



City of Olathe, Kansas 2006 Comprehensive Annual Financial Report

Fiscal Year Ended December 31, 2006

City of Olathe, Kansas

Comprehensive Annual Financial Report

Year Ended December 31, 2006

Principal Officials

Mayor

Michael Copeland

City Council

John Bacon

Kathleen Huttman

Bob Montgomery

Jim Randall

Marge Vogt

Beverly Wittenborn

City Manager

J. Michael Wilkes

Assistant City Manager

Thomas E. Brymer

Susan E. Sherman

City Clerk

Debra S. Gragg

Legal Counsel

Thomas A. Glinstra

Prepared by Department of Strategic Financial Management

Benjamin Hart, Director Strategic Financial Management

Charles Mitts, Accounting Manager/City Treasurer

Curt Hanneman, Senior Accountant

Scott McDonald, Senior Accountant



City of Olathe, Kansas
Comprehensive Annual Financial Report
Year Ended December 31, 2006

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Introductory Section

April 20, 2007

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

The Department of Strategic Financial Management (SFM) is pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Olathe, Kansas (the City), for the fiscal year ended December 31, 2006.

The responsibility for accuracy, completeness, and fairness of the data presented, including all disclosures, rests with the City. We believe the report as presented, is accurate in all material aspects and is presented in a manner designed to fairly set forth the financial position and the results of the City, on a Government-wide and Fund basis. It is our belief that all disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included. To enhance the reader's understanding of these financial statements, note disclosures have been included as an integral part of this document.

This report was prepared by the City's SFM staff in accordance with general accepted accounting principles (GAAP), which are uniform minimum standards and guidelines for financial accounting and reporting in the United States. This report is intended to provide sufficient information to permit the assessment of stewardship and accountability and to demonstrate legal compliance.

The City's financial statements have been audited by Cochran Head Vick & Co., P.A. (the Auditor) as required by K.S.A. 75-1122. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for fiscal year ended December 31, 2006 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The Auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended December 31, 2006, are fairly presented in conformity with GAAP. The Auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, Federally mandated "Single Audit" designed to meet the special needs of Federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and compliance with legal requirements involving the administration of federal awards. These reports are available in the City's separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the Auditor.

In evaluating the City as a reporting entity, management has considered all potential component units. Determination of whether an entity is controlled by, or dependent on, the City is made on the basis of budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the City, or the City's obligation to fund any deficit that may occur. As required by GAAP, the City has included the Olathe Public Library and the Olathe Public Housing Authority's activities in its financial statements as discretely presented component units.

Profile of the City

Olathe has always been an important destination – just as it is today. Among its earliest visitors were those who traveled the Santa Fe Trail, whether they were turn-of-the-century freighters ferrying cargo to the Southwest, farm families on the move to Oregon, or stagecoach travelers stopping at Mahaffie Stagecoach Stop and Farm while making their way west. Olathe played a vital role in Western expansion as the site where three historic trails – the Santa Fe, Oregon, and California trails – converged.

The City was founded in 1857. Its name was derived from the Shawnee Indian word for “beautiful” and is pronounced “o-LAY-tha.” The City operates under a Council-Manager form of government. The mayor is elected at-large for a four year term. Four of the six council members are elected on a non-partisan basis by wards for four year terms. The other two council members are elected on a non-partisan basis by the city at large. The City Manager is appointed by the Mayor and City Council as the chief administrative officer of the City and is charged with the efficient and effective administration of the City.

As a city in a free state, Olathe was the scene of Civil War clashes. After the war, businesses opened, churches and cultural centers were built, and the community flourished.

Olathe has encountered tremendous growth over the last several decades and evolved into the dynamic community it is today. Olathe is the county seat of Johnson County, Kansas, the Greater Kansas City area’s most affluent and fastest-growing county. Olathe’s strong and steady growth began about 35 years ago. Olathe was still a small, rural town in the 1960s with a population of just over 10,000. Olathe began to experience a tremendous amount of growth that continues today; adding nearly 30,000 new residents between 1990 and 2000. The City estimates the 2006 population to be 122,107 making it the second largest city in Johnson County and the fourth largest city in the State.

With a current population of over 100,000, *Money* magazine identified Olathe as the fourth best city among major cities (population of 100,000 or more) in the Midwest in which to reside. Olathe has blossomed not only into a full-blown city, but also a strong suburban community in the southwest portion of the metropolitan Kansas City area.

Home to Mid-America Nazarene University, the largest private college in the state and the Kansas School for the Deaf, a 15-acre campus founded in 1861. Today’s Olathe is a full-service community operating its own water, wastewater, and refuse programs as well as a full array of public safety, public works, and development and support services.

The City is also financially accountable for a legally separate public library and a legally separate housing authority both of which are reported as component units in the City’s financial statements.

Expenditures are authorized in a budget approved by the City Council, as required by state statute. Expenditures cannot exceed the budgeted amount for each fund. Budgetary control is maintained through the use of an encumbrance system. As purchase orders are issued, corresponding amounts of appropriations are reserved, by the use of encumbrances, for later payment, so that appropriations may not be overspent. Kansas statutes also require unencumbered cash to be on hand before an obligation can be incurred. Budget-to-actual comparisons are provided in this report for each individual fund for which an appropriated budget has been adopted.

Factors Affecting Financial Condition

Local economy. The City is a fast growing community with an average of 10 new residents every day. The recent expansion of industrial and commercial businesses provide new jobs for local and regional residents and has transformed the City from a bedroom community for the Kansas City Metropolitan Area to a destination point for working. Along with this has come increased retail that provides sales tax to the City. Over the past 5 years the sales tax revenue in the General Fund grew by over 25%. It is anticipated that this growth will continue.

Long-term financial planning. The City prepares a five-year Capital Improvements Program (CIP). The CIP includes estimated costs for constructing, upgrading, and replacing the City's physical infrastructures. The fiscal year 2007-2011 CIP includes projects totaling an estimated \$375 million. Of the \$125 million for 2007, 54% is projected to come from sources other than General Obligation Debt (i.e., cash and intergovernmental revenues). In preparing the capital budget, needs are assessed, public improvements are prioritized and costs are projected. This budget is reviewed annually and projects are re-prioritized and the financial condition of the City is evaluated.

In addition to the infrastructure projects contained in the CIP, the City works closely with the Olathe Chamber of Commerce to aggressively promote economic development by attracting companies to locate or relocate facilities to Olathe, and also to encourage existing companies to expand their facilities in Olathe. During 2006, over \$200 million of new investment for construction of office, warehouse, and manufacturing facilities was approved by the City Council through the City's industrial revenue bonds and tax abatement program. These projects will generate approximately 2,500 jobs at full capacity. Also in 2006, the City Council approved over \$75 million in new retail investment through the use of Tax Increment Financing (TIF). In all, the City saw over \$336 million invested in new residential and commercial construction totaling over four million square feet of new residential and commercial space in 2006.

Cash management policies and practices. The Strategic Financial Management Department keeps abreast of current trends and procedures for cash management and forecasting to ensure efficient and profitable use of the City's cash resources. The City requests competitive bids on all investments in accordance with K.S.A. 12-1675. Idle funds were used to purchase certificates of deposit and notes of various government agencies, or placed in the State's municipal investment pool, with maturities matched to fund anticipated cash flow requirements. During 2006, \$142,270,441 was invested for an average of approximately 210 days at an average rate of 5.211%, with projected earnings of \$4,263,578 for all funds. The average interest rate for 2005 was 3.727% or 1.484% less than the current year's average rate.

Risk management. The City has a limited insurance risk management program for both the City and one of its component units, the Olathe Public Housing Authority. The insurance programs administered are property, various types of liabilities and workers' compensation. Additional information on the City's risk management activity can be found in Note 13 of the Notes to the Basic Financial Statements. Significant attention is being given to cost control in the area of health insurance.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Olathe for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2005. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

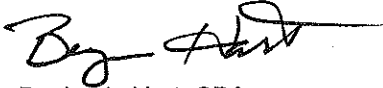
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR), whose contents conform to program standards. Such CAFR must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City has received a Certificate of Achievement for the last 28 consecutive years. We believe our current CAFR continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report could not have been accomplished without the professional, efficient and dedicated services of the staff of the Strategic Financial Management Department. We wish to express our appreciation to all members of the department that contributed to its preparation. Special thanks are extended to Curt Hanneman and Scott McDonald, Senior Accountants, for their primary role in preparation of this CAFR. We would also like to thank the City Council and City Manager for the direction and support necessary to plan and conduct the financial

operations of the City in a responsible, sound manner. Finally, we would like to extend the City's thanks to Cochran Head Vick & Co., P.A. for the cooperation and professional assistance provided during the audit of the City's 2006 financial records.

Respectfully submitted,



Benjamin Hart, CPA
Director of Strategic Financial Management



Charles L. Mitts
Accounting Manager/City Treasurer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Olathe
Kansas

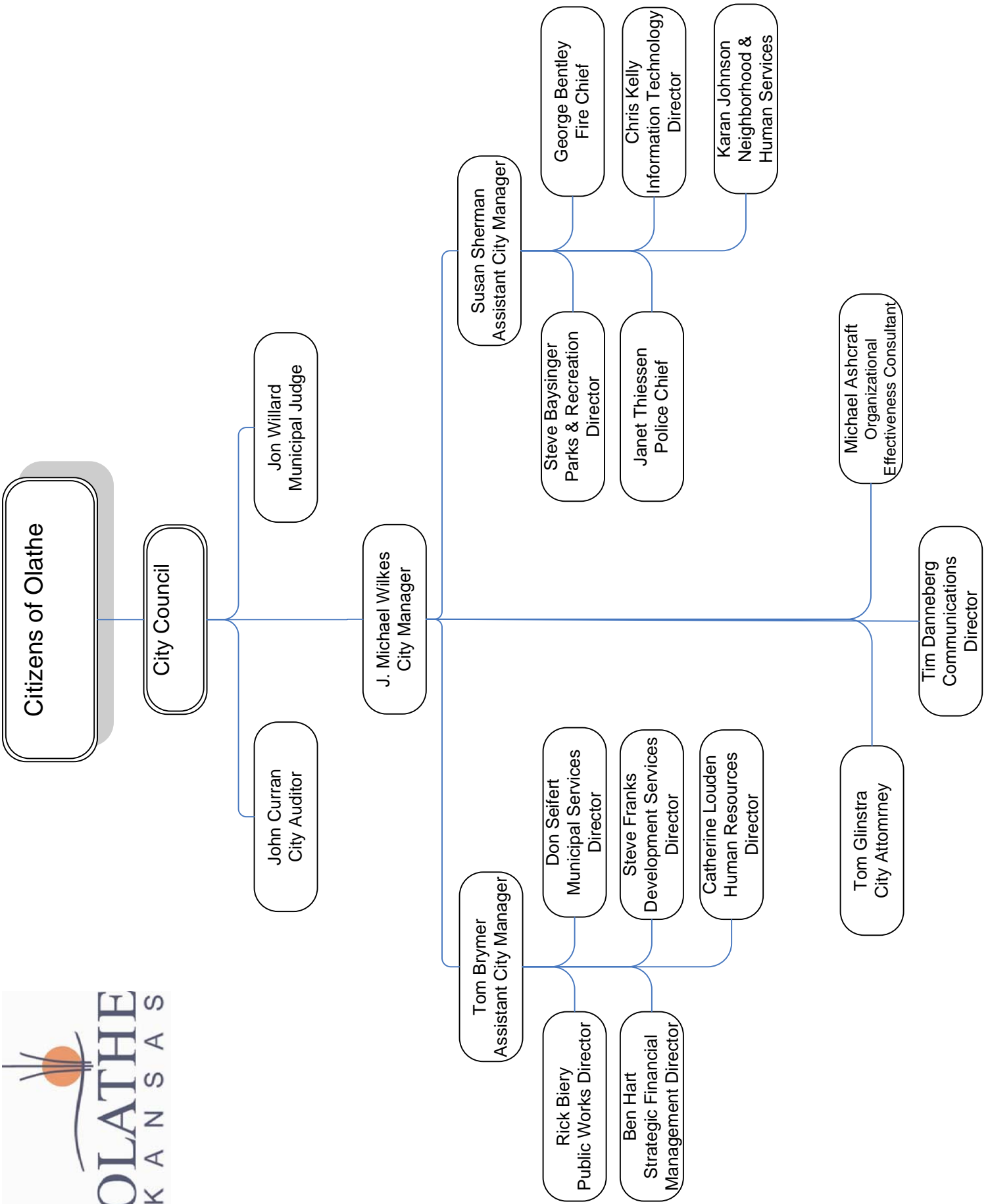
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director



Financial Section



COCHRAN HEAD VICK & CO., P.A.

Certified Public Accountants

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Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental
activities, the business-type activities, each major fund, and the aggregate
remaining discretely presented component units and fund information of the City
of Olathe, Kansas, as of and for the year ended December 31, 2006, which
collectively comprise the City's basic financial statements as listed in the
accompanying table of contents. These financial statements are the responsibility
of the City's management. Our responsibility is to express opinions on these
financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally
accepted in the United States of America and the standards applicable to
financial audits contained in Government Auditing Standards, issued by the
Comptroller General of the United States and the Kansas Municipal Audit Guide.
Those standards require that we plan and perform the audit to obtain reasonable
assurance about whether the basic financial statements are free of material
misstatement. An audit includes examining, on a test basis, evidence supporting
the amounts and disclosures in the basic financial statements. An audit also
includes assessing the accounting principles used and significant estimates
made by management, as well as evaluating the overall basic financial statement
presentation. We believe that our audit provide a reasonable basis for our
opinions.

Other Offices

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In our opinion, the financial statements referred to above present fairly, in all
material respects, the financial position of the governmental activities, the
business-type activities, each major fund, and the aggregate remaining discretely
presented component units and fund information of the City as of December 31,
2006, and the respective changes in financial position and cash flow, where
applicable, thereof and the respective budget comparison for the General Fund
and Major Special Revenue Fund for the year then ended in conformity with
accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion thereon.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2007, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the City. The introductory section, combining and individual nonmajor fund financial statements, other schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and other schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

April 20, 2007

Cochran Head Vick & Co. P.A.



Management's Discussion and Analysis

As management of the City of Olathe (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2006. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal which can be found on pages iii – vi of this report, the City's basic financial statements which begin on page 17, and the related notes to the basic financial statements which begin on page 35.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of 2006 by \$621,568,768 (net assets). Of this amount, \$108,603,970 (unrestricted net assets) may be used to meet the City's ongoing obligations.
- The City's total net assets increased by \$35,434,159. Donated capital assets from developers make up 69.7% of this increase.
- As of the close of 2006, the City's governmental funds reported combined ending fund balances of \$48,051,482, a decrease of \$5,406,047 from the prior year. The primary reason for the overall decrease in fund balance of the City's governmental funds was attributable to the amount of capital improvement expenditures recorded in the Capital Projects Fund.
- At the end of 2006, the fund balance for the general fund was \$20,095,109 or 29.7% of general fund revenues.
- The City's total debt, including temporary notes, increased by \$36,819,163 during 2006 to a total of \$253,426,651. The key factors in this increase were the issuance of \$22,225,000 of special obligation bonds - \$13,030,000 Tax Increment Financing (TIF) and \$9,195,000 Transportation Development District (TDD).

Overview of the Financial Statements

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

Government-wide financial statements

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

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

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

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

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

Fund financial statements

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

Governmental funds

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

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

The City maintains 21 individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, Capital Projects Fund, and Special Tax Financing Fund, all of which are considered to be major funds. Data from the other 17 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for the General Fund and Special Tax Financing Fund. A budgetary comparison statement has been provided for these funds to demonstrate compliance with this budget.

Proprietary funds

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

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer operation, solid waste operation, and golf course. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Notes to the Basic Financial Statements

The notes to the basic financial statements begin on page 35. They provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the City's financial position. In the case of the City, assets exceeded liabilities by \$621,568,768 at the close of 2006. The City's net assets increased by \$35,434,159. Governmental activities account for \$16,976,724 of the increase and business-type activities account for \$18,457,435 of the increase.

City of Olathe, Kansas Net Assets

	Governmental Activities		Business-type Activities		Totals	
	2006	2005	2006	2005	2006	2005
Current and other assets	\$ 193,383,658	\$ 169,509,292	\$ 22,041,430	\$ 24,614,045	\$ 215,425,088	\$ 194,123,337
Capital assets	458,670,581	416,963,694	249,964,308	236,525,426	708,634,889	653,489,120
Total assets	652,054,239	586,472,986	272,005,738	261,139,471	924,059,977	847,612,457
Long-term liabilities	146,895,330	118,827,468	34,397,304	40,473,045	181,292,634	159,300,513
Other liabilities	113,404,933	92,868,266	7,793,642	9,309,069	121,198,575	102,177,335
Total liabilities	260,300,263	211,695,734	42,190,946	49,782,114	302,491,209	261,477,848
Net assets:						
Invested in capital assets, net of related debt	254,841,312	270,941,772	210,257,947	191,360,241	465,099,259	462,302,013
Restricted	46,321,539	37,176,791	1,544,000	5,274,013	47,865,539	42,450,804
Unrestricted	90,591,125	66,658,689	18,012,845	14,723,103	108,603,970	81,381,792
Total net assets	\$ 391,753,976	\$ 374,777,252	\$ 229,814,792	\$ 211,357,357	\$ 621,568,768	\$ 586,134,609

By far the largest portion of the City's net assets (75%) reflects its investments in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these are not available for future spending. Although the City's investments in its capital assets is reported net of related debt, it should be noted that the resources needed to repay the debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the City's net assets, \$47,865,539, (7.7%) represents resources that are subject to external restrictions on how they may be used. \$24,838,174 of this is restricted for future debt service payments. This increased \$1,751,372 over the prior year. The City is building up reserves in the Debt Service Fund to pay for future anticipated payments of debt.

The remaining balance of the net assets of \$108,603,970 (\$90,591,125 governmental activities and \$18,012,845 business-type activities) is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

City of Olathe, Kansas Changes in Net Assets

	Governmental Activities		Business-type Activities		Totals	
	2006	2005	2006	2005	2006	2004
Revenues:						
Program revenues:						
Charges for services	\$ 15,060,613	\$ 12,987,560	\$ 38,105,814	\$ 34,141,641	\$ 53,166,427	\$ 47,129,201
Operating grants and contributions	1,775,844	2,240,261	-	-	1,775,844	2,240,261
Capital grants and contributions	38,809,778	30,931,022	10,616,548	4,842,076	49,426,326	35,773,098
General revenues:						
Property taxes	32,558,421	30,398,041	-	-	32,558,421	30,398,041
Other taxes	47,609,573	45,649,408	-	-	47,609,573	45,649,408
Interest	5,723,310	4,374,006	775,791	610,467	6,499,101	4,984,473
Other	846,199	699,693	282,999	199,418	1,129,198	899,111
Total revenues	142,383,738	127,279,991	49,781,152	39,793,602	192,164,890	167,073,593
Expenses:						
General government	37,677,535	18,022,076	-	-	37,677,535	18,022,076
Public safety	33,421,326	30,793,576	-	-	33,421,326	30,793,576
Public works	36,187,643	30,719,299	-	-	36,187,643	30,719,299
Community services	9,575,895	7,843,549	-	-	9,575,895	7,843,549
Developmental services	2,720,997	2,898,751	-	-	2,720,997	2,898,751
Interest on long-term debt	5,301,368	5,867,756	-	-	5,301,368	5,867,756
Water and sewer	-	-	23,806,526	20,473,344	23,806,526	20,473,344
Solid waste	-	-	8,039,441	7,882,589	8,039,441	7,882,589
Total expenses	124,884,764	96,145,007	31,845,967	28,355,933	156,730,731	124,500,940
Excess before transfers	17,498,974	31,134,984	17,935,185	11,437,669	35,434,159	42,572,653
Transfers	(522,250)	(37,639)	522,250	37,639	-	-
Change in net assets	16,976,724	31,097,345	18,457,435	11,475,308	35,434,159	42,572,653
Net assets, beginning of year	374,777,252	343,679,907	211,357,357	199,882,049	586,134,609	543,561,956
Net assets, end of year	\$ 391,753,976	\$ 374,777,252	\$ 229,814,792	\$ 211,357,357	\$ 621,568,768	\$ 586,134,609

Governmental activities

Governmental revenues increased \$15,103,747 or 11.9% over the prior year. The key component of this increase was an additional \$7,878,756 capital grants and contributions over the prior year. The construction of the 127th Street Overpass was the major project which received capital grants. Contributions of infrastructure from developers increased \$6,881,053 or 89.4% over the prior year. Property taxes increased \$2,160,380 due to an increase in the valuation. Sales tax increased \$2,015,465 due to a strong economy. Interest income increased \$1,349,304 due to higher interest rates on investments.

Governmental expenses increased \$28,739,757 or 29.9%. General government activities increased \$19,655,459. These increases are due to the issuance of special obligation bonds for TIF and TDD projects. Public safety increased \$2,627,750 due to an increase in the number of officers along with an increase in salaries and health insurance. Public works increased \$5,468,344 due to an increase in depreciation expense and reimbursable developer's cost of \$2,761,638.

Business-type activities

Business-type activities increased the City's net assets by \$18,457,435. Key elements of the increase are as follows:

- Capital contributions from developers continued as a major revenue source for the Water and Sewer Utility. Capital contributions increased net assets by \$9,955,660 in 2006.
- Charges for services increased \$3,964,173. This was due to an increase in growth of the City.

Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the main operating fund of the City. At the end of 2006, unreserved fund balance of the general fund was \$19,356,973, while total fund balances reached \$20,095,109. Unreserved fund balance represents 28.6% of the total general fund revenues, while the total fund balance represents 29.7% of that same amount.

The fund balance of the City's general fund increased by \$338,060 during 2006, primarily due to an increase in tax revenues.

The debt service fund has a total fund balance of \$24,838,174, all of which is reserved for the payment of debt service. The net increase in the fund balance during the current year in debt service was \$1,751,372. The reason for the increase is due to the City's desire to increase the fund balance to pay off anticipated future debt service requirements. The City anticipates that fund balance will begin to decrease in 2007.

The capital projects fund decreased its fund balance by \$14,443,267 during 2006. Due to the City's growth, major street projects continue to be a major source of capital expenditures. These projects are primarily funded by temporary notes until they are completed at which time they are bonded which is a major reason for the decrease in fund balance. Some of these costs are recovered by assessing surrounding property owners.

The special tax financing levy fund has an unreserved fund balance of \$4,499,822 at the end of 2006. The fund balance increased by \$3,693,306 during the year. The primary reason for the increase was the issuance of \$22,225,000 of special obligation bonds.

Proprietary funds

The City's proprietary funds financial statements provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water and Sewer Fund at the end of 2006 amounted to \$15,721,862; and those of the Solid Waste and Golf Course amounted to \$923,563 and (\$134,074), respectively. The total change in net assets for the Water and Sewer Utility and Solid Waste were \$17,763,998 and (\$3,205) respectively. There was no change in net assets for the Golf Course. The Golf Course has had no activity since 2003. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

During the year, revenues were more than budgetary estimates by \$5,936,925 (9.6%). Sales tax revenue increased over the budget by \$3,305,005 (9.9%). This was due to a change in the reporting of the portion of the County Sales tax for Economic Development. Total expenditures were less than budgetary estimates by \$13,744,138 (22.0%). As part of the budgeting process the City budgets for a contingency reserve for unforeseen expenditures. Of the total difference in the budgeted expenditures, \$12,530,601 (91.2%) is due to the contingency reserve. Transfers were above budget by \$6,904,724. The majority of this overage (\$2,384,074) was also caused by a change in reporting of sales tax.

Capital Asset and Debt Administration

Capital assets

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2006, amounts to \$708,634,889 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, vehicles and equipment, park and pool facilities, storm sewers, bridges, streets, and water and sewer lines. More detailed information about the City's capital assets is presented in Note 6 to the Basic Financial Statements.

**City of Olathe, Kansas
Capital Assets**

	Governmental Activities		Business-type Activities		Totals	
	2006	2005	2006	2005	2006	2005
Land	\$ 67,149,428	\$ 64,515,858	\$ 2,382,567	\$ 2,382,567	\$ 69,531,995	\$ 66,898,425
Buildings	43,902,013	43,474,521	32,402,429	11,071,954	76,304,442	54,546,475
Machinery & equipment	40,231,815	37,463,165	3,916,482	3,798,834	44,148,297	41,261,999
Swimming pools	6,962,045	6,962,045	-	-	6,962,045	6,962,045
Water system	-	-	147,299,089	140,514,139	147,299,089	140,514,139
Sewer system	-	-	107,950,315	100,979,801	107,950,315	100,979,801
Infrastructure	417,548,068	382,359,535	-	-	417,548,068	382,359,535
Construction in progress	59,097,141	35,936,049	7,068,387	24,893,853	66,165,528	60,829,902
Total capital assets	634,890,510	570,711,173	301,019,269	283,641,148	935,909,779	854,352,321
Less accumulated depreciation	176,219,929	153,747,479	51,054,961	47,115,722	227,274,890	200,863,201
Total capital assets (net)	\$ 458,670,581	\$ 416,963,694	\$ 249,964,308	\$ 236,525,426	\$ 708,634,889	\$ 653,489,120

Major additions to the capital assets this year include:

- Major street project including Woodland 119th to College.
- Water Treatment Plant #2.
- Construction in progress increases include the 127th Street Overpass and major street projects including 151st Quivera to Pflumm and Santa Fe west of Ridgeway.

Long-term debt

At the end of 2006 the City had total bonded debt outstanding of \$167,010,000. Of this amount \$127,670,000 comprises debt backed by the full faith and credit of the City and \$27,465,000 is special obligation tax increment financing debt and transportation development district debt payable solely from the specific TIF or TDD revenues. The remainder of the City's debt represents bonds secured solely by specific revenue sources (i.e., revenue bonds). More detailed information about the City's long-term debt is presented in Note 7 to the basic financial statements.

**City of Olathe, Kansas
Outstanding Debt
General Obligation and Revenue Bonds**

	Governmental Activities		Business-type Activities		Totals	
	2006	2005	2006	2005	2005	2005
General obligation bonds	\$ 127,670,000	\$ 123,180,000	\$ -	\$ -	\$ 127,670,000	\$ 123,180,000
Special obligation bonds	27,465,000	5,400,000	-	-	27,465,000	5,400,000
Revenue bonds	-	-	11,875,000	19,800,000	11,875,000	19,800,000
Total	\$ 155,135,000	\$ 128,580,000	\$ 11,875,000	\$ 19,800,000	\$ 167,010,000	\$ 148,380,000

The City's total debt, including temporary notes, increased by \$36,819,163 (14.5%) during 2006. The City issued \$22,225,000 of special obligation bonds in 2006. These bonds were issued for the Olathe Gateway TIF area and the Olathe Gateway TDD.

The City maintains an "AA" rating from Standard & Poor's (S&P) and an "Aa2" rating from Moody's Investor Service (Moody's) for its general obligation bonds. The rating for the Water and Sewer Utility revenue bonds is an "A+" rating from S&P and an "A2" rating from Moody's.

State statutes limit the amount of general obligation debt a government entity may issue to 30% of its total assessed valuation. The current debt limitation for the City is \$340,537,530 which is significantly in excess of the City's outstanding general obligation bonds.

Requests for information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the Department of Strategic Financial Management, City of Olathe, 201 N. Cherry, Olathe, Kansas 66061.

Basic Financial Statements

City of Olathe, Kansas
Statement of Net Assets
December 31, 2006

	Primary Government			Discretely Presented Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash, cash equivalents, and investments	\$ 96,910,070	\$ 16,584,988	\$ 113,495,058	\$ 1,659,347
Cash held by trustee	4,180,824	-	4,180,824	-
Receivables (net of allowance)				
Taxes	40,426,495	-	40,426,495	-
Special assessments	35,416,631	-	35,416,631	-
Accounts	350,986	3,529,378	3,880,364	9,575
Accrued interest	2,161,954	-	2,161,954	460
Loans	2,327,921	-	2,327,921	-
Due from primary government	-	-	-	399,341
Internal balances	(1,367,420)	1,367,420	-	-
Due from other governments	11,627,113	-	11,627,113	-
Inventories	224,592	509,625	734,217	150,150
Restricted assets	-	-	-	-
Capital assets:				
Land and construction in progress	126,246,569	9,450,954	135,697,523	964,147
Other capital assets, net of accumulated depreciation	332,424,012	240,513,354	572,937,366	5,704,218
Bond issuance costs	1,104,188	50,019	1,154,207	-
Other assets	20,304	-	20,304	-
Total assets	<u>\$ 652,054,239</u>	<u>\$ 272,005,738</u>	<u>\$ 924,059,977</u>	<u>\$ 8,887,238</u>
Liabilities and net assets				
Liabilities				
Accounts and other current liabilities	\$ 11,885,954	\$ 914,308	\$ 12,800,262	\$ 90,058
Interest payable	1,469,795	324,130	1,793,925	-
Due to component unit	399,341	-	399,341	-
Unearned revenue	33,894,843	-	33,894,843	1,740
Temporary notes	46,190,000	-	46,190,000	-
Noncurrent liabilities:				
Due within one year	19,565,000	6,555,204	26,120,204	179,787
Due in more than one year	146,895,330	34,397,304	181,292,634	29,421
Total liabilities	<u>260,300,263</u>	<u>42,190,946</u>	<u>302,491,209</u>	<u>301,006</u>
Net assets				
Invested in capital assets, net of related debt	254,841,312	210,257,947	465,099,259	6,668,365
Restricted for:				
Debt service	24,838,174	1,544,000	26,382,174	-
Capital improvements	13,243,180	-	13,243,180	-
Community services	8,240,185	-	8,240,185	-
Unrestricted	90,591,125	18,012,845	108,603,970	1,917,867
Total net assets	<u>391,753,976</u>	<u>229,814,792</u>	<u>621,568,768</u>	<u>8,586,232</u>
Total liabilities and net assets	<u>\$ 652,054,239</u>	<u>\$ 272,005,738</u>	<u>\$ 924,059,977</u>	<u>\$ 8,887,238</u>

See accompanying notes to the basic financial statements

City of Olathe, Kansas
Statement of Activities
For the Year Ended December 31, 2006

Functions / Programs	Program Revenues				Net (Expense) Revenue
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities					
General government	\$ 37,677,535	\$ 1,783,668	\$ 963,080	\$ -	\$ (34,930,787)
Public safety	33,421,326	3,568,672	698,346	21,825	(29,132,483)
Public works	36,187,643	6,399,932	30,191	38,541,550	8,784,030
Community services	9,575,895	1,773,019	62,184	246,403	(7,494,289)
Development services	2,720,997	1,535,322	22,043	-	(1,163,632)
Interest on long-term debt	5,301,368	-	-	-	(5,301,368)
Total governmental activities	124,884,764	15,060,613	1,775,844	38,809,778	(69,238,529)
Business-type activities					
Water and sewer	23,806,526	29,805,473	-	10,616,548	16,615,495
Solid waste	8,039,441	8,300,341	-	-	260,900
Total business-type activities	31,845,967	38,105,814	-	10,616,548	16,876,395
Total primary government	\$ 156,730,731	\$ 53,166,427	\$ 1,775,844	\$ 49,426,326	\$ (52,362,134)
Nonmajor discretely presented component units					
Olathe Public Library	\$ 3,772,910	\$ 139,065	\$ 128,361	\$ -	\$ (3,505,484)
Olathe Public Housing Authority	2,452,482	285,215	1,993,695	56,964	(116,608)
Total component units	\$ 6,225,392	\$ 424,280	\$ 2,122,056	\$ 56,964	\$ (3,622,092)

City of Olathe, Kansas
Statement of Activities
For the Year Ended December 31, 2006

	Primary Government		Discretely Presented Component Units
	Governmental Activities	Business-type Activities	
Changes in net assets			
Net (expense) revenue	\$ (69,238,529)	\$ 16,876,395	\$ (52,362,134)
General revenues			\$ (3,622,092)
Taxes:			
Property taxes, levied for general purpose	19,875,579	-	19,875,579
Property taxes, levied for debt service	12,682,842	-	12,682,842
Sales tax	39,706,793	-	39,706,793
Franchise taxes	7,131,807	-	7,131,807
Transient guest tax	770,973	-	770,973
Unrestricted investment earnings	5,723,310	775,791	6,499,101
Gain on sale of capital assets	109,124	-	109,124
Miscellaneous	737,075	282,999	1,020,074
Transfers - internal activities	(522,250)	522,250	-
Total general revenues and transfers	86,215,253	1,581,040	87,796,293
Change in net assets	16,976,724	18,457,435	35,434,159
Net assets - beginning of year	374,777,252	211,357,357	586,134,609
Net assets - end of year	\$ 391,753,976	\$ 229,814,792	\$ 621,568,768

See accompanying notes to the basic financial statements

City of Olathe, Kansas
Balance Sheet
Governmental Funds
December 31, 2006

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Special Tax Financing</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets						
Cash, cash equivalents, and investments	\$ 13,489,680	\$ 23,663,174	\$ 26,227,876	\$ 152,530	\$ 20,282,925	\$ 83,816,185
Cash held by trustee	-	-	-	4,180,824	-	4,180,824
Receivables (net of allowance)						
Taxes	20,679,527	12,742,523	-	1,066,991	5,937,454	40,426,495
Accounts	120,102	-	-	-	230,486	350,588
Accrued interest	985,929	1,175,000	-	-	1,025	2,161,954
Special assessments	-	35,416,631	-	-	-	35,416,631
Loans	11,408	-	-	-	2,316,513	2,327,921
Due from other funds	159,839	-	-	-	-	159,839
Due from other governments	90,408	-	10,509,834	-	1,026,871	11,627,113
Total assets	<u>\$ 35,536,893</u>	<u>\$ 72,997,328</u>	<u>\$ 36,737,710</u>	<u>\$ 5,400,345</u>	<u>\$ 29,795,274</u>	<u>\$ 180,467,550</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 266,491	\$ -	\$ 6,167,558	\$ -	\$ 119,094	\$ 6,553,143
Accrued payroll	2,423,861	-	-	-	-	2,423,861
Due to other funds	-	-	-	-	25,765	25,765
Due to component unit	-	-	-	-	399,341	399,341
Deferred revenue	12,751,432	48,159,154	7,036,064	900,523	7,976,785	76,823,958
Temporary notes	-	-	46,190,000	-	-	46,190,000
Total liabilities	<u>15,441,784</u>	<u>48,159,154</u>	<u>59,393,622</u>	<u>900,523</u>	<u>8,520,985</u>	<u>132,416,068</u>
Fund balances						
Reserved for						
Encumbrances	604,062	-	-	-	280,575	884,637
Advance to other funds	134,074	-	-	-	-	134,074
Debt service	-	24,838,174	-	-	-	24,838,174
Unreserved, reported in						
General fund	19,356,973	-	-	-	-	19,356,973
Special revenue funds	-	-	-	4,499,822	20,993,714	25,493,536
Capital projects funds	-	-	(22,655,912)	-	-	(22,655,912)
Total fund balances	<u>20,095,109</u>	<u>24,838,174</u>	<u>(22,655,912)</u>	<u>4,499,822</u>	<u>21,274,289</u>	<u>48,051,482</u>
Total liabilities and fund balances	<u>\$ 35,536,893</u>	<u>\$ 72,997,328</u>	<u>\$ 36,737,710</u>	<u>\$ 5,400,345</u>	<u>\$ 29,795,274</u>	<u>\$ 180,467,550</u>

See accompanying notes to the basic financial statements

City of Olathe, Kansas
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Assets
December 31, 2006

Total fund balance - all governmental funds		\$ 48,051,482
Amounts reported for governmental activities in the statement of net assets are different because		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		458,670,581
Land and construction in progress	126,246,569	
Capital assets being depreciated	508,643,941	
Accumulated depreciation	(176,219,929)	
Some liabilities, including bonds payable and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.		(167,930,125)
Interest payable	(1,469,795)	
Noncurrent liabilities:		
Due within one year	(19,565,000)	
Due in more than one year	(146,895,330)	
Long-term assets are not available to pay current period expenditures and are therefore deferred in the fund statements.		42,929,115
Special assessments	35,416,631	
Due from other governments	7,512,484	
Governmental funds report the effect of issuance costs, premiums and discounts when the debt is first issued, whereas these amounts are deferred and amortized in the government-wide statements		1,104,188
Bond issuance costs, net	1,104,188	
Internal service funds are used by management to charge costs of certain activities, such as insurance, purchasing, and fleet maintenance to certain funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net assets.		8,928,735
Internal service fund capital assets, net	(14,613,827)	
Internal service fund debt	636,981	
Internal service fund net assets	24,407,075	
Internal service fund due to business-type	(1,501,494)	
Net assets of governmental activities		\$ 391,753,976

See accompanying notes to the basic financial statements

City of Olathe, Kansas
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2006

	General	Debt Service	Capital Projects	Special Tax Financing	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes:						
Property	\$ 13,601,665	\$ 12,682,842	\$ -	\$ 590,758	\$ 5,683,156	\$ 32,558,421
Sales	36,655,005	-	-	544,875	2,506,913	39,706,793
Franchise	7,131,807	-	-	-	-	7,131,807
Transient guest	-	-	-	-	770,973	770,973
Special assessments	-	4,521,425	8,264	-	-	4,529,689
Intergovernmental	839,008	-	6,424,872	-	4,468,862	11,732,742
Licenses and permits	1,561,945	-	-	-	-	1,561,945
Fines, forfeitures, and penalties	3,093,526	-	-	-	-	3,093,526
Charges for services	3,472,292	-	-	33,218	6,899,632	10,405,142
Use of money and property	865,430	2,053,200	1,384,813	40,176	856,341	5,199,960
Miscellaneous	360,969	194,618	1,307	-	180,181	737,075
Total revenues	<u>67,581,647</u>	<u>19,452,085</u>	<u>7,819,256</u>	<u>1,209,027</u>	<u>21,366,058</u>	<u>117,428,073</u>
Expenditures						
Current:						
General government	11,604,244	-	-	18,921,578	6,058,076	36,583,898
Public safety	19,811,606	-	-	-	12,086,234	31,897,840
Public works	9,096,260	-	-	-	3,816,832	12,913,092
Community services	6,282,515	-	-	-	2,968,133	9,250,648
Development services	2,462,374	-	-	-	2,225	2,464,599
Capital improvements	-	-	49,814,606	-	-	49,814,606
Debt service:						
Principal retirements	-	15,830,000	172,618	471,362	-	16,473,980
Interest and fiscal charges	-	4,644,903	1,144,841	347,781	-	6,137,525
Total expenditures	<u>49,256,999</u>	<u>20,474,903</u>	<u>51,132,065</u>	<u>19,740,721</u>	<u>24,931,500</u>	<u>165,536,188</u>
Excess of revenues over (under) expenditures	<u>18,324,648</u>	<u>(1,022,818)</u>	<u>(43,312,809)</u>	<u>(18,531,694)</u>	<u>(3,565,442)</u>	<u>(48,108,115)</u>
Other financing sources (uses)						
Issuance of bonds	-	-	20,320,000	22,225,000	-	42,545,000
Premium on bonds	-	-	654,115	-	-	654,115
Transfers in	1,656,137	2,774,190	12,059,309	-	11,677,304	28,166,940
Transfers out	<u>(19,642,725)</u>	<u>-</u>	<u>(4,163,882)</u>	<u>-</u>	<u>(4,857,380)</u>	<u>(28,663,987)</u>
Total other financing sources (uses)	<u>(17,986,588)</u>	<u>2,774,190</u>	<u>28,869,542</u>	<u>22,225,000</u>	<u>6,819,924</u>	<u>42,702,068</u>
Net changes in fund balances	338,060	1,751,372	(14,443,267)	3,693,306	3,254,482	(5,406,047)
Fund balances - beginning of year	19,757,049	23,086,802	(8,212,645)	806,516	18,019,807	53,457,529
Fund balances - end of year	<u>\$ 20,095,109</u>	<u>\$ 24,838,174</u>	<u>\$ (22,655,912)</u>	<u>\$ 4,499,822</u>	<u>\$ 21,274,289</u>	<u>\$ 48,051,482</u>

See accompanying notes to the basic financial statements

City of Olathe, Kansas
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended December 31, 2006

Net change in fund balances - all governmental funds \$ (5,406,047)

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

Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period. 25,153,380

Capital outlay	\$ 50,086,794	
Depreciation	(24,933,414)	

The issuance of long-term debt provides current financial resources to governmental funds, but issuing debt increase long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments. (29,486,773)

Principal payments	16,473,980	
Issuance of general obligation bonds	(42,545,000)	
Premium on general obligation bonds	(654,115)	
Special obligation debt	(2,761,638)	

Some expenses in the statement of activities that do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (290,150)

Compensated absences	(334,472)	
Interest expense	44,322	

Revenues in the statement of activities that do not provide current financing resources are not reported as revenues in the funds. 24,170,418

Special assessments	2,228,537	
Donated capital assets	14,578,353	
Capital grant	7,363,528	

Bond costs - governmental funds report the effect of issuance costs, premium discounts and similar items when the debt is issued, whereas these amounts are deferred and amortized in the statement of activities. 791,835

Internal service funds are used by management to charge costs of certain activities, such as insurance, purchasing, and fleet maintenance to certain funds. The net revenue (expense) of certain internal service funds is reported with governmental activities. 2,044,061

Change in net assets of governmental activities \$ 16,976,724

See accompanying notes to the basic financial statements

City of Olathe, Kansas
Statement of Revenues, Expenditures, and Changes in Fund Balance
General Fund
Budget and Actual - Budgetary Basis
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues				
Taxes:				
Property	\$ 12,910,810	\$ 12,910,810	\$ 13,601,665	\$ 690,855
Sales	33,350,000	33,350,000	36,655,005	3,305,005
Franchise	8,371,755	8,371,755	7,131,807	(1,239,948)
Intergovernmental	885,000	885,000	839,008	(45,992)
Licenses and permits	1,203,587	1,203,587	1,561,945	358,358
Fines, forfeitures, and penalties	3,202,500	3,202,500	3,093,526	(108,974)
Charges for services	1,191,600	1,191,600	3,472,292	2,280,692
Use of money and property	388,176	388,176	865,430	477,254
Miscellaneous	141,294	141,294	360,969	219,675
Total revenues	<u>61,644,722</u>	<u>61,644,722</u>	<u>67,581,647</u>	<u>5,936,925</u>
Expenditures				
General government	4,052,854	4,052,854	4,344,326	(291,472)
Administration	3,543,875	3,543,875	3,355,330	188,545
Human resources	803,798	803,798	971,630	(167,832)
Legal	1,419,807	1,419,807	1,232,409	187,398
Financial services	1,147,429	1,147,429	1,219,574	(72,145)
Public safety	20,504,826	20,504,826	19,552,219	952,607
Public works	9,115,285	9,115,285	9,077,690	37,595
Development services	2,713,539	2,713,539	2,421,520	292,019
Community services	4,588,803	4,588,803	4,548,770	40,033
Neighborhood services	1,782,796	1,782,796	1,776,507	6,289
Capital improvements	40,500	40,500	-	40,500
Contingency	12,740,367	12,740,367	209,766	12,530,601
Total expenditures	<u>62,453,879</u>	<u>62,453,879</u>	<u>48,709,741</u>	<u>13,744,138</u>
Excess of revenues over expenditures	<u>(809,157)</u>	<u>(809,157)</u>	<u>18,871,906</u>	<u>19,681,063</u>
Other financing sources (uses)				
Transfers in	1,500,000	1,500,000	1,656,137	156,137
Transfers out	(12,738,000)	(12,738,000)	(19,642,724)	(6,904,724)
Total other financing sources (uses)	<u>(11,238,000)</u>	<u>(11,238,000)</u>	<u>(17,986,587)</u>	<u>(6,748,587)</u>
Net change in fund balance	<u>\$ (12,047,157)</u>	<u>\$ (12,047,157)</u>	<u>885,319</u>	<u>\$ 12,932,476</u>
Fund balance - beginning of year - budget basis			<u>18,605,728</u>	
Fund balance - end of year - budget basis			19,491,047	
Encumbrances incurred and outstanding			604,062	
Fund balance - end of year - GAAP basis			<u>\$ 20,095,109</u>	

See accompanying notes to the basic financial statements

City of Olathe, Kansas
Statement of Revenues, Expenditures, and Changes in Fund Balance
Special Tax Financing Fund
Budget and Actual - Budgetary Basis
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues				
Taxes and special assessments	\$ 1,578,665	\$ 1,578,665	\$ 1,135,633	\$ (443,032)
Intergovernmental	40,360	40,360	-	(40,360)
Charge for services	-	-	33,218	33,218
Use of money and property	19,800	19,800	40,176	20,376
Total revenues	<u>1,638,825</u>	<u>1,638,825</u>	<u>1,209,027</u>	<u>(429,798)</u>
Expenditures				
General operations	1,638,825	1,638,825	18,921,578	(17,282,753)
Debt service	-	-	819,143	(819,143)
Total expenditures	<u>1,638,825</u>	<u>1,638,825</u>	<u>19,740,721</u>	<u>(18,101,896)</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(18,531,694)</u>	<u>(18,531,694)</u>
Other financing sources (uses)				
Bond proceeds	-	-	22,225,000	22,225,000
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>22,225,000</u>	<u>22,225,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>3,693,306</u>	<u>\$ 3,693,306</u>
Fund balance - beginning of year			806,516	
Fund balance - end of year			<u>\$ 4,499,822</u>	

See accompanying notes to the basic financial statements

City of Olathe, Kansas
Statement of Net Assets
Proprietary Funds
December 31, 2006

	Business-type Activities - Enterprise Funds				Governmental
	Major		Nonmajor		Activities -
	Water and Sewer Fund	Solid Waste Fund	Golf Course	Total	Internal Service Funds
Assets					
Current assets:					
Cash and cash equivalents	\$ 16,308,852	\$ 276,136	\$ -	\$ 16,584,988	\$ 13,093,885
Accounts receivable (net of allowance)	2,592,732	936,646	-	3,529,378	398
Inventories and other	493,869	15,756	-	509,625	224,592
Total current assets	<u>19,395,453</u>	<u>1,228,538</u>	<u>-</u>	<u>20,623,991</u>	<u>13,318,875</u>
Noncurrent assets:					
Restricted assets:					
Other	-	-	-	-	20,304
Total restricted assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,304</u>
Capital assets:					
Capital assets not being depreciated					
Land	699,010	1,283,232	400,325	2,382,567	-
Construction in progress	7,068,387	-	-	7,068,387	-
Total capital assets not being depreciated	<u>7,767,397</u>	<u>1,283,232</u>	<u>400,325</u>	<u>9,450,954</u>	<u>-</u>
Capital assets being depreciated					
Buildings	32,402,429	-	-	32,402,429	-
Machinery and equipment	2,101,274	1,815,208	-	3,916,482	33,382,805
Water system	147,299,089	-	-	147,299,089	-
Sewer system	107,950,315	-	-	107,950,315	-
Total capital assets being depreciated	<u>289,753,107</u>	<u>1,815,208</u>	<u>-</u>	<u>291,568,315</u>	<u>33,382,805</u>
Less accumulated depreciation	<u>(50,591,646)</u>	<u>(463,315)</u>	<u>-</u>	<u>(51,054,961)</u>	<u>(18,768,978)</u>
Total capital assets (net of accumulated depreciation)	<u>246,928,858</u>	<u>2,635,125</u>	<u>400,325</u>	<u>249,964,308</u>	<u>14,613,827</u>
Bond issuance costs, net	50,019	-	-	50,019	-
Total noncurrent assets	<u>246,978,877</u>	<u>2,635,125</u>	<u>400,325</u>	<u>250,014,327</u>	<u>14,634,131</u>
Total assets	<u>\$ 266,374,330</u>	<u>\$ 3,863,663</u>	<u>\$ 400,325</u>	<u>\$ 270,638,318</u>	<u>\$ 27,953,006</u>

City of Olathe, Kansas
Statement of Net Assets
Proprietary Funds
December 31, 2006

	Business-type Activities - Enterprise Funds				Governmental
	Major		Nonmajor		Activities -
	Water and Sewer Fund	Solid Waste Fund	Golf Course	Total	Internal Service Funds
Liabilities and net assets					
Current liabilities:					
Accounts and claims payable	\$ 746,225	\$ 168,083	\$ -	\$ 914,308	\$ 2,897,950
Interest payable	281,838	42,292	-	324,130	-
Compensated absences	178,706	39,133	-	217,839	111,548
Due to other funds	-	-	134,074	134,074	-
Due to other governments	483,466	-	-	483,466	-
Current portion of capital lease	121,979	271,549	-	393,528	110,822
Current portion of revolving loan	605,371	-	-	605,371	-
Current portion of revenue bonds	4,855,000	-	-	4,855,000	-
Total current liabilities	<u>7,272,585</u>	<u>521,057</u>	<u>134,074</u>	<u>7,927,716</u>	<u>3,120,320</u>
Noncurrent liabilities:					
Compensated absences	263,169	55,467	-	318,636	164,389
Capital lease, net	924,579	876,173	-	1,800,752	250,222
Revolving loan, net	25,111,483	-	-	25,111,483	-
Revenue bonds, net	6,990,246	-	-	6,990,246	-
Deposit	176,187	-	-	176,187	11,000
Total noncurrent liabilities	<u>33,465,664</u>	<u>931,640</u>	<u>-</u>	<u>34,397,304</u>	<u>425,611</u>
Total liabilities	<u>40,738,249</u>	<u>1,452,697</u>	<u>134,074</u>	<u>42,325,020</u>	<u>3,545,931</u>
Net assets					
Invested in capital assets, net of related debt	208,370,219	1,487,403	400,325	210,257,947	14,613,827
Restricted for bond requirements	1,544,000	-	-	1,544,000	-
Unrestricted	15,721,862	923,563	(134,074)	16,511,351	9,793,248
Total net assets	<u>225,636,081</u>	<u>2,410,966</u>	<u>266,251</u>	<u>228,313,298</u>	<u>24,407,075</u>
Total liabilities and net assets	<u>\$ 266,374,330</u>	<u>\$ 3,863,663</u>	<u>\$ 400,325</u>		<u>\$ 27,953,006</u>

Reconciliation to government-wide statement of net assets:

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

1,501,494

Net assets of business-type activities

\$ 229,814,792

See accompanying notes to the basic financial statements



City of Olathe, Kansas
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2006

	Business-type Activities - Enterprise Funds				Governmental
	Major		Nonmajor		Activities -
	Water and Sewer Fund	Solid Waste Fund	Golf Course	Total	Internal Service Funds
Operating revenues					
Charges for services	\$ 29,805,473	\$ 8,300,341	\$ -	\$ 38,105,814	\$ 23,845,909
Miscellaneous	282,999	-	-	282,999	-
Total operating revenues	<u>30,088,472</u>	<u>8,300,341</u>	<u>-</u>	<u>38,388,813</u>	<u>23,845,909</u>
Operating expenses					
Water production	3,985,578	-	-	3,985,578	-
Wastewater treatment	4,391,764	-	-	4,391,764	-
Water and sewer maintenance	2,544,460	-	-	2,544,460	-
Administration and general	7,795,382	2,067,780	-	9,863,162	14,959,724
Equipment maintenance	-	-	-	-	3,876,139
Sanitation expense	-	3,768,349	-	3,768,349	-
Transfer station expense	-	2,379,741	-	2,379,741	-
Depreciation and amortization	3,905,276	75,678	-	3,980,954	3,029,387
Total operating expenses	<u>22,622,460</u>	<u>8,291,548</u>	<u>-</u>	<u>30,914,008</u>	<u>21,865,250</u>
Operating income	<u>7,466,012</u>	<u>8,793</u>	<u>-</u>	<u>7,474,805</u>	<u>1,980,659</u>
Nonoperating revenues (expenses)					
Interest income	753,526	22,265	-	775,791	523,350
Interest expense	(1,594,338)	(34,263)	-	(1,628,601)	-
Intergovernmental	660,888	-	-	660,888	-
Gain from sale of equipment	-	-	-	-	109,124
Total nonoperating revenues (expenses)	<u>(179,924)</u>	<u>(11,998)</u>	<u>-</u>	<u>(191,922)</u>	<u>632,474</u>
Net income before transfers and capital contributions	7,286,088	(3,205)	-	7,282,883	2,613,133
Transfers in	797,250	-	-	797,250	150,900
Transfers out	(275,000)	-	-	(275,000)	(176,103)
Capital contributions	9,955,660	-	-	9,955,660	152,773
Change in net assets	17,763,998	(3,205)	-	17,760,793	2,740,703
Net assets - beginning of year	207,872,083	2,414,171	266,251		21,666,372
Net assets - end of year	<u>\$ 225,636,081</u>	<u>\$ 2,410,966</u>	<u>\$ 266,251</u>		<u>\$ 24,407,075</u>

Reconciliation to government-wide statement of activities:

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

696,642

Change in net assets of business-type activities

\$ 18,457,435

See accompanying notes to the basic financial statements

City of Olathe, Kansas
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2006

	Business-type Activities - Enterprise Funds			Governmental	
	Major		Nonmajor	Activities -	
	Water and Sewer Fund	Solid Waste Fund	Golf Course	Total	Internal Service Funds
Cash Flows from Operating Activities					
Receipts from customers and users	\$ 30,077,077	\$ 8,245,117	\$ -	\$ 38,322,194	\$ 23,843,830
Payments to suppliers	(14,940,043)	(4,929,444)	-	(19,869,487)	(14,715,501)
Payments to employees	(7,282,788)	(3,424,204)	-	(10,706,992)	(4,241,888)
Net cash provided by (used in) operating activities	7,854,246	(108,531)	-	7,745,715	4,886,441
Cash Flows from Noncapital Financing Activities					
Transfers from other funds	797,250	-	-	797,250	150,900
Transfers to other funds	(275,000)	-	-	(275,000)	(176,103)
Net cash provided by (used in) noncapital financing activities	522,250	-	-	522,250	(25,203)
Cash Flows from Capital and Related Financing Activities					
Acquisitions and construction of capital assets	(8,650,520)	(9,600)	-	(8,660,120)	(4,416,556)
Proceeds from sale of capital assets	-	-	-	-	213,156
Proceeds from capital grant	660,888	-	-	660,888	-
Proceeds from revolving loans	3,525,743	-	-	3,525,743	-
Proceeds from revenue bonds	7,170,000	-	-	7,170,000	-
Principal paid on revenue bonds	(15,095,000)	-	-	(15,095,000)	-
Interest paid on revenue bonds	(810,174)	-	-	(810,174)	-
Principal paid on revolving loans	(767,038)	-	-	(767,038)	-
Interest paid on revolving loans	(671,522)	-	-	(671,522)	-
Principal paid on capital lease	(117,168)	(279,578)	-	(396,746)	-
Interest paid on capital lease	(46,127)	(34,263)	-	(80,390)	-
Net cash provided by (used in) capital and related financing activities	(14,800,918)	(323,441)	-	(15,124,359)	(4,203,400)
Cash Flows from Investing Activities					
Interest received	753,526	22,265	-	775,791	523,350
Net cash provided by (used in) investing activities	753,526	22,265	-	775,791	523,350
Net increase (decrease) in cash and cash equivalents	(5,670,896)	(409,707)	-	(6,080,603)	1,181,188
Cash and cash equivalents - beginning of year	21,979,748	685,843	-	22,665,591	11,912,697
Cash and cash equivalents - end of year	\$ 16,308,852	\$ 276,136	\$ -	\$ 16,584,988	\$ 13,093,885

City of Olathe, Kansas
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2006

	Business-type Activities - Enterprise Funds				Governmental Activities -
	Major		Nonmajor		Internal Service Funds
	Water and Sewer Fund	Solid Waste Fund	Golf Course	Total	
Reconciliation of operating income to net cash provided by operating activities					
Operating income	\$ 7,466,012	\$ 8,793	\$ -	\$ 7,474,805	\$ 1,980,659
Adjustments to reconcile operating income to cash provided by operating activities					
Depreciation and amortization	3,905,276	75,678	-	3,980,954	3,029,387
Gain from disposal of capital assets	-	-	-	-	(98,594)
Changes in assets and liabilities					
(Increase) decrease in receivables	(83,110)	(89,947)	-	(173,057)	(2,889)
(Increase) in interest receivables	227,024	7,058	-	234,082	105,556
(Increase) decrease in inventories	62,465	9,292	-	71,757	(4,212)
(Increase) in due from other governments	8,742	-	-	8,742	-
Increase in accrued payroll	(268,164)	(127,352)	-	(395,516)	-
Increase (decrease) in accounts and claims payable	(3,519,330)	592	-	(3,518,738)	77,272
Increase in interest payable	29,085	8,029	-	37,114	(233,961)
Increase in compensated absences	26,246	(674)	-	25,572	33,223
Total adjustments	388,234	(117,324)	-	270,910	2,905,782
Net cash provided by (used in) operating activities	<u>\$ 7,854,246</u>	<u>\$ (108,531)</u>	<u>\$ -</u>	<u>\$ 7,745,715</u>	<u>\$ 4,886,441</u>
Noncash investing capital and financing activities:					
Capital lease	\$ -	\$ -	\$ -	\$ -	\$ 440,650
Contributed capital assets	9,955,660	-	-	9,955,660	152,773

See accompanying notes to the basic financial statements



**Notes to the Basic
Financial Statements**

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2006

1. Summary of Significant Accounting Policies

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

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

a. Reporting Entity

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

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

b. Individual Component Unit Disclosures

Discretely Presented Component Units – Discretely presented component units are presented in a separate column in the government-wide financial statements to emphasize they are legally separate from the primary government.

The Olathe Public Library (the Library) is a separate legal entity governed by a seven member board, which is appointed by the City Council. A significant portion of the Library's revenues is received from City property taxes. The Library's operating budget is subject to the approval of the City Council. Separate financial statements of the Olathe Public Library are available upon request of the Library's management at Olathe Public Library, 201 E. Park St., Olathe, KS 66061.

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

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2006

c. Basis of Presentation – Fund Accounting

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

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

d. Basis of Accounting

Government-wide financial statements

The statement of net assets and the statement of activities display information about the City, the primary government, as a whole. Internal service funds and other interfund activities are eliminated to avoid "doubling up" revenues and expenses. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared. Therefore, each of the governmental fund financial statements includes a reconciliation with brief explanations to better identify the relationship between the governmental fund's statements and the government-wide statements.

The government-wide statement of activities presents a comparison between expenses and program revenues for each program of the governmental activities. Expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program is self-financing or draws from the general revenues of the City.

Fund financial statements

Fund financial statements report detailed information about the City. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. The major individual enterprise funds are reported as separate columns in the proprietary fund financial statements. Nonmajor funds are aggregated and presented in a single column on the governmental and proprietary fund financial statements.

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2006

The City reports the following major governmental funds:

General

The General Fund is the main operating fund of the City. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Debt Service

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

Special Tax Financing

The Special Tax Financing Fund accounts for ad valorem and sales tax monies received from the increased assessed values of the tax increment financing (TIF) districts and its sales activities and the transportation development district (TDD) sales activities.

Capital Projects

The Capital Projects Fund accounts for the financing and construction of street improvement projects, water and sewer improvement projects, and various other citywide improvement projects.

The City reports the following major proprietary funds:

Water and Sewer

The Water and Sewer Fund accounts for the activities of the sewage treatment plant, sewage pumping stations, and collection systems and the water distribution system.

Solid Waste

The Solid Waste Fund accounts for the provision of solid waste collection and disposal services to the residents and businesses of the City.

Proprietary Funds

Proprietary funds use the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. All assets and liabilities (whether current or noncurrent) associated with a proprietary fund's activities are included on its statement of net assets. In reporting the financial activity of its proprietary funds, the City has applied all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards and Interpretations; Accounting Principles Board Opinions; and Accounting Research Bulletins of the Committee on Accounting Procedure.

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2006

Proprietary funds include the following fund types:

Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises, as the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Internal Service Funds account for the financing of goods and services, such as insurance, purchasing, and fleet management, provided to other departments or agencies of the City on a cost reimbursement basis.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and of the City's internal service funds are charges for services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Governmental funds

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

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

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

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

City of Olathe, Kansas
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In accordance with state statutes, projects financed in part by special assessments are financed through issuance of general obligation bonds of the City and are retired from the Debt Service Fund. Special assessments are recorded as deferred revenues in the year the assessments are levied and recognized as revenues in equal annual amounts over the period that the assessment is billed. Special assessments paid in full prior to the issuance of bonds are recorded as revenue in the capital project fund. Special assessments received after the issuance of bonds are recorded as revenue in the Debt Service Fund.

e. Cash and Cash Equivalents

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

f. Accounts Receivable

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

g. Inventories and Prepaid Items

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

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

h. Capital Assets

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

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

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

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

		<u>Capitalization Threshold</u>
Buildings and improvements	40 years	\$100,000
Vehicles and equipment	3 -15 years	5,000
Water system	75 years	50,000
Sewage system	75 years	50,000
Streets	20 years	100,000
Storm sewer	40 years	25,000
Traffic signals	30 years	25,000
Land	Not Depreciated	25,000

i. Budgets and Budgetary Accounting

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

Funds requiring legally adopted budgets are the General, Fire Levy, Motor Fuel Tax, Teen Coffee House, Library Tax, Economic Development and Tourism, Special Park and Recreation, Special Alcohol, Storm Water, Park Sales Tax, Recreation, Special Tax Financing, Mahaffie House Operations, Debt Service and all Proprietary Funds.

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

Encumbrances are commitments of funds for unperformed contracts for goods and services. Encumbrance accounting is used to the extent necessary to ensure effective budgetary control and accountability and to facilitate effective cash planning and control in governmental funds. Encumbered appropriations which will be honored at year-end are disclosed as reservations of fund balance, and subsequent year's appropriations will provide the authority to complete these transactions; they do not constitute either expenditures or liabilities of the fund.

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

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

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

- (1) Preparation of the budget for the succeeding calendar year on or before August 1 of each year.
- (2) Publication of the proposed budget on or before August 5 of each year.
- (3) A minimum of 10 days notice of a public hearing, published in a local newspaper on or before August 15 of each year on the proposed budget.
- (4) Adoption of the final budget on or before August 25 of each year.

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

j. Retirement Plans

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

k. Compensated Absences

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

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

l. Interfund Transactions

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

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m. Equity Classifications

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

- (1) Invested in capital assets, net of related debt – consisting of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages notes, or other borrowings that are attributable to the acquisitions, construction, or improvements of those assets.
- (2) Restricted net assets – consisting of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The City first utilizes restricted resources to finance qualifying activities.
- (3) Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

n. Use of Estimates

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

2. Expenditures in excess of budgeted amounts and fund balance deficit

a. Expenditures in excess of budgeted amounts

For the year ended December 31, 2006 expenditures exceeded budgeted amounts in the Special Tax Financing Fund by \$18,101,896. These overexpenditures were due to the sale of Tax Increment Financing (TIF) and Transportation Development District (TDD) bonds. The overexpenditures were funded by the proceeds from the bonds. Also in the Mahaffie House Operations Fund, expenditures exceeded budget by \$20,588. These overexpenditures were due costs of building maintenance. These overexpenditures were funded by additional donations and fund balance.

b. Deficit fund equity

At December 31, 2006, the Capital Projects Fund had a deficit fund balance of \$22,655,912. This deficit primarily arose from proceeds of short-term temporary notes which have not been refinanced on a long-term basis and are not recognized as an “other financing source.” Liabilities for temporary notes payable are accounted for in the Capital Projects Fund. The deficit will be reduced and eliminated as the short-term notes are refinanced on a long-term basis and transfers from other revenue sources are made.

3. Deposits and investments

The City pools idle cash from all funds for the purpose of increasing income through investment activities. Investments are carried at fair value, which approximates cost. Interest income on investments and appreciation/depreciation in fair value investments are allocated to the governmental fund types and

City of Olathe, Kansas
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proprietary fund types on the basis of average monthly cash balances. State statutes authorize the City to invest in fully collateralized or fully insured money market accounts, time deposits, the State of Kansas Municipal Investment Pool, direct debt securities of the United States, and fully collateralized repurchase agreements. The State of Kansas Municipal Investment Pool is operated by the State Treasurer and is not an SEC registered pool. The Pooled Money Investment Board (PMIB) provides the regulatory oversight for this pool.

As of December 31, 2006, the City had the following securities and maturities:

<u>Security Type</u>	<u>Fair Value</u>	<u>Security Maturities (in years)</u>		
		<u>Less than 1</u>	<u>1 - 2</u>	<u>3 - 4</u>
U.S. Government Sponsored Corporation's Instruments	\$ 48,475,688	\$ 35,090,438	\$ 13,385,250	\$ -
Multiple Municipal Client Investment Pool	12,369,343	12,369,343	-	-
	<u>\$ 60,845,031</u>	<u>\$ 47,459,781</u>	<u>\$ 13,385,250</u>	<u>\$ -</u>

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits its investment maturities to less than four years. \$16,033,170 of the U.S. Government Sponsored Corporation Instruments are callable. The maturities listed assume the call provisions are not exercised.

Credit Risk – State law limits investments to Temporary Notes of the City, Collateralized Certificates of Deposits, Collateralized Repurchase Agreements, U.S. Treasury Obligations, the Kansas Municipal Investment Pool, Commercial Bank Savings Accounts, U.S. Government Agency Securities, U.S. Government Sponsored Corporation's Instruments, and Multiple Client Investment Pools. Standard & Poor's assigned its highest possible rating (AAAf/S1+) to the Pooled Money Investment Portfolio. The City's policy on credit risk follows state statutes.

Custodial Credit Risk – For deposits or investments, custodial credit risk is the risk that, in the event of the failure of the bank or counterparty, the City will not be able to recover the value of its deposits, investments, or collateral securities that are in the possession of an outside party. The City's policy for deposits and investments follows state statutes. At December 31, 2006, all of the City's deposits and investments were fully insured by federal depository insurance or otherwise collateralized by securities held in the City's name.

4. Taxes and Special Assessments

Taxes and special assessments revenue by fund type, including interest and penalties, are as follows for fiscal year 2006:

	<u>Major</u>				<u>Other</u>	<u>Total</u>
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Special Tax Financing</u>	<u>Governmental Funds</u>	
Property tax	\$ 13,601,665	\$ 12,682,842	\$ -	\$ 590,758	\$ 5,683,156	\$ 32,558,421
Sales tax	36,655,005	-	-	544,875	2,506,913	39,706,793
Franchise tax	7,131,807	-	-	-	-	7,131,807
Transient guest tax	-	-	-	-	770,973	770,973
Special assessment	-	4,521,425	8,264	-	-	4,529,689
	<u>\$ 57,388,477</u>	<u>\$ 17,204,267</u>	<u>\$ 8,264</u>	<u>\$ 1,135,633</u>	<u>\$ 8,961,042</u>	<u>\$ 84,697,683</u>

City of Olathe, Kansas
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Taxes and special assessments receivable by fund type are as follows for fiscal year 2006.

	<u>Major</u>			<u>Other</u>	<u>Total</u>
	<u>General</u>	<u>Debt Service</u>	<u>Special Tax Financing</u>	<u>Governmental Funds</u>	
Property tax	\$ 12,435,012	\$ 12,742,523	\$ 1,066,991	\$ 5,500,272	\$ 31,744,798
Sales tax	6,539,558	-	-	437,182	6,976,740
Franchise tax	1,468,535	-	-	-	1,468,535
Transient guest tax	236,422	-	-	-	236,422
Special assessment	-	35,416,631	-	-	35,416,631
	<u>\$ 20,679,527</u>	<u>\$ 48,159,154</u>	<u>\$ 1,066,991</u>	<u>\$ 5,937,454</u>	<u>\$ 75,843,126</u>

The City's Property tax is levied each November 1 on the assessed value as of the prior January 1 for all property located in the City. November 1 also serves as the lien date. The assessed values are established by the Johnson County Assessor. The assessed value for property (excluding motor vehicle) located in the City as of November 1, 2005 on which the 2006 levy was based was \$1,126,297,831.

The City's property tax levies per \$1,000 assessed valuation for the year ended December 31, 2006 were as follows:

<u>Fund</u>	<u>Levy</u>
General	\$ 10.069
Special revenue	4.456
Debt service	10.318
	<u>\$ 24.843</u>

The City property taxes for 2006 were assessed in November of 2005 and distributed to the City in 2006 in accordance with state statutes. Property taxes are due in total by December 31 following the levy date, or they may be paid in equal installments if paid by December 20 (first installment) and the following May 10 (second installment).

State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1 of the ensuing year. Therefore taxes levied in the current year are recorded as taxes receivable and deferred revenue at year-end and are recognized as revenue, net of estimated uncollectible and delinquent amounts, in the year they become due.

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2005

5. Intergovernmental Receivables and Revenue

Amounts due from other governments as of December 31, 2006 are as follows:

	<u>Major</u>		<u>Other</u>	<u>Totals</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Governmental Funds</u>	
Federal				
Department of Housing and Urban Development	\$ -	\$ -	\$ 48,400	\$ 48,400
State				
Department of Revenue	80,000	-	880,250	960,250
Department of Transportation	-	7,610,546	19,442	7,629,988
Department of Health and Environment	-	-	56,150	56,150
Highway Department	10,408	-	-	10,408
Local				
City of Overland Park	-	685,691	-	685,691
Johnson County	-	2,213,597	22,629	2,236,226
	<u>\$ 90,408</u>	<u>\$ 10,509,834</u>	<u>\$ 1,026,871</u>	<u>\$ 11,627,113</u>

Intergovernmental revenues for the year ended December 31, 2006 consisted of the following:

	<u>Major</u>			<u>Other</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Water and Sewer</u>	<u>Governmental Funds</u>
Federal				
Department of Housing and Urban Development	\$ -	\$ -	\$ -	\$ 421,261
Department of Homeland Security	-	-	660,888	-
Federal Emergency Management Agency	-	-	-	23,275
Office of National Drug Control Policy	-	-	-	84,016
State				
Liquor Tax	246,386	-	-	512,184
State Highway Connecting Links	41,292	-	-	-
Special Highway	-	-	-	3,159,281
Department of Health and Environment	-	-	-	126,400
Department of Wildlife and Parks	-	-	-	6,605
Department of Transportation	-	3,019,412	-	29,543
County				
Street improvements	-	2,611,389	-	-
Herritage Trust	-	-	-	53,051
Local				
City of Overland Park	-	794,071	-	-
Mid American Regional Council	-	-	-	53,246
Unified School District 233	551,330	-	-	-
	<u>\$ 839,008</u>	<u>\$ 6,424,872</u>	<u>\$ 660,888</u>	<u>\$ 4,468,862</u>

City of Olathe, Kansas
Notes to the Basic Financial Statements
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6. Capital Assets

Capital Asset activity for the year ended December 31, 2006 was as follows:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Retirements</u>	<u>End of Year</u>
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 64,515,858	\$ 2,633,570	\$ -	\$ 67,149,428
Construction in progress	35,936,049	43,998,421	20,837,329	59,097,141
Total capital assets, not being depreciated	<u>100,451,907</u>	<u>46,631,991</u>	<u>20,837,329</u>	<u>126,246,569</u>
Capital assets being depreciated				
Buildings	43,474,521	427,492	-	43,902,013
Machinery and equipment	37,463,165	5,333,645	2,564,995	40,231,815
Swimming pools	6,962,045	-	-	6,962,045
Infrastructure	382,359,535	35,188,533	-	417,548,068
Total capital assets being depreciated	<u>470,259,266</u>	<u>40,949,670</u>	<u>2,564,995</u>	<u>508,643,941</u>
Less accumulated depreciation for				
Buildings	(7,969,927)	(1,106,361)	-	(9,076,288)
Machinery and equipment	(23,998,576)	(3,765,467)	(2,460,964)	(25,303,079)
Swimming pools	(684,067)	(85,976)	-	(770,043)
Infrastructure	(121,094,909)	(19,975,610)	-	(141,070,519)
Total accumulated depreciation	<u>(153,747,479)</u>	<u>(24,933,414)</u>	<u>(2,460,964)</u>	<u>(176,219,929)</u>
Total capital assets being depreciated, net	<u>316,511,787</u>	<u>16,016,256</u>	<u>104,031</u>	<u>332,424,012</u>
Governmental activities capital assets, net	<u>\$ 416,963,694</u>	<u>\$ 62,648,247</u>	<u>\$ 20,941,360</u>	<u>\$ 458,670,581</u>
Business-type activities				
Capital assets, not being depreciated				
Land	\$ 2,382,567	\$ -	\$ -	\$ 2,382,567
Construction in progress	24,893,853	8,241,601	26,067,067	7,068,387
Total capital assets, not being depreciated	<u>27,276,420</u>	<u>8,241,601</u>	<u>26,067,067</u>	<u>9,450,954</u>
Capital assets being depreciated				
Buildings	11,071,954	21,330,475	-	32,402,429
Machinery and equipment	3,798,834	117,648	-	3,916,482
Water system	140,514,139	6,784,950	-	147,299,089
Sewer system	100,979,801	6,970,514	-	107,950,315
Total capital assets being depreciated	<u>256,364,728</u>	<u>35,203,587</u>	<u>-</u>	<u>291,568,315</u>
Less accumulated depreciation for				
Buildings	(3,427,937)	(424,525)	-	(3,852,462)
Machinery and equipment	(1,077,466)	(138,420)	-	(1,215,886)
Water system	(24,728,684)	(1,955,410)	-	(26,684,094)
Sewer system	(17,881,635)	(1,420,884)	-	(19,302,519)
Total accumulated depreciation	<u>(47,115,722)</u>	<u>(3,939,239)</u>	<u>-</u>	<u>(51,054,961)</u>
Total capital assets being depreciated, net	<u>209,249,006</u>	<u>31,264,348</u>	<u>-</u>	<u>240,513,354</u>
Business-type activities capital assets, net	<u>\$ 236,525,426</u>	<u>\$ 39,505,949</u>	<u>\$ 26,067,067</u>	<u>\$ 249,964,308</u>

City of Olathe, Kansas
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Component units	Beginning of Year	Additions	Retirements	End of Year
Capital assets, not being depreciated				
Land	\$ 510,191	\$ 380,000	\$ -	\$ 890,191
Construction in Progress	142,677	-	125,411	17,266
Art collection	18,150	-	-	18,150
Kansas Room Collection	38,540	-	-	38,540
Total capital assets, not being depreciated	<u>709,558</u>	<u>380,000</u>	<u>125,411</u>	<u>964,147</u>
Capital assets being depreciated				
Buildings and improvements	10,310,985	193,138	-	10,504,123
Machinery and equipment	804,678	22,732	43,686	783,724
Books and materials	3,846,473	345,944	154,993	4,037,424
Total capital assets being depreciated	<u>14,962,136</u>	<u>561,814</u>	<u>198,679</u>	<u>15,325,271</u>
Less accumulated depreciation for				
Buildings	(5,408,036)	(350,190)	-	(5,758,226)
Machinery and equipment	(624,168)	(74,406)	(43,686)	(654,888)
Books and materials	(3,026,029)	(336,903)	(154,993)	(3,207,939)
Total accumulated depreciation	<u>(9,058,233)</u>	<u>(761,499)</u>	<u>(198,679)</u>	<u>(9,621,053)</u>
Total capital assets being depreciated, net	5,903,903	(199,685)	-	5,704,218
Component units capital assets, net	<u>\$ 6,613,461</u>	<u>\$ 180,315</u>	<u>\$ 125,411</u>	<u>\$ 6,668,365</u>

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

Government activities

General government	\$ 763,630
Public safety	616,155
Public works	20,236,260
Community services	157,214
Development services	130,768
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of assets	<u>3,029,387</u>
Total depreciation expense for governmental activities	<u>\$ 24,933,414</u>

Business-type activities

Water and sewer	\$ 3,863,561
Solid Waste	75,678
Total depreciation expense for business-type activities	<u>\$ 3,939,239</u>

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2006

7. Debt

Short-term debt

The following is a summary of the short-term debt transactions of the City of Olathe, Kansas for the year ended December 31, 2006:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Retirements</u>	<u>End of Year</u>	<u>Due in One Year</u>
Governmental					
Temporary notes	\$ 33,365,000	\$ 46,190,000	\$ 33,365,000	\$ 46,190,000	\$ 46,190,000
			<u>Interest Rate</u>	<u>Maturity Date</u>	<u>End of Year</u>
Temporary Notes					
Citywide improvements			4.00%	1-Jun-07	\$13,492,000
Citywide improvements			4.50%	1-Jun-07	25,423,500
Water and sewer improvements			4.00%	1-Jun-07	283,000
Water and sewer improvements			4.50%	1-Jun-07	3,878,500
Street and sidewalk improvements			4.00%	1-Jun-07	1,725,000
Street and sidewalk improvements			4.50%	1-Jun-07	1,388,000
					<u>\$46,190,000</u>

Long-term debt

The following is a summary of the long-term debt transactions of the City of Olathe, Kansas for the year ended December 31, 2006:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Retirements</u>	<u>End of Year</u>	<u>Due in One Year</u>
Governmental					
General obligation bonds	\$ 123,180,000	\$ 20,320,000	\$ 15,830,000	\$ 127,670,000	\$ 17,345,000
Special obligations bonds	5,400,000	22,225,000	160,000	27,465,000	165,000
Capitalized leases	172,619	440,650	252,225	361,044	110,822
Developer's cost	1,936,935	2,761,638	311,362	4,387,211	411,362
Compensated absences	2,961,968	3,108,009	2,740,315	3,329,662	1,331,745
	<u>133,651,522</u>	<u>48,855,297</u>	<u>19,293,902</u>	<u>163,212,917</u>	<u>19,363,929</u>
Add: bond issuance premium	2,854,682	654,115	261,384	3,247,413	201,071
Total governmental debt	<u>136,506,204</u>	<u>49,509,412</u>	<u>19,555,286</u>	<u>166,460,330</u>	<u>19,565,000</u>
Business-type					
Revenue bonds	19,800,000	7,170,000	15,095,000	11,875,000	4,855,000
KDHE revolving loan	22,958,149	3,525,743	767,038	25,716,854	605,371
Capitalized leases	2,591,025	-	396,745	2,194,280	393,528
Johnson County agreement	966,931	-	483,465	483,466	483,466
Compensated absences	510,903	518,305	492,733	536,475	217,839
	<u>46,827,008</u>	<u>11,214,048</u>	<u>17,234,981</u>	<u>40,806,075</u>	<u>6,555,204</u>
Add: bond issuance premium	-	73,927	33,181	40,746	38,639
Less: deferred refunding amounts	90,724	127,910	148,134	70,500	66,853
Total business-type debt	<u>46,736,284</u>	<u>11,160,065</u>	<u>17,120,028</u>	<u>40,776,321</u>	<u>6,526,990</u>
Total primary government	<u>\$ 183,242,488</u>	<u>\$ 60,669,477</u>	<u>\$ 36,675,314</u>	<u>\$ 207,236,651</u>	<u>\$ 26,091,990</u>

City of Olathe, Kansas
Notes to the Basic Financial Statements
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As of December 31, 2006, the City had a deferred refunding amount of \$70,500 related to the 2006 advance refunding of Water and Sewer System revenue bonds. On the statement of net assets, revenue bonds have been reported net of this deferred refunding.

Projects financed in part by special assessments are financed by the issuance of general obligation bonds of the City and are backed by the full faith and credit of the City, and are included within the General Obligation Bonds and are retired from the Debt Service Fund.

Upon authorization for the issuance of general obligation bonds for certain improvements, Kansas law permits temporary financing of such improvements by the issuance of general obligation notes. General obligation notes issued may not exceed the aggregate amount of bonds authorized, are interest bearing and have a maturity date not later than four years from the date of issuance of such general obligation notes.

Compensated absences have typically been liquated by the General, Fire Levy, Motor Fuel Tax, Water and Sewer, Solid Waste, Central Garage, Central Purchasing, and Information Technology Services Funds.

Bonds

	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>End of Year</u>
Governmental activities				
General Obligation Bonds				
1997 Series 190 improvement bonds	\$ 9,500,000	4.00 - 5.10	1-Apr-07	\$ 950,000
1998 Series 191 improvement bonds	8,190,000	3.80 - 4.45	1-Apr-08	1,630,000
1998 Series 192 refunding	7,475,000	3.40 - 4.70	1-Oct-14	2,215,000
1998 Series 193 improvement bonds	293,400	5.20 - 5.50	1-Oct-08	60,000
1999 Series 194 improvement bonds	17,880,000	3.75 - 4.80	1-Apr-14	6,155,000
1999 Series 195 improvement bonds	975,000	5.80 - 6.75	1-Oct-09	300,000
2000 Series 196 improvement bonds	3,470,000	4.95 - 6.00	1-Apr-10	1,380,000
2000 Series 197 improvement bonds	5,705,000	4.125 - 4.70	1-Apr-10	2,280,000
2001 Series 198 improvement bonds	6,825,000	4.25 - 4.625	1-Oct-11	3,400,000
2001 Series 199 improvement bonds	4,575,000	3.00 - 4.375	1-Oct-11	2,275,000
2002 Series 200 improvement bonds	9,210,000	2.00 - 4.00	1-Oct-12	5,520,000
2002 Series 201 refunding	13,650,000	3.00 - 4.25	1-Oct-14	6,905,000
2002 Series 202 improvement bonds	800,000	3.50 - 5.40	1-Oct-12	480,000
2003 Series 203 improvement bonds	19,675,000	2.25 - 4.25	1-Apr-23	15,475,000
2003 Series 204 improvement bonds	1,475,000	3.50 - 5.50	1-Apr-18	1,175,000
2004 Series 205 improvement bonds	24,535,000	3.00 - 5.00	1-Oct-24	20,265,000
2004 Series 206 refunding COPS	11,190,000	3.00 - 4.30	1-Oct-20	10,565,000
2005 Series 207 improvement bonds	28,980,000	4.00 - 5.00	1-Oct-25	26,320,000
2006 Series 208 improvement bonds	20,320,000	4.00 - 5.00	1-Oct-26	20,320,000
Total General Obligation Bonds				<u>\$ 127,670,000</u>

City of Olathe, Kansas
Notes to the Basic Financial Statements
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	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>End of Year</u>
Governmental activities				
Special Obligation Bonds				
2002 Series South Phase	\$ 5,700,000	4.90 - 6.20	1-Mar-22	\$ 5,240,000
2006 Olathe Gateway TIF	13,030,000	4.75 - 5.00	1-Mar-26	13,030,000
2006 Olathe Gateway TDD	9,195,000	4.75 - 5.00	1-Dec-28	9,195,000
				<u>\$ 27,465,000</u>

	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>End of Year</u>
Business-type activities				
Revenue Bonds				
2001 Water and Sewer System revenue bonds	\$ 7,975,000	4.25	1-Jan-10	\$ 6,900,000
2006 Water and Sewer System revenue bonds	7,170,000	4.00	1-Jan-08	4,975,000
Total revenue bonds				<u>\$ 11,875,000</u>

Year	General Obligation Bonds		Special Obligation Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 17,345,000	\$ 5,324,883	\$ 165,000	\$ 311,690	\$ 17,510,000	\$ 5,636,573
2008	15,860,000	4,654,654	450,000	2,306,989	16,310,000	6,961,643
2009	14,910,000	4,032,266	635,000	1,382,999	15,545,000	5,415,265
2010	13,155,000	3,456,320	700,000	1,350,947	13,855,000	4,807,267
2011	12,160,000	2,910,499	775,000	1,315,096	12,935,000	4,225,595
2012 - 2016	40,210,000	7,589,413	5,085,000	5,870,485	45,295,000	13,459,898
2017 - 2021	9,720,000	2,064,621	7,535,000	4,244,035	17,255,000	6,308,656
2022 - 2026	4,310,000	415,056	9,935,000	1,943,810	14,245,000	2,358,866
2027 - 2028	-	-	2,185,000	153,750	2,185,000	153,750
	<u>127,670,000</u>	<u>30,447,712</u>	<u>27,465,000</u>	<u>18,879,801</u>	<u>155,135,000</u>	<u>49,327,513</u>
Due within one year	<u>17,345,000</u>	<u>5,324,883</u>	<u>165,000</u>	<u>311,690</u>	<u>17,510,000</u>	<u>5,636,573</u>
Due in more than one year	<u>\$ 110,325,000</u>	<u>\$ 25,122,829</u>	<u>\$ 27,300,000</u>	<u>\$ 18,568,111</u>	<u>\$ 137,625,000</u>	<u>\$ 43,690,940</u>

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2006

Year	Business-type Activities					
	Revenue Bonds		KDHE Revolving Loan		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 4,855,000	\$ 488,188	\$ 605,371	\$ 840,468	\$ 5,460,371	\$ 1,328,656
2008	2,770,000	293,625	592,977	821,508	3,362,977	1,115,133
2009	4,250,000	227,375	613,793	802,411	4,863,793	1,029,786
2010	-	-	635,345	782,639	635,345	782,639
2011	-	-	657,658	762,168	657,658	762,168
2012 - 2016	-	-	8,232,557	3,147,256	8,232,557	3,147,256
2017 - 2021	-	-	7,448,297	1,835,217	7,448,297	1,835,217
2022 - 2026	-	-	6,930,855	557,872	6,930,855	557,872
	<u>11,875,000</u>	<u>1,009,188</u>	<u>25,716,853</u>	<u>9,549,539</u>	<u>37,591,853</u>	<u>10,558,727</u>
Less deferred refunding amounts	<u>70,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,500</u>	<u>-</u>
Total debt	<u>11,804,500</u>	<u>1,009,188</u>	<u>25,716,853</u>	<u>9,549,539</u>	<u>37,521,353</u>	<u>10,558,727</u>
Due within one year	<u>4,855,000</u>	<u>488,188</u>	<u>605,371</u>	<u>840,468</u>	<u>5,460,371</u>	<u>1,328,656</u>
Due in more than one year	<u>\$ 6,949,500</u>	<u>\$ 521,000</u>	<u>\$ 25,111,482</u>	<u>\$ 8,709,071</u>	<u>\$ 32,060,982</u>	<u>\$ 9,230,071</u>

In May 2006, the City issued General Obligation Bonds Series 208 in the amount of \$20,320,000 for the purpose of funding various municipal improvements and pay principal and interest on certain temporary notes of the City. The bonds mature serially on October 1, 2007 through October 1, 2026. The bonds maturing on or after October 1, 2017 are subject to redemption prior to maturity on October 1, 2016 at a price of par plus accrued interest. The City received a premium on this issue of \$654,115.

In December 2006, the City issued Special Obligation Tax Increment Revenue Bonds Series 2006 in the amount of \$13,030,000 for economic development of the Olathe Gateway TIF Area 1 Project. The City also issued Transportation Development district Sales Tax Revenue Bonds Series 2006 in the amount of \$9,195,000 for economic development of the Olathe Gateway TDD No. 1a Project in December of 2006. Both of these bond issues are to be paid with incremental taxes attributable to the projects.

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

As of December 31, 2006, based on the assessed valuation as of December 15, 2006 of \$1,387,431,101, the general obligation debt limit was \$416,229,330 which, after reduction for outstanding eligible general obligation bonds and notes totaling \$164,990,789, and increases for exempt projects financed with outstanding general obligation bonds and notes totaling \$64,370,815 and amounts available for debt service of \$24,838,174, provides a general obligation debt margin of \$340,537,530.

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2006

Capitalized Leases

	End of Year
Governmental activities:	
2.96% interest lease for an AS400, payable in yearly principal and interest payments of \$79,606 through July 2008	\$ 152,294
7.42% interest lease on copy machines, payable in monthly principal and interest payments of \$4,175 through December 2011	208,750
Total capital leases for governmental activities	\$ 361,044
 Business-type activities:	
4.065% interest lease for a generator, payable in semi-annual principal and interest payments of \$81,647 through April 2014.	\$ 1,046,558
3.679% interest lease for smart carts, payable in annual principal and interest payments of \$313,841 through January 2010.	1,147,722
Total capital leases for business-type activities	\$ 2,194,280

The assets acquired through capital leases are as follows:

	Governmental Activities	Business-type	
		Water & Sewer	Solid Waste
Asset:			
Machinery and equipment	\$ 440,650	\$ 1,303,621	\$ 1,427,300
Less: Accumulated depreciation	(33,886)	(142,847)	(101,060)
Total	\$ 406,764	\$ 1,160,774	\$ 1,326,240

	Governmental Activities	Business-type Activities	Total
Year	Payments	Payments	Payments
2007	\$ 129,706	\$ 477,135	\$ 606,841
2008	129,705	477,135	606,840
2009	50,100	477,135	527,235
2010	50,100	477,135	527,235
2011	50,100	163,294	213,394
2012 - 2016	-	408,235	408,235
	409,711	2,480,069	2,889,780
Less amounts representing interest	48,667	285,789	606,841
Total	\$ 361,044	\$ 2,194,280	\$ 2,282,939

City of Olathe, Kansas
Notes to the Basic Financial Statements
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Reimbursable Developer's Cost

	Beginning of Year	Additions	Retirements	End of Year
2004 Southgate Phase II	\$ 1,936,935	\$ 699,198	\$ 254,710	\$ 2,381,423
2006 North Southgate	-	923,739	56,652	867,087
2006 Heritage Crossing	-	1,138,701	-	1,138,701
Total Reimbursable Developer's Cost	<u>\$ 1,936,935</u>	<u>\$ 2,761,638</u>	<u>\$ 311,362</u>	<u>\$ 4,387,211</u>

These obligations represent redeveloper project costs that have been certified as eligible for reimbursement from incremental taxes attributable to the project. Under tax increment financing plans, the redeveloper may be reimbursed up to the certified cost amount from incremental taxes. The City is only obligated for the amounts of incremental taxes received attributable to the project; any deficiencies are the responsibility of the redeveloper.

Year	Governmental Activities Estimated Payments
2007	\$ 411,362
2008	420,000
2009	420,000
2010	420,000
2011	420,000
2012 - 2016	1,886,713
2017 - 2021	<u>409,136</u>
	4,387,211
Due within one year	<u>411,362</u>
Due in more than one year	<u>\$ 3,975,849</u>

Other debt information

Certain other financial information and operating data regarding the City is available in the Official Statement dated May 15, 2006 related to the City's General Obligation Bonds Series 208 and General Obligation Temporary Notes Series 2006-A. The financial information and operating data contained in this Official Statement is incorporated herein by reference.

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2006

8. Refunded Debt

During 2006, the City advance refunded \$10,545,000 Water and Sewer System revenue bonds. This advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$121,710. This difference, reported in the financial statements as a deduction from revenue bonds payable, is being charged to operations through the year 2008. As of December 31, 2006, this deferred difference had a balance of \$70,500. The City completed the advance refunding to reduce debt service payments by \$540,322 and to obtain an economic gain of \$148,552.

In prior years, the City defeased certain debt by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on old debt. Accordingly, the trust account assets and the liability for the defeased debt are not included in the City's basic financial statements.

The refunding issues and outstanding refunded debt as of December 31, 2006 are as follows:

	<u>Refunding Issue (Date)</u>	<u>Debt Series Defeased</u>	<u>Defeased Debt Outstanding</u>
Certificates of Participation	Series 206 (2004)	1998A	\$ 2,560,000
Certificates of Participation	Series 206 (2004)	2000A	<u>5,685,000</u>
			<u><u>\$ 8,245,000</u></u>

9. Fund Balances

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2006

10. Interfund Activities

Interfund transactions for the year were as follows:

Transfers from	Transfer to					Total	
	Major				Internal Service Funds		Other Governmental Funds
	General	Debt Service	Capital Projects	Water & Sewer			
General Fund	\$ -	\$ 811,000	\$ 7,234,374	\$ 41,500	\$ 150,900	\$ 11,404,951	\$ 19,642,725
Capital Projects	1,654,923	1,963,190	-	275,000	-	270,769	4,163,882
Other Governmental Funds	1,214	-	4,373,832	480,750	-	1,584	4,857,380
Proprietary Funds							
Water and sewer	-	-	275,000	-	-	-	275,000
Internal Service Funds	-	-	176,103	-	-	-	176,103
	-	-	451,103	-	-	-	451,103
Totals	<u>\$ 1,656,137</u>	<u>\$ 2,774,190</u>	<u>\$ 12,059,309</u>	<u>\$ 797,250</u>	<u>\$ 150,900</u>	<u>\$ 11,677,304</u>	<u>\$ 29,115,090</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statutes or budget requires to expend them, (2) move receipts restricted to debt service from funds collecting the receipts to the debt service fund as debt service payments are due, and (3) use unrestricted revenues collected in various funds to finance various programs accounted for in other funds in accordance with budgetary authorization. Any transfers within the government funds have been eliminated in the government-wide statement of activities.

Interfund receivable/payable balances as the end of the year were as follows:

	Receivables	Payables
Fund Statements		
General	\$ 159,839	\$ -
Other governmental funds		25,765
Nonmajor proprietary fund*	-	134,074
	<u>\$ 159,839</u>	<u>\$ 159,839</u>
Government-Wide Statements		
Governmental	\$ 1,501,494	\$ -
Business-type	-	1,501,494

* The balance receivable by the General Fund from the Golf Course Fund is not expected to be repaid within one year.

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2006

11. Pension Plans

The City participates in the Kansas Public Employees Retirement System (KPERs) and the Kansas Police and Firemen's Retirement System (KP&F). Both are part of a cost-sharing, multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERs and KP&F provide retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefit provisions. KPERs and KP&F jointly issue a publicly available financial report that includes financial statements and required supplementary information for each plan. Those reports maybe obtained by writing to KPERs (611 S. Kansas Avenue, Suite 100, Topeka, Kansas 66603-3803) or by calling 1-888-275-5737.

K.S.A. 74-4919 establishes the KPERs member-employee contribution rate at 4% of covered salary, K.S.A. 74-4975 establishes the KP&F member-employee contribution rate at 7% of covered salary. The employer collects and remits member-employee contributions according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERs and KP&F are funded on an actuarial reserve basis. State law sets a limitation on annual increases in the employer contribution rates. The KPERs employer rate established for calendar year 2006 was 4.81%. The City employer contributions to KPERs for the years ended December 31, 2006, 2005, and 2004 were \$1,174,253, \$955,868, and \$787,480 respectively, equal to the required contributions for each year. The KP&F employer rate established for fiscal year 2006 was 12.47%. Employers participating in KP&F also make contributions to amortize the liability for past service costs, if any, which is determined separately for each participating employer. The City contributions to KP&F for the years ended December 31, 2006, 2005, and 2004 were \$2,200,670, \$1,968,792, and \$1,519,972 respectively, equal to the required contributions for each year.

12. Commitments and Contingent Liabilities

Commitments

As of December 31, 2006, uncompleted capital project authorizations compared with project costs from inception (excluding expenditures for general obligation notes, general obligation note interest, note and bond issuance costs and transfers of unused funds back to the funding source) were as follows:

	Project Authorizations	Costs - Project Inception to December 31, 2006
Street improvements	\$ 197,304,431	\$ 80,365,647
Citywide improvements	61,840,682	33,306,338
Water and sewer lines	6,467,481	5,765,643
	\$ 265,612,594	\$ 119,437,628

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

City of Olathe, Kansas
Notes to the Basic Financial Statements
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	<u>Operation and Maintenance</u>	<u>Capital Improvements</u>		<u>Total</u>
2007	\$ 1,963,796	\$ 835,993	\$	2,799,789
2008	2,091,443	890,333		2,981,776
2009	2,248,301	957,108		3,205,409

During 2002, the City and the Sewer District entered into an agreement for \$3,384,260 to settle a dispute on prior year's operating and maintenance costs, as well as capital improvements. The City paid \$483,464 on this claim in 2006 leaving a remaining balance of \$483,466. The City is scheduled to pay the final installment of \$483,466 in 2007. This obligation is recorded in the City's Water and Sewer Fund.

Litigation

There are claims and/or lawsuits to which the City is a party as a result of law enforcement activities, injuries and various other matters and complaints arising in the ordinary course of City activities. The City's management and legal counsel anticipate that potential claims against the City not covered by insurance would not materially affect the financial position of the City.

13. Risk Management

The City's risk management activities are reported separately in an Internal Service Fund. The City's risk management activities cover both the primary reporting unit and the discretely presented component unit, the Authority. The insurance programs administered are property, various types of liability and workers' compensation. The City uses a commercial insurance program with various levels of coverage as outlined in the schedule of property/casualty insurance in force.

The City has a deductible of \$25,000 per occurrence for all property damage losses, \$25,000 per occurrence for auto liability and auto property losses, \$25,000 per occurrence for general liability losses, \$25,000 per occurrence for police liability losses, and \$25,000 per occurrence for public official liability losses. The City's deductible would be limited to \$25,000 should more than one line of coverage be involved in any single occurrence/event. The City maintains a loss reserves fund for pending claims and for claims incurred, but not reported. The City believes that there is no potential liability at year-end 2006 which will exceed coverage and the funds reserved. There were no significant reductions in insurance coverage during 2006. No significant settlements in excess of insurance coverage have been paid in the last three years.

Effective January 1, 1998, the City was granted a self-insured permit by the Kansas Worker's Compensation Division. The City had previously been a member of a self-insured pool for 11 years. As a stand-alone workers' compensation self-insurer, the City must comply with very strict procedural and funding standards monitored by the Kansas Workers' Compensation Division. The City has recorded a liability of \$974,459 that represents the estimated future cost of claims made and claims incurred, but not reported at December 31, 2006.

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>
2005	\$ 1,482,447	\$ 1,002,273	\$ 1,511,767	\$ 972,953
2006	972,953	1,042,073	1,040,567	974,459

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2006

Employee health and dental insurances are self-insured by the City. The City has an accrued liability for various insurance claims payable including claims incurred, but not yet paid of \$1,359,718 at December 31, 2006.

	Beginning of Year	Additions	Deletions	End of Year
2005	\$ 1,240,057	\$ 6,848,711	\$ 6,718,027	\$ 1,370,741
2006	1,370,741	8,355,359	8,366,382	1,359,718

The risk management claims payable are based on claims adjusters' and management's evaluations and an actuarial review of experience with respect to the probable number and nature of claims arising from losses that have been incurred, but not reported. The liability includes the estimated ultimate cost of settling the claims, including incremental costs, the effects of inflation and other societal and economic factors. Other nonincremental costs are not included in the basis of estimating the liability.

14. Landfill Closure

In October 1993, the City ceased landfill operations. In 1994, the City sold \$1,015,000 of Solid Waste Revenue Bonds to finance closure and postclosure costs of the landfill and to construct a transfer station for waste collection and distribution to a regional landfill.

The Environmental Protection Agency (EPA), through the Kansas Department of Health and Environment, requires the former site to be capped. This cap must be inspected for erosion, and the ground water samples must be tested annually. The City has obtained an environmental engineer study of the landfill to evaluate the ultimate postclosure liability to be accrued at December 31, 1995 in accordance with EPA regulations, state regulations and GASB Statement No. 18, "According for Municipal Solid Waste Landfill Closure and Postclosure Care Costs." This cost as estimated by the engineer, was clearly immaterial in relationship to the Solid Waste Enterprise Fund and the City's financial statements taken as a whole; therefore, no liability is accrued at December 31, 2006. The postclosure care costs will be expensed as incurred. The City will continue to evaluate the ultimate postclosure care cost annually. In the event that a material liability is estimated, the City will accrue the liability at that financial statement date.

15. Postemployment Benefits Other than Pension Benefits

The City provides postemployment health and dental care insurance, in accordance with state statute K.S.A. 12-5040, to all employees who retire with at least 10 years of service with the City. Currently 79 retirees meet those eligibility requirements. The City supplements the cost of the insurance by an amount equal to that paid for active employees with retirees paying the balance. During the year expenditures of \$607,011 were recognized for postemployment health and dental care.

16. Conduit Debt Obligations

The City has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as letters of credit and are payable solely from payments received from the private businesses involved. The City has issued multi-family rental and single-family residences in the City. These bonds are secured solely by the property financed by the respective bond issued educational facility revenue bonds to provide loans to assist college and universities in Kansas with capital improvements. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the City nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

City of Olathe, Kansas
Notes to the Basic Financial Statements
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As of December 31, 2006, there were 73 issues of industrial revenue, multi-housing, and education facility bonds outstanding. Outstanding issues had an aggregate original issue amount totaling \$925,502,567 and a total assessed valuation of \$1,206,238,967.

17. Component Units Condensed Financial Statements

The City has two discretely presented component units – Olathe Public Library and Olathe Housing Authority. Listed below are condensed financial statements for both of the component units.

	Olathe Public Library	Olathe Public Housing Authority	Totals
Total assets	\$ 5,123,619	\$ 3,763,618	\$ 8,887,237
Total liabilities	159,948	141,057	301,005
Net assets	<u>\$ 4,963,671</u>	<u>\$ 3,622,561</u>	<u>\$ 8,586,232</u>
Expenses	\$ 3,772,910	\$ 2,452,482	\$ 6,225,392
Program revenues	267,426	2,335,874	2,603,300
Net program revenues	(3,505,484)	(116,608)	(3,622,092)
Tax revenues	3,591,315	-	3,591,315
Other general revenues	73,951	74,474	148,425
Change in net assets	159,782	(42,134)	117,648
Beginning net assets	4,803,889	3,664,695	8,468,584
Ending net assets	<u>\$ 4,963,671</u>	<u>\$ 3,622,561</u>	<u>\$ 8,586,232</u>

18. Pending GASB Statements

As of the date of the audit report, the Government Accounting Standards Board (GASB) has issued the following statements not yet implemented by the City:

Statement Number 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, was issued June 2004 and will be effective for the City with the fiscal year ending December 31, 2008. Management has not yet determined the effect, if any, of the implementation of this statement of the City.



Nonmajor Governmental Funds

Nonmajor Governmental Funds

Special Revenue Funds

Fire Levy

To account for monies received for the fire department operations.

Motor Fuel Tax

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

Teen Coffee House

To account for the operations of the Teen Coffee House

Library Tax

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

Economic Development and Tourism

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

Special Park and Recreation

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

Special Alcohol

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

Storm Water

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



Nonmajor Governmental Funds

Special Revenue Funds

Park Sales Tax

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

Reimbursable Programs

To account for miscellaneous donations for various designated purposes.

Grants Fund

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

Future Street Improvement

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

Park & Recreation Foundation

To account for donations provided by citizens for Historic Site Enhancement.

Recreation Fund

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

Cemetery Endowment

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

Mahaffie House Operations

To account for the daily operations of the Mahaffie Farmstead

Mahaffie House Restoration

To account for monies provided by public donations and contributions to be used in restoration of the Mahaffie Farmstead.

City of Olathe, Kansas
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2006

	Special Revenue									
	Fire Levy	Motor Fuel Tax	Teen Coffee House	Library Tax	Economic Development and Tourism	Special Park and Recreation	Special Alcohol	Storm Water	Park Sales	Park Tax
Assets										
Cash, cash equivalents, and investments	\$ 390,077	\$ 279,903	\$ -	\$ 398,316	\$ -	\$ 2,277,718	\$ 458,721	\$ 3,644,530	\$ 3,981,638	
Receivables (net of allowance)	-	-	-	-	-	-	-	227,478	-	-
Accounts	-	-	-	-	-	-	-	-	-	-
Taxes	2,083,088	-	-	3,417,184	-	-	-	-	437,182	-
Accrued interest	-	-	-	1,025	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-	-	-
Due from other governments	-	720,250	-	-	-	80,000	80,000	-	-	-
Total assets	\$ 2,473,165	\$ 1,000,153	\$ -	\$ 3,816,525	\$ -	\$ 2,357,718	\$ 538,721	\$ 3,872,008	\$ 4,418,820	
Liabilities and fund balances										
Liabilities										
Accounts payable	\$ 20,190	\$ 35,586	\$ -	\$ -	\$ -	\$ 24,890	\$ 10,325	\$ 9,514	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-	-	-	-
Due to component unit	-	-	-	398,341	-	-	-	-	-	-
Deferred revenue	2,083,088	-	-	3,417,184	-	80,000	80,000	-	-	-
Total liabilities	2,103,278	35,586	-	3,816,525	-	104,890	90,325	9,514	-	-
Fund balances										
Reserved for										
Encumbrances	46,123	12,428	-	-	-	12,593	-	34,481	-	-
Unreserved, reported in										
Special revenue funds	323,764	952,139	-	-	-	2,240,235	448,396	3,828,013	4,418,820	
Total fund balances	369,887	964,567	-	-	-	2,252,828	448,396	3,862,494	4,418,820	
Total liabilities and fund balances	\$ 2,473,165	\$ 1,000,153	\$ -	\$ 3,816,525	\$ -	\$ 2,357,718	\$ 538,721	\$ 3,872,008	\$ 4,418,820	

	Special Revenue							Total Nonmajor Governmental Funds	
	Reimbursable Programs	Grants Fund	Future Street Improvement	Park & Recreation Foundation	Recreation	Cemetery Endowment	Mahaffie House Operations		Mahaffie House Restoration
Assets									
Cash, cash equivalents, and investments	\$ 358,240	\$ 86,470	\$ 7,778,791	\$ 12,374	\$ 3,511	\$ 443,640	\$ 66,762	\$ 102,234	\$ 20,282,925
Receivables (net of allowance)	-	-	-	-	3,008	-	-	-	230,486
Accounts	-	-	-	-	-	-	-	-	5,937,454
Taxes	-	-	-	-	-	-	-	-	1,025
Accrued interest	-	3,079,451	-	-	-	-	-	-	3,079,451
Loans	-	146,621	-	-	-	-	-	-	1,026,871
Due from other governments	-	-	-	-	-	-	-	-	-
Total assets	\$ 358,240	\$ 3,312,542	\$ 7,778,791	\$ 12,374	\$ 6,519	\$ 443,640	\$ 66,762	\$ 102,234	\$ 30,558,212
Liabilities and fund balances									
Liabilities									
Accounts payable	\$ 1,510	\$ 2,163	\$ -	\$ -	\$ -	\$ -	\$ 14,916	\$ -	\$ 119,094
Due to other funds	-	25,765	-	-	-	-	-	-	25,765
Due to component unit	-	-	-	-	-	-	-	-	399,341
Deferred revenue	-	3,079,451	-	-	-	-	-	-	8,739,723
Total liabilities	1,510	3,107,379	-	-	-	-	14,916	-	9,283,923
Fund balances									
Reserved for									
Encumbrances	5	151,642	-	-	1,146	-	22,157	-	280,575
Unreserved, reported in									
Special revenue funds	356,725	53,521	7,778,791	12,374	5,373	443,640	29,689	102,234	20,993,714
Total fund balances	356,730	205,163	7,778,791	12,374	6,519	443,640	51,846	102,234	21,274,289
Total liabilities and fund balances	\$ 358,240	\$ 3,312,542	\$ 7,778,791	\$ 12,374	\$ 6,519	\$ 443,640	\$ 66,762	\$ 102,234	\$ 30,558,212

City of Olathe, Kansas
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2006

	Fire Levy	Motor Fuel Tax	Teen Coffee House	Library Tax	Economic Development and Tourism	Special Park and Recreation	Special Alcohol	Storm Water	Park Sales Tax
Revenues									
Taxes:									
Property Sales	\$ 2,125,736	\$ -	\$ -	\$ 3,557,420	\$ -	\$ -	\$ -	\$ -	\$ -
Transient guest	-	-	-	-	770,973	-	-	-	2,506,913
Intergovernmental	-	3,159,281	-	-	-	256,092	-	-	-
Charge for service	-	-	-	-	-	742,163	-	1,794,354	-
Use of money and property	23,687	41,519	39	33,895	-	90,328	18,110	157,289	128,163
Miscellaneous	-	4,841	30	-	-	-	-	-	-
Total revenues	2,149,423	3,205,641	69	3,591,315	770,973	1,088,583	274,202	1,951,643	2,635,076
Expenditures									
General government	686,954	563,119	-	3,591,315	770,973	-	-	137,806	-
Public safety	11,907,276	-	-	-	-	-	-	-	-
Public works	196,488	3,017,219	-	-	-	-	-	455,015	45,635
Community services	-	-	-	-	-	369,628	309,442	-	165,206
Development services	-	-	-	-	-	-	-	-	-
Total expenditures	12,790,718	3,580,338	-	3,591,315	770,973	369,628	309,442	592,821	210,841
Excess of revenues over (under) expenditures	(10,641,295)	(374,697)	69	-	-	718,955	(35,240)	1,358,822	2,424,235
Other financing sources (uses)									
Transfers in	10,792,012	-	-	-	-	59,757	-	127,042	11,896
Transfers out	(129,000)	-	(1,214)	-	-	(462,000)	-	(1,918,570)	(465,000)
Total other financing sources (uses)	10,663,012	-	(1,214)	-	-	(402,243)	-	(1,791,528)	(453,104)
Net change in fund balances	21,717	(374,697)	(1,145)	-	-	316,712	(35,240)	(432,706)	1,971,131
Fund balances - beginning of year	348,170	1,339,264	1,145	-	-	1,936,116	483,636	4,295,200	2,447,689
Fund balances - end of year	\$ 369,887	\$ 964,567	\$ -	\$ -	\$ -	\$ 2,252,828	\$ 448,396	\$ 3,862,494	\$ 4,418,820

	Special Revenue										Total Nonmajor Governmental Funds
	Reimbursable Programs	Grant Fund	Future Street Improvement	Park & Recreation Foundation	Recreation	Cemetery Endowment	Mahaffie House Operations	Mahaffie House Restoration			
Revenues											
Taxes:											
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,683,156
Sales	-	-	-	-	-	-	-	-	-	-	2,506,913
Transient guest	-	-	-	-	-	-	-	-	-	-	770,973
Intergovernmental	-	797,397	-	-	-	-	-	-	-	-	4,468,862
Charge for service	231,164	-	3,145,424	-	870,418	60,832	55,277	-	-	-	6,899,632
Use of money and property	-	983	305,962	510	2,438	19,553	3,062	30,803	-	-	856,341
Miscellaneous	5,308	111,689	5,000	1,971	-	28,455	20,045	2,842	-	-	180,181
Total revenues	236,472	910,069	3,456,386	2,481	872,856	108,840	78,384	33,645	-	-	21,366,058
Expenditures											
General government	7,250	300,659	-	-	-	-	-	-	-	-	6,058,076
Public safety	121,908	57,050	-	-	-	-	-	-	-	-	12,086,234
Public works	-	102,475	-	-	-	-	-	-	-	-	3,816,832
Community services	9,147	391,258	-	2,001	949,039	103,335	647,082	21,995	-	-	2,968,133
Development services	-	2,225	-	-	-	-	-	-	-	-	2,225
Total expenditures	138,305	853,667	-	2,001	949,039	103,335	647,082	21,995	-	-	24,931,500
Excess of revenues over (under) expenditures	98,167	56,402	3,456,386	480	(76,183)	5,505	(568,698)	11,650	-	-	(3,565,442)
Other financing sources (uses)											
Transfers in	8,096	-	67,074	-	45,000	-	566,427	-	-	-	11,677,304
Transfers out	-	(32,390)	(864,900)	-	-	-	-	(984,306)	-	-	(4,857,380)
Total other financing sources (uses)	8,096	(32,390)	(797,826)	-	45,000	-	566,427	(984,306)	-	-	6,819,924
Net change in fund balances	106,263	24,012	2,658,560	480	(31,183)	5,505	(2,271)	(972,656)	-	-	3,254,482
Fund balances - beginning of year	250,467	181,151	5,120,231	11,894	37,702	438,135	54,117	1,074,890	-	-	18,019,807
Fund balances - end of year	\$ 356,730	\$ 205,163	\$ 7,778,791	\$ 12,374	\$ 6,519	\$ 443,640	\$ 51,846	\$ 102,234	\$ -	\$ -	\$ 21,274,289



Budgetary Schedules

City of Olathe, Kansas
Schedule of Revenues, Expenditures, and Changes in Fund Balance
General Fund
Budget and Actual - Budgetary Basis
For the Year Ended December 31, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Taxes:			
Property	\$ 12,910,810	\$ 13,601,665	\$ 690,855
Sales	33,350,000	36,655,005	3,305,005
Franchise	8,371,755	7,131,807	(1,239,948)
Intergovernmental	885,000	839,008	(45,992)
Licenses and permits	1,203,587	1,561,945	358,358
Fines, forfeitures, and penalties	3,202,500	3,093,526	(108,974)
Charges for services	1,191,600	3,472,292	2,280,692
Use of money and property	388,176	865,430	477,254
Miscellaneous	141,294	360,969	219,675
Total revenues	<u>61,644,722</u>	<u>67,581,647</u>	<u>5,936,925</u>
Expenditures			
General government	4,052,854	4,344,326	(291,472)
Administration	3,543,875	3,355,330	188,545
Human resources	803,798	971,630	(167,832)
Legal	1,419,807	1,232,409	187,398
Financial services	1,147,429	1,219,574	(72,145)
Public safety	20,504,826	19,552,219	952,607
Public works	9,115,285	9,077,690	37,595
Development services	2,713,539	2,421,520	292,019
Community services	4,588,803	4,548,770	40,033
Neighborhood services	1,782,796	1,776,507	6,289
Capital improvements	40,500	-	40,500
Contingency	12,740,367	209,766	12,530,601
Total expenditures	<u>62,453,879</u>	<u>48,709,741</u>	<u>13,744,138</u>
Excess of revenues over expenditures	<u>(809,157)</u>	<u>18,871,906</u>	<u>19,681,063</u>
Other financing sources (uses)			
Transfers in	1,500,000	1,656,137	156,137
Transfers out	<u>(12,738,000)</u>	<u>(19,642,724)</u>	<u>(6,904,724)</u>
Total other financing sources (uses)	<u>(11,238,000)</u>	<u>(17,986,587)</u>	<u>(6,748,587)</u>
Net change in fund balance	<u>\$ (12,047,157)</u>	<u>885,319</u>	<u>\$ 12,932,476</u>
Fund balance - beginning of year - budget basis		<u>18,605,728</u>	
Fund balance - end of year - budget basis		19,491,047	
Encumbrances incurred and outstanding		604,062	
Fund balance - end of year - GAAP basis		<u>\$ 20,095,109</u>	

City of Olathe, Kansas
Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Special Tax Financing Fund
Budget and Actual - Budgetary Basis
For the Year Ended December 31, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
Revenues			
Taxes and special assessments	\$ 1,578,665	\$ 1,135,633	\$ (443,032)
Intergovernmental	40,360	-	(40,360)
Charge for services	-	33,218	33,218
Use of money and property	19,800	40,176	20,376
Total revenues	<u>1,638,825</u>	<u>1,209,027</u>	<u>(429,798)</u>
Expenditures			
General operations	1,638,825	18,921,578	(17,282,753)
Debt service	-	819,143	(819,143)
Total expenditures	<u>1,638,825</u>	<u>19,740,721</u>	<u>(18,101,896)</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>(18,531,694)</u>	<u>(18,531,694)</u>
Other financing sources			
Bond proceeds	-	22,225,000	22,225,000
Total other financing sources	<u>-</u>	<u>22,225,000</u>	<u>22,225,000</u>
Net change in fund balance	<u>\$ -</u>	<u>3,693,306</u>	<u>\$ 3,693,306</u>
Fund balance - beginning of year		806,516	
Fund balance - end of year		<u>\$ 4,499,822</u>	

City of Olathe, Kansas
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
All Budgeted Special Revenue Funds
Budget and Actual - Budgetary Basis
For the Year Ended December 31, 2006

	Fire Levy Fund			Motor Fuel Tax Fund			Teen Coffee House			Library Tax Fund		
	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
Revenues												
Taxes	\$ 2,027,680	\$ 2,125,736	\$ 98,056	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,336,419	\$ 3,557,420
Intergovernmental	-	-	-	2,947,500	3,159,281	211,781	-	-	-	-	-	-
Charge for services	-	-	-	-	-	-	4,000	-	(4,000)	-	-	-
Use of money and property	18,500	23,687	5,187	35,200	41,519	6,319	650	39	(611)	5,600	33,895	28,295
Miscellaneous	-	-	-	-	4,841	4,841	-	30	30	-	-	-
Total revenues	2,046,180	2,149,423	103,243	2,982,700	3,205,641	222,941	4,650	69	(4,581)	3,342,019	3,591,315	249,296
Expenditures												
General government	771,725	686,980	84,745	546,521	563,119	(16,598)	-	-	-	3,614,005	3,591,315	22,690
Public safety	12,002,874	11,927,210	75,664	-	-	-	-	-	-	-	-	-
Public works	223,971	193,523	30,448	3,207,763	3,001,526	206,237	-	-	-	-	-	-
Community services	-	-	-	-	-	-	53,106	-	53,106	-	-	-
Contingency	-	-	-	326,264	-	326,264	-	-	-	-	-	-
Total expenditures	12,998,570	12,807,713	190,857	4,080,548	3,564,645	515,903	53,106	-	53,106	3,614,005	3,591,315	22,690
Excess of revenues over/ (under) expenditures	(10,952,390)	(10,658,290)	294,100	(1,097,848)	(359,004)	738,844	(48,456)	69	48,525	(271,986)	-	271,986
Other financing sources (uses)												
Transfers in	10,850,000	10,792,012	(57,988)	-	-	-	48,456	-	(48,456)	-	-	-
Transfers out	-	(129,000)	(129,000)	-	-	-	-	(1,214)	(1,214)	-	-	-
Total other financing sources/(uses)	10,850,000	10,663,012	(186,988)	-	-	-	48,456	(1,214)	(49,670)	-	-	-
Net change in fund balances	\$ (102,390)	\$ 4,722	\$ 107,112	\$ (1,097,848)	\$ (359,004)	\$ 738,844	\$ -	\$ (1,145)	\$ (1,145)	\$ (271,986)	\$ -	\$ 271,986
Fund balances - beginning of year - Budget basis		319,042			1,311,143			1,145			422,032	
Fund balances - end of year - Budget basis		323,764			952,139			-			422,032	
Encumbrances incurred and outstanding / Due to component unit		46,123			12,428						(422,032)	
Fund balances - end of year - GAAP basis		\$ 369,887			\$ 964,567			\$ -			\$ -	

City of Olathe, Kansas
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
All Budgeted Special Revenue Funds
Budget and Actual - Budgetary Basis
For the Year Ended December 31, 2006

	Economic Development and Tourism			Special Park and Recreation Fund			Special Alcohol Fund			Storm Water Fund		
	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
Revenues												
Taxes	\$ 806,148	\$ 770,973	\$ (35,175)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	232,780	256,092	23,312	232,780	256,092	23,312	-	-	-
Charge for services	-	-	-	490,776	742,163	251,387	-	-	-	1,681,922	1,794,354	112,432
Use of money and property	-	-	-	56,900	90,328	33,428	10,300	18,110	7,810	87,300	157,289	69,989
Miscellaneous	-	-	-	3,000	-	(3,000)	-	-	-	-	-	-
Total revenues	806,148	770,973	(35,175)	783,456	1,088,583	305,127	243,080	274,202	31,122	1,769,222	1,951,643	182,421
Expenditures												
General government	806,148	770,973	35,175	-	-	-	-	-	-	456,096	174,410	281,686
Public safety	-	-	-	-	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-	-	545,354	452,568	92,786
Community services	-	-	-	851,862	377,330	474,522	527,830	307,844	219,986	-	-	-
Contingency	-	-	-	-	-	-	-	-	-	553,370	-	553,370
Total expenditures	806,148	770,973	35,175	851,862	377,330	474,522	527,830	307,844	219,986	1,554,820	626,978	927,842
Excess of revenues over (under) expenditures	-	-	-	(68,396)	711,253	779,649	(284,750)	(33,642)	251,108	214,402	1,324,665	1,110,263
Other financing sources (uses)												
Transfers in	-	-	-	-	59,757	59,757	-	-	-	-	127,042	127,042
Transfers out	-	-	-	(1,801,469)	(462,000)	1,339,469	(48,456)	-	48,456	(3,187,000)	(1,918,570)	1,268,430
(Uses)	-	-	-	(1,801,469)	(402,243)	1,399,226	(48,456)	-	48,456	(3,187,000)	(1,791,528)	1,395,472
Net change in fund balances	-	-	\$ -	(1,869,865)	309,010	2,178,875	(333,206)	(33,642)	299,564	(2,972,598)	(466,863)	2,505,735
Fund balances - beginning of year - Budget basis	-	-	-	-	1,931,225	-	-	482,038	-	-	4,294,876	-
Fund balances - end of year - Budget basis	-	-	-	2,240,235	-	-	-	448,396	-	-	3,828,013	-
Encumbrances incurred and outstanding / Due from component unit	-	-	-	12,593	-	-	-	-	-	-	34,481	-
Fund balances - end of year - GAAP basis	-	-	-	\$ 2,252,828	-	-	-	\$ 448,396	-	-	\$ 3,862,494	-

City of Olathe, Kansas
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
All Budgeted Special Revenue Funds
Budget and Actual - Budgetary Basis (continued)
For the Year Ended December 31, 2006

	Park Sales Tax Fund			Recreation			Mahaffie House Operations			Total		
	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
Revenues												
Taxes	\$ 2,352,117	\$ 2,506,913	\$ 154,796	-	-	-	-	-	-	\$ 8,522,364	\$ 8,961,042	\$ 438,678
Intergovernmental	-	-	-	-	-	-	-	-	-	3,413,080	3,671,465	258,405
Charge for services	-	-	-	979,674	870,418	(109,256)	54,000	55,277	1,277	3,210,372	3,462,212	251,840
Use of money and property	6,200	128,163	121,963	2,100	2,438	338	1,400	3,062	1,662	224,150	498,530	274,380
Miscellaneous	-	-	-	-	-	-	5,000	20,045	15,045	8,000	24,916	16,916
Total revenues	<u>2,358,317</u>	<u>2,635,076</u>	<u>276,759</u>	<u>981,774</u>	<u>872,856</u>	<u>(108,918)</u>	<u>60,400</u>	<u>79,384</u>	<u>17,984</u>	<u>15,377,946</u>	<u>16,618,165</u>	<u>1,240,219</u>
Expenditures												
General government	-	-	-	-	-	-	-	-	-	6,194,495	5,786,797	407,698
Public safety	-	-	-	-	-	-	-	-	-	12,002,874	11,927,210	75,664
Public works	86,296	45,635	40,661	-	-	-	-	-	-	4,063,384	3,693,252	370,132
Community services	196,234	165,206	31,028	1,015,131	950,185	64,946	647,331	667,919	(20,588)	3,291,484	2,468,484	823,000
Contingency	-	-	-	-	-	-	-	-	-	879,634	-	879,634
Total expenditures	<u>282,530</u>	<u>210,841</u>	<u>71,689</u>	<u>1,015,131</u>	<u>950,185</u>	<u>64,946</u>	<u>647,331</u>	<u>667,919</u>	<u>(20,588)</u>	<u>26,431,871</u>	<u>23,875,743</u>	<u>2,556,128</u>
Excess of revenues over (under) expenditures	<u>2,075,787</u>	<u>2,424,235</u>	<u>348,448</u>	<u>(33,357)</u>	<u>(77,329)</u>	<u>(43,972)</u>	<u>(586,931)</u>	<u>(589,535)</u>	<u>(2,604)</u>	<u>(11,053,925)</u>	<u>(7,257,578)</u>	<u>3,796,347</u>
Other financing sources (uses)												
Transfers in	-	11,896	11,896	-	45,000	45,000	565,000	566,427	1,427	11,463,456	11,602,134	138,678
Transfers out	(2,434,921)	(465,000)	1,969,921	-	-	-	-	-	-	(7,471,846)	(2,975,784)	4,496,062
(uses)	<u>(2,434,921)</u>	<u>(465,104)</u>	<u>1,981,817</u>	<u>-</u>	<u>45,000</u>	<u>45,000</u>	<u>565,000</u>	<u>566,427</u>	<u>1,427</u>	<u>3,991,610</u>	<u>8,626,350</u>	<u>4,634,740</u>
Net change in fund balances	\$ (359,134)	\$ 1,971,131	\$ 2,330,265	\$ (33,357)	\$ (32,329)	\$ 1,028	\$ (21,931)	\$ (23,106)	\$ (1,177)	\$ (7,062,315)	\$ 1,368,772	\$ 8,431,087
Fund balances - beginning of year - Budget basis	-	2,447,689	-	-	37,702	-	-	52,797	-	-	11,299,689	-
Fund balances - end of year - Budget basis	-	4,418,820	-	5,373	5,373	-	-	29,689	-	-	12,668,461	-
Encumbrances incurred and outstanding / Due from component unit	-	-	-	1,146	1,146	-	-	22,157	-	-	(293,104)	-
Fund balances - end of year - GAAP basis	-	<u>\$ 4,418,820</u>	-	<u>\$ 6,519</u>	<u>\$ 6,519</u>	-	-	<u>\$ 51,846</u>	-	-	<u>\$ 12,375,357</u>	-

City of Olathe, Kansas
Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Debt Service Fund
Budget and Actual - Budgetary Basis
For the Year Ended December 31, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
Revenues			
Taxes and special assessments	\$ 17,829,770	\$ 17,204,267	\$ (625,503)
Use of money and property	419,200	2,053,200	1,634,000
Miscellaneous	-	194,618	194,618
Total revenues	<u>18,248,970</u>	<u>19,452,085</u>	<u>1,203,115</u>
Expenditures			
General operations	500	-	500
Debt service:			
Principal retirements	34,536,197	15,830,000	18,706,197
Interest	5,348,982	4,644,903	704,079
Total expenditures	<u>39,885,679</u>	<u>20,474,903</u>	<u>19,410,776</u>
Excess of revenues over (under) expenditures	<u>(21,636,709)</u>	<u>(1,022,818)</u>	<u>20,613,891</u>
Other financing sources			
Transfers in	-	2,774,190	2,774,190
Net change in fund balance	<u>\$ (21,636,709)</u>	1,751,372	<u>\$ 23,388,081</u>
Fund balance - beginning of year		23,086,802	
Fund balance - end of year		<u>\$ 24,838,174</u>	

City of Olathe, Kansas
Combining Schedule of Revenues, Expenditures
and Changes in Net Assets
Enterprise Funds
Budget and Actual - Budgetary Basis
For the Year Ended December 31, 2006

	Water and Sewer Fund			Solid Waste Fund			Golf Course Fund			Total		
	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
Revenues												
Water charges	\$ 12,651,055	\$ 14,859,541	\$ 2,208,486	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,651,055	\$ 14,859,541	\$ 2,208,486
Sewer charges	10,392,423	10,125,988	(266,435)	-	-	-	-	-	-	10,392,423	10,125,988	(266,435)
Water and sewer connection charges	459,000	233,832	(225,168)	-	-	-	-	-	-	459,000	233,832	(225,168)
Sanitation charges and landfill fees	350,000	666,981	316,981	8,694,035	8,301,878	(392,157)	-	-	-	8,694,035	8,301,878	(392,157)
Interest income	203,881	282,999	79,118	20,800	28,816	8,016	-	-	-	370,800	695,797	324,997
Miscellaneous	-	-	-	-	-	-	-	-	-	203,881	282,999	79,118
Total revenues	<u>24,056,359</u>	<u>26,169,341</u>	<u>2,112,982</u>	<u>8,714,835</u>	<u>8,330,694</u>	<u>(384,141)</u>	-	-	-	<u>32,771,194</u>	<u>34,500,035</u>	<u>1,728,841</u>
Expenditures												
General operations	3,560,142	2,910,144	649,998	1,668,903	1,398,492	270,411	-	-	-	5,229,045	4,308,636	920,409
Public works	16,000,413	15,850,851	149,562	7,039,205	7,306,952	(267,747)	-	-	-	23,039,618	23,157,803	(118,185)
Community services	-	-	-	-	-	-	3,500	-	3,500	-	-	3,500
Debt service	6,468,005	7,117,230	(649,225)	-	-	-	-	-	-	6,468,005	7,117,230	(649,225)
Total expenditures	<u>26,028,560</u>	<u>25,878,225</u>	<u>150,335</u>	<u>8,708,108</u>	<u>8,705,444</u>	<u>2,664</u>	3,500	-	3,500	<u>34,740,168</u>	<u>34,563,669</u>	<u>156,499</u>
Excess of revenues over (under) expenditures	<u>(1,972,201)</u>	<u>291,116</u>	<u>2,263,317</u>	<u>6,727</u>	<u>(374,750)</u>	<u>(381,477)</u>	<u>(3,500)</u>	<u>(3,500)</u>	<u>3,500</u>	<u>(1,988,974)</u>	<u>(63,634)</u>	<u>1,885,340</u>
Other financing sources (uses)												
Transfers in	3,444,654	1,070,718	(2,373,936)	-	-	-	-	-	-	3,444,654	1,070,718	(2,373,936)
Transfers out	(1,567,000)	(1,293,913)	273,087	-	-	-	-	-	-	(1,567,000)	(1,293,913)	273,087
Net other financing sources (uses)	<u>1,877,654</u>	<u>(223,195)</u>	<u>(2,100,849)</u>	-	-	-	-	-	-	<u>1,877,654</u>	<u>(223,195)</u>	<u>(2,100,849)</u>
Net change in net assets	<u>(94,547)</u>	<u>67,921</u>	<u>162,468</u>	<u>6,727</u>	<u>(374,750)</u>	<u>(381,477)</u>	<u>(3,500)</u>	<u>(3,500)</u>	<u>3,500</u>	<u>(91,320)</u>	<u>(306,829)</u>	<u>(215,509)</u>
Net assets - beginning of year	<u>5,120,465</u>	<u>5,120,465</u>	<u>-</u>	<u>641,869</u>	<u>641,869</u>	<u>-</u>	<u>(96,970)</u>	<u>(96,970)</u>	<u>(96,970)</u>	<u>5,665,364</u>	<u>5,665,364</u>	<u>-</u>
Net assets - end of year	<u>\$ 5,188,386</u>	<u>\$ 5,188,386</u>	<u>\$ -</u>	<u>\$ 267,119</u>	<u>\$ 267,119</u>	<u>\$ -</u>	<u>\$ 267,119</u>	<u>\$ 267,119</u>	<u>\$ 267,119</u>	<u>\$ 5,358,535</u>	<u>\$ 5,358,535</u>	<u>\$ -</u>

City of Olathe, Kansas
Combining Schedule of Revenues, Expenditures
and Changes in Net Assets
Internal Service Funds
Budget and Actual - Budgetary Basis
For the Year Ended December 31, 2006

	Central Garage			Central Purchasing			Information Technology Services			Risk Management		
	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
Revenues												
Charge for services	\$ 3,966,308	\$ 4,012,693	\$ 46,385	\$ 533,463	\$ 523,302	\$ (10,161)	\$ 3,723,828	\$ 3,627,247	\$ (96,581)	\$ 11,128,676	\$ 10,983,065	\$ (145,611)
Interest income	4,620	5,856	1,236	1,540	3,139	1,599	2,310	7,478	5,168	110,000	308,677	198,677
Total revenues	3,970,928	4,018,549	47,621	535,003	526,441	(8,562)	3,726,138	3,634,725	(91,413)	11,238,676	11,291,742	53,066
Expenditures												
General operations	172,716	149,204	23,512	560,003	526,441	33,562	3,843,096	3,458,622	384,474	13,052,978	10,350,659	2,702,319
Public works	3,898,213	3,871,556	26,657	-	-	-	3,843,096	3,458,622	384,474	-	-	-
Total expenditures	4,070,929	4,020,760	50,169	560,003	526,441	33,562	3,843,096	3,458,622	384,474	13,052,978	10,350,659	2,702,319
Excess of revenues over (under) expenditures	(100,001)	(2,211)	97,790	(25,000)	-	25,000	(116,958)	176,103	293,061	(1,814,302)	941,083	2,755,385
Other financing (uses)												
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	(176,103)	(176,103)	-	-	-
Net other financing (uses)	-	-	-	-	-	-	-	(176,103)	(176,103)	-	-	-
Net change in net assets	\$ (100,001)	(2,211)	97,790	\$ (25,000)	-	\$ 25,000	\$ (116,958)	-	\$ 116,958	\$ (1,814,302)	941,083	\$ 2,755,385
Net assets - beginning of year	102,211	102,211	-	25,000	25,000	-	100,000	100,000	-	4,078,644	4,078,644	-
Net assets - end of year	\$ 100,000	\$ 100,000	\$ -	\$ 25,000	\$ 25,000	\$ -	\$ 100,000	\$ 100,000	\$ -	\$ 5,019,727	\$ 5,019,727	\$ 2,755,385

City of Olathe, Kansas
Combining Schedule of Revenues, Expenditures
and Changes in Net Assets
Internal Service Funds
Budget and Actual - Budgetary Basis
For the Year Ended December 31, 2005

	Vehicle Replacement		Personal Computer Replacement		Total	
	Budget	Actual	Budget	Actual	Budget	Actual
Revenues						
Charge for services	\$ 3,839,108	\$ 3,861,282	\$ 526,646	\$ 529,642	\$ 23,718,029	\$ 23,537,231
Interest income	167,000	183,459	1,500	14,741	286,970	523,350
Total revenues	4,006,108	4,044,741	528,146	544,383	24,004,999	24,060,581
Expenditures						
General operations	9,086,480	3,876,021	545,521	466,844	27,260,794	18,827,791
Public works	-	-	-	-	3,898,213	3,871,556
Total expenditures	9,086,480	3,876,021	545,521	466,844	31,159,007	22,699,347
Excess of revenues over (under) expenditures	(5,080,372)	168,720	(17,375)	77,539	(7,154,008)	1,361,234
Other financing (uses)						
Transfers in	-	150,900	-	-	-	150,900
Transfers out	-	-	-	-	-	(176,103)
Net other financing sources (uses)	-	150,900	-	-	-	(25,203)
Net change in net assets	\$ (5,080,372)	\$ 319,620	\$ (17,375)	\$ 77,539	\$ (7,154,008)	\$ 1,336,031
Net assets - beginning of year	2,444,892	2,444,892	28,927	28,927	6,779,674	6,779,674
Net assets - end of year	\$ 2,764,512	\$ 2,764,512	\$ 106,466	\$ 106,466	\$ 8,115,705	\$ 8,115,705



Internal Service Funds

Internal Service Funds

Central Garage

To account for the costs of operating a maintenance facility for automotive equipment provided to other city departments. Such costs are billed to other departments at actual cost plus a fixed overhead factor. The automotive equipment itself is acquired by the various user departments which are responsible for financing replacement vehicles as necessary.

Central Purchasing

To account for the costs of operating a warehouse for supplies provided to other city departments. Such costs are billed to other departments at actual cost plus a fixed overhead factor.

Information Technology Services

To account for the costs of operating the Information Technology Services Department which provides computer related services to other city departments. Such costs are billed to other departments at actual cost plus a fixed overhead factor.

Risk Management

To account for the monies provided for health and dental, workers' compensation, property, casualty and other liability insurance coverage purchased by the City.

Vehicle Replacement

To account for monies provided by usage charges for future replacement of City vehicles.

Personal Computer Replacement

To account for monies provided by usage charges for future replacement of City personal computers.

City of Olathe, Kansas
Combining Statement of Net Assets
Internal Service Funds
December 31, 2006

	Central Garage	Central Purchasing	Information Technology Services	Risk Management	Vehicle Replacement	Personal Computer Replacement	Totals
Assets							
Current assets							
Cash and cash equivalents	\$ 52,376	\$ 147,357	\$ 308,761	\$ 7,944,296	\$ 4,518,150	\$ 122,945	\$ 13,093,885
Accounts receivable	-	398	-	-	-	-	398
Inventories and prepaid assets	179,513	45,079	-	-	-	-	224,592
Total current assets	<u>231,889</u>	<u>192,834</u>	<u>308,761</u>	<u>7,944,296</u>	<u>4,518,150</u>	<u>122,945</u>	<u>13,318,875</u>
Noncurrent assets							
Restricted assets							
Due from reinsurance	-	-	-	9,304	-	-	9,304
Deposit	-	-	-	11,000	-	-	11,000
Total restricted assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,304</u>	<u>-</u>	<u>-</u>	<u>20,304</u>
Capital assets	198,119	270,587	726,211	-	31,833,644	354,244	33,382,805
Less accumulated depreciation	<u>(195,523)</u>	<u>(62,679)</u>	<u>(472,552)</u>	<u>-</u>	<u>(17,720,381)</u>	<u>(317,843)</u>	<u>(18,768,978)</u>
Net capital assets	2,596	207,908	253,659	-	14,113,263	36,401	14,613,827
Total assets	<u>\$ 234,485</u>	<u>\$ 400,742</u>	<u>\$ 562,420</u>	<u>\$ 7,964,600</u>	<u>\$ 18,631,413</u>	<u>\$ 159,346</u>	<u>\$ 27,953,006</u>
Liabilities and net assets							
Current liabilities							
Accounts and claims payable	\$ 9,019	\$ 42,632	\$ 33,280	\$ 2,506,420	\$ 306,599	\$ -	\$ 2,897,950
Capital lease	-	35,812	75,010	-	-	-	110,822
Compensated absences	27,795	15,606	61,317	6,830	-	-	111,548
Total current liabilities	<u>36,814</u>	<u>94,050</u>	<u>169,607</u>	<u>2,513,250</u>	<u>306,599</u>	<u>-</u>	<u>3,120,320</u>
Noncurrent liabilities							
Deposit	-	-	-	11,000	-	-	11,000
Capital lease	-	172,938	77,284	-	-	-	250,222
Compensated absences	39,613	23,718	88,833	12,225	-	-	164,389
Total noncurrent liabilities	<u>39,613</u>	<u>196,656</u>	<u>166,117</u>	<u>23,225</u>	<u>-</u>	<u>-</u>	<u>425,611</u>
Net assets							
Invested in capital assets	2,596	207,908	253,659	-	14,113,263	36,401	14,613,827
Unrestricted	155,462	(97,872)	(26,963)	5,428,125	4,211,551	122,945	9,793,248
Total net assets	<u>158,058</u>	<u>110,036</u>	<u>226,696</u>	<u>5,428,125</u>	<u>18,324,814</u>	<u>159,346</u>	<u>24,407,075</u>
Total liabilities and net assets	<u>\$ 234,485</u>	<u>\$ 400,742</u>	<u>\$ 562,420</u>	<u>\$ 7,964,600</u>	<u>\$ 18,631,413</u>	<u>\$ 159,346</u>	<u>\$ 27,953,006</u>

City of Olathe, Kansas
Combining Statement of Revenues, Expenses, and Changes in Net Assets
Internal Service Funds
For the Year Ended December 31, 2006

	Central Garage	Central Purchasing	Information Technology Services	Risk Management	Vehicle Replacement	Personal Computer Replacement	Total
Operating revenues							
Charges for services	\$ 4,012,693	\$ 523,302	\$ 3,627,247	\$ 11,291,743	\$ 3,861,282	\$ 529,642	\$ 23,845,909
Operating expenses							
Administration and general	192,088	495,735	3,397,478	10,347,436	39,894	487,093	14,959,724
Depreciation	3,201	15,387	77,784	-	2,904,313	28,702	3,029,387
Equipment maintenance	3,876,139	-	-	-	-	-	3,876,139
Total operating expenses	4,071,428	511,122	3,475,262	10,347,436	2,944,207	515,795	21,865,250
Operating income (loss)	(58,735)	12,180	151,985	944,307	917,075	13,847	1,980,659
Nonoperating revenues (expenses)							
Interest income	5,856	3,139	7,478	308,677	183,459	14,741	523,350
Gain from sale of equipment	-	-	-	-	98,594	10,530	109,124
Total nonoperating revenues (expenses)	5,856	3,139	7,478	308,677	282,053	25,271	632,474
Net income (loss) before transfers and contributions	(52,879)	15,319	159,463	1,252,984	1,199,128	39,118	2,613,133
Transfers and contributions							
Transfers in	-	-	-	-	150,900	-	150,900
Transfers out	-	-	(176,103)	-	-	-	(176,103)
Capital contributions in	-	-	-	-	138,141	14,632	152,773
Net transfers and contributions	-	-	(176,103)	-	289,041	14,632	127,570
Net income (loss)	(52,879)	15,319	(16,640)	1,252,984	1,488,169	53,750	2,740,703
Net assets - beginning of year	210,937	94,717	243,336	4,175,141	16,836,645	105,596	21,666,372
Net assets - end of year	\$ 158,058	\$ 110,036	\$ 226,696	\$ 5,428,125	\$ 18,324,814	\$ 159,346	\$ 24,407,075



City of Olathe, Kansas
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2006

	Central Garage	Central Purchasing	Information Technology Services	Risk Management	Vehicle Replacement	Personal Computer Replacement	Totals
Cash Flows from Operating Activities							
Receipts from customers and users	\$ 4,012,693	\$ 523,302	\$ 3,627,247	\$ 10,983,065	\$ 4,167,881	\$ 529,642	\$ 23,843,830
Payments to supplies	(2,874,287)	(64,408)	(1,283,708)	(9,801,677)	(204,752)	(486,669)	(14,715,501)
Payments to employees	(1,394,079)	(438,655)	(2,254,900)	(154,254)	-	-	(4,241,888)
Net cash provided by (used in) operating activities	<u>(255,673)</u>	<u>20,239</u>	<u>88,639</u>	<u>1,027,134</u>	<u>3,963,129</u>	<u>42,973</u>	<u>4,886,441</u>
Cash Flows from Noncapital Financing Activities							
Transfers from other funds	-	-	-	-	150,900	-	150,900
Transfers to other funds	-	-	(176,103)	-	-	-	(176,103)
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>-</u>	<u>(176,103)</u>	<u>-</u>	<u>150,900</u>	<u>-</u>	<u>(25,203)</u>
Cash Flows from Capital and Related Financing Activities							
Acquisitions and construction of capital assets	-	-	(7,109)	-	(4,402,064)	(7,383)	(4,416,556)
Proceeds from sale of capital assets	-	-	-	-	202,625	10,531	213,156
Net cash (used in) capital and related financing activities	<u>-</u>	<u>-</u>	<u>(7,109)</u>	<u>-</u>	<u>(4,199,439)</u>	<u>3,148</u>	<u>(4,203,400)</u>
Cash Flows from Investing Activities							
Interest received	5,856	3,139	7,478	308,677	183,459	14,741	523,350
Net cash provided by (used in) investing activities	<u>5,856</u>	<u>3,139</u>	<u>7,478</u>	<u>308,677</u>	<u>183,459</u>	<u>14,741</u>	<u>523,350</u>
Net (decrease) in cash and cash equivalents	(249,817)	23,378	(87,095)	1,335,811	98,049	60,862	1,181,188
Cash and cash equivalents - beginning of year	302,193	123,979	395,856	6,608,485	4,420,101	62,083	11,912,697
Cash and cash equivalents - end of year	<u>\$ 52,376</u>	<u>\$ 147,357</u>	<u>\$ 308,761</u>	<u>\$ 7,944,296</u>	<u>\$ 4,518,150</u>	<u>\$ 122,945</u>	<u>\$ 13,093,885</u>
Reconciliation of operating income to net cash provided by (used in) operating activities							
Operating income (loss)	\$ (58,735)	\$ 12,180	\$ 151,985	\$ 944,307	\$ 917,075	\$ 13,847	\$ 1,980,659
Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities							
Depreciation	3,201	15,387	77,784	-	2,904,313	28,702	3,029,387
Gain from disposal of capital assets	-	-	-	-	(98,594)	-	(98,594)
Changes in assets and liabilities							
(Increase) in receivables and accrued interest receivable	1,205	600	1,797	53,216	46,939	1,799	105,556
Decrease in due from insurance companies	-	-	-	(2,889)	-	-	(2,889)
(Increase) in inventories and prepaid assets	(9,587)	5,375	-	-	-	-	(4,212)
Increase (decrease) in accounts and claims payable	(147,340)	(4,885)	(748)	38,224	193,396	(1,375)	77,272
Increase in accrued payroll	(49,750)	(16,539)	(161,796)	(5,876)	-	-	(233,961)
Increase (decrease) in compensated absences	5,333	8,121	19,617	152	-	-	33,223
Total adjustments	<u>(196,938)</u>	<u>8,059</u>	<u>(63,346)</u>	<u>82,827</u>	<u>3,046,054</u>	<u>29,126</u>	<u>2,905,782</u>
Net cash provided by operating activities	<u>\$ (255,673)</u>	<u>\$ 20,239</u>	<u>\$ 88,639</u>	<u>\$ 1,027,134</u>	<u>\$ 3,963,129</u>	<u>\$ 42,973</u>	<u>\$ 4,886,441</u>
Noncash capital and related financing activities:							
Capital lease	\$ -	\$ 208,750	\$ 231,900	\$ -	\$ -	\$ -	\$ 440,650
Contributed capital assets	-	-	-	-	138,141	14,632	152,773



Discretely Presented Component Units

Discretely Presented Component Units

Olathe Public Library

To account for the governmental fund type financial activities in the operating of the public library system.

Olathe Public Housing Authority

To account for the proprietary fund type financial activities of the public housing authority.

City of Olathe, Kansas
Combining Statements of Net Assets
Discretely Presented Component Units
December 31, 2006

	Olathe Public Library	Olathe Public Housing Authority	Totals
Assets			
Cash and cash equivalents	\$ 332,048	\$ 299,819	\$ 631,867
Investments	848,885	178,595	1,027,480
Accounts receivable	1	9,574	9,575
Interest receivable	460	-	460
Due from primary government	399,341	-	399,341
Prepaid assets	143,731	6,419	150,150
Capital assets:			
Land, collection, and construction in progress	504,770	459,377	964,147
Other capital assets, net of accumulated depreciation	2,894,383	2,809,835	5,704,218
Total assets	<u>\$ 5,123,619</u>	<u>\$ 3,763,619</u>	<u>\$ 8,887,238</u>
Liabilities and net assets			
Liabilities			
Accounts payable	\$ 25,731	\$ 59,526	\$ 85,257
Accrued liabilities	4,801	-	4,801
Deferred revenue	-	1,740	1,740
Noncurrent liabilities:			
Due in one year	99,995	79,792	179,787
Due in more than one year	29,421	-	29,421
Total liabilities	<u>159,948</u>	<u>141,058</u>	<u>301,006</u>
Net assets			
Invested in capital assets	3,399,153	3,269,212	6,668,365
Unrestricted	1,564,518	353,349	1,917,867
Total net assets	<u>4,963,671</u>	<u>3,622,561</u>	<u>8,586,232</u>
Total liabilities and net assets	<u>\$ 5,123,619</u>	<u>\$ 3,763,619</u>	<u>\$ 8,887,238</u>

City of Olathe, Kansas
Combining Statements of Revenues, Expenses,
and Changes in Net Assets
Discretely Presented Component Units
For the Year Ended December 31, 2006

	Olathe Public Library	Olathe Public Housing Authority	Totals
Expenses:			
Library operations	\$ 3,772,910	\$ -	\$ 3,772,910
Community services	-	2,452,482	2,452,482
Total expenses	<u>3,772,910</u>	<u>2,452,482</u>	<u>6,225,392</u>
Program revenues:			
Charges for services	139,065	285,215	424,280
Operating grants and contributions	128,361	1,993,695	2,122,056
Capital grants and contributions	-	56,964	56,964
Total program revenues	<u>267,426</u>	<u>2,335,874</u>	<u>2,603,300</u>
Net (expense)	(3,505,484)	(116,608)	(3,622,092)
General revenues			
Property taxes	3,591,315	-	3,591,315
Unrestricted investment earnings	73,951	5,203	79,154
Miscellaneous	-	69,271	69,271
Total general revenues	<u>3,665,266</u>	<u>74,474</u>	<u>3,739,740</u>
Change in net assets	159,782	(42,134)	117,648
Net assets - beginning of year	<u>4,803,889</u>	<u>3,664,695</u>	<u>8,468,584</u>
Net assets - end of year	<u>\$ 4,963,671</u>	<u>\$ 3,622,561</u>	<u>\$ 8,586,232</u>



City of Olathe, Kansas
Statement of Cash Flows
Discretely Presented Component Unit
Olathe Housing Authority
For the Year Ended December 31, 2006

	Totals
Cash Flows from Operating Activities	
Cash received	\$ 2,397,419
Cash paid to suppliers and employees	(2,203,732)
Net cash provided by operating activities	193,687
Cash Flows from Capital and Related Financing Activities	
Acquisition of capital assets	(75,683)
Net cash (used) for capital and related financing activities	(75,683)
Cash Flows from Investing Activities	
Investments	(5,881)
Interest received	5,203
Net cash (used) for investing activities	(678)
Net (decrease) in cash and cash equivalents	117,326
Cash and cash equivalents, beginning of year	182,493
Cash and cash equivalents, end of year	\$ 299,819
Reconciliation of operating income to net cash provided by operating activities	
Operating income (loss)	\$ (47,337)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities	
Depreciation expense	230,584
Changes in operating assets and liabilities:	
Accounts receivable	(8,003)
Prepaid assets	(6,394)
Account payable	7,243
Changes in compensated absences	17,317
Changes in deferred revenues	277
Net cash provided by operating activities	\$ 193,687



Statistical Section

**City of Olathe, Kansas
Statistical Section**

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

<u>Contents</u>	<u>Exhibit</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	1 - 5
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources, sales tax and property tax.	6 - 12
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	13 - 17
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	18 - 19
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	20 - 22

Source: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2001; schedules presenting government-wide information include information beginning in that year.



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

	Fiscal Year					
	2001	2002	2003	2004	2005 (1)	2006
Governmental activities						
Invested in capital assets, net of related debt	\$ 226,417,795	\$ 243,968,244	\$ 229,795,581	\$ 237,116,107	\$ 270,941,772	\$ 254,841,312
Restricted	9,241,419	14,246,272	18,944,885	21,636,709	37,176,791	46,321,539
Unrestricted	34,250,124	41,243,633	76,349,632	84,927,091	66,658,689	90,591,125
Total governmental activities net assets	<u>\$ 269,909,338</u>	<u>\$ 299,458,149</u>	<u>\$ 325,090,098</u>	<u>\$ 343,679,907</u>	<u>\$ 374,777,252</u>	<u>\$ 391,753,976</u>
Business-type activities						
Invested in capital assets, net of related debt	\$ 155,642,432	\$ 169,564,047	\$ 168,319,584	\$ 180,550,423	\$ 191,360,241	\$ 210,257,947
Restricted	5,375,513	5,375,513	5,274,013	5,274,013	5,274,013	1,544,000
Unrestricted	20,720,836	10,338,489	11,154,084	14,057,613	14,723,103	18,012,845
Total business-type activities net assets	<u>\$ 181,738,781</u>	<u>\$ 185,278,049</u>	<u>\$ 184,747,681</u>	<u>\$ 199,882,049</u>	<u>\$ 211,357,357</u>	<u>\$ 229,814,792</u>
Primary government						
Invested in capital assets, net of related debt	\$ 382,060,227	\$ 413,532,291	\$ 398,115,165	\$ 417,666,530	\$ 462,302,013	\$ 465,099,259
Restricted	14,616,932	19,621,785	24,218,898	26,910,722	42,450,804	47,865,539
Unrestricted	54,970,960	51,582,122	87,503,716	98,984,704	81,381,792	108,603,970
Total primary government activities net assets	<u>\$ 451,648,119</u>	<u>\$ 484,736,198</u>	<u>\$ 509,837,779</u>	<u>\$ 543,561,956</u>	<u>\$ 586,134,609</u>	<u>\$ 621,568,768</u>

(1) GASB 46 was implemented by the City in 2005.

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

	Fiscal Year					
	2001	2002	2003	2004	2005	2006
Expenses						
Governmental activities:						
General government	\$ 7,963,701	\$ 11,910,805	\$ 15,631,734	\$ 16,816,999	\$ 18,022,076	\$ 37,677,535
Public safety	25,850,664	30,542,928	25,502,187	29,455,211	30,793,576	33,421,326
Public works	21,698,543	35,221,794	29,818,237	32,813,599	30,719,299	36,187,643
Community services	6,811,854	8,488,926	6,317,192	7,277,809	7,843,549	9,575,895
Development services	2,377,782	2,718,682	2,559,027	2,949,215	2,898,751	2,720,997
Interest on long-term debt	5,217,203	3,678,937	4,741,280	4,698,838	5,867,756	5,301,368
Total governmental activities	69,919,747	92,562,072	84,569,657	94,011,671	96,145,007	124,884,764
Business-type activities:						
Water and sewer	20,223,674	27,495,852	20,307,117	20,711,630	20,473,344	23,806,526
Solid waste	8,019,752	10,064,722	7,190,570	7,705,208	7,882,589	8,039,441
Golf course	603,688	506,209	17,664	-	-	-
Total business-type activities	28,847,114	38,066,783	27,515,351	28,416,838	28,355,933	31,845,967
Total primary government expenses	\$ 98,766,861	\$ 130,628,855	\$ 112,085,008	\$ 122,428,509	\$ 124,500,940	\$ 156,730,731
Program Revenues						
Governmental activities:						
Charges for services	\$ 9,558,893	\$ 13,514,821	\$ 10,638,066	\$ 11,158,388	\$ 12,987,560	\$ 15,060,613
Operating grants and contributions	3,144,877	2,790,109	1,774,026	1,605,463	2,240,261	1,775,844
Capital grants and contributions	31,245,229	8,091,100	28,455,553	24,099,220	30,931,022	38,809,778
Total governmental activities program revenue	43,948,999	24,396,030	40,867,645	36,863,071	46,158,843	55,646,235
Business-type activities:						
Charges for services	21,114,266	23,889,166	22,494,428	23,247,039	25,952,010	29,805,473
Water and sewer	8,389,148	9,348,712	7,192,721	7,876,489	8,189,631	8,300,341
Solid waste	541,349	482,638	-	-	-	-
Golf course	7,718,754	8,026,109	6,542,523	1,953,642	4,842,076	10,616,548
Capital grants and contributions	37,763,517	41,746,625	36,229,672	33,077,170	38,983,717	48,722,362
Total business-type activities program revenues	81,712,516	66,142,655	77,097,317	69,940,241	85,142,560	104,368,597

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

	Fiscal Year					
	2001	2002	2003	2004	2005	2006
Net (expense)/revenue						
Governmental activities	\$ (25,970,748)	\$ (68,166,042)	\$ (43,702,012)	\$ (57,148,600)	\$ (49,986,164)	\$ (69,238,529)
Business-type activities	8,916,403	3,679,842	8,714,321	4,660,332	10,627,784	16,876,395
Total primary government net expense	\$ (17,054,345)	\$ (64,486,200)	\$ (34,987,691)	\$ (52,488,268)	\$ (39,358,380)	\$ (52,362,134)
General revenues and other changes in net assets						
Governmental activities:						
Taxes						
Property taxes	\$ 19,953,197	\$ 25,224,854	\$ 26,388,162	\$ 28,442,019	\$ 30,398,041	\$ 32,558,421
Sales taxes	30,990,102	30,600,103	33,405,318	35,941,908	37,691,328	39,706,793
Franchise taxes	6,488,690	6,444,779	6,447,043	6,939,895	7,205,181	7,131,807
Other taxes	-	-	666,470	671,636	752,899	770,973
Investment earnings	3,428,340	1,940,863	1,528,093	2,934,420	4,374,006	5,723,310
Gain on sale of capital assets	81,710	73,745	7,337	56,831	40,286	109,124
Miscellaneous	3,960,629	6,776,381	568,614	853,217	659,407	737,075
Transfers	865	(165,644)	322,925	(101,517)	(37,639)	(522,250)
Total governmental activities	64,903,533	70,895,081	69,333,962	75,738,409	81,083,509	86,215,253
Business-type activities:						
Investment earnings	1,582,768	945,969	400,952	422,507	610,467	775,791
Gain on sale of capital assets	27,997	24,425	320,355	23,084	-	-
Miscellaneous	78,083	74,772	153,308	130,549	199,418	282,999
Transfers	(865)	(1,185,740)	(322,925)	101,517	37,639	522,250
Total business-type activities	1,687,983	(140,574)	551,690	677,657	847,524	1,581,040
Total primary government	\$ 66,591,516	\$ 70,754,507	\$ 69,885,652	\$ 76,416,066	\$ 81,931,033	\$ 87,796,293
Change in Net Assets						
Governmental activities	\$ 38,932,785	\$ 2,729,039	\$ 25,631,950	\$ 18,589,809	\$ 31,097,345	\$ 16,976,724
Business-type activities	10,604,386	3,539,268	9,266,011	5,337,989	11,475,308	18,457,435
Total primary government	\$ 49,537,171	\$ 6,268,307	\$ 34,897,961	\$ 23,927,798	\$ 42,572,653	\$ 35,434,159

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

	1997	1998	1999	2000 (1)	2001	2002	2003	2004	2005	2006
General Fund										
Reserved	\$ 314,630	\$ 324,193	\$ 471,367	\$ 765,699	\$ 327,344	\$ 539,492	\$ 923,907	\$ 658,903	\$ 1,285,395	\$ 738,136
Unreserved	6,109,389	9,100,838	11,784,038	11,669,390	16,962,560	13,930,933	14,790,109	17,750,451	18,471,654	19,356,973
Total general fund	\$ 6,424,019	\$ 9,425,031	\$ 12,255,405	\$ 12,435,089	\$ 17,289,904	\$ 14,470,425	\$ 15,714,016	\$ 18,409,354	\$ 19,757,049	\$ 20,095,109
All Other Governmental Funds										
Reserved	\$ 119,793	\$ 231,452	\$ 191,957	\$ 586,442	\$ 1,596,914	\$ 588,486	\$ 4,265,181	\$ 833,695	\$ 205,239	\$ 280,575
Unreserved, reported in										
Special revenue funds	8,754,309	10,214,499	12,165,744	13,370,944	12,512,134	12,097,963	13,419,120	15,631,211	20,707,604	25,493,536
Debt service fund	3,016,116	4,385,114	5,717,267	7,558,759	9,241,419	14,246,272	18,944,885	21,636,709	23,086,802	24,838,174
Capital projects fund	11,604,642	23,259,935	19,178,494	(9,992,884)	(20,424,577)	(26,769,564)	(33,500,030)	(23,041,254)	(10,299,166)	(22,655,912)
Total all other governmental funds	\$ 23,494,860	\$ 38,091,000	\$ 37,253,462	\$ 11,523,261	\$ 2,925,890	\$ 163,157	\$ 3,129,156	\$ 15,060,361	\$ 33,700,479	\$ 27,956,373

(1) The deficit in capital projects beginning in 2000 is due to the recording of Temporary Notes as a liability.

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

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Revenues										
Taxes and special assessments	\$ 39,172,002	\$ 44,205,143	\$ 48,999,922	\$ 56,577,875	\$ 62,229,596	\$ 64,387,157	\$ 70,391,554	\$ 74,555,697	\$ 80,051,452	\$ 84,697,683
Intergovernmental	7,243,136	8,961,370	8,375,529	8,843,943	18,966,034	10,837,603	11,407,621	14,032,341	15,849,212	11,732,742
Licenses and permits	1,049,427	1,161,832	1,702,883	1,387,513	1,456,086	1,410,303	1,260,615	1,197,781	1,468,159	1,561,945
Fines, forfeitures, and penalties	1,128,437	1,547,082	1,478,035	1,450,888	1,804,530	2,206,577	2,280,881	2,751,852	2,653,860	3,093,526
Charges for services	4,198,783	4,175,793	4,544,773	6,510,045	6,298,278	6,296,778	7,096,570	7,208,755	8,865,541	10,405,142
Use of money and property	1,970,293	2,180,443	2,771,851	3,483,583	3,118,362	2,578,932	1,362,573	2,758,795	4,004,328	5,199,960
Miscellaneous	804,531	4,357,068	2,014,321	1,226,548	3,960,629	6,665,217	568,614	853,217	659,407	737,075
Total revenues	55,566,609	66,588,731	69,887,314	79,480,395	97,833,515	94,382,567	94,368,428	103,358,438	113,551,959	117,428,073
Expenditures										
General government	7,352,376	7,978,633	10,651,969	10,770,517	13,367,810	16,435,671	14,950,325	15,846,542	17,028,025	36,583,898
Public safety	15,608,782	16,646,070	18,259,554	21,685,622	23,164,127	24,942,611	24,942,875	27,386,637	29,438,324	31,897,840
Public works	8,442,229	8,661,891	9,931,730	8,263,576	8,862,043	14,133,087	10,236,199	11,686,582	12,085,415	12,913,092
Community services	1,122,706	1,192,107	1,283,834	4,068,119	4,637,184	6,038,154	5,920,919	6,904,973	7,570,412	9,250,648
Development services	740,019	804,743	925,750	2,126,456	2,146,528	2,264,447	2,432,688	2,608,027	2,669,405	2,464,599
Capital improvements	23,574,526	22,013,284	23,481,528	28,082,900	46,864,018	40,007,633	38,285,603	33,701,286	35,148,795	49,814,606
Debt service										
Principal retirements	19,505,000	28,545,000	41,883,400	9,805,000	10,580,000	10,403,000	12,355,800	12,909,152	14,725,471	16,473,980
Interest and fiscal charges	3,667,680	3,809,115	3,969,449	4,058,700	4,420,107	3,667,848	4,666,553	4,363,978	5,735,181	6,137,525
Total expenditures	80,013,318	89,650,843	110,387,214	88,860,890	114,041,817	117,892,451	113,790,962	115,407,177	124,401,028	165,536,188
Excess of revenues over (under) expenditures	(24,446,709)	(23,062,112)	(40,499,900)	(9,380,495)	(16,208,302)	(23,509,884)	(19,422,534)	(12,048,739)	(10,849,069)	(48,108,115)
Other financing sources (uses)										
Issuance of bonds	9,500,000	10,443,400	18,855,000	9,175,000	11,400,000	15,710,000	21,150,000	24,535,000	28,980,000	42,545,000
Issuance of notes	19,550,000	31,765,000	24,750,000	-	-	-	-	-	-	-
Proceeds from capital leases	345,656	-	262,528	-	-	13,650,000	-	11,190,000	-	-
Proceeds from certificates of participation	47,205	-	-	-	-	-	-	499,570	-	-
Payment to bond escrow agent	-	-	-	-	-	-	-	-	-	-
Premium on general obligation bonds	-	-	-	-	-	(13,661,148)	-	(11,050,014)	-	-
Transfers in	5,683,599	8,069,196	5,797,440	14,060,575	12,316,266	23,791,904	19,417,855	1,262,763	1,683,620	654,115
Transfers out	(6,838,612)	(9,618,332)	(7,172,232)	(15,085,597)	(14,183,674)	(22,438,084)	(18,773,930)	(20,637,870)	(26,986,831)	(28,166,940)
Total other financing sources (uses)	28,287,848	40,659,264	42,492,736	8,149,978	9,532,592	17,052,672	21,793,925	26,675,282	30,836,882	42,702,068
Net change in fund balances	\$ 3,841,139	\$ 17,597,152	\$ 1,992,836	\$ (1,230,517)	\$ (6,675,710)	\$ (6,457,212)	\$ 2,371,391	\$ 14,626,543	\$ 19,987,813	\$ (5,406,047)
Debt service as a percentage of noncapital expenditures	41.1%	47.8%	52.8%	22.8%	22.3%	18.1%	22.5%	21.1%	22.9%	19.5%

City of Olathe, Kansas
Tax and Special Assessment Revenues by Source, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	Property	Sales	Franchise	Special Assessments	Other Taxes	Total
1997	\$ 13,856,501	\$ 17,447,630	\$ 4,690,508	\$ 3,174,670	\$ 2,692	\$ 39,172,001
1998	13,469,929	22,955,708	4,787,920	2,991,586	-	44,205,143
1999	17,285,300	23,980,551	4,873,833	2,860,238	-	48,999,922
2000	19,186,894	28,437,582	5,595,581	3,357,818	-	56,577,875
2001	22,071,985	30,071,787	6,488,690	3,413,384	-	62,045,846
2002	23,840,130	31,204,139	6,444,779	2,898,109	-	64,387,157
2003	26,388,162	33,405,318	6,447,043	3,484,561	666,470	70,391,554
2004	28,442,019	35,941,908	6,939,895	2,560,239	671,636	74,555,697
2005	30,398,041	37,691,328	7,205,181	4,004,003	752,899	80,051,452
2006	32,558,421	39,706,793	7,131,807	4,529,689	770,973	84,697,683

**City of Olathe, Kansas
Taxable Sales by Category
Last One Fiscal Year**

	2006
Motor vehicle and parts dealers	\$ 19,649,499
Furniture and home furnishings	2,251,020
Electronics and appliance stores	2,251,328
Building materials and garden supply	8,592,790
Food and beverage	6,245,433
Health and personal care	944,019
Gasoline stations	2,407,611
Clothing and clothing accessories	3,080,600
Sporting goods, hobby, book, & music	2,404,251
Accommodation	552,078
Food services and drinking places	8,683,144
General merchandise	12,549,838
Miscellaneous store retailers	2,878,831
Nonstore retailers	1,030,280
Total	\$ 33,586,633

Source: Kansas Department of Revenue

Note: Taxable sales by category is only available for 2006.

This amount is on a cash basis, therefore it will not agree with the sales tax amounts on the financial statements which are on the modified accrual basis. Information for prior years is not readily available.

City of Olathe, Kansas
Direct and Overlapping Sales Tax Rates
Last Ten Fiscal Years
 (modified accrual basis of accounting)

Fiscal Year	City		Johnson County				State of Kansas (1)	Total	
	General	Parks (2)	General	Public Safety	Stormwater	BiState (3)			Economic Development (4)
1997	1.000%	-	0.500%	0.250%	0.100%	0.125%	-	4.900%	6.875%
1998	1.000%	-	0.500%	0.250%	0.100%	0.125%	-	4.900%	6.875%
1999	1.000%	-	0.500%	0.250%	0.100%	0.125%	-	4.900%	6.875%
2000	1.000%	0.125%	0.500%	0.250%	0.100%	0.125%	-	4.900%	7.000%
2001	1.000%	0.125%	0.500%	0.250%	0.100%	0.125%	-	4.900%	7.000%
2002	1.000%	0.125%	0.500%	0.250%	0.100%	-	-	5.300%	7.275%
2003	1.000%	0.125%	0.500%	0.250%	0.100%	-	0.250%	5.300%	7.525%
2004	1.000%	0.125%	0.500%	0.250%	0.100%	-	0.250%	5.300%	7.525%
2005	1.000%	0.125%	0.500%	0.250%	0.100%	-	0.250%	5.300%	7.525%
2006	1.000%	0.125%	0.500%	0.250%	0.100%	-	0.250%	5.300%	7.525%

Source: Kansas Department of Revenue

- (1) The State of Kansas increased its sales tax rate effective July 2002.
- (2) The citizens of Olathe approved an 1/8% sales tax for various park projects. The tax was in effect from April 2000 through March 2005. The citizens of Olathe approved an extension of this tax until March 2015.
- (3) The citizens of the Greater Kansas City area (both Kansas and Missouri) approved an 1/8% sales tax for the restoration of Union Station in Kansas City, Missouri. The tax was in effect from April 1997 through March 2002.
- (4) The citizens of Johnson County approved an 1/4% sales tax for economic development (schools). The tax was in effect from January 2003 through December 2005. The citizens of Johnson County approved an extension of this tax until April 2009

City of Olathe, Kansas
Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands of dollars)

Collection Year	Real Property	Utilities	Personal Property	Total Assessed Value		Estimated Actual Value (1)	Total Direct Tax Rate
				Personal Property	Total Assessed Value		
1997	\$ 430,265	\$ 24,722	\$ 46,744	\$ 501,731	\$ 3,573,963	25.013	
1998	525,967	25,588	58,103	609,658	4,358,277	25.054	
1999	583,161	26,732	67,059	676,952	4,839,629	25.134	
2000	662,921	29,312	69,031	761,264	5,470,070	24.630	
2001	761,222	33,312	72,235	866,770	6,251,958	24.699	
2002	800,315	33,352	70,750	904,417	6,546,852	24.763	
2003	875,391	34,335	66,398	976,124	7,110,130	24.849	
2004	935,412	37,481	67,786	1,040,679	7,587,528	24.932	
2005	1,014,746	39,706	71,846	1,126,298	8,221,205	24.923	
2006	1,120,865	38,423	75,692	1,234,980	9,048,751	24.843	

Source: Johnson County Appraiser

(1) Residential real estate is assessed at 11.5% of its fair market value. Commercial property is assessed at 25% of its fair market value. All other property is assessed at rates between 12% and 33% of its fair market value.

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

Year	City Direct Rates					Overlapping Rates (1)					Total	
	General	Fire Levy	Bond and Interest	Library	Library Employee Benefits	Total	State	County	Community College	County Park		Olathe Schools
1997	\$ 8.484	\$ -	\$ 13.860	\$ 2.408	\$ 0.261	\$ 25.013	\$ 1.500	\$ 15.305	\$ 8.540	\$ 1.512	\$ 71.343	\$ 123.213
1998	8.518	-	13.866	2.409	0.261	25.054	1.500	14.345	7.746	1.437	65.058	115.140
1999	8.428	-	14.008	2.434	0.264	25.134	1.500	16.112	7.184	1.451	65.500	116.881
2000	7.807	-	14.058	2.500	0.265	24.630	1.500	15.676	7.646	1.322	65.761	116.535
2001	6.601	1.651	13.680	2.500	0.267	24.699	1.500	16.333	7.743	1.382	64.385	116.042
2002	8.628	1.650	11.717	2.500	0.268	24.763	1.500	16.221	9.428	1.602	64.125	117.639
2003	10.566	1.686	9.828	2.500	0.269	24.849	1.500	16.381	9.432	2.365	64.166	118.693
2004	10.588	1.726	9.848	2.500	0.270	24.932	1.500	16.041	9.438	2.367	69.177	123.455
2005	10.601	1.682	9.870	2.500	0.270	24.923	1.500	17.922	8.960	2.286	68.173	123.764
2006	10.069	1.689	10.318	2.498	0.269	24.843	1.500	17.949	8.872	2.290	65.180	120.634

Per \$1,000 of Assessed Valuation

Source: Johnson County

(1) Overlapping rates are those of local, county, and state governments that apply to property owners within the City of Olathe. Not all overlapping rates apply to all property owners.

**City of Olathe, Kansas
Principal Property Tax Payers
Current Year and Nine Years Ago**

Taxpayer Name	Type of Property	2006			1997		
		Total Value (1)	Rank	Percentage of Total Valuation	Total Value (1)	Rank	Percentage of Total Valuation
GARMIN International	Office and Manufacturing	\$ 27,788,079	1	2.25%	\$ -	-	-
Great Mall of the Great Plains	Retail Outlet Mall	11,440,501	2	0.93%	14,088,355	1	2.80%
KCPL	Utility	10,409,278	3	0.84%	4,648,802	4	0.93%
Mid-Central Sysco	Food distributor	10,401,175	4	0.84%	2,899,994	9	0.58%
Southwestern Bell Telephone	Utility	9,484,060	5	0.77%	8,155,040	2	1.63%
Honeywell (Bendix/King)	Aircraft communications	8,536,002	6	0.69%	4,270,051	6	0.85%
Karbank	Office and Manufacturing	8,100,555	7	0.66%	-	-	-
Atmos Enegery (United Gas)	Utility	8,017,161	8	0.65%	4,007,789	7	0.80%
Olathe Medical Center	Hospital (2)	7,518,271	9	0.61%	4,678,320	3	0.93%
Westar Energy (KPL)	Utility	5,386,914	10	0.44%	4,381,082	5	0.87%
Wal-Mart	Discount store	-	-	-	3,015,525	8	0.60%
Resource International	Paper warehouse	-	-	-	2,889,488	10	0.58%
		<u>\$107,081,996</u>		<u>8.67%</u>	<u>\$ 53,034,446</u>		<u>10.57%</u>

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

(2) Portion of assessment is tax abatement.

City of Olathe, Kansas
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Levy (2)	Current Tax Collection	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Total Collections as Percent of Current Levy
1997	\$ 11,141,694	\$ 11,006,778	98.8%	\$ 161,944	\$ 11,168,722	100.2%
1998	12,542,777	12,025,693	95.9%	121,026	12,146,719	96.8%
1999	15,256,184	14,314,691	93.8%	227,901	14,542,592	95.3%
2000	17,014,509	16,364,845	96.2%	87,542	16,452,387	96.7%
2001	18,749,988	18,451,695	98.4%	236,749	18,688,444	99.7%
2002	21,372,406	20,633,584	96.5%	193,047	20,826,631	97.4%
2003	22,351,346	22,003,871	98.4%	292,038	22,295,909	99.8%
2004	24,224,871	24,213,190	100.0%	312,328	24,525,518	101.2%
2005	25,908,649	25,638,370	99.0%	339,922	25,978,292	100.3%
2006	28,038,320	28,091,326	100.2%	549,361	28,640,687	102.1%

Source: Johnson County Appraiser

- (1) Outstanding delinquent taxes are collected by Johnson County. County Treasurer's records do not provide a determination of delinquent outstanding taxes by year, therefore, it is possible for the total collections as a percent of current levy to be greater than 100%.
- (2) The total levy is the original levy and does not include discoveries or abatements.

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

Collection Year	Assessment Levy	Current Collections (1)	Percent of Levy Collected	Delinquent Collections	Current and Delinquent Collection	Percent of Levy Collected	Prepaid Assessment	Total Collections
1997	\$ 3,138,059	\$ 3,010,564	95.9%	\$ 76,982	\$ 3,087,546	98.4%	\$ 87,124	\$ 3,174,670
1998	2,931,859	2,831,330	96.6%	132,809	2,964,139	101.1%	27,447	2,991,586
1999	2,610,516	2,552,510	97.8%	238,249	2,790,759	106.9%	73,471	2,864,230
2000	3,278,140	3,217,673	98.2%	85,686	3,303,359	100.8%	54,459	3,357,818
2001	3,414,509	3,338,718	97.8%	57,563	3,396,281	99.5%	5,597	3,401,878
2002	2,962,421	2,877,436	97.1%	37,181	2,914,617	98.4%	290	2,914,907
2003	3,559,083	3,455,876	97.1%	60,170	3,516,046	98.8%	76,704	3,592,750
2004	4,030,585	3,842,584	95.3%	61,947	3,904,531	96.9%	-	3,904,531
2005	4,798,727	4,604,127	95.9%	74,040	4,678,167	97.5%	302,659	4,980,826
2006	5,925,926	5,521,812	93.2%	-	5,521,812	93.2%	-	5,521,812

Source: Johnson County

(1) Collections include interest.

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

Fiscal Year	Governmental Activities				Business-type Activities					Total Primary Government	Percentage of Personal Income (1)	Per Capita
	General Obligation Bonds	Special Obligation Bonds	Capital Leases	Developer's Cost	Temporary Notes	Purchase Agreement	Revenue Bonds	State Revolving Loan	Capital Leases			
1997	\$ 57,340,000	\$ -	\$ 3,963,344	\$ -	\$ 19,895,000	\$ -	\$ 40,595,000	\$ 4,465,880	\$ 473,056	\$ 126,732,280	3.5%	\$ 1,551
1998	59,148,400	-	8,326,669	-	32,000,000	-	37,535,000	5,082,760	377,381	142,470,210	3.3%	1,669
1999	68,550,000	-	8,029,942	-	24,320,000	350,000	34,485,000	6,330,088	276,544	142,341,574	2.9%	1,593
2000	67,920,000	4,025,000	14,276,377	-	29,750,000	250,000	31,230,000	6,134,582	170,266	153,756,225	2.8%	1,626
2001	69,795,000	3,045,000	13,415,087	-	38,425,000	150,000	36,050,000	5,723,768	58,253	166,662,108	2.7%	1,637
2002	71,180,000	7,605,000	13,057,682	1,273,686	45,425,000	50,000	31,205,000	5,297,282	-	175,093,650	2.7%	1,637
2003	82,595,000	6,100,000	11,936,168	1,273,686	47,005,000	-	28,090,000	5,811,138	-	182,810,992	2.6%	1,655
2004	107,215,000	5,655,000	345,542	3,219,483	40,015,000	-	24,050,000	7,823,678	1,276,271	189,599,974	2.5%	1,667
2005	123,180,000	5,400,000	172,619	1,936,935	33,365,000	-	19,800,000	22,958,148	2,591,025	209,403,727	2.5%	1,791
2006	127,670,000	27,465,000	361,044	4,387,211	46,190,000	-	11,875,000	25,716,854	2,194,280	245,859,389	2.7%	2,013

(1) For personal income and population data, see exhibit 17.

City of Olathe, Kansas
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Debt	Reserved for Debt Service	Net General Obligation Debt	Assessed Valuation	Percentage of Actual Taxable Value of Property	Population	Per Capita
1997	\$ 57,340,000	\$ 3,016,116	\$ 54,323,884	\$ 501,730,667	10.83%	81,735	\$ 665
1998	59,148,400	4,385,114	54,763,286	609,658,470	8.98%	85,345	642
1999	68,550,000	5,717,267	62,832,733	676,952,222	9.28%	89,356	703
2000	67,920,000	7,558,759	60,361,241	761,264,211	7.93%	94,548	638
2001	69,795,000	9,241,419	60,553,581	866,770,021	6.99%	101,829	595
2002	71,180,000	14,246,272	56,933,728	904,416,813	6.30%	106,933	532
2003	82,595,000	18,944,885	63,650,115	976,124,387	6.52%	110,452	576
2004	107,215,000	21,636,709	85,578,291	1,040,679,146	8.22%	113,731	752
2005	123,180,000	23,086,802	100,093,198	1,126,297,831	8.89%	116,910	856
2006	127,670,000	24,838,174	102,831,826	1,234,980,132	8.33%	122,107	842

City of Olathe, Kansas
Direct and Overlapping Governmental Activities Debt
December 31, 2006

Taxing Unit	Net Debt to Nearest Date	Percentage Applicable to the City of Olathe	Estimated Share
Johnson County	\$ 160,345,000	16.28%	\$ 26,104,166
Johnson County Park and Recreation	4,820,000	16.28%	784,696
Johnson County Community College	10,180,000	16.28%	1,657,304
U.S.D. No. 229	265,400,000	3.26%	8,652,040
U.S.D. No. 230	57,175,000	6.97%	3,985,098
U.S.D. No. 231	89,340,000	1.44%	1,286,496
U.S.D. No. 232	158,535,000	1.07%	1,696,325
U.S.D. No. 233	285,833,876	67.42%	192,709,199
Johnson County Fire No. 2	2,925,000	43.44%	1,270,620
Johnson County Rural Fire No. 3	735,000	4.75%	34,913
Total estimated overlapping debt			<u>238,180,856</u>
City of Olathe's direct debt			206,073,255
Total direct and overlapping debt			<u><u>\$ 444,254,111</u></u>

Source: Johnson County

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Olathe. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

All Johnson County Taxing Units' debt is as of December 31, 2006. All other districts' debt is as of June 30, 2006.

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

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Debt limit	\$ 184,173,454	\$ 213,540,775	\$ 235,881,588	\$ 262,616,367	\$ 294,396,038	\$ 309,064,894	\$ 333,318,560	\$ 355,001,625	\$ 382,176,718	\$ 416,229,330
Total net debt applicable to limit	29,179,990	34,996,336	35,452,149	42,211,789	50,811,047	58,167,570	50,910,441	55,575,969	66,535,306	75,691,800
Legal debt margin	\$ 154,993,464	\$ 178,544,439	\$ 200,429,439	\$ 220,404,578	\$ 243,584,991	\$ 250,897,324	\$ 282,408,119	\$ 299,425,656	\$ 315,641,412	\$ 340,537,530
Total net debt applicable to the limit as a percentage of debt limit	15.84%	16.39%	15.03%	16.07%	17.26%	18.82%	15.27%	15.66%	17.41%	18.19%

Legal Debt Margin Calculation for Fiscal Year 2006

Assessed valuation	
Legal debt limit (1)	\$ 1,387,431,101
Debt applicable to limit	416,229,330
General obligation bonds	118,800,789
Temporary notes	46,190,000
Total general obligation debt outstanding	164,990,789
Less exempt capital projects (2)	64,460,815
Less amount available in Debt Service Funds	24,838,174
Total unfunded debt applicable to debt limit	75,691,800
Debt margin	<u>\$ 340,537,530</u>

- (1) Represents the valuation arrived at by using a formula as required by K.S.A. 79-5037. Debt limit is currently set at 30%.
- (2) Represents the debt associated with projects exempt from debt limit calculation in accordance with K.S.A. 10-309.

City of Olathe, Kansas
Pledged Revenue Coverage
Last Ten Fiscal Years

Water & Sewer Revenue Bonds						
Fiscal Year	Revenues	Current Expenses (1)	Net Revenue Available for Debt Service	Principal Requirement	Interest Requirement	Coverage
1997	\$ 17,998,505	\$ 9,837,895	\$ 8,160,610	\$ 2,970,000	\$ 1,845,372	1.69
1998	21,510,235	10,628,231	10,882,004	2,955,000	1,721,274	2.33
1999	23,797,150	10,833,635	12,963,515	3,155,000	1,586,442	2.73
2000	23,881,012	11,636,595	12,244,417	3,155,000	1,586,442	2.58
2001	24,387,912	13,652,227	10,735,685	3,340,000	1,689,884	2.13
2002	25,814,644	16,200,173	9,614,471	4,730,000	1,630,821	1.51
2003	25,906,651	14,797,441	11,109,210	2,865,000	1,431,256	2.59
2004	23,788,401	16,317,215	7,471,186	4,040,000	1,272,111	1.41
2005	26,712,865	15,695,549	11,017,316	4,250,000	1,079,791	2.07
2006	30,907,688	18,622,540	12,285,148	4,550,000	778,491	2.31

Solid Waste Revenue Bonds						
Fiscal Year	Revenues	Current Expenses (1)	Net Revenue Available for Debt Service	Principal Requirement	Interest Requirement	Coverage
1997	\$ 5,592,208	\$ 5,091,466	\$ 500,742	\$ 90,000	\$ 37,958	3.91
1998	5,686,753	4,794,273	892,480	95,000	33,445	6.95
1999	5,927,003	4,975,695	951,308	100,000	28,495	7.40
2000	6,048,155	5,600,173	447,982	110,000	23,005	3.37
2001	6,569,191	6,329,458	239,733	115,000	16,985	1.82
2002	7,073,557	6,689,692	383,865	120,000	10,580	2.94
2003	-	-	-	-	-	-
2004	-	-	-	-	-	-
2005	-	-	-	-	-	-
2006	-	-	-	-	-	-

Special Obligation Bonds and Developers' Agreements (2)					
Fiscal Year	Revenues	Principal Requirement	Interest Requirement	Developers' Agreement	Coverage (3)
1997	\$ 10,981	\$ -	\$ -	\$ -	-
1998	156,791	-	-	-	-
1999	507,879	120,000	327,067	-	1.14
2000	507,988	245,000	84,646	-	1.54
2001	899,170	980,000	136,634	-	0.81
2002	1,200,625	1,140,000	152,051	-	0.93
2003	1,663,839	1,505,000	434,318	-	0.86
2004	1,217,265	445,000	350,053	72,302	1.40
2005	1,376,766	255,000	363,920	1,282,548	0.72
2006	1,135,633	160,000	347,781	311,362	1.39

(1) Current expenses do not include bad debt expense, depreciation, or amortization.

(2) The City is only obligated for the amounts of incremental taxes received attributable to the project. Any deficiencies are the responsibility of the redeveloper.

(3) Several years the City made additional principal payments to pay bonds early since funds were available. This caused the coverage rate to be below 1.00

City of Olathe, Kansas
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rates (1)
1997	81,735	\$ 3,573,944,610	\$ 43,726	2.1%
1998	85,345	4,358,227,770	51,066	2.1%
1999	89,356	4,839,610,316	54,161	2.1%
2000	94,548	5,470,074,540	57,855	2.1%
2001	101,829	6,251,995,113	61,397	3.3%
2002	106,933	6,546,865,992	61,224	3.9%
2003	110,452	7,110,125,596	64,373	4.5%
2004	113,731	7,587,563,665	66,715	4.2%
2005	116,910	8,221,228,110	70,321	4.5%
2006	122,107	9,048,739,235	74,105	3.6%

(1) Source: Kansas Department of Human Resources

**City of Olathe, Kansas
Principal Employers
Current Year and Nine Years Ago**

Largest Employers	2006			1997		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Company						
Olathe Unifed School District	4,416	1	3.78%	3,057	1	3.74%
Johnson County Court House	4,113	2	3.52%	2,824	2	3.46%
Olathe Medical Center	1,945	3	1.66%	1,610	3	1.97%
GARMIN International	1,557	4	1.33%	-		-
Honeywell (Bendix/King)	980	5	0.84%	1,430	4	1.75%
City of Olathe	936	6	0.80%	585	7	0.72%
Mid-America Nazarene University	750	7	0.64%	-		-
TransAm Trucking	691	8	0.59%	662	9	0.81%
Encore Receivable Management	630	9	0.54%	-		-
FAA	558	10	0.48%	717	5	0.88%
Mid-Central Sysco	-		-	499	8	0.61%
Dillons Stores (2)	-		-	328	10	0.40%
Osborn Laboratories	-		-	385	9	0.47%
O.T.R Express	-		-	643	6	0.79%
Totals	<u>8,047</u>		<u>6.88%</u>	<u>6,859</u>		<u>8.39%</u>

Source: Various employers listed above.

City of Olathe, Kansas
Full-time Equivalent City Government by Function/Program
 Last Ten Fiscal Years

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006		
Governmental										
General government	83	86	92	95	93	99	101	108		
Public safety	285	290	299	304	297	314	334	350		
Public works	92	98	106	113	111	113	124	121		
Development services	26	31	34	33	35	33	33	35		
Community services	89	86	96	90	109	105	107	121		
Business-Type										
Water & Sewer	113	123	131	139	147	137	138	143		
Solid Waste	42	45	45	48	52	54	53	51		
Totals	730	759	803	822	844	855	890	929		

Source: City's Payroll System

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

	Fiscal Year		
	2004	2005	2006
Public safety			
Police			
Annual calls for service sworn FTE	279	284	270
Priority 1 police calls responded within 5 minutes	53.60%	68.90%	67.13%
Violent Crime Rate per 1,000 residents	2.80%	2.90%	3.00%
Property Crime Rate per 1,000 residents	28.10%	29.10%	26.00%
Fire			
Annual calls for service sworn FTE	81	80	77
Code 1 Emergencies responded within 4 minutes	60%	59%	56%
Structure fires responded within 8 minutes	NA	39%	49%
Public works			
Governmental activities			
Maintenance of City Streets - Satisfactory or above	65.00%	73.00%	67.00%
Major Street Snow Removal - Satisfactory or above	80.00%	80.00%	79.00%
Residential Streetst Snow Removal - Satisfactory or above	55.00%	55.00%	58.00%
Maintenance of Sidewalks - Satisfactory or above	62.00%	56.00%	57.00%
Business-type activities			
Water and sewer			
Unaccounted for water	12.00%	13.30%	11.52%
Time water meets regulatory standards	99.00%	100.00%	99.90%
Time wastewater meets effluent limits	99.80%	99.80%	99.98%
Sewer backups reported annually	8	3	4
Solid waste			
Tonnage diverted	25.91%	25.81%	23.91%
Community services			
Respondents indicating needs are completely met by existing outdoor parks	80.00%	77.00%	74.00%
Respondents indicating needs are completely met by existing outdoor athletic fields	76.00%	74.00%	71.00%
Respondents indicating needs are completely met by existing indoor gymnasium	NA	NA	50.00%

Source: Various City Departments and the annual Direction Finder Survey.

Note: 1997 to 2003 information is not available.

City of Olathe, Kansas
Capital Asset Statistics by Function/Program
 Last Seven Fiscal Years

Function/Program	Fiscal Year						
	2000	2001	2002	2003	2004	2005	2006
Public safety							
Police							
Stations	1	1	1	1	1	1	1
Patrol units	29	29	33	33	33	33	37
Fire stations	6	6	6	6	6	7	7
Public works							
Governmental activities							
Streets (miles)	1,080	1,080	1,085	1,128	1,136	1,136	1,136
Business-type activities							
Water and sewer							
Water mains (miles)	457	502	517	528	531	531	552
Acre supply reservoir	170	170	170	170	170	170	170
Acre wellfield	95	95	95	95	95	95	95
Sanitary sewers (miles)	320	330	339	350	385	385	389
Solid waste							
Collection trucks	37	37	37	39	39	39	39
Community services							
Acreage	1,400	1,560	1,560	1,559	1,559	1,559	1,559
Parks	33	35	35	37	39	39	39
Swimming Pools	4	4	4	4	4	4	4
Trails (miles)	18	18	18	18	27	27	30.5

Source: Various city departments
 Note: No capital asset indicators are available for the general government or development services functions.
 Information prior to 2000 is not readily available.

