



CITY OF LENEXA, KANSAS

Comprehensive Annual Financial Report
For The Year Ended December 31, 2013

**CITY OF LENEXA, KANSAS
COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For The Year Ended December 31, 2013



*Report prepared and submitted by the
Finance Department*

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Introductory Section



May 27, 2014

The Honorable Mayor, City Council, Citizens
Taxpayers and Other Interested Parties
City of Lenexa, Kansas

Introduction

The Comprehensive Annual Financial Report (CAFR) of the City of Lenexa (the City) for the fiscal year ended December 31, 2013 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the government. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included, which includes management's discussion and analysis.

Generally Accepted Accounting Principles (GAAP) require 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 independent auditors.

The Financial Reporting Entity

The Governmental Accounting Standards Board (GASB) has established the criteria to determine the financial reporting entity for a municipal government's financial report. Therefore, the City used these criteria to examine the relationship of the City to other associated but legally separate entities to determine if their inclusion in this report would be necessary to fairly present the financial position of the City. These criteria generally have to do with financial benefit or burden and levels of influence over the activities of these organizations. Management has determined that no such separate entities met the definition that would require these entities to be included in this report. The financial reporting entity includes all funds of the City.

Government Structure

The town of Lenexa was platted in August 1869 and became a city of the first class on December 1, 1980. The City operates under a Mayor-Council form of government with the addition of a City Administrator. The Mayor is elected on an at-large, nonpartisan basis and serves a four-year term. The eight Council members are elected (nonpartisan) by ward and serve four-year terms of office. An election for Council members is held every odd-numbered year, with one representative from each of the four wards being chosen at each election.

The City provides a full range of services, including police and fire protection, emergency preparedness, street and storm drainage maintenance, comprehensive recreation and cultural events, planning and zoning management, and general administrative services.

Economic Condition and Outlook

Lenexa is located in Johnson County, Kansas, approximately 12 miles from downtown Kansas City, Missouri. Lenexa occupies a strategic location within the metropolitan area. Its superior position at the intersection of several major transportation routes has been a major factor in the City's growth and development, particularly for high-quality business park development.

Lenexa's commercial and residential construction increased from \$180.5 million to \$228.1 million in 2013 (an increase of 26%). In 2013, a total of 213 permits were issued for single family homes and a grand total of 2,088 building permits for residential and commercial were issued. Perceptive Software's headquarters development made substantial progress on construction during 2013 with a target date to occupy the first building during May 2014. Ground breaking began for the Lenexa Logistics Centre site at 113th and Renner Boulevard which, at build out, will consist of approximately 1.5 million square feet of office and warehouse space valued. Redevelopment projects also continued to be a priority with the redevelopment of the northwest corner of 95th and Quivira with a new retail project.

The number of new businesses that have located in Lenexa in 2013 is 199.

Lenexa's current population is 49,394 with a projected population for year 2020 of 58,510.

The City's 2013 assessed valuation increased to \$937,060,144 (including motor vehicles and recreational vehicles) from \$919,108,323 in 2012, a 2.0% increase.

Major Initiatives

2013 Initiatives and Highlights

Lenexa was honored as the Google eCity of the Year for the State of Kansas. This is a new program sponsored by Google, and Lenexa was the first community in Kansas, and the only city in the metropolitan area to receive this award.

Ingram's Magazine named Lenexa as one of the five Cities of Distinction in the metropolitan area. In doing so, Ingram's noted that Lenexa is "one of the region's most dynamic, economically stable and attractive communities to call home."

Sar-Ko-Par Trails Park was renovated in 2013 to improve water quality and recreational opportunities. This work has been recognized as the "Project of the Year" in the Environmental Category by the American Public Works Association.

The Civic Center is currently in the planning stages and will incorporate City services with recreational and cultural amenities. Retail offerings will complement the space to create a dynamic and enjoyable facility.

Plans were approved for a Hyatt Place Hotel and conference center and a high-end restaurant at City Center East.

Lenexa constructed new monument signs welcoming residents and visitors to the City and parks in 2013.

The Finance department completed the implementation of the Munis financial system. This new system will provide better information to manage the City's finances and will provide a more efficient long term solution.

Future/Planned Initiatives

The Governing Body strategic goals are as follows:

- **City Services:** Ensure that City Services assist in creating a superior quality of life and a safe atmosphere where people desire to live, work and play.
- **Fiscal Responsibility:** Provide exceptional value for community-provided resources and strive for the long-term financial balance in the City's operational and capital activities.
- **Economic Development:** Promote and stimulate quality development (including retail, corporate headquarters, bioscience, high technology companies and residential) to enhance the City's diverse economic base.
- **Reinvestment:** Promote and support efforts to redevelop retail sites and improve our neighborhoods to continue the City's reputation as a safe and friendly community.
- **City Center:** Partner in the development of a premier destination point - "City Center" - that serves as a community gathering place integrating a variety of uses (including residential, retail and office uses)
- **Sense of Community:** Celebrate Lenexa's heritage and history to enhance the sense of community, pride and quality of life for residents.

The 2013 operating budget includes appropriate contingency funding to meet unexpected requirements that may arise during the year. Specifically, there is a contingency amount budgeted in the General Fund, and unallocated resources are available in the Capital Improvement Fund and other funds, which include the Municipal Buildings Fund and the Capital Acquisition Fund.

Financial Information

Internal Control Structure and Budgetary Controls

Management of the City is responsible for establishing and maintaining internal control designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

In addition, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Governing Body. Activities of the General Fund, certain Special Revenue Funds, Enterprise Funds and Debt Service Fund are included in the annual appropriated budget. Project-length financial plans are prepared by City staff and adopted by the Governing Body for all capital projects accounted for in the Capital Projects Funds. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established within the individual funds. The City also maintains an encumbrance accounting system as one method of accomplishing budgetary control. Unencumbered amounts lapse at year-end.

As demonstrated by the statements and schedules included in the Financial Section of this report, the City continues to meet its responsibility for sound financial management.

Single Audit

The City of Lenexa is subject to Single Audit requirements in conformity with the provisions of the Single Audit Amendments of 1996 and U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. As a recipient of federal, state, and local financial assistance, the City also is responsible for ensuring that an adequate internal control structure is in place to maintain compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management of the City.

Other Information

Independent Audit

Kansas Statutes Annotated 75-1122 requires an annual audit of the books of account, financial records, and transactions of all administrative departments of the City by independent certified public accountants. The accounting firm of RubinBrown LLP was selected by the Governing Body. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the federal Single Audit Amendments of 1996 and related OMB Circular A-133.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lenexa for its CAFR for 35 consecutive years (each of the fiscal years ended December 31, 1978 through 2012).

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such reports must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe this current report continues to conform to the Certificate of Achievement program requirements, and we are submitting this report to the GFOA to determine its eligibility for another certificate.

The Honorable Mayor, City Council, Citizens,
Taxpayers, and Other Interested Parties

In addition, the government also received the GFOA's Distinguished Budget Presentation Award for its annual budget for the fiscal year beginning January 1, 2013. The City has received the Distinguished Budget Presentation Award since 1990. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications medium.

Acknowledgments

The preparation of the CAFR on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department. Each staff member has our sincere appreciation for the contributions made in the preparation of this report.

In closing, without the leadership and support of the Governing Body of the City of Lenexa, preparation of this report would not have been possible.

Sincerely,



Eric Wade
City Administrator



Doug Robinson
Administrative Services Director/CFO



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

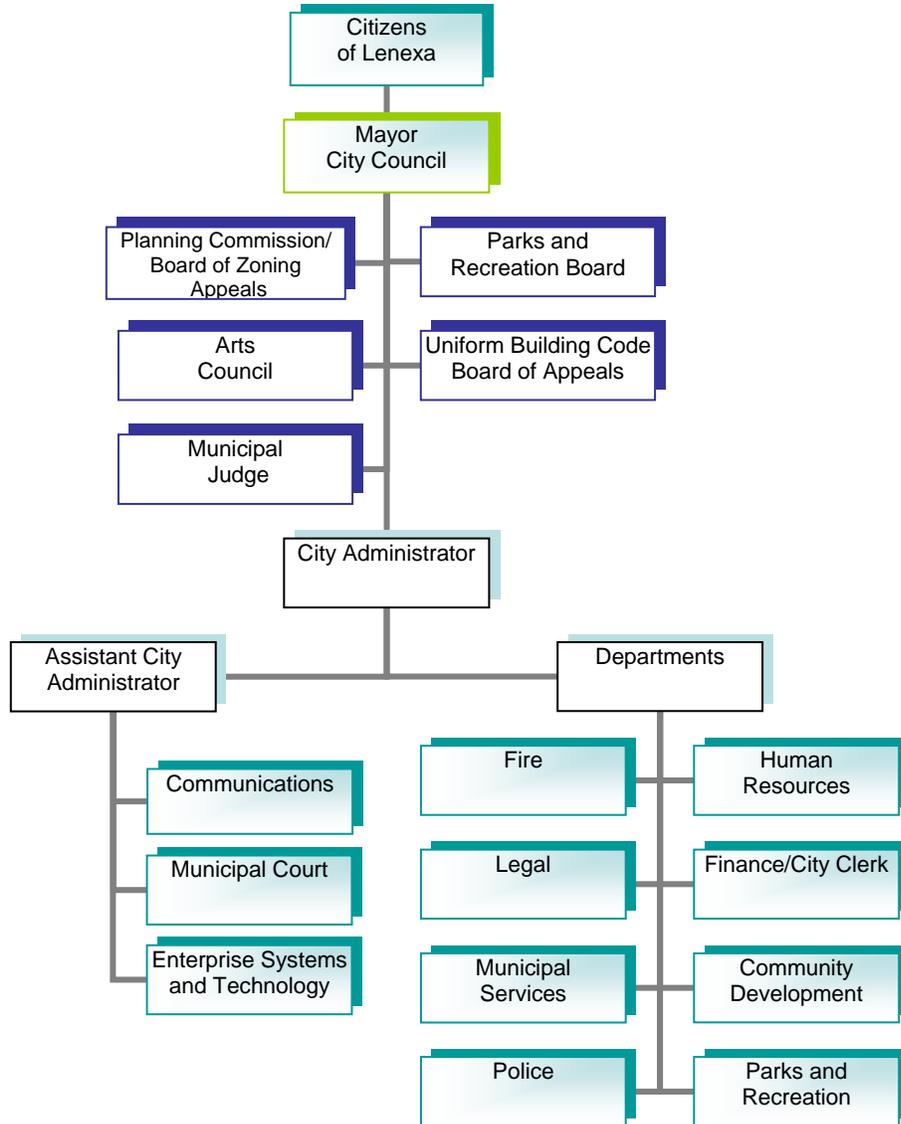
City of Lenexa
Kansas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2012

Executive Director/CEO

**CITY OF LENEXA
Organizational Chart
(Population 49,394)**



CITY OF LENEXA, KANSAS

LIST OF PRINCIPAL OFFICIALS

Mayor

Michael Boehm

City Council

Joe Karlin
Steve Lemons
Diane Linver
Thomas Nolte
Amy Slater
Lou Serrone
Mandy Stuke
Andy Huckaba

City Administrator

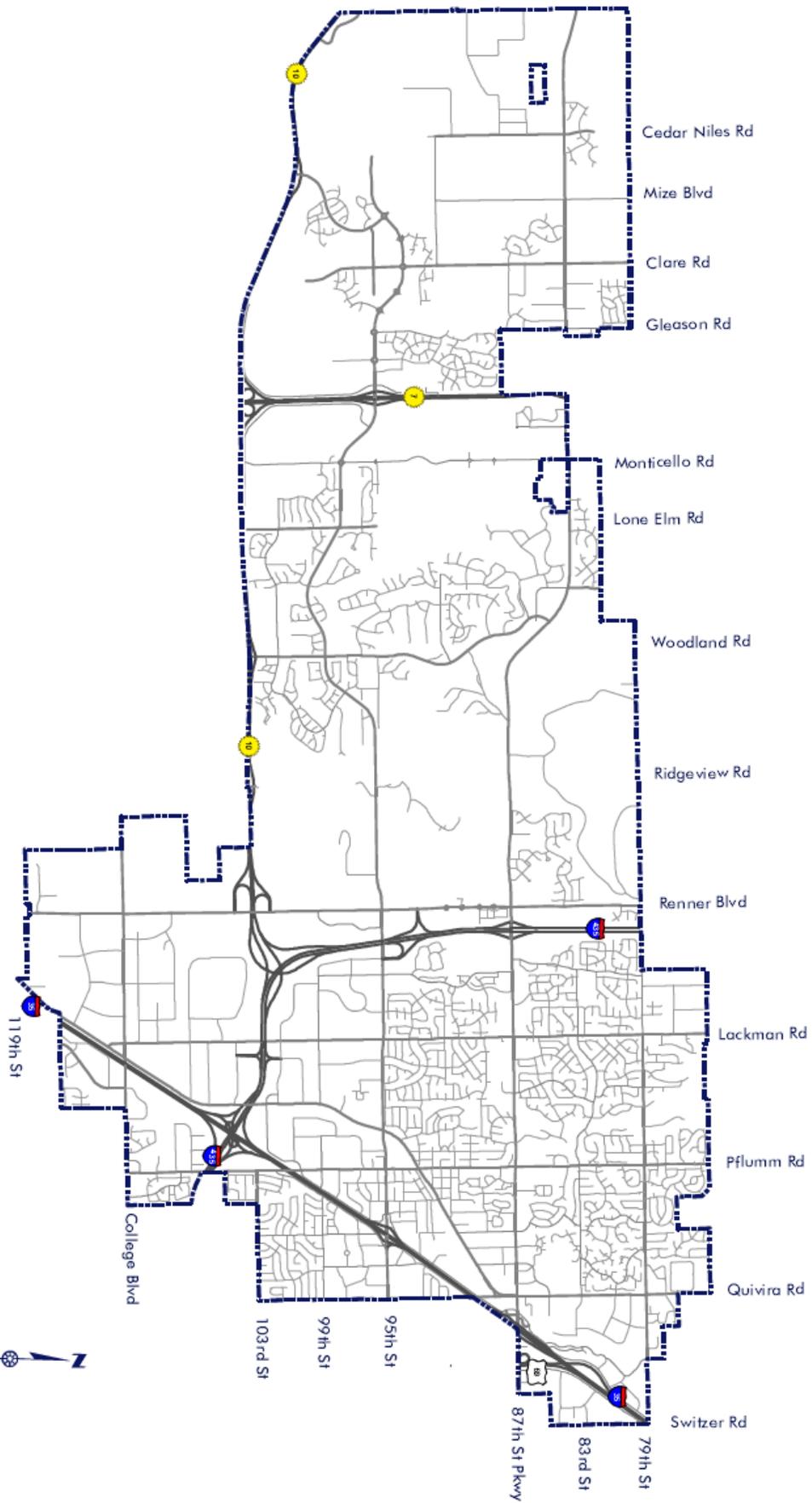
Eric Wade

Assistant City Administrator

Todd Pelham

Finance Department

Doug Robinson, Administrative Services Director/CFO
Jill Grube, Assistant Chief Financial Officer
Dana Simms, Accountant II
Lisa Cline, Accountant II
Megan Sterling, Accountant II
David Bryant III, City Clerk



Map Published May, 2009

Financial Section



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Independent Auditors' Report

The Honorable Mayor and
Members of the City Council
City of Lenexa, Kansas

Report On The Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Lenexa, Kansas (the City), as of and for the year ended December 31, 2013, 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 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2013, 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.

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 4 through 13, the Budgetary Comparison Information on pages 64 through 66, and the Pension and Other Post Employments Benefits schedules on pages 67 and 68 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 basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis, and are not a required part of the basic financial statements.

The Honorable Mayor and
Members of the City Council
City of Lenexa, Kansas

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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic 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 May 27, 2014, 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

May 27, 2014

Management's Discussion And Analysis

CITY OF LENEXA, KANSAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2013

This discussion and analysis of the City of Lenexa, Kansas' (the City) financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2013. We encourage readers to consider the information presented here in conjunction with the accompanying transmittal letter, the basic financial statements and the accompanying notes to those financial statements.

Financial Highlights

The City's total assets exceeded its total liabilities at the end of 2013 by \$532,928,449. Of this amount \$53,619,510 is unrestricted net position.

The City's total long-term liabilities increased by \$503,254. The key factors in this increase were the principal payments of \$9,920,000 in general obligation bonds, the issuance of \$7,620,000 in general obligation bonds, the increase in general obligation notes payable of \$4,830,000, the principal payment of \$885,000 of general obligation notes payable and the principal payment of \$820,045 of TIF revenue bonds.

Capital assets decreased \$2,474,431 due to \$7,050,583 in infrastructure additions, (including donated capital assets from developers of \$218,119) net increase of construction in progress of \$3,812,106, non-infrastructure capital assets additions and retirements of \$3,092,095, and net depreciation of \$16,429,215.

At the end of 2013, the fund balance for the General Fund was \$26,122,314.

The Basic Financial Statements

The Basic Financial Statements of the City include the Government-Wide Financial Statements, the Fund Financial Statements and notes to the basic financial statements. The Notes to the Basic Financial Statements are essential for the reader's understanding of the financial statements. Required and other supplementary information is also included at the end of this report to provide additional information for the reader.

Government-Wide Financial Statements

The Government-Wide Financial Statements present the results of the City's operations using the accrual basis of accounting, the basis of accounting used by private-sector businesses. These statements focus on the long-term financial picture of the City as a whole.

The Statement of Net Position reports all of the City's assets, deferred outflows, liabilities and deferred inflows. Assets and deferred outflows less liabilities and deferred inflows equals net position, which is one way to measure the City's financial health, or financial position. Over time, the increases and decreases in net position can be monitored to determine whether the City's financial position is improving or deteriorating. Other non-financial factors necessary to assess the overall health of the City include changes in the City's property tax base and the condition of the City's capital assets (streets, building and storm drainage).

The Statement of Activities shows how the net position has changed during the fiscal year. The unique feature of this statement is how it shows the revenues and expenses related to specific programs and how much of the programs were supported by the general taxes of the City. Since this statement is prepared on the accrual basis of accounting, all revenues and expenses are included, regardless of when cash is actually received or the expense is incurred.

Both statements show the operations of the City distinguished between governmental activities and business-type activities. Governmental activities are the operations and services of the City generally supported by taxes, such as Municipal Services, Police, Fire, Parks and Recreation, and General Administration.

Fund Financial Statements

The City uses three types of funds to manage its resources: Governmental Funds, Proprietary Funds and Fiduciary Funds. A fund is a fiscal entity with a set of self balancing accounts recording financial resources, together with all related liabilities and residual equities and balances, and the changes therein. These accounting entities are separated for the purpose of carrying on specific activities or attaining certain objectives in accordance with regulations, restrictions or limitations.

Governmental Fund financial statements are prepared on the modified accrual basis. Under the modified accrual basis, revenues are recognized when they become measurable and available, and expenditures are recognized when the related fund liability is incurred, with the exception of long-term debt and other similar items, which are recorded when due. The focus, therefore, is on the short-term financial picture of the operations reported rather than the City as a whole. Most of the City's basic operations are reported in the Governmental Fund Financial Statements. The information reported in these statements can be compared to the governmental activities information in the Government-Wide Statements. The reconciliation at the end of the fund financial statements details the relationship between the two types of financial statements.

Proprietary Funds fall into two categories: Enterprise Funds and Internal Service Funds. All Proprietary Funds are prepared on the accrual basis of accounting. Enterprise Funds are used to account for business-type transactions. Enterprise Fund statements present the same information that is in the Government-Wide Statements for business activities, only in greater detail. Currently, the City uses an Enterprise fund to account for its Stormwater activities. Internal Service Funds are used to account for the cost of operations shared by various functions of the City. The City uses three Internal Services Funds to account for its self-insurance activities: Health Plan Fund, Risk Management Fund, and the Workers' Compensation Fund. These three funds are combined into a single column on the Proprietary Fund statement. A combining statement for these funds can be found in the supplementary information. In the Government-Wide Statements, the information for these Internal Service Funds is presented as part of the governmental activities information.

CITY OF LENEXA, KANSAS

Management's Discussion and Analysis (*Continued*)

Fiduciary Funds are used by the City to account for resources held by the City for the benefit of a third party. Because the resources of these funds are not available for the City's operations, they are not presented in the Government-Wide Financial Statements. The City's Fiduciary Fund is the Defined Benefit Pension Plan Fund, which is reported as a pension trust fund.

Notes To The Basic Financial Statements

The notes to the basic financial statements are an integral part of the basic financial statements since they contain valuable additional information necessary for gaining a complete understanding of the City's financial statements.

Other Information

In addition to the financial statements and the notes described above, required supplementary information regarding the City's General Fund budget and schedules of funding progress for the City's Defined Benefit Pension Plan and Other Post Employment Benefit Plan have been included to give the reader further insight into the City's funding progress. The combining statements for Nonmajor Funds are included after the required supplementary information on pension plans. Finally, the Statistical Section includes statistical data about the City.

Analysis Of Government-Wide Financial Statements

Statement Of Net Position

Combined net position of the City at December 31 is as follows:

	Governmental Activities		Business Type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Assets						
Current and other assets	\$ 130,635,130	\$ 124,984,820	\$ 4,553,012	\$ 4,283,151	\$ 135,188,142	\$ 129,267,971
Capital assets	468,581,361	470,333,597	90,623,376	91,345,571	559,204,737	561,679,168
Total Assets	599,216,491	595,318,417	95,176,388	95,628,722	694,392,879	690,947,139
Liabilities						
Other liabilities	6,468,005	7,494,581	646,705	687,590	7,114,710	8,182,171
Self insurance claims payable	650,082	543,157	—	—	650,082	543,157
Long-term obligations	94,749,760	94,835,566	31,559,718	30,970,658	126,309,478	125,806,224
Total Liabilities	101,867,847	102,873,304	32,206,423	31,658,248	134,074,270	134,531,552
Deferred Inflows Of Resources						
Property tax	27,167,988	26,484,854	—	—	27,167,988	26,484,854
Deferred amount on refunding	31,084	52,975	191,088	219,964	222,172	272,939
Total Deferred Inflow Of Resources	27,199,072	26,537,829	191,088	219,964	27,390,160	26,757,793
Net Position						
Net investment in capital assets	386,099,738	388,380,343	59,267,375	60,553,428	445,367,113	448,933,771
Restricted	32,754,028	23,790,801	1,187,798	1,504,271	33,941,826	25,295,072
Unrestricted	51,295,806	53,736,140	2,323,704	1,692,811	53,619,510	55,428,951
Total Net Position	\$ 470,149,572	\$ 465,907,284	\$ 62,778,877	\$ 63,750,510	\$ 532,928,449	\$ 529,657,794

CITY OF LENEXA, KANSAS

Management's Discussion and Analysis (*Continued*)

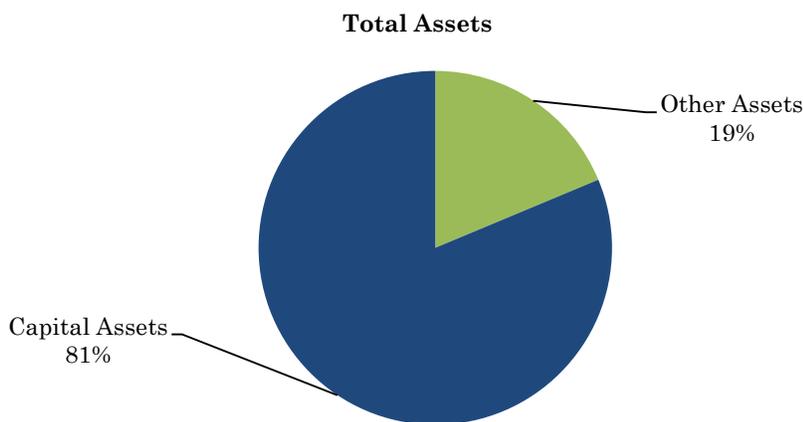
As noted earlier, net position may serve over time as useful indicators of a government's financial position. In the case of the City, assets exceed liabilities by \$532,928,449 at December 31, 2013.

The largest portion of the City's net position, \$445,367,113 (83.6%) reflects its investment in capital assets (e.g. land, buildings, 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 assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$33,941,826 (6.4%), represents resources that are subject to external restrictions on how they may be used. Unrestricted net position, which totals \$53,619,510 (10.0%), represents assets that may be used to meet the government's ongoing obligations to citizens and creditors. The government's net position increased by \$3,270,655 or 0.6%, during the current fiscal year.

A review of the government-wide financial statement of net position reveals the following:

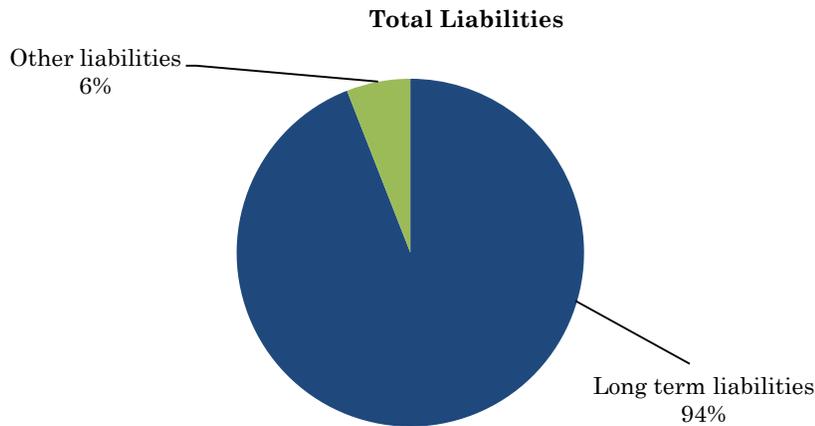
The City ended 2013 with a positive net position. Total assets for the City are \$694,392,879. Of these total assets, \$559,204,737 is capital assets and \$135,188,142 is other assets.



CITY OF LENEXA, KANSAS

Management's Discussion and Analysis (*Continued*)

Total liabilities for the City are \$134,074,270. Of these total liabilities, \$126,309,478 is for long-term liabilities, \$650,082 is self-insurance claims payable and \$7,114,710 is other liabilities. The majority of the long-term liabilities are for debt issued for major capital projects. Debt issues are never extended longer than the useful life of the project for which debt is being issued.



Total net position for the City is \$532,928,449. Of this, \$53,619,510 is unrestricted and \$33,941,826 is restricted. Net investment in capital assets is \$445,367,113.

CITY OF LENEXA, KANSAS

Management's Discussion and Analysis (*Continued*)

Statement Of Activities

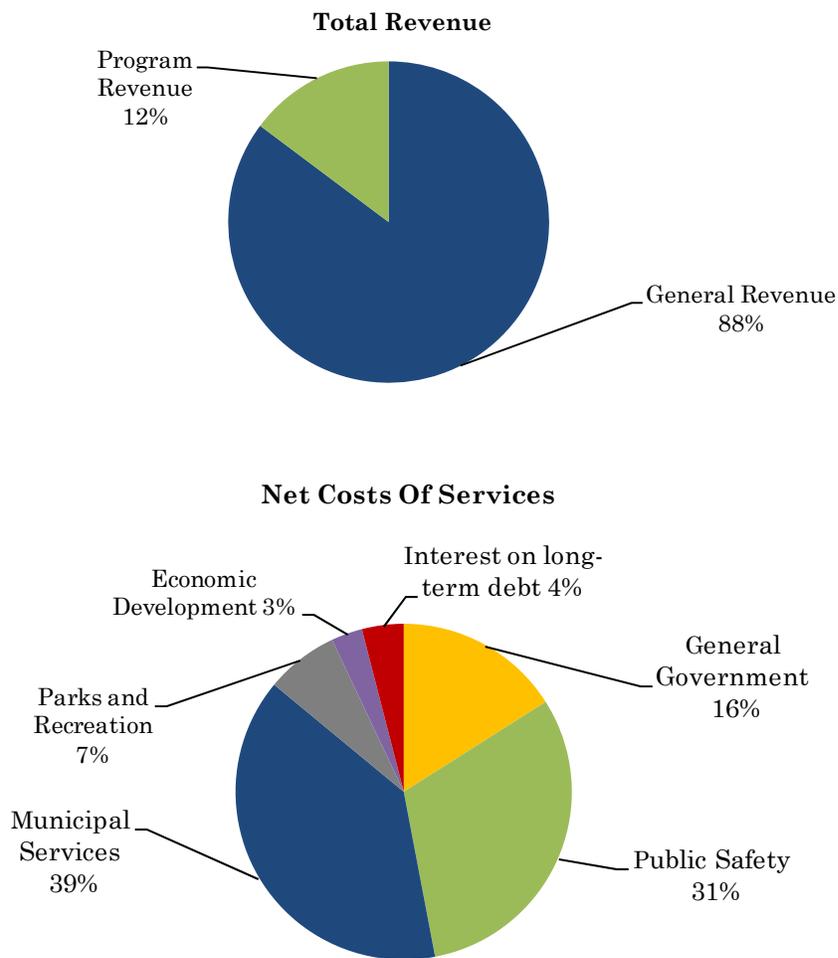
The following table reflects the revenues and expenses for the City's activities for the year ended December 31:

	Governmental Activities		Business Type Activities		Total Primary Government		Variance Over (Under)
	2013	2012	2013	2012	2013	2012	
Revenues							
Program revenues:							
Charges for services	\$ 5,584,628	\$ 5,338,167	\$ 5,362,455	\$ 4,693,889	\$ 10,947,083	\$ 10,032,056	\$ 915,027
Grants and contributions	1,257,628	1,256,493	—	—	1,257,628	1,256,493	1,135
Capital grants and contributions	2,192,684	7,591,002	1,357,326	1,352,307	3,550,010	8,943,309	(5,393,299)
General revenues:							
Property taxes	27,717,179	42,037,662	—	—	27,717,179	42,037,662	(14,320,483)
Sales tax	28,958,995	27,723,180	—	—	28,958,995	27,723,180	1,235,815
Other taxes	10,793,784	9,978,577	—	—	10,793,784	9,978,577	815,207
Investment revenue	291,576	312,271	(32,144)	21,013	259,432	333,284	(73,852)
Other	1,181,972	1,097,597	7,520	—	1,189,492	1,097,597	91,895
Transfers	(798,022)	596,791	798,022	(596,791)	—	—	—
Total Revenues	77,180,424	95,931,740	7,493,179	5,470,418	84,673,603	101,402,158	(16,728,555)
Expenses							
General government	11,787,142	10,983,954	—	—	11,787,142	10,983,954	803,188
Public safety	22,687,013	21,738,865	—	—	22,687,013	21,738,865	948,148
Municipal services	28,675,556	33,013,487	—	—	28,675,556	33,013,487	(4,337,931)
Parks and recreation	4,900,596	2,706,899	—	—	4,900,596	2,706,899	2,193,697
Economic development	2,024,180	543,750	—	—	2,024,180	543,750	1,480,430
Interest on long-term debt	2,863,649	5,395,666	—	—	2,863,649	5,395,666	(2,532,017)
Stormwater	—	—	8,464,812	4,397,887	8,464,812	4,397,887	4,066,925
Total Expenses	72,938,136	74,382,621	8,464,812	4,397,887	81,402,948	78,780,508	2,622,440
Change In Net Position	4,242,288	21,549,119	(971,633)	1,072,531	3,270,655	22,621,650	(19,350,995)
Net Position - Beginning Of Year	465,907,284	429,266,118	63,750,510	62,677,979	529,657,794	491,944,097	37,713,697
Prior Period Adjustment	—	15,092,047	—	—	—	15,092,047	(15,092,047)
Net Position - Beginning Of Year As Restated	465,907,284	444,358,165	63,750,510	62,677,979	529,657,794	507,036,144	22,621,650
Net Position, End Of Year	\$ 470,149,572	\$ 465,907,284	\$ 62,778,877	\$ 63,750,510	\$ 532,928,449	\$ 529,657,794	\$ 3,270,655

The City's net position increased \$3,270,655. Key elements of this increase are as follows:

- Decrease in property taxes (special assessment) revenue due to the \$9.1 million recognized in 2012 for the 87th Street special benefit district project. There was no additional special assessment revenue recognized in 2013.
- Increase in sales tax revenue from 2013 to 2012 due to additional retailers and a better economic climate.

The government-wide statement of activities indicates the major sources of program revenues are capital grant contributions. General revenues comprised 88% of total revenues for governmental activities. Sales taxes are the largest general revenue source for governmental activities amounting to 42% followed closely by property tax amounting to 40% of general revenues.



For purposes of the above graph, only governmental activities are included. In addition, the capital grants and contributions amounts of \$2.2 million have not been included in the net costs of services. The total cost of services for 2013 was \$72.9 million; however, \$5.6 million was funded by charges to users directly benefiting from the services or by other organizations through grants and contributions. Of the remaining \$67.3 million for cost of services, \$66 million of these services was funded primarily through property taxes and sales taxes with \$1.3 million being funded by operating grants.

Analysis Of The Fund Financial Statements

Governmental Funds

The City's governmental fund statements can be found on pages 16 to 18 of the basic financial statements. As stated earlier, these statements are presented on the modified accrual basis. Reconciliation to the Government-Wide Financial Statements has been provided with these fund statements. The Governmental Funds ended fiscal year 2013 with an increase in fund balance.

CITY OF LENEXA, KANSAS

Management's Discussion and Analysis (*Continued*)

The General Fund is the main operating fund of the City. The fund balance of the General Fund at December 31, 2013 was \$26,122,314. This represents an increase of \$2,294,806 or a 9.6% increase over the previous year's balance which is due to an increase in overall revenues of \$1.9 million. The primary increase in revenues was due to a sales and use tax revenue increase of \$1.1 million or 4.1%. This increase was the result of an improved economy and additional retail located within the City.

The fund balance of the Debt Service Fund at December 31, 2013 was \$8,106,262. This represents a decrease of \$242,118 or a 2.9% decrease over the previous year's balance. All of the Debt Service Fund balance is reserved for the payment of debt service expenditures.

The fund balance of the Capital Improvement Fund at December 31, 2013 was \$17,902,350. This represents an increase of \$1,102,477 or a 6.6% increase over the previous year's balance. This increase is a result of less funds spent on economic development in 2013 compared to 2012.

The fund balance of the Street Improvement Fund will vary on a year-to-year basis depending on what capital projects are in process, the cost of those projects and the various funding sources for those projects.

Proprietary Funds

Proprietary funds are used to account for activities that are similar to those found in the private sector. The measurement focus used is the economic resources measurement focus. Enterprise funds are used to account for the operations that are financed and operated in a manner similar to private business enterprises - where the intent of the government 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.

The City reports the Stormwater Fund as an Enterprise Fund. All activities necessary to provide such services are accounted for in this fund, including administration, operations, maintenance, financing and related debt service.

The Internal Service Funds information is included with the governmental activities information on the Government-Wide Statements. Any asset, revenue, and/or expense fluctuations have been discussed in the Government-Wide Statement section.

General Fund Budgetary Highlights

The legally adopted budget for the General Fund was not amended by the Governing Body during 2013. However, departments within the City are allowed to transfer budget between line items and between activities within a department. Revenues exceeded budgetary estimates by \$3.6 million and expenditures were less than budgetary estimates by \$3.0 million. Revenues increased in the general fund almost \$1.9 million. The following are major budgetary highlights of the general fund for the 2013 fiscal year:

- An increase in sales and use tax revenue of \$1.1 million or a 4.1% increase due to additional retailers locating in Lenexa and the gradual improvement of overall economic trends.

CITY OF LENEXA, KANSAS

Management's Discussion and Analysis (*Continued*)

- An overall increase of 3.8% in personnel services due to increases in salary and the cost of benefits.
- A decrease from 2013 to 2012 in the amount of funds transferred from the General Fund to the Capital Improvement Fund to fund various capital improvement projects.

Capital Asset And Debt Administration

Capital Assets

The total amount of capital assets for the City at December 31, 2013 was \$559,204,737 net of accumulated depreciation. This investment of capital assets includes land, buildings, improvements, vehicles and equipment, park facilities, storm sewers, bridges and streets. The following chart breaks down the City's capital asset balance, net of accumulated depreciation, into the various categories of assets.

	Governmental Activities	
	2013	2012
Land	\$ 31,986,969	\$ 32,009,486
Buildings	26,438,297	29,126,972
Machinery and equipment	12,774,616	10,622,686
Infrastructure, depreciable	386,348,219	394,627,934
Construction in progress	11,033,260	3,946,519
Total	\$ 468,581,361	\$ 470,333,597

	Business-Type Activities	
	2013	2012
Land	\$ 1,242,929	\$ 1,242,929
Machinery and equipment	23,456	43,530
Infrastructure, depreciable	89,356,991	86,784,477
Construction in progress	—	3,274,635
Total	\$ 90,623,376	\$ 91,345,571

Major capital events during the fiscal year included the following:

- Completion of the 79th and Lackman traffic signal and storm drainage project which consisted of installing a traffic signal at the intersection and replacement of a corrugated metal culvert which reached the end of its service life. This project also included stream stabilization measures and replacement of stormwater infrastructure throughout the neighborhoods along the streamway.
- The Darnell street and stormwater improvements project was completed which included expansion and reconstruction of the existing storm drainage system, reconstruction of existing pavement and the replacement of street lights.

CITY OF LENEXA, KANSAS

Management's Discussion and Analysis (*Continued*)

- Construction began on the Lenexa Logistics Center special benefit district project which consists of construction of a 40 foot wide industrial street along with the storm drainage system, detention and sanitary sewers for phase I of the project.
- Design and right of way purchases began on the 95th and I-35 interchange project which consists of widening the bridge on the existing interchange and including underpasses on Marshall Drive and Lenexa Drive.

Additional information can be found in Note 5 of this report.

Debt Administration

At December 31, 2013, the City had a number of debt issues outstanding. These issues include \$103,905,000 of general obligation bonds and special assessment debt backed by the full faith and credit of the City. This balance represents a \$2,300,000 net decrease over the 2012 balance. This net decrease is due to the issuance of \$7,620,000 general obligation improvement bonds to finance several capital improvement projects and the retirement of \$9,920,000 of general obligation principal. The City maintained an AA+ bond rating from Standard & Poor's and an Aaa bond rating from Moody's Investors Service, Inc. on general obligation bond issues. Under current state statutes, the City's bonded debt issuances are subject to a legal limitation based on a percentage of the assessed valuation of real estate and personal property. As of December 31, 2013, the total general obligation debt of \$108,735,000 was well below the City's legal limit of \$281,118,043. The City implemented GASB 45 in 2007 (Other Post Employment Benefits), and the related obligation as of December 31, 2013 is \$3,244,680. A summary of outstanding debt is as follows:

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
General obligation bonds	\$ 74,126,908	\$ 77,186,039	\$ 29,778,092	\$ 29,018,961	\$ 103,905,000	\$ 106,205,000
TIF revenue bonds	7,044,955	7,865,000	—	—	7,044,955	7,865,000
General obligation notes payable	4,830,000	885,000	—	—	4,830,000	885,000
Employee compensated absences (net)	2,106,658	2,072,329	52,090	50,130	2,158,748	2,122,459
Other post employment benefits obligation	3,147,608	2,997,958	97,072	91,874	3,244,680	3,089,832
Net unamortized premium	3,528,767	3,867,995	1,424,116	1,593,734	4,952,883	5,461,729
Discount on bonds	(35,136)	(38,755)	(37,296)	(43,516)	(72,432)	(82,271)
Revolving loan	—	—	245,644	256,475	245,644	256,475
Total long-term liabilities	\$ 94,749,760	\$ 94,835,566	\$ 31,559,718	\$ 30,967,658	\$ 126,309,478	\$ 125,803,224

Additional information on the City's debt can be found in Note 9 of this report.

Requests For Information

This financial report is intended to give the reader a general overview of the City's finances. Questions about the information contained in this report or requests for additional information should be directed to the Administrative Services Director/CFO, 12350 W. 87th Street Parkway, Lenexa, Kansas 66215.

Basic Financial Statements

CITY OF LENEXA, KANSAS

STATEMENT OF NET POSITION

December 31, 2013

	Governmental Activities	Business-Type Activities	Total
Assets			
Deposits, including investments and restricted cash and investments	\$ 73,443,734	\$ 3,837,076	\$ 77,280,810
Receivables (net of allowance of \$767,140)	56,709,759	699,208	57,408,967
Net pension asset	481,637	16,728	498,365
Capital assets - nondepreciable	43,020,229	1,242,929	44,263,158
Capital assets - depreciable, net	425,561,132	89,380,447	514,941,579
Total Assets	599,216,491	95,176,388	694,392,879
Liabilities			
Accounts payable	3,198,339	201,649	3,399,988
Accrued interest payable	1,508,521	403,316	1,911,837
Accrued compensation	1,306,374	41,740	1,348,114
Other	35,054	—	35,054
Due to other entities	419,717	—	419,717
Self-insurance claims payable:			
Due within one year	571,661	—	571,661
Due in more than one year	78,421	—	78,421
Long-term liabilities:			
Due within one year	18,078,746	2,848,006	20,926,752
Due in more than one year	76,671,014	28,711,712	105,382,726
Total Liabilities	101,867,847	32,206,423	134,074,270
Deferred Inflows Of Resources			
Property tax	27,167,988	—	27,167,988
Deferred amount on refunding	31,084	191,088	222,172
Total Deferred Inflows Of Resources	27,199,072	191,088	27,390,160
Net Position			
Net investment in capital assets	386,099,738	59,267,375	445,367,113
Restricted for:			
Debt service	8,112,174	—	8,112,174
Public safety	506,379	—	506,379
Municipal services	2,062,277	—	2,062,277
Parks and recreation	13,038,675	—	13,038,675
General government	720,945	—	720,945
Capital projects	8,313,578	1,187,798	9,501,376
Unrestricted	51,295,806	2,323,704	53,619,510
Total Net Position	\$ 470,149,572	\$ 62,778,877	\$ 532,928,449

CITY OF LENEXA, KANSAS
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue And Changes In Net Position		
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General government	\$ 11,787,142	\$ 2,179,527	\$ 1,030	\$ —	\$ (9,606,585)	\$ —	\$ (9,606,585)
Public safety	22,687,013	1,779,419	4,200	—	(20,903,394)	—	(20,903,394)
Municipal services	28,675,556	447,415	1,252,398	2,192,684	(24,783,059)	—	(24,783,059)
Parks and recreation	4,900,596	1,178,267	—	—	(3,722,329)	—	(3,722,329)
Economic development	2,024,180	—	—	—	(2,024,180)	—	(2,024,180)
Interest on long-term debt	2,863,649	—	—	—	(2,863,649)	—	(2,863,649)
Total Governmental Activities	72,938,136	5,584,628	1,257,628	2,192,684	(63,903,196)	—	(63,903,196)
Business-Type Activities							
Stormwater	8,464,812	5,362,455	—	1,357,326	—	(1,745,031)	(1,745,031)
Total	\$ 81,402,948	\$ 10,947,083	\$ 1,257,628	\$ 3,550,010	(63,903,196)	(1,745,031)	(65,648,227)
General revenues:							
Taxes:							
Property taxes					27,717,179	—	27,717,179
Sales taxes					28,958,995	—	28,958,995
Franchise taxes					6,577,958	—	6,577,958
Motor vehicle taxes					2,244,945	—	2,244,945
Transient guest tax					668,185	—	668,185
Excise tax					632,142	—	632,142
Special liquor tax					670,554	—	670,554
Unrestricted investment earnings					291,576	(32,144)	259,432
Miscellaneous					1,181,972	7,520	1,189,492
Transfers					(798,022)	798,022	—
Total General Revenues And Transfers					68,145,484	773,398	68,918,882
Change In Net Position					4,242,288	(971,633)	3,270,655
Net Position - Beginning Of Year					465,907,284	63,750,510	529,657,794
Net Position - End Of Year					\$ 470,149,572	\$ 62,778,877	\$ 532,928,449

CITY OF LENEXA, KANSAS

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2013

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General Fund	Debt Service	Capital Improvement Fund	Street Improvements	Other Governmental Funds	
Assets						
Deposits and investments	\$ 23,953,749	\$ 8,064,039	\$ 15,256,291	\$ 9,139,816	\$ 8,457,535	\$ 64,871,430
Restricted cash and investments	204,771	—	—	7	5,912	210,690
Special assessment receivable	—	20,331,682	—	—	—	20,331,682
Property tax receivable (net of allowance for uncollectibles)	17,044,812	7,040,043	—	—	3,083,133	27,167,988
Sales tax receivable	5,100,301	—	—	—	117,688	5,217,989
Transient guest tax receivable	—	—	—	—	138,336	138,336
Franchise tax receivable	787,825	—	—	—	—	787,825
Special highway tax receivable	—	—	—	—	318,411	318,411
Special liquor tax receivable	55,048	—	—	—	110,095	165,143
Intergovernmental	—	—	—	649,335	—	649,335
Interest receivable	127,636	42,223	78,668	24,787	23,820	297,134
Due from other funds	—	—	988,591	—	—	988,591
Other receivable	36,926	—	1,588,700	—	—	1,625,626
Total Assets	\$ 47,311,068	\$ 35,477,987	\$ 17,912,250	\$ 9,813,945	\$ 12,254,930	\$ 122,770,180
Liabilities, Deferred Inflows And Fund Balances						
Liabilities						
Accounts payable	\$ 1,395,966	\$ —	\$ 9,900	\$ 1,500,114	\$ 269,460	\$ 3,175,440
Accrued compensation	1,304,614	—	—	—	—	1,304,614
Due to other funds	988,591	—	—	—	—	988,591
Due to outside entities	419,717	—	—	—	—	419,717
Municipal court deposits	35,054	—	—	—	—	35,054
Total Liabilities	4,143,942	—	9,900	1,500,114	269,460	5,923,416
Deferred Inflows Of Resources						
Property tax	17,044,812	7,040,043	—	—	3,083,133	27,167,988
Special assessments	—	20,331,682	—	—	—	20,331,682
Total Deferred Inflows Of Resources	17,044,812	27,371,725	—	—	3,083,133	47,499,670
Fund Balances						
Nonspendable	—	—	1,588,700	—	—	1,588,700
Restricted	—	8,106,262	11,648,887	7,190,943	5,807,936	32,754,028
Committed	84,903	—	—	—	—	84,903
Assigned	178,674	—	4,664,763	1,122,888	3,094,401	9,060,726
Unassigned	25,858,737	—	—	—	—	25,858,737
Total Fund Balances	26,122,314	8,106,262	17,902,350	8,313,831	8,902,337	69,347,094
Total Liabilities, Deferred Inflows And Fund Balances	\$ 47,311,068	\$ 35,477,987	\$ 17,912,250	\$ 9,813,945	\$ 12,254,930	\$ 122,770,180

CITY OF LENEXA, KANSAS

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION December 31, 2013

Total Fund Balance - Governmental Funds \$ 69,347,094

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

Capital assets used in governmental activities are not current financial resources, and therefore, are not reported in the governmental funds:

Governmental capital assets (less accumulated depreciation) 468,581,361

Internal Service Funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the statement of net position. 7,697,163

Some of the City's revenues, including taxes, will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore, are reported as deferred inflows in the fund financial statements. 20,331,682

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period, and accordingly, are not reported as liabilities within the fund financial statements. All liabilities - both current and long-term - are reported on the government-wide statement of net position. Balances as of December 31, 2013 are:

Accrued compensated absences	(2,106,658)
Other post employment benefits obligation	(3,147,608)
Unamortized premium on bonds payable	(3,528,767)
Unamortized discount on bonds payable	35,136
Net pension asset	481,637
General obligation notes payable	(4,830,000)
Accrued interest payable on long-term debt	(1,508,521)
Deferred amount on refunding	(31,084)
Tax increment financing bonds payable	(7,044,955)
General obligation bonds payable	(74,126,908)
	<u>(95,807,728)</u>

Total Net Position - Governmental Activities \$ 470,149,572

CITY OF LENEXA, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS For The Year Ended December 31, 2013

	Major Funds				Nonmajor Funds	
	General	Debt Service	Capital Improvement Fund	Street Improvements	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 54,360,806	\$ 10,164,287	\$ —	\$ —	\$ 5,410,514	\$ 69,935,607
Intergovernmental	—	—	1,030	3,431,583	100,451	3,533,064
Licenses and permits	1,582,011	—	—	—	—	1,582,011
Charges for services	1,770,730	—	—	—	662,576	2,433,306
Rents and leases	442,765	—	—	—	—	442,765
Fines and forfeitures	1,276,953	—	—	—	115,149	1,392,102
Investment earnings	359,175	(70,737)	(60,001)	(57,253)	(5,018)	166,166
Miscellaneous	310,873	—	28,567	479,823	91,086	910,349
Total Revenues	60,103,313	10,093,550	(30,404)	3,854,153	6,374,758	80,395,370
Expenditures						
Current:						
General government	10,389,830	—	664,297	—	744,622	11,798,749
Public safety	21,999,853	—	792,677	—	196,339	22,988,869
Municipal services	7,913,955	—	101,533	—	7,614	8,023,102
Recreation	4,882,850	—	9,216	—	33,942	4,926,008
Economic development	—	—	738,800	—	1,285,380	2,024,180
Capital outlay	—	—	—	12,937,284	4,657,515	17,594,799
Debt service:						
Principal retirement	—	7,694,131	—	885,000	820,045	9,399,176
Interest and fiscal charges	—	2,896,593	—	115,994	243,458	3,256,045
Total Expenditures	45,186,488	10,590,724	2,306,523	13,938,278	7,988,915	80,010,928
Excess (Deficiency) Of Revenues Over Expenditures	14,916,825	(497,174)	(2,336,927)	(10,084,125)	(1,614,157)	384,442
Other Financing Sources (Uses)						
Issuance of general obligation bonds	—	—	—	4,635,000	—	4,635,000
Issuance of general obligation temporary notes	—	—	—	4,830,000	—	4,830,000
Premium on general obligation bonds	—	—	—	192,898	—	192,898
Transfers in	253,146	255,056	10,430,516	10,078,289	4,621,444	25,638,451
Transfers out	(12,875,165)	—	(6,991,112)	(1,783,533)	(4,986,663)	(26,636,473)
Total Other Financing Sources (Uses)	(12,622,019)	255,056	3,439,404	17,952,654	(365,219)	8,659,876
Net Changes In Fund Balances	2,294,806	(242,118)	1,102,477	7,868,529	(1,979,376)	9,044,318
Fund Balances - Beginning Of Year	23,827,508	8,348,380	16,799,873	445,302	10,881,713	60,302,776
Fund Balances - End Of Year	\$ 26,122,314	\$ 8,106,262	\$ 17,902,350	\$ 8,313,831	\$ 8,902,337	\$ 69,347,094

CITY OF LENEXA, KANSAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES For The Year Ended December 31, 2013

Net Change In Fund Balances - Total Governmental Funds \$ 9,044,318

Amounts reported for governmental activities in the statement of activities are different because:
Governmental funds report capital outlays 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 depreciation exceeded capital outlay in the current period (excluding the internal service fund).

Expenditure for capital assets

Capital outlays	14,277,189
Depreciation expense	(14,971,812)

The net effect of various transactions involving capital assets is to increase net position:

Contributions from developers	218,119
Net book value of current year disposals	(1,275,732)
	<u>(1,752,236)</u>

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Change in accrued interest payable	(158,002)
Change in employee compensated absences	(34,329)
Change in net pension asset	83,808
Change in other post employment benefits obligation	(149,650)
	<u>(258,173)</u>

Some revenues reported in the statement of activities do not provide current financial resources, and therefore, are not reported as revenues in governmental funds: Change in receivables not considered available in the fund statements (2,760,453)

The issuance of long-term debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in these statements of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also governmental funds report the effect of premiums and discounts when the debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities.

General obligation bond proceeds	(4,635,000)
General obligation note proceeds	(4,830,000)
Bond principal payment	7,694,131
General obligation note payments	885,000
Tax increment financing revenue bond payments	820,045
Bond premium	(192,898)
Amortization of bond premium	532,126
Amortization of bond discount	(3,619)
Amortization of deferred amount of refunding	21,891
	<u>291,676</u>

Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The net revenue (expense) of all internal service funds is reported with governmental activities. (322,844)

Change In Net Position Of Governmental Activities \$ 4,242,288

CITY OF LENEXA, KANSAS

STATEMENT OF NET POSITION - PROPRIETARY FUND December 31, 2013

	Business-Type Activities - Major Enterprise Fund <u>Stormwater</u>	Governmental Activities - Internal Service Fund
Assets		
Current assets:		
Deposits and investments	\$ 3,837,076	\$ 8,361,614
Interest receivable	26,104	10,290
Intergovernmental receivable	673,104	—
Total current assets	4,536,284	8,371,904
Noncurrent assets:		
Capital assets - nondepreciable	1,242,929	—
Capital assets - depreciable, net	89,380,447	—
Net pension asset	16,728	—
Total noncurrent assets	90,640,104	—
Total Assets	95,176,388	8,371,904
Liabilities		
Current liabilities:		
Accounts payable	201,649	22,899
Accrued interest payable	403,316	—
Accrued compensation	41,740	1,760
Self insurance claims payable	—	571,661
Due within one year	2,848,006	—
Total current liabilities	3,494,711	596,320
Noncurrent liabilities:		
Due in more than one year	28,711,712	—
Self insurance claims payable	—	78,421
Total noncurrent liabilities	28,711,712	78,421
Total Liabilities	32,206,423	674,741
Deferred Inflows Of Resources		
Deferred amount on refunding	191,088	—
Net Position		
Net investment in capital assets	59,267,375	—
Restricted for capital projects	1,187,798	—
Unrestricted	2,323,704	7,697,163
Total Net Position	\$ 62,778,877	\$ 7,697,163

CITY OF LENEXA, KANSAS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION PROPRIETARY FUND

For The Year Ended December 31, 2013

	Business-Type Activities - Major Enterprise Fund Stormwater	Governmental Activities - Internal Service Fund
Operating Revenues		
Charges for services	\$ 5,362,455	\$ 6,031,149
Reimbursements from insurance companies	—	56,414
Miscellaneous	7,520	31,805
Total Operating Revenues	5,369,975	6,119,368
Operating Expenses		
Personal services	1,149,687	48,294
Contractual services	—	905,803
Commodities	—	126,096
Stormwater operations	4,906,156	—
Depreciation	1,457,403	—
Claims	—	5,687,429
Total Operating Expenses	7,513,246	6,767,622
Operating Loss	(2,143,271)	(648,254)
Nonoperating Revenues (Expenses)		
Investment income	(32,144)	125,410
Interest expense	(951,566)	—
Total Nonoperating Revenues (Expenses)	(983,710)	125,410
Income Before Contributions And Transfers	(3,126,981)	(522,844)
Intergovernmental	1,357,326	—
Transfers in	1,048,022	200,000
Transfers out	(250,000)	—
Change In Net Position	(971,633)	(322,844)
Total Net Position - Beginning Of Year	63,750,510	8,020,007
Total Net Position - End Of Year	\$ 62,778,877	\$ 7,697,163

CITY OF LENEXA, KANSAS

STATEMENT OF CASH FLOWS PROPRIETARY FUND For The Year Ended December 31, 2013

	Business-Type Activities - Major Enterprise Fund Stormwater	Governmental Activities - Internal Service Fund
Cash Flows From Operating Activities		
Cash received from customers	\$ 5,369,975	\$ 6,062,954
Cash received from insurance companies	—	114,520
Cash payments for personnel services	(1,140,140)	(48,294)
Cash payments for contractual services and accounts payable	(4,950,872)	(6,599,108)
Net Cash Used In Operating Activities	(721,037)	(469,928)
Cash Flows From Noncapital Financing Activities		
Transfers in	1,048,022	200,000
Transfers out	(250,000)	—
Net Cash Provided By Noncapital Financing Activities	798,022	200,000
Cash Flows From Capital And Related Financing Activities		
Premium on bonds	55,980	—
Interest paid on long term debt	(1,205,913)	—
Additions to capital assets	(735,209)	—
Capital grants received from federal government	984,972	—
Proceeds from bonds	2,985,000	—
Principal paid on revolving loan	(10,831)	—
Principal paid on bonds	(2,225,869)	—
Net Cash Used In Capital And Related Financing Activities	(151,870)	—
Cash Flows From Investing Activities		
Purchases of investments	(38,941)	—
Interest received	—	158,062
Net Cash Provided By (Used In) Investing Activities	(38,941)	158,062
Net Decrease In Cash And Cash Equivalents	(113,826)	(111,866)
Cash And Cash Equivalents – Beginning Of Year	3,950,902	8,473,480
Cash And Cash Equivalents – End Of Year	\$ 3,837,076	\$ 8,361,614
Reconciliation Of Operating Income To Net Cash From Operating Activities		
Operating loss	\$ (2,143,271)	\$ (648,254)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	1,457,403	—
Change in other receivables	—	58,106
Change in net pension asset	(4,536)	—
Change in net OPEB	5,198	—
Change in compensated absences	1,960	—
Change in accounts, wages and claims payable	(37,791)	120,220
Net Cash Used In Operating Activities	\$ (721,037)	\$ (469,928)

CITY OF LENEXA, KANSAS

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS December 31, 2013

	Pension Trust Fund
Assets	
Cash and short-term investments	\$ 157,104
Investments at fair value:	
Corporate bonds	7,296,480
Domestic stocks	13,925,853
Real estate	2,730,409
International stocks	2,230,515
	<u>26,340,361</u>
Net Position Held In Trust For Pension Benefits	<u><u>\$ 26,340,361</u></u>

CITY OF LENEXA, KANSAS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION PENSION TRUST FUND For The Year Ended December 31, 2013

	<u>Pension Trust Fund</u>
Additions	
Contributions:	
Employer	<u>\$ 572,000</u>
Investment income:	
Net appreciation in fair value of investments	3,089,736
Dividends and interest	517,820
Investment expenses	<u>(234,491)</u>
Net investment income	<u>3,373,065</u>
Total Additions	3,945,065
Deductions	
Benefits paid	<u>769,401</u>
Net Increase	3,175,664
Net Position Held In Trust For Pension Benefits	
Beginning of year	<u>23,164,697</u>
End of year	<u><u>\$ 26,340,361</u></u>

Notes To Basic Financial Statements

THE CITY OF LENEXA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2013

1. Summary Of Significant Accounting Policies

The following is a summary of significant accounting policies employed in the preparation of the accompanying financial statements.

Reporting Entity

The City of Lenexa, Kansas (the City) was incorporated as a city in 1907 and designated as a city of the first class on December 1, 1980, under the provisions of K.S.A. 13-101, et seq. The City operates under a Mayor-Council form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, culture and recreation, public improvements, planning and zoning, and general administrative services. The City is governed by an elected eight-member council and a mayor. As required by accounting principles generally accepted in the United States of America, these financial statements present the City's primary government. There are no component units related to the City that should be accounted for in the City's financial statements.

Government-Wide And Fund Financial Statements

The Government-Wide Financial Statements (that is, the Statement of Net Position and the Statement of Activities) report information on all nonfiduciary activities of the primary government. The effect of interfund activity has been removed from these statements to minimize the duplication of internal activities with the exception of interfund services provided and used. The City reports stormwater functions as a business-type activity.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Administrative overhead charges are included in direct expenses. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for Governmental Funds, Proprietary Funds, and Fiduciary Funds, even though the latter are excluded from the Government-Wide Financial Statements. Major individual Governmental Funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis Of Accounting, And Financial Statement Presentation

The Government-Wide Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the Proprietary and Fiduciary Fund Financial Statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and pension costs are recorded only when payment is due.

Property taxes and special assessments, though measurable, are not available to finance current period obligations. Therefore, property taxes and special assessment receivables are recorded and deferred in the fund statements until they become available.

The City reports the following Major Governmental Funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund.

The *Debt Service Fund* is used to account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the Governmental Funds.

The *Capital Improvement Fund* is used to account for the monies transferred from the General Fund for the purpose of financing authorized improvement projects and expenditures for machinery and equipment.

The *Street Improvements Fund* is used to account for the financing and construction of various street improvement projects within the City.

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

Additionally, the City reports the following fund types:

Internal Service Funds are used to account for payments of judgments, claims, uninsured losses, and health and workers' compensation claims on a cost-reimbursement basis.

Enterprise Funds are used to report the City's Stormwater activities. This Fund is used to account for the resources received from stormwater utility charges, capital charges, and grant funds to provide a systematic, economical, and environmentally sensitive means for managing stormwater.

The *Pension Trust Fund* is used to account for the accumulation of resources for pension benefit payments.

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 Stormwater Fund are utility charges to customers and other capital charges. Operating expenses include the costs of operating and maintaining the system, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

Deposits And Investments

The City temporarily pools available idle funds for the purpose of increasing revenue through investment activities. Each fund's portion of this pool is displayed on the financial statements as "Deposits, including investments". Interest earned on this pool is allocated to various funds on the basis of the fund's month end cash balance. The deposits and investments of the pension trust fund are held separately from those of other City funds.

Investments are reported at fair value in accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools.

The City typically invests available cash in demand deposits, time deposits, and U.S. Government securities ranging from 30 to 788 days to maturity. The average yield on investments during the year was 0.27% and the amount of investment revenue received was \$259,432.

For the statement of cash flows purposes, the City considers demand deposits and investments purchased with an original maturity of three months or less, which are not limited as to use, to be cash and cash equivalents.

Property Taxes

In accordance with governing state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar-year basis and are levied and become a lien on the property on November 1 of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the ensuing year. State statutes prohibit the County Treasurer from distributing the taxes collected in the year levied prior to January 1 of the ensuing year. Consequently, for revenue recognition purposes, taxes levied during the current year are not due and receivable until the ensuing year. At December 31, 2013, such taxes are a lien on the property and are recorded as taxes receivable, net of anticipated delinquencies, with a corresponding amount recorded as deferred inflows on the balance sheets of the appropriate funds and the government-wide statements of net position. In addition, amounts received during the year levied are deferred until the subsequent year. Delinquent taxes receivable held by the County Treasurer at December 31, 2013 are not significant.

Interfund Receivables And Payables

Activity between funds that is representative of borrowing/lending arrangements outstanding at the end of the fiscal year are referred to as either “due to/due from other funds.”

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (for example, roads, bridges, sidewalks and similar items), are reported in the Government-Wide Financial Statements. Capital assets are defined by the government as assets with individual costs of more than \$10,000 for machinery and equipment and a minimum of \$300,000 for infrastructure assets. Such assets are recorded at historical cost or estimated 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 asset lives are not capitalized.

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	30
Communications equipment	5 - 10
Infrastructure	20 - 99
Motor vehicles	2 - 8
Operating equipment/mowers	3 - 15
Office equipment	5 - 10
Playground equipment	15

Deferred Outflows Of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Compensated Absences

All full-time and regular part-time employees are eligible for vacation benefits in varying annual amounts. Full time employees are allowed to accumulate and carry forward 240 hours of vacation, shift firefighters can carry forward 336 hours and regular part time employees can carry forward 120 hours. Hours accumulated and not taken in excess of these amounts as of December 31 of each year are transferred to the employee's sick leave balance. Upon termination or resignation, full-time employees on regular status and regular part-time employees who have been employed for a minimum of one year shall be compensated for all accumulated, unused vacation leave. All vacation pay is accrued when incurred in the Government-Wide Financial Statements. A liability for these amounts is reported in Governmental Funds only if they have matured, for example, as a result of employee resignations and retirements.

Sick leave benefits accrue to all full-time and regular part-time employees in an amount based on position, with no maximum accumulation. Sick leave balances are not paid out to an employee upon separation of service.

Supervisors may authorize employees in full-time, non-shift firefighter, nonexempt positions to earn compensatory leave time in lieu of overtime up to a maximum of 80 hours. Any unused compensatory leave will be paid out upon separation of service to an employee.

Long-Term Obligations

In the Government-Wide and Proprietary Fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bond using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, Governmental Fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received are reported as debt service expenditures.

Deferred Inflows Of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has nonexchange revenue transactions where a receivable has been recorded because property taxes were levied, but the resources cannot be used until a future period. The City also has a deferred gain on refunding reported in the government-wide statement of net position. A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. These items have been reported as deferred inflows on the government-wide statement of net position.

On the modified accrual basis of accounting, the City has recorded certain receivables where the related revenue is unavailable. Unavailable revenues have been reported as deferred inflows of resources on the governmental fund balance sheet.

Special Assessments

Kansas statutes require that certain projects financed in part by special assessments to be financed through the issuance of general obligation bonds that are secured by the full faith and credit of the City. Special assessments received prior to or after the issuance of general obligation bonds are recorded as revenue in the appropriate project fund. Further, state statutes require levying additional general ad valorem property taxes in the Debt Service Fund to finance delinquent special assessments receivable. Accordingly, special assessments receivable are accounted for within the Debt Service Fund. Special assessments are levied over a 10-, 15- or 20-year period and annual installments are due and payable with annual ad valorem property taxes. Johnson County (the County) may foreclose liens against property benefited by special assessments when delinquent assessments are two years in arrears. At December 31, 2013, the special assessment taxes levied are a lien on the property and are recorded as special assessments receivable in the applicable fund with a corresponding amount recorded as deferred revenue.

Equity Classifications

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

- (1) Net investment in capital assets - consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgage notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- (2) Restricted net position - consists of net position with restrictions placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (b) law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, it is the City's practice to use restricted resources first and then unrestricted resources, as they are needed.
- (3) Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

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

1. *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.

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

2. *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.
3. *Committed* - Assets with a purpose formally imposed by ordinance of the City Council, binding unless modified or rescinded by the City Council through a similar action.
4. *Assigned* - Assets intended to be used for a specific purpose that is neither restricted or committed. Intent is expressed by the City Council or their designee. The City Council has delegated the authority to assign amounts to be used for specific purposes through policies approved by the City Council.
5. *Unassigned* - All amounts not included in the other fund balance classifications. The general fund shall be the only fund to report positive unassigned fund balance. All other governmental funds may report negative unassigned fund balance.

For the classification of fund balances, the City considers restricted amounts to have been spent first when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Expenditures are to be spent from restricted fund balance first, followed by committed, assigned, and lastly, unassigned.

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (Continued)

Fund balance for all major and nonmajor governmental funds as of December 31, 2013 were allocated as follows:

	Major				Nonmajor	Total
	General	Debt Service	Capital Improvement	Street Improvements	Other Governmental Funds	
Fund Balances						
Nonspendable:						
Long-term portion of loans receivable	\$ —	\$ —	\$ 1,588,700	\$ —	\$ —	\$ 1,588,700
Restricted for:						
Debt service	—	8,106,262	—	—	5,912	8,112,174
Public safety	—	—	—	—	506,379	506,379
Municipal services	—	—	—	—	2,062,277	2,062,277
Parks and recreation	—	—	11,648,887	—	1,389,788	13,038,675
General government	—	—	—	—	720,945	720,945
Capital projects	—	—	—	7,190,943	1,122,635	8,313,578
Committed to:						
Public safety	8,680	—	—	—	—	8,680
Parks and recreation	23,618	—	—	—	—	23,618
General government	52,605	—	—	—	—	52,605
Assigned to:						
Public safety	11,080	—	—	—	—	11,080
Municipal services	75,015	—	—	—	—	75,015
Parks and recreation	29,912	—	—	—	—	29,912
General government	62,667	—	—	—	—	62,667
Capital projects	—	—	4,664,763	1,122,888	3,094,401	8,882,052
Unassigned	25,858,737	—	—	—	—	25,858,737
	\$ 26,122,314	\$ 8,106,262	\$ 17,902,350	\$ 8,313,831	\$ 8,902,337	\$ 69,347,094

Use Of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, and expenditures during the reporting period. Actual results could differ from those estimates.

2. Deposits And Investments

A summary of the City's significant accounting policies regarding cash, cash equivalents and investments may be found in Note 1 of the Basic Financial Statements. The City's deposits and investments are generally segregated into two parts: City-wide deposits and investments and the City's Defined Benefit Pension Plan deposits and investments. Below is a description of the policies associated with these categories of deposits and investments.

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (Continued)

City-Wide Deposits And Investments

According to Kansas statutes and the City's formal investment policy adopted by the Governing Body, the City is allowed to pool idle cash from all funds for the purpose of increasing income through temporary investment activities, which may include certificates of deposit, repurchase agreements, money market funds, passbook savings accounts, U.S. Government securities and the Kansas Municipal Investment Pool (KMIP). KMIP is not registered with the SEC and is governed by the State of Kansas Pooled Money Investment Board. Investments, if any, in the KMIP are reported at the amount invested by the City plus any accrued interest earned, which approximates fair value. KMIP does not include any involuntary participants.

In 2003, the City was granted expanded investment powers by the State of Kansas. In addition to the options mentioned above, expanded investment powers allow the City to invest in U.S. Government Agency securities and securities of U.S. Government sponsored enterprises, as well as to extend maturities up to four years. The City is required to provide an annual report of investment results to the State as a condition of maintaining the expanded powers.

Investments are stated at fair value. The fair value of marketable securities is based on quotations, which are generally obtained from national securities exchanges. Where marketable securities are not listed on an exchange, quotations are obtained from brokerage firms or national pricing services.

The carrying value of deposits and investments are summarized as follows:

	Governmental Activities	Business Type Activities	Total
Deposits	\$ 71,787	\$ 3,750	\$ 75,537
Petty cash	5,110	—	5,110
Investments:			
Municipal investment pool	2,365,639	123,593	2,489,232
Repurchase agreements	6,213,381	324,619	6,538,000
U.S. Governments securities	64,781,898	3,385,114	68,167,012
Investments held with trustee:			
Deposits	5,919	—	5,919
Total deposits, including investments	\$ 73,443,734	\$ 3,837,076	\$ 77,280,810

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The City's policy is to collateralize the demand deposits with securities held by the financial institution's agent and in the City's name. At December 31, 2013, the City's deposits were insured by federal depository insurance and uninsured deposits were fully collateralized in accordance with the City's policy.

For an investment, the custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's safeguarding policy is that investments are to be held in a single safekeeping agent in the name of the City. At December 31, 2013, the City's investments were in compliance with the policy.

Credit Risk And Concentration Of Credit Risk

The City's investment option types are limited, which inherently reduces credit risk. State statutes do not address concentration of credit risk. The City's investment policy limits the percentage of the portfolio that can be invested in various investment classes. The investment classes and their respective limits are shown below:

<u>Investment Type</u>	<u>Maximum Percentage Of Portfolio</u>
Repurchase agreements	30%
Collateralized time and demand deposits	100%
U.S. Treasury Notes and Bills	100%
U.S. Government Agency Obligations	90%
Kansas Municipal Investment Pool	30%
Bank Trust Department Mutual Pools	10%
Temporary Notes or No-Fund Warrants	10%

The limit on repurchase agreements and KMIP deposits may exceed 60%, but not more than 75%, of the portfolio for a maximum of 45 days during each of the June and December tax seasons and prior to debt service payments in March 1 and September 1.

No single financial institution should hold demand or time deposits which will constitute more than 10% of the City's portfolio. No more than 33% of the total portfolio in any investment type of the City should be placed with a single issuer other than the United States Treasury.

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

Presented below is the actual rating by Moody's Investor Services or Standard and Poor's as of year end for each investment type, as well as the issuers of securities, and the respective fair value of those securities:

<u>Investment Type</u>	<u>Total</u>	<u>Rating As Of</u>	
		<u>December 31, 2013</u>	<u>Percentage</u>
Kansas Municipal Investment Pool	\$ 2,489,232	AAAf/S1+	3%
Repurchase agreements	6,538,000	AAA Collateral	8%
U.S. Government Securities			
Federal National Mortgage Association	21,076,673	AAA	27%
Federal Home Loan Banks	18,226,143	AAA	24%
Federal Home Loan Mortgage Corporation	12,736,333	AAA	16%
Federal Farm Credit	10,447,379	AAA	14%
U.S. Treasury Notes	5,680,484	**	7%
Total	\$ 77,194,244		100%

** U.S. Treasury Notes are not rated because they are considered of the highest quality.

Interest Rate Risk

As a means of minimizing the risk that the market value of securities in the portfolio will decline due to the changes in general interest rates, the City's policy is to structure the portfolio so that securities mature to meet cash requirement for ongoing operations, investing cash funds primarily in securities with maturities of 18 months or less in the Kansas Municipal Investment Pool and limiting investments to a maximum stated maturity of four years.

As of December 31, 2013, the City's investment portfolio had the following investments and maturities.

<u>Investment Type</u>	<u>Total</u>	<u>6 Months</u>	<u>6 - 12</u>	<u>12 - 24</u>	<u>24 - 36</u>
		<u>Or Less</u>	<u>Months</u>	<u>Months</u>	<u>Months</u>
U.S. Government Securities					
US Treasury Notes	\$ 5,680,484	\$ 5,680,484	\$ —	\$ —	\$ —
FNMA	21,076,673	8,086,708	5,667,863	5,232,657	2,089,445
FHLB	18,226,143	7,177,103	6,038,773	3,008,447	2,001,820
FHLMC	12,736,333	—	4,116,155	8,620,178	—
Federal Farm Credit	10,447,379	—	—	10,447,379	—
Repurchase agreements	6,538,000	6,538,000	—	—	—
Kansas Municipal Investment Pool	2,489,232	2,489,232	—	—	—
	\$ 77,194,244	\$ 29,971,527	\$ 15,822,791	\$ 27,308,661	\$ 4,091,265

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

Defined Benefit Pension Plan

The City had \$26,340,361 in investments related to the City's defined benefit pension plan. These investments are carried at fair market value. The City determines fair value based on current available market rates. The primary objective of the City of Lenexa Defined Benefit Pension Plan is to provide eligible employees with retirement benefits. The Plan's investment objectives should be pursued as long-term goals designed to maximize return while reducing exposure to undue risk. At a minimum, it is the objective of the plan to meet its actuarial interest assumption on an ongoing basis. Currently, the actuarial interest assumption is 7%.

There are five asset classes used: domestic equity (large cap and small cap), international equity, domestic fixed income, real estate and cash. The allocation percentages for each asset category are listed in the table below. Percentage allocations are intended to serve as guidelines.

Asset Category	Allocation		
	Target	Minimum	Maximum
Domestic equity - large cap	30%	25%	40%
Domestic equity - small cap	20%	10%	30%
International equities	11%	5%	20%
Domestic fixed income	30%	20%	50%
Real estate	9%	5%	15%
Cash	0%	0%	5%

The benchmark for the large cap domestic equity portion of the portfolio is to match or exceed the return of the Russell 1000 Index (net of investment management fees and transaction costs); the benchmark for the small/mid cap value equity manager is the Russell 2500 Value Index; the benchmark for the international equity portion of the portfolio is to match or exceed the return of the MSCI EAFE Foreign Equity Index (net of management fees and transaction costs); the benchmark for the fixed income portion of the plan is to equal or exceed the return of the Barclays Capital U.S. Aggregate (net of management fees and transaction costs); the benchmark for the real estate portion of the plan is to equal or exceed the return of the NCREIF Index (net of management fees and transaction costs) and investments in cash must represent maturities of one year or less at the time of purchase.

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (Continued)

Interest Rate Risk

Interest rate risk is the risk associated with a portfolio's sensitivity to changes in interest rates. The Plan has no specific policy regarding interest rate risk. As of December 31, 2013, the Plan had the following investments and maturities.

	<u>Total</u>	<u>12 Months Or Less</u>	<u>12 - 48 Months</u>	<u>> 48 Months</u>
Corporate bonds	\$ 7,296,480	\$ —	\$ 822,313	\$ 6,474,167
Money market mutual funds	157,104	157,104	—	—
	7,453,584	\$ 157,104	\$ 822,313	\$ 6,474,167
Domestic stocks	13,925,853			
Real estate	2,730,409			
International stocks	2,230,515			
Total investments	<u>\$ 26,340,361</u>			

Credit Risk

Credit risk is associated with the credit quality or rating of debt instrument investments. The Plan has no specific policy regarding credit risk. The Plan uses the credit ratings issued by Standard and Poor's for disclosure of credit risk. The following table summarizes the Plan investments subject to credit risk.

<u>Quality Rating</u>	<u>Corporate Bonds</u>	<u>Money Market Mutual Funds</u>
AAA	\$ 4,316,722	\$ —
AA	553,696	—
A	845,115	—
BBB or less	1,559,091	—
Not rated	21,856	157,104
	\$ 7,296,480	\$ 157,104

Concentration Of Credit Risk

As of December 31, 2013, the following table lists the issuers of securities, and the respective fair value of those securities, that represent 5% or more of the Plan's total investments:

Metwest Bond Fund Class I	\$ 7,285,471	28%
The Boston Company	5,314,954	20%
Meritage	4,029,744	15%
Mainstay ICAP Equity Fund	4,018,760	15%
TIAA-CREF	2,730,409	10%
American Funds/Euro Pacific	2,230,515	8%

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (Continued)

Foreign Currency Risk

The Plan's investment policy permits it to invest up to 20% of total investments in foreign currency denominated investments. Currently, the Plan does not have any foreign currency denominated investments. The Plan's investment in international equities is comprised of mutual funds and separately managed accounts denominated in U.S. currency.

3. Receivables

Receivables as of year-end for the City's Major Funds, Nonmajor Funds and Internal Service Funds, including applicable allowances for uncollectible accounts, are as follows:

	General	Debt Service	Capital Improvement	Street Improvements	Nonmajor Governmental	Internal Service	Total
Property tax	\$ 17,587,716	\$ 7,264,279	\$ —	\$ —	\$ 3,083,133	\$ —	\$ 27,935,128
Sales tax	5,100,301	—	—	—	117,688	—	5,217,989
Transient guest tax	—	—	—	—	138,336	—	138,336
Franchise tax	787,825	—	—	—	—	—	787,825
Special highway tax	—	—	—	—	318,411	—	318,411
Special liquor tax	55,048	—	—	—	110,095	—	165,143
Special assessment	—	20,331,682	—	—	—	—	20,331,682
Intergovernmental	—	—	—	649,335	—	—	649,335
Interest	127,636	42,223	78,668	24,787	23,820	10,290	307,424
Other	36,926	—	1,588,700	—	—	—	1,625,626
Less: allowance for uncollectible accounts	(542,904)	(224,236)	—	—	—	—	(767,140)
Total receivables	\$ 23,152,548	\$ 27,413,948	\$ 1,667,368	\$ 674,122	\$ 3,791,483	\$ 10,290	\$ 56,709,759

Other receivable in the Capital Improvement Fund consists of an economic development loan with a private business to construct structured parking at City Center East. The additional parking associated with a structured parking facility will assist in achieving the sense of place described in the City Center design guidelines and permit additional economic development within City Center East. Principal payments in the amount of \$75,000 were made in 2013. The balance of the loan as of December 31, 2013 is \$1,588,700. The payback period for this loan is 20 years with an interest rate of 2.5%.

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (Continued)

4. Tax Revenues

Tax revenues for the City consist of the following:

	General	Debt Service	Governmental Funds	Other Funds	Total
Property tax	\$ 16,977,637	\$ 7,605,523	\$ 2,496,535	\$ 27,079,695	\$ 27,079,695
Sales tax	28,412,635	—	546,360	28,958,995	28,958,995
Transient guest tax	—	—	668,185	668,185	668,185
Franchise tax	6,577,958	—	—	6,577,958	6,577,958
Special assessment	—	1,850,735	—	1,850,735	1,850,735
Motor vehicle	1,536,916	708,029	—	2,244,945	2,244,945
Other	855,660	—	1,699,434	2,555,094	2,555,094
Total tax revenues	\$ 54,360,806	\$ 10,164,287	\$ 5,410,514	\$ 69,935,607	\$ 69,935,607

5. Capital Assets

The following is a summary of changes in capital assets for the year ended December 31, 2013:

	Balance December 31, 2012	Increases	Decreases	Balance December 31, 2013
Governmental activities:				
Assets not being depreciated:				
Land	\$ 32,009,486	\$ —	\$ 22,517	\$ 31,986,969
Construction in progress	3,946,519	10,659,193	3,572,452	11,033,260
Total nondepreciable capital assets	35,956,005	10,659,193	3,594,969	43,020,229
Assets being depreciated:				
Buildings	52,344,739	386,322	1,226,681	51,504,380
Machinery and equipment	26,912,863	3,941,345	1,500,329	29,353,879
Infrastructure - Streets	577,278,722	3,080,900	—	580,359,622
Total depreciable capital assets	656,536,324	7,408,567	2,727,010	661,217,881
Less accumulated depreciation				
Buildings	(23,217,767)	(1,848,316)	—	(25,066,083)
Machinery and equipment	(16,290,177)	(1,762,881)	(1,473,795)	(16,579,263)
Infrastructure - Streets	(182,650,788)	(11,360,615)	—	(194,011,403)
Total accumulated depreciation	(222,158,732)	(14,971,812)	(1,473,795)	(235,656,749)
Total capital assets being depreciated, net	434,377,592	(7,563,245)	1,253,215	425,561,132
Total governmental activities, capital assets, net	\$ 470,333,597	\$ 3,095,948	\$ 4,848,184	\$ 468,581,361

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (Continued)

	Balance December 31, 2012	Increases	Decreases	Balance December 31, 2013
Business type activities:				
Assets not being depreciated:				
Land	\$ 1,242,929	\$ —	\$ —	\$ 1,242,929
Construction in progress	3,274,635	695,049	3,969,684	—
Total nondepreciable capital assets	4,517,564	695,049	3,969,684	1,242,929
Assets being depreciated:				
Machinery and equipment	156,686	40,160	—	196,846
Infrastructure - Stormwater	102,802,805	3,969,683	—	106,772,488
Total depreciable capital assets	102,959,491	4,009,843	—	106,969,334
Less accumulated depreciation				
Machinery and equipment	(113,156)	(60,234)	—	(173,390)
Infrastructure - Stormwater	(16,018,328)	(1,397,169)	—	(17,415,497)
Total accumulated depreciation	(16,131,484)	(1,457,403)	—	(17,588,887)
Total capital assets being depreciated, net	86,828,007	2,552,440	—	89,380,447
Total business type activities, capital assets, net	\$ 91,345,571	\$ 3,247,489	\$ 3,969,684	\$ 90,623,376

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

Governmental activities:	
General government	\$ 222,076
Public safety	1,440,867
Municipal services	1,848,316
Infrastructure	11,360,615
Parks and recreation	99,938
Total depreciation expense - governmental activities	\$ 14,971,812
Business-type activities:	
Municipal services	\$ 60,234
Infrastructure	1,397,169
Total depreciation expense - business type activities	\$ 1,457,403

6. Commitments

Construction Commitments

Normal commitments have been made for future expenditures related to the City's capital projects programs. At December 31, 2013, outstanding construction commitments, including obligations for capital outlay, were \$7,745,858.

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (Continued)

At December 31, 2013, capital project authorizations compared with expenditures from inception are as follows:

	Project Authorizations	Expenditures - Project Inception To December 31, 2013
Governmental activities:		
Street improvements	\$ 64,609,012	\$ 9,760,175
Municipal buildings	56,045,125	228,920
Capital acquisitions	940,000	244,358
Parks and recreation	2,415,794	799,808
	<u>\$ 124,009,931</u>	<u>\$ 11,033,261</u>

	Project Authorizations	Expenditures - Project Inception To December 31, 2013
Business-type activities:		
Storm drainage	\$ 18,565,922	\$ —

Other Commitments And Contingencies

The City is a defendant in various legal actions pending or in process for property damage, personal injuries, zoning matters and other miscellaneous claims. Such litigation, in the opinion of management, based on the advice of counsel, prior experience and further based on the present status of the City's insurance coverage, will have no material effect on the financial statements of the City.

7. Interfund Receivables, Payables And Transfers

Interfund receivable and payable balances at December 31, 2013 are as follows:

	Interfund Receivables	Interfund Payables
General fund	\$ —	\$ 988,591
Capital improvement fund	988,591	—
	<u>\$ 988,591</u>	<u>\$ 988,591</u>

The General Fund interfund payable is a portion of the 3/8 cent sales tax to fund parks/roads and a civic center project. The payable will be eliminated in 2014.

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (Continued)

A summary of interfund transfers by fund type is as follows at December 31, 2013:

	Transfers Out					Total
	General	Street Improve- ments	Capital Improve- ment	Nonmajor Govern- mental	Enterprise	
Transfers in:						
General	\$ —	\$ 227,787	\$ —	\$ 25,359	\$ —	\$ 253,146
Debt service	—	—	—	255,056	—	255,056
Street						
Improvements	—	—	5,738,270	4,090,019	250,000	10,078,289
Capital						
Improvements	9,968,965	105,154	—	356,397	—	10,430,516
Nonmajor						
Governmental	2,706,200	934,752	809,523	170,969	—	4,621,444
Enterprise	—	515,840	443,319	88,863	—	1,048,022
Internal service	200,000	—	—	—	—	200,000
Total	\$ 12,875,165	\$ 1,783,533	\$ 6,991,112	\$ 4,986,663	\$ 250,000	\$ 26,886,473

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 the funds collecting the receipts and (3) use unrestricted revenues collected in a fund that is used to finance various programs and capital outlay projects accounted for in another fund in accordance with budgetary authorizations. Any transfers within the governmental funds or within the proprietary funds have been eliminated in the government-wide statement of activities.

8. Leases

Following are descriptions of the City's major operating lease agreements.

Lenexa Chamber Of Commerce

The City leases, to the Lenexa Chamber of Commerce, the Thompson Farm premise located in the Southlake Business Park. The lease provides for monthly lease payments of \$1,674. The current lease agreement is in the two year extension option that covers the period of June 1, 2013 to May 21, 2015. The cost of the Thompson Farm was \$790,000 with accumulated depreciation of \$434,500 and a current carrying value of \$355,500.

Cellular Tower Leases

The City has lease agreements with multiple wireless telecommunications providers for space on City-owned monopole towers located at 87th and Lackman, 87th and Quivira Road, 7700 Cottonwood, 96th and Pflumm, 24000 Prairie Star Parkway, 10855 Eicher and 12500 W 87th St. The lease agreements provide for monthly lease payments. The cost of the cellular towers was \$1,063,500 with accumulated depreciation of \$979,000 and a current carrying value of \$84,500

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

The following is a schedule of minimum future rentals on the cellular tower leases:

<u>Year</u>	<u>Amount</u>
2014	\$ 438,846
2015	446,933
2016	401,503
2017	399,364
2018	388,669
2019 - 2023	1,789,052
2024 - 2028	1,008,084
2029 - 2030	181,950
	<u>\$ 5,054,401</u>

9. Long-Term Debt And Other Obligations

Changes In Long-Term Liabilities

The following is a summary of the changes in long-term debt for the year ended December 31, 2013:

	<u>Balance December 31, 2012</u>	<u>Additions</u>	<u>Retired</u>	<u>Balance December 31, 2013</u>	<u>Due Within One Year</u>
Governmental Activities:					
General obligation bonds	\$ 77,186,039	\$ 4,635,000	\$ 7,694,131	\$ 74,126,908	\$ 8,402,296
Net unamortized premium	3,867,995	192,898	532,126	3,528,767	823,388
Less unamortized discount	(38,755)	—	(3,619)	(35,136)	(3,619)
TIF revenue bonds	7,865,000	—	820,045	7,044,955	7,044,955
General obligation notes payable	885,000	4,830,000	885,000	4,830,000	—
Employee compensated absences	2,072,329	1,707,517	1,673,188	2,106,658	1,811,726
Net other post employment benefits obligation	2,997,958	430,293	280,643	3,147,608	—
Total governmental activities long-term obligations	94,835,566	11,795,708	11,881,514	94,749,760	18,078,746
Business Type Activities:					
General obligation bonds	29,018,961	2,985,000	2,225,869	29,778,092	2,567,704
Net unamortized premium	1,593,734	55,980	225,598	1,424,116	227,696
Less unamortized discount	(40,516)	—	(3,220)	(37,296)	(3,220)
Employee compensated absences	50,130	43,332	41,372	52,090	44,797
Revolving loans payable	256,475	—	10,831	245,644	11,029
Net other post employment benefits obligation	91,874	14,945	9,747	97,072	—
Total business type activities long-term obligations	30,970,658	3,099,257	2,510,197	31,559,718	2,848,006
	<u>\$ 125,806,224</u>	<u>\$ 14,894,965</u>	<u>\$ 14,391,711</u>	<u>\$ 126,309,478</u>	<u>\$ 20,926,752</u>

For governmental activities, compensated absences and other post-employment benefits obligations are generally liquidated from the General Fund.

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (Continued)

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. During the year, general obligation bonds totaling \$7,620,000 were issued to finance street and storm drainage improvements.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as 10-year, 15-year or 20-year serial bonds with level debt service payments. General obligation bonds currently outstanding are as follows:

	Series	Interest Rates %	Original Issue Amount	Final Maturity Date	Outstanding December 31, 2013	Interest Paid 2013
Street improvements, refunding	2003A	3.65 to 4.6%	\$ 34,565,000	9/1/2018	\$ 1,053,513	\$ 57,214
Street improvements	2005A	2.15 to 3.75%	1,140,000	9/1/2025	260,000	13,930
Street improvements, refunding	2005B	2.65 to 4.35%	8,915,000	9/1/2025	2,310,000	100,068
Street improvements	2006C	4.25 to 4.625%	7,625,000	9/1/2026	4,170,000	202,131
Land acquisition	2006E	4.0 to 4.125%	940,000	9/1/2026	680,000	29,091
Street, City Center East Benefit District	2007B	5.0%	12,975,000	9/1/2027	3,200,000	174,000
Street improvements	2008B	3.0 to 5%	15,020,000	9/1/2023	10,900,000	493,675
Street improvements	2009A	1.5 to 5.5%	2,985,000	9/1/2029	2,010,000	22,626
Refunding	2009B	3.0 to 4.0%	7,660,000	9/1/2027	6,330,000	236,188
Street improvements	2010B	3.0 to 4.0%	11,445,000	9/1/2025	9,575,000	348,018
Refunding	2010C	4.0 to 5.0%	13,424,662	9/1/2018	11,500,562	608,428
Building improvements	2011A	3.0 to 4.0%	4,800,000	9/1/2031	3,965,000	131,850
Street improvements	2012A	2.25 to 3.25%	13,000,000	9/1/2032	12,365,000	407,305
Street improvements, refunding	2012B	2.0 to 3.0%	2,401,876	9/1/2032	1,172,833	72,068
Street improvements	2013A	2.0 to 4.125%	4,635,000	9/1/2033	4,635,000	—
					<u>\$ 74,126,908</u>	<u>\$ 2,896,592</u>

	Series	Interest Rates %	Original Issue Amount	Final Maturity Date	Outstanding December 31, 2013	Interest Paid 2013
Stormwater improvements	2003A	3.65 to 4.6%	16,800,000	9/1/2018	\$ 501,487	\$ 27,236
Stormwater improvements	2005B	2.65 to 4.35%	3,945,000	9/1/2025	2,750,000	117,880
Stormwater improvements	2006C	4.25 to 4.625%	5,735,000	9/1/2026	2,810,000	133,019
Stormwater improvements	2006E	4.0 to 4.125%	2,070,000	9/1/2026	1,490,000	63,666
Stormwater improvements	2007B	5.0%	4,010,000	9/1/2027	3,200,000	167,750
Stormwater improvements	2009A	1.5 to 5.5%	2,960,000	9/1/2029	2,500,000	130,105
Stormwater improvements	2010B	3.0 to 4.0%	1,945,000	9/1/2025	1,590,000	58,913
Stormwater improvements, refunding	2010C	4.0 to 5.0%	6,390,338	9/1/2018	5,474,438	289,622
Stormwater improvements	2011A	3.0 to 4.0%	1,260,000	9/1/2031	1,180,000	40,469
Stormwater improvements	2012A	2.25 to 3.25%	1,465,000	9/1/2032	1,380,000	44,719
Stormwater refunding	2012B	2.0 to 3.0%	4,208,124	9/1/2032	3,917,167	126,265
Stormwater improvements	2013A	2.0 to 4.125%	2,985,000	9/1/2033	2,985,000	—
					<u>\$ 29,778,092</u>	<u>\$ 1,199,644</u>

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

Annual debt service requirements to maturity for general obligation bonds are as follows for the governmental and business-type activities, respectively:

Year	Principal	Interest	Total
2014	\$ 8,402,296	\$ 2,770,894	\$ 11,173,190
2015	7,652,875	2,484,610	10,137,485
2016	7,590,612	2,216,233	9,806,845
2017	7,955,800	1,919,724	9,875,524
2018	8,200,325	1,605,120	9,805,445
2019 - 2023	24,245,000	4,384,881	28,629,881
2024 - 2028	7,380,000	1,122,400	8,502,400
2029 - 2033	2,700,000	213,375	2,913,375
	<u>\$ 74,126,908</u>	<u>\$ 16,717,237</u>	<u>\$ 90,844,145</u>

Year	Principal	Interest	Total
2014	\$ 2,567,704	\$ 1,204,799	\$ 3,772,503
2015	2,632,125	1,099,529	3,731,654
2016	2,679,388	1,004,437	3,683,825
2017	2,824,200	895,643	3,719,843
2018	2,909,675	779,419	3,689,094
2019 - 2023	8,530,000	2,646,403	11,176,403
2024 - 2028	5,885,000	997,953	6,882,953
2029 - 2033	1,750,000	173,931	1,923,931
	<u>\$ 29,778,092</u>	<u>\$ 8,802,114</u>	<u>\$ 38,580,206</u>

In prior years, the City defeased certain general obligation bonds by placing the proceeds of refunding bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At December 31, 2013, \$3,725,000 of bonds outstanding are considered defeased.

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (Continued)

General Obligation Notes Payable

Kansas statutes permit the issuance of notes to finance certain capital improvement projects. Prior to note issuance, the Governing Body must take the necessary legal steps to authorize the issuance of bonds for the project. Notes are interest-bearing and have a maturity date no later than four years from the date of issuance. General obligation notes outstanding at December 31, 2013 are payable as follows:

<u>Project</u>	<u>Interest Rate %</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Outstanding December 31, 2013</u>	<u>Interest Paid 2013</u>
Street Improvements	0.3%	10/17/2012	9/1/2013	\$ —	\$ 2,316
Street Improvements	0.5%	8/12/2013	8/1/2015	4,830,000	—
				<u>\$ 4,830,000</u>	<u>\$ 2,316</u>

Annual debt service requirements to maturity for general obligation notes payable are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ —	\$ 46,824	\$ 46,824
2015	4,830,000	48,300	4,878,300
	<u>\$ 4,830,000</u>	<u>\$ 95,124</u>	<u>\$ 4,925,124</u>

The City's total general obligation debt of \$103,905,000 and general obligation notes payable of \$4,830,000 total \$108,735,000. The City has \$210,267,397 remaining before reaching its legal debt margin.

The above bonds include debt issued for special assessments for certain capital improvements made on behalf of benefit districts as further discussed in Note 1, with the remainder of the obligations to be liquidated from future general operations. Delinquent special assessments will be paid from additional general ad valorem property tax levies.

Tax Increment Revenue Bonds

On August 1, 2007, the City issued \$7,865,000 of tax increment revenue bonds related to the City Center East Project I (Revenue Bond Series 2007). The bonds are special, limited obligations of the City payable solely and only from ad valorem taxes collected from real property located within the Project Area on or after January 1, 2008, that is in excess of the amount of real property taxes which were collected from the Project Area in the year the Redevelopment District was established. Incremental ad valorem taxes were projected to produce 110% of debt service requirements over the life of the bonds. For 2013, incremental ad valorem tax revenues were \$100,942.

On April 1, 2013, the trustee for the bond issue (Security Bank of Kansas City) made a partial payment of \$190,000 on the accrued interest for the bonds.

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

On July 9, 2013, pursuant to the request of the owners of not less than a majority in principal amount of the bonds outstanding, the trustee for the bond issue declared the principal of all bonds outstanding and the accrued interest thereon due and payable.

On August 1, 2013, pursuant to the terms of the Indenture, the trustee transferred the amount of \$873,503 from the Full Valuation Reserve Fund account to the Debt Service Fund account. On October 1, 2013, the trustee applied \$820,045 of these funds for the partial redemption payment of principal on the bonds and \$53,458 of these funds for partial payment of the accrued interest on the bonds.

As of December 31, 2013, the outstanding principal for the bonds is \$7,044,955 and the outstanding accrued interest is \$564,282.

In March 2014, the trustee filed a communication to bondholders on the Electronic Municipal Market Access (EMMA) website. The trustee's communication to bondholders states "it is unlikely there will be sufficient funds to make the October 1, 2014 interest and principal payment due on the bonds or to pay past due amounts. Future payments of principal of and interest on the bonds will be dependent on increases in incremental tax revenues and timely payment of ad valorem taxes by the owner of the project - the trustee cannot predict if those increases will occur or when they might occur or if those payments will be made timely. The significantly reduced assessed value of the project (and any further reduction) can be expected to negatively impact the incremental tax revenues from the anticipated receipts set out in the official statement."

Reimbursable Developer Project Costs

These obligations represent TIF project costs that have been certified by the City as eligible for reimbursement to the applicant from tax increment financing (TIF) revenues attributable to a TIF project. Costs are certified upon project completion and may be certified in phases. Under the state TIF Act, an applicant may be reimbursed up to the approved certified cost amount from incremental taxes generated from the redevelopment project plan for a period up to 20 years from the date of such plan approval. Reimbursement is made in accordance with the terms of a Disposition & Development Agreement (DDA) entered into between the applicant and the City. Accordingly, certified project costs in excess of amounts reimbursed to date are tracked by the City for future repayment upon collection of attributable property tax. The City is only obligated for the amount of incremental taxes received attributable to the project and then, only in accordance with the terms of the DDA. Any project costs in excess of the incremental taxes received are the responsibility of the applicant.

The City has five established active redevelopment districts and as of December 31, 2013, the City has approved thirteen redevelopment project plans. All but one of the redevelopment project plans are reimbursement only and two of the approved plans provide for reimbursement only to the City. At the time of redevelopment project plan approval, a feasibility study is performed to support a finding that the incremental ad valorem taxes projected and other available revenues, including private equity, are sufficient to pay for the approved TIF project costs.

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

A redevelopment district was established by Ordinance No. 4074 on June 17, 1997 for the Ridgeview Mining (formerly Meritex) TIF District. Project Plan One was approved on December 15, 1998 by Ordinance No. 4219 and subsequently amended on July 2, 2002 by Ordinance No. 4494 and again on January 15, 2010 by Ordinance No. 5135. In 2013, incremental ad valorem tax revenues amounted to \$689,623 and payments to the applicant were \$0. At December 31, 2013, there are \$178,835 in certified costs to be reimbursed to the applicant. Project Plan One expires in December 15, 2018.

A redevelopment district was established by Ordinance No. 4604 on April 6, 2004 for the Mining TIF District. The Mining TIF District was amended on December 20, 2005 by Ordinance No. 4825 to expand its boundaries. Mining TIF Project Plan One was approved by Ordinance No. 4609 in 2004 and amended by Ordinance No. 4938 on May 15, 2007. In 2013, incremental ad valorem tax revenues and payments to the applicant were \$0. The applicant may be reimbursed up to the balance of the certified cost amount of \$6,265,588 until 2022.

Mining TIF Project Plan Two was approved by Ordinance No. 5033 on May 6, 2008. In 2013, incremental ad valorem tax revenues and payments made to the applicant were \$374,998. The applicant may be reimbursed up to the balance of the certified cost amount of \$5,908,433 through May 2026.

Mining TIF Project Plan Three was approved by Ordinance No. 5262 on June 5, 2012. In 2013, incremental ad valorem tax revenues and payments made to the applicant were \$71,330. The applicant may be reimbursed up to the balance of the certified cost amount of \$2,286,759 through June 2032.

A redevelopment district was established by Ordinance No. 4427 on September 11, 2001 for the City Center TIF District and was subsequently amended by Ordinance No. 4824 on December 20, 2005 to expand the boundaries. The initial project plan for the City Center TIF District was approved on October 16, 2001 by Ordinance No. 4431 which subsequently amended by Ordinance No. 4482 on April 9, 2002 and again on May 16, 2006 by Ordinance No. 4846. This project plan provides solely for reimbursement to the City for TIF eligible land acquisition costs.

Project City Center TIF plan 1B was approved by Ordinance No. 5043 on July 1, 2008. In 2013 incremental ad valorem tax revenues and payments made to the applicant was \$304,863. The applicant may be reimbursed up to the balance of the certified cost amount of \$2,603,877 until July 2028.

City Center TIF project plan 1C was approved by Ordinance No. 5272 on July 11, 2012. No certified costs have been submitted.

City Center TIF project plan 1D was approved by Ordinance No. 5297 on March 5, 2013. No certified costs have been submitted.

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

City Center TIF project plan 2 was approved by Ordinance No. 4803 on November 15, 2005, which was subsequently repealed on April 17, 2007 with the adoption of Ordinance No. 4932 approving the amended project plan 2. The City issued TIF revenue bonds in 2007 to finance approved TIF eligible developer costs.

City Center TIF project plan 3 was approved by Ordinance No. 4933 on April 17, 2007 and provides solely for reimbursement to the City. City Center TIF project plan 4A was approved by Ordinance No. 5321 on June 18, 2013. No certified costs have been submitted.

Community Improvement District

Upon petition of the developer and all of the property owners within the proposed community improvement district, the City has established four community improvement districts ("CID"). Prior to reimbursement of any approved CID eligible costs, the City enters into a Development Agreement with the developer setting forth the terms and conditions under which reimbursement is made. Certified project costs in excess of amounts reimbursed to date are tracked by the City for future repayment upon collection of attributable sales tax. These obligations represent developer project costs that have been certified by the City as eligible for reimbursement from community improvement district revenues attributable to the project. The City is only obligated for the amount of sales tax received attributable to the project; any deficiencies are the responsibility of the developer.

The City established the Orchards Corners CID by Ordinance No. 5174 on October 19, 2010 approving and levying an additional 1% sales tax within the CID. The purpose of the District is to finance the cost of traffic improvements and internal tenant improvements to the Orchard Corners Center located on the southwest corner of 95th Street and Quivira Road. The additional sales tax became effective April 1, 2011. The developer may be reimbursed up to the certified cost amount from collected sales taxes up to a period of 22 years from the date the CID sales tax is first collected in accordance with the terms of the Development Agreement. The Developer may be reimbursed up to the balance of the certified cost amount of \$4,118,940.

The City established the Prairie Creek CID by Ordinance No. 5263 on June 5, 2012 approving and levying an additional 1% sales tax within the CID. The purpose of the CID is to finance the cost of traffic improvements and internal tenant improvements to the Prairie Creek Project located on the northwest corner of Prairie Star Parkway and Renner Boulevard. The additional sales tax became effective October 1, 2012. The developer may be reimbursed up to the certified cost amount from collected sales taxes up to a period of 22 years from the date the CID sales tax is first collected in accordance with the terms of the Development Agreement. The Developer may be reimbursed up to the balance of the certified cost amount of \$2,136,735.

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (Continued)

The City established the Quivira 95 CID by Ordinance No. 5307 on April 16, 2013 approving and levying an additional 1% sales tax within the CID. The purpose of the CID is to finance the cost of improvements associated with the design, development and construction of the Quivira 95 Project consisting of a multi-tenant commercial/retail structure and the associated infrastructure located at the northwest corner of 95th Street and Quivira Road. The additional sales tax became effective October 1, 2013. The developer may be reimbursed up to the certified cost amount from collected sales taxes up to a period of 22 years from the date the CID sales tax is first collected in accordance with the terms of the Development Agreement. No certified costs have been submitted as of December 31, 2013.

The City established the Greystone Plaza CID by Ordinance No. 5344 on October 10, 2013 approving and levying an additional 1% sales tax within the CID. The purpose of the CID is to finance the renovation and redevelopment of the Greystone located north of 87th Street Parkway and west of Rosehill Road. The additional sales tax will become effective April 1, 2014. The developer may be reimbursed up to the certified cost amount from collected sales taxes up to a period of 22 years from the date the CID sales tax is first collected in accordance with the terms of the Development Agreement. No certified costs have been submitted as of December 31, 2013.

Revolving Loan

The City entered into a loan agreement with the Kansas Department of Health and Environment (KDHE) for the year ended December 31, 2010 for the City Center Central Green project. The loan was entered into on September 21, 2009 with an interest rate of 2.72% and a maximum amount of \$1,073,430. As of December 31, 2013, \$1,073,430 has been drawn on this loan and the payback amount is \$245,644. Principal payments of \$10,832 were made in 2013. KDHE has committed to 75% principal forgiveness of the loan beginning in 2010. The payback period for the amount of the loan remaining after the principal forgiveness is 20 years. The loan payments began in 2011 when the project was completed.

Annual debt service requirements to maturity for the revolving loan are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 11,029	\$ 5,999	\$ 17,028
2015	11,433	5,722	17,155
2016	11,746	5,438	17,184
2017	12,068	5,146	17,214
2018	12,399	4,846	17,245
2019 - 2023	67,276	19,432	86,708
2024 - 2028	77,007	10,596	87,603
2029 - 2031	42,686	1,592	44,278
	<u>\$ 245,644</u>	<u>\$ 58,771</u>	<u>\$ 304,415</u>

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 also issued multifamily housing bonds to provide mortgage loans for the construction and financing of multifamily rental and single-family residences in the City. These bonds are secured solely by the property financed by the respective bond issues and by credit guarantees of reinvestment-grade financial institutions. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the City nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2013, there were 16 issues of industrial revenue and multifamily housing bonds outstanding. These issues have an aggregate original issue amount of approximately \$239 million and an aggregate balance outstanding of approximately \$145 million at December 31, 2013.

10. Risk Management

The City is exposed to various risks of loss related to property, various types of litigation, and workers' compensation.

The City's risk financing activities are reported separately in the Risk Management, Health Plan and Workers Compensation Funds, all Internal Service Funds. Property and liability insurance coverage is purchased from outside sources. The City is insured for property losses up to approximately \$85 million and carries a \$25,000 deductible on property losses. For general liability, the City has \$1 million in coverage with a statutory limit of \$500,000 per tort claim. The City has a deductible of \$25,000 per occurrence on all liability claims, with a \$300,000 aggregate deductible stop loss that applies to all liability lines. In addition, the City carries an excess liability policy with a limit of \$5,000,000 with a \$10,000 deductible. The City has purchased both specific and aggregate reinsurance, as well as an Accidental, Death and Dismemberment (AD&D) policy, to protect the City from extreme liability. For workers compensation, the City has a self insurance retention of \$350,000 per occurrence on all Police and Fire Department liability claims and \$350,000 per occurrence on all other claims with a \$1,000,000 statutory limit. The aggregate stop loss is \$1,442,679. There have been no significant reductions in insurance coverage from the prior year. In addition, the City is not aware of any potential liability at December 31, 2013 that would exceed insurance coverage. There have been no insurance settlements that have exceeded the insurance coverage for the past three years.

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

The Risk Management Fund was established to fund expenses related to threatened or actual litigation, deductibles, and any uninsured losses. This fund is designed to protect the City by funding losses not covered by insurance. The claims liability is based on estimates of the ultimate cost of claims, including inflation factors and historical trend data. Other nonincremental costs are not included in the basis of estimating the liability.

At December 31, 2013, the workers compensation net position balance was \$865,522 with claims liability of \$313,683. This claims liability is based on estimates of the ultimate cost of claims, including inflation factors and historical trend data. Other non-incremental costs are not included in the basis of estimating the liability. Claims administration of the fund is performed by Thomas McGee. The City and Thomas McGee filed the necessary papers with the Kansas Insurance Commissioner and received approval to be self-funded.

The City self-insures a health benefit and short-term disability plan. Contributions of \$388,866 a month on behalf of and from current employees are made to a special City bank account, and approximately \$22,026 is deposited monthly from COBRA and retiree participants. CoreSource administers, processes, and pays employee health claims from funds in this account in accordance with the plan. The medical plan will pay medical and pharmacy claims up to the individual stop loss deductible of \$100,000 per person enrolled on the medical plan. There is a one-time aggregating specific deductible of \$50,000. Claims over \$100,000 per person and the aggregating deductible are covered under the specific stop loss contract with American National Insurance. Aggregate reinsurance coverage through Aenta covers the next \$1,000,000 over the annual amount of \$5,550,354 in medical and pharmacy claims paid by the City. Payments made in accordance with the plans and related insurance premiums are recorded in the Health Plan Fund. As of December 31, 2013, a liability of \$276,399 has been recorded in the fund for outstanding healthcare claims, including an estimate for claims incurred but not recorded. This claims liability is based on estimates of the ultimate cost of claims, including inflation factors and historical trend data. Other non-incremental costs are not included in the basis of estimating the liability.

Changes in the Risk Management Fund insurance claims payable were as follows:

Year	Beginning Of Fiscal Year Liability	Current Year Claims And Changes In Estimates	Claim Payments	Balance At Fiscal Year End
2012	\$ 65,000	\$ (30,000)	\$ —	\$ 35,000
2013	35,000	25,000	—	60,000

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (Continued)

Changes in the Workers Compensation Plan Fund insurance claims payable were as follows:

<u>Year</u>	<u>Beginning Of Fiscal Year Liability</u>	<u>Current Year Claims And Changes In Estimates</u>	<u>Claim Payments</u>	<u>Balance At Fiscal Year End</u>
2012	\$ 299,330	\$ 221,822	\$ 286,787	\$ 234,365
2013	234,365	396,427	317,109	313,683

Changes in the Health Plan Fund insurance claims payable were as follows:

<u>Year</u>	<u>Beginning Of Fiscal Year Liability</u>	<u>Current Year Claims And Changes In Estimates</u>	<u>Claim Payments</u>	<u>Balance At Fiscal Year End</u>
2012	\$ 401,865	\$ 4,480,017	\$ 4,608,090	\$ 273,792
2013	273,792	4,366,680	4,364,073	276,399

11. Employee Retirement Systems And Pension Plans

Pension Plans

KPERS And KP&F

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 issue a publicly available joint financial report that includes financial statements and required supplementary information. Those reports may be obtained by writing to KPERS (400 SW 8th Avenue, Suite 200, Topeka, Kansas 66603-3925) or by calling 1-800-228-0366.

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary prior to June 30, 2009, and at 6% of covered salary from July 1, 2009 to December 31, 2013. K.S.A. 74-4975 establishes the KP&F member-employee contribution rate at 7% of covered salary and at 7.15% of covered salary effective with payroll period beginning on or after July 1, 2013. The employer collects and remits 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 the fiscal year beginning in 2013 was 8.94% for January 1, 2013 to March 31, 2013, 7.94% for April 1, 2013 through June 30, 2013, and 8.79% for July 1, 2013 through December 31, 2013 of the employee's gross salary. The City employer contributions to KPERS for the years ended December 31, 2013, 2012 and 2011 were \$988,042, \$911,714, and \$811,143, respectively, equal to the required contributions for each year. The KP&F employer rate established for the fiscal year beginning in 2013 is 17.38%. 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 employer contributions to KP&F for the years ending December 31, 2013, 2012 and 2011 were \$1,871,721, \$1,778,968, and \$1,529,407, respectively, equal to the required contributions for each year. For employers who hire a KPERS retiree who retired from a different employer, the employer contribution rate from January 1, 2013 to December 31, 2013 was 13.43%. The City contribution for Working After Retirement for the years ended December 31, 2013, 2012 and 2011 were \$18,449, \$16,592, and \$17,749, respectively.

Defined Contribution Plans

In July 2004, pursuant to resolution, the Governing Body established the City of Lenexa 401(a) plan on behalf of the City Administrator, administered by the ING Life Insurance and Annuity Company. This 401(a) plan is a defined contribution plan governed by the Internal Revenue Code of 1986. Contributions are made by the City to the plan on behalf of the City Administrator per the annual employment agreement between the Governing Body and the City Administrator. The City contributed \$10,465 during 2013 to the Defined Contribution Plan. The Plan provides funds for retirement and for beneficiaries in the event of death. The eligible participant is not required to contribute to the Plan, however the participant may choose to contribute. The eligible participant is immediately vested.

Effective January 1, 2010, pursuant to resolution, the Governing Body established the City of Lenexa 401(a) Defined Contribution Plan (Defined Contribution Plan) to be administered by ING Life Insurance and Annuity Company effective January 1, 2010. This 401(a) plan is a defined contribution plan governed by the Internal Revenue Code of 1986. The City will contribute 4% of total compensation for each employee into a 401(a) account for all full time and regular part time employees of the City, which includes all employees whose employment is not seasonal, temporary or elected and whose employment requires at least 1,000 hours of work each year. In addition, the City will match 50% of an employee's contribution up to a maximum of an additional 2%. The City's total maximum contribution per employee would be 6%. The City contributed \$1,290,864 during 2013 to the Defined Contribution Plan. The Defined Contribution Plan provides funds for retirements and for beneficiaries in the event of death. Eligible participants are not required to contribute to the Defined Contribution Plan, however, the participant may choose to contribute. Eligible participants are 100% vested after three years of employment. The balances in the Defined Contribution Plan are not owned by the City and therefore the related assets and liabilities are not reflected in the financial statements.

Defined Benefit Plan

Plan Description And Provisions

On January 1, 1989, in addition to the KPERS and KP&F plans, the City initiated The City of Lenexa Defined Benefit Pension Plan (the Plan). The Plan is a single-employer plan that covers eligible employees who are employed by the City, excluding any person who is an elected or appointed official. Employees are 100% vested after three years of service. The Plan provides retirement, disability, and death benefits to plan members and beneficiaries. The City, as the employer sponsoring the Plan, has the authority to establish benefit provisions and contribution amounts under Sections 4.1 and 8.1 of the Plan. A stand-alone financial report is not issued for the Plan. The Plan is considered part of the City's reporting entity and is presented solely in the accompanying financial statements as a pension trust fund in the Fiduciary Fund financial statements.

Under the Plan, employees were eligible to participate when they have worked 1,000 hours in a plan year. Employees were 100% vested after three years of service and obtain no vesting in the first two years of service. The Plan was closed to new participants as of December 31, 2009.

The financial statements are prepared using the accrual basis of accounting. The government's contributions are recognized when a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All plan investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price on the government's balance sheet. Securities without an established market are reported at estimated fair value.

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

Membership of the Plan consisted of the following at December 31, 2013, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	89
Terminated plan members entitled to, but not yet receiving benefits	180
Active plan members	<u>281</u>
Total	<u><u>550</u></u>

The Plan has two different retirement dates. Employees, other than those working as sworn police officers or firefighters, who retire at or after age 62 are entitled to a normal retirement benefit, payable monthly for life, equal to 0.75% of the average monthly compensation, as defined in the plan agreement, multiplied by the years of credited service plus 1% of the average monthly compensation multiplied by the total number of years of service from January 1, 1989 to the normal retirement date. In addition, the Plan also provides for early retirement and death benefits. Police officers and firefighters have the same benefits as the other employees except that the normal retirement age is 55 versus 62 and there is no early retirement option.

Funding Policy

The City's contribution is set by the City Council in conjunction with its approval of the annual budget, based on information provided by the Plan's consulting actuary and Board of Trustees.

The recommended contribution rate is determined by the Plan's consulting actuary using the entry age normal actuarial cost funding method. Significant actuarial assumptions used to compute contribution requirements are the same as those used to compute the actuarial accrued liability. Significant actuarial assumptions used include: (a) a rate of return on the investment of 7% per year compounded annually prior to retirement and 6.25% per year compounded annually after retirement; (b) projected salary increases of 5% per year; and (c) inflation rate of 3% per year.

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (Continued)

The City contribution rate is expected to fund normal cost and amortize the unfunded actuarial accrued liability over a rolling 30-year period. Under the Plan, participants are not required to contribute. All contributions to this single-employer defined benefit pension plan are made by the City. The City's annual pension cost and net pension obligation consisted of the following at December 31, 2013, the date of the latest actuarial valuation:

Annual Pension Cost And Net Pension Obligation

Annual required contribution	\$ 511,375
Interest on net pension obligation	(28,701)
Adjustment to annual required contribution	33,042
Annual Pension Cost	<u>515,716</u>
Contributions made plus interest	<u>604,060</u>
Change In Net Pension Asset	(88,344)
Net Pension Asset - Beginning Of Year	<u>(410,021)</u>
Net Pension Asset - End Of Year	<u>\$ (498,365)</u>

<u>Fiscal Year Ended:</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage Of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
2013	\$ 515,716	117.1%	\$ (498,365)
2012	332,595	138.9%	(410,021)
2011	245,521	184.5%	(280,625)

Funding Status And Funding Progress

As of January 1, 2013, the most recent actuarial valuation date, the Plan was 91.4% funded. The actuarial accrued liability (AAL) for benefits was \$27,298,888 and the actuarial value of assets was \$24,963,189, resulting in an unfunded AAL (UAAL) of \$2,335,699. The covered payroll was \$17,960,744, and the ratio of the UAAL to the covered payroll was 13.0%. The plan was frozen as of December 31, 2009. No new benefits will accrue in the defined benefit pension plan as of December 31, 2009 and the plan is closed to new participants. The City receives an annual actuarial report for the Plan that gives the present value of accumulated plan benefits and net position available for benefits. The City will continue to fund the plan annually through the annual budget process based on actuarial information provided by the Plan's actuary and the Board of Trustees. On January 1, 2010, the City implemented a defined contribution plan in which the City will contribute 4% of total compensation for all employees and match 50% of an employee's contribution up to an additional 2% of compensation.

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

The scheduled funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of the plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial methods and assumptions:

Valuation date	January 1
Actuarial cost method	Projected Unit Credit
Amortization method	Level dollar open ended
Remaining amortization period	30 years
Asset valuation method	Five-year moving average

Primary actuarial assumptions:

Investment rate of return*:	
Prior to retirement	7.00%
After retirement	6.25%
Inflation rate	3.00%
Projected salary increases	5.00%
Withdrawal rates	T-3
Mortality table**:	
Prior to retirement	83 GAM, separate male and female tables
After retirement	Blended 83 GAM table (50% male, 50% female)
Administrative expenses	Paid outside of the plan assets

* (7% used for reports prior to 1/1/2001 and 8% used for reports prior to 1/1/2006)

** (UP84 used for reports prior to 1/1/2001)

12. Postemployment Benefits Other Than Pensions

Plan Description

The City sponsors a single-employer, defined benefit healthcare plan that provides healthcare benefits to retirees and their dependents to age 65, including medical and dental coverage. Retiree health coverage is provided for under Kansas Statute 12-5040. Retirees who retire with at least 10 years of cumulative service with the City and commence retirement or disability benefits under the Kansas Public Employee Retirement System (KPERs) are eligible for benefits.

The City required retirees to pay 117% of the funding rate in 2013 to receive benefits. For future plan years an increment is added to the contribution rate up to a maximum contribution rate of 125%. The rates being paid by retirees for benefits are typically lower than those for individual health insurance policies. The difference between these amounts is the implicit rate subsidy, which is considered other post employment benefits (OPEB) under Governmental Accounting Standards Board Statement No. 45 (GASB Statement 45).

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

Membership of the Plan consisted of the following at January 1, 2013, the date of the latest actuarial valuation:

Active plan members	367
Terminated plan members	—
Retirees and beneficiaries receiving benefits	<u>36</u>
Total	<u><u>403</u></u>

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. Spouse is offered COBRA coverage for 36 months when the retiree becomes covered under another employer health plan, attains Medicare eligibility age, or dies.

Funding Policy

GASB Statement 45 does not require funding of the OPEB liability, and the City has chosen not to fund it. City policy dictates the payment of retiree claims as they become due.

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (Continued)

Annual OPEB Cost And Net OPEB Obligation

The City's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. GASB Statement 45 requires an actuarial study to be performed at a minimum biennially. The latest actuarial valuation date is January 1, 2013. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize the unfunded actuarial liability over a period not to exceed 30 years. Participants must contribute 117% of the funding rate in 2013 to receive benefits. For future plan years an increment is added to the contribution rate up to a maximum contribution rate of 125%. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

Normal cost	\$ 258,447
Amortization of unfunded actuarial accrued liability	<u>240,964</u>
Annual required contribution (ARC)	499,411
Interest on net OPEB obligation	108,144
Adjustment to annual required contribution	<u>(162,317)</u>
Annual OPEB cost	<u>445,238</u>
Contributions made:	
Claims	454,843
Stop-loss premiums and fees paid on behalf of retirees	94,866
Retiree contributions	<u>(259,319)</u>
Net employer contributions	<u>290,390</u>
Change in net pension obligation	154,848
Net OPEB obligation, December 31, 2012	<u>3,089,832</u>
Net OPEB obligation, December 31, 2013	<u>\$ 3,244,680</u>

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2013 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2009	\$ 979,226	16.8%	\$ 1,961,333
12/31/2010	968,018	23.6%	2,700,769
12/31/2011	413,774	76.7%	2,796,995
12/31/2012	412,450	29.0%	3,089,832
12/31/2013	445,238	65.2%	3,244,680

Funded Status And Funding Progress

As of January 1, 2013, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$4,431,818 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,431,818. The covered payroll (annual payroll of active employees covered by the plan) was \$20 million, and the ratio of the UAAL to the covered payroll was 22.3%.

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 financial statements, presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities 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.

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

In the January 1, 2013 actuarial valuation, the entry age normal - level dollar method was used. The actuarial assumptions included a 3.5% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, an annual healthcare cost trend rate of 7.0% initially, reduced by decrements to an ultimate rate of 5% after eight years and an annual dental cost trend rate of 4.0%. The valuation process does not directly utilize an explicit inflation rate assumption to build the trend assumptions. An estimated general inflation rate that is reasonable in conjunction with the healthcare trend assumptions is 2.75%. There is no projected salary or post-retirement benefit increase used in this valuation. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2013 was 30 years.

Required Supplementary Information

CITY OF LENEXA, KANSAS

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - BUDGET BASIS - GENERAL FUND

Page 1 Of 2

For The Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Taxes	\$ 51,746,822	\$ 51,746,822	\$ 54,360,806	\$ 2,613,984
Licenses and permits	911,550	911,550	1,582,012	670,462
Charges for services	1,977,714	1,977,714	1,770,723	(206,991)
Rents and leases	446,091	446,091	442,765	(3,326)
Fines and forfeitures	1,118,400	1,118,400	1,276,952	158,552
Investment earnings	122,000	122,000	359,175	237,175
Miscellaneous	158,010	158,010	310,875	152,865
Total Revenues	56,480,587	56,480,587	60,103,308	3,622,721
Expenditures				
Current				
General government:				
Legislative	167,590	157,590	124,975	32,615
Executive	602,096	626,192	591,523	34,669
Communications	358,434	392,151	292,924	99,227
Municipal court	617,531	624,871	498,305	126,566
Enterprise systems and technology	2,777,726	2,860,976	2,541,894	319,082
Finance	1,406,672	1,441,261	1,376,780	64,481
Legal	1,280,381	1,332,996	1,295,346	37,650
Human resources	685,717	692,980	605,108	87,872
Community standards	284,627	274,400	252,698	21,702
Building inspection	457,533	463,452	445,471	17,981
Land use	524,502	523,323	514,948	8,375
Development engineering	1,208,949	1,214,884	1,056,674	158,210
Community development administration	859,086	891,351	881,070	10,281
Total General Government	11,230,844	11,496,427	10,477,716	1,018,711
Public safety:				
Police Administration	4,501,786	4,547,005	4,259,624	287,381
Police Investigation	1,646,071	1,668,182	1,640,465	27,717
Police Patrol	7,311,195	7,387,738	6,993,057	394,681
Fire	8,925,905	9,113,241	9,103,107	10,134
Total Public Safety	22,384,957	22,716,166	21,996,253	719,913
Municipal services:				
Municipal Services Administration	591,951	542,740	456,468	86,272
Streets	2,159,936	2,192,862	1,945,109	247,753
Traffic	1,796,416	1,914,038	1,774,569	139,469
Fleet	2,019,870	2,066,633	1,855,357	211,276
Facilities management	2,163,963	1,951,654	1,860,167	91,487
Total Municipal Services	8,732,136	8,667,927	7,891,670	776,257

CITY OF LENEXA, KANSAS

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - BUDGET BASIS - GENERAL FUND

Page 2 Of 2

For The Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original Budget	Final Budget		
Recreation:				
Recreation administration	\$ 549,983	\$ 556,468	\$ 540,264	\$ 16,204
Maintenance	2,285,155	2,353,112	2,236,489	116,623
Programs	1,997,544	2,417,960	2,063,612	354,348
Total Recreation	4,832,682	5,327,540	4,840,365	487,175
Total Expenditures	47,180,619	48,208,060	45,206,004	3,002,056
Excess Of Revenues Over Expenditures	9,299,968	8,272,527	14,897,304	6,624,777
Other Financing Sources (Uses)				
Transfers in	46,299	46,299	25,359	(20,940)
Transfers out	(29,347,201)	(28,319,760)	(12,647,378)	15,672,382
Total Other Financing Sources (Uses)	(29,300,902)	(28,273,461)	(12,622,019)	15,651,442
Net Changes In Fund Balance	\$ (20,000,934)	\$ (20,000,934)	2,275,285	\$ 22,276,219
Fund Balance - Beginning Of Year			23,827,508	
Fund Balance - End Of Year - Budget Basis			\$ 26,102,793	
Adjustments To Reconcile To GAAP Basis				
Encumbrances reserved at December 31, 2013			\$ 263,578	
Encumbrances reserved at December 31, 2012			(244,057)	
Fund Balance - End Of Year - GAAP Basis			\$ 26,122,314	

CITY OF LENEXA, KANSAS

NOTE TO BUDGETARY COMPARISON INFORMATION

December 31, 2013

1. Budgetary Information

Applicable Kansas statutes require that annual budgets be legally adopted for all funds (including Proprietary Funds) unless exempted by a specific statute. Specific funds exempted from legally adopted budgets are Federal and State Assistance Funds, which are the following Special Revenue Funds: Law Enforcement Trust, Legal Trust, TIF Funds; and all Capital Projects, Internal Service and Fiduciary Funds.

Control over spending in funds that are not subject to legal budgets is maintained by the use of internal spending limits established by management. For budgeting, revenues are recognized when they become both measurable and available to finance expenditures of the current period except for special assessments of the Debt Service Fund, which are recognized on the cash basis. Applicable Kansas statutes require the use of an encumbrance system as a management control technique to assist in controlling expenditures. Encumbrances of the budgeted Governmental Fund types represent purchase orders, contracts, and other commitments.

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

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

Kansas statutes permit transferring budgeted amounts from one object or purpose to another within the same fund; however, such statutes prohibit creating expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. All appropriations lapse at the end of the year, except for Capital Projects Funds, which are carried forward until such time as the project is completed or terminated. All encumbered appropriations are disclosed as reservations of fund balance and are reappropriated as part of the following year's budget. Current year encumbrances are included as expenditures for the budgetary presentations. Kansas statutes permit original budgets to be increased for previously unbudgeted increases in revenue other than ad valorem property taxes. The City must first publish a notice of hearing to amend the budget. Ten days after publication, a public hearing is held and the Governing Body may amend the budget at that time. Management is not allowed to amend a fund's total budgeted expenditures without the City Council's approval. In October 2013, an additional appropriation was approved for \$448,938 for the Ridgeview Mining TIF, \$10,000 for the Prairie Creek CID Fund, and \$15,000 for the Quivira 95 CID Fund.

CITY OF LENEXA, KANSAS

REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2013

Pension Plan - City Of Lenexa Defined Benefit Plan

Schedule Of Funding Progress:

Actuarial Valuation Date	Actuarial Value Of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL As A Percentage Of Covered Payroll ((b-a)/c)
1/1/2008	\$ 19,688,963	\$ 31,981,703	\$ 12,292,740	61.6%	\$ 22,047,282	55.8%
1/1/2009**	22,640,119	25,392,898	2,752,779	89.2%	20,872,736	13.2%
1/1/2010	22,098,300	25,135,372	3,037,072	87.9%	19,273,627	15.8%
1/1/2011	22,053,517	26,143,835	4,090,318	84.4%	17,917,668	22.8%
1/1/2012	22,394,233	28,739,914	6,345,681	77.9%	19,042,503	33.3%
1/1/2013	24,963,189	27,298,888	2,335,699	91.4%	17,960,744	13.0%

**Plan frozen.

Schedule Of Employer Contributions:

Year	Annual Required Contribution	Percentage Contributed
2008	\$ 2,190,774	104%
2009	2,503,531	108%
2010	221,837	201%
2011	244,746	185%
2012	329,624	140%
2013	511,375	118%

CITY OF LENEXA, KANSAS

REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2013

Other Post Employment Benefit Obligations

Schedule Of Funding Progress:

Actuarial Valuation Date	Actuarial Value Of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL As A Percentage Of Covered Payroll ((b-a)/c)
01/01/2009	\$ —	\$ 8,055,692	\$ 8,055,692	0.00%	\$ 19,158,695	42.0%
01/01/2011	—	4,025,300	4,025,300	0.00%	18,972,578	21.2%
01/01/2013	—	4,431,818	4,431,818	0.00%	19,903,585	22.3%

*Annualized pay (as of 1/1/2011) of active employees included in the valuation.

Supplementary Information

**Combining And Individual Fund
Financial Statements And Schedules**

CITY OF LENEXA, KANSAS

NONMAJOR GOVERNMENTAL FUNDS Special Revenue Funds

Fund Descriptions

Street Tree (Zones 1, 2 And 3)*

To account for monies received from building permits for the purpose of financing the landscaping of street-side property in areas under development.

Special Highway*

To account for monies levied by the state of Kansas (Motor Fuel Tax) producing revenues to be used to defray in whole or in part the cost of constructing, altering, reconstructing, maintaining, and repairing streets and highways pursuant to K.S.A. 79-3425C.

Tourism And Convention*

To account for monies derived from transient guest tax levied on the gross rental receipts paid by guests for lodging to be used for promotion of tourism, conventions, and economic development.

Special Alcohol Control*

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.

Special Park And Recreation*

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

Transportation Improvement Plan (TIP) (Zones 1, 2 And 3)*

To account for monies provided by traffic impact fees imposed on new development and expended on transportation operational improvements.

CITY OF LENEXA, KANSAS

Nonmajor Governmental Funds (*Continued*)

Neighborhood Revitalization District*

To account for incentives available to encourage property owners to reinvest and increase the assessed value of their properties.

Grants

To account for various grants in which the City receives Federal and State funding (i.e., Step grant, Saturation grant, COPS grant).

Ridgeview (Meritex) Mining TIF*

To account for the monies received from the Tax Increment Financing District for the purpose of redevelopment at the intersection of 95th and Renner Boulevard.

South Mining TIF District

To account for monies received by the City from the TIF property tax increment to reimburse developers for certified costs associated with the South Mining TIF district.

City Center TIF*

To account for monies received by the City from TIF property tax increment to finance City Center projects.

Law Enforcement Trust

To account for monies received from the confiscation and sale of items seized in drug-related offenses and also proceeds from certain state grant programs.

Legal Trust

To account for monies received from the confiscation and sale of items seized in drug-related offenses and to be used for additional law enforcement and prosecutorial purposes as the City Attorney deems appropriate.

Mining TIF District*

To account for monies received by the City from the TIF property tax increment to reimburse the developer for certified costs associated with the Mining TIF district.

City Center East TIF Bonds

To account for monies received from TIF revenue bonds to finance the City Center East project.

Parks And Recreation Impact Fee (Zones 1, 2 And 3)*

To account for monies provided by park impact fees imposed on new development and expended on parks and recreation facilities.

CITY OF LENEXA, KANSAS

Nonmajor Governmental Funds (*Continued*)

Orchard Corners CID*

To account for monies received from the Community Improvement District additional 1% sales tax to be expended on development within the District (southwest corner of 95th and Quivira).

Prairie Creek CID*

To account for monies received from the Community Improvement District additional 1% sales tax to be expended on development within the District (northwest corner of Prairie Star Parkway and Renner Boulevard).

Quivira 95 CID*

To account for monies received from the Community Improvement District additional 1% sales tax to be expended on development within the District (located at the northwest corner of Quivira and 95th Street).

*Budgeted Special Revenue Fund.

Debt Service Funds

Fund Descriptions

Debt Service Reserve - TIF

To account for the Debt Service Reserve Fund for City Center East TIF Revenue bonds to be used for the payment of principal and interest if monies otherwise available is insufficient to pay bonds.

Capital Projects Funds

Fund Descriptions

Capital Acquisition

To account for the financing for municipal capital purchases.

Municipal Buildings

To account for the financing and construction of municipal buildings within the City.

Parks And Recreation

To account for monies received for the purchase of park land and park development.

CITY OF LENEXA, KANSAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2013

	Combined Special Revenue Funds	Debt Service Reserve TIF	Capital Project Funds			Total Nonmajor Governmental Funds
			Capital Acquisition	Municipal Buildings	Parks And Recreation	
Assets						
Deposits, including investments	\$ 3,983,326	\$ —	\$ 1,503,234	\$ 1,741,552	\$ 1,229,423	\$ 8,457,535
Restricted cash and investments	—	5,912	—	—	—	5,912
Property tax receivable (net of allowance for uncollectibles)	3,083,133	—	—	—	—	3,083,133
Sales tax receivable	117,688	—	—	—	—	117,688
Transient guest tax receivable	138,336	—	—	—	—	138,336
Special highway tax receivable	318,411	—	—	—	—	318,411
Special liquor tax receivable	110,095	—	—	—	—	110,095
Interest receivable	11,533	—	4,961	7,326	—	23,820
Total Assets	\$ 7,762,522	\$ 5,912	\$ 1,508,195	\$ 1,748,878	\$ 1,229,423	\$ 12,254,930
Liabilities, Deferred Inflows And Fund Balances						
Liabilities						
Accounts payable	\$ —	\$ —	\$ 199,665	\$ 58,936	\$ 10,859	\$ 269,460
Deferred Inflows Of Resources						
Property tax	3,083,133	—	—	—	—	3,083,133
Fund Balances						
Restricted	4,679,389	5,912	—	374,790	747,845	5,807,936
Assigned	—	—	1,308,530	1,315,152	470,719	3,094,401
Total Fund Balances	4,679,389	5,912	1,308,530	1,689,942	1,218,564	8,902,337
Total Liabilities, Deferred Inflows And Fund Balances	\$ 7,762,522	\$ 5,912	\$ 1,508,195	\$ 1,748,878	\$ 1,229,423	\$ 12,254,930

CITY OF LENEXA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For The Year Ended December 31, 2013

	Combined Special Revenue Funds	Debt Service Reserve TIF	Capital Project Funds			Total Nonmajor Governmental Funds
			Capital Acquisition	Municipal Buildings	Parks And Recreation	
Revenues						
Taxes	\$ 5,410,514	\$ —	\$ —	\$ —	\$ —	\$ 5,410,514
Intergovernmental	10,267	—	90,184	—	—	100,451
Charges for services	662,576	—	—	—	—	662,576
Fines and forfeitures	115,149	—	—	—	—	115,149
Investment earnings	(17,575)	6	7,847	4,704	—	(5,018)
Miscellaneous	—	—	91,086	—	—	91,086
Total Revenues	6,180,931	6	189,117	4,704	—	6,374,758
Expenditures						
Current:						
General government	729,369	15,253	—	—	—	744,622
Public safety	196,339	—	—	—	—	196,339
Municipal services	7,614	—	—	—	—	7,614
Recreation	33,942	—	—	—	—	33,942
Economic development	1,285,380	—	—	—	—	1,285,380
Capital outlay	—	—	3,041,294	1,436,964	179,257	4,657,515
Debt service:						
Principal retirement	—	820,045	—	—	—	820,045
Interest and fiscal charges	—	243,458	—	—	—	243,458
Total Expenditures	2,252,644	1,078,756	3,041,294	1,436,964	179,257	7,988,915
Excess (Deficiency) Of Revenues Over Expenditures	3,928,287	(1,078,750)	(2,852,177)	(1,432,260)	(179,257)	(1,614,157)
Other Financing Sources (Uses)						
Transfers in	137,476	974,445	2,255,500	650,000	604,023	4,621,444
Transfers out	(4,817,546)	—	—	—	(169,117)	(4,986,663)
Total Other Financing Sources (Uses)	(4,680,070)	974,445	2,255,500	650,000	434,906	(365,219)
Net Changes In Fund Balances	(751,783)	(104,305)	(596,677)	(782,260)	255,649	(1,979,376)
Fund Balances - Beginning Of Year	5,431,172	110,217	1,905,207	2,472,202	962,915	10,881,713
Fund Balances - End Of Year	\$ 4,679,389	\$ 5,912	\$ 1,308,530	\$ 1,689,942	\$ 1,218,564	\$ 8,902,337

CITY OF LENEXA, KANSAS

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS**

**Page 1 Of 4
December 31, 2013**

	Neighborhood Revitalization District	Street Tree Zone 1	Street Tree Zone 2	Street Tree Zone 3	Special Highway	Tourism And Convention
Assets						
Deposits and investments	\$ 72,421	\$ 109,366	\$ 124,830	\$ 246,442	\$ —	\$ 444,222
Property tax receivable (net of allowance for uncollectibles)						
allowance for uncollectibles	187,059	—	—	—	—	—
Sales tax receivable	—	—	—	—	—	—
Transient guest tax receivable	—	—	—	—	—	138,336
Special highway tax receivable	—	—	—	—	318,411	—
Special liquor tax receivable	—	—	—	—	—	—
Interest receivable	—	565	645	1,275	—	—
Total Assets	\$ 259,480	\$ 109,931	\$ 125,475	\$ 247,717	\$ 318,411	\$ 582,558
Liabilities, Deferred Inflows And Fund Balances						
Liabilities						
Accounts payable	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Deferred Inflows Of Resources						
Property tax	187,059	—	—	—	—	—
Fund Balances						
Restricted	72,421	109,931	125,475	247,717	318,411	582,558
Total Liabilities, Deferred Inflows And Fund Balances	\$ 259,480	\$ 109,931	\$ 125,475	\$ 247,717	\$ 318,411	\$ 582,558

CITY OF LENEXA, KANSAS

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS**

**Page 2 Of 4
December 31, 2013**

	Special Alcohol Control	Special Park And Recreation	TIP Zone 1	TIP Zone 2	TIP Zone 3	Grants
Assets						
Deposits and investments	\$ 200,278	\$ —	\$ 350,125	\$ 319,191	\$ 233,418	\$ 5,829
Property tax receivable (net of allowance for uncollectibles)	—	—	—	—	—	—
Sales tax receivable	—	—	—	—	—	—
Transient guest tax receivable	—	—	—	—	—	—
Special highway tax receivable	—	—	—	—	—	—
Special liquor tax receivable	55,047	55,048	—	—	—	—
Interest receivable	—	—	1,810	1,650	1,207	—
Total Assets	\$ 255,325	\$ 55,048	\$ 351,935	\$ 320,841	\$ 234,625	\$ 5,829
Liabilities, Deferred Inflows And Fund Balances						
Liabilities						
Accounts payable	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Deferred Inflows Of Resources						
Property tax	—	—	—	—	—	—
Fund Balances						
Restricted	255,325	55,048	351,935	320,841	234,625	5,829
Total Liabilities, Deferred Inflows And Fund Balances	\$ 255,325	\$ 55,048	\$ 351,935	\$ 320,841	\$ 234,625	\$ 5,829

CITY OF LENEXA, KANSAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
Page 3 Of 4
December 31, 2013

	Ridgeview Mining TIF	South Mining District TIF	City Center TIF	Law Enforcement Trust	Legal Trust
Assets					
Deposits and investments	\$ 2,406	\$ 9,291	\$ 560,953	\$ 245,225	\$ 65,966
Property tax receivable (net of allowance for uncollectibles)	679,172	2,856	1,133,680	—	—
Sales tax receivable	—	—	—	—	—
Transient guest tax receivable	—	—	—	—	—
Special highway tax receivable	—	—	—	—	—
Special liquor tax receivable	—	—	—	—	—
Interest receivable	—	—	—	—	—
Total Assets	\$ 681,578	\$ 12,147	\$ 1,694,633	\$ 245,225	\$ 65,966
Liabilities, Deferred Inflows And Fund Balances					
Liabilities					
Accounts payable	\$ —	\$ —	\$ —	\$ —	\$ —
Deferred Inflows Of Resources					
Property tax	679,172	2,856	1,133,680	—	—
Fund Balances					
Restricted	2,406	9,291	560,953	245,225	65,966
Total Liabilities, Deferred Inflows And Fund Balances	\$ 681,578	\$ 12,147	\$ 1,694,633	\$ 245,225	\$ 65,966

CITY OF LENEXA, KANSAS

COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS

Page 4 Of 4
December 31, 2013

	Mining TIF District	City Center East TIF Bonds	Orchard Corners CID	Prairie Creek CID	Quivira 95 CID	Parks And Recreation Impact Zone 1	Parks And Recreation Impact Zone 2	Parks And Recreation Impact Zone 3	Total Special Revenue Funds
Assets									
Deposits and investments	\$ 121,356	\$ 23,772	\$ 707	\$ 86	\$ 206	\$ 280,271	\$ 383,866	\$ 183,099	\$ 3,983,326
Property tax receivable (net of Property tax receivable (net of allowance for uncollectibles)	864,316	216,050	—	—	—	—	—	—	3,083,133
Sales tax receivable	—	—	107,232	9,117	1,339	—	—	—	117,688
Transient guest tax receivable	—	—	—	—	—	—	—	—	138,336
Special highway tax receivable	—	—	—	—	—	—	—	—	318,411
Special liquor tax receivable	—	—	—	—	—	—	—	—	110,095
Interest receivable	—	—	—	—	—	1,449	1,985	947	11,533
Total Assets	\$ 985,672	\$ 239,822	\$ 107,939	\$ 9,203	\$ 1,545	\$ 281,720	\$ 385,851	\$ 184,046	\$ 7,762,522
Liabilities, Deferred Inflows And Fund Balances									
Liabilities									
Accounts payable	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Deferred Inflows Of Resources									
Property tax	864,316	216,050	—	—	—	—	—	—	3,083,133
Fund Balances									
Restricted	121,356	23,772	107,939	9,203	1,545	281,720	385,851	184,046	4,679,389
Total Liabilities, Deferred Inflows And Fund Balances	\$ 985,672	\$ 239,822	\$ 107,939	\$ 9,203	\$ 1,545	\$ 281,720	\$ 385,851	\$ 184,046	\$ 7,762,522

CITY OF LENEXA, KANSAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS**

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For The Year Ended December 31, 2013

	Neighborhood Revitalization District	Street Tree Zone 1	Street Tree Zone 2	Street Tree Zone 3	Special Highway	Tourism And Convention
Revenues						
Taxes	\$ 236,822	\$ —	\$ —	\$ —	\$ 1,252,398	\$ 668,185
Intergovernmental	—	—	—	—	—	—
Charges for services	175	—	—	19,400	—	—
Fines and forfeitures	—	—	—	—	—	—
Investment earnings	—	(476)	(263)	(1,135)	—	—
Total Revenues	236,997	(476)	(263)	18,265	1,252,398	668,185
Expenditures						
Current:						
General government	195,838	—	—	—	—	533,531
Public safety	—	—	—	—	—	—
Municipal services	—	—	—	—	—	—
Recreation	—	—	16,949	16,993	—	—
Economic development	—	—	—	—	—	—
Total Expenditures	195,838	—	16,949	16,993	—	533,531
Excess (Deficiency) Of Revenues Over Expenditures	41,159	(476)	(17,212)	1,272	1,252,398	134,654
Other Financing Sources (Uses)						
Transfers in	—	—	—	—	—	—
Transfers out	—	—	—	—	(1,239,565)	(23,000)
Total Other Financing Sources (Uses)	—	—	—	—	(1,239,565)	(23,000)
Net Changes In Fund Balances	41,159	(476)	(17,212)	1,272	12,833	111,654
Fund Balances - Beginning Of Year	31,262	110,407	142,687	246,445	305,578	470,904
Fund Balances - End Of Year	\$ 72,421	\$ 109,931	\$ 125,475	\$ 247,717	\$ 318,411	\$ 582,558

CITY OF LENEXA, KANSAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS**

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For The Year Ended December 31, 2013

	Special Alcohol Control	Special Park And Recreation	TIP Zone 1	TIP Zone 2	TIP Zone 3	Grants
Revenues						
Taxes	\$ 223,518	\$ 223,518	\$ —	\$ —	\$ —	\$ —
Intergovernmental	—	—	—	—	—	6,067
Charges for services	—	—	94,184	205,975	121,188	—
Fines and forfeitures	—	—	—	—	—	—
Investment earnings	—	—	355	(3,545)	(3,279)	—
Total Revenues	223,518	223,518	94,539	202,430	117,909	6,067
Expenditures						
Current:						
General government	—	—	—	—	—	—
Public safety	137,430	—	—	—	—	4,658
Municipal services	—	—	—	—	—	7,614
Recreation	—	—	—	—	—	—
Economic development	—	—	—	—	—	—
Total Expenditures	137,430	—	—	—	—	12,272
Excess (Deficiency) Of Revenues Over Expenditures	86,088	223,518	94,539	202,430	117,909	(6,205)
Other Financing Sources (Uses)						
Transfers in	—	—	61,249	—	—	6,200
Transfers out	—	(213,660)	(84,286)	(84,800)	—	—
Total Other Financing Sources (Uses)	—	(213,660)	(23,037)	(84,800)	—	6,200
Net Changes In Fund Balances	86,088	9,858	71,502	117,630	117,909	(5)
Fund Balances - Beginning Of Year	169,237	45,190	280,433	203,211	116,716	5,834
Fund Balances - End Of Year	\$ 255,325	\$ 55,048	\$ 351,935	\$ 320,841	\$ 234,625	\$ 5,829

CITY OF LENEXA, KANSAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS**

Page 3 Of 4

For The Year Ended December 31, 2013

	Ridgeview Mining TIF	South Mining District TIF	City Center TIF	Law Enforcement Trust	Legal Trust
Revenues					
Taxes	\$ 689,623	\$ 3,023	\$ 901,548	\$ —	\$ —
Intergovernmental	—	—	—	4,200	—
Charges for Services	—	—	—	—	—
Fines and forfeitures	—	—	—	112,579	2,570
Investment earnings	—	—	—	—	—
Total Revenues	689,623	3,023	901,548	116,779	2,570
Expenditures					
Current:					
General government	—	—	—	—	—
Public safety	—	—	—	54,251	—
Municipal services	—	—	—	—	—
Recreation	—	—	—	—	—
Economic development	—	—	304,863	—	—
Total Expenditures	—	—	304,863	54,251	—
Excess (Deficiency) Of Revenues Over Expenditures	689,623	3,023	596,685	62,528	2,570
Other Financing Sources (Uses)					
Transfers in	—	—	—	—	152
Transfers out	(2,681,368)	—	(384,483)	(152)	—
Total Other Financing Sources (Uses)	(2,681,368)	—	(384,483)	(152)	152
Net Changes In Fund Balances	(1,991,745)	3,023	212,202	62,376	2,722
Fund Balances - Beginning Of Year	1,994,151	6,268	348,751	182,849	63,244
Fund Balances - End Of Year	\$ 2,406	\$ 9,291	\$ 560,953	\$ 245,225	\$ 65,966

CITY OF LENEXA, KANSAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS**

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For The Year Ended December 31, 2013

	Mining TIF District	City Center East TIF Bonds	Orchard Corners CID	Prairie Creek CID	Quivera 95 CID	Parks And Recreation Impact Zone 1	Parks And Recreation Impact Zone 2	Parks And Recreation Impact Zone 3	Total Special Revenue Funds
Revenues									
Taxes	\$ 564,577	\$ 100,942	\$ 474,888	\$ 69,927	\$ 1,545	\$ —	\$ —	\$ —	\$ 5,410,514
Intergovernmental	—	—	—	—	—	—	—	—	10,267
Charges for services	—	—	—	—	—	54,744	107,795	59,115	662,576
Fines and forfeitures	—	—	—	—	—	—	—	—	115,149
Investment earnings	—	—	—	—	—	(3,536)	(3,783)	(1,913)	(17,575)
Total Revenues	564,577	100,942	474,888	69,927	1,545	51,208	104,012	57,202	6,180,931
Expenditures									
Current:									
General government	—	—	—	—	—	—	—	—	729,369
Public safety	—	—	—	—	—	—	—	—	196,339
Municipal services	—	—	—	—	—	—	—	—	7,614
Recreation	—	—	—	—	—	—	—	—	33,942
Economic development	446,328	—	461,846	72,343	—	—	—	—	1,285,380
Total Expenditures	446,328	—	461,846	72,343	—	—	—	—	2,252,644
Excess (Deficiency) Of Revenues Over Expenditures	118,249	100,942	13,042	(2,416)	1,545	51,208	104,012	57,202	3,928,287
Other Financing Sources (Uses)									
Transfers in	—	—	—	—	—	69,875	—	—	137,476
Transfers out	(358)	(100,942)	(4,287)	(645)	—	—	—	—	(4,817,546)
Total Other Financing Sources (Uses)	(358)	(100,942)	(4,287)	(645)	—	69,875	—	—	(4,680,070)
Net Changes In Fund Balances	117,891	—	8,755	(3,061)	1,545	121,083	104,012	57,202	(751,783)
Fund Balances - Beginning Of Year	3,465	23,772	99,184	12,264	—	160,637	281,839	126,844	5,431,172
Fund Balances - End Of Year	\$ 121,356	\$ 23,772	\$ 107,939	\$ 9,203	\$ 1,545	\$ 281,720	\$ 385,851	\$ 184,046	\$ 4,679,389

CITY OF LENEXA, KANSAS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
STREET TREE ZONE 1 FUND
For The Year Ended December 31, 2013**

	Budgeted Amounts		Actual	Variance With Final Budget- Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Charges for services	\$ 10,000	\$ 10,000	\$ —	\$ (10,000)
Investment earnings	—	—	(476)	(476)
Total Revenues	10,000	10,000	(476)	(10,476)
Expenditures				
Current:				
Recreation	10,000	10,000	—	10,000
Deficiency Of Revenues Over Expenditures	—	—	(476)	(476)
Other Financing Sources (Uses)				
Transfers out	(110,071)	(110,071)	—	110,071
Net Changes In Fund Balances	—	—	(476)	(476)
Fund Balances - Beginning Of Year			<u>110,407</u>	
Fund Balances - End Of Year			<u><u>\$ 109,931</u></u>	

CITY OF LENEXA, KANSAS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
STREET TREE ZONE 2 FUND
For The Year Ended December 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Revenues				
Charges for services	\$ 25,000	\$ 25,000	\$ —	\$ (25,000)
Investment earnings	—	—	(263)	(263)
Total Revenues	25,000	25,000	(263)	(25,263)
Expenditures				
Current:				
Recreation	25,000	25,000	7,050	17,950
Excess (Deficiency) Of Revenues Over Expenditures	—	—	(7,313)	(7,313)
Other Financing Sources (Uses)				
Transfers out	(132,414)	(132,414)	—	132,414
Net Changes In Fund Balances	(132,414)	(132,414)	(7,313)	125,101
Fund Balances - Beginning Of Year			<u>142,687</u>	
Fund Balances - End Of Year - Budget Basis			<u>\$ 135,374</u>	
Adjustments To Reconcile To GAAP Basis				
Encumbrances reserved at December 31, 2013			\$ —	
Encumbrances reserved at December 31, 2012			<u>(9,899)</u>	
Fund Balances - End Of Year - GAAP Basis			<u>\$ 125,475</u>	

CITY OF LENEXA, KANSAS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
STREET TREE ZONE 3 FUND
For The Year Ended December 31, 2013**

	<u>Budgeted Amounts</u>		Actual	Variance With Final Budget - Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Charges for services	\$ 20,000	\$ 20,000	\$ 19,400	\$ (600)
Investment earnings	—	—	(1,135)	(1,135)
Total Revenues	20,000	20,000	18,265	(1,735)
Expenditures				
Current:				
Recreation	20,000	20,000	(106)	20,106
Excess (Deficiency) Of Revenues Over Expenditures	—	—	18,371	18,371
Other Financing Sources (Uses)				
Transfers out	(245,377)	(245,377)	—	(245,377)
Net Changes In Fund Balances	(245,377)	(245,377)	18,371	263,748
Fund Balances - Beginning Of Year			<u>246,445</u>	
Fund Balances - End Of Year - Budget Basis			<u>\$ 264,816</u>	
Adjustments To Reconcile To GAAP Basis				
Encumbrances reserved at December 31, 2013			\$ —	
Encumbrances reserved at December 31, 2012			<u>(17,099)</u>	
Fund Balances - End Of Year - GAAP Basis			<u>\$ 247,717</u>	

CITY OF LENEXA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL SPECIAL HIGHWAY FUND

For The Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Taxes	\$ 1,254,200	\$ 1,254,200	\$ 1,252,398	\$ (1,802)
Miscellaneous taxes	75,000	75,000	—	(75,000)
Total Revenues	1,329,200	1,329,200	1,252,398	(76,802)
Other Financing Sources (Uses)				
Transfers out	(1,645,013)	(1,645,013)	(1,239,565)	405,448
Net Changes In Fund Balances	(315,813)	(315,813)	12,833	328,646
Fund Balances - Beginning Of Year			<u>305,578</u>	
Fund Balances - End Of Year			<u>\$ 318,411</u>	

CITY OF LENEXA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL TOURISM AND CONVENTION FUND For The Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Taxes	\$ 600,000	\$ 600,000	\$ 668,185	\$ 68,185
Expenditures				
Current:				
General government	520,161	529,161	533,531	(4,370)
Excess (Deficiency) Of Revenues Over Expenditures	79,839	70,839	134,654	63,815
Other Financing Sources (Uses)				
Transfers out	(378,597)	(378,597)	(23,000)	355,597
Net Changes In Fund Balances	(298,758)	(307,758)	111,654	419,412
Fund Balances - Beginning Of Year			470,904	
Fund Balances - End Of Year			<u>\$ 582,558</u>	

CITY OF LENEXA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL SPECIAL ALCOHOL CONTROL FUND For The Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Taxes	\$ 182,147	\$ 182,147	\$ 223,518	\$ 41,371
<hr/>				
Expenditures				
Current:				
Public safety	135,848	137,848	127,017	10,831
<hr/>				
Excess (Deficiency) Of Revenues Over Expenditures	46,299	44,299	96,501	52,202
<hr/>				
Other Financing Sources (Uses)				
Transfers out	(159,448)	(157,448)	—	157,448
<hr/>				
Net Changes In Fund Balances	(113,149)	(113,149)	96,501	209,650
<hr/>				
Fund Balances - Beginning Of Year			169,237	
Fund Balances - End Of Year			\$ 265,738	
<hr/>				
Adjustments To Reconcile To GAAP Basis				
Encumbrances reserved at December 31, 2013			\$ —	
Encumbrances reserved at December 31, 2012			(10,413)	
<hr/>				
Fund Balances - End Of Year - GAAP Basis			\$ 255,325	

CITY OF LENEXA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL SPECIAL PARKS AND RECREATION FUND For The Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Taxes	\$ 182,147	\$ 182,147	\$ 223,518	\$ 41,371
Other Financing Sources (Uses)				
Transfers out	(224,808)	(224,808)	(213,660)	11,148
Net Changes In Fund Balances	(42,661)	(42,661)	9,858	52,519
Fund Balances - Beginning Of Year			<u>45,190</u>	
Fund Balances - End Of Year			<u><u>\$ 55,048</u></u>	

CITY OF LENEXA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL TIP ZONE 1 For The Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Charges for services	\$ 50,000	\$ 50,000	\$ 94,184	\$ 44,184
Investment earnings	—	—	355	355
Total Revenues	50,000	50,000	94,539	44,539
Other Financing Sources (Uses)				
Transfers in	—	—	61,249	61,249
Transfers out	(337,399)	(337,399)	(84,286)	253,113
Total Other Financing Sources (Uses)	(337,399)	(337,399)	(23,037)	314,362
Net Changes In Fund Balances	(287,399)	(287,399)	71,502	358,901
Fund Balances - Beginning Of Year			<u>280,433</u>	
Fund Balances - End Of Year			<u><u>\$ 351,935</u></u>	

CITY OF LENEXA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL TIP ZONE 2 For The Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Charges for services	\$ 50,000	\$ 50,000	\$ 205,975	\$ 155,975
Investment loss	—	—	(3,545)	(3,545)
Total Revenues	50,000	50,000	202,430	152,430
Other Financing Uses				
Transfers out	(225,703)	(225,703)	(84,800)	140,903
Net Changes In Fund Balances	(175,703)	(175,703)	117,630	293,333
Fund Balances - Beginning Of Year			<u>203,211</u>	
Fund Balances - End Of Year			<u><u>\$ 320,841</u></u>	

CITY OF LENEXA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL TIP ZONE 3 For The Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Charges for services	\$ 50,000	\$ 50,000	\$ 121,188	\$ 71,188
Investment loss	—	—	(3,279)	(3,279)
Total Revenues	50,000	50,000	117,909	67,909
Other Financing Uses				
Transfers out	(134,781)	(134,781)	—	134,781
Net Changes In Fund Balances	(84,781)	(84,781)	117,909	202,690
Fund Balances - Beginning Of Year			<u>116,716</u>	
Fund Balances - End Of Year			<u><u>\$ 234,625</u></u>	

CITY OF LENEXA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL NEIGHBORHOOD REVITALIZATION DISTRICT For The Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Taxes	\$ 250,000	\$ 250,000	\$ 236,822	\$ (13,178)
Charges for services	—	—	175	175
Total Revenues	250,000	250,000	236,997	(13,003)
Expenditures				
Current:				
General government	250,000	250,000	195,838	54,162
Excess (Deficiency) Of Revenues Over Expenditures	—	—	41,159	41,159
Other Financing Sources (Uses)				
Transfers out	(21,155)	(21,155)	—	21,155
Net Changes In Fund Balances	(21,155)	(21,155)	41,159	62,314
Fund Balances - Beginning Of Year			31,262	
Fund Balances - End Of Year			\$ 72,421	

CITY OF LENEXA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL RIDGEVIEW MINING TIF DISTRICT FUND For The Year Ended December 31, 2013

	Budgeted Amounts			Variance With Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Taxes	\$ 713,000	\$ 1,161,938	\$ 689,623	\$ (472,315)
<hr/>				
Expenditures				
Current:				
Economic development	713,000	—	—	—
<hr/>				
Excess (Deficiency) Of Revenues Over Expenditures	—	1,161,938	689,623	(472,315)
<hr/>				
Other Financing Sources (Uses)				
Transfers out	(1,538,062)	(2,700,000)	(2,681,368)	18,632
<hr/>				
Net Changes In Fund Balances	(1,538,062)	(1,538,062)	(1,991,745)	(453,683)
<hr/>				
Fund Balances - Beginning Of Year			1,994,151	
Fund Balances - End Of Year			\$ 2,406	

CITY OF LENEXA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL MINING TIF DISTRICT FUND For The Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Taxes	\$ 689,000	\$ 689,000	\$ 564,577	\$ (124,423)
Expenditures				
Current:				
Economic development	689,000	688,920	446,328	242,592
Excess (Deficiency) Of Revenues Over Expenditures	—	80	118,249	118,169
Other Financing Sources (Uses)				
Transfers out	(278)	(358)	(358)	—
Net Changes In Fund Balances	(278)	(278)	117,891	118,169
Fund Balances - Beginning Of Year			3,465	
Fund Balances - End Of Year			\$ 121,356	

CITY OF LENEXA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL PARKS AND RECREATION IMPACT FEE ZONE 1 FUND For The Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Charges for services	\$ 50,000	\$ 50,000	\$ 54,744	\$ 4,744
Investment loss	—	—	(3,536)	(3,536)
Total Revenues	50,000	50,000	51,208	1,208
Other Financing Sources (Uses)				
Transfers in	—	—	69,875	69,875
Transfers out	(71,638)	(71,638)	—	71,638
Total Other Financing Sources (Uses)	(71,638)	(71,638)	69,875	141,513
Net Changes In Fund Balances	(21,638)	(21,638)	121,083	142,721
Fund Balances - Beginning Of Year			160,637	
Fund Balances - End Of Year			\$ 281,720	

CITY OF LENEXA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL PARKS AND RECREATION IMPACT FEE ZONE 2 FUND For The Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Charges for services	\$ 25,000	\$ 25,000	\$ 107,795	\$ 82,795
Investment loss	—	—	(3,783)	(3,783)
Total Revenues	25,000	25,000	104,012	79,012
Other Financing Sources (Uses)				
Transfers out	(69,366)	(69,366)	—	69,366
Net Changes In Fund Balances	(44,366)	(44,366)	104,012	148,378
Fund Balances - Beginning Of Year			<u>281,839</u>	
Fund Balances - End Of Year			<u><u>\$ 385,851</u></u>	

CITY OF LENEXA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL PARKS AND RECREATION IMPACT FEE ZONE 3 FUND For The Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Charges for services	\$ 10,000	\$ 10,000	\$ 59,115	\$ 49,115
Investment loss	—	—	(1,913)	(1,913)
Total Revenues	10,000	10,000	57,202	47,202
Other Financing Uses				
Transfers out	(108,027)	(108,027)	—	108,027
Net Changes In Fund Balances	(98,027)	(98,027)	57,202	155,229
Fund Balances - Beginning Of Year			<u>126,844</u>	
Fund Balances - End Of Year			<u><u>\$ 184,046</u></u>	

CITY OF LENEXA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL CITY CENTER TIF FUND For The Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		Actual	Variance With Final Budget - Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Taxes	\$ 870,000	\$ 870,000	\$ 901,548	\$ 31,548
Expenditures				
Current:				
Economic development	870,000	870,000	304,863	565,137
Excess (Deficiency) Of Revenues Over Expenditures	—	—	596,685	596,685
Other Financing Uses				
Transfers out	(651,924)	(651,924)	(384,483)	267,441
Net Changes In Fund Balances	(651,924)	(651,924)	212,202	864,126
Fund Balances - Beginning Of Year			<u>348,751</u>	
Fund Balances - End Of Year			<u><u>\$ 560,953</u></u>	

CITY OF LENEXA, KANSAS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
ORCHARD CORNERS CID FUND
For The Year Ended December 31, 2013**

	Budgeted Amounts		Actual	Variance With Final Budget- Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Taxes	\$ 606,000	\$ 606,000	\$ 474,888	\$ (131,112)
Expenditures				
Current:				
Economic development	606,000	606,000	461,846	144,154
Excess (Deficiency) Of Revenues Over Expenditures	—	—	13,042	13,042
Other Financing Uses				
Transfers out	(138,629)	(138,629)	(4,287)	134,342
Net Changes In Fund Balances	(138,629)	(138,629)	8,755	147,384
Fund Balances - Beginning Of Year			99,184	
Fund Balances - End Of Year			\$ 107,939	

CITY OF LENEXA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL PRAIRIE CREEK CID FUND For The Year Ended December 31, 2013

	Budgeted Amounts			Variance With Final Budget- Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Taxes	\$ 90,000	\$ 100,000	\$ 69,927	\$ (30,073)
<hr/>				
Expenditures				
Current:				
General government	90,000	99,355	72,343	27,012
<hr/>				
Excess (Deficiency) Of Revenues Over Expenditures	—	645	(2,416)	(3,061)
<hr/>				
Other Financing Sources (Uses)				
Transfers out	—	(645)	(645)	—
<hr/>				
Net Changes In Fund Balances	—	—	(3,061)	(3,061)
<hr/>				
Fund Balances - Beginning Of Year			12,264	
Fund Balances - End Of Year			\$ 9,203	

CITY OF LENEXA, KANSAS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
QUIVIRA 95 CID FUND
For The Year Ended December 31, 2013**

	Budgeted Amounts		Actual	Variance With Final Budget- Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Taxes	\$ —	\$ 15,000	\$ 1,545	\$ (13,455)
<hr/>				
Expenditures				
Current:				
General government	—	15,000	—	15,000
<hr/>				
Excess (Deficiency) Of Revenues Over Expenditures	—	—	1,545	1,545
<hr/>				
Fund Balances - Beginning Of Year			—	
Fund Balances - End Of Year			<u><u>\$ 1,545</u></u>	

CITY OF LENEXA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL DEBT SERVICE FUND For The Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Taxes	\$ 11,372,137	\$ 11,372,137	\$ 10,164,287	\$ (1,207,850)
Investment earnings	32,000	32,000	(70,737)	(102,737)
Total Revenues	11,404,137	11,404,137	10,093,550	(1,310,587)
Expenditures				
Debt service:				
Principal retirement	8,463,642	8,463,642	7,694,131	769,511
Interest and fiscal charges	2,429,300	2,048,900	2,896,593	(847,693)
Total Expenditures	10,892,942	10,512,542	10,590,724	(78,182)
Excess Of Revenues Over Expenditures	511,195	891,595	(497,174)	(1,388,769)
Other Financing Sources (Uses)				
Transfers in	—	—	255,056	255,056
Transfers out	(5,608,809)	(5,608,809)	—	5,608,809
Total Other Financing Sources (Uses)	(5,608,809)	(5,608,809)	255,056	5,863,865
Net Changes In Fund Balances	(5,097,614)	(4,717,214)	(242,118)	4,475,096
Fund Balances - Beginning Of Year			<u>8,348,380</u>	
Fund Balances - End Of Year			<u>\$ 8,106,262</u>	

CITY OF LENEXA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL DEBT SERVICE RESERVE TIF FUND For The Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Investment earnings	\$ —	\$ —	\$ 6	\$ 6
Expenditures				
Current:				
General government	—	6,458	15,253	(8,795)
Debt service:				
Principal retirement	260,000	260,000	820,045	(560,045)
Interest and fiscal charges	438,358	812,300	243,458	568,842
Total Expenditures	698,358	1,078,758	1,078,756	2
Excess Of Expenditures Over Revenues	(698,358)	(1,078,758)	(1,078,750)	8
Other Financing Sources (Uses)				
Transfers in	—	—	974,445	974,445
Net Changes In Fund Balances	(698,358)	(1,078,758)	(104,305)	974,453
Fund Balances - Beginning Of Year			110,217	
Fund Balances - End Of Year			\$ 5,912	

CITY OF LENEXA, KANSAS

COMBINING STATEMENT OF NET POSITION INTERNAL SERVICE FUNDS December 31, 2013

	Health Plan	Risk Management	Workers' Compensation	Total
Assets				
Deposits and investments	\$ 6,127,550	\$ 1,053,099	\$ 1,180,965	\$ 8,361,614
Interest receivable	4,811	5,479	—	10,290
Total Assets	6,132,361	1,058,578	1,180,965	8,371,904
Liabilities				
Current Liabilities				
Accounts payable	796	22,103	—	22,899
Accrued compensation	—	—	1,760	1,760
Self insurance claims payable	276,399	60,000	235,262	571,661
Total Current Liabilities	277,195	82,103	237,022	596,320
Noncurrent Liabilities				
Self insurance claims payable	—	—	78,421	78,421
Total Liabilities	277,195	82,103	315,443	674,741
Net Position				
Unrestricted	\$ 5,855,166	\$ 976,475	\$ 865,522	\$ 7,697,163

CITY OF LENEXA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION INTERNAL SERVICE FUNDS For The Year Ended December 31, 2013

	Health Plan	Risk Management	Workers' Compensation	Total
Operating Revenues				
Charges for services	\$ 5,757,837	\$ 4,011	\$ 269,301	\$ 6,031,149
Reimbursements from insurance companies	11,926	44,488	—	56,414
Miscellaneous	25,590	—	6,215	31,805
Total Operating Revenues	5,795,353	48,499	275,516	6,119,368
Operating Expenses				
Personal services	897	—	47,397	48,294
Contractual services	322,171	443,683	139,949	905,803
Commodities	105,541	20,555	—	126,096
Claims	5,301,933	—	385,496	5,687,429
Total Operating Expenses	5,730,542	464,238	572,842	6,767,622
Operating Income (Loss)	64,811	(415,739)	(297,326)	(648,254)
Nonoperating Revenues				
Investment income	100,727	222	24,461	125,410
Total Nonoperating Revenues				
Change In Net Position Before Transfers	165,538	(415,517)	(272,865)	(522,844)
Transfers in	—	100,000	100,000	200,000
Change In Net Position	165,538	(315,517)	(172,865)	(322,844)
Total Net Position – Beginning Of Year	5,689,628	1,291,992	1,038,387	8,020,007
Total Net Position – End Of Year	\$ 5,855,166	\$ 976,475	\$ 865,522	\$ 7,697,163

CITY OF LENEXA, KANSAS

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS For The Year Ended December 31, 2013

	Health Plan	Risk Management	Workers' Compensation	Total
Cash Flows From Operating Activities				
Cash received from customers	\$ 5,783,427	\$ 4,011	\$ 275,516	\$ 6,062,954
Cash received from insurance companies	70,032	44,488	—	114,520
Cash payments for personnel services	(897)	—	(47,397)	(48,294)
Cash payments for contractual services and accounts payable	(5,729,217)	(418,194)	(451,697)	(6,599,108)
Net Cash Provided By (Used In) Operating Activities	123,345	(369,695)	(223,578)	(469,928)
Cash Flows From Noncapital Financing Activities				
Transfers in	—	100,000	100,000	200,000
Cash Flows Provided By Investing Activities				
Interest received	126,488	915	30,659	158,062
Net Increase (Decrease) In Cash And Cash Equivalents	249,833	(268,780)	(92,919)	(111,866)
Cash And Cash Equivalents – Beginning Of Year	5,877,717	1,321,879	1,273,884	8,473,480
Cash And Cash Equivalents – End Of Year	\$ 6,127,550	\$ 1,053,099	\$ 1,180,965	\$ 8,361,614
Reconciliation Of Operating Income (Loss) To Net Cash Provided By (Used In) Operating Activities				
Operating income (loss)	\$ 64,811	\$ (415,739)	\$ (297,326)	\$ (648,254)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Change in other receivables	58,106	—	—	58,106
Change in accounts, wages and claims payable	428	46,044	73,748	120,220
Net Cash Provided By (Used In) Operating Activities	\$ 123,345	\$ (369,695)	\$ (223,578)	\$ (469,928)

Statistical Section

CITY OF LENEXA, KANSAS
Statistical Section
December 31, 2013

This part of the City of Lenexa, Kansas' (the City) comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

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Financial Trends	
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These schedules contain information to help the reader assess the City's most significant local revenue sources, property and sales tax..	109 - 114
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.....	115 - 118
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.	119 - 121
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.	122 - 124

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

CITY OF LENEXA, KANSAS
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

Schedule 1

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Governmental activities:										
Net investment in capital assets	\$ 386,099,738	\$ 388,380,343	\$ 381,064,682	\$ 431,336,688	\$ 433,106,968	\$ 419,733,080	\$ 393,808,972	\$ 362,437,246	\$ 321,741,301	\$ 23,090,637
Restricted	32,754,028	23,790,801	20,838,326	22,697,434	19,501,498	20,333,616	30,079,331	28,871,081	24,437,172	5,811,871
Unrestricted	51,295,806	53,736,140	42,455,157	32,547,350	32,810,592	45,747,060	38,882,650	23,857,686	19,514,705	64,996,979
Total governmental activities net position	\$ 470,149,572	\$ 465,907,284	\$ 444,358,165	\$ 486,581,472	\$ 485,419,058	\$ 485,813,756	\$ 462,770,953	\$ 415,166,013	\$ 365,693,178	\$ 93,899,487
Business type activities										
Net investment in capital assets	\$ 59,267,375	\$ 60,553,428	\$ 58,532,281	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Restricted	1,187,798	1,504,271	1,390,539	—	—	—	—	—	—	—
Unrestricted	2,323,704	1,692,811	2,755,159	—	—	—	—	—	—	—
Total business-type activities net position	\$ 62,778,877	\$ 63,750,510	\$ 62,677,979	\$ —	\$ —					
Primary government										
Net investment in capital assets	\$ 445,367,113	\$ 448,933,771	\$ 439,596,963	\$ 431,336,688	\$ 433,106,968	\$ 419,733,080	\$ 393,808,972	\$ 362,437,246	\$ 321,741,301	\$ 23,090,637
Restricted component of net position	33,941,826	25,295,072	22,228,865	22,697,434	19,501,498	20,333,616	30,079,331	28,871,081	24,437,172	5,811,871
Unrestricted component of net position	53,619,510	55,428,951	45,210,316	32,547,350	32,810,592	45,747,060	38,882,650	23,857,686	19,514,705	64,996,979
Total business-type activities net position	\$ 532,928,449	\$ 529,657,794	\$ 507,036,144	\$ 486,581,472	\$ 485,419,058	\$ 485,813,756	\$ 462,770,953	\$ 415,166,013	\$ 365,693,178	\$ 93,899,487

CITY OF LENEXA, KANSAS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

Schedule 2

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Expenses										
Governmental Activities										
General government	\$ 11,787,142	\$ 10,983,954	\$ 9,891,228	\$ 10,833,526	\$ 11,925,719	\$ 10,383,824	\$ 10,439,441	\$ 10,140,866	\$ 7,877,120	\$ 8,095,326
Public safety	22,687,013	21,738,865	21,476,020	20,124,393	19,494,864	23,121,157	22,554,224	21,674,903	19,307,055	19,062,115
Municipal Services	28,675,556	33,013,487	30,929,195	29,708,136	29,299,766	30,795,517	20,785,278	22,606,757	19,930,013	9,426,253
Parks and recreation	4,900,596	2,706,899	3,250,279	4,601,241	3,617,450	4,675,363	3,563,224	4,230,363	4,073,203	4,287,148
Economic Development	2,024,180	543,750	707,048	3,470,102	11,249,594	21,158	5,224,536	—	—	—
Interest on long-term debt	2,863,649	5,395,666	3,178,417	4,511,828	5,030,464	6,327,205	5,645,529	4,587,781	4,167,996	4,166,403
Total Governmental Activities Expenses	72,938,136	74,382,621	69,432,187	73,249,226	80,617,857	75,324,224	68,212,232	63,240,670	55,355,387	45,037,245
Business-Type Activities										
Stormwater	8,464,812	4,397,887	3,662,798	—	—	—	—	—	—	—
Total Primary Government Expenses	81,402,948	78,780,508	73,094,985	73,249,226	80,617,857	75,324,224	68,212,232	63,240,670	55,355,387	45,037,245
Program Revenues										
Governmental Activities										
Charges for Services										
General government	2,179,527	2,226,117	1,581,325	1,112,486	1,174,156	1,939,122	2,110,830	1,669,412	1,348,568	1,331,190
Public safety	1,779,419	1,655,728	1,731,928	2,102,003	2,637,487	2,281,056	1,974,419	2,530,617	2,090,781	1,555,911
Municipal Services	447,415	302,153	144,551	4,000,452	7,483,343	4,916,080	4,067,268	2,974,051	2,847,286	2,554,613
Parks and recreation	1,178,267	1,154,169	813,320	807,665	848,240	1,096,559	1,327,815	1,254,191	1,303,004	1,316,645
Operating grants and contributions	1,257,628	1,256,493	1,250,263	1,621,587	1,172,192	1,342,607	1,333,323	1,628,914	1,468,887	1,678,643
Capital grants and contributions	2,192,684	7,591,002	5,692,079	5,096,318	3,029,140	16,936,970	38,473,225	41,225,817	17,620,078	13,407,974
Total Program Revenues	9,034,940	14,185,662	11,213,466	14,740,511	16,344,558	28,512,394	49,286,880	51,283,002	26,678,604	21,844,976
Business-Type Activities										
Charges for Services										
Stormwater	5,362,455	4,693,889	4,129,646	—	—	—	—	—	—	—
Capital grants and contributions	1,357,326	1,352,307	1,845,602	—	—	—	—	—	—	—
Total Program Revenues	6,719,781	6,046,196	5,975,248	—						
Total Primary Government Program Revenues	15,754,721	20,231,858	17,188,714	14,740,511	16,344,558	28,512,394	49,286,880	51,283,002	26,678,604	21,844,976
Net Expenses	(65,648,227)	(58,548,650)	(55,906,271)	(58,508,715)	(64,273,299)	(46,811,830)	(18,925,352)	(11,957,668)	(28,676,783)	(23,192,269)

CITY OF LENEXA, KANSAS

**CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

Schedule 2 (Continued)

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Revenues										
Governmental Activities										
Property taxes	\$ 27,717,179	\$ 42,037,662	\$ 24,611,342	\$ 24,793,267	\$ 28,587,311	\$ 28,922,505	\$ 27,026,449	\$ 24,460,112	\$ 23,143,077	\$ 24,379,660
Sales tax	28,958,995	27,723,180	25,982,247	24,385,785	25,085,389	23,611,541	23,211,369	22,984,775	22,900,980	22,890,060
Franchise taxes	6,577,958	6,188,771	6,488,264	6,103,057	5,953,082	5,796,496	5,320,626	4,937,822	4,915,958	4,474,203
Motor vehicle tax	2,244,945	2,044,063	1,926,812	1,905,333	1,922,587	1,995,251	2,021,732	2,038,168	1,988,324	1,052,870
Transient guest tax	668,185	727,321	660,183	458,398	441,128	573,637	582,001	604,423	531,379	488,002
Excise tax	632,142	466,233	—	14,242	132,837	1,113,091	1,824,963	821,587	2,334,370	1,123,877
Special liquor tax	670,554	552,189	552,264	616,572	538,966	550,690	582,585	579,278	515,163	495,705
Investment revenue	291,576	312,271	286,548	360,162	439,528	2,797,896	4,348,915	3,933,615	2,067,324	1,222,614
Gain on disposal of capital assets	—	—	—	—	—	—	—	1,500	33,828	44,461
Miscellaneous	1,181,972	1,097,597	721,592	1,034,313	777,773	931,383	1,611,652	1,069,223	1,582,233	2,645,672
Transfers	(798,022)	596,791	(4,240,983)	—	—	—	—	—	—	—
Capital contributions	—	—	(56,084,902)	—	—	—	—	—	—	—
Special item - gain on sale of land	—	—	—	—	—	2,667,909	—	—	—	—
Total Governmental Activities	68,145,484	81,746,078	903,367	59,671,129	63,878,601	68,960,399	66,530,292	61,430,503	60,012,636	58,817,124
Business-Type Activities										
Investment revenue	(32,144)	21,013	39,644	—	—	—	—	—	—	—
Miscellaneous	7,520	—	—	—	—	—	—	—	—	—
Transfers	798,022	(596,791)	4,240,983	—	—	—	—	—	—	—
Capital contributions	—	—	56,084,902	—	—	—	—	—	—	—
Total Business-Type Activities	773,398	(575,778)	60,365,529	—	—	—	—	—	—	—
Total Primary Government	68,918,882	81,170,300	61,268,896	59,671,129	63,878,601	68,960,399	66,530,292	61,430,503	60,012,636	58,817,124
Changes In Net Position										
Governmental Activities	4,242,288	21,549,119	(57,315,354)	1,162,414	(394,698)	22,148,569	47,604,940	49,472,835	31,335,853	35,624,855
Business-Type Activities	(971,633)	1,072,531	62,677,979	—	—	—	—	—	—	—
Total City	\$ 3,270,655	\$ 22,621,650	\$ 5,362,625	\$ 1,162,414	\$ (394,698)	\$ 22,148,569	\$ 47,604,940	\$ 49,472,835	\$ 31,335,853	\$ 35,624,855

CITY OF LENEXA, KANSAS
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Schedule 3

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Fund:										
Reserved for encumbrances	\$ —	\$ —	\$ —	\$ 211,422	\$ 602,653	\$ 573,079	\$ 652,466	\$ 672,814	\$ 587,497	\$ 269,816
Unreserved	—	—	—	23,263,831	19,700,723	19,527,627	20,647,840	19,463,189	16,449,763	11,465,294
Committed	84,903	119,570	258,142	—	—	—	—	—	—	—
Assigned	178,674	153,898	168,011	—	—	—	—	—	—	—
Unassigned	25,858,737	23,554,040	23,096,434	—	—	—	—	—	—	—
Total	\$ 26,122,314	\$ 23,827,508	\$ 23,522,587	\$ 23,475,253	\$ 20,303,376	\$ 20,100,706	\$ 21,300,306	\$ 20,136,003	\$ 17,037,260	\$ 11,735,110
All Other Governmental Funds:										
Reserved for Debt Service	\$ —	\$ —	\$ —	\$ 4,588,728	\$ 5,020,086	\$ 7,981,772	\$ 12,117,994	\$ 8,842,822	\$ 7,586,671	\$ 6,992,501
Reserved for economic development	—	—	—	1,583,844	740,675	591,062	442,686	336,524	208,900	162,509
Encumbrances	—	—	—	16,140,257	7,600,180	11,864,275	22,869,483	25,254,723	16,378,988	24,752,816
Unreserved (deficit), reported in:										
Special revenue funds	—	—	—	19,994,826	18,670,980	17,694,956	19,103,774	14,918,654	15,436,997	11,728,052
Capital projects funds	—	—	—	(3,901,888)	230,225	562,825	(9,981,079)	(1,540,113)	14,956,937	16,025,724
Nonspendable	1,588,700	—	—	—	—	—	—	—	—	—
Restricted	32,754,028	23,790,801	20,838,326	—	—	—	—	—	—	—
Committed	—	—	90,695	—	—	—	—	—	—	—
Assigned	8,882,052	12,684,467	13,507,019	—	—	—	—	—	—	—
Unassigned	—	—	(402)	—	—	—	—	—	—	—
Total all other governmental funds	\$ 43,224,780	\$ 36,475,268	\$ 34,435,638	\$ 38,405,767	\$ 32,262,146	\$ 38,694,890	\$ 44,552,858	\$ 47,812,610	\$ 54,568,493	\$ 59,661,602

CITY OF LENEXA, KANSAS

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Schedule 4

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues										
Taxes	\$ 69,935,607	\$ 69,468,897	\$ 62,744,415	\$ 62,228,253	\$ 63,828,961	\$ 63,860,604	\$ 61,859,940	\$ 57,765,612	\$ 57,562,746	\$ 56,076,938
Intergovernmental	3,533,064	5,483,626	6,262,891	4,888,801	4,361,503	6,694,141	10,780,159	12,645,540	8,165,952	7,743,672
Licenses and permits	1,582,011	1,410,326	1,064,999	766,917	1,022,062	1,508,455	1,899,172	1,516,650	1,489,705	1,351,842
Charges for services	2,433,306	2,513,195	1,817,836	5,638,572	5,623,865	7,075,096	1,450,934	1,822,004	1,648,233	1,501,396
Rents and leases	442,765	423,205	390,773	398,639	399,617	335,371	275,845	228,822	193,958	181,829
Fines and forfeitures	1,392,102	1,139,474	1,192,278	1,316,984	1,629,641	1,558,649	6,283,919	5,080,068	4,490,799	3,993,717
Investment earnings	166,166	282,440	210,356	316,622	431,469	2,490,655	3,866,331	3,723,821	1,969,693	1,190,230
Miscellaneous	910,349	1,040,724	276,714	369,034	518,795	544,910	1,180,662	216,053	1,109,702	1,909,090
Total Revenues	80,395,370	81,761,887	73,960,262	75,923,822	77,815,913	84,067,881	87,596,962	82,998,570	76,630,788	73,948,714
Expenditures										
Current:										
General government	11,798,749	10,796,956	9,911,718	10,445,642	11,377,549	10,157,721	9,958,537	9,070,643	8,239,652	7,963,360
Public safety	22,988,869	21,563,319	20,782,769	20,680,879	21,631,286	22,684,149	22,449,884	21,541,853	20,034,196	19,362,250
Municipal services	8,023,102	7,391,326	7,595,127	9,493,093	10,309,730	11,032,630	10,584,153	9,566,884	9,288,797	9,188,447
Recreation	4,926,008	4,320,126	4,224,838	4,127,290	4,071,065	4,253,176	4,115,717	3,831,821	3,661,223	3,813,540
Economic Development	2,024,180	1,926,943	—	—	—	21,158	5,224,536	—	—	—
Capital projects	17,594,799	30,224,938	25,045,565	20,989,619	23,731,169	34,082,317	41,390,777	51,865,333	36,317,103	37,141,255
Debt service:										
Principal retirement	9,399,176	17,235,000	15,591,361	17,306,494	13,077,667	29,388,094	16,255,412	21,129,757	14,000,000	7,545,000
Interest and fiscal charges	3,256,045	3,432,403	3,633,968	4,873,648	5,381,359	5,801,473	5,113,743	4,616,229	4,256,438	4,336,550
Bond issue costs	—	—	125,768	252,005	194,682	137,393	284,465	203,631	66,412	54,547
Miscellaneous	—	—	—	—	—	—	—	—	—	—
Total Expenditures	80,010,928	96,891,011	86,911,114	88,168,670	89,774,507	117,558,111	115,377,224	121,826,151	95,863,821	89,404,949
Excess Of Revenues Under Expenditures	384,442	(15,129,124)	(12,950,852)	(12,244,848)	(11,958,594)	(33,490,230)	(27,780,262)	(38,827,581)	(19,233,033)	(15,456,235)
Other Financing Sources And Uses,										
Including Transfers										
Issuance of general obligation bonds	4,635,000	13,000,000	4,800,000	13,390,000	5,945,000	15,020,000	16,985,000	16,370,000	9,470,000	17,365,000
Discount on general obligation bonds	—	—	—	—	—	(28,825)	—	—	(130,318)	(100,196)
Premium from general obligation refunding bonds	192,898	590,008	274,040	3,882,135	182,576	315,274	825,351	193,581	—	—
Issuance of general obligation refunding bonds	—	2,401,876	—	19,815,000	7,660,000	—	—	—	4,530,000	—
Issuance of general obligation temporary notes	4,830,000	885,000	8,195,000	7,140,000	—	7,410,000	—	18,640,000	9,750,000	—
Issuance of tax increment financing bonds	—	—	—	—	—	—	7,865,000	—	—	—
Payment for refunded general obligation bonds	—	—	—	(22,879,529)	(7,669,680)	—	—	—	(4,475,000)	—
Proceeds from capital lease	—	—	—	—	—	—	309,462	—	—	—
Revolving Loan KDHE	—	—	—	212,740	60,624	—	—	—	—	—
Transfers in	25,638,451	27,721,177	22,648,415	23,576,934	23,337,150	38,600,114	22,584,209	16,743,217	10,066,880	12,061,759
Transfers out	(26,636,473)	(27,124,386)	(26,889,398)	(23,576,934)	(23,787,150)	(39,050,114)	(22,884,209)	(16,776,358)	(9,966,880)	(12,111,759)
Total Other Financing Sources	8,659,876	17,473,675	9,028,057	21,560,346	5,728,520	22,266,449	25,684,813	35,170,440	19,244,682	17,214,804
And Uses, Including Transfers	8,659,876	17,473,675	9,028,057	21,560,346	5,728,520	22,266,449	25,684,813	35,170,440	19,244,682	17,214,804
Special Item										
Proceeds from sale of land	—	—	—	—	—	4,166,213	—	—	—	—
Net Change In Fund Balances	\$ 9,044,318	\$ 2,344,551	\$ (3,922,795)	\$ 9,315,498	\$ (6,230,074)	\$ (7,057,568)	\$ (2,095,449)	\$ (3,657,141)	\$ 11,649	\$ 1,758,569
Debt service as a percentage of noncapital expenditures	19%	27%	27%	31%	27%	39%	30%	35%	30%	24%

CITY OF LENEXA, KANSAS

GOVERNMENTAL FUND TYPES REVENUES BY SOURCE LAST TEN FISCAL YEARS

Schedule 5

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Taxes										
Property	\$ 27,079,695	\$ 26,648,809	\$ 24,694,182	\$ 26,107,166	\$ 27,446,726	\$ 27,398,743	\$ 26,045,590	\$ 24,197,568	\$ 23,029,624	\$ 23,565,713
Sales (including compensating use)	28,958,995	27,719,387	25,982,247	24,385,785	25,085,389	23,611,541	23,211,369	22,984,775	22,900,979	22,199,157
Franchise	6,577,958	6,188,771	6,488,264	6,103,057	5,953,079	5,796,496	5,320,626	4,937,822	4,915,958	4,474,203
Special assessments	1,850,735	3,869,871	1,198,352	1,032,994	1,140,585	1,523,759	980,860	364,274	113,454	71,684
Motor vehicle excise	2,244,945	2,044,064	1,926,812	1,905,333	1,922,586	1,995,252	2,021,732	2,038,167	1,954,709	1,764,289
Transient guest	668,185	731,114	660,183	458,398	441,129	573,637	582,001	604,423	531,379	488,002
Excise	632,142	466,233	—	14,242	132,836	1,113,091	1,824,963	821,587	2,334,370	1,814,781
Other taxes	1,922,952	1,800,648	1,794,375	1,770,910	1,706,631	1,848,085	1,872,799	1,816,996	1,782,273	1,699,109
Total Taxes	69,935,607	69,468,897	62,744,415	61,777,885	63,828,961	63,860,604	61,859,940	57,765,612	57,562,746	56,076,938
Revenues										
Intergovernmental	3,533,064	5,483,626	6,262,891	4,888,801	4,361,503	6,694,142	10,780,159	12,645,540	8,165,952	7,743,672
Licenses and permits	1,582,011	1,410,326	1,064,999	766,917	1,022,062	1,508,455	1,899,172	1,516,650	1,489,705	1,351,842
Charges for services	2,433,306	2,513,195	1,192,278	1,316,984	1,629,641	7,075,095	1,450,934	1,822,004	1,648,233	1,501,396
Rents and leases	442,765	423,205	390,773	398,639	399,617	335,371	275,845	228,822	193,958	181,829
Fines and forfeitures	1,392,102	1,139,474	1,817,836	5,638,572	5,623,865	1,558,649	6,283,919	5,080,068	4,490,799	3,993,717
Investment earnings	166,166	282,440	210,356	316,622	436,532	2,490,655	3,866,331	3,723,821	1,969,693	1,190,230
Miscellaneous	910,349	1,040,724	276,714	369,034	518,795	544,910	1,180,662	216,053	1,109,702	1,909,090
Total Revenues	10,459,763	12,292,990	11,215,847	13,695,569	13,992,015	20,207,277	25,737,022	25,232,958	19,068,042	17,871,776
Grand Total	\$ 80,395,370	\$ 81,761,887	\$ 73,960,262	\$ 75,473,454	\$ 77,820,976	\$ 84,067,881	\$ 87,596,962	\$ 82,998,570	\$ 76,630,788	\$ 73,948,714

CITY OF LENEXA, KANSAS

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY LAST TEN FISCAL YEARS

Schedule 6

Tax Year Ended December 31,	Fiscal Year Ended December 31,	Real Estate	Assess Value As A Percentage Of Actual Value	Estimated Actual Taxable Value	Personal Property	State Assessed Utilities	Motor Vehicle (1)	Total Taxable Assessed Value	Total Direct Tax Rate
2012	2013	\$ 793,950,131	14%	\$ 5,607,023,010	\$ 36,743,490	\$ 29,661,638	\$ 76,704,885	\$ 937,060,144	29.668
2011	2012	771,570,154	14%	5,397,313,060	45,628,362	27,492,147	74,417,660	919,108,323	29.635
2010	2011	768,176,024	15%	5,008,836,688	53,837,911	28,058,513	74,158,463	924,230,911	26.626
2009	2010	765,361,859	15%	5,234,310,460	60,483,211	31,351,516	74,559,595	931,756,181	26.568
2008	2009	829,743,292	13%	6,301,357,160	93,491,169	33,701,766	77,610,667	1,034,546,894	26.477
2007	2008	853,642,326	14%	5,915,463,793	113,984,994	29,778,985	78,523,529	1,075,929,834	26.468
2006	2007	822,636,283	14%	5,903,655,326	151,089,330	32,308,929	76,442,635	1,082,477,177	26.477
2005	2006	771,464,338	13%	5,794,230,298	165,954,347	35,665,105	74,847,736	1,047,931,526	26.513
2004	2005	716,505,869	14%	5,225,759,116	160,224,546	33,944,169	71,785,927	982,460,511	26.553
2003	2004	675,525,628	14%	4,935,352,673	146,084,234	44,917,378	69,400,057	935,927,297	23.575

(1) Includes recreational vehicle assessed value:

- 2004 recreational vehicle tax amounted to \$256,533.
- 2005 recreational vehicle tax amounted to \$287,497.
- 2006 recreational vehicle tax amounted to \$315,276.
- 2007 recreational vehicle tax amounted to \$329,228.
- 2008 recreational vehicle tax amounted to \$297,355.
- 2009 recreational vehicle tax amounted to \$289,360.
- 2010 recreational vehicle tax amounted to \$283,667.
- 2011 recreational vehicle tax amounted to \$275,145.
- 2012 recreational vehicle tax amounted to \$307,520.
- 2013 recreational vehicle tax amounted to \$216,510

CITY OF LENEXA, KANSAS

DIRECT AND OVERLAPPING PROPERTY TAX RATES LAST TEN FISCAL YEARS

Schedule 7

Tax Year	Fiscal Year	City Direct Rates			Overlapping Rates									Total Direct And Overlapping Rates
		General	Debt Service	Total Direct	State	County	Library	County Community College	Park	Total Overlapping Without Schools	School District Shawnee Mission	School District De Soto	School District Olathe	
2012	2013	20.496	9.172	29.668	1.500	17.717	3.149	8.785	2.344	63.163	55.766	82.262	69.618	92.831
2011	2012	20.473	9.162	29.635	1.500	17.700	3.145	8.776	2.343	63.099	56.135	82.558	69.925	92.734
2010	2011	17.467	9.159	26.626	1.500	17.700	3.158	8.799	2.350	60.181	57.192	84.051	72.917	86.807
2009	2010	17.433	9.141	26.574	1.500	17.716	3.151	8.784	2.346	60.071	55.318	74.186	66.900	86.645
2008	2009	16.929	9.639	26.568	1.500	17.767	3.057	8.768	2.341	60.001	52.094	74.170	66.913	86.569
2007	2008	16.871	9.606	26.477	1.500	17.985	2.962	8.749	2.295	59.968	52.008	71.463	64.343	86.445
2006	2007	16.865	9.603	26.468	1.500	17.949	2.960	8.872	2.290	60.039	51.980	69.693	65.180	86.507
2005	2006	16.871	9.606	26.477	1.500	17.922	2.955	8.960	2.286	60.100	49.748	69.115	68.173	86.577
2004	2005	16.894	9.619	26.513	1.500	16.041	2.956	9.438	2.367	58.815	42.655	72.806	69.177	85.328
2003	2004	16.920	9.633	26.553	1.500	16.381	2.954	9.432	2.365	59.185	37.774	74.734	64.166	85.738

Source: All overlapping governments, Johnson County Clerk's office. Rates are for Taxing District No. 4, which apply to the majority of the City's taxpayers.

Note A: Tax Year - The tax levy is the following year's tax revenue.

Note B: Overlapping rates are those of local and county government that apply to property owners within the City of Lenexa. Not all overlapping rates apply to all Lenexa property owners.

CITY OF LENEXA, KANSAS
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO

Schedule 8

Taxpayer	2012 Tax Year/2013 Fiscal Year			Taxpayer	2002 Tax Year/2003 Fiscal Year		
	Taxable Assessed Value	Rank	Percentage Of Total City Taxable Assessed Value		Taxable Assessed Value	Rank	Percentage Of Total City Taxable Assessed Value
HRPT Lenexa Properties Trust	\$ 23,609,545	1	2.52%	Lenexa Industrial Park, Inc.	\$ 20,952,063	1	2.28%
Perg Buildings, LLC	18,062,030	2	1.93%	Perg Building Partnership	16,784,010	2	1.83%
Kansas City Power & Light Co	9,654,290	3	1.03%	KPERS Realty Holding #1, Inc.	10,659,521	3	1.16%
MEPT Kansas Commerce	8,339,254	4	0.89%	Karbank, Barney A.	6,359,183	4	0.69%
Meritex Lenexa Executive Park	5,766,131	5	0.62%	J.C. Penney Properties	6,043,335	5	0.66%
Orchard Center Company, LLC	5,260,352	6	0.56%	Caleast industrial Investors	5,927,504	6	0.65%
JC Penney Properties, Inc	5,253,000	7	0.56%	Orchard Center Company, LLC	4,835,578	7	0.53%
Karbank Holdings, LLC	5,051,579	8	0.54%	Oak Park Commons	4,613,460	8	0.50%
RREEF America Reit II Corp	4,832,502	9	0.52%	Monaxa Limited Partnership	4,567,851	9	0.50%
LIT Industrial Limited	4,699,399	10	0.50%	Peterson Brookhollow, Inc.	4,384,580	10	0.48%
Total	\$ 90,528,082			Total	\$ 85,127,085		
City of Lenexa (includes motor vehicles)	\$ 937,060,144			City of Lenexa (includes motor vehicles)	\$ 918,870,953		

Source: Johnson County Department of Records and Tax Administration

CITY OF LENEXA, KANSAS

SALES TAX RATES LAST TEN FISCAL YEARS

Schedule 9

Fiscal Year	City Sales	City Roads/ Parks/ Civic Facility Sales	City Storm- water Sales	County Sales	County Public Safety Sales	County Storm- water	County Economic Development Sales	County Education Research Triange	State	Total Direct
2004	1.000%	0.000%	0.125%	0.500%	0.250%	0.100%	0.250%	0.000%	5.300%	7.525%
2005	1.000%	0.000%	0.125%	0.500%	0.250%	0.100%	0.250%	0.000%	5.300%	7.525%
2006	1.000%	0.000%	0.125%	0.500%	0.250%	0.100%	0.250%	0.000%	5.300%	7.525%
2007	1.000%	0.000%	0.125%	0.500%	0.250%	0.100%	0.250%	0.000%	5.300%	7.525%
2008	1.000%	0.375%	0.125%	0.500%	0.250%	0.100%	0.250%	0.000%	5.300%	7.900%
2009	1.000%	0.375%	0.125%	0.500%	0.250%	0.100%	0.250%	0.125%	5.300%	8.025%
2010	1.000%	0.375%	0.000%	0.500%	0.250%	0.100%	0.250%	0.125%	6.300%	8.900%
2011	1.000%	0.375%	0.000%	0.500%	0.250%	0.100%	0.250%	0.125%	6.300%	8.900%
2012	1.000%	0.375%	0.000%	0.500%	0.250%	0.100%	0.250%	0.125%	6.300%	8.900%
2013	1.000%	0.375%	0.000%	0.500%	0.250%	0.100%	0.250%	0.125%	6.300%	8.900%

Tax Rates from Kansas Department of Revenue

CITY OF LENEXA, KANSAS

PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN FISCAL YEARS

Schedule 10

Fiscal Year (1)	Total Tax Levy	Current Tax Collections (2)	Percentage Current Tax Collected	Prior Year's Tax Collected	Total Tax Collections	Percentage Total Collection To Current Levy
2004	\$ 22,519,176	\$ 22,352,249	99.26%	\$ 151,833	\$ 22,504,082	99.93%
2005	22,944,686	22,567,621	98.36%	187,034	22,754,655	99.17%
2006	24,078,555	23,713,948	98.49%	156,850	23,870,798	99.14%
2007	25,779,816	25,368,258	98.40%	250,465	25,618,723	99.38%
2008	26,614,304	26,227,121	98.55%	311,309	26,538,430	99.71%
2009	26,488,848	25,840,274	97.55%	211,286	26,051,560	98.35%
2010	25,421,859	24,617,924	96.84%	227,449	24,845,373	97.73%
2011	22,843,334	22,186,644	97.13%	222,993	22,409,637	98.10%
2012	25,183,253	24,399,073	96.89%	246,678	24,645,751	97.87%
2013	25,070,608	24,373,596	97.22%	209,564	24,583,160	98.06%

(1) The year shown is the year in which the collections are received. The tax levy is made in the year preceding the fiscal year.

(2) Property tax revenue received from TIF districts are not included.

CITY OF LENEXA, KANSAS

RATIOS OF DEBT OUTSTANDING LAST TEN FISCAL YEARS

Schedule 11

Fiscal Year	Governmental Activities			Business-Type Activities			Total	Percentage	
	General Obligation Bonds	General Obligation Notes	TIF Revenue Bonds ¹	General Obligation Bonds	Revolving Loans Payable	Of Total Personal Income ²		Per Capita ²	
2004	\$ 83,920,000	\$ 15,780,000	\$ —	\$ —	\$ —	\$ 99,700,000	5.03%	\$ 2,175	
2005	86,085,000	19,865,000	—	—	—	105,950,000	4.96%	2,248	
2006	94,710,000	25,565,000	—	—	—	120,275,000	5.29%	2,492	
2007	102,820,000	18,640,000	7,865,000	—	—	129,325,000	5.44%	2,424	
2008	107,580,000	7,410,000	7,865,000	—	—	122,855,000	4.86%	2,342	
2009	101,845,000	7,410,000	7,865,000	—	—	117,120,000	4.24%	2,189	
2010	104,275,000	7,140,000	7,865,000	—	60,624	119,340,624	4.23%	2,225	
2011	70,824,163	8,195,000	7,865,000	29,850,837	266,983	117,001,983	4.33%	2,148	
2012	77,186,039	885,000	7,865,000	29,018,961	256,475	115,211,475	4.09%	2,038	
2013	74,126,908	4,830,000	7,044,955	29,778,092	245,644	116,025,599	3.85%	2,037	

Note: City's outstanding debt is further detailed in the notes to the basic financial statements.

¹ TIF Revenue Bonds are special, limited obligations of the City payable solely and only from ad valorem taxes collected from real property located within the Project Area on or after January 1, 2008, that is in excess of the amount of real property taxes which were collected from the Project Area in the year the Redevelopment District was established.

² See Exhibit 15 for personal income and population data.

CITY OF LENEXA, KANSAS

RATIOS OF GENERAL OBLIGATION DEBT OUTSTANDING LAST TEN FISCAL YEARS

Schedule 12

Fiscal Year	Governmental Activities			Business-Type Activities	Less: Amounts Available	Total	Percentage Of Assessed Taxable Value ¹ Of Property	Per Capita ²
	General Obligation Bonds	General Obligation Notes	General Obligation Debt	General Obligation Bonds	In Debt Service Fund			
2004	\$ 83,920,000	\$ 15,780,000	\$ 99,700,000	\$ —	\$ 6,992,501	\$ 92,707,499	9.91%	\$ 2,175
2005	86,085,000	19,865,000	105,950,000	—	7,586,671	98,363,329	10.01%	2,248
2006	94,710,000	25,565,000	120,275,000	—	8,842,822	111,432,178	10.63%	2,492
2007	102,820,000	18,640,000	121,460,000	—	10,410,389	111,049,611	10.26%	2,424
2008	107,580,000	7,410,000	114,990,000	—	6,730,335	108,259,665	10.06%	2,342
2009	101,845,000	7,410,000	109,255,000	—	4,205,684	105,049,316	10.15%	2,189
2010	104,275,000	7,140,000	111,415,000	—	4,182,267	107,232,733	11.51%	2,225
2011	70,824,163	8,195,000	79,019,163	29,850,837	5,054,122	103,815,878	11.23%	2,148
2012	77,186,039	885,000	78,071,039	29,018,961	8,348,380	98,741,620	10.74%	2,038
2013	74,126,908	4,830,000	78,956,908	29,778,092	8,106,262	100,628,738	10.74%	2,037

Note: City's outstanding debt is further detailed in the notes to the basic financial statements.

¹ See Exhibit 6 for property value data.

² See Exhibit 15 for personal income and population data.

CITY OF LENEXA, KANSAS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT December 31, 2013

Schedule 13

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ¹	Estimated Share Of Overlapping Debt
Debt To Be Repaid With Property Taxes			
Johnson County, Kansas	\$ 290,901,090	11.14%	\$ 32,406,381
Johnson County Parks & Recreation	2,660,000	11.14%	296,324
U.S.D. #232 (De Soto)	166,755,000	5.70%	9,505,035
U.S.D. #233 (Olathe)	326,006,338	15.09%	49,194,356
U.S.D. #512 (Shawnee Mission)	193,790,000	19.17%	37,149,543
Fire #3 Benefit District "B"	95,000	0.01%	<u>10</u>
Total Overlapping Debt			128,551,649
City Direct Debt	78,956,908	100.0%	<u>78,956,908</u>
Total Direct And Overlapping Debt			<u><u>\$ 207,508,557</u></u>

Sources: Assessed value data used to estimate percentage were obtained from the Johnson County, Kansas Appraiser's Office. Debt outstanding data provided by Johnson County Department of Records and Tax Administration. Johnson County and City of Lenexa Debt as of 12/31/2013. Other debt as of 6/30/2013.

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 overlapping debt of those overlapping governments that is borne by the resident and businesses of the City. 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.

¹ For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value. This approach was also applied to the other debt of the overlapping governmental units.

CITY OF LENEXA, KANSAS

LEGAL DEBT MARGIN LAST TEN FISCAL YEARS

Schedule 14

Fiscal Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	\$ 280,778,189	\$ 294,738,153	\$ 314,379,458	\$ 324,743,153	\$ 322,778,950	\$ 310,364,068	\$ 279,526,854	\$ 277,269,273	\$ 275,732,497	\$ 281,118,043
Total net debt applicable to limit	92,707,499	98,363,329	111,432,178	111,049,611	108,259,665	105,049,316	107,232,733	103,815,878	69,722,659	70,850,646
Legal Debt Limit	\$ 188,070,690	\$ 196,374,824	\$ 202,947,280	\$ 213,693,542	\$ 214,519,285	\$ 205,314,752	\$ 172,294,121	\$ 173,453,395	\$ 206,009,838	\$ 210,267,397
Total net debt applicable to the limit as a percentage of the limit	33.0%	33.4%	35.4%	34.2%	33.5%	33.8%	38.4%	37.40%	25.3%	25.2%
Total net debt as a percentage of assessed value**	10.7%	10.8%	10.6%	10.3%	10.1%	10.2%	11.5%	11.5%	11.0%	7.6%

Legal Debt Margin Calculation For Fiscal Year 2013

Assessed value	<u>\$ 937,060,144</u>
Debt limit (30% of total assessed value)	<u>281,118,043</u>
Debt applicable to limit:	
General obligation debt	78,956,908
Less: Amount set aside for repayment of general obligation debt	<u>8,106,262</u>
Net debt applicable to limit	<u>70,850,646</u>
Legal Debt Margin	<u>\$ 210,267,397</u>

Under State law, the City's outstanding general obligation debt should not exceed 30% percent of the total assessed property value. By law, the general obligation debt subject to the limitation may be offset by reserved fund balance amounts in the debt service fund.

CITY OF LENEXA, KANSAS

DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN FISCAL YEARS

Schedule 15

Fiscal Year	City Population	County Population	City Population Percent Change		Personal Income	Per Capita Personal Income	City Unemploy- ment Rate	State Unemploy- ment Rate
2013	49,394	567,132	2.0%	\$	3,016,442,186	\$ 61,069	5.4%	6.7%
2012	48,448	559,913	0.3%		2,816,330,688	58,131	5.0%	5.3%
2011	48,326	548,837	0.3%		2,699,152,078	55,853	6.0%	6.0%
2010	48,190	558,628	0.4%		2,822,488,300	58,570	7.3%	7.0%
2009	47,996	548,122	3.8%		2,762,217,796	57,551	6.5%	6.2%
2008	46,219	539,811	0.9%		2,527,208,701	54,679	5.4%	4.8%
2007	45,804	527,066	2.5%		2,377,594,032	51,908	4.1%	3.7%
2006	44,708	516,731	2.2%		2,272,686,472	50,834	4.0%	4.1%
2005	43,765	506,562	2.7%		2,136,734,219	48,823	4.2%	5.1%
2004	42,615	496,691	1.3%		1,981,512,270	46,498	3.5%	5.6%

Data Sources: Lenexa Community Development Department
www.laborstats.dol.ks.gov/lfe/lfecurrent.htm

Per Capita Personal Income reflects that of Johnson County, Kansas. Figures are not available by municipality. 2005 and 2006 figures were not available and are estimated.

CITY OF LENEXA, KANSAS
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Schedule 16

Employer	2012 Tax Year/2013 Fiscal Year			Employer	2002 Tax Year/2003 Fiscal Year		
	Employees	Rank	Percentage Of Total City Employment		Employees	Rank	Percentage Of Total City Employment
Quest Diagnostics/Lab One	3,189	1	7.24%	J.C. Penney Catalog Distribution Center	1,900	1	4.75%
United Parcel Service	2,302	2	5.23%	United Parcel Service, Inc.	1,800	2	4.50%
Kiewit Power Engineers Company	1,835	3	4.17%	Deluxe Corporation	1,200	3	3.00%
JC Penney Logistics Center	750	4	1.70%	Sprint Corporation	950	4	2.38%
Gear for Sports	643	5	1.46%	LabOne, Incorporated	900	5	2.25%
Coca-Cola Bottling	583	6	1.32%	Gear for Sports	750	6	1.88%
PRA International	550	7	1.25%	Gill Studios, Inc.	600	7	1.50%
Lakeview Village	546	8	1.24%	Regional Media Labs (REMEL)	500	8	1.25%
Environmental Protection Agency (EPA)	530	9	1.20%	Coca-Cola of Mid-America	450	9	1.13%
Alliance Data Systems	475	10	1.08%	IBM	450	10	1.13%
Total	11,403			Total	9,500		
City of Lenexa (total employment)	44,049			City of Lenexa (total employment)	40,000		

Source: Chamber of Commerce Membership Directory

CITY OF LENEXA, KANSAS

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM LAST TEN FISCAL YEARS

Schedule 17

Function	Fiscal Year									
	2013**	2012**	2011**	2010**	2009**	2008**	2007**	2006**	2005**	2004*
General government	83	83	82	89	81	80	79	78	67	69
Public safety	216	216	215	216	213	227	225	220	216	215
Municipal services	66	70	72	73	88	96	95	95	79	77
Parks and recreation	72	61	61	61	54	60	59	58	58	29
Total	437	430	430	439	436	463	458	451	420	389

* Prior to 2005, the employee totals are based on the number of positions for full-time and regular part-time positions.

** 2005 to present numbers are based on full-time equivalents (FTE) calculations and include full-time, regular part-time, part-time, and seasonal positions. However, seasonal parks fee-supported positions are excluded since only a small number are employees (the vast majority are contract workers).

CITY OF LENEXA, KANSAS

CAPITAL ASSET STATISTICS BY FUNCTION LAST TEN FISCAL YEARS

Schedule 18

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Government										
City Hall	1	1	1	1	1	1	1	1	1	1
Public Safety										
Police Station	1	1	1	1	1	1	1	1	1	1
Fire Stations	5	5	5	5	4	4	4	4	4	4
Municipal Services										
Center lane miles added	—	—	—	—	1	3	8	8	6	3
Service Center	1	1	1	1	1	1	1	1	1	1
Public Storm Structures	6,957	6,957	6,957	—	—	—	—	—	—	—
Streetlights maintained	7,368	7,567	6,581	6,971	6,262	4,000	4,000	3,000	2,750	2,550
Parks And Recreation										
Parks (acres)	776*	776*	915	918	898	863	750	750	750	750
Pools	3	3	3	3	3	3	3	3	3	3
Conference Center	1	1	1	1	1	1	1	1	1	1
Community Center	1	1	1	1	1	1	1	1	1	1
Senior Center	1	1	1	1	1	1	1	1	1	1

* Per Parks & Recreation Comprehensive Plan

Sources: Various City departments. No capital assets indicators are available for the general government function.

CITY OF LENEXA, KANSAS

OPERATING INDICATORS BY FUNCTION LAST TEN FISCAL YEARS Page 1 Of 2

Schedule 19

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Government										
GIS										
Data sets maintained	803	713	640	596	592	191	110	45	40	40
Graphics requests completed (nondata)	24	21	13	15	13	25	15	10	1	1
Map graphic orders standard products completed	154	386	307	236	311	285	200	175	140	200
ArcView users supported	83	71	56	60	51	75	73	40	50	65
Community Development										
Planning commission items	89	66	73	70	57	130	118	144	154	98
Staff review final plans	9	9	16	6	18	14	19	17	22	25
New single family permits	216	146	89	57	35	73	215	326	345	352
Valuation of new construction (millions of dollars)	67	103	67	76	64	204	282	198	182	193
Commercial construction (millions of dollars)	82	132	34	46	44	135	190	104	75	98
Human Resources										
Positions filled (full-time/part-time/temporary)	190	188	130	150	124	145	91	187	217	195
Work comp/disability/FMLA cases managed	91	142	122	102	71	141	87	83	90	96
Separations/retirements processed	48	170	125	145	180	91	74	183	204	188
Finance										
Accounts payable invoices	4,977	4,927	4,446	5,627	5,109	6,539	6,617	7,094	6,735	7,552
Payroll checks processed	12,490	12,294	11,657	11,920	12,669	12,048	12,918	12,702	12,352	11,756
Purchasing Card transactions	13,743	13,871	12,974	12,862	11,868	13,589	13,783	14,339	13,808	13,391
Information Technology										
Supported users	589	446	403	427	466	417	405	442	375	370
Workstations	423	451	424	410	406	399	370	375	345	340
Laptops	182	161	183	216	163	160	147	133	130	130
Servers	133	122	119	119	111	80	52	52	45	42
Printers	156	152	144	145	143	148	148	146	143	143
Municipal Court										
Charges issued	14,151	11,474	11,310	13,043	16,998	15,769	14,269	19,598	17,492	18,094
Charges completed	14,167	10,363	14,770	12,715	14,949	15,134	14,967	19,216	18,406	16,648
Charges pending (*Change in software)	3,417	2,897	10,021	13,481	13,651*	5,791	6,212	6,910	7,207	8,090
D.U.I. issued	222	151	186	257	413	277	293	285	245	215
Legal										
Discovery requests approved **	0**	0**	0**	0**	496	423	325	466	422	451
Appeals to District Court prosecuted	7	19	8	14	20	24	11	16	16	13
Forfeitures cases filed	20	16	16	11	6	9	24	14	16	8
Third party claims made v. City	22	8	15	16	14	11	12	18	13	34
Third party claims paid	18	2	9	7	10	3	5	8	3	12

CITY OF LENEXA, KANSAS

OPERATING INDICATORS BY FUNCTION LAST TEN FISCAL YEARS Page 2 Of 2

Schedule 19

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Public Safety										
Police										
Calls for service	21,631	21,293	20,756	21,309	20,936	22,469	18,664	17,363	17,129	16,470
Officer self initiated	24,571	20,664	20,749	22,413	26,885	25,778	25,162	31,246	30,161	30,020
Walk in/station reports	1,047	1,081	1,090	1,163	1,476	1,458	1,741	1,729	2,021	1,670
Incident handled by Communications	—	—	—	—	—	145	15,307	15,655	15,164	15,726
Total incidents	48,013	43,838	43,337	45,312	49,502	49,850	69,904	75,854	76,089	74,499
Arrests	3,870	3,581	3,256	4,004	4,881	4,402	3,814	4,177	4,023	3,877
Citations	14,023	11,284	11,039	12,412	10,224	14,643	12,836	18,102	17,942	19,000
Discovery requests approved**	467	364	364	367						
Fire										
Emergency incident responses	5,204	5,012	4,884	4,608	4,435	4,581	4,406	4,188	4,297	3,887
Building fires/1,000 pop.	1	1	2	1	1	2	2	2	2	2
Ill or injured patients treated	2,895	2,935	3,002	2,689	2,762	3,049	2,659	2,560	2,683	2,426
Fire inspections	4,008	3,623	2,517	5,466	5,979	6,140	5,225	6,100	6,092	5,073
Training hours	24,387	24,453	17,955	24,025	22,204	26,348	22,253	23,856	27,226	28,748
Municipal Services										
Number of City vehicles maintained	354	346	344	347	347	347	335	325	318	316
Lane-miles of roadway	660	660	660	660	660	600	592	578	566	559
Signalized intersections maintained	67	68	67	65	66	65	61	61	59	56
Streetlights maintained	7,368	7,000	6,581	6,971	6,262	4,000	4,000	3,000	2,750	2,550
Traffic signs maintained	12,055	11,800	11,210	11,039	10,274	10,000	9,650	8,650	8,400	8,150
Square feet maintained	327,555	327,555	327,555	296,743	296,743	287,743	287,743	276,852	265,858	262,442
Parks and Recreation										
Acres of park maintained	776	776	696	687	898	863	794	674	489	486
Number of events - Lenexa Conference Center	220	177	186	194	236	268	389	325	175	167
Pool attendance***	45,421	55,952	52,522	65,032	59,268	54,472	74,029	76,841	63,390	76,453
Swim lessons	740	666	712	659	662	668	639	674	811	744

**Previously administered by Legal. Police administered beginning in 2010.

*** Pool attendance down due to Flat Rock Creek construction.

Sources: Various City departments.