

# City of Olathe

## 2008 Comprehensive Annual Financial Report

Fiscal Year Ended December 31, 2008



# City of Olathe, Kansas

## Comprehensive Annual Financial Report

Year Ended December 31, 2008

### Principal Officials

#### *Mayor*

*Michael Copeland*

#### *City Council*

John Bacon

Larry Campbell

Kathleen Huttman

Bob Montgomery

Jim Randall

Marge Vogt

#### *City Manager*

J. Michael Wilkes

#### *Assistant City Manager*

Susan E. Sherman

#### *City Clerk*

Debra S. Gragg

#### *Legal Counsel*

Thomas A. Glinstra

### Prepared by Department of Strategic Financial Management

Benjamin Hart, Director Resource Management

Alan Shorthouse, Assistant Director Strategic Financial Management

Maureen Rogers, Accounting Manager/City Treasurer

Curt Hanneman, Senior Accountant

Scott McDonald, Senior Accountant



**City of Olathe, Kansas**  
**Comprehensive Annual Financial Report**  
**Year Ended December 31, 2008**

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# **Introductory Section**



May 15, 2009

***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, 2008.

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 Allen, Gibbs & Houlik, L.C. (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, 2008 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, 2008, 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 40 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 2008 population to be 124,378, making it the second largest city in Johnson County and the fourth largest city in the State. Olathe has blossomed not only into a full-blown city, but also a strong suburban community in the southwest portion of the metropolitan Kansas City area.

With a current population of over 100,000, *Money Magazine* identified Olathe as “America’s 11<sup>th</sup> Best Place to Live”, noting the City’s growth and major employers. Also according to the U.S. Census Bureau, Olathe is the 24<sup>th</sup> fastest growing U.S. city.

Olathe is home to Mid-America Nazarene University, the largest private college in the state, and the Kansas School for the Deaf, a 15-acre campus founded in 1861. Today’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 over three 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 employment. Along with this has come increased retail that provides sales tax to the City. Over the past five years the sales tax revenue in the General Fund grew by over 15%.

**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 2009-2013 CIP includes projects totaling an estimated \$328 million. Of the \$104 million for 2009, 43% 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 2008, John Deere has agreed to move its 400 employee North American Sales and Marketing headquarters to Olathe. Completion of the \$40 million facility is expected in January 2010. Also John Q Hammonds Hotels and Resorts has committed to build a 330 room, 12 story hotel along with a 80,000 square foot convention center in Olathe. Construction is expected to be completed in late 2010 or early 2011.

**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 2008, \$191,675,633 was invested for an average of approximately 178 days at an average rate of 2.5964%, with projected earnings of \$2,408,184 for all funds. The average interest rate for 2007 was 5.003%, or 2.4066% more 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, 2007. 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 30 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 Allen, Gibbs & Houlik, L.C. for the cooperation and professional assistance provided during the audit of the City's 2008 financial records.

Respectfully submitted,



Benjamin Hart, CPA  
Director of Resource Management



Maureen S. Rogers, CPA  
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, 2007

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.

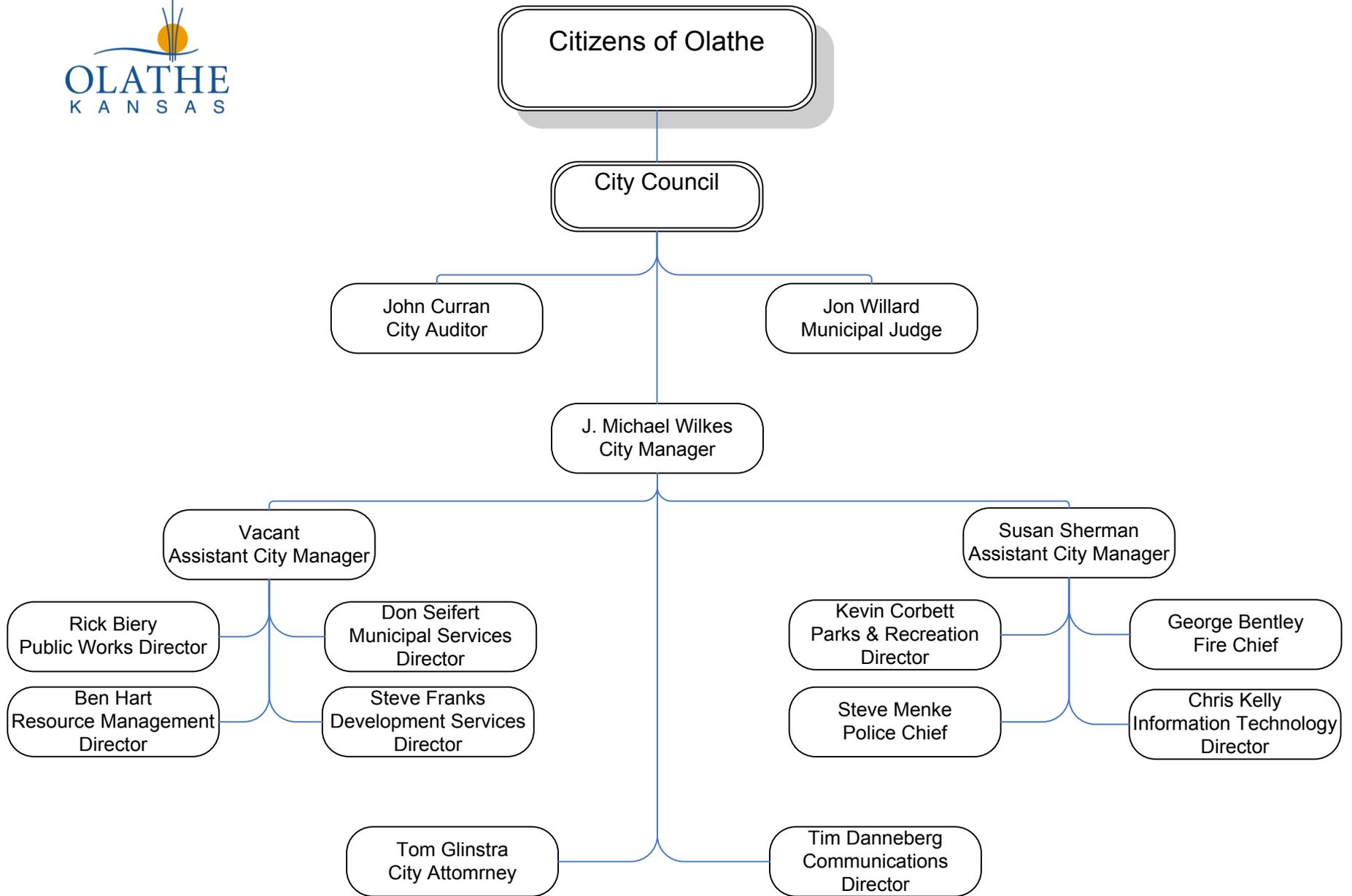


A handwritten signature in black ink, appearing to read "M. L. Post".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director



## **Financial Section**

## INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council Members  
**City of Olathe, Kansas**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Olathe, Kansas (City) as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements as listed in the 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, the Kansas Municipal Audit Guide, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of December 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund and special tax financing fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2009 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 assessing the results of our audit.

The management's discussion and analysis and required supplementary information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by 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 the information and express no opinion on it.



Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and 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 information in the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on such information.

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

May 15, 2009  
Wichita, Kansas



## Management's Discussion and Analysis

As management of the City of Olathe (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2008. 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 2008 by \$699,097,945 (net assets). Of this amount, \$92,702,671 (unrestricted net assets) may be used to meet the City's ongoing obligations.
- The City's total net assets increased by \$21,419,196. Donated capital assets from developers increased net assets by \$17,363,826.
- As of the close of 2008, the City's governmental funds reported combined ending fund balances of \$40,313,297, a decrease of \$12,764,376 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 2008, the fund balance for the general fund was \$21,291,967 or 30.0% of general fund revenues.
- The City's total debt, including temporary notes, increased by \$72,537,757 during 2008 to a total of \$357,691,778. The key factor in this increase were the issuance of \$102,065,000 of temporary notes. Another factor was the issuance of \$35,400,000 of general obligation bonds which was \$17,340,000 more than retired.
- The Net OPEB Obligation as of the close of 2008 is \$2,976,075.
- The City reduced its work force by 42 positions in 2008. The salary savings for 2008 was \$898,153.

### 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 government 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 18 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 14 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, risk management, vehicle replacement, and personal computer replacement activities. These four 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 \$699,097,945 at the close of 2008. The City's net assets increased by \$21,419,196. Governmental activities account for \$15,010,998 of the increase and business-type activities account for \$6,408,198 of the increase.

### City of Olathe, Kansas Net Assets

	Governmental Activities		Business-type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 241,097,462	\$ 215,446,838	\$ 23,154,735	\$ 20,741,342	\$ 264,252,197	\$ 236,188,180
Capital assets	586,107,415	528,846,896	264,406,337	254,518,228	850,513,752	783,365,124
Total assets	827,204,877	744,293,734	287,561,072	275,259,570	1,114,765,949	1,019,553,304
Long-term liabilities	192,633,579	172,856,359	32,998,744	31,896,530	225,632,323	204,752,889
Other liabilities	179,930,745	131,807,820	10,104,936	5,313,846	190,035,681	137,121,666
Total liabilities	372,564,324	304,664,179	43,103,680	37,210,376	415,668,004	341,874,555
Net assets:						
Invested in capital assets, net of related debt	280,224,650	261,882,663	226,244,029	219,405,746	506,468,679	481,288,409
Restricted	94,759,587	94,542,378	5,167,008	5,953,021	99,926,595	100,495,399
Unrestricted	79,656,316	83,204,514	13,046,355	12,690,427	92,702,671	95,894,941
Total net assets	\$ 454,640,553	\$ 439,629,555	\$ 244,457,392	\$ 238,049,194	\$ 699,097,945	\$ 677,678,749

By far the largest portion of the City's net assets (72%) 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, \$99,926,595, (14.3%) represents resources that are subject to external restrictions on how they may be used. \$77,716,748 of this is restricted for future debt service payments. This increased \$6,449,867 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 \$92,702,671 (\$79,656,316 governmental activities and \$13,046,355 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	
	2008	2007	2008	2007	2008	2007
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 12,284,253	\$ 15,244,038	\$ 35,544,771	\$ 44,985,256	\$ 47,829,024	\$ 60,229,294
Operating grants and contributions	2,368,671	2,205,429	-	846	2,368,671	2,206,275
Capital grants and contributions	30,372,789	64,433,457	5,859,708	3,919,774	36,232,497	68,353,231
General revenues:						
Property taxes	38,923,447	35,550,691	-	-	38,923,447	35,550,691
Other taxes	49,890,474	49,434,511	-	-	49,890,474	49,434,511
Interest	4,560,797	6,891,722	444,586	981,143	5,005,383	7,872,865
Other	1,394,572	1,172,183	290,018	627,627	1,684,590	1,799,810
<b>Total revenues</b>	<b>139,795,003</b>	<b>174,932,031</b>	<b>42,139,083</b>	<b>50,514,646</b>	<b>181,934,086</b>	<b>225,446,677</b>
<b>Expenses:</b>						
General government	24,440,387	31,810,323	-	-	24,440,387	31,810,323
Public safety	35,830,325	35,955,257	-	-	35,830,325	35,955,257
Public works	40,357,941	37,394,200	-	-	40,357,941	37,394,200
Community services	8,457,058	10,790,076	-	-	8,457,058	10,790,076
Developmental services	5,959,292	2,877,028	-	-	5,959,292	2,877,028
Interest on long-term debt	9,838,955	8,238,252	-	-	9,838,955	8,238,252
Water and sewer	-	-	26,312,690	33,076,058	26,312,690	33,076,058
Solid waste	-	-	9,318,242	9,195,502	9,318,242	9,195,502
<b>Total expenses</b>	<b>124,883,958</b>	<b>127,065,136</b>	<b>35,630,932</b>	<b>42,271,560</b>	<b>160,514,890</b>	<b>169,336,696</b>
Excess before transfers	14,911,045	47,866,895	6,508,151	8,243,086	21,419,196	56,109,981
Transfers	99,953	8,684	(99,953)	(8,684)	-	-
Change in net assets	15,010,998	47,875,579	6,408,198	8,234,402	21,419,196	56,109,981
Net assets, beginning of year	439,629,555	391,753,976	238,049,194	229,814,792	677,678,749	621,568,768
<b>Net assets, end of year</b>	<b>\$ 454,640,553</b>	<b>\$ 439,629,555</b>	<b>\$ 244,457,392</b>	<b>\$ 238,049,194</b>	<b>\$ 699,097,945</b>	<b>\$ 677,678,749</b>

## Governmental activities

Governmental revenues decreased \$35,137,028 or 20.1% over the prior year. The key component of this decrease was a decrease of \$34,060,668 in capital grants and contributions compared to the prior year. Several major projects which received capital grants were completed in 2007. The 2008 amount is comparable with years prior to 2007. Property taxes increased \$3,372,756 due to an increase in the valuation. Sales tax decreased \$586,616 due to a decline in the economy. Interest income decreased \$2,330,925 due to lower interest rates on investments.

Governmental expenses decreased \$2,181,178 or 1.7%. General government activities decreased \$7,369,936. This decrease is due to not issuing special obligation bonds for TIF and TDD projects this year. Public works increased \$2,963,741. Depreciation makes up 56.7% of the increase.

## Business-type activities

Business-type activities increased the City's net assets by \$6,408,198. 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 \$5,859,708 in 2008.
- Charges for services decreased \$9,440,485. This was due to a reduction in system development fees received in 2008.

## **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 2008, unreserved fund balance of the general fund was \$20,157,984, while total fund balances reached \$21,291,967. Unreserved fund balance represents 28.4% of the total general fund revenues, while the total fund balance represents 30.0% of that same amount.

The fund balance of the City's general fund increased by \$16,335 during 2008. The revenues decreased by \$901,781 (1.3%). Sales tax, licenses and permits, charges for services, and use of property and money all decreased due to a decline in the economy. Expenditures increased by \$681,100. Transfers out decreased by \$1,791,315. This was due to a reduction in the cash funding of projects.

The debt service fund has a total fund balance of \$32,036,952, 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 \$6,642,880. The reason for the increase is due to an increase in special assessments of \$3,771,705 (73.4%). The City anticipates that fund balance will begin to decrease in 2009.

The capital projects fund decreased its fund balance by \$16,286,274 during 2008. 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 \$5,435,086 at the end of 2008. The total fund balance decreased by \$2,010,755 during the year. The primary reason for the decrease was that no special obligation bonds were issued in 2008.

### 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 2008 amounted to \$11,014,199; and those of the Solid Waste and Golf Course amounted to \$1,037,308 and (\$134,074), respectively. The total change in net assets for the Water and Sewer Utility and Solid Waste were \$6,011,698 and \$556,508 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 less than budgetary estimates by \$3,519,743 (4.7%). Sales tax was \$3,095,944 lower than budget due to decline in the economy. Total expenditures were less than budgetary estimates by \$16,566,587 (19.4%). As part of the budgeting process the City budgets for a contingency reserve for unforeseen expenditures. Of the total difference in the budgeted expenditures, \$13,697,368 (82.7%) is due to the contingency reserve. Most areas of the City were below budget due to aggressive cost saving measures taken by the City due to the decline in the economy.

## **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, 2008, amounts to \$850,513,752 (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	
	2008	2007	2008	2007	2008	2007
Land	\$ 77,971,937	\$ 77,277,500	\$ 2,382,567	\$ 2,382,567	\$ 80,354,504	\$ 79,660,067
Buildings	58,296,360	47,323,905	32,402,429	32,402,429	90,698,789	79,726,334
Machinery & equipment	46,537,761	44,518,457	3,864,210	3,946,392	50,401,971	48,464,849
Swimming pools	6,962,045	6,962,045	-	-	6,962,045	6,962,045
Water system	-	-	151,800,188	148,311,459	151,800,188	148,311,459
Sewer system	-	-	123,201,710	116,804,761	123,201,710	116,804,761
Infrastructure	555,763,034	474,454,163	-	-	555,763,034	474,454,163
Construction in progress	63,910,793	77,431,381	10,781,829	6,179,181	74,692,622	83,610,562
Total capital assets	809,441,930	727,967,451	324,432,933	310,026,789	1,133,874,863	1,037,994,240
Less accumulated depreciation	223,334,515	199,120,555	60,026,596	55,508,561	283,361,111	254,629,116
Total capital assets (net)	\$ 586,107,415	\$ 528,846,896	\$ 264,406,337	\$ 254,518,228	\$ 850,513,752	\$ 783,365,124

Major additions to the capital assets this year include:

- Major street projects including College – Woodland to Ridgeview and the railroad grade separation.
- Downtown Parking Garage
- Construction in progress increases include 159<sup>th</sup> and Lone Elm interchange, 167<sup>th</sup> – Ridgeview to BlackBob, and the Dennis Avenue Bridge.

**Long-term debt**

At the end of 2008 the City had total bonded debt outstanding of \$205,045,000. Of this amount \$155,225,000 comprises debt backed by the full faith and credit of the City and \$43,415,000 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	
	2008	2007	2008	2007	2008	2007
General obligation bonds	\$ 155,225,000	\$ 137,885,000	\$ -	\$ -	\$ 155,225,000	\$ 137,885,000
Special obligation bonds	43,415,000	43,865,000	-	-	43,415,000	43,865,000
Revenue bonds	-	-	6,405,000	7,020,000	6,405,000	7,020,000
Total	\$ 198,640,000	\$ 181,750,000	\$ 6,405,000	\$ 7,020,000	\$ 205,045,000	\$ 188,770,000

The City's total debt, including temporary notes, increased by \$72,379,293 (25.4%) during 2008. The City issued \$102,065,000 of temporary notes and \$35,400,000 of general obligation bonds in 2008.

The City was upgraded to an "AA+" rating from Standard & Poor's (S&P) for its general obligation bonds in 2008. The City maintains 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 "AA" rating from S&P and an "A1" 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 \$359,020,890 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, 2008

	Primary Government			Discretely Presented Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash, cash equivalents, and investments	\$ 139,909,442	\$ 12,275,486	\$ 152,184,928	\$ 2,882,628
Cash held by trustee or restricted	7,925,792	5,167,008	13,092,800	-
Receivables (net of allowance)				
Taxes	44,332,597	-	44,332,597	-
Special assessments	34,586,604	-	34,586,604	-
Accounts	538,240	3,933,823	4,472,063	5,136
Accrued interest	6,962,914	-	6,962,914	6,631
Loans	3,536,628	-	3,536,628	-
Due from primary government	-	-	-	220,764
Internal balances	(994,848)	994,848	-	-
Due from other governments	2,710,868	-	2,710,868	-
Inventories and other prepaid items	162,615	755,511	918,126	110,382
Restricted assets	-	-	-	-
Capital assets:				
Land and construction in progress	141,882,730	13,164,396	155,047,126	1,328,544
Other capital assets, net of accumulated depreciation	444,224,685	251,241,941	695,466,626	5,253,138
Bond issuance costs	1,371,683	28,059	1,399,742	-
Other assets	54,927	-	54,927	3,109
Total assets	<u>\$ 827,204,877</u>	<u>\$ 287,561,072</u>	<u>\$ 1,114,765,949</u>	<u>\$ 9,810,332</u>
<b>Liabilities and net assets</b>				
<b>Liabilities</b>				
Accounts and other current liabilities	\$ 12,515,830	\$ 3,377,641	\$ 15,893,471	\$ 177,356
Interest payable	1,999,608	346,154	2,345,762	-
Due to component unit	220,765	-	220,765	-
Unearned revenue	39,362,050	-	39,362,050	994
Temporary notes	102,065,000	-	102,065,000	-
Noncurrent liabilities:				
Due within one year	23,767,492	6,381,141	30,148,633	237,914
Due in more than one year	192,633,579	32,998,744	225,632,323	30,407
Total liabilities	<u>372,564,324</u>	<u>43,103,680</u>	<u>415,668,004</u>	<u>446,671</u>
<b>Net assets</b>				
Invested in capital assets, net of related debt	280,224,650	226,244,029	506,468,679	6,581,682
Restricted for:				
Debt service	68,846,107	5,167,008	74,013,115	-
Capital improvements	14,083,332	-	14,083,332	-
Community services	11,830,148	-	11,830,148	-
Unrestricted	79,656,316	13,046,355	92,702,671	2,781,979
Total net assets	<u>454,640,553</u>	<u>244,457,392</u>	<u>699,097,945</u>	<u>9,363,661</u>
Total liabilities and net assets	<u>\$ 827,204,877</u>	<u>\$ 287,561,072</u>	<u>\$ 1,114,765,949</u>	<u>\$ 9,810,332</u>

See accompanying notes to the basic financial statements

**City of Olathe, Kansas**  
**Statement of Activities**  
For the Year Ended December 31, 2008

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government</b>					
Governmental activities					
General government	\$ 24,440,387	\$ 3,128,686	\$ 805,157	\$ -	\$ (20,506,544)
Public safety	35,830,325	3,232,142	833,808	5,393	(31,758,982)
Public works	40,357,941	4,171,670	46,094	29,968,191	(6,171,986)
Community services	8,457,058	1,221,493	683,612	399,205	(6,152,748)
Development services	5,959,292	530,262	-	-	(5,429,030)
Interest on long-term debt	9,838,955	-	-	-	(9,838,955)
Total governmental activities	<u>124,883,958</u>	<u>12,284,253</u>	<u>2,368,671</u>	<u>30,372,789</u>	<u>(79,858,245)</u>
<b>Business-type activities</b>					
Water and sewer	26,312,690	25,777,540	-	5,859,708	5,324,558
Solid waste	9,318,242	9,767,231	-	-	448,989
Total business-type activities	<u>35,630,932</u>	<u>35,544,771</u>	<u>-</u>	<u>5,859,708</u>	<u>5,773,547</u>
Total primary government	<u>\$ 160,514,890</u>	<u>\$ 47,829,024</u>	<u>\$ 2,368,671</u>	<u>\$ 36,232,497</u>	<u>\$ (74,084,698)</u>
<b>Nonmajor discretely presented component units</b>					
Olathe Public Library	\$ 4,297,203	\$ 175,597	\$ 115,222	\$ -	\$ (4,006,384)
Olathe Public Housing Authority	2,983,242	310,671	2,555,716	231,125	114,270
Total component units	<u>\$ 7,280,445</u>	<u>\$ 486,268</u>	<u>\$ 2,670,938</u>	<u>\$ 231,125</u>	<u>\$ (3,892,114)</u>

**City of Olathe, Kansas**  
**Statement of Activities**  
For the Year Ended December 31, 2008

	<b>Primary Government</b>			<b>Discretely Presented Component Units</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	
Changes in net assets				
Net (expense) revenue	\$ (79,858,245)	\$ 5,773,547	\$ (74,084,698)	\$ (3,892,114)
General revenues				
Taxes:				
Property taxes, levied for general purpose	22,629,258	-	22,629,258	4,163,482
Property taxes, levied for debt service	16,294,189	-	16,294,189	-
Sales tax	39,937,282	-	39,937,282	-
Franchise taxes	9,087,300	-	9,087,300	-
Transient guest tax	865,892	-	865,892	-
Unrestricted investment earnings	4,560,797	444,586	5,005,383	3,857
Miscellaneous	1,394,572	290,018	1,684,590	120,404
Transfers - internal activities	99,953	(99,953)	-	-
Total general revenues and transfers	<u>94,869,243</u>	<u>634,651</u>	<u>95,503,894</u>	<u>4,287,743</u>
Change in net assets	15,010,998	6,408,198	21,419,196	395,629
Net assets - beginning of year	439,629,555	238,049,194	677,678,749	8,968,032
Net assets - end of year	<u>\$ 454,640,553</u>	<u>\$ 244,457,392</u>	<u>\$ 699,097,945</u>	<u>\$ 9,363,661</u>

See accompanying notes to the basic financial statements

**City of Olathe, Kansas**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2008**

	<b>General</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Special Tax Financing</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>						
Cash, cash equivalents, and investments	\$ 17,573,448	\$ 28,113,015	\$ 58,863,707	\$ 1,358,424	\$ 22,775,060	\$ 128,683,654
Cash held by trustee	-	-	-	7,925,792	-	7,925,792
Receivables (net of allowance)						
Taxes	21,217,545	14,529,310	-	2,048,029	6,537,713	44,332,597
Accounts	182,384	-	-	-	355,856	538,240
Accrued interest	623,701	6,339,213	-	-	-	6,962,914
Special assessments	-	34,586,604	-	-	-	34,586,604
Loans	1,525	-	-	-	3,535,103	3,536,628
Due from other funds	479,795	-	-	-	-	479,795
Due from other governments	90,408	-	1,554,555	-	1,065,905	2,710,868
Total assets	<u>\$ 40,168,806</u>	<u>\$ 83,568,142</u>	<u>\$ 60,418,262</u>	<u>\$ 11,332,245</u>	<u>\$ 34,269,637</u>	<u>\$ 229,757,092</u>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 1,238,065	\$ -	\$ 3,921,978	\$ -	\$ 143,697	\$ 5,303,740
Accrued payroll	3,825,563	-	-	-	-	3,825,563
Due to other funds	-	-	-	-	345,721	345,721
Due to component unit	-	-	-	-	220,765	220,765
Deferred revenue	13,813,211	51,531,190	778,291	1,675,000	9,885,314	77,683,006
Temporary notes	-	-	102,065,000	-	-	102,065,000
Total liabilities	<u>18,876,839</u>	<u>51,531,190</u>	<u>106,765,269</u>	<u>1,675,000</u>	<u>10,595,497</u>	<u>189,443,795</u>
<b>Fund balances</b>						
Reserved for						
Encumbrances	654,188	-	-	-	291,773	945,961
Advance to other funds	479,795	-	-	-	-	479,795
Debt service	-	32,036,952	-	-	-	32,036,952
Bond requirements	-	-	-	4,222,159	-	4,222,159
Unreserved, reported in						
General fund	20,157,984	-	-	-	-	20,157,984
Special revenue funds	-	-	-	5,435,086	23,382,367	28,817,453
Capital projects funds	-	-	(46,347,007)	-	-	(46,347,007)
Total fund balances	<u>21,291,967</u>	<u>32,036,952</u>	<u>(46,347,007)</u>	<u>9,657,245</u>	<u>23,674,140</u>	<u>40,313,297</u>
Total liabilities and fund balances	<u>\$ 40,168,806</u>	<u>\$ 83,568,142</u>	<u>\$ 60,418,262</u>	<u>\$ 11,332,245</u>	<u>\$ 34,269,637</u>	<u>\$ 229,757,092</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, 2008**

Total fund balance - all governmental funds \$ 40,313,297

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. 586,107,415

Land and construction in progress	141,882,730
Capital assets being depreciated	667,559,201
Accumulated depreciation	(223,334,516)

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. (218,400,679)

Interest payable	(1,999,608)
Noncurrent liabilities:	
Due within one year	
General obligation bonds	(19,510,000)
Special obligation bonds	(835,000)
Capitalized leases	(57,207)
Developer's cost	(580,000)
Compensated absences	(2,470,547)
Bond issuance premium	(314,738)
Due in more than one year	
General obligation bonds	(135,715,000)
Special obligation bonds	(42,580,000)
Capitalized leases	(124,436)
Developer's cost	(5,952,113)
Compensated absences	(1,080,742)
Net OPEB obligation	(2,499,904)
Bond issuance premium	(4,681,384)

Long-term assets are not available to pay current period expenditures and are therefore deferred in the fund statements. 38,320,956

Special assessments	34,586,604
Due from other governments	3,734,352

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 1,371,683

Bond issuance costs, net	1,371,683
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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. 6,927,881

Internal service fund capital assets, net	(17,390,051)
Internal service fund debt	66,803
Internal service fund net assets	25,380,051
Internal service fund due to business-type	(1,128,922)

Net assets of governmental activities \$ 454,640,553

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, 2008**

	General	Debt Service	Capital Projects	Special Tax Financing	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Taxes:						
Property	\$ 14,810,971	\$ 16,294,189	\$ -	\$ 1,158,033	\$ 6,660,254	\$ 38,923,447
Sales	35,704,906	-	-	1,745,826	2,486,550	39,937,282
Franchise	9,087,300	-	-	-	-	9,087,300
Transient guest	865,892	-	-	-	-	865,892
Special assessments	-	8,907,889	-	-	-	8,907,889
Intergovernmental	1,146,680	12,549	12,156,502	-	5,153,613	18,469,344
Licenses and permits	1,068,989	-	-	-	-	1,068,989
Fines, forfeitures, and penalties	2,816,600	-	-	-	-	2,816,600
Charges for services	3,747,068	-	300,000	-	4,351,596	8,398,664
Use of money and property	528,587	2,103,307	771,140	249,059	623,480	4,275,573
Miscellaneous	1,152,154	21,655	51,324	-	169,439	1,394,572
Total revenues	<u>70,929,147</u>	<u>27,339,589</u>	<u>13,278,966</u>	<u>3,152,918</u>	<u>19,444,932</u>	<u>134,145,552</u>
<b>Expenditures</b>						
Current:						
General government	16,088,355	-	-	1,931,392	5,294,021	23,313,768
Public safety	34,109,929	-	-	-	244,656	34,354,585
Public works	10,513,339	-	-	-	4,044,086	14,557,425
Community services	5,527,547	-	-	-	2,562,935	8,090,482
Development services	3,203,016	-	-	-	-	3,203,016
Capital improvements	-	-	71,127,640	-	-	71,127,640
Debt service:						
Principal retirements	-	18,060,000	-	933,650	-	18,993,650
Interest and fiscal charges	-	6,471,319	1,675,708	2,298,631	-	10,445,658
Total expenditures	<u>69,442,186</u>	<u>24,531,319</u>	<u>72,803,348</u>	<u>5,163,673</u>	<u>12,145,698</u>	<u>184,086,224</u>
Excess of revenues over (under) expenditures	<u>1,486,961</u>	<u>2,808,270</u>	<u>(59,524,382)</u>	<u>(2,010,755)</u>	<u>7,299,234</u>	<u>(49,940,672)</u>
<b>Other financing sources (uses)</b>						
Issuance of bonds	-	-	35,400,000	-	-	35,400,000
Bond premium	-	1,676,343	-	-	-	1,676,343
Transfers in	2,445,702	2,158,267	8,590,599	-	841,741	14,036,309
Transfers out	(3,916,328)	-	(752,491)	-	(9,267,537)	(13,936,356)
Total other financing sources (uses)	<u>(1,470,626)</u>	<u>3,834,610</u>	<u>43,238,108</u>	<u>-</u>	<u>(8,425,796)</u>	<u>37,176,296</u>
Net changes in fund balances	16,335	6,642,880	(16,286,274)	(2,010,755)	(1,126,562)	(12,764,376)
Fund balances - beginning of year	21,275,632	25,394,072	(30,060,733)	11,668,000	24,800,702	53,077,673
Fund balances - end of year	<u>\$ 21,291,967</u>	<u>\$ 32,036,952</u>	<u>\$ (46,347,007)</u>	<u>\$ 9,657,245</u>	<u>\$ 23,674,140</u>	<u>\$ 40,313,297</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, 2008**

Net change in fund balances - all governmental funds \$ (12,764,376)

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. 43,627,259

Capital outlay	\$ 67,546,492	
Depreciation	(23,919,233)	

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. (21,739,349)

Principal payments	18,993,650	
Issuance of general obligation bonds	(35,400,000)	
Premium on general obligation bonds	(1,676,343)	
Special obligation debt	(2,561,762)	
OPEB	(1,163,473)	
Capital lease payments	118,361	
Proceeds from capital lease	(49,782)	

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. 421,466

Compensated absences	(55,595)	
Interest expense	477,061	

Revenues in the statement of activities that do not provide current financing resources are not reported as revenues in the funds. 5,364,227

Special assessments	(3,257,952)	
Donated capital assets	13,006,299	
Capital grant	(4,384,120)	

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. (34,226)

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. 135,997

Change in net assets of governmental activities \$ 15,010,998

*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, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes:				
Property	\$ 14,525,980	\$ 14,525,980	\$ 14,810,971	\$ 284,991
Sales	38,800,850	38,800,850	35,704,906	(3,095,944)
Franchise	7,740,349	7,740,349	9,087,300	1,346,951
Transient guest	819,000	819,000	865,892	46,892
Intergovernmental	1,027,138	1,027,138	1,146,680	119,542
Licenses and permits	1,512,641	1,512,641	1,068,989	(443,652)
Fines, forfeitures, and penalties	3,323,409	3,323,409	2,816,600	(506,809)
Charges for services	5,008,340	5,008,340	3,747,068	(1,261,272)
Use of money and property	1,327,213	1,327,213	528,587	(798,626)
Miscellaneous	363,970	363,970	1,152,154	788,184
Total revenues	<u>74,448,890</u>	<u>74,448,890</u>	<u>70,929,147</u>	<u>(3,519,743)</u>
<b>Expenditures</b>				
General government	3,784,586	3,784,586	2,430,899	1,353,687
Administration	3,033,789	3,033,789	2,908,601	125,188
Human resources	968,866	968,866	957,112	11,754
Legal	1,460,896	1,460,896	1,338,380	122,516
Information technology services	3,941,177	3,941,177	3,888,793	52,384
Financial services	2,814,116	2,814,116	2,820,337	(6,221)
Public safety	35,057,193	35,057,193	33,790,133	1,267,060
Public works	9,900,464	9,900,464	10,406,150	(505,686)
Development services	3,258,347	3,258,347	3,159,212	99,135
Community services	5,653,737	5,653,737	5,455,924	197,813
Neighborhood services	1,095,399	1,095,399	896,918	198,481
Economic development	819,000	819,000	865,892	(46,892)
Contingency	13,723,221	13,723,221	25,853	13,697,368
Total expenditures	<u>85,510,791</u>	<u>85,510,791</u>	<u>68,944,204</u>	<u>16,566,587</u>
Excess of revenues over expenditures	<u>(11,061,901)</u>	<u>(11,061,901)</u>	<u>1,984,943</u>	<u>13,046,844</u>
<b>Other financing sources (uses)</b>				
Transfers in	2,745,720	2,745,720	2,445,702	(300,018)
Transfers out	<u>(4,180,153)</u>	<u>(4,180,153)</u>	<u>(3,916,328)</u>	<u>263,825</u>
Total other financing sources (uses)	<u>(1,434,433)</u>	<u>(1,434,433)</u>	<u>(1,470,626)</u>	<u>(36,193)</u>
Net change in fund balance	<u>\$ (12,496,334)</u>	<u>\$ (12,496,334)</u>	<u>514,317</u>	<u>\$ 13,010,651</u>
Fund balance - beginning of year - budget basis			<u>20,123,462</u>	
Fund balance - end of year - budget basis			<u>20,637,779</u>	
Encumbrances incurred and outstanding			<u>654,188</u>	
Fund balance - end of year - GAAP basis			<u>\$ 21,291,967</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, 2008**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Taxes and special assessments	\$ 4,416,832	\$ 4,416,832	\$ 2,903,859	\$ (1,512,973)
Charge for services	50,000	50,000	-	(50,000)
Use of money and property	28,578	28,578	249,059	220,481
Total revenues	<u>4,495,410</u>	<u>4,495,410</u>	<u>3,152,918</u>	<u>(1,342,492)</u>
<b>Expenditures</b>				
General operations	50,000	50,000	1,931,392	(1,881,392)
Debt service	8,469,207	8,469,207	3,232,281	5,236,926
Total expenditures	<u>8,519,207</u>	<u>8,519,207</u>	<u>5,163,673</u>	<u>3,355,534</u>
Excess of revenues over expenditures	<u>\$ (4,023,797)</u>	<u>\$ (4,023,797)</u>	(2,010,755)	<u>\$ 2,013,042</u>
Fund balance - beginning of year			11,668,000	
Fund balance - end of year			<u>\$ 9,657,245</u>	

See accompanying notes to the basic financial statements

**City of Olathe, Kansas**  
**Statement of Net Assets**  
**Proprietary Funds**  
**December 31, 2008**

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental</b>
	<b>Major</b>		<b>Nonmajor</b>		<b>Activities -</b>
	<b>Water and Sewer Fund</b>	<b>Solid Waste Fund</b>	<b>Golf Course</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ 12,164,366	\$ 111,120	\$ -	\$ 12,275,486	\$ 11,225,788
Accounts receivable (net of allowance)	2,846,682	1,087,141	-	3,933,823	-
Inventories and other prepaid items	431,944	323,567	-	755,511	162,615
Total current assets	<u>15,442,992</u>	<u>1,521,828</u>	<u>-</u>	<u>16,964,820</u>	<u>11,388,403</u>
Noncurrent assets:					
Restricted assets:					
Cash and cash equivalents	5,167,008	-	-	5,167,008	-
Other	-	-	-	-	54,927
Total restricted assets	<u>5,167,008</u>	<u>-</u>	<u>-</u>	<u>5,167,008</u>	<u>54,927</u>
Capital assets:					
Capital assets not being depreciated					
Land	699,010	1,283,232	400,325	2,382,567	-
Construction in progress	10,781,829	-	-	10,781,829	-
Total capital assets not being depreciated	<u>11,480,839</u>	<u>1,283,232</u>	<u>400,325</u>	<u>13,164,396</u>	<u>-</u>
Capital assets being depreciated					
Buildings	32,402,429	-	-	32,402,429	-
Machinery and equipment	2,038,305	1,825,905	-	3,864,210	37,867,673
Water system	151,800,188	-	-	151,800,188	-
Sewer system	123,201,710	-	-	123,201,710	-
Total capital assets being depreciated	<u>309,442,632</u>	<u>1,825,905</u>	<u>-</u>	<u>311,268,537</u>	<u>37,867,673</u>
Less accumulated depreciation	<u>(59,409,349)</u>	<u>(617,247)</u>	<u>-</u>	<u>(60,026,596)</u>	<u>(20,477,622)</u>
Total capital assets (net of accumulated depreciation)	<u>261,514,122</u>	<u>2,491,890</u>	<u>400,325</u>	<u>264,406,337</u>	<u>17,390,051</u>
Bond issuance costs, net	28,059	-	-	28,059	-
Total noncurrent assets	<u>266,709,189</u>	<u>2,491,890</u>	<u>400,325</u>	<u>269,601,404</u>	<u>17,444,978</u>
Total assets	<u>\$ 282,152,181</u>	<u>\$ 4,013,718</u>	<u>\$ 400,325</u>	<u>\$ 286,566,224</u>	<u>\$ 28,833,381</u>

**City of Olathe, Kansas**  
**Statement of Net Assets**  
**Proprietary Funds**  
**December 31, 2008**

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental</b>
	<b>Major</b>		<b>Nonmajor</b>		<b>Activities -</b>
	<b>Water and Sewer Fund</b>	<b>Solid Waste Fund</b>	<b>Golf Course</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>Liabilities and net assets</b>					
Current liabilities:					
Accounts and claims payable	\$ 3,151,513	\$ 226,128	\$ -	\$ 3,377,641	\$ 3,375,527
Interest payable	324,243	21,911	-	346,154	-
Compensated absences	317,470	91,170	-	408,640	54,640
Due to other funds	-	-	134,074	134,074	-
Current portion of capital lease	132,202	291,930	-	424,132	-
Current portion of revolving loan	1,263,369	-	-	1,263,369	-
Current portion of revenue bonds	4,285,000	-	-	4,285,000	-
Total current liabilities	<u>9,473,797</u>	<u>631,139</u>	<u>134,074</u>	<u>10,239,010</u>	<u>3,430,167</u>
Noncurrent liabilities:					
Compensated absences	152,319	26,269	-	178,588	12,163
Capital lease, net	665,390	302,688	-	968,078	-
Revolving loan, net	29,101,729	-	-	29,101,729	-
Revenue bonds, net	2,120,000	-	-	2,120,000	-
Net OPEB obligation	357,129	119,042	-	476,171	-
Deposit	154,178	-	-	154,178	11,000
Total noncurrent liabilities	<u>32,550,745</u>	<u>447,999</u>	<u>-</u>	<u>32,998,744</u>	<u>23,163</u>
Total liabilities	<u>42,024,542</u>	<u>1,079,138</u>	<u>134,074</u>	<u>43,237,754</u>	<u>3,453,330</u>
<b>Net assets</b>					
Invested in capital assets, net of related debt	223,946,432	1,897,272	400,325	226,244,029	17,390,051
Restricted for bond requirements	5,167,008	-	-	5,167,008	-
Unrestricted	11,014,199	1,037,308	(134,074)	11,917,433	7,990,000
Total net assets	<u>240,127,639</u>	<u>2,934,580</u>	<u>266,251</u>	<u>243,328,470</u>	<u>25,380,051</u>
Total liabilities and net assets	<u>\$ 282,152,181</u>	<u>\$ 4,013,718</u>	<u>\$ 400,325</u>		<u>\$ 28,833,381</u>

Reconciliation to government-wide statement of net assets:

Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds	1,128,922
Net assets of business-type activities	<u>\$ 244,457,392</u>

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, 2008**

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental</b>	
	<b>Major</b>		<b>Nonmajor</b>	<b>Activities -</b>	
	<b>Water and Sewer Fund</b>	<b>Solid Waste Fund</b>	<b>Golf Course</b>	<b>Internal Service Funds</b>	
			<b>Total</b>		
Operating revenues					
Charges for services	\$ 25,777,540	\$ 9,767,231	\$ -	\$ 35,544,771	\$ 23,532,276
Miscellaneous	290,018	-	-	290,018	-
Total operating revenues	<u>26,067,558</u>	<u>9,767,231</u>	<u>-</u>	<u>35,834,789</u>	<u>23,532,276</u>
Operating expenses					
Water production	3,671,867	-	-	3,671,867	-
Wastewater treatment	4,790,408	-	-	4,790,408	-
Water and sewer maintenance	2,698,389	-	-	2,698,389	-
Administration and general	9,267,314	1,746,621	-	11,013,935	15,374,868
Equipment maintenance	-	-	-	-	5,210,726
Sanitation expense	-	4,455,530	-	4,455,530	-
Transfer station expense	-	2,921,369	-	2,921,369	-
Depreciation and amortization	4,532,118	77,697	-	4,609,815	3,444,400
Total operating expenses	<u>24,960,096</u>	<u>9,201,217</u>	<u>-</u>	<u>34,161,313</u>	<u>24,029,994</u>
Operating income	<u>1,107,462</u>	<u>566,014</u>	<u>-</u>	<u>1,673,476</u>	<u>(497,718)</u>
Nonoperating revenues (expenses)					
Interest income	437,696	6,890	-	444,586	285,224
Interest expense	(1,287,700)	(21,911)	-	(1,309,611)	-
Gain from sale of equipment	-	-	-	-	188,483
Total nonoperating revenues (expenses)	<u>(850,004)</u>	<u>(15,021)</u>	<u>-</u>	<u>(865,025)</u>	<u>473,707</u>
Net income before transfers and capital contributions	257,458	550,993	-	808,451	(24,011)
Transfers in	50,000	5,515	-	55,515	-
Transfers out	(155,468)	-	-	(155,468)	-
Capital contributions	5,859,708	-	-	5,859,708	-
Change in net assets	6,011,698	556,508	-	6,568,206	(24,011)
Net assets - beginning of year	234,115,941	2,378,072	266,251		25,404,062
Net assets - end of year	<u>\$ 240,127,639</u>	<u>\$ 2,934,580</u>	<u>\$ 266,251</u>		<u>\$ 25,380,051</u>
Reconciliation to government-wide statement of activities:					
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds.				<u>(160,008)</u>	
Change in net assets of business-type activities				<u>\$ 6,408,198</u>	

See accompanying notes to the basic financial statements

**City of Olathe, Kansas**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2008**

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental Activities -</b>	
	<b>Major</b>		<b>Nonmajor</b>	<b>Internal Service Funds</b>	
	<b>Water and Sewer Fund</b>	<b>Solid Waste Fund</b>	<b>Golf Course</b>	<b>Total</b>	
<b>Cash Flows from Operating Activities</b>					
Receipts from customers and users	\$ 25,777,540	\$ 9,767,231	\$ -	\$ 35,544,771	\$ 22,978,587
Payments to suppliers	(11,904,968)	(6,447,240)	-	(18,352,208)	(17,308,313)
Payments to employees	(8,029,614)	(3,143,792)	-	(11,173,406)	(1,742,315)
Net cash provided by (used in) operating activities	<u>5,842,958</u>	<u>176,199</u>	<u>-</u>	<u>6,019,157</u>	<u>3,927,959</u>
<b>Cash Flows from Noncapital Financing Activities</b>					
Transfers from other funds	50,000	5,515	-	55,515	-
Transfers to other funds	(155,468)	-	-	(155,468)	-
Net cash provided by (used in) noncapital financing activities	<u>(105,468)</u>	<u>5,515</u>	<u>-</u>	<u>(99,953)</u>	<u>-</u>
<b>Cash Flows from Capital and Related Financing Activities</b>					
Acquisitions and construction of capital assets	(5,997,974)	(10,697)	-	(6,008,671)	(4,071,360)
Proceeds from revolving loans	4,691,491	-	-	4,691,491	-
Proceeds from revenue bonds	2,155,000	-	-	2,155,000	-
Principal paid on revenue bonds	(2,770,000)	-	-	(2,770,000)	-
Interest paid on revenue bonds	(361,026)	-	-	(361,026)	-
Principal paid on revolving loans	(589,133)	-	-	(589,133)	-
Interest paid on revolving loans	(884,264)	-	-	(884,264)	-
Principal paid on capital lease	(126,988)	(281,555)	-	(408,543)	-
Interest paid on capital lease	(36,307)	(21,911)	-	(58,218)	-
Net cash provided by (used in) capital and related financing activities	<u>(3,919,201)</u>	<u>(314,163)</u>	<u>-</u>	<u>(4,233,364)</u>	<u>(4,071,360)</u>
<b>Cash Flows from Investing Activities</b>					
Interest received	437,696	6,890	-	444,586	285,224
Net cash provided by (used in) investing activities	<u>437,696</u>	<u>6,890</u>	<u>-</u>	<u>444,586</u>	<u>285,224</u>
Net increase (decrease) in cash and cash equivalents	2,255,985	(125,559)	-	2,130,426	141,823
Cash and cash equivalents - beginning of year	15,075,389	236,679	-	15,312,068	11,083,965
Cash and cash equivalents - end of year	<u>\$ 17,331,374</u>	<u>\$ 111,120</u>	<u>\$ -</u>	<u>\$ 17,442,494</u>	<u>\$ 11,225,788</u>

**City of Olathe, Kansas**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2008**

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental Activities -</b>
	<b>Major</b>		<b>Nonmajor</b>		<b>Internal Service Funds</b>
	<b>Water and Sewer Fund</b>	<b>Solid Waste Fund</b>	<b>Golf Course</b>	<b>Total</b>	
<b>Reconciliation of operating income to net cash provided by operating activities</b>					
Operating income	\$ 1,107,462	\$ 566,014	\$ -	\$ 1,673,476	\$ (497,718)
Adjustments to reconcile operating income to cash provided by operating activities					
Depreciation and amortization	4,532,118	77,697	-	4,609,815	3,444,400
Gain from disposal of capital assets	-	-	-	-	188,483
Changes in assets and liabilities					
(Increase) decrease in receivables	(153,107)	(46,306)	-	(199,413)	933,323
(Increase) decrease in inventories	91,105	(310,407)	-	(219,302)	160,669
Increase (decrease) in accounts and claims payable	54,238	(169,003)	-	(114,765)	(291,113)
Increase in interest payable	34,987	(10,375)	-	24,612	-
Increase in net OPEB obligation	166,210	55,403	-	221,613	-
Increase in compensated absences	9,945	13,176	-	23,121	(10,085)
Total adjustments	<u>4,735,496</u>	<u>(389,815)</u>	<u>-</u>	<u>4,345,681</u>	<u>4,425,677</u>
Net cash provided by (used in) operating activities	<u>\$ 5,842,958</u>	<u>\$ 176,199</u>	<u>\$ -</u>	<u>\$ 6,019,157</u>	<u>\$ 3,927,959</u>
Noncash investing capital and financing activities:					
Contributed capital assets	\$ 5,859,708	\$ -	\$ -	\$ 5,859,708	\$ -

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, 2008**

**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**  
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*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**  
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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**  
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Proprietary funds include the following fund types:

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

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

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

**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. 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, 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, Library Tax, Special Park and Recreation, Special Alcohol, Storm Water, Park Sales Tax, Recreation, Special Tax Financing, Debt Service, Water and Sewer, Solid Waste and all Internal Service Funds.

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

Encumbrances are commitments of funds for unperformed contracts for goods and services. Encumbrance accounting is used to the extent necessary to ensure effective budgetary control and accountability and to facilitate effective cash planning and control in governmental funds. Encumbered appropriations which will be honored at year-end are 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.

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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.

**City of Olathe, Kansas**  
**Notes to the Basic Financial Statements**  
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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. Fund balance deficit**

At December 31, 2008, the Capital Projects Fund had a deficit fund balance of \$46,347,007. 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 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.

**City of Olathe, Kansas**  
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As of December 31, 2008, the City had no securities held for investment.

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.

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. The City’s policy on credit risk follows state statutes. As of December 31, 2008, City funds not held in depository accounts had been invested in certificates of deposits, the Kansas Municipal Investment Pool (rated AAAs/S1 by Standard & Poor’s), and Merrill Lynch Money Market (rated AAA by Standard and Poor’s).

Concentration of Credit Risk – At December 31, 2008, of total cash and investment, the City invested 46% in certificates of deposit and 49% in multiple municipal client investment pools. Maximum investment goals for the City are certificates of deposit 30% and multiple municipal client investment pools 30%.

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, 2008, 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 2008:

	<b>General</b>	<b>Major Debt Service</b>	<b>Special Tax Financing</b>	<b>Other Governmental Funds</b>	<b>Total</b>
Property tax	\$ 14,810,971	\$ 16,294,189	\$ 1,158,033	\$ 6,660,254	\$ 38,923,447
Sales tax	35,704,906	-	1,745,826	2,486,550	39,937,282
Franchise tax	9,087,300	-	-	-	9,087,300
Transient guest tax	865,892	-	-	-	865,892
Special assessment	-	8,907,889	-	-	8,907,889
	<u>\$ 60,469,069</u>	<u>\$ 25,202,078</u>	<u>\$ 2,903,859</u>	<u>\$ 9,146,804</u>	<u>\$ 97,721,810</u>

**City of Olathe, Kansas**  
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Taxes and special assessments receivable by fund type are as follows for fiscal year 2008.

	<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	\$ 13,496,791	\$ 14,529,310	\$ 1,675,000	\$ 6,125,846	\$ 35,826,947
Sales tax	5,924,703	-	373,029	411,867	6,709,599
Franchise tax	1,572,777	-	-	-	1,572,777
Transient guest tax	223,274	-	-	-	223,274
Special assessment	-	34,586,604	-	-	34,586,604
	<u>\$ 21,217,545</u>	<u>\$ 49,115,914</u>	<u>\$ 2,048,029</u>	<u>\$ 6,537,713</u>	<u>\$ 78,919,201</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, 2007 on which the 2008 levy was based was \$1,349,132,064.

The City's property tax levies per \$1,000 assessed valuation for the year ended December 31, 2008 were as follows:

<u>Fund</u>	<u>Levy</u>
General	\$ 9.843
Special revenue	4.469
Debt service	10.596
	<u>\$ 24.908</u>

The City property taxes for 2008 were assessed in November of 2007 and distributed to the City in 2008 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**  
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**5. Intergovernmental Receivables and Revenue**

Amounts due from other governments as of December 31, 2008 are as follows:

	Major		Other Governmental	Totals
	General	Capital Projects		
<b>Federal</b>				
Department of Housing and Urban Development	\$ -	\$ -	\$ 21,844	\$ 21,844
			2,161	2,161
<b>State</b>				
Department of Revenue	80,000	-	934,049	1,014,049
Department of Transportation	-	892,836	66,472	959,308
Department of Health and Environment	-	-	-	-
Highway Department	10,408	-	-	10,408
<b>Local</b>				
Mid America Regional Council	-	-	-	-
Johnson County	-	661,719	41,379	703,098
	<u>\$ 90,408</u>	<u>\$ 1,554,555</u>	<u>\$ 1,065,905</u>	<u>\$ 2,710,868</u>

Intergovernmental revenues for the year ended December 31, 2008 consisted of the following:

	Major			Other Governmental	Totals
	General	Capital Projects	Debt Service		
<b>Federal</b>					
Department of Housing and Urban Development	\$ -	\$ -	\$ -	\$ 805,087	\$ 805,087
Department of Justice	-	-	-	5,393	5,393
Department of Administration	-	-	-	-	-
Office of National Drug Control Policy	-	-	-	74,360	74,360
<b>State</b>					
Liquor Tax	343,742	-	-	687,486	1,031,228
State Highway Connecting Links	46,094	-	-	-	46,094
Special Highway	-	-	-	3,225,368	3,225,368
Department of Health and Environment	-	-	-	15,505	15,505
Department of Wildlife and Parks	-	-	-	6,803	6,803
Department of Transportation	-	8,842,735	-	87,450	8,930,185
Emergency Management Assistance Compact	20,354	-	-	-	20,354
KACEE	-	-	-	1,000	1,000
Slider	84,846	-	12,549	20,277	117,672
<b>County</b>					
Street improvements	-	3,313,767	-	-	3,313,767
Herritage Trust	-	-	-	113,700	113,700
	-	-	-	4,510	4,510
<b>Local</b>					
City of Overland Park	-	-	-	-	-
Mid American Regional Council	-	-	-	106,674	106,674
Unified School District 233	651,644	-	-	-	651,644
	<u>\$ 1,146,680</u>	<u>\$ 12,156,502</u>	<u>\$ 12,549</u>	<u>\$ 5,153,613</u>	<u>\$ 18,469,344</u>

**City of Olathe, Kansas**  
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**6. Capital Assets**

Capital Asset activity for the year ended December 31, 2008 was as follows:

	<b>Beginning of Year</b>	<b>Additions</b>	<b>Retirements</b>	<b>End of Year</b>
<b>Governmental activities</b>				
Capital assets, not being depreciated				
Land	\$ 77,277,500	\$ 3,367,072	\$ 2,672,635	\$ 77,971,937
Construction in progress	77,431,381	66,110,580	79,631,168	63,910,793
Total capital assets, not being depreciated	<u>154,708,881</u>	<u>69,477,652</u>	<u>82,303,803</u>	<u>141,882,730</u>
Capital assets being depreciated				
Buildings	47,323,905	10,972,455	-	58,296,360
Machinery and equipment	44,518,457	5,278,986	3,259,682	46,537,761
Swimming pools	6,962,045	-	-	6,962,045
Infrastructure	474,454,163	81,308,871	-	555,763,034
Total capital assets being depreciated	<u>573,258,570</u>	<u>97,560,312</u>	<u>3,259,682</u>	<u>667,559,200</u>
Less accumulated depreciation for				
Buildings	(10,210,857)	(1,424,301)	-	(11,635,158)
Machinery and equipment	(27,356,482)	(4,015,251)	(3,149,672)	(28,222,061)
Swimming pools	(856,020)	(85,977)	-	(941,997)
Infrastructure	(160,697,196)	(21,838,103)	-	(182,535,299)
Total accumulated depreciation	<u>(199,120,555)</u>	<u>(27,363,632)</u>	<u>(3,149,672)</u>	<u>(223,334,515)</u>
Total capital assets being depreciated, net	<u>374,138,015</u>	<u>70,196,680</u>	<u>110,010</u>	<u>444,224,685</u>
Governmental activities capital assets, net	<u>\$ 528,846,896</u>	<u>\$ 139,674,332</u>	<u>\$ 82,413,813</u>	<u>\$ 586,107,415</u>
<b>Business-type activities</b>				
Capital assets, not being depreciated				
Land	\$ 2,382,567	\$ -	\$ -	\$ 2,382,567
Construction in progress	6,179,181	10,130,799	5,528,151	10,781,829
Total capital assets, not being depreciated	<u>8,561,748</u>	<u>10,130,799</u>	<u>5,528,151</u>	<u>13,164,396</u>
Capital assets being depreciated				
Buildings	32,402,429	-	-	32,402,429
Machinery and equipment	3,946,392	10,697	92,879	3,864,210
Water system	148,311,459	3,488,729	-	151,800,188
Sewer system	116,804,761	6,396,949	-	123,201,710
Total capital assets being depreciated	<u>301,465,041</u>	<u>9,896,375</u>	<u>92,879</u>	<u>311,268,537</u>
Less accumulated depreciation for				
Buildings	(4,631,765)	(781,439)	-	(5,413,204)
Machinery and equipment	(1,370,453)	(155,040)	(75,948)	(1,449,545)
Water system	(28,682,886)	(2,033,042)	-	(30,715,928)
Sewer system	(20,823,457)	(1,624,462)	-	(22,447,919)
Total accumulated depreciation	<u>(55,508,561)</u>	<u>(4,593,983)</u>	<u>(75,948)</u>	<u>(60,026,596)</u>
Total capital assets being depreciated, net	<u>245,956,480</u>	<u>5,302,392</u>	<u>16,931</u>	<u>251,241,941</u>
Business-type activities capital assets, net	<u>\$ 254,518,228</u>	<u>\$ 15,433,191</u>	<u>\$ 5,545,082</u>	<u>\$ 264,406,337</u>

**City of Olathe, Kansas**  
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<b>Component units</b>	<b>Beginning of Year</b>	<b>Additions</b>	<b>Retirements</b>	<b>End of Year</b>
<b>Capital assets, not being depreciated</b>				
Land	\$ 890,191	\$ -	\$ -	\$ 890,191
Construction in Progress	129,516	249,452	-	378,968
Art collection	20,845	-	-	20,845
Kansas Room Collection	38,540	-	-	38,540
Total capital assets, not being depreciated	<u>1,079,092</u>	<u>249,452</u>	<u>-</u>	<u>1,328,544</u>
<b>Capital assets being depreciated</b>				
Land improvements	-	44,881	-	44,881
Buildings and improvements	10,578,370	115,083	-	10,693,453
Machinery and equipment	897,979	55,467	91,059	862,387
Books and materials	4,182,418	337,969	344,600	4,175,787
Total capital assets being depreciated	<u>15,658,767</u>	<u>553,400</u>	<u>435,659</u>	<u>15,776,508</u>
<b>Less accumulated depreciation for</b>				
Land improvements	-	(2,667)	-	(2,667)
Buildings	(6,101,709)	(371,314)	-	(6,473,023)
Machinery and equipment	(704,381)	(76,234)	(90,387)	(690,228)
Books and materials	(3,376,988)	(325,064)	(344,600)	(3,357,452)
Total accumulated depreciation	<u>(10,183,078)</u>	<u>(775,279)</u>	<u>(434,987)</u>	<u>(10,523,370)</u>
Total capital assets being depreciated, net	<u>5,475,689</u>	<u>(221,879)</u>	<u>672</u>	<u>5,253,138</u>
Component units capital assets, net	<u>\$ 6,554,781</u>	<u>\$ 27,573</u>	<u>\$ 672</u>	<u>\$ 6,581,682</u>

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

**Government activities**

General government	\$ 864,138
Public safety	781,466
Public works	22,097,106
Community services	176,523
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of assets	<u>3,444,400</u>
Total depreciation expense for governmental activities	<u>\$ 27,363,633</u>

**Business-type activities**

Water and sewer	\$ 4,516,286
Solid Waste	<u>77,697</u>
Total depreciation expense for business-type activities	<u>\$ 4,593,983</u>

**City of Olathe, Kansas**  
**Notes to the Basic Financial Statements**  
**December 31, 2008**

**7. Debt**

**Short-term debt**

The following is a summary of the short-term debt transactions of the City for the year ended December 31, 2008

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Retirements</u>	<u>End of Year</u>	<u>Due in One Year</u>
<b>Governmental</b>					
Temporary notes	\$ 54,315,000	\$ 102,065,000	\$ 54,315,000	\$ 102,065,000	\$ 102,065,000
			<u>Interest Rate</u>	<u>Maturity Date</u>	<u>End of Year</u>
<b>Temporary Notes</b>					
Citywide improvements			2.75%	1-Jun-09	\$ 1,153,000
Citywide improvements			2.50%	1-Jun-09	6,675,000
Water and sewer improvements			2.75%	1-Jun-09	5,133,000
Water and sewer improvements			2.50%	1-Jun-09	1,750,000
Street and sidewalk improvements			2.75%	1-Jun-09	43,199,000
Street and sidewalk improvements			2.50%	1-Jun-09	44,155,000
					<u>\$102,065,000</u>

**Long-term debt**

The following is a summary of the long-term debt transactions of the City for the year ended December 31, 2008.

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Retirements</u>	<u>End of Year</u>	<u>Due in One Year</u>
<b>Governmental</b>					
General obligation bonds	\$ 137,885,000	\$ 35,400,000	\$ 18,060,000	\$ 155,225,000	\$ 19,510,000
Special obligations bonds	43,865,000	-	450,000	43,415,000	835,000
Capitalized leases	250,222	49,782	118,361	181,643	57,207
Developer's cost	4,454,001	2,561,762	483,650	6,532,113	580,000
Compensated absences	3,505,779	2,254,146	2,208,636	3,551,289	2,470,547
Net OPEB Obligation	1,336,431	1,667,473	504,000	2,499,904	-
	<u>191,296,433</u>	<u>41,933,163</u>	<u>21,824,647</u>	<u>211,404,949</u>	<u>23,452,754</u>
Add: bond issuance premium	3,592,608	1,676,343	272,829	4,996,122	314,738
Total governmental debt	<u>194,889,041</u>	<u>43,609,506</u>	<u>22,097,476</u>	<u>216,401,071</u>	<u>23,767,492</u>
<b>Business-type</b>					
Revenue bonds	7,020,000	2,155,000	2,770,000	6,405,000	4,285,000
KDHE revolving loan	26,312,102	4,642,129	589,133	30,365,098	1,263,369
Capitalized leases	1,800,752	-	408,542	1,392,210	424,132
Compensated absences	564,108	429,378	406,258	587,228	408,640
Net OPEB Obligation	254,558	317,613	96,000	476,171	-
	<u>35,951,520</u>	<u>7,544,120</u>	<u>4,269,933</u>	<u>39,225,707</u>	<u>6,381,141</u>
Add: bond issuance premium	2,107	-	2,107	-	-
Less: deferred refunding amounts	3,647	-	3,647	-	-
Total business-type debt	<u>35,949,980</u>	<u>7,544,120</u>	<u>4,268,393</u>	<u>39,225,707</u>	<u>6,381,141</u>
 Total primary government	 <u>\$ 230,839,021</u>	 <u>\$ 51,153,626</u>	 <u>\$ 26,365,869</u>	 <u>\$ 255,626,778</u>	 <u>\$ 30,148,633</u>

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

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

Compensated absences and OPEB obligations have typically been liquidated by the General, Motor Fuel Tax, Water and Sewer, Solid Waste, and Central Garage Funds.

**Bonds**

	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>End of Year</u>
<b>Governmental activities</b>				
<b>General Obligation Bonds</b>				
1998 Series 192 refunding	\$ 7,475,000	3.40 - 4.70	1-Oct-14	\$ 1,615,000
1999 Series 194 improvement bonds	17,880,000	3.75 - 4.80	1-Apr-14	2,745,000
1999 Series 195 improvement bonds	975,000	5.80 - 6.75	1-Oct-09	100,000
2000 Series 196 improvement bonds	3,470,000	4.95 - 6.00	1-Apr-10	690,000
2000 Series 197 improvement bonds	5,705,000	4.125 - 4.70	1-Apr-10	1,140,000
2001 Series 198 improvement bonds	6,825,000	4.25 - 4.625	1-Oct-11	2,040,000
2001 Series 199 improvement bonds	4,575,000	4.25 - 4.625	1-Oct-11	1,365,000
2002 Series 200 improvement bonds	9,210,000	2.00 - 4.00	1-Oct-12	3,680,000
2002 Series 201 refunding	13,650,000	3.00 - 4.25	1-Oct-14	4,380,000
2002 Series 202 improvement bonds	800,000	3.50 - 5.40	1-Oct-12	320,000
2003 Series 203 improvement bonds	19,675,000	2.25 - 4.25	1-Apr-23	12,675,000
2003 Series 204 improvement bonds	1,475,000	3.50 - 5.50	1-Apr-18	975,000
2004 Series 205 improvement bonds	24,535,000	3.00 - 5.00	1-Oct-24	15,995,000
2004 Series 206 refunding COPS	11,190,000	3.00 - 4.30	1-Oct-20	8,990,000
2005 Series 207 improvement bonds	28,980,000	4.00 - 5.00	1-Oct-25	21,005,000
2006 Series 208 improvement bonds	20,320,000	4.00 - 5.00	1-Oct-26	16,750,000
2007 Series 209 improvement bonds	21,530,000	4.00 - 5.00	1-Oct-27	19,930,000
2007 Series 210 improvement bonds	6,030,000	4.00	1-Oct-17	5,430,000
2008 Series 211 improvement bonds	35,400,000	4.00 - 5.00	1-Oct-28	35,400,000
Total General Obligation Bonds				<u>\$155,225,000</u>

**City of Olathe, Kansas**  
**Notes to the Basic Financial Statements**  
**December 31, 2008**

	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>End of Year</u>
<b>Governmental activities</b>				
<b>Special Obligation Bonds</b>				
2002 Series Southgate Phase TIF	\$ 5,700,000	4.90 - 6.20	1-Mar-22	\$ 4,895,000
2006 Series Olathe Gateway TIF	13,030,000	4.75 - 5.00	1-Mar-26	12,820,000
2006 Series Olathe Gateway TDD	9,195,000	4.75 - 5.00	1-Dec-28	9,135,000
2007 Series West Village TIF	16,565,000	5.00 - 5.50	1-Sep-26	16,565,000
				<u>\$ 43,415,000</u>

**2002 Southgate Series Phase TIF**

The City has pledged 100% of the incremental increase in ad valorem tax revenues and 50% of the incremental increase in the City's sales tax revenues to repay the \$5,700,000 in tax increment financing bonds issued in June 2002 to finance the redevelopment of the Southgate Retail Center (Center). The bonds are payable solely from the incremental ad valorem and sales taxes generated by the Center. Incremental taxes were projected to produce \$7,839,254 over the life of the bonds. Total principal and interest remaining on the bonds is \$7,527,810, payable through March 2022. For the current year, principal and interest paid and total incremental revenues were \$483,270 and \$560,744, respectively.

**2006 Olathe Gateway TIF**

The City has pledged 100% of the incremental increase in ad valorem tax revenues and 100% of the incremental increase in the City's sales tax revenues to repay the \$13,030,000 in tax increment financing bonds issued in December 2006 to finance the redevelopment of the Olathe Gateway. The bonds are payable solely from the incremental ad valorem and sales taxes generated by Olathe Gateway. Incremental taxes were projected to produce \$21,199,063, payable through March 2026. Total principal and interest remaining on the bonds is \$20,342,556. For the current year, principal and interest paid and total incremental tax revenues were \$856,506 and \$652,115, respectively.

There was \$169,142.26 transferred from the Business Interruption Reserve account to the Debt Service fund to supplement for the shortfall in the Debt Service fund for the March 3, 2008 debt service payment.

There was \$88,267.66 transferred from the Business Interruption Reserve account to the Debt Service fund and 111,265.62 transferred from the Bond Proceeds Reserve account to the Debt Service fund to supplement for the shortfall in the Debt Service fund for the March 2, 2009 debt service payment.

**2006 Olathe Gateway TDD**

The City has pledged 100% of the transportation development district sales tax (1%) on the selling of tangible personal property or rendering or furnishing of services within the transportation district to repay the \$9,195,000 in transportation development district bonds issued in December 2006 to finance the redevelopment of the Olathe Gateway. The bonds are payable solely from the transportation development district tax revenue generated by Olathe Gateway. Incremental taxes were projected to produce \$19,042,625 over the life of the bonds. Total principal and interest remaining on the bonds is \$15,240,756, payable through December 2028. For the current year, principal and interest paid and total incremental tax revenues were \$518,300 and \$321,549 respectively.

There was \$126,261.74 transferred from the Business Interruption Reserve account to the Debt Service fund and \$1,149.46 transferred from the Bond Proceeds Reserve account to the Debt Service fund to supplement for the shortfall in the Debt Service fund for the December 1, 2008 debt service payment.

**City of Olathe, Kansas**  
**Notes to the Basic Financial Statements**  
**December 31, 2008**

**2007 West Village TIF**

The City has pledged 100% of the incremental increase in ad valorem tax revenues and 100% of the incremental increase in the City's sales tax revenues to repay the \$16,565,000 in tax increment financing bonds issued in July 2007 to finance the redevelopment of the West Village. The bonds are payable solely from the incremental ad valorem and sales taxes generated by the West Village. Incremental taxes were projected to produce \$32,108,898 over the life of the bonds. Total principal and interest remaining on the bonds is \$27,229,930, payable through September 2026. For the current year, interest and total incremental tax revenues were \$1,038,981 and \$412,253 respectively.

	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>End of Year</u>
<b>Business-type activities</b>				
<b>Revenue Bonds</b>				
2001 Water and Sewer System revenue bonds	\$ 7,975,000	4.25	1-Jan-10	\$ 4,250,000
2008 Water and Sewer System revenue bonds	2,155,000	3.00 - 4.250	1-Jul-28	2,155,000
Total revenue bonds				<u><u>\$ 6,405,000</u></u>

<u>Year</u>	<b>Governmental Activities</b>					
	<u>General Obligation Bonds</u>		<u>Special Obligation Bonds</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 19,510,000	\$ 6,865,903	\$ 835,000	\$ 2,273,554	\$ 20,345,000	\$ 9,139,457
2010	17,755,000	6,076,958	1,105,000	2,226,502	18,860,000	8,303,460
2011	16,760,000	5,317,636	1,230,000	2,169,778	17,990,000	7,487,414
2012	15,675,000	4,583,484	1,350,000	2,105,925	17,025,000	6,689,409
2013	14,640,000	3,889,175	1,480,000	2,035,040	16,120,000	5,924,215
2014 - 2018	44,960,000	10,912,111	9,640,000	8,827,921	54,600,000	19,740,032
2019 - 2023	16,465,000	4,155,327	14,230,000	5,683,298	30,695,000	9,838,625
2024 - 2028	9,460,000	1,147,788	13,545,000	1,604,032	23,005,000	2,751,820
	<u>155,225,000</u>	<u>42,948,382</u>	<u>43,415,000</u>	<u>26,926,050</u>	<u>198,640,000</u>	<u>69,874,432</u>
Due within one year	<u>19,510,000</u>	<u>6,865,903</u>	<u>835,000</u>	<u>2,273,554</u>	<u>20,345,000</u>	<u>9,139,457</u>
Due in more than one year	<u><u>\$ 135,715,000</u></u>	<u><u>\$ 36,082,479</u></u>	<u><u>\$ 42,580,000</u></u>	<u><u>\$ 24,652,496</u></u>	<u><u>\$ 178,295,000</u></u>	<u><u>\$ 60,734,975</u></u>

**City of Olathe, Kansas**  
**Notes to the Basic Financial Statements**  
**December 31, 2008**

Year	Business-type Activities					
	Revenue Bonds		KDHE Revolving Loan		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 4,285,000	\$ 308,931	\$ 1,263,369	\$ 978,803	\$ 5,548,369	\$ 1,287,734
2010	75,000	80,506	1,311,982	938,564	1,386,982	1,019,070
2011	80,000	78,256	1,357,864	896,912	1,437,864	975,168
2012	80,000	75,856	2,258,782	846,814	2,338,782	922,670
2013	85,000	73,456	2,339,379	773,729	2,424,379	847,185
2014 - 2018	475,000	323,880	9,873,332	2,776,690	10,348,332	3,100,570
2019 - 2023	590,000	227,470	7,483,140	1,447,906	8,073,140	1,675,376
2024 - 2028	735,000	95,957	4,477,250	240,578	5,212,250	336,535
	<u>6,405,000</u>	<u>1,264,312</u>	<u>30,365,098</u>	<u>8,899,996</u>	<u>36,770,098</u>	<u>10,164,308</u>
Due within one year	<u>4,285,000</u>	<u>308,931</u>	<u>1,263,369</u>	<u>978,803</u>	<u>5,548,369</u>	<u>1,287,734</u>
Due in more than						
one year	<u>\$ 2,120,000</u>	<u>\$ 955,381</u>	<u>\$ 29,101,729</u>	<u>\$ 7,921,193</u>	<u>\$ 31,221,729</u>	<u>\$ 8,876,574</u>

The City has pledged future water customer revenues, net of specified operating expenses, to repay \$10,130,000 (\$7,975,000 2001 series and \$2,155,000 2008 series) in water system revenue bonds. Proceeds from the bonds provide financing for several new improvements to the City's water and sewer system. The bonds are payable solely from water customer net revenues and are payable through 2028. The total principal and interest remaining to be paid on the bonds is \$6,405,000. Principal and interest paid for the current year and total customer net revenues were \$3,063,625 and \$7,307,972 respectively.

In May 2008, the City issued General Obligation Bonds Series 211 in the amount of \$35,400,000 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, 2009 through October 1, 2028. The bonds maturing on or after October 1, 2018 are subject to redemption prior to maturity on October 1, 2017 at a price of par plus accrued interest.

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, 2008, based on the assessed valuation as of December 15, 2008 of \$1,532,370,000, the general obligation debt limit was \$459,711,000 which, after reduction for outstanding eligible general obligation bonds and notes totaling \$242,728,465, and increases for exempt projects financed with outstanding general obligation bonds and notes totaling \$110,001,403 and amounts available for debt service of \$32,036,952, provides a general obligation debt margin of \$359,020,890.

**City of Olathe, Kansas**  
**Notes to the Basic Financial Statements**  
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**Capitalized Leases**

**Governmental activities:**

6.6% interest lease on E-copy equipment, payable in monthly principal and payments of \$1,528 through November 2011

	<b>End of Year</b>
	\$ 47,267

7.42% interest lease on copy machines, payable in monthly principal and interest payments of \$4,175 through December 2011

	134,376
	\$ 181,643

Total capital leases for governmental activities

**Business-type activities:**

4.065% interest lease for a generator, payable in semi-annual principal and interest payments of \$81,647 through April 2014.

	\$ 797,592
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3.679% interest lease for smart carts, payable in annual principal and interest payments of \$313,841 through January 2010.

	594,618
	\$ 1,392,210

Total capital leases for business-type activities

The assets acquired through capital leases are as follows:

	<b>Governmental Activities</b>	<b>Business-type</b>	
		<b>Water &amp; Sewer</b>	<b>Solid Waste</b>
Asset:			
Machinery and equipment	\$ 490,432	\$ 1,303,621	\$ 1,427,300
Less: Accumulated depreciation	(212,798)	(227,848)	(243,904)
Total	\$ 277,634	\$ 1,075,773	\$ 1,183,396

	<b>Governmental Activities Payments</b>	<b>Business-type Activities Payments</b>	<b>Total Payments</b>
2009	\$ 68,436	\$ 477,135	\$ 545,571
2010	68,436	477,137	545,573
2011	65,382	163,294	228,676
2012	-	163,294	163,294
2013	-	163,294	163,294
2014 - 2018	-	81,647	81,647
	202,254	1,525,801	1,728,055
Less interest	20,611	133,591	154,202
Total	\$ 181,643	\$ 1,392,210	\$ 1,573,853

**City of Olathe, Kansas**  
**Notes to the Basic Financial Statements**  
**December 31, 2008**

**Reimbursable Developer's Cost**

	<b>Beginning of Year</b>	<b>Additions</b>	<b>Retirements</b>	<b>End of Year</b>
2004 Southgate Phase II - 20 year period	\$ 2,130,158	\$ 1,070,231	\$ 250,237	\$ 2,950,152
2006 North Southgate - 8 year period	655,074	-	233,413	421,661
2006 Heritage Crossing - 13 year period	1,668,769	1,491,531	-	3,160,300
Total Reimbursable Developer's Cost	<u>\$ 4,454,001</u>	<u>\$ 2,561,762</u>	<u>\$ 483,650</u>	<u>\$ 6,532,113</u>

The City has pledged 100% of the incremental increase in ad valorem tax revenues and 50% of the incremental increase in the City's sales tax revenue to repay the eligible developer's costs for each of these individual projects. These obligations represent redeveloper project costs that have been certified as eligible for reimbursement from the incremental taxes attributable to each project. The City is only obligated for the amounts of incremental taxes received attributable to the projects. Any deficiencies are the responsibility of the developer.

**Developer's Cost**

<b>Year</b>	<b>Governmental Activities Estimated Payments</b>
2009	\$580,000
2010	855,452
2011	672,152
2012	680,680
2013	689,379
2014 - 2018	2,604,298
2019 - 2020	450,152
	<u>6,532,113</u>
Due within one year	<u>580,000</u>
Due in more than one year	<u>\$5,952,113</u>

**Other debt information**

Certain other financial information and operating data regarding the City is available in the Official Statement dated May 15, 2008 related to the City's General Obligation Series 211 and General Obligation Temporary Notes Series 2008-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, 2008**

**8. Refunded Debt**

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, 2008 are as follows:

	<u>Refunding Issue (Date)</u>	<u>Debt Series Defeased</u>	<u>Defeased Debt Outstanding</u>
Certificates of Participation	Series 206 (2004)	2000A	\$ 5,120,000

**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.

**10. Interfund Activities**

Interfund transactions for the year were as follows:

	Transfer to						Total
	General	Debt Service	Major Capital Projects	Water & Sewer	Solid Waste	Other Governmental Funds	
Transfers from							
General Fund	\$ -	\$ 2,158,267	\$ 1,668,811	\$ -	\$ -	\$ 89,250	\$ 3,916,328
Capital Projects	-	-	-	-	-	752,491	752,491
Other Governmental Funds	2,445,702	-	6,766,320	50,000	5,515	-	9,267,537
Proprietary Funds							
Water and sewer	-	-	155,468	-	-	-	155,468
<b>Totals</b>	<u>\$ 2,445,702</u>	<u>\$ 2,158,267</u>	<u>\$ 8,590,599</u>	<u>\$ 50,000</u>	<u>\$ 5,515</u>	<u>\$ 841,741</u>	<u>\$ 14,091,824</u>

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

**City of Olathe, Kansas**  
**Notes to the Basic Financial Statements**  
**December 31, 2008**

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

	<b>Receivables</b>	<b>Payables</b>
<b>Fund Statements</b>		
General	\$ 479,795	\$ -
Other governmental funds		345,721
Nonmajor proprietary fund*	-	134,074
	\$ 479,795	\$ 479,795
 <b>Government-Wide Statements</b>		
Governmental	\$ 994,848	\$ -
Business-type	-	994,848

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

**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 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 2008 was 5.93%. The City employer contributions to KPERS for the years ended December 31, 2008, 2007, and 2006 were \$1,638,708, \$1,452,601, and \$1,174,253 respectively, equal to the required contributions for each year. The KP&F employer rate established for fiscal year 2008 was 13.95%. 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 year ended December 31, 2008, 2007, and 2006 were \$2,538,989, \$2,431,441, and \$2,200,670 respectively, equal to the required contributions for each year.

**12. Commitments and Contingent Liabilities**

*Commitments*

As of December 31, 2008, uncompleted capital project authorizations compared with project costs from inception (excluding expenditures for general obligation notes, general obligation note interest, note and bond issuance costs and transfers of unused funds back to the funding source) were as follows:

**City of Olathe, Kansas**  
**Notes to the Basic Financial Statements**  
**December 31, 2008**

	<b>Project Authorizations</b>	<b>Costs - Project Inception to December 31, 2008</b>
Street improvements	\$ 249,337,023	\$ 188,095,970
Citywide improvements	62,567,748	45,974,604
Water and sewer lines	52,580,886	4,784,069
	<b>\$ 364,485,657</b>	<b>\$ 238,854,643</b>

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:

	<b>Operation and Maintenance</b>	<b>Capital Improvements</b>	<b>Total</b>
2009	\$ 2,426,073	\$ 1,050,593	\$ 3,476,666
2010	2,571,638	1,113,629	3,685,267
2011	2,725,936	1,180,446	3,906,382

*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 discretely presented component unit, the Authority. The insurance programs administered are property and various types of liability. The City uses a commercial insurance program with various levels of coverage.

The City has a deductible of \$25,000 per occurrence for all property damage losses, \$25,000 per occurrence for auto liability and auto property losses, \$25,000 per occurrence for general liability losses, \$25,000 per occurrence for police liability losses, and \$25,000 per occurrence for public official liability losses. The City's deductible would be limited to \$25,000 should more than one line of coverage be involved in any single occurrence/event. The City maintains a loss reserves fund for pending claims and for claims incurred, but not reported. The City believes that there is no potential liability at year-end 2008 which will exceed coverage and the funds reserved. There were no significant reductions in insurance coverage during 2008. No significant settlements in excess of insurance coverage have been paid in the last three years.

Effective January 1, 1998, the City was granted a self-insured permit by the Kansas Workers' Compensation Division. The City had previously been a member of a self-insured pool for 11 years. As a stand-alone workers' compensation self-insured, the City must comply with very strict procedural and

**City of Olathe, Kansas**  
**Notes to the Basic Financial Statements**  
**December 31, 2008**

funding standards monitored by the Kansas Workers' Compensation Division. The City has recorded a liability of \$1,084,079 that represents the estimated future cost of claims made and claims incurred, but not reported at December 31, 2008.

		<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>
2007	\$	974,459	\$ 943,244	\$ 1,034,357	\$ 883,346
2008		883,346	1,165,730	964,997	1,084,079

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 \$2,021,462 at December 31, 2008.

		<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>
2007	\$	1,359,718	\$12,665,356	\$ 12,005,169	\$ 2,019,905
2008		2,019,905	12,410,618	12,409,061	2,021,462

The risk management claims payable are based on claims adjusters' and management's evaluations and a third party administer 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, "Accounting for Municipal Solid Waste Landfill Closure and Solid Waste Enterprise Fund" and the City's financial statements taken as a whole; therefore, no liability is accrued at December 31, 2008. The postclosure care costs will be expensed as incurred. The City will continue to evaluate the ultimate postclosure care cost annually. In the event that a material liability is estimated, the City will accrue the liability at that financial statement date. Total current cost of landfill closure and postclosure care is an estimate and subject to changes resulting from inflation, deflation, technology, or changes in applicable laws or regulations.

**15. Postemployment Benefits Other than Pension Benefits**

The City sponsors a single-employer defined benefit healthcare plan that provides healthcare benefits to retirees and their dependents. Retiree health coverage is provided for under Kansas Statute 12-5040. Retirees who retire under the KPERs requirements are eligible for benefits.

**City of Olathe, Kansas**  
**Notes to the Basic Financial Statements**  
**December 31, 2008**

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

*Funding Policy*

GASB Statement 45 does not require the funding of OPEB liability and the City has chosen not to fund it. City policy dictates the payment of retiree claims as they come due through an internal service fund. For 2008, retiree premiums are the same as employees – (1) Single Health Consumer Involved Insurance – no charge (2) Single Health PPO Insurance – \$25 per month (3) Single Health Access Insurance - \$40 per month (4) Single Dental Insurance – no charge (5) Family Health Consumer Involved Insurance - \$190 per month (6) Family Health PPO Insurance - \$235 per month (7) Family Health Access Insurance - \$279 per month (8) Family Dental Insurance \$13 per month.

*Annual OPEB Cost*

The City's annual OPEB is based on an actuarial valuation. The actuarial calculations are performed in accordance with the Projected Unit Actuarial Cost Method as allowed under GASB Statement 45. the following table shows the components of the primary government OPEB cost for 2008:

**1. Annual OPEB Cost for 2008**

A. Normal Cost	\$ 1,172,000
B. Amortization of Unfunded Actuarial Accrued Liability	1,026,000
C. Annual Required Contribution (ARC)	<u>2,198,000</u>
D. Interest on Net OPEB Obligation	79,549
E. Adjustment to the ARC	-
F. Annual OPEB Cost (C+D-E)	<u><u>\$ 2,277,549</u></u>

**2. Employer Contributions for 2008**

A. Claims + Admin Paid on Behalf of Retirees	\$ 892,462
B. Retiree Contribution	-
C. Net Employer Contributions (A-B)	<u><u>\$ 892,462</u></u>

**3. Schedule of Employer Contributions**

For Fiscal Year Ended December 31

Year	Annual Required Contributions	Net Employer Contributions	Net OPEB Obligation	Percentage Contributed
2007	\$ 2,198,000	\$607,011	\$1,590,989	27.62%
2008	\$ 2,277,549	\$892,462	\$1,385,067	39.19%

**4. Net OPEB Obligation at 12/31/08**

A. Annual OPEB Cost for 2008	\$ 2,277,549
B. Net Employer Contributions for 2008	(892,462)
C. Balance at 12/31/07	1,590,988
D. Balance at 12/31/08 (A-B+C)	<u><u>\$ 2,976,075</u></u>

**City of Olathe, Kansas**  
**Notes to the Basic Financial Statements**  
**December 31, 2008**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the Basic Financial Section, presented multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits (2007 is the first year so only two years of data is available).

*Actuarial Methods and Assumptions*

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

In the January 1, 2007 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 5% investment rate of return, which is a blended rate of the expected long-term investment returns on the City's own investments. An annual health care costs trend rate of 10% initially, reduced by decrements to an ultimate rate of 5% after five years. Both rates include a 3.5% inflation assumption. The UAAL is being amortized as a level percentage over a 30 year period of time.

*Funded Status and Funding Progress*

As of January 1, 2007, the most recent actuarial valuation date, the plan was not funded. The unfunded actuarial accrued liability for benefits (UAAL) was \$16,557,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$49 million, and the ratio of the UAAL to the covered payroll was 33.77%

**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 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.

As of December 31, 2008, there were 110 issues of industrial revenue, multi-housing, and education facility bonds outstanding. Outstanding issues had an aggregate outstanding amount totaling \$999,377,840 and a total assessed valuation of \$1,050,459,518.

**City of Olathe, Kansas**  
**Notes to the Basic Financial Statements**  
**December 31, 2008**

**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.

	<b>Olathe Public Library</b>	<b>Olathe Public Housing Authority</b>	<b>Totals</b>
Total assets	\$ 5,692,271	\$ 4,118,061	\$ 9,810,332
Total liabilities	248,388	198,283	446,671
Net assets	<u>\$ 5,443,883</u>	<u>\$ 3,919,778</u>	<u>\$ 9,363,661</u>
Expenses	\$ 4,297,203	\$ 2,983,242	\$ 7,280,445
Program revenues	290,819	3,097,512	3,388,331
Net program revenues	<u>(4,006,384)</u>	<u>114,270</u>	<u>(3,892,114)</u>
Tax revenues	4,163,482	-	4,163,482
Other general revenues	210	124,051	124,261
Change in net assets	<u>157,308</u>	<u>238,321</u>	<u>395,629</u>
Beginning net assets	5,286,575	3,681,457	8,968,032
Ending net assets	<u>\$ 5,443,883</u>	<u>\$ 3,919,778</u>	<u>\$ 9,363,661</u>

**18. Termination Benefits**

On June 19, 2008, the City reduced its work force by 21 employees and also eliminated an additional 21 vacant positions. This was done as a cost saving measure by the City as an early response to the foreseen decline in the economy. Employees were given (1) two weeks pay for each year of service with a minimum of 8 weeks, (2) 100% of accrued sick leave with a maximum of 240 hours, and (3) a 2% performance bonus. The cost of these benefits in 2008 was \$317,193. The salary savings for 2008 was \$898,153. The salary savings for 2009 is projected to be \$2,087,146.

**19. 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 51, Accounting and Financial Reporting for Intangible Assets, was issued June 2007 and will be effective for the City with the fiscal year ending December 31, 2010. Management has not yet determined the effect, if any, of the implementation of this statement on the City.

Statement Number 54, Fund Balance Reporting and Governmental Fund Type Definitions, was issued March 2009 and will be effective for the City with the fiscal year ending December 31, 2011. Management has not yet determined the effect, if any, of the implementation of this statement on the City.

**City of Olathe, Kansas**  
**Notes to the Basic Financial Statements**  
**December 31, 2008**

**20. Subsequent Events**

On February 1, 2009, the City issued \$3,110,000 of revenue bonds to finance the cost of certain repairs, alterations, extensions, reconstructions, enlargements or improvements to the water and sewer system. The interest rates on the bonds range from 2.00 – 4.60% and the maturity date is July 1, 2029.

On May 15, 2009, the City issued \$21,650,000 in general obligation bonds, \$1,360,000 in taxable general obligation bonds, and \$55,745,000 in temporary notes. Proceeds from the sale of the bonds will be used to provide financing for certain capital improvements within the City. Proceeds from the sale of the notes will be used to provide initial financing for certain capital improvements. The interest rates on the bonds range from 1.000 – 4.599% and the rates on the notes are 0.480%. The maturity date on the general obligation bonds is October 1, 2028, the maturity date on the taxable general obligation bonds is October 1, 2017, and the maturity date on the notes is June 1, 2010.

**Required  
Supplementary Information**

**City of Olathe, Kansas**  
**Required Supplementary Information**  
**Schedule of Funding Progress for OPEB**  
**As of December 31, 2008**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll ©	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2007	\$ -	\$ 16,557,000	\$ 16,557,000	\$ -	\$ 48,837,676	33.90%
1/1/2008	-	16,557,000	16,557,000	-	49,030,075	33.77%



## **Nonmajor Governmental Funds**

# Nonmajor Governmental Funds

## Special Revenue Funds

### Fire Levy

To account for property taxes received for the fire department operations.

### Motor Fuel Tax

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

### Library 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.

### 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.

### Park Sales Tax

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



# Nonmajor Governmental Funds

## **Special Revenue Funds**

### **Reimbursable Programs**

To account for miscellaneous donations for various designated purposes.

### **Grants Fund**

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

### **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**

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

### **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, 2008**

	<b>Special Revenue</b>						
	<b>Fire Levy</b>	<b>Motor Fuel Tax</b>	<b>Library Tax</b>	<b>Special Park and Recreation</b>	<b>Special Alcohol</b>	<b>Storm Water</b>	<b>Park Sales Tax</b>
<b>Assets</b>							
Cash, cash equivalents, and investments	\$ 96,062	\$ 23,915	\$ 220,765	\$ 2,715,978	\$ 559,267	\$ 2,705,036	\$ 6,669,785
Receivables (net of allowance)							
Accounts	-	-	-	-	-	325,337	-
Taxes	2,320,745	-	3,805,101	-	-	-	411,867
Loans	-	-	-	-	-	-	-
Due from other governments	-	774,049	-	80,000	80,000	-	-
Total assets	<u>\$ 2,416,807</u>	<u>\$ 797,964</u>	<u>\$ 4,025,866</u>	<u>\$ 2,795,978</u>	<u>\$ 639,267</u>	<u>\$ 3,030,373</u>	<u>\$ 7,081,652</u>
<b>Liabilities and fund balances</b>							
<b>Liabilities</b>							
Accounts payable	\$ -	\$ 37,279	\$ -	\$ 24,890	\$ -	\$ 3,932	\$ 122
Due to other funds	-	328,004	-	-	-	-	-
Due to component unit	-	-	220,765	-	-	-	-
Deferred revenue	2,320,745	-	3,805,101	80,000	80,000	-	-
Total liabilities	<u>2,320,745</u>	<u>365,283</u>	<u>4,025,866</u>	<u>104,890</u>	<u>80,000</u>	<u>3,932</u>	<u>122</u>
<b>Fund balances</b>							
Reserved for							
Encumbrances	-	63,830	-	6,164	40,033	5,872	37
Unreserved, reported in							
Special revenue funds	96,062	368,851	-	2,684,924	519,234	3,020,569	7,081,493
Total fund balances	96,062	432,681	-	2,691,088	559,267	3,026,441	7,081,530
Total liabilities and fund balances	<u>\$ 2,416,807</u>	<u>\$ 797,964</u>	<u>\$ 4,025,866</u>	<u>\$ 2,795,978</u>	<u>\$ 639,267</u>	<u>\$ 3,030,373</u>	<u>\$ 7,081,652</u>

	Special Revenue						Total Nonmajor Governmental Funds	
	Reimbursable Programs	Grants Fund	Future Street Improvement	Park & Recreation Foundation	Recreation	Cemetery		Mahaffie House Restoration
<b>Assets</b>								
Cash, cash equivalents, and investments	\$ 546,138	\$ 293,028	\$ 8,272,475	\$ 17,382	\$ 21,533	\$ 499,814	\$ 133,882	\$ 22,775,060
Receivables (net of allowance)								
Accounts	-	-	-	-	30,519	-	-	355,856
Taxes	-	-	-	-	-	-	-	6,537,713
Loans	-	3,535,103	-	-	-	-	-	3,535,103
Due from other governments	-	131,856	-	-	-	-	-	1,065,905
<b>Total assets</b>	<b>\$ 546,138</b>	<b>\$ 3,959,987</b>	<b>\$ 8,272,475</b>	<b>\$ 17,382</b>	<b>\$ 52,052</b>	<b>\$ 499,814</b>	<b>\$ 133,882</b>	<b>\$ 34,269,637</b>
<b>Liabilities and fund balances</b>								
<b>Liabilities</b>								
Accounts payable	\$ 2,549	\$ 39,206	\$ -	\$ -	\$ 35,719	\$ -	\$ -	\$ 143,697
Due to other funds	-	17,717	-	-	-	-	-	345,721
Due to component unit	-	-	-	-	-	-	-	220,765
Deferred revenue	-	3,599,468	-	-	-	-	-	9,885,314
<b>Total liabilities</b>	<b>2,549</b>	<b>3,656,391</b>	<b>-</b>	<b>-</b>	<b>35,719</b>	<b>-</b>	<b>-</b>	<b>10,595,497</b>
<b>Fund balances</b>								
Reserved for								
Encumbrances	11,003	151,096	-	-	5,626	4,012	364	288,037
Unreserved, reported in								
Special revenue funds	532,586	152,500	8,272,475	17,382	10,707	495,802	133,518	23,386,103
<b>Total fund balances</b>	<b>543,589</b>	<b>303,596</b>	<b>8,272,475</b>	<b>17,382</b>	<b>16,333</b>	<b>499,814</b>	<b>133,882</b>	<b>23,674,140</b>
<b>Total liabilities and fund balances</b>	<b>\$ 546,138</b>	<b>\$ 3,959,987</b>	<b>\$ 8,272,475</b>	<b>\$ 17,382</b>	<b>\$ 52,052</b>	<b>\$ 499,814</b>	<b>\$ 133,882</b>	<b>\$ 34,269,637</b>

**City of Olathe, Kansas**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended December 31, 2008**

	<b>Fire Levy</b>	<b>Motor Fuel Tax</b>	<b>Library Tax</b>	<b>Special Park and Recreation</b>	<b>Special Alcohol</b>	<b>Storm Water</b>	<b>Park Sales Tax</b>
<b>Revenues</b>							
Taxes:							
Property	\$ 2,535,335	\$ -	\$ 4,124,919	\$ -	\$ -	\$ -	\$ -
Sales	-	-	-	-	-	-	2,486,550
Intergovernmental	6,429	3,225,368	13,848	343,743	343,743	-	-
Charge for service	-	-	-	267,293	-	2,409,931	-
Use of money and property	-	-	25,135	72,337	12,598	79,896	151,427
Miscellaneous	-	-	-	-	-	-	-
Total revenues	<u>2,541,764</u>	<u>3,225,368</u>	<u>4,163,902</u>	<u>683,373</u>	<u>356,341</u>	<u>2,489,827</u>	<u>2,637,977</u>
<b>Expenditures</b>							
General government	-	602,112	4,163,902	-	-	477,983	-
Public safety	-	-	-	-	-	-	-
Public works	-	2,954,149	-	-	-	864,713	103,746
Community services	-	-	-	344,876	290,335	-	204,246
Total expenditures	<u>-</u>	<u>3,556,261</u>	<u>4,163,902</u>	<u>344,876</u>	<u>290,335</u>	<u>1,342,696</u>	<u>307,992</u>
Excess of revenues over (under) expenditures	<u>2,541,764</u>	<u>(330,893)</u>	<u>-</u>	<u>338,497</u>	<u>66,006</u>	<u>1,147,131</u>	<u>2,329,985</u>
<b>Other financing sources (uses)</b>							
Transfers in	-	-	-	-	-	13,613	-
Transfers out	<u>(2,445,702)</u>	<u>-</u>	<u>-</u>	<u>(380,000)</u>	<u>-</u>	<u>(1,074,125)</u>	<u>(1,339,195)</u>
Total other financing sources (uses)	<u>(2,445,702)</u>	<u>-</u>	<u>-</u>	<u>(380,000)</u>	<u>-</u>	<u>(1,060,512)</u>	<u>(1,339,195)</u>
Net change in fund balances	96,062	(330,893)	-	(41,503)	66,006	86,619	990,790
Fund balances - beginning of year	-	763,574	-	2,732,591	493,261	2,939,822	6,090,740
Fund balances - end of year	<u>\$ 96,062</u>	<u>\$ 432,681</u>	<u>\$ -</u>	<u>\$ 2,691,088</u>	<u>\$ 559,267</u>	<u>\$ 3,026,441</u>	<u>\$ 7,081,530</u>

	Special Revenue						Total Nonmajor Governmental Funds
	Reimbursable Programs	Grant Fund	Future Street Improvement	Park & Recreation Foundation	Recreation	Cemetery	
<b>Revenues</b>							
Taxes:							
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,660,254
Sales	-	-	-	-	-	-	2,486,550
Intergovernmental	-	1,220,482	-	-	-	-	5,153,613
Charge for service	191,950	-	561,918	-	866,050	54,454	4,351,596
Use of money and property	35	4,484	260,451	407	1,432	12,014	623,480
Miscellaneous	27,567	65,759	3,000	1,738	-	47,340	169,439
Total revenues	<u>219,552</u>	<u>1,290,725</u>	<u>825,369</u>	<u>2,145</u>	<u>867,482</u>	<u>113,808</u>	<u>19,444,932</u>
<b>Expenditures</b>							
General government	10,373	21,053	18,598	-	-	-	5,294,021
Public safety	121,387	123,269	-	-	-	-	244,656
Public works	-	121,478	-	-	-	-	4,044,086
Community services	114,870	645,640	-	-	872,442	78,426	2,562,935
Total expenditures	<u>246,630</u>	<u>911,440</u>	<u>18,598</u>	<u>-</u>	<u>872,442</u>	<u>78,426</u>	<u>12,145,698</u>
Excess of revenues over (under) expenditures	<u>(27,078)</u>	<u>379,285</u>	<u>806,771</u>	<u>2,145</u>	<u>(4,960)</u>	<u>35,382</u>	<u>7,299,234</u>
<b>Other financing sources (uses)</b>							
Transfers in	89,250	-	738,878	-	-	-	841,741
Transfers out	-	(190,515)	(3,838,000)	-	-	-	(9,267,537)
Total other financing sources (uses)	<u>89,250</u>	<u>(190,515)</u>	<u>(3,099,122)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,425,796)</u>
Net change in fund balances	62,172	188,770	(2,292,351)	2,145	(4,960)	35,382	(1,126,562)
Fund balances - beginning of year	481,417	114,826	10,564,826	15,237	21,293	464,432	24,800,702
Fund balances - end of year	<u>\$ 543,589</u>	<u>\$ 303,596</u>	<u>\$ 8,272,475</u>	<u>\$ 17,382</u>	<u>\$ 16,333</u>	<u>\$ 499,814</u>	<u>\$ 23,674,140</u>



# **Budgetary Schedules**

**City of Olathe, Kansas**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**General Fund**  
**Budget and Actual - Budgetary Basis**  
**For the Year Ended December 31, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>			
Taxes:			
Property	\$ 14,525,980	\$ 14,810,971	\$ 284,991
Sales	38,800,850	35,704,906	(3,095,944)
Franchise	7,740,349	9,087,300	1,346,951
Transient guest	819,000	865,892	46,892
Intergovernmental	1,027,138	1,146,680	119,542
Licenses and permits	1,512,641	1,068,989	(443,652)
Fines, forfeitures, and penalties	3,323,409	2,816,600	(506,809)
Charges for services	5,008,340	3,747,068	(1,261,272)
Use of money and property	1,327,213	528,587	(798,626)
Miscellaneous	363,970	1,152,154	788,184
Total revenues	<u>74,448,890</u>	<u>70,929,147</u>	<u>(3,519,743)</u>
<b>Expenditures</b>			
General government	3,784,586	2,430,899	1,353,687
Administration	3,033,789	2,908,601	125,188
Human resources	968,866	957,112	11,754
Legal	1,460,896	1,338,380	122,516
Information technology services	3,941,177	3,888,793	52,384
Financial services	2,814,116	2,820,337	(6,221)
Public safety	35,057,193	33,790,133	1,267,060
Public works	9,900,464	10,406,150	(505,686)
Development services	3,258,347	3,159,212	99,135
Community services	5,653,737	5,455,924	197,813
Neighborhood services	1,095,399	896,918	198,481
Economic development	819,000	865,892	(46,892)
Contingency	13,723,221	25,853	13,697,368
Total expenditures	<u>85,510,791</u>	<u>68,944,204</u>	<u>16,566,587</u>
Excess of revenues over expenditures	<u>(11,061,901)</u>	<u>1,984,943</u>	<u>13,046,844</u>
<b>Other financing sources (uses)</b>			
Transfers in	2,745,720	2,445,702	(300,018)
Transfers out	(4,180,153)	(3,916,328)	263,825
Total other financing sources (uses)	<u>(1,434,433)</u>	<u>(1,470,626)</u>	<u>(36,193)</u>
Net change in fund balance	<u>\$ (12,496,334)</u>	<u>514,317</u>	<u>\$ 13,010,651</u>
Fund balance - beginning of year - budget basis		<u>20,123,462</u>	
Fund balance - end of year - budget basis		<u>20,637,779</u>	
Encumbrances incurred and outstanding		<u>654,188</u>	
Fund balance - end of year - GAAP basis		<u>\$ 21,291,967</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, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
<b>Revenues</b>			
Taxes and special assessments	\$ 4,416,832	\$ 2,903,859	\$ (1,512,973)
Charge for services	50,000	-	(50,000)
Use of money and property	28,578	249,059	220,481
Total revenues	<u>4,495,410</u>	<u>3,152,918</u>	<u>(1,342,492)</u>
<b>Expenditures</b>			
General operations	50,000	1,931,392	(1,881,392)
Debt service	8,469,207	3,232,281	5,236,926
Total expenditures	<u>8,519,207</u>	<u>5,163,673</u>	<u>3,355,534</u>
Excess of revenues over (under) expenditures	<u>\$ (4,023,797)</u>	<u>(2,010,755)</u>	<u>\$ 2,013,042</u>
Fund balance - beginning of year		11,668,000	
Fund balance - end of year		<u>\$ 9,657,245</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, 2008**

	Fire Levy Fund			Motor Fuel Tax Fund			Library Tax Fund		
	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
<b>Revenues</b>									
Taxes	\$ 2,445,702	\$ 2,535,335	\$ 89,633	\$ -	\$ -	\$ -	\$ 4,066,779	\$ 4,124,919	\$ 58,140
Intergovernmental	-	6,429	6,429	3,425,910	3,225,368	(200,542)	-	13,848	13,848
Charge for services	-	-	-	-	-	-	-	-	-
Use of money and property	-	-	-	59,770	-	(59,770)	65,259	25,135	(40,124)
Miscellaneous	-	-	-	-	-	-	-	-	-
Total revenues	<u>2,445,702</u>	<u>2,541,764</u>	<u>96,062</u>	<u>3,485,680</u>	<u>3,225,368</u>	<u>(260,312)</u>	<u>4,132,038</u>	<u>4,163,902</u>	<u>31,864</u>
<b>Expenditures</b>									
General government	-	-	-	620,217	602,112	18,105	4,385,069	4,383,395	1,674
Public works	-	-	-	2,964,871	2,982,323	(17,452)	-	-	-
Community services	-	-	-	-	-	-	-	-	-
Total expenditures	-	-	-	<u>3,585,088</u>	<u>3,584,435</u>	<u>653</u>	<u>4,385,069</u>	<u>4,383,395</u>	<u>1,674</u>
Excess of revenues over/ (under) expenditures	<u>2,445,702</u>	<u>2,541,764</u>	<u>96,062</u>	<u>(99,408)</u>	<u>(359,067)</u>	<u>(259,659)</u>	<u>(253,031)</u>	<u>(219,493)</u>	<u>33,538</u>
<b>Other financing sources (uses)</b>									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	<u>(2,445,702)</u>	<u>(2,445,702)</u>	-	-	-	-	-	-	-
Total other financing sources/(uses)	<u>(2,445,702)</u>	<u>(2,445,702)</u>	-	-	-	-	-	-	-
Net change in fund balances	<u>\$ -</u>	<u>96,062</u>	<u>\$ 96,062</u>	<u>\$ (99,408)</u>	<u>(359,067)</u>	<u>\$ (259,659)</u>	<u>\$ (253,031)</u>	<u>(219,493)</u>	<u>\$ 33,538</u>
Fund balances - beginning of year - Budget basis		-			<u>727,918</u>			<u>440,258</u>	
Fund balances - end of year - Budget basis		96,062			368,851			220,765	
Encumbrances incurred and outstanding / Due to component unit		-			63,830			(220,765)	
Fund balances - end of year - GAAP basis		<u>\$ 96,062</u>			<u>\$ 432,681</u>			<u>\$ -</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, 2007**

	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)
<b>Revenues</b>									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	334,204	343,743	9,539	334,204	343,743	9,539	-	-	-
Charge for services	650,000	267,293	(382,707)	-	-	-	2,326,094	2,409,931	83,837
Use of money and property	130,037	72,337	(57,700)	26,072	12,598	(13,474)	186,160	79,896	(106,264)
Miscellaneous	-	-	-	-	-	-	-	-	-
Total revenues	<u>1,114,241</u>	<u>683,373</u>	<u>(430,868)</u>	<u>360,276</u>	<u>356,341</u>	<u>(3,935)</u>	<u>2,512,254</u>	<u>2,489,827</u>	<u>(22,427)</u>
<b>Expenditures</b>									
General government	-	-	-	-	-	-	2,189,093	460,153	1,728,940
Public works	-	-	-	-	-	-	868,122	858,420	9,702
Community services	2,316,700	349,930	1,966,770	847,630	279,346	568,284	-	-	-
Total expenditures	<u>2,316,700</u>	<u>349,930</u>	<u>1,966,770</u>	<u>847,630</u>	<u>279,346</u>	<u>568,284</u>	<u>3,057,215</u>	<u>1,318,573</u>	<u>1,738,642</u>
Excess of revenues over (under) expenditures	<u>(1,202,459)</u>	<u>333,443</u>	<u>1,535,902</u>	<u>(487,354)</u>	<u>76,995</u>	<u>564,349</u>	<u>(544,961)</u>	<u>1,171,254</u>	<u>1,716,215</u>
<b>Other financing sources (uses)</b>									
Transfers in	-	-	-	-	-	-	150,000	13,613	(136,387)
Transfers out	(380,000)	(380,000)	-	-	-	-	(1,426,875)	(1,074,125)	352,750
Total other financing sources/(uses)	<u>(380,000)</u>	<u>(380,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,276,875)</u>	<u>(1,060,512)</u>	<u>216,363</u>
Net change in fund balances	<u>\$ (1,582,459)</u>	<u>(46,557)</u>	<u>\$ 1,535,902</u>	<u>\$ (487,354)</u>	<u>76,995</u>	<u>\$ 564,349</u>	<u>\$ (1,821,836)</u>	<u>110,742</u>	<u>\$ 1,932,578</u>
Fund balances - beginning of year - Budget basis		<u>2,731,481</u>			<u>442,239</u>			<u>2,909,827</u>	
Fund balances - end of year - Budget basis		<u>2,684,924</u>			<u>519,234</u>			<u>3,020,569</u>	
Encumbrances incurred and outstanding / Due from component unit		<u>6,164</u>			<u>40,033</u>			<u>5,872</u>	
Fund balances - end of year - GAAP basis		<u>\$ 2,691,088</u>			<u>\$ 559,267</u>			<u>\$ 3,026,441</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 (continued)**  
**For the Year Ended December 31, 2007**

	Park Sales Tax Fund			Recreation			Total		
	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
<b>Revenues</b>									
Taxes	\$ 2,633,826	\$ 2,486,550	\$ (147,276)	\$ -	\$ -	\$ -	\$ 9,146,307	\$ 9,146,804	\$ 497
Intergovernmental	-	-	-	-	-	-	4,094,318	3,933,131	(161,187)
Charge for services	-	-	-	963,135	866,050	(97,085)	3,939,229	3,543,274	(395,955)
Use of money and property	184,503	151,427	(33,076)	3,509	1,432	(2,077)	655,310	342,825	(312,485)
Miscellaneous	-	-	-	-	-	-	-	-	-
Total revenues	<u>2,818,329</u>	<u>2,637,977</u>	<u>(180,352)</u>	<u>966,644</u>	<u>867,482</u>	<u>(99,162)</u>	<u>17,835,164</u>	<u>16,966,034</u>	<u>(869,130)</u>
<b>Expenditures</b>									
General government	-	-	-	-	-	-	7,194,379	5,445,660	1,748,719
Public works	50,740	103,746	(53,006)	-	-	-	3,883,733	3,944,489	(60,756)
Community services	183,679	204,246	(20,567)	1,037,542	870,583	166,959	4,385,551	1,704,105	2,681,446
Total expenditures	<u>234,419</u>	<u>307,992</u>	<u>(73,573)</u>	<u>1,037,542</u>	<u>870,583</u>	<u>166,959</u>	<u>15,463,663</u>	<u>11,094,254</u>	<u>4,369,409</u>
Excess of revenues over (under) expenditures	<u>2,583,910</u>	<u>2,329,985</u>	<u>(253,925)</u>	<u>(70,898)</u>	<u>(3,101)</u>	<u>67,797</u>	<u>2,371,501</u>	<u>5,871,780</u>	<u>3,500,279</u>
<b>Other financing sources (uses)</b>									
Transfers in	-	-	-	70,000	-	(70,000)	220,000	13,613	(206,387)
Transfers out	(4,712,484)	(1,339,195)	3,373,289	-	-	-	(8,965,061)	(5,239,022)	3,726,039
Total other financing sources/(uses)	<u>(4,712,484)</u>	<u>(1,339,195)</u>	<u>3,373,289</u>	<u>70,000</u>	<u>-</u>	<u>(70,000)</u>	<u>(8,745,061)</u>	<u>(5,225,409)</u>	<u>3,519,652</u>
Net change in fund balances	<u>\$ (2,128,574)</u>	<u>990,790</u>	<u>\$ 3,119,364</u>	<u>\$ (898)</u>	<u>(3,101)</u>	<u>\$ (2,203)</u>	<u>\$ (6,373,560)</u>	<u>646,371</u>	<u>\$ 7,019,931</u>
Fund balances - beginning of year - Budget basis		<u>6,090,740</u>			<u>13,808</u>			<u>13,356,271</u>	
Fund balances - end of year - Budget basis		7,081,530			10,707			14,002,642	
Encumbrances incurred and outstanding / Due from component unit		-			5,626			(99,240)	
Fund balances - end of year - GAAP basis		<u>\$ 7,081,530</u>			<u>\$ 16,333</u>			<u>\$ 13,903,402</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, 2008**

	<u>Budget</u>	<u>Actual</u>	<b>Variance - Positive (Negative)</b>
<b>Revenues</b>			
Taxes and special assessments	\$ 22,012,901	\$ 25,202,078	\$ 3,189,177
Intergovernmental	-	12,549	12,549
Use of money and property	1,375,413	2,103,307	727,894
Miscellaneous	-	21,655	21,655
Total revenues	<u>23,388,314</u>	<u>27,339,589</u>	<u>3,951,275</u>
<b>Expenditures</b>			
General operations	500	-	500
Debt service:			
Principal retirements	44,636,849	18,060,000	26,576,849
Interest	6,794,968	6,471,319	323,649
Total expenditures	<u>51,432,317</u>	<u>24,531,319</u>	<u>26,900,998</u>
Excess of revenues over (under) expenditures	<u>(28,044,003)</u>	<u>2,808,270</u>	<u>30,852,273</u>
<b>Other financing sources</b>			
Bond premium	-	1,676,343	1,676,343
Transfers in	2,300,000	2,158,267	(141,733)
Total other financing sources	<u>2,300,000</u>	<u>3,834,610</u>	<u>(141,733)</u>
Net change in fund balance	<u>\$ (25,744,003)</u>	6,642,880	<u>\$ 30,710,540</u>
Fund balance - beginning of year		25,394,072	
Fund balance - end of year		<u>\$ 32,036,952</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, 2008**

	Water and Sewer Fund			Solid Waste Fund			Total		
	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
<b>Revenues</b>									
Water charges	\$ 14,856,889	\$ 13,766,664	\$ (1,090,225)	\$ -	\$ -	\$ -	\$ 14,856,889	\$ 13,766,664	\$ (1,090,225)
Sewer charges	13,149,644	10,910,249	(2,239,395)	-	-	-	13,149,644	10,910,249	(2,239,395)
Water and sewer connection charges	280,000	172,090	(107,910)	-	-	-	280,000	172,090	(107,910)
Sanitation charges and landfill fees	-	-	-	9,538,290	9,747,158	208,868	9,538,290	9,747,158	208,868
Interest income	800,000	199,208	(600,792)	37,165	26,713	(10,452)	837,165	225,921	(611,244)
Miscellaneous	248,950	290,018	41,068	-	249	249	248,950	290,267	41,317
Total revenues	<u>29,335,483</u>	<u>25,338,229</u>	<u>(3,997,254)</u>	<u>9,575,455</u>	<u>9,774,120</u>	<u>198,665</u>	<u>38,910,938</u>	<u>35,112,349</u>	<u>(3,798,589)</u>
<b>Expenditures</b>									
General operations	6,711,888	2,945,915	3,765,973	1,952,693	1,691,257	261,436	8,664,581	4,637,172	4,027,409
Public works	18,809,508	16,818,311	1,991,197	7,584,459	7,672,483	(88,024)	26,393,967	24,490,794	1,903,173
Debt service	4,880,837	4,853,294	27,543	-	-	-	4,880,837	4,853,294	27,543
Total expenditures	<u>30,402,233</u>	<u>24,617,520</u>	<u>5,784,713</u>	<u>9,537,152</u>	<u>9,363,740</u>	<u>173,412</u>	<u>39,939,385</u>	<u>33,981,260</u>	<u>5,958,125</u>
Excess of revenues over (under) expenditures	<u>(1,066,750)</u>	<u>720,709</u>	<u>1,787,459</u>	<u>38,303</u>	<u>410,380</u>	<u>372,077</u>	<u>(1,028,447)</u>	<u>1,131,089</u>	<u>2,159,536</u>
<b>Other financing sources (uses)</b>									
Transfers in	-	475,000	475,000	-	5,515	5,515	-	480,515	480,515
Transfers out	(2,168,000)	(375,000)	1,793,000	-	-	-	(2,168,000)	(375,000)	1,793,000
Net other financing sources (uses)	<u>(2,168,000)</u>	<u>100,000</u>	<u>2,268,000</u>	<u>-</u>	<u>5,515</u>	<u>5,515</u>	<u>(2,168,000)</u>	<u>105,515</u>	<u>2,273,515</u>
Net change in net assets	<u>\$ (3,234,750)</u>	<u>820,709</u>	<u>\$ 4,055,459</u>	<u>\$ 38,303</u>	<u>415,895</u>	<u>\$ 377,592</u>	<u>\$ (3,196,447)</u>	<u>1,236,604</u>	<u>\$ 4,433,051</u>
Net assets - beginning of year		5,190,000			191,501			5,381,501	
Net assets - end of year		<u>\$ 6,010,709</u>			<u>\$ 607,396</u>			<u>\$ 6,618,105</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, 2008**

	Central Garage			Risk Management			Vehicle Replacement		
	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
<b>Revenues</b>									
Charge for services	\$ 5,387,522	\$ 5,389,190	\$ 1,668	\$ 12,503,258	\$ 12,891,874	\$ 388,616	\$ 4,695,895	\$ 4,722,614	\$ 26,719
Interest income	7,100	3,597	(3,503)	444,371	139,353	(305,018)	217,000	121,126	(95,874)
Total revenues	<u>5,394,622</u>	<u>5,392,787</u>	<u>(1,835)</u>	<u>12,947,629</u>	<u>13,031,227</u>	<u>83,598</u>	<u>4,912,895</u>	<u>4,843,740</u>	<u>(69,155)</u>
<b>Expenditures</b>									
General operations	285,145	161,090	124,055	17,898,985	14,620,322	3,278,663	8,634,761	4,394,684	4,240,077
Public works	5,109,477	5,232,266	(122,789)	-	-	-	-	-	-
Total expenditures	<u>5,394,622</u>	<u>5,393,356</u>	<u>1,266</u>	<u>17,898,985</u>	<u>14,620,322</u>	<u>3,278,663</u>	<u>8,634,761</u>	<u>4,394,684</u>	<u>4,240,077</u>
Excess of revenues over (under) expenditures	<u>\$ -</u>	<u>(569)</u>	<u>\$ (569)</u>	<u>\$ (4,951,356)</u>	<u>(1,589,095)</u>	<u>\$ 3,362,261</u>	<u>\$ (3,721,866)</u>	<u>449,056</u>	<u>\$ 4,170,922</u>
Net assets - beginning of year		64,218			3,559,452			3,614,618	
Net assets - end of year		<u>\$ 63,649</u>			<u>\$ 1,970,357</u>			<u>\$ 4,063,674</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, 2008**

	Personal Computer Replacement			Total		
	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
<b>Revenues</b>						
Charge for services	\$ 698,744	\$ 717,081	\$ 18,337	\$ 23,285,419	\$ 23,720,759	\$ 435,340
Interest income	21,221	21,148	(73)	689,692	285,224	(404,468)
Total revenues	<u>719,965</u>	<u>738,229</u>	<u>18,264</u>	<u>23,975,111</u>	<u>24,005,983</u>	<u>30,872</u>
<b>Expenditures</b>						
General operations	826,431	565,194	261,237	27,645,322	19,741,290	7,904,032
Public works	-	-	-	5,109,477	5,232,266	(122,789)
Total expenditures	<u>826,431</u>	<u>565,194</u>	<u>261,237</u>	<u>32,754,799</u>	<u>24,973,556</u>	<u>7,781,243</u>
Excess of revenues over (under) expenditures	<u>\$ (106,466)</u>	<u>173,035</u>	<u>\$ 279,501</u>	<u>\$ (8,779,688)</u>	<u>(967,573)</u>	<u>\$ 7,812,115</u>
Net assets - beginning of year		416,293			7,654,581	
Net assets - end of year		<u>\$ 589,328</u>			<u>\$ 6,687,008</u>	



## **Internal Service Funds**

# Internal Service Funds

## **Central Garage**

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

## **Risk Management**

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

## **Vehicle Replacement**

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

## **Personal Computer Replacement**

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

**City of Olathe, Kansas**  
**Combining Statement of Net Assets**  
**Internal Service Funds**  
**December 31, 2008**

	<u>Central Garage</u>	<u>Risk Management</u>	<u>Vehicle Replacement</u>	<u>Personal Computer Replacement</u>	<u>Totals</u>
<b>Assets</b>					
Current assets					
Cash and cash equivalents	\$ 207,869	\$ 5,584,610	\$ 4,723,910	\$ 709,399	\$ 11,225,788
Inventories and prepaid assets	162,615	-	-	-	162,615
Total current assets	<u>370,484</u>	<u>5,584,610</u>	<u>4,723,910</u>	<u>709,399</u>	<u>11,388,403</u>
Noncurrent assets					
Restricted assets					
Due from reinsurance	-	43,927	-	-	43,927
Deposit	-	11,000	-	-	11,000
Total restricted assets	<u>-</u>	<u>54,927</u>	<u>-</u>	<u>-</u>	<u>54,927</u>
Capital assets	198,119	-	37,377,676	291,878	37,867,673
Less accumulated depreciation	<u>(198,119)</u>	<u>-</u>	<u>(20,013,592)</u>	<u>(265,911)</u>	<u>(20,477,622)</u>
Net capital assets	<u>-</u>	<u>-</u>	<u>17,364,084</u>	<u>25,967</u>	<u>17,390,051</u>
Total assets	<u>\$ 370,484</u>	<u>\$ 5,639,537</u>	<u>\$ 22,087,994</u>	<u>\$ 735,366</u>	<u>\$ 28,833,381</u>
<b>Liabilities and net assets</b>					
Current liabilities					
Accounts and claims payable	\$ 121,274	\$ 3,202,751	\$ -	\$ 51,502	\$ 3,375,527
Compensated absences	53,379	1,261	-	-	54,640
Total current liabilities	<u>174,653</u>	<u>3,204,012</u>	<u>-</u>	<u>51,502</u>	<u>3,430,167</u>
Noncurrent liabilities					
Deposit	-	11,000	-	-	11,000
Compensated absences	10,481	1,682	-	-	12,163
Total noncurrent liabilities	<u>10,481</u>	<u>12,682</u>	<u>-</u>	<u>-</u>	<u>23,163</u>
Total liabilities	<u>185,134</u>	<u>3,216,694</u>	<u>-</u>	<u>51,502</u>	<u>3,453,330</u>
<b>Net assets</b>					
Invested in capital assets	-	-	17,364,084	25,967	17,390,051
Unrestricted	<u>185,350</u>	<u>2,422,843</u>	<u>4,723,910</u>	<u>657,897</u>	<u>7,990,000</u>
Total net assets	<u>185,350</u>	<u>2,422,843</u>	<u>22,087,994</u>	<u>683,864</u>	<u>25,380,051</u>
Total liabilities and net assets	<u>\$ 370,484</u>	<u>\$ 5,639,537</u>	<u>\$ 22,087,994</u>	<u>\$ 735,366</u>	<u>\$ 28,833,381</u>

**City of Olathe, Kansas**  
**Combining Statement of Revenues, Expenses, and Changes in Net Assets**  
**Internal Service Funds**  
**For the Year Ended December 31, 2008**

	<b>Central Garage</b>	<b>Risk Management</b>	<b>Vehicle Replacement</b>	<b>Personal Computer Replacement</b>	<b>Total</b>
<b>Operating revenues</b>					
Charges for services	\$ 5,389,190	\$ 12,891,874	\$ 4,554,091	\$ 697,121	\$ 23,532,276
<b>Operating expenses</b>					
Administration and general	161,087	14,626,187	83,795	503,799	15,374,868
Depreciation	94	-	3,410,880	33,426	3,444,400
Equipment maintenance	5,210,726	-	-	-	5,210,726
Total operating expenses	5,371,907	14,626,187	3,494,675	537,225	24,029,994
Operating income (loss)	17,283	(1,734,313)	1,059,416	159,896	(497,718)
<b>Nonoperating revenues (expenses)</b>					
Interest income	3,597	139,353	121,126	21,148	285,224
Gain from sale of equipment	-	-	168,523	19,960	188,483
Total nonoperating revenues (expenses)	3,597	139,353	289,649	41,108	473,707
Net income (loss) before transfers and contributions	20,880	(1,594,960)	1,349,065	201,004	(24,011)
Net assets - beginning of year	164,470	4,017,803	20,738,929	482,860	25,404,062
Net assets - end of year	\$ 185,350	\$ 2,422,843	\$ 22,087,994	\$ 683,864	\$ 25,380,051



**City of Olathe, Kansas**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended December 31, 2008**

	<b>Central Garage</b>	<b>Risk Management</b>	<b>Vehicle Replacement</b>	<b>Personal Computer Replacement</b>	<b>Totals</b>
<b>Cash Flows from Operating Activities</b>					
Receipts from customers and users	\$ 5,389,190	\$ 12,891,874	\$ 4,167,881	\$ 529,642	\$ 22,978,587
Payments to supplies	(4,120,539)	(13,219,429)	360,974	(329,319)	(17,308,313)
Payments to employees	(1,589,412)	(152,903)	-	-	(1,742,315)
Net cash provided by (used in) operating activities	<u>(320,761)</u>	<u>(480,458)</u>	<u>4,528,855</u>	<u>200,323</u>	<u>3,927,959</u>
<b>Cash Flows from Capital and Related Financing Activities</b>					
Acquisitions and construction of capital assets	-	-	(4,071,360)	-	(4,071,360)
Net cash (used in) capital and related financing activities	<u>-</u>	<u>-</u>	<u>(4,071,360)</u>	<u>-</u>	<u>(4,071,360)</u>
<b>Cash Flows from Investing Activities</b>					
Interest received	3,597	139,353	121,126	21,148	285,224
Net cash provided by (used in) investing activities	<u>3,597</u>	<u>139,353</u>	<u>121,126</u>	<u>21,148</u>	<u>285,224</u>
Net (decrease) in cash and cash equivalents	(317,164)	(341,105)	578,621	221,471	141,823
Cash and cash equivalents - beginning of year	525,033	5,925,715	4,145,289	487,928	11,083,965
Cash and cash equivalents - end of year	<u>\$ 207,869</u>	<u>\$ 5,584,610</u>	<u>\$ 4,723,910</u>	<u>\$ 709,399</u>	<u>\$ 11,225,788</u>
<b>Reconciliation of operating income to net cash provided by (used in) operating activities</b>					
Operating income (loss)	\$ 17,283	\$ (1,734,313)	\$ 1,059,416	\$ 159,896	\$ (497,718)
Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities					
Depreciation	94	-	3,410,880	33,426	3,444,400
Gain from disposal of capital assets	-	-	168,523	19,960	188,483
Changes in assets and liabilities					
Decrease in due from insurance companies	-	933,323	-	-	933,323
(Increase) in inventories and prepaid assets	26,669	134,000	-	-	160,669
Increase (decrease) in accounts and claims payable	(355,625)	187,435	(109,964)	(12,959)	(291,113)
Increase (decrease) in compensated absences	(9,182)	(903)	-	-	(10,085)
Total adjustments	<u>(338,044)</u>	<u>1,253,855</u>	<u>3,469,439</u>	<u>40,427</u>	<u>4,425,677</u>
Net cash provided by operating activities	<u>\$ (320,761)</u>	<u>\$ (480,458)</u>	<u>\$ 4,528,855</u>	<u>\$ 200,323</u>	<u>\$ 3,927,959</u>



## **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, 2008**

	<b>Olathe Public Library</b>	<b>Olathe Public Housing Authority</b>	<b>Totals</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 662,299	\$ 584,432	\$ 1,246,731
Investments	1,338,413	297,484	1,635,897
Accounts receivable	-	5,136	5,136
Interest receivable	6,631	-	6,631
Due from primary government	220,764	-	220,764
Prepaid assets	110,382	-	110,382
Other assets	3,109	-	3,109
Capital assets:			
Land, collection, and construction in progress	507,465	821,079	1,328,544
Other capital assets, net of accumulated depreciation	2,843,208	2,409,930	5,253,138
Total assets	<u>\$ 5,692,271</u>	<u>\$ 4,118,061</u>	<u>\$ 9,810,332</u>
<b>Liabilities and net assets</b>			
<b>Liabilities</b>			
Accounts payable	\$ 66,941	\$ 81,004	\$ 147,945
Accrued liabilities	29,411	-	29,411
Deferred revenue	-	994	994
Noncurrent liabilities:			
Due in one year	121,629	116,285	237,914
Due in more than one year	30,407	-	30,407
Total liabilities	<u>248,388</u>	<u>198,283</u>	<u>446,671</u>
<b>Net assets</b>			
Invested in capital assets	3,350,673	3,231,009	6,581,682
Unrestricted	2,093,210	688,769	2,781,979
Total net assets	<u>5,443,883</u>	<u>3,919,778</u>	<u>9,363,661</u>
Total liabilities and net assets	<u>\$ 5,692,271</u>	<u>\$ 4,118,061</u>	<u>\$ 9,810,332</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, 2008**

	<b>Olathe Public Library</b>	<b>Olathe Public Housing Authority</b>	<b>Totals</b>
<b>Expenses:</b>			
Library operations	\$ 4,297,203	\$ -	\$ 4,297,203
Community services	-	2,983,242	2,983,242
Total expenses	<u>4,297,203</u>	<u>2,983,242</u>	<u>7,280,445</u>
<b>Program revenues:</b>			
Charges for services	175,597	310,671	486,268
Operating grants and contributions	115,222	2,555,716	2,670,938
Capital grants and contributions	-	231,125	231,125
Total program revenues	<u>290,819</u>	<u>3,097,512</u>	<u>3,388,331</u>
Net (expense)	(4,006,384)	114,270	(3,892,114)
<b>General revenues</b>			
Property taxes	4,163,482	-	4,163,482
Unrestricted investment earnings	210	3,647	3,857
Miscellaneous	-	120,404	120,404
Total general revenues	<u>4,163,692</u>	<u>124,051</u>	<u>4,287,743</u>
Change in net assets	157,308	238,321	395,629
Net assets - beginning of year	<u>5,286,575</u>	<u>3,681,457</u>	<u>8,968,032</u>
Net assets - end of year	<u>\$ 5,443,883</u>	<u>\$ 3,919,778</u>	<u>\$ 9,363,661</u>



**City of Olathe, Kansas**  
**Statement of Cash Flows**  
**Discretely Presented Component Unit**  
**Olathe Housing Authority**  
**For the Year Ended December 31, 2008**

	<b>Totals</b>
<b>Cash Flows from Operating Activities</b>	
Cash received	\$ 3,227,946
Cash paid to suppliers and employees	(2,728,837)
Net cash provided by operating activities	499,109
<b>Cash Flows from Capital and Related Financing Activities</b>	
Acquisition of capital assets	(324,330)
Loss on sale of capital assets	673
Net cash (used) for capital and related financing activities	(323,657)
<b>Cash Flows from Investing Activities</b>	
Investments	(57,806)
Interest received	3,647
Net cash (used) for investing activities	(54,159)
Net (decrease) in cash and cash equivalents	121,293
Cash and cash equivalents, beginning of year	463,139
Cash and cash equivalents, end of year	\$ 584,432
<b>Reconciliation of operating income to net cash provided by operating activities</b>	
Operating income (loss)	\$ 234,674
Adjustments to reconcile operating income (loss) to net cash provided by operating activities	
Depreciation expense	255,396
Changes in operating assets and liabilities:	
Accounts receivable	23
Prepaid assets	24,491
Account payable	(26,490)
Changes in accrued liabilities	12,326
Changes in deferred revenues	(1,311)
Net cash provided by operating activities	\$ 499,109



## **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.

<b><u>Contents</u></b>	<b><u>Exhibit</u></b>
<b>Financial Trends</b> 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
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City's most significant local revenue sources, sales tax and property tax.	6 - 12
<b>Debt Capacity</b> 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
<b>Demographic and Economic Information</b> 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
<b>Operating Information</b> 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 - 23

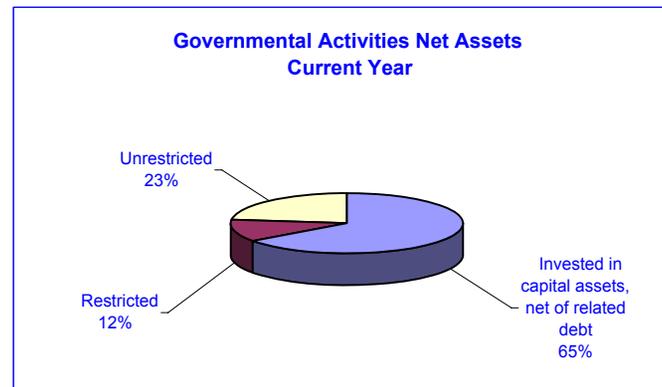
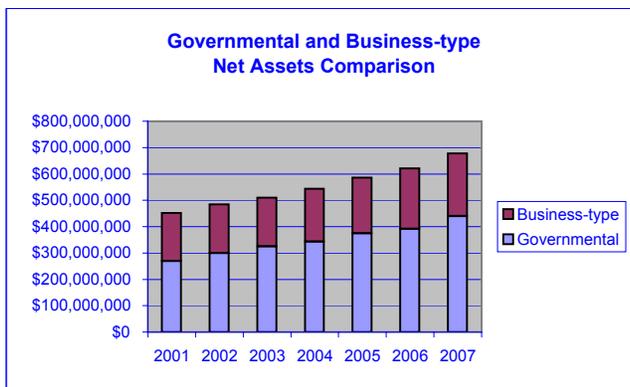
Source: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2001; schedules presenting government-wide information include information beginning in that year.



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

	Fiscal Year							
	2001	2002	2003	2004	2005 (1)	2006	2007	2008
<b>Governmental activities</b>								
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	\$ 261,882,663	\$ 280,224,650
Restricted	9,241,419	14,246,272	18,944,885	21,636,709	37,176,791	46,321,539	94,542,378	94,759,587
Unrestricted	34,250,124	41,243,633	76,349,632	84,927,091	66,658,689	90,591,125	83,204,514	79,656,316
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>	<u>\$ 439,629,555</u>	<u>\$ 454,640,553</u>
<b>Business-type activities</b>								
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	\$ 219,405,747	\$ 226,244,029
Restricted	5,375,513	5,375,513	5,274,013	5,274,013	5,274,013	1,544,000	5,953,021	5,167,008
Unrestricted	20,720,836	10,338,489	11,154,084	14,057,613	14,723,103	18,012,845	12,690,426	13,046,355
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>	<u>\$ 238,049,194</u>	<u>\$ 244,457,392</u>
<b>Primary government</b>								
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	\$ 481,288,410	\$ 506,468,679
Restricted	14,616,932	19,621,785	24,218,898	26,910,722	42,450,804	47,865,539	100,495,399	99,926,595
Unrestricted	54,970,960	51,582,122	87,503,716	98,984,704	81,381,792	108,603,970	95,894,940	92,702,671
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>	<u>\$ 677,678,749</u>	<u>\$ 699,097,945</u>

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



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

	Fiscal Year							
	2001	2002	2003	2004	2005	2006	2007	2008
<b>Expenses</b>								
Governmental activities:								
General government	\$ 7,963,701	\$ 11,910,805	\$ 15,631,734	\$ 16,816,999	\$ 18,022,076	\$ 37,677,535	\$ 31,810,323	\$ 24,440,387
Public safety	25,850,664	30,542,928	25,502,187	29,455,211	30,793,576	33,421,326	35,955,257	35,830,325
Public works	21,698,543	35,221,794	29,818,237	32,813,599	30,719,299	36,187,643	37,394,200	40,357,941
Community services	6,811,854	8,488,926	6,317,192	7,277,809	7,843,549	9,575,895	10,790,076	8,457,058
Development services	2,377,782	2,718,682	2,559,027	2,949,215	2,898,751	2,720,997	2,877,028	5,959,292
Interest on long-term debt	5,217,203	3,678,937	4,741,280	4,698,838	5,867,756	5,301,368	8,238,252	9,838,955
Total governmental activities	69,919,747	92,562,072	84,569,657	94,011,671	96,145,007	124,884,764	127,065,136	124,883,958
Business-type activities:								
Water and sewer	20,223,674	27,495,852	20,307,117	20,711,630	20,473,344	23,806,526	33,076,058	26,312,690
Solid waste	8,019,752	10,064,722	7,190,570	7,705,208	7,882,589	8,039,441	9,195,502	9,318,242
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	42,271,560	35,630,932
Total primary government expenses	\$ 98,766,861	\$ 130,628,855	\$ 112,085,008	\$ 122,428,509	\$ 124,500,940	\$ 156,730,731	\$ 169,336,696	\$ 160,514,890
<b>Program Revenues</b>								
Governmental activities:								
Charges for services								
General government	\$ 1,005,498	\$ 918,117	\$ 1,431,146	\$ 1,353,653	\$ 1,324,783	\$ 1,783,668	\$ 3,449,451	\$ 3,128,686
Public safety	1,946,028	2,429,807	2,554,432	2,963,577	3,001,957	3,568,672	3,483,805	3,232,142
Public works	4,413,157	8,062,558	4,517,924	4,956,577	6,082,908	6,399,932	5,537,982	4,171,670
Community services	1,581,440	1,484,049	1,474,365	1,233,709	1,653,302	1,773,019	1,499,536	1,221,493
Development services	612,770	620,290	660,199	650,872	924,610	1,535,322	1,273,264	530,262
Operating grants and contributions	3,144,877	2,790,109	1,774,026	1,605,463	2,240,261	1,775,844	2,205,429	2,368,671
Capital grants and contributions	31,245,229	8,091,100	28,455,553	24,099,220	30,931,022	38,809,778	64,433,457	30,372,789
Total governmental activities program revenue	43,948,999	24,396,030	40,867,645	36,863,071	46,158,843	55,646,235	81,882,924	45,025,713
Business-type activities:								
Charges for services								
Water and sewer	21,114,266	23,889,166	22,494,428	23,247,039	25,952,010	29,805,473	35,952,339	25,777,540
Solid waste	8,389,148	9,348,712	7,192,721	7,876,489	8,189,631	8,300,341	9,032,917	9,767,231
Golf course	541,349	482,638	-	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-	-	846	-
Capital grants and contributions	7,718,754	8,026,109	6,542,523	1,953,642	4,842,076	10,616,548	3,919,774	5,859,708
Total business-type activities program revenues	37,763,517	41,746,625	36,229,672	33,077,170	38,983,717	48,722,362	48,905,876	41,404,479
Total primary government program revenues	\$ 81,712,516	\$ 66,142,655	\$ 77,097,317	\$ 69,940,241	\$ 85,142,560	\$ 104,368,597	\$ 130,788,800	\$ 86,430,192
<b>Net (expense)/revenue</b>								
Governmental activities	\$ (25,970,748)	\$ (68,166,042)	\$ (43,702,012)	\$ (57,148,600)	\$ (49,986,164)	\$ (69,238,529)	\$ (45,182,212)	\$ (79,858,245)
Business-type activities	8,916,403	3,679,842	8,714,321	4,660,332	10,627,784	16,876,395	6,634,316	5,773,547
Total primary government net expense	\$ (17,054,345)	\$ (64,486,200)	\$ (34,987,691)	\$ (52,488,268)	\$ (39,358,380)	\$ (52,362,134)	\$ (38,547,896)	\$ (74,084,698)

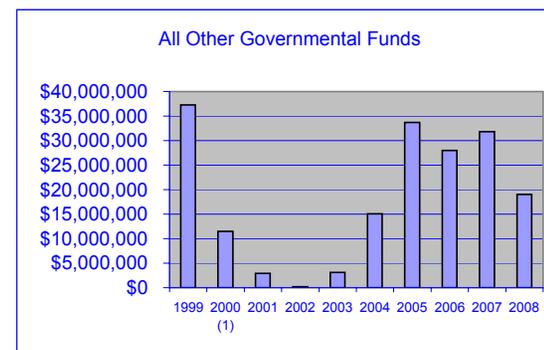
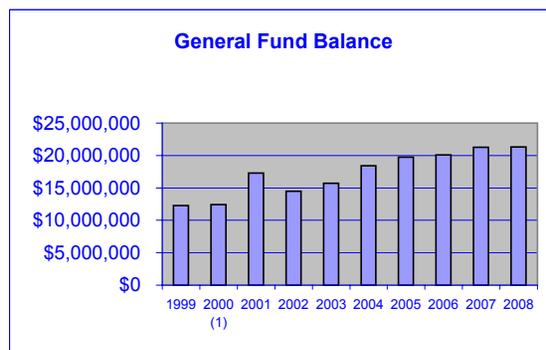
**City of Olathe, Kansas**  
**Changes in Net Assets**  
**Last Eight Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year							
	2001	2002	2003	2004	2005	2006	2007	2008
<b>General revenues and other changes in net assets</b>								
Governmental activities:								
Taxes								
Property taxes	\$ 19,953,197	\$ 25,224,854	\$ 26,388,162	\$ 28,442,019	\$ 30,398,041	\$ 32,558,421	\$ 35,550,691	\$ 38,923,447
Sales taxes	30,990,102	30,600,103	33,405,318	35,941,908	37,691,328	39,706,793	40,523,898	39,937,282
Franchise taxes	6,488,690	6,444,779	6,447,043	6,939,895	7,205,181	7,131,807	8,063,261	9,087,300
Other taxes	-	-	666,470	671,636	752,899	770,973	847,352	865,892
Investment earnings	3,428,340	1,940,863	1,528,093	2,934,420	4,374,006	5,723,310	6,891,722	4,560,797
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	1,172,183	1,394,572
Transfers	865	(165,644)	322,925	(101,517)	(37,639)	(522,250)	8,684	99,953
Total governmental activities	<u>64,903,533</u>	<u>70,895,081</u>	<u>69,333,962</u>	<u>75,738,409</u>	<u>81,083,509</u>	<u>86,215,253</u>	<u>93,057,791</u>	<u>94,869,243</u>
Business-type activities:								
Investment earnings	1,582,768	945,969	400,952	422,507	610,467	775,791	981,143	444,586
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	627,627	290,018
Transfers	(865)	(1,185,740)	(322,925)	101,517	37,639	522,250	(8,684)	(99,953)
Total business-type activities	<u>1,687,983</u>	<u>(140,574)</u>	<u>551,690</u>	<u>677,657</u>	<u>847,524</u>	<u>1,581,040</u>	<u>1,600,086</u>	<u>634,651</u>
Total primary government	<u>\$ 66,591,516</u>	<u>\$ 70,754,507</u>	<u>\$ 69,885,652</u>	<u>\$ 76,416,066</u>	<u>\$ 81,931,033</u>	<u>\$ 87,796,293</u>	<u>\$ 94,657,877</u>	<u>\$ 95,503,894</u>
<b>Change in Net Assets</b>								
Governmental activities	\$ 38,932,785	\$ 2,729,039	\$ 25,631,950	\$ 18,589,809	\$ 31,097,345	\$ 16,976,724	\$ 47,875,579	\$ 15,010,998
Business-type activities	10,604,386	3,539,268	9,266,011	5,337,989	11,475,308	18,457,435	8,234,402	6,408,198
Total primary government	<u>\$ 49,537,171</u>	<u>\$ 6,268,307</u>	<u>\$ 34,897,961</u>	<u>\$ 23,927,798</u>	<u>\$ 42,572,653</u>	<u>\$ 35,434,159</u>	<u>\$ 56,109,981</u>	<u>\$ 21,419,196</u>

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

	1999	2000 (1)	2001	2002	2003	2004	2005	2006	2007	2008
<b>General Fund</b>										
Reserved	\$ 471,367	\$ 765,699	\$ 327,344	\$ 539,492	\$ 923,907	\$ 658,903	\$ 1,285,395	\$ 738,136	\$ 1,545,473	\$ 1,133,983
Unreserved	11,784,038	11,669,390	16,962,560	13,930,933	14,790,109	17,750,451	18,471,654	19,356,973	19,730,159	20,157,984
<b>Total general fund</b>	<b>\$ 12,255,405</b>	<b>\$ 12,435,089</b>	<b>\$ 17,289,904</b>	<b>\$ 14,470,425</b>	<b>\$ 15,714,016</b>	<b>\$ 18,409,354</b>	<b>\$ 19,757,049</b>	<b>\$ 20,095,109</b>	<b>\$ 21,275,632</b>	<b>\$ 21,291,967</b>
<b>All Other Governmental Funds</b>										
Reserved	\$ 5,909,224	\$ 8,145,201	\$ 10,838,333	\$ 14,834,758	\$ 23,210,066	\$ 22,470,404	\$ 23,292,041	\$ 25,118,749	\$ 29,946,051	\$ 36,550,884
Unreserved, reported in										
Special revenue funds	12,165,744	13,370,944	12,512,134	12,097,963	13,419,120	15,631,211	20,707,604	25,493,536	31,916,723	28,817,453
Capital projects fund	19,178,494	(9,992,884)	(20,424,577)	(26,769,564)	(33,500,030)	(23,041,254)	(10,299,166)	(22,655,912)	(30,060,733)	(46,347,007)
<b>Total all other governmental funds</b>	<b>\$ 37,253,462</b>	<b>\$ 11,523,261</b>	<b>\$ 2,925,890</b>	<b>\$ 163,157</b>	<b>\$ 3,129,156</b>	<b>\$ 15,060,361</b>	<b>\$ 33,700,479</b>	<b>\$ 27,956,373</b>	<b>\$ 31,802,041</b>	<b>\$ 19,021,330</b>

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

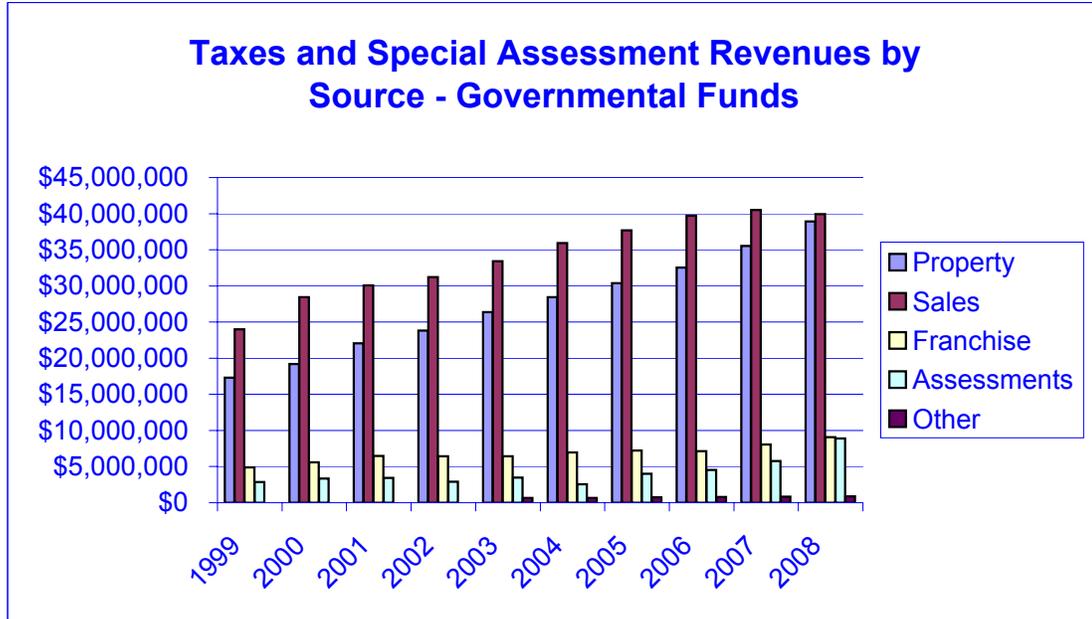


**City of Olathe, Kansas**  
**Changes in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Revenues</b>										
Taxes and special assessments	\$ 48,999,922	\$ 56,577,875	\$ 62,229,596	\$ 64,387,157	\$ 70,391,554	\$ 74,555,697	\$ 80,051,452	\$ 84,697,683	\$ 90,754,821	\$ 97,721,810
Intergovernmental	8,375,529	8,843,943	18,966,034	10,837,603	11,407,621	14,032,341	15,849,212	11,732,742	40,832,456	18,469,344
Licenses and permits	1,702,883	1,387,513	1,456,086	1,410,303	1,260,615	1,197,781	1,468,159	1,561,945	1,497,666	1,068,989
Fines, forfeitures, and penalties	1,478,035	1,450,888	1,804,530	2,206,577	2,280,881	2,751,852	2,653,860	3,093,526	3,047,531	2,816,600
Charges for services	4,544,773	6,510,045	6,298,278	6,296,778	7,096,570	7,208,755	8,865,541	10,405,142	10,698,841	8,398,664
Use of money and property	2,771,851	3,483,583	3,118,362	2,578,932	1,362,573	2,758,795	4,004,328	5,199,960	6,184,537	4,275,573
Miscellaneous	2,014,321	1,226,548	3,960,629	6,665,217	568,614	853,217	659,407	737,075	1,172,183	1,394,572
Total revenues	69,887,314	79,480,395	97,833,515	94,382,567	94,368,428	103,358,438	113,551,959	117,428,073	154,188,035	134,145,552
<b>Expenditures</b>										
General government	10,651,969	10,770,517	13,367,810	16,435,671	14,950,325	15,846,542	17,028,025	36,583,898	30,169,035	23,313,768
Public safety	18,259,554	21,685,622	23,164,127	24,942,611	24,942,875	27,386,637	29,438,324	31,897,840	33,614,880	34,354,585
Public works	9,931,730	8,263,576	8,862,043	14,133,087	10,236,199	11,686,582	12,085,415	12,913,092	13,690,326	14,557,425
Community services	1,283,834	4,068,119	4,637,184	6,038,154	5,920,919	6,904,973	7,570,412	9,250,648	10,206,734	8,090,482
Development services	925,750	2,126,456	2,146,528	2,264,447	2,432,688	2,608,027	2,669,405	2,464,599	2,529,592	3,203,016
Capital improvements	23,481,528	28,082,900	46,864,018	40,007,633	38,285,603	33,701,286	35,148,795	49,814,606	77,614,339	71,127,640
Debt service										
Principal retirements	41,883,400	9,805,000	10,580,000	10,403,000	12,355,800	12,909,152	14,725,471	16,473,980	17,973,278	18,993,650
Interest and fiscal charges	3,969,449	4,058,700	4,420,107	3,667,848	4,666,553	4,363,978	5,735,181	6,137,525	8,484,217	10,445,658
Total expenditures	110,387,214	88,860,890	114,041,817	117,892,451	113,790,962	115,407,177	124,401,028	165,536,188	194,282,401	184,086,224
Excess of revenues over (under) expenditures	(40,499,900)	(9,380,495)	(16,208,302)	(23,509,884)	(19,422,534)	(12,048,739)	(10,849,069)	(48,108,115)	(40,094,366)	(49,940,672)
<b>Other financing sources (uses)</b>										
Issuance of bonds	18,855,000	9,175,000	11,400,000	15,710,000	21,150,000	24,535,000	28,980,000	42,545,000	44,125,000	35,400,000
Issuance of notes	24,750,000	-	-	-	-	-	-	-	-	-
Issuance of refunding bonds	-	-	-	13,650,000	-	11,190,000	-	-	-	-
Proceeds from capital leases	262,528	-	-	-	-	499,570	-	-	-	-
Proceeds from certificates of participation	-	-	-	-	-	-	-	-	-	-
Payment to bond escrow agent	-	-	-	(13,661,148)	-	(11,050,014)	-	-	-	-
Premium on general obligation bonds	-	-	-	-	-	1,262,763	1,683,620	654,115	561,191	1,676,343
Transfers in	5,797,440	14,060,575	12,316,266	23,791,904	19,417,855	20,875,833	26,986,831	28,166,940	17,385,451	14,036,309
Transfers out	(7,172,232)	(15,085,597)	(14,183,674)	(22,438,084)	(18,773,930)	(20,637,870)	(26,813,569)	(28,663,987)	(16,951,085)	(13,936,356)
Total other financing sources (uses)	42,492,736	8,149,978	9,532,592	17,052,672	21,793,925	26,675,282	30,836,882	42,702,068	45,120,557	37,176,296
Net change in fund balances	\$ 1,992,836	\$ (1,230,517)	\$ (6,675,710)	\$ (6,457,212)	\$ 2,371,391	\$ 14,626,543	\$ 19,987,813	\$ (5,406,047)	\$ 5,026,191	\$ (12,764,376)
Debt service as a percentage of noncapital expenditures	52.8%	22.8%	22.3%	18.1%	22.5%	21.1%	22.9%	19.5%	22.7%	26.1%

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

<b>Fiscal Year</b>	<b>Property</b>	<b>Sales</b>	<b>Franchise</b>	<b>Special Assessments</b>	<b>Other Taxes</b>	<b>Total</b>
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
2007	35,550,691	40,523,898	8,063,261	5,769,619	847,352	90,754,821
2008	38,923,447	39,937,282	9,087,300	8,907,889	865,892	97,721,810
Change 1999 to 2008	44.41%	60.05%	53.63%	32.11%	N/A	50.14%



**City of Olathe, Kansas**  
**Taxable Sales by Category**  
**City Sales Tax Only**  
**Last Five Fiscal Year**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Retail Trade (Big Box Retail, Grocery, Electronics)	\$ 12,823,431	\$ 13,341,565	\$ 13,776,238	\$ 13,899,061	\$ 13,888,804
Accommodation & Food Services (Hotel, Restaurant)	1,700,440	1,798,757	1,969,574	2,118,186	2,277,762
Utilities (Gas, Electric)	1,210,827	1,299,014	1,328,028	1,405,563	1,531,469
Information (Newsprint, Publishing)	1,042,414	904,731	800,898	1,060,532	1,116,833
Wholesale Trade (Wholesale Materials)	884,915	961,881	1,014,892	961,908	919,123
Manufacturing (Food, Beverage, Paper, Machinery)	670,852	695,507	845,003	750,185	683,550
Other Services (Auto Repair, Laundry)	629,077	707,068	666,628	703,340	672,897
Administrative, Support, Waste Management, & Remediation Services	198,912	243,945	222,905	231,479	220,864
Other	1,230,420	1,353,688	1,724,797	1,645,458	1,522,889
Total	<u>\$ 20,391,286</u>	<u>\$ 21,306,156</u>	<u>\$ 22,348,962</u>	<u>\$ 22,775,712</u>	<u>\$ 22,834,191</u>

Source: Kansas Department of Revenue

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

Fiscal Year	City		Johnson County					State of Kansas (1)	Total
	General	Parks (2)	General	Public Safety	Stormwater	BiState (3)	Economic Development (4)		
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%
2007	1.000%	0.125%	0.500%	0.250%	0.100%	-	0.250%	5.300%	7.525%
2008	1.000%	0.125%	0.500%	0.250%	0.100%	-	0.250%	5.300%	7.525%

Source: Kansas Department of Revenue

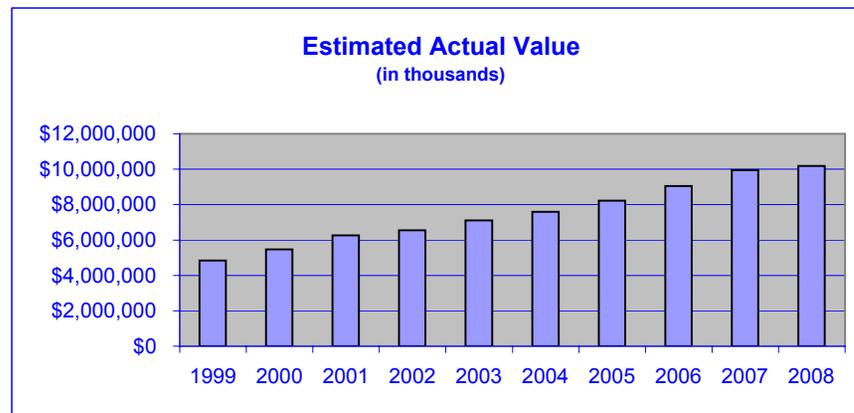
- (1) The State of Kansas increased its sales tax rate effective July 2002.
- (2) The citizens of Olathe approved an 1/8% sales tax for various park projects. The tax was in effect from April 2000 through March 2005. The citizens of Olathe approved an extension of this tax until March 2015.
- (3) The 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 December 2008.

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

<b>Collection Year</b>	<b>Real Property</b>	<b>Utilities</b>	<b>Personal Property</b>	<b>Total Assessed Value</b>	<b>Estimated Actual Value (1)</b>	<b>Total Direct Tax Rate</b>
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
2007	1,240,332	38,990	69,810	1,349,132	9,946,030	25.030
2008	1,278,173	36,347	56,686	1,371,207	10,176,098	24.908

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.



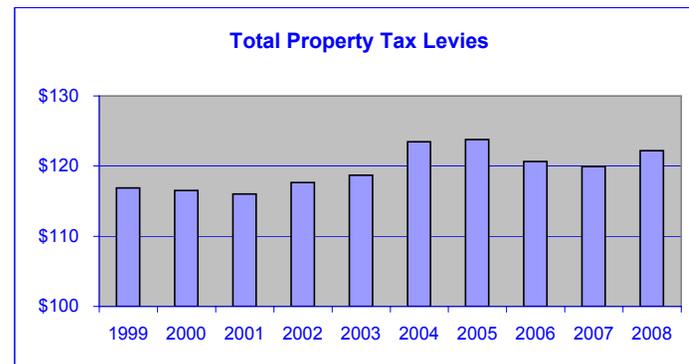
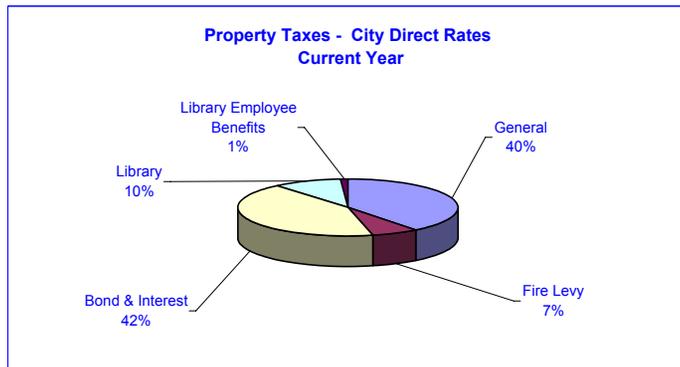
**City of Olathe, Kansas  
Property Tax Rates  
Direct and Overlapping Governments  
Last Ten Fiscal Years**

Year	City Direct Rates					Overlapping Rates (1)						
	General	Fire Levy	Bond and Interest	Library	Library Employee Benefits	Total	State	County	Community College	County Park	Olathe Schools	Total
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
2007	9.900	1.707	10.656	2.500	0.267	25.030	1.500	17.985	8.749	2.295	64.343	119.902
2008	9.843	1.694	10.596	2.507	0.268	24.908	1.500	17.767	8.768	2.341	66.913	122.197

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	2008			1999		
		Total Value (1)	Rank	Percentage of Total Valuation	Total Value (1)	Rank	Percentage of Total Valuation
GARMIN International	Office and Manufacturing	\$ 11,314,435	1	0.83%	\$ 2,939,763	9	0.43%
Passco Olathe Station	Retail	10,867,252	2	0.79%	-		-
KCPL	Utility	10,710,422	3	0.78%	5,216,365	6	0.77%
Great Mall of the Great Plains	Retail Outlet Mall	9,361,918	4	0.68%	31,928,954	1	4.72%
Southwestern Bell Telephone	Utility	8,182,430	5	0.60%	9,011,355	3	1.33%
Atmos Eneergy (United Gas)	Utility	7,599,966	6	0.55%	4,364,562	7	0.64%
Arciterra Olathe Pointe	Retail	6,132,250	7	0.45%	-		-
Homestead Apartment Homes	Apartments	5,926,410	8	0.43%	-		-
Karbank	Office and Manufacturing	5,653,464	9	0.41%	-		-
Honeywell (Bendix/King)	Aircraft communications	5,364,250	10	0.39%	14,566,004	2	2.15%
Olathe Medical Center	Hospital (2)	-		-	5,486,751	4	0.81%
Mid-Central Sysco	Food distributor	-		-	2,352,577	10	0.35%
Westar Energy (KPL)	Utility	-		-	4,315,970	8	0.64%
Delphi Automotive	Battery production	-		-	5,315,167	5	0.79%
		<u>\$ 81,112,797</u>		<u>5.92%</u>	<u>\$ 85,497,468</u>		<u>12.63%</u>

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

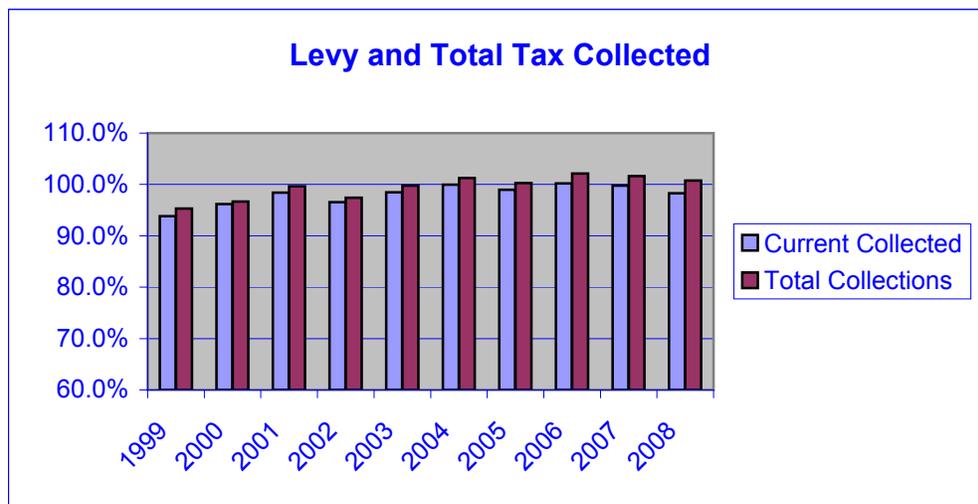
(2) Portion of assessment is tax abatement.

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

<b>Fiscal Year</b>	<b>Total Levy (2)</b>	<b>Current Tax Collection</b>	<b>Percent of Levy Collected</b>	<b>Delinquent Tax Collections (1)</b>	<b>Total Tax Collections</b>	<b>Total Collections as Percent of Current Levy</b>
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%
2007	30,649,140	30,589,878	99.8%	560,852	31,150,730	101.6%
2008	33,822,104	33,250,808	98.3%	834,640	34,085,448	100.8%

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.

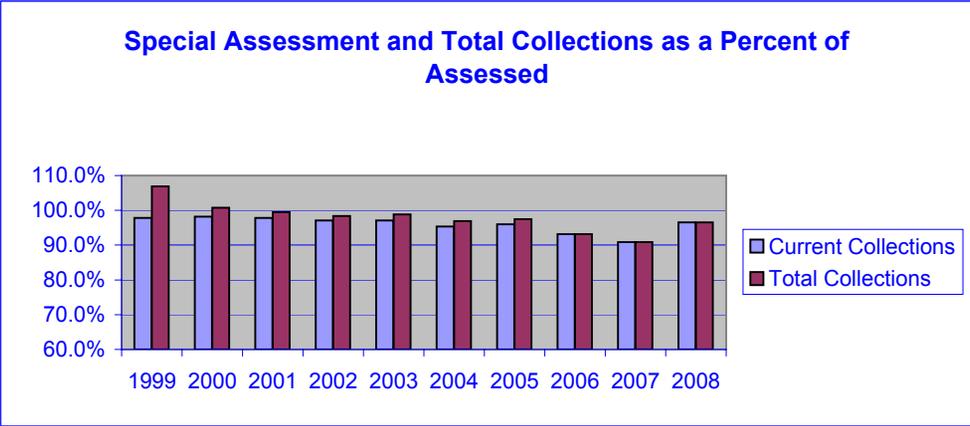


**City of Olathe, Kansas  
Special Assessment Collections  
Last Ten Fiscal Years**

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
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
2007	6,511,134	5,915,366	90.9%	-	5,915,366	90.9%	2,045	5,917,411
2008	7,320,695	7,068,366	96.6%	-	7,068,366	96.6%	-	7,068,366

Source: Johnson County

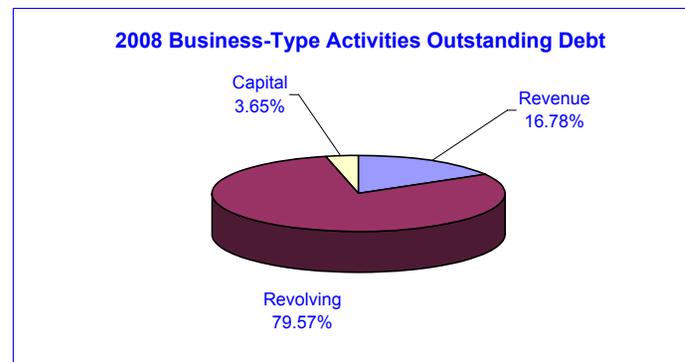
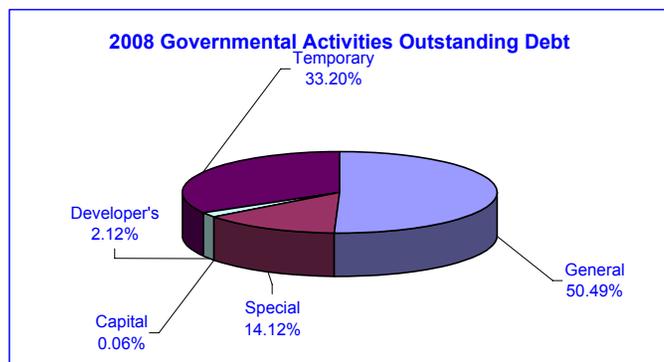
(1) Collections include interest.



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

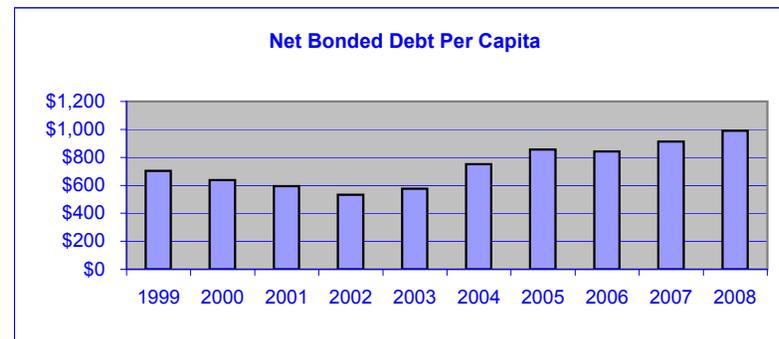
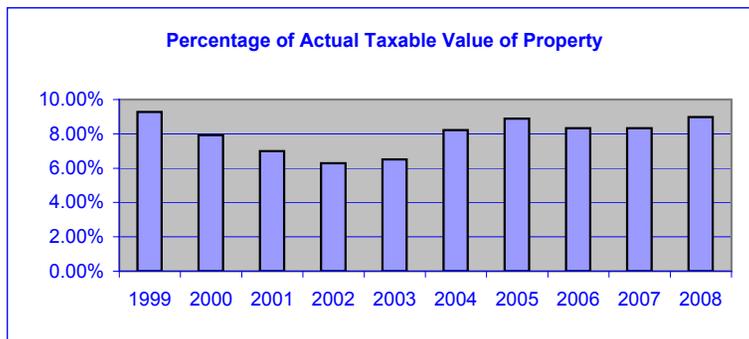
Fiscal Year	Governmental Activities						Business-type Activities			Total Primary Government	Percentage of Personal Income (1)	Per Capita
	General Obligation Bonds	Special Obligation Bonds	Capital Leases	Developer's Cost	Temporary Notes	Purchase Agreement	Revenue Bonds	State Revolving Loan	Capital Leases			
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	2.6%	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	2.5%	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	2.4%	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	2.4%	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	2.3%	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	2.0%	2,013
2007	137,885,000	43,865,000	250,222	4,454,001	54,315,000	-	7,020,000	26,312,102	1,800,752	275,902,077	1.9%	2,238
2008	155,225,000	43,415,000	181,642	6,532,112	102,065,000	-	6,405,000	30,365,098	1,392,210	345,581,062	1.5%	2,778

(1) For personal income and population data, see exhibit 18



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

<b>Fiscal Year</b>	<b>General Obligation Debt</b>	<b>Reserved for Debt Service</b>	<b>Net General Obligation Debt</b>	<b>Assessed Valuation</b>	<b>Percentage of Actual Taxable Value of Property</b>	<b>Population</b>	<b>Per Capita</b>
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
2007	137,885,000	25,394,072	112,490,928	1,349,132,000	8.34%	123,286	912
2008	155,225,000	32,036,952	123,188,048	1,371,207,000	8.98%	124,378	990



**City of Olathe, Kansas**  
**Direct and Overlapping Governmental Activities Debt**  
**December 31, 2008**

<b>Taxing Unit</b>	<b>Net Debt to Nearest Date</b>	<b>Percentage Applicable to the City of Olathe</b>	<b>Estimated Share</b>
Johnson County	\$ 233,180,000	16.95%	\$ 39,524,010
Johnson County Park and Recreation	4,305,000	16.95%	729,698
Johnson County Community College	3,495,000	16.95%	592,403
U.S.D. No. 229	311,735,000	3.22%	10,037,867
U.S.D. No. 230	55,310,000	12.95%	7,162,645
U.S.D. No. 231	113,330,000	1.29%	1,461,957
U.S.D. No. 232	151,980,000	1.38%	2,097,324
U.S.D. No. 233	296,077,523	68.19%	201,895,263
Johnson County Fire No. 2	5,375,000	22.02%	1,183,575
Johnson County Rural Fire No. 3	595,000	29.93%	178,084
Total estimated overlapping debt			<u>264,862,826</u>
City of Olathe's direct debt			307,418,754
Total direct and overlapping debt			<u><u>\$ 572,281,580</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, 2008. All other districts' debt is as of June 30, 2008.

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

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt limit	\$ 235,881,588	\$ 262,616,367	\$ 294,396,038	\$ 309,064,894	\$ 333,318,560	\$ 355,001,625	\$ 382,176,718	\$ 416,229,330	\$ 452,054,088	\$ 459,711,000
Total net debt applicable to limit	35,452,149	42,211,789	50,811,047	58,167,570	50,910,441	55,575,969	66,535,306	75,691,800	86,366,352	100,690,110
Legal debt margin	<u>\$ 200,429,439</u>	<u>\$ 220,404,578</u>	<u>\$ 243,584,991</u>	<u>\$ 250,897,324</u>	<u>\$ 282,408,119</u>	<u>\$ 299,425,656</u>	<u>\$ 315,641,412</u>	<u>\$ 340,537,530</u>	<u>\$ 365,687,736</u>	<u>\$ 359,020,890</u>
Total net debt applicable to the limit as a percentage of debt limit	15.03%	16.07%	17.26%	18.82%	15.27%	15.66%	17.41%	18.19%	19.11%	21.90%

**Legal Debt Margin Calculation for Fiscal Year 2008**

Assessed valuation		\$ 1,532,370,000
Legal debt limit (1)		459,711,000
Debt applicable to limit		
General obligation bonds	140,663,465	
Temporary notes	102,065,000	
Total general obligation debt outstanding		242,728,465
Less exempt capital projects (2)	110,001,403	
Less amount available in Debt Service Funds	32,036,952	
Total unfunded debt applicable to debt limit		100,690,110
Debt margin		<u>\$ 359,020,890</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**

<b>Water &amp; Sewer Revenue Bonds</b>						
<b>Fiscal Year</b>	<b>Revenues</b>	<b>Current Expenses (1)</b>	<b>Net Revenue Available for Debt Service</b>	<b>Principal Requirement</b>	<b>Interest Requirement</b>	<b>Coverage</b>
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
2007	37,547,773	26,711,201	10,836,572	4,855,000	481,813	2.03
2008	26,067,558	20,261,768	5,805,790	2,770,000	361,026	1.85

<b>Solid Waste Revenue Bonds</b>						
<b>Fiscal Year</b>	<b>Revenues</b>	<b>Current Expenses (1)</b>	<b>Net Revenue Available for Debt Service</b>	<b>Principal Requirement</b>	<b>Interest Requirement</b>	<b>Coverage</b>
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	-	-	-	-	-	-
2007	-	-	-	-	-	-
2008	-	-	-	-	-	-

<b>Special Obligation Bonds and Developers' Agreements (2)</b>					
<b>Fiscal Year</b>	<b>Revenues</b>	<b>Principal Requirement</b>	<b>Interest Requirement</b>	<b>Developers' Agreement</b>	<b>Coverage (3)</b>
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
2007	2,159,946	165,000	1,362,104	463,278	1.09
2008	2,903,859	450,000	2,298,631	483,650	0.90

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

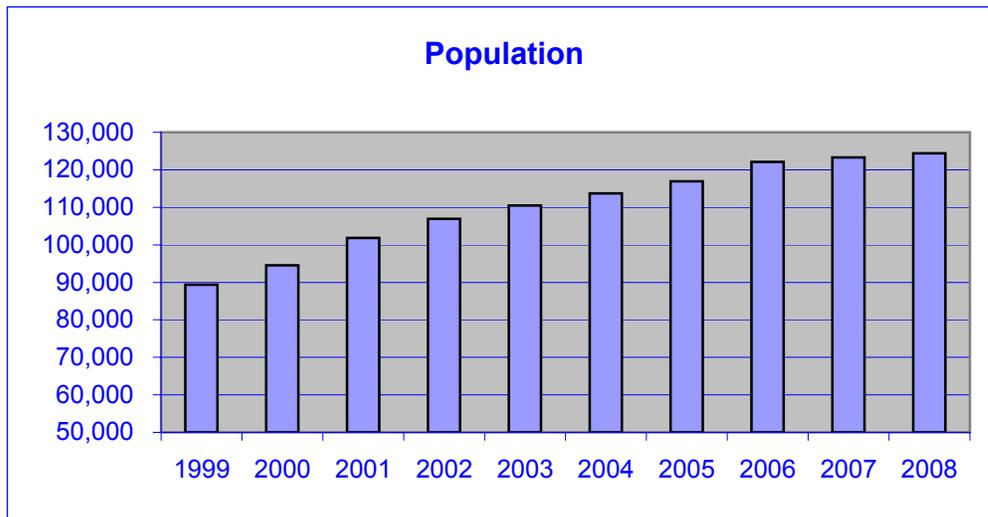
(2) The City is only obligated for the amounts of incremental taxes received attributable to the project. Any deficiencies are the responsibility of the redeveloper.

(3) In 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**

<b>Fiscal Year</b>	<b>Population</b>	<b>Personal Income</b>	<b>Per Capita Personal Income</b>	<b>Unemployment Rates (1)</b>
1999	89,356	\$ 3,654,392,332	\$ 40,897	2.1%
2000	94,548	4,123,994,664	43,618	2.1%
2001	101,829	4,452,065,709	43,721	3.3%
2002	106,933	4,716,921,563	44,111	3.9%
2003	110,452	4,873,584,048	44,124	4.5%
2004	113,731	5,282,008,833	46,443	4.2%
2005	116,910	5,626,059,930	48,123	4.5%
2006	122,107	6,103,396,288	49,984	3.6%
2007	123,286	6,399,529,688	51,908	4.0%
2008	124,378	6,405,467,000	51,500	4.9%

(1) Source: Kansas Department of Human Resources



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

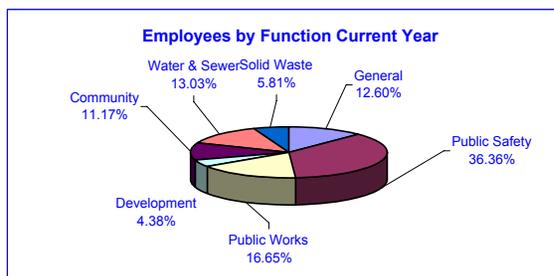
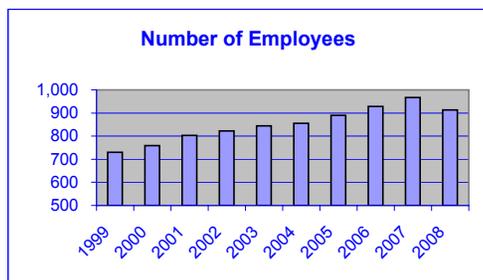
Largest Employers	2008			1999		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
<b>Company</b>						
Olathe Unified School District	3,717	1	2.99%	3,009	2	3.37%
Johnson County	3,712	2	2.98%	3,308	1	3.70%
Farmers Insurance	1,900	3	1.53%	-		-
Olathe Medical Center	1,500	4	1.21%	1,551	3	1.74%
GARMIN International	1,375	5	1.11%	501	10	-
Honeywell (Bendix/King)	1,200	6	0.96%	1,345	4	1.51%
TransAm Trucking	1,000	7	0.80%	782	6	0.88%
City of Olathe	913	8	0.73%	844	5	0.94%
Encore Receivable Management	900	9	0.72%	-		-
Mid-Central Sysco	725	10	0.58%	547	10	0.61%
O.T.R Express	-		-	639	7	0.72%
FAA	-		-	559	8	0.63%
Totals	<u>16,942</u>		<u>13.62%</u>	<u>13,085</u>		<u>14.08%</u>

Source: Olathe Chamber of Commerce

**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	2007	2008
<b>Governmental</b>										
General government	83	86	92	95	93	99	101	108	130	115
Public safety	285	290	299	304	297	314	334	350	343	332
Public works	92	98	106	113	111	113	124	121	130	152
Development services	26	31	34	33	35	33	33	35	38	40
Community services	89	86	96	90	109	105	107	121	130	102
<b>Business-Type</b>										
Water & Sewer	113	123	131	139	147	137	138	143	148	119
Solid Waste	42	45	45	48	52	54	53	51	48	53
<b>Totals</b>	<b>730</b>	<b>759</b>	<b>803</b>	<b>822</b>	<b>844</b>	<b>855</b>	<b>890</b>	<b>929</b>	<b>967</b>	<b>913</b>

Source: City's Payroll System



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

	Fiscal Year				
	2004	2005	2006	2007	2008
<b>Public safety</b>					
<i>Police</i>					
Annual calls for service sworn FTE	279	284	270	266	354
Priority 1 police calls responded within 5 minutes	53.60%	68.90%	67.13%	68.00%	72.00%
Violent Crime Rate per 1,000 residents	2.80%	2.90%	3.00%	3.05%	2.60%
Property Crime Rate per 1,000 residents	28.10%	29.10%	25.10%	23.76%	21.98%
<i>Fire</i>					
Annual calls for service sworn FTE	81	80	77	74	86
Code 1 Emergencies responded within 4 minutes	60%	59%	56%	60%	59%
Structure fires responded within 8 minutes	NA	39%	49%	68%	62%
<b>Public works</b>					
<i>Governmental activities</i>					
Maintenance of City Streets - Satisfactory or above	65.00%	73.00%	67.00%	73.00%	70.00%
Major Street Snow Removal - Satisfactory or above	80.00%	80.00%	79.00%	82.00%	84.00%
Residential Streetst Snow Removal - Satisfactory or above	55.00%	55.00%	58.00%	61.00%	60.00%
Maintenance of Sidewalks - Satisfactory or above	62.00%	56.00%	57.00%	62.00%	60.00%
<i>Business-type activities</i>					
<i>Water and sewer</i>					
Unaccounted for water	12.00%	13.30%	11.52%	13.30%	12.20%
Time water meets regulatory standards	99.00%	100.00%	99.90%	100.00%	100.00%
Time wastewater meets effluent limits	99.80%	99.80%	99.98%	99.98%	100.00%
Sewer backups reported annually	8	3	4	3	3
<i>Solid waste</i>					
Tonnage diverted	25.91%	25.81%	23.91%	19.92%	26.81%
<b>Community services</b>					
Respondents indicating needs are completely met by existing outdoor parks	80.00%	77.00%	74.00%	77.00%	78.00%
Respondents indicating needs are completely met by existing outdoor athletic fields	76.00%	74.00%	71.00%	75.00%	78.00%
Respondents indicating needs are completely met by existing indoor gymnasium	NA	NA	50.00%	47.00%	49.00%

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

Note: 1999 to 2003 information is not available.

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

Function/Program	Fiscal Year								
	2000	2001	2002	2003	2004	2005	2006	2007	2008
Public safety									
Police									
Stations	1	1	1	1	1	1	1	1	1
Patrol units	29	29	33	33	33	33	37	46	47
Fire stations	6	6	6	6	6	7	7	7	7
Public works									
Governmental activities									
Streets (miles)	1,080	1,080	1,085	1,128	1,136	1,136	1,136	1,225	1,225
Business-type activities									
Water and sewer									
Water mains (miles)	457	502	517	528	531	531	552	561	550
Acre supply reservoir	170	170	170	170	170	170	170	170	208
Acre wellfield	95	95	95	95	95	95	95	95	95
Sanitary sewers (miles)	320	330	339	350	385	385	389	413	406
Solid waste									
Collection trucks	37	37	37	39	39	39	39	42	42
Community services									
Acreage	1,400	1,560	1,560	1,559	1,559	1,559	1,559	1,559	1,559
Parks	33	35	35	37	39	39	39	39	39
Swimming Pools	4	4	4	4	4	4	4	4	4
Trails (miles)	18	18	18	18	27	27	30.5	30.5	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.

**City of Olathe, Kansas**  
**Water and Sewer Information**  
**Last Eight Fiscal Years**

**Number of Customers**

The following table lists the approximate number of customers of the System for the last eight fiscal years.

<u>Year</u>	<u>Water Customers</u>	<u>Sewer Customers</u>
2001	30,442	24,031
2002	31,412	24,779
2003	32,086	25,323
2004	32,621	25,883
2005	33,129	26,665
2006	33,534	27,228
2007	33,996	27,781
2008	34,140	27,912

**Water Production Requirements**

The following table indicates historical water production requirements and comparison to the previous year.

<u>Year</u>	<u>Average Daily Demand</u>		<u>Annual Demand</u>	
	<u>Gallons (in millions)</u>	<u>Percent Change</u>	<u>Gallons (in millions)</u>	<u>Percent Change</u>
2001	11.86	-2.9%	4,327.66	-2.9%
2002	13.23	11.6%	4,830.08	11.6%
2003	13.39	1.2%	4,945.47	2.4%
2004	11.87	-11.4%	4,436.23	-10.3%
2005	13.18	11.0%	4,756.75	7.2%
2006	14.09	6.9%	4,974.84	4.6%
2007	13.10	-7.0%	4,790.67	-3.7%
2008	11.94	-8.9%	4,360.99	-9.0%

**City of Olathe, Kansas**  
**Water and Sewer Information**  
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**Sewage Treatment Requirements**

The following table indicates historical sewage treatment requirements of the City, but does not include that portion of the City that is served by the Johnson County Unified Wastewater District.

<u>Year</u>	<u>Average Daily Flow</u>		<u>Annual Demand</u>	
	<u>Gallons (in millions)</u>	<u>Percent Change</u>	<u>Gallons (in millions)</u>	<u>Percent Change</u>
2001	6.00	12.1%	2,323	19.1%
2002	5.40	-10.0%	2,000	-13.9%
2003	4.70	-13.0%	1,751	-12.5%
2004	5.30	12.8%	1,969	12.5%
2005	5.93	11.9%	2,183	10.9%
2006	4.80	-19.1%	1,788	-18.1%
2007	6.13	27.7%	2,254	26.1%
2008	6.23	1.6%	2,293	1.7%

**Water and Sewer Peak Daily Demand**

The following table indicates the peak daily demand of the water system and the maximum daily flow for the sewage treatment system for each of the last eight years.

<u>Year</u>	<u>Water System Peak Daily Demand (millions of gallons)</u>	<u>Sewage System Maximum Daily Flow (millions of gallons)</u>
2001	23.03	21.70
2002	25.04	22.50
2003	27.11	18.20
2004	19.38	12.80
2005	25.11	27.30
2006	24.59	13.20
2007	25.58	36.30
2008	21.99	28.02

**City of Olathe, Kansas**  
**Water and Sewer Information**  
**Last Eight Fiscal Years**

**Largest Customers**

The following table lists the ten largest users of the System based on the percentage of total 2008 revenue generated by each.

<b>Water System</b>			
<b>Customer</b>	<b>Type of Enterprise</b>	<b>2008 Water Billing</b>	<b>Percentage of Total 2008 System Revenues</b>
Cintas Corporation	Uniform Rental	\$ 41,366	0.33%
Olathe Medical Center	Hospital	40,464	0.29%
Great Plains Mall	Retail Mall	39,097	0.28%
Century Concrete	Concrete	35,165	0.25%
Gunze Plastics	Plastics	32,634	0.24%
Olathe Medical Center Cooling Tower	Hospital	30,766	0.22%
Johnson County Adult Detention	Jail	22,366	0.16%
SYSCO Foods of Kansas City, Inc.	Distribution Center	18,958	0.14%
Federal Aviation Admin	Air Traffic Control Center	18,307	0.13%
Villa St. Francis	Nursing Home	18,262	0.13%
<b>Sewer System</b>			
<b>Customer</b>	<b>Type of Enterprise</b>	<b>2008 Sewer Charge</b>	<b>Percentage of Total 2008 System Revenues</b>
Cintas Corporation	Uniform Rental	\$ 70,337	0.66%
Olathe Medical Center	Hospital	56,996	0.53%
Great Plains Mall	Retail Mall	55,683	0.52%
Gunze Plastics	Plastics	43,140	0.40%
Johnson County Adult Detention	Jail	31,575	0.29%
Villa St. Francis	Nursing Home	25,925	0.24%
Century Concrete	Concrete	25,014	0.23%
Federal Aviation Admin	Air Traffic Control Center	24,331	0.23%
Good Samaritan	Nursing Home	22,557	0.21%
Culligan	Water Softner Company	21,607	0.20%