

City of Olathe

2009 Comprehensive Annual Financial Report

For Year Ended December 31, 2009



City of Olathe, Kansas

Comprehensive Annual Financial Report

Year Ended December 31, 2009

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

Benjamin Hart, Director Resource Management

Alan Shorthouse, Assistant Director Strategic Financial Management

Maureen Rogers, Accounting Manager/City Treasurer

Curt Hanneman, Senior Accountant

Scott McDonald, Senior Accountant



City of Olathe, Kansas
Comprehensive Annual Financial Report
Year Ended December 31, 2009

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City of Olathe, Kansas
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Introductory Section



May 17, 2010

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, 2009.

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, 2009 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, 2009, are fairly presented in conformity with GAAP. The Auditor's report is presented as the first component of the financial section of this report.

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

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

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

Profile of the City

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

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

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

Olathe has encountered tremendous growth over the last several decades and evolved into the dynamic community it is today. Olathe is the county seat of Johnson County, Kansas, the Greater Kansas City area’s most affluent and fastest-growing county. Olathe’s strong and steady growth began about 40 years ago. Olathe was still a small, rural town in the 1960s with a population of just over 10,000. Olathe began to experience a tremendous amount of growth that continues today; adding nearly 30,000 new residents between 1990 and 2000. The City estimates the 2009 population to be 125,225, making it the second largest city in Johnson County and the fourth largest city in the State. Olathe has blossomed not only into a full-blown city, but also a strong suburban community in the southwest portion of the metropolitan Kansas City area.

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

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

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

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

Factors Affecting Financial Condition

Local economy. The City is a fast growing community with an average of over two new residents every day. The recent expansion of industrial and commercial businesses provide new jobs for local and regional residents and has transformed the City from a bedroom community for the Kansas City Metropolitan Area to a destination point for employment. Along with this has come increased retail that provides sales tax to the City.

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, 2008

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

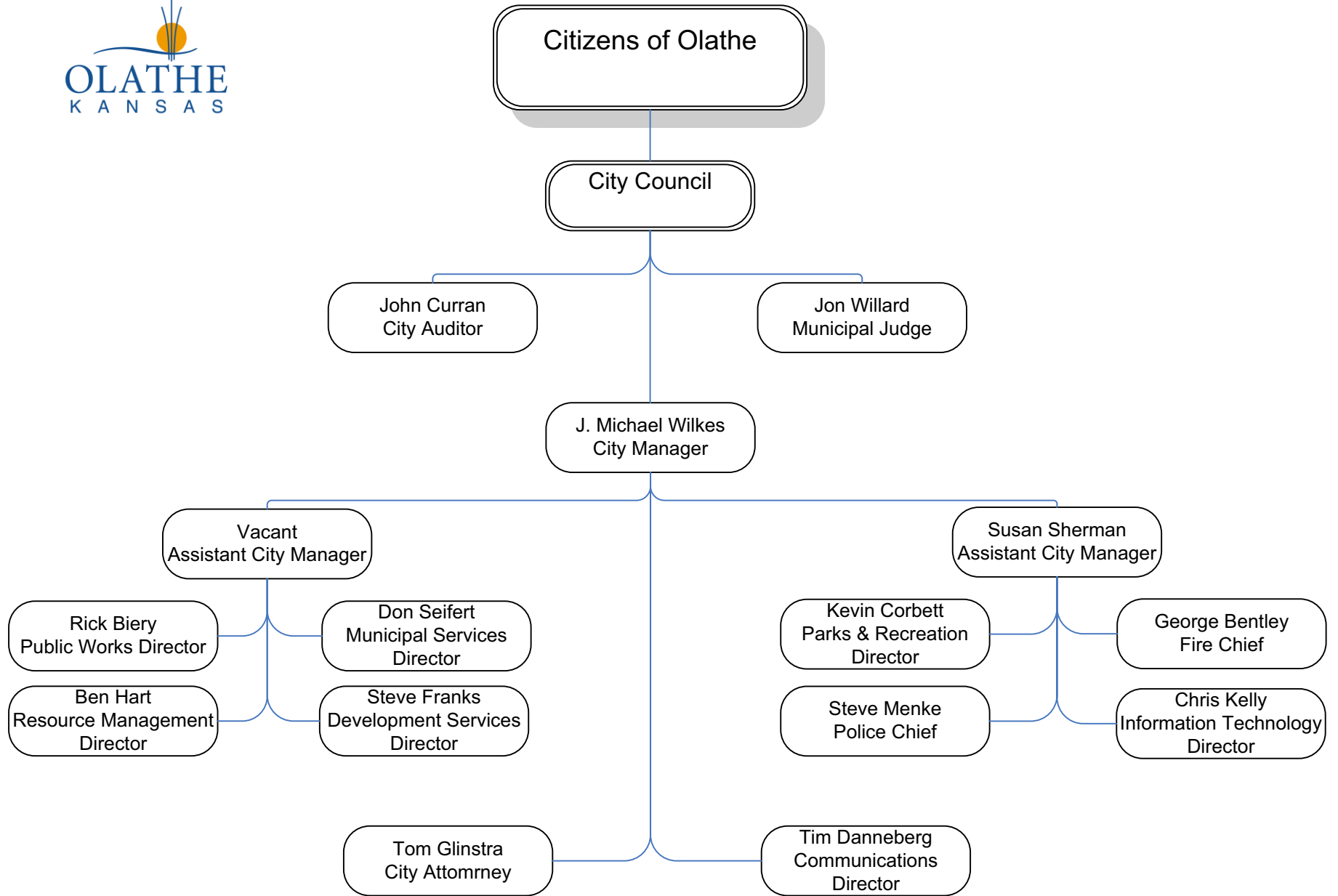


A stylized, handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

President

A handwritten signature in black ink that reads "Jeffrey R. Emmer".

Executive Director





Financial Section

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, 2009. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal which can be found on pages iii – vi of this report, the City's basic financial statements which begin on page 17, and the related notes to the basic financial statements which begin on page 35.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of 2009 by \$709,629,137 (net assets). Of this amount, \$104,519,560 (unrestricted net assets) may be used to meet the City's ongoing obligations.
- The City's total net assets increased by \$10,531,192. Donated capital assets from developers increased net assets by \$2,775,941.
- As of the close of 2009, the City's governmental funds reported combined ending fund balances of \$33,920,869, a decrease of \$6,392,428 from the prior year. The primary reason for the overall decrease in fund balance of the City's governmental funds was attributable to the amount of capital improvement expenditures recorded in the Capital Projects Fund.
- At the end of 2009, the fund balance for the general fund was \$21,233,362 or 32.1% of general fund revenues.
- The City's total debt, including temporary notes, increased by \$19,810,877 during 2009 to a total of \$377,502,655. The key factor in this increase were the capital lease purchase of water meters. Another factor was the increase in the KDHE revolving loan which was \$10,611,824 more than retired.
- The Net OPEB Obligation as of the close of 2009 is \$3,779,239.
- The City reduced its work force by 46 positions in 2009. The salary savings for 2009 was \$993,850.

Overview of the Financial Statements

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

Government-wide financial statements

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

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

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

cash flows in future fiscal periods (e.g., uncollected taxes and earned, but unused vacation leave).

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

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

Fund financial statements

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

Governmental funds

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

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

The City maintains 19 individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, Capital Projects Fund, and Special Tax Financing Fund, all of which are considered to be major funds. Data from the other 15 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

Proprietary funds

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

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

Notes to the Basic Financial Statements

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

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the City's financial position. In the case of the City, assets exceeded liabilities by \$709,629,137 at the close of 2009. The City's net assets increased by \$10,531,192. Governmental activities account for \$8,368,009 of the increase and business-type activities account for \$2,163,183 of the increase.

	Governmental Activities		Business-type Activities		Totals	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 231,216,366	\$ 241,097,462	\$ 34,831,281	\$ 23,154,735	\$ 266,047,647	\$ 264,252,197
Capital assets	601,368,032	586,107,415	275,814,360	264,406,337	877,182,392	850,513,752
Total assets	832,584,398	827,204,877	310,645,641	287,561,072	1,143,230,039	1,114,765,949
Long-term liabilities	194,933,384	192,633,579	58,990,693	32,998,744	253,924,077	225,632,323
Other liabilities	174,642,452	179,930,745	5,034,373	10,104,936	179,676,825	190,035,681
Total liabilities	369,575,836	372,564,324	64,025,066	43,103,680	433,600,902	415,668,004
Net assets:						
Invested in capital assets, net of related debt	297,492,212	280,224,650	214,581,974	226,244,029	512,074,186	506,468,679
Restricted	89,177,333	94,759,587	3,858,058	5,167,008	93,035,391	99,926,595
Unrestricted	76,339,017	79,656,316	28,180,543	13,046,355	104,519,560	92,702,671
Total net assets	\$ 463,008,562	\$ 454,640,553	\$ 246,620,575	\$ 244,457,392	\$ 709,629,137	\$ 699,097,945

By far the largest portion of the City's net assets (72%) reflects its investments in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these are not available for future spending. Although the City's investments in its capital assets is reported net of related debt, it should be noted that the resources needed to repay the debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the City's net assets, \$93,035,391, (13%) represents resources that are subject to external restrictions on how they may be used. \$68,736,595 of this is restricted for future debt service payments. This decreased \$5,276,520 over the prior year. The City had 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 \$104,519,560 (\$76,339,017 governmental activities and \$28,180,543 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	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	\$ 12,583,075	\$ 12,284,253	\$ 37,163,304	\$ 35,544,771	\$ 49,746,379	\$ 47,829,024
Operating grants and contributions	2,363,067	2,368,671	-	-	2,363,067	2,368,671
Capital grants and contributions	19,581,268	30,372,789	2,482,560	5,859,708	22,063,828	36,232,497
General revenues:						
Property taxes	39,530,183	38,923,447	-	-	39,530,183	38,923,447
Other taxes	46,800,269	49,890,474	-	-	46,800,269	49,890,474
Interest	2,762,325	4,560,797	139,245	444,586	2,901,570	5,005,383
Other	3,499,966	1,394,572	275,846	290,018	3,775,812	1,684,590
Total revenues	127,120,153	139,795,003	40,060,955	42,139,083	167,181,108	181,934,086
Expenses:						
General government	21,386,706	24,440,387	-	-	21,386,706	24,440,387
Public safety	35,456,647	35,830,325	-	-	35,456,647	35,830,325
Public works	38,794,754	40,357,941	-	-	38,794,754	40,357,941
Community services	8,834,620	8,457,058	-	-	8,834,620	8,457,058
Developmental services	3,674,810	5,959,292	-	-	3,674,810	5,959,292
Interest on long-term debt	10,706,329	9,838,955	-	-	10,706,329	9,838,955
Water and sewer	-	-	27,119,538	26,312,690	27,119,538	26,312,690
Solid waste	-	-	10,676,512	9,318,242	10,676,512	9,318,242
Total expenses	118,853,866	124,883,958	37,796,050	35,630,932	156,649,916	160,514,890
Excess before transfers	8,266,287	14,911,045	2,264,905	6,508,151	10,531,192	21,419,196
Transfers	101,722	99,953	(101,722)	(99,953)	-	-
Change in net assets	8,368,009	15,010,998	2,163,183	6,408,198	10,531,192	21,419,196
Net assets, beginning of year	454,640,553	439,629,555	244,457,392	238,049,194	699,097,945	677,678,749
Net assets, end of year	\$ 463,008,562	\$ 454,640,553	\$ 246,620,575	\$ 244,457,392	\$ 709,629,137	\$ 699,097,945

Governmental activities

Governmental revenues decreased \$12,674,850 or 9.1% over the prior year. The key component of this decrease was a decrease of \$10,791,521 in capital grants and contributions compared to the prior year. Several major projects which received capital grants were completed in 2008. Property taxes increased \$606,736 due to an increase in the valuation. Sales tax decreased \$2,412,217 due to a decline in the economy. Interest income decreased \$1,798,472 due to lower interest rates on investments.

Governmental expenses decreased \$6,030,092 or 4.8%. General government activities decreased \$3,053,681. Public works decreased \$1,563,187. These decreases were due to cost saving measures implemented by the City due to the decrease in the economy.

Business-type activities

Business-type activities increased the City's net assets by \$2,163,183. Key elements of the increase are as follows:

- Capital contributions from developers continued as a major revenue source for the Water and Sewer Utility. Capital contributions increased net assets by \$2,482,560 in 2009.
- Charges for services increased \$1,618,533. This was due to an increase in system development fees received in 2009.

Financial Analysis of the City's Funds

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

Governmental funds

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

The general fund is the main operating fund of the City. At the end of 2009, unreserved fund balance of the general fund was \$19,881,271, while the total fund balance was \$21,233,362. Unreserved fund balance represents 30.1% of the total general fund revenues, while the total fund balance represents 32.1% of that same amount.

The fund balance of the City's general fund decreased by \$58,605 during 2009. The revenues decreased by \$4,861,894 (6.9%). Sales tax, franchise fees, licenses and permits, charges for services, and use of property and money all decreased due to a decline in the economy. Expenditures decreased by \$2,274,194. Transfers out decreased by \$1,729,834. This was due to a reduction in the cash funding of projects.

The debt service fund has a total fund balance of \$29,669,701, all of which is reserved for the payment of debt service. The net decrease in the fund balance during the current year in debt service was \$2,367,251. The City had been building the fund balance in this fund with the anticipation of reducing it starting in 2009.

The capital projects fund increased its fund balance by \$2,050,295 during 2009. 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 an unreserved fund balance of \$5,393,655 at the end of 2009. The total fund balance decreased by \$745,208 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 2009 amounted to \$25,647,144; and those of the Solid Waste and Golf Course amounted to \$514,412 and (\$134,074), respectively. The total change in net assets for the Water and Sewer Utility and Solid Waste were \$1,448,383 and \$(309,339) respectively. There was no change in net assets for the Golf Course. The Golf Course has had no activity since 2003. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

During the year, revenues were less than budgetary estimates by \$3,862,658 (5.5%). Sales tax was \$2,469,732 lower than budget due to decline in the economy. Total expenditures were less than budgetary estimates by \$17,377,256 (20.6%). As part of the budgeting process the City budgets for a contingency reserve for unforeseen expenditures. Of the total difference in the budgeted expenditures, \$13,202,950 (76.0%) is due to the contingency reserve. Most areas of the City were below budget due to aggressive cost saving measures taken by the City due to the decline in the economy.

Capital Asset and Debt Administration

Capital assets

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2009, amounts to \$877,182,392 (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	
	2009	2008	2009	2008	2009	2008
Land	\$ 85,819,714	\$ 77,971,937	\$ 2,382,567	\$ 2,382,567	\$ 88,202,281	\$ 80,354,504
Buildings	58,708,552	58,296,360	32,402,429	32,402,429	91,110,981	90,698,789
Machinery & equipment	47,437,222	46,537,761	3,669,687	3,864,210	51,106,909	50,401,971
Swimming pools	6,962,045	6,962,045	-	-	6,962,045	6,962,045
Water system	-	-	153,550,101	151,800,188	153,550,101	151,800,188
Sewer system	-	-	124,874,528	123,201,710	124,874,528	123,201,710
Infrastructure	616,915,124	555,763,034	-	-	616,915,124	555,763,034
Construction in progress	36,441,321	63,910,793	23,376,508	10,781,829	59,817,829	74,692,622
Total capital assets	852,283,978	809,441,930	340,255,820	324,432,933	1,192,539,798	1,133,874,863
Less accumulated depreciation	250,915,946	223,334,515	64,441,460	60,026,596	315,357,406	283,361,111
Total capital assets (net)	<u>\$ 601,368,032</u>	<u>\$ 586,107,415</u>	<u>\$ 275,814,360</u>	<u>\$ 264,406,337</u>	<u>\$ 877,182,392</u>	<u>\$ 850,513,752</u>

Major additions to the capital assets this year include:

- Major street projects including 159th and Lone Elm interchange
- Police Building Expansion
- Construction in progress increases the Kansas State Bioscience project.

Long-term debt

At the end of 2009 the City had total bonded debt outstanding of \$206,355,000. Of this amount \$158,725,000 comprises debt backed by the full faith and credit of the City and \$42,580,000 is special obligation tax increment financing debt and transportation development district debt payable solely from the specific TIF or TDD revenues. The remainder of the City's debt represents bonds secured solely by specific revenue sources (i.e., revenue bonds). More detailed information about the City's long-term debt is presented in Note 7 to the basic financial statements.

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

	Governmental Activities		Business-type Activities		Totals	
	2009	2008	2009	2008	2009	2008
General obligation bonds	\$ 158,725,000	\$ 155,225,000	\$ -	\$ -	\$ 158,725,000	\$ 155,225,000
Special obligation bonds	42,580,000	43,415,000	-	-	42,580,000	43,415,000
Revenue bonds	-	-	5,050,000	6,405,000	5,050,000	6,405,000
Total	<u>\$ 201,305,000</u>	<u>\$ 198,640,000</u>	<u>\$ 5,050,000</u>	<u>\$ 6,405,000</u>	<u>\$ 206,355,000</u>	<u>\$ 205,045,000</u>

The City's total debt, including temporary notes, increased by \$19,810,877 (5.5%) during 2009. The City issued \$97,765,000 of temporary notes and \$23,010,000 of general obligation bonds in 2009.

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 \$448,824,501 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 Statement dated May 15, 2009 related to the City's General Obligation Series 212, Taxable General Obligation Series 213, and General Obligation Temporary Notes Series 2009-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, 201 N. Cherry, Olathe, Kansas 66061.

Basic Financial Statements

City of Olathe, Kansas
Statement of Net Assets
December 31, 2009

	Primary Government			Discretely Presented Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash, cash equivalents, and investments	\$ 134,674,631	\$ 12,924,578	\$ 147,599,209	\$ 3,409,154
Cash held by trustee or restricted	6,487,612	16,734,323	23,221,935	-
Receivables (net of allowance)				
Taxes	42,338,961	-	42,338,961	-
Special assessments	34,500,864	-	34,500,864	-
Accounts	595,875	4,040,042	4,635,917	4,565
Accrued interest	6,293,806	-	6,293,806	8,573
Loans	3,596,960	-	3,596,960	-
Due from primary government	-	-	-	182,608
Internal balances	(573,987)	573,987	-	-
Due from other governments	1,722,562	-	1,722,562	-
Inventories and other prepaid items	215,432	504,115	719,547	162,768
Capital assets:				
Land and construction in progress	122,261,035	25,759,075	148,020,110	1,069,387
Other capital assets, net of accumulated depreciation	479,106,997	250,055,285	729,162,282	5,377,825
Bond issuance costs	1,352,650	54,236	1,406,886	-
Other assets	11,000	-	11,000	-
Total assets	<u>\$ 832,584,398</u>	<u>\$ 310,645,641</u>	<u>\$ 1,143,230,039</u>	<u>\$ 10,214,880</u>
Liabilities and net assets				
Liabilities				
Accounts and other current liabilities	\$ 11,889,610	\$ 2,309,609	\$ 14,199,219	\$ 146,774
Interest payable	2,810,410	444,352	3,254,762	-
Due to component unit	182,608	-	182,608	-
Unearned revenue	38,257,687	-	38,257,687	260,219
Temporary notes	97,765,000	-	97,765,000	-
Noncurrent liabilities:				
Due within one year	23,737,137	2,284,697	26,021,834	280,569
Due in more than one year	194,933,384	58,986,408	253,919,792	32,645
Total liabilities	<u>369,575,836</u>	<u>64,025,066</u>	<u>433,600,902</u>	<u>720,207</u>
Net assets				
Invested in capital assets, net of related debt	297,492,212	214,581,974	512,074,186	6,447,212
Restricted for:				
Debt service	64,878,537	3,858,058	68,736,595	-
Capital improvements	16,180,422	-	16,180,422	-
Community services	8,118,374	-	8,118,374	-
Unrestricted	76,339,017	28,180,543	104,519,560	3,047,461
Total net assets	<u>463,008,562</u>	<u>246,620,575</u>	<u>709,629,137</u>	<u>9,494,673</u>
Total liabilities and net assets	<u>\$ 832,584,398</u>	<u>\$ 310,645,641</u>	<u>\$ 1,143,230,039</u>	<u>\$ 10,214,880</u>

See accompanying notes to the basic financial statements

City of Olathe, Kansas
Statement of Activities
For the Year Ended December 31, 2009

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	\$ 21,386,706	\$ 3,170,948	\$ 1,272,952	\$ -	\$ (16,942,806)
Public safety	35,456,647	3,920,737	488,462	-	(31,047,448)
Public works	38,794,754	3,847,801	87,074	18,840,670	(16,019,209)
Community services	8,834,620	1,321,447	500,951	740,598	(6,271,624)
Development services	3,674,810	322,142	13,628	-	(3,339,040)
Interest on long-term debt	10,706,329	-	-	-	(10,706,329)
Total governmental activities	<u>118,853,866</u>	<u>12,583,075</u>	<u>2,363,067</u>	<u>19,581,268</u>	<u>(84,326,456)</u>
Business-type activities					
Water and sewer	27,119,538	26,192,362	-	2,482,560	1,555,384
Solid waste	10,676,512	10,970,942	-	-	294,430
Total business-type activities	<u>37,796,050</u>	<u>37,163,304</u>	<u>-</u>	<u>2,482,560</u>	<u>1,849,814</u>
Total primary government	<u>\$ 156,649,916</u>	<u>\$ 49,746,379</u>	<u>\$ 2,363,067</u>	<u>\$ 22,063,828</u>	<u>\$ (82,476,642)</u>
Nonmajor discretely presented component units					
Olathe Public Library	\$ 4,370,801	\$ 203,557	\$ 138,252	\$ -	\$ (4,028,992)
Olathe Public Housing Authority	3,306,321	308,907	2,682,230	98,925	(216,259)
Total component units	<u>\$ 7,677,122</u>	<u>\$ 512,464</u>	<u>\$ 2,820,482</u>	<u>\$ 98,925</u>	<u>\$ (4,245,251)</u>

City of Olathe, Kansas
Statement of Activities
For the Year Ended December 31, 2009

	Primary Government			Discretely Presented Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net assets				
Net (expense) revenue	\$ (84,326,456)	\$ 1,849,814	\$ (82,476,642)	\$ (4,245,251)
General revenues				
Taxes:				
Property taxes, levied for general purpose	23,039,033	-	23,039,033	4,214,546
Property taxes, levied for debt service	16,491,150	-	16,491,150	-
Sales tax	37,525,065	-	37,525,065	-
Franchise taxes	8,452,020	-	8,452,020	-
Transient guest tax	823,184	-	823,184	-
Unrestricted investment earnings	2,762,325	139,245	2,901,570	116,532
Miscellaneous	3,499,966	275,846	3,775,812	45,185
Transfers - internal activities	101,722	(101,722)	-	-
Total general revenues and transfers	<u>92,694,465</u>	<u>313,369</u>	<u>93,007,834</u>	<u>4,376,263</u>
Change in net assets	8,368,009	2,163,183	10,531,192	131,012
Net assets - beginning of year	454,640,553	244,457,392	699,097,945	9,363,661
Net assets - end of year	<u>\$ 463,008,562</u>	<u>\$ 246,620,575</u>	<u>\$ 709,629,137</u>	<u>\$ 9,494,673</u>

See accompanying notes to the basic financial statements

City of Olathe, Kansas
Balance Sheet
Governmental Funds
December 31, 2009

	General	Debt Service	Capital Projects	Special Tax Financing	Other Governmental Funds	Total Governmental Funds
Assets						
Cash, cash equivalents, and investments	\$ 17,983,736	\$ 26,271,092	\$ 57,280,196	\$ 2,046,045	\$ 17,345,078	\$ 120,926,147
Cash held by trustee	-	-	-	6,487,612	-	6,487,612
Receivables (net of allowance)						
Taxes	19,517,937	14,471,611	-	1,778,380	6,571,033	42,338,961
Accounts	173,999	-	-	-	421,876	595,875
Accrued interest	50,946	6,242,860	-	-	-	6,293,806
Special assessments	-	34,500,864	-	-	-	34,500,864
Loans	-	-	-	-	3,596,960	3,596,960
Due from other funds	783,792	-	-	-	-	783,792
Due from other governments	90,408	-	168,861	-	1,463,293	1,722,562
Total assets	<u>\$ 38,600,818</u>	<u>\$ 81,486,427</u>	<u>\$ 57,449,057</u>	<u>\$ 10,312,037</u>	<u>\$ 29,398,240</u>	<u>\$ 217,246,579</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 2,066,364	\$ -	\$ 3,980,769	\$ -	\$ 106,689	\$ 6,153,822
Accrued payroll	2,321,058	-	-	-	-	2,321,058
Due to other funds	-	-	-	-	649,718	649,718
Due to component unit	-	-	-	-	182,608	182,608
Deferred revenue	12,980,034	51,816,726	-	1,400,000	10,056,744	76,253,504
Temporary notes	-	-	97,765,000	-	-	97,765,000
Total liabilities	<u>17,367,456</u>	<u>51,816,726</u>	<u>101,745,769</u>	<u>1,400,000</u>	<u>10,995,759</u>	<u>183,325,710</u>
Fund balances						
Reserved for						
Encumbrances	568,299	-	-	-	264,688	832,987
Advance to other funds	783,792	-	-	-	-	783,792
Debt service	-	29,669,701	-	-	-	29,669,701
Bond requirements	-	-	-	3,518,382	-	3,518,382
Unreserved, reported in						
General fund	19,881,271	-	-	-	-	19,881,271
Special revenue funds	-	-	-	5,393,655	18,137,793	23,531,448
Capital projects funds	-	-	(44,296,712)	-	-	(44,296,712)
Total fund balances	<u>21,233,362</u>	<u>29,669,701</u>	<u>(44,296,712)</u>	<u>8,912,037</u>	<u>18,402,481</u>	<u>33,920,869</u>
Total liabilities and fund balances	<u>\$ 38,600,818</u>	<u>\$ 81,486,427</u>	<u>\$ 57,449,057</u>	<u>\$ 10,312,037</u>	<u>\$ 29,398,240</u>	<u>\$ 217,246,579</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, 2009

Total fund balance - all governmental funds \$ 33,920,869

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. 601,368,032

Land and construction in progress	122,261,035
Capital assets being depreciated	730,022,943
Accumulated depreciation	(250,915,946)

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. (221,480,931)

Interest payable	(2,810,410)
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Noncurrent liabilities:

Due within one year

General obligation bonds	(19,185,000)
Special obligation bonds	(1,105,000)
Capitalized leases	(61,462)
Developer's cost	(501,587)
Compensated absences	(2,569,350)
Bond issuance premium	(314,738)

Due in more than one year

General obligation bonds	(139,540,000)
Special obligation bonds	(41,475,000)
Capitalized leases	(62,974)
Developer's cost	(5,463,112)
Compensated absences	(851,100)
Net OPEB obligation	(3,174,552)
Bond issuance premium	(4,366,646)

Long-term assets are not available to pay current period expenditures and are therefore deferred in the fund statements. 37,995,817

Special assessments	34,500,864
Due from other governments	3,494,953

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 1,352,650

Bond issuance costs, net	1,352,650
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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. 9,852,125

Internal service fund capital assets, net	(16,831,948)
Internal service fund debt	70,566
Internal service fund net assets	28,766,568
Internal service fund due to business-type	(2,153,061)

Net assets of governmental activities \$ 463,008,562

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, 2009

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Special Tax Financing</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues						
Taxes:						
Property	\$ 14,887,522	\$ 16,491,150	\$ -	\$ 1,403,118	\$ 6,748,393	\$ 39,530,183
Sales	33,161,680	-	-	1,991,720	2,371,665	37,525,065
Franchise	8,452,020	-	-	-	-	8,452,020
Transient guest	13,149	-	-	-	810,035	823,184
Special assessments	-	4,952,179	51,910	-	-	5,004,089
Intergovernmental	888,713	56,647	8,319,498	-	5,241,519	14,506,377
Licenses and permits	897,555	-	-	-	-	897,555
Fines, forfeitures, and penalties	3,375,876	-	-	-	-	3,375,876
Charges for services	3,679,058	-	-	-	4,630,586	8,309,644
Use of money and property	188,045	1,727,148	557,422	35,375	154,751	2,662,741
Miscellaneous	523,635	551,681	2,048,338	-	135,048	3,258,702
Total revenues	<u>66,067,253</u>	<u>23,778,805</u>	<u>10,977,168</u>	<u>3,430,213</u>	<u>20,091,997</u>	<u>124,345,436</u>
Expenditures						
Current:						
General government	13,800,979	-	-	499,453	6,002,312	20,302,744
Public safety	34,055,213	-	-	-	238,075	34,293,288
Public works	10,239,693	-	-	-	3,703,586	13,943,279
Community services	5,371,341	-	-	-	3,216,998	8,588,339
Development services	3,632,333	-	-	-	-	3,632,333
Capital improvements	-	-	42,068,750	-	-	42,068,750
Debt service:						
Principal retirements	57,208	19,510,000	-	1,402,414	-	20,969,622
Interest and fiscal charges	11,227	6,685,578	1,220,872	2,273,554	-	10,191,231
Total expenditures	<u>67,167,994</u>	<u>26,195,578</u>	<u>43,289,622</u>	<u>4,175,421</u>	<u>13,160,971</u>	<u>153,989,586</u>
Excess of revenues over (under) expenditures	<u>(1,100,741)</u>	<u>(2,416,773)</u>	<u>(32,312,454)</u>	<u>(745,208)</u>	<u>6,931,026</u>	<u>(29,644,150)</u>
Other financing sources (uses)						
Issuance of bonds	-	-	23,010,000	-	-	23,010,000
Transfers in	3,228,630	49,522	12,175,250	-	486,242	15,939,644
Transfers out	(2,186,494)	-	(822,501)	-	(12,688,927)	(15,697,922)
Total other financing sources (uses)	<u>1,042,136</u>	<u>49,522</u>	<u>34,362,749</u>	<u>-</u>	<u>(12,202,685)</u>	<u>23,251,722</u>
Net changes in fund balances	<u>(58,605)</u>	<u>(2,367,251)</u>	<u>2,050,295</u>	<u>(745,208)</u>	<u>(5,271,659)</u>	<u>(6,392,428)</u>
Fund balances - beginning of year	21,291,967	32,036,952	(46,347,007)	9,657,245	23,674,140	40,313,297
Fund balances - end of year	<u>\$ 21,233,362</u>	<u>\$ 29,669,701</u>	<u>\$ (44,296,712)</u>	<u>\$ 8,912,037</u>	<u>\$ 18,402,481</u>	<u>\$ 33,920,869</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, 2009

Net change in fund balances - all governmental funds \$ (6,392,428)

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. 13,059,712

Capital outlay	\$ 39,978,917	
Depreciation	(26,919,205)	

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. (2,715,026)

Principal payments	19,510,000	
Issuance of general obligation bonds	(23,010,000)	
Special obligation debt	1,402,414	
OPEB	(674,648)	
Capital lease payments	57,208	

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. (361,463)

Compensated absences	134,602	
Interest expense	(496,065)	

Revenues in the statement of activities that do not provide current financing resources are not reported as revenues in the funds. 2,433,869

Special assessments	2,758,510	
Donated capital assets	2,759,008	
Capital grant	(3,083,649)	

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. (19,033)

Internal service funds are used by management to charge costs of certain activities, such as insurance, purchasing, and fleet maintenance to certain funds. The net revenue (expense) of certain internal service funds is reported with governmental activities. 2,362,378

Change in net assets of governmental activities \$ 8,368,009

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, 2009

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues				
Taxes:				
Property	\$ 14,920,703	\$ 14,920,703	\$ 14,887,522	\$ (33,181)
Sales	35,631,412	35,631,412	33,161,680	(2,469,732)
Franchise	8,613,057	8,613,057	8,452,020	(161,037)
Intergovernmental	788,199	788,199	901,862	113,663
Licenses and permits	1,301,667	1,301,667	897,555	(404,112)
Fines, forfeitures, and penalties	3,088,559	3,088,559	3,375,876	287,317
Charges for services	4,262,343	4,262,343	3,679,058	(583,285)
Use of money and property	1,000,000	1,000,000	188,045	(811,955)
Miscellaneous	323,971	323,971	523,635	199,664
Total revenues	<u>69,929,911</u>	<u>69,929,911</u>	<u>66,067,253</u>	<u>(3,862,658)</u>
Expenditures				
General government	17,072,169	17,072,169	2,225,055	14,847,114
Administration	2,952,037	2,952,037	2,828,178	123,859
Legal	1,414,780	1,414,780	1,474,874	(60,094)
Information technology services	4,126,797	4,126,797	3,637,368	489,429
Financial services	3,460,890	3,460,890	3,787,537	(326,647)
Public safety	35,332,000	35,332,000	34,000,165	1,331,835
Public works	9,948,197	9,948,197	10,104,535	(156,338)
Development services	3,344,410	3,344,410	3,570,588	(226,178)
Community services	5,742,375	5,742,375	5,379,890	362,485
Contingency	1,065,706	1,065,706	73,915	991,791
Total expenditures	<u>84,459,361</u>	<u>84,459,361</u>	<u>67,082,105</u>	<u>17,377,256</u>
Excess of revenues over expenditures	<u>(14,529,450)</u>	<u>(14,529,450)</u>	<u>(1,014,852)</u>	<u>13,514,598</u>
Other financing sources (uses)				
Transfers in	2,755,000	2,755,000	3,228,630	473,630
Transfers out	(1,335,000)	(1,335,000)	(2,186,494)	(851,494)
Total other financing sources (uses)	<u>1,420,000</u>	<u>1,420,000</u>	<u>1,042,136</u>	<u>(377,864)</u>
Net change in fund balance	<u>\$ (13,109,450)</u>	<u>\$ (13,109,450)</u>	<u>27,284</u>	<u>\$ 13,136,734</u>
Fund balance - beginning of year - budget basis			<u>20,637,779</u>	
Fund balance - end of year - budget basis			20,665,063	
Encumbrances incurred and outstanding			568,299	
Fund balance - end of year - GAAP basis			<u>\$ 21,233,362</u>	

See accompanying notes to the basic financial statements

City of Olathe, Kansas
Statement of Revenues, Expenditures, and Changes in Fund Balance
Special Tax Financing Fund
Budget and Actual - Budgetary Basis
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues				
Taxes and special assessments	\$ 4,681,798	\$ 4,681,798	\$ 3,394,838	\$ (1,286,960)
Use of money and property	29,435	29,435	35,375	5,940
Total revenues	<u>4,711,233</u>	<u>4,711,233</u>	<u>3,430,213</u>	<u>(1,281,020)</u>
Expenditures				
General operations	100,000	100,000	482,956	(382,956)
Debt service	14,307,811	14,307,811	3,692,465	10,615,346
Total expenditures	<u>14,407,811</u>	<u>14,407,811</u>	<u>4,175,421</u>	<u>10,232,390</u>
Excess of revenues over expenditures	<u>\$ (9,696,578)</u>	<u>\$ (9,696,578)</u>	(745,208)	<u>\$ 8,951,370</u>
Fund balance - beginning of year			9,657,245	
Fund balance - end of year			<u>\$ 8,912,037</u>	

See accompanying notes to the basic financial statements

City of Olathe, Kansas
Statement of Net Assets
Proprietary Funds
December 31, 2009

	Business-type Activities - Enterprise Funds				Governmental
	Major		Nonmajor		Activities -
	Water and Sewer Fund	Solid Waste Fund	Golf Course	Total	Internal Service Funds
Assets					
Current assets:					
Cash and cash equivalents	\$ 10,388,252	\$ 2,536,326	\$ -	\$ 12,924,578	\$ 13,748,484
Cash held by trustee	12,876,265	-	-	12,876,265	-
Accounts receivable (net of allowance)	2,870,899	1,169,143	-	4,040,042	-
Inventories and other prepaid items	497,828	6,287	-	504,115	215,432
Total current assets	<u>26,633,244</u>	<u>3,711,756</u>	<u>-</u>	<u>30,345,000</u>	<u>13,963,916</u>
Noncurrent assets:					
Restricted assets:					
Cash and cash equivalents	3,858,058	-	-	3,858,058	-
Due from other funds	-	-	-	-	1,445,000
Other	-	-	-	-	11,000
Total restricted assets	<u>3,858,058</u>	<u>-</u>	<u>-</u>	<u>3,858,058</u>	<u>1,456,000</u>
Capital assets:					
Capital assets not being depreciated					
Land	699,010	1,283,232	400,325	2,382,567	-
Construction in progress	23,376,508	-	-	23,376,508	-
Total capital assets not being depreciated	<u>24,075,518</u>	<u>1,283,232</u>	<u>400,325</u>	<u>25,759,075</u>	<u>-</u>
Capital assets being depreciated					
Buildings	32,402,429	-	-	32,402,429	-
Machinery and equipment	2,017,758	1,651,929	-	3,669,687	38,492,618
Water system	153,550,101	-	-	153,550,101	-
Sewer system	124,874,528	-	-	124,874,528	-
Total capital assets being depreciated	<u>312,844,816</u>	<u>1,651,929</u>	<u>-</u>	<u>314,496,745</u>	<u>38,492,618</u>
Less accumulated depreciation	<u>(63,919,816)</u>	<u>(521,644)</u>	<u>-</u>	<u>(64,441,460)</u>	<u>(21,660,670)</u>
Total capital assets (net of accumulated depreciation)	<u>273,000,518</u>	<u>2,413,517</u>	<u>400,325</u>	<u>275,814,360</u>	<u>16,831,948</u>
Bond issuance costs, net	54,236	-	-	54,236	-
Total noncurrent assets	<u>276,912,812</u>	<u>2,413,517</u>	<u>400,325</u>	<u>279,726,654</u>	<u>18,287,948</u>
Total assets	<u>\$ 303,546,056</u>	<u>\$ 6,125,273</u>	<u>\$ 400,325</u>	<u>\$ 310,071,654</u>	<u>\$ 32,251,864</u>

City of Olathe, Kansas
Statement of Net Assets
Proprietary Funds
December 31, 2009

	Business-type Activities - Enterprise Funds				Governmental
	Major		Nonmajor		Activities -
	Water and Sewer Fund	Solid Waste Fund	Golf Course	Total	Internal Service Funds
Liabilities and net assets					
Current liabilities:					
Accounts and claims payable	\$ 853,831	\$ 1,455,778	\$ -	\$ 2,309,609	\$ 3,403,730
Interest payable	433,198	11,154	-	444,352	-
Compensated absences	360,005	85,604	-	445,609	70,566
Due to other funds	-	272,172	-	272,172	-
Current portion of capital lease	137,630	302,688	-	440,318	-
Current portion of revolving loan	1,228,770	-	-	1,228,770	-
Current portion of revenue bonds	170,000	-	-	170,000	-
Total current liabilities	<u>3,183,434</u>	<u>2,127,396</u>	<u>-</u>	<u>5,310,830</u>	<u>3,474,296</u>
Noncurrent liabilities:					
Compensated absences	96,937	48,637	-	145,574	-
Due to other funds	-	1,172,828	134,074	1,306,902	-
Capital lease, net	13,404,024	-	-	13,404,024	-
Revolving loan, net	39,748,152	-	-	39,748,152	-
Revenue bonds, net	4,880,000	-	-	4,880,000	-
Net OPEB obligation	453,516	151,171	-	604,687	-
Deposit	203,971	-	-	203,971	11,000
Total noncurrent liabilities	<u>58,786,600</u>	<u>1,372,636</u>	<u>134,074</u>	<u>60,293,310</u>	<u>11,000</u>
Total liabilities	<u>61,970,034</u>	<u>3,500,032</u>	<u>134,074</u>	<u>65,604,140</u>	<u>3,485,296</u>
Net assets					
Invested in capital assets, net of related debt	212,070,820	2,110,829	400,325	214,581,974	16,831,948
Restricted for bond requirements	3,858,058	-	-	3,858,058	-
Unrestricted	25,647,144	514,412	(134,074)	26,027,482	11,934,620
Total net assets	<u>241,576,022</u>	<u>2,625,241</u>	<u>266,251</u>	<u>244,467,514</u>	<u>28,766,568</u>
Total liabilities and net assets	<u>\$ 303,546,056</u>	<u>\$ 6,125,273</u>	<u>\$ 400,325</u>		<u>\$ 32,251,864</u>

Reconciliation to government-wide statement of net assets:

Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds	2,153,061
Net assets of business-type activities	<u>\$ 246,620,575</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, 2009

	Business-type Activities - Enterprise Funds			Governmental	
	Major		Nonmajor	Activities -	
	Water and Sewer Fund	Solid Waste Fund	Golf Course	Internal Service Funds	
			Total		
Operating revenues					
Charges for services	\$ 26,192,362	\$ 10,970,942	\$ -	\$ 37,163,304	\$ 23,889,183
Miscellaneous	275,846	-	-	275,846	-
Total operating revenues	<u>26,468,208</u>	<u>10,970,942</u>	<u>-</u>	<u>37,439,150</u>	<u>23,889,183</u>
Operating expenses					
Water production	3,257,119	-	-	3,257,119	-
Wastewater treatment	4,552,678	-	-	4,552,678	-
Water and sewer maintenance	2,691,483	-	-	2,691,483	-
Administration and general	10,967,993	1,870,108	-	12,838,101	12,728,626
Equipment maintenance	-	-	-	-	4,425,956
Sanitation expense	-	5,777,787	-	5,777,787	-
Transfer station expense	-	3,547,871	-	3,547,871	-
Depreciation and amortization	4,596,950	78,373	-	4,675,323	3,548,932
Total operating expenses	<u>26,066,223</u>	<u>11,274,139</u>	<u>-</u>	<u>37,340,362</u>	<u>20,703,514</u>
Operating income	<u>401,985</u>	<u>(303,197)</u>	<u>-</u>	<u>98,788</u>	<u>3,185,669</u>
Nonoperating revenues (expenses)					
Interest income	134,233	5,012	-	139,245	99,584
Interest expense	(1,468,673)	(11,154)	-	(1,479,827)	-
Gain from sale of equipment	-	-	-	-	241,264
Total nonoperating revenues (expenses)	<u>(1,334,440)</u>	<u>(6,142)</u>	<u>-</u>	<u>(1,340,582)</u>	<u>340,848</u>
Net income before transfers and capital contributions	(932,455)	(309,339)	-	(1,241,794)	3,526,517
Transfers in	43,456	-	-	43,456	-
Transfers out	(145,178)	-	-	(145,178)	(140,000)
Capital contributions	2,482,560	-	-	2,482,560	-
Change in net assets	1,448,383	(309,339)	-	1,139,044	3,386,517
Net assets - beginning of year	240,127,639	2,934,580	266,251		25,380,051
Net assets - end of year	<u>\$ 241,576,022</u>	<u>\$ 2,625,241</u>	<u>\$ 266,251</u>		<u>\$ 28,766,568</u>

Reconciliation to government-wide statement of activities:

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

1,024,139

Change in net assets of business-type activities

\$ 2,163,183

See accompanying notes to the basic financial statements

City of Olathe, Kansas
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2009

	Business-type Activities - Enterprise Funds			Governmental Activities -	
	Major		Nonmajor		Internal Service Funds
	Water and Sewer Fund	Solid Waste Fund	Golf Course	Total	
Cash Flows from Operating Activities					
Receipts from customers and users	\$ 26,192,362	\$ 10,970,942	\$ -	\$ 37,163,304	\$ 23,889,183
Payments to suppliers	(14,767,306)	(5,019,372)	-	(19,786,678)	(16,707,593)
Payments to employees	(8,598,144)	(3,228,292)	-	(11,826,436)	(1,627,651)
Net cash provided by (used in) operating activities	<u>2,826,912</u>	<u>2,723,278</u>	<u>-</u>	<u>5,550,190</u>	<u>5,553,939</u>
Cash Flows from Noncapital Financing Activities					
Transfers from other funds	43,456	-	-	43,456	-
Transfers to other funds	(145,178)	-	-	(145,178)	(140,000)
Net cash provided by (used in) noncapital financing activities	<u>(101,722)</u>	<u>-</u>	<u>-</u>	<u>(101,722)</u>	<u>(140,000)</u>
Cash Flows from Capital and Related Financing Activities					
Acquisitions and construction of capital assets	(13,594,398)	-	-	(13,594,398)	(2,990,827)
Proceeds from revolving loans	11,845,520	-	-	11,845,520	-
Proceeds from revenue bonds	3,110,000	-	-	3,110,000	-
Proceeds from capital lease	12,876,265	-	-	12,876,265	-
Principal paid on revenue bonds	(4,475,538)	-	-	(4,475,538)	-
Interest paid on revenue bonds	(305,976)	-	-	(305,976)	-
Principal paid on revolving loans	(1,233,696)	-	-	(1,233,696)	-
Interest paid on revolving loans	(1,127,105)	-	-	(1,127,105)	-
Principal paid on capital lease	(132,202)	(291,930)	-	(424,132)	-
Interest paid on capital lease	(31,092)	(11,154)	-	(42,246)	-
Net cash provided by (used in) capital and related financing activities	<u>6,931,778</u>	<u>(303,084)</u>	<u>-</u>	<u>6,628,694</u>	<u>(2,990,827)</u>
Cash Flows from Investing Activities					
Interest received	134,233	5,012	-	139,245	99,584
Net cash provided by (used in) investing activities	<u>134,233</u>	<u>5,012</u>	<u>-</u>	<u>139,245</u>	<u>99,584</u>
Net increase (decrease) in cash and cash equivalents	9,791,201	2,425,206	-	12,216,407	2,522,696
Cash and cash equivalents - beginning of year	17,331,374	111,120	-	17,442,494	11,225,788
Cash and cash equivalents - end of year	<u>\$ 27,122,575</u>	<u>\$ 2,536,326</u>	<u>\$ -</u>	<u>\$ 29,658,901</u>	<u>\$ 13,748,484</u>
				Error	

City of Olathe, Kansas
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2009

	Business-type Activities - Enterprise Funds				Governmental Activities -
	Major		Nonmajor		Internal Service Funds
	Water and Sewer Fund	Solid Waste Fund	Golf Course	Total	
Reconciliation of operating income to net cash provided by operating activities					
Operating income	\$ 401,985	\$ (303,197)	\$ -	\$ 98,788	\$ 3,185,669
Adjustments to reconcile operating income to cash provided by operating activities					
Depreciation and amortization	4,596,950	78,373	-	4,675,323	3,548,932
Gain from disposal of capital assets	-	-	-	-	241,264
Changes in assets and liabilities					
(Increase) decrease in receivables	(23,821)	(81,997)	-	(105,818)	(1,401,073)
(Increase) decrease in inventories	(43,014)	317,275	-	274,261	(52,816)
Increase (decrease) in accounts and claims payable	(2,297,682)	1,229,650	-	(1,068,032)	28,200
Increase in due to other funds	-	1,445,000	-	1,445,000	-
Increase in interest payable	108,955	(10,757)	-	98,198	-
Increase in net OPEB obligation	96,387	32,129	-	128,516	-
Increase in compensated absences	(12,848)	16,802	-	3,954	3,763
Total adjustments	<u>2,424,927</u>	<u>3,026,475</u>	<u>-</u>	<u>5,451,402</u>	<u>2,368,270</u>
Net cash provided by (used in) operating activities	<u>\$ 2,826,912</u>	<u>\$ 2,723,278</u>	<u>\$ -</u>	<u>\$ 5,550,190</u>	<u>\$ 5,553,939</u>
Noncash investing capital and financing activities:					
Contributed capital assets	\$ 2,482,560	\$ -	\$ -	\$ 2,482,560	\$ -

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, 2009

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, 2009

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, 2009

Debt Service

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

Special Tax Financing

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

Capital Projects

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

The City reports the following major proprietary funds:

Water and Sewer

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

Solid Waste

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

Proprietary Funds

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

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, 2009

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.

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.

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2009

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 -15 years	5,000
Water system	75 years	50,000
Sewage system	75 years	50,000
Streets	20 years	100,000
Storm sewer	40 years	25,000
Traffic signals	30 years	25,000
Land	Not Depreciated	25,000

i. Budgets and Budgetary Accounting

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

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2009

Funds requiring legally adopted budgets are the General, Fire Levy, Motor Fuel Tax, Library Tax, Special Park and Recreation, Special Alcohol, Storm Water, Park Sales Tax, Recreation, Special Tax Financing, Debt Service, Water and Sewer, Solid Waste, and all Internal Service Funds.

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

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

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

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

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

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

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

j. Retirement Plans

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

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2009

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."

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, 2009, the Capital Projects Fund had a deficit fund balance of \$44,296,712. This deficit primarily arose from proceeds of short-term temporary notes which have not been refinanced on a long-term basis and are not recognized as an "other financing source." Liabilities for temporary notes payable are accounted for in the Capital Projects Fund. The deficit will be reduced and eliminated as the short-term notes are refinanced on a long-term basis and transfers from other revenue sources are made.

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

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, 2009, City funds not held in depository accounts had been invested in certificates of deposits, the Kansas Municipal Investment Pool (rated AAAs/S1 by Standard & Poor’s), US Bank Money Market (rated A+ by Standard & Poor’s), Trinity Company’s Guaranteed Investment (rated A+ by Standard and Poor’s), JP Morgan Money Market (rated AAAM by Standard & Poor’s), and Merrill Lynch Money Market (rated AAAM by Standard and Poor’s).

Concentration of Credit Risk – At December 31, 2009, of total cash and investment, the City invested \$9.6 million, or 6%, in certificates of deposit and \$138.6 million, or 92%, 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, 2009, all of the City’s deposits and investments were fully insured by federal depository insurance or otherwise collateralized by securities held in the City’s name.

4. Taxes and Special Assessments

Taxes and special assessments revenue by fund type, including interest and penalties, are as follows for fiscal year 2009:

	Major			Special Tax Financing	Other	Total
	General	Debt Service	Capital Projects		Governmental Funds	
Property tax	\$ 14,887,522	\$ 16,491,150	\$ -	\$ 1,403,118	\$ 6,748,393	\$ 39,530,183
Sales tax	33,161,680	-	-	1,991,720	2,371,665	37,525,065
Franchise tax	8,452,020	-	-	-	-	8,452,020
Transient guest tax	13,149	-	-	-	810,035	823,184
Special assessment	-	4,952,179	51,910	-	-	5,004,089
	<u>\$ 56,514,371</u>	<u>\$ 21,443,329</u>	<u>\$ 51,910</u>	<u>\$ 3,394,838</u>	<u>\$ 9,930,093</u>	<u>\$ 91,334,541</u>

City of Olathe, Kansas
Notes to the Basic Financial Statements
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Taxes and special assessments receivable by fund type are as follows for fiscal year 2009.

	Major			Other	Total
	General	Debt Service	Special Tax Financing	Governmental Funds	
Property tax	\$ 12,710,034	\$ 14,471,611	\$ 1,400,000	\$ 5,961,977	\$ 34,543,622
Sales tax	5,422,712	-	378,380	388,353	6,189,445
Franchise tax	1,385,191	-	-	-	1,385,191
Transient guest tax	-	-	-	220,703	220,703
Special assessment	-	34,500,864	-	-	34,500,864
	<u>\$ 19,517,937</u>	<u>\$ 48,972,475</u>	<u>\$ 1,778,380</u>	<u>\$ 6,571,033</u>	<u>\$ 76,839,825</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, 2008 on which the 2009 levy was based was \$1,334,526,755.

The City's property tax levies per \$1,000 assessed valuation for the year ended December 31, 2009 were as follows:

Fund	Levy
General	\$ 9.524
Special revenue	4.469
Debt service	10.844
	<u>\$ 24.837</u>

The City property taxes for 2009 were assessed in November of 2008 and distributed to the City in 2009 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, 2009

5. Intergovernmental Receivables and Revenue

Amounts due from other governments as of December 31, 2009 are as follows:

	<u>Major</u>		<u>Other</u>	<u>Totals</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Governmental Funds</u>	
Federal				
Department of Housing and Urban Development	\$ -	\$ -	\$ 155,741	\$ 155,741
Federal Emergency Management Agency	-	-	39,776	39,776
State				
Department of Revenue	80,000	-	983,640	1,063,640
Department of Transportation	-	144,954	62,205	207,159
Department of Health and Environment	-	-	59,703	59,703
Highway Department	10,408	-	-	10,408
Local				
Kansas City Area Transportation Authority	-	-	46,122	46,122
Johnson County	-	23,907	116,106	140,013
	<u>\$ 90,408</u>	<u>\$ 168,861</u>	<u>\$ 1,463,293</u>	<u>\$ 1,722,562</u>

Intergovernmental revenues for the year ended December 31, 2009 consisted of the following:

	<u>Major</u>			<u>Other</u>	<u>Totals</u>
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Governmental Funds</u>	
Federal					
Department of Housing and Urban Development	\$ -	\$ -	\$ -	\$ 946,544	\$ 946,544
State					
Liquor Tax	363,719	-	-	727,438	1,091,157
State Highway Connecting Links	47,367	-	-	-	47,367
Special Highway	-	-	-	3,053,266	3,053,266
Department of Health and Environment	-	-	-	39,707	39,707
Department of Wildlife and Parks	-	-	-	6,803	6,803
Department of Transportation	-	-	2,008,191	72,741	2,080,932
Slider	80,775	56,647	-	29,265	166,687
County					
Street improvements	-	-	6,311,307	-	6,311,307
Herritage Trust	-	-	-	49,400	49,400
Emergency Management	-	-	-	18,869	18,869
Local					
New Freedom	-	-	-	27,000	27,000
Kansas City Area Transportation Authority	-	-	-	270,486	270,486
Unified School District 233	396,852	-	-	-	396,852
	<u>\$ 888,713</u>	<u>\$ 56,647</u>	<u>\$ 8,319,498</u>	<u>\$ 5,241,519</u>	<u>\$ 14,506,377</u>

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2009

6. Capital Assets

Capital Asset activity for the year ended December 31, 2009 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	\$ 77,971,937	\$ 7,869,597	\$ 21,820	\$ 85,819,714
Construction in progress	63,910,793	38,044,328	65,513,800	36,441,321
Total capital assets, not being depreciated	<u>141,882,730</u>	<u>45,913,925</u>	<u>65,535,620</u>	<u>122,261,035</u>
Capital assets being depreciated				
Buildings	58,296,360	412,192	-	58,708,552
Machinery and equipment	46,537,761	4,310,125	3,410,664	47,437,222
Swimming pools	6,962,045	-	-	6,962,045
Infrastructure	555,763,034	61,152,090	-	616,915,124
Total capital assets being depreciated	<u>667,559,200</u>	<u>65,874,407</u>	<u>3,410,664</u>	<u>730,022,943</u>
Less accumulated depreciation for				
Buildings	(11,635,158)	(1,477,509)	-	(13,112,667)
Machinery and equipment	(28,222,061)	(4,166,848)	(2,886,705)	(29,502,204)
Swimming pools	(941,997)	(85,977)	-	(1,027,974)
Infrastructure	(182,535,299)	(24,737,802)	-	(207,273,101)
Total accumulated depreciation	<u>(223,334,515)</u>	<u>(30,468,136)</u>	<u>(2,886,705)</u>	<u>(250,915,946)</u>
Total capital assets being depreciated, net	444,224,685	35,406,271	523,959	479,106,997
Governmental activities capital assets, net	<u>\$ 586,107,415</u>	<u>\$ 81,320,196</u>	<u>\$ 66,059,579</u>	<u>\$ 601,368,032</u>
Business-type activities				
Capital assets, not being depreciated				
Land	\$ 2,382,567	\$ -	\$ -	\$ 2,382,567
Construction in progress	10,781,829	15,301,291	2,706,612	23,376,508
Total capital assets, not being depreciated	<u>13,164,396</u>	<u>15,301,291</u>	<u>2,706,612</u>	<u>25,759,075</u>
Capital assets being depreciated				
Buildings	32,402,429	-	-	32,402,429
Machinery and equipment	3,864,210	56,848	251,371	3,669,687
Water system	151,800,188	1,749,913	-	153,550,101
Sewer system	123,201,710	1,672,818	-	124,874,528
Total capital assets being depreciated	<u>311,268,537</u>	<u>3,479,579</u>	<u>251,371</u>	<u>314,496,745</u>
Less accumulated depreciation for				
Buildings	(5,413,204)	(779,303)	-	(6,192,507)
Machinery and equipment	(1,449,545)	(159,342)	(251,371)	(1,357,516)
Water system	(30,715,928)	(2,064,176)	-	(32,780,104)
Sewer system	(22,447,919)	(1,663,414)	-	(24,111,333)
Total accumulated depreciation	<u>(60,026,596)</u>	<u>(4,666,235)</u>	<u>(251,371)</u>	<u>(64,441,460)</u>
Total capital assets being depreciated, net	251,241,941	(1,186,656)	-	250,055,285
Business-type activities capital assets, net	<u>\$ 264,406,337</u>	<u>\$ 14,114,635</u>	<u>\$ 2,706,612</u>	<u>\$ 275,814,360</u>

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2009

Component units	Beginning of Year	Additions	Retirements	End of Year
Capital assets, not being depreciated				
Land	\$ 890,191	\$ -	\$ -	\$ 890,191
Construction in Progress	378,968	80,597	344,594	114,971
Art collection	20,845	-	-	20,845
Kansas Room Collection	38,540	4,840	-	43,380
Total capital assets, not being depreciated	<u>1,328,544</u>	<u>85,437</u>	<u>344,594</u>	<u>1,069,387</u>
Capital assets being depreciated				
Land improvements	44,881	-	-	44,881
Buildings and improvements	10,693,453	475,161	-	11,168,614
Machinery and equipment	862,387	61,704	39,553	884,538
Books and materials	4,175,787	383,615	456,100	4,103,302
Total capital assets being depreciated	<u>15,776,508</u>	<u>920,480</u>	<u>495,653</u>	<u>16,201,335</u>
Less accumulated depreciation for				
Land improvements	(2,667)	(4,488)	-	(7,155)
Buildings	(6,473,023)	(388,436)	-	(6,861,459)
Machinery and equipment	(690,228)	(70,576)	(39,553)	(721,251)
Books and materials	(3,357,452)	(332,293)	(456,100)	(3,233,645)
Total accumulated depreciation	<u>(10,523,370)</u>	<u>(795,793)</u>	<u>(495,653)</u>	<u>(10,823,510)</u>
Total capital assets being depreciated, net	<u>5,253,138</u>	<u>124,687</u>	<u>-</u>	<u>5,377,825</u>
Component units capital assets, net	<u>\$ 6,581,682</u>	<u>\$ 210,124</u>	<u>\$ 344,594</u>	<u>\$ 6,447,212</u>

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

Government activities

General government	\$ 964,971
Public safety	809,994
Public works	24,989,607
Community services	154,633
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of assets	<u>3,548,931</u>
Total depreciation expense for governmental activities	<u>\$ 30,468,136</u>

Business-type activities

Water and sewer	\$ 4,587,862
Solid Waste	78,373
Total depreciation expense for business-type activities	<u>\$ 4,666,235</u>

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2009

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, 2009

	<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	\$ 102,065,000	\$ 97,765,000	\$ 102,065,000	\$ 97,765,000	\$ 97,765,000
				<u>Interest Rate</u>	<u>Maturity Date</u>
Temporary Notes					<u>End of Year</u>
Citywide improvements			1.30%	1-Jun-10	\$ 3,866,000
Citywide improvements			1.50%	1-Jun-10	10,915,211
Water and sewer improvements			1.30%	1-Jun-10	4,396,500
Water and sewer improvements			1.50%	1-Jun-10	1,346,117
Street and sidewalk improvements			1.30%	1-Jun-10	47,482,500
Street and sidewalk improvements			1.50%	1-Jun-10	29,758,672
					<u>\$ 97,765,000</u>

Long-term debt

The following is a summary of the long-term debt transactions of the City for the year ended December 31, 2009.

	<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	\$ 155,225,000	\$ 23,010,000	\$ 19,510,000	\$ 158,725,000	\$ 19,185,000
Special obligations bonds	43,415,000	-	835,000	42,580,000	1,105,000
Capitalized leases	181,643	-	57,207	124,436	61,462
Developer's cost	6,532,113	-	567,414	5,964,699	501,587
Compensated absences	3,551,289	4,744,237	4,875,076	3,420,450	2,569,350
Net OPEB Obligation	2,499,904	1,178,648	504,000	3,174,552	-
	<u>211,404,949</u>	<u>28,932,885</u>	<u>26,348,697</u>	<u>213,989,137</u>	<u>23,422,399</u>
Add: bond issuance premium	4,996,122	-	314,738	4,681,384	314,738
Total governmental debt	<u>216,401,071</u>	<u>28,932,885</u>	<u>26,663,435</u>	<u>218,670,521</u>	<u>23,737,137</u>
Business-type					
Revenue bonds	6,405,000	3,110,000	4,465,000	5,050,000	170,000
KDHE revolving loan	30,365,098	11,845,520	1,233,696	40,976,922	1,228,770
Capitalized leases	1,392,210	12,876,265	424,133	13,844,342	440,318
Compensated absences	587,228	789,825	785,870	591,183	445,609
Net OPEB Obligation	476,171	224,516	96,000	604,687	-
Total business-type debt	<u>39,225,707</u>	<u>28,846,126</u>	<u>7,004,699</u>	<u>61,067,134</u>	<u>2,284,697</u>
Total primary government	<u>\$ 255,626,778</u>	<u>\$ 57,779,011</u>	<u>\$ 33,668,134</u>	<u>\$ 279,737,655</u>	<u>\$ 26,021,834</u>

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

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

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

Bonds

	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>End of Year</u>
Governmental activities				
General Obligation Bonds				
1998 Series 192 refunding	\$ 7,475,000	3.40 - 4.70	1-Oct-14	\$ 1,305,000
1999 Series 194 improvement bonds	17,880,000	3.75 - 4.80	1-Apr-14	1,035,000
2000 Series 196 improvement bonds	3,470,000	4.95 - 6.00	1-Apr-10	345,000
2000 Series 197 improvement bonds	5,705,000	4.125 - 4.70	1-Apr-10	570,000
2001 Series 198 improvement bonds	6,825,000	4.25 - 4.625	1-Oct-11	1,360,000
2001 Series 199 improvement bonds	4,575,000	4.25 - 4.625	1-Oct-11	910,000
2002 Series 200 improvement bonds	9,210,000	2.00 - 4.00	1-Oct-12	2,760,000
2002 Series 201 refunding	13,650,000	3.00 - 4.25	1-Oct-14	3,405,000
2002 Series 202 improvement bonds	800,000	3.50 - 5.40	1-Oct-12	240,000
2003 Series 203 improvement bonds	19,675,000	2.25 - 4.25	1-Apr-23	11,275,000
2003 Series 204 improvement bonds	1,475,000	3.50 - 5.50	1-Apr-18	875,000
2004 Series 205 improvement bonds	24,535,000	3.00 - 5.00	1-Oct-24	13,860,000
2004 Series 206 refunding COPS	11,190,000	3.00 - 4.30	1-Oct-20	8,300,000
2005 Series 207 improvement bonds	28,980,000	4.00 - 5.00	1-Oct-25	18,350,000
2006 Series 208 improvement bonds	20,320,000	4.00 - 5.00	1-Oct-26	14,965,000
2007 Series 209 improvement bonds	21,530,000	4.00 - 5.00	1-Oct-27	18,330,000
2007 Series 210 improvement bonds	6,030,000	4.00	1-Oct-17	4,830,000
2008 Series 211 improvement bonds	35,400,000	4.00 - 5.00	1-Oct-28	33,000,000
2009 Series 212 improvement bonds	21,650,000	2.00 - 4.25	1-Oct-29	21,650,000
2009 Series 213 improvement bonds	1,360,000	1.75 - 4.60	1-Oct-19	1,360,000
Total General Obligation Bonds				<u>\$ 158,725,000</u>

City of Olathe, Kansas
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December 31, 2009

	<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	\$ 4,705,000
2006 Series Olathe Gateway TIF	13,030,000	4.75 - 5.00	1-Mar-26	12,530,000
2006 Series Olathe Gateway TDD	9,195,000	4.75 - 5.00	1-Dec-28	8,980,000
2007 Series West Village TIF	16,565,000	5.00 - 5.50	1-Sep-26	16,365,000
				<u>\$ 42,580,000</u>

2002 Southgate Series Phase TIF

The City has pledged 100% of the incremental increase in ad valorem tax revenues and 50% of the incremental increase in the City's sales tax revenues to repay the \$5,700,000 in tax increment financing bonds issued in June 2002 to finance the redevelopment of the Southgate Retail Center (Center). The bonds are payable solely from the incremental ad valorem and sales taxes generated by the Center. Incremental taxes were projected to produce \$7,839,254 over the life of the bonds. Total principal and interest remaining on the bonds is \$7,043,943, payable through March 2022. For the current year, principal and interest paid and total incremental revenues were \$483,868 and \$552,531, 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 \$19,416,975. For the current year, principal and interest paid and total incremental tax revenues were \$925,581 and \$551,687, respectively.

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

There was \$212,095.10 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, 2009 debt service payment.

There was \$179,814.10 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, 2010 debt service payment.

2006 Olathe Gateway TDD

The City has pledged 100% of the transportation development district sales tax (1%) on the selling of tangible personal property or rendering or furnishing of services within the transportation district to repay the \$9,195,000 in transportation development district bonds issued in December 2006 to finance the redevelopment of the Olathe Gateway. The bonds are payable solely from the transportation development district tax revenue generated by Olathe Gateway. Incremental taxes were projected to produce \$19,042,625 over the life of the bonds. Total principal and interest remaining on the bonds is \$14,632,206, payable through December 2028. For the current year, principal and interest paid and total incremental tax revenues were \$608,550 and \$246,554 respectively.

City of Olathe, Kansas
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There was \$198,026.51 transferred from the Bond Proceeds Reserve account to the Debt Service fund to supplement for the shortfall in the Debt Service fund for the June 1, 2009 debt service payment..

There was \$181,581.58 transferred from the Bond Proceeds Reserve account to the Debt Service fund to supplement for the shortfall in the Debt Service fund for the December 1, 2009 debt service payment.

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 \$26,139,375, payable through September 2026. For the current year, interest and total incremental tax revenues were \$1,090,555 and \$788,202 respectively.

There was \$334,474.27 transferred from the Business Interruption Reserve account to the Debt Service fund to supplement for the shortfall in the Debt Service fund for the September 1, 2009 debt service payment.

There was \$73,042.05 transferred from the Business Interruption Reserve account to the Debt Service fund and \$155,953.78 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, 2010 debt service payment.

	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>End of Year</u>
Business-type activities				
Revenue Bonds				
2008 Water and Sewer System revenue bonds	\$ 2,155,000	3.00 - 4.250	1-Jul-28	\$ 2,120,000
2009 Water and Sewer System revenue bonds	3,110,000	2.00 - 4.600	1-Jul-29	2,930,000
Total revenue bonds				<u>\$ 5,050,000</u>

Year	Governmental Activities					
	<u>General Obligation Bonds</u>		<u>Special Obligation Bonds</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 19,185,000	\$ 6,928,083	\$ 1,105,000	\$ 2,226,501	\$ 20,290,000	\$ 9,154,584
2011	18,495,000	5,891,281	1,230,000	2,169,778	19,725,000	8,061,059
2012	17,445,000	5,127,929	1,350,000	2,105,925	18,795,000	7,233,854
2013	16,450,000	4,403,095	1,480,000	2,035,040	17,930,000	6,438,135
2014	15,390,000	3,707,551	1,620,000	1,956,195	17,010,000	5,663,746
2015 - 2019	45,190,000	10,511,858	10,465,000	8,305,505	55,655,000	18,817,363
2020 - 2024	17,235,000	4,092,637	14,805,000	4,913,605	32,040,000	9,006,242
2025 - 2029	9,335,000	999,896	10,525,000	939,950	19,860,000	1,939,846
	158,725,000	41,662,330	42,580,000	24,652,499	201,305,000	66,314,829
Due within one year	19,185,000	6,928,083	1,105,000	2,226,501	20,290,000	9,154,584
Due in more than one year	<u>\$ 139,540,000</u>	<u>\$ 34,734,247</u>	<u>\$ 41,475,000</u>	<u>\$ 22,425,998</u>	<u>\$ 181,015,000</u>	<u>\$ 57,160,245</u>

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2009

Year	Business-type Activities					
	Revenue Bonds		KDHE Revolving Loan		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 170,000	\$ 220,825	\$ 1,228,770	\$ 1,308,852	\$ 1,398,770	\$ 1,529,677
2011	180,000	215,962	1,270,103	1,271,193	1,450,103	1,487,155
2012	185,000	210,562	1,312,841	1,232,253	1,497,841	1,442,815
2013	190,000	204,771	2,210,458	1,185,004	2,400,458	1,389,775
2014	195,000	198,598	3,065,193	1,108,835	3,260,193	1,307,433
2015 - 2019	1,125,000	876,551	14,162,119	4,145,699	15,287,119	5,022,250
2020 - 2024	1,395,000	611,448	13,775,198	1,846,951	15,170,198	2,458,399
2025 - 2029	1,610,000	240,661	3,952,240	202,610	5,562,240	443,271
	5,050,000	2,779,378	40,976,922	12,301,397	46,026,922	15,080,775
Due within one year	170,000	220,825	1,228,770	1,308,852	1,398,770	1,529,677
Due in more than one year	\$ 4,880,000	\$ 2,558,553	\$ 39,748,152	\$ 10,992,545	\$ 44,628,152	\$ 13,551,098

The City has pledged future water customer revenues, net of specified operating expenses, to repay \$5,265,000 (\$2,155,000 2008 series and \$3,110,000 2009 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 2029. The total principal and interest remaining to be paid on the bonds is \$7,829,377. Principal and interest paid for the current year and total customer net revenues were \$4,781,476 and \$5,111,355 respectively.

In May 2009, the City issued General Obligation Bonds Series 212 in the amount of \$21,650,000 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, 2010 through October 1, 2029. The bonds maturing on or after October 1, 2019 are subject to redemption prior to maturity on October 1, 2018 at a price of par plus accrued interest.

Also in May 2009, the City issued Taxable General Obligation Bonds Series 213 in the amount of \$1,360,000 for the purpose of a municipal improvement project. The bonds mature serially on October 1, 2010 through October 1, 2019. the bonds are not subject to redemption prior to maturity.

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, 2009, based on the assessed valuation as of December 15, 2009 of \$1,496,081,669, the general obligation debt limit was \$448,824,501 which, after reduction for outstanding eligible general obligation bonds and notes totaling \$243,822,181, and increases for exempt projects financed with outstanding general obligation bonds and notes totaling \$97,039,239 and amounts available for debt service of \$29,669,702, provides a general obligation debt margin of \$351,785,262.

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2009

Capitalized Leases

	End of Year
Governmental activities:	
6.6% interest lease on E-copy equipment, payable in monthly principal and payments of \$1,528 through November 2011	\$ 31,582
7.42% interest lease on copy machines, payable in monthly principal and interest payments of \$4,175 through December 2011	92,854
Total capital leases for governmental activities	\$ 124,436
Business-type activities:	
4.065% interest lease for a generator, payable in semi-annual principal and interest payments of \$81,647 through April 2014.	\$ 665,390
3.679% interest lease for smart carts, payable in annual principal and interest payments of \$313,841 through January 2010.	302,687
5.400% interest lease for water meters, payable in quarterly principal and interest payments ranging from \$1,100,921 to \$321,419 starting in May 2011 through February 2023	12,876,265
Total capital leases for business-type activities	\$ 13,844,342

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
Less: Accumulated depreciation	(310,831)	(270,290)	(315,228)
Total	\$ 179,601	\$ 1,033,331	\$ 1,112,072

	Governmental	Business-type	Total
	Activities	Activities	
Year	Payments	Payments	Payments
2010	\$ 68,436	\$ 477,137	\$ 545,573
2011	65,382	2,219,008	2,284,390
2012	-	1,604,949	1,604,949
2013	-	1,475,638	1,475,638
2014	-	1,430,406	1,430,406
2015 - 2019	-	7,332,432	7,332,432
2015 - 2023	-	5,171,686	5,171,686
	133,818	19,711,256	19,845,074
Less interest	9,382	5,866,914	5,876,296
Total	\$ 124,436	\$ 13,844,342	\$ 13,968,778

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

	Beginning of Year	Additions	Retirements	End of Year
2004 Southgate Phase II - 20 year period	\$ 2,950,152	\$ -	\$ 272,340	\$ 2,677,812
2006 North Southgate - 8 year period	421,661	-	246,500	175,161
2006 Heritage Crossing - 13 year period	3,160,300	-	48,574	3,111,726
Total Reimbursable Developer's Cost	<u>\$ 6,532,113</u>	<u>\$ -</u>	<u>\$ 567,414</u>	<u>\$ 5,964,699</u>

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

Developer's Cost

Year	Governmental Activities Estimated Payments
2010	\$501,587
2011	688,791
2012	697,152
2013	705,680
2014	714,379
2015 - 2019	<u>2,657,110</u>
	5,964,699
Due within one year	<u>501,587</u>
Due in more than one year	<u>\$5,463,112</u>

8. Fund Balances

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

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2009

9. Interfund Activities

Interfund transactions for the year were as follows:

Transfers from	Transfer to					Total
	Major			Other		
	General	Debt Service	Capital Projects	Water & Sewer	Governmental Funds	
General Fund	\$ -	\$ -	\$ 2,090,679	\$ -	\$ 95,815	\$ 2,186,494
Capital Projects	472,680	49,522	-	43,456	256,843	822,501
Other Governmental Funds	2,615,950	-	9,939,393	-	133,584	12,688,927
Proprietary Funds						
Water and sewer	-	-	145,178	-	-	145,178
Vehicle replacement	140,000	-	-	-	-	140,000
Total proprietary funds	140,000	-	145,178	-	-	285,178
Totals	<u>\$ 3,228,630</u>	<u>\$ 49,522</u>	<u>\$ 12,175,250</u>	<u>\$ 43,456</u>	<u>\$ 486,242</u>	<u>\$ 15,983,100</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	\$ 783,792	\$ -
Other governmental funds		649,718
Solid waste		1,445,000
Vehicle replacement	1,445,000	
Nonmajor proprietary fund*	-	134,074
	<u>\$ 2,228,792</u>	<u>\$ 2,228,792</u>
Government-Wide Statements		
Governmental	\$ 573,987	\$ -
Business-type	-	573,987

*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 be paying 3% interest and making payments of \$315,522 over 5 years.

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2009

10. 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 2009 was 6.54%. The City employer contributions to KPERS for the years ended December 31, 2009, 2008, and 2007 were \$1,707,145, \$1,638,708, and \$1,452,601 respectively, equal to the required contributions for each year. The KP&F employer rate established for fiscal year 2009 was 13.58%. 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, 2009, 2008, and 2007 were \$2,640,560, \$2,538,989, and \$2,431,441 respectively, equal to the required contributions for each year.

11. Commitments and Contingent Liabilities

Commitments

As of December 31, 2009, uncompleted capital project authorizations compared with project costs from inception (excluding expenditures for general obligation notes, general obligation note interest, note and bond issuance costs and transfers of unused funds back to the funding source) were as follows:

	Project Authorizations	Costs - Project Inception to December 31, 2009
Street improvements	\$ 239,712,850	\$ 195,780,074
Citywide improvements	68,062,323	52,613,171
Water and sewer lines	44,687,489	3,632,162
	\$ 352,462,662	\$ 252,025,407

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

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2009

	<u>Operation and Maintenance</u>	<u>Capital Improvements</u>	<u>Total</u>
2010	\$ 2,584,627	\$ 1,152,296	\$ 3,736,923
2011	2,799,151	1,247,937	4,047,088
2012	3,031,481	1,351,516	4,382,997

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.

12 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 2009 which will exceed coverage and the funds reserved. There were no significant reductions in insurance coverage during 2009. 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 \$1,146,079 that represents the estimated future cost of claims made and claims incurred, but not reported at December 31, 2009.

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>
2008	\$ 883,346	\$ 1,165,730	\$ 964,997	\$ 1,084,079
2009	1,084,079	638,663	576,663	1,146,079

City of Olathe, Kansas
Notes to the Basic Financial Statements
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Employee health and dental insurances are self-insured by the City. The City has an accrued liability for various insurance claims payable including claims incurred, but not yet paid of \$1,948,291 at December 31, 2009.

		<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>
2008	\$	2,019,905	\$12,410,618	\$ 12,409,061	\$ 2,021,462
2009		2,021,462	9,448,018	9,521,189	1,948,291

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.

13. 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, 2009. 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.

14. 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
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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 2009, retiree premiums are the same as employees – (1) Single Health Consumer Involved Insurance – \$10 per month (2) Single Health PPO Insurance – \$40 per month (3) Single Health Access Insurance - \$60 per month (4) Single Dental Insurance – no charge (5) Family Health Consumer Involved Insurance - \$205 per month (6) Family Health PPO Insurance - \$260 per month (7) Family Health Access Insurance - \$350 per month (8) Family Dental Insurance \$14 per month.

Annual OPEB Cost

The City's annual OPEB is based on an actuarial valuation. The actuarial calculations are performed in accordance with the Projected Unit Credit Actuarial Cost Method as allowed under GASB Statement 45. the following table shows the components of the primary government OPEB cost for 2009:

1. Annual OPEB Cost for 2009

A. Normal Cost	\$ 775,638
B. Amortization of Unfunded Actuarial Accrued Liability	924,162
C. Annual Required Contribution (ARC)	<u>1,699,800</u>
D. Interest on Net OPEB Obligation	148,744
E. Adjustment to the ARC	146,380
F. Annual OPEB Cost (C+D-E)	<u><u>\$ 1,702,164</u></u>

2. Employer Contributions for 2009

A. Claims + Admin Paid on Behalf of Retirees	\$ 899,000
B. Retiree Contribution	-
C. Net Employer Contributions (A-B)	<u><u>\$ 899,000</u></u>

3. Schedule of Employer Contributions

For Fiscal Year Ended December 31

Year	Annual Required Contributions	Net Employer Contributions	Net OPEB Obligation	Percentage Contributed
2007	\$ 2,198,000	\$607,011	\$1,590,989	27.62%
2008	\$ 2,277,549	\$892,462	\$1,385,086	39.19%
2009	\$ 1,702,224	\$899,000	\$803,164	52.81%

4. Net OPEB Obligation at 1/01/09

A. Annual OPEB Cost for 2009	\$ 1,702,164
B. Net Employer Contributions for 2009	(899,000)
C. Balance at 1/01/08	2,976,075
D. Balance at 1/01/09 (A-B+C)	<u><u>\$ 3,779,239</u></u>

City of Olathe, Kansas
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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, 2009 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 5% investment rate of return, which is a blended rate of the expected long-term investment returns on the City's own investments. An annual health care costs trend rate of 10% initially, reduced by decrements to an ultimate rate of 5% after five years. Both rates include a 3.5% inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2009, was 30 years.

Funded Status and Funding Progress

As of January 1, 2009, the most recent actuarial valuation date, the plan was not funded. The unfunded actuarial accrued liability for benefits (UAAL) was \$18,789,317. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$49 million, and the ratio of the UAAL to the covered payroll was 37.7%

Plan Report

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

15. 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, 2009, there were 98 issues of industrial revenue and multi-housing bonds outstanding. Outstanding issues had an aggregate outstanding amount totaling \$827,892,620 and a total assessed valuation of \$653,981,700.

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2009

16. Component Units Condensed Financial Statements

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

	Olathe Public Library	Olathe Public Housing Authority	Totals
Total assets	\$ 5,976,911	\$ 4,237,969	\$ 10,214,880
Total liabilities	233,807	486,400	720,207
Net assets	<u>\$ 5,743,104</u>	<u>\$ 3,751,569</u>	<u>\$ 9,494,673</u>
Expenses	\$ 4,370,801	\$ 3,306,321	\$ 7,677,122
Program revenues	341,809	3,090,062	3,431,871
Net program revenues	<u>(4,028,992)</u>	<u>(216,259)</u>	<u>(4,245,251)</u>
Tax revenues	4,214,546	-	4,214,546
Other general revenues	<u>113,667</u>	<u>48,050</u>	<u>161,717</u>
Change in net assets	299,221	(168,209)	131,012
Beginning net assets	<u>5,443,883</u>	<u>3,919,778</u>	<u>9,363,661</u>
Ending net assets	<u>\$ 5,743,104</u>	<u>\$ 3,751,569</u>	<u>\$ 9,494,673</u>

17. Termination Benefits

In 2009, the City reduced its work force by 46 employees. This was done as a cost saving measure by the city as a continued response to the decline in the economy. This was done by implementing several cost saving strategies: (1) Employees were given the option to voluntarily resign. (2) Employees with 10 or more years of service with the city that were age 55 or older were given the option to retire. (3) Positions were eliminated. Employees in each of these situations were given two weeks of pay for each year of service with a minimum of 8 weeks and a maximum of 26 weeks and 100% of accrued sick leave with a maximum of 240 hours. The cost of these benefits in 2009 was \$838,355. The salary savings for 2009 was \$993,850. The salary savings for 2010 is projected to be \$3,131,688.

18. Pending GASB Statements

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

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

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

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2009

19. Subsequent Events

On January 26, 2010, the City issued \$6,540,000 taxable water and sewer revenue bonds – Build America Bonds to finance the cost of certain repairs, alterations, extensions, reconstructions, enlargements or improvements to the water and sewer system. The interest rates on the bonds range from 0.60 – 5.80% and the maturity date is July 1, 2030.

On February 17, 2010, the City issued \$2,130,000 of general obligation refunding bonds to refinance Series 192 and Series 194 general obligation bonds. The interest rate on the bonds is 2.00% and the maturity date is October 1, 2014.

On May 4, 2010, the City issued the following debt: \$44,930,000 in general obligation bonds with interest rates ranging from 3.00% - 5.00% with a maturity date of October 1, 2030 for certain capital improvements; \$1,203,000 in taxable general obligation bonds with interest rates ranging from 1.50% - 4.30% with a maturity date of October 1, 2020 for a certain capital improvement inside; \$7,105,000 of taxable general obligation bonds – recovery zone economic development bonds with interest rates ranging from 1.00% - 4.30% with a maturity date of October 1, 2020 for certain capital improvements; \$54,455,000 in temporary notes with an interest rate of 1.5% with a maturity date of June 1, 2011 for initial financing for certain capital improvements; and \$8,050,000 of taxable water and sewer system revenue bonds – Build America Bonds with interest rates ranging from 1.00% - 5.70% with a maturity date of July 1, 2035 for certain repairs, alterations, extensions, reconstructions, enlargements, or improvements to the System.



**Required
Supplementary Information**

City of Olathe, Kansas
Required Supplementary Information
Schedule of Funding Progress for OPEB
As of December 31, 2009

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	-	49,868,437	37.68%



Nonmajor Governmental Funds

Nonmajor Governmental Funds

Special Revenue Funds

Fire Levy

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

Motor Fuel Tax

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

Library Tax

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

Special Park and Recreation

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

Special Alcohol

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

Storm Water

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

Park Sales Tax

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



Nonmajor Governmental Funds

Special Revenue Funds

Reimbursable Programs

To account for miscellaneous donations for various designated purposes.

Grants Fund

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

Future Street Improvement

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

Park & Recreation Foundation

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

Recreation Fund

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

Cemetery

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

Mahaffie House Restoration

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



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, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Taxes:			
Property	\$ 14,920,703	\$ 14,887,522	\$ (33,181)
Sales	35,631,412	33,161,680	(2,469,732)
Franchise	8,613,057	8,452,020	(161,037)
Intergovernmental	788,199	901,862	113,663
Licenses and permits	1,301,667	897,555	(404,112)
Fines, forfeitures, and penalties	3,088,559	3,375,876	287,317
Charges for services	4,262,343	3,679,058	(583,285)
Use of money and property	1,000,000	188,045	(811,955)
Miscellaneous	323,971	523,635	199,664
Total revenues	<u>69,929,911</u>	<u>66,067,253</u>	<u>(3,862,658)</u>
Expenditures			
General government	17,072,169	2,225,055	14,847,114
Administration	2,952,037	2,828,178	123,859
Legal	1,414,780	1,474,874	(60,094)
Information technology services	4,126,797	3,637,368	489,429
Financial services	3,460,890	3,787,537	(326,647)
Public safety	35,332,000	34,000,165	1,331,835
Public works	9,948,197	10,104,535	(156,338)
Development services	3,344,410	3,570,588	(226,178)
Community services	5,742,375	5,379,890	362,485
Contingency	1,065,706	73,915	991,791
Total expenditures	<u>84,459,361</u>	<u>67,082,105</u>	<u>17,377,256</u>
Excess of revenues over expenditures	<u>(14,529,450)</u>	<u>(1,014,852)</u>	<u>13,514,598</u>
Other financing sources (uses)			
Transfers in	2,755,000	3,228,630	473,630
Transfers out	(1,335,000)	(2,186,494)	(851,494)
Total other financing sources (uses)	<u>1,420,000</u>	<u>1,042,136</u>	<u>(377,864)</u>
Net change in fund balance	<u>\$ (13,109,450)</u>	<u>27,284</u>	<u>\$ 13,136,734</u>
Fund balance - beginning of year - budget basis		<u>20,637,779</u>	
Fund balance - end of year - budget basis		<u>20,665,063</u>	
Encumbrances incurred and outstanding		<u>568,299</u>	
Fund balance - end of year - GAAP basis		<u>\$ 21,233,362</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, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
Revenues			
Taxes and special assessments	\$ 4,681,798	\$ 3,394,838	\$ (1,286,960)
Charge for services	-	-	-
Use of money and property	29,435	35,375	5,940
Total revenues	<u>4,711,233</u>	<u>3,430,213</u>	<u>(1,281,020)</u>
Expenditures			
General operations	100,000	482,956	(382,956)
Debt service	14,307,811	3,692,465	10,615,346
Total expenditures	<u>14,407,811</u>	<u>4,175,421</u>	<u>10,232,390</u>
Excess of revenues over (under) expenditures	<u>\$ (9,696,578)</u>	<u>(745,208)</u>	<u>\$ 8,951,370</u>
Fund balance - beginning of year		9,657,245	
Fund balance - end of year		<u>\$ 8,912,037</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, 2009

	<u>Budget</u>	<u>Actual</u>	Variance - Positive (Negative)
Revenues			
Taxes and special assessments	\$ 22,703,582	\$ 21,443,329	\$ (1,260,253)
Intergovernmental	-	56,647	56,647
Use of money and property	950,004	1,727,148	777,144
Miscellaneous	-	551,681	551,681
Total revenues	<u>23,653,586</u>	<u>23,778,805</u>	<u>125,219</u>
Expenditures			
General operations	500	750	(250)
Debt service:			
Principal retirements	43,354,421	19,510,000	23,844,421
Interest	<u>7,556,757</u>	<u>6,684,828</u>	<u>871,929</u>
Total expenditures	<u>50,911,678</u>	<u>26,195,578</u>	<u>24,716,100</u>
Excess of revenues over (under) expenditures	<u>(27,258,092)</u>	<u>(2,416,773)</u>	<u>24,841,319</u>
Other financing sources			
Bond premium	-	-	-
Transfers in	-	<u>49,522</u>	<u>49,522</u>
Total other financing sources	<u>-</u>	<u>49,522</u>	<u>49,522</u>
Net change in fund balance	<u>\$ (27,258,092)</u>	(2,367,251)	<u>\$ 24,890,841</u>
Fund balance - beginning of year		<u>32,036,952</u>	
Fund balance - end of year		<u>\$ 29,669,701</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, 2009

	Central Garage	Risk Management	Vehicle Replacement	Personal Computer Replacement	Totals
Assets					
Current assets					
Cash and cash equivalents	\$ 156,254	\$ 8,107,024	\$ 4,625,374	\$ 859,832	\$ 13,748,484
Inventories and prepaid assets	215,432	-	-	-	215,432
Total current assets	<u>371,686</u>	<u>8,107,024</u>	<u>4,625,374</u>	<u>859,832</u>	<u>13,963,916</u>
Noncurrent assets					
Restricted assets					
Due from reinsurance	-	-	-	-	-
Due from other funds	-	-	1,445,000	-	1,445,000
Deposit	-	11,000	-	-	11,000
Total restricted assets	<u>-</u>	<u>11,000</u>	<u>1,445,000</u>	<u>-</u>	<u>1,456,000</u>
Capital assets	198,119	-	37,928,013	366,486	38,492,618
Less accumulated depreciation	<u>(198,119)</u>	<u>-</u>	<u>(21,188,478)</u>	<u>(274,073)</u>	<u>(21,660,670)</u>
Net capital assets	<u>-</u>	<u>-</u>	<u>16,739,535</u>	<u>92,413</u>	<u>16,831,948</u>
Total assets	<u>\$ 371,686</u>	<u>\$ 8,118,024</u>	<u>\$ 22,809,909</u>	<u>\$ 952,245</u>	<u>\$ 32,251,864</u>
Liabilities and net assets					
Current liabilities					
Accounts and claims payable	\$ 107,002	\$ 3,218,089	\$ 53,912	\$ 24,727	\$ 3,403,730
Compensated absences	67,129	3,437	-	-	70,566
Total current liabilities	<u>174,131</u>	<u>3,221,526</u>	<u>53,912</u>	<u>24,727</u>	<u>3,474,296</u>
Noncurrent liabilities					
Deposit	-	11,000	-	-	11,000
Compensated absences	-	-	-	-	-
Total noncurrent liabilities	<u>-</u>	<u>11,000</u>	<u>-</u>	<u>-</u>	<u>11,000</u>
Total liabilities	<u>174,131</u>	<u>3,232,526</u>	<u>53,912</u>	<u>24,727</u>	<u>3,485,296</u>
Net assets					
Invested in capital assets	-	-	16,739,535	92,413	16,831,948
Unrestricted	<u>197,555</u>	<u>4,885,498</u>	<u>6,016,462</u>	<u>835,105</u>	<u>11,934,620</u>
Total net assets	<u>197,555</u>	<u>4,885,498</u>	<u>22,755,997</u>	<u>927,518</u>	<u>28,766,568</u>
Total liabilities and net assets	<u>\$ 371,686</u>	<u>\$ 8,118,024</u>	<u>\$ 22,809,909</u>	<u>\$ 952,245</u>	<u>\$ 32,251,864</u>

City of Olathe, Kansas
Combining Statement of Revenues, Expenses, and Changes in Net Assets
Internal Service Funds
For the Year Ended December 31, 2009

	<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	\$ 4,629,501	\$ 14,306,273	\$ 4,576,538	\$ 376,871	\$ 23,889,183
Operating expenses					
Administration and general	192,189	11,890,558	532,487	113,392	12,728,626
Depreciation	-	-	3,513,563	35,369	3,548,932
Equipment maintenance	4,425,956	-	-	-	4,425,956
Total operating expenses	<u>4,618,145</u>	<u>11,890,558</u>	<u>4,046,050</u>	<u>148,761</u>	<u>20,703,514</u>
Operating income (loss)	<u>11,356</u>	<u>2,415,715</u>	<u>530,488</u>	<u>228,110</u>	<u>3,185,669</u>
Nonoperating revenues (expenses)					
Interest income	849	46,940	43,342	8,453	99,584
Gain from sale of equipment	-	-	234,173	7,091	241,264
Transfers out	-	-	(140,000)	-	(140,000)
Total nonoperating revenues (expenses)	<u>849</u>	<u>46,940</u>	<u>137,515</u>	<u>15,544</u>	<u>200,848</u>
Net income (loss) before transfers and contributions	12,205	2,462,655	668,003	243,654	3,386,517
Net assets - beginning of year	185,350	2,422,843	22,087,994	683,864	25,380,051
Net assets - end of year	<u>\$ 197,555</u>	<u>\$ 4,885,498</u>	<u>\$ 22,755,997</u>	<u>\$ 927,518</u>	<u>\$ 28,766,568</u>



City of Olathe, Kansas
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2009

	Central Garage	Risk Management	Vehicle Replacement	Personal Computer Replacement	Totals
Cash Flows from Operating Activities					
Receipts from customers and users	\$ 4,629,501	\$ 14,306,273	\$ 4,576,538	\$ 376,871	\$ 23,889,183
Payments to suppliers	(3,134,540)	(11,750,573)	(1,689,403)	(133,077)	(16,707,593)
Payments to employees	(1,547,425)	(80,226)	-	-	(1,627,651)
Net cash provided by (used in) operating activities	<u>(52,464)</u>	<u>2,475,474</u>	<u>2,887,135</u>	<u>243,794</u>	<u>5,553,939</u>
Cash Flows from Noncapital Financing Activities					
Transfers to other funds	-	-	(140,000)	-	(140,000)
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>-</u>	<u>(140,000)</u>	<u>-</u>	<u>(140,000)</u>
Cash Flows from Capital and Related Financing Activities					
Acquisitions and construction of capital assets	-	-	(2,889,013)	(101,814)	(2,990,827)
Net cash (used in) capital and related financing activities	<u>-</u>	<u>-</u>	<u>(2,889,013)</u>	<u>(101,814)</u>	<u>(2,990,827)</u>
Cash Flows from Investing Activities					
Interest received	849	46,940	43,342	8,453	99,584
Net cash provided by (used in) investing activities	<u>849</u>	<u>46,940</u>	<u>43,342</u>	<u>8,453</u>	<u>99,584</u>
Net (decrease) in cash and cash equivalents	(51,615)	2,522,414	(98,536)	150,433	2,522,696
Cash and cash equivalents - beginning of year	207,869	5,584,610	4,723,910	709,399	11,225,788
Cash and cash equivalents - end of year	<u>\$ 156,254</u>	<u>\$ 8,107,024</u>	<u>\$ 4,625,374</u>	<u>\$ 859,832</u>	<u>\$ 13,748,484</u>
Reconciliation of operating income to net cash provided by (used in) operating activities					
Operating income (loss)	\$ 11,356	\$ 2,415,715	\$ 530,488	\$ 228,110	\$ 3,185,669
Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities					
Depreciation	-	-	3,513,563	35,369	3,548,932
Gain from disposal of capital assets	-	-	234,173	7,091	241,264
Changes in assets and liabilities					
Decrease in due from insurance companies	-	43,927	-	-	43,927
Decrease in due from other funds	-	-	(1,445,000)	-	(1,445,000)
(Increase) in inventories and prepaid assets	(52,816)	-	-	-	(52,816)
Increase (decrease) in accounts and claims payable	(14,273)	15,338	53,911	(26,776)	28,200
Increase (decrease) in compensated absences	3,269	494	-	-	3,763
Total adjustments	<u>(63,820)</u>	<u>59,759</u>	<u>2,356,647</u>	<u>15,684</u>	<u>2,368,270</u>
Net cash provided by operating activities	<u>\$ (52,464)</u>	<u>\$ 2,475,474</u>	<u>\$ 2,887,135</u>	<u>\$ 243,794</u>	<u>\$ 5,553,939</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, 2009

	Olathe Public Library	Olathe Public Housing Authority	Totals
Assets			
Cash and cash equivalents	\$ 385,109	\$ 755,939	\$ 1,141,048
Investments	1,907,856	360,250	2,268,106
Accounts receivable	-	4,565	4,565
Interest receivable	8,573	-	8,573
Due from primary government	182,608	-	182,608
Prepaid assets	129,554	33,214	162,768
Capital assets:			
Land, collection, and construction in progress	512,305	557,082	1,069,387
Other capital assets, net of accumulated depreciation	2,850,906	2,526,919	5,377,825
Total assets	<u>\$ 5,976,911</u>	<u>\$ 4,237,969</u>	<u>\$ 10,214,880</u>
Liabilities and net assets			
Liabilities			
Accounts payable	\$ 40,566	\$ 76,193	\$ 116,759
Accrued liabilities	30,015	-	30,015
Deferred revenue	-	260,219	260,219
Noncurrent liabilities:			
Due in one year	130,581	149,988	280,569
Due in more than one year	32,645	-	32,645
Total liabilities	<u>233,807</u>	<u>486,400</u>	<u>720,207</u>
Net assets			
Invested in capital assets	3,363,211	3,084,001	6,447,212
Unrestricted	2,379,893	667,568	3,047,461
Total net assets	<u>5,743,104</u>	<u>3,751,569</u>	<u>9,494,673</u>
Total liabilities and net assets	<u>\$ 5,976,911</u>	<u>\$ 4,237,969</u>	<u>\$ 10,214,880</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, 2009

	Olathe Public Library	Olathe Public Housing Authority	Totals
Expenses:			
Library operations	\$ 4,370,801	\$ -	\$ 4,370,801
Community services	-	3,306,321	3,306,321
Total expenses	<u>4,370,801</u>	<u>3,306,321</u>	<u>7,677,122</u>
Program revenues:			
Charges for services	203,557	308,907	512,464
Operating grants and contributions	138,252	2,682,230	2,820,482
Capital grants and contributions	-	98,925	98,925
Total program revenues	<u>341,809</u>	<u>3,090,062</u>	<u>3,431,871</u>
Net (expense)	(4,028,992)	(216,259)	(4,245,251)
General revenues			
Property taxes	4,214,546	-	4,214,546
Unrestricted investment earnings	113,667	2,865	116,532
Miscellaneous	-	45,185	45,185
Total general revenues	<u>4,328,213</u>	<u>48,050</u>	<u>4,376,263</u>
Change in net assets	299,221	(168,209)	131,012
Net assets - beginning of year	<u>5,443,883</u>	<u>3,919,778</u>	<u>9,363,661</u>
Net assets - end of year	<u>\$ 5,743,104</u>	<u>\$ 3,751,569</u>	<u>\$ 9,494,673</u>



City of Olathe, Kansas
Statement of Cash Flows
Discretely Presented Component Unit
Olathe Housing Authority
For the Year Ended December 31, 2009

	Totals
Cash Flows from Operating Activities	
Cash received	\$ 3,418,896
Cash paid to suppliers and employees	(3,071,425)
Net cash provided by operating activities	347,471
Cash Flows from Capital and Related Financing Activities	
Acquisition of capital assets	(116,063)
Cash Flows from Investing Activities	
Investments	(62,766)
Interest received	2,865
Net cash (used) for investing activities	(59,901)
Net (decrease) in cash and cash equivalents	171,507
Cash and cash equivalents, beginning of year	584,432
Cash and cash equivalents, end of year	\$ 755,939
Reconciliation of operating income to net cash provided by operating activities	
Operating income (loss)	\$ (171,074)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities	
Depreciation expense	263,071
Changes in operating assets and liabilities:	
Accounts receivable	571
Prepaid assets	(33,214)
Account payable	(4,811)
Changes in accrued liabilities	33,703
Changes in deferred revenues	259,225
Net cash provided by operating activities	\$ 347,471



Statistical Section

**City of Olathe, Kansas
Statistical Section**

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

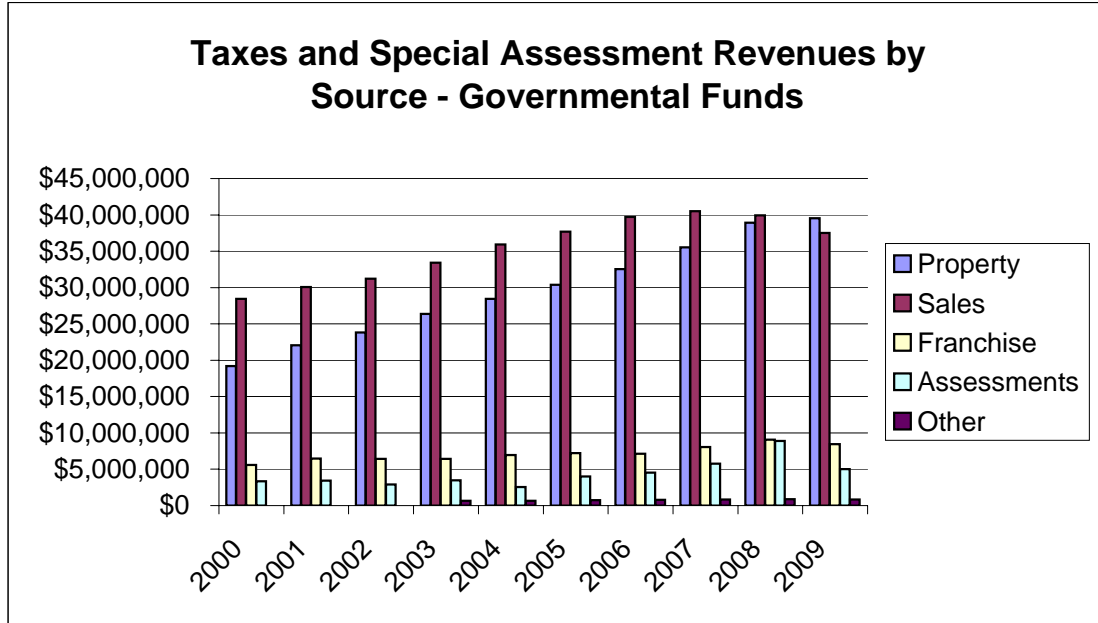
<u>Contents</u>	<u>Exhibit</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	1 - 5
Revenue Capacity These schedules contain information to help the reader assess the City's most significant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

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



City of Olathe, Kansas
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
2000	\$ 19,186,894	\$ 28,437,582	\$ 5,595,581	\$ 3,357,818	\$ -	\$ 56,577,875
2001	22,071,985	30,071,787	6,488,690	3,413,384	-	62,045,846
2002	23,840,130	31,204,139	6,444,779	2,898,109	-	64,387,157
2003	26,388,162	33,405,318	6,447,043	3,484,561	666,470	70,391,554
2004	28,442,019	35,941,908	6,939,895	2,560,239	671,636	74,555,697
2005	30,398,041	37,691,328	7,205,181	4,004,003	752,899	80,051,452
2006	32,558,421	39,706,793	7,131,807	4,529,689	770,973	84,697,683
2007	35,550,691	40,523,898	8,063,261	5,769,619	847,352	90,754,821
2008	38,923,447	39,937,282	9,087,300	8,907,889	865,892	97,721,810
2009	39,530,183	37,525,065	8,452,020	5,004,089	823,184	91,334,541
Change 2000 to 2009	48.54%	75.78%	66.20%	67.10%	N/A	61.95%



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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</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
Accommodation & Food Services						
(Hotel, Restaurant)	1,700,440	1,798,757	1,969,574	2,118,186	2,277,762	2,249,410
Utilities						
(Gas, Electric)	1,210,827	1,299,014	1,328,028	1,405,563	1,531,469	1,503,487
Information						
(Newsprint, Publishing)	1,042,414	904,731	800,898	1,060,532	1,116,833	1,144,893
Wholesale Trade						
(Wholesale Materials)	884,915	961,881	1,014,892	961,908	919,123	668,273
Manufacturing						
(Food, Beverage, Paper, Machinery)	670,852	695,507	845,003	750,185	683,550	542,126
Other Services						
(Auto Repair, Laundry)	629,077	707,068	666,628	703,340	672,897	673,127
Administrative, Support, Waste Management, & Remediation Services	198,912	243,945	222,905	231,479	220,864	179,478
Other	1,230,420	1,353,688	1,724,797	1,645,458	1,522,889	1,378,575
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>

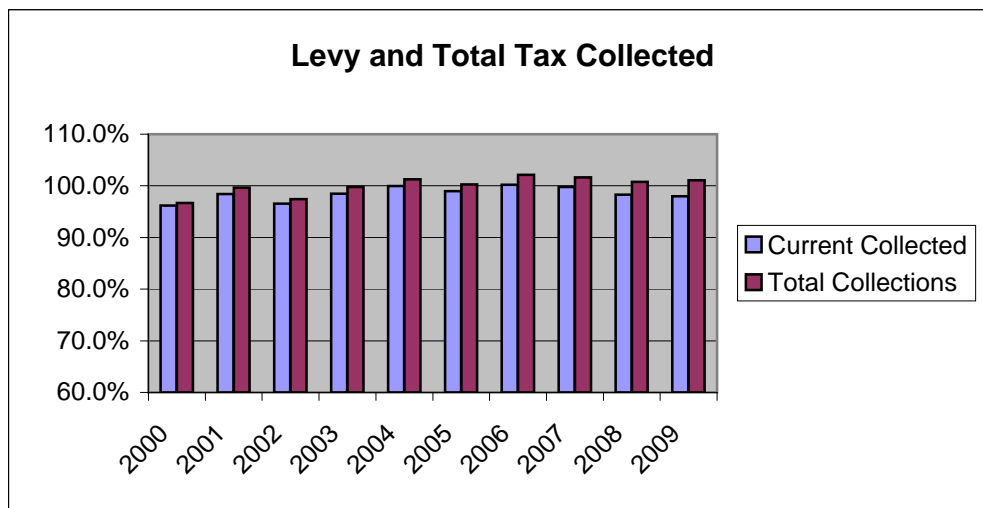
Source: Kansas Department of Revenue

**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
2000	\$ 17,014,509	\$ 16,364,845	96.2%	\$ 87,542	\$ 16,452,387	96.7%
2001	18,749,988	18,451,695	98.4%	236,749	18,688,444	99.7%
2002	21,372,406	20,633,584	96.5%	193,047	20,826,631	97.4%
2003	22,351,346	22,003,871	98.4%	292,038	22,295,909	99.8%
2004	24,224,871	24,213,190	100.0%	312,328	24,525,518	101.2%
2005	25,908,649	25,638,370	99.0%	339,922	25,978,292	100.3%
2006	28,038,320	28,091,326	100.2%	549,361	28,640,687	102.1%
2007	30,649,140	30,589,878	99.8%	560,852	31,150,730	101.6%
2008	33,822,104	33,250,808	98.3%	834,640	34,085,448	100.8%
2009	34,134,533	33,436,467	98.0%	1,074,274	34,510,741	101.1%

Source: Johnson County Appraiser

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



City of Olathe, Kansas
Direct and Overlapping Governmental Activities Debt
December 31, 2009

Taxing Unit	Net Debt to Nearest Date	Percentage Applicable to the City of Olathe	Estimated Share
Johnson County	\$ 253,070,000	17.06%	\$ 43,173,742
Johnson County Park and Recreation	4,030,000	17.06%	687,518
U.S.D. No. 229	360,875,000	3.30%	11,908,875
U.S.D. No. 230	54,680,000	14.47%	7,912,196
U.S.D. No. 231	108,430,000	1.33%	1,442,119
U.S.D. No. 232	172,305,000	1.58%	2,722,419
U.S.D. No. 233	369,800,687	68.65%	253,868,172
Johnson County Fire No. 2	5,070,000	21.96%	1,113,372
Johnson County Rural Fire No. 3	520,000	34.67%	180,284
Total estimated overlapping debt			<u>323,008,697</u>
City of Olathe's direct debt			305,159,135
Total direct and overlapping debt			<u><u>\$ 628,167,832</u></u>

Source: Johnson County

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

All Johnson County Taxing Units' debt is as of December 31, 2009. All other districts' debt is as of June 30, 2009

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
2000	\$ 23,881,012	\$ 11,636,595	\$ 12,244,417	\$ 3,155,000	\$ 1,586,442	2.58
2001	24,387,912	13,652,227	10,735,685	3,340,000	1,689,884	2.13
2002	25,814,644	16,200,173	9,614,471	4,730,000	1,630,821	1.51
2003	25,906,651	14,797,441	11,109,210	2,865,000	1,431,256	2.59
2004	23,788,401	16,317,215	7,471,186	4,040,000	1,272,111	1.41
2005	26,712,865	15,695,549	11,017,316	4,250,000	1,079,791	2.07
2006	30,907,688	18,622,540	12,285,148	4,550,000	778,491	2.31
2007	37,547,773	26,711,201	10,836,572	4,855,000	481,813	2.03
2008	26,067,558	20,261,768	5,805,790	2,770,000	361,026	1.85
2009	26,468,208	21,356,853	5,111,355	4,475,600	305,876	1.07

Solid Waste Revenue Bonds						
Fiscal Year	Revenues	Current Expenses (1)	Net Revenue Available for Debt Service	Principal Requirement	Interest Requirement	Coverage
2000	\$ 6,048,155	\$ 5,600,173	\$ 447,982	\$ 110,000	\$ 23,005	3.37
2001	6,569,191	6,329,458	239,733	115,000	16,985	1.82
2002	7,073,557	6,689,692	383,865	120,000	10,580	2.94
2003	-	-	-	-	-	-
2004	-	-	-	-	-	-
2005	-	-	-	-	-	-
2006	-	-	-	-	-	-
2007	-	-	-	-	-	-
2008	-	-	-	-	-	-
2009	-	-	-	-	-	-

Special Obligation Bonds and Developers' Agreements (2)					
Fiscal Year	Revenues	Principal Requirement	Interest Requirement	Developers' Agreement	Coverage (3)
2000	\$ 507,988	\$ 245,000	\$ 84,646	\$ -	1.54
2001	899,170	980,000	136,634	-	0.81
2002	1,200,625	1,140,000	152,051	-	0.93
2003	1,663,839	1,505,000	434,318	-	0.86
2004	1,217,265	445,000	350,053	72,302	1.40
2005	1,376,766	255,000	363,920	1,282,548	0.72
2006	1,135,633	160,000	347,781	311,362	1.39
2007	2,159,946	165,000	1,362,104	463,278	1.09
2008	2,903,859	450,000	2,298,631	483,650	0.90
2009	3,394,838	835,000	2,273,554	567,414	0.92

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

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

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

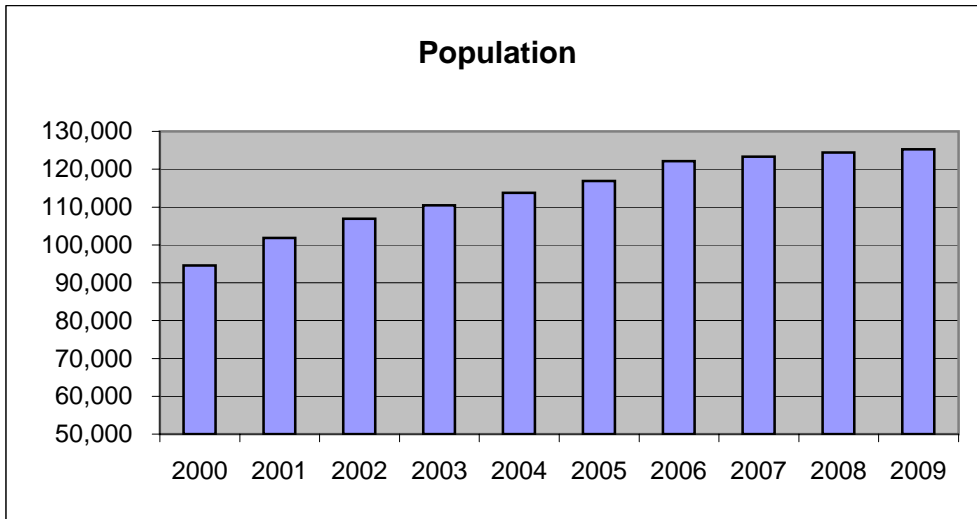
**City of Olathe, Kansas
Demographic and Economic Statistics
Last Ten Fiscal Years**

Fiscal Year	Population	Personal Income (2)*	Per Capita Personal Income	Unemployment Rates (1)
2000	94,548	\$ 4,123,995	\$ 43,618	2.1%
2001	101,829	4,452,066	43,721	3.3%
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	5.8%

* 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	2009			2000		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Company						
Johnson County	4,100	1	3.27%	3,327	2	3.52%
Olathe Unifed School District	3,717	2	2.97%	3,500	1	3.70%
Farmers Insurance	3,000	3	2.40%	-		-
GARMIN International	2,700	4	2.16%	579	7	0.61%
Olathe Medical Center	1,945	5	1.55%	1,560	3	-
Honeywell (Bendix/King)	1,100	6	0.88%	1,321	4	1.40%
TransAm Trucking	1,000	7	0.80%	823	6	0.87%
City of Olathe	950	8	0.08%	894	5	0.95%
Encore Receivable Management	900	9	0.72%	-		-
Mid America Nazarene University	750	10	0.60%	-		-
FAA	-		-	548	8	0.58%
Target	-		-	535	9	0.57%
O.T.R Express	-		-	521	10	0.55%
Totals	<u>20,162</u>		<u>15.42%</u>	<u>13,608</u>		<u>12.74%</u>

Source: Olathe Chamber of Commerce

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

Number of Customers

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

<u>Year</u>	<u>Water Customers</u>	<u>Sewer Customers</u>
2001	30,442	24,031
2002	31,412	24,779
2003	32,086	25,323
2004	32,621	25,883
2005	33,129	26,665
2006	33,534	27,228
2007	33,996	27,781
2008	34,140	27,912
2009	34,302	28,155

Water Production Requirements

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

<u>Year</u>	<u>Average Daily Demand</u>		<u>Annual Demand</u>	
	<u>Gallons (in millions)</u>	<u>Percent Change</u>	<u>Gallons (in millions)</u>	<u>Percent Change</u>
2001	11.86	-2.9%	4,327.66	-2.9%
2002	13.23	11.6%	4,830.08	11.6%
2003	13.39	1.2%	4,945.47	2.4%
2004	11.87	-11.4%	4,436.23	-10.3%
2005	13.18	11.0%	4,756.75	7.2%
2006	14.09	6.9%	4,974.84	4.6%
2007	13.10	-7.0%	4,790.67	-3.7%
2008	11.93	-8.9%	4,351.17	-9.2%
2009	11.58	-2.9%	4,253.65	-2.2%

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

Sewage Treatment Requirements

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

<u>Year</u>	<u>Average Daily Flow</u>		<u>Annual Demand</u>	
	<u>Gallons (in millions)</u>	<u>Percent Change</u>	<u>Gallons (in millions)</u>	<u>Percent Change</u>
2001	6.00	12.1%	2,323	19.1%
2002	5.40	-10.0%	2,000	-13.9%
2003	4.70	-13.0%	1,751	-12.5%
2004	5.30	12.8%	1,969	12.5%
2005	5.93	11.9%	2,183	10.9%
2006	4.80	-19.1%	1,788	-18.1%
2007	6.13	27.7%	2,254	26.1%
2008	6.21	1.3%	2,286	1.4%
2009	6.09	-1.9%	2,240	-2.0%

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 nine years.

<u>Year</u>	<u>Water System Peak Daily Demand (millions of gallons)</u>	<u>Sewage System Maximum Daily Flow (millions of gallons)</u>
2001	23.03	21.70
2002	25.04	22.50
2003	27.11	18.20
2004	19.38	12.80
2005	25.11	27.30
2006	24.59	13.20
2007	25.58	36.30
2008	21.99	28.02
2009	20.47	29.45

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

Largest Customers

The following table lists the ten largest users of the System based on the percentage of total 2009 revenue generated by each.

Water System			
Customer	Type of Enterprise	2009 Water Billing	Percentage of Total 2009 System Revenues
Olathe Medical Center	Hospital	\$ 43,230	0.32%
Cintas Corporation	Uniform Rental	38,973	0.29%
Great Plains Mall	Retail Mall	36,073	0.27%
Gunze Plastics	Plastics	34,138	0.25%
Olathe Medical Center Cooling Tower	Hospital	27,722	0.21%
Johnson County Adult Detention	Jail	22,440	0.17%
Aberdeen Village	Nursing Home	19,922	0.15%
Villa St. Francis	Nursing Home	19,226	0.14%
Good Samaritan	Nursing Home	16,899	0.13%
Federal Aviation Admin	Air Traffic Control Center	16,714	0.12%
Sewer System			
Customer	Type of Enterprise	2009 Sewer Charge	Percentage of Total 2009 System Revenues
Cintas Corporation	Uniform Rental	\$ 65,932	0.60%
Olathe Medical Center	Hospital	60,687	0.55%
Foodbrands Supply/Tyson	Distribution Center	53,171	0.48%
Great Plains Mall	Retail Mall	51,103	0.46%
Gunze Plastics	Plastics	41,534	0.38%
AMC Theaters	Movie Theatre	38,404	0.35%
Johnson County Adult Detention	Jail	31,530	0.29%
Villa St. Francis	Nursing Home	27,124	0.25%
Good Samaritan	Nursing Home	23,150	0.21%
Federal Aviation Admin	Air Traffic Control Center	23,057	0.21%