



CITY OF LENEXA, KANSAS

Comprehensive Annual Financial Report

For The Year Ended December 31, 2009

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

For The Fiscal Year Ended December 31, 2009



*Report prepared and submitted by the
Finance Department*

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Introductory Section



June 1, 2010

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, 2009 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the government. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included, which includes management's discussion and analysis.

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

The Financial Reporting Entity

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

Government Structure

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

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

Economic Condition and Outlook

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

Lenexa's commercial and residential construction declined from \$204 million to \$64.4 million in 2009. In 2009, a total of 37 permits were issued for single family homes. A total of 1,822 building permits for residential and commercial were issued during 2009 with an estimated construction value of \$64,384,171. The new Kiewit Power and CoreFirst Bank office buildings were opened and the Lifetime Fitness and CVS projects continued to make progress on development. In addition, the City started work on the Central Green stormwater project.

The number of new businesses that have located in Lenexa since 1999 is 3,905.

Lenexa's current population is 47,996 with a projected population for the year 2010 and year 2020 of 49,119 and 58,510, respectively.

The City's 2009 assessed valuation decreased to \$1,034,546,894 (including motor vehicles and recreational vehicles) from \$1,075,929,834 in 2008, a 3.8% decrease.

Major Initiatives

2009 Initiatives and Highlights

In February of 2009, the City Council reduced the 2009 adopted budget by \$2.6 million in anticipation of a revenue shortfall.

In May 2009, the City introduced a voluntary early retirement/resignation incentive program to address the revenue shortfall. Over 60 employees accepted the incentive and more than 40 positions were held vacant.

The City's defined benefit pension plan was closed to new participants as of December 31, 2009. Beginning in 2010, the City will implement a defined contribution plan for employees in which the City will contribute 4% of total compensation for all employees and match 50% of an employee's contribution up to an additional 2% of compensation.

The City issued \$5,945,000 of taxable bonds under the Build America Bonds program as part of the federal stimulus package. This program provides a 35% interest credit to the City on these bonds.

According to the most recent ETC DirectionFinder citizen satisfaction survey which was conducted in 2009, 96% of all residents believe Lenexa is a "good" or "excellent" place to live and 95% of the residents think the City is a "good" or "excellent" place to raise children. In addition, 94% of the residents say they are satisfied with the quality of life in Lenexa.

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)
- **Community Pride:** Enhance the Sense of "Community".

The 2010 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 Equipment Reserve Fund and Facilities Maintenance Fund.

Financial Information

Internal Control Structure and Budgetary Controls

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

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

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

Single Audit

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

Other Information

Independent Audit

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

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lenexa for its CAFR for 31 consecutive years (each of the fiscal years ended December 31, 1978 through 2008).

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.

In addition, the government also received the GFOA's Distinguished Budget Presentation Award for its annual budget for the fiscal year beginning January 1, 2009. The City has received the Distinguished Budget Presentation Award since 1990. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications medium.

Acknowledgments

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

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

Sincerely,



Eric Wade
City Administrator



Doug Robinson
Finance Director

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, 2008

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



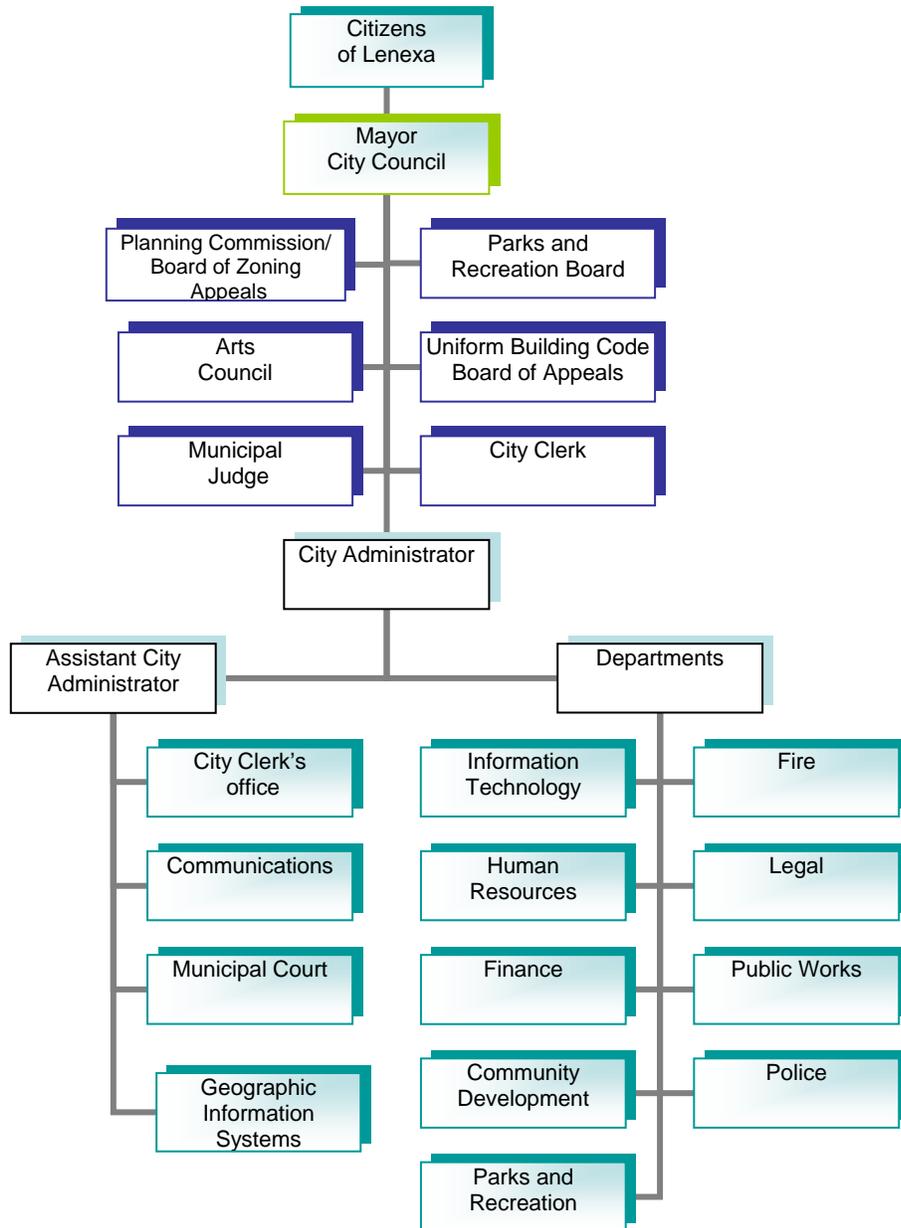
A stylized, handwritten signature in black ink, appearing to read "JEFFREY R. EMER".

President

A stylized, handwritten signature in black ink, appearing to read "JEFFREY R. EMER".

Executive Director

**CITY OF LENEXA
Organizational Chart
(Population 47,996)**



CITY OF LENEXA, KANSAS

LIST OF PRINCIPAL OFFICIALS

Mayor

Michael Boehm

City Council

Joe Karlin
Steve Lemons
Diane Linver
Thomas Nolte
Amy Slater
Lou Serrone
Cynthia Green
Andy Huckaba

City Administrator

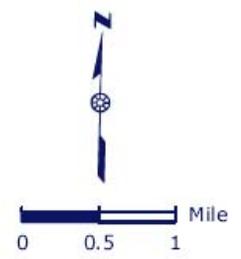
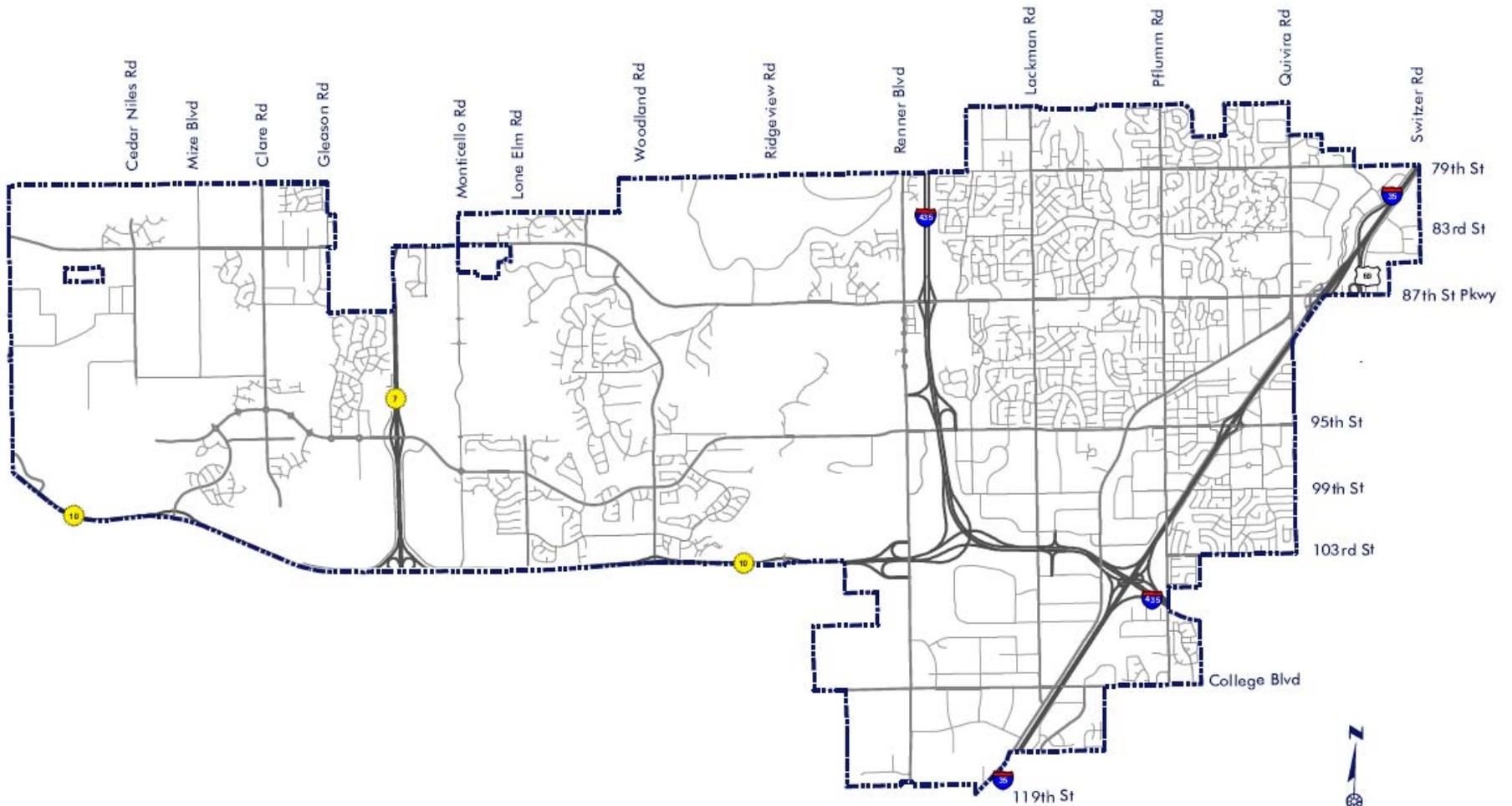
Eric Wade

Assistant City Administrator

Matt Shatto

Finance Department

Doug Robinson, Finance Director
Jill Grube, Assistant Finance Director
Loretta Cornejo, Accounting Manager
Linda Powell, Accountant II
Dana Simms, Accountant II
Lisa Cline, Accountant II



Map Published May, 2009

Financial Section



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Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Lenexa, Kansas (the City), as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report, dated June 1, 2010 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 12, the Budgetary Comparison Information on pages 55 through 58, and the Pension and Other Post Employments Benefits schedules on page 59 are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, the combining and individual fund financial statements and schedules and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken 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 express no opinion on them.

RubinBrown LLP

June 1, 2010

Management's Discussion And Analysis

CITY OF LENEXA, KANSAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2009

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, 2009. We encourage readers to consider the information presented here in conjunction with the accompanying transmittal letter, the basic financial statements and the accompanying notes to those financial statements.

Financial Highlights

The City's total assets exceeded its total liabilities at the end of 2009 by \$485,419,058. Of this amount \$32,810,592 is unrestricted net assets.

The City's total long-term liabilities increased by \$4,552,809. The key factors in this increase was the addition of reimbursable developer projects costs of \$11,249,594, the issuance of \$13,605,000 in general obligation bonds, offset by principal payments of \$12,465,000 in general obligation bonds, and \$6,875,000 in general obligation refunding bonds.

Capital assets increased \$10,841,407 due to \$35,081,191 in infrastructure additions, (including donated capital assets from developers of \$3,801,968) net decrease of construction in progress of \$14,848,627, 2009 non-infrastructure capital assets additions and retirements of \$3,534,069, and net depreciation of \$12,925,226. Donated capital assets from developers amounted to 11% of the increase in infrastructure additions.

At the end of 2009, the fund balance for the General Fund was \$20,303,376.

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 Assets reports all of the City's assets and liabilities. Net assets, the difference between assets and liabilities, are an important measure of the City's overall financial health. Over time, the increases and decreases in net assets 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 assets have changed during the fiscal year. The unique feature of this statement is how it shows the revenues and expenses related to specific programs and how much of the programs were supported by the general taxes of the City. Since this statement is prepared on the accrual basis of accounting, all revenues and expenses are included, regardless of when cash is actually received or the expense is incurred.

Both statements show the operations of the City distinguished between governmental activities and business-type activities. Governmental activities are the operations and services of the City generally supported by taxes, such as Public Works, Police, Parks and Recreation, and General Administration. The City currently does not have any business-type activities.

Fund Financial Statements

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

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

Proprietary Funds fall into two categories: Enterprise Funds and Internal Service Funds. All Proprietary Funds are prepared on the accrual basis of accounting. Enterprise Funds are used to account for business-type transactions. Enterprise Fund statements present the same information that is in the Government-Wide Statements for business activities, only in greater detail. Currently, the City does not have any Enterprise Funds. 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.

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.

CITY OF LENEXA, KANSAS

Management's Discussion and Analysis (*Continued*)

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

Analysis Of Government-Wide Financial Statements

Statement Of Net Assets

Combined net assets of the City at December 31 are as follows:

	Governmental Activities	
	2009	2008
Assets		
Current and other assets	\$ 105,655,449	\$ 115,608,267
Capital assets	548,850,372	538,008,965
Total Assets	654,505,821	653,617,232
Liabilities		
Other liabilities	30,457,577	33,659,394
Self insurance claims payable	1,211,796	1,279,501
Long-term obligations	137,417,390	132,864,581
Total Liabilities	169,086,763	167,803,476
Net assets:		
Invested in capital assets, net of related debt	433,106,968	419,733,080
Restricted	19,501,498	20,333,616
Unrestricted	32,810,592	45,747,060
Total net assets	\$ 485,419,058	\$ 485,813,756

As noted earlier, net assets may serve over time as useful indicators of a government's financial position. In the case of the City, assets exceed liabilities by \$485,419,058 at December 31, 2009.

CITY OF LENEXA, KANSAS

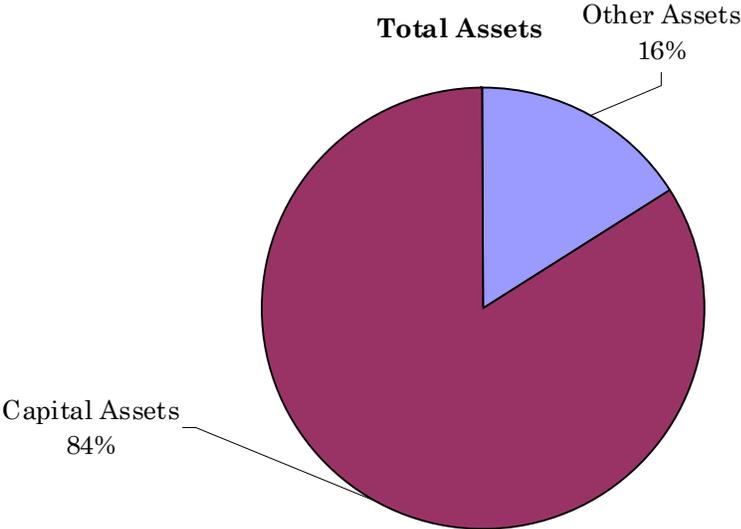
Management’s Discussion and Analysis (*Continued*)

The largest portion of the City’s net assets \$433,106,968 (89.2%) 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 assets, \$19,501,498 (4.0%), represents resources that are subject to external restrictions on how they may be used. Unrestricted net assets, which total \$32,810,592 (6.8%), represent assets that may be used to meet the government’s ongoing obligations to citizens and creditors. The government’s net assets decreased by \$394,698, or 0.08%, during the current fiscal year.

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

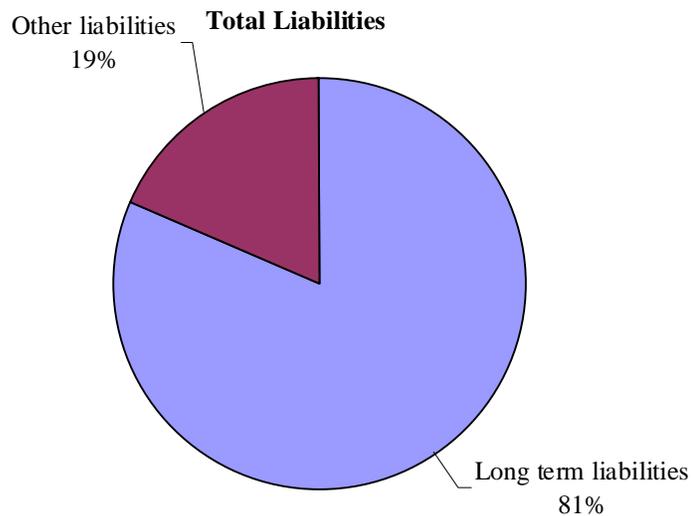
The City ended 2009 with positive net assets. Total assets for the City are \$654,505,821. Of these total assets, \$548,850,372 is capital assets and \$105,655,449 is other assets.



CITY OF LENEXA, KANSAS

Management's Discussion and Analysis (*Continued*)

Total liabilities for the City are \$169,086,763. Of these total liabilities, \$137,417,390 is for long-term liabilities, \$1,211,796 is self insurance claims payable and \$30,457,577 is other liabilities. The majority of the long-term liabilities are for debt issued for major capital projects. Debt issues are never extended longer than the useful life of the project for which debt is being issued.



Total net assets for the City are \$485,419,058. Of these total net assets, \$32,810,592 is unrestricted net assets and \$19,501,498 is for restricted net assets. Net assets invested in capital assets net of related debt are \$433,106,968. Additional details on capital assets can be found on page 10.

CITY OF LENEXA, KANSAS

Management's Discussion and Analysis (Continued)

Statement of Activities

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

	Governmental Activities		Variance Over/(Under)
	2009	2008	
Revenues			
Program revenues:			
Charges for services	\$ 12,143,226	\$ 10,232,817	\$ 1,910,409
Grants and contributions	1,172,192	1,342,607	(170,415)
Capital grants and contributions	3,029,140	16,936,970	(13,907,830)
General revenues:			
Property taxes	28,587,311	28,922,505	(335,194)
Sales tax	25,085,389	23,611,541	1,473,848
Other taxes	8,988,599	10,029,165	(1,040,566)
Investment revenue	439,528	2,797,896	(2,358,368)
Other	777,774	3,599,292	(2,821,518)
Total Revenues	80,223,159	97,472,793	(17,249,634)
Expenses			
General government	11,925,719	10,383,824	1,541,895
Public safety	19,494,864	23,121,157	(3,626,293)
Public works	29,299,766	30,795,517	(1,495,751)
Parks and recreation	3,617,450	4,675,363	(1,057,913)
Economic development	11,249,594	21,158	11,228,436
Interest on long-term debt	5,030,464	6,327,205	(1,296,741)
Total Expenses	80,617,857	75,324,224	5,293,633
Increase (Decrease) In Net Assets	(394,698)	22,148,569	(22,543,267)
Net Assets, January 1	485,813,756	463,665,187	22,148,569
Net Assets, December 31	\$ 485,419,058	\$ 485,813,756	\$ (394,698)

The City's net assets decreased \$394,698. Key elements of this decrease are as follows:

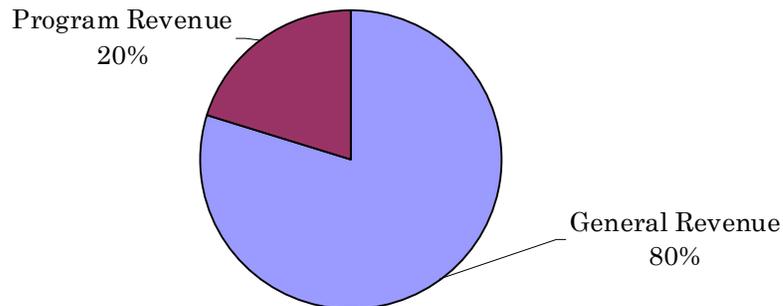
- Significant decline in capital grants and contributions due to economic constraints caused a decrease in contributions from developers.
- Investment revenue decreased by \$2.4 million due to significant decline in rates of United State government agency securities.
- Other revenue decreased \$2.8 million due to the gain on the sale of Cottonwood Ballpark and City Center land during 2008.
- Decrease in expenses for Public Works due to reduction in the amount of ongoing construction projects.
- Increase in economic development expense due to additional certified costs of \$7.3 million for the Mining TIF district and \$2.5 million for City Center Project Plan 1B.

CITY OF LENEXA, KANSAS

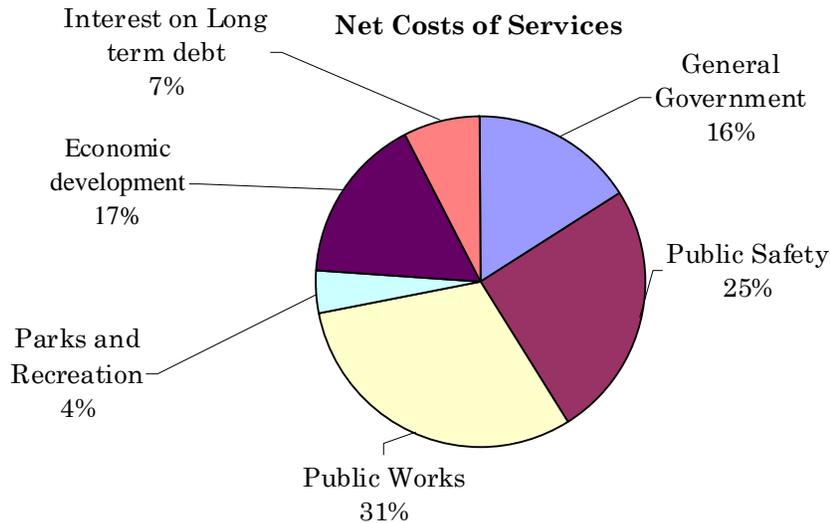
Management's Discussion and Analysis (Continued)

The government-wide statement of activities indicates the major sources of program revenues are capital grant contributions. General revenues comprised 80% of total revenues for governmental activities. Property taxes are the largest general revenue source for governmental activities amounting to 45% followed closely by sales tax amounting to 39% of general revenues.

Total General Revenue



General revenues by source:



For purposes of the above graph, the capital grants and contributions amounts of \$3,029,140 have not been included in the net costs of services. The total cost of services for 2009 was \$80.6 million; however, \$13.3 million was funded by charges to users directly benefiting from the services or by other organizations through grants and contributions. The remaining \$67.3 million of these services was funded primarily through property taxes and sales taxes.

Analysis of the Fund Financial Statements

Governmental Funds

The City's governmental fund statements can be found on pages 16 to 19 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 2009 with a decrease in fund balance.

The General Fund is the main operating fund of the City. The fund balance of the General Fund at December 31, 2009 was \$20,303,376. This represents an increase of \$202,670 or a 1.0% increase over the previous year's balance. The General Fund had a slight increase to the amount of fund balance due to significant expenditure reductions, specifically in personnel services. These expenditure reductions were made to compensate for lower revenues.

The fund balance of the Debt Service Fund at December 31, 2009 was \$4,205,684. This represents a decrease of \$2,524,651 or a 37.5% decrease over the previous year's balance. All of the Debt Service Fund balance is reserved for the payment of debt service expenditures. The Debt Service Fund had a large decrease in fund balance due to the early retirement of debt principal and a planned reduction in fund balance reserve.

The fund balance of the Watershed Management Fund at December 31, 2009 was \$4,126,122. This represents a decrease of \$1,085,350 or a 20.8% decrease over the previous year's balance. The Watershed Fund had a decrease in fund balance to support watershed capital projects.

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

Proprietary Funds

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 2009. However, departments within the City are allowed to transfer budget between line items and between activities within a department. Also, the Governing Body reduced the adopted budget by \$2.6 million during the year. As a result of these budget transfers, the original budget and the final budgets may not be the same in some activities. Revenues were greater than budgetary estimates and expenditures were less than budgetary estimates. The increase in revenues and the reduction in expenditures allowed the fund balance not to decrease to the extent shown in the original budget. The following are major budgetary highlights of the general fund for the 2009 fiscal year:

- A decrease in property tax revenue due to a 4.0% decrease in the City's 2008 assessed valuation.

CITY OF LENEXA, KANSAS

Management's Discussion and Analysis (*Continued*)

- The 2009 adopted general fund budget was reduced by \$2.6 million in anticipation of a revenue shortfall.
- Building permit revenue decreased by 52% due to the economic downturn
- Investment earnings decreased by 84% due to a significant decline in interest rates for United States government agency securities.
- Total expenditures in the general fund decreased by \$377,148, or 0.8%, due to significant organizational changes and budget reductions in order to protect the city's financial condition.

Capital Asset and Debt Administration

Capital Assets

The total amount of capital assets for the City at December 31, 2009 was \$548,850,372, 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.

	<u>Governmental Activities</u>	
	<u>2009</u>	<u>2008</u>
Land	\$ 29,337,711	\$ 29,526,642
Buildings	25,440,187	22,893,313
Machinery and equipment	8,187,064	8,439,559
Infrastructure, depreciable	473,457,955	449,873,369
Construction in progress	12,427,455	27,276,082
Total	\$ 548,850,372	\$ 538,008,965

Major capital events during the fiscal year included the following:

- Completed improvements associated with Noland Road from Santa Fe Trail Drive to 500 ft. north of 90th Terrace totaling approximately \$530,000.
- Continued improvements on Fire Station #5 at the intersection of Prairie Star Parkway and 96th street totaling approximately \$2.5 million.
- Completed improvements associated with Prairie Star Parkway between K-7 and Mize Boulevard totaling approximately \$2.8 million.
- Began construction of the City Center North Village Streamway totaling approximately \$1.1 million.
- Completed improvements along Clare Road from Prairie Star Parkway to 83rd Street, totaling approximately \$3.4 million.

Additional information can be found in Note 6 on pages 36 and 37 of this report.

CITY OF LENEXA, KANSAS

Management's Discussion and Analysis (*Continued*)

Debt Administration

At December 31, 2009, the City had a number of debt issues outstanding. These issues include \$101,845,000 of general obligation bonds and special assessment debt backed by the full faith and credit of the City. This balance represents a \$5,735,000 net decrease over the 2008 balance. This net decrease is due to the issuance of \$13,605,000 general obligation improvement bonds to finance several capital improvement projects, the refunding of \$6,875,000 of general obligation bonds and the retirement of \$12,465,000 of general obligation principal. The City maintained an AA+ bond rating from Standard & Poor's and an Aa1 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, 2009, the total general obligation debt of \$109,255,000 was well below the City's legal limit of \$310,364,068. The change in the Tax Increment Financing (TIF) developer obligation is due to additional certified costs of \$11,249,594 and payments to developers of \$553,245. The City implemented GASB 45 in 2007 (Other Post Employment Benefits), and the related obligation as of December 31, 2009 is \$1,961,333. A summary of outstanding debt is as follows:

	<u>2009</u>	<u>2008</u>
General obligation bonds	\$ 101,845,000	\$ 107,580,000
TIF revenue bonds	7,865,000	7,865,000
General obligation notes payable	7,410,000	7,410,000
Employee compensated absences (net)	1,843,461	2,083,633
Other post employment benefits obligation	1,961,333	1,146,106
TIF developer obligation	11,998,130	1,301,781
Pension obligation	153,363	347,842
Net unamortized premium	4,447,572	5,097,762
Discount on bonds	(187,446)	(213,708)
Capital lease payable	126,067	185,487
Termination benefits	250,956	—
Revolving loan	60,624	—
Deferred amount on refunding	(356,670)	60,678
	<hr/>	<hr/>
Total long-term liabilities	\$ 137,417,390	\$ 132,864,581

Additional information on the City's debt can be found in Note 10 on pages 40 through 44 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 Finance Director, 12350 W. 87th Street Parkway, Lenexa, Kansas 66215.

Basic Financial Statements

CITY OF LENEXA, KANSAS

STATEMENT OF NET ASSETS December 31, 2009

	<u>Governmental Activities</u>
Assets	
Deposits, including investments and restricted cash and investments	\$ 59,982,179
Receivables, (net of allowance of \$508,437)	44,928,080
Capital assets – nondepreciable	41,765,166
Capital assets – depreciable, net	507,085,206
Bond issue costs	745,190
Total Assets	<u>654,505,821</u>
Liabilities	
Accounts payable	2,621,952
Accrued interest payable	1,587,216
Accrued compensation	1,288,150
Unearned revenues	24,913,422
Other	46,837
Self-insurance claims payable:	
Due within one year	1,084,380
Due in more than one year	127,416
Long-term liabilities:	
Due within one year	19,668,851
Due in more than one year	117,748,539
Total Liabilities	<u>169,086,763</u>
Net Assets	
Investment in capital assets, net of related debt	433,106,968
Restricted for:	
Debt service	3,432,870
Economic development	955,921
Specific revenue	8,645,842
Capital projects	6,466,865
Unrestricted	32,810,592
Total Net Assets	<u>\$ 485,419,058</u>

CITY OF LENEXA, KANSAS

STATEMENT OF ACTIVITIES For The Year Ended December 31, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue And Changes In Net Assets
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities
Governmental Activities					
General government	\$ 11,925,719	\$ 1,174,156	\$ 1,030	\$ 75,653	\$ (10,674,880)
Public safety	19,494,864	2,637,487	3,498	—	(16,853,879)
Public works	29,299,766	7,483,343	1,167,664	2,953,487	(17,695,272)
Parks and recreation	3,617,450	848,240	—	—	(2,769,210)
Economic development	11,249,594	—	—	—	(11,249,594)
Interest on long-term debt	5,030,464	—	—	—	(5,030,464)
Total Governmental Activities	\$ 80,617,857	\$ 12,143,226	\$ 1,172,192	\$ 3,029,140	(64,273,299)

General revenues:

Taxes:

Property taxes	28,587,311
Sales taxes	25,085,389
Franchise taxes	5,953,082
Motor vehicle taxes	1,922,586
Transient guest tax	441,128
Excise tax	132,837
Special liquor tax	538,966
Unrestricted investment earnings	439,528
Miscellaneous	777,774
Total general revenues and transfers	63,878,601

Change in net assets (394,698)

Net assets, beginning of year 485,813,756

Net assets, end of year \$ 485,419,058

CITY OF LENEXA, KANSAS

**BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2009**

	Major Funds					Nonmajor	Total
	General Fund	Debt Service	Watershed Management	Street Improvements	Storm Drainage	Other Governmental Funds	
Assets							
Unrestricted cash and investments	\$ 14,959,910	\$ 4,183,038	\$ 3,199,190	\$ 6,601,392	\$ 1,997,358	\$ 18,336,510	\$ 49,277,398
Restricted cash and investments	46,837	—	—	861,406	—	814,402	1,722,645
Special assessment receivable	—	13,654,035	—	—	—	—	13,654,035
Property tax receivable (net of allowance for uncollectibles)	15,491,285	8,131,031	—	—	—	1,291,106	24,913,422
Sales tax receivable	3,777,781	—	192,559	—	—	—	3,970,340
Transient guest tax receivable	—	—	—	—	—	107,527	107,527
Franchise tax receivable	720,532	—	—	—	—	—	720,532
Intergovernmental receivable	—	—	57,718	776,778	82,760	150,937	1,068,193
Interest receivable	140,277	22,646	16,567	18,324	2,461	70,982	271,257
Due from other funds	3,492,000	—	750,000	178,792	—	726,397	5,147,189
Other receivable	87,061	—	—	—	—	263	87,324
Total Assets	\$ 38,715,683	\$ 25,990,750	\$ 4,216,034	\$ 8,436,692	\$ 2,082,579	\$ 21,498,124	\$ 100,939,862
Liabilities And Fund Balances							
Liabilities							
Accounts payable	\$ 726,654	\$ —	\$ 6,953	\$ 1,240,686	\$ 138,549	\$ 505,119	\$ 2,617,961
Accrued compensation	1,242,342	—	40,145	1,431	1,368	1,720	1,287,006
Due to other funds	905,189	—	—	3,015,000	750,000	477,000	5,147,189
Deferred revenue	15,491,285	21,785,066	42,814	590,060	60,624	1,305,498	39,275,347
Municipal court deposits	46,837	—	—	—	—	—	46,837
Total Liabilities	18,412,307	21,785,066	89,912	4,847,177	950,541	2,289,337	48,374,340
Fund Balances (Deficit)							
Reserved:							
Encumbrances	602,653	—	20,371	3,492,862	3,297,210	789,737	8,202,833
Debt service	—	4,205,684	—	—	—	814,402	5,020,086
Economic development	—	—	—	—	—	740,675	740,675
Unreserved, reported in							
General fund	19,700,723	—	—	—	—	—	19,700,723
Special revenue funds	—	—	4,105,751	—	—	14,565,229	18,670,980
Capital projects funds	—	—	—	96,653	(2,165,172)	2,298,744	230,225
Total Fund Balances (Deficit)	20,303,376	4,205,684	4,126,122	3,589,515	1,132,038	19,208,787	52,565,522
Total Liabilities And Fund Balances (Deficit)	\$ 38,715,683	\$ 25,990,750	\$ 4,216,034	\$ 8,436,692	\$ 2,082,579	\$ 21,498,124	\$ 100,939,862

CITY OF LENEXA, KANSAS

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS December 31, 2009

Total Fund Balance - Governmental Funds \$ 52,565,522

Amounts reported for governmental activities in the statement of net assets 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). 548,850,372

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 assets. 7,900,655

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 revenue in the fund financial statements. 14,361,925

Cost of debt issuance are capitalized and reported in the government-wide statement of net assets as a deferred charge and are amortized over the life of the bond issue. 745,190

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 assets. Balances as of December 31, 2009 are:

Accrued compensated absences	(1,843,461)
Other post employment benefits obligation	(1,961,333)
Unamortized premium on bonds payable	(4,447,572)
Unamortized discount on bonds payable	187,446
Net pension obligation	(153,363)
General obligation notes payable	(7,410,000)
Capital lease payable	(126,067)
Accrued interest payable on long-term debt	(1,587,216)
Reimbursable developer project costs	(11,998,130)
Termination benefits	(250,956)
Revolving loan KDHE	(60,624)
Deferred amount on refunding	356,670
Tax increment financing bonds payable	(7,865,000)
General obligation bonds payable	(101,845,000)
	<u>(139,004,606)</u>

Total Net Assets - Governmental Activities \$ 485,419,058

CITY OF LENEXA, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS For The Year Ended December 31, 2009

	Major Funds					Nonmajor Funds	Total Governmental Funds
	General	Debt Service	Watershed Management	Street Improvements	Storm Drainage	Other Governmental Funds	
Revenues							
Taxes	\$ 48,261,434	\$ 11,449,425	\$ 1,194,665	\$ —	\$ —	\$ 2,923,437	\$ 63,828,961
Intergovernmental	18,898	—	39,060	3,805,435	203,349	294,761	4,361,503
Licenses and permits	1,010,626	—	11,436	—	—	—	1,022,062
Charges for services	1,469,684	—	3,407,998	—	—	746,183	5,623,865
Rents and leases	399,617	—	—	—	—	—	399,617
Fine and forfeits	1,581,346	—	—	—	—	48,295	1,629,641
Investment earnings	182,728	126,475	41,574	63,055	161	22,539	436,532
Miscellaneous	175,427	97,752	1,086	33,850	3,050	207,630	518,795
Total Revenues	53,099,760	11,673,652	4,695,819	3,902,340	206,560	4,242,845	77,820,976
Expenditures							
Current:							
General government	10,630,586	—	—	—	—	747,374	11,377,960
Public safety	21,018,605	—	—	—	—	612,681	21,631,286
Public works	8,364,347	—	1,517,773	—	—	432,262	10,314,382
Recreation	3,338,589	—	—	—	—	732,476	4,071,065
Capital outlay	—	—	—	15,950,065	3,599,590	4,181,514	23,731,169
Debt service:							
Principal retirement	59,421	10,830,000	1,635,000	—	—	553,246	13,077,667
Interest and fiscal charges	7,420	3,411,119	1,312,730	181,545	—	468,545	5,381,359
Bond issuance costs	—	—	—	160,126	32,166	2,390	194,682
Total Expenditures	43,418,968	14,241,119	4,465,503	16,291,736	3,631,756	7,730,488	89,779,570
Excess (Deficiency) Of Revenues Over Expenditures	9,680,792	(2,567,467)	230,316	(12,389,396)	(3,425,196)	(3,487,643)	(11,958,594)
Other Financing Sources (Uses)							
Issuance of general obligation bonds	—	—	—	2,765,000	2,960,000	220,000	5,945,000
Issuance of refunding bonds	—	—	—	7,660,000	—	—	7,660,000
Premium on general obligation bonds	—	42,816	—	139,760	—	—	182,576
Payment to refunded bond escrow agent	—	—	—	(7,669,680)	—	—	(7,669,680)
Revolving loan KDHE	—	—	—	—	60,624	—	60,624
Transfers in	17,215	—	25,000	5,726,211	1,663,406	15,905,318	23,337,150
Transfers out	(9,495,337)	—	(1,340,666)	(1,802,343)	(25,968)	(11,122,836)	(23,787,150)
Total Other Financing Sources (Uses)	(9,478,122)	42,816	(1,315,666)	6,818,948	4,658,062	5,002,482	5,728,520
Net Changes In Fund Balances	202,670	(2,524,651)	(1,085,350)	(5,570,448)	1,232,866	1,514,839	(6,230,074)
Fund Balances - Beginning Of Year	20,100,706	6,730,335	5,211,472	9,159,963	(100,828)	17,693,948	58,795,596
Fund Balances - End Of Year	\$ 20,303,376	\$ 4,205,684	\$ 4,126,122	\$ 3,589,515	\$ 1,132,038	\$ 19,208,787	\$ 52,565,522

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, 2009

Net Change In Fund Balances - Total Governmental Funds \$ (6,230,074)

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.

Capital outlays	\$ 21,721,426
Depreciation expense	(14,340,409)

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

Contributions from developers	3,801,968
Sale of land	(188,931)
Net book value of current year disposals	<u>(152,647)</u>

10,841,407

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	117,991
Change in employee compensated absences	240,172
Change in net pension obligation	194,479
Change in other post employment benefits obligation	(815,227)
Change in termination benefits	(250,956)
Change in revolving loan	<u>(60,624)</u>

(574,165)

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

(1,274,474)

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

General obligation bond proceeds	(13,605,000)
Bond issue cost	156,177
Bond principal payment	19,340,000
Bond premium	190,898
Deferred amount on refunding	459,702
Reimbursable developer project cost obligation	(11,249,594)
Reimbursable developer project cost payment	553,245
Amortization of bond premium	459,292
Amortization of bond discount	(26,262)
Amortization of bond issue costs	(66,186)
Amortization of deferred amount of refunding	(42,354)
Capital lease payments	<u>59,420</u>

(3,770,662)

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

613,270

Change In Net Assets Of Governmental Activities

\$ (394,698)

CITY OF LENEXA, KANSAS

STATEMENT OF NET ASSETS - PROPRIETARY FUND December 31, 2009

	Governmental Activities - Internal Service Fund
Assets	
Deposits, including investments	\$ 9,011,560
Interest receivable	49,920
Other receivable	85,530
Total Assets	<u>9,147,010</u>
Liabilities	
Accounts payable	33,415
Accrued wages payable	1,144
Self insurance claims payable:	
Due within one year	1,084,380
Due in more than one year	127,416
Total Liabilities	<u>1,246,355</u>
Net Assets	
Unrestricted	<u>7,900,655</u>
Total Net Assets	<u><u>\$ 7,900,655</u></u>

CITY OF LENEXA, KANSAS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS PROPRIETARY FUND For The Year Ended December 31, 2009

	<u>Governmental Activities</u>
Operating Revenues	
Charges for services	\$ 5,442,468
Reimbursements from insurance companies	357,259
Intergovernmental	11,147
Miscellaneous	1,612
Total Operating Revenues	<u>5,812,486</u>
Operating Expenses	
Personal services	45,325
Contractual services	516,650
Commodities	17,102
Claims	5,078,198
Total Operating Expenses	<u>5,657,275</u>
Operating Income	<u>155,211</u>
Nonoperating Revenues	
Investment income	<u>8,059</u>
Income Before Transfers	163,270
Transfers In	<u>450,000</u>
Change In Net Assets	613,270
Total Net Assets – Beginning Of Year	<u>7,287,385</u>
Total Net Assets – End Of Year	<u>\$ 7,900,655</u>

CITY OF LENEXA, KANSAS

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For The Year Ended December 31, 2009**

	Governmental Activities - Internal Service Fund
Cash Flows From Operating Activities	
Cash received from customers	\$ 5,444,080
Cash received from insurance companies	418,026
Cash received from federal government	11,147
Cash payments for contractual services and accounts payable	<u>(5,758,981)</u>
Net Cash Provided By Operating Activities	<u>114,272</u>
Cash Flows From Noncapital Financing Activities	
Transfers in	450,000
Net Cash Provided By Noncapital Financing Activities	<u>450,000</u>
Cash Flows From Investing Activities	
Interest on investments	46,329
Net Cash Provided By Investing Activities	<u>46,329</u>
Net Increase In Cash And Cash Equivalents	610,601
Cash And Cash Equivalents – Beginning Of Year	<u>8,400,959</u>
Cash And Cash Equivalents – End Of Year	<u>\$ 9,011,560</u>
Reconciliation Of Operating Income To Net Cash Provided By Operating Activities	
Operating income	\$ 155,211
Adjustments to reconcile operating income to net cash provided by operating activities:	
Change in other receivables	60,767
Change in accounts payable and claims payable	<u>(101,706)</u>
Net Cash Provided By Operating Activities	<u>\$ 114,272</u>

CITY OF LENEXA, KANSAS

STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS December 31, 2009

	Pension Trust Fund
Assets	
Cash and short-term investments	\$ 1,487,086
Investments at fair value:	
Corporate bonds	6,475,843
Domestic stocks	10,419,829
Real estate	810,970
International bonds	13,991
International stocks	1,662,754
	<u>20,870,473</u>
Liabilities	
Payable to external parties	<u>20,000</u>
Net Assets	<u><u>\$ 20,850,473</u></u>

CITY OF LENEXA, KANSAS

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS PENSION TRUST FUND For The Year Ended December 31, 2009

	<u>Pension Trust Fund</u>
Additions	
Contributions:	
Employer	<u>\$ 2,600,004</u>
Investment Income:	
Net appreciation in fair value of investments	3,797,141
Dividends and interest	608,198
Investment expenses	<u>(207,907)</u>
Net Investment Income	<u>4,197,432</u>
Total Additions	6,797,436
Deductions	
Benefits paid	<u>2,354,819</u>
Net Increase	4,442,617
Net Assets Held In Trust For Pension Benefits	
Beginning of year	<u>16,407,856</u>
End of year	<u><u>\$ 20,850,473</u></u>

Notes To Basic Financial Statements

CITY OF LENEXA, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2009

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 Assets 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 does not have any 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 Fund 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.

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

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 *Watershed Management Fund* is used to account for the resources received from stormwater utility charges, sales tax, capital charges, general fund revenues and grant funds to provide a systematic, economical, and environmentally sensitive means for managing stormwater.

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

The *Storm Drainage Improvements Fund* is used to account for the financing and construction of various storm drainage improvement projects within the City.

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.

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

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

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.

Deposits And Investments

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

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

The City typically invests available cash in demand deposits, time deposits, and U.S. Government securities ranging from 30 to 365 days to maturity. The average yield on investments during the year was 0.73% and the amount of investment revenue received was \$444,591.

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, 2009, 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 revenue on the balance sheets of the appropriate funds and the government-wide statements of net assets. 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, 2009 are not significant.

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

Interfund Receivables And Payables

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (for example, roads, bridges, sidewalks, and similar items), are reported in the Government-Wide Financial Statements. Capital assets are defined by the government as assets with individual costs of more than \$10,000 for machinery and equipment and a minimum of \$300,000 for infrastructure assets. Such assets are recorded at historical cost or estimated cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

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

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

Compensated Absences

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

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

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

Supervisors may authorize employees in full-time, nonshift firefighter, nonexempt positions to earn compensatory leave time in lieu of overtime up to a maximum of 40 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 assets. Bond premiums and discounts, deferred amounts on refundings, as well as issuance costs, 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 and unamortized deferred amounts on refundings.

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.

Special Assessments

Kansas statutes require that certain projects financed in part by special assessments to be financed through the issuance of general obligation bonds that are secured by the full faith and credit of the City. Special assessments received prior to or after the issuance of general obligation bonds are recorded as revenue in the appropriate project fund. Further, state statutes require levying additional general ad valorem property taxes in the Debt Service Fund to finance delinquent special assessments receivable. Accordingly, special assessments receivable are accounted for within the Debt Service Fund. Special assessments are levied over a 10- or 15-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, 2009, 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.

Net Assets

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

- (1) Invested in capital assets, net of related debt - 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.

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

- (2) Restricted net assets - consists of net assets 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 assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

In the fund financial statements, Governmental Funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Use Of Estimates

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

2. Compliance And Accountability

Deficit Fund Equity

At December 31, 2009, the Special Revenue Fund - Grants had a fund balance deficit of \$2,109. The Grant fund deficit balance should be eliminated with future grant revenues.

At December 31, 2009, the Capital Projects Fund - Municipal Buildings had a fund balance deficit of \$112,199. The fund deficit balance should be eliminated with future revenue from bond proceeds.

3. Deposits And Investments

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

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

City-Wide Deposits And Investments

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

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

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

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

	Governmental Activities
Deposits	\$ (257,135)
Petty cash	3,780
Investments:	
Municipal investment pool	3,000,000
Repurchase agreements	5,064,000
U.S. Government securities	50,419,049
Investments held with trustee:	
Deposits	185,608
U.S. Government securities	1,566,877
Total deposits, including investments	<u>\$ 59,982,179</u>

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

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, 2009, the City's deposits were insured by federal depository insurance and uninsured deposits were fully collateralized in accordance with the City's policy.

Credit Risk And Concentration Of Credit Risk

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

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

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

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

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

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

<u>Investment Type</u>	<u>Total</u>	<u>Rating As Of</u>	
		<u>December 31, 2009</u>	<u>Percentage</u>
Kansas Municipal Investment Pool	\$ 3,000,000	AAA	5%
Repurchase agreements	5,064,000	AAA	8%
U.S. Government Securities			
Federal National Mortgage Association	13,739,218	AAA	23%
Federal Home Loan Banks	19,005,505	AAA	32%
Federal Home Loan Mortgage Corporation	15,635,109	AAA	26%
Federal Farm Credit	3,606,094	AAA	6%
	<u>3,606,094</u>		<u>6%</u>
Total	<u>\$ 60,049,926</u>		<u>100%</u>

Interest Rate Risk

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

As of December 31, 2009, the City's investment portfolio had the following investments and maturities.

<u>Investment Type</u>	<u>Total</u>	<u>6 Months Or Less</u>	<u>6-12 Months</u>	<u>12-24 Months</u>
U.S. Government Securities				
FNMA	\$ 13,739,218	\$ 8,043,749	\$ 5,695,469	\$ —
FHLB	18,208,593	10,690,780	7,517,813	—
FHLMC	14,865,144	7,076,924	4,589,601	3,198,619
Federal Farm Credit	3,606,094	—	3,606,094	—
Repurchase agreements	5,064,000	5,064,000	—	—
Kansas Municipal Investment Pool	3,000,000	3,000,000	—	—
Investments held by Trustee:				
FHLB	796,912	796,912	—	—
FHLMC	769,965	769,965	—	—
	<u>\$ 60,049,926</u>	<u>\$ 35,442,330</u>	<u>\$ 21,408,977</u>	<u>\$ 3,198,619</u>

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

Defined Benefit Pension Plan

The City had \$20,870,473 in 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 rates. The primary objective of the City of Lenexa Defined Benefit Pension Plan is to provide eligible employees with retirement benefits. The plan's investment objectives should be pursued as long-term goals designed to maximize return while reduce exposure to undue risk. At a minimum, it is the objective of the plan to meet its actuarial interest assumption on an ongoing basis. Currently, the actuarial interest assumption is 7%.

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

Asset Category	Allocation		
	Target	Minimum	Maximum
Domestic equity - large cap	30%	25%	40%
Domestic equity - smal cap	20%	10%	30%
International Equities	11%	5%	20%
Domestic Fixed Income	30%	20%	50%
Real Estate	9%	5%	15%
Cash	0%	0%	5%

The benchmark for the large cap domestic equity portion of the portfolio is to match or exceed the return of the Russell 1000 Index (net of investment management fees and transaction costs); the benchmark for the small/mid cap value equity manager is the Russell 2500 Value Index; the benchmark for the foreign 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 Lehman Brothers Intermediate Government/Credit Bond Index (net of management fees and transaction costs); the benchmark for the real estate portion of the plan is to equal or exceed the return of the NCREIF Index (net of management fees and transaction costs) and investments in cash must represent maturities of one year or less at the time of purchase.

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

Interest Rate Risk

Interest rate risk is the risk associated with a portfolio's sensitivity to changes in interest rates. The Plan has no specific policy regarding interest rate risk. As of December 31, 2009, the Plan had the following investments and maturities.

	<u>Total</u>	<u>12 Months Or Less</u>	<u>12-48 Months</u>	<u>> 48 Months</u>
Corporate bonds	\$ 6,475,843	\$ —	\$ —	\$ 6,475,843
Money market mutual funds	1,487,086	1,487,086	—	—
		<u>\$ 1,487,086</u>	<u>\$ —</u>	<u>\$ 6,475,843</u>
Domestic stocks	10,419,829			
Real estate	810,970			
International stocks	1,676,745			
	<u>12,907,544</u>			
Total investments	<u>\$ 20,870,473</u>			

Credit Rate Risk

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

<u>Quality Rating</u>	<u>Corporate Bonds</u>	<u>Money Market Mutual Funds</u>
AAA	\$ 3,312,409	\$ —
AA	519,712	—
A	692,084	—
BBB or less	1,843,080	—
Not rated	108,558	1,487,086
	<u>\$ 6,475,843</u>	<u>\$ 1,487,086</u>

Concentration Of Credit Risk

As of December 31, 2009, the following table lists the issuers of securities, and the respective fair value of those securities, that represent 5% or more of total Plan's investments:

<u>Issuer</u>	<u>Total Fair Value</u>	<u>Percentage</u>
Metwest Bond Fund Class I	\$ 4,063,502	19%
American EuroPacific Growth Fund	1,662,754	8%
Mainstay ICAP Equity Fund	2,973,798	14%
Cavalan Hill Bond Institutional Fund	1,942,553	9%

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

Foreign Currency Risk

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

4. 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	Watershed Management	Street Improvements	Storm Drainage	Non-major governmental	Internal Service	Total
Property Tax	\$ 15,824,824	\$ 8,305,929	\$ —	\$ —	\$ —	\$ 1,291,106	\$ —	\$ 25,421,859
Sales tax	3,777,781	—	192,559	—	—	—	—	3,970,340
Transient guest tax	—	—	—	—	—	107,527	—	107,527
Franchise tax	720,532	—	—	—	—	—	—	720,532
Special assessment	—	13,654,035	—	—	—	—	—	13,654,035
Intergovernmental	—	—	57,718	776,778	82,760	150,937	—	1,068,193
Interest	140,277	22,646	16,567	18,324	2,461	70,982	49,920	321,177
Other	87,061	—	—	—	—	263	85,530	172,854
Less: allowance for uncollectible accounts	(333,539)	(174,898)	—	—	—	—	—	(508,437)
Total Receivables	\$ 20,216,936	\$ 21,807,712	\$ 266,844	\$ 795,102	\$ 85,221	\$ 1,620,815	\$ 135,450	\$ 44,928,080

5. Tax Revenues

Tax revenues for the City consist of the following:

	General	Debt Service	Watershed Management	Other Governmental Funds	Total
Property tax	\$ 16,880,079	\$ 9,611,311	\$ —	\$ 955,335	\$ 27,446,725
Sales tax	23,890,724	—	1,194,665	—	25,085,389
Transient guest tax	—	—	—	441,128	441,128
Franchise tax	5,953,082	—	—	—	5,953,082
Special assessment	—	1,140,586	—	—	1,140,586
Excise tax	132,837	—	—	—	132,837
Motor vehicle	1,225,058	697,528	—	—	1,922,586
Other	179,654	—	—	1,526,974	1,706,628
Total tax revenues	\$ 48,261,434	\$ 11,449,425	\$ 1,194,665	\$ 2,923,437	\$ 63,828,961

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (Continued)

6. Capital Assets

The following is a summary of changes in capital assets for the year ended December 31, 2009:

	Balance January 1, 2009	Increases	Decreases	Balance December 31, 2009
Governmental activities:				
Assets not being depreciated:				
Land	\$ 29,526,642	\$ —	\$ 188,931	\$ 29,337,711
Construction in progress	27,276,082	20,897,065	35,745,692	12,427,455
Total nondepreciable capital assets	56,802,724	20,897,065	35,934,623	41,765,166
Assets being depreciated:				
Buildings	41,106,734	3,749,199	—	44,855,933
Machinery and equipment	21,481,858	1,541,631	1,567,830	21,455,659
Infrastructure - Streets	510,041,011	32,140,759	—	542,181,770
Infrastructure - Stormwater	90,217,350	2,940,432	—	93,157,782
Total depreciable capital assets	662,846,953	40,372,021	1,567,830	701,651,144
Less accumulated depreciation				
Buildings	(18,213,421)	(1,202,325)	—	(19,415,746)
Machinery and equipment	(13,042,298)	(1,641,480)	(1,415,183)	(13,268,595)
Infrastructure - Streets	(139,533,965)	(10,274,104)	—	(149,808,069)
Infrastructure - Stormwater	(10,851,028)	(1,222,500)	—	(12,073,528)
Total accumulated depreciation	(181,640,712)	(14,340,409)	(1,415,183)	(194,565,938)
Total capital assets being depreciated, net	481,206,241	26,031,612	2,983,013	507,085,206
Total governmental activities, capital assets, net	\$ 538,008,965	\$ 46,928,677	\$ 36,087,270	\$ 548,850,372

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

Governmental activities:	
General government	\$ 387,205
Public safety	1,456,127
Public works	11,954,760
Parks and recreation	542,317
Total depreciation expense – governmental activities	\$ 14,340,409

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (Continued)

7. Commitments

Construction Commitments

Normal commitments have been made for future expenditures related to the City's capital projects programs. At December 31, 2009, outstanding construction commitments, including obligations for capital outlay, were \$7,488,362.

At December 31, 2009, capital project authorizations compared with expenditures from inception are as follows:

	<u>Project Authorizations</u>	<u>Expenditures - Project Inception To December 31, 2009</u>
Street improvements	\$ 238,200,403	\$ 45,944,732
Storm drainage	61,249,189	7,002,104
Municipal buildings	17,021,572	4,403,307
Capital acquisitions	5,862,259	1,793,072
Parks and recreation	3,227,738	770,457
	<u>\$ 325,561,161</u>	<u>\$ 59,913,672</u>

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.

8. Interfund Receivables, Payables And Transfers

Interfund receivable and payable balances at December 31, 2009 are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General fund	\$ 3,492,000	\$ 905,189
Watershed	750,000	—
Non-major governmental funds	726,397	477,000
Street improvements	178,792	3,015,000
Storm drainage	—	750,000
	<u>\$ 5,147,189</u>	<u>\$ 5,147,189</u>

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

The General Fund interfund payable is a portion of the economic development sales tax that will fund capital projects and a portion of the 3/8 cent sales tax to fund parks/roads and a civic center project. The payable will be eliminated in 2010. The street improvements, storm drainage improvements and non-major governmental funds (municipal buildings) interfund payables are due to deficit cash balance in capital projects funds. The payables will be eliminated when future bonds are issued.

A summary of interfund transfers by fund type is as follows at December 31, 2009:

	Transfers Out					Total
	General	Watershed Management	Street Improvements	Storm Drainage	Nonmajor Governmental	
Transfers in:						
General	\$ —	\$ —	\$ —	\$ —	\$ 17,215	\$ 17,215
Watershed management	—	—	—	25,000	—	25,000
Street improvements	711,616	—	—	968	5,013,627	5,726,211
Storm drainage	—	1,268,935	15,971	—	378,500	1,663,406
Nonmajor governmental	8,333,721	71,731	1,786,372	—	5,713,494	15,905,318
Internal service	450,000	—	—	—	—	450,000
Total	\$ 9,495,337	\$ 1,340,666	\$ 1,802,343	\$ 25,968	\$ 11,122,836	\$ 23,787,150

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 an other 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.

9. Leases

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

Lenexa Chamber Of Commerce

The City leases, to the Lenexa Chamber of Commerce, the Thompson Farm premise located in the Southlake Business Park. The lease provides for monthly lease payments of \$1,758 and expires in 2011. The tenant may enter into an additional two-year lease. The cost of the Thompson Farm was \$790,000 with accumulated depreciation of \$302,833 and a current carrying value of \$329,167.

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, 96th and Pflumm, 24000 Prairie Star Parkway, 10855 Eicher and 12500 W 87th St. The lease agreements provide for monthly lease payments. The cost of the cellular towers was \$1,063,500 with accumulated depreciation of \$752,250 and a current carrying value of \$311,250.

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

<u>Year</u>	<u>Amount</u>
2010	\$ 371,801
2011	380,634
2012	391,218
2013	401,166
2014	413,632
2015 - 2019	1,878,337
2020 - 2024	1,539,601
2025 - 2029	706,054
2030 - 2035	110,883
	<u>\$ 6,193,326</u>

Capital Lease Obligation

Capital lease payable at December 31, 2009 is comprised of the following:

Governmental funds:

Mine Safety Applicance, Inc, interest at 4%, annual installments through July 1, 2011; a lease to purchase 57 Firefighter Self - Contained Breathing Apparatus	<u>\$ 126,067</u>
--	-------------------

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2009 were as follows:

<u>Year</u>	<u>Amount</u>
2010	\$ 66,840
2011	66,840
	133,680
Less: Imputed interest	7,613
Present value of minimum lease payments	<u>\$ 126,067</u>

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (Continued)

10. 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, 2009:

	Balance January 1, 2009	Additions	Retired	Balance December 31, 2009	Due Within One Year
General obligation bonds	\$ 107,580,000	\$ 13,605,000	\$ 19,340,000	\$ 101,845,000	\$ 9,505,000
Net unamortized premium	5,097,762	182,576	832,766	4,447,572	465,482
Less unamortized discount	(213,708)	—	(26,262)	(187,446)	(25,613)
TIF revenue bonds	7,865,000	—	—	7,865,000	—
General obligation notes payable	7,410,000	—	—	7,410,000	7,410,000
Capital lease payable	185,487	—	59,420	126,067	61,797
Employee compensated absences	2,083,633	1,361,904	1,602,076	1,843,461	1,659,115
Reimbursable developer project costs	1,301,781	11,249,594	553,245	11,998,130	385,861
Revolving loans payable	—	60,624	—	60,624	—
Termination benefits	—	250,956	—	250,956	250,956
Net pension obligation	347,842	2,499,849	2,694,328	153,363	—
Deferred amount on refunding	60,678	(459,702)	(42,354)	(356,670)	(43,747)
Net other post employment benefits obligation	1,146,106	979,226	163,999	1,961,333	—
	<u>\$ 132,864,581</u>	<u>\$ 29,730,027</u>	<u>\$ 25,177,218</u>	<u>\$ 137,417,390</u>	<u>\$ 19,668,851</u>

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. During the year, general obligation bonds totaling \$13,605,000 were issued to finance street and watershed improvements. The 2009A bonds were issued as taxable bonds under the Build America Bonds program as part of the federal stimulus package. This program provides a 35% interest credit to the City. The 2009B bonds were not eligible for the Build America Bonds program and were issued as traditional tax-exempt municipal debt.

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

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, 2009	Interest Paid 2009
Refunding	2001A	4.0 to 4.3%	\$ 23,365,000	9/1/2011	\$ —	\$ 72,710
Street, watershed improvements and refunding	2003A	3.65 to 4.6%	51,365,000	9/1/2018	33,200,000	1,301,500
Street, watershed improvements	2004A	2.5 to 4.4%	17,365,000	9/1/2024	11,080,000	216,700
Street, watershed improvements	2005A	2.15 to 3.75%	1,140,000	9/1/2025	735,000	28,050
Street, watershed improvements and refunding	2005B	2.65 to 4.35%	12,860,000	9/1/2025	7,785,000	194,683
Street, watershed improvements	2006C	4.25 to 4.625%	13,360,000	9/1/2026	10,355,000	340,894
Watershed improvements and land acquisition	2006E	4.0 to 4.125%	3,010,000	9/1/2026	2,650,000	34,891
Street, watershed improvements and City Center East Benefit District	2007B	5.0%	16,985,000	9/1/2027	8,020,000	432,875
Street improvements	2008B	3.0 to 5%	15,020,000	9/1/2023	14,415,000	788,817
Street, watershed improvements	2009A	1.5 to 5.5%	5,945,000	9/1/2029	5,945,000	—
Refunding	2009B	3.0 to 4%	7,660,000	9/1/2027	7,660,000	—
					<u>\$ 101,845,000</u>	<u>\$ 3,411,120</u>

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

Year	Principal	Interest	Total
2010	\$ 9,505,000	\$ 4,364,535	\$ 13,869,535
2011	8,940,000	3,967,458	12,907,458
2012	7,525,000	3,602,135	11,127,135
2013	8,015,000	3,297,145	11,312,145
2014	8,465,000	2,965,920	11,430,920
2015 – 2019	37,180,000	9,740,817	46,920,817
2020 – 2024	17,500,000	3,246,590	20,746,590
2025 – 2029	4,715,000	458,599	5,173,599
	<u>\$ 101,845,000</u>	<u>\$ 31,643,199</u>	<u>\$ 133,488,199</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, 2009 are payable as follows:

<u>Project</u>	<u>Interest Rate %</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Outstanding December 31, 2009</u>	<u>Interest paid 2009</u>
Street improvements	2.45%	12/15/2008	12/15/2010	\$ 7,410,000	\$ 181,545

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 7,410,000	\$ 181,545	\$ 7,591,545

The City's total general obligation debt of \$101,845,000 and general obligation notes payable of \$7,410,000 total \$109,255,000. The City has \$205,314,752 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 2009, incremental ad valorem tax revenues were \$93,736. The bonds have rates of interest ranging from 5.75% to 6% and mature annually beginning in 2011 through 2027 with amounts ranging from \$170,000 to \$1,080,000.

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

Annual debt service requirements to maturity for the tax increment revenue bonds are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ —	\$ 468,545	\$ 468,545
2011	170,000	463,658	633,658
2012	225,000	452,301	677,301
2013	260,000	438,357	698,357
2014-2018	1,680,000	1,923,683	3,603,683
2019-2023	2,470,000	1,310,400	3,780,400
2024-2027	3,060,000	410,400	3,470,400
	<u>\$ 7,865,000</u>	<u>\$ 5,467,344</u>	<u>\$ 13,332,344</u>

Bond Refunding

On August 15, 2009, the City issued \$7,660,000 million in General Obligation Bonds with an average interest rate of 3.529 percent to advance refund \$6,875,000 million of outstanding Series 2007B bonds with an average interest rate of 5.0 percent. The net proceeds of \$7.5 million (after payment of underwriting fees and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the Series 2007B bonds. As a result, \$6,875,000 of the Series 2007B Series bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net assets.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$459,702. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2017 using the straight line interest method. The City completed the advance refunding to extend the special assessment portion of the debt by an additional 10 years for a total of 20 years which created an additional cash outflow of \$1,924,624 and an economic loss (difference between the present values of the old and new debt service payments) of \$308,703.

Reimbursable Developer Project Costs

These obligations represent developer project costs that have been certified by the City as eligible for reimbursement from tax increment financing revenues attributable to the project. Under tax increment financing plans, the developer may be reimbursed up to the certified cost amount from incremental taxes up to a period of 20 years. Accordingly, certified project costs in excess of amounts reimbursed to date are reflected as a long-term obligation of the City. The City is only obligated for the amount of incremental taxes received attributable to the project; any deficiencies are the responsibility of the developer.

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

A redevelopment district was established on June 17, 1997 for the Meritix TIF District. Project Plan One was approved in 2002. Incremental ad valorem taxes were projected to produce sufficient revenues to reimburse the developer for eligible project costs. For 2009, incremental ad valorem tax revenues and payments to the developer were \$548,935. At December 31, 2009 there are no additional certified costs to be reimbursed to the developer. Project Plan One expires in 2018.

A redevelopment district was established on April 6, 2004 for the Mining TIF District. Project Plan One was approved in 2004. Incremental ad valorem taxes were projected to produce sufficient revenues to reimburse the developer for eligible costs. For 2009, incremental ad valorem tax revenues and payments to the developer were \$4,310. The Developer may be reimbursed up to the balance of the certified cost amount of \$2,152,241 until 2022.

Project Plan Two was approved in 2008. Incremental ad valorem taxes were projected to produce sufficient revenues to reimburse the developer for eligible costs. During 2009, there were no incremental ad valorem tax revenues and payments made to the developer. The Developer may be reimbursed up to the balance of the certified cost amount of \$7,291,700 until 2024.

A redevelopment district was established on September 11, 2001 for the City Center TIF District. Project Plan One B was approved in 2008. Incremental ad valorem taxes were projected to produce sufficient revenues to reimburse the developer for eligible costs. During 2009, there were no incremental ad valorem tax revenues and payments made to the developer. The Developer may be reimbursed up to the balance of the certified cost amount of \$2,554,189 until 2028.

Revolving Loan

The City entered into a loan agreement with the Kansas Department of Health and Environment (KDHE) for the year ended December 31, 2009 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, 2009, \$60,624 has been drawn on this loan. KDHE has committed to 75 percent 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.

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, 2009, there were 20 issues of industrial revenue and multifamily housing bonds outstanding. These issues have an aggregate original issue amount of approximately \$220 million and an aggregate balance outstanding of approximately \$149 million at December 31, 2009.

11. Risk Management

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

The City's risk financing activities are reported separately in the Risk Management, Health Plan and Workers Compensation Funds, all Internal Service Funds. Property and liability insurance coverage is purchased from outside sources. The City is insured for property losses up to approximately \$67 million and carries a \$25,000 deductible on property losses. For general liability, the City has \$2 million in coverage with a statutory limit of \$500,000 per tort claim. The City has a deductible of \$25,000 per occurrence on all liability claims, with a \$300,000 aggregate stop loss that applies to all liability lines. In addition, the City carries an excess liability policy with a limit of \$5,000,000 with a \$10,000 deductible. The City has purchased both specific and aggregate reinsurance, as well as an Accidental, Death and Dismemberment (AD&D) policy, to protect the City from extreme liability. For workers compensation, the City has a self insurance retention of \$350,000 per occurrence on all Police and Fire Department liability claims and \$300,000 per occurrence on all other claims with a \$1,000,000 statutory limit. The aggregate stop loss is \$1,554,548. 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, 2009 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 provide a means of funding for legal research specifically related to possible litigation, deductibles, and any uninsured losses. This fund is designed to protect the City by funding for 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 year end, the workers compensation net asset balance was \$1,737,773 with claims liability of \$509,663. This 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. Claims administration of the fund is performed by Cannon Cochran Management Services, Inc. (CCMSI). The City and CCMSI 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 \$426,133 a month on behalf of and from current employees are made to a special City bank account, and approximately \$18,935 is deposited monthly from COBRA and retiree participants. FMH Benefit Services, Inc. administers, processes, and pays employee health, dental, and disability claims from funds in this account in accordance with the plan. The medical plan will pay a stop loss benefit of \$100,000 per person medical claim per year (\$100,000 for retirees) and a maximum of \$4,691,671 for total medical claims per year. After the maximum benefit per employee and \$4,691,671 total per year are paid, a reinsurance policy with Remoultan/AmericanUnited Life becomes effective. Payments made in accordance with the plans and related insurance premiums are recorded in the Health Plan Fund. As of December 31, 2009, a liability of \$426,133 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 nonincremental 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
2008	\$ 330,031	\$ (4,293)	\$ 85,738	\$ 240,000
2009	240,000	36,000	—	276,000

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

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

<u>Year</u>	<u>Beginning Of Fiscal Year Liability</u>	<u>Current Year Claims And Changes In Estimates</u>	<u>Claim Payments</u>	<u>Balance At Fiscal Year End</u>
2008	\$ 225,426	\$ 407,682	\$ 200,367	\$ 432,741
2009	432,741	228,952	152,030	509,663

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

<u>Year</u>	<u>Beginning Of Fiscal Year Liability</u>	<u>Current Year Claims And Changes In Estimates</u>	<u>Claim Payments</u>	<u>Balance At Fiscal Year End</u>
2008	\$ 269,379	\$ 4,355,463	\$ 4,018,082	\$ 606,760
2009	606,760	4,245,392	4,426,019	426,133

12. Employee Retirement Systems And Pension Plans

Pension Plans

KPERS And KP&F

The City participates in the Kansas Public Employees Retirement System (KPERS) and the Kansas Police and Firemen's Retirement System (KP&F). Both are part of a cost-sharing, multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS and KP&F provide retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS and KP&F issue a publicly available joint financial report that includes financial statements and required supplementary information. Those reports may be obtained by writing to KPERS (400 SW 8th Avenue, Suite 200, Topeka, Kansas 66603-3925) or by calling 1-800-228-0366.

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary from January 1, 2009 to June 30, 2009, and at 6% of covered salary from July 1, 2009 to December 31, 2009. K.S.A. 74-4975 establishes the KP&F member-employee contribution rate at 7% of covered salary. The employer collects and remits member-employee contributions according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERS and KP&F are funded on an actuarial reserve basis. State law sets a limitation on annual increases in the employer contribution rates. The KPERS employer rate established for the fiscal year beginning in 2009 was 6.54% for January 1, 2009 to December 31, 2009 of the employee's gross salary. The City employer contributions to KPERS for the years ended December 31, 2009, 2008 and 2007 were \$801,920, \$701,775, and \$605,726, respectively, equal to the required contributions for each year. The KP&F employer rate established for the fiscal year beginning in 2009 is 13.64%. Employers participating in KP&F also make contributions to amortize the liability for past service costs, if any, which is determined separately for each participating employer. The City employer contributions to KP&F for the years ending December 31, 2009, 2008 and 2007 were \$1,446,618, \$1,518,982, and \$1,411,204, respectively, equal to the required contributions for each year.

Defined Contribution Plan

In July 2004, pursuant to resolution, the Governing Body established the City of Lenexa 401(a) plan to be administered by the ICMA Retirement Corporation on behalf of the City Administrator. This 401(a) plan is a defined contribution plan governed by the Internal Revenue Code of 1986. Contributions are made by the City to the plan on behalf of the City Administrator per the annual employment agreement between the Governing Body and the City Administrator. The City contributed \$8,896 during 2009 to the Defined Contribution Plan. The Plan provides funds for retirement and for beneficiaries in the event of death. The eligible participant is not required to contribute to the Plan however the participant may choose to contribute. The eligible participant is immediately vested.

Defined Benefit Plan

Plan Description And Provisions

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

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

Under the Plan, employees are eligible to participate when they have worked 1,000 hours in a plan year. Employees are 100% vested after three years of service and obtain no vesting in the first two years of service. The Plan is 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, 2009, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	39
Terminated plan members entitled to, but not yet receiving benefits	150
Active plan members	<u>386</u>
Total	<u><u>575</u></u>

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

Funding Policy

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

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

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

The City contribution rate is expected to fund normal cost and amortize the unfunded actuarial accrued liability over a rolling 30 year period. Under the Plan, participants are not required to contribute. All contributions to this single-employer defined benefit pension plan are made by the City. The City's annual pension cost and net pension obligation consisted of the following at December 31, 2009, the date of the latest actuarial valuation:

Annual Pension Cost And Net Pension Obligation

Annual required contribution	\$ 2,503,531
Interest on net pension obligation	24,349
Adjustment to annual required contribution	<u>(28,031)</u>
Annual Pension Cost	2,499,849
Contributions made plus interest	<u>2,694,328</u>
Change In Net Pension Obligation	(194,479)
Net Pension Obligation - Beginning Of Year	<u>347,842</u>
Net Pension Obligation - End Of Year	<u><u>\$ 153,363</u></u>

Three-Year Trend Information

	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation
Fiscal year ended:			
2009	\$ 2,499,849	107.80%	\$ 153,363
2008	2,186,201	103.90%	347,842
2007	2,151,263	103.90%	432,023

Funding Status And Funding Progress

As of January 1, 2009, the most recent actuarial valuation date, the Plan was 89.2% funded. The actuarial accrued liability (AAL) for benefits was \$25,392,898 and the actuarial value of assets was \$22,640,119, resulting in an unfunded AAL (UAAL) of \$2,752,779. The covered payroll was \$20,872,739, and the ratio of the UAAL to the covered payroll was 13.2%. The plan was frozen as of December 31, 2009. No new benefits will accrue in the defined benefit pension plan as of December 31, 2009 and the plan is closed to new participants. The City receives an annual actuarial report for the Plan that gives the present value of accumulated plan benefits and net assets available for benefits. The City will continue to fund the plan annually through the annual budget process based on actuarial information provided by the Plan's actuary and the Board of Trustees. On January 1, 2010, the City implemented a defined contribution plan in which the City will contribute 4% of total compensation for all employees and match 50% of an employee's contribution up to an additional 2% of compensation.

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

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

Actuarial methods and assumptions:

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

Primary actuarial assumptions:

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

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

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

13. Postemployment Benefits Other Than Pensions

Plan Description

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

The City requires retirees to pay the same premiums charged to COBRA participants with a 2% additional charge for administrative expenses. The rates being paid by retirees for benefits are typically lower than those for individual health insurance policies. The difference between these amounts is the implicit rate subsidy, which is considered other post employment benefits (OPEB) under Governmental Accounting Standards Board Statement No. 45 (GASB Statement 45).

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

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

Funding Policy

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

Annual OPEB Cost And Net OPEB Obligation

The City's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. GASB Statement 45 requires an actuarial study to be performed at a minimum biennially. The latest actuarial valuation date is January 1, 2009. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize the unfunded actuarial liability over a period not to exceed 30 years. Participants must contribute 105% of the funding rate to receive benefits. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

Normal cost	\$ 521,727
Amortization of unfunded actuarial accrued liability	<u>473,255</u>
Annual required contribution (ARC)	994,982
Interest on net OPEB obligation	51,575
Adjustment to annual required contribution	<u>(67,331)</u>
Annual OPEB cost	979,226
Contributions made:	
Claims	544,661
Stop-loss premiums and fees paid on behalf of retirees	33,617
Reinsurance contributions	(204,809)
Retiree contributions	<u>(209,470)</u>
Net employer contributions	163,999
Change in net pension obligation	815,227
Net OPEB obligation, December 31, 2008	<u>1,146,106</u>
Net OPEB obligation, December 31, 2009	<u><u>\$ 1,961,333</u></u>

THE CITY OF LENEXA, KANSAS

Notes To Basic Financial Statements (*Continued*)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/2007	\$ 622,809	\$ 3,648	\$ 619,161
12/31/2008	622,809	95,864	1,146,106
12/31/2009	979,226	163,999	1,961,333

Funded Status And Funding Progress

As of January 1, 2009, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$8,055,692 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$8,055,692. The covered payroll (annual payroll of active employees covered by the plan) was \$19.2 million, and the ratio of the UAAL to the covered payroll was 42.0%.

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

Actuarial Methods And Assumptions

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

In the January 1, 2009 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 4.5% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, an annual healthcare cost trend rate of 10% initially, reduced by decrements to an ultimate rate of 6.25% after 9 years and an annual dental cost trend rate of 5.5%. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2009 was 29 years.

Termination Benefits

In April 2009, the Governing Body approved a Voluntary Retirement and Resignation incentive program for City employees. This was done as a cost savings measure as a response to reduced revenues due to the economic recession. Employees accepting the incentive were given one week's pay for each year of service with a minimum of 12 weeks and a \$3,000 lump sum compensation. In addition, those eligible employees terminating service during 2009 were given the option to pay active employee premium rates for COBRA for 18 months or \$6,400 in cash if they elected not to receive health benefits. Those employees retiring from service during 2010 were also given the incentive options. A total of 62 employees elected to participate in this program, with 6 employees retiring in 2010. The cost of these benefits for 2009 was \$1,565,704, and the cost for the 2010 retirees will approximate \$250,000. The annual salary savings is projected to be \$1,900,000.

14. Subsequent Events

Subsequent to December 31, 2009, the City authorized the issuance and delivery of \$7,140,000 principal amount of General Obligation Temporary Notes, Series 2010A, of the City of Lenexa for the purpose of providing interim financing for the 87th Street Parkway road construction project from Renner Boulevard to Lennox Drive.

In 2007, the City issued Series 2007 Tax Increment Financing Revenue Bonds related to the City Center East Project I. 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 April 1, 2010, an unscheduled draw on the Debt Service Reserve Fund resulting from financial difficulties was required to pay principal and interest due for the bonds. This draw was necessary due to insufficient tax increment financing revenues being available to pay the scheduled debt service. The amount of the draw was \$132,645 and the remaining balance in the Debt Service Fund reserve after the unscheduled draw is \$653,855.

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, 2009

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Taxes	\$ 52,669,632	\$ 52,669,632	\$ 48,261,434	\$ (4,408,198)
Intergovernmental	—	—	18,898	18,898
Licenses and permits	1,468,516	1,468,516	1,010,626	(457,890)
Charges for services	1,796,604	1,796,604	1,469,684	(326,920)
Rents and leases	212,649	212,649	399,617	186,968
Fines and forfeitures	1,257,840	1,257,840	1,581,346	323,506
Investment earnings	735,335	735,335	182,728	(552,607)
Miscellaneous	94,500	94,500	175,427	80,927
Total Revenues	58,235,076	58,235,076	53,099,760	(5,135,316)
Expenditures				
Current				
General government:				
Legislative	219,197	161,572	112,442	49,130
Executive	1,017,601	618,993	519,448	99,545
City clerk	483,945	445,958	386,382	59,576
Communications	—	284,932	274,841	10,091
Municipal court	706,889	729,566	660,650	68,916
Information technology	1,619,743	1,555,256	1,536,550	18,706
Finance	1,039,845	1,059,230	989,383	69,847
Geographic information systems	422,635	416,724	400,514	16,210
Legal	1,472,922	1,428,813	1,191,489	237,324
Human resources	825,216	2,344,631	2,213,695	130,936
Planning	127,706	129,291	60,575	68,716
Community standards	141,475	288,574	260,525	28,049
Building inspection	633,743	641,687	555,614	86,073
Land use	422,532	421,544	356,541	65,003
Development engineering	271,719	265,217	241,714	23,503
Support services	850,419	876,296	844,395	31,901
Rental inspection	159,634	—	—	—
Total general government	10,415,221	11,668,284	10,604,758	1,063,526
Public safety:				
Staff services	4,765,379	4,500,215	4,088,901	411,314
Investigation	1,683,432	1,674,328	1,644,591	29,737
Patrol	7,130,036	7,103,306	6,517,182	586,124
Towers	54,001	54,001	10,181	43,820
Fire	9,545,518	9,157,990	8,768,990	389,000
Total public safety	23,178,366	22,489,840	21,029,845	1,459,995
Public works:				
Public works	4,332,841	4,064,371	3,463,767	600,604
Traffic	2,294,444	2,052,319	1,833,835	218,484
Engineering	1,952,189	1,777,940	1,464,563	313,377
Facilities management	1,898,989	1,873,019	1,641,308	231,711
Total public works	10,478,463	9,767,649	8,403,473	1,364,176

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, 2009

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original Budget	Final Budget		
Expenditures (Continued)				
Current				
Recreation:				
Recreation administration	\$ 422,615	\$ 406,466	\$ 403,458	\$ 3,008
Maintenance	2,182,318	2,191,789	1,975,415	216,374
Programs	1,018,197	967,638	843,813	123,825
Programs - fee supported	279,999	221,898	120,940	100,958
Total recreation	3,903,129	3,787,791	3,343,626	444,165
Debt Service				
Principal	66,840	66,840	66,840	—
Total Expenditures	48,042,019	47,780,404	43,448,542	4,331,862
Excess (Deficiency) Of Revenues Over Expenditures	10,193,057	10,454,672	9,651,218	(803,454)
Other Financing Sources (Uses)				
Transfers in	—	—	17,215	17,215
Transfers out	(23,625,180)	(21,269,453)	(9,495,337)	11,774,116
Total Other Financing Sources (Uses)	(23,625,180)	(21,269,453)	(9,478,122)	11,791,331
Net Changes In Fund Balance	\$ (13,432,123)	\$ (10,814,781)	173,096	\$ 10,987,877
Fund Balance - Beginning Of Year			20,100,706	
Fund Balance - End Of Year - Budget Basis			20,273,802	
Adjustments To Reconcile To GAAP Basis				
Encumbrances reserved at December 31, 2009			602,653	
Encumbrances reserved at December 31, 2008			(573,079)	
Fund Balance - End of Year - GAAP Basis			\$ 20,303,376	

CITY OF LENEXA, KANSAS

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - BUDGET BASIS - WATERSHED MANAGEMENT FUND For The Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Taxes	\$ 1,381,465	\$ 1,381,465	\$ 1,194,665	\$ (186,800)
Licenses and permits	50,000	50,000	11,436	(38,564)
Intergovernmental	—	—	39,060	39,060
Charges for services	3,791,624	3,791,624	3,407,998	(383,626)
Investment earnings	105,510	105,510	41,574	(63,936)
Miscellaneous	—	—	1,086	1,086
Total Revenues	5,328,599	5,328,599	4,695,819	(632,780)
Expenditures				
Current				
Public works	1,855,745	1,880,745	1,423,911	456,834
Debt service	3,997,505	3,997,505	2,947,730	1,049,775
Total Expenditures	5,853,250	5,878,250	4,371,641	1,506,609
Excess (Deficiency) Of Revenues Over Expenditures	(524,651)	(549,651)	324,178	873,829
Other Financing Sources (Uses)				
Transfers in	—	—	25,000	25,000
Transfers out	(3,920,587)	(3,895,587)	(1,340,666)	2,554,921
Total Other Financing Sources (Uses)	(3,920,587)	(3,895,587)	(1,315,666)	2,579,921
Net Changes In Fund Balance	\$ (4,445,238)	\$ (4,445,238)	(991,488)	\$ 3,453,750
Fund Balance - Beginning Of Year			5,211,472	
Fund Balance - End Of Year - Budget Basis			4,219,984	
Adjustments To Reconcile To GAAP Basis				
Encumbrances reserved at December 31, 2009			20,371	
Encumbrances reserved at December 31, 2008			(114,233)	
Fund Balances - End of Year - GAAP Basis			\$ 4,126,122	

CITY OF LENEXA, KANSAS

NOTE TO BUDGETARY COMPARISON INFORMATION December 31, 2009

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: Facilities Maintenance Fund, Equipment Reserve Fund, Law Enforcement Trust, Legal Trust, Endowment Fund, TIF Funds; and all Capital Projects, Internal Service and Fiduciary Funds.

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

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

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

Kansas statutes permit transferring budgeted amounts from one object or purpose to another within the same fund; however, such statutes prohibit creating expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. All appropriations lapse at the end of the year, except for Capital Projects Funds, which are carried forward until such time as the project is completed or terminated. All encumbered appropriations are disclosed as reservations of fund balance and are reappropriated as part of the following year's budget. Current year encumbrances are included as expenditures for the budgetary presentations. Kansas statutes permit original budgets to be increased for previously unbudgeted increases in revenue other than ad valorem property taxes. The City must first publish a notice of hearing to amend the budget. Ten days after publication, a public hearing is held and the Governing Body may amend the budget at that time. Management is not allowed to amend a fund's total budgeted expenditures without the City Council's approval. No supplemental appropriations were necessary in 2009.

CITY OF LENEXA, KANSAS

REQUIRED SUPPLEMENTARY INFORMATION December 31, 2009

Pension Plan - City Of Lenexa Defined Benefit Plan

Schedule Of Funding Progress:

Actuarial Valuation Date	Actuarial Value Of Assets (a)	Actuarial Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL As A Percentage Of Covered Payroll ((b-a)/c)
12/31/2004	\$ 15,013,837	\$ 22,268,073	\$ 7,254,236	67.4%	\$ 19,399,233	37.4%
12/31/2005*	16,531,472	25,355,145	8,823,673	65.2%	18,849,675	46.8%
12/31/2006	17,320,698	26,868,357	9,547,659	64.5%	20,072,363	47.6%
12/31/2007	20,006,263	29,070,152	9,063,889	68.8%	21,277,025	42.6%
12/31/2008	19,688,963	31,981,703	12,292,740	61.6%	22,047,282	55.8%
12/31/2009**	22,640,119	25,392,898	2,752,779	89.2%	20,872,736	13.2%

*Actuarial assumptions changed at the end of 2005 plan year.

**Plan frozen.

Schedule Of Employer Contributions:

Year Ended December 31,	Annual Required Contribution	Percentage Contributed
2004	\$ 1,619,811	103%
2005	1,778,979	96%
2006	2,108,036	106%
2007	2,156,727	104%
2008	2,190,774	104%
2009	2,503,531	108%

Other Post Employment Benefit Obligations

Schedule Of Funding Progress:

Actuarial Valuation Date	Actuarial Value Of Assets (a)	Actuarial Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a percentage of covered payroll ((b-a)/c)
01/01/2007	\$ —	\$ 4,096,691	\$ 4,096,691	0.0%	\$ 18,264,851	22.4%
01/01/2009	—	8,055,692	8,055,692	0.0%	19,158,695	42.0%

Supplementary Information

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

CITY OF LENEXA, KANSAS

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Fund Descriptions

Capital Improvement

To account for monies transferred from the General Fund for the purpose of financing authorized improvement projects and expenditures for machinery and equipment.

Street Tree (Zone 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 Event*

To account for various City special events which are self-supportive. These events include the annual Lenexa BBQ, the Chili Challenge, Spinach Festival, and the Lenexa Freedom Run.

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.

Facilities Maintenance

To account for monies transferred from the General Fund and reserved for extraordinary repairs to City buildings.

THE CITY OF LENEXA, KANSAS

Nonmajor Governmental Funds (*Continued*)

Swimming Pool*

To account for monies received and expenses incurred for providing swimming pool facilities to the residents of the City. Such facilities include the necessary personnel to ensure the maximum safety of the user residents.

Neighborhood Revitalization Program*

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

Equipment Reserve

To account for monies transferred from the General Fund and the Capital Improvement Fund to provide for level funding of vehicle replacements over \$10,000 in all City departments.

Grants

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

Meritex TIF*

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

South Mining TIF District

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

City Center TIF

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

City Center North TIF

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

Lenexa Conference Center*

To account for revenue and expenses related to the rental and use of the Lenexa Conference Center.

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.

THE CITY OF LENEXA, KANSAS

Nonmajor Governmental Funds (*Continued*)

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.

Endowment

To account for monies provided by public donations and restricted contributions.

Mining TIF District*

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

City Center East TIF Bonds

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

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

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

*Budgeted Special Revenue Fund.

CITY OF LENEXA, KANSAS

NONMAJOR GOVERNMENTAL FUNDS

Debt Service Funds

Fund Descriptions

Debt Service Reserve - TIF

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

Capital Projects Funds

Fund Descriptions

Capital Acquisition

To account for the financing for municipal capital purchases.

Municipal Buildings

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

Parks And Recreation

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

CITY OF LENEXA, KANSAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2009

	Combined Special Revenue Funds	Debt Service Reserve TIF	Capital Project Funds			Total Nonmajor Governmental Funds
			Capital Acquisition	Municipal Buildings	Parks And Recreation	
Assets						
Deposits, including investments	\$ 14,543,373	\$ —	\$ 387,335	\$ 627,393	\$ 2,778,409	\$ 18,336,510
Restricted cash and investments	—	814,402	—	—	—	814,402
Property tax receivable (net of allowance for uncollectibles)	1,291,106	—	—	—	—	1,291,106
Transient guest tax receivable	107,527	—	—	—	—	107,527
Other receivable	263	—	—	—	—	263
Intergovernmental receivable	43,337	—	608	106,992	—	150,937
Interest receivable	69,526	—	—	1,456	—	70,982
Due from other funds	726,397	—	—	—	—	726,397
Total Assets	\$ 16,781,529	\$ 814,402	\$ 387,943	\$ 735,841	\$ 2,778,409	\$ 21,498,124
Liabilities And Fund Balances						
Liabilities						
Accounts payable	\$ 76,962	\$ —	\$ 39,568	\$ 371,040	\$ 17,549	\$ 505,119
Accrued compensation	1,720	—	—	—	—	1,720
Due to other funds	—	—	—	477,000	—	477,000
Deferred revenue	1,305,498	—	—	—	—	1,305,498
Total Liabilities	1,384,180	—	39,568	848,040	17,549	2,289,337
Fund Balances (Deficit)						
Reserved for:						
Encumbrances	91,445	—	24,952	548,073	125,267	789,737
Debt service	—	814,402	—	—	—	814,402
Economic development	740,675	—	—	—	—	740,675
Unreserved:						
Special revenue funds	14,565,229	—	—	—	—	14,565,229
Capital projects funds	—	—	323,423	(660,272)	2,635,593	2,298,744
Total Fund Balances (Deficit)	15,397,349	814,402	348,375	(112,199)	2,760,860	19,208,787
Total Liabilities And Fund Balances (Deficit)	\$ 16,781,529	\$ 814,402	\$ 387,943	\$ 735,841	\$ 2,778,409	\$ 21,498,124

CITY OF LENEXA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For The Year Ended December 31, 2009

	Combined Special Revenue Funds	Debt Service Reserve TIF	Capital Project Funds			Total Nonmajor Governmental Funds
			Capital Acquisition	Municipal Buildings	Parks And Recreation	
Revenues						
Taxes	\$ 2,923,437	\$ —	\$ —	\$ —	\$ —	\$ 2,923,437
Intergovernmental	115,046	—	72,723	106,992	—	294,761
Charges for services	746,183	—	—	—	—	746,183
Fines and forfeitures	48,295	—	—	—	—	48,295
Investment earnings	9,707	12,615	—	217	—	22,539
Miscellaneous	207,630	—	—	—	—	207,630
Total Revenues	4,050,298	12,615	72,723	107,209	—	4,242,845
Expenditures						
Current:						
General government	747,374	—	—	—	—	747,374
Public safety	612,681	—	—	—	—	612,681
Public works	432,262	—	—	—	—	432,262
Recreation	732,476	—	—	—	—	732,476
Capital outlay	—	—	603,353	3,425,895	152,266	4,181,514
Debt service:						
Principal retirement	553,246	—	—	—	—	553,246
Interest and fiscal charges	—	468,545	—	—	—	468,545
Bond issue costs	—	—	—	2,390	—	2,390
Total Expenditures	3,078,039	468,545	603,353	3,428,285	152,266	7,730,488
Excess (Deficiency) Of Revenues Over Expenditures	972,259	(455,930)	(530,630)	(3,321,076)	(152,266)	(3,487,643)
Other Financing Sources (Uses)						
Issuance of general obligation bonds	—	—	—	220,000	—	220,000
Transfers in	10,424,839	18,895	610,610	3,086,814	1,764,160	15,905,318
Transfers out	(9,532,599)	—	(838,681)	(643,056)	(108,500)	(11,122,836)
Total Other Financing Sources (Uses)	892,240	18,895	(228,071)	2,663,758	1,655,660	5,002,482
Net Changes In Fund Balances	1,864,499	(437,035)	(758,701)	(657,318)	1,503,394	1,514,839
Fund Balances - Beginning Of Year	13,532,850	1,251,437	1,107,076	545,119	1,257,466	17,693,948
Fund Balances - End Of Year	\$ 15,397,349	\$ 814,402	\$ 348,375	\$ (112,199)	\$ 2,760,860	\$ 19,208,787

CITY OF LENEXA, KANSAS

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS**

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December 31, 2009

	Capital Improvement	Neighborhood Revitalization District	Street Tree Zone 1	Street Tree Zone 2	Street Tree Zone 3	Special Event	Special Highway	Tourism And Convention
Assets								
Deposits, including investments	\$ 7,768,141	\$ 1,275	\$ 111,718	\$ 156,167	\$ 273,044	\$ 67,817	\$ —	\$ 168,597
Property tax receivable (net of allowance for uncollectibles)	—	—	—	—	—	—	—	—
Transient guest tax receivable	—	—	—	—	—	—	—	107,527
Other receivable	—	—	—	—	—	—	—	—
Intergovernmental receivable	—	—	—	—	—	—	—	—
Interest receivable	41,528	—	597	835	1,460	—	—	—
Due from other funds	726,397	—	—	—	—	—	—	—
Total Assets	\$ 8,536,066	\$ 1,275	\$ 112,315	\$ 157,002	\$ 274,504	\$ 67,817	\$ —	\$ 276,124
Liabilities And Fund Balances								
Liabilities								
Accounts payable	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,061	\$ —	\$ 471
Accrued compensation	—	—	—	—	—	—	—	976
Deferred revenue	—	—	—	—	—	—	—	—
Total Liabilities	—	—	—	—	—	1,061	—	1,447
Fund Balances								
Reserved for:								
Encumbrances	—	—	5,220	4,500	12,960	—	—	—
Economic development	—	—	—	—	—	—	—	274,677
Unreserved								
Undesignated	8,536,066	1,275	107,095	152,502	261,544	66,756	—	—
Capital projects funds	—	—	—	—	—	—	—	—
Total Fund Balances (Deficit)	8,536,066	1,275	112,315	157,002	274,504	66,756	—	274,677
Total Liabilities And Fund Balances (Deficit)	\$ 8,536,066	\$ 1,275	\$ 112,315	\$ 157,002	\$ 274,504	\$ 67,817	\$ —	\$ 276,124

CITY OF LENEXA, KANSAS

COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS

Page 2 Of 4
December 31, 2009

	Special Alcohol Control	Special Park And Recreation	TIP Zone 1	TIP Zone 2	TIP Zone 3	Facilities Maintenance	Swimming Pool	Equipment Reserve	Grants
Assets									
Deposits, including investments	\$ 27,356	\$ 40,730	\$ 184,806	\$ 462,444	\$ 55,567	\$ 1,482,219	\$ 29,954	\$ 2,127,360	\$ —
Property tax receivable (net of allowance for uncollectibles)	—	—	—	—	—	—	—	—	—
Transient guest tax receivable	—	—	—	—	—	—	—	—	—
Other receivable	—	—	—	—	—	—	—	—	—
Intergovernmental receivable	—	—	—	—	—	—	—	—	28,945
Interest receivable	—	—	948	2,471	297	7,931	—	11,456	—
Due from other funds	—	—	—	—	—	—	—	—	—
Total Assets	\$ 27,356	\$ 40,730	\$ 185,754	\$ 464,915	\$ 55,864	\$ 1,490,150	\$ 29,954	\$ 2,138,816	\$ 28,945
Liabilities And Fund Balances									
Liabilities									
Accounts payable	\$ 2,640	\$ —	\$ —	\$ —	\$ —	\$ 7,990	\$ —	\$ 10,558	\$ 31,054
Accrued compensation	—	—	—	—	—	—	—	—	—
Deferred revenue	—	—	—	—	—	—	—	—	—
Total Liabilities	2,640	—	—	—	—	7,990	—	10,558	31,054
Fund Balances									
Reserved for:									
Encumbrances	—	—	—	—	—	24,513	—	42,162	—
Economic development	—	—	—	—	—	—	—	—	—
Unreserved:									
Undesignated	24,716	40,730	185,754	464,915	55,864	1,457,647	29,954	2,086,096	(2,109)
Capital projects funds	—	—	—	—	—	—	—	—	—
Total Fund Balances (Deficit)	24,716	40,730	185,754	464,915	55,864	1,482,160	29,954	2,128,258	(2,109)
Total Liabilities And Fund Balances (Deficit)	\$ 27,356	\$ 40,730	\$ 185,754	\$ 464,915	\$ 55,864	\$ 1,490,150	\$ 29,954	\$ 2,138,816	\$ 28,945

CITY OF LENEXA, KANSAS

COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS

Page 3 Of 4
December 31, 2009

	Meritex TIF	South Mining District TIF	City Center TIF	City Center North TIF Bonds	Lenexa Conference Center	Law Enforcement Trust	Legal Trust
Assets							
Deposits, including investments	\$ 215,246	\$ 138	\$ 381,375	\$ —	\$ 168,051	\$ 277,527	\$ 46,612
Property tax receivable (net of allowance for uncollectibles)	674,740	325	342,268	—	—	—	—
Transient guest tax receivable	—	—	—	—	—	—	—
Other receivable	—	—	—	—	—	—	—
Intergovernmental receivable	—	—	—	—	—	14,392	—
Interest receivable	—	—	—	—	—	—	—
Due from other funds	—	—	—	—	—	—	—
Total Assets	\$ 889,986	\$ 463	\$ 723,643	\$ —	\$ 168,051	\$ 291,919	\$ 46,612
Liabilities And Fund Balances							
Liabilities							
Accounts payable	\$ —	\$ —	\$ —	\$ —	\$ 2,138	\$ 20,925	\$ —
Accrued compensation	—	—	—	—	744	—	—
Deferred revenue	674,740	325	342,268	—	—	14,392	—
Total Liabilities	674,740	325	342,268	—	2,882	35,317	—
Fund Balances							
Reserved for:							
Encumbrances	—	—	—	—	—	2,090	—
Economic development	—	138	381,375	—	—	—	—
Unreserved:							
Undesignated	215,246	—	—	—	165,169	254,512	46,612
Capital projects funds	—	—	—	—	—	—	—
Total Fund Balances (Deficit)	215,246	138	381,375	—	165,169	256,602	46,612
Total Liabilities And Fund Balances (Deficit)	\$ 889,986	\$ 463	\$ 723,643	\$ —	\$ 168,051	\$ 291,919	\$ 46,612

CITY OF LENEXA, KANSAS

COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS

Page 4 Of 4
December 31, 2009

	Endowment	Mining TIF District	City Center East TIF Bonds	Parks And Recreation Impact Zone 1	Parks And Recreation Impact Zone 2	Parks & Recreation Impact Zone 3	Total Special Revenue Funds
Assets							
Deposits, including investments	\$ 37,365	\$ —	\$ 84,485	\$ 206,403	\$ 117,562	\$ 51,414	\$ 14,543,373
Property tax receivable (net of allowance for uncollectibles)	—	273,773	—	—	—	—	1,291,106
Transient guest tax receivable	—	—	—	—	—	—	107,527
Other receivable	263	—	—	—	—	—	263
Intergovernmental receivable	—	—	—	—	—	—	43,337
Interest receivable	—	—	—	1,102	626	275	69,526
Due from other funds	—	—	—	—	—	—	726,397
Total Assets	\$ 37,628	\$ 273,773	\$ 84,485	\$ 207,505	\$ 118,188	\$ 51,689	\$ 16,781,529
Liabilities And Fund Balances							
Liabilities							
Accounts payable	\$ 125	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 76,962
Accrued compensation	—	—	—	—	—	—	1,720
Deferred revenue	—	273,773	—	—	—	—	1,305,498
Total Liabilities	125	273,773	—	—	—	—	1,384,180
Fund Balances (Deficit)							
Reserved for:							
Encumbrances	—	—	—	—	—	—	91,445
Economic development	—	—	84,485	—	—	—	740,675
Unreserved:							
Undesignated	37,503	—	—	207,505	118,188	51,689	14,565,229
Capital projects funds	—	—	—	—	—	—	—
Total Fund Balances (Deficit)	37,503	—	84,485	207,505	118,188	51,689	15,397,349
Total Liabilities And Fund Balances (Deficit)	\$ 37,628	\$ 273,773	\$ 84,485	\$ 207,505	\$ 118,188	\$ 51,689	\$ 16,781,529

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, 2009

	Capital Improvement	Neighborhood Revitalization District	Street Tree Zone 1	Street Tree Zone 2	Street Tree Zone 3	Special Event	Special Highway	Tourism And Convention
Revenues								
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,167,664	\$ 441,128
Intergovernmental	1,030	—	—	—	—	—	—	—
Charges for services	—	100	—	12,000	—	170,829	—	—
Fines and forfeitures	—	—	—	—	—	—	—	—
Investment earnings	—	—	77	89	139	—	—	—
Miscellaneous	62,970	—	—	—	—	5	—	—
Total Revenues	64,000	100	77	12,089	139	170,834	1,167,664	441,128
Expenditures								
Current:								
General government	14,066	—	—	—	—	—	—	556,113
Public safety	—	—	—	—	—	—	—	—
Public works	—	—	—	—	—	—	—	—
Recreation	—	—	360	3,960	1,440	157,079	—	—
Debt service:								
Principal retirement	—	—	—	—	—	—	—	—
Total Expenditures	14,066	—	360	3,960	1,440	157,079	—	556,113
Excess (Deficiency) Of Revenues Over Expenditures	49,934	100	(283)	8,129	(1,301)	13,755	1,167,664	(114,985)
Other Financing Sources (Uses)								
Transfers in	9,178,253	—	—	—	—	—	—	—
Transfers out	(7,669,459)	—	—	—	—	—	(1,172,320)	(23,000)
Total Other Financing Sources (Uses)	1,508,794	—	—	—	—	—	(1,172,320)	(23,000)
Net Changes In Fund Balances	1,558,728	100	(283)	8,129	(1,301)	13,755	(4,656)	(137,985)
Fund Balances - Beginning Of Year	6,977,338	1,175	112,598	148,873	275,805	53,001	4,656	412,662
Fund Balances - End Of Year	\$ 8,536,066	\$ 1,275	\$ 112,315	\$ 157,002	\$ 274,504	\$ 66,756	\$ —	\$ 274,677

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, 2009

	Special Alcohol Control	Special Park And Recreation	TIP Zone 1	TIP Zone 2	TIP Zone 3	Facilities Maintenance	Swimming Pool	Equipment Reserve	Grants
Revenues									
Taxes	\$ 179,655	\$ 179,655	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Intergovernmental	—	—	—	—	—	—	—	—	110,518
Charges for services	—	—	32,945	121,877	1,692	—	279,639	—	—
Fines and forfeitures	—	—	—	—	—	—	—	—	—
Investment earnings	—	—	1,575	127	58	—	—	7,430	—
Miscellaneous	—	—	—	—	—	100	34,264	102,302	—
Total Revenues	179,655	179,655	34,520	122,004	1,750	100	313,903	109,732	110,518
Expenditures									
Current:									
General government	—	—	—	—	—	—	—	158,289	—
Public safety	235,432	—	—	—	—	22,235	—	171,166	75,641
Public works	—	—	4,645	—	—	219,056	—	175,725	28,945
Recreation	—	—	—	—	—	7,990	393,787	94,458	—
Debt service:									
Principal retirement	—	—	—	—	—	—	—	—	—
Total Expenditures	235,432	—	4,645	—	—	249,281	393,787	599,638	104,586
Excess (Deficiency) Of Revenues Over Expenditures									
	(55,777)	179,655	29,875	122,004	1,750	(249,181)	(79,884)	(489,906)	5,932
Other Financing Sources (Uses)									
Transfers in	—	—	—	—	—	576,660	75,000	591,731	—
Transfers out	—	(138,925)	(510,000)	—	—	—	—	—	—
Total Other Financing Sources (Uses)	—	(138,925)	(510,000)	—	—	576,660	75,000	591,731	—
Net Changes In Fund Balances	(55,777)	40,730	(480,125)	122,004	1,750	327,479	(4,884)	101,825	5,932
Fund Balances - Beginning Of Year	80,493	—	665,879	342,911	54,114	1,154,681	34,838	2,026,433	(8,041)
Fund Balances - End Of Year	\$ 24,716	\$ 40,730	\$ 185,754	\$ 464,915	\$ 55,864	\$ 1,482,160	\$ 29,954	\$ 2,128,258	\$ (2,109)

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, 2009

	Meritex TIF	South Mining District TIF	City Center TIF	City Center North TIF Bonds	Lenexa Conference Center	Law Enforcement Trust	Legal Trust
Revenues							
Taxes	\$ 641,571	\$ —	\$ 215,736	\$ —	\$ —	\$ —	\$ —
Intergovernmental	—	—	—	—	—	3,498	—
Charges for services	—	—	—	—	99,420	—	—
Fines and forfeitures	—	—	—	—	—	44,585	3,710
Investment earnings	—	—	—	—	—	—	—
Miscellaneous	—	—	—	—	—	2,500	—
Total Revenues	641,571	—	215,736	—	99,420	50,583	3,710
Expenditures							
Current:							
General government	—	—	—	—	—	—	12,919
Public safety	—	—	—	—	—	106,875	—
Public works	—	—	—	—	—	—	—
Recreation	—	—	—	—	73,402	—	—
Debt service:							
Principal retirement	548,936	—	—	—	—	—	—
Total Expenditures	548,936	—	—	—	73,402	106,875	12,919
Excess (Deficiency) Of Revenues							
Over Expenditures	92,635	—	215,736	—	26,018	(56,292)	(9,209)
Other Financing Sources (Uses)							
Transfers in	—	—	—	—	—	—	—
Transfers out	—	—	—	—	—	—	—
Total Other Financing Sources (Uses)	—	—	—	—	—	—	—
Net Changes In Fund Balances	92,635	—	215,736	—	26,018	(56,292)	(9,209)
Fund Balances - Beginning Of Year	122,611	138	165,639	—	139,151	312,894	55,821
Fund Balances - End Of Year	\$ 215,246	\$ 138	\$ 381,375	\$ —	\$ 165,169	\$ 256,602	\$ 46,612

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, 2009

	Endowment	Mining TIF District	City Center East TIF Bonds	Parks And Recreation Impact Zone 1	Parks And Recreation Impact Zone 2	Parks And Recreation Impact Zone 3	Total Special Revenue Funds
Revenues							
Taxes	\$ —	\$ 4,310	\$ 93,718	\$ —	\$ —	\$ —	\$ 2,923,437
Intergovernmental	—	—	—	—	—	—	115,046
Charges for services	—	—	—	5,737	19,360	2,584	746,183
Fines and forfeitures	—	—	—	—	—	—	48,295
Investment earnings	—	—	17	164	—	31	9,707
Miscellaneous	5,489	—	—	—	—	—	207,630
Total Revenues	5,489	4,310	93,735	5,901	19,360	2,615	4,050,298
Expenditures							
Current:							
General government	3,009	—	2,978	—	—	—	747,374
Public safety	1,332	—	—	—	—	—	612,681
Public works	3,891	—	—	—	—	—	432,262
Recreation	—	—	—	—	—	—	732,476
Debt service:							
Principal retirement	—	4,310	—	—	—	—	553,246
Total Expenditures	8,232	4,310	2,978	—	—	—	3,078,039
Excess (Deficiency) Of Revenues Over Expenditures	(2,743)	—	90,757	5,901	19,360	2,615	972,259
Other Financing Sources (Uses)							
Transfers in	3,195	—	—	—	—	—	10,424,839
Transfers out	—	—	(18,895)	—	—	—	(9,532,599)
Total Other Financing Sources (Uses)	3,195	—	(18,895)	—	—	—	892,240
Net Changes In Fund Balances	452	—	71,862	5,901	19,360	2,615	1,864,499
Fund Balances - Beginning Of Year	37,051	—	12,623	201,604	98,828	49,074	13,532,850
Fund Balances - End Of Year	\$ 37,503	\$ —	\$ 84,485	\$ 207,505	\$ 118,188	\$ 51,689	\$ 15,397,349

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, 2009

	<u>Budgeted Amounts</u>		Actual	Variance With Final Budget- Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Charges for services	\$ 25,000	\$ 25,000	\$ —	\$ (25,000)
Investment earnings	—	—	77	77
Total Revenues	25,000	25,000	77	(24,923)
Expenditures				
Current:				
Recreation	141,515	141,515	—	141,515
Excess (Deficiency) Of Revenues Over Expenditures	(116,515)	(116,515)	77	116,592
Net Changes In Fund Balances	(116,515)	(116,515)	77	116,592
Fund Balances - Beginning Of Year			<u>112,598</u>	
Fund Balances - End Of Year - Budget Basis			112,675	
Adjustments To Reconcile To GAAP Basis				
Encumbrances reserved at December 31, 2009			5,220	
Encumbrances reserved at December 31, 2008			<u>(5,580)</u>	
Fund Balances - End of Year - GAAP Basis			<u><u>\$ 112,315</u></u>	

CITY OF LENEXA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL STREET TREE ZONE 2 FUND For The Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance With Final Budget- Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Charges for services	\$ 75,000	\$ 75,000	\$ 12,000	\$ (63,000)
Investment earnings	—	—	89	89
Total Revenues	75,000	75,000	12,089	(62,911)
Expenditures				
Current:				
Recreation	278,853	278,853	—	278,853
Excess (Deficiency) Of Revenues Over Expenditures	(203,853)	(203,853)	12,089	215,942
Net Changes In Fund Balances	(203,853)	(203,853)	12,089	215,942
Fund Balances - Beginning Of Year			148,873	
Fund Balances - End Of Year - Budget Basis			160,962	
Adjustments To Reconcile To GAAP Basis				
Encumbrances reserved at December 31, 2009			4,500	
Encumbrances reserved at December 31, 2008			(8,460)	
Fund Balances - End of Year - GAAP Basis			\$ 157,002	

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, 2009

	Budgeted Amounts		Actual	Variance With Final Budget- Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Charges for services	\$ 125,000	\$ 125,000	\$ —	\$ (125,000)
Investment earnings	—	—	139	139
Total Revenues	125,000	125,000	139	(124,861)
Expenditures				
Current:				
Recreation	457,801	457,801	—	457,801
Excess (Deficiency) Of Revenues Over Expenditures	(332,801)	(332,801)	139	332,940
Net Changes In Fund Balances	(332,801)	(332,801)	139	332,940
Fund Balances - Beginning Of Year			275,805	
Fund Balances - End Of Year - Budget Basis			275,944	
Adjustments To Reconcile To GAAP Basis				
Encumbrances reserved at December 31, 2009			12,960	
Encumbrances reserved at December 31, 2008			(14,400)	
Fund Balances - End of Year - GAAP Basis			\$ 274,504	

CITY OF LENEXA, KANSAS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL EVENT FUND
For The Year Ended December 31, 2009**

	Budgeted Amounts		Actual	Variance With Final Budget- Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Charges for services	\$ 206,000	\$ 206,000	\$ 170,829	\$ (35,171)
Miscellaneous	—	—	5	5
Total Revenues	206,000	206,000	170,834	(35,166)
Expenditures				
Current:				
Recreation	206,000	206,000	157,079	48,921
Excess (Deficiency) Of Revenues Over Expenditures	—	—	13,755	13,755
Other Financing Sources (Uses)				
Transfers out	(60,199)	(60,199)	—	60,199
Net Changes In Fund Balances	(60,199)	(60,199)	13,755	73,954
Fund Balances - Beginning Of Year			53,001	
Fund Balances - End Of Year			\$ 66,756	

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, 2009

	Budgeted Amounts		Actual	Variance With Final Budget- Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Taxes	\$ 1,323,380	\$ 1,323,380	\$ 1,167,664	\$ (155,716)
Miscellaneous taxes	150,000	150,000	—	(150,000)
Total Revenues	1,473,380	1,473,380	1,167,664	(305,716)
 Excess (Deficiency) Of Revenues Over Expenditures	 1,473,380	 1,473,380	 1,167,664	 305,716
 Other Financing Sources (Uses)				
Transfers out	(1,493,925)	(1,493,925)	(1,172,320)	321,605
Net Changes In Fund Balances	(20,545)	(20,545)	(4,656)	15,889
 Fund Balances - Beginning Of Year			4,656	
Fund Balances - End Of Year			\$ —	

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, 2009

	Budgeted Amounts		Actual	Variance With Final Budget- Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Taxes	\$ 588,540	\$ 588,540	\$ 441,128	\$ (147,412)
Expenditures				
Current:				
General government	565,540	614,161	556,113	58,048
Excess (Deficiency) Of Revenues Over Expenditures	23,000	(25,621)	(114,985)	(89,364)
Other Financing Sources (Uses)				
Transfers out	(392,025)	(343,404)	(23,000)	320,404
Net Changes In Fund Balances	(369,025)	(369,025)	(137,985)	231,040
Fund Balances - Beginning Of Year			412,662	
Fund Balances - End Of Year			<u>\$ 274,677</u>	

CITY OF LENEXA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL SPECIAL ALCOHOL CONTROL FUND For The Year Ended December 31, 2009

	Budgeted Amounts			Variance With Final Budget- Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Taxes	\$ 207,390	\$ 207,390	\$ 179,655	\$ (27,735)
Expenditures				
Current:				
Public safety	168,600	245,200	235,432	9,768
Excess (Deficiency) Of Revenues Over Expenditures	38,790	(37,810)	(55,777)	(17,967)
Other Financing Sources (Uses)				
Transfers out	(128,182)	(51,582)	—	51,582
Net Changes In Fund Balances	(89,392)	(89,392)	(55,777)	33,615
Fund Balances - Beginning Of Year			80,493	
Fund Balances - End Of Year			\$ 24,716	

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, 2009

	Budgeted Amounts		Actual	Variance With Final Budget- Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Taxes	\$ 207,389	\$ 207,389	\$ 179,655	\$ (27,734)
Excess (Deficiency) Of Revenues Over Expenditures	207,389	207,389	179,655	(27,734)
Other Financing Sources (Uses)				
Transfers out	(222,178)	(222,178)	(138,925)	83,253
Net Changes In Fund Balances	(14,789)	(14,789)	40,730	55,519
Fund Balances - Beginning Of Year			—	
Fund Balances - End Of Year			\$ 40,730	

CITY OF LENEXA, KANSAS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
TIP ZONE 1
For The Year Ended December 31, 2009**

	<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	\$ 32,945	\$ (67,055)
Investment earnings	—	—	1,575	1,575
Total Revenues	100,000	100,000	34,520	(65,480)
Expenditures				
Current:				
Public works	—	4,645	4,645	—
Excess (Deficiency) Of Revenues Over Expenditures	100,000	95,355	29,875	(65,480)
Other Financing Sources (Uses)				
Transfers out	(571,155)	(566,510)	(510,000)	56,510
Net Changes In Fund Balances	(471,155)	(471,155)	(480,125)	(8,970)
Fund Balances - Beginning Of Year			<u>665,879</u>	
Fund Balances - End Of Year			<u><u>\$ 185,754</u></u>	

CITY OF LENEXA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL TIP ZONE 2 For The Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance With Final Budget- Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Charges for services	\$ 100,000	\$ 100,000	\$ 121,877	\$ 21,877
Investment earnings	—	—	127	127
Total Revenues	100,000	100,000	122,004	22,004
Other Financing Sources (Uses)				
Transfers out	(300,416)	(300,416)	—	300,416
Net Changes In Fund Balances	(200,416)	(200,416)	122,004	322,420
Fund Balances - Beginning Of Year			342,911	
Fund Balances - End Of Year			\$ 464,915	

CITY OF LENEXA, KANSAS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
TIP ZONE 3
For The Year Ended December 31, 2009**

	<u>Budgeted Amounts</u>			Variance With Final Budget- Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues				
Charges for services	\$ 100,000	\$ 100,000	\$ 1,692	\$ (98,308)
Investment earnings	—	—	58	58
Total Revenues	<u>100,000</u>	<u>100,000</u>	<u>1,750</u>	<u>(98,250)</u>
Other Financing Sources (Uses)				
Transfers out	(213,278)	(213,278)	—	213,278
Net Changes In Fund Balances	<u>(113,278)</u>	<u>(113,278)</u>	<u>1,750</u>	<u>115,028</u>
Fund Balances - Beginning Of Year			<u>54,114</u>	
Fund Balances - End Of Year			<u>\$ 55,864</u>	

CITY OF LENEXA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL SWIMMING POOL FUND For The Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance With Final Budget- Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Charges for services	\$ 365,900	\$ 365,900	\$ 279,639	\$ (86,261)
Miscellaneous	53,800	53,800	34,264	(19,536)
Total Revenues	419,700	419,700	313,903	(105,797)
Expenditures				
Current:				
Recreation	447,550	447,550	392,417	55,133
Excess (Deficiency) Of Revenues Over Expenditures	(27,850)	(27,850)	(78,514)	(50,664)
Other Financing Sources (Uses)				
Transfers in	—	—	75,000	75,000
Transfers out	(25,072)	(25,072)	—	25,072
Total Other Financing Sources (Uses)	(25,072)	(25,072)	75,000	100,072
Net Changes In Fund Balances	(52,922)	(52,922)	(3,514)	49,408
Fund Balances - Beginning Of Year			34,838	
Fund Balances - End Of Year - Budget Basis			31,324	
Adjustments To Reconcile To GAAP Basis				
Encumbrances reserved at December 31, 2009			—	
Encumbrances reserved at December 31, 2008			(1,370)	
Fund Balances - End of Year - GAAP Basis			\$ 29,954	

CITY OF LENEXA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL NEIGHBORHOOD REVITALIZATION PROGRAM For The Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance With Final Budget- Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Taxes	\$ 250,000	\$ 250,000	\$ —	\$ (250,000)
Charges for services	—	—	100	100
Total Revenues	250,000	250,000	100	(249,900)
Expenditures				
Current:				
General government	250,000	250,000	—	250,000
Excess (Deficiency) Of Revenues Over Expenditures	—	—	100	100
Other Financing Sources (Uses)				
Transfers out	(725)	(725)	—	725
Net Changes In Fund Balances	(725)	(725)	100	825
Fund Balances - Beginning Of Year			<u>1,175</u>	
Fund Balances - End Of Year			<u><u>\$ 1,275</u></u>	

CITY OF LENEXA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL MERITEX TIF DISTRICT FUND For The Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance With Final Budget- Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Taxes	\$ 1,028,000	\$ 1,028,000	\$ 641,571	\$ (386,429)
Expenditures				
Current:				
General government	1,150,611	1,150,611	548,936	601,675
Excess (Deficiency) Of Revenues Over Expenditures	(122,611)	(122,611)	92,635	215,246
Net Changes In Fund Balances	(122,611)	(122,611)	92,635	215,246
Fund Balances - Beginning Of Year			122,611	
Fund Balances - End Of Year			\$ 215,246	

CITY OF LENEXA, KANSAS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
LENEXA CONFERENCE CENTER FUND
For The Year Ended December 31, 2009**

	Budgeted Amounts		Actual	Variance With Final Budget- Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Charges for services	\$ 126,000	\$ 133,000	\$ 99,420	\$ (33,580)
Miscellaneous	7,000	—	—	—
Total Revenues	133,000	133,000	99,420	(33,580)
Expenditures				
Current:				
Recreation	133,000	133,000	73,402	59,598
Excess (Deficiency) Of Revenues Over Expenditures	—	—	26,018	26,018
Other Financing Sources (Uses)				
Transfers out	(96,118)	(96,118)	—	96,118
Net Changes In Fund Balances	(96,118)	(96,118)	26,018	122,136
Fund Balances - Beginning Of Year			139,151	
Fund Balances - End Of Year			\$ 165,169	

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, 2009**

	<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	\$ 50,000	\$ 50,000	\$ 4,310	\$ (45,690)
Expenditures				
Current:				
General government	55,000	55,000	4,310	(50,690)
Excess (Deficiency) Of Revenues Over Expenditures	<u>(5,000)</u>	<u>(5,000)</u>	<u>—</u>	<u>5,000</u>
Net Changes In Fund Balances	<u>(5,000)</u>	<u>(5,000)</u>	<u>—</u>	<u>5,000</u>
Fund Balances - Beginning Of Year			<u>—</u>	
Fund Balances - End Of Year			<u><u>\$ —</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, 2009

	Budgeted Amounts		Actual	Variance With Final Budget- Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Charges for services	\$ 100,000	\$ 100,000	\$ 5,737	\$ (94,263)
Investment earnings	—	—	164	164
Total Revenues	100,000	100,000	5,901	(94,099)
Excess (Deficiency) Of Revenues Over Expenditures	100,000	100,000	5,901	(94,099)
Other Financing Sources (Uses)				
Transfers out	(237,359)	(237,359)	—	237,359
Net Changes In Fund Balances	(137,359)	(137,359)	5,901	143,260
Fund Balances - Beginning Of Year			201,604	
Fund Balances - End Of Year			\$ 207,505	

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, 2009

	Budgeted Amounts		Actual	Variance With Final Budget- Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Charges for services	\$ 100,000	\$ 100,000	\$ 19,360	\$ (80,640)
<hr/>				
Excess (Deficiency) Of Revenues Over Expenditures	100,000	100,000	19,360	(80,640)
Other Financing Sources (Uses)				
Transfers out	(173,989)	(173,989)	—	173,989
<hr/>				
Net Changes In Fund Balances	(73,989)	(73,989)	19,360	93,349
<hr/>				
Fund Balances - Beginning Of Year			98,828	
Fund Balances - End Of Year			\$ 118,188	

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, 2009

	Budgeted Amounts		Actual	Variance With Final Budget- Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Charges for services	\$ 100,000	\$ 100,000	\$ 2,584	\$ (97,416)
Investment earnings	—	—	31	31
Total Revenues	100,000	100,000	2,615	(97,385)
Excess (Deficiency) Of Revenues Over Expenditures	100,000	100,000	2,615	(97,385)
Other Financing Sources (Uses)				
Transfers out	(238,935)	(238,935)	—	238,935
Net Changes In Fund Balances	(138,935)	(138,935)	2,615	141,550
Fund Balances - Beginning Of Year			49,074	
Fund Balances - End Of Year			\$ 51,689	

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, 2009

	Budgeted Amounts		Actual	Variance With Final Budget- Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Taxes	\$ 12,859,503	\$ 12,859,503	\$ 11,449,425	\$ (1,410,078)
Investment earnings	229,831	229,831	126,475	(103,356)
Miscellaneous	—	—	140,568	140,568
Total Revenues	13,089,334	13,089,334	11,716,468	(1,372,866)
Expenditures				
Debt service:				
Principal retirement	11,138,191	12,308,191	10,830,000	1,478,191
Interest and fiscal charges	4,836,898	4,836,898	3,411,119	1,425,779
Total Expenditures	15,975,089	17,145,089	14,241,119	2,903,970
Excess (Deficiency) Of Revenues Over Expenditures	(2,885,755)	(4,055,755)	(2,524,651)	1,531,104
Other Financing Sources (Uses)				
Transfers out	(3,734,398)	(2,564,398)	—	2,564,398
Net Changes In Fund Balances	(6,620,153)	(6,620,153)	(2,524,651)	4,095,502
Fund Balances - Beginning Of Year			6,730,335	
Fund Balances - End Of Year			\$ 4,205,684	

CITY OF LENEXA, KANSAS

COMBINING STATEMENT OF NET ASSETS INTERNAL SERVICE FUNDS December 31, 2009

	Health Plan	Risk Management	Workers' Compensation	Total
Assets				
Deposits, including investments	\$ 5,296,705	\$ 1,478,318	\$ 2,236,537	\$ 9,011,560
Interest receivable	30,297	7,560	12,063	49,920
Other receivable	85,530	—	—	85,530
Total Assets	5,412,532	1,485,878	2,248,600	9,147,010
Liabilities				
Accounts payable	10,548	22,847	20	33,415
Accrued wages payable	—	—	1,144	1,144
Self insurance claims payable:				
Due within one year	426,133	276,000	382,247	1,084,380
Due in more than one year	—	—	127,416	127,416
Total Liabilities	436,681	298,847	510,827	1,246,355
Net Assets				
Unrestricted	4,975,851	1,187,031	1,737,773	7,900,655
Total Net Assets	\$ 4,975,851	\$ 1,187,031	\$ 1,737,773	\$ 7,900,655

CITY OF LENEXA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS INTERNAL SERVICE FUNDS For The Year Ended December 31, 2009

	Health Plan	Risk Management	Workers' Compensation	Total
Operating Revenues				
Charges for services	\$ 5,317,773	\$ 2,878	\$ 121,817	\$ 5,442,468
Intergovernmental	11,147	—	—	11,147
Miscellaneous	262	1,350	—	1,612
Reimbursements from insurance companies	296,703	39,042	21,514	357,259
Total Operating Revenues	5,625,885	43,270	143,331	5,812,486
Operating Expenses				
Personal services	—	—	45,325	45,325
Contractual services	56,705	450,183	9,762	516,650
Commodities	4,767	—	12,335	17,102
Claims	4,857,378	—	220,820	5,078,198
Total Operating Expenses	4,918,850	450,183	288,242	5,657,275
Operating Income	707,035	(406,913)	(144,911)	155,211
Nonoperating Revenues				
Investment income	3,790	(101)	4,370	8,059
Income Before Transfers	710,825	(407,014)	(140,541)	163,270
Transfers In	—	450,000	—	450,000
Change In Net Assets	710,825	42,986	(140,541)	613,270
Total Net Assets – Beginning Of Year	4,265,026	1,144,045	1,878,314	7,287,385
Total Net Assets – End Of Year	\$ 4,975,851	\$ 1,187,031	\$ 1,737,773	\$ 7,900,655

CITY OF LENEXA, KANSAS

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS For The Year Ended December 31, 2009

	Health Plan	Risk Management	Workers' Compensation	Total
Cash Flows From Operating Activities				
Cash received from customers	\$ 5,318,035	\$ 4,228	\$ 121,817	\$ 5,444,080
Cash received from insurance companies	357,470	39,042	21,514	418,026
Cash received from federal government	11,147	—	—	11,147
Cash payments for personnel, contractual services and accounts payable	(5,095,647)	(452,182)	(211,152)	(5,758,981)
Net Cash Provided By (Used In)				
Operating Activities	591,005	(408,912)	(67,821)	114,272
Cash Flows From Noncapital Financing Activities				
Transfers in	—	450,000	—	450,000
Transfers out	—	—	—	—
Net Cash Provided By Noncapital Financing Activities	—	450,000	—	450,000
Cash Flows From Investing Activities				
Interest on investments	25,220	6,690	14,419	46,329
Net Cash Provided By Investing Activities	25,220	6,690	14,419	46,329
Net Increase (Decrease) In Cash And Cash Equivalents	616,225	47,778	(53,402)	610,601
Cash And Cash Equivalents – Beginning Of Year	4,680,480	1,430,540	2,289,939	8,400,959
Cash And Cash Equivalents – End Of Year	\$ 5,296,705	\$ 1,478,318	\$ 2,236,537	\$ 9,011,560
Reconciliation Of Operating Income To Net Cash Provided By Operating Activities				
Operating income (loss)	\$ 707,035	\$ (406,913)	\$ (144,911)	\$ 155,211
Adjustments to reconcile operating income to net cash provided by operating activities:				
Change in other receivables	60,767	—	—	60,767
Decrease in due from other funds	—	—	—	—
Change in accounts payable and claims payable	(176,797)	(1,999)	77,090	(101,706)
Net Cash Provided By (Used In) Operating Activities	\$ 591,005	\$ (408,912)	\$ (67,821)	\$ 114,272

Statistical Section

CITY OF LENEXA, KANSAS
Statistical Section
December 31, 2009

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.....	93 - 96
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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..	97 - 102
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.....	103 - 105
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.	106 - 108
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.	109 - 112

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 ASSETS BY COMPONENT LAST SIX FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING)

Schedule 1

	2009	2008	2007	2006	2005*	2004	2003
Governmental activities:							
Invested in capital assets, net of related debt	\$ 433,106,968	\$ 419,733,080	\$ 393,808,972	\$ 362,437,246	\$ 321,741,301	\$ 23,090,637	\$ (9,381,663)
Restricted	19,501,498	20,333,616	30,079,331	28,871,081	24,437,172	5,811,871	5,554,595
Unrestricted	32,810,592	45,747,060	38,882,650	23,857,686	19,514,705	64,996,979	62,101,700
Total governmental activities net assets	\$ 485,419,058	\$ 485,813,756	\$ 462,770,953	\$ 415,166,013	\$ 365,693,178	\$ 93,899,487	\$ 58,274,632

* The City implemented the retroactive infrastructure reporting provisions of GASB Statement No. 34.

The City implemented GASB 34 in 2003 therefore only 7 years of information is presented.

CITY OF LENEXA, KANSAS

CHANGES IN NET ASSETS LAST SIX FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING)

Schedule 2

	2009	2008	2007	2006	2005*	2004	2003
Expenses							
General government	\$ 11,925,719	\$ 10,383,824	\$ 10,439,441	\$ 10,140,866	\$ 7,877,120	\$ 8,095,326	\$ 8,303,131
Public safety	19,494,864	23,121,157	22,554,224	21,674,903	19,307,055	19,062,115	18,223,159
Public works	29,299,766	30,795,517	20,785,278	22,606,757	19,930,013	9,426,253	8,482,185
Parks and recreation	3,617,450	4,675,363	3,563,224	4,230,363	4,073,203	4,287,148	4,066,202
Economic development	11,249,594	21,158	5,224,536	—	—	—	—
Interest on long-term debt	5,030,464	6,327,205	5,645,529	4,587,781	4,167,996	4,166,403	3,446,881
Total Expenses	80,617,857	75,324,224	68,212,232	63,240,670	55,355,387	45,037,245	42,521,558
Program Revenues							
Charges for services							
General government	1,174,156	1,939,122	2,110,830	1,669,412	1,348,568	1,331,190	1,301,000
Public safety	2,637,487	2,281,056	1,974,419	2,530,617	2,090,781	1,555,911	1,439,460
Public works	7,483,343	4,916,080	4,067,268	2,974,051	2,847,286	2,554,613	1,862,126
Parks and recreation	848,240	1,096,559	1,327,815	1,254,191	1,303,004	1,316,645	1,240,674
Operating grants and contributions	1,172,192	1,342,607	1,333,323	1,628,914	1,468,887	1,678,643	1,211,786
Capital grants and contributions	3,029,140	16,936,970	38,473,225	41,225,817	17,620,078	13,407,974	12,322,680
Total Program Revenues	16,344,558	28,512,394	49,286,880	51,283,002	26,678,604	21,844,976	19,377,726
Net (Expenses) Revenue	(64,273,299)	(46,811,830)	(18,925,352)	(11,957,668)	(28,676,783)	(23,192,269)	(23,143,832)
General Revenues							
Property taxes	28,587,311	28,922,505	27,026,449	24,460,112	23,143,077	24,379,660	21,413,846
Sales tax	25,085,389	23,611,541	23,211,369	22,984,775	22,900,980	22,890,060	18,040,865
Franchise taxes	5,953,082	5,796,496	5,320,626	4,937,822	4,915,958	4,474,203	4,055,743
Motor vehicle tax	1,922,586	1,995,251	2,021,732	2,038,168	1,988,324	1,052,870	1,008,071
Transient guest tax	441,128	573,637	582,001	604,423	531,379	488,002	396,368
Excise tax	132,837	1,113,091	1,824,963	821,587	2,334,370	1,123,877	1,017,873
Special liquor tax	538,966	550,690	582,585	579,278	515,163	495,705	519,237
Investment revenue	439,528	2,797,896	4,348,915	3,933,615	2,067,324	1,222,614	882,749
Gain on disposal of capital assets	—	—	—	1,500	33,828	44,461	56,246
Miscellaneous	777,774	931,383	1,611,652	1,069,223	1,582,233	2,645,672	2,448,975
Special item - gain on sale of land	—	2,667,909	—	—	—	—	—
Total general revenues	63,878,601	68,960,399	66,530,292	61,430,503	60,012,636	58,817,124	49,839,973
Changes In Net Assets	\$ (394,698)	\$ 22,148,569	\$ 47,604,940	\$ 49,472,835	\$ 31,335,853	\$ 35,624,855	\$ 26,696,141

* The City implemented the retroactive infrastructure reporting provisions of GASB Statement No. 34. The City implemented GASB 34 in 2003 therefore only 7 years of information is presented.

CITY OF LENEXA, KANSAS

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

Schedule 3

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
General Fund:										
Reserved for encumbrances	\$ 602,653	\$ 573,079	\$ 652,466	\$ 672,814	\$ 587,497	\$ 269,816	\$ 576,017	\$ 598,941	\$ 471,941	\$ 702,682
Unreserved	19,700,723	19,527,627	20,647,840	19,463,189	16,449,763	11,465,294	7,177,053	6,209,805	6,643,401	2,343,735
Total	\$ 20,303,376	\$ 20,100,706	\$ 21,300,306	\$ 20,136,003	\$ 17,037,260	\$ 11,735,110	\$ 7,753,070	\$ 6,808,746	\$ 7,115,342	\$ 3,046,417
All Other Governmental Funds:										
Reserved for debt service	\$ 5,020,086	\$ 7,981,772	\$ 12,117,994	\$ 8,842,822	\$ 7,586,671	\$ 6,992,501	\$ 6,875,627	\$ 551,285	\$ 1,213,521	\$ 788,642
Reserved for economic development	740,675	591,062	442,686	336,524	208,900	162,509	148,937	144,727	149,117	—
Encumbrances	7,600,180	11,864,275	22,869,483	25,254,723	16,378,988	24,752,816	28,973,461	9,079,220	17,339,946	11,645,439
Unreserved (deficit), reported in:										
Special revenue funds	18,670,980	17,694,956	19,103,774	14,918,654	15,436,997	11,728,052	11,423,740	8,562,661	6,601,754	9,665,698
Capital projects funds	230,225	562,825	(9,981,079)	(1,540,113)	14,956,937	16,025,724	14,463,308	217,398	7,046,157	1,435,300
Total all other governmental funds	\$ 32,262,146	\$ 38,694,890	\$ 44,552,858	\$ 47,812,610	\$ 54,568,493	\$ 59,661,602	\$ 61,885,073	\$ 18,555,291	\$ 32,350,495	\$ 23,535,079

CITY OF LENEXA, KANSAS

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

Schedule 4

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Revenues										
Taxes	\$ 63,828,961	\$ 63,860,604	\$ 61,859,940	\$ 57,765,612	\$ 57,562,746	\$ 56,076,938	\$ 47,588,135	\$ 45,788,481	\$ 44,353,193	\$ 40,588,293
Intergovernmental	4,361,503	6,694,141	10,780,159	12,645,540	8,165,952	7,743,672	3,486,430	3,184,967	6,918,914	2,436,649
Licenses and permits	1,022,062	1,508,455	1,899,172	1,516,650	1,489,705	1,351,842	1,569,823	1,137,698	728,586	1,299,434
Fines and forfeitures	5,623,865	7,075,096	1,450,934	1,822,004	1,648,233	1,501,396	1,704,547	1,507,710	1,294,407	1,251,001
Rents and leases	399,617	335,371	275,845	228,822	193,958	181,829	160,682	163,782	157,190	—
Charges for services	1,629,641	1,558,649	6,283,919	5,080,068	4,490,799	3,993,717	3,312,793	3,779,803	3,334,403	1,784,627
Investment earnings	436,532	2,490,655	3,866,331	3,723,821	1,969,693	1,190,230	599,186	682,230	2,203,847	1,827,235
Miscellaneous	518,795	544,910	1,180,662	216,053	1,109,702	1,909,090	1,911,729	370,841	2,185,707	396,802
Total Revenues	77,820,976	84,067,881	87,596,962	82,998,570	76,630,788	73,948,714	60,333,325	56,615,512	61,176,247	49,584,041
Expenditures										
Current:										
General government	11,377,960	10,157,721	9,958,537	9,070,643	8,239,652	7,963,360	7,745,701	7,735,313	7,396,281	7,223,763
Public safety	21,631,286	22,684,149	22,449,884	21,541,853	20,034,196	19,362,250	17,275,162	17,018,223	15,387,750	14,704,477
Public works	10,314,382	11,032,630	10,584,153	9,566,884	9,288,797	9,188,447	8,337,772	7,629,136	8,203,337	7,185,493
Recreation	4,071,065	4,253,176	4,115,717	3,831,821	3,661,223	3,813,540	3,533,334	7,974,648	3,598,827	3,409,098
Economic Development	—	21,158	5,224,536	—	—	—	—	—	—	—
Capital projects	23,731,169	34,082,317	41,390,777	51,865,333	36,317,103	37,141,255	19,850,420	29,650,430	20,245,234	13,920,719
Debt service:										
Principal retirement	13,077,667	29,388,094	16,255,412	21,129,757	14,000,000	7,545,000	7,415,000	8,285,000	9,435,000	5,445,000
Interest and fiscal charges	5,381,359	5,801,473	5,113,743	4,616,229	4,256,438	4,336,550	2,057,349	2,439,944	2,164,182	2,276,898
Bond issue costs	194,682	137,393	284,465	203,631	66,412	54,547	105,489	49,563	82,889	—
Miscellaneous	—	—	—	—	—	—	23,291	55	540	154
Total Expenditures	89,779,570	117,558,111	115,377,224	121,826,151	95,863,821	89,404,949	66,343,518	80,782,312	66,514,040	54,165,602
Excess Of Revenues Over (Under) Expenditures	(11,958,594)	(33,490,230)	(27,780,262)	(38,827,581)	(19,233,033)	(15,456,235)	(6,010,193)	(24,166,800)	(5,337,793)	(4,581,561)
Other Financing Sources And Uses,										
Including Transfers										
Issuance of general obligation bonds	5,945,000	15,020,000	16,985,000	16,370,000	9,470,000	17,365,000	5,665,000	—	4,922,603	7,800,000
Discount on general obligation bonds	—	(28,825)	—	—	(130,318)	(100,196)	—	—	—	—
Premium from general obligation refunding bonds	182,576	315,274	825,351	193,581	—	—	6,074,042	—	—	—
Issuance of sales tax revenue bonds	—	—	—	—	—	—	—	—	3,920,000	80,000
Issuance of general obligation refunding bonds	7,660,000	—	—	—	4,530,000	—	51,365,000	—	18,615,313	—
Issuance of general obligation temporary notes	—	7,410,000	—	18,640,000	9,750,000	—	—	10,115,000	5,400,000	—
Issuance of tax increment financing bonds	—	—	7,865,000	—	—	—	—	—	—	—
Payment for refunded general obligation bonds	(7,669,680)	—	—	—	(4,475,000)	—	(13,328,751)	—	(18,516,134)	—
Proceeds from capital lease	—	—	309,462	—	—	—	—	—	—	—
Revolving Loan KDHE	60,624	—	—	—	—	—	—	—	—	—
Transfers in	23,337,150	38,600,114	22,584,209	16,743,217	10,066,880	12,061,759	12,391,271	15,176,318	18,331,141	15,854,667
Transfers out	(23,787,150)	(39,050,114)	(22,884,209)	(16,776,358)	(9,966,880)	(12,111,759)	(12,391,271)	(15,226,318)	(18,370,122)	(15,367,236)
Total Other Financing Sources And Uses, Including Transfers	5,728,520	22,266,449	25,684,813	35,170,440	19,244,682	17,214,804	49,775,291	10,065,000	14,302,801	8,367,431
Special Item										
Proceeds from sale of land	—	4,166,213	—	—	—	—	—	—	—	—
Net Change In Fund Balances	\$ (6,230,074)	\$ (7,057,568)	\$ (2,095,449)	\$ (3,657,141)	\$ 11,649	\$ 1,758,569	\$ 43,765,098	\$ (14,101,800)	\$ 8,965,008	\$ 3,785,870
Debt service as a percentage of noncapital expenditures	27%	39%	30%	35%	30%	24%	21%	21%	25%	19%

CITY OF LENEXA, KANSAS

GOVERNMENTAL FUND TYPES REVENUES BY SOURCE LAST TEN FISCAL YEARS

Schedule 5

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Taxes										
Property	\$ 27,446,726	\$ 27,398,743	\$ 26,045,590	\$ 24,197,568	\$ 23,029,624	\$ 23,565,713	\$ 20,568,560	\$ 19,532,897	\$ 17,297,086	\$ 15,055,856
Sales (including compensating use)	25,085,389	23,611,541	23,211,369	22,984,775	22,900,979	22,199,157	18,040,865	17,109,561	17,328,842	15,834,235
Franchise	5,953,079	5,796,496	5,320,626	4,937,822	4,915,958	4,474,203	4,055,743	4,149,237	4,515,160	3,816,812
Special assessments	1,140,585	1,523,759	980,860	364,274	113,454	71,684	113,641	134,743	226,258	406,019
Motor vehicle excise	1,922,586	1,995,252	2,021,732	2,038,167	1,954,709	1,764,289	1,716,384	1,625,684	1,583,062	1,596,259
Transient guest	441,128	573,637	582,001	604,423	531,379	488,002	396,367	404,088	463,021	447,569
Excise	132,837	1,113,091	1,824,963	821,587	2,334,370	1,814,781	1,017,873	402,115	570,295	985,446
Other taxes	1,706,631	1,848,085	1,872,799	1,816,996	1,782,273	1,699,109	1,678,702	2,430,156	2,369,469	2,446,097
Total Taxes	63,828,961	63,860,604	61,859,940	57,765,612	57,562,746	56,076,938	47,588,135	45,788,481	44,353,193	40,588,293
Revenues										
Intergovernmental	4,361,503	6,694,142	10,780,159	12,645,540	8,165,952	7,743,672	3,486,430	3,184,967	6,918,914	2,436,649
Licenses and permits	1,022,062	1,508,455	1,899,172	1,516,650	1,489,705	1,351,842	1,569,823	1,137,698	728,586	1,299,434
Fines and forfeitures	1,629,641	7,075,095	1,450,934	1,822,004	1,648,233	1,501,396	1,704,547	1,507,710	1,294,407	1,251,001
Rents and leases	399,617	335,371	275,845	228,822	193,958	181,829	160,682	163,782	157,190	—
Charges for services	5,623,865	1,558,649	6,283,919	5,080,068	4,490,799	3,993,717	3,312,793	3,779,803	3,334,403	1,784,627
Investment earnings	436,532	2,490,655	3,866,331	3,723,821	1,969,693	1,190,230	599,186	682,230	2,203,847	1,827,235
Miscellaneous	518,795	544,910	1,180,662	216,053	1,109,702	1,909,090	1,911,729	370,841	2,185,707	396,802
Total Revenues	13,992,015	20,207,277	25,737,022	25,232,958	19,068,042	17,871,776	12,745,190	10,827,031	16,823,054	8,995,748
Grand Total	\$ 77,820,976	\$ 84,067,881	\$ 87,596,962	\$ 82,998,570	\$ 76,630,788	\$ 73,948,714	\$ 60,333,325	\$ 56,615,512	\$ 61,176,247	\$ 49,584,041

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
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
2007	2008	853,642,326	14%	5,915,463,793	113,984,994	29,778,985	78,523,529	1,075,929,834	26.477
2006	2007	822,636,283	14%	5,903,655,326	151,089,330	32,308,929	76,442,635	1,082,477,177	26.468
2005	2006	771,464,338	13%	5,794,230,298	165,954,347	35,665,105	74,847,736	1,047,931,526	26.477
2004	2005	716,505,869	14%	5,225,759,116	160,224,546	33,944,169	71,785,927	982,460,511	26.513
2003	2004	675,525,628	14%	4,935,352,673	146,084,234	44,917,378	69,400,057	935,927,297	26.553
2002	2003	645,083,486	13%	4,783,126,334	158,873,037	45,770,906	69,143,524	918,870,953	23.575
2001	2002	618,108,087	14%	4,550,304,267	153,533,830	42,741,715	67,637,118	882,020,750	23.537
2000	2001	586,613,898	13%	4,349,786,551	159,009,771	44,558,638	64,932,619	855,114,926	22.409
1999	2000	529,619,720	13%	4,008,354,301	159,945,343	42,898,980	61,340,277	793,804,320	23.152

(1) Includes recreational vehicle assessed value:

- 2000 recreational vehicle tax amounted to \$226,030.
- 2001 recreational vehicle tax amounted to \$242,854.
- 2002 recreational vehicle tax amounted to \$250,483.
- 2003 recreational vehicle tax amounted to \$241,466.
- 2004 recreational vehicle tax amounted to \$256,533.
- 2005 recreational vehicle tax amounted to \$287,497.
- 2006 recreational vehicle tax amounted to \$315,276.
- 2007 recreational vehicle tax amounted to \$329,228.
- 2008 recreational vehicle tax amounted to \$297,355.
- 2009 recreational vehicle tax amounted to \$289,360.

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										
		General	Debt Service	Total Direct	State	County	Library	County Community College	Park	Waste-water	Total Overlapping Without Schools	School District Shawnee Mission	School District De Soto	School District Olathe	Total Direct And Overlapping Rates
2008	2009	16.929	9.639	26.568	1.500	17.767	3.057	8.768	2.341	—	60.001	52.094	74.170	66.913	86.569
2007	2008	16.871	9.606	26.477	1.500	17.985	2.962	8.749	2.295	—	59.968	52.008	71.463	64.343	86.445
2006	2007	16.865	9.603	26.468	1.500	17.949	2.960	8.872	2.290	—	60.039	51.980	69.693	65.180	86.507
2005	2006	16.871	9.606	26.477	1.500	17.922	2.955	8.960	2.286	—	60.100	49.748	69.115	68.173	86.577
2004	2005	16.894	9.619	26.513	1.500	16.041	2.956	9.438	2.367	—	58.815	42.655	72.806	69.177	85.328
2003	2004	16.920	9.633	26.553	1.500	16.381	2.954	9.432	2.365	—	59.185	37.774	74.734	64.166	85.738
2002	2003	13.827	9.748	23.575	1.500	16.221	2.948	9.428	1.602	—	55.274	42.238	75.518	64.125	78.849
2001	2002	13.805	9.732	23.537	1.500	16.333	2.971	7.743	1.382	4.181	57.647	38.699	75.640	64.385	81.184
2000	2001	12.438	9.971	22.409	1.500	15.676	2.981	7.646	1.322	4.647	56.181	40.327	67.918	65.761	78.590
1999	2000	14.260	8.892	23.152	1.500	16.112	3.137	7.184	1.451	5.166	57.702	41.246	73.320	65.500	80.854

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	2008 Tax Year/2009 Fiscal Year			Taxpayer	1999 Tax Year/2000 Fiscal Year		
	Taxable Assessed Value	Rank	Percentage Of Total City Taxable Assessed Value		Taxable Assessed Value	Rank	Percentage Of Total City Taxable Assessed Value
Sprint Spectrum	\$ 30,999,236	1	3.00%	Sprint Corporation	\$ 22,304,347	1	2.81%
Lenexa Properties	29,213,226	2	2.82%	Lenexa Industrial Park, Inc.	19,018,903	2	2.40%
Perg Buildings LLC	20,678,443	3	2.00%	Perg Building Partnership	14,457,611	3	1.82%
MEPT Kansas Commerce	9,432,334	4	0.91%	KPERS Realty Holding #1, Inc.	10,954,432	4	1.38%
Kansas City Power & Light Co.	9,008,747	5	0.87%	Southwestern Bell Telephone	10,126,932	5	1.28%
JC Penney Corporation Inc.	7,949,762	6	0.77%	Karbank, Barney A.	6,705,930	6	0.84%
Labone	7,637,863	7	0.74%	J.C. Penney Properties	6,209,088	7	0.78%
Southwestern Bell Telephone	6,686,688	8	0.65%	Caleast industrial Investors	5,875,673	8	0.74%
Meritex	5,860,453	9	0.57%	Kansas City Power & Light	4,936,003	9	0.62%
RREEF America REIT II Corp.	5,236,002	10	0.51%	Oak Park Commons	4,863,215	10	0.61%
Total	\$ 132,702,754			Total	\$ 105,452,134		
City of Lenexa (includes motor vehicles)	<u>\$ 1,034,546,894</u>			City of Lenexa (includes motor vehicles)	<u>\$ 793,804,320</u>		

Source: Johnson County Department of Records and Tax Administration

CITY OF LENEXA, KANSAS

SALES TAX RATES LAST TEN FISCAL YEARS

Schedule 9

Fiscal Year	City Sales	City Roads/ Parks Civic Facility Sales	City Storm-water Sales	County Sales	County Public Safety Sales	County Bi-State Sales	County Storm-water	County Economic Development Sales	County Education Research Triangle	State	Total Direct
2000	1%	0%	0.125%	0.5%	0.25%	0.125%	0.10%	0.00%	0.00%	4.90%	7.000%
2001	1%	0%	0.125%	0.5%	0.25%	0.125%	0.10%	0.00%	0.00%	4.90%	7.000%
2002	1%	0%	0.125%	0.5%	0.25%	0.000%	0.10%	0.00%	0.00%	5.30%	7.275%
2003	1%	0%	0.125%	0.5%	0.25%	0.000%	0.10%	0.25%	0.00%	5.30%	7.525%
2004	1%	0%	0.125%	0.5%	0.25%	0.000%	0.10%	0.25%	0.00%	5.30%	7.525%
2005	1%	0%	0.125%	0.5%	0.25%	0.000%	0.10%	0.25%	0.00%	5.30%	7.525%
2006	1%	0%	0.125%	0.5%	0.25%	0.000%	0.10%	0.25%	0.00%	5.30%	7.525%
2007	1%	0%	0.125%	0.5%	0.25%	0.000%	0.10%	0.25%	0.00%	5.30%	7.525%
2008	1%	0.38%	0.125%	0.5%	0.25%	0.000%	0.10%	0.25%	0.00%	5.30%	7.900%
2009	1%	0.38%	0.125%	0.5%	0.25%	0.000%	0.10%	0.25%	0.13%	5.30%	8.025%

Tax Rates from Kansas Department of Revenue

CITY OF LENEXA, KANSAS

PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN FISCAL YEARS

Schedule 10

Fiscal Year (1)	Total Tax Levy	Current Tax Collections	Percentage Current Tax Collected	Prior Year's Tax Collected	Total Tax Collections	Percentage Total Collection To Current Levy
2000	\$ 14,426,529	\$ 14,175,397	98.26	\$ 58,290	\$ 14,233,687	98.66
2001	16,413,788	15,976,687	97.34	261,030	16,237,717	98.93
2002	18,598,523	17,870,480	96.09	72,353	17,942,833	96.47
2003	19,161,380	18,689,462	97.54	212,198	18,901,660	98.64
2004	22,519,176	22,352,249	99.26	151,833	22,504,082	99.93
2005	22,944,686	22,567,621	98.36	187,034	22,754,655	99.17
2006	24,078,555	23,713,948	98.49	156,850	23,870,798	99.14
2007	25,779,816	25,368,258	98.40	250,465	25,618,723	99.38
2008	26,614,304	26,227,121	98.55	311,309	26,538,430	99.71
2009	26,488,848	25,840,274	97.55	211,286	26,051,560	98.35

⁽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 is not included.

CITY OF LENEXA, KANSAS

RATIOS OF GENERAL OBLIGATION DEBT OUTSTANDING LAST TEN FISCAL YEARS

Schedule 11

Fiscal Year	General Obligation Bonds	General Obligation Notes	General Obligation Debt	Less:		Percentage Of Assessed Taxable Value ¹ Of Property	Per Capita ²
				Amounts Available In Debt Service Fund	Total		
2000	\$ 43,595,000	\$ 3,220,000	\$ 46,815,000	\$ 788,642	\$ 46,026,358	5.80%	1,144
2001	42,805,000	5,400,000	48,205,000	1,213,521	46,991,479	5.50%	1,155
2002	35,880,000	15,515,000	51,395,000	551,285	50,843,715	5.76%	1,234
2003	73,170,000	15,780,000	88,950,000	6,875,627	82,074,373	8.93%	1,951
2004	83,920,000	15,780,000	99,700,000	6,992,501	92,707,499	9.91%	2,175
2005	86,085,000	19,865,000	105,950,000	7,586,671	98,363,329	10.01%	2,248
2006	94,710,000	25,565,000	120,275,000	8,842,822	111,432,178	10.63%	2,492
2007	102,820,000	18,640,000	121,460,000	10,410,389	111,049,611	11.30%	2,424
2008	107,580,000	7,410,000	114,990,000	6,730,335	108,259,665	11.57%	2,342
2009	101,845,000	7,410,000	109,255,000	4,205,684	105,049,316	11.43%	2,189

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 14 for personal income and population data.

CITY OF LENEXA, KANSAS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT December 31, 2009

Schedule 12

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ¹	Estimated Share Of Overlapping Debt
Debt To Be Repaid With Property Taxes			
Johnson County, Kansas	\$ 253,070,000	11.79%	\$ 29,836,953
Johnson County Parks & Recreation	4,030,000	11.79%	475,137
U.S.D. #232 (De Soto)	172,305,000	5.59%	9,631,850
U.S.D. #233 (Olathe)	369,800,687	16.44%	60,795,233
U.S.D. #512 (Shawnee Mission)	249,200,000	19.97%	49,765,240
Fire #3 Benefit District "B"	520,000	0.01%	52
Total Overlapping Debt			150,504,464
City Direct Debt	109,255,000	100.0%	109,255,000
Total Direct And Overlapping Debt			\$ 259,759,464

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 12/31/2009. Other debt as of 6/30/2009.

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.

** 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

LEGAL DEBT MARGIN LAST TEN FISCAL YEARS

Schedule 13

Fiscal Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt Limit	\$ 238,141,296	\$ 256,534,478	\$ 264,606,225	\$ 275,661,286	\$ 280,778,189	\$ 294,738,153	\$ 314,379,458	\$ 324,743,153	\$ 322,778,950	\$ 310,364,068
Total net debt applicable to limit	46,026,358	46,991,479	50,843,715	82,074,373	92,707,499	98,363,329	111,432,178	111,049,611	108,259,665	105,049,316
Legal Debt Limit	\$ 192,114,938	\$ 209,542,999	\$ 213,762,510	\$ 193,586,913	\$ 188,070,690	\$ 196,374,824	\$ 202,947,280	\$ 213,693,542	\$ 214,519,285	\$ 205,314,752
Total net debt applicable to the limit as a percentage of the limit	19.3%	18.3%	19.2%	29.8%	33.0%	33.4%	35.4%	34.2%	33.5%	33.8%
Total net debt as a percentage of assessed value	5.9%	5.6%	5.8%	9.7%	10.7%	10.8%	10.6%	10.3%	10.1%	10.2%

Legal Debt Margin Calculation For Fiscal Year 2009

Assessed value	\$ 1,034,546,894
Debt limit (30% of total assessed value)	310,364,068
Debt applicable to limit:	
General obligation debt	109,255,000
Less: Amount set aside for repayment of general obligation debt	4,205,684
Net debt applicable to limit	105,049,316
Legal Debt Margin	\$ 205,314,752

CITY OF LENEXA, KANSAS

DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN FISCAL YEARS

Schedule 14

Fiscal Year	City Population	County Population	City Population Percent Change		Personal Income	Per Capita Personal Income	City Unemploy- ment Rate	State Unemploy- ment Rate
2000	40,238	451,086	3.4%	\$	1,777,312,460	\$ 44,170	2.3%	3.8%
2001	40,675	464,008	1.1%		1,778,555,050	43,726	3.2%	4.3%
2002	41,203	476,009	1.3%		1,798,593,356	43,652	4.1%	5.1%
2003	42,068	486,943	2.1%		1,847,290,016	43,912	3.7%	5.6%
2004	42,615	496,691	1.3%		1,981,512,270	46,498	3.5%	5.6%
2005	43,765	506,562	2.7%		2,335,987,511	53,376	4.2%	5.1%
2006	44,708	516,731	2.2%		2,272,686,472	50,834	4.0%	4.1%
2007	45,804	527,066	2.5%		2,377,594,032	51,908	4.1%	3.7%
2008	46,219	539,811	0.9%		2,527,208,701	54,679	5.4%	4.8%
2009	47,996	548,122	3.8%		2,762,217,796	57,551	6.5%	6.2%

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. 2000 - 2003 figures are from www.bea.gov and reflect Johnson County's per capita personal income. 2005 and 2006 figures were not available and are estimated.

CITY OF LENEXA, KANSAS

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Schedule 15

Employer	2009 Fiscal Year			Employer	2000 Fiscal Year		
	Employees	Rank	Percentage Of Total City Employment		Employees	Rank	Percentage Of Total City Employment
United Parcel Service	2,156	1	4.69%	United Parcel Service, Inc.	1,800	1	4.09%
Quest Diagnostics/Lab One	1,376	2	2.99%	J.C. Penney Catalog Distribution Center	1,300	2	2.95%
JC Penney Logistics Ctr.	1,002	3	2.18%	Deluxe Corporation	1,200	3	2.73%
Freightquote.com	741	4	1.61%	Sprint Corporation	950	4	2.16%
T-Mobile	731	5	1.59%	LabOne, Incorporated	900	5	2.05%
Deluxe Corporation	700	6	1.52%	Asplundh Tree Expert Company	800	6	1.82%
Gear for Sports	586	7	1.27%	Gear for Sports	750	7	1.70%
Interstate Brands Corp.	561	8	1.22%	Gill Studios, Inc.	600	8	1.36%
Thermo Fischer Scientific/Remel	503	9	1.09%	Regional Media Labs (REMEL)	500	9	1.14%
Lakeview Village	480	10	1.04%	Coca-Cola of Mid-America	450	10	1.02%
Total	8,836			Total	9,250		
City of Lenexa (total employment)	46,000			City of Lenexa (total employment)	44,000		

Source: Chamber of Commerce Membership Directory

CITY OF LENEXA, KANSAS

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

Schedule 16

Function	Fiscal Year									
	2009**	2008**	2007**	2006**	2005**	2004*	2003*	2002*	2001*	2000*
General government	81	80	79	78	67	69	85	95	83	83
Public safety	213	227	225	220	216	215	209	197	189	189
Public works	88	96	95	95	79	77	77	78	75	75
Parks and recreation	54	60	59	58	58	29	31	31	28	31
Total	436	463	458	451	420	389	402	401	375	378

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

CITY OF LENEXA, KANSAS

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Schedule 17

	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
General Government										
City Hall	1	1	1	1	1	1	1	1	1	1
Public Safety										
Police Station	1	1	1	1	1	1	1	1	1	1
Fire Stations	4	4	4	4	4	4	4	4	4	4
Public Works										
Center Lane Miles Added	1	3	8	8	6	3	4	9	10	2
Service Center	1	1	1	1	1	1	1	1	1	1
Stormwater acres maint'd.	358	221	307	443	229	137	271	280	429	57
Streetlights maintained	6,262	4,000	4,000	3,000	2,750	2,550	2,350	2,350	2,150	1,900
Parks and Recreation										
Parks (acres)	898	863	750	750	750	750	535	480	480	480
Pools	3	3	3	3	3	3	3	3	3	3
Conference Center	1	1	1	1	1	1	—	—	—	—
Community Center	1	1	1	1	1	1	1	1	1	1
Senior Center	1	1	1	1	1	1	1	1	1	1

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

CITY OF LENEXA, KANSAS

OPERATING INDICATORS BY FUNCTION LAST TEN FISCAL YEARS Page 1 Of 3

Schedule 18

	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
General Government										
GIS										
Data sets maintained	592	191	110	45	40	40	40	40	35	29
Graphics requests completed (nondata)	13	25	15	10	1	1	1	1	4	5
Map graphic orders standard products completed	311	285	200	175	140	200	200	200	237	278
ArcView users supported	51	75	73	40	50	65	65	65	55	50
Planning & Development										
Planning commission items	57	130	118	144	154	98	100	100	100	105
Staff review final plans	18	14	19	17	22	25	30	30	24	29
New single family permits	35	73	215	326	345	352	341	341	340	298
Valuation of new construction (millions of dollars)	64	204	282	198	182	193	131	142	170	172
Commercial construction (millions of dollars)	44	135	190	104	75	98	38	63	91	108
Human Resources										
Positions filled (full-time/part-time/temporary)	124	145	91	187	217	195	204	204	201	203
Work comp/disability/FMLA cases managed	71	141	87	83	90	96	65	65	93	70
Separations/retirements processed	180	91	74	183	204	188	192	192	166	188
Finance										
Accounts payable invoices	5,109	6,539	6,617	7,094	6,735	7,552	9,002	9,436	32,289	32,289
Payroll checks processed	12,669	12,048	12,918	12,702	12,352	11,756	11,775	11,693	10,971	10,971
Purchasing Card transactions	11,868	13,589	13,783	14,339	13,808	13,391	11,579	10,564	1,126	1,126
Information Technology										
Supported users	466	417	405	442	375	370	365	362	340	335
Workstations	406	399	370	375	345	340	355	335	290	275
Laptops	163	160	147	133	130	130	139	142	120	116
Servers	111	80	52	52	45	42	40	40	28	28
Printers	143	148	148	146	143	143	143	133	140	132

CITY OF LENEXA, KANSAS

OPERATING INDICATORS BY FUNCTION LAST TEN FISCAL YEARS Page 2 Of 3

Schedule 18

	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Municipal Court										
Charges issued	16,998	15,769	14,269	19,598	17,492	18,094	15,570	18,403	16,975	16,064
Charges completed	14,949	15,134	14,967	19,216	18,406	16,648	15,225	17,534	16,303	15,809
Charges pending (*Change in software)	13,651*	5,791	6,212	6,910	7,207	8,090	6,799	6,868	6,598	6,148
D.U.I. issued	413	277	293	285	245	215	239	314	398	402
Legal										
Discovery requests approved	496	423	325	466	422	451	337	n/a	n/a	n/a
Appeals to District Court prosecuted	20	24	11	16	16	13	13	20	25	n/a
Forfeitures cases filed	6	9	24	14	16	8	16	11	17	17
Third party claims made v. City	14	11	12	18	13	34	n/a	n/a	n/a	n/a
Third party claims paid	10	3	5	8	3	12	n/a	n/a	n/a	n/a
Public Safety										
Police										
Calls for service	20,936	22,469	18,664	17,363	17,129	16,470	16,231	17,151	n/a	n/a
Officer self initiated	26,885	25,778	25,162	31,246	30,161	30,020	26,111	33,321	n/a	n/a
Walk in/station reports	1,476	1,458	1,741	1,729	2,021	1,670	1,819	1,805	n/a	n/a
Total incidents	49,502	49,850	69,904	75,854	76,089	74,499	66,982	76,385	n/a	n/a
Arrests	4,881	4,402	3,814	4,177	4,023	3,877	3,667	3,667	3,456	3,174
Citations	10,224	14,643	12,836	18,102	17,942	19,000	18,200	18,200	16,930	15,161
Fire										
Emergency incident responses	4,435	4,581	4,406	4,188	4,297	3,887	3,717	3,828	3,812	3,849
Building fires/1,000 pop.	1	2	2	2	2	2	2	3	2	2
Ill or injured patients treated	2,762	3,049	2,659	2,560	2,683	2,426	2,380	2,114	2,182	2,273
Fire inspections	5,979	6,140	5,225	6,100	6,092	5,073	3,732	4,574	5,312	4,619
Training hours	22,204	26,348	22,253	23,856	27,226	28,748	21,002	22,120	20,128	17,813

CITY OF LENEXA, KANSAS

OPERATING INDICATORS BY FUNCTION LAST TEN FISCAL YEARS Page 3 Of 3

Schedule 18

	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Public Works										
Number of City Vehicles maintained	347	347	335	325	318	316	321	321	321	305
Lane-miles of roadway	660	600	592	578	566	559	549	523	513	509
Signalized intersections maintained	66	65	61	61	59	56	55	55	53	51
Streetlights maintained	6,262	4,000	4,000	3,000	2,750	2,550	2,350	2,350	2,150	1,900
Traffic signs maintained	10,274	10,000	9,650	8,650	8,400	8,150	7,900	7,900	7,600	7,300
Square feet maintained	296,743	287,743	287,743	276,852	265,858	262,442	262,092	262,092	260,442	260,442
Parks and Recreation										
Acres of park maintained	898	863	794	674	489	486	486	486	453	450
Number of events - Lenexa Conference Center	236	268	389	325	175	167	n/a	n/a	n/a	n/a
Pool attendance	59,268	54,472	74,029	76,841	63,390	76,453	103,000	103,000	126,000	126,000
Swim lessons	662	668	639	674	811	744	800	800	900	900