POPULAR ANNUAL
FINANCIAL REPORT

CITY OF OLATHE, KANSAS

For The Fiscal Year Ended | December 31, 2018

June 2019
LETTER TO RESIDENTS

To the Residents of Olathe,

It is my honor to present the first City of Olathe Popular Annual Financial Report (PAFR), which provides a glimpse of the City's financial performance for the fiscal year ending December 31, 2018.

This summarized financial report is to help further transparency and communication about the City's financial activities and achievements.

It presents useful information from the Comprehensive Annual Financial Report (CAFR) and the City's budget, in a concise and easy-to-read format.

The CAFR outlines the City's financial position and operating activities for the year in detail and conforms to the Generally Accepted Accounting Principles (GAAP) and is audited by an independent certified public accounting firm.

This report is not intended to replace the CAFR, but instead present information through easier, more user-friendly reporting.

Unlike the CAFR, the PAFR was not prepared in conformance with Generally Accepted Accounting Principles (GAAP) and was not audited.

In this document, you will find information on:

- Key development
- Project highlights
- City statistics
- Tax revenues
- Governmental expenses
- Sales tax
- Property tax
- Financial highlights

On behalf of the City Council and the City's professional staff, I thank you for taking the time to read our PAFR for 2018.

We encourage you to provide feedback to the Resource Management Department at 913-971-8561.

For a complete review of the City's financial position for 2018, please consult the 2018 CAFR available at Olatheks.org.

Sincerely,

Dianna Wright
Director of Resource Management

Our vision
Setting the Standard for Excellence in Public Service.

Our mission
The City of Olathe plans for and provides public services to enhance the quality of life for our community.

Our values
Customer Service
Teamwork
Learning
Communication
Leadership through Service

By embracing these core values, employees are committed to serving the community with respect, accountability, initiative and integrity.

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In 1986, Olathe voters selected a modified mayor-council-manager form of government. Under Charter Ordinance No. 28, this form of government calls for a Mayor and two Council members elected by the City as a whole and four Council members elected by wards. The Mayor, four ward representatives and two at-large Council members are elected to four-year staggered terms. The governing body is generally referred to as the “City Council”. As the policy makers, the City Council passes resolutions and ordinances, approves the budget, appoints citizens to advisory boards, and hires the City Manager, Municipal Judge and City Auditor.
Quick Facts

Olathe 1857

Top 10 employers

<table>
<thead>
<tr>
<th>Employer</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Olathe School District #233</td>
<td>4,500</td>
</tr>
<tr>
<td>Johnson County Government</td>
<td>4,000</td>
</tr>
<tr>
<td>Garmin International</td>
<td>3,000</td>
</tr>
<tr>
<td>Farmers Insurance</td>
<td>3,000</td>
</tr>
<tr>
<td>Olathe Medical Center</td>
<td>1,700</td>
</tr>
<tr>
<td>Convergys</td>
<td>950</td>
</tr>
<tr>
<td>City of Olathe</td>
<td>900</td>
</tr>
<tr>
<td>Honeywell</td>
<td>850</td>
</tr>
<tr>
<td>Sysco Food Services of KC</td>
<td>780</td>
</tr>
<tr>
<td>TransAm Trucking</td>
<td>700</td>
</tr>
</tbody>
</table>

Population: 141,116

Unemployment rate: 2.5%

Employees: 900

Budget: $366,697,898

• Olathe (O lay’ tha) is the Shawnee Indian word for beautiful.
• Olathe was founded in 1857 by Dr. John T. Barton, a physician assigned to the Shawnee tribal headquarters.
• Olathe is the fourth largest city in Kansas.
• On Interstate 35, Olathe is 20 miles southwest of downtown Kansas City on the Oregon-California and Santa Fe Trails.
• Olathe high schools were named to the top-25 in the U.S. News and World Report’s list of Best Kansas High Schools.
KEY 2018 DEVELOPMENT PROJECTS

$182 Million
Johnson County Courthouse
- Downtown Olathe
- Demolition began 2017
- 2021 completion

$102 Million
Garmin International facility expansion
- 750,000 sq. ft.
- Manufacturing and distribution facility on Garmin campus

$30 Million
Terracon Headquarters
- 78,000 sq. ft. facility
- 12-acre campus
- Will create 327 new jobs in next 10 years

$19 Million
Indian Creek Library
- 48,000 sq. ft.
- New city facility
- Fall 2019 completion

Rendering of Indian Creek Library
Olathe is active

Olathe Active App
• Launched by Olathe Parks & Recreation in July 2018
• Recreational program sign-up
• Parks and trails information
• Healthy recipes
• Olathe Community Center information
• Health and wellness resources
• Challenges section sponsored by Olathe Health Systems to encourage community members to stay active

Lake Olathe Improvements
• 170-acre lake surrounded by 258-acre community park
• Construction began 2018
• East side set to reopen Summer 2019
• Improvements include:
  • New restrooms
  • Destination nature playground
  • Swimming beach
  • Eagles Landing, a 6,500 sq. ft. building on east side of lake
  • Sprayground
  • Pond and waterfall
  • Four miles of accessible hard and soft surface trails
  • Marina with boat rentals

Olathe Memorial Cemetery
• Revestment process began Spring 2018
• Revestment is to locate owners and/or heirs of cemetery lots that were purchased decades ago and have not had any burial activity in at least 40 years
• Process to be concluded summer 2019
Olathe is safe

Embracing collaboration

The police department implemented a new custom records management system (NICHE):
• All agencies in Johnson County agreed to adopt NICHE as the universal records management system utilized by law enforcement
• First time in Johnson County history all agencies will be on the same records management system

Improving survival

The fire department launched the Verified Responder program:
• Program designed to increase cardiac arrest survival
• Equips off-duty firefighters with AEDs and uses GPS to send them to help cardiac arrest patients near their location
• Olathe is one of the first fire departments in the nation to implement the program

Empowering citizens

Fire trained more than 2,000 people in CPR in 2018 (a huge increase from 2017):
• A part-time public education technician joined the program and several new instructors were hired
• Citizens trained in CPR are encouraged to download the PulsePoint app

Increasing efficiency

Police implemented DigiTicket, an electronic traffic/criminal citation program:
• Automated submission eliminates Municipal Court from utilizing staff to input tickets manually
• Part of the department’s paperless initiative
Notable Public Works Projects

**Solid Waste Master Plan**
- Solid Waste Master Plan completed May 2018
- It includes:
  - Rebrand of drop-off recycling to cardboard and glass only
  - New mixed material drop-off at compost facility
  - Curbside recycling education to decrease contamination

**New housing study underway**
- Study is a comprehensive look at all housing needs, inventory and implementation strategy
- Looks at housing needs for:
  - People in need
  - Senior living
  - Downtown living
  - Multi-family
  - Workforce
  - Executive housing opportunities

**Focusing on roads**
- Street reconstruction projects include Elm Street, Willow Drive, Windsor Road, Water Street and Glenview Lane
- Staff surveyed residents to gain feedback on ways to improve the process and enhance communication
- Based on feedback, resident construction notifications (via postcards and yard cards) were implemented

4.6 billion gallons of drinking water produced
30,000 square-yards of base and curb repaired
24,468 work orders completed
23,794 feet of curb and gutter repaired
64 lane miles of surface treatment
41 lane miles of local and collector mill and overlay
27 miles of arterial mill and overlay
Olathe’s General Fund

Where does your City's revenue come from?

- Sales Tax: $51,558,306 (49%)
- Property Tax: $19,844,209 (19%)
- Franchise Tax: $12,009,645 (11%)
- Other: $14,998,600 (14%)
- Transfers In: $6,889,869 (7%)

Where does the City invest your dollars?

- Public Safety: $49,666,849 (22%)
- General Government: $22,303,959 (10%)
- Public Works: $10,849,650 (7%)
- Community Services: $7,619,589 (13%)
- Other: $13,387,542 (48%)
A look at sales tax

2018 City Sales Tax by Category

- Retail Trade: 60%
- Accommodation & Food Services: 11%
- Utilities: 7%
- Wholesale Trade: 5%
- Information: 4%
- Manufacturing: 2%
- Other Services: 3%
- Administrative, Support, Waste Management: 1%
- White Trade: 5%
- Information: 4%
- Manufacturing: 2%
- Other Services: 3%
- Administrative, Support, Waste Management: 1%
- Other: 7%

Where do your sales tax dollars go?

(9.475% Total Sales Tax Rate in Olathe)

State of Kansas: 6.50%
Johnson County: 1.475%
Olathe: General Fund: 1.00%
Olathe: Street Maintenance Sales Tax: 0.375%
Olathe: Park Sales Tax: 0.125%
A look at property tax

Where does your City property tax go?

- General Fund: 41%
- Capital Projects: 40%
- Library: 12%
- Fire Levy: 7%

Mill Levy Comparison: Surrounding Cities

(Spring Hill) 39.848
(Lenexa) 31.832
(Roland Park) 31.023
(Merriam) 27.741
(Shawnee) 26.614
(De Soto) 25.382
(Olathe) 24.700
(Lee's Summit) 24.517
(Gardner) 20.540
(Prairie Village) 19.311
(Mission) 17.973
(Overland Park) 13.565
Financial Highlights

- 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 an "AA" rating from S&P.

<table>
<thead>
<tr>
<th>General Fund</th>
<th>Enterprise Funds</th>
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<tbody>
<tr>
<td>Total revenues</td>
<td>$98,410,760</td>
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<tr>
<td>Less:</td>
<td></td>
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<tr>
<td>Total expenses</td>
<td>$(90,442,926)</td>
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<tr>
<td>Other financing uses</td>
<td>$(6,494,794)</td>
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<tr>
<td>Net change</td>
<td>$1,473,040</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total Nonmajor Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total revenues</td>
</tr>
<tr>
<td>Less:</td>
</tr>
<tr>
<td>Total expenses</td>
</tr>
<tr>
<td>Other financing sources</td>
</tr>
<tr>
<td>Net change</td>
</tr>
</tbody>
</table>

Public Works

In 2018, there was an $18,917,753 investment in the Street Preservation Program. Funding sources:
- Street Maintenance Sales Tax $13,127,000
- Cash $2,600,000
- Grants $1,447,551
- GO Bond Proceeds $1,055,000
- Street Excise Fees $683,980
- Other $4,222

Parks & Recreation

In 2018, $4,618,694 of the Park Sales Tax funds were used for:
- Lake Olathe Park
- Lone Elm Park improvements
  - Restrooms, shelters, playgrounds