

City of Olathe

2011 Comprehensive Annual Financial Report

For Year Ended December 31, 2011



City of Olathe, Kansas

Comprehensive Annual Financial Report

Year Ended December 31, 2011

Principal Officials

Mayor

Michael Copeland

City Council

John Bacon

Larry Campbell

Bob Montgomery

Jim Randall

Ronald Ryckman

Marge Vogt

City Manager

J. Michael Wilkes

Assistant City Manager

Susan E. Sherman

City Clerk

Donald T. Howell

Legal Counsel

Thomas A. Glinstra

Prepared by Department of Strategic Financial Management

Dianna Wright, Director Resource Management

Alan Shorthouse, Assistant Director Strategic Financial Management

Curt Hanneman, Senior Accountant

Scott McDonald, Senior Accountant



City of Olathe, Kansas
Comprehensive Annual Financial Report
Year Ended December 31, 2011

Table of Contents

	Page
Introductory Section	
Letter of Transmittaliii
GFOA Certificate of Achievementvii
Organizational Chartviii
Financial Section	
Report of Independent Auditor	3
Management's Discussion and Analysis	5
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Assets	15
Statement of Activities	16
Fund Financial Statements:	
Balance Sheet - Governmental Funds	18
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	19
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Statement of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual - Budgetary Basis - General Fund	23
Statement of Net Assets - Proprietary Funds	24
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds	27
Statement of Cash Flows - Proprietary Funds	28
Notes to the Basic Financial Statements	33
Required supplementary information:	
Schedule of Funding Progress for OPEB	67
Other supplementary information:	
Combining and Individual Fund Statements and Schedules	
Nonmajor Governmental Funds	
Combining Balance Sheet - Nonmajor Governmental Funds	74
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	76

City of Olathe, Kansas
Table of Contents (continued)

	Page
Budgetary Schedules:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual - Budgetary Basis - General Fund	81
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Budgetary Basis - Budgeted Special Revenue Funds	82
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Budgetary Basis - Park Sales Tax Fund	85
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Budgetary Basis - Debt Service Fund	86
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual - Budgetary Basis - Special Tax Financing Fund	87
Combining Schedule of Revenues, Expenditures, and Changes in Net Assets Budget and Actual - Budgetary Basis - Enterprise Funds	88
Combining Schedule of Revenues, Expenditures, and Changes in Net Assets Budget and Actual - Budgetary Basis - Internal Service Funds	89
Internal Service Funds:	
Combining Statement of Net Assets	94
Combining Statement of Revenues, Expenses, and Changes in Net Assets	95
Combining Statement of Cash Flows.	97
Discretely Presented Component Units:	
Combining Statement of Net Assets	102
Combining Statement of Activities	103
Statement of Cash Flows	105
 Statistical Section	
Net Assets by Component	111
Change in Net Assets.	112
Fund Balances, Governmental Funds.	114
Changes in Fund Balances, Governmental Funds.	115
Tax and Special Assessment Revenues by Source, Governmental Funds.	116
Taxable Sales by Category.	117
Direct and Overlapping Sales Tax Rates	118
Assessed and estimated Actual Value of Taxable Property.	119
Property Tax Rates.	120
Principal Property Tax Payers	121
Property Tax Levies and Collections	122
Special Assessment Collections	123
Ratio of Outstanding Debt by Type	124
Ratio of Debt Service Expenditures for General Bonded.	125
Direct and Overlapping Governmental Activities Debt	126
Legal Debt Margin Information	127
Pledged Revenue Coverage	128
Demographic and Economic Statistics	129
Principal Employers	130
Full-time Equivalent City Government by Function/Program	131
Operating Indicators by Function/Program	132
Capital Asset Statistics by Function/Program	133
Water and Sewer Information	134

Introductory Section



May 21, 2012

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, 2011.

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, 2011 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, 2011, 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 for a four year term. 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 is home to Mid-America Nazarene University, the largest private college in the State, and the Kansas School for the Deaf, a 15-acre campus founded in 1861. Today’s Olathe is a full-service community operating its own water, wastewater, and refuse programs as well as a full array of public safety, public works, and development and support services.

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 50 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 2011 population to be 127,211, making it the second largest city in Johnson County and the fifth 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.

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 two new residents every day. The recent expansion of industrial and commercial businesses provides new jobs for local and regional residents. The City has transformed from a bedroom community into a force in the Kansas City Metropolitan Area. It continues to be an attractive location for both families and businesses. According to the Digital Cities Survey, Olathe is the top-ranked digital city government (125,000 – 249,000 population). Also, Money Magazine ranked the City as the 11th Most Desirable Place to Live in the Central U.S. (population over 100,000). At the end of 2011, the City’s unemployment rate was 5.3% compared to 5.9% for the State of Kansas and the national rate of 8.5%.

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 2012-2016 CIP includes projects totaling an estimated \$167 million. Of the \$56 million for 2012, 48% 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. The City has been building fund balance in the Debt Service Fund for several years. This will keep the mill levy rate fairly constant as several major projects are bonded (Community Center and the Santa Fe Streetscape).

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. John Deere opened a new 126,150 square foot sales and marketing center in the Corporate Ridge Office Park. More than 500 people will be employed at the facility. The Kansas Bioscience Authority constructed a 39,000 square foot wet-lab incubator and office headquarters. Kansas State University constructed the K-State Olathe innovation Campus' International animal Health and Food Safety Institute. The 108,000 square foot facility include educational, lab, office, and public interactive spaces. A new Hilton Garden Inn is currently under construction. It is scheduled for completion in 2012. The six story hotel will have 107 rooms, an in-house restaurant, and 3,500 square foot of meeting space for a total of 77,000 square feet.

Relevant financial policies The Organizational Scorecard (Scorecard) is a tool that helps to align business activities with strategic priorities and allows management to plan and monitor program results from four perspectives: Customer, Financial, Internal Business Process, and Employee Learning and Growth. The City's Scorecard was initially developed in 2004 to help manage progress toward strategic targets, promote continuous improvement in efficiency, and provide better service delivery and value for tax dollars invested.

Fiscal principles have also been established to ensure the City meets its responsibility to citizens to carefully account for public funds, manage municipal finances wisely, and plan the adequate funding of City services and improvements. These principles provide the framework for day-to-day decision making and are the foundation for long term financial stability. Fiscal principles are reviewed by the City Manager and finance staff on a periodic basis to ensure the City is prepared for changing circumstances and economic conditions. The fiscal principles are listed below.

1. The City will continuously evaluate its financial position to ensure stability of the city to its citizens.
2. The City will minimize the use of long term debt to finance major projects to avoid placing debt on future tax payers.
3. The City will provide a balanced revenue structure which is responsive to economic conditions.
4. The budget will be prepared in a manner in which all current revenues will pay the costs of all current expenditures (balanced budget).
5. The City Council will hold public hearings which will allow public input on budgetary spending.
6. The budget will establish legal fund level spending limits.
7. The budget will establish maintenance reserves to allow for maintenance of capital assets.
8. The budget will apply one time cash revenues to non-recurring expenditures.
9. The budget will address major capital improvement priorities which have been prioritized by the City Council.
10. The City will maintain City services through innovative budgeting procedures and fiscal management in effort to maintain the current mill levy rate.

Major initiatives A three tiered approach was taken to not only address the current challenges, but also place the City in a strong position for future years. The first tier, Business Process Adjustments, identifies cost savings through practices that need to be adjusted due to the current economic conditions. Examples include the elimination of step and merit increases, extending computer warranties, foregoing one month of vehicle lease payments for the general fund, and foregoing one month of general fund health insurance premiums. Overall, the Business Process Adjustments tier results in a savings of \$4.2 million.

The second tier focuses on Growth and Development. Not only is the City undertaking fewer projects, the economy has also had a very significant impact on private growth and development. With fewer projects and less demand, capacity in those service areas is being reduced, primarily through position elimination. The Growth and Development tier results in a savings of \$566 thousand.

The final tier, Reorganizations, was a result of a study done to review the structure of the organization. Examples include moving six street maintenance workers from the Street Division in the General Fund into the Utilities Maintenance Division of the Water and Sewer Fund. This will allow for better coordination for water and sewer repairs that involve streets, curbs, and sidewalks. The reorganization of Resource Management is another example. This included the elimination of several positions and reclassification of others. Minimal service level impact is anticipated due to the duties being reassigned or outsourced. The Reorganizations tier results in savings of \$1.6 million.

Awards and Acknowledgements

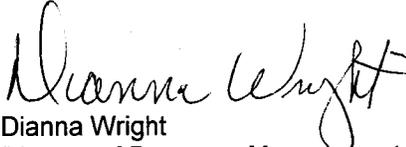
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Olathe for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2010. The Certificate of Achievement 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 33 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 2011 financial records.

Respectfully submitted,


Dianna Wright
Director of Resource Management


Alan J. Shorthouse
Assistant Director of Strategic Financial Management

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, 2010

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.



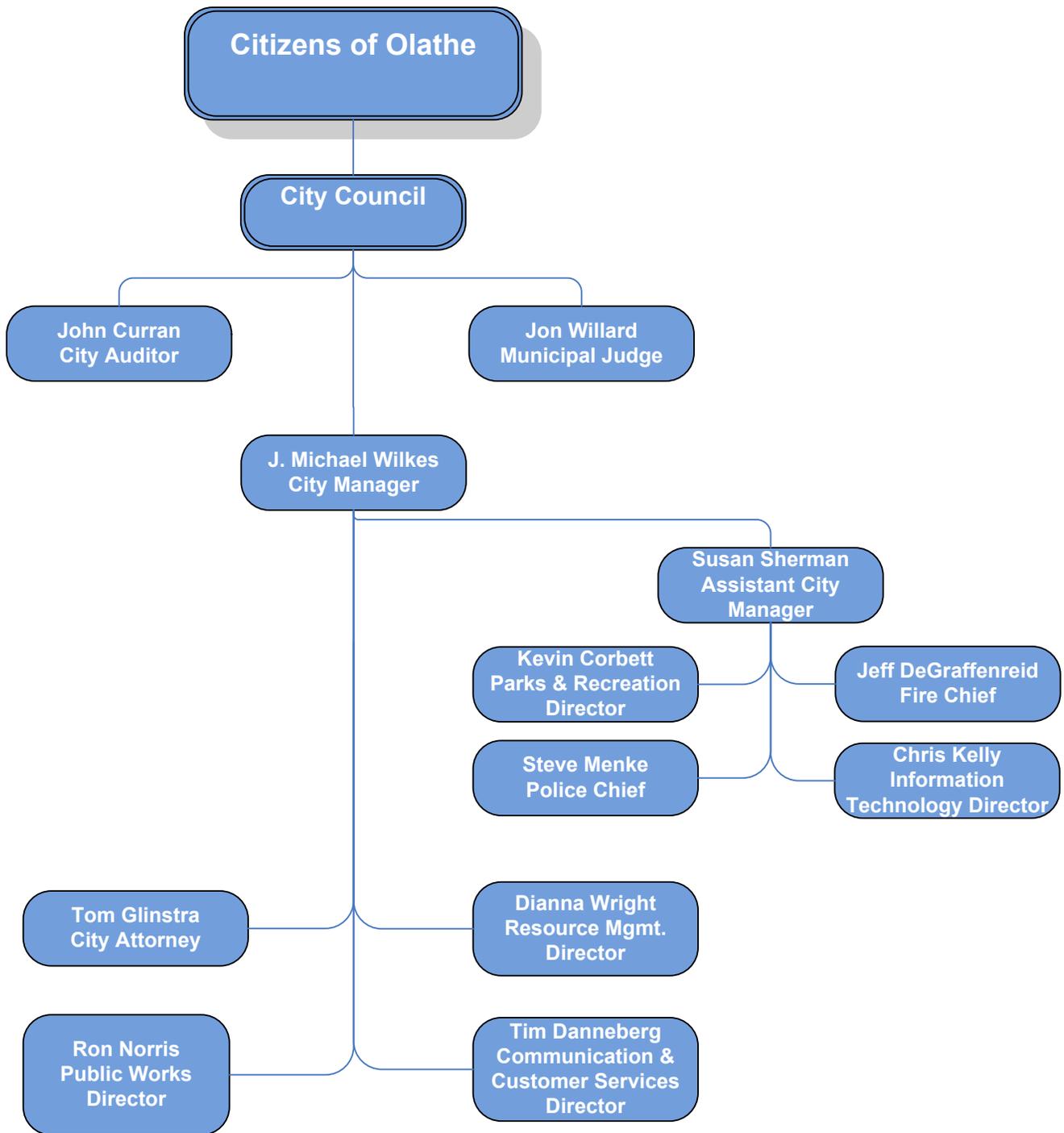
Linda C. Davison

President

Jeffrey R. Emer

Executive Director

Organizational Chart



Financial Section

INDEPENDENT AUDITORS' REPORT



Honorable Mayor and City Council Members
City of Olathe, Kansas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of City of Olathe, Kansas (City) as of and for the year ended December 31, 2011, 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 that 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, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 19 to the financial statements, during 2011 the City changed how it was accounting for certain reimbursable developer costs.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2012, 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 and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed on the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the

basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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 and statistical sections listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Allen, Gibbs & Houlik, L.P.
CERTIFIED PUBLIC ACCOUNTANTS

May 21, 2012
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, 2011. 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 15, and the related notes to the basic financial statements which begin on page 33.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of 2011 by \$755,662,014 (net assets). Of this amount, \$80,917,860 (unrestricted net assets) may be used to meet the City's ongoing obligations.
- The City's total net assets increased by \$12,765,725. Donated capital assets from developers increased net assets by \$7,230,674.
- As of the close of 2011, the City's governmental funds reported combined ending fund balances of \$98,290,711, an increase of \$30,308,222 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 general obligation bonds issued in the Capital Projects Fund.
- At the end of 2011, the fund balance for the general fund was \$20,410,673 or 29.1% of general fund revenues.
- The City's total debt, including temporary notes, decreased by \$24,456,138 during 2011 to a total of \$393,934,719. The key factor in this decrease was the retirement of over \$50 million of temporary notes.
- The Net OPEB Obligation as of the close of 2011 is \$5,426,787.

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 17 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 (debt service), all of which are considered to be major funds. Data from the other 13 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. A budgetary comparison statement has been provided for this fund 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 33. 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 \$755,662,014 at the close of 2011. The City's net assets increased by \$12,765,725. Governmental activities account for \$6,603,677 of the increase, while business-type activities increased \$6,162,048 in 2011.

City of Olathe, Kansas

Net Assets

	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 229,274,552	\$ 226,499,228	\$ 45,177,018	\$ 70,990,941	\$ 274,451,570	\$ 297,490,169
Capital assets	602,643,637	617,895,817	329,305,651	298,098,621	931,949,288	915,994,438
Total assets	831,918,189	844,395,045	374,482,669	369,089,562	1,206,400,858	1,213,484,607
Long-term liabilities	213,093,089	232,694,524	106,714,526	110,512,215	319,807,615	343,206,739
Other liabilities	121,346,747	128,179,722	9,584,482	6,555,734	130,931,229	134,735,456
Total liabilities	334,439,836	360,874,246	116,299,008	117,067,949	450,738,844	477,942,195
Net assets:						
Invested in capital assets, net of related debt	356,108,246	319,933,077	228,011,260	227,495,313	584,119,506	547,428,390
Restricted	83,662,819	88,033,948	6,961,829	7,096,586	90,624,648	95,130,534
Unrestricted	57,707,288	75,553,774	23,210,572	17,429,714	80,917,860	92,983,488
Total net assets	\$ 497,478,353	\$ 483,520,799	\$ 258,183,661	\$ 252,021,613	\$ 755,662,014	\$ 735,542,412

By far the largest portion of the City's net assets (77%) 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, \$90,624,648 (12%) represents resources that are subject to external restrictions on how they may be used. \$82,888,372 of this is restricted for future debt service payments. This decreased \$3,690,371 over the prior year. The City has been building up reserves in the Debt Service Fund to pay for future anticipated payments of debt.

The remaining balance of the net assets of \$80,917,860 (\$57,707,288 governmental activities and \$23,210,572 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	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 14,780,651	\$ 13,925,411	\$ 43,717,896	\$ 40,731,036	\$ 58,498,547	\$ 54,656,447
Operating grants and contributions	2,331,708	2,183,878	-	-	2,331,708	2,183,878
Capital grants and contributions	25,256,895	37,416,271	4,206,897	1,606,186	29,463,792	39,022,457
General revenues:						
Property taxes	37,388,645	38,567,592	-	-	37,388,645	38,567,592
Other taxes	52,480,801	47,776,174	-	-	52,480,801	47,776,174
Interest	961,178	98,681	178,500	(50,857)	1,139,678	47,824
Other	1,419,911	5,092,981	1,320,622	510,375	2,740,533	5,603,356
Total revenues	<u>134,619,789</u>	<u>145,060,988</u>	<u>49,423,915</u>	<u>42,796,740</u>	<u>184,043,704</u>	<u>187,857,728</u>
Expenses:						
General government	22,104,286	22,633,081	-	-	22,104,286	22,633,081
Public safety	35,809,361	37,472,183	-	-	35,809,361	37,472,183
Public works	46,931,481	41,971,765	-	-	46,931,481	41,971,765
Community services	11,823,644	12,182,817	-	-	11,823,644	12,182,817
Interest on long-term debt	11,892,275	10,352,168	-	-	11,892,275	10,352,168
Water and sewer	-	-	32,419,382	27,921,388	32,419,382	27,921,388
Solid waste	-	-	10,297,550	9,411,051	10,297,550	9,411,051
Total expenses	<u>128,561,047</u>	<u>124,612,014</u>	<u>42,716,932</u>	<u>37,332,439</u>	<u>171,277,979</u>	<u>161,944,453</u>
Excess before transfers	<u>6,058,742</u>	<u>20,448,974</u>	<u>6,706,983</u>	<u>5,464,301</u>	<u>12,765,725</u>	<u>25,913,275</u>
Transfers	544,935	63,263	(544,935)	(63,263)	-	-
Change in net assets	<u>6,603,677</u>	<u>20,512,237</u>	<u>6,162,048</u>	<u>5,401,038</u>	<u>12,765,725</u>	<u>25,913,275</u>
Net assets, beginning of year	483,520,799	463,008,562	252,021,613	246,620,575	735,542,412	709,629,137
Prior period adjustment	7,353,877	-	-	-	7,353,877	-
Net assets, beginning of year as restated	<u>490,874,676</u>	<u>463,008,562</u>	<u>252,021,613</u>	<u>246,620,575</u>	<u>742,896,289</u>	<u>709,629,137</u>
Net assets, end of year	<u>\$ 497,478,353</u>	<u>\$ 483,520,799</u>	<u>\$ 258,183,661</u>	<u>\$ 252,021,613</u>	<u>\$ 755,662,014</u>	<u>\$ 735,542,412</u>

Governmental activities

Governmental revenues decreased \$10,441,199 or 7% over the prior year. The key component of this decrease was a decrease of \$12,159,376 in capital grants and contributions compared to the prior year. Property taxes decreased \$1,178,947 due to a decrease in the valuation. Sales tax increased \$4,252,417 due to an improving economy. Interest income increased \$862,497 due to higher value of the investments.

Governmental expenses increased \$3,949,033 or 3%. General government activities decreased \$528,795. The development services function was eliminated in 2010 and those expenses were divided between public safety and public works. Public works expenses increased \$4,959,716. Depreciation is a factor in the increase.

Business-type activities

Business-type activities increased the City's net assets by \$6,162,048. Key elements of the changes between 2010 and 2011 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 \$4,196,897 in 2011. Charges for services increased \$2,986,860. This was due to an increase in the water service charges revenue after a very dry summer.

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, unassigned 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 2011, unassigned fund balance of the general fund was \$19,204,392, while the total fund balance was \$20,410,673. Unassigned fund balance represents 27.3% of the total general fund revenues, while the total fund balance represents 29.1% of that same amount.

The fund balance of the City's general fund increased by \$306,543 during 2011. The revenues increased by \$3,681,633 (5.5%). Sales tax is the main reason for the increase. Sales tax increased \$3,518,142 (10.6%). Expenditures increased by \$24,995 (less than 1%). Transfers out increased by \$2,424,812. This was due to transfer made to the Debt Service fund to help with future debt payments.

The debt service fund has a total fund balance of \$33,328,402. \$30,236,402 of which is restricted for the payment of debt service. The net increase in the fund balance during the current year in debt service was \$4,147,713. The increase was caused by a crossover advance refunding of General Obligation Bond Series 203. This increased the fund balance by \$7,075,000.

The capital projects fund increased its fund balance by \$28,547,075 during 2011. Due to the decrease in the economy, the City has reduced the capital projects. 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 increase in fund balance. Some of these costs are recovered by assessing surrounding property owners.

The special tax financing levy fund has a restricted fund balance of \$6,047,389 at the end of 2011. The fund balance decreased by \$307,171 during the year. The primary reason for the decrease was the increase in bond payments.

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 2011 amounted to \$7,901,357; and those of the Solid Waste and Golf Course amounted to \$2,538,514 and (\$134,074), respectively. The total change in net assets for the Water and Sewer Utility and Solid Waste were \$4,608,227 and \$803,000 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 \$8,655,603 (14.1%). Sales tax was \$8,749,301 more than budget. Total expenditures were less than budgetary estimates by \$11,328,572 (14.4%). As part of the budgeting process the City budgets for a contingency reserve for unforeseen expenditures. Of the total difference in the budgeted expenditures, \$11,321,435 is due to the restricted reserve. Most areas of the City were very close to their budgeted amounts.

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, 2011, amounts to \$931,949,286 (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	
	2011	2010	2011	2010	2011	2010
Land	\$ 90,208,136	\$ 87,959,431	\$ 5,015,436	\$ 4,759,026	\$ 95,223,572	\$ 92,718,457
Buildings	75,926,949	76,826,224	32,402,429	32,402,429	108,329,378	109,228,653
Machinery & equipment	51,271,714	48,523,133	3,771,164	3,746,173	55,042,878	52,269,306
Swimming pools	10,908,808	10,908,808	-	-	10,908,808	10,908,808
Water system	-	-	185,039,561	183,360,797	185,039,561	183,360,797
Sewer system	-	-	129,081,088	127,140,045	129,081,088	127,140,045
Infrastructure	672,542,281	638,097,648	-	-	672,542,281	638,097,648
Construction in progress	13,814,560	36,318,877	49,130,423	15,993,186	62,944,983	52,312,063
Total capital assets	914,672,448	898,634,121	404,440,101	367,401,656	1,319,112,549	1,266,035,777
Less accumulated depreciation	312,028,811	280,738,304	75,134,450	69,303,035	387,163,261	350,041,339
Total capital assets (net)	\$ 602,643,637	\$ 617,895,817	\$ 329,305,651	\$ 298,098,621	\$ 931,949,288	\$ 915,994,438

Major additions to the capital assets this year include:

- Street project – 127th MurLen to Black Bob
- 700 MHz radios
- Water meter replacements

Long-term debt

At the end of 2011 the City had total bonded debt outstanding of \$319,327,193. Of this amount \$224,190,000 comprises debt backed by the full faith and credit of the City and \$40,377,193 is special obligation tax increment financing debt and transportation development district debt payable solely from the specific TIF, CID, 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	
	2011	2010	2011	2010	2011	2010
General obligation bonds	\$ 206,680,000	\$ 192,663,000	\$ 17,510,000	\$ -	\$ 224,190,000	\$ 192,663,000
Special obligation bonds	40,377,193	41,325,000	-	-	40,377,193	41,325,000
Revenue bonds	-	-	54,760,000	55,395,000	54,760,000	55,395,000
Total	\$ 247,057,193	\$ 233,988,000	\$ 72,270,000	\$ 55,395,000	\$ 319,327,193	\$ 289,383,000

The City's total debt, including temporary notes, decreased by \$24,456,138 (5.8%) during 2011. The City issued \$15,840,000 of temporary notes and \$54,445,000 of general obligation bonds in 2011.

The rating for the City's general obligation bonds is an "AA+" rating from Standard & Poor's (S&P) and an "Aa1" rating from Moody's Investor Service (Moody's). The rating for the Water and Sewer Utility revenue bonds is an "AA" rating from S&P and an "Aa2" 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 \$435,849,362 which is significantly in excess of the City's outstanding general obligation bonds.

Certain other financial information and operating data regarding the City is available in the Official Statements dated May 6, 2011 and November 17, 2011 related to the City's General Obligation Series 218, General Obligation Refunding Series 219, General Obligation Refunding Series 220, and General Obligation Temporary Notes Series 2011-A. The financial information and operating data contained in this Official Statement is incorporated herein by reference

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, 100 E. Santa Fe, Olathe, Kansas 66061.

Basic Financial Statements

City of Olathe, Kansas
Statement of Net Assets
December 31, 2011

	Primary Government			Discretely Presented Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash, cash equivalents, and investments	\$ 116,424,237	\$ 29,508,661	\$ 145,932,898	\$ 4,171,041
Cash held by trustee or restricted	11,255,898	6,961,829	18,217,727	-
Receivables (net of allowance)				
Taxes	42,308,931	-	42,308,931	-
Special assessments	53,550,010	-	53,550,010	-
Accounts	662,649	4,604,754	5,267,403	25,505
Accrued interest	801,464	-	801,464	2,784
Loans	3,756,953	-	3,756,953	-
Due from component unit	20,840	-	20,840	-
Due from primary government	-	-	-	120,274
Internal balances	(3,022,454)	3,022,454	-	-
Due from other governments	1,838,974	-	1,838,974	-
Inventories and other prepaid items	326,683	736,636	1,063,319	-
Capital assets:				
Land and construction in progress	104,022,696	54,145,859	158,168,555	1,093,148
Other capital assets, net of accumulated depreciation	498,620,941	275,159,792	773,780,733	5,318,529
Bond issuance costs	1,339,367	342,684	1,682,051	-
Other assets	11,000	-	11,000	98,305
Total assets	<u>\$ 831,918,189</u>	<u>\$ 374,482,669</u>	<u>\$ 1,206,400,858</u>	<u>\$ 10,829,586</u>
Liabilities and net assets				
Liabilities				
Accounts and other current liabilities	\$ 12,525,333	\$ 3,757,678	\$ 16,283,011	\$ 126,421
Interest payable	2,757,812	367,700	3,125,512	-
Due to component unit	120,274	-	120,274	-
Unearned revenue	36,990,278	-	36,990,278	1,254
Temporary notes	15,840,000	-	15,840,000	-
Noncurrent liabilities:				
Due within one year	53,113,050	5,174,054	58,287,104	263,315
Due in more than one year	213,093,089	106,714,526	319,807,615	34,826
Deposits	-	285,050	285,050	-
Total liabilities	<u>334,439,836</u>	<u>116,299,008</u>	<u>450,738,844</u>	<u>425,816</u>
Net assets				
Invested in capital assets, net of related debt	356,108,246	228,011,260	584,119,506	6,411,677
Restricted for:				
Debt service	75,926,543	6,961,829	82,888,372	-
Public safety	147,638	-	147,638	-
Capital improvements	697,015	-	697,015	-
Community services	6,681,289	-	6,681,289	-
General government	210,334	-	210,334	-
Unrestricted	<u>57,707,288</u>	<u>23,210,572</u>	<u>80,917,860</u>	<u>3,992,093</u>
Total net assets	<u>497,478,353</u>	<u>258,183,661</u>	<u>755,662,014</u>	<u>10,403,770</u>
Total liabilities and net assets	<u>\$ 831,918,189</u>	<u>\$ 374,482,669</u>	<u>\$ 1,206,400,858</u>	<u>\$ 10,829,586</u>

See accompanying notes to the basic financial statements

City of Olathe, Kansas
Statement of Activities
For the Year Ended December 31, 2011

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	\$ 22,104,286	\$ 3,872,262	\$ 1,348,710	\$ -	\$ (16,883,314)
Public safety	35,809,361	4,129,741	515,106	256,259	(30,908,255)
Public works	46,931,481	4,664,605	96,089	24,602,670	(17,568,117)
Community services	11,823,644	2,114,043	371,803	397,966	(8,939,832)
Interest on long-term debt	11,892,275	-	-	-	(11,892,275)
Total governmental activities	<u>128,561,047</u>	<u>14,780,651</u>	<u>2,331,708</u>	<u>25,256,895</u>	<u>(86,191,793)</u>
Business-type activities					
Water and sewer	32,419,382	31,887,691	-	4,206,897	3,675,206
Solid waste	10,297,550	11,830,205	-	-	1,532,655
Total business-type activities	<u>42,716,932</u>	<u>43,717,896</u>	<u>-</u>	<u>4,206,897</u>	<u>5,207,861</u>
Total primary government	<u>\$ 171,277,979</u>	<u>\$ 58,498,547</u>	<u>\$ 2,331,708</u>	<u>\$ 29,463,792</u>	<u>\$ (80,983,932)</u>
Nonmajor discretely presented component units					
Olathe Public Library	\$ 4,053,107	\$ 225,831	\$ 80,224	\$ -	\$ (3,747,052)
Olathe Public Housing Authority	3,824,688	319,470	3,268,253	71,272	(165,693)
Total component units	<u>\$ 7,877,795</u>	<u>\$ 545,301</u>	<u>\$ 3,348,477</u>	<u>\$ 71,272</u>	<u>\$ (3,912,745)</u>

City of Olathe, Kansas
Statement of Activities
For the Year Ended December 31, 2011

	Primary Government			Discretely Presented Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net assets				
Net (expense) revenue	\$ (86,191,793)	\$ 5,207,861	\$ (80,983,932)	\$ (3,912,745)
General revenues				
Taxes:				
Property taxes, levied for general purpose	19,858,300	-	19,858,300	3,991,132
Property taxes, levied for debt service	17,530,345	-	17,530,345	-
Sales tax	41,925,494	-	41,925,494	-
Franchise taxes	9,676,295	-	9,676,295	-
Transient guest tax	879,012	-	879,012	-
Unrestricted investment earnings	961,178	178,500	1,139,678	35,398
Miscellaneous	1,419,911	1,320,622	2,740,533	(1,382)
Transfers - internal activities	544,935	(544,935)	-	-
Total general revenues and transfers	<u>92,795,470</u>	<u>954,187</u>	<u>93,749,657</u>	<u>4,025,148</u>
Change in net assets	<u>6,603,677</u>	<u>6,162,048</u>	<u>12,765,725</u>	<u>112,403</u>
Net assets - beginning of year	483,520,799	252,021,613	735,542,412	10,291,367
Prior period adjustment	7,353,877	-	7,353,877	-
Net assets - beginning of year as restated	<u>490,874,676</u>	<u>252,021,613</u>	<u>742,896,289</u>	<u>10,291,367</u>
Net assets - end of year	<u>\$ 497,478,353</u>	<u>\$ 258,183,661</u>	<u>\$ 755,662,014</u>	<u>\$ 10,403,770</u>

See accompanying notes to the basic financial statements

City of Olathe, Kansas
Balance Sheet
Governmental Funds
December 31, 2011

	General	Debt Service		Capital Projects	Other Governmental Funds	Total Governmental Funds
		Debt Service	Special Tax Financing			
Assets						
Cash, cash equivalents, and investments	\$ 18,482,244	\$ 21,767,354	\$ 1,506,312	\$ 38,115,643	\$ 16,968,795	\$ 96,840,348
Cash held by trustee	-	7,245,028	4,010,870	-	-	11,255,898
Receivables (net of allowance)						
Taxes	19,409,410	14,527,288	1,990,207	-	6,382,026	42,308,931
Accounts	102,860	-	-	-	559,789	662,649
Accrued interest	369,862	431,602	-	-	-	801,464
Special assessments	-	53,550,010	-	-	-	53,550,010
Loans	-	-	-	-	3,756,953	3,756,953
Due from other funds	601,488	-	-	-	-	601,488
Due from other governments	91,947	-	-	178,260	1,568,767	1,838,974
Total assets	<u>\$ 39,057,811</u>	<u>\$ 97,521,282</u>	<u>\$ 7,507,389</u>	<u>\$ 38,293,903</u>	<u>\$ 29,236,330</u>	<u>\$ 211,616,715</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 4,486,612	\$ -	\$ -	\$ 2,058,555	\$ 198,524	\$ 6,743,691
Accrued payroll	2,127,249	-	-	-	-	2,127,249
Due to other funds	-	-	-	-	467,414	467,414
Due to component unit	-	-	-	-	120,274	120,274
Deferred revenue	12,033,277	64,192,880	1,460,000	-	10,341,219	88,027,376
Temporary notes	-	-	-	15,840,000	-	15,840,000
Total liabilities	<u>18,647,138</u>	<u>64,192,880</u>	<u>1,460,000</u>	<u>17,898,555</u>	<u>11,127,431</u>	<u>113,326,004</u>
Fund balances						
Non spendable	601,488	-	-	-	-	601,488
Restricted	-	30,236,402	6,047,389	20,395,348	7,736,276	64,415,415
Committed	-	-	-	-	10,637,847	10,637,847
Assigned	604,793	3,092,000	-	-	-	3,696,793
Unassigned	19,204,392	-	-	-	(265,224)	18,939,168
Total fund balances	<u>20,410,673</u>	<u>33,328,402</u>	<u>6,047,389</u>	<u>20,395,348</u>	<u>18,108,899</u>	<u>98,290,711</u>
Total liabilities and fund balances	<u>\$ 39,057,811</u>	<u>\$ 97,521,282</u>	<u>\$ 7,507,389</u>	<u>\$ 38,293,903</u>	<u>\$ 29,236,330</u>	<u>\$ 211,616,715</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, 2011

Total fund balance - all governmental funds \$ 98,290,711

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. 602,643,637

Land and construction in progress	104,022,696
Capital assets being depreciated	810,649,751
Accumulated depreciation	(312,028,810)

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. (268,963,951)

Interest payable	(2,757,812)
Noncurrent liabilities:	
Due within one year	
General obligation bonds	(29,170,000)
Special obligation bonds	(21,497,193)
Compensated absences	(1,858,356)
Bond issuance premium	(587,501)
Due in more than one year	
General obligation bonds	(177,510,000)
Special obligation bonds	(18,880,000)
Compensated absences	(1,453,514)
Net OPEB obligation	(4,558,502)
Bond issuance premium	(10,691,073)

Long-term assets are not available to pay current period expenditures and are therefore deferred in the fund statements. 51,037,098

Special assessments	49,645,592
Due from other governments	1,391,506

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 1,339,367

Bond issuance costs, net	1,339,367
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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. 13,131,491

Internal service fund capital assets, net	(16,505,656)
Internal service fund debt	68,663
Internal service fund net assets	33,117,502
Internal service fund due to business-type	(3,549,018)

Net assets of governmental activities \$ 497,478,353

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, 2011

	Debt Service			Capital Projects	Other Governmental Funds	Total Governmental Funds
	General	Debt Service	Special Tax Financing			
Revenues						
Taxes:						
Property	\$ 13,415,867	\$ 16,083,382	\$ 1,448,963	\$ -	\$ 6,440,433	\$ 37,388,645
Sales	36,702,346	311,786	2,283,929	-	2,627,433	41,925,494
Franchise	9,676,295	-	-	-	-	9,676,295
Transient guest	-	-	-	-	879,012	879,012
Special assessments	-	7,267,876	-	48,689	-	7,316,565
Intergovernmental	868,854	-	-	4,635,039	5,145,348	10,649,241
Licenses and permits	801,090	-	-	-	-	801,090
Fines, forfeitures, and penalties	3,605,967	-	-	-	-	3,605,967
Charges for services	4,348,131	-	-	-	6,025,463	10,373,594
Use of money and property	77,718	564,730	11,314	174,933	68,906	897,601
Miscellaneous	688,349	184,101	-	231,372	223,495	1,327,317
Total revenues	<u>70,184,617</u>	<u>24,411,875</u>	<u>3,744,206</u>	<u>5,090,033</u>	<u>21,410,090</u>	<u>124,840,821</u>
Expenditures						
Current:						
General government	14,769,967	174,102	283,872	-	5,775,871	21,003,812
Public safety	34,400,943	-	-	-	661,593	35,062,536
Public works	11,562,045	-	-	-	1,365,136	12,927,181
Community services	7,148,922	-	-	-	3,132,645	10,281,567
Development services	-	-	-	-	-	-
Capital improvements	-	-	-	19,185,356	-	19,185,356
Debt service:						
Principal retirements	62,972	20,328,000	947,807	-	-	21,338,779
Interest and fiscal charges	2,409	9,078,233	2,819,698	408,413	-	12,308,753
Total expenditures	<u>67,947,258</u>	<u>29,580,335</u>	<u>4,051,377</u>	<u>19,593,769</u>	<u>10,935,245</u>	<u>132,107,984</u>
Excess of revenues over (under) expenditures	<u>2,237,359</u>	<u>(5,168,460)</u>	<u>(307,171)</u>	<u>(14,503,736)</u>	<u>10,474,845</u>	<u>(7,267,163)</u>
Other financing sources (uses)						
Issuance of general obligation bonds	-	-	-	28,100,000	-	28,100,000
Issuance of refunding bonds	-	8,835,000	-	-	-	8,835,000
Payment to refunded bond escrow	-	(2,590,000)	-	-	-	(2,590,000)
Bond premium	-	392,533	-	2,091,313	-	2,483,846
Transfers in	5,692,891	2,678,640	-	14,573,678	649,061	23,594,270
Transfers out	(7,623,707)	-	-	(1,714,180)	(13,509,844)	(22,847,731)
Total other financing sources (uses)	<u>(1,930,816)</u>	<u>9,316,173</u>	<u>-</u>	<u>43,050,811</u>	<u>(12,860,783)</u>	<u>37,575,385</u>
Net changes in fund balances	306,543	4,147,713	(307,171)	28,547,075	(2,385,938)	30,308,222
Fund balances - beginning of year	20,104,130	29,180,689	6,354,560	(8,151,727)	20,494,837	67,982,489
Fund balances - end of year	<u>\$ 20,410,673</u>	<u>\$ 33,328,402</u>	<u>\$ 6,047,389</u>	<u>\$ 20,395,348</u>	<u>\$ 18,108,899</u>	<u>\$ 98,290,711</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, 2011

Net change in fund balances - all governmental funds \$ 30,308,222

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. (18,984,175)

Capital outlay	\$ 11,971,332	
Depreciation	(30,955,507)	

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. (16,248,809)

Principal payments	21,338,779	
Issuance of general obligation bonds	(28,100,000)	
Premium	(2,483,846)	
Special obligation debt	-	
Issuance refunding bonds	(8,835,000)	
Payment of escrow	2,590,000	
OPEB	(758,742)	

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. 432,147

Compensated absences	(50,072)	
Interest expense	482,219	

Revenues in the statement of activities that do not provide current financing resources are not reported as revenues in the funds. 9,400,179

Special assessments	5,452,742	
Donated capital assets	3,033,777	
Capital grant	913,660	

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. (65,741)

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. 1,761,854

Change in net assets of governmental activities \$ 6,603,677

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, 2011

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues				
Taxes:				
Property	\$ 14,687,086	\$ 14,687,086	\$ 13,415,867	\$ (1,271,219)
Sales	27,953,045	27,953,045	36,702,346	8,749,301
Franchise	9,223,293	9,223,293	9,676,295	453,002
Intergovernmental	915,659	915,659	868,854	(46,805)
Licenses and permits	772,463	772,463	801,090	28,627
Fines, forfeitures, and penalties	3,465,119	3,465,119	3,605,967	140,848
Charges for services	3,816,411	3,816,411	4,348,131	531,720
Use of money and property	189,926	189,926	77,718	(112,208)
Miscellaneous	506,012	506,012	688,349	182,337
Total revenues	<u>61,529,014</u>	<u>61,529,014</u>	<u>70,184,617</u>	<u>8,655,603</u>
Expenditures				
General government	14,505,197	14,505,197	4,229,765	10,275,432
Administration	2,833,887	2,833,887	2,873,607	(39,720)
Legal	1,300,303	1,300,303	1,276,311	23,992
Information technology services	3,296,552	3,296,552	3,113,408	183,144
Financial services	2,960,107	2,960,107	2,826,246	133,861
Public safety	34,162,559	34,162,559	34,327,860	(165,301)
Public works	12,004,920	12,004,920	11,706,441	298,479
Community services	7,317,195	7,317,195	7,198,510	118,685
Contingency	500,000	500,000	-	500,000
Total expenditures	<u>78,880,720</u>	<u>78,880,720</u>	<u>67,552,148</u>	<u>11,328,572</u>
Excess of revenues over expenditures	<u>(17,351,706)</u>	<u>(17,351,706)</u>	<u>2,632,469</u>	<u>19,984,175</u>
Other financing sources (uses)				
Transfers in	6,041,358	6,041,358	5,692,891	(348,467)
Transfers out	(4,060,962)	(4,060,962)	(7,623,707)	(3,562,745)
Total other financing sources (uses)	<u>1,980,396</u>	<u>1,980,396</u>	<u>(1,930,816)</u>	<u>(3,911,212)</u>
Net change in fund balance	<u>\$ (15,371,310)</u>	<u>\$ (15,371,310)</u>	<u>701,653</u>	<u>\$ 16,072,963</u>
Fund balance - beginning of year - budget basis			<u>19,104,227</u>	
Fund balance - end of year - budget basis			19,805,880	
Encumbrances incurred and outstanding			604,793	
Fund balance - end of year - GAAP basis			<u>\$ 20,410,673</u>	

See accompanying notes to the basic financial statements

City of Olathe, Kansas
Statement of Net Assets
Proprietary Funds
December 31, 2011

	Business-type Activities - Enterprise Funds			Governmental	
	Major		Nonmajor	Activities -	
	Water and Sewer Fund	Solid Waste Fund	Golf Course	Internal Service Funds	
			Total		
Assets					
Current assets:					
Cash and cash equivalents	\$ 27,514,950	\$ 1,993,711	\$ -	\$ 29,508,661	\$ 19,583,889
Accounts receivable (net of allowance)	3,308,753	1,296,001	-	4,604,754	-
Due from other funds	-	-	-	-	88,742
Inventories and other prepaid items	735,546	1,090	-	736,636	326,683
Total current assets	<u>31,559,249</u>	<u>3,290,802</u>	<u>-</u>	<u>34,850,051</u>	<u>19,999,314</u>
Noncurrent assets:					
Restricted assets:					
Cash and cash equivalents	6,961,829	-	-	6,961,829	-
Due from other funds	-	-	-	-	303,748
Due from component unit	-	-	-	-	20,840
Other	-	-	-	-	11,000
Total restricted assets	<u>6,961,829</u>	<u>-</u>	<u>-</u>	<u>6,961,829</u>	<u>335,588</u>
Capital assets:					
Capital assets not being depreciated					
Land	3,331,879	1,283,232	400,325	5,015,436	-
Construction in progress	49,130,423	-	-	49,130,423	-
Total capital assets not being depreciated	<u>52,462,302</u>	<u>1,283,232</u>	<u>400,325</u>	<u>54,145,859</u>	<u>-</u>
Capital assets being depreciated					
Buildings	32,402,429	-	-	32,402,429	-
Machinery and equipment	2,138,522	1,632,642	-	3,771,164	40,449,039
Water system	185,039,561	-	-	185,039,561	-
Sewer system	129,081,088	-	-	129,081,088	-
Total capital assets being depreciated	<u>348,661,600</u>	<u>1,632,642</u>	<u>-</u>	<u>350,294,242</u>	<u>40,449,039</u>
Less accumulated depreciation	(74,478,660)	(655,790)	-	(75,134,450)	(23,943,383)
Total capital assets (net of accumulated depreciation)	<u>326,645,242</u>	<u>2,260,084</u>	<u>400,325</u>	<u>329,305,651</u>	<u>16,505,656</u>
Bond issuance costs, net	342,684	-	-	342,684	-
Total noncurrent assets	<u>333,949,755</u>	<u>2,260,084</u>	<u>400,325</u>	<u>336,610,164</u>	<u>16,841,244</u>
Total assets	<u>\$ 365,509,004</u>	<u>\$ 5,550,886</u>	<u>\$ 400,325</u>	<u>\$ 371,460,215</u>	<u>\$ 36,840,558</u>

City of Olathe, Kansas
Statement of Net Assets
Proprietary Funds
December 31, 2011

	Business-type Activities - Enterprise Funds			Governmental	
	Major		Nonmajor	Activities -	
	Water and Sewer Fund	Solid Waste Fund	Golf Course	Internal Service Funds	
			Total		
Liabilities and net assets					
Current liabilities:					
Accounts and claims payable	\$ 3,757,318	\$ 360	\$ -	\$ 3,757,678	\$ 3,643,393
Interest payable	367,700	-	-	367,700	-
Compensated absences	396,441	114,997	-	511,438	53,225
Due to other funds	-	88,742	-	88,742	-
Current portion of general obligation bonds	550,000	-	-	550,000	-
Current portion of capital lease	1,335,031	-	-	1,335,031	-
Current portion of revolving loan	1,008,318	-	-	1,008,318	-
Current portion of revenue bonds	1,710,000	-	-	1,710,000	-
Current portion of bond premium	59,267	-	-	59,267	-
Total current liabilities	<u>9,184,075</u>	<u>204,099</u>	<u>-</u>	<u>9,388,174</u>	<u>3,696,618</u>
Noncurrent liabilities:					
Compensated absences	143,842	27,371	-	171,213	15,438
Due to other funds	-	303,748	134,074	437,822	-
General obligation bonds	16,960,000	-	-	16,960,000	-
Capital lease, net	11,556,585	-	-	11,556,585	-
Revolving loan, net	23,278,700	-	-	23,278,700	-
Revenue bonds, net	53,050,000	-	-	53,050,000	-
Net OPEB obligation	651,215	217,070	-	868,285	-
Bond premium	829,743	-	-	829,743	-
Deposit	285,050	-	-	285,050	11,000
Total noncurrent liabilities	<u>106,755,135</u>	<u>548,189</u>	<u>134,074</u>	<u>107,437,398</u>	<u>26,438</u>
Total liabilities	<u>115,939,210</u>	<u>752,288</u>	<u>134,074</u>	<u>116,825,572</u>	<u>3,723,056</u>
Net assets					
Invested in capital assets, net of related debt	225,350,851	2,260,084	400,325	228,011,260	16,505,656
Restricted for bond requirements	6,961,829	-	-	6,961,829	-
Unrestricted	17,257,114	2,538,514	(134,074)	19,661,554	16,611,846
Total net assets	<u>249,569,794</u>	<u>4,798,598</u>	<u>266,251</u>	<u>254,634,643</u>	<u>33,117,502</u>
Total liabilities and net assets	<u>\$ 365,509,004</u>	<u>\$ 5,550,886</u>	<u>\$ 400,325</u>		<u>\$ 36,840,558</u>

Reconciliation to government-wide statement of net assets:

Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds	3,549,018
Net assets of business-type activities	<u>\$ 258,183,661</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, 2011

	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	\$ 31,887,691	\$ 11,830,205	\$ -	\$ 43,717,896	\$ 25,615,315
Miscellaneous	1,320,622	-	-	1,320,622	-
Total operating revenues	<u>33,208,313</u>	<u>11,830,205</u>	<u>-</u>	<u>45,038,518</u>	<u>25,615,315</u>
Operating expenses					
Water production	3,892,998	-	-	3,892,998	-
Wastewater treatment	4,769,290	-	-	4,769,290	-
Water and sewer maintenance	3,027,776	-	-	3,027,776	-
Administration and general	9,918,413	2,959,568	-	12,877,981	14,355,138
Equipment maintenance	-	-	-	-	5,391,689
Sanitation expense	-	4,685,395	-	4,685,395	-
Transfer station expense	-	2,988,654	-	2,988,654	-
Depreciation and amortization	5,791,844	75,060	-	5,866,904	3,532,998
Total operating expenses	<u>27,400,321</u>	<u>10,708,677</u>	<u>-</u>	<u>38,108,998</u>	<u>23,279,825</u>
Operating income	<u>5,807,992</u>	<u>1,121,528</u>	<u>-</u>	<u>6,929,520</u>	<u>2,335,490</u>
Nonoperating revenues (expenses)					
Interest income	168,343	10,157	-	178,500	63,577
Interest expense	(5,323,571)	(35,185)	-	(5,358,756)	-
Intergovernmental	10,000	-	-	10,000	222,618
Gain from sale of equipment	-	-	-	-	92,595
Total nonoperating revenues (expenses)	<u>(5,145,228)</u>	<u>(25,028)</u>	<u>-</u>	<u>(5,170,256)</u>	<u>378,790</u>
Net income before transfers and capital contributions	662,764	1,096,500	-	1,759,264	2,714,280
Transfers in	450,155	-	-	450,155	18,395
Transfers out	(701,589)	(293,500)	-	(995,089)	(220,000)
Capital contributions	4,196,897	-	-	4,196,897	-
Change in net assets	4,608,227	803,000	-	5,411,227	2,512,675
Net assets - beginning of year	244,961,567	3,995,598	266,251		30,604,827
Net assets - end of year	<u>\$ 249,569,794</u>	<u>\$ 4,798,598</u>	<u>\$ 266,251</u>		<u>\$ 33,117,502</u>

Reconciliation to government-wide statement of activities:

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

750,821

Change in net assets of business-type activities

\$ 6,162,048

See accompanying notes to the basic financial statements

City of Olathe, Kansas
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2011

	Business-type Activities - Enterprise Funds				Governmental
	Major		Nonmajor		Activities -
	Water and Sewer Fund	Solid Waste Fund	Golf Course	Total	Internal Service Funds
Cash Flows from Operating Activities					
Receipts from customers and users	\$ 32,257,097	\$ 11,782,848	\$ -	\$ 44,039,945	\$ 25,615,315
Payments to suppliers	(11,329,922)	(7,841,584)	-	(19,171,506)	(17,951,578)
Payments to employees	(8,762,868)	(3,553,035)	-	(12,315,903)	(1,721,920)
Net cash provided by (used in) operating activities	<u>12,164,307</u>	<u>388,229</u>	<u>-</u>	<u>12,552,536</u>	<u>5,941,817</u>
Cash Flows from Noncapital Financing Activities					
Intergovernmental	10,000	-	-	10,000	222,618
Transfers from other funds	450,155	-	-	450,155	18,395
Transfers to other funds	(701,589)	(293,500)	-	(995,089)	(220,000)
Net cash provided by (used in) noncapital financing activities	<u>(241,434)</u>	<u>(293,500)</u>	<u>-</u>	<u>(534,934)</u>	<u>21,013</u>
Cash Flows from Capital and Related Financing Activities					
Acquisitions and construction of capital assets	(34,457,082)	-	-	(34,457,082)	(4,231,215)
Proceeds from revolving loans	1,082,933	-	-	1,082,933	-
Principal paid on revenue bonds	(635,000)	-	-	(635,000)	-
Interest paid on revenue bonds	(1,746,982)	-	-	(1,746,982)	-
Proceeds from general obligation bonds	17,510,000	-	-	17,510,000	-
Premium on general obligation bonds	889,010	-	-	889,010	-
Cost of issuance of general obligation bonds	(126,072)	-	-	(126,072)	-
Principal refinanced on revolving loans	(18,272,938)	-	-	(18,272,938)	-
Principal paid on revolving loans	(1,189,358)	-	-	(1,189,358)	-
Interest paid on revolving loans	(1,144,175)	-	-	(1,144,175)	-
Principal paid on capital lease	(512,408)	-	-	(512,408)	-
Interest paid on capital lease	(1,142,814)	(35,185)	-	(1,177,999)	-
Net cash provided by (used in) capital and related financing activities	<u>(39,744,886)</u>	<u>(35,185)</u>	<u>-</u>	<u>(39,780,071)</u>	<u>(4,231,215)</u>
Cash Flows from Investing Activities					
Interest received	168,343	10,157	-	178,500	63,577
Net cash provided by (used in) investing activities	<u>168,343</u>	<u>10,157</u>	<u>-</u>	<u>178,500</u>	<u>63,577</u>
Net increase (decrease) in cash and cash equivalents	(27,653,670)	69,701	-	(27,583,969)	1,795,192
Cash and cash equivalents - beginning of year	<u>62,130,449</u>	<u>1,924,010</u>	<u>-</u>	<u>64,054,459</u>	<u>17,788,697</u>
Cash and cash equivalents - end of year	<u>\$ 34,476,779</u>	<u>\$ 1,993,711</u>	<u>\$ -</u>	<u>\$ 36,470,490</u>	<u>\$ 19,583,889</u>

City of Olathe, Kansas
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2011

	Business-type Activities - Enterprise Funds				Governmental
	Major		Nonmajor		Activities -
	Water and Sewer Fund	Solid Waste Fund	Golf Course	Total	Internal Service Funds
Reconciliation of operating income to net cash provided by operating activities					
Operating income	\$ 5,807,942	\$ 1,121,528	\$ -	\$ 6,929,470	\$ 2,335,490
Adjustments to reconcile operating income to cash provided by operating activities					
Depreciation and amortization	5,791,844	75,060	-	5,866,904	3,532,998
Gain from disposal of capital assets	-	-	-	-	92,595
Changes in assets and liabilities					
(Increase) decrease in receivables	(105,251)	(47,357)	-	(152,608)	780,338
(Increase) decrease in inventories	(21,182)	2,419	-	(18,763)	(112,104)
Increase (decrease) in accounts and claims payable	767,753	(29,134)	-	738,619	(679,542)
Increase in due to other funds	-	(780,337)	-	(780,337)	-
Increase in interest payable	(210,596)	-	-	(210,596)	-
Increase in net OPEB obligation	108,392	36,130	-	144,522	-
Increase in compensated absences	25,405	9,920	-	35,325	(7,958)
Total adjustments	<u>6,356,365</u>	<u>(733,299)</u>	<u>-</u>	<u>5,623,066</u>	<u>3,606,327</u>
Net cash provided by (used in) operating activities	<u>\$ 12,164,307</u>	<u>\$ 388,229</u>	<u>\$ -</u>	<u>\$ 12,552,536</u>	<u>\$ 5,941,817</u>
Noncash investing capital and financing activities:					
Contributed capital assets	\$ 4,196,897	\$ -	\$ -	\$ 4,196,897	\$ -

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, 2011

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.

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.

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2011

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.

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.

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2011

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, the transportation development district (TDD) sales activities, and the Community Improvement District (CID). This fund is considered a debt service fund.

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.

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.

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2011

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.

In accordance with state statutes, projects financed in part by special assessments are financed through issuance of general obligation bonds of the City and are retired from the Debt Service Fund. Special assessments are recorded as deferred revenues in the year the assessments are levied. Special assessments paid in full prior to the issuance of bonds are recorded as revenue in the capital project fund. Special assessments received after the issuance of bonds are recorded as revenue in the Debt Service Fund.

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2011

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.

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:

		Capitalization Threshold
Buildings and improvements	40 years	\$100,000
Vehicles and equipment	3 -20 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

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2011

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, and Cemetery 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, Economic Development and Tourism, Special Park and Recreation, Special Alcohol, Storm Water, Park Sales Tax, Recreation, Special Tax Financing, Debt Service, Water and Sewer, Solid Waste, and all Internal Service Funds.

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

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

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

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.

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2011

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.

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."

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2011

In the governmental funds, equity is shown as fund balance and classified into five components:

- (1) Nonspendable – inherently nonspendable
- (2) Restricted – externally enforceable limitations on use
- (3) Committed - self –imposed limitations set in place prior to the end of the period at the highest level of decision making.
- (4) Assigned - limitation resulting from intended us
- (5) Unassigned – residual net resources

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, 2011, the Grants Fund had a deficit fund balance of \$265,224. This deficit primarily arose from reimbursements have not yet been received for expenditures that have been incurred. The deficit will be reduced and eliminated as the reimbursements are received.

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.

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. Listed below are the City's investments with maturity dates.

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2011

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
State investment pool - overnight	On Demand	\$ 20,564,246
U.S. Treasury Bill	31-Jan-12	11,901,751
U.S. Treasury Bill	29-Feb-12	11,014,608
U.S. Treasury Bill	30-Apr-12	9,930,938
U.S. Treasury Bill	15-Jun-12	3,931,900
U.S. Treasury Bill	30-Jun-12	9,991,600
U.S. Treasury Bill	31-Oct-12	3,511,975
U.S. Treasury Bill	31-Jan-13	2,994,378
U.S. Treasury Bill	15-Mar-13	3,042,774
Government Agency	12-Dec-13	330,478
Government Agency	15-Mar-13	2,515,488
Government Agency	27-Mar-13	9,992,830
Government Agency	30-Apr-13	3,463,197
Government Agency	23-Aug-13	3,494,148
Government Agency	26-Sep-13	335,836
Government Agency	15-Oct-13	256,773
Government Agency	23-Jan-14	270,407
Government Agency	14-Feb-14	400,493
Government Agency	11-Mar-14	324,645
Government Agency	21-Apr-14	443,707
Government Agency	15-May-14	511,068
Government Agency	17-Jun-14	347,041
Government Agency	30-Jun-14	263,711
Government Agency	7-Jul-14	207,048
Government Agency	25-Aug-14	272,855
Government Agency	12-Sep-14	278,229
Government Agency	14-Nov-14	373,938
Government Agency	24-Nov-14	1,943,168
Government Agency	9-Dec-14	289,527
Government Agency	12-Dec-14	795,314
Government Agency	29-Dec-14	275,310
Government Agency	7-Jan-15	181,340
Government Agency	22-Jan-15	242,792
Government Agency	5-Feb-15	453,366
Government Agency	13-Feb-15	421,588
Government Agency	19-Feb-15	270,319
Government Agency	20-Apr-15	213,310
Government Agency	21-May-15	263,412
Government Agency	13-Jun-15	286,757
Government Agency	13-Jun-15	262,284
Government Agency	29-Jun-15	287,920
Government Agency	1-Aug-15	230,941
Government Agency	18-Aug-15	258,420
Government Agency	16-Sep-15	365,791
Government Agency	24-Sep-15	520,578
Government Agency	28-Sep-15	231,122
Government Agency	27-Oct-15	190,166
Total		\$ 108,949,487

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2011

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, 2011, City funds not held in depository accounts had been invested in certificates of deposits, U.S. Treasury Obligations, Government Agencies, and the Kansas Municipal Investment Pool (rated AAf/S1 by Standard & Poor’s)..

Concentration of Credit Risk – At December 31, 2011, of total cash and investment, the City invested \$49.5 million, or 29%, in certificates of deposit, \$56 million, or 33%, in U.S. Treasury Obligations, \$32 million or 19% in Government Agencies (FFCB 2%, FNMA 1%, FHLB 13%,and FHLMC 3%), and \$21 million, or 12%, in multiple municipal client investment pools.

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, 2011, 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. The City has \$56,319,924 of U.S. Treasury Securities and \$32,065,317 of Government Agencies that are held by the investment counter party.

4. Taxes and Special Assessments

Taxes and special assessments revenue by fund type, including interest and penalties, are as follows for fiscal year 2011:

	Major			Special Tax Financing	Other	Total
	General	Debt Service	Capital Projects		Governmental Funds	
Property tax	\$ 13,415,867	\$ 16,083,382	\$ -	\$ 1,448,963	\$ 6,440,433	\$ 37,388,645
Sales tax	36,702,346	311,786	-	2,283,929	2,627,433	41,925,494
Franchise tax	9,676,295	-	-	-	-	9,676,295
Transient guest tax	-	-	-	-	879,012	879,012
Special assessment	-	7,267,876	48,689	-	-	7,316,565
	<u>\$ 59,794,508</u>	<u>\$ 23,663,044</u>	<u>\$ 48,689</u>	<u>\$ 3,732,892</u>	<u>\$ 9,946,878</u>	<u>\$ 97,186,011</u>

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2011

Taxes and special assessments receivable by fund type are as follows for fiscal year 2011.

	<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	\$ 11,544,782	\$ 14,527,288	\$ 1,460,000	\$ 5,701,255	\$ 33,233,325
Sales tax	6,412,993	-	530,207	456,345	7,399,545
Franchise tax	1,451,635	-	-	-	1,451,635
Transient guest tax	-	-	-	224,426	224,426
Special assessment	-	53,550,010	-	-	53,550,010
	<u>\$ 19,409,410</u>	<u>\$ 68,077,298</u>	<u>\$ 1,990,207</u>	<u>\$ 6,382,026</u>	<u>\$ 95,858,941</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, 2010 on which the 2011 levy was based was \$1,264,292,442.

The City's property tax levies per \$1,000 assessed valuation for the year ended December 31, 2011 were as follows:

<u>Fund</u>	<u>Levy</u>
General	\$ 9.050
Special revenue	4.486
Debt service	11.388
	<u>\$ 24.924</u>

The City property taxes for 2011 were assessed in November of 2010 and distributed to the City in 2011 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, 2011

5. Intergovernmental Receivables and Revenue

Amounts due from other governments as of December 31, 2011 are as follows:

	Major		Other Governmental	Totals
	General	Capital Projects		
Federal				
Department of Housing and Urban Development	\$ -	\$ -	\$ 151,016	\$ 151,016
Department of Energy	-	-	299,150	299,150
Department of Justice	-	-	84,064	84,064
State				
Department of Revenue	80,000	-	984,903	1,064,903
Department of Transportation	-	91,117	8,128	99,245
Highway Department	11,947	-	-	11,947
Local				
Kansas City Area Transportation Authority	-	-	26,386	26,386
Johnson County	-	87,143	474	87,617
USD 233	-	-	14,646	14,646
	\$ 91,947	\$ 178,260	\$ 1,568,767	\$ 1,838,974

Intergovernmental revenues for the year ended December 31, 2011 consisted of the following:

	Major				Other Governmental	Totals
	General	Capital Projects	Water & Sewer	Risk Management		
Federal						
Department of Housing and Urban Development	\$ -	\$ -	\$ -	\$ -	\$ 581,989	\$ 581,989
FEMA	-	295,395	-	-	149,499	444,894
Justice	-	-	-	-	15,453	15,453
Health and Human Services	-	-	-	222,618	-	222,618
State						
Liquor Tax	359,162	-	-	-	718,323	1,077,485
State Highway Connecting Links	47,400	-	-	-	-	47,400
Special Highway	-	-	-	-	3,221,963	3,221,963
Department of Wildlife and Parks	-	-	-	-	46,703	46,703
Department of Transportation	-	2,518,734	-	-	24,110	2,542,844
County						
Street improvements	-	1,820,910	10,000	-	-	1,830,910
Herritage Trust	-	-	-	-	64,750	64,750
Justice	-	-	-	-	76,570	76,570
Local						
MARC	-	-	-	-	2,128	2,128
Kansas City Area Transportation Authority	-	-	-	-	231,251	231,251
Unified School District 233	462,292	-	-	-	12,609	474,901
	\$ 868,854	\$ 4,635,039	\$ 10,000	\$ 222,618	\$ 5,145,348	\$ 10,881,859

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2011

6. Capital Assets

Capital Asset activity for the year ended December 31, 2011 was as follows:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Retirements</u>	<u>End of Year</u>
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 87,959,431	\$ 2,248,705	\$ -	\$ 90,208,136
Construction in progress	36,318,877	14,628,441	37,132,758	13,814,560
Total capital assets, not being depreciated	<u>124,278,308</u>	<u>16,877,146</u>	<u>37,132,758</u>	<u>104,022,696</u>
Capital assets being depreciated				
Buildings	76,826,224	-	899,275	75,926,949
Machinery and equipment	48,523,133	6,193,608	3,445,027	51,271,714
Swimming pools	10,908,808	-	-	10,908,808
Infrastructure	638,097,648	34,444,633	-	672,542,281
Total capital assets being depreciated	<u>774,355,813</u>	<u>40,638,241</u>	<u>4,344,302</u>	<u>810,649,752</u>
Less accumulated depreciation for				
Buildings	(14,682,477)	(1,912,157)	-	(16,594,634)
Machinery and equipment	(30,897,212)	(4,229,718)	(3,197,998)	(31,928,932)
Swimming pools	(2,060,063)	(1,478,922)	-	(3,538,985)
Infrastructure	(233,098,552)	(26,867,708)	-	(259,966,260)
Total accumulated depreciation	<u>(280,738,304)</u>	<u>(34,488,505)</u>	<u>(3,197,998)</u>	<u>(312,028,811)</u>
Total capital assets being depreciated, net	493,617,509	6,149,736	1,146,304	498,620,941
Governmental activities capital assets, net	<u>\$ 617,895,817</u>	<u>\$ 23,026,882</u>	<u>\$ 38,279,062</u>	<u>\$ 602,643,637</u>
Business-type activities				
Capital assets, not being depreciated				
Land	\$ 4,759,026	\$ 256,410	\$ -	\$ 5,015,436
Construction in progress	15,993,186	34,820,925	1,683,688	49,130,423
Total capital assets, not being depreciated	<u>20,752,212</u>	<u>35,077,335</u>	<u>1,683,688</u>	<u>54,145,859</u>
Capital assets being depreciated				
Buildings	32,402,429	-	-	32,402,429
Machinery and equipment	3,746,172	44,278	19,286	3,771,164
Water system	183,360,797	1,678,764	-	185,039,561
Sewer system	127,140,046	1,941,042	-	129,081,088
Total capital assets being depreciated	<u>346,649,444</u>	<u>3,664,084</u>	<u>19,286</u>	<u>350,294,242</u>
Less accumulated depreciation for				
Buildings	(6,971,810)	(779,303)	-	(7,751,113)
Machinery and equipment	(1,513,820)	(169,360)	(19,287)	(1,663,893)
Water system	(35,010,356)	(3,179,040)	-	(38,189,396)
Sewer system	(25,807,049)	(1,722,999)	-	(27,530,048)
Total accumulated depreciation	<u>(69,303,035)</u>	<u>(5,850,702)</u>	<u>(19,287)</u>	<u>(75,134,450)</u>
Total capital assets being depreciated, net	277,346,409	(2,186,618)	(1)	275,159,792
Business-type activities capital assets, net	<u>\$ 298,098,621</u>	<u>\$ 32,890,717</u>	<u>\$ 1,683,687</u>	<u>\$ 329,305,651</u>

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2011

Component units	Beginning of Year	Additions	Retirements	End of Year
Capital assets, not being depreciated				
Land	\$ 890,191	\$ -	\$ -	\$ 890,191
Construction in Progress	642,513	51,273	538,634	155,152
Art collection	20,845	-	-	20,845
Kansas Room Collection	44,000	-	17,040	26,960
Total capital assets, not being depreciated	<u>1,597,549</u>	<u>51,273</u>	<u>555,674</u>	<u>1,093,148</u>
Capital assets being depreciated				
Land improvements	111,634	-	-	111,634
Buildings and improvements	11,258,340	536,710	2,284	11,792,766
Machinery and equipment	919,278	61,758	57,845	923,191
Books and materials	4,103,013	418,886	808,350	3,713,549
Total capital assets being depreciated	<u>16,392,265</u>	<u>1,017,354</u>	<u>868,479</u>	<u>16,541,140</u>
Less accumulated depreciation for				
Land improvements	(14,424)	(7,826)	-	(22,250)
Buildings	(7,252,822)	(418,295)	(1,142)	(7,669,975)
Machinery and equipment	(781,810)	(55,181)	(57,606)	(779,385)
Books and materials	(3,202,744)	(356,607)	(808,350)	(2,751,001)
Total accumulated depreciation	<u>(11,251,800)</u>	<u>(837,909)</u>	<u>(867,098)</u>	<u>(11,222,611)</u>
Total capital assets being depreciated, net	<u>5,140,465</u>	<u>179,445</u>	<u>1,381</u>	<u>5,318,529</u>
Component units capital assets, net	<u>\$ 6,738,014</u>	<u>\$ 230,718</u>	<u>\$ 557,055</u>	<u>\$ 6,411,677</u>

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

Government activities	
General government	\$ 1,206,600
Public safety	1,119,215
Public works	27,082,575
Community services	1,547,117
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of assets	<u>3,532,998</u>
Total depreciation expense for governmental activities	<u>\$ 34,488,505</u>
Business-type activities	
Water and sewer	\$ 5,775,643
Solid Waste	75,060
Total depreciation expense for business-type activities	<u>\$ 5,850,703</u>

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2011

7. Debt

Short-term debt

The following is a summary of the short-term debt transactions of the City for the year ended December 31, 2011

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Retirements</u>	<u>End of Year</u>	<u>Due in One Year</u>
Governmental					
Temporary notes	\$ 54,455,000	\$ 15,840,000	\$ 54,455,000	\$ 15,840,000	\$ 15,840,000

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>End of Year</u>
Temporary Notes			
Citywide improvements	1.00%	1-Jul-11	\$ 7,380,684
Water and sewer improvements	1.00%	1-Jul-11	2,797,002
Street and sidewalk improvements	1.00%	1-Jul-11	5,662,314
			<u>\$ 15,840,000</u>

Long-term debt

The following is a summary of the long-term debt transactions of the City for the year ended December 31, 2011.

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Retirements</u>	<u>End of Year</u>	<u>Due in One Year</u>
Governmental					
General obligation bonds	\$ 192,663,000	\$ 36,935,000	\$ 22,918,000	\$ 206,680,000	\$ 29,170,000
Special obligations bonds	41,325,000	-	947,807	40,377,193	21,497,193
Capitalized leases	62,973	-	62,973	-	-
Compensated absences	3,311,489	2,785,234	2,784,853	3,311,870	1,858,356
Net OPEB Obligation	3,799,760	1,586,982	828,240	4,558,502	-
	<u>241,162,222</u>	<u>41,307,216</u>	<u>27,541,873</u>	<u>254,927,565</u>	<u>52,525,549</u>
Add: bond issuance premium	9,456,767	2,467,392	645,585	11,278,574	587,501
Total governmental debt	<u>250,618,989</u>	<u>43,774,608</u>	<u>28,187,458</u>	<u>266,206,139</u>	<u>53,113,050</u>
Business-type					
General obligation bonds	-	17,510,000	-	17,510,000	550,000
Revenue bonds	55,395,000	-	635,000	54,760,000	1,710,000
KDHE revolving loan	43,146,756	1,082,933	19,942,671	24,287,018	1,008,318
Capitalized leases	13,404,024	12,507,139	13,019,547	12,891,616	1,335,031
Compensated absences	647,325	861,007	825,681	682,651	511,438
Net OPEB Obligation	723,763	302,282	157,760	868,285	-
	<u>113,316,868</u>	<u>32,263,361</u>	<u>34,580,659</u>	<u>110,999,570</u>	<u>5,114,787</u>
Add: bond issuance premium	-	889,010	-	889,010	59,267
Total business-type debt	<u>113,316,868</u>	<u>33,152,371</u>	<u>34,580,659</u>	<u>111,888,580</u>	<u>5,174,054</u>
Total primary government	<u>\$ 363,935,857</u>	<u>\$ 76,926,979</u>	<u>\$ 62,768,117</u>	<u>\$ 378,094,719</u>	<u>\$ 58,287,104</u>

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2011

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>
General Obligation Bonds				
Governmental activities				
2002 Series 200 improvement bonds	9,210,000	2.00 - 4.00	1-Oct-12	\$ 920,000
2002 Series 202 improvement bonds	800,000	3.50 - 5.40	1-Oct-12	80,000
2003 Series 203 improvement bonds	19,675,000	2.25 - 4.25	1-Apr-12	8,475,000
2003 Series 204 improvement bonds	1,475,000	3.50 - 5.50	1-Apr-18	675,000
2004 Series 205 improvement bonds	24,535,000	3.00 - 5.00	1-Oct-24	9,590,000
2004 Series 206 refunding COPS	11,190,000	3.00 - 4.30	1-Oct-20	6,845,000
2005 Series 207 improvement bonds	28,980,000	4.00 - 5.00	1-Oct-25	13,050,000
2006 Series 208 improvement bonds	20,320,000	4.00 - 5.00	1-Oct-26	11,400,000
2007 Series 209 improvement bonds	21,530,000	4.00 - 5.00	1-Oct-27	15,130,000
2007 Series 210 improvement bonds	6,030,000	4.00	1-Oct-17	3,630,000
2008 Series 211 improvement bonds	35,400,000	4.00 - 5.00	1-Oct-28	28,200,000
2009 Series 212 improvement bonds	21,650,000	2.00 - 4.25	1-Oct-29	18,700,000
2009 Series 213 improvement bonds	1,360,000	1.75 - 4.60	1-Oct-19	1,145,000
2010 Series 214 improvement bonds	2,130,000	2.00	1-Oct-14	1,280,000
2010 Series 215 improvement bonds	44,930,000	3.00 - 5.00	1-Oct-30	43,135,000
2010 Series 216 improvement bonds	1,203,000	1.50 - 4.30	1-Oct-20	1,105,000
2010 Series 217 improvement bonds	7,015,000	1.00 - 4.30	1-Oct-20	6,385,000
2010 Series 218 improvement bonds	28,100,000	2.00 - 5.00	1-Oct-31	28,100,000
2010 Series 219 refunding	8,835,000	0.50 - 3.50	1-Oct-23	8,835,000
				<u>206,680,000</u>
Business-type activities				
2010 Series 220 refunding	17,510,000	2.00 - 4.00	1-Jul-25	17,510,000
Total General Obligation Bonds				<u>\$224,190,000</u>

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2011

	<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	\$ 4,120,000
2006 Series Olathe Gateway TIF	13,030,000	4.75 - 5.00	1-Mar-26	12,030,000
2006 Series Olathe Gateway TDD	9,195,000	4.75 - 5.00	1-Dec-28	8,722,193
2007 Series West Village TIF	16,565,000	5.00 - 5.50	1-Sep-26	15,505,000
				<u>\$ 40,377,193</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 \$5,806,180, payable through March 2022. For the current year, principal and interest paid and total incremental revenues were \$487,385 and \$508,652, respectively.

2006 Olathe Gateway TIF

The City has pledged 100% of the incremental increase in ad valorem tax revenues and 100% of the incremental increase in the City's sales tax revenues to repay the \$13,030,000 in tax increment financing bonds issued in December 2006 to finance the redevelopment of the Olathe Gateway. The bonds are payable solely from the incremental ad valorem and sales taxes generated by Olathe Gateway. Incremental taxes were projected to produce \$21,199,063, payable through March 2026. Total principal and interest remaining on the bonds is \$17,689,750. For the current year, principal and interest paid and total incremental tax revenues were \$785,775 and \$461,701, respectively.

There was \$344,023.33 transferred from the Bond Proceeds Reserve account to the Debt Service fund to supplement for the shortfall in the Debt Service fund for the March 1, 2011 debt service payment.

There was \$300,296.51 transferred from the Bond Proceeds Reserve account to the Debt Service fund to supplement for the shortfall in the Debt Service fund for the September 1, 2011 debt service payment.

There was \$85,918.95 transferred from the Bond Proceeds Reserve account to the Debt Service fund to supplement for the shortfall in the Debt Service fund for the March 1, 2012 debt service payment.

Due to the insufficiency of funds to cover the principal on the Bonds for the September 1, 2011, debt service payment, the Trustee has determined that an "event of default" has occurred under the Indenture and has declared the principal of all Bonds Outstanding and the interest accrued thereon to be immediately due and payable. The Bonds are special, limited obligations of the City. Neither the Bonds nor the interest thereon constitute a general obligation or indebtedness of, nor is the payment thereof guaranteed by the City.

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2011

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 \$13,706,131, payable through December 2028. For the current year, principal and interest paid and total incremental tax revenues were \$310,006 and \$236,365 respectively.

There was \$82,048.44 transferred from the Bond Proceeds Reserve account to the Debt Service fund to supplement for the shortfall in the Debt Service fund for the June 1, 2011 debt service payment.

Due to the insufficiency of funds to cover the principal on the Bonds for the June 1, 2011, debt service payment, the Trustee has determined that an "event of default" has occurred under the Indenture and has declared the principal of all Bonds Outstanding and the interest accrued thereon to be immediately due and payable. The Bonds are special, limited obligations of the City. Neither the Bonds nor the interest thereon constitute a general obligation or indebtedness of, nor is the payment thereof guaranteed by the City.

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 \$23,549,140, payable through September 2026. For the current year, interest and total incremental tax revenues were \$1,309,680 and \$1,005,114 respectively.

There was \$212,971.86 transferred from the Bond Proceeds Reserve account to the Debt Service fund to supplement for the shortfall in the Debt Service fund for the March 1, 2011 debt service payment.

There was \$165,388.63 transferred from the Bond Proceeds reserve account to the Debt Service fund to supplement for the shortfall in the Debt Service fund for the September 1, 2011 debt service payment.

There was \$116,372.28 transferred from the Bond Proceeds reserve account to the Debt Service fund to supplement for the shortfall in the Debt Service fund for the March 1, 2012 debt service payment.

Business-type activities	Original			End
Revenue Bonds	Issue	Interest Rate	Maturity Date	of Year
2008 Water and Sewer System revenue bonds	\$ 2,155,000	3.00 - 4.250	1-Jul-28	\$ 1,965,000
2009 Water and Sewer System revenue bonds	3,110,000	2.00 - 4.600	1-Jul-29	2,735,000
2010 Water and Sewer System revenue bonds	6,540,000	0.60 - 5.800	1-Jul-30	5,940,000
2010 Water and Sewer System revenue bonds	8,050,000	1.00 - 5.700	1-Jul-35	7,840,000
2010 Water and Sewer System revenue bonds	36,280,000	1.00 - 6.000	1-Jul-36	36,280,000
Total revenue bonds				<u>\$ 54,760,000</u>

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2011

Year	Governmental Activities					
	General Obligation Bonds		Special Obligation Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 29,170,000	\$ 8,793,509	\$ 21,497,193	\$ 2,312,063	\$ 50,667,193	\$ 11,105,572
2013	21,540,000	7,491,492	815,000	1,040,740	22,355,000	8,532,232
2014	20,500,000	6,619,242	890,000	996,020	21,390,000	7,615,262
2015	18,105,000	5,781,565	970,000	946,835	19,075,000	6,728,400
2016	15,955,000	5,036,089	1,050,000	891,885	17,005,000	5,927,974
2017 - 2021	56,615,000	16,375,079	6,700,000	3,451,009	63,315,000	19,826,088
2022 - 2026	29,465,000	7,120,579	8,455,000	1,323,081	37,920,000	8,443,660
2027 - 2031	15,330,000	1,532,062	-	-	15,330,000	1,532,062
	206,680,000	58,749,617	40,377,193	10,961,633	247,057,193	69,711,250
Due within one year	29,170,000	8,793,509	21,497,193	2,312,063	50,667,193	11,105,572
Due in more than one year	\$ 177,510,000	\$ 49,956,108	\$ 18,880,000	\$ 8,649,570	\$ 196,390,000	\$ 58,605,678

Year	Business-type Activities							
	General Obligation Bonds		Revenue Bonds		KDHE Revolving Loan		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 550,000	\$ 316,287	\$ 1,710,000	\$ 1,770,798	\$ 1,008,318	\$ 716,578	\$ 3,268,318	\$ 2,803,663
2013	1,080,000	531,206	1,735,000	1,753,394	1,041,481	686,277	3,856,481	2,970,877
2014	1,135,000	498,806	1,760,000	1,730,376	1,520,110	651,544	4,415,110	2,880,726
2015	1,160,000	464,756	1,795,000	1,701,391	1,571,021	605,256	4,526,021	2,771,403
2016	1,180,000	429,956	1,835,000	1,666,264	1,611,196	557,407	4,626,196	2,653,627
2017 - 2021	6,455,000	1,592,730	9,905,000	7,609,705	7,007,891	2,139,804	23,367,891	11,342,239
2022 - 2026	5,950,000	459,224	11,650,000	5,957,018	7,676,121	1,062,677	25,276,121	7,478,919
2027 - 2031	-	-	12,600,000	3,686,083	2,850,880	106,438	15,450,880	3,792,521
2032 - 2036	-	-	11,770,000	1,367,896	-	-	11,770,000	1,367,896
	17,510,000	4,292,965	54,760,000	27,242,925	24,287,018	6,525,981	96,557,018	38,061,871
Due within one year	550,000	316,287	1,710,000	1,770,798	1,008,318	716,578	3,268,318	2,803,663
Due in more than one year	\$ 16,960,000	\$ 3,976,678	\$ 53,050,000	\$ 25,472,127	\$ 23,278,700	\$ 5,809,403	\$ 93,288,700	\$ 35,258,208

The City has pledged future water customer revenues, net of specified operating expenses, to repay \$56,135,000 (\$2,155,000 2008 series \$3,110,000 2009 series, \$6,540,000 2010A series, \$8,050,000 2010B series, and \$36,280,000 2010C 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 2036. The total principal and interest remaining to be paid on the bonds is \$82,002,925. Principal and interest paid for the current year and total customer net revenues were \$2,381,982 and \$11,403,142 respectively.

In May 2011, the City issued General Obligation Bonds Series 218 in the amount of \$28,100,000 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, 2012 through October 1, 2031. The bonds maturing on or after October 1, 2021 are subject to redemption prior to maturity on October 1, 2020 at a price of par plus accrued interest.

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2011

In May 2011, the City issued Taxable General Obligation Bonds Series 219 in the amount of \$8,835,000 for the purpose of refunding Series 201 and Series 203. The bonds mature serially on October 1, 2012 through October 1, 2023. The bonds are not subject to redemption prior to maturity.

In December 2011, the City issued Taxable General Obligation Bonds Series 220 in the amount of \$17,510,000 for the purpose of refunding a portion of the revolving loans. The bonds mature serially on July 1, 2012 through July 1, 2025 are subject to redemption prior to maturity at a price of par plus accrued interest.

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

As of December 31, 2011, based on the assessed valuation as of December 15, 2011 of \$1,452,831,206, the general obligation debt limit was \$435,849,362 which, after reduction for outstanding eligible general obligation bonds and notes totaling \$215,995,000, and increases for exempt projects financed with outstanding general obligation bonds and notes totaling \$79,409,351 and amounts available for debt service of \$26,083,373, provides a general obligation debt margin of \$325,347,086.

Capitalized Leases

Business-type activities:

	End of Year
4.065% interest lease for a generator, payable in semi-annual principal and interest payments of \$81,647 through April 2014.	\$ 384,477
2.350% interest lease for water meters, payable in quarterly principal and interest payments ranging from \$477,397 to \$321,419 starting in February 2012 through February 2023	12,507,139
Total capital leases for business-type activities	\$ 12,891,616

The assets acquired through capital leases are as follows:

	Governmental Activities	Business-type	
		Water & Sewer	Solid Waste
Asset:			
Machinery and equipment	\$ 490,432	\$ 1,303,621	\$ 1,427,300
Water system	-	12,876,265	-
Less: Accumulated depreciation	(473,011)	(1,217,334)	(457,876)
Total	\$ 17,421	\$ 12,962,552	\$ 969,424

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2011

Year	Business-type Activities Payments	Total Payments
2012	\$ 1,604,949	\$ 1,604,949
2013	1,475,638	1,475,638
2014	1,430,407	1,430,407
2015	1,386,347	1,386,347
2016	1,425,147	1,425,147
2017 - 2021	7,118,039	7,118,039
	<u>14,440,527</u>	<u>14,440,527</u>
Less interest	1,548,911	1,548,911
Total	<u>\$ 12,891,616</u>	<u>\$ 12,891,616</u>

8. Refunded Debt

In 2011, the City refunded certain debt by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on old debt using a crossover advance refunding bond issue. For reporting purposes, under a crossover advance refunding bond issue the original issue (refunded bonds) is not considered defeased until they are retired. As with advance refunding bond issues, the proceeds of the crossover advance refunding bonds are placed into an escrow account. However, unlike other types of advance refunding, the escrow account in a crossover advance refunding transaction is not immediately dedicated to debt service principal and interest payments on the refunded debt. Instead the resources in the escrow account are used temporarily to meet debt service requirements on the refunding bonds. Only at a later date, known as the "crossover date" are the resources in the escrow account dedicated exclusively to the payment of principal and interest on the refunded debt. Crossover refunding do not result in the defeasance of debt prior to the crossover date. The City has recorded in the appropriate financial statements the outstanding debt of both the refunding and the refunded issues which are not considered defeased. At December 31, 2011, the following crossover advance refunding bonds are recorded as liabilities on the entity-wide statement of net assets:

	<u>Refunding Issue (Date)</u>	<u>Debt Series Refunded</u>	<u>Debt Outstanding</u>
General Obligation	Series 219 (2011)	203	\$7,075,000

For Series 219, the net future value of cashflow savings is \$1,193,530. The gross present value of debt service savings is \$1,206,408. For Series 220, the net future value of cashflow savings is \$2,369,024. The gross present value of debt service savings is \$1,685,262.

9. Fund Balances

In the fund financial statements, governmental funds report fund balance in five different classifications.

- A. Nonspendable: Assets legally or contractually required to be maintained or are not in spendable form. Such constraint is binding until the legal requirement is repealed or the amounts become spendable.

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2011

- B. Restricted: Assets with externally imposed constraints, such as those mandated by creditors, grantors, and contributors, or laws and regulations. Such constraint is binding unless modified or rescinded by the applicable external body, laws, or regulations.
- C. Committed: Assets with a purpose formally imposed by resolution by the Governing Body of the City, binding unless modified or rescinded by the Governing Body
- D. Assigned: Assets constrained by the expressed written intent of the City Council. City Manager, Director of Resource Management, or designee. Encumbrances shall be considered as assigned unless they specifically meet the requirements to be restricted or committed.
- E. Unassigned: All amounts not included in the other fund balance classifications. The general fund shall be the only fund to report positive unassigned fund balance. All other governmental funds may report negative unassigned fund balance.

For unrestricted fund balance, committed amounts should be reduced first, followed by assigned amounts, followed by unassigned amounts. It is the goal of the City to maintain a minimum fund balance in the general fund of 15% of revenues, with an annual target of 30% of revenues.

City of Olathe, Kansas
Components of Fund Balance
December 31, 2011

	Major				Nonmajor	Total
	General	Debt Service	Capital Projects	Special Tax Financing	Other Governmental Funds	
Fund Balances:						
Non Spendable:	\$ 601,488	\$ -	\$ -	\$ -	\$ -	\$ 601,488
Restricted for:						
Debt service	-	30,236,402	-	6,047,389	-	36,283,791
Public safety	-	-	-	-	147,638	147,638
Public works	-	-	20,395,348	-	697,015	21,092,363
Community services	-	-	-	-	6,681,289	6,681,289
General government	-	-	-	-	210,334	210,334
Committed to:						
Public works	-	-	-	-	8,218,563	8,218,563
Community services	-	-	-	-	2,404,840	2,404,840
General government	-	-	-	-	14,444	14,444
Assigned to:						
Debt service	-	3,092,000	-	-	-	3,092,000
Public safety	73,276	-	-	-	-	73,276
Public works	231,740	-	-	-	-	231,740
Community services	129,845	-	-	-	-	129,845
Development services	18,934	-	-	-	-	18,934
General government	150,998	-	-	-	-	150,998
Unassigned:	19,204,392	-	-	-	(265,224)	18,939,168
Total fund balances:	\$ 20,410,673	\$ 33,328,402	\$ 20,395,348	\$ 6,047,389	\$ 18,108,899	\$ 98,290,711

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2011

10. Interfund Activities

Interfund transactions for the year were as follows:

Transfers from	Transfer to						Total
	Major				Internal Service Funds	Other Governmental Funds	
	General	Debt Service	Capital Projects	Water and Sewer			
General Fund	\$ -	\$ 1,942,000	\$ 5,605,957	\$ -	\$ 18,000	\$ 57,750	\$ 7,623,707
Capital Projects	679	736,640	-	400,155	395	576,311	1,714,180
Other Governmental Funds	5,692,212	-	7,752,632	50,000	-	15,000	13,509,844
Proprietary Funds							
Water and sewer	-	-	701,589	-	-	-	701,589
Solid Waste	-	-	293,500	-	-	-	293,500
Central garage	-	-	220,000	-	-	-	220,000
Total proprietary funds	-	-	1,215,089	-	-	-	1,215,089
Totals	<u>\$ 5,692,891</u>	<u>\$ 2,678,640</u>	<u>\$ 14,573,678</u>	<u>\$ 450,155</u>	<u>\$ 18,395</u>	<u>\$ 649,061</u>	<u>\$ 24,062,820</u>

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

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

Fund Statements	Receivables	Payables
General	\$ 601,488	\$ -
Other governmental funds	-	467,414
Solid waste	-	392,490
Vehicle replacement	392,490	-
Nonmajor proprietary fund*	-	134,074
	<u>\$ 993,978</u>	<u>\$ 993,978</u>
Government-Wide Statements		
Governmental	\$ 3,022,454	\$ -
Business-type	-	3,022,454

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

In 2009, the Vehicle Replacement Fund loaned the Solid Waste Fund \$1,445,000 for the purchase of recycling carts. The Solid Waste Fund will paying 3% interest and making payments of \$315,522 over 5 years.

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2011

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. Effective July 1, 2009 KPERS has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 member are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. The KPERS member-employee contribution rates are 4% of covered salary for Tier 1 members and 6% of covered salary for Tier 2 members. 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 2011 was 7.74% for Tier 1 employees and 7.74% for Tier 2 employees. The City employer contributions to KPERS for the years ended December 31, 2011, 2010, and 2009 were \$1,991,044, \$1,873,310, and \$1,107,145 respectively, equal to the required contributions for each year. The KP&F employer rate established for fiscal year 2011 was 14.64%. 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, 2011, 2010, and 2009 were \$2,832,576, \$2,452,288, and \$2,640,560 respectively, equal to the required contributions for each year.

12. Commitments and Contingent Liabilities

Reimbursable Developer's Cost

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. The remaining certified project costs to be repaid as of December 31, 2011 totals \$6,521,511.

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2011

Encumbrances

Listed below are the encumbrances by fund for the City.

City of Olathe, Kansas
Encumbrances
December 31, 2011

	<u>Major</u>	<u>Nonmajor</u>	
		<u>Other</u>	<u>Total</u>
	<u>General</u>	<u>Governmental</u>	<u>Governmental</u>
		<u>Funds</u>	<u>Funds</u>
Restricted for:			
Public works	-	101,849	101,849
Community services	-	25,236	25,236
General government	-	14,150	14,150
Committed to:			
Public works	-	45,491	45,491
Community services	-	5,762	5,762
Assigned to:			
Public safety	73,276	-	73,276
Public works	231,740	-	231,740
Community services	129,845	-	129,845
Development services	18,934	-	18,934
General government	150,998	-	150,998
Total encumbrances	<u>\$ 604,793</u>	<u>\$ 192,488</u>	<u>\$ 797,281</u>

Commitments

As of December 31, 2011 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:

	<u>Project</u>	<u>Costs - Project</u>
	<u>Authorizations</u>	<u>Inception to</u>
		<u>December 31, 2011</u>
Street improvements	\$ 142,347,662	\$ 120,211,231
Citywide improvements	64,428,369	56,670,450
Water and sewer lines	8,586,777	4,792,271
	<u>\$ 215,362,808</u>	<u>\$ 181,673,952</u>

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2011

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:

		<u>Operation and Maintenance</u>		<u>Capital Improvements</u>		<u>Total</u>
2012	\$	2,778,631	\$	1,221,914	\$	4,000,545
2013		3,077,334		1,301,583		4,378,917
2014		3,408,147		1,386,446		4,794,593

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 2010 which will exceed coverage and the funds reserved. There were no significant reductions in insurance coverage during 2010. 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 \$997,291 that represents the estimated future cost of claims made and claims incurred, but not reported at December 31, 2011. All is considered due within one year.

		<u>Beginning of Year</u>		<u>Additions</u>		<u>Deletions</u>		<u>End of Year</u>
2010	\$	1,146,079	\$	1,209,752	\$	862,706	\$	1,493,125
2011		1,493,125		524,246		1,020,080		997,291

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2011

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 \$2,139,684 at December 31, 2011. All is considered due within one year.

	Beginning of Year	Additions	Deletions	End of Year
2010	\$ 1,948,291	\$ 9,470,038	\$ 9,488,049	\$ 1,930,280
2011	1,930,280	10,574,696	10,365,292	2,139,684

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, 2011. The postclosure care costs will be expensed as incurred. The City will continue to evaluate the ultimate postclosure care cost annually. In the event that a material liability is estimated, the City will accrue the liability at that financial statement date. Total current cost of landfill closure and postclosure care is an estimate and subject to changes resulting from inflation, deflation, technology, or changes in applicable laws or regulations.

15. Postemployment Benefits Other than Pension Benefits

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

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.

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2011

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 2011, retiree premiums are the same as employees. Listed below are the monthly premiums.

	Consumer Involved Plan	PPO Plan	Dental Plan
Employee Only	\$ 20	\$ 60	\$ 7
Employee Plus Spouse	160	220	20
Employee Plus Child(ren)	140	200	22
Family	215	290	26

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 Credit Actuarial Cost Method as allowed under GASB Statement 45. The following table shows the components of the primary government OPEB cost for 2011:

1. Annual OPEB Cost for 2011

A. Normal Cost	\$ 873,787
B. Amortization of Unfunded Actuarial Accrued Liability	1,048,600
C. Annual Required Contribution (ARC)	1,922,387
D. Interest on Net OPEB Obligation	203,558
E. Adjustment to the ARC	236,681
F. Annual OPEB Cost (C+D-E)	\$ 1,889,264

2. Employer Contributions for 2011

A. Claims + Admin Paid on Behalf of Retirees	\$ 1,131,000
B. Retiree Contribution	145,000
C. Net Employer Contributions (A-B)	\$ 986,000

3. Schedule of Employer Contributions

For Fiscal Year Ended December 31

Year	Annual OPEB Costs	Net Employer Contributions	Net OPEB Obligation	Percentage Contributed
2007	\$ 2,198,000	\$607,011	\$1,590,989	27.62%
2008	\$ 2,277,549	\$892,462	\$2,976,056	39.19%
2009	\$ 1,702,224	\$899,000	\$3,779,299	52.81%
2010	\$ 1,702,224	\$958,000	\$4,523,523	56.28%
2011	\$ 1,889,264	\$986,000	\$5,426,787	52.19%

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2011

4. Net OPEB Obligation at 1/01/11

A. Annual OPEB Cost for 2011	\$ 1,889,264
B. Net Employer Contributions for 2011	<u>(986,000)</u>
C. Increase in Net OPEB for 2011	903,264
D. Balance at 1/01/10	<u>4,523,523</u>
E. Balance at 1/01/11 (A-B+C)	<u><u>\$ 5,426,787</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.

Actuarial Methods and Assumptions

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

In the January 1, 2011 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% 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 8.5% initially, reduced by decrements to an ultimate rate of 5% after eight years. Both rates include a 3.5% inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2011, was 30 years.

Funded Status and Funding Progress

As of January 1, 2011, the most recent actuarial valuation date, the plan was not funded. The unfunded actuarial accrued liability for benefits (UAAL) was \$19,178,128. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$44 million, and the ratio of the UAAL to the covered payroll was 43.33%

Plan Report

The plan does not issue a stand-alone audited GAAP basis report.

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2011

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, 2011, there were 90 issues of industrial revenue and multi-housing bonds outstanding. Outstanding issues had an aggregate outstanding amount totaling \$781,975,911 and a total assessed valuation of \$690,337,689.

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	\$ 6,481,095	\$ 4,348,491	\$ 10,829,586
Total liabilities	229,415	196,401	425,816
Net assets	<u>\$ 6,251,680</u>	<u>\$ 4,152,090</u>	<u>\$ 10,403,770</u>
Expenses	\$ 4,053,107	\$ 3,824,688	\$ 7,877,795
Program revenues	306,055	3,658,995	3,965,050
Net program revenues	(3,747,052)	(165,693)	(3,912,745)
Tax revenues	3,991,132	-	3,991,132
Other general revenues	33,062	954	34,016
Change in net assets	277,142	(164,739)	112,403
Beginning net assets	5,974,538	4,316,829	10,291,367
Ending net assets	<u>\$ 6,251,680</u>	<u>\$ 4,152,090</u>	<u>\$ 10,403,770</u>

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2011

19. Prior Period Adjustment

In 2011, management of the City evaluated the recording of reimbursable developer's cost obligations. These obligations represent redeveloper project costs that have been certified as eligible for reimbursement from the incremental taxes attributable to certain projects that are located in tax increment financing (TIF), transportation development district (TDD), or community improvement districts (CID). The City is only obligated to pay the amounts of incremental taxes received attributable to the projects; any deficiencies are the responsibility of the developer. Management has determined that a change in methodology is necessary to improve the financial reporting of these transactions. Under this methodology, obligations are incurred only as the pledged revenue is recognized. Under the prior methodology, a liability was recorded when the projects costs were certified as eligible for reimbursement.

This change in methodology results in an adjustment to beginning net assets for Governmental Activities on the Statement of Net Assets. The impact of this adjustment was an increase in the City's net assets as of January 1, 2011 for \$7,353,877, and a corresponding decrease to the liability recorded for reimbursable developer's costs.

20. 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 60, Accounting and Financial Reporting for Service Concession Arrangements, was issued November 2007 and will be effective for the City with the fiscal year ending December 31, 2012. Management has not yet determined the effect, if any, of the implementation of this statement on the City.

Statement Number 61, The Financial Reporting Entity: Omnibus, was issued November 2010 and will be effective for the City with the fiscal year ending December 31, 2013. Management has not yet determined the effect, if any, of the implementation of this statement on the City.

Statement Number 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, was issued June 2011 and will be effective for the City with the fiscal year ending December 31, 2012. Management has not yet determined the effect, if any, of the implementation of this statement on the City.

Statement Number 65, Items Previously Reported as Assets and Liabilities, was issued April 2012 and will be effective for the City with the fiscal year ending December 31, 2013. Management has not yet determined the effect, if any, of the implementation of this statement on the City.

Statement Number 66, Technical Correction – 2012 – an amendment of GASB Statement No. 10 and No. 62, was issued April 2012 and will be effective for the city with the fiscal year ending December 31, 2012. Management has not yet determined the effect, if any, of the implementation of this statement on the City.



**Required
Supplementary Information**

City of Olathe, Kansas
Required Supplementary Information
Schedule of Funding Progress for OPEB
As of December 31, 2011

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll ©	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2007	\$ -	\$ 16,557,000	\$ 16,557,000	\$ -	\$ 48,837,676	33.90%
1/1/2009	-	18,789,317	18,789,317	-	47,129,764	39.87%
1/1/2011	-	19,178,128	19,178,128	-	44,259,121	43.33%

Note 1 Significant Factors Affecting Trends in Actuarial Information

2011

- The access plan option was eliminated.
- The City changed from a two-tier to a four-tier coverage structure. This lowers the spousal contribution premium for valuation purposes. For a two-tier structure, the spousal premium is the difference between the Family and Single rate. For a four-tier structure, the spousal premium is the difference between the Single + Spouse and Single rate.
- The City-wide assumed annual payroll growth rate was lowered from 2% to 1%.
- The valuation interest rate was lowered from 5.0% to 4.5%.
- The trend on health care HRA contributions was changed from health care inflation to zero (i.e. flat).
- The assumed Medical/Rx trend rates were changed from 9.5%, 9.0%, 8.5%, 8.0%, 7.5%, 7.0%, 6.5%, 6.0%, 5.5% (to Ultimate) to 8.5%, 8.0%, 7.5%, 7.0%, 6.5%, 6.0%, 5.5%, 5.0% (to Ultimate).
- KPERS added a Tier II category for employees beginning participation in the program on or after July 1, 2009. Tier II has more stringent eligibility requirements.
- The assumed age subsidy for Dental was reduced.
- The attribution method was changed from linear to eligibility to linear to expected decrement as allowed under GASB 45.



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.



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.

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.

Capital Projects Fund

Park Sales Tax

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

Future Street Improvement

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

**City of Olathe, Kansas
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2011**

	Special Revenue						
	Fire Levy	Motor Fuel Tax	Library Tax	Economic Development and Tourism	Special Park and Recreation	Special Alcohol	Stormwater
Assets							
Cash, cash equivalents, and investments	\$ 147,638	\$ -	\$ 120,274	\$ -	\$ 1,415,867	\$ 662,937	\$ 3,492,576
Receivables (net of allowance)							
Accounts	-	-	-	-	-	-	443,620
Taxes	2,160,000	-	3,541,255	224,426	-	-	-
Loans	-	-	-	-	-	-	-
Due from other governments	-	824,903	-	-	80,000	80,000	-
Total assets	\$ 2,307,638	\$ 824,903	\$ 3,661,529	\$ 224,426	\$ 1,495,867	\$ 742,937	\$ 3,936,196
Liabilities and fund balances							
Liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 534	\$ -	\$ -
Due to other funds	-	127,888	-	-	-	-	-
Due to component unit	-	-	120,274	-	-	-	-
Deferred revenue	2,160,000	-	3,541,255	209,982	80,000	80,000	-
Total liabilities	2,160,000	127,888	3,661,529	209,982	80,534	80,000	-
Fund balances							
Nonspendable	-	-	-	-	-	-	-
Restricted							
Public safety	147,638	-	-	-	-	-	-
Public works	-	697,015	-	-	-	-	-
Community services	-	-	-	-	113,052	662,937	-
General government	-	-	-	-	-	-	-
Committed							
Public works	-	-	-	-	-	-	3,936,196
Community services	-	-	-	-	1,302,281	-	-
General government	-	-	-	14,444	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances	147,638	697,015	-	14,444	1,415,333	662,937	3,936,196
Total liabilities and fund balances	\$ 2,307,638	\$ 824,903	\$ 3,661,529	\$ 224,426	\$ 1,495,867	\$ 742,937	\$ 3,936,196

City of Olathe, Kansas
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2011

	Special Revenue				Capital Projects		Total Nonmajor Governmental Funds
	Reimbursable	Grants	Cemetery	Recreation	Park Sales	Future Street	
	Programs	Fund			Tax	Improvement	
Assets							
Cash, cash equivalents, and investments	\$ 779,991	\$ 95,951	\$ 546,530	\$ 545,366	\$ 4,879,298	\$ 4,282,367	\$ 16,968,795
Receivables (net of allowance)							
Accounts	-	8,389	-	107,780	-	-	559,789
Taxes	-	-	-	-	456,345	-	6,382,026
Loans	-	3,756,953	-	-	-	-	3,756,953
Due from other governments	-	583,864	-	-	-	-	1,568,767
Total assets	<u>\$ 779,991</u>	<u>\$ 4,445,157</u>	<u>\$ 546,530</u>	<u>\$ 653,146</u>	<u>\$ 5,335,643</u>	<u>\$ 4,282,367</u>	<u>\$ 29,236,330</u>
Liabilities and fund balances							
Liabilities							
Accounts payable	\$ -	\$ 100,873	\$ -	\$ 97,117	\$ -	\$ -	\$ 198,524
Due to other funds	-	339,526	-	-	-	-	467,414
Due to component unit	-	-	-	-	-	-	120,274
Deferred revenue	-	4,269,982	-	-	-	-	10,341,219
Total liabilities	<u>-</u>	<u>4,710,381</u>	<u>-</u>	<u>97,117</u>	<u>-</u>	<u>-</u>	<u>11,127,431</u>
Fund balances							
Nonspendable	-	-	-	-	-	-	-
Restricted							
Public safety	-	-	-	-	-	-	147,638
Public works	-	-	-	-	-	-	697,015
Community services	569,657	-	-	-	5,335,643	-	6,681,289
General government	210,334	-	-	-	-	-	210,334
Committed							
Public works	-	-	-	-	-	4,282,367	8,218,563
Community services	-	-	546,530	556,029	-	-	2,404,840
General government	-	-	-	-	-	-	14,444
Unassigned	-	(265,224)	-	-	-	-	(265,224)
Total fund balances	<u>779,991</u>	<u>(265,224)</u>	<u>546,530</u>	<u>556,029</u>	<u>5,335,643</u>	<u>4,282,367</u>	<u>18,108,899</u>
Total liabilities and fund balances	<u>\$ 779,991</u>	<u>\$ 4,445,157</u>	<u>\$ 546,530</u>	<u>\$ 653,146</u>	<u>\$ 5,335,643</u>	<u>\$ 4,282,367</u>	<u>\$ 29,236,330</u>

City of Olathe, Kansas
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2011

	Special Revenue						
	Fire Levy	Motor Fuel Tax	Library Tax	Economic Development and Tourism	Special Park and Recreation	Special Alcohol	Stormwater
Revenues							
Taxes:							
Property	\$ 2,450,961	\$ -	\$ 3,987,224	\$ -	\$ -	\$ -	\$ -
Sales	-	-	-	-	-	-	-
Transient guest	-	-	-	879,012	-	-	-
Intergovernmental	-	3,221,963	-	-	359,162	359,161	-
Charge for service	-	-	-	-	182,784	-	3,428,532
Use of money and property	-	-	3,908	-	8,465	2,206	9,279
Miscellaneous	-	-	-	-	-	-	-
Total revenues	<u>2,450,961</u>	<u>3,221,963</u>	<u>3,991,132</u>	<u>879,012</u>	<u>550,411</u>	<u>361,367</u>	<u>3,437,811</u>
Expenditures							
General government	-	-	3,991,132	864,568	-	80,555	335,353
Public safety	-	-	-	-	-	66,194	-
Public works	-	-	-	-	-	-	1,299,922
Community services	-	-	-	-	363,316	206,175	-
Total expenditures	<u>-</u>	<u>-</u>	<u>3,991,132</u>	<u>864,568</u>	<u>363,316</u>	<u>352,924</u>	<u>1,635,275</u>
Excess of revenues over (under) expenditures	<u>2,450,961</u>	<u>3,221,963</u>	<u>-</u>	<u>14,444</u>	<u>187,095</u>	<u>8,443</u>	<u>1,802,536</u>
Other financing sources (uses)							
Transfers in	-	-	-	-	17,118	-	2,915
Transfers out	(2,411,691)	(3,280,521)	-	-	(905,000)	-	(1,610,000)
Total other financing sources (uses)	<u>(2,411,691)</u>	<u>(3,280,521)</u>	<u>-</u>	<u>-</u>	<u>(887,882)</u>	<u>-</u>	<u>(1,607,085)</u>
Net change in fund balances	39,270	(58,558)	-	14,444	(700,787)	8,443	195,451
Fund balances - beginning of year	108,368	755,573	-	-	2,116,120	654,494	3,740,745
Fund balances - end of year	<u>\$ 147,638</u>	<u>\$ 697,015</u>	<u>\$ -</u>	<u>\$ 14,444</u>	<u>\$ 1,415,333</u>	<u>\$ 662,937</u>	<u>\$ 3,936,196</u>

City of Olathe, Kansas
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2011

	Special Revenue				Capital Projects		Total Nonmajor Governmental Funds
	Reimbursable Programs	Grant Fund	Cemetery	Recreation	Park Sales Tax	Future Street Improvement	
Revenues							
Taxes:							
Property	\$ 2,248	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,440,433
Sales	-	-	-	-	2,627,433	-	2,627,433
Transient guest	-	-	-	-	-	-	879,012
Intergovernmental	-	1,205,062	-	-	-	-	5,145,348
Charge for service	353,104	-	101,069	1,536,552	-	423,422	6,025,463
Use of money and property	168	116	1,881	2,018	25,227	15,638	68,906
Miscellaneous	15,793	207,702	-	-	-	-	223,495
Total revenues	<u>371,313</u>	<u>1,412,880</u>	<u>102,950</u>	<u>1,538,570</u>	<u>2,652,660</u>	<u>439,060</u>	<u>21,410,090</u>
Expenditures							
General government	39,590	464,673	-	-	-	-	5,775,871
Public safety	248,867	346,532	-	-	-	-	661,593
Public works	-	65,214	-	-	-	-	1,365,136
Community services	160,462	712,207	73,365	1,372,811	244,309	-	3,132,645
Total expenditures	<u>448,919</u>	<u>1,588,626</u>	<u>73,365</u>	<u>1,372,811</u>	<u>244,309</u>	<u>-</u>	<u>10,935,245</u>
Excess of revenues over (under) expenditures	<u>(77,606)</u>	<u>(175,746)</u>	<u>29,585</u>	<u>165,759</u>	<u>2,408,351</u>	<u>439,060</u>	<u>10,474,845</u>
Other financing sources (uses)							
Transfers in	57,750	17,100	-	-	-	554,178	649,061
Transfers out	(15,000)	(220,160)	-	-	(3,078,347)	(1,989,125)	(13,509,844)
Total other financing sources (uses)	<u>42,750</u>	<u>(203,060)</u>	<u>-</u>	<u>-</u>	<u>(3,078,347)</u>	<u>(1,434,947)</u>	<u>(12,860,783)</u>
Net change in fund balances	(34,856)	(378,806)	29,585	165,759	(669,996)	(995,887)	(2,385,938)
Fund balances - beginning of year	814,847	113,582	516,945	390,270	6,005,639	5,278,254	20,494,837
Fund balances - end of year	<u>\$ 779,991</u>	<u>\$ (265,224)</u>	<u>\$ 546,530</u>	<u>\$ 556,029</u>	<u>\$ 5,335,643</u>	<u>\$ 4,282,367</u>	<u>\$ 18,108,899</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, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Taxes:			
Property	\$ 14,687,086	\$ 13,415,867	\$ (1,271,219)
Sales	27,953,045	36,702,346	8,749,301
Franchise	9,223,293	9,676,295	453,002
Intergovernmental	915,659	868,854	(46,805)
Licenses and permits	772,463	801,090	28,627
Fines, forfeitures, and penalties	3,465,119	3,605,967	140,848
Charges for services	3,816,411	4,348,131	531,720
Use of money and property	189,926	77,718	(112,208)
Miscellaneous	506,012	688,349	182,337
Total revenues	<u>61,529,014</u>	<u>70,184,617</u>	<u>8,655,603</u>
Expenditures			
General government	14,505,197	4,229,765	10,275,432
Administration	2,833,887	2,873,607	(39,720)
Legal	1,300,303	1,276,311	23,992
Information technology services	3,296,552	3,113,408	183,144
Financial services	2,960,107	2,826,246	133,861
Public safety	34,162,559	34,327,860	(165,301)
Public works	12,004,920	11,706,441	298,479
Community services	7,317,195	7,198,510	118,685
Contingency	500,000	-	500,000
Total expenditures	<u>78,880,720</u>	<u>67,552,148</u>	<u>11,328,572</u>
Excess of revenues over expenditures	<u>(17,351,706)</u>	<u>2,632,469</u>	<u>19,984,175</u>
Other financing sources (uses)			
Transfers in	6,041,358	5,692,891	(348,467)
Transfers out	(4,060,962)	(7,623,707)	(3,562,745)
Total other financing sources (uses)	<u>1,980,396</u>	<u>(1,930,816)</u>	<u>(3,911,212)</u>
Net change in fund balance	<u>\$ (15,371,310)</u>	<u>701,653</u>	<u>\$ 16,072,963</u>
Fund balance - beginning of year - budget basis		19,104,227	
Fund balance - end of year - budget basis		19,805,880	
Encumbrances incurred and outstanding		604,793	
Fund balance - end of year - GAAP basis		<u>\$ 20,410,673</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, 2011

	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	\$ 2,411,691	\$ 2,450,961	\$ 39,270	\$ -	\$ -	\$ -	\$ 3,869,846	\$ 3,987,224	\$ 117,378
Intergovernmental	-	-	-	3,013,707	3,334,383	320,676	-	-	-
Charge for services	-	-	-	-	-	-	-	-	-
Use of money and property	-	-	-	-	-	-	2,232	3,908	1,676
Miscellaneous	-	-	-	-	-	-	-	-	-
Total revenues	<u>2,411,691</u>	<u>2,450,961</u>	<u>39,270</u>	<u>3,013,707</u>	<u>3,334,383</u>	<u>320,676</u>	<u>3,872,078</u>	<u>3,991,132</u>	<u>119,054</u>
Expenditures									
General government	-	-	-	-	-	-	3,872,078	3,872,078	-
Public works	-	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,872,078</u>	<u>3,872,078</u>	<u>-</u>
Excess of revenues over/ (under) expenditures	<u>2,411,691</u>	<u>2,450,961</u>	<u>39,270</u>	<u>3,013,707</u>	<u>3,334,383</u>	<u>320,676</u>	<u>-</u>	<u>119,054</u>	<u>119,054</u>
Other financing sources (uses)									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	(2,411,691)	(2,411,691)	-	(3,280,522)	(3,280,521)	1	-	-	-
Total other financing sources/(uses)	<u>(2,411,691)</u>	<u>(2,411,691)</u>	<u>-</u>	<u>(3,280,522)</u>	<u>(3,280,521)</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>39,270</u>	<u>\$ 39,270</u>	<u>\$ (266,815)</u>	<u>53,862</u>	<u>\$ 320,677</u>	<u>\$ -</u>	<u>119,054</u>	<u>\$ 119,054</u>
Fund balances - beginning of year - Budget basis		<u>108,368</u>			<u>643,153</u>			<u>1,221</u>	
Fund balances - end of year - Budget basis		<u>147,638</u>			<u>697,015</u>			<u>120,275</u>	
Encumbrances incurred and outstanding / Due to component unit		<u>-</u>			<u>-</u>			<u>(120,275)</u>	
Fund balances - end of year - GAAP basis		<u>\$ 147,638</u>			<u>\$ 697,015</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, 2011

	Economic Development and Tourism			Special Park and Recreation Fund			Special Alcohol Fund		
	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
Revenues									
Taxes	\$ 864,568	\$ 879,012	\$ 14,444	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	357,598	359,161	1,563	357,598	359,162	1,564
Charge for services	-	-	-	241,895	182,784	(59,111)	-	-	-
Use of money and property	-	-	-	18,296	8,465	(9,831)	4,447	2,206	(2,241)
Miscellaneous	-	-	-	-	-	-	-	-	-
Total revenues	<u>864,568</u>	<u>879,012</u>	<u>14,444</u>	<u>617,789</u>	<u>550,410</u>	<u>(67,379)</u>	<u>362,045</u>	<u>361,368</u>	<u>(677)</u>
Expenditures									
General government	864,568	864,568	-	-	-	-	165,983	152,298	13,685
Public works	-	-	-	-	-	-	-	-	-
Community services	-	-	-	1,924,069	363,315	1,560,754	817,595	207,466	610,129
Total expenditures	<u>864,568</u>	<u>864,568</u>	<u>-</u>	<u>1,924,069</u>	<u>363,315</u>	<u>1,560,754</u>	<u>983,578</u>	<u>359,764</u>	<u>623,814</u>
Excess of revenues over (under) expenditures	-	14,444	(14,444)	(1,306,280)	187,095	1,493,375	(621,533)	1,604	623,137
Other financing sources (uses)									
Transfers in	-	-	-	-	17,118	17,118	-	-	-
Transfers out	-	-	-	(345,000)	(905,000)	(560,000)	-	-	-
Total other financing sources/(uses)	-	-	-	(345,000)	(887,882)	(542,882)	-	-	-
Net change in fund balances	<u>\$ -</u>	<u>14,444</u>	<u>\$ (14,444)</u>	<u>\$ (1,651,280)</u>	<u>(700,787)</u>	<u>\$ 950,493</u>	<u>\$ (621,533)</u>	<u>1,604</u>	<u>\$ 623,137</u>
Fund balances - beginning of year - Budget basis					2,116,120			652,461	
Fund balances - end of year - Budget basis		14,444			1,415,333			654,065	
Encumbrances incurred and outstanding / Due from component unit		-			-			8,872	
Fund balances - end of year - GAAP basis	<u>\$ 14,444</u>			<u>\$ 1,415,333</u>			<u>\$ 662,937</u>		

continued

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, 2011

	Storm Water Fund			Recreation			Total		
	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
Revenues									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,146,105	\$ 7,317,197	\$ 171,092
Intergovernmental	-	-	-	-	-	-	3,728,903	4,052,706	323,803
Charge for services	3,465,152	3,428,532	(36,620)	1,156,001	1,536,552	380,551	4,863,048	5,147,868	284,820
Use of money and property	19,501	9,279	(10,222)	2,100	2,018	(82)	46,576	25,876	(20,700)
Miscellaneous	-	-	-	-	-	-	-	-	-
Total revenues	<u>3,484,653</u>	<u>3,437,811</u>	<u>(46,842)</u>	<u>1,158,101</u>	<u>1,538,570</u>	<u>380,469</u>	<u>15,784,632</u>	<u>16,543,647</u>	<u>759,015</u>
Expenditures									
General government	216,053	348,243	(132,190)	-	-	-	5,118,682	5,237,187	(118,505)
Public works	1,318,572	1,328,540	(9,968)	-	-	-	1,318,572	1,328,540	(9,968)
Community services	-	-	-	1,411,988	1,367,270	44,718	4,153,652	1,938,051	2,215,601
Total expenditures	<u>1,534,625</u>	<u>1,676,783</u>	<u>(142,158)</u>	<u>1,411,988</u>	<u>1,367,270</u>	<u>44,718</u>	<u>10,590,906</u>	<u>8,503,778</u>	<u>2,087,128</u>
Excess of revenues over (under) expenditures	<u>1,950,028</u>	<u>1,761,028</u>	<u>(189,000)</u>	<u>(253,887)</u>	<u>171,300</u>	<u>425,187</u>	<u>5,193,726</u>	<u>8,039,869</u>	<u>2,846,143</u>
Other financing sources (uses)									
Transfers in	-	2,915	2,915	-	-	-	-	20,033	20,033
Transfers out	(3,153,527)	(1,610,000)	1,543,527	-	-	-	(9,190,740)	(8,207,212)	983,528
Total other financing sources/(uses)	<u>(3,153,527)</u>	<u>(1,607,085)</u>	<u>1,546,442</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,190,740)</u>	<u>(8,187,179)</u>	<u>1,003,561</u>
Net change in fund balances	<u>\$ (1,203,499)</u>	<u>153,943</u>	<u>\$ 1,357,442</u>	<u>\$ (253,887)</u>	<u>171,300</u>	<u>\$ 425,187</u>	<u>\$ (3,997,014)</u>	<u>(147,310)</u>	<u>\$ 3,849,704</u>
Fund balances - beginning of year - Budget basis		<u>3,736,762</u>			<u>378,967</u>			<u>7,637,052</u>	
Fund balances - end of year - Budget basis		<u>3,890,705</u>			<u>550,267</u>			<u>7,489,742</u>	
Encumbrances incurred and outstanding / Due from component unit		<u>45,491</u>			<u>5,762</u>			<u>(60,150)</u>	
Fund balances - end of year - GAAP basis		<u>\$ 3,936,196</u>			<u>\$ 556,029</u>			<u>\$ 7,429,592</u>	

City of Olathe, Kansas
Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budgeted Capital Projects Fund
Park Sales Tax Fund
Budget and Actual - Budgetary Basis
For the Year Ended December 31, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
Revenues			
Taxes	\$ 2,383,524	\$ 2,627,433	\$ 243,909
Use of money and property	37,486	25,227	(12,259)
Total revenues	<u>2,421,010</u>	<u>2,652,660</u>	<u>231,650</u>
Expenditures			
General government	2,234,809	-	2,234,809
Community services	244,694	244,309	385
Total expenditures	<u>2,479,503</u>	<u>244,309</u>	<u>2,235,194</u>
Excess of revenues over (under) expenditures	(58,493)	2,408,351	2,466,844
Other financing sources (uses)			
Transfers out	<u>(5,198,774)</u>	<u>(3,078,347)</u>	<u>2,120,427</u>
Total other financing sources (uses)	<u>(5,198,774)</u>	<u>(3,078,347)</u>	<u>2,120,427</u>
Net change in fund balance	<u>\$ (5,257,267)</u>	(669,996)	<u>\$ 4,587,271</u>
Fund balance - beginning of year		6,005,639	
Fund balance - end of year		<u>\$ 5,335,643</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, 2011

	<u>Budget</u>	<u>Actual</u>	Variance - Positive (Negative)
Revenues			
Taxes and special assessments	\$ 23,278,494	\$ 23,663,044	\$ 384,550
Use of money and property	281,874	564,730	282,856
Miscellaneous	170,091	184,100	14,009
Total revenues	<u>23,730,459</u>	<u>24,411,874</u>	<u>681,415</u>
Expenditures			
General operations	500	56,357	(55,857)
Debt service:			
Principal retirements	45,549,536	21,053,240	24,496,296
Interest	9,446,893	9,078,233	368,660
Total expenditures	<u>54,996,929</u>	<u>30,187,830</u>	<u>24,809,099</u>
Excess of revenues over (under) expenditures	(31,266,470)	(5,775,956)	25,490,514
Other financing sources			
Transfers in	2,042,000	2,678,640	636,640
Net change in fund balance	<u>\$ (29,224,470)</u>	<u>(3,097,316)</u>	<u>\$ 26,127,154</u>
Fund balance - beginning of year		29,180,689	
Fund balance - end of year		<u>\$ 26,083,373</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, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
Revenues			
Taxes and special assessments	\$ 3,526,000	\$ 3,732,892	\$ 206,892
Charge for services	-	-	-
Use of money and property	5,000	11,314	6,314
Total revenues	<u>3,531,000</u>	<u>3,744,206</u>	<u>213,206</u>
Expenditures			
General operations	-	283,871	(283,871)
Debt service	12,180,179	3,767,505	8,412,674
Total expenditures	<u>12,180,179</u>	<u>4,051,376</u>	<u>8,128,803</u>
Excess of revenues over (under) expenditures	(8,649,179)	(307,170)	8,342,009
Fund balance - beginning of year		<u>6,354,560</u>	
Fund balance - end of year		<u><u>\$ 6,047,390</u></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, 2011

	Water and Sewer Fund			Solid Waste Fund			Total		
	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
Revenues									
Water charges	\$ 15,258,927	\$ 17,531,312	\$ 2,272,385	\$ -	\$ -	\$ -	\$ 15,258,927	\$ 17,531,312	\$ 2,272,385
Sewer charges	13,661,361	12,687,462	(973,899)	-	-	-	13,661,361	12,687,462	(973,899)
Water and sewer connection charges	205,000	240,672	35,672	-	-	-	205,000	240,672	35,672
Sanitation charges and landfill fees	-	-	-	11,646,668	11,824,330	177,662	11,646,668	11,824,330	177,662
Use of money and property	100,000	32,312	(67,688)	20,350	16,032	(4,318)	120,350	48,344	(72,006)
Miscellaneous	433,356	482,970	49,614	-	-	-	433,356	482,970	49,614
Total revenues	<u>29,658,644</u>	<u>30,974,728</u>	<u>1,316,084</u>	<u>11,667,018</u>	<u>11,840,362</u>	<u>173,344</u>	<u>41,325,662</u>	<u>42,815,090</u>	<u>1,489,428</u>
Expenditures									
General operations	1,407,536	1,196,430	211,106	77,340	75,800	1,540	1,484,876	1,272,230	212,646
Public works	27,010,159	20,692,603	6,317,556	13,227,171	10,491,051	2,736,120	40,237,330	31,183,654	9,053,676
Debt service	4,937,758	5,021,332	(83,574)	-	780,338	(780,338)	4,937,758	5,801,670	(863,912)
Total expenditures	<u>33,355,453</u>	<u>26,910,365</u>	<u>6,445,088</u>	<u>13,304,511</u>	<u>11,347,189</u>	<u>1,957,322</u>	<u>46,659,964</u>	<u>38,257,554</u>	<u>8,402,410</u>
Excess of revenues over (under expenditures)	<u>(3,696,809)</u>	<u>4,064,363</u>	<u>7,761,172</u>	<u>(1,637,493)</u>	<u>493,173</u>	<u>2,130,666</u>	<u>(5,334,302)</u>	<u>4,557,536</u>	<u>9,891,838</u>
Other financing sources (uses)									
Transfers in	-	155	155	-	-	-	-	155	155
Transfers out	(2,313,928)	(3,757,667)	(1,443,739)	-	(293,500)	(293,500)	(2,313,928)	(4,051,167)	(1,737,239)
Net other financing sources (uses)	<u>(2,313,928)</u>	<u>(3,757,512)</u>	<u>(1,443,584)</u>	<u>-</u>	<u>(293,500)</u>	<u>(293,500)</u>	<u>(2,313,928)</u>	<u>(4,051,012)</u>	<u>(1,737,084)</u>
Net change in net assets	<u>\$ (6,010,737)</u>	<u>306,851</u>	<u>\$ 6,317,588</u>	<u>\$ (1,637,493)</u>	<u>199,673</u>	<u>\$ 1,837,166</u>	<u>\$ (7,648,230)</u>	<u>506,524</u>	<u>\$ 8,154,754</u>
Net assets - beginning of year		6,300,000			2,290,586			8,590,586	
Net assets - end of year		<u>\$ 6,606,851</u>			<u>\$ 2,490,259</u>			<u>\$ 9,097,110</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, 2011

	Central Garage			Risk Management			Vehicle Replacement		
	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
Revenues									
Charge for services	\$ 5,979,974	\$ 5,893,599	\$ (86,375)	\$ 15,202,575	\$ 14,894,474	\$ (308,101)	\$ 4,644,859	\$ 4,632,190	\$ (12,669)
Use of money and property	-	590	590	19,244	34,334	15,090	10,000	61,559	51,559
Total revenues	<u>5,979,974</u>	<u>5,894,189</u>	<u>(85,785)</u>	<u>15,221,819</u>	<u>14,928,808</u>	<u>(293,011)</u>	<u>4,654,859</u>	<u>4,693,749</u>	<u>38,890</u>
Expenditures									
General operations			-	20,003,010	13,490,782	6,512,228	12,313,449	3,484,825	8,828,624
Public works	6,095,020	5,587,339	507,681	-	-	-	-	-	-
Total expenditures	<u>6,095,020</u>	<u>5,587,339</u>	<u>507,681</u>	<u>20,003,010</u>	<u>13,490,782</u>	<u>6,512,228</u>	<u>12,313,449</u>	<u>3,484,825</u>	<u>8,828,624</u>
Excess of revenues over (under) expenditures	<u>(115,046)</u>	<u>306,850</u>	<u>421,896</u>	<u>(4,781,191)</u>	<u>1,438,026</u>	<u>6,219,217</u>	<u>(7,658,590)</u>	<u>1,208,924</u>	<u>8,867,514</u>
Other financing (uses)									
Transfers in			-			-		18,000	18,000
Transfers out	-	(220,000)	(220,000)	-	-	-	-	-	-
Net other financing (uses)	<u>-</u>	<u>(220,000)</u>	<u>(220,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,000</u>	<u>18,000</u>
Net change in net assets	<u>\$ (115,046)</u>	<u>86,850</u>	<u>\$ 201,896</u>	<u>\$ (4,781,191)</u>	<u>1,438,026</u>	<u>\$ 6,219,217</u>	<u>\$ (7,658,590)</u>	<u>1,226,924</u>	<u>\$ 8,885,514</u>
Net assets - beginning of year		26,967			5,483,946			7,691,598	
Net assets - end of year		<u>\$ 113,817</u>			<u>\$ 6,921,972</u>			<u>\$ 8,918,522</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, 2011

	Personal Computer Replacement			Total		
	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
Revenues						
Charge for services	\$ 449,538	\$ 475,080	\$ 25,542	\$ 26,276,946	\$ 25,895,343	\$ (381,603)
Interest income	10,000	2,279	(7,721)	39,244	98,762	59,518
Total revenues	<u>459,538</u>	<u>477,359</u>	<u>17,821</u>	<u>26,316,190</u>	<u>25,994,105</u>	<u>(322,085)</u>
Expenditures						
General operations	978,890	358,436	620,454	33,295,349	17,334,043	15,961,306
Public works	-	-	-	6,095,020	5,587,339	507,681
Total expenditures	<u>978,890</u>	<u>358,436</u>	<u>620,454</u>	<u>39,390,369</u>	<u>22,921,382</u>	<u>16,468,987</u>
Excess of revenues over (under) expenditures	<u>(519,352)</u>	<u>118,923</u>	<u>638,275</u>	<u>(13,074,179)</u>	<u>3,072,723</u>	<u>16,146,902</u>
Other financing (uses)						
Transfers in		395	395	-	18,395	18,395
Transfers out	-	-	-	-	(220,000)	(220,000)
Net other financing sources (uses)	<u>-</u>	<u>395</u>	<u>395</u>	<u>-</u>	<u>(201,605)</u>	<u>(201,605)</u>
Net change in net assets	<u>\$ (519,352)</u>	<u>119,318</u>	<u>\$ 638,670</u>	<u>\$ (13,074,179)</u>	<u>\$ 2,871,118</u>	<u>\$ 15,945,297</u>
Net assets - beginning of year		609,689			13,812,200	
Net assets - end of year		<u>\$ 729,007</u>			<u>\$ 16,683,318</u>	

Internal Service Funds

Internal Service Funds

Central Garage

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

Risk Management

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

Vehicle Replacement

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

Personal Computer Replacement

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

City of Olathe, Kansas
Combining Statement of Net Assets
Internal Service Funds
December 31, 2011

	<u>Central Garage</u>	<u>Risk Management</u>	<u>Vehicle Replacement</u>	<u>Personal Computer Replacement</u>	<u>Totals</u>
Assets					
Current assets					
Cash and cash equivalents	\$ 166,155	\$ 10,849,607	\$ 7,825,437	\$ 742,690	\$ 19,583,889
Due from other funds	-	-	88,742	-	88,742
Inventories and prepaid assets	326,683	-	-	-	326,683
Total current assets	<u>492,838</u>	<u>10,849,607</u>	<u>7,914,179</u>	<u>742,690</u>	<u>19,999,314</u>
Noncurrent assets					
Restricted assets					
Due from other funds	-	-	303,748	-	303,748
Due from component unit	-	20,840	-	-	20,840
Deposit	-	11,000	-	-	11,000
Total restricted assets	<u>-</u>	<u>31,840</u>	<u>303,748</u>	<u>-</u>	<u>335,588</u>
Capital assets	198,119	-	39,907,233	343,687	40,449,039
Less accumulated depreciation	(198,119)	-	(23,421,364)	(323,900)	(23,943,383)
Net capital assets	<u>-</u>	<u>-</u>	<u>16,485,869</u>	<u>19,787</u>	<u>16,505,656</u>
Total assets	<u>\$ 492,838</u>	<u>\$ 10,881,447</u>	<u>\$ 24,703,796</u>	<u>\$ 762,477</u>	<u>\$ 36,840,558</u>
Liabilities and net assets					
Current liabilities					
Accounts and claims payable	\$ 154,555	\$ 3,400,463	\$ 88,375	\$ -	\$ 3,643,393
Compensated absences	48,419	4,806	-	-	53,225
Total current liabilities	<u>202,974</u>	<u>3,405,269</u>	<u>88,375</u>	<u>-</u>	<u>3,696,618</u>
Noncurrent liabilities					
Deposit	-	11,000	-	-	11,000
Compensated absences	12,519	2,919	-	-	15,438
Total noncurrent liabilities	<u>12,519</u>	<u>13,919</u>	<u>-</u>	<u>-</u>	<u>26,438</u>
Total liabilities	<u>215,493</u>	<u>3,419,188</u>	<u>88,375</u>	<u>-</u>	<u>3,723,056</u>
Net assets					
Invested in capital assets	-	-	16,485,869	19,787	16,505,656
Unrestricted	<u>277,345</u>	<u>7,462,259</u>	<u>8,129,552</u>	<u>742,690</u>	<u>16,611,846</u>
Total net assets	<u>277,345</u>	<u>7,462,259</u>	<u>24,615,421</u>	<u>762,477</u>	<u>33,117,502</u>
Total liabilities and net assets	<u>\$ 492,838</u>	<u>\$ 10,881,447</u>	<u>\$ 24,703,796</u>	<u>\$ 762,477</u>	<u>\$ 36,840,558</u>

City of Olathe, Kansas
Combining Statement of Revenues, Expenses, and Changes in Net Assets
Internal Service Funds
For the Year Ended December 31, 2011

	<u>Central Garage</u>	<u>Risk Management</u>	<u>Vehicle Replacement</u>	<u>Personal Computer Replacement</u>	<u>Total</u>
Operating revenues					
Charges for services	\$ 5,893,599	\$ 14,671,856	\$ 4,584,298	\$ 465,562	\$ 25,615,315
Operating expenses					
Administration and general	184,470	13,508,379	304,294	357,995	14,355,138
Depreciation	-	-	3,499,091	33,907	3,532,998
Equipment maintenance	5,391,689	-	-	-	5,391,689
Total operating expenses	<u>5,576,159</u>	<u>13,508,379</u>	<u>3,803,385</u>	<u>391,902</u>	<u>23,279,825</u>
Operating income (loss)	<u>317,440</u>	<u>1,163,477</u>	<u>780,913</u>	<u>73,660</u>	<u>2,335,490</u>
Nonoperating revenues (expenses)					
Interest income	590	34,334	26,374	2,279	63,577
Gain from sale of equipment	-	-	83,077	9,518	92,595
Intergovernmental	-	222,618	-	-	222,618
Total nonoperating revenues (expenses)	<u>590</u>	<u>256,952</u>	<u>109,451</u>	<u>11,797</u>	<u>378,790</u>
Net income (loss) before transfers and contributions	318,030	1,420,429	890,364	85,457	2,714,280
Transfers in	-	-	18,000	395	18,395
Transfers out	(220,000)	-	-	-	(220,000)
Net income (loss)	<u>98,030</u>	<u>1,420,429</u>	<u>908,364</u>	<u>85,852</u>	<u>2,512,675</u>
Net assets - beginning of year	179,315	6,041,830	23,707,057	676,625	30,604,827
Net assets - end of year	<u>\$ 277,345</u>	<u>\$ 7,462,259</u>	<u>\$ 24,615,421</u>	<u>\$ 762,477</u>	<u>\$ 33,117,502</u>



City of Olathe, Kansas
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2011

	Central Garage	Risk Management	Vehicle Replacement	Personal Computer Replacement	Totals
Cash Flows from Operating Activities					
Receipts from customers and users	\$ 5,893,599	\$ 14,671,856	\$ 4,584,298	\$ 465,562	\$ 25,615,315
Payments to suppliers	(4,233,714)	(13,619,753)	250,423	(348,534)	(17,951,578)
Payments to employees	(1,549,899)	(172,021)	-	-	(1,721,920)
Net cash provided by (used in) operating activities	<u>109,986</u>	<u>880,082</u>	<u>4,834,721</u>	<u>117,028</u>	<u>5,941,817</u>
Cash Flows from Noncapital Financing Activities					
Intergovernmental	-	222,618	-	-	222,618
Transfers from other funds	-	-	18,000	395	18,395
Transfers to other funds	(220,000)	-	-	-	(220,000)
Net cash provided by (used in) noncapital financing activities	<u>(220,000)</u>	<u>222,618</u>	<u>18,000</u>	<u>395</u>	<u>21,013</u>
Cash Flows from Capital and Related Financing Activities					
Acquisitions and construction of capital assets	-	-	(4,231,215)	-	(4,231,215)
Net cash (used in) capital and related financing activities	<u>-</u>	<u>-</u>	<u>(4,231,215)</u>	<u>-</u>	<u>(4,231,215)</u>
Cash Flows from Investing Activities					
Interest received	590	34,334	26,374	2,279	63,577
Net cash provided by (used in) investing activities	<u>590</u>	<u>34,334</u>	<u>26,374</u>	<u>2,279</u>	<u>63,577</u>
Net (decrease) in cash and cash equivalents	(109,424)	1,137,034	647,880	119,702	1,795,192
Cash and cash equivalents - beginning of year	275,579	9,712,573	7,177,557	622,988	17,788,697
Cash and cash equivalents - end of year	<u>\$ 166,155</u>	<u>\$ 10,849,607</u>	<u>\$ 7,825,437</u>	<u>\$ 742,690</u>	<u>\$ 19,583,889</u>
Reconciliation of operating income to net cash provided by (used in) operating activities					
Operating income (loss)	\$ 317,440	\$ 1,163,477	\$ 780,913	\$ 73,660	\$ 2,335,490
Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities					
Depreciation	-	-	3,499,091	33,907	3,532,998
Gain from disposal of capital assets	-	-	83,077	9,518	92,595
Changes in assets and liabilities					
Decrease in due from other funds	-	-	780,338	-	780,338
(Increase) in inventories and prepaid assets	(91,264)	(20,840)	-	-	(112,104)
Increase (decrease) in accounts and claims payable	(110,896)	(259,891)	(308,698)	(57)	(679,542)
Increase (decrease) in compensated absences	(5,294)	(2,664)	-	-	(7,958)
Total adjustments	<u>(207,454)</u>	<u>(283,395)</u>	<u>4,053,808</u>	<u>43,368</u>	<u>3,606,327</u>
Net cash provided by operating activities	<u>\$ 109,986</u>	<u>\$ 880,082</u>	<u>\$ 4,834,721</u>	<u>\$ 117,028</u>	<u>\$ 5,941,817</u>



Discretely Presented Component Units

Discretely Presented Component Units

Olathe Public Library

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

Olathe Public Housing Authority

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

City of Olathe, Kansas
Combining Statements of Net Assets
Discretely Presented Component Units
December 31, 2011

	Olathe Public Library	Olathe Public Housing Authority	Totals
Assets			
Cash and cash equivalents	\$ 609,557	\$ 897,347	\$ 1,506,904
Investments	2,347,789	316,348	2,664,137
Accounts receivable	16,938	8,567	25,505
Interest receivable	2,784	-	2,784
Due from primary government	120,275	-	120,275
Prepaid assets	67,544	30,760	98,304
Capital assets:			
Land, collection, and construction in progress	495,885	597,263	1,093,148
Other capital assets, net of accumulated depreciation	2,820,323	2,498,206	5,318,529
Total assets	<u>\$ 6,481,095</u>	<u>\$ 4,348,491</u>	<u>\$ 10,829,586</u>
Liabilities and net assets			
Liabilities			
Accounts payable	\$ 30,641	\$ 71,135	\$ 101,776
Accrued liabilities	24,645	-	24,645
Deferred revenue	-	1,254	1,254
Noncurrent liabilities:			
Due in one year	139,303	124,012	263,315
Due in more than one year	34,826	-	34,826
Total liabilities	<u>229,415</u>	<u>196,401</u>	<u>425,816</u>
Net assets			
Invested in capital assets	3,316,208	3,095,469	6,411,677
Unrestricted	2,935,472	1,056,621	3,992,093
Total net assets	<u>6,251,680</u>	<u>4,152,090</u>	<u>10,403,770</u>
Total liabilities and net assets	<u>\$ 6,481,095</u>	<u>\$ 4,348,491</u>	<u>\$ 10,829,586</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, 2011

	Olathe Public Library	Olathe Public Housing Authority	Totals
Expenses:			
Library operations	\$ 4,053,107	\$ -	\$ 4,053,107
Community services	-	3,824,688	3,824,688
Total expenses	<u>4,053,107</u>	<u>3,824,688</u>	<u>7,877,795</u>
Program revenues:			
Charges for services	225,831	319,470	545,301
Operating grants and contributions	80,224	3,268,253	3,348,477
Capital grants and contributions	-	71,272	71,272
Total program revenues	<u>306,055</u>	<u>3,658,995</u>	<u>3,965,050</u>
Net (expense)	(3,747,052)	(165,693)	(3,912,745)
General revenues			
Property taxes	3,991,132	-	3,991,132
Unrestricted investment earnings	33,062	2,336	35,398
Miscellaneous	-	(1,382)	(1,382)
Total general revenues	<u>4,024,194</u>	<u>954</u>	<u>4,025,148</u>
Change in net assets	277,142	(164,739)	112,403
Net assets - beginning of year	<u>5,974,538</u>	<u>4,316,829</u>	<u>10,291,367</u>
Net assets - end of year	<u>\$ 6,251,680</u>	<u>\$ 4,152,090</u>	<u>\$ 10,403,770</u>



City of Olathe, Kansas
Statement of Cash Flows
Discretely Presented Component Unit
Olathe Housing Authority
For the Year Ended December 31, 2011

	Totals
Cash Flows from Operating Activities	
Cash received	\$ 3,636,390
Cash paid to suppliers and employees	(3,505,944)
Net cash provided by operating activities	130,446
Cash Flows from Capital and Related Financing Activities	
Acquisition of capital assets	(59,977)
Cash Flows from Investing Activities	
Investments	32,129
Interest received	2,336
Net cash (used) for investing activities	34,465
Net (decrease) in cash and cash equivalents	104,934
Cash and cash equivalents, beginning of year	792,413
Cash and cash equivalents, end of year	\$ 897,347
Reconciliation of operating income to net cash provided by operating activities	
Operating income (loss)	\$ (165,693)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities	
Depreciation expense	302,240
Changes in operating assets and liabilities:	
Accounts receivable	9,143
Prepaid assets	2,249
Account payable	16,467
Changes in accrued liabilities	(34,483)
Changes in deferred revenues	523
Net cash provided by operating activities	\$ 130,446



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

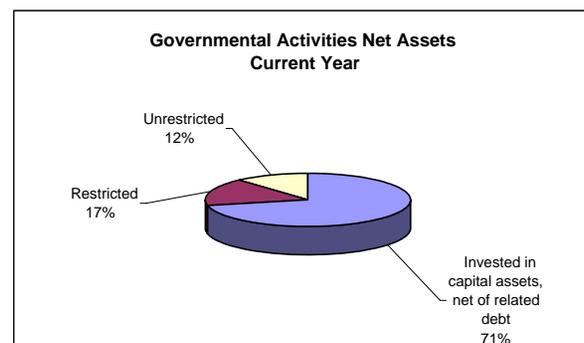
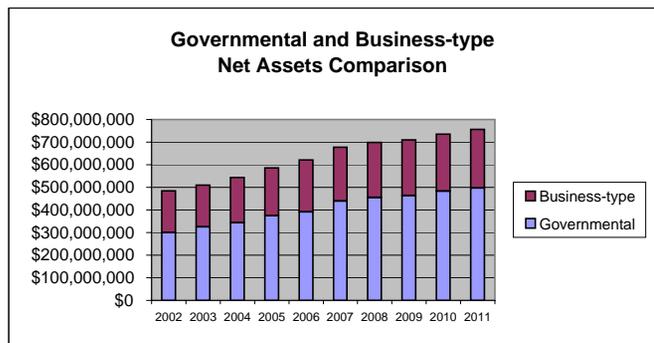
Source: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.



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

	Fiscal Year									
	2002	2003	2004	2005 (1)	2006	2007	2008	2009	2010	2011
Governmental activities										
Invested in capital assets, net of related debt	\$ 243,968,244	\$ 229,795,581	\$ 237,116,107	\$ 270,941,772	\$ 254,841,312	\$ 261,882,663	\$ 280,224,650	\$ 297,492,212	\$ 319,933,077	\$ 356,108,246
Restricted	14,246,272	18,944,885	21,636,709	37,176,791	46,321,539	94,542,378	94,759,587	76,203,831	88,033,948	83,662,819
Unrestricted	41,243,633	76,349,632	84,927,091	66,658,689	90,591,125	83,204,514	79,656,316	89,312,519	75,553,774	57,707,288
Total governmental activities net assets	<u>\$ 299,458,149</u>	<u>\$ 325,090,098</u>	<u>\$ 343,679,907</u>	<u>\$ 374,777,252</u>	<u>\$ 391,753,976</u>	<u>\$ 439,629,555</u>	<u>\$ 454,640,553</u>	<u>\$ 463,008,562</u>	<u>\$ 483,520,799</u>	<u>\$ 497,478,353</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 169,564,047	\$ 168,319,584	\$ 180,550,423	\$ 191,360,241	\$ 210,257,947	\$ 219,405,747	\$ 226,244,029	\$ 228,819,361	\$ 227,495,313	\$ 228,011,260
Restricted	5,375,513	5,274,013	5,274,013	5,274,013	1,544,000	5,953,021	5,167,008	3,858,058	7,096,586	6,961,829
Unrestricted	10,338,489	11,154,084	14,057,613	14,723,103	18,012,845	12,690,426	13,046,355	13,943,156	17,429,714	23,210,572
Total business-type activities net assets	<u>\$ 185,278,049</u>	<u>\$ 184,747,681</u>	<u>\$ 199,882,049</u>	<u>\$ 211,357,357</u>	<u>\$ 229,814,792</u>	<u>\$ 238,049,194</u>	<u>\$ 244,457,392</u>	<u>\$ 246,620,575</u>	<u>\$ 252,021,613</u>	<u>\$ 258,183,661</u>
Primary government										
Invested in capital assets, net of related debt	\$ 413,532,291	\$ 398,115,165	\$ 417,666,530	\$ 462,302,013	\$ 465,099,259	\$ 481,288,410	\$ 506,468,679	\$ 526,311,573	\$ 547,428,390	\$ 584,119,506
Restricted	19,621,785	24,218,898	26,910,722	42,450,804	47,865,539	100,495,399	99,926,595	80,061,889	95,130,534	90,624,648
Unrestricted	51,582,122	87,503,716	98,984,704	81,381,792	108,603,970	95,894,940	92,702,671	103,255,675	92,983,488	80,917,860
Total primary government activities net assets	<u>\$ 484,736,198</u>	<u>\$ 509,837,779</u>	<u>\$ 543,561,956</u>	<u>\$ 586,134,609</u>	<u>\$ 621,568,768</u>	<u>\$ 677,678,749</u>	<u>\$ 699,097,945</u>	<u>\$ 709,629,137</u>	<u>\$ 735,542,412</u>	<u>\$ 755,662,014</u>

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



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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses										
Governmental activities:										
General government	\$ 11,910,805	\$ 15,631,734	\$ 16,816,999	\$ 18,022,076	\$ 37,677,535	\$ 31,810,323	\$ 24,440,387	\$ 21,386,706	\$ 22,633,081	\$ 22,104,286
Public safety	30,542,928	25,502,187	29,455,211	30,793,576	33,421,326	35,955,257	35,830,325	35,456,647	37,472,183	35,809,361
Public works	35,221,794	29,818,237	32,813,599	30,719,299	36,187,643	37,394,200	40,357,941	38,794,754	41,971,765	46,931,481
Community services	8,488,926	6,317,192	7,277,809	7,843,549	9,575,895	10,790,076	8,457,058	8,834,620	12,182,817	11,823,644
Development services	2,718,682	2,559,027	2,949,215	2,898,751	2,720,997	2,877,028	5,959,292	3,674,810	-	-
Interest on long-term debt	3,678,937	4,741,280	4,698,838	5,867,756	5,301,368	8,238,252	9,838,955	10,706,329	10,352,168	11,892,275
Total governmental activities	<u>92,562,072</u>	<u>84,569,657</u>	<u>94,011,671</u>	<u>96,145,007</u>	<u>124,884,764</u>	<u>127,065,136</u>	<u>124,883,958</u>	<u>118,853,866</u>	<u>124,612,014</u>	<u>128,561,047</u>
Business-type activities:										
Water and sewer	27,495,852	20,307,117	20,711,630	20,473,344	23,806,526	33,076,058	26,312,690	28,516,405	27,921,388	32,419,382
Solid waste	10,064,722	7,190,570	7,705,208	7,882,589	8,039,441	9,195,502	9,318,242	10,676,512	9,411,051	10,297,550
Golf course	506,209	17,664	-	-	-	-	-	-	-	-
Total business-type activities	<u>38,066,783</u>	<u>27,515,351</u>	<u>28,416,838</u>	<u>28,355,933</u>	<u>31,845,967</u>	<u>42,271,560</u>	<u>35,630,932</u>	<u>39,192,917</u>	<u>37,332,439</u>	<u>42,716,932</u>
Total primary government expenses	<u>\$ 130,628,855</u>	<u>\$ 112,085,008</u>	<u>\$ 122,428,509</u>	<u>\$ 124,500,940</u>	<u>\$ 156,730,731</u>	<u>\$ 169,336,696</u>	<u>\$ 160,514,890</u>	<u>\$ 158,046,783</u>	<u>\$ 161,944,453</u>	<u>\$ 171,277,979</u>
Program Revenues										
Governmental activities:										
Charges for services										
General government	\$ 918,117	\$ 1,431,146	\$ 1,353,653	\$ 1,324,783	\$ 1,783,668	\$ 3,449,451	\$ 3,128,686	\$ 3,170,948	\$ 3,932,061	\$ 3,872,262
Public safety	2,429,807	2,554,432	2,963,577	3,001,957	3,568,672	3,483,805	3,232,142	3,920,737	3,845,049	4,129,741
Public works	8,062,558	4,517,924	4,956,577	6,082,908	6,399,932	5,537,982	4,171,670	3,847,801	4,403,430	4,664,605
Community services	1,484,049	1,474,365	1,233,709	1,653,302	1,773,019	1,499,536	1,221,493	1,321,447	1,744,871	2,114,043
Development services	620,290	660,199	650,872	924,610	1,535,322	1,273,264	530,262	322,142	-	-
Operating grants and contributions	2,790,109	1,774,026	1,605,463	2,240,261	1,775,844	2,205,429	2,368,671	2,363,067	2,183,878	2,331,708
Capital grants and contributions	8,091,100	28,455,553	24,099,220	30,931,022	38,809,778	64,433,457	30,372,789	19,581,268	37,416,271	25,256,895
Total governmental activities program revenue	<u>24,396,030</u>	<u>40,867,645</u>	<u>36,863,071</u>	<u>46,158,843</u>	<u>55,646,235</u>	<u>81,882,924</u>	<u>45,025,713</u>	<u>34,527,410</u>	<u>53,525,560</u>	<u>42,369,254</u>
Business-type activities:										
Charges for services										
Water and sewer	23,889,166	22,494,428	23,247,039	25,952,010	29,805,473	35,952,339	25,777,540	27,589,229	29,555,094	31,887,691
Solid waste	9,348,712	7,192,721	7,876,489	8,189,631	8,300,341	9,032,917	9,767,231	10,970,942	11,175,942	11,830,205
Golf course	482,638	-	-	-	-	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-	846	-	-	-	-
Capital grants and contributions	8,026,109	6,542,523	1,953,642	4,842,076	10,616,548	3,919,774	5,859,708	2,482,560	1,606,186	4,206,897
Total business-type activities program revenues	<u>41,746,625</u>	<u>36,229,672</u>	<u>33,077,170</u>	<u>38,983,717</u>	<u>48,722,362</u>	<u>48,905,876</u>	<u>41,404,479</u>	<u>41,042,731</u>	<u>42,337,222</u>	<u>47,924,793</u>
Total primary government program revenues	<u>\$ 66,142,655</u>	<u>\$ 77,097,317</u>	<u>\$ 69,940,241</u>	<u>\$ 85,142,560</u>	<u>\$ 104,368,597</u>	<u>\$ 130,788,800</u>	<u>\$ 86,430,192</u>	<u>\$ 75,570,141</u>	<u>\$ 95,862,782</u>	<u>\$ 90,294,047</u>
Net (expense)/revenue										
Governmental activities	\$ (68,166,042)	\$ (43,702,012)	\$ (57,148,600)	\$ (49,986,164)	\$ (69,238,529)	\$ (45,182,212)	\$ (79,858,245)	\$ (84,326,456)	\$ (71,086,454)	\$ (86,191,793)
Business-type activities	3,679,842	8,714,321	4,660,332	10,627,784	16,876,395	6,634,316	5,773,547	1,849,814	5,004,783	5,207,861
Total primary government net expense	<u>\$ (64,486,200)</u>	<u>\$ (34,987,691)</u>	<u>\$ (52,488,268)</u>	<u>\$ (39,358,380)</u>	<u>\$ (52,362,134)</u>	<u>\$ (38,547,896)</u>	<u>\$ (74,084,698)</u>	<u>\$ (82,476,642)</u>	<u>\$ (66,081,671)</u>	<u>\$ (80,983,932)</u>

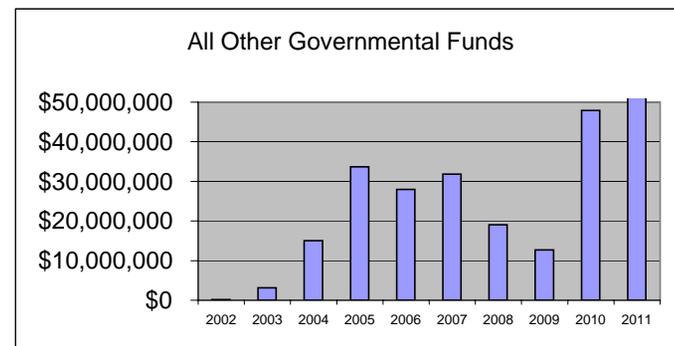
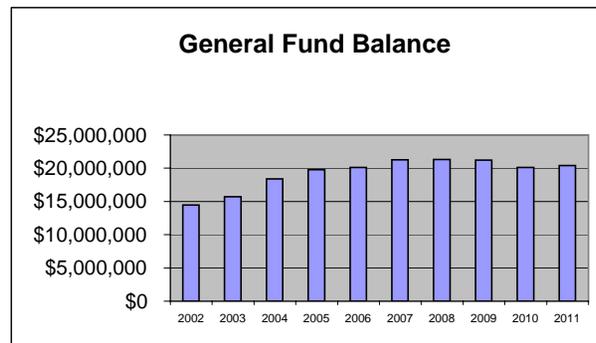
City of Olathe, Kansas
Changes in Net Assets
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General revenues and other changes in net assets										
Governmental activities:										
Taxes										
Property taxes	\$ 25,224,854	\$ 26,388,162	\$ 28,442,019	\$ 30,398,041	\$ 32,558,421	\$ 35,550,691	\$ 38,923,447	\$ 39,530,183	\$ 38,567,592	\$ 37,388,645
Sales taxes	30,600,103	33,405,318	35,941,908	37,691,328	39,706,793	40,523,898	39,937,282	37,525,065	37,673,077	41,925,494
Franchise taxes	6,444,779	6,447,043	6,939,895	7,205,181	7,131,807	8,063,261	9,087,300	8,452,020	9,264,850	9,676,295
Other taxes	-	666,470	671,636	752,899	770,973	847,352	865,892	823,184	838,247	879,012
Investment earnings	1,940,863	1,528,093	2,934,420	4,374,006	5,723,310	6,891,722	4,560,797	2,762,325	98,681	961,178
Gain on sale of capital assets	73,745	7,337	56,831	40,286	109,124	-	-	-	-	-
Miscellaneous	6,776,381	568,614	853,217	659,407	737,075	1,172,183	1,394,572	3,499,966	5,092,981	1,419,911
Transfers	(165,644)	322,925	(101,517)	(37,639)	(522,250)	8,684	99,953	101,722	63,263	544,935
Total governmental activities	<u>70,895,081</u>	<u>69,333,962</u>	<u>75,738,409</u>	<u>81,083,509</u>	<u>86,215,253</u>	<u>93,057,791</u>	<u>94,869,243</u>	<u>92,694,465</u>	<u>91,598,691</u>	<u>92,795,470</u>
Business-type activities:										
Investment earnings	945,969	400,952	422,507	610,467	775,791	981,143	444,586	139,245	(50,857)	178,500
Gain on sale of capital assets	24,425	320,355	23,084	-	-	-	-	-	-	-
Miscellaneous	74,772	153,308	130,549	199,418	282,999	627,627	290,018	275,846	510,375	1,320,622
Transfers	(1,185,740)	(322,925)	101,517	37,639	522,250	(8,684)	(99,953)	(101,722)	(63,263)	(544,935)
Total business-type activities	<u>(140,574)</u>	<u>551,690</u>	<u>677,657</u>	<u>847,524</u>	<u>1,581,040</u>	<u>1,600,086</u>	<u>634,651</u>	<u>313,369</u>	<u>396,255</u>	<u>954,187</u>
Total primary government	<u>\$ 70,754,507</u>	<u>\$ 69,885,652</u>	<u>\$ 76,416,066</u>	<u>\$ 81,931,033</u>	<u>\$ 87,796,293</u>	<u>\$ 94,657,877</u>	<u>\$ 95,503,894</u>	<u>\$ 93,007,834</u>	<u>\$ 91,994,946</u>	<u>\$ 93,749,657</u>
Change in Net Assets										
Governmental activities	\$ 2,729,039	\$ 25,631,950	\$ 18,589,809	\$ 31,097,345	\$ 16,976,724	\$ 47,875,579	\$ 15,010,998	\$ 8,368,009	\$ 20,512,237	\$ 6,603,677
Business-type activities	3,539,268	9,266,011	5,337,989	11,475,308	18,457,435	8,234,402	6,408,198	2,163,183	5,401,038	6,162,048
Total primary government	<u>\$ 6,268,307</u>	<u>\$ 34,897,961</u>	<u>\$ 23,927,798</u>	<u>\$ 42,572,653</u>	<u>\$ 35,434,159</u>	<u>\$ 56,109,981</u>	<u>\$ 21,419,196</u>	<u>\$ 10,531,192</u>	<u>\$ 25,913,275</u>	<u>\$ 12,765,725</u>

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010 (1)	2011
General Fund										
Reserved	\$ 539,492	\$ 923,907	\$ 658,903	\$ 1,285,395	\$ 738,136	\$ 1,545,473	\$ 1,133,983	\$ 1,352,091	\$ -	\$ -
Unreserved	13,930,933	14,790,109	17,750,451	18,471,654	19,356,973	19,730,159	20,157,984	19,881,271	-	-
Nonspendable	-	-	-	-	-	-	-	-	300,950	601,488
Assigned	-	-	-	-	-	-	-	-	1,803,838	604,793
Unassigned	-	-	-	-	-	-	-	-	17,999,342	19,204,392
Total general fund	\$ 14,470,425	\$ 15,714,016	\$ 18,409,354	\$ 19,757,049	\$ 20,095,109	\$ 21,275,632	\$ 21,291,967	\$ 21,233,362	\$ 20,104,130	\$ 20,410,673
All Other Governmental Funds										
Reserved	\$ 14,834,758	\$ 23,210,066	\$ 22,470,404	\$ 23,292,041	\$ 25,118,749	\$ 29,946,051	\$ 36,550,884	\$ 33,452,771	\$ -	\$ -
Unreserved, reported in										
Special revenue funds	12,097,963	13,419,120	15,631,211	20,707,604	25,493,536	31,916,723	28,817,453	23,531,448	-	-
Capital projects fund	(26,769,564)	(33,500,030)	(23,041,254)	(10,299,166)	(22,655,912)	(30,060,733)	(46,347,007)	(44,296,712)	-	-
Restricted	-	-	-	-	-	-	-	-	42,937,040	64,415,415
Committed	-	-	-	-	-	-	-	-	11,943,046	10,637,847
Assigned	-	-	-	-	-	-	-	-	1,150,000	3,092,000
Unassigned	-	-	-	-	-	-	-	-	(8,151,727)	(265,224)
Total all other governmental funds	\$ 163,157	\$ 3,129,156	\$ 15,060,361	\$ 33,700,479	\$ 27,956,373	\$ 31,802,041	\$ 19,021,330	\$ 12,687,507	\$ 47,878,359	\$ 77,880,038

(1) GASB 54 was implemented by the City in 2010.

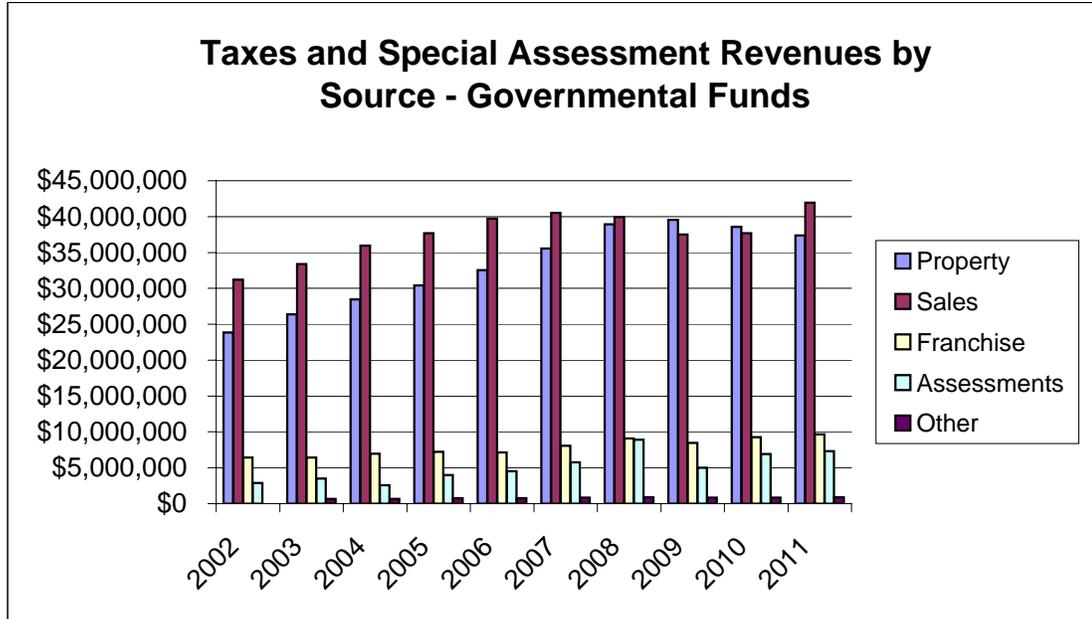


City of Olathe, Kansas
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Taxes and special assessments	\$ 64,387,157	\$ 70,391,554	\$ 74,555,697	\$ 80,051,452	\$ 84,697,683	\$ 90,754,821	\$ 97,721,810	\$ 91,334,541	\$ 93,278,764	\$ 97,186,011
Intergovernmental	10,837,603	11,407,621	14,032,341	15,849,212	11,732,742	40,832,456	18,469,344	14,506,377	20,449,434	10,649,241
Licenses and permits	1,410,303	1,260,615	1,197,781	1,468,159	1,561,945	1,497,666	1,068,989	897,555	813,254	801,090
Fines, forfeitures, and penalties	2,206,577	2,280,881	2,751,852	2,653,860	3,093,526	3,047,531	2,816,600	3,375,876	3,323,570	3,605,967
Charges for services	6,296,778	7,096,570	7,208,755	8,865,541	10,405,142	10,698,841	8,398,664	8,309,644	9,788,587	10,373,594
Use of money and property	2,578,932	1,362,573	2,758,795	4,004,328	5,199,960	6,184,537	4,275,573	2,662,741	106,061	897,601
Miscellaneous	6,665,217	568,614	853,217	659,407	737,075	1,172,183	1,394,572	3,258,702	2,652,214	1,327,317
Total revenues	<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>	<u>134,145,552</u>	<u>124,345,436</u>	<u>130,411,884</u>	<u>124,840,821</u>
Expenditures										
General government	16,435,671	14,950,325	15,846,542	17,028,025	36,583,898	30,169,035	23,313,768	20,302,744	21,383,165	21,003,812
Public safety	24,942,611	24,942,875	27,386,637	29,438,324	31,897,840	33,614,880	34,354,585	34,293,288	35,962,013	35,062,536
Public works	14,133,087	10,236,199	11,686,582	12,085,415	12,913,092	13,690,326	14,557,425	13,943,279	12,818,237	12,927,181
Community services	6,038,154	5,920,919	6,904,973	7,570,412	9,250,648	10,206,734	8,090,482	8,588,339	11,877,736	10,281,567
Development services	2,264,447	2,432,688	2,608,027	2,669,405	2,464,599	2,529,592	3,203,016	3,632,333	555,790	-
Capital improvements	40,007,633	38,285,603	33,701,286	35,148,795	49,814,606	77,614,339	71,127,640	42,068,750	41,708,828	19,185,356
Debt service										
Principal retirements	10,403,000	12,355,800	12,909,152	14,725,471	16,473,980	17,973,278	18,993,650	20,969,622	20,526,463	21,338,779
Interest and fiscal charges	3,667,848	4,666,553	4,363,978	5,735,181	6,137,525	8,484,217	10,445,658	10,191,231	10,681,749	12,308,753
Total expenditures	<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>	<u>184,086,224</u>	<u>153,989,586</u>	<u>155,513,981</u>	<u>132,107,984</u>
Excess of revenues over (under) expenditures	<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>	<u>(49,940,672)</u>	<u>(29,644,150)</u>	<u>(25,102,097)</u>	<u>(7,267,163)</u>
Other financing sources (uses)										
Issuance of bonds	15,710,000	21,150,000	24,535,000	28,980,000	42,545,000	44,125,000	35,400,000	23,010,000	53,148,000	28,100,000
Issuance of refunding bonds	13,650,000	-	11,190,000	-	-	-	-	-	-	8,835,000
Proceeds from capital leases	-	-	499,570	-	-	-	-	-	-	-
Payment to bond escrow agent	(13,661,148)	-	(11,050,014)	-	-	-	-	-	-	(2,590,000)
Premium on general obligation bonds	-	-	1,262,763	1,683,620	654,115	561,191	1,676,343	-	5,500,575	2,483,846
Transfers in	23,791,904	19,417,855	20,875,833	26,986,831	28,166,940	17,385,451	14,036,309	15,939,644	16,794,058	23,594,270
Transfers out	(22,438,084)	(18,773,930)	(20,637,870)	(26,813,569)	(28,663,987)	(16,951,085)	(13,936,356)	(15,697,922)	(16,278,916)	(22,847,731)
Total other financing sources (uses)	<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>	<u>37,176,296</u>	<u>23,251,722</u>	<u>59,163,717</u>	<u>37,575,385</u>
Net change in fund balances	<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>	<u>\$ (12,764,376)</u>	<u>\$ (6,392,428)</u>	<u>\$ 34,061,620</u>	<u>\$ 30,308,222</u>
Debt service as a percentage of noncapital expenditures	19.3%	22.0%	21.2%	23.3%	19.6%	22.5%	25.3%	27.3%	28.4%	29.8%

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
2002	\$ 23,840,130	\$ 31,204,139	\$ 6,444,779	\$ 2,898,109	\$ -	\$ 64,387,157
2003	26,388,162	33,405,318	6,447,043	3,484,561	666,470	70,391,554
2004	28,442,019	35,941,908	6,939,895	2,560,239	671,636	74,555,697
2005	30,398,041	37,691,328	7,205,181	4,004,003	752,899	80,051,452
2006	32,558,421	39,706,793	7,131,807	4,529,689	770,973	84,697,683
2007	35,550,691	40,523,898	8,063,261	5,769,619	847,352	90,754,821
2008	38,923,447	39,937,282	9,087,300	8,907,889	865,892	97,721,810
2009	39,530,183	37,525,065	8,452,020	5,004,089	823,184	91,334,541
2010	38,567,592	37,673,077	9,264,850	6,934,998	838,247	93,278,764
2011	37,388,645	41,925,494	9,676,295	7,316,565	879,012	97,186,011
Change 2002 to 2011	57.23%	79.82%	70.04%	49.22%	N/A	66.52%



**City of Olathe, Kansas
Taxable Sales by Category
City Sales Tax Only
Last Eight Fiscal Years**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Retail Trade								
(Big Box Retail, Grocery, Electronics)	\$ 12,823,431	\$ 13,341,565	\$ 13,776,238	\$ 13,899,061	\$ 13,888,804	\$ 13,238,004	\$ 13,319,118	\$ 14,372,193
Accommodation & Food Services								
(Hotel, Restaurant)	1,700,440	1,798,757	1,969,574	2,118,186	2,277,762	2,249,410	2,255,334	2,410,568
Utilities								
(Gas, Electric)	1,210,827	1,299,014	1,328,028	1,405,563	1,531,469	1,503,487	1,582,942	1,654,295
Information								
(Newspprint, Publishing)	1,042,414	904,731	800,898	1,060,532	1,116,833	1,144,893	1,174,579	1,212,359
Wholesale Trade								
(Wholesale Materials)	884,915	961,881	1,014,892	961,908	919,123	668,273	751,037	967,502
Manufacturing								
(Food, Beverage, Paper, Machinery)	670,852	695,507	845,003	750,185	683,550	542,126	532,486	565,698
Other Services								
(Auto Repair, Laundry)	629,077	707,068	666,628	703,340	672,897	673,127	646,856	694,384
Administrative, Support, Waste Management, & Remediation Services	198,912	243,945	222,905	231,479	220,864	179,478	168,043	191,600
Other	1,230,420	1,353,688	1,724,797	1,645,458	1,522,889	1,378,575	1,675,706	1,370,760
Total	<u>\$ 20,391,286</u>	<u>\$ 21,306,156</u>	<u>\$ 22,348,962</u>	<u>\$ 22,775,712</u>	<u>\$ 22,834,191</u>	<u>\$ 21,577,373</u>	<u>\$ 22,106,101</u>	<u>\$ 23,439,359</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	Economic Development (3)	Public Safety Capital (4)	Education Research Triangle (5)		
2002	1.000%	0.125%	0.500%	0.250%	0.100%	-			5.300%	7.275%
2003	1.000%	0.125%	0.500%	0.250%	0.100%	0.250%			5.300%	7.525%
2004	1.000%	0.125%	0.500%	0.250%	0.100%	0.250%			5.300%	7.525%
2005	1.000%	0.125%	0.500%	0.250%	0.100%	0.250%			5.300%	7.525%
2006	1.000%	0.125%	0.500%	0.250%	0.100%	0.250%			5.300%	7.525%
2007	1.000%	0.125%	0.500%	0.250%	0.100%	0.250%			5.300%	7.525%
2008	1.000%	0.125%	0.500%	0.250%	0.100%	0.250%			5.300%	7.525%
2009	1.000%	0.125%	0.500%	0.250%	0.100%	-	0.250%	0.125%	5.300%	7.650%
2010	1.000%	0.125%	0.500%	0.250%	0.100%	-	0.250%	0.125%	6.300%	8.650%
2011	1.000%	0.125%	0.500%	0.250%	0.100%	-	0.250%	0.125%	6.300%	8.650%

Source: Kansas Department of Revenue

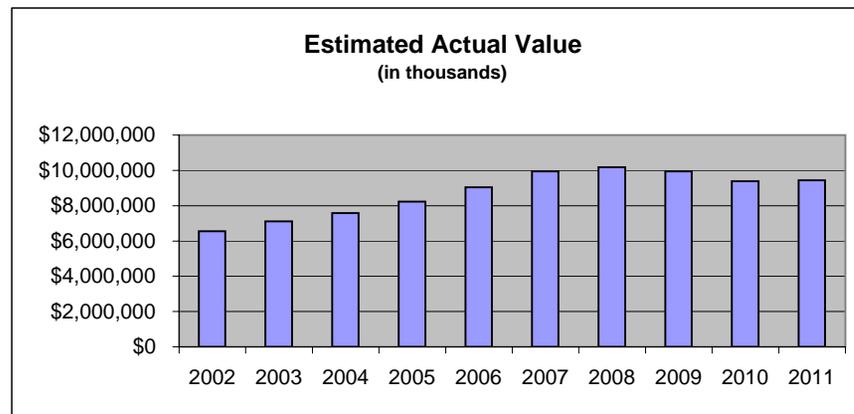
- (1) The State of Kansas increased its sales tax rate effective July 2002. The State of Kansas also increased its sales tax rate effective July 2010.
- (2) The citizens of Olathe approved an 1/8% sales tax for various park projects. The tax was in effect from April 2000 through March 2005. The citizens of Olathe approved an extension of this tax until March 2015.
- (3) The citizens of Johnson County approved an 1/4% sales tax for economic development (schools). The tax was in effect from January 2003 through December 2005. The citizens of Johnson County approved an extension of this tax until December 2008.
- (4) The citizens of Johnson County approved an 1/4% sales tax for public safety capital and operations. The tax was in effect starting in January 2009.
- (5) The citizens of Johnson County approved an 1/8% sales tax for the education research triangle. The tax was in effect starting in January 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
2002	\$ 800,315	\$ 33,352	\$ 70,750	\$ 904,417	\$ 6,546,852	24.763
2003	875,391	34,335	66,398	976,124	7,110,130	24.849
2004	935,412	37,481	67,786	1,040,679	7,587,528	24.932
2005	1,014,746	39,706	71,846	1,126,298	8,221,205	24.923
2006	1,120,865	38,423	75,692	1,234,980	9,048,751	24.843
2007	1,240,332	38,990	69,810	1,349,132	9,946,030	25.030
2008	1,278,173	36,347	56,686	1,371,207	10,176,098	24.908
2009	1,255,699	33,786	45,042	1,334,527	9,948,378	24.837
2010	1,185,808	33,997	37,727	1,257,532	9,382,174	24.840
2011	1,195,322	35,716	33,254	1,264,292	9,443,015	24.924

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.



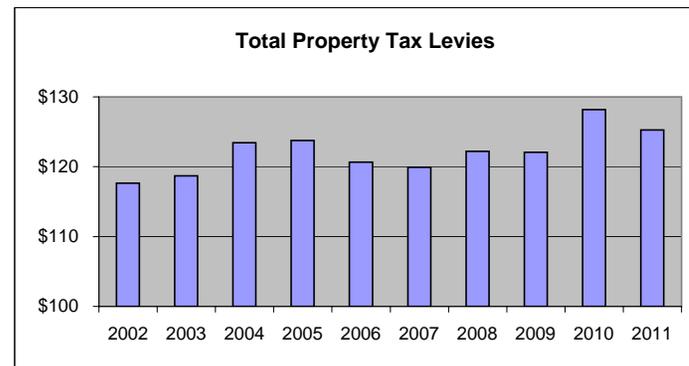
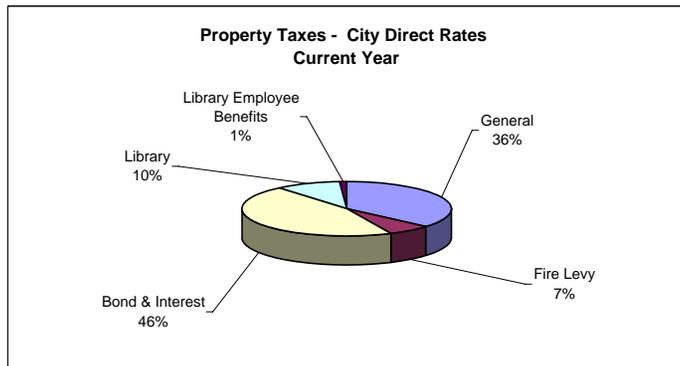
**City of Olathe, Kansas
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years**

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
2002	8.628	1.650	11.717	2.500	0.268	24.763	1.500	16.221	9.428	1.602	64.125	117.639
2003	10.566	1.686	9.828	2.500	0.269	24.849	1.500	16.381	9.432	2.365	64.166	118.693
2004	10.588	1.726	9.848	2.500	0.270	24.932	1.500	16.041	9.438	2.367	69.177	123.455
2005	10.601	1.682	9.870	2.500	0.270	24.923	1.500	17.922	8.960	2.286	68.173	123.764
2006	10.069	1.689	10.318	2.498	0.269	24.843	1.500	17.949	8.872	2.290	65.180	120.634
2007	9.900	1.707	10.656	2.500	0.267	25.030	1.500	17.985	8.749	2.295	64.343	119.902
2008	9.843	1.694	10.596	2.507	0.268	24.908	1.500	17.767	8.768	2.341	66.913	122.197
2009	9.524	1.702	10.844	2.500	0.267	24.837	1.500	17.716	8.784	2.346	66.900	122.083
2010	9.270	1.703	11.100	2.500	0.267	24.840	1.500	17.748	8.799	2.350	72.917	128.154
2011	9.050	1.710	11.388	2.508	0.268	24.924	1.500	17.700	8.872	2.343	69.924	125.263

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	2011			2002		
		Total Value (1)	Rank	Percentage of Total Valuation	Total Value (1)	Rank	Percentage of Total Valuation
KCPL	Utility	\$ 10,041,754	1	0.79%	\$ 7,047,297	5	0.78%
Atmos Eneergy (United Gas)	Utility	9,410,346	2	0.74%	-	-	-
Passco Olathe Station	Retail	7,769,916	3	0.61%	-	-	-
Honeywell (Bendix/King)	Aircraft communications	7,531,339	4	0.60%	9,854,221	3	1.09%
Northridge 07A, LLC	Retail	6,571,555	5	0.52%	-	-	-
Foodbrands America	Manufacturer	6,004,047	6	0.47%	-	-	-
Southwestern Bell Telephone	Utility	5,613,811	7	0.44%	11,536,347	2	1.28%
Homestead Apartment Homes	Apartments	5,320,475	8	0.42%	-	-	-
Arciterra Olathe Pointe	Retail	5,023,250	9	0.40%	-	-	-
Karbank Techpark LLP	Solid Waste Transfer	4,762,250	10	0.38%	-	-	-
Great Mall of the Great Plains	Retail Outlet Mall	-	-	-	23,540,475	1	2.60%
National Services Center		-	-	-	7,325,858	4	0.81%
Karbank	Retail Development	-	-	-	6,951,348	6	0.77%
Olathe Medical Center	Hospital	-	-	-	6,903,680	7	0.76%
Westar Energy (KPL)	Utility	-	-	-	5,963,020	8	0.66%
GARMIN International	Manufacturing	-	-	-	5,593,735	9	0.61%
Aldi	Grocery	-	-	-	4,933,584	10	0.55%
		<u>\$ 68,048,743</u>		<u>5.38%</u>	<u>\$ 89,649,565</u>		<u>9.91%</u>

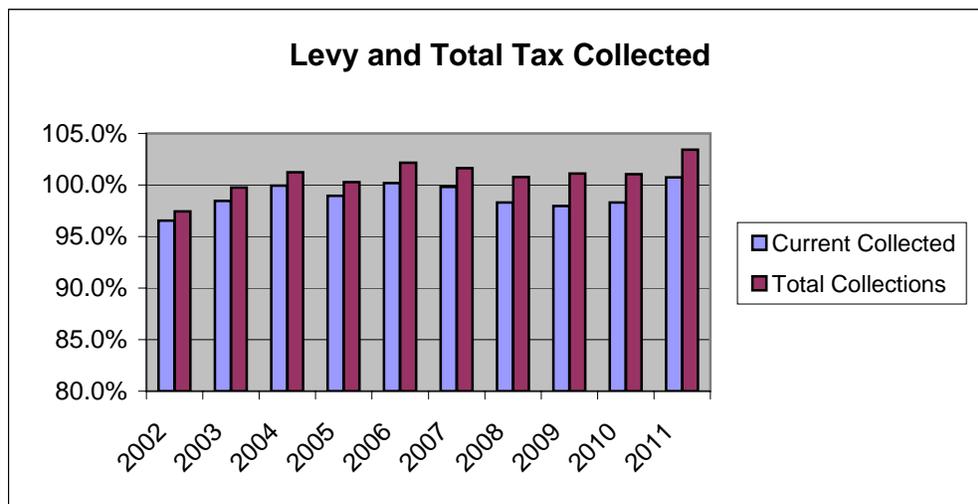
(1) Source: Real estate and personal property valuation from Johnson County Appraiser's Office; utility valuation from Johnson County Clerk's Office.

**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
2002	\$ 21,372,406	\$ 20,633,584	96.5%	\$ 193,047	\$ 20,826,631	97.4%
2003	22,351,346	22,003,871	98.4%	292,038	22,295,909	99.8%
2004	24,224,871	24,213,190	100.0%	312,328	24,525,518	101.2%
2005	25,908,649	25,638,370	99.0%	339,922	25,978,292	100.3%
2006	28,038,320	28,091,326	100.2%	549,361	28,640,687	102.1%
2007	30,649,140	30,589,878	99.8%	560,852	31,150,730	101.6%
2008	33,822,104	33,250,808	98.3%	834,640	34,085,448	100.8%
2009	34,134,533	33,436,467	98.0%	1,074,274	34,510,741	101.1%
2010	33,133,648	32,574,869	98.3%	901,988	33,476,857	101.0%
2011	31,258,771	31,489,083	100.7%	840,702	32,329,785	103.4%

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.

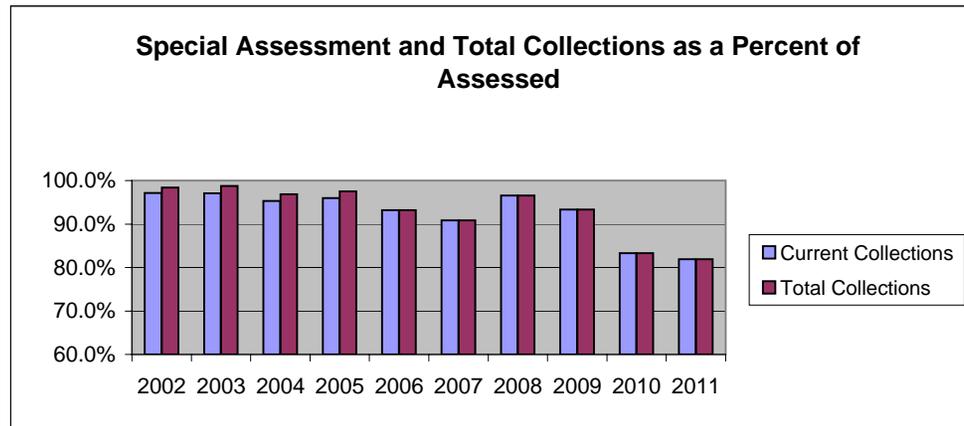


**City of Olathe, Kansas
Special Assessment Collections
Last Ten Fiscal Years**

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
2002	\$ 2,962,421	\$ 2,877,436	97.1%	\$ 37,181	\$ 2,914,617	98.4%	\$ 290	\$ 2,914,907
2003	3,559,083	3,455,876	97.1%	60,170	3,516,046	98.8%	76,704	3,592,750
2004	4,030,585	3,842,584	95.3%	61,947	3,904,531	96.9%	-	3,904,531
2005	4,798,727	4,604,127	95.9%	74,040	4,678,167	97.5%	302,659	4,980,826
2006	5,925,926	5,521,812	93.2%	-	5,521,812	93.2%	-	5,521,812
2007	6,511,134	5,915,366	90.9%	-	5,915,366	90.9%	2,045	5,917,411
2008	7,320,695	7,068,366	96.6%	-	7,068,366	96.6%	-	7,068,366
2009	7,421,501	6,925,571	93.3%	-	6,925,571	93.3%	-	6,925,571
2010	7,275,093	6,061,429	83.3%	-	6,061,429	83.3%	266	6,061,695
2011	8,782,929	7,191,882	81.9%	2,797	7,194,679	81.9%	-	7,194,679

Source: Johnson County

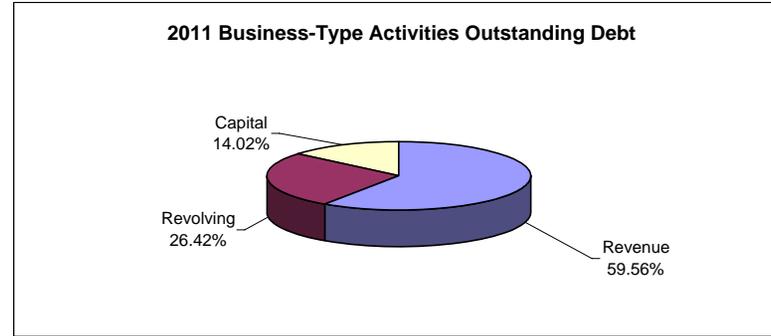
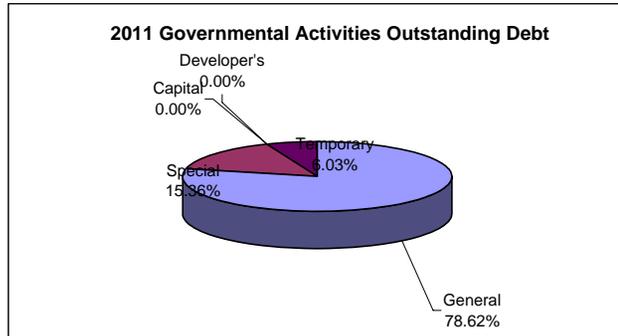
(1) Collections include interest.



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

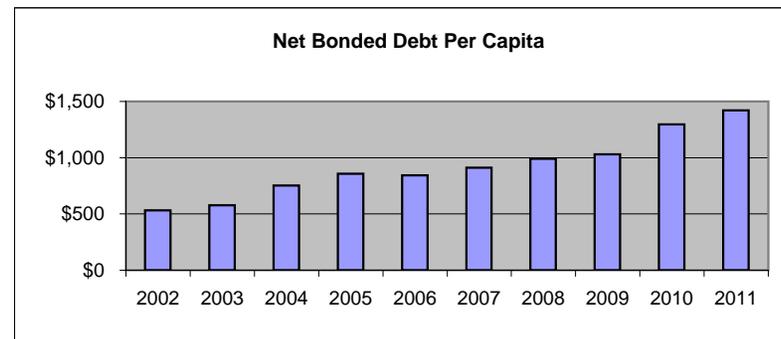
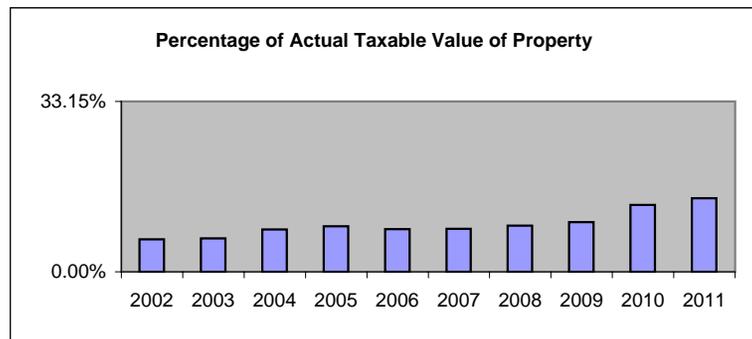
Fiscal Year	Governmental Activities						Business-type Activities				Total Primary Government	Percentage of Personal Income (1)	Per Capita
	General Obligation Bonds	Special Obligation Bonds	Capital Leases	Developer's Cost	Temporary Notes	Purchase Agreement	Revenue Bonds	General Obligation Bonds	State Revolving Loan	Capital Leases			
2002	\$ 71,180,000	\$ 7,605,000	\$ 13,057,682	\$ 1,273,686	\$ 45,425,000	\$ 50,000	\$ 31,205,000	\$ -	\$ 5,297,282	\$ -	\$175,093,650	2.5%	\$ 1,637
2003	82,595,000	6,100,000	11,936,168	1,273,686	47,005,000	-	28,090,000	-	5,811,138	-	182,810,992	2.4%	1,655
2004	107,215,000	5,655,000	345,542	3,219,483	40,015,000	-	24,050,000	-	7,823,678	1,276,271	189,599,974	2.4%	1,667
2005	123,180,000	5,400,000	172,619	1,936,935	33,365,000	-	19,800,000	-	22,958,148	2,591,025	209,403,727	2.3%	1,791
2006	127,670,000	27,465,000	361,044	4,387,211	46,190,000	-	11,875,000	-	25,716,854	2,194,280	245,859,389	2.0%	2,013
2007	137,885,000	43,865,000	250,222	4,454,001	54,315,000	-	7,020,000	-	26,312,102	1,800,752	275,902,077	1.9%	2,238
2008	155,225,000	43,415,000	181,642	6,532,112	102,065,000	-	6,405,000	-	30,365,098	1,392,210	345,581,062	1.5%	2,778
2009	158,725,000	42,580,000	124,436	5,964,699	97,765,000	-	5,050,000	-	40,976,922	13,844,342	365,030,399	1.4%	2,915
2010	192,663,000	41,325,000	62,973	7,353,877	54,455,000	-	55,395,000	-	43,146,756	13,404,024	407,805,630	1.3%	3,232
2011	206,680,000	40,377,193	-	-	15,840,000	-	54,760,000	17,510,000	24,287,018	12,891,616	372,345,827	1.4%	2,927

(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
2002	\$ 71,180,000	\$ 14,246,272	\$ 56,933,728	\$ 904,416,813	6.30%	106,933	\$ 532
2003	82,595,000	18,944,885	63,650,115	976,124,387	6.52%	110,452	576
2004	107,215,000	21,636,709	85,578,291	1,040,679,146	8.22%	113,731	752
2005	123,180,000	23,086,802	100,093,198	1,126,297,831	8.89%	116,910	856
2006	127,670,000	24,838,174	102,831,826	1,234,980,132	8.33%	122,107	842
2007	137,885,000	25,394,072	112,490,928	1,349,132,000	8.34%	123,286	912
2008	155,225,000	32,036,952	123,188,048	1,371,207,000	8.98%	124,378	990
2009	158,725,000	29,669,701	129,055,299	1,334,527,000	9.67%	125,225	1,031
2010	192,663,000	29,180,689	163,482,311	1,257,532,000	13.00%	126,162	1,296
2011	206,680,000	26,083,374	180,596,626	1,264,292,000	14.28%	127,211	1,420



City of Olathe, Kansas
Direct and Overlapping Governmental Activities Debt
December 31, 2011

Taxing Unit	Net Debt to Nearest Date	Percentage Applicable to the City of Olathe	Estimated Share
Johnson County	\$ 240,750,000	17.05%	\$ 41,047,875
Johnson County Park and Recreation	3,625,000	17.05%	618,063
U.S.D. No. 229	340,875,000	3.37%	11,487,488
U.S.D. No. 230	51,855,000	20.11%	10,428,041
U.S.D. No. 231	97,530,000	0.74%	721,722
U.S.D. No. 232	186,215,000	1.78%	3,314,627
U.S.D. No. 233	347,365,000	69.60%	241,766,040
Johnson County Fire No. 2	4,045,000	21.27%	860,372
Johnson County Rural Fire No. 3	360,000	37.85%	136,260
Total estimated overlapping debt			<u>310,380,488</u>
City of Olathe's direct debt			262,897,193
Total direct and overlapping debt			<u><u>\$ 573,277,681</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 November 10, 2011. All other districts' debt is as of June 30, 2011

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

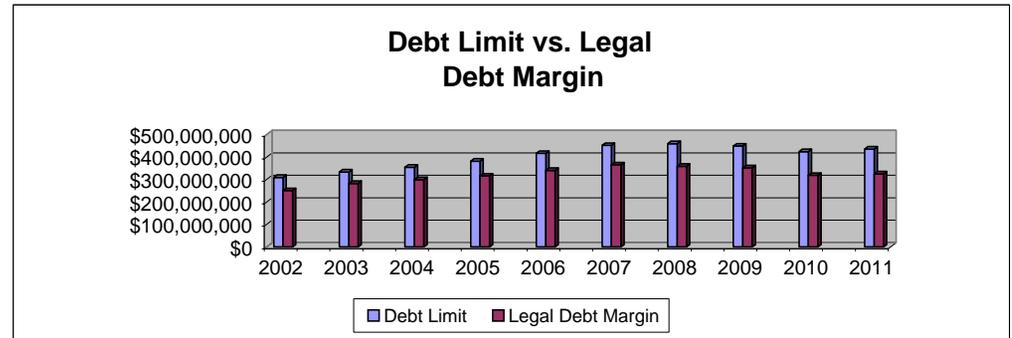
	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt limit	\$ 309,064,894	\$ 333,318,560	\$ 355,001,625	\$ 382,176,718	\$ 416,229,330	\$ 452,054,088	\$ 459,711,000	\$ 448,824,501	\$ 424,508,108	\$ 435,849,362
Total net debt applicable to limit	58,167,570	50,910,441	55,575,969	66,535,306	75,691,800	86,366,352	100,690,110	97,039,239	105,954,026	110,502,276
Legal debt margin	<u>\$ 250,897,324</u>	<u>\$ 282,408,119</u>	<u>\$ 299,425,656</u>	<u>\$ 315,641,412</u>	<u>\$ 340,537,530</u>	<u>\$ 365,687,736</u>	<u>\$ 359,020,890</u>	<u>\$ 351,785,262</u>	<u>\$ 318,554,082</u>	<u>\$ 325,347,086</u>
Total net debt applicable to the limit as a percentage of debt limit	18.82%	15.27%	15.66%	17.41%	18.19%	19.11%	21.90%	21.62%	24.96%	25.35%

Legal Debt Margin Calculation for Fiscal Year 2011

Assessed valuation		\$1,452,831,206
Legal debt limit (1)		435,849,362
Debt applicable to limit		
General obligation bonds	200,155,000	
Temporary notes	<u>15,840,000</u>	
Total general obligation debt outstanding		215,995,000
Less exempt capital projects (2)	79,409,351	
Less amount available in Debt Service Funds	<u>26,083,373</u>	
Total unfunded debt applicable to debt limit		110,502,276
Debt margin		<u>\$ 325,347,086</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 (3)
2002	\$ 25,814,644	\$ 16,200,173	\$ 9,614,471	\$ 4,730,000	\$ 1,630,821	1.51
2003	25,906,651	14,797,441	11,109,210	2,865,000	1,431,256	2.59
2004	23,788,401	16,317,215	7,471,186	4,040,000	1,272,111	1.41
2005	26,712,865	15,695,549	11,017,316	4,250,000	1,079,791	2.07
2006	30,907,688	18,622,540	12,285,148	4,550,000	778,491	2.31
2007	37,547,773	26,711,201	10,836,572	4,855,000	481,813	2.03
2008	26,067,558	20,261,768	5,805,790	2,770,000	361,026	1.85
2009	26,468,208	21,356,853	5,111,355	4,475,600	305,876	1.07
2010	30,065,468	21,404,000	8,661,468	525,000	285,425	10.69
2011	32,912,000	21,508,858	11,403,142	635,000	1,746,982	4.79

Solid Waste Revenue Bonds						
Fiscal Year	Revenues	Current Expenses (1)	Net Revenue Available for Debt Service	Principal Requirement	Interest Requirement	Coverage
2002	\$ 7,073,557	\$ 6,689,692	\$ 383,865	\$ 120,000	\$ 10,580	2.94
2003	-	-	-	-	-	-
2004	-	-	-	-	-	-
2005	-	-	-	-	-	-
2006	-	-	-	-	-	-
2007	-	-	-	-	-	-
2008	-	-	-	-	-	-
2009	-	-	-	-	-	-
2010	-	-	-	-	-	-
2011	-	-	-	-	-	-

Special Obligation Bonds and Developers' Agreements (2)					
Fiscal Year	Revenues	Principal Requirement	Interest Requirement	Developers' Agreement	Coverage
2002	\$ 1,200,625	\$ 1,140,000	\$ 152,051	\$ -	0.93
2003	1,663,839	1,505,000	434,318	-	0.86
2004	1,217,265	445,000	350,053	72,302	1.40
2005	1,376,766	255,000	363,920	1,282,548	0.72
2006	1,135,633	160,000	347,781	311,362	1.39
2007	2,159,946	165,000	1,362,104	463,278	1.09
2008	2,903,859	450,000	2,298,631	483,650	0.90
2009	3,394,838	835,000	2,273,554	567,414	0.92
2010	3,572,247	1,255,000	2,226,502	1,449,174	0.72
2011	3,732,892	1,230,000	2,160,478	874,099	0.88

(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) Debt has been scheduled for small principal amounts due in 2010 which leads to a high coverage amount in that year.

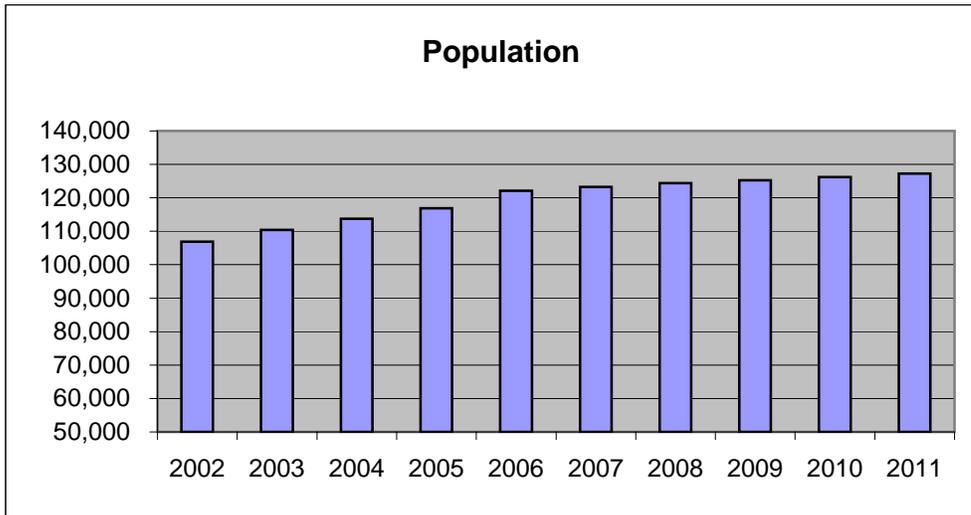
**City of Olathe, Kansas
Demographic and Economic Statistics
Last Ten Fiscal Years**

Fiscal Year	Population	Personal Income (2)*	Per Capita Personal Income	Unemployment Rates (1)
2002	106,933	\$ 4,716,922	\$ 44,111	3.9%
2003	110,452	4,873,584	44,124	4.5%
2004	113,731	5,282,009	46,443	4.2%
2005	116,910	5,626,060	48,123	4.5%
2006	122,107	6,103,396	49,984	3.6%
2007	123,286	6,399,530	51,908	4.0%
2008	124,378	6,405,467	51,500	4.9%
2009	125,225	6,534,658	52,183	6.0%
2010	126,162	6,665,351	52,832	6.1%
2011	127,211	6,635,258	52,159	5.3%

* In thousands of dollars

(1) Source: Kansas Department of Human Resources

(2) Source: Derived from the personal income from Johnson County provided in the U.S. Department of Commerce Bureau of Economic Analysis



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

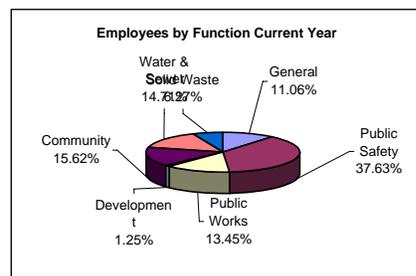
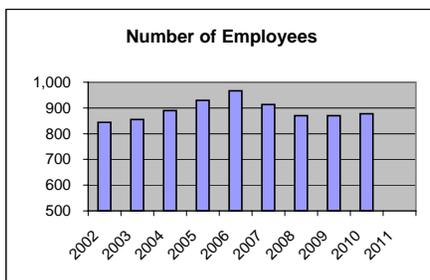
Largest Employers	2011			2001		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Company						
Farmers Insurance	3,000	1	2.36%	-		-
GARMIN International	2,900	2	2.28%	732	7	0.72%
Johnson County	2,000	3	1.57%	3,494	2	3.43%
Olathe Unifed School District	2,000	4	1.57%	3,800	1	3.73%
Olathe Medical Center	1,700	5	1.34%	1,942	3	1.91%
TransAm Trucking	1,000	6	0.79%	956	6	0.94%
Honeywell (Bendix/King)	990	7	0.78%	1,176	4	1.15%
Convergys	950	8	0.75%	-		0.00%
City of Olathe	825	9	0.65%	1,003	5	0.98%
Sysco Foods of Kansas City	780	10	0.61%	571	9	0.56%
FAA	-		-	584	8	0.57%
Wal-Mart	-		-	457	10	0.45%
Totals	<u>16,145</u>		<u>12.69%</u>	<u>14,715</u>		<u>14.45%</u>

Source: Olathe Chamber of Commerce

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental										
General government	95	93	99	101	108	130	115	109	99	97
Public safety	304	297	314	334	350	343	332	319	324	330
Public works	113	111	113	124	121	130	152	121	121	118
Development services	33	35	33	33	35	38	40	48	11	11
Community services	90	109	105	107	121	130	102	87	129	137
Business-Type										
Water & Sewer	139	147	137	138	143	148	119	134	123	129
Solid Waste	48	52	54	53	51	48	53	52	56	55
Totals	822	844	855	890	929	967	913	870	863	877

Source: City's Payroll System



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

	Fiscal Year							
	2004	2005	2006	2007	2008	2009	2010	2011
Public safety								
<i>Police</i>								
Annual calls for service sworn FTE	279	284	270	266	354	389	360	351
Priority 1 police calls responded within 5 minutes	53.60%	68.90%	67.13%	68.00%	72.00%	69.00%	57.00%	60.20%
Violent Crime Rate per 1,000 residents	2.80%	2.90%	3.00%	3.05%	2.60%	2.45%	1.94%	1.83%
Property Crime Rate per 1,000 residents	28.10%	29.10%	25.10%	23.76%	21.98%	21.05%	18.38%	17.97%
<i>Fire</i>								
Annual calls for service sworn FTE	81	80	77	74	86	77	81	82
Code 1 Emergencies responded within 5 minutes	60%	59%	56%	60%	59%	59%	56%	66%
Structure fires responded within 8 minutes	NA	39%	49%	68%	62%	63%	51%	73%
Public works								
<i>Governmental activities</i>								
Maintenance of City Streets - Satisfactory or above	65.00%	73.00%	67.00%	73.00%	70.00%	74.00%	72.00%	74.00%
Major Street Snow Removal - Satisfactory or above	80.00%	80.00%	79.00%	82.00%	84.00%	92.00%	83.00%	79.00%
Residential Streetst Snow Removal - Satisfactory or above	55.00%	55.00%	58.00%	61.00%	60.00%	57.00%	56.00%	60.00%
Maintenance of Sidewalks - Satisfactory or above	62.00%	56.00%	57.00%	62.00%	60.00%	60.00%	65.00%	67.00%
<i>Business-type activities</i>								
<i>Water and sewer</i>								
Unaccounted for water	12.00%	13.30%	11.52%	13.30%	12.20%	16.25%	13.61%	13.84%
Time water meets regulatory standards	99.00%	100.00%	99.90%	100.00%	100.00%	100.00%	100.00%	99.98%
Time wastewater meets effluent limits	99.80%	99.80%	99.98%	99.98%	100.00%	99.98%	99.98%	99.98%
Sewer backups reported annually	8	3	4	3	3	1	1	3
<i>Solid waste</i>								
Tonnage diverted	25.91%	25.81%	23.91%	19.92%	26.81%	28.58%	34.45%	36.70%
Community services								
Respondents indicating needs are completely met by existing outdoor parks	80.00%	77.00%	74.00%	77.00%	78.00%	80.00%	81.00%	84.00%
Respondents indicating needs are completely met by existing outdoor athletic fields	76.00%	74.00%	71.00%	75.00%	78.00%	79.00%	85.00%	81.00%
Respondents indicating needs are completely met by existing indoor gymnasium	NA	NA	50.00%	47.00%	49.00%	55.00%	70.00%	68.00%

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

Note: 2002 to 2003 information is not available.

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

Function/Program	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	33	33	33	33	37	46	47	56	56	56
Fire stations	6	6	6	7	7	7	7	7	7	7
Public works										
Governmental activities										
Streets (miles)	1,085	1,128	1,136	1,136	1,136	1,225	1,225	1,237	1,237	1,237
Business-type activities										
Water and sewer										
Water mains (miles)	517	528	531	531	552	561	550	578	578	578
Acre supply reservoir	170	170	170	170	170	170	208	208	208	208
Acre wellfield	95	95	95	95	95	95	95	95	95	95
Sanitary sewers (miles)	339	350	385	385	389	413	406	428	428	428
Solid waste										
Collection trucks	37	39	39	39	39	42	42	43	43	43
Community services										
Acreage	1,560	1,559	1,559	1,559	1,559	1,559	1,559	1,808	1,854	1,749
Parks	35	37	39	39	39	39	39	45	45	43
Swimming Pools	4	4	4	4	4	4	4	4	4	4
Trails (miles)	18	18	27	27	30.5	30.5	30.5	30.5	30.5	30.5

Source: Various city departments

Note: No capital asset indicators are available for the general government or development services functions.

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

Number of Customers

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

<u>Year</u>	<u>Water Customers</u>	<u>Sewer Customers</u>
2002	31,412	24,779
2003	32,086	25,323
2004	32,621	25,883
2005	33,129	26,665
2006	33,534	27,228
2007	33,996	27,781
2008	34,140	27,912
2009	34,302	28,155
2010	34,249	28,260
2011	34,401	28,398

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>
2002	13.23	11.6%	4,830.08	11.6%
2003	13.39	1.2%	4,945.47	2.4%
2004	11.87	-11.4%	4,436.23	-10.3%
2005	13.18	11.0%	4,756.75	7.2%
2006	14.09	6.9%	4,974.84	4.6%
2007	13.10	-7.0%	4,790.67	-3.7%
2008	11.93	-8.9%	4,351.17	-9.2%
2009	11.58	-2.9%	4,253.65	-2.2%
2010	12.87	11.1%	4,705.99	10.6%
2011	13.50	4.9%	4,935.35	4.9%

**City of Olathe, Kansas
Water and Sewer Information
Last Ten 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>
2002	5.40	-10.0%	2,000	-13.9%
2003	4.70	-13.0%	1,751	-12.5%
2004	5.30	12.8%	1,969	12.5%
2005	5.93	11.9%	2,183	10.9%
2006	4.80	-19.1%	1,788	-18.1%
2007	6.13	27.7%	2,254	26.1%
2008	6.21	1.3%	2,286	1.4%
2009	6.09	-1.9%	2,240	-2.0%
2010	6.63	8.9%	2,441	9.0%
2011	6.26	-5.6%	2,186	-10.4%

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 ten years.

<u>Year</u>	<u>Water System Peak Daily Demand (millions of gallons)</u>	<u>Sewage System Maximum Daily Flow (millions of gallons)</u>
2002	25.04	22.50
2003	27.11	18.20
2004	19.38	12.80
2005	25.11	27.30
2006	24.59	13.20
2007	25.58	36.30
2008	21.99	28.02
2009	20.47	29.45
2010	25.50	29.52
2011	25.89	14.66

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

Largest Customers

The following table lists the ten largest users of the System based on the percentage of total 2011 revenue generated by each.

Water System			
Customer	Type of Enterprise	2011 Water Billing	Percentage of Total 2011 System Revenues
Great Plains Mall	Retail Mall	\$ 44,756	0.26%
Olathe Medical Center	Hospital	43,962	0.25%
Cintas Corporation	Uniform Rental	39,299	0.23%
Aberdeen Village	Nursing Home	29,348	0.17%
Garmin	Product Development	29,234	0.17%
Olathe Medical Center Cooling Tower	Hospital	27,503	0.16%
Villa St. Francis	Nursing Home	22,368	0.13%
Catholic Care Campus	Nursing Home	21,389	0.12%
Holiday Inn	Hotel	20,322	0.12%
Garmin	Product Development	19,741	0.11%
Sewer System			
Customer	Type of Enterprise	2011 Sewer Charge	Percentage of Total 2011 System Revenues
Cintas Corporation	Uniform Rental	\$ 72,920	0.58%
Olathe Medical Center	Hospital	67,186	0.54%
Great Plains Mall	Retail Mall	58,161	0.47%
Shawnee Rock	Rock Quarry	55,455	0.44%
USD 233/CBAC	School District Activity Center	42,343	0.34%
Garmin	Product Development	42,139	0.34%
Villa St. Francis	Nursing Home	34,157	0.27%
Garmin	Product Development	33,663	0.27%
Holiday Inn	Hotel	31,513	0.25%
Garmin	Product Development	25,938	0.21%