

City of Olathe, Kansas

2012 Comprehensive Annual Financial Report

For Year Ended December 31, 2012



City of Olathe, Kansas

Comprehensive Annual Financial Report

Year Ended December 31, 2012

Principal Officials

Mayor

Michael Copeland

City Council

John Bacon

Larry Campbell

Wesley McCoy

Jim Randall

Ronald Ryckman

Marge Vogt

City Manager

J. Michael Wilkes

Assistant City Manager

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City Clerk

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City of Olathe, Kansas
Comprehensive Annual Financial Report
Year Ended December 31, 2012

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Introductory Section



June 6, 2013

Honorable Mayor, Members of the City Council, and Citizens of the City of Olathe, Kansas

Finance Services 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, 2012.

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 Finance Services staff in accordance with generally 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 RubinBrown LLP (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, 2012 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, 2012, are fairly presented in conformity with GAAP. The Auditor's report is presented as the first component of the financial section of this report.

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

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

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

Profile of the City

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

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

As a city in a free state, Olathe was the scene of Civil War clashes. After the war, businesses opened, churches and cultural centers were built, and the community flourished. Olathe is home to Mid-America Nazarene University, the largest private college in the State, and the Kansas School for the Deaf, a 15-acre campus founded in 1861. Today’s Olathe is a full-service community operating its own water, wastewater, and refuse programs as well as a full array of public safety, public works, and development and support services.

Olathe has encountered tremendous growth over the last several decades and evolved into the dynamic community it is today. Olathe is the county seat of Johnson County, Kansas, the Greater Kansas City area’s most affluent and fastest-growing county. Olathe’s strong and steady growth began about 50 years ago. Olathe was still a small, rural town in the 1960s with a population of just over 10,000. Olathe began to experience a tremendous amount of growth that continues today; adding nearly 30,000 new residents between 1990 and 2000. The City estimates the 2012 population to be 128,563, making it the second largest city in Johnson County and the fourth largest city in the State. Olathe has blossomed not only into a full-blown city, but also a strong suburban community in the southwest portion of the metropolitan Kansas City area.

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

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

Factors Affecting Financial Condition

Local economy The City is a fast growing community with an average of over three new residents every day. The recent expansion of industrial and commercial businesses 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. Some recent City awards include the Digital City Award from the Center for Digital Government and Money Magazine ranked the City as the 11th Most Desirable Place to Live in the Central U.S. (population over 100,000) in 2011. At the end of 2012, the City’s unemployment rate was 4.6% compared to 5.3% for the State of Kansas and the national rate of 7.8%.

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 2013-2017 CIP includes projects totaling an estimated \$145 million. Of the \$56 million for 2013, 70% 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 as projects are re-prioritized and the financial condition of the City is evaluated. The City has been building fund balance in the Debt Service Fund for several years. This will keep the mill levy rate fairly constant as several major projects are bonded (Community Center and the Santa Fe Streetscape).

In addition to the infrastructure projects contained in the CIP, the City works closely with the Olathe Chamber of Commerce to aggressively promote economic development by attracting companies to locate or relocate facilities to Olathe. John Deere recently completed construction of a new 126,150 square-foot facility for the company's Ag Sales and Marketing headquarters in Corporate Ridge Office Park. More than 500 people are employed at the facility.

In 2012, construction of a new Hilton Garden Inn was completed. The six-story hotel has over 100 rooms, an in-house restaurant, and 3,500 square feet of meeting space for a total of 77,000 square feet.

On March 19, 2013, Google fiber announced that the City would be the largest city in Johnson County (and only the sixth city in the country) in which it would deploy 1GB high speed internet service directly to homes. The agreements the City entered into with Google Fiber will allow Google Fiber to utilize City right-of-way, above ground utility poles, and below ground conduit to deploy its network as quickly as possible, all in accordance with the City's standard regulations. The City will receive 5% of the gross receipts generated by Google Fiber within the City.

Plans are underway for the development of the Olathe Conference Center Hotel. The Embassy Suites facility will be a 200-room, 175,000 square foot full-service facility with an attached conference center capable of seating 750-1,000 people. Anticipated opening date is 2015.

Development continues in the Logistics Park located at Old 56 Highway at 156th Street. This light industrial park is in close proximity to the BNSF Intermodal facility. Building B was completed in 2012 and consists of an 821,256 square foot light industrial facility valued at approximately \$33 million. The City has received a request for the construction for Building C, estimated to be a 919,000 square foot facility, with an approximate investment of \$36.4 million.

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 for adequate funding of City services and improvements. These principles provide the framework for day-to-day decision making and are the foundation for long term financial stability. Fiscal principles are reviewed by the City Manager and finance staff on a periodic basis to ensure the City is prepared for changing circumstances and economic conditions. The fiscal principles are listed below.

1. The City will continuously evaluate its financial position to ensure stability of the City to its citizens.
2. The City will minimize the use of long term debt to finance major projects to avoid placing debt on future tax payers.
3. The City will provide a balanced revenue structure which is responsive to economic conditions.
4. The budget will be prepared in a manner in which all current revenues will pay the costs of all current expenditures (balanced budget).
5. The City Council will hold public hearings which will allow public input on budgetary spending.
6. The budget will establish legal fund level spending limits.
7. The budget will establish maintenance reserves to allow for maintenance of capital assets.
8. The budget will apply one time cash revenues to non-recurring expenditures.

9. The budget will address major capital improvement priorities which have been prioritized by the City Council.
10. The City will maintain City services through innovative budgeting procedures and fiscal management in an effort to maintain the current mill levy rate.

Major initiatives Today the City is a different organization than just a few years ago. Proactive decisions in the face of economic challenges have created a leaner, more efficient organization. With fewer departments, fewer employees, and fewer dollars, the City has focused on citizens priorities, innovation, and learning. The City has been able to maintain its position as a regional and national leader in providing services. Long-term and sustainable decisions have placed Olathe in a position of strength today and more importantly tomorrow.

The current budget maintains a cautious and conservative approach to service delivery that continues to exceed citizen expectations while addressing growth and ensuring short and long term fiscal strength. It again recognizes the need to safeguard infrastructure while addressing financial liabilities. The budget includes steps to restore the City's ability to compete for and retain employees and restores funding for on-going costs that had been delayed. It does not include the use of fund balance, nor does it increase the mill rate. In essence, the budget takes prudent fiscally conservative steps without allowing the City to fall behind at future taxpayer's expense.

Awards and Acknowledgements

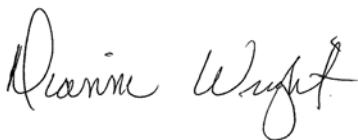
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Olathe for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2011. The Certificate of Achievement 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 34 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 Resource Management Department. We want 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 RubinBrown LLP for the cooperation and professional assistance provided during the audit of the City's 2012 financial records.

Respectfully submitted,



Dianna Wright
Director of Resource Management



Amy Tharnish, CPA
Assistant Director of Finance Services

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, 2011

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.

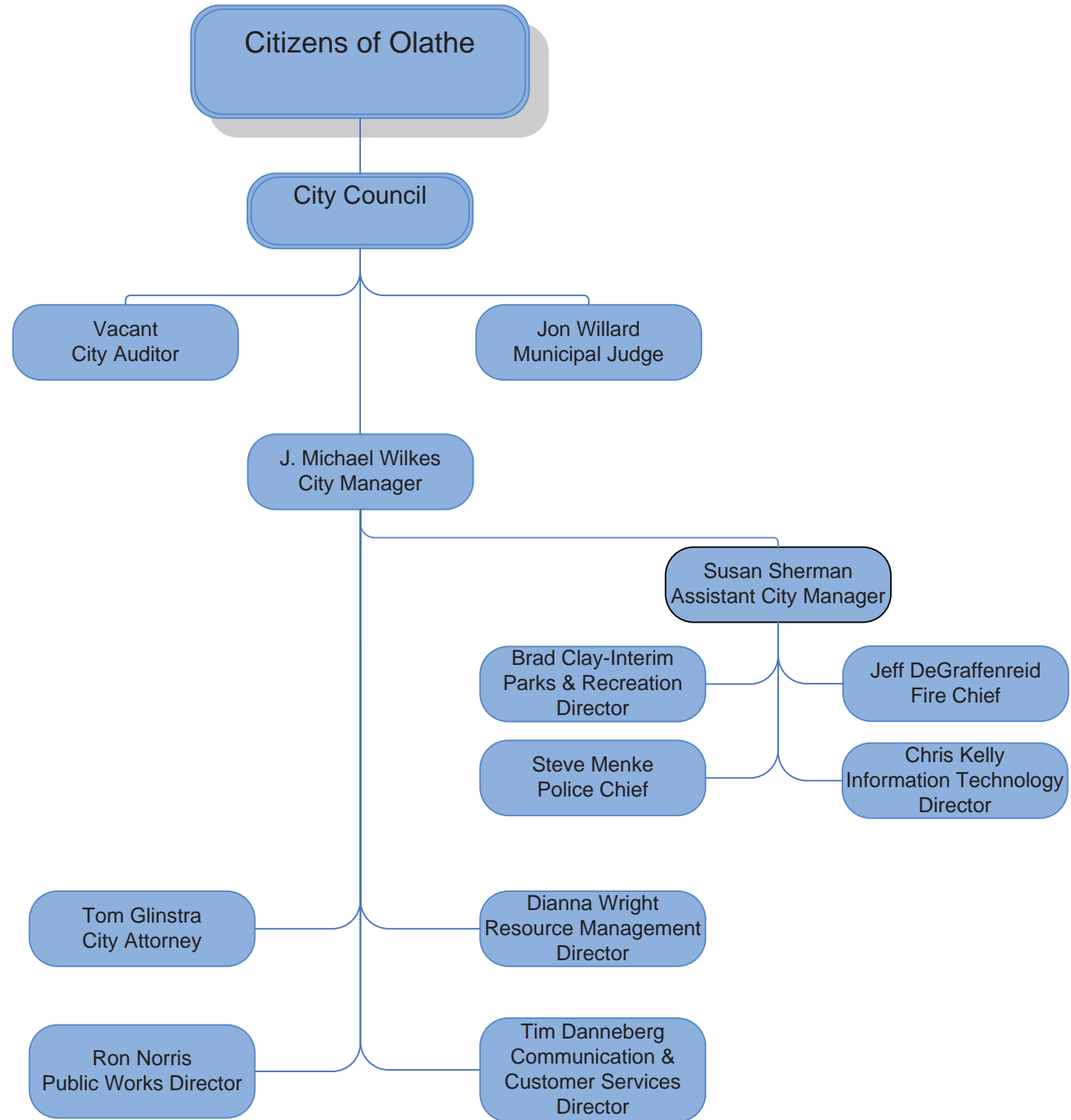


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Independent Auditors' Report

To the Honorable Mayor and
Members of the City Council
City of Olathe, Kansas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Olathe, Kansas (the City), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

Management's Responsibility For The Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Olathe Public Library, a discretely presented component unit, which statements reflect total assets constituting 62 percent of the aggregate discretely presented component units at December 31, 2012, and total revenues constituting 55 percent of the aggregate discretely presented component units for the year then ended. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Olathe Public Library, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of December 31, 2012, and the respective changes in financial position and where applicable its cash flows, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change In Accounting Principle

As discussed in Note 18 to the financial statements, in 2012 the City adopted GASB Statement No. 65, *Items Previously Recognized as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 12 and the Schedule of Funding Progress for Other Post Employment Benefits on page 67 to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 6, 2013 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

RubinBrown LLP

June 6, 2013



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, 2012. 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 and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources as of December 31, 2012 by \$767,932,078 (net position). Of this amount, \$90,663,000 (unrestricted net assets) may be used to meet the City's ongoing obligations.
- The City's total net position increased by \$13,952,115. Donated capital assets from developers increased net position by \$7,818,990.
- As of December 31, 2012, the City's governmental funds reported combined ending fund balances of \$97,309,534, a decrease of \$981,177 from the prior year. The primary reason for the overall decrease in fund balance of the City's governmental funds was attributable to the payment to refunded bond escrow in the Debt Service Fund.
- At December 31, 2012, the fund balance for the general fund was \$23,864,516 or 33.0% of general fund revenues.
- The City's total debt, including temporary notes, decreased by \$18,619,598 during 2012 to a total of \$375,049,455. The key factor in this decrease was the retirement of over \$29 million of general obligation bonds.
- The Net OPEB Obligation as of the close of 2012 is \$6,267,437.

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 position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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, and community 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 on pages 74 – 77 of this report.

The City adopts an annual appropriated budget for the General Fund. A budgetary comparison statement has been provided for this fund to demonstrate compliance with this budget.

Proprietary funds

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

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The 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 position may serve over time as a useful indicator of the City's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$767,932,078 at December 31, 2012. The City's net position increased by \$13,952,115. Governmental activities account for \$7,279,488 of the increase, while business-type activities increased by \$6,672,627 in 2012.

City of Olathe, Kansas
Net Position

	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 216,993,573	\$ 227,935,185	\$ 51,583,772	\$ 44,834,334	\$ 268,577,345	\$ 272,769,519
Capital assets	593,364,627	602,643,637	331,650,438	329,305,651	925,015,065	931,949,288
Total assets	810,358,200	830,578,822	383,234,210	374,139,985	1,193,592,410	1,204,718,807
Deferred outflows of resources	634,118	-	247,132	-	881,250	-
Long-term liabilities	242,629,316	213,093,089	117,140,139	106,714,526	359,769,455	319,807,615
Other liabilities	29,376,629	84,356,469	1,827,599	9,584,482	31,204,228	93,940,951
Total liabilities	272,005,945	297,449,558	118,967,738	116,299,008	390,973,683	413,748,566
Deferred inflows of resources	35,567,899	36,990,278	-	-	35,567,899	36,990,278
Net position						
Invested in capital assets	370,080,499	354,768,879	225,571,867	227,668,576	595,652,366	582,437,455
Restricted	73,089,869	83,662,819	8,526,843	6,961,829	81,616,712	90,624,648
Unrestricted	60,248,106	57,707,288	30,414,894	23,210,572	90,663,000	80,917,860
Total net position	\$ 503,418,474	\$ 496,138,986	\$ 264,513,604	\$ 257,840,977	\$ 767,932,078	\$ 753,979,963

By far the largest portion of the City's net assets (78%) 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, \$81,616,712 (11%) represents resources that are subject to external restrictions on how they may be used. \$53,143,933 of this is restricted for future debt service payments. This decreased \$9,349,091 over the prior year. The City has been building up reserves in the Debt Service Fund to pay for future anticipated debt payments.

The remaining balance of the net position of \$90,663,000 (\$60,248,106 governmental activities and \$30,414,894 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 Position**

	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 17,026,870	\$ 14,780,651	\$ 50,295,717	\$ 43,717,896	\$ 67,322,587	\$ 58,498,547
Operating grants and contributions	2,110,344	2,331,708	-	-	2,110,344	2,331,708
Capital grants and contributions	12,379,269	25,256,895	5,241,451	4,206,897	17,620,720	29,463,792
General revenues:						
Property taxes	37,803,773	37,388,645	-	-	37,803,773	37,388,645
Other taxes	54,435,325	52,480,801	-	-	54,435,325	52,480,801
Interest	1,462,684	961,178	382,636	178,500	1,845,320	1,139,678
Other	2,118,260	1,419,911	1,148,332	1,320,622	3,266,592	2,740,533
Total revenues	127,336,525	134,619,789	57,068,136	49,423,915	184,404,661	184,043,704
Expenses:						
General government	21,758,241	22,104,286	-	-	21,758,241	22,104,286
Public safety	36,378,578	35,809,361	-	-	36,378,578	35,809,361
Public works	42,001,073	46,931,481	-	-	42,001,073	46,931,481
Community services	10,740,780	11,823,644	-	-	10,740,780	11,823,644
Interest on long-term debt	10,001,890	11,892,275	-	-	10,001,890	11,892,275
Water and sewer	-	-	38,637,842	32,419,382	38,637,842	32,419,382
Solid waste	-	-	10,934,142	10,297,550	10,934,142	10,297,550
Total expenses	120,880,562	128,561,047	49,571,984	42,716,932	170,452,546	171,277,979
Excess before transfers	6,455,963	6,058,742	7,496,152	6,706,983	13,952,115	12,765,725
Transfers	823,525	544,935	(823,525)	(544,935)	-	-
Change in net position	7,279,488	6,603,677	6,672,627	6,162,048	13,952,115	12,765,725
Net position, beginning of year	497,478,353	483,520,799	258,183,661	252,021,613	755,662,014	735,542,412
Prior period adjustment	(1,339,367)	7,353,877	(342,684)	-	(1,682,051)	7,353,877
Net position, beginning of year as restated	496,138,986	490,874,676	257,840,977	252,021,613	753,979,963	742,896,289
Net position, end of year	\$ 503,418,474	\$ 497,478,353	\$ 264,513,604	\$ 258,183,661	\$ 767,932,078	\$ 755,662,014

Governmental activities

Governmental revenues decreased \$7,004,674 or 5% over the prior year. The key component of this decrease was a decrease of \$12,877,626 in capital grants and contributions compared to the prior year. Property taxes increased \$415,128. Sales tax increased \$1,636,838 due to an improving economy.

Governmental expenses decreased \$7,680,485 or 6%. General government activities decreased \$346,045. Public Safety increased \$569,217. Public works expenses decreased \$4,930,408 due to a decrease in capital outlay.

Business-type activities

Business-type activities increased the City's net position by \$6,672,627. Key elements of the changes between 2011 and 2012 are as follows:

- Capital contributions from developers continued as a major revenue source for the Water and Sewer Utility. Capital contributions increased net position by \$5,241,451 in 2012. Charges for services increased \$6,577,821. 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 2012, unassigned fund balance of the general fund was \$22,614,927, while the total fund balance was \$23,864,516. Unassigned fund balance represents 31.2% of the total general fund revenues, while the total fund balance represents 33.0% of that same amount.

The fund balance of the City's general fund increased by \$3,453,843 during 2012. The revenues increased by \$2,188,757 (3.1%). Sales tax is the main reason for the increase. Sales tax increased \$1,422,179 (3.9%). Expenditures decreased by \$1,481,821 (2.2%).

The debt service fund has a total fund balance of \$27,023,888. \$22,104,888 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 \$6,304,514. The decrease was caused by the payment of a crossover advance refunding of General Obligation Bond Series 203. This decreased the fund balance by \$7,075,000.

The capital projects fund increased its fund balance by \$2,489,455 during 2012. Due to the decrease in the economy, the City has reduced the number of capital projects. These projects are primarily funded by temporary notes until they are completed, at which time they are bonded and 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 \$6,293,080 at the end of 2012. The fund balance increased by \$245,691 during the year. The primary reason for the increase was the reduction 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 position of the Water and Sewer Fund at the end of 2012 amounted to \$23,418,073; and those of the Solid Waste and Golf Course amounted to \$3,615,835 and (\$134,074), respectively. The total change in net position for the Water and Sewer Utility and Solid Waste were \$5,703,889 and \$1,002,696, 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 \$6,596,400 (10.0%). Sales tax was \$4,105,739 more than budget. Total expenditures were less than budgetary estimates by \$14,441,966 (17.9%). As part of the budgeting process the City budgets for a contingency reserve for unforeseen expenditures. Of the total difference in the budgeted expenditures, \$12,154,178 is due to the restricted reserve. All areas of the City were under their budgeted amounts.

Capital Asset and Debt Administration

Capital assets

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2012, totaled \$925,015,065 (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	
	2012	2011	2012	2011	2012	2011
Land	\$ 93,413,682	\$ 90,208,136	\$ 5,090,436	\$ 5,015,436	\$ 98,504,118	\$ 95,223,572
Buildings	76,033,419	75,926,949	32,402,429	32,402,429	108,435,848	108,329,378
Machinery & equipment	52,845,764	51,271,714	3,757,904	3,771,164	56,603,668	55,042,878
Swimming pools	10,021,514	10,908,808	-	-	10,021,514	10,908,808
Water system	-	-	195,345,638	185,039,561	195,345,638	185,039,561
Sewer system	-	-	175,668,566	129,081,088	175,668,566	129,081,088
Infrastructure	683,771,270	672,542,281	-	-	683,771,270	672,542,281
Construction in progress	17,730,512	13,814,560	769,040	49,130,423	18,499,552	62,944,983
Total capital assets	933,816,161	914,672,448	413,034,013	404,440,101	1,346,850,174	1,319,112,549
Less accumulated depreciation	340,451,534	312,028,811	81,383,575	75,134,450	421,835,109	387,163,261
Total capital assets (net)	\$ 593,364,627	\$ 602,643,637	\$ 331,650,438	\$ 329,305,651	\$ 925,015,065	\$ 931,949,288

Major additions to the capital assets this year include:

- Cedar Creek Waste Water Treatment Plant Expansion
- Raw Water Transmission Main
- South Cedar Creek Sewer Phase 1

Long-term debt

As of December 31, 2012 the City had total bonded debt outstanding of \$302,392,331. Of this amount \$200,975,000 comprises debt backed by the full faith and credit of the City and \$38,782,331 is special obligation tax increment financing debt and transportation development

district debt payable solely from the specific TIF, CID, or TDD revenues. The remainder of the City's debt represents bonds secured solely by specific revenue sources (i.e., revenue bonds). More detailed information about the City's long-term debt is presented in Note 7 to the basic financial statements.

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

	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
General obligation bonds	\$ 184,015,000	\$ 206,680,000	\$ 16,960,000	\$ 17,510,000	\$ 200,975,000	\$ 224,190,000
Special obligation bonds	38,782,331	40,377,193	-	-	38,782,331	40,377,193
Revenue bonds	-	-	62,635,000	54,760,000	62,635,000	54,760,000
Total	<u>\$ 222,797,331</u>	<u>\$ 247,057,193</u>	<u>\$ 79,595,000</u>	<u>\$ 72,270,000</u>	<u>\$ 302,392,331</u>	<u>\$ 319,327,193</u>

The City's total debt, including temporary notes, decreased by \$18,885,264 (4.8%) during 2012. The City issued \$15,280,000 of temporary notes and \$6,505,000 of general obligation bonds in 2012.

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 \$420,451,375 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 22, 2012 related to the City's General Obligation Series 221 and General Obligation Temporary Notes Series 2012-A and the Official Statement dated November 13, 2012 related to the City's Water and Sewer System Revenue Bonds Series 2012. 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 Resource Management, City of Olathe, 100 E. Santa Fe, Olathe, Kansas 66061.

Basic Financial Statements

City of Olathe, Kansas
Statement of Net Position
December 31, 2012

	Primary Government			Discretely Presented Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash, cash equivalents, and investments	\$ 114,589,878	\$ 34,270,254	\$ 148,860,132	\$ 3,996,349
Cash held by trustee or restricted	7,049,967	8,526,843	15,576,810	-
Receivables (net of allowance)				
Taxes	42,281,341	-	42,281,341	-
Special assessments	48,321,601	-	48,321,601	-
Accounts	636,779	4,846,008	5,482,787	20,585
Accrued interest	667,683	-	667,683	15
Loans	4,087,641	-	4,087,641	-
Due from primary government	-	-	-	326,479
Internal balances	(3,380,986)	3,380,986	-	-
Due from other governments	2,410,977	-	2,410,977	-
Inventories and other prepaid items	317,692	559,681	877,373	-
Capital assets:				
Land and construction in progress	111,144,194	5,859,476	117,003,670	942,758
Other capital assets, net of accumulated depreciation	482,220,433	325,790,962	808,011,395	5,605,734
Other assets	11,000	-	11,000	125,529
Total assets	<u>810,358,200</u>	<u>383,234,210</u>	<u>1,193,592,410</u>	<u>11,017,449</u>
Deferred Outflows of Resources	<u>634,118</u>	<u>247,132</u>	<u>881,250</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 810,992,318</u>	<u>\$ 383,481,342</u>	<u>\$ 1,194,473,660</u>	<u>\$ 11,017,449</u>
Liabilities				
Accounts and other current liabilities	11,594,612	1,317,782	12,912,394	270,048
Interest payable	2,175,538	228,621	2,404,159	-
Due to component unit	326,479	-	326,479	-
Temporary notes	15,280,000	-	15,280,000	-
Noncurrent liabilities:				
Due within one year	47,883,144	6,181,371	54,064,515	229,632
Due in more than one year	194,746,172	110,958,768	305,704,940	34,490
Deposits	-	281,196	281,196	-
Total liabilities	<u>272,005,945</u>	<u>118,967,738</u>	<u>390,973,683</u>	<u>534,170</u>
Deferred Inflows of Resources				
Deferred revenue	35,567,899	-	35,567,899	-
Total Deferred Inflows of Resources	<u>35,567,899</u>	<u>-</u>	<u>35,567,899</u>	<u>-</u>
Net Position				
Net Investment of capital assets	370,080,499	225,571,867	595,652,366	6,548,492
Restricted for:				
Debt service	44,617,090	8,526,843	53,143,933	-
Public safety	83,839	-	83,839	-
Capital improvements	23,447,828	-	23,447,828	-
Community services	4,718,052	-	4,718,052	-
General government	223,060	-	223,060	-
Unrestricted	60,248,106	30,414,894	90,663,000	3,934,787
Total net position	<u>503,418,474</u>	<u>264,513,604</u>	<u>767,932,078</u>	<u>10,483,279</u>
Total liabilities, deferred inflows of of resources, and net position	<u>\$ 810,992,318</u>	<u>\$ 383,481,342</u>	<u>\$ 1,194,473,660</u>	<u>\$ 11,017,449</u>

See accompanying notes to the basic financial statements

City of Olathe, Kansas
Statement of Activities
For the Year Ended December 31, 2012

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities					
General government	\$ 21,758,241	\$ 3,632,230	\$ 1,157,953	\$ -	\$ (16,968,058)
Public safety	36,378,578	4,557,513	487,569	84,581	(31,248,915)
Public works	42,001,073	6,536,730	78,843	11,716,980	(23,668,520)
Community services	10,740,780	2,300,397	385,979	577,708	(7,476,696)
Interest on long-term debt	10,001,890	-	-	-	(10,001,890)
Total governmental activities	<u>120,880,562</u>	<u>17,026,870</u>	<u>2,110,344</u>	<u>12,379,269</u>	<u>(89,364,079)</u>
Business-type activities					
Water and sewer	38,637,842	38,143,966	-	5,241,451	4,747,575
Solid waste	10,934,142	12,151,751	-	-	1,217,609
Total business-type activities	<u>49,571,984</u>	<u>50,295,717</u>	<u>-</u>	<u>5,241,451</u>	<u>5,965,184</u>
Total primary government	<u>\$ 170,452,546</u>	<u>\$ 67,322,587</u>	<u>\$ 2,110,344</u>	<u>\$ 17,620,720</u>	<u>\$ (83,398,895)</u>
Nonmajor discretely presented component units					
Olathe Public Library	\$ 4,161,104	\$ 218,350	\$ 107,071	\$ -	\$ (3,835,683)
Olathe Public Housing Authority	3,733,603	359,218	3,069,575	154,138	(150,672)
Total component units	<u>\$ 7,894,707</u>	<u>\$ 577,568</u>	<u>\$ 3,176,646</u>	<u>\$ 154,138</u>	<u>\$ (3,986,355)</u>

See accompanying notes to the basic financial statements

City of Olathe, Kansas
Statement of Activities
For the Year Ended December 31, 2012

	Primary Government			Discretely Presented Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net position				
Net (expense) revenue	\$ (89,364,079)	\$ 5,965,184	\$ (83,398,895)	\$ (3,986,355)
General revenues				
Taxes:				
Property taxes, levied for general purpose	20,897,361	-	20,897,361	4,005,702
Property taxes, levied for debt service	16,906,412	-	16,906,412	-
Sales tax	43,562,332	-	43,562,332	-
Franchise taxes	9,857,257	-	9,857,257	-
Transient guest tax	1,015,736	-	1,015,736	-
Unrestricted investment earnings	1,462,684	382,636	1,845,320	60,162
Miscellaneous	2,118,260	1,148,332	3,266,592	-
Transfers - internal activities	823,525	(823,525)	-	-
Total general revenues and transfers	<u>96,643,567</u>	<u>707,443</u>	<u>97,351,010</u>	<u>4,065,864</u>
Change in net position	<u>7,279,488</u>	<u>6,672,627</u>	<u>13,952,115</u>	<u>79,509</u>
Net position - beginning of year	497,478,353	258,183,661	755,662,014	10,403,770
Prior period adjustment	(1,339,367)	(342,684)	(1,682,051)	-
Net position - beginning of year as restated	<u>496,138,986</u>	<u>257,840,977</u>	<u>753,979,963</u>	<u>10,403,770</u>
Net position - end of year	<u>\$ 503,418,474</u>	<u>\$ 264,513,604</u>	<u>\$ 767,932,078</u>	<u>\$ 10,483,279</u>

See accompanying notes to the basic financial statements

City of Olathe, Kansas
Balance Sheet
Governmental Funds
December 31, 2012

	General	Debt Service		Capital Projects	Other Governmental Funds	Total Governmental Funds
		Debt Service	Special Tax Financing			
Assets						
Cash, cash equivalents, and investments	\$ 21,238,413	\$ 19,191,885	\$ 2,015,117	\$ 38,831,465	\$ 16,431,284	\$ 97,708,164
Cash held by trustee	-	3,337,349	3,712,618	-	-	7,049,967
Receivables (net of allowance)						
Taxes	19,739,822	14,278,051	1,900,345	-	6,363,123	42,281,341
Accounts	94,249	-	-	-	542,530	636,779
Accrued interest	218,218	449,465	-	-	-	667,683
Special assessments	-	48,321,601	-	-	-	48,321,601
Loans	-	-	-	-	4,087,641	4,087,641
Due from other funds	826,094	-	-	-	-	826,094
Due from other governments	101,947	-	-	621,615	1,687,415	2,410,977
Total assets	<u>42,218,743</u>	<u>85,578,351</u>	<u>7,628,080</u>	<u>39,453,080</u>	<u>29,111,993</u>	<u>203,990,247</u>
Deferred Outflows of Resources						
	-	-	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 42,218,743</u>	<u>\$ 85,578,351</u>	<u>\$ 7,628,080</u>	<u>\$ 39,453,080</u>	<u>\$ 29,111,993</u>	<u>\$ 203,990,247</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 5,147,155	\$ -	\$ -	\$ 1,288,277	\$ 131,426	\$ 6,566,858
Accrued payroll	1,769,497	-	-	-	-	1,769,497
Due to other funds	-	-	-	-	692,020	692,020
Due to component unit	-	-	-	-	326,479	326,479
Temporary notes	-	-	-	15,280,000	-	15,280,000
Total liabilities	<u>6,916,652</u>	<u>-</u>	<u>-</u>	<u>16,568,277</u>	<u>1,149,925</u>	<u>24,634,854</u>
Deferred Inflows of Resources						
Deferred revenue	11,437,575	58,554,463	1,335,000	-	10,718,821	82,045,859
Total deferred inflows of resources	<u>11,437,575</u>	<u>58,554,463</u>	<u>1,335,000</u>	<u>-</u>	<u>10,718,821</u>	<u>82,045,859</u>
Fund balances						
Nonspendable	826,094	-	-	-	-	826,094
Restricted	-	22,104,888	6,293,080	22,884,803	5,587,976	56,870,747
Committed	-	-	-	-	12,011,354	12,011,354
Assigned	423,495	4,919,000	-	-	-	5,342,495
Unassigned	22,614,927	-	-	-	(356,083)	22,258,844
Total fund balances	<u>23,864,516</u>	<u>27,023,888</u>	<u>6,293,080</u>	<u>22,884,803</u>	<u>17,243,247</u>	<u>97,309,534</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 42,218,743</u>	<u>\$ 85,578,351</u>	<u>\$ 7,628,080</u>	<u>\$ 39,453,080</u>	<u>\$ 29,111,993</u>	<u>\$ 203,990,247</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 Position
December 31, 2012

Total fund balance - all governmental funds \$ 97,309,534

Amounts reported for governmental activities in the statement of net position are different because

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 593,364,627

Land and construction in progress	111,144,194	
Capital assets being depreciated	822,671,967	
Accumulated depreciation	(340,451,534)	

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. (244,804,854)

Interest payable	(2,175,538)	
Noncurrent liabilities:		
Due within one year		
General obligation bonds	(24,695,000)	
Special obligation bonds	(20,717,331)	
Capitalized leases	(58,764)	
Compensated absences	(1,681,460)	
Bond issuance premium	(730,589)	
Due in more than one year		
General obligation bonds	(159,320,000)	
Special obligation bonds	(18,065,000)	
Capitalized leases	(284,078)	
Compensated absences	(1,797,328)	
Net OPEB obligation	(5,264,648)	
Bond issuance premium	(10,015,118)	

Long-term assets or deferred outflows of resources are not available to pay current period expenditures and are therefore deferred in the fund statements. 47,112,078

Special assessments	44,276,412	
Deferred refunding	634,118	
Due from other governments	2,201,548	

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 position. 10,437,089

Internal service fund capital assets, net	(18,932,753)	
Internal service fund debt	72,369	
Internal service fund net position	32,812,533	
Internal service fund due to business-type	(3,515,060)	

Net position of governmental activities \$ 503,418,474

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, 2012

	General	Debt Service		Capital Projects	Other Governmental Funds	Total Governmental Funds
		Debt Service	Special Tax Financing			
Revenues						
Taxes:						
Property	\$ 13,122,755	\$ 16,376,025	\$ 1,292,515	\$ -	\$ 6,482,091	\$ 37,273,386
Sales	38,124,525	277,293	2,461,290	-	2,699,224	43,562,332
Franchise	9,857,257	-	-	-	-	9,857,257
Transient guest	-	-	-	-	1,015,736	1,015,736
Special assessments	-	8,443,083	-	14	-	8,443,097
Intergovernmental	873,988	-	-	2,478,434	5,185,040	8,537,462
Licenses and permits	1,292,246	-	-	-	-	1,292,246
Fines, forfeitures, and penalties	4,102,130	-	-	-	-	4,102,130
Charges for services	4,348,225	-	-	-	7,284,269	11,632,494
Use of money and property	185,133	921,923	3,440	353,520	(13,395)	1,450,621
Miscellaneous	467,115	87,343	-	189,392	850,174	1,594,024
Total revenues	<u>72,373,374</u>	<u>26,105,667</u>	<u>3,757,245</u>	<u>3,021,360</u>	<u>23,503,139</u>	<u>128,760,785</u>
Expenditures						
Current:						
General government	13,533,553	120,555	174,357	-	6,535,951	20,364,416
Public safety	34,386,431	-	-	-	426,094	34,812,525
Public works	11,342,229	-	-	-	1,439,450	12,781,679
Community services	7,203,224	-	-	-	2,760,859	9,964,083
Capital improvements	-	-	-	17,731,294	-	17,731,294
Debt service:						
Principal retirements	-	22,095,000	2,226,309	-	-	24,321,309
Interest and fiscal charges	-	8,880,824	1,110,888	290,410	-	10,282,122
Total expenditures	<u>66,465,437</u>	<u>31,096,379</u>	<u>3,511,554</u>	<u>18,021,704</u>	<u>11,162,354</u>	<u>130,257,428</u>
Excess of revenues over (under) expenditures	<u>5,907,937</u>	<u>(4,990,712)</u>	<u>245,691</u>	<u>(15,000,344)</u>	<u>12,340,785</u>	<u>(1,496,643)</u>
Other financing sources (uses)						
Issuance of general obligation bonds	-	-	-	3,170,000	-	3,170,000
Issuance of refunding bonds	-	3,335,000	-	-	-	3,335,000
Payment to refunded bond escrow	-	(7,245,028)	-	-	-	(7,245,028)
Bond premium	-	88,604	-	220,805	-	309,409
Transfers in	5,923,946	2,507,622	-	15,740,460	1,531,450	25,703,478
Transfers out	(8,378,040)	-	-	(1,641,466)	(14,737,887)	(24,757,393)
Total other financing sources (uses)	<u>(2,454,094)</u>	<u>(1,313,802)</u>	<u>-</u>	<u>17,489,799</u>	<u>(13,206,437)</u>	<u>515,466</u>
Net changes in fund balances	3,453,843	(6,304,514)	245,691	2,489,455	(865,652)	(981,177)
Fund balances - beginning of year	20,410,673	33,328,402	6,047,389	20,395,348	18,108,899	98,290,711
Fund balances - end of year	<u>\$ 23,864,516</u>	<u>\$ 27,023,888</u>	<u>\$ 6,293,080</u>	<u>\$ 22,884,803</u>	<u>\$ 17,243,247</u>	<u>\$ 97,309,534</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, 2012

Net change in fund balances - all governmental funds \$ (981,177)

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. (14,283,646)

Capital outlay	\$ 16,537,131	
Depreciation	(30,820,777)	

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. 24,045,782

Principal payments	24,321,309	
Issuance of general obligation bonds	(3,170,000)	
Premium	(309,409)	
Issuance refunding bonds	(3,335,000)	
Payment of escrow	7,245,028	
OPEB	(706,146)	

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. 117,021

Compensated absences	(163,211)	
Interest expense	280,232	

Revenues in the statement of activities that do not provide current financing resources are not reported as revenues in the funds. (1,347,481)

Special assessments	(5,369,180)	
Donated capital assets	2,577,539	
Deferred refunding	634,118	
Capital grant	810,042	

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. (271,011)

Change in net position of governmental activities \$ 7,279,488

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, 2012

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues				
Taxes:				
Property	\$ 12,437,340	\$ 12,437,340	\$ 13,122,755	\$ 685,415
Sales	34,018,786	34,018,786	38,124,525	4,105,739
Franchise	9,397,064	9,397,064	9,857,257	460,193
Intergovernmental	861,747	861,747	873,988	12,241
Licenses and permits	797,244	797,244	1,292,246	495,002
Fines, forfeitures, and penalties	3,593,300	3,593,300	4,102,130	508,830
Charges for services	4,091,992	4,091,992	4,348,225	256,233
Use of money and property	195,623	195,623	185,133	(10,490)
Miscellaneous	383,878	383,878	467,115	83,237
Total revenues	<u>65,776,974</u>	<u>65,776,974</u>	<u>72,373,374</u>	<u>6,596,400</u>
Expenditures				
General government	14,863,803	14,863,803	3,429,845	11,433,958
Administration	2,962,688	2,962,688	2,767,804	194,884
Legal	1,326,657	1,326,657	1,319,183	7,474
Information technology services	3,426,123	3,426,123	2,996,778	429,345
Financial services	3,063,467	3,063,467	2,832,670	230,797
Public safety	35,070,167	35,070,167	34,402,910	667,257
Public works	12,126,586	12,126,586	11,290,665	835,921
Community services	7,386,614	7,386,614	7,244,284	142,330
Contingency	500,000	500,000	-	500,000
Total expenditures	<u>80,726,105</u>	<u>80,726,105</u>	<u>66,284,139</u>	<u>14,441,966</u>
Excess of revenues over expenditures	<u>(14,949,131)</u>	<u>(14,949,131)</u>	<u>6,089,235</u>	<u>21,038,366</u>
Other financing sources (uses)				
Transfers in	5,923,946	5,923,946	5,923,946	-
Transfers out	<u>(3,128,994)</u>	<u>(3,128,994)</u>	<u>(8,378,040)</u>	<u>(5,249,046)</u>
Total other financing sources (uses)	<u>2,794,952</u>	<u>2,794,952</u>	<u>(2,454,094)</u>	<u>(5,249,046)</u>
Net change in fund balance	<u>\$ (12,154,179)</u>	<u>\$ (12,154,179)</u>	<u>3,635,141</u>	<u>\$ 15,789,320</u>
Fund balance - beginning of year - budget basis			<u>19,805,880</u>	
Fund balance - end of year - budget basis			23,441,021	
Encumbrances incurred and outstanding			423,495	
Fund balance - end of year - GAAP basis			<u>\$ 23,864,516</u>	

See accompanying notes to the basic financial statements

City of Olathe, Kansas
Statement of Net Position
Proprietary Funds
December 31, 2012

	Business-type Activities - Enterprise Funds			Governmental	
	Major		Nonmajor	Activities -	
	Water and Sewer Fund	Solid Waste Fund	Golf Course	Internal Service Funds	
			Total		
Assets					
Current assets:					
Cash and cash equivalents	\$ 31,567,652	\$ 2,702,602	\$ -	\$ 34,270,254	\$ 16,881,714
Accounts receivable (net of allowance)	3,533,370	1,312,638	-	4,846,008	-
Inventories and other prepaid items	559,681	-	-	559,681	317,692
Total current assets	<u>35,660,703</u>	<u>4,015,240</u>	<u>-</u>	<u>39,675,943</u>	<u>17,199,406</u>
Noncurrent assets:					
Restricted assets:					
Cash and cash equivalents	8,526,843	-	-	8,526,843	-
Other	-	-	-	-	11,000
Total restricted assets	<u>8,526,843</u>	<u>-</u>	<u>-</u>	<u>8,526,843</u>	<u>11,000</u>
Capital assets:					
Capital assets not being depreciated					
Land	3,406,879	1,283,232	400,325	5,090,436	-
Construction in progress	769,040	-	-	769,040	-
Total capital assets not being depreciated	<u>4,175,919</u>	<u>1,283,232</u>	<u>400,325</u>	<u>5,859,476</u>	<u>-</u>
Capital assets being depreciated					
Buildings	32,402,429	-	-	32,402,429	-
Machinery and equipment	2,125,262	1,632,642	-	3,757,904	43,384,884
Water system	195,345,638	-	-	195,345,638	-
Sewer system	175,668,566	-	-	175,668,566	-
Total capital assets being depreciated	<u>405,541,895</u>	<u>1,632,642</u>	<u>-</u>	<u>407,174,537</u>	<u>43,384,884</u>
Less accumulated depreciation	<u>(80,653,160)</u>	<u>(730,415)</u>	<u>-</u>	<u>(81,383,575)</u>	<u>(24,452,131)</u>
Total capital assets (net of accumulated depreciation)	<u>329,064,654</u>	<u>2,185,459</u>	<u>400,325</u>	<u>331,650,438</u>	<u>18,932,753</u>
Total noncurrent assets	<u>337,591,497</u>	<u>2,185,459</u>	<u>400,325</u>	<u>340,177,281</u>	<u>18,943,753</u>
Total assets	<u>373,252,200</u>	<u>6,200,699</u>	<u>400,325</u>	<u>379,853,224</u>	<u>36,143,159</u>
Deferred Outflows of Resources	<u>247,132</u>	<u>-</u>	<u>-</u>	<u>247,132</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 373,499,332</u>	<u>\$ 6,200,699</u>	<u>\$ 400,325</u>	<u>\$ 380,100,356</u>	<u>\$ 36,143,159</u>

See accompanying notes to the basic financial statements

City of Olathe, Kansas
Statement of Net Position
Proprietary Funds
December 31, 2012

	Business-type Activities - Enterprise Funds				Governmental
	Major		Nonmajor		Activities -
	Water and Sewer Fund	Solid Waste Fund	Golf Course	Total	Internal Service Funds
Liabilities					
Current liabilities:					
Accounts and claims payable	\$ 1,317,782	\$ -	\$ -	\$ 1,317,782	\$ 3,247,257
Interest payable	228,621	-	-	228,621	-
Compensated absences	420,306	118,648	-	538,954	59,754
Current portion of general obligation bonds	1,080,000	-	-	1,080,000	-
Current portion of capital leases	1,210,763	-	-	1,210,763	-
Current portion of revolving loan	1,033,536	-	-	1,033,536	-
Current portion of revenue bonds	2,230,000	-	-	2,230,000	-
Current portion of bond premium	106,650	-	-	106,650	-
Current portion of bond discount	(18,532)	-	-	(18,532)	-
Total current liabilities	<u>7,609,126</u>	<u>118,648</u>	<u>-</u>	<u>7,727,774</u>	<u>3,307,011</u>
Noncurrent liabilities:					
Compensated absences	151,639	30,061	-	181,700	12,615
Due to other funds	-	-	134,074	134,074	-
General obligation bonds	15,880,000	-	-	15,880,000	-
Capital leases, net	10,345,822	-	-	10,345,822	-
Revolving loan, net	22,526,925	-	-	22,526,925	-
Revenue bonds, net	60,405,000	-	-	60,405,000	-
Net OPEB obligation	752,093	250,696	-	1,002,789	-
Bond premium	844,875	-	-	844,875	-
Bond discount	(228,343)	-	-	(228,343)	-
Deposit	281,196	-	-	281,196	11,000
Total noncurrent liabilities	<u>110,959,207</u>	<u>280,757</u>	<u>134,074</u>	<u>111,374,038</u>	<u>23,615</u>
Total liabilities	<u>118,568,333</u>	<u>399,405</u>	<u>134,074</u>	<u>119,101,812</u>	<u>3,330,626</u>
Net position					
Net investment in capital assets	222,986,083	2,185,459	400,325	225,571,867	18,932,753
Restricted for bond requirements	8,526,843	-	-	8,526,843	-
Unrestricted	23,418,073	3,615,835	(134,074)	26,899,834	13,879,780
Total net position	<u>254,930,999</u>	<u>5,801,294</u>	<u>266,251</u>	<u>260,998,544</u>	<u>32,812,533</u>
Total liabilities and net position	<u>\$ 373,499,332</u>	<u>\$ 6,200,699</u>	<u>\$ 400,325</u>		<u>\$ 36,143,159</u>

Reconciliation to government-wide statement of net position:

Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds	3,515,060
Net position of business-type activities	<u>\$ 264,513,604</u>

See accompanying notes to the basic financial statements



City of Olathe, Kansas
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2012

	Business-type Activities - Enterprise Funds			Governmental	
	Major		Nonmajor	Activities -	
	Water and Sewer Fund	Solid Waste Fund	Golf Course	Internal Service Funds	
			Total		
Operating revenues					
Charges for services	\$ 38,143,966	\$ 12,151,751	\$ -	\$ 50,295,717	\$ 23,201,233
Miscellaneous	1,148,332	-	-	1,148,332	-
Total operating revenues	<u>39,292,298</u>	<u>12,151,751</u>	<u>-</u>	<u>51,444,049</u>	<u>23,201,233</u>
Operating expenses					
Water production	4,212,835	-	-	4,212,835	-
Wastewater treatment	4,645,949	-	-	4,645,949	-
Water and sewer maintenance	3,671,754	-	-	3,671,754	-
Administration and general	15,709,678	2,653,744	-	18,363,422	13,909,321
Equipment maintenance	-	-	-	-	5,859,332
Sanitation expense	-	4,838,080	-	4,838,080	-
Transfer station expense	-	3,335,731	-	3,335,731	-
Depreciation and amortization	6,238,399	74,626	-	6,313,025	3,538,210
Total operating expenses	<u>34,478,615</u>	<u>10,902,181</u>	<u>-</u>	<u>45,380,796</u>	<u>23,306,863</u>
Operating income	<u>4,813,683</u>	<u>1,249,570</u>	<u>-</u>	<u>6,063,253</u>	<u>(105,630)</u>
Nonoperating revenues (expenses)					
Interest income	361,141	21,495	-	382,636	12,063
Interest expense	(4,145,455)	(11,775)	-	(4,157,230)	-
Loss from sale of equipment	-	-	-	-	(88,842)
Total nonoperating revenues (expenses)	<u>(3,784,314)</u>	<u>9,720</u>	<u>-</u>	<u>(3,774,594)</u>	<u>(76,779)</u>
Net income before transfers and capital contributions	1,029,369	1,259,290	-	2,288,659	(182,409)
Transfers in	45,828	-	-	45,828	45,298
Transfers out	(612,759)	(256,594)	-	(869,353)	(167,858)
Capital contributions	5,241,451	-	-	5,241,451	-
Change in net position	<u>5,703,889</u>	<u>1,002,696</u>	<u>-</u>	<u>6,706,585</u>	<u>(304,969)</u>
Net position - beginning of year	249,569,794	4,798,598	266,251		33,117,502
Prior period adjustment	(342,684)	-	-		-
Net position beginning of year as restated	<u>249,227,110</u>	<u>4,798,598</u>	<u>266,251</u>		<u>33,117,502</u>
Net position - end of year	<u>\$ 254,930,999</u>	<u>\$ 5,801,294</u>	<u>\$ 266,251</u>		<u>\$ 32,812,533</u>

Reconciliation to government-wide statement of activities:

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

(33,958)

Change in net position of business-type activities

\$ 6,672,627

See accompanying notes to the basic financial statements

City of Olathe, Kansas
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2012

	Business-type Activities - Enterprise Funds			Governmental Activities -	
	Major		Nonmajor	Internal Service Funds	
	Water and Sewer Fund	Solid Waste Fund	Golf Course		
Cash Flows from Operating Activities					
Receipts from customers and users	\$ 37,672,354	\$ 12,135,113	\$ -	\$ 49,807,467	\$ 23,201,233
Payments to suppliers	(20,648,416)	(7,434,640)	-	(28,083,056)	(17,989,759)
Payments to employees	(8,979,478)	(3,744,708)	-	(12,724,186)	(1,837,845)
Net cash provided by (used in) operating activities	<u>8,430,414</u>	<u>955,765</u>	<u>-</u>	<u>9,386,179</u>	<u>3,373,629</u>
Cash Flows from Noncapital Financing Activities					
Transfers from other funds	45,828	-	-	45,828	45,298
Transfers to other funds	(612,759)	(256,594)	-	(869,353)	(167,858)
Net cash provided by (used in) noncapital financing activities	<u>(566,931)</u>	<u>(256,594)</u>	<u>-</u>	<u>(823,525)</u>	<u>(122,560)</u>
Cash Flows from Capital and Related Financing Activities					
Acquisitions and construction of capital assets	6,226,497	-	-	6,226,497	(5,965,307)
Proceeds from revolving loans	279,036	-	-	279,036	-
Principal paid on revenue bonds	(1,710,000)	-	-	(1,710,000)	-
Principal paid on general obligation bonds	(550,000)	-	-	(550,000)	-
Interest paid on revenue bonds	(2,948,704)	-	-	(2,948,704)	-
Principal paid on general obligation bonds	(581,890)	-	-	(581,890)	-
Principal paid on revolving loans	(1,005,593)	-	-	(1,005,593)	-
Interest paid on revolving loans	(711,306)	-	-	(711,306)	-
Principal paid on capital lease	(1,335,031)	-	-	(1,335,031)	-
Interest paid on capital lease	(269,917)	(11,775)	-	(281,692)	-
Net cash provided by (used in) capital and related financing activities	<u>(2,606,908)</u>	<u>(11,775)</u>	<u>-</u>	<u>(2,618,683)</u>	<u>(5,965,307)</u>
Cash Flows from Investing Activities					
Interest received	361,141	21,495	-	382,636	12,063
Net cash provided by (used in) investing activities	<u>361,141</u>	<u>21,495</u>	<u>-</u>	<u>382,636</u>	<u>12,063</u>
Net increase (decrease) in cash and cash equivalents	5,617,716	708,891	-	6,326,607	(2,702,175)
Cash and cash equivalents - beginning of year	34,476,779	1,993,711	-	36,470,490	19,583,889
Cash and cash equivalents - end of year	<u>\$ 40,094,495</u>	<u>\$ 2,702,602</u>	<u>\$ -</u>	<u>\$ 42,797,097</u>	<u>\$ 16,881,714</u>

See accompanying notes to the basic financial statements

City of Olathe, Kansas
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2012

	Business-type Activities - Enterprise Funds				Governmental
	Major		Nonmajor		Activities -
	Water and Sewer Fund	Solid Waste Fund	Golf Course	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by operating activities					
Operating income (loss)	\$ 4,813,683	\$ 1,249,570	\$ -	\$ 6,063,253	\$ (105,630)
Adjustments to reconcile operating income (loss) to cash provided by operating activities					
Depreciation and amortization	6,238,399	74,626	-	6,313,025	3,538,210
Loss from disposal of capital assets	-	-	-	-	(88,842)
Changes in assets and liabilities					
(Increase) decrease in receivables	(224,480)	(16,637)	-	(241,117)	392,490
(Increase) decrease in inventories	156,940	1,090	-	158,030	29,831
(Increase) decrease in deferred outflows of resources	(247,132)	-	-	(247,132)	-
Increase (decrease) in accounts and claims payable	(2,439,536)	(361)	-	(2,439,897)	(396,136)
(Decrease) in due to other funds	-	(392,490)	-	(392,490)	-
Increase in net OPEB obligation	100,878	33,626	-	134,504	-
Increase in compensated absences	31,662	6,341	-	38,003	3,706
Total adjustments	<u>3,616,731</u>	<u>(293,805)</u>	<u>-</u>	<u>3,322,926</u>	<u>3,479,259</u>
Net cash provided by (used in) operating activities	<u>\$ 8,430,414</u>	<u>\$ 955,765</u>	<u>\$ -</u>	<u>\$ 9,386,179</u>	<u>\$ 3,373,629</u>
Noncash investing capital and financing activities:					
Contributed capital assets	\$ 5,241,451	\$ -	\$ -	\$ 5,241,451	\$ -

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, 2012

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 are received from City property taxes. The Library's operating budget is subject to the approval of the City Council. Management of the Library has responsibilities for its own operations. 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. Although City employees perform administration of the various programs, management of the Authority has responsibility for its own operations. 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
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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 position 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
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Debt Service

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

Special Tax Financing

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

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.

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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 unearned revenues in the year the assessments are levied. Special assessments paid in full prior to the issuance of bonds are recorded as revenue in the capital project fund. Special assessments received after the issuance of bonds are recorded as revenue in the Debt Service Fund.

City of Olathe, Kansas
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e. Cash and Cash Equivalents

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

f. Accounts Receivable

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

g. Inventories and Other 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

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i. Budgets and Budgetary Accounting

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

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

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

Encumbrances are commitments of funds for unperformed contracts for goods and services. Encumbrance accounting is used to the extent necessary to ensure effective budgetary control and accountability and to facilitate effective cash planning and control in governmental funds. Encumbered appropriations which will be honored at year-end are included with the fund balance classifications to which resources had already been classified, or if the balance had not been previously classified, it is included within committed or assigned as appropriate. 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.

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

j. Retirement Plans

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

k. Compensated Absences

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

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

l. Interfund Transactions

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

m. Equity Classifications

In the government-wide statements, equity is shown as net position and classified into three components:

(1) Net investment in capital assets – 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 position – consisting of net position 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 position – All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2012

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 use
- (5) Unassigned – residual net resources

n. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Fund Balance Deficit

At December 31, 2012, the Grants Fund had a deficit fund balance of \$356,083. This deficit primarily arose from reimbursements not yet received for expenditures that have been incurred. The deficit will be reduced and eliminated as the reimbursements are received.

3. Deposits and Investments

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

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

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Cash, Cash Equivalents, and Investments	Maturities	Fair Value
State investment pool - overnight	On Demand	\$ 3,835
U.S. Treasury Bill	31-Jan-13	2,999,856
U.S. Treasury Bill	15-Mar-13	3,007,617
Government Agency	21-Apr-14	432,795
Government Agency	26-Sep-13	324,321
Government Agency	12-Dec-14	785,993
Government Agency	7-Jul-14	203,327
Government Agency	21-May-15	257,768
Government Agency	18-Aug-15	260,336
Government Agency	1-Aug-15	224,945
Government Agency	5-Feb-15	446,183
Government Agency	30-Jun-14	251,456
Government Agency	14-Feb-14	392,029
Government Agency	7-Jan-15	175,717
Government Agency	29-Jun-15	280,231
Government Agency	20-Apr-15	214,370
Government Agency	28-Sep-15	232,563
Government Agency	19-Feb-15	266,432
Government Agency	25-Aug-14	269,528
Government Agency	27-Oct-15	187,770
Government Agency	11-Mar-14	319,134
Government Agency	17-Jun-14	339,720
Government Agency	14-Nov-14	362,758
Government Agency	13-Feb-15	409,947
Government Agency	13-Jun-15	277,345
Government Agency	24-Nov-14	1,968,494
Government Agency	9-Dec-14	286,642
Government Agency	15-Oct-13	256,240
Government Agency	16-Sep-15	367,122
Government Agency	13-Jun-15	252,338
Government Agency	29-Dec-14	267,361
Government Agency	15-May-14	508,658
Government Agency	22-Jan-15	236,704
Government Agency	24-Sep-15	521,840
Government Agency	12-Sep-14	273,068
Government Agency	12-Feb-13	318,147
Government Agency	23-Jan-14	261,255
Government Agency	21-Dec-15	1,367,415
Government Agency	12-Jun-15	617,513
Government Agency	15-Dec-14	378,967
Government Agency	14-Nov-14	625,588
Government Agency	25-Feb-16	314,714
Government Agency	18-Aug-15	227,855
Government Agency	30-Sep-15	559,222
Government Agency	11-Sep-15	279,197
Government Agency	13-Mar-15	351,229
Government Agency	29-Oct-14	256,638
Government Agency	12-Jun-15	221,981
Government Agency	15-Dec-15	715,212

City of Olathe, Kansas
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Cash, Cash Equivalents, and Investments	Maturities	Fair Value
Government Agency	17-Aug-15	\$ 386,515
Government Agency	29-May-15	448,524
Government Agency	15-Aug-14	443,085
Government Agency	1-Apr-15	255,924
Government Agency	24-Mar-15	256,817
Government Agency	11-Sep-15	282,541
Government Agency	30-Sep-15	352,310
Government Agency	21-Oct-15	324,353
Government Agency	26-Oct-15	1,137,732
Government Agency	30-Apr-13	3,463,173
Government Agency	15-Mar-13	2,503,573
Government Agency	15-Oct-13	5,007,655
Government Agency	5-Aug-13	4,001,655
Government Agency	27-Nov-13	3,756,593
Government Agency	13-Jun-14	2,065,178
Government Agency	16-May-13	2,001,414
Government Agency	30-Jul-13	2,000,832
Government Agency	30-May-14	3,000,060
Government Agency	30-Jan-14	4,732,857
Government Agency	28-Apr-14	4,508,897
Government Agency	14-Aug-14	3,535,242
Government Agency	18-Jun-14	2,544,823
Government Agency	8-Sep-14	951,940
Government Agency	19-Feb-14	3,940,141
Government Agency	28-Oct-13	3,976,018
Government Agency	20-Aug-14	2,985,905
Government Agency	23-Dec-13	4,982,046
Government Agency	30-Jul-14	4,554,000
Government Agency	16-Sep-14	3,437,763
Government Agency	10-Dec-14	3,003,780
Government Agency	27-Nov-15	3,000,930
Government Agency	24-Dec-15	2,000,760
Government Agency	28-Dec-15	4,998,750
Government Agency	26-Nov-14	3,999,760
Government Agency	26-Nov-14	2,999,820
Government Agency	30-Dec-15	4,000,000
Government Agency	18-Jun-14	9,017,091
Government Agency	23-Sep-13	4,526,055
Total investments		133,743,886
Certificates of deposit		15,000,000
Guaranteed investment contract		2,686,895
Cash held by trustee		7,049,967
Unrestricted cash deposits		5,956,194
Total cash, cash equivalents, and investments		<u>\$ 164,436,942</u>

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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, 2012, City funds not held in depository accounts had been invested in certificates of deposits, U.S. Treasury Obligations, Government Sponsored Corporation Instruments, Guaranteed Investment Contracts, and the Kansas Municipal Investment Pool (rated AAf/S1 by Standard & Poor’s).

Concentration of Credit Risk – At December 31, 2012, of total cash and investment, the City invested \$15 million, or 10%, in certificates of deposit, \$6 million, or 4%, in U.S. Treasury Obligations, \$128 million or 81% in Government Sponsored Corporation’s Instruments ((FFCB (11%), FNMA (12%), FHLB (21%), and FHLMC (37%) – (all rated Aaa by Moody’s)), \$2 million or 2% in a Guaranteed Investment Contract (the investment is not rated), \$6 million, or 3%, in cash deposit accounts, and less than 1% in the Kansas Municipal Investment Pool.

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, 2012, 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 \$6,007,473 of U.S. Treasury Securities and \$127,732,578 of Government Agencies that are held by the investment counter party.

4. Taxes and Special Assessments

Taxes and special assessments revenue by fund type, including interest and penalties, as of December 31, 2012 are as follows:

	Major			Special Tax Financing	Other	Total
	General	Debt Service	Capital Projects		Governmental Funds	
Property tax	\$ 13,122,755	\$ 16,376,025	\$ -	\$ 1,292,515	\$ 6,482,091	\$ 37,273,386
Sales tax	38,124,525	277,293	-	2,461,290	2,699,224	43,562,332
Franchise tax	9,857,257	-	-	-	-	9,857,257
Transient guest tax	-	-	-	-	1,015,736	1,015,736
Special assessment	-	8,443,083	14	-	-	8,443,097
	<u>\$ 61,104,537</u>	<u>\$ 25,096,402</u>	<u>\$ 14</u>	<u>\$ 3,753,804</u>	<u>\$ 10,197,051</u>	<u>\$ 100,151,808</u>

City of Olathe, Kansas
Notes to the Basic Financial Statements
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Taxes and special assessments receivable by fund type as of December 31, 2012 are as follows:

	Major			Other	Total
	General	Debt Service	Special Tax Financing	Governmental Funds	
Property tax	\$ 11,347,575	\$ 14,278,051	\$ 1,335,000	\$ 5,599,075	\$ 32,559,701
Sales tax	6,699,774	-	565,345	480,873	7,745,992
Franchise tax	1,692,473	-	-	-	1,692,473
Transient guest tax	-	-	-	283,176	283,176
Special assessment	-	48,321,601	-	-	48,321,601
	<u>\$ 19,739,822</u>	<u>\$ 62,599,652</u>	<u>\$ 1,900,345</u>	<u>\$ 6,363,123</u>	<u>\$ 90,602,942</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, 2011 on which the 2012 levy was based was \$1,246,432,907.

The City's property tax levies per \$1,000 assessed valuation for the year ended December 31, 2012 were as follows:

Fund	Levy
General	\$ 9.003
Special revenue	4.463
Debt service	11.328
	<u>\$ 24.794</u>

The City property taxes for 2012 were assessed in November of 2011 and distributed to the City in 2012 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 inflows of resources 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, 2012

5. Intergovernmental Receivables and Revenue

Amounts due from other governments as of December 31, 2012 are as follows:

	<u>Major</u>		<u>Other</u>	
	<u>General</u>	<u>Capital Projects</u>	<u>Governmental Funds</u>	<u>Total</u>
Federal				
Department of Housing and Urban Development	\$ -	\$ -	\$ 133,029	\$ 133,029
Department of Energy	-	-	405,612	405,612
Department of Justice	-	-	115,867	115,867
State				
Department of Revenue	90,000	-	978,122	1,068,122
Department of Transportation	-	-	-	-
Highway Department	11,947	-	-	11,947
Local				
Kansas City Area Transportation Authority	-	-	54,785	54,785
Johnson County	-	621,615	-	621,615
USD 233	-	-	-	-
	<u>\$ 101,947</u>	<u>\$ 621,615</u>	<u>\$ 1,687,415</u>	<u>\$ 2,410,977</u>

Intergovernmental revenues for the year ended December 31, 2012 consisted of the following:

	<u>Major</u>		<u>Other</u>	
	<u>General</u>	<u>Capital Projects</u>	<u>Governmental Funds</u>	<u>Total</u>
Federal				
Department of Housing and Urban Development	\$ -	\$ -	\$ 681,600	\$ 681,600
FEMA	-	169,000	-	169,000
Justice	-	-	12,532	12,532
State				
Liquor Tax	376,321	-	752,642	1,128,963
State Highway Connecting Links	47,433	-	-	47,433
Special Highway	-	-	3,260,832	3,260,832
Department of Wildlife and Parks	-	-	6,803	6,803
Department of Transportation	-	149,199	72,877	222,076
County				
Street improvements	-	2,157,710	-	2,157,710
Herritage Trust	-	-	67,209	67,209
Local				
MARC	-	-	5,698	5,698
Kansas City Area Transportation Authority	-	-	252,798	252,798
City of Overland Park	-	2,525	-	2,525
Unified School District 233	450,234	-	72,049	522,283
	<u>\$ 873,988</u>	<u>\$ 2,478,434</u>	<u>\$ 5,185,040</u>	<u>\$ 8,537,462</u>

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

Capital Asset activity for the year ended December 31, 2012 was as follows:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Retirements</u>	<u>End of Year</u>
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 90,208,136	\$ 3,205,546	\$ -	\$ 93,413,682
Construction in progress	13,814,560	14,804,533	10,888,581	17,730,512
Total capital assets, not being depreciated	<u>104,022,696</u>	<u>18,010,079</u>	<u>10,888,581</u>	<u>111,144,194</u>
Capital assets being depreciated				
Buildings	75,926,949	106,470	-	76,033,419
Machinery and equipment	51,271,714	6,664,233	5,090,183	52,845,764
Swimming pools	10,908,808	55,072	942,366	10,021,514
Infrastructure	<u>672,542,281</u>	<u>11,228,989</u>	<u>-</u>	<u>683,771,270</u>
Total capital assets being depreciated	<u>810,649,752</u>	<u>18,054,764</u>	<u>6,032,549</u>	<u>822,671,967</u>
Less accumulated depreciation for				
Buildings	(16,594,634)	(1,917,618)	-	(18,512,252)
Machinery and equipment	(31,928,932)	(4,276,680)	(4,993,899)	(31,211,713)
Swimming pools	(3,538,985)	(602,732)	(942,365)	(3,199,352)
Infrastructure	<u>(259,966,260)</u>	<u>(27,561,957)</u>	<u>-</u>	<u>(287,528,217)</u>
Total accumulated depreciation	<u>(312,028,811)</u>	<u>(34,358,987)</u>	<u>(5,936,264)</u>	<u>(340,451,534)</u>
Total capital assets being depreciated, net	<u>498,620,941</u>	<u>(16,304,223)</u>	<u>96,285</u>	<u>482,220,433</u>
Governmental activities capital assets, net	<u>\$ 602,643,637</u>	<u>\$ 1,705,856</u>	<u>\$ 10,984,866</u>	<u>\$ 593,364,627</u>
Business-type activities				
Capital assets, not being depreciated				
Land	\$ 5,015,436	\$ 75,000	\$ -	\$ 5,090,436
Construction in progress	49,130,423	7,745,481	56,106,864	769,040
Total capital assets, not being depreciated	<u>54,145,859</u>	<u>7,820,481</u>	<u>56,106,864</u>	<u>5,859,476</u>
Capital assets being depreciated				
Buildings	32,402,429	-	-	32,402,429
Machinery and equipment	3,771,164	54,679	67,939	3,757,904
Water system	185,039,561	10,306,077	-	195,345,638
Sewer system	<u>129,081,088</u>	<u>46,587,478</u>	<u>-</u>	<u>175,668,566</u>
Total capital assets being depreciated	<u>350,294,242</u>	<u>60,649,485</u>	<u>67,939</u>	<u>407,174,537</u>
Less accumulated depreciation for				
Buildings	(7,751,113)	(781,439)	-	(8,532,552)
Machinery and equipment	(1,663,893)	(175,049)	(63,900)	(1,775,042)
Water system	(38,189,396)	(3,234,782)	-	(41,424,178)
Sewer system	<u>(27,530,048)</u>	<u>(2,121,755)</u>	<u>-</u>	<u>(29,651,803)</u>
Total accumulated depreciation	<u>(75,134,450)</u>	<u>(6,313,025)</u>	<u>(63,900)</u>	<u>(81,383,575)</u>
Total capital assets being depreciated, net	<u>275,159,792</u>	<u>54,336,460</u>	<u>4,039</u>	<u>325,790,962</u>
Business-type activities capital assets, net	<u>\$ 329,305,651</u>	<u>\$ 62,156,941</u>	<u>\$ 56,110,903</u>	<u>\$ 331,650,438</u>

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2012

Component units	Beginning of Year	Additions	Retirements	End of Year
Capital assets, not being depreciated				
Land	\$ 890,191	\$ -	\$ -	\$ 890,191
Construction in Progress	155,152	-	150,390	4,762
Art collection	20,845	-	-	20,845
Kansas Room Collection	26,960	-	-	26,960
Total capital assets, not being depreciated	<u>1,093,148</u>	<u>-</u>	<u>150,390</u>	<u>942,758</u>
Capital assets being depreciated				
Land improvements	111,634	-	-	111,634
Buildings and improvements	11,792,766	734,169	-	12,526,935
Machinery and equipment	923,190	8,916	4,393	927,713
Books and materials	3,713,549	410,928	244,175	3,880,302
Total capital assets being depreciated	<u>16,541,139</u>	<u>1,154,013</u>	<u>248,568</u>	<u>17,446,584</u>
Less accumulated depreciation for				
Land improvements	(22,250)	(7,825)	-	(30,075)
Buildings	(7,669,975)	(420,151)	-	(8,090,126)
Machinery and equipment	(779,385)	(64,335)	(4,393)	(839,327)
Books and materials	(2,751,000)	(374,497)	(244,175)	(2,881,322)
Total accumulated depreciation	<u>(11,222,610)</u>	<u>(866,808)</u>	<u>(248,568)</u>	<u>(11,840,850)</u>
Total capital assets being depreciated, net	<u>5,318,529</u>	<u>287,205</u>	<u>-</u>	<u>5,605,734</u>
Component units capital assets, net	<u>\$ 6,411,677</u>	<u>\$ 287,205</u>	<u>\$ 150,390</u>	<u>\$ 6,548,492</u>

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

Government activities

General government	\$ 1,248,896
Public safety	1,144,196
Public works	27,775,975
Community services	651,710
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of assets	<u>3,538,210</u>
Total depreciation expense for governmental activities	<u>\$ 34,358,987</u>

Business-type activities

Water and sewer	\$ 6,238,399
Solid Waste	74,626
Total depreciation expense for business-type activities	<u>\$ 6,313,025</u>

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2012

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, 2012.

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Retirements</u>	<u>End of Year</u>	<u>Due in One Year</u>
Governmental					
Temporary notes	\$ 15,840,000	\$ 15,280,000	\$ 15,840,000	\$ 15,280,000	\$ 15,280,000
			<u>Interest Rate</u>	<u>Maturity Date</u>	<u>End of Year</u>
Temporary Notes					
Citywide improvements			1.50%	1-Jul-13	\$ 7,300,711
Water and sewer improvements			1.50%	1-Jul-13	2,550,150
Street and sidewalk improvements			1.50%	1-Jul-13	5,429,139
					<u>\$ 15,280,000</u>

Long-term debt

The following is a summary of long-term debt transactions of the City for the year ended December 31, 2012.

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Retirements</u>	<u>End of Year</u>	<u>Due in One Year</u>
Governmental					
General obligation bonds	\$ 206,680,000	\$ 6,505,000	\$ 29,170,000	\$ 184,015,000	\$ 24,695,000
Special obligations bonds	40,377,193	-	1,594,862	38,782,331	20,717,331
Capitalized leases	-	342,842	-	342,842	58,764
Compensated absences	3,311,870	2,982,261	2,815,343	3,478,788	1,681,460
Net OPEB Obligation	4,558,502	1,581,426	875,280	5,264,648	-
	<u>254,927,565</u>	<u>11,411,529</u>	<u>34,455,485</u>	<u>231,883,609</u>	<u>47,152,555</u>
Add: bond issuance premium	11,278,574	189,813	722,680	10,745,707	730,589
Total governmental debt	<u>266,206,139</u>	<u>11,601,342</u>	<u>35,178,165</u>	<u>242,629,316</u>	<u>47,883,144</u>
Business-type					
General obligation bonds	17,510,000	-	550,000	16,960,000	1,080,000
Revenue bonds	54,760,000	9,585,000	1,710,000	62,635,000	2,230,000
KDHE revolving loan	24,287,018	279,036	1,005,593	23,560,461	1,033,536
Capitalized leases	12,891,616	-	1,335,031	11,556,585	1,210,763
Compensated absences	682,651	911,747	873,744	720,654	538,954
Net OPEB Obligation	868,285	301,224	166,720	1,002,789	-
	<u>110,999,570</u>	<u>11,077,007</u>	<u>5,641,088</u>	<u>116,435,489</u>	<u>6,093,253</u>
Add: bond issuance premium	889,010	121,782	59,267	951,525	106,650
Deduct: bond discount	(265,666)	-	(18,791)	(246,875)	(18,532)
Total business-type debt	<u>111,622,914</u>	<u>11,198,789</u>	<u>5,681,564</u>	<u>117,140,139</u>	<u>6,181,371</u>
Total primary government	<u>\$ 377,829,053</u>	<u>\$ 22,800,131</u>	<u>\$ 40,859,729</u>	<u>\$ 359,769,455</u>	<u>\$ 54,064,515</u>

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

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

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

Bonds

	<u>Original Issue</u>	<u>Original Issue Interest Rate</u>	<u>Maturity Date</u>	<u>End of Year</u>
General Obligation Bonds				
Governmental activities				
2003 Series 204 improvement bonds	1,475,000	3.50 - 5.50	1-Apr-18	\$ 575,000
2004 Series 205 improvement bonds	24,535,000	3.00 - 5.00	1-Oct-24	7,460,000
2004 Series 206 refunding COPS	11,190,000	3.00 - 4.30	1-Oct-20	6,080,000
2005 Series 207 improvement bonds	28,980,000	4.00 - 5.00	1-Oct-25	10,400,000
2006 Series 208 improvement bonds	20,320,000	4.00 - 5.00	1-Oct-26	9,620,000
2007 Series 209 improvement bonds	21,530,000	4.00 - 5.00	1-Oct-27	13,525,000
2007 Series 210 improvement bonds	6,030,000	4.00	1-Oct-17	3,025,000
2008 Series 211 improvement bonds	35,400,000	4.00 - 5.00	1-Oct-28	25,800,000
2009 Series 212 improvement bonds	21,650,000	2.00 - 4.25	1-Oct-29	17,055,000
2009 Series 213 improvement bonds	1,360,000	1.75 - 4.60	1-Oct-19	1,020,000
2010 Series 214 refunding	2,130,000	2.00	1-Oct-14	755,000
2010 Series 215 improvement bonds	44,930,000	3.00 - 5.00	1-Oct-30	40,780,000
2010 Series 216 improvement bonds	1,203,000	1.50 - 4.30	1-Oct-20	995,000
2010 Series 217 improvement bonds	7,015,000	1.00 - 4.30	1-Oct-20	5,715,000
2011 Series 218 improvement bonds	28,100,000	2.00 - 5.00	1-Oct-31	26,550,000
2011 Series 219 refunding	8,835,000	0.50 - 3.50	1-Oct-23	8,155,000
2012 Series 221 refunding and improvement	6,505,000	2.000 - 2.375	1-Oct-24	6,505,000
				<u>184,015,000</u>
Business-type activities				
2011 Series 220 refunding	17,510,000	2.00 - 4.00	1-Jul-25	16,960,000
Total General Obligation Bonds				<u>\$200,975,000</u>

	<u>Original Issue</u>	<u>Original Issue Interest Rate</u>	<u>Maturity Date</u>	<u>End of Year</u>
Governmental activities				
Special Obligation Bonds				
2002 Series Southgate Phase TIF	\$ 5,700,000	4.90 - 6.20	1-Mar-22	\$ 3,875,000
2006 Series Olathe Gateway TIF	13,030,000	4.75 - 5.00	1-Mar-26	11,415,370
2006 Series Olathe Gateway TDD	9,195,000	4.75 - 5.00	1-Dec-28	8,486,961
2007 Series West Village TIF	16,565,000	5.00 - 5.50	1-Sep-26	15,005,000
				<u>\$ 38,782,331</u>

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2012

2002 Southgate Series Phase TIF

The City has pledged 100% of the incremental increase in ad valorem tax revenues and 50% of the incremental increase in the City's sales tax revenues to repay the \$5,700,000 in tax increment financing bonds issued in June 2002 to finance the redevelopment of the Southgate Retail Center (Center). The bonds are payable solely from the incremental ad valorem and sales taxes generated by the Center. Incremental taxes were projected to produce \$7,839,254 over the life of the bonds. Total principal and interest remaining on the bonds is \$5,311,735, payable through March 2022. For the current year, principal and interest paid and total incremental revenues were \$494,445 and \$477,992, 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 remaining on the bonds is \$11,415,370. For the current year, principal and interest paid and total incremental tax revenues were \$630,000 and \$530,120, respectively.

There was \$85,919 transferred from the Bond Proceeds Reserve account to the Debt Service fund to supplement for the shortfall in the Debt Service fund for the March 1, 2012 debt service payment.

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

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 remaining on the bonds is \$8,486,961, payable through December 2028. For the current year, principal and interest paid and total incremental tax revenues were \$250,000 and \$268,572, respectively.

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

City of Olathe, Kansas
Notes to the Basic Financial Statements
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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 \$22,217,835, payable through September 2026. For the current year, interest and total incremental tax revenues were \$1,331,305 and \$1,131,428, respectively.

There was \$116,372 transferred from the Bond Proceeds Reserve account to the Debt Service fund to supplement for the shortfall in the Debt Service fund for the March 1, 2012 debt service payment.

There was \$100,689 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, 2012 debt service payment.

There was \$118,763 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, 2013 debt service payment.

	<u>Original Issue</u>	<u>Original Issue Interest Rate</u>	<u>Maturity Date</u>	<u>End of Year</u>
Business-type activities				
Revenue Bonds				
2008 Water and Sewer System revenue bonds	\$ 2,155,000	3.00 - 4.250	1-Jul-28	\$ 1,885,000
2009 Water and Sewer System revenue bonds	3,110,000	2.00 - 4.600	1-Jul-29	2,630,000
2010 Water and Sewer System revenue bonds	6,540,000	0.60 - 5.800	1-Jul-30	5,695,000
2010 Water and Sewer System revenue bonds	8,050,000	1.00 - 5.700	1-Jul-35	7,605,000
2010 Water and Sewer System revenue bonds	36,280,000	1.00 - 6.000	1-Jul-36	35,235,000
2012 Water and Sewer System revenue bonds	9,585,000	2.00 - 3.000	1-Jul-32	9,585,000
Total revenue bonds				<u>\$ 62,635,000</u>

Annual debt service requirements to maturity for Governmental Activities are as follows:

Year	Governmental Activities					
	<u>General Obligation Bonds</u>		<u>Special Obligation Bonds</u>		<u>Totals</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 24,695,000	\$ 7,751,326	\$ 20,717,331	\$ 1,040,740	\$ 45,412,331	\$ 8,792,066
2014	20,795,000	6,831,754	890,000	996,020	21,685,000	7,827,774
2015	18,775,000	5,979,416	970,000	946,835	19,745,000	6,926,251
2016	16,305,000	5,210,376	1,050,000	891,885	17,355,000	6,102,261
2017	14,780,000	4,544,550	1,140,000	832,403	15,920,000	5,376,953
2018 - 2022	50,120,000	14,301,341	7,500,000	3,049,175	57,620,000	17,350,516
2023 - 2027	27,775,000	5,833,500	6,515,000	892,513	34,290,000	6,726,013
2028 - 2032	10,770,000	878,200	-	-	10,770,000	878,200
	<u>184,015,000</u>	<u>51,330,463</u>	<u>38,782,331</u>	<u>8,649,571</u>	<u>222,797,331</u>	<u>59,980,034</u>
Due within one year	24,695,000	7,751,326	20,717,331	1,040,740	45,412,331	8,792,066
Due in more than one year	<u>\$ 159,320,000</u>	<u>\$ 43,579,137</u>	<u>\$ 18,065,000</u>	<u>\$ 7,608,831</u>	<u>\$ 177,385,000</u>	<u>\$ 51,187,968</u>

City of Olathe, Kansas
Notes to the Basic Financial Statements
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Annual debt service requirements to maturity for Business-type Activities are as follows:

Year	Business-type Activities							
	General Obligation Bonds		Revenue Bonds		KDHE Revolving Loan		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 1,080,000	\$ 531,206	\$ 2,230,000	\$ 2,717,991	\$ 1,033,536	\$ 693,512	\$ 4,343,536	\$ 3,942,709
2014	1,135,000	498,806	2,165,000	2,789,113	1,511,942	658,983	4,811,942	3,946,902
2015	1,160,000	464,756	2,205,000	2,740,070	1,562,622	612,905	4,927,622	3,817,731
2016	1,180,000	429,956	2,245,000	2,677,813	1,602,560	565,271	5,027,560	3,673,040
2017	1,210,000	406,356	2,290,000	2,605,862	1,411,048	518,558	4,911,048	3,530,776
2018 - 2022	6,680,000	1,366,805	12,375,000	11,697,574	7,032,616	2,244,654	26,087,616	15,309,033
2023 - 2027	4,515,000	278,793	14,515,000	8,827,860	7,673,864	656,916	26,703,864	9,763,569
2028 - 2032	-	-	15,100,000	5,119,540	1,732,273	2,216	16,832,273	5,121,756
2033 - 2036	-	-	9,510,000	1,403,685	-	-	9,510,000	1,403,685
2038	-	-	-	-	-	-	-	-
	16,960,000	3,976,678	62,635,000	40,579,508	23,560,461	5,953,015	103,155,461	50,509,201
Due within one year	1,080,000	531,206	2,230,000	2,717,991	1,033,536	693,512	4,343,536	3,942,709
Due in more than one year	\$ 15,880,000	\$ 3,445,472	\$ 60,405,000	\$ 37,861,517	\$ 22,526,925	\$ 5,259,503	\$ 98,811,925	\$ 46,566,492

The City has pledged future water customer revenues, net of specified operating expenses, to repay \$62,635,000 (\$1,885,000 2008 series, \$2,630,000 2009 series, \$5,695,000 2010A series, \$7,605,000 2010B series, \$35,235,000 2010C series, and \$9,585,000 2012 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 \$103,214,508. Principal and interest paid for the current year and total customer net revenues were \$1,710,000 and \$2,562,750, respectively.

Water & Sewer Revenue Bonds

Fiscal Year	Revenues	Current Expenses	Net Revenue Available for Debt Service	Principal Requirement	Interest Requirement	Coverage
2012	\$ 39,653,439	\$ 28,134,894	\$ 11,518,545	\$ 1,710,000	\$ 2,562,750	2.70

In June 2012, the City issued General Obligation Bonds Series 221 in the amount of \$6,605,000 for the purpose of refunding Series 205 and funding various municipal improvements and pay principal and interest on certain temporary notes of the City. The bonds mature serially on October 1, 2013 through October 1, 2024. The bonds maturing on or after October 1, 2022 are subject to redemption prior to maturity on October 1, 2021 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.

City of Olathe, Kansas
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As of December 31, 2012, based on the assessed valuation as of December 15, 2012 of \$1,401,504,582, the general obligation debt limit was \$420,451,375 which, after reduction for outstanding eligible general obligation bonds and notes totaling \$221,715,000, and increases for exempt projects financed with outstanding general obligation bonds and notes totaling \$95,848,036 and amounts available for debt service of \$23,518,301, provides a general obligation debt margin of \$302,822,712.

Capitalized Leases

	End of Year
Governmental activities:	
7.46% interest lease on copy machines, payable in monthly principal and interest payments of \$6,864 through December 2017	\$ 342,842
Business-type activities:	
4.065% interest lease for a generator, payable in semi-annual principal and interest payments of \$81,647 through April 2014.	\$ 235,311
2.350% interest lease for water meters, payable in quarterly principal and interest payments ranging from \$477,397 to \$321,419 starting in February 2012 through February 2023	11,321,274
Total capital leases for business-type activities	\$ 11,556,585

The assets acquired through capital leases are as follows:

	Governmental Activities	Business-type	
		Water & Sewer	Solid Waste
Asset:			
Machinery and equipment	\$ 342,842	\$ 1,303,621	\$ 1,427,300
Water system	-	12,876,265	-
Less: Accumulated depreciation	(5,820)	(2,124,414)	(529,396)
Total	\$ 337,022	\$ 12,055,472	\$ 897,904

	Governmental Activities	Business-type Activities	Total Payments
	Payments	Payments	
2013	\$ 82,363	\$ 1,475,638	\$ 1,558,001
2014	82,363	1,430,406	1,512,769
2015	82,363	1,386,347	1,468,710
2016	82,363	1,425,147	1,507,510
2017	82,363	1,465,196	1,547,559
2018 - 2021	-	5,652,844	5,652,844
	411,815	12,835,578	13,247,393
Less interest	68,973	1,278,993	1,347,966
Total	\$ 342,842	\$ 11,556,585	\$ 11,899,427

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2012

8. Refunded Debt

In 2012, the City refunded certain debt by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on old debt using a crossover advance refunding bond issue. For reporting purposes, under a crossover advance refunding bond issue, the original issue (refunded bonds) is not considered defeased until they are retired. As with advance refunding bond issues, the proceeds of the crossover advance refunding bonds are placed into an escrow account. However, unlike other types of advance refunding, the escrow account in a crossover advance refunding transaction is not immediately dedicated to debt service principal and interest payments on the refunded debt. Instead the resources in the escrow account are used temporarily to meet debt service requirements on the refunding bonds. Only at a later date, known as the "crossover date" are the resources in the escrow account dedicated exclusively to the payment of principal and interest on the refunded debt. Crossover refunding does not result in the defeasance of debt prior to the crossover date. The City has recorded in the appropriate financial statements the outstanding debt of both the refunding and the refunded issues which are not considered defeased. At December 31, 2012, the following crossover advance refunding bonds are recorded as liabilities on the entity-wide statement of net position:

	Refunding Issue (Date)	Debt Series Refunded	Debt Outstanding
General Obligation	Series 221 (2012)	205	\$3,200,000

For Series 221, the net future value of cashflow savings is \$315,175. The gross present value of debt service savings is \$278,343. The economic gain on the transaction is \$314,905.

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 ordinance by the City Council, binding unless modified or rescinded by the City Council.
- D. **Assigned:** Assets constrained by the expressed written intent of the City Council. City Manager, Director of Resource Management, or designee. The designee is only allowed to assign for the purposes of encumbrances. Various people are allowed to approve encumbrances based upon the dollar amount per the Purchasing Policy. 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, 2012

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, 2012

	<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>
Fund Balances:						
Non Spendable:	\$ 826,094	\$ -	\$ -	\$ -	\$ -	\$ 826,094
Restricted for:						
Debt service	-	22,104,888	-	6,293,080	-	28,397,968
Public safety	-	-	-	-	83,839	83,839
Public works	-	-	22,884,803	-	563,025	23,447,828
Community services	-	-	-	-	4,718,052	4,718,052
General government	-	-	-	-	223,060	223,060
Committed to:						
Public works	-	-	-	-	9,472,961	9,472,961
Community services	-	-	-	-	2,408,213	2,408,213
General government	-	-	-	-	130,180	130,180
Assigned to:						
Debt service	-	4,919,000	-	-	-	4,919,000
Public safety	80,694	-	-	-	-	80,694
Public works	181,955	-	-	-	-	181,955
Community services	71,971	-	-	-	-	71,971
General government	88,875	-	-	-	-	88,875
Unassigned:	22,614,927	-	-	-	(356,083)	22,258,844
Total fund balances:	<u>\$ 23,864,516</u>	<u>\$ 27,023,888</u>	<u>\$ 22,884,803</u>	<u>\$ 6,293,080</u>	<u>\$ 17,243,247</u>	<u>\$ 97,309,534</u>

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2012

10. Interfund Activities

Interfund transactions for the year were as follows:

Transfers from	Transfer to						Total
	Major				Internal Service Funds	Other Governmental Funds	
	General	Debt Service	Capital Projects	Water and Sewer			
General	\$ -	\$ 1,827,000	\$ 6,493,290	\$ -	\$ -	\$ 57,750	\$ 8,378,040
Capital Projects	-	121,938	-	45,828	-	1,473,700	1,641,466
Other Governmental Funds	5,923,946	558,684	8,209,959	-	45,298	-	14,737,887
Proprietary Funds							
Water and sewer	-	-	612,759	-	-	-	612,759
Solid Waste	-	-	256,594	-	-	-	256,594
Internal Service Funds	-	-	167,858	-	-	-	167,858
Total proprietary funds	-	-	1,037,211	-	-	-	1,037,211
Totals	\$ 5,923,946	\$ 2,507,622	\$ 15,740,460	\$ 45,828	\$ 45,298	\$ 1,531,450	\$ 25,794,604

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 of December 31, 2012 were as follows:

	<u>Receivables</u>	<u>Payables</u>
Fund Statements		
General	\$ 826,094	\$ -
Other governmental funds	-	692,020
Nonmajor proprietary fund*	-	134,074
	<u>\$ 826,094</u>	<u>\$ 826,094</u>
Government-Wide Statements		
Governmental	\$ 3,380,986	\$ -
Business-type	-	3,380,986

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

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2012

11. Pension Plans

The City participates in the Kansas Public Employees Retirement System (KPERS) and the Kansas Police and Firemen's Retirement System (KP&F). Both are part of a cost-sharing, multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS and KP&F provide retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefit provisions. KPERS and KP&F jointly issue a publicly available financial report that includes financial statements and required supplementary information for each plan. Those reports maybe obtained by writing to KPERS (611 S. Kansas Avenue, Suite 100, Topeka, Kansas 66603-3803) or by calling 1-888-275-5737.

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate. Effective July 1, 2009 KPERS has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 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 2012 was 8.34% for Tier 1 employees and 8.34% for Tier 2 employees. The City employer contributions to KPERS for the years ended December 31, 2012, 2011, and 2010 were \$2,161,346, \$1,991,044, and \$1,873,310, respectively, equal to the required contributions for each year. The KP&F employer rate established for fiscal year 2012 was 16.60%. 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, 2012, 2011, and 2010 were \$3,232,554, \$2,832,576, and \$2,452,288, respectively, equal to the required contributions for each year.

12. Commitments and Contingent Liabilities

Reimbursable Developer's Cost

The City has pledged revenues (property tax and sales tax) from development areas to repay eligible developers' costs associated with each project. These obligations represent redeveloper project costs that have been certified as eligible for reimbursement from the incremental taxes attributable to each project. The City is only obligated for the amounts of incremental taxes received attributable to the projects. Any deficiencies are the responsibility of the developer. The remaining certified project costs to be repaid as of December 31, 2012 totaled \$5,905,262.

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2012

Encumbrances

Listed below are the encumbrances by fund for the City as of December 31, 2012.

	<u>Major</u>	<u>Nonmajor</u>	
		<u>Other</u>	<u>Total</u>
	<u>General</u>	<u>Governmental</u>	<u>Governmental</u>
		<u>Funds</u>	<u>Funds</u>
Restricted for:			
Public safety	-	26,790	26,790
Public works	-	345,211	345,211
Community services	-	7,557	7,557
General government	-	24,911	24,911
Committed to:			
Public works	-	35,107	35,107
Community services	-	11,825	11,825
Assigned to:			
Public safety	80,694	-	80,694
Public works	126,101	-	126,101
Community services	71,971	-	71,971
Development services	55,854	-	55,854
General government	88,875	-	88,875
Total encumbrances	<u>\$ 423,495</u>	<u>\$ 451,401</u>	<u>\$ 874,896</u>

Commitments

As of December 31, 2012, uncompleted capital project authorizations compared with project costs from inception (excluding expenditures for general obligation notes, general obligation note interest, note and bond issuance costs and transfers of unused funds back to the funding source) were as follows:

	<u>Project</u>	<u>Costs - Project</u>
	<u>Authorizations</u>	<u>Inception to</u>
		<u>December 31, 2012</u>
Street improvements	\$ 160,615,874	\$ 119,451,210
Citywide improvements	91,560,645	54,271,080
Water and sewer lines	7,871,271	4,937,777
	<u>\$ 260,047,790</u>	<u>\$ 178,660,067</u>

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

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2012

		<u>Operation and Maintenance</u>	<u>Capital Improvements</u>	<u>Total</u>
2013	\$	3,077,334	\$ 1,369,629	\$ 4,446,963
2014		3,408,147	1,458,929	4,867,076
2015		3,774,523	1,554,051	5,328,574

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 as of December 31, 2012 which will exceed coverage and the funds reserved. There were no significant reductions in insurance coverage during 2012. 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 \$849,058 that represents the estimated future cost of claims made and claims incurred, but not reported at December 31, 2012. All is considered due within one year.

Changes in the balances of workers' compensation claims liabilities during the past two years are as follows:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>
2011	\$ 1,493,125	\$ 524,246	\$ 1,020,080	\$ 997,291
2012	997,291	825,688	973,921	849,058

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 \$1,774,628 at December 31, 2012. All is considered due within one year.

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2012

Changes in the balances of health and dental insurance claims liabilities during the past two years are as follows:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>
2011	\$ 1,930,280	\$10,574,696	\$ 10,365,292	\$ 2,139,684
2012	2,139,684	9,148,372	9,513,428	1,774,628

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". Based on the information from the study no liability has been accrued at December 31, 2012. 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 (OPEB)

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, 2012

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 2012, retiree premiums are the same as employees. Listed below are the monthly premiums.

	Consumer Involved Plan	PPO Plan	Dental Plan
Employee Only	\$ 20	\$ 60	\$ 8
Employee Plus Spouse	160	220	22
Employee Plus Child(ren)	140	200	25
Family	215	290	31

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 2012:

1. Annual OPEB Cost for 2012

A. Normal Cost	\$ 873,787
B. Amortization of Unfunded Actuarial Accrued Liability	1,048,600
C. Annual Required Contribution (ARC)	1,922,387
D. Interest on Net OPEB Obligation	244,205
E. Adjustment to the ARC	283,942
F. Annual OPEB Cost (C+D-E)	\$ 1,882,650

2. Employer Contributions for 2012

A. Claims + Admin Paid on Behalf of Retirees	\$ 1,233,000
B. Retiree Contribution	191,000
C. Net Employer Contributions (A-B)	\$ 1,042,000

3. Schedule of Employer Contributions

For Fiscal Year Ended December 31

Year	Annual OPEB Costs	Net Employer Contributions	Net OPEB Obligation	Percentage Contributed
2007	\$ 2,198,000	\$607,011	\$1,590,989	27.62%
2008	\$ 2,277,549	\$892,462	\$2,976,056	39.19%
2009	\$ 1,702,224	\$899,000	\$3,779,299	52.81%
2010	\$ 1,702,224	\$958,000	\$4,523,523	56.28%
2011	\$ 1,889,264	\$986,000	\$5,426,787	52.19%
2012	\$ 1,882,650	\$1,042,000	\$6,267,437	55.35%

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2012

4. Net OPEB Obligation at 1/01/12

A. Annual OPEB Cost for 2012	\$ 1,882,650
B. Net Employer Contributions for 2012	<u>(1,042,000)</u>
C. Increase in Net OPEB for 2012	840,650
D. Balance at 1/01/11	<u>5,426,787</u>
E. Balance at 1/01/12 (A-B+C)	<u><u>\$ 6,267,437</u></u>

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

Actuarial Methods and Assumptions

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

In the January 1, 2011 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% investment rate of return, which is a blended rate of the expected long-term investment returns on the City's own investments. An annual health care costs trend rate of 8.5% initially, reduced by decrements to an ultimate rate of 5% after eight years. Both rates include a 3.5% inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period as of this actuarial valuation was 30 years.

Funded Status and Funding Progress

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

Plan Report

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

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

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2012

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, 2012, there were 86 issues of industrial revenue and multi-housing bonds outstanding. Outstanding issues had an aggregate outstanding amount totaling \$749,630,776 and a total assessed valuation of \$1,426,109,000.

17. Component Units Condensed Financial Statements

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

	Olathe Public Library	Olathe Public Housing Authority	Totals
Total assets	\$ 6,784,454	\$ 4,232,995	\$ 11,017,449
Total liabilities	303,788	230,382	534,170
Net Position	<u>\$ 6,480,666</u>	<u>\$ 4,002,613</u>	<u>\$ 10,483,279</u>
Expenses	\$ 4,161,104	\$ 3,733,603	\$ 7,894,707
Program revenues	325,421	3,582,931	3,908,352
Net program revenues	(3,835,683)	(150,672)	(3,986,355)
Tax revenues	4,005,702	-	4,005,702
Other general revenues	58,967	1,195	60,162
Change in net assets	228,986	(149,477)	79,509
Beginning net assets	6,251,680	4,152,090	10,403,770
Ending net assets	<u>\$ 6,480,666</u>	<u>\$ 4,002,613</u>	<u>\$ 10,483,279</u>

18. Prior Period Adjustment

In 2012, the City implemented GASB Statement 65. Bond issuance costs which previously were capitalized and amortized over the life of the related bonds are now expensed when incurred.

This change resulted in an adjustment to beginning net position for Governmental Activities on the Statement of Net Activities. The impact of the adjustment was a decrease in the City's net position as of January 1, 2012 of \$1,339,367 and a corresponding decrease to the asset recorded for Bond Issuance Costs.

This change also resulted in an adjustment to the beginning net position for Business-type Activities on the Statement of Net Position. The impact of the adjustment was a decrease in the City's net position as of January 1, 2012 of \$342,684 and a corresponding decrease to the asset recorded for Bond Issuance Costs. These same changes also occur on the Revenues, Expenses, and Changes in Net Position for the Proprietary Funds.

City of Olathe, Kansas
Notes to the Basic Financial Statements
December 31, 2012

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 67, *Financial Reporting for Pension Plans* – an amendment of GASB Statement No. 25, was issued June 2012 and will be effective for the City with the fiscal year ending December 31, 2013. Management has not yet determined the effect, if any, of the implementation of this statement on the City.

Statement Number 68, *Accounting and Financial Reporting for Pensions* – an amendment of GASB Statement No. 27, was issued June 2012 and will be effective for the City with the fiscal year ending December 31, 2014. Management has not yet determined the effect of the implementation of this statement on the City.

Statement Number 69, *Government Combinations and Disposals of Government Operations*, was issued January 2013 and will be effective for the City with the fiscal year ending December 31, 2014. Management has not yet determined the effect, if any, of the implementation of this statement on the City.

20. Subsequent Events

On May 7, 2013, the City issued the following debt: \$27,330,000 in general obligation bonds with interest rates ranging from 1.50% - 5.00% with a maturity date of October 1, 2033 for certain capital improvements; \$11,655,000 in temporary notes with an interest rate of 2.0% with a maturity date of July 1, 2014 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, 2012

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

Note 1. Significant Factors Affecting Trends in Actuarial Information

2012

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



Nonmajor Governmental Funds

Nonmajor Governmental Funds

Special Revenue Funds

Fire Levy

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

Motor Fuel Tax

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

Library Tax

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

Economic Development and Tourism

To account for monies provided from the transient guest tax for the purpose of funding economic development and tourism.

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, 2012**

	Special Revenue						
	Fire Levy	Motor Fuel Tax	Library Tax	Economic Development and Tourism	Special Park and Recreation	Special Alcohol	Stormwater
Assets							
Cash, cash equivalents, and investments	\$ 83,839	\$ -	\$ 326,479	\$ 56,986	\$ 1,384,171	\$ 686,685	\$ 4,224,122
Receivables (net of allowance)							
Accounts	-	-	-	-	-	-	452,993
Taxes	2,119,054	-	3,480,020	283,176	-	-	-
Loans	-	-	-	-	-	-	-
Due from other governments	-	798,122	-	-	90,000	90,000	-
Total assets	\$ 2,202,893	\$ 798,122	\$ 3,806,499	\$ 340,162	\$ 1,474,171	\$ 776,685	\$ 4,677,115
Liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 424	\$ -	\$ -
Due to other funds	-	235,097	-	-	-	-	-
Due to component unit	-	-	326,479	-	-	-	-
Total liabilities	-	235,097	326,479	-	424	-	-
Deferred Inflows of Resources							
Deferred revenue	2,119,054	-	3,480,020	209,982	90,000	90,000	-
Fund balances							
Nonspendable	-	-	-	-	-	-	-
Restricted							
Public safety	83,839	-	-	-	-	-	-
Public works	-	563,025	-	-	-	-	-
Community services	-	-	-	-	137,330	686,685	-
General government	-	-	-	-	-	-	-
Committed							
Public works	-	-	-	-	-	-	4,677,115
Community services	-	-	-	-	1,246,417	-	-
General government	-	-	-	130,180	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances	83,839	563,025	-	130,180	1,383,747	686,685	4,677,115
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,202,893	\$ 798,122	\$ 3,806,499	\$ 340,162	\$ 1,474,171	\$ 776,685	\$ 4,677,115

**City of Olathe, Kansas
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2012**

	Special Revenue				Capital Projects		Total Nonmajor Governmental Funds
	Reimbursable	Grants	Cemetery	Recreation	Park Sales	Future	
	Programs	Fund			Tax	Street Improvement	
Assets							
Cash, cash equivalents, and investments	\$ 552,782	\$ 79,883	\$ 493,658	\$ 663,391	\$ 3,083,442	\$ 4,795,846	\$ 16,431,284
Receivables (net of allowance)							
Accounts	-	-	-	89,537	-	-	542,530
Taxes	-	-	-	-	480,873	-	6,363,123
Loans	-	4,087,641	-	-	-	-	4,087,641
Due from other governments	-	709,293	-	-	-	-	1,687,415
Total assets	<u>\$ 552,782</u>	<u>\$ 4,876,817</u>	<u>\$ 493,658</u>	<u>\$ 752,928</u>	<u>\$ 3,564,315</u>	<u>\$ 4,795,846</u>	<u>\$ 29,111,993</u>
Liabilities							
Accounts payable	\$ -	\$ 46,212	\$ -	\$ 84,790	\$ -	\$ -	\$ 131,426
Due to other funds	-	456,923	-	-	-	-	692,020
Due to component unit	-	-	-	-	-	-	326,479
Total liabilities	<u>-</u>	<u>503,135</u>	<u>-</u>	<u>84,790</u>	<u>-</u>	<u>-</u>	<u>1,149,925</u>
Deferred Inflows of Resources							
Deferred revenue	-	4,729,765	-	-	-	-	10,718,821
Fund balances							
Nonspendable	-	-	-	-	-	-	-
Restricted							
Public safety	-	-	-	-	-	-	83,839
Public works	-	-	-	-	-	-	563,025
Community services	329,722	-	-	-	3,564,315	-	4,718,052
General government	223,060	-	-	-	-	-	223,060
Committed							
Public works	-	-	-	-	-	4,795,846	9,472,961
Community services	-	-	493,658	668,138	-	-	2,408,213
General government	-	-	-	-	-	-	130,180
Unassigned	-	(356,083)	-	-	-	-	(356,083)
Total fund balances	<u>552,782</u>	<u>(356,083)</u>	<u>493,658</u>	<u>668,138</u>	<u>3,564,315</u>	<u>4,795,846</u>	<u>17,243,247</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 552,782</u>	<u>\$ 4,876,817</u>	<u>\$ 493,658</u>	<u>\$ 752,928</u>	<u>\$ 3,564,315</u>	<u>\$ 4,795,846</u>	<u>\$ 29,111,993</u>

City of Olathe, Kansas
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2012

	Special Revenue						
	Fire Levy	Motor Fuel Tax	Library Tax	Economic Development and Tourism	Special Park and Recreation	Special Alcohol	Stormwater
Revenues							
Taxes:							
Property	\$ 2,465,325	\$ -	\$ 4,006,064	\$ -	\$ -	\$ -	\$ -
Sales	-	-	-	-	-	-	-
Transient guest	-	-	-	1,015,736	-	-	-
Intergovernmental	-	3,260,832	-	-	376,321	376,321	-
Charges for services	-	-	-	-	337,457	-	3,562,218
Use of money and property	-	-	(363)	-	(985)	(119)	(2,551)
Miscellaneous	-	-	-	-	-	-	-
Total revenues	<u>2,465,325</u>	<u>3,260,832</u>	<u>4,005,701</u>	<u>1,015,736</u>	<u>712,793</u>	<u>376,202</u>	<u>3,559,667</u>
Expenditures							
General government	-	-	4,005,701	900,000	-	92,075	289,432
Public safety	-	-	-	-	-	81,354	-
Public works	-	-	-	-	-	-	1,439,450
Community services	-	-	-	-	351,925	179,025	-
Total expenditures	<u>-</u>	<u>-</u>	<u>4,005,701</u>	<u>900,000</u>	<u>351,925</u>	<u>352,454</u>	<u>1,728,882</u>
Excess of revenues over (under) expenditures	<u>2,465,325</u>	<u>3,260,832</u>	<u>-</u>	<u>115,736</u>	<u>360,868</u>	<u>23,748</u>	<u>1,830,785</u>
Other financing sources (uses)							
Transfers in	-	-	-	-	92,546	-	799,622
Transfers out	(2,529,124)	(3,394,822)	-	-	(485,000)	-	(1,889,488)
Total other financing sources (uses)	<u>(2,529,124)</u>	<u>(3,394,822)</u>	<u>-</u>	<u>-</u>	<u>(392,454)</u>	<u>-</u>	<u>(1,089,866)</u>
Net change in fund balances	(63,799)	(133,990)	-	115,736	(31,586)	23,748	740,919
Fund balances - beginning of year	147,638	697,015	-	14,444	1,415,333	662,937	3,936,196
Fund balances - end of year	<u>\$ 83,839</u>	<u>\$ 563,025</u>	<u>\$ -</u>	<u>\$ 130,180</u>	<u>\$ 1,383,747</u>	<u>\$ 686,685</u>	<u>\$ 4,677,115</u>

City of Olathe, Kansas
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2012

	Special Revenue				Capital Projects		Total Nonmajor Governmental Funds
	Reimbursable Programs	Grant Fund	Cemetery	Recreation	Park Sales Tax	Future Street Improvement	
Revenues							
Taxes:							
Property	\$ 10,702	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,482,091
Sales	-	-	-	-	2,699,224	-	2,699,224
Transient guest	-	-	-	-	-	-	1,015,736
Intergovernmental	-	1,171,566	-	-	-	-	5,185,040
Charges for services	241,907	-	109,918	1,698,169	-	1,334,600	7,284,269
Use of money and property	132	18	(79)	(251)	(5,898)	(3,299)	(13,395)
Miscellaneous	664,602	180,572	5,000	-	-	-	850,174
Total revenues	<u>917,343</u>	<u>1,352,156</u>	<u>114,839</u>	<u>1,697,918</u>	<u>2,693,326</u>	<u>1,331,301</u>	<u>23,503,139</u>
Expenditures							
General government	143,961	1,104,782	-	-	-	-	6,535,951
Public safety	180,363	164,377	-	-	-	-	426,094
Public works	-	-	-	-	-	-	1,439,450
Community services	111,648	128,558	167,711	1,585,809	236,183	-	2,760,859
Total expenditures	<u>435,972</u>	<u>1,397,717</u>	<u>167,711</u>	<u>1,585,809</u>	<u>236,183</u>	<u>-</u>	<u>11,162,354</u>
Excess of revenues over (under) expenditures	<u>481,371</u>	<u>(45,561)</u>	<u>(52,872)</u>	<u>112,109</u>	<u>2,457,143</u>	<u>1,331,301</u>	<u>12,340,785</u>
Other financing sources (uses)							
Transfers in	57,750	-	-	-	575,068	6,464	1,531,450
Transfers out	(766,330)	(45,298)	-	-	(4,803,539)	(824,286)	(14,737,887)
Total other financing sources (uses)	<u>(708,580)</u>	<u>(45,298)</u>	<u>-</u>	<u>-</u>	<u>(4,228,471)</u>	<u>(817,822)</u>	<u>(13,206,437)</u>
Net change in fund balances	(227,209)	(90,859)	(52,872)	112,109	(1,771,328)	513,479	(865,652)
Fund balances - beginning of year	779,991	(265,224)	546,530	556,029	5,335,643	4,282,367	18,108,899
Fund balances - end of year	<u>\$ 552,782</u>	<u>\$ (356,083)</u>	<u>\$ 493,658</u>	<u>\$ 668,138</u>	<u>\$ 3,564,315</u>	<u>\$ 4,795,846</u>	<u>\$ 17,243,247</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, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Taxes:			
Property	\$ 12,437,340	\$ 13,122,755	\$ 685,415
Sales	34,018,786	38,124,525	4,105,739
Franchise	9,397,064	9,857,257	460,193
Intergovernmental	861,747	873,988	12,241
Licenses and permits	797,244	1,292,246	495,002
Fines, forfeitures, and penalties	3,593,300	4,102,130	508,830
Charges for services	4,091,992	4,348,225	256,233
Use of money and property	195,623	185,133	(10,490)
Miscellaneous	383,878	467,115	83,237
Total revenues	<u>65,776,974</u>	<u>72,373,374</u>	<u>6,596,400</u>
Expenditures			
General government	14,863,803	3,429,845	11,433,958
Administration	2,962,688	2,767,804	194,884
Legal	1,326,657	1,319,183	7,474
Information technology services	3,426,123	2,996,778	429,345
Financial services	3,063,467	2,832,670	230,797
Public safety	35,070,167	34,402,910	667,257
Public works	12,126,586	11,290,665	835,921
Community services	7,386,614	7,244,284	142,330
Contingency	500,000	-	500,000
Total expenditures	<u>80,726,105</u>	<u>66,284,139</u>	<u>14,441,966</u>
Excess of revenues over expenditures	<u>(14,949,131)</u>	<u>6,089,235</u>	<u>21,038,366</u>
Other financing sources (uses)			
Transfers in	5,923,946	5,923,946	-
Transfers out	(3,128,994)	(8,378,040)	(5,249,046)
Total other financing sources (uses)	<u>2,794,952</u>	<u>(2,454,094)</u>	<u>(5,249,046)</u>
Net change in fund balance	<u>\$ (12,154,179)</u>	<u>3,635,141</u>	<u>\$ 15,789,320</u>
Fund balance - beginning of year - budget basis		19,805,880	
Fund balance - end of year - budget basis		23,441,021	
Encumbrances incurred and outstanding		423,495	
Fund balance - end of year - GAAP basis		<u>\$ 23,864,516</u>	

City of Olathe, Kansas
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
All Budgeted Special Revenue Funds
Budget and Actual - Budgetary Basis
For the Year Ended December 31, 2012

	Fire Levy Fund			Motor Fuel Tax Fund			Library Tax Fund		
	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
Revenues									
Taxes	\$ 2,410,870	\$ 2,465,325	\$ 54,455	\$ -	\$ -	\$ -	\$ 3,794,497	\$ 4,006,064	\$ 211,567
Intergovernmental	-	-	-	3,144,822	3,260,832	116,010	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-
Use of money and property	-	-	-	-	-	-	5,000	(363)	(5,363)
Miscellaneous	-	-	-	-	-	-	-	-	-
Total revenues	<u>2,410,870</u>	<u>2,465,325</u>	<u>54,455</u>	<u>3,144,822</u>	<u>3,260,832</u>	<u>116,010</u>	<u>3,799,497</u>	<u>4,005,701</u>	<u>206,204</u>
Expenditures									
General government	-	-	-	-	-	-	3,799,497	3,799,497	-
Public works	-	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,799,497</u>	<u>3,799,497</u>	<u>-</u>
Excess of revenues over/ (under) expenditures	<u>2,410,870</u>	<u>2,465,325</u>	<u>54,455</u>	<u>3,144,822</u>	<u>3,260,832</u>	<u>116,010</u>	<u>-</u>	<u>206,204</u>	<u>206,204</u>
Other financing sources (uses)									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	(2,529,124)	(2,529,124)	-	(3,394,822)	(3,394,822)	-	-	-	-
Total other financing sources/(uses)	<u>(2,529,124)</u>	<u>(2,529,124)</u>	<u>-</u>	<u>(3,394,822)</u>	<u>(3,394,822)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (118,254)</u>	<u>(63,799)</u>	<u>\$ 54,455</u>	<u>\$ (250,000)</u>	<u>(133,990)</u>	<u>\$ 116,010</u>	<u>\$ -</u>	<u>206,204</u>	<u>\$ 206,204</u>
Fund balances - beginning of year - Budget basis		<u>147,638</u>			<u>697,015</u>			<u>120,275</u>	
Fund balances - end of year - Budget basis		<u>83,839</u>			<u>563,025</u>			<u>326,479</u>	
Encumbrances incurred and outstanding / Due to component unit		<u>-</u>			<u>-</u>			<u>(326,479)</u>	
Fund balances - end of year - GAAP basis		<u>\$ 83,839</u>			<u>\$ 563,025</u>			<u>\$ -</u>	

City of Olathe, Kansas
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
All Budgeted Special Revenue Funds
Budget and Actual - Budgetary Basis
For the Year Ended December 31, 2012

	Economic Development and Tourism			Special Park and Recreation Fund			Special Alcohol Fund		
	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
Revenues									
Taxes	\$ 850,000	\$ 1,015,736	\$ 165,736	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	352,455	376,321	23,866	352,455	376,321	23,866
Charges for services	-	-	-	216,578	337,457	120,879	-	-	-
Use of money and property	-	-	-	12,000	(985)	(12,985)	4,491	(119)	(4,610)
Miscellaneous	-	-	-	-	-	-	-	-	-
Total revenues	<u>850,000</u>	<u>1,015,736</u>	<u>165,736</u>	<u>581,033</u>	<u>712,793</u>	<u>131,760</u>	<u>356,946</u>	<u>376,202</u>	<u>19,256</u>
Expenditures									
General government	900,000	900,000	-	-	-	-	174,815	168,139	6,676
Public works	-	-	-	-	-	-	-	-	-
Community services	-	-	-	1,841,023	351,925	1,489,098	749,711	175,700	574,011
Total expenditures	<u>900,000</u>	<u>900,000</u>	<u>-</u>	<u>1,841,023</u>	<u>351,925</u>	<u>1,489,098</u>	<u>924,526</u>	<u>343,839</u>	<u>580,687</u>
Excess of revenues over (under) expenditures	<u>(50,000)</u>	<u>115,736</u>	<u>(165,736)</u>	<u>(1,259,990)</u>	<u>360,868</u>	<u>1,620,858</u>	<u>(567,580)</u>	<u>32,363</u>	<u>599,943</u>
Other financing sources (uses)									
Transfers in	-	-	-	-	92,546	92,546	-	-	-
Transfers out	-	-	-	(485,000)	(485,000)	-	-	-	-
Total other financing sources/(uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(485,000)</u>	<u>(392,454)</u>	<u>92,546</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (50,000)</u>	<u>115,736</u>	<u>\$ (165,736)</u>	<u>\$ (1,744,990)</u>	<u>(31,586)</u>	<u>\$ 1,713,404</u>	<u>\$ (567,580)</u>	<u>32,363</u>	<u>\$ 599,943</u>
Fund balances - beginning of year - Budget basis		<u>14,444</u>			<u>1,415,333</u>			<u>654,065</u>	
Fund balances - end of year - Budget basis		<u>130,180</u>			<u>1,383,747</u>			<u>686,428</u>	
Encumbrances incurred and outstanding / Due from component unit		<u>-</u>			<u>-</u>			<u>257</u>	
Fund balances - end of year - GAAP basis		<u>\$ 130,180</u>			<u>\$ 1,383,747</u>			<u>\$ 686,685</u>	

continued

City of Olathe, Kansas
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
All Budgeted Special Revenue Funds
Budget and Actual - Budgetary Basis (continued)
For the Year Ended December 31, 2012

	Storm Water Fund			Recreation			Total		
	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
Revenues									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,055,367	\$ 7,487,125	\$ 431,758
Intergovernmental	-	-	-	-	-	-	3,849,732	4,013,474	163,742
Charges for services	3,505,334	3,562,218	56,884	1,322,426	1,698,169	375,743	5,044,338	5,597,844	553,506
Use of money and property	6,691	(2,551)	(9,242)	700	(251)	(951)	28,882	(4,269)	(33,151)
Miscellaneous	-	-	-	-	-	-	-	-	-
Total revenues	<u>3,512,025</u>	<u>3,559,667</u>	<u>47,642</u>	<u>1,323,126</u>	<u>1,697,918</u>	<u>374,792</u>	<u>15,978,319</u>	<u>17,094,174</u>	<u>1,115,855</u>
Expenditures									
General government	241,371	309,541	(68,170)	-	-	-	5,115,683	5,177,177	(61,494)
Public works	1,777,210	1,408,957	368,253	-	-	-	1,777,210	1,408,957	368,253
Community services	-	-	-	1,788,027	1,591,872	196,155	4,378,761	2,119,497	2,259,264
Total expenditures	<u>2,018,581</u>	<u>1,718,498</u>	<u>300,083</u>	<u>1,788,027</u>	<u>1,591,872</u>	<u>196,155</u>	<u>11,271,654</u>	<u>8,705,631</u>	<u>2,566,023</u>
Excess of revenues over (under) expenditures	<u>1,493,444</u>	<u>1,841,169</u>	<u>347,725</u>	<u>(464,901)</u>	<u>106,046</u>	<u>570,947</u>	<u>4,706,665</u>	<u>8,388,543</u>	<u>3,681,878</u>
Other financing sources (uses)									
Transfers in	-	799,622	799,622	-	-	-	-	892,168	892,168
Transfers out	(4,951,484)	(1,889,488)	3,061,996	-	-	-	(11,360,430)	(8,298,434)	3,061,996
Total other financing sources/(uses)	<u>(4,951,484)</u>	<u>(1,089,866)</u>	<u>3,861,618</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,360,430)</u>	<u>(7,406,266)</u>	<u>3,954,164</u>
Net change in fund balances	<u>\$ (3,458,040)</u>	<u>751,303</u>	<u>\$ 4,209,343</u>	<u>\$ (464,901)</u>	<u>106,046</u>	<u>\$ 570,947</u>	<u>\$ (6,653,765)</u>	<u>982,277</u>	<u>\$ 7,636,042</u>
Fund balances - beginning of year - Budget basis		<u>3,890,705</u>			<u>550,267</u>			<u>7,489,742</u>	
Fund balances - end of year - Budget basis		<u>4,642,008</u>			<u>656,313</u>			<u>8,472,019</u>	
Encumbrances incurred and outstanding / Due from component unit		<u>35,107</u>			<u>11,825</u>			<u>(279,290)</u>	
Fund balances - end of year - GAAP basis		<u>\$ 4,677,115</u>			<u>\$ 668,138</u>			<u>\$ 8,192,729</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, 2012

	Budget	Actual	Variance - Positive (Negative)
Revenues			
Taxes	\$ 2,524,279	\$ 2,699,224	\$ 174,945
Use of money and property	25,000	(5,898)	(30,898)
Total revenues	<u>2,549,279</u>	<u>2,693,326</u>	<u>144,047</u>
Expenditures			
General government	372,841	5,249	367,592
Community services	246,357	230,934	15,423
Total expenditures	<u>619,198</u>	<u>236,183</u>	<u>383,015</u>
Excess of revenues over (under) expenditures	1,930,081	2,457,143	527,062
Other financing sources (uses)			
Transfers in	-	575,068	575,068
Transfers out	<u>(5,900,000)</u>	<u>(4,803,539)</u>	<u>1,096,461</u>
Total other financing sources (uses)	<u>(5,900,000)</u>	<u>(4,228,471)</u>	<u>1,671,529</u>
Net change in fund balance	<u>\$ (3,969,919)</u>	<u>(1,771,328)</u>	<u>\$ 2,198,591</u>
Fund balance - beginning of year		5,335,643	
Fund balance - end of year		<u>\$ 3,564,315</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, 2012

	<u>Budget</u>	<u>Actual</u>	Variance - Positive (Negative)
Revenues			
Taxes and special assessments	\$ 24,603,940	\$ 25,096,401	\$ 492,461
Use of money and property	120,000	921,923	801,923
Miscellaneous	225,000	175,947	(49,053)
Total revenues	<u>24,948,940</u>	<u>26,194,271</u>	<u>1,245,331</u>
Expenditures			
General operations	500	122,904	(122,404)
Debt service:			
Principal retirements	41,743,930	22,095,000	19,648,930
Interest	9,527,480	8,880,824	646,656
Total expenditures	<u>51,271,910</u>	<u>31,098,728</u>	<u>20,173,182</u>
Excess of revenues over (under) expenditures	(26,322,970)	(4,904,457)	21,418,513
Other financing sources			
Transfers in	1,827,000	2,507,622	680,622
Net change in fund balance	<u>\$ (24,495,970)</u>	<u>(2,396,835)</u>	<u>\$ 22,099,135</u>
Fund balance - beginning of year		33,328,402	
Payment to refunded bond escrow		(7,245,028)	
Cash held by trustee		3,337,349	
Fund balance - end of year		<u>\$ 27,023,888</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, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
Revenues			
Taxes and special assessments	\$ 3,608,000	\$ 3,753,805	\$ 145,805
Charge for services	-	-	-
Use of money and property	5,000	3,440	(1,560)
Total revenues	<u>3,613,000</u>	<u>3,757,245</u>	<u>144,245</u>
Expenditures			
General operations	27,306	174,357	(147,051)
Debt service	8,059,625	3,337,197	4,722,428
Total expenditures	<u>8,086,931</u>	<u>3,511,554</u>	<u>4,575,377</u>
Excess of revenues over (under) expenditures	<u>\$ (4,473,931)</u>	245,691	<u>\$ 4,719,622</u>
Fund balance - beginning of year		6,047,389	
Fund balance - end of year		<u>\$ 6,293,080</u>	

City of Olathe, Kansas
Combining Schedule of Revenues, Expenditures
and Changes in Net Position
Enterprise Funds
Budget and Actual - Budgetary Basis
For the Year Ended December 31, 2012

	Water and Sewer Fund			Solid Waste Fund			Total		
	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
Revenues									
Water charges	\$ 19,490,275	\$ 21,527,779	\$ 2,037,504	\$ -	\$ -	\$ -	\$ 19,490,275	\$ 21,527,779	\$ 2,037,504
Sewer charges	13,809,237	13,982,944	173,707	-	-	-	13,809,237	13,982,944	173,707
Water and sewer connection charges	85,500	117,581	32,081	-	-	-	85,500	117,581	32,081
Sanitation charges and landfill fees	-	-	-	11,812,810	12,149,551	336,741	11,812,810	12,149,551	336,741
Use of money and property	27,072	350,207	323,135	20,350	23,695	3,345	47,422	373,902	326,480
Miscellaneous	433,916	1,148,332	714,416	-	-	-	433,916	1,148,332	714,416
Total revenues	<u>33,846,000</u>	<u>37,126,843</u>	<u>3,280,843</u>	<u>11,833,160</u>	<u>12,173,246</u>	<u>340,086</u>	<u>45,679,160</u>	<u>49,300,089</u>	<u>3,620,929</u>
Expenditures									
General operations	1,679,725	1,243,210	436,515	162,475	74,667	87,808	1,842,200	1,317,877	524,323
Public works	28,124,809	23,075,545	5,049,264	13,874,533	10,606,505	3,268,028	41,999,342	33,682,050	8,317,292
Debt service	7,209,811	8,130,227	(920,416)	-	392,490	(392,490)	7,209,811	8,522,717	(1,312,906)
Total expenditures	<u>37,014,345</u>	<u>32,448,982</u>	<u>4,565,363</u>	<u>14,037,008</u>	<u>11,073,662</u>	<u>2,963,346</u>	<u>51,051,353</u>	<u>43,522,644</u>	<u>7,528,709</u>
Excess of revenues over (under expenditures)	<u>(3,168,345)</u>	<u>4,677,861</u>	<u>7,846,206</u>	<u>(2,203,848)</u>	<u>1,099,584</u>	<u>3,303,432</u>	<u>(5,372,193)</u>	<u>5,777,445</u>	<u>11,149,638</u>
Other financing sources (uses)									
Transfers in	310,000	-	(310,000)	-	-	-	310,000	-	(310,000)
Transfers out	(1,441,655)	(3,858,091)	(2,416,436)	-	(256,594)	(256,594)	(1,441,655)	(4,114,685)	(2,673,030)
Net other financing sources (uses)	<u>(1,131,655)</u>	<u>(3,858,091)</u>	<u>(2,726,436)</u>	<u>-</u>	<u>(256,594)</u>	<u>(256,594)</u>	<u>(1,131,655)</u>	<u>(4,114,685)</u>	<u>(2,983,030)</u>
Net change in net position	<u>\$ (4,300,000)</u>	<u>819,770</u>	<u>\$ 5,119,770</u>	<u>\$ (2,203,848)</u>	<u>842,990</u>	<u>\$ 3,046,838</u>	<u>\$ (6,503,848)</u>	<u>1,662,760</u>	<u>\$ 8,166,608</u>
Net position - beginning of year		6,606,851			2,490,259			9,097,110	
Net position - end of year		<u>\$ 7,426,621</u>			<u>\$ 3,333,249</u>			<u>\$ 10,759,870</u>	

City of Olathe, Kansas
Combining Schedule of Revenues, Expenditures
and Changes in Net Position
Internal Service Funds
Budget and Actual - Budgetary Basis
For the Year Ended December 31, 2012

	Central Garage			Risk Management			Vehicle Replacement		
	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
Revenues									
Charge for services	\$ 6,515,334	\$ 5,917,248	\$ (598,086)	\$ 13,978,622	\$ 12,558,365	\$ (1,420,257)	\$ 4,789,053	\$ 4,236,851	\$ (552,202)
Use of money and property	-	238	238	19,822	(1,049)	(20,871)	10,000	12,628	2,628
Total revenues	<u>6,515,334</u>	<u>5,917,486</u>	<u>(597,848)</u>	<u>13,998,444</u>	<u>12,557,316</u>	<u>(1,441,128)</u>	<u>4,799,053</u>	<u>4,249,479</u>	<u>(549,574)</u>
Expenditures									
General operations	-	-	-	19,317,372	13,230,339	6,087,033	13,263,877	7,625,350	5,638,527
Public works	6,530,334	5,955,181	575,153	-	-	-	-	-	-
Total expenditures	<u>6,530,334</u>	<u>5,955,181</u>	<u>575,153</u>	<u>19,317,372</u>	<u>13,230,339</u>	<u>6,087,033</u>	<u>13,263,877</u>	<u>7,625,350</u>	<u>5,638,527</u>
Excess of revenues over (under) expenditures	<u>(15,000)</u>	<u>(37,695)</u>	<u>(22,695)</u>	<u>(5,318,928)</u>	<u>(673,023)</u>	<u>4,645,905</u>	<u>(8,464,824)</u>	<u>(3,375,871)</u>	<u>5,088,953</u>
Other financing (uses)									
Transfers in	-	-	-	-	-	-	-	45,298	45,298
Transfers out	-	(10,598)	(10,598)	-	-	-	-	(41,260)	(41,260)
Net other financing (uses)	<u>-</u>	<u>(10,598)</u>	<u>(10,598)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,038</u>	<u>4,038</u>
Net change in net position	<u>\$ (15,000)</u>	<u>(48,293)</u>	<u>\$ (33,293)</u>	<u>\$ (5,318,928)</u>	<u>(673,023)</u>	<u>\$ 4,645,905</u>	<u>\$ (8,464,824)</u>	<u>(3,371,833)</u>	<u>\$ 5,092,991</u>
Net position - beginning of year		113,817			6,921,972			8,918,522	
Net position - end of year		<u>\$ 65,524</u>			<u>\$ 6,248,949</u>			<u>\$ 5,546,689</u>	

City of Olathe, Kansas
Combining Schedule of Revenues, Expenditures
and Changes in Net Position
Internal Service Funds
Budget and Actual - Budgetary Basis
For the Year Ended December 31, 2012

	Personal Computer Replacement			Total		
	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
Revenues						
Charge for services	\$ 523,641	\$ 488,767	\$ (34,874)	\$ 25,806,650	\$ 23,201,231	\$ (2,605,419)
Interest income	10,000	246	(9,754)	39,822	12,063	(27,759)
Total revenues	<u>533,641</u>	<u>489,013</u>	<u>(44,628)</u>	<u>25,846,472</u>	<u>23,213,294</u>	<u>(2,633,178)</u>
Expenditures						
General operations	977,240	702,015	275,225	33,558,489	21,557,704	12,000,785
Public works	-	-	-	6,530,334	5,955,181	575,153
Total expenditures	<u>977,240</u>	<u>702,015</u>	<u>275,225</u>	<u>40,088,823</u>	<u>27,512,885</u>	<u>12,575,938</u>
Excess of revenues over (under) expenditures	<u>(443,599)</u>	<u>(213,002)</u>	<u>230,597</u>	<u>(14,242,351)</u>	<u>(4,299,591)</u>	<u>9,942,760</u>
Other financing (uses)						
Transfers in	-	-	-	-	45,298	45,298
Transfers out	-	(116,000)	(116,000)	-	(167,858)	(167,858)
Net other financing sources (uses)	<u>-</u>	<u>(116,000)</u>	<u>(116,000)</u>	<u>-</u>	<u>(122,560)</u>	<u>(122,560)</u>
Net change in net position	<u>\$ (443,599)</u>	<u>(329,002)</u>	<u>\$ 114,597</u>	<u>\$ (14,242,351)</u>	<u>\$ (4,422,151)</u>	<u>\$ 9,820,200</u>
Net position - beginning of year		729,007			16,683,318	
Net position - end of year		<u>\$ 400,005</u>			<u>\$ 12,261,167</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 Position
Internal Service Funds
December 31, 2012

	<u>Central Garage</u>	<u>Risk Management</u>	<u>Vehicle Replacement</u>	<u>Personal Computer Replacement</u>	<u>Total</u>
Assets					
Current assets					
Cash and cash equivalents	\$ 234,542	\$ 9,891,841	\$ 6,306,105	\$ 449,226	\$ 16,881,714
Inventories and prepaid assets	317,692	-	-	-	317,692
Total current assets	<u>552,234</u>	<u>9,891,841</u>	<u>6,306,105</u>	<u>449,226</u>	<u>17,199,406</u>
Noncurrent assets					
Restricted assets					
Deposit	-	11,000	-	-	11,000
Total restricted assets	<u>-</u>	<u>11,000</u>	<u>-</u>	<u>-</u>	<u>11,000</u>
Capital assets	191,812	-	42,964,803	228,269	43,384,884
Less accumulated depreciation	<u>(191,812)</u>	<u>-</u>	<u>(24,032,050)</u>	<u>(228,269)</u>	<u>(24,452,131)</u>
Net capital assets	<u>-</u>	<u>-</u>	<u>18,932,753</u>	<u>-</u>	<u>18,932,753</u>
Total assets	<u>\$ 552,234</u>	<u>\$ 9,902,841</u>	<u>\$ 25,238,858</u>	<u>\$ 449,226</u>	<u>\$ 36,143,159</u>
Liabilities					
Current liabilities					
Accounts and claims payable	\$ 166,395	\$ 3,055,204	\$ 20,112	\$ 5,546	\$ 3,247,257
Compensated absences	50,910	8,844	-	-	59,754
Total current liabilities	<u>217,305</u>	<u>3,064,048</u>	<u>20,112</u>	<u>5,546</u>	<u>3,307,011</u>
Noncurrent liabilities					
Deposit	-	11,000	-	-	11,000
Compensated absences	<u>12,615</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,615</u>
Total noncurrent liabilities	<u>12,615</u>	<u>11,000</u>	<u>-</u>	<u>-</u>	<u>23,615</u>
Total liabilities	<u>229,920</u>	<u>3,075,048</u>	<u>20,112</u>	<u>5,546</u>	<u>3,330,626</u>
Net position					
Net investment in capital assets	-	-	18,932,753	-	18,932,753
Unrestricted	<u>322,314</u>	<u>6,827,793</u>	<u>6,285,993</u>	<u>443,680</u>	<u>13,879,780</u>
Total net position	<u>322,314</u>	<u>6,827,793</u>	<u>25,218,746</u>	<u>443,680</u>	<u>32,812,533</u>
Total liabilities and net position	<u>\$ 552,234</u>	<u>\$ 9,902,841</u>	<u>\$ 25,238,858</u>	<u>\$ 449,226</u>	<u>\$ 36,143,159</u>

City of Olathe, Kansas
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended December 31, 2012

	Central Garage	Risk Management	Vehicle Replacement	Personal Computer Replacement	Total
Operating revenues					
Charges for services	\$ 5,917,248	\$ 12,558,367	\$ 4,236,851	\$ 488,767	\$ 23,201,233
Operating expenses					
Administration and general	2,587	13,191,784	42,927	672,023	13,909,321
Depreciation	-	-	3,518,423	19,787	3,538,210
Equipment maintenance	5,859,332	-	-	-	5,859,332
Total operating expenses	5,861,919	13,191,784	3,561,350	691,810	23,306,863
Operating income (loss)	55,329	(633,417)	675,501	(203,043)	(105,630)
Nonoperating revenues (expenses)					
Interest income	238	(1,049)	12,628	246	12,063
Loss from sale of equipment	-	-	(88,842)	-	(88,842)
Total nonoperating revenues (expenses)	238	(1,049)	(76,214)	246	(76,779)
Net income (loss) before transfers and contributions	55,567	(634,466)	599,287	(202,797)	(182,409)
Transfers in	-	-	45,298	-	45,298
Transfers out	(10,598)	-	(41,260)	(116,000)	(167,858)
Net income (loss)	44,969	(634,466)	603,325	(318,797)	(304,969)
Net position - beginning of year	277,345	7,462,259	24,615,421	762,477	33,117,502
Net position - end of year	\$ 322,314	\$ 6,827,793	\$ 25,218,746	\$ 443,680	\$ 32,812,533



City of Olathe, Kansas
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2012

	<u>Central Garage</u>	<u>Risk Management</u>	<u>Vehicle Replacement</u>	<u>Personal Computer Replacement</u>	<u>Total</u>
Cash Flows from Operating Activities					
Receipts from customers and users	\$ 5,917,248	\$ 12,558,367	\$ 4,236,851	\$ 488,767	\$ 23,201,233
Payments to suppliers	(4,212,330)	(13,303,410)	192,458	(666,477)	(17,989,759)
Payments to employees	(1,626,171)	(211,674)	-	-	(1,837,845)
Net cash provided by (used in) operating activities	<u>78,747</u>	<u>(956,717)</u>	<u>4,429,309</u>	<u>(177,710)</u>	<u>3,373,629</u>
Cash Flows from Noncapital Financing Activities					
Transfers from other funds	-	-	45,298	-	45,298
Transfers to other funds	(10,598)	-	(41,260)	(116,000)	(167,858)
Net cash provided by (used in) noncapital financing activities	<u>(10,598)</u>	<u>-</u>	<u>4,038</u>	<u>(116,000)</u>	<u>(122,560)</u>
Cash Flows from Capital and Related Financing Activities					
Acquisitions and construction of capital assets	-	-	(5,965,307)	-	(5,965,307)
Net cash (used in) capital and related financing activities	<u>-</u>	<u>-</u>	<u>(5,965,307)</u>	<u>-</u>	<u>(5,965,307)</u>
Cash Flows from Investing Activities					
Interest received	238	(1,049)	12,628	246	12,063
Net cash provided by (used in) investing activities	<u>238</u>	<u>(1,049)</u>	<u>12,628</u>	<u>246</u>	<u>12,063</u>
Net increase (decrease) in cash and cash equivalents	68,387	(957,766)	(1,519,332)	(293,464)	(2,702,175)
Cash and cash equivalents - beginning of year	166,155	10,849,607	7,825,437	742,690	19,583,889
Cash and cash equivalents - end of year	<u>\$ 234,542</u>	<u>\$ 9,891,841</u>	<u>\$ 6,306,105</u>	<u>\$ 449,226</u>	<u>\$ 16,881,714</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	\$ 55,329	\$ (633,417)	\$ 675,501	\$ (203,043)	\$ (105,630)
Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities					
Depreciation and amortization	-	-	3,518,423	19,787	3,538,210
Loss from disposal of capital assets	-	-	(88,842)	-	(88,842)
Changes in assets and liabilities					
Decrease in due from other funds	-	-	392,490	-	392,490
Decrease in inventories and prepaid assets	8,991	20,840	-	-	29,831
Increase (decrease) in accounts and claims payable	11,840	(345,259)	(68,263)	5,546	(396,136)
Increase in compensated absences	2,587	1,119	-	-	3,706
Total adjustments	<u>23,418</u>	<u>(323,300)</u>	<u>3,753,808</u>	<u>25,333</u>	<u>3,479,259</u>
Net cash provided by (used in) operating activities	<u>\$ 78,747</u>	<u>\$ (956,717)</u>	<u>\$ 4,429,309</u>	<u>\$ (177,710)</u>	<u>\$ 3,373,629</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 Statement of Net Position
Discretely Presented Component Units
December 31, 2012

	Olathe Public Library	Olathe Public Housing Authority	Total
Assets			
Cash and cash equivalents	\$ 2,685,643	\$ 635,766	\$ 3,321,409
Investments	298,890	376,050	674,940
Accounts receivable	-	20,585	20,585
Interest receivable	-	15	15
Due from primary government	326,479	-	326,479
Prepaid assets	93,906	31,623	125,529
Capital assets:			
Land, collection, and construction in progress	495,885	446,873	942,758
Other capital assets, net of accumulated depreciation	2,883,651	2,722,083	5,605,734
Total assets	<u>\$ 6,784,454</u>	<u>\$ 4,232,995</u>	<u>\$ 11,017,449</u>
Liabilities and net assets			
Liabilities			
Accounts payable	\$ 109,709	\$ 136,540	\$ 246,249
Accrued liabilities	21,629	-	21,629
Unearned revenue	-	2,170	2,170
Noncurrent liabilities:			
Due in one year	137,960	91,672	229,632
Due in more than one year	34,490	-	34,490
Total liabilities	<u>303,788</u>	<u>230,382</u>	<u>534,170</u>
Net position			
Net investment in capital assets	3,379,536	3,168,956	6,548,492
Unrestricted	3,101,130	833,657	3,934,787
Total net position	<u>6,480,666</u>	<u>4,002,613</u>	<u>10,483,279</u>
Total liabilities and net position	<u>\$ 6,784,454</u>	<u>\$ 4,232,995</u>	<u>\$ 11,017,449</u>

City of Olathe, Kansas
Combining Statement of Revenues, Expenses,
and Changes in Net Position
Discretely Presented Component Units
For the Year Ended December 31, 2012

	Olathe Public Library	Olathe Public Housing Authority	Totals
Expenses:			
Library operations	\$ 4,161,104	\$ -	\$ 4,161,104
Community services	-	3,733,603	3,733,603
Total expenses	<u>4,161,104</u>	<u>3,733,603</u>	<u>7,894,707</u>
Program revenues:			
Charges for services	218,350	359,218	577,568
Operating grants and contributions	107,071	3,069,575	3,176,646
Capital grants and contributions	-	154,138	154,138
Total program revenues	<u>325,421</u>	<u>3,582,931</u>	<u>3,908,352</u>
Net (expense)	(3,835,683)	(150,672)	(3,986,355)
General revenues			
Property taxes	4,005,702	-	4,005,702
Unrestricted investment earnings	58,967	1,195	60,162
Miscellaneous	-	-	-
Total general revenues	<u>4,064,669</u>	<u>1,195</u>	<u>4,065,864</u>
Change in net position	228,986	(149,477)	79,509
Net position - beginning of year	<u>6,251,680</u>	<u>4,152,090</u>	<u>10,403,770</u>
Net position - end of year	<u>\$ 6,480,666</u>	<u>\$ 4,002,613</u>	<u>\$ 10,483,279</u>



City of Olathe, Kansas
Statement of Cash Flows
Discretely Presented Component Unit
Olathe Housing Authority
For the Year Ended December 31, 2012

	Totals
Cash Flows from Operating Activities	
Cash received	\$ 3,570,913
Cash paid to suppliers and employees	(3,387,335)
Net cash provided by operating activities	183,578
Cash Flows from Capital and Related Financing Activities	
Acquisition of capital assets	(386,652)
Cash Flows from Investing Activities	
Investments	(59,702)
Interest received	1,195
Net cash (used) for investing activities	(58,507)
Net (decrease) in cash and cash equivalents	(261,581)
Cash and cash equivalents, beginning of year	897,347
Cash and cash equivalents, end of year	\$ 635,766
Reconciliation of operating income to net cash provided by operating activities	
Operating income (loss)	\$ (150,672)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities	
Depreciation expense	313,151
Changes in operating assets and liabilities:	
Accounts receivable	(12,018)
Prepaid assets	(863)
Account payable	65,404
Changes in accrued liabilities	(32,340)
Changes in unearned revenues	916
Net cash provided by operating activities	\$ 183,578



Statistical Section

**City of Olathe, Kansas
Statistical Section**

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

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

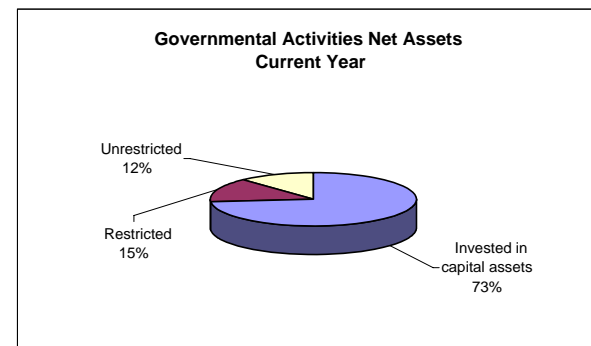
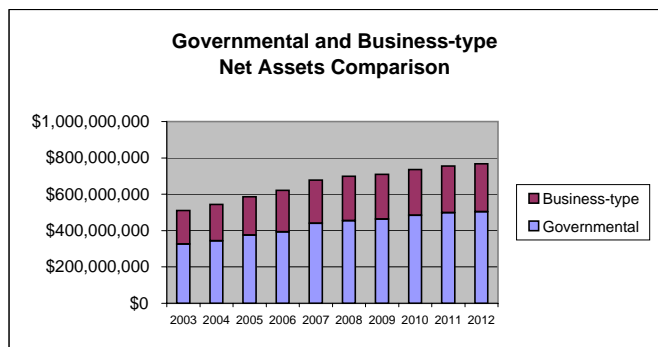
Source: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.



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

	Fiscal Year									
	2003	2004	2005 (1)	2006	2007	2008	2009	2010	2011	2012
Governmental activities										
Invested in capital assets	\$ 229,795,581	\$ 237,116,107	\$ 270,941,772	\$ 254,841,312	\$ 261,882,663	\$ 280,224,650	\$ 297,492,212	\$ 319,933,077	\$ 356,108,246	\$ 370,080,499
Restricted	18,944,885	21,636,709	37,176,791	46,321,539	94,542,378	94,759,587	76,203,831	88,033,948	83,662,819	73,089,869
Unrestricted	76,349,632	84,927,091	66,658,689	90,591,125	83,204,514	79,656,316	89,312,519	75,553,774	57,707,288	60,248,106
Total governmental activities net position	<u>\$ 325,090,098</u>	<u>\$ 343,679,907</u>	<u>\$ 374,777,252</u>	<u>\$ 391,753,976</u>	<u>\$ 439,629,555</u>	<u>\$ 454,640,553</u>	<u>\$ 463,008,562</u>	<u>\$ 483,520,799</u>	<u>\$ 497,478,353</u>	<u>\$ 503,418,474</u>
Business-type activities										
Invested in capital assets	\$ 168,319,584	\$ 180,550,423	\$ 191,360,241	\$ 210,257,947	\$ 219,405,747	\$ 226,244,029	\$ 228,819,361	\$ 227,495,313	\$ 228,011,260	\$ 225,571,867
Restricted	5,274,013	5,274,013	5,274,013	1,544,000	5,953,021	5,167,008	3,858,058	7,096,586	6,961,829	8,526,843
Unrestricted	11,154,084	14,057,613	14,723,103	18,012,845	12,690,426	13,046,355	13,943,156	17,429,714	23,210,572	30,414,894
Total business-type activities net position	<u>\$ 184,747,681</u>	<u>\$ 199,882,049</u>	<u>\$ 211,357,357</u>	<u>\$ 229,814,792</u>	<u>\$ 238,049,194</u>	<u>\$ 244,457,392</u>	<u>\$ 246,620,575</u>	<u>\$ 252,021,613</u>	<u>\$ 258,183,661</u>	<u>\$ 264,513,604</u>
Primary government										
Invested in capital assets	\$ 398,115,165	\$ 417,666,530	\$ 462,302,013	\$ 465,099,259	\$ 481,288,410	\$ 506,468,679	\$ 526,311,573	\$ 547,428,390	\$ 584,119,506	\$ 595,652,366
Restricted	24,218,898	26,910,722	42,450,804	47,865,539	100,495,399	99,926,595	80,061,889	95,130,534	90,624,648	81,616,712
Unrestricted	87,503,716	98,984,704	81,381,792	108,603,970	95,894,940	92,702,671	103,255,675	92,983,488	80,917,860	90,663,000
Total primary government activities net position	<u>\$ 509,837,779</u>	<u>\$ 543,561,956</u>	<u>\$ 586,134,609</u>	<u>\$ 621,568,768</u>	<u>\$ 677,678,749</u>	<u>\$ 699,097,945</u>	<u>\$ 709,629,137</u>	<u>\$ 735,542,412</u>	<u>\$ 755,662,014</u>	<u>\$ 767,932,078</u>

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



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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental activities:										
General government	\$ 15,631,734	\$ 16,816,999	\$ 18,022,076	\$ 37,677,535	\$ 31,810,323	\$ 24,440,387	\$ 21,386,706	\$ 22,633,081	\$ 22,104,286	\$ 21,758,241
Public safety	25,502,187	29,455,211	30,793,576	33,421,326	35,955,257	35,830,325	35,456,647	37,472,183	35,809,361	36,378,578
Public works	29,818,237	32,813,599	30,719,299	36,187,643	37,394,200	40,357,941	38,794,754	41,971,765	46,931,481	42,001,073
Community services	6,317,192	7,277,809	7,843,549	9,575,895	10,790,076	8,457,058	8,834,620	12,182,817	11,823,644	10,740,780
Development services	2,559,027	2,949,215	2,898,751	2,720,997	2,877,028	5,959,292	3,674,810	-	-	-
Interest on long-term debt	4,741,280	4,698,838	5,867,756	5,301,368	8,238,252	9,838,955	10,706,329	10,352,168	11,892,275	10,001,890
Total governmental activities	84,569,657	94,011,671	96,145,007	124,884,764	127,065,136	124,883,958	118,853,866	124,612,014	128,561,047	120,880,562
Business-type activities:										
Water and sewer	20,307,117	20,711,630	20,473,344	23,806,526	33,076,058	26,312,690	28,516,405	27,921,388	32,419,382	38,637,842
Solid waste	7,190,570	7,705,208	7,882,589	8,039,441	9,195,502	9,318,242	10,676,512	9,411,051	10,297,550	10,934,142
Golf course	17,664	-	-	-	-	-	-	-	-	-
Total business-type activities	27,515,351	28,416,838	28,355,933	31,845,967	42,271,560	35,630,932	39,192,917	37,332,439	42,716,932	49,571,984
Total primary government expenses	\$ 112,085,008	\$ 122,428,509	\$ 124,500,940	\$ 156,730,731	\$ 169,336,696	\$ 160,514,890	\$ 158,046,783	\$ 161,944,453	\$ 171,277,979	\$ 170,452,546
Program Revenues										
Governmental activities:										
Charges for services										
General government	\$ 1,431,146	\$ 1,353,653	\$ 1,324,783	\$ 1,783,668	\$ 3,449,451	\$ 3,128,686	\$ 3,170,948	\$ 3,932,061	\$ 3,872,262	\$ 3,632,230
Public safety	2,554,432	2,963,577	3,001,957	3,568,672	3,483,805	3,232,142	3,920,737	3,845,049	4,129,741	4,557,513
Public works	4,517,924	4,956,577	6,082,908	6,399,932	5,537,982	4,171,670	3,847,801	4,403,430	4,664,605	6,536,730
Community services	1,474,365	1,233,709	1,653,302	1,773,019	1,499,536	1,221,493	1,321,447	1,744,871	2,114,043	2,300,397
Development services	660,199	650,872	924,610	1,535,322	1,273,264	530,262	322,142	-	-	-
Operating grants and contributions	1,774,026	1,605,463	2,240,261	1,775,844	2,205,429	2,368,671	2,363,067	2,183,878	2,331,708	2,110,344
Capital grants and contributions	28,455,553	24,099,220	30,931,022	38,809,778	64,433,457	30,372,789	19,581,268	37,416,271	25,256,895	12,379,269
Total governmental activities program revenue	40,867,645	36,863,071	46,158,843	55,646,235	81,882,924	45,025,713	34,527,410	53,525,560	42,369,254	31,516,483
Business-type activities:										
Charges for services										
Water and sewer	22,494,428	23,247,039	25,952,010	29,805,473	35,952,339	25,777,540	27,589,229	29,555,094	31,887,691	38,143,966
Solid waste	7,192,721	7,876,489	8,189,631	8,300,341	9,032,917	9,767,231	10,970,942	11,175,942	11,830,205	12,151,751
Golf course	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	-	-	-	-	846	-	-	-	-	-
Capital grants and contributions	6,542,523	1,953,642	4,842,076	10,616,548	3,919,774	5,859,708	2,482,560	1,606,186	4,206,897	5,241,451
Total business-type activities program revenues	36,229,672	33,077,170	38,983,717	48,722,362	48,905,876	41,404,479	41,042,731	42,337,222	47,924,793	55,537,168
Total primary government program revenues	\$ 77,097,317	\$ 69,940,241	\$ 85,142,560	\$ 104,368,597	\$ 130,788,800	\$ 86,430,192	\$ 75,570,141	\$ 95,862,782	\$ 90,294,047	\$ 87,053,651
Net (expense)/revenue										
Governmental activities	\$ (43,702,012)	\$ (57,148,600)	\$ (49,986,164)	\$ (69,238,529)	\$ (45,182,212)	\$ (79,858,245)	\$ (84,326,456)	\$ (71,086,454)	\$ (86,191,793)	\$ (89,364,079)
Business-type activities	8,714,321	4,660,332	10,627,784	16,876,395	6,634,316	5,773,547	1,849,814	5,004,783	5,207,861	5,965,184
Total primary government net expense	\$ (34,987,691)	\$ (52,488,268)	\$ (39,358,380)	\$ (52,362,134)	\$ (38,547,896)	\$ (74,084,698)	\$ (82,476,642)	\$ (66,081,671)	\$ (80,983,932)	\$ (83,398,895)

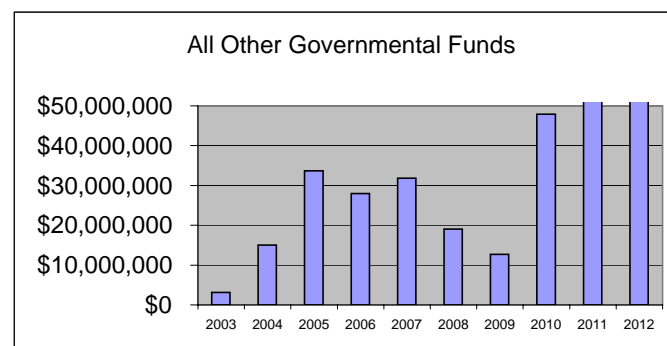
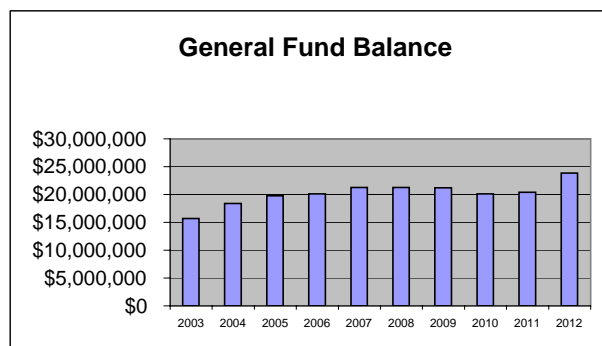
City of Olathe, Kansas
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General revenues and other changes in net position										
Governmental activities:										
Taxes										
Property taxes	\$ 26,388,162	\$ 28,442,019	\$ 30,398,041	\$ 32,558,421	\$ 35,550,691	\$ 38,923,447	\$ 39,530,183	\$ 38,567,592	\$ 37,388,645	\$ 37,803,773
Sales taxes	33,405,318	35,941,908	37,691,328	39,706,793	40,523,898	39,937,282	37,525,065	37,673,077	41,925,494	43,562,332
Franchise taxes	6,447,043	6,939,895	7,205,181	7,131,807	8,063,261	9,087,300	8,452,020	9,264,850	9,676,295	9,857,257
Other taxes	666,470	671,636	752,899	770,973	847,352	865,892	823,184	838,247	879,012	1,015,736
Investment earnings	1,528,093	2,934,420	4,374,006	5,723,310	6,891,722	4,560,797	2,762,325	98,681	961,178	1,462,684
Gain on sale of capital assets	7,337	56,831	40,286	109,124	-	-	-	-	-	-
Miscellaneous	568,614	853,217	659,407	737,075	1,172,183	1,394,572	3,499,966	5,092,981	1,419,911	2,118,260
Transfers	322,925	(101,517)	(37,639)	(522,250)	8,684	99,953	101,722	63,263	544,935	823,525
Total governmental activities	<u>69,333,962</u>	<u>75,738,409</u>	<u>81,083,509</u>	<u>86,215,253</u>	<u>93,057,791</u>	<u>94,869,243</u>	<u>92,694,465</u>	<u>91,598,691</u>	<u>92,795,470</u>	<u>96,643,567</u>
Business-type activities:										
Investment earnings	400,952	422,507	610,467	775,791	981,143	444,586	139,245	(50,857)	178,500	382,636
Gain on sale of capital assets	320,355	23,084	-	-	-	-	-	-	-	-
Miscellaneous	153,308	130,549	199,418	282,999	627,627	290,018	275,846	510,375	1,320,622	1,148,332
Transfers	(322,925)	101,517	37,639	522,250	(8,684)	(99,953)	(101,722)	(63,263)	(544,935)	(823,525)
Total business-type activities	<u>551,690</u>	<u>677,657</u>	<u>847,524</u>	<u>1,581,040</u>	<u>1,600,086</u>	<u>634,651</u>	<u>313,369</u>	<u>396,255</u>	<u>954,187</u>	<u>707,443</u>
Total primary government	<u>\$ 69,885,652</u>	<u>\$ 76,416,066</u>	<u>\$ 81,931,033</u>	<u>\$ 87,796,293</u>	<u>\$ 94,657,877</u>	<u>\$ 95,503,894</u>	<u>\$ 93,007,834</u>	<u>\$ 91,994,946</u>	<u>\$ 93,749,657</u>	<u>\$ 97,351,010</u>
Change in Net Position										
Governmental activities	\$ 25,631,950	\$ 18,589,809	\$ 31,097,345	\$ 16,976,724	\$ 47,875,579	\$ 15,010,998	\$ 8,368,009	\$ 20,512,237	\$ 6,603,677	\$ 7,279,488
Business-type activities	9,266,011	5,337,989	11,475,308	18,457,435	8,234,402	6,408,198	2,163,183	5,401,038	6,162,048	6,672,627
Total primary government	<u>\$ 34,897,961</u>	<u>\$ 23,927,798</u>	<u>\$ 42,572,653</u>	<u>\$ 35,434,159</u>	<u>\$ 56,109,981</u>	<u>\$ 21,419,196</u>	<u>\$ 10,531,192</u>	<u>\$ 25,913,275</u>	<u>\$ 12,765,725</u>	<u>\$ 13,952,115</u>

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

	2003	2004	2005	2006	2007	2008	2009	2010 (1)	2011	2012
General Fund										
Reserved	\$ 923,907	\$ 658,903	\$ 1,285,395	\$ 738,136	\$ 1,545,473	\$ 1,133,983	\$ 1,352,091	\$ -	\$ -	\$ -
Unreserved	14,790,109	17,750,451	18,471,654	19,356,973	19,730,159	20,157,984	19,881,271	-	-	-
Nonspendable	-	-	-	-	-	-	-	300,950	601,488	826,094
Assigned	-	-	-	-	-	-	-	1,803,838	604,793	423,495
Unassigned	-	-	-	-	-	-	-	17,999,342	19,204,392	22,614,927
Total general fund	\$ 15,714,016	\$ 18,409,354	\$ 19,757,049	\$ 20,095,109	\$ 21,275,632	\$ 21,291,967	\$ 21,233,362	\$ 20,104,130	\$ 20,410,673	\$ 23,864,516
All Other Governmental Funds										
Reserved	\$ 23,210,066	\$ 22,470,404	\$ 23,292,041	\$ 25,118,749	\$ 29,946,051	\$ 36,550,884	\$ 33,452,771	\$ -	\$ -	\$ -
Unreserved, reported in										
Special revenue funds	13,419,120	15,631,211	20,707,604	25,493,536	31,916,723	28,817,453	23,531,448	-	-	-
Capital projects fund	(33,500,030)	(23,041,254)	(10,299,166)	(22,655,912)	(30,060,733)	(46,347,007)	(44,296,712)	-	-	-
Restricted	-	-	-	-	-	-	-	42,937,040	64,415,415	56,870,747
Committed	-	-	-	-	-	-	-	11,943,046	10,637,847	12,011,354
Assigned	-	-	-	-	-	-	-	1,150,000	3,092,000	4,919,000
Unassigned	-	-	-	-	-	-	-	(8,151,727)	(265,224)	(356,083)
Total all other governmental funds	\$ 3,129,156	\$ 15,060,361	\$ 33,700,479	\$ 27,956,373	\$ 31,802,041	\$ 19,021,330	\$ 12,687,507	\$ 47,878,359	\$ 77,880,038	\$ 73,445,018

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

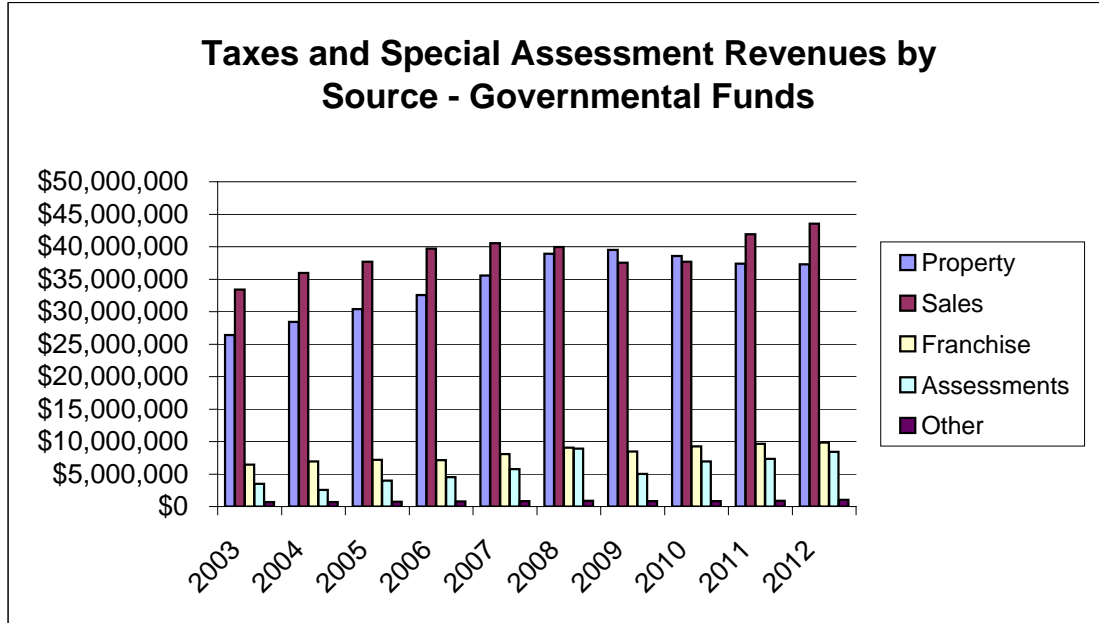


City of Olathe, Kansas
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Taxes and special assessments	\$ 70,391,554	\$ 74,555,697	\$ 80,051,452	\$ 84,697,683	\$ 90,754,821	\$ 97,721,810	\$ 91,334,541	\$ 93,278,764	\$ 97,186,011	\$ 100,151,808
Intergovernmental	11,407,621	14,032,341	15,849,212	11,732,742	40,832,456	18,469,344	14,506,377	20,449,434	10,649,241	8,537,462
Licenses and permits	1,260,615	1,197,781	1,468,159	1,561,945	1,497,666	1,068,989	897,555	813,254	801,090	1,292,246
Fines, forfeitures, and penalties	2,280,881	2,751,852	2,653,860	3,093,526	3,047,531	2,816,600	3,375,876	3,323,570	3,605,967	4,102,130
Charges for services	7,096,570	7,208,755	8,865,541	10,405,142	10,698,841	8,398,664	8,309,644	9,788,587	10,373,594	11,632,494
Use of money and property	1,362,573	2,758,795	4,004,328	5,199,960	6,184,537	4,275,573	2,662,741	106,061	897,601	1,450,621
Miscellaneous	568,614	853,217	659,407	737,075	1,172,183	1,394,572	3,258,702	2,652,214	1,327,317	1,594,024
Total revenues	94,368,428	103,358,438	113,551,959	117,428,073	154,188,035	134,145,552	124,345,436	130,411,884	124,840,821	128,760,785
Expenditures										
General government	14,950,325	15,846,542	17,028,025	36,583,898	30,169,035	23,313,768	20,302,744	21,383,165	21,003,812	20,364,416
Public safety	24,942,875	27,386,637	29,438,324	31,897,840	33,614,880	34,354,585	34,293,288	35,962,013	35,062,536	34,812,525
Public works	10,236,199	11,686,582	12,085,415	12,913,092	13,690,326	14,557,425	13,943,279	12,818,237	12,927,181	12,781,679
Community services	5,920,919	6,904,973	7,570,412	9,250,648	10,206,734	8,090,482	8,588,339	11,877,736	10,281,567	9,964,083
Development services	2,432,688	2,608,027	2,669,405	2,464,599	2,529,592	3,203,016	3,632,333	555,790	-	-
Capital improvements	38,285,603	33,701,286	35,148,795	49,814,606	77,614,339	71,127,640	42,068,750	41,708,828	19,185,356	17,731,294
Debt service										
Principal retirements	12,355,800	12,909,152	14,725,471	16,473,980	17,973,278	18,993,650	20,969,622	20,526,463	21,338,779	24,321,309
Interest and fiscal charges	4,666,553	4,363,978	5,735,181	6,137,525	8,484,217	10,445,658	10,191,231	10,681,749	12,308,753	10,282,122
Total expenditures	113,790,962	115,407,177	124,401,028	165,536,188	194,282,401	184,086,224	153,989,586	155,513,981	132,107,984	130,257,428
Excess of revenues over (under) expenditures	(19,422,534)	(12,048,739)	(10,849,069)	(48,108,115)	(40,094,366)	(49,940,672)	(29,644,150)	(25,102,097)	(7,267,163)	(1,496,643)
Other financing sources (uses)										
Issuance of bonds	21,150,000	24,535,000	28,980,000	42,545,000	44,125,000	35,400,000	23,010,000	53,148,000	28,100,000	3,170,000
Issuance of refunding bonds	-	11,190,000	-	-	-	-	-	-	8,835,000	3,335,000
Proceeds from capital leases	-	499,570	-	-	-	-	-	-	-	-
Payment to bond escrow agent	-	(11,050,014)	-	-	-	-	-	-	(2,590,000)	(7,245,028)
Premium on general obligation bonds	-	1,262,763	1,683,620	654,115	561,191	1,676,343	-	5,500,575	2,483,846	309,409
Transfers in	19,417,855	20,875,833	26,986,831	28,166,940	17,385,451	14,036,309	15,939,644	16,794,058	23,594,270	25,703,478
Transfers out	(18,773,930)	(20,637,870)	(26,813,569)	(28,663,987)	(16,951,085)	(13,936,356)	(15,697,922)	(16,278,916)	(22,847,731)	(24,757,393)
Total other financing sources (uses)	21,793,925	26,675,282	30,836,882	42,702,068	45,120,557	37,176,296	23,251,722	59,163,717	37,575,385	515,466
Net change in fund balances	\$ 2,371,391	\$ 14,626,543	\$ 19,987,813	\$ (5,406,047)	\$ 5,026,191	\$ (12,764,376)	\$ (6,392,428)	\$ 34,061,620	\$ 30,308,222	\$ (981,177)
Debt service as a percentage of noncapital expenditures	22.0%	21.2%	23.3%	19.6%	22.5%	25.3%	27.3%	28.4%	29.8%	31.2%

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

Fiscal Year	Property	Sales	Franchise	Special Assessments	Other Taxes	Total
2003	\$ 26,388,162	\$ 33,405,318	\$ 6,447,043	\$ 3,484,561	\$ 666,470	\$ 70,391,554
2004	28,442,019	35,941,908	6,939,895	2,560,239	671,636	74,555,697
2005	30,398,041	37,691,328	7,205,181	4,004,003	752,899	80,051,452
2006	32,558,421	39,706,793	7,131,807	4,529,689	770,973	84,697,683
2007	35,550,691	40,523,898	8,063,261	5,769,619	847,352	90,754,821
2008	38,923,447	39,937,282	9,087,300	8,907,889	865,892	97,721,810
2009	39,530,183	37,525,065	8,452,020	5,004,089	823,184	91,334,541
2010	38,567,592	37,673,077	9,264,850	6,934,998	838,247	93,278,764
2011	37,388,645	41,925,494	9,676,295	7,316,565	879,012	97,186,011
2012	37,273,386	43,562,332	9,857,257	8,443,097	1,015,736	100,151,808
Change 2003 to 2012	70.80%	76.68%	65.40%	41.27%	65.61%	70.28%



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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Retail Trade									
(Big Box Retail, Grocery, Electronics)	\$ 12,823,431	\$ 13,341,565	\$ 13,776,238	\$ 13,899,061	\$ 13,888,804	\$ 13,238,004	\$ 13,319,118	\$ 14,372,193	\$ 14,838,908
Accommodation & Food Services									
(Hotel, Restaurant)	1,700,440	1,798,757	1,969,574	2,118,186	2,277,762	2,249,410	2,255,334	2,410,568	2,524,117
Utilities									
(Gas, Electric)	1,210,827	1,299,014	1,328,028	1,405,563	1,531,469	1,503,487	1,582,942	1,654,295	1,618,624
Information									
(Newsprint, Publishing)	1,042,414	904,731	800,898	1,060,532	1,116,833	1,144,893	1,174,579	1,212,359	1,273,169
Wholesale Trade									
(Wholesale Materials)	884,915	961,881	1,014,892	961,908	919,123	668,273	751,037	967,502	911,285
Manufacturing									
(Food, Beverage, Paper, Machinery)	670,852	695,507	845,003	750,185	683,550	542,126	532,486	565,698	637,218
Other Services									
(Auto Repair, Laundry)	629,077	707,068	666,628	703,340	672,897	673,127	646,856	694,384	663,561
Administrative, Support, Waste Management, & Remediation Services	198,912	243,945	222,905	231,479	220,864	179,478	168,043	191,600	191,995
Other	1,230,420	1,353,688	1,724,797	1,645,458	1,522,889	1,378,575	1,675,706	1,370,760	1,401,392
Total	<u>\$ 20,391,286</u>	<u>\$ 21,306,156</u>	<u>\$ 22,348,962</u>	<u>\$ 22,775,712</u>	<u>\$ 22,834,191</u>	<u>\$ 21,577,373</u>	<u>\$ 22,106,101</u>	<u>\$ 23,439,359</u>	<u>\$ 24,060,269</u>

Source: Kansas Department of Revenue

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

Fiscal Year	City		Johnson County					State of Kansas (1)	Total	
	General	Parks (2)	General	Public Safety	Stormwater	Economic Development (3)	Public Safety Capital (4)			Education Research Triangle (5)
2003	1.000%	0.125%	0.500%	0.250%	0.100%	0.250%			5.300%	7.525%
2004	1.000%	0.125%	0.500%	0.250%	0.100%	0.250%			5.300%	7.525%
2005	1.000%	0.125%	0.500%	0.250%	0.100%	0.250%			5.300%	7.525%
2006	1.000%	0.125%	0.500%	0.250%	0.100%	0.250%			5.300%	7.525%
2007	1.000%	0.125%	0.500%	0.250%	0.100%	0.250%			5.300%	7.525%
2008	1.000%	0.125%	0.500%	0.250%	0.100%	0.250%			5.300%	7.525%
2009	1.000%	0.125%	0.500%	0.250%	0.100%	-	0.250%	0.125%	5.300%	7.650%
2010	1.000%	0.125%	0.500%	0.250%	0.100%	-	0.250%	0.125%	6.300%	8.650%
2011	1.000%	0.125%	0.500%	0.250%	0.100%	-	0.250%	0.125%	6.300%	8.650%
2012	1.000%	0.125%	0.500%	0.250%	0.100%	-	0.250%	0.125%	6.300%	8.650%

Source: Kansas Department of Revenue

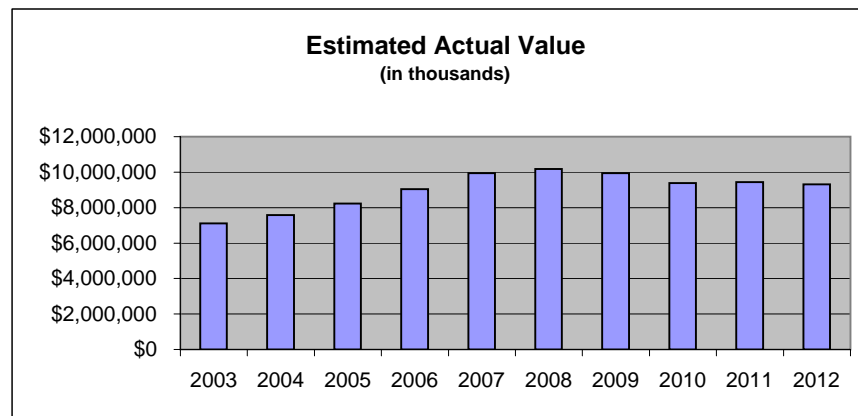
- (1) The State of Kansas increased its sales tax rate effective July 2010.
- (2) The citizens of Olathe approved an 1/8% sales tax for various park projects. The tax was in effect from April 2000 through March 2005. The citizens of Olathe approved an extension of this tax until March 2015.
- (3) The citizens of Johnson County approved an 1/4% sales tax for economic development (schools). The tax was in effect from January 2003 through December 2005. The citizens of Johnson County approved an extension of this tax until December 2008.
- (4) The citizens of Johnson County approved an 1/4% sales tax for public safety capital and operations. The tax was in effect starting in January 2009.
- (5) The citizens of Johnson County approved an 1/8% sales tax for the education research triangle. The tax was in effect starting in January 2009.

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

Collection Year	Real Property	Utilities	Personal Property	Total Assessed Value	Estimated Actual Value (1)	Total Direct Tax Rate
2003	\$ 875,391	\$ 34,335	\$ 66,398	\$ 976,124	\$ 7,110,130	24.849
2004	935,412	37,481	67,786	1,040,679	7,587,528	24.932
2005	1,014,746	39,706	71,846	1,126,298	8,221,205	24.923
2006	1,120,865	38,423	75,692	1,234,980	9,048,751	24.843
2007	1,240,332	38,990	69,810	1,349,132	9,946,030	25.030
2008	1,278,173	36,347	56,686	1,371,207	10,176,098	24.908
2009	1,255,699	33,786	45,042	1,334,527	9,948,378	24.837
2010	1,185,808	33,997	37,727	1,257,532	9,382,174	24.840
2011	1,195,322	35,716	33,254	1,264,292	9,443,015	24.924
2012	1,177,481	37,426	31,526	1,246,433	9,304,378	24.794

Source: Johnson County Appraiser

(1) Residential real estate is assessed at 11.5% of its fair market value. Commercial property is assessed at 25% of its fair market value. All other property is assessed at rates between 12% and 33% of its fair market value.



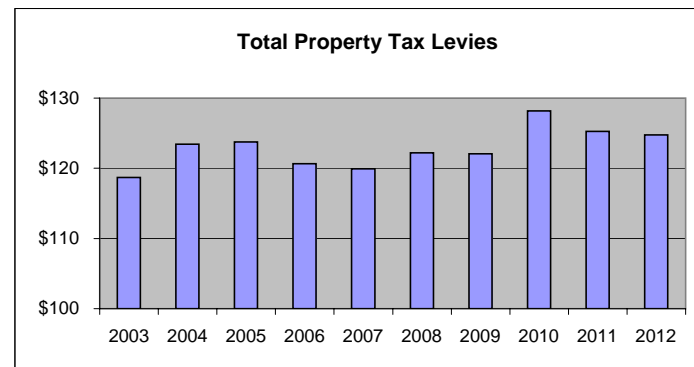
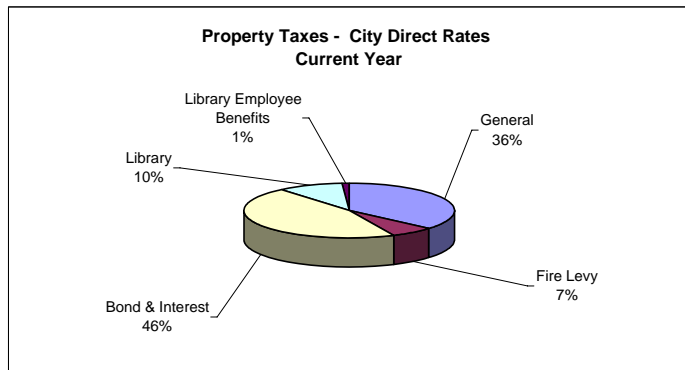
**City of Olathe, Kansas
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years**

Year	City Direct Rates						Overlapping Rates (1)					
	General	Fire Levy	Bond and Interest	Library	Library Employee Benefits	Total	State	County	Community College	County Park	Olathe Schools	Total
2003	10.566	1.686	9.828	2.500	0.269	24.849	1.500	16.381	9.432	2.365	64.166	118.693
2004	10.588	1.726	9.848	2.500	0.270	24.932	1.500	16.041	9.438	2.367	69.177	123.455
2005	10.601	1.682	9.870	2.500	0.270	24.923	1.500	17.922	8.960	2.286	68.173	123.764
2006	10.069	1.689	10.318	2.498	0.269	24.843	1.500	17.949	8.872	2.290	65.180	120.634
2007	9.900	1.707	10.656	2.500	0.267	25.030	1.500	17.985	8.749	2.295	64.343	119.902
2008	9.843	1.694	10.596	2.507	0.268	24.908	1.500	17.767	8.768	2.341	66.913	122.197
2009	9.524	1.702	10.844	2.500	0.267	24.837	1.500	17.716	8.784	2.346	66.900	122.083
2010	9.270	1.703	11.100	2.500	0.267	24.840	1.500	17.748	8.799	2.350	72.917	128.154
2011	9.050	1.710	11.388	2.508	0.268	24.924	1.500	17.700	8.872	2.343	69.924	125.263
2012	9.003	1.702	11.328	2.495	0.266	24.794	1.500	17.717	8.785	2.344	69.618	124.758

Per \$1,000 of Assessed Valuation

Source: Johnson County

(1) Overlapping rates are those of local, county, and state governments that apply to property owners within the City of Olathe. Not all overlapping rates apply to all property owners.



**City of Olathe, Kansas
Principal Property Tax Payers
Current Year and Nine Years Ago**

Taxpayer Name	Type of Property	2012			2003		
		Total Value (1)	Rank	Percentage of Total Valuation	Total Value (1)	Rank	Percentage of Total Valuation
KCPL	Utility	\$ 10,538,959	1	0.85%	\$ 7,903,807	4	0.81%
Atmos Eneergy (United Gas)	Utility	10,015,158	2	0.80%	-	-	-
Passco Olathe Station	Retail	7,575,851	3	0.61%	-	-	-
Homestead Apartment Homes	Apartments	6,546,146	4	0.53%	-	-	-
Northridge 07A, LLC	Retail	6,426,655	5	0.52%	-	-	-
Westar Energy (KPL)	Utility	5,810,888	6	0.47%	6,184,843	7	0.63%
Honeywell (Bendix/King)	Aircraft communications	5,341,251	7	0.43%	5,120,000	9	0.52%
Arciterra Olathe Pointe	Retail	5,328,001	8	0.43%	-	-	-
Foodbrands America	Manufacturer	5,000,001	9	0.40%	-	-	-
Southwestern Bell Telephone	Utility	4,906,149	10	0.39%	10,789,605	2	1.11%
Great Mall of the Great Plains	Retail Outlet Mall	-	-	-	18,841,065	1	1.93%
Tyson Food	Distribution center	-	-	-	5,350,163	8	0.55%
Karbank	Retail Development	-	-	-	6,834,406	6	0.70%
Olathe Medical Center	Hospital	-	-	-	8,279,009	3	0.85%
Westar Energy (KPL)	Utility	-	-	-	6,184,843	7	0.63%
GARMIN International	Manufacturing	-	-	-	7,268,894	5	0.74%
Aldi	Grocery	-	-	-	4,933,554	10	0.51%
		<u>\$ 67,489,059</u>		<u>5.41%</u>	<u>\$ 87,690,189</u>		<u>8.98%</u>

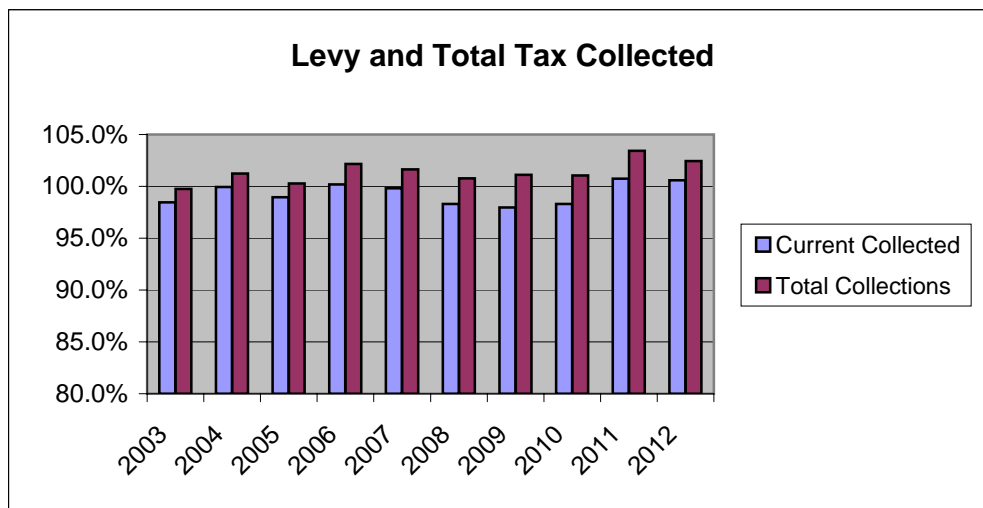
(1) Source: Real estate and personal property valuation from Johnson County Appraiser's Office; utility valuation from Johnson County Clerk's Office.

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

Fiscal Year	Total Levy (2)	Current Tax Collection	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Total Collections as Percent of Current Levy
2003	\$ 22,351,346	\$ 22,003,871	98.4%	\$ 292,038	\$ 22,295,909	99.8%
2004	24,224,871	24,213,190	100.0%	312,328	24,525,518	101.2%
2005	25,908,649	25,638,370	99.0%	339,922	25,978,292	100.3%
2006	28,038,320	28,091,326	100.2%	549,361	28,640,687	102.1%
2007	30,649,140	30,589,878	99.8%	560,852	31,150,730	101.6%
2008	33,822,104	33,250,808	98.3%	834,640	34,085,448	100.8%
2009	34,134,533	33,436,467	98.0%	1,074,274	34,510,741	101.1%
2010	33,133,648	32,574,869	98.3%	901,988	33,476,857	101.0%
2011	31,258,771	31,489,083	100.7%	840,702	32,329,785	103.4%
2012	31,508,143	31,690,293	100.6%	582,840	32,273,133	102.4%

Source: Johnson County Appraiser

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

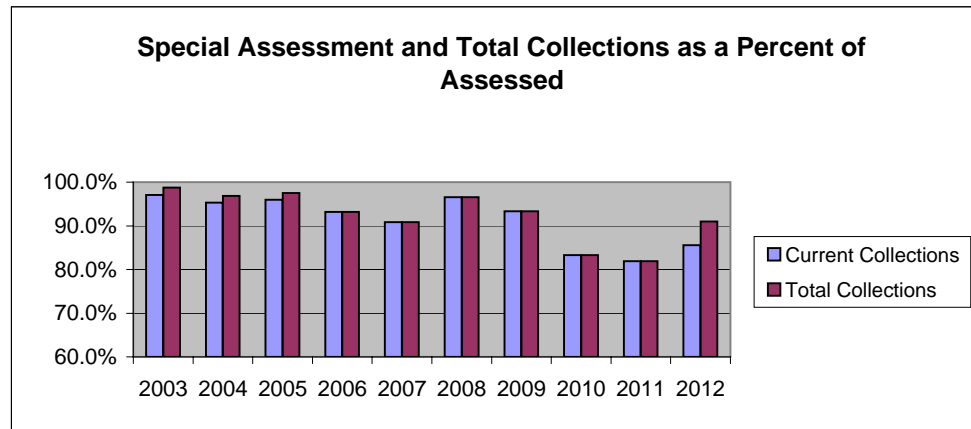


**City of Olathe, Kansas
Special Assessment Collections
Last Ten Fiscal Years**

Collection Year	Assessment Levy	Current Collections (1)	Percent of Levy Collected	Delinquent Collections	Current and Delinquent Collection	Percent of Levy Collected	Prepaid Assessment	Total Collections
2003	\$ 3,559,083	\$ 3,455,876	97.1%	\$ 60,170	\$ 3,516,046	98.8%	\$ 76,704	\$ 3,592,750
2004	4,030,585	3,842,584	95.3%	61,947	3,904,531	96.9%	-	3,904,531
2005	4,798,727	4,604,127	95.9%	74,040	4,678,167	97.5%	302,659	4,980,826
2006	5,925,926	5,521,812	93.2%	-	5,521,812	93.2%	-	5,521,812
2007	6,511,134	5,915,366	90.9%	-	5,915,366	90.9%	2,045	5,917,411
2008	7,320,695	7,068,366	96.6%	-	7,068,366	96.6%	-	7,068,366
2009	7,421,501	6,925,571	93.3%	-	6,925,571	93.3%	-	6,925,571
2010	7,275,093	6,061,429	83.3%	-	6,061,429	83.3%	266	6,061,695
2011	8,782,929	7,191,882	81.9%	2,797	7,194,679	81.9%	-	7,194,679
2012	9,887,997	8,464,087	85.6%	531,059	8,995,146	91.0%	14	8,995,160

Source: Johnson County

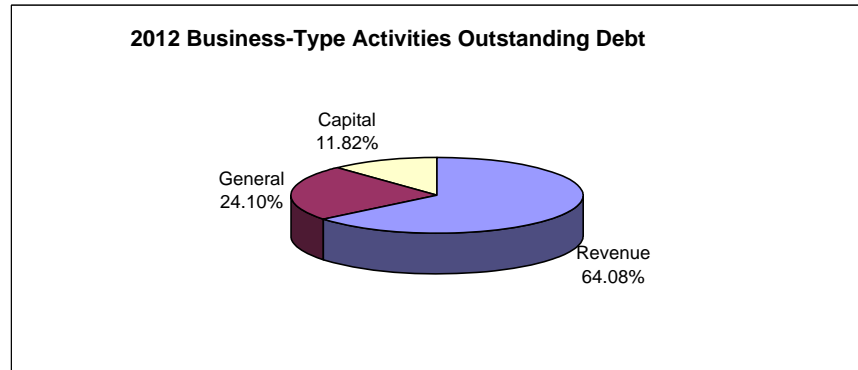
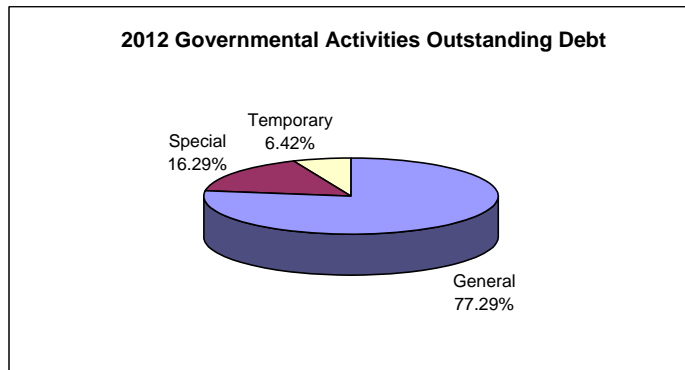
(1) Collections include interest.



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

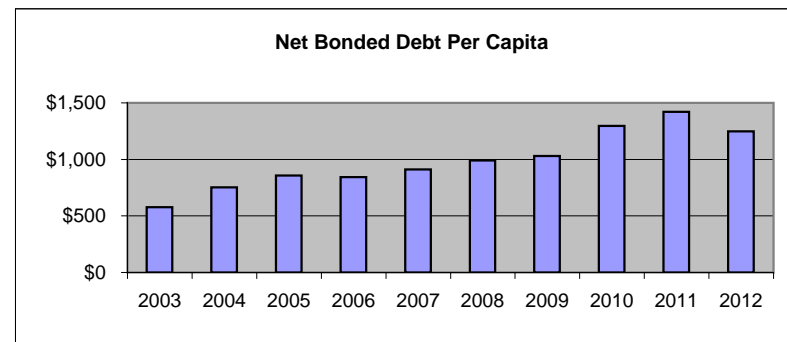
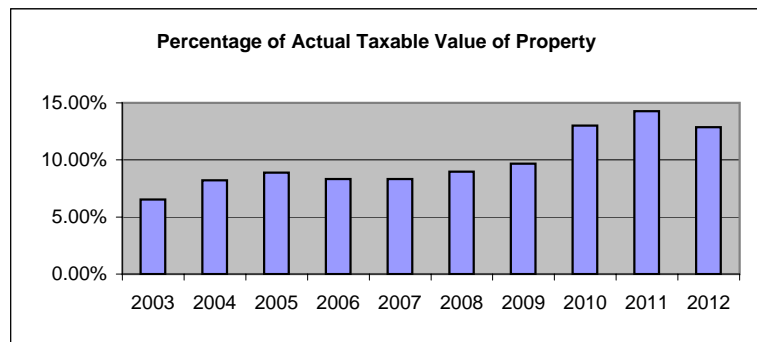
Fiscal Year	Governmental Activities					Business-type Activities				Total Primary Government	Percentage of Personal Income (1)	Per Capita
	General Obligation Bonds	Special Obligation Bonds	Capital Leases	Developer's Cost	Temporary Notes	Revenue Bonds	General Obligation Bonds	State Revolving Loan	Capital Leases			
2003	\$ 82,595,000	\$ 6,100,000	\$ 11,936,168	\$ 1,273,686	\$ 47,005,000	\$ 28,090,000	\$ -	\$ 5,811,138	\$ -	\$ 182,810,992	2.4%	\$ 1,655
2004	107,215,000	5,655,000	345,542	3,219,483	40,015,000	24,050,000	-	7,823,678	1,276,271	189,599,974	2.4%	1,667
2005	123,180,000	5,400,000	172,619	1,936,935	33,365,000	19,800,000	-	22,958,148	2,591,025	209,403,727	2.3%	1,791
2006	127,670,000	27,465,000	361,044	4,387,211	46,190,000	11,875,000	-	25,716,854	2,194,280	245,859,389	2.0%	2,013
2007	137,885,000	43,865,000	250,222	4,454,001	54,315,000	7,020,000	-	26,312,102	1,800,752	275,902,077	1.9%	2,238
2008	155,225,000	43,415,000	181,642	6,532,112	102,065,000	6,405,000	-	30,365,098	1,392,210	345,581,062	1.5%	2,778
2009	158,725,000	42,580,000	124,436	5,964,699	97,765,000	5,050,000	-	40,976,922	13,844,342	365,030,399	1.4%	2,915
2010	192,663,000	41,325,000	62,973	7,353,877	54,455,000	55,395,000	-	43,146,756	13,404,024	407,805,630	1.3%	3,232
2011	206,680,000	40,377,193	-	6,521,511	15,840,000	54,760,000	17,510,000	24,287,018	12,891,616	378,867,338	1.4%	2,978
2012	184,015,000	38,782,331	342,842	5,905,262	15,280,000	62,635,000	16,960,000	23,560,461	11,556,585	359,037,481	1.6%	2,793

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



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

Fiscal Year	General Obligation Debt	Reserved for Debt Service	Net General Obligation Debt	Assessed Valuation	Percentage of Actual Taxable Value of Property	Population	Per Capita
2003	\$ 82,595,000	\$ 18,944,885	\$ 63,650,115	\$ 976,124,387	6.52%	110,452	\$ 576
2004	107,215,000	21,636,709	85,578,291	1,040,679,146	8.22%	113,731	752
2005	123,180,000	23,086,802	100,093,198	1,126,297,831	8.89%	116,910	856
2006	127,670,000	24,838,174	102,831,826	1,234,980,132	8.33%	122,107	842
2007	137,885,000	25,394,072	112,490,928	1,349,132,000	8.34%	123,286	912
2008	155,225,000	32,036,952	123,188,048	1,371,207,000	8.98%	124,378	990
2009	158,725,000	29,669,701	129,055,299	1,334,527,000	9.67%	125,225	1,031
2010	192,663,000	29,180,689	163,482,311	1,257,532,000	13.00%	126,162	1,296
2011	206,680,000	26,083,374	180,596,626	1,264,292,000	14.28%	127,211	1,420
2012	184,015,000	23,518,301	160,496,699	1,246,433,000	12.88%	128,563	1,248



City of Olathe, Kansas
Direct and Overlapping Governmental Activities Debt
December 31, 2012

Taxing Unit	Net Debt to Nearest Date	Percentage Applicable to the City of Olathe	Estimated Share
Johnson County	\$ 290,901,089	16.91%	\$ 49,191,374
Johnson County Park and Recreation	3,000,000	16.91%	507,300
U.S.D. No. 229	357,770,000	3.17%	11,341,309
U.S.D. No. 230	89,925,000	21.32%	19,172,010
U.S.D. No. 231	117,405,000	0.72%	845,316
U.S.D. No. 232	175,780,000	1.82%	3,199,196
U.S.D. No. 233	317,601,339	69.40%	220,415,329
Johnson County Fire No. 2	3,420,000	9.18%	313,956
Johnson County Rural Fire No. 3	275,000	18.33%	50,408
Total estimated overlapping debt			<u>305,036,198</u>
City of Olathe's direct debt			<u>238,077,331</u>
Total direct and overlapping debt			<u><u>\$ 543,113,529</u></u>

Source: Johnson County

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

All Johnson County Taxing Units' debt is as of September 1, 2012. All other districts' debt is as of June 30, 2012.

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

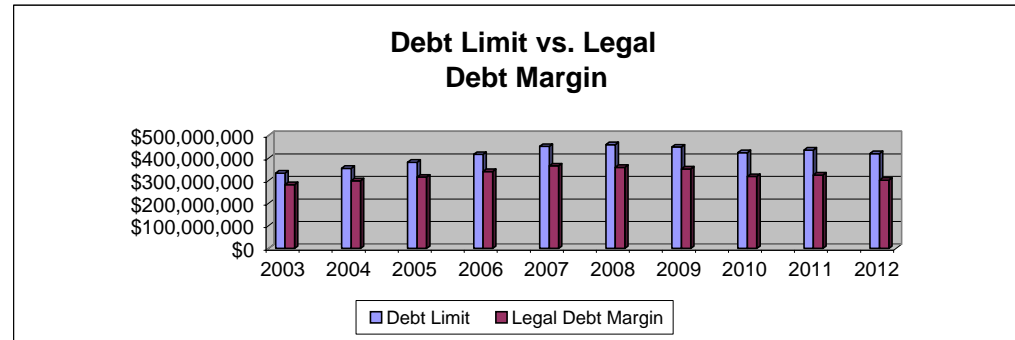
	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit	\$ 333,318,560	\$ 355,001,625	\$ 382,176,718	\$ 416,229,330	\$ 452,054,088	\$ 459,711,000	\$ 448,824,501	\$ 424,508,108	\$ 435,849,362	\$ 420,451,375
Total net debt applicable to limit	50,910,441	55,575,969	66,535,306	75,691,800	86,366,352	100,690,110	97,039,239	105,954,026	110,502,276	117,628,663
Legal debt margin	<u>\$ 282,408,119</u>	<u>\$ 299,425,656</u>	<u>\$ 315,641,412</u>	<u>\$ 340,537,530</u>	<u>\$ 365,687,736</u>	<u>\$ 359,020,890</u>	<u>\$ 351,785,262</u>	<u>\$ 318,554,082</u>	<u>\$ 325,347,086</u>	<u>\$ 302,822,712</u>
Total net debt applicable to the limit as a percentage of debt limit	15.27%	15.66%	17.41%	18.19%	19.11%	21.90%	21.62%	24.96%	25.35%	27.98%

Legal Debt Margin Calculation for Fiscal Year 2012

Assessed valuation		\$1,401,504,582
Legal debt limit (1)		420,451,375
Debt applicable to limit		
General obligation bonds	221,715,000	
Temporary notes	<u>15,280,000</u>	
Total general obligation debt outstanding		236,995,000
Less exempt capital projects (2)	95,848,036	
Less amount available in Debt Service Funds	<u>23,518,301</u>	
Total unfunded debt applicable to debt limit		117,628,663
Debt margin		<u>\$ 302,822,712</u>

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

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



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

Water & Sewer Revenue Bonds						
Fiscal Year	Revenues	Current Expenses (1)	Net Revenue Available for Debt Service	Principal Requirement	Interest Requirement	Coverage (3)
2003	\$ 25,906,651	\$ 14,797,441	\$ 11,109,210	\$ 2,865,000	\$ 1,431,256	2.59
2004	23,788,401	16,317,215	7,471,186	4,040,000	1,272,111	1.41
2005	26,712,865	15,695,549	11,017,316	4,250,000	1,079,791	2.07
2006	30,907,688	18,622,540	12,285,148	4,550,000	778,491	2.31
2007	37,547,773	26,711,201	10,836,572	4,855,000	481,813	2.03
2008	26,067,558	20,261,768	5,805,790	2,770,000	361,026	1.85
2009	26,468,208	21,356,853	5,111,355	4,475,600	305,876	1.07
2010	30,065,468	21,404,000	8,661,468	525,000	285,425	10.69
2011	32,912,000	21,508,858	11,403,142	635,000	1,746,982	4.79
2012	39,653,439	28,134,894	11,518,545	1,710,000	2,562,750	2.70

Special Obligation Bonds and Developers' Agreements (2)

Fiscal Year	Revenues	Principal Requirement	Interest Requirement	Developers' Agreement	Coverage
2003	\$ 1,663,839	\$ 1,505,000	\$ 434,318	\$ -	0.86
2004	1,217,265	445,000	350,053	72,302	1.40
2005	1,376,766	255,000	363,920	1,282,548	0.72
2006	1,135,633	160,000	347,781	311,362	1.39
2007	2,159,946	165,000	1,362,104	463,278	1.09
2008	2,903,859	450,000	2,298,631	483,650	0.90
2009	3,394,838	835,000	2,273,554	567,414	0.92
2010	3,572,247	1,255,000	2,226,502	1,449,174	0.72
2011	3,732,892	1,230,000	2,160,478	874,099	0.88
2012	3,757,245	1,594,862	1,110,888	393,992	1.21

- (1) Current expenses do not include bad debt expense, depreciation, or amortization.
- (2) The City is only obligated for the amounts of incremental taxes received attributable to the project. Any deficiencies are the responsibility of the redeveloper.
- (3) Debt has been scheduled for small principal amounts due in 2010 which leads to a high coverage amount in that year.

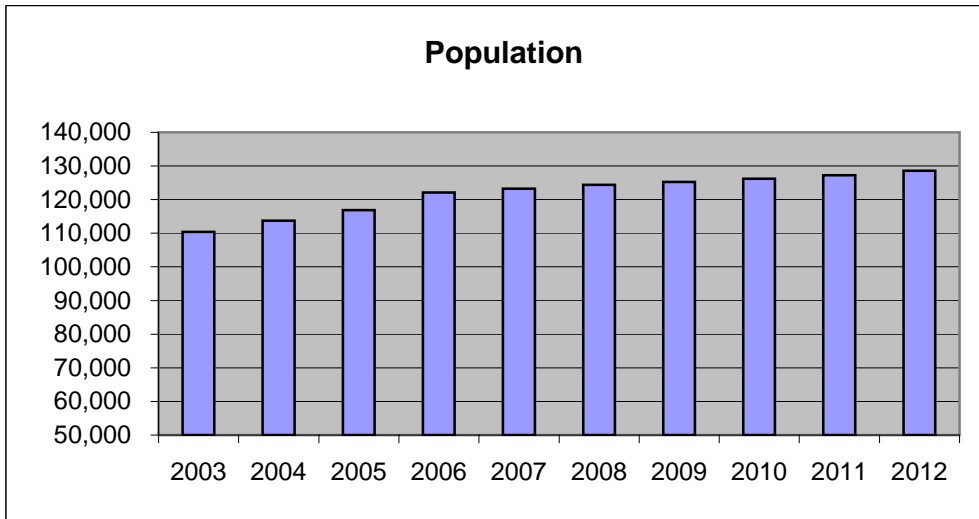
City of Olathe, Kansas
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (2)*	Per Capita Personal Income	Unemployment Rates (1)
2003	110,452	\$ 4,873,584	\$ 44,124	4.5%
2004	113,731	5,282,009	46,443	4.2%
2005	116,910	5,626,060	48,123	4.5%
2006	122,107	6,103,396	49,984	3.6%
2007	123,286	6,399,530	51,908	4.0%
2008	124,378	6,405,467	51,500	4.9%
2009	125,225	6,534,658	52,183	6.0%
2010	126,162	6,665,351	52,832	6.1%
2011	127,211	6,635,258	52,832	5.3%
2012	128,563	7,270,176	56,550	5.3%

* In thousands of dollars

(1) Source: Kansas Department of Human Resources

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



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

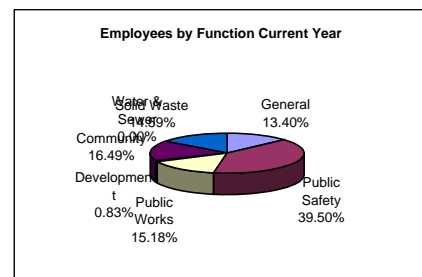
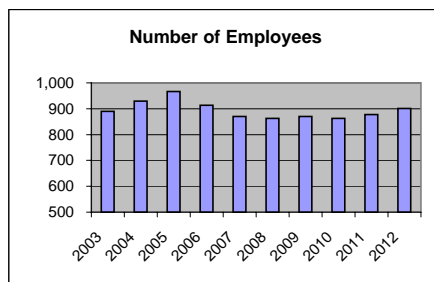
Largest Employers	2012			2003		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Company						
Farmers Insurance	3,000	1	2.36%	-		-
GARMIN International	2,975	2	2.34%	852	7	0.84%
Johnson County	2,000	3	1.57%	3,381	2	3.32%
Olathe Unifed School District	2,000	4	1.57%	3,421	1	3.36%
Olathe Medical Center	1,649	5	1.30%	2,048	3	2.01%
Honeywell (Bendix/King)	850	6	0.67%	1,258	4	1.24%
City of Olathe	825	7	0.65%	984	5	0.97%
Sysco Foods of Kansas City	780	8	0.61%	509	10	0.50%
TransAm Trucking	700	9	0.55%	982	6	0.96%
FAA	600	10	0.47%	553	8	0.54%
Wal-Mart				534	9	0.52%
Totals	<u>15,379</u>		<u>12.09%</u>	<u>14,522</u>		<u>14.26%</u>

Source: Olathe Chamber of Commerce

City of Olathe, Kansas
City Government Employees by Function/Program
Last Ten Fiscal Years

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental										
General government	93	99	101	108	130	115	109	99	97	113
Public safety	297	314	334	350	343	332	319	324	330	333
Public works	111	113	124	121	130	152	121	121	118	128
Development services	35	33	33	35	38	40	48	11	11	7
Community services	109	105	107	121	130	102	87	129	137	139
Business-Type										
Water & Sewer	147	137	138	143	148	119	134	123	129	123
Solid Waste	52	54	53	51	48	53	52	56	55	58
Totals	844	855	890	929	967	913	870	863	877	901

Source: City's Payroll System



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

	Fiscal Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public safety									
<i>Police</i>									
Annual calls for service sworn FTE	279	284	270	266	354	389	360	351	385
Priority 1 police calls responded within 5 minutes	53.60%	68.90%	67.13%	68.00%	72.00%	69.00%	57.00%	60.20%	57.00%
Violent Crime Rate per 1,000 residents	2.80%	2.90%	3.00%	3.05%	2.60%	2.45%	1.94%	1.83%	1.94%
Property Crime Rate per 1,000 residents	28.10%	29.10%	25.10%	23.76%	21.98%	21.05%	18.38%	17.97%	18.38%
<i>Fire</i>									
Annual calls for service sworn FTE	81	80	77	74	86	77	81	82	81
Code 1 Emergencies responded within 5 minutes	60%	59%	56%	60%	59%	59%	56%	66%	63%
Structure fires responded within 8 minutes	NA	39%	49%	68%	62%	63%	51%	73%	81%
Public works									
<i>Governmental activities</i>									
Maintenance of City Streets - Satisfactory or above	65.00%	73.00%	67.00%	73.00%	70.00%	74.00%	72.00%	74.00%	72.00%
Major Street Snow Removal - Satisfactory or above	80.00%	80.00%	79.00%	82.00%	84.00%	92.00%	83.00%	79.00%	83.00%
Residential Streetst Snow Removal - Satisfactory or above	55.00%	55.00%	58.00%	61.00%	60.00%	57.00%	56.00%	60.00%	56.00%
Maintenance of Sidewalks - Satisfactory or above	62.00%	56.00%	57.00%	62.00%	60.00%	60.00%	65.00%	67.00%	65.00%
<i>Business-type activities</i>									
<i>Water and sewer</i>									
Unaccounted for water	12.00%	13.30%	11.52%	13.30%	12.20%	16.25%	13.61%	13.84%	13.61%
Time water meets regulatory standards	99.00%	100.00%	99.90%	100.00%	100.00%	100.00%	100.00%	99.98%	100.00%
Time wastewater meets effluent limits	99.80%	99.80%	99.98%	99.98%	100.00%	99.98%	99.98%	99.98%	99.98%
Sewer backups reported annually	8	3	4	3	3	1	1	3	1
<i>Solid waste</i>									
Tonnage diverted	25.91%	25.81%	23.91%	19.92%	26.81%	28.58%	34.45%	36.70%	34.45%
Community services									
Respondents indicating needs are completely met by existing outdoor parks	80.00%	77.00%	74.00%	77.00%	78.00%	80.00%	81.00%	84.00%	81.00%
Respondents indicating needs are completely met by existing outdoor athletic fields	76.00%	74.00%	71.00%	75.00%	78.00%	79.00%	85.00%	81.00%	85.00%
Respondents indicating needs are completely met by existing indoor gymnasium	NA	NA	50.00%	47.00%	49.00%	55.00%	70.00%	68.00%	70.00%

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

Note: 2002 to 2003 information is not available.

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

Function/Program	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	33	33	33	37	46	47	56	56	56	56
Fire stations	6	6	7	7	7	7	7	7	7	7
Public works										
Governmental activities										
Streets (miles)	1,128	1,136	1,136	1,136	1,225	1,225	1,237	1,237	1,237	1,237
Business-type activities										
Water and sewer										
Water mains (miles)	528	531	531	552	561	550	578	578	578	578
Acre supply reservoir	170	170	170	170	170	208	208	208	208	208
Acre wellfield	95	95	95	95	95	95	95	95	95	95
Sanitary sewers (miles)	350	385	385	389	413	406	428	428	428	428
Solid waste										
Collection trucks	39	39	39	39	42	42	43	43	43	43
Community services										
Acreage	1,559	1,559	1,559	1,559	1,559	1,559	1,808	1,854	1,749	1,749
Parks	37	39	39	39	39	39	45	45	43	43
Swimming Pools	4	4	4	4	4	4	4	4	4	4
Trails (miles)	18	27	27	30.5	30.5	30.5	30.5	30.5	30.5	30.5

Source: Various city departments

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

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

Number of Customers

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

<u>Year</u>	<u>Water Customers</u>	<u>Sewer Customers</u>
2003	32,086	25,323
2004	32,621	25,883
2005	33,129	26,665
2006	33,534	27,228
2007	33,996	27,781
2008	34,140	27,912
2009	34,302	28,155
2010	34,249	28,260
2011	34,401	28,398
2012	34,570	28,679

Water Production Requirements

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

<u>Year</u>	<u>Average Daily Demand</u>		<u>Annual Demand</u>	
	<u>Gallons (in millions)</u>	<u>Percent Change</u>	<u>Gallons (in millions)</u>	<u>Percent Change</u>
2003	13.39	1.2%	4,945.47	2.4%
2004	11.87	-11.4%	4,436.23	-10.3%
2005	13.18	11.0%	4,756.75	7.2%
2006	14.09	6.9%	4,974.84	4.6%
2007	13.10	-7.0%	4,790.67	-3.7%
2008	11.93	-8.9%	4,351.17	-9.2%
2009	11.58	-2.9%	4,253.65	-2.2%
2010	12.87	11.1%	4,705.99	10.6%
2011	13.50	4.9%	4,935.35	4.9%
2012	16.15	19.6%	5,918.72	19.9%

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

Sewage Treatment Requirements

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

<u>Year</u>	<u>Average Daily Flow</u>		<u>Annual Demand</u>	
	<u>Gallons (in millions)</u>	<u>Percent Change</u>	<u>Gallons (in millions)</u>	<u>Percent Change</u>
2003	4.70	-13.0%	1,751	-12.5%
2004	5.30	12.8%	1,969	12.5%
2005	5.93	11.9%	2,183	10.9%
2006	4.80	-19.1%	1,788	-18.1%
2007	6.13	27.7%	2,254	26.1%
2008	6.21	1.3%	2,286	1.4%
2009	6.09	-1.9%	2,240	-2.0%
2010	6.63	8.9%	2,441	9.0%
2011	6.26	-5.6%	2,186	-10.4%
2012	5.54	-11.5%	2,034	-7.0%

Water and Sewer Peak Daily Demand

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

<u>Year</u>	<u>Water System Peak Daily Demand (millions of gallons)</u>	<u>Sewage System Maximum Daily Flow (millions of gallons)</u>
2003	27.11	18.20
2004	19.38	12.80
2005	25.11	27.30
2006	24.59	13.20
2007	25.58	36.30
2008	21.99	28.02
2009	20.47	29.45
2010	25.50	29.52
2011	25.89	14.66
2012	28.09	23.67

continued

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

Largest Customers

The following table lists the ten largest users of the System based on the percentage of total 2012 revenue generated by each.

Water System			
Customer	Type of Enterprise	2012 Water Billing	Percentage of Total 2012 System Revenues
Olathe Medical Center	Hospital	\$ 48,350	0.23%
Olathe Medical Center Cooling Tower	Hospital	42,053	0.20%
Cintas Corporation	Uniform Rental	41,706	0.20%
Great Plains Mall	Retail Mall	40,921	0.20%
Garmin	Product Development	33,256	0.16%
Sysco Food Services	Food Service	25,357	0.12%
Catholic Care Campus	Nursing Home	25,287	0.12%
Gunze	Plastics Manufacturing	25,042	0.12%
Villa St. Francis	Nursing Home	23,845	0.11%
FAA	Federal Aviation	22,803	0.11%

Sewer System			
Customer	Type of Enterprise	2012 Sewer Charge	Percentage of Total 2012 System Revenues
Cintas Corporation	Uniform Rental	\$ 76,603	0.56%
Olathe Medical Center	Hospital	73,558	0.54%
USD 233/CBAC	School District Activity Center	63,611	0.46%
Tyson	Food Service	59,439	0.43%
Great Plains Mall	Retail Mall	56,499	0.41%
Shawnee Rock	Rock Quarry	51,714	0.38%
Garmin	Product Development	38,498	0.28%
Villa St. Francis	Nursing Home	37,309	0.27%
FAA	Federal Aviation	30,413	0.22%
Gunze	Plastics Manufacturing	30,137	0.22%