

City of Olathe, Kansas 2007 Comprehensive Annual Financial Report

Fiscal Year Ended December 31, 2007



City of Olathe, Kansas

Comprehensive Annual Financial Report

Year Ended December 31, 2007

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

Thomas E. Brymer

Susan E. Sherman

City Clerk

Debra S. Gragg

Legal Counsel

Thomas A. Glinstra

Prepared by Department of Strategic Financial Management

Benjamin Hart, Director Strategic Financial Management

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, 2007

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Introductory Section



May 16, 2008

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, 2007.

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, 2007 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, 2007, 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 2007 population to be 123,286 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.

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 working. 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 20%.

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 2008-2012 CIP includes projects totaling an estimated \$328 million. Of the \$104 million for 2008, 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 2007, over \$170 million of new investment for construction of office, warehouse, and manufacturing facilities was approved by the City Council through the City's industrial revenue bonds and tax abatement program. These projects will generate over 1,900 jobs at full capacity.

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 2007, \$185,799,923 was invested for an average of approximately 171 days at an average rate of 5.003%, with projected earnings of \$4,356,423 for all funds. The average interest rate for 2006 was 5.211% or .208% 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

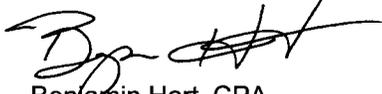
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Olathe for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2006. The Certificate of Achievement 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 29 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 2007 financial records.

Respectfully submitted,



Benjamin Hart, CPA
Director of Strategic Financial 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, 2006

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.

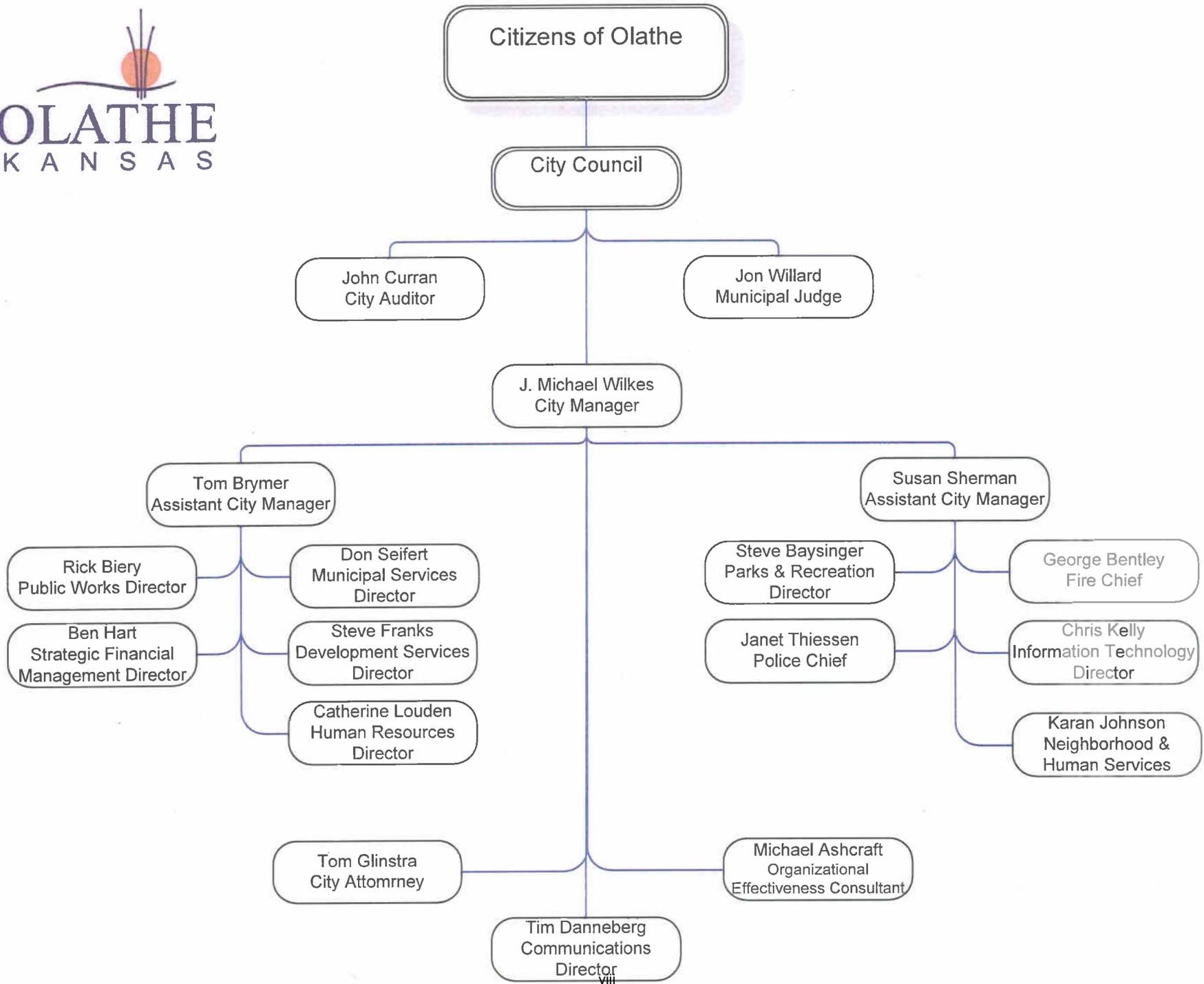


Oliver S. Cox

President

Jeffrey R. Emer

Executive Director



Financial Section

INDEPENDENT AUDITORS' REPORT



Allen, Gibbs & Houlik, L.C.
CPAs & Advisors

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, 2007, 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, 2007, 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 16, 2008 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 16, 2008
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, 2007. 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 2007 by \$677,678,749 (net assets). Of this amount, \$95,894,940 (unrestricted net assets) may be used to meet the City's ongoing obligations.
- The City's total net assets increased by \$56,109,981. Donated capital assets from developers make up 28.4% of this increase.
- As of the close of 2007, the City's governmental funds reported combined ending fund balances of \$53,077,673, an increase of \$5,026,191 from the prior year. The primary reason for the overall increase in fund balance of the City's governmental funds was attributable to the amount of intergovernmental revenue recorded in the Capital Projects Fund.
- At the end of 2007, the fund balance for the general fund was \$21,275,632 or 29.6% of general fund revenues.
- The City's total debt, including temporary notes, increased by \$31,727,370 during 2007 to a total of \$285,154,021. The key factor in this increase were the issuance of \$16,565,000 of special obligation bonds for the West Village TIF. Another factor was the issuance of \$27,560,000 of general obligation bonds which was \$10,215,000 more than retired.
- The City implemented GASB 45 this year. This was one year earlier than what was required. The Net OPEB Obligation as of the close of 2007 is \$1,590,989.
- Standard & Poor's increased the City's rating to an "AA+".

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 19 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 15 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 \$677,678,749 at the close of 2007. The City's net assets increased by \$56,109,981. Governmental activities account for \$47,875,579 of the increase and business-type activities account for \$8,234,402 of the increase.

City of Olathe, Kansas Net Assets

	Governmental Activities		Business-type Activities		Totals	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 215,446,838	\$ 193,383,658	\$ 20,741,342	\$ 22,041,430	\$ 236,188,180	\$ 215,425,088
Capital assets	528,846,896	458,670,581	254,518,228	249,964,308	783,365,124	708,634,889
Total assets	744,293,734	652,054,239	275,259,570	272,005,738	1,019,553,304	924,059,977
Long-term liabilities	172,856,359	146,895,330	31,896,530	34,397,304	204,752,889	181,292,634
Other liabilities	131,807,820	113,404,933	5,313,846	7,793,642	137,121,666	121,198,575
Total liabilities	304,664,179	260,300,263	37,210,376	42,190,946	341,874,555	302,491,209
Net assets:						
Invested in capital assets, net of related debt	261,882,663	254,841,312	219,405,746	210,257,947	481,288,409	465,099,259
Restricted	94,542,378	80,268,375	5,953,021	1,544,000	100,495,399	81,812,375
Unrestricted	83,204,514	56,644,289	12,690,427	18,012,845	95,894,941	74,657,134
Total net assets	\$ 439,629,555	\$ 391,753,976	\$ 238,049,194	\$ 229,814,792	\$ 677,678,749	\$ 621,568,768

By far the largest portion of the City's net assets (71%) 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, \$100,495,399, (14.8%) represents resources that are subject to external restrictions on how they may be used. \$71,266,881 of this is restricted for future debt service payments. This increased \$11,262,001 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 \$95,894,940 (\$83,204,514 governmental activities and \$12,690,426 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	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for services	\$ 15,244,038	\$ 15,060,613	\$ 44,985,256	\$ 38,105,814	\$ 60,229,294	\$ 53,166,427
Operating grants and contributions	2,205,429	1,775,844	846	-	2,206,275	1,775,844
Capital grants and contributions	64,433,457	38,809,778	3,919,774	10,616,548	68,353,231	49,426,326
General revenues:						
Property taxes	35,550,691	32,558,421	-	-	35,550,691	32,558,421
Other taxes	49,434,511	47,609,573	-	-	49,434,511	47,609,573
Interest	6,891,722	5,723,310	981,143	775,791	7,872,865	6,499,101
Other	1,172,183	846,199	627,627	282,999	1,799,810	1,129,198
Total revenues	174,932,031	142,383,738	50,514,646	49,781,152	225,446,677	192,164,890
Expenses:						
General government	31,810,323	37,677,535	-	-	31,810,323	37,677,535
Public safety	35,955,257	33,421,326	-	-	35,955,257	33,421,326
Public works	37,394,200	36,187,643	-	-	37,394,200	36,187,643
Community services	10,790,076	9,575,895	-	-	10,790,076	9,575,895
Developmental services	2,877,028	2,720,997	-	-	2,877,028	2,720,997
Interest on long-term debt	8,238,252	5,301,368	-	-	8,238,252	5,301,368
Water and sewer	-	-	33,076,058	23,806,526	33,076,058	23,806,526
Solid waste	-	-	9,195,502	8,079,441	9,195,502	8,079,441
Total expenses	127,065,136	124,884,764	42,271,560	31,885,967	169,336,696	156,770,731
Excess before transfers	47,866,895	17,498,974	8,243,086	17,895,185	56,109,981	35,394,159
Transfers	8,684	(522,250)	(8,684)	522,250	-	-
Change in net assets	47,875,579	16,976,724	8,234,402	18,417,435	56,109,981	35,394,159
Net assets, beginning of year	391,753,976	374,777,252	229,814,792	211,357,357	621,568,768	586,134,609
Net assets, end of year	\$ 439,629,555	\$ 391,753,976	\$ 238,049,194	\$ 229,774,792	\$ 677,678,749	\$ 621,528,768

Governmental activities

Governmental revenues increased \$32,548,293 or 22.6% over the prior year. The key component of this increase was an additional \$25,596,021 capital grants and contributions over the prior year. The construction of the 127th Street Overpass and the railroad rail elevation were the major projects which received capital grants. Property taxes increased \$2,992,270 due to an increase in the valuation. Sales tax increased \$817,105 due to a strong economy. Interest income increased \$1,168,412 due to higher interest rates on investments.

Governmental expenses increased \$2,180,372 or 1.7%. General government activities decreased \$5,867,212. This decrease is due to the issuance of fewer special obligation bonds for TIF and TDD projects this year. Public safety increased \$2,533,931 due to an increase in salaries and health insurance.

Business-type activities

Business-type activities increased the City's net assets by \$8,234,402. 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 \$3,919,774 in 2007.
- Charges for services increased \$6,879,442. This was due to an increase in growth of the City.

Financial Analysis of the City's Funds

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

Governmental funds

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

The general fund is the main operating fund of the City. At the end of 2007, unreserved fund balance of the general fund was \$19,730,158, while total fund balances reached \$21,275,632. Unreserved fund balance represents 27.5% of the total general fund revenues, while the total fund balance represents 29.6% of that same amount.

The fund balance of the City's general fund increased by \$1,180,523 during 2007, primarily due to an increase in tax revenues.

The debt service fund has a total fund balance of \$25,394,072, 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 \$555,898. The reason for the increase is due to the City's desire to increase the fund balance to pay off anticipated future debt service requirements. The City anticipates that fund balance will begin to decrease in 2008.

The capital projects fund decreased its fund balance by \$7,404,821 during 2007. 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 \$7,388,931 at the end of 2007. The total fund balance increased by \$7,168,178 during the year. The primary reason for the increase was the issuance of \$16,565,000 of special obligation bonds.

Proprietary funds

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

Unrestricted net assets of the Water and Sewer Fund at the end of 2007 amounted to \$10,840,216; and those of the Solid Waste and Golf Course amounted to \$695,355 and (\$134,074), respectively. The total change in net assets for the Water and Sewer Utility and Solid Waste were \$8,479,860 and (\$32,894) respectively. There was no change in net assets for the Golf Course. The Golf Course has had no activity since 2003. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

During the year, revenues were more than budgetary estimates by \$3,804,676 (5.6%). Charge for services was \$2,024,987 higher than budget due to combining the former Internal Service Funds of Central Purchasing and Information Technology Services into the General Fund. Total expenditures were more than budgetary estimates by \$2,576,961 (3.9%). This increase was caused by combining the Central Purchasing, Information Technology Services, and Fire Levy Funds into the General Fund. The combining of funds also is the reason for the difference in transfers - \$3,818,325 more transfers in and \$8,293,814 less in transfers out.

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, 2007, amounts to \$783,365,124 (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	
	2007	2006	2007	2006	2007	2006
Land	\$ 77,277,500	\$ 67,149,428	\$ 2,382,567	\$ 2,382,567	\$ 79,660,067	\$ 69,531,995
Buildings	47,323,905	43,902,013	32,402,429	32,402,429	79,726,334	76,304,442
Machinery & equipment	44,518,457	40,231,615	3,946,392	3,916,482	48,464,849	44,148,097
Swimming pools	6,962,045	6,962,045	-	-	6,962,045	6,962,045
Water system	-	-	148,311,459	147,299,089	148,311,459	147,299,089
Sewer system	-	-	116,804,761	107,950,315	116,804,761	107,950,315
Infrastructure	474,454,163	417,548,068	-	-	474,454,163	417,548,068
Construction in progress	77,431,381	59,097,141	6,179,181	7,068,387	83,610,562	66,165,528
Total capital assets	727,967,451	634,890,310	310,026,789	301,019,269	1,037,994,240	935,909,579
Less accumulated depreciation	199,120,555	176,219,929	55,508,561	51,054,961	254,629,116	227,274,890
Total capital assets (net)	\$ 528,846,896	\$ 458,670,381	\$ 254,518,228	\$ 249,964,308	\$ 783,365,124	\$ 708,634,689

Major additions to the capital assets this year include:

- Major street project including Woodland 119th to College and 151st Quivera to Pflumm.
- 127th Street Overpass
- Construction in progress increases include the railroad grade separation, 159th and Lone Elm interchange, and the downtown parking garage.

Long-term debt

At the end of 2007 the City had total bonded debt outstanding of \$188,770,000. Of this amount \$137,885,000 comprises debt backed by the full faith and credit of the City and \$43,865,000 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	
	2007	2006	2007	2006	2007	2006
General obligation bonds	\$ 137,885,000	\$ 127,670,000	\$ -	\$ -	\$ 137,885,000	\$ 127,670,000
Special obligation bonds	43,865,000	27,465,000	-	-	43,865,000	27,465,000
Revenue bonds	-	-	7,020,000	11,875,000	7,020,000	11,875,000
Total	\$ 181,750,000	\$ 155,135,000	\$ 7,020,000	\$ 11,875,000	\$ 188,770,000	\$ 167,010,000

The City's total debt, including temporary notes, increased by \$31,727,370 (12.5%) during 2007. The City issued \$16,565,000 of special obligation bonds in 2007. These bonds were issued for the West Village TIF area.

The City was recently upgraded to an "AA+" rating from Standard & Poor's (S&P) for its general obligation bonds. 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 "A+" rating from S&P and an "A2" rating from Moody's.

State statutes limit the amount of general obligation debt a government entity may issue to 30% of its total assessed valuation. The current debt limitation for the City is \$365,687,735 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, 2007

	Primary Government			Discretely Presented Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash, cash equivalents, and investments	\$ 103,355,111	\$ 9,359,047	\$ 112,714,158	\$ 2,221,808
Cash held by trustee or restricted	10,651,713	5,953,021	16,604,734	-
Receivables (net of allowance)				
Taxes	43,615,276	-	43,615,276	-
Special assessments	37,844,556	-	37,844,556	-
Accounts	507,376	3,737,173	4,244,549	5,159
Accrued interest	2,451,079	-	2,451,079	5,241
Loans	3,325,707	-	3,325,707	-
Due from primary government	-	-	-	440,258
Internal balances	(1,154,856)	1,154,856	-	-
Due from other governments	12,079,936	-	12,079,936	-
Inventories	376,782	518,411	895,193	167,122
Restricted assets	-	-	-	-
Capital assets:				
Land and construction in progress	154,708,881	8,561,748	163,270,629	1,079,092
Other capital assets, net of accumulated depreciation	374,138,015	245,956,480	620,094,495	5,475,689
Bond issuance costs	1,405,909	18,834	1,424,743	-
Other assets	988,249	-	988,249	-
Total assets	<u>\$ 744,293,734</u>	<u>\$ 275,259,570</u>	<u>\$ 1,019,553,304</u>	<u>\$ 9,394,369</u>
Liabilities and net assets				
Liabilities				
Accounts and other current liabilities	\$ 14,866,371	\$ 761,579	\$ 15,627,950	\$ 173,706
Interest payable	2,203,837	321,542	2,525,379	-
Due to component unit	440,258	-	440,258	-
Unearned revenue	37,949,672	-	37,949,672	2,305
Temporary notes	54,315,000	-	54,315,000	-
Noncurrent liabilities:				
Due within one year	22,032,682	4,230,725	26,263,407	221,412
Due in more than one year	172,856,359	31,896,530	204,752,889	29,363
Total liabilities	<u>304,664,179</u>	<u>37,210,376</u>	<u>341,874,555</u>	<u>426,786</u>
Net assets				
Invested in capital assets, net of related debt	261,882,663	219,405,746	481,288,409	6,554,781
Restricted for:				
Debt service	65,313,860	5,953,021	71,266,881	-
Capital improvements	18,717,331	-	18,717,331	-
Community services	10,511,187	-	10,511,187	-
Unrestricted	83,204,514	12,690,427	95,894,941	2,412,802
Total net assets	<u>439,629,555</u>	<u>238,049,194</u>	<u>677,678,749</u>	<u>8,967,583</u>
Total liabilities and net assets	<u>\$ 744,293,734</u>	<u>\$ 275,259,570</u>	<u>\$ 1,019,553,304</u>	<u>\$ 9,394,369</u>

See accompanying notes to the basic financial statements

City of Olathe, Kansas
Statement of Activities
For the Year Ended December 31, 2007

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities					
General government	\$ 31,810,323	\$ 3,449,451	\$ 1,091,398	\$ -	\$ (27,269,474)
Public safety	35,955,257	3,483,805	772,258	79,584	(31,619,610)
Public works	37,394,200	5,537,982	178,968	64,137,571	32,460,321
Community services	10,790,076	1,499,536	162,805	216,302	(8,911,433)
Development services	2,877,028	1,273,264	-	-	(1,603,764)
Interest on long-term debt	8,238,252	-	-	-	(8,238,252)
Total governmental activities	<u>127,065,136</u>	<u>15,244,038</u>	<u>2,205,429</u>	<u>64,433,457</u>	<u>(45,182,212)</u>
Business-type activities					
Water and sewer	33,076,058	35,952,339	846	3,919,774	6,796,901
Solid waste	9,195,502	9,032,917	-	-	(162,585)
Total business-type activities	<u>42,271,560</u>	<u>44,985,256</u>	<u>846</u>	<u>3,919,774</u>	<u>6,634,316</u>
Total primary government	<u>\$ 169,336,696</u>	<u>\$ 60,229,294</u>	<u>\$ 2,206,275</u>	<u>\$ 68,353,231</u>	<u>\$ (38,547,896)</u>
Nonmajor discretely presented component units					
Olathe Public Library	\$ 3,990,329	\$ 167,278	\$ 130,718	\$ -	\$ (3,692,333)
Olathe Public Housing Authority	2,652,678	297,475	2,267,504	112,249	24,550
Total component units	<u>\$ 6,643,007</u>	<u>\$ 464,753</u>	<u>\$ 2,398,222</u>	<u>\$ 112,249</u>	<u>\$ (3,667,783)</u>

City of Olathe, Kansas
Statement of Activities
For the Year Ended December 31, 2007

	Primary Government			Discretely Presented Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net assets				
Net (expense) revenue	\$ (45,182,212)	\$ 6,634,316	\$ (38,547,896)	\$ (3,667,783)
General revenues				
Taxes:				
Property taxes, levied for general purpose	21,186,678	-	21,186,678	3,921,871
Property taxes, levied for debt service	14,364,013	-	14,364,013	-
Sales tax	40,523,898	-	40,523,898	-
Franchise taxes	8,063,261	-	8,063,261	-
Transient guest tax	847,352	-	847,352	-
Unrestricted investment earnings	6,891,722	981,143	7,872,865	99,055
Miscellaneous	1,172,183	627,627	1,799,810	28,208
Transfers - internal activities	8,684	(8,684)	-	-
Total general revenues and transfers	<u>93,057,791</u>	<u>1,600,086</u>	<u>94,657,877</u>	<u>4,049,134</u>
Change in net assets	47,875,579	8,234,402	56,109,981	381,351
Net assets - beginning of year	391,753,976	229,814,792	621,568,768	8,586,232
Net assets - end of year	<u>\$ 439,629,555</u>	<u>\$ 238,049,194</u>	<u>\$ 677,678,749</u>	<u>\$ 8,967,583</u>

See accompanying notes to the basic financial statements

City of Olathe, Kansas
Balance Sheet
Governmental Funds
December 31, 2007

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Special Tax Financing</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets						
Cash, cash equivalents, and investments	\$ 14,912,806	\$ 24,594,072	\$ 28,193,694	\$ 763,565	\$ 23,807,009	\$ 92,271,146
Cash held by trustee	-	-	-	10,651,713	-	10,651,713
Receivables (net of allowance)						
Taxes	21,650,035	14,376,349	-	1,114,612	6,474,280	43,615,276
Accounts	211,039	-	-	-	296,337	507,376
Accrued interest	1,651,079	800,000	-	-	-	2,451,079
Special assessments	-	37,844,556	-	-	-	37,844,556
Loans	1,805	-	-	-	3,323,902	3,325,707
Due from other funds	393,304	-	-	-	-	393,304
Due from other governments	90,408	-	10,618,228	-	1,371,300	12,079,936
Inventories and prepaid assets	53,497	-	-	-	-	53,497
Total assets	<u>\$ 38,963,973</u>	<u>\$ 77,614,977</u>	<u>\$ 38,811,922</u>	<u>\$ 12,529,890</u>	<u>\$ 35,272,828</u>	<u>\$ 203,193,590</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 1,354,974	\$ -	\$ 7,085,578	\$ -	\$ 87,640	\$ 8,528,192
Accrued payroll	2,660,537	-	-	-	-	2,660,537
Due to other funds	-	-	-	-	259,230	259,230
Due to component unit	-	-	-	-	440,258	440,258
Deferred revenue	13,672,830	52,220,905	7,472,077	861,890	9,684,998	83,912,700
Temporary notes	-	-	54,315,000	-	-	54,315,000
Total liabilities	<u>17,688,341</u>	<u>52,220,905</u>	<u>68,872,655</u>	<u>861,890</u>	<u>10,472,126</u>	<u>150,115,917</u>
Fund balances						
Reserved for						
Encumbrances	1,152,170	-	-	-	272,910	1,425,080
Advance to other funds	393,304	-	-	-	-	393,304
Debt service	-	25,394,072	-	-	-	25,394,072
Bond requirements	-	-	-	4,279,069	-	4,279,069
Unreserved, reported in						
General fund	19,730,158	-	-	-	-	19,730,158
Special revenue funds	-	-	-	7,388,931	24,527,792	31,916,723
Capital projects funds	-	-	(30,060,733)	-	-	(30,060,733)
Total fund balances	<u>21,275,632</u>	<u>25,394,072</u>	<u>(30,060,733)</u>	<u>11,668,000</u>	<u>24,800,702</u>	<u>53,077,673</u>
Total liabilities and fund balances	<u>\$ 38,963,973</u>	<u>\$ 77,614,977</u>	<u>\$ 38,811,922</u>	<u>\$ 12,529,890</u>	<u>\$ 35,272,828</u>	<u>\$ 203,193,590</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, 2007

Total fund balance - all governmental funds \$ 53,077,673

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. 528,846,895

Land and construction in progress	154,708,881
Capital assets being depreciated	573,258,569
Accumulated depreciation	(199,120,555)

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. (197,092,878)

Interest payable	(2,203,837)
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Noncurrent liabilities:

Due within one year

General obligation bonds	(18,060,000)
Special obligation bonds	(450,000)
Capitalized leases	(115,847)
Developer's cost	(463,278)
Compensated absences	(2,208,636)
Net OPEB obligation	(504,000)
Bond issuance premium	(230,921)

Due in more than one year

General obligation bonds	(119,825,000)
Special obligation bonds	(43,415,000)
Capitalized leases	(134,375)
Developer's cost	(3,990,723)
Compensated absences	(1,297,143)
Net OPEB obligation	(832,431)
Bond issuance premium	(3,361,687)

Long-term assets are not available to pay current period expenditures and are therefore deferred in the fund statements. 45,963,029

Special assessments	37,844,556
Due from other governments	8,118,473

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 1,405,909

Bond issuance costs, net	1,405,909
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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. 7,428,927

Internal service fund capital assets, net	(16,763,093)
Internal service fund debt	76,888
Internal service fund net assets	25,404,062
Internal service fund due to business-type	(1,288,930)

Net assets of governmental activities \$ 439,629,555

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, 2007

	General	Debt Service	Capital Projects	Special Tax Financing	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes:						
Property	\$ 14,119,866	\$ 14,364,013	\$ -	\$ 862,187	\$ 6,204,625	\$ 35,550,691
Sales	36,691,373	-	-	1,297,759	2,534,766	40,523,898
Franchise	8,063,261	-	-	-	-	8,063,261
Transient guest	847,352	-	-	-	-	847,352
Special assessments	-	5,136,184	633,435	-	-	5,769,619
Intergovernmental	1,028,792	-	34,782,226	-	5,021,438	40,832,456
Licenses and permits	1,497,666	-	-	-	-	1,497,666
Fines, forfeitures, and penalties	3,047,531	-	-	-	-	3,047,531
Charges for services	4,767,521	-	-	52,500	5,878,820	10,698,841
Use of money and property	1,249,682	2,138,105	1,141,980	377,385	1,277,385	6,184,537
Miscellaneous	517,884	92,578	377,522	-	184,199	1,172,183
Total revenues	<u>71,830,928</u>	<u>21,730,880</u>	<u>36,935,163</u>	<u>2,589,831</u>	<u>21,101,233</u>	<u>154,188,035</u>
Expenditures						
Current:						
General government	15,269,433	-	-	9,996,271	4,903,331	30,169,035
Public safety	33,301,566	-	-	-	313,314	33,614,880
Public works	9,937,042	-	-	-	3,753,284	13,690,326
Community services	7,748,782	-	-	-	2,457,952	10,206,734
Development services	2,504,263	-	-	-	25,329	2,529,592
Capital improvements	-	-	77,614,339	-	-	77,614,339
Debt service:						
Principal retirements	-	17,345,000	-	628,278	-	17,973,278
Interest and fiscal charges	-	5,652,452	1,469,661	1,362,104	-	8,484,217
Total expenditures	<u>68,761,086</u>	<u>22,997,452</u>	<u>79,084,000</u>	<u>11,986,653</u>	<u>11,453,210</u>	<u>194,282,401</u>
Excess of revenues over (under) expenditures	<u>3,069,842</u>	<u>(1,266,572)</u>	<u>(42,148,837)</u>	<u>(9,396,822)</u>	<u>9,648,023</u>	<u>(40,094,366)</u>
Other financing sources (uses)						
Issuance of bonds	-	-	27,560,000	16,565,000	-	44,125,000
Premium on bonds	-	561,191	-	-	-	561,191
Transfers in	3,818,324	1,261,279	10,080,827	-	2,225,021	17,385,451
Transfers out	(5,707,643)	-	(2,896,811)	-	(8,346,631)	(16,951,085)
Total other financing sources (uses)	<u>(1,889,319)</u>	<u>1,822,470</u>	<u>34,744,016</u>	<u>16,565,000</u>	<u>(6,121,610)</u>	<u>45,120,557</u>
Net changes in fund balances	1,180,523	555,898	(7,404,821)	7,168,178	3,526,413	5,026,191
Fund balances - beginning of year	20,095,109	24,838,174	(22,655,912)	4,499,822	21,274,289	48,051,482
Fund balances - end of year	<u>\$ 21,275,632</u>	<u>\$ 25,394,072</u>	<u>\$ (30,060,733)</u>	<u>\$ 11,668,000</u>	<u>\$ 24,800,702</u>	<u>\$ 53,077,673</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, 2007

Net change in fund balances - all governmental funds \$ 5,026,191

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. 51,634,012

Capital outlay	\$ 76,847,534	
Depreciation	(25,213,522)	

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. (28,579,412)

Principal payments	17,973,278	
Issuance of general obligation bonds	(44,125,000)	
Premium on general obligation bonds	(561,191)	
Special obligation debt	(530,068)	
OPEB	(1,336,431)	

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. (592,917)

Compensated absences	(176,117)	
Interest expense	(416,800)	

Revenues in the statement of activities that do not provide current financing resources are not reported as revenues in the funds. 18,965,382

Special assessments	2,427,925	
Donated capital assets	15,931,469	
Capital grant	605,988	

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. 301,721

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. 1,120,602

Change in net assets of governmental activities \$ 47,875,579

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, 2007

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues				
Taxes:				
Property	\$ 13,712,892	\$ 13,712,892	\$ 14,119,866	\$ 406,974
Sales	36,570,936	36,570,936	36,691,373	120,437
Franchise	7,742,070	7,742,070	8,063,261	321,191
Transient guest	-	-	847,352	847,352
Intergovernmental	895,420	895,420	1,028,792	133,372
Licenses and permits	1,400,810	1,400,810	1,497,666	96,856
Fines, forfeitures, and penalties	3,690,886	3,690,886	3,047,531	(643,355)
Charges for services	2,742,534	2,742,534	4,767,521	2,024,987
Use of money and property	1,002,000	1,002,000	1,249,682	247,682
Miscellaneous	268,704	268,704	517,884	249,180
Total revenues	<u>68,026,252</u>	<u>68,026,252</u>	<u>71,830,928</u>	<u>3,804,676</u>
Expenditures				
General government	5,474,166	5,474,166	2,322,253	3,151,913
Administration	3,492,052	3,492,052	3,651,927	(159,875)
Human resources	822,095	822,095	899,265	(77,170)
Legal	1,436,617	1,436,617	1,416,716	19,901
Information technology services	-	-	3,817,824	(3,817,824)
Financial services	1,280,090	1,280,090	1,862,971	(582,881)
Public safety	21,951,620	21,951,620	33,836,990	(11,885,370)
Public works	9,418,567	9,418,567	10,010,432	(591,865)
Development services	2,583,281	2,583,281	2,566,715	16,566
Community services	4,707,177	4,707,177	5,593,236	(886,059)
Neighborhood services	2,203,945	2,203,945	3,044,603	(840,658)
Contingency	13,362,624	13,362,624	286,263	13,076,361
Total expenditures	<u>66,732,234</u>	<u>66,732,234</u>	<u>69,309,195</u>	<u>(2,576,961)</u>
Excess of revenues over expenditures	<u>1,294,018</u>	<u>1,294,018</u>	<u>2,521,733</u>	<u>1,227,715</u>
Other financing sources (uses)				
Transfers in	-	-	3,818,325	3,818,325
Transfers out	(14,001,457)	(14,001,457)	(5,707,643)	8,293,814
Total other financing sources (uses)	<u>(14,001,457)</u>	<u>(14,001,457)</u>	<u>(1,889,318)</u>	<u>12,112,139</u>
Net change in fund balance	<u>\$ (12,707,439)</u>	<u>\$ (12,707,439)</u>	<u>632,415</u>	<u>\$ 13,339,854</u>
Fund balance - beginning of year - budget basis			<u>19,491,047</u>	
Fund balance - end of year - budget basis			20,123,462	
Encumbrances incurred and outstanding			<u>1,152,170</u>	
Fund balance - end of year - GAAP basis			<u>\$ 21,275,632</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, 2007

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues				
Taxes and special assessments	\$ 3,924,000	\$ 3,924,000	\$ 2,159,946	\$ (1,764,054)
Charge for services	-	-	52,500	52,500
Use of money and property	65,000	65,000	377,385	312,385
Total revenues	<u>3,989,000</u>	<u>3,989,000</u>	<u>2,589,831</u>	<u>(1,399,169)</u>
Expenditures				
General operations	-	-	10,459,549	(10,459,549)
Debt service	3,989,000	15,989,000	1,527,104	14,461,896
Total expenditures	<u>3,989,000</u>	<u>15,989,000</u>	<u>11,986,653</u>	<u>4,002,347</u>
Excess of revenues over expenditures	<u>-</u>	<u>(12,000,000)</u>	<u>(9,396,822)</u>	<u>2,603,178</u>
Other financing sources (uses)				
Bond proceeds	-	12,000,000	16,565,000	4,565,000
Total other financing sources (uses)	<u>-</u>	<u>12,000,000</u>	<u>16,565,000</u>	<u>4,565,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>7,168,178</u>	<u>\$ 7,168,178</u>
Fund balance - beginning of year			<u>4,499,822</u>	
Fund balance - end of year			<u>\$ 11,668,000</u>	

See accompanying notes to the basic financial statements

City of Olathe, Kansas
Statement of Net Assets
Proprietary Funds
December 31, 2007

	Business-type Activities - Enterprise Funds				Governmental Activities -
	Major		Nonmajor		Internal Service Funds
	Water and Sewer Fund	Solid Waste Fund	Golf Course	Total	
Assets					
Current assets:					
Cash and cash equivalents	\$ 9,122,368	\$ 236,679	\$ -	\$ 9,359,047	\$ 11,083,965
Accounts receivable (net of allowance)	2,696,388	1,040,785	-	3,737,173	-
Inventories and other	505,201	13,210	-	518,411	323,285
Total current assets	<u>12,323,957</u>	<u>1,290,674</u>	<u>-</u>	<u>13,614,631</u>	<u>11,407,250</u>
Noncurrent assets:					
Restricted assets:					
Cash and cash equivalents	5,953,021	-	-	5,953,021	-
Other	-	-	-	-	988,249
Total restricted assets	<u>5,953,021</u>	<u>-</u>	<u>-</u>	<u>5,953,021</u>	<u>988,249</u>
Capital assets:					
Capital assets not being depreciated					
Land	699,010	1,283,232	400,325	2,382,567	-
Construction in progress	6,179,181	-	-	6,179,181	-
Total capital assets not being depreciated	<u>6,878,191</u>	<u>1,283,232</u>	<u>400,325</u>	<u>8,561,748</u>	<u>-</u>
Capital assets being depreciated					
Buildings	32,402,429	-	-	32,402,429	-
Machinery and equipment	2,131,184	1,815,208	-	3,946,392	36,442,050
Water system	148,311,459	-	-	148,311,459	-
Sewer system	116,804,761	-	-	116,804,761	-
Total capital assets being depreciated	<u>299,649,833</u>	<u>1,815,208</u>	<u>-</u>	<u>301,465,041</u>	<u>36,442,050</u>
Less accumulated depreciation	<u>(54,969,011)</u>	<u>(539,550)</u>	<u>-</u>	<u>(55,508,561)</u>	<u>(19,678,957)</u>
Total capital assets (net of accumulated depreciation)	<u>251,559,013</u>	<u>2,558,890</u>	<u>400,325</u>	<u>254,518,228</u>	<u>16,763,093</u>
Bond issuance costs, net	18,834	-	-	18,834	-
Total noncurrent assets	<u>257,530,868</u>	<u>2,558,890</u>	<u>400,325</u>	<u>260,490,083</u>	<u>17,751,342</u>
Total assets	<u>\$ 269,854,825</u>	<u>\$ 3,849,564</u>	<u>\$ 400,325</u>	<u>\$ 274,104,714</u>	<u>\$ 29,158,592</u>

City of Olathe, Kansas
Statement of Net Assets
Proprietary Funds
December 31, 2007

	Business-type Activities - Enterprise Funds				Governmental Activities -
	Major		Nonmajor		Internal Service Funds
	Water and Sewer Fund	Solid Waste Fund	Golf Course	Total	
Liabilities and net assets					
Current liabilities:					
Accounts and claims payable	\$ 366,447	\$ 395,132	\$ -	\$ 761,579	\$ 3,666,642
Interest payable	289,256	32,286	-	321,542	-
Compensated absences	330,839	75,419	-	406,258	54,424
Due to other funds	-	-	134,074	134,074	-
Current portion of capital lease	126,987	281,555	-	408,542	-
Current portion of revolving loan	549,925	-	-	549,925	-
Current portion of revenue bonds	2,770,000	-	-	2,770,000	-
Current portion of net OPEB obligation	72,000	24,000	-	96,000	-
Total current liabilities	<u>4,505,454</u>	<u>808,392</u>	<u>134,074</u>	<u>5,447,920</u>	<u>3,721,066</u>
Noncurrent liabilities:					
Compensated absences	129,006	28,843	-	157,849	22,464
Capital lease, net	797,592	594,618	-	1,392,210	-
Revolving loan, net	25,762,177	-	-	25,762,177	-
Revenue bonds, net	4,248,461	-	-	4,248,461	-
Net OPEB obligation	118,919	39,639	-	158,558	-
Deposit	177,275	-	-	177,275	11,000
Total noncurrent liabilities	<u>31,233,430</u>	<u>663,100</u>	<u>-</u>	<u>31,896,530</u>	<u>33,464</u>
Total liabilities	<u>35,738,884</u>	<u>1,471,492</u>	<u>134,074</u>	<u>37,344,450</u>	<u>3,754,530</u>
Net assets					
Invested in capital assets, net of related debt	217,322,704	1,682,717	400,325	219,405,746	16,763,093
Restricted for bond requirements	5,953,021	-	-	5,953,021	-
Unrestricted	10,840,216	695,355	(134,074)	11,401,497	8,640,969
Total net assets	<u>234,115,941</u>	<u>2,378,072</u>	<u>266,251</u>	<u>236,760,264</u>	<u>25,404,062</u>
Total liabilities and net assets	<u>\$ 269,854,825</u>	<u>\$ 3,849,564</u>	<u>\$ 400,325</u>		<u>\$ 29,158,592</u>
Reconciliation to government-wide statement of net assets:					
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds				1,288,930	
Net assets of business-type activities				<u>\$ 238,049,194</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, 2007

	Business-type Activities - Enterprise Funds				Governmental
	Major		Nonmajor		Activities -
	Water and Sewer Fund	Solid Waste Fund	Golf Course	Total	Internal Service Funds
Operating revenues					
Charges for services	\$ 35,952,339	\$ 9,032,917	\$ -	\$ 44,985,256	\$ 22,201,089
Miscellaneous	627,627	-	-	627,627	-
Total operating revenues	<u>36,579,966</u>	<u>9,032,917</u>	<u>-</u>	<u>45,612,883</u>	<u>22,201,089</u>
Operating expenses					
Water production	4,081,548	-	-	4,081,548	-
Wastewater treatment	5,805,821	-	-	5,805,821	-
Water and sewer maintenance	2,679,581	-	-	2,679,581	-
Administration and general	14,610,170	1,957,780	-	16,567,950	15,045,733
Equipment maintenance	-	-	-	-	4,716,159
Sanitation expense	-	4,176,434	-	4,176,434	-
Transfer station expense	-	2,826,412	-	2,826,412	-
Depreciation and amortization	4,408,550	76,235	-	4,484,785	3,100,394
Total operating expenses	<u>31,585,670</u>	<u>9,036,861</u>	<u>-</u>	<u>40,622,531</u>	<u>22,862,286</u>
Operating income	<u>4,994,296</u>	<u>(3,944)</u>	<u>-</u>	<u>4,990,352</u>	<u>(661,197)</u>
Nonoperating revenues (expenses)					
Interest income	967,807	13,336	-	981,143	707,185
Interest expense	(1,404,179)	(32,286)	-	(1,436,465)	-
Intergovernmental	846	-	-	846	-
Gain from sale of equipment	-	-	-	-	216,302
Total nonoperating revenues (expenses)	<u>(435,526)</u>	<u>(18,950)</u>	<u>-</u>	<u>(454,476)</u>	<u>923,487</u>
Net income before transfers and capital contributions	4,558,770	(22,894)	-	4,535,876	262,290
Transfers in	325,000	-	-	325,000	-
Transfers out	(323,684)	(10,000)	-	(333,684)	(336,732)
Capital contributions	3,919,774	-	-	3,919,774	1,071,429
Change in net assets	8,479,860	(32,894)	-	8,446,966	996,987
Net assets - beginning of year	225,636,081	2,410,966	266,251		24,407,075
Net assets - end of year	<u>\$ 234,115,941</u>	<u>\$ 2,378,072</u>	<u>\$ 266,251</u>		<u>\$ 25,404,062</u>

Reconciliation to government-wide statement of activities:

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

(212,564)

Change in net assets of business-type activities

\$ 8,234,402

See accompanying notes to the basic financial statements

City of Olathe, Kansas
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2007

	Business-type Activities - Enterprise Funds			Governmental Activities -	
	Major		Nonmajor	Internal Service Funds	
	Water and Sewer Fund	Solid Waste Fund	Golf Course	Total	
Cash Flows from Operating Activities					
Receipts from customers and users	\$ 30,077,077	\$ 8,245,117	\$ -	\$ 38,322,194	\$ 21,073,389
Payments to suppliers	(13,411,477)	(4,559,871)	-	(17,971,348)	(17,251,372)
Payments to employees	(7,282,788)	(3,424,204)	-	(10,706,992)	(1,663,115)
Net cash provided by (used in) operating activities	<u>9,382,812</u>	<u>261,042</u>	<u>-</u>	<u>9,643,854</u>	<u>2,158,902</u>
Cash Flows from Noncapital Financing Activities					
Transfers from other funds	325,000	-	-	325,000	-
Transfers to other funds	(323,684)	(10,000)	-	(333,684)	(425,682)
Net cash provided by (used in) noncapital financing activities	<u>1,316</u>	<u>(10,000)</u>	<u>-</u>	<u>(8,684)</u>	<u>(425,682)</u>
Cash Flows from Capital and Related Financing Activities					
Acquisitions and construction of capital assets	(5,836,332)	-	-	(5,836,332)	(4,639,798)
Proceeds from sale of capital assets	-	-	-	-	189,473
Proceeds from capital grant	846	-	-	846	-
Proceeds from revolving loans	1,204,069	-	-	1,204,069	-
Principal paid on revenue bonds	(4,855,000)	-	-	(4,855,000)	-
Interest paid on revenue bonds	(481,813)	-	-	(481,813)	-
Principal paid on revolving loans	(608,820)	-	-	(608,820)	-
Interest paid on revolving loans	(845,055)	-	-	(845,055)	-
Principal paid on capital lease	(121,978)	(271,549)	-	(393,527)	-
Interest paid on capital lease	(41,315)	(32,286)	-	(73,601)	-
Net cash provided by (used in) capital and related financing activities	<u>(11,585,398)</u>	<u>(303,835)</u>	<u>-</u>	<u>(11,889,233)</u>	<u>(4,450,325)</u>
Cash Flows from Investing Activities					
Interest received	967,807	13,336	-	981,143	707,185
Net cash provided by (used in) investing activities	<u>967,807</u>	<u>13,336</u>	<u>-</u>	<u>981,143</u>	<u>707,185</u>
Net increase (decrease) in cash and cash equivalents	(1,233,463)	(39,457)	-	(1,272,920)	(2,009,920)
Cash and cash equivalents - beginning of year	16,308,852	276,136	-	16,584,988	13,093,885
Cash and cash equivalents - end of year	<u>\$ 15,075,389</u>	<u>\$ 236,679</u>	<u>\$ -</u>	<u>\$ 15,312,068</u>	<u>\$ 11,083,965</u>

City of Olathe, Kansas
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2007

	Business-type Activities - Enterprise Funds				Governmental Activities -
	Major		Nonmajor		Internal Service Funds
	Water and Sewer Fund	Solid Waste Fund	Golf Course	Total	
Reconciliation of operating income to net cash provided by operating activities					
Operating income	\$ 4,994,296	\$ (3,944)	\$ -	\$ 4,990,352	\$ (661,197)
Adjustments to reconcile operating income to cash provided by operating activities					
Depreciation and amortization	4,408,550	76,235	-	4,484,785	3,100,394
Gain from disposal of capital assets	-	-	-	-	216,302
Changes in assets and liabilities					
(Increase) decrease in receivables	(99,342)	(104,220)	-	(203,562)	(967,945)
(Increase) in interest receivables	-	-	-	-	398
(Increase) decrease in inventories	(19,262)	2,626	-	(16,636)	(98,693)
Increase (decrease) in accounts and claims payable	(117,737)	227,049	-	109,312	768,692
Increase in interest payable	7,418	(10,006)	-	(2,588)	-
Increase in net OPEB obligation	190,919	63,639	-	254,558	-
Increase in compensated absences	17,970	9,663	-	27,633	(199,049)
Total adjustments	4,388,516	264,986	-	4,653,502	2,820,099
Net cash provided by (used in) operating activities	<u>\$ 9,382,812</u>	<u>\$ 261,042</u>	<u>\$ -</u>	<u>\$ 9,643,854</u>	<u>\$ 2,158,902</u>
Noncash investing capital and financing activities:					
Contributed capital assets	\$ 3,919,774	\$ -	\$ -	\$ 3,919,774	\$ 1,071,429

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, 2007

1. Summary of Significant Accounting Policies

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

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

a. Reporting Entity

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

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

b. Individual Component Unit Disclosures

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

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

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

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2007

c. Basis of Presentation – Fund Accounting

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

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

d. Basis of Accounting

Government-wide financial statements

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

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

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

Fund financial statements

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

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2007

The City reports the following major governmental funds:

General

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

Debt Service

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

Special Tax Financing

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

Capital Projects

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

The City reports the following major proprietary funds:

Water and Sewer

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

Solid Waste

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

Proprietary Funds

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

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2007

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 and recognized as revenues in equal annual amounts over the period that the assessment is billed. Special assessments paid in full prior to the issuance of bonds are recorded as revenue in the capital project fund. Special assessments received after the issuance of bonds are recorded as revenue in the Debt Service Fund.

e. Cash and Cash Equivalents

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

f. Accounts Receivable

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

g. Inventories and Prepaid Items

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

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

h. Capital Assets

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

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

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

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

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

i. Budgets and Budgetary Accounting

Applicable Kansas statutes require budgets be legally adopted for all funds unless exempt by a specific statute. Specific funds exempt from legally adopted budgets are all federal and state assistance funds and the capital projects fund. Specific special revenue funds exempt from legally adopted budgetary requirements include the Reimbursable Programs, Grants, Future Street Improvement, Park and Recreation Foundation, Cemetery, 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, Mahaffie House Operations, Debt Service and all Proprietary Funds.

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

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

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

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

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

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

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

j. Retirement Plans

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

k. Compensated Absences

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

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

l. Interfund Transactions

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

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, 2007, the Capital Projects Fund had a deficit fund balance of \$30,060,733. 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, 2007, the City had the following securities and maturities:

<u>Security Type</u>	<u>Fair Value</u>	<u>Security Maturities (in years)</u>		
		<u>Less than 1</u>	<u>1 - 2</u>	<u>3 - 4</u>
Federal Home Loan Mortgage Corporation	\$ 1,491,090	\$ 1,491,090	\$ -	\$ -
Federal National Mortgage Assn.	11,997,480	11,997,480		
Multiple Municipal Client Investment Pool	18,000,000	18,000,000	-	-
	<u>\$ 31,488,570</u>	<u>\$ 31,488,570</u>	<u>\$ -</u>	<u>\$ -</u>

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from rising interest rates, the City’s investment policy limits its investment maturities to less than four years.

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, 2007, City funds not held in depository accounts had been invested in certificates of deposits, the Kansas Municipal Investment Pool (rated AAf/S1 by Standard & Poor’s), Merrill Lynch Money Market (rated AAA by Standard and Poor’s) Federal Home Loan Mortgage Corporation Notes (rated AAA by Moody’s and Federal National Mortgage Association Notes (rated AAA by Moody’s).

Concentration of Credit Risk – At December 31, 2007, of total cash and investment, the City invested 59% in certificates of deposit, 11% in treasury notes, and 26% in multiple municipal client investment pools. Maximum Investment goals for the City are certificates of deposit 30%, discount notes 75%, 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, 2007, 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 2007:

	<u>Major</u>			<u>Special Tax Financing</u>	<u>Other</u>	<u>Total</u>
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>		<u>Governmental Funds</u>	
Property tax	\$ 14,119,866	\$ 14,364,013	\$ -	\$ 862,187	\$ 6,204,625	\$ 35,550,691
Sales tax	36,691,373	-	-	1,297,759	2,534,766	40,523,898
Franchise tax	8,063,261	-	-	-	-	8,063,261
Transient guest tax	847,352	-	-	-	-	847,352
Special assessment	-	5,136,184	633,435	-	-	5,769,619
	<u>\$ 59,721,852</u>	<u>\$ 19,500,197</u>	<u>\$ 633,435</u>	<u>\$ 2,159,946</u>	<u>\$ 8,739,391</u>	<u>\$ 90,754,821</u>

City of Olathe, Kansas
Notes to the Basic Financial Statements
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Taxes and special assessments receivable by fund type are as follows for fiscal year 2007.

	<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	\$ 13,356,406	\$ 14,376,349	\$ 861,890	\$ 6,031,121	\$ 34,625,766
Sales tax	6,536,979	-	252,722	443,159	7,232,860
Franchise tax	1,533,376	-	-	-	1,533,376
Transient guest tax	223,274	-	-	-	223,274
Special assessment	-	37,844,556	-	-	37,844,556
	<u>\$ 21,650,035</u>	<u>\$ 52,220,905</u>	<u>\$ 1,114,612</u>	<u>\$ 6,474,280</u>	<u>\$ 81,459,832</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, 2006 on which the 2007 levy was based was \$1,234,980,132.

The City's property tax levies per \$1,000 assessed valuation for the year ended December 31, 2007 were as follows:

<u>Fund</u>	<u>Levy</u>
General	\$ 9.900
Special revenue	4.474
Debt service	10.656
	<u>\$ 25.030</u>

The City property taxes for 2007 were assessed in November of 2006 and distributed to the City in 2007 in accordance with state statutes. Property taxes are due in total by December 31 following the levy date, or they may be paid in equal installments if paid by December 20 (first installment) and the following May 10 (second installment).

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

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2007

5. Intergovernmental Receivables and Revenue

Amounts due from other governments as of December 31, 2007 are as follows:

	Major		Other	Totals
	General	Capital Projects	Governmental Funds	
Federal				
Department of Housing and Urban Development	\$ -	\$ -	\$ 235,244	\$ 235,244
State				
Department of Revenue	80,000	-	1,055,689	1,135,689
Department of Transportation	-	9,136,087	31,926	9,168,013
Department of Health and Environment	-	-	9,624	9,624
Highway Department	10,408	-	-	10,408
Local				
Mid America Regional Council	-	-	16,188	16,188
Johnson County	-	1,482,141	22,629	1,504,770
	\$ 90,408	\$ 10,618,228	\$ 1,371,300	\$ 12,079,936

Intergovernmental revenues for the year ended December 31, 2007 consisted of the following:

	Major			Other	Totals
	General	Capital Projects	Water and Sewer	Governmental Funds	
Federal					
Department of Housing and Urban Development	\$ -	\$ -	\$ -	\$ 574,984	\$ 574,984
Department of Justice	-	-	-	21,748	21,748
Department of Administration	-	-	-	4,239	4,239
Office of National Drug Control Policy	-	-	-	67,437	67,437
State					
Liquor Tax	312,133	-	-	624,266	936,399
State Highway Connecting Links	41,292	-	-	-	41,292
Special Highway	-	-	-	3,489,583	3,489,583
Department of Health and Environment	-	-	-	12,120	12,120
Department of Wildlife and Parks	-	-	-	8,256	8,256
Department of Transportation	-	25,674,793	-	38,637	25,713,430
Emergency Management Assistance Compact	123,092	-	846	5,550	129,488
County					
Street improvements	-	8,956,265	-	-	8,956,265
Herritage Trust	-	-	-	61,100	61,100
Local					
City of Overland Park	-	151,168	-	-	151,168
Mid American Regional Council	-	-	-	88,468	88,468
Unified School District 233	552,275	-	-	25,050	577,325
	\$ 1,028,792	\$ 34,782,226	\$ 846	\$ 5,021,438	\$ 40,833,302

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

Capital Asset activity for the year ended December 31, 2007 was as follows:

	Beginning of Year	Additions	Retirements	End of Year
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 67,149,428	\$ 10,128,072	\$ -	\$ 77,277,500
Construction in progress	59,097,141	64,972,366	46,638,126	77,431,381
Total capital assets, not being depreciated	<u>126,246,569</u>	<u>75,100,438</u>	<u>46,638,126</u>	<u>154,708,881</u>
Capital assets being depreciated				
Buildings	43,902,013	3,421,892	-	47,323,905
Machinery and equipment	40,231,815	7,180,381	2,893,739	44,518,457
Swimming pools	6,962,045	-	-	6,962,045
Infrastructure	417,548,068	56,906,095	-	474,454,163
Total capital assets being depreciated	<u>508,643,941</u>	<u>67,508,368</u>	<u>2,893,739</u>	<u>573,258,570</u>
Less accumulated depreciation for				
Buildings	(9,076,288)	(1,134,569)	-	(10,210,857)
Machinery and equipment	(25,303,079)	(4,366,299)	(2,312,896)	(27,356,482)
Swimming pools	(770,043)	(85,977)	-	(856,020)
Infrastructure	(141,070,519)	(19,626,677)	-	(160,697,196)
Total accumulated depreciation	<u>(176,219,929)</u>	<u>(25,213,522)</u>	<u>(2,312,896)</u>	<u>(199,120,555)</u>
Total capital assets being depreciated, net	<u>332,424,012</u>	<u>42,294,846</u>	<u>580,843</u>	<u>374,138,015</u>
Governmental activities capital assets, net	<u>\$ 458,670,581</u>	<u>\$ 117,395,284</u>	<u>\$ 47,218,969</u>	<u>\$ 528,846,896</u>
Business-type activities				
Capital assets, not being depreciated				
Land	\$ 2,382,567	\$ -	\$ -	\$ 2,382,567
Construction in progress	7,068,387	5,057,836	5,947,042	6,179,181
Total capital assets, not being depreciated	<u>9,450,954</u>	<u>5,057,836</u>	<u>5,947,042</u>	<u>8,561,748</u>
Capital assets being depreciated				
Buildings	32,402,429	-	-	32,402,429
Machinery and equipment	3,916,482	29,910	-	3,946,392
Water system	147,299,089	1,012,370	-	148,311,459
Sewer system	107,950,315	8,854,446	-	116,804,761
Total capital assets being depreciated	<u>291,568,315</u>	<u>9,896,726</u>	<u>-</u>	<u>301,465,041</u>
Less accumulated depreciation for				
Buildings	(3,852,462)	(779,303)	-	(4,631,765)
Machinery and equipment	(1,215,886)	(154,567)	-	(1,370,453)
Water system	(26,684,094)	(1,998,792)	-	(28,682,886)
Sewer system	(19,302,519)	(1,520,938)	-	(20,823,457)
Total accumulated depreciation	<u>(51,054,961)</u>	<u>(4,453,600)</u>	<u>-</u>	<u>(55,508,561)</u>
Total capital assets being depreciated, net	<u>240,513,354</u>	<u>5,443,126</u>	<u>-</u>	<u>245,956,480</u>
Business-type activities capital assets, net	<u>\$ 249,964,308</u>	<u>\$ 10,500,962</u>	<u>\$ 5,947,042</u>	<u>\$ 254,518,228</u>

City of Olathe, Kansas
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Component units	Beginning of Year	Additions	Retirements	End of Year
Capital assets, not being depreciated				
Land	\$ 890,191	\$ -	\$ -	\$ 890,191
Construction in Progress	17,266	112,250	-	129,516
Art collection	18,150	2,695	-	20,845
Kansas Room Collection	38,540	-	-	38,540
Total capital assets, not being depreciated	<u>964,147</u>	<u>114,945</u>	<u>-</u>	<u>1,079,092</u>
Capital assets being depreciated				
Buildings and improvements	10,504,123	103,434	29,187	10,578,370
Machinery and equipment	783,724	137,688	23,433	897,979
Books and materials	4,037,424	304,932	159,938	4,182,418
Total capital assets being depreciated	<u>15,325,271</u>	<u>546,054</u>	<u>212,558</u>	<u>15,658,767</u>
Less accumulated depreciation for				
Buildings	(5,758,226)	(343,483)	-	(6,101,709)
Machinery and equipment	(654,888)	(72,926)	(23,433)	(704,381)
Books and materials	(3,207,939)	(328,987)	(159,938)	(3,376,988)
Total accumulated depreciation	<u>(9,621,053)</u>	<u>(745,396)</u>	<u>(183,371)</u>	<u>(10,183,078)</u>
Total capital assets being depreciated, net	<u>5,704,218</u>	<u>(199,342)</u>	<u>29,187</u>	<u>5,475,689</u>
Component units capital assets, net	<u>\$ 6,668,365</u>	<u>\$ (84,397)</u>	<u>\$ 29,187</u>	<u>\$ 6,554,781</u>

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

Government activities

General government	\$ 887,696
Public safety	501,968
Public works	20,415,674
Community services	177,298
Development services	130,492
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of assets	<u>3,100,394</u>
Total depreciation expense for governmental activities	<u>\$ 25,213,522</u>

Business-type activities

Water and sewer	\$ 4,377,365
Solid Waste	<u>76,235</u>
Total depreciation expense for business-type activities	<u>\$ 4,453,600</u>

City of Olathe, Kansas
Notes to the Basic Financial Statements
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As of December 31, 2007, the City had a deferred refunding amount of \$3,647 related to the 2006 advance refunding of Water and Sewer revenue bonds. On the statement of net assets, revenue bonds have been reported net of the deferred refunding.

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

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

Compensated absences 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>
Governmental activities				
General Obligation Bonds				
1998 Series 191 improvement bonds	\$ 8,190,000	3.80 - 4.45	1-Apr-08	\$ 815,000
1998 Series 192 refunding	7,475,000	3.40 - 4.70	1-Oct-14	1,915,000
1998 Series 193 improvement bonds	293,400	5.20 - 5.50	1-Oct-08	30,000
1999 Series 194 improvement bonds	17,880,000	3.75 - 4.80	1-Apr-14	4,450,000
1999 Series 195 improvement bonds	975,000	5.80 - 6.75	1-Oct-09	200,000
2000 Series 196 improvement bonds	3,470,000	4.95 - 6.00	1-Apr-10	1,035,000
2000 Series 197 improvement bonds	5,705,000	4.125 - 4.70	1-Apr-10	1,710,000
2001 Series 198 improvement bonds	6,825,000	4.25 - 4.625	1-Oct-11	2,720,000
2001 Series 199 improvement bonds	4,575,000	4.25 - 4.625	1-Oct-11	1,820,000
2002 Series 200 improvement bonds	9,210,000	2.00 - 4.00	1-Oct-12	4,600,000
2002 Series 201 refunding	13,650,000	3.00 - 4.25	1-Oct-14	5,365,000
2002 Series 202 improvement bonds	800,000	3.50 - 5.40	1-Oct-12	400,000
2003 Series 203 improvement bonds	19,675,000	2.25 - 4.25	1-Apr-23	14,075,000
2003 Series 204 improvement bonds	1,475,000	3.50 - 5.50	1-Apr-18	1,075,000
2004 Series 205 improvement bonds	24,535,000	3.00 - 5.00	1-Oct-24	18,130,000
2004 Series 206 refunding COPS	11,190,000	3.00 - 4.30	1-Oct-20	9,790,000
2005 Series 207 improvement bonds	28,980,000	4.00 - 5.00	1-Oct-25	23,660,000
2006 Series 208 improvement bonds	20,320,000	4.00 - 5.00	1-Oct-26	18,535,000
2007 Series 209 improvement bonds	21,530,000	4.00 - 5.00	1-Oct-27	21,530,000
2007 Series 210 improvement bonds	6,030,000	4.00	1-Oct-17	6,030,000
Total General Obligation Bonds				<u>\$ 137,885,000</u>

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2007

	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>End of Year</u>
Governmental activities				
Special Obligation Bonds				
2002 Series Southgate Phase TIF	\$ 5,700,000	4.90 - 6.20	1-Mar-22	\$ 5,075,000
2006 Series Olathe Gateway TIF	13,030,000	4.75 - 5.00	1-Mar-26	13,030,000
2006 Series Olathe Gateway TDD	9,195,000	4.75 - 5.00	1-Dec-28	9,195,000
2007 Series West Village TIF	16,565,000	5.00 - 5.50	1-Sep-26	16,565,000
				<u>\$ 43,865,000</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 \$8,011,080, payable through March 2022. For the current year, principal and interest paid and total incremental revenues were \$476,690 and \$625,221, 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. For the current year, interest paid and total incremental tax revenues were \$459,708 and \$326,001, respectively.

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 \$15,757,783, payable through December 2028. For the current year, interest paid and total incremental tax revenues were \$440,477 and \$264,473 respectively.

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 \$28,268,911, payable through September 2026. For the current year, there were no payments made or revenues collected.

City of Olathe, Kansas
Notes to the Basic Financial Statements
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	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>End of Year</u>
Business-type activities				
Revenue Bonds				
2001 Water and Sewer System revenue bonds	\$ 7,975,000	4.25	1-Jan-10	\$ 6,600,000
2006 Water and Sewer System revenue bonds	7,170,000	4.00	1-Jan-08	420,000
Total revenue bonds				<u>\$ 7,020,000</u>

Year	Governmental Activities					
	<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>
2008	\$ 18,060,000	\$ 5,588,854	\$ 450,000	\$ 2,445,783	\$ 18,510,000	\$ 8,034,637
2009	17,110,000	4,902,466	835,000	2,273,554	17,945,000	7,176,019
2010	15,355,000	4,262,520	1,105,000	2,226,501	16,460,000	6,489,021
2011	14,360,000	3,652,699	1,230,000	2,169,778	15,590,000	5,822,476
2012	13,275,000	3,068,046	1,350,000	2,105,925	14,625,000	5,173,971
2013 - 2017	42,415,000	8,123,792	8,865,000	9,305,758	51,280,000	17,429,550
2018 - 2022	11,625,000	2,553,910	13,675,000	6,426,525	25,300,000	8,980,435
2023 - 2027	5,685,000	552,868	14,925,000	2,364,138	20,610,000	2,917,005
2028	-	-	1,430,000	53,875	1,430,000	53,875
	<u>137,885,000</u>	<u>32,705,154</u>	<u>43,865,000</u>	<u>29,371,837</u>	<u>181,750,000</u>	<u>62,076,990</u>
Due within one year	18,060,000	5,588,854	450,000	2,445,783	18,510,000	8,034,637
Due in more than one year	<u>\$ 119,825,000</u>	<u>\$ 27,116,300</u>	<u>\$ 43,415,000</u>	<u>\$ 26,926,054</u>	<u>\$ 163,240,000</u>	<u>\$ 54,042,353</u>

Year	Business-type Activities					
	<u>Revenue Bonds</u>		<u>KDHE Revolving Loan</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 2,770,000	\$ 293,625	\$ 549,925	\$ 860,299	\$ 3,319,925	\$ 1,153,924
2009	4,250,000	227,375	1,426,548	835,986	5,676,548	1,063,361
2010	-	-	623,019	797,311	623,019	797,311
2011	-	-	640,903	777,333	640,903	777,333
2012	-	-	1,516,799	749,726	1,516,799	749,726
2013 - 2017	-	-	8,174,785	2,966,849	8,174,785	2,966,849
2018 - 2022	-	-	7,330,813	1,694,785	7,330,813	1,694,785
2023 - 2026	-	-	6,049,311	432,191	6,049,311	432,191
	<u>7,020,000</u>	<u>521,000</u>	<u>26,312,103</u>	<u>9,114,480</u>	<u>33,332,103</u>	<u>9,635,480</u>
Less deferred refunding amounts	3,647	-	-	-	3,647	-
Total debt	7,016,353	521,000	26,312,103	9,114,480	33,328,456	9,635,480
Due within one year	2,770,000	293,625	549,925	860,299	3,319,925	1,153,924
Due in more than one year	<u>\$ 4,246,353</u>	<u>\$ 227,375</u>	<u>\$ 25,762,178</u>	<u>\$ 8,254,181</u>	<u>\$ 30,008,531</u>	<u>\$ 8,481,556</u>

City of Olathe, Kansas
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The City has pledged future water customer revenues, net of specified operating expenses, to repay \$15,145,000 (\$7,975,000 2001 series and \$7,170,000 2006 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 2009. The total principal and interest remaining to be paid on the bonds is \$7,541,000. Principal and interest paid for the current year and total customer net revenues were \$5,343,188 and \$9,483,420 respectively.

In May 2007, the City issued General Obligation Bonds Series 209 in the amount of \$21,530,000 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, 2008 through October 1, 2027. The bonds maturing on or after October 1, 2017 are subject to redemption prior to maturity on October 1, 2016 at a price of par plus accrued interest. The City received a premium on this issue of \$525,380.

In September 2007, the City issued General Obligation Bonds Series 210 in the amount of \$6,030,000 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, 2008 through October 1, 2017. The bonds maturing on or after October 1, 2016 are subject to redemption prior to maturity on October 1, 2015 at a price of par plus accrued interest. The City received a premium on this issue of \$35,811.

In July 2007, the City issued Special Obligation Tax Increment Revenue Bonds Series 2007 in the amount of \$16,565,000 for economic development of the West Village TIF Project. These bonds issued are to be paid with incremental taxes attributable to the project.

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, 2007, based on the assessed valuation as of December 15, 2007 of \$1,506,846,960, the general obligation debt limit was \$452,054,088 which, after reduction for outstanding eligible general obligation bonds and notes totaling \$189,490,789, and increases for exempt projects financed with outstanding general obligation bonds and notes totaling \$77,730,365 and amounts available for debt service of \$25,394,072, provides a general obligation debt margin of \$365,687,736

Capitalized Leases

Governmental activities:

2.96% interest lease for an AS400, payable in yearly principal and interest payments of \$79,606 through July 2008

**End
of Year**

\$ 77,284

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

172,938

Total capitalized leases for governmental activities

\$ 250,222

City of Olathe, Kansas
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Business-type activities:

4.065% interest lease for a generator, payable in semi-annual principal and interest payments of \$81,647 through April 2014.	\$ 924,579
3.679% interest lease for smart carts, payable in annual principal and interest payments of \$313,841 through January 2010.	876,173
Total capital leases for business-type activities	\$ 1,800,752

The assets acquired through capital leases are as follows:

	Governmental	Business-type	
	Activities	Water & Sewer	Solid Waste
Asset:			
Machinery and equipment	\$ 440,650	\$ 1,303,621	\$ 1,427,300
Less: Accumulated depreciation	(121,967)	(185,289)	(175,384)
Total	\$ 318,683	\$ 1,118,332	\$ 1,251,916

	Governmental	Business-type	
Year	Activities	Activities	Total
	Payments	Payments	Payments
2008	\$ 129,706	\$ 477,135	\$ 606,841
2009	50,100	477,135	527,235
2010	50,100	477,135	527,235
2011	50,100	163,294	213,394
2012	-	163,295	163,295
2013-2017	-	244,940	244,940
	280,006	2,002,934	2,282,940
Less interest	29,784	202,182	231,966
Total	\$ 250,222	\$ 1,800,752	\$ 2,050,974

Reimbursable Developer's Cost

	Beginning	Additions	Retirements	End
	of Year			of Year
2004 Southgate Phase II - 20 year period	\$ 2,381,423	\$ -	\$ 251,265	\$ 2,130,158
2006 North Southgate - 8 year period	867,087	-	212,013	655,074
2006 Heritage Crossing - 13 year period	1,138,701	530,068	-	1,668,769
Total Reimbursable Developer's Cost	\$ 4,387,211	\$ 530,068	\$ 463,278	\$ 4,454,001

City of Olathe, Kansas
Notes to the Basic Financial Statements
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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

Year	Governmental Activities Estimated Payments
2008	\$463,278
2009	609,522
2010	758,116
2011	667,520
2012	663,058
2013 - 2017	2,783,738
	5,945,232
Due within one year	463,278
Due in more than one year	\$5,481,954

Other debt information

Certain other financial information and operating data regarding the City is available in the Official Statement dated May 15, 2007 related to the City's General Obligation Series 209 and General Obligation Temporary Notes Series 2007-A. The financial information and operating data contained in this Official Statement is incorporated herein by reference.

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, 2007 are as follows:

	Refunding Issue (Date)	Debt Series Defeased	Defeased Debt Outstanding
Certificates of Participation	Series 206 (2004)	2000A	5,410,000

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2007

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:

Transfers from	Transfer to					Total
	Major			Other		
	General	Debt Service	Capital Projects	Water & Sewer	Governmental Funds	
General Fund	\$ -	\$ 1,148,143	\$ 4,550,000	\$ -	\$ 9,500	\$ 5,707,643
Capital Projects	623,373	113,136	-	275,000	1,885,302	2,896,811
Other Governmental Funds	2,769,269	-	5,527,362	50,000	-	8,346,631
Proprietary Funds						
Water and sewer	-	-	3,465	-	320,219	323,684
Solid Waster	-	-	-	-	10,000	10,000
Internal Service Funds	425,682	-	-	-	-	425,682
	<u>425,682</u>	<u>-</u>	<u>3,465</u>	<u>-</u>	<u>330,219</u>	<u>759,366</u>
Totals	<u>\$ 3,818,324</u>	<u>\$ 1,261,279</u>	<u>\$ 10,080,827</u>	<u>\$ 325,000</u>	<u>\$ 2,225,021</u>	<u>\$ 17,710,451</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, (3) the combining of funds, and (4) use unrestricted revenues collected in various funds to finance various programs accounted for in other funds in accordance with budgetary authorization. Any transfers within the government funds have been eliminated in the government-wide statement of activities. The internal service funds amount does not tie to the Internal Service Funds Combining Statement of Revenues, Expenses, and Changes in Net Assets due to two funds being closed into the general fund.

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

Fund Statements	Receivables	Payables
General	\$ 393,304	\$ -
Other governmental funds		259,230
Nonmajor proprietary fund*	-	134,074
	<u>\$ 393,304</u>	<u>\$ 393,304</u>
Government-Wide Statements		
Governmental	\$ 1,288,930	\$ -
Business-type	-	1,288,930

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

City of Olathe, Kansas
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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 2007 was 5.31%. The City employer contributions to KPERS for the years ended December 31, 2007, 2006, and 2005 were \$1,452,601, \$1,174,253, and \$955,868 respectively, equal to the required contributions for each year. The KP&F employer rate established for fiscal year 2007 was 13.40%. 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, 2007, 2006, and 2005 were \$2,431,441, \$2,200,670, and \$1,968,792 respectively, equal to the required contributions for each year.

12. Commitments and Contingent Liabilities

Commitments

As of December 31, 2007, uncompleted capital project authorizations compared with project costs from inception (excluding expenditures for general obligation notes, general obligation note interest, note and bond issuance costs and transfers of unused funds back to the funding source) were as follows:

	Project Authorizations	Costs - Project Inception to December 31, 2007
Street improvements	\$ 238,012,338	\$ 148,292,494
Citywide improvements	72,097,607	49,321,548
Water and sewer lines	8,459,542	3,418,545
	\$ 318,569,487	\$ 201,032,587

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:

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	<u>Operation and Maintenance</u>	<u>Capital Improvements</u>		<u>Total</u>
2008	\$ 2,091,443	\$ 890,333	\$	2,981,776
2009	2,248,301	957,108		3,205,409
2010	2,416,923	1,028,891		3,445,814

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

Litigation

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

13 Risk Management

The City's risk management activities are reported separately in an Internal Service Fund. The City's risk management activities cover both the primary reporting unit and 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 2007 which will exceed coverage and the funds reserved. There were no significant reductions in insurance coverage during 2007. 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 funding standards monitored by the Kansas Workers' Compensation Division. The City has recorded a liability of \$883,346 that represents the estimated future cost of claims made and claims incurred, but not reported at December 31, 2007.

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>
2006	\$ 972,953	\$ 1,042,073	\$ 1,040,567	\$ 974,459
2007	974,459	943,244	1,034,357	883,346

City of Olathe, Kansas
Notes to the Basic Financial Statements
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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 \$2,019,905 at December 31, 2007.

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>
2006	\$ 1,370,741	\$ 8,355,359	\$ 8,366,382	\$ 1,359,718
2007	1,359,718	12,665,356	12,005,169	2,019,905

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, 2007. The postclosure care costs will be expensed as incurred. The City will continue to evaluate the ultimate postclosure care cost annually. In the event that a material liability is estimated, the City will accrue the liability at that financial statement date.

15. Postemployment Benefits Other than Pension Benefits

The City 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.

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 2007, retiree premiums are the same as employees – (1) Single Health PPO Insurance – no charge (2) Single Health Access Insurance - \$10 per month (3) Single Dental Insurance – no charge (4) Family Health PPO Insurance - \$194 per month (5) Family Health Access Insurance - \$214 per month (6) Family Dental Insurance \$13 per month.

City of Olathe, Kansas
Notes to the Basic Financial Statements
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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 2007:

1. Annual OPEB Cost for 2007

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	-
E. Adjustment to the ARC	-
F. Annual OPEB Cost (C+D-E)	<u><u>\$ 2,198,000</u></u>

2. Employer Contributions for 2007

A. Claims + Admin Paid on Behalf of Retirees	\$ 607,011
B. Retiree Contribution	-
C. Net Employer Contributions (A-B)	<u><u>\$ 607,011</u></u>

3. Schedule of Employer Contributions

For Fiscal Year Ended December 31

Year	Annual Required Contributions	Net Employer Contributions	Percentage Contributed
2007	\$2,198,000	\$607,011	27.62%

4. Net OPEB Obligation at 12/31/07

A. Annual OPEB Cost for 2007	\$ 2,198,000
B. Net Employer Contributions for 2007	607,011
C. Balance at 12/31/07 (A-B)	<u><u>\$ 1,590,989</u></u>

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 one year 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.

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2007

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 33.90%

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, 2007, there were 95 issues of industrial revenue, multi-housing, and education facility bonds outstanding. Outstanding issues had an aggregate outstanding amount totaling \$813,430,505 and a total assessed valuation of \$1,502,453,175.

17. Component Units Condensed Financial Statements

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

	Olathe Public Library	Olathe Public Housing Authority	Totals
Total assets	\$ 5,499,154	\$ 3,895,215	\$ 9,394,369
Total liabilities	213,028	213,758	426,786
Net assets	<u>\$ 5,286,126</u>	<u>\$ 3,681,457</u>	<u>\$ 8,967,583</u>
Expenses	\$ 3,990,329	\$ 2,652,678	\$ 6,643,007
Program revenues	297,996	2,677,228	2,975,224
Net program revenues	(3,692,333)	24,550	(3,667,783)
Tax revenues	3,921,871	-	3,921,871
Other general revenues	92,917	34,346	127,263
Change in net assets	322,455	58,896	381,351
Beginning net assets	4,963,671	3,622,561	8,586,232
Ending net assets	<u>\$ 5,286,126</u>	<u>\$ 3,681,457</u>	<u>\$ 8,967,583</u>

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2007

18. Pending GASB Statements

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

Statement Number 49, Accounting and Financial Reporting for Pollution Remediation Obligations, was issued November 2006 and will be effective for the City with the fiscal year ending December 31, 2008. Management has not yet determined the effect, if any, of the implementation of this statement on 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.

19. Subsequent Events

On February 1, 2008, the City issued \$2,155,000 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 3.00 – 4.00% and the maturity date is July 1, 2021.

On May 15, 2008, the City issued \$35,400,000 in general obligation bonds and \$49,485,000 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 4.00 – 5.00% and the rates on the notes are 2.75%. The maturity date on the bonds is October 1, 2028 and the maturity date on the notes is June 1, 2009.



**Required
Supplementary Information**

City of Olathe, Kansas
Required Supplementary Information
Schedule of Funding Progress for OPEB
As of December 31, 2007

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%



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 Operations

To account for the daily operations of the Mahaffie Farmstead

Mahaffie House Restoration

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

**City of Olathe, Kansas
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2007**

	Special Revenue						
	Fire Levy	Motor Fuel Tax	Library Tax	Special Park and Recreation	Special Alcohol	Storm Water	Park Sales Tax
Assets							
Cash, cash equivalents, and investments	\$ 9,107	\$ -	\$ 440,258	\$ 2,784,335	\$ 493,261	\$ 2,677,406	\$ 5,647,618
Receivables (net of allowance)							
Accounts	-	-	-	-	-	263,111	-
Taxes	2,298,016	-	3,733,105	-	-	-	443,159
Loans	-	-	-	-	-	-	-
Due from other governments	-	895,691	-	80,000	80,000	-	-
Total assets	<u>\$ 2,307,123</u>	<u>\$ 895,691</u>	<u>\$ 4,173,363</u>	<u>\$ 2,864,335</u>	<u>\$ 573,261</u>	<u>\$ 2,940,517</u>	<u>\$ 6,090,777</u>
Liabilities and fund balances							
Liabilities							
Accounts payable	\$ 9,107	\$ 12,043	\$ -	\$ 51,744	\$ -	\$ 695	\$ 37
Due to other funds	-	120,074	-	-	-	-	-
Due to component unit	-	-	440,258	-	-	-	-
Deferred revenue	2,298,016	-	3,733,105	80,000	80,000	-	-
Total liabilities	<u>2,307,123</u>	<u>132,117</u>	<u>4,173,363</u>	<u>131,744</u>	<u>80,000</u>	<u>695</u>	<u>37</u>
Fund balances							
Reserved for							
Encumbrances	-	35,656	-	1,110	51,022	29,995	-
Unreserved, reported in							
Special revenue funds	-	727,918	-	2,731,481	442,239	2,909,827	6,090,740
Total fund balances	<u>-</u>	<u>763,574</u>	<u>-</u>	<u>2,732,591</u>	<u>493,261</u>	<u>2,939,822</u>	<u>6,090,740</u>
Total liabilities and fund balances	<u>\$ 2,307,123</u>	<u>\$ 895,691</u>	<u>\$ 4,173,363</u>	<u>\$ 2,864,335</u>	<u>\$ 573,261</u>	<u>\$ 2,940,517</u>	<u>\$ 6,090,777</u>

	Special Revenue							Total Nonmajor Governmental Funds	
	Reimbursable Programs	Grants Fund	Future Street Improvement	Park & Recreation Foundation	Recreation	Cemetery	Mahaffie House Operations		Mahaffie House Restoration
Assets									
Cash, cash equivalents, and investments	\$ 482,989	\$ 108,857	\$ 10,564,826	\$ 15,237	\$ -	\$ 464,432	\$ -	\$ 118,683	\$ 23,807,009
Receivables (net of allowance)									
Accounts	-	-	-	-	33,226	-	-	-	296,337
Taxes	-	-	-	-	-	-	-	-	6,474,280
Loans	-	3,323,902	-	-	-	-	-	-	3,323,902
Due from other governments	-	315,609	-	-	-	-	-	-	1,371,300
Total assets	<u>\$ 482,989</u>	<u>\$ 3,748,368</u>	<u>\$ 10,564,826</u>	<u>\$ 15,237</u>	<u>\$ 33,226</u>	<u>\$ 464,432</u>	<u>\$ -</u>	<u>\$ 118,683</u>	<u>\$ 35,272,828</u>
Liabilities and fund balances									
Liabilities									
Accounts payable	\$ 1,572	\$ 1,554	\$ -	\$ -	\$ 10,888	\$ -	\$ -	\$ -	\$ 87,640
Due to other funds	-	138,111	-	-	1,045	-	-	-	259,230
Due to component unit	-	-	-	-	-	-	-	-	440,258
Deferred revenue	-	3,493,877	-	-	-	-	-	-	9,684,998
Total liabilities	<u>1,572</u>	<u>3,633,542</u>	<u>-</u>	<u>-</u>	<u>11,933</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,472,126</u>
Fund balances									
Reserved for									
Encumbrances	1,690	145,952	-	-	7,485	-	-	-	272,910
Unreserved, reported in									
Special revenue funds	479,727	(31,126)	10,564,826	15,237	13,808	464,432	-	118,683	24,527,792
Total fund balances	<u>481,417</u>	<u>114,826</u>	<u>10,564,826</u>	<u>15,237</u>	<u>21,293</u>	<u>464,432</u>	<u>-</u>	<u>118,683</u>	<u>24,800,702</u>
Total liabilities and fund balances	<u>\$ 482,989</u>	<u>\$ 3,748,368</u>	<u>\$ 10,564,826</u>	<u>\$ 15,237</u>	<u>\$ 33,226</u>	<u>\$ 464,432</u>	<u>\$ -</u>	<u>\$ 118,683</u>	<u>\$ 35,272,828</u>

City of Olathe, Kansas
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2007

	Fire Levy	Motor Fuel Tax	Library Tax	Special Park and Recreation	Special Alcohol	Storm Water	Park Sales Tax
Revenues							
Taxes:							
Property	\$ 2,347,536	\$ -	\$ 3,857,089	\$ -	\$ -	\$ -	\$ -
Sales	-	-	-	-	-	-	2,534,766
Intergovernmental	-	3,495,133	-	312,133	312,133	-	-
Charge for service	-	-	-	534,536	-	1,962,033	-
Use of money and property	-	36,661	65,230	151,701	28,364	187,412	270,060
Miscellaneous	-	-	-	-	-	-	-
Total revenues	<u>2,347,536</u>	<u>3,531,794</u>	<u>3,922,319</u>	<u>998,370</u>	<u>340,497</u>	<u>2,149,445</u>	<u>2,804,826</u>
Expenditures							
General government	-	605,157	3,922,319	-	-	172,940	-
Public safety	-	-	-	-	-	-	-
Public works	-	3,127,630	-	-	-	568,752	23,107
Community services	-	-	-	533,505	295,632	-	194,018
Development services	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>3,732,787</u>	<u>3,922,319</u>	<u>533,505</u>	<u>295,632</u>	<u>741,692</u>	<u>217,125</u>
Excess of revenues over (under) expenditures	<u>2,347,536</u>	<u>(200,993)</u>	<u>-</u>	<u>464,865</u>	<u>44,865</u>	<u>1,407,753</u>	<u>2,587,701</u>
Other financing sources (uses)							
Transfers in	-	-	-	14,898	-	493,005	320,219
Transfers out	(2,717,423)	-	-	-	-	(2,823,430)	(1,236,000)
Total other financing sources (uses)	<u>(2,717,423)</u>	<u>-</u>	<u>-</u>	<u>14,898</u>	<u>-</u>	<u>(2,330,425)</u>	<u>(915,781)</u>
Net change in fund balances	(369,887)	(200,993)	-	479,763	44,865	(922,672)	1,671,920
Fund balances - beginning of year	369,887	964,567	-	2,252,828	448,396	3,862,494	4,418,820
Fund balances - end of year	<u>\$ -</u>	<u>\$ 763,574</u>	<u>\$ -</u>	<u>\$ 2,732,591</u>	<u>\$ 493,261</u>	<u>\$ 2,939,822</u>	<u>\$ 6,090,740</u>

	Special Revenue							Total Nonmajor Governmental Funds
	Reimbursable Programs	Grant Fund	Future Street Improvement	Park & Recreation Foundation	Recreation	Cemetery	Mahaffie House Operations	
Revenues								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,204,625
Sales	-	-	-	-	-	-	-	2,534,766
Intergovernmental	-	902,039	-	-	-	-	-	5,021,438
Charge for service	216,354	-	2,217,741	-	900,991	47,165	-	5,878,820
Use of money and property	475	1,150	497,263	802	4,104	27,799	-	1,277,385
Miscellaneous	66,626	26,423	29,734	2,061	-	39,270	-	184,199
Total revenues	<u>283,455</u>	<u>929,612</u>	<u>2,744,738</u>	<u>2,863</u>	<u>905,095</u>	<u>114,234</u>	<u>-</u>	<u>21,101,233</u>
Expenditures								
General government	49,638	153,277	-	-	-	-	-	4,903,331
Public safety	123,630	189,684	-	-	-	-	-	313,314
Public works	-	33,795	-	-	-	-	-	3,753,284
Community services	-	441,034	-	-	890,321	93,442	-	2,457,952
Development services	-	25,329	-	-	-	-	-	25,329
Total expenditures	<u>173,268</u>	<u>843,119</u>	<u>-</u>	<u>-</u>	<u>890,321</u>	<u>93,442</u>	<u>-</u>	<u>11,453,210</u>
Excess of revenues over (under) expenditures	<u>110,187</u>	<u>86,493</u>	<u>2,744,738</u>	<u>2,863</u>	<u>14,774</u>	<u>20,792</u>	<u>-</u>	<u>9,648,023</u>
Other financing sources (uses)								
Transfers in	14,500	10,000	1,372,399	-	-	-	-	2,225,021
Transfers out	-	(186,830)	(1,331,102)	-	-	-	(51,846)	(8,346,631)
Total other financing sources (uses)	<u>14,500</u>	<u>(176,830)</u>	<u>41,297</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(51,846)</u>	<u>(6,121,610)</u>
Net change in fund balances	124,687	(90,337)	2,786,035	2,863	14,774	20,792	(51,846)	3,526,413
Fund balances - beginning of year	356,730	205,163	7,778,791	12,374	6,519	443,640	51,846	21,274,289
Fund balances - end of year	<u>\$ 481,417</u>	<u>\$ 114,826</u>	<u>\$ 10,564,826</u>	<u>\$ 15,237</u>	<u>\$ 21,293</u>	<u>\$ 464,432</u>	<u>\$ -</u>	<u>\$ 24,800,702</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, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Taxes:			
Property	\$ 13,712,892	\$ 14,119,866	\$ 406,974
Sales	36,570,936	36,691,373	120,437
Franchise	7,742,070	8,063,261	321,191
Transient guest	-	847,352	847,352
Intergovernmental	895,420	1,028,792	133,372
Licenses and permits	1,400,810	1,497,666	96,856
Fines, forfeitures, and penalties	3,690,886	3,047,531	(643,355)
Charges for services	2,742,534	4,767,521	2,024,987
Use of money and property	1,002,000	1,249,682	247,682
Miscellaneous	268,704	517,884	249,180
Total revenues	<u>68,026,252</u>	<u>71,830,928</u>	<u>3,804,676</u>
Expenditures			
General government	5,474,166	2,322,253	3,151,913
Administration	3,492,052	3,651,927	(159,875)
Human resources	822,095	899,265	(77,170)
Legal	1,436,617	1,416,716	19,901
Information technology services	-	3,817,824	(3,817,824)
Financial services	1,280,090	1,862,971	(582,881)
Public safety	21,951,620	33,836,990	(11,885,370)
Public works	9,418,567	10,010,432	(591,865)
Development services	2,583,281	2,566,715	16,566
Community services	4,707,177	5,593,236	(886,059)
Neighborhood services	2,203,945	2,184,102	19,843
Economic development	-	860,501	(860,501)
Contingency	13,362,624	286,263	13,076,361
Total expenditures	<u>66,732,234</u>	<u>69,309,195</u>	<u>(2,576,961)</u>
Excess of revenues over expenditures	<u>1,294,018</u>	<u>2,521,733</u>	<u>1,227,715</u>
Other financing sources (uses)			
Transfers in	-	3,818,325	3,818,325
Transfers out	(14,001,457)	(5,707,643)	8,293,814
Total other financing sources (uses)	<u>(14,001,457)</u>	<u>(1,889,318)</u>	<u>12,112,139</u>
Net change in fund balance	<u>\$ (12,707,439)</u>	<u>632,415</u>	<u>\$ 13,339,854</u>
Fund balance - beginning of year - budget basis		19,491,047	
Fund balance - end of year - budget basis		20,123,462	
Encumbrances incurred and outstanding		1,152,170	
Fund balance - end of year - GAAP basis		<u>\$ 21,275,632</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, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
Revenues			
Taxes and special assessments	\$ 3,924,000	\$ 2,159,946	\$ (1,764,054)
Charge for services	-	52,500	52,500
Use of money and property	65,000	377,385	312,385
Total revenues	<u>3,989,000</u>	<u>2,589,831</u>	<u>(1,399,169)</u>
Expenditures			
General operations	-	10,459,549	(10,459,549)
Debt service	15,989,000	1,527,104	14,461,896
Total expenditures	<u>15,989,000</u>	<u>11,986,653</u>	<u>4,002,347</u>
Excess of revenues over (under) expenditures	<u>(12,000,000)</u>	<u>(9,396,822)</u>	<u>2,603,178</u>
Other financing sources			
Bond proceeds	12,000,000	16,565,000	4,565,000
Total other financing sources	<u>12,000,000</u>	<u>16,565,000</u>	<u>4,565,000</u>
Net change in fund balance	<u>\$ -</u>	<u>7,168,178</u>	<u>\$ 7,168,178</u>
Fund balance - beginning of year		<u>4,499,822</u>	
Fund balance - end of year		<u>\$ 11,668,000</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

	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)
Revenues									
Taxes	\$ 2,281,983	\$ 2,347,536	\$ 65,553	\$ -	\$ -	\$ -	\$ 3,759,018	\$ 3,857,089	\$ 98,071
Intergovernmental	-	-	-	3,232,190	3,495,133	262,943	-	-	-
Charge for services	-	-	-	-	-	-	-	-	-
Use of money and property	21,000	-	(21,000)	35,200	36,661	1,461	15,756	65,230	49,474
Miscellaneous	-	-	-	-	-	-	-	-	-
Total revenues	<u>2,302,983</u>	<u>2,347,536</u>	<u>44,553</u>	<u>3,267,390</u>	<u>3,531,794</u>	<u>264,404</u>	<u>3,774,774</u>	<u>3,922,319</u>	<u>147,545</u>
Expenditures									
General government	1,128,697	-	1,128,697	605,076	605,157	(81)	4,041,414	3,904,093	137,321
Public safety	13,020,731	-	13,020,731	-	-	-	-	-	-
Public works	223,997	-	223,997	3,273,285	3,150,858	122,427	-	-	-
Community services	-	-	-	-	-	-	-	-	-
Contingency	-	-	-	114,181	-	114,181	-	-	-
Total expenditures	<u>14,373,425</u>	<u>-</u>	<u>14,373,425</u>	<u>3,992,542</u>	<u>3,756,015</u>	<u>236,527</u>	<u>4,041,414</u>	<u>3,904,093</u>	<u>137,321</u>
Excess of revenues over/ (under) expenditures	<u>(12,070,442)</u>	<u>2,347,536</u>	<u>14,417,978</u>	<u>(725,152)</u>	<u>(224,221)</u>	<u>500,931</u>	<u>(266,640)</u>	<u>18,226</u>	<u>284,866</u>
Other financing sources (uses)									
Transfers in	11,732,258	-	(11,732,258)	-	-	-	-	-	-
Transfers out	-	(2,671,300)	(2,671,300)	-	-	-	-	-	-
Total other financing sources/(uses)	<u>11,732,258</u>	<u>(2,671,300)</u>	<u>(14,403,558)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (338,184)</u>	<u>(323,764)</u>	<u>\$ 14,420</u>	<u>\$ (725,152)</u>	<u>(224,221)</u>	<u>\$ 500,931</u>	<u>\$ (266,640)</u>	<u>18,226</u>	<u>\$ 284,866</u>
Fund balances - beginning of year - Budget basis		<u>323,764</u>			<u>952,139</u>			<u>422,032</u>	
Fund balances - end of year - Budget basis					<u>727,918</u>			<u>440,258</u>	
Encumbrances incurred and outstanding / Due to component unit					<u>35,656</u>			<u>(440,258)</u>	
Fund balances - end of year - GAAP basis		<u>\$ -</u>			<u>\$ 763,574</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

	Economic Development and Tourism			Special Park and Recreation Fund			Special Alcohol Fund			Storm Water Fund		
	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
Revenues												
Taxes	\$ 819,000	\$ -	\$ (819,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	260,000	312,133	52,133	301,200	312,133	10,933	-	-	-
Charge for services	-	-	-	750,000	534,536	(215,464)	-	-	-	1,955,500	1,962,033	6,533
Use of money and property	-	-	-	60,000	151,701	91,701	16,500	28,364	11,864	179,000	187,412	8,412
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	<u>819,000</u>	<u>-</u>	<u>(819,000)</u>	<u>1,070,000</u>	<u>998,370</u>	<u>(71,630)</u>	<u>317,700</u>	<u>340,497</u>	<u>22,797</u>	<u>2,134,500</u>	<u>2,149,445</u>	<u>14,945</u>
Expenditures												
General government	819,000	-	819,000	-	-	-	-	-	-	749,131	162,180	586,951
Public safety	-	-	-	-	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-	-	644,865	575,026	69,839
Community services	-	-	-	880,007	522,022	357,985	778,658	346,654	432,004	-	-	-
Contingency	-	-	-	-	-	-	-	-	-	536,868	-	536,868
Total expenditures	<u>819,000</u>	<u>-</u>	<u>819,000</u>	<u>880,007</u>	<u>522,022</u>	<u>357,985</u>	<u>778,658</u>	<u>346,654</u>	<u>432,004</u>	<u>1,930,864</u>	<u>737,206</u>	<u>1,193,658</u>
Excess of revenues over (under) expenditures	-	-	-	189,993	476,348	286,355	(460,958)	(6,157)	454,801	203,636	1,412,239	1,208,603
Other financing sources (uses)												
Transfers in	-	-	-	500,000	14,898	(485,102)	-	-	-	-	493,005	493,005
Transfers out	-	-	-	(1,639,993)	-	1,639,993	-	-	-	(4,556,205)	(2,823,430)	1,732,775
Total other financing sources/(uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,139,993)</u>	<u>14,898</u>	<u>1,154,891</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,556,205)</u>	<u>(2,330,425)</u>	<u>2,225,780</u>
Net change in fund balances	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ (950,000)</u>	<u>491,246</u>	<u>\$ 1,441,246</u>	<u>\$ (460,958)</u>	<u>(6,157)</u>	<u>\$ 454,801</u>	<u>\$ (4,352,569)</u>	<u>(918,186)</u>	<u>\$ 3,434,383</u>
Fund balances - beginning of year - Budget basis		<u>-</u>			<u>2,240,235</u>			<u>448,396</u>			<u>3,828,013</u>	
Fund balances - end of year - Budget basis					<u>2,731,481</u>			<u>442,239</u>			<u>2,909,827</u>	
Encumbrances incurred and outstanding / Due from component unit		<u>-</u>			<u>1,110</u>			<u>51,022</u>			<u>29,995</u>	
Fund balances - end of year - GAAP basis		<u>\$ -</u>			<u>\$ 2,732,591</u>			<u>\$ 493,261</u>			<u>\$ 2,939,822</u>	

City of Olathe, Kansas
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
All Budgeted Special Revenue Funds
Budget and Actual - Budgetary Basis (continued)
For the Year Ended December 31, 2007

	Park Sales Tax Fund			Recreation			Mahaffie House Operations			Total		
	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
Revenues												
Taxes	\$ 2,500,000	\$ 2,534,766	\$ 34,766	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,360,001	\$ 8,739,391	\$ (620,610)
Intergovernmental	-	-	-	-	-	-	-	-	-	3,793,390	4,119,399	326,009
Charge for services	-	-	-	1,048,585	900,991	(147,594)	78,250	-	(78,250)	3,832,335	3,397,560	(434,775)
Use of money and property	6,700	270,060	263,360	4,000	4,104	104	2,500	-	(2,500)	340,656	743,532	402,876
Miscellaneous	-	-	-	-	-	-	29,000	-	(29,000)	29,000	-	(29,000)
Total revenues	<u>2,506,700</u>	<u>2,804,826</u>	<u>298,126</u>	<u>1,052,585</u>	<u>905,095</u>	<u>(147,490)</u>	<u>109,750</u>	<u>-</u>	<u>(109,750)</u>	<u>17,355,382</u>	<u>16,999,882</u>	<u>(355,500)</u>
Expenditures												
General government	-	-	-	-	-	-	-	-	-	7,343,318	4,671,430	2,671,888
Public safety	-	-	-	-	-	-	-	-	-	13,020,731	-	13,020,731
Public works	90,248	23,107	67,141	-	-	-	-	-	-	4,232,395	3,748,991	483,404
Community services	208,790	194,018	14,772	1,092,585	896,660	195,925	914,914	-	914,914	3,874,954	1,959,354	1,915,600
Contingency	-	-	-	-	-	-	-	-	-	651,049	-	651,049
Total expenditures	<u>299,038</u>	<u>217,125</u>	<u>81,913</u>	<u>1,092,585</u>	<u>896,660</u>	<u>195,925</u>	<u>914,914</u>	<u>-</u>	<u>914,914</u>	<u>29,122,447</u>	<u>10,379,775</u>	<u>18,742,672</u>
Excess of revenues over (under) expenditures	<u>2,207,662</u>	<u>2,587,701</u>	<u>380,039</u>	<u>(40,000)</u>	<u>8,435</u>	<u>48,435</u>	<u>(805,164)</u>	<u>-</u>	<u>805,164</u>	<u>(11,767,065)</u>	<u>6,620,107</u>	<u>18,387,172</u>
Other financing sources (uses)												
Transfers in	922,196	320,219	(601,977)	-	-	-	749,199	-	(749,199)	13,903,653	828,122	(13,075,531)
Transfers out	(5,066,796)	(1,236,000)	3,830,796	-	-	-	-	(29,689)	(29,689)	(11,262,994)	(6,760,419)	4,502,575
Total other financing sources/(uses)	<u>(4,144,600)</u>	<u>(915,781)</u>	<u>3,228,819</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>749,199</u>	<u>(29,689)</u>	<u>(778,888)</u>	<u>2,640,659</u>	<u>(5,932,297)</u>	<u>(8,572,956)</u>
Net change in fund balances	<u>\$ (1,936,938)</u>	<u>1,671,920</u>	<u>\$ 3,608,858</u>	<u>\$ (40,000)</u>	<u>8,435</u>	<u>\$ 48,435</u>	<u>\$ (55,965)</u>	<u>(29,689)</u>	<u>\$ 26,276</u>	<u>\$ (9,126,406)</u>	<u>687,810</u>	<u>\$ 9,814,216</u>
Fund balances - beginning of year - Budget basis		<u>4,418,820</u>			<u>5,373</u>			<u>29,689</u>			<u>12,668,461</u>	
Fund balances - end of year - Budget basis		<u>6,090,740</u>			<u>13,808</u>			<u>-</u>			<u>13,356,271</u>	
Encumbrances incurred and outstanding / Due from component unit		<u>-</u>			<u>7,485</u>			<u>-</u>			<u>(314,990)</u>	
Fund balances - end of year - GAAP basis		<u>\$ 6,090,740</u>			<u>\$ 21,293</u>			<u>\$ -</u>			<u>\$ 13,041,281</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, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
Revenues			
Taxes and special assessments	\$ 18,170,163	\$ 19,500,197	\$ 1,330,034
Use of money and property	970,000	2,138,105	1,168,105
Miscellaneous	-	92,578	92,578
Total revenues	<u>19,140,163</u>	<u>21,730,880</u>	<u>2,590,717</u>
Expenditures			
General operations	500	-	500
Debt service:			
Principal retirements	31,110,109	17,345,000	13,765,109
Interest	5,824,898	5,652,452	172,446
Total expenditures	<u>36,935,507</u>	<u>22,997,452</u>	<u>13,938,055</u>
Excess of revenues over (under) expenditures	<u>(17,795,344)</u>	<u>(1,266,572)</u>	<u>16,528,772</u>
Other financing sources			
Transfers in	2,300,000	1,261,279	(1,038,721)
Premium on bonds	-	561,191	561,191
Total other financing sources	<u>2,300,000</u>	<u>1,822,470</u>	<u>(477,530)</u>
Net change in fund balance	<u>\$ (15,495,344)</u>	555,898	<u>\$ 16,051,242</u>
Fund balance - beginning of year		24,838,174	
Fund balance - end of year		<u>\$ 25,394,072</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, 2007

	Water and Sewer Fund			Solid Waste Fund			Golf Course Fund			Total		
	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
Revenues												
Water charges	\$ 14,090,372	\$ 14,392,888	\$ 302,516	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,090,372	\$ 14,392,888	\$ 302,516
Sewer charges	13,598,035	12,776,371	(821,664)	-	-	-	-	-	-	13,598,035	12,776,371	(821,664)
Water and sewer connection charges	347,000	272,507	(74,493)	-	-	-	-	-	-	347,000	272,507	(74,493)
Sanitation charges and landfill fees	-	-	-	9,373,916	9,024,921	(348,995)	-	-	-	9,373,916	9,024,921	(348,995)
Interest income	356,000	524,152	168,152	35,300	21,332	(13,968)	-	-	-	391,300	545,484	154,184
Miscellaneous	281,950	373,530	91,580	-	-	-	-	-	-	281,950	373,530	91,580
Total revenues	<u>28,673,357</u>	<u>28,339,449</u>	<u>(333,908)</u>	<u>9,409,216</u>	<u>9,046,253</u>	<u>(362,963)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,082,573</u>	<u>37,385,702</u>	<u>(696,871)</u>
Expenditures												
General operations	5,993,245	3,404,038	2,589,207	1,774,426	1,841,353	(66,927)	-	-	-	7,767,671	5,245,391	2,522,280
Public works	16,900,343	17,042,213	(141,870)	7,476,659	7,270,518	206,141	-	-	-	24,377,002	24,312,731	64,271
Debt service	7,025,234	7,037,844	(12,610)	-	-	-	-	-	-	7,025,234	7,037,844	(12,610)
Total expenditures	<u>29,918,822</u>	<u>27,484,095</u>	<u>2,434,727</u>	<u>9,251,085</u>	<u>9,111,871</u>	<u>139,214</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,169,907</u>	<u>36,595,966</u>	<u>2,573,941</u>
Excess of revenues over (under) expenditures	<u>(1,245,465)</u>	<u>855,354</u>	<u>2,100,819</u>	<u>158,131</u>	<u>(65,618)</u>	<u>(223,749)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,087,334)</u>	<u>789,736</u>	<u>1,877,070</u>
Other financing sources (uses)												
Transfers in	-	400,000	400,000	-	-	-	-	-	-	-	400,000	400,000
Transfers out	(1,375,000)	(1,253,740)	121,260	-	(10,000)	(10,000)	-	-	-	(1,375,000)	(1,263,740)	111,260
Net other financing sources (uses)	<u>(1,375,000)</u>	<u>(853,740)</u>	<u>521,260</u>	<u>-</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,375,000)</u>	<u>(863,740)</u>	<u>511,260</u>
Net change in net assets	<u>\$ (2,620,465)</u>	<u>1,614</u>	<u>\$ 2,622,079</u>	<u>\$ 158,131</u>	<u>(75,618)</u>	<u>\$ (233,749)</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ (2,462,334)</u>	<u>(74,004)</u>	<u>\$ 2,388,330</u>
Net assets - beginning of year		<u>5,188,386</u>			<u>267,119</u>			<u>(96,970)</u>			<u>5,358,535</u>	
Net assets - end of year		<u>\$ 5,190,000</u>			<u>\$ 191,501</u>			<u>\$ (96,970)</u>			<u>\$ 5,284,531</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, 2007

	Central Garage			Central Purchasing			Information Technology Services			Risk Management		
	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
Revenues												
Charge for services	\$ 4,894,299	\$ 4,903,610	\$ 9,311	\$ 579,700	\$ -	\$ (579,700)	\$ 3,895,597	\$ -	\$ (3,895,597)	\$ 11,559,578	\$ 12,500,675	\$ 941,097
Interest income	6,300	7,932	1,632	2,200	-	(2,200)	4,733	-	(4,733)	262,000	424,349	162,349
Total revenues	<u>4,900,599</u>	<u>4,911,542</u>	<u>10,943</u>	<u>581,900</u>	<u>-</u>	<u>(581,900)</u>	<u>3,900,330</u>	<u>-</u>	<u>(3,900,330)</u>	<u>11,821,578</u>	<u>12,925,024</u>	<u>1,103,446</u>
Expenditures												
General operations	374,324	180,835	193,489	606,900	-	606,900	4,000,330	-	4,000,330	15,301,907	14,385,299	916,608
Public works	4,626,275	4,768,700	(142,425)	-	-	-	-	-	-	-	-	-
Total expenditures	<u>5,000,599</u>	<u>4,949,535</u>	<u>51,064</u>	<u>606,900</u>	<u>-</u>	<u>606,900</u>	<u>4,000,330</u>	<u>-</u>	<u>4,000,330</u>	<u>15,301,907</u>	<u>14,385,299</u>	<u>916,608</u>
Excess of revenues over (under) expenditures	<u>(100,000)</u>	<u>(37,993)</u>	<u>62,007</u>	<u>(25,000)</u>	<u>-</u>	<u>25,000</u>	<u>(100,000)</u>	<u>-</u>	<u>100,000</u>	<u>(3,480,329)</u>	<u>(1,460,275)</u>	<u>2,020,054</u>
Other financing (uses)												
Transfers out	-	-	-	-	(25,000)	25,000	-	(100,000)	(100,000)	-	-	-
Net other financing (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,000)</u>	<u>25,000</u>	<u>-</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in net assets	<u>\$ (100,000)</u>	<u>(37,993)</u>	<u>\$ 62,007</u>	<u>\$ (25,000)</u>	<u>(25,000)</u>	<u>\$ 50,000</u>	<u>\$ (100,000)</u>	<u>(100,000)</u>	<u>\$ -</u>	<u>\$ (3,480,329)</u>	<u>(1,460,275)</u>	<u>\$ 2,020,054</u>
Net assets - beginning of year		102,211			25,000			100,000			5,019,727	
Net assets - end of year		<u>\$ 64,218</u>			<u>\$ -</u>			<u>\$ -</u>			<u>\$ 3,559,452</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, 2007

	Vehicle Replacement			Personal Computer Replacement			Total		
	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
Revenues									
Charge for services	\$ 4,815,124	\$ 4,262,861	\$ (552,263)	\$ 725,975	\$ 750,245	\$ 24,270	\$ 26,470,273	\$ 22,417,391	\$ (4,052,882)
Interest income	189,000	273,051	84,051	12,500	1,853	(10,647)	476,733	707,185	230,452
Total revenues	<u>5,004,124</u>	<u>4,535,912</u>	<u>(468,212)</u>	<u>738,475</u>	<u>752,098</u>	<u>13,623</u>	<u>26,947,006</u>	<u>23,124,576</u>	<u>(3,822,430)</u>
Expenditures									
General operations	7,595,709	3,685,806	3,909,903	738,475	442,271	296,204	28,617,645	18,694,211	9,923,434
Public works	-	-	-	-	-	-	4,626,275	4,768,700	(142,425)
Total expenditures	<u>7,595,709</u>	<u>3,685,806</u>	<u>3,909,903</u>	<u>738,475</u>	<u>442,271</u>	<u>296,204</u>	<u>33,243,920</u>	<u>23,462,911</u>	<u>9,781,009</u>
Excess of revenues over (under) expenditures	<u>(2,591,585)</u>	<u>850,106</u>	<u>3,441,691</u>	<u>-</u>	<u>309,827</u>	<u>309,827</u>	<u>(6,296,914)</u>	<u>(338,335)</u>	<u>5,958,579</u>
Other financing (uses)									
Transfers out	-	-	-	-	-	-	-	(125,000)	(125,000)
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(125,000)</u>	<u>(125,000)</u>
Net change in net assets	<u>\$ (2,591,585)</u>	<u>850,106</u>	<u>\$ 3,441,691</u>	<u>\$ -</u>	<u>309,827</u>	<u>\$ 309,827</u>	<u>\$ (6,296,914)</u>	<u>\$ (463,335)</u>	<u>\$ 5,833,579</u>
Net assets - beginning of year		<u>2,764,512</u>			<u>106,466</u>			<u>8,117,916</u>	
Net assets - end of year		<u>\$ 3,614,618</u>			<u>\$ 416,293</u>			<u>\$ 7,654,581</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.

Central Purchasing

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

Information Technology Services

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

Risk Management

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

Vehicle Replacement

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

Personal Computer Replacement

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

City of Olathe, Kansas
Combining Statement of Net Assets
Internal Service Funds
December 31, 2007

	Central Garage	Central Purchasing	Information Technology Services	Risk Management	Vehicle Replacement	Personal Computer Replacement	Totals
Assets							
Current assets							
Cash and cash equivalents	\$ 525,033	\$ -	\$ -	\$ 5,925,715	\$ 4,145,289	\$ 487,928	\$ 11,083,965
Inventories and prepaid assets	189,285	-	-	134,000	-	-	323,285
Total current assets	<u>714,318</u>	<u>-</u>	<u>-</u>	<u>6,059,715</u>	<u>4,145,289</u>	<u>487,928</u>	<u>11,407,250</u>
Noncurrent assets							
Restricted assets							
Due from reinsurance	-	-	-	977,249	-	-	977,249
Deposit	-	-	-	11,000	-	-	11,000
Total restricted assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>988,249</u>	<u>-</u>	<u>-</u>	<u>988,249</u>
Capital assets	198,119	-	-	-	35,828,597	415,334	36,442,050
Less accumulated depreciation	<u>(198,024)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(19,124,992)</u>	<u>(355,941)</u>	<u>(19,678,957)</u>
Net capital assets	95	-	-	-	16,703,605	59,393	16,763,093
Total assets	<u>\$ 714,413</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,047,964</u>	<u>\$ 20,848,894</u>	<u>\$ 547,321</u>	<u>\$ 29,158,592</u>
Liabilities and net assets							
Current liabilities							
Accounts and claims payable	\$ 476,901	\$ -	\$ -	\$ 3,015,315	\$ 109,965	\$ 64,461	\$ 3,666,642
Compensated absences	50,578	-	-	3,846	-	-	54,424
Total current liabilities	<u>527,479</u>	<u>-</u>	<u>-</u>	<u>3,019,161</u>	<u>109,965</u>	<u>64,461</u>	<u>3,721,066</u>
Noncurrent liabilities							
Deposit	-	-	-	11,000	-	-	11,000
Compensated absences	22,464	-	-	-	-	-	22,464
Total noncurrent liabilities	<u>22,464</u>	<u>-</u>	<u>-</u>	<u>11,000</u>	<u>-</u>	<u>-</u>	<u>33,464</u>
Total liabilities	<u>549,943</u>	<u>-</u>	<u>-</u>	<u>3,030,161</u>	<u>109,965</u>	<u>64,461</u>	<u>3,754,530</u>
Net assets							
Invested in capital assets	95	-	-	-	16,703,605	59,393	16,763,093
Unrestricted	164,375	-	-	4,017,803	4,035,324	423,467	8,640,969
Total net assets	<u>164,470</u>	<u>-</u>	<u>-</u>	<u>4,017,803</u>	<u>20,738,929</u>	<u>482,860</u>	<u>25,404,062</u>
Total liabilities and net assets	<u>\$ 714,413</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,047,964</u>	<u>\$ 20,848,894</u>	<u>\$ 547,321</u>	<u>\$ 29,158,592</u>

City of Olathe, Kansas
Combining Statement of Revenues, Expenses, and Changes in Net Assets
Internal Service Funds
For the Year Ended December 31, 2007

	Central Garage	Central Purchasing	Information Technology Services	Risk Management	Vehicle Replacement	Personal Computer Replacement	Total
Operating revenues							
Charges for services	\$ 4,903,610	\$ -	\$ -	\$ 12,500,675	\$ 4,054,084	\$ 742,720	\$ 22,201,089
Operating expenses							
Administration and general	186,470	-	-	14,335,346	78,411	445,506	15,045,733
Depreciation	2,501	-	-	-	3,059,795	38,098	3,100,394
Equipment maintenance	4,716,159	-	-	-	-	-	4,716,159
Total operating expenses	4,905,130	-	-	14,335,346	3,138,206	483,604	22,862,286
Operating income (loss)	(1,520)	-	-	(1,834,671)	915,878	259,116	(661,197)
Nonoperating revenues (expenses)							
Interest income	7,932	-	-	424,349	273,051	1,853	707,185
Gain from sale of equipment	-	-	-	-	208,777	7,525	216,302
Total nonoperating revenues (expenses)	7,932	-	-	424,349	481,828	9,378	923,487
Net income (loss) before transfers and contributions	6,412	-	-	(1,410,322)	1,397,706	268,494	262,290
Transfers and contributions							
Transfers out	-	(110,036)	(226,696)	-	-	-	(336,732)
Capital contributions in	-	-	-	-	1,016,409	55,020	1,071,429
Net transfers and contributions	-	(110,036)	(226,696)	-	1,016,409	55,020	734,697
Net income (loss)	6,412	(110,036)	(226,696)	(1,410,322)	2,414,115	323,514	996,987
Net assets - beginning of year	158,058	110,036	226,696	5,428,125	18,324,814	159,346	24,407,075
Net assets - end of year	<u>\$ 164,470</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,017,803</u>	<u>\$ 20,738,929</u>	<u>\$ 482,860</u>	<u>\$ 25,404,062</u>



City of Olathe, Kansas
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2007

	Central Garage	Central Purchasing	Information Technology Services	Risk Management	Vehicle Replacement	Personal Computer Replacement	Totals
Cash Flows from Operating Activities							
Receipts from customers and users	\$ 4,903,610	\$ -	\$ -	\$ 12,500,675	\$ 4,167,881	\$ 529,642	\$ 22,101,808
Payments to supplies	(2,950,787)	(36,479)	(183,430)	(14,768,588)	(180,065)	(160,442)	(18,279,791)
Payments to employees	(1,488,098)	-	-	(175,017)	-	-	(1,663,115)
Net cash provided by (used in) operating activities	<u>464,725</u>	<u>(36,479)</u>	<u>(183,430)</u>	<u>(2,442,930)</u>	<u>3,987,816</u>	<u>369,200</u>	<u>2,158,902</u>
Cash Flows from Noncapital Financing Activities							
Transfers to other funds	-	(150,201)	(275,481)	-	-	-	(425,682)
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>(150,201)</u>	<u>(275,481)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(425,682)</u>
Cash Flows from Capital and Related Financing Activities							
Acquisitions and construction of capital assets	-	-	-	-	(4,633,728)	(6,070)	(4,639,798)
Proceeds from sale of capital assets	-	39,323	150,150	-	-	-	189,473
Net cash (used in) capital and related financing activities	<u>-</u>	<u>39,323</u>	<u>150,150</u>	<u>-</u>	<u>(4,633,728)</u>	<u>(6,070)</u>	<u>(4,450,325)</u>
Cash Flows from Investing Activities							
Interest received	7,932	-	-	424,349	273,051	1,853	707,185
Net cash provided by (used in) investing activities	<u>7,932</u>	<u>-</u>	<u>-</u>	<u>424,349</u>	<u>273,051</u>	<u>1,853</u>	<u>707,185</u>
Net (decrease) in cash and cash equivalents	472,657	(147,357)	(308,761)	(2,018,581)	(372,861)	364,983	(2,009,920)
Cash and cash equivalents - beginning of year	52,376	147,357	308,761	7,944,296	4,518,150	122,945	13,093,885
Cash and cash equivalents - end of year	<u>\$ 525,033</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,925,715</u>	<u>\$ 4,145,289</u>	<u>\$ 487,928</u>	<u>\$ 11,083,965</u>
Reconciliation of operating income to net cash provided by (used in) operating activities							
Operating income (loss)	\$ (1,520)	\$ -	\$ -	\$ (1,834,671)	\$ 915,878	\$ 259,116	\$ (661,197)
Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities							
Depreciation	2,501	-	-	-	3,059,795	38,098	3,100,394
Gain from disposal of capital assets	-	-	-	-	208,777	7,525	216,302
Changes in assets and liabilities							
(Increase) in receivables and accrued interest receivable	-	398	-	-	-	-	398
Decrease in due from insurance companies	-	-	-	(967,945)	-	-	(967,945)
(Increase) in inventories and prepaid assets	(9,772)	45,079	-	(134,000)	-	-	(98,693)
Increase (decrease) in accounts and claims payable	467,882	(42,632)	(33,280)	508,895	(196,634)	64,461	768,692
Increase (decrease) in compensated absences	5,634	(39,324)	(150,150)	(15,209)	-	-	(199,049)
Total adjustments	<u>466,245</u>	<u>(36,479)</u>	<u>(183,430)</u>	<u>(608,259)</u>	<u>3,071,938</u>	<u>110,084</u>	<u>2,820,099</u>
Net cash provided by operating activities	<u>\$ 464,725</u>	<u>\$ (36,479)</u>	<u>\$ (183,430)</u>	<u>\$ (2,442,930)</u>	<u>\$ 3,987,816</u>	<u>\$ 369,200</u>	<u>\$ 2,158,902</u>
Noncash capital and related financing activities:							
Contributed capital assets	\$ -	\$ -	\$ -	\$ -	\$ 1,016,409	\$ 55,020	\$ 1,071,429



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, 2007

	Olathe Public Library	Olathe Public Housing Authority	Totals
Assets			
Cash and cash equivalents	\$ 359,772	\$ 463,139	\$ 822,911
Investments	1,159,219	239,678	1,398,897
Accounts receivable	-	5,159	5,159
Interest receivable	5,241	-	5,241
Due from primary government	440,258	-	440,258
Prepaid assets	142,631	24,491	167,122
Capital assets:			
Land, collection, and construction in progress	507,465	571,627	1,079,092
Other capital assets, net of accumulated depreciation	2,884,568	2,591,121	5,475,689
Total assets	<u>\$ 5,499,154</u>	<u>\$ 3,895,215</u>	<u>\$ 9,394,369</u>
Liabilities and net assets			
Liabilities			
Accounts payable	\$ 63,463	\$ 107,494	\$ 170,957
Accrued liabilities	2,749	-	2,749
Deferred revenue	-	2,305	2,305
Noncurrent liabilities:			
Due in one year	117,453	103,959	221,412
Due in more than one year	29,363	-	29,363
Total liabilities	<u>213,028</u>	<u>213,758</u>	<u>426,786</u>
Net assets			
Invested in capital assets	3,392,033	3,162,748	6,554,781
Unrestricted	1,894,093	518,709	2,412,802
Total net assets	<u>5,286,126</u>	<u>3,681,457</u>	<u>8,967,583</u>
Total liabilities and net assets	<u>\$ 5,499,154</u>	<u>\$ 3,895,215</u>	<u>\$ 9,394,369</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, 2007

	Olathe Public Library	Olathe Public Housing Authority	Totals
Expenses:			
Library operations	\$ 3,990,329	\$ -	\$ 3,990,329
Community services	-	2,652,678	2,652,678
Total expenses	<u>3,990,329</u>	<u>2,652,678</u>	<u>6,643,007</u>
Program revenues:			
Charges for services	167,278	297,475	464,753
Operating grants and contributions	130,718	2,267,504	2,398,222
Capital grants and contributions	-	112,249	112,249
Total program revenues	<u>297,996</u>	<u>2,677,228</u>	<u>2,975,224</u>
Net (expense)	(3,692,333)	24,550	(3,667,783)
General revenues			
Property taxes	3,921,871	-	3,921,871
Unrestricted investment earnings	92,917	6,138	99,055
Miscellaneous	-	28,208	28,208
Total general revenues	<u>4,014,788</u>	<u>34,346</u>	<u>4,049,134</u>
Change in net assets	322,455	58,896	381,351
Net assets - beginning of year	<u>4,963,671</u>	<u>3,622,561</u>	<u>8,586,232</u>
Net assets - end of year	<u>\$ 5,286,126</u>	<u>\$ 3,681,457</u>	<u>\$ 8,967,583</u>



City of Olathe, Kansas
Statement of Cash Flows
Discretely Presented Component Unit
Olathe Housing Authority
For the Year Ended December 31, 2007

	Totals
Cash Flows from Operating Activities	
Cash received	\$ 2,731,348
Cash paid to suppliers and employees	(2,372,566)
Net cash provided by operating activities	358,782
Cash Flows from Capital and Related Financing Activities	
Acquisition of capital assets	(140,517)
Net cash (used) for capital and related financing activities	(140,517)
Cash Flows from Investing Activities	
Investments	(61,083)
Interest received	6,138
Net cash (used) for investing activities	(54,945)
Net (decrease) in cash and cash equivalents	163,320
Cash and cash equivalents, beginning of year	299,819
Cash and cash equivalents, end of year	\$ 463,139
Reconciliation of operating income to net cash provided by operating activities	
Operating income (loss)	\$ 52,758
Adjustments to reconcile operating income (loss) to net cash provided by operating activities	
Depreciation expense	246,981
Changes in operating assets and liabilities:	
Accounts receivable	4,415
Prepaid assets	(18,072)
Account payable	47,968
Changes in accrued liabilities	24,167
Changes in deferred revenues	565
Net cash provided by operating activities	\$ 358,782



Statistical Section

**City of Olathe, Kansas
Statistical Section**

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

<u>Contents</u>	<u>Exhibit</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	1 - 5
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources, sales tax and property tax.	6 - 12
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	13 - 17
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	18 - 19
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	20 - 23

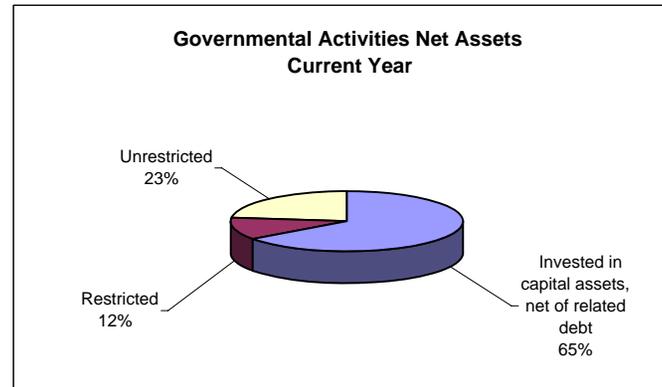
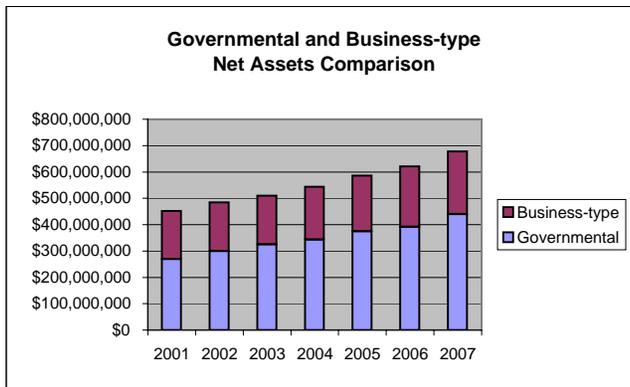
Source: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2001; schedules presenting government-wide information include information beginning in that year.



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

	Fiscal Year						
	2001	2002	2003	2004	2005 (1)	2006	2007
Governmental activities							
Invested in capital assets, net of related debt	\$ 226,417,795	\$ 243,968,244	\$ 229,795,581	\$ 237,116,107	\$ 270,941,772	\$ 254,841,312	\$ 261,882,663
Restricted	9,241,419	14,246,272	18,944,885	21,636,709	37,176,791	46,321,539	94,542,378
Unrestricted	34,250,124	41,243,633	76,349,632	84,927,091	66,658,689	90,591,125	83,204,514
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>
Business-type activities							
Invested in capital assets, net of related debt	\$ 155,642,432	\$ 169,564,047	\$ 168,319,584	\$ 180,550,423	\$ 191,360,241	\$ 210,257,947	\$ 219,405,747
Restricted	5,375,513	5,375,513	5,274,013	5,274,013	5,274,013	1,544,000	5,953,021
Unrestricted	20,720,836	10,338,489	11,154,084	14,057,613	14,723,103	18,012,845	12,690,426
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>
Primary government							
Invested in capital assets, net of related debt	\$ 382,060,227	\$ 413,532,291	\$ 398,115,165	\$ 417,666,530	\$ 462,302,013	\$ 465,099,259	\$ 481,288,410
Restricted	14,616,932	19,621,785	24,218,898	26,910,722	42,450,804	47,865,539	100,495,399
Unrestricted	54,970,960	51,582,122	87,503,716	98,984,704	81,381,792	108,603,970	95,894,940
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>

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



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

	Fiscal Year						
	2001	2002	2003	2004	2005	2006	2007
Expenses							
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
Public safety	25,850,664	30,542,928	25,502,187	29,455,211	30,793,576	33,421,326	35,955,257
Public works	21,698,543	35,221,794	29,818,237	32,813,599	30,719,299	36,187,643	37,394,200
Community services	6,811,854	8,488,926	6,317,192	7,277,809	7,843,549	9,575,895	10,790,076
Development services	2,377,782	2,718,682	2,559,027	2,949,215	2,898,751	2,720,997	2,877,028
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
Total governmental activities	69,919,747	92,562,072	84,569,657	94,011,671	96,145,007	124,884,764	127,065,136
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
Solid waste	8,019,752	10,064,722	7,190,570	7,705,208	7,882,589	8,039,441	9,195,502
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
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
Program Revenues							
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
Public safety	1,946,028	2,429,807	2,554,432	2,963,577	3,001,957	3,568,672	3,483,805
Public works	4,413,157	8,062,558	4,517,924	4,956,577	6,082,908	6,399,932	5,537,982
Community services	1,581,440	1,484,049	1,474,365	1,233,709	1,653,302	1,773,019	1,499,536
Development services	612,770	620,290	660,199	650,872	924,610	1,535,322	1,273,264
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
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
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
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
Solid waste	8,389,148	9,348,712	7,192,721	7,876,489	8,189,631	8,300,341	9,032,917
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
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
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
Net (expense)/revenue							
Governmental activities	\$ (25,970,748)	\$ (68,166,042)	\$ (43,702,012)	\$ (57,148,600)	\$ (49,986,164)	\$ (69,238,529)	\$ (45,182,212)
Business-type activities	8,916,403	3,679,842	8,714,321	4,660,332	10,627,784	16,876,395	6,634,316
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)

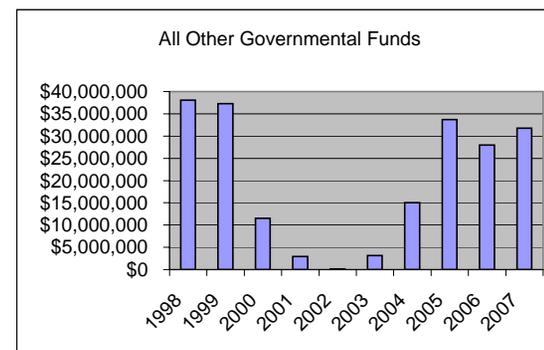
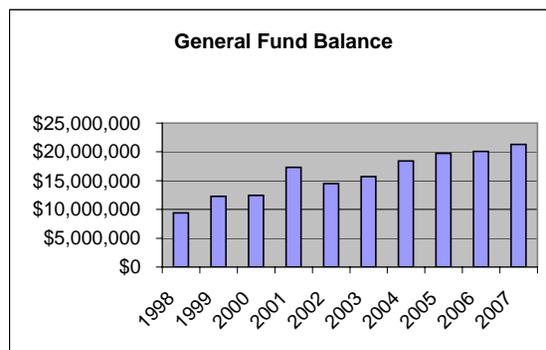
City of Olathe, Kansas
Changes in Net Assets
Last Seven Fiscal Years
(accrual basis of accounting)

	Fiscal Year						
	2001	2002	2003	2004	2005	2006	2007
General revenues and other changes in net assets							
Governmental activities:							
Taxes							
Property taxes	\$ 19,953,197	\$ 25,224,854	\$ 26,388,162	\$ 28,442,019	\$ 30,398,041	\$ 32,558,421	\$ 35,550,691
Sales taxes	30,990,102	30,600,103	33,405,318	35,941,908	37,691,328	39,706,793	40,523,898
Franchise taxes	6,488,690	6,444,779	6,447,043	6,939,895	7,205,181	7,131,807	8,063,261
Other taxes	-	-	666,470	671,636	752,899	770,973	847,352
Investment earnings	3,428,340	1,940,863	1,528,093	2,934,420	4,374,006	5,723,310	6,891,722
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
Transfers	865	(165,644)	322,925	(101,517)	(37,639)	(522,250)	8,684
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>
Business-type activities:							
Investment earnings	1,582,768	945,969	400,952	422,507	610,467	775,791	981,143
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
Transfers	(865)	(1,185,740)	(322,925)	101,517	37,639	522,250	(8,684)
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>
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>
Change in Net Assets							
Governmental activities	\$ 38,932,785	\$ 2,729,039	\$ 25,631,950	\$ 18,589,809	\$ 31,097,345	\$ 16,976,724	\$ 47,875,579
Business-type activities	10,604,386	3,539,268	9,266,011	5,337,989	11,475,308	18,457,435	8,234,402
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>

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

	1998	1999	2000 (1)	2001	2002	2003	2004	2005	2006	2007
General Fund										
Reserved	\$ 324,193	\$ 471,367	\$ 765,699	\$ 327,344	\$ 539,492	\$ 923,907	\$ 658,903	\$ 1,285,395	\$ 738,136	\$ 1,545,473
Unreserved	9,100,838	11,784,038	11,669,390	16,962,560	13,930,933	14,790,109	17,750,451	18,471,654	19,356,973	19,730,159
Total general fund	<u>\$ 9,425,031</u>	<u>\$ 12,255,405</u>	<u>\$ 12,435,089</u>	<u>\$ 17,289,904</u>	<u>\$ 14,470,425</u>	<u>\$ 15,714,016</u>	<u>\$ 18,409,354</u>	<u>\$ 19,757,049</u>	<u>\$ 20,095,109</u>	<u>\$ 21,275,632</u>
All Other Governmental Funds										
Reserved	\$ 4,616,566	\$ 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
Unreserved, reported in										
Special revenue funds	10,214,499	12,165,744	13,370,944	12,512,134	12,097,963	13,419,120	15,631,211	20,707,604	25,493,536	31,916,723
Capital projects fund	23,259,935	19,178,494	(9,992,884)	(20,424,577)	(26,769,564)	(33,500,030)	(23,041,254)	(10,299,166)	(22,655,912)	(30,060,733)
Total all other governmental funds	<u>\$ 38,091,000</u>	<u>\$ 37,253,462</u>	<u>\$ 11,523,261</u>	<u>\$ 2,925,890</u>	<u>\$ 163,157</u>	<u>\$ 3,129,156</u>	<u>\$ 15,060,361</u>	<u>\$ 33,700,479</u>	<u>\$ 27,956,373</u>	<u>\$ 31,802,041</u>

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

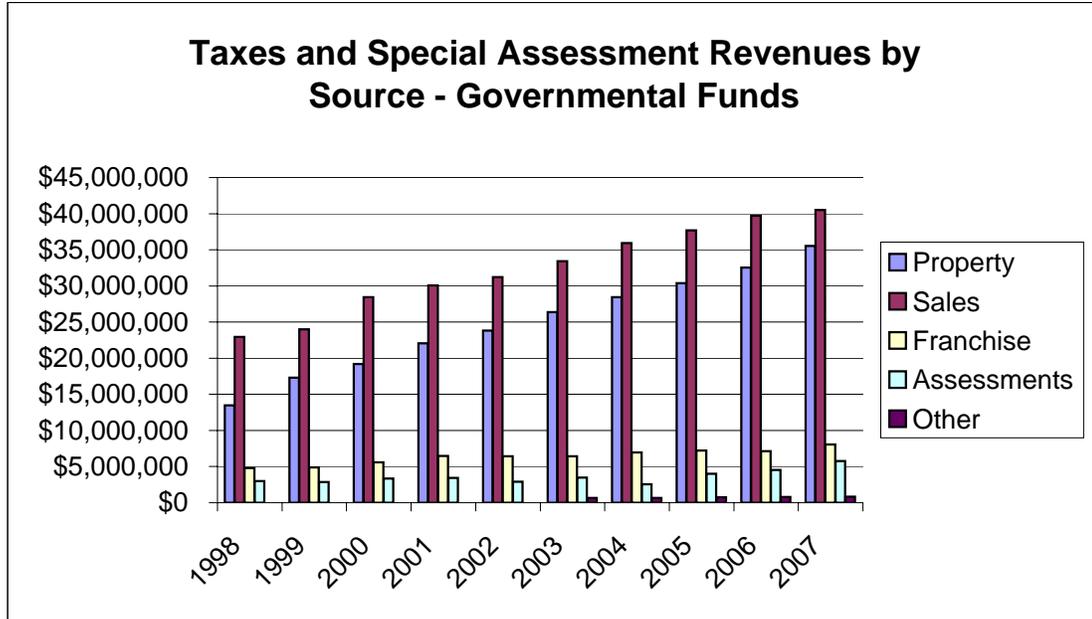


City of Olathe, Kansas
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Revenues										
Taxes and special assessments	\$ 44,205,143	\$ 48,999,922	\$ 56,577,875	\$ 62,229,596	\$ 64,387,157	\$ 70,391,554	\$ 74,555,697	\$ 80,051,452	\$ 84,697,683	\$ 90,754,821
Intergovernmental	8,961,370	8,375,529	8,843,943	18,966,034	10,837,603	11,407,621	14,032,341	15,849,212	11,732,742	40,832,456
Licenses and permits	1,161,832	1,702,883	1,387,513	1,456,086	1,410,303	1,260,615	1,197,781	1,468,159	1,561,945	1,497,666
Fines, forfeitures, and penalties	1,547,082	1,478,035	1,450,888	1,804,530	2,206,577	2,280,881	2,751,852	2,653,860	3,093,526	3,047,531
Charges for services	4,175,793	4,544,773	6,510,045	6,298,278	6,296,778	7,096,570	7,208,755	8,865,541	10,405,142	10,698,841
Use of money and property	2,180,443	2,771,851	3,483,583	3,118,362	2,578,932	1,362,573	2,758,795	4,004,328	5,199,960	6,184,537
Miscellaneous	4,357,068	2,014,321	1,226,548	3,960,629	6,665,217	568,614	853,217	659,407	737,075	1,172,183
Total revenues	<u>66,588,731</u>	<u>69,887,314</u>	<u>79,480,395</u>	<u>97,833,515</u>	<u>94,382,567</u>	<u>94,368,428</u>	<u>103,358,438</u>	<u>113,551,959</u>	<u>117,428,073</u>	<u>154,188,035</u>
Expenditures										
General government	7,978,633	10,651,969	10,770,517	13,367,810	16,435,671	14,950,325	15,846,542	17,028,025	36,583,898	30,169,035
Public safety	16,646,070	18,259,554	21,685,622	23,164,127	24,942,611	24,942,875	27,386,637	29,438,324	31,897,840	33,614,880
Public works	8,661,891	9,931,730	8,263,576	8,862,043	14,133,087	10,236,199	11,686,582	12,085,415	12,913,092	13,690,326
Community services	1,192,107	1,283,834	4,068,119	4,637,184	6,038,154	5,920,919	6,904,973	7,570,412	9,250,648	10,206,734
Development services	804,743	925,750	2,126,456	2,146,528	2,264,447	2,432,688	2,608,027	2,669,405	2,464,599	2,529,592
Capital improvements	22,013,284	23,481,528	28,082,900	46,864,018	40,007,633	38,285,603	33,701,286	35,148,795	49,814,606	77,614,339
Debt service										
Principal retirements	28,545,000	41,883,400	9,805,000	10,580,000	10,403,000	12,355,800	12,909,152	14,725,471	16,473,980	17,973,278
Interest and fiscal charges	3,809,115	3,969,449	4,058,700	4,420,107	3,667,848	4,666,553	4,363,978	5,735,181	6,137,525	8,484,217
Total expenditures	<u>89,650,843</u>	<u>110,387,214</u>	<u>88,860,890</u>	<u>114,041,817</u>	<u>117,892,451</u>	<u>113,790,962</u>	<u>115,407,177</u>	<u>124,401,028</u>	<u>165,536,188</u>	<u>194,282,401</u>
Excess of revenues over (under) expenditures	<u>(23,062,112)</u>	<u>(40,499,900)</u>	<u>(9,380,495)</u>	<u>(16,208,302)</u>	<u>(23,509,884)</u>	<u>(19,422,534)</u>	<u>(12,048,739)</u>	<u>(10,849,069)</u>	<u>(48,108,115)</u>	<u>(40,094,366)</u>
Other financing sources (uses)										
Issuance of bonds	10,443,400	18,855,000	9,175,000	11,400,000	15,710,000	21,150,000	24,535,000	28,980,000	42,545,000	44,125,000
Issuance of notes	31,765,000	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
Transfers in	8,069,196	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
Transfers out	(9,618,332)	(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)
Total other financing sources (uses)	<u>40,659,264</u>	<u>42,492,736</u>	<u>8,149,978</u>	<u>9,532,592</u>	<u>17,052,672</u>	<u>21,793,925</u>	<u>26,675,282</u>	<u>30,836,882</u>	<u>42,702,068</u>	<u>45,120,557</u>
Net change in fund balances	<u>\$ 17,597,152</u>	<u>\$ 1,992,836</u>	<u>\$ (1,230,517)</u>	<u>\$ (6,675,710)</u>	<u>\$ (6,457,212)</u>	<u>\$ 2,371,391</u>	<u>\$ 14,626,543</u>	<u>\$ 19,987,813</u>	<u>\$ (5,406,047)</u>	<u>\$ 5,026,191</u>
Debt service as a percentage of noncapital expenditures	47.8%	52.8%	22.8%	22.3%	18.1%	22.5%	21.1%	22.9%	19.5%	22.7%

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

Fiscal Year	Property	Sales	Franchise	Special Assessments	Other Taxes	Total
1998	\$ 13,469,929	\$ 22,955,708	\$ 4,787,920	\$ 2,991,586	\$ -	\$ 44,205,143
1999	17,285,300	23,980,551	4,873,833	2,860,238	-	48,999,922
2000	19,186,894	28,437,582	5,595,581	3,357,818	-	56,577,875
2001	22,071,985	30,071,787	6,488,690	3,413,384	-	62,045,846
2002	23,840,130	31,204,139	6,444,779	2,898,109	-	64,387,157
2003	26,388,162	33,405,318	6,447,043	3,484,561	666,470	70,391,554
2004	28,442,019	35,941,908	6,939,895	2,560,239	671,636	74,555,697
2005	30,398,041	37,691,328	7,205,181	4,004,003	752,899	80,051,452
2006	32,558,421	39,706,793	7,131,807	4,529,689	770,973	84,697,683
2007	35,550,691	40,523,898	8,063,261	5,769,619	847,352	90,754,821
Change 1998 to 2007	37.89%	56.65%	59.38%	51.85%	N/A	48.71%



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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Retail Trade				
(Big Box Retail, Grocery, Electronics)	\$ 12,823,431	\$ 13,341,565	\$ 13,776,238	\$ 13,899,061
Accommodation & Food Services				
(Hotel, Restaurant)	1,700,440	1,798,757	1,969,574	2,118,186
Utilities				
(Gas, Electric)	1,210,827	1,299,014	1,328,028	1,405,563
Information				
(Newsprint, Publishing)	1,042,414	904,731	800,898	1,060,532
Wholesale Trade				
(Wholesale Materials)	884,915	961,881	1,014,892	961,908
Manufacturing				
(Food, Beverage, Paper, Machinery)	670,852	695,507	845,003	750,185
Other Services				
(Auto Repair, Laundry)	629,077	707,068	666,628	703,340
Administrative, Support, Waste Management, & Remediation Services	198,912	243,945	222,905	231,479
Other	1,230,420	1,353,688	1,724,797	1,645,458
Total	<u>\$ 20,391,286</u>	<u>\$ 21,306,156</u>	<u>\$ 22,348,962</u>	<u>\$ 22,775,712</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)		
1998	1.000%	-	0.500%	0.250%	0.100%	0.125%	-	4.900%	6.875%
1999	1.000%	-	0.500%	0.250%	0.100%	0.125%	-	4.900%	6.875%
2000	1.000%	0.125%	0.500%	0.250%	0.100%	0.125%	-	4.900%	7.000%
2001	1.000%	0.125%	0.500%	0.250%	0.100%	0.125%	-	4.900%	7.000%
2002	1.000%	0.125%	0.500%	0.250%	0.100%	-	-	5.300%	7.275%
2003	1.000%	0.125%	0.500%	0.250%	0.100%	-	0.250%	5.300%	7.525%
2004	1.000%	0.125%	0.500%	0.250%	0.100%	-	0.250%	5.300%	7.525%
2005	1.000%	0.125%	0.500%	0.250%	0.100%	-	0.250%	5.300%	7.525%
2006	1.000%	0.125%	0.500%	0.250%	0.100%	-	0.250%	5.300%	7.525%
2007	1.000%	0.125%	0.500%	0.250%	0.100%	-	0.250%	5.300%	7.525%

Source: Kansas Department of Revenue

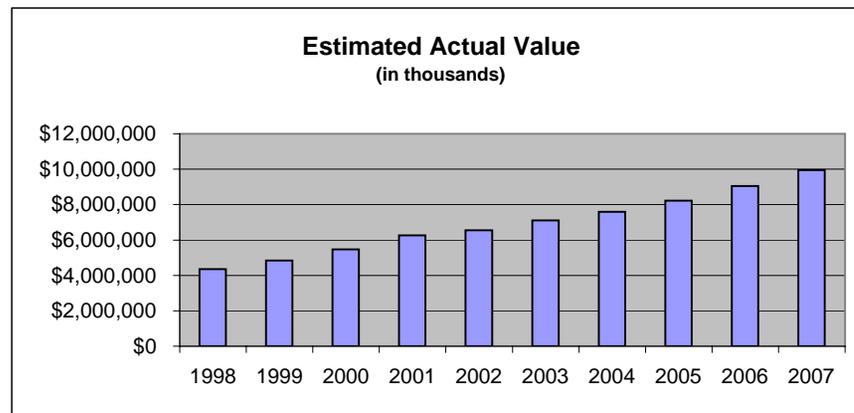
- (1) The State of Kansas increased its sales tax rate effective July 2002.
- (2) The citizens of Olathe approved an 1/8% sales tax for various park projects. The tax was in effect from April 2000 through March 2005. The citizens of Olathe approved an extension of this tax until March 2015.
- (3) The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

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

Collection Year	Real Property	Utilities	Personal Property	Total Assessed Value	Estimated Actual Value (1)	Total Direct Tax Rate
1998	525,967	25,588	58,103	609,658	4,358,277	25.054
1999	583,161	26,732	67,059	676,952	4,839,629	25.134
2000	662,921	29,312	69,031	761,264	5,470,070	24.630
2001	761,222	33,312	72,235	866,770	6,251,958	24.699
2002	800,315	33,352	70,750	904,417	6,546,852	24.763
2003	875,391	34,335	66,398	976,124	7,110,130	24.849
2004	935,412	37,481	67,786	1,040,679	7,587,528	24.932
2005	1,014,746	39,706	71,846	1,126,298	8,221,205	24.923
2006	1,120,865	38,423	75,692	1,234,980	9,048,751	24.843
2007	1,240,332	38,990	69,810	1,349,132	9,946,030	25.030

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.



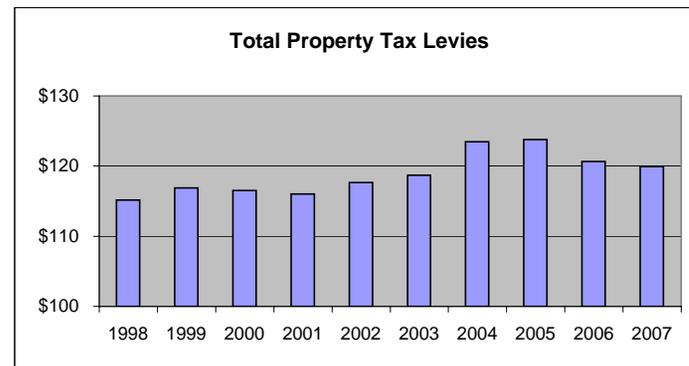
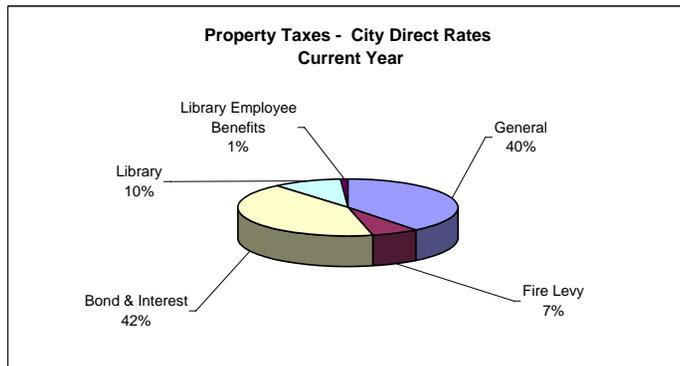
**City of Olathe, Kansas
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years**

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
1998	\$ 8.518	\$ -	\$ 13.866	\$ 2.409	\$ 0.261	\$ 25.054	\$ 1.500	\$ 14.345	\$ 7.746	\$ 1.437	\$ 65.058	\$ 115.140
1999	8.428	-	14.008	2.434	0.264	25.134	1.500	16.112	7.184	1.451	65.500	116.881
2000	7.807	-	14.058	2.500	0.265	24.630	1.500	15.676	7.646	1.322	65.761	116.535
2001	6.601	1.651	13.680	2.500	0.267	24.699	1.500	16.333	7.743	1.382	64.385	116.042
2002	8.628	1.650	11.717	2.500	0.268	24.763	1.500	16.221	9.428	1.602	64.125	117.639
2003	10.566	1.686	9.828	2.500	0.269	24.849	1.500	16.381	9.432	2.365	64.166	118.693
2004	10.588	1.726	9.848	2.500	0.270	24.932	1.500	16.041	9.438	2.367	69.177	123.455
2005	10.601	1.682	9.870	2.500	0.270	24.923	1.500	17.922	8.960	2.286	68.173	123.764
2006	10.069	1.689	10.318	2.498	0.269	24.843	1.500	17.949	8.872	2.290	65.180	120.634
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

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	2007			1998		
		Total Value (1)	Rank	Percentage of Total Valuation	Total Value (1)	Rank	Percentage of Total Valuation
GARMIN International	Office and Manufacturing	\$ 33,772,447	1	2.73%	\$ -		-
Great Mall of the Great Plains	Retail Outlet Mall	11,440,869	2	0.93%	30,814,196	1	5.05%
KCPL	Utility	10,760,364	3	0.87%	4,741,048	4	0.78%
Southwestern Bell Telephone	Utility	9,641,187	4	0.78%	8,793,670	2	1.44%
Olathe Medical Center	Hospital (2)	9,427,532	5	0.76%	5,723,692	3	0.94%
Mid-Central Sysco	Food distributor	9,301,708	6	0.75%	2,688,555	10	0.44%
Karbank	Office and Manufacturing	8,357,837	7	0.68%	-		-
Atmos Eneergy (United Gas)	Utility	7,703,465	8	0.62%	4,218,741	7	0.69%
Honeywell (Bendix/King)	Aircraft communications	6,087,498	9	0.49%	4,367,998	5	0.72%
Westar Energy (KPL)	Utility	5,489,909	10	0.44%	4,252,803	6	0.70%
Wal-Mart	Discount store	-		-	2,942,627	9	0.48%
Resource International	Paper warehouse	-		-	2,971,433	8	0.49%
		<u>\$111,982,816</u>		<u>9.07%</u>	<u>\$ 71,514,763</u>		<u>11.73%</u>

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

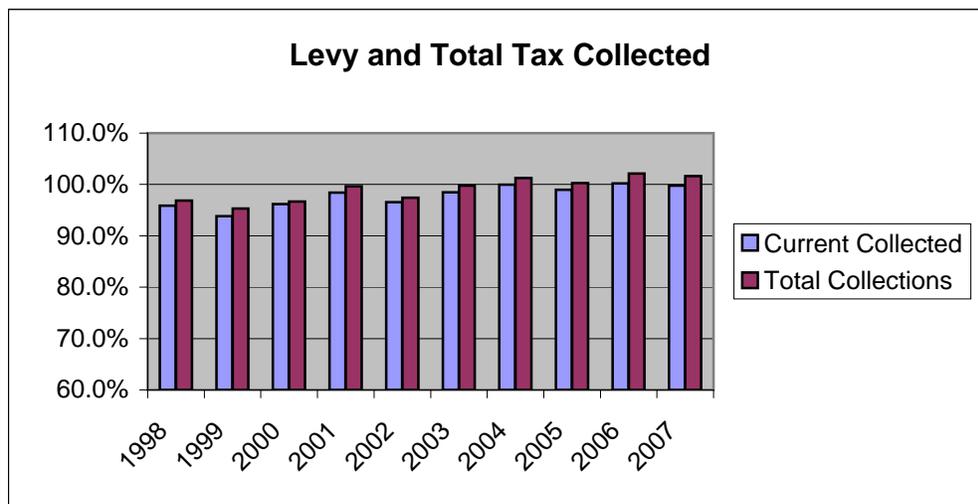
(2) Portion of assessment is tax abatement.

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

Fiscal Year	Total Levy (2)	Current Tax Collection	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Total Collections as Percent of Current Levy
1998	\$ 12,542,777	\$ 12,025,693	95.9%	\$ 121,026	\$ 12,146,719	96.8%
1999	15,256,184	14,314,691	93.8%	227,901	14,542,592	95.3%
2000	17,014,509	16,364,845	96.2%	87,542	16,452,387	96.7%
2001	18,749,988	18,451,695	98.4%	236,749	18,688,444	99.7%
2002	21,372,406	20,633,584	96.5%	193,047	20,826,631	97.4%
2003	22,351,346	22,003,871	98.4%	292,038	22,295,909	99.8%
2004	24,224,871	24,213,190	100.0%	312,328	24,525,518	101.2%
2005	25,908,649	25,638,370	99.0%	339,922	25,978,292	100.3%
2006	28,038,320	28,091,326	100.2%	549,361	28,640,687	102.1%
2007	30,649,140	30,589,878	99.8%	560,852	31,150,730	101.6%

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.

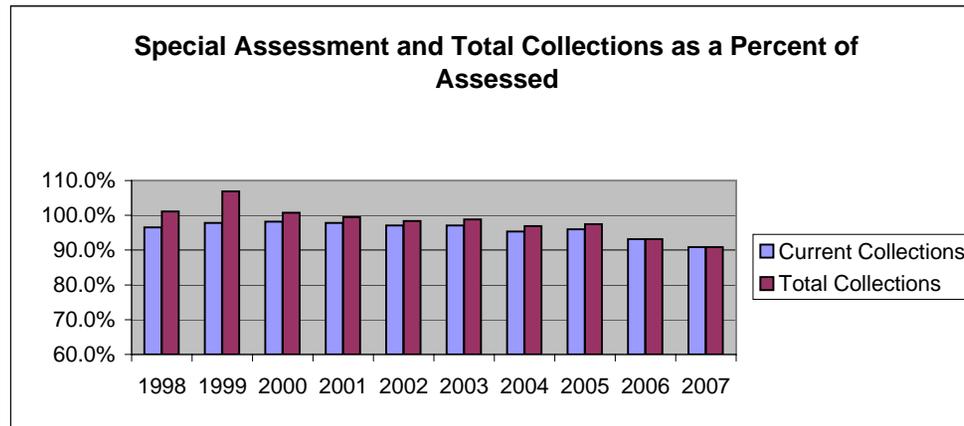


**City of Olathe, Kansas
Special Assessment Collections
Last Ten Fiscal Years**

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
1998	\$ 2,931,859	\$ 2,831,330	96.6%	\$ 132,809	\$ 2,964,139	101.1%	\$ 27,447	\$ 2,991,586
1999	2,610,516	2,552,510	97.8%	238,249	2,790,759	106.9%	73,471	2,864,230
2000	3,278,140	3,217,673	98.2%	85,686	3,303,359	100.8%	54,459	3,357,818
2001	3,414,509	3,338,718	97.8%	57,563	3,396,281	99.5%	5,597	3,401,878
2002	2,962,421	2,877,436	97.1%	37,181	2,914,617	98.4%	290	2,914,907
2003	3,559,083	3,455,876	97.1%	60,170	3,516,046	98.8%	76,704	3,592,750
2004	4,030,585	3,842,584	95.3%	61,947	3,904,531	96.9%	-	3,904,531
2005	4,798,727	4,604,127	95.9%	74,040	4,678,167	97.5%	302,659	4,980,826
2006	5,925,926	5,521,812	93.2%	-	5,521,812	93.2%	-	5,521,812
2007	6,511,134	5,915,366	90.9%	-	5,915,366	90.9%	2,045	5,917,411

Source: Johnson County

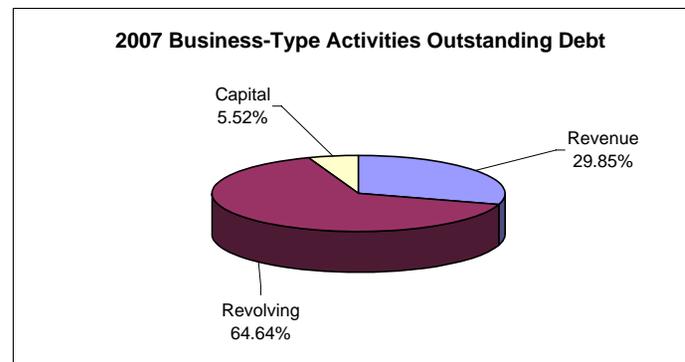
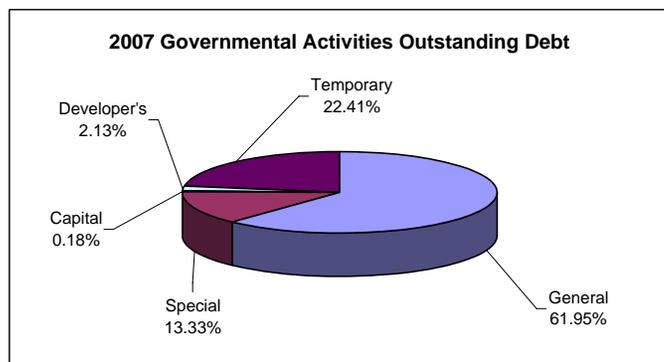
(1) Collections include interest.



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

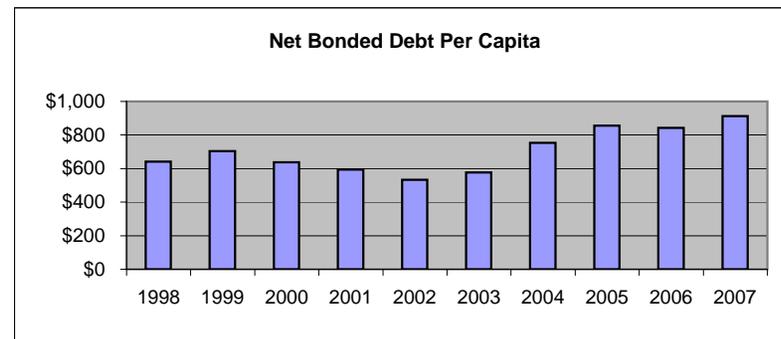
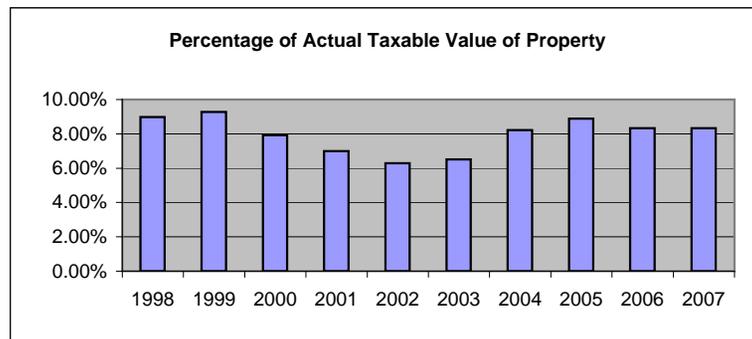
Fiscal Year	Governmental Activities						Business-type Activities			Total Primary Government	Percentage of Personal Income (1)	Per Capita
	General Obligation Bonds	Special Obligation Bonds	Capital Leases	Developer's Cost	Temporary Notes	Purchase Agreement	Revenue Bonds	State Revolving Loan	Capital Leases			
1998	\$ 59,148,400	\$ -	\$ 8,326,669	\$ -	\$ 32,000,000	\$ -	\$ 37,535,000	\$ 5,082,760	\$ 377,381	\$142,470,210	2.9%	1,669
1999	68,550,000	-	8,029,942	-	24,320,000	350,000	34,485,000	6,330,088	276,544	142,341,574	2.9%	1,593
2000	67,920,000	4,025,000	14,276,377	-	29,750,000	250,000	31,230,000	6,134,582	170,266	153,756,225	2.8%	1,626
2001	69,795,000	3,045,000	13,415,087	-	38,425,000	150,000	36,050,000	5,723,768	58,253	166,662,108	2.6%	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	2.5%	1,655
2004	107,215,000	5,655,000	345,542	3,219,483	40,015,000	-	24,050,000	7,823,678	1,276,271	189,599,974	2.5%	1,667
2005	123,180,000	5,400,000	172,619	1,936,935	33,365,000	-	19,800,000	22,958,148	2,591,025	209,403,727	2.3%	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	1.8%	2,238

(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**

Fiscal Year	General Obligation Debt	Reserved for Debt Service	Net General Obligation Debt	Assessed Valuation	Percentage of Actual Taxable Value of Property	Population	Per Capita
1998	\$ 59,148,400	\$ 4,385,114	\$ 54,763,286	\$ 609,658,470	8.98%	85,345	\$ 642
1999	68,550,000	5,717,267	62,832,733	676,952,222	9.28%	89,356	703
2000	67,920,000	7,558,759	60,361,241	761,264,211	7.93%	94,548	638
2001	69,795,000	9,241,419	60,553,581	866,770,021	6.99%	101,829	595
2002	71,180,000	14,246,272	56,933,728	904,416,813	6.30%	106,933	532
2003	82,595,000	18,944,885	63,650,115	976,124,387	6.52%	110,452	576
2004	107,215,000	21,636,709	85,578,291	1,040,679,146	8.22%	113,731	752
2005	123,180,000	23,086,802	100,093,198	1,126,297,831	8.89%	116,910	856
2006	127,670,000	24,838,174	102,831,826	1,234,980,132	8.33%	122,107	842
2007	137,885,000	25,394,072	112,490,928	1,349,132,000	8.34%	123,286	912



City of Olathe, Kansas
Direct and Overlapping Governmental Activities Debt
December 31, 2007

Taxing Unit	Net Debt to Nearest Date	Percentage Applicable to the City of Olathe	Estimated Share
Johnson County	\$ 210,710,000	16.80%	\$ 35,399,280
Johnson County Park and Recreation	4,570,000	16.80%	767,760
Johnson County Community College	6,905,000	16.80%	1,160,040
U.S.D. No. 229	238,910,000	3.29%	7,860,139
U.S.D. No. 230	56,270,000	8.02%	4,512,854
U.S.D. No. 231	118,225,000	1.43%	1,690,618
U.S.D. No. 232	155,330,000	1.23%	1,910,559
U.S.D. No. 233	265,083,876	68.03%	180,336,561
Johnson County Fire No. 2	2,625,000	38.15%	1,001,438
Johnson County Rural Fire No. 3	665,000	28.54%	189,791
Total estimated overlapping debt			<u>234,829,039</u>
City of Olathe's direct debt			<u>240,769,223</u>
Total direct and overlapping debt			<u><u>\$ 475,598,262</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, 2007. All other districts' debt is as of June 30, 2007.

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

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Debt limit	\$ 213,540,775	\$ 235,881,588	\$ 262,616,367	\$ 294,396,038	\$ 309,064,894	\$ 333,318,560	\$ 355,001,625	\$ 382,176,718	\$ 416,229,330	\$ 452,054,088
Total net debt applicable to limit	34,996,336	35,452,149	42,211,789	50,811,047	58,167,570	50,910,441	55,575,969	66,535,306	75,691,800	86,366,352
Legal debt margin	<u>\$ 178,544,439</u>	<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>
Total net debt applicable to the limit as a percentage of debt limit	16.39%	15.03%	16.07%	17.26%	18.82%	15.27%	15.66%	17.41%	18.19%	19.11%

Legal Debt Margin Calculation for Fiscal Year 2007

Assessed valuation		\$ 1,506,846,960
Legal debt limit (1)		452,054,088
Debt applicable to limit		
General obligation bonds	135,175,789	
Temporary notes	54,315,000	
Total general obligation debt outstanding		189,490,789
Less exempt capital projects (2)	77,730,365	
Less amount available in Debt Service Funds	25,394,072	
Total unfunded debt applicable to debt limit		86,366,352
Debt margin		<u>\$ 365,687,736</u>

(1) Represents the valuation arrived at by using a formula as required by K.S.A. 79-5037. Debt limit is currently set at 30%.

(2) Represents the debt associated with projects exempt from debt limit calculation in accordance with K.S.A. 10-309.



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

Water & Sewer Revenue Bonds						
Fiscal Year	Revenues	Current Expenses (1)	Net Revenue Available for Debt Service	Principal Requirement	Interest Requirement	Coverage
1998	\$ 21,510,235	\$ 10,628,231	\$ 10,882,004	\$ 2,955,000	\$ 1,721,274	2.33
1999	23,797,150	10,833,635	12,963,515	3,155,000	1,586,442	2.73
2000	23,881,012	11,636,595	12,244,417	3,155,000	1,586,442	2.58
2001	24,387,912	13,652,227	10,735,685	3,340,000	1,689,884	2.13
2002	25,814,644	16,200,173	9,614,471	4,730,000	1,630,821	1.51
2003	25,906,651	14,797,441	11,109,210	2,865,000	1,431,256	2.59
2004	23,788,401	16,317,215	7,471,186	4,040,000	1,272,111	1.41
2005	26,712,865	15,695,549	11,017,316	4,250,000	1,079,791	2.07
2006	30,907,688	18,622,540	12,285,148	4,550,000	778,491	2.31
2007	37,547,773	26,711,201	10,836,572	4,855,000	481,813	2.03

Solid Waste Revenue Bonds						
Fiscal Year	Revenues	Current Expenses (1)	Net Revenue Available for Debt Service	Principal Requirement	Interest Requirement	Coverage
1998	\$ 5,686,753	\$ 4,794,273	\$ 892,480	\$ 95,000	\$ 33,445	6.95
1999	5,927,003	4,975,695	951,308	100,000	28,495	7.40
2000	6,048,155	5,600,173	447,982	110,000	23,005	3.37
2001	6,569,191	6,329,458	239,733	115,000	16,985	1.82
2002	7,073,557	6,689,692	383,865	120,000	10,580	2.94
2003	-	-	-	-	-	-
2004	-	-	-	-	-	-
2005	-	-	-	-	-	-
2006	-	-	-	-	-	-
2007	-	-	-	-	-	-

Special Obligation Bonds and Developers' Agreements (2)					
Fiscal Year	Revenues	Principal Requirement	Interest Requirement	Developers' Agreement	Coverage (3)
1998	\$ 156,791	\$ -	\$ -	\$ -	-
1999	507,879	120,000	327,067	-	1.14
2000	507,988	245,000	84,646	-	1.54
2001	899,170	980,000	136,634	-	0.81
2002	1,200,625	1,140,000	152,051	-	0.93
2003	1,663,839	1,505,000	434,318	-	0.86
2004	1,217,265	445,000	350,053	72,302	1.40
2005	1,376,766	255,000	363,920	1,282,548	0.72
2006	1,135,633	160,000	347,781	311,362	1.39
2007	2,159,946	165,000	1,362,104	463,278	1.09

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

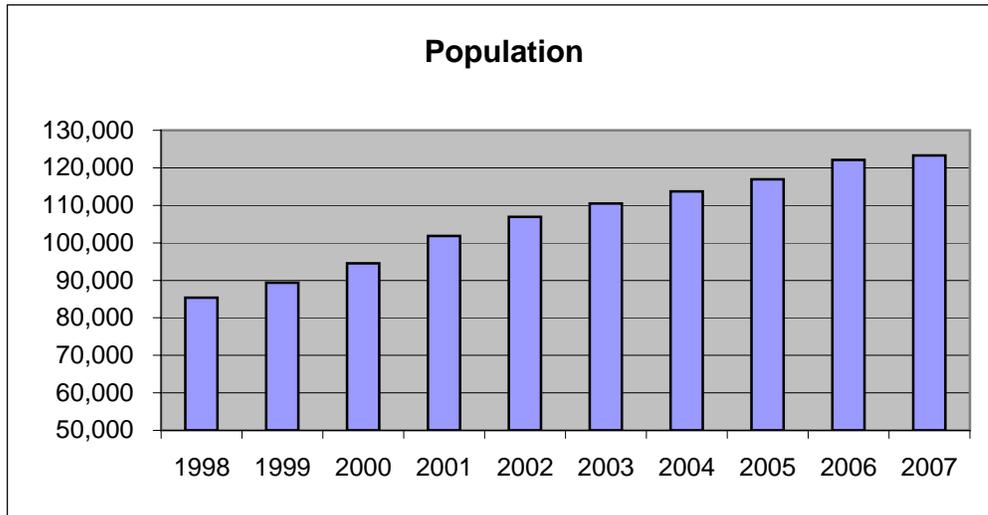
(2) The City is only obligated for the amounts of incremental taxes received attributable to the project. Any deficiencies are the responsibility of the redeveloper.

(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**

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rates (1)
1998	85,345	3,184,790,000	37,317	2.1%
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	4,415,916,414	43,366	3.3%
2002	106,933	4,623,462,121	43,237	3.9%
2003	110,452	5,015,846,224	45,412	4.5%
2004	113,731	5,374,472,136	47,256	4.2%
2005	116,910	5,532,064,290	47,319	4.5%
2006	122,107	6,122,567,087	50,141	3.6%
2007	123,286	6,287,586,000	51,000	4.0%

(1) Source: Kansas Department of Human Resources



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

Largest Employers	2007			1998		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Company						
Olathe Unified School District	4,491	1	3.84%	3,057	2	3.74%
Johnson County	3,877	2	3.32%	3,393	1	4.15%
Olathe Medical Center	1,945	3	1.66%	1,551	4	1.90%
Farmers Insurance	1,800	4	1.54%	-	-	-
GARMIN International	1,557	5	1.33%	422	9	-
Honeywell (Bendix/King)	950	6	0.81%	1,717	3	2.10%
City of Olathe	887	7	0.76%	767	6	0.94%
Mid-America Nazarene University	750	8	0.64%	-	-	-
TransAm Trucking	691	9	0.59%	769	5	0.94%
Encore Receivable Management	630	10	0.54%	-	-	-
FAA	-	-	-	562	7	0.69%
O.T.R Express	-	-	-	499	8	0.61%
Osborn Laboratories	-	-	-	385	10	0.47%
Totals	<u>17,578</u>		<u>15.04%</u>	<u>13,122</u>		<u>15.54%</u>

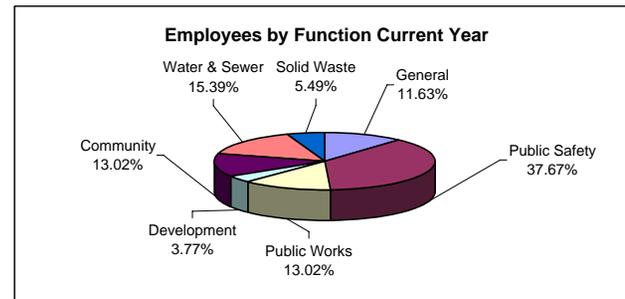
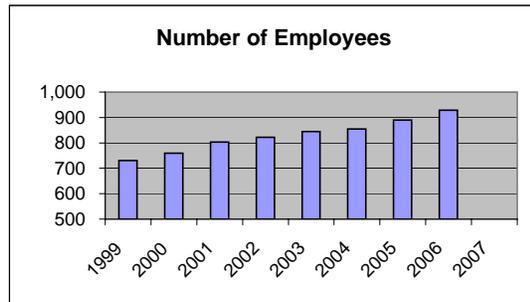
Source: Various employers listed above.

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

	Fiscal Year								
	1999	2000	2001	2002	2003	2004	2005	2006	2007
Governmental									
General government	83	86	92	95	93	99	101	108	130
Public safety	285	290	299	304	297	314	334	350	343
Public works	92	98	106	113	111	113	124	121	130
Development services	26	31	34	33	35	33	33	35	38
Community services	89	86	96	90	109	105	107	121	130
Business-Type									
Water & Sewer	113	123	131	139	147	137	138	143	148
Solid Waste	42	45	45	48	52	54	53	51	48
Totals	730	759	803	822	844	855	890	929	967

Source: City's Payroll System

Note: 1998 is not readily available.



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

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

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

Note: 1998 to 2003 information is not available.

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

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

Number of Customers

The following table lists the approximate number of customers of the System for the last seven 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

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	-7.0%	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%

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

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%

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 seven 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

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

Largest Customers

The following table lists the ten largest users of the System based on the percentage of total 2007 revenue generated by each.

Water System				
Customer	Type of Enterprise	2007 Water Billing	Percentage of Total 2007 System Revenues	
Great Plains Mall	Retail Mall	\$ 63,071	0.44%	
Cintas Corporation	Uniform Rental	47,624	0.33%	
Olathe Medical Center	Hospital	42,848	0.30%	
Olathe Medical Center Cooling Tower	Hospital	35,035	0.24%	
SYSCO Foods of Kansas City, Inc.	Distribution Center	26,415	0.18%	
Gunze Plastics	Plastics	24,697	0.17%	
Garmin	Office and manufacturing	24,039	0.17%	
Johnson County Adult Detention	Jail	23,532	0.16%	
Federal Aviation Admin	Air Traffic Control Center	19,900	0.14%	
Villa St. Francis	Nursing Home	19,485	0.14%	
Sewer System				
Customer	Type of Enterprise	2007 Sewer Charge	Percentage of Total 2007 System Revenues	
Cintas Corporation	Uniform Rental	\$ 81,098	0.79%	
Great Plains Mall	Retail Mall	78,082	0.76%	
Olathe Medical Center	Hospital	60,433	0.59%	
Foodbrands / Tyson	Distribution Center	60,255	0.59%	
Gunze Plastics	Plastics	34,935	0.34%	
Johnson County Adult Detention	Jail	33,255	0.32%	
Villa St. Francis	Nursing Home	27,576	0.27%	
Federal Aviation Admin	Air Traffic Control Center	25,700	0.25%	
Garmin	Office and manufacturing	24,097	0.23%	
Good Samaritan	Nursing Home	22,420	0.22%	