City of Leawood, Kansas
Quarterly Report

Fourth Quarter – December, 2010

City of Leawood
Finance Department

Dated February 28, 2011

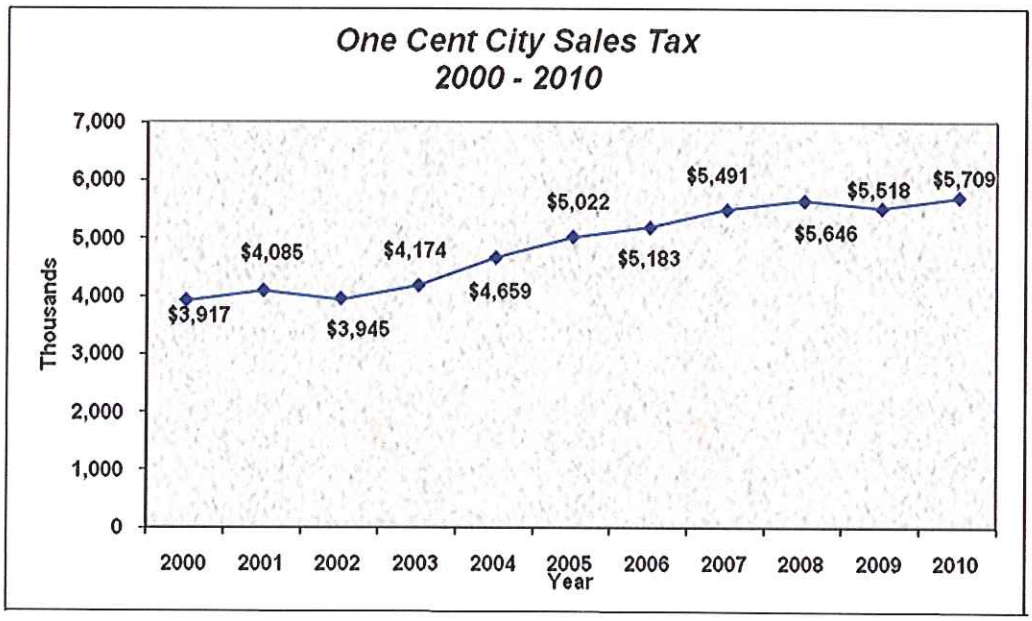
Update of City Finances
For the period ending
December 31, 2010

Below, please find the highlights of revenues and expenditures for 2010. *This is a preliminary report, as the final audited numbers will be presented to the Governing Body in May.*

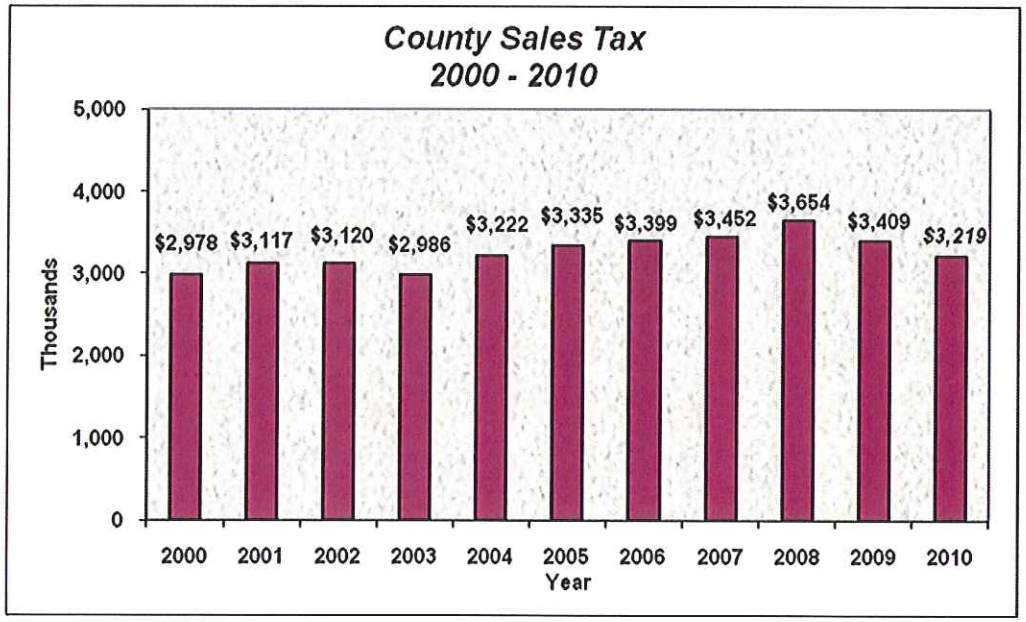
REVENUES

Property Tax: For 2010, property taxes (both current and delinquent payments) were estimated at $18,883,894. Collections for the year totaled $18,559,858, and 97.4% of the current year assessment. In comparison, the 2009 collections, of $18,458,672, were 97.7% of the assessment. From 2004 to 2009 the City averaged collections of 98.7%.

General City Sales Tax: Sales Tax represents the second largest source of general fund revenue. Collections were originally projected to be $5,561,100 but were revised downward to $5,553,483 when reviewed in April, 2010. Collections for the year totaled $5,708,892, 2.8% higher than revised projections and 3.5% higher than previous year collections. The 2009 collections were $5,517,618. The chart below shows annual collections since 2000.



County Retail Sales Tax: The April estimate for County retail tax collections was revised downward to $3,340,509 from the original projection of $3,599,003. Collections of $3,219,274 were 3.6% less than the estimate. Collections for the same period last year were $3,408,723, showing a decrease of 5.6% from 2009 to 2010.

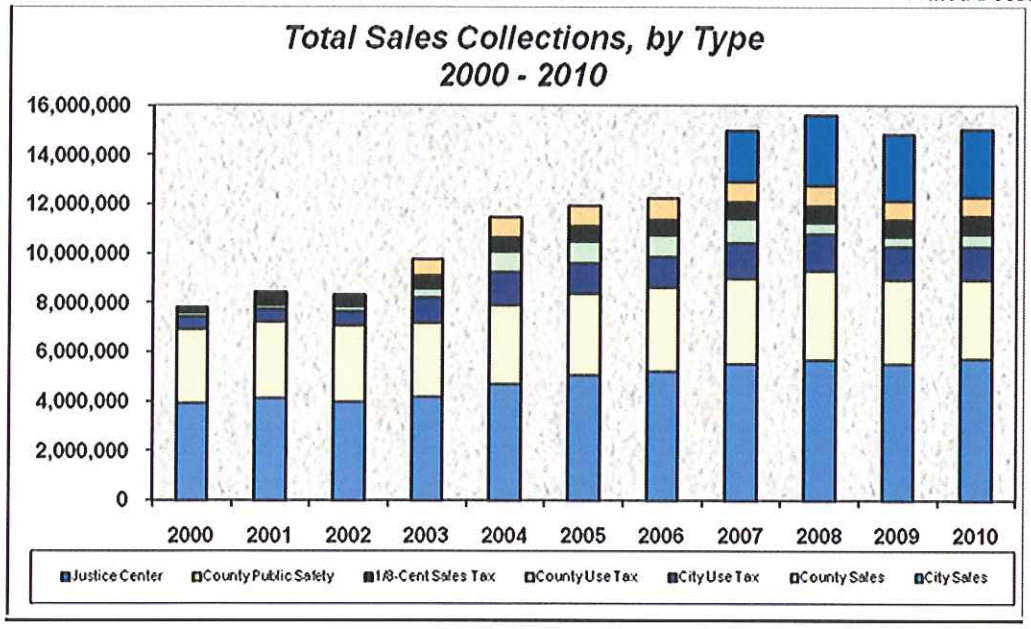


Total Sales & Local Use Tax: Included in this category are the city one-cent sales tax, county sales tax, city and county compensating use taxes, the 1/8-cent sales tax, and the county public safety sales and use taxes. Not included in the total are the .40% collections for the construction of the Justice Center. The city & county sales and use taxes and the 1/8-cent sales tax are included in budgeted funds. The total budget for these areas was revised downward in April to $11,984,413. Total sales and use tax cash collections through December were $12,253,547 compared to $12,121,751 for the same period last year or a 1.1% increase from the previous year. As shown in the chart below, all but two areas of sales tax collections experienced increases from the previous year.

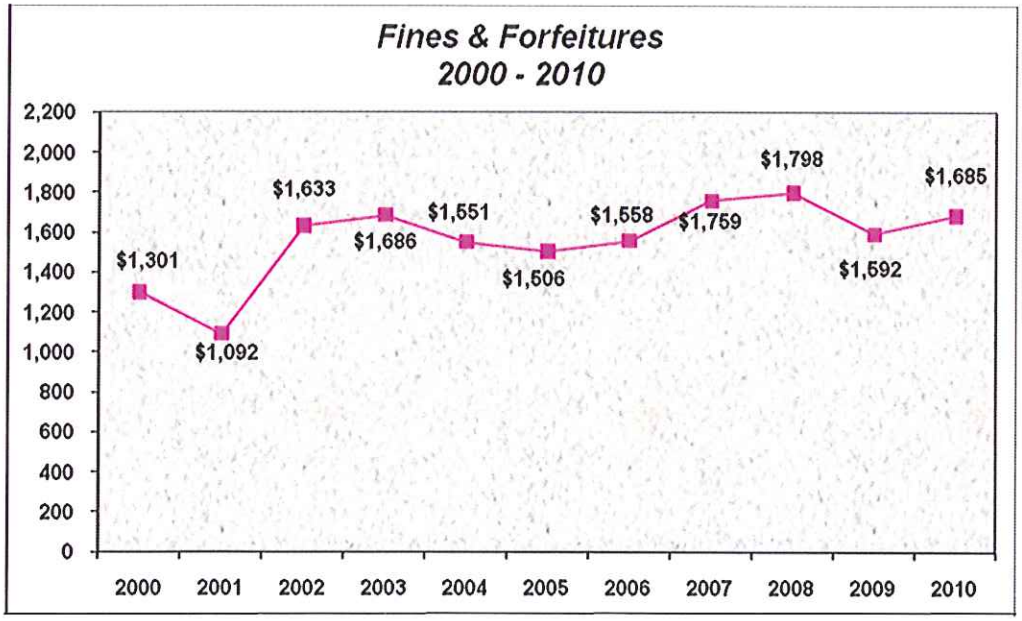
For 2010, the county public safety sales and use tax collections were $741,775 and the Justice Center sales and use tax collections were $2,764,695.

	2007 Actual	*2008 Actual*	*2009 Actual*	*2010 Estimate*	*2010 Actual*	*% Chg 2008/2009*
City Sales	5,491,401	5,646,360	5,517,618	5,553,483	5,708,892	3.5%
County Sales	3,452,125	3,654,182	3,408,723	3,340,509	3,219,274	-5.6%
City Use	1,455,958	1,494,552	1,320,507	1,329,090	1,356,267	2.7%
County Use	815,781	439,031	418,568	331,733	513,827	22.8%
City 1/8-Cent Sales	685,520	705,899	689,691	695,240	713,512	3.5%
County Public Safety Sales	690,426	730,838	681,746	668,091	638,459	-6.3%
County Public Safety Use	163,156	87,805	84,898	66,267	103,316	21.7%
TOTAL	***$12,754,368***	***$12,758,667***	***$12,121,751***	***$11,984,413***	***12,253,547***	***1.1%***
Justice Center City Sales	1,666,866	2,296,460	2,206,955	2,222,404	2,282,510	3.4%
Justice Center City Use	398,606	537,718	469,731	469,731	482,185	2.7%

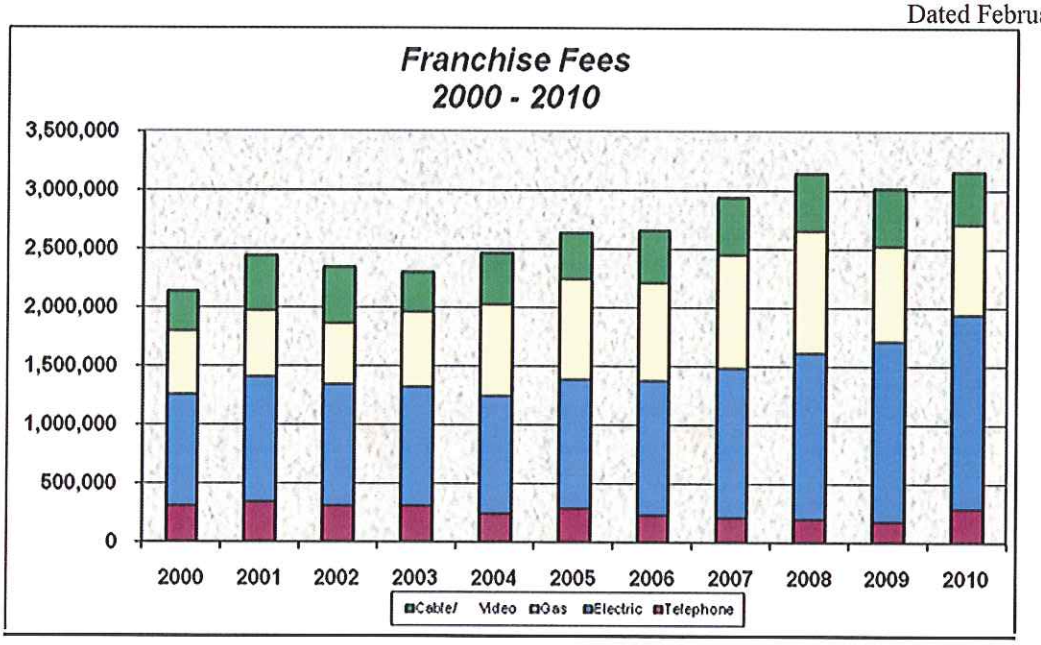
As with sales tax paid by businesses, there is a two-month lag between the month of payment and the month in which Leawood receives the payment from the State.



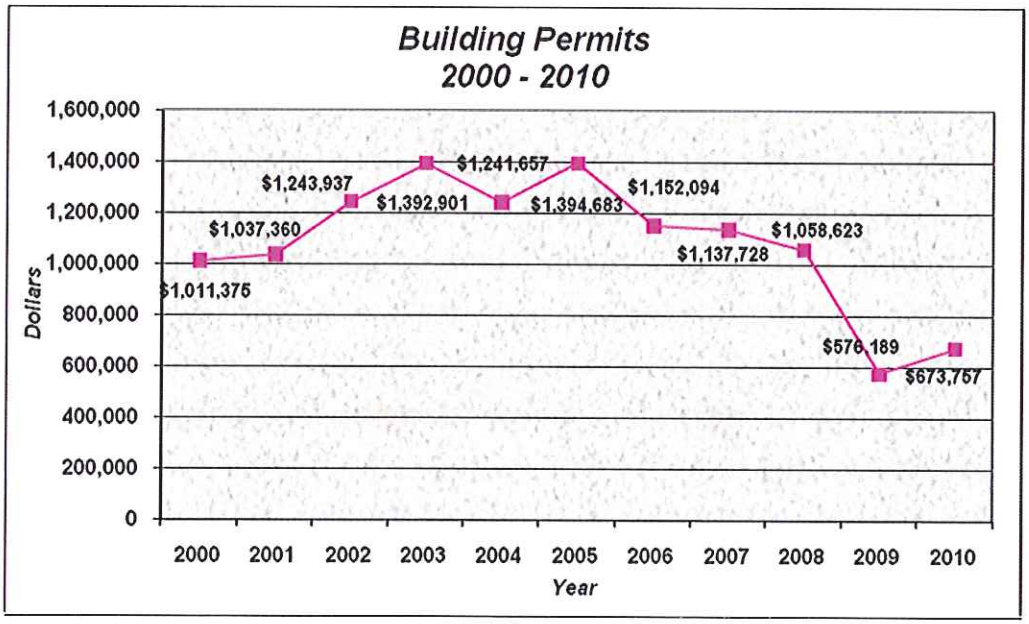
Fines and Forfeitures: The 2010 estimate for this category was $1,600,000. Collections for the year were $1,684,982, higher than the estimated budget by 5.3% and 5.9% higher than the 2009 collections of $1,591,695.



Franchise Fees: Franchise fees were originally budgeted at $3,110,000 but were re-estimated at $3,194,300 last April. Total 2010 collections were $3,153,238 or 1.3% lower than the estimated budget. Compared to last year's receipts, of $3,042,295, current year collections increased by 3.6%, primarily in all payment types except electric. The 2010 collections, by utilities are: Electric companies (52%); Gas companies (25%); Cable companies (12%); Telephone companies (9%); and Video Franchise (2%). Compared to last year, electric franchise fees increased by 7.8%; telephone fees increased by 59%; gas fees decreased by 4.0%; and cable fees decreased by 21.3%. Video franchise fees represent a new collection category in 2010.



Licenses and Permits: Licenses and Permits include a variety of building, occupation, and animal fees. Collections for 2010 were $1,245,508 or 18.8% higher than the estimated budget of $1,048,250. The largest source is **building permits**, with an estimated budget of $500,000 and actual collections for the year of $673,757 or 34.8% higher than the estimated budget. Current year collections were 16.9% higher than 2009 collections of $576,189.



Charges for Services: The majority of revenue within this category are fees for parks and recreation programs. The General Fund revenue was estimated at $2,803,055 for 2010 compared to the original projection of $3,243,336. Collections for the year, of $2,387,850, were 85.2% of the estimated budget and 3.2% lower than the 2009 collections of $2,466,139. The majority of revenues for this category are seasonal such as sports activities, pool operations and various rentals. Specific areas showing increases over the estimated budget include: lodge rentals, pool memberships, junior golf academy, tennis leagues, shelter rental, teen camp, T-ball and the pool super-pass which was new in 2010. Decreases from the estimated budget were shown in: golf

course revenues, soccer leagues, community center rentals, community center/nature center classes, pool food and beverage, tennis lessons, swim lessons and several special event activities.

Interest Income: Initially for fiscal year 2010 interest income was budgeted at $311,975, however in April it was revised downward to $184,365 in response to declining interest rates. Total 2010 receipts for all *budgeted* funds were $115,190, or 37.5% less than the estimate. The General Fund comprised 45% of this total at $52,185. For all funds, both *budgeted and non-budgeted*, the total interest earned for 2010 was $196,517.

EXPENDITURES

The General Fund 2010 budgeted expenditures, including contingencies and reserves, were originally budgeted at $51,541,300. The estimated budget totaled $43,176,800. The un-audited expenditures for 2010, which includes budgeted transfers from the General Fund to other funds, were $39,215,746, or 91.0% of the total budget. *This information represents final, unaudited, results for 2010.*

DEPARTMENTS	*General Fund Original Budget 2010*	*General Fund Estimated Budget 2010*	*General Fund ACTUALS Through 12/31/10*	*% of Revised Budget*
General Operations	$8,658,184	$7,907,375	$7,631,012	96.5%
Administration	$483,900	$483,900	$383,106	79.2%
Finance	$841,200	$801,000	$760,069	94.9%
Human Resources	$1,144,400	$1,068,000	$828,487	77.6%
Municipal Court	$650,700	$581,400	$465,697	80.1%
Legal Services	$534,700	$525,200	$402,293	76.6%
Information Services	$1,115,600	$1,058,200	$1,004,586	94.9%
Community Development	$1,349,800	$1,229,400	$1,141,659	92.9%
Police	$8,972,500	$8,737,200	$7,863,363	90.0%
Fire	$6,087,800	$5,938,400	$5,928,816	99.8%
Public Works	$7,671,700	$7,550,600	$6,568,270	87.0%
Parks & Recreation	$7,451,100	$7,204,747	$6,238,386	86.6%
TOTAL (without Cont/Reserves)	**$44,961,584**	**$43,085,422**	**$39,215,746**	**91.0%**
% Change			**91.0%**	
Contingency & Reserves	$6,579,716	$91,378	$0	
TOTAL	**$51,541,300**	**$43,176,800**	**$39,215,746**	

Comparison of General Fund Program Revenue and Expenses:

Below you will find a brief comparison of program revenues to expenditures for those departments that directly collect fees, permits, fines, and other revenues.

- Municipal Court is responsible for collecting fine and forfeiture revenue. Collections in 2010 were $1,684,982 while total expenses for this department were $465,697.
- Community Development collected a total of $24,233 in appeals board fees, inspection/rental fees; $34,069 in sign permit fees, planning application fees and special use permit fees; and $673,757 in building permits, $106,951 in land disturbance fees, plan review fees, re-inspection and code modification request fees within 2010. The 2010 program expenses were $1,141,659 for these programs.

- Parks and Recreation charges for service revenue totaled $2,300,596 for the year while expenses totaled $6,238,386 including parks and golf course maintenance.
- Police Department is responsible for collecting alarm fees, animal impound fees, school resource officer revenue and security fees. This revenue totaled $87,254 for 2010 and expenses were $7,863,363.

SUMMARY OF OTHER FUNDS

The following table includes the budgeted Special Revenue and Capital funds for the City. Shown is the beginning balance, ***unaudited*** revenues and expenditures through December 31st and the current balance. *This information represents final, unaudited, results for 2010.*

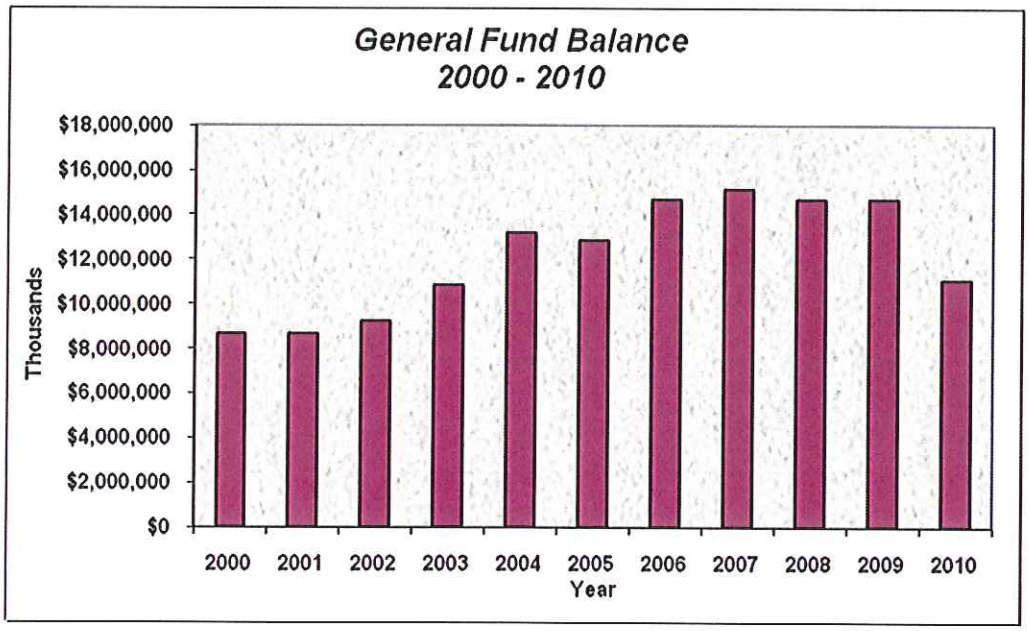
Funds	1/1/2010 Beginning Balance	*Actual through December 31, 2010*		
		2010 Revenue	2010 Expense	Ending Fund Balance
Special Revenue Funds				
Special Alcohol	$372,268	$422,836	$262,345	$532,759
Special Parks & Recreation	299,211	422,933	25,036	697,109
Special Law Enforcement	940	260	104	1,096
Special City, Street, Highway	331,896	1,423,559	1,255,579	499,876
Special Transient Guest Tax	22,610	202,746	0	225,356
Capital Funds				
Street Improvements	$1,955,937	$1,643,550	$1,677,338	$1,922,149
Capital Improvements	3,931,443	1,101,927	1,248,332	3,785,038
City Equipment	3,054,875	7,278,551	1,432,627	8,900,799
City Art	377,625	82,116	41,261	418,480
Park Impact Fee	29,672	90,330	0	120,002
1/8-Cent Sales Tax	756,245	714,484	722,159	748,571
Public Art Impact Fee	194,330	16,076	0	210,406
K-150 Impact Fee	645,756	590	400,000	246,346
	$11,972,809	***$13,399,960***	***$7,064,780***	***$18,307,989***

The following table includes the budgeted Special Revenue and Capital funds for the City. Shown is the beginning balance, along with budgeted revenues and expenditures for the entire year, leaving the *projected* ending fund balance at December 31, 2010.

Funds	1/1/2010 Beginning Balance	*Forecast through December 31, 2010*		
		Projected Revenue	Projected Expense	Projected Ending Balance
Special Revenue Funds				
Special Alcohol	$372,268	$390,232	$310,000	$452,500
Special Parks & Recreation	299,211	390,089	547,600	141,700
Special Law Enforcement	940	10	950	0
Special City, Street, Highway	331,896	1,159,504	1,300,000	191,400
Special Transient Guest Tax	22,610	100,290	122,600	300
Capital Funds				
Street Improvements	$1,955,937	$2,738,663	$3,301,300	$1,393,300
Capital Improvements	3,931,443	5,106,457	7,230,900	1,807,000
City Equipment	3,054,875	3,107,325	3,696,500	4,465,700
City Art	377,625	60,375	223,400	214,600
Park Impact Fee	29,672	328	0	30,000
1/8-Cent Sales Tax	756,246	695,654	973,000	478,900
Public Art Impact Fee	194,330	670	50,000	145,000
K-150 Impact Fee	645,756	5,744	400,000	251,500
	$11,972,809	***$13,755,341***	***$16,156,250***	***$9,571,900***

FUND BALANCE

General Fund revenue collections for 2010 were $35,612,808 and were slightly higher than the estimated budget, of $35,507,601 (not including the balance forward projections), by 0.3% or $105,207. Expenses were budgeted at $43,176,800; however actual expenses were 9.0% lower at $39,215,746, a difference of $3,961,054. The projected (unaudited) 2010 ending General Fund (unreserved) balance is $11,080,761 compared to a budgeted estimate of $7,014,500. The following chart provides a historical view.



CONCLUSION

Staff continues to use the financial planning model to measure the fluctuation in the 2011 through 2019 assumptions and their potential affect on Leawood's fiscal picture. The model was developed in 2000 with a seven-year forecast and was enhanced in 2010 to include an eight-year forecast. A work session is planned for April 4, 2011 to discuss assumptions and the schedule for the development and presentation of the 2012 Budget.

CITY OF LEAWOOD, KANSAS

Pay-As-You-Go (PAYG) Project Status Report

As of 12/31/2010

No.	Project Name	Previous Yrs Expense	Orig 2010 Budget	Current 2010 Budget	2011-2015 Budgets	2010 Expenditures	2010 Encumbrances	Status/ Project to Date Information	Balance
Art									
79005	Temporary Art	10,500	5,000	5,000	25,000	2,941	-		2,059
79006	Sculpture Garden	-	100,000	100,000	420,000	5,000	-		95,000
79010	I-Lan Park Art	-	-	57,500	25,000	26,000	25,000	Pixel Descent *(44440.0000065)*	6,500
NA	Annual Art Maintenance	15,035	90,300	78,408	Varies	-	-		78,408
Art Total		***25,535***	***195,300***	***240,908***	***470,000***	***33,941***	***25,000***		***181,967***
Buildings and Grounds									
49111	Course - Maint Bldg HVAC Replc	-	18,000	18,000	-	-	-		18,000
49112	Course - Cart Storage Garage Doors	-	10,000	10,000	-	-	-		10,000
49116	Course - Maint Bldg Parking Lot	-	-	193,879	-	45,611	-		148,268
49120	Clubhouse - Parking Lot	-	225,000	159,565	-	159,565	-		0
49122	Course - Rplc Irrigation Pipe #8	574	-	31,400	-	31,400	-		-
49123	Course - Perimeter Fencing, Ph II	57,709	35,000	35,000	45,000	-	-		35,000
49126	Course - Hole #7 Repairs	-	-	7,500	-	7,484	-		16
49127	Course - Irrigation Retrofit	-	-	93,397	-	58,980	34,033	Rasmuson Contractg *(4600.0000671)*	384
71006	Pond and Trail Improvements								
74001	Bldg - City Hall Int Wall Renovations	-	287,600	287,600	325,000	2,120	-		285,480
74005	Aquatic Center - Deck Awnings	1,431	-	19,570	25,000	-	-		19,570
74009	135th Street Water Features	-	66,000	66,000	66,000	-	-		66,000
74013	Bldg - City Hall Restroom Repairs	-	40,000	40,000	40,000	-	-		40,000
74017	FS#1 Standby Generator	50,232	-	5,068	-	975	-		4,093
74020	Lodge Entry Doors	4,700	-	15,900	-	-	-		15,900
74024	Park Maint - Pressure Wash Equipment	-	15,000	15,000	-	-	-		15,000
74025	Park Bldg - Fuel Dispensers	-	10,000	10,000	-	9,979	-		21
74026	Park Bldg Generator Unit/Switch	-	45,000	53,040	-	2,760	49,590	RF Fisher *(3180.0000233)*	690
74027	Median Landscaping	-	82,500	82,500	82,500	-	-		82,500
74033	FS #1 - Ext Building Repairs	24,823	-	8,877	-	-			8,877
74036	Aquatic Center - Chlorine System	-	55,000	59,100	-	58,939	-		161
74037	Aquatic Center - Deck Wall Repr/Maint	8,220	-	46,780	-	23,955	-		22,825
74042	2010 Flood Damage Repairs	-	-	93,030	-	93,030	-		0
76005	Ironwoods Master Plan	97,486	-	3,013	-	-	-		3,013
76006	Gezer Park *(Capital Improvements Fund)*	2,011,104	-	15,130	-	-	-		15,130
76027	Gezer Park Amenities *(Spec Parks/Rec)*	315,177	150,000	150,000		18,536	-		131,464
76008	Justice Center Building	-	-	16,000,000	-	86,602	249,277	MC Realty Group *(2111.0000202)* Prof Serv Industries *(2111.0000205)*	15,664,121
76012	Park Maint Bldg Parking Lot	-	-	330,000	-	306,659	-		23,341
76015	Public Works Parking Lot	-	-	123,750	-	123,726	-		24
76018	Pond/Trail Imprv *(Special Parks/Rec Fund)*	-	287,600	287,600	-	-	-		287,600
76019	Police Bldg - Roof Repair	-	235,000	235,000	-	-	-		235,000
76026	PES-123rd & Mission	289,327	-	22,300	-	20,350	1,950	Phelps Engin *(4111.0000201)*	-
76028	Land Purchase-Future Development	-	-	5,680,000		5,680,000			-
Buildings and Grounds Total		***2,860,783***	***1,561,700***	***24,197,999***	***583,500***	***6,730,671***	***334,850***		***17,132,478***
Streets									
70007	2010 Slurry Seal	-	450,000	383,498	-	273,274	-		110,224
70008	2010 Mill & Overlay	6,502	800,000	866,502	-	850,961	-		15,541
72011	Arterial - Roe Ave, 135th-140th Streets	256,143	-	33,855	-	-	-		33,855
72014	Arterial - 103rd, Mission to State Line	18,440	1,316,560	1,273,463	-	1,269,284	-		4,179
72016	Arterial - Mission Rd, 95th-103rd	-	702,000	702,000	-	-	94,299	OP Ks *(3111.0000336)*	607,701
72027	Arterial - 135th St Cut/Saw/Fill	-	440,000	440,000	-	-	-		440,000
72028	Arterial - State Ln/I435 Ramp to 119th	-	500,000	500,000	-	248,747	-		251,253
72037	Arterial - Nall Ave, College to 119th	-	164,000	164,000	-	86,717	2,483	OP Ks *(3111.0000340)*	74,800
72038	Arterial - 95th & Mission Traffic Signals	-	60,000	60,000	-	9,581	46,371	OP Ks *(3111.0000336)*	4,049
Streets Total		***281,085***	***4,432,560***	***4,423,318***	***-***	***2,738,564***	***143,152***		***1,541,602***
Stormwater									
76022	2009 Accelerated Stormwater Program	115,790	-	484,210	-	395,830	4,082	Wiedenmann/Godfrey *(3111.0000355)*	84,298
77003	1/8 Cent - 85th & Reinhardt	214,983	-	72,000	-	-	-		72,000
77004	1/8 Cent - 137th & Pembrooke	-	60,000	60,000	-	-	-		60,000
77005	1/8 Cent - 87th Street & Cherokee	46,164	440,000	210,000	-	210,000	-		-
77009	1/8 Cent - 14601 Delmar	-	66,000	66,000	-	-	-		66,000
77013	1/8 Cent - 103rd, Mission-State Line	-	-	206,125	-	187,159	-		18,966
Stormwater Total		***376,937***	***566,000***	***1,098,335***	***-***	***792,988***	***4,082***		***301,264***
		3,544,340	**6,755,560**	**29,960,560**	**1,053,500**	**10,296,165**	**507,084**		**19,157,311**

CITY OF LEAWOOD, KANSAS

BOND-FINANCED Project Status Report

As of 12/31/2010

No.	Project Name	Budget *(As Authorized by Resolution)*	Resolution Numbers	Previous Yrs Expense	2010 Expenditures	2010 Encumbrances	Status/ Project to Date Information	Balance	Bond Life	Bond Year
Buildings and Grounds										
		-		-	-	-		-		
Buildings and Grounds Total		-		-	-	-		-		
Streets										
80118	Amphitheater, Phase I	500,000	*Bonded*	28,206	127,552	8,330	Continental Consult *(4111.0000189)*	335,912	NA	NA
80143	Nall Ave, 143rd to 159th Streets	6,800,000 *	2625, 2626, 2992, 3147	5,417,455	116,236	-		1,266,309	15	2010
80162	143rd St, Nall to Mission (2010)	13,500,000	1684, 2991	867,246	35,005	230,942	Burns & McDonnell *(3111.0000234)*	12,366,808	15	2017
80165	City Facility Improvements	1,980,000		-	1,278	-		1,978,722	15	2011
80189	Roe Ave, 140-143 Streets	1,300,000	2993	911,698	6,611	-		381,691	No Bonding	
80208	2008 Residential Streets, Phase I-Yr 5	2,500,000	2838	2,206,965	64,570	-		228,465	15	2010
80209	2009 Residential Streets, Phase II-Yr 1	1,500,000	2994	1,271,624	39,685	-		188,691	15	2010
80210	2010 Residential Streets, Phase II-Yr 2	2,500,000	3229	83,961	2,150,491	-		265,548	15	2010
80400	Traffic Signals, 128th & State Line	340,000	2837	286,372	8,362	-		45,266	20	2010
80403	135th & Fontana Signalization	820,000	2767	743,710	19,929	-		56,361	20	2010
Streets Total		***31,740,000***		***11,817,237***	***2,569,719***	***239,272***		***17,113,772***		
Economic Development										
80196	Park Place	5,500,000	2410, 2806	5,211,143	131,691			157,166	15	2011
80197	Villagio	4,400,000	2428, 2454, 3062	4,582,089	116,012	-		(298,101)	15	2010
80453	Park Place-Parking Structure #1 (TDD)	-	-	-	-	-		-	22	2011
80455	Park Place-Aloft /Element Garages (TDD)				8,065			(8,065)	22	2014
80456	One Nineteen (TDD)	-	-	-	71,500	-		(71,500)		
Economic Development Total		***9,900,000***		***9,793,232***	***327,268***	-		***(220,500)***		
		41,640,000		**21,610,469**	**2,896,987**	**239,272**		**16,893,272**		

City of Leawood, Kansas

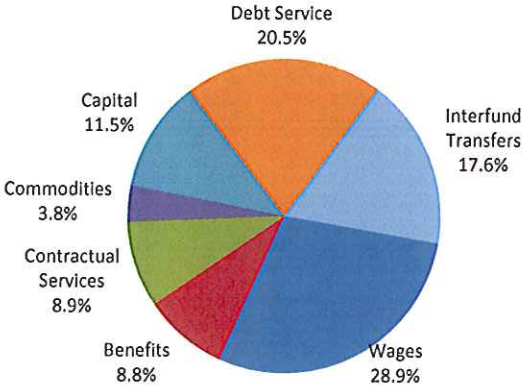
SNAPSHOT OF FINANCES and CITY ACTIVITY *(Unaudited)*

as of December 31, 2010

General Fund Revenues

Revenues	*Estimated Budget*	*YTD*	*%*
Taxes	23,875,431	23,802,551	99.7%
Licenses & Permits	1,048,250	1,245,510	118.8%
Other Intergovernmental	5,889,411	6,059,524	102.9%
Charges for Services	2,803,055	2,387,852	85.2%
Fines & Forfeitures	1,600,000	1,685,388	105.3%
Interest Income	75,126	52,185	69.5%
Contributions & Other	66,328	229,799	346.5%
Other Financing Sources	150,000	150,000	100.0%
Sub-Total, Revenues	*35,507,601*	*35,612,808*	*100.3%*
Fund Balance	14,683,699	0	0.0%
Total Revenues	*$50,191,300*	*$35,612,808*	*71.0%*

YTD - Citywide Expense Allocation



General Fund Expenditures - by Program

Expenditures	*Est Budget*	*YTD*	*%*
General Operations	7,998,753	7,631,012	95.4%
Administration	483,900	383,106	79.2%
Finance	801,000	760,069	94.9%
Human Resources	1,068,000	828,487	77.6%
Municipal Court	581,400	465,697	80.1%
Legal Services	525,200	402,293	76.6%
Information Services	1,058,200	1,004,586	94.9%
Community Development	1,229,400	1,141,659	92.9%
Police	8,737,200	7,863,363	90.0%
Fire	5,938,400	5,928,816	99.8%
Public Works	7,550,600	6,568,270	87.0%
Parks & Recreation	7,204,747	6,238,386	86.6%
Total Expenditures	*$43,176,800*	*$39,215,746*	*91.0%*

YTD - Total Citywide Budget

Expenditures	*Est Budget*	*YTD*	*%*
Total Citywide Budget	$62,055,250	58,241,424	93.9%

All Other Budgeted Funds - by Fund Type

Special Revenue Funds	*Est Budget*	*YTD*	*%*
Revenues	2,267,525	2,472,334	109.0%
Fund Balance	1,026,925	0	0.0%
Total Revenues	*3,294,450*	*2,472,334*	*75.0%*
Total Expenses	*2,266,150*	*1,543,063*	*68.1%*

Capital Funds	*Est Budget*	*YTD*	*%*
Revenues	11,715,216	10,927,625	93.3%
Fund Balance	10,945,884	0	0.0%
Total Revenues	*22,661,100*	*10,927,625*	*48.2%*
Total Expenses	*9,249,400*	*5,521,717*	*59.7%*

Debt Service Fund	*Est Budget*	*YTD*	*%*
Revenues	7,617,866	11,666,733	153.1%
Fund Balance	7,604,434	0	0.0%
Total Revenues	*15,222,300*	*11,666,733*	*76.6%*
Total Expenses	*7,362,900*	*11,960,898*	*162.4%*

General Fund Expenditures - by Category

Expenditures	*Est Budget*	*YTD*	*%*
Personnel	23,031,575	21,946,827	95.3%
Contractual Services	6,831,175	5,012,011	73.4%
Commodities	3,134,297	2,191,637	69.9%
Capital	614,200	614,080	100.0%
Other Financing Uses	9,565,553	9,451,192	98.8%
Total Expenditures	*$43,176,800*	*$39,215,746*	*91.0%*

Key Activity Updates *(Cash Basis, Year-To-Date)*

	Dec-10	*Dec-09*	*%*		*Dec-10*	*Dec-09*	*%*
City Sales Tax Collections *(receipts through Dec, 2010)*	5,708,892	5,517,618	3.5% ⬆	Interest Earnings/Rates *(all budgeted funds)*	115,190	190,026	-39.4% ⬇
Building-related Fees *(per Building Official)*	766,660	741,952	3.3% ⬆	Fines/Forfeitures	1,684,982	1,591,695	5.9% ⬆
Property Tax Collections *(Collections/Assessed)*	97.4%	97.7%	-0.3% ⬇	Special Assessment Collections *(Collections/Assessed)*	87.7%	79.8%	9.9% ⬆

Capital Markets Group

City of Leawood

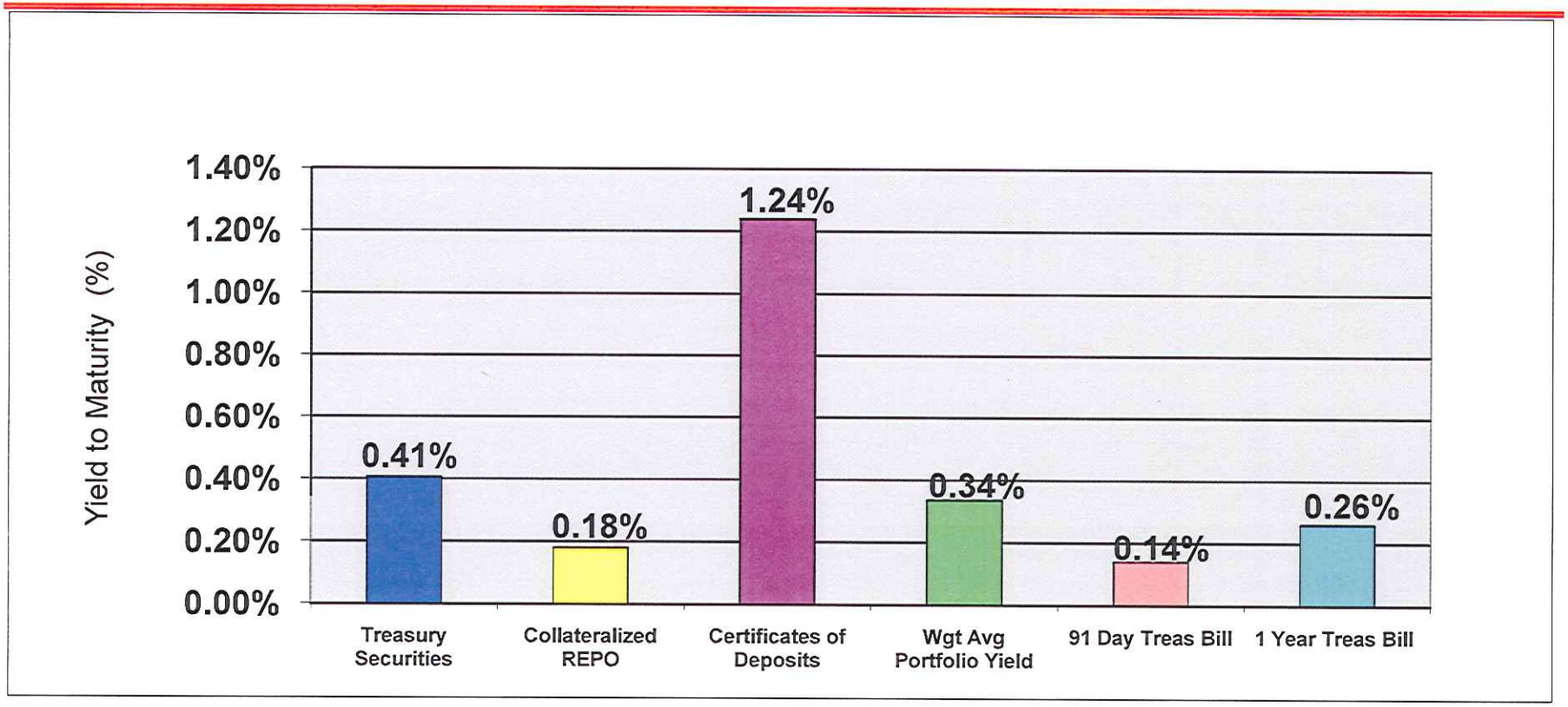
INVESTMENT PORTFOLIO EXECUTIVE SUMMARY

As of December 31, 2010

Commerce Bank

City of Leawood

YIELD TO MATURITY



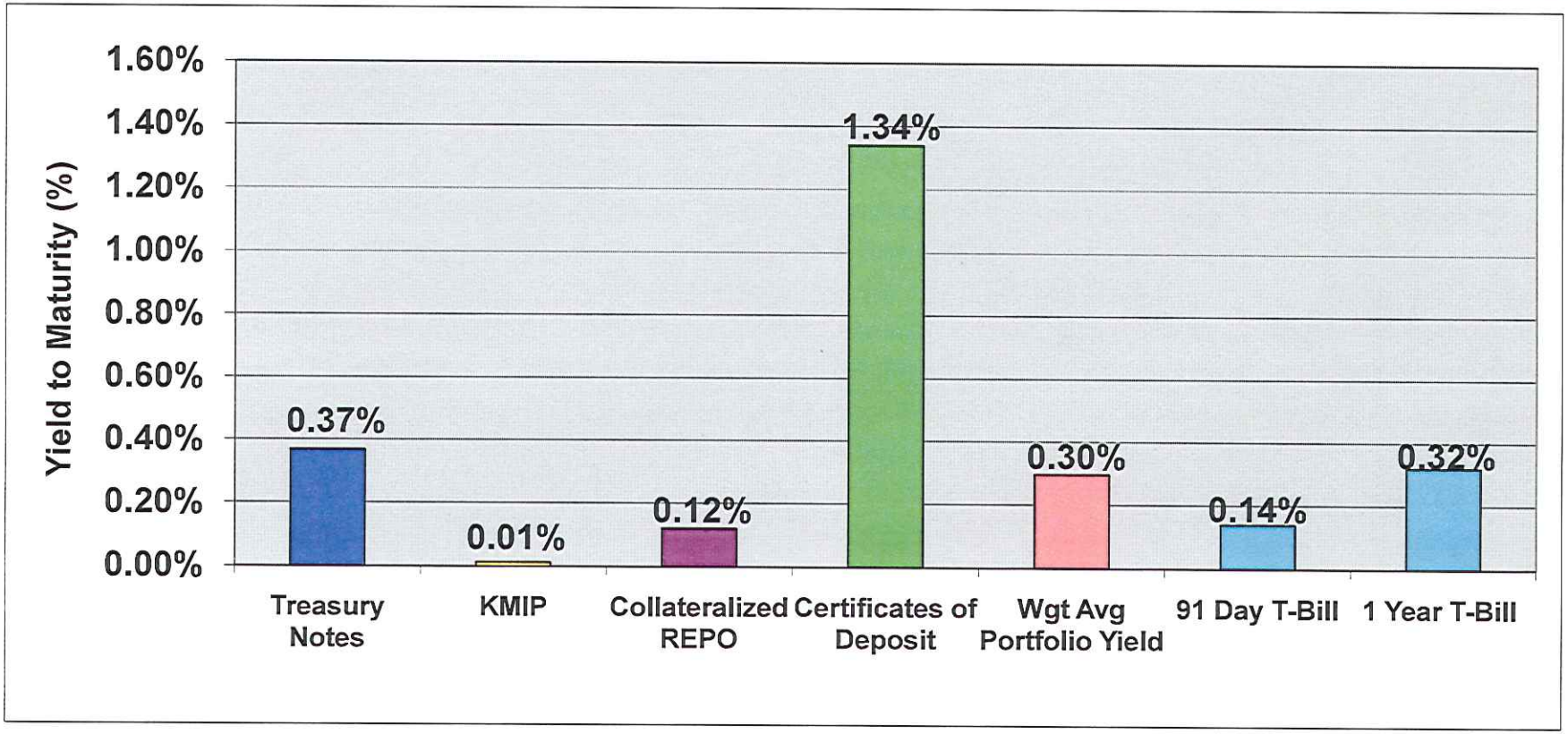
As of December 31, 2010

This graph demonstrates the yield to maturity for each asset class. The Weighted Average Portfolio yield is the average yield from each asset class weighted by the amount of par invested in each class. As of December 31, 2010 this chart shows the yield to maturity for these investments.

Note: The Collateralized REPO represents the Federal Reserve 91 day T-bill rate adjusted monthly in arrears. The fourth quarter average 91-day T-Bill rate was 0.14%. The long-term portfolio uses the one-year T-Bill as the benchmark. The fourth quarter average of the one-year T-Bill rate was 0.26%.

City of Leawood

YEAR TO DATE AVERAGE YIELD



As of December 31, 2010

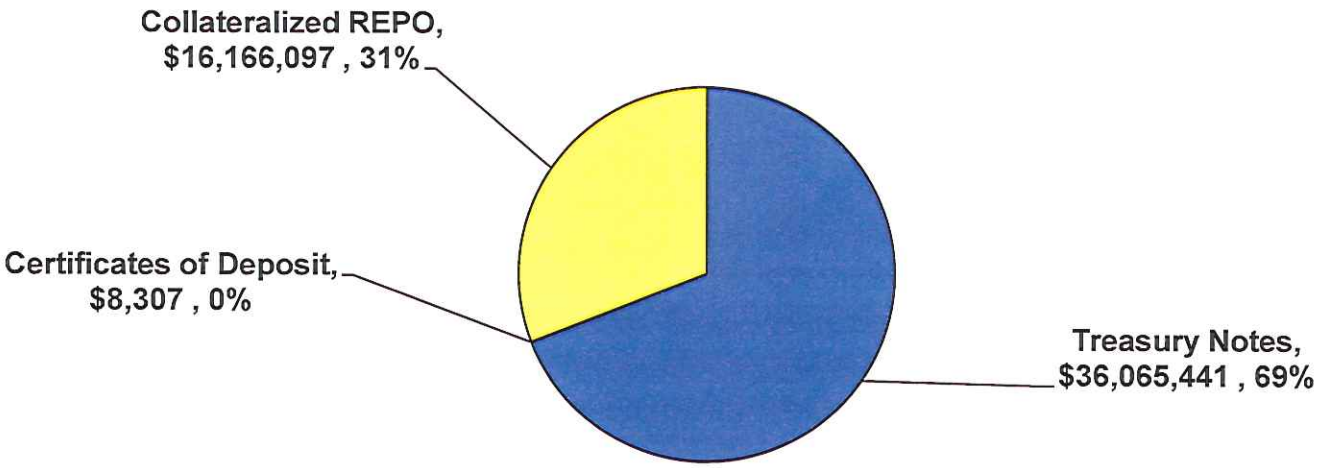
This graph demonstrates the year to date weighted average yield for each asset class. The weighted average portfolio yield is the average yield from each asset class weighted by the monthly par amount invested in each class. As of December 31, 2010 this chart shows the year to date yield to maturity for these investments.

Note: The Collateralized REPO represents the Federal Reserve 91-day T-bill rate adjusted monthly in arrears. For 2010 the average year to date 91-day T-Bill rate was 0.14%. The long-term portfolio uses the one-year T-Bill as the benchmark. For 2010 the average one-year T-Bill rate was 0.32%.

City of Leawood

SECTOR DISTRIBUTION

Commerce Bank
Member FDIC



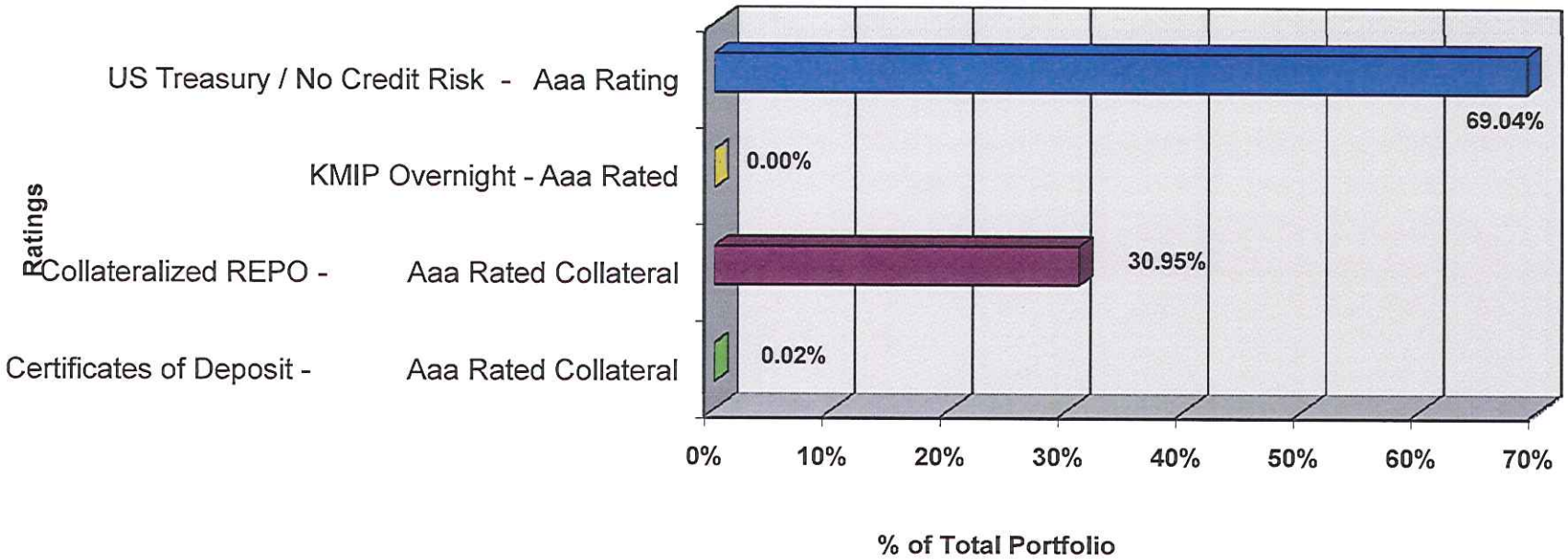
Total Portfolio $52,239,845

As of December 31, 2010

This graph demonstrates the distribution of the total par amount of assets in the portfolio among various asset types. The percentage represents the percent of total par held in each asset class.

City of Leawood

RATINGS DISTRIBUTION

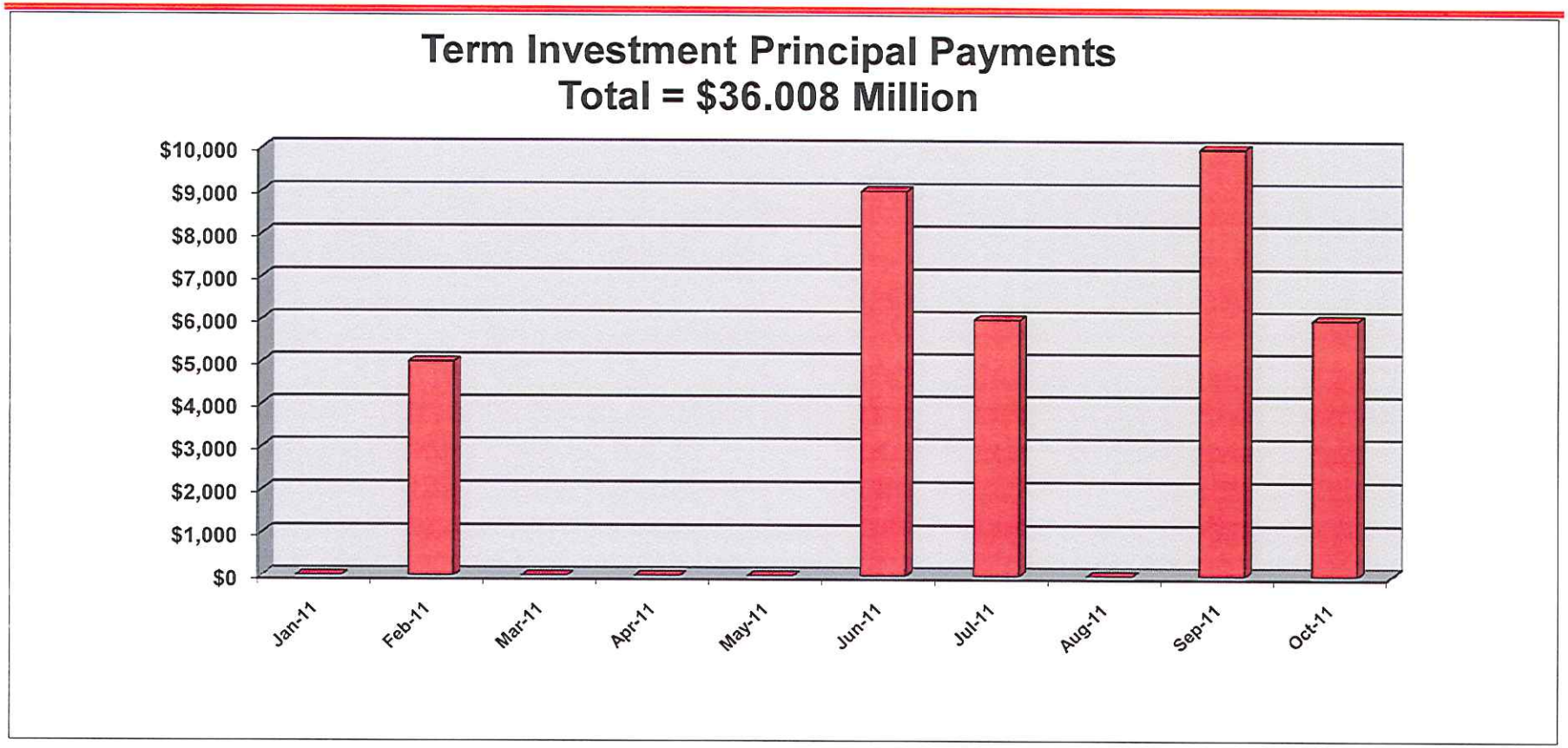


As of December 31, 2010

This graph demonstrates the distribution of assets by credit rating. The graph shows that 100% of the portfolio is invested in assets that have no material credit risk, since assets or the underlying collateral is rated Aaa by Moody's Investors Service. These percentages are well within policy guidelines. Basically, the City of Leawood owns nothing but the best credit risks in the world.

City of Leawood

2-YEAR CASH FLOWS



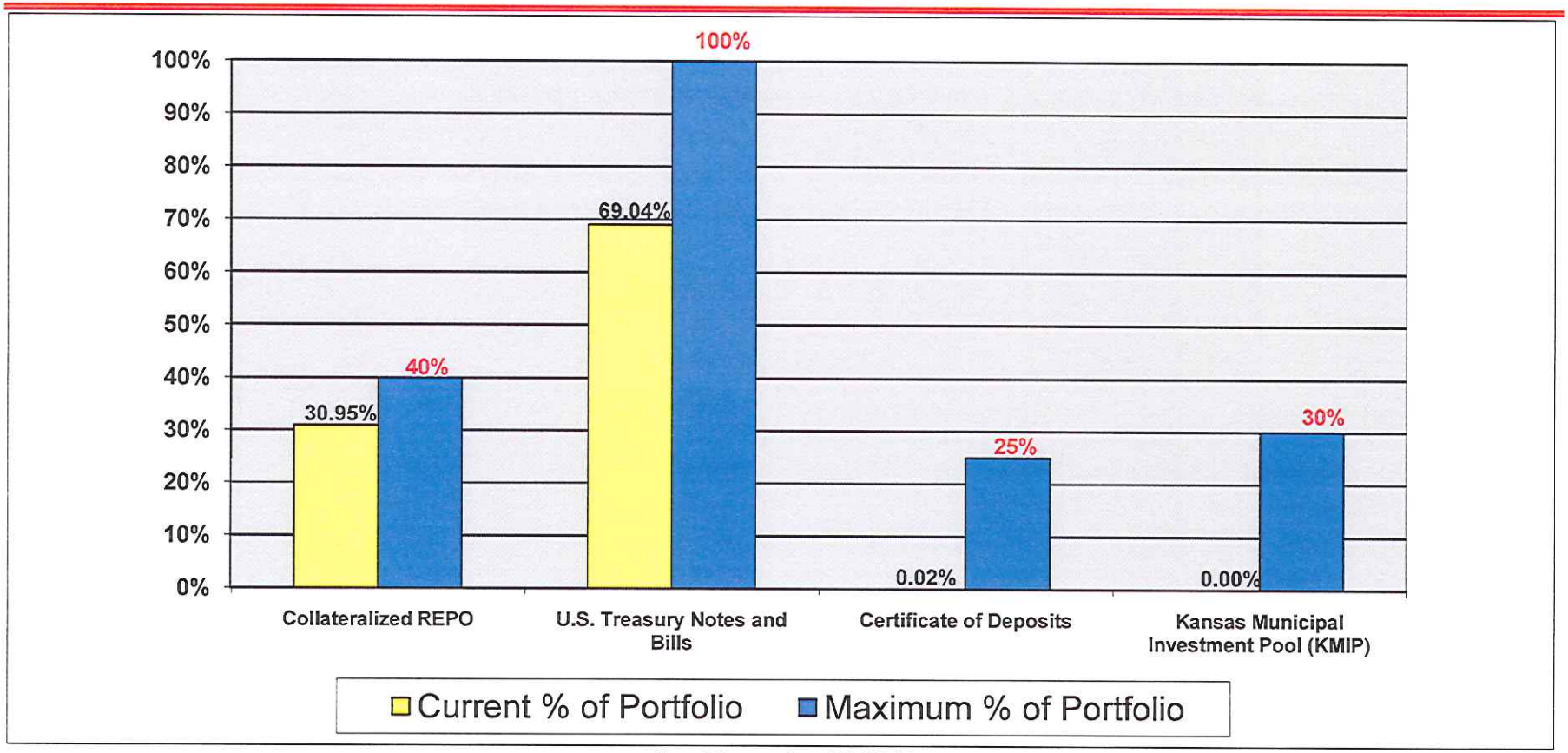
As of December 31, 2010

This graph demonstrates the amount of principal being paid from the portfolio each month for the next two years. As of year-end 2010, all term investment portfolio cash flow will be returned with-in the next ten-months.

By Kansas Statute we cannot go out any further than two years. We are also strategically keeping our investments short-term because we need cash flow for operations, capital and debt service. Attached to this report on yellow paper, you can see the short term and the long term yields.

City of Leawood

POLICY COMPLIANCE



As of December 31, 2010

This graph compares the percentage of the total portfolio currently held in each asset class to the maximum percentage allowed in that asset class by policy. The Kansas Municipal Investment Pool includes monies held in the city's capital improvement fund, which are exempt from investment policy compliance.

City of Leawood

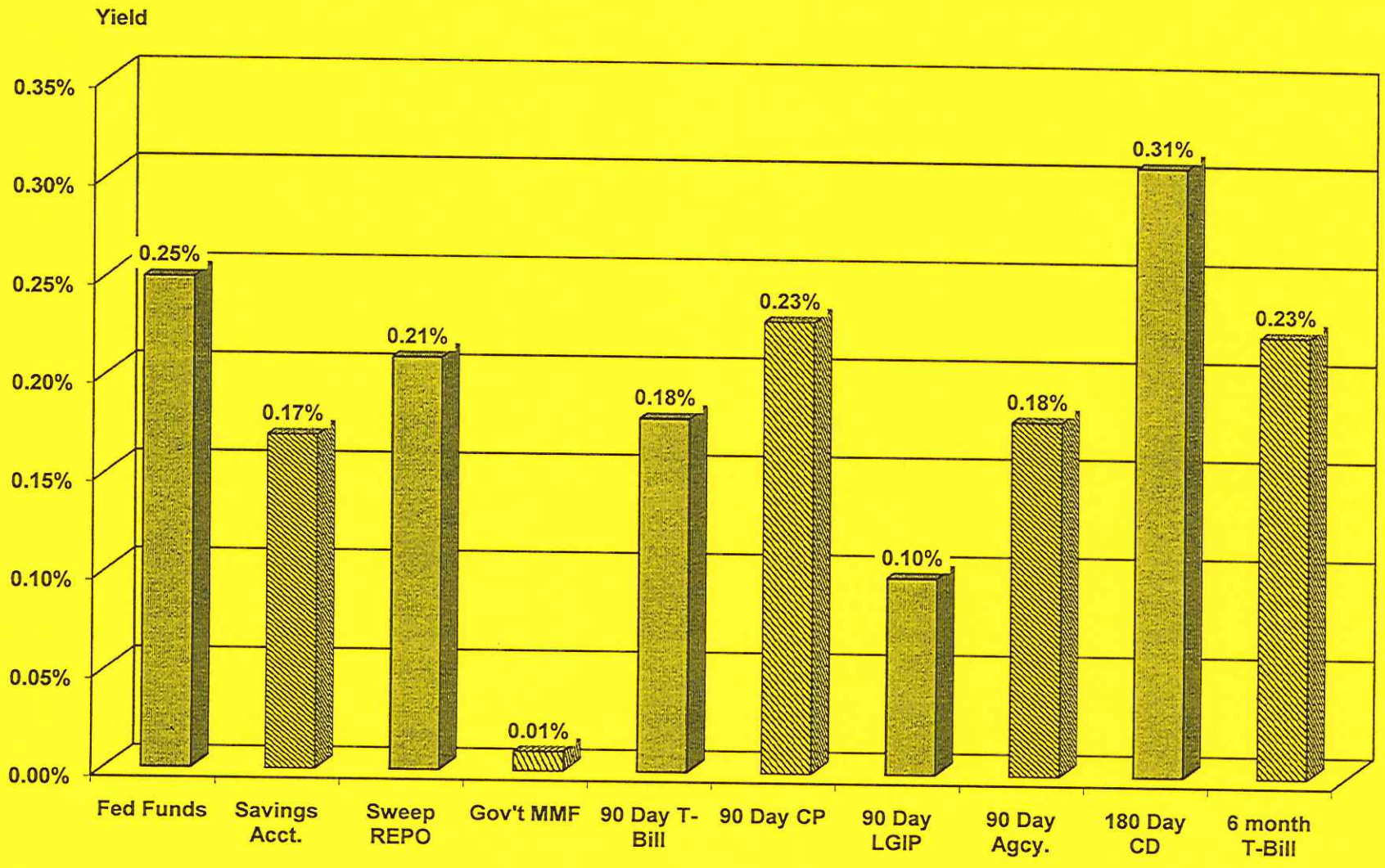
MARKET VALUE

SECTOR	Book Value	Market Value	Unrealized Gain (Loss)	Unrealized % Gain (Loss)
Treasury Notes	$36,065,441	$36,109,290	$43,849	0.12%
Collateralized REPO	$16,166,097	$16,166,097	$0	0.00%
Certificates of Deposit	$8,307	$8,307	$0	0.00%
Total Marketable Securities	$52,239,845	$52,283,694	$43,849	0.08%

As of December 31, 2010

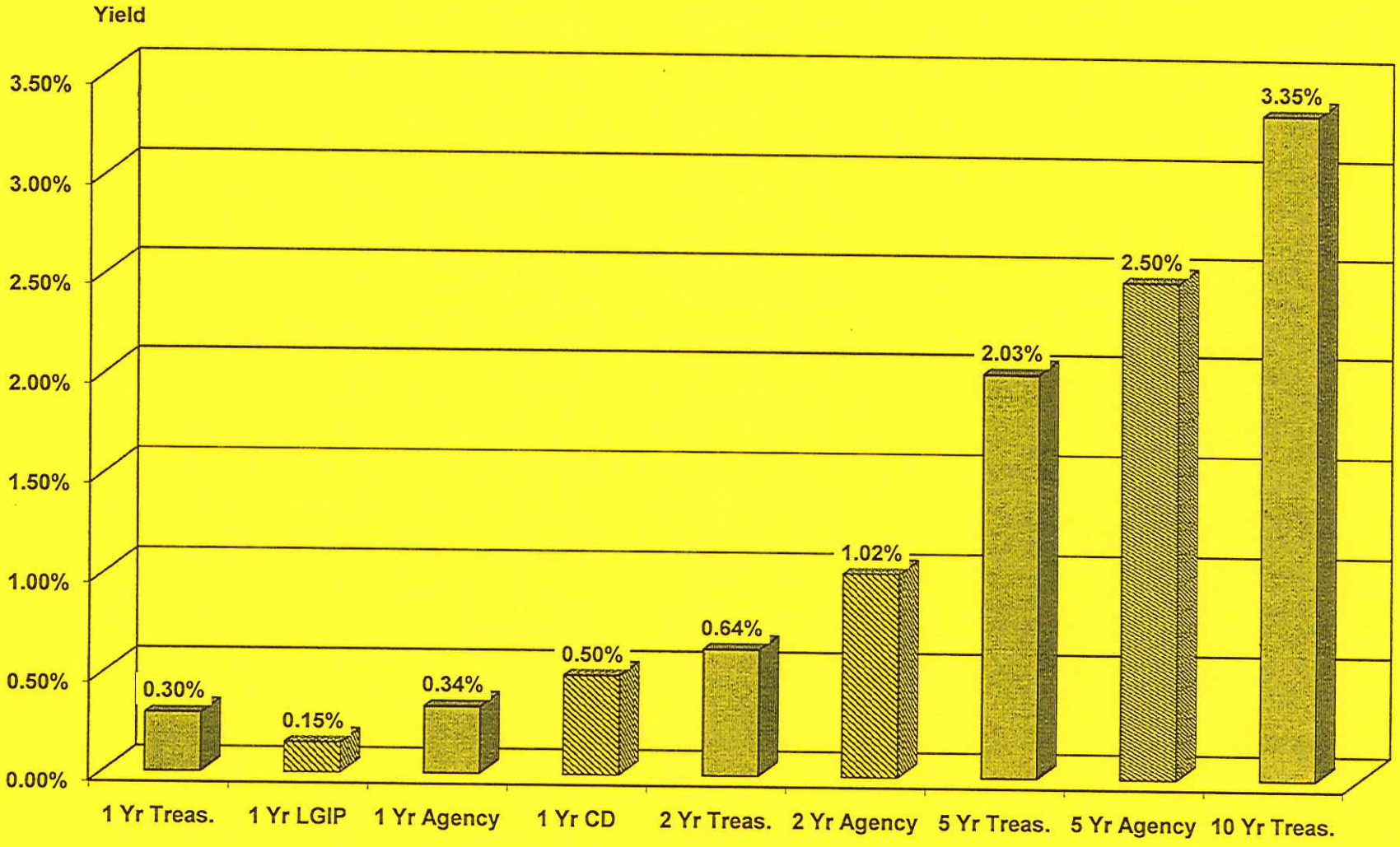
This table compares the portfolio market value as of report date to book value, showing the corresponding unrealized gain or loss. The percentage gain or loss column reflects the amount of gain or loss divided by book value.

CURRENT YIELDS
Short Term as of December 31, 2010



J. F. Beasley & Co., Inc.

CURRENT YIELDS
Long Term as of December 31, 2010



J. F. Beasley & Co., Inc.

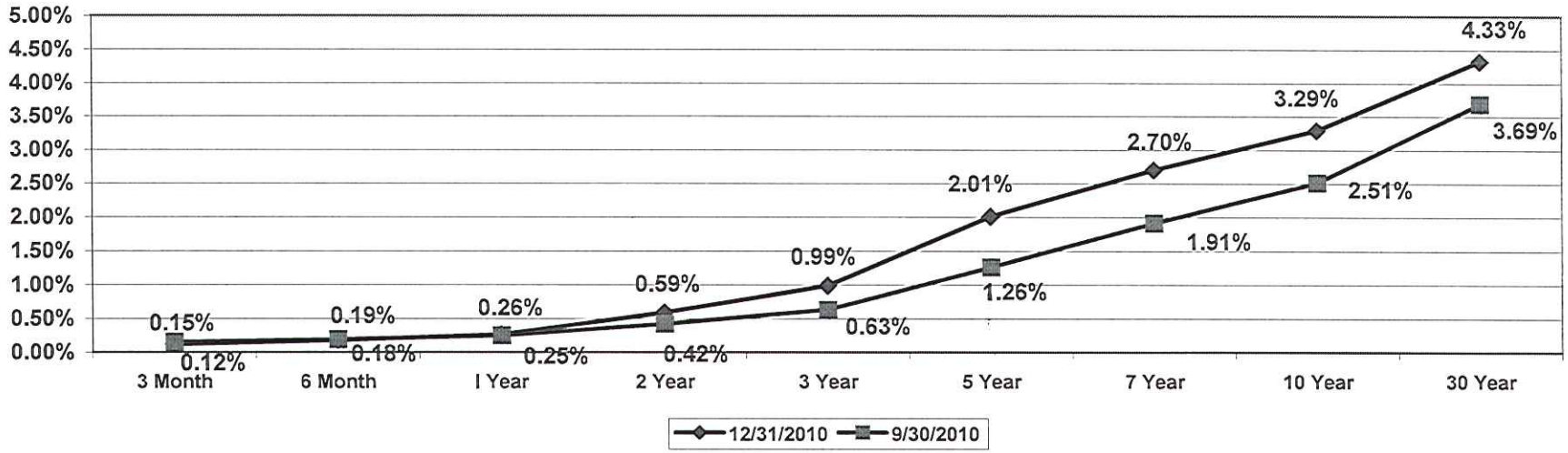
Commerce Bank
Member FDIC

IRRM Service

31-Dec-10

Yield Curves and Rate Forecast

Treasury Yield Curves



During fourth quarter 2010, Treasury prices rallied into the Federal Reserve's November 3rd meeting when additional rounds of quantitative easing (referred to as QE2) were announced. The Federal Reserve stated they may buy up to $600 billion of additional Treasury securities through second quarter 2011 to help lower unemployment and raise inflation expectations. On November 4th, the Treasury market reached the low point in yields for 2010 as five and ten-year Treasury yields hit 1.03% (all-time low) and 2.49%, respectively. However, since that time Treasury rates have been increasing sharply due to better perceived growth prospects in 2011 along with increasing inflation expectations, fiscal policy boost from tax cut initiatives, and good equity market performance (sell bonds and buy riskier assets such as equities). Before settling back into slightly lower rates at year-end, five and ten-year Treasury yields increased by approximately 1%, while shorter term instruments, such as two-year Treasury yields, increased by only 0.30%. This caused the yield curve to become even steeper (the two to ten-year Treasury yield spread increased from 2.09% on September 30, 2010, to 2.70% by year-end 2010). The steeper yield curve also translated into higher mortgage rates.

Over the next quarter we anticipate the Treasury yield curve will continue to be steep and will steepen on market sell-offs (lower prices, higher yields) and then flatten on market rallies (prices high, lower yields). Short-term interest rates with-in one-year will continue to be pegged to the federal funds rate and will not be increasing until most likely in 2012. The recent market correction has resulted in an oversold position; therefore, we expect market interest will recede some and then remain range bound. However, U.S. economic data (especially job growth), Euro zone debt issues, and domestic equity performance could push Treasury rates outside a trading range (3.00%-3.60% on ten-year note yields) in either direction (lower or higher rates).

Commerce Bank
Member FDIC

IRRM Service

31-Dec-10

Yield Curves and Rate Forecast

Rate Forecast

	1Q2011	2Q2011	3Q2011	4Q2011	2Q2012	4Q2012	2Q2013	4Q2013
Fed Funds	0.16%	0.16%	0.16%	0.20%	0.89%	2.79%	3.50%	3.50%
Prime Rate	3.25%	3.25%	3.25%	3.25%	3.89%	5.79%	6.50%	6.50%
US T 3MO	0.17%	0.23%	0.35%	0.50%	1.09%	2.91%	3.53%	3.55%
US T 6MO	0.22%	0.32%	0.46%	0.64%	1.19%	3.03%	3.66%	3.69%
US T 1YR	0.34%	0.38%	0.53%	0.77%	1.32%	3.09%	3.68%	3.68%
US T 2YR	0.71%	0.76%	0.82%	1.03%	1.55%	3.29%	3.88%	3.88%
US T 3YR	1.12%	1.15%	1.18%	1.27%	1.77%	3.50%	4.09%	4.09%
US T 5YR	2.06%	2.08%	2.09%	2.12%	2.41%	3.78%	4.33%	4.33%
US T 10YR	3.25%	3.25%	3.30%	3.30%	3.38%	4.13%	4.68%	4.68%
US T 30YR	4.43%	4.43%	4.46%	4.47%	4.50%	4.74%	5.08%	5.08%
US T 2-10 YR Spread	2.54%	2.49%	2.48%	2.27%	1.83%	0.84%	0.80%	0.80%
30-Year Mortgage Rate	5.05%	5.02%	5.05%	5.01%	5.04%	5.73%	6.25%	6.25%

The Fed is in the process of executing the second round of quantitative easing. The FOMC plans to accumulate $600 billion in treasury term notes over the period through June 2011. The majority of the asset purchases will be focused on intermediate to long-term U.S. treasuries with maturities between 2 and 10 years. In conjunction with projected further acquisitions of approximately $300 billion, related to mortgage principal repayments, the Fed will be purchasing roughly $112.5 billion per month through June 2011. These actions are expected to raise excess bank reserves and push the Fed's balance sheet up to at least $2.5 trillion by June, 2011. The FOMC is not expected to decide to let its balance sheet shrink again until the September 2011 meeting and the FOMC is not expected to start moving short rates back up again until March, 2012. The base line forecast for Treasury rates has been adjusted for the recent rise in rates based on improving economic results in gross domestic product and higher final demand.. The forecast projects Treasury rates to remain range bound for much of 2011.

The rate forecast is supplied by Global Insights and they place a 70% probability on this "most likely" forecast. However, they put together two additional rate forecasts besides the baseline forecast shown above. One forecast is for continuing low interest rates and the other is for rapidly rising rates. They place a 15% probability on the extended low rate forecast (down from 25%) with fed funds being held at current levels through July 2012 and measuring only 0.75% by YE2012. Under this forecast the economy stalls in 2011 and Federal Reserve asset purchases also fail to jump start the economy primarily due to further declines in the housing market. The high rate forecast also has a 15% assigned probability with funds increasing sooner and in greater magnitude due to the economy picking up momentum due to stronger business equipment investment, private sector employment growth and a sharp rebound in housing. Under this scenario the forecast projects fed funds to rise sharply to 5.50% by March 2013 and for overnight rates to begin increasing in April 2011 with a 50 basis point rate hike.