

SHAWNEE COUNTY, KANSAS
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT

**Shawnee County, Kansas
Basic Financial Statements
Year Ended December 31, 2015**

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INDEPENDENT AUDITOR'S REPORT

To Honorable Commissioners
Shawnee County, Kansas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Shawnee County, Kansas (the County) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County'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 standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Kansas Municipal Audit and Accounting Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessments 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 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, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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Emphasis of a Matter

As described in Notes 7 and 13 to the financial statements, the County adopted new accounting guidance, *GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of share of collective net pension liability, and schedule of funding progress as 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 County's financial statements as a whole. The accompanying supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements.

The combining and individual fund financial statements 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, the combining and individual fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2016, on our consideration of the County'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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Kansas City, Kansas
June 27, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

As the management of Shawnee County (the County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the year ended December 31, 2015. This discussion and analysis is designed to: (1) assist the reader in focusing on significant financial issues; (2) provide an overview of the County's financial activity; (3) identify changes in the County's financial position; (4) identify any material deviations from the financial plan (the approved budget); (5) identify individual fund issues or concerns; and (6) facilitate transparency and demonstrate effective stewardship of public monies.

Shawnee County is governed by an elected three-member commission. These financial statements are presented as required by Generally Accepted Accounting Principles (GAAP).

FINANCIAL HIGHLIGHTS

General Fund Balance

The County's General Fund balance is extremely important to the County's financial security and it is one of many factors that are used by financial rating services to assign a rating to the County for the issuance of bonds and other debt instruments. Shawnee County levies property taxes each year for the general fund and adopts an annual budget for general fund expenditures.

In 2015, the General Fund's fund balance increased by \$8,931,489 to an ending balance of \$33,842,931 or 33.2% of revenues. In 2014, the General Fund's fund balance increased to \$24,911,422 (23.9% of revenues) from \$12,130,015 (12.6% of revenues) at the end of fiscal 2013. This is the fifth consecutive year that the General Fund's fund balance has increased.

Net position

Another important indicator of the County's financial health is its net position. As of December 31, 2015, the County's net position for the governmental activities totaled \$146,988,034 which is an increase of \$11,741,522 from 2014's ending balance of \$135,246,512, as restated. The net position of the County's business-type activities at December 31, 2015 was \$7,636,609 which represents an increase of \$1,274,315 from 2014. In 2015, the County implemented Governmental Accounting Standards Board (GASB) Statements No. 68 and No. 71 which require the calculation and financial statement presentation of the County's share of the net pension liability in the Kansas Public Employees Retirement System (KPERS). This is the first year for the financial statement reporting and required the restatement of the prior year net position. All KPERS employer participants will be impacted in a similar manner.

It is also important to note that of the \$154,624,643 in total County net position at the end of 2015, \$8,452,634 was unrestricted and could be used to meet the County's ongoing obligations to citizens and creditors. Of the remaining net position, \$137,448,564 was the net investment in capital assets, while \$8,723,445 was otherwise restricted.

Debt

As of December 31, 2015, the County's governmental activities long-term debt totaled \$139,393,173. Of that amount, \$10,857,360 is due within one year and \$36,464,654 relates to the County's net pension liability. The County's governmental long-term debt increased in 2015 by \$10,058,675 primarily due to issuance of general obligation bonds and certificate of participation obligations.

OVERVIEW OF THE FINANCIAL STATEMENTS

This management's discussion and analysis is intended to serve as an introduction to the County's basic financial statements by providing the reader with a broad overview of the financial statements. This overview is intended to assist the reader in understanding the statements themselves. The notes to the financial statements, which follow the statements, are also essential for the reader's understanding of the financial statements. They contain valuable additional information that may be necessary for gaining an understanding of the County's financial position. Supplementary information is also included at the end of this report to provide additional information for the reader.

The County's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

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

The Statement of Net Position presents information regarding the County's assets and deferred outflows of resources along with liabilities and deferred inflows of resources. The differences between these are reported as net position. The increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. Other factors to consider are changes in the County's tax base and changes in the condition of the County's infrastructure.

The Statement of Activities presents information showing how the government'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).

The government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public safety and judicial, public works, highways and streets, health welfare and education, culture and recreation, and economic development. The business-type activities of the County include the Refuse Fund.

The accrual basis of accounting is utilized for the government-wide, fiduciary and proprietary fund financial statements. These statements focus on the long-term financial picture of the County as a whole. Under the accrual basis of accounting, revenues are recorded when earned, and expenses are recorded at the time the liabilities are incurred, regardless of when the cash flows take place. The governmental fund financial statements present the results of the County's operations using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., when they become both measurable and available. Expenditures, other than interest on long-term debt and compensated absences, are recorded when the liability is incurred.

Fund financial statements focus on individual parts of the County's government. A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. These funds are divided into three categories: governmental funds, proprietary funds, and fiduciary 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 the County's near-term financing requirements.

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

The County has many individual governmental funds. The General Fund and Health Agency Fund are considered to be major funds. The information for the major funds is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. Other governmental funds are combined for presentation in those statements. Individual fund data for each of other governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary funds - the County 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. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where 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, or where the periodic determination of net income is deemed appropriate. The County currently has one enterprise fund, the Refuse Fund.

Internal Service Funds are used to account for the cost of operations shared by various functions of the County. The County has two internal service funds, the Workers' Compensation and Health Insurance Administration Fund account for the County's self-insurance activities. In the government-wide statements, the activity of the majority of these internal service funds' activity is presented as part of the governmental activity information.

Fiduciary funds are used by the County to account for resources held by the County for the benefit of a third party. The majority of these funds are taxes that are collected by the Treasurer's office for various taxing entities and then later distributed per Kansas statutes. Because the resources of these funds are not available for the County's operations, they are not presented in the government-wide financial statements, but a Statement of Assets and Liabilities – Agency Funds is included in the report.

DISCUSSION AND ANALYSIS

A. Net position

The following table reflects the County's condensed Statements of Net Position as of December 31, 2015 and 2014:

	Governmental Activities		Business-type Activities		Total	
	2015	2014*	2015	2014*	2015	2014*
Current and other assets	\$ 184,743,459	\$ 166,059,535	\$ 8,192,140	\$ 6,756,693	\$ 192,935,599	\$ 172,816,228
Capital assets	184,761,072	184,523,227	3,188,681	3,637,747	187,949,753	188,160,974
Total assets	<u>369,504,531</u>	<u>350,582,762</u>	<u>11,380,821</u>	<u>10,394,440</u>	<u>380,885,352</u>	<u>360,977,202</u>
Total deferred outflows of resources	4,128,389	3,783,766	163,159	140,516	4,291,548	3,924,282
Other liabilities	9,894,226	12,714,062	651,117	797,254	10,545,343	13,511,316
Long-term debt	139,393,173	126,514,662	2,956,993	2,819,149	142,350,166	129,333,811
Total liabilities	<u>149,287,399</u>	<u>139,228,724</u>	<u>3,608,110</u>	<u>3,616,403</u>	<u>152,895,509</u>	<u>142,845,127</u>
Total deferred inflows of resources	77,357,487	79,891,292	299,261	556,259	77,656,748	80,447,551
Net position:						
Net investment in capital assets	134,259,883	132,938,076	3,188,681	3,637,747	137,448,564	136,575,823
Restricted	8,723,445	7,803,799	-	-	8,723,445	7,803,799
Unrestricted	4,004,706	(5,495,363)	4,447,928	2,724,547	8,452,634	(2,770,816)
Total net position	<u>\$ 146,988,034</u>	<u>\$ 135,246,512</u>	<u>\$ 7,636,609</u>	<u>\$ 6,362,294</u>	<u>\$ 154,624,643</u>	<u>\$ 141,608,806</u>

* as restated

Net position may serve over time as a useful indicator of a government's financial position. As of December 31, 2015, the County's total net position was \$154,624,643, an increase of \$13,015,837 over 2014. Governmental activities increased \$11,741,522 while business-type activities increased by \$1,274,315. The increase is primarily related to an increase in property tax, motor vehicle tax and other revenue.

By far, the largest portion of the governmental activity net position reflects the investment in capital assets (land, buildings, machinery and equipment and infrastructure), less any outstanding debt used to construct or acquire those assets. The County uses these assets to provide services to citizens, and consequently, these assets are not available for future spending. It should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The County's total net investment in capital assets increased from \$136,575,823 in 2014 for all County activities to \$137,448,564 in 2015. Of these amounts, the majority of this investment was for governmental activities. For 2015, the amount attributed to governmental activities was \$134,259,883.

It is important to note that a portion of the County's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors. At the end of 2015, net position of \$8,723,445 was classified as restricted.

At the end of 2015, \$8,452,634 of the County's net position (\$4,004,706 governmental activities and \$4,447,928 business-type) was unrestricted.

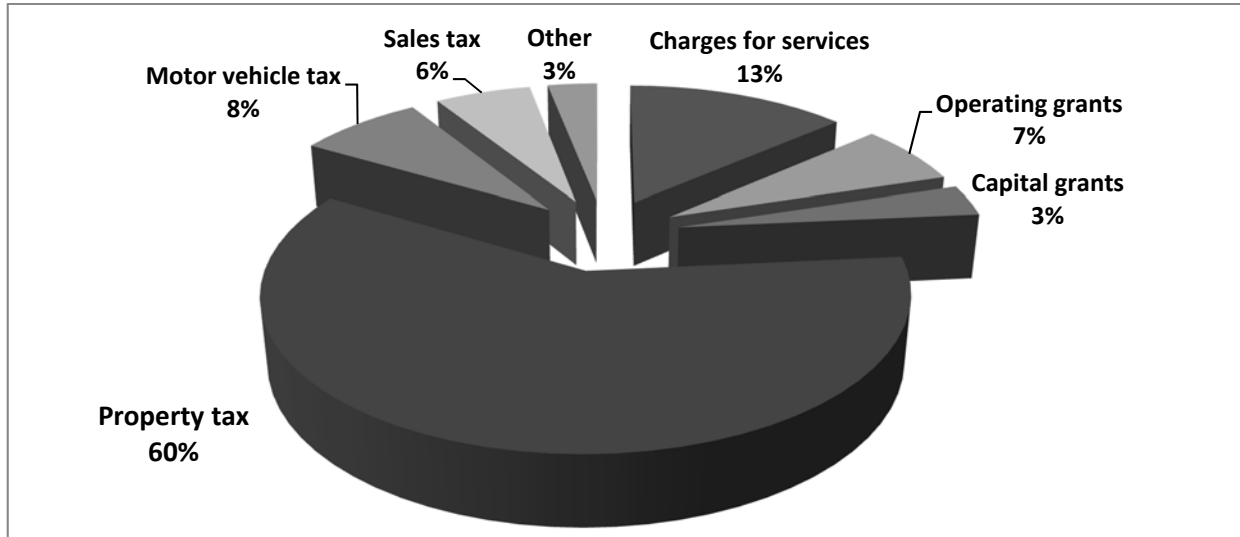
B. Revenues and Expenses

Generally, governmental activities comprise around 91% of the total revenues generated by the County and approximately 92% of the County's expenditures. The following table reflects the County's statements of activities for the years ended December 31, 2015 and December 31, 2014:

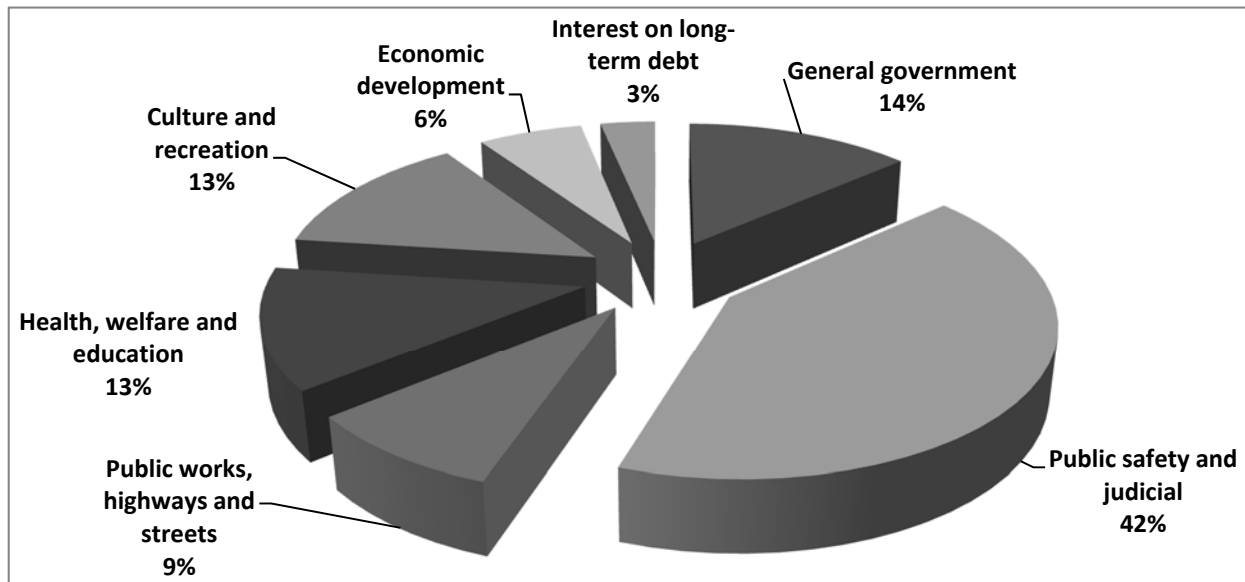
	Governmental Activities		Business-type Activities		Total	
	2015	2014*	2015	2014*	2015	2014*
Revenues:						
Program revenues:						
Charges for services	\$ 16,947,895	\$ 17,513,165	\$ 12,011,056	\$ 11,397,800	\$ 28,958,951	\$ 28,910,965
Operating grants and contributions	8,216,814	7,503,708	-	-	8,216,814	7,503,708
Capital grants and contributions	4,211,403	9,091,558	-	-	4,211,403	9,091,558
General revenues:						
Property	74,761,700	73,577,686	-	-	74,761,700	73,577,686
Motor vehicle	9,532,282	8,346,299	-	-	9,532,282	8,346,299
Sales	7,366,622	7,364,868	-	-	7,366,622	7,364,868
Franchise	468,385	461,944	-	-	468,385	461,944
911 emergency	962,569	939,425	-	-	962,569	939,425
Grants and contributions not restricted to specific purposes	2,979,411	2,954,391	-	-	2,979,411	2,954,391
Unrestricted investment earnings	224,398	188,268	-	-	224,398	188,268
Other	2,373,811	1,672,032	43,839	-	2,417,650	1,672,032
Total revenues	128,045,290	129,613,344	12,054,895	11,397,800	140,100,185	141,011,144
Expenses:						
General government	15,850,481	18,496,222	-	-	15,850,481	18,496,222
Public safety and judicial	48,522,391	45,485,280	-	-	48,522,391	45,485,280
Public works, highways and streets	10,326,294	11,130,002	-	-	10,326,294	11,130,002
Health, welfare and education	15,073,695	14,767,718	-	-	15,073,695	14,767,718
Culture and recreation	15,606,880	14,861,716	-	-	15,606,880	14,861,716
Economic development	7,316,125	7,312,131	-	-	7,316,125	7,312,131
Interest on long-term debt	3,842,902	2,888,632	-	-	3,842,902	2,888,632
Refuse	-	-	10,545,580	10,599,456	10,545,580	10,599,456
Total expenses	116,538,768	114,941,701	10,545,580	10,599,456	127,084,348	125,541,157
Change in net position before transfers	11,506,522	14,671,643	1,509,315	798,344	13,015,837	15,469,987
Transfers	235,000	255,000	(235,000)	(255,000)	-	-
Change in net position after transfers	11,741,522	14,926,643	1,274,315	543,344	13,015,837	15,469,987
Net position, beginning, as restated	135,246,512	120,319,869	6,362,294	5,818,950	141,608,806	126,138,819
Net position, ending	\$ 146,988,034	\$ 135,246,512	\$ 7,636,609	\$ 6,362,294	\$ 154,624,643	\$ 141,608,806

* as restated

The following pie chart summarizes the County's 2015 governmental activities revenues. It is easy to see that the County relies heavily on tax revenues to fund the County's functions and program services expenses. In 2015, property, motor vehicle, and sales taxes comprised 74% of the governmental activity revenues.



The chart below shows the breakout of the County's expenses for governmental activities:

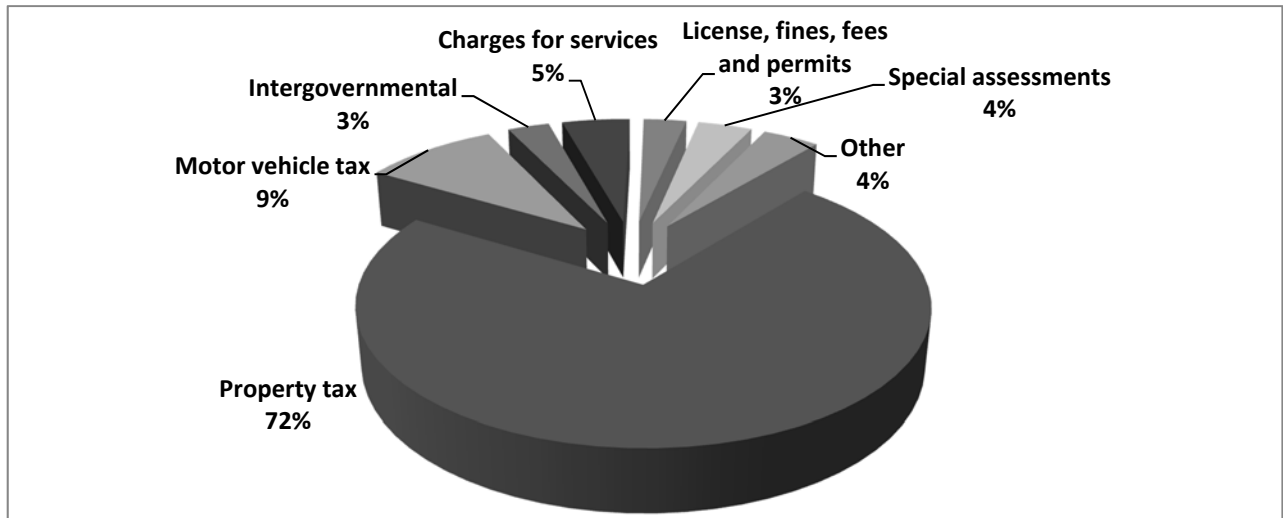


Business-type activities.

For the year ended December 31, 2015 business-type activities increased the County's net position by \$1,274,315 primarily from an increase in fee revenue.

C. General Fund Highlights

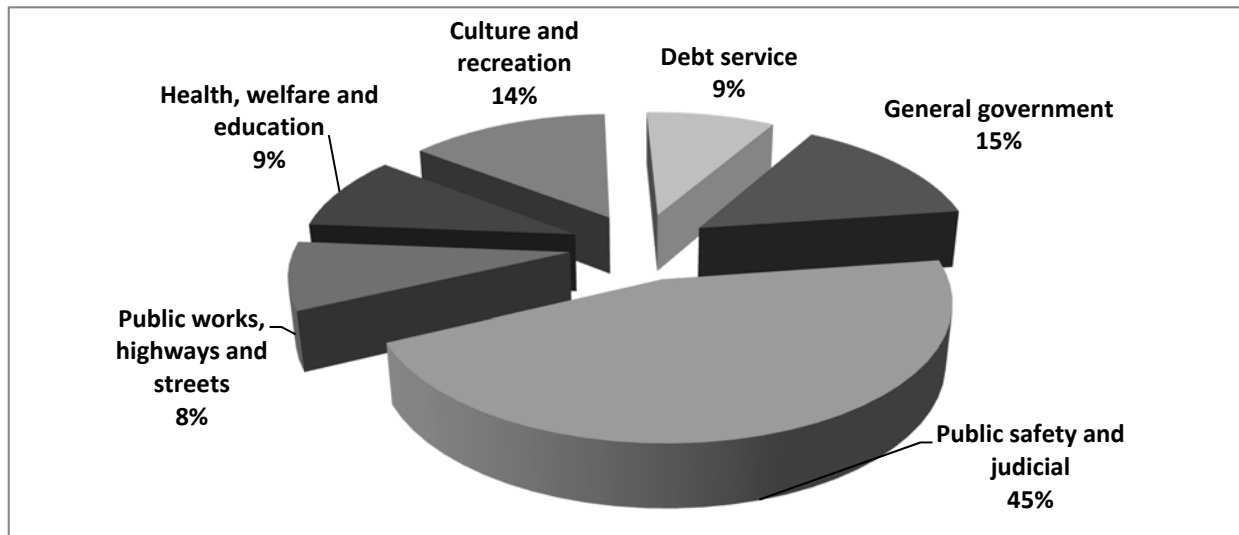
The following pie chart summarizes the County's 2015 General Fund revenues. The County relies heavily on tax revenues for the County's day-to-day operations. In 2015, property taxes, including in lieu of payments, comprised 72% of the General Fund revenue.



Revenue from fees and charges for services are generally collected for non-essential services provided by the County and in many cases, these charges do not cover the actual cost of the service. For example, most parks and recreation programs charge fees to participants to help fund the activities. The County also receives some fees from providing essential services. The majority of this revenue comes from other governmental entities for care of their prisoners at the Shawnee County Detention Center.

Special assessment revenue is not available to fund County operations. It is dedicated to paying the debt on the various special assessment projects that the County finances. These projects are paid for by the property owners who benefit from the improvements as special assessments on their County tax statements.

The chart below shows the breakout of the County's expenditures in the General Fund.



The County's general fund expenditures can be divided into six main categories. The general government category includes the County's financial and administrative offices, as well as the County's general expenditures such as utility bills and insurance coverage.

The public safety and judicial category is primarily the County's detention facility and the Sheriff's office which now includes the emergency dispatch center. The public safety and judicial category is by far the largest with 45% of the expenditures. The majority of the services in this category are services that the County has a statutory obligation to provide.

The public works, highways, and streets category covers the various functions provided by the Public Works Department such as maintaining County roads and snow removal. Major capital projects by the Public Works Department are not included in the General Fund. Most of these capital projects are funded by various sources including sales tax and grant finds.

The health, welfare, and education category is primarily the County's allocations for mental health, development disabilities, and other social services.

The culture and recreation category encompasses the activities of the County's parks and recreation programs and the routine the maintenance of Shawnee County recreation centers and parks including Lake Shawnee. The County's parks and recreation department includes parks and recreational facilities within the City of Topeka. This category does not include major capital projects.

The last category is debt service. This includes bond payments, temporary note payments, payments on certificates of participation, and payments for special assessments.

The County's budget is prepared according to Kansas State statutes and must be certified by August 25th of the preceding year. The most significant budgeted fund for Shawnee County is the General Fund. The County's day-to-day operations are funded through the General Fund.

2015 General Fund revenues and transfers in were \$103,084,790 compared to \$105,156,628 in 2014 which represents a decrease of \$2,071,838 or 1.975%. This decrease in revenues resulted primarily from a decrease in fees and charges for services. 2015 General Fund expenditures and transfers out were \$94,580,106 compared to \$92,375,201 in 2014 which represents an increase of \$2,204,905 or 2.39%.

The County's mill levy to support the 2015 General Fund budget was \$48.191.

In prior years, the Commission made the decision to use the balance of unreserved funds instead of significantly increasing the property tax mill levy because of the weak economy and high unemployment rates. This effort to keep from overburdening the citizens with a large increase in taxes at an already difficult period resulted in a lower than optimal reserve balance. Beginning with the 2014 budget, the Commission made a concerted effort to restore the reserve balance to a healthy level.

General Fund Budgetary Highlights

Current fiscal year's revenues and transfers in were \$3,072,709 greater than budgeted amounts due to more actual amounts of taxes, intergovernmental and other revenue than budgeted. Expenditures and transfers out were \$4,400,438 less than the budget due to sound management practices by all departments.

Capital Assets and Debt Administration

Capital Assets

Shawnee County's net investment in capital assets for its governmental and business-type activities as of December 31, 2015 was \$187,949,753 (net of depreciation) compared to \$188,160,974 at the end of 2014.

The largest decrease in capital assets, net of depreciation, from 2014 to 2015 was in the area of construction in process while infrastructure increased. It is important to note that these projects are not funded solely by property taxes. Proceeds from long-term debt, sales tax funding, grants, utility cost savings, and fees for services are additional sources of revenue.

Shawnee County, Kansas
Capital Assets
(Net of depreciation)

	Governmental		Business-type		Total	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
Land	\$ 28,630,394	\$ 28,519,551	\$ -	\$ -	\$ 28,630,394	\$ 28,519,551
Construction in process	4,453,284	10,372,893	-	-	4,453,284	10,372,893
Infrastructure	85,554,410	77,455,353	-	-	85,554,410	77,455,353
Buildings and improvements	57,388,389	57,572,858	33,095	35,163	57,421,484	57,608,021
Furniture, fixtures and office equipment	5,054,153	6,056,318	1,605	2,402	5,055,758	6,058,720
Motor vehicles	1,293,444	1,369,342	2,331,960	2,372,838	3,625,404	3,742,180
Tools and other equipment	2,386,998	3,176,912	822,021	1,227,344	3,209,019	4,404,256
	<u>\$ 184,761,072</u>	<u>\$ 184,523,227</u>	<u>\$ 3,188,681</u>	<u>\$ 3,637,747</u>	<u>\$ 187,949,753</u>	<u>\$ 188,160,974</u>

For additional information on capital assets, see Note 3 to the Basic Financial Statements.

Debt Administration

The County's general obligation bond debt was \$42,309,056 at the end of 2015 compared to \$40,935,867 at the end of 2014. Overall for 2015, the County increased its governmental outstanding obligations by \$1,373,189.

The majority of general obligation bonds are issued for special assessment projects which are eventually paid for by the taxpayers owning property within the benefit district of the related improvement. The County merely finances the projects on behalf of the benefit districts.

In 2015, Moody's assigned a rating of Aa2, with no negative outlook, to Shawnee County's General Obligation Debt and a rating of Aa3 to Shawnee County's Certificates of Participation. Their opinion listed strengths as institutional stability provided by state capital of Topeka (Aa3), which is also the county seat, recent General Fund surpluses rebuilding resulting in improved reserve levels and budgetary flexibility provided by unlimited levy raising authority. The opinion listed weaknesses as average income indices and concentrated employment base exposure to state government.

Shawnee County, Kansas Outstanding Obligations

	Governmental		Business-type		Total	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
General obligation bonds	\$ 42,309,056	\$ 40,935,867	\$ -	\$ -	\$ 42,309,056	\$ 40,935,867
Loans	2,985,526	3,252,713	-	-	2,985,526	3,252,713
Certificates of participation	50,479,276	39,876,930	-	-	50,479,276	39,876,930
Capital lease obligations	601,998	1,019,395	-	-	601,998	1,019,395
Compensated absences	4,090,247	4,011,999	319,681	296,775	4,409,928	4,308,774
Early Retirement Incentive	151,938	311,989	-	-	151,938	311,989
Net OPEB obligation	2,310,478	2,195,796	143,729	134,426	2,454,207	2,330,222
	<u>\$ 102,928,519</u>	<u>\$ 91,604,689</u>	<u>\$ 463,410</u>	<u>\$ 431,201</u>	<u>\$ 103,391,929</u>	<u>\$ 92,035,890</u>

For additional information on debt administration, see Note 5 to the Basic Financial Statements.

F. Economic Factors

Economic factors can have a substantial impact on the valuation of property and thus, the tax revenues generated by a County's levy. The impact is delayed due to the timing of the property valuation process in relation to the budget. Valuations are calculated on the value of property at the beginning of a year although this final valuation number is not set until November of that year. That valuation number is then used in the budget process for the preceding fiscal year. For example, the final valuation for property on January 1, 2014 was used in the levy calculation for the 2015 budget. Any impact from economic factors on valuation are delayed and are not seen until a year or two later. This explains why the valuation used for the 2014 budget was held constant and the valuation used for the 2014 budget was actually less than those used for 2013 and 2014 budgeting. These numbers reflect the downturn in the economy which started in 2008 and remained stagnant into 2013. The assessed valuation as of January 1, 2014, which was used for the 2015 budget, showed a slight increase from the prior year. The assessed valuation as of January 1, 2015, which will be used for the 2016 budget also shows a slight increase from the prior year.

Shawnee County and the City of Topeka continue to invest in local infrastructure and encourage business growth in the community. In 2001, the County entered into an interlocal agreement with the City of Topeka to form the "Joint Economic Development Organization" known as JEDO. JEDO is a separate legal entity that is governed by a seven-member board containing the three County Commissioners, the City Mayor, Deputy Mayor and two other city Council members. The principal mission of JEDO is the support of a strong economic development program designed to expand employment, strengthen the tax base, invest in the infrastructure of the community, and diversify and strengthen the Topeka and Shawnee County economy.

The funds to support these efforts in economic development have been garnered from a County-wide sales tax. In August of 2004, the electorate of Shawnee County approved the implementation of a one-half cent sales tax to begin in 2005 and expires at the end of 2016. Some of the funds are targeted for specific street projects that were included on the sales tax ballot question. Funding was also specified for the construction of a new Topeka Boulevard bridge that was completed in August of 2008. Another \$5 million a year was included for economic incentives and other costs related to encouraging business growth in the community. Another \$1.5 million each year was designated for County bridge projects.

In November of 2014, the citizens of Shawnee County approved the extension of the one-half cent sales tax through the end of 2031. The sales tax revenue from this extension is designated for economic development, County bridge projects, improvements to the Expocentre, road projects, improvements to the zoo, and bike trails.

Requests for Information

This financial report is designed to provide a general overview of the finances of Shawnee County government. Questions concerning any of the information should be addressed to Financial Administrator, Shawnee County Audit-Finance Department, Suite 201, 200 SE 7th Street, Topeka, KS, 66603-3903.

SHAWNEE COUNTY, KANSAS
Statement of Net Position
December 31, 2015

	Primary Government		Total
	Governmental Activities	Business-type Activities	
Assets			
Cash and short-term investments	\$ 121,110,671	\$ 7,029,514	\$ 128,140,185
Receivables, net:			
Taxes receivable, net	32,625,439	-	32,625,439
Accounts receivable, net	926,371	285,850	1,212,221
Interest receivable	45,009	-	45,009
Due from other governments	2,213,585	938,727	3,152,312
Special assessments receivable, net	27,492,982	-	27,492,982
Internal balances	76,339	(76,339)	-
Prepays	253,063	-	253,063
Inventory	-	14,388	14,388
Capital Assets:			
Land and construction in progress, non-depreciable	33,083,678	-	33,083,678
Other capital assets, net of depreciation	151,677,394	3,188,681	154,866,075
Total assets	369,504,531	11,380,821	380,885,352
Deferred outflows of resources			
Deferred charge on refunding	1,521,180	-	1,521,180
Deferred outflows - pension	2,607,209	163,159	2,770,368
Total deferred outflows of resources	4,128,389	163,159	4,291,548
Liabilities			
Accounts payable	3,280,280	560,432	3,840,712
Accrued expenses	1,122,165	90,685	1,212,850
Due to other governments	1,335,532	-	1,335,532
Unearned revenue	382,755	-	382,755
Accrued interest payable	1,175,800	-	1,175,800
Claims payable	2,597,694	-	2,597,694
Long-term liabilities:			
Due in one year	10,677,599	179,761	10,857,360
Due in more than one year	92,250,920	283,649	92,534,569
Net pension liability	36,464,654	2,493,583	38,958,237
Total liabilities	149,287,399	3,608,110	152,895,509
Deferred inflows of resources			
Unavailable revenue - property taxes	73,056,583	-	73,056,583
Deferred inflows - pension	4,300,904	299,261	4,600,165
Total deferred inflows of resources	77,357,487	299,261	77,656,748
Net Position			
Net investment in capital assets	134,259,883	3,188,681	137,448,564
Restricted for:			
Debt service	174,086	-	174,086
Public safety and judicial	2,029,387	-	2,029,387
Public works, highways and streets	5,616,653	-	5,616,653
Health, welfare and education	509,972	-	509,972
Other purposes	393,347	-	393,347
Unrestricted	4,004,706	4,447,928	8,452,634
Total net position	\$ 146,988,034	\$ 7,636,609	\$ 154,624,643

See Accompanying Notes to the Basic Financial Statements

SHAWNEE COUNTY, KANSAS
Statement of Activities
For the Year Ended December 31, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities:							
General government	\$ 15,850,481	\$ 6,243,719	\$ 2,368,960	\$ -	\$ (7,237,802)	\$ -	\$ (7,237,802)
Public safety and judicial	48,522,391	2,007,832	1,642,194	-	(44,872,365)	-	(44,872,365)
Public works, highways and streets	10,326,294	1,440,318	10,872	4,211,403	(4,663,701)	-	(4,663,701)
Health, welfare and education	15,073,695	2,636,549	4,176,620	-	(8,260,526)	-	(8,260,526)
Culture and recreation	15,606,880	4,619,477	18,168	-	(10,969,235)	-	(10,969,235)
Economic development	7,316,125	-	-	-	(7,316,125)	-	(7,316,125)
Interest on long-term debt	3,842,902	-	-	-	(3,842,902)	-	(3,842,902)
Total Governmental Activities	116,538,768	16,947,895	8,216,814	4,211,403	(87,162,656)	-	(87,162,656)
Business-Type Activities:							
Refuse	10,545,580	12,011,056	-	-	-	1,465,476	1,465,476
Total Business-Type Activities	10,545,580	12,011,056	-	-	-	1,465,476	1,465,476
Total Primary Government	\$ 127,084,348	\$ 28,958,951	\$ 8,216,814	\$ 4,211,403	(87,162,656)	1,465,476	(85,697,180)

General Revenues:

Taxes:				
Property		74,761,700	-	74,761,700
Motor vehicle		9,532,282	-	9,532,282
Sales		7,366,622	-	7,366,622
Franchise		468,385	-	468,385
911 emergency		962,569	-	962,569
Grants and contributions not restricted to specific purposes		2,979,411	-	2,979,411
Unrestricted investment earnings		224,398	-	224,398
Other		2,373,811	-	2,373,811
Gain on disposal of capital assets		-	43,839	43,839
Transfers		235,000	(235,000)	-
Total general revenues and transfers		98,904,178	(191,161)	98,713,017
Changes in net position		11,741,522	1,274,315	13,015,837
Net position - beginning of year, as restated		135,246,512	6,362,294	141,608,806
Net position - end of year		\$ 146,988,034	\$ 7,636,609	\$ 154,624,643

See Accompanying Notes to the Basic Financial Statements

Shawnee County, Kansas
Balance Sheet - Governmental Funds
December 31, 2015

	General Fund	Health Agency Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and short-term investments	\$ 77,713,796	\$ 4,552,056	\$ 34,649,633	\$ 116,915,485
Taxes receivable, net	32,478,949	-	146,490	32,625,439
Accounts receivable, net	604,840	290,366	9,098	904,304
Interest receivable	45,009	-	-	45,009
Due from other governments	-	653,575	1,560,010	2,213,585
Due from other funds	315,861	-	-	315,861
Prepays	208,363	-	44,700	253,063
Special assessments receivable, net	25,221,027	-	2,271,955	27,492,982
Total assets	<u>\$ 136,587,845</u>	<u>\$ 5,495,997</u>	<u>\$ 38,681,886</u>	<u>\$ 180,765,728</u>
Liabilities, deferred inflows of resources and fund balances				
Liabilities:				
Accounts payable	\$ 1,983,638	\$ 163,997	\$ 1,018,348	\$ 3,165,983
Accrued expenditures	892,230	147,227	82,708	1,122,165
Due to other governments	-	-	1,335,532	1,335,532
Due to other funds	-	-	315,861	315,861
Unearned revenue	-	53,109	329,646	382,755
Total liabilities	<u>2,875,868</u>	<u>364,333</u>	<u>3,082,095</u>	<u>6,322,296</u>
Deferred Inflows of resources:				
Unavailable revenue - property taxes	72,721,641	-	334,942	73,056,583
Unavailable revenue - special assessments	27,147,405	-	2,426,372	29,573,777
Total deferred inflows of resources	<u>99,869,046</u>	<u>-</u>	<u>2,761,314</u>	<u>102,630,360</u>
Fund balances				
Nonspendable:				
Prepaid Items	208,363	-	44,700	253,063
Restricted:				
Public safety and judicial	-	-	2,029,387	2,029,387
Public works, highways and streets	-	-	5,616,653	5,616,653
Health, welfare and education	-	506,594	3,378	509,972
Capital projects	-	-	14,779,710	14,779,710
Debt service	-	-	174,086	174,086
Other purposes	-	-	393,347	393,347
Committed:				
Public works, highways and streets	-	-	361,859	361,859
Other purposes	-	-	4,209	4,209
Assigned:				
Public safety and judicial	570,954	-	656,297	1,227,251
Public works, highways and streets	-	-	4,746	4,746
Health, welfare and education	-	4,625,070	2,576	4,627,646
Culture and recreation	-	-	327,866	327,866
Capital projects	-	-	8,262,087	8,262,087
Other purposes	-	-	177,576	177,576
Unassigned:	33,063,614	-	-	33,063,614
	<u>33,842,931</u>	<u>5,131,664</u>	<u>32,838,477</u>	<u>71,813,072</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 136,587,845</u>	<u>\$ 5,495,997</u>	<u>\$ 38,681,886</u>	<u>\$ 180,765,728</u>

See Accompanying Notes to the Basic Financial Statements

Shawnee County, Kansas
Reconciliation of the Balance Sheet - Governmental
Funds to the Statement of Net Position
December 31, 2015

Amounts reported for governmental activities in the statement of net position are different because:

Ending fund balances - total governmental funds	\$ 71,813,072
Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of those assets is capitalized and shown at cost, net of accumulated depreciation. This is the amount of net capital assets reported in the statement of net position	184,761,072
Long-term assets are not available to pay for current period expenditures and are therefore deferred in the fund statements	29,573,777
Deferred outflows of resources related to pensions are not due and payable in the current period and therefore are not reported in the funds	2,607,209
Deferred inflows of resources related to pensions do not increase net position until a future period and therefore are not reported in the fund statements	(4,300,904)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:	
Deferred charge on refunding	1,521,180
Accrued interest payable	(1,175,800)
Net pension liability	(36,464,654)
Long-term debt	(102,928,519)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the Internal Service fund are reported with governmental activities in the statement of net position.	<u>1,581,601</u>
 Total net position of governmental activities	 <u><u>\$ 146,988,034</u></u>

See Accompanying Notes to the Basic Financial Statements

Shawnee County, Kansas
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
For the Year Ended December 31, 2015

	General Fund	Health Agency Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes				
Property	\$ 73,684,458	\$ -	\$ 1,077,242	\$ 74,761,700
Motor vehicle	9,436,837	-	95,445	9,532,282
Sales	-	-	7,366,622	7,366,622
Franchise	468,385	-	-	468,385
911 emergency	-	-	962,569	962,569
Intergovernmental	2,945,821	4,168,364	6,435,745	13,549,930
Charges for services	6,127,400	2,526,040	1,582,070	10,235,510
License, fines, fees and permits	3,040,257	-	3,652,634	6,692,891
Interest income	222,758	-	1,640	224,398
Special assessments	3,865,107	-	288,348	4,153,455
Payments in lieu of taxes	141,253	-	790	142,043
City of Topeka - park transfer	1,041,550	-	18,168	1,059,718
Other	954,716	122	1,294,987	2,249,825
Total revenues	<u>101,928,542</u>	<u>6,694,526</u>	<u>22,776,260</u>	<u>131,399,328</u>
Expenditures:				
Current:				
General government	10,067,149	-	6,055,133	16,122,282
Public safety and judicial	42,227,143	-	4,154,057	46,381,200
Public works, highways and streets	5,488,274	-	1,609,042	7,097,316
Health, welfare and education	5,289,360	9,745,800	-	15,035,160
Culture and recreation	14,215,181	-	-	14,215,181
Economic development	-	-	7,316,125	7,316,125
Debt service:				
Principal retirement	3,403,091	-	4,229,812	7,632,903
Interest and fiscal charges	1,592,501	-	2,022,285	3,614,786
Capital outlay	-	-	9,288,780	9,288,780
Total expenditures	<u>82,282,699</u>	<u>9,745,800</u>	<u>34,675,234</u>	<u>126,703,733</u>
Excess of revenues over (under) expenditures	<u>19,645,843</u>	<u>(3,051,274)</u>	<u>(11,898,974)</u>	<u>4,695,595</u>
Other financing sources (uses):				
Issuance of debt	15,414,709	-	17,430,291	32,845,000
Issuance premium	630,465	-	1,022,979	1,653,444
Payments to escrow agent	(15,618,369)	-	-	(15,618,369)
Transfers in	1,156,248	4,343,190	9,286,597	14,786,035
Transfers (out)	(12,297,407)	(350,000)	(1,903,628)	(14,551,035)
Total other financing sources (uses)	<u>(10,714,354)</u>	<u>3,993,190</u>	<u>25,836,239</u>	<u>19,115,075</u>
Net change in fund balances	8,931,489	941,916	13,937,265	23,810,670
Fund balances - beginning of year	<u>24,911,442</u>	<u>4,189,748</u>	<u>18,901,212</u>	<u>48,002,402</u>
Fund balances - end of year	<u>\$ 33,842,931</u>	<u>\$ 5,131,664</u>	<u>\$ 32,838,477</u>	<u>\$ 71,813,072</u>

Shawnee County, Kansas
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2015

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds \$ 23,810,670

Governmental funds report capital outlays 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 outlays exceeded depreciation in the current period:

Capital outlay	11,324,264
Depreciation expense	(11,074,687)
Disposals	(11,732)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Deferred inflows of resources	(3,354,038)
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The issuance of long-term debt (eg. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments	7,632,903
Payments to escrow agent	15,618,369
Debt issued	(32,845,000)
Amortization of premiums, discounts, and deferred amounts, net	(1,625,553)
Change in accrued interest payable	(232,268)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in general liability claims payable	500,000
Change in accrued compensated absences	(78,248)
Change in early retirement incentive	160,051
Change in other post employment benefit obligations	(114,682)

Payment of pension contributions is an expenditure in the governmental funds, but reduces the net pension liability in the statement of net position. Additionally, the effect of changes in deferred inflows and deferred outflows for pensions are only recorded in the statement of activities

2,418,207

Internal service funds are used by management to charge the costs of vehicles and equipment replacement to individual funds. The net revenue of certain activities of the Internal Service fund is reported with governmental activities.

(386,734)

Total changes in net position of governmental activities

\$ 11,741,522

Shawnee County, Kansas
Statement of Net Position
Proprietary Funds
December 31, 2015

	Refuse	Internal Service Funds
Assets		
Current assets:		
Cash and short-term investments	\$ 7,029,514	\$ 4,195,186
Accounts receivables, net	285,850	22,067
Due from other governments	938,727	-
Inventory	14,388	-
Total current assets	8,268,479	4,217,253
Noncurrent assets:		
Capital Assets:		
Other capital assets, net of depreciation	3,188,681	-
Total capital assets	3,188,681	-
Total assets	11,457,160	4,217,253
Deferred outflows of resources		
Deferred outflows - pension	163,159	-
Total deferred outflows of resources	163,159	-
Liabilities		
Current liabilities:		
Accounts payable	560,432	114,297
Accrued expenses	90,685	-
Claims payable	-	2,597,694
Long-term liabilities, due in one year	179,761	-
Total current liabilities	830,878	2,711,991
Noncurrent liabilities:		
Long-term liabilities, due in more than one year	283,649	-
Net pension liability	2,493,583	-
Total noncurrent liabilities	2,777,232	-
Total liabilities	3,608,110	2,711,991
Deferred inflows of resources		
Deferred inflow - pension	299,261	-
Total deferred inflows of resources	299,261	-
Net Position		
Net investment in capital assets	3,188,681	-
Unrestricted	4,524,267	1,505,262
Total net position	7,712,948	\$ 1,505,262
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.	(76,339)	
Net position of business-type activities	\$ 7,636,609	

See Accompanying Notes to the Basic Financial Statements

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

	Refuse	Internal Service Funds
Operating revenues:		
Charges for services	\$ 12,009,200	\$ 11,002,027
Miscellaneous	1,856	36,618
Total operating revenues	12,011,056	11,038,645
Operating expenses:		
Personal services	4,780,055	31,919
Contractual services	2,880,558	906,582
Supplies	1,467,520	-
Utilities	57,200	-
Claims	-	10,516,363
Other	46,274	-
Depreciation	1,284,488	-
Total operating expenses	10,516,095	11,454,864
Operating income	1,494,961	(416,219)
Nonoperating revenues:		
Gain (loss) on disposal of capital assets	43,839	-
Total nonoperating revenues	43,839	-
Income (loss) before transfers	1,538,800	(416,219)
Transfers (out)	(235,000)	-
Change in net position	1,303,800	(416,219)
Total net position -beginning of year, as restated	6,409,148	1,921,481
Total net position -end of year	\$ 7,712,948	\$ 1,505,262
Change in net position	\$ 1,303,800	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.	(29,485)	
Change in net position of business-type activities	\$ 1,274,315	

See Accompanying Notes to the Basic Financial Statements

Shawnee County, Kansas
Statement of Cash Flows -
Proprietary Funds
For the Year Ended December 31, 2015

	Refuse	Internal Service Funds
Cash flows from operating activities:		
Receipts from customers	\$ 11,866,603	\$ -
Receipts from interfund and other services	-	11,016,578
Payments to suppliers	(4,591,558)	(10,982,764)
Payments to employees for services	(4,921,852)	(31,919)
Net cash provided by operating activities	2,353,193	1,895
Cash flows from noncapital financing activities:		
Transfers to/from other funds	(235,000)	51,054
Net cash (used in) noncapital financing activities	(235,000)	51,054
Cash flows from capital and related financing activities:		
Purchases of capital assets	(879,261)	-
Proceeds from sale of capital assets	43,839	-
Net cash (used in) capital and related financing activities	(835,422)	-
Net increase in cash and short-term investments	1,282,771	52,949
Cash and short-term investments, beginning of year	5,702,904	4,142,237
Cash and short-term investments, end of year	\$ 6,985,675	\$ 4,195,186
Reconciliation of operating income to net cash provided by operating activities		
Operating income (loss)	\$ 1,494,961	\$ (416,219)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	1,284,488	-
Change in assets and liabilities:		
Accounts receivables (net)	(149,386)	(22,067)
Due from other governments	4,933	-
Inventory	6,131	-
Deferred outflows	(22,643)	-
Accounts payable and accrued expenses	(146,137)	(92,121)
Claims payable	-	532,302
Compensated absences and OPEB obligations	32,209	-
Net pension liability	105,635	-
Deferred inflows	(256,998)	-
Net cash provided by operating activities	\$ 2,353,193	\$ 1,895

See Accompanying Notes to the Basic Financial Statements

Shawnee County, Kansas
Statement of Assets and Liabilities
Agency Funds
December 31, 2015

	<u>Agency Funds</u>
Assets	
Cash and investments	\$ 91,277,831
Liabilities	
Due to taxing districts, governments, and others	\$ 91,277,831

SHAWNEE COUNTY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

1. Summary of Significant Accounting Policies

The accompanying basic financial statements of Shawnee County, Kansas (the County) have been prepared in conformity with accounting principles generally accepted in the United States of America applicable to local governmental units. The County's significant accounting policies are described below:

Reporting Entity

The County is governed by a County Commission comprised of a chairman, vice-chairman and member. Elected officials are responsible for the operations of certain County offices, including the Treasurer's, County Clerk's, Sheriff's, District Attorney's, Register of Deeds' and the Third Judicial District Court Judge's. Appointed officials are responsible for certain offices, including the Appraiser's and Financial Administrator's. In evaluating the County's financial reporting entity, management has considered all potential component units and has determined there are no material component units over which the County is financially accountable. Financial accountability is based primarily on non-operational or financial relationships with the County (as distinct from legal relationships). These financial statements include all accounts for which the County is considered to be financially accountable.

Basis of Presentation

The County's basic financial statements include both government-wide (reporting the County as a whole) and fund financial statements (reporting the County's major funds).

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the County, the primary government, as a whole, with the exclusion of the fiduciary funds which contain assets not available for use by the County. Eliminations have been made to minimize the doubling effects of internal activities. These statements distinguish between the governmental and business-type activities of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or functions and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by that function and (b) 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, including all taxes, 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 County.

The County's net position is reported in three parts—net investment in capital assets, restricted net position; and unrestricted net position. The County first utilizes restricted resources to finance restricted activities.

The government-wide financial statements are more focused on the sustainability of the County as an entity and the change in the County's net position resulting from the current year's activities.

SHAWNEE COUNTY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

Fund Financial Statements

The fund financial statements provide information about the County's funds, including its agency funds. Separate statements for each fund category—governmental, proprietary and agency funds—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for service, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The major governmental funds of the County are described below:

General Fund

This fund is the primary operating fund of the County. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The General Fund is also used to account for the resources accumulated and payments made for principal and interest on general long-term debt associated with equipment and facilities owned and leased by the County, except those accounted for in another fund.

Health Agency Fund

This fund accounts for all financial resources required to administer the public health facilities and programs available to County citizens.

The County reports the following major enterprise fund:

Refuse Fund

This fund accounts for the operation of the waste disposal activities for the County.

The County also reports the following additional fund types:

Special Revenue Funds —these funds account for specific revenue sources (other than major capital projects) that are restricted by enabling legislation to expenditures for specified purposes.

Capital Projects Funds —these funds are used to account for capital project related resources and project costs.

Internal Service Funds —these funds account for operations that provide services to other departments or agencies of the County on a cost-reimbursement basis. The County maintains two internal service funds that provide health insurance and workers' compensation insurance.

Agency Funds —these funds accounts for the resources held for others and property taxes collected on behalf of other governments.

SHAWNEE COUNTY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

Measurement Focus and Basis of Accounting

Government-wide, Proprietary and Fiduciary Fund Financial Statements

The government-wide, proprietary and agency fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue from exchange and exchange-like transactions is recognized when earned. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, can include certain grants and donations. Revenue from non-exchange transactions is recognized when all eligibility requirements or other measurement criteria have been satisfied. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Governmental Fund Financial Statements

All governmental funds are reported using modified accrual basis of accounting and the current financial resources measurement focus. Under this basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available. Expenditures are recognized in the accounting period in which the related fund liability is incurred, if measurable.

Revenue Recognition

In applying the susceptible to accrual concept under the modified accrual basis, certain revenue sources are deemed both measurable and available. The County considers all revenues for investment earnings, special assessments and state-levied, locally shared taxes (including motor vehicle fees) to be available if the revenues are collected within sixty days after year-end. Reimbursements due for federally funded projects are accrued as revenue at the time the expenditures are made, or when received in advance, unearned until expenditures are made. Proceeds and payments of long-term debt are reported as other financing sources and uses.

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, landfill closure costs, and compensated absences, which are recognized as expenditures to the extent that they have matured. General capital asset acquisitions are reported as expenditures in the governmental funds. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

This approach differs from the manner in which the government-wide financial statements are prepared. Therefore, the governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the governmental fund financial statements.

Pooled Cash, Cash Equivalents and Investments

The cash balances of substantially all funds are pooled and invested by the Financial Administrator for the purpose of increasing earnings through investment activities. These pooled investments consist primarily of demand deposits, repurchase agreements, nonnegotiable certificates of deposit and money market instruments. Certificates of deposit are carried at cost because they are not affected by market rate changes. Money market instruments are carried at fair value. The individual funds' portions of the pool's fair value are presented as "cash and short-term investments". Earnings on the pooled funds are apportioned and paid or credited to the funds required to accumulate earnings based on their average monthly balances. If a fund is not required to account for its own earnings by law or regulation, the earnings are allocated to the General Fund. For purposes of the cash flows statement, cash and short-term investments are defined as investments with original maturities of three months or less.

**SHAWNEE COUNTY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

Receivables and Payables

Outstanding balances between funds are reported as “due to/from other *funds*.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

All trade and property tax receivables are shown net of an allowance for uncollectibles. The allowance for trade and property tax receivables for the year ended December 31, 2015 was \$107,537 and \$2,259,482, respectively. The property tax receivable allowance is equal to 3% of outstanding property taxes at December 31, 2015. The trade receivables for the general fund and other governmental funds are considered to be fully collectible. The allowance for uncollectibles for the Refuse Fund and the Health Agency Fund receivables are approximately 27% and 12%, respectively, of the outstanding accounts receivable balance at December 31, 2015.

Accounts receivable for refuse services at December 31, 2015 include unbilled receivables of approximately \$225,000.

Intergovernmental Revenues and Receivables

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Unrestricted aid is reported as revenue in the fiscal year the entitlement is received.

Property Taxes Receivable

In accordance with governing state statutes, property taxes levied during the current year are revenue sources to be used to finance the budget of the ensuing fiscal year. Taxes are assessed on a calendar year basis, with the related levies and liens on property becoming effective on November 1 in the year of assessment. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half of the full amount of the taxes levied on or before December 20 during the year levied, with the balance to be paid on or before May 10 of the ensuing year. At December 31, 2015, such taxes are a lien on the property and are recorded as taxes receivable with a corresponding amount recorded as unavailable revenue for the governmental fund types.

Assessed values are established by the County Appraiser. The assessed value for property located in the County as of October 2014, on which the 2014 tax levy was based, was \$1,532,477,649. The County’s property tax levies per \$1,000 assessed valuation for property tax revenues were as follows:

Fund	Levy (Dollars)
General	\$ 47.923
Special Liability	0.268
	\$ 48.191

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 unavailable revenue at year end, and are recognized as revenue, net of estimated uncollectible and delinquent amounts, in the year they become due. Taxes receivable represent property taxes levied for 2015 and prior years which have not yet been collected and are reflected as unavailable revenue.

SHAWNEE COUNTY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

Special assessments receivable

As required by Kansas statutes, projects financed in part by special assessments are financed through the issuance of general obligation bonds that are secured by the full faith and credit of the County and are retired from the General Fund. Further, Kansas statutes permit levying additional general ad valorem taxes in the General Fund to finance delinquent special assessments receivable. Consequently, special assessments receivable are accounted for within the General Fund. Special assessments taxes are levied and collected over the life of the bonds which is usually twenty years, and the County may foreclose on liens against property benefited by special assessments when delinquent assessments are two years in arrears. In the fund financial statements, the special assessments taxes levied are a lien on the property and are recorded as special assessments receivable with a corresponding amount recorded as unavailable revenue.

Special assessment taxes have been issued for certain sewer district improvement projects that were financed with Kansas Department of Health and Environment (KDHE) loans. Those special assessments taxes are levied over the life of the loans which range from ten to twenty years. These special assessments are accounted for in the applicable capital project funds. In the fund financial statements, the special assessments taxes levied on these sewer district improvement projects are recorded as special assessments receivable with a corresponding amount recorded as unavailable revenue.

Inventory and prepaid items

Inventory is valued at cost using the first-in, first-out (FIFO) method. The inventory is considered expended when consumed rather than when purchased.

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

Deferred outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report 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 so will not be recognized as an outflow of resources (expense/ expenditure) until then. The County has two items that qualifies for reporting in this category. It is the deferred amount on refunding and deferred outflows for pensions reported in the government-wide statement of net position. A deferred amount 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. See Note 7 for more information on the deferred outflows for pensions.

In addition to liabilities, the statement of net 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 so will not be recognized as an inflow of resources (revenue) until that time. The County has three types of items, which arises under the accrual and modified accrual basis of accounting that qualify for reporting in this category. The first two items, unavailable revenue, are reported in the governmental activities statement of net position and the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The third item, deferred inflows for pensions, is reported on the government-wide statement of net position. See Note 7 for more information on the deferred inflows for pensions.

SHAWNEE COUNTY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

Capital Assets

Capital assets, which include land, building and improvements, furniture, fixtures and equipment, motor vehicles, tools and equipment, infrastructure (e.g., roads, bridges, sidewalks and similar items) and construction in progress, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial individual cost of more than \$1,500 and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Major outlays for capital assets and improvements are capitalized as projects when constructed.

The County's capital assets are depreciated using the straight-line method over the estimated useful lives of the capital assets. The estimated useful lives are:

Infrastructure	10 - 50 years
Buildings and improvements	10 - 30 years
Furniture, fixtures and office equipment	5 - 10 years
Motor vehicles	5 years
Tools and other equipment	5 - 10 years

Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of unpaid, accumulated annual and sick leave balances. Under the terms of the County's personnel policy, County employees are granted vacation and sick leave in varying amounts. Vacation is earned at the rate of 4 to 8 hours per two-week pay period, depending on the employee's years of service. Sick leave is accumulated at the rate of 4 hours per two-week pay period. The maximum amount of vacation which an employee may carry forward from year to year is 240 hours, and the maximum amount of accrued sick leave for which a retiring employee with 800 or more hours accrued may be compensated is 35% of their sick leave balance. Only retiring employees are compensated for unused sick leave. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Pension Plan

For the year ended December 31, 2015, the County implemented provisions of GASB 68, Accounting and Financial Reporting for Pensions and GASB 71, Pension Transition for Contributions Made subsequent to the Measurement Date. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Kansas Public Employees Retirement System (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. The County's pension plans are more fully described in Note 7.

SHAWNEE COUNTY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

Long-Term Debt

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts and deferred charge on refunding, when material, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premiums or discounts.

Use of Estimates

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

Interfund Transfers

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

Net Position Classifications

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

Net investment in capital assets – Capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgage notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – 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 County first utilizes restricted resources to finance qualifying activities.

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

Fund Balances

In the fund financial statements, governmental funds report the following fund balance classifications:

- (1) Non-Spendable – This consists of amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.
- (2) Restricted – This consists of amounts where constraints are placed on the use of those resources which are either externally imposed by creditors, grantors, contributors, laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- (3) Committed – This consists of amounts which can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the Board of County Commissioners.

SHAWNEE COUNTY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
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- (4) Assigned – This consists of amounts which are constrained by County management’s intent to be used for a specific purpose but are neither formally restricted by external sources nor committed by Board of County Commissioners action. The Department Heads have the authority to assign amounts for a specific purpose in this category. Likewise, the Department Heads have the authority to take necessary actions to un-assign amounts in this category.
- (5) Unassigned – This consists of the residual fund balance that does not meet the requirements for the non-spendable, restricted, committed, or assigned classifications. A positive unassigned fund balance is only possible in the general fund.

For programs with multiple revenue sources, the County first uses restricted resources when an expenditure is incurred for purposes for which both restricted and unrestricted net assets are available. For purposes of fund balance classification, expenditures are spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance.

Pending Governmental Accounting Standards Board Statements

GASB has issued the following statements which may impact the County’s financial reporting requirements in the future:

- GASB Statement 72 – *Fair Value Measurement and Application*, effective for the fiscal year beginning on January 1, 2016.
- GASB Statement 73 – *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, effective for the fiscal year beginning on January 1, 2016.
- GASB Statement 74 – *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, effective for the fiscal year beginning on January 1, 2017.
- GASB Statement 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for the fiscal year beginning on January 1, 2018.
- GASB Statement 76 – *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, effective for the fiscal year beginning on January 1, 2016.
- GASB Statement 77 – *Tax Abatement Disclosures*, effective for the fiscal year beginning on January 1, 2016.
- GASB Statement 78 – *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, effective for the fiscal year beginning on January 1, 2016.
- GASB Statement 79 – *Certain External Investment Pools and Pool Participants*, effective for the fiscal year beginning on January 1, 2016.
- GASB Statement 80 – *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*, effective for the fiscal year beginning on January 1, 2017.
- GASB Statement 81 – *Irrevocable Split-Interest Agreements*, effective for the fiscal year beginning on January 1, 2017.
- GASB Statement 82 – *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*, effective for the fiscal year beginning on January 1, 2017.

2. Cash and Investments

Applicable state statutes authorize the County to invest in (1) money market accounts or certificates of deposit in commercial banks and trust companies, (2) time certificates of deposit with state or federally chartered savings and loan associations or federally chartered savings banks, (3) repurchase agreements with commercial banks, trust companies, state or federally chartered savings and loan associations or federally chartered savings banks, (4) United States Treasury Bills or Notes, (5) temporary notes, and (6) the municipal investment pool fund (the Pool). The Pool is operated by the State Treasurer, is not an SEC registered pool and is regulated by the Pooled Money Investment Board. The reported value is the same as the fair value of the pool shares.

SHAWNEE COUNTY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

Cash and short-term investments consisted of the following at December 31, 2015:

Deposits:	
Demand deposits	\$ 204,386,813
Certificates of deposit -	
Workers compensation	10,000
	204,396,813
Short-term investments:	
Short-term money market funds held in trust	15,021,203
	15,021,203
	\$ 219,418,016
Government-wide Statement of Net Position	\$ 128,140,185
Agency Funds Statement of Assets and Liabilities	91,277,831
	\$ 219,418,016

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit risk is measured using credit quality ratings of investments in debt securities as described by nationally recognized rating agencies such as Standard & Poor's and Moody's. The County does not have a formal policy limiting credit quality of investments. The County follows applicable State Statutes that restrict the types of investments the County may utilize. At December 31, 2015, the County's investments consisted of short-term money market funds held in trust. The money market funds were invested in direct U.S. Treasury obligations or other U.S. agency securities that were rated AAAM by Standard and Poor's at year end.

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the County will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the County will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The County's policy is to collateralize the demand deposits, repurchase agreements, and certificates of deposit with securities held by the financial institution's agent and in the County's name. Statutes require that collateral pledged must have a fair value equal to 100% of the deposits, less insured amounts, and they must be assigned for the benefit of the County.

At December 31, 2015, the County's deposits were insured, in part, by the Federal Depository Insurance Corporation. Uninsured deposits and certificates of deposit were fully collateralized by securities held in the County's name by their financial institution's agent. The short-term money market funds are not subject to custodial credit risk. Accordingly, management has determined that none of the County's deposits or investments was exposed to custodial credit risk as of December 31, 2015.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates may adversely affect an investment's fair value. The County's formal investment policy does not limit its exposure to fair value losses arising from increasing interest rates. The County's short-term investments at December 31, 2015 consisted of money market funds with maturities of less than one year.

SHAWNEE COUNTY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

Concentration of Credit Risk

The County's investment policy does not place any limitations on the percentage of the County's total investments that may be with any one issuer. Kansas statutes indirectly prohibit such a limitation, as local banks must be given preference on each investment of idle funds. At December 31, 2015, the County's investments consisted of short-term money market funds held in trust. These money market funds were invested in direct U.S. Treasury obligations or other U.S. agency securities that are not subject to such risks.

3. Capital Assets

A summary of changes in capital assets is as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 28,519,551	\$ 110,843	\$ -	\$ 28,630,394
Construction in process	10,372,893	7,682,118	13,601,727	4,453,284
Total capital assets not being depreciated	<u>38,892,444</u>	<u>7,792,961</u>	<u>13,601,727</u>	<u>33,083,678</u>
Capital assets being depreciated:				
Infrastructure	116,298,487	11,654,540	79,700	127,873,327
Buildings and improvements	138,480,537	4,180,682	-	142,661,219
Furniture, fixtures and office equipment	17,426,512	409,503	246,561	17,589,454
Motor vehicles	11,826,445	595,325	208,151	12,213,619
Tools and other equipment	21,342,882	292,981	72,916	21,562,947
Total capital assets being depreciated	<u>305,374,863</u>	<u>17,133,031</u>	<u>607,328</u>	<u>321,900,566</u>
Less accumulated depreciation for:				
Infrastructure	38,843,134	3,554,613	78,830	42,318,917
Buildings and improvements	80,907,679	4,365,151	-	85,272,830
Furniture, fixtures and office equipment	11,370,194	1,411,668	246,561	12,535,301
Motor vehicles	10,457,103	671,223	208,151	10,920,175
Tools and other equipment	18,165,970	1,072,032	62,053	19,175,949
Total accumulated depreciation	<u>159,744,080</u>	<u>\$ 11,074,687</u>	<u>\$ 595,595</u>	<u>170,223,172</u>
Total capital assets being depreciated, net	<u>145,630,783</u>			<u>151,677,394</u>
Governmental activities, capital assets net	<u>\$ 184,523,227</u>			<u>\$ 184,761,072</u>

**SHAWNEE COUNTY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type Activities:				
Capital assets being depreciated:				
Buildings and improvements	\$ 60,367	\$ -	\$ -	\$ 60,367
Furniture, fixtures and office equipment	25,505	-	-	25,505
Motor vehicles	7,653,905	835,422	763,302	7,726,025
Tools and other equipment	<u>2,741,631</u>	<u>-</u>	<u>-</u>	<u>2,741,631</u>
Total capital assets being depreciated	<u>10,481,408</u>	<u>835,422</u>	<u>763,302</u>	<u>10,553,528</u>
Less accumulated depreciation for:				
Buildings and improvements	25,204	2,068	-	27,272
Furniture, fixtures and office equipment	23,103	797	-	23,900
Motor vehicles	5,281,067	876,300	763,302	5,394,065
Tools and other equipment	<u>1,514,287</u>	<u>405,323</u>	<u>-</u>	<u>1,919,610</u>
Total accumulated depreciation	<u>6,843,661</u>	<u>\$ 1,284,488</u>	<u>\$ 763,302</u>	<u>7,364,847</u>
Business-type, capital assets net	<u>\$ 3,637,747</u>			<u>\$ 3,188,681</u>

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

Governmental activities:

General government	\$ 1,052,950
Public safety and judicial	3,546,594
Public works, highways and streets	3,539,724
Health, welfare and education	378,914
Cultural and recreation	<u>2,556,505</u>
Total depreciation expense for governmental activities	<u>\$ 11,074,687</u>

Business-type activities:

Refuse	\$ 1,284,488
Total depreciation expense for business-type activities	<u>\$ 1,284,488</u>

**SHAWNEE COUNTY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

4. Interfund Activity

Interfund transfers for the year ended December 31, 2015 are as follows:

	Transfers In	Transfers Out
Governmental Funds:		
General Fund	\$ 1,156,248	\$ 12,297,407
Health Agency Fund	4,343,190	350,000
Nonmajor Funds	9,286,597	1,903,628
	<u>14,786,035</u>	<u>14,551,035</u>
Enterprise Funds:		
Refuse	-	235,000
	<u>-</u>	<u>235,000</u>
	<u>\$ 14,786,035</u>	<u>\$ 14,786,035</u>

Transfers are used to move unrestricted general fund and nonmajor governmental fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs; to reimburse the general fund for indirect costs and to move funds designated for employee accrued retirement benefits; fund debt service requirements; and reimbursements for capital outlay. Any transfers between governmental funds have been eliminated in the government-wide statement of activities.

**SHAWNEE COUNTY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

5. Long-Term Liabilities

The following is a summary of long-term liabilities of the County:

	Beginning Balance	Additions	Payments/ Adjustments	Ending Balance	Due in One Year
Governmental activities					
General obligation bonds	\$ 40,040,000	\$ 16,010,000	\$ 15,090,000	\$ 40,960,000	\$ 4,855,000
Unamortized premiums	895,867	630,465	177,276	1,349,056	130,184
Loans	3,252,713	-	267,187	2,985,526	83,438
Certificates of participation	39,275,000	16,835,000	7,215,000	48,895,000	2,845,000
Unamortized premiums	715,238	1,022,979	71,757	1,666,460	122,906
Unamortized discounts	(113,308)	-	(31,124)	(82,184)	(6,088)
Capital lease obligation	1,019,395	-	417,397	601,998	298,034
Compensated absences **	4,011,999	2,447,926	2,369,678	4,090,247	2,255,767
Early retirement incentive **	311,989	-	160,051	151,938	93,358
Net OPEB obligation **	2,195,796	114,682	-	2,310,478	-
	<u>\$ 91,604,689</u>	<u>\$ 37,061,052</u>	<u>\$ 25,737,222</u>	<u>\$ 102,928,519</u>	<u>\$ 10,677,599</u>

** For governmental activities, compensated absences, net pension obligation, and other post employment benefits are generally liquidated by the general fund.

Business-type activities

Compensated absences	\$ 296,775	\$ 198,351	\$ 175,445	\$ 319,681	\$ 179,761
Net OPEB obligation	134,426	9,303	-	143,729	-
	<u>\$ 431,201</u>	<u>\$ 207,654</u>	<u>\$ 175,445</u>	<u>\$ 463,410</u>	<u>\$ 179,761</u>

Of the \$40,960,000 general obligation bonds, approximately \$27,100,000 is special assessment debt with government commitment. Of the \$2,985,526 in loans, approximately \$2,400,000 is special assessment debt with government commitment.

General Obligation Bonds

The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities including those used for economic development. General obligation bonds have also been issued to refund general obligation bonds and certain loans of prior issues. General obligation bonds are direct obligations and pledge the full faith and credit of the County. These bonds generally are issued as 20-year serial bonds, with differing amounts of principal maturing each year.

General obligation bonds currently outstanding are as follows:

General Obligation Bonds	Interest Rates	Maturity	Amount
Series 2008	3.15-4.55%	09/01/28	\$ 160,000
Series 2009	3.25-4.00%	09/01/29	3,240,000
Series 2010	2.25-3.625%	09/01/30	9,695,000
Series 2011	2.50-3.50%	09/01/25	7,275,000
Series 2012	1.00-3.00%	09/01/26	3,720,000
Series 2013	2.25-4.00%	09/01/33	860,000
Series 2015A	2.00-4.00%	09/01/28	5,175,000
Series 2015B	2.00-3.00%	09/01/20	5,975,000
Series 2015C	2.00-3.35%	09/01/35	4,855,000
Series 2015D	1.00%	09/01/16	5,000
Total			<u>\$ 40,960,000</u>

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Annual debt service requirements to maturity for general obligation bonds to be paid with tax levies are as follows:

Year	Principal Due	Interest Due	Total Due
2016	\$ 4,855,000	\$ 1,133,277	\$ 5,988,277
2017	4,625,000	1,020,913	5,645,913
2018	4,605,000	911,763	5,516,763
2019	4,720,000	792,413	5,512,413
2020	4,145,000	681,573	4,826,573
2021-2025	13,990,000	1,852,941	15,842,941
2026-2030	3,630,000	328,794	3,958,794
2031-2035	390,000	35,598	425,598
	<u>\$ 40,960,000</u>	<u>\$ 6,757,272</u>	<u>\$ 47,717,272</u>

Refunding

The County issued \$5,175,000 2015 Series A and \$5,975,000 2015 Series B General Obligation Refunding Bonds to advance refund \$2,660,000 2005 Series A, \$3,340,000 2006 Series A, \$2,635,000 2007 and \$2,490,000 2008 General Obligation Bonds. The County issued \$4,855,000 2015 Series C General Obligation Refunding and Improvement Bonds and \$5,000 2015 Series D Taxable Bonds to advance refund \$2,055,000 and \$2,150,000 Certificates of Participation 2007 Series B and 2010, respectively, and \$5,000 2013 General Obligation Bonds.

As a result, the refunded General Obligation Bonds and Certificates of Participation are considered defeased and the liability for those obligations have been removed from the long-term debt. This refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$329,652. This amount is reported as a deferred outflow of resources and is amortized over the remaining life of the refunded debt using the straight-line method. The County completed this advance refunding to reduce its debt service payments by \$1,197,764 and to obtain an economic gain of \$1,105,014.

Loans

The County has entered into loan agreements with the Kansas Department of Health and Environment (KDHE) for the construction and improvements of sewer districts and treatment plants.

Purpose	Interest Rates	Maturity	Amount
Loan for Sewer District #33	2.92%	03/01/24	\$ 1,485,328
Loan for Sewer District # 83	2.91%	09/01/24	927,848
Loan for Sherwood Pumping improvements	2.66%	03/01/32	572,350
Total			<u>\$ 2,985,526</u>

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Annual estimated debt service requirements to maturity based on the outstanding balance of KDHE Loans at December 31, 2015 are as follows:

Year	Principal Due	Interest Due	Total Due
2016	\$ 274,967	\$ 83,623	\$ 358,590
2017	282,975	75,616	358,591
2018	291,215	67,376	358,591
2019	299,696	58,895	358,591
2020	308,423	50,167	358,590
2021-2025	1,261,155	115,983	1,377,138
2026-2030	185,677	24,680	210,357
2031-2032	81,418	2,725	84,143
	<u>\$ 2,985,526</u>	<u>\$ 479,065</u>	<u>\$ 3,464,591</u>

Certificates of Participation

The County issued certificates of participation in 2009 to fund improvements to the County's parks and recreational grounds and the County's Health Agency. The 2012 certificates were issued to fund the First Responders Project, acquisition of property and the Expocentre Safety Rigging Project. The County issued certificates of participation in 2014 to refund portions of the Series 2007A and Series 2007C certificates of participation. The 2015 certificates were issued to fund improvements for corrections facilities, parks and recreations facilities and County infrastructure.

Certificates of participation currently outstanding are as follows:

Certificates of Participation	Interest Rates	Maturity	Amount
Certificates of Participation Series 2009	2.65-5.00%	09/01/29	\$ 11,040,000
Certificates of Participation Series 2012	2.00-3.12%	09/01/27	12,045,000
Certificates of Participation Series 2014 A	3.00%	09/01/22	2,290,000
Certificates of Participation Series 2014 B	2.00-3.00%	09/01/23	6,685,000
Certificates of Participation Series 2015	2.00-5.00%	09/01/35	16,835,000
Total			<u>\$ 48,895,000</u>

Annual estimated debt service requirements to maturity based on the outstanding balance of Certificates of Participation at December 31, 2015 are as follows:

Year	Principal Due	Interest Due	Total Due
2016	\$ 2,845,000	\$ 2,032,785	\$ 4,877,785
2017	3,195,000	1,679,494	4,874,494
2018	3,290,000	1,583,444	4,873,444
2019	3,390,000	1,478,206	4,868,206
2020	3,505,000	1,372,656	4,877,656
2021-2025	16,305,000	5,057,990	21,362,990
2026-2030	10,835,000	2,159,388	12,994,388
2031-2035	5,530,000	630,219	6,160,219
	<u>\$ 48,895,000</u>	<u>\$ 15,994,182</u>	<u>\$ 64,889,182</u>

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Capital Lease

The County has entered into capital lease agreements for computer equipment and software. The gross amount of capital assets under the capital leases were \$1,490,747. Amortization of capital assets acquired under capital leases is included with depreciation expense in the government wide financial statements.

Future minimum lease payments are as follows:

	2016	\$	310,013
	2017		310,013
			620,026
Less amounts representing interest			(18,028)
Present value of minimum lease payments		\$	601,998

Bond Indebtedness

Kansas statutes restrict the level of the authorized and outstanding bonded indebtedness of the County to not more than 3% of the assessed value as adjusted by Kansas statute of all tangible property within such county, as certified to the County Clerk on the preceding August 25. For purposes of calculating the legal debt margin of the County, the following types of bonds are excluded from the total indebtedness of the County: (a) bonds issued for the purpose of refunding outstanding debt including bonds and matured coupons thereof, or judgments thereon; and (b) bonds issued to finance the purchase of land and certain improvements, and furnishing and equipping of the Shawnee County jail.

At December 31, 2015, based on the assessed valuation of \$1,750,440,288, the general obligation limit was \$52,513,208. After reduction for outstanding eligible general obligation bonds and notes, the County's net bonded indebtedness totaled \$826,150 providing a general obligation debt margin of \$51,687,058.

Defeased Debt

In prior years, the County defeased certain general obligation bonds and certificates of participation by placing the proceeds for new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. At December 31, 2015, \$4,645,000 of general obligation bonds and certificates of participation outstanding was considered defeased.

Conduit Debt

The County has issued industrial revenue bonds to finance the purchase of land and construction facilities leased to local businesses. The lease agreements provide for rentals sufficient to service the related bonds. The bonds and related interest are payable solely from lessee rentals and do not constitute general liabilities of the County.

The lessees have the option of purchasing the leased properties at any time during the lease periods for amounts sufficient to retire the related outstanding bonds. At the end of the lease periods, which conform to bond maturity schedules, the lessees may either purchase the property for a nominal amount or renew the lease annually at nominal amounts. Industrial revenue bonds at December 31, 2015 totaled approximately \$110 million.

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The County has issued single family mortgage revenue bonds to finance the mortgage loans of first-time homeowners meeting certain income and purchase price requirements. The bonds are payable solely from the homeowner and do not constitute general liabilities of the County. Single family mortgage revenue bonds outstanding at December 31, 2015 totaled approximately \$27 million.

6. Joint Economic Development Organization (JEDO)

The County and the City of Topeka, Kansas (the City) entered into an interlocal agreement in November 2001 to create JEDO, a separate legal entity governed by a seven member board consisting of three County Commissioners, the City Mayor, Deputy Mayor and two City Council members. On August 3, 2004, County voters passed a one-half percent sales tax to finance economic development and countywide infrastructure development. In connection with the passage of the countywide sales tax, the County and City entered into a new interlocal agreement which rescinded the 2001 agreement. The sales tax went into effect January 1, 2005 and is set to expire on December 31, 2016. Under the agreement, upon the later of the expiration or termination of the sales tax and the completion of and payment for the projects listed in the ballot, JEDO shall inform the City and County of any funds remaining, if any, and unless otherwise agreed to by the City and County, these excess funds, less any economic development or county bridge commitments, shall be distributed to the City and County in the proportional rates as provided by Kansas law at the time of the excess funds determination.

The State of Kansas collects the sales taxes and remits the respective taxes to the City and the County, who in turn remit the sales tax to JEDO. JEDO holds the funds until the City or the County initiates an approved project and then distributes the funds in accordance with the interlocal agreement. At December 31, 2015, the County is due \$1,335,532 from the State of Kansas, which is subsequently due to JEDO for sales taxes earned but not received and is included in due to other governments.

For the year ended December 31, 2015, sales taxes received and receivable from the State of Kansas and amounts paid or payable to JEDO total \$7,316,125. For the year ended December 31, 2015, the County received a total amount of \$1,826,450, including \$1,500,000 dedicated to county bridges in accordance with the interlocal agreement and \$326,450 in reimbursements for certain sales tax projects performed by the County.

The audited financial statements of JEDO can be obtained from the City of Topeka, City Clerk's office or the Shawnee County Clerk's office.

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7. Employees' Retirement System

Plan Descriptions - Shawnee County participates in the Kansas Public Employees Retirement System (KPERS) and the Kansas Police and Fireman's Retirement System (KP&F). Both are part of a cost-sharing, multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. Kansas law establishes and amends benefit provisions. KPERS and KP&F issue a publicly available joint financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at www.kpers.org or by writing to KPERS (611 S. Kansas Avenue, Suite 100; Topeka, KS 66603) or by calling 1-888-275-5737.

Benefits Provided – KPERS provides benefits, life insurance, disability income benefits, and death benefits. Benefits are established by statute and may only be changed by the Kansas Legislature. Members (except police and fireman) with ten or more years of credited service, may retire as early as age 55 (police and fireman 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 an employee's combined age and years of credited service equal 85 (police and fireman's normal retirement ages are age 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. The accumulated contributions and interest are deposited into and disbursed from the membership accumulated reserve fund as established by K.S.A. 74-4922.

Member employees 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. His or her monthly retirement benefit is then permanently reduced based on the amount of the lump sum. Benefit increases, including ad hoc post-retirement benefit 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 Legislature made changes affecting new hires, current member employees 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 age 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 retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

Contributions – K.S.A. 74-4919 and K.S.A. 74-4920 establish the KPERS member-employee contributions rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. K.S.A. 74-4975 establishes the Police and Firemen (KP&F) member-employee contribution rate at 7.15% of covered salary. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

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State law provides that the employer contribution rates for KPERS 1, KPERS 2, KPERS 3 and KP&F be determined based on the results of each annual actuarial valuation. KPERS is funded on an actuarial reserve basis. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 0.85% contribution rate for the Death and Disability Program) and the statutory contribution rate was 9.48% for KPERS and 21.36% for KP&F for the fiscal year ended December 31, 2015. Contributions to the pension plan from the County were \$3,756,524 for KPERS and \$1,340,397 for KP&F for the year ended December 31, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Although KPERS administers one cost sharing multiple-employer defined benefit 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 recourse, and pension expense are determined separately for each group of the plan. The county participates in the local (KPERS) group and the Police and Firemen (KP&F) group.

At December 31, 2015, the County reported a liability of \$30,117,254 for KPERS and \$8,840,983 for KP&F for its proportionate share of the KPERS' collective net pension liability. The collective net pension liability was measured by KPERS as of June 30, 2015, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of December 31, 2014, which was rolled forward to June 30, 2015. The County's proportion of the collective net pension liability was based on the ratio of the County's actual contributions to KPERS and KP&F, relative to the total employer and nonemployer contributions of the KPERS and KP&F for the fiscal year ended June 30, 2015. The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2015, the County's proportion and change from its proportion measured as of June 30, 2014 were as follows:

	<u>Net pension liability as of December 31, 2015</u>	<u>Proportion as of June 30, 2015</u>	<u>Change in proportion from June 30, 2014</u>
KPERS (local)	\$ 30,117,254	2.294%	-0.050%
KP&F	8,840,983	1.218%	-0.072%
	<u>\$ 38,958,237</u>		

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For the year ended December 31, 2015, the County recognized pension expense of \$4,900,416 for KPERS and \$709,850 for KP&F. At December 31, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 80,679	\$ 1,000,545
Net difference between projected and actual earnings on pension plan investments	-	1,453,125
Changes in proportionate share	25,250	1,637,165
Changes in assumptions	-	509,330
County contributions subsequent to measurement date	<u>2,664,439</u>	<u>-</u>
Total	<u>\$ 2,770,368</u>	<u>\$ 4,600,165</u>

The \$2,664,439 reported as deferred outflows of resources related to pensions resulting from the County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended December 31, 2016. Total amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as increases (decreases) to pension expense as follows:

	<u>KPERS Deferred (Inflow)/Outflow of Resources</u>	<u>KP&F Deferred (Inflow)/Outflow of Resources</u>
Year ended December 31,		
2016	\$ 784,870	\$ 393,809
2017	(1,185,747)	(300,013)
2018	(1,185,747)	(300,014)
2019	135,597	129,047
2020	<u>(192,801)</u>	<u>(108,798)</u>
Total	<u>\$ (1,643,828)</u>	<u>\$ (185,969)</u>

Actuarial assumptions. The total pension liability for KPERS in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Price inflation	3%
Wage inflation	4%
Salary increases, including wage increases	4% to 16%, including inflation
Long-term rate of return, net of investment expense, and including price inflation	8%

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Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocations as of June 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	6.30%
Fixed income	13	0.80
Yield driven	8	4.20
Real return	11	1.70
Real estate	11	5.40
Alternatives	8	9.40
Short-term investments	2	(0.50)
Total	<u>100%</u>	

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

Sensitivity of the County's proportionate share of the collective net pension liability to changes in the discount rate. The following presents the County's proportionate share of the collective net pension liability calculated using the discount rate of 8.00%, as well as what the County's proportionate share of the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
County's KPERS proportionate share of the net pension liability	\$ 42,753,040	\$ 30,117,254	\$ 19,405,589
County's KP&F proportionate share of the net pension liability	12,838,653	8,840,983	5,464,318
	<u>\$ 55,591,693</u>	<u>\$ 38,958,237</u>	<u>\$ 24,869,907</u>

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Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued KPERS financial report which can be found on the KPERS website at www.kpers.org or by writing to KPERS (611 S. Kansas Avenue, Suite 100; Topeka, KS 66603) or by calling 1-888-275-5737.

8. Other Postemployment Healthcare Benefits

Plan Description

The County offers postemployment health and dental insurance to retired employees. The benefits are provided through a single employer defined benefit postemployment healthcare plan administered by the County. Kansas statutes provide that postemployment healthcare benefits be extended to retired employees who have met age and/or service eligibility requirements until the individuals become eligible for Medicare coverage at age 65. The health insurance benefit provides the same coverage for retirees and their dependents as for active employees and their dependents. The benefit is available for selection at retirement. Eligibility is based on the retirement provisions of the Kansas Public Employees Retirement System for civilian employees and the Kansas Police and Firefighters Retirement System for police and firefighters. Spouses may continue benefits for up to 36 months after a retiree's death. The plan does not issue a stand-alone financial report.

The County required retirees to pay 120% of the premiums charged to active participants. The rates being paid by retirees for benefits are typically lower than those if they had been rated as a separate group. The difference between these amounts is the implicit rate subsidy, which is considered other postemployment benefits (OPEB) under Governmental Accounting Standards Board Statement No. 45 (GASB Statement 45).

Funding Policy

GASB Statement 45 does not require funding of the OPEB liability, and the County has chosen not to fund it. County policy dictates the payment of retiree claims as they become due.

Annual OPEB Cost and Net OPEB Obligation

The County's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize the unfunded actuarial liability over a period not to exceed thirty years.

The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

	2015
Annual required contribution	\$ 561,752
Interest on net OPEB obligation	69,907
Adjustment to annual required contribution	(77,674)
Annual OPEB cost (expense)	553,985
Less: Net employer contributions	430,000
Increase in net OPEB obligation	123,985
Net OPEB obligation - January 1, 2015	2,330,222
Net OPEB obligation - December 31, 2015	\$ 2,454,207

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The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the preceding fiscal years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2013	\$ 716,043	67%	\$ 2,196,174
12/31/2014	540,048	75%	2,330,222
12/31/2015	553,985	78%	2,454,207

Funded Status and Funding Progress

As of December 31, 2014, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$5,788,211, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$5,788,211. The covered payroll (annual payroll of active employees covered by the plan) was \$46.3 million, and the ratio of the UAAL to the covered payroll was 12.5 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31 2014, actuarial valuation, the unit credit actuarial cost method was used. The actuarial assumptions included a 3.0 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, an annual healthcare cost trend rate of 5.4 percent initially, reduced by decrements to an ultimate rate of 4.5 percent after fifty five years. Other key assumptions include an inflation rate of 2.25 percent and payroll increases of 3.0 percent annually. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2014, was thirty years.

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9. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; business interruptions; errors and omissions; employee injuries and illnesses; natural disaster; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than those related to employee health benefits and workers' compensation claims. Settled claims have not exceeded this commercial coverage in any of the three preceding years. There have not been significant reductions in coverage from prior years.

Self-Insurance Funds - The County has established internal service funds for self-insured workers' compensation and health and dental insurance. The workers' compensation program began in December 1986 and the health and dental insurance program began in January 1998 for all County employees. Funds are accumulated for payment of claims and insurance premiums through charges to the County funds. Currently, the County is funding the Workers' Compensation Reserve Fund with annual contributions from other funds based on an analysis of funding requirements for the reserve based on historical costs and expected future claims. The Health Insurance Administration Fund is funded with contributions made during each payroll period from the employer and the employees. The rates are based on past historical costs for individual and family coverage and expected future claims. Each plan is administered by a third party, which accumulates claims. The County has purchased a specific excess insurance policy that covers all individual workers' compensation claims in excess of \$500,000 and \$350,000 per occurrence for sheriff officers and all other employees, respectively. The State of Kansas places statutory limits on benefits for death resulting from injury to \$300,000, and maximum benefits resulting in permanent total disability and temporary disability to \$155,000 and \$130,000, respectively, per claim and with an unlimited amount for medical expenses. The County has purchased an excess insurance policy for health insurance with a \$175,000 stop loss limit per individual and a 115 percent stop loss limit in aggregate health insurance. The maximum amount for dental insurance the County is responsible for is \$1,500 per individual. Any expenses incurred above the maximums were reimbursed by the insurance companies.

General Liability - The County is also self-insured for general liability claims. All liability claims are reviewed and challenged if appropriate, by the County Councilor's office. Kansas statutes limit the liability in tort cases to \$500,000.

The changes in health and dental insurance, workers' compensation and general liability claims payable for the years ended December 31, 2015 and 2014 are as follows:

	<u>Health and Dental</u>	<u>Workers' Compensation</u>	<u>General Liability</u>
Claims payable, December 31, 2013	\$ 516,522	\$ 1,544,250	\$ -
Claims and changes in estimates	8,116,106	731,018	500,000
Claim payments	<u>(7,951,084)</u>	<u>(891,420)</u>	
Claims payable, December 31, 2014	681,544	1,383,848	500,000
Claims and changes in estimates	8,736,407	1,633,961	-
Claim payments	<u>(8,603,408)</u>	<u>(1,234,658)</u>	<u>(500,000)</u>
Claims payable, December 31, 2015	<u>\$ 814,543</u>	<u>\$ 1,783,151</u>	<u>\$ -</u>

SHAWNEE COUNTY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
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10. Commitments and Contingencies

Leases

The County rents various equipment and software licensing under operating leases. Rent expenditures for the year ended December 31, 2015 was \$597,355. As of December 31 2015, minimum future payments required under these agreements for subsequent fiscal years are as follows:

2016	\$	581,995
2017		512,694
2018		500,126
2019		489,047
2020		151,152
	\$	<u>2,235,014</u>

Federal Assistance

The County and its related entities have received significant financial assistance from various federal agencies in the form of grants and entitlements. Under the Single Audit Act, the purpose of which is to ensure compliance with terms and conditions specified in grant or other agreements, these programs are subject to audit by agents of the granting authority, and/or by independent public accountants. Management does not believe that liabilities for reimbursements, if any, will have a materially adverse effect upon the financial condition of the County.

Litigation

There are a number of claims and/or lawsuits to which the County is a party as a result of certain law enforcement activities, appraisals, injuries and various other matters and complaints arising in the ordinary course of County activities. The County management and legal counsel anticipate that other potential claims against the County including total disability and appraisal claims not covered by insurance, if any, resulting from such matters, would not materially affect the financial position of the County.

Encumbrances

Outstanding encumbrances at December 31, 2015 were as follows: General Fund \$570,954 and other governmental funds \$97,156.

11. Early Retirement Incentive Programs (ERIP)

In August 2012, the County offered a voluntary early retirement program whereby single health insurance premiums, health insurance administration fees and dental administration fees will be paid by the County for a period of 60 months or until the retiring employee reaches the age of 65, whichever occurs first. The employees would also receive a payout of 45% of accumulated sick leave or a guaranteed minimum of \$8,000, vacation pay and compensatory time. The County had 22 employees approved for the program.

In February 2011, the County offered a voluntary early retirement program whereby single health insurance premiums, health insurance administration fees and dental administration fees will be paid by the County for a period of 60 months or until the age of 65. The employees would also receive a payout of 50% of accumulated sick leave or a guaranteed minimum of \$10,000, vacation pay and compensatory time. The County had 32 employees approved for the program.

SHAWNEE COUNTY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

The total amounts paid in 2015 related to the early retirement incentive programs was \$160,051 with the future obligations of health insurance under both ERIP programs for the years 2016-2017 totaling \$151,938.

12. Transfer of Parks and Recreation

Effective January 1, 2012, pursuant to an intergovernmental agreement between Shawnee County, Kansas (County) and the City of Topeka (City) the City has transferred certain parks and recreation assets and operations to the County for the purpose of providing services to citizens and visitors.

The City also agreed to transfer to the County the amount of tax levied for funding the parks and recreation for the years 2012 through 2015. The amount of tax levy to be transferred each year is based upon the amount levied by the City in 2011, the base year, which was \$5,011,893. The City has or is scheduled to transfer to the County the following amount of tax levied for the years 2012 through 2015:

<u>Year</u>	% of Base <u>Year</u>	Transfer <u>Amount</u>
2012	80%	\$ 4,009,514
2013	60%	3,007,136
2014	40%	2,004,757
2015	20%	1,002,379
Total		<u>\$ 10,023,786</u>

The City also agreed to transfer to the County the amount of vacation, sick leave and retirement earned but not paid to those City parks and recreation employees that were transferred to the County. The total amount of vacation, sick leave and retirement that will be transferred by the City to the County is \$156,687. This amount is scheduled to be transferred in four equal annual payments of \$39,172 beginning in 2012.

At December 31, 2015, the City transferred all amounts due.

13. Change in Accounting Principle

The beginning net position of the County's governmental and business-type activities was restated due to the implementation of the GASB 68 – Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, and GASB 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date.

	Governmental Activities	Business-Type Activities	Total
Net Position, beginning of year as previously reported	\$ 175,823,068	\$ 9,165,985	\$ 184,989,053
Changes in accounting and reporting related to the County's pension plans	(40,576,556)	(2,803,691)	(43,380,247)
Net Position, beginning of year as restated	<u>\$ 135,246,512</u>	<u>\$ 6,362,294</u>	<u>\$ 141,608,806</u>

SHAWNEE COUNTY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

14. Subsequent Events

The County has evaluated subsequent events through June 27, 2016, the date the financial statements were available to be issued.

During March 2016, the County issued Series 2016 A, B and C, General Obligation Improvement and Refunding Bonds in the amount of \$13,875,000, \$1,980,000 and \$5,000, respectively.

The 2016 Series A are to refund the 2009 Certificates of Participation and to prepay loan payments to KDHE. The principal payments on the Series 2016 A Bonds range between \$765,000 and \$1,105,000, mature between September 1, 2016 and September 1, 2029, and bear interest ranging from 1.10% to 5.0%.

The 2016 Series B are to fund the purchase of electronic voting machines. The principal payments on the Series 2016 B Bonds range between \$155,000 and \$225,000, mature between September 1, 2016 and September 1, 2026, and bear interest ranging from 2.0% to 3.0%.

The 2016 Series C are to partially refund the 2013 general obligation bonds. The principal payment on the Series 2016 C Bonds is \$5,000, matures on September 1, 2016, and bears interest of 1.0%.

On April 19, 2016, the City of Topeka and Shawnee County entered into a new interlocal agreement related to the renewal of the countywide one-half percent sales tax commencing January 1, 2017 and set to expire on December 31, 2031. From the proceeds of the countywide one-half percent sales taxes, the agreement calls for JEDO to dedicate \$5,000,000 annually for the purpose of supporting economic development priorities as established by the JEDO Board. After the initial \$5,000,000 has been reserved, JEDO funds will be distributed to the County and City to complete the improvements and projects as set forth on the November 4, 2014 ballot. The distributions will be at 52% and 48% to the County and City, respectively.

The Shawnee County Community Health Center (Health Center) operations will be transitioned to GraceMed Health Clinic, Inc. (GraceMed), a private nonprofit service provider. In 2015, the County Commission notified the Health Resources and Services Administration (HRSA) of their intent to relinquish Health Center's federal grant funds and enable another entity to assume operations of the health center. GraceMed has been notified that they have been awarded the HRSA federal grant funds and effective July 1, 2016 will assume responsibility for the operations of the Health Center.

Shawnee County, Kansas
Notes to Required Supplementary Information
For the Year Ended December 31, 2015

Budgetary Policy

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds and enterprise funds (unless specifically exempted by statute).

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to May 1, budget worksheets are mailed to each department.
2. In June, all budget worksheets are returned to the Financial Administrator's Office for compilation and verification.
3. Budget presentations are made to the County Commissioners by each department beginning in June.
4. In July, a preliminary budget is presented to the County Commissioners.
5. Publication is made in a local newspaper, on or before August 5, of the proposed budget and notice of public hearing on the budget.
6. A public hearing is held on or before August 15, but at least ten days after publication of notice of hearing.
7. The final budget is adopted by the County Commissioners and certified by the County Clerk on or before August 25.

Kansas statutes permit transferring budgeted amounts between major service areas within an individual fund; however, the statutes prohibit creating expenditures in excess of the total amount of the adopted budget of expenditures of individual funds.

The County's policy is to prepare the annual operating budget on a basis which includes encumbrances as the equivalent of expenditures. The Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds excludes outstanding encumbrances in accordance with accounting principles generally accepted in the United States of America for the modified accrual basis of accounting. Encumbrances are commitments for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Encumbrances are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year. The Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual for the General Fund and Health Agency is prepared on the basis utilized in preparing the budget and, accordingly, includes encumbrances as expenditures.

The County's policy allows the transferring of budgeted amounts between major service areas. Such transfers must be approved by the Financial Administrator and by the County Commissioners. Unencumbered appropriations lapse at year end. Budget amendments are only made upon approval by the County Commissioners. There were no budget amendments for the year ended December 31, 2015.

Shawnee County, Kansas
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended December 31, 2015

	Original and Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (negative)
Revenues:			
Taxes			
Property	\$ 73,321,289	\$ 73,684,458	\$ 363,169
Motor vehicle	8,651,893	9,436,837	784,944
Franchise	535,000	468,385	(66,615)
Intergovernmental	1,901,354	2,945,821	1,044,467
Charges for services	5,082,196	4,812,127	(270,069)
License, fines, fees and permits	3,110,645	3,040,257	(70,388)
Interest Income	100,000	222,758	122,758
Special assessments	3,895,000	3,865,107	(29,893)
Payments in lieu of taxes	138,781	141,253	2,472
City of Topeka - Parks	1,041,550	1,041,550	-
Other	100,000	954,716	854,716
Total revenues	<u>97,877,708</u>	<u>100,613,269</u>	<u>2,735,561</u>
Expenditures:			
Current:			
General government	10,701,714	9,514,593	1,187,121
Public safety and judicial	42,412,225	42,288,170	124,055
Public works, highways and streets	7,116,243	5,487,655	1,628,588
Health, welfare and education	5,308,983	5,279,366	29,617
Culture and recreation	14,981,253	12,964,816	2,016,437
Debt service:			
Principal retirement	4,227,188	3,403,091	824,097
Interest and fiscal charges	1,780,023	1,592,501	187,522
Total expenditures	<u>86,527,629</u>	<u>80,530,192</u>	<u>5,997,437</u>
Excess of revenues over (under) expenditures	11,350,079	20,083,077	8,732,998
Other Financing Sources (Uses):			
Bonds issued	-	15,414,709	15,414,709
Issuance premium	-	630,465	630,465
Payments to bond escrow agent	-	(15,618,369)	(15,618,369)
Transfers in	1,000,000	910,343	(89,657)
Transfers out	(11,350,079)	(12,947,078)	(1,596,999)
Total other financing sources (uses)	<u>(10,350,079)</u>	<u>(11,609,930)</u>	<u>(1,259,851)</u>
Change in fund balances	<u>\$ 1,000,000</u>	8,473,147	<u>\$ 7,473,147</u>
Fund balance, beginning of year		<u>22,121,515</u>	
Fund balance - end of year - budget basis		30,594,662	
Adjustments:			
Encumbrances		570,954	
Fund balance - end of year - GAAP basis		<u>\$ 31,165,616</u>	
Net change in fund balance - budget basis		\$ 8,473,147	
Adjustments:			
Encumbrances - beginning of year		(869,771)	
Encumbrances - end of year		570,954	
Net change in fund balance - GAAP basis		<u>\$ 8,174,330</u>	

Shawnee County, Kansas
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Health Agency
For the Year Ended December 31, 2015

	Original and Final Amended Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (negative)
Revenues:			
Intergovernmental	\$ 3,469,020	\$ 4,168,364	\$ 699,344
Charges for services	3,881,707	2,526,040	(1,355,667)
Miscellaneous	-	122	122
Total revenues	<u>7,350,727</u>	<u>6,694,526</u>	<u>(656,201)</u>
Expenditures:			
Current:			
Health, welfare and education	11,607,070	9,745,564	1,861,506
Total expenditures	<u>11,607,070</u>	<u>9,745,564</u>	<u>1,861,506</u>
Excess of revenues over (under) expenditures	(4,256,343)	(3,051,038)	1,205,305
Other financing sources (uses)			
Transfers in	4,343,190	4,343,190	-
Transfers out	(350,000)	(350,000)	-
Total other financing sources (uses)	<u>3,993,190</u>	<u>3,993,190</u>	<u>-</u>
Change in fund balances	<u>\$ (263,153)</u>	942,152	<u>\$ 1,205,305</u>
Fund balance, beginning of year		<u>4,189,512</u>	
Fund balance - end of year - budget basis		5,131,664	
Adjustments:			
Encumbrances		-	
Fund balance - end of year - GAAP basis		<u>\$ 5,131,664</u>	
Net change in fund balance - budget basis		\$ 942,152	
Adjustments:			
Encumbrances - beginning of year		(236)	
Encumbrances - end of year		-	
Net change in fund balance - GAAP basis		<u>\$ 941,916</u>	

SHAWNEE COUNTY, KANSAS
Required Supplementary Information
December 31, 2015

Share of the Collective Net Pension Liability
Kansas Public Employees Retirement System

	2015	2014	2013
County's proportion of the collective net pension liability:			
KPERS (local group)	2.294%	2.343%	2.399%
KP&F (police & fireman)	1.218%	1.289%	1.285%
County's proportionate share of the collective net pension liability	\$ 38,958,237	\$ 37,297,921	\$ 46,964,254
County's covered-employee payroll (A)	\$ 43,019,027	\$ 43,900,404	\$ 43,744,125
County's proportionate share of the collective net pension liability as a percentage of its covered-employee payroll	90.56%	84.96%	107.36%
Plan fiduciary net position as a percentage of the total pension liability	64.95%	66.60%	59.94%

GASB 68 requires presentation of ten years. As of December 31, 2015, only three years of information is available.

(A) Covered payroll is measured as of the measurement date ending June 30.

Schedule of County's Contributions
Kansas Public Employees Retirement System

Contractually required contribution	\$ 5,097,307	\$ 4,589,518	\$ 4,169,453
Contributions in relation to the contractually required contribution	\$ 5,097,307	\$ 4,589,518	\$ 4,169,453
Contribution deficiency (excess)	\$ -	\$ -	\$ -
County's covered-employee payroll (B)	\$ 43,514,314	\$ 42,924,106	\$ 44,190,470
Contributions as a percentage of covered-employee payroll	11.71%	10.69%	9.44%

GASB 68 requires presentation of ten years. As of December 31, 2015, only three years of information is available.

(B) Covered payroll is measured as of the fiscal year end December 31.

Changes in benefit terms for KPERS. In the state fiscal year 2014, the KP&F group had a change in benefit terms. The Legislature increased this group's employee contributions to 7.15 percent and eliminated the reduction of employee contributions to 2.0 percent after 32 years of service. In addition, the maximum retirement benefit increased to 90 percent of final average salary (reached at 36 years of service). Before this change the maximum retirement benefit was limited to 80 percent of final average salary (reached at 32 years of service).

Effective January 1, 2014, KPERS 1 member's employee contribution rate increased to 5.0 percent and then on January 1, 2015, increased to 6.0 percent, with an increase in benefit multiplier to 1.85 percent for future years of service. For KPERS 2 members retiring after July 1, 2012, the cost of living adjustment (COLA) is eliminated, but members will receive a 1.85 percent multiplier for all years of service.

January 1, 2015, the KPERS 3 cash balance plan became effective. Members enrolled in this plan are ones first employed in a KPERS covered position on or after January 1, 2015, or KPERS 1 or KPERS 2 members who left employment before vesting and returned to employment on or after January 1, 2015. The retirement benefit is an annuity based on the account balance at retirement.

SHAWNEE COUNTY, KANSAS
Required Supplementary Information
Schedule of Funding Progress
December 31, 2015

Other Post Employment Benefits

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b) - (a) Unfunded AAL (UAAL)	(a)/(b) Funded Ratio	(c) Annual Covered Payroll	(b)-(a)/(c) UAAL as a Percentage of Covered Payroll
12/31/10	\$ -	\$ 4,538,526	\$ 4,538,526	0.00%	\$ 49,200,000	9.2%
12/31/12	-	7,549,789	7,549,789	0.00%	47,600,000	15.9%
12/31/14	-	5,788,211	5,788,211	0.00%	46,300,000	12.5%

Shawnee County, Kansas
Combining Balance Sheet - General Fund
December 31, 2015

	General Fund	Golf Courses	Employee Retirement	Total General Fund
Assets				
Cash and short-term investments	\$ 75,028,410	\$ 74,573	\$ 2,610,813	\$ 77,713,796
Taxes receivable, net	32,478,949	-	-	32,478,949
Accounts receivable, net	604,840	-	-	604,840
Interest receivable	45,009	-	-	45,009
Due from other funds	315,861	-	-	315,861
Prepays	208,363	-	-	208,363
Special assessments receivable, net	25,221,027	-	-	25,221,027
Total assets	<u>\$ 133,902,459</u>	<u>\$ 74,573</u>	<u>\$ 2,610,813</u>	<u>\$ 136,587,845</u>
Liabilities, deferred inflows of resources and fund balances				
Liabilities:				
Accounts payable	\$ 1,975,567	\$ 8,071	\$ -	\$ 1,983,638
Accrued expenditures	892,230	-	-	892,230
Total liabilities	<u>2,867,797</u>	<u>8,071</u>	<u>-</u>	<u>2,875,868</u>
Deferred Inflows of resources:				
Unavailable revenue - property taxes	72,721,641	-	-	72,721,641
Unavailable revenue - special assessments	27,147,405	-	-	27,147,405
Total deferred inflows of resources	<u>99,869,046</u>	<u>-</u>	<u>-</u>	<u>99,869,046</u>
Fund balances				
Nonspendable:				
Prepaid Items	208,363	-	-	208,363
Assigned:				
Public safety and judicial	570,954	-	-	570,954
Unassigned:				
	30,386,299	66,502	2,610,813	33,063,614
	<u>31,165,616</u>	<u>66,502</u>	<u>2,610,813</u>	<u>33,842,931</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 133,902,459</u>	<u>\$ 74,573</u>	<u>\$ 2,610,813</u>	<u>\$ 136,587,845</u>

Shawnee County, Kansas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
General Fund
For the Year Ended December 31, 2015

	<u>General Fund</u>	<u>Golf Courses</u>	<u>Employee Retirement</u>	<u>Eliminations</u>	<u>Total General Fund</u>
Revenues:					
Taxes					
Property	\$ 73,684,458	\$ -	\$ -	\$ -	\$ 73,684,458
Motor vehicle	9,436,837	-	-	-	9,436,837
Franchise	468,385	-	-	-	468,385
Intergovernmental	2,945,821	-	-	-	2,945,821
Charges for services	4,812,127	1,315,273	-	-	6,127,400
License, fines, fees and permits	3,040,257	-	-	-	3,040,257
Interest income	222,758	-	-	-	222,758
Special assessments	3,865,107	-	-	-	3,865,107
Payments in lieu of taxes	141,253	-	-	-	141,253
City of Topeka - park transfer	1,041,550	-	-	-	1,041,550
Other	954,716	-	-	-	954,716
Total revenues	<u>100,613,269</u>	<u>1,315,273</u>	<u>-</u>	<u>-</u>	<u>101,928,542</u>
Expenditures:					
Current:					
General government	9,862,230	-	204,919	-	10,067,149
Public safety and judicial	42,227,143	-	-	-	42,227,143
Public works, highways and streets	5,488,274	-	-	-	5,488,274
Health, welfare and education	5,289,360	-	-	-	5,289,360
Culture and recreation	12,966,410	1,248,771	-	-	14,215,181
Debt service:					
Principal retirement	3,403,091	-	-	-	3,403,091
Interest and fiscal charges	1,592,501	-	-	-	1,592,501
Total expenditures	<u>80,829,009</u>	<u>1,248,771</u>	<u>204,919</u>	<u>-</u>	<u>82,282,699</u>
Excess of revenues over (under) expenditures	<u>19,784,260</u>	<u>66,502</u>	<u>(204,919)</u>	<u>-</u>	<u>19,645,843</u>
Other financing sources (uses):					
Issuance of bonds	15,414,709	-	-	-	15,414,709
Issuance premium	630,465	-	-	-	630,465
Payments to escrow agent	(15,618,369)	-	-	-	(15,618,369)
Transfers in	910,343	-	895,576	(649,671)	1,156,248
Transfers (out)	(12,947,078)	-	-	649,671	(12,297,407)
Total other financing sources (uses)	<u>(11,609,930)</u>	<u>-</u>	<u>895,576</u>	<u>-</u>	<u>(10,714,354)</u>
Net change in fund balances	8,174,330	66,502	690,657	-	8,931,489
Fund balances - beginning of year	<u>22,991,286</u>	<u>-</u>	<u>1,920,156</u>	<u>-</u>	<u>24,911,442</u>
Fund balances - end of year	<u>\$ 31,165,616</u>	<u>\$ 66,502</u>	<u>\$ 2,610,813</u>	<u>\$ -</u>	<u>\$ 33,842,931</u>

Shawnee County, Kansas
Combining Balance Sheet - Non-Major Governmental Funds
December 31, 2015

Assets	Special Revenue Funds	Capital Project Funds	Total Nonmajor Governmental Funds
Cash and short-term investments	\$ 10,709,261	\$ 23,940,372	\$ 34,649,633
Taxes receivable, net	146,490	-	146,490
Accounts receivable, net	9,098	-	9,098
Due from other governments	1,560,010	-	1,560,010
Prepays	44,700	-	44,700
Special assessments receivable, net	-	2,271,955	2,271,955
Total assets	<u>\$ 12,469,559</u>	<u>\$ 26,212,327</u>	<u>\$ 38,681,886</u>
Liabilities, deferred inflows of resources, and fund balances			
Liabilities:			
Accounts payable	\$ 448,276	\$ 570,072	\$ 1,018,348
Accrued expenditures	82,708	-	82,708
Due to other governments	1,335,532	-	1,335,532
Due to other funds	315,861	-	315,861
Unearned revenue	329,646	-	329,646
Total liabilities	<u>2,512,023</u>	<u>570,072</u>	<u>3,082,095</u>
Deferred Inflows of resources:			
Unavailable revenue - property taxes	334,942	-	334,942
Unavailable revenue - special assessments	-	2,426,372	2,426,372
Total deferred inflows of resources	<u>334,942</u>	<u>2,426,372</u>	<u>2,761,314</u>
Fund Balances:			
Nonspendable:			
Prepaid Items	44,700	-	44,700
Restricted:			
Public safety and judicial	2,029,387	-	2,029,387
Public works, highways and streets	5,616,653	-	5,616,653
Health, welfare and education	3,378	-	3,378
Capital projects	-	14,779,710	14,779,710
Debt service	-	174,086	174,086
Other purposes	393,347	-	393,347
Committed:			
Public works, highways and streets	361,859	-	361,859
Other purposes	4,209	-	4,209
Assigned:			
Public safety and judicial	656,297	-	656,297
Public works, highways and streets	4,746	-	4,746
Health, welfare and education	2,576	-	2,576
Culture and recreation	327,866	-	327,866
Capital projects	-	8,262,087	8,262,087
Other purposes	177,576	-	177,576
Unassigned	-	-	-
Total fund balances	<u>9,622,594</u>	<u>23,215,883</u>	<u>32,838,477</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 12,469,559</u>	<u>\$ 26,212,327</u>	<u>\$ 38,681,886</u>

Shawnee County, Kansas
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Non-Major Governmental Funds
For the Year Ended December 31, 2015

	Special Revenue Funds	Capital Project Funds	Total Nonmajor Governmental Funds
Revenues:			
Taxes			
Property	\$ 1,077,242	\$ -	\$ 1,077,242
Motor vehicle	95,445	-	95,445
Sales	7,366,622	-	7,366,622
911 emergency	962,569	-	962,569
Intergovernmental	4,360,913	2,074,832	6,435,745
Charges for services	1,279,240	302,830	1,582,070
License, fines, fees and permits	1,987,536	1,665,098	3,652,634
Interest income	-	1,640	1,640
Special assessments	-	288,348	288,348
Payments in lieu of taxes	790	-	790
City of Topeka - park transfer	18,168	-	18,168
Other	853,698	441,289	1,294,987
Total revenues	<u>18,002,223</u>	<u>4,774,037</u>	<u>22,776,260</u>
Expenditures:			
Current			
General government	4,186,039	1,869,094	6,055,133
Public safety and judicial	4,154,057	-	4,154,057
Public works, highways and streets	1,081,792	527,250	1,609,042
Economic development	7,316,125	-	7,316,125
Debt service:			
Principal retirement	686,727	3,543,085	4,229,812
Interest and fiscal charges	184,756	1,837,529	2,022,285
Capital outlay	-	9,288,780	9,288,780
Total expenditures	<u>17,609,496</u>	<u>17,065,738</u>	<u>34,675,234</u>
Excess of revenues over (under) expenditures	<u>392,727</u>	<u>(12,291,701)</u>	<u>(11,898,974)</u>
Other financing sources (uses):			
Issuance of bonds	-	17,430,291	17,430,291
Issuance premium	-	1,022,979	1,022,979
Transfers in	2,047,764	7,238,833	9,286,597
Transfers (out)	(1,720,090)	(183,538)	(1,903,628)
Total other financing sources (uses)	<u>327,674</u>	<u>25,508,565</u>	<u>25,836,239</u>
Net change in fund balances	<u>720,401</u>	<u>13,216,864</u>	<u>13,937,265</u>
Fund balances - beginning of year	<u>8,902,193</u>	<u>9,999,019</u>	<u>18,901,212</u>
Fund balances - end of year	<u>\$ 9,622,594</u>	<u>\$ 23,215,883</u>	<u>\$ 32,838,477</u>

**Shawnee County, Kansas
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2015**

	Sewers	Transient Guest Tax	Sales Tax	Special Alcohol & Drug Program	Corrections	911 Emergency landline	Register of Deeds	Motor Vehicle
Assets								
Cash and short-term investments	\$ 595,123	\$ 27,595	\$ -	\$ 3,378	\$ 195,196	\$ 880,785	\$ 358,990	\$ 377,734
Taxes receivable, net	16,315	-	-	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-	-	-	-
Due from other governments	-	12,715	1,335,532	-	-	174,449	-	-
Prepays	-	-	-	-	-	-	-	44,700
Total assets	\$ 611,438	\$ 40,310	\$ 1,335,532	\$ 3,378	\$ 195,196	\$ 1,055,234	\$ 358,990	\$ 422,434
Liabilities, deferred inflows of resources, and fund balances								
Liabilities:								
Accounts payable	\$ 32,843	\$ -	\$ -	\$ -	\$ 19,470	\$ 233,720	\$ 5,372	\$ 11,340
Accrued expenditures	-	-	-	-	19,839	-	761	50,533
Due to other governments	-	-	1,335,532	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	315,861
Unearned revenue	-	-	-	-	155,887	-	-	-
Total liabilities	32,843	-	1,335,532	-	195,196	233,720	6,133	377,734
Deferred Inflows of resources:								
Unavailable revenue - property taxes	34,978	-	-	-	-	-	-	-
Total deferred inflows of resources	34,978	-	-	-	-	-	-	-
Fund Balances:								
Nonspendable:								
Prepaid Items	-	-	-	-	-	-	-	44,700
Restricted:								
Public safety and judicial	-	-	-	-	-	821,514	-	-
Public works, highways and streets	543,617	-	-	-	-	-	-	-
Health, welfare and education	-	-	-	3,378	-	-	-	-
Other purposes	-	40,310	-	-	-	-	352,857	-
Committed:								
Public works, highways and streets	-	-	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-	-	-
Assigned:								
Public safety and judicial	-	-	-	-	-	-	-	-
Public works, highways and streets	-	-	-	-	-	-	-	-
Health, welfare and education	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-	-	-
Total fund balances	543,617	40,310	-	3,378	-	821,514	352,857	44,700
Total liabilities, deferred inflows of resources, and fund balance	\$ 611,438	\$ 40,310	\$ 1,335,532	\$ 3,378	\$ 195,196	\$ 1,055,234	\$ 358,990	\$ 422,434

**Shawnee County, Kansas
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2015**

	Special Liability	Special Highway, Bridge and Machinery	Other Special Revenue	Federal Grants	State Grants	Local Grants	Total Nonmajor Special Revenue Funds
Assets							
Cash and short-term investments	\$ 55,503	\$ 5,097,040	\$ 2,932,310	\$ 76,616	\$ 108,991	\$ -	\$ 10,709,261
Taxes receivable, net	44,192	-	85,983	-	-	-	146,490
Accounts receivable, net	-	4,615	4,483	-	-	-	9,098
Due from other governments	-	-	-	27,246	10,068	-	1,560,010
Prepays	-	-	-	-	-	-	44,700
Total assets	<u>\$ 99,695</u>	<u>\$ 5,101,655</u>	<u>\$ 3,022,776</u>	<u>\$ 103,862</u>	<u>\$ 119,059</u>	<u>\$ -</u>	<u>\$ 12,469,559</u>
Liabilities, deferred inflows of resources, and fund balances							
Liabilities:							
Accounts payable	\$ -	\$ 28,619	\$ 80,240	\$ 20,008	\$ 16,664	\$ -	\$ 448,276
Accrued expenditures	-	-	980	402	10,193	-	82,708
Due to other governments	-	-	-	-	-	-	1,335,532
Due to other funds	-	-	-	-	-	-	315,861
Unearned revenue	-	-	-	83,452	90,307	-	329,646
Total liabilities	<u>-</u>	<u>28,619</u>	<u>81,220</u>	<u>103,862</u>	<u>117,164</u>	<u>-</u>	<u>2,512,023</u>
Deferred Inflows of resources:							
Unavailable revenue - property taxes	99,515	-	200,449	-	-	-	334,942
Total deferred inflows of resources	<u>99,515</u>	<u>-</u>	<u>200,449</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>334,942</u>
Fund Balances:							
Nonspendable:							
Prepaid Items	-	-	-	-	-	-	44,700
Restricted:							
Public safety and judicial	-	-	1,205,978	-	1,895	-	2,029,387
Public works, highways and streets	-	5,073,036	-	-	-	-	5,616,653
Health, welfare and education	-	-	-	-	-	-	3,378
Other purposes	180	-	-	-	-	-	393,347
Committed:							
Public works, highways and streets	-	-	361,859	-	-	-	361,859
Other purposes	-	-	4,209	-	-	-	4,209
Assigned:							
Public safety and judicial	-	-	656,297	-	-	-	656,297
Public works, highways and streets	-	-	4,746	-	-	-	4,746
Health, welfare and education	-	-	2,576	-	-	-	2,576
Culture and recreation	-	-	327,866	-	-	-	327,866
Other purposes	-	-	177,576	-	-	-	177,576
Total fund balances	<u>180</u>	<u>5,073,036</u>	<u>2,741,107</u>	<u>-</u>	<u>1,895</u>	<u>-</u>	<u>9,622,594</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 99,695</u>	<u>\$ 5,101,655</u>	<u>\$ 3,022,776</u>	<u>\$ 103,862</u>	<u>\$ 119,059</u>	<u>\$ -</u>	<u>\$ 12,469,559</u>

Shawnee County, Kansas
Combining Statement of Revenue, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2015

	Sewers	Transient Guest Tax	Sales Tax	Special Alcohol & Drug Program	Corrections	911 Emergency landline	Register of Deeds	Motor Vehicle
Revenues:								
Taxes								
Property	\$ 39,518	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Motor vehicle	-	-	-	-	-	-	-	-
Sales	-	50,497	7,316,125	-	-	-	-	-
911 emergency	-	-	-	-	-	962,569	-	-
Intergovernmental	-	-	-	55,273	1,572,941	-	-	-
Charges for services	1,277,265	-	-	-	-	-	-	-
License, fines, fees and permits	-	-	-	-	-	-	283,718	1,634,085
City of Topeka - parks transfer	-	-	-	-	-	-	-	-
Other	4,959	-	-	-	375	11,400	1,478	275
Total revenues	<u>1,321,742</u>	<u>50,497</u>	<u>7,316,125</u>	<u>55,273</u>	<u>1,573,316</u>	<u>973,969</u>	<u>285,196</u>	<u>1,634,360</u>
Expenditures								
Current								
General government	-	50,717	-	-	405	-	115,758	1,291,146
Public safety and judicial	-	-	-	40,273	1,557,935	575,483	-	-
Public works, highways and streets	637,364	-	-	-	-	-	-	-
Economic development	-	-	7,316,125	-	-	-	-	-
Debt service:								
Principal retirement	583,229	-	-	-	-	-	103,498	-
Interest and fiscal charges	184,756	-	-	-	-	-	-	-
Total expenditures	<u>1,405,349</u>	<u>50,717</u>	<u>7,316,125</u>	<u>40,273</u>	<u>1,558,340</u>	<u>575,483</u>	<u>219,256</u>	<u>1,291,146</u>
Excess of revenues over (under) expenditures	(83,607)	(220)	-	15,000	14,976	398,486	65,940	343,214
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	33,688	-
Transfers (out)	(30,883)	-	-	(15,000)	(14,976)	(1,025,512)	-	(315,861)
Total other financing sources (uses)	<u>(30,883)</u>	<u>-</u>	<u>-</u>	<u>(15,000)</u>	<u>(14,976)</u>	<u>(1,025,512)</u>	<u>33,688</u>	<u>(315,861)</u>
Net change in fund balances	(114,490)	(220)	-	-	-	(627,026)	99,628	27,353
Fund balances (deficit) - beginning of year	658,107	40,530	-	3,378	-	1,448,540	253,229	17,347
Fund balances - end of year	<u>\$ 543,617</u>	<u>\$ 40,310</u>	<u>\$ -</u>	<u>\$ 3,378</u>	<u>\$ -</u>	<u>\$ 821,514</u>	<u>\$ 352,857</u>	<u>\$ 44,700</u>

Shawnee County, Kansas
Combining Statement of Revenue, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2015

	Special Liability	Special Highway, Bridge and Machinery	Other Special Revenue	Federal Grants	State Grants	Local Grants	Total Nonmajor Special Revenue Funds
Revenues:							
Taxes							
Property	\$ 403,598	\$ -	\$ 634,126	\$ -	\$ -	\$ -	\$ 1,077,242
Motor vehicle	-	-	95,445	-	-	-	95,445
Sales	-	-	-	-	-	-	7,366,622
911 emergency	-	-	-	-	-	-	962,569
Intergovernmental	-	314,733	458,932	538,352	1,395,682	25,000	4,360,913
Charges for services	-	1,975	-	-	-	-	1,279,240
License, fines, fees and permits	-	-	69,733	-	-	-	1,987,536
City of Topeka - parks transfer	-	-	18,168	-	-	-	18,168
Other	(4,244)	2,824	835,956	-	675	-	853,698
Total revenues	<u>400,144</u>	<u>319,532</u>	<u>2,112,360</u>	<u>538,352</u>	<u>1,396,357</u>	<u>25,000</u>	<u>18,002,223</u>
Expenditures							
Current							
General government	400,000	-	2,328,013	-	-	-	4,186,039
Public safety and judicial	-	-	-	538,352	1,417,014	25,000	4,154,057
Public works, highways and streets	-	444,428	-	-	-	-	1,081,792
Economic development	-	-	-	-	-	-	7,316,125
Debt service:							
Principal retirement	-	-	-	-	-	-	686,727
Interest and fiscal charges	-	-	-	-	-	-	184,756
Total expenditures	<u>400,000</u>	<u>444,428</u>	<u>2,328,013</u>	<u>538,352</u>	<u>1,417,014</u>	<u>25,000</u>	<u>17,609,496</u>
Excess of revenues over (under) expenditures	144	(124,896)	(215,653)	-	(20,657)	-	392,727
Other financing sources (uses):							
Transfers in	-	1,855,935	156,344	1,797	-	-	2,047,764
Transfers (out)	-	(310,861)	(75)	-	(6,922)	-	(1,720,090)
Total other financing sources (uses)	<u>-</u>	<u>1,545,074</u>	<u>156,269</u>	<u>1,797</u>	<u>(6,922)</u>	<u>-</u>	<u>327,674</u>
Net change in fund balances	144	1,420,178	(59,384)	1,797	(27,579)	-	720,401
Fund balances (deficit) - beginning of year	36	3,652,858	2,800,491	(1,797)	29,474	-	8,902,193
Fund balances - end of year	<u>\$ 180</u>	<u>\$ 5,073,036</u>	<u>\$ 2,741,107</u>	<u>\$ -</u>	<u>\$ 1,895</u>	<u>\$ -</u>	<u>\$ 9,622,594</u>

**Shawnee County, Kansas
Combining Balance Sheet
Nonmajor Capital Project Funds
December 31, 2015**

	<u>Building and Maintenance</u>	<u>Bridge Projects</u>	<u>County Projects</u>	<u>Equipment</u>	<u>Infrastructure</u>	<u>Special Assessments</u>	<u>Certificates of Participation</u>	<u>Total Nonmajor Capital Project Funds</u>
Assets								
Cash and short-term investments	\$ 2,789,101	\$ 1,761,180	\$ 1,329,872	\$ 2,401,416	\$ 309,097	\$ 328,503	\$ 15,021,203	\$ 23,940,372
Special assessments receivable, net	-	-	-	-	-	2,271,955	-	2,271,955
Total assets	<u>\$ 2,789,101</u>	<u>\$ 1,761,180</u>	<u>\$ 1,329,872</u>	<u>\$ 2,401,416</u>	<u>\$ 309,097</u>	<u>\$ 2,600,458</u>	<u>\$ 15,021,203</u>	<u>\$ 26,212,327</u>
Liabilities, deferred inflows of resources, and fund balances								
Accounts payable	\$ 47,198	\$ 84	\$ -	\$ 278,738	\$ 2,559	\$ -	\$ 241,493	\$ 570,072
Total liabilities	<u>47,198</u>	<u>84</u>	<u>-</u>	<u>278,738</u>	<u>2,559</u>	<u>-</u>	<u>241,493</u>	<u>570,072</u>
Deferred Inflows of resources:								
Unavailable revenue - special assessments	-	-	-	-	-	2,426,372	-	2,426,372
Fund Balances:								
Restricted:								
Capital projects	-	-	-	-	-	-	14,779,710	14,779,710
Debt service	-	-	-	-	-	174,086	-	174,086
Assigned:								
Capital projects	<u>2,741,903</u>	<u>1,761,096</u>	<u>1,329,872</u>	<u>2,122,678</u>	<u>306,538</u>	<u>-</u>	<u>-</u>	<u>8,262,087</u>
Total fund balances	<u>2,741,903</u>	<u>1,761,096</u>	<u>1,329,872</u>	<u>2,122,678</u>	<u>306,538</u>	<u>174,086</u>	<u>14,779,710</u>	<u>23,215,883</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 2,789,101</u>	<u>\$ 1,761,180</u>	<u>\$ 1,329,872</u>	<u>\$ 2,401,416</u>	<u>\$ 309,097</u>	<u>\$ 2,600,458</u>	<u>\$ 15,021,203</u>	<u>\$ 26,212,327</u>

Shawnee County, Kansas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Project Funds
For the Year Ended December 31, 2015

	Building and Maintenance	Bridge Projects	County Projects	Equipment	Infrastructure	Special Assessments	Certificates of Participation	Total Nonmajor Capital Project Funds
Revenues:								
Intergovernmental	\$ -	\$ 1,500,000	\$ -	\$ -	\$ 574,832	\$ -	\$ -	\$ 2,074,832
Charges for services	289,897	-	-	-	-	12,933	-	302,830
License, fines, fees and permits	-	-	431,704	1,233,394	-	-	-	1,665,098
Interest income	-	-	-	-	-	-	1,640	1,640
Special assessments	-	-	-	-	-	288,348	-	288,348
Other	88,962	-	352,327	-	-	-	-	441,289
Total revenues	<u>378,859</u>	<u>1,500,000</u>	<u>784,031</u>	<u>1,233,394</u>	<u>574,832</u>	<u>301,281</u>	<u>1,640</u>	<u>4,774,037</u>
Expenditures								
Current								
General government	1,867,803	-	1,291	-	-	-	-	1,869,094
Public works, highways and streets	-	138	-	-	-	527,112	-	527,250
Debt service:								
Principal retirement	-	-	-	292,219	-	240,866	3,010,000	3,543,085
Interest and fiscal charges	-	-	-	17,795	-	75,653	1,744,081	1,837,529
Capital outlay	24,876	1,868,671	800,713	703,099	3,008,101	-	2,883,320	9,288,780
Total expenditures	<u>1,892,679</u>	<u>1,868,809</u>	<u>802,004</u>	<u>1,013,113</u>	<u>3,008,101</u>	<u>843,631</u>	<u>7,637,401</u>	<u>17,065,738</u>
Excess of revenues over (under) expenditures	(1,513,820)	(368,809)	(17,973)	220,281	(2,433,269)	(542,350)	(7,635,761)	(12,291,701)
Other financing sources (uses):								
Issuance of debt	-	-	-	-	-	595,291	16,835,000	17,430,291
Issuance premium	-	-	-	-	-	-	1,022,979	1,022,979
Transfers in	282,885	141,019	474,408	1,000,000	953,861	-	4,386,660	7,238,833
Transfers out	-	-	(38,919)	-	(141,019)	(3,600)	-	(183,538)
Total other financing sources (uses)	<u>282,885</u>	<u>141,019</u>	<u>435,489</u>	<u>1,000,000</u>	<u>812,842</u>	<u>591,691</u>	<u>22,244,639</u>	<u>25,508,565</u>
Net change in fund balances	(1,230,935)	(227,790)	417,516	1,220,281	(1,620,427)	49,341	14,608,878	13,216,864
Fund balances - beginning of year	3,972,838	1,988,886	912,356	902,397	1,926,965	124,745	170,832	9,999,019
Fund balances - end of year	<u>\$ 2,741,903</u>	<u>\$ 1,761,096</u>	<u>\$ 1,329,872</u>	<u>\$ 2,122,678</u>	<u>\$ 306,538</u>	<u>\$ 174,086</u>	<u>\$ 14,779,710</u>	<u>\$ 23,215,883</u>

**Shawnee County, Kansas
Combining Statement of Net Position
Internal Service Funds
December 31, 2015**

	<u>Workers' Compensation</u>	<u>Health Insurance Administration</u>	<u>Total</u>
Assets			
Current assets:			
Cash and short term investments	\$ 2,084,948	\$ 2,110,238	\$ 4,195,186
Accounts Receivable	22,067	-	22,067
Total assets	<u>2,107,015</u>	<u>2,110,238</u>	<u>4,217,253</u>
Liabilities			
Current liabilities:			
Liabilities:			
Accounts payable	31	114,266	114,297
Claims payable	1,783,151	814,543	2,597,694
Total liabilities	<u>1,783,182</u>	<u>928,809</u>	<u>2,711,991</u>
Net position			
Total unrestricted net position	<u>\$ 323,833</u>	<u>\$ 1,181,429</u>	<u>\$ 1,505,262</u>

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

	Workers'	Health	
	Compensation	Insurance	
	Administration	Total	
Operating revenues:			
Charges for services	\$ 1,633,384	\$ 9,368,643	\$ 11,002,027
Miscellaneous	36,618	-	36,618
Total operating revenues	<u>1,670,002</u>	<u>9,368,643</u>	<u>11,038,645</u>
Operating expenditures:			
Personal services	31,919	-	31,919
Contractual services	60,977	845,605	906,582
Claims	1,633,961	8,882,402	10,516,363
Total operating expenditures	<u>1,726,857</u>	<u>9,728,007</u>	<u>11,454,864</u>
Operating income	<u>(56,855)</u>	<u>(359,364)</u>	<u>(416,219)</u>
Change in net position	(56,855)	(359,364)	(416,219)
Net position - beginning of year	<u>380,688</u>	<u>1,540,793</u>	<u>1,921,481</u>
Net position - end of year	<u>\$ 323,833</u>	<u>\$ 1,181,429</u>	<u>\$ 1,505,262</u>

Shawnee County, Kansas
Combining Statement of Cash Flows -
Internal Service Funds
For the Year Ended December 31, 2015

	Workers'	Health	
	Compensation	Insurance	Total
	<u> </u>	<u>Administration</u>	<u> </u>
Cash flows from operating activities:			
Receipts from interfund and other services	\$ 1,647,935	\$ 9,368,643	\$ 11,016,578
Payments of claims and other	(1,295,604)	(9,687,160)	(10,982,764)
Payments to employees for services	(31,919)	-	(31,919)
Net cash provided by operating activities	<u>320,412</u>	<u>(318,517)</u>	<u>1,895</u>
 Cash flows from noncapital financing activities:			
Transfers to other funds	51,054	-	51,054
Net cash provided by noncapital financing activities	<u>51,054</u>	<u>-</u>	<u>51,054</u>
 Net increase (decrease) in cash and short-term investments	371,466	(318,517)	52,949
 Cash and short-term investments, beginning of year	<u>1,713,482</u>	<u>2,428,755</u>	<u>4,142,237</u>
 Cash and short-term investments, end of year	<u>\$ 2,084,948</u>	<u>\$ 2,110,238</u>	<u>\$ 4,195,186</u>
 Reconciliation of operating income to net cash provided by operating activities			
Operating income (loss)	\$ (56,855)	\$ (359,364)	\$ (416,219)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Change in assets and liabilities:			
Accounts receivable	(22,067)	-	(22,067)
Inventory	-	-	-
Accounts payable and accrued expenses	31	(92,152)	(92,121)
Claims payable	399,303	132,999	532,302
Net cash provided (used) by operating activities	<u>\$ 320,412</u>	<u>\$ (318,517)</u>	<u>\$ 1,895</u>