

# City of Olathe

## 2010 Comprehensive Annual Financial Report

For Year Ended December 31, 2010



# City of Olathe, Kansas

## Comprehensive Annual Financial Report

Year Ended December 31, 2010

### 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, 2010**

**Table of Contents**

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

**City of Olathe, Kansas**  
**Table of Contents (continued)**

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

# **Introductory Section**



May 20, 2011

***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, 2010.

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, 2010 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, 2010, are fairly presented in conformity with GAAP. The Auditor's report is presented as the first component of the financial section of this report.

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

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

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

## **Profile of the City**

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

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

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

Olathe 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 2010 population to be 126,162, making it the second largest city in Johnson County and the fifth largest city in the State. Olathe has blossomed not only into a full-blown city, but also a strong suburban community in the southwest portion of the metropolitan Kansas City area.

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 provides new jobs for local and regional residents. The City has transformed from a bedroom community into a force in the Kansas City Metropolitan Area. It continues to be an attractive location for both families and businesses. According to the U.S. Census, the City was the 24<sup>th</sup> fastest growing city in the U.S. (population over 100,000). Also, Money Magazine ranked

the City as the 11<sup>th</sup> Most Desirable Place to Live in the Central U.S. (population over 100,000). At the end of 2010, the City's unemployment rate was 6.1% compared to 6.8% for the State of Kansas and the national rate of 9.8%.

**Long-term financial planning.** The City prepares a five-year Capital Improvements Program (CIP). The CIP includes estimated costs for constructing, upgrading, and replacing the City's physical infrastructures. The fiscal year 2011-2015 CIP includes projects totaling an estimated \$204 million. Of the \$79 million for 2011, 47% is projected to come from sources other than General Obligation Debt (i.e., cash and intergovernmental revenues). In preparing the capital budget, needs are assessed, public improvements are prioritized and costs are projected. This budget is reviewed annually and projects are re-prioritized and the financial condition of the City is evaluated. The City has been building fund balance in the Debt Service Fund for several years. This will keep the mill levy rate fairly constant as several major projects are bonded (127<sup>th</sup> Street Overpass and the Railroad Grade Separation).

In addition to the infrastructure projects contained in the CIP, the City works closely with the Olathe Chamber of Commerce to aggressively promote economic development by attracting companies to locate or relocate facilities to Olathe. John Deere is currently constructing a new 126,150 square foot facility in the Corporate Ridge Office Park. More than 500 people will be employed at the facility. The Kansas Bioscience Authority is constructing a 39,000 square foot wet-lab incubator and office headquarters. Kansas State University is constructing the K-State Olathe innovation Campus' International animal Health and Food Safety Institute. The 108,000 square foot facility will include educational, lab, office, and public interactive spaces. Groundbreaking was held for a new Hilton Garden Inn which is scheduled for completion in 2012. The six story hotel will have 107 rooms, an in-house restaurant, and 3,500 square foot of meeting space for a total of 77,000 square feet.

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

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

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

**Major initiatives** A three tiered approach was taken to not only address the current challenges, but also place the City in a strong position for future years. The first tier, Business Practices, identifies cost savings through both public and private partnerships as well as cost saving technical solutions. Examples include moving police dispatch into the County Sheriff's department, outsourcing probation services, and the use of automation tools

and contracting for support services related to security and telephone services. Overall, the Business Practice tier results in an annual savings of \$2.3 million.

The second tier focuses on Growth and Development. Not only is the City undertaking fewer projects, the economy has also had a very significant impact on private growth and development. With fewer projects and less demand, capacity in those service areas is being reduced, primarily through position elimination. Thirteen positions supporting growth were eliminated in 2010 with a savings of \$1.4 million.

The final tier, Service Level Impacts, includes many one-time cuts that could have impact on City services. Many are one time cuts, but they were necessary and responsible at this time. Items include park maintenance, training, and equipment. In all, the Service Impact cuts amount to savings of \$1.6 million.

### **Awards and Acknowledgements**

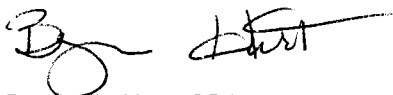
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Olathe for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2009. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

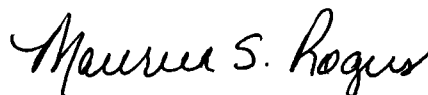
A Certificate of Achievement is valid for a period of one year only. The City has received a Certificate of Achievement for the last 32 consecutive years. We believe our current CAFR continues to conform to the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report could not have been accomplished without the professional, efficient and dedicated services of the staff of the Strategic Financial Management Department. We wish to express our appreciation to all members of the department that contributed to its preparation. Special thanks are extended to Curt Hanneman and Scott McDonald, Senior Accountants, for their primary role in preparation of this CAFR. We would also like to thank the City Council and City Manager for the direction and support necessary to plan and conduct the financial operations of the City in a responsible, sound manner. Finally, we would like to extend the City's thanks to Allen, Gibbs & Houlik, L.C. for the cooperation and professional assistance provided during the audit of the City's 2010 financial records.

Respectfully submitted,



Benjamin Hart, CPA  
Director of Resource Management



Maureen S. Rogers, CPA  
Accounting Manager/City Treasurer

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Olathe  
Kansas

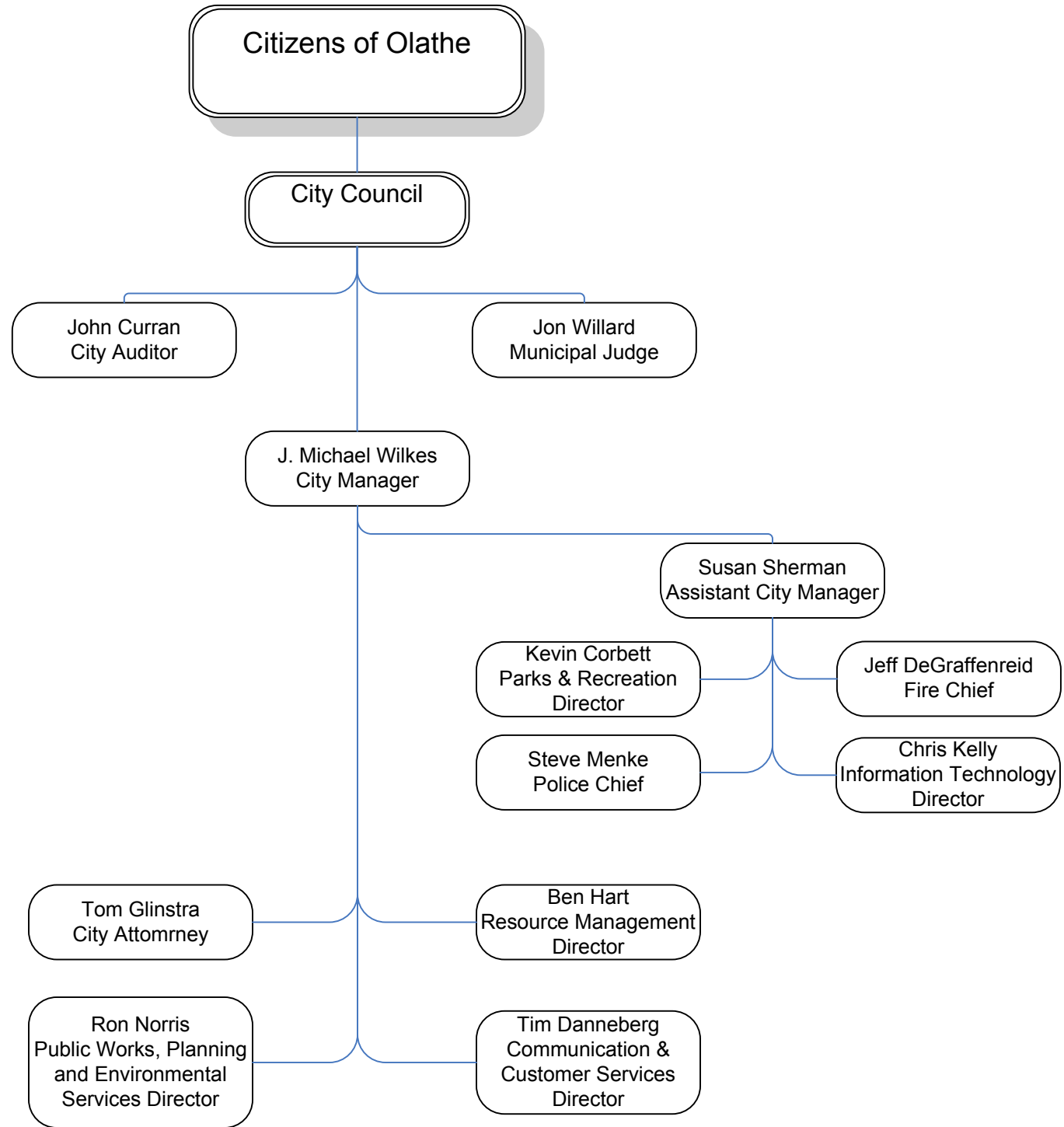
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2009

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



President

Executive Director



## **Financial Section**

## 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, 2010. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal which can be found on pages iii – vi of this report, the City's basic financial statements which begin on page 15, and the related notes to the basic financial statements which begin on page 33.

### Financial Highlights

- The assets of the City exceeded its liabilities at the close of 2010 by \$735,542,412 (net assets). Of this amount, \$92,983,486 (unrestricted net assets) may be used to meet the City's ongoing obligations.
- The City's total net assets increased by \$25,913,275. Donated capital assets from developers increased net assets by \$7,003,144.
- As of the close of 2010, the City's governmental funds reported combined ending fund balances of \$67,982,489, an increase of \$34,061,620 from the prior year. The primary reason for the overall increase in fund balance of the City's governmental funds was attributable to the amount of general obligation bonds issued in the Capital Projects Fund.
- At the end of 2010, the fund balance for the general fund was \$20,104,130 or 30.2% of general fund revenues.
- The City's total debt, including temporary notes, increased by \$48,242,079 during 2010 to a total of \$425,744,734. The key factor in this increase was the issuance of over \$50 million of revenue bonds.
- The Net OPEB Obligation as of the close of 2010 is \$4,523,523.
- The City reduced its work force by 21 positions in 2010. The salary savings for 2010 was \$822,354.
- The City implemented GASB 54 in 2010 which is one year earlier than required.

### Overview of the Financial Statements

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

#### Government-wide financial statements

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

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

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

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

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

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

### Fund financial statements

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

#### *Governmental funds*

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

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

The City maintains 17 individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, Capital Projects Fund, and Special Tax Financing Fund (debt service), all of which are considered to be major funds. Data from the other 13 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for the General Fund 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 33. They provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

## Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the City's financial position. In the case of the City, assets exceeded liabilities by \$735,542,412 at the close of 2010. The City's net assets increased by \$25,913,275. Governmental activities account for \$20,512,237 of the increase, while business-type activities increased \$5,401,038 in 2010.

### City of Olathe, Kansas Net Assets

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 226,499,228	\$ 231,216,366	\$ 70,990,941	\$ 34,831,281	\$ 297,490,169	\$ 266,047,647
Capital assets	617,895,817	601,368,032	298,098,621	275,814,360	915,994,438	877,182,392
Total assets	844,395,045	832,584,398	369,089,562	310,645,641	1,213,484,607	1,143,230,039
Long-term liabilities	232,694,524	194,933,384	110,512,215	58,990,693	343,206,739	253,924,077
Other liabilities	128,179,722	174,642,452	6,555,734	5,034,373	134,735,456	179,676,825
Total liabilities	360,874,246	369,575,836	117,067,949	64,025,066	477,942,195	433,600,902
Net assets:						
Invested in capital assets, net of related debt	319,933,077	297,492,212	227,495,313	228,819,361	547,428,390	526,311,573
Restricted	88,033,948	76,203,831	7,096,586	3,858,058	95,130,534	80,061,889
Unrestricted	75,553,774	89,312,519	17,429,714	13,943,156	92,983,488	103,255,675
Total net assets	\$ 483,520,799	\$ 463,008,562	\$ 252,021,613	\$ 246,620,575	\$ 735,542,412	\$ 709,629,137

By far the largest portion of the City's net assets (74%) 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, \$95,130,534, (13%) represents resources that are subject to external restrictions on how they may be used. \$79,482,157 of this is restricted for future debt service payments. This increased \$9,209,960 over the prior year. The City has been building up reserves in the Debt Service Fund to pay for future anticipated payments of debt.

The remaining balance of the net assets of \$92,983,488 (\$75,553,774 governmental activities and \$17,429,714 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	
	2010	2009	2010	2009	2010	2009
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 13,925,411	\$ 12,583,075	\$ 40,731,036	\$ 37,163,304	\$ 54,656,447	\$ 49,746,379
Operating grants and contributions	2,183,878	2,363,067	-	-	2,183,878	2,363,067
Capital grants and contributions	37,416,271	19,581,268	1,606,186	2,482,560	39,022,457	22,063,828
General revenues:						
Property taxes	38,567,592	39,530,183	-	-	38,567,592	39,530,183
Other taxes	47,776,174	46,800,269	-	-	47,776,174	46,800,269
Interest	98,681	2,762,325	(50,857)	139,245	47,824	2,901,570
Other	5,092,981	3,499,966	510,375	275,846	5,603,356	3,775,812
Total revenues	<u>145,060,988</u>	<u>127,120,153</u>	<u>42,796,740</u>	<u>40,060,955</u>	<u>187,857,728</u>	<u>167,181,108</u>
<b>Expenses:</b>						
General government	22,633,081	21,386,706	-	-	22,633,081	21,386,706
Public safety	37,472,183	35,456,647	-	-	37,472,183	35,456,647
Public works	41,971,765	38,794,754	-	-	41,971,765	38,794,754
Community services	12,182,817	8,834,620	-	-	12,182,817	8,834,620
Developmental services	-	3,674,810	-	-	-	3,674,810
Interest on long-term debt	10,352,168	10,706,329	-	-	10,352,168	10,706,329
Water and sewer	-	-	27,921,388	27,119,538	27,921,388	27,119,538
Solid waste	-	-	9,411,051	10,676,512	9,411,051	10,676,512
Total expenses	<u>124,612,014</u>	<u>118,853,866</u>	<u>37,332,439</u>	<u>37,796,050</u>	<u>161,944,453</u>	<u>156,649,916</u>
Excess before transfers	<u>20,448,974</u>	<u>8,266,287</u>	<u>5,464,301</u>	<u>2,264,905</u>	<u>25,913,275</u>	<u>10,531,192</u>
Transfers	63,263	101,722	(63,263)	(101,722)	-	-
Change in net assets	20,512,237	8,368,009	5,401,038	2,163,183	25,913,275	10,531,192
Net assets, beginning of year	<u>463,008,562</u>	<u>454,640,553</u>	<u>246,620,575</u>	<u>244,457,392</u>	<u>709,629,137</u>	<u>699,097,945</u>
Net assets, end of year	<u>\$ 483,520,799</u>	<u>\$ 463,008,562</u>	<u>\$ 252,021,613</u>	<u>\$ 246,620,575</u>	<u>\$ 735,542,412</u>	<u>\$ 709,629,137</u>

## Governmental activities

Governmental revenues increased \$17,940,835 or 14% over the prior year. The key component of this increase was an increase of \$17,835,003 in capital grants and contributions compared to the prior year. Several new special assessment districts were created in 2010. Property taxes decreased \$962,591 due to a decrease in the valuation. Sales tax increased \$148,012 due to a stabilizing economy. Interest income decreased \$2,663,644 due to lower interest rates on investments and lower value of the investments.

Governmental expenses increased \$5,758,148 or 4.8%. General government activities increased \$1,246,375. The development services function was eliminated in 2010 and those expenses were divided between public safety and public works. Community services expenses increased \$3,348,197 due to the movement of facilities maintenance area being moved to community services.

## Business-type activities

Business-type activities increased the City's net assets by \$5,401,038. Key elements of the changes between 2009 and 2010 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 \$1,532,306 in 2010.
- Charges for services increased \$3,567,732. This was due to an increase in the water service charges revenue after a very dry summer.

## **Financial Analysis of the City's Funds**

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

### Governmental funds

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

The general fund is the main operating fund of the City. At the end of 2010, unassigned fund balance of the general fund was \$17,999,342, while the total fund balance was \$20,104,130. Unassigned fund balance represents 27.1% of the total general fund revenues, while the total fund balance represents 30.2% of that same amount.

The fund balance of the City's general fund decreased by \$1,129,232 during 2010. The revenues increased by \$435,731 (less than 1%). Most revenues were similar to 2009 amounts. Expenditures increased by \$754,269 (1%). Transfers out increased by \$3,012,401. This was due to transfer made to the Debt Service fund to help with future debt payments.

The debt service fund has a total fund balance of \$29,180,689. \$28,030,689 of which is restricted for the payment of debt service. The net decrease in the fund balance during the current year in debt service was \$489,012. 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 \$36,144,985 during 2010. Due to the decrease in the economy, the City has reduced the capital projects. These projects are primarily funded by temporary notes until they are completed at which time they are bonded which is a major reason for the increase in fund balance. Some of these costs are recovered by assessing surrounding property owners.

The special tax financing levy fund has a restricted fund balance of \$6,354,560 at the end of 2010. The fund balance decreased by \$2,557,477 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 2010 amounted to \$13,105,137; and those of the Solid Waste and Golf Course amounted to \$1,660,454 and (\$134,074), respectively. The total change in net assets for the Water and Sewer Utility and Solid Waste were \$3,385,545 and \$1,370,357 respectively. There was no change in net assets for the Golf Course. The Golf Course has had no activity since 2003. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

## **General Fund Budgetary Highlights**

During the year, revenues were more than budgetary estimates by \$5,040,741 (8.2%). Sales tax was \$4,893,050 more than budget. Total expenditures were less than budgetary estimates by \$14,469,282 (17.5%). As part of the budgeting process the City budgets for a contingency reserve for unforeseen expenditures. Of the total difference in the budgeted expenditures, \$12,056,284 (83.3%) is due to the restricted 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, 2010, amounts to \$915,994,438 (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	
	2010	2009	2010	2009	2010	2009
Land	\$ 87,959,431	\$ 85,819,714	\$ 4,759,026	\$ 2,382,567	\$ 92,718,457	\$ 88,202,281
Buildings	76,826,224	58,708,552	32,402,429	32,402,429	109,228,653	91,110,981
Machinery & equipment	48,523,133	47,437,222	3,746,173	3,669,687	52,269,306	51,106,909
Swimming pools	10,908,808	6,962,045	-	-	10,908,808	6,962,045
Water system	-	-	183,360,797	153,550,101	183,360,797	153,550,101
Sewer system	-	-	127,140,045	124,874,528	127,140,045	124,874,528
Infrastructure	638,097,648	616,915,124	-	-	638,097,648	616,915,124
Construction in progress	36,318,877	36,441,321	15,993,186	23,376,508	52,312,063	59,817,829
Total capital assets	898,634,121	852,283,978	367,401,656	340,255,820	1,266,035,777	1,192,539,798
Less accumulated depreciation	280,738,304	250,915,946	69,303,035	64,441,460	350,041,339	315,357,406
Total capital assets (net)	<u>\$ 617,895,817</u>	<u>\$ 601,368,032</u>	<u>\$ 298,098,621</u>	<u>\$ 275,814,360</u>	<u>\$ 915,994,438</u>	<u>\$ 877,182,392</u>

Major additions to the capital assets this year include:

- Black Bob pool renovations
- Police Building Expansion
- Kansas State Bioscience Project

Long-term debt

At the end of 2010 the City had total bonded debt outstanding of \$289,383,000. Of this amount \$192,663,000 comprises debt backed by the full faith and credit of the City and \$41,325,000 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	
	2010	2009	2010	2009	2010	2009
General obligation bonds	\$ 192,663,000	\$ 158,725,000	\$ -	\$ -	\$ 192,663,000	\$ 158,725,000
Special obligation bonds	41,325,000	42,580,000	-	-	41,325,000	42,580,000
Revenue bonds	-	-	55,395,000	5,050,000	55,395,000	5,050,000
Total	<u>\$ 233,988,000</u>	<u>\$ 201,305,000</u>	<u>\$ 55,395,000</u>	<u>\$ 5,050,000</u>	<u>\$ 289,383,000</u>	<u>\$ 206,355,000</u>

The City's total debt, including temporary notes, increased by \$48,242,079 (12.8%) during 2010. The City issued \$54,455,000 of temporary notes, \$55,278,000 of general obligation bonds, and 50,870,000 of revenue bonds in 2010.

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 \$424,508,108 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 10, 2010 related to the City's General Obligation Series 215, Taxable General Obligation Series 216, Taxable General Obligation Bonds – Recovery Zone Economic Development – Series 217, and General Obligation Temporary Notes Series 2010-A. The financial information and operating data contained in this Official Statement is incorporated herein by reference

### **Requests for information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the Department of Strategic Financial Management, City of Olathe, 100 E. Santa Fe, Olathe, Kansas 66061.

# **Basic Financial Statements**

**City of Olathe, Kansas**  
**Statement of Net Assets**  
December 31, 2010

	Primary Government			Discretely Presented Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash, cash equivalents, and investments	\$ 125,028,936	\$ 55,604,556	\$ 180,633,492	\$ 3,834,809
Cash held by trustee or restricted	4,738,413	8,449,903	13,188,316	-
Receivables (net of allowance)				
Taxes	40,846,121	-	40,846,121	-
Special assessments	47,633,165	-	47,633,165	-
Accounts	683,482	4,452,147	5,135,629	17,710
Accrued interest	562,199	-	562,199	2,063
Loans	3,772,164	-	3,772,164	-
Due from primary government	-	-	-	1,221
Internal balances	(1,491,295)	1,491,295	-	-
Due from other governments	3,074,517	-	3,074,517	-
Inventories and other prepaid items	235,418	760,237	995,655	109,244
Capital assets:				
Land and construction in progress	124,278,308	20,752,212	145,030,520	1,597,549
Other capital assets, net of accumulated depreciation	493,617,509	277,346,409	770,963,918	5,140,465
Bond issuance costs	1,405,108	232,803	1,637,911	-
Other assets	11,000	-	11,000	-
Total assets	<u>\$ 844,395,045</u>	<u>\$ 369,089,562</u>	<u>\$ 1,213,484,607</u>	<u>\$ 10,703,061</u>
<b>Liabilities and net assets</b>				
<b>Liabilities</b>				
Accounts and other current liabilities	\$ 8,862,594	\$ 3,049,260	\$ 11,911,854	\$ 95,451
Interest payable	2,536,257	446,971	2,983,228	-
Due to component unit	1,221	-	1,221	-
Unearned revenue	37,046,308	-	37,046,308	731
Temporary notes	54,455,000	-	54,455,000	-
Noncurrent liabilities:				
Due within one year	25,278,342	3,059,503	28,337,845	284,109
Due in more than one year	232,694,524	110,512,215	343,206,739	31,403
Total liabilities	<u>360,874,246</u>	<u>117,067,949</u>	<u>477,942,195</u>	<u>411,694</u>
<b>Net assets</b>				
Invested in capital assets, net of related debt	319,933,077	227,495,313	547,428,390	7,363,533
Restricted for:				
Debt service	79,482,157	7,096,586	86,578,743	-
Public safety	108,368	-	108,368	-
Capital improvements	755,573	-	755,573	-
Community services	7,335,982	-	7,335,982	-
General government	351,868	-	351,868	-
Unrestricted	75,553,774	17,429,714	92,983,488	2,927,834
Total net assets	<u>483,520,799</u>	<u>252,021,613</u>	<u>735,542,412</u>	<u>10,291,367</u>
Total liabilities and net assets	<u>\$ 844,395,045</u>	<u>\$ 369,089,562</u>	<u>\$ 1,213,484,607</u>	<u>\$ 10,703,061</u>

See accompanying notes to the basic financial statements

**City of Olathe, Kansas**  
**Statement of Activities**  
For the Year Ended December 31, 2010

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government</b>					
Governmental activities					
General government	\$ 22,633,081	\$ 3,932,061	\$ 1,078,275	\$ -	\$ (17,622,745)
Public safety	37,472,183	3,845,049	537,745	440,770	(32,648,619)
Public works	41,971,765	4,403,430	150,163	35,143,334	(2,274,838)
Community services	12,182,817	1,744,871	417,695	1,832,167	(8,188,084)
Interest on long-term debt	10,352,168	-	-	-	(10,352,168)
Total governmental activities	<u>124,612,014</u>	<u>13,925,411</u>	<u>2,183,878</u>	<u>37,416,271</u>	<u>(71,086,454)</u>
<b>Business-type activities</b>					
Water and sewer	27,921,388	29,555,094	-	1,606,186	3,239,892
Solid waste	9,411,051	11,175,942	-	-	1,764,891
Total business-type activities	<u>37,332,439</u>	<u>40,731,036</u>	<u>-</u>	<u>1,606,186</u>	<u>5,004,783</u>
Total primary government	<u>\$ 161,944,453</u>	<u>\$ 54,656,447</u>	<u>\$ 2,183,878</u>	<u>\$ 39,022,457</u>	<u>\$ (66,081,671)</u>
<b>Nonmajor discretely presented component units</b>					
Olathe Public Library	\$ 4,244,078	\$ 187,788	\$ 117,059	\$ -	\$ (3,939,231)
Olathe Public Housing Authority	3,614,920	311,052	3,311,210	554,910	562,252
Total component units	<u>\$ 7,858,998</u>	<u>\$ 498,840</u>	<u>\$ 3,428,269</u>	<u>\$ 554,910</u>	<u>\$ (3,376,979)</u>

**City of Olathe, Kansas**  
**Statement of Activities**  
For the Year Ended December 31, 2010

	<b>Primary Government</b>			<b>Discretely Presented Component Units</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	
Changes in net assets				
Net (expense) revenue	\$ (71,086,454)	\$ 5,004,783	\$ (66,081,671)	\$ (3,376,979)
General revenues				
Taxes:				
Property taxes, levied for general purpose	20,749,930	-	20,749,930	4,096,227
Property taxes, levied for debt service	17,817,662	-	17,817,662	-
Sales tax	37,673,077	-	37,673,077	-
Franchise taxes	9,264,850	-	9,264,850	-
Transient guest tax	838,247	-	838,247	-
Unrestricted investment earnings	98,681	(50,857)	47,824	77,510
Miscellaneous	5,092,981	510,375	5,603,356	(64)
Transfers - internal activities	63,263	(63,263)	-	-
Total general revenues and transfers	<u>91,598,691</u>	<u>396,255</u>	<u>91,994,946</u>	<u>4,173,673</u>
Change in net assets	20,512,237	5,401,038	25,913,275	796,694
Net assets - beginning of year	463,008,562	246,620,575	709,629,137	9,494,673
Net assets - end of year	<u>\$ 483,520,799</u>	<u>\$ 252,021,613</u>	<u>\$ 735,542,412</u>	<u>\$ 10,291,367</u>

See accompanying notes to the basic financial statements

**City of Olathe, Kansas**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2010**

	General	Debt Service		Capital Projects	Other Governmental Funds	Total Governmental Funds
		Debt Service	Special Tax Financing			
<b>Assets</b>						
Cash, cash equivalents, and investments	\$ 16,050,594	\$ 25,358,117	\$ 1,261,851	\$ 45,642,492	\$ 18,927,185	\$ 107,240,239
Cash held by trustee	-	-	4,738,413	-	-	4,738,413
Receivables (net of allowance)						
Taxes	18,781,550	13,973,090	1,861,749	-	6,229,732	40,846,121
Accounts	154,395	-	-	-	529,087	683,482
Accrued interest	179,942	382,257	-	-	-	562,199
Special assessments	-	47,633,165	-	-	-	47,633,165
Loans	-	-	-	-	3,772,164	3,772,164
Due from other funds	300,950	-	-	-	-	300,950
Due from other governments	91,947	-	-	1,604,022	1,378,548	3,074,517
Total assets	<u>\$ 35,559,378</u>	<u>\$ 87,346,629</u>	<u>\$ 7,862,013</u>	<u>\$ 47,246,514</u>	<u>\$ 30,836,716</u>	<u>\$ 208,851,250</u>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 1,996,709	\$ -	\$ 47,453	\$ 943,241	\$ 99,400	\$ 3,086,803
Accrued payroll	1,441,857	-	-	-	-	1,441,857
Due to other funds	-	-	-	-	166,876	166,876
Due to component unit	-	-	-	-	1,221	1,221
Deferred revenue	12,016,682	58,165,940	1,460,000	-	10,074,382	81,717,004
Temporary notes	-	-	-	54,455,000	-	54,455,000
Total liabilities	<u>15,455,248</u>	<u>58,165,940</u>	<u>1,507,453</u>	<u>55,398,241</u>	<u>10,341,879</u>	<u>140,868,761</u>
<b>Fund balances</b>						
Non spendable	300,950	-	-	-	-	300,950
Restricted	-	28,030,689	6,354,560	-	8,551,791	42,937,040
Committed	-	-	-	-	11,943,046	11,943,046
Assigned	1,803,838	1,150,000	-	-	-	2,953,838
Unassigned	17,999,342	-	-	(8,151,727)	-	9,847,615
Total fund balances	<u>20,104,130</u>	<u>29,180,689</u>	<u>6,354,560</u>	<u>(8,151,727)</u>	<u>20,494,837</u>	<u>67,982,489</u>
Total liabilities and fund balances	<u>\$ 35,559,378</u>	<u>\$ 87,346,629</u>	<u>\$ 7,862,013</u>	<u>\$ 47,246,514</u>	<u>\$ 30,836,716</u>	<u>\$ 208,851,250</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, 2010**

Total fund balance - all governmental funds \$ 67,982,489

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. 617,895,817

Land and construction in progress	124,278,308
Capital assets being depreciated	774,355,813
Accumulated depreciation	(280,738,304)

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. (260,509,123)

Interest payable	(2,536,257)
Noncurrent liabilities:	
Due within one year	
General obligation bonds	(21,033,000)
Special obligation bonds	(1,230,000)
Capitalized leases	(62,973)
Developer's cost	(560,982)
Compensated absences	(1,803,886)
Bond issuance premium	(587,501)
Due in more than one year	
General obligation bonds	(171,630,000)
Special obligation bonds	(40,095,000)
Capitalized leases	-
Developer's cost	(6,792,895)
Compensated absences	(1,507,603)
Net OPEB obligation	(3,799,760)
Bond issuance premium	(8,869,266)

Long-term assets are not available to pay current period expenditures and are therefore deferred in the fund statements. 44,670,696

Special assessments	44,192,850
Due from other governments	477,846

Governmental funds report the effect of issuance costs, premiums and discounts when the debt is first issued, whereas these amounts are deferred and amortized in the government-wide statements 1,405,108

Bond issuance costs, net	1,405,108
--------------------------	-----------

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. 12,075,812

Internal service fund capital assets, net	(15,807,438)
Internal service fund debt	76,620
Internal service fund net assets	30,604,827
Internal service fund due to business-type	(2,798,197)

Net assets of governmental activities \$ 483,520,799

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, 2010**

	General	Debt Service		Capital Projects	Other Governmental Funds	Total Governmental Funds
		Debt Service	Special Tax Financing			
<b>Revenues</b>						
Taxes:						
Property	\$ 14,145,503	\$ 16,271,937	\$ 1,545,725	\$ -	\$ 6,604,427	\$ 38,567,592
Sales	33,184,204	209,745	1,816,777	-	2,462,351	37,673,077
Franchise	9,264,850	-	-	-	-	9,264,850
Transient guest	-	-	-	-	838,247	838,247
Special assessments	-	6,448,680	-	486,318	-	6,934,998
Intergovernmental	857,703	-	-	12,352,093	7,239,638	20,449,434
Licenses and permits	813,254	-	-	-	-	813,254
Fines, forfeitures, and penalties	3,323,570	-	-	-	-	3,323,570
Charges for services	4,176,138	-	5,000	-	5,607,449	9,788,587
Use of money and property	385	86,076	11,426	13,882	(5,708)	106,061
Miscellaneous	737,377	50,725	-	1,360,453	503,659	2,652,214
Total revenues	<u>66,502,984</u>	<u>23,067,163</u>	<u>3,378,928</u>	<u>14,212,746</u>	<u>23,250,063</u>	<u>130,411,884</u>
<b>Expenditures</b>						
Current:						
General government	13,646,677	87,457	1,776,026	-	5,873,005	21,383,165
Public safety	35,092,126	-	-	-	869,887	35,962,013
Public works	11,612,844	-	-	-	1,205,393	12,818,237
Community services	6,946,390	-	-	-	4,931,346	11,877,736
Development services	555,790	-	-	-	-	555,790
Capital improvements	-	-	-	41,708,828	-	41,708,828
Debt service:						
Principal retirements	61,463	19,210,000	1,255,000	-	-	20,526,463
Interest and fiscal charges	6,973	6,903,522	2,226,501	1,544,753	-	10,681,749
Total expenditures	<u>67,922,263</u>	<u>26,200,979</u>	<u>5,257,527</u>	<u>43,253,581</u>	<u>12,879,631</u>	<u>155,513,981</u>
Excess of revenues over (under) expenditures	<u>(1,419,279)</u>	<u>(3,133,816)</u>	<u>(1,878,599)</u>	<u>(29,040,835)</u>	<u>10,370,432</u>	<u>(25,102,097)</u>
<b>Other financing sources (uses)</b>						
Issuance of general obligation bonds	-	-	-	53,148,000	-	53,148,000
Issuance of refunding bonds	-	-	-	2,130,000	-	2,130,000
Payment to refunded bond escrow	-	-	-	(2,130,000)	-	(2,130,000)
Bond premium	-	-	-	5,232,055	-	5,232,055
Temporary note premium	-	-	-	268,520	-	268,520
Transfers in	5,488,942	2,644,804	-	7,957,591	702,721	16,794,058
Transfers out	(5,198,895)	-	(678,878)	(1,420,346)	(8,980,797)	(16,278,916)
Total other financing sources (uses)	<u>290,047</u>	<u>2,644,804</u>	<u>(678,878)</u>	<u>65,185,820</u>	<u>(8,278,076)</u>	<u>59,163,717</u>
Net changes in fund balances	<u>(1,129,232)</u>	<u>(489,012)</u>	<u>(2,557,477)</u>	<u>36,144,985</u>	<u>2,092,356</u>	<u>34,061,620</u>
Fund balances - beginning of year	<u>21,233,362</u>	<u>29,669,701</u>	<u>8,912,037</u>	<u>(44,296,712)</u>	<u>18,402,481</u>	<u>33,920,869</u>
Fund balances - end of year	<u>\$ 20,104,130</u>	<u>\$ 29,180,689</u>	<u>\$ 6,354,560</u>	<u>\$ (8,151,727)</u>	<u>\$ 20,494,837</u>	<u>\$ 67,982,489</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, 2010**

Net change in fund balances - all governmental funds \$ 34,061,620

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. 13,892,937

Capital outlay	\$ 45,472,478	
Depreciation	(31,579,541)	

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. (41,317,152)

Principal payments	21,340,000	
Issuance of general obligation bonds	(55,278,000)	
Premium	(5,232,055)	
Special obligation debt	1,255,000	
Issuance special obligation debt	(2,838,352)	
OPEB	(625,208)	
Capital lease payments	61,463	

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. 413,534

Compensated absences	108,961	
Interest expense	304,573	

Revenues in the statement of activities that do not provide current financing resources are not reported as revenues in the funds. 12,215,717

Special assessments	9,691,986	
Donated capital assets	5,540,838	
Capital grant	(3,017,107)	

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. 52,458

Internal service funds are used by management to charge costs of certain activities, such as insurance, purchasing, and fleet maintenance to certain funds. The net revenue (expense) of certain internal service funds is reported with governmental activities. 1,193,123

Change in net assets of governmental activities \$ 20,512,237

*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, 2010**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Taxes:				
Property	\$ 14,077,785	\$ 14,077,785	\$ 14,145,503	\$ 67,718
Sales	28,291,154	28,291,154	33,184,204	4,893,050
Franchise	9,697,876	9,697,876	9,264,850	(433,026)
Intergovernmental	817,983	817,983	857,703	39,720
Licenses and permits	764,706	764,706	813,254	48,548
Fines, forfeitures, and penalties	3,187,294	3,187,294	3,323,570	136,276
Charges for services	3,683,787	3,683,787	4,176,138	492,351
Use of money and property	-	-	385	385
Miscellaneous	941,658	941,658	737,377	(204,281)
Total revenues	<u>61,462,243</u>	<u>61,462,243</u>	<u>66,502,984</u>	<u>5,040,741</u>
<b>Expenditures</b>				
General government	14,133,147	14,133,147	3,106,881	11,026,266
Administration	2,854,168	2,854,168	2,645,142	209,026
Legal	1,317,037	1,317,037	1,283,105	33,932
Information technology services	3,934,330	3,934,330	3,677,869	256,461
Financial services	3,316,820	3,316,820	3,189,958	126,862
Public safety	36,285,276	36,285,276	35,326,169	959,107
Public works	11,698,252	11,698,252	11,643,138	55,114
Development services	647,069	647,069	555,546	91,523
Community services	7,637,050	7,637,050	6,914,059	722,991
Contingency	1,000,000	1,000,000	12,000	988,000
Total expenditures	<u>82,823,149</u>	<u>82,823,149</u>	<u>68,353,867</u>	<u>14,469,282</u>
Excess of revenues over expenditures	<u>(21,360,906)</u>	<u>(21,360,906)</u>	<u>(1,850,883)</u>	<u>19,510,023</u>
<b>Other financing sources (uses)</b>				
Transfers in	5,408,845	5,408,845	5,488,942	80,097
Transfers out	<u>(4,449,322)</u>	<u>(4,449,322)</u>	<u>(5,198,895)</u>	<u>(749,573)</u>
Total other financing sources (uses)	959,523	959,523	290,047	(669,476)
Net change in fund balance	<u>\$ (20,401,383)</u>	<u>\$ (20,401,383)</u>	<u>(1,560,836)</u>	<u>\$ 18,840,547</u>
Fund balance - beginning of year - budget basis			<u>20,665,063</u>	
Fund balance - end of year - budget basis			19,104,227	
Encumbrances incurred and outstanding			999,903	
Fund balance - end of year - GAAP basis			<u>\$ 20,104,130</u>	

See accompanying notes to the basic financial statements

**City of Olathe, Kansas**  
**Statement of Net Assets**  
**Proprietary Funds**  
**December 31, 2010**

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental</b>
	<b>Major</b>		<b>Nonmajor</b>		<b>Activities -</b>
	<b>Water and Sewer Fund</b>	<b>Solid Waste Fund</b>	<b>Golf Course</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ 53,680,546	\$ 1,924,010	\$ -	\$ 55,604,556	\$ 17,788,697
Cash held by trustee	1,353,317	-	-	1,353,317	-
Accounts receivable (net of allowance)	3,203,503	1,248,644	-	4,452,147	-
Due from other funds	-	-	-	-	280,338
Inventories and other prepaid items	756,728	3,509	-	760,237	235,418
Total current assets	<u>58,994,094</u>	<u>3,176,163</u>	<u>-</u>	<u>62,170,257</u>	<u>18,304,453</u>
Noncurrent assets:					
Restricted assets:					
Cash and cash equivalents	7,096,586	-	-	7,096,586	-
Due from other funds	-	-	-	-	892,490
Other	-	-	-	-	11,000
Total restricted assets	<u>7,096,586</u>	<u>-</u>	<u>-</u>	<u>7,096,586</u>	<u>903,490</u>
Capital assets:					
Capital assets not being depreciated					
Land	3,075,469	1,283,232	400,325	4,759,026	-
Construction in progress	15,993,186	-	-	15,993,186	-
Total capital assets not being depreciated	<u>19,068,655</u>	<u>1,283,232</u>	<u>400,325</u>	<u>20,752,212</u>	<u>-</u>
Capital assets being depreciated					
Buildings	32,402,429	-	-	32,402,429	-
Machinery and equipment	2,094,244	1,651,929	-	3,746,173	39,230,408
Water system	183,360,797	-	-	183,360,797	-
Sewer system	127,140,045	-	-	127,140,045	-
Total capital assets being depreciated	<u>344,997,515</u>	<u>1,651,929</u>	<u>-</u>	<u>346,649,444</u>	<u>39,230,408</u>
Less accumulated depreciation	(68,703,018)	(600,017)	-	(69,303,035)	(23,422,970)
Total capital assets (net of accumulated depreciation)	<u>295,363,152</u>	<u>2,335,144</u>	<u>400,325</u>	<u>298,098,621</u>	<u>15,807,438</u>
Bond issuance costs, net	232,803	-	-	232,803	-
Total noncurrent assets	<u>302,692,541</u>	<u>2,335,144</u>	<u>400,325</u>	<u>305,428,010</u>	<u>16,710,928</u>
Total assets	<u>\$ 361,686,635</u>	<u>\$ 5,511,307</u>	<u>\$ 400,325</u>	<u>\$ 367,598,267</u>	<u>\$ 35,015,381</u>

**City of Olathe, Kansas**  
**Statement of Net Assets**  
**Proprietary Funds**  
**December 31, 2010**

	Business-type Activities - Enterprise Funds				Governmental Activities -
	Major		Nonmajor		Internal Service Funds
	Water and Sewer Fund	Solid Waste Fund	Golf Course	Total	
<b>Liabilities and net assets</b>					
Current liabilities:					
Accounts and claims payable	\$ 3,019,767	\$ 29,493	\$ -	\$ 3,049,260	\$ 4,322,934
Interest payable	446,971	-	-	446,971	-
Compensated absences	359,977	115,315	-	475,292	58,916
Due to other funds	-	280,338	-	280,338	-
Current portion of capital lease	754,515	-	-	754,515	-
Current portion of revolving loan	1,194,696	-	-	1,194,696	-
Current portion of revenue bonds	635,000	-	-	635,000	-
Total current liabilities	<u>6,410,926</u>	<u>425,146</u>	<u>-</u>	<u>6,836,072</u>	<u>4,381,850</u>
Noncurrent liabilities:					
Compensated absences	154,902	17,133	-	172,035	17,704
Due to other funds	-	892,490	134,074	1,026,564	-
Capital lease, net	12,649,509	-	-	12,649,509	-
Revolving loan, net	41,952,060	-	-	41,952,060	-
Revenue bonds, net	54,760,000	-	-	54,760,000	-
Net OPEB obligation	542,823	180,940	-	723,763	-
Deposit	254,848	-	-	254,848	11,000
Total noncurrent liabilities	<u>110,314,142</u>	<u>1,090,563</u>	<u>134,074</u>	<u>111,538,779</u>	<u>28,704</u>
Total liabilities	<u>116,725,068</u>	<u>1,515,709</u>	<u>134,074</u>	<u>118,374,851</u>	<u>4,410,554</u>
<b>Net assets</b>					
Invested in capital assets, net of related debt	224,759,844	2,335,144	400,325	227,495,313	15,807,438
Restricted for bond requirements	7,096,586	-	-	7,096,586	-
Unrestricted	13,105,137	1,660,454	(134,074)	14,631,517	14,797,389
Total net assets	<u>244,961,567</u>	<u>3,995,598</u>	<u>266,251</u>	<u>249,223,416</u>	<u>30,604,827</u>
Total liabilities and net assets	<u>\$ 361,686,635</u>	<u>\$ 5,511,307</u>	<u>\$ 400,325</u>		<u>\$ 35,015,381</u>

Reconciliation to government-wide statement of net assets:

Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds	<u>2,798,197</u>
Net assets of business-type activities	<u>\$ 252,021,613</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, 2010**

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental</b>	
	<b>Major</b>		<b>Nonmajor</b>	<b>Activities -</b>	
	<b>Water and Sewer Fund</b>	<b>Solid Waste Fund</b>	<b>Golf Course</b>	<b>Internal Service Funds</b>	
			<b>Total</b>		
Operating revenues					
Charges for services	\$ 29,555,094	\$ 11,175,942	\$ -	\$ 40,731,036	\$ 24,757,065
Miscellaneous	510,374	-	-	510,374	-
Total operating revenues	<u>30,065,468</u>	<u>11,175,942</u>	<u>-</u>	<u>41,241,410</u>	<u>24,757,065</u>
Operating expenses					
Water production	3,559,686	-	-	3,559,686	-
Wastewater treatment	3,575,964	-	-	3,575,964	-
Water and sewer maintenance	3,047,607	-	-	3,047,607	-
Administration and general	11,349,570	2,531,170	-	13,880,740	14,007,626
Equipment maintenance	-	-	-	-	5,231,462
Sanitation expense	-	4,405,105	-	4,405,105	-
Transfer station expense	-	2,736,542	-	2,736,542	-
Depreciation and amortization	4,799,954	78,373	-	4,878,327	3,511,230
Total operating expenses	<u>26,332,781</u>	<u>9,751,190</u>	<u>-</u>	<u>36,083,971</u>	<u>22,750,318</u>
Operating income	<u>3,732,687</u>	<u>1,424,752</u>	<u>-</u>	<u>5,157,439</u>	<u>2,006,747</u>
Nonoperating revenues (expenses)					
Interest income	(49,812)	(1,045)	-	(50,857)	(7,380)
Interest expense	(1,850,253)	(43,350)	-	(1,893,603)	-
Principal forgiveness	73,880	-	-	73,880	-
Gain from sale of equipment	-	-	-	-	290,771
Total nonoperating revenues (expenses)	<u>(1,826,185)</u>	<u>(44,395)</u>	<u>-</u>	<u>(1,870,580)</u>	<u>283,391</u>
Net income before transfers and capital contributions	1,906,502	1,380,357	-	3,286,859	2,290,138
Transfers out	(53,263)	(10,000)	-	(63,263)	(451,879)
Capital contributions	1,532,306	-	-	1,532,306	-
Change in net assets	3,385,545	1,370,357	-	4,755,902	1,838,259
Net assets - beginning of year	241,576,022	2,625,241	266,251		28,766,568
Net assets - end of year	<u>\$ 244,961,567</u>	<u>\$ 3,995,598</u>	<u>\$ 266,251</u>		<u>\$ 30,604,827</u>

Reconciliation to government-wide statement of activities:

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

645,136

Change in net assets of business-type activities

\$ 5,401,038

See accompanying notes to the basic financial statements

**City of Olathe, Kansas**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2010**

	Business-type Activities - Enterprise Funds			Governmental	
	Major		Nonmajor	Activities -	
	Water and Sewer Fund	Solid Waste Fund	Golf Course	Total	Internal Service Funds
<b>Cash Flows from Operating Activities</b>					
Receipts from customers and users	\$ 29,222,490	\$ 11,096,441	\$ -	\$ 40,318,931	\$ 24,757,065
Payments to suppliers	(10,525,497)	(7,862,322)	-	(18,387,819)	(15,947,612)
Payments to employees	(8,378,026)	(3,489,352)	-	(11,867,378)	(1,823,259)
Net cash provided by (used in) operating activities	10,318,967	(255,233)	-	10,063,734	6,986,194
<b>Cash Flows from Noncapital Financing Activities</b>					
Transfers to other funds	(53,263)	(10,000)	-	(63,263)	(451,879)
Net cash provided by (used in) noncapital financing activities	(53,263)	(10,000)	-	(63,263)	(451,879)
<b>Cash Flows from Capital and Related Financing Activities</b>					
Acquisitions and construction of capital assets	(25,819,852)	-	-	(25,819,852)	(2,486,722)
Proceeds from revolving loans	3,461,104	-	-	3,461,104	-
Proceeds from revenue bonds	50,870,000	-	-	50,870,000	-
Principal paid on revenue bonds	(525,000)	-	-	(525,000)	-
Interest paid on revenue bonds	(475,319)	-	-	(475,319)	-
Principal paid on revolving loans	(1,217,390)	-	-	(1,217,390)	-
Interest paid on revolving loans	(1,338,266)	-	-	(1,338,266)	-
Principal paid on capital lease	(137,631)	(302,688)	-	(440,319)	-
Interest paid on capital lease	(25,664)	(43,350)	-	(69,014)	-
Net cash provided by (used in) capital and related financing activities	24,791,982	(346,038)	-	24,445,944	(2,486,722)
<b>Cash Flows from Investing Activities</b>					
Interest received	(49,812)	(1,045)	-	(50,857)	(7,380)
Net cash provided by (used in) investing activities	(49,812)	(1,045)	-	(50,857)	(7,380)
Net increase (decrease) in cash and cash equivalents	35,007,874	(612,316)	-	34,395,558	4,040,213
Cash and cash equivalents - beginning of year	27,122,575	2,536,326	-	29,658,901	13,748,484
Cash and cash equivalents - end of year	\$ 62,130,449	\$ 1,924,010	\$ -	\$ 64,054,459	\$ 17,788,697

**City of Olathe, Kansas**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2010**

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental Activities -</b>
	<b>Major</b>		<b>Nonmajor</b>		<b>Internal Service Funds</b>
	<b>Water and Sewer Fund</b>	<b>Solid Waste Fund</b>	<b>Golf Course</b>	<b>Total</b>	
<b>Reconciliation of operating income to net cash provided by operating activities</b>					
Operating income	\$ 3,732,687	\$ 1,424,752	\$ -	\$ 5,157,439	\$ 2,006,747
Adjustments to reconcile operating income to cash provided by operating activities					
Depreciation and amortization	4,799,954	78,373	-	4,878,327	3,511,230
Gain from disposal of capital assets	-	-	-	-	290,771
Changes in assets and liabilities					
(Increase) decrease in receivables	(332,604)	(79,501)	-	(412,105)	272,172
(Increase) decrease in inventories	(258,900)	2,778	-	(256,122)	(19,986)
Increase (decrease) in accounts and claims payable	2,216,813	(1,426,285)	-	790,528	919,206
Increase in due to other funds	-	(272,172)	-	(272,172)	-
Increase in interest payable	13,773	(11,154)	-	2,619	-
Increase in net OPEB obligation	89,307	29,769	-	119,076	-
Increase in compensated absences	57,937	(1,793)	-	56,144	6,054
Total adjustments	<u>6,586,280</u>	<u>(1,679,985)</u>	<u>-</u>	<u>4,906,295</u>	<u>4,979,447</u>
Net cash provided by (used in) operating activities	<u>\$ 10,318,967</u>	<u>\$ (255,233)</u>	<u>\$ -</u>	<u>\$ 10,063,734</u>	<u>\$ 6,986,194</u>
Noncash investing capital and financing activities:					
Contributed capital assets	\$ 1,532,306	\$ -	\$ -	\$ 1,532,306	\$ -
Principal forgiveness	73,880	-	-	73,880	-

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, 2010**

**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, 2010**

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, 2010**

*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. This fund is considered a debt service fund.

*Capital Projects*

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

The City reports the following major proprietary funds:

*Water and Sewer*

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

*Solid Waste*

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

**Proprietary Funds**

Proprietary funds use the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. All assets and liabilities (whether current or noncurrent) associated with a proprietary fund's activities are included on its statement of net assets. 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, 2010**

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, 2010**

*f. Accounts Receivable*

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

*g. Inventories and Prepaid Items*

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

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

*h. Capital Assets*

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

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

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

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

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

*i. Budgets and Budgetary Accounting*

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

**City of Olathe, Kansas**  
**Notes to the Basic Financial Statements**  
**December 31, 2010**

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

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

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

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

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

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

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

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, 2010**

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."

During 2010, the City adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The new Statement changed how fund balances are classified and reported, and clarified the definitions of existing governmental fund types. The new fund balance classifications for the City are described below. There was no affect on the City's total reported fund balance or changed in fund balance.

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

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

**City of Olathe, Kansas**  
**Notes to the Basic Financial Statements**  
**December 31, 2010**

*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, 2010, the Capital Projects Fund had a deficit fund balance of \$8,151,727. This deficit primarily arose from proceeds of short-term temporary notes which have not been refinanced on a long-term basis and are not recognized as an “other financing source.” Liabilities for temporary notes payable are accounted for in the Capital Projects Fund. The deficit will be reduced and eliminated as the short-term notes are refinanced on a long-term basis and transfers from other revenue sources are made.

**3. Deposits and investments**

The City pools idle cash from all funds for the purpose of increasing income through investment activities. Investments are carried at fair value, which approximates cost. Interest income on investments and appreciation/depreciation in fair value investments are allocated to the governmental fund types and Proprietary fund types on the basis of average monthly cash balances. State statutes authorize the City to invest in fully collateralized or fully insured money market accounts, time deposits, the State of Kansas Municipal Investment Pool, direct debt securities of the United States, and fully collateralized repurchase agreements. The State of Kansas Municipal Investment Pool is operated by the State Treasurer and is not an SEC registered pool. The Pooled Money Investment Board (PMIB) provides the regulatory oversight for this pool.

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

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
State investment pool - overnight	On Demand	\$ 35,536,295
U.S. Treasury Bill	11-Feb-11	7,024,319
U.S. Treasury Bill	30-Nov-11	7,027,615
U.S. Treasury Bill	29-Feb-12	11,064,020
U.S. Treasury Bill	31-Jul-11	4,107,188
U.S. Treasury Bill	31-Mar-11	3,175,284
U.S. Treasury Bill	31-Aug-11	5,025,195
U.S. Treasury Bill	31-Aug-11	8,040,312
U.S. Treasury Bill	30-Sep-11	15,080,865
U.S. Treasury Note	31-Jan-12	11,951,924
U.S. Bank Money Market	On Demand	35,413,993
Total		<u>\$ 143,447,010</u>

**City of Olathe, Kansas**  
**Notes to the Basic Financial Statements**  
**December 31, 2010**

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, 2010, City funds not held in depository accounts had been invested in certificates of deposits, U.S. Treasury Obligations, the Kansas Municipal Investment Pool (rated AAf/S1 by Standard & Poor’s), and US Bank Money Market (rated A+ by Standard & Poor’s).

Concentration of Credit Risk – At December 31, 2010, of total cash and investment, the City invested \$43 million, or 23%, in certificates of deposit, \$73 million, or 38%, in U.S. Treasury Obligations, and \$71 million, or 38%, 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, 2010, all of the City’s deposits and investments were fully insured by federal depository insurance or otherwise collateralized by securities held in the City’s name. The City has \$72,496,721 of U.S. Treasury Securities that are held by the investment counter party.

**4. Taxes and Special Assessments**

Taxes and special assessments revenue by fund type, including interest and penalties, are as follows for fiscal year 2010:

	<b>Major</b>			<b>Special Tax Financing</b>	<b>Other</b>	<b>Total</b>
	<b>General</b>	<b>Debt Service</b>	<b>Capital Projects</b>		<b>Governmental Funds</b>	
Property tax	\$ 14,145,503	\$ 16,271,937	\$ -	\$ 1,545,725	\$ 6,604,427	\$ 38,567,592
Sales tax	33,184,204	209,745	-	1,816,777	2,462,351	37,673,077
Franchise tax	9,264,850	-	-	-	-	9,264,850
Transient guest tax	-	-	-	-	838,247	838,247
Special assessment	-	6,448,680	486,318	-	-	6,934,998
	<u>\$ 56,594,557</u>	<u>\$ 22,930,362</u>	<u>\$ 486,318</u>	<u>\$ 3,362,502</u>	<u>\$ 9,905,025</u>	<u>\$ 93,278,764</u>

**City of Olathe, Kansas**  
**Notes to the Basic Financial Statements**  
**December 31, 2010**

Taxes and special assessments receivable by fund type are as follows for fiscal year 2010.

	<b>Major</b>			<b>Other</b>	<b>Total</b>
	<b>General</b>	<b>Debt Service</b>	<b>Special Tax Financing</b>	<b>Governmental Funds</b>	
Property tax	\$ 11,669,419	\$ 13,973,090	\$ 1,460,000	\$ 5,624,841	\$ 32,727,350
Sales tax	5,714,028	-	401,749	394,909	6,510,686
Franchise tax	1,398,103	-	-	-	1,398,103
Transient guest tax	-	-	-	209,982	209,982
Special assessment	-	47,633,165	-	-	47,633,165
	<u>\$ 18,781,550</u>	<u>\$ 61,606,255</u>	<u>\$ 1,861,749</u>	<u>\$ 6,229,732</u>	<u>\$ 88,479,286</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, 2009 on which the 2010 levy was based was \$1,257,531,784.

The City's property tax levies per \$1,000 assessed valuation for the year ended December 31, 2010 were as follows:

<b>Fund</b>	<b>Levy</b>
General	\$ 9.270
Special revenue	4.470
Debt service	11.100
	<u>\$ 24.840</u>

The City property taxes for 2010 were assessed in November of 2009 and distributed to the City in 2010 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, 2010**

**5. Intergovernmental Receivables and Revenue**

Amounts due from other governments as of December 31, 2010 are as follows:

	<u>Major</u>		<u>Other</u>	<u>Totals</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Governmental Funds</u>	
<b>Federal</b>				
Department of Housing and Urban Development	\$ -	\$ -	\$ 211,419	\$ 211,419
Department of Energy	-	-	25,124	25,124
Department of Justice	-	-	70,853	70,853
<b>State</b>				
Department of Revenue	80,000	-	996,787	1,076,787
Department of Transportation	-	1,031,560	9,534	1,041,094
Highway Department	11,947	-	-	11,947
<b>Local</b>				
Kansas City Area Transportation Authority	-	-	64,831	64,831
Johnson County	-	572,462	-	572,462
	<u>\$ 91,947</u>	<u>\$ 1,604,022</u>	<u>\$ 1,378,548</u>	<u>\$ 3,074,517</u>

Intergovernmental revenues for the year ended December 31, 2010 consisted of the following:

	<u>Major</u>		<u>Other</u>	<u>Totals</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Governmental Funds</u>	
<b>Federal</b>				
Department of Housing and Urban Development	\$ -	\$ 74,135	\$ 2,130,120	\$ 2,204,255
Energy	-	-	235,507	235,507
FEMA	-	-	367,535	367,535
Justice	-	-	83,977	83,977
<b>State</b>				
Liquor Tax	352,454	-	704,910	1,057,364
State Highway Connecting Links	48,940	-	-	48,940
Special Highway	-	-	3,262,709	3,262,709
Department of Health and Environment	-	-	123,508	123,508
Department of Wildlife and Parks	-	-	6,803	6,803
Department of Transportation	-	5,994,495	42,900	6,037,395
<b>County</b>				
Street improvements	-	6,283,463	-	6,283,463
Herritage Trust	-	-	48,055	48,055
Emergency Management	-	-	6,039	6,039
<b>Local</b>				
New Freedom	-	-	3,000	3,000
Kansas City Area Transportation Authority	-	-	224,575	224,575
Unified School District 233	456,309	-	-	456,309
	<u>\$ 857,703</u>	<u>\$ 12,352,093</u>	<u>\$ 7,239,638</u>	<u>\$ 20,449,434</u>

**City of Olathe, Kansas**  
**Notes to the Basic Financial Statements**  
**December 31, 2010**

**6. Capital Assets**

Capital Asset activity for the year ended December 31, 2010 was as follows:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Retirements</u>	<u>End of Year</u>
<b>Governmental activities</b>				
Capital assets, not being depreciated				
Land	\$ 85,819,714	\$ 2,139,717	\$ -	\$ 87,959,431
Construction in progress	36,441,321	40,550,671	40,673,115	36,318,877
Total capital assets, not being depreciated	<u>122,261,035</u>	<u>42,690,388</u>	<u>40,673,115</u>	<u>124,278,308</u>
Capital assets being depreciated				
Buildings	58,708,552	18,117,672	-	76,826,224
Machinery and equipment	47,437,222	2,996,963	1,911,052	48,523,133
Swimming pools	6,962,045	3,946,763	-	10,908,808
Infrastructure	616,915,124	21,182,524	-	638,097,648
Total capital assets being depreciated	<u>730,022,943</u>	<u>46,243,922</u>	<u>1,911,052</u>	<u>774,355,813</u>
Less accumulated depreciation for				
Buildings	(13,112,668)	(1,569,809)	-	(14,682,477)
Machinery and equipment	(28,556,089)	(4,098,305)	(1,757,182)	(30,897,212)
Swimming pools	(1,974,086)	(85,977)	-	(2,060,063)
Infrastructure	(207,273,102)	(25,825,450)	-	(233,098,552)
Total accumulated depreciation	<u>(250,915,945)</u>	<u>(31,579,541)</u>	<u>(1,757,182)</u>	<u>(280,738,304)</u>
Total capital assets being depreciated, net	479,106,998	14,664,381	153,870	493,617,509
Governmental activities capital assets, net	<u>\$ 601,368,033</u>	<u>\$ 57,354,769</u>	<u>\$ 40,826,985</u>	<u>\$ 617,895,817</u>
<b>Business-type activities</b>				
Capital assets, not being depreciated				
Land	\$ 2,382,567	\$ 2,376,459	\$ -	\$ 4,759,026
Construction in progress	23,376,507	12,677,656	20,060,977	15,993,186
Total capital assets, not being depreciated	<u>25,759,074</u>	<u>15,054,115</u>	<u>20,060,977</u>	<u>20,752,212</u>
Capital assets being depreciated				
Buildings	32,402,429	-	-	32,402,429
Machinery and equipment	3,669,687	83,526	7,040	3,746,173
Water system	153,550,101	29,810,696	-	183,360,797
Sewer system	124,874,527	2,265,518	-	127,140,045
Total capital assets being depreciated	<u>314,496,744</u>	<u>32,159,740</u>	<u>7,040</u>	<u>346,649,444</u>
Less accumulated depreciation for				
Buildings	(6,192,507)	(779,303)	-	(6,971,810)
Machinery and equipment	(1,357,516)	(163,344)	(7,040)	(1,513,820)
Water system	(32,780,104)	(2,230,252)	-	(35,010,356)
Sewer system	(24,111,333)	(1,695,716)	-	(25,807,049)
Total accumulated depreciation	<u>(64,441,460)</u>	<u>(4,868,615)</u>	<u>(7,040)</u>	<u>(69,303,035)</u>
Total capital assets being depreciated, net	250,055,284	27,291,125	-	277,346,409
Business-type activities capital assets, net	<u>\$ 275,814,358</u>	<u>\$ 42,345,240</u>	<u>\$ 20,060,977</u>	<u>\$ 298,098,621</u>

**City of Olathe, Kansas**  
**Notes to the Basic Financial Statements**  
**December 31, 2010**

<b>Component units</b>	<b>Beginning of Year</b>	<b>Additions</b>	<b>Retirements</b>	<b>End of Year</b>
<b>Capital assets, not being depreciated</b>				
Land	\$ 890,191	\$ -	\$ -	\$ 890,191
Construction in Progress	114,971	534,102	6,560	642,513
Art collection	20,845	-	-	20,845
Kansas Room Collection	43,380	620	-	44,000
Total capital assets, not being depreciated	<u>1,069,387</u>	<u>534,722</u>	<u>6,560</u>	<u>1,597,549</u>
<b>Capital assets being depreciated</b>				
Land improvements	44,881	66,753	-	111,634
Buildings and improvements	11,168,614	89,726	-	11,258,340
Machinery and equipment	884,538	43,437	8,697	919,278
Books and materials	4,103,302	374,086	374,375	4,103,013
Total capital assets being depreciated	<u>16,201,335</u>	<u>574,002</u>	<u>383,072</u>	<u>16,392,265</u>
<b>Less accumulated depreciation for</b>				
Land improvements	(7,155)	(7,269)	-	(14,424)
Buildings	(6,861,459)	(391,363)	-	(7,252,822)
Machinery and equipment	(721,251)	(69,192)	(8,633)	(781,810)
Books and materials	(3,233,645)	(343,474)	(374,375)	(3,202,744)
Total accumulated depreciation	<u>(10,823,510)</u>	<u>(811,298)</u>	<u>(383,008)</u>	<u>(11,251,800)</u>
Total capital assets being depreciated, net	<u>5,377,825</u>	<u>(237,296)</u>	<u>64</u>	<u>5,140,465</u>
Component units capital assets, net	<u>\$ 6,447,212</u>	<u>\$ 297,426</u>	<u>\$ 6,624</u>	<u>\$ 6,738,014</u>

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

<b>Government activities</b>	
General government	\$ 1,024,663
Public safety	817,578
Public works	26,063,547
Community services	162,523
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of assets	<u>3,511,230</u>
Total depreciation expense for governmental activities	<u>\$ 31,579,541</u>
<b>Business-type activities</b>	
Water and sewer	\$ 4,790,242
Solid Waste	78,373
Total depreciation expense for business-type activities	<u>\$ 4,868,615</u>

**City of Olathe, Kansas**  
**Notes to the Basic Financial Statements**  
**December 31, 2010**

**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, 2010

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Retirements</u>	<u>End of Year</u>	<u>Due in One Year</u>
<b>Governmental</b>					
Temporary notes	\$ 97,765,000	\$ 54,455,000	\$ 97,765,000	\$ 54,455,000	\$ 54,455,000
				<u>Interest Rate</u>	<u>Maturity Date</u>
<b>Temporary Notes</b>					
Citywide improvements			1.50%	1-Jun-11	\$ 8,393,618
Water and sewer improvements			1.50%	1-Jun-11	5,347,805
Street and sidewalk improvements			1.50%	1-Jun-11	40,713,577
					<u>\$ 54,455,000</u>

**Long-term debt**

The following is a summary of the long-term debt transactions of the City for the year ended December 31, 2010.

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Retirements</u>	<u>End of Year</u>	<u>Due in One Year</u>
<b>Governmental</b>					
General obligation bonds	\$ 158,725,000	\$ 55,278,000	\$ 21,340,000	\$ 192,663,000	\$ 21,033,000
Special obligations bonds	42,580,000	-	1,255,000	41,325,000	1,230,000
Capitalized leases	124,436	-	61,463	62,973	62,973
Developer's cost	5,964,699	2,838,352	1,449,174	7,353,877	560,982
Compensated absences	3,420,450	2,477,665	2,586,626	3,311,489	1,803,886
Net OPEB Obligation	3,174,552	1,429,928	804,720	3,799,760	-
	<u>213,989,137</u>	<u>62,023,945</u>	<u>27,496,983</u>	<u>248,516,099</u>	<u>24,690,841</u>
Add: bond issuance premium	4,681,384	5,232,055	456,672	9,456,767	587,501
Total governmental debt	<u>218,670,521</u>	<u>67,256,000</u>	<u>27,953,655</u>	<u>257,972,866</u>	<u>25,278,342</u>
<b>Business-type</b>					
Revenue bonds	5,050,000	50,870,000	525,000	55,395,000	635,000
KDHE revolving loan	40,976,922	3,461,104	1,291,270	43,146,756	1,194,696
Capitalized leases	13,844,342	-	440,318	13,404,024	754,515
Compensated absences	591,183	963,332	907,190	647,325	475,292
Net OPEB Obligation	604,687	272,356	153,280	723,763	-
Total business-type debt	<u>61,067,134</u>	<u>55,566,792</u>	<u>3,317,058</u>	<u>113,316,868</u>	<u>3,059,503</u>
Total primary government	<u>\$ 279,737,655</u>	<u>\$ 122,822,792</u>	<u>\$ 31,270,713</u>	<u>\$ 371,289,734</u>	<u>\$ 28,337,845</u>

**City of Olathe, Kansas**  
**Notes to the Basic Financial Statements**  
**December 31, 2010**

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

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

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

**Bonds**

	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>End of Year</u>
<b>Governmental activities</b>				
<b>General Obligation Bonds</b>				
2001 Series 198 improvement bonds	6,825,000	4.25 - 4.625	1-Oct-11	\$ 680,000
2001 Series 199 improvement bonds	4,575,000	4.25 - 4.625	1-Oct-11	455,000
2002 Series 200 improvement bonds	9,210,000	2.00 - 4.00	1-Oct-12	1,840,000
2002 Series 201 refunding	13,650,000	3.00 - 4.25	1-Oct-14	2,590,000
2002 Series 202 improvement bonds	800,000	3.50 - 5.40	1-Oct-12	160,000
2003 Series 203 improvement bonds	19,675,000	2.25 - 4.25	1-Apr-23	9,875,000
2003 Series 204 improvement bonds	1,475,000	3.50 - 5.50	1-Apr-18	775,000
2004 Series 205 improvement bonds	24,535,000	3.00 - 5.00	1-Oct-24	11,725,000
2004 Series 206 refunding COPS	11,190,000	3.00 - 4.30	1-Oct-20	7,585,000
2005 Series 207 improvement bonds	28,980,000	4.00 - 5.00	1-Oct-25	15,700,000
2006 Series 208 improvement bonds	20,320,000	4.00 - 5.00	1-Oct-26	13,180,000
2007 Series 209 improvement bonds	21,530,000	4.00 - 5.00	1-Oct-27	16,730,000
2007 Series 210 improvement bonds	6,030,000	4.00	1-Oct-17	4,230,000
2008 Series 211 improvement bonds	35,400,000	4.00 - 5.00	1-Oct-28	30,600,000
2009 Series 212 improvement bonds	21,650,000	2.00 - 4.25	1-Oct-29	20,315,000
2009 Series 213 improvement bonds	1,360,000	1.75 - 4.60	1-Oct-19	1,265,000
2010 Series 214 improvement bonds	2,130,000	2.00	1-Oct-14	1,810,000
2010 Series 215 improvement bonds	44,930,000	3.00 - 5.00	1-Oct-30	44,930,000
2010 Series 216 improvement bonds	1,203,000	1.50 - 4.30	1-Oct-20	1,203,000
2010 Series 217 improvement bonds	7,015,000	1.00 - 4.30	1-Oct-20	7,015,000
Total General Obligation Bonds				<u>\$192,663,000</u>

**City of Olathe, Kansas**  
**Notes to the Basic Financial Statements**  
**December 31, 2010**

	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>End of Year</u>
<b>Governmental activities</b>				
<b>Special Obligation Bonds</b>				
2002 Series Southgate Phase TIF	\$ 5,700,000	4.90 - 6.20	1-Mar-22	\$ 4,345,000
2006 Series Olathe Gateway TIF	13,030,000	4.75 - 5.00	1-Mar-26	12,210,000
2006 Series Olathe Gateway TDD	9,195,000	4.75 - 5.00	1-Dec-28	8,810,000
2007 Series West Village TIF	16,565,000	5.00 - 5.50	1-Sep-26	15,960,000
				<u>\$ 41,325,000</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 \$6,293,565, payable through March 2022. For the current year, principal and interest paid and total incremental revenues were \$643,428 and \$506,735, 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 \$18,475,525. For the current year, principal and interest paid and total incremental tax revenues were \$941,450 and \$486,912, respectively.

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.

There was \$267,834.49 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, 2010 debt service payment.

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

**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 \$14,016,138, payable through December 2028. For the current year, principal and interest paid and total incremental tax revenues were \$616,069 and \$250,749 respectively.

**City of Olathe, Kansas**  
**Notes to the Basic Financial Statements**  
**December 31, 2010**

There was \$197,609.20 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, 2010 debt service payment.

There was \$183,341.01 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, 2010 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 \$24,858,820, payable through September 2026. For the current year, interest and total incremental tax revenues were \$1,280,555 and \$905,386 respectively.

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.

There was \$196,206.24 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, 2010 debt service payment.

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

	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>End of Year</u>
<b>Business-type activities</b>				
<b>Revenue Bonds</b>				
2008 Water and Sewer System revenue bonds	\$ 2,155,000	3.00 - 4.250	1-Jul-28	\$ 2,045,000
2009 Water and Sewer System revenue bonds	3,110,000	2.00 - 4.600	1-Jul-29	2,835,000
2010 Water and Sewer System revenue bonds	6,540,000	0.60 - 5.800	1-Jul-30	6,185,000
2010 Water and Sewer System revenue bonds	8,050,000	1.00 - 5.700	1-Jul-35	8,050,000
2010 Water and Sewer System revenue bonds	36,280,000	1.00 - 6.000	1-Jul-36	36,280,000
Total revenue bonds				<u>\$ 55,395,000</u>

**City of Olathe, Kansas**  
**Notes to the Basic Financial Statements**  
**December 31, 2010**

Year	<b>Governmental Activities</b>					
	<b>General Obligation Bonds</b>		<b>Special Obligation Bonds</b>		<b>Total</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2011	\$ 21,033,000	\$ 8,957,392	\$ 1,230,000	\$ 2,160,478	\$ 22,263,000	\$ 11,117,870
2012	20,580,000	7,351,214	1,350,000	2,096,625	21,930,000	9,447,839
2013	19,635,000	6,513,621	1,480,000	2,025,740	21,115,000	8,539,361
2014	18,610,000	5,697,908	1,620,000	1,946,895	20,230,000	7,644,803
2015	16,110,000	4,898,321	1,765,000	1,860,460	17,875,000	6,758,781
2016 - 2020	54,490,000	15,655,727	11,340,000	7,689,299	65,830,000	23,345,026
2021 - 2025	25,305,000	7,083,403	15,270,000	4,102,914	40,575,000	11,186,317
2026 - 2030	16,900,000	1,938,005	7,270,000	436,637	24,170,000	2,374,642
	<u>192,663,000</u>	<u>58,095,591</u>	<u>41,325,000</u>	<u>22,319,048</u>	<u>233,988,000</u>	<u>80,414,639</u>
Due within one year	<u>21,033,000</u>	<u>8,957,392</u>	<u>1,230,000</u>	<u>2,160,478</u>	<u>22,263,000</u>	<u>11,117,870</u>
Due in more than one year	<u>\$ 171,630,000</u>	<u>\$ 49,138,199</u>	<u>\$ 40,095,000</u>	<u>\$ 20,158,570</u>	<u>\$ 211,725,000</u>	<u>\$ 69,296,769</u>

Year	<b>Business-type Activities</b>					
	<b>Revenue Bonds</b>		<b>KDHE Revolving Loan</b>		<b>Total</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2011	\$ 635,000	\$ 1,240,217	\$ 1,194,696	\$ 1,491,955	\$ 1,829,696	\$ 2,732,172
2012	1,710,000	1,770,798	2,083,136	1,444,131	3,793,136	3,214,929
2013	1,735,000	1,753,394	2,156,048	1,371,219	3,891,048	3,124,613
2014	1,760,000	1,730,376	2,675,900	1,291,921	4,435,900	3,022,297
2015	1,795,000	1,701,391	2,769,560	1,198,261	4,564,560	2,899,652
2016 - 2020	9,640,000	7,866,914	13,865,193	4,548,224	23,505,193	12,415,138
2021 - 2025	11,255,000	6,335,707	14,643,744	2,067,383	25,898,744	8,403,090
2026 - 2030	12,920,000	4,176,923	3,758,479	231,042	16,678,479	4,407,965
2031 - 2035	11,785,000	1,823,182	-	-	11,785,000	1,823,182
2036	2,160,000	84,240	-	-	2,160,000	84,240
	<u>55,395,000</u>	<u>28,483,142</u>	<u>43,146,756</u>	<u>13,644,136</u>	<u>98,541,756</u>	<u>42,127,278</u>
Due within one year	<u>635,000</u>	<u>1,240,217</u>	<u>1,194,696</u>	<u>1,491,955</u>	<u>1,829,696</u>	<u>2,732,172</u>
Due in more than one year	<u>\$ 54,760,000</u>	<u>\$ 27,242,925</u>	<u>\$ 41,952,060</u>	<u>\$ 12,152,181</u>	<u>\$ 96,712,060</u>	<u>\$ 39,395,106</u>

The City has pledged future water customer revenues, net of specified operating expenses, to repay \$56,135,000 (\$2,155,000 2008 series \$3,110,000 2009 series, \$6,540,000 2010A series, \$8,050,000 2010B series, and \$36,280,000 2010C series) in water system revenue bonds. Proceeds from the bonds provide financing for several new improvements to the City's water and sewer system. The bonds are payable solely from water customer net revenues and are payable through 2036. The total principal and interest remaining to be paid on the bonds is \$83,878,142. Principal and interest paid for the current year and total customer net revenues were \$810,425 and \$8,661,468 respectively.

In January 2010, the City issued General Obligation Bonds Series 214 in the amount of \$2,130,000 for the purpose of refunding Series 192 and Series 194. The bonds mature serially on October 1, 2010 through October 1, 2014. The bonds are not subject to redemption prior to maturity.

**City of Olathe, Kansas**  
**Notes to the Basic Financial Statements**  
**December 31, 2010**

In May 2010, the City issued General Obligation Bonds Series 215 in the amount of \$44,930,000 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, 2011 through October 1, 2030. The bonds maturing on or after October 1, 2020 are subject to redemption prior to maturity on October 1, 2019 at a price of par plus accrued interest.

In May 2010, the City issued Taxable General Obligation Bonds Series 216 in the amount of \$1,203,000 for the purpose of municipal improvements. The bonds mature serially on October 1, 2011 through October 1, 2020. The bonds are not subject to redemption prior to maturity.

In May 2010, the City issued Taxable General Obligation Bonds – Recovery Zone Economic Development – Series 217 in the amount of \$7,015,000 for the purpose of municipal improvements. The bonds mature serially of October 1, 2011 through October 1, 2020 are subject to redemption prior to maturity at a price of par plus accrued interest.

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

As of December 31, 2010, based on the assessed valuation as of December 15, 2010 of \$1,415,027,026, the general obligation debt limit was \$424,508,108 which, after reduction for outstanding eligible general obligation bonds and notes totaling \$235,133,000, and increases for exempt projects financed with outstanding general obligation bonds and notes totaling \$99,998,285 and amounts available for debt service of \$29,180,689, provides a general obligation debt margin of \$318,554,082.

**Capitalized Leases**

**Governmental activities:**

	<b>End of Year</b>
6.6% interest lease on E-copy equipment, payable in monthly principal and payments of \$1,528 through November 2011	\$ 14,830
7.42% interest lease on copy machines, payable in monthly principal and interest payments of \$4,175 through December 2011	48,143
Total capital leases for governmental activities	\$ 62,973

**Business-type activities:**

4.065% interest lease for a generator, payable in semi-annual principal and interest payments of \$81,647 through April 2014.	\$ 527,759
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	\$ 13,404,024

**City of Olathe, Kansas**  
**Notes to the Basic Financial Statements**  
**December 31, 2010**

The assets acquired through capital leases are as follows:

	<b>Governmental Activities</b>	<b>Business-type</b>	
		<b>Water &amp; Sewer</b>	<b>Solid Waste</b>
Asset:			
Machinery and equipment	\$ 490,432	\$ 1,303,621	\$ 1,427,300
Water system	-	11,522,948	-
Less: Accumulated depreciation	(408,864)	(312,733)	(386,552)
Total	<u>\$ 81,568</u>	<u>\$ 12,513,836</u>	<u>\$ 1,040,748</u>

<b>Year</b>	<b>Governmental</b>	<b>Business-type</b>	<b>Total</b>
	<b>Activities</b>	<b>Activities</b>	
	<b>Payments</b>	<b>Payments</b>	<b>Payments</b>
2011	\$ 65,382	\$ 2,219,009	\$ 2,284,391
2012	-	1,604,949	1,604,949
2013	-	1,475,638	1,475,638
2014	-	1,430,406	1,430,406
2015	-	1,386,348	1,386,348
2016 - 2020	-	7,539,336	7,539,336
2021 - 2023	-	3,578,433	3,578,433
	<u>65,382</u>	<u>19,234,119</u>	<u>19,299,501</u>
Less interest	2,409	5,830,095	5,832,504
Total	<u>\$ 62,973</u>	<u>\$ 13,404,024</u>	<u>\$ 13,466,997</u>

**Reimbursable Developer's Cost**

	<b>Beginning of Year</b>	<b>Additions</b>	<b>Retirements</b>	<b>End of Year</b>
2004 Southgate Phase II - 20 year period	\$ 2,677,812	\$ -	\$ 334,114	\$ 2,343,698
2006 North Southgate - 8 year period	175,161	-	175,161	-
2006 Heritage Crossing - 13 year period	3,111,726	-	68,560	3,043,166
2010 Olathe Pointe - 22 year period	-	2,838,352	871,339	1,967,013
Total Reimbursable Developer's Cost	<u>\$ 5,964,699</u>	<u>\$ 2,838,352</u>	<u>\$ 1,449,174</u>	<u>\$ 7,353,877</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.

**City of Olathe, Kansas**  
**Notes to the Basic Financial Statements**  
**December 31, 2010**

<b>Developer's Cost</b>	<b>Governmental Activities Estimated Payments</b>
<b>Year</b>	<b>Payments</b>
2011	\$560,982
2012	602,268
2013	646,294
2014	650,006
2015	764,086
2016 - 2020	3,224,636
2021 - 2023	905,605
	7,353,877
Due within one year	560,982
Due in more than one year	\$6,792,895

**8. Refunded Debt**

In 2010, the City issued General Obligation Refunding Bond, Series 214 (\$2,130,000) to refund General Obligation Bond, Series 192 (\$1,305,000) and 194 (\$845,000). The sale resulted yielded \$141,581 of net present value savings.

**9. Fund Balances**

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

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

**City of Olathe, Kansas**  
**Notes to the Basic Financial Statements**  
**December 31, 2010**

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

**City of Olathe, Kansas**  
**Components of Fund Balance**  
**December 31, 2010**

	<u>Major</u>			<u>Nonmajor</u>	<u>Total</u>	
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Special Tax Financing</u>		<u>Other Governmental Funds</u>
<b>Fund Balances:</b>						
<b>Non Spendable:</b>	\$ 300,950	\$ -	\$ -	\$ -	\$ -	\$ 300,950
<b>Restricted for:</b>						
Debt service	-	28,030,689	-	6,354,560	-	34,385,249
Public safety	-	-	-	-	108,368	108,368
Public works	-	-	-	-	755,573	755,573
Community services	-	-	-	-	7,335,982	7,335,982
General government	-	-	-	-	351,868	351,868
<b>Committed to:</b>						
Public works	-	-	-	-	9,018,999	9,018,999
Community services	-	-	-	-	2,924,047	2,924,047
<b>Assigned to:</b>						
Debt service	-	1,150,000	-	-	-	1,150,000
Public safety	303,934	-	-	-	-	303,934
Public works	97,090	-	-	-	-	97,090
Community services	55,033	-	-	-	-	55,033
Development services	24,842	-	-	-	-	24,842
General government	1,322,939	-	-	-	-	1,322,939
<b>Unassigned:</b>	17,999,342	-	(8,151,727)	-	-	9,847,615
<b>Total fund balances:</b>	<u>\$ 20,104,130</u>	<u>\$ 29,180,689</u>	<u>\$ (8,151,727)</u>	<u>\$ 6,354,560</u>	<u>\$ 20,494,837</u>	<u>\$ 67,982,489</u>

**City of Olathe, Kansas**  
**Notes to the Basic Financial Statements**  
**December 31, 2010**

**10. Interfund Activities**

Interfund transactions for the year were as follows:

Transfers from	Transfer to				Total
	Major		Capital Projects	Other Governmental Funds	
	General	Debt Service			
General Fund	\$ -	\$ 1,150,000	\$ 3,965,845	\$ 83,050	\$ 5,198,895
Special Tax Financing	6,628	669,140	-	3,110	678,878
Capital Projects	-	825,664	-	594,682	1,420,346
Other Governmental Funds	5,342,314	-	3,638,483	-	8,980,797
Proprietary Funds					
Water and sewer	-	-	53,263	-	53,263
Solid Waste	-	-	10,000	-	10,000
Central garage	-	-	-	21,879	21,879
Vehicle replacement	140,000	-	-	-	140,000
P C replacement	-	-	290,000	-	290,000
Total proprietary funds	140,000	-	353,263	21,879	515,142
Totals	<u>\$ 5,488,942</u>	<u>\$ 2,644,804</u>	<u>\$ 7,957,591</u>	<u>\$ 702,721</u>	<u>\$ 16,794,058</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:

	<u>Receivables</u>	<u>Payables</u>
<b>Fund Statements</b>		
General	\$ 300,950	\$ -
Other governmental funds		166,876
Solid waste		1,172,828
Vehicle replacement	1,172,828	
Nonmajor proprietary fund*	-	134,074
	<u>\$ 1,473,778</u>	<u>\$ 1,473,778</u>
<b>Government-Wide Statements</b>		
Governmental	\$ 1,491,295	\$ -
Business-type	-	1,491,295

**City of Olathe, Kansas**  
**Notes to the Basic Financial Statements**  
**December 31, 2010**

\*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.

### **11. Pension Plans**

The City participates in the Kansas Public Employees Retirement System (KPERS) and the Kansas Police and Firemen's Retirement System (KP&F). Both are part of a cost-sharing, multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS and KP&F provide retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefit provisions. KPERS and KP&F jointly issue a publicly available financial report that includes financial statements and required supplementary information for each plan. Those reports may be 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 members 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 2010 was 6.87% for Tier 1 employees and 7.14% for Tier 2 employees. The City employer contributions to KPERS for the years ended December 31, 2010, 2009, and 2008 were \$1,873,310, \$1,707,145, and \$1,638,708 respectively, equal to the required contributions for each year. The KP&F employer rate established for fiscal year 2010 was 12.93%. 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, 2010, 2009, and 2008 were \$2,452,288, \$2,640,560, and \$2,538,989 respectively, equal to the required contributions for each year.

**City of Olathe, Kansas**  
**Notes to the Basic Financial Statements**  
**December 31, 2010**

**12. Commitments and Contingent Liabilities**

*Encumbrances*

Listed below are the encumbrances by fund for the City.

**City of Olathe, Kansas**  
**Encumbrances**  
**December 31, 2010**

	<u>Major</u>	<u>Nonmajor</u>	
	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Restricted for:</b>			
Public works	-	111,030	111,030
Community services	-	2,033	2,033
General government	-	334,888	334,888
<b>Committed to:</b>			
Public works	-	3,983	3,983
Community services	-	11,303	11,303
<b>Assigned to:</b>			
Public safety	303,934	-	303,934
Public works	97,090	-	97,090
Community services	55,033	-	55,033
Development services	24,842	-	24,842
General government	572,939	-	572,939
Total encumbrances	<u>\$ 1,053,838</u>	<u>\$ 463,237</u>	<u>\$ 1,517,075</u>

*Commitments*

As of December 31, 2010, uncompleted capital project authorizations compared with project costs from inception (excluding expenditures for general obligation notes, general obligation note interest, note and bond issuance costs and transfers of unused funds back to the funding source) were as follows:

	<u>Project Authorizations</u>	<u>Costs - Project Inception to December 31, 2010</u>
Street improvements	\$ 223,567,036	\$ 192,481,072
Citywide improvements	71,061,009	67,471,150
Water and sewer lines	9,821,220	1,744,755
	<u>\$ 304,449,265</u>	<u>\$ 261,696,977</u>

**City of Olathe, Kansas**  
**Notes to the Basic Financial Statements**  
**December 31, 2010**

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

		<u>Operation and Maintenance</u>		<u>Capital Improvements</u>		<u>Total</u>
2011	\$	2,671,761	\$	1,236,342	\$	3,908,103
2012		2,893,517		1,338,958		4,232,475
2013		3,133,679		1,450,092		4,583,771

*Litigation*

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

**13 Risk Management**

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

The City has a deductible of \$25,000 per occurrence for all property damage losses, \$25,000 per occurrence for auto liability and auto property losses, \$25,000 per occurrence for general liability losses, \$25,000 per occurrence for police liability losses, and \$25,000 per occurrence for public official liability losses. The City's deductible would be limited to \$25,000 should more than one line of coverage be involved in any single occurrence/event. The City maintains a loss reserves fund for pending claims and for claims incurred, but not reported. The City believes that there is no potential liability at year-end 2010 which will exceed coverage and the funds reserved. There were no significant reductions in insurance coverage during 2010. No significant settlements in excess of insurance coverage have been paid in the last three years.

Effective January 1, 1998, the City was granted a self-insured permit by the Kansas Workers' Compensation Division. The City had previously been a member of a self-insured pool for 11 years. As a stand-alone workers' compensation self-insured, the City must comply with very strict procedural and funding standards monitored by the Kansas Workers' Compensation Division. The City has recorded a liability of \$1,493,125 that represents the estimated future cost of claims made and claims incurred, but not reported at December 31, 2010.

**City of Olathe, Kansas**  
**Notes to the Basic Financial Statements**  
**December 31, 2010**

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>
2009	\$ 1,084,079	\$ 638,663	\$ 576,663	\$ 1,146,079
2010	1,146,079	1,209,752	862,706	1,493,125

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 \$1,930,280 at December 31, 2010.

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>
2009	\$ 2,021,462	\$ 9,448,018	\$ 9,521,189	\$ 1,948,291
2010	1,948,291	9,470,038	9,488,049	1,930,280

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

**14. Landfill Closure**

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

The Environmental Protection Agency (EPA), through the Kansas Department of Health and Environment, requires the former site to be capped. This cap must be inspected for erosion, and the ground water samples must be tested annually. The City has obtained an environmental engineer study of the landfill to evaluate the ultimate postclosure liability to be accrued at December 31, 1995 in accordance with EPA regulations, state regulations and GASB Statement No. 18, "Accounting for Municipal Solid Waste Landfill Closure and Solid Waste Enterprise Fund" and the City's financial statements taken as a whole; therefore, no liability is accrued at December 31, 2010. The postclosure care costs will be expensed as incurred. The City will continue to evaluate the ultimate postclosure care cost annually. In the event that a material liability is estimated, the City will accrue the liability at that financial statement date. Total current cost of landfill closure and postclosure care is an estimate and subject to changes resulting from inflation, deflation, technology, or changes in applicable laws or regulations.

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

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

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

**City of Olathe, Kansas**  
**Notes to the Basic Financial Statements**  
**December 31, 2010**

*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 2010, retiree premiums are the same as employees. Listed below are the monthly premiums.

**Consumer Involved Plan**

Employee Only	\$ 20
Employee Plus Spouse	160
Employee Plus Child(ren)	140
Family	215

**Access Plan**

Employee Only	\$ 80
Employee Plus Spouse	335
Employee Plus Child(ren)	315
Family	390

**PPO Plan**

Employee Only	\$ 55
Employee Plus Spouse	210
Employee Plus Child(ren)	190
Family	275

**Dental**

Employee Only	\$ 5
Employee Plus Spouse	16
Employee Plus Child(ren)	18
Family	20

*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 2010:

**1. Annual OPEB Cost for 2010**

A. Normal Cost	\$ 775,638
B. Amortization of Unfunded Actuarial Accrued Liability	924,162
C. Annual Required Contribution (ARC)	1,699,800
D. Interest on Net OPEB Obligation	188,965
E. Adjustment to the ARC	186,541
F. Annual OPEB Cost (C+D-E)	<u>\$ 1,702,224</u>

**2. Employer Contributions for 2010**

A. Claims + Admin Paid on Behalf of Retirees	\$ 1,203,000
B. Retiree Contribution	245,000
C. Net Employer Contributions (A-B)	<u>\$ 958,000</u>

**3. Schedule of Employer Contributions**

For Fiscal Year Ended December 31

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

**City of Olathe, Kansas**  
**Notes to the Basic Financial Statements**  
**December 31, 2010**

**4. Net OPEB Obligation at 1/01/10**

A. Annual OPEB Cost for 2010	\$ 1,702,224
B. Net Employer Contributions for 2010	(958,000)
C. Balance at 1/01/09	3,779,299
D. Balance at 1/01/10 (A-B+C)	<u>\$ 4,523,523</u>

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

*Actuarial Methods and Assumptions*

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

In the January 1, 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 \$47 million, and the ratio of the UAAL to the covered payroll was 39.9%

*Plan Report*

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

**City of Olathe, Kansas**  
**Notes to the Basic Financial Statements**  
**December 31, 2010**

**16. Conduit Debt Obligations**

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

As of December 31, 2010, there were 96 issues of industrial revenue and multi-housing bonds outstanding. Outstanding issues had an aggregate outstanding amount totaling \$826,223,765 and a total assessed valuation of \$622,487,610.

**17. Component Units Condensed Financial Statements**

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

	<b>Olathe Public Library</b>	<b>Olathe Public Housing Authority</b>	<b>Totals</b>
Total assets	\$ 6,172,338	\$ 4,530,723	\$ 10,703,061
Total liabilities	197,800	213,894	411,694
Net assets	<u>\$ 5,974,538</u>	<u>\$ 4,316,829</u>	<u>\$ 10,291,367</u>
Expenses	\$ 4,244,078	\$ 3,614,920	\$ 7,858,998
Program revenues	304,847	4,177,172	4,482,019
Net program revenues	(3,939,231)	562,252	(3,376,979)
Tax revenues	4,096,227	-	4,096,227
Other general revenues	74,438	3,008	77,446
Change in net assets	231,434	565,260	796,694
Beginning net assets	5,743,104	3,751,569	9,494,673
Ending net assets	<u>\$ 5,974,538</u>	<u>\$ 4,316,829</u>	<u>\$ 10,291,367</u>

**18. Termination Benefits**

In 2010, the City reduced its work force by 9 employees and also eliminated an additional 12 vacant positions. This was done as a cost saving measure by the city as a continued response to the decline in the economy. Employees were given two weeks of pay for each year of service with a minimum of 8 weeks and a maximum of 26 weeks and 25% of accrued sick leave (maximum of 240 hours paid). The cost of these benefits in 2010 was \$782,130. The salary savings for 2010 was \$822,354. The salary savings for 2011 is projected to be \$1,886,416.

**City of Olathe, Kansas**  
**Notes to the Basic Financial Statements**  
**December 31, 2010**

**19. Pending GASB Statements**

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

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

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

Statement Number 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, was issued December 2010 and will be effective for the City with the fiscal year ending December 31, 2012. Management has not yet determined the effect, if any, of the implementation of this statement on the City.

**20. Subsequent Events**

On May 15, 2011, the City issued the following debt: \$28,100,000 in general obligation bonds with interest rates ranging from 2.00% - 5.00% with a maturity date of October 1, 2031 for certain capital improvements; \$8,835,000 in general obligation refunding bonds with interest rates ranging from 2.00% - 4.00% with a maturity date of October 1, 2023; and \$15,840,000 in temporary notes with an interest rate of 1.0% with a maturity date of July 1, 2012 for initial financing for certain capital improvements.



**Required  
Supplementary Information**

**City of Olathe, Kansas**  
**Required Supplementary Information**  
**Schedule of Funding Progress for OPEB**  
**As of December 31, 2010**

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



## **Nonmajor Governmental Funds**

# Nonmajor Governmental Funds

## Special Revenue Funds

### Fire Levy

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

### Motor Fuel Tax

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

### Library Tax

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

### Special Park and Recreation

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

### Special Alcohol

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

### Storm Water

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



# **Nonmajor Governmental Funds**

## **Special Revenue Funds**

### **Reimbursable Programs**

To account for miscellaneous donations for various designated purposes.

### **Grants Fund**

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

### **Recreation Fund**

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

### **Cemetery**

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

## **Capital Projects Fund**

### **Park Sales Tax**

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

### **Future Street Improvement**

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

**City of Olathe, Kansas  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2010**

	Special Revenue						
	Fire Levy	Motor Fuel Tax	Library Tax	Economic Development and Tourism	Special Park and Recreation	Special Alcohol	Stormwater
<b>Assets</b>							
Cash, cash equivalents, and investments	\$ 108,368	\$ -	\$ 1,221	\$ -	\$ 2,116,655	\$ 656,229	\$ 3,320,655
Receivables (net of allowance)							
Accounts	-	-	-	-	-	-	430,277
Taxes	2,141,581	-	3,483,260	209,982	-	-	-
Loans	-	-	-	-	-	-	-
Due from other governments	-	836,787	-	-	80,000	80,000	-
Total assets	<u>\$ 2,249,949</u>	<u>\$ 836,787</u>	<u>\$ 3,484,481</u>	<u>\$ 209,982</u>	<u>\$ 2,196,655</u>	<u>\$ 736,229</u>	<u>\$ 3,750,932</u>
<b>Liabilities and fund balances</b>							
<b>Liabilities</b>							
Accounts payable	\$ -			\$ -	\$ 535	\$ 1,735	\$ 10,187
Due to other funds	-	81,214	-	-	-	-	-
Due to component unit	-	-	1,221	-	-	-	-
Deferred revenue	2,141,581	-	3,483,260	209,982	80,000	80,000	-
Total liabilities	<u>2,141,581</u>	<u>81,214</u>	<u>3,484,481</u>	<u>209,982</u>	<u>80,535</u>	<u>81,735</u>	<u>10,187</u>
<b>Fund balances</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted							
Public safety	108,368	-	-	-	-	-	-
Public works	-	755,573	-	-	-	-	-
Community services	-	-	-	-	99,288	654,494	-
General government	-	-	-	-	-	-	-
Committed							
Public works	-	-	-	-	-	-	3,740,745
Community services	-	-	-	-	2,016,832	-	-
Total fund balances	<u>108,368</u>	<u>755,573</u>	<u>-</u>	<u>-</u>	<u>2,116,120</u>	<u>654,494</u>	<u>3,740,745</u>
Total liabilities and fund balances	<u>\$ 2,249,949</u>	<u>\$ 836,787</u>	<u>\$ 3,484,481</u>	<u>\$ 209,982</u>	<u>\$ 2,196,655</u>	<u>\$ 736,229</u>	<u>\$ 3,750,932</u>

**City of Olathe, Kansas**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
December 31, 2010

	Special Revenue				Capital Projects		Total Nonmajor Governmental Funds
	Reimbursable	Grants	Cemetery	Recreation	Park Sales	Future Street	
	Programs	Fund			Tax	Improvement	
<b>Assets</b>							
Cash, cash equivalents, and investments	\$ 819,427	\$ 139,581	\$ 516,945	\$ 359,120	\$ 5,610,730	\$ 5,278,254	\$ 18,927,185
Receivables (net of allowance)							
Accounts	-	2,504	-	96,306	-	-	529,087
Taxes	-	-	-	-	394,909	-	6,229,732
Loans	-	3,772,164	-	-	-	-	3,772,164
Due from other governments	-	381,761	-	-	-	-	1,378,548
Total assets	<u>\$ 819,427</u>	<u>\$ 4,296,010</u>	<u>\$ 516,945</u>	<u>\$ 455,426</u>	<u>\$ 6,005,639</u>	<u>\$ 5,278,254</u>	<u>\$ 30,836,716</u>
<b>Liabilities and fund balances</b>							
<b>Liabilities</b>							
Accounts payable	\$ 4,580	\$ 17,207		\$ 65,156	\$ -	\$ -	\$ 99,400
Due to other funds	-	85,662	-	-	-	-	166,876
Due to component unit	-	-	-	-	-	-	1,221
Deferred revenue	-	4,079,559	-	-	-	-	10,074,382
Total liabilities	<u>4,580</u>	<u>4,182,428</u>	<u>-</u>	<u>65,156</u>	<u>-</u>	<u>-</u>	<u>10,341,879</u>
<b>Fund balances</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted							
Public safety	-	-	-	-	-	-	108,368
Public works	-	-	-	-	-	-	755,573
Community services	576,561	-	-	-	6,005,639	-	7,335,982
General government	238,286	113,582	-	-	-	-	351,868
Committed							
Public works	-	-	-	-	-	5,278,254	9,018,999
Community services	-	-	516,945	390,270	-	-	2,924,047
Total fund balances	<u>814,847</u>	<u>113,582</u>	<u>516,945</u>	<u>390,270</u>	<u>6,005,639</u>	<u>5,278,254</u>	<u>20,494,837</u>
Total liabilities and fund balances	<u>\$ 819,427</u>	<u>\$ 4,296,010</u>	<u>\$ 516,945</u>	<u>\$ 455,426</u>	<u>\$ 6,005,639</u>	<u>\$ 5,278,254</u>	<u>\$ 30,836,716</u>

**City of Olathe, Kansas**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended December 31, 2010**

	Special Revenue						
	Fire Levy	Motor Fuel Tax	Library Tax	Economic Development and Tourism	Special Park and Recreation	Special Alcohol	Stormwater
<b>Revenues</b>							
Taxes:							
Property	\$ 2,512,984	\$ -	\$ 4,091,443	\$ -	\$ -	\$ -	\$ -
Sales	-	-	-	-	-	-	-
Transient guest	-	-	-	838,247	-	-	-
Intergovernmental	-	3,262,709	-	-	352,455	352,455	-
Charge for service	-	-	-	-	216,078	-	3,294,068
Use of money and property	-	-	1,672	-	(609)	(88)	(1,122)
Miscellaneous	-	-	-	-	-	-	-
Total revenues	<u>2,512,984</u>	<u>3,262,709</u>	<u>4,093,115</u>	<u>838,247</u>	<u>567,924</u>	<u>352,367</u>	<u>3,292,946</u>
<b>Expenditures</b>							
General government	-	-	4,095,041	838,247	-	76,310	371,315
Public safety	-	-	-	-	-	71,872	-
Public works	-	480	-	-	-	-	1,200,867
Community services	-	-	-	-	338,309	212,188	-
Total expenditures	<u>-</u>	<u>480</u>	<u>4,095,041</u>	<u>838,247</u>	<u>338,309</u>	<u>360,370</u>	<u>1,572,182</u>
Excess of revenues over (under) expenditures	<u>2,512,984</u>	<u>3,262,229</u>	<u>(1,926)</u>	<u>-</u>	<u>229,615</u>	<u>(8,003)</u>	<u>1,720,764</u>
<b>Other financing sources (uses)</b>							
Transfers in	1,184	-	1,926	-	-	-	-
Transfers out	(2,455,000)	(2,886,372)	-	-	(28,100)	-	(879,454)
Total other financing sources (uses)	<u>(2,453,816)</u>	<u>(2,886,372)</u>	<u>1,926</u>	<u>-</u>	<u>(28,100)</u>	<u>-</u>	<u>(879,454)</u>
Net change in fund balances	59,168	375,857	-	-	201,515	(8,003)	841,310
Fund balances - beginning of year	49,200	379,716	-	-	1,914,605	662,497	2,899,435
Fund balances - end of year	<u>\$ 108,368</u>	<u>\$ 755,573</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,116,120</u>	<u>\$ 654,494</u>	<u>\$ 3,740,745</u>

**City of Olathe, Kansas**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended December 31, 2010**

	Special Revenue				Capital Projects		Total Nonmajor Governmental Funds
	Reimbursable Programs	Grant Fund	Cemetery	Recreation	Park Sales Tax	Future Street Improvement	
<b>Revenues</b>							
Taxes:							
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,604,427
Sales	-	-	-	-	2,462,351	-	2,462,351
Transient guest	-	-	-	-	-	-	838,247
Intergovernmental	-	3,272,019	-	-	-	-	7,239,638
Charge for service	313,694	-	98,975	1,408,627	-	276,007	5,607,449
Use of money and property	8	100	(101)	(206)	(3,041)	(2,321)	(5,708)
Miscellaneous	51,862	451,797	-	-	-	-	503,659
Total revenues	<u>365,564</u>	<u>3,723,916</u>	<u>98,874</u>	<u>1,408,421</u>	<u>2,459,310</u>	<u>273,686</u>	<u>23,250,063</u>
<b>Expenditures</b>							
General government	25,173	466,919	-	-	-	-	5,873,005
Public safety	218,372	579,643	-	-	-	-	869,887
Public works	-	3,952	-	-	94	-	1,205,393
Community services	96,374	2,871,750	77,012	1,085,238	250,475	-	4,931,346
Total expenditures	<u>339,919</u>	<u>3,922,264</u>	<u>77,012</u>	<u>1,085,238</u>	<u>250,569</u>	<u>-</u>	<u>12,879,631</u>
Excess of revenues over (under) expenditures	<u>25,645</u>	<u>(198,348)</u>	<u>21,862</u>	<u>323,183</u>	<u>2,208,741</u>	<u>273,686</u>	<u>10,370,432</u>
<b>Other financing sources (uses)</b>							
Transfers in	83,050	144,379	-	-	393,084	79,098	702,721
Transfers out	(129,000)	(92,129)	-	-	(547,543)	(1,963,199)	(8,980,797)
Total other financing sources (uses)	<u>(45,950)</u>	<u>52,250</u>	<u>-</u>	<u>-</u>	<u>(154,459)</u>	<u>(1,884,101)</u>	<u>(8,278,076)</u>
Net change in fund balances	(20,305)	(146,098)	21,862	323,183	2,054,282	(1,610,415)	2,092,356
Fund balances - beginning of year	835,152	259,680	495,083	67,087	3,951,357	6,888,669	18,402,481
Fund balances - end of year	<u>\$ 814,847</u>	<u>\$ 113,582</u>	<u>\$ 516,945</u>	<u>\$ 390,270</u>	<u>\$ 6,005,639</u>	<u>\$ 5,278,254</u>	<u>\$ 20,494,837</u>



# **Budgetary Schedules**

**City of Olathe, Kansas**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**General Fund**  
**Budget and Actual - Budgetary Basis**  
**For the Year Ended December 31, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>			
Taxes:			
Property	\$ 14,077,785	\$ 14,145,503	\$ 67,718
Sales	28,291,154	33,184,204	4,893,050
Franchise	9,697,876	9,264,850	(433,026)
Intergovernmental	817,983	857,703	39,720
Licenses and permits	764,706	813,254	48,548
Fines, forfeitures, and penalties	3,187,294	3,323,570	136,276
Charges for services	3,683,787	4,176,138	492,351
Use of money and property	-	385	385
Miscellaneous	941,658	737,377	(204,281)
Total revenues	<u>61,462,243</u>	<u>66,502,984</u>	<u>5,040,741</u>
<b>Expenditures</b>			
General government	14,133,147	3,106,881	11,026,266
Administration	2,854,168	2,645,142	209,026
Legal	1,317,037	1,283,105	33,932
Information technology services	3,934,330	3,677,869	256,461
Financial services	3,316,820	3,189,958	126,862
Public safety	36,285,276	35,326,169	959,107
Public works	11,698,252	11,643,138	55,114
Development services	647,069	555,546	91,523
Community services	7,637,050	6,914,059	722,991
Contingency	1,000,000	12,000	988,000
Total expenditures	<u>82,823,149</u>	<u>68,353,867</u>	<u>14,469,282</u>
Excess of revenues over expenditures	<u>(21,360,906)</u>	<u>(1,850,883)</u>	<u>19,510,023</u>
<b>Other financing sources (uses)</b>			
Transfers in	5,408,845	5,488,942	80,097
Transfers out	<u>(4,449,322)</u>	<u>(5,198,895)</u>	<u>(749,573)</u>
Total other financing sources (uses)	<u>959,523</u>	<u>290,047</u>	<u>(669,476)</u>
Net change in fund balance	<u>\$ (20,401,383)</u>	<u>(1,560,836)</u>	<u>\$ 18,840,547</u>
Fund balance - beginning of year - budget basis		<u>20,665,063</u>	
Fund balance - end of year - budget basis		19,104,227	
Encumbrances incurred and outstanding		999,903	
Fund balance - end of year - GAAP basis		<u>\$ 20,104,130</u>	







**City of Olathe, Kansas**  
**Schedule of Revenues, Expenditures,**  
**and Changes in Fund Balance**  
**Budgeted Capital Projects Fund**  
**Park Sales Tax Fund**  
**Budget and Actual - Budgetary Basis**  
**For the Year Ended December 31, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
<b>Revenues</b>			
Taxes	\$ 1,924,924	\$ 2,462,351	\$ 537,427
Use of money and property	128,839	(3,041)	(131,880)
Total revenues	<u>2,053,763</u>	<u>2,459,310</u>	<u>405,547</u>
<b>Expenditures</b>			
General government	1,350,841	-	1,350,841
Public works	109,538	94	109,444
Community services	112,692	250,475	(137,783)
Total expenditures	<u>1,573,071</u>	<u>250,569</u>	<u>1,322,502</u>
Excess of revenues over (under) expenditures	480,692	2,208,741	1,728,049
<b>Other financing sources (uses)</b>			
Transfers in	-	393,084	393,084
Transfers out	<u>(5,252,500)</u>	<u>(547,543)</u>	<u>4,704,957</u>
Total other financing sources (uses)	<u>(5,252,500)</u>	<u>(154,459)</u>	<u>5,098,041</u>
Net change in fund balance	<u>\$ (4,771,808)</u>	2,054,282	<u>\$ 6,826,090</u>
Fund balance - beginning of year		3,951,357	
Fund balance - end of year		<u>\$ 6,005,639</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, 2010**

	<u>Budget</u>	<u>Actual</u>	<b>Variance - Positive (Negative)</b>
<b>Revenues</b>			
Taxes and special assessments	\$ 23,539,061	\$ 22,930,362	\$ (608,699)
Use of money and property	-	86,076	86,076
Miscellaneous	1,000,000	2,180,725	1,180,725
Total revenues	<u>24,539,061</u>	<u>25,197,163</u>	<u>658,102</u>
<b>Expenditures</b>			
General operations	500	87,457	(86,957)
Debt service:			
Principal retirements	44,821,573	21,340,000	23,481,573
Interest	8,007,981	6,903,522	1,104,459
Total expenditures	<u>52,830,054</u>	<u>28,330,979</u>	<u>24,499,075</u>
Excess of revenues over (under) expenditures	(28,290,993)	(3,133,816)	25,157,177
<b>Other financing sources</b>			
Premium on bonds	942,000	-	(942,000)
Transfers in	1,150,000	2,644,804	1,494,804
Net change in fund balance	<u>\$ (26,198,993)</u>	<u>(489,012)</u>	<u>\$ 25,709,981</u>
Fund balance - beginning of year		29,669,701	
Fund balance - end of year		<u>\$ 29,180,689</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, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
<b>Revenues</b>			
Taxes and special assessments	\$ 1,296,000	\$ 3,362,502	\$ 2,066,502
Charge for services	-	5,000	5,000
Use of money and property	30,000	11,426	(18,574)
Total revenues	<u>1,326,000</u>	<u>3,378,928</u>	<u>2,052,928</u>
<b>Expenditures</b>			
General operations	30,000	1,776,026	(1,746,026)
Debt service	9,863,245	3,481,501	6,381,744
Total expenditures	<u>9,893,245</u>	<u>5,257,527</u>	<u>4,635,718</u>
Excess of revenues over (under) expenditures	(8,567,245)	(1,878,599)	6,688,646
<b>Other financing (use)</b>			
Transfers out	-	(678,878)	(678,878)
Net change in fund balance	<u>\$ (8,567,245)</u>	<u>(2,557,477)</u>	<u>\$ 6,009,768</u>
Fund balance - beginning of year		8,912,037	
Fund balance - end of year		<u>\$ 6,354,560</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, 2010**

	<u>Central Garage</u>	<u>Risk Management</u>	<u>Vehicle Replacement</u>	<u>Personal Computer Replacement</u>	<u>Totals</u>
<b>Assets</b>					
Current assets					
Cash and cash equivalents	\$ 275,579	\$ 9,712,573	\$ 7,177,557	\$ 622,988	\$ 17,788,697
Inventories and prepaid assets	235,418	-	-	-	235,418
Total current assets	<u>510,997</u>	<u>9,712,573</u>	<u>7,177,557</u>	<u>622,988</u>	<u>18,024,115</u>
Noncurrent assets					
Restricted assets					
Due from other funds	-	-	1,172,828	-	1,172,828
Deposit	-	11,000	-	-	11,000
Total restricted assets	<u>-</u>	<u>11,000</u>	<u>1,172,828</u>	<u>-</u>	<u>1,183,828</u>
Capital assets	198,119	-	38,688,602	343,687	39,230,408
Less accumulated depreciation	<u>(198,119)</u>	<u>-</u>	<u>(22,934,858)</u>	<u>(289,993)</u>	<u>(23,422,970)</u>
Net capital assets	<u>-</u>	<u>-</u>	<u>15,753,744</u>	<u>53,694</u>	<u>15,807,438</u>
Total assets	<u>\$ 510,997</u>	<u>\$ 9,723,573</u>	<u>\$ 24,104,129</u>	<u>\$ 676,682</u>	<u>\$ 35,015,381</u>
<b>Liabilities and net assets</b>					
Current liabilities					
Accounts and claims payable	\$ 265,451	\$ 3,660,354	\$ 397,072	\$ 57	\$ 4,322,934
Compensated absences	53,833	5,083	-	-	58,916
Total current liabilities	<u>319,284</u>	<u>3,665,437</u>	<u>397,072</u>	<u>57</u>	<u>4,381,850</u>
Noncurrent liabilities					
Deposit	-	11,000	-	-	11,000
Compensated absences	12,398	5,306	-	-	17,704
Total noncurrent liabilities	<u>12,398</u>	<u>16,306</u>	<u>-</u>	<u>-</u>	<u>28,704</u>
Total liabilities	<u>331,682</u>	<u>3,681,743</u>	<u>397,072</u>	<u>57</u>	<u>4,410,554</u>
<b>Net assets</b>					
Invested in capital assets	-	-	15,753,744	53,694	15,807,438
Unrestricted	<u>179,315</u>	<u>6,041,830</u>	<u>7,953,313</u>	<u>622,931</u>	<u>14,797,389</u>
Total net assets	<u>179,315</u>	<u>6,041,830</u>	<u>23,707,057</u>	<u>676,625</u>	<u>30,604,827</u>
Total liabilities and net assets	<u>\$ 510,997</u>	<u>\$ 9,723,573</u>	<u>\$ 24,104,129</u>	<u>\$ 676,682</u>	<u>\$ 35,015,381</u>

**City of Olathe, Kansas**  
**Combining Statement of Revenues, Expenses, and Changes in Net Assets**  
**Internal Service Funds**  
**For the Year Ended December 31, 2010**

	<u>Central Garage</u>	<u>Risk Management</u>	<u>Vehicle Replacement</u>	<u>Personal Computer Replacement</u>	<u>Total</u>
<b>Operating revenues</b>					
Charges for services	\$ 5,437,978	\$ 14,264,528	\$ 4,546,616	\$ 507,943	\$ 24,757,065
<b>Operating expenses</b>					
Administration and general	202,527	13,105,358	260,619	439,122	14,007,626
Depreciation	-	-	3,472,512	38,718	3,511,230
Equipment maintenance	5,231,462	-	-	-	5,231,462
Total operating expenses	<u>5,433,989</u>	<u>13,105,358</u>	<u>3,733,131</u>	<u>477,840</u>	<u>22,750,318</u>
Operating income (loss)	<u>3,989</u>	<u>1,159,170</u>	<u>813,485</u>	<u>30,103</u>	<u>2,006,747</u>
<b>Nonoperating revenues (expenses)</b>					
Interest income	(350)	(2,838)	(4,107)	(85)	(7,380)
Gain from sale of equipment	-	-	281,682	9,089	290,771
Transfers out	(21,879)	-	(140,000)	(290,000)	(451,879)
Total nonoperating revenues (expenses)	<u>(22,229)</u>	<u>(2,838)</u>	<u>137,575</u>	<u>(280,996)</u>	<u>(168,488)</u>
Net income (loss) before transfers and contributions	(18,240)	1,156,332	951,060	(250,893)	1,838,259
Net assets - beginning of year	197,555	4,885,498	22,755,997	927,518	28,766,568
Net assets - end of year	<u>\$ 179,315</u>	<u>\$ 6,041,830</u>	<u>\$ 23,707,057</u>	<u>\$ 676,625</u>	<u>\$ 30,604,827</u>



**City of Olathe, Kansas**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended December 31, 2010**

	<b>Central Garage</b>	<b>Risk Management</b>	<b>Vehicle Replacement</b>	<b>Personal Computer Replacement</b>	<b>Totals</b>
<b>Cash Flows from Operating Activities</b>					
Receipts from customers and users	\$ 5,437,978	\$ 14,264,528	\$ 4,546,616	\$ 507,943	\$ 24,757,065
Payments to suppliers	(3,643,864)	(12,485,442)	636,396	(454,702)	(15,947,612)
Payments to employees	(1,652,560)	(170,699)	-	-	(1,823,259)
Net cash provided by (used in) operating activities	<u>141,554</u>	<u>1,608,387</u>	<u>5,183,012</u>	<u>53,241</u>	<u>6,986,194</u>
<b>Cash Flows from Noncapital Financing Activities</b>					
Transfers to other funds	(21,879)	-	(140,000)	(290,000)	(451,879)
Net cash provided by (used in) noncapital financing activities	<u>(21,879)</u>	<u>-</u>	<u>(140,000)</u>	<u>(290,000)</u>	<u>(451,879)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>					
Acquisitions and construction of capital assets	-	-	(2,486,722)	-	(2,486,722)
Net cash (used in) capital and related financing activities	<u>-</u>	<u>-</u>	<u>(2,486,722)</u>	<u>-</u>	<u>(2,486,722)</u>
<b>Cash Flows from Investing Activities</b>					
Interest received	(350)	(2,838)	(4,107)	(85)	(7,380)
Net cash provided by (used in) investing activities	<u>(350)</u>	<u>(2,838)</u>	<u>(4,107)</u>	<u>(85)</u>	<u>(7,380)</u>
Net (decrease) in cash and cash equivalents	119,325	1,605,549	2,552,183	(236,844)	4,040,213
Cash and cash equivalents - beginning of year	156,254	8,107,024	4,625,374	859,832	13,748,484
Cash and cash equivalents - end of year	<u>\$ 275,579</u>	<u>\$ 9,712,573</u>	<u>\$ 7,177,557</u>	<u>\$ 622,988</u>	<u>\$ 17,788,697</u>
<b>Reconciliation of operating income to net cash provided by (used in) operating activities</b>					
Operating income (loss)	\$ 3,989	\$ 1,159,170	\$ 813,485	\$ 30,103	\$ 2,006,747
Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities					
Depreciation	-	-	3,472,512	38,718	3,511,230
Gain from disposal of capital assets	-	-	281,682	9,089	290,771
Changes in assets and liabilities					
Decrease in due from other funds	-	-	272,172	-	272,172
(Increase) in inventories and prepaid assets	(19,986)	-	-	-	(19,986)
Increase (decrease) in accounts and claims payable	158,449	442,265	343,161	(24,669)	919,206
Increase (decrease) in compensated absences	(898)	6,952	-	-	6,054
Total adjustments	<u>137,565</u>	<u>449,217</u>	<u>4,369,527</u>	<u>23,138</u>	<u>4,979,447</u>
Net cash provided by operating activities	<u>\$ 141,554</u>	<u>\$ 1,608,387</u>	<u>\$ 5,183,012</u>	<u>\$ 53,241</u>	<u>\$ 6,986,194</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, 2010**

	<b>Olathe Public Library</b>	<b>Olathe Public Housing Authority</b>	<b>Totals</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 767,558	\$ 792,413	\$ 1,559,971
Investments	1,926,361	348,477	2,274,838
Accounts receivable	-	17,710	17,710
Interest receivable	2,063	-	2,063
Due from primary government	1,221	-	1,221
Prepaid assets	76,235	33,009	109,244
Capital assets:			
Land, collection, and construction in progress	512,925	1,084,624	1,597,549
Other capital assets, net of accumulated depreciation	2,885,975	2,254,490	5,140,465
Total assets	<u>\$ 6,172,338</u>	<u>\$ 4,530,723</u>	<u>\$ 10,703,061</u>
<b>Liabilities and net assets</b>			
<b>Liabilities</b>			
Accounts payable	\$ 15,017	\$ 54,668	\$ 69,685
Accrued liabilities	25,766	-	25,766
Deferred revenue	-	731	731
Noncurrent liabilities:			
Due in one year	125,614	158,495	284,109
Due in more than one year	31,403	-	31,403
Total liabilities	<u>197,800</u>	<u>213,894</u>	<u>411,694</u>
<b>Net assets</b>			
Invested in capital assets	3,398,900	3,964,633	7,363,533
Unrestricted	2,575,638	352,196	2,927,834
Total net assets	<u>5,974,538</u>	<u>4,316,829</u>	<u>10,291,367</u>
Total liabilities and net assets	<u>\$ 6,172,338</u>	<u>\$ 4,530,723</u>	<u>\$ 10,703,061</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, 2010**

	<b>Olathe Public Library</b>	<b>Olathe Public Housing Authority</b>	<b>Totals</b>
<b>Expenses:</b>			
Library operations	\$ 4,244,078	\$ -	\$ 4,244,078
Community services	-	3,614,920	3,614,920
Total expenses	<u>4,244,078</u>	<u>3,614,920</u>	<u>7,858,998</u>
<b>Program revenues:</b>			
Charges for services	187,788	311,052	498,840
Operating grants and contributions	117,059	3,311,210	3,428,269
Capital grants and contributions	-	554,910	554,910
Total program revenues	<u>304,847</u>	<u>4,177,172</u>	<u>4,482,019</u>
Net (expense)	(3,939,231)	562,252	(3,376,979)
<b>General revenues</b>			
Property taxes	4,096,227	-	4,096,227
Unrestricted investment earnings	74,438	3,072	77,510
Miscellaneous	-	(64)	(64)
Total general revenues	<u>4,170,665</u>	<u>3,008</u>	<u>4,173,673</u>
Change in net assets	231,434	565,260	796,694
Net assets - beginning of year	5,743,104	3,751,569	9,494,673
Net assets - end of year	<u>\$ 5,974,538</u>	<u>\$ 4,316,829</u>	<u>\$ 10,291,367</u>



**City of Olathe, Kansas**  
**Statement of Cash Flows**  
**Discretely Presented Component Unit**  
**Olathe Housing Authority**  
**For the Year Ended December 31, 2010**

	<b>Totals</b>
<b>Cash Flows from Operating Activities</b>	
Cash received	\$ 3,905,749
Cash paid to suppliers and employees	(3,345,097)
Net cash provided by operating activities	560,652
<b>Cash Flows from Capital and Related Financing Activities</b>	
Acquisition of capital assets	(539,023)
<b>Cash Flows from Investing Activities</b>	
Investments	11,773
Interest received	3,072
Net cash (used) for investing activities	14,845
Net (decrease) in cash and cash equivalents	36,474
Cash and cash equivalents, beginning of year	755,939
Cash and cash equivalents, end of year	\$ 792,413
<b>Reconciliation of operating income to net cash provided by operating activities</b>	
Operating income (loss)	\$ 562,252
Adjustments to reconcile operating income (loss) to net cash provided by operating activities	
Depreciation expense	283,846
Changes in operating assets and liabilities:	
Accounts receivable	(13,145)
Prepaid assets	205
Account payable	(21,525)
Changes in accrued liabilities	8,507
Changes in deferred revenues	(259,488)
Net cash provided by operating activities	\$ 560,652



## **Statistical Section**

**City of Olathe, Kansas  
Statistical Section**

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

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

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





















































