

Shawnee County, Kansas

Financial Report
Year Ended December 31, 2018

Shawnee County, Kansas
Basic Financial Statements
Year Ended December 31, 2018

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Independent Auditor's Report

RSM US LLP

To the Board of County 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, 2018, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Shawnee County, Kansas, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As explained in Note 8 to the basic financial statements, the County adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which restated beginning net position of the governmental activities, business-type activities, and the Refuse Fund to record the total OPEB liability. 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, the pension and postemployment benefit information, and Budgetary Comparison Schedules, 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 Shawnee County, Kansas' basic financial statements. The combining and individual nonmajor fund financial statements, listed in the table of contents as supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates 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, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

RSM US LLP

Kansas City, Missouri
July 15, 2019

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, 2018. 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 2018, the General Fund's fund balance decreased by \$3,889,511 due to a fund transfer of \$6,000,000 of excess reserves to a project fund for deferred maintenance resulting in an ending balance of \$33,188,925 or 31.03% of revenues.

Net Position

Another important indicator of the County's financial health is its net position. As of December 31, 2018, the County's net position for the governmental activities totaled \$189,026,677 which is an increase of \$3,243,725 from 2017's ending balance of \$185,782,952, as previously reported. The net position of the County's business-type activities at December 31, 2018 was \$10,970,672 which represents an increase of \$1,125,217 from 2017, as previously reported.

It is also important to note that of the \$199,997,349 in total County net position at the end of 2018, \$24,733,639 was unrestricted and could be used to meet the County's ongoing obligations to citizens and creditors. Of the remaining net position, \$156,924,007 was the net investment in capital assets, while \$18,339,703 was otherwise restricted.

Long-Term Liabilities

As of December 31, 2018, the County's governmental activities long-term liabilities totaled \$162,113,563. Of that amount, \$14,207,123 is due within one year and \$36,780,390 relates to the County's net pension liability. The County's governmental long-term liabilities increased in 2018 by \$20,670,503 primarily due to new debt for the Kansas Expocentre renovation project. Long-term liabilities for the County's business-type activities at December 31, 2018 were \$3,402,532, a decrease of \$198,337.

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, Health Agency Fund, Sales Tax Fund and Public Building Commission Fund (a blended component unit) 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 – Fiduciary 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, 2018 and 2017:

| | Governmental Activities | | Business-type Activities | | Total | |
|---|----------------------------|----------------|-----------------------------|---------------|----------------|----------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Current assets | \$ 168,475,821 | \$ 156,868,575 | \$ 12,545,555 | \$ 12,022,173 | \$ 181,021,376 | \$ 168,890,748 |
| Noncurrent assets | 267,878,910 | 248,678,606 | 2,159,303 | 1,431,690 | 270,038,213 | 250,110,296 |
| Total assets | 436,354,731 | 405,547,181 | 14,704,858 | 13,453,863 | 451,059,589 | 419,001,044 |
| Total deferred outflows of resources | 8,163,573 | 9,747,264 | 501,796 | 650,334 | 8,665,369 | 10,397,598 |
| Current liabilities | 22,421,684 | 19,474,190 | 677,385 | 724,165 | 23,099,069 | 20,198,355 |
| Noncurrent liabilities | 149,438,659 | 131,629,342 | 3,160,438 | 3,380,405 | 152,599,097 | 135,009,747 |
| Total liabilities | 171,860,343 | 151,103,532 | 3,837,823 | 4,104,570 | 175,698,166 | 155,208,102 |
| Total deferred inflows of resources | 83,631,284 | 78,407,961 | 398,159 | 154,172 | 84,029,443 | 78,562,133 |
| Net position: | | | | | | |
| Net investment in capital assets | 154,966,433 | 156,999,910 | 1,957,574 | 1,348,393 | 156,924,007 | 158,348,303 |
| Restricted | 18,339,703 | 15,768,461 | - | - | 18,339,703 | 15,768,461 |
| Unrestricted | 15,720,541 | 13,014,581 | 9,013,098 | 8,497,062 | 24,733,639 | 21,511,643 |
| Total net position | \$ 189,026,677 | \$ 185,782,952 | \$ 10,970,672 | \$ 9,845,455 | \$ 199,997,349 | \$ 195,628,407 |

Net position may serve over time as a useful indicator of a government's financial position. As of December 31, 2018, the County's total net position was \$199,997,349, an increase of \$4,368,942 over 2017. Governmental activities increased \$3,243,725 while business-type activities increased by \$1,125,217. The increase is primarily related to an increase in property tax, motor vehicle tax, capital grants and charges for services.

By far, the largest portion of the governmental activities 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 decreased from \$ 158,348,303 in 2017 for all County activities to \$156,924,007 in 2018. Of these amounts, the majority of this investment was for governmental activities. For 2018, the amount attributed to governmental activities was \$154,966,433.

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 2018, net position of \$18,339,703 was classified as restricted.

At the end of 2018, \$24,733,639 of the County's net position (\$15,720,541 governmental activities and \$9,013,098 business-type) was unrestricted.

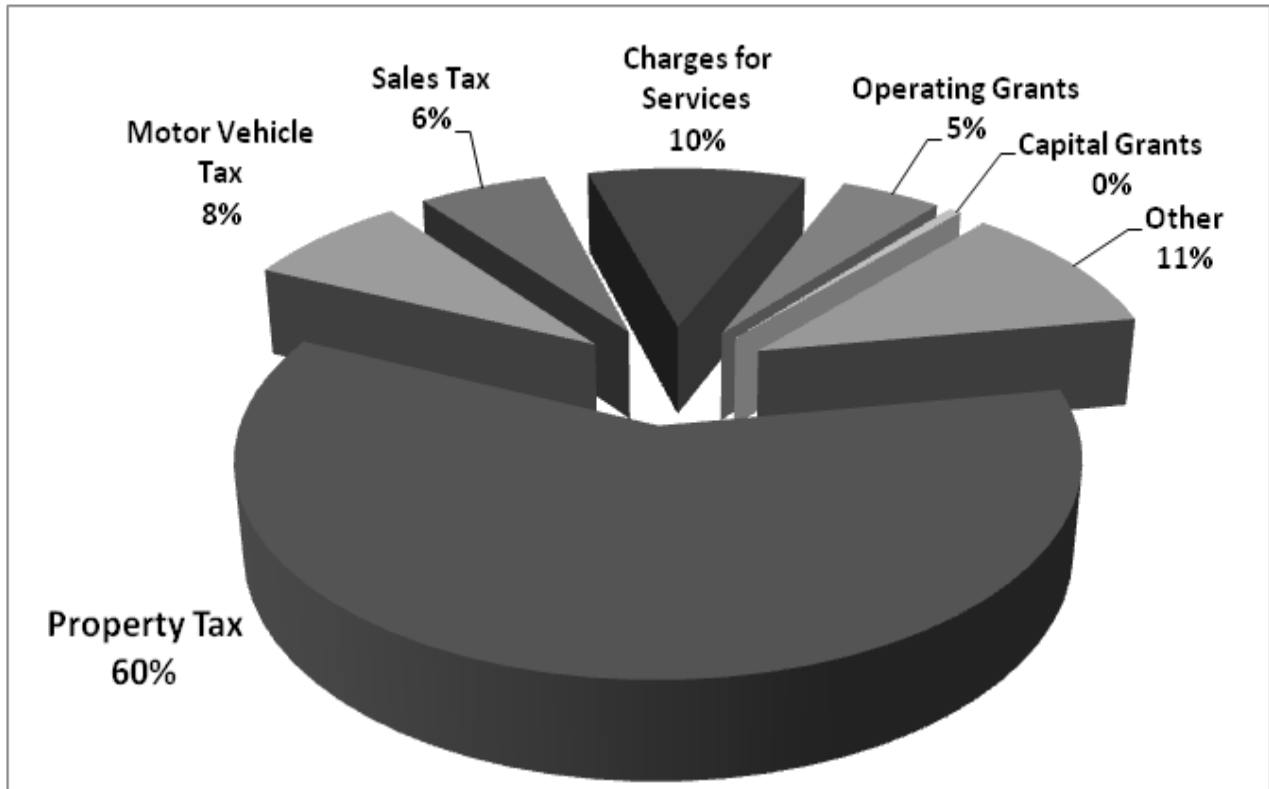
B. Revenues and Expenses

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, 2018 and December 31, 2017:

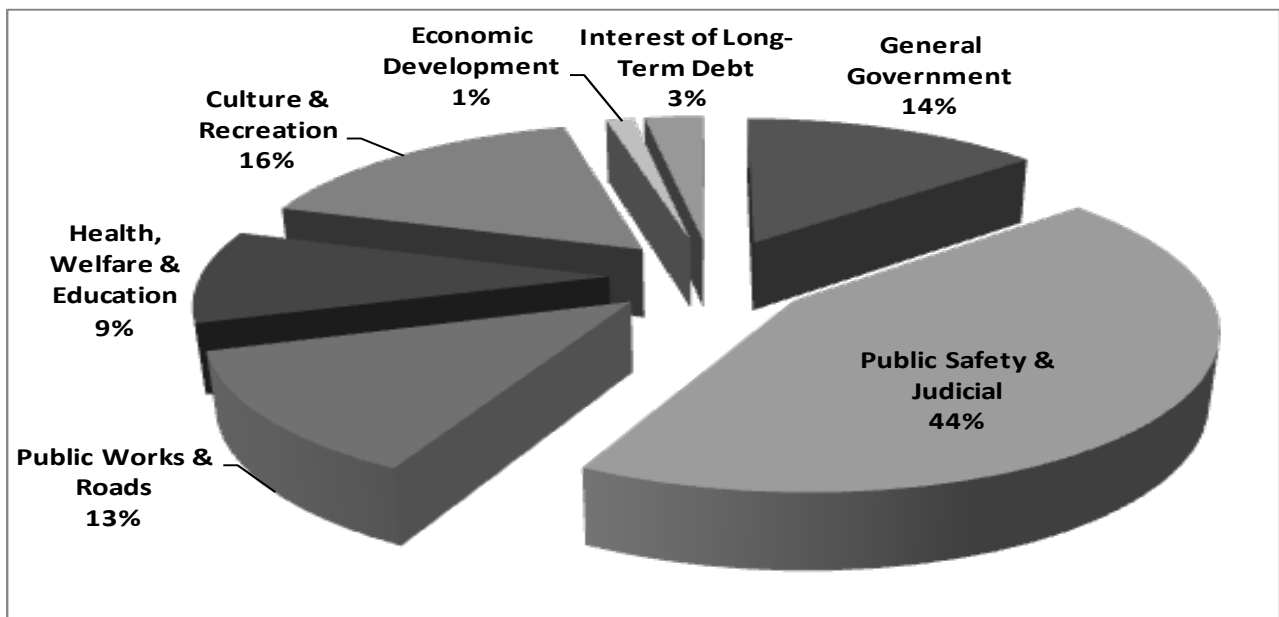
| | Governmental Activities | | Business-type Activities | | Total | |
|---|----------------------------|----------------|-----------------------------|---------------|----------------|----------------|
| | 2018 | 2017* | 2018 | 2017* | 2018 | 2017* |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 13,407,794 | \$ 17,542,027 | \$ 13,003,085 | \$ 13,024,817 | \$ 26,410,879 | \$ 30,566,844 |
| Operating grants and contributions | 6,138,896 | 2,966,408 | - | - | 6,138,896 | 2,966,408 |
| Capital grants and contributions | 760,071 | 17,481,645 | - | - | 760,071 | 17,481,645 |
| General revenues: | | | | | | |
| Property | 77,202,113 | 75,874,550 | - | - | 77,202,113 | 75,874,550 |
| Motor vehicle | 9,971,513 | 10,015,012 | - | - | 9,971,513 | 10,015,012 |
| Sales | 7,909,490 | 7,723,605 | - | - | 7,909,490 | 7,723,605 |
| Franchise | 415,888 | 410,704 | - | - | 415,888 | 410,704 |
| 911 emergency | 1,047,151 | 1,037,997 | - | - | 1,047,151 | 1,037,997 |
| Grants and contributions | | | | | | |
| not restricted to specific purposes | 2,612,805 | 2,498,728 | - | - | 2,612,805 | 2,498,728 |
| Unrestricted investment earnings | 3,085,264 | 1,336,755 | - | - | 3,085,264 | 1,336,755 |
| Other | 6,640,058 | 3,576,960 | - | - | 6,640,058 | 3,576,960 |
| Total revenues | 129,191,043 | 140,464,391 | 13,003,085 | 13,024,817 | 142,194,128 | 153,489,208 |
| Expenses: | | | | | | |
| General government | 17,363,790 | 16,469,157 | - | - | 17,363,790 | 16,469,157 |
| Public safety and judicial | 54,305,775 | 54,222,010 | - | - | 54,305,775 | 54,222,010 |
| Public works, highways and streets | 15,695,206 | 10,746,184 | - | - | 15,695,206 | 10,746,184 |
| Health, welfare and education | 11,854,898 | 12,917,995 | - | - | 11,854,898 | 12,917,995 |
| Culture and recreation | 20,094,770 | 19,238,139 | - | - | 20,094,770 | 19,238,139 |
| Economic development | 1,590,206 | 1,595,753 | - | - | 1,590,206 | 1,595,753 |
| Interest on long-term debt | 3,467,114 | 2,480,954 | - | - | 3,467,114 | 2,480,954 |
| Refuse | - | - | 11,167,286 | 11,818,362 | 11,167,286 | 11,818,362 |
| Total expenses | 124,371,759 | 117,670,192 | 11,167,286 | 11,818,362 | 135,539,045 | 129,488,554 |
| Change in net position before transfers | 4,819,284 | 22,794,199 | 1,835,799 | 1,206,455 | 6,655,083 | 24,000,654 |
| Transfers | 424,204 | 483,529 | (424,204) | (483,529) | - | - |
| Change in net position after transfers | 5,243,488 | 23,277,728 | 1,411,595 | 722,926 | 6,655,083 | 24,000,654 |
| Net position, beginning | 183,783,189 | 160,505,461 | 9,559,077 | 8,836,151 | 193,342,266 | 169,341,612 |
| Net position, ending | \$ 189,026,677 | \$ 183,783,189 | \$ 10,970,672 | \$ 9,559,077 | \$ 199,997,349 | \$ 193,342,266 |

*As restated

The following pie chart summarizes the County's 2018 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 2018, property, motor vehicle, and sales taxes comprised 74% of the governmental activity revenues.



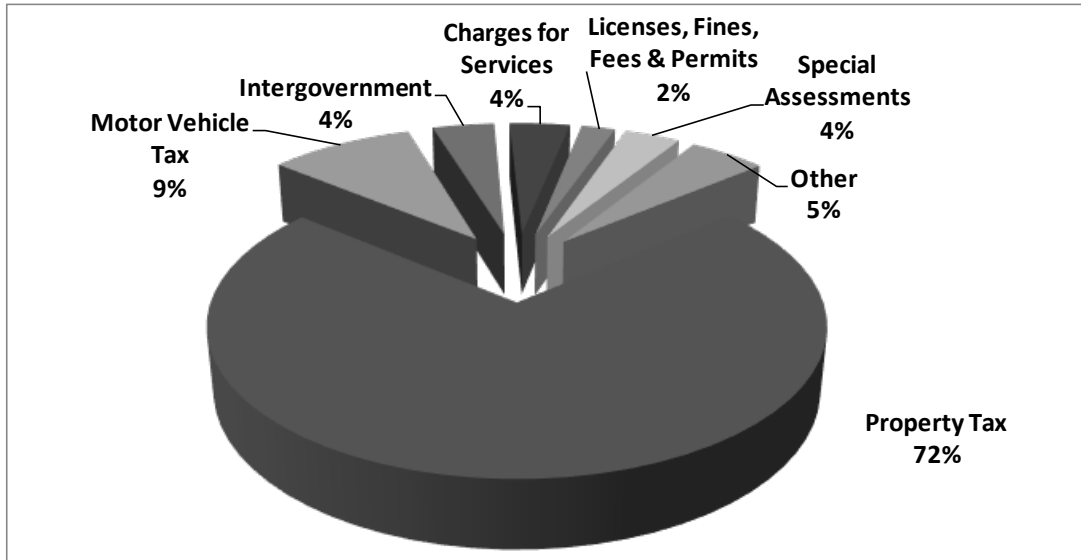
The chart below shows the breakout of the County's expenses for governmental activities:



For the year ended December 31, 2018 business-type activities increased the County's net position by \$1,411,595 primarily from an increase in fee revenue.

C. General Fund Highlights

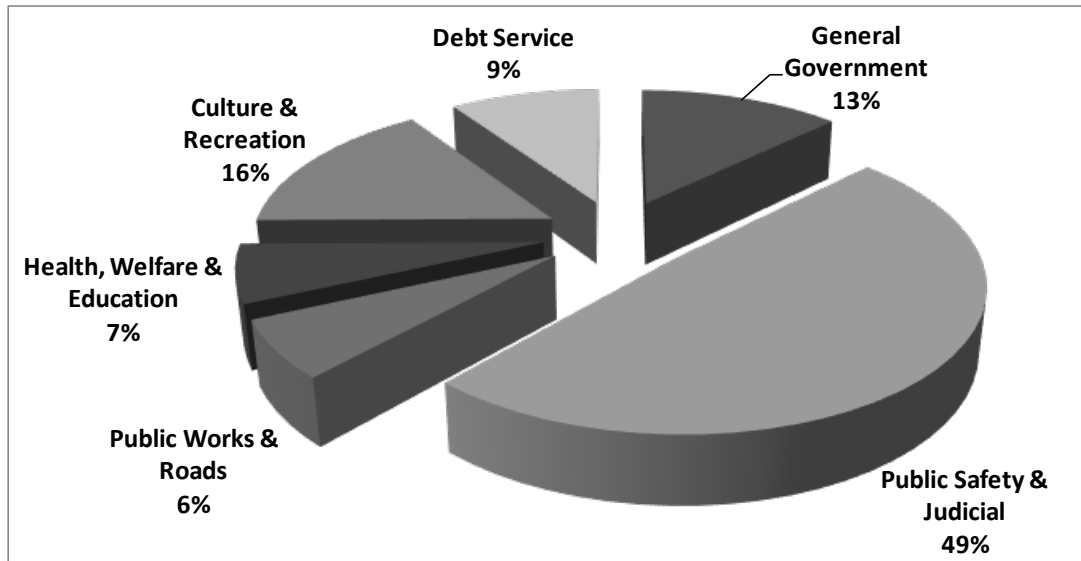
The following pie chart summarizes the County's 2018 General Fund revenues. The County relies heavily on tax revenues for the County's day-to-day operations. In 2018, property taxes, including in lieu of payments, comprised 72% of the General Fund revenue.



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 49% 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 funds.

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 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.

2018 General Fund revenues and transfers in were \$108,596,983 compared to \$106,417,052 in 2017 which represents an increase of \$2,179,931 or 2.05%. 2018 General Fund expenditures and transfers out were \$112,486,494 compared to \$108,399,143 in 2017 which represents an increase of \$4,087,351 or 3.77%. This increase resulted primarily from a \$6,000,000 transfer to a deferred maintenance fund.

The County's mill levy to support the 2018 General Fund budget was \$48.363.

In prior years, the Commission made the decision to use General Fund reserves 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 General Fund balance. Beginning with the 2014 budget, the Commission made a concerted effort to restore the General Fund balance to a healthy level.

General Fund Budgetary Highlights

Current fiscal year's revenues and transfers in were \$1,099,770 greater than budgeted amounts due to more actual amounts of interest income, taxes and intergovernmental revenue than budgeted. Expenditures were \$1,969,771 less than the budget due to sound management practices by all departments and transfers out were \$8,039,416 more than the budget due to a transfer of \$6,000,000 to a deferred maintenance fund and year-end transfers of remaining budgets to capital funds.

Capital Assets and Debt Administration

Capital Assets

Shawnee County's capital assets for its governmental and business-type activities as of December 31, 2018 were \$212,907,979 (net of depreciation) compared to \$219,395,136 at the end of 2017.

The largest increase in capital assets from 2017 to 2018 was in the addition of new construction in process. 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 Activities | | Business-type Activities | | Total | |
|--|----------------------------|-----------------------|-----------------------------|---------------------|-----------------------|-----------------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Land | \$ 28,714,624 | \$ 28,714,624 | \$ - | \$ - | \$ 28,714,624 | \$ 28,714,624 |
| Construction in process | 3,232,157 | 656,740 | - | - | 3,232,157 | 656,740 |
| Infrastructure | 109,776,144 | 115,166,712 | - | - | 109,776,144 | 115,166,712 |
| Buildings and improvements | 60,810,044 | 64,963,399 | 26,890 | 28,958 | 60,836,934 | 64,992,357 |
| Furniture, fixtures and office equipment | 2,274,493 | 3,593,406 | 56,725 | 576 | 2,331,218 | 3,593,982 |
| Motor vehicles | 2,830,863 | 1,950,265 | 1,824,265 | 1,247,281 | 4,655,128 | 3,197,546 |
| Tools and other equipment | 3,312,080 | 3,001,597 | 49,694 | 71,578 | 3,361,774 | 3,073,175 |
| | <u>\$ 210,950,405</u> | <u>\$ 218,046,743</u> | <u>\$ 1,957,574</u> | <u>\$ 1,348,393</u> | <u>\$ 212,907,979</u> | <u>\$ 219,395,136</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 \$40,720,000 at the end of 2018 compared to \$45,615,000 at the end of 2017. Overall for 2018, the County decreased its general obligation debt by \$4,895,000 from the repayment of debt.

During 2018, the County’s overall debt increased by \$23,482,602. While there was a decrease resulting from the repayment of debt, the County increased its total debt through loan proceeds from a revenue bond issued for the renovation project for the Kansas Expocentre.

General obligation bonds have been 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 February 2018, Moody’s assigned a rating of Aa1 to Shawnee County KS Revenue Bonds. In September 2018, Moody’s assigned a rating of Aa1 to Shawnee County’s General Obligation Debt and affirmed the rating of Aa2 to Shawnee County’s Certificates of Participation. Their opinion listed the county’s strong fiscal management, healthy reserves and liquidity, a slightly above median debt burden, manageable pension liabilities and institutional stability from the Kansas state capital and county seat. The opinion listed challenges as history of moderate tax base volatility and concentrated employment base with exposure to state government.

Shawnee County, Kansas Outstanding Obligations

| | Governmental Activities | | Business-type Activities | | Total | |
|------------------------------------|----------------------------|-----------------------|-----------------------------|-------------------|-----------------------|-----------------------|
| | 2018 | 2017* | 2018 | 2017* | 2018 | 2017* |
| General obligation bonds | \$ 40,720,000 | \$ 45,615,000 | \$ - | \$ - | \$ 40,720,000 | \$ 45,615,000 |
| Loans | 8,139,084 | 9,017,576 | - | - | 8,139,084 | 9,017,576 |
| Certificates of participation | 30,505,000 | 33,190,000 | - | - | 30,505,000 | 33,190,000 |
| Revenue bonds | 29,925,000 | - | - | - | 29,925,000 | - |
| Unamortized premiums and discounts | 5,665,105 | 3,648,451 | - | - | 5,665,105 | 3,648,451 |
| Capital lease obligations | 584,755 | 766,149 | - | - | 584,755 | 766,149 |
| Compensated absences | 4,739,510 | 4,531,115 | 435,581 | 380,418 | 5,175,091 | 4,911,533 |
| Total OPEB liability | 5,054,719 | 5,128,813 | 489,298 | 497,928 | 5,544,017 | 5,626,741 |
| | <u>\$ 125,333,173</u> | <u>\$ 101,897,104</u> | <u>\$ 924,879</u> | <u>\$ 878,346</u> | <u>\$ 126,258,052</u> | <u>\$ 102,775,450</u> |

* As restated

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, 2017 was used in the levy calculation for the 2018 budget. Any impact from economic factors on valuation is delayed and is not seen until a year or two later. The assessed valuation as of January 1, 2017, which was used for the 2018 budget, showed a slight increase from the prior year. The assessed valuation as of January 1, 2018, which will be used for the 2019 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 expired at the end of 2016. In November of 2014, the citizens of Shawnee County approved the extension of the one-half cent sales tax beginning in 2017 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, 2018

| | Primary Government | | |
|--|-----------------------|----------------------|-----------------------|
| | Governmental | Business-type | Total |
| | Activities | Activities | |
| Assets | | | |
| Current assets | | | |
| Cash and short-term investments | \$ 84,970,657 | \$ 11,331,432 | \$ 96,302,089 |
| Receivables, net: | | | |
| Taxes receivable, net | 79,009,060 | - | 79,009,060 |
| Accounts receivable, net | 1,106,370 | 248,198 | 1,354,568 |
| Interest receivable | 348,079 | - | 348,079 |
| Due from other governments | 3,041,655 | 965,925 | 4,007,580 |
| Total current assets | <u>168,475,821</u> | <u>12,545,555</u> | <u>181,021,376</u> |
| Noncurrent assets | | | |
| Cash and short-term investments - restricted | 30,104,979 | - | 30,104,979 |
| Receivables, net: | | | |
| Special assessments receivable, net | 26,925,369 | - | 26,925,369 |
| Internal balances | (182,567) | 182,567 | - |
| Prepays | 80,724 | - | 80,724 |
| Inventory | - | 19,162 | 19,162 |
| Capital Assets: | | | |
| Land and construction in progress, non-depreciable | 31,946,781 | - | 31,946,781 |
| Other capital assets, net of depreciation | 179,003,624 | 1,957,574 | 180,961,198 |
| Total noncurrent assets | <u>267,878,910</u> | <u>2,159,303</u> | <u>270,038,213</u> |
| Total assets | <u>436,354,731</u> | <u>14,704,858</u> | <u>451,059,589</u> |
| Deferred outflows of resources | | | |
| Deferred charge on refunding | 2,083,299 | - | 2,083,299 |
| Deferred outflows - pension | 6,080,274 | 501,796 | 6,582,070 |
| Total deferred outflows of resources | <u>8,163,573</u> | <u>501,796</u> | <u>8,665,369</u> |
| Liabilities | | | |
| Current liabilities | | | |
| Accounts payable | 3,768,967 | 268,065 | 4,037,032 |
| Accrued expenses | 2,001,555 | 167,226 | 2,168,781 |
| Due to other governments | 256,924 | - | 256,924 |
| Unearned revenue | 107,159 | - | 107,159 |
| Accrued interest payable | 1,172,201 | - | 1,172,201 |
| Current portion of claims payable | 907,755 | - | 907,755 |
| Current portion of long-term liabilities | 14,207,123 | 242,094 | 14,449,217 |
| Total current liabilities | <u>22,421,684</u> | <u>677,385</u> | <u>23,099,069</u> |
| Noncurrent liabilities | | | |
| Claims payable | 1,532,219 | - | 1,532,219 |
| Long-term liabilities: | | | |
| Due in more than one year | 111,126,050 | 682,785 | 111,808,835 |
| Net pension liability | 36,780,390 | 2,477,653 | 39,258,043 |
| Total noncurrent liabilities | <u>149,438,659</u> | <u>3,160,438</u> | <u>152,599,097</u> |
| Total liabilities | <u>171,860,343</u> | <u>3,837,823</u> | <u>175,698,166</u> |
| Deferred inflows of resources | | | |
| Property taxes revenue | 78,520,060 | - | 78,520,060 |
| Other post employment benefits - County plan | 206,011 | 19,205 | 225,216 |
| Other post employment benefits - KPERs plan | 179,063 | 20,048 | 199,111 |
| Pension - related amounts | 4,726,150 | 358,906 | 5,085,056 |
| Total deferred inflows of resources | <u>83,631,284</u> | <u>398,159</u> | <u>84,029,443</u> |
| Net Position | | | |
| Net investment in capital assets | 154,966,433 | 1,957,574 | 156,924,007 |
| Restricted for: | | | |
| Public safety and judicial | 2,878,105 | - | 2,878,105 |
| Public works, highways and streets | 4,555,834 | - | 4,555,834 |
| Health, welfare and education | 657,346 | - | 657,346 |
| Culture and recreation | 269,120 | - | 269,120 |
| Capital projects | 602,383 | - | 602,383 |
| Economic development | 8,075,284 | - | 8,075,284 |
| Other purposes | 1,301,631 | - | 1,301,631 |
| Unrestricted | 15,720,541 | 9,013,098 | 24,733,639 |
| Total net position | <u>\$ 189,026,677</u> | <u>\$ 10,970,672</u> | <u>\$ 199,997,349</u> |

See Accompanying Notes to the Basic Financial Statements

SHAWNEE COUNTY, KANSAS
Statement of Activities
For the Year Ended December 31, 2018

| 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 | \$ 17,363,790 | \$ 3,483,153 | \$ 5,337 | \$ - | \$ (13,875,300) | \$ - | \$ (13,875,300) |
| Public safety and judicial | 54,305,775 | 2,180,712 | 3,372,237 | - | (48,752,826) | - | (48,752,826) |
| Public works, highways and streets | 15,695,206 | 2,524,524 | - | 760,071 | (12,410,611) | - | (12,410,611) |
| Health, welfare and education | 11,854,898 | 739,016 | 2,761,322 | - | (8,354,560) | - | (8,354,560) |
| Culture and recreation | 20,094,770 | 4,480,389 | - | - | (15,614,381) | - | (15,614,381) |
| Economic development | 1,590,206 | - | - | - | (1,590,206) | - | (1,590,206) |
| Interest on long-term debt | 3,467,114 | - | - | - | (3,467,114) | - | (3,467,114) |
| Total Governmental Activities | 124,371,759 | 13,407,794 | 6,138,896 | 760,071 | (104,064,998) | - | (104,064,998) |
| Business-Type Activities: | | | | | | | |
| Refuse | 11,167,286 | 13,003,085 | - | - | - | 1,835,799 | 1,835,799 |
| Total Business-Type Activities | 11,167,286 | 13,003,085 | - | - | - | 1,835,799 | 1,835,799 |
| Total Primary Government | \$ 135,539,045 | \$ 26,410,879 | \$ 6,138,896 | \$ 760,071 | (104,064,998) | 1,835,799 | (102,229,199) |

General Revenues:

| | | | | |
|--|--|----------------|---------------|----------------|
| Taxes: | | | | |
| Property | | 77,202,113 | - | 77,202,113 |
| Motor vehicle | | 9,971,513 | - | 9,971,513 |
| Sales | | 7,909,490 | - | 7,909,490 |
| Franchise | | 415,888 | - | 415,888 |
| Special assessments | | 1,653,062 | - | 1,653,062 |
| 911 emergency | | 1,047,151 | - | 1,047,151 |
| Grants and contributions not restricted to specific purposes | | 2,612,805 | - | 2,612,805 |
| Unrestricted investment earnings | | 3,085,264 | - | 3,085,264 |
| Other | | 4,986,996 | - | 4,986,996 |
| Transfers | | 424,204 | (424,204) | - |
| Total general revenues and transfers | | 109,308,486 | (424,204) | 108,884,282 |
| Changes in net position | | 5,243,488 | 1,411,595 | 6,655,083 |
| Net position - beginning of year, restated | | 183,783,189 | 9,559,077 | 193,342,266 |
| Net position - end of year | | \$ 189,026,677 | \$ 10,970,672 | \$ 199,997,349 |

See Accompanying Notes to the Basic Financial Statements

Shawnee County, Kansas
Balance Sheet - Governmental Funds
December 31, 2018

| | General Fund | Health Department Fund | Sales Tax Fund | Public Building Commission Fund | Other Governmental Funds | Total Governmental Funds |
|---|-----------------------|---------------------------|---------------------|------------------------------------|--------------------------------|--------------------------------|
| Assets | | | | | | |
| Cash and short-term investments | \$ 34,915,295 | \$ 2,603,660 | \$ 6,497,549 | \$ 29,502,596 | \$ 33,898,383 | \$ 107,417,483 |
| Taxes receivable, net | 78,875,951 | - | - | - | 133,109 | 79,009,060 |
| Accounts receivable, net | 838,089 | 68,770 | 87,217 | - | 108,129 | 1,102,205 |
| Interest receivable | 348,079 | - | - | - | - | 348,079 |
| Due from other governments | - | 547,280 | 1,855,802 | - | 638,573 | 3,041,655 |
| Due from other funds | 487,048 | - | - | - | - | 487,048 |
| Prepays | 26,287 | 7,500 | - | - | 46,937 | 80,724 |
| Special assessments receivable, net | 26,925,369 | - | - | - | - | 26,925,369 |
| Total assets | \$ 142,416,118 | \$ 3,227,210 | \$ 8,440,568 | \$ 29,502,596 | \$ 34,825,131 | \$ 218,411,623 |
| Liabilities, deferred inflows of resources and fund balances | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | \$ 1,891,132 | \$ 92,658 | \$ 55,035 | \$ 541,086 | \$ 773,676 | \$ 3,353,587 |
| Accrued expenditures | 1,780,147 | 111,423 | - | - | 109,985 | 2,001,555 |
| Due to other governments | - | - | 256,924 | - | - | 256,924 |
| Due to other funds | - | - | - | - | 487,048 | 487,048 |
| Unearned revenue | - | 35,180 | - | - | 71,979 | 107,159 |
| Total liabilities | 3,671,279 | 239,261 | 311,959 | 541,086 | 1,442,688 | 6,206,273 |
| Deferred inflows of resources: | | | | | | |
| Unavailable revenue - property taxes | 78,387,661 | - | - | - | 132,399 | 78,520,060 |
| Unavailable revenue - special assessments | 26,925,369 | - | - | - | - | 26,925,369 |
| Unavailable revenue - grants | - | 157,277 | - | - | 422,632 | 579,909 |
| Unavailable revenue - other | 242,884 | - | 53,325 | - | - | 296,209 |
| Total deferred inflows of resources | 105,555,914 | 157,277 | 53,325 | - | 555,031 | 106,321,547 |
| Fund balances | | | | | | |
| Nonspendable: | | | | | | |
| Prepaid items | 26,287 | 7,500 | - | - | 46,937 | 80,724 |
| Restricted: | | | | | | |
| Public safety and judicial | - | - | - | - | 2,878,105 | 2,878,105 |
| Public works, highways and streets | - | - | - | - | 4,555,833 | 4,555,833 |
| Health, welfare and education | - | 495,252 | - | - | 162,094 | 657,346 |
| Culture and recreation | - | - | - | - | 269,120 | 269,120 |
| Capital projects | - | - | - | - | 602,383 | 602,383 |
| Economic development | - | - | 8,075,284 | - | - | 8,075,284 |
| Other purposes | - | - | - | - | 1,301,631 | 1,301,631 |
| Committed: | | | | | | |
| Public safety and judicial | - | - | - | - | 380,211 | 380,211 |
| Assigned: | | | | | | |
| General government | 3,557,955 | - | - | - | - | 3,557,955 |
| Public safety and judicial | - | - | - | - | 497,195 | 497,195 |
| Public works, highways and streets | - | - | - | - | 5,439 | 5,439 |
| Health, welfare and education | - | 2,327,920 | - | - | 9,985 | 2,337,905 |
| Culture and recreation | 451,875 | - | - | - | 395,821 | 847,696 |
| Capital projects | - | - | - | 28,961,510 | 22,141,077 | 51,102,587 |
| Other purposes | 77,055 | - | - | - | 4,213 | 81,268 |
| Unassigned: | 29,075,753 | - | - | - | (422,632) | 28,653,121 |
| | <u>33,188,925</u> | <u>2,830,672</u> | <u>8,075,284</u> | <u>28,961,510</u> | <u>32,827,412</u> | <u>105,883,803</u> |
| Total liabilities, deferred inflows of resources and fund balances | \$ 142,416,118 | \$ 3,227,210 | \$ 8,440,568 | \$ 29,502,596 | \$ 34,825,131 | \$ 218,411,623 |

Shawnee County, Kansas
Reconciliation of the Balance Sheet - Governmental
Funds to the Statement of Net Position
December 31, 2018

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

| | |
|---|------------------------------|
| Ending fund balances - total governmental funds | \$ 105,883,803 |
| 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 | 210,950,405 |
| Long-term assets are not available to pay for current period expenditures and are therefore reported as unavailable revenue in the fund statements | 27,801,487 |
| Deferred outflows of resources related to pensions are not due and payable in the current period and therefore are not reported in the funds | 6,080,274 |
| Deferred inflows of resources related to pensions and OPEB do not increase net position until a future period and therefore are not reported in the fund statements: | |
| KPERs pension plan | (4,726,150) |
| County OPEB plan | (206,011) |
| KPERs OPEB plan | (179,063) |
| Long-term liabilities, including bonds payable and certificates of participation, are not due and payable in the current period, and therefore, are not reported in the funds: | |
| Deferred charge on refunding | 2,083,299 |
| Accrued interest payable | (1,172,201) |
| Net pension liability | (36,780,390) |
| Long-term debt | (115,538,944) |
| Compensated absences | (4,739,510) |
| Total OPEB liability | (5,054,719) |
| 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, net of the amount allocated to business-type activities. | <u>4,624,397</u> |
| Total net position of governmental activities | <u><u>\$ 189,026,677</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, 2018

| | <u>General Fund</u> | <u>Health Department Fund</u> | <u>Sales Tax Fund</u> | <u>Public Building Commission Fund</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---|-------------------------|-----------------------------------|---------------------------|--|---|---|
| Revenues: | | | | | | |
| Taxes | | | | | | |
| Property | \$ 77,067,327 | \$ - | \$ - | \$ - | \$ 134,786 | \$ 77,202,113 |
| Motor vehicle | 9,959,892 | - | - | - | 11,621 | 9,971,513 |
| Sales | - | - | 7,844,889 | - | 64,601 | 7,909,490 |
| Franchise | 415,888 | - | - | - | - | 415,888 |
| 911 emergency | - | - | - | - | 1,047,151 | 1,047,151 |
| Intergovernmental | 4,278,334 | 2,484,155 | - | - | 4,322,514 | 11,085,003 |
| Charges for services | 4,190,400 | 614,022 | - | - | 2,346,471 | 7,150,893 |
| License, fines, fees and permits | 2,328,284 | - | - | - | 2,078,219 | 4,406,503 |
| Interest income | 2,745,189 | - | - | 340,075 | - | 3,085,264 |
| Special assessments | 3,858,383 | - | - | - | - | 3,858,383 |
| Other | 2,124,051 | 416,453 | 1,932,847 | - | 509,425 | 4,982,776 |
| Total revenues | <u>106,967,748</u> | <u>3,514,630</u> | <u>9,777,736</u> | <u>340,075</u> | <u>10,514,788</u> | <u>131,114,977</u> |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| General government | 12,459,233 | - | - | - | 4,192,784 | 16,652,017 |
| Public safety and judicial | 47,835,762 | - | - | - | 5,218,539 | 53,054,301 |
| Public works, highways and streets | 6,359,414 | - | - | - | 2,735,303 | 9,094,717 |
| Health, welfare and education | 6,423,797 | 5,218,061 | - | - | 5,591 | 11,647,449 |
| Culture and recreation | 15,279,235 | - | 1,996,171 | - | 168,613 | 17,444,019 |
| Economic development | - | - | 1,590,206 | - | - | 1,590,206 |
| Debt service: | | | | | | |
| Principal retirement | 7,263,272 | - | 850,000 | - | 1,446,614 | 9,559,886 |
| Interest and fiscal charges | 2,021,463 | - | - | 505,400 | 337,278 | 2,864,141 |
| Bond costs | - | - | - | 441,828 | 18,170 | 459,998 |
| Capital outlay | - | 11,390 | - | 3,353,312 | 3,354,256 | 6,718,958 |
| Total expenditures | <u>97,642,176</u> | <u>5,229,451</u> | <u>4,436,377</u> | <u>4,300,540</u> | <u>17,477,148</u> | <u>129,085,692</u> |
| Excess of revenues over (under) expenditures | <u>9,325,572</u> | <u>(1,714,821)</u> | <u>5,341,359</u> | <u>(3,960,465)</u> | <u>(6,962,360)</u> | <u>2,029,285</u> |
| Other financing sources (uses): | | | | | | |
| Issuance of debt | - | - | - | 29,925,000 | 920,000 | 30,845,000 |
| Issuance premium on debt | - | - | - | 2,492,572 | 24,923 | 2,517,495 |
| Proceeds from sale of capital assets | 113,891 | - | - | - | - | 113,891 |
| Transfers in | 1,515,344 | 2,151,781 | - | 504,403 | 14,802,118 | 18,973,646 |
| Transfers (out) | <u>(14,844,318)</u> | <u>(350,000)</u> | <u>(1,821,070)</u> | <u>-</u> | <u>(1,535,501)</u> | <u>(18,550,889)</u> |
| Total other financing sources (uses) | <u>(13,215,083)</u> | <u>1,801,781</u> | <u>(1,821,070)</u> | <u>32,921,975</u> | <u>14,211,540</u> | <u>33,899,143</u> |
| Net change in fund balances | (3,889,511) | 86,960 | 3,520,289 | 28,961,510 | 7,249,180 | 35,928,428 |
| Fund balances - beginning of year | <u>37,078,436</u> | <u>2,743,712</u> | <u>4,554,995</u> | <u>-</u> | <u>25,578,232</u> | <u>69,955,375</u> |
| Fund balances - end of year | <u>\$ 33,188,925</u> | <u>\$ 2,830,672</u> | <u>\$ 8,075,284</u> | <u>\$ 28,961,510</u> | <u>\$ 32,827,412</u> | <u>\$ 105,883,803</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, 2018

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

| | | |
|---|----|------------|
| Net changes in fund balances - total governmental funds | \$ | 35,928,428 |
|---|----|------------|

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 depreciation exceeded capital outlays and the effect of other capital asset transactions in the current period:

| | | |
|--|--|--------------|
| Capital outlay | | 8,964,948 |
| Depreciation expense | | (13,621,041) |
| Loss on disposal of capital assets | | (2,326,354) |
| Proceeds on disposal of capital assets | | (113,891) |

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 - special assessment revenue | | (2,501,530) |
| Deferred inflows of resources - grants | | 277,167 |
| Deferred inflows of resources - other revenue | | 296,209 |

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 | | 9,559,886 |
| Debt issued | | (30,845,000) |
| Issuance premium on debt | | (2,517,495) |
| Amortization of premiums, discounts, and deferred amounts, net | | 249,543 |
| Change in accrued interest payable | | (392,518) |

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 accrued compensated absences | | (208,395) |
| OPEB expense | | (310,980) |
| Pension expense | | 1,596,451 |

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, net of amount allocated to business-type activities.

1,208,060

| | | |
|--|----|-----------|
| Total changes in net position of governmental activities | \$ | 5,243,488 |
|--|----|-----------|

Shawnee County, Kansas
Statement of Net Position
Proprietary Funds
December 31, 2018

| | Refuse | Internal Service Funds |
|---|---------------|---------------------------|
| Assets | | |
| Current assets: | | |
| Cash and short-term investments | \$ 11,331,432 | \$ 7,658,153 |
| Accounts receivables, net | 248,198 | 4,165 |
| Due from other governments | 965,925 | - |
| Inventory | 19,162 | - |
| Total current assets | 12,564,717 | 7,662,318 |
| Noncurrent assets: | | |
| Capital Assets: | | |
| Other capital assets, net of depreciation | 1,957,574 | - |
| Total capital assets | 1,957,574 | - |
| Total assets | 14,522,291 | 7,662,318 |
| Deferred outflows of resources | | |
| Deferred outflows - pension | 501,796 | - |
| Total deferred outflows of resources | 501,796 | - |
| Liabilities | | |
| Current liabilities: | | |
| Accounts payable | 268,065 | 415,380 |
| Accrued expenses | 167,226 | - |
| Claims payable | - | 2,439,974 |
| Long-term liabilities, due in one year | 242,094 | - |
| Total current liabilities | 677,385 | 2,855,354 |
| Noncurrent liabilities: | | |
| Long-term liabilities, due in more than one year | 682,785 | - |
| Net pension liability | 2,477,653 | - |
| Total noncurrent liabilities | 3,160,438 | - |
| Total liabilities | 3,837,823 | 2,855,354 |
| Deferred inflows of resources | | |
| Deferred inflow - post employment benefits | 39,253 | - |
| Deferred inflow - pension | 358,906 | - |
| Total deferred inflows of resources | 398,159 | - |
| Net Position | | |
| Investment in capital assets | 1,957,574 | - |
| Unrestricted | 8,830,531 | 4,806,964 |
| Total net position | \$ 10,788,105 | \$ 4,806,964 |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise fund. | 182,567 | |
| Net position of business-type activities | \$ 10,970,672 | |

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, 2018

| | Refuse | Internal Service Funds |
|--|---------------|-----------------------------------|
| Operating revenues: | | |
| Charges for services | \$ 12,902,998 | \$ 12,640,630 |
| Other | 100,087 | 223,578 |
| Total operating revenues | 13,003,085 | 12,864,208 |
| Operating expenses: | | |
| Personal services | 5,863,834 | 32,829 |
| Contractual services | 3,194,769 | 1,325,942 |
| Supplies | 1,481,138 | - |
| Utilities | 9,304 | - |
| Claims | - | 10,191,650 |
| Other | 108,128 | 1,618 |
| Depreciation | 615,669 | - |
| Total operating expenses | 11,272,842 | 11,552,039 |
| Operating income | 1,730,243 | 1,312,169 |
| Income before transfers | 1,730,243 | 1,312,169 |
| Transfers in | - | 1,447 |
| Transfers (out) | (424,204) | - |
| Change in net position | 1,306,039 | 1,313,616 |
| Total net position - beginning of year, restated | 9,482,066 | 3,493,348 |
| Total net position - end of year | \$ 10,788,105 | \$ 4,806,964 |
| Change in net position | \$ 1,306,039 | |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise fund. | 105,556 | |
| Change in net position of business-type activities | \$ 1,411,595 | |

See Accompanying Notes to the Basic Financial Statements

Shawnee County, Kansas
Statement of Cash Flows -
Proprietary Funds
For the Year Ended December 31, 2018

| | Refuse | Internal Service Funds |
|---|---------------|-----------------------------------|
| Cash flows from operating activities: | | |
| Receipts from customers | \$ 12,996,418 | \$ - |
| Receipts from interfund and other services | - | 12,860,043 |
| Payments to suppliers | (4,874,625) | (11,876,627) |
| Payments to employees for services | (5,956,024) | (32,829) |
| Net cash provided by operating activities | 2,165,769 | 950,587 |
| Cash flows from noncapital financing activities: | | |
| (Increase) in due from other funds | - | 12,935 |
| Transfers (to) from other funds | (424,204) | 1,447 |
| Net cash provided by (used in) noncapital financing activities | (424,204) | 14,382 |
| Cash flows from capital and related financing activities: | | |
| Purchases of capital assets | (1,224,850) | - |
| Net cash (used in) capital and related financing activities | (1,224,850) | - |
| Net increase in cash and short-term investments | 516,715 | 964,969 |
| Cash and short-term investments, beginning of year | 10,814,717 | 6,693,184 |
| Cash and short-term investments, end of year | \$ 11,331,432 | \$ 7,658,153 |
| Reconciliation of operating income to net cash provided by operating activities | | |
| Operating income | \$ 1,730,243 | \$ 1,312,169 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation | 615,669 | - |
| Change in assets and liabilities: | | |
| Accounts receivables (net) | (5,871) | (4,165) |
| Due from other governments | (796) | - |
| Inventory | (12,876) | - |
| Deferred outflows | 148,538 | - |
| Accounts payable and accrued expenses | (68,410) | 307,680 |
| Claims payable | - | (665,097) |
| Compensated absences and OPEB obligations | 46,532 | - |
| Net pension liability | (531,247) | - |
| Deferred inflows | 243,987 | - |
| Net cash provided by operating activities | \$ 2,165,769 | \$ 950,587 |

See Accompanying Notes to the Basic Financial Statements

Shawnee County, Kansas
Statement of Assets and Liabilities
Fiduciary Funds
December 31, 2018

| | Agency Funds |
|--|----------------|
| Assets | |
| Cash and investments | \$ 143,121,662 |
| Tax Receivable, net | 593,745 |
| | \$ 143,715,407 |
| Liabilities | |
| Due to taxing districts, governments, and others | \$ 143,715,407 |

See Accompanying Notes to the Basic Financial Statements

SHAWNEE COUNTY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

1. Reporting Entity and 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.

Sherwood Regional Wastewater Treatment District is reported as a blended component unit of Shawnee County and is, therefore, combined within the County's primary government statements as the Sewer Special Revenue Fund. The governing body for this district is the Shawnee County Board of County Commissioners. As provided by K.S.A. 19-27a01(e), this district is a separate legal entity and is the owner of the sewer system, the Sherwood Regional Wastewater Treatment Plant and related facilities within the Sewer District.

Shawnee County, Kansas Public Building Commission is reported as a blended component unit of Shawnee County. The governing body for this district is the Shawnee County Board of County Commissioners. Pursuant to K.S.A. 12-1757 et seq., this public building commission was formed to provide the County another option in financing the County's capital improvements. Public building commissions provide a lower interest cost option without additional risk. The Shawnee County, Kansas Public Building Commission was created on November 30, 2017.

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

SHAWNEE COUNTY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

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.

Fund Financial Statements

The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category—governmental, proprietary and fiduciary 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 services, 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 Department Fund

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

Sales Tax Fund

This special revenue fund accounts for the sales tax received from a County-wide one-half percent sales tax as well as the economic development and capital projects funded by this tax.

Public Building Commission Fund

This blended component unit, presented as a capital projects fund, accounts for the bond proceeds from debt issued by the Public Building Commission towards capital improvements.

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.

SHAWNEE COUNTY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

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 accounts for the health insurance and workers' compensation insurance programs.

Fiduciary Funds —these funds accounts for the resources held for others and property taxes collected on behalf of other governments. Agency funds do not involve a formal trust agreement. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Measurement Focus and Basis of Accounting

Government-wide, Proprietary and Fiduciary Fund Financial Statements

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The fiduciary funds utilize the accrual basis of accounting but have no measurement focus. 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 qualifying expenditures have been incurred and all other grant requirements have been met, and in the governmental funds, when the availability criteria has also been met. When cash is received in advance, it is recorded as unearned revenue until expenditures are made. Proceeds of long-term debt are reported as other financing sources.

Other revenues, including licenses and permits, certain charges for services, certain fees and fines and certain miscellaneous revenue are recorded as revenue when received in cash because they are generally not measurable until actually received.

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, pensions and compensated absences, which are recognized as expenditures to the extent that they have matured. General capital asset acquisitions are reported as

SHAWNEE COUNTY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

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 and money market funds are carried at amortized cost because they are not affected by market rate changes. 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 proprietary funds' cash flows statement, cash and short-term investments are defined as investments with original maturities of three months or less.

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 property tax receivables are shown net of an allowance for uncollectibles. The allowance for property tax receivables for the year ended December 31, 2018 was \$2,446,819. The property tax receivable allowance is equal to 3% of outstanding property taxes at December 31, 2018. 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 \$25,500 and \$11,123, respectively, at December 31, 2018.

Accounts receivable for refuse services at December 31, 2018 include unbilled receivables of \$246,835.

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, and in the governmental funds, when the availability criteria has also 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, 2018, such taxes are a lien on the property and are recorded as taxes receivable with a corresponding amount recorded as a deferred inflow of resources.

**SHAWNEE COUNTY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

Assessed values are established by the County Appraiser. The assessed value for property located in the County as of November 1, 2017, on which the 2017 tax levy was based, was \$1,624,293,274 on which the 2018 property tax revenues were based. The County's property tax levies per \$1,000 assessed valuation for property tax revenues were as follows:

| Fund | Levy (Dollars) |
|-------------------|-------------------|
| General | \$ 48.301 |
| Special Liability | 0.062 |
| | \$ 48.363 |

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 for which they are levied. Taxes receivable also represent property taxes levied for 2018 and prior years which have not yet been collected and are reflected as a deferred inflow of resources.

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.

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) until then. The County has two items that qualify 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. The deferred outflow for pensions is also reported in the enterprise fund. 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.

SHAWNEE COUNTY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

In addition to liabilities, the financial statements 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 two types of items, which arises under the accrual and modified accrual basis of accounting that qualify for reporting in this category. The first item, unavailable revenue, is reported in the governmental activities statement of net position and the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, special assessments, grants and other revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available and for which they are levied. The second item, deferred inflows for pensions and OPEB, are reported on the government-wide statement of net position, as well as reported in the enterprise fund. See Notes 7 and 8 for more information on the deferred inflows for pensions and OPEB, respectively.

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 acquisition value at the date of donation.

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

SHAWNEE COUNTY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

Investments are reported at fair value. The County's pension plan is more fully described in Note 7.

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 a method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discounts. Bond issuance costs are expensed in the period when incurred or at the time of issuance.

In the governmental funds, bond proceeds, premiums and discounts are reported as other financing sources or uses in the year of issuance.

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 amounts reported in the financial statements and accompanying notes. 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 and proprietary fund 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 position that does 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.

SHAWNEE COUNTY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
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- (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.
- (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 position 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 83 – *Certain Asset Retirement Obligations*, effective for reporting periods beginning after June 15, 2018.
- GASB Statement 84 – *Fiduciary Activities*, effective for reporting periods beginning after December 15, 2018.
- GASB Statement 87 – *Leases*, effective for reporting periods beginning after December 15, 2019.
- GASB Statement 88 – *Certain Disclosures related to Debt, including Direct Borrowings and Direct Placements*, effective for reporting periods beginning after June 15, 2018.
- GASB Statement 91 – *Conduit Debt Obligations*, effective for reporting periods beginning after December 15, 2020.

The County's management has not yet determined the effect, if any, these statements will have on a County's financial statements, although management believes that GASB Statement No. 87 may have a significant impact.

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. Noncurrent cash and short-term investments include \$30,104,979 which is held by a trustee and restricted for capital projects.

**SHAWNEE COUNTY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

Cash and short-term investments consisted of the following at December 31, 2018:

| | |
|--|----------------|
| Deposits: | |
| Demand deposits | \$ 236,601,525 |
| Certificates of deposit - Workers compensation | 10,000 |
| | 236,611,525 |
| Noncurrent investments: | |
| Money market funds | 32,917,205 |
| | 32,917,205 |
| | \$ 269,528,730 |
| Government-wide Statement of Net Position - Current | \$ 96,302,089 |
| Government-wide Statement of Net Position - Noncurrent | 30,104,979 |
| Agency Funds Statement of Assets and Liabilities | 143,121,662 |
| | \$ 269,528,730 |

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, 2018, the County's investments consisted of short-term money market funds. The money market funds were invested in direct U.S. Treasury obligations or other U.S. agency securities that were rated AAA 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 does not have a policy for custodial credit risk. 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, 2018, 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 are exposed to custodial credit risk as of December 31, 2018.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates may adversely affect an investment's fair value. The County does not have a policy for interest rate risk. The County's short-term investments at December 31, 2018 consisted of money market funds with maturities of less than one year.

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Concentration of Credit Risk

The County does not have a policy for concentration of credit risk. Kansas statutes indirectly prohibit such a limitation, as local banks must be given preference on each investment of idle funds. At December 31, 2018, the County's investments consisted of short-term money market funds. These money market funds 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 | \$ 28,714,624 | \$ - | \$ - | \$ 28,714,624 |
| Construction in process | 656,740 | 3,814,000 | 1,238,583 | 3,232,157 |
| Total capital assets not being depreciated | <u>29,371,364</u> | <u>3,814,000</u> | <u>1,238,583</u> | <u>31,946,781</u> |
| Capital assets being depreciated: | | | | |
| Infrastructure | 172,676,873 | 1,978,595 | 2,449,329 | 172,206,139 |
| Buildings and improvements | 159,695,550 | 1,114,833 | 1,500 | 160,808,883 |
| Furniture, fixtures and office equipment | 16,930,059 | 362,463 | 519,295 | 16,773,227 |
| Motor vehicles | 12,795,933 | 1,666,161 | 1,105,005 | 13,357,089 |
| Tools and other equipment | 20,782,486 | 1,267,479 | 655,141 | 21,394,824 |
| Total capital assets being depreciated | <u>382,880,901</u> | <u>6,389,531</u> | <u>4,730,270</u> | <u>384,540,162</u> |
| Less accumulated depreciation for: | | | | |
| Infrastructure | 57,510,161 | 4,950,885 | 31,051 | 62,429,995 |
| Buildings and improvements | 94,732,151 | 5,268,187 | 1,499 | 99,998,839 |
| Furniture, fixtures and office equipment | 13,336,653 | 1,680,877 | 518,796 | 14,498,734 |
| Motor vehicles | 10,845,668 | 769,747 | 1,089,189 | 10,526,226 |
| Tools and other equipment | 17,780,889 | 951,345 | 649,490 | 18,082,744 |
| Total accumulated depreciation | <u>194,205,522</u> | <u>13,621,041</u> | <u>2,290,025</u> | <u>205,536,538</u> |
| Total depreciable capital assets, net | <u>188,675,379</u> | <u>\$ (7,231,510)</u> | <u>\$ 2,440,245</u> | <u>179,003,624</u> |
| Governmental, capital assets net | <u>\$ 218,046,743</u> | | | <u>\$ 210,950,405</u> |
| | | | | |
| | <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 | 23,455 | 58,458 | - | 81,913 |
| Motor vehicles | 7,713,718 | 1,160,425 | 641,135 | 8,233,008 |
| Tools and other equipment | 2,804,297 | 5,967 | - | 2,810,264 |
| Total capital assets being depreciated | <u>10,601,837</u> | <u>1,224,850</u> | <u>641,135</u> | <u>11,185,552</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 31,409 | 2,068 | - | 33,477 |
| Furniture, fixtures and office equipment | 22,879 | 2,308 | - | 25,187 |
| Motor vehicles | 6,466,437 | 583,443 | 641,135 | 6,408,745 |
| Tools and other equipment | 2,732,719 | 27,850 | - | 2,760,569 |
| Total accumulated depreciation | <u>9,253,444</u> | <u>\$ 615,669</u> | <u>\$ 641,135</u> | <u>9,227,978</u> |
| Business-type, capital assets net | <u>\$ 1,348,393</u> | | | <u>\$ 1,957,574</u> |

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

| | |
|---|-----------------------------|
| Governmental activities: | |
| General government | \$ 1,274,817 |
| Public safety and judicial | 3,610,102 |
| Public works, highways and streets | 5,151,448 |
| Health, welfare and education | 459,911 |
| Cultural and recreation | <u>3,124,763</u> |
| Total depreciation expense for governmental activities | <u><u>\$ 13,621,041</u></u> |
| Business-type activities: | |
| Refuse | <u>\$ 615,669</u> |
| Total depreciation expense for business-type activities | <u><u>\$ 615,669</u></u> |

4. Interfund Activity

Interfund transfers for the year ended December 31, 2018 are as follows:

| | <u>Transfers In</u> | <u>Transfers Out</u> |
|---------------------------------|-----------------------------|-----------------------------|
| Governmental Funds: | | |
| General Fund | \$ 1,515,344 | \$ 14,844,318 |
| Health Department Fund | 2,151,781 | 350,000 |
| Sales Tax Fund | - | 1,821,070 |
| Public Building Commission Fund | 504,403 | - |
| Nonmajor Funds | <u>14,802,118</u> | <u>1,535,501</u> |
| | <u>18,973,646</u> | <u>18,550,889</u> |
| Enterprise Funds: | | |
| Refuse | <u>-</u> | <u>424,204</u> |
| Internal Service Fund: | | |
| Health Insurance Fund | <u>1,447</u> | <u>-</u> |
| | <u><u>\$ 18,975,093</u></u> | <u><u>\$ 18,975,093</u></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.

Interfund receivables and payable balances as of December 31, 2018 were as follows:

| | <u>Interfund Receivables</u> | <u>Interfund Payables</u> |
|-----------------------------|----------------------------------|-------------------------------|
| General Fund | \$ 487,048 | \$ - |
| Nonmajor governmental funds | | |
| Motor Vehicle Fund | - | 123,831 |
| Federal Grants | <u>-</u> | <u>363,217</u> |
| | <u><u>\$ 487,048</u></u> | <u><u>\$ 487,048</u></u> |

SHAWNEE COUNTY, KANSAS
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Interfund receivables and payables are created as a result of 1) moving revenue and expenditures between funds and 2) allocation of revenue in accordance with County resolutions and state statutes.

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 | \$ 45,615,000 | \$ 920,000 | \$ 5,815,000 | \$ 40,720,000 | \$ 5,990,000 |
| Unamortized premiums | 2,095,686 | 24,923 | 219,353 | 1,901,256 | - |
| Loans | 9,017,576 | - | 878,492 | 8,139,084 | 879,255 |
| Certificates of participation | 33,190,000 | - | 2,685,000 | 30,505,000 | 2,745,000 |
| Unamortized premiums | 1,620,169 | - | 145,077 | 1,475,092 | - |
| Unamortized discounts | (67,404) | - | (7,391) | (60,013) | - |
| Revenue bonds | - | 29,925,000 | - | 29,925,000 | 1,800,000 |
| Unamortized premiums | - | 2,492,572 | 143,802 | 2,348,770 | - |
| Capital lease obligation | 766,149 | - | 181,394 | 584,755 | 231,843 |
| Compensated absences ** | 4,531,115 | 3,131,396 | 2,923,001 | 4,739,510 | 2,561,025 |
| Total OPEB liability, restated ** | 3,660,839 | 17,769 | - | 3,678,608 | - |
| KPERS OPEB liability, restated ** | 1,467,974 | - | 91,863 | 1,376,111 | - |
| | <u>\$ 101,897,104</u> | <u>\$ 36,511,660</u> | <u>\$ 13,075,591</u> | <u>\$ 125,333,173</u> | <u>\$ 14,207,123</u> |

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

| | | | | | |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Business-type activities | | | | | |
| Compensated absences | \$ 380,418 | \$ 285,814 | \$ 230,651 | \$ 435,581 | \$ 242,094 |
| Total OPEB liability, restated | 331,920 | 1,656 | - | 333,576 | - |
| KPERS OPEB liability, restated | 166,008 | - | 10,286 | 155,722 | - |
| | <u>\$ 878,346</u> | <u>\$ 287,470</u> | <u>\$ 240,937</u> | <u>\$ 924,879</u> | <u>\$ 242,094</u> |

Of the \$40,720,000 general obligation bonds, approximately \$24,500,000 is special assessment debt.

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. In 2018, the County issued general obligation bonds for Special Assessment projects in the amount of \$920,000.

SHAWNEE COUNTY, KANSAS
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General obligation bonds currently outstanding are as follows:

| <u>General Obligation Bonds</u> | <u>Interest Rates</u> | <u>Maturity</u> | <u>Amount</u> |
|---------------------------------|-----------------------|-----------------|----------------------|
| Series 2010 | 2.25-3.625% | 09/01/30 | \$ 5,990,000 |
| Series 2011 | 2.50-3.50% | 09/01/25 | 4,530,000 |
| Series 2012 | 1.00-3.00% | 09/01/26 | 3,660,000 |
| Series 2013 | 2.25-4.00% | 09/01/33 | 760,000 |
| Series 2015A | 2.00-3.00% | 09/01/28 | 4,245,000 |
| Series 2015B | 2.00-3.00% | 09/01/20 | 2,055,000 |
| Series 2015C | 2.00-3.35% | 09/01/35 | 2,960,000 |
| Series 2016A | 1.10-5.00% | 09/01/30 | 11,145,000 |
| Series 2016B | 2.00-3.00% | 09/01/26 | 1,640,000 |
| Series 2016D | 2.00-2.125% | 09/01/29 | 2,815,000 |
| Series 2018 | 2.00-3.80% | 09/01/38 | 920,000 |
| Total | | | <u>\$ 40,720,000</u> |

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

| <u>Year</u> | <u>Principal Due</u> | <u>Interest Due</u> | <u>Total Due</u> |
|-------------|----------------------|---------------------|----------------------|
| 2019 | \$ 5,990,000 | \$ 1,153,552 | \$ 7,143,552 |
| 2020 | 5,445,000 | 1,023,218 | 6,468,218 |
| 2021 | 4,810,000 | 896,988 | 5,706,988 |
| 2022 | 4,940,000 | 777,015 | 5,717,015 |
| 2023 | 4,450,000 | 624,650 | 5,074,650 |
| 2024-2028 | 12,635,000 | 1,338,600 | 13,973,600 |
| 2029-2033 | 2,070,000 | 191,301 | 2,261,301 |
| 2034-2038 | 380,000 | 39,202 | 419,202 |
| | <u>\$ 40,720,000</u> | <u>\$ 6,044,526</u> | <u>\$ 46,764,526</u> |

Loans

The County has a loan agreement with the Kansas Department of Health and Environment (KDHE) for the improvements of a sewer treatment plant. During 2016, the County secured a zero interest loan from the Kansas Department of Transportation for \$8,500,000 for the replacement of the Carlson Road Bridge over the Kansas River. This loan was funded as construction costs were incurred. It will be repaid with annual payments equal to \$850,000 per year commencing in March 2018 until repaid. These payments will be paid from the JEDO sales tax that began in 2017.

| <u>Purpose</u> | <u>Interest Rates</u> | <u>Maturity</u> | <u>Amount</u> |
|--|-----------------------|-----------------|---------------------|
| Loan for Sherwood Pumping improvements | 2.66% | 03/01/32 | \$ 489,084 |
| Loan for Carlson Road Bridge | 0.00% | 03/15/27 | 7,650,000 |
| Total | | | <u>\$ 8,139,084</u> |

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Annual estimated debt service requirements to maturity based on the outstanding balance of KDHE and KDOT Loans at December 31, 2018 are as follows:

| Year | Principal Due | Interest Due | Total Due |
|-----------|---------------------|------------------|---------------------|
| 2019 | \$ 879,255 | \$ 12,816 | \$ 892,071 |
| 2020 | 880,038 | 12,033 | 892,071 |
| 2021 | 880,843 | 11,229 | 892,072 |
| 2022 | 881,669 | 10,403 | 892,072 |
| 2023 | 882,517 | 9,555 | 892,072 |
| 2024-2028 | 3,576,118 | 34,238 | 3,610,356 |
| 2029-2033 | 158,644 | 9,641 | 168,285 |
| | <u>\$ 8,139,084</u> | <u>\$ 99,915</u> | <u>\$ 8,238,999</u> |

Certificates of Participation

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. The County issued certificates of participation in 2017 to refund portions of the Series 2012 certificates of participation.

Certificates of participation currently outstanding are as follows:

| Certificates of Participation | Interest Rates | Maturity | Amount |
|---|----------------|----------|----------------------|
| Certificates of Participation Series 2012 | 2.00-3.12% | 09/01/27 | \$ 6,070,000 |
| Certificates of Participation Series 2014 A | 3.00% | 09/01/22 | 1,370,000 |
| Certificates of Participation Series 2014 B | 2.00-3.00% | 09/01/23 | 4,355,000 |
| Certificates of Participation Series 2015 | 2.00-5.00% | 09/01/35 | 15,295,000 |
| Certificates of Participation Series 2017 | 1.10-3.00% | 09/01/26 | 3,415,000 |
| Total | | | <u>\$ 30,505,000</u> |

Annual estimated debt service requirements to maturity based on the outstanding balance of Certificates of Participation at December 31, 2018 are as follows:

| Year | Principal Due | Interest Due | Total Due |
|-----------|----------------------|---------------------|----------------------|
| 2019 | \$ 2,745,000 | \$ 1,017,319 | \$ 3,762,319 |
| 2020 | 2,830,000 | 937,969 | 3,767,969 |
| 2021 | 2,920,000 | 993,769 | 3,913,769 |
| 2022 | 2,990,000 | 904,244 | 3,894,244 |
| 2023 | 2,730,000 | 811,175 | 3,541,175 |
| 2024-2028 | 8,820,000 | 2,220,651 | 11,040,651 |
| 2029-2033 | 5,120,000 | 1,042,243 | 6,162,243 |
| 2034-2038 | 2,350,000 | 124,075 | 2,474,075 |
| | <u>\$ 30,505,000</u> | <u>\$ 8,051,445</u> | <u>\$ 38,556,445</u> |

**SHAWNEE COUNTY, KANSAS
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Revenue Bonds

The Shawnee County Kansas Public Building Commission issued revenue bonds in 2018 to finance a renovation to the Kansas Expocentre in the amount of \$29,925,000. The debt service for the Expocentre renovation will be paid by the County-wide ½ cent sales tax.

Annual debt service requirements to maturity for revenue bonds to be paid with pledged sales tax revenue are as follows:

| Year | Principal Due | Interest Due | Total Due |
|-----------|----------------------|---------------------|----------------------|
| 2019 | \$ 1,800,000 | \$ 1,197,000 | \$ 2,997,000 |
| 2020 | 1,870,000 | 1,125,000 | 2,995,000 |
| 2021 | 1,945,000 | 1,050,200 | 2,995,200 |
| 2022 | 2,025,000 | 972,400 | 2,997,400 |
| 2023 | 2,105,000 | 891,400 | 2,996,400 |
| 2024-2028 | 11,865,000 | 3,123,800 | 14,988,800 |
| 2029-2033 | 8,315,000 | 673,800 | 8,988,800 |
| | <u>\$ 29,925,000</u> | <u>\$ 9,033,600</u> | <u>\$ 38,958,600</u> |

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 \$962,362. Amortization of capital assets acquired under capital leases is included with depreciation expense in the government wide financial statements. The future minimum lease payments are as follows:

| | |
|---|-------------------|
| 2019 | \$ 260,530 |
| 2020 | 207,555 |
| 2021 | 128,999 |
| 2022 | 91,392 |
| | <u>688,476</u> |
| Less amounts representing interest | (103,721) |
| Present value of minimum lease payments | <u>\$ 584,755</u> |

Capitalized lease assets as of December 31, 2018 are as follows:

| | |
|--------------------------|-------------------|
| Equipment | \$ 962,362 |
| Accumulated Depreciation | (360,058) |
| Total | <u>\$ 602,304</u> |

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.

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At December 31, 2018, based on the assessed valuation of \$1,891,367,805, the general obligation limit was \$56,741,034. After reduction for outstanding eligible general obligation bonds and notes, the County's net bonded indebtedness totaled \$2,298,900 providing a general obligation debt margin of \$54,442,134.

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, 2018, \$15,150,000 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, 2018 totaled \$210,198,773.

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, 2018 totaled \$94,152.

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 expired 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 excess funds were distributed to the City and County in July 2017. The County's portion of the excess funds was \$8,372,168 and has been recorded as other revenue in the Sales Tax Fund. These excess funds were used to help fund the replacement of the bridge over the Kansas River on Carlson Road, often referred to as the Willard Bridge.

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

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the County and City, respectively.

For the year ended December 31, 2018, the County's sales tax revenue totaled \$7,844,889. At December 31, 2018, the County was due \$1,375,309 from the State of Kansas and \$480,493 from JEDO, which is reported as due from other governments in the Sales Tax Fund. At December 31, 2018, the County owed GO Topeka \$256,924 for economic development from the 2018 sales tax, which is reported as Due to other governments.

For the year ended December 31, 2018, the County used their portion of this sales tax for economic development through GO Topeka; transferred funds to the County Bridge Project Fund, a nonmajor capital project fund, for capital bridge projects; and expenditures for the renovation of the Expocentre in accordance with the interlocal agreement.

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.

7. Employees' Retirement System

Plan Descriptions - Shawnee County participates in the Kansas Public Employees Retirement System (KPERs) 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 provides retirement benefits, life insurance, disability income benefits and death benefits to the following statewide pension groups under one plan, as provided by K.S.A. 774, article 49:

- Public Employees
 - State/School employees
 - Local employees
- Police and Firemen (KP&F)
- Judges

Substantially all public employees in Kansas are covered by the Pension Plan. Participation by local political subdivisions is optional, but irrevocable once selected.

KPERs issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to KPERs (611 South Kansas Avenue, Suite 100, Topeka, KS 66603-3803), by calling 1-888-275-5737 or by visiting the KPERs website at www.kpers.org.

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 General Assembly. Member employees (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 66 with 20 years, age 60 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

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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, 2016, was created. Normal retirement age for KPERS 3 is 65 with five years of service or 30 years 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, 2016. Effective January 1, 2016, 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.

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 1.00% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.39% for KPERS and 20.09% for KP&F for the fiscal year ended December 31, 2018. Contributions to the pension plan from the County were \$3,525,475 for KPERS and \$1,251,641 for KP&F for the year ended December 31, 2018.

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, 2018, the County reported a liability of \$30,871,820 for KPERS and \$8,386,223 for KP&F for its proportionate share of the KPERS' collective net pension liability. This net pension liability is generally liquidated by the General Fund. The collective net pension liability was measured by KPERS as of June 30, 2018, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of December 31, 2017, which was rolled forward to June 30, 2018. 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, 2018. The contributions used exclude contributions made for prior service, excess benefits and irregular payments.

SHAWNEE COUNTY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
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At June 30, 2018, the County's proportion and change from its proportion measured as of June 30, 2017 were as follows:

| | <u>Net pension liability as of December 31, 2018</u> | <u>Proportion as of June 30, 2018</u> | <u>Change in proportion from June 30, 2017</u> |
|---------------|--|---|--|
| KPERS (local) | \$ 30,871,820 | 2.215% | -0.039% |
| KP&F | 8,386,223 | 0.872% | -0.398% |
| | <u>\$ 39,258,043</u> | | |

For the year ended December 31, 2018, the County recognized pension expense of \$1,978,761 for KPERS and \$453,851 for KP&F. At December 31, 2018, 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 | \$ 623,882 | \$ 913,514 |
| Net difference between projected and actual earnings on pension plan investments | 940,441 | - |
| Changes in proportionate share | 543,606 | 3,999,729 |
| Changes in assumptions | 1,778,494 | 171,813 |
| County contributions subsequent to measurement date | 2,695,647 | - |
| Total | <u>\$ 6,582,070</u> | <u>\$ 5,085,056</u> |

The \$2,695,647 reported as deferred outflows of resources related to pensions resulting from the County contributions subsequent to the measurement date will be recognized as pension expense for the year ended December 31, 2019. Other 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> |
|-------------------------|---|
| Year ended December 31, | |
| 2019 | \$ 534,082 |
| 2020 | 58,085 |
| 2021 | (1,061,074) |
| 2022 | (571,102) |
| 2023 | (158,624) |
| Total | <u>\$ (1,198,633)</u> |

Deferred outflows and inflows of resources related to the difference between expected and actual plan experience, changes in proportionate share and changes in assumptions are being amortized over a closed period equal to the average of the expected service lives of all employees at the beginning of each measurement period. Deferred outflows of resources related to the difference between projected and actual earnings on pension plan investments is being amortized over a close five-year period.

**SHAWNEE COUNTY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
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Actuarial assumptions. The total pension liability for KPERS was determined by an actuarial valuation as of December 31, 2017, which was rolled forward to June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|--|
| Actuarial Cost Method | Entry age normal |
| Inflation | 2.75 percent |
| Salary increase | 3.5 to 12.00 percent, including price inflation |
| Investment rate of return | 7.75 percent compounded annually, net of investment expense, and including inflation |

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

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study conducted for the period January 1, 2013 through December 31, 2015.

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 as of the most recent experience study are summarized in the following table:

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

Discount rate. The discount rate used by KPERS to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate was based on member and employers contributions as outlined below.

In KPERS, the Local employer does not necessarily contribute the full actuarial determined rate. Based on legislation first passed in 1993 and subsequent legislation, the employer contribution rates certified by the Board may not increase by more than the statutory cap. The statutory cap for Fiscal Year 2018 was 1.2 percent.

In recent years, the Legislature has made several changes to statutory rates that deviate from the scheduled contribution increases set under the caps established in 2012 for the State/School group.

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

SHAWNEE COUNTY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
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Sensitivity of the County's proportionate share of the collective net pension liability to changes in the discount rate. The following table presents the County's proportionate share of the collective net pension liability calculated using the discount rate of 7.75%, 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 (6.75%) or 1 percentage point higher (8.75%) than the current rate:

| | 1% Decrease (6.75%) | Current Discount Rate (7.75%) | 1% Increase (8.75%) |
|---|------------------------|-------------------------------------|------------------------|
| County's KPERS proportionate share of the net pension liability | \$ 45,278,029 | \$ 30,871,820 | \$ 18,697,275 |
| County's KP&F proportionate share of the net pension liability | 11,952,035 | 8,386,223 | 5,400,852 |
| | <u>\$ 57,230,064</u> | <u>\$ 39,258,043</u> | <u>\$ 24,098,127</u> |

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 Benefits

In addition to providing pension benefits, the County provides postemployment health care benefits through two plans described below.

As a result of the adoption of GASB Statement No. 75, the beginning net position of the governmental activities, business-type activities and Refuse Fund was restated. The Statement replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The net OPEB obligation recorded in accordance with GASB Statement No. 45 was removed and the total OPEB liability was recorded in accordance with GASB Statement No. 75. The effect on the beginning net position is as follows:

| | Governmental Activities | Business-Type Activities | Refuse Fund |
|---|----------------------------|-----------------------------|---------------------|
| Net position December 31, 2017, as previously reported | \$ 185,782,952 | \$ 9,845,455 | \$ 9,768,444 |
| Total County Plan OPEB liability | (3,660,839) | (331,920) | (331,920) |
| Removal of net OPEB obligation | 3,129,050 | 211,550 | 211,550 |
| Total KPERS Plan OPEB liability | (1,467,974) | (166,008) | (166,008) |
| Net position December 31, 2017, as restated | <u>\$ 183,783,189</u> | <u>\$ 9,559,077</u> | <u>\$ 9,482,066</u> |

SHAWNEE COUNTY OTHER POSTEMPLOYMENT BENEFIT PLAN

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

**SHAWNEE COUNTY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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.

Contributions: 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. 75 (GASB Statement 75).

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

| | |
|---|-----|
| Inactive employees currently receiving benefits | 14 |
| Active employees | 897 |
| | 911 |
| | 911 |

Total OPEB Liability: The County's total OPEB liability of \$4,012,184 was measured as of December 31, 2018, and was determined by an actuarial valuation as of that date.

Actuarial methods and assumptions: The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|--|--|
| Inflation rate | 2.75% |
| Payroll growth rate | 3.50% |
| Discount rate | 4.11% measurement date 3.44% preceding measurement date |
| Retirees' share of benefit-related costs | 125% of active premium rate |
| Health care cost trend rates | 8.00% decreasing to 4.5% |

The discount rate was based on the Bond Buyer 20-Bond GO Index.

The mortality was based on RPH-2014 Total Dataset Mortality Table fully generational using Scale MP-2018.

Changes in the Total OPEB Liability

| | |
|--|--------------|
| Balance as of December 31, 2017 | \$ 3,992,759 |
| Changes for the year: | |
| Service cost | 241,079 |
| Interest | 143,734 |
| Changes in assumptions or other inputs | (253,368) |
| Contributions and payments made | (112,020) |
| Net changes | 19,425 |
| Balance as of December 31, 2018 | \$ 4,012,184 |

Changes in assumptions: The discount rate was changed from 3.44% at the beginning of the year to 4.11% at the end of the year.

**SHAWNEE COUNTY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

Sensitivity of the total OPEB liability to changes in the discount rate: The following presents the total OPEB liability of the County, as well as what the County's approximate total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.11 percent) or 1-percentage-point higher (5.11 percent) than the current discount rate:

| | 1% Decrease 3.11% | Discount Rate 4.11% | 1% Increase 5.11% |
|----------------------|----------------------|------------------------|----------------------|
| Total OPEB liability | \$ 4,395,813 | \$ 4,012,184 | \$ 3,661,361 |

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates: The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (7.00 percent decreasing to 3.50 percent) or 1-percentage-point higher (9.00 percent decreasing to 5.50 percent) than the current healthcare cost trend rates:

| | 1% Decrease (7.00% Decreasing to 3.50%) | Health Care Cost Trend Rates (8.00% Decreasing to 4.50%) | 1% Increase (9.00% Decreasing to 5.50%) |
|----------------------|--|--|--|
| Total OPEB liability | \$ 3,547,757 | \$ 4,012,184 | \$ 4,561,317 |

OPEB Expense and deferred inflows of resources related to OPEB: For the year ended December 31, 2018, the County recognized OPEB expense of \$356,661. At December 31, 2018, the County reported deferred inflows of resources related to OPEB from the following source:

| | Deferred Inflow of Resources |
|--|---------------------------------|
| Changes of assumptions or other inputs | \$ (225,216) |

**SHAWNEE COUNTY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

Amounts reported as the deferred inflows of resources related to OPEB will be recognized in OPEB expense over the average remaining service lives of plan participants (actives and retirees) as follows:

| | |
|---------------------------|--------------|
| Years ending December 31: | |
| 2019 | \$ (28,152) |
| 2020 | (28,152) |
| 2021 | (28,152) |
| 2022 | (28,152) |
| 2023 | (28,152) |
| Thereafter | (84,456) |
| | \$ (225,216) |

KPERS OTHER POSTEMPLOYMENT BENEFIT PLAN

Plan Description

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

Benefits

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

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

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

**SHAWNEE COUNTY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

beneficiary. If a member retires or disability benefits end, the member may convert the group life insurance coverage to an individual insurance policy.

Covered Employees

Shawnee County has the following employees covered by the Plan as of June 30, 2018:

| | | |
|--|-----|--|
| Inactive employees or beneficiaries currently receiving benefits | 14 | |
| Active employees | 806 | |
| | 820 | |

Total OPEB Liability

Shawnee County's total OPEB liability of \$1,531,833 was determined by an actuarial valuation as of December 31, 2017, which was rolled forward to June 30, 2018 as the measurement date, using the following actuarial assumptions:

| | | |
|--|-------|----------------------------|
| Price inflation | 2.75% | |
| Wage inflation | 2.75% | |
| Salary increases, including wage increases | 3.50% | |
| Discount rate (based on the 20 year municipal bond rate with an average rating of AA/Aa or better, obtained from the Bond Buyer General Obligation 20-Year Municipal Bond index) | 3.87% | measurement date |
| | 3.58% | preceding measurement date |

Mortality rates used for the death benefits were based on the RP-2000 Healthy Annuitant Mortality Table for Males and Females, adjusted for generational mortality improvement using Scale AA. Mortality rates used for the disability benefits were based on the RP-2000 Disabled Life Table with generational mortality improvement using Scale AA.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study conducted for the period July 1, 2014 – June 30, 2016. Other demographic assumptions are set to be consistent with the actuarial assumptions reflected in the December 31, 2017 KPERS pension valuation.

Changes in Total OPEB Liability

| | | |
|---|--------------|--|
| Balance as of December 31, 2017 | \$ 1,633,982 | |
| Changes for the year: | | |
| Service cost | 127,021 | |
| Interest | 61,025 | |
| Effects of economic/demographic gains or losses | (157,048) | |
| Changes in assumptions or other inputs | (19,377) | |
| Contributions and payments made | (113,770) | |
| Net changes | (102,149) | |
| Balance as of December 31, 2018 | \$ 1,531,833 | |

**SHAWNEE COUNTY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

Changes in Assumptions

The discount rate was changed from 3.58% at the beginning of the year to 3.87% at the end of the year.

Sensitivity Analysis to Changes in the Discount Rate

The following presents Shawnee County's total OPEB liability calculated using the discount rate of 3.87%, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.87%) or 1-percentage point higher (4.87%) than the current rate:

| | 1% Decrease 2.87% | Discount Rate 3.87% | 1% Increase 4.87% |
|----------------------|----------------------|------------------------|----------------------|
| Total OPEB liability | \$ 1,597,344 | \$ 1,531,833 | \$ 1,466,028 |

Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rates: The health care cost trend rates do not affect liabilities related to the long-term disability benefits sponsored by KPERS.

OPEB Expense

For the year ended December 31, 2018, Shawnee County recognized OPEB expense of \$164,514, which includes the changes in the total OPEB liability, and the amortization of deferred inflows of resources for the current period.

Deferred Inflows of Resources

At December 31, 2018, Shawnee County reported deferred inflows of resources related to OPEB from the following sources:

| | Deferred Inflows of Resources |
|--|----------------------------------|
| Differences between expected and actual experience | \$ (140,840) |
| Changes of assumptions or other inputs | (58,271) |
| | \$ (199,111) |

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense over the average remaining service lives of plan participants (actives and retirees) as follows:

| | |
|---------------------|--------------|
| Year ended June 30: | |
| 2019 | \$ (23,532) |
| 2020 | (23,532) |
| 2021 | (23,532) |
| 2022 | (23,532) |
| 2023 | (23,532) |
| Thereafter | (81,451) |
| | \$ (199,111) |

SHAWNEE COUNTY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

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 per occurrence. 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 \$275,000 stop loss limit per individual and a 115 percent stop loss limit in aggregate health insurance. The annual 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. Claims paid during 2018 totaled \$30,200.

The changes in health and dental insurance, workers' compensation and general liability claims payable for the years ended December 31, 2018 and 2017 are as follows:

| | Health and Dental | Workers' Compensation | General Liability |
|-----------------------------------|----------------------|--------------------------|----------------------|
| Claims payable, December 31, 2016 | \$ 777,911 | \$ 1,820,267 | \$ - |
| Claims and changes in estimates | 8,521,419 | 1,583,757 | - |
| Claim payments | (8,387,248) | (1,211,035) | - |
| Claims payable, December 31, 2017 | 912,082 | 2,192,989 | - |
| Claims and changes in estimates | 9,614,302 | 577,346 | 30,200 |
| Claim payments | (9,618,629) | (1,238,116) | (30,200) |
| Claims payable, December 31, 2018 | <u>\$ 907,755</u> | <u>\$ 1,532,219</u> | <u>\$ -</u> |

SHAWNEE COUNTY, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

10. Commitments and Contingencies

Leases

The County rents various equipment and software licensing under operating leases. Rent expenditures for the year ended December 31, 2018 were \$536,126. As of December 31 2018, minimum future payments required under these agreements for subsequent fiscal years are as follows:

| | | |
|------|----|----------------|
| 2019 | \$ | 178,876 |
| 2020 | | 151,152 |
| | \$ | <u>330,028</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, 2018 were as follows: General Fund \$1,826,039 and other governmental funds \$2,043,931.

11. Health Clinic Operations

The Shawnee County Community Health Center was closed on June 30, 2016. The operations of this Federally Qualified Health Clinic was assumed by GraceMed Health Clinic, Inc. on July 1, 2016. In 2015, the County notified the Health Resources and Services Administration (HRSA) of their intent to relinquish the Health Center's federal grant funds and enable another entity to assume operations of the health center. The local health department remains in the Health Department Fund.

The County is committed to tax allocation payments to GraceMed for the next 5 calendar years, offset by \$375,000 annual payments due from GraceMed to the County for transfer of real property. The County has retained the health clinic on the statement of net position as a capital asset, until title for the clinic is transferred to GraceMed at the conclusion of the payment period in 2021. The County made tax allocation payments to GraceMed totaling \$1,289,000 during 2018.

**SHAWNEE COUNTY, KANSAS
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2018**

As of December 31, 2018, the net payment amounts owed from the County to GraceMed are as follows:

| | | |
|------|-----------|----------------|
| 2019 | \$ | 489,000 |
| 2020 | | 89,000 |
| 2021 | | 200,000 |
| | <u>\$</u> | <u>778,000</u> |

12. Tax Abatements

Shawnee County enters into property tax abatement agreements with local businesses for the purpose of economic development within the County. These agreements are issued under Section 13 of Article 11 of the Kansas Constitution, which specifies that the property for which the exemption is granted will be used for manufacturing articles of commerce, conducting research and development or storing goods or commodities which are sold or traded in interstate commerce. The exemption may be granted for a maximum of ten years. The County’s Statement of Policy and Procedure for Tax Exemptions and Incentives for Economic Development, Shawnee County Home Rule Resolution No. HR-2002-9, governs the issuance of tax exemptions with the County and dictates the procedures as follows: 1. The applicant shall apply for a tax exemption by filing a written application, 2. The County shall determine whether the requested tax exemption may be lawfully granted and should be granted, 3. The amount of the tax incentive will then be determined in accordance with the policy. The amount of County taxes abated for 2018 was \$2,438,635.

The City of Topeka has established a Neighborhood Revitalization Program (NRP) which provides tax rebates to property owners making improvements that raise the appraised value of residential property and commercial property by 10% and 20% respectively. The program is intended to promote the revitalization of the City’s intensive care, at-risk neighborhoods, historic properties and downtown by creating an incentive for the rehabilitation, conservation and redevelopment of these areas. A property tax rebate may be given based on the incremental increase in appraised value resulting from improvements made to a property in the targeted areas. These rebates are for a period of 10 years. The NRPs are authorized under City policy and Kansas Statute K.S.A. 12-117. The rebates are paid after the property taxes have been received. Therefore, no provision is necessary for recapturing taxes. The County’s share of the rebates in 2018 was \$1,008,029.

13. Subsequent Events

In June 2019, the County issued \$11,110,000 Refunding General Obligation Bonds Series 2019 to advance refund Series 2010, Series 2011 and Series 2012 General Obligation Bonds.

Shawnee County, Kansas
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget to Actual - General Fund
For the Year Ended December 31, 2018

| | <u>Original and Final Budget</u> | <u>Actual Amounts (Budgetary Basis)</u> | <u>Variance with Final Budget</u> |
|---|--------------------------------------|---|---------------------------------------|
| Revenues: | | | |
| Taxes | | | |
| Property | \$ 76,616,640 | \$ 77,067,327 | \$ 450,687 |
| Motor vehicle | 9,846,391 | 9,959,892 | 113,501 |
| Franchise | 500,000 | 415,888 | (84,112) |
| Intergovernmental | 3,756,357 | 4,278,334 | 521,977 |
| Charges for services | 3,099,115 | 2,328,275 | (770,840) |
| License, fines, fees and permits | 2,502,287 | 2,328,284 | (174,003) |
| Interest income | 1,200,000 | 2,745,189 | 1,545,189 |
| Special assessments | 3,800,000 | 3,858,383 | 58,383 |
| Other | 2,640,182 | 2,118,805 | (521,377) |
| Total revenues | <u>103,960,972</u> | <u>105,100,377</u> | <u>1,139,405</u> |
| Expenditures: | | | |
| Current: | | | |
| General government | 13,270,610 | 12,102,350 | 1,168,260 |
| Public safety and judicial | 48,654,298 | 48,518,713 | 135,585 |
| Public works, highways and streets | 6,822,781 | 6,528,867 | 293,914 |
| Health, welfare and education | 6,453,141 | 6,431,706 | 21,435 |
| Culture and recreation | 14,600,514 | 13,673,049 | 927,465 |
| Debt service: | | | |
| Principal retirement | 6,726,274 | 7,263,272 | (536,998) |
| Interest and fiscal charges | 1,981,573 | 2,021,463 | (39,890) |
| Total expenditures | <u>98,509,191</u> | <u>96,539,420</u> | <u>1,969,771</u> |
| Excess of revenues over (under) expenditures | <u>5,451,781</u> | <u>8,560,957</u> | <u>3,109,176</u> |
| Other financing sources (uses): | | | |
| Proceeds from sale of capital assets | - | 113,891 | 113,891 |
| Transfers in | 1,075,000 | 1,035,365 | (39,635) |
| Transfers (out) | (6,526,781) | (14,566,197) | (8,039,416) |
| Total other financing sources (uses) | <u>(5,451,781)</u> | <u>(13,416,941)</u> | <u>(7,965,160)</u> |
| Net change in fund balances | <u>\$ -</u> | <u>(4,855,984)</u> | <u>\$ (4,855,984)</u> |
| Fund balance - beginning of year | | <u>32,131,985</u> | |
| Fund balance - end of year - budget basis | | 27,276,001 | |
| Adjustments: | | | |
| Encumbrances | | 1,826,039 | |
| Fund balance - end of year - GAAP basis | | <u>\$ 29,102,040</u> | |
| Net change in fund balance - budget basis | | \$ (4,855,984) | |
| Adjustments: | | | |
| Encumbrances - beginning of year | | (698,051) | |
| Encumbrances - end of year | | 1,826,039 | |
| Net change in fund balance - GAAP basis | | <u>\$ (3,727,996)</u> | |

Shawnee County, Kansas
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget to Actual - Health Department Fund
For the Year Ended December 31, 2018

| | Original and Final Budget | Actual Amounts (Budgetary Basis) | Variance with Final Budget |
|---|--------------------------------------|---|---------------------------------------|
| Revenues: | | | |
| Intergovernmental | \$ 3,264,108 | \$ 2,484,155 | \$ (779,953) |
| Charges for services | 699,600 | 614,022 | (85,578) |
| Other | - | 416,453 | 416,453 |
| Total revenues | 3,963,708 | 3,514,630 | (449,078) |
| Expenditures: | | | |
| Current: | | | |
| Health, welfare and education | 6,377,919 | 4,594,334 | 1,783,585 |
| Total expenditures | 6,377,919 | 4,594,334 | 1,783,585 |
| Excess of revenues over (under) expenditures | (2,414,211) | (1,079,704) | 1,334,507 |
| Other financing sources (uses): | | | |
| Transfers in | 2,151,781 | 2,151,781 | - |
| Transfers (out) | - | (350,000) | (350,000) |
| Total other financing sources (uses) | 2,151,781 | 1,801,781 | (350,000) |
| Net change in fund balances | \$ (262,430) | 722,077 | \$ 984,507 |
| Fund balance - beginning of year | | 2,107,260 | |
| Fund balance - end of year - budget basis | | 2,829,337 | |
| Adjustments: | | | |
| Encumbrances | | 1,335 | |
| Fund balance - end of year - GAAP basis | | \$ 2,830,672 | |
| Net change in fund balance - budget basis | | \$ 722,077 | |
| Adjustments: | | | |
| Encumbrances - beginning of year | | (636,452) | |
| Encumbrances - end of year | | 1,335 | |
| Net change in fund balance - GAAP basis | | \$ 86,960 | |

SHAWNEE COUNTY, KANSAS
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
DECEMBER 31, 2018

Budgetary Data

The County Commission adopted annual operating budgets for the General Fund and the Health Department Fund. Other funds, including the Sales Tax Fund, were not budgeted as these funds are not required by Kansas Statute to have an adopted budget. The County's budget is adopted using the cash basis of accounting. Revisions to the budget can be made by the Commission. Legally, expenditures may not exceed the total amount of budgeted expenditures, as revised, in each fund. All annual appropriations lapse at year-end if not encumbered.

The County follows these procedures in establishing the budgetary data reflected in the financial statements, beginning in the prior year.

1. In early April, budget request worksheets are sent to each department.
2. By mid-June, departmental budget requests for the next year must be submitted to the Audit Finance Department for review and compilation.
3. During July, budget hearings are held between the County Commission and each department to discuss the department's budget request.
4. In early August, a public hearing is held to receive public input on the budget for the next year.
5. During August, the County Commission will have budget discussions during the regularly scheduled Commission meeting.
6. By Kansas Statute, the Board of County Commissioners must adopt a budget for the following year by August 25.

SHAWNEE COUNTY, KANSAS
Required Supplementary Information
December 31, 2018

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

| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---------------|---------------|---------------|--------------|--------------|---------------|
| County's proportion of the collective net pension liability: | | | | | | |
| KPERS (local group) | 2.215% | 2.254% | 2.250% | 2.294% | 2.343% | 2.399% |
| KP&F (police & fireman) | 0.872% | 1.270% | 1.167% | 1.218% | 1.289% | 1.285% |
| County's proportionate share of the collective net pension liability | \$ 39,258,043 | \$ 44,554,619 | \$ 45,642,895 | \$38,958,237 | \$37,297,921 | \$ 46,964,254 |
| County's covered payroll (A) | \$ 49,138,962 | \$ 48,548,945 | \$ 44,286,270 | \$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 payroll | 79.89% | 91.77% | 103.06% | 90.56% | 84.96% | 107.36% |
| Plan fiduciary net position as a percentage of the total pension liability | 68.88% | 67.12% | 65.10% | 64.95% | 66.60% | 59.94% |

GASB 68 requires presentation of ten years. As of December 31, 2018, only six 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 | \$ 4,207,038 | \$ 4,777,116 | \$ 4,757,766 | \$ 5,097,307 | \$ 4,589,518 | \$ 4,169,453 |
| Contributions in relation to the contractually required contribution | \$ 4,207,038 | \$ 4,777,116 | \$ 4,757,766 | \$ 5,097,307 | \$ 4,589,518 | \$ 4,169,453 |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| County's covered-employee payroll (B) | \$ 50,112,815 | \$ 48,644,276 | \$ 45,351,794 | \$43,514,314 | \$42,924,106 | \$ 44,190,470 |
| Contributions as a percentage of covered-employee payroll | 8.40% | 9.82% | 10.49% | 11.71% | 10.69% | 9.44% |

GASB 68 requires presentation of ten years. As of December 31, 2018, only six 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 Changes in Total OPEB Liability and Related Ratios—County Plan

| | 2018 |
|--|--------------|
| Total OPEB liability | |
| Service cost | \$ 241,079 |
| Interest | 143,734 |
| Changes of benefit terms | - |
| Changes of assumptions | (253,368) |
| Benefit payments | (112,020) |
| Net change in total OPEB liability | 19,425 |
| Total OPEB liability—beginning | 3,992,759 |
| Total OPEB liability—ending | \$ 4,012,184 |
| Covered payroll | 42,527,121 |
| Total OPEB liability as a percentage of covered payroll | 9.43% |

Notes to schedule:

Changes of assumptions: The discount rate was changed from 3.44% at the beginning of the year to 4.11% at the end of the year.

2018 was the County's first year implementing GASB Statement No. 75 for the OPEB liability. This schedule will become a ten year schedule, as information becomes available, in accordance with GASB Statement No. 75 requirements.

Shawnee County, Kansas

Required Supplementary Information

Schedule of Changes in Total OPEB Liability and Related Ratios—KPERs Plan

| | 2018 |
|--|----------------------------|
| Total OPEB liability | |
| Service cost | \$ 127,021 |
| Interest | 61,025 |
| Effect of economic/demographic gains or losses | (157,048) |
| Changes of assumptions | (19,377) |
| Benefit payments | <u>(113,770)</u> |
| Net change in total OPEB liability | (102,149) |
| Total OPEB liability—beginning | <u>1,633,982</u> |
| Total OPEB liability—ending | <u><u>\$ 1,531,833</u></u> |
| Covered payroll | 37,129,364 |
| Total OPEB liability as a percentage of covered payroll | 4.13% |

Notes to schedule:

Changes of assumptions: The discount rate was changed from 3.58% at the beginning of the year to 3.87% at the end of the year.

2018 was the County's first year implementing GASB Statement No. 75 for the OPEB liability. This schedule will become a ten year schedule, as information becomes available, in accordance with GASB Statement No. 75 requirements.

Shawnee County, Kansas
Combining Balance Sheet - General Fund
December 31, 2018

| | <u>General Fund</u> | <u>Special Parks & Rec</u> | <u>Employee Retirement</u> | <u>Westlawn</u> | <u>Total General Fund</u> |
|---|-----------------------|------------------------------------|--------------------------------|------------------|-----------------------------------|
| Assets | | | | | |
| Cash and short-term investments | \$ 30,731,608 | \$ 478,368 | \$ 3,624,244 | \$ 81,075 | \$ 34,915,295 |
| Taxes receivable, net | 78,875,951 | - | - | - | 78,875,951 |
| Accounts receivable, net | 838,089 | - | - | - | 838,089 |
| Interest receivable | 348,079 | - | - | - | 348,079 |
| Due from other funds | 487,048 | - | - | - | 487,048 |
| Prepays | 26,287 | - | - | - | 26,287 |
| Special assessments receivable, net | 26,925,369 | - | - | - | 26,925,369 |
| Total assets | <u>\$ 138,232,431</u> | <u>\$ 478,368</u> | <u>\$ 3,624,244</u> | <u>\$ 81,075</u> | <u>\$ 142,416,118</u> |
| Liabilities, deferred inflows of resources and fund balances | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 1,872,973 | \$ 14,475 | \$ - | \$ 3,684 | \$ 1,891,132 |
| Accrued expenditures | 1,701,504 | 12,018 | 66,289 | 336 | 1,780,147 |
| Total liabilities | <u>3,574,477</u> | <u>26,493</u> | <u>66,289</u> | <u>4,020</u> | <u>3,671,279</u> |
| Deferred Inflows of resources: | | | | | |
| Unavailable revenue - property taxes | 78,387,661 | - | - | - | 78,387,661 |
| Unavailable revenue - special assessments | 26,925,369 | - | - | - | 26,925,369 |
| Unavailable revenue - other | 242,884 | - | - | - | 242,884 |
| Total deferred inflows of resources | <u>105,555,914</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>105,555,914</u> |
| Fund balances | | | | | |
| Nonspendable: | | | | | |
| Prepaid Items | 26,287 | - | - | - | 26,287 |
| Assigned: | | | | | |
| General government | - | - | 3,557,955 | - | 3,557,955 |
| Culture and recreation | - | 451,875 | - | - | 451,875 |
| Other purposes | - | - | - | 77,055 | 77,055 |
| Unassigned: | 29,075,753 | - | - | - | 29,075,753 |
| | <u>29,102,040</u> | <u>451,875</u> | <u>3,557,955</u> | <u>77,055</u> | <u>33,188,925</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 138,232,431</u> | <u>\$ 478,368</u> | <u>\$ 3,624,244</u> | <u>\$ 81,075</u> | <u>\$ 142,416,118</u> |

Shawnee County, Kansas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
General Fund
For the Year Ended December 31, 2018

| | <u>General Fund</u> | <u>Special Parks & Rec</u> | <u>Employee Retirement</u> | <u>Westlawn Cemetery</u> | <u>Eliminations</u> | <u>Total General Fund</u> |
|---|-------------------------|------------------------------------|--------------------------------|------------------------------|---------------------|-----------------------------------|
| Revenues: | | | | | | |
| Taxes | | | | | | |
| Property | \$ 77,067,327 | \$ - | \$ - | \$ - | \$ - | \$ 77,067,327 |
| Motor vehicle | 9,959,892 | - | - | - | - | 9,959,892 |
| Franchise | 415,888 | - | - | - | - | 415,888 |
| Intergovernmental | 4,278,334 | - | - | - | - | 4,278,334 |
| Charges for services | 2,328,275 | 1,817,449 | - | 44,676 | - | 4,190,400 |
| License, fines, fees and permits | 2,328,284 | - | - | - | - | 2,328,284 |
| Interest income | 2,745,189 | - | - | - | - | 2,745,189 |
| Special assessments | 3,858,383 | - | - | - | - | 3,858,383 |
| Other | 2,118,805 | 5,246 | - | - | - | 2,124,051 |
| Total revenues | <u>105,100,377</u> | <u>1,822,695</u> | <u>-</u> | <u>44,676</u> | <u>-</u> | <u>106,967,748</u> |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| General government | 12,102,662 | - | 313,656 | 42,915 | - | 12,459,233 |
| Public safety and judicial | 47,835,762 | - | - | - | - | 47,835,762 |
| Public works, highways and streets | 6,359,415 | - | - | - | - | 6,359,415 |
| Health, welfare and education | 6,423,797 | - | - | - | - | 6,423,797 |
| Culture and recreation | 13,405,061 | 1,874,173 | - | - | - | 15,279,234 |
| Debt service: | | | | | | |
| Principal retirement | 7,263,272 | - | - | - | - | 7,263,272 |
| Interest and fiscal charges | 2,021,463 | - | - | - | - | 2,021,463 |
| Total expenditures | <u>95,411,432</u> | <u>1,874,173</u> | <u>313,656</u> | <u>42,915</u> | <u>-</u> | <u>97,642,176</u> |
| Excess of revenues over (under) expenditures | <u>9,688,945</u> | <u>(51,478)</u> | <u>(313,656)</u> | <u>1,761</u> | <u>-</u> | <u>9,325,572</u> |
| Other financing sources (uses): | | | | | | |
| Proceeds from sale of capital assets | 113,891 | - | - | - | - | 113,891 |
| Transfers in | 1,035,365 | - | 273,121 | - | 206,858 | 1,515,344 |
| Transfers (out) | <u>(14,566,197)</u> | <u>(30,000)</u> | <u>(41,263)</u> | <u>-</u> | <u>(206,858)</u> | <u>(14,844,318)</u> |
| Total other financing sources (uses) | <u>(13,416,941)</u> | <u>(30,000)</u> | <u>231,858</u> | <u>-</u> | <u>-</u> | <u>(13,215,083)</u> |
| Net change in fund balances | (3,727,996) | (81,478) | (81,798) | 1,761 | - | (3,889,511) |
| Fund balances - beginning of year | <u>32,830,036</u> | <u>533,353</u> | <u>3,639,753</u> | <u>75,294</u> | <u>-</u> | <u>37,078,436</u> |
| Fund balances - end of year | <u>\$ 29,102,040</u> | <u>\$ 451,875</u> | <u>\$ 3,557,955</u> | <u>\$ 77,055</u> | <u>\$ -</u> | <u>\$ 33,188,925</u> |

Shawnee County, Kansas
Combining Balance Sheet - Non-Major Governmental Funds
December 31, 2018

| | Special Revenue Funds | Capital Project Funds | Total Non-Major Governmental Funds |
|---|--------------------------------------|--------------------------------------|---|
| Assets | | | |
| Cash and short-term investments | \$ 10,785,081 | \$ 23,113,302 | \$ 33,898,383 |
| Taxes receivable, net | 133,109 | - | 133,109 |
| Accounts receivable, net | 10,085 | 98,044 | 108,129 |
| Due from other governments | 638,573 | - | 638,573 |
| Prepays | 46,937 | - | 46,937 |
| Total assets | <u>\$ 11,613,785</u> | <u>\$ 23,211,346</u> | <u>\$ 34,825,131</u> |
| Liabilities, deferred inflows of resources and fund balances | | | |
| Liabilities: | | | |
| Accounts payable | \$ 305,790 | \$ 467,886 | \$ 773,676 |
| Accrued expenditures | 109,985 | - | 109,985 |
| Due to other funds | 487,048 | - | 487,048 |
| Unearned revenue | 71,979 | - | 71,979 |
| Total liabilities | <u>974,802</u> | <u>467,886</u> | <u>1,442,688</u> |
| Deferred Inflows of resources: | | | |
| Unavailable revenue - property taxes | 132,399 | - | 132,399 |
| Unavailable revenue - grants | 422,632 | - | 422,632 |
| Total deferred inflows of resources | <u>555,031</u> | <u>-</u> | <u>555,031</u> |
| Fund balances | | | |
| Nonspendable: | | | |
| Prepaid Items | 46,937 | - | 46,937 |
| Restricted: | | | |
| Public safety and judicial | 2,878,105 | - | 2,878,105 |
| Public works, highways and streets | 4,555,833 | - | 4,555,833 |
| Health, welfare and education | 162,094 | - | 162,094 |
| Culture and recreation | 269,120 | - | 269,120 |
| Capital projects | - | 602,383 | 602,383 |
| Other purposes | 1,301,631 | - | 1,301,631 |
| Committed: | | | |
| Public safety and judicial | 380,211 | - | 380,211 |
| Assigned: | | | |
| Public safety and judicial | 497,195 | - | 497,195 |
| Public works, highways and streets | 5,439 | - | 5,439 |
| Health, welfare and education | 9,985 | - | 9,985 |
| Culture and recreation | 395,821 | - | 395,821 |
| Capital projects | - | 22,141,077 | 22,141,077 |
| Other purposes | 4,213 | - | 4,213 |
| Unassigned: | (422,632) | - | (422,632) |
| | <u>10,083,952</u> | <u>22,743,460</u> | <u>32,827,412</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 11,613,785</u> | <u>\$ 23,211,346</u> | <u>\$ 34,825,131</u> |

Shawnee County, Kansas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Non-Major Governmental Funds
For the Year Ended December 31, 2018

| | <u>Special Revenue Funds</u> | <u>Capital Project Funds</u> | <u>Total Non-Major Governmental Funds</u> |
|---|--------------------------------------|--------------------------------------|---|
| Revenues: | | | |
| Taxes | | | |
| Property | \$ 134,786 | \$ - | \$ 134,786 |
| Motor vehicle | 11,621 | - | 11,621 |
| Sales | 64,601 | - | 64,601 |
| 911 emergency | 1,047,151 | - | 1,047,151 |
| Intergovernmental | 3,571,897 | 750,617 | 4,322,514 |
| Charges for services | 2,006,636 | 339,835 | 2,346,471 |
| License, fines, fees and permits | 2,070,086 | 8,133 | 2,078,219 |
| Other | 365,191 | 144,234 | 509,425 |
| Total revenues | <u>9,271,969</u> | <u>1,242,819</u> | <u>10,514,788</u> |
| Expenditures: | | | |
| Current: | | | |
| General government | 1,837,893 | 2,354,891 | 4,192,784 |
| Public safety and judicial | 5,218,539 | - | 5,218,539 |
| Public works, highways and streets | 1,769,606 | 965,697 | 2,735,303 |
| Health, welfare and education | 5,591 | - | 5,591 |
| Culture and recreation | 168,613 | - | 168,613 |
| Debt service: | | | |
| Principal retirement | 1,439,814 | 6,800 | 1,446,614 |
| Interest and fiscal charges | 337,278 | - | 337,278 |
| Bond issuance costs | - | 18,170 | 18,170 |
| Capital outlay | 992,820 | 2,361,436 | 3,354,256 |
| Total expenditures | <u>11,770,154</u> | <u>5,706,994</u> | <u>17,477,148</u> |
| Excess of revenues over (under) expenditures | <u>(2,498,185)</u> | <u>(4,464,175)</u> | <u>(6,962,360)</u> |
| Other financing sources (uses): | | | |
| Issuance of bonds | - | 920,000 | 920,000 |
| Issuance premium on bonds | - | 24,923 | 24,923 |
| Transfers in | 1,762,267 | 13,039,851 | 14,802,118 |
| Transfers (out) | (811,470) | (724,031) | (1,535,501) |
| Total other financing sources (uses) | <u>950,797</u> | <u>13,260,743</u> | <u>14,211,540</u> |
| Net change in fund balances | (1,547,388) | 8,796,568 | 7,249,180 |
| Fund balances - beginning of year | <u>11,631,340</u> | <u>13,946,892</u> | <u>25,578,232</u> |
| Fund balances - end of year | <u>\$ 10,083,952</u> | <u>\$ 22,743,460</u> | <u>\$ 32,827,412</u> |

Shawnee County, Kansas
Combining Balance Sheet - Non-Major Special Revenue Funds
December 31, 2018

| | <u>Sewers</u> | <u>Transient Guest Tax</u> | <u>Special Alcohol & Drug Program</u> | <u>Corrections</u> | <u>911 Emergency</u> | <u>Register of Deeds Technology</u> | <u>Motor Vehicle</u> |
|---|-------------------|--------------------------------|---|--------------------|--------------------------|---|--------------------------|
| Assets | | | | | | | |
| Cash and short-term investments | \$ 352,488 | \$ 27,595 | \$ 3,708 | \$ 33,169 | \$ 1,156,595 | \$ 737,362 | \$ 202,043 |
| Taxes receivable, net | 36,322 | - | - | - | - | - | - |
| Accounts receivable, net | - | - | - | - | - | - | - |
| Due from other governments | - | 16,280 | - | 9,964 | 173,756 | - | - |
| Prepays | - | - | - | - | - | - | 46,937 |
| Total assets | \$ 388,810 | \$ 43,875 | \$ 3,708 | \$ 43,133 | \$ 1,330,351 | \$ 737,362 | \$ 248,980 |
| Liabilities, deferred inflows of resources and fund balances | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts payable | \$ 32,908 | \$ - | \$ - | \$ 8,225 | \$ 14,704 | \$ 28,689 | \$ 10,134 |
| Accrued expenditures | - | - | - | 34,908 | - | 2,639 | 53,635 |
| Due to other funds | - | - | - | - | - | - | 123,831 |
| Unearned revenue | - | - | - | - | - | - | - |
| Total liabilities | 32,908 | - | - | 43,133 | 14,704 | 31,328 | 187,600 |
| Deferred Inflows of resources: | | | | | | | |
| Unavailable revenue - property taxes | 36,321 | - | - | - | - | - | - |
| Unavailable revenue - grants | - | - | - | - | - | - | - |
| Total deferred inflows of resources | 36,321 | - | - | - | - | - | - |
| Fund balances | | | | | | | |
| Nonspendable: | | | | | | | |
| Prepaid Items | - | - | - | - | - | - | 46,937 |
| Restricted: | | | | | | | |
| Public safety and judicial | - | - | - | - | 1,315,647 | - | - |
| Public works, highways and streets | - | - | - | - | - | - | - |
| Health, welfare and education | - | - | 3,708 | - | - | - | - |
| Culture and recreation | - | - | - | - | - | - | - |
| Other purposes | 319,581 | 43,875 | - | - | - | 706,034 | 14,443 |
| Committed: | | | | | | | |
| Public safety and judicial | - | - | - | - | - | - | - |
| Assigned: | | | | | | | |
| Public safety and judicial | - | - | - | - | - | - | - |
| Public works, highways and streets | - | - | - | - | - | - | - |
| Health, welfare and education | - | - | - | - | - | - | - |
| Culture and recreation | - | - | - | - | - | - | - |
| Other purposes | - | - | - | - | - | - | - |
| Unassigned | - | - | - | - | - | - | - |
| Total liabilities, deferred inflows of resources and fund balances | \$ 388,810 | \$ 43,875 | \$ 3,708 | \$ 43,133 | \$ 1,330,351 | \$ 737,362 | \$ 248,980 |

Shawnee County, Kansas
Combining Balance Sheet - Non-Major Special Revenue Fund:
December 31, 2018

| | <u>Special Liability</u> | <u>Special Highway, Bridge and Machinery</u> | <u>Other Special Revenue</u> | <u>Federal Grants</u> | <u>State Grants</u> | <u>Total Non-Major Special Revenue Funds</u> |
|---|------------------------------|--|--------------------------------------|---------------------------|-------------------------|--|
| Assets | | | | | | |
| Cash and short-term investments | \$ 216,989 | \$ 4,656,632 | \$ 3,326,171 | \$ - | \$ 72,329 | \$ 10,785,081 |
| Taxes receivable, net | 96,787 | - | - | - | - | 133,109 |
| Accounts receivable, net | - | - | 10,085 | - | - | 10,085 |
| Due from other governments | - | - | - | 438,573 | - | 638,573 |
| Prepays | - | - | - | - | - | 46,937 |
| Total assets | <u>\$ 313,776</u> | <u>\$ 4,656,632</u> | <u>3,336,256</u> | <u>\$ 438,573</u> | <u>\$ 72,329</u> | <u>\$ 11,613,785</u> |
| Liabilities, deferred inflows of resources and fund balances | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | \$ - | \$ 100,799 | 51,054 | \$ 39,488 | \$ 19,789 | \$ 305,790 |
| Accrued expenditures | - | - | 2,675 | - | 16,128 | 109,985 |
| Due to other funds | - | - | - | 363,217 | - | 487,048 |
| Unearned revenue | - | - | - | 35,868 | 36,111 | 71,979 |
| Total liabilities | <u>-</u> | <u>100,799</u> | <u>53,729</u> | <u>438,573</u> | <u>72,028</u> | <u>974,802</u> |
| Deferred inflows of resources: | | | | | | |
| Unavailable revenue - property taxes | 96,078 | - | - | - | - | 132,399 |
| Unavailable revenue - grants | - | - | - | 422,632 | - | 422,632 |
| Total deferred inflows of resources | <u>96,078</u> | <u>-</u> | <u>-</u> | <u>422,632</u> | <u>-</u> | <u>555,031</u> |
| Fund balances | | | | | | |
| Nonspendable: | | | | | | |
| Prepaid Items | - | - | - | - | - | 46,937 |
| Restricted: | | | | | | |
| Public safety and judicial | - | - | 1,562,157 | - | 301 | 2,878,105 |
| Public works, highways and streets | - | 4,555,833 | - | - | - | 4,555,833 |
| Health, welfare and education | - | - | 158,386 | - | - | 162,094 |
| Culture and recreation | - | - | 269,120 | - | - | 269,120 |
| Other purposes | 217,698 | - | - | - | - | 1,301,631 |
| Committed: | | | | | | |
| Public safety and judicial | - | - | 380,211 | - | - | 380,211 |
| Assigned: | | | | | | |
| Public safety and judicial | - | - | 497,195 | - | - | 497,195 |
| Public works, highways and streets | - | - | 5,439 | - | - | 5,439 |
| Health, welfare and education | - | - | 9,985 | - | - | 9,985 |
| Culture and recreation | - | - | 395,821 | - | - | 395,821 |
| Other purposes | - | - | 4,213 | - | - | 4,213 |
| Unassigned | - | - | - | (422,632) | - | (422,632) |
| | <u>217,698</u> | <u>4,555,833</u> | <u>3,282,527</u> | <u>(422,632)</u> | <u>301</u> | <u>10,083,952</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 313,776</u> | <u>\$ 4,656,632</u> | <u>3,336,256</u> | <u>\$ 438,573</u> | <u>\$ 72,329</u> | <u>\$ 11,613,785</u> |

Shawnee County, Kansas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Special Revenue Funds
For the Year Ended December 31, 2018

| | <u>Sewers</u> | <u>Transient Guest Tax</u> | <u>Special Alcohol & Drug Program</u> | <u>Corrections</u> | <u>911 Emergency</u> | <u>Register of Deeds Technology</u> | <u>Motor Vehicle</u> |
|---|-------------------|--------------------------------|---|--------------------|--------------------------|---|--------------------------|
| Revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Property | \$ 35,449 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Motor vehicle | - | - | - | - | - | - | - |
| Sales | - | 64,601 | - | - | - | - | - |
| 911 emergency | - | - | - | - | 1,047,151 | - | - |
| Intergovernmental | - | - | 45,871 | 1,559,539 | - | - | - |
| Charges for services | 1,633,406 | - | - | - | - | - | - |
| License, fines, fees and permits | - | - | - | - | - | 319,181 | 1,651,767 |
| Other | 1,309 | - | - | - | - | - | - |
| Total revenues | <u>1,670,164</u> | <u>64,601</u> | <u>45,871</u> | <u>1,559,539</u> | <u>1,047,151</u> | <u>319,181</u> | <u>1,651,767</u> |
| Expenditures: | | | | | | | |
| Current: | | | | | | | |
| General government | - | - | - | - | - | 261,465 | 1,485,667 |
| Public safety and judicial | - | - | 31,771 | 1,600,802 | 477,122 | - | - |
| Public works, highways and streets | 889,431 | - | - | - | - | - | - |
| Health, welfare and education | - | - | - | - | - | - | - |
| Culture and recreation | - | 64,113 | - | - | - | - | - |
| Debt service: | | | | | | | |
| Principal retirement | 648,492 | - | - | - | 791,322 | - | - |
| Interest and fiscal charges | 118,433 | - | - | - | 218,845 | - | - |
| Capital outlay | - | - | - | - | - | 8,248 | 2,821 |
| Total expenditures | <u>1,656,356</u> | <u>64,113</u> | <u>31,771</u> | <u>1,600,802</u> | <u>1,487,289</u> | <u>269,713</u> | <u>1,488,488</u> |
| Excess of revenues over (under) expenditures | <u>13,808</u> | <u>488</u> | <u>14,100</u> | <u>(41,263)</u> | <u>(440,138)</u> | <u>49,468</u> | <u>163,279</u> |
| Other financing sources (uses): | | | | | | | |
| Transfers in | - | - | - | 41,263 | - | - | - |
| Transfers (out) | <u>(32,616)</u> | <u>-</u> | <u>(14,100)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(148,831)</u> |
| Total other financing sources (uses) | <u>(32,616)</u> | <u>-</u> | <u>(14,100)</u> | <u>41,263</u> | <u>-</u> | <u>-</u> | <u>(148,831)</u> |
| Net change in fund balances | <u>(18,808)</u> | <u>488</u> | <u>-</u> | <u>-</u> | <u>(440,138)</u> | <u>49,468</u> | <u>14,448</u> |
| Fund balances - beginning of year | <u>338,389</u> | <u>43,387</u> | <u>3,708</u> | <u>-</u> | <u>1,755,785</u> | <u>656,566</u> | <u>46,932</u> |
| Fund balances - end of year | <u>\$ 319,581</u> | <u>\$ 43,875</u> | <u>\$ 3,708</u> | <u>\$ -</u> | <u>\$ 1,315,647</u> | <u>\$ 706,034</u> | <u>\$ 61,380</u> |

Shawnee County, Kansas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Special Revenue Funds
For the Year Ended December 31, 2018

| | <u>Special Liability</u> | <u>Special Highway, Bridge and Machinery</u> | <u>Other Special Revenue</u> | <u>Federal Grants</u> | <u>State Grants</u> | <u>Total Non-Major Special Revenue Funds</u> |
|---|------------------------------|--|--------------------------------------|---------------------------|-------------------------|--|
| Revenues: | | | | | | |
| Taxes: | | | | | | |
| Property | \$ 99,337 | \$ - | \$ - | \$ - | \$ - | \$ 134,786 |
| Motor vehicle | 11,621 | - | - | - | - | 11,621 |
| Sales | - | - | - | - | - | 64,601 |
| 911 emergency | - | - | - | - | - | 1,047,151 |
| Intergovernmental | - | 9,454 | 143,932 | 392,501 | 1,420,600 | 3,571,897 |
| Charges for services | - | 32,700 | 340,530 | - | - | 2,006,636 |
| License, fines, fees and permits | - | - | 99,138 | - | - | 2,070,086 |
| Other | 194 | - | 363,688 | - | - | 365,191 |
| Total revenues | <u>111,152</u> | <u>42,154</u> | <u>947,288</u> | <u>392,501</u> | <u>1,420,600</u> | <u>9,271,969</u> |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| General government | 60,464 | - | 30,297 | - | - | 1,837,893 |
| Public safety and judicial | - | - | 873,111 | 815,133 | 1,420,600 | 5,218,539 |
| Public works, highways and streets | - | 873,052 | 7,123 | - | - | 1,769,606 |
| Health, welfare and education | - | - | 5,591 | - | - | 5,591 |
| Culture and recreation | - | - | 104,500 | - | - | 168,613 |
| Debt service: | | | | | | |
| Principal retirement | - | - | - | - | - | 1,439,814 |
| Interest and fiscal charges | - | - | - | - | - | 337,278 |
| Capital outlay | - | 981,751 | - | - | - | 992,820 |
| Total expenditures | <u>60,464</u> | <u>1,854,803</u> | <u>1,020,622</u> | <u>815,133</u> | <u>1,420,600</u> | <u>11,770,154</u> |
| Excess of revenues over (under) expenditures | <u>50,688</u> | <u>(1,812,649)</u> | <u>(73,334)</u> | <u>(422,632)</u> | <u>-</u> | <u>(2,498,185)</u> |
| Other financing sources (uses): | | | | | | |
| Transfers in | - | 1,676,890 | 44,114 | - | - | 1,762,267 |
| Transfers (out) | - | (600,813) | (15,110) | - | - | (811,470) |
| Total other financing sources (uses) | <u>-</u> | <u>1,076,077</u> | <u>29,004</u> | <u>-</u> | <u>-</u> | <u>950,797</u> |
| Net change in fund balances | 50,688 | (736,572) | (44,330) | (422,632) | - | (1,547,388) |
| Fund balances - beginning of year | <u>167,010</u> | <u>5,292,405</u> | <u>3,326,857</u> | <u>-</u> | <u>301</u> | <u>11,631,340</u> |
| Fund balances - end of year | <u>\$ 217,698</u> | <u>\$ 4,555,833</u> | <u>\$ 3,282,527</u> | <u>\$ (422,632)</u> | <u>\$ 301</u> | <u>\$ 10,083,952</u> |

Shawnee County, Kansas
 Combining Balance Sheet - Non-Major Capital Project Funds
 December 31, 2018

| | Building and Maintenance | Bridge Projects | County Projects | Equipment | Infrastructure | Special Assessments | Certificates of Participation | Total Non-Major Capital Project Funds |
|--|-----------------------------|---------------------|---------------------|---------------------|-------------------|------------------------|----------------------------------|--|
| Assets | | | | | | | | |
| Cash and short-term investments | \$ 3,001,420 | \$ 7,729,820 | \$ 1,080,930 | \$ 9,947,121 | \$ 733,606 | \$ 18,022 | \$ 602,383 | \$ 23,113,302 |
| Accounts receivable, net | 1,756 | - | 96,288 | - | - | - | - | 98,044 |
| Total assets | <u>\$ 3,003,176</u> | <u>\$ 7,729,820</u> | <u>\$ 1,177,218</u> | <u>\$ 9,947,121</u> | <u>\$ 733,606</u> | <u>\$ 18,022</u> | <u>\$ 602,383</u> | <u>\$ 23,211,346</u> |
| Liabilities, deferred inflows of resources and fund balances (deficits) | | | | | | | | |
| Liabilities: | | | | | | | | |
| Accounts payable | \$ 152,177 | \$ 112,872 | \$ - | \$ 202,537 | \$ - | \$ 300 | \$ - | \$ 467,886 |
| Total liabilities | <u>152,177</u> | <u>112,872</u> | <u>-</u> | <u>202,537</u> | <u>-</u> | <u>300</u> | <u>-</u> | <u>467,886</u> |
| Fund balances (deficits) | | | | | | | | |
| Restricted: | | | | | | | | |
| Capital projects | - | - | - | - | - | - | 602,383 | 602,383 |
| Assigned: | | | | | | | | |
| Capital projects | 2,850,999 | 7,616,948 | 1,177,218 | 9,744,584 | 733,606 | 17,722 | - | 22,141,077 |
| | <u>2,850,999</u> | <u>7,616,948</u> | <u>1,177,218</u> | <u>9,744,584</u> | <u>733,606</u> | <u>17,722</u> | <u>602,383</u> | <u>22,743,460</u> |
| Total liabilities, deferred inflows of resources and fund balances (deficits) | <u>\$ 3,003,176</u> | <u>\$ 7,729,820</u> | <u>\$ 1,177,218</u> | <u>\$ 9,947,121</u> | <u>\$ 733,606</u> | <u>\$ 18,022</u> | <u>\$ 602,383</u> | <u>\$ 23,211,346</u> |

Shawnee County, Kansas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Capital Project Funds
For the Year Ended December 31, 2018

| | Building and Maintenance | Bridge Projects | County Projects | Equipment | Infrastructure | Special Assessments | Certificates of Participation | Total Non-Major Capital Project Funds |
|---|-----------------------------|---------------------|---------------------|---------------------|-------------------|------------------------|----------------------------------|--|
| Revenues: | | | | | | | | |
| Intergovernmental | \$ - | \$ 750,617 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 750,617 |
| Charges for services | 326,532 | - | - | - | - | 13,303 | - | 339,835 |
| License, fines, fees and permits | - | - | 8,133 | - | - | - | - | 8,133 |
| Other | 35,652 | - | 96,288 | - | - | - | 12,294 | 144,234 |
| Total revenues | <u>362,184</u> | <u>750,617</u> | <u>104,421</u> | <u>-</u> | <u>-</u> | <u>13,303</u> | <u>12,294</u> | <u>1,242,819</u> |
| Expenditures: | | | | | | | | |
| Current: | | | | | | | | |
| General government | 2,158,025 | - | 186,896 | - | - | - | 9,970 | 2,354,891 |
| Public works, highways and streets | - | 360,738 | - | 214,739 | - | 390,220 | - | 965,697 |
| Debt service: | | | | | | | | |
| Principal retirement | 6,800 | - | - | - | - | - | - | 6,800 |
| Bond issuance costs | - | - | - | - | - | 18,170 | - | 18,170 |
| Capital outlay | 49,086 | 62,567 | 62,955 | 2,067,374 | 67,000 | - | 52,454 | 2,361,436 |
| Total expenditures | <u>2,213,911</u> | <u>423,305</u> | <u>249,851</u> | <u>2,282,113</u> | <u>67,000</u> | <u>408,390</u> | <u>62,424</u> | <u>5,706,994</u> |
| Excess of revenues over (under) expenditures | <u>(1,851,727)</u> | <u>327,312</u> | <u>(145,430)</u> | <u>(2,282,113)</u> | <u>(67,000)</u> | <u>(395,087)</u> | <u>(50,130)</u> | <u>(4,464,175)</u> |
| Other financing sources (uses): | | | | | | | | |
| Issuance of bonds | - | - | - | - | - | 920,000 | - | 920,000 |
| Issuance premium on bonds | - | - | - | - | - | 24,923 | - | 24,923 |
| Transfers in | 1,179,915 | 2,661,323 | 189,800 | 8,508,000 | 500,813 | - | - | 13,039,851 |
| Transfers (out) | - | - | - | (24,662) | (594,656) | (99,801) | (4,912) | (724,031) |
| Total other financing sources (uses) | <u>1,179,915</u> | <u>2,661,323</u> | <u>189,800</u> | <u>8,483,338</u> | <u>(93,843)</u> | <u>845,122</u> | <u>(4,912)</u> | <u>13,260,743</u> |
| Net change in fund balances | (671,812) | 2,988,635 | 44,370 | 6,201,225 | (160,843) | 450,035 | (55,042) | 8,796,568 |
| Fund balances (deficits) - beginning of year | 3,522,811 | 4,628,313 | 1,132,848 | 3,543,359 | 894,449 | (432,313) | 657,425 | 13,946,892 |
| Fund balances (deficits) - end of year | <u>\$ 2,850,999</u> | <u>\$ 7,616,948</u> | <u>\$ 1,177,218</u> | <u>\$ 9,744,584</u> | <u>\$ 733,606</u> | <u>\$ 17,722</u> | <u>\$ 602,383</u> | <u>\$ 22,743,460</u> |

**Shawnee County, Kansas
Combining Statement of Net Position
Internal Service Funds
December 31, 2018**

| | Workers' Compensation | Health Insurance | Total |
|---------------------------------|----------------------------------|-----------------------------|--------------|
| Assets | | | |
| Cash and short-term investments | \$ 3,201,606 | \$ 4,456,547 | \$ 7,658,153 |
| Accounts Receivable | - | 4,165 | 4,165 |
| Total assets | \$ 3,201,606 | \$ 4,460,712 | \$ 7,662,318 |
| Liabilities | | | |
| Accounts payable | \$ - | \$ 415,380 | \$ 415,380 |
| Claims payable | 1,532,219 | 907,755 | 2,439,974 |
| Total liabilities | 1,532,219 | 1,323,135 | 2,855,354 |
| Net Position | | | |
| Total Unrestricted net position | \$ 1,669,387 | \$ 3,137,577 | \$ 4,806,964 |

Shawnee County, Kansas
Combining Statement of Revenues, Expenditures, and Changes in Net Position -
Internal Service Funds
For the Year Ended December 31, 2018

| | <u>Workers'</u> <u>Compensation</u> | <u>Health</u> <u>Insurance</u> | <u>Total</u> |
|----------------------------------|--|-----------------------------------|---------------------|
| Operating Revenues: | | | |
| Charges for Services | \$ 1,779,845 | \$ 10,860,785 | \$ 12,640,630 |
| Other | 71,094 | 152,484 | 223,578 |
| Total operating revenues | <u>1,850,939</u> | <u>11,013,269</u> | <u>12,864,208</u> |
| Operating Expenses: | | | |
| Personal services | 32,829 | - | 32,829 |
| Contractual services | 81,776 | 1,244,166 | 1,325,942 |
| Claims | 577,348 | 9,614,302 | 10,191,650 |
| Other | - | 1,618 | 1,618 |
| Total operating expenses | <u>691,953</u> | <u>10,860,086</u> | <u>11,552,039</u> |
| Operating income | <u>1,158,986</u> | <u>153,183</u> | <u>1,312,169</u> |
| Transfers in | <u>-</u> | <u>1,447</u> | <u>1,447</u> |
| Change in net position | 1,158,986 | 154,630 | 1,313,616 |
| Net position - beginning of year | <u>510,401</u> | <u>2,982,947</u> | <u>3,493,348</u> |
| Net position - end of year | <u>\$ 1,669,387</u> | <u>\$ 3,137,577</u> | <u>\$ 4,806,964</u> |

Shawnee County, Kansas
Combining Statement of Cash Flows -
Internal Service Funds
For the Year Ended December 31, 2018

| | <u>Workers'</u> <u>Compensation</u> | <u>Health</u> <u>Insurance</u> | <u>Total</u> |
|--|--|-----------------------------------|---------------------|
| Cash flows from operating activities: | | | |
| Receipts from interfund and other services | \$ 1,850,939 | \$ 11,009,104 | \$ 12,860,043 |
| Payments of claims and other | (1,344,522) | (10,532,105) | (11,876,627) |
| Payments to employees for services | (32,829) | - | (32,829) |
| Net cash provided by operating activities | <u>473,588</u> | <u>476,999</u> | <u>950,587</u> |
| Cash flows from noncapital financing activities: | | | |
| Decrease in due from other funds | 12,935 | - | 12,935 |
| Transfers from other funds | - | 1,447 | 1,447 |
| Net cash provided by noncapital financing activities | <u>12,935</u> | <u>1,447</u> | <u>14,382</u> |
| Net increase in cash and short-term investments | 486,523 | 478,446 | 964,969 |
| Cash and short-term investments, beginning of year | <u>2,715,083</u> | <u>3,978,101</u> | <u>6,693,184</u> |
| Cash and short-term investments, end of year | <u>\$ 3,201,606</u> | <u>\$ 4,456,547</u> | <u>\$ 7,658,153</u> |
| Reconciliation of operating income to net cash provided by operating activities | | | |
| Operating income (loss) | \$ 1,158,986 | \$ 153,183 | 1,312,169 |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | | |
| Change in assets and liabilities: | | | |
| Accounts receivable | - | (4,165) | (4,165) |
| Accounts payable and accrued expenses | (24,628) | 332,308 | 307,680 |
| Claims payable | (660,770) | (4,327) | (665,097) |
| Net cash provided by operating activities | <u>\$ 473,588</u> | <u>\$ 476,999</u> | <u>\$ 950,587</u> |

Shawnee County, Kansas
Combining Statement of Assets and Liabilities
Agency Funds
December 31, 2018

| | <u>Tax Holding Accounts</u> | <u>Special Taxing Districts</u> | <u>Other</u> | <u>Total Agency Funds</u> |
|---|---------------------------------|-------------------------------------|-------------------|-------------------------------|
| Assets | | | | |
| Cash and investments | \$ 142,053,763 | \$ 267,785 | \$ 800,114 | \$ 143,121,662 |
| Tax Receivable, net | - | 593,745 | - | 593,745 |
| | <u>\$ 142,053,763</u> | <u>\$ 861,530</u> | <u>\$ 800,114</u> | <u>\$ 143,715,407</u> |
| Liabilities | | | | |
| Due to taxing districts, governments, and others | <u>\$ 142,053,763</u> | <u>\$ 861,530</u> | <u>\$ 800,114</u> | <u>\$ 143,715,407</u> |

