of the Municipal Securities Rulemaking Board (jointly the “Rules”). Additional copies may be ordered by the Successful Bidder(s) at its expense. The Issuer’s acceptance of the Successful Bidders’ proposal for the purchase of the Bonds and Notes shall constitute a contract between the Issuer and the Successful Bidder(s) for purposes of the Rules.

Continuing Disclosure. In the Bond Resolution, the Issuer has covenanted to provide annually certain financial information and operating data and other information necessary to comply with the Rule, and to transmit the same to the Municipal Securities Rulemaking Board. This covenant is for the benefit

of and is enforceable by any Registered Owner of the Bonds. For further information, reference is made to the caption "CONTINUING DISCLOSURE" in the Preliminary Official Statement.

Assessed Valuation and Indebtedness. The total assessed valuation of the taxable tangible property within the Issuer for the year 2019 was \$2,231,701,879. The total general obligation indebtedness of the Issuer as of the Dated Date, including the Bonds being sold but excluding bonds to be refunded with proceeds of the Bonds, is \$271,505,000.

Legal Opinion. The Bonds will be sold subject to the approving legal opinion of Gilmore & Bell, P.C., Kansas City, Missouri, Bond Counsel to the Issuer, which opinion will be furnished and paid for by the Issuer, will be printed on the Bonds, if the Bonds are printed, and will be delivered to the Successful Bidder when the Bonds are delivered. Said opinion will also include the opinion of Bond Counsel relating to the interest on the Bonds being excluded from gross income for federal income tax purposes and exempt from income taxation by the State. Reference is made to the Preliminary Official Statement for further discussion of federal and State income tax matters relating to the interest on the Bonds.

Additional Information. Additional information regarding the Bonds may be obtained from the undersigned, or from the Municipal Advisor, at the addresses set forth below:

DATED: May 21, 2020.

CITY OF OLATHE, KANSAS

By: Dianna S. Wright
Director of Resource Management
City Hall
100 East Santa Fe
Olathe, Kansas 66061
Phone No.: (913) 971-8680
Fax No.: (913) 971-8715

Facsimile Bid Address/Municipal Advisor:

Columbia Capital Management
6700 Antioch, Suite 250
Merriam, Kansas 66204
Attn: Jeff White or James Prichard
Phone No.: (913) 312-8078 or (913) 312-8072
Fax No.: (913) 312-8053
Email: jwhite@columbiacapital.com or jprichard@columbiacapital.com

OFFICIAL BID FORM
PROPOSAL FOR THE PURCHASE OF CITY OF OLATHE, KANSAS
GENERAL OBLIGATION IMPROVEMENT AND REFUNDING BONDS
SERIES 233

TO: Dianna S. Wright, Director of Resource Management
City of Olathe, Kansas

June 16, 2020

For \$32,240,000 principal amount of General Obligation Improvement Refunding Bonds, Series 233, of the City of Olathe, Kansas, to be dated July 16, 2020, as described in the Notice of Bond Sale dated May 21, 2020 (the "Notice"), said Bonds to bear interest as follows:

<u>Stated Maturity October 1</u>	<u>Principal Amount*</u>	<u>Annual Rate of Interest</u>	<u>Stated Maturity October 1</u>	<u>Principal Amount*</u>	<u>Annual Rate of Interest</u>
2021	\$4,605,000	_____ %	2027	\$2,655,000	_____ %
2022	3,190,000	_____ %	2028	2,720,000	_____ %
2023	3,150,000	_____ %	2029	2,765,000	_____ %
2024	3,235,000	_____ %	2030	2,805,000	_____ %
2025	3,340,000	_____ %	2031	500,000	_____ %
2026	3,275,000	_____ %			

* Preliminary; Subject to change as provided in Notice of Sale.

the undersigned will pay the purchase price for the Bonds set forth below, plus accrued interest to the date of delivery.

Total interest cost to maturity at the rates specified \$ _____
Less Discount (not to exceed \$322,400 or 1.00%)..... - _____
Plus Premium (if any) _____
Net interest cost (adjusted for Discount and/or Premium) \$ _____
True Interest Cost _____ %

- ☐ The Bidder elects to purchase Municipal Bond Insurance from: [Assured] [AGM] [BAM] [_____]. Circle one or complete blank.
☐ The Bidder elects to have the following Term Bonds:

Maturity Date	Years	Amount
October 1, _____	_____ to _____	\$ _____
October 1, _____	_____ to _____	\$ _____

*subject to mandatory redemption requirements in the amounts and at the times shown above.

This proposal is subject to all terms and conditions contained in the Notice, and if the undersigned is the Successful Bidder, the undersigned will comply with all of the provisions contained in the Notice. A cashier's or certified check or a wire transfer in the amount of \$644,800 payable to the order of the Issuer, accompanies this proposal as an evidence of good faith. The acceptance of this proposal by the Issuer by execution below shall constitute a contract between the Issuer and the Successful Bidder for purposes of complying with Rule 15c2-12 of the Securities and Exchange Commission.

Submitted by: _____

(LIST ACCOUNT MEMBERS ON REVERSE)

By: _____
Telephone No. (____) _____

ACCEPTANCE

Pursuant to action duly taken by the Governing Body of the City of Olathe, Kansas, the above proposal is hereby accepted on June 16, 2020.

Attest:

Clerk

Mayor

NOTE: No additions or alterations in the above proposal form shall be made. Facsimile bids may be filed Columbia Capital Management, the Municipal Advisor, Fax No. (913) 312-8053 or electronic bids may be submitted via Columbia Capital Auction, at or prior to 10:00 a.m. applicable Central Time, on June 16, 2020. Any bid received after such time will not be accepted and will be destroyed.

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 9, 2020

NEW ISSUE – BOOK-ENTRY ONLY

RATINGS: See “Ratings” herein

*In the opinion of Gilmore & Bell, P.C., Bond Counsel to the Issuer, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”): (1) the interest on the Bonds and the Notes [(including any original issue discount properly allocable to an owner thereof)] is (a) excludable from gross income for federal income tax purposes; and (b) not an item of tax preference for purposes of the federal alternative minimum tax; (2) the interest on the Bonds and the Notes is exempt from income taxation by the State of Kansas; (3) the Bonds and Notes have **not** been designated as “qualified tax-exempt obligations” within the meaning of Code § 265(b)(3). See “**TAX MATTERS**” in this Official Statement.*

CITY OF OLATHE, KANSAS

\$75,595,000*

**GENERAL OBLIGATION TEMPORARY NOTES
SERIES 2020-A**

Dated: Date of Delivery

Due: August 1, 2021

The General Obligation Temporary Notes, Series 2020-A (the “Notes”) will be issued by the City of Olathe, Kansas (the “Issuer”), as fully registered notes, without coupons. Purchases of the Notes will be made in book-entry form, in the denominations of \$5,000 or any integral multiple thereof (the “Authorized Denomination”). Principal and interest will be payable at maturity upon presentation and surrender of the Notes by the registered owners thereof at the office of the City Treasurer, Olathe, Kansas, as note paying agent and note registrar (the “Note Paying Agent” and “Note Registrar”). The Notes will not be subject to redemption prior to maturity.

The Notes and the interest thereon will constitute general obligations of the Issuer, payable in part from special assessments levied upon the property benefited by the construction of certain public improvements, in part from the proceeds of the Issuer’s general obligation bonds, and, if not so paid, from ad valorem taxes which may be levied without limitations to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The balance of the principal and interest on the Notes is payable from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The full faith, credit and resources of the Issuer are irrevocably pledged for the prompt payment of the principal of and interest on the Notes as the same become due.

J.P.Morgan

\$32,240,000*

**GENERAL OBLIGATION IMPROVEMENT AND REFUNDING BONDS
SERIES 233**

Dated: Date of Delivery

Due: As shown on inside cover

The General Obligation Improvement and Refunding Bonds, Series 233 (the “Bonds”) will be issued by the Issuer, as fully registered bonds, without coupons. Purchases of the Bonds will be made in book-entry form, in the denominations of \$5,000 or any integral multiple thereof (the “Authorized Denomination”). Principal of the Bonds will be payable on each October 1, beginning in 2021. Semiannual interest on the Bonds will be payable on April 1 and October 1, beginning on October 1, 2020. The Treasurer of the State of Kansas will be designated as paying agent and registrar for the Bonds (the “Bond Paying Agent” and the “Bond Registrar”). At the option of the Issuer, Bonds maturing on October 1, 2029, and thereafter will be subject to redemption and payment prior to maturity on October 1, 2028, or thereafter as described herein. See “THE BONDS – Redemption Provisions” herein.

MATURITY SCHEDULES LISTED ON INSIDE COVER PAGE

The Bonds and the interest thereon will constitute general obligations of the Issuer payable from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The full faith, credit and resources of the Issuer are irrevocably pledged for the prompt payment of the principal of and interest on the Bonds as the same become due.

The Notes and the Bonds are offered when, as and if issued by the Issuer, subject to the approval of legality by Gilmore & Bell, P.C., Kansas City, Missouri, Bond Counsel to the Issuer. It is expected that the Notes and the Bonds will be available for delivery through the facilities of DTC in New York, New York on or about July 16, 2020.

BIDS FOR THE BONDS RECEIVED: Tuesday, June 16, 2020, until 10:00 A.M., Central Time
CONSIDERATION OF AWARD: Council meeting commencing at 7:00 P.M., Central Time on
Tuesday, June 16, 2020

THE COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. THE COVER PAGE IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING ALL APPENDICES ATTACHED HERETO TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The date of this Official Statement is June ____, 2020.

* Preliminary; subject to change.

CITY OF OLATHE, KANSAS

\$75,595,000*

**GENERAL OBLIGATION TEMPORARY NOTES
SERIES 2020-A**

MATURITY SCHEDULE

<u>Stated Maturity August 1</u>	<u>Principal Amount*</u>	<u>Annual Rate of Interest</u>	<u>Yield</u>	<u>CUSIP ⁽¹⁾ (Base 679384)</u>
2021	\$75,595,000	____%	____%	

\$32,240,000*

**GENERAL OBLIGATION IMPROVEMENT AND REFUNDING BONDS
SERIES 233**

MATURITY SCHEDULE

SERIAL BONDS

<u>Stated Maturity October 1</u>	<u>Principal Amount*</u>	<u>Annual Rate of Interest</u>	<u>Yield</u>	<u>CUSIP ⁽¹⁾ (Base 679384)</u>	<u>Stated Maturity October 1</u>	<u>Principal Amount*</u>	<u>Annual Rate of Interest</u>	<u>Yield</u>	<u>CUSIP ⁽¹⁾ (Base 679384)</u>
2021	\$4,650,000	____%	____%		2027	\$2,655,000	____%	____%	
2022	3,190,000	____%	____%		2028	2,720,000	____%	____%	
2023	3,150,000	____%	____%		2029	2,765,000	____%	____%	
2024	3,235,000	____%	____%		2030	2,805,000	____%	____%	
2025	3,340,000	____%	____%		2031	500,000	____%	____%	
2026	3,275,000	____%	____%						

[TERM BONDS]

<u>Stated Maturity October 1</u>	<u>Principal Amount*</u>	<u>Annual Rate of Interest</u>	<u>Yield</u>	<u>CUSIP ⁽¹⁾ (Base 679384)</u>
20__	\$____	____%	____%	
20__	____	____%	____%]

(All plus accrued interest, if any)

⁽¹⁾ CUSIP data is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by S&P Capital IQ, a subsidiary of The McGraw-Hill Companies, Inc, and is included solely for the convenience of the Owners of the Notes and Bonds. Neither the Issuer nor the Underwriters shall be responsible for the selection or correctness of the CUSIP numbers set forth above.

* Preliminary; subject to change.

IN CONNECTION WITH THIS OFFERING, THE NOTE UNDERWRITER AND/OR THE BONDS UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE NOTES AND BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THE NOTES AND BONDS ARE OFFERED PURSUANT TO AN EXEMPTION FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION. THE REGISTRATION, QUALIFICATION OR EXEMPTION OF THE NOTES AND BONDS IN ACCORDANCE WITH THE APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS IN WHICH THESE SECURITIES HAVE BEEN REGISTERED, QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE JURISDICTIONS NOR ANY OF THEIR AGENCIES HAVE GUARANTEED OR PASSED UPON THE SAFETY OF THE NOTES OR THE BONDS AS AN INVESTMENT, UPON THE PROBABILITY OF ANY EARNINGS THEREON OR UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

THIS OFFICIAL STATEMENT CONTAINS STATEMENTS THAT ARE “FORWARD-LOOKING STATEMENTS” AS DEFINED IN THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. WHEN USED IN THIS OFFICIAL STATEMENT, THE WORDS “ESTIMATE,” “INTEND,” “EXPECT” AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. SUCH STATEMENTS ARE SUBJECT TO RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE CONTEMPLATED IN SUCH FORWARD-LOOKING STATEMENTS. READERS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON THESE FORWARD-LOOKING STATEMENTS, WHICH SPEAK ONLY AS OF THE DATE HEREOF.

[THIS PRELIMINARY OFFICIAL STATEMENT IS DEEMED TO BE FINAL (EXCEPT FOR PERMITTED OMISSIONS) BY THE ISSUER FOR PURPOSES OF COMPLYING WITH RULE 15c2-12 OF THE SECURITIES AND EXCHANGE COMMISSION.]

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED.

CITY OF OLATHE, KANSAS

City Hall
100 East Santa Fe,
Olathe, Kansas 66061
(913) 971-8000

ELECTED OFFICIALS

Michael E. Copeland, Mayor

John Bacon, City Council Member and Mayor Pro Term (At-Large)
Karin Brownlee, City Council Member (At-Large)
Larry Campbell, City Council Member (Ward 1)
Adam Mickelson, City Council Member (Ward 2)
Wesley McCoy, City Council Member (Ward 3)
Marge Vogt, City Council Member (Ward 4)

ADMINISTRATIVE OFFICERS

CITY MANAGER

Michael J. Wilkes

DIRECTOR OF RESOURCE MANAGEMENT

Dianna S. Wright

CITY CLERK

Brenda Long

CITY ATTORNEY

Ronald R. Shaver

FINANCIAL ADVISOR

Columbia Capital Management, LLC
Merriam, Kansas

BOND COUNSEL

Gilmore & Bell, P.C.,
Kansas City, Missouri

CERTIFIED PUBLIC ACCOUNTANTS

Allen, Gibbs & Houlik, L.C.
Wichita, Kansas

No dealer, broker, salesman or other person has been authorized by the Issuer or the Underwriters (as defined herein) to give any information or to make any representations with respect to the securities other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy the securities by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein concerning the Issuer has been furnished by the Issuer and other sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness. The Underwriters have reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the Federal Securities Laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof. This Official Statement does not constitute a contract between the Issuer or the Underwriters and any one or more of the purchasers, Owners or Beneficial Owners of the securities.

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION.....	1
THE NOTES	2
THE BONDS.....	5
THE DEPOSITORY TRUST COMPANY.....	10
THE PROJECTS.....	12
THE REFUNDING PLAN	13
SOURCES AND USES OF FUNDS	14
RISK FACTORS AND INVESTMENT CONSIDERATIONS	14
RATINGS.....	17
ABSENCE OF LITIGATION	17
LEGAL MATTERS.....	17
TAX MATTERS.....	18
FINANCIAL ADVISOR	19
UNDERWRITING.....	20
AUTHORIZATION OF OFFICIAL STATEMENT.....	20
 APPENDIX A INFORMATION CONCERNING THE ISSUER	 A-1
APPENDIX B FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS (FOR THE FISCAL YEAR ENDED 12/31/2019)	B-1
APPENDIX C FORM OF CONTINUING DISCLOSURE UNDERTAKING.....	C-1

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OFFICIAL STATEMENT

CITY OF OLATHE, KANSAS

\$75,595,000*

GENERAL OBLIGATION TEMPORARY NOTES SERIES 2020-A

\$32,240,000*

GENERAL OBLIGATION IMPROVEMENT AND REFUNDING BONDS SERIES 233

INTRODUCTION

General Matters

The purpose of this Official Statement is to furnish information relating to the City of Olathe, Kansas (the “Issuer” or the “City”), and the issuance of its \$75,595,000* General Obligation Temporary Notes, Series 2020-A (the “Notes”), and \$32,240,000* General Obligation Improvement and Refunding Bonds, Series 233 (the “Bonds”), dated as of the date of issuance and delivery. The Bonds and Notes are referred to collectively as the “Obligations.”

The Appendices to this Official Statement are integral parts of this document, to be read in their entirety.

The Issuer is a municipal corporation duly organized and existing under the laws of the State of Kansas (the “State”). Additional information regarding the Issuer is contained in **APPENDIX A** to this Official Statement.

The materials contained on the cover page, in the body and in the Appendices to this Official Statement are to be read in their entirety. All financial and other information presented herein has been compiled by the Issuer. The presentation of information herein, including tables of receipts from various taxes, is intended to show recent historic information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the Issuer. No representation is made that past experience, as might be shown by such financial or other information, will necessarily continue or be repeated in the future. Except to the extent described under the section captioned “LEGAL MATTERS,” Bond Counsel expresses no opinion as to the accuracy or sufficiency of any other information contained herein.

Definitions

Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the ordinance and resolution authorizing the Bonds and the resolution authorizing the Notes, copies of which are available upon request with the Issuer.

Continuing Disclosure

The Securities and Exchange Commission (the “SEC”) has promulgated amendments to Rule 15c2-12 (the “Rule”), requiring continuous secondary market disclosure. In connection with the issuance of the Obligations, the Issuer will enter into a continuing disclosure undertaking (the “Disclosure Undertaking”) wherein the Issuer covenants to annually provide certain financial information and operating data (collectively, the “Annual Report”) and other information necessary to comply with the Rule, and to transmit the same to the Municipal Securities Rulemaking Board. Pursuant to the Disclosure Undertaking, the Issuer has agreed to file its Annual Report with the national repository (“EMMA”) not more than 180 days after the end of the City’s Fiscal Year, commencing with Fiscal Year ended in December 31, 2020.

* Preliminary; subject to change.

In Bond Resolution and Note Resolution, the Issuer covenants with the Underwriters and the Beneficial Owners to apply the provisions of the Disclosure Undertaking to the Obligations. This covenant is for the benefit of and is enforceable by the Beneficial Owners of the Obligations. For more information regarding the Disclosure Undertaking, see “**APPENDIX C – FORM OF CONTINUING DISCLOSURE UNDERTAKING.**”

The Issuer believes it has complied with its prior undertakings under the Rule for the past five years.

Additional Information

Additional information regarding the Issuer or the Obligations may be obtained from the Director of Resource Management of the Issuer at the address set forth in the preface to this Official Statement, or from the Financial Advisor, Columbia Capital Management, LLC, 6330 Lamar Avenue, Overland Park, Kansas - Attention: Jeff White or James Prichard (913-248-8500) or via email at jwhite@columbiacapital.com or jprichard@columbiacapital.com.

THE NOTES

Authority for the Notes

The Notes are being issued pursuant to and in full compliance with the Constitution and statutes of the State of Kansas (the “State”), including K.S.A. 10-101 to 10-125, inclusive (specifically including K.S.A. 10-123) K.S.A. 12-685 *et seq.*, K.S.A. 12-6a01 *et seq.*, Charter Ordinance No. 74 of the City, and Article 12, Section 5 of the Constitution of the State, all as amended and supplemented from time to time (collectively, the “Act”), and a resolution adopted by the governing body of the Issuer on June __, 2020 (the “Note Resolution”).

Security for the Notes

The Notes shall be general obligations of the Issuer payable as to both principal and interest in part from special assessments levied upon the property benefited by the construction of certain public improvements and in part from the proceeds of general obligation bonds of the Issuer, and, if not so paid, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The balance of the principal and interest on the Notes is payable from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The full faith, credit and resources of the Issuer are irrevocably pledged for the prompt payment of the principal of and interest on the Notes as the same become due.

Description of the Notes

The Notes shall consist of fully registered book-entry-only Notes in an Authorized Denomination and shall be numbered in such manner as the Note Registrar shall determine. All of the Notes shall be dated as of the Dated Date, shall become due in the amounts on the Stated Maturities, without option of prior redemption and payment, and shall bear interest at the rates per annum set forth on the inside cover page of this Official Statement. The Notes shall bear interest (computed on the basis of twelve 30-day months) from the later of the Dated Date or the most recent Interest Payment Date to which interest has been paid on the Interest Payment Dates in the manner hereinafter set forth.

Designation of Note Paying Agent and Note Registrar

The Issuer will at all times maintain a note paying agent and note registrar meeting the qualifications set forth in the Note Resolution. The Issuer reserves the right to appoint a successor note paying agent or note registrar. No resignation or removal of the note paying agent or note registrar shall become effective until a successor has been appointed and has accepted the duties of note paying agent or note registrar. Every note paying agent or note registrar appointed by the Issuer shall at all times meet the requirements of Kansas law.

The City Treasurer, Olathe, Kansas (the “Note Registrar” and “Note Paying Agent”) has been designated by the Issuer as Note Paying Agent for the payment of principal of and interest on the Notes and Note Registrar with respect to the registration, transfer and exchange of Notes.

Method and Place of Payment of the Notes

The principal of and interest on the Notes shall be payable in any coin or currency which, on the respective dates of payment thereof, is legal tender for the payment of public and private debts. The principal of each Note and interest thereon shall be paid at Maturity to the Person in whose name such Note is registered on the Note Register at the Maturity thereof, upon presentation and surrender of such Note at the principal office of the Note Paying Agent.

“Record Date” for the interest payable on any Interest Payment Date means the fifteenth date (whether or not a Business Day) of the calendar month next preceding such Interest Payment Date.

Notwithstanding the foregoing, any Defaulted Interest with respect to any Note shall cease to be payable to the Owner of such Note on the relevant Record Date and shall be payable to the Owner in whose name such Note is registered at the close of business on the Special Record Date for the payment of such Defaulted Interest, which Special Record Date shall be fixed as hereinafter specified. The Issuer shall notify the Note Paying Agent in writing of the amount of Defaulted Interest proposed to be paid on each Note and the date of the proposed payment (which date shall be at least 30 days after receipt of such notice by the Note Paying Agent) and shall deposit with the Note Paying Agent an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest. Following receipt of such funds the Note Paying Agent shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment. The Note Paying Agent shall notify the Issuer of such Special Record Date and shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, by first class mail, postage prepaid, to each Owner of a Note entitled to such notice not less than 10 days prior to such Special Record Date.

SO LONG AS CEDE & CO. REMAINS THE REGISTERED OWNER OF THE NOTES, THE NOTE PAYING AGENT SHALL TRANSMIT PAYMENTS TO THE SECURITIES DEPOSITORY, WHICH SHALL REMIT SUCH PAYMENTS IN ACCORDANCE WITH ITS NORMAL PROCEDURES. See “THE NOTES – Book-Entry Notes; Securities Depository.”

Payments Due on Saturdays, Sundays and Holidays

In any case where a Note Payment Date is not a Business Day, then payment of principal, Redemption Price or interest need not be made on such Note Payment Date but may be made on the next succeeding Business Day with the same force and effect as if made on such Note Payment Date, and no interest shall accrue for the period after such Note Payment Date.

Book-Entry Notes; Securities Depository

The Notes shall initially be registered to Cede & Co., the nominee for the Securities Depository, and no Beneficial Owner will receive certificates representing their respective interests in the Notes, except in the event the Note Registrar issues Replacement Notes. It is anticipated that during the term of the Notes, the Securities Depository will make book-entry transfers among its Participants and receive and transmit payment of principal of, premium, if any, and interest on, the Notes to the Participants until and unless the Note Registrar authenticates and delivers Replacement Notes to the Beneficial Owners as described in the following paragraphs.

The Issuer may decide, subject to the requirements of the Operational Arrangements of DTC (or a successor Securities Depository), and the following provisions of this section to discontinue use of the system of book-entry transfers through DTC (or a successor Securities Depository):

(a) If the Issuer determines (1) that the Securities Depository is unable to properly discharge its responsibilities, or (2) that the Securities Depository is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, or (3) that the continuation

of a book-entry system to the exclusion of any Notes being issued to any Owner other than Cede & Co. is no longer in the best interests of the Beneficial Owners of the Notes; or

(b) if the Note Registrar receives written notice from Participants having interest in not less than 50% of the Notes Outstanding, as shown on the records of the Securities Depository (and certified to such effect by the Securities Depository), that the continuation of a book-entry system to the exclusion of any Notes being issued to any Owner other than Cede & Co. is no longer in the best interests of the Beneficial Owners of the Notes, then the Note Registrar shall notify the Owners of such determination or such notice and of the availability of certificates to owners requesting the same, and the Note Registrar shall register in the name of and authenticate and deliver Replacement Notes to the Beneficial Owners or their nominees in principal amounts representing the interest of each, making such adjustments as it may find necessary or appropriate as to accrued interest and previous calls for redemption; provided, that in the case of a determination under (a)(1) or (a)(2) of this paragraph, the Issuer, with the consent of the Note Registrar, may select a successor securities depository in accordance with the following paragraph to effect book-entry transfers.

In such event, all references to the Securities Depository herein shall relate to the period of time when the Securities Depository has possession of at least one Note. Upon the issuance of Replacement Notes, all references herein to obligations imposed upon or to be performed by the Securities Depository shall be deemed to be imposed upon and performed by the Note Registrar, to the extent applicable with respect to such Replacement Notes. If the Securities Depository resigns and the Issuer, the Note Registrar or Owners are unable to locate a qualified successor of the Securities Depository, then the Note Registrar shall authenticate and cause delivery of Replacement Notes to Owners, as provided herein. The Note Registrar may rely on information from the Securities Depository and its Participants as to the names of the Beneficial Owners of the Notes. The cost of printing, registration, authentication, and delivery of Replacement Notes shall be paid for by the Issuer.

In the event the Securities Depository resigns, is unable to properly discharge its responsibilities, or is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, the Issuer may appoint a successor Securities Depository provided the Note Registrar receives written evidence satisfactory to the Note Registrar with respect to the ability of the successor Securities Depository to discharge its responsibilities. Any such successor Securities Depository shall be a securities depository which is a registered clearing agency under the Securities and Exchange Act of 1934, as amended, or other applicable statute or regulation that operates a securities depository upon reasonable and customary terms. The Note Registrar upon its receipt of a Note or Notes for cancellation shall cause the delivery of the Notes to the successor Securities Depository in appropriate denominations and form as provided in the Note Resolution.

Registration, Transfer and Exchange of Notes

As long as any of the Notes remain Outstanding, each Note when issued shall be registered in the name of the Owner thereof on the Note Register. Notes may be transferred and exchanged only on the Note Register as hereinafter provided. Upon surrender of any Note at the principal office of the Note Registrar, the Note Registrar shall transfer or exchange such Note for a new Note or Notes in any Authorized Denomination of the same Stated Maturity and in the same aggregate principal amount as the Note that was presented for transfer or exchange. Notes presented for transfer or exchange shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in a form and with guarantee of signature satisfactory to the Note Registrar, duly executed by the Owner thereof or by the Owner's duly authorized agent.

In all cases in which the privilege of transferring or exchanging Notes is exercised, the Note Registrar shall authenticate and deliver Notes in accordance with the provisions of the Note Resolution. The Issuer shall pay the fees and expenses of the Note Registrar for the registration, transfer and exchange of Notes. Any additional costs or fees that might be incurred in the secondary market, other than fees of the Note Registrar, are the responsibility of the Owners of the Notes. In the event any Owner fails to provide a correct taxpayer identification number to the Note Paying Agent, the Note Paying Agent may make a charge against such Owner sufficient to pay any governmental charge required to be paid as a result of such failure.

The Issuer and the Note Registrar shall not be required to register the transfer or exchange of any Note during a period beginning at the opening of business on the day after receiving written notice from the Issuer of its

intent to pay Defaulted Interest and ending at the close of business on the date fixed for the payment of Defaulted Interest.

Mutilated, Lost, Stolen or Destroyed Notes

If (a) any mutilated Note is surrendered to the Note Registrar or the Note Registrar receives evidence to its satisfaction of the destruction, loss or theft of any Note, and (b) there is delivered to the Issuer and the Note Registrar such security or indemnity as may be required by each of them, then, in the absence of notice to the Issuer or the Note Registrar that such Note has been acquired by a bona fide purchaser, the Issuer shall execute and, upon the Issuer's request, the Note Registrar shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Note, a new Note of the same Stated Maturity and of like tenor and principal amount. If any such mutilated, destroyed, lost or stolen Note has become or is about to become due and payable, the Issuer, in its discretion, may pay such Note instead of issuing a new Note. Upon the issuance of any new Note, the Issuer may require the payment by the Owner of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Note Paying Agent) connected therewith.

Nonpresentment of Notes

If any Note is not presented for payment when the principal thereof becomes due at Maturity, if funds sufficient to pay such Note have been made available to the Note Paying Agent all liability of the Issuer to the Owner thereof for the payment of such Note shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Note Paying Agent to hold such funds, without liability for interest thereon, for the benefit of the Owner of such Note, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under the Note Resolution or on, or with respect to, said Note. If any Note is not presented for payment within four (4) years following the date when such Note becomes due at Maturity, the Note Paying Agent shall repay to the Issuer the funds theretofore held by it for payment of such Note, and such Note shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the Issuer, and the Owner thereof shall be entitled to look only to the Issuer for payment, and then only to the extent of the amount so repaid to it by the Note Paying Agent, and the Issuer shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

Redemption Provisions

The Notes shall **not** be subject to optional redemption and payment prior to their Stated Maturity.

THE BONDS

Authority for the Bonds

The Bonds are being issued pursuant to and in full compliance with the Constitution and statutes of the State, including to K.S.A. 10-101 to 10-125, inclusive, K.S.A. 10-427 *et seq.*, K.S.A. 10-620 *et seq.*, K.S.A. 12-685 *et seq.*, K.S.A. 12-6a01 *et seq.*, Charter Ordinance No. 74 of the Issuer and Article 12, Section 5 of the Constitution of the State of Kansas, all as amended and supplemented from time to time (the "Act"), an ordinance passed by the governing body of the Issuer and a resolution adopted by the governing body of the Issuer on June __, 2020 (jointly, the "Bond Resolution").

Security for the Bonds

The Bonds shall be general obligations of the Issuer payable as to both principal and interest in part from special assessments levied upon the property benefited by the construction of certain public improvements, and if not so paid, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The full faith, credit and resources of the Issuer are hereby irrevocably pledged for the prompt payment of the principal of and interest on the Bonds as the same become due.

Levy and Collection of Annual Tax, Transfer to Debt Service Account

The governing body of the Issuer shall annually make provision for the payment of principal of, premium, if any, and interest on the Bonds as the same become due by, to the extent necessary, levying and collecting the necessary taxes and/or assessments upon all of the taxable tangible property within the Issuer in the manner provided by law. Such taxes and/or assessments shall be extended upon the tax rolls in each of the several years, respectively, and shall be levied and collected at the same time and in the same manner as the other ad valorem taxes of the Issuer are levied and collected. The proceeds derived from said taxes and/or assessments shall be deposited in the Bond and Interest Fund, shall be kept separate and apart from all other funds of the Issuer, shall thereafter be transferred to the Debt Service Account and shall be used solely for the payment of the principal of and interest on the Bonds as and when the same become due, taking into account any scheduled mandatory redemptions, and the fees and expenses of the Bond Paying Agent.

Description of the Bonds

The Bonds shall consist of fully registered book-entry-only bonds in the denomination of \$5,000 or any integral multiples thereof (the "Authorized Denomination") and shall be numbered in such manner as the Bond Registrar shall determine. All of the Bonds shall be dated as of the Dated Date, shall become due in the amounts, on the Stated Maturities, subject to redemption and payment prior to their Stated Maturities, and shall bear interest at the rates per annum set forth on the inside cover page of this Official Statement. The Bonds shall bear interest (computed on the basis of twelve 30-day months) from the later of the Dated Date or the most recent Interest Payment Date to which interest has been paid on the Interest Payment Dates in the manner hereinafter set forth.

Designation of Bond Paying Agent and Bond Registrar

The Issuer will at all times maintain a bond paying agent and bond registrar meeting the qualifications set forth in the Bond Resolution. The Issuer reserves the right to appoint a successor bond paying agent, or bond registrar. No resignation or removal of the bond paying agent or bond registrar shall become effective until a successor has been appointed and has accepted the duties of bond paying agent or bond registrar. Every bond paying agent or bond registrar appointed by the Issuer shall at all times meet the requirements of Kansas law.

The Treasurer of the State of Kansas, Topeka, Kansas (the "Bond Registrar" and "Bond Paying Agent") has been designated by the Issuer as Bond Paying Agent for the payment of principal of and interest on the Bonds and Bond Registrar with respect to the registration, transfer and exchange of Bonds.

Method and Place of Payment of the Bonds

The principal of, or Redemption Price, and interest on the Bonds shall be payable in any coin or currency which, on the respective dates of payment thereof, is legal tender for the payment of public and private debts. The principal or Redemption Price of each Bond shall be paid at Maturity to the Person in whose name such Bond is registered on the Bond Register at the Maturity thereof, upon presentation and surrender of such Bond at the principal office of the Bond Paying Agent.

The interest payable on each Bond on any Interest Payment Date shall be paid to the Owner of such Bond as shown on the Bond Register at the close of business on the Record Date for such interest (a) by check or draft mailed by the Bond Paying Agent to the address of such Owner shown on the Bond Register or at such other address as is furnished to the Bond Paying Agent in writing by such Owner; or (b) in the case of an interest payment to Cede & Co. or any Owner of \$500,000 or more in aggregate principal amount of Bonds, by electronic transfer to such Owner upon written notice given to the Bond Registrar by such Owner, not less than 15 days prior to the Record Date for such interest, containing the electronic transfer instructions including the bank, ABA routing number and account number to which such Owner wishes to have such transfer directed.

"Record Date" for the interest payable on any Interest Payment Date, means the fifteenth date (whether or not a Business Day) of the calendar month next preceding such Interest Payment Date.

Notwithstanding the foregoing, any Defaulted Interest with respect to any Bond shall cease to be payable to the Owner of such Bond on the relevant Record Date and shall be payable to the Owner in whose name such Bond is registered at the close of business on the Special Record Date for the payment of such Defaulted Interest, which Special Record Date shall be fixed as hereinafter specified. The Issuer shall notify the Bond Paying Agent in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment (which date shall be at least 30 days after receipt of such notice by the Bond Paying Agent) and shall deposit with the Bond Paying Agent an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest. Following receipt of such funds the Bond Paying Agent shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment. The Bond Paying Agent shall notify the Issuer of such Special Record Date and shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, by first class mail, postage prepaid, to each Owner of a Bond entitled to such notice not less than 10 days prior to such Special Record Date.

SO LONG AS CEDE & CO. REMAINS THE REGISTERED OWNER OF THE BONDS, THE BOND PAYING AGENT SHALL TRANSMIT PAYMENTS TO THE SECURITIES DEPOSITORY, WHICH SHALL REMIT SUCH PAYMENTS IN ACCORDANCE WITH ITS NORMAL PROCEDURES. See “THE BONDS – Book-Entry Bonds; Securities Depository.”

Payments Due on Saturdays, Sundays and Holidays

In any case where a Bond Payment Date is not a Business Day, then payment of principal, Redemption Price or interest need not be made on such Bond Payment Date but may be made on the next succeeding Business Day with the same force and effect as if made on such Bond Payment Date, and no interest shall accrue for the period after such Bond Payment Date.

Book-Entry Bonds; Securities Depository

The Bonds shall initially be registered to Cede & Co., the nominee for the Securities Depository, and no Beneficial Owner will receive certificates representing their respective interests in the Bonds, except in the event the Bond Registrar issues Replacement Bonds. It is anticipated that during the term of the Bonds, the Securities Depository will make book-entry transfers among its Participants and receive and transmit payment of principal of, premium, if any, and interest on, the Bonds to the Participants until and unless the Bond Registrar authenticates and delivers Replacement Bonds to the Beneficial Owners as described in the following paragraphs.

The Issuer may decide, subject to the requirements of the Operational Arrangements of DTC (or a successor Securities Depository), and the following provisions of this section to discontinue use of the system of book-entry transfers through DTC (or a successor Securities Depository):

(a) If the Issuer determines (1) that the Securities Depository is unable to properly discharge its responsibilities, or (2) that the Securities Depository is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, or (3) that the continuation of a book-entry system to the exclusion of any Bonds being issued to any Owner other than Cede & Co. is no longer in the best interests of the Beneficial Owners of the Bonds; or

(b) if the Bond Registrar receives written notice from Participants having interest in not less than 50% of the Bonds Outstanding, as shown on the records of the Securities Depository (and certified to such effect by the Securities Depository), that the continuation of a book-entry system to the exclusion of any Bonds being issued to any Owner other than Cede & Co. is no longer in the best interests of the Beneficial Owners of the Bonds, then the Bond Registrar shall notify the Owners of such determination or such notice and of the availability of certificates to owners requesting the same, and the Bond Registrar shall register in the name of and authenticate and deliver Replacement Bonds to the Beneficial Owners or their nominees in principal amounts representing the interest of each, making such adjustments as it may find necessary or appropriate as to accrued interest and previous calls for redemption; provided, that in the case of a determination under (a)(1) or (a)(2) of this paragraph, the Issuer, with the consent of the Bond Registrar, may select a successor securities depository in accordance with the following paragraph to effect book-entry transfers.

In such event, all references to the Securities Depository herein shall relate to the period of time when the Securities Depository has possession of at least one Bond. Upon the issuance of Replacement Bonds, all references herein to obligations imposed upon or to be performed by the Securities Depository shall be deemed to be imposed upon and performed by the Bond Registrar, to the extent applicable with respect to such Replacement Bonds. If the Securities Depository resigns and the Issuer, the Bond Registrar or Owners are unable to locate a qualified successor of the Securities Depository, then the Bond Registrar shall authenticate and cause delivery of Replacement Bonds to Owners, as provided herein. The Bond Registrar may rely on information from the Securities Depository and its Participants as to the names of the Beneficial Owners of the Bonds. The cost of printing, registration, authentication, and delivery of Replacement Bonds shall be paid for by the Issuer.

In the event the Securities Depository resigns, is unable to properly discharge its responsibilities, or is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, the Issuer may appoint a successor Securities Depository provided the Bond Registrar receives written evidence satisfactory to the Bond Registrar with respect to the ability of the successor Securities Depository to discharge its responsibilities. Any such successor Securities Depository shall be a securities depository which is a registered clearing agency under the Securities and Exchange Act of 1934, as amended, or other applicable statute or regulation that operates a securities depository upon reasonable and customary terms. The Bond Registrar upon its receipt of a Bond or Bonds for cancellation shall cause the delivery of the Bonds to the successor Securities Depository in appropriate denominations and form as provided in the Bond Resolution.

Registration, Transfer and Exchange of Bonds

As long as any of the Bonds remain Outstanding, each Bond when issued shall be registered in the name of the Owner thereof on the Bond Register. Bonds may be transferred and exchanged only on the Bond Register as hereinafter provided. Upon surrender of any Bond at the principal office of the Bond Registrar, the Bond Registrar shall transfer or exchange such Bond for a new Bond or Bonds in any authorized denomination of the same Stated Maturity and in the same aggregate principal amount as the Bond that was presented for transfer or exchange. Bonds presented for transfer or exchange shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in a form and with guarantee of signature satisfactory to the Bond Registrar, duly executed by the Owner thereof or by the Owner's duly authorized agent.

In all cases in which the privilege of transferring or exchanging Bonds is exercised, the Bond Registrar shall authenticate and deliver Bonds in accordance with the provisions of the Bond Resolution. The Issuer shall pay the fees and expenses of the Bond Registrar for the registration, transfer and exchange of Bonds. Any additional costs or fees that might be incurred in the secondary market, other than fees of the Bond Registrar, are the responsibility of the Owners of the Bonds. In the event any Owner fails to provide a correct taxpayer identification number to the Bond Paying Agent, the Bond Paying Agent may make a charge against such Owner sufficient to pay any governmental charge required to be paid as a result of such failure.

The Issuer and the Bond Registrar shall not be required (a) to register the transfer or exchange of any Bond that has been called for redemption after notice of such redemption has been mailed by the Paying Agent and during the period of 15 days next preceding the date of mailing of such notice of redemption; or (b) to register the transfer or exchange of any Bond during a period beginning at the opening of business on the day after receiving written notice from the Issuer of its intent to pay Defaulted Interest and ending at the close of business on the date fixed for the payment of Defaulted Interest.

Mutilated, Lost, Stolen or Destroyed Bonds

If (a) any mutilated Bond is surrendered to the Bond Registrar or the Bond Registrar receives evidence to its satisfaction of the destruction, loss or theft of any Bond, and (b) there is delivered to the Issuer and the Bond Registrar such security or indemnity as may be required by each of them, then, in the absence of notice to the Issuer or the Bond Registrar that such Bond has been acquired by a bona fide purchaser, the Issuer shall execute and, upon the Issuer's request, the Bond Registrar shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Bond, a new Bond of the same Stated Maturity and of like tenor and principal amount. If any such mutilated, destroyed, lost or stolen Bond has become or is about to become due and payable, the Issuer, in its

discretion, may pay such Bond instead of issuing a new Bond. Upon the issuance of any new Bond, the Issuer may require the payment by the Owner of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Bond Paying Agent) connected therewith.

Nonpresentment of Bonds

If any Bond is not presented for payment when the principal thereof becomes due at Maturity, if funds sufficient to pay such Bond have been made available to the Bond Paying Agent all liability of the Issuer to the Owner thereof for the payment of such Bond shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Bond Paying Agent to hold such funds, without liability for interest thereon, for the benefit of the Owner of such Bond, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under the Bond Resolution or on, or with respect to, said Bond. If any Bond is not presented for payment within four (4) years following the date when such Bond becomes due at Maturity, the Bond Paying Agent shall repay to the Issuer the funds theretofore held by it for payment of such Bond, and such Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the Issuer, and the Owner thereof shall be entitled to look only to the Issuer for payment, and then only to the extent of the amount so repaid to it by the Bond Paying Agent, and the Issuer shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

Redemption Provisions

Optional Redemption. At the option of the Issuer, Bonds maturing on October 1, 2028, and thereafter, will be subject to redemption and payment prior to their Stated Maturity on October 1, 2027, and thereafter, as a whole or in part (selection of maturities and the amount of Bonds of each maturity to be redeemed to be determined by the Issuer in such equitable manner as it may determine) at any time, at the Redemption Price of 100% (expressed as a percentage of the principal amount), plus accrued interest to the Redemption Date.

[***Mandatory Redemption.*** The Term Bonds shall be subject to mandatory redemption and payment prior to Stated Maturity pursuant to the mandatory redemption requirements hereinafter set forth at a Redemption Price equal to 100% of the principal amount thereof plus accrued interest to the Redemption Date. The payments which are to be deposited into the Debt Service Account shall be sufficient to redeem, and the Issuer shall redeem on October 1 in each year, the following principal amounts of such Term Bonds:

<u>Principal Amount</u>	<u>Year</u>
\$	20__
	20__
	20__*

*Final Maturity]

Selection of Bonds to be Redeemed. Bonds shall be redeemed only in an Authorized Denomination. When less than all of the Bonds are to be redeemed and paid prior to their Stated Maturity, such Bonds shall be redeemed in such manner as the Issuer shall determine, Bonds of less than a full Stated Maturity shall be selected by the Bond Registrar in minimum Authorized Denomination in such equitable manner as the Bond Registrar may determine. In the case of a partial redemption of Bonds by lot when Bonds of denominations greater than a minimum Authorized Denomination are then Outstanding, then for all purposes in connection with such redemption each minimum Authorized Denomination of face value shall be treated as though it were a separate Bond of a minimum Authorized Denomination. If it is determined that one or more, but not all, of the minimum Authorized Denomination value represented by any Bond is selected for redemption, then upon notice of intention to redeem such minimum Authorized Denomination, the Owner or the Owner's duly authorized agent shall forthwith present and surrender such Bond to the Bond Registrar: (1) for payment of the Redemption Price and interest to the Redemption Date of such minimum Authorized Denomination value called for redemption, and (2) for exchange, without charge to the Owner thereof, for a new Bond or Bonds of the aggregate principal amount of the unredeemed portion of the principal amount of such Bond. If the Owner of any such Bond fails to present such Bond to the Bond

Paying Agent for payment and exchange as aforesaid, such Bond shall, nevertheless, become due and payable on the redemption date to the extent of the minimum Authorized Denomination value called for redemption (and to that extent only).

Notice and Effect of Call for Redemption. Unless waived by any Owner of Bonds to be redeemed, if the Issuer shall call any Bonds for redemption and payment prior to the Stated Maturity thereof, the Issuer shall give written notice of its intention to call and pay said Bonds to the Bond Registrar and the State Treasurer. In addition, the Issuer shall cause the Bond Registrar to give written notice of redemption to the Owners of said Bonds. Each of said written notices shall be deposited in the United States first class mail not less than 30 days prior to the Redemption Date.

All official notices of redemption shall be dated and shall contain the following information: (a) the Redemption Date; (b) the Redemption Price; (c) if less than all Outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption of any Bonds, the respective principal amounts) of the Bonds to be redeemed; (d) a statement that on the Redemption Date the Redemption Price will become due and payable upon each such Bond or portion thereof called for redemption and that interest thereon shall cease to accrue from and after the Redemption Date; and (e) the place where such Bonds are to be surrendered for payment of the Redemption Price, which shall be the principal office of the Bond Paying Agent. The failure of any Owner to receive notice given as heretofore provided or an immaterial defect therein shall not invalidate any redemption.

Prior to any Redemption Date, the Issuer shall deposit with the Bond Paying Agent an amount of money sufficient to pay the Redemption Price of all the Bonds or portions of Bonds that are to be redeemed on such Redemption Date. Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds to be redeemed shall become due and payable on the Redemption Date, at the Redemption Price therein specified, and from and after the Redemption Date (unless the Issuer defaults in the payment of the Redemption Price) such Bonds or portion of Bonds shall cease to bear interest.

For so long as the Securities Depository is effecting book-entry transfers of the Bonds, the Bond Registrar shall provide the notices specified to the Securities Depository. It is expected that the Securities Depository shall, in turn, notify its Participants and that the Participants, in turn, will notify or cause to be notified the Beneficial Owners. Any failure on the part of the Securities Depository or a Participant, or failure on the part of a nominee of a Beneficial Owner of a Bond (having been mailed notice from the Bond Registrar, the Securities Depository, a Participant or otherwise) to notify the Beneficial Owner of the Bond so affected, shall not affect the validity of the redemption of such Bond.

In addition to the foregoing notice, the Issuer shall provide such notices of redemption as are required by the Disclosure Undertaking. The Bond Paying Agent is also directed to comply with any mandatory or voluntary standards then in effect for processing redemptions of municipal securities established by the State or the Securities and Exchange Commission. Failure to comply with such standards shall not affect or invalidate the redemption of any Bond.

THE DEPOSITORY TRUST COMPANY

1. The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Obligations. The Obligations will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each scheduled maturity of the Obligations, and will be deposited with DTC.

2. DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants

of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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

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

8. Redemption proceeds, distributions, and dividend payments on the Obligations will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or Paying Agent, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or Paying Agent, disbursement of such

payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

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

THE PROJECTS

The Notes. The Notes are being issued for the purpose of financing a portion of the costs of certain public improvements (the "Note Improvements"), more specifically described as follows:

Description	<u>Authorizing Ordinance/ Resolution No.</u>	<u>Authority</u>	<u>Estimated Improvement Cost to be Financed with the Notes</u>
159 th Street & Blackbob Road Improvements	18-1068	K.S.A. 12-685 <i>et seq.</i>	\$2,226,741.52
I-35 & 199 th Street Interchange Preliminary Engineering	19-1046	K.S.A. 12-685 <i>et seq.</i>	8,429,456.90
Santa Fe & Ridgeview Geometric Improvements	18-1102	K.S.A. 12-685 <i>et seq.</i>	6,531,993.70
Lone Elm Road, Old 56 to 151 st Street Improvements	18-1083	K.S.A. 12-685 <i>et seq.</i>	10,252,603.46
Mahaffie Circle Improvements	18-1117	Charter Ord. No. 74	3,500,882.06
119 th and Plfumm Geometric Improvements	18-1048	K.S.A. 12-685 <i>et seq.</i>	1,588,443.59
159 th Street and Plfumm Road Improvements	18-1028	K.S.A. 12-685 <i>et seq.</i>	960,955.55
Woodland Road, K-10 to College Blvd Improvements	18-1023	K.S.A. 12-685 <i>et seq.</i>	11,859,118.97
Lindenwood Road, 163 rd to 167 th Improvements	17-1069	K.S.A. 12-6a01 <i>et seq.</i>	1,932,807.65
151 st and Ridgeview Geometric Improvements	17-1076	K.S.A. 12-685 <i>et seq.</i>	2,301,521.52
Fire Station #8	18-1094	Charter Ord. No. 74	6,802,256.45
Park Maintenance Facilities	19-1036	Charter Ord. No. 74	9,522,404.08
Santa Fe, Ridgeview to Mur-len Improvements	19-1018	K.S.A. 12-685 <i>et seq.</i>	501,917.78
Fire Training Center	18-1119	Charter Ord. No. 74	2,935,883.20
119 th Street and Renner Road	20-1028	Charter Ord. No. 74	1,404,000.00
Pflumm Rd, 143 rd to 151 st Improvements	20-1016	K.S.A. 12-685 <i>et seq.</i>	2,401,656.40
Ridgeview, 143 rd to 151 st Improvements	19-1009	K.S.A. 12-685 <i>et seq.</i>	2,709,084.43
135 th and Pflumm Rd Geometric Improvements	20-1026	K.S.A. 12-685 <i>et seq.</i>	<u>603,800.00</u>
		Total =	\$76,465,527.26

The Bonds. A portion of the Bonds are being issued for the purpose of permanently financing the costs of certain public improvements (the “Bond Improvements,” and together with the Note Improvements, the “Improvements”), more specifically described as follows:

<u>Description</u>	<u>Authorizing Ordinance/ Resolution No.</u>	<u>Authority</u>	<u>Estimated Improvement Cost to be Financed with the Bonds</u>
119 th and Blackbob Geometric Improvements	17-1013	K.S.A. 12-685 <i>et seq.</i>	\$ 154,595.39
151 st Street and Mur-len Geo Imp with Signal	16-1089	K.S.A. 12-685 <i>et seq.</i>	1,805,375.22
College Blvd., Lone Elm to Woodland	15-1020	K.S.A. 12-685 <i>et seq.</i>	3,499,441.01
K-7 Highway, Santa Fe to Old 56 Highway	18-1024	K.S.A. 12-685 <i>et seq.</i>	5,322,024.23
Santa Fe and Blackbob Geometric Improvements	17-1014	K.S.A. 12-685 <i>et seq.</i>	419,738.67
Lone Elm Commerce Center Sanitary Sewer Improvements	18-1071	K.S.A. 12-6a01 <i>et seq.</i>	526,472.18
Envision Olathe Implementation	19-1012	Charter Ord. No. 74	1,000,000.00
Park Street Land Acquisition	19-1038	Charter Ord. No. 74	310,132.88
Indian Creek Library	18-1051	Charter Ord. No. 74	947,859.69
Street Preservation	20-1003	Charter Ord. No. 74	1,000,000.00
Street Reconstruction	19-1063	Charter Ord. No. 74	5,100,000.00
Traffic Signals	20-1008	Charter Ord. No. 74	620,000.00
ADA Sidewalk Repair and Replacement	20-1004	Charter Ord. No. 74	130,000.00
ATMS Replacement and Repair	20-1005	Charter Ord. No. 74	100,000.00
Bridge Repair	20-1006	Charter Ord. No. 74	250,000.00
Streetlight LED Conversion	20-1009	Charter Ord. No. 74	275,000.00
College Blvd, Cedar Niles to Clare Improvements	19-1083	K.S.A. 12-685 <i>et seq.</i>	<u>40,000.00</u>
		Total =	\$21,500,639.27

A portion of the costs of the Improvements have been financed with the Issuer’s General Obligation Temporary Notes, Series 2019-A (the “Refunded Notes”). The Refunded Notes will be retired at maturity from a portion of the proceeds of the Notes and Bonds.

THE REFUNDING PLAN

A portion of proceeds of the Bonds will be applied to retire the general obligation bonds of the Issuer described below (collectively, the “Refunded Bonds”). An Escrow Fund will be established for the Refunded Bonds pursuant to the terms of the Escrow Trust Agreement dated as of the Dated Date, by and between the Issuer and UMB Bank, N.A., Kansas City, Missouri (the “Escrow Agent”).

General Obligation Bonds, Series 218, Dated May 15, 2011.

<u>Maturity Amount*</u>	<u>Maturity Date (October 1)</u>	<u>Interest Rate</u>	<u>Redemption Date*</u>	<u>Redemption Price</u>
\$2,320,000	2021	4.000%	October 1, 2020	100%
965,000	2022	4.000	October 1, 2020	100%
935,000	2023	4.000	October 1, 2020	100%
1,025,000	2024	4.000	October 1, 2020	100%
1,140,000	2025	4.000	October 1, 2020	100%
1,085,000	2026	4.000	October 1, 2020	100%
1,520,000	2029	4.000	October 1, 2020	100%
1,135,000	2031	4.125	October 1, 2020	100%

*Preliminary; subject to change.

SOURCES AND USES OF FUNDS

The Notes. The following table summarizes the sources and uses of funds available for the Note Improvements, exclusive of accrued interest, if any.

Sources of Funds:

Principal Amount of the Notes	\$ _____
Original Issue Premium	_____
Total	\$ _____

Uses of Funds:

Deposit to Improvement Fund	\$ _____
Cost of Issuance	_____
Underwriter's Discount	_____
Total	\$ _____

The Bonds. The following table summarizes the sources and uses of funds available for the Bond Improvements, exclusive of accrued interest, if any.

Sources of Funds:

Principal Amount of the Bonds	\$ _____
Original Issue Premium/ Discount	_____
Total	\$ _____

Uses of Funds:

Deposit to Improvement Fund	\$ _____
Deposit to Escrow Fund	_____
Cost of Issuance	_____
Underwriter's Discount	_____
Total	\$ _____

RISK FACTORS AND INVESTMENT CONSIDERATIONS

A PROSPECTIVE PURCHASER OF THE NOTES OR BONDS DESCRIBED HEREIN SHOULD BE AWARE THAT THERE ARE CERTAIN RISKS ASSOCIATED WITH THE NOTES OR BONDS WHICH MUST BE RECOGNIZED. THE FOLLOWING STATEMENTS REGARDING CERTAIN RISKS ASSOCIATED WITH THE OFFERING SHOULD NOT BE CONSIDERED AS A COMPLETE DESCRIPTION OF ALL RISKS TO BE CONSIDERED IN THE DECISION TO PURCHASE THE NOTES OR BONDS. PROSPECTIVE PURCHASERS OF THE OBLIGATIONS SHOULD ANALYZE CAREFULLY THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT AND ADDITIONAL INFORMATION IN THE FORM OF THE COMPLETE DOCUMENTS SUMMARIZED HEREIN, COPIES OF WHICH ARE AVAILABLE AND MAY BE OBTAINED FROM THE ISSUER OR THE UNDERWRITERS.

Legal Matters

Various state and federal laws, regulations and constitutional provisions apply to the obligations created by the Obligations. There is no assurance that there will not be any change in, interpretation of, or addition to such applicable laws, provisions and regulations which would have a material effect, either directly or indirectly, on the Issuer or the taxing authority of the Issuer.

Limitations on Remedies Available to Owners of the Obligations

The enforceability of the rights and remedies of the owners of the Obligations, and the obligations incurred by the Issuer in issuing the Obligations, are subject to the following: the federal Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of

creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under state law of certain remedies; the exercise by the United States of America of the powers delegated to it by the United States Constitution; and the reasonable and necessary exercise, in certain unusual situations, of the police power inherent in the State of Kansas and its governmental subdivisions in the interest of serving a legitimate and significant public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the owners of the Obligations to judicial discretion and interpretation of their rights in bankruptcy and otherwise, and consequently may involve risks of delay, limitation or modification of their rights.

Debt Service Source; Issuer's Tax Revenues

The Obligations are general obligations of the Issuer payable as to both principal and interest from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the Issuer. The Legislature may from time to time adopt changes in the property tax system or method of imposing and collecting property and/or sales taxes within the State. The effects of such legislative changes could affect the Issuer's property tax and sales tax collections, and the impact could be material. Other future events, such as the loss of a major taxpayer, reductions in assessed value, increases in property tax rates of overlapping taxing units, or a decrease in sales tax revenues could increase effective property tax rates and the resulting increase could be material. Taxpayers may also challenge the value of property assigned by the county appraiser. If a taxpayer valuation challenge is successful, the liability of the Issuer to refund property taxes previously paid under protest may have a material adverse effect on the Issuer's financial situation. See **APPENDIX A – GENERAL INFORMATION – “Property Valuations.”**

Kansas Public Employees Retirement System

As described in “**APPENDIX A – FINANCIAL INFORMATION – Pension and Employee Retirement Plans,**” the Issuer participates in the Kansas Public Employees Retirement System (“KPERS”), as an instrumentality of the State to provide retirement and related benefits to public employees in Kansas. KPERS administers three statewide defined benefit retirement plans for public employees which are separate and distinct with different membership groups, actuarial assumptions, experience, contribution rates and benefit options. The Issuer participates in the Police and Firemen's Retirement System (“KP&F”) and the Public Employees Retirement System – Local Group (the “Plan”). Under existing law, employees make contributions and the Issuer makes all employer contributions to the Plan; neither the employees nor the Issuer are directly responsible for any unfunded accrued actuarial liability (“UAAL”). However, the Plan contribution rates may be adjusted by legislative action over time to address any UAAL. According to KPERS' Valuation Report, dated as of December 31, 2018, the Local Group had an UAAL of approximately \$1.501 billion in calendar year 2018 and KP&F had an UAAL of approximately \$933 million.

Taxation of Interest on the Obligations

Opinions of Bond Counsel will be obtained to the effect that interest earned on the Notes and Bonds is excludable from gross income for federal income tax purposes under current provisions of the Internal Revenue Code of 1986, as amended (the “Code”), and applicable rulings and regulations under the Code; however, an application for a ruling has not been made and an opinion of counsel is not binding upon the Internal Revenue Service. There can be no assurance that the present provisions of the Code, or the rules and regulations thereunder, will not be adversely amended or modified, thereby rendering the interest earned on the Obligations includable in gross income for federal income tax purposes.

The Issuer has covenanted in the Note Resolution and the Bond Resolution and in other documents and certificates to be delivered in connection with the issuance of the Obligations to comply with the provisions of the Code, including those which require the Issuer to take or omit to take certain actions after the issuance of the Obligations. Because the existence and continuation of the excludability of the interest on the Obligations depends upon events occurring after the date of issuance of the Obligations, the opinion of Bond Counsel described under “**TAX MATTERS**” assumes the compliance by the Issuer with the provisions of the Code described above and the regulations relating thereto. No opinion is expressed by Bond Counsel with respect to the excludability of the interest on the Obligations in the event of noncompliance with such provisions. The failure of the Issuer to comply

with the provisions described above may cause the interest on the Obligations to become includable in gross income as of the date of issuance.

Premium on Bonds

[The initial offering prices of certain maturities of the Bonds that are subject to optional redemption are in excess of the respective principal amounts thereof.] Any person who purchases a Bond in excess of its principal amount, whether during the initial offering or in a secondary market transaction, should consider that the Bonds are subject to redemption at par under the various circumstances described under “THE BONDS – Redemption Provisions.”

No Additional Interest or Mandatory Redemption upon Event of Taxability

Neither the Note Resolution nor the Bond Resolution provide for the payment of additional interest or penalty on the Obligations or the mandatory redemption thereof if the interest thereon becomes includable in gross income for federal income tax purposes. Likewise, neither the Note Resolution nor the Bond Resolution provide for the payment of any additional interest or penalty on the Obligations if the interest thereon becomes includable in gross income for Kansas income tax purposes.

Suitability of Investment

The tax exempt feature of the Obligations is more valuable to high tax bracket investors than to investors who are in low tax brackets, and so the value of the interest compensation to any particular investor will vary with individual tax rates. Each prospective investor should carefully examine this Official Statement, including the Appendices hereto, and its own financial condition to make a judgment as to its ability to bear the economic risk of such an investment, and whether or not the Obligations are an appropriate investment.

Market for the Obligations

Rating. The Obligations have been assigned the financial ratings set forth in the section hereof entitled “RATINGS.” There is no assurance that a particular rating will remain in effect for any given period of time or that it will not be revised, either downward or upward, or withdrawn entirely, if in the judgment of the agency originally establishing such rating, circumstances so warrant. Any downward revision or withdrawal of any rating may have an adverse affect on the market price of the Obligations.

Secondary Market. There is no assurance that a secondary market will develop for the purchase and sale of the Obligations. Prices of notes and bonds traded in the secondary market, though, are subject to adjustment upward and downward in response to changes in the credit markets. From time to time it may be necessary to suspend indefinitely secondary market trading in the Obligations as a result of financial condition or market position of broker-dealers, prevailing market conditions, lack of adequate current financial information about the Issuer, or a material adverse change in the financial condition of the Issuer, whether or not the Obligations are in default as to principal and interest payments, and other factors which may give rise to uncertainty concerning prudent secondary market practices.

COVID-19 Pandemic

On March 11, 2020, the World Health Organization proclaimed the Coronavirus (COVID-19) to be a pandemic. In an effort to lessen the risk of transmission of COVID-19, the United States government, state and local governments and private industries have taken measures to limit social interactions in an effort to limit the spread of COVID-19, affecting business activities and impacting global, state and local commerce and financial markets.

Within the State, the Governor issued an Executive Order instituting a temporary State-wide stay-at-home order. The stay-at-home order expired on May 4, 2020, and the Governor has provided the framework for a phased reopening of the State’s economy. Governmental authorities continue efforts to contain and limit the spread of COVID-19. Future revenue collections, including property tax collections that are essential to repayment of the Obligations, may deviate from historical or anticipated levels.

The emergence of COVID-19 and the spread thereof is an emerging and evolving issue. The City is not able to predict and makes no representations as to the economic impact of the COVID-19 pandemic on the City.

RATINGS

The Notes

Fitch Ratings and S&P Global Ratings, a division of S&P Global, Inc., have assigned ratings of “F1+” and “SP-1+”, respectively, to the Notes.

The Bonds

Fitch Ratings and S&P Global Ratings, a division of S&P Global, Inc., have assigned ratings of “AA+” and “AA+”, respectively, to the Bonds.

Ratings, Generally

Such ratings reflect only the view of such rating agency, and an explanation of the significance of such rating may be obtained therefrom. No such rating constitutes a recommendation to buy, sell, or hold any bonds, including the Obligations, or as to the market price or suitability thereof for a particular investor. There is no assurance that a particular rating will remain in effect for any given period of time or that it will not be revised, either downward or upward, or withdrawn entirely, if in the judgment of the agency originally establishing such rating, circumstances so warrant. Any downward revision or withdrawal of any rating may have an adverse affect on the market price of the Obligations.

ABSENCE OF LITIGATION

The Issuer, in the ordinary course of business, is a party to various legal proceedings. In the opinion of management of the Issuer, any judgment rendered against the Issuer in such proceedings would not materially adversely affect the financial position of the Issuer.

The Issuer certifies that there is no controversy, suit or other proceeding of any kind pending or threatened wherein or whereby any question is raised or may be raised, questioning, disputing or affecting in any way the legal organization of the Issuer or its boundaries, or the right or title of any of its officers to their respective offices, or the legality of any official act or the constitutionality or validity of the indebtedness represented by the Obligations or the validity of said Obligations, or any of the proceedings had in relation to the authorization, issuance or sale thereof, or the levy and collection of a tax to pay the principal and interest thereof.

LEGAL MATTERS

Approval of Obligations

All matters incident to the authorization and issuance of the Obligations are subject to the approval of Gilmore & Bell, P.C., Kansas City, Missouri (“Bond Counsel”), bond counsel to the Issuer. The factual and financial information appearing herein has been supplied or reviewed by certain officials of the Issuer and its certified public accountants, as referred to herein. Bond Counsel has participated in the preparation of the Official Statement but expresses no opinion as to the accuracy or sufficiency thereof, except for the matters appearing in the sections of this Official Statement captioned “THE NOTES,” “THE BONDS,” “LEGAL MATTERS,” “TAX MATTERS,” and “APPENDIX C –FORM OF CONTINUING DISCLOSURE UNDERTAKING.” Payment of the legal fee of Bond Counsel is contingent upon the delivery of the Notes and the Bonds.

TAX MATTERS

The following is a summary of the material federal and State of Kansas income tax consequences of holding and disposing of the Obligations. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of holders subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the Obligations as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State of Kansas, does not discuss the consequences to an owner under any state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Obligations in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the Obligations.

Opinion of Bond Counsel

In the opinion of Bond Counsel, under the law existing as of the issue date of the Obligations:

Federal Tax Exemption. The interest on the Obligations [(including any original issue discount properly allocable to an owner thereof)] is excludable from gross income for federal income tax purposes.

Alternative Minimum Tax. Interest on the Obligations is not an item of tax preference for purposes of computing the federal alternative minimum tax.

Bank Qualification. The Obligations have **not** been designated as “qualified tax-exempt obligations” for purposes of Code § 265(b).

Kansas Tax Exemption. The interest on the Obligations is exempt from income taxation by the State of Kansas.

No Other Opinions. Bond Counsel’s opinions are provided as of the date of the original issue of the Obligations, subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Obligations in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Obligations in gross income for federal income tax purposes retroactive to the date of issuance of the Obligations. Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Obligations.

Other Tax Consequences

Original Issue Discount. For federal income tax purposes, original issue discount is the excess of the stated redemption price at maturity of an Obligation over its issue price. The issue price of an Obligation is generally the first price at which a substantial amount of the Obligations of that maturity have been sold to the public. For each Obligation, the stated redemption price at maturity includes all payments on the Obligation, except interest payable at least annually over the term of the Obligation (“qualified stated interest”). Since the August 1, 2021 interest payment on the Notes will be paid more than one year after the Notes are issued, none of the interest payments on the Notes constitute qualified stated interest, and the stated redemption price of the Notes includes all payments on the Notes.

Under Code § 1288, original issue discount on tax-exempt obligations accrues on a compound basis. The amount of original issue discount that accrues to an owner of an Obligation during any accrual period generally equals (1) the issue price of that Obligation, plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that Obligation (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (3) any interest

payable on that Obligation during that accrual period. The amount of original issue discount accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner's tax basis in that Obligation. Prospective investors should consult their own tax advisors concerning the calculation and accrual of original issue discount.

Original Issue Premium. For federal income tax purposes, premium is the excess of the issue price of an Obligation over its stated redemption price at maturity. The issue price of an Obligation is generally the first price at which a substantial amount of the Obligations of that maturity have been sold to the public. Under Code § 171, premium on tax-exempt obligations amortizes over the term of the Obligation using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the owner's basis in the Obligation and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner, which will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Obligation prior to its maturity. Even though the owner's basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of premium.

Sale, Exchange or Retirement of Obligations. Upon the sale, exchange or retirement (including redemption) of an Obligation, an owner of the Obligation generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property received on the sale, exchange or retirement of the Obligation (other than in respect of accrued and unpaid interest) and such owner's adjusted tax basis in the Obligation. To the extent the Obligations are held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Obligation has been held for more than 12 months at the time of sale, exchange or retirement.

Reporting Requirements. In general, information reporting requirements will apply to certain payments of principal, interest and premium paid on Obligations, and to the proceeds paid on the sale of Obligations, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner's federal income tax liability.

Collateral Federal Income Tax Consequences. Prospective purchasers of the Obligations should be aware that ownership of the Obligations may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Obligations. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of Obligations should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Obligations, including the possible application of state, local, foreign and other tax laws.

FINANCIAL ADVISOR

Columbia Capital Management, LLC, Merriam, Kansas, has acted as Financial Advisor to the Issuer in connection with the sale of the Obligations. The Financial Advisor is a "municipal advisor" as defined in the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. The Financial Advisor has assisted the Issuer in the preparation of this Official Statement and in other matters relating to the issuance of the Obligations. The Financial Advisor has not, however, independently verified the factual information contained in this Official Statement. The Financial Advisor will not be a manager or a member of any underwriting group submitting a proposal for the purchase of the Bonds.

UNDERWRITING

The Notes are being purchased for reoffering by J.P. Morgan Securities LLC, New York, New York (the “Notes Underwriter”) at a price equal to the principal amount of the Notes, plus accrued interest from the Dated Date to the Issue Date[, less an underwriting discount of \$ _____][, plus an original issue premium of \$ _____][, less an original issue discount of \$ _____]. The Note Purchase Agreement provides that the Underwriter will purchase all of the Notes if any are purchased. The obligation of the Underwriter to accept delivery of the Notes is subject to various conditions contained in the Note Purchase Agreement.

The Bonds have been sold at public sale by the Issuer to _____, _____, _____ (the “Bond Underwriter,” and together with the Notes Underwriter, the “Underwriters”) on the basis of lowest true interest cost. [] () bids were received by the Issuer. The Bonds Underwriter has agreed, subject to certain conditions, to purchase the Bonds at a price equal to []% of the principal amount of the Bonds[, plus a reoffering premium of \$ _____][, less an underwriter’s discount of \$ _____].

J.P. Morgan Securities LLC (“JPMS”), as the underwriter of the Notes, has entered into negotiated dealer agreements (each, a “Dealer Agreement”) with each of Charles Schwab & Co., Inc. (“CS&Co.”) and LPL Financial LLC (“LPL”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Notes from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Notes that such firm sells.

The Obligations will be offered to the public initially at the prices set forth on the inside cover page of this Official Statement. The Underwriters have represented to the Issuer that the Obligations were offered to the public initially at the prices set forth on the inside cover page of this Official Statement. The Underwriters may offer and sell the Obligations to certain dealers (including dealers depositing the Obligations into investment trusts) at prices other than the price stated on the inside cover page hereof and may change the initial offering price from time to time subsequent to the date hereof. In connection with the offering, the Underwriters may overallocate or effect transactions which stabilize or maintain the market price of the Obligations at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

AUTHORIZATION OF OFFICIAL STATEMENT

The preparation of this Official Statement and its distribution has been authorized by the governing body of the Issuer as of the date on the cover page hereof. This Official Statement is submitted in connection with the issuance of the Obligations and may not be reproduced or used as a whole or in part for any other purpose. This Official Statement does not constitute a contract between the Issuer or the Underwriters and any one or more of the purchasers, Owners or Beneficial Owners of the Obligations.

CITY OF OLATHE, KANSAS

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APPENDIX A

INFORMATION CONCERNING THE ISSUER

GENERAL INFORMATION

Size and Location

The City of Olathe (the “City”) is the county seat of Johnson County, Kansas, (the “County”) and is located approximately 20 miles southwest of downtown Kansas City. The City encompasses approximately 58.9 square miles and has a current estimated population of 142,767 people.

Government and Organization of the Issuer

The City was incorporated in 1857 and is a city of the first class.

The City operates under the Mayor-Council form of government. The mayor is elected at-large for a four-year term. Four members are elected (non-partisan) by wards for four-year terms and two members are elected at-large to four-year terms.

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. The current City Manager, J. Michael Wilkes, was appointed in 1999. The following tables list the principal elected officials and appointed executive officers of the City.

Elected Officials

Name	Title	Current Term Expires
Michael Copeland	Mayor	2024
John Bacon	Mayor Pro Term and Council Member, At-Large	2024
Karin Brownlee	Council Member, At-Large	2022
Larry Campbell	Council Member, Ward 1	2024
Adam Mickelson	Council Member, Ward 2	2024
Wesley McCoy	Council Member, Ward 3	2022
Marge Vogt	Council Member, Ward 4	2022

Key Administrative Officials

Name	Title	Employed Since
J. Michael Wilkes	City Manager	1999
Susan Sherman	Assistant City Manager	1989
Dianna Wright	Director of Resource Management	2012
Ronald R. Shaver	City Attorney	2005
Brenda Long	City Clerk	2013

Municipal Services and Utilities

The City owns and operates its own water and sewer utility systems. The water system includes two sources of supply, a water treatment plant, and treated water storage facilities. In addition, Johnson County Water District No. 1 provides water service to a portion of the City and for northeast Johnson County from its well fields in the Kansas River Valley and water supply intakes on the Kansas River and Missouri River.

The City operates two wastewater treatment plants and one lagoon system. Johnson County Wastewater serves a portion of east Olathe. The City handles all residential solid waste disposal. Commercial solid waste disposal is handled by the City and private contractors.

Evergy, Inc. provides electrical service to the City as well as the majority of the greater Kansas City metropolitan area. Ample electricity is available to meet the City's future needs. The City receives its natural gas supply from Atmos Energy Corporation.

Telephone service is supplied by AT&T, which serves most of the metropolitan area, and several other smaller suppliers. AT&T provides prototype fiber optic network services to a large, upscale residential subdivision in the City. Several cellular phone companies service the City. Google Fiber network is available in many Olathe neighborhoods providing high-speed internet access.

Police and Fire Protection

The City's police department has approximately 225 police personnel providing continuous full-time protection to the City. The City currently has eight fire stations. The City's fire department has a staff of approximately 183 full-time employees providing round-the-clock fire protection for the City. The Johnson County Med-Act provides ambulance services to the City.

Transportation

The City has easy access to I-435 and I-35, which provides direct access to other U.S., Interstate, and State highways in the metropolitan area. I-435 encircles the greater Kansas City area. Kansas City International Airport (MCI) is located about 30 miles north of the City and is easily accessible via the interstate system. The County operates both Johnson County Executive Airport located in Olathe and New Century Air Center located less than one mile from the City. The New Century Air Center is FAA certified with full instrument control approach systems. Kansas City Area Transportation Authority provides daily bus service for commuters to and from downtown Kansas City through its Ride KC bus system. Burlington Northern-Santa Fe provides freight rail service.

Education

The City is predominantly served by Unified School District No. 233 (the "District"), with a total of 35 elementary schools, ten middle schools, and five high schools. The District ranks as the second largest in the State of Kansas with a 2019/20 enrollment of approximately 30,299 students. The City also reaches into the boundaries of four other public school districts: Blue Valley Unified School District No. 229, Spring Hill Unified School District No. 230, Gardner Edgerton Unified School District No. 231, and De Soto Unified School District No. 232. Approximately ten private schools are also located in the City.

The City is home to Mid America Nazarene University, the largest private college in the State of Kansas with an estimated enrollment of over 2,000. A wide variety of high-level educational opportunities are available in communities surrounding the City. Johnson County Community College is less than three miles east of the City limits. The University of Kansas Edwards Campus is located approximately one mile east of the City offering a variety of undergraduate and graduate classes. Numerous additional private and public colleges and universities such as Avila College, Rockhurst University, and the University of Missouri-Kansas City, are all located within a short driving distance of the City. Kansas State University Olathe's campus works with government, industry, and university partners to promote technology-based economic development in Johnson County and the State of Kansas.

Health Care Facilities

Olathe Health operates a private, not-for-profit, 300-bed facility located in the City. In September 2014, Olathe Health completed the first phase of a 32-bed Hospice House and in April 2017 opened its four-story birth center and Level II neonatal intensive care unit. Menorah Medical Center, a division of Health Midwest, operates a 158-bed hospital and medical office complex approximately four miles from the City. St. Joseph's Hospital, a full-service, privately-owned facility, is located outside the City limits in the western part of the City of Kansas City, Missouri. AdventHealth Shawnee Mission is a 504-bed acute care facility located approximately 8.5 miles northeast of the City. Overland Park Regional Medical Center is a 343-bed acute care facility located approximately two miles east of the City on Interstate 435. All hospitals offer a full range of medical services including 24-hour emergency care.

Johnson County Med-Act provides emergency medical assistance with Type I equipment and personnel training. The City participates in the Metro Area 911 program.

Recreational and Cultural Facilities

The City of Olathe Parks and Recreation Department (the “Department”) offers a variety of youth and adult activities. The Department has an active partnership with the Olathe Unified School District, providing programs and utilizing school district facility resources to conduct recreational activities for the community. The Department maintains year-round activities including music, dance, sports, and health and fitness programs.

The City offers four municipal swimming pools and 45 municipal parks covering approximately 1,854 acres of park and public lands.

The City operates a 72,000 square foot Community Center. The Community Center provides recreational, fitness, and community outreach programs. Community Center amenities include a leisure pool, classrooms/party rooms, aerobic/dance studios, a jogging track, a multi-activity court gym, an events hall, a catering kitchen, a child watch/babysitting area, a fitness/weight room, and a fitness studio.

Just beyond the City’s border is the county-operated approximately 1,238-acre Heritage Park, offering a 40-acre lake, marina, boat rental, fishing, nature trails, an 18-hole golf course, and softball, football, and soccer fields. The YMCA of Kansas City has a full-service branch in the City that offers swimming facilities, a fitness center, and additional recreation amenities and programs. Lake Olathe, located in west Olathe, is a 170-acre municipally-owned lake offering boating, fishing, and picnic shelters. The City has 27.3 miles of bike/pedestrian trails. Two historic museums located in the area are on the National Register of Historical Places. Additional recreational activities include jogging trails, bicycling, fishing, and boating. The Olathe area is also popular for hot-air balloons and sail boarding.

The Olathe Public Library currently operates two facilities, the Indian Creek Library, a branch location on the east side of the City, and a temporary location in the West Santa Fe Plaza shopping center while a new location for the downtown library is in development. A new Indian Creek Library facility was opened in 2019, replacing the former Indian Creek location that experienced significant water damage in 2016. This new facility includes more space to develop state-of-the-art library programs. The Johnson County Library System also serves City residents. The City is the only city in the County with an arts alliance that offers year-round arts and cultural events through a community theatre, orchestra, civic band, chorus, and art exhibits.

The Kansas City metropolitan area is home to many nationally recognized attractions, including Union Station, Science City, Sprint Center, the American Royal, the Country Club Plaza shopping area, the Kansas City Zoo, the Nelson Atkins Museum of Art, Starlight Theater, Kauffman Center for the Performing Arts, Kansas Speedway, Missouri river boat gambling, Worlds of Fun amusement park, and Oceans of Fun water park.

Professional sports teams include the Kansas City Chiefs football team, the Kansas City Royals baseball team, the Sporting Kansas City major league soccer team, Kansas City T-Bones minor league baseball team, the Missouri Mavericks minor league hockey team and the Explorers professional tennis team. The Kansas City Symphony, Lyric Opera, and Kansas City Ballet present annual seasons in Kansas City. Johnson County Community College, located east of the City, operates a performing arts center that has become a venue for larger cultural events in Johnson County.

Economic Development

In 2019, the City issued 876 residential building permits totaling approximately \$173,782,000 in valuation. The City issued 238 commercial building permits totaling approximately \$255,997,000 in valuation.

Retail, manufacturing/warehouse and office development continues to grow throughout the City. In 2019, nearly 1,559,000 square feet of new commercial space was added to the City, totaling approximately \$148 million of investment. Through economic initiatives, approximately 2,900 jobs were created or retained in 2019. Examples of retail projects in 2019 include:

- Holiday Inn Express constructed a 93-room hotel near K-10 Highway and Ridgeview Road, totaling \$11 million investment.
- Courtyard by Marriott constructed a 119-room hotel near I-35 and 119th Street, totaling \$12 million investment.
- Bank of Blue Valley constructed a new 3,000 square foot, \$2 million facility near K-7 Highway and Santa Fe Street.
- CarMax opened an approximately 5,000 square foot customer experience center near 119th Street and Renner Boulevard, totaling approximately \$5 million investment.
- Home Advisor/Angie's List opened an approximately 60,000 square foot facility near 118th Terrace and Renner Boulevard, totaling approximately \$9.5 million investment.
- Olathe Health and Ridgeview Eye care opened a new medical office near 119th & Ridgeview, totaling approximately \$2 million investment.
- Honeywell announced plans to relocate approximately 275 jobs and invest approximately \$20 million to its existing facility in the City.

Garmin Olathe Soccer Complex has opened at K-10 Highway and Ridgeview Road, including nine fields, and development of two hotels and several new retail pads. The total project is a \$59,950,000 private investment (which includes the Holiday Inn Express mentioned above).

A new Johnson County Courthouse is under construction in downtown Olathe, which is an approximately \$182 million investment by the County and is expected to be completed by early 2021.

Industrial development has grown over the last year due to the region's centralized location and the opening of the BNSF Intermodal in Edgerton, Kansas. Several industrial highlights include:

- Opus completed construction of two warehouse facilities at 56 Commerce Center, located at the southeast corner of Old 56 Highway and Lone Elm Road in 2018. Orizon Aerostructures purchased one of the facilities, an approximately 205,000 square foot facility, to house the company's manufacturing and assembly processes. The second approximately 230,000 square foot facility is currently leased to several tenants, including Gateway Classic Cars, Lanter Delivery Systems, and T.J. Maxx. Plans call for construction of an additional spec building at this site that is expected to be approximately 70,000 square feet.
- Faith Technologies purchased an approximately 450,000 square foot facility formerly occupied by PacSun located near 167th Street and Lone Elm Road to serve as a manufacturing warehouse facility.
- LE Commerce Center, LLC, completed construction of an approximately 210,000 square foot industrial facility near 167th Street and Lone Elm Road.
- Fremato USA, Inc., completed construction of an approximately 250,000 square foot, \$15,850,000 warehouse expansion near 167th Street and Lone Elm Road.
- BR Capital, L.L.C. completed construction of an approximately 37,440 square foot commercial facility near 159th Street and Woodland Street.
- VanTrust Real Estate constructed a 78,000 square foot office building at 108th and S. Ridgeview Road, and Terracon has relocated its headquarters to this facility.
- Builder's Stone & Masonry Inc. constructed a 50,400 square foot office, manufacturing and fabrication building behind an existing facility at 616. N. Rogers Road.
- Carrier Services Plus, LLC constructed a 21,400 square foot transportation terminal facility near Dennis Avenue and Pine Street.

A large area of development for the City has been in the healthcare field. Since 2013, six facilities have opened, including Centra Care opening a new Urgent Care Center in 2016. These projects include rehab facilities, senior living and medical clinics totaling approximately \$60 million in investment and 252,000 square feet of space. In 2017, Olathe Health completed its largest expansion with the construction of a four-story obstetrics wing and neonatal intensive care unit. This \$100 million-plus project added more than 200,000 square feet to the 250-acre campus. A 25,000 square foot Cancer Center opened in 2018.

In 2016, Garmin began construction to expand its headquarters located in the City. The new construction includes a 720,000-square-foot manufacturing and distribution center and new loop road that will extend through the campus at 151st Street and South Ridgeview Road. Construction of the new facility was completed in 2018, and the renovation of the existing manufacturing and warehouse space is expected to take approximately two years. The

completed expansion will accommodate 2,600 more employees. When completed, the expanded headquarters will offer 2.1 million square feet of building space which includes walking trails and an athletic facility.

ECONOMIC INFORMATION

Major Employers

Employer	Products/Services	Approximate Number of Employees
Unified School District No. 233 (Olathe)	Education	4,500
GARMIN International	Electronics	4,000
Olathe Medical Center	Health Care	2,500
Farmers Insurance	Insurance	2,315
Johnson County	Government	2,000
City of Olathe	Government	950
Honeywell (Bendix King)	Aviation Communications	850
TransAm Trucking	Freight Transport	800
American International Group, Inc. (AIG)	Insurance	600
Federal Aviation Administration	Government	600

Source: Olathe Chamber of Commerce

Labor Force

The following table sets forth labor force figures for the City of Olathe, Johnson County, and the State of Kansas:

	City of Olathe		Johnson County		State of Kansas	
Year	Civilian Labor Force	Unemployment Rate	Civilian Labor Force	Unemployment Rate	Civilian Labor Force	Unemployment Rate
2020	^(a) 80,071	2.7%	^(a) 340,559	2.7%	^(b) 1,499,371	3.3%
2019	79,582	2.6	338,777	2.8	1,486,620	3.2
2018	78,749	2.8	336,677	2.9	1,429,229	3.3
2017	77,431	2.9	332,197	3.0	1,478,783	3.6
2016	75,808	3.2	325,758	3.3	1,484,001	4.2
2015	75,726	3.3	325,010	3.4	1,499,009	4.2

^(a) January 2020.

^(b) February 2020.

Source: Kansas Labor Information Center, web site: <https://klic.dol.ks.gov/vosnet/Default.aspx> (accessed April 2020).

Sales and Use Tax

The City has historically levied a one-cent local option sales and use tax on all applicable goods and services purchased or provided within City limits. In November 2014, voters approved a 10-year renewal of a 1/8-cent sales tax to provide funding for the City's parks. In November 2013, voters approved a 10 year, 3/8-cent sales tax to provide funding for rehabilitation of City streets. These taxes are in addition to 1.475-cent countywide local option sales and use tax and a 6.50-cent state sales and use tax. As of April 1, 2020, total sales and use tax in the City is 9.475%. There are certain areas in the City where up to an additional 2% tax is in place as part of a transportation development district or a community improvement district.

The State of Kansas is responsible for collection and distribution of all sales and use taxes. City local option taxes are distributed directly to the City each month. Countywide local option sales taxes are distributed monthly by the State to all incorporated cities within the County based on population and relative property tax

levies. Statewide taxes are retained by the State and not distributed to local municipalities. The following table shows receipts for the Citywide and the City's portion of the countywide local option sales tax in recent years.

Year	Citywide Sales and Use Tax Receipts ⁽¹⁾	City's Portion of Countywide Sales and Use Tax Receipts
2019	\$28,646,331 ⁽²⁾	\$16,536,861
2018	29,766,317	16,107,460
2017	29,424,621	15,492,028
2016	28,205,022	15,123,413
2015	27,635,881	14,692,082

⁽¹⁾ Represents the City's local option sales tax. Does not include sales tax collections used to finance tax increment districts, community improvement districts, transportation development districts, the 0.125-cent park sales tax, or the 0.375-cent street sales tax.

⁽²⁾ Decrease in sales tax receipts from 2018 to 2019 is due primarily to a significant rebate of compensating use tax to a taxpayer in 2019 in connection with the State's High Performance Incentive Program, a state-administered economic development incentive program.

Source: City of Olathe

The City's park sales tax revenues are used to fund park projects. See "GENERAL INFORMATION – Recreational and Cultural Facilities" herein. The City's street maintenance sales tax revenues are used to fund street maintenance projects. The following table shows receipts for the 0.125-cent park sales tax and 0.375-cent street maintenance sales tax:

Year	Citywide Park Sales Tax Receipts	Citywide Street Maintenance Sales Tax Receipts
2019 ⁽¹⁾	\$3,768,005	\$11,302,111
2018	3,878,210	11,632,788
2017	3,849,187	11,510,779
2016	3,847,095	11,545,236
2015	3,035,109	9,068,620

⁽¹⁾ Decrease in sales tax receipts from 2018 to 2019 is due primarily to a significant rebate of compensating use tax to a taxpayer in 2019 in connection with the State's High Performance Incentive Program, a state-administered economic development incentive program.

Source: City of Olathe

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Building Permits

The following table indicates the number of building permits and total valuation of these permits issued within the City for the years indicated. These numbers reflect permits issued for new construction and renovations.

Year	Number of Permits Issued		Total Valuation	
	Residential	Commercial ⁽¹⁾	Residential	Commercial ⁽¹⁾
2019	876	238	\$173,781,970	\$255,997,443
2018	857	302	174,410,701	332,597,263 ⁽²⁾
2017	1,027	229	203,149,995	275,722,285 ⁽³⁾
2016	959	187	195,213,106	269,677,127
2015	871	214	172,548,937	405,857,096 ⁽⁴⁾

⁽¹⁾ Includes multi-family dwellings.

⁽²⁾ \$91,532,581 of 2018 Commercial permit valuation is attributable to 19 publicly owned projects, which will be exempt from ad valorem property taxes.

⁽³⁾ \$47,134,200 of 2017 Commercial permit valuation is attributable to public school projects, which will be exempt from ad valorem property taxes.

⁽⁴⁾ \$102,117,000 of 2015 Commercial permit valuation is attributable to public school projects, which will be exempt from ad valorem property taxes.

Source: City of Olathe. The City's methodology to record building permits and total valuation of these permits issued was updated in 2017. Historical data has been revised based on this updated reporting methodology.

Population Trends

The following table shows the approximate population of the City and Johnson County in the years indicated:

Year	City Population	Johnson County Population
2019	⁽¹⁾ 142,767	⁽²⁾ 597,555
2010	126,162	544,179
2000	94,548	451,086
1990	63,352	355,021
1980	37,258	270,269
1970	17,917	220,073
1960	10,987	143,792

⁽¹⁾ City Estimate.

⁽²⁾ 2018 figure; 2019 figure unavailable. Source: Kansas Statistical Abstract.

Personal Income Trends

Johnson County personal income (in thousands of dollars) and per capita income and the State of Kansas per capita income are listed for the years indicated in the following table.

Year	Johnson County Personal Income	Johnson County Per Capita Income	State of Kansas Per Capita Income*
2018	n/a	n/a	\$50,155
2017	\$41,368,735	\$69,977	48,600
2016	38,610,439	68,731	47,221
2015	37,739,389	66,294	47,161
2014	35,607,643	62,832	46,393

*Data revised annually.

Source: Kansas Statistical Abstract: <http://www.ipsr.ku.edu/ksdata/ksah/income/> (accessed April 2020).

FINANCIAL INFORMATION

Accounting, Budgeting, and Auditing Procedures

The City has established a uniform system of accounting maintained in accordance with the laws of the State of Kansas and accounting principles generally accepted in the United States of America (GAAP).

An annual budget of estimated receipts and disbursements for the coming calendar year is required by statute to be prepared for all funds (unless specifically exempted). The budget is prepared utilizing the modified accrual basis which is further modified by the encumbrance method of accounting. For example, commitments such as purchase orders and contracts, in addition to disbursements and accounts payable, are recorded as expenditures. The budget lists estimated receipts by funds and sources and estimated disbursements by funds and purposes. The proposed budget is presented to the governing body of the City prior to August 1, with a public hearing required to be held prior to August 15, with the final budget to be adopted by a majority vote of the governing body of the City prior to August 25 of each year (or October 1 if the City must conduct an election to increase property taxes above the tax lid described below). Budgets may be amended upon action of the governing body after notice and public hearing, provided that no additional tax revenues may be raised after the original budget is adopted.

The City may levy taxes in accordance with the requirements of its adopted budget. Property tax levies are based on the adopted budget of the City and the assessed valuations provided by the County appraiser. The Kansas Legislature passed legislation in 2015 and 2016 that, among other things, imposes an additional limit on the aggregate amount of property taxes that may be imposed by cities and counties, without a majority vote of qualified electors of the city or county (the "Tax Lid"). The Tax Lid became effective on January 1, 2017, and provides that, subject to certain exceptions, no city or county may approve an appropriation or budget which provides for funding by property tax revenues in an amount exceeding that of the immediately prior year, as adjusted to reflect the average changes in the consumer price index for the preceding five calendar years and provided that such average shall not be less than zero, unless approved by a majority vote of electors. The Tax Lid does not require an election in the following situations:

"(1) Increased property tax revenues that, in the current year, are produced and attributable to the taxation of:

- (A) The construction of any new structures or improvements or the remodeling or renovation of any existing structures or improvements on real property, which shall not include any ordinary maintenance or repair of any existing structures or improvements on the property;
- (B) increased personal property valuation;
- (C) real property located within added jurisdictional territory;
- (D) real property which has changed in use;
- (E) expiration of any abatement of property from property tax; or
- (F) expiration of a tax increment financing district, rural housing incentive district, neighborhood revitalization area or any other similar property tax rebate or redirection program.

(2) Increased property tax revenues that will be spent on:

- (A) Bond, temporary notes, no fund warrants, state infrastructure loans and interest payments not exceeding the amount of ad valorem property taxes levied in support of such payments, and payments made to a public building commission and lease payments but only to the extent such payments were obligations that existed prior to July 1, 2016;
- (B) payment of special assessments not exceeding the amount of ad valorem property taxes levied in support of such payments;
- (C) court judgments or settlements of legal actions against the city or county and legal costs directly related to such judgments or settlements;
- (D) expenditures of city or county funds that are specifically mandated by federal or state law with such mandates becoming effective on or after July 1, 2015, and loss of funds from federal sources after January 1, 2017, where the city or county is contractually obligated to provide a service;
- (E) expenses relating to a federal, state or local disaster or federal, state or local emergency, including, but not limited to, a financial emergency, declared by a federal or state official. The board of county commissioners may request the governor to declare such disaster or emergency; or

(F) increased costs above the consumer price index for law enforcement, fire protection or emergency medical services.

(3) Any increased property tax revenues generated for law enforcement, fire protection or emergency medical services shall be expended exclusively for these purposes but shall not be used for the construction or remodeling of buildings.

(4) The property tax revenues levied by the city or county have declined:

(A) In one or more of the next preceding three calendar years and the increase in the amount of funding for the budget or appropriation from revenue produced from property taxes does not exceed the average amount of funding from such revenue of the next preceding three calendar years, adjusted to reflect changes in the consumer price index for all urban consumers as published by the United States department of labor for the preceding calendar year; or

(B) the increase in the amount of ad valorem tax to be levied is less than the change in the consumer price index plus the loss of assessed property valuation that has occurred as the result of legislative action, judicial action or a ruling by the board of tax appeals.”

The Tax Lid also provides that “[w]henever a city or county is required by law to levy taxes for the financing of the budget of any political or governmental subdivision of this state that is not authorized by law to levy taxes on its own behalf, and the governing body of such city or county is not authorized or empowered to modify or reduce the amount of taxes levied therefore, the tax levies of the political or governmental subdivision shall not be included in or considered in computing the aggregate limitation upon the property tax levies of the city or county.”

Because of ambiguities in the Tax Lid, it is unclear how the various exceptions will be interpreted and how the provisions will be implemented. As a result, is unclear how the Tax Lid will impact the City.

However, as described above, the Tax Lid provides a specific exception for “[b]ond, temporary notes, no fund warrants, state infrastructure loans, and interest payments not exceeding the amount of ad valorem property taxes levied in support of such payments” as well as certain lease payments. Therefore, the City is permitted under the Tax Lid to levy unlimited ad valorem taxes as necessary to pay principal of and interest on the Obligations, as required by the Bond Resolution and Note Resolution

The City cannot predict the impact of the Tax Lid on the ratings on the Obligations or the general rating of the City. A change in the rating on the Obligations or a change in the general rating of the City may adversely impact the market price of the Obligations in the secondary market.

Kansas law prohibits governmental units from creating indebtedness unless there are funds on hand in the proper accounts and unencumbered by previous action with which to pay such indebtedness. An exception to this cash-basis operation is made where provision has been made for payment of obligations by bonds or other specific debt obligations authorized by law.

The financial records of the City are audited annually by a firm of independent certified public accountants in accordance with generally accepted auditing standards. Allen, Gibbs & Houlik, L.C., Wichita, Kansas, currently serves as the City’s independent auditor. Copies of past five audit reports are on file in the Clerk’s office and are available for review. The City’s Comprehensive Annual Financial Report for the Fiscal Year ended 2019 is attached hereto as **APPENDIX B**.

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Financial Statement Summary

The following is a summary of the combined revenues, expenditures, and fund balances for the City's General and Debt Service Funds over the last five years as shown in the City's General Purpose Financial Statements. This summary has not been prepared or reviewed by the City's external auditor.

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>Budget 2020*</u>	<u>Forecasted 2020*</u>
<u>General Fund</u>							
Revenues:							
Property taxes	\$13,750,181	\$14,791,142	\$19,011,228	\$19,844,209	\$20,888,757	\$21,970,207	\$21,132,197
Sales taxes	44,714,519	45,757,035	49,673,024	51,558,306	50,969,434	56,651,102	44,882,325
Franchise taxes	11,134,962	11,503,470	11,629,244	12,009,645	11,638,652	12,724,940	9,314,817
Intergovernmental	933,380	950,331	986,747	980,257	1,207,182	1,254,055	1,237,367
Licenses and permits	2,054,140	2,221,597	2,311,842	2,858,757	2,568,592	2,399,607	2,347,479
Fines, forfeitures, and penalties	3,665,287	3,696,115	2,600,898	3,002,155	3,154,619	2,792,993	2,149,265
Charges for services	5,067,262	5,762,335	6,039,518	6,561,137	6,177,071	6,311,547	5,447,740
Use of money and property	127,276	196,747	411,408	596,109	1,195,136	395,555	1,033,989
Miscellaneous	<u>934,593</u>	<u>915,794</u>	<u>565,914</u>	<u>935,185</u>	<u>911,315</u>	<u>791,800</u>	<u>1,264,078</u>
Total Revenues	<u>\$82,381,600</u>	<u>\$85,794,566</u>	<u>\$93,229,823</u>	<u>\$98,345,760</u>	<u>\$98,710,758</u>	<u>\$105,291,806</u>	<u>\$88,809,257</u>
Expenditures:							
General Government	\$15,834,106	\$21,533,159	\$20,847,297	\$22,303,958	\$22,877,570	\$25,783,827	
Public Safety	40,561,610	41,857,628	44,978,227	49,666,849	51,748,507	54,006,649	
Public Works	12,839,503	9,274,724	10,720,618	10,849,650	10,652,244	11,536,303	
Community Services	7,450,802	7,901,793	8,405,249	7,619,589	8,147,225	8,232,381	
Debt Service	<u>137,375</u>	<u>232,696</u>	<u>87,969</u>	<u>2,879</u>	<u>973</u>	<u>0</u>	
Total Expenditures	<u>\$76,823,396</u>	<u>\$80,800,000</u>	<u>\$85,039,360</u>	<u>\$90,442,926</u>	<u>\$93,426,519</u>	<u>\$99,559,160</u>	<u>\$90,674,522</u>
Excess of Revenue over (under) Expenditures	5,558,204	4,994,566	8,190,463	7,902,834	5,284,239	5,725,146	
Total other financing sources (uses)	<u>(4,289,198)</u>	<u>(4,092,091)</u>	<u>(7,222,532)</u>	<u>(6,494,794)</u>	<u>(4,872,567)</u>	<u>(5,732,646)</u>	
Excess of revenues and other financing sources over (under) expenditures and other financing uses	1,269,006	902,475	967,931	1,408,040	411,672	0	
General Fund balance at beginning of year	<u>25,966,116</u>	<u>27,235,122</u>	<u>28,137,597</u>	<u>29,105,528</u>	<u>30,513,568</u>	<u>30,925,240</u>	
General Fund balance at end of year	<u>\$27,235,122</u>	<u>\$28,137,597</u>	<u>\$29,105,528</u>	<u>\$30,513,568</u>	<u>\$30,925,240</u>	<u>\$30,925,240</u>	

*The City has adjusted its forecasted 2020 revenue figures in anticipation of negative effects resulting from COVID-19 (see "RISK FACTORS AND INVESTMENT CONSIDERATIONS – COVID-19 Pandemic" herein). The City is in the process of evaluating revisions to its adopted budget for 2020 to account for the expected decrease in revenue. The emergence of COVID-19 and the spread thereof is an emerging and evolving issue. The budgeted estimates, forecasts, and any other forward-looking assessments contained herein are based on the City's current expectations. The City is not able to predict and makes no representations as to the economic impact of the COVID-19 pandemic on the City.

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	Budget 2020*
<u>Debt Service Fund</u>						
Revenues:						
Property taxes	\$17,569,415	\$18,884,862	\$17,109,957	\$19,324,042	\$20,384,793	\$21,434,560
Sales taxes	341,924	369,298	366,137	346,118	424,913	0
Special assessments	7,405,239	6,434,401	5,764,491	5,453,398	5,694,851	5,156,292
Use of money and property	113,740	182,931	354,875	798,607	1,285,989	318,564
Miscellaneous	<u>73,358</u>	<u>78,415</u>	<u>50,640</u>	<u>85,595</u>	<u>21,344</u>	<u>75,368</u>
Total Revenues	<u>\$25,503,676</u>	<u>\$25,949,907</u>	<u>\$23,646,100</u>	<u>\$26,007,760</u>	<u>\$27,811,890</u>	<u>\$26,987,784</u>
Expenditures:						
General Government	\$249,372	\$119,896	\$260,443	\$49,362	\$89,865	60,000
Debt Service	<u>29,946,483</u>	<u>25,681,812</u>	<u>26,727,486</u>	<u>29,966,683</u>	<u>29,078,256</u>	<u>34,742,964</u>
Total Expenditures	<u>\$30,195,855</u>	<u>\$25,801,708</u>	<u>\$26,987,929</u>	<u>\$30,016,045</u>	<u>\$29,168,121</u>	<u>\$34,802,964</u>
Excess of Revenue over (under) Expenditures	(4,692,179)	148,199	(3,341,829)	(4,008,285)	(1,356,231)	(7,815,180)
Total other financing sources (uses)	<u>8,706,116</u>	<u>8,145,345</u>	<u>11,253,788</u>	<u>7,269,707</u>	<u>(4,340,269)</u>	<u>12,063,691</u>
Excess of revenues and other financing sources over expenditures and other financing uses	4,013,937	8,293,544	7,911,959	3,261,422	(5,696,500)	4,248,511
Debt Service Fund balance at beginning of year	<u>27,477,958</u>	<u>31,491,895</u>	<u>39,785,439</u>	<u>47,697,398</u>	<u>50,958,820</u>	<u>45,262,320</u>
Debt Service Fund balance at end of year	<u>\$31,491,895</u>	<u>39,785,439</u>	<u>\$47,697,398</u>	<u>\$50,958,820</u>	<u>\$45,262,320</u>	<u>\$49,510,831</u>
Total General and Debt Service Fund balances at beginning of year	<u>53,444,074</u>	<u>58,727,017</u>	<u>67,923,036</u>	<u>76,737,926</u>	<u>81,472,388</u>	<u>76,187,560</u>
Total General and Debt Service Fund balances at end of year	\$58,727,017	\$67,923,036	\$76,737,926	\$81,472,388	\$76,187,560	\$80,428,571

*The City has adjusted its forecasted 2020 revenue figures in anticipation of negative effects resulting from COVID-19 (see "RISK FACTORS AND INVESTMENT CONSIDERATIONS – COVID-19 Pandemic" herein). The City is in the process of evaluating revisions to its adopted budget for 2020 to account for the expected decrease in revenue. The emergence of COVID-19 and the spread thereof is an emerging and evolving issue. The budgeted estimates, forecasts, and any other forward-looking assessments contained herein are based on the City's current expectations. The City is not able to predict and makes no representations as to the economic impact of the COVID-19 pandemic on the City.

Source: Clerk; Annual Report of the City of Olathe

Property Valuations

The determination of assessed valuation and the collection of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties under the direction of state statutes.

Determination of Appraised Value. The Johnson County Appraiser's office determines the value of all taxable property within Johnson County and the assessed valuation thereof that is to be used as a basis for the mill levy on property located in the City. The appraiser's determination is based on a number of criteria established by Kansas statute. All property, with the exception of agricultural land, is appraised based on estimated fair market value. Agricultural property is appraised based on productivity value. Kansas statutes require that each parcel of real property be reviewed and inspected by the county appraiser once every four years for taxation purposes. Once appraised valuations have been determined, they are multiplied by the applicable statutory assessment rates to arrive at the assessed valuations. The total assessed valuation is then used to establish property tax rates.

Determination of Assessed Value. Property subject to ad valorem taxation is divided into two classes, real property and personal property. Real property is divided into seven subclasses; there are six subclasses of personal property. The real property (Class 1) subclasses are: (i) real property used for residential purposes including multi-family mobile or manufactured homes and the real property on which such homes are located, assessed at 11.5%, (ii) agricultural land, valued on the basis of agricultural income or productivity, assessed at 30%, (iii) vacant lots, assessed at 12%, (iv) real property, owned and operated by a not-for-profit organization not subject to federal income taxation, pursuant to Code §501, assessed at 12%, (v) public utility real property, except railroad real property, assessed at the average rate that all other commercial and industrial property is assessed, assessed at 33%, (vi) real property used for commercial and industrial purposes and buildings and other improvements located on land devoted to agricultural use, assessed at 25%, and (vii) all other urban and real property not otherwise specifically classified, assessed at 30%. Tangible personal property (Class 2) subclasses are: (i) mobile homes used for residential purposes, assessed at 11.5%, (ii) mineral leasehold interests, except oil leasehold interests, the average daily production from which is 5 barrels or less, and natural gas leasehold interests, the average daily production from which is 100 mcf or less, which shall be assessed at 25%, assessed at 30%, (iii) public utility tangible personal property, including inventories thereof, except railroad personal property, including inventories thereof, which shall be assessed at the average rate all other commercial and industrial property is assessed, assessed at 33%, (iv) all categories of motor vehicles not defined and specifically valued and taxed pursuant to law enacted prior to January 1, 1985, assessed at 30%, (v) commercial and industrial machinery and equipment which if its economic life is 7 years or more, shall be valued at its retail cost, when new, less seven-year straight-line depreciation, or which, if its economic life is less than 7 years, shall be valued at its retail cost when new, less straight-line depreciation over its economic life, except that, the value so obtained for such property, notwithstanding its economic life and as long as such property is being used, shall not be less than 20% of the retail cost when new of such property, assessed at 25%, and (vi) all other tangible personal property not otherwise specifically classified, assessed at 30%. All property used exclusively for state, county, municipal, literary, educational, scientific, religious, benevolent and charitable purposes, farm machinery and equipment, merchants' and manufacturers' inventories, other than public utility inventories included in subclass (3) of class 2, livestock, and all household goods and personal effects not used for the production of income, shall be exempted from property taxation.

The Kansas Legislature (the "Legislature") reduced the applicable assessment rates on motor vehicles from 30% of market value to 20% of market value as of January 1, 2000.

The 2006 Legislature exempted from all property or ad valorem property taxes levied under the laws of the State all commercial, industrial, telecommunications and railroad machinery and equipment acquired by qualified purchase or lease after June 30, 2006, or transported into the State after June 30, 2006, for the purpose of expanding an existing business or creation of a new business.

Property Valuation Challenges. Taxpayers may challenge the appraised value of their property by paying property taxes under protest. Such challenges are subject to administrative and judicial review. Taxes paid under protest are distributed to taxing jurisdictions in the same manner as all other property tax collections. If a taxpayer's challenge to the appraiser's valuation is successful, the county is liable to refund the amount of property taxes attributable to the protested value that was previously paid under protest. The county will then withhold from future property tax distributions to other taxing jurisdictions an amount equal to the jurisdiction's pro rata share of such

refund. Any such withholdings from future property tax distributions may have a material adverse effect on the City's financial situation.

Fair Market Value

The following table shows the fair market value of the taxable property within the City for the following years:

Year	Fair Market Value
2019	\$15,293,254,000
2018	14,364,117,000
2017	13,145,013,000
2016	11,981,493,000
2015	10,980,846,000

Source: County Clerk. Market value is calculated by dividing the County appraiser's appraised value by the preliminary median sales ratio of 100.0% for Johnson County as determined by the State Department of Revenue.

Assessed Valuation

The following table shows the assessed valuation of the taxable tangible property within the City for the following years:

Year	Real Property	Personal Property	Utilities	Motor Vehicles	Total Valuation
2019	\$1,960,326,495	\$15,287,003	\$47,328,027	\$208,760,354	\$2,231,701,879
2018	1,840,100,618	15,801,734	45,349,856	199,969,041	2,101,221,249
2017	1,682,451,048	16,292,617	42,752,388	190,173,498	1,931,669,551
2016	1,530,644,037	17,995,777	41,950,633	181,694,892	1,772,285,339
2015	1,400,333,000	19,349,000	40,813,000	173,245,996	1,633,740,996

Source: County Clerk

Property Tax Levies and Collections

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

Tax Rates of the City (Expressed in Dollars Per Thousand Dollars of Assessed Value)

Levy Year	Budget Year	General	Fire Levy	Bond and Interest	Library (including Employee Benefit)	Total
2019	2020	9.921	1.727	9.707	3.042	24.397
2018	2019	9.925	1.727	9.711	3.043	24.406
2017	2018	10.193	1.730	9.979	2.798	24.700
2016	2017	10.874	1.713	9.352	2.769	24.708
2015	2016	8.866	1.710	11.345	2.767	24.688

Property Tax Rates of Jurisdictions Overlapping with the City (Expressed in Dollars Per Thousand Dollars of Assessed Value)

Levy Year	Budget Year	State	County	Comm. College	USD No. 233*	Parks	Total Including City
2019	2020	1.500	19.036	9.121	69.878	3.090	127.022
2018	2019	1.500	19.024	9.266	70.665	3.088	127.949
2017	2018	1.500	19.318	9.503	71.174	3.112	129.307
2016	2017	1.500	19.590	9.473	67.774	3.102	126.147
2015	2016	1.500	19.582	9.469	67.764	3.101	126.104
2014	2015	1.500	17.764	9.461	67.868	2.349	123.643

* Unified School District No. 233 (Olathe) is used as an example, but depending upon resident location, Unified School District Nos. 229, 230, 231, or 232 would be the applicable taxing jurisdiction.

Property Tax Levies and Collections

Tax Year ⁽¹⁾	Total Tax Levy	Current Tax Collections	% Current Tax Collected	Prior Years Tax Collected	Total Tax Collections	Ratio Collection Versus Levy
⁽²⁾ 2019	\$49,374,488	\$27,553,494	55.8%	\$52,108	\$27,605,602	55.9%
2018	46,302,767	45,826,212	99.0	151,158	45,977,370	99.3
2017	43,012,242	42,651,555	99.2	96,486	42,748,041	99.4
2016	39,304,956	38,673,924	98.4	224,940	38,898,864	99.0
2015	36,056,353	35,952,604	99.7	473,432	36,426,036	101.0
2014	33,439,317	33,426,577	100.0	288,910	33,715,487	100.8

⁽¹⁾ The year shown is the year in which the levy was made; the collections are received the following year (budget year).

⁽²⁾ Collections in progress.

Special Assessment Collections

Special assessments are spread on benefited real estate with the property tax levy in August of each year. Interest on special assessments is computed at a rate equal to the rate of the obligations which financed the public improvements. The following table presents special assessments levies and collections for the years listed below.

Tax Year ⁽¹⁾	Certified Assessment	Collections	Percent Collected	Prior Year Collected	Total Collections	Percent Total
⁽²⁾ 2019	\$5,022,058	\$2,494,786	49.7%	\$355,209	\$2,849,995	56.7%
2018	5,664,203	5,314,454	93.8	484,767	5,799,221	102.4
2017	6,051,367	5,524,676	91.3	52,989	5,577,665	92.2
2016	6,301,761	5,521,284	87.6	67,744	5,589,028	88.7
2015	6,664,058	6,333,943	95.0	920,576	7,254,519	108.9
2014	7,338,642	6,217,583	84.7	1,025,219	7,242,802	98.7

⁽¹⁾ The year shown is the year in which the levy was made; the collections are received the following year (budget year).

⁽²⁾ Collections in progress.

Major Taxpayers:

The following table sets forth the ten largest property taxpayers in the City for taxes levied in the 2019 collection period:

Taxpayer	Type of Property	Assessed Value
GARMIN International	Manufacturer	\$25,904,543
JDM III SF Kansas City DC LLC	Information Processing	15,025,451
HOA Hotels Kansas LLC	Hotel	13,185,501
US Bank	Information Processing	10,162,803
Wal-Mart	Retail	10,086,827
G&I X Industrial KS LLC	Warehouse	10,059,247
Northridge 07 A LLC	Retail	9,203,696
Homestead Apartment Homes LLC	Apartments	8,232,771
Aldi Inc	Retail	7,944,064
Foodbrands America Inc.	Manufacturer	7,704,500
		*\$117,509,403

* Represented approximately 5.27% of the City's 2019 assessed valuation.

Employee Relations

The City's Human Resources Division describes its formalized relationship with its approximately 958 full-time equivalent employees as good. None of the City's employees are part of an organized bargaining unit.

Pension and Employee Retirement Plans

The Issuer participates in the Kansas Public Employees Retirement System ("KPERs") established in 1962, as an instrumentality of the State, pursuant to K.S.A. 74-4901 *et seq.*, to provide retirement and related benefits to public employees in Kansas. KPERs is governed by a board of trustees consisting of nine members each of whom serve four-year terms. The board of trustees appoints an executive director to serve as the managing officer of KPERs and manage a staff to carry out daily operations of the system.

As of December 31, 2018, KPERs serves approximately 312,000 members and approximately 1,500 participating employers, including the State, school districts, counties, cities, public libraries, hospitals and other governmental units. KPERs administers the following three statewide, defined benefit retirement plans for public employees:

- (a) Kansas Public Employees Retirement System;
- (b) Kansas Police and Firemen's Retirement System; and
- (c) Kansas Retirement System for Judges.

These three plans are separate and distinct with different membership groups, actuarial assumptions, experience, contribution rates and benefit options. The Kansas Public Employees Retirement System is the largest of the three plans, accounting for approximately 95% of the members. The Kansas Public Employees Retirement System is further divided into two separate groups, as follows:

(a) *State/School Group* - includes members employed by the State, school districts, community colleges, vocational-technical schools and educational cooperatives. The State of Kansas makes all employer contributions for this group, the majority of which comes from the State General Fund.

(b) *Local Group* - all participating cities, counties, library boards, water districts and political subdivisions are included in this group. Local employers contribute at a different rate than the State/School Group rate.

KPERs is currently a qualified, governmental, § 401(a) defined benefit pension plan, and has received IRS determination letters attesting to the plan's qualified status dated October 14, 1999 and March 5, 2001. KPERs is also a "contributory" defined benefit plan, meaning that employees make contributions to the plan. This contrasts it

from noncontributory pension plans, which are funded solely by employer contributions. The Issuer's employees currently annually contribute 6% of their gross salary to the plan if such employees are KPERS Tier 1 members (covered employment prior to July 1, 2009), KPERS Tier 2 members (covered employment on or after July 1, 2009), or KPERS Tier 3 members (covered employment on or after January 1, 2015).

The Issuer's contribution varies from year to year based upon the annual actuarial valuation and appraisal made by KPERS, subject to legislative caps on percentage increases. The Issuer's contribution is 8.89% of the employee's gross salary for calendar year 2019. The Issuer's contribution is projected to change to 8.61% of gross compensation for calendar year 2020. In addition, the Issuer contributes 1% of the employee's gross salary for Death and Disability Insurance for covered employees.

According to the Valuation Report as of December 31, 2018 (the "2018 Valuation Report") the KPERS Local Group, of which the Issuer is a member, carried an unfunded accrued actuarial liability ("UAAL") of approximately \$1.502 billion at the end of 2018. The amount of the UAAL in 2018 changed from the previous year's amount due to the factors discussed in the 2018 Valuation Report; such report also includes additional information relating to the funded status of the KPERS Local Group, including recent trends in the funded status of the KPERS Local Group. A copy of the 2018 Valuation Report is available on the KPERS website at kpers.org/about/reports.html. The Issuer has no means to independently verify any of the information set forth on the KPERS website or in the 2018 Valuation Report, which is the most recent financial and actuarial information available on the KPERS website relating to the funded status of the KPERS Local Group. The 2018 Valuation Report sets the employer contribution rate for the period beginning January 1, 2021, for the KPERS Local Group, and KPERS' actuaries identified that an employer contribution rate of 8.87% of covered payroll would be necessary, in addition to statutory contributions by covered employees, to eliminate the UAAL by the end of the actuarial period set forth in the 2018 Valuation Report. The statutory contribution rate of employers currently equals the 2018 Valuation Report's actuarial rate. As a result, members of the Local Group are adequately funding their projected actuarial liabilities and the UAAL can be expected to diminish over time. The required employer contribution rate may increase up to the maximum statutorily allowed rate, which is 1.2% in fiscal year 2017 and thereafter.

The Issuer has established membership in the Kansas Police and Fire Retirement System ("KP&F") for its police and fire personnel. KP&F is a division of and is administered by KPERS. Annual contributions are adjusted annually based on actuarial studies, subject to legislative caps on percentage increases. According to the 2018 Valuation Report, KP&F carried an UAAL of approximately \$933 million at the end of 2018. For KP&F, the Issuer's employees currently annually contribute 7.15% of their gross salary to the plan. For the year beginning January 1, 2019, the Issuer contributes 22.13% of employees' gross compensation. Beginning January 1, 2020, the Issuer's contribution is projected to change to 21.93% of gross compensation for calendar year 2020.

The Issuer is required to implement GASB 68 – Accounting and Financial Reporting for Pensions. KPERS produces a Schedule of Employer and Nonemployer Allocations and Schedules of Pension Amounts by Employer and Nonemployer (the "GASB 68 Report") which provides the net pension liability allocated to each KPERS participant, including the Issuer. The GASB 68 Report is available on the KPERS website at kpers.org/about/reports.html. The Issuer has no means to independently verify any of the information set forth on the KPERS website or in the GASB 68 Report. It is important to note that under existing State law, the Issuer has no legal obligation for the UAAL or the net pension liability calculated by KPERS, and such figures are for informational purposes only.

Other Post-Employment Benefits

The Governmental Accounting Standards Board (GASB) has issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (GASB 75), which addresses how state and local governments must account for and report their obligations related to postemployment benefits other than pensions (referred to as Other Post-Employment Benefits or "OPEB"). GASB 75 replaced GASB 45 effective for fiscal years beginning after June 15, 2017. The City implemented GASB 75 for the year ended December 31, 2018.

The City provides health insurance for retired City employees and officials who meet KPERS eligibility requirements based on both age and years of service. This coverage may also extend to the retiree's family for

employees that have retired prior to December 31, 2009. The rate of coverage is not based on the length of service the employee has with the City.

As of January 1, 2018, the City had 1,058 OPEB participants. The City currently finances the plan on a pay-as-you-go basis. During 2019, the City expended \$1,734,000 for these benefits. Under GASB 45 such costs must be accounted for on an accrual basis.

The City must report an annual OPEB cost based on actuarially determined amounts that, if paid on an ongoing basis, will provide sufficient resources to pay these benefits as they come due. The City may establish its OPEB liability at zero as of the beginning of the initial year of implementation; however, the unfunded actuarial liability is required to be amortized over future periods.

The City hired Lewis & Ellis to perform an actuarial analysis of the projected annual cost of these benefits. Lewis & Ellis estimated the annual cost at \$2,867,509. The City does not intend to fund the liability and will continue to pay the costs on a pay-as-you-go basis.

Components of the City's annual OPEB cost, the amount actually contributed to the plan, and the changes in the City's net OPEB obligation to the plan for the fiscal year ended December 31, 2019, are as follows:

Service cost	\$1,014,753
Interest cost	972,026
Changes in benefit terms	(687,045)
Differences between actual and expected experience	(233,731)
Changes in assumptions and inputs	1,801,506
<u>Less: Contributions made</u>	<u>(1,734,000)</u>
Increase in net OPEB obligation	\$1,133,509
Net OPEB obligation – beginning of year	\$26,265,984
Net OPEB obligation – end of year	\$27,399,493

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the past five years are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Employer Contribution</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
December 31, 2019	\$2,867,509	\$1,734,000	60.47%	\$27,399,493
December 31, 2018*	2,133,995	1,711,000	74.00	26,265,984
December 31, 2017	2,124,828	1,590,000	74.83	9,971,128
December 31, 2016	1,991,971	1,289,000	64.71	9,436,300
December 31, 2015	2,000,790	1,232,000	61.58	8,733,328

* A change in accounting method was implemented with respect to OPEB in fiscal year ended December 31, 2018.

For more information concerning the City's OPEB obligations, please reference "Note 14 – Postemployment Benefits Other than Pension Benefits (OPEB)" of the City's Comprehensive Annual Financial Report for fiscal year ended December 31, 2019, which is included as **APPENDIX B** to this Official Statement.

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DEBT STRUCTURE

Debt Summary

The following table summarizes certain key statistics with respect to the City's general obligation debt as of the Dated Date:

Debt Summary (as of Dated Date)	Debt	Less Self-Supporting Debt ⁽⁴⁾
Fair Market Value of Taxable Property ⁽¹⁾	\$15,293,254,000	
Equalized Assessed Valuation of Tangible Valuation for Computation of Bonded Debt Limitations ⁽²⁾	\$2,231,701,879	
Legal limitation of Bonded Debt ⁽³⁾	\$669,510,564	
Outstanding General Obligation Bonds ⁽⁴⁾	\$195,910,000	
Statutory Exempt Debt ⁽³⁾	\$46,847,598	
Net Debt against Debt Limit Capacity ⁽³⁾	\$149,062,402	
Additional Debt Capacity ⁽³⁾	\$520,448,162	
Less Self-Supporting Debt	\$30,938,484	\$30,938,484
Non Self-Supporting Debt	\$164,971,516	\$164,971,516
Direct Debt Per Capita (Est. Population = 142,767) ⁽⁶⁾	\$1,372	\$1,155
Overlapping Debt ⁽⁷⁾	\$537,087,671	\$537,087,671
Direct and Overlapping Debt Per Capita	\$5,134	\$4917
Direct Debt as a Percentage of Assessed Valuation	8.8%	7.4%
Direct and Overlapping Debt as a Percentage of Assessed Valuation.....	32.8%	31.5%
Statutory Direct Debt as a Percentage of Assessed Valuation.....	6.7%	
Direct Debt as a Percentage of Actual Fair Market Value.....	1.3%	1.1%
Direct and Overlapping Debt as a Percentage of Actual Fair Market Value	4.8%	4.6%

⁽¹⁾ See "Fair Market Value" herein.

⁽²⁾ The assessed value of all tangible taxable property within the City, as certified to the County Clerk on the preceding August 25. Also includes the taxable value of motor vehicles within the City. See K.S.A. 10-301 *et seq.*

⁽³⁾ See K.S.A. 10-301 *et seq.*, specifically including K.S.A. 10-309.

⁽⁴⁾ Includes the Bonds; excludes the Refunded Bonds. See "Current Indebtedness – General Obligation Bonds" herein. Does not include the Notes.

⁽⁵⁾ Self-supporting debt includes bonds payable from dedicated sources of revenue such as certain special assessments and revenues of the water and sewer system.

⁽⁶⁾ Population is City estimate.

⁽⁷⁾ See "Overlapping Debt" herein.

Current Indebtedness

General Obligation Bonds

Dated Date of Issue	Final Maturity	Purpose	Original Amount	Principal Outstanding as of Dated Date	Statutory Exempt Debt as of Dated Date	⁽¹⁾ Self- Supporting Debt as of Dated Date
5/15/2009	10/1/2020	Improvements, Series 212	\$21,650,000	\$345,000	\$60,108	--
5/27/2010	10/1/2020	Taxable Improvements, Series 216	1,203,000	140,000	140,000	120,300
5/27/2010	10/1/2020	Taxable Improvements, Series 217 ⁽²⁾	7,015,000	755,000	120,710	--
5/15/2011	10/1/2031	Improvements, Series 218 ⁽⁴⁾	28,100,000	2,245,000	566,189	297,687
12/1/2011	7/1/2025	Refunding, Series 220 ⁽³⁾	17,510,000	8,650,000	8,650,000	8,650,000
6/28/2012	10/2/2024	Refunding Improvements, Series 221	6,505,000	2,565,000	888,162	189,722
6/13/2013	10/1/2033	Refunding Improvements, Series 222	27,330,000	17,550,000	4,601,502	1,364,919
6/12/2014	10/1/2024	Improvements, Series 223	9,315,000	6,690,000	2,420,685	--
7/8/2014	10/1/2020	Refunding, Series 224	4,260,000	540,000	--	--
11/20/2014	10/1/2029	Taxable Improvements, Series 225	12,905,000	11,295,000	--	11,295,000
6/11/2015	10/1/2025	Improvements, Series 226	11,695,000	6,895,000	786,523	--
7/7/2015	10/1/2027	Refunding, Series 227	8,290,000	4,310,000	1,804,691	--
6/9/2016	10/1/2031	Refunding & Improvement, Series 228	25,315,000	19,385,000	8,830,843	6,185,776
12/15/2016	10/1/2026	Improvements, Series 229	5,765,000	4,215,000	--	--
7/20/2017	10/1/2029	Refunding & Improvements, Series 230	27,525,000	25,525,000	7,779,293	921,611
7/19/2018	10/1/2028	Improvements, Series 231	34,170,000	31,450,000	--	--
7/18/2019	10/1/2030	Refunding & Improvements, Series 232	21,115,000	21,115,000	7,034,408	--
7/16/2019	10/1/2031	Refunding & Improvements, Series 233 ⁽⁴⁾	32,240,000	32,240,000	3,164,484	1,913,468
Total =				\$195,910,000	\$46,847,598	\$30,938,484

⁽¹⁾ Self-supporting debt includes bonds payable from dedicated sources of revenue such as certain special assessments and revenues of the water and sewer system.

⁽²⁾ Issued as Recovery Zone Economic Development Bonds.

⁽³⁾ The Series 220 Bonds are expected to be paid from Net Revenues of the City's water and sewer system; however, the Series 220 Bonds are ultimately and legally secured by only the City's ability to levy unlimited ad valorem taxes. All other self-supporting debt shown is expected to be paid from special assessments levied against certain properties benefitted by improvements constructed with bond proceeds.

⁽⁴⁾ Excludes the Refunded Bonds. Preliminary; subject to change.

Source: The City

As of the Dated Date, approximately 13.5% of the principal amount of the City's general obligation bonds were supported first by special assessments levied against certain properties, and if not so paid, from the City's ability to levy unlimited ad valorem taxes.

General Obligation Temporary Notes

Dated Date of Issue	Final Maturity	Purpose	Original Amount	Principal Outstanding as of Dated Date	Statutory Exempt Debt as of Dated Date	Self- Supporting Debt as of Dated Date
7/18/2019	8/1/2020	Temporary Notes, Series 2019-A ⁽¹⁾	\$53,955,000	\$0	\$0	\$0
7/16/2020	8/1/2021	Temporary Notes, Series 2020-A ⁽²⁾	75,595,000	75,595,000	0	0
Total General Obligation Notes =				\$75,595,000		

⁽¹⁾ To be paid at maturity with proceeds of the Notes and Bonds; excluded from outstanding notes.

⁽²⁾ Preliminary; subject to change.

Water and Sewer System Revenue Bonds

Dated Date Of Issue	Original Amount	Purpose	Final Maturity	Principal Outstanding as of Dated Date
12-28-10	\$36,280,000	Water & Sewer Improvements, 2010-C	7-1-2035	\$26,255,000
12-18-12	9,585,000	Water & Sewer Improvements, 2012	7-1-2032	6,170,000
9-3-15	18,895,000	Water & Sewer Improvements, 2015	7-1-2035	15,265,000
4-4-17	11,340,000	Water & Sewer Imp. and Refunding, 2017	7-1-2037	9,790,000
4-3-18	11,580,000	Water & Sewer Improvements, 2018	7-1-2038	10,810,000
4-18-19	16,360,000	Water & Sewer Imp. and Refunding, 2019	7-1-2039	15,655,000
6-4-20	13,335,000	Water & Sewer Imp. and Refunding, 2020	7-1-2040	13,335,000
Total				\$97,280,000

Stormwater System Revenue Bonds

Dated Date of Issue	Final Maturity	Purpose	Original Amount	Principal Outstanding as of Dated Date
2/20/2019	10/1/2038	Stormwater Improvements, Series 2019	\$3,225,000	\$3,075,000

State Revolving Fund Loans

The City has entered into the following loan agreements with the State of Kansas to finance various construction improvements to the City's water and wastewater treatment systems. Payments for these loans are subordinate to the payment of the Water and Sewer System Revenue Bonds listed above, together with a pledge of unlimited ad valorem property tax levies of the City.

Purpose of Indebtedness	Dated Date	Final Payment Date	Original Principal Amount	Est. Amount Outstanding as of 6/30/2020
Cedar Creek WWTP Sludge	07/16/2003	09/01/2024	\$2,184,000	\$607,901
Cedar Creek WWTP Effluent	03/07/2006	09/01/2026	768,500	320,539
42" Finished Water Transmission	11/13/2007	09/01/2028	16,883,916	9,433,787
Cedar Creek WWTP Expansion	03/09/2009	03/01/2029	5,000,000	2,632,851
Total				\$12,995,078

Special Obligation Revenue Bonds

While the City is the issuer of the bonds noted below, each series of bonds is supported solely by the economic development district benefitting from the issuance of such bonds and is not secured by any general obligation or annual appropriation pledge by the City.

Dated Date of Issue	Original Amount	Purpose	Final Maturity	Est. Amount Outstanding as of 5/31/2020
12/15/2006	\$13,030,000	TIF – Gateway	3/1/2026	\$7,622,256
12/15/2006	9,195,000	TDD – Gateway	12/1/2028	7,060,074
7/1/2007	16,565,000	TIF – West Village	9/1/2026	7,875,000
Total				\$22,557,330

Lease Obligations

Dated Date of Issue	Original Amount	Purpose	Final Maturity	Est. Amount Outstanding as of Dated Date
2009	\$12,876,265	Water Meters*	2023	\$1,776,345
2017	35,077	Fitness Equipment	2020	3,240
Total				\$1,779,585

* The Water Meter lease is expected to be paid from net revenues of the City's water and sewer system; however, the Water Meter lease is ultimately and legally payable only from the City's annual appropriation of available City general revenues.

Debt Payment Record

The City has never in its history defaulted on the payment of any of its direct debt obligations nor has it defaulted on any of its lease obligations.

An event of default occurred with respect to certain special obligation bonds issued by the City to fund improvements related to the Olathe Gateway project. Principal and interest payment delinquencies occurred with respect to Special Obligation Transportation Development District Sales Tax Revenue Bonds (The Olathe Gateway TDD No. 1a Project), Series 2006 and Special Obligation Tax Increment Revenue Bonds (The Olathe Gateway TIF Area 1 Project), Series 2006. These bonds are not secured by any general obligation or annual appropriation pledge of the City.

Historical Debt Information

Calendar Year	Population⁽¹⁾	Assessed Valuation	Actual Value	GO Debt⁽²⁾	GO Debt to Assessed Value	GO Debt to Actual Value	Per Capita GO Debt
2019	142,767	\$2,231,701,879	\$15,293,254,000	\$173,795,000	7.79%	1.14%	\$1,217
2018	141,116	2,101,221,249	14,364,117,000	186,735,000	8.89	1.30	1,323
2017	138,992	1,931,669,551	13,145,013,000	195,446,767	10.12	1.49	1,407
2016	136,394	1,772,285,339	11,981,493,000	198,534,607	11.20	1.66	1,456
2015	134,231	1,633,741,808	10,980,846,000	193,986,805	11.87	1.77	1,445

⁽¹⁾ City estimate.

⁽²⁾ Excludes temporary notes. Debt is as of December 31 of each year.

Source: The City

Private Purpose Bonds

The City issues private activity bonds (Industrial Revenue Bonds) on behalf of other parties to encourage economic development. The City has no obligation, either directly or indirectly, for payment of principal or interest on such bonds.

Overlapping Debt

Taxing Unit ⁽¹⁾	Total Debt	Percent	Debt Applicable to
	Outstanding		Assessed Value in City
Johnson County ⁽²⁾	\$338,820,000	18.22%	\$61,733,004
Johnson County Park & Recreation District ⁽³⁾	3,625,000	18.22	660,475
Johnson County Community College ⁽⁴⁾	3,770,000	18.22	686,894
U.S.D. No. 229 (Blue Valley) ⁽⁵⁾	417,470,000	3.07	12,816,329
U.S.D. No. 230 (Spring Hill) ⁽⁶⁾	225,185,000	37.97	85,502,745
U.S.D. No. 231 (Gardner - Edgerton) ⁽⁷⁾	139,215,000	0.89	1,239,014
U.S.D. No. 232 (De Soto) ⁽⁷⁾	148,125,000	2.10	3,110,625
U.S.D. No. 233 (Olathe) ⁽⁸⁾	527,504,247	70.30	370,835,486
Johnson County Fire District No. 2 ⁽⁹⁾	2,580,000	19.50	503,100
Total			\$537,087,671

⁽¹⁾ Only those taxing units that have general obligation debt outstanding are shown here.

⁽²⁾ Source: Official Statement posted to EMMA on November 18, 2019 for the County's recent debt issue. Excludes general obligation debt supported by utility revenues and includes \$265,655,000 of lease purchase revenue bonds issued by the Public Building Commission of Johnson County (PBC) which are payable solely from lease payments received by the PBC from Johnson County.

⁽³⁾ Source: Official Statement posted to EMMA on May 22, 2019 for entity's recent debt issue. Excludes certificates of participation payable secured by lease payments.

⁽⁴⁾ Source: Entity's audited financial statements for fiscal year ended June 30, 2019.

⁽⁵⁾ Source: Official Statement posted to EMMA on April 17, 2020 for entity's recent debt issue.

⁽⁶⁾ Source: Entity's Transcript Certificate relating to recent debt issue dated March 31, 2020.

⁽⁷⁾ Source: Entity's annual report posted to EMMA for fiscal year ended June 30, 2019.

⁽⁸⁾ Source: Entity's Transcript Certificate relating to recent debt issue dated April 9, 2020.

⁽⁹⁾ As of December 31, 2019.

Future Financing

Every other year, the City prepares a five-year Capital Improvements Program ("CIP"). The CIP includes estimated costs for constructing, upgrading, and replacing the City's physical infrastructures. The fiscal year 2020-2024 CIP includes projects totaling an estimated \$368.5 million.

Of the \$127 million of projects included in the CIP for 2020, 40% is projected to come from sources other than general obligation debt (i.e., cash, intergovernmental revenues and utility revenue bonds). No additional general obligation bonds are expected to be issued in 2020. In 2021, the City anticipates issuing approximately \$35 million of general obligation bonds to provide permanent financing for various projects.

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APPENDIX B

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
(FOR THE FISCAL YEAR ENDED 12/31/19)**

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City of Olathe, Kansas

2019 Comprehensive Annual

Financial Report

For Year Ended December 31, 2019



City of Olathe, Kansas

Comprehensive Annual Financial Report

Year Ended December 31, 2019

Principal Officials

Mayor

Michael Copeland

City Council

John Bacon

Karin Brownlee

Larry Campbell

Wesley McCoy

Jim Randall

Marge Vogt

City Manager

J. Michael Wilkes

Assistant City Manager

Susan E. Sherman

City Clerk

Emily Vincent

Legal Counsel

Ronald R. Shaver

Prepared by Department of Resource Management

Dianna Wright, Director Resource Management

Amy Tharnish, CPA, Assistant Director Finance Services

Loretta Morgan, Accounting Manager

Scott McDonald, Senior Accountant



City of Olathe, Kansas
Comprehensive Annual Financial Report
Year Ended December 31, 2019

Table of Contents

	Page
Introductory Section	
Letter of Transmittal	iii
GFOA Certificate of Achievement	vii
Organizational Chart	viii
Financial Section	
Report of Independent Auditor	1
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	17
Statement of Activities	18
Fund Financial Statements:	
Balance Sheet - Governmental Funds	20
Reconciliation of the Balance Sheet of Governmental Funds to the	
Statement of Net Position	21
Statement of Revenues, Expenditures, and Changes in Fund	
Balances - Governmental Funds	22
Reconciliation of the Statement of Revenues, Expenditures, and Changes	
in Fund Balances of Governmental Funds to the Statement of Activities	23
Statement of Revenues, Expenditures, and Changes in Fund Balance	
Budget and Actual - Budgetary Basis - General Fund	25
Statement of Net Position - Proprietary Funds	26
Statement of Revenues, Expenses, and Changes in Fund Net Position -	
Proprietary Funds	29
Statement of Cash Flows - Proprietary Funds	30
Notes to the Basic Financial Statements	35
Required Supplementary Information:	
Schedule of Changes in the City's Total KPERS OPEB Total Liability and Related Ratio.....	81
Schedule of Changes in the City's Total OPEB Total Liability and Related Ratio.....	82
Schedule of Net Pension Liability.	83
Schedule of Agency Contributions.	84
Notes to Required Supplementary Information.	84
Other Supplementary Information:	
Combining and Individual Fund Statements and Schedules	
Nonmajor Governmental Funds:	
Combining Balance Sheet - Nonmajor Governmental Funds	90
Combining Statement of Revenues, Expenditures, and Changes in Fund	
Balances - Nonmajor Governmental Funds	92

City of Olathe, Kansas
Table of Contents (continued)

	Page
Budgetary Schedules:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance	
Budget and Actual - Budgetary Basis - General Fund	97
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances -	
Budget and Actual - Budgetary Basis - Budgeted Special Revenue Funds	98
Schedule of Revenues, Expenditures, and Changes in Fund Balance -	
Budget and Actual - Budgetary Basis - Park Sales Tax Fund	101
Schedule of Revenues, Expenditures, and Changes in Fund Balance -	
Budget and Actual - Budgetary Basis - Street Maintenance Sales Tax Fund	102
Schedule of Revenues, Expenditures, and Changes in Fund Balance -	
Budget and Actual - Budgetary Basis - Debt Service Fund	103
Schedule of Revenues, Expenditures, and Changes in Fund Balance	
Budget and Actual - Budgetary Basis - Special Tax Financing Fund	104
Combining Schedule of Revenues, Expenditures, and Changes in Net Position	
Budget and Actual - Budgetary Basis - Enterprise Funds	105
Combining Schedule of Revenues, Expenditures, and Changes in Net Position	
Budget and Actual - Budgetary Basis - Internal Service Funds	106
Internal Service Funds:	
Combining Statement of Net Position	112
Combining Statement of Revenues, Expenses, and Changes in Net Position	113
Combining Statement of Cash Flows.	115
Discretely Presented Component Units	
Combining Statement of Net Position	119
Combining Statement of Revenues, Expenses, and Changes in Net Position	120
 Statistical Section	
Net Position by Component	125
Changes in Net Position.	126
Fund Balances, Governmental Funds.	128
Changes in Fund Balances, Governmental Funds.	129
Tax and Special Assessment Revenues by Source, Governmental Funds.	130
Taxable Sales by Category.	131
Direct and Overlapping Sales Tax Rates	132
Assessed and Estimated Actual Value of Taxable Property.	133
Property Tax Rates.	134
Principal Property Tax Payers	135
Property Tax Levies and Collections	136
Special Assessment Collections	137
Ratios of Outstanding Debt by Type	138
Ratios of Net General Bonded Debt Outstanding.	139
Direct and Overlapping Governmental Activities Debt	140
Legal Debt Margin Information	141
Pledged Revenue Coverage	142
Demographic and Economic Statistics	143
Principal Employers	144
City Government Employees by Function/Program	145
Operating Indicators by Function/Program	146
Capital Asset Statistics by Function/Program	147
Water and Sewer Information	148
Risk Management Fund	151

Introductory Section



June 8, 2020

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, 2019.

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 Allen, Gibbs, & Houlik (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, 2019 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The Auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended December 31, 2019, 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 2018 population to be 141,116 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 over four 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 for the 37th consecutive year, 2019 Top 100 Healthiest Workplaces, 2019 Healthiest Employer by the Kansas City Business Journal, Gold Level Healthy KC Certified, American Public Works Association Reaccreditation, and Commission on Fire Accreditation International Accredited Agency. At the end of 2019, the City’s unemployment rate was 2.2% compared to 3.8% for the State of Kansas and the national rate of 4.0%.

Long-term financial planning The City prepares a five-year Capital Improvement Plan (CIP). The CIP includes estimated costs for constructing, upgrading, and replacing the City’s physical infrastructures. The fiscal

year 2019-2023 CIP includes project costs totaling an estimated \$434 million. Of the \$124 million of funding for 2019, 54% is projected to come from funding sources other than General Obligation Debt (i.e., cash and intergovernmental revenues). In preparing the capital budget, needs are assessed, public improvements are prioritized, and costs are projected. This budget is reviewed biannually as projects are re-prioritized and the financial condition of the City is evaluated. The City has been building fund balance in the Debt Service Fund for several years. This will keep the mill levy rate fairly constant as several major projects are bonded (Indian Creek Library, Street Reconstruction, 143rd Street, Pflumm to Quivira, and the Lake Olathe/Park Master Plan).

In addition to the infrastructure projects contained in the CIP, the City works closely with the Olathe Chamber of Commerce to aggressively promote economic development by attracting companies to locate or relocate facilities to Olathe. Retail Manufacturing/Warehouse and Office development continues to grow throughout the City. In 2019, nearly 1,559,000 square feet of new space opened for an investment of \$148 million. Through economic initiatives, approximately 2,900 jobs were created or retained in 2019. Example of retail projects in 2019 include:

- Olathe Library - \$19 million investment.
- Holiday Inn Express - \$11 million investment
- Courtyard by Marriott - \$12 million investment
- Bank of Blue Valley - \$2 million investment
- CarMax - \$5 million investment
- Home Advisors / Angie's List - \$9.5 million investment.
- Medical office 119th & Ridgeview - \$2 million investment
- Honeywell - \$20 million investment
- Faith Technologies* - \$38.5 million investment

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

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

1. The City will continuously evaluate its financial position to ensure stability of the City to its citizens.
2. The City will minimize the use of long-term debt to finance major projects to avoid placing debt on future tax payers.
3. The City will provide a balanced revenue structure which is responsive to economic conditions.
4. The budget will be prepared in a way that 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 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 2020 budget. It has allowed the City to be viewed very favorably by rating agencies. The City enjoys 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 2020 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 2019 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 (74%) 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, 2018. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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 41 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 Government Finance Officers Association of the United States and Canada (GFOA) awarded an Award for Outstanding Achievement in Popular financial Reporting (PAFR) for fiscal year ended December 31, 2018. This is the first year the City has received this award.

The preparation of this report could not have been accomplished without the professional, efficient and dedicated services of the staff of the Resource Management Department. We want to express our appreciation to all members of the department that contributed to its preparation. Special thanks are extended to Loretta Morgan (Accounting Manager) and Scott McDonald (Senior Accountant), for their primary role in preparation of this CAFR. We would also like to thank the City Council and City Manager for the direction and support necessary to plan and conduct the financial operations of the City in a responsible, sound manner. Finally, we would like to extend the City's thanks to Allen, Gibbs, & Houlik for the cooperation and professional assistance provided during the audit of the City's 2018 financial records.

Respectfully submitted,



Dianna Wright
Director of Resource Management



Amy Tharnish, CPA
Assistant Director of Finance Services



Government Finance Officers Association

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

Presented to

**City of Olathe
Kansas**

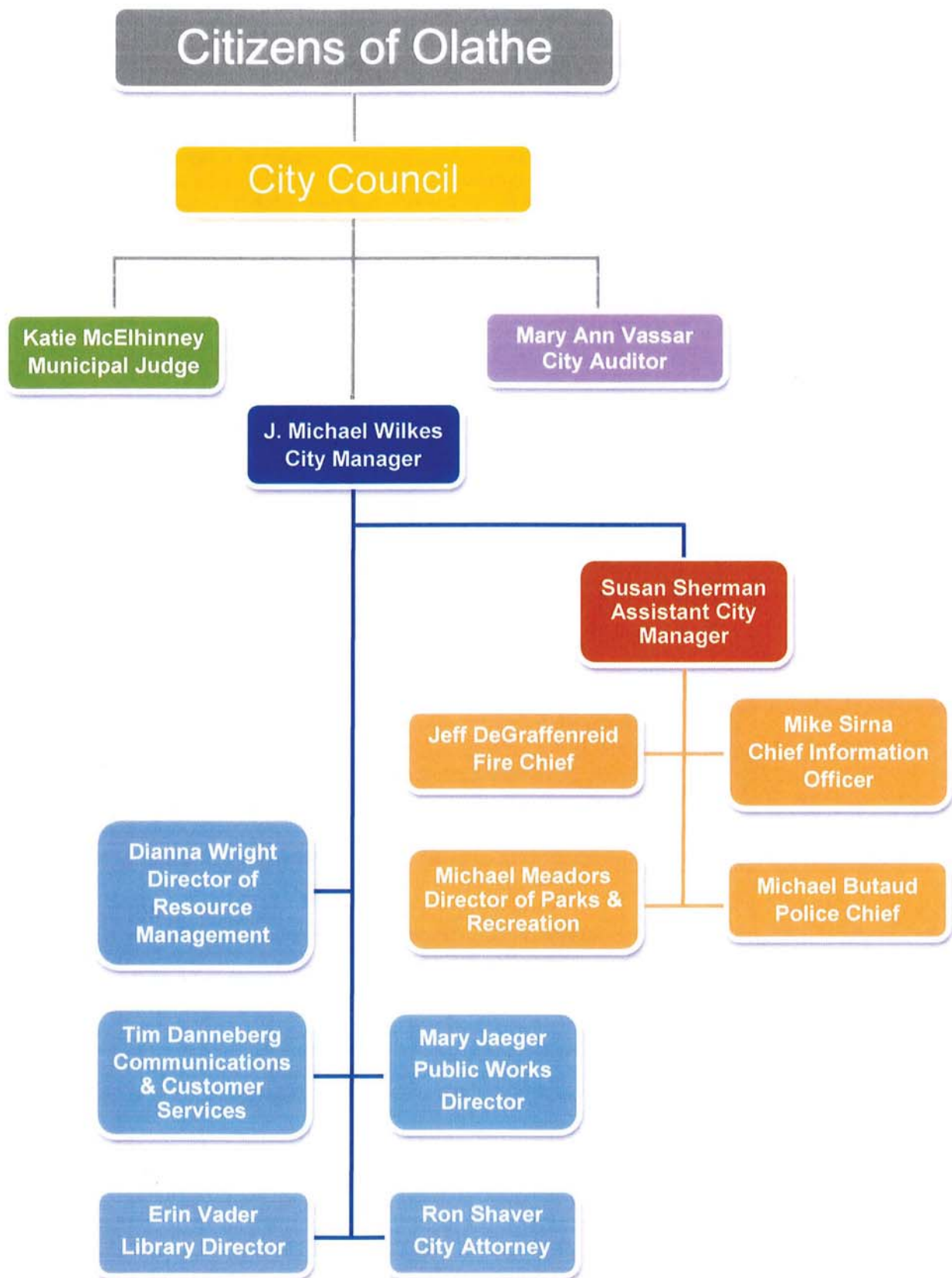
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2018

Christopher P. Morill

Executive Director/CEO

Organizational Chart



Financial Section

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Olathe, Kansas (the City), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the *Kansas Municipal Audit and Accounting Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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, 2019 and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by Government Auditing

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2020 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The

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

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

June 8, 2020
Wichita, Kansas



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, 2019. 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 17, 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, 2019 by \$874,198,596 (net position). Of this amount, \$86,513,864 (unrestricted net position) may be used to meet the City's ongoing obligations.
- The City's total net position increased by \$24,150,180. Governmental donated capital assets were \$10,767,992 and business-type donated capital assets were \$4,445,642. Sales tax decreased \$570,760 from 2018. The reason for the decrease is a large rebate of use tax from a state incentive program.
- As of December 31, 2019, the City's governmental funds reported combined ending fund balances of \$113,429,095, a decrease of \$41,608,277 from the prior year. The primary reasons for the decrease in fund balance of the City's governmental funds were attributable to the payment of refunded bonds in escrow (\$24,710,000) and the increase in capital expenditures from capital projects (\$14,643,822).
- At December 31, 2019, the fund balance for the general fund was \$30,925,240 or 31.3% of general fund revenues.
- The City's total debt, including temporary notes, increased by \$14,181,809 during 2019 to a total of \$425,507,524. The key factor in this increase was issuance of \$54,817,201 of temporary notes.
- The Total OPEB Liability as of the close of 2019 is \$27,399,493.
- The Total KPERS OPEB Liability as of the close of 2019 is \$2,251,032.
- The Net Pension Liability as of the end of the year is \$79,216,778.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

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

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

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

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

Fund financial statements

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

Governmental funds

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

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

The City maintains 19 individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, Capital Projects Fund, and Special Tax Financing Fund (debt service), all of which are considered to be major funds. Data from the other 15 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements on pages 90 – 93 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, personal computer replacement activities, and building maintenance. These five 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 112 – 115 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 \$874,198,596 at December 31, 2019. The City's net position increased by \$24,150,180. Governmental activities increased net position by \$16,036,914 while business-type activities increased net position by \$8,113,266 in 2019.

City of Olathe, Kansas
Net Position

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 278,930,963	\$ 289,584,991	\$ 71,110,817	\$ 73,216,534	\$ 350,041,780	\$ 362,801,525
Capital assets	719,345,960	678,019,607	374,558,837	356,726,341	1,093,904,797	1,034,745,948
Total assets	998,276,923	967,604,598	445,669,654	429,942,875	1,443,946,577	1,397,547,473
Deferred outflows of resources	16,348,283	16,054,290	2,534,253	2,139,376	18,882,536	18,193,666
Long-term liabilities	309,092,160	326,994,318	140,814,941	132,744,120	449,907,101	459,738,438
Other liabilities	81,715,483	51,029,203	1,875,078	1,895,821	83,590,561	52,925,024
Total liabilities	390,807,643	378,023,521	142,690,019	134,639,941	533,497,662	512,663,462
Deferred inflows of resources	54,619,770	52,474,488	513,085	554,773	55,132,855	53,029,261
Net position						
Invested in capital assets	459,371,993	468,020,359	250,360,224	239,764,049	709,732,217	707,784,408
Restricted	69,937,182	116,031,761	8,015,333	7,018,082	77,952,515	123,049,843
Unrestricted	39,888,618	(30,891,241)	46,625,246	50,105,406	86,513,864	19,214,165
Total net position	\$ 569,197,793	\$ 553,160,879	\$ 305,000,803	\$ 296,887,537	\$ 874,198,596	\$ 850,048,416

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

A portion of the City's net position, \$77,952,515 (8.9%), represents resources that are subject to external restrictions on how they may be used. Debt service restrictions of \$63,137,181 have decreased \$10,039,859 from the prior year.

The remaining balance of the net position of \$86,513,864 (\$39,888,618 governmental activities and \$46,625,246 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	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 23,348,854	\$ 25,199,448	\$ 61,645,522	\$ 62,059,667	\$ 84,994,376	\$ 87,259,115
Operating grants and contributions	3,212,795	2,548,814	-	-	3,212,795	2,548,814
Capital grants and contributions	24,823,201	17,409,373	4,445,642	2,813,011	29,268,843	20,222,384
General revenues:						
Property taxes	54,297,724	51,746,347	-	-	54,297,724	51,746,347
Other taxes	83,395,601	84,323,828	-	-	83,395,601	84,323,828
Interest	4,679,309	3,013,147	1,323,989	861,184	6,003,298	3,874,331
Other	3,162,265	4,497,232	1,421,749	1,341,098	4,584,014	5,838,330
Total revenues	196,919,749	188,738,189	68,836,902	67,074,960	265,756,651	255,813,149
Expenses:						
General government	33,634,434	31,670,765	-	-	33,634,434	31,670,765
Public safety	56,203,958	53,518,929	-	-	56,203,958	53,518,929
Public works	65,535,157	45,025,053	-	-	65,535,157	45,025,053
Community services	16,129,998	16,270,619	-	-	16,129,998	16,270,619
Interest on long-term debt	7,275,226	7,294,666	-	-	7,275,226	7,294,666
Water and sewer	-	-	48,649,227	43,452,685	48,649,227	43,452,685
Solid waste	-	-	14,178,471	13,945,482	14,178,471	13,945,482
Total expenses	178,778,773	153,780,032	62,827,698	57,398,167	241,606,471	211,178,199
Excess before transfers	18,140,976	34,958,157	6,009,204	9,676,793	24,150,180	44,634,950
Transfers	(2,104,062)	3,441,360	2,104,062	(3,441,360)	-	-
Change in net position	16,036,914	38,399,517	8,113,266	6,235,433	24,150,180	44,634,950
Net position, beginning of year,	553,160,879	514,761,362	296,887,537	290,652,104	850,048,416	805,413,466
Net position, end of year	\$ 569,197,793	\$ 553,160,879	\$ 305,000,803	\$ 296,887,537	\$ 874,198,596	\$ 850,048,416

Governmental activities

Governmental revenues increased \$8,181,560 or 4% over the prior year. Taxes increased by \$1,623,150. Capital grants and contributions increased \$7,413,828.

Governmental expenses increased \$24,998,741 or 16.3%. General government activities increased \$1,963,669. Public Safety increased \$2,685,029. Public works expenses increased \$20,510,104. Community services decreased \$140,621. Part of the increase in public works is because of an increase in capital expenditures in capital projects.

Business-type activities

Business-type activities increased the City's net position by \$8,113,266. A key element of the changes between 2018 and 2019 was capital contributions from developers. This continues to be a major source of revenue for the Water and Sewer Utility. Capital contributions increased net position by \$4,445,642 in 2019.

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 2019, unassigned fund balance of the general fund was \$30,662,381 and the total fund balance was \$30,925,240 which is 31.1% and 31.3% of the total general fund revenues, respectively.

The fund balance of the City's general fund increased by \$411,672 during 2019. The revenues increased by \$299,998 (0.3%). Expenditures increased by \$2,983,593 (3.3%). Transfers in increased \$257,311 while transfers out decreased by \$1,364,916.

The debt service fund has a total fund balance of \$45,262,320; \$16,741,852 of which is restricted for the payment of debt service. The net decrease in the fund balance during the current year in debt service was \$5,696,500. The decrease was caused by the payment of refunded bonds in escrow.

The capital projects fund decreased its fund balance by \$34,043,157 during 2019. Due to the increased economy, the City has increased capital projects. The capital improvement expenditures increased by \$14,643,822.

The special tax financing levy fund has a restricted fund balance of \$7,428,008 at the end of 2019. The fund balance increased by \$1,194,741 during the year. The primary reason for the increase is an increase in sales tax revenue of \$380,199.

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 2019 was \$39,491,359; and the Solid Waste Fund was \$(1,094,388). The total change in net position for the Water and Sewer Utility and Solid Waste were \$5,443,275 and \$323,635, respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

During the year, revenues were less than budgetary estimates by \$1,887,970 (1.9%). Sales taxes were \$3,464,546 less than budget due to a rebate of use tax for an incentive program from the state. Franchise fees were \$783,195 below budget due to a decrease in electric franchise fees. Total expenditures were less than budgetary estimates by \$24,308,661 (20.7%). As part of the budgeting process the City budgets for a contingency reserve for unforeseen expenditures. Of the total difference in the budgeted expenditures, \$22,495,191 is due to the restricted reserve. Public safety was over budget by \$463,146 (0.9%) due to overtime costs.

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, 2019, totaled \$1,093,904,797 (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	
	2019	2018	2019	2018	2019	2018
Land	\$ 110,795,342	\$ 109,198,405	\$ 4,593,804	\$ 4,622,031	\$ 115,389,146	\$ 113,820,436
Other nondepreciable assets	67,645	67,145	-	-	67,645	67,145
Land improvements	76,240	76,240	-	-	76,240	76,240
Buildings	119,475,336	112,336,740	33,778,295	33,778,295	153,253,631	146,115,035
Machinery & equipment	81,397,681	73,546,149	4,815,047	4,838,406	86,212,728	78,384,555
Swimming pools	10,021,514	10,021,514	-	-	10,021,514	10,021,514
Water system	-	-	222,833,825	209,901,704	222,833,825	209,901,704
Sewer system	-	-	205,302,302	202,543,397	205,302,302	202,543,397
Infrastructure	821,216,552	804,534,352	-	-	821,216,552	804,534,352
Books and materials	4,247,280	4,150,084	-	-	4,247,280	4,150,084
Construction in progress	153,723,791	111,808,070	33,403,750	23,867,627	187,127,541	135,675,697
Total capital assets	1,301,021,381	1,225,738,699	504,727,023	479,551,460	1,805,748,404	1,705,290,159
Less accumulated depreciation	581,675,421	547,719,092	130,168,186	122,825,119	711,843,607	670,544,211
Total capital assets (net)	\$ 719,345,960	\$ 678,019,607	\$ 374,558,837	\$ 356,726,341	\$ 1,093,904,797	\$ 1,034,745,948

Major additions to the capital assets this year include:

- Storm Sewer Mill Creek-Parkway & Harold
- Building Meadow Lane Trail
- Indoor Firing Range

Long-term debt

As of December 31, 2019, the City had total bonded debt outstanding of \$297,554,629. Of this amount, \$173,795,000 is comprised of debt backed by the full faith and credit of the City and \$23,209,629 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	
	2019	2018	2019	2018	2019	2018
General obligation bonds	\$ 165,145,000	\$ 190,005,000	\$ 8,650,000	\$ 9,945,000	\$ 173,795,000	\$ 199,950,000
Special obligation bonds	23,209,629	24,754,653	-	-	23,209,629	24,754,653
Revenue bonds	3,075,000	-	97,475,000	86,885,000	100,550,000	86,885,000
Total	<u>\$ 191,429,629</u>	<u>\$ 214,759,653</u>	<u>\$ 106,125,000</u>	<u>\$ 96,830,000</u>	<u>\$ 297,554,629</u>	<u>\$ 311,589,653</u>

The City's total debt, including temporary notes, increased by \$14,181,809 (3.4%) during 2019. The City issued \$54,817,201 of temporary notes and \$21,115,000 of general obligation bonds in 2018.

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 \$669,510,564 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 August 1, 2019 related to the City's General Obligation Series 232, and General Obligation Temporary Notes Series 2019-A. The financial information and operating data contained in these Official Statements are incorporated herein by reference.

Economic Factors and Next Year's Budget

Olathe is Listening – Based on Council expectation, the City is in its strongest position to date to listen to taxpayers. While the DirectionFinder survey continues to play the most critical role in identifying taxpayer priorities, the City has become more adept at obtaining and measuring data, creating and implementing new feedback tools, and ensuring the community has ample avenues to provide their guidance on how their tax dollars should be invested.

Olathe is Safe – National rankings and accreditations continue to show Olathe is a very safe city, and taxpayers fully expect it to remain so. The budget and CIP focus on public safety, adding a new fire station in west Olathe to support growth and demand, as well as eight fire fighters to fully staff it. It includes a new fire training center, creating cost and time savings for critical staff training in Olathe, as well as two new community enhancement officers.

Olathe is Moving – The budget and CIP include important infrastructure projects addressing traffic flow and congestion and maintenance of City assets. This includes additional funding for the City's annual street maintenance program and 18 major street improvement projects for traffic congestion and maintenance. The budget also includes 10 stormwater projects and a maintenance technician to assess culverts and other street crossings.

Olathe is Active – The budget and CIP include parks and trails enhancements to align with the voter-approved park sales tax. Those include the redevelopment of Lake Olathe and improvements to Cedar Lake Park, improvement to Lone Elm Park, and the new Cedar Creek Streamway Trail. To maintain the investments in Lake Olathe, the budget includes two dedicated park maintenance positions. It also includes two positions to construct and maintain the growing

inventory of medians and entry features throughout the City. With the opening of the new Indian Creek Library, the budget includes resources to support the active and programmed library space of today and tomorrow.

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, 2019

	Primary Government			Discretely Presented Component Unit
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash, cash equivalents, and investments	\$ 174,824,346	\$ 46,706,930	\$ 221,531,276	\$ 823,866
Cash held by trustee or restricted	1,541,753	8,015,333	9,557,086	-
Receivables (net of allowance)				
Taxes	67,700,946	-	67,700,946	-
Special assessments	31,407,591	-	31,407,591	-
Accounts	1,059,634	7,229,831	8,289,465	40,572
Accrued interest	2,932,643	-	2,932,643	-
Loans	3,818,516	-	3,818,516	-
Internal balances	(8,228,275)	8,228,275	-	-
Due from other governments	3,417,925	-	3,417,925	-
Inventories and other prepaid items	444,884	930,448	1,375,332	-
Capital assets:				
Land and construction in progress	264,586,778	37,997,554	302,584,332	442,111
Other capital assets, net of accumulated depreciation	454,759,182	336,561,283	791,320,465	1,857,705
Other assets	11,000	-	11,000	-
Total assets	<u>998,276,923</u>	<u>445,669,654</u>	<u>1,443,946,577</u>	<u>3,164,254</u>
Deferred Outflows of Resources				
Deferred pension	13,926,131	1,837,821	15,763,952	-
Deferred OPEB	1,361,938	259,417	1,621,355	-
Deferred KPERS OPEB	399,935	224,964	624,899	-
Deferred amounts on refunding	660,279	212,051	872,330	-
Total deferred outflows of resources	<u>16,348,283</u>	<u>2,534,253</u>	<u>18,882,536</u>	<u>-</u>
 Total assets and deferred outflows of resources	<u>\$ 1,014,625,206</u>	<u>\$ 448,203,907</u>	<u>\$ 1,462,829,113</u>	<u>\$ 3,164,254</u>
Liabilities				
Accounts and other current liabilities	\$ 19,133,050	\$ 1,500,012	\$ 20,633,062	\$ 142,548
Interest payable	7,765,232	134,891	7,900,123	-
Temporary notes	54,817,201	-	54,817,201	-
Deposits	-	240,175	240,175	-
Unearned revenue	-	-	-	-
Noncurrent liabilities:				
Due within one year	41,366,583	9,726,454	51,093,037	-
Due in more than one year	198,713,089	120,884,197	319,597,286	74,367
Net pension liability	69,012,488	10,204,290	79,216,778	-
Total liabilities	<u>390,807,643</u>	<u>142,690,019</u>	<u>533,497,662</u>	<u>216,915</u>
Deferred Inflows of Resources				
Property taxes levied for a subsequent period	52,495,017	-	52,495,017	-
KPERS pension	1,054,728	278,140	1,332,868	-
KPERS OPEB	103,668	50,877	154,545	-
OPEB	966,357	184,068	1,150,425	-
Total Deferred Inflows of Resources	<u>54,619,770</u>	<u>513,085</u>	<u>55,132,855</u>	<u>-</u>
Net Position				
Net investment in capital assets	459,371,993	250,360,224	709,732,217	2,299,816
Restricted for:				
Debt service	55,121,848	8,015,333	63,137,181	-
Public safety	351,792	-	351,792	-
Capital improvements	4,039,090	-	4,039,090	-
Community services	6,958,999	-	6,958,999	-
General government	3,465,453	-	3,465,453	-
Unrestricted	39,888,618	46,625,246	86,513,864	647,523
Total net position	<u>569,197,793</u>	<u>305,000,803</u>	<u>874,198,596</u>	<u>2,947,339</u>
 Total liabilities, deferred inflows of of resources, and net position	<u>\$ 1,014,625,206</u>	<u>\$ 448,203,907</u>	<u>\$ 1,462,829,113</u>	<u>\$ 3,164,254</u>

See accompanying notes to the basic financial statements

City of Olathe, Kansas
Statement of Activities
For the Year Ended December 31, 2019

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	\$ 33,634,434	\$ 4,852,589	\$ 1,644,513	\$ -	\$ (27,137,332)
Public safety	56,203,958	3,607,841	1,188,230	282,531	(51,125,356)
Public works	65,535,157	8,752,953	63,243	24,182,621	(32,536,340)
Community services	16,129,998	6,135,471	316,809	358,049	(9,319,669)
Interest on long-term debt	7,275,226	-	-	-	(7,275,226)
Total governmental activities	<u>178,778,773</u>	<u>23,348,854</u>	<u>3,212,795</u>	<u>24,823,201</u>	<u>(127,393,923)</u>
Business-type activities					
Water and sewer	48,649,227	45,700,559	-	4,445,642	1,496,974
Solid waste	14,178,471	15,944,963	-	-	1,766,492
Total business-type activities	<u>62,827,698</u>	<u>61,645,522</u>	<u>-</u>	<u>4,445,642</u>	<u>3,263,466</u>
Total primary government	<u>\$ 241,606,471</u>	<u>\$ 84,994,376</u>	<u>\$ 3,212,795</u>	<u>\$ 29,268,843</u>	<u>\$ (124,130,457)</u>
Nonmajor discretely presented component unit					
Olathe Public Housing Authority	<u>\$ 4,406,709</u>	<u>\$ 449,021</u>	<u>\$ 3,712,978</u>	<u>\$ 146,844</u>	<u>\$ (97,866)</u>

See accompanying notes to the basic financial statements

City of Olathe, Kansas
Statement of Activities
For the Year Ended December 31, 2019

	Primary Government			Discretely Presented Component Unit
	Governmental Activities	Business-type Activities	Total	
Changes in net position				
Net (expense) revenue	<u>\$ (127,393,923)</u>	<u>\$ 3,263,466</u>	<u>\$ (124,130,457)</u>	<u>\$ (97,866)</u>
General revenues				
Taxes:				
Property taxes, levied for general purpose	33,912,931	-	33,912,931	-
Property taxes, levied for debt service	20,384,793	-	20,384,793	-
Sales tax	69,958,462	-	69,958,462	-
Franchise taxes	11,638,652	-	11,638,652	-
Transient guest tax	1,798,487	-	1,798,487	-
Unrestricted investment earnings	4,679,309	1,323,989	6,003,298	1,164
Miscellaneous	3,162,265	1,421,749	4,584,014	41,412
Transfers - internal activities	(2,104,062)	2,104,062	-	-
Total general revenues and transfers	<u>143,430,837</u>	<u>4,849,800</u>	<u>148,280,637</u>	<u>42,576</u>
Change in net position	<u>16,036,914</u>	<u>8,113,266</u>	<u>24,150,180</u>	<u>(55,290)</u>
Net position - beginning of year	<u>553,160,879</u>	<u>296,887,537</u>	<u>850,048,416</u>	<u>3,002,629</u>
Net position - end of year	<u><u>\$ 569,197,793</u></u>	<u><u>\$ 305,000,803</u></u>	<u><u>\$ 874,198,596</u></u>	<u><u>\$ 2,947,339</u></u>

See accompanying notes to the basic financial statements

City of Olathe, Kansas
Balance Sheet
Governmental Funds
December 31, 2019

		Debt Service			Other	Total
	General	Debt Service	Special Tax Financing	Capital Projects	Governmental Funds	Governmental Funds
Assets						
Cash, cash equivalents, and investments	\$ 27,751,945	\$ 42,950,890	\$ 5,242,588	\$ 59,840,533	\$ 20,577,043	\$ 156,362,999
Cash held by trustee	-	-	1,541,753	-	-	1,541,753
Receivables (net of allowance)						
Taxes	31,404,198	19,654,228	3,876,842	-	12,765,678	67,700,946
Accounts	145,391	-	-	-	781,646	927,037
Accrued interest	2,932,643	-	-	-	-	2,932,643
Special assessments	-	31,407,591	-	-	-	31,407,591
Loans	-	-	-	-	3,818,516	3,818,516
Due from other funds	1,442,344	-	-	-	-	1,442,344
Due from other governments	111,943	-	-	1,682,778	1,606,058	3,400,779
Prepaid assets	109,998	-	-	-	44,704	154,702
Total assets and deferred outflows of resources	<u>\$ 63,898,462</u>	<u>\$ 94,012,709</u>	<u>\$ 10,661,183</u>	<u>\$ 61,523,311</u>	<u>\$ 39,593,645</u>	<u>\$ 269,689,310</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 7,774,662	\$ -	\$ 133,175	\$ 2,970,918	\$ 647,427	\$ 11,526,182
Accrued payroll	4,998,945	-	-	-	-	4,998,945
Due to other funds	-	-	-	1,289,528	1,442,344	2,731,872
Temporary notes	-	-	-	54,817,201	-	54,817,201
Total liabilities	<u>12,773,607</u>	<u>-</u>	<u>133,175</u>	<u>59,077,647</u>	<u>2,089,771</u>	<u>74,074,200</u>
Deferred Inflows of Resources						
Property taxes levied for a subsequent period	20,087,519	19,654,228	3,100,000	-	9,653,270	52,495,017
Unavailable revenue - intergovernmental	100,000	-	-	-	482,741	582,741
Unavailable revenue - special assessments	-	29,096,161	-	-	-	29,096,161
Unavailable revenue - other	12,096	-	-	-	-	12,096
Total deferred inflows of resources	<u>20,199,615</u>	<u>48,750,389</u>	<u>3,100,000</u>	<u>-</u>	<u>10,136,011</u>	<u>82,186,015</u>
Fund balances						
Nonspendable	109,998	-	-	-	44,704	154,702
Restricted	-	16,741,852	7,428,008	2,445,664	12,967,019	39,582,543
Committed	-	-	-	-	14,356,140	14,356,140
Assigned	152,861	28,520,468	-	-	-	28,673,329
Unassigned	30,662,381	-	-	-	-	30,662,381
Total fund balances	<u>30,925,240</u>	<u>45,262,320</u>	<u>7,428,008</u>	<u>2,445,664</u>	<u>27,367,863</u>	<u>113,429,095</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 63,898,462</u>	<u>\$ 94,012,709</u>	<u>\$ 10,661,183</u>	<u>\$ 61,523,311</u>	<u>\$ 39,593,645</u>	<u>\$ 269,689,310</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, 2019

Total fund balance - all governmental funds \$ 113,429,095

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. 719,345,960

Land and construction in progress	\$	264,586,778
Capital assets being depreciated		1,036,434,603
Accumulated depreciation		(581,675,421)

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. (316,857,392)

Interest payable		(7,765,232)
Noncurrent liabilities:		
Due within one year		
General obligation bonds		(23,092,323)
Special obligation bonds		(15,854,629)
Revenue bonds		(105,000)
Compensated absences		(2,314,631)
Due in more than one year		
General obligation bonds		(161,960,757)
Special obligation bonds		(7,355,000)
Revenue bonds		(2,970,000)
Compensated absences		(1,956,151)
Total OPEB liability		(24,471,181)
Pension liability		(69,012,488)

Long-term assets or deferred outflows of resources are not available to pay current period expenditures and are therefore deferred in the fund statements. 43,914,528

Special assessments		29,096,161
Deferred refunding		660,279
Deferred outflows - pension		13,926,131
Deferred outflows - KPERS OPEB		399,935
Deferred outflows - OPEB		1,361,938
Deferred inflows - KPERS pension		(1,054,728)
Deferred inflow - OPEB		(966,357)
Deferred inflows - KPERS OPEB		(103,668)
Deferred inflows - other		12,096
Due from other governments		582,741

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. 9,365,602

Internal service fund capital assets, net		(28,629,021)
Internal service fund compensated absences		143,710
Internal service fund net position		46,079,188
Internal service fund due to business-type		(8,228,275)

Net position of governmental activities \$ 569,197,793

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, 2019

		Debt Service			Other	Total
	General	Debt Service	Special Tax Financing	Capital Projects	Governmental Funds	Governmental Funds
Revenues						
Taxes:						
Property	\$ 20,888,757	\$ 20,384,793	\$ 2,996,839	\$ -	\$ 10,027,335	\$ 54,297,724
Sales	50,969,434	424,913	3,493,999	-	15,070,116	69,958,462
Franchise	11,638,652	-	-	-	-	11,638,652
Transient guest	-	-	416,391	-	1,382,096	1,798,487
Special assessments	-	5,694,851	-	-	-	5,694,851
Intergovernmental	1,207,182	-	-	6,880,185	6,547,409	14,634,776
Licenses and permits	2,568,592	-	-	-	-	2,568,592
Fines, forfeitures, and penalties	3,154,619	-	-	-	135,255	3,289,874
Charges for services	6,177,071	-	-	-	11,313,317	17,490,388
Use of money and property	1,195,136	1,285,989	145,496	1,011,772	658,329	4,296,722
Miscellaneous	911,315	21,344	-	360,617	645,904	1,939,180
Total revenues	<u>98,710,758</u>	<u>27,811,890</u>	<u>7,052,725</u>	<u>8,252,574</u>	<u>45,779,761</u>	<u>187,607,708</u>
Expenditures						
Current:						
General government	22,877,570	89,865	111,423	-	8,797,826	31,876,684
Public safety	51,748,507	-	-	-	1,527,760	53,276,267
Public works	10,652,244	-	-	-	3,367,493	14,019,737
Community services	8,147,225	-	-	-	7,912,165	16,059,390
Capital improvements	-	-	3,467,661	80,555,818	-	84,023,479
Debt service:						
Principal retirements	950	21,265,000	1,545,024	-	150,000	22,960,974
Interest and fiscal charges	23	7,813,256	733,876	245,306	77,914	8,870,375
Total expenditures	<u>93,426,519</u>	<u>29,168,121</u>	<u>5,857,984</u>	<u>80,801,124</u>	<u>21,833,158</u>	<u>231,086,906</u>
Excess of revenues over (under) expenditures	<u>5,284,239</u>	<u>(1,356,231)</u>	<u>1,194,741</u>	<u>(72,548,550)</u>	<u>23,946,603</u>	<u>(43,479,198)</u>
Other financing sources (uses)						
Issuance of general obligation bonds	-	-	-	14,204,654	-	14,204,654
Payment to refunded bond escrow	-	(24,710,000)	-	-	-	(24,710,000)
Issuance of refunding bonds	-	10,094,579	-	-	-	10,094,579
Bond premium	-	1,352,590	-	1,878,445	-	3,231,035
Insurance proceeds	-	-	-	-	664,211	664,211
Transfers in	7,147,180	9,131,260	-	28,264,808	1,675,076	46,218,324
Transfers out	(12,019,747)	(208,698)	-	(5,842,514)	(29,760,923)	(47,831,882)
Total other financing sources (uses)	<u>(4,872,567)</u>	<u>(4,340,269)</u>	<u>-</u>	<u>38,505,393</u>	<u>(27,421,636)</u>	<u>1,870,921</u>
Net changes in fund balances	<u>411,672</u>	<u>(5,696,500)</u>	<u>1,194,741</u>	<u>(34,043,157)</u>	<u>(3,475,033)</u>	<u>(41,608,277)</u>
Fund balances - beginning of year	<u>30,513,568</u>	<u>50,958,820</u>	<u>6,233,267</u>	<u>36,488,821</u>	<u>30,842,896</u>	<u>155,037,372</u>
Fund balances - end of year	<u>\$ 30,925,240</u>	<u>\$ 45,262,320</u>	<u>\$ 7,428,008</u>	<u>\$ 2,445,664</u>	<u>\$ 27,367,863</u>	<u>\$ 113,429,095</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, 2019

Net change in fund balances - all governmental funds \$ (41,608,277)

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. 25,797,015

Capital outlay	\$ 57,583,832	
Depreciation	(31,786,817)	

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. 20,575,431

Principal payments	22,960,974	
Proceeds of general obligation bonds	(24,299,233)	
Payment to refund bond escrow	24,710,000	
Premium	(3,231,035)	
OPEB	331,797	
KPERS OPEB	102,928	

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. (2,280,484)

Compensated absences	(109,593)	
Pension	(4,069,088)	
Interest expense	1,898,197	

Revenues in the statement of activities that do not provide current financing resources are not reported as revenues in the funds. 7,570,895

Special assessments	(1,868,278)	
Donated capital assets	10,767,992	
Deferred refunding	(118,328)	
Capital grant	(1,210,491)	

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. 5,982,334

Change in net position of governmental activities \$ 16,036,914

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, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues			
Taxes:			
Property	\$ 20,776,043	\$ 20,888,757	\$ 112,714
Sales	54,433,980	50,969,434	(3,464,546)
Franchise	12,421,847	11,638,652	(783,195)
Intergovernmental	1,099,452	1,207,182	107,730
Licenses and permits	2,282,606	2,568,592	285,986
Fines, forfeitures, and penalties	2,593,500	3,154,619	561,119
Charges for services	6,019,800	6,177,071	157,271
Use of money and property	282,000	1,195,136	913,136
Miscellaneous	689,500	911,315	221,815
Total revenues	<u>100,598,728</u>	<u>98,710,758</u>	<u>(1,887,970)</u>
Expenditures			
General government	31,864,656	9,723,588	22,141,068
Administration	3,351,606	3,090,342	261,264
Legal	3,665,876	3,532,553	133,323
Information technology services	4,663,871	3,901,412	762,459
Resource management	2,976,818	2,674,165	302,653
Public safety	51,305,823	51,768,969	(463,146)
Public works	11,065,898	10,422,827	643,071
Community services	8,125,768	8,097,799	27,969
Contingency	500,000	-	500,000
Total expenditures	<u>117,520,316</u>	<u>93,211,655</u>	<u>24,308,661</u>
Excess of revenues over expenditures	<u>(16,921,588)</u>	<u>5,499,103</u>	<u>22,420,691</u>
Other financing sources (uses)			
Transfers in	7,146,559	7,147,180	621
Transfers out	<u>(12,720,162)</u>	<u>(12,019,746)</u>	<u>700,416</u>
Total other financing sources (uses)	<u>(5,573,603)</u>	<u>(4,872,566)</u>	<u>701,037</u>
Net change in fund balance	<u>\$ (22,495,191)</u>	<u>626,537</u>	<u>\$ 23,121,728</u>
Fund balance - beginning of year - budget basis		30,145,842	
Fund balance - end of year - budget basis		30,772,379	
Encumbrances incurred and outstanding		152,861	
Fund balance - end of year - GAAP basis		<u>\$ 30,925,240</u>	

City of Olathe, Kansas
Statement of Net Position
Proprietary Funds
December 31, 2019

	Business-type Activities - Enterprise Funds			Governmental Activities -
	Major			
	Water and Sewer Fund	Solid Waste Fund	Total	Internal Service Funds
Assets				
Current assets:				
Cash and cash equivalents	\$ 45,225,694	\$ 1,481,236	\$ 46,706,930	\$ 18,461,347
Accounts receivable (net of allowance)	5,619,487	1,610,344	7,229,831	132,597
Due from other governments	-	-	-	17,146
Inventories and other prepaid items	930,448	-	930,448	290,182
Total current assets	51,775,629	3,091,580	54,867,209	18,901,272
Noncurrent assets:				
Restricted assets:				
Cash and cash equivalents	8,015,333	-	8,015,333	-
Due from other funds	-	-	-	1,289,528
Other	-	-	-	11,000
Total restricted assets	8,015,333	-	8,015,333	1,300,528
Capital assets:				
Capital assets not being depreciated				
Land	3,338,799	1,255,005	4,593,804	-
Construction in progress	33,403,750	-	33,403,750	-
Total capital assets not being depreciated	36,742,549	1,255,005	37,997,554	-
Capital assets being depreciated				
Buildings	33,778,295	-	33,778,295	-
Machinery and equipment	3,062,969	1,752,078	4,815,047	65,649,957
Water system	222,833,825	-	222,833,825	-
Sewer system	205,302,302	-	205,302,302	-
Total capital assets being depreciated	464,977,391	1,752,078	466,729,469	65,649,957
Less accumulated depreciation	(128,836,005)	(1,332,181)	(130,168,186)	(37,020,936)
Total capital assets (net of accumulated depreciation)	372,883,935	1,674,902	374,558,837	28,629,021
Total noncurrent assets	380,899,268	1,674,902	382,574,170	29,929,549
Total assets	432,674,897	4,766,482	437,441,379	48,830,821
Deferred Outflows of Resources				
Deferred pension	1,266,198	571,623	1,837,821	-
Deferred OPEB	194,563	64,854	259,417	-
Deferred KPERS OPEB	156,225	68,739	224,964	-
Deferred amounts on refunding	212,051	-	212,051	-
Total deferred outflows of resources	1,829,037	705,216	2,534,253	-
Total assets and deferred outflows of resources	\$ 434,503,934	\$ 5,471,698	\$ 439,975,632	\$ 48,830,821

See accompanying notes to the basic financial statements

City of Olathe, Kansas
Statement of Net Position
Proprietary Funds
December 31, 2019

	Business-type Activities - Enterprise Funds			Governmental Activities -
	Major			
	Water and Sewer Fund	Solid Waste Fund	Total	Internal Service Funds
Liabilities				
Current liabilities:				
Accounts and claims payable	\$ 1,487,125	\$ 12,887	\$ 1,500,012	\$ 2,596,923
Interest payable	134,891	-	134,891	-
Compensated absences	594,446	202,741	797,187	133,910
Current portion of general obligation bonds	1,330,000	-	1,330,000	-
Current portion of capital leases	1,556,751	-	1,556,751	-
Current portion of revolving loan	1,369,707	-	1,369,707	-
Current portion of revenue bonds	4,672,809	-	4,672,809	-
Total current liabilities	<u>11,145,729</u>	<u>215,628</u>	<u>11,361,357</u>	<u>2,730,833</u>
Noncurrent liabilities:				
Compensated absences	168,281	55,173	223,454	9,800
General obligation bonds	7,320,000	-	7,320,000	-
Capital leases, net	992,747	-	992,747	-
Revolving loan, net	12,304,672	-	12,304,672	-
Revenue bonds, net	94,863,978	-	94,863,978	-
Total KPERS OPEB liability	552,380	243,047	795,427	-
Total OPEB liability	3,287,940	1,095,979	4,383,919	-
Net pension liability	7,086,313	3,117,977	10,204,290	-
Deposit	240,175	-	240,175	11,000
Total noncurrent liabilities	<u>126,816,486</u>	<u>4,512,176</u>	<u>131,328,662</u>	<u>20,800</u>
Total liabilities	<u>137,962,215</u>	<u>4,727,804</u>	<u>142,690,019</u>	<u>2,751,633</u>
Deferred Inflows of Resources				
KPERS pension	193,152	84,988	278,140	-
KPERS OPEB	35,331	15,546	50,877	-
OPEB	121,222	62,846	184,068	-
Total deferred inflows of resources	<u>349,705</u>	<u>163,380</u>	<u>513,085</u>	<u>-</u>
Net position				
Net investment in capital assets	248,685,322	1,674,902	250,360,224	28,629,021
Restricted for bond requirements	8,015,333	-	8,015,333	-
Unrestricted	39,491,359	(1,094,388)	38,396,971	17,450,167
Total net position	<u>296,192,014</u>	<u>580,514</u>	<u>296,772,528</u>	<u>46,079,188</u>
Total liabilities and net position	<u>\$ 434,503,934</u>	<u>\$ 5,471,698</u>		<u>\$ 48,830,821</u>
Reconciliation to government-wide statement of net position:				
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds			8,228,275	
Net position of business-type activities			<u>\$ 305,000,803</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, 2019

	Business-type Activities - Enterprise Funds			Governmental Activities -
	Major			
	Water and Sewer Fund	Solid Waste Fund	Total	Internal Service Funds
Operating revenues				
Charges for services	\$ 45,700,559	\$ 15,944,963	\$ 61,645,522	\$ 38,761,204
Intergovernmental	-	-	-	17,146
Miscellaneous	1,218,977	98,417	1,317,394	-
Total operating revenues	<u>46,919,536</u>	<u>16,043,380</u>	<u>62,962,916</u>	<u>38,778,350</u>
Operating expenses				
Water production	6,481,651	-	6,481,651	-
Wastewater treatment	9,717,089	-	9,717,089	-
Water and sewer maintenance	4,726,406	-	4,726,406	-
Administration and general	16,626,948	4,408,525	21,035,473	18,577,978
Equipment maintenance	-	-	-	6,553,216
Sanitation expense	-	6,291,211	6,291,211	-
Transfer station expense	-	4,660,627	4,660,627	-
Depreciation	7,265,508	100,918	7,366,426	5,769,425
Total operating expenses	<u>44,817,602</u>	<u>15,461,281</u>	<u>60,278,883</u>	<u>30,900,619</u>
Operating income	<u>2,101,934</u>	<u>582,099</u>	<u>2,684,033</u>	<u>7,877,731</u>
Nonoperating revenues (expenses)				
Interest income	1,286,909	37,080	1,323,989	382,589
Interest expense	(4,895,171)	-	(4,895,171)	-
Gain from sale of equipment	-	104,355	104,355	558,874
Total nonoperating revenues (expenses)	<u>(3,608,262)</u>	<u>141,435</u>	<u>(3,466,827)</u>	<u>941,463</u>
Net income (loss) before transfers and capital contributions	<u>(1,506,328)</u>	<u>723,534</u>	<u>(782,794)</u>	<u>8,819,194</u>
Transfers in	2,503,961	101	2,504,062	14,748
Transfers out	-	(400,000)	(400,000)	(505,252)
Capital contributions	4,445,642	-	4,445,642	-
Change in net position	<u>5,443,275</u>	<u>323,635</u>	<u>5,766,910</u>	<u>8,328,690</u>
Net position - beginning of year	<u>290,748,739</u>	<u>256,879</u>		<u>37,750,498</u>
Net position - end of year	<u>\$ 296,192,014</u>	<u>\$ 580,514</u>		<u>\$ 46,079,188</u>
Reconciliation to government-wide statement of activities:				
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds.			<u>2,346,356</u>	
Change in net position of business-type activities			<u>\$ 8,113,266</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, 2019

	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	\$ 47,407,435	\$ 16,025,203	\$ 63,432,638	\$ 38,654,230
Payments to suppliers	(25,902,630)	(9,906,639)	(35,809,269)	(21,923,220)
Payments to employees	(12,514,641)	(5,419,240)	(17,933,881)	(2,909,076)
Net cash provided by (used in) operating activities	8,990,164	699,324	9,689,488	13,821,934
Cash Flows from Noncapital Financing Activities				
Transfers from other funds	2,503,961	101	2,504,062	14,748
Transfers to other funds	-	(400,000)	(400,000)	(505,252)
Net cash provided by (used in) noncapital financing activities	2,503,961	(399,899)	2,104,062	(490,504)
Cash Flows from Capital and Related Financing Activities				
Acquisitions and construction of capital assets	(19,851,471)	-	(19,851,471)	(10,530,771)
Proceeds from sales of capital assets	-	132,582	132,582	558,874
Proceeds from revenue bonds	16,360,000	-	16,360,000	-
Principal paid on revenue bonds	(5,770,000)	-	(5,770,000)	-
Principal paid on general obligation bonds	(1,295,000)	-	(1,295,000)	-
Interest paid on revenue bonds	(4,091,214)	-	(4,091,214)	-
Interest paid on general obligation bonds	(297,394)	-	(297,394)	-
Principal paid on revolving loans	(1,326,010)	-	(1,326,010)	-
Interest paid on revolving loans	(421,044)	-	(421,044)	-
Principal paid on capital lease	(1,467,805)	-	(1,467,805)	-
Interest paid on capital lease	(81,401)	-	(81,401)	-
Net cash (used in) capital and related financing activities	(18,241,339)	132,582	(18,108,757)	(9,971,897)
Cash Flows from Investing Activities				
Interest received	1,286,909	37,080	1,323,989	382,588
Net cash provided by investing activities	1,286,909	37,080	1,323,989	382,588
Net increase (decrease) in cash and cash equivalents	(5,460,305)	469,087	(4,991,218)	3,742,121
Cash and cash equivalents - beginning of year	58,701,332	1,012,149	59,713,481	14,719,226
Cash and cash equivalents - end of year	\$ 53,241,027	\$ 1,481,236	\$ 54,722,263	\$ 18,461,347

See accompanying notes to the basic financial statements

City of Olathe, Kansas
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2019

	Business-type Activities - Enterprise Funds			Governmental Activities -
	Major			Internal Service Funds
	Water and Sewer Fund	Solid Waste Fund	Total	
Reconciliation of operating income to net cash provided by (used in) operating activities				
Operating income	\$ 2,101,934	\$ 582,099	\$ 2,684,033	\$ 7,877,731
Adjustments to reconcile operating income to cash provided by (used in) operating activities				
Depreciation	7,265,508	100,918	7,366,426	5,769,425
Changes in assets and liabilities				
(Increase) decrease in receivables	(487,899)	(80,240)	(568,139)	(68,860)
(Increase) in deferred outflows	(292,076)	(102,801)	(394,877)	-
(Increase) decrease in inventories	28,994	-	28,994	34,933
Decrease in due from other funds	-	-	-	104,369
Increase (decrease) in accounts and claims payable	32,225	840	33,065	102,520
Increase in net pension liability	236,853	104,215	341,068	-
(Decrease) in deferred inflows	(44,954)	3,266	(41,688)	-
Increase in total KPERS OPEB liability	70,119	30,852	100,971	-
Increase in total OPEB liability	136,021	45,341	181,362	-
(Decrease) in deposits	(40,775)	-	(40,775)	-
Increase in compensated absences	(15,786)	14,834	(952)	1,816
Total adjustments	6,888,230	117,225	7,005,455	5,944,203
Net cash provided by (used in) operating activities	<u>\$ 8,990,164</u>	<u>\$ 699,324</u>	<u>\$ 9,689,488</u>	<u>\$ 13,821,934</u>
Noncash investing capital and financing activities:				
Contributed capital assets	\$ 4,445,642	\$ -	\$ 4,445,642	\$ -

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, 2019

1. Summary of Significant Accounting Policies

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

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

a. Reporting Entity

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

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

b. Individual Component Unit Disclosures

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

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

c. Basis of Presentation – Fund Accounting

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

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

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2019

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 accounted for and reported in another fund.

Debt Service

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

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2019

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.

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2019

Governmental Funds

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

"Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Significant revenues, which are considered susceptible to accrual, include property taxes, sales taxes, franchise taxes, interest, and certain state and federal grants and entitlements. Expenditures, including capital outlays, are recorded in all nonproprietary fund types when the related liability is both measurable and incurred except for general obligation debt principal and interest which are reported as expenditures in the year due.

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

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

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

e. Cash and Cash Equivalents

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

f. Accounts Receivable

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

g. Inventories and Other Prepaid Items

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

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2019

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 OPEB and pensions and contributions made after the measurement date. These represent a consumption of net position that applies to future periods and is not recognized as an outflow of resources until then.

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

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2019

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 OPEB and pension is reported for the differences between expected and actual experience, the net difference between projected and actual earnings on pension investments, and changes of assumptions.

j. Budgets and Budgetary Accounting

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

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

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

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

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

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

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

- (1) Preparation of the budget for the succeeding calendar year on or before August 1 of each year.
- (2) Publication of the proposed budget on or before August 5 of each year.

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2019

(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.

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2019

(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, 2019, the City implemented GASB Statement No. 83, *Certain Asset Retirement Obligations*. The objective of this Statement is to enhance comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure certain AROs, including obligations that may not have been previously reported. This Statement also will enhance the decision-usefulness of the information provided to financial statement user by requiring disclosure related to those AROs.

For the year ended December 31, 2019, the City implemented GASB Statement No.84, *Fiduciary Activities*. The objective of this Statement is to enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities.

For the year ended December 31, 2019, the City implemented GASB Statement No. 88, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objective of this Statement is to improve financial reporting by providing users of financial statement with essential information that currently is not consistently provided. In addition, information about resources to liquidate debt and the risk associated with the changes in terms associated with debt will be disclosed.

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2019

For the year ended December 31, 2019, the City implemented GASB Statement No. 90, *Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61*. The objective of this Statement is to improve financial reporting by providing users of financial statement with essential information related to presentation of majority equity interests in legally separate organization that previously was reported inconsistently. In addition, requiring reporting of information about the cost of services to be provided by the component unit in relation to the consideration provided to acquire the component unit. that currently is not consistently provided.

2. Deposits and Investments

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

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

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

The City has the following recurring fair value measurements as of December 31, 2019:

Government Agencies of \$36.7 million are valued using observable inputs (Level 2 inputs).
U.S. Treasury Notes of \$5.0 million are valued using quoted market prices (Level 1 inputs).
State investment pool of \$10.4 million are valued using net asset value (Level 1 inputs).

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 as follows are the City's investments with maturity dates.

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2019

Cash, Cash Equivalents, and Investments	Maturities	Fair Value
State investment pool - overnight	6 months or less	\$ 10,446,181
Government Agency	12-Feb-20	10,014,005
Government Agency	28-Sep-20	4,990,844
Government Agency	10-Jan-20	4,998,322
Government Agency	15-Oct-20	5,045,270
Government Agency	1-May-20	4,995,388
Government Agency	1-May-20	1,666,461
Government Agency	20-Apr-20	4,996,000
Treasury Note	31-Jan-20	4,998,400
Total investments		52,150,871
Certificates of deposit		148,000,000
Cash held by trustee		1,541,753
Restricted cash deposits		8,015,333
Unrestricted cash deposits		21,380,405
Total cash, cash equivalents, and investments		<u>\$ 231,088,362</u>

Credit Risk – State law limits investments to Temporary Notes of the City, Collateralized Certificates of Deposit, Collateralized Repurchase Agreements, U.S. Treasury Obligations, the Kansas Municipal Investment Pool, Commercial Bank Savings Accounts, U.S. Government Agency Securities, U.S. Government Sponsored Corporation's Instruments, and Multiple Client Investment Pools. The City's policy on credit risk follows state statutes. As of December 31, 2019, 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).

Concentration of Credit Risk – At December 31, 2019, of total cash and investment, the City invested \$148 million, or 64%, in certificates of deposit, \$36.7 million or 16% in Government Sponsored Corporation's Instruments ((FHLMC (32%), FFCB (27%) and FHLB (41%)) – (all rated Aaa by Moody's)), \$5.0 million or 2% in Treasury Notes, \$10.4 million or 5% in the Kansas Municipal Investment Pool, and \$21.3 million, or 9%, in unrestricted cash deposit accounts. The City also has \$9.5 million or 4% of cash that is held by trustee or restricted.

Custodial Credit Risk – For deposits or investments, custodial credit risk is the risk that, in the event of the failure of the bank or counterparty, the City will not be able to recover the value of its deposits, investments, or collateral securities that are in the possession of an outside party. The City's policy for deposits and investments follows state statutes. At December 31, 2019, 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 \$36,706,290 of Government Agencies and \$4,998,400 of U.S. Treasury Notes that are held by the investment counterparty.

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2019

3. Taxes and Special Assessments

Taxes and special assessments revenue by fund type, including interest and penalties, as of December 31, 2019 are as follows:

	Major		Other	
	General	Debt Service	Special Tax Financing	Governmental Funds
				Total
Property tax	\$ 20,888,757	\$ 20,384,793	\$ 2,996,839	\$ 10,027,335
Sales tax	50,969,434	424,913	3,493,999	15,070,116
Franchise tax	11,638,652	-	-	-
Transient guest tax	-	-	416,391	1,382,096
Special assessment	-	5,694,851	-	-
	<u>\$ 83,496,843</u>	<u>\$ 26,504,557</u>	<u>\$ 6,907,229</u>	<u>\$ 26,479,547</u>
				<u>\$ 143,388,176</u>

Taxes and special assessments receivable by fund type as of December 31, 2019 are as follows:

	Major		Other	
	General	Debt Service	Special Tax Financing	Governmental Funds
				Total
Property tax	\$ 20,087,516	\$ 19,654,228	\$ 3,100,000	\$ 9,653,270
Sales tax	9,283,758	-	670,149	2,741,136
Franchise tax	2,032,924	-	-	-
Transient guest tax	-	-	106,693	371,272
Special assessment	-	31,407,591	-	-
	<u>\$ 31,404,198</u>	<u>\$ 51,061,819</u>	<u>\$ 3,876,842</u>	<u>\$ 12,765,678</u>
				<u>\$ 99,108,537</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, 2018 on which the 2019 levy was based was \$2,022,941,525.

The City's property tax levies per \$1,000 assessed valuation for the year ended December 31, 2019 were as follows:

Fund	Levy
General	\$ 9.921
Special revenue	4.769
Debt service	9.707
	<u>\$ 24.397</u>

The City's property taxes for 2019 were assessed in November of 2018 and distributed to the City in 2019 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).

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2019

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, 2019 are as follows:

	Major		Internal	Other	
	General	Capital Projects	Service Vehicle Replacement	Governmental Funds	Total
Federal					
Department of Housing and Urban Development	\$ -	\$ -	\$ -	\$ 118,976	\$ 118,976
FEMA	-	-	-	126,152	126,152
Department of Justice	-	-	-	26,134	26,134
State					
Department of Revenue	100,000	-	-	1,179,955	1,279,955
Department of Transportation	11,943	326,503	17,146	6,646	362,238
				3,802	3,802
Local					
Kansas City Area Transportation Authority	-	-	-	28,201	28,201
MARC	-	-	-	16,259	16,259
Johnson County	-	1,356,275	-	99,933	1,456,208
	<u>\$ 111,943</u>	<u>\$ 1,682,778</u>	<u>\$ 17,146</u>	<u>\$ 1,606,058</u>	<u>\$ 3,417,925</u>

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2019

Intergovernmental revenues for the year ended December 31, 2019 consisted of the following:

	Major		Internal Service	Other	
	General	Capital Projects	Vehicle Replacement	Governmental Funds	Total
Federal					
Department of Housing and Urban Development	\$ -	\$ -	\$ -	\$ 554,217	\$ 554,217
FEMA	-	-	-	443,284	443,284
Department of Justice	-	-	-	62,530	62,530
State					
Liquor Tax	519,093	-	-	1,038,186	1,557,279
State Highway Connecting Links	63,243	-	-	-	63,243
Special Highway	-	-	-	3,838,285	3,838,285
Library State Aid	-	-	-	39,152	39,152
Department of Aging	-	-	-	48,082	48,082
Department of Wildlife and Parks	-	-	-	6,803	6,803
Department of Transportation	-	2,444,934	17,146	48,347	2,510,427
County					
Street improvements	-	4,312,965	-	62,931	4,375,896
Herritage Trust	-	-	-	6,431	6,431
Local					
MARC	-	-	-	12,503	12,503
Kansas City Area Transportation Authority	-	-	-	166,658	166,658
Olathe Medical Center				220,000	220,000
Unified School District 233	624,846	122,286	-	-	747,132
	<u>\$ 1,207,182</u>	<u>\$ 6,880,185</u>	<u>\$ 17,146</u>	<u>\$ 6,547,409</u>	<u>\$ 14,651,922</u>

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2019

5. Capital Assets

Capital Asset activity for the year ended December 31, 2019 was as follows:

	Restated Beginning of Year	Additions	Retirements	End of Year
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 109,198,405	\$ 1,596,937	\$ -	\$ 110,795,342
Art collection	20,845	-	-	20,845
Kansas Room Collection / Genealogy	46,300	500	-	46,800
Construction in progress	111,808,070	55,464,435	13,548,714	153,723,791
Total capital assets, not being depreciated	<u>221,073,620</u>	<u>57,061,872</u>	<u>13,548,714</u>	<u>264,586,778</u>
Capital assets being depreciated				
Land improvements	76,240	-	-	76,240
Buildings	112,336,740	7,138,596	-	119,475,336
Machinery and equipment	73,546,149	11,055,736	3,204,204	81,397,681
Swimming pools	10,021,514	-	-	10,021,514
Infrastructure	804,534,352	16,682,200	-	821,216,552
Books and materials	4,150,084	498,521	401,325	4,247,280
Total capital assets being depreciated	<u>1,004,665,079</u>	<u>35,375,053</u>	<u>3,605,529</u>	<u>1,036,434,603</u>
Less accumulated depreciation for				
Land improvements	(34,245)	(3,338)	-	(37,583)
Buildings	(34,552,170)	(2,741,881)	-	(37,294,051)
Machinery and equipment	(46,966,738)	(6,453,735)	(3,198,588)	(50,221,885)
Swimming pools	(6,730,979)	(517,901)	-	(7,248,880)
Infrastructure	(456,340,447)	(27,419,806)	-	(483,760,253)
Books and materials	(3,094,513)	(419,581)	(401,325)	(3,112,769)
Total accumulated depreciation	<u>(547,719,092)</u>	<u>(37,556,242)</u>	<u>(3,599,913)</u>	<u>(581,675,421)</u>
Total capital assets being depreciated, net	<u>456,945,987</u>	<u>(2,181,189)</u>	<u>5,616</u>	<u>454,759,182</u>
Governmental activities capital assets, net	<u>\$ 678,019,607</u>	<u>\$ 54,880,683</u>	<u>\$ 13,554,330</u>	<u>\$ 719,345,960</u>

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2019

	Beginning of Year	Additions	Retirements	End of Year
Business-type activities				
Capital assets, not being depreciated				
Land	\$ 4,622,031	\$ -	\$ 28,227	\$ 4,593,804
Construction in progress	23,867,627	20,781,508	11,245,385	33,403,750
Total capital assets, not being depreciated	<u>28,489,658</u>	<u>20,781,508</u>	<u>11,273,612</u>	<u>37,997,554</u>
Capital assets being depreciated				
Buildings	33,778,295	-	-	33,778,295
Machinery and equipment	4,838,406	-	23,359	4,815,047
Water system	209,901,704	12,932,121	-	222,833,825
Sewer system	202,543,397	2,758,905	-	205,302,302
Total capital assets being depreciated	<u>451,061,802</u>	<u>15,691,026</u>	<u>23,359</u>	<u>466,729,469</u>
Less accumulated depreciation for				
Buildings	(13,336,110)	(810,774)	-	(14,146,884)
Machinery and equipment	(3,184,577)	(407,098)	(23,359)	(3,568,316)
Water system	(61,607,339)	(3,477,321)	-	(65,084,660)
Sewer system	(44,697,093)	(2,671,233)	-	(47,368,326)
Total accumulated depreciation	<u>(122,825,119)</u>	<u>(7,366,426)</u>	<u>(23,359)</u>	<u>(130,168,186)</u>
Total capital assets being depreciated, net	<u>328,236,683</u>	<u>8,324,600</u>	<u>-</u>	<u>336,561,283</u>
Business-type activities capital assets, net	<u>\$ 356,726,341</u>	<u>\$ 29,106,108</u>	<u>\$ 11,273,612</u>	<u>\$ 374,558,837</u>

	Beginning of Year	Additions	Retirements	End of Year
Component unit				
Capital assets, not being depreciated				
Land	\$ 442,111	\$ -	\$ -	\$ 442,111
Total capital assets, not being depreciated	<u>442,111</u>	<u>-</u>	<u>-</u>	<u>442,111</u>
Capital assets being depreciated				
Buildings and improvements	8,615,751	41,886	-	8,657,637
Machinery and equipment	227,436	4,027	1,674	229,789
Total capital assets being depreciated	<u>8,843,187</u>	<u>45,913</u>	<u>1,674</u>	<u>8,887,426</u>
Less accumulated depreciation for				
Buildings	(6,586,286)	(231,085)	-	(6,817,371)
Machinery and equipment	(209,684)	(3,664)	(998)	(212,350)
Total accumulated depreciation	<u>(6,795,970)</u>	<u>(234,749)</u>	<u>(998)</u>	<u>(7,029,721)</u>
Total capital assets being depreciated, net	<u>2,047,217</u>	<u>(188,836)</u>	<u>676</u>	<u>1,857,705</u>
Component units capital assets, net	<u>\$ 2,489,328</u>	<u>\$ (188,836)</u>	<u>\$ 676</u>	<u>\$ 2,299,816</u>

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2019

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

Government activities

General government	\$ 1,165,088
Public safety	1,223,109
Public works	28,119,839
Community services	1,278,781
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of assets	5,769,425
Total depreciation expense for governmental activities	<u>\$ 37,556,242</u>

Business-type activities

Water and sewer	\$ 7,265,508
Solid Waste	100,918
Total depreciation expense for business-type activities	<u>\$ 7,366,426</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, 2019.

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Retirements</u>	<u>End of Year</u>	<u>Due in One Year</u>
Governmental					
Temporary notes	<u>\$ 27,118,915</u>	<u>\$ 54,817,201</u>	<u>\$ 27,118,915</u>	<u>\$ 54,817,201</u>	<u>\$ 54,817,201</u>

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>End of Year</u>
Temporary Notes			
Street and sidewalk improvements	3.00%	1-Aug-20	\$ 37,096,577
Citywide improvements	3.00%	1-Aug-20	17,269,728
Water and sewer improvements	3.00%	1-Aug-20	450,896
			<u>\$ 54,817,201</u>

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2019

Long-term debt

The following is a summary of long-term debt transactions for the year ended December 31, 2019.

	Beginning of Year	Additions	Retirements	End of Year	Due in One Year
Governmental					
General obligation bonds	\$ 190,005,000	\$ 21,115,000	\$ 45,975,000	\$ 165,145,000	\$ 20,650,000
Special obligations bonds	24,754,653	-	1,545,024	23,209,629	15,854,629
Revenue bonds	-	3,225,000	150,000	3,075,000	105,000
Capitalized leases	951	-	951	-	-
Compensated absences	4,159,373	3,890,625	3,779,216	4,270,782	2,314,631
Total KPERS OPEB liability	1,270,882	266,693	81,970	1,455,605	-
Total OPEB liability	22,063,427	2,408,708	1,456,561	23,015,574	-
	242,254,286	30,906,026	52,988,722	220,171,590	38,924,260
Add: bond issuance premium	19,073,571	3,188,794	2,352,454	19,909,911	2,442,449
Deduct: bond discount	(1,957)	-	(126)	(1,831)	(126)
Total governmental debt	261,325,900	34,094,820	55,341,050	240,079,670	41,366,583
Business-type					
General obligation bonds	9,945,000	-	1,295,000	8,650,000	1,330,000
Revenue bonds	86,885,000	16,360,000	5,770,000	97,475,000	4,420,000
KDHE revolving loan	15,000,389	-	1,326,010	13,674,379	1,369,707
Capitalized leases	4,029,068	-	1,479,570	2,549,498	1,556,751
Compensated absences	1,021,593	1,287,787	1,288,739	1,020,641	797,187
Total KPERS OPEB liability	694,456	135,864	34,893	795,427	-
Total OPEB liability	4,202,557	458,802	277,440	4,383,919	-
	121,778,063	18,242,453	11,471,652	128,548,864	9,473,645
Add: bond issuance premium	1,555,042	1,325,281	292,865	2,587,458	310,237
Deduct: bond discount	(452,207)	(138,721)	(65,257)	(525,671)	(57,428)
Total business-type debt	122,880,898	19,429,013	11,699,260	130,610,651	9,726,454
Total primary government	<u>\$ 384,206,798</u>	<u>\$ 53,523,833</u>	<u>\$ 67,040,310</u>	<u>\$ 370,690,321</u>	<u>\$ 51,093,037</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 liabilities 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
December 31, 2019

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				
2009 Series 212 improvement bonds	\$ 21,650,000	2.00 - 4.25	1-Oct-29	\$ 345,000
2010 Series 216 improvement bonds	1,203,000	1.50 - 4.30	1-Oct-20	140,000
2010 Series 217 improvement bonds	7,015,000	1.00 - 4.30	1-Oct-20	755,000
2011 Series 218 improvement bonds	28,100,000	2.00 - 5.00	1-Oct-31	12,370,000
2012 Series 221 refunding and improvement	6,505,000	2.00 - 2.375	1-Oct-24	2,565,000
2013 Series 222 refunding and improvement	27,330,000	2.00 - 5.00	1-Oct-33	17,550,000
2014 Series 223 improvement bonds	9,315,000	1.50 - 5.00	1-Oct-24	6,690,000
2014 Series 224 refunding	4,260,000	3.00 - 4.00	1-Oct-20	540,000
2014 Series 225 improvement bonds	12,905,000	1.00 - 3.90	1-Sep-35	11,295,000
2015 Series 226 improvement bonds	11,695,000	2.50 - 5.00	1-Oct-25	6,895,000
2015 Series 227 refunding	8,290,000	2.00 - 4.00	1-Oct-27	4,310,000
2016 Series 228 refunding and improvement	25,315,000	0.98 - 2.54	1-Oct-31	19,385,000
2016 Series 229 improvement	5,765,000	0.90 - 2.55	1-Oct-26	4,215,000
2017 Series 230 refunding and improvement	27,525,000	2.50 - 5.00	1-Oct-29	25,525,000
2018 Series 231 improvement bonds	34,170,000	4.00 - 5.00	1-Oct-28	31,450,000
2019 Series 232 improvement bonds	21,115,000	3.00 - 5.00	1-Oct-30	21,115,000
				<u>165,145,000</u>
Business-type activities				
2011 Series 220 refunding	17,510,000	2.00 - 4.00	1-Jul-25	8,650,000
Total General Obligation Bonds				<u>\$ 173,795,000</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				
2006 Series Olathe Gateway TIF	\$ 13,030,000	4.75 - 5.00	1-Mar-26	\$ 7,769,555
2006 Series Olathe Gateway TDD	9,195,000	4.75 - 5.00	1-Dec-28	7,060,074
2007 Series West Village TIF	16,565,000	5.00 - 5.50	1-Sep-26	8,380,000
				<u>\$ 23,209,629</u>

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, 2019, total principal and interest remaining on the bonds was \$10,882,576. For 2019, principal and interest paid and total incremental tax revenues were \$605,000 and \$612,077, 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.

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2019

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, 2019, total principal and interest remaining on the bonds was \$10,057,287, payable through December 2028. For 2019, principal and interest paid and total incremental tax revenues were \$230,000 and \$291,751, 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, 2019, total principal and interest remaining on the bonds was \$10,117,184, payable through September 2026. For 2019, principal and interest and total incremental tax revenues were \$1,442,925 and \$1,713,303, respectively.

	<u>Original Issue</u>	<u>Original Issue Interest Rate</u>	<u>Maturity Date</u>	<u>End of Year</u>
Revenue Bonds				
Governmental activities				
2019 Stormwater System revenue bonds	3,225,000	3.00 - 5.000	1-Oct-38	\$ 3,075,000
Business-type activities				
2010 Water and Sewer System revenue bonds	\$ 6,540,000	0.60 - 5.800	1-Jul-30	3,830,000
2010 Water and Sewer System revenue bonds	8,050,000	1.00 - 5.700	1-Jul-35	5,850,000
2010 Water and Sewer System revenue bonds	36,280,000	1.00 - 6.000	1-Jul-36	27,465,000
2012 Water and Sewer System revenue bonds	9,585,000	2.00 - 3.000	1-Jul-32	6,605,000
2015 Water and Sewer System revenue bonds	18,895,000	2.00 - 5.000	1-Jul-35	16,005,000
2017 Water and Sewer System revenue bonds	11,340,000	3.00 - 4.000	1-Jul-37	10,280,000
2018 Water and Sewer System revenue bonds	11,580,000	3.00 - 5.000	1-Jul-38	11,205,000
2019 Water and Sewer System revenue bonds	16,360,000	3.00 - 5.000	1-Jul-39	16,235,000
Total revenue bonds				<u>\$ 100,550,000</u>

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2019

KDHE revolving loans

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, 2019, \$2,207,863 had been drawn on this loan and the payback amount was \$670,648. Principal payments of \$122,780 were made in 2019. 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, 2019, \$768,500 had been drawn on this loan and the payback amount was \$342,982. Principal payments of \$44,004 were made in 2019. 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, 2019, \$16,883,916 had been drawn on this loan and the payback amount was \$9,907,661. Principal payments of \$923,711 were made in 2019. The payback period for the amount of the loan remaining is 20 years. The loan payment began in 2009 when the project was completed.

The City entered into a loan agreement with KDHE for the Cedar Creek Wastewater Treatment Plant Expansion Project. The loan was entered into on March 9, 2009 with an interest rate of 2.55% and a maximum amount of \$4,221,984. As of December 31, 2019, \$4,221,984 had been drawn on this loan and the payback amount was \$2,753,087. Principal payments of \$235,515 were made in 2019. The payback period for the amount of the loan remaining is 20 years. The loan payment began in 2010 when the project was completed.

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

Year	Governmental Activities							
	General Obligation Bonds		Revenue Bonds		Special Obligation Bonds		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 20,650,000	\$ 6,750,644	\$ 105,000	\$ 119,419	\$ 15,854,629	\$ 6,555,703	\$ 36,609,629	\$ 13,425,766
2021	18,415,000	5,696,372	110,000	114,169	1,110,000	388,380	19,635,000	6,198,921
2022	17,660,000	4,916,372	120,000	108,669	1,205,000	326,659	18,985,000	5,351,700
2023	17,790,000	4,222,497	125,000	102,669	1,300,000	259,600	19,215,000	4,584,766
2024	17,300,000	3,481,452	130,000	96,419	1,405,000	186,588	18,835,000	3,764,459
2025 - 2029	61,425,000	8,149,007	750,000	382,645	2,335,000	130,488	64,510,000	8,662,140
2030 - 2034	11,000,000	1,096,470	900,000	226,064	-	-	11,900,000	1,322,534
2035 - 2038	905,000	35,295	835,000	71,888	-	-	1,740,000	107,183
	165,145,000	34,348,109	3,075,000	1,221,942	23,209,629	7,847,418	191,429,629	43,417,469
Due within one year	20,650,000	6,750,644	105,000	119,419	15,854,629	6,555,703	36,609,629	13,425,766
Due in more than one year	\$ 144,495,000	\$ 27,597,465	\$ 2,970,000	\$ 1,102,523	\$ 7,355,000	\$ 1,291,715	\$ 154,820,000	\$ 29,991,703

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2019

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
2020	\$ 1,330,000	\$ 274,731	\$ 4,420,000	\$ 4,089,977	\$ 1,369,707	\$ 394,655	\$ 7,119,707	\$ 4,759,363
2021	1,370,000	221,531	4,580,000	3,905,472	1,414,855	353,924	7,364,855	4,480,927
2022	1,435,000	180,431	4,770,000	3,710,864	1,461,503	311,839	7,666,503	4,203,134
2023	1,475,000	137,381	4,940,000	3,520,832	1,509,702	268,357	7,924,702	3,926,570
2024	1,495,000	93,131	5,125,000	3,301,206	1,559,505	223,428	8,179,505	3,617,765
2025 - 2029	1,545,000	48,281	28,610,000	13,053,923	6,359,107	449,911	36,514,107	13,552,115
2030 - 2034	-	-	29,395,000	6,910,038	-	-	29,395,000	6,910,038
2035 - 2039	-	-	15,635,000	1,288,571	-	-	15,635,000	1,288,571
	8,650,000	955,486	97,475,000	39,780,883	13,674,379	2,002,114	119,799,379	42,738,483
Due within one year	1,330,000	274,731	4,420,000	4,089,977	1,369,707	394,655	7,119,707	4,759,363
Due in more than one year	\$ 7,320,000	\$ 680,755	\$ 93,055,000	\$ 35,690,906	\$ 12,304,672	\$ 1,607,459	\$ 112,679,672	\$ 37,979,120

The City has pledged future water customer revenues, net of specified operating expenses, to repay \$100,550,000 (\$3,830,000 Series 2010A, \$5,850,000 Series 2010B, \$27,465,000 Series 2010C, \$6,605,000 Series 2012, \$16,005,000 Series 2015, \$10,280,000 Series 2017, \$11,205,000 Series 2018, and \$16,235,000 for Series 2019) in water system revenue bonds. Proceeds from the bonds provide financing for several new improvements to the City's water and sewer system. The bonds are payable solely from water customer net revenues and are payable through 2037. The total principal and interest remaining to be paid on the bonds is \$137,255,883. Principal and interest paid for the current year were \$5,770,000 and \$3,871,201, respectively.

Water & Sewer Revenue Bonds						
Fiscal Year	Revenues	Current Expenses	Net Revenue Available for Debt Service	Principal Requirement	Interest Requirement	Coverage
2019	\$ 48,206,445	\$ 37,317,966	\$ 10,888,479	\$ 3,845,000	\$ 3,960,837	1.39

In July 2019, the City issued General Obligation Bonds Series 232 in the amount of \$21,115,000 for the purpose of funding various municipal improvements and pay principal and interest on certain temporary notes of the City. The bonds mature serially on October 1, 2020 through October 1, 2030.

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

As of December 31, 2019, based on the assessed valuation as of December 15, 2019 of \$2,231,701,879, the general obligation debt limit was \$669,510,564 which, after reduction for outstanding eligible general obligation bonds and notes totaling \$227,750,000, and increases for exempt projects financed with outstanding general obligation bonds and notes totaling \$46,236,550 and amounts available for debt service of \$45,262,320, provides a general obligation debt margin of \$533,259,434.

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2019

Capitalized Leases

	<u>End of Year</u>
Business-type activities:	
4.07% interest lease for fitness equipment, payable in monthly principal and interest payments of \$948 through August 2020	\$ 9,714
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	2,539,784
Total capital leases for business-type activities	<u>\$ 2,549,498</u>

The assets acquired through capital leases are as follows:

	<u>Business-type Water & Sewer</u>
Asset:	
Machinery and equipment	\$ 35,077
Water system	12,876,265
Less: Accumulated depreciation	(7,790,064)
Total	<u>\$ 5,121,278</u>

Annual debt service requirements to maturity are as follows:

<u>Year</u>	<u>Business-type Activities Payments</u>
2020	\$ 1,603,143
2021	1,003,849
	<u>2,606,992</u>
Less interest	57,495
Total	<u>\$ 2,549,497</u>

7. Refunded Debt

In 2019, the City issued Water and Sewer Revenue Bonds Series 2019 part of which was to refund Water and Sewer Revenue Bond Series 2009 (\$1,925,000). The sale result yielded \$183,196 of net present value savings. Also in 2019, the City issued General Obligation Bonds Series 232 part of which was to refund General Obligation Bond Series 215 (\$9,360,000) and General Obligation Series 219 (\$2,135,000). The sale result yielded \$1,146,541 of net present value savings.

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2019

8. Fund Balances

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

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

For unrestricted fund balance, committed amounts should be reduced first, followed by assigned amounts, followed by unassigned amounts. It is the goal of the City to maintain a minimum fund balance in the general fund of 15% of revenues, with an annual target of 30% of revenues. The following chart details the components of fund balance for the City at December 31, 2019.

City of Olathe, Kansas
Components of Fund Balance
December 31, 2019

	Major				Nonmajor Other Governmental Funds	Total Governmental Funds
	General	Debt Service	Special Tax Financing	Capital Projects		
Fund Balances:						
Non Spendable:	\$ 109,998	\$ -	\$ -	\$ -	\$ 44,704	\$ 154,702
Restricted for:						
Debt service	-	16,741,852	7,428,008	-	-	24,169,860
Public safety - fire levy	-	-	-	-	272,019	272,019
Public safety - reimbursable programs	-	-	-	-	79,773	79,773
Public works - motor fuel tax	-	-	-	-	379,665	379,665
Public works - Street Maintenance	-	-	-	-	1,213,761	1,213,761
Sales Tax	-	-	-	-		
Public works - Capital projects	-	-	-	2,445,664	-	2,445,664

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2019

City of Olathe, Kansas
Components of Fund Balance
December 31, 2019

	Major				Nonmajor	
	General	Debt Service	Special Tax Financing	Capital Projects	Other Governmental Funds	Total Governmental Funds
Fund Balances:						
Community services - special alcohol	-	-	-	-	1,005,791	1,005,791
Community services - Park sales tax	-	-	-	-	1,537,680	1,537,680
Community services - grants	-	-	-	-	4,204,586	4,204,586
Community services - reimbursable programs	-	-	-	-	210,942	210,942
General government - reimbursable programs	-	-	-	-	787,024	787,024
General government - library	-	-	-	-	3,275,778	3,275,778
Committed to:						
Public works - storm water	-	-	-	-	2,016,426	2,016,426
Public works - future street improvement	-	-	-	-	7,580,870	7,580,870
Community services - special park & recreation	-	-	-	-	2,182,425	2,182,425
Community services - Recreation	-	-	-	-	752,946	752,946
Community services - Cemetary	-	-	-	-	593,949	593,949
General government - Economic Development	-	-	-	-	1,229,524	1,229,524
Assigned to:						
Debt service	-	28,520,468	-	-	-	28,520,468
Public safety - encumbrances	53,988	-	-	-	-	53,988
Public works - encumbrances	22,783	-	-	-	-	22,783
Community services - encumbrances	16,235	-	-	-	-	16,235
General government encumbrances	59,855	-	-	-	-	59,855
Unassigned:	30,662,381	-	-	-	-	30,662,381
Total fund balances:	\$30,925,240	\$45,262,320	\$ 7,428,008	\$ 2,445,664	\$27,367,863	\$ 113,429,095

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2019

9. Interfund Activities

Interfund transactions for the year were as follows:

Transfers from	Transfer to							Total
	General	Debt Service	Major Capital Projects	Water & Sewer	Solid Waste	Internal Service Funds	Other Governmental Funds	
General	\$ -	\$ 4,849,644	\$ 6,633,625	\$ -	\$ -	\$ -	\$ 536,478	\$ 12,019,747
Capital Projects	621	2,507,062	-	2,503,961	101	-	830,769	5,842,514
Other Governmental Funds	7,146,559	1,774,554	20,725,931	-	-	14,748	99,131	29,760,923
Debt Service	-	-	-	-	-	-	208,698	208,698
Proprietary Funds								
Solid Waste	-	-	400,000	-	-	-	-	400,000
Internal Service Funds	-	-	505,252	-	-	-	-	505,252
Total proprietary funds	-	-	905,252	-	-	-	-	905,252
Totals	\$ 7,147,180	\$ 9,131,260	\$ 28,264,808	\$ 2,503,961	\$ 101	\$ 14,748	\$ 1,675,076	\$ 48,737,134

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, 2019 were as follows:

	Receivables	Payables
Fund Statements		
General	\$ 1,442,344	\$ -
Other governmental funds		1,442,344
Vehicle replacement	1,289,528	
Capital projects	-	1,289,528
	<u>\$ 2,731,872</u>	<u>\$ 2,731,872</u>
Government-Wide Statements		
Governmental	\$ (8,228,275)	\$ -
Business-type	-	8,228,275

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

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2019

instrumentality of the State of Kansas. KPERS provides benefit provisions to the following statewide pension groups under one plan, as provided by K.S.A. 74, article 49 (1) public employees (which includes State/School employees and local employees), (2) Police and Firemen, and (3) judges. Substantially all public employees in Kansas are covered by KPERS. Participation by local political subdivisions is optional, but irrevocable once elected. KPERS issues a stand-alone comprehensive annual financial report which is available on the KPERS website at www.kpers.org or may be obtained by writing to KPERS (611 S. Kansas Avenue, Suite 100, Topeka, Kansas 66603-3803) or by calling 1-888-275-5737.

Benefits

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

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

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

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

Contributions

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

For fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 1.2% of total payroll for the fiscal year ended June 30, 2019.

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2019

The actuarially determined employer contribution rate and statutory contribution rate for local government employees are both 8.89%. The actuarially determined employer contribution rate and statutory contribution rate for police and firemen are both 22.13%. Member contribution rates as a percentage of eligible compensation for the fiscal year ended June 30, 2019 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, 2019 and 2018 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, 2019 and 2018, respectively. The contributions used exclude contributions made for prior service, excess benefits, and irregular payments. At June 30, 2019, the City's proportion was 7.006% (2.157% for local government employees and 4.849% for police and firemen) which was an increase of 0.094% from its proportion measured at June 30, 2018.

Net Pension Liability

As of December 31 2019 and 2018 the City reported a liability of \$79,216,778 (\$30,136,906 for local government employees and \$49,079,872 for police and firemen) and \$75,531,640 (\$29,158,100 for local government employees and \$46,373,540 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, 2018, which was rolled forward to June 30, 2019, using the following actuarial assumptions:

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

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

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study conducted for the period January 1, 2013 through December 31, 2015. The experience study is dated November 18, 2016.

The long term expected rate of return of pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2019

of return by the target asset allocation percentage. Best estimates of arithmetic real rates of return for each major asset class as of the most recent experience study, dated November 18, 2016, as provided by KPERS investment consultant, are summarized in the following table:

Asset Class	Long-Term Target Allocation	Long-Term Expected Real Rate of Return
Global equity	47.00%	6.85%
Fixed income	13.00%	1.25%
Yield driven	8.00%	6.55%
Real return	11.00%	1.71%
Real estate	11.00%	5.05%
Alternatives	8.00%	9.85%
Short-term investments	2.00%	-0.25%
Total	<u>100.00%</u>	

Discount Rate

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

In KPERS, the State/School and Local groups do not necessarily contribute the full actuarial determined rate. Based on legislation first passed in 1993 and subsequent legislation, the employer contribution rates certified by the Board may not increase by more than the statutory cap. The statutory cap for Fiscal Year 2019 was 1.2 percent.

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

In addition, 2017 S Sub. For Sub. HB 2052 delayed \$64.1 million in Fiscal Year State/School contributions to be repaid over 20 years in level dollar installments. The first year payment of \$6.4 million was paid in full at the beginning of Fiscal Year 2019 and appropriations for Fiscal Year 2019 were made at the statutory contribution rate of 12.01 percent for the State/School group. Additional legislation in the 2017 Session (Senate Sub for HB 2002) provided for a reduction of \$194 million from the previously certified contribution rate of 13.21 percent in the State/School contributions for Fiscal Year 2019. Like the Fiscal Year 2017 reduction, it is to be paid back over a 20 year period, beginning in Fiscal Year 2020. Therefore, both reductions will be accounted for as long-term receivable by the Pension Plan. The 2019 Legislature passed House Sub for Sen Bill 109, which directed on behalf payments of \$56 million and \$82 million be made to the System. The \$56 million payment was received by the System on June 30, 2018 and recorded as Fiscal Year 2018 contributions. The \$82 million was received July 1, 2019 and was recorded as Fiscal Year 2019 contributions. The 2019 Legislative session passed Senate Bill 9 which authorized a transfer for \$115 million to KPERS received in March 2019.

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2019

Based on employer contribution history as described above, it is a reasonable estimate that the State/School groups contribution rate may not be certified at the statutory rate. It has been assumed that contribution rates will be made within the same range as have been seen in the past few years, between 11 to 12 percent. Using this assumption actuarial modeling indicates that employer contribution rates for the State/School group are sufficient to avoid a depletion date.

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

The following presents the City's proportionate share of the net pension liability as of June 30, 2019 calculated using the discount rate of 7.75%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75%) or one percentage point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
Local government	\$ 45,010,098	\$ 30,136,906	\$ 17,695,750
Police and Firemen	69,647,900	49,079,872	31,860,489
Total	<u>\$ 114,657,998</u>	<u>\$ 79,216,778</u>	<u>\$ 49,556,239</u>

Pension Expense

For the year ended December 31, 2019, the City recognized pension expense of \$13,884,209 (\$4,634,204 local government employees and \$9,250,005 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, 2019, 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 Business Type	Deferred Inflows of Resources Business Type	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	\$ 43,631	\$ 501,986	\$ 22,337	\$ 256,987	\$ 2,772,703	\$ 90,963	\$ 2,838,671	\$ 849,936
Net differences between projected and actual earnings on investments	468,953	-	240,075	-	987,853	-	1,696,881	-
Changes in assumptions	609,213	40,399	311,880	20,683	1,738,609	54,341	2,659,702	115,423
Changes in proportion	1,300,441	833	685,832	469	1,843,993	366,206	3,830,266	367,508
Contributions after measurement date	1,200,293	-	577,697	-	2,960,442	-	4,738,432	-
Total	<u>\$ 3,622,531</u>	<u>\$ 543,218</u>	<u>\$ 1,837,821</u>	<u>\$ 278,140</u>	<u>\$ 10,303,600</u>	<u>\$ 511,510</u>	<u>\$ 15,763,952</u>	<u>\$ 1,332,868</u>

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:

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2019

Year Ended December 31:	Local Government	Police and Firemen
2020	\$ 1,457,407	\$ 3,052,532
2021	307,187	1,367,626
2022	665,471	1,595,656
2023	420,289	790,207
2024	10,650	25,627
Thereafter	-	-

11. Commitments and Contingent Liabilities

Reimbursable Developer's Cost

The City has pledged revenues (property tax and sales tax) from development areas to repay eligible developers' costs associated with each project. These obligations represent redeveloper project costs that have been certified as eligible for reimbursement from the incremental taxes attributable to each project. The City is only obligated for the amounts of incremental taxes received attributable to the projects. Any deficiencies are the responsibility of the developer. The remaining certified project costs to be repaid as of December 31, 2019 totaled \$25,670,468.

Encumbrances

Listed below are the encumbrances by fund for the City as of December 31, 2019.

	Major	Nonmajor	
	General	Other Governmental Funds	Total Governmental Funds
Restricted for:			
Community services	\$ -	\$ -	\$ -
General government	-	-	-
Committed to:			
Public works	-	12,181	12,181
Community services	-	2,923	2,923
General government	-	7,372	7,372
Assigned to:			
Public safety	53,988	-	53,988
Public works	20,319	-	20,319
Community services	18,699	-	18,699
General government	59,855	-	59,855
Total encumbrances	<u>\$ 152,861</u>	<u>\$ 22,476</u>	<u>\$ 175,337</u>

Commitments

As of December 31, 2019, 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:

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2019

	Project Authorizations	Costs - Project Inception to December 31, 2019
Street improvements	\$ 277,617,811	\$ 158,080,160
Citywide improvements	172,507,955	137,873,699
Water and sewer lines	67,787,311	41,974,073
	<u>\$ 517,913,077</u>	<u>\$ 337,927,932</u>

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

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

	Operation and Maintenance	Capital Improvements	Total
2020	\$ 3,575,580	\$ 1,004,590	\$ 4,580,170
2021	3,959,955	1,070,089	5,030,044
2022	4,385,650	1,139,859	5,525,509

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, 2019 which will exceed coverage and the funds reserved. There were no significant reductions in insurance coverage during 2019. 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

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2019

liability of \$696,387 that represents the estimated future cost of claims made and claims incurred, but not reported at December 31, 2019. 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>
2018	\$ 1,318,367	\$ 338,061	\$ 730,219	\$ 926,209
2019	926,209	596,441	826,263	696,387

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 \$928,954 at December 31, 2019. 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>
2018	\$ 978,000	\$13,636,698	\$ 13,637,698	\$ 977,000
2019	977,000	14,020,468	14,068,514	928,954

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, 2019. 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.

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2019

14. Postemployment Benefits Other than Pension Benefits (OPEB)

Plan Description

The City's health plan is self-funded. The City has a single employer plan for retirees health benefit. The benefit plan is authorized by Personnel Code Article III, Section 4 Group Insurance B and K.S.A. 12-5040. Retirees have the option to continue with the City plan and pay the monthly premium. Retirees who retire under the KPERS requirements are eligible for benefits. The City offers major medical health insurance, prescription coverage, and dental insurance. The City's OPEB liability is normally liquidated in the General Fund, the Water and Sewer Fund, and the Solid Waste Fund. Retiree health coverage is provided for under Kansas Statute 12-5040.

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

Funding Policy

The current plan is financed on a pay as you go basis. The retirees pay the same premium established for active employees. The City did not contribute to the plan. The plan does not qualify as a trust.

At January 1, 2019, the following employees were covered by the benefit terms:

	Governmental	Business-type
Active employees	641	213
Retirees and covered spouses	183	21
	<u>824</u>	<u>234</u>

The total OPEB liability of \$27,399,493 was measured as of December 31, 2019 and was determined by an actuarial valuation as of that date.

The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following assumptions and other inputs, applied to all periods in the measurement, unless otherwise specified.

Valuation date	January 1, 2018
Actuarial cost method	Entry age normal as a level percentage of payroll
Interest	2.50%
Salary increase	3.50%
Discount rate	3.68%
Healthcare cost trend rate	Medical & Pharmacy: 6.50% for 2018, decreasing 0.25% per year to an ultimate rate of 4.50% for 2026 and later years

The discount rate was based on an index rate for S&P Municipal Bond 20 year High Grade and the Fidelity GO AA-20 Years indexes.

Mortality rates were based on the Society of Actuaries RPH-2014 adjusted to 2006 Disabled Retiree Mortality Table with Scale MP-2018 Full Generational Improvement.

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2019

Changes in the total OPEB liability are as follows:

OPEB Liability - Beginning of Year	\$ 26,265,984
1. Service Cost	1,014,753
2. Interest Cost	972,026
3. Changes in Benefit Terms	(687,045)
4. Differences between actual and expected experience	(233,731)
5. Changes in assumptions and inputs	1,801,506
6. Benefit payments (Employer Contributions)	1,734,000
Net Changes (1+2+3+4+5-6)	<u>1,133,509</u>
OPEB Liability - End of Year	<u><u>\$ 27,399,493</u></u>

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using the discount rate that is one percentage point lower (2.00% or one percentage point higher (4.00%) than the current discount rate.

	1% Decrease 2.00%	Discount Rate 3.00%	1% Increase 4.00%
Total OPEB Liability	<u>\$ 29,406,530</u>	<u>\$ 27,399,493</u>	<u>\$ 25,522,818</u>

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current cost trend rate.

	1% Decrease	Current Trend Assumption	1% Increase
Total OPEB Liability	<u>\$ 24,622,621</u>	<u>\$ 27,399,493</u>	<u>\$ 30,634,816</u>

For the year ended December 31, 2019, the City recognized OPEB expense of \$1,339,004.

Deferred Inflows of Resources.

At December 31, 2019 the City reported deferred inflows related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 1,621,355	\$ 715,316
Differences between expected and actual experience	-	435,109
Total	<u><u>\$ 1,621,355</u></u>	<u><u>\$ 1,150,425</u></u>

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2019

Amounts reported as deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ended December 31,	Deferred Inflows of Resources
2020	\$ (39,270)
2021	(39,270)
2022	(39,270)
2023	(39,270)
2024	(39,270)
2025 & thereafter	(274,580)
	<u>\$ (470,930)</u>

15. Other Postemployment Benefits – KPERS

Plan Description

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

Benefits

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

The monthly long-term disability benefit is 60 percent of the member's monthly compensation, with a minimum of \$100 and a maximum of \$5,000. The monthly benefit is subject to reduction by deductible sources of income, which include Social Security primary disability or retirement benefits, workers compensation benefits, other disability benefits from any other sources by reason of employment, and earnings from any form of employment. If the disability begins before age 60, benefits are payable while the disability continues until the member's 65th birthday or retirement date whichever occurs first. If the disability begins after age 60, benefits are payable while the disability continues, for a period of five years or until the member retires, whichever occurs first. Benefit payments for disabilities caused or contributed to by substance abuse or non-biologically based mental illnesses are limited to the shorter of the term of the disability or 24 months per lifetime.

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

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2019

insurance policy.

Employees covered by benefit terms

At December 31, 2018, the valuation date, the following employees were covered by the benefit terms:

Active employees	600
Disabled members	19
	<u>619</u>

Total OPEB Liability

The City's total KPERS OPEB liability of \$2,251,032 reported as of December 31, 2019 was measured as of June 30, 2019 and was determined by an actuarial valuation as of December 31, 2018, which was rolled forward to June 30, 2019 using the following actuarial assumptions:

Valuation date	31-Dec-18
Acturial cost method	Entry age normal
Interest	2.75%
Salary increase	3.00%
Discount rate	3.50%

The discount rate was based on the bong buyer general obligation 20-bond municipal index.

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

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experiences study for the period of January 1, 2013 through December 31, 2015. Other demographic assumptions are set to be consistent with the actuarial assumptions reflected in the December 31, 2018 KPERS pension valuation.

OPEB Liability - June 30, 2018	\$ 1,965,337
Service Cost	140,465
Interest Cost	73,863
Effect of economic/demographic gains or losses	435,014
Effect of assumptions changes or inputs	34,566
Benefit payments (Employer Contributions)	<u>398,213</u>
Net Changes	<u>285,695</u>
OPEB Liability - End of Year	<u>\$ 2,251,032</u>

Sensitivity of the total KPERS OPEB liability to changes in the discount rate

The following presents the total KPERS OPEB liability of the City, as well as what the City's total KPERS OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.50%) or 1 percentage point higher (4.50%) than the current discount rate.

	1% Decrease 2.50%	Discount Rate 3.50%	1% Increase 4.50%
Total OPEB Liability	\$ 2,344,726	\$ 2,251,032	\$ 2,157,579

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2019

Sensitivity of the total KPERS OPEB liability to changes in the healthcare cost trend rates

The following presents the total KPERS OPEB liability of the City calculated using the current healthcare cost trend rates as well as what the City's total KPERS OPEB liability would be if it were calculated using trend rates that are 1 percentage point lower or 1 percentage point higher than the current trend rates. The reader should note that healthcare trend rates do not affect the liabilities related to the long-term disability benefits sponsored by KPERS, but this exhibit is provided as it is a required disclosure under GASB 75.

	Healthcare Cost		
	1% Decrease	Trend Rates	1% Increase
Total OPEB Liability	\$ 2,251,032	\$ 2,251,032	\$ 2,251,032

For the year ended June 30, 2019, the City recognized OPEB expense of \$242,071.

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2019, the city reported deferred inflows and outflows related to OPEB from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Changes in Assumptions	\$ (76,275)	\$ 31,013
Differences between expected and actual experience	(78,270)	393,886
Subtotal	(154,545)	424,899
Contributions subsequent to the measurement date	-	200,000
Total	<u>\$ (154,545)</u>	<u>\$ 624,899</u>

There was \$200,000 reported as deferred outflows of resources related to KPERS OPEB results from City contributions subsequent to the measurement date will be recognized of the net OPEB liability in the year ended December 31, 2020. 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,	Deferred (Inflows/ Outflows Amount
2020	\$ 27,743
2021	27,743
2022	27,743
2023	27,743
2024	27,743
2025 & thereafter	131,639
	<u>\$ 270,354</u>

16. 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

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2019

general welfare and economic prosperity of the State of Kansas. Cities are authorized by the EDRB Act to issue economic development revenue bonds, the proceeds of which shall be used for paying all or part of the cost of purchasing, acquiring, constructing, reconstructing, improving, equipping, furnishing, repairing, enlarging, or remodeling facilities for agricultural, commercial, hospital, industrial, natural resources, recreational development and manufacturing purposes. The EDRB Act defines the term facility to include a site and the necessary site preparation, structures, easements, rights-of-way, and appurtenances necessary and convenient to the facility being financed.

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

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

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

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

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2019

For the fiscal year ending December 31, 2019, the City abated ad valorem property taxes. Listed below are projects that individually exceed 5% of the City's total amount abated. The projects listed total over 60% of the total abatement amount.

Project Name	Garmin International
Project Description	Instrument/high-technology manufacturing
Approved Abatement	75% of ad valorem property taxes
2019 amount	\$538,031
Additional Commitment	N/A

Project Name	Sun Life Assurances/KH Jensen LLC
Project Description	Warehouse/office combination
Approved Abatement	50% of ad valorem property taxes
2019 amount	\$90,607
Additional Commitment	N/A

Project Name	US Bank
Project Description	Information services and data processing
Approved Abatement	55% of ad valorem property taxes
2019 amount	\$140,350
Additional Commitment	N/A

Project Name	TVH
Project Description	Warehouse
Approved Abatement	50% of ad valorem property taxes
2019 amount	\$132,413
Additional Commitment	N/A

Project Name	Sun Life Assurance
Project Description	Warehouse/office combination
Approved Abatement	50% of ad valorem property taxes
2019 amount	\$113,463
Additional Commitment	N/A

Project Name	Himoinsa Power Systems, Inc
Project Description	Warehouse
Approved Abatement	50% of ad valorem property taxes
2019 amount	\$87,086
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.

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2019

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

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

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

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

For the fiscal year ending December 31, 2019, 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
2018 amount	\$1,036,999
Project Commitment	Development of shopping area / entertainment district
Additional Commitment	N/A
Project Name	West Village
Project Description	Development of shopping area anchored by Wal-Mart.
Approved TIF	100% Ad valorem property tax increment and incremental sales tax
2018 amount	\$1,713,303
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
2018 amount	\$62,670
Project Commitment	Redevelopment of shopping area
Additional Commitment	N/A
Project Name	Heritage Crossing
Project Description	Development of shopping area.

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2019

Approved TIF	100% Ad valorem property tax increment and 50% incremental sales tax.
2018 amount	\$52,657
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
2018 amount	\$342,1994
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
2018 amount	\$28,678
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
2018 amount	\$1,446,164
Project Commitment	Development of convention center and hotel.
Additional Commitment	N/A

Project Name	Ridgeview Soccer Complex
Project Description	Development of soccer complex
Approved TIF	100% Ad valorem property tax, 100% incremental sales tax, and 100% incremental transient guest tax
2018 amount	\$58,037
Project Commitment	Development of soccer complex.
Additional Commitment	N/A

As of December 31, 2019, there were 48 issues of industrial revenue and multi-housing bonds outstanding. Outstanding issues had an aggregate outstanding amount totaling \$621,718,461 and a total assessed valuation of \$102,648,753.

17. 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.

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2019

	Olathe Public Housing Authority
Total assets	\$ 3,164,254
Total liabilities and deferred inflows	216,915
Net Position	<u>\$ 2,947,339</u>
Expenses	\$ 4,406,709
Program revenues	4,308,843
Net program revenues	(97,866)
Other general revenues	42,576
Change in net position	(55,290)
Beginning net position	3,002,629
Ending net position	<u>\$ 2,947,339</u>

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 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that lease are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for periods beginning after December 15, 2019. The provisions of this statement were originally effective for the City's fiscal year ending December 31, 2020 and now are postponed until December 31, 2022.

Statement Number 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, establishes accounting requirements for interest cost incurred before the end of a construction period. This statement require that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statement prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this statement are effective for periods beginning after December 15, 2019. The provisions of this statement were originally effective for the City's fiscal year ending December 31, 2020 and now are postponed until December 31, 2021.

Statement Number 91, *Conduit Debt Obligations*, improves financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. The clarified definition will resolve stakeholders' uncertainty as to whether a given financing is, in fact, a conduit debt obligation. Requiring issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and deferred inflows of resources related to certain arrangements associated with conduit debt obligations also will eliminate diversity, thereby improving comparability in reporting by issuers. Revised disclosure requirements will provide financial statement users with better information regarding the commitments issuers extend and the likelihood that they will fulfill those commitments. That information will inform users of the potential impact

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2019

of such commitments on the financial resources of issuers and help users assess issuers' roles in conduit debt obligations. The requirements of this statement are effective for periods beginning after December 15, 2020. The provisions of this statement were originally effective for the City's fiscal year ending December 31, 2021 and now are postponed until December 31, 2022

Statement Number 92, *Omnibus 2020*, enhances comparability in the application of accounting and financial reporting requirement and will improve the consistency of authoritative literature. More comparable reporting will improve the usefulness of information for users of state and local government financial statements. The requirements of this statement are effective for periods beginning after June 15, 2020. The provisions of this statement were originally effective for the City's fiscal year ending December 31, 2021 and now are postponed until December 31, 2022

Statement Number 93, *Replacement of Interbank Offered Rates*, enhances comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. More comparable reporting will improve the usefulness of information for users of state and local government financial statements. The requirements of this statement are effective for periods beginning after June 15, 2020. The provisions of this statement were originally effective for the City's fiscal year ending December 31, 2021 and now are postponed until December 31, 2022

Statement Number 94, *Public-Private and Public-Public Partnerships and availability Payment Arrangements*, improves financial reporting by establishing the definitions of PPPs and APAs and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. That uniform guidance will provide more relevant and reliable information for financial statement users and create greater consistency in practice. This Statement will enhance the decision usefulness of a government's financial statement by requiring governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. The required disclosures will allow users to understand the scale and important aspects of a government's PPPs and evaluate a government's future obligations and assets resulting from PPPs. The requirements of this statement are effective for periods beginning after June 15, 2022.

Statement Number 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Standard is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effect for periods beginning after June 15, 2018, and later. The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

Statement No. 83, Certain Asset Retirement Obligations

Statement No. 84, Fiduciary Activities

Statement No.88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements

Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period

Statement No. 90, Majority Equity Interests

Statement No. 91, Conduit Debt Obligations

Statement No. 93, Replacement of Interbank Offered Rates

The effective date of the following pronouncement is postponed by 18 months

Statement No. 87, Leases

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2019

19. Subsequent Events

On March 11, 2020, the World Health Organization proclaimed the Coronavirus (COVID-19) to be a pandemic. In an effort to lessen the risk of transmission of COVID-19, the United States government, state and local governments and private industries have taken measures to limit social interactions in an effort to limit the spread of COVID-19, affecting business activities and impacting global, state and local commerce and financial markets.

The extent of the impact on the City's operational and financial performance will depend on future developments, including the duration, spread and intensity of the pandemic, which is an emerging and evolving issue. As a result, it is not currently possible to ascertain the overall impact of COVID-19 on the City's operation. However, if the pandemic continues to evolve, this could have a material adverse effect on the City's operation, statement of net position, statement of activities and cash flows.

On May 19, 2020, the City issued \$13,335,000 of revenue bonds with interest rates ranging from 2.25% - 3.00% with a maturity date of July 1, 2040 for certain capital improvements of the water and sewer system and refunding revenue bonds.

**Required
Supplementary Information**

City of Olathe, Kansas
Required Supplementary Information
KPERS Other Postemployment Benefits
Schedule of Changes in the City's KPERS OPEB Total Liability and Related Ratios
Last Two Fiscal Years*

	2018	2019
Total OPEB liability		
Service cost	\$ 139,313	\$ 140,465
Interest	75,802	73,863
Benefit paid	(187,461)	(398,213)
Economic/demographic gains or losses	(109,329)	435,014
Changes in assumptions	(23,958)	34,566
Net change in total OPEB liability	(105,633)	285,695
Total OPEB liability - beginning of year	2,070,970	1,965,337
Total OPEB liability - end of year	<u>\$ 1,965,337</u>	<u>\$ 2,251,032</u>
Covered payroll	<u>\$ 34,666,148</u>	<u>\$ 37,212,277</u>
Total OPEB liability as a percentage of covered payroll	5.67%	6.05%
Discount Rate	3.50%	3.87%

* Data became available with the inception of GASB 75 during fiscal year 2018, therefore 10 years of data is unavailable.

City of Olathe, Kansas
Required Supplementary Information
Other Postemployment Benefits
Schedule of Changes in the City's Total OPEB Liability and Related Ratios
Last Two Fiscal Years*

	2018	2019
Total OPEB liability		
Service cost	\$ 1,102,462	\$ 1,014,753
Interest	903,255	972,026
Benefit paid	(1,711,000)	(1,734,000)
Difference between expected and actual experience	(280,939)	(233,731)
Changes in assumptions	(894,144)	1,801,506
Changes in benefit terms	(484,927)	(687,045)
Net change in total OPEB liability	(1,365,293)	1,133,509
Total OPEB liability - beginning of year	27,631,277	26,265,984
Total OPEB liability - end of year	<u>\$ 26,265,984</u>	<u>\$ 27,399,493</u>
Covered payroll	<u>\$ 53,013,812</u>	<u>\$ 53,013,812</u>
Total OPEB liability as a percentage of covered payroll	49.55%	51.68%
Discount Rate	3.68%	3.00%

* Data became available with the inception of GASB 75 during fiscal year 2018, therefore 10 years of data is unavailable.

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

Local Government	2014	2015	2016	2017	2018	2019
Proportion of the Net Pension Liability	1.878112%	1.936294%	1.938338%	1.997006%	2.092001%	2.156684%
Proportionate share of the net pension liability	\$ 23,155,815	\$ 25,424,394	\$ 29,986,662	\$ 28,925,745	\$ 29,158,100	\$ 30,136,906
Covered payroll	34,408,016	35,530,007	33,922,111	36,032,058	41,149,580	40,039,507
Proportionate share of the net pension liability as a percentage of covered payroll	67.30%	71.56%	88.40%	80.28%	70.86%	75.27%
Plan fiduciary net position as a percentage of total pension liability	66.60%	64.95%	65.09%	67.12%	68.88%	69.88%
Police and Firemen	2014	2015	2016	2017	2018	2019
Proportion of the Net Pension Liability	4.500889%	4.660566%	4.546739%	4.510839%	4.819524%	4.849212%
Proportionate share of the net pension liability	\$ 29,829,218	\$ 33,841,190	\$ 42,228,453	\$ 42,302,210	\$ 46,373,540	\$ 49,079,872
Covered payroll	22,291,450	23,177,996	23,547,099	24,530,506	26,495,886	26,765,111
Proportionate share of the net pension liability as a percentage of covered payroll	133.81%	146.01%	179.34%	172.45%	175.02%	183.37%
Plan fiduciary net position as a percentage of total pension liability	66.60%	64.95%	65.09%	67.12%	68.88%	69.88%

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

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

Local Government	2014	2015	2016	2017	2018	2019
Required contribution	\$ 2,590,522	\$ 2,961,053	\$ 3,100,570	\$ 3,123,646	\$ 3,154,582	\$ 3,445,055
Contribution in relation to required contribution	2,590,522	2,961,053	3,100,570	3,123,646	3,154,582	3,445,055
Contribution deficiency	-	-	-	-	-	-
Covered payroll	34,764,813	35,723,597	34,689,897	36,369,668	41,613,279	40,039,507
Contributions as a percentage of covered payroll	7.45%	8.29%	8.94%	8.59%	7.58%	8.60%

Police and Firemen	2014	2015	2016	2017	2018	2019
Required contribution	\$ 3,764,718	\$ 4,378,971	\$ 4,515,855	\$ 4,446,415	\$ 4,794,549	\$ 5,481,040
Contribution in relation to required contribution	3,764,718	4,378,971	4,515,855	4,446,415	4,794,549	5,481,040
Contribution deficiency	-	-	-	-	-	-
Covered payroll	22,752,844	23,380,484	23,644,300	25,055,519	27,234,594	26,765,111
Contributions as a percentage of covered payroll	16.55%	18.73%	19.10%	17.75%	17.60%	20.48%

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, 2019

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

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

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, 2019

	Special Revenue								
	Fire Levy	Motor Fuel Tax	Library Operating	Economic Development and Tourism	Special Park and Recreation	Special Alcohol	Stormwater	Reimbursable Programs	Grants Fund
Assets									
Cash, cash equivalents, and investments	\$ 272,019	\$ -	\$ 2,685,591	\$ 858,252	\$ 2,182,709	\$ 1,005,791	\$ 1,390,826	\$ 1,077,739	\$ 284,470
Receivables (net of allowance)									
Accounts	-	-	-	-	-	-	628,120	-	15,918
Taxes	3,494,126	-	6,159,144	371,272	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-	3,818,516
Due from other governments	-	979,955	-	-	100,000	100,000	-	-	426,103
Prepaid asset	-	-	44,704	-	-	-	-	-	-
Total assets	<u>\$ 3,766,145</u>	<u>\$ 979,955</u>	<u>\$ 8,889,439</u>	<u>\$ 1,229,524</u>	<u>\$ 2,282,709</u>	<u>\$ 1,105,791</u>	<u>\$ 2,018,946</u>	<u>\$ 1,077,739</u>	<u>\$ 4,545,007</u>
Liabilities									
Accounts payable	\$ -	\$ -	\$ 51,866	\$ -	\$ 284	\$ -	\$ 2,520	\$ -	\$ 57,680
Due to other funds	-	600,290	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>600,290</u>	<u>51,866</u>	<u>-</u>	<u>284</u>	<u>-</u>	<u>2,520</u>	<u>-</u>	<u>57,680</u>
Deferred Inflows of Resources									
Deferred revenue - property taxes	3,494,126	-	6,159,144	-	-	-	-	-	-
Deferred revenue - intergovernmental	-	-	-	-	100,000	100,000	-	-	282,741
Total deferred inflows of resources	<u>3,494,126</u>	<u>-</u>	<u>6,159,144</u>	<u>-</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>282,741</u>
Fund balances									
Nonspendable	-	-	44,704	-	-	-	-	-	-
Restricted									
Public safety	272,019	-	-	-	-	-	-	79,773	-
Public works	-	379,665	-	-	-	-	-	-	-
Community services	-	-	-	-	-	1,005,791	-	210,942	4,204,586
General government	-	-	2,633,725	-	-	-	-	787,024	-
Committed									
Public works	-	-	-	-	-	-	2,016,426	-	-
Community services	-	-	-	-	2,182,425	-	-	-	-
General government	-	-	-	1,229,524	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-
Total fund balances	<u>272,019</u>	<u>379,665</u>	<u>2,678,429</u>	<u>1,229,524</u>	<u>2,182,425</u>	<u>1,005,791</u>	<u>2,016,426</u>	<u>1,077,739</u>	<u>4,204,586</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,766,145</u>	<u>\$ 979,955</u>	<u>\$ 8,889,439</u>	<u>\$ 1,229,524</u>	<u>\$ 2,282,709</u>	<u>\$ 1,105,791</u>	<u>\$ 2,018,946</u>	<u>\$ 1,077,739</u>	<u>\$ 4,545,007</u>

City of Olathe, Kansas
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2019

	Special Revenue		Capital Projects				Total Nonmajor Governmental Funds
	Cemetery	Recreation	Library Capital	Park Sales Tax	Street Maintenance Sales Tax	Future Street Improvement	
Assets							
Cash, cash equivalents, and investments	\$ 593,949	\$ 1,150,415	\$ 642,053	\$ 852,359	\$ -	\$ 7,580,870	\$ 20,577,043
Receivables (net of allowance)							
Accounts	-	137,608	-	-	-	-	781,646
Taxes	-	-	-	685,321	2,055,815	-	12,765,678
Loans	-	-	-	-	-	-	3,818,516
Due from other governments	-	-	-	-	-	-	1,606,058
Prepaid asset	-	-	-	-	-	-	44,704
Total assets	<u>\$ 593,949</u>	<u>\$ 1,288,023</u>	<u>\$ 642,053</u>	<u>\$ 1,537,680</u>	<u>\$ 2,055,815</u>	<u>\$ 7,580,870</u>	<u>\$ 39,593,645</u>
Liabilities							
Accounts payable	\$ -	\$ 535,077	\$ -	\$ -	\$ -	\$ -	\$ 647,427
Due to other funds	-	-	-	-	842,054	-	1,442,344
Total liabilities	<u>-</u>	<u>535,077</u>	<u>-</u>	<u>-</u>	<u>842,054</u>	<u>-</u>	<u>2,089,771</u>
Deferred Inflows of Resources							
Deferred revenue - property taxes	-	-	-	-	-	-	9,653,270
Deferred revenue - intergovernmental	-	-	-	-	-	-	482,741
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,136,011</u>
Fund balances							
Nonspendable	-	-	-	-	-	-	44,704
Restricted							
Public safety	-	-	-	-	-	-	351,792
Public works	-	-	-	-	1,213,761	-	1,593,426
Community services	-	-	-	1,537,680	-	-	6,958,999
General government	-	-	642,053	-	-	-	4,062,802
Committed							
Public works	-	-	-	-	-	7,580,870	9,597,296
Community services	593,949	752,946	-	-	-	-	3,529,320
General government	-	-	-	-	-	-	1,229,524
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>593,949</u>	<u>752,946</u>	<u>642,053</u>	<u>1,537,680</u>	<u>1,213,761</u>	<u>7,580,870</u>	<u>27,367,863</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 593,949</u>	<u>\$ 1,288,023</u>	<u>\$ 642,053</u>	<u>\$ 1,537,680</u>	<u>\$ 2,055,815</u>	<u>\$ 7,580,870</u>	<u>\$ 39,593,645</u>

City of Olathe, Kansas
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2019

	Special Revenue							
	Fire Levy	Motor Fuel Tax	Library Operating	Economic Development and Tourism	Special Park and Recreation	Special Alcohol	Stormwater	Reimbursable Programs
Revenues								
Taxes:								
Property	\$ 3,618,342	\$ -	\$ 6,323,570	\$ -	\$ -	\$ -	\$ -	\$ 85,423
Sales	-	-	-	-	-	-	-	-
Transient guest	-	-	-	1,382,096	-	-	-	-
Intergovernmental	-	3,838,285	-	-	519,093	519,093	62,931	-
Fines, forfeitures, and penalties	-	-	135,255	-	-	-	-	-
Charges for services	-	-	23,363	-	301,528	-	4,470,469	271,720
Use of money and property	-	4,847	89,869	-	42,619	21,075	81,947	1,719
Miscellaneous	-	-	1,499	-	-	-	30,737	194,760
Total revenues	<u>3,618,342</u>	<u>3,843,132</u>	<u>6,573,556</u>	<u>1,382,096</u>	<u>863,240</u>	<u>540,168</u>	<u>4,646,084</u>	<u>553,622</u>
Expenditures								
General government	-	-	6,111,595	1,636,000	-	-	477,971	386,432
Public safety	-	-	-	-	-	239,191	-	87,820
Public works	-	1,000,000	-	-	-	-	2,367,584	-
Community services	-	-	-	-	541,580	259,905	-	148,872
Debt service	-	-	-	-	-	-	-	-
Principal retirements	-	-	-	-	-	-	150,000	-
Interest and fiscal charges	-	-	-	-	-	-	77,914	-
Total expenditures	<u>-</u>	<u>1,000,000</u>	<u>6,111,595</u>	<u>1,636,000</u>	<u>541,580</u>	<u>499,096</u>	<u>3,073,469</u>	<u>623,124</u>
Excess of revenues over (under) expenditures	<u>3,618,342</u>	<u>2,843,132</u>	<u>461,961</u>	<u>(253,904)</u>	<u>321,660</u>	<u>41,072</u>	<u>1,572,615</u>	<u>(69,502)</u>
Other financing sources (uses)								
Insurance proceeds	-	-	-	-	-	-	-	-
Issuance of revenue bonds	-	-	-	-	-	-	-	-
Bond premium	-	-	-	-	-	-	-	-
Bond discount	-	-	-	-	-	-	-	-
Transfers in	-	-	-	521,745	92,192	-	-	132,750
Transfers out	(3,567,936)	(3,615,145)	(487,609)	-	(450,000)	-	(1,276,250)	(4,282)
Total other financing sources (uses)	<u>(3,567,936)</u>	<u>(3,615,145)</u>	<u>(487,609)</u>	<u>521,745</u>	<u>(357,808)</u>	<u>-</u>	<u>(1,276,250)</u>	<u>128,468</u>
Net change in fund balances	<u>50,406</u>	<u>(772,013)</u>	<u>(25,648)</u>	<u>267,841</u>	<u>(36,148)</u>	<u>41,072</u>	<u>296,365</u>	<u>58,966</u>
Fund balances - beginning of year	<u>221,613</u>	<u>1,151,678</u>	<u>2,704,077</u>	<u>961,683</u>	<u>2,218,573</u>	<u>964,719</u>	<u>1,720,061</u>	<u>1,018,773</u>
Fund balances - end of year	<u>\$ 272,019</u>	<u>\$ 379,665</u>	<u>\$ 2,678,429</u>	<u>\$ 1,229,524</u>	<u>\$ 2,182,425</u>	<u>\$ 1,005,791</u>	<u>\$ 2,016,426</u>	<u>\$ 1,077,739</u>

City of Olathe, Kansas
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2019

	Special Revenue			Capital Projects				Total Nonmajor Governmental Funds
	Grant Fund	Cemetery	Recreation	Library Capital	Park Sales Tax	Street Maintenance Sales Tax	Future Street Improvement	
Revenues								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,027,335
Sales	-	-	-	-	3,768,005	11,302,111	-	15,070,116
Transient guest	-	-	-	-	-	-	-	1,382,096
Intergovernmental	1,568,855	-	-	39,152	-	-	-	6,547,409
Fines, forfeitures, and penalties	-	-	-	-	-	-	-	135,255
Charges for services	-	139,842	5,554,423	-	-	-	551,972	11,313,317
Use of money and property	316	14,234	35,779	-	17,584	158,776	189,564	658,329
Miscellaneous	221,345	116,969	-	80,594	-	-	-	645,904
Total revenues	<u>1,790,516</u>	<u>271,045</u>	<u>5,590,202</u>	<u>119,746</u>	<u>3,785,589</u>	<u>11,460,887</u>	<u>741,536</u>	<u>45,779,761</u>
Expenditures								
General government	78,502	-	-	107,326	-	-	-	8,797,826
Public safety	1,200,749	-	-	-	-	-	-	1,527,760
Public works	(91)	-	-	-	-	-	-	3,367,493
Community services	852,125	321,408	5,450,506	-	337,769	-	-	7,912,165
Debt service								
Principal retirements	-	-	-	-	-	-	-	150,000
Interest and fiscal charges	-	-	-	-	-	-	-	77,914
Total expenditures	<u>2,131,285</u>	<u>321,408</u>	<u>5,450,506</u>	<u>107,326</u>	<u>337,769</u>	<u>-</u>	<u>-</u>	<u>21,833,158</u>
Excess of revenues over (under) expenditures	<u>(340,769)</u>	<u>(50,363)</u>	<u>139,696</u>	<u>12,420</u>	<u>3,447,820</u>	<u>11,460,887</u>	<u>741,536</u>	<u>23,946,603</u>
Other financing sources (uses)								
Insurance proceeds	-	-	-	664,211	-	-	-	664,211
Issuance of revenue bonds	-	-	-	-	-	-	-	-
Bond premium	-	-	-	-	-	-	-	-
Bond discount	-	-	-	-	-	-	-	-
Transfers in	189,812	-	-	-	659,216	-	79,361	1,675,076
Transfers out	-	-	(200,000)	(821,954)	(5,251,015)	(11,031,000)	(3,055,732)	(29,760,923)
Total other financing sources (uses)	<u>189,812</u>	<u>-</u>	<u>(200,000)</u>	<u>(157,743)</u>	<u>(4,591,799)</u>	<u>(11,031,000)</u>	<u>(2,976,371)</u>	<u>(27,421,636)</u>
Net change in fund balances	<u>(150,957)</u>	<u>(50,363)</u>	<u>(60,304)</u>	<u>(145,323)</u>	<u>(1,143,979)</u>	<u>429,887</u>	<u>(2,234,835)</u>	<u>(3,475,033)</u>
Fund balances - beginning of year	4,355,543	644,312	813,250	787,376	2,681,659	783,874	9,815,705	30,842,896
Fund balances - end of year	<u>\$ 4,204,586</u>	<u>\$ 593,949</u>	<u>\$ 752,946</u>	<u>\$ 642,053</u>	<u>\$ 1,537,680</u>	<u>\$ 1,213,761</u>	<u>\$ 7,580,870</u>	<u>\$ 27,367,863</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, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues			
Taxes:			
Property	\$ 20,776,043	\$ 20,888,757	\$ 112,714
Sales	54,433,980	50,969,434	(3,464,546)
Franchise	12,421,847	11,638,652	(783,195)
Intergovernmental	1,099,452	1,207,182	107,730
Licenses and permits	2,282,606	2,568,592	285,986
Fines, forfeitures, and penalties	2,593,500	3,154,619	561,119
Charges for services	6,019,800	6,177,071	157,271
Use of money and property	282,000	1,195,136	913,136
Miscellaneous	689,500	911,315	221,815
Total revenues	<u>100,598,728</u>	<u>98,710,758</u>	<u>(1,887,970)</u>
Expenditures			
General government	31,622,051	9,723,588	21,898,463
Administration	3,351,606	3,090,342	261,264
Legal	3,665,876	3,532,553	133,323
Information technology services	4,663,871	3,901,412	762,459
Resource management	2,976,818	2,674,165	302,653
Public safety	51,305,823	51,768,969	(463,146)
Public works	11,065,898	10,422,827	643,071
Community services	8,125,768	8,097,799	27,969
Contingency	500,000	-	500,000
Total expenditures	<u>117,277,711</u>	<u>93,211,655</u>	<u>24,066,056</u>
Excess of revenues over expenditures	<u>(16,678,983)</u>	<u>5,499,103</u>	<u>22,178,086</u>
Other financing sources (uses)			
Transfers in	7,146,559	7,147,180	621
Transfers out	(12,962,767)	(12,019,746)	943,021
Total other financing sources (uses)	<u>(5,816,208)</u>	<u>(4,872,566)</u>	<u>943,642</u>
Net change in fund balance	<u>\$ (22,495,191)</u>	<u>626,537</u>	<u>\$ 23,121,728</u>
Fund balance - beginning of year - budget basis		30,145,842	
Fund balance - end of year - budget basis		30,772,379	
Encumbrances incurred and outstanding		152,861	
Fund balance - end of year - GAAP basis		<u>\$ 30,925,240</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, 2019

	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	\$ 3,627,624	\$ 3,618,342	\$ (9,282)	\$ -	\$ -	\$ -	\$ 6,354,986	\$ 6,323,570	\$ (31,416)
Intergovernmental	-	-	-	3,746,327	3,838,285	91,958	-	-	-
Fines, forfeitures, and penalties	-	-	-	-	-	-	189,000	135,255	(53,745)
Charges for services	-	-	-	-	-	-	-	23,363	23,363
Use of money and property	-	-	-	-	4,847	4,847	30,455	89,869	59,414
Miscellaneous	-	-	-	-	-	-	21,000	1,499	(19,501)
Total revenues	<u>3,627,624</u>	<u>3,618,342</u>	<u>(9,282)</u>	<u>3,746,327</u>	<u>3,843,132</u>	<u>96,805</u>	<u>6,595,441</u>	<u>6,573,556</u>	<u>(21,885)</u>
Expenditures									
General government	-	-	-	-	-	-	9,039,352	6,118,967	2,920,385
Public safety	292,592	-	292,592	-	-	-	-	-	-
Public works	-	-	-	1,209,661	1,000,000	209,661	-	-	-
Community services	-	-	-	-	-	-	-	-	-
Total expenditures	<u>292,592</u>	<u>-</u>	<u>292,592</u>	<u>1,209,661</u>	<u>1,000,000</u>	<u>209,661</u>	<u>9,039,352</u>	<u>6,118,967</u>	<u>2,920,385</u>
Excess of revenues over/ (under) expenditures	<u>3,335,032</u>	<u>3,618,342</u>	<u>283,310</u>	<u>2,536,666</u>	<u>2,843,132</u>	<u>306,466</u>	<u>(2,443,911)</u>	<u>454,589</u>	<u>2,898,500</u>
Other financing sources (uses)									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	(3,572,590)	(3,567,936)	4,654	(3,615,145)	(3,615,145)	-	(72,546)	(487,609)	(415,063)
Total other financing sources/(uses)	<u>(3,572,590)</u>	<u>(3,567,936)</u>	<u>4,654</u>	<u>(3,615,145)</u>	<u>(3,615,145)</u>	<u>-</u>	<u>(72,546)</u>	<u>(487,609)</u>	<u>(415,063)</u>
Net change in fund balances	<u>\$ (237,558)</u>	<u>50,406</u>	<u>\$ 287,964</u>	<u>\$ (1,078,479)</u>	<u>(772,013)</u>	<u>\$ 306,466</u>	<u>\$ (2,516,457)</u>	<u>(33,020)</u>	<u>\$ 2,483,437</u>
Fund balances - beginning of year - Budget basis		<u>221,613</u>			<u>1,151,678</u>			<u>2,704,077</u>	
Fund balances - end of year - Budget basis		<u>272,019</u>			<u>379,665</u>			<u>2,671,057</u>	
Encumbrances incurred and outstanding / Due to other fund		<u>-</u>			<u>-</u>			<u>7,372</u>	
Fund balances - end of year - GAAP basis		<u>\$ 272,019</u>			<u>\$ 379,665</u>			<u>\$ 2,678,429</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, 2019

	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	\$ 1,606,610	\$ 1,382,096	\$ (224,514)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	492,052	519,093	27,041	492,052	519,093	27,041
Fines, forfeitures, and penalties	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	591,529	301,528	(290,001)	-	-	-
Use of money and property	-	-	-	-	42,619	42,619	4,662	21,075	16,413
Miscellaneous	-	-	-	18,397	-	(18,397)	-	-	-
Total revenues	<u>1,606,610</u>	<u>1,382,096</u>	<u>(224,514)</u>	<u>1,101,978</u>	<u>863,240</u>	<u>(238,738)</u>	<u>496,714</u>	<u>540,168</u>	<u>43,454</u>
Expenditures									
General government	3,385,941	1,636,000	1,749,941	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	230,165	239,191	(9,026)
Public works	-	-	-	-	-	-	-	-	-
Community services	-	-	-	2,864,316	541,580	2,322,736	1,176,794	259,905	916,889
Total expenditures	<u>3,385,941</u>	<u>1,636,000</u>	<u>1,749,941</u>	<u>2,864,316</u>	<u>541,580</u>	<u>2,322,736</u>	<u>1,406,959</u>	<u>499,096</u>	<u>907,863</u>
Excess of revenues over (under) expenditures	<u>(1,779,331)</u>	<u>(253,904)</u>	<u>1,525,427</u>	<u>(1,762,338)</u>	<u>321,660</u>	<u>2,083,998</u>	<u>(910,245)</u>	<u>41,072</u>	<u>951,317</u>
Other financing sources (uses)									
Transfers in	587,890	521,745	(66,145)	-	92,192	92,192	-	-	-
Transfers out	-	-	-	(450,000)	(450,000)	-	-	-	-
Total other financing sources/(uses)	<u>587,890</u>	<u>521,745</u>	<u>(66,145)</u>	<u>(450,000)</u>	<u>(357,808)</u>	<u>92,192</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (1,191,441)</u>	<u>267,841</u>	<u>\$ 1,459,282</u>	<u>\$ (2,212,338)</u>	<u>(36,148)</u>	<u>\$ 2,176,190</u>	<u>\$ (910,245)</u>	<u>41,072</u>	<u>\$ 951,317</u>
Fund balances - beginning of year - Budget basis		<u>961,683</u>			<u>2,218,573</u>			<u>964,719</u>	
Fund balances - end of year - Budget basis		<u>1,229,524</u>			<u>2,182,425</u>			<u>1,005,791</u>	
Encumbrances incurred and outstanding / Due to other fund		<u>-</u>			<u>-</u>			<u>-</u>	
Fund balances - end of year - GAAP basis		<u>\$ 1,229,524</u>			<u>\$ 2,182,425</u>			<u>\$ 1,005,791</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, 2019

	Storm Water Fund			Recreation			Total		
	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
Revenues									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,589,220	\$ 11,324,008	\$ (265,212)
Intergovernmental	-	62,931	62,931	-	-	-	4,730,431	4,939,402	208,971
Fines, forfeitures, and penalties	-	-	-	-	-	-	189,000	135,255	(53,745)
Charges for services	4,696,440	4,470,469	(225,971)	5,794,420	5,554,423	(239,997)	11,082,389	10,349,783	(732,606)
Use of money and property	25,381	81,947	56,566	14,984	35,779	20,795	75,482	276,136	200,654
Miscellaneous	-	30,737	30,737	-	-	-	39,397	32,236	(7,161)
Total revenues	<u>4,721,821</u>	<u>4,646,084</u>	<u>(75,737)</u>	<u>5,809,404</u>	<u>5,590,202</u>	<u>(219,202)</u>	<u>27,705,919</u>	<u>27,056,820</u>	<u>(649,099)</u>
Expenditures									
General government	-	-	-	-	-	-	12,425,293	7,754,967	4,670,326
Public safety	-	-	-	-	-	-	522,757	239,191	283,566
Public works	5,327,881	2,906,904	2,420,977	-	-	-	6,537,542	3,906,904	2,630,638
Community services	-	-	-	6,486,489	5,623,002	863,487	10,527,599	6,424,487	4,103,112
Total expenditures	<u>5,327,881</u>	<u>2,906,904</u>	<u>2,420,977</u>	<u>6,486,489</u>	<u>5,623,002</u>	<u>863,487</u>	<u>30,013,191</u>	<u>18,325,549</u>	<u>11,687,642</u>
Excess of revenues over (under) expenditures	<u>(606,060)</u>	<u>1,739,180</u>	<u>2,345,240</u>	<u>(677,085)</u>	<u>(32,800)</u>	<u>644,285</u>	<u>(2,307,272)</u>	<u>8,731,271</u>	<u>11,038,543</u>
Other financing sources (uses)									
Transfers in	-	-	-	-	-	-	587,890	613,937	26,047
Transfers out	(1,276,250)	(1,276,250)	-	(200,000)	(200,000)	-	(9,186,531)	(9,596,940)	(410,409)
Total other financing sources/(uses)	<u>(1,276,250)</u>	<u>(1,276,250)</u>	<u>-</u>	<u>(200,000)</u>	<u>(200,000)</u>	<u>-</u>	<u>(8,598,641)</u>	<u>(8,983,003)</u>	<u>(384,362)</u>
Net change in fund balances	<u>\$ (1,882,310)</u>	<u>462,930</u>	<u>\$ 2,345,240</u>	<u>\$ (877,085)</u>	<u>(232,800)</u>	<u>\$ 644,285</u>	<u>\$ (10,905,913)</u>	<u>(251,732)</u>	<u>\$ 10,654,181</u>
Fund balances - beginning of year - Budget basis		<u>1,541,315</u>			<u>2,272,351</u>			<u>12,036,009</u>	
Fund balances - end of year - Budget basis		<u>2,004,245</u>			<u>2,039,551</u>			<u>11,784,277</u>	
Encumbrances incurred and outstanding / Due to other fund		<u>12,181</u>			<u>(1,286,605)</u>			<u>(1,267,052)</u>	
Fund balances - end of year - GAAP basis		<u>\$ 2,016,426</u>			<u>\$ 752,946</u>			<u>\$ 10,517,225</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, 2019

	Budget	Actual	Variance - Positive (Negative)
Revenues			
Taxes	\$ 4,220,456	\$ 3,768,005	\$ (452,451)
Use of money and property	50,034	17,584	(32,450)
Total revenues	<u>4,270,490</u>	<u>3,785,589</u>	<u>(484,901)</u>
Expenditures			
General government	648,868	-	648,868
Community services	310,220	337,769	(27,549)
Total expenditures	<u>959,088</u>	<u>337,769</u>	<u>621,319</u>
Excess of revenues over (under) expenditures	<u>3,311,402</u>	<u>3,447,820</u>	<u>136,418</u>
Other financing sources (uses)			
Transfers in	-	659,216	659,216
Transfers out	(5,904,554)	(5,251,015)	653,539
Total other financing sources (uses)	<u>(5,904,554)</u>	<u>(4,591,799)</u>	<u>1,312,755</u>
Net change in fund balance	<u>\$ (2,593,152)</u>	<u>(1,143,979)</u>	<u>\$ 1,449,173</u>
Fund balance - beginning of year		2,681,659	
Fund balance - end of year		<u>\$ 1,537,680</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, 2019

	Budget	Actual	Variance - Positive (Negative)
Revenues			
Taxes	\$ 12,621,888	\$ 11,302,111	\$ (1,319,777)
Use of money and property	121,105	158,776	37,671
Total revenues	<u>12,742,993</u>	<u>11,460,887</u>	<u>(1,282,106)</u>
Expenditures			
General government	<u>1,204,898</u>	-	1,204,898
Total expenditures	<u>1,204,898</u>	-	1,204,898
Excess of revenues over (under) expenditures	<u>11,538,095</u>	<u>11,460,887</u>	<u>(77,208)</u>
Other financing sources (uses)			
Transfers out	<u>(12,750,000)</u>	<u>(11,031,000)</u>	1,719,000
Total other financing sources (uses)	<u>(12,750,000)</u>	<u>(11,031,000)</u>	1,719,000
Net change in fund balance	<u>\$ (1,211,905)</u>	429,887	<u>\$ 1,641,792</u>
Fund balance - beginning of year		783,874	
Fund balance - end of year		<u>\$ 1,213,761</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, 2019

	Budget	Actual	Variance - Positive (Negative)
Revenues			
Taxes and special assessments	\$ 25,456,357	\$ 26,504,557	\$ 1,048,200
Use of money and property	312,286	1,046,865	734,579
Miscellaneous	75,368	21,344	(54,024)
Total revenues	<u>25,844,011</u>	<u>27,572,766</u>	<u>1,728,755</u>
Expenditures			
General operations	60,000	89,865	(29,865)
Debt service:			
Principal retirements	62,030,892	21,265,000	40,765,892
Interest	8,621,892	7,152,506	1,469,386
Total expenditures	<u>70,712,784</u>	<u>28,507,371</u>	<u>42,205,413</u>
Excess of revenues over (under) expenditures	(44,868,773)	(934,605)	43,934,168
Other financing sources			
Transfers in	10,086,391	9,131,260	(955,131)
Transfers out	(231,562)	(208,698)	22,864
Total other financing sources/(uses)	<u>9,854,829</u>	<u>8,922,562</u>	<u>(932,267)</u>
Net change in fund balance	<u>\$ (35,013,944)</u>	7,987,957	<u>\$ 43,001,901</u>
Fund balance - beginning of year		37,274,363	
Fund balance - end of year		<u>\$ 45,262,320</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, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
Revenues			
Taxes and special assessments	\$ 7,271,500	\$ 6,907,229	\$ (364,271)
Use of money and property	44,000	145,496	101,496
Total revenues	<u>7,315,500</u>	<u>7,052,725</u>	<u>(262,775)</u>
Expenditures			
General operations	30,000	111,423	(81,423)
Capital improvements	4,825,000	3,467,661	1,357,339
Debt service	10,045,750	2,278,900	7,766,850
Total expenditures	<u>14,900,750</u>	<u>5,857,984</u>	<u>9,042,766</u>
Excess of revenues over (under) expenditures	<u>\$ (7,585,250)</u>	1,194,741	<u>\$ 8,779,991</u>
Fund balance - beginning of year		6,233,267	
Fund balance - end of year		<u>\$ 7,428,008</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, 2019

	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	\$ 24,255,559	\$ 24,972,710	\$ 717,151	\$ -	\$ -	\$ -	\$ 24,255,559	\$ 24,972,710	\$ 717,151
Sewer charges	19,319,948	19,910,448	590,500	-	-	-	19,319,948	19,910,448	590,500
Water and sewer connection charges	382,707	436,172	53,465	-	-	-	382,707	436,172	53,465
Sanitation charges and landfill fees	-	-	-	14,731,745	15,775,435	1,043,690	14,731,745	15,775,435	1,043,690
Use of money and property	1,012,185	296,487	(715,698)	20,587	37,080	16,493	1,032,772	333,567	(699,205)
Miscellaneous	-	1,066,268	1,066,268	-	344,074	344,074	-	1,410,342	1,410,342
Total revenues	<u>44,970,399</u>	<u>46,682,085</u>	<u>1,711,686</u>	<u>14,752,332</u>	<u>16,156,589</u>	<u>1,404,257</u>	<u>59,722,731</u>	<u>62,838,674</u>	<u>3,115,943</u>
Expenditures									
General operations	1,849,264	1,796,413	52,851	-	-	-	1,849,264	1,796,413	52,851
Public works	37,170,042	35,371,690	1,798,352	17,098,201	15,414,607	1,683,594	54,268,243	50,786,297	3,481,946
Debt service	9,955,520	11,094,323	(1,138,803)	-	-	-	9,955,520	11,094,323	(1,138,803)
Total expenditures	<u>48,974,826</u>	<u>48,262,426</u>	<u>712,400</u>	<u>17,098,201</u>	<u>15,414,607</u>	<u>1,683,594</u>	<u>66,073,027</u>	<u>63,677,033</u>	<u>2,395,994</u>
Excess of revenues over (under expenditures)	<u>(4,004,427)</u>	<u>(1,580,341)</u>	<u>2,424,086</u>	<u>(2,345,869)</u>	<u>741,982</u>	<u>3,087,851</u>	<u>(6,350,296)</u>	<u>(838,359)</u>	<u>5,511,937</u>
Other financing sources (uses)									
Transfers in	-	-	-	-	101	101	-	101	101
Transfers out	(1,280,000)	(1,302,000)	(22,000)	-	(400,000)	(400,000)	(1,280,000)	(1,702,000)	(422,000)
Net other financing sources (uses)	<u>(1,280,000)</u>	<u>(1,302,000)</u>	<u>(22,000)</u>	<u>-</u>	<u>(399,899)</u>	<u>(399,899)</u>	<u>(1,280,000)</u>	<u>(1,701,899)</u>	<u>(421,899)</u>
Net change in net position	<u>\$ (5,284,427)</u>	<u>(2,882,341)</u>	<u>\$ 2,402,086</u>	<u>\$ (2,345,869)</u>	<u>342,083</u>	<u>\$ 2,687,952</u>	<u>\$ (7,630,296)</u>	<u>(2,540,258)</u>	<u>\$ 5,090,038</u>
Net position - beginning of year		8,180,120			1,487,227			9,667,347	
Net position - end of year		<u>\$ 5,297,779</u>			<u>\$ 1,829,310</u>			<u>\$ 7,127,089</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, 2019

	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	\$ 6,741,110	\$ 6,591,101	\$ (150,009)	\$ 21,155,436	\$ 22,116,796	\$ 961,360	\$ 7,970,906	\$ 8,115,480	\$ 144,574
Intergovernmental	-	-	-	-	-	-	-	17,146	17,146
Use of money and property	-	3,383	3,383	75,799	240,535	164,736	8,021	112,214	104,193
Total revenues	<u>6,741,110</u>	<u>6,594,484</u>	<u>(146,626)</u>	<u>21,231,235</u>	<u>22,357,331</u>	<u>1,126,096</u>	<u>7,978,927</u>	<u>8,244,840</u>	<u>265,913</u>
Expenditures									
General operations	-	-	-	25,582,068	19,995,952	5,586,116	9,357,119	5,221,398	4,135,721
Public works	6,886,986	6,582,248	304,738	-	-	-	-	-	-
Total expenditures	<u>6,886,986</u>	<u>6,582,248</u>	<u>304,738</u>	<u>25,582,068</u>	<u>19,995,952</u>	<u>5,586,116</u>	<u>9,357,119</u>	<u>5,221,398</u>	<u>4,135,721</u>
Excess of revenues over (under) expenditures	<u>(145,876)</u>	<u>12,236</u>	<u>158,112</u>	<u>(4,350,833)</u>	<u>2,361,379</u>	<u>6,712,212</u>	<u>(1,378,192)</u>	<u>3,023,442</u>	<u>4,401,634</u>
Other financing (uses)									
Transfers in	-	-	-	-	-	-	-	14,748	14,748
Transfers out	-	(82,000)	(82,000)	-	-	-	-	-	-
Net other financing (uses)	<u>-</u>	<u>(82,000)</u>	<u>(82,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,748</u>	<u>14,748</u>
Net change in net position	<u>\$ (145,876)</u>	<u>(69,764)</u>	<u>\$ 76,112</u>	<u>\$ (4,350,833)</u>	<u>2,361,379</u>	<u>\$ 6,712,212</u>	<u>\$ (1,378,192)</u>	<u>3,038,190</u>	<u>\$ 4,416,382</u>
Net position - beginning of year		16,326			6,139,883			1,915,154	
Net position - end of year		<u>\$ (53,438)</u>			<u>\$ 8,501,262</u>			<u>\$ 4,953,344</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, 2019

	Personal Computer Replacement			Building Maintenance			Total		
	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
Revenues									
Charge for services	\$ 1,183,862	\$ 1,165,065	\$ (18,797)	\$ 1,203,698	\$ 1,208,009	\$ 4,311	\$ 38,255,012	\$ 39,196,451	\$ 941,439
Intergovernmental	-	-	-	-	-	-	-	17,146	17,146
Interest income	8,439	19,324	10,885	-	7,132	7,132	92,259	382,588	290,329
Total revenues	<u>1,192,301</u>	<u>1,184,389</u>	<u>(7,912)</u>	<u>1,203,698</u>	<u>1,215,141</u>	<u>11,443</u>	<u>38,347,271</u>	<u>39,596,185</u>	<u>1,248,914</u>
Expenditures									
General operations	1,152,754	972,742	180,012	-	-	-	36,091,941	26,190,092	9,901,849
Public works	-	-	-	1,653,698	1,220,478	433,220	8,540,684	7,802,726	737,958
Total expenditures	<u>1,152,754</u>	<u>972,742</u>	<u>180,012</u>	<u>1,653,698</u>	<u>1,220,478</u>	<u>433,220</u>	<u>44,632,625</u>	<u>33,992,818</u>	<u>10,639,807</u>
Excess of revenues over (under) expenditures	<u>39,547</u>	<u>211,647</u>	<u>172,100</u>	<u>(450,000)</u>	<u>(5,337)</u>	<u>444,663</u>	<u>(6,285,354)</u>	<u>5,603,367</u>	<u>11,888,721</u>
Other financing (uses)									
Transfers in	-	-	-	550,000	-	(550,000)	550,000	14,748	(535,252)
Transfers out	(542,404)	(423,252)	119,152	(550,000)	-	550,000	(1,092,404)	(505,252)	587,152
Net other financing sources (uses)	<u>(542,404)</u>	<u>(423,252)</u>	<u>119,152</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(542,404)</u>	<u>(490,504)</u>	<u>51,900</u>
Net change in net position	<u>\$ (502,857)</u>	<u>(211,605)</u>	<u>\$ 291,252</u>	<u>\$ (450,000)</u>	<u>(5,337)</u>	<u>\$ 444,663</u>	<u>\$ (6,827,758)</u>	<u>\$ 5,112,863</u>	<u>\$ 11,940,621</u>
Net position - beginning of year		659,101			443,639			9,174,103	
Net position - end of year		<u>\$ 447,496</u>			<u>\$ 438,302</u>			<u>\$ 14,286,966</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.

Building Maintenance Fund

To account for monies provided by usage charges for future maintenance costs.

City of Olathe, Kansas
Combining Statement of Net Position
Internal Service Funds
December 31, 2019

	Central Garage	Risk Management	Vehicle Replacement	Personal Computer Replacement	Building Maintenance	Total
Assets						
Current assets						
Cash and cash equivalents	\$ 336,190	\$ 11,302,713	\$ 5,845,794	\$ 487,558	\$ 489,092	\$ 18,461,347
Accounts receivable	63,737	-	68,860	-	-	132,597
Due from other governments	-	-	17,146	-	-	17,146
Inventories and prepaid assets	290,182	-	-	-	-	290,182
Total current assets	690,109	11,302,713	5,931,800	487,558	489,092	18,901,272
Noncurrent assets						
Restricted assets						
Due from other funds	-	-	1,289,528	-	-	1,289,528
Deposit	-	11,000	-	-	-	11,000
Total restricted assets	-	11,000	1,289,528	-	-	1,300,528
Capital assets	70,544	-	65,351,144	228,269	-	65,649,957
Less accumulated depreciation	(70,544)	-	(36,722,123)	(228,269)	-	(37,020,936)
Net capital assets	-	-	28,629,021	-	-	28,629,021
Total assets	\$ 690,109	\$ 11,313,713	\$ 35,850,349	\$ 487,558	\$ 489,092	\$ 48,830,821
Liabilities						
Current liabilities						
Accounts and claims payable	\$ 433,524	\$ 1,886,770	\$ 276,629	\$ -	\$ -	\$ 2,596,923
Compensated absences	96,275	7,488	-	-	30,147	133,910
Total current liabilities	529,799	1,894,258	276,629	-	30,147	2,730,833
Noncurrent liabilities						
Deposit	-	11,000	-	-	-	11,000
Compensated absences	1,135	2,210	-	-	6,455	9,800
Total noncurrent liabilities	1,135	13,210	-	-	6,455	20,800
Total liabilities	530,934	1,907,468	276,629	-	36,602	2,751,633
Net position						
Net investment in capital assets	-	-	28,629,021	-	-	28,629,021
Unrestricted	159,175	9,406,245	6,944,699	487,558	452,490	17,450,167
Total net position	159,175	9,406,245	35,573,720	487,558	452,490	46,079,188
Total liabilities and net position	\$ 690,109	\$ 11,313,713	\$ 35,850,349	\$ 487,558	\$ 489,092	\$ 48,830,821

City of Olathe, Kansas
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended December 31, 2019

	Central Garage	Risk Management	Vehicle Replacement	Personal Computer Replacement	Building Maintenance	Total
Operating revenues						
Intergovernmental	\$ -	\$ -	\$ 17,146	\$ -	\$ -	\$ 17,146
Charges for services	6,651,484	22,116,796	7,619,850	1,165,065	1,208,009	38,761,204
Total operating revenues	6,651,484	22,116,796	7,636,996	1,165,065	1,208,009	38,778,350
Operating expenses						
Administration and general	-	19,699,746	(3,275,700)	945,923	1,208,009	18,577,978
Depreciation	-	-	5,769,425	-	-	5,769,425
Equipment maintenance	6,553,216	-	-	-	-	6,553,216
Total operating expenses	6,553,216	19,699,746	2,493,725	945,923	1,208,009	30,900,619
Operating income (loss)	98,268	2,417,050	5,143,271	219,142	-	7,877,731
Nonoperating revenues (expenses)						
Interest income	3,383	240,535	112,215	19,324	7,132	382,589
Gain (loss) from sale of equipment	-	-	558,874	-	-	558,874
Total nonoperating revenues (expenses)	3,383	240,535	671,089	19,324	7,132	941,463
Net income (loss)	101,651	2,657,585	5,814,360	238,466	7,132	8,819,194
Transfers in	-	-	14,748	-	-	14,748
Transfers out	(82,000)	-	-	(423,252)	-	(505,252)
Net income (loss)	19,651	2,657,585	5,829,108	(184,786)	7,132	8,328,690
Net position - beginning of year	139,524	6,748,660	29,744,612	672,344	445,358	37,750,498
Net position - end of year	\$ 159,175	\$ 9,406,245	\$ 35,573,720	\$ 487,558	\$ 452,490	\$ 46,079,188



City of Olathe, Kansas
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2019

	Central Garage	Risk Management	Vehicle Replacement	Personal Computer Replacement	Building Maintenance	Total
Cash Flows from Operating Activities						
Receipts from customers and users	\$ 6,527,364	\$ 22,116,796	\$ 7,636,996	\$ 1,165,065	\$ 1,208,009	\$ 38,654,230
Payments to suppliers	(4,300,055)	(19,611,793)	3,637,625	(945,923)	(703,074)	(21,923,220)
Payments to employees	(2,021,029)	(379,470)	-	-	(508,577)	(2,909,076)
Net cash provided by (used in) operating activities	206,280	2,125,533	11,274,621	219,142	(3,642)	13,821,934
Cash Flows from Noncapital Financing Activities						
Transfers from other funds	-	-	14,748	-	-	14,748
Transfers to other funds	(82,000)	-	-	(423,252)	-	(505,252)
Net cash provided by (used in) noncapital financing activities	(82,000)	-	14,748	(423,252)	-	(490,504)
Cash Flows from Capital and Related Financing Activities						
Acquisitions and construction of capital assets	-	-	(10,530,771)	-	-	(10,530,771)
Proceeds from sale of capital assets	-	-	558,874	-	-	558,874
Net cash (used in) capital and related financing activities	-	-	(9,971,897)	-	-	(9,971,897)
Cash Flows from Investing Activities						
Interest received	3,383	240,535	112,214	19,324	7,132	382,588
Net cash provided by (used in) investing activities	3,383	240,535	112,214	19,324	7,132	382,588
Net increase (decrease) in cash and cash equivalents	127,663	2,366,068	1,429,686	(184,786)	3,490	3,742,121
Cash and cash equivalents - beginning of year	208,527	8,936,645	4,416,108	672,344	485,602	14,719,226
Cash and cash equivalents - end of year	<u>\$ 336,190</u>	<u>\$ 11,302,713</u>	<u>\$ 5,845,794</u>	<u>\$ 487,558</u>	<u>\$ 489,092</u>	<u>\$ 18,461,347</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities						
Operating income (loss)	\$ 98,268	\$ 2,417,050	\$ 5,143,271	\$ 219,142	\$ -	\$ 7,877,731
Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities						
Depreciation and amortization	-	-	5,769,425	-	-	5,769,425
Changes in assets and liabilities						
(Increase) in inventories and prepaid assets	34,933	-	-	-	-	34,933
(Increase) in accounts receivable	-	-	(68,860)	-	-	(68,860)
(Increase) in due from other governments / other funds	(63,737)	-	168,106	-	-	104,369
Increase (decrease) in accounts and claims payable	140,048	(295,902)	262,679	-	(4,305)	102,520
Increase in compensated absences	(3,232)	4,385	-	-	663	1,816
Total adjustments	108,012	(291,517)	6,131,350	-	(3,642)	5,944,203
Net cash provided by (used in) operating activities	<u>\$ 206,280</u>	<u>\$ 2,125,533</u>	<u>\$ 11,274,621</u>	<u>\$ 219,142</u>	<u>\$ (3,642)</u>	<u>\$ 13,821,934</u>



Discretely Presented Component Units

City of Olathe, Kansas
Combining Statement of Net Position
Discretely Presented Component Unit
December 31, 2019

	Olathe Public Housing Authority
Assets	
Cash and cash equivalents	\$ 823,866
Receivable	40,572
Capital assets, net of accumulated depreciation	2,299,816
Total assets	<u>\$ 3,164,254</u>
Liabilities and net position	
Liabilities	
Accounts payable	\$ 63,933
Accrued liabilities	78,615
Noncurrent liabilities:	74,367
Total liabilities	<u>216,915</u>
Net position	
Net invested in capital assets	2,299,816
Unrestricted	647,523
Total net position	<u>2,947,339</u>
Total liabilities and net position	<u>\$ 3,164,254</u>

City of Olathe, Kansas
Combining Statement of Revenues, Expenses,
and Changes in Net Position
Discretely Presented Component Unit
For the Year Ended December 31, 2019

	Olathe Public Housing Authority
Operating revenues	
Charges for services	\$ 449,021
Intergovernmental	3,859,822
Total operating revenues	<u>4,308,843</u>
Operating expenses	
Community services	4,406,709
Total operating expenses	<u>4,406,709</u>
Operating (loss)	(97,866)
Nonoperating revenues	
Unrestricted investment earnings	1,164
Miscellaneous	41,412
Total nonoperating revenues	<u>42,576</u>
Change in net position	<u>(55,290)</u>
Net position - beginning of year	3,002,629
Net position - end of year	<u><u>\$ 2,947,339</u></u>

Statistical Section

City of Olathe, Kansas Statistical Section

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

Contents

Exhibit

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

1 - 5

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue sources, sales tax and property tax.

6 - 12

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

13 - 17

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

18 - 19

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

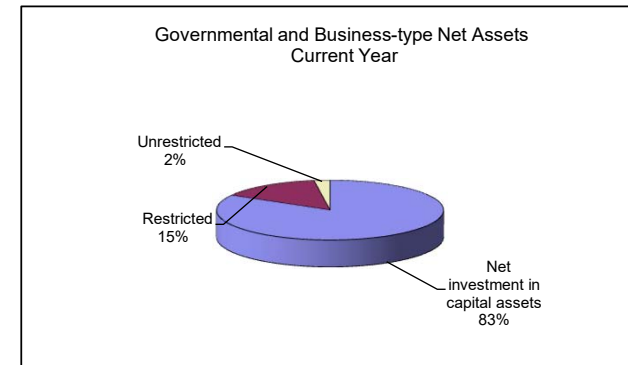
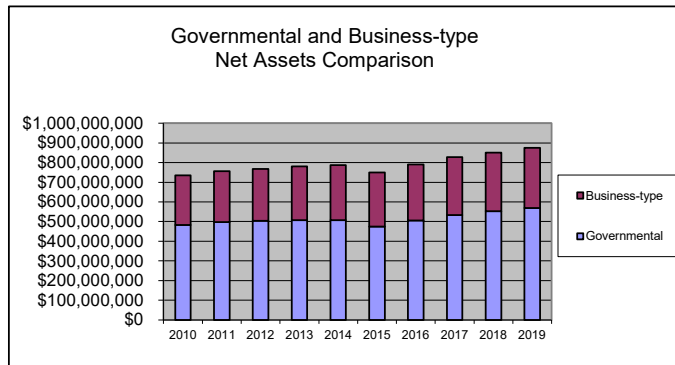
20 - 24

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



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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	\$ 319,933,077	\$ 356,108,246	\$ 370,080,499	\$ 386,512,735	\$ 370,692,154	\$ 405,739,543	\$ 412,629,059	\$ 428,374,947	\$ 468,020,359	\$ 459,371,993
Restricted	88,033,948	83,662,819	73,089,869	66,146,861	57,503,742	56,702,281	81,324,117	78,369,300	116,031,761	69,937,182
Unrestricted	75,553,774	57,707,288	60,248,106	54,031,890	78,729,704	11,859,425	11,528,670	27,219,955	(30,891,241)	39,888,618
Total governmental activities net position	<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>	<u>\$ 533,964,202</u>	<u>\$ 553,160,879</u>	<u>\$ 569,197,793</u>
Business-type activities										
Net investment in capital assets	\$ 227,495,313	\$ 228,011,260	\$ 225,571,867	\$ 232,476,327	\$ 239,782,857	\$ 244,478,470	\$ 240,994,461	\$ 244,073,175	\$ 239,764,049	\$ 250,360,224
Restricted	7,096,586	6,961,829	8,526,843	7,973,798	8,313,028	9,928,840	10,041,625	6,196,232	7,018,082	8,015,333
Unrestricted	17,429,714	23,210,572	30,414,894	33,057,503	32,283,790	21,204,555	33,935,078	43,939,745	50,105,406	46,625,246
Total business-type activities net position	<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>	<u>\$ 294,209,152</u>	<u>\$ 296,887,537</u>	<u>\$ 305,000,803</u>
Primary government										
Net investment in capital assets	\$ 547,428,390	\$ 584,119,506	\$ 595,652,366	\$ 618,989,062	\$ 610,475,011	\$ 650,218,013	\$ 653,623,520	\$ 672,448,122	\$ 707,784,408	\$ 709,732,217
Restricted	95,130,534	90,624,648	81,616,712	74,120,659	65,816,770	66,631,121	91,365,742	84,565,532	123,049,843	77,952,515
Unrestricted	92,983,488	80,917,860	90,663,000	87,089,393	111,013,494	33,063,980	45,463,748	71,159,700	19,214,165	86,513,864
Total primary government activities net position	<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>	<u>\$ 828,173,354</u>	<u>\$ 850,048,416</u>	<u>\$ 874,198,596</u>



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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities:										
General government	\$ 22,633,081	\$ 22,104,286	\$ 21,758,241	\$ 22,936,723	\$ 22,648,134	\$ 22,935,349	\$ 29,698,687	\$ 30,659,017	\$ 31,670,765	\$ 33,634,434
Public safety	37,472,183	35,809,361	36,378,578	38,518,949	41,446,154	41,065,601	43,586,807	51,947,482	53,518,929	56,203,958
Public works	41,971,765	46,931,481	42,001,073	48,561,843	72,495,919	70,291,556	74,644,080	61,820,535	45,025,053	65,535,157
Community services	12,182,817	11,823,644	10,740,780	10,960,318	12,509,572	13,744,699	16,168,880	16,667,781	16,270,619	16,129,998
Interest on long-term debt	10,352,168	11,892,275	10,001,890	11,049,332	8,620,577	8,496,066	7,239,575	7,906,438	7,294,666	7,275,226
Total governmental activities	124,612,014	128,561,047	120,880,562	132,027,165	157,720,356	156,533,271	171,338,029	169,001,253	153,780,032	178,778,773
Business-type activities:										
Water and sewer	27,921,388	32,419,382	38,637,842	34,389,123	35,799,511	37,538,379	38,786,625	41,493,532	43,452,685	48,649,227
Solid waste	9,411,051	10,297,550	10,934,142	10,738,154	11,740,294	11,854,241	12,176,917	12,863,072	13,945,482	14,178,471
Total business-type activities	37,332,439	42,716,932	49,571,984	45,127,277	47,539,805	49,392,620	50,963,542	54,356,604	57,398,167	62,827,698
Total primary government expenses	\$ 161,944,453	\$ 171,277,979	\$ 170,452,546	\$ 177,154,442	\$ 205,260,161	\$ 205,925,891	\$ 222,301,571	\$ 223,357,857	\$ 211,178,199	\$ 241,606,471
Program Revenues										
Governmental activities:										
Charges for services										
General government	\$ 3,932,061	\$ 3,872,262	\$ 3,632,230	\$ 3,965,047	\$ 3,756,217	\$ 4,155,156	\$ 4,770,270	\$ 4,660,223	\$ 5,052,358	\$ 4,852,589
Public safety	3,845,049	4,129,741	4,557,513	4,523,774	4,537,798	4,315,123	4,191,244	3,091,130	3,512,133	3,607,841
Public works	4,403,430	4,664,605	6,536,730	5,688,762	7,772,860	7,558,545	8,064,710	9,472,541	10,731,989	8,752,953
Community services	1,744,871	2,114,043	2,300,397	2,380,047	3,709,630	4,780,084	5,524,930	5,994,725	5,902,968	6,135,471
Operating grants and contributions	2,183,878	2,331,708	2,110,344	2,277,453	2,338,420	2,642,863	2,798,886	2,691,260	2,548,814	3,212,795
Capital grants and contributions	37,416,271	25,256,895	12,379,269	20,204,382	21,906,462	27,214,326	47,057,319	38,451,050	17,409,373	24,823,201
Total governmental activities program revenue	53,525,560	42,369,254	31,516,483	39,039,465	44,021,387	50,666,097	72,407,359	64,360,929	45,157,635	51,384,850
Business-type activities:										
Charges for services										
Water and sewer	29,555,094	31,887,691	38,143,966	37,135,057	38,100,769	38,981,204	43,168,622	45,752,839	48,608,113	45,700,559
Solid waste	11,175,942	11,830,205	12,151,751	12,477,796	12,511,659	12,965,412	13,370,140	12,908,095	13,451,554	15,944,963
Capital grants and contributions	1,606,186	4,206,897	5,241,451	3,178,066	2,742,115	2,452,669	4,416,279	3,286,002	2,813,011	4,445,642
Total business-type activities program revenues	42,337,222	47,924,793	55,537,168	52,790,919	53,354,543	54,399,285	60,955,041	61,946,936	64,872,678	66,091,164
Total primary government program revenues	\$ 95,862,782	\$ 90,294,047	\$ 87,053,651	\$ 91,830,384	\$ 97,375,930	\$ 105,065,382	\$ 133,362,400	\$ 126,307,865	\$ 110,030,313	\$ 117,476,014
Net (expense)/revenue										
Governmental activities	\$ (71,086,454)	\$ (86,191,793)	\$ (89,364,079)	\$ (92,987,700)	\$ (113,698,969)	\$ (105,867,174)	\$ (98,930,670)	\$ (104,640,324)	\$ (108,622,397)	\$ (127,393,923)
Business-type activities	5,004,783	5,207,861	5,965,184	7,663,642	5,814,738	5,006,665	9,991,499	7,590,332	7,474,511	3,263,466
Total primary government net expense	\$ (66,081,671)	\$ (80,983,932)	\$ (83,398,895)	\$ (85,324,058)	\$ (107,884,231)	\$ (100,860,509)	\$ (88,939,171)	\$ (97,049,992)	\$ (101,147,886)	\$ (124,130,457)

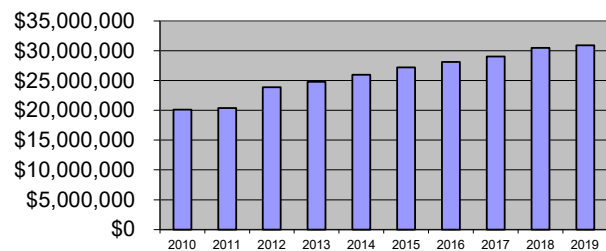
City of Olathe, Kansas
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General revenues and other changes in net position										
Governmental activities:										
Taxes										
Property taxes	\$ 38,567,592	\$ 37,388,645	\$ 37,803,773	\$ 36,970,133	\$ 38,287,765	\$ 40,134,797	\$ 43,336,975	\$ 47,021,050	\$ 51,746,347	\$ 54,297,724
Sales taxes	37,673,077	41,925,494	43,562,332	44,683,816	55,535,354	59,758,735	64,602,806	68,351,904	70,529,222	69,958,462
Franchise taxes	9,264,850	9,676,295	9,857,257	10,683,439	11,346,571	11,134,962	11,503,470	11,629,244	12,009,645	11,638,652
Other taxes	838,247	879,012	1,015,736	1,333,354	1,260,272	1,462,228	1,714,373	2,026,799	1,784,961	1,798,487
Investment earnings	98,681	961,178	1,462,684	378,433	642,836	602,315	862,779	1,512,957	3,013,147	4,679,309
Miscellaneous	5,092,981	1,419,911	2,118,260	2,318,868	6,671,826	1,825,250	2,165,115	2,443,044	4,497,232	3,162,265
Transfers	63,263	544,935	823,525	(107,331)	188,459	2,376,172	2,251,686	137,682	3,441,360	(2,104,062)
Total governmental activities	91,598,691	92,795,470	96,643,567	96,260,712	113,933,083	117,294,459	126,437,204	133,122,680	147,021,914	143,430,837
Business-type activities:										
Investment earnings	(50,857)	178,500	382,636	119,081	230,865	183,741	291,045	477,905	861,184	1,323,989
Miscellaneous	510,375	1,320,622	1,148,332	1,103,970	1,014,903	1,108,050	1,328,441	1,307,433	1,341,098	1,421,749
Transfers	(63,263)	(544,935)	(823,525)	107,331	(188,459)	(2,376,172)	(2,251,686)	(137,682)	(3,441,360)	2,104,062
Total business-type activities	396,255	954,187	707,443	1,330,382	1,057,309	(1,084,381)	(632,200)	1,647,656	(1,239,078)	4,849,800
Total primary government	<u>\$ 91,994,946</u>	<u>\$ 93,749,657</u>	<u>\$ 97,351,010</u>	<u>\$ 97,591,094</u>	<u>\$ 114,990,392</u>	<u>\$ 116,210,078</u>	<u>\$ 125,805,004</u>	<u>\$ 134,770,336</u>	<u>\$ 145,782,836</u>	<u>\$ 148,280,637</u>
Change in Net Position										
Governmental activities	\$ 20,512,237	\$ 6,603,677	\$ 7,279,488	\$ 3,273,012	\$ 234,114	\$ 11,427,285	\$ 27,506,534	\$ 28,482,356	\$ 38,399,517	\$ 16,036,914
Business-type activities	5,401,038	6,162,048	6,672,627	8,994,024	6,872,047	3,922,284	9,359,299	9,237,988	6,235,433	8,113,266
Total primary government	<u>\$ 25,913,275</u>	<u>\$ 12,765,725</u>	<u>\$ 13,952,115</u>	<u>\$ 12,267,036</u>	<u>\$ 7,106,161</u>	<u>\$ 15,349,569</u>	<u>\$ 36,865,833</u>	<u>\$ 37,720,344</u>	<u>\$ 44,634,950</u>	<u>\$ 24,150,180</u>

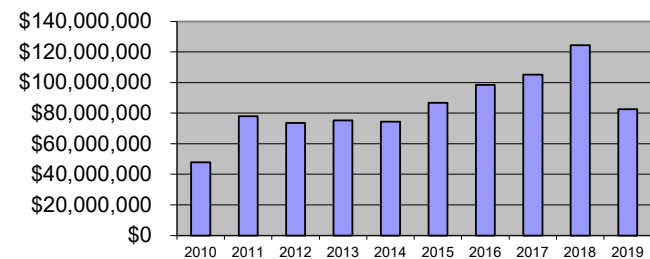
City of Olathe, Kansas
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Nonspendable	\$ 300,950	\$ 601,488	\$ 826,094	\$ 372,171	\$ 360,834	\$ 273,262	\$ 180,838	\$ 65,974	\$ 6,011	\$ 109,998
Assigned	1,803,838	604,793	423,495	691,195	575,716	308,646	408,916	313,803	367,726	152,861
Unassigned	17,999,342	19,204,392	22,614,927	23,714,931	25,029,566	26,653,214	27,547,843	28,660,751	30,139,831	30,662,381
Total general fund	<u>\$ 20,104,130</u>	<u>\$ 20,410,673</u>	<u>\$ 23,864,516</u>	<u>\$ 24,778,297</u>	<u>\$ 25,966,116</u>	<u>\$ 27,235,122</u>	<u>\$ 28,137,597</u>	<u>\$ 29,040,528</u>	<u>\$ 30,513,568</u>	<u>\$ 30,925,240</u>
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,704
Restricted	42,937,040	64,415,415	56,870,747	57,084,752	52,559,149	58,520,874	70,680,019	69,992,308	84,594,066	39,582,543
Committed	11,943,046	10,637,847	12,011,354	11,259,718	12,690,925	16,931,314	13,253,562	14,393,464	16,173,584	14,356,140
Assigned	1,150,000	3,092,000	4,919,000	6,868,058	9,059,939	11,339,204	14,427,463	20,686,346	23,670,824	28,520,468
Unassigned	(8,151,727)	(265,224)	(356,083)	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 47,878,359</u>	<u>\$ 77,880,038</u>	<u>\$ 73,445,018</u>	<u>\$ 75,212,528</u>	<u>\$ 74,310,013</u>	<u>\$ 86,791,392</u>	<u>\$ 98,361,044</u>	<u>\$ 105,072,118</u>	<u>\$ 124,438,474</u>	<u>\$ 82,503,855</u>

General Fund Balance



All Other Governmental Funds

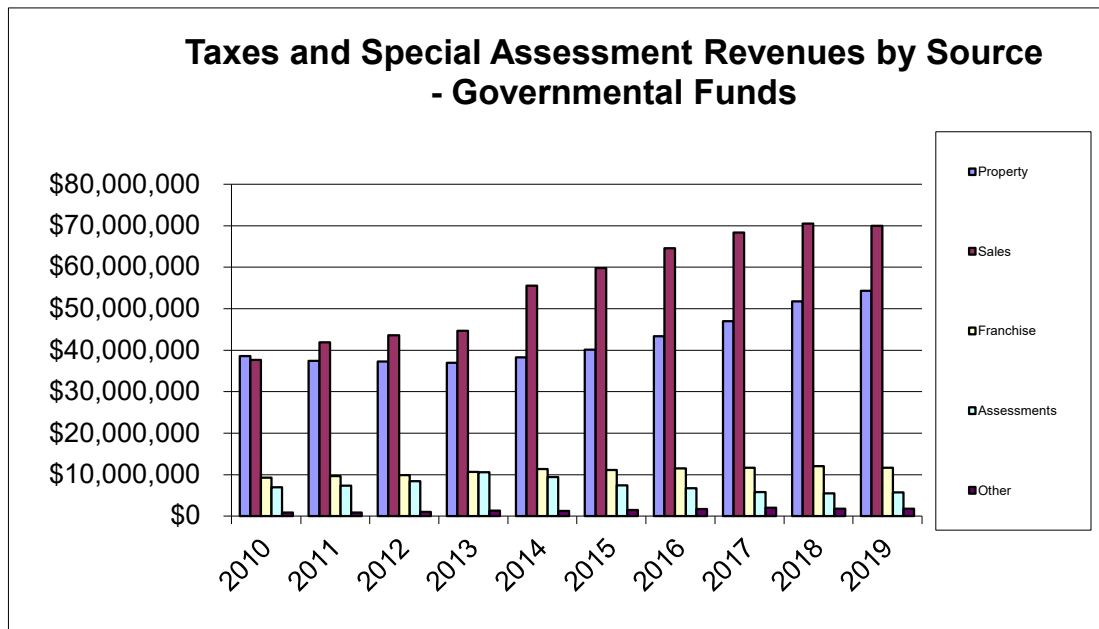


City of Olathe, Kansas
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Taxes and special assessments	\$ 93,278,764	\$ 97,186,011	\$ 100,151,808	\$ 104,216,196	\$ 115,878,933	\$ 119,895,961	\$ 127,903,146	\$ 134,793,488	\$ 141,523,573	\$ 143,388,176
Intergovernmental	20,449,434	10,649,241	8,537,462	11,434,840	14,914,113	12,389,145	12,987,653	21,602,721	17,841,802	14,634,776
Licenses and permits	813,254	801,090	1,292,246	1,219,515	1,462,444	2,054,140	2,221,597	2,311,842	2,858,757	2,568,592
Fines, forfeitures, and penalties	3,323,570	3,605,967	4,102,130	4,028,710	3,973,992	3,866,565	3,861,676	2,766,930	3,156,629	3,289,874
Charges for services	9,788,587	10,373,594	11,632,494	11,309,405	14,340,069	14,888,203	16,467,881	18,139,856	19,184,062	17,490,388
Use of money and property	106,061	897,601	1,450,621	332,055	569,071	549,290	793,780	1,422,000	2,647,564	4,296,722
Miscellaneous	2,652,214	1,327,317	1,594,024	2,984,067	6,479,238	1,846,859	1,572,393	1,942,028	4,201,766	1,939,180
Total revenues	130,411,884	124,840,821	128,760,785	135,524,788	157,617,860	155,490,163	165,808,126	182,978,865	191,414,153	187,607,708
Expenditures										
General government	21,383,165	21,003,812	20,364,416	21,332,265	21,094,027	22,375,960	28,554,144	28,267,167	30,304,050	31,876,684
Public safety	35,962,013	35,062,536	34,812,525	36,754,816	39,565,726	41,058,833	42,270,308	47,585,328	50,139,662	53,276,267
Public works	12,818,237	12,927,181	12,781,679	14,417,388	14,816,298	15,450,364	11,842,381	13,293,564	13,033,266	14,019,737
Community services	11,877,736	10,281,567	9,964,083	10,163,238	11,699,573	13,142,640	14,549,846	14,704,008	14,594,861	16,059,390
Development services	555,790	-	-	-	-	-	-	-	-	-
Capital improvements	41,708,828	19,185,356	17,731,294	45,828,161	57,620,792	44,172,182	56,384,322	59,411,140	69,670,738	84,023,479
Debt service										
Principal retirements	20,526,463	21,338,779	24,321,309	24,980,629	28,371,830	24,098,465	20,680,816	21,767,175	22,139,589	22,960,974
Interest and fiscal charges	10,681,749	12,308,753	10,282,122	9,026,964	9,185,557	8,718,545	8,008,626	8,770,981	8,412,845	8,870,375
Total expenditures	155,513,981	132,107,984	130,257,428	162,503,461	182,353,803	169,016,989	182,290,443	193,799,363	208,295,011	231,086,906
Excess of revenues over (under) expenditures	(25,102,097)	(7,267,163)	(1,496,643)	(26,978,673)	(24,735,943)	(13,526,826)	(16,482,317)	(10,820,498)	(16,880,858)	(43,479,198)
Other financing sources (uses)										
Issuance of bonds	53,148,000	28,100,000	3,170,000	22,165,000	22,220,000	11,695,000	17,883,673	12,700,000	34,170,000	14,204,654
Issuance of refunding bonds	-	8,835,000	3,335,000	5,165,000	4,260,000	8,290,000	13,180,000	16,235,000	-	10,094,579
Proceeds from capital leases	-	-	-	237,839	9,255	-	-	-	-	-
Payment to bond escrow agent	-	(2,590,000)	(7,245,028)	-	(3,200,000)	(2,450,000)	(9,605,000)	(13,800,000)	(3,920,000)	(24,710,000)
Premium on general obligation bonds	5,500,575	2,483,846	309,409	1,905,100	1,200,740	1,759,969	3,089,684	2,460,806	4,160,857	3,231,035
Insurance proceeds	-	-	-	-	-	-	539,359	164,173	-	664,211
Transfers in	16,794,058	23,594,270	25,703,478	25,842,153	27,924,819	35,612,943	40,602,770	41,339,554	46,291,981	46,218,324
Transfers out	(16,278,916)	(22,847,731)	(24,757,393)	(25,655,128)	(27,393,567)	(31,090,979)	(40,416,462)	(40,649,195)	(42,986,886)	(47,831,882)
Total other financing sources (uses)	59,163,717	37,575,385	515,466	29,659,964	25,021,247	23,816,933	25,274,024	18,450,338	37,715,952	1,870,921
Net change in fund balances	\$ 34,061,620	\$ 30,308,222	\$ (981,177)	\$ 2,681,291	\$ 285,304	\$ 10,290,107	\$ 8,791,707	\$ 7,629,840	\$ 20,835,094	\$ (41,608,277)
Debt service as a percentage of noncapital expenditures	28.4%	28.0%	30.4%	27.2%	24.5%	21.9%	18.1%	20.0%	21.8%	19.0%

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
2010	\$ 38,567,592	\$ 37,673,077	\$ 9,264,850	\$ 6,934,998	\$ 838,247	\$ 93,278,764
2011	37,388,645	41,925,494	9,676,295	7,316,565	879,012	97,186,011
2012	37,273,386	43,562,332	9,857,257	8,443,097	1,015,736	100,151,808
2013	36,970,133	44,683,816	10,683,439	10,545,454	1,333,354	104,216,196
2014	38,287,765	55,529,354	11,346,571	9,448,971	1,260,272	115,872,933
2015	40,134,797	59,758,735	11,134,962	7,405,239	1,462,228	119,895,961
2016	43,336,975	64,602,806	11,503,470	6,745,522	1,714,373	127,903,146
2017	47,021,050	68,351,904	11,629,244	5,764,491	2,026,799	134,793,488
2018	51,746,347	70,529,222	12,009,645	5,453,398	1,784,961	141,523,573
2019	54,297,724	69,958,462	11,638,652	5,694,851	1,798,487	143,388,176
Change 2010 to 2019	40.79%	85.70%	25.62%	-17.88%	114.55%	53.72%



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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Retail Trade										
(Big Box Retail, Grocery, Electronics)	\$ 13,319,118	\$ 14,372,193	\$ 14,838,908	\$ 15,434,172	\$ 17,474,368	\$ 21,654,523	\$ 22,314,004	\$ 23,255,377	\$ 23,454,605	\$ 22,631,281
Accommodation & Food Services										
(Hotel, Restaurant)	2,255,334	2,410,568	2,524,117	2,573,292	3,105,100	3,925,501	4,090,356	4,153,401	4,215,253	3,838,810
Utilities										
(Gas, Electric)	1,582,942	1,654,295	1,618,624	1,725,732	2,078,355	2,421,297	2,443,689	2,511,899	2,647,015	2,772,575
Information										
(Newsprint, Publishing)	1,174,579	1,212,359	1,273,169	1,283,752	1,605,851	1,966,346	1,624,835	1,595,511	1,637,132	1,296,756
Wholesale Trade										
(Wholesale Materials)	751,037	967,502	911,285	973,698	1,220,136	1,593,026	1,939,542	1,984,038	1,954,944	2,092,617
Manufacturing										
(Food, Beverage, Paper, Machinery)	532,486	565,698	637,218	611,627	811,627	967,271	983,735	948,760	929,794	760,624
Other Services										
(Auto Repair, Laundry)	646,856	694,384	663,561	674,440	824,551	1,047,467	1,111,621	1,129,824	1,147,384	1,477,371
Administrative, Support, Waste Management, & Remediation Services	168,043	191,600	191,995	200,444	229,120	287,092	319,937	382,946	419,703	417,450
Other	1,675,706	1,370,760	1,401,392	1,545,115	1,812,842	2,520,342	2,878,013	2,721,310	2,863,335	3,139,144
Total	<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>	<u>\$ 38,683,066</u>	<u>\$ 39,269,165</u>	<u>\$ 38,426,628</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 (5)	General	Public Safety	Stormwater	Public Safety Capital (3)	Education Research Triangle (4)	Public Safety Courthouse (6)		
2010	1.000%	0.125%	-	0.500%	0.250%	0.100%	0.250%	0.125%	-	6.300%	8.650%
2011	1.000%	0.125%	-	0.500%	0.250%	0.100%	0.250%	0.125%	-	6.300%	8.650%
2012	1.000%	0.125%	-	0.500%	0.250%	0.100%	0.250%	0.125%	-	6.300%	8.650%
2013	1.000%	0.125%	-	0.500%	0.250%	0.100%	0.250%	0.125%	-	6.150%	8.500%
2014	1.000%	0.125%	0.375%	0.500%	0.250%	0.100%	0.250%	0.125%	-	6.150%	8.875%
2015	1.000%	0.125%	0.375%	0.500%	0.250%	0.100%	0.250%	0.125%	-	6.500%	9.225%
2016	1.000%	0.125%	0.375%	0.500%	0.250%	0.100%	0.250%	0.125%	-	6.500%	9.225%
2017	1.000%	0.125%	0.375%	0.500%	0.250%	0.100%	0.250%	0.125%	0.250%	6.500%	9.475%
2018	1.000%	0.125%	0.375%	0.500%	0.250%	0.100%	0.250%	0.125%	0.250%	6.500%	9.475%
2019	1.000%	0.125%	0.375%	0.500%	0.250%	0.100%	0.250%	0.125%	0.250%	6.500%	9.475%

Source: Kansas Department of Revenue

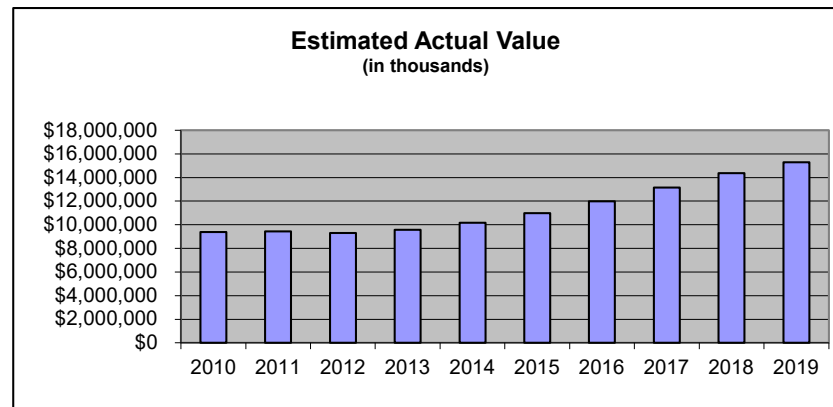
- (1) The State of Kansas increased its sales tax rate effective July 2010 and then decreased its sales tax rate effective July 2013. The State then increased its sales tax rate effective July 2015.
- (2) The citizens of Olathe approved an 1/8% sales tax for various park projects. The tax was in effect from April 2000 through March 2005. The citizens of Olathe approved an 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 public safety capital and operations. The tax was in effect starting in January 2009.
- (4) 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.
- (5) 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.
- (6) The citizens of Johnson County approved an 1/4% sales tax for public safety for a new courthouse. The tax was in effect starting in April 2017.

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
2010	\$ 1,185,808	\$ 33,997	\$ 37,727	\$ 1,257,532	\$ 9,382,174	24.840
2011	1,195,322	35,716	33,254	1,264,292	9,443,015	24.924
2012	1,177,481	37,426	31,526	1,246,433	9,304,378	24.794
2013	1,212,161	38,311	28,765	1,279,238	9,562,962	24.818
2014	1,293,678	38,898	21,385	1,353,961	10,162,389	24.701
2015	1,400,333	40,813	19,349	1,460,496	10,980,846	24.688
2016	1,530,644	41,951	17,996	1,590,590	11,981,493	24.708
2017	1,682,451	42,752	16,293	1,741,496	13,145,013	24.700
2018	1,840,101	45,350	15,802	1,901,252	14,364,117	24.406
2019	1,960,326	47,328	15,287	2,022,942	15,293,254	24.397

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.



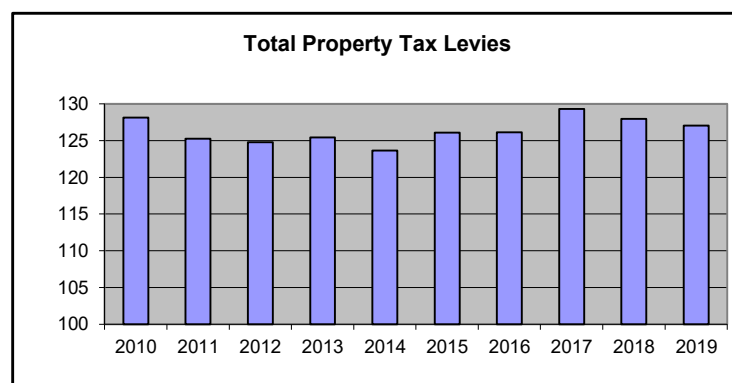
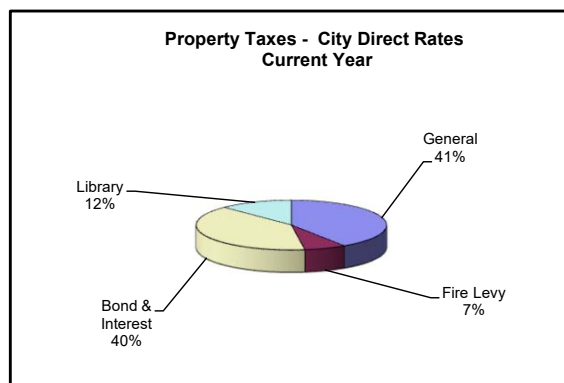
City of Olathe, Kansas
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years

City Direct Rates						Overlapping Rates (1)					
Year	General	Fire Levy	Bond and Interest	Library	Total	State	County	Community College	County Park	Olathe Schools	Total
2010	9.270	1.703	11.100	2.767	24.840	1.500	17.748	8.799	2.350	72.917	128.154
2011	9.050	1.710	11.388	2.776	24.924	1.500	17.700	8.872	2.343	69.924	125.263
2012	9.003	1.702	11.328	2.761	24.794	1.500	17.717	8.785	2.344	69.618	124.758
2013	9.010	1.705	11.337	2.766	24.818	1.500	17.745	9.551	2.347	69.486	125.447
2014	8.871	1.709	11.351	2.770	24.701	1.500	17.764	9.461	2.349	67.868	123.643
2015	8.866	1.710	11.345	2.767	24.688	1.500	19.582	9.469	3.101	67.764	126.104
2016	10.874	1.713	9.352	2.769	24.708	1.500	19.590	9.473	3.102	67.774	126.147
2017	10.193	1.730	9.979	2.798	24.700	1.500	19.318	9.503	3.112	71.174	129.307
2018	9.925	1.727	9.711	3.043	24.406	1.500	19.024	9.266	3.088	70.665	127.949
2019	9.921	1.727	9.707	3.042	24.397	1.500	19.036	9.121	3.090	69.878	127.022

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**

Taxpayer Name	Type of Property	2019			2010		
		Total Assessed Value (1)	Rank	Percentage of Total Assessed Valuation	Total Assessed Value (1)	Rank	Percentage of Total Assessed Valuation
GARMIN International	Manufacturing	\$ 25,904,543	1	1.28%	\$ -		
JDM III SF Kansas City DC LLC	Information Processing	15,025,451	2	0.74%			
HOA Hotels Kansas LLC	Hotel	13,185,501	3	0.65%			
US Bank	Information Processing	10,162,803	4	0.50%			
Wal-Mart	Retail	10,086,827	5	0.50%	4,393,250	10	0.33%
G&I X Industrial KS LLC	Warehouse	10,059,247	6	0.50%			
Northridge 07A, LLC	Retail	9,203,969	7	0.45%	7,512,245	5	0.56%
Homestead Apartment Homes	Apartments	8,232,771	8	0.41%	4,741,795	8	0.36%
Aldi Inc	Retail	7,944,064	9	0.39%			
Foodbrands America Inc.	Manufacturing	7,704,500	10	0.38%			
Honeywell (Bendix/King)	Aircraft Communication	-			7,751,908	4	0.58%
KCPL	Utility				10,342,767	1	0.78%
Passco Olathe Station	Retail				7,875,141	3	0.59%
Atmos Energy	Utility				8,525,218	2	0.64%
Southwestern Bell Telephone	Utility				6,393,738	6	0.48%
Arciterra Olathe Pointe	Retail				5,112,250	7	0.38%
FLIK, Inc	Commercial				4,642,270	9	0.35%
		<u>\$ 117,509,676</u>		<u>5.81%</u>	<u>\$ 67,290,582</u>		<u>5.05%</u>

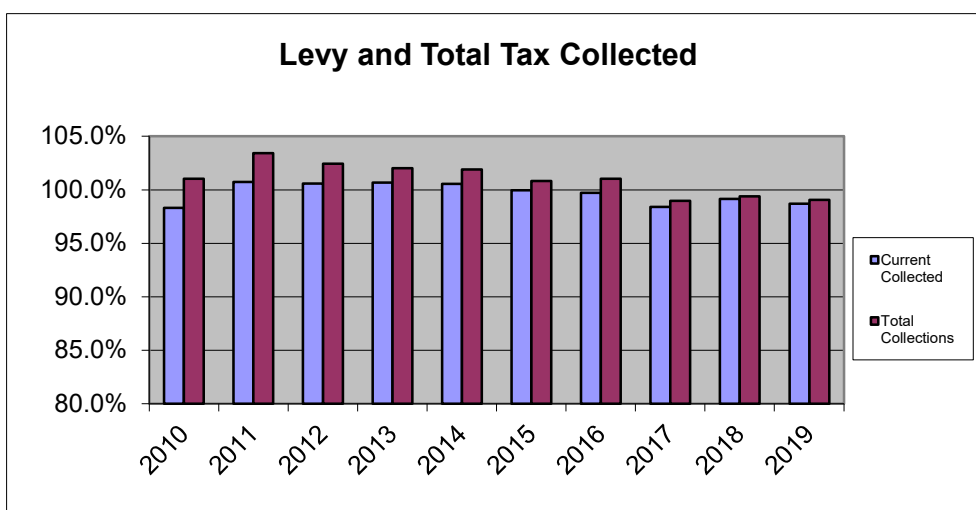
(1) Source: Real estate and personal property valuation from Johnson County Appraiser's Office; utility valuation from Johnson County Clerk's Office.

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
2010	\$ 33,133,648	\$ 32,574,869	98.3%	\$ 901,988	\$ 33,476,857	101.0%
2011	31,258,771	31,489,083	100.7%	840,702	32,329,785	103.4%
2012	31,508,143	31,690,293	100.6%	582,840	32,273,133	102.4%
2013	30,902,949	31,116,334	100.7%	409,831	31,526,165	102.0%
2014	31,749,238	31,927,827	100.6%	425,649	32,353,476	101.9%
2015	33,439,317	33,426,577	100.0%	288,910	33,715,487	100.8%
2016	36,056,353	35,952,604	99.7%	473,432	36,426,036	101.0%
2017	39,304,956	38,673,924	98.4%	224,940	38,898,864	99.0%
2018	43,012,242	42,651,555	99.2%	96,486	42,748,041	99.4%
2019	46,401,800	45,806,541	98.7%	159,453	45,965,994	99.1%

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.

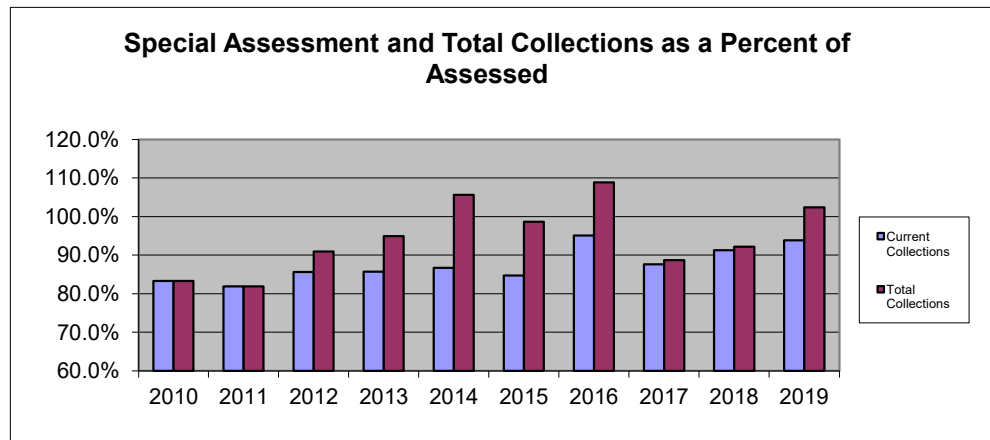


City of Olathe, Kansas
Special Assessment Collections
Last Ten Fiscal Years

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
2010	\$ 7,275,093	\$ 6,061,429	83.3%	\$ -	\$ 6,061,429	83.3%	\$ 266	\$ 6,061,695
2011	8,782,929	7,191,882	81.9%	2,797	7,194,679	81.9%	-	7,194,679
2012	9,887,997	8,464,087	85.6%	531,059	8,995,146	91.0%	14	8,995,160
2013	9,301,654	7,976,297	85.8%	854,213	8,830,510	94.9%	-	8,830,510
2014	8,944,804	7,753,386	86.7%	1,695,585	9,448,971	105.6%	-	9,448,971
2015	7,338,642	6,217,583	84.7%	1,025,219	7,242,802	98.7%	-	7,242,802
2016	6,664,058	6,333,943	95.0%	920,576	7,254,519	108.9%	-	7,254,519
2017	6,301,761	5,521,284	87.6%	67,744	5,589,028	88.7%	175,463	5,764,491
2018	6,051,367	5,524,676	91.3%	52,989	5,577,665	92.2%	138,383	5,716,048
2019	5,664,203	5,314,454	93.8%	484,767	5,799,221	102.4%	-	5,799,221

Source: Johnson County

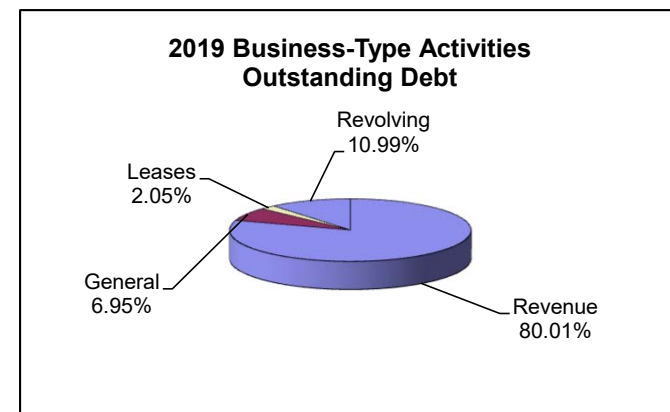
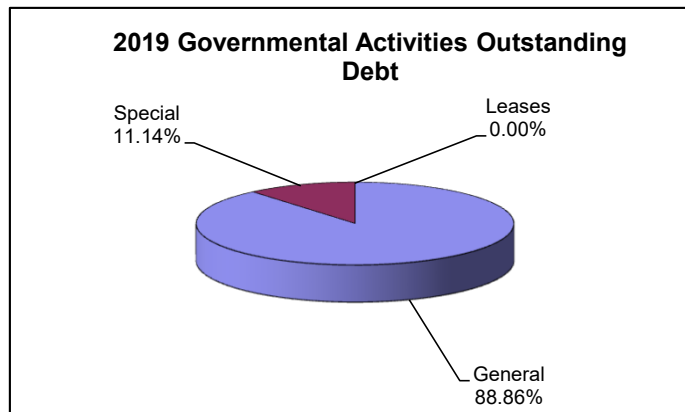
(1) Collections include interest.



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

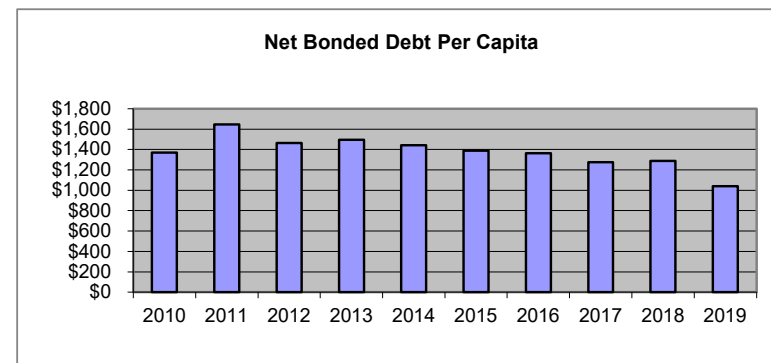
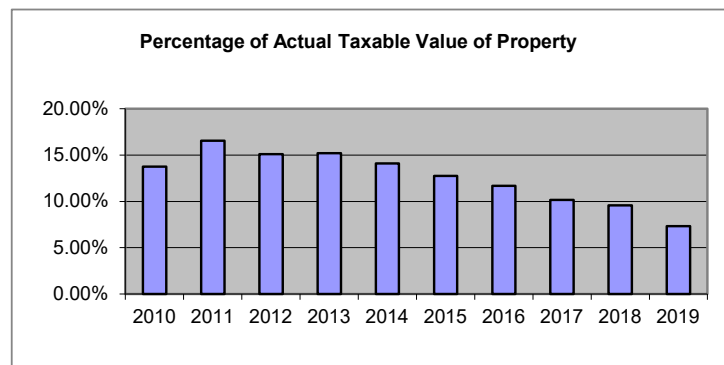
Fiscal Year	Governmental Activities			Business-type Activities			Total Primary Government	Percentage of Personal Income (1)	Per Capita
	General Obligation Bonds	Special Obligation Bonds	Capital Leases	Revenue Bonds	General Obligation Bonds	State Revolving Loan			
2010	\$ 202,119,767	\$ 41,325,000	\$ 62,973	\$ 55,395,000	\$ -	\$ 43,146,756	\$ 355,453,520	1.5%	\$ 2,817
2011	217,958,574	40,377,193	-	55,649,010	17,510,000	24,287,018	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	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	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	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	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	338,909,810	1.8%	2,485
2017	195,446,767	28,091,571	3,622	79,531,354	11,195,000	16,361,106	336,061,983	2.0%	2,419
2018	209,076,614	24,754,653	951	87,987,835	9,945,000	15,000,389	350,794,510	2.0%	2,486
2019	185,067,576	23,209,629	-	99,536,787	8,650,000	13,674,379	332,687,869	2.2%	2,330

(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
2010	\$ 202,119,767	\$ 29,180,689	\$ 172,939,078	\$ 1,257,532,000	13.75%	126,162	\$ 1,371
2011	235,468,574	26,083,374	209,385,200	1,264,292,000	16.56%	127,211	1,646
2012	211,720,707	23,518,301	188,202,406	1,246,433,000	15.10%	128,563	1,464
2013	217,226,499	22,881,695	194,344,804	1,279,238,000	15.19%	130,055	1,494
2014	212,848,868	21,929,118	190,919,750	1,353,961,000	14.10%	132,437	1,442
2015	207,571,805	21,369,827	186,201,978	1,460,496,000	12.75%	134,231	1,387
2016	210,939,607	25,212,558	185,727,049	1,590,590,000	11.68%	136,394	1,362
2017	206,641,767	29,519,397	177,122,370	1,741,496,000	10.17%	138,922	1,275
2018	219,021,614	37,274,363	181,747,251	1,901,252,000	9.56%	141,116	1,288
2019	193,717,576	45,262,320	148,455,256	2,022,942,000	7.34%	142,767	1,040



City of Olathe, Kansas
Direct and Overlapping Governmental Activities Debt
December 31, 2019

Taxing Unit	Net Debt to Nearest Date	Percentage Applicable to the City of Olathe	Estimated Share
Johnson County	\$ 338,820,000	18.22%	\$ 61,733,004
Johnson County Park and Recreation	3,625,000	18.22%	660,475
Johnson County Community College	3,770,000	18.22%	686,894
U.S.D. No. 229	417,470,000	3.07%	12,816,329
U.S.D. No. 230	225,185,000	37.97%	85,502,745
U.S.D. No. 231	139,215,000	0.89%	1,239,014
U.S.D. No. 232	148,125,000	2.10%	3,110,625
U.S.D. No. 233	527,504,247	70.30%	370,835,486
Johnson County Fire District #2	2,580,000	19.50%	503,100
Total estimated overlapping debt			<u>537,087,671</u>
City of Olathe's direct debt			211,337,109
Total direct and overlapping debt			<u><u>\$ 748,424,780</u></u>

Source: Johnson County

Note: Overlapping governments are those that coincide, at least in part, with the geographic of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Olathe. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into 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, 2019. All other districts' debt is as of June 30, 2019

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

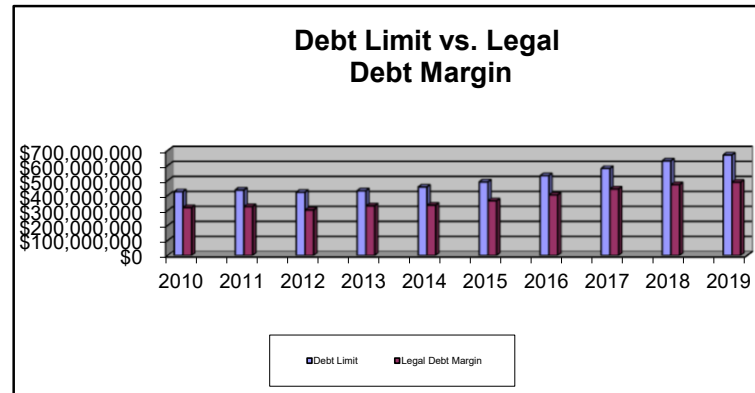
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	\$ 424,508,108	\$ 435,849,362	\$ 420,451,375	\$ 430,956,078	\$ 455,980,038	\$ 490,122,542	\$ 531,685,602	\$ 579,500,865	\$ 630,366,375	\$ 669,510,564
Total net debt applicable to limit	105,954,026	110,502,276	117,628,663	100,536,250	121,451,182	126,719,078	129,097,192	136,166,161	158,746,899	181,513,450
Legal debt margin	<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>	<u>\$ 443,334,704</u>	<u>\$ 471,619,476</u>	<u>\$ 487,997,114</u>
Total net debt applicable to the limit as a percentage of debt limit	24.96%	25.35%	27.98%	23.33%	26.64%	25.85%	24.28%	23.50%	25.18%	27.11%

Legal Debt Margin Calculation for Fiscal Year 2019

Assessed valuation	\$ 2,231,701,879
Legal debt limit (1)	669,510,564
Debt applicable to limit	
General obligation bonds	173,795,000
Temporary notes	53,955,000
Total general obligation debt outstanding	227,750,000
Less exempt capital projects (2)	46,236,550
Debt margin	<u>\$ 487,997,114</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)
2010	\$ 30,065,468	\$ 21,404,000	\$ 8,661,468	\$ 525,000	\$ 285,425	10.69
2011	32,912,000	21,508,858	11,403,142	635,000	1,746,982	4.79
2012	39,653,439	28,134,894	11,518,545	1,710,000	2,562,750	2.70
2013	38,349,614	23,871,194	14,478,420	2,230,000	2,783,709	2.89
2014	39,327,067	24,801,732	14,525,335	2,165,000	2,789,113	2.93
2015	40,519,753	26,710,875	13,808,878	2,205,000	2,707,312	2.81
2016	44,771,642	27,342,877	17,428,765	3,065,000	3,253,529	2.76
2017	47,441,300	29,913,182	17,528,118	4,500,000	3,400,661	2.22
2018	50,659,278	31,706,303	18,952,975	3,400,000	3,698,015	2.67
2019	48,206,445	37,317,966	10,888,479	3,845,000	3,960,837	1.39

Special Obligation Bonds and Developers' Agreements (2)					
Fiscal Year	Revenues	Principal Requirement	Interest Requirement	Developers' Agreement	Coverage
2010	\$ 3,572,247	\$ 1,255,000	\$ 2,226,502	\$ 1,449,174	0.72
2011	3,732,892	1,230,000	2,160,478	874,099	0.88
2012	3,757,245	1,594,862	1,110,888	393,992	1.21
2013	3,965,586	3,128,965	1,086,367	943,425	0.77
2014	4,013,561	1,597,414	1,017,481	960,974	1.12
2015	4,415,841	1,647,626	998,084	1,177,222	1.16
2016	5,477,980	1,708,733	972,027	1,317,683	1.37
2017	6,326,642	2,608,023	977,560	3,048,153	0.95
2018	7,321,032	3,336,918	866,630	3,758,742	0.92
2019	7,052,725	1,545,024	733,876	3,467,661	1.23

(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

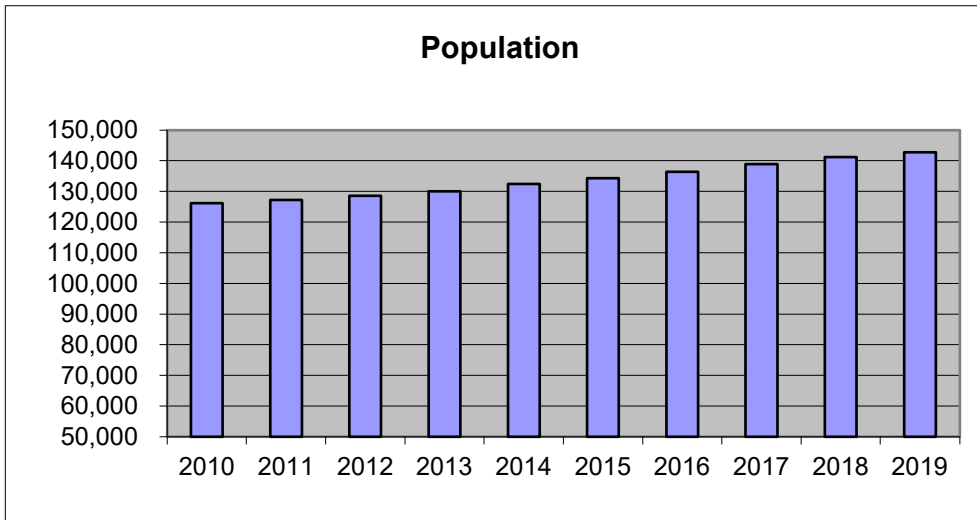
Fiscal Year	Population (3)	Personal Income (2)*	Per Capita Personal Income	Unemployment Rates (1)
2010	126,162	\$ 6,665,351	\$ 52,832	6.1%
2011	127,211	6,635,258	52,832	5.3%
2012	128,563	7,270,238	56,550	5.3%
2013	130,055	7,741,384	59,524	4.1%
2014	132,437	7,955,489	60,070	3.2%
2015	134,231	8,322,972	62,005	2.8%
2016	136,394	8,322,993	61,483	2.9%
2017	138,922	8,385,912	66,063	2.4%
2018	141,116	9,177,604	69,977	2.5%
2019	142,767	9,874,874	74,108	2.2%

* 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

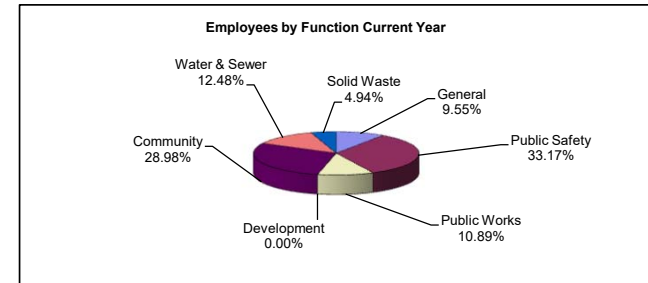
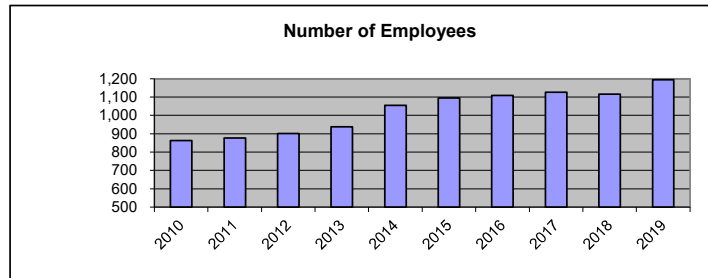
Largest Employers	2019			2010		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Company						
Olathe Unified School District	4,500	1	3.15%	2,000	3	1.60%
GARMIN International	4,000	2	2.80%	2,900	2	2.32%
Olathe Medical Center	2,500	3	1.75%	1,700	5	1.36%
Farmers Insurance	2,315	4	1.62%	3,000	1	2.40%
Johnson County	2,000	5	1.40%	2,000	3	1.60%
City of Olathe	950	6	0.67%	850	9	0.70%
Honeywell (Bendix/King)	850	7	0.60%	990	7	0.79%
TransAm Trucking	800	8	0.56%	1,000	6	0.80%
AIG	600	9	0.42%	-		
FAA	600	9	0.42%	-		
Convergys				950	8	0.76%
Sysco Foods of Kansas City				790	10	0.62%
Totals	<u>19,115</u>		<u>13.39%</u>	<u>16,180</u>		<u>12.95%</u>

Source: Olathe Chamber of Commerce

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental										
General government	99	97	113	105	119	120	129	119	113	114
Public safety	324	330	333	341	348	348	347	374	379	396
Public works	121	118	128	134	126	134	135	128	140	130
Development services	11	11	7	-	-	-	-	-	-	-
Community services	129	137	139	162	280	307	308	291	275	346
Business-Type										
Water & Sewer	123	129	123	134	123	125	129	152	150	149
Solid Waste	56	55	58	61	59	60	60	62	59	59
Totals	863	877	901	937	1,055	1,094	1,108	1,126	1,116	1,343

Source: City's Payroll System



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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public safety										
<i>Police</i>										
Violent Crime Rate per 1,000 residents	1.94%	1.83%	1.51%	1.53%	1.46%	1.20%	1.43%	1.48%	1.91%	2.57%
Property Crime Rate per 1,000 residents	18.38%	17.97%	19.02%	17.33%	16.29%	16.21%	16.84%	15.48%	15.54%	15.23%
Average calls for service per FTE - first responder	360	351	347	353	345	354	369	367	371	370
<i>Fire</i>										
Code 1 Emergencies response within 5 minutes	56%	66%	57%	58%	51%	60%	53%	59%	61%	62%
Fire Confined to Object or Room of Origin	76%	73%	58%	74%	87%	73%	76%	73%	79%	81%
Public works										
<i>Governmental activities</i>										
Maintenance of City Streets - Satisfactory or above	72.00%	74.00%	76.00%	70.00%	74.00%	69.00%	74.12%	75.72%	74.95%	75.44%
Major Street Snow Removal - Satisfactory or above	83.00%	79.00%	84.00%	84.00%	85.00%	86.88%	84.94%	85.52%	86.04%	88.28%
Residential Streets Snow Removal - Satisfactory or above	56.00%	66.00%	63.00%	59.00%	61.00%	64.33%	66.80%	70.23%	70.64%	75.00%
Maintenance of Sidewalks - Satisfactory or above	65.00%	67.00%	62.00%	55.00%	61.00%	60.00%	57.20%	61.34%	60.00%	65.01%
<i>Business-type activities</i>										
<i>Water and sewer</i>										
Time water meets regulatory standards	100.00%	99.98%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Time wastewater meets effluent limits	99.98%	99.98%	99.97%	100.00%	99.96%	99.86%	99.95%	100.00%	99.98%	100.00%
<i>Solid waste</i>										
Tonnage diverted	34.45%	36.70%	37.67%	38.29%	41.10%	43.88%	44.60%	45.27%	40.03%	42.42%
Community services										
Respondents indicating needs are completely met by existing outdoor parks	81.00%	84.00%	85.00%	89.00%	90.00%	88.00%	92.32%	91.88%	91.00%	93.45%
Respondents indicating needs are completely met by existing outdoor athletic fields	85.00%	81.00%	80.00%	81.00%	81.00%	89.00%	83.54%	82.19%	80.75%	84.05%
Respondents indicating needs are completely met by existing indoor gymnasium	70.00%	68.00%	59.00%	65.00%	75.00%	92.00%	82.03%	80.97%	84.00%	82.73%

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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	56	56	56	58	58	58	58	58	58	60
Fire stations	7	7	7	7	7	7	7	7	7	7
Public works										
Governmental activities										
Streets (miles)	1,237	1,237	1,237	1,256	1,256	1,256	1,275	1,275	1,275	1,306
Business-type activities										
Water and sewer										
Water mains (miles)	578	578	578	590	590	590	600	600	600	600
Acre wellfield	95	95	95	95	95	95	95	95	95	95
Sanitary sewers (miles)	428	428	428	410	410	410	439	449	449	449
Solid waste										
Collection trucks	43	43	43	43	43	43	43	43	43	43
Community services										
Acreage	1,559	1,559	1,559	1,559	1,559	1,559	1,559	1,559	1,559	1,559
Parks	45	43	43	45	45	45	45	45	45	45
Swimming Pools	4	4	4	4	4	5	5	5	5	5
Trails (miles)	30.5	30.5	30.5	31	31	31	33	33	32	58

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>
2010	34,249	28,260
2011	34,401	28,398
2012	34,570	28,679
2013	34,860	29,004
2014	35,090	29,303
2015	35,323	29,633
2016	35,559	29,891
2017	35,879	30,262
2018	36,120	30,602
2019	36,600	30,830

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>
2010	12.87	11.1%	4,705.99	10.6%
2011	13.50	4.9%	4,935.35	4.9%
2012	16.15	19.6%	5,918.72	19.9%
2013	13.64	-15.5%	4,976.95	-15.9%
2014	12.14	-11.0%	4,419.31	-11.2%
2015	11.30	-6.9%	3,634.00	-17.8%
2016	12.60	11.5%	4,585.00	26.2%
2017	11.82	-6.2%	4,304.00	-6.1%
2018	12.92	9.3%	4,717.27	9.6%
2019	11.75	-9.1%	4,289.66	-9.1%

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>
2010	6.63	8.9%	2,441	9.0%
2011	6.26	-5.6%	2,186	-10.4%
2012	5.54	-11.5%	2,034	-7.0%
2013	5.74	3.6%	2,105	3.5%
2014	5.11	-11.0%	1,893	-10.1%
2015	6.28	22.9%	2,298	21.4%
2016	5.95	-5.3%	2,186	-4.9%
2017	5.60	-5.9%	2,044	-6.5%
2018	5.15	-8.0%	1,899	-7.1%
2019	6.88	33.6%	2,535	33.5%

Water and Sewer Peak Daily Demand

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

<u>Year</u>	<u>Water System Peak Daily Demand (millions of gallons)</u>	<u>Sewage System Maximum Daily Flow (millions of gallons)</u>
2010	25.50	29.52
2011	25.89	14.66
2012	28.09	23.67
2013	28.57	18.21
2014	24.12	18.08
2015	19.30	25.76
2016	24.68	31.28
2017	21.50	28.54
2018	25.26	35.20
2019	22.50	36.34

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 2019 revenue generated by each.

Water System			Percentage of Total 2019 System Revenues
Customer	Type of Enterprise	2019 Water Billing	
New Century Air Center	Wholesale	\$ 475,165	2.9%
Rural Water District 6	Rural water district	411,496	2.5%
Rural Water District 7	Rural water district	397,311	2.4%
FSI Santa Barbara Property LLC	Multi-family	135,695	0.8%
Olathe Medical Center	Hospital	101,184	0.6%
Garmin International	Industrial	57,782	0.4%
Cintas	Retail	52,417	0.3%
Geiger Ready Mix	Industrial	44,683	0.3%
Santa Marta Retirement	Retirement home	37,595	0.2%
Villas St. Francis	Multi-family	34,835	0.2%

Sewer System			Percentage of Total 2019 System Revenues
Customer	Type of Enterprise	2019 Sewer Charge	
Cintas	Services	\$ 96,226	0.7%
Olathe Medical Center	Hospital	93,463	0.7%
Green Lantern Car Wash LLC	Car wash	61,873	0.5%
Villa St. Francis	Multi-family	58,234	0.4%
AMC Theaters	Entertainment	44,796	0.3%
Exxon Mobil	Industrial	42,107	0.3%
Premier Car Wash	Car wash	37,561	0.3%
Olathe Car Wash LLC	Car wash	35,832	0.3%
Architerra	Commercial	34,517	0.3%
Olive Garden	Restaurant	34,222	0.3%

City of Olathe, Kansas
Risk Management Fund
December 31, 2019

	Workers' Compensation	Health & Dental	General Liability	Other	Total
Assets					
Current assets					
Cash and cash equivalents	\$ 4,674,609	\$ 4,103,396	\$ 2,411,658	\$ 113,050	\$ 11,302,713
Total current assets	<u>4,674,609</u>	<u>4,103,396</u>	<u>2,411,658</u>	<u>113,050</u>	<u>11,302,713</u>
Noncurrent assets					
Restricted assets					
Deposit	-	11,000	-	-	11,000
Total restricted assets	<u>-</u>	<u>11,000</u>	<u>-</u>	<u>-</u>	<u>11,000</u>
Total assets	<u>\$ 4,674,609</u>	<u>\$ 4,114,396</u>	<u>\$ 2,411,658</u>	<u>\$ 113,050</u>	<u>\$ 11,313,713</u>
Liabilities					
Current liabilities					
Accounts and claims payable	\$ 696,387	\$ 966,173	\$ 224,210	\$ -	\$ 1,886,770
Compensated absences	3,946	3,542	-	-	7,488
Total current liabilities	<u>700,333</u>	<u>969,715</u>	<u>224,210</u>	<u>-</u>	<u>1,894,258</u>
Noncurrent liabilities					
Deposit	-	11,000	-	-	11,000
Compensated absences	-	2,210	-	-	2,210
Total noncurrent liabilities	<u>-</u>	<u>13,210</u>	<u>-</u>	<u>-</u>	<u>13,210</u>
Total liabilities	<u>700,333</u>	<u>982,925</u>	<u>224,210</u>	<u>-</u>	<u>1,907,468</u>
Net position					
Unrestricted	3,974,276	3,131,471	2,187,448	113,050	9,406,245
Total liabilities and net position	<u>\$ 4,674,609</u>	<u>\$ 4,114,396</u>	<u>\$ 2,411,658</u>	<u>\$ 113,050</u>	<u>\$ 11,313,713</u>
Operating revenues					
Charges for services	\$ 1,463,896	\$ 18,786,635	\$ 1,829,951	\$ 36,314	\$ 22,116,796
Operating expenses					
Administration and general	802,911	17,438,761	1,438,773	19,301	19,699,746
Operating income (loss)	<u>660,985</u>	<u>1,347,874</u>	<u>391,178</u>	<u>17,013</u>	<u>2,417,050</u>
Nonoperating revenues (expenses)					
Interest income	97,544	91,798	48,887	2,306	240,535
Transfer out	-	-	-	-	-
Net income (loss)	<u>758,529</u>	<u>1,439,672</u>	<u>440,065</u>	<u>19,319</u>	<u>2,657,585</u>
Net position - beginning of year	3,215,747	1,691,799	1,747,383	93,731	6,748,660
Net position - end of year	<u>\$ 3,974,276</u>	<u>\$ 3,131,471</u>	<u>\$ 2,187,448</u>	<u>\$ 113,050</u>	<u>\$ 9,406,245</u>

APPENDIX C

FORM OF CONTINUING DISCLOSURE UNDERTAKING

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CONTINUING DISCLOSURE UNDERTAKING

\$[32,240,000]

CITY OF OLATHE, KANSAS

GENERAL OBLIGATION IMPROVEMENT AND REFUNDING BONDS
SERIES 233

\$[75,595,000]

CITY OF OLATHE, KANSAS

GENERAL OBLIGATION TEMPORARY NOTES
SERIES 2020-A

DATED JULY 16, 2020

This **CONTINUING DISCLOSURE UNDERTAKING** dated as of July 16, 2020 (this “**Continuing Disclosure Undertaking**”), is executed and delivered by the **CITY OF OLATHE, KANSAS** (the “**Issuer**”).

RECITALS

1. This Continuing Disclosure Undertaking is executed and delivered by the Issuer in connection with the issuance of the above-described bonds and notes (collectively, the “**Obligations**”) which are being issued simultaneously herewith as of July 16, 2020, pursuant to the Bond Resolution and Note Resolution (collectively, the “**Resolution**”) adopted by the governing body of the Issuer.

2. The Issuer is entering into this Continuing Disclosure Undertaking for the benefit of the Beneficial Owners of the Obligations and in order to assist the Participating Underwriter in complying with Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the “**Rule**”). The Issuer is the only “**obligated person**” with responsibility for continuing disclosure hereunder.

The Issuer covenants and agrees as follows:

Section 1. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Continuing Disclosure Undertaking unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“**Annual Report**” means any Annual Report provided by the Issuer pursuant to, and as described in, **Section 2** of this Continuing Disclosure Undertaking.

“**Beneficial Owner**” means any registered owner of any Obligations and any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Obligations (including persons holding Obligations through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Obligations for federal income tax purposes.

“**Business Day**” means a day other than (a) a Saturday, Sunday or legal holiday, (b) a day on which banks located in any city in which the principal office or designated payment office of the paying agent or the Dissemination Agent is located are required or authorized by law to remain closed, or (c) a day on which the Securities Depository or the New York Stock Exchange is closed.

“Dissemination Agent” means any entity designated in writing by the Issuer to serve as dissemination agent pursuant to this Continuing Disclosure Undertaking and which has filed with the Issuer a written acceptance of such designation.

“EMMA” means the Electronic Municipal Market Access system for municipal securities disclosures established and maintained by the MSRB, which can be accessed at www.emma.msrb.org.

“Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b) in this definition; *provided however*, the term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Fiscal Year” means the **12-month** period beginning on **January 1** and ending on **December 31** or any other **12-month** period selected by the Issuer as the Fiscal Year of the Issuer for financial reporting purposes.

“Material Events” means any of the events listed in **Section 3** of this Continuing Disclosure Undertaking.

“MSRB” means the Municipal Securities Rulemaking Board, or any successor repository designated as such by the Securities and Exchange Commission in accordance with the Rule.

“Participating Underwriter” means any of the original underwriter(s) of the Obligations required to comply with the Rule in connection with the offering of the Obligations.

Section 2. Provision of Annual Reports.

- (a) The Issuer shall, not later than 180 days after the end of the Issuer’s Fiscal Year, commencing with the Fiscal Year ending December 31, 2020, file with the MSRB, through EMMA, the following financial information and operating data (the **“Annual Report”**):
 - (1) The audited financial statements of the Issuer for the prior Fiscal Year, prepared in accordance with accounting principles generally accepted in the United States. If audited financial statements are not available by the time the Annual Report is required to be provided pursuant to this Section, the Annual Report shall contain unaudited financial statements in a format similar to the summary unaudited financial information contained in the final Official Statement relating to the Obligations, and the audited financial statements shall be provided in the same manner as the Annual Report promptly after they become available.
 - (2) Updates as of the end of the Fiscal Year of certain financial information and operating data contained in the final Official Statement related to the Obligations, as described in **Exhibit A**, in substantially the same format contained in the final Official Statement with such adjustments to formatting or presentation determined to be reasonable by the Issuer.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the Issuer is an “**obligated person**” (as defined by the Rule), which have been provided to the MSRB and are available through EMMA or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB on EMMA. The Issuer shall clearly identify each such other document so included by reference.

In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in this Section; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer’s Fiscal Year changes, it shall give notice of such change in the same manner as for a Material Event under **Section 3**, and the Annual Report deadline provided above shall automatically become 180 days after the end of the Issuer’s new Fiscal Year.

- (b) Pursuant to Section (d)(3) of the Rule, the provisions of **Section 2** hereof shall not apply to any Obligations with a stated maturity of 18 months or less.
- (c) The Annual Report shall be filed with the MSRB in such manner and format as is prescribed by the MSRB.

Section 3. Reporting of Material Events. Not later than **10** Business Days after the occurrence of any of the following events, the Issuer shall give, or cause to be given to the MSRB, through EMMA, notice of the occurrence of any of the following events with respect to the Obligations (“**Material Events**”):

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Obligations, or other material events affecting the tax status of the Obligations;
- (7) modifications to rights of bondholders, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the Obligations, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the obligated person;
- (13) the consummation of a merger, consolidation, or acquisition involving the obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of the trustee, if material;

- (15) incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

Except as provided in **Section 2(b)** hereof, if the Issuer has not submitted the Annual Report to the MSRB by the date required in **Section 2(a)**, the Issuer shall send a notice to the MSRB of the failure of the Issuer to file on a timely basis the Annual Report, which notice shall be given by the Issuer in accordance with this **Section 3**.

Section 4. Termination of Reporting Obligation. The Issuer's obligations under this Continuing Disclosure Undertaking shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Obligations. If the Issuer's obligations under this Continuing Disclosure Undertaking are assumed in full by some other entity, such person shall be responsible for compliance with this Continuing Disclosure Undertaking in the same manner as if it were the Issuer, and the Issuer shall have no further responsibility hereunder. If such termination or substitution occurs prior to the final maturity of the Obligations, the Issuer shall give notice of such termination or substitution in the same manner as for a Material Event under **Section 3**.

Section 5. Dissemination Agents. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Continuing Disclosure Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign as dissemination agent hereunder at any time upon **30** days prior written notice to the Issuer. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report (including without limitation the Annual Report) prepared by the Issuer pursuant to this Continuing Disclosure Undertaking.

Section 6. Amendment; Waiver. Notwithstanding any other provision of this Continuing Disclosure Undertaking, the Issuer may amend this Continuing Disclosure Undertaking and any provision of this Continuing Disclosure Undertaking may be waived, provided that Bond Counsel or other counsel experienced in federal securities law matters provides the Issuer with its written opinion that the undertaking of the Issuer contained herein, as so amended or after giving effect to such waiver, is in compliance with the Rule and all current amendments thereto and interpretations thereof that are applicable to this Continuing Disclosure Undertaking.

In the event of any amendment or waiver of a provision of this Continuing Disclosure Undertaking, the Issuer shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (1) notice of such change shall be given in the same manner as for a Material Event under **Section 3**, and (2) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 7. Additional Information. Nothing in this Continuing Disclosure Undertaking shall be deemed to prevent the Issuer from disseminating any other information, using the means of

dissemination set forth in this Continuing Disclosure Undertaking or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that required by this Continuing Disclosure Undertaking. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Material Event, in addition to that specifically required by this Continuing Disclosure Undertaking, the Issuer shall have no obligation under this Continuing Disclosure Undertaking to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

Section 8. Default. If the Issuer fails to comply with any provision of this Continuing Disclosure Undertaking, any Participating Underwriter or any Beneficial Owner of the Obligations may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Continuing Disclosure Undertaking. A default under this Continuing Disclosure Undertaking shall not be deemed an event of default under the Resolution or the Obligations, and the sole remedy under this Continuing Disclosure Undertaking in the event of any failure of the Issuer to comply with this Continuing Disclosure Undertaking shall be an action to compel performance.

Section 9. Beneficiaries. This Continuing Disclosure Undertaking shall inure solely to the benefit of the Issuer, the Participating Underwriter, and the Beneficial Owners from time to time of the Obligations and shall create no rights in any other person or entity.

Section 10. Severability. If any provision in this Continuing Disclosure Undertaking, the Resolution or the Obligations shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 11. Electronic Transactions. The arrangement described herein may be conducted and related documents may be sent, received, or stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 12. Governing Law. This Continuing Disclosure Undertaking shall be governed by and construed in accordance with the laws of the State of Kansas.

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IN WITNESS WHEREOF, the Issuer has caused this Continuing Disclosure Undertaking to be executed as of the day and year first above written.

CITY OF OLATHE, KANSAS

By: _____
Title: Mayor

EXHIBIT A
TO CONTINUING DISCLOSURE UNDERTAKING

**FINANCIAL INFORMATION AND OPERATING DATA TO BE
INCLUDED IN ANNUAL REPORT**

The financial information and operating data contained in the following sections and tables contained in Appendix A of the final Official Statement relating to the (with such modifications to the formatting and general presentation thereof as deemed appropriate by the Issuer) relating to the Obligations:

- Debt Structure – Debt Summary
- Debt Structure – Overlapping Debt
- Debt Structure – Current Indebtedness
- Financial Information – Financial Statement Summary
- Financial Information – Assessed Valuation
- Financial Information – Fair Market Value
- Financial Information – Major Taxpayers
- Financial Information – Property Tax Levies and Collections (table)
- Financial Information – Tax Rates of the City

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