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

For The Year Ended December 31, 2018



*Report prepared and submitted by the
Finance Department*

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Introductory Section



May 7, 2019

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, 2018 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 Manager. 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 \$420.9 million to \$466.2 million in 2018 (an increase of 11%). In 2018, a total of 241 permits were issued for single family homes and a grand total of 2,997 building permits for residential and commercial were issued.

The number of new businesses that located in Lenexa in 2018 is 584.

Lenexa's current population is 55,345 with a projected population for year 2020 of 58,510.

The City's 2018 assessed valuation increased to \$1,292,768,831 (including motor vehicles and recreational vehicles) from \$1,198,699,771 in 2017, a 7.8% increase.

Major Initiatives

2018 Initiatives and Highlights

2018 was the fourth consecutive record year for development in Lenexa, with \$466.2 million in construction permits issued (this outpaced 2017 by 11%). Commercial construction led the way with \$324.2 million in valuation. Significant projects that were started in 2018 included Kiewit Power headquarters; Shawnee Mission School District aquatic facility; Lenexa City Center Library; Canyon Creek Elementary School; Central Green office building; McKeever's Market; and Gomer's of Kansas.

Two sculptures were installed on the civic campus in 2018. "Body Politic" (by artist Joe O'Connell of Creative Machines) uses hand-hammered stainless steel spheres featuring 200 cut-out silhouettes and light to engage visitors to the Civic Campus and "Splash" (by artist Shan Shan Sheng), a 65-foot-long abstract sculpture capturing the experience of entering water, was installed in the Rec Center.

The Lenexa Farmers Market debuted in April and over 20,000 visitors discovered a wonderful selection of local products sourced from within a 250-mile radius. The Farmers Market is held April to October on Tuesday and Saturday mornings in the civic campus garage. Local artists, musicians and special events help make each trip unique.

The Grand Pavilion, the largest open air outdoor structure in Lenexa's parks, opened in Sar-Ko-Par Trail park. The Grand Pavilion is located in an area of the park not previously opened to the public. This facility serves as a base for several of the City's large festivals and is available for rental.

To save money and energy, the City is replacing traditional streetlights with LED lights throughout the City. In 2018, 2,149 units were replaced or retrofitted. With more than 7,000 streetlights in Lenexa, the conversion will be completed over the next several years.

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.

Financial Information

The 2018 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.

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 usually 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) Uniform Guidance – Subpart F, Audit Requirements. 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.

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 40 consecutive years (each of the fiscal years ended December 31, 1978 through 2017).

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, 2018. 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,



Rebecca Yocham
City Manager



Doug Robinson
Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Lenexa
Kansas

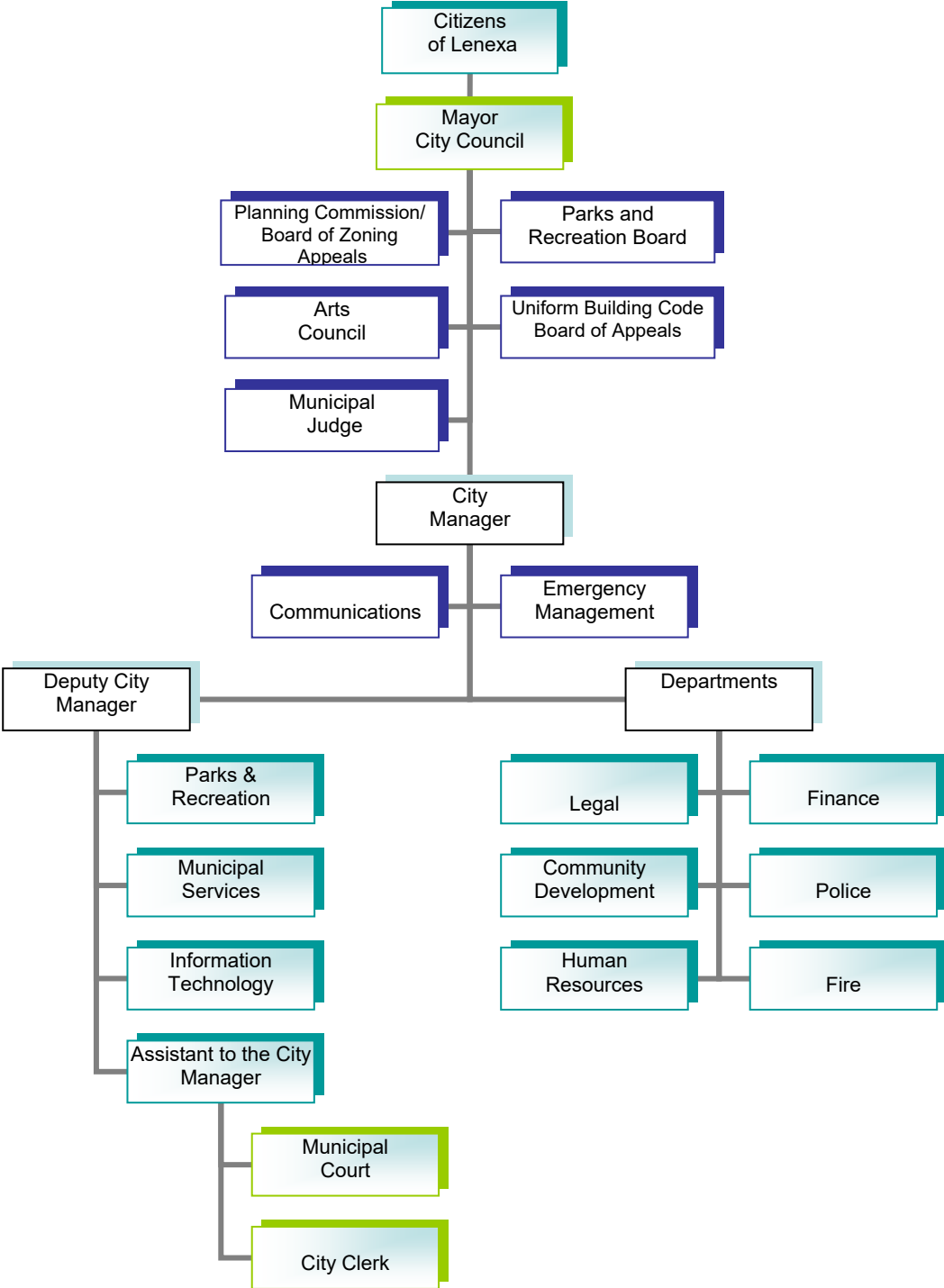
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

Christopher P. Morrill

Executive Director/CEO

**CITY OF LENEXA
Organizational Chart
(Population 55,345)**



CITY OF LENEXA, KANSAS

LIST OF PRINCIPAL OFFICIALS

Mayor

Michael Boehm

City Council

Joe Karlin
Steve Lemons
Bill Nicks
Thomas Nolte
Dan Roh
Corey Hunt
Mandy Stuke
Andy Huckaba

City Manager

Eric Wade

Appointed May 1, 2019
Rebecca Yocham

Deputy City Manager

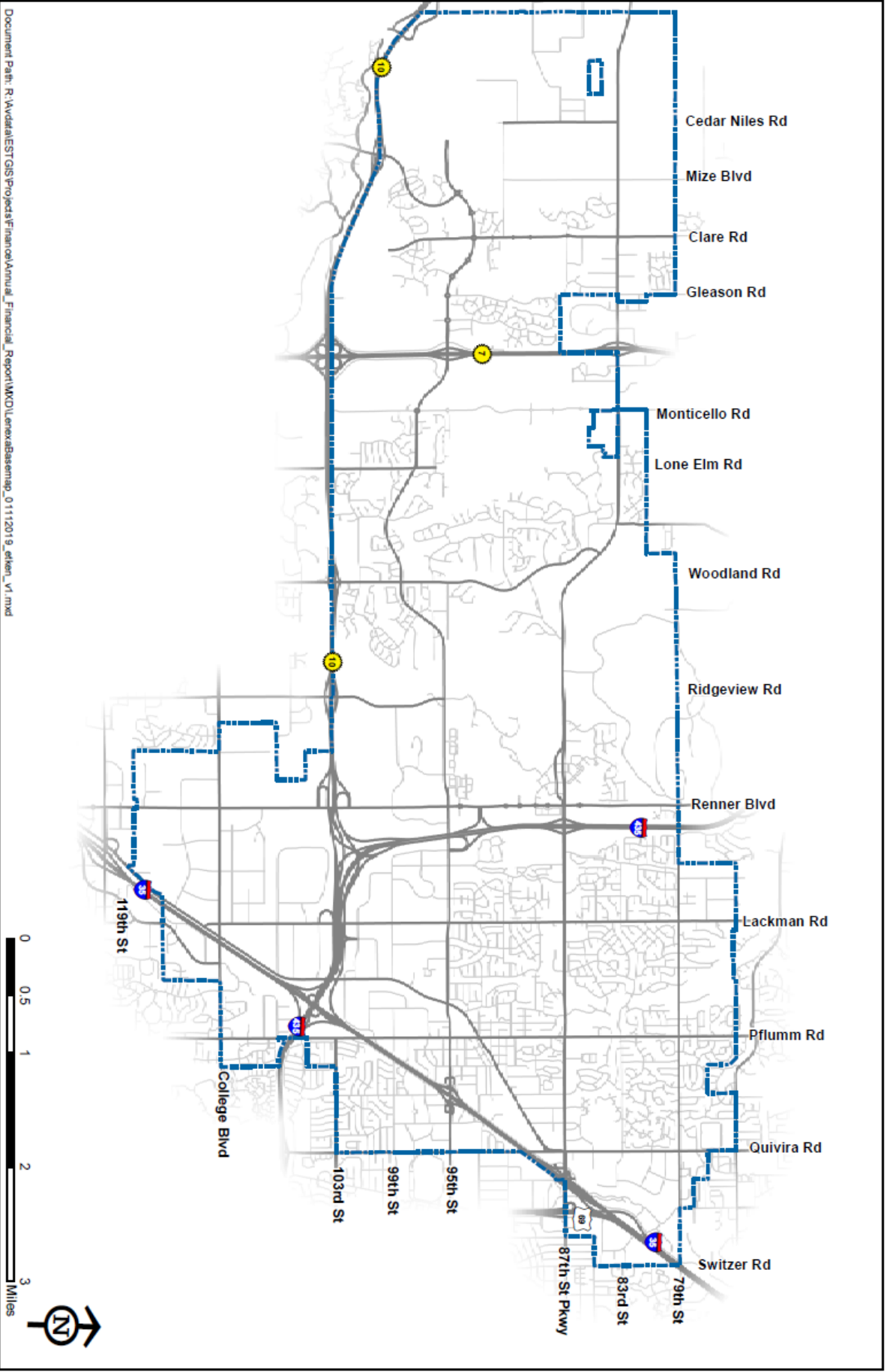
Todd Pelham

Assistant to the City Manager

Danielle Dulin
Michael Nolan

Finance Department

Doug Robinson, Chief Financial Officer
Jill Grube, Assistant Chief Financial Officer
Briana Burrichter, Finance and Accounting Manager
Dana Stauch, Senior Accountant
Lisa Cline, Senior Accountant
Megan Sterling, Senior Accountant
Barbara Young, Senior Accountant



Financial Section



RubinBrown LLP
Certified Public Accountants
& Business Consultants

Independent Auditors' Report

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

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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, 2018, and the related notes to the financial statements, which collectively comprise the City of Lenexa, Kansas' 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 of Lenexa, Kansas as of December 31, 2018 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.

Emphasis Of Matter

As discussed in Note 1 to the financial statements, the City of Lenexa, Kansas implemented GASB Statements No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which resulted in a restatement of net position as of January 1, 2018. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 15, the Budgetary Comparison Information on pages 86 through 88 and the Pension and Other Post Employments Benefits schedules on pages 89 through 94 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 of Lenexa, Kansas' 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 our report dated May 7, 2019 on our consideration of the City's internal control over financial reporting and on 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 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 7, 2019

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Management's Discussion And Analysis

CITY OF LENEXA, KANSAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2018

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, 2018. 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 and deferred outflows of resources exceeded its total liabilities and deferred inflows of resources at the end of 2018 by \$570,451,634. Of this amount, \$32,098,541 is unrestricted net position.

The City's total long-term liabilities increased by \$6,795,825. The key factors in this increase were the issuance of \$39,720,000 in general obligation bonds and \$3,690,000 in general obligation notes payable, the principal payments of \$26,010,000 in general obligation bonds and \$11,100,000 in general obligation notes payable.

Capital assets increased \$4,628,666 due to \$10,265,786 in infrastructure additions, (including donated capital assets from developers of \$5,727,925) net increase of construction in progress of \$12,063,434, land disposal of \$647,403 and non-infrastructure capital asset additions and retirements of \$3,739,445 and net depreciation of \$20,792,598.

At the end of 2018, the fund balance for the General Fund was \$36,440,271.

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).

CITY OF LENEXA, KANSAS

Management's Discussion and Analysis (*Continued*)

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 paid.

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 position and results 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 and Rec-Center operations. 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.

CITY OF LENEXA, KANSAS

Management's Discussion and Analysis (*Continued*)

Analysis Of Government-Wide Financial Statements

Statement Of Net Position

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

| | Governmental | | Business Type | | Total Primary | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | Activities | | Activities | | Government | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Assets | | | | | | |
| Current and other assets | \$ 184,425,934 | \$ 164,303,686 | \$ 5,045,216 | \$ 3,915,068 | \$ 189,471,150 | \$ 168,218,754 |
| Capital assets | 507,619,018 | 501,309,895 | 128,689,470 | 130,369,927 | 636,308,488 | 631,679,822 |
| Total Assets | 692,044,952 | 665,613,581 | 133,734,686 | 134,284,995 | 825,779,638 | 799,898,576 |
| Deferred Outflows Of Resources | | | | | | |
| Deferred outflows - pension | 11,679,587 | 8,262,769 | 290,515 | 209,821 | 11,970,102 | 8,472,590 |
| Deferred outflows - OPEB | 394,949 | — | 21,558 | — | 416,507 | — |
| Deferred amount on refunding | — | 86,999 | — | — | — | 86,999 |
| Total Deferred Outflows Of Resources | 12,074,536 | 8,349,768 | 312,073 | 209,821 | 12,386,609 | 8,559,589 |
| Liabilities | | | | | | |
| Other liabilities | 12,334,078 | 8,394,106 | 787,722 | 1,245,666 | 13,121,800 | 9,639,772 |
| Self insurance claims payable | 1,933,629 | 1,672,236 | — | — | 1,933,629 | 1,672,236 |
| Long-term obligations | 138,239,484 | 131,642,936 | 27,323,207 | 27,123,930 | 165,562,691 | 158,766,866 |
| OPEB liability | 4,943,865 | 4,493,419 | 257,149 | 149,695 | 5,201,014 | 4,643,114 |
| Net pension liability | 34,664,519 | 34,661,451 | 1,089,007 | 964,085 | 35,753,526 | 35,625,536 |
| Total Liabilities | 192,115,575 | 180,864,148 | 29,457,085 | 29,483,376 | 221,572,660 | 210,347,524 |
| Deferred Inflows Of Resources | | | | | | |
| Property tax | 40,379,303 | 38,753,054 | — | — | 40,379,303 | 38,753,054 |
| Deferred inflows - pension | 5,037,841 | 4,366,418 | 79,690 | 196,049 | 5,117,531 | 4,562,467 |
| Deferred inflow - OPEB | 53,073 | — | 5,058 | — | 58,131 | — |
| Deferred amount on refunding | 187,943 | — | 399,045 | 273,505 | 586,988 | 273,505 |
| Total Deferred Inflows Of Resources | 45,658,160 | 43,119,472 | 483,793 | 469,554 | 46,141,953 | 43,589,026 |
| Net Position | | | | | | |
| Net investment in capital assets | 394,509,349 | 378,322,396 | 102,015,292 | 103,251,937 | 496,524,641 | 481,574,333 |
| Restricted | 41,828,452 | 21,792,575 | — | — | 41,828,452 | 21,792,575 |
| Unrestricted | 30,007,952 | 49,864,758 | 2,090,589 | 1,289,949 | 32,098,541 | 51,154,707 |
| Total Net Position | \$ 466,345,753 | \$ 449,979,729 | \$ 104,105,881 | \$ 104,541,886 | \$ 570,451,634 | \$ 554,521,615 |

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 and deferred outflows exceed liabilities and deferred inflows by \$570,451,634 at December 31, 2018.

CITY OF LENEXA, KANSAS

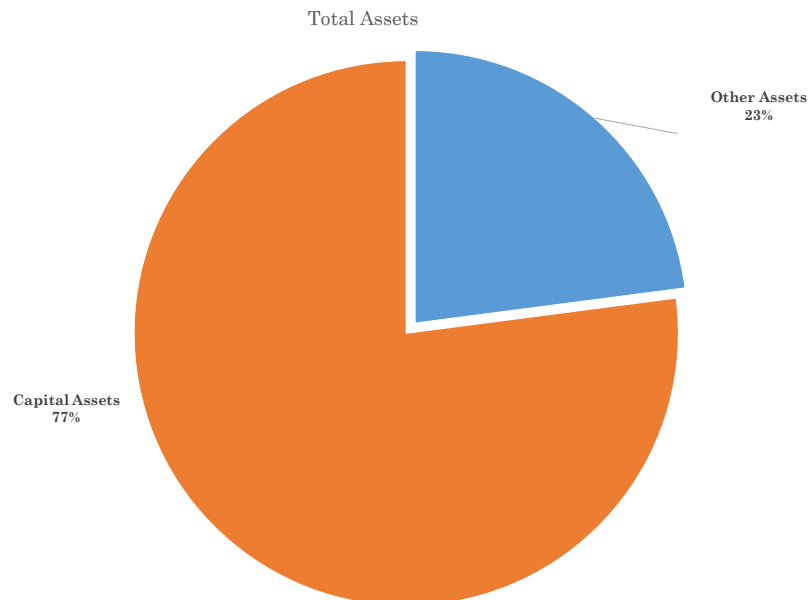
Management's Discussion and Analysis (*Continued*)

The largest portion of the City's net position, \$496,524,641 (87.0%) 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, \$41,828,452 (7.3%), represents resources that are subject to external restrictions on how they may be used. Unrestricted net position, which totals \$32,098,541 (5.7%), represents assets that may be used to meet the government's ongoing obligations to citizens and creditors. The government's net position increased by \$15,736,986, or 2.8%, during the current fiscal year.

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

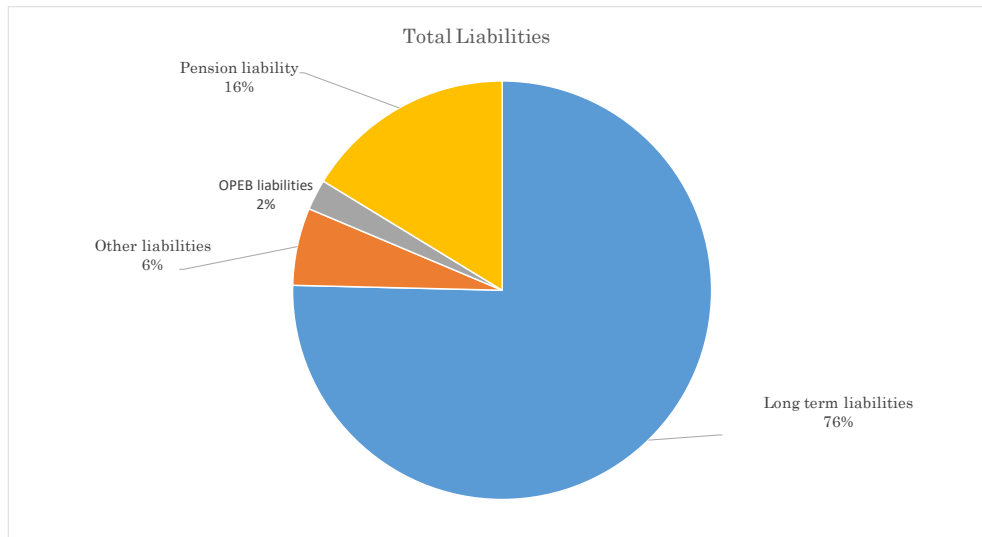
The City ended 2018 with a positive net position. Total assets for the City are \$825,779,638. Of these total assets, \$636,308,488 are capital assets and \$189,471,150 are other assets.



CITY OF LENEXA, KANSAS

Management's Discussion and Analysis (*Continued*)

Total liabilities for the City are \$221,572,660. Of these total liabilities, \$165,562,691 are for long-term liabilities, \$35,753,526 for net pension liability, \$5,201,014 are for Other Post Employment Benefit Obligations, \$1,933,629 for self-insurance claims payable and \$13,121,800 for 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 \$570,451,634. Of this, \$32,098,541 are unrestricted and \$41,828,452 are restricted. Net investment in capital assets is \$496,524,641.

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 | | Business Type | | Total | | Variance Over (Under) |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------------|
| | Activities | | Activities | | Primary Government | | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | |
| Revenues | | | | | | | |
| Program revenues: | | | | | | | |
| Charges for services | \$ 6,920,519 | \$ 7,204,278 | \$ 9,042,726 | \$ 6,972,865 | \$ 15,963,245 | \$ 14,177,143 | \$ 1,786,102 |
| Grants and contributions | 1,631,502 | 1,426,465 | 12,233 | 1,677 | 1,643,735 | 1,428,142 | 215,593 |
| Capital grants and contributions | 5,394,360 | 6,863,630 | 1,682,329 | 2,206,171 | 7,076,689 | 9,069,801 | (1,993,112) |
| General revenues: | | | | | | | |
| Property taxes | 40,772,586 | 38,184,871 | — | — | 40,772,586 | 38,184,871 | 2,587,715 |
| Sales tax | 37,689,395 | 34,370,102 | — | — | 37,689,395 | 34,370,102 | 3,319,293 |
| Other taxes | 14,104,324 | 14,474,634 | — | — | 14,104,324 | 14,474,634 | (370,310) |
| Investment revenue | 2,062,833 | 766,564 | 90,273 | 38,402 | 2,153,106 | 804,966 | 1,348,140 |
| Other | 3,196,936 | 1,509,879 | 16,646 | 397 | 3,213,582 | 1,510,276 | 1,703,306 |
| Total Revenues | 111,772,455 | 104,800,423 | 10,844,207 | 9,219,512 | 122,616,662 | 114,019,935 | 8,596,727 |
| Expenses | | | | | | | |
| General government | 16,514,423 | 15,360,882 | — | — | 16,514,423 | 15,360,882 | 1,153,541 |
| Public safety | 28,042,267 | 26,839,241 | — | — | 28,042,267 | 26,839,241 | 1,203,026 |
| Municipal services | 34,830,561 | 36,074,412 | — | — | 34,830,561 | 36,074,412 | (1,243,851) |
| Parks and recreation | 6,657,697 | 6,847,771 | — | — | 6,657,697 | 6,847,771 | (190,074) |
| Economic development | 6,102,991 | 4,152,083 | — | — | 6,102,991 | 4,152,083 | 1,950,908 |
| Interest on long-term debt | 3,003,720 | 3,729,948 | — | — | 3,003,720 | 3,729,948 | (726,228) |
| Rec Center | — | — | 3,557,455 | 2,058,289 | 3,557,455 | 2,058,289 | 1,499,166 |
| Stormwater | — | — | 8,170,562 | 4,835,726 | 8,170,562 | 4,835,726 | 3,334,836 |
| Total Expenses | 95,151,659 | 93,004,337 | 11,728,017 | 6,894,015 | 106,879,676 | 99,898,352 | 6,981,324 |
| Excess Of Revenues Over Expenditures | 16,620,796 | 11,796,086 | (883,810) | 2,325,497 | 15,736,986 | 14,121,583 | 1,615,403 |
| Other Financing Sources (Uses) | | | | | | | |
| Capital Contribution | — | (35,052,634) | — | 35,052,634 | — | — | — |
| Transfers | (521,416) | (3,706,560) | 521,416 | 3,706,560 | — | — | — |
| Total Other Financing Sources (Uses) | (521,416) | (38,759,194) | 521,416 | 38,759,194 | — | — | — |
| Change In Net Position | 16,099,380 | (26,963,108) | (362,394) | 41,084,691 | 15,736,986 | 14,121,583 | 1,615,403 |
| Net Position - Beginning Of Year | 449,979,729 | 476,942,837 | 104,541,886 | 63,457,195 | 554,521,615 | 540,400,032 | 14,121,583 |
| Prior Period Adjustment | 266,644 | — | (73,611) | — | 193,033 | — | 193,033 |
| Net Position - Beginning Of Year As Restated | 450,246,373 | 476,942,837 | 104,468,275 | 63,457,195 | 554,714,648 | 540,400,032 | 14,314,616 |
| Net Position, End Of Year | \$ 466,345,753 | \$ 449,979,729 | \$ 104,105,881 | \$ 104,541,886 | \$ 570,451,634 | \$ 554,521,615 | \$ 15,930,019 |

The City's net position increased for governmental activities by \$16,099,380. Key elements of this increase are as follows:

- The City received \$4.0 million of donated streets through developer constructed projects.
- Additional special benefit district capital construction projects, including the Maurer Road and Lone Elm Road special benefit districts totaling \$4.5 million, were completed.
- An increase in sales taxes of \$3.3 million partially due to an additional ¼ cent County sales tax increase in which the City receives a portion of the revenue along with increased business development in the community.

CITY OF LENEXA, KANSAS

Management's Discussion and Analysis (*Continued*)

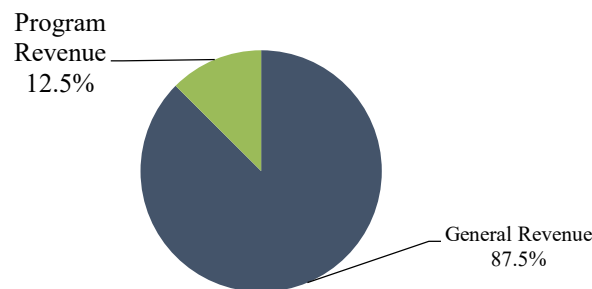
- An increase in property tax revenue of \$2.6 million primarily due to increase in assessed valuation of 6%.

The City's net position decreased for the business-type activities by \$362,394. The key element of this decrease is as follows:

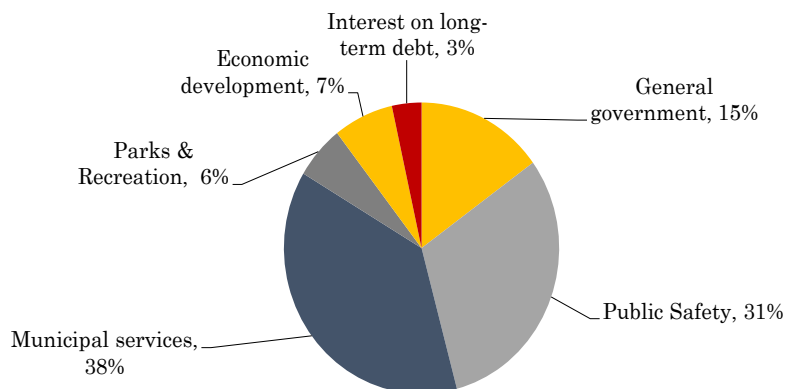
- Continued maintenance work on stormwater infrastructure projects along with the Brookwood Place stormdrainage project.

The government-wide statement of activities indicates the major sources of program revenues are capital grants and contributions. General revenues comprised 87.5% of total revenues for governmental activities. Property taxes are the largest general revenue source for governmental activities amounting to 42% followed closely by sales tax amounting to 39% of general revenues.

Total Revenue



Net Costs Of Services



For purposes of the above graph, only governmental activities are included. In addition, the capital grants and contributions amounts of \$5.4 million have not been included in the net costs of services. The total cost of services for 2018 was \$95.2 million; however, \$6.9 million was funded by charges to users directly benefiting from the services or by other organizations through grants and contributions. Of the remaining \$88.3 million for cost of services, \$86.7 million of these services was funded primarily through property taxes and sales taxes with \$1.6 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 18 to 21 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 2018 with an increase in fund balance.

The General Fund is the main operating fund of the City. The fund balance of the General Fund at December 31, 2018 was \$36,440,271. This represents an increase of \$3,491,223 or a 10.6% increase over the previous year's balance which is due to an increase in overall revenues of \$6.4 million. Property tax revenues increased \$970,000 due to an increase in assessed valuation of 6.0%. Sales and compensating use tax revenue increased \$3.1 million or 9.3%. There was an overall increase in sales and compensating use tax throughout the year along with a full year of an additional County sales tax $\frac{1}{4}$ cent, which began April 2017. The Governing Body also authorized an unplanned \$6 million transfer to the Capital Improvement Fund to fund additional capital improvement projects due to excess General Fund revenue from the prior year.

The fund balance of the Debt Service Fund at December 31, 2018 was \$4,506,695. This represents a decrease of \$1,306,364 or a 22.5% 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, 2018 was \$29,347,340. This represents an increase of \$1,492,675 or a 5.4% increase over the previous year's balance. This increase is primarily the result of an unplanned \$6 million transfer from the General Fund to the Capital Improvement Fund due to excess revenue from the prior year to fund additional capital improvement projects.

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. The fund balance of the Street Improvement Fund at December 31, 2018 was \$16,874,176. This represents an increase of \$13,971,352 or a 481% increase over the previous year's balance. This increase is primarily the result of the City's 2018C debt issue funding the Ridgeview Road project that is expected to be completed in the Fall of 2019.

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 and the Rec Center Fund as Enterprise Funds. All activities necessary to provide such services are accounted for in these funds, 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 2018. However, departments within the City are allowed to transfer budget between line items and between activities within a department. Revenues exceeded budgetary estimates by \$4.8 million and expenditures were less than budgetary estimates by \$3.9 million. Revenues increased in the general fund \$6.4 million over the prior year. Expenditures increased \$3.1 million while transfers out to other funds decreased \$2.4 million. The following are major budgetary highlights of the general fund for the 2018 fiscal year:

- Total taxes revenue was \$72.4 million, which was \$1.2 million more than the budget estimate of \$71.2 million. This is due to an overall increase in City and County sales tax revenue received. This increase is partially due to the County sales tax rate increase of ¼ cent that went into effect April 2017 in which the City receives a portion of this County sales tax.
- Licenses and permits revenue was \$2.6 million, which was an increase of \$794,000 over the budget estimate. 2018 was the fourth consecutive record year for development in the City.
- An increase in operating expense for the General Fund since 2018 was the first full year of operations for the Public Market.
- The Governing Body approved merit and market adjustments to the employee pay plan. This included adjustments to the non-public safety pay ranges created new pay ranges for sworn police and fire positions and adjusted pay administration guidelines with how the City credits employees for internal and external positions.

CITY OF LENEXA, KANSAS

Management's Discussion and Analysis (*Continued*)

Capital Asset And Debt Administration

Capital Assets

The total amount of capital assets for the City at December 31, 2018 was \$636,308,488 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 | |
|--------------------------------|-------------------------|-----------------------|
| | 2018 | 2017 |
| Land | \$ 25,682,636 | \$ 26,330,039 |
| Buildings | 59,687,473 | 62,067,845 |
| Machinery and equipment | 11,312,761 | 10,553,820 |
| Other capital, depreciable | 491,781 | 815,354 |
| Other capital, non-depreciable | 411,700 | 231,700 |
| Infrastructure, depreciable | 390,130,491 | 394,148,197 |
| Construction in progress | 19,902,176 | 7,162,940 |
| Total | \$ 507,619,018 | \$ 501,309,895 |

| | Business-Type Activities | |
|-----------------------------|--------------------------|-----------------------|
| | 2018 | 2017 |
| Land | \$ 1,042,499 | \$ 1,042,499 |
| Buildings | 32,156,995 | 33,285,310 |
| Machinery and equipment | 1,663,746 | 1,751,049 |
| Infrastructure, depreciable | 93,727,430 | 93,615,267 |
| Construction in progress | — | 675,802 |
| Total | \$ 128,689,470 | \$ 130,369,927 |

Major capital events during the fiscal year included the following:

- The Pavement Management Program completed 45.7 lane miles of ultrathin bonded asphalt surface treatments to residential roadways; installed 121 accessible curb ramps; and completed 104,917 square yards of mill and overlay on thoroughfares.
- The Maurer Road Special Benefit District constructed a multi-lane arterial roadway from 87th Street Parkway to Loiret Blvd. The Maurer Road extension will provide access to the future Sonoma Plaza, which includes retail, restaurants, grocery and apartments.
- The Ridgeview Road extension project, connecting Kansas Highway 10 to Prairie Star Parkway, saw significant progress in 2018. The project will provide a vital transportation connection and open up the surrounding area to new development opportunities. The road is set to open to the public in 2019.

CITY OF LENEXA, KANSAS

Management's Discussion and Analysis (*Continued*)

- The Lone Elm Road Special Benefit District constructed a two lane, twenty-eight foot wide street which will open the area for proposed residential and senior living development.
- The Park Entry Signage and Way Finding project was completed. Monuments were constructed at various parks and trails throughout the city

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

Debt Administration

At December 31, 2018, the City had a number of debt issues outstanding. These issues include \$143,800,000 of general obligation bonds and special assessment debt backed by the full faith and credit of the City. This balance represents a \$13,710,000 net increase over the 2017 balance. This net increase is primarily due to the issuance of \$39,720,000 of general obligation and general obligation refunding bonds along with the principal payment of \$26,010,000 on existing and refunded bonds. The City maintained its bond rating from Standard and Poor's of AAA and maintained 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, 2018, the total general obligation debt of \$143,800,000 was well below the City's legal limit of \$387,830,649. A summary of outstanding debt is as follows:

| | Governmental Activities | | Business-Type Activities | | Total | |
|-------------------------------------|-------------------------|----------------|--------------------------|---------------|----------------|----------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| General obligation bonds | \$ 117,870,000 | \$ 108,720,325 | \$ 25,930,000 | \$ 21,369,675 | \$ 143,800,000 | \$ 130,090,000 |
| TIF revenue bonds | 6,129,911 | 6,309,918 | — | — | 6,129,911 | 6,309,918 |
| General obligation notes payable | 3,690,000 | 6,515,000 | — | 4,585,000 | 3,690,000 | 11,100,000 |
| Employee compensated absences (net) | 2,656,601 | 2,258,520 | 92,616 | 80,179 | 2,749,217 | 2,338,699 |
| Net unamortized premium | 7,892,972 | 7,839,173 | 1,113,723 | 889,810 | 9,006,695 | 8,728,983 |
| Revolving loan | — | — | 186,868 | 199,266 | 186,868 | 199,266 |
| Total long-term liabilities | \$ 138,239,484 | \$ 131,642,936 | \$ 27,323,207 | \$ 27,123,930 | \$ 165,562,691 | \$ 158,766,866 |

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 Chief Financial Officer, 17101 W. 87th Street Parkway, Lenexa, Kansas 66219.

Basic Financial Statements

CITY OF LENEXA, KANSAS

STATEMENT OF NET POSITION

December 31, 2018

| | Governmental Activities | Business-Type Activities | Total |
|---|----------------------------|-----------------------------|-----------------------|
| Assets | | | |
| Deposits, including investments and restricted cash and investments | \$ 115,845,367 | \$ 4,887,271 | \$ 120,732,638 |
| Receivables (net of allowance of \$1,428,119) | 68,580,567 | 157,945 | 68,738,512 |
| Capital assets - nondepreciable | 45,996,512 | 1,141,299 | 47,137,811 |
| Capital assets - depreciable, net | 461,622,506 | 127,548,171 | 589,170,677 |
| Total Assets | 692,044,952 | 133,734,686 | 825,779,638 |
| Deferred Outflows Of Resources | | | |
| Deferred outflow - pension | 11,679,587 | 290,515 | 11,970,102 |
| Deferred outflow - OPEB | 394,949 | 21,558 | 416,507 |
| Total Deferred Outflows Of Resources | 12,074,536 | 312,073 | 12,386,609 |
| Liabilities | | | |
| Accounts payable | 7,659,024 | 157,050 | 7,816,074 |
| Accrued interest payable | 3,539,934 | 314,508 | 3,854,442 |
| Accrued compensation | 932,284 | 59,615 | 991,899 |
| Other | 22,756 | 256,549 | 279,305 |
| Due to other entities | 180,080 | — | 180,080 |
| Self-insurance claims payable: | | | |
| Due within one year | 1,710,812 | — | 1,710,812 |
| Due in more than one year | 222,817 | — | 222,817 |
| Long-term liabilities: | | | |
| Due within one year | 20,057,130 | 2,166,321 | 22,223,451 |
| Due in more than one year | 118,182,354 | 25,156,886 | 143,339,240 |
| Net pension liability | 34,664,519 | 1,089,007 | 35,753,526 |
| OPEB liability | 4,943,865 | 257,149 | 5,201,014 |
| Total Liabilities | 192,115,575 | 29,457,085 | 221,572,660 |
| Deferred Inflows Of Resources | | | |
| Property tax | 40,379,303 | — | 40,379,303 |
| Deferred amount on refunding | 187,943 | 399,045 | 586,988 |
| Deferred inflow - pension | 5,037,841 | 79,690 | 5,117,531 |
| Deferred inflow - OPEB | 53,073 | 5,058 | 58,131 |
| Total Deferred Inflows Of Resources | 45,658,160 | 483,793 | 46,141,953 |
| Net Position | | | |
| Net investment in capital assets | 394,509,349 | 102,015,292 | 496,524,641 |
| Restricted for: | | | |
| Debt service | 19,319,257 | — | 19,319,257 |
| Public safety | 852,556 | — | 852,556 |
| Municipal services | 7,248,689 | — | 7,248,689 |
| Parks and recreation | 5,307,063 | — | 5,307,063 |
| General government | 3,177,173 | — | 3,177,173 |
| Capital projects | 5,923,714 | — | 5,923,714 |
| Unrestricted | 30,007,952 | 2,090,589 | 32,098,541 |
| Total Net Position | \$ 466,345,753 | \$ 104,105,881 | \$ 570,451,634 |

CITY OF LENEXA, KANSAS

STATEMENT OF ACTIVITIES For The Year Ended December 31, 2018

| 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 | \$ 16,514,423 | \$ 3,409,364 | \$ 103,683 | \$ — | \$ (13,001,376) | \$ — | \$ (13,001,376) |
| Public safety | 28,042,267 | 1,311,863 | 21,245 | — | (26,709,159) | — | (26,709,159) |
| Municipal services | 34,830,561 | 738,272 | 1,452,774 | 5,394,360 | (27,245,155) | — | (27,245,155) |
| Parks and recreation | 6,657,697 | 1,461,020 | 53,800 | — | (5,142,877) | — | (5,142,877) |
| Economic development | 6,102,991 | — | — | — | (6,102,991) | — | (6,102,991) |
| Interest on long-term debt | 3,003,720 | — | — | — | (3,003,720) | — | (3,003,720) |
| Total Governmental Activities | 95,151,659 | 6,920,519 | 1,631,502 | 5,394,360 | (81,205,278) | — | (81,205,278) |
| Business-Type Activities | | | | | | | |
| Rec Center | 3,557,455 | 2,624,792 | 12,233 | — | — | (920,430) | (920,430) |
| Stormwater | 8,170,562 | 6,417,934 | — | 1,682,329 | — | (70,299) | (70,299) |
| Total Business-Type Activities | 11,728,017 | 9,042,726 | 12,233 | 1,682,329 | — | (990,729) | (990,729) |
| Total | \$ 106,879,676 | \$ 15,963,245 | \$ 1,643,735 | \$ 7,076,689 | (81,205,278) | (990,729) | (82,196,007) |
| General revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Property taxes | | | | | 40,772,586 | — | 40,772,586 |
| Sales taxes | | | | | 37,689,395 | — | 37,689,395 |
| Franchise taxes | | | | | 7,608,294 | — | 7,608,294 |
| Motor vehicle taxes | | | | | 3,287,944 | — | 3,287,944 |
| Transient guest tax | | | | | 1,430,576 | — | 1,430,576 |
| Excise tax | | | | | 865,081 | — | 865,081 |
| Special liquor tax | | | | | 912,429 | — | 912,429 |
| Unrestricted investment earnings | | | | | 2,062,833 | 90,273 | 2,153,106 |
| Miscellaneous | | | | | 3,196,936 | 16,646 | 3,213,582 |
| Transfers | | | | | (521,416) | 521,416 | — |
| Total General Revenues And Transfers | | | | | 97,304,658 | 628,335 | 97,932,993 |
| Change In Net Position | | | | | 16,099,380 | (362,394) | 15,736,986 |
| Net Position - Beginning Of Year | | | | | 449,979,729 | 104,541,886 | 554,521,615 |
| Prior Period Adjustment | | | | | 266,644 | (73,611) | 193,033 |
| Net Position - Beginning Of Year As Restated | | | | | 450,246,373 | 104,468,275 | 554,714,648 |
| Net Position - End Of Year | | | | | \$ 466,345,753 | \$ 104,105,881 | \$ 570,451,634 |

CITY OF LENEXA, KANSAS

BALANCE SHEET - GOVERNMENTAL FUNDS December 31, 2018

| | Major Funds | | | | Nonmajor Funds | Total Governmental Funds |
|--|----------------------|----------------------|--------------------------------|------------------------|--------------------------------|--------------------------------|
| | General Fund | Debt Service | Capital Improvement Fund | Street Improvements | Other Governmental Funds | |
| Assets | | | | | | |
| Deposits and investments | \$ 33,580,208 | \$ 4,488,385 | \$ 27,231,856 | \$ 19,452,000 | \$ 20,031,343 | \$ 104,783,792 |
| Restricted cash and investments | 205,708 | — | — | — | 5,743 | 211,451 |
| Special assessment receivable | — | 18,290,751 | — | — | — | 18,290,751 |
| Property tax receivable (net of allowance for uncollectibles) | 24,657,908 | 7,168,942 | — | — | 8,552,453 | 40,379,303 |
| Sales tax receivable | 6,407,872 | — | — | — | 216,017 | 6,623,889 |
| Transient guest tax receivable | — | — | — | — | 374,861 | 374,861 |
| Franchise tax receivable | 746,614 | — | — | — | — | 746,614 |
| Special highway tax receivable | — | — | — | — | 365,032 | 365,032 |
| Special liquor tax receivable | 85,820 | — | — | — | 171,642 | 257,462 |
| Intergovernmental | — | — | — | 56,500 | 50,161 | 106,661 |
| Interest receivable | 160,826 | 18,310 | 110,572 | 65,010 | 30,973 | 385,691 |
| Due from other funds | 30,516 | — | 1,486,136 | — | — | 1,516,652 |
| Other receivable | 97,238 | — | 542,266 | 227,000 | 102,344 | 968,848 |
| Total Assets | \$ 65,972,710 | \$ 29,966,388 | \$ 29,370,830 | \$ 19,800,510 | \$ 29,900,569 | \$ 175,011,007 |
| Liabilities, Deferred Inflows And Fund Balances | | | | | | |
| Liabilities | | | | | | |
| Accounts payable | \$ 2,254,114 | \$ — | \$ 23,490 | \$ 2,870,334 | \$ 2,510,082 | \$ 7,658,020 |
| Accrued compensation | 931,445 | — | — | — | — | 931,445 |
| Due to other funds | 1,486,136 | — | — | — | 122,100 | 1,608,236 |
| Due to outside entities | 180,080 | — | — | — | — | 180,080 |
| Municipal court deposits | 22,756 | — | — | — | — | 22,756 |
| Total Liabilities | 4,874,531 | — | 23,490 | 2,870,334 | 2,632,182 | 10,400,537 |
| Deferred Inflows Of Resources | | | | | | |
| Property tax | 24,657,908 | 7,168,942 | — | — | 8,552,453 | 40,379,303 |
| Special assessments | — | 18,290,751 | — | — | — | 18,290,751 |
| Other | — | — | — | 56,000 | — | 56,000 |
| Total Deferred Inflows Of Resources | 24,657,908 | 25,459,693 | — | 56,000 | 8,552,453 | 58,726,054 |
| Fund Balances | | | | | | |
| Restricted | — | 4,506,695 | 4,065,289 | 4,850,211 | 13,599,444 | 27,021,639 |
| Committed | 278,649 | — | 709,259 | 10,792,981 | 3,716,554 | 15,497,443 |
| Assigned | 335,313 | — | 24,572,792 | 1,230,984 | 1,399,936 | 27,539,025 |
| Unassigned | 35,826,309 | — | — | — | — | 35,826,309 |
| Total Fund Balances | 36,440,271 | 4,506,695 | 29,347,340 | 16,874,176 | 18,715,934 | 105,884,416 |
| Total Liabilities, Deferred Inflows And Fund Balances | \$ 65,972,710 | \$ 29,966,388 | \$ 29,370,830 | \$ 19,800,510 | \$ 29,900,569 | \$ 175,011,007 |

CITY OF LENEXA, KANSAS

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION December 31, 2018

| | |
|--|------------------------------|
| Total Fund Balance - Governmental Funds | <u>\$ 105,884,416</u> |
| 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). | <u>507,619,018</u> |
| 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. | <u>9,087,691</u> |
| 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. | <u>18,346,751</u> |
| 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, 2018 are: | |
| Accrued compensated absences | (2,656,601) |
| Other post employment benefits obligation | (4,943,865) |
| Unamortized premium on bonds payable | (7,892,972) |
| General obligation notes payable | (3,690,000) |
| Accrued interest payable on long-term debt | (3,539,934) |
| Deferred amount on refunding | (187,943) |
| Tax increment financing bonds payable | (6,129,911) |
| General obligation bonds payable | (117,870,000) |
| Net pension liability | (34,664,519) |
| Deferred outflows - pension | 11,679,587 |
| Deferred inflows - pension | (5,037,841) |
| Deferred outflows - OPEB | 394,949 |
| Deferred inflows - OPEB | (53,073) |
| | <u>(174,592,123)</u> |
| Total Net Position - Governmental Activities | <u><u>\$ 466,345,753</u></u> |

CITY OF LENEXA, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS For The Year Ended December 31, 2018

| | Major Funds | | | | Nonmajor Funds | Total Governmental Funds |
|--|----------------------|---------------------|--------------------------------|------------------------|--------------------------------|--------------------------------|
| | General | Debt Service | Capital Improvement Fund | Street Improvements | Other Governmental Funds | |
| Revenues | | | | | | |
| Taxes | \$ 72,376,684 | \$ 11,234,578 | \$ — | \$ — | \$ 12,007,397 | \$ 95,618,659 |
| Intergovernmental | 31,390 | — | 773 | 1,036,913 | 959,228 | 2,028,304 |
| Licenses and permits | 2,626,121 | — | — | — | — | 2,626,121 |
| Charges for services | 1,946,355 | — | — | — | 1,017,782 | 2,964,137 |
| Rents and leases | 695,946 | — | — | — | — | 695,946 |
| Fines and forfeitures | 865,735 | — | — | — | 7,251 | 872,986 |
| Investment earnings | 1,051,678 | 144,819 | 433,523 | 32,504 | 145,801 | 1,808,325 |
| Miscellaneous | 2,900,565 | — | 318,556 | 292,061 | 101,190 | 3,612,372 |
| Total Revenues | 82,494,474 | 11,379,397 | 752,852 | 1,361,478 | 14,238,649 | 110,226,850 |
| Expenditures | | | | | | |
| Current: | | | | | | |
| General government | 14,522,025 | — | 377,508 | — | 923,268 | 15,822,801 |
| Public safety | 25,787,394 | — | 547,975 | — | 256,809 | 26,592,178 |
| Municipal services | 8,477,373 | — | 857,374 | — | 14,000 | 9,348,747 |
| Recreation | 6,248,640 | — | 303,408 | — | 74,742 | 6,626,790 |
| Economic development | — | — | — | — | 6,102,990 | 6,102,990 |
| Debt service: | | | | | | |
| Principal retirement | — | 9,940,325 | 1,810,000 | 13,850,000 | 795,007 | 26,395,332 |
| Interest and fiscal charges | — | 2,994,206 | 1,029,850 | 74,288 | 176,499 | 4,274,843 |
| Capital outlay: | | | | | | |
| Municipal services | — | — | — | 22,619,026 | 5,779,088 | 28,398,114 |
| Total Expenditures | 55,035,432 | 12,934,531 | 4,926,115 | 36,543,314 | 14,122,403 | 123,561,795 |
| Excess (Deficiency) Of Revenues Over Expenditures | 27,459,042 | (1,555,134) | (4,173,263) | (35,181,836) | 116,246 | (13,334,945) |
| Other Financing Sources (Uses) | | | | | | |
| Issuance of general obligation bonds | — | — | — | 21,530,000 | — | 21,530,000 |
| Issuance of general obligation temporary notes | — | — | — | 3,690,000 | — | 3,690,000 |
| Issuance of refunding bonds | — | — | — | 6,900,000 | 420,000 | 7,320,000 |
| Premium on general obligation bonds | — | — | — | 1,315,806 | 39,401 | 1,355,207 |
| Transfers in | 460,621 | 248,770 | 24,828,763 | 16,462,640 | 7,335,100 | 49,335,894 |
| Transfers out | (24,428,440) | — | (19,162,825) | (745,258) | (5,297,881) | (49,634,404) |
| Total Other Financing Sources (Uses) | (23,967,819) | 248,770 | 5,665,938 | 49,153,188 | 2,496,620 | 33,596,697 |
| Net Changes In Fund Balances | 3,491,223 | (1,306,364) | 1,492,675 | 13,971,352 | 2,612,866 | 20,261,752 |
| Fund Balances - Beginning Of Year | 32,949,048 | 5,813,059 | 27,854,665 | 2,902,824 | 16,103,068 | 85,622,664 |
| Fund Balances - End Of Year | \$ 36,440,271 | \$ 4,506,695 | \$ 29,347,340 | \$ 16,874,176 | \$ 18,715,934 | \$ 105,884,416 |

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, 2018

Net Change In Fund Balances - Total Governmental Funds \$ 20,261,752

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 | \$ 20,794,229 |
| Depreciation expense | (17,708,801) |

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

| | |
|--|------------------|
| Contributions from developers | 4,045,596 |
| Sale of land | (647,403) |
| Net book value of current year disposals | (75,698) |
| Capital contributions to enterprise fund | (98,800) |
| | <u>6,309,123</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 | (210,344) |
| Change in employee compensated absences | (398,081) |
| Change in net pension | (532,627) |
| Change in other post employment benefits obligation | (375,216) |
| | <u>(1,516,268)</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 (2,107,096)

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 | (28,850,000) |
| General obligation note proceeds | (3,690,000) |
| Bond principal payment | 19,700,325 |
| General obligation note payments | 6,515,000 |
| Tax increment financing revenue bond payments | 180,007 |
| Bond premium | (1,355,206) |
| Amortization of bond premium | 1,301,407 |
| Amortization of deferred amount of refunding | (274,942) |
| | <u>(6,473,409)</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. (374,722)

Change In Net Position Of Governmental Activities \$ 16,099,380

CITY OF LENEXA, KANSAS

STATEMENT OF NET POSITION - PROPRIETARY FUNDS December 31, 2018

| | Business-type Activities | | | Governmental |
|---|--------------------------|----------------------|---------------------------|--------------------------|
| | Stormwater | Rec Center | Total Enterprise Funds | Internal Service Fund |
| Assets | | | | |
| Current assets: | | | | |
| Deposits and investments | \$ 3,893,757 | \$ 993,514 | \$ 4,887,271 | \$ 10,850,124 |
| Interest receivable | 11,708 | 4,175 | 15,883 | 30,214 |
| Intergovernmental receivable | 114,717 | — | 114,717 | — |
| Due from other funds | — | — | — | 91,584 |
| Other receivable | — | 27,345 | 27,345 | 51,241 |
| Total current assets | 4,020,182 | 1,025,034 | 5,045,216 | 11,023,163 |
| Noncurrent assets: | | | | |
| Capital assets - nondepreciable | 1,042,499 | 98,800 | 1,141,299 | — |
| Capital assets - depreciable, net | 94,564,169 | 32,984,002 | 127,548,171 | — |
| Total noncurrent assets | 95,606,668 | 33,082,802 | 128,689,470 | — |
| Total Assets | 99,626,850 | 34,107,836 | 133,734,686 | 11,023,163 |
| Deferred Outflows Of Resources | | | | |
| Deferred outflows - pension | 209,835 | 80,680 | 290,515 | — |
| Deferred outflows - OPEB | 15,035 | 6,523 | 21,558 | — |
| Total Deferred Outflows Of Resources | 224,870 | 87,203 | 312,073 | — |
| Liabilities | | | | |
| Current liabilities: | | | | |
| Accounts payable | 151,265 | 5,785 | 157,050 | 1,004 |
| Accrued interest payable | 314,508 | — | 314,508 | — |
| Accrued compensation | 26,310 | 33,305 | 59,615 | 839 |
| Self insurance claims payable | — | — | — | 1,710,812 |
| Current portion of long-term obligations | 2,155,526 | 10,795 | 2,166,321 | — |
| Unearned revenue | — | 256,549 | 256,549 | — |
| Total current liabilities | 2,647,609 | 306,434 | 2,954,043 | 1,712,655 |
| Noncurrent liabilities: | | | | |
| Noncurrent portion of long-term obligations | 25,154,865 | 2,021 | 25,156,886 | — |
| Self insurance claims payable | — | — | — | 222,817 |
| Net pension liability | 728,342 | 360,665 | 1,089,007 | — |
| Net OPEB liability | 179,587 | 77,562 | 257,149 | — |
| Total noncurrent liabilities | 26,062,794 | 440,248 | 26,503,042 | 222,817 |
| Total Liabilities | 28,710,403 | 746,682 | 29,457,085 | 1,935,472 |
| Deferred Inflows Of Resources | | | | |
| Deferred inflows - pension | 67,734 | 11,956 | 79,690 | — |
| Deferred inflows - OPEB | 3,485 | 1,573 | 5,058 | — |
| Deferred amount on refunding | 399,045 | — | 399,045 | — |
| Total Deferred Inflows Of Resources | 470,264 | 13,529 | 483,793 | — |
| Net Position | | | | |
| Net investment in capital assets | 68,932,490 | 33,082,802 | 102,015,292 | — |
| Unrestricted | 1,738,563 | 352,026 | 2,090,589 | 9,087,691 |
| Total Net Position | \$ 70,671,053 | \$ 33,434,828 | \$ 104,105,881 | \$ 9,087,691 |

CITY OF LENEXA, KANSAS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION PROPRIETARY FUND For The Year Ended December 31, 2018

| | Business-Type Activities | | | Governmental Activities |
|--|--------------------------|----------------------|-----------------------|----------------------------|
| | Total Enterprise | | | Internal Service |
| | Stormwater | Rec Center | Funds | Fund |
| Operating Revenues | | | | |
| Intergovernmental | \$ — | \$ 12,233 | \$ 12,233 | \$ 13,099 |
| Charges for services | 6,417,934 | 2,624,792 | 9,042,726 | 6,953,351 |
| Reimbursements from insurance companies | — | — | — | 318,847 |
| Miscellaneous | 13,001 | 3,645 | 16,646 | 95,368 |
| Total Operating Revenues | 6,430,935 | 2,640,670 | 9,071,605 | 7,380,665 |
| Operating Expenses | | | | |
| Personal services | 1,461,556 | 1,624,520 | 3,086,076 | 41,607 |
| Contractual services | — | — | — | 1,185,725 |
| Commodities | — | — | — | 61,857 |
| Stormwater operations | 4,410,219 | — | 4,410,219 | — |
| Rec Center operations | — | 529,581 | 529,581 | — |
| Depreciation | 1,680,442 | 1,403,354 | 3,083,796 | — |
| Claims | — | — | — | 6,596,599 |
| Total Operating Expenses | 7,552,217 | 3,557,455 | 11,109,672 | 7,885,788 |
| Operating Loss | (1,121,282) | (916,785) | (2,038,067) | (505,123) |
| Nonoperating Revenues (Expenses) | | | | |
| Investment income | 79,951 | 10,322 | 90,273 | 254,507 |
| Interest expense | (618,345) | — | (618,345) | — |
| Total Nonoperating Revenues (Expenses) | (538,394) | 10,322 | (528,072) | 254,507 |
| Loss Before Contributions And Transfers | (1,659,676) | (906,463) | (2,566,139) | (250,616) |
| Capital contributions | 1,682,329 | 98,800 | 1,781,129 | — |
| Transfers in | 190,433 | 232,183 | 422,616 | — |
| Transfers out | — | — | — | (124,106) |
| Change In Net Position | 213,086 | (575,480) | (362,394) | (374,722) |
| Total Net Position - Beginning Of Year | 70,473,186 | 34,068,700 | 104,541,886 | 9,462,413 |
| Prior Period Adjustment | (15,219) | (58,392) | (73,611) | — |
| Net Position - Beginning Of Year, As Restated | 70,457,967 | 34,010,308 | 104,468,275 | 9,462,413 |
| Total Net Position - End Of Year | \$ 70,671,053 | \$ 33,434,828 | \$ 104,105,881 | \$ 9,087,691 |

CITY OF LENEXA, KANSAS

STATEMENT OF CASH FLOWS PROPRIETARY FUND For The Year Ended December 31, 2018

| | Business-Type Activities | | | Governmental Activities |
|--|--------------------------|-------------------|---------------------|----------------------------|
| | Total Enterprise | | | Internal |
| | Stormwater | Rec Center | Funds | Service Funds |
| Cash Flows From Operating Activities | | | | |
| Cash received from customers | \$ 6,422,619 | \$ 2,515,649 | \$ 8,938,268 | \$ 7,061,292 |
| Cash from interfund | — | — | — | (91,584) |
| Cash received from insurance companies | — | — | — | 333,081 |
| Cash payments for personnel services | (1,456,299) | (1,507,370) | (2,963,669) | (41,607) |
| Cash payments for contractual services and accounts payable | (4,760,873) | (531,137) | (5,292,010) | (7,589,101) |
| Net Cash Provided By (Used In) Operating Activities | 205,447 | 477,142 | 682,589 | (327,919) |
| Cash Flows From Noncapital Financing Activities | | | | |
| Transfers in | 190,433 | 232,183 | 422,616 | — |
| Transfers out | — | — | — | (124,106) |
| Net Cash Provided By Noncapital Financing Activities | 190,433 | 232,183 | 422,616 | (124,106) |
| Cash Flows From Capital And Related Financing Activities | | | | |
| Premium on bonds | 600,436 | — | — | — |
| Interest paid on long term debt | (847,133) | — | (847,133) | — |
| Additions to capital assets | 413,546 | (35,756) | 377,790 | — |
| Principal paid on revolving loan | (12,398) | — | — | — |
| Proceeds from bonds | 10,870,000 | — | 10,870,000 | — |
| Principal paid on bonds | (6,309,675) | — | — | — |
| Principal paid on temporary notes | (4,585,000) | — | (4,585,000) | — |
| Net Cash Used In Capital And Related Financing Activities | 129,776 | (35,756) | 5,815,657 | — |
| Cash Flows From Investing Activities | | | | |
| Purchases of investments | 79,951 | 10,322 | 90,273 | — |
| Interest received | — | — | — | 251,389 |
| Net Cash Provided By (Used In) Investing Activities | 79,951 | 10,322 | 90,273 | 251,389 |
| Net Increase In Cash And Cash Equivalents | 605,607 | 683,891 | 1,289,498 | (200,636) |
| Cash And Cash Equivalents – Beginning Of Year | 3,288,150 | 309,623 | 3,597,773 | 11,050,760 |
| Cash And Cash Equivalents – End Of Year | \$ 3,893,757 | \$ 993,514 | \$ 4,887,271 | \$ 10,850,124 |
| Reconciliation Of Operating Income To Net Cash From Operating Activities | | | | |
| Operating income (loss) | \$ (1,121,282) | \$ (916,785) | \$ (2,038,067) | \$ (505,123) |
| Adjustments to reconcile operating income (loss) to net cash used in operating activities: | | | | |
| Depreciation | 1,680,442 | 1,403,354 | 3,083,796 | — |
| Change in other operating receivables | (8,314) | (5,318) | (13,632) | (77,875) |
| Change in customer receivables | — | (1,007) | (1,007) | — |
| Change in net OPEB | 12,155 | 5,187 | 17,342 | — |
| Change in compensated absences | 15,676 | (3,239) | 12,437 | — |
| Change in accounts, wages and claims payable | (369,468) | 8,025 | (361,443) | 255,079 |
| Change in net pension liability | (3,762) | 105,620 | 101,858 | — |
| Change in unearned revenue | — | (118,695) | (118,695) | — |
| Net Cash Provided By (Used In) Operating Activities | \$ 205,447 | \$ 477,142 | \$ 682,589 | \$ (327,919) |
| Supplemental Disclosure Of Cash Flow Information | | | | |
| Noncash capital contributions | \$ 1,682,329 | \$ 98,800 | \$ 1,781,129 | \$ — |

CITY OF LENEXA, KANSAS

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS December 31, 2018

| | Pension Trust Fund |
|---|-------------------------------|
| Assets | |
| Cash and short-term investments | \$ 392,715 |
| Investments at fair value: | |
| Domestic stocks | 5,098,777 |
| Real estate | 3,197,836 |
| International stocks | 218,302 |
| Master limited partnerships | 2,106,018 |
| Private equity partnerships | 2,098,764 |
| Fixed income mutual funds | 6,470,684 |
| International mutual funds | 8,265,932 |
| Domestic mutual funds | 206,290 |
| Total investments at fair value | <u>27,662,603</u> |
| Prepaid expenses | 104,840 |
| Total assets | <u>28,160,158</u> |
| Liabilities | |
| Accounts payable | <u>13,174</u> |
| Net Position Restricted For Pensions | <u><u>\$ 28,146,984</u></u> |

CITY OF LENEXA, KANSAS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION For The Year Ended December 31, 2018

| | <u>Pension Trust Fund</u> |
|---|-------------------------------|
| Additions | |
| Contributions: | |
| Employer | \$ — |
| Investment income: | |
| Net appreciation in fair value of investments | (3,050,178) |
| Dividends and interest | 732,590 |
| Investment expenses | <u>(237,697)</u> |
| Net investment income | <u>(2,555,285)</u> |
| Total Additions | <u>(2,555,285)</u> |
| Deductions | |
| Benefits paid | <u>1,640,783</u> |
| Net Increase | (4,196,068) |
| Net Position Restricted For Pensions | |
| Beginning of year | <u>32,343,052</u> |
| End of year | <u><u>\$ 28,146,984</u></u> |

Notes To Basic Financial Statements

THE CITY OF LENEXA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2018

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 and a recreation center as business-type activities.

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 and Rec Center activities. The stormwater 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 Rec Center fund is used to account for the activities related to the rec center.

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. The principal operating revenues of the rec center fund are charges to customers. Operating expenses include the costs of operating and maintain the rec center. 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 average 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. 72, *Fair Value Measurement and Application*.

The City typically invests available cash in demand deposits, time deposits and U.S. Government securities with maturities of twenty-four months or less. The average yield on investments during the year was 1.76% and the amount of investment revenue received was \$2,153,106.

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

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, 2018, 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, 2018 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. Governmental 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. Proprietary or Business type capital assets are defined as having an individual cost of more than \$5,000 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 acquisition 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 - 15 |
| 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. The City has deferred outflows related to pensions and OPEB that result from net differences between projected and actual earnings on investments, differences in actual and expected experience, changes in proportion, and contributions made subsequent to the measurement date.

Compensated Absences

All full-time, part-time and seasonal 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 part-time employees can carry forward 120 to 180 hours depending on annually scheduled hours. Hours accumulated and not taken in excess of these amounts as of the last day of the pay period of the calendar year are transferred to the employee's sick leave balance. Upon termination or resignation, full-time employees and part-time employees on regular status who have been employed for a minimum of one year shall be compensated for all accumulated, unused vacation leave. Seasonal employees accrue vacation according to the part-time accrual schedule but do not carry over balances. Vacation time accrued and not used by the end of the season is paid out to separating employees who worked the entire season. 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 part-time employees in an amount based on position type, with no maximum accumulation. Sick leave balances are not paid out to an employee upon separation of service.

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

Supervisors may authorize employees in full-time, part-time, and 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. A deferred inflow for pension and OPEB results from pension and OPEB differences between expected and actual experience, changes of assumptions, differences between expected and actual earnings and changes in proportion. These amounts are deferred and amortized over the average expected remaining service life of the active and inactive plan members. 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 Debt Service Fund unless related to the Stormwater 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, 2018, 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 balances for all major and nonmajor governmental funds as of December 31, 2018 were allocated as follows:

| Fund Balances | Major | | | | Nonmajor | | Total Governmental Funds |
|---------------------------------|---------------|--------------|---------------------|---------------------|--------------------------|--------------------|--------------------------|
| | General | Debt Service | Capital Improvement | Street Improvements | Other Governmental Funds | Governmental Funds | |
| Restricted for: | | | | | | | |
| Debt service | \$ — | \$ 4,506,695 | \$ — | \$ — | \$ 5,744 | \$ 4,512,439 | |
| Public safety: | | | | | | | |
| Alcohol prevention | — | — | — | — | 564,442 | 564,442 | |
| Police department | — | — | — | — | 288,114 | 288,114 | |
| Municipal services: | | | | | | | |
| Community improvement districts | — | — | — | — | 407,819 | 407,819 | |
| Traffic improvements | — | — | — | — | 2,565,828 | 2,565,828 | |
| Street improvements | — | — | — | — | 365,032 | 365,032 | |
| TIF districts | — | — | — | — | 3,910,013 | 3,910,013 | |
| Parks and recreation: | | | | | | | |
| Parks projects | — | — | 3,052,163 | — | 1,836,753 | 4,888,916 | |
| Street Trees | — | — | — | — | 418,147 | 418,147 | |
| General government: | | | | | | | |
| Economic development | — | — | 1,013,126 | — | — | 1,013,126 | |
| Community development | — | — | — | — | 6,195 | 6,195 | |
| Neighborhood redevelopment | — | — | — | — | 281,138 | 281,138 | |
| Tourism | — | — | — | — | 1,804,174 | 1,804,174 | |
| Legal | — | — | — | — | 72,540 | 72,540 | |
| Capital projects: | | | | | | | |
| Street projects | — | — | — | 4,850,211 | — | 4,850,211 | |
| Municipal building projects | — | — | — | — | 448,263 | 448,263 | |
| Parks and recreation projects | — | — | — | — | 625,242 | 625,242 | |
| Committed to: | | | | | | | |
| Encumbrances: | | | | | | | |
| Legal | 134,796 | — | — | — | — | 134,796 | |
| Community development | 89,949 | — | — | — | — | 89,949 | |
| Fire pumper apparatus | — | — | 709,259 | — | — | 709,259 | |
| Foundation | 53,904 | — | — | — | — | 53,904 | |
| Street projects | — | — | — | 10,792,981 | — | 10,792,981 | |
| Capital acquisition | — | — | — | — | 736,009 | 736,009 | |
| Municipal building projects | — | — | — | — | 2,598,400 | 2,598,400 | |
| Parks and recreation projects | — | — | — | — | 382,145 | 382,145 | |
| Assigned to: | | | | | | | |
| Encumbrances: | | | | | | | |
| Vision 2040 | 28,950 | — | — | — | — | 28,950 | |
| Information technology | 45,542 | — | — | — | — | 45,542 | |
| Community development | — | — | 40,715 | — | — | 40,715 | |
| Municipal services | 93,785 | — | — | — | — | 93,785 | |
| Fire department | 102,893 | — | — | — | — | 102,893 | |
| Police department | 22,979 | — | — | — | — | 22,979 | |
| Parks projects | 41,164 | — | — | — | 1,044,346 | 1,085,510 | |
| Street projects | — | — | — | 1,230,984 | — | 1,230,984 | |
| Equipment replacement | — | — | — | — | 355,590 | 355,590 | |
| Future capital projects | — | — | 24,532,077 | — | — | 24,532,077 | |
| Unassigned | 35,826,309 | — | — | — | — | 35,826,309 | |
| | \$ 36,440,271 | \$ 4,506,695 | \$ 29,347,340 | \$ 16,874,176 | \$ 18,715,934 | \$ 105,884,416 | |

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

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.

New Accounting Standard

For the year ended December 31, 2018, the City implemented GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension*, as amended. Statement No. 75 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditures. As a result of the implementation, net positions as of January 1, 2018 were restated as follows:

| | <u>Governmental</u> | <u>Business-Type</u> | <u>Total</u> |
|---|-----------------------|-----------------------|-----------------------|
| Net Position, As Previously Reported, January 1, 2018 | \$ 449,979,729 | \$ 104,541,886 | \$ 554,521,615 |
| Prior period adjustments | | | |
| Net OPEB health liability (measurement date of December 31, 2017) | 682,789 | (33,949) | 648,840 |
| Net OPEB KPERS disability (measurement date of June 30, 2017) | (416,145) | (39,662) | (455,807) |
| Total prior period adjustments | 266,644 | (73,611) | 193,033 |
| Net Position, As Restated, January 1, 2018 | \$ 450,246,373 | \$ 104,468,275 | \$ 554,714,648 |

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.

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. KMIP does not include any involuntary participants.

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

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 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 | \$ (14,838) | \$ (626) | \$ (15,464) |
| Petty cash | 11,126 | 600 | 11,726 |
| Investments: | | | |
| Municipal investment pool | 2,346,164 | 98,982 | 2,445,146 |
| Repurchase agreements | 11,155,368 | 470,632 | 11,626,000 |
| U.S. Governments securities | 76,771,350 | 3,238,895 | 80,010,245 |
| U.S. Treasury notes | 25,570,452 | 1,078,788 | 26,649,240 |
| Investments held with trustee: | | | |
| Deposits | 5,745 | — | 5,745 |
| Total deposits, including investments | \$ 115,845,367 | \$ 4,887,271 | \$ 120,732,638 |

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, 2018, 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, 2018, the City's investments were in compliance with the policy.

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

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% |
| Kansas General Obligation Bonds | 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 January and June property tax distributions, and prior to debt service payments on 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 concentration of the issuers of securities, and the respective fair value of those securities:

| Investment Type | Total | Rating As Of | |
|--|----------------|-------------------|------------|
| | | December 31, 2018 | Percentage |
| Kansas Municipal Investment Pool | \$ 2,445,146 | AAAf/S1+ | 2% |
| Repurchase agreements | 11,626,000 | Aaa Collateral | 10% |
| U.S. Government Securities | | | |
| Federal National Mortgage Association | 26,672,170 | Aaa | 22% |
| Federal Home Loan Banks | 24,004,030 | Aaa | 20% |
| Federal Home Loan Mortgage Corporation | 10,895,700 | Aaa | 9% |
| Federal Farm Credit | 18,438,345 | Aaa | 15% |
| U.S. Treasury Notes | 26,649,240 | ** | 22% |
| Total | \$ 120,730,631 | | 100% |

** U.S. Treasury Notes and State and local government securities (issued by the U.S. Government) are not rated because they are considered of the highest quality and are backed by the full faith and credit of the U.S. Government.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of debt security investments. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City has a formal policy to structure the portfolio so that securities mature to meet cash requirements for ongoing operations to minimize sales of securities prior to maturity. Exposure to interest rate risk is further limited by setting a maximum maturity of four years.

As of December 31, 2018, the City's investment portfolio had the following investments and maturities:

| Investment Type | Total | Maturities | | | |
|----------------------------------|----------------|------------------|---------------|----------------|----------------|
| | | 6 Months Or Less | 6 - 12 Months | 12 - 24 Months | 24 - 36 Months |
| Kansas Municipal Investment Pool | \$ 2,445,146 | \$ 2,445,146 | \$ — | \$ — | \$ — |
| Repurchase agreements | 11,626,000 | 11,626,000 | — | — | — |
| U.S. Government Securities | | | | | |
| FNMA | 26,672,170 | 2,991,030 | 3,973,200 | 7,887,160 | 11,820,780 |
| FHLB | 24,004,030 | 9,975,850 | 9,945,740 | — | 4,082,440 |
| FHLMC | 10,895,700 | — | 6,946,300 | 3,949,400 | — |
| Federal Farm Credit | 18,438,345 | 5,972,850 | 5,945,640 | 3,512,985 | 3,006,870 |
| U.S. Treasury Notes | 26,649,240 | 3,976,400 | — | 22,672,840 | — |
| Total | \$ 120,730,631 | \$ 36,987,276 | \$ 26,810,880 | \$ 38,022,385 | \$ 18,910,090 |

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

The City categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs and Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of December 31, 2018:

- U.S. Government Securities of \$80,010,245 measured using a matrix pricing model (Level 2 inputs)
- U.S. Treasury Notes of \$26,649,240 measured using quoted prices in an active market (Level 1 inputs)

The Kansas Municipal Investment Pool of \$2,445,146 and the Repurchase Agreements of \$11,626,000 are measured at net asset value, which approximates fair value, and amortized cost, respectively. There are no restrictions on the redemption of the funds as the strategy of the funds is provide liquidity with an investment return.

Defined Benefit Pension Plan

The City had \$28,055,318 in cash and investments related to the City's defined benefit pension plan. These investments are carried at fair value. The City determines fair value based on current available market pricing. 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 7.00%.

There are six asset classes used: domestic equity, emerging markets equity, international equity, domestic fixed income, real assets 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 | | | Long-Term |
|-------------------------|-------------------|----------------|----------------|--------------------------|
| | Target* | Minimum | Maximum | Expected Return** |
| Domestic equity | 28% | 20% | 40% | 7.00% |
| International equities | 23% | 15% | 30% | 7.50% |
| Domestic fixed income | 21% | 15% | 30% | 3.85% |
| Real assets | 20% | 10% | 30% | 6.40% |
| Emerging markets equity | 8% | 5% | 15% | 7.50% |
| Cash | 0% | 0% | 5% | 2.65% |

*Target approximates the assumed asset allocation

**Geometric mean

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

The benchmark for the domestic equity portion of the portfolio is to match or exceed the return of the Russell 3000 Index (net of investment management fees and transaction costs); the benchmark for the emerging markets portion of the portfolio is the MSCI Emerging Markets Index (net of investment management fees and transaction costs); 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 assets of the plan is to equal or exceed the return of 60% of the NCREIF ODCE Index (net of management fees and transaction costs) and 40% of the Alerian MLP index (net of management fees). Investments in cash must represent maturities of one year or less at the time of purchase.

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, 2018, the Plan had the following investments and maturities:

| | <u>Total</u> | <u>12 Months Or Less</u> | <u>> 48 Months</u> |
|-----------------------------|----------------------|------------------------------|-----------------------|
| Fixed income mutual funds | \$ 6,470,684 | \$ — | \$ 6,470,684 |
| Money market mutual funds | 392,715 | 392,715 | — |
| | 6,863,399 | \$ 392,715 | \$ 6,470,684 |
| Domestic stocks | 5,098,777 | | |
| International stocks | 218,302 | | |
| Real estate | 3,197,836 | | |
| International mutual funds | 8,265,932 | | |
| Domestic mutual funds | 206,290 | | |
| Private equity partnerships | 2,098,764 | | |
| Master limited partnerships | 2,106,018 | | |
| <u>Total investments</u> | <u>\$ 28,055,318</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 fixed income mutual funds of \$6,470,684 and the money market mutual funds of \$392,715 are unrated for the purposes of credit risk.

Concentration Of Credit Risk

As of December 31, 2018, 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 Total Return Bond Fund Class I | \$ 6,470,684 | 23% |
| American Funds/Euro Pacific Growth | 3,559,648 | 13% |
| Principal US Property | 3,067,738 | 11% |
| Meritage Large Cap Growth | 2,706,634 | 10% |
| BMO Global Asset Management | 2,681,347 | 10% |
| Tortoise Capital Advisors | 2,616,043 | 9% |
| Vanguard Developed Markets | 2,544,754 | 9% |
| Vanguard Emerging Markets | 2,161,530 | 8% |
| The Boston Company Small-Mid Cap Opportunistic Value | 2,098,764 | 7% |

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.

Fair Value

The City categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs Level 3 inputs are significant unobservable inputs.

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

The City's pension plan investments have the following recurring fair value measurements as of December 31, 2018:

| | Total As Of December 31, 2018 | Fair Value Measurements Using: | | |
|---|-------------------------------------|---|--|--|
| | | Quoted Prices In Active Markets For Identical Assets Level 1 | Significant Other Observable Inputs Level 2 | Significant Unobservable Inputs Level 3 |
| | | | | |
| | | | | |
| <i>Investments By Fair Value Level</i> | | | | |
| Common Stock | | | | |
| Technology | \$ 1,015,763 | \$ 1,015,763 | \$ — | \$ — |
| Financial services | 705,095 | 705,095 | — | — |
| Consumer goods | 646,352 | 646,352 | — | — |
| Healthcare | 928,701 | 928,701 | — | — |
| Industrials | 378,950 | 378,950 | — | — |
| Energy | 567,192 | 567,192 | — | — |
| Utilities | 283,837 | 283,837 | — | — |
| Real estate | 26,422 | 26,422 | — | — |
| Basic materials | 173,871 | 173,871 | — | — |
| Services | 590,896 | 590,896 | — | — |
| Total Common Stock | 5,317,079 | 5,317,079 | — | — |
| Master Limited Partnerships | 2,106,018 | 2,106,018 | — | — |
| Mutual Funds | | | | |
| Fixed income - intermediate-term | 6,470,684 | 6,470,684 | — | — |
| International - foreign large growth | 3,559,648 | 3,559,648 | — | — |
| International - foreign large blend | 2,544,754 | 2,544,754 | — | — |
| International - diversified emerging markets | 2,161,530 | 2,161,530 | — | — |
| Domestic commingled and ETF | 206,290 | 206,290 | — | — |
| Total Mutual Funds | 14,942,906 | 14,942,906 | — | — |
| Investments By Fair Value Level | \$ 22,366,003 | \$ 22,366,003 | \$ — | \$ — |
| <i>Investments At Net Asset Value</i> | | | | |
| Private equity partnerships | \$ 2,098,764 | | | |
| Real estate commingled funds | 3,197,836 | | | |
| Total Investments Measured At NAV | 5,296,600 | | | |
| <i>Investments Measured At Amortized Cost</i> | | | | |
| Money market investments | 392,715 | | | |
| Total Investments Value | \$ 28,055,318 | | | |

Common Stock

Common Stock classified in Level 1 are priced by identical securities traded on an established exchange.

Master Limited Partnerships

Master Limited Partnerships classified in Level 1 are priced by identical securities traded on an established exchange.

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

Mutual Funds

Mutual funds classified in Level 1 are the sum of their respective public market holdings and are leveled according to those inputs and are not driven by the characteristic of their ownership.

Investments Measured At Net Asset Value (NAV)

For one private equity partnership and two real estate commingled funds, the fair value of each investment has been determined using the NAV per share or its equivalent of the Retirement System's ownership interest in the partners' capital. All partnerships and funds provided their most recently available audit report issued for their respective year ends occurring in 2018 along with unaudited quarterly reports. There were no unfunded commitments related to these investments at December 31, 2018. The investments in real estate funds are invested primarily in US real estate including office, retail, apartment, and industrial real estate. The private equity partnership is invested primarily in common stocks and other equities generally traded on a major United States or Canadian stock exchange, and the fund is expected to have investments with market capitalization within the same range as issuers included in the Russell 2500 Index. Any sales of these investments would be on an inefficient secondary market that could result in values above or below those listed.

Redemptions can be made for the private equity partnership with at least one day notice to the fund. Redemptions can be postponed if the Fund determines such offering would disrupt the management of the Fund. One real estate commingled fund requires 45 day written notice to the fund for redemption to be completed. Units are redeemed monthly and are subject to cash availability. One real estate commingled fund requires 7 day written notice to the fund for redemption to be completed. Units are redeemed monthly and are subject to stable investment market conditions and cash availability.

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 Improve- ment | Street Improve- ments | Other Govern- mental | Internal Service | Total |
|---|----------------------|----------------------|-----------------------------|-----------------------------|----------------------------|---------------------|----------------------|
| Property tax | \$ 25,761,863 | \$ 7,493,106 | \$ — | \$ — | \$ 8,552,453 | \$ — | \$ 41,807,422 |
| Sales tax | 6,407,872 | — | — | — | 216,017 | — | 6,623,889 |
| Transient guest tax | — | — | — | — | 374,861 | — | 374,861 |
| Franchise tax | 746,614 | — | — | — | — | — | 746,614 |
| Special highway tax | — | — | — | — | 365,032 | — | 365,032 |
| Special liquor tax | 85,820 | — | — | — | 171,642 | — | 257,462 |
| Special assessment | — | 18,290,751 | — | — | — | — | 18,290,751 |
| Intergovernmental | — | — | — | 56,500 | 50,161 | — | 106,661 |
| Interest | 160,826 | 18,310 | 110,572 | 65,010 | 30,973 | 30,214 | 415,905 |
| Other | 97,238 | — | 542,266 | 227,000 | 102,344 | 51,241 | 1,020,089 |
| Less: allowance for uncollectible accounts | (1,103,955) | (324,164) | — | — | — | — | (1,428,119) |
| Total receivables | \$ 32,156,278 | \$ 25,478,003 | \$ 652,838 | \$ 348,510 | \$ 9,863,483 | \$ 81,455 | \$ 68,580,567 |

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (Continued)

Included in “Other” in the Capital Improvement Fund is a \$192,266 tenant improvement loan for Park University, and a \$350,000 economic development loan to a developer to help finance renovations, repairs and improvements to the Greystone South Plaza Shopping Center.

4. Tax Revenues

Tax revenues for the City consist of the following:

| | General | Debt Service | Governmental Funds | Other Funds | Total |
|---------------------------|----------------------|----------------------|-----------------------|----------------------|----------------------|
| Property tax | \$ 24,465,586 | \$ 8,131,487 | \$ 7,534,313 | \$ 40,131,386 | \$ 40,131,386 |
| Sales tax | 36,707,948 | — | 981,447 | 37,689,395 | 37,689,395 |
| Transient guest tax | — | — | 1,430,576 | 1,430,576 | 1,430,576 |
| Franchise tax | 7,608,294 | — | — | 7,608,294 | 7,608,294 |
| Special assessment | — | 2,240,776 | — | 2,240,776 | 2,240,776 |
| Motor vehicle | 2,425,630 | 862,315 | — | 3,287,945 | 3,287,945 |
| Other | 1,169,226 | — | 2,061,061 | 3,230,287 | 3,230,287 |
| Total tax revenues | \$ 72,376,684 | \$ 11,234,578 | \$ 12,007,397 | \$ 95,618,659 | \$ 95,618,659 |

5. Capital Assets

The following is a summary of changes in capital assets for the year ended December 31, 2018:

| | Balance December 31, 2017 | Reclassifications | Increases | Decreases | Balance December 31, 2018 |
|---|---------------------------------|--------------------|----------------------|----------------------|---------------------------------|
| Governmental activities: | | | | | |
| Assets not being depreciated: | | | | | |
| Land | \$ 26,330,039 | \$ — | \$ — | \$ 647,403 | \$ 25,682,636 |
| Other capital - non-depreciated | 231,700 | (98,800) | 278,800 | — | 411,700 |
| Construction in progress | 7,162,940 | — | 26,242,413 | 13,503,177 | 19,902,176 |
| Total nondepreciable capital assets | 33,724,679 | (98,800) | 26,521,213 | 14,150,580 | 45,996,512 |
| Assets being depreciated: | | | | | |
| Buildings | 91,981,705 | — | 410,695 | — | 92,392,400 |
| Machinery and equipment | 26,233,210 | — | 2,827,637 | 1,947,121 | 27,113,726 |
| Other capital - depreciated | 2,182,419 | — | — | 46,406 | 2,136,013 |
| Infrastructure - streets | 636,093,828 | — | 8,583,457 | — | 644,677,285 |
| Total depreciable capital assets | 756,491,162 | — | 11,821,789 | 1,993,527 | 766,319,424 |
| Less accumulated depreciation | | | | | |
| Buildings | (29,913,860) | — | (2,791,067) | — | (32,704,927) |
| Machinery and equipment | (15,679,390) | — | (2,005,373) | (1,883,798) | (15,800,965) |
| Other capital - depreciated | (1,367,065) | — | (311,198) | (34,031) | (1,644,232) |
| Infrastructure - streets | (241,945,631) | — | (12,601,163) | — | (254,546,794) |
| Total accumulated depreciation | (288,905,946) | — | (17,708,801) | (1,917,829) | (304,696,918) |
| Total capital assets being depreciated, net | 467,585,216 | — | (5,887,012) | 75,698 | 461,622,506 |
| Total governmental activities, capital assets, net | \$ 501,309,895 | \$ (98,800) | \$ 20,634,201 | \$ 14,226,278 | \$ 507,619,018 |

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

| | Balance December 31, 2017 | Reclassifications | Increases | Decreases | Balance December 31, 2018 |
|--|---------------------------------|-------------------|---------------------|---------------------|---------------------------------|
| Business type activities: | | | | | |
| Assets not being depreciated: | | | | | |
| Land | \$ 1,042,499 | \$ — | \$ — | \$ — | \$ 1,042,499 |
| Other capital - non-depreciated | — | 98,800 | — | — | 98,800 |
| Construction in progress | 675,802 | — | 3,542,255 | 4,218,057 | — |
| Total nondepreciable capital assets | 1,718,301 | 98,800 | 3,542,255 | 4,218,057 | 1,141,299 |
| Assets being depreciated: | | | | | |
| Buildings | 33,849,468 | — | — | — | 33,849,468 |
| Machinery and equipment | 2,128,095 | — | 298,012 | 40,057 | 2,386,050 |
| Infrastructure - stormwater | 116,843,989 | — | 1,682,329 | — | 118,526,318 |
| Total depreciable capital assets | 152,821,552 | — | 1,980,341 | 40,057 | 154,761,836 |
| Less accumulated depreciation | | | | | |
| Buildings | (564,158) | — | (1,128,315) | — | (1,692,473) |
| Machinery and equipment | (377,046) | — | (385,315) | (40,057) | (722,304) |
| Infrastructure - stormwater | (23,228,722) | — | (1,570,166) | — | (24,798,888) |
| Total accumulated depreciation | (24,169,926) | — | (3,083,796) | (40,057) | (27,213,665) |
| Total capital assets being depreciated, net | 128,651,626 | — | (1,103,455) | — | 127,548,171 |
| Total business type activities, capital assets, net | \$ 130,369,927 | \$ 98,800 | \$ 2,438,800 | \$ 4,218,057 | \$ 128,689,470 |

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

| | |
|--|----------------------|
| Governmental activities: | |
| General government | \$ 785,676 |
| Public safety | 1,296,338 |
| Municipal services | 2,168,036 |
| Infrastructure | 12,601,163 |
| Parks and recreation | 857,588 |
| Total depreciation expense - governmental activities | \$ 17,708,801 |
| Business-type activities: | |
| Municipal services | \$ 110,276 |
| Parks and recreation | 1,403,354 |
| Infrastructure | 1,570,166 |
| Total depreciation expense - business type activities | \$ 3,083,796 |

6. Commitments

Construction Commitments

Normal commitments have been made for future expenditures related to the City's capital projects programs. At December 31, 2018, outstanding construction commitments, including obligations for capital outlay, were \$23,694,060.

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (Continued)

At December 31, 2018, capital project authorizations compared with expenditures from inception are as follows:

| | Project Authorizations | Expenditures - Project Inception To December 31, 2018 |
|--------------------------|-----------------------------------|--|
| Governmental activities: | | |
| Street improvements | \$ 86,526,594 | \$ 19,112,341 |
| Municipal buildings | 84,440,000 | 576,102 |
| Capital acquisitions | 1,578,966 | — |
| Parks and recreation | 8,050,530 | 213,733 |
| | \$ 180,596,090 | \$ 19,902,176 |

| | Project Authorizations | Expenditures - Project Inception To December 31, 2018 |
|---------------------------|-----------------------------------|--|
| Business-type activities: | | |
| Storm drainage | \$ 14,335,463 | \$ — |

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, 2018 are as follows:

| | Interfund Receivables | Interfund Payables |
|------------------------------|----------------------------------|-------------------------------|
| General fund | \$ 30,516 | \$ 1,486,136 |
| Capital improvement fund | 1,486,136 | — |
| City Center East #1 CID fund | — | 91,584 |
| Grants fund | — | 30,516 |
| Risk management | 91,584 | — |
| | \$ 1,608,236 | \$ 1,608,236 |

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (Continued)

The General Fund interfund payable is a portion of the 3/8 cent sales tax to fund parks and road improvements. The payable will be eliminated in 2019. The interfund payable portion of the Grants Fund is due to a deficit balance, this payable will be liquidated when grant revenues are received. The interfund payable in the City Center East #1 CID fund is due to the overpayment of funds to an entity in the CID district.

A summary of interfund transfers by fund type is as follows at December 31, 2018:

| | Transfers Out | | | | | Total |
|--------------------------|----------------------|-----------------------------|------------------------------|-------------------------------|---------------------|----------------------|
| | General | Street Improve- ments | Capital Improve- ments | Nonmajor Govern- mental | Internal Service | |
| Transfers in: | | | | | | |
| General | \$ — | \$ — | \$ — | \$ 460,621 | \$ — | \$ 460,621 |
| Debt service | — | 37,908 | — | 210,862 | — | 248,770 |
| Street Improvements | — | — | 14,598,594 | 1,740,176 | 123,870 | 16,462,640 |
| Capital Improvements | 21,892,542 | 486,633 | — | 2,449,588 | — | 24,828,763 |
| Nonmajor Governmental | 2,303,950 | 220,717 | 4,564,231 | 246,202 | — | 7,335,100 |
| Enterprise | 231,948 | — | — | 190,432 | 236 | 422,616 |
| Total | \$ 24,428,440 | \$ 745,258 | \$ 19,162,825 | \$ 5,297,881 | \$ 124,106 | \$ 49,758,510 |

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. Lease Income

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 cost of the Thompson Farm was \$790,000 with accumulated depreciation of \$566,167 and a current carrying value of \$223,833.

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (Continued)

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, 87th and Monrovia, 11925 Santa Fe Drive, 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 \$1,063,500 and a current carrying value of \$0.

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

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------------|
| 2019 | \$ 397,696 |
| 2020 | 414,277 |
| 2021 | 429,299 |
| 2022 | 387,843 |
| 2023 | 399,791 |
| 2024 - 2028 | 1,609,374 |
| 2029 - 2033 | 732,375 |
| 2034 | 8,395 |
| | <u>\$ 4,379,050</u> |

Park University Lease

The City leases to Park University, a portion of the building at Lenexa City Hall, 17101 West 87th Street Parkway for post-secondary educational opportunities. This lease consists of 5,600 square feet on the second floor of City Hall. The lease provides for monthly rent payments in the amount of \$9,777 for the first 36 months of the lease. The monthly rental amount for the 37th month to the 60th month increases to \$10,262. Minimum future rentals are as follows:

| <u>Year</u> | <u>Amount</u> |
|-------------|-------------------|
| 2019 | \$ 117,320 |
| 2020 | 119,747 |
| 2021 | 123,144 |
| 2022 | 71,834 |
| | <u>\$ 432,045</u> |

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (Continued)

Public Market Lease

The City has multiple lease agreements with vendors for market space in the city owned Public Market at 8750 Penrose Lane in the lower level of Lenexa City Hall. The lease agreements provide for monthly lease payments. The lease agreements for three of our anchor tenants are for 24 months. Base rent is calculated as 10% of gross sales for the period commencing on the 15th day of the calendar month two months prior to the month in which the base rent is due through the 14th day of the month immediately preceding the calendar month in which the base rent is due. One of the Public Market's anchor tenants has a 36 month lease agreement with an option to renew with a 3% increase for an additional 36 months. The minimum future rentals payments are as follows:

| <u>Year</u> | <u>Amount</u> |
|-------------|------------------|
| 2019 | \$ 31,605 |
| 2020 | 21,070 |
| | <u>\$ 52,675</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, 2018:

| | <u>Balance</u> <u>December 31,</u> <u>2017</u> | <u>Additions</u> | <u>Retired</u> | <u>Balance</u> <u>December 31,</u> <u>2018</u> | <u>Due</u> <u>Within</u> <u>One Year</u> |
|--|--|----------------------|----------------------|--|--|
| Governmental Activities: | | | | | |
| General obligation bonds | \$ 108,720,325 | \$ 28,850,000 | \$ 19,700,325 | \$ 117,870,000 | \$ 10,800,000 |
| Net unamortized premium | 7,839,173 | 1,355,207 | 1,301,408 | 7,892,972 | 889,557 |
| Tax increment revenue bonds | 6,309,918 | — | 180,007 | 6,129,911 | 6,129,911 |
| General obligation notes payable | 6,515,000 | 3,690,000 | 6,515,000 | 3,690,000 | — |
| Employee compensated absences | 2,258,520 | 2,317,995 | 1,919,914 | 2,656,601 | 2,237,662 |
| Total governmental activities long-term obligations | <u>131,642,936</u> | <u>36,213,202</u> | <u>29,616,654</u> | <u>138,239,484</u> | <u>20,057,130</u> |
| Business Type Activities: | | | | | |
| General obligation bonds | 21,369,675 | 10,870,000 | 6,309,675 | 25,930,000 | 1,965,000 |
| Net unamortized premium | 889,810 | 600,436 | 376,523 | 1,113,723 | 110,572 |
| General obligation notes payable | 4,585,000 | — | 4,585,000 | — | — |
| Employee compensated absences | 80,179 | 79,370 | 66,933 | 92,616 | 78,011 |
| Revolving loans payable | 199,266 | — | 12,398 | 186,868 | 12,738 |
| Total business type activities long-term obligations | <u>27,123,930</u> | <u>11,549,806</u> | <u>11,350,529</u> | <u>27,323,207</u> | <u>2,166,321</u> |
| | <u>\$ 158,766,866</u> | <u>\$ 47,763,008</u> | <u>\$ 40,967,183</u> | <u>\$ 165,562,691</u> | <u>\$ 22,223,451</u> |

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

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

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 and business-type activities.

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, 2018 | Interest Paid 2018 |
|---|--------|------------------|-----------------------|---------------------|-------------------------------|---------------------|
| Street improvements, refunding | 2003A | 3.65 to 4.6% | \$ 34,565,000 | 9/1/2018 | \$ — | \$ 11,856 |
| Land acquisition | 2006E | 4.0 to 4.125% | 940,000 | 9/1/2026 | — | 20,491 |
| Street, City Center East Benefit District | 2007B | 5.0% | 12,975,000 | 9/1/2022 | — | 97,000 |
| Street improvements | 2008B | 3.0 to 5% | 15,020,000 | 9/1/2023 | — | 311,075 |
| Street improvements | 2009A | 1.5 to 5.5% | 2,985,000 | 9/1/2024 | 670,000 | 32,130 |
| Street improvements | 2010B | 3.0 to 4.0% | 11,445,000 | 9/1/2030 | 6,275,000 | 250,519 |
| Refunding | 2010C | 4.0 to 5.0% | 13,424,662 | 9/1/2018 | — | 124,660 |
| Building improvements | 2011A | 3.0 to 4.0% | 4,800,000 | 9/1/2021 | 1,570,000 | 62,250 |
| Street improvements | 2012A | 2.25 to 3.25% | 13,000,000 | 9/1/2022 | 8,570,000 | 267,444 |
| Street improvements | 2013A | 2.0 to 4.125% | 4,635,000 | 9/1/2023 | 2,600,000 | 88,175 |
| Street improvements | 2014A | 2.125 to 5.0% | 14,490,000 | 9/1/2035 | 10,325,000 | 381,950 |
| Street improvements, refunding | 2014B | 2.0 to 5.0% | 4,320,000 | 9/1/2021 | 2,395,000 | 161,250 |
| Street improvements, refunding | 2015A | 2.0 to 5.0% | 21,390,000 | 9/1/2035 | 17,990,000 | 734,175 |
| Civic Center Project | 2015B | 2.0 to 5.0% | 44,140,000 | 9/1/2035 | 38,625,000 | 1,597,588 |
| Refunding, Benefit Districts | 2018A | 2.0 to 5.0% | 13,300,000 | 9/1/2038 | 13,300,000 | — |
| Street improvements | 2018C | 3.0 to 5.0% | 15,550,000 | 9/1/2038 | 15,550,000 | — |
| | | | | | <u>\$ 117,870,000</u> | <u>\$ 4,140,563</u> |

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

| | Series | Interest Rates % | Original Issue Amount | Final Maturity Date | Outstanding December 31, 2018 | Interest Paid 2018 |
|------------------------------------|---------------|-------------------------|------------------------------|----------------------------|--------------------------------------|---------------------------|
| Stormwater improvements | 2003A | 3.65 to 4.6% | \$ 16,800,000 | 9/1/2018 | \$ — | \$ 5,644 |
| Stormwater improvements | 2006E | 4.0 to 4.125% | 2,070,000 | 9/1/2026 | — | 45,266 |
| Stormwater improvements | 2007B | 5.0% | 4,010,000 | 9/1/2027 | — | 124,500 |
| Stormwater improvements | 2009A | 1.5 to 5.5% | 2,960,000 | 9/1/2029 | 1,845,000 | 70,273 |
| Stormwater improvements | 2010B | 3.0 to 4.0% | 1,945,000 | 9/1/2030 | 940,000 | 40,013 |
| Stormwater improvements, refunding | 2010C | 4.0 to 5.0% | 6,390,338 | 9/1/2018 | — | 59,340 |
| Stormwater improvements | 2011A | 3.0 to 4.0% | 1,260,000 | 9/1/2031 | 915,000 | 33,119 |
| Stormwater improvements | 2012A | 2.25 to 3.25% | 1,465,000 | 9/1/2032 | 885,000 | 27,644 |
| Stormwater refunding | 2012B | 2.0 to 3.0% | 4,208,124 | 9/1/2024 | 2,215,000 | 73,150 |
| Stormwater improvements | 2013A | 2.0 to 4.125% | 2,985,000 | 9/1/2033 | 2,395,000 | 88,256 |
| Stormwater improvements | 2014A | 2.125 to 5.0% | 1,115,000 | 9/1/2034 | 945,000 | 30,506 |
| Stormwater improvements, refunding | 2014B | 2.0 to 5.0% | 4,325,000 | 9/1/2026 | 3,390,000 | 127,563 |
| Stormwater improvements | 2015A | 2.0 to 5.0% | 1,705,000 | 9/1/2035 | 1,530,000 | 59,700 |
| Stormwater improvements, refunding | 2018A | 2.0 to 5.0% | 9,700,000 | 9/1/2038 | 9,700,000 | — |
| Stormwater improvements | 2018C | 3.0 to 5.0% | 1,170,000 | 9/1/2038 | 1,170,000 | — |
| | | | | | <u>\$ 25,930,000</u> | <u>\$ 784,974</u> |

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 |
|-------------|-----------------------|----------------------|-----------------------|
| 2019 | \$ 10,800,000 | \$ 4,359,692 | \$ 15,159,692 |
| 2020 | 10,905,000 | 4,016,694 | 14,921,694 |
| 2021 | 10,995,000 | 3,520,331 | 14,515,331 |
| 2022 | 10,220,000 | 3,140,081 | 13,360,081 |
| 2023 | 9,795,000 | 2,706,631 | 12,501,631 |
| 2024 - 2028 | 36,285,000 | 8,594,700 | 44,879,700 |
| 2029 - 2033 | 18,540,000 | 3,652,138 | 22,192,138 |
| 2034 - 2038 | 10,330,000 | 921,787 | 11,251,787 |
| | <u>\$ 117,870,000</u> | <u>\$ 30,912,054</u> | <u>\$ 148,782,054</u> |

| Year | Principal | Interest | Total |
|-------------|----------------------|---------------------|----------------------|
| 2019 | \$ 1,965,000 | \$ 964,468 | \$ 2,929,468 |
| 2020 | 2,060,000 | 877,036 | 2,937,036 |
| 2021 | 2,065,000 | 789,444 | 2,854,444 |
| 2022 | 2,100,000 | 702,694 | 2,802,694 |
| 2023 | 2,125,000 | 627,769 | 2,752,769 |
| 2024 - 2028 | 8,055,000 | 2,157,507 | 10,212,507 |
| 2029 - 2033 | 4,745,000 | 929,900 | 5,674,900 |
| 2034 - 2038 | 2,815,000 | 268,331 | 3,083,331 |
| | <u>\$ 25,930,000</u> | <u>\$ 7,317,149</u> | <u>\$ 33,247,149</u> |

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, 2018 are payable as follows:

| <u>Project</u> | <u>Interest Rate %</u> | <u>Issue Date</u> | <u>Maturity Date</u> | <u>Outstanding December 31, 2018</u> | <u>Interest Paid 2018</u> |
|-------------------------|----------------------------|-------------------|--------------------------|--|-----------------------------------|
| Street Improvements | 1.25% | 7/21/2016 | 9/1/2018 | \$ — | \$ 36,750 |
| Stormwater Improvements | 1.25% | 7/21/2016 | 9/1/2018 | — | 57,313 |
| Street Improvements | 1.05% | 3/7/2017 | 3/1/2019 | — | 37,538 |
| Street Improvements | 2.00% | 8/16/2018 | 9/1/2020 | 3,690,000 | — |
| | | | | <u>\$ 3,690,000</u> | <u>\$ 131,601</u> |

The City's total general obligation debt is \$143,800,000 and general obligation notes payable of \$3,690,000 for a total of \$147,490,000. The City has \$263,998,096 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 2018, incremental ad valorem tax revenues were \$246,202.

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.

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.

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

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.

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."

On April 1, 2014, the trustee made a partial redemption payment of principal on the bonds in the amount of \$191,782 and a partial payment of the accrued interest in the amount of \$18,278. On July 15, 2015, the trustee made a partial redemption payment of principal on the bonds in the amount of \$177,566 and a partial payment of the accrued interest in the amount of \$27,444. On July 12, 2016, the trustee made a partial redemption payment of principal on the bonds in the amount of \$181,199 and a partial payment of the accrued interest in the amount of \$38,801. On July 14, 2017, the trustee made a partial redemption payment of principal on the bonds in the amount of \$184,500 and a partial payment of the accrued interest in the amount of \$50,500. On July 13, 2018, the trustee made a partial redemption payment of principal on the bonds in the amount of \$180,007 and a partial payment of the accrued interest in the amount of \$59,993.

As of December 31, 2018, the outstanding principal for the bonds is \$6,129,911 and the outstanding accrued interest is \$2,213,421.

Reimbursable Developer Project Costs

These obligations represent tax increment financing (TIF) project costs that have been certified by the City as eligible for reimbursement to the applicant from TIF revenues attributable to a TIF project. Costs are certified upon project completion and may be certified in phases. Under the state TIF Act and City policy, the City may reimburse approved certified cost amounts 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 an 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, 2018, the City has approved thirty-two redevelopment project plans. All but two of the redevelopment project plans are reimbursement only, and three 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.

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. At December 31, 2018, there are no certified costs to be reimbursed to the applicant. Project Plan One expired in December 2018.

Ridgeview Mining (formerly Meritex) TIF Project Plan Two was approved by Ordinance No. 5594 on April 18, 2017. This ordinance provides solely for reimbursement to the City for TIF eligible infrastructure improvements associated with the construction of Ridgeview Road (Prairie Star Parkway to K-10 Highway), remainder of the 99th Street and 98th Street. No certified costs have been submitted.

Ridgeview Mining (formerly Meritex) TIF Project Plan Three was approved by Ordinance No. 5689 on November 6, 2018. In 2018, incremental ad valorem tax revenues and payments made to the applicant were \$518,599. The applicant may be reimbursed up to the balance of the certified cost amount of \$0 until 2038.

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

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 2018, incremental ad valorem tax revenues and payments made to the applicant were \$401,386. The applicant may be reimbursed up to the balance of the certified cost amount of \$4,736,521 until 2024.

Mining TIF Project Plan Two was approved by Ordinance No. 5033 on May 6, 2008. In 2018, incremental ad valorem tax revenues and payments made to the applicant were \$486,342. The applicant may be reimbursed up to the balance of the certified cost amount of \$3,579,030 through June 2025, and the City shall be reimbursed for its TIF eligible costs through May 2028. The applicant receives first priority for the TIF distributions.

Mining TIF Project Plan Three was approved by Ordinance No. 5262 on June 5, 2012 and amended by Ordinance No. 5631 on December 5, 2017. In 2018, incremental ad valorem tax revenues and payments made to the applicant were \$697,938. The applicant may be reimbursed up to the balance of the certified cost amount of \$9,823,799 through June 2032.

Mining TIF Project Plan Four was approved by Ordinance No. 5688 on November 6, 2018. No certified costs have been submitted.

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 (project plan 1) for the City Center TIF District was approved on October 16, 2001 by Ordinance No. 4431, which subsequently was 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.

City Center TIF project plan 1B was approved by Ordinance No. 5043 on July 1, 2008. In 2018, incremental ad valorem tax revenues and payments made to the applicant were \$328,028. The applicant may be reimbursed up to the balance of the certified cost amount of \$2,017,976 until July 2028.

City Center TIF project plan 1C was approved by Ordinance No. 5272 on July 11, 2012. In 2018, incremental ad valorem tax revenues and payments made to the applicant were \$681,990. The applicant may be reimbursed up to the balance of the certified cost amount of \$13,605,631 through July 2032.

City Center TIF project plan 1D was approved by Ordinance No. 5297 on March 5, 2013. In 2018, incremental ad valorem tax revenues and payments made to the applicant were \$99,330. The applicant may be reimbursed up to the balance of the certified cost amount of \$525,404 until March 2033.

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

City Center TIF project plan 1E was approved by Ordinance No. 5357 on January 21, 2014. In 2018, incremental ad valorem tax revenues and payments made to the applicant were \$439,033. The applicant may be reimbursed up to the balance of the certified cost amount of \$7,510,784 until January 2029.

City Center TIF project plan 1F was approved by Ordinance No. 5516 on February 16, 2016. No certified costs have been submitted.

City Center TIF project plan 1G was approved by Ordinance No. 5517 on February 16, 2016. No certified costs have been submitted.

City Center TIF project plan 1H was approved by Ordinance No. 5657 on June 5, 2018. No certified costs have been submitted.

City Center TIF project plan 1I was approved by Ordinance No. 5670 on July 17, 2018. No certified costs have been submitted.

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 2B was approved by Ordinance No. 5370 on April 15, 2014. In 2018, incremental ad valorem tax revenues and payments made to the applicant were \$254,675. The applicant may be reimbursed up to the balance of the certified cost amount of \$939,143 until April 2034.

City Center TIF project plan 3A was approved by Ordinance No. 4933 on April 17, 2007, which was subsequently repealed on August 19, 2008 with the adoption of Ordinance No. 5053 approving the amended project plan 3A. This ordinance provides solely for reimbursement to the City for TIF eligible street and stormwater improvements.

City Center TIF project plan 3B was approved by Ordinance No. 5430 on March 17, 2015. In 2018, incremental ad valorem tax revenues and payments made to the applicant were \$268,752. The applicant may be reimbursed up to the balance of the certified cost amount of \$5,668,058 until March 2035.

City Center TIF project plan 3F was approved by Ordinance No. 5613 on September 5, 2017. No certified costs have been submitted.

City Center TIF project plan 3G was approved by Ordinance No. 5644 on February 20, 2018. No certified costs have been submitted.

City Center TIF project plan 4A was approved by Ordinance No. 5321 on June 18, 2013. In 2018, incremental ad valorem tax revenues and payments made to the applicant were \$667,264. The applicant may be reimbursed up to the balance of the certified cost amount of \$7,044,211 until June 2033.

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

City Center TIF project plan 4B was approved by Ordinance No. 5448 on June 16, 2015. In 2018, incremental ad valorem tax revenues and payments made to the applicant were \$331,182. The applicant may be reimbursed up to the balance of the certified cost amount of \$6,247,684 until June 2035.

City Center TIF project plan 4C was approved by Ordinance No. 5701 on December 18, 2018. No certified costs have been submitted.

City Center TIF project plan 5A was approved by Ordinance No. 5658 on June 5, 2018. No certified costs have been submitted.

City Center TIF project plan 5B was approved by Ordinance No. 5659 on June 5, 2018. No certified costs have been submitted.

A redevelopment district was established by Ordinance No. 4923 on February 6, 2007 for the I-35 and 95th Street TIF District. I-35 and 95th Street TIF District project plan 1 was approved by Ordinance No. 5306 on April 16, 2013. In 2018 incremental ad valorem tax revenues and payments made to the applicant were \$35,534. The applicant may be reimbursed up to the balance of the certified cost amount of \$485,501 until April 2033.

I-35 and 95th Street TIF District project plan 2 was approved by Ordinance No. 5536 on June 7, 2016. No certified costs have been submitted.

I-35 and 95th Street TIF District project plan 3 was approved by Ordinance No. 5549 on August 16, 2016. No certified costs have been submitted.

I-35 and 95th Street TIF District project plan 4 was approved by Ordinance No. 5593 on April 18, 2017. This ordinance provides solely for reimbursement to the City for TIF eligible infrastructure landscaping improvements associated with the 95th Street and I-35 interchange project. No certified costs have been submitted.

I-35 and 95th Street TIF District project plan 5 was approved by Ordinance No. 5660 on June 5, 2018. 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 eight 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 OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

The City established the Orchards Corner 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 \$1,499,210.

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 development 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 \$28,985,940.

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 development, 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. The Developer may be reimbursed up to the balance of the certified cost amount of \$938,572.

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 Shopping Center located north of 87th Street Parkway and west of Rosehill Road. The additional sales tax became 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. The Developer may be reimbursed up to the balance of the certified cost amount of \$1,206,489.

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

The City established the City Center East I CID by Ordinance No. 5377 on June 3, 2014 approving and levying an additional 1% sales tax within the CID. The purpose of the CID is to reimburse the Developer for eligible costs associated with the tenant finishes, landscaping and streetscaping. The CID area includes a four story commercial office/retail building with adjacent outdoor plaza area. The additional sales tax became effective October 1, 2014. The developer may be reimbursed up to the certified cost 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 \$765.396.

The City established the City Center East II CID by Ordinance No. 5369 on April 15, 2014, approving and levying an additional 1% sales tax within the CID. The purpose of the CID is to reimburse the developers of the hotel, conference center and restaurant for eligible tenant, site and building improvements. The additional sales tax became effective on January 1, 2016. The Developers may be reimbursed for certified costs from collected CID sales taxes up to a period of 22 years from the date the CID sales tax is first collected. Such reimbursement shall be made in accordance with the terms of a development agreement entered into with each Developer. No certified costs have been approved as of December 31, 2018.

The City established the Candlewood Suites CID by Ordinance No. 5558 on October 18, 2016, approving and levying an additional 1% sales tax within the CID. The purpose of the CID is to reimburse the developers of the hotel, conference center and restaurant for eligible tenant, site and building improvements. The additional sales tax became effective on January 1, 2017. The developers may be reimbursed for certified costs from collected CID sales taxes up to a period of 22 years from the date the CID sales tax is first collected. Such reimbursement shall be made in accordance with the terms of a development agreement entered into with each developer. No certified costs have been approved as of December 31, 2018.

The City established the Holiday Inn Express CID by Ordinance No. 5559 on October 18, 2016, approving and levying an additional 1% sales tax within the CID. The purpose of the CID is to reimburse the developers for the construction of a four story, 96- guestroom Holiday Inn and other eligible site and building improvements. The additional sales tax became effective on October 1, 2017. The developers may be reimbursed for certified costs from collected CID sales taxes up to a period of 22 years from the date the CID sales tax is first collected. Such reimbursement shall be made in accordance with the terms of a development agreement entered into with each developer. No certified costs have been approved as of December 31, 2018.

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (Continued)

The City established the Midas Springhill Suites CID by Ordinance No. 5588 on February 21, 2017, approving and levying an additional 1% sales tax within the CID. The purpose of the CID is to reimburse the Developers for the construction of a 124 room Marriott Springhill Suites hotel, retail space, a two story parking garage and other eligible site and building improvements. The additional sales tax became effective on July 1, 2017. The Developers may be reimbursed for certified costs from collected CID sales taxes up to a period of 22 years from the date the CID sales tax is first collected. Such reimbursement shall be made in accordance with the terms of a development agreement entered into with each Developer. The Developer may be reimbursed up to the balance of the certified cost amount of \$1,954,015.

Revolving Loan

The City entered into a loan agreement with the Kansas Department of Health and Environment (KDHE) during 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, 2018, \$1,073,430 has been drawn on this loan and the payback amount is \$186,867. Principal payments of \$12,399 were made in 2018. 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> |
|-------------|-------------------|------------------|-------------------|
| 2019 | \$ 12,738 | \$ 4,538 | \$ 17,276 |
| 2020 | 13,087 | 4,221 | 17,308 |
| 2021 | 13,445 | 3,895 | 17,340 |
| 2022 | 13,814 | 3,561 | 17,375 |
| 2023 | 14,192 | 3,217 | 17,409 |
| 2024 - 2028 | 77,007 | 10,596 | 87,603 |
| 2029 - 2031 | 42,585 | 1,592 | 44,177 |
| | <u>\$ 186,868</u> | <u>\$ 31,620</u> | <u>\$ 218,488</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, 2018, there were 32 issues of industrial revenue and multifamily housing bonds outstanding. These issues have an aggregate original issue amount of approximately \$740 million and an aggregate balance outstanding of approximately \$372 million at December 31, 2018.

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 Internal Service Funds. Property and liability insurance coverage is purchased from outside sources. The City is insured for property losses under blanket coverage at replacement cost. The policy carries a \$25,000 deductible on property losses. The City has a deductible of \$25,000 per occurrence on all liability claims. In addition, the City carries an excess liability policy with a limit of \$8,000,000 with a \$10,000 deductible. The City has purchased both specific and aggregate reinsurance, as well as an Occupational Accident Buffer Layer Insurance 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 \$1,312,908. 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, 2018 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, 2018, the workers compensation net position balance was \$1,187,839 with claims liability of \$673,582. 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 \$512,825 a month on behalf of and from current employees are made to a special City bank account, and approximately \$10,876 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 Aetna covers the next \$1,000,000 over the annual amount of \$6,478,603 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, 2018, a liability of \$451,512 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 |
|-------------|---|---|---------------------------|---|
| 2017 | \$ 360,925 | \$ 134,610 | \$ — | \$ 495,535 |
| 2018 | 495,535 | 313,000 | — | 808,535 |

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

Changes in the Workers Compensation Plan 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 |
|-------------|---|---|---------------------------|---|
| 2017 | \$ 618,924 | \$ 511,405 | \$ 307,421 | \$ 822,908 |
| 2018 | 822,908 | 372,708 | 522,034 | 673,582 |

Changes in the Health Plan 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 |
|-------------|---|---|---------------------------|---|
| 2017 | \$ 258,613 | \$ 5,345,649 | \$ 5,250,469 | \$ 353,793 |
| 2018 | 353,793 | 5,249,934 | 5,152,215 | 451,512 |

11. Employee Retirement Systems And Pension Plans

Defined Contribution Plan

Effective January 1, 2010, pursuant to resolution, the Governing Body established the City of Lenexa 401(a) Defined Contribution Plan (Defined Contribution Plan) which is currently administered by Voya Financial. This 401(a) plan is a defined contribution plan governed by the Internal Revenue Code of 1986. Under the authority of the Governing Body, 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 plan was subsequently amended in 2014 to require the City to contribute an additional 5.3% of the City Manager's compensation into a 401(a) account. The City contributed \$1,699,468 during 2018 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 – City Of Lenexa Defined Benefit Pension Plan

Plan Description And Provisions

On January 1, 1989, 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. The Retirement Committee (Trustees) serves as the trustees of the Plan. The Trustees have the authority to amend the Plan, including changes affecting plan design, but not to terminate a plan. The Governing Body retains the authority to terminate any plan. The Trustees consist of nine members: the City Manager, the Chief Financial Officer, Fire Chief, Police Chief, Parks & Recreation Director, Municipal Services Director, Human Resources Director and two at-large members appointed by the City Manager. The Trustees review investment performance on a quarterly basis and reviews Plan performance. 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 had worked 1,000 hours in a plan year. Employees were 100% vested after three years of service and obtained 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.

Membership of the Plan consisted of the following at December 31, 2018, the date of the latest measurement:

| | <u>Public Service</u> | <u>Police & Fire</u> |
|--|-----------------------|--------------------------|
| Inactive members or beneficiaries receiving benefits | 89 | 66 |
| Inactive members entitled to future benefits | 118 | 47 |
| <u>Active plan members</u> | <u>109</u> | <u>91</u> |
| <u>Total</u> | <u>316</u> | <u>204</u> |

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

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 Public Service employees except that the normal retirement age is 55 versus 62 and there is no early retirement option.

Contributions

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 the Retirement Committee. For the year ending December 31, 2018, the City contributed 0.00% of the payroll of active members.

Actuarial Assumptions

Actuarial methods and assumptions:

| | |
|-------------------------------|--------------------------|
| Valuation date | January 1, 2019 |
| Actuarial cost method | 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 | 6.50% |
| Inflation rate | 3.00% |
| Projected salary increases | N/A, frozen benefit |
| Withdrawal rates | T-3 Table |
| Mortality table | RP-2014 Mortality Table base rates projected generationally with scale MP-2018 |
| Administrative expenses | Paid outside of the plan assets |

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (Continued)

Net Pension Liability

Consistent with the requirements of GASB Statement No. 67, *Financial Reporting for Pension Plans*, the Plan is required to calculate and disclose the net pension liability of the City. For the year ended December 31, 2018, the City recorded the net pension liability of the City on the statement of net position in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The components of the net pension liability of the City, based on a measurement date and valuation date of December 31, 2018, according to the calculations required by GASB Statement No. 68, were as follows:

| | |
|---|-------------------|
| Total pension liability | \$ 28,660,791 |
| Plan fiduciary net position | <u>28,052,941</u> |
| City's net pension liability (asset) | <u>\$ 607,850</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 97.88% |

Changes to the total pension liability, the plan's fiduciary net position, and the City's net pension liability during 2018 are summarized as follows:

| | |
|---|--------------------|
| Total Pension Liability | |
| Service cost | \$ — |
| Interest | 1,816,557 |
| Difference between expected and actual experience | 6,959 |
| Changes of assumptions | (327,887) |
| Benefit payments | <u>(1,640,783)</u> |
| Net Change In Total Pension Liability | <u>(145,154)</u> |
| Total pension liability - beginning | 28,805,945 |
| Total pension liability - ending (a) | 28,660,791 |
| Plan Fiduciary Net Position | |
| Contributions - employer | — |
| Net investment income | (2,561,165) |
| Benefit payments | <u>(1,640,783)</u> |
| Net Change In Plan Fiduciary Net Position | <u>(4,201,948)</u> |
| Total fiduciary net position - beginning | <u>32,254,889</u> |
| Total fiduciary net position - ending (b) | <u>28,052,941</u> |
| Net Pension Liability (Asset) (a) - (b) | <u>\$ 607,850</u> |

At December 31, 2018, \$600,837 of the net pension obligation was allocated to governmental activities and \$7,013 to business-type activities.

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

Investment Categories

Refer to Note 2: Deposits and Investments for policies pertaining to the allocation of investments.

Rates Of Return

The money-weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested. For the year ended December 31, 2018, the annual money-weighted rate of return on pension plan investments, net of expense, was (8.04%). Refer to Note 2: Deposits and Investments for policies pertaining to the expected return.

Discount Rate

The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at a rate equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity Of The Net Pension Liability (Asset) To Changes In The Discount Rate

The following presents the net pension liability (asset) of the City, calculated using the discount rate of 6.50%, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (5.50%) or 1 percentage point higher (7.50%) than the current rate:

| | <u>1% Decrease</u> | <u>Current Discount</u> | <u>1% Increase</u> |
|------------------------------------|--------------------|-----------------------------|--------------------|
| Discount Rate | 5.50% | 6.50% | 7.50% |
| City Net Pension Liability (Asset) | \$ 4,186,946 | \$ 607,850 | \$ (2,348,621) |

Pension Expense

For the year ended December 31, 2018, the City recognized pension benefit of \$110,053, which includes the changes in the net pension liability (asset), projected earnings on pension plan investments and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. For the year ended December 31, 2018, pension benefit of \$108,783 was allocated to governmental activities and \$1,270 to business-type activities.

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

Deferred Outflows Of Resources and Deferred Inflows Of Resources

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows Of Resources</u> | <u>Deferred Inflows Of Resources</u> |
|---|---|--|
| Difference between actual and expected experience | \$ 5,964 | \$ 1,137,835 |
| Net differences between projected and actual earnings on investments | 4,065,652 | 1,955,941 |
| Changes in assumptions | 129,485 | 704,087 |
| | <u>\$ 4,201,101</u> | <u>\$ 3,797,863</u> |

At December 31, 2018, total deferred outflows of resources of \$4,152,627 were allocated to governmental activities and \$48,474 were allocated to business-type activities. At December 31, 2018, total deferred inflows of resources of \$3,754,042 were allocated to governmental activities and \$43,821 were allocated to business-type activities.

The amounts reported as deferred outflows of resources and deferred inflows of resources related to the Plan will be recognized in pension expense as follows:

| <u>Year Ended December 31,</u> | <u>Amount</u> |
|--------------------------------|-------------------|
| 2019 | \$ 334,236 |
| 2020 | (49,892) |
| 2021 | 57,868 |
| 2022 | 638,007 |
| 2023 | (282,366) |
| Thereafter | (294,615) |
| Total | <u>\$ 403,238</u> |

Defined Benefit Pension Plan – KPERS & KP&F

Description Of Pension Plan

Employees of the City of Lenexa, Kansas participate in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer public employee retirement system (the Pension Plan). The Pension Plan is administered by the KPERS, a body corporate and an instrumentality of the State of Kansas. KPERS provides benefit provisions to the following statewide pension groups under one plan, as provided by K.S.A. 74, article 49:

- Public employees, which includes:
 - State/School employees
 - Local employees
- Police and Firemen
- Judges

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

Substantially all public employees are covered by the Pension Plan. Participation by local political subdivisions is optional, but irrevocable once elected.

The employees participating in the Pension Plan for the City of Lenexa are included in the Local Employee group or the Police and Firemen group.

KPERS issues a stand-alone comprehensive annual financial report, which is available on the KPERS website at www.kpers.org.

Benefits

Benefits are established by statute and may only be changed by the General Assembly. Members (except Police and Firemen) with ten or more years of credited service may retire as early as age 55 (Police and Fireman may be age 50 with 20 years of credited service), with the actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever a member's combined age and years of service equal 85 (Police and Firemen normal retirement ages are age 60 with 15 years of credited service, age 55 with 20 years, age 50 with 25 years or any age with 36 years of service).

Monthly retirement benefits are based on a statutory formula that includes final average salary and years of service. When ending employment, members may withdraw their contributions from their individual accounts, including interest. Members who withdraw their accumulated contributions lose all rights and privileges of membership. For all pension coverage groups, the accumulated contributions and interest are deposited into and disbursed from the membership accumulated reserve fund as established by K.S.A. 74-4922.

Contributions

Member contributions are established by state law, and are paid by the employee according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates are determined based on the results of an actuarial valuation. The contributions and assets of all groups are deposited in the Kansas Public Employees Retirement Fund established by K.S.A 74-4921. All of the retirement systems are funded on an actuarial reserve basis.

For fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers. Annual increases in the employer contribution rates are related to subsequent benefit enhancements and are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 1.0% of total payroll for the fiscal year ended June 30, 2018.

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

The actuarially determined employer contribution rate and the statutory contribution rate for the local employee group are both 8.39%. Member contribution rates as a percentage of eligible compensation for the fiscal year ended June 30, 2018 are 6%. The actuarially determined employer contribution rate and the statutory contribution rate for the police and firemen group are both 20.09%. Member contribution rates for this group are 7.15%.

Contributions to the Pension Plan from the City for the local employee group and police and fireman group were \$1,532,015 and \$2,572,691, respectively, for the year ended December 31, 2018.

Employer Allocations

Although KPERS administers one cost-sharing multiple-employer defined benefit pension plan, separate actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense are determined separately for each of the following groups of the plan:

- State/School
- Local
- Police and Fireman
- Judges

To facilitate separate (sub)actuarial valuations, KPERS maintains separate accounts to identify additions, deductions and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to the amounts presented in the schedules of pension amounts by employer and nonemployer.

The allocation percentages for the City's share of the collective pension amounts as of June 30, 2018 were based on the ratio of its contributions to the total of the employer and nonemployer contributions of the group for the fiscal years ended June 30, 2018.

The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2018, the City's proportion in the local employee group was 0.8626%, which was an increase of 0.0289% from its proportion measured at June 30, 2017. The City's proportion in the police and fire group was 2.4032%, which was a decrease of 0.0811% from its June 30, 2017 position.

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

Net Pension Liability

At June 30, 2018, the City's local employee group reported a liability of \$12,022,150 for its proportionate share of the net pension liability. The City's police and fire group reported net pension liability of \$23,123,525 at June 30, 2018. At December 31, 2018, the aggregate KPERS plan net pension liability was allocated \$34,063,682 to the governmental activities and \$1,081,993 to the business-type activities.

There were no significant changes in the benefit terms during the KPERS plan year ended June 30, 2018 that affected the measurement of the total pension liability.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2017, which was rolled forward to June 30, 2018 using the following actuarial assumptions:

| | |
|---|-------------------------------------|
| Price Inflation | 2.75% |
| Wage Inflation | 3.0% |
| Salary increases, including wage increases and inflation | 3.50 to 12.00%, including inflation |
| Long-term rate of return, net of investment expense and including price inflation | 7.75% |

Mortality rates were based on the RP-2014 Mortality Table, with adjustments to better match actual experience. Separate tables apply for males and females as well as each group (State, School, Local, Police and Fire and Judges).

The actuarial cost method is entry age normal. The amortization method is level percentage of payroll, closed.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study completed in November 2017 and resulted in a reduction of the Price Inflation from 3.00% to 2.75%, a reduction of Wage Inflation from 4.00% to 3.5%, and a reduction in the Long-term rate of return (net of investment expense and including price inflation) from 8.00% to 7.75%.

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

The long-term expected rate of return of pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018 are summarized in the following table:

| <u>Asset Class</u> | <u>Long Term Target Allocation</u> | <u>Long-Term Expected Rate Of Return</u> |
|------------------------|------------------------------------|--|
| Global Equity | 47% | 6.85% |
| Fixed Income | 13% | 1.25% |
| Yield Driven | 8% | 6.55% |
| Real Return | 11% | 1.71% |
| Real Estate | 11% | 5.05% |
| Alternatives | 8% | 9.85% |
| Short-Term Investments | 2% | -0.25% |
| | <u>100%</u> | |

Discount Rate

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the contractually required rate. The State, School and Local employers do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993, the employer contribution rates certified by the System's Board of Trustees for these groups may not increase by more than the statutory cap. The expected KPERS employer statutory contribution was modeled for future years, assuming all actuarial assumptions are met in future years. Employers contribute the full actuarial determined rate for Police and Fireman and Judges. Future employer contribution rates were also modeled for Police and Fireman and Judges, assuming all actuarial assumptions are met in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (Continued)

Sensitivity Of The City's Proportionate Share Of The Net Pension Liability To Changes In The Discount Rate

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.75% as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.75%) or 1-percentage point higher (8.75%) than the current rate:

| | 1.00% Decrease (6.75%) | Current Rate (7.75%) | 1.00% Increase (8.75%) |
|--------------------|-----------------------------------|---------------------------------|-----------------------------------|
| Local | \$ 17,632,236 | \$ 12,022,150 | \$ 7,281,120 |
| Police and Fireman | 32,955,620 | 23,123,525 | 14,891,893 |
| Total | \$ 50,587,856 | \$ 35,145,675 | \$ 22,173,013 |

Pension Expense

For the year ended December 31, 2018, the City recognized pension expense of \$536,998, which includes the changes in the collective net pension liability, projected earnings on pension plan investments and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. For the year ended December 31, 2018, pension expense of \$440,123 was allocated to governmental activities and \$96,875 to business-type activities.

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows Of Resources | Deferred Inflows Of Resources |
|---|---|--|
| Difference between actual and expected experience | \$ 1,456,318 | \$ 447,487 |
| Net differences between projected and actual earnings on investments | 883,028 | — |
| Changes in assumptions | 1,738,279 | 121,716 |
| Changes in proportional share | 1,667,057 | 750,465 |
| City contributions subsequent to the measurement date of June 30, 2018 | 2,024,319 | — |
| | \$ 7,769,001 | \$ 1,319,668 |

At December 31, 2018, total deferred outflows of resources of \$7,526,960 were allocated to governmental activities and \$242,041 were allocated to business-type activities. At December 31, 2018, total deferred inflows of resources of \$1,283,799 were allocated to governmental activities and \$35,869 were allocated to business-type activities.

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

Contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. The remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| | Year Ended December 31, | | | | | Total |
|--------------------|-------------------------|--------------|------------|------------|-----------|--------------|
| | 2019 | 2020 | 2021 | 2022 | 2023 | |
| Local | \$ 790,890 | \$ 588,232 | \$ 77,974 | \$ 122,077 | \$ 14,802 | \$ 1,593,975 |
| Police and fireman | 1,503,496 | 996,689 | 185,431 | 148,777 | (3,354) | 2,831,039 |
| | \$ 2,294,386 | \$ 1,584,921 | \$ 263,405 | \$ 270,854 | \$ 11,448 | \$ 4,425,014 |

Pension Plan Fiduciary Net Position

Detailed information about the Pension Plan's fiduciary net position is available in the separately issued KPERS' financial report.

Aggregate Pension Expense

The aggregate pension expense for the year ended December 31, 2018 for all pensions recognized by the City was \$647,051, which includes the changes in the net pension liability, projected earnings on pension plan investments and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. For the year ended December 31, 2018, aggregate pension expense of \$548,906 was allocated to governmental activities and aggregate pension expense of \$98,145 to business-type activities.

12. Postemployment Benefits Other Than Pensions

Plan Description – City Plan

The City allows qualifying retirees to continue insurance coverage under the City's program until Medicare eligibility (i.e., age 65) in accordance with 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. Medical, prescription and dental coverage are available. The benefit plan structure operates as a single-employer defined benefit plan. Coverage is provided through self-insurance with stop-loss coverage. The City required retirees to pay 125% of the funding rate in 2018 to receive benefits. 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. 75 (GASB Statement 75). The plan is funded on a pay-as-you-go basis. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

Membership of the Plan consisted of the following at January 1, 2017, the date of the latest actuarial valuation:

| | |
|---|-------------------|
| Active plan members | 416 |
| Terminated plan members | — |
| Retirees and beneficiaries receiving benefits | <u>12</u> |
| Total | <u><u>428</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. Spouses are offered COBRA coverage for 36 months when the retiree becomes covered under another employer health plan, attains Medicare eligibility age or dies.

Funding Policy

Total OPEB Liability And Changes In OPEB Liability – City Plan

GASB 75 titled “Accounting and Financial Reports for Postemployment Benefits Other than Pensions” replaces GASB 45 effective for fiscal years beginning after June 15, 2017. Thus, fiscal year 2018 is the GASB 75 implementation year for the City.

The City’s total OPEB liability was based on an actuarial valuation dated January 1, 2017, using a measurement date of December 31, 2018. And the changes in the OPEB liability are as follows:

| | |
|---|----------------------------|
| Net OPEB liability (GASB 45) - beginning of year | \$ 4,643,114 |
| GASB 75 implementation adjustment | <u>(648,840)</u> |
| Net OPEB liability - beginning of year (restated under GASB 75) | 3,994,274 |
| Service costs | 275,906 |
| Interest cost | 137,764 |
| Changes in benefit terms | — |
| Difference between actual and expected experience | — |
| Changes in assumptions and inputs | 390,338 |
| Benefit payments | <u>(36,406)</u> |
| Net changes | <u><u>767,602</u></u> |
| OPEB liability - end of year | <u><u>\$ 4,761,876</u></u> |

The net OPEB liability is included in the OPEB liability within the statement of net position as December 31, 2018.

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

The primary changes impacting the City under GASB 75 are noted below.

- The actuarial cost method allocates present value costs to time periods. The actuarial cost method is changed from the Entry Age Normal – Level Dollar to the Entry Age – Level Percent-of-Pay Method as required under GASB 75. The portion of the present value costs allocated to the current year is the Service Cost. The portion of the present value costs allocated to past service is the Actuarial Accrued Liability (“AAL”).
- The amount of AAL is the Total OPEB Liability. The amount of AAL less any trust assets is recognized as the Net OPEB Liability. This replaces the Net OPEB Obligation under GASB 45.
- The amount of OPEB Expense is measured as the change in the Net OPEB Liability from the beginning to the end of the period with deferral and amortization of specified items. This replaces the Annual OPEB Cost under GASB 45.
- The valuation interest rate under GASB 45 was based on the expected return pertaining to the assets used to pay healthcare costs. For unfunded plans, GASB 75 requires the discount rate be based on a yield or index rate as of the measurement date on 20 year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.
- Under GASB 75 a measurement date must be selected and consistently applied. The measurement date may range from one day prior to the beginning of the fiscal year to the end of the fiscal year. The measurement date equals the date of which the Net OPEB liability is calculated.
- The actuarial valuation date equals the date as of which an actuarial valuation is performed, generally coinciding with the “as of” census date. The actuarial valuation must be performed as of a date no more than 30 months and one day prior to the employer’s current fiscal year end.

Actuarial Methods And Assumptions – City Plan

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*)

| | |
|------------------------|--|
| Valuation date: | January 1, 2017 |
| Actuarial cost method: | Entry Age - Level Percent of Pay |
| Measurement date: | December 31, 2018 end of year December 31, 2017 beginning of year |
| Salary scale | 3.50% |
| Discount rate | 3.68% per annum end of year 3.24% per annum beginning of year |
| Mortality: | MP-2018; previously was MP-2017 |
| Medical/Rx Cost Trend: | 7.5% decreasing to ultimate rate of 4.5% |
| Dental Cost Trend: | 3.5% per year |
| Inflation Rate: | 2.75% per year |

The municipal bond rate was determined by taking the average of the S&P Municipal Bond 20 Year High Grade and Fidelity GO AA-20 Year published yields was evaluated to determine the discount rate. The selected rates are 3.24% (beginning of the year measurement) and 3.68% (end of year measurement).

GASB 75 requires full updated valuations every 2 years unless a material change occurs. Though a full valuation is not required for interim year fiscal year 2020 (assuming no material changes) the OPEB Expense and Net OPEB Liability will needed to be re-measured using a discount rate based on the published bond rates as of the measurement date of December 31, 2020.

Sensitivity Of The Total OPEB Liability To Changes In The Discount Rate – City Plan

The following presents the City's total OPEB liability, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.68%) or 1-percentage point higher (4.68%) than the current rate:

| | <u>1% Decrease</u> | <u>Current Discount</u> | <u>1% Increase</u> |
|----------------------|--------------------|-----------------------------|--------------------|
| Discount Rate | 2.68% | 3.68% | 4.68% |
| Total OPEB Liability | \$ 5,276,093 | \$ 4,761,876 | \$ 4,308,629 |

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

Sensitivity Of The Total OPEB Liability To Changes In The Healthcare Trend Rate – City Plan

The following presents the City’s total OPEB liability, as well as what the City’s total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

| | <u>1% Decrease</u> | <u>Current Discount</u> | <u>1% Increase</u> |
|----------------------|--------------------|-----------------------------|--------------------|
| Total OPEB Liability | \$ 4,141,407 | \$ 4,761,876 | \$ 5,506,890 |

OPEB Expense and Deferred Outflows Of Resources And Deferred Inflows Of Resources Related To OPEB – City Plan

For the year ended December 31, 2018, the City recognized OPEB expense for this plan of \$446,198. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

| | <u>Deferred Outflows Of Resources</u> | <u>Deferred Inflows Of Resources</u> |
|--|---|--|
| Difference between actual and expected experience | \$ — | \$ — |
| Changes in assumptions | 357,810 | — |
| City contributions subsequent to the measurement dates | — | — |
| | <u>\$ 357,810</u> | <u>\$ —</u> |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows.

| <u>Fiscal Year Ending</u> | <u>Deferred Outflows Of Resources</u> |
|---------------------------|---|
| 2019 | \$ 32,528 |
| 2020 | 32,528 |
| 2021 | 32,528 |
| 2022 | 32,528 |
| 2023 | 32,528 |
| 2024 & thereafter | 195,170 |
| Total | <u>\$ 357,810</u> |

Plan Description – KPERS Long-Term Disability Plan

The City participates in a multiple-employer defined benefit other postemployment benefit (OPEB) plan (KPERS Plan) which is administered by the Kansas Public Employees Retirement System (KPERS). The KPERS Plan provides long-term disability benefits and a life insurance benefit for disabled members to KPERS members, as provided by K.S.A. 74-04927. The KPERS Plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. However because the trust's assets are used to pay employee benefits other than OPEB, the trust does not meet the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Accordingly, the Plan is considered to be administered on a pay-as-you-go basis.

Benefits

Benefits are established by statute and may be amended by the KPERS Board of Trustees. The KPERS Plan provides long-term disability benefits equal to 60 percent (prior to January 1, 2006, 66 2/3 percent) of annual compensation, offset by other benefits. Members receiving long-term disability benefits also receive credit towards their KPERS retirement benefits and have their group life insurance coverage continued under the waiver of premium provision.

The monthly long-term disability benefit is 60 percent of the member's monthly compensation, with a minimum of \$100 and a maximum of \$5,000. The monthly benefit is subject to reduction by deductible sources of income, which include Social Security primary disability or retirement benefits, workers compensation benefits, other disability benefits from any other sources by reason of employment, and earnings from any form of employment. If the disability begins before age 60, benefits are payable while the disability continues until the member's 65th birthday or retirement date, whichever occurs first. If the disability begins after age 60, benefits are payable while the disability continues, for a period of five years or until the member retires, whichever occurs first. Benefit payments for disabilities caused or contributed to by substance abuse or non-biologically based mental illnesses are limited to the shorter of the term of the disability or 24 months per lifetime.

The death benefit paid to beneficiaries of disabled members is 150% of the greater of 1) the member's annual rate of compensation at the time of disability, or 2) the members previous 12 months of compensation at the time of the last date on payroll. If the member has been disabled for five or more years, the annual compensation or salary rate at the time of death will be indexed using the consumer price index, less one percentage point, to compute the death benefit. If a member is diagnosed as terminally ill with a life expectancy of 12 months or less, the member may be eligible to receive up to 100% of the death benefit rather than having the benefit paid to the beneficiary. If a member retires or disability benefits end, the member may convert the group life insurance coverage to an individual insurance policy.

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

Covered Employees

The City has the following employees covered by the KPERS Plan as of December 31, 2018:

| | |
|--|-------------------|
| Inactive employees or beneficiaries currently receiving benefit payments | 2 |
| Active employees | <u>257</u> |
| Total | <u><u>259</u></u> |

Total OPEB Liability – KPERS Plan

The City's total OPEB liability for the KPERS Plan of \$439,138 reported as of December 31, 2018 was measured as of June 30, 2018 (the measurement date), and was determined by an actuarial valuation as of December 31, 2017, which was rolled forward to June 30, 2018, using the following actuarial assumptions:

| | |
|---|-------|
| Price inflation: | 2.75% |
| Salary increase, including wage increases: | 3.5% |
| Discount rate (based on the 20 year municipal bond rate with an average rating of AA/Aa or better, obtained from the Bond Buyer index.) | 3.87% |

Mortality rates used for the death benefits were based on the RP-2014 Healthy Annuitant Mortality Table for Males and Females, adjusted for generational mortality improvement using Scale AA.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study conducted for three years ending June 30, 2016.

Changes In Total OPEB Liability

| | |
|---|--------------------------|
| OPEB Liability - beginning of year | <u>\$ 455,807</u> |
| Changes for the year: | |
| Service costs | 55,759 |
| Interest cost | 17,886 |
| Changes in benefit terms | — |
| Difference between actual and expected experience | (61,187) |
| Changes in assumptions and inputs | (5,004) |
| Benefit payments | <u>(24,123)</u> |
| Net changes | <u>(16,669)</u> |
| OPEB Liability - end of year | <u><u>\$ 439,138</u></u> |

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (Continued)

Sensitivity Analysis

The following presents the City's total OPEB liability for the KPERS Plan calculated using the discount rate of 3.87%, as well as what the City's total OPEB liability for the KPERS Plan would be if it were calculated using a discount rate that is 1-percentage point lower (2.87%) or 1-percentage point higher (4.87%) than the current rate:

| | <u>1% Decrease</u> | <u>Current Discount</u> | <u>1% Increase</u> |
|----------------------|--------------------|-----------------------------|--------------------|
| Discount Rate | 2.87% | 3.87% | 4.87% |
| Total OPEB Liability | \$ 455,511 | \$ 439,138 | \$ 421,661 |

Healthcare cost trend rate sensitivity analysis is not applicable as healthcare trend rates do not affect the liabilities related to the long-term disability benefits sponsored by KPERS.

OPEB Expense

For the year ended December 31, 2018, the City recognized KPERS OPEB expense for the KPERS Plan of \$65,585, which includes the changes in the total OPEB liability, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period.

Deferred Outflows Of Resources And Deferred Inflows Of Resources

At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB for the KPERS Plan from the following sources:

| | <u>Deferred Outflows Of Resources</u> | <u>Deferred Inflows Of Resources</u> |
|--|---|--|
| Difference between actual and expected experience | \$ — | \$ (54,873) |
| Changes in assumptions | — | (3,258) |
| City contributions subsequent to the measurement dates | 58,697 | — |
| | <u>\$ 58,697</u> | <u>\$ (58,131)</u> |

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

The deferred outflow of resources related to the benefit payments subsequent to the measurement date totaling \$58,697 consist of payments made to KPERS for benefits and administrative costs, and will be recognized as a reduction in the total OPEB liability during the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <u>Fiscal Year Ending</u> | <u>Deferred Inflows Of Resources</u> |
|---------------------------|--|
| 2019 | \$ (8,060) |
| 2020 | (8,060) |
| 2021 | (8,060) |
| 2022 | (8,060) |
| 2023 | (8,060) |
| 2024 & thereafter | (17,831) |
| Total | \$ (58,131) |

13. Tax Abatements

In fiscal year 2016, the City implemented GASB Statement No. 77, *Tax Abatement Disclosures*. The objective of GASB Statement No. 77 is to improve financial reporting by giving financial statement users essential information regarding the nature and magnitude of tax abatements.

The City operates three economic development programs that qualify as tax abatements under GASB Statement No. 77. These programs are summarized as follows.

Property Tax Abatements

The City approves property tax abatements in accordance with K.S.A. 79-201a Second and Twenty-Fourth and K.S.A. 12-1740 to 12-1749d, inclusive. The City adopted the “Private Activity Conduit Financing and Tax Abatement Policy for Economic Development” to guide the Governing Body in deciding whether to grant property tax abatements for economic development projects. The City expects property tax abatements to help achieve some or all of the following objectives included in the policy:

- Retention and/or expansion of existing businesses located in the City;
- Diversification of the local economy;
- Positive net impact on the City or a particular area of the City where economic assistance is needed;
- Enhance the City’s economic climate and increase/maintain the City’s job market;
- Establish the City’s visual identity as the highest quality built commercial environment in the metropolitan area;
- Increase the property tax base of commercial properties to further support the cost of City services;

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

- Enhance the City's credit worthiness by broadening the tax base;
- Promote the redevelopment of the City's older areas; and
- Promote the completion of existing City business parks and encourage the development of new business enterprises.

The policy allows the City to grant tax abatements ranging from 45% to 55% of property taxes for a maximum period of 10 years. In addition, the Governing Body may choose to waive the policy and grant tax abatements greater than 55% for specific projects.

For the fiscal year ended December 31, 2018, the City abated property taxes totaling \$749,439, including the following property tax abatements exceeding 20% of the total property taxes abated for the year:

- 90% property tax abatement for Lexington LAC Lenexa, L.P. to lease a vacant office building to the Environmental Protection Agency (Region 7 office) located at 11201 Renner Boulevard. The City originally granted the 90% abatement to Applebee's International, Inc. to construct the building for its world headquarters. The City assigned the abatement to Lexington LAC Lenexa, L.P. when it purchased the office building from Applebee's International, Inc. after Applebee's moved to a new location. The property tax abatement amount was \$180,547.
- 100% property tax abatement for Lenexa Logistics North, LLC and BK Properties, LLC to construct and lease a commercial warehouse and office building located at 17700 College Boulevard. The property tax abatement amount was \$156,402.

Neighborhood Revitalization Program

The City established a Neighborhood Revitalization District in accordance with K.S.A. 12-117, 114 et seq., as amended. The City established the district to promote the revitalization and development of residential and commercial properties in the district area by offering property tax rebates on incremental taxes generated from properties within the district area. The property tax rebates range from 75% to 85% for a maximum period of 10 years. In addition, the Governing Body may choose to grant property tax rebates greater than 85% for specific projects.

For the fiscal year ended December 31, 2018, the City granted property tax rebates totaling \$250,325, including the following property tax rebates exceeding 20% of the total property taxes rebated for the year:

- 75% property tax rebate for Ceva Animal Health, LLC to construct a new commercial facility on its campus at 8901 Rosehill Road. The property tax rebate amount was \$58,777.
- 100% property tax rebate for Shamrock Trading Corporation to demolish a vacant retail building and construct a new commercial office building at 8600 Quivira Road. The property tax rebate amount was \$96,085.

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

- 75% property tax rebate for Sparhawk Laboratories Inc. to construct an addition to its campus at 12340 Santa Fe Trail Drive. The property tax rebate amount was \$72,572.

Tax Increment Financing

The City discloses information on Tax Increment Financing in Footnote 9 (Long-Term Debt and Other Obligations) beginning on page 51. The total payments of certified project costs during 2018 were approximately \$5,174,519.

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, 2018

| | Budgeted Amounts | | Actual | Variance With Final Budget - Positive (Negative) |
|-----------------------------------|--------------------|-------------------|-------------------|--|
| | Original Budget | Final Budget | | |
| Revenues | | | | |
| Taxes | \$ 71,200,976 | \$ 71,200,976 | \$ 72,376,684 | \$ 1,175,708 |
| Intergovernmental | — | — | 31,390 | 31,390 |
| Licenses and permits | 1,832,500 | 1,832,500 | 2,626,121 | 793,621 |
| Charges for services | 1,519,943 | 1,519,943 | 1,946,355 | 426,412 |
| Rents and leases | 535,301 | 535,301 | 695,946 | 160,645 |
| Fines and forfeitures | 1,311,000 | 1,311,000 | 865,735 | (445,265) |
| Investment earnings | 995,301 | 995,301 | 1,051,678 | 56,377 |
| Miscellaneous | 268,110 | 268,110 | 2,900,565 | 2,632,455 |
| Total Revenues | 77,663,131 | 77,663,131 | 82,494,474 | 4,831,343 |
| Expenditures | | | | |
| Current | | | | |
| General government: | | | | |
| Executive | 2,851,354 | 3,056,293 | 2,732,169 | 324,124 |
| Information technology | 3,562,632 | 3,576,132 | 3,440,566 | 135,566 |
| Finance | 1,453,889 | 1,469,346 | 1,464,938 | 4,408 |
| Legal | 1,667,155 | 1,681,592 | 1,603,995 | 77,597 |
| Human resources | 1,136,110 | 1,193,884 | 1,120,069 | 73,815 |
| Community development | 4,306,788 | 4,591,997 | 4,416,563 | 175,434 |
| Total General Government | 14,977,928 | 15,569,244 | 14,778,300 | 790,944 |
| Public safety: | | | | |
| Police administration | 5,681,847 | 5,491,646 | 5,003,822 | 487,824 |
| Police investigation | 1,305,313 | 1,329,703 | 1,256,776 | 72,927 |
| Police patrol | 8,844,702 | 8,927,074 | 8,242,349 | 684,725 |
| Fire | 11,083,484 | 11,472,962 | 11,403,317 | 69,645 |
| Total Public Safety | 26,915,346 | 27,221,385 | 25,906,264 | 1,315,121 |
| Municipal services: | | | | |
| Municipal services administration | 686,126 | 691,213 | 606,659 | 84,554 |
| Streets | 3,003,008 | 3,001,221 | 2,449,108 | 552,113 |
| Traffic | 1,496,795 | 1,525,510 | 1,306,469 | 219,041 |
| Fleet | 2,124,454 | 1,867,659 | 1,805,054 | 62,605 |
| Parking structure | 90,000 | 90,000 | — | 90,000 |
| Facilities management | 2,422,668 | 2,437,089 | 2,391,869 | 45,220 |
| Total Municipal Services | 9,823,051 | 9,612,692 | 8,559,159 | 1,053,533 |

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, 2018

| | Budgeted Amounts | | Actual | Variance With Final Budget - Positive (Negative) |
|--|------------------------|------------------------|----------------------|--|
| | Original Budget | Final Budget | | |
| Recreation: | | | | |
| Recreation administration | \$ 708,269 | \$ 787,778 | \$ 776,385 | \$ 11,393 |
| Maintenance | 4,239,033 | 4,215,780 | 3,847,690 | 368,090 |
| Programs | 1,877,552 | 1,953,380 | 1,600,025 | 353,355 |
| Total Recreation | 6,824,854 | 6,956,938 | 6,224,100 | 732,838 |
| Total Expenditures | 58,541,179 | 59,360,259 | 55,467,823 | 3,892,436 |
| Excess Of Revenues Over Expenditures | 19,121,952 | 18,302,872 | 27,026,651 | 8,723,779 |
| Other Financing Sources (Uses) | | | | |
| Transfers in | — | — | 460,621 | 460,621 |
| Transfers out | (45,367,531) | (44,548,449) | (24,428,440) | 20,120,009 |
| Total Other Financing Sources (Uses) | (45,367,531) | (44,548,449) | (23,967,819) | 20,580,630 |
| Net Changes In Fund Balance | \$ (26,245,579) | \$ (26,245,577) | 3,058,832 | \$ 29,304,409 |
| Fund Balance - Beginning Of Year | | | 32,949,048 | |
| Fund Balance - End Of Year - Budget Basis | | | \$ 36,007,880 | |
| Adjustments To Reconcile To GAAP Basis | | | | |
| Encumbrances at December 31, 2018 | | | \$ 560,059 | |
| Encumbrances at December 31, 2017 | | | (127,668) | |
| Fund Balance - End Of Year - GAAP Basis | | | \$ 36,440,271 | |

CITY OF LENEXA, KANSAS

NOTE TO BUDGETARY COMPARISON INFORMATION

December 31, 2018

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 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. No additional appropriation were approved in the 2018 budget. The City Center East #1 CID and the Springhill Suites CID funds were over budget at the end of 2018.

CITY OF LENEXA, KANSAS

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS CITY OF LENEXA DEFINED BENEFIT PLAN

| | December 31, | | | | |
|--|--------------------|--------------------|------------------|------------------|------------------|
| | 2018 | 2017 | 2016 | 2015 | 2014 |
| Total Pension Liability | | | | | |
| Interest | \$ 1,816,557 | \$ 1,808,088 | \$ 1,860,371 | \$ 1,789,881 | \$ 1,676,595 |
| Difference between expected and actual experience | 6,959 | (392,796) | (1,068,566) | (258,290) | (236,393) |
| Changes of assumptions | (327,887) | 181,279 | (250,237) | (363,604) | 1,296,099 |
| Benefit payments | (1,640,783) | (1,239,651) | (1,448,422) | (900,412) | (947,023) |
| Net Change In Total Pension Liability | (145,154) | 356,920 | (906,854) | 267,575 | 1,789,278 |
| Total pension liability - beginning | 28,805,945 | 28,449,025 | 29,355,879 | 29,088,304 | 27,299,026 |
| Total pension liability - ending (a) | 28,660,791 | 28,805,945 | 28,449,025 | 29,355,879 | 29,088,304 |
| Plan Fiduciary Net Position | | | | | |
| Contributions - employer | — | 454,534 | 433,000 | 432,000 | 610,000 |
| Net investment income | (2,561,165) | 4,727,547 | 2,275,523 | (116,314) | 1,648,230 |
| Benefit payments | (1,640,783) | (1,239,651) | (1,448,421) | (971,868) | (890,052) |
| Net Change In Plan Fiduciary Net Position | (4,201,948) | 3,942,430 | 1,260,102 | (656,182) | 1,368,178 |
| Total fiduciary net position - beginning | 32,254,889 | 28,312,459 | 27,052,357 | 27,708,539 | 26,340,361 |
| Total fiduciary net position - ending (b) | 28,052,941 | 32,254,889 | 28,312,459 | 27,052,357 | 27,708,539 |
| Net Pension Liability (Asset) (a) - (b) | 607,850 | (3,448,944) | 136,566 | 2,303,522 | 1,379,765 |
| Plan fiduciary net position as a percentage of the total pension liability | 97.88% | 111.97% | 99.52% | 92.15% | 95.26% |
| Covered payroll | 15,871,187 | 15,056,728 | 16,132,606 | 18,119,199 | 17,220,621 |
| Covered payroll < normal retirement age | 14,204,035 | 13,798,331 | 15,625,068 | 17,261,969 | 16,486,181 |
| Net pension liability (asset) as a percentage of covered payroll | 3.83% | -22.91% | 0.85% | 12.71% | 8.01% |

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF LENEXA, KANSAS
REQUIRED SUPPLEMENTARY INFORMATION

The City Of Lenexa Defined Benefit Pension Plan
Schedule of Contributions
Last 10 Years

| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Actuarially Determined Contribution | \$ — | \$ — | \$ 62,623 | \$ 69,766 | \$ 188,237 | \$ 511,375 | \$ 329,624 | \$ 244,746 | \$ 221,837 | \$ 2,503,531 |
| Contribution in relation to the actuarially determined contribution | — | 454,534 | 433,000 | 432,000 | 610,000 | 572,000 | 432,000 | 432,000 | 432,000 | 2,600,004 |
| Contribution deficiency (excess) | \$ — | \$ (454,534) | \$ (370,377) | \$ (362,234) | \$ (421,763) | \$ (60,625) | \$ (102,376) | \$ (187,254) | \$ (210,163) | \$ (96,473) |
| Covered Payroll | \$ 14,204,035 | \$ 13,798,331 | \$ 15,265,068 | \$ 17,261,969 | \$ 17,220,621 | \$ 18,218,474 | \$ 19,526,691 | \$ 18,633,428 | \$ 20,085,937 | \$ 21,693,357 |
| Contribution as a percentage of covered payroll | — | 3.29 | 2.84 | 2.50 | 3.54 | 3.14 | 2.21 | 2.32 | 2.15 | 11.99 |

Notes:

Methods and Assumptions:

| | |
|---------------------------|--|
| Actuarial Cost Method | Entry Age Normal (Plan benefits frozen January 1, 2010) |
| Asset Valuation Method | 5- Year Smoothed Market Value |
| Withdrawal | T-3 |
| Salary Increases | N/A, Frozen Benefit |
| Investment Rate of Return | 6.50% |
| Retirement Age | Service - 62, Police & Fire - 55 |
| Mortality | In the 2018 actuarial valuation, the assumed life expectancies were according to the RP-2014 Mortality Table ase rates projected generationally with scale MP-2018 |

CITY OF LENEXA, KANSAS
REQUIRED SUPPLEMENTARY INFORMATION

The City Of Lenexa Defined Benefit Pension Plan
Schedule Of Investment Returns
Last 10 years

| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Annual money-weighted rate of return, net of investment expense | (8.04)% | 16.91% | 8.52% | (0.36)% | 6.00% | 14.71% | 10.85% | 0.76% | 15.22% | 25.71% |

CITY OF LENEXA, KANSAS

REQUIRED SUPPLEMENTARY INFORMATION KANSAS EMPLOYEES' RETIREMENT SYSTEM

Schedule of Proportionate Share Of The Net Pension Liability

| | Plan Year June 30, | | | | |
|--|----------------------|---------------|---------------|--------------|--------------|
| | 2018 | 2017 | 2016 | 2015 | 2014 |
| City's local group proportion of the net pension liability | 0.86255% | 0.83368% | 0.78462% | 0.74050% | 0.74050% |
| City's local group proportionate share of the net pension liability | \$ 12,022,150 | \$ 12,075,427 | \$ 12,138,319 | \$ 9,723,131 | \$ 9,723,131 |
| City's local group covered payroll | 15,393,856 | 14,749,129 | 13,376,593 | 12,249,628 | 12,249,628 |
| City's local group proportionate share of net pension liability as a percentage of its covered payroll | 78.10% | 81.87% | 90.74% | 79.37% | 79.37% |
| Plan fiduciary net position as a percentage of the total pension liability | 68.88% | 67.12% | 65.10% | 64.95% | 64.95% |

| | Plan Year June 30, | | | | |
|--|----------------------|---------------|---------------|---------------|---------------|
| | 2018 | 2017 | 2016 | 2015 | 2014 |
| City's police & fire proportion of the net pension liability | 2.40319% | 2.51123% | 2.42603% | 2.39714% | 2.39714% |
| City's police & fire proportionate share of the net pension liability | \$ 23,123,525 | \$ 23,550,108 | \$ 22,532,082 | \$ 17,406,056 | \$ 17,406,056 |
| City's police & fire covered payroll | 12,217,739 | 12,537,063 | 11,516,050 | 10,913,458 | 10,913,458 |
| City's police & fire proportionate share of net pension liability as a percentage of its covered payroll | 189.26% | 187.84% | 195.66% | 159.49% | 159.49% |
| Plan fiduciary net position as a percentage of the total pension liability | 68.88% | 67.12% | 65.10% | 64.95% | 64.95% |

Schedule Of Contributions

| | December 31, | | | | |
|--|---------------------|--------------|--------------|--------------|--------------|
| | 2018 | 2017 | 2016 | 2015 | 2014 |
| Required local group contribution | \$ 1,532,015 | \$ 1,284,486 | \$ 1,261,475 | \$ 1,285,709 | \$ 1,049,182 |
| Contributions made in relation to the required contribution | 1,532,015 | 1,284,486 | 1,261,475 | 1,285,709 | 1,049,182 |
| Contribution deficiency | — | — | — | — | — |
| City's local group covered payroll | 16,330,984 | 14,686,136 | 13,717,099 | 13,465,754 | 11,772,906 |
| Contributions as a percentage of local group covered payroll | 9.38% | 8.75% | 9.20% | 9.55% | 8.91% |

| | December 31, | | | | |
|--|---------------------|--------------|--------------|--------------|--------------|
| | 2018 | 2017 | 2016 | 2015 | 2014 |
| Required police & fire contribution | \$ 2,572,690 | \$ 2,305,146 | \$ 2,407,153 | \$ 2,480,273 | \$ 2,143,302 |
| Contributions made in relation to the required contribution | 2,572,690 | 2,305,146 | 2,407,153 | 2,480,273 | 2,143,302 |
| Contribution deficiency | — | — | — | — | — |
| City's police & fire covered payroll | 12,805,819 | 12,113,219 | 11,788,210 | 11,611,765 | 10,732,609 |
| Contributions as a percentage of police & fire covered payroll | 20.09% | 19.03% | 20.42% | 21.36% | 19.97% |

Notes:

Above schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

Information is provided on a measurement date and actuarial valuation as of December 31, 2017, 2016, 2015, 2014 and 2013, rolled forward to June 30, 2018, 2017, 2016, 2015, and 2014.

Changes Of Benefit Terms Or Assumptions

There were no significant changes to benefit terms or actuarial assumptions for the most recent actuarial valuation.

CITY OF LENEXA, KANSAS

SCHEDULE OF OTHER POST EMPLOYMENT BENEFITS LONG TERM DISABILITY BENEFITS SPONSORED BY KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM (KPERs) For The Year Ended December 31, 2018

| | |
|--|-------------------|
| Service cost | \$ 55,759 |
| Interest on total OPEB liability | 17,886 |
| Changes of benefit terms | — |
| Effect of economic/demographic gains or (losses) | (61,187) |
| Effect of assumption changes or inputs | (5,004) |
| Benefit payments | <u>(24,123)</u> |
| Net change in total OPEB liability | (16,669) |
| Total OPEB liability - beginning | <u>455,807</u> |
| | |
| Total OPEB liability - ending | <u>\$ 439,138</u> |
| | |
| Covered payroll | \$ 14,329,127 |

Notes:

Above schedules are intended to show information for 10 years. Additional years will be displayed as they become available. Information is provided on an actuarial valuation date as of December 31, 2017, rolled forward to the measurement date of June 30, 2018.

Changes Of Benefit Terms Or Assumptions

The discount rate increased to 3.87% as of June 30, 2018 from 3.58% as of June 30, 2017.

CITY OF LENEXA, KANSAS

SCHEDULE OF OTHER POST EMPLOYMENT BENEFITS HEALTHCARE BENEFITS FOR PRE-MEDICARE RETIREES – CITY PLAN For The Year Ended December 31, 2018

| | |
|---|----------------------------|
| Service cost | \$ 275,906 |
| Interest on total OPEB liability | 137,764 |
| Changes of benefit terms | — |
| Effect of economic/demographic gains or (losses) | — |
| Effect of assumption changes or inputs | 390,338 |
| Benefit payments | <u>(36,406)</u> |
| Net change in total OPEB liability | 767,602 |
| Total OPEB liability - beginning | <u>3,994,274</u> |
| | |
| Total OPEB liability - ending | <u><u>\$ 4,761,876</u></u> |
| | |
| Covered payroll | \$ 24,110,711 |
| Total OPEB liability as a percentage of covered payroll | 19.75% |

Notes:

Above schedules are intended to show information for 10 years. Additional years will be displayed as they become available. Information is provided on an actuarial valuation date as of January 1, 2017, rolled forward to December 31, 2018.

Changes Of Benefit Terms Or Assumptions

The discount rate increased to 3.68% as of the measurement date of December 31, 2018 from 3.24% as of the measurement date of December 31, 2017.

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 the TIF property tax increment to finance City Center projects.

I-35 & 95th Street TIF*

To account for monies received by the City from the TIF property tax increment to be expended on eligible reimbursable costs associated with the Interstate 35 and 95th Street TIF district.

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.

CITY OF LENEXA, KANSAS

Nonmajor Governmental Funds (*Continued*)

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.

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).

Greystone Plaza CID*

To account for monies received from the Community Improvement District additional 1% sales tax to be expended on development within the District (located north of 87th Street Parkway and west of Rosehill Road).

City Center East (CCE) #1 CID*

To account for monies received from the Community Improvement District additional 1% sales tax to be expended on development within the District (a four story commercial office/retail building with an adjacent outdoor plaza area).

City Center East (CCE) #2 CID*

To account for monies received from the Community Improvement District additional 1% sales tax to be expended on eligible reimbursable costs within the District (City Center East Village first and second plat).

Springhill Suites CID*

To account for monies received from the Community Improvement District additional 1% sales tax to be expended on eligible reimbursable costs within the District (located northwest corner of 87th Street Parkway and Penrose).

Candlewood Suites CID*

To account for monies received from the Community Improvement District additional 1% sales tax to be expended on eligible reimbursable costs within the District (located northwest corner of 96th Terrace and Rosehill Road).

CITY OF LENEXA, KANSAS

Nonmajor Governmental Funds (*Continued*)

Holiday Inn Express CID*

To account for monies received from the Community Improvement District additional 1% sales tax to be expended on eligible reimbursable costs within the District (located at the northwest corner of 96th Terrace and Rosehill Road).

*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.

Parks And Recreation

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

Municipal Buildings

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

CITY OF LENEXA, KANSAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2018

| | Combined Special Revenue Funds | Debt Service Reserve TIF | Capital Project Funds | | | Total Nonmajor Governmental Funds |
|--|---|-----------------------------------|----------------------------|------------------------|------------------------|--|
| | | | Parks And Recreation | Municipal Buildings | Capital Acquisition | |
| Assets | | | | | | |
| Deposits, including investments | \$ 12,229,826 | \$ 1 | \$ 2,065,060 | \$ 4,606,736 | \$ 1,129,720 | \$ 20,031,343 |
| Restricted cash and investments | — | 5,743 | — | — | — | 5,743 |
| Property tax receivable (net of allowance for uncollectibles) | 8,552,453 | — | — | — | — | 8,552,453 |
| Sales tax receivable | 216,017 | — | — | — | — | 216,017 |
| Transient guest tax receivable | 374,861 | — | — | — | — | 374,861 |
| Special highway tax receivable | 365,032 | — | — | — | — | 365,032 |
| Special liquor tax receivable | 171,642 | — | — | — | — | 171,642 |
| Intergovernmental receivable | 50,161 | — | — | — | — | 50,161 |
| Interest receivable | 19,090 | — | — | 9,015 | 2,868 | 30,973 |
| Other receivable | 102,344 | — | — | — | — | 102,344 |
| Total Assets | \$ 22,081,426 | \$ 5,744 | \$ 2,065,060 | \$ 4,615,751 | \$ 1,132,588 | \$ 29,900,569 |
| Liabilities, Deferred Inflows And Fund Balances | | | | | | |
| Liabilities | | | | | | |
| Accounts payable | \$ 886,676 | \$ — | \$ 13,328 | \$ 1,569,088 | \$ 40,990 | \$ 2,510,082 |
| Due to other funds | 122,100 | — | — | — | — | 122,100 |
| Total Liabilities | 1,008,776 | — | 13,328 | 1,569,088 | 40,990 | 2,632,182 |
| Deferred Inflows Of Resources | | | | | | |
| Property tax | 8,552,453 | — | — | — | — | 8,552,453 |
| Fund Balances | | | | | | |
| Restricted | 12,520,197 | 5,744 | 625,240 | 448,263 | — | 13,599,444 |
| Committed | — | — | 382,145 | 2,598,400 | 736,009 | 3,716,554 |
| Assigned | — | — | 1,044,347 | — | 355,589 | 1,399,936 |
| Total Fund Balances | 12,520,197 | 5,744 | 2,051,732 | 3,046,663 | 1,091,598 | 18,715,934 |
| Total Liabilities, Deferred Inflows And Fund Balances | \$ 22,081,426 | \$ 5,744 | \$ 2,065,060 | \$ 4,615,751 | \$ 1,132,588 | \$ 29,900,569 |

CITY OF LENEXA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For The Year Ended December 31, 2018

| | Combined Special Revenue Funds | Debt Service Reserve TIF | Capital Project Funds | | | Total Nonmajor Governmental Funds |
|--|---|-----------------------------------|----------------------------|------------------------|------------------------|--|
| | | | Parks And Recreation | Municipal Buildings | Capital Acquisition | |
| Revenues | | | | | | |
| Taxes | \$ 12,007,397 | \$ — | \$ — | \$ — | \$ — | \$ 12,007,397 |
| Intergovernmental | 167,554 | — | 577,521 | — | 214,153 | 959,228 |
| Charges for services | 1,017,782 | — | — | — | — | 1,017,782 |
| Fines and forfeitures | 7,251 | — | — | — | — | 7,251 |
| Investment earnings | 71,705 | 850 | 467 | 53,567 | 19,212 | 145,801 |
| Miscellaneous | — | — | — | — | 101,190 | 101,190 |
| Total Revenues | 13,271,689 | 850 | 577,988 | 53,567 | 334,555 | 14,238,649 |
| Expenditures | | | | | | |
| Current: | | | | | | |
| General government | 916,064 | 7,204 | — | — | — | 923,268 |
| Public safety | 256,809 | — | — | — | — | 256,809 |
| Municipal services | 14,000 | — | — | — | — | 14,000 |
| Recreation | 74,742 | — | — | — | — | 74,742 |
| Economic development | 6,102,990 | — | — | — | — | 6,102,990 |
| Capital outlay | — | — | 760,365 | 2,445,091 | 2,573,632 | 5,779,088 |
| Debt service: | | | | | | |
| Principal retirement | 160,000 | 180,007 | 455,000 | — | — | 795,007 |
| Interest and fiscal charges | 116,506 | 59,993 | — | — | — | 176,499 |
| Total Expenditures | 7,641,111 | 247,204 | 1,215,365 | 2,445,091 | 2,573,632 | 14,122,403 |
| Excess (Deficiency) Of Revenues Over Expenditures | 5,630,578 | (246,354) | (637,377) | (2,391,524) | (2,239,077) | 116,246 |
| Other Financing Sources (Uses) | | | | | | |
| Issuance of refunding bonds | — | — | 420,000 | — | — | 420,000 |
| Premium on general obligation bonds | — | — | 39,401 | — | — | 39,401 |
| Transfers in | 220,717 | 246,202 | 1,606,000 | 3,020,000 | 2,242,181 | 7,335,100 |
| Transfers out | (4,053,461) | — | (61,413) | (1,183,007) | — | (5,297,881) |
| Total Other Financing Sources (Uses) | (3,832,744) | 246,202 | 2,003,988 | 1,836,993 | 2,242,181 | 2,496,620 |
| Net Changes In Fund Balances | 1,797,834 | (152) | 1,366,611 | (554,531) | 3,104 | 2,612,866 |
| Fund Balances - Beginning Of Year | 10,722,363 | 5,896 | 685,121 | 3,601,194 | 1,088,494 | 16,103,068 |
| Fund Balances - End Of Year | \$ 12,520,197 | \$ 5,744 | \$ 2,051,732 | \$ 3,046,663 | \$ 1,091,598 | \$ 18,715,934 |

CITY OF LENEXA, KANSAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
Page 1 Of 4
December 31, 2018

| | Neighborhood Revitalization District | Street Tree Zone 1 | Street Tree Zone 2 | Street Tree Zone 3 | Special Highway | Tourism And Convention |
|--|--|--------------------------|--------------------------|--------------------------|--------------------|------------------------------|
| Assets | | | | | | |
| Deposits and investments | \$ 281,138 | \$ 106,845 | \$ 131,616 | \$ 178,200 | \$ — | \$ 1,429,313 |
| Property tax receivable (net of allowance for uncollectibles) | 316,743 | — | — | — | — | — |
| Sales tax receivable | — | — | — | — | — | — |
| Transient guest tax receivable | — | — | — | — | — | 374,861 |
| Special highway tax receivable | — | — | — | — | 365,032 | — |
| Special liquor tax receivable | — | — | — | — | — | — |
| Intergovernmental receivable | — | — | — | — | — | — |
| Interest receivable | — | 432 | 532 | 722 | — | — |
| Other receivable | — | — | — | — | — | — |
| Total Assets | \$ 597,881 | \$ 107,277 | \$ 132,148 | \$ 178,922 | \$ 365,032 | \$ 1,804,174 |
| Liabilities, Deferred Inflows And Fund Balances | | | | | | |
| Liabilities | | | | | | |
| Accounts payable | \$ — | \$ — | \$ — | \$ 200 | \$ — | \$ — |
| Due to other funds | — | — | — | — | — | — |
| Total Liabilities | — | — | — | 200 | — | — |
| Deferred Inflows Of Resources | | | | | | |
| Property tax | 316,743 | — | — | — | — | — |
| Fund Balances | | | | | | |
| Restricted | 281,138 | 107,277 | 132,148 | 178,722 | 365,032 | 1,804,174 |
| Total Liabilities, Deferred Inflows And Fund Balances | \$ 597,881 | \$ 107,277 | \$ 132,148 | \$ 178,922 | \$ 365,032 | \$ 1,804,174 |

CITY OF LENEXA, KANSAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
Page 2 Of 4
December 31, 2018

| | Special Alcohol Control | Special Park And Recreation | TIP Zone 1 | TIP Zone 2 | TIP Zone 3 | Grants |
|--|-------------------------------|-----------------------------------|---------------------|-------------------|-------------------|------------------|
| Assets | | | | | | |
| Deposits and investments | \$ 498,047 | \$ — | \$ 1,410,400 | \$ 482,724 | \$ 662,360 | \$ — |
| Property tax receivable (net of allowance for uncollectibles) | — | — | — | — | — | — |
| Sales tax receivable | — | — | — | — | — | — |
| Transient guest tax receivable | — | — | — | — | — | — |
| Special highway tax receivable | — | — | — | — | — | — |
| Special liquor tax receivable | 85,821 | 85,821 | — | — | — | — |
| Intergovernmental receivable | — | — | — | — | — | 50,161 |
| Interest receivable | — | — | 5,710 | 1,954 | 2,681 | — |
| Other receivable | — | — | — | — | — | — |
| Total Assets | \$ 583,868 | \$ 85,821 | \$ 1,416,110 | \$ 484,678 | \$ 665,041 | \$ 50,161 |
| Liabilities, Deferred Inflows And Fund Balances | | | | | | |
| Liabilities | | | | | | |
| Accounts payable | \$ 19,425 | \$ — | \$ — | \$ — | \$ — | \$ 13,450 |
| Due to other funds | — | — | — | — | — | 30,516 |
| Total Liabilities | 19,425 | — | — | — | — | 43,966 |
| Deferred Inflows Of Resources | | | | | | |
| Property tax | — | — | — | — | — | — |
| Fund Balances | | | | | | |
| Restricted | 564,443 | 85,821 | 1,416,110 | 484,678 | 665,041 | 6,195 |
| Total Liabilities, Deferred Inflows And Fund Balances | \$ 583,868 | \$ 85,821 | \$ 1,416,110 | \$ 484,678 | \$ 665,041 | \$ 50,161 |

CITY OF LENEXA, KANSAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
Page 3 Of 4
December 31, 2018

| | Ridgeview Mining TIF | South Mining District TIF | City Center TIF | I-35 & 95th Street TIF | Law Enforcement Trust | Legal Trust | Mining TIF District | City Center East TIF Bonds |
|--|----------------------------|---------------------------------|-----------------------|------------------------------|-----------------------------|------------------|---------------------------|-------------------------------------|
| Assets | | | | | | | | |
| Deposits and investments | \$ 1,721,301 | \$ 12,021 | \$ 1,585,558 | \$ 864,901 | \$ 274,156 | \$ 72,540 | \$ 435,026 | \$ 23,772 |
| Property tax receivable (net of allowance for uncollectibles) | 980,107 | — | 4,308,961 | 782,442 | — | — | 1,923,714 | 240,486 |
| Sales tax receivable | — | — | — | — | — | — | — | — |
| Transient guest tax receivable | — | — | — | — | — | — | — | — |
| Special highway tax receivable | — | — | — | — | — | — | — | — |
| Special liquor tax receivable | — | — | — | — | — | — | — | — |
| Intergovernmental receivable | — | — | — | — | — | — | — | — |
| Interest receivable | — | — | — | — | — | — | — | — |
| Other receivable | — | — | — | — | 13,958 | — | — | — |
| Total Assets | \$ 2,701,408 | \$ 12,021 | \$ 5,894,519 | \$ 1,647,343 | \$ 288,114 | \$ 72,540 | \$ 2,358,740 | \$ 264,258 |
| Liabilities, Deferred Inflows And Fund Balances | | | | | | | | |
| Liabilities | | | | | | | | |
| Accounts payable | \$ — | \$ — | \$ 331,182 | \$ — | \$ — | \$ — | \$ 401,386 | \$ — |
| Due to other funds | — | — | — | — | — | — | — | — |
| Total Liabilities | — | — | 331,182 | — | — | — | 401,386 | — |
| Deferred Inflows Of Resources | | | | | | | | |
| Property tax | 980,107 | — | 4,308,961 | 782,442 | — | — | 1,923,714 | 240,486 |
| Fund Balances | | | | | | | | |
| Restricted | 1,721,301 | 12,021 | 1,254,376 | 864,901 | 288,114 | 72,540 | 33,640 | 23,772 |
| Total Liabilities, Deferred Inflows And Fund Balances | \$ 2,701,408 | \$ 12,021 | \$ 5,894,519 | \$ 1,647,343 | \$ 288,114 | \$ 72,540 | \$ 2,358,740 | \$ 264,258 |

CITY OF LENEXA, KANSAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
Page 4 Of 4
December 31, 2018

| | Orchard Corners CID | Prairie Creek CID | Quivira 95 CID | Greystone Plaza CID | City Center East #1 CID | City Center East #2 CID | Springhill Suites CID | Candlewood Suites CID | Holiday Inn Express 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 | \$ 72,863 | \$ 8,791 | \$ 1,404 | \$ 3,708 | \$ 33,496 | \$ 152,400 | \$ 4,407 | \$ 16,114 | \$ 22,851 | \$ 530,367 | \$ 609,598 | \$ 603,909 | \$ 12,229,826 |
| Property tax receivable (net of allowance for uncollectibles) | — | — | — | — | — | — | — | — | — | — | — | — | 8,552,453 |
| Sales tax receivable | 154,517 | 17,361 | 7,641 | 9,261 | 558 | 13,135 | 6,546 | 2,854 | 4,144 | — | — | — | 216,017 |
| Transient guest tax receivable | — | — | — | — | — | — | — | — | — | — | — | — | 374,861 |
| Special highway tax receivable | — | — | — | — | — | — | — | — | — | — | — | — | 365,032 |
| Special liquor tax receivable | — | — | — | — | — | — | — | — | — | — | — | — | 171,642 |
| Intergovernmental receivable | — | — | — | — | — | — | — | — | — | — | — | — | 50,161 |
| Interest receivable | — | — | — | — | — | — | — | — | — | 2,147 | 2,468 | 2,444 | 19,090 |
| Other receivable | — | — | — | — | 88,386 | — | — | — | — | — | — | — | 102,344 |
| Total Assets | \$ 227,380 | \$ 26,152 | \$ 9,045 | \$ 12,969 | \$ 122,440 | \$ 165,535 | \$ 10,953 | \$ 18,968 | \$ 26,995 | \$ 532,514 | \$ 612,066 | \$ 606,353 | \$ 22,081,426 |
| Liabilities, Deferred Inflows And Fund Balances | | | | | | | | | | | | | |
| Liabilities | | | | | | | | | | | | | |
| Accounts payable | \$ 72,863 | \$ 8,791 | \$ 1,404 | \$ 3,708 | \$ 2,272 | \$ 27,588 | \$ 4,407 | \$ — | \$ — | \$ — | \$ — | \$ — | \$ 886,676 |
| Due to other funds | — | — | — | — | 91,584 | — | — | — | — | — | — | — | 122,100 |
| Total Liabilities | 72,863 | 8,791 | 1,404 | 3,708 | 93,856 | 27,588 | 4,407 | — | — | — | — | — | 1,008,776 |
| Deferred Inflows Of Resources | | | | | | | | | | | | | |
| Property tax | — | — | — | — | — | — | — | — | — | — | — | — | 8,552,453 |
| Fund Balances | | | | | | | | | | | | | |
| Restricted | 154,517 | 17,361 | 7,641 | 9,261 | 28,584 | 137,947 | 6,546 | 18,968 | 26,995 | 532,514 | 612,066 | 606,353 | 12,520,197 |
| Total Liabilities, Deferred Inflows And Fund Balances | \$ 227,380 | \$ 26,152 | \$ 9,045 | \$ 12,969 | \$ 122,440 | \$ 165,535 | \$ 10,953 | \$ 18,968 | \$ 26,995 | \$ 532,514 | \$ 612,066 | \$ 606,353 | \$ 22,081,426 |

CITY OF LENEXA, KANSAS

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

Page 1 Of 4

For The Year Ended December 31, 2018

| | Neighborhood Revitalization District | Street Tree Zone 1 | Street Tree Zone 2 | Street Tree Zone 3 | Special Highway | Tourism And Convention |
|--|--|--------------------------|--------------------------|--------------------------|--------------------|------------------------------|
| Revenues | | | | | | |
| Taxes | \$ 320,373 | \$ — | \$ — | \$ — | \$ 1,452,775 | \$ 1,430,576 |
| Intergovernmental | — | — | — | — | — | — |
| Charges for services | — | — | 14,300 | 39,000 | — | — |
| Fines and forfeitures | — | — | — | — | — | — |
| Investment earnings | — | 1,905 | 2,557 | 3,348 | — | — |
| Total Revenues | 320,373 | 1,905 | 16,857 | 42,348 | 1,452,775 | 1,430,576 |
| Expenditures | | | | | | |
| Current: | | | | | | |
| General government | 206,576 | — | — | — | — | 569,569 |
| Public safety | — | — | — | — | — | — |
| Municipal services | — | — | — | — | — | — |
| Recreation | — | 572 | 26,240 | 47,930 | — | — |
| Economic development | — | — | — | — | — | 90,000 |
| Debt service: | | | | | | |
| Principal retirement | — | — | — | — | — | 160,000 |
| Interest and fiscal charges | — | — | — | — | — | 116,506 |
| Total Expenditures | 206,576 | 572 | 26,240 | 47,930 | — | 936,075 |
| Excess (Deficiency) Of Revenues Over Expenditures | 113,797 | 1,333 | (9,383) | (5,582) | 1,452,775 | 494,501 |
| Other Financing Sources (Uses) | | | | | | |
| Transfers in | — | — | — | — | — | — |
| Transfers out | — | — | — | — | (1,448,604) | (178,470) |
| Total Other Financing Sources (Uses) | — | — | — | — | (1,448,604) | (178,470) |
| Net Changes In Fund Balances | 113,797 | 1,333 | (9,383) | (5,582) | 4,171 | 316,031 |
| Fund Balances - Beginning Of Year | 167,341 | 105,944 | 141,531 | 184,304 | 360,861 | 1,488,143 |
| Fund Balances - End Of Year | \$ 281,138 | \$ 107,277 | \$ 132,148 | \$ 178,722 | \$ 365,032 | \$ 1,804,174 |

CITY OF LENEXA, KANSAS

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

Page 2 Of 4

For The Year Ended December 31, 2018

| | Special Alcohol Control | Special Park And Recreation | TIP Zone 1 | TIP Zone 2 | TIP Zone 3 | Grants |
|---|-------------------------------|-----------------------------------|---------------------|-------------------|-------------------|-----------------|
| Revenues | | | | | | |
| Taxes | \$ 304,143 | \$ 304,143 | \$ — | \$ — | \$ — | \$ — |
| Intergovernmental | — | — | — | — | — | 146,309 |
| Charges for services | — | — | 323,571 | 310,305 | 77,191 | — |
| Fines and forfeitures | — | — | — | — | — | — |
| Investment earnings | — | — | 16,486 | 9,463 | 11,040 | — |
| Total Revenues | 304,143 | 304,143 | 340,057 | 319,768 | 88,231 | 146,309 |
| Expenditures | | | | | | |
| Current: | | | | | | |
| General government | — | — | — | — | — | 139,919 |
| Public safety | 179,986 | — | — | — | — | 6,237 |
| Municipal services | — | — | 14,000 | — | — | — |
| Recreation | — | — | — | — | — | — |
| Economic development | — | — | — | — | — | — |
| Total Expenditures | 179,986 | — | 14,000 | — | — | 146,156 |
| Excess Of Revenues Over Expenditures | 124,157 | 304,143 | 326,057 | 319,768 | 88,231 | 153 |
| Other Financing Sources (Uses) | | | | | | |
| Transfers in | — | — | 220,717 | — | — | — |
| Transfers out | (52,189) | (280,572) | — | (291,572) | — | — |
| Total Other Financing Sources (Uses) | (52,189) | (280,572) | 220,717 | (291,572) | — | — |
| Net Changes In Fund Balances | 71,968 | 23,571 | 546,774 | 28,196 | 88,231 | 153 |
| Fund Balances - Beginning Of Year | 492,475 | 62,250 | 869,336 | 456,482 | 576,810 | 6,042 |
| Fund Balances - End Of Year | \$ 564,443 | \$ 85,821 | \$ 1,416,110 | \$ 484,678 | \$ 665,041 | \$ 6,195 |

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, 2018

| | Ridgeview Mining TIF | South Mining District TIF | City Center TIF | I-35 & 95th Street TIF | Law Enforcement Trust | Legal Trust | Mining TIF District | City Center East TIF Bonds |
|---|----------------------------|------------------------------------|-----------------------|------------------------------|-----------------------------|------------------|---------------------------|-------------------------------------|
| Revenues | | | | | | | | |
| Taxes | \$ 871,111 | \$ 1 | \$ 3,873,510 | \$ 605,462 | \$ — | \$ — | \$ 1,617,653 | \$ 246,202 |
| Intergovernmental | — | — | — | — | 21,245 | — | — | — |
| Charges for services | — | — | — | — | — | — | — | — |
| Fines and forfeitures | — | — | — | — | 6,081 | 1,170 | — | — |
| Investment earnings (loss) | — | — | — | — | — | — | — | — |
| Total Revenues | 871,111 | 1 | 3,873,510 | 605,462 | 27,326 | 1,170 | 1,617,653 | 246,202 |
| Expenditures | | | | | | | | |
| Current: | | | | | | | | |
| General government | — | — | — | — | — | — | — | — |
| Public safety | — | — | — | — | 70,586 | — | — | — |
| Municipal services | — | — | — | — | — | — | — | — |
| Recreation | — | — | — | — | — | — | — | — |
| Economic development | 518,599 | — | 3,070,254 | 35,534 | — | — | 1,585,666 | — |
| Total Expenditures | 518,599 | — | 3,070,254 | 35,534 | 70,586 | — | 1,585,666 | — |
| Excess (Deficiency) Of Revenues | | | | | | | | |
| Over Expenditures | 352,512 | 1 | 803,256 | 569,928 | (43,260) | 1,170 | 31,987 | 246,202 |
| Other Financing Sources (Uses) | | | | | | | | |
| Transfers in | — | — | — | — | — | — | — | — |
| Transfers out | (11,343) | — | (1,533,321) | (179) | — | — | (3,507) | (246,202) |
| Total Other Financing Sources (Uses) | (11,343) | — | (1,533,321) | (179) | — | — | (3,507) | (246,202) |
| Net Changes In Fund Balances | 341,169 | 1 | (730,065) | 569,749 | (43,260) | 1,170 | 28,480 | — |
| Fund Balances - Beginning Of Year | 1,380,132 | 12,020 | 1,984,441 | 295,152 | 331,374 | 71,370 | 5,160 | 23,772 |
| Fund Balances - End Of Year | \$ 1,721,301 | \$ 12,021 | \$ 1,254,376 | \$ 864,901 | \$ 288,114 | \$ 72,540 | \$ 33,640 | \$ 23,772 |

CITY OF LENEXA, KANSAS

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

Page 4 Of 4

For The Year Ended December 31, 2018

| | Orchard Corners CID | Prairie Creek CID | Quivira 95 CID | Greystone Plaza CID | City Center East #1 CID | City Center East #2 CID | Springhill Suites CID | Candlewood Suites CID | Holiday Inn Express 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 | \$ 542,671 | \$ 99,295 | \$ 39,168 | \$ 61,018 | \$ 70,105 | \$ 83,522 | \$ 43,557 | \$ 17,826 | \$ 24,286 | \$ — | \$ — | \$ — | \$ 12,007,397 |
| Intergovernmental | — | — | — | — | — | — | — | — | — | — | — | — | 167,554 |
| Charges for services | — | — | — | — | — | — | — | — | — | 35,406 | 124,198 | 93,811 | 1,017,782 |
| Fines and forfeitures | — | — | — | — | — | — | — | — | — | — | — | — | 7,251 |
| Investment earnings (loss) | — | — | — | — | — | — | — | — | — | 7,744 | 9,352 | 9,810 | 71,705 |
| Total Revenues | 542,671 | 99,295 | 39,168 | 61,018 | 70,105 | 83,522 | 43,557 | 17,826 | 24,286 | 43,150 | 133,550 | 103,621 | 13,271,689 |
| Expenditures | | | | | | | | | | | | | |
| Current: | | | | | | | | | | | | | |
| General government | — | — | — | — | — | — | — | — | — | — | — | — | 916,064 |
| Public safety | — | — | — | — | — | — | — | — | — | — | — | — | 256,809 |
| Municipal services | — | — | — | — | — | — | — | — | — | — | — | — | 14,000 |
| Recreation | — | — | — | — | — | — | — | — | — | — | — | — | 74,742 |
| Economic development | 484,555 | 95,352 | 38,317 | 60,096 | 51,044 | 27,588 | 45,985 | — | — | — | — | — | 6,102,990 |
| Debt service: | | | | | | | | | | | | | |
| Principal retirement | — | — | — | — | — | — | — | — | — | — | — | — | 160,000 |
| Interest and fiscal charges | — | — | — | — | — | — | — | — | — | — | — | — | 116,506 |
| Total Expenditures | 484,555 | 95,352 | 38,317 | 60,096 | 51,044 | 27,588 | 45,985 | — | — | — | — | — | 7,641,111 |
| Excess (Deficiency) Of Revenues | | | | | | | | | | | | | |
| Over Expenditures | 58,116 | 3,943 | 851 | 922 | 19,061 | 55,934 | (2,428) | 17,826 | 24,286 | 43,150 | 133,550 | 103,621 | 5,630,578 |
| Other Financing Sources (Uses) | | | | | | | | | | | | | |
| Transfers in | — | — | — | — | — | — | — | — | — | — | — | — | 220,717 |
| Transfers out | (4,895) | (963) | (387) | (607) | 94 | (279) | (465) | — | — | — | — | — | (4,053,461) |
| Total Other Financing Sources (Uses) | (4,895) | (963) | (387) | (607) | 94 | (279) | (465) | — | — | — | — | — | (3,832,744) |
| Net Changes In Fund Balances | 53,221 | 2,980 | 464 | 315 | 19,155 | 55,655 | (2,893) | 17,826 | 24,286 | 43,150 | 133,550 | 103,621 | 1,797,834 |
| Fund Balances - Beginning Of Year | 101,296 | 14,381 | 7,177 | 8,946 | 9,429 | 82,292 | 9,439 | 1,142 | 2,709 | 489,364 | 478,516 | 502,732 | 10,722,363 |
| Fund Balances - End Of Year | \$ 154,517 | \$ 17,361 | \$ 7,641 | \$ 9,261 | \$ 28,584 | \$ 137,947 | \$ 6,546 | \$ 18,968 | \$ 26,995 | \$ 532,514 | \$ 612,066 | \$ 606,353 | \$ 12,520,197 |

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, 2018

| | 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 | — | — | 1,905 | 1,905 |
| Total Revenues | 10,000 | 10,000 | 1,905 | (8,095) |
| Expenditures | | | | |
| Current: | | | | |
| Recreation | 10,000 | 10,000 | 572 | 9,428 |
| Excess Of Revenues Over Expenditures | — | — | 1,333 | 1,333 |
| Other Financing Uses | | | | |
| Transfers out | (106,212) | (106,212) | — | 106,212 |
| Net Changes In Fund Balances | (106,212) | (106,212) | 1,333 | (107,545) |
| Fund Balances - Beginning Of Year | | | <u>105,944</u> | |
| Fund Balances - End Of Year | | | <u>\$ 107,277</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, 2018

| | <u>Budgeted Amounts</u> | | Actual | Variance With Final Budget - Positive (Negative) |
|---|-------------------------|-----------------|--------------------------|--|
| | Original Budget | Final Budget | | |
| Revenues | | | | |
| Charges for services | \$ 25,000 | \$ 25,000 | \$ 14,300 | \$ (10,700) |
| Investment loss | — | — | 2,557 | 2,557 |
| Total Revenues | 25,000 | 25,000 | 16,857 | (8,143) |
| Expenditures | | | | |
| Current: | | | | |
| Recreation | 25,000 | 28,000 | 26,240 | 1,760 |
| Deficiency Of Revenues Over Expenditures | — | (3,000) | (9,383) | (6,383) |
| Other Financing Uses | | | | |
| Transfers out | (81,722) | (78,722) | — | 78,722 |
| Net Changes In Fund Balances | (81,722) | (81,722) | (9,383) | 72,339 |
| Fund Balances - Beginning Of Year | | | <u>141,531</u> | |
| Fund Balances - End Of Year | | | <u><u>\$ 132,148</u></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, 2018

| | Budgeted Amounts | | Actual | Variance With Final Budget - Positive (Negative) |
|--|--------------------|------------------|--------------------------|--|
| | Original Budget | Final Budget | | |
| Revenues | | | | |
| Charges for services | \$ 20,000 | \$ 20,000 | \$ 39,000 | \$ 19,000 |
| Investment earnings | — | — | 3,348 | 3,348 |
| Total Revenues | 20,000 | 20,000 | 42,348 | 22,348 |
| Expenditures | | | | |
| Current: | | | | |
| Recreation | 20,000 | 60,000 | 47,930 | 12,070 |
| Excess (Deficiency) Of Revenues Over Expenditures | — | (40,000) | (5,582) | 34,418 |
| Other Financing Uses | | | | |
| Transfers out | (205,004) | (165,004) | — | (165,004) |
| Net Changes In Fund Balances | (205,004) | (205,004) | (5,582) | 199,422 |
| Fund Balances - Beginning Of Year | | | <u>184,304</u> | |
| Fund Balances - End Of Year | | | <u><u>\$ 178,722</u></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, 2018

| | Budgeted Amounts | | Actual | Variance With Final Budget - Positive (Negative) |
|--|--------------------|------------------|-------------------|--|
| | Original Budget | Final Budget | | |
| Revenues | | | | |
| Taxes | \$ 1,359,560 | \$ 1,359,560 | \$ 1,452,775 | \$ 93,215 |
| Miscellaneous taxes | 75,000 | 75,000 | — | (75,000) |
| Total Revenues | 1,434,560 | 1,434,560 | 1,452,775 | 18,215 |
| Other Financing Uses | | | | |
| Transfers out | (1,788,883) | (1,788,883) | (1,448,604) | 340,279 |
| Net Changes In Fund Balances | (354,323) | (354,323) | 4,171 | 358,494 |
| Fund Balances - Beginning Of Year | | | <u>360,861</u> | |
| Fund Balances - End Of Year | | | <u>\$ 365,032</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, 2018

| | Budgeted Amounts | | Actual | Variance With Final Budget - Positive (Negative) |
|--|--------------------|-----------------|--------------|--|
| | Original Budget | Final Budget | | |
| Revenues | | | | |
| Taxes | \$ 1,760,000 | \$ 1,760,000 | \$ 1,430,576 | \$ (329,424) |
| Expenditures | | | | |
| Current: | | | | |
| General government | 603,739 | 603,739 | 569,569 | 34,170 |
| Economic development | — | 180,000 | 90,000 | 90,000 |
| Debt service: | | | | |
| Principal retirement | 160,000 | 160,000 | 160,000 | — |
| Interest and fiscal charges | 116,506 | 116,506 | 116,506 | — |
| Total Expenditures | 880,245 | 1,060,245 | 936,075 | 124,170 |
| Excess (Deficiency) Of Revenues Over Expenditures | 879,755 | 699,755 | 494,501 | (205,254) |
| Other Financing Uses | | | | |
| Transfers out | (1,198,428) | (1,198,428) | (178,470) | 1,019,958 |
| Net Changes In Fund Balances | (318,673) | (498,673) | 316,031 | 814,704 |
| Fund Balances - Beginning Of Year | | | 1,488,143 | |
| Fund Balances - End Of Year | | | \$ 1,804,174 | |

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, 2018

| | <u>Budgeted Amounts</u> | | Actual | Variance With Final Budget - Positive (Negative) |
|---|----------------------------|-------------------------|--------------------------|--|
| | <u>Original Budget</u> | <u>Final Budget</u> | | |
| Revenues | | | | |
| Taxes | \$ 256,556 | \$ 256,556 | \$ 304,143 | \$ 47,587 |
| Expenditures | | | | |
| Current: | | | | |
| Public safety | 190,056 | 190,056 | 179,986 | 10,070 |
| Excess Of Revenues Over Expenditures | 66,500 | 66,500 | 124,157 | 57,657 |
| Other Financing Uses | | | | |
| Transfers out | (523,608) | (523,608) | (52,189) | 471,419 |
| Net Changes In Fund Balances | <u>(457,108)</u> | <u>(457,108)</u> | 71,968 | <u>529,076</u> |
| Fund Balances - Beginning Of Year | | | <u>492,475</u> | |
| Fund Balances - End Of Year | | | <u><u>\$ 564,443</u></u> | |

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, 2018

| | Budgeted Amounts | | Actual | Variance With Final Budget - Positive (Negative) |
|--|--------------------|-----------------|-------------------------|--|
| | Original Budget | Final Budget | | |
| Revenues | | | | |
| Taxes | \$ 256,556 | \$ 256,556 | \$ 304,143 | \$ 47,587 |
| Other Financing Uses | | | | |
| Transfers out | (321,791) | (321,791) | (280,572) | 41,219 |
| Net Changes In Fund Balances | <u>(65,235)</u> | <u>(65,235)</u> | 23,571 | <u>88,806</u> |
| Fund Balances - Beginning Of Year | | | <u>62,250</u> | |
| Fund Balances - End Of Year | | | <u><u>\$ 85,821</u></u> | |

CITY OF LENEXA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL TIP ZONE 1 FUND For The Year Ended December 31, 2018

| | Budgeted Amounts | | Actual | Variance With Final Budget - Positive (Negative) |
|---|--------------------|-----------------|--------------|--|
| | Original Budget | Final Budget | | |
| Revenues | | | | |
| Charges for services | \$ 320,000 | \$ 320,000 | \$ 323,571 | \$ 3,571 |
| Investment earnings | — | — | 16,486 | 16,486 |
| Total Revenues | 320,000 | 320,000 | 340,057 | 20,057 |
| Expenditures | | | | |
| Current: | | | | |
| Municipal services | — | 15,000 | (1,000) | 16,000 |
| Total Expenditures | — | 15,000 | (1,000) | 16,000 |
| Excess Of Revenues Over Expenditures | 320,000 | 305,000 | 341,057 | 36,057 |
| Other Financing Sources (Uses) | | | | |
| Transfers in | — | — | 220,717 | 220,717 |
| Transfers out | (1,166,492) | (1,151,492) | — | 1,151,492 |
| Total Other Financing Sources (Uses) | (1,166,492) | (1,151,492) | 220,717 | 1,372,209 |
| Net Changes In Fund Balances | (846,492) | (846,492) | 561,774 | 1,408,266 |
| Fund Balances - Beginning Of Year | | | 869,336 | |
| Fund Balances - End Of Year | | | 1,431,110 | |
| Adjustments To Reconcile To GAAP Basis | | | | |
| Encumbrances reserved at December 31, 2018 | | | — | |
| Encumbrances reserved at December 31, 2017 | | | (15,000) | |
| Fund Balances - End of Year - GAAP Basis | | | \$ 1,416,110 | |

CITY OF LENEXA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL TIP ZONE 2 FUND

For The Year Ended December 31, 2018

| | Budgeted Amounts | | Actual | Variance With Final Budget - Positive (Negative) |
|--|--------------------|-----------------|------------|--|
| | Original Budget | Final Budget | | |
| Revenues | | | | |
| Charges for services | \$ 102,000 | \$ 102,000 | \$ 310,305 | \$ 208,305 |
| Investment loss | — | — | 9,463 | 9,463 |
| Total Revenues | 102,000 | 102,000 | 319,768 | 217,768 |
| Other Financing Sources (Uses) | | | | |
| Transfers out | (325,039) | (325,039) | (291,572) | 33,467 |
| Net Changes In Fund Balances | (223,039) | (223,039) | 28,196 | 251,235 |
| Fund Balances - Beginning Of Year | | | 456,482 | |
| Fund Balances - End Of Year | | | \$ 484,678 | |

CITY OF LENEXA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL TIP ZONE 3 FUND For The Year Ended December 31, 2018

| | Budgeted Amounts | | Actual | Variance With Final Budget - Positive (Negative) |
|--|--------------------|------------------|--------------------------|--|
| | Original Budget | Final Budget | | |
| Revenues | | | | |
| Charges for services | \$ 76,000 | \$ 76,000 | \$ 77,191 | \$ 1,191 |
| Investment earnings | — | — | 11,040 | 11,040 |
| Total Revenues | 76,000 | 76,000 | 88,231 | 12,231 |
| Other Financing Uses | | | | |
| Transfers out | (547,150) | (547,150) | — | 547,150 |
| Net Changes In Fund Balances | (471,150) | (471,150) | 88,231 | 559,381 |
| Fund Balances - Beginning Of Year | | | <u>576,810</u> | |
| Fund Balances - End Of Year | | | <u><u>\$ 665,041</u></u> | |

CITY OF LENEXA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL NEIGHBORHOOD REVITALIZATION DISTRICT FUND For The Year Ended December 31, 2018

| | Budgeted Amounts | | Actual | Variance With Final Budget - Positive (Negative) |
|---|--------------------|-----------------|------------|--|
| | Original Budget | Final Budget | | |
| Revenues | | | | |
| Taxes | \$ 300,000 | \$ 300,000 | \$ 320,373 | \$ 20,373 |
| Expenditures | | | | |
| Current: | | | | |
| General government | 300,000 | 300,000 | 206,576 | 93,424 |
| Excess Of Revenues Over Expenditures | — | — | 113,797 | 113,797 |
| Other Financing Uses | | | | |
| Transfers out | (69,202) | (69,202) | — | 69,202 |
| Net Changes In Fund Balances | (69,202) | (69,202) | 113,797 | 182,999 |
| Fund Balances - Beginning Of Year | | | 167,341 | |
| Fund Balances - End Of Year | | | \$ 281,138 | |

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, 2018

| | Budgeted Amounts | | Actual | Variance With Final Budget - Positive (Negative) |
|---|--------------------|-----------------|---------------------|--|
| | Original Budget | Final Budget | | |
| Revenues | | | | |
| Taxes | \$ 775,000 | \$ 775,000 | \$ 871,111 | \$ 96,111 |
| Expenditures | | | | |
| Current: | | | | |
| Economic development | 771,125 | 771,125 | 518,599 | 252,526 |
| Excess Of Revenues Over Expenditures | 3,875 | 3,875 | 352,512 | 348,637 |
| Other Financing Uses | | | | |
| Transfers out | (564,339) | (564,339) | (11,343) | 552,996 |
| Net Changes In Fund Balances | (560,464) | (560,464) | 341,169 | 901,633 |
| Fund Balances - Beginning Of Year | | | 1,380,132 | |
| Fund Balances - End Of Year | | | <u>\$ 1,721,301</u> | |

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, 2018**

| | <u>Budgeted Amounts</u> | | Actual | Variance With Final Budget - Positive (Negative) |
|---|-------------------------|-----------------|-------------------------|--|
| | Original Budget | Final Budget | | |
| Revenues | | | | |
| Taxes | \$ 1,678,000 | \$ 1,678,000 | \$ 1,617,653 | \$ (60,347) |
| Expenditures | | | | |
| Current: | | | | |
| Economic development | 1,669,610 | 1,669,610 | 1,585,666 | 83,944 |
| Excess Of Revenues Over Expenditures | 8,390 | 8,390 | 31,987 | 23,597 |
| Other Financing Uses | | | | |
| Transfers out | (9,527) | (9,527) | (3,507) | 6,020 |
| Net Changes In Fund Balances | (1,137) | (1,137) | 28,480 | 29,617 |
| Fund Balances - Beginning Of Year | | | <u>5,160</u> | |
| Fund Balances - End Of Year | | | <u><u>\$ 33,640</u></u> | |

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, 2018

| | Budgeted Amounts | | Actual | Variance With Final Budget - Positive (Negative) |
|--|--------------------|-----------------|-------------------|--|
| | Original Budget | Final Budget | | |
| Revenues | | | | |
| Charges for services | \$ 275,000 | \$ 275,000 | \$ 35,406 | \$ (239,594) |
| Investment earnings | — | — | 7,744 | 7,744 |
| Total Revenues | 275,000 | 275,000 | 43,150 | (231,850) |
| Other Financing Uses | | | | |
| Transfers out | (1,187,221) | (1,187,221) | — | 1,187,221 |
| Net Changes In Fund Balances | (912,221) | (912,221) | 43,150 | 955,371 |
| Fund Balances - Beginning Of Year | | | 489,364 | |
| Fund Balances - End Of Year | | | <u>\$ 532,514</u> | |

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, 2018**

| | <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 | \$ 100,000 | \$ 100,000 | \$ 124,198 | \$ 24,198 |
| Investment earnings | — | — | 9,352 | 9,352 |
| Total Revenues | 100,000 | 100,000 | 133,550 | 33,550 |
| Other Financing Uses | | | | |
| Transfers out | (528,347) | (528,347) | — | 528,347 |
| Net Changes In Fund Balances | (428,347) | (428,347) | 133,550 | 561,897 |
| Fund Balances - Beginning Of Year | | | <u>478,516</u> | |
| Fund Balances - End Of Year | | | <u><u>\$ 612,066</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, 2018**

| | <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 | \$ 65,000 | \$ 65,000 | \$ 93,811 | \$ 28,811 |
| Investment earnings | — | — | 9,810 | 9,810 |
| Total Revenues | 65,000 | 65,000 | 103,621 | 38,621 |
| Other Financing Uses | | | | |
| Transfers out | (452,315) | (452,315) | — | 452,315 |
| Net Changes In Fund Balances | (387,315) | (387,315) | 103,621 | 490,936 |
| Fund Balances - Beginning Of Year | | | 502,732 | |
| Fund Balances - End Of Year | | | <u>\$ 606,353</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, 2018**

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance With Final Budget - Positive (Negative)</u> |
|---|----------------------------|-------------------------|----------------------------|---|
| | <u>Original Budget</u> | <u>Final Budget</u> | | |
| Revenues | | | | |
| Taxes | \$ 4,491,000 | \$ 4,491,000 | \$ 3,873,510 | \$ (617,490) |
| Expenditures | | | | |
| Current: | | | | |
| Economic development | 4,468,545 | 4,304,296 | 3,070,254 | 1,234,042 |
| Excess Of Revenues Over Expenditures | 22,455 | 186,704 | 803,256 | 616,552 |
| Other Financing Uses | | | | |
| Transfers out | (1,419,447) | (1,583,696) | (1,533,321) | 50,375 |
| Net Changes In Fund Balances | (1,396,992) | (1,396,992) | (730,065) | 666,927 |
| Fund Balances - Beginning Of Year | | | <u>1,984,441</u> | |
| Fund Balances - End Of Year | | | <u><u>\$ 1,254,376</u></u> | |

CITY OF LENEXA, KANSAS

SCCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL I-35 & 95TH STREET TIF FUND For The Year Ended December 31, 2018

| | Budgeted Amounts | | Actual | Variance With Final Budget- Positive (Negative) |
|---|--------------------|-----------------|------------|---|
| | Original Budget | Final Budget | | |
| Revenues | | | | |
| Taxes | \$ 1,204,000 | \$ 1,204,000 | \$ 605,462 | \$ (598,538) |
| Expenditures | | | | |
| Current: | | | | |
| Economic Development | 1,197,980 | 1,198,980 | 35,534 | 1,163,446 |
| Excess Of Revenues Over Expenditures | 6,020 | 5,020 | 569,928 | 564,908 |
| Other Financing Uses | | | | |
| Transfers out | (6,020) | (6,020) | (179) | 5,841 |
| Net Changes In Fund Balances | — | (1,000) | 569,749 | 570,749 |
| Fund Balances - Beginning Of Year | | | 295,152 | |
| Fund Balances - End Of Year | | | \$ 864,901 | |

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, 2018

| | Budgeted Amounts | | | Variance With Final Budget- Positive (Negative) |
|---|--------------------|-----------------|------------|---|
| | Original Budget | Final Budget | Actual | |
| Revenues | | | | |
| Taxes | \$ 650,000 | \$ 650,000 | \$ 542,671 | \$ (107,329) |
| Expenditures | | | | |
| Current: | | | | |
| Economic development | 643,500 | 643,500 | 484,555 | 158,945 |
| Excess Of Revenues Over Expenditures | 6,500 | 6,500 | 58,116 | 51,616 |
| Other Financing Uses | | | | |
| Transfers out | (112,897) | (112,897) | (4,895) | 108,002 |
| Net Changes In Fund Balances | (106,397) | (106,397) | 53,221 | 159,618 |
| Fund Balances - Beginning Of Year | | | 101,296 | |
| Fund Balances - End Of Year | | | \$ 154,517 | |

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, 2018

| | Budgeted Amounts | | Actual | Variance With Final Budget- Positive (Negative) |
|---|--------------------|-----------------|------------------|---|
| | Original Budget | Final Budget | | |
| Revenues | | | | |
| Taxes | \$ 100,000 | \$ 100,000 | \$ 99,295 | \$ (705) |
| Expenditures | | | | |
| Current: | | | | |
| Economic development | 99,000 | 99,000 | 95,352 | 3,648 |
| Excess Of Revenues Over Expenditures | 1,000 | 1,000 | 3,943 | 2,943 |
| Other Financing Uses | | | | |
| Transfers out | (12,257) | (12,257) | (963) | 11,294 |
| Net Changes In Fund Balances | (11,257) | (11,257) | 2,980 | 14,237 |
| Fund Balances - Beginning Of Year | | | 14,381 | |
| Fund Balances - End Of Year | | | <u>\$ 17,361</u> | |

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, 2018

| | Budgeted Amounts | | | Variance With Final Budget- Positive (Negative) |
|---|--------------------|-----------------|-----------|---|
| | Original Budget | Final Budget | Actual | |
| Revenues | | | | |
| Taxes | \$ 52,000 | \$ 52,000 | \$ 39,168 | \$ (12,832) |
| Expenditures | | | | |
| Current: | | | | |
| Economic development | 51,480 | 51,480 | 38,317 | 13,163 |
| Excess Of Revenues Over Expenditures | 520 | 520 | 851 | 331 |
| Other Financing Uses | | | | |
| Transfers out | (7,230) | (7,230) | (387) | — |
| Net Changes In Fund Balances | (6,710) | (6,710) | 464 | 7,174 |
| Fund Balances - Beginning Of Year | | | 7,177 | |
| Fund Balances - End Of Year | | | \$ 7,641 | |

CITY OF LENEXA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL GREYSTONE PLAZA CID FUND For The Year Ended December 31, 2018

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance With Final Budget- Positive (Negative)</u> |
|---|----------------------------|-------------------------|-----------------|--|
| | <u>Original Budget</u> | <u>Final Budget</u> | | |
| Revenues | | | | |
| Taxes | \$ 60,000 | \$ 60,000 | \$ 61,018 | \$ 1,018 |
| Expenditures | | | | |
| Current: | | | | |
| Economic Development | 59,400 | 59,400 | 60,096 | (696) |
| Excess Of Revenues Over Expenditures | 600 | 600 | 922 | 322 |
| Other Financing Uses | | | | |
| Transfers out | (9,134) | (9,134) | (607) | 8,527 |
| Net Changes In Fund Balances | (8,534) | (8,534) | 315 | 8,849 |
| Fund Balances - Beginning Of Year | | | 8,946 | |
| Fund Balances - End Of Year | | | <u>\$ 9,261</u> | |

CITY OF LENEXA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL CITY CENTER EAST #1 CID FUND For The Year Ended December 31, 2018

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance With Final Budget- Positive (Negative)</u> |
|--|----------------------------|-------------------------|------------------|--|
| | <u>Original Budget</u> | <u>Final Budget</u> | | |
| Revenues | | | | |
| Taxes | \$ 42,000 | \$ 42,000 | \$ 70,105 | \$ 28,105 |
| Expenditures | | | | |
| Current: | | | | |
| Economic Development | 41,580 | 48,780 | 51,044 | (2,264) |
| Excess (Deficiency) Of Revenues Over Expenditures | 420 | (6,780) | 19,061 | 25,841 |
| Other Financing Uses | | | | |
| Transfers out | (8,402) | (1,202) | 94 | 1,296 |
| Net Changes In Fund Balances | <u>(7,982)</u> | <u>(7,982)</u> | 19,155 | <u>27,137</u> |
| Fund Balances - Beginning Of Year | | | <u>9,429</u> | |
| Fund Balances - End Of Year | | | <u>\$ 28,584</u> | |

CITY OF LENEXA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL CITY CENTER EAST #2 CID FUND For The Year Ended December 31, 2018

| | Budgeted Amounts | | Actual | Variance With Final Budget- Positive (Negative) |
|---|--------------------|-----------------|------------|---|
| | Original Budget | Final Budget | | |
| Revenues | | | | |
| Taxes | \$ 90,000 | \$ 90,000 | \$ 83,522 | \$ (6,478) |
| Expenditures | | | | |
| Current: | | | | |
| Economic Development | 89,100 | 89,100 | 27,588 | 61,512 |
| Excess Of Revenues Over Expenditures | 900 | 900 | 55,934 | 55,034 |
| Other Financing Uses | | | | |
| Transfers out | (31,807) | (31,807) | (279) | 31,528 |
| Net Changes In Fund Balances | (30,907) | (30,907) | 55,655 | 86,562 |
| Fund Balances - Beginning Of Year | | | 82,292 | |
| Fund Balances - End Of Year | | | \$ 137,947 | |

CITY OF LENEXA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL SPRINGHILL SUITES CID FUND For The Year Ended December 31, 2018

| | Budgeted Amounts | | Actual | Variance With Final Budget- Positive (Negative) |
|--|--------------------|-----------------|-----------------|---|
| | Original Budget | Final Budget | | |
| Revenues | | | | |
| Taxes | \$ 44,000 | \$ 44,000 | \$ 43,557 | \$ (443) |
| Expenditures | | | | |
| Current: | | | | |
| Economic Development | 43,560 | 43,560 | 45,985 | (2,425) |
| Excess (Deficiency) Of Revenues Over Expenditures | 440 | 440 | (2,428) | (2,868) |
| Other Financing Uses | | | | |
| Transfers out | (440) | (440) | (465) | (25) |
| Net Changes In Fund Balances | — | — | (2,893) | (2,893) |
| Fund Balances - Beginning Of Year | | | 9,439 | |
| Fund Balances - End Of Year | | | <u>\$ 6,546</u> | |

CITY OF LENEXA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL CANDLEWOOD SUITES CID FUND For The Year Ended December 31, 2018

| | Budgeted Amounts | | | Variance With Final Budget- Positive (Negative) |
|---|--------------------|-----------------|-----------|---|
| | Original Budget | Final Budget | Actual | |
| Revenues | | | | |
| Taxes | \$ 24,000 | \$ 24,000 | \$ 17,826 | \$ (6,174) |
| Expenditures | | | | |
| Current: | | | | |
| Economic Development | 23,760 | 23,760 | — | 23,760 |
| Excess Of Revenues Over Expenditures | 240 | 240 | 17,826 | 17,586 |
| Other Financing Uses | | | | |
| Transfers out | (240) | (240) | — | 240 |
| Net Changes In Fund Balances | — | — | 17,826 | 17,826 |
| Fund Balances - Beginning Of Year | | | 1,142 | |
| Fund Balances - End Of Year | | | \$ 18,968 | |

CITY OF LENEXA, KANSAS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
HOLIDAY INN EXPRESS CID FUND
For The Year Ended December 31, 2018**

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance With Final Budget- Positive (Negative)</u> |
|---|----------------------------|-------------------------|------------------|--|
| | <u>Original Budget</u> | <u>Final Budget</u> | | |
| Revenues | | | | |
| Taxes | \$ 28,000 | \$ 28,000 | \$ 24,286 | \$ (3,714) |
| Expenditures | | | | |
| Current: | | | | |
| Economic Development | 27,720 | 27,720 | — | 27,720 |
| Excess Of Revenues Over Expenditures | 280 | 280 | 24,286 | 24,006 |
| Other Financing Uses | | | | |
| Transfers out | (280) | (280) | — | 280 |
| Net Changes In Fund Balances | — | — | 24,286 | 24,286 |
| Fund Balances - Beginning Of Year | | | 2,709 | |
| Fund Balances - End Of Year | | | <u>\$ 26,995</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, 2018

| | Budgeted Amounts | | Actual | Variance With Final Budget - Positive (Negative) |
|---|--------------------|-----------------|---------------|--|
| | Original Budget | Final Budget | | |
| Revenues | | | | |
| Taxes | \$ 12,072,793 | \$ 12,072,793 | \$ 11,234,578 | \$ (838,215) |
| Investment earnings | 75,000 | 75,000 | 144,819 | 69,819 |
| Total Revenues | 12,147,793 | 12,147,793 | 11,379,397 | (768,396) |
| Expenditures | | | | |
| Debt service: | | | | |
| Principal retirement | 10,389,619 | 10,386,619 | 9,940,325 | 446,294 |
| Interest and fiscal charges | 3,118,086 | 3,118,086 | 2,994,206 | 123,880 |
| Total Expenditures | 13,507,705 | 13,504,705 | 12,934,531 | 570,174 |
| Deficiency Of Revenues Over Expenditures | (1,359,912) | (1,356,912) | (1,555,134) | (198,222) |
| Other Financing Sources | | | | |
| Transfers in | — | — | 248,770 | 248,770 |
| Transfers out | (3,750,202) | (3,750,202) | — | 3,750,202 |
| Total Other Financing Sources (Uses) | (3,750,202) | (3,750,202) | 248,770 | 3,998,972 |
| Net Changes In Fund Balances | (5,110,114) | (5,107,114) | (1,306,364) | 3,800,750 |
| Fund Balances - Beginning Of Year | | | 5,813,059 | |
| Fund Balances - End Of Year | | | \$ 4,506,695 | |

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, 2018

| | Budgeted Amounts | | Actual | Variance With Final Budget - Positive (Negative) |
|--|--------------------|-----------------|-----------|--|
| | Original Budget | Final Budget | | |
| Revenues | | | | |
| Investment earnings | \$ — | \$ — | \$ 850 | \$ 850 |
| Expenditures | | | | |
| Current: | | | | |
| General government | — | 9,600 | 7,204 | 2,396 |
| Debt service: | | | | |
| Principal retirement | — | — | 180,007 | (180,007) |
| Interest and fiscal charges | 247,205 | 237,605 | 59,993 | 177,612 |
| Total Expenditures | 247,205 | 247,205 | 247,204 | 1 |
| Excess (Deficiency) Of Revenues Over Expenditures | (247,205) | (247,205) | (246,354) | 851 |
| Other Financing Sources | | | | |
| Transfers in | — | — | 246,202 | 246,202 |
| Net Changes In Fund Balances | (247,205) | (247,205) | (152) | 247,053 |
| Fund Balances - Beginning Of Year | | | 5,896 | |
| Fund Balances - End Of Year | | | \$ 5,744 | |

CITY OF LENEXA, KANSAS

COMBINING STATEMENT OF NET POSITION INTERNAL SERVICE FUNDS December 31, 2018

| | Health Plan | Risk Management | Workers' Compensation | Total |
|----------------------------------|------------------|--------------------|--------------------------|-------------------|
| Assets | | | | |
| Deposits and investments | \$ 7,566,345 | \$ 1,424,253 | \$ 1,859,526 | \$ 10,850,124 |
| Interest receivable | 20,815 | 6,321 | 3,078 | 30,214 |
| Due from other funds | — | 91,584 | — | 91,584 |
| Other receivable | 51,241 | — | — | 51,241 |
| Total Assets | 7,638,401 | 1,522,158 | 1,862,604 | 11,023,163 |
| Liabilities | | | | |
| Current Liabilities | | | | |
| Accounts payable | 660 | — | 344 | 1,004 |
| Accrued compensation | — | — | 839 | 839 |
| Self insurance claims payable | 451,512 | 808,535 | 450,765 | 1,710,812 |
| Total Current Liabilities | 452,172 | 808,535 | 451,948 | 1,712,655 |
| Noncurrent Liabilities | | | | |
| Self insurance claims payable | — | — | 222,817 | 222,817 |
| Total Liabilities | 452,172 | 808,535 | 674,765 | 1,935,472 |
| Net Position | | | | |
| Unrestricted | \$ 7,186,229 | \$ 713,623 | \$ 1,187,839 | \$ 9,087,691 |

CITY OF LENEXA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION INTERNAL SERVICE FUNDS For The Year Ended December 31, 2018

| | Health Plan | Risk Management | Workers' Compensation | Total |
|--|----------------|--------------------|--------------------------|--------------|
| Operating Revenues | | | | |
| Charges for services | \$ 6,284,418 | \$ 8,150 | \$ 660,783 | \$ 6,953,351 |
| Intergovernmental | — | 13,099 | — | 13,099 |
| Reimbursements from insurance companies | 164,846 | 154,001 | — | 318,847 |
| Miscellaneous | 39,864 | — | 55,504 | 95,368 |
| Total Operating Revenues | 6,489,128 | 175,250 | 716,287 | 7,380,665 |
| Operating Expenses | | | | |
| Personal services | — | — | 41,607 | 41,607 |
| Contractual services | 551,734 | 380,750 | 253,241 | 1,185,725 |
| Commodities | 10,994 | 46,355 | 4,508 | 61,857 |
| Claims | 6,236,728 | — | 359,871 | 6,596,599 |
| Total Operating Expenses | 6,799,456 | 427,105 | 659,227 | 7,885,788 |
| Operating Income (Loss) | (310,328) | (251,855) | 57,060 | (505,123) |
| Nonoperating Revenues | | | | |
| Investment income | 180,157 | 29,016 | 45,334 | 254,507 |
| Change In Net Position Before Transfers | (130,171) | (222,839) | 102,394 | (250,616) |
| Transfers out | (236) | (123,870) | — | (124,106) |
| Change In Net Position | (130,407) | (346,709) | 102,394 | (374,722) |
| Total Net Position - Beginning Of Year | 7,316,636 | 1,060,332 | 1,085,445 | 9,462,413 |
| Total Net Position - End Of Year | \$ 7,186,229 | \$ 713,623 | \$ 1,187,839 | \$ 9,087,691 |

CITY OF LENEXA, KANSAS

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For The Year Ended December 31, 2018

| | Health Plan | Risk Management | Workers' Compensation | Total |
|---|---------------------|---------------------|--------------------------|----------------------|
| Cash Flows From Operating Activities | | | | |
| Cash from interfund | \$ — | \$ (91,584) | \$ — | \$ (91,584) |
| Cash receipts from customers | 6,323,755 | 21,250 | 716,287 | 7,061,292 |
| Cash received from insurance companies | 179,080 | 154,001 | — | 333,081 |
| Cash payments for personnel services | — | — | (41,607) | (41,607) |
| Cash payments for contractual services and accounts payable | (6,708,566) | (114,106) | (766,429) | (7,589,101) |
| Net Cash Used In Operating Activities | (205,731) | (30,439) | (91,749) | (327,919) |
| Cash Flows Used In Noncapital Financing Activities | | | | |
| Transfers out | (236) | (123,870) | — | (124,106) |
| Net cash provided by noncapital financing activities | (236) | (123,870) | — | (124,106) |
| Cash Flows From Investing Activities | | | | |
| Interest received | 177,998 | 28,368 | 45,023 | 251,389 |
| Net Decrease In Cash And Cash Equivalents | (27,969) | (125,941) | (46,726) | (200,636) |
| Cash And Cash Equivalents - Beginning Of Year | 7,594,314 | 1,550,194 | 1,906,252 | 11,050,760 |
| Cash And Cash Equivalents - End Of Year | \$ 7,566,345 | \$ 1,424,253 | \$ 1,859,526 | \$ 10,850,124 |
| Reconciliation Of Operating Income (Loss) To Net Cash Used In Operating Activities | | | | |
| Operating income (loss) | \$ (310,328) | \$ (251,855) | \$ 57,060 | \$ (505,123) |
| Adjustments to reconcile operating income (loss) to net cash used in operating activities: | | | | |
| Change in other receivables | 13,709 | (91,584) | — | (77,875) |
| Change in accounts, wages and claims payable | 90,888 | 313,000 | (148,809) | 255,079 |
| Net Cash Used In Operating Activities | \$ (205,731) | \$ (30,439) | \$ (91,749) | \$ (327,919) |

Statistical Section

CITY OF LENEXA, KANSAS
Statistical Section
December 31, 2018

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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| These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time..... | 137 - 141 |
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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.. | 142 - 147 |
| 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..... | 149 - 151 |
| 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. | 152 - 154 |
| 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. | 155 - 157 |

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

| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Governmental activities: | | | | | | | | | | |
| Net investment in capital assets | \$ 394,509,349 | \$ 378,322,396 | \$ 391,517,602 | \$ 338,017,512 | \$ 385,442,966 | \$ 286,099,738 | \$ 388,380,343 | \$ 381,064,682 | \$ 431,336,688 | \$ 433,106,968 |
| Restricted component of net position | 41,828,452 | 21,792,575 | 43,833,114 | 82,384,501 | 38,132,771 | 32,754,028 | 23,790,801 | 20,838,326 | 22,697,434 | 19,501,498 |
| Unrestricted component of net position | 30,007,952 | 49,864,758 | 41,592,339 | 43,591,227 | 57,408,155 | 51,295,806 | 53,736,140 | 42,455,157 | 32,547,350 | 32,810,592 |
| Total governmental activities net position | \$ 466,345,753 | \$ 449,979,729 | \$ 476,943,055 | \$ 463,993,240 | \$ 480,983,892 | \$ 370,149,572 | \$ 465,907,284 | \$ 444,358,165 | \$ 486,581,472 | \$ 485,419,058 |
| Business-type activities: | | | | | | | | | | |
| Net investment in capital assets | \$ 102,015,292 | \$ 103,251,937 | \$ 64,187,268 | \$ 59,006,961 | \$ 55,638,165 | \$ 59,267,375 | \$ 60,553,428 | \$ 58,532,281 | \$ — | \$ — |
| Restricted component of net position | — | — | 1,211,653 | 2,267,544 | 5,730,161 | 1,187,798 | 1,504,271 | 1,390,539 | — | — |
| Unrestricted component of net position | 2,090,589 | 1,289,949 | (1,941,940) | 281,125 | 1,683,970 | 2,323,704 | 1,692,811 | 2,755,159 | — | — |
| Total business-type activities net position | \$ 104,105,881 | \$ 104,541,886 | \$ 63,456,981 | \$ 61,555,630 | \$ 63,052,296 | \$ 62,778,877 | \$ 63,750,510 | \$ 62,677,979 | \$ — | \$ — |
| Primary government: | | | | | | | | | | |
| Net investment in capital assets | \$ 496,524,641 | \$ 481,574,333 | \$ 455,704,870 | \$ 397,024,473 | \$ 441,081,131 | \$ 445,367,113 | \$ 448,933,771 | \$ 439,596,963 | \$ 431,336,688 | \$ 433,106,968 |
| Restricted component of net position | 41,828,452 | 21,792,575 | 45,044,767 | 84,652,045 | 43,862,932 | 33,941,826 | 25,295,072 | 22,228,865 | 22,697,434 | 19,501,498 |
| Unrestricted component of net position | 32,098,541 | 51,154,707 | 39,650,399 | 43,872,352 | 59,092,125 | 53,619,510 | 55,428,951 | 45,210,316 | 32,547,350 | 32,810,592 |
| Total primary government net position | \$ 570,451,634 | \$ 554,521,615 | \$ 540,400,036 | \$ 525,548,870 | \$ 544,036,188 | \$ 532,928,449 | \$ 529,657,794 | \$ 507,036,144 | \$ 486,581,472 | \$ 485,419,058 |

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

Schedule 2

| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Expenses | | | | | | | | | | |
| Governmental Activities | | | | | | | | | | |
| General government | \$ 16,514,423 | \$ 15,360,882 | \$ 14,071,946 | \$ 13,024,689 | \$ 12,392,323 | \$ 11,787,142 | \$ 10,983,954 | \$ 9,891,228 | \$ 10,833,526 | \$ 11,925,719 |
| Public safety | 28,042,267 | 26,839,241 | 25,217,583 | 23,965,389 | 25,336,801 | 22,687,013 | 21,738,865 | 21,476,020 | 20,124,393 | 19,494,864 |
| Municipal services | 34,830,561 | 36,074,412 | 28,861,872 | 32,918,834 | 31,499,578 | 28,675,556 | 33,013,487 | 30,929,195 | 29,708,136 | 29,299,766 |
| Parks and recreation | 6,657,697 | 6,847,771 | 5,538,469 | 4,986,999 | 3,184,030 | 4,900,596 | 2,706,899 | 3,250,279 | 4,601,241 | 3,617,450 |
| Economic development | 6,102,991 | 4,152,083 | 3,121,938 | 2,784,901 | 2,014,151 | 2,024,180 | 543,750 | 707,048 | 3,470,102 | 11,249,594 |
| Interest on long-term debt | 3,003,720 | 3,729,948 | 4,367,401 | 2,701,398 | 2,797,985 | 2,863,649 | 5,395,666 | 3,178,417 | 4,511,828 | 5,030,464 |
| Total Governmental Activities Expenses | 95,151,659 | 93,004,337 | 81,179,209 | 80,382,210 | 77,224,868 | 72,938,136 | 74,382,621 | 69,432,187 | 73,249,226 | 80,617,857 |
| Business-Type Activities | | | | | | | | | | |
| Rec Center | 3,557,455 | 2,058,289 | — | — | — | — | — | — | — | — |
| Stormwater | 8,170,562 | 4,835,726 | 4,981,885 | 5,486,056 | 4,376,849 | 8,464,812 | 4,397,887 | 3,662,798 | — | — |
| Total Business-Type Activities Expenses | 11,728,017 | 6,894,015 | 4,981,885 | 5,486,056 | 4,376,849 | 8,464,812 | 4,397,887 | 3,662,798 | — | — |
| Total Primary Government Expenses | 106,879,676 | 99,898,352 | 86,161,094 | 85,868,266 | 81,601,717 | 81,402,948 | 78,780,508 | 73,094,985 | 73,249,226 | 80,617,857 |
| Program Revenues | | | | | | | | | | |
| Governmental Activities | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | 3,409,364 | 3,414,991 | 3,092,003 | 3,056,118 | 2,484,045 | 2,179,527 | 2,226,117 | 1,581,325 | 1,112,486 | 1,174,156 |
| Public safety | 1,311,863 | 1,473,915 | 1,774,878 | 1,885,903 | 2,120,745 | 1,779,419 | 1,655,728 | 1,731,928 | 2,102,003 | 2,637,487 |
| Municipal services | 738,272 | 601,756 | 604,279 | 402,705 | 640,068 | 447,415 | 302,153 | 144,551 | 4,000,452 | 7,483,343 |
| Parks and recreation | 1,461,020 | 1,713,616 | 1,633,639 | 1,256,064 | 1,459,156 | 1,178,267 | 1,154,169 | 813,320 | 807,665 | 848,240 |
| Operating grants and contributions | 1,631,502 | 1,426,465 | 1,425,016 | 1,347,293 | 1,305,664 | 1,257,628 | 1,256,493 | 1,250,263 | 1,621,587 | 1,172,192 |
| Capital grants and contributions | 5,394,360 | 6,863,630 | 3,980,005 | 4,443,906 | 3,123,154 | 2,192,684 | 7,591,002 | 5,692,079 | 5,096,318 | 3,029,140 |
| Total Governmental Activities Program Revenues | 13,946,381 | 15,494,373 | 12,509,820 | 12,391,989 | 11,132,832 | 9,034,940 | 14,185,662 | 11,213,466 | 14,740,511 | 16,344,558 |
| Business-Type Activities | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Rec Center | 2,624,792 | 743,893 | — | — | — | — | — | — | — | — |
| Stormwater | 6,417,934 | 6,228,972 | 6,500,502 | 5,281,665 | 5,417,668 | 5,362,455 | 4,693,889 | 4,129,646 | — | — |
| Operating grants and contributions | 12,233 | 1,677 | — | — | — | — | — | — | — | — |
| Capital grants and contributions | 1,682,329 | 2,206,171 | — | — | 22,146 | 1,357,326 | 1,352,307 | 1,845,602 | — | — |
| Total Business-Type Activities Program Revenues | 10,737,288 | 9,180,713 | 6,500,502 | 5,281,665 | 5,439,814 | 6,719,781 | 6,046,196 | 5,975,248 | — | — |
| Total Primary Government Program Revenues | 24,683,669 | 24,675,086 | 19,010,322 | 17,673,654 | 16,572,646 | 15,754,721 | 20,231,858 | 17,188,714 | 14,740,511 | 16,344,558 |
| Net Expenses | (82,196,007) | (75,223,266) | (67,150,772) | (68,194,612) | (65,029,071) | (65,648,227) | (58,548,650) | (55,906,271) | (58,508,715) | (64,273,299) |

CITY OF LENEXA, KANSAS

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

Schedule 2 (Continued)

| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|---------------------|----------------------|---------------------|---------------------|---------------------|
| General Revenues | | | | | | | | | | |
| Governmental Activities | | | | | | | | | | |
| Property taxes | \$ 40,772,586 | \$ 38,184,871 | \$ 34,933,119 | \$ 36,691,396 | \$ 29,232,719 | \$ 27,717,179 | \$ 42,037,662 | \$ 24,611,342 | \$ 24,793,267 | \$ 28,587,311 |
| Sales tax | 37,689,395 | 34,370,102 | 32,611,098 | 31,721,440 | 31,493,735 | 28,958,995 | 27,723,180 | 25,982,247 | 24,385,785 | 25,085,389 |
| Franchise taxes | 7,608,294 | 7,031,330 | 7,070,186 | 6,794,649 | 6,845,226 | 6,577,958 | 6,188,771 | 6,488,264 | 6,103,057 | 5,953,082 |
| Motor vehicle tax | 3,287,944 | 3,127,535 | 3,012,057 | 2,817,063 | 2,596,900 | 2,244,946 | 2,044,063 | 1,926,812 | 1,905,333 | 1,922,587 |
| Transient guest tax | 1,430,576 | 1,251,268 | 894,214 | 837,297 | 799,992 | 668,185 | 727,321 | 660,183 | 458,398 | 441,128 |
| Excise tax | 865,081 | 2,281,357 | 676,916 | 1,147,282 | 373,460 | 632,142 | 466,233 | — | 14,242 | 132,837 |
| Special liquor tax | 912,429 | 783,144 | 761,406 | 754,005 | 705,861 | 670,553 | 552,189 | 552,264 | 616,572 | 538,966 |
| Investment revenue | 2,062,833 | 766,564 | 1,179,090 | 260,491 | 203,173 | 291,576 | 312,271 | 286,548 | 360,162 | 439,528 |
| Miscellaneous | 3,196,936 | 1,509,879 | 859,450 | (846,276) | 3,802,033 | 1,181,972 | 1,097,597 | 721,592 | 1,034,313 | 777,773 |
| Transfers | (521,416) | (3,706,560) | (378,550) | 651,613 | 873,257 | (798,022) | 596,791 | (4,240,983) | — | — |
| Capital contributions | — | (35,052,634) | — | — | — | — | — | (56,084,902) | — | — |
| Total Governmental Activities General Revenues | 97,304,658 | 50,546,856 | 81,618,986 | 80,828,960 | 76,926,356 | 68,145,484 | 81,746,078 | 903,367 | 59,671,129 | 63,878,601 |
| Business-Type Activities | | | | | | | | | | |
| Investment revenue | 90,273 | 38,402 | 4,398 | 43,871 | 83,711 | (32,144) | 21,013 | 39,644 | — | — |
| Miscellaneous | 16,646 | 397 | — | — | — | 7,520 | — | — | — | — |
| Transfers | 521,416 | 3,706,560 | 378,550 | (651,613) | (873,257) | 798,022 | (596,791) | 4,240,983 | — | — |
| Capital contributions | — | 35,052,634 | — | — | — | — | — | 56,084,902 | — | — |
| Total Business-Type Activities General Revenues | 628,335 | 38,797,993 | 382,948 | (607,742) | (789,546) | 773,398 | (575,778) | 60,365,529 | — | — |
| Total Primary Government General Revenues | 97,932,993 | 89,344,849 | 82,001,934 | 80,221,218 | 76,136,810 | 68,918,882 | 81,170,300 | 61,268,896 | 59,671,129 | 63,878,601 |
| Changes In Net Position | | | | | | | | | | |
| Governmental Activities | 16,099,380 | (26,963,108) | 12,949,597 | 12,838,739 | 10,834,320 | 4,242,288 | 21,549,119 | (57,315,354) | 1,162,414 | (394,698) |
| Business-Type Activities | (362,394) | 41,084,691 | 1,901,565 | (812,133) | 273,419 | (971,633) | 1,072,531 | 62,677,979 | — | — |
| Total City | \$ 15,736,986 | \$ 14,121,583 | \$ 14,851,162 | \$ 12,026,606 | \$ 11,107,739 | \$ 3,270,655 | \$ 22,621,650 | \$ 5,362,625 | \$ 1,162,414 | \$ (394,698) |

CITY OF LENEXA, KANSAS

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

Schedule 3

| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|----------------------|----------------------|----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| General Fund: | | | | | | | | | | |
| Reserved for encumbrances | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | 211,422 | \$ 602,653 |
| Unreserved | — | — | — | — | — | — | — | — | 23,263,831 | 19,700,723 |
| Committed | 278,649 | 42,902 | 212,860 | 61,021 | 149,626 | 84,903 | 119,570 | 258,142 | — | — |
| Assigned | 335,313 | 127,668 | 233,532 | 37,051 | 42,995 | 178,674 | 153,898 | 168,011 | — | — |
| Unassigned | 35,826,309 | 32,778,478 | 31,980,503 | 29,733,107 | 28,171,990 | 25,858,737 | 23,554,040 | 23,096,434 | — | — |
| Total | \$ 36,440,271 | \$ 32,949,048 | \$ 32,426,895 | \$ 29,831,179 | \$ 28,364,611 | \$ 26,122,314 | \$ 23,827,508 | \$ 23,522,587 | \$ 23,475,253 | \$ 20,303,376 |
| All Other Governmental Funds: | | | | | | | | | | |
| Reserved for Debt Service | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | 4,588,728 | \$ 5,020,086 |
| Reserved for economic development | — | — | — | — | — | — | — | — | 1,583,844 | 740,675 |
| Encumbrances | — | — | — | — | — | — | — | — | 16,140,257 | 7,600,180 |
| Unreserved (deficit), reported in: | | | | | | | | | | |
| Special revenue funds | — | — | — | — | — | — | — | — | 19,994,826 | 18,670,980 |
| Capital projects funds | — | — | — | — | — | — | — | — | (3,901,888) | 230,225 |
| Nonspendable | — | — | — | 1,508,749 | 1,590,037 | 1,588,700 | — | — | — | — |
| Restricted | 27,021,639 | 21,792,576 | 43,833,114 | 82,384,501 | 38,132,771 | 32,754,028 | 23,790,801 | 20,838,326 | — | — |
| Committed | 15,218,794 | 550,475 | 1,503,475 | 5,697,966 | 146,369 | — | — | 90,695 | — | — |
| Assigned | 27,203,712 | 30,330,565 | 21,554,891 | 16,741,864 | 12,498,596 | 8,882,052 | 12,684,467 | 13,507,019 | — | — |
| Unassigned | — | — | — | (5,297) | (7,693) | — | — | (402) | — | — |
| Total all other governmental funds | \$ 69,444,145 | \$ 52,673,616 | \$ 66,891,480 | \$ 106,327,783 | \$ 52,360,080 | \$ 43,224,780 | \$ 36,475,268 | \$ 34,435,638 | \$ 38,405,767 | \$ 32,262,146 |

Note: The increase in the 2015 Restricted Fund Balance of the Governmental Funds is due to the issuance of \$44 million of general obligation bonds for the Civic Center project

Fund balance reclassifications made to conform to the provisions of GASB 54 were made in 2011 prospectively. The information for previous years has not been restated, as such, an explanation of the nature of the differences from the prior information is as follows:

General Fund balances that were reserved for encumbrances were moved to assigned or committed depending on whether Governing Body action was taken on the amount.

General Fund unreserved balances were moved to unassigned.

Reserved for debt service was moved to restricted.

Reserved for economic development was moved to restricted.

Reserved for encumbrances for all other governmental funds were moved to assigned or committed depending on whether Governing Body action was taken on the amount.

Unreserved amounts in the special revenue funds were moved to restricted

Deficit amounts were netted against unassigned.

CITY OF LENEXA, KANSAS

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

Schedule 4

| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|--|----------------------|------------------------|------------------------|----------------------|----------------------|---------------------|---------------------|-----------------------|---------------------|-----------------------|
| Revenues | | | | | | | | | | |
| Taxes | \$ 95,618,659 | \$ 90,027,720 | \$ 82,818,546 | \$ 79,016,621 | \$ 73,822,909 | \$ 69,935,607 | \$ 69,468,897 | \$ 62,744,415 | \$ 62,228,253 | \$ 63,828,961 |
| Intergovernmental | 2,028,304 | 1,049,376 | 4,044,792 | 1,799,978 | 2,121,400 | 3,533,064 | 5,483,626 | 6,262,891 | 4,888,801 | 4,361,503 |
| Licenses and permits | 2,626,121 | 2,745,234 | 2,531,585 | 2,367,142 | 1,907,425 | 1,582,011 | 1,410,326 | 1,064,999 | 766,917 | 1,022,062 |
| Charges for services | 2,964,137 | 3,060,960 | 3,037,254 | 2,536,409 | 2,887,025 | 1,392,102 | 2,513,195 | 1,817,836 | 5,638,572 | 5,623,865 |
| Rents and leases | 695,946 | 491,591 | 450,333 | 456,630 | 439,154 | 442,765 | 423,205 | 390,773 | 398,639 | 399,617 |
| Fines and forfeitures | 872,986 | 1,065,921 | 1,292,297 | 1,448,719 | 1,946,108 | 2,433,306 | 1,139,474 | 1,192,278 | 1,316,984 | 1,629,641 |
| Investment earnings | 1,808,325 | 685,157 | 1,168,818 | 122,431 | 245,231 | 166,166 | 282,440 | 210,356 | 316,622 | 431,469 |
| Miscellaneous | 3,612,372 | 1,300,920 | 1,111,344 | 1,386,484 | 3,297,853 | 910,349 | 1,040,724 | 276,714 | 369,034 | 518,795 |
| Total Revenues | 110,226,850 | 100,426,879 | 96,454,969 | 89,134,414 | 86,667,105 | 80,395,370 | 81,761,887 | 73,960,262 | 75,923,822 | 77,815,913 |
| Expenditures | | | | | | | | | | |
| Current: | | | | | | | | | | |
| General government | 15,822,801 | 15,379,648 | 13,417,765 | 13,166,663 | 12,207,937 | 11,798,749 | 10,796,956 | 9,911,718 | 10,445,642 | 11,377,549 |
| Public safety | 26,592,178 | 25,311,240 | 24,821,072 | 23,919,222 | 22,462,965 | 22,988,869 | 21,563,319 | 20,782,769 | 20,680,879 | 21,631,286 |
| Municipal services | 9,348,747 | 7,822,972 | 7,451,323 | 7,308,458 | 8,224,579 | 8,023,102 | 7,391,326 | 7,595,127 | 9,493,093 | 10,309,730 |
| Recreation | 6,626,790 | 6,280,647 | 5,789,301 | 5,703,193 | 4,984,799 | 4,926,008 | 4,320,126 | 4,224,838 | 4,127,290 | 4,071,065 |
| Economic Development | 6,102,990 | 4,152,081 | 3,121,938 | 2,784,904 | 2,014,152 | 2,024,180 | 1,926,943 | — | — | — |
| Capital projects | 28,398,114 | 38,336,699 | 62,422,767 | 31,559,271 | 35,072,756 | 17,594,799 | 30,224,938 | 25,045,565 | 20,989,619 | 23,731,169 |
| Debt service: | | | | | | | | | | |
| Principal retirement | 26,395,332 | 11,690,300 | 14,151,811 | 20,875,431 | 8,594,078 | 9,399,176 | 17,235,000 | 15,591,361 | 17,306,494 | 13,077,667 |
| Interest and fiscal charges | 4,274,843 | 4,691,068 | 4,773,089 | 3,167,356 | 2,882,772 | 3,256,045 | 3,432,403 | 3,633,968 | 4,873,648 | 5,381,359 |
| Bond issue costs | — | — | — | — | — | — | — | 125,768 | 252,005 | 194,682 |
| Total Expenditures | 123,561,795 | 113,664,655 | 135,949,066 | 108,484,498 | 96,444,038 | 80,010,928 | 96,891,011 | 86,911,114 | 88,168,670 | 89,774,507 |
| Excess Of Revenues Under Expenditures | (13,334,945) | (13,237,776) | (39,494,097) | (19,350,084) | (9,776,933) | 384,442 | (15,129,124) | (12,950,852) | (12,244,848) | (11,958,594) |
| Other Financing Sources And Uses, | | | | | | | | | | |
| Including Transfers | | | | | | | | | | |
| Issuance of general obligation bonds | 21,530,000 | — | — | 60,385,000 | 14,490,000 | 4,635,000 | 13,000,000 | 4,800,000 | 13,390,000 | 5,945,000 |
| Premium from general obligation & refunding bonds | 1,355,207 | — | — | 6,122,830 | 1,971,270 | 192,898 | 590,008 | 274,040 | 3,882,135 | 182,576 |
| Premium from general obligation temporary notes | — | — | 16,229 | — | — | — | — | — | — | — |
| Issuance of general obligation refunding bonds | 7,320,000 | — | — | 5,145,000 | 4,320,000 | — | 2,401,876 | — | 19,815,000 | 7,660,000 |
| Issuance of general obligation temporary notes | 3,690,000 | 3,575,000 | 2,940,000 | — | — | 4,830,000 | 885,000 | 8,195,000 | 7,140,000 | — |
| Payment for refunded general obligation bonds | — | — | — | — | — | — | — | — | (22,879,529) | (7,669,680) |
| Revolving Loan KDHE | — | — | — | — | — | — | — | — | 212,740 | 60,624 |
| Sale of Land | — | — | — | 2,479,912 | — | — | — | — | — | — |
| Transfers in | 49,335,894 | 51,083,170 | 26,274,450 | 55,335,944 | 27,349,281 | 25,638,451 | 27,721,177 | 22,648,415 | 23,576,934 | 23,337,150 |
| Transfers out | (49,634,404) | (55,116,105) | (26,577,171) | (54,684,331) | (26,976,021) | (26,636,473) | (27,124,386) | (26,889,398) | (23,576,934) | (23,787,150) |
| Total Other Financing Sources And Uses, Including Transfers | 33,596,697 | (457,935) | 2,653,508 | 74,784,355 | 21,154,530 | 8,659,876 | 17,473,675 | 9,028,057 | 21,560,346 | 5,728,520 |
| Net Change In Fund Balances | \$ 20,261,752 | \$ (13,695,711) | \$ (36,840,589) | \$ 55,434,271 | \$ 11,377,597 | \$ 9,044,318 | \$ 2,344,551 | \$ (3,922,795) | \$ 9,315,498 | \$ (6,230,074) |
| Debt service as a percentage of noncapital expenditures | 34% | 19% | 24% | 28% | 17% | 19% | 27% | 27% | 31% | 27% |

CITY OF LENEXA, KANSAS

GOVERNMENTAL FUND TYPES REVENUES BY SOURCE LAST TEN FISCAL YEARS

Schedule 5

| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|------------------------------------|-----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Taxes | | | | | | | | | | |
| Property | \$ 40,131,389 | \$ 37,542,038 | \$ 34,149,273 | \$ 31,546,294 | \$ 27,685,512 | \$ 27,079,695 | \$ 26,648,809 | \$ 24,694,182 | \$ 26,107,166 | \$ 27,446,726 |
| Sales (including compensating use) | 37,689,395 | 34,370,102 | 32,611,098 | 31,721,440 | 31,493,735 | 28,958,995 | 27,719,387 | 25,982,247 | 24,385,785 | 25,085,389 |
| Franchise | 7,608,294 | 7,031,330 | 7,070,186 | 6,794,649 | 6,845,226 | 6,577,958 | 6,188,771 | 6,488,264 | 6,103,057 | 5,953,079 |
| Special assessments | 2,240,776 | 2,229,268 | 2,250,546 | 2,058,023 | 2,022,506 | 1,850,735 | 3,869,871 | 1,198,352 | 1,032,994 | 1,140,585 |
| Motor vehicle excise | 3,287,945 | 3,127,535 | 3,012,057 | 2,817,063 | 2,596,900 | 2,244,945 | 2,044,064 | 1,926,812 | 1,905,333 | 1,922,586 |
| Transient guest | 1,430,576 | 1,251,268 | 894,214 | 837,297 | 799,992 | 668,185 | 731,114 | 660,183 | 458,398 | 441,129 |
| Excise | 865,081 | 2,281,357 | 676,916 | 1,147,282 | 373,460 | 631,142 | 466,233 | — | 14,242 | 132,836 |
| Other taxes | 2,365,203 | 2,194,822 | 2,154,259 | 2,094,573 | 2,005,578 | 1,923,952 | 1,800,648 | 1,794,375 | 1,770,910 | 1,706,631 |
| Total Taxes | 95,618,659 | 90,027,720 | 82,818,549 | 79,016,621 | 73,822,909 | 69,935,607 | 69,468,897 | 62,744,415 | 61,777,885 | 63,828,961 |
| Revenues | | | | | | | | | | |
| Intergovernmental | 2,028,304 | 1,049,376 | 4,045,792 | 1,799,978 | 2,121,400 | 3,533,064 | 5,483,626 | 6,262,891 | 4,888,801 | 4,361,503 |
| Licenses and permits | 2,626,121 | 2,745,234 | 2,531,585 | 2,367,142 | 1,907,425 | 1,582,011 | 1,410,326 | 1,064,999 | 766,917 | 1,022,062 |
| Charges for services | 2,964,137 | 3,060,960 | 3,037,255 | 2,536,409 | 2,887,025 | 2,433,306 | 2,513,195 | 1,192,278 | 1,316,984 | 1,629,641 |
| Rents and leases | 695,946 | 491,591 | 450,333 | 456,630 | 439,154 | 442,765 | 423,205 | 390,773 | 398,639 | 399,617 |
| Fines and forfeitures | 872,986 | 1,065,921 | 1,292,297 | 1,448,719 | 1,946,108 | 1,392,102 | 1,139,474 | 1,817,836 | 5,638,572 | 5,623,865 |
| Investment earnings | 1,808,325 | 685,157 | 1,168,819 | 122,431 | 245,231 | 166,166 | 282,440 | 210,356 | 316,622 | 436,532 |
| Miscellaneous | 3,612,372 | 1,300,920 | 1,110,344 | 1,386,484 | 3,297,853 | 910,349 | 1,040,724 | 276,714 | 369,034 | 518,795 |
| Total Revenues | 14,608,191 | 10,399,159 | 13,636,425 | 10,117,793 | 12,844,196 | 10,459,763 | 12,292,990 | 11,215,847 | 13,695,569 | 13,992,015 |
| Grand Total | \$ 110,226,850 | \$ 100,426,879 | \$ 96,454,974 | \$ 89,134,414 | \$ 86,667,105 | \$ 80,395,370 | \$ 81,761,887 | \$ 73,960,262 | \$ 75,473,454 | \$ 77,820,976 |

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 |
|------------------------------------|---------------------------------------|--------------------|---|---------------------------------------|--------------------------|---------------------------------|--------------------------|-------------------------------------|------------------------------|
| 2017 | 2018 | \$ 1,146,089,588 | 17% | \$ 6,920,478,999 | \$ 17,923,645 | \$ 29,706,402 | \$ 99,049,196 | \$ 1,292,768,831 | 31.832 |
| 2016 | 2017 | 1,053,541,388 | 15% | 7,037,789,230 | 21,061,775 | 27,978,598 | 96,118,010 | 1,198,699,771 | 31.828 |
| 2015 | 2016 | 989,935,596 | 16% | 6,112,670,017 | 22,349,586 | 28,127,653 | 93,061,812 | 1,133,474,647 | 31.807 |
| 2014 | 2015 | 924,106,434 | 15% | 6,020,523,550 | 23,679,751 | 27,548,961 | 85,542,570 | 1,060,877,716 | 31.765 |
| 2013 | 2014 | 849,596,536 | 15% | 5,585,677,480 | 27,206,191 | 27,077,031 | 79,426,145 | 983,305,903 | 29.713 |
| 2012 | 2013 | 793,950,131 | 15% | 5,429,641,216 | 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 | 14% | 5,353,062,770 | 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 | 26.574 |
| 2008 | 2009 | 829,743,292 | 13% | 6,301,357,160 | 93,491,169 | 33,701,766 | 77,610,667 | 1,034,546,894 | 26.568 |

(1) Includes recreational vehicle assessed value:

- 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
- 2014 recreational vehicle tax amounted to \$247,645
- 2015 recreational vehicle tax amounted to \$254,573
- 2016 recreational vehicle tax amounted to \$272,638
- 2017 recreational vehicle tax amounted to \$275,649
- 2018 recreational vehicle tax amounted to \$279,729

Source: Johnson County Appraiser

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 | |
| 2017 | 2018 | 23.891 | 7.941 | 31.832 | 1.500 | 19.318 | 3.921 | 9.503 | 3.112 | 69.186 | 53.663 | 67.467 | 71.174 | 101.018 |
| 2016 | 2017 | 23.891 | 7.937 | 31.828 | 1.500 | 19.590 | 3.915 | 9.473 | 3.102 | 69.408 | 54.940 | 68.864 | 67.774 | 101.236 |
| 2015 | 2016 | 21.875 | 9.932 | 31.807 | 1.500 | 19.582 | 3.912 | 9.469 | 3.101 | 69.371 | 54.059 | 74.461 | 67.764 | 101.178 |
| 2014 | 2015 | 23.066 | 8.699 | 31.765 | 1.500 | 17.764 | 3.157 | 9.461 | 2.349 | 65.996 | 55.911 | 71.951 | 67.868 | 97.761 |
| 2013 | 2014 | 21.028 | 8.685 | 29.713 | 1.500 | 17.745 | 3.155 | 9.551 | 2.347 | 64.011 | 55.611 | 79.984 | 69.486 | 93.724 |
| 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 |

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 | 2017 Tax Year/2018 Fiscal Year | | | Taxpayer | 2008 Tax Year/2009 Fiscal Year | | |
|--|--------------------------------|------|---|--|--------------------------------|------|---|
| | Taxable Assessed Value | Rank | Percentage Of Total City Taxable Assessed Value | | Taxable Assessed Value | Rank | Percentage Of Total City Taxable Assessed Value |
| Perg Buildings, LLC | \$ 16,107,455 | 1 | 1.25% | Sprint Spectrum | \$ 30,999,236 | 1 | 3.00% |
| Southlake Investments SPE LLC | 14,458,329 | 2 | 1.12% | Lenexa Properties | 29,213,226 | 2 | 2.82% |
| LIT Industrial Limited Partnership | 13,281,711 | 3 | 1.03% | Perg Buildings, LLC | 20,678,443 | 3 | 2.00% |
| Kansas City Power & Light | 12,318,711 | 4 | 0.95% | MEPT Kansas Commerce | 9,432,334 | 4 | 0.91% |
| Meritex Lenexa Executive Park | 9,961,566 | 5 | 0.77% | Kansas City Power & Light Co | 9,008,747 | 5 | 0.87% |
| MEPT Kansas Commerce Center, LLC | 8,606,714 | 6 | 0.67% | JC Penney Corporation Inc | 7,949,762 | 6 | 0.77% |
| Lenexa Investors | 8,247,000 | 7 | 0.64% | Labone | 7,637,863 | 7 | 0.74% |
| J.C. Penney Properties, Inc. | 8,014,011 | 8 | 0.62% | Southwestern Bell Telephone | 6,686,688 | 8 | 0.65% |
| Colfin Industrial Owner LLC | 7,882,751 | 9 | 0.61% | Meritex | 5,860,453 | 9 | 0.57% |
| Kiewit Properties | 6,881,216 | 10 | 0.53% | RREEF America REIT II Corp | 5,236,002 | 10 | 0.51% |
| Total | \$ 105,759,464 | | | Total | \$ 132,702,754 | | |
| City of Lenexa (includes motor vehicles) | \$ 1,292,768,831 | | | City of Lenexa (includes motor vehicles) | \$ 1,034,546,894 | | |

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 - I Sales | County Storm- water Sales | County Public Safety - II Sales | County Research Triangle Sales | County Public Safety - III Sales | State | Total Direct |
|-------------|------------|--|-------------------------------|--------------|--------------------------------------|---------------------------------|---------------------------------------|--------------------------------------|--|--------|-----------------|
| 2009 | 1.000% | 0.375% | 0.125% | 0.500% | 0.250% | 0.100% | 0.250% | 0.125% | 0.000% | 5.300% | 8.025% |
| 2010 | 1.000% | 0.375% | 0.000% | 0.500% | 0.250% | 0.100% | 0.250% | 0.125% | 0.000% | 6.300% | 8.900% |
| 2011 | 1.000% | 0.375% | 0.000% | 0.500% | 0.250% | 0.100% | 0.250% | 0.125% | 0.000% | 6.300% | 8.900% |
| 2012 | 1.000% | 0.375% | 0.000% | 0.500% | 0.250% | 0.100% | 0.250% | 0.125% | 0.000% | 6.300% | 8.900% |
| 2013* | 1.000% | 0.375% | 0.000% | 0.500% | 0.250% | 0.100% | 0.250% | 0.125% | 0.000% | 6.300% | 8.900% |
| 2014 | 1.000% | 0.375% | 0.000% | 0.500% | 0.250% | 0.100% | 0.250% | 0.125% | 0.000% | 6.150% | 8.750% |
| 2015** | 1.000% | 0.375% | 0.000% | 0.500% | 0.250% | 0.100% | 0.250% | 0.125% | 0.000% | 6.500% | 9.100% |
| 2016 | 1.000% | 0.375% | 0.000% | 0.500% | 0.250% | 0.100% | 0.250% | 0.125% | 0.000% | 6.500% | 9.100% |
| 2017 | 1.000% | 0.375% | 0.000% | 0.500% | 0.250% | 0.100% | 0.250% | 0.125% | 0.250% | 6.500% | 9.350% |
| 2018 | 1.000% | 0.375% | 0.000% | 0.500% | 0.250% | 0.100% | 0.250% | 0.125% | 0.250% | 6.500% | 9.350% |

Tax Rates from Kansas Department of Revenue

*Effective July 1, 2013 the State Sales tax rate changed from 6.3% to 6.15%.

**Effective July 1, 2015 the State Sales tax rate changed from 6.15% to 6.50%

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 |
|--------------------|-------------------|-----------------------------------|---|----------------------------------|--------------------------|---|
| 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% |
| 2014 | 25,571,353 | 24,617,004 | 96.27% | 315,311 | 24,932,315 | 97.50% |
| 2015 | 28,735,721 | 27,429,025 | 95.45% | 262,422 | 27,691,447 | 96.37% |
| 2016 | 31,019,568 | 29,402,974 | 94.79% | 192,265 | 29,595,239 | 95.41% |
| 2017 | 33,112,343 | 31,218,276 | 94.28% | 91,524 | 31,309,800 | 94.56% |
| 2018 | 35,096,845 | 32,703,904 | 93.18% | (106,831) | 32,597,073 | 92.88% |

(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 Of Total | |
|----------------|---|--------------------------------|--------------------------------------|---|--------------------------------|-------------------------------|----------------|---------------------------------|----------------------------|
| | General Obligation Bonds ³ | General Obligation Notes | TIF Revenue Bonds ¹ | General Obligation Bonds ³ | General Obligation Notes | Revolving Loans Payable | | Personal Income ² | Per Capita ² |
| 2009 | \$ 106,105,126 | \$ 7,410,000 | \$ 7,865,000 | \$ — | \$ — | \$ — | \$ 121,380,126 | 4.77% | \$ 2,529 |
| 2010 | 109,980,936 | 7,140,000 | 7,865,000 | — | — | 60,624 | 125,046,560 | 4.88% | 2,595 |
| 2011 | 74,536,943 | 8,195,000 | 7,865,000 | 31,322,169 | — | 266,983 | 122,186,095 | 4.47% | 2,528 |
| 2012 | 81,015,279 | 885,000 | 7,865,000 | 30,572,179 | — | 256,475 | 120,593,933 | 4.19% | 2,489 |
| 2013 | 77,620,539 | 4,830,000 | 7,044,955 | 31,164,912 | — | 245,644 | 120,906,050 | 4.08% | 2,448 |
| 2014 | 89,408,756 | 4,830,000 | 6,853,173 | 34,224,793 | — | 234,514 | 135,551,236 | 4.37% | 2,693 |
| 2015 | 144,348,272 | — | 6,675,617 | 30,753,258 | — | 223,082 | 182,000,229 | 5.59% | 3,566 |
| 2016 | 129,204,450 | 2,940,000 | 6,494,418 | 25,440,669 | 4,585,000 | 211,334 | 168,875,871 | 4.79% | 3,217 |
| 2017 | 116,559,498 | 6,515,000 | 6,309,918 | 22,259,485 | 4,585,000 | 199,266 | 156,428,167 | 4.26% | 2,905 |
| 2018 | 125,762,972 | 3,690,000 | 6,129,911 | 27,043,723 | — | 186,868 | 162,813,474 | 4.05% | 2,942 |

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.

³ Bonds include premiums and discounts.

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 In Debt Service Fund | Total | Percentage Of Assessed Taxable Value ¹ | Per Capita ² |
|-------------|--------------------------|--------------------------|-------------------------|--------------------------|--------------------------|--|----------------|---|-------------------------|
| | General Obligation Bonds | General Obligation Notes | General Obligation Debt | General Obligation Bonds | General Obligation Notes | | | | |
| 2009 | \$ 106,105,126 | \$ 7,410,000 | \$ 113,515,126 | \$ — | \$ — | \$ 4,205,684 | \$ 109,309,442 | 10.57% | \$ 2,277 |
| 2010 | 109,980,936 | 7,140,000 | 117,120,936 | — | — | 4,182,267 | 112,938,669 | 12.12% | 2,344 |
| 2011 | 74,536,943 | 8,195,000 | 82,731,943 | 31,322,169 | — | 5,054,122 | 108,999,990 | 11.79% | 2,256 |
| 2012 | 81,015,279 | 885,000 | 81,900,279 | 30,572,179 | — | 8,348,380 | 104,124,078 | 11.33% | 2,149 |
| 2013 | 77,620,539 | 4,830,000 | 82,450,539 | 31,164,912 | — | 8,106,262 | 105,509,189 | 11.26% | 2,136 |
| 2014 | 89,408,756 | 4,830,000 | 94,238,756 | 34,224,793 | — | 7,875,076 | 120,588,473 | 12.26% | 2,395 |
| 2015 | 144,348,272 | — | 144,348,272 | 30,753,258 | — | 7,350,082 | 167,751,448 | 15.81% | 3,287 |
| 2016 | 129,204,450 | 2,940,000 | 132,144,450 | 25,440,669 | 4,585,000 | 7,205,821 | 150,379,298 | 13.27% | 2,865 |
| 2017 | 116,559,498 | 6,515,000 | 123,074,498 | 22,259,485 | 4,585,000 | 5,813,059 | 144,105,924 | 12.02% | 2,677 |
| 2018 | 125,762,972 | 3,690,000 | 129,452,972 | 27,043,723 | — | 4,506,695 | 151,990,000 | 11.76% | 2,746 |

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, 2018

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 | \$ 308,457,300 | 11.21% | \$ 34,578,063 |
| Johnson County Parks & Recreation | 825,000 | 11.21% | 92,483 |
| Community College | 58,850,000 | 11.21% | 6,597,085 |
| U.S.D. #232 (De Soto) | 128,115,000 | 7.34% | 9,403,641 |
| U.S.D. #233 (Olathe) | 554,948,220 | 15.52% | 86,127,964 |
| U.S.D. #512 (Shawnee Mission) | 329,390,000 | 19.94% | 65,680,366 |
| NW Cons Fire | 299,123 | 0.00% | — |
| Total Overlapping Debt | | | <u>202,479,602</u> |
| City Direct Debt | 135,582,883 | 100.0% | <u>135,582,883</u> |
| Total Direct And Overlapping Debt | | | <u><u>\$ 338,062,485</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 12/31/2018. Other debt as of 6/30/2018.

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 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Debt limit | \$ 310,364,068 | \$ 279,526,854 | \$ 277,269,273 | \$ 275,732,497 | \$ 281,118,043 | \$ 294,991,771 | \$ 318,263,315 | \$ 340,042,394 | \$ 359,609,931 | \$ 387,830,649 |
| Total net debt applicable to limit | 105,049,316 | 107,232,733 | 103,815,878 | 73,551,899 | 74,344,277 | 86,363,680 | 136,998,190 | 124,938,629 | 116,368,390 | 124,946,277 |
| Legal debt limit | \$ 205,314,752 | \$ 172,294,121 | \$ 173,453,395 | \$ 202,180,598 | \$ 206,773,766 | \$ 208,628,091 | \$ 181,265,125 | \$ 215,103,765 | \$ 243,241,541 | \$ 262,884,372 |
| Total net debt applicable to the limit as a percentage of the limit | 33.8% | 38.4% | 37.4% | 26.7% | 26.4% | 29.3% | 43.0% | 36.7% | 32.4% | 32.2% |
| Total net debt as a percentage of assessed value** | 10.2% | 11.5% | 11.5% | 11.0% | 7.6% | 8.8% | 12.9% | 11.0% | 9.7% | 9.6% |

Legal Debt Margin Calculation For Fiscal Year 2018

| | |
|---|-------------------------|
| Assessed value | \$ 1,292,768,831 |
| Debt limit (30% of total assessed value) | 387,830,649 |
| Debt applicable to limit: | |
| General obligation debt | 129,452,972 |
| Less: Amount set aside for repayment of general obligation debt | 4,506,695 |
| Net debt applicable to limit | 124,946,277 |
| Legal Debt Margin | \$ 262,884,372 * |

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 Unemployment Rate | State Unemployment Rate |
|--------------------|------------------------|---------------------------|---------------------------------------|-------------------------|------------------------------------|-------------------------------|--------------------------------|
| 2018 | 55,345 | 596,767 | 2.8% | \$ 4,024,522,365 | \$ 72,717 | 3.3% | 4.0% |
| 2017 | 53,840 | 589,609 | 2.8% | 3,669,626,720 | 68,158 | 3.7% | 4.6% |
| 2016 | 52,488 | 584,451 | 1.4% | 3,527,036,136 | 67,197 | 4.3% | 5.2% |
| 2015 | 51,042 | 590,604 | 1.9% | 3,255,969,180 | 63,790 | 5.6% | 6.6% |
| 2014 | 50,344 | 574,096 | 2.0% | 3,103,405,536 | 61,644 | 5.0% | 6.3% |
| 2013 | 49,394 | 566,933 | 0.3% | 2,966,998,792 | 60,068 | 5.4% | 6.7% |
| 2012 | 48,448 | 559,836 | 0.3% | 2,875,243,456 | 59,347 | 5.0% | 5.3% |
| 2011 | 48,326 | 552,874 | 0.3% | 2,736,169,794 | 56,619 | 6.0% | 6.0% |
| 2010 | 48,190 | 545,696 | 0.4% | 2,561,443,070 | 53,153 | 7.3% | 7.0% |
| 2009 | 47,996 | 539,396 | 3.8% | 2,543,212,048 | 52,988 | 6.5% | 6.2% |

*Restated 2009-2013 in fiscal year 2014.

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.

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

Schedule 16

| Employer | 2017 Tax Year/2018 Fiscal Year | | | Employer | 2008 Tax Year/2009 Fiscal Year | | |
|-------------------------------------|---------------------------------------|-------------|--|-----------------------------------|---------------------------------------|-------------|--|
| | Employees | Rank | Percentage Of Total City Employment | | Employees | Rank | Percentage Of Total City Employment |
| Quest Diagnostics/LabOne | 1,830 | 1 | 3.25% | United Parcel Service | 2,156 | 1 | 4.69% |
| Kiewit Engineering & Design Co | 1,500 | 2 | 2.66% | Quest Diagnostics/Lab One | 1,376 | 2 | 2.99% |
| JC Penney Logistics Center | 1,000 | 3 | 1.77% | JC Penney Logistics Ctr | 1,002 | 3 | 2.18% |
| Amazon Sortation Center | 1,000 | 4 | 1.77% | Freightquote.com | 741 | 4 | 1.61% |
| Alliance Data Systems | 890 | 5 | 1.58% | T-Mobile | 731 | 5 | 1.59% |
| Community America Credit Union | 754 | 6 | 1.34% | Deluxe Corporation | 700 | 6 | 1.52% |
| Johnson County Development Supports | 682 | 7 | 1.21% | Gear for Sports | 586 | 7 | 1.27% |
| United Parcel Service | 650 | 8 | 1.15% | Interstate Brands Corp | 561 | 8 | 1.22% |
| Gear for Sports | 600 | 9 | 1.06% | Thermo Fischer Scientific/Remel | 503 | 9 | 1.09% |
| Lakeview Village | 600 | 10 | 1.06% | Lakeview Village | 480 | 10 | 1.04% |
| Total | 9,506 | | | Total | 8,836 | | |
| City of Lenexa (total employment) | 56,349 | | | City of Lenexa (total employment) | 46,000 | | |

Source: Chamber of Commerce Membership Directory/Kansas City Business Journal/ESRI

CITY OF LENEXA, KANSAS

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

Schedule 17

| Function | Fiscal Year | | | | | | | | | |
|----------------------|-------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
| General government | 99 | 91 | 88 | 89 | 83 | 83 | 83 | 89 | 87 | 81 |
| Public safety | 244 | 239 | 232 | 222 | 216 | 216 | 215 | 210 | 210 | 213 |
| Municipal services | 71 | 68 | 67 | 67 | 66 | 70 | 70 | 65 | 67 | 88 |
| Parks and recreation | 124 | 102 | 72 | 72 | 72 | 62 | 62 | 53 | 52 | 54 |
| Total | 538 | 500 | 459 | 450 | 437 | 431 | 430 | 417 | 416 | 436 |

Sources: Various City departments.

CITY OF LENEXA, KANSAS

CAPITAL ASSET STATISTICS BY FUNCTION LAST TEN FISCAL YEARS

Schedule 18

| | Fiscal Year | | | | | | | | | |
|---|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
| 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 |
| Police Substation | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Fire Stations | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 4 |
| Municipal Services | | | | | | | | | | |
| Center lane miles added | 4 | 9 | 1 | 1 | — | — | — | — | — | 1 |
| Service Center | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Public Storm Structures (manholes, inlets and junction boxes) | 8,044 | 7,652 | 7,638 | 7,523 | 7,286 | 6,957 | 6,957 | 6,957 | — | — |
| Streetlights maintained | 7,446 | 7,306 | 7,333 | 7,605 | 7,149 | 7,368 | 7,567 | 6,581 | 6,971 | 6,262 |
| Parks And Recreation | | | | | | | | | | |
| Parks (acres) | 802 | 802 | 799 | 795* | 795* | 795* | 776* | 915 | 918 | 898 |
| Pools | 4 | 4 | 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 |
| Recreation Center | 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

Schedule 19

| | Fiscal Year | | | | | | | | | |
|---|-------------|--------|--------|--------|--------|--------|--------|--------|--------|---------|
| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
| General Government | | | | | | | | | | |
| GIS | | | | | | | | | | |
| Data sets maintained | 777 | 750 | 950 | 750 | 750 | 803 | 713 | 640 | 596 | 592 |
| Data requests | 225 | 200 | 250 | 125 | 120 | 24 | 21 | 13 | 15 | 13 |
| Map requests | 185 | 150 | 200 | 65 | 75 | 154 | 386 | 307 | 236 | 311 |
| ArcView users supported | 146 | 114 | 96 | 85 | 85 | 83 | 71 | 56 | 60 | 51 |
| Community Development | | | | | | | | | | |
| Planning commission items | 106 | 102 | 83 | 92 | 86 | 89 | 66 | 73 | 70 | 57 |
| Staff review final plans | 7 | 9 | 7 | 14 | 15 | 9 | 9 | 16 | 6 | 18 |
| New single family permits | 241 | 242 | 189 | 241 | 169 | 213 | 146 | 89 | 57 | 35 |
| Valuation of new construction (millions of dollars) | 242 | 296 | 68 | 78 | 53 | 67 | 103 | 67 | 76 | 64 |
| Commercial construction (millions of dollars) | 324 | 219 | 134 | 110 | 68 | 82 | 132 | 34 | 46 | 44 |
| Human Resources | | | | | | | | | | |
| Positions filled (full-time/part-time/temporary) | 269 | 348 | 189 | 210 | 196 | 190 | 188 | 130 | 150 | 124 |
| Work comp/disability/FMLA cases managed | 133 | 132 | 117 | 118 | 110 | 91 | 142 | 122 | 102 | 71 |
| Separations/retirements processed | 240 | 198 | 171 | 190 | 176 | 48 | 170 | 125 | 145 | 180 |
| Finance | | | | | | | | | | |
| Accounts payable invoices | 4,050 | 3,953 | 3,864 | 4,614 | 5,195 | 4,977 | 4,927 | 4,446 | 5,627 | 5,109 |
| Payroll checks processed | 16,796 | 14,366 | 12,964 | 13,515 | 12,534 | 12,490 | 12,294 | 11,657 | 11,920 | 12,669 |
| Purchasing Card transactions | 14,754 | 15,054 | 13,589 | 13,245 | 12,905 | 13,743 | 13,871 | 12,974 | 12,862 | 11,868 |
| EST | | | | | | | | | | |
| Supported users | 611 | 569 | 491 | 457 | 583 | 589 | 446 | 403 | 427 | 466 |
| Workstations | 428 | 442 | 397 | 412 | 421 | 423 | 451 | 424 | 410 | 406 |
| Laptops | 282 | 244 | 229 | 205 | 207 | 182 | 161 | 183 | 216 | 163 |
| Servers | 162 | 165 | 161 | 218 | 183 | 133 | 122 | 119 | 119 | 111 |
| Printers | 225 | 219 | 214 | 224 | 106 | 156 | 152 | 144 | 145 | 143 |
| Municipal Court | | | | | | | | | | |
| Charges issued | 7,213 | 8,558 | 12,349 | 12,907 | 14,514 | 14,151 | 11,474 | 11,310 | 13,043 | 16,998 |
| Charges completed | 7,113 | 8,639 | 10,909 | 12,880 | 14,349 | 14,167 | 10,363 | 14,770 | 12,715 | 14,949 |
| Charges pending (*Change in software) | 2,266 | 1,495 | 2,977 | 2,707 | 3,002 | 3,417 | 2,897 | 10,021 | 13,481 | 13,651* |
| D.U.I. issued | 128 | 162 | 193 | 172 | 547 | 222 | 151 | 186 | 257 | 413 |
| Legal | | | | | | | | | | |
| Discovery requests approved | — | — | — | — | — | — | — | — | — | 496 |
| Appeals to District Court prosecuted | 5 | 3 | 9 | 5 | 12 | 7 | 19 | 8 | 14 | 20 |
| Forfeitures cases filed | 5 | 8 | 9 | 9 | 14 | 20 | 16 | 16 | 11 | 6 |
| Third party claims made v. City | 12 | 8 | 12 | 12 | 21 | 22 | 8 | 15 | 16 | 14 |
| Third party claims paid | 11 | 2 | 7 | 5 | 10 | 18 | 2 | 9 | 7 | 10 |

CITY OF LENEXA, KANSAS
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Schedule 19 (Continued)

| | Fiscal Year | | | | | | | | | |
|-------------------------------------|-------------|----------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
| Public Safety | | | | | | | | | | |
| Police | | | | | | | | | | |
| Calls for service | 21,551 | 21,223 | 20,886 | 20,819 | 20,402 | 21,631 | 21,293 | 20,756 | 21,309 | 20,936 |
| Officer self initiated | 18,656 | 19,889 | 23,600 | 21,289 | 24,582 | 24,571 | 20,664 | 20,749 | 22,413 | 26,885 |
| Walk in/station reports | 1,234 | 1,254 | 1,388 | 1,369 | 1,037 | 1,047 | 1,081 | 1,090 | 1,163 | 1,476 |
| Total incidents | 41,441 | 42,366 | 45,874 | 43,689 | 46,622 | 48,013 | 43,838 | 43,337 | 45,312 | 49,502 |
| Arrests | 3,191 | 3,266 | 3,365 | 2,976 | 3,176 | 3,870 | 3,581 | 3,256 | 4,004 | 4,881 |
| Citations | 7,106 | 3,457 | 12,245 | 11,598 | 14,300 | 14,023 | 11,284 | 11,039 | 12,412 | 10,224 |
| Discovery requests approved | 753 | 441 | 388 | 462 | 463 | 467 | 364 | 364 | 367 | — |
| Fire | | | | | | | | | | |
| Emergency incident responses | 6,265 | 5,913 | 5,682 | 5,638 | 5,237 | 5,204 | 5,012 | 4,884 | 4,608 | 4,435 |
| Building fires/1,000 pop. | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 2 | 1 | 1 |
| Ill or injured patients treated | 2,799 | 2,756 | 3,065 | 3,108 | 2,818 | 2,895 | 2,935 | 3,002 | 2,689 | 2,762 |
| Fire inspections | 9,471 | 7,922 | 7,929 | 6,086 | 4,585 | 4,008 | 3,623 | 2,517 | 5,466 | 5,979 |
| Training hours | 26,593 | 26,209 | 24,118 | 24,243 | 25,200 | 24,387 | 24,453 | 17,955 | 24,025 | 22,204 |
| Municipal Services | | | | | | | | | | |
| Number of City vehicles maintained | 496 | 496 | 457 | 455 | 368 | 354 | 346 | 344 | 347 | 347 |
| Lane-miles of roadway | 787 | 787 | 660 | 660 | 660 | 660 | 660 | 660 | 660 | 660 |
| Signalized intersections maintained | 82 | 73 | 69 | 67 | 67 | 67 | 66 | 67 | 65 | 66 |
| Streetlights maintained | 7,972 | 7,593 | 7,333 | 6,904 | 7,149 | 7,368 | 7,000 | 6,581 | 6,971 | 6,262 |
| Traffic signs maintained | 12,697 | 12,757 | 11,997 | 11,780 | 12,094 | 12,055 | 11,800 | 11,210 | 11,039 | 10,274 |
| Square feet maintained | 673,455 | 673,455 | 327,555 | 327,555 | 327,555 | 327,555 | 327,555 | 327,555 | 296,743 | 296,743 |
| Parks And Recreation | | | | | | | | | | |
| Acres of park maintained | 802 | 802 | 799 | 795 | 795 | 795 | 776 | 696 | 687 | 898 |
| Number of events - Thompson Barn | 295 | 299 | 342 | 307 | 271 | 220 | 177 | 186 | 194 | 236 |
| Pool attendance | 44,773 | 45,976 | 47,903 | 41,254 | 47,526 | 45,421 | 55,952 | 52,522 | 65,032 | 59,268 |
| Swim lessons | 581 | 1,037 | 743 | 643 | 679 | 740 | 666 | 712 | 659 | 662 |
| Rec Center** | | | | | | | | | | |
| Pool attendance | 98,901 | 4,368*** | — | — | — | — | — | — | — | — |
| Swim lessons | 1,922 | 295*** | — | — | — | — | — | — | — | — |

**Officially opened on 7/31/17

***Statistics for November and December 2017

Sources: Various City departments.