

In the opinion of Gilmore & Bell, P.C., Bond Counsel, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), (1) the interest on the Bonds and Notes is excludable from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, (2) the interest on the Bonds and Notes is exempt from Kansas income taxation by the State of Kansas, and (3) the Bonds and Notes have not been designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. See "TAX MATTERS" herein.

New Issues
Book-Entry Only
Not Bank Qualified

Moody's Bond Rating: "Aaa"
Note Rating: "MIG 1"

CITY OF LEAWOOD, KANSAS

\$34,460,000

**GENERAL OBLIGATION TEMPORARY NOTES
SERIES 2016-1**

\$9,765,000

**GENERAL OBLIGATION REFUNDING BONDS
SERIES 2016-A**

Dated: August 24, 2016

Due: As Shown Herein

The Series 2016-1 Notes (the "Notes") and the Series 2016-A Bonds (the "Bonds", and together with the Notes sometimes referred to herein as the "Securities") will be issued as fully registered notes/bonds, without coupons, in the denomination of \$5,000 or any integral multiple thereof. The Notes and Bonds shall be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, to which payment of principal and interest will be made. Principal of and interest on the Notes and Bonds will be payable by check, draft, or wire transfer from the State Treasurer of Kansas (the "Note Paying Agent" and the "Bond Paying Agent") to DTC. Purchases of Notes and Bonds will be made in book-entry form. Purchasers will not receive certificates representing their interest in the Notes and Bonds purchased.

Interest on the Notes will be payable March 1, 2017 and at maturity on September 1, 2017. The Notes are not subject to optional redemption prior to maturity.

Interest on the Bonds will be payable on each March 1 and September 1, beginning on March 1, 2017. The Bonds are subject to redemption as described herein. See THE BONDS – "Redemption Provisions" herein.

MATURITY SCHEDULES
(see inside front cover)

The Notes and the Bonds and interest thereon constitute general obligations of the City and are payable as to both principal and interest from ad valorem taxes which may be levied without limitation as to rate or amount upon all taxable tangible property within the territorial boundaries of the City. The Notes and interest thereon are further payable from proceeds of future general obligation bonds or notes of the City. The Bonds and interest thereon are further payable in part from special assessments levied against certain benefited properties. See THE NOTES - "Security" and THE BONDS – "Security" herein.

The Notes and Bonds are offered when, as and if issued by the City and received by the Underwriters subject to the approval of Bond Counsel. It is expected that the Notes and Bonds will be available for delivery through the facilities of DTC on or about August 24, 2016.

This Official Statement is dated August 1, 2016.

MATURITY SCHEDULES

**\$34,460,000
GENERAL OBLIGATION TEMPORARY NOTES
SERIES 2016-1**

<u>Maturity</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	Base CUSIP⁽¹⁾ <u>522364</u>
09-01-17	\$34,460,000	2.000%	0.600%	3M8

The Notes are not subject to optional redemption prior to maturity.

**\$9,765,000
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2016-A**

<u>Maturity</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	Base CUSIP⁽¹⁾ <u>522364</u>
09-01-17	\$1,195,000	2.000%	0.550%	2Z0
09-01-18	1,650,000	2.000	0.600	3A4
09-01-19	1,655,000	3.000	0.690	3B2
09-01-20	1,655,000	3.000	0.830	3C0
09-01-21	1,665,000	3.000	0.960	3D8
09-01-22	1,020,000	3.000	1.110	3E6
09-01-23	595,000	3.000	1.230	3F3
09-01-24	70,000	2.000	1.320	3G1
09-01-25 ⁽²⁾	70,000	2.000	1.420	3H9
09-01-26 ⁽²⁾	65,000	2.000	1.520	3J5
09-01-27 ⁽²⁾	65,000	2.000	1.610	3K2
09-01-28 ⁽²⁾	60,000	2.000	1.690	3L0

⁽¹⁾CUSIP numbers have been assigned to this issue by Standard & Poor's CUSIP Service Bureau, a division of the McGraw-Hill Companies, Inc., and are included solely for the convenience of the Owners of the Notes and Bonds. Neither the Issuer nor the Underwrites shall be responsible for the selection or correctness of the CUSIP numbers set forth above.

⁽²⁾The Bonds maturing on or after September 1, 2025, will be subject to redemption prior to maturity at the option of the City of Leawood, Kansas (the "City"), in whole or in part, on September 1, 2024, and anytime thereafter, in principal amounts of \$5,000 or any integral multiple thereof, at a price equal to 100% of the principal amount of Bonds to be redeemed plus accrued interest to the date fixed for redemption. See THE BONDS – "Redemption Provisions" herein.

CITY HALL
4800 Town Center Drive
Leawood, Kansas 66211
913-339-6700

CITY COUNCIL

Peggy Dunn, Mayor
Debra Filla, Councilmember
Andrew Osman, Councilmember
Lisa Harrison, Councilmember
Jim Rawlings, Councilmember
Chuck Sipple, Councilmember
Julie Cain, Councilmember
James Azeltine, Councilmember
Vacant, Councilmember

CITY STAFF

Scott M. Lambers, City Administrator
Dawn Long, Finance Director/Treasurer
Patricia A. Bennett, City Attorney
Debra Harper, City Clerk
Joe Johnson, Public Works Director

BOND COUNSEL

Gilmore & Bell, P.C.
Kansas City, Missouri

FINANCIAL ADVISOR

George K. Baum & Company
Kansas City, Missouri

No person has been authorized by the City or the Underwriters to give any information or to make any representations with respect to the Notes and Bonds to be issued other than those contained in this Official Statement, and if given or made, such other information or representations not so authorized must not be relied upon as having been given or authorized by the City or the Underwriters.

This Official Statement is not to be used in connection with an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

All financial and other information presented herein, except for information expressly attributed to other sources, has been provided by the City from its records and is intended to show recent historic information. Such information is not guaranteed as to accuracy or completeness. No representation is made that past performance, as might be shown by such financial and other information, will necessarily continue or be expected in the future. All descriptions of laws and documents contained herein are only summaries and are qualified in their entirety by reference to such laws and documents. Information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of the Notes and Bonds shall, under any circumstances, create any implication that the information contained herein has remained unchanged since the respective dates as of which such information is given.

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CITY OF LEAWOOD, KANSAS

\$34,460,000

**GENERAL OBLIGATION TEMPORARY NOTES
SERIES 2016-1**

\$9,765,000

**GENERAL OBLIGATION REFUNDING BONDS
SERIES 2016-A**

INTRODUCTORY STATEMENT

General

The purpose of this Official Statement is to present certain information concerning the City of Leawood, Kansas (the "City"), and the issuance of its General Obligation Temporary Notes, Series 2016-1 (the "Notes") and its General Obligation Refunding Bonds, Series 2016-A (the "Bonds"), both dated August 24, 2016. The Notes are being issued to provide funds to finance certain capital improvements within the City. The Bonds will be used to refund portions of three outstanding bond issues of the City. See THE FINANCING PLAN herein.

The Notes and the Bonds and interest thereon constitute general obligations of the City and are payable as to both principal and interest from ad valorem taxes which may be levied without limitation as to rate or amount upon all taxable tangible property within the territorial boundaries of the City. The Notes and interest thereon are further payable from proceeds of future general obligation bonds or notes of the City. The Bonds and interest thereon are further payable in part from special assessments levied against certain benefited properties. See THE NOTES - "Security" and THE BONDS - "Security" herein.

APPENDIX C, containing selected financial data relating to the City, is an integral part of this Official Statement and should be read in its entirety.

All financial and other information presented herein has been compiled by the Financial Advisor, George K. Baum & Company, Kansas City, Missouri. Such information has been provided by the City and other sources deemed to be reliable. The presentation of information herein is intended to show recent historic information and is not intended to indicate future or continuing trends in the financial position or other affairs of the City. Gilmore & Bell, P.C., Kansas City, Missouri, Bond Counsel, has not assisted in the preparation of this Official Statement, except for the sections titled INTRODUCTORY STATEMENT, THE NOTES, THE BONDS, LEGAL MATTERS, TAX EXEMPTION, ABSENCE OF MATERIAL LITIGATION, CONTINUING DISCLOSURE, and APPENDIX B and, accordingly, expresses no opinion as to the accuracy or sufficiency of any other information contained herein.

Additional Information

Additional information regarding the City, the Notes, or the Bonds may be obtained from George K. Baum & Company, 4801 Main Street, Suite 500, Kansas City, Missouri 64112, telephone 816/474-1100.

THE NOTES

Description

The Notes will be issued in the principal amount shown on the cover page hereof, will be dated August 24, 2016, and will consist of fully registered notes without coupons. When issued, the Notes will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Purchases of the Notes will be made in book-entry only form as described herein (without certificates) in the denomination of \$5,000 or any integral multiple thereof. Interest on the Notes will be payable March 1, 2017 and at maturity on September 1, 2017. Interest will be paid on the basis of a 360-day year consisting of twelve 30-day months. Principal will be payable upon presentation and surrender of the Notes by the registered owners thereof at the office of the State Treasurer of the State of Kansas in Topeka, Kansas (the "Note Paying Agent"). Interest shall be paid to the registered owners of such Notes as shown on the registration books maintained by the Note Paying Agent as of the fifteenth day of the month next preceding the date on which the interest is payable (the "Record Date") by check or draft mailed by the Note Paying Agent to the address of such registered owner shown on the registration books; provided that, payment of principal of and interest on the Notes registered in the name of Cede & Co. shall be payable in same-day funds on each payment date (or the equivalent under existing arrangements with the City and the Note Paying Agent). So long as the Notes are registered in the name of Cede & Co., principal and interest payments on the Notes shall be made to DTC for disposition as hereinafter described. (See "BOOK-ENTRY ONLY SYSTEM" herein).

Redemption Provisions

The Notes are not subject to optional redemption and payment prior to maturity.

Registration and Transfer

As long as any Note remains outstanding, the Note Paying Agent will maintain a note register in which all transfers and exchanges of the Notes will be registered. All Notes presented for transfer or exchange must be accompanied by a written instrument of transfer or authorization for exchange in a form and with guarantee of a signature satisfactory to the Note Paying Agent. Notes may be exchanged for Notes in the same aggregate principal amount upon presentation to the Note Paying Agent, and upon payment of any tax, fee or other governmental charge required to be paid with respect to any such registration, exchange, or transfer. The foregoing provisions for the registration transfer and exchange of the Notes will not be applicable to Beneficial Owners of the Notes so long as the Notes are subject to the DTC or other book-entry only system.

Authority

The Notes are issued pursuant to and in full compliance with the Constitution and statutes of the State of Kansas, including particularly K.S.A. 12-614 *et seq.*, K.S.A. 12-687, K.S.A. 13-1055a and K.S.A. 13-1055b, Charter Ordinance No. 27 of the City and K.S.A. 10-123 *et seq.* and an ordinance and related resolution adopted by the governing body of the City on August 1, 2016, authorizing the issuance of the Notes (jointly, the "Note Ordinance").

Security

The Notes and interest thereon will constitute general obligations of the City, payable from the proceeds of general obligation notes or bonds, or from both, and if not so paid, from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the City. The full faith, credit and resources of the City are irrevocably pledged for the prompt payment of the principal and interest on the Notes as the same becomes due.

THE BONDS

Description

The Bonds will be issued in the principal amount shown on the cover page hereof, will be dated August 24, 2017, and will consist of fully registered bonds without coupons. When issued, the Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). Purchases of the Bonds will be made in book-entry only form as described herein (without certificates) in the denomination of \$5,000 or any integral multiple thereof. The Bonds will mature, subject to optional redemption as described herein, on September 1 in the years and in the principal amounts set forth on the inside cover page of this Official Statement. Interest on the Bonds will be payable semiannually on March 1 and September 1 in each year, beginning on March 1, 2017. Interest will be paid on the basis of a 360-day year consisting of twelve 30-day months. Principal will be payable upon presentation and surrender of the Bonds by the registered owners thereof at the office of the State Treasurer of the State of Kansas in Topeka, Kansas (the “Bond Paying Agent”). Interest shall be paid to the registered owners of such Bonds as shown on the registration books maintained by the Bond Paying Agent as of the fifteenth day of the month next preceding the date on which the interest is payable (the “Record Date”) by check or draft mailed by the Bond Paying Agent to the address of such registered owner shown on the registration books; provided that, payment of principal of and interest on the Bonds registered in the name of Cede & Co. shall be payable in same-day funds on each payment date (or the equivalent under existing arrangements with the City and the Bond Paying Agent). So long as the Bonds are registered in the name of Cede & Co., principal and interest payments on the Bonds shall be made to DTC for disposition as hereinafter described. (See “BOOK-ENTRY ONLY SYSTEM” herein).

Redemption Provisions

Optional Redemption. The Bonds maturing on or before September 1, 2024 are not subject to optional redemption prior to maturity. At the option of the City, Bonds maturing on or after September 1, 2025, may be called for redemption and payment prior to maturity, in whole or in part, on September 1, 2024 and anytime thereafter, at a redemption price of 100% of the principal amount thereof, without premium, plus accrued interest to the date fixed for redemption.

Selection of Bonds to be Redeemed. Bonds called for optional redemption in advance of their stated maturities may be selected by the City as it determines in its sole discretion. In the event of a partial redemption of Bonds of a given maturity, the Bonds to be redeemed will be selected in such manner as the Bond Paying Agent acting on behalf of the City may deem equitable. Bonds will be redeemed in integral multiples of \$5,000. If fewer than all Bonds of a given maturity are called for redemption, the City and the Bond Paying Agent shall, in the case of Bonds in denominations greater than \$5,000, treat each \$5,000 of face value as though it were a separate Bond.

Notice and Effect of Redemption. If the City elects to call any Bonds for optional redemption and payment prior to the maturity thereof, the City will give the Bond Paying Agent written notice of its intention to redeem said Bonds on a specified date, the same being described by number and maturity. The Bond Paying Agent will notify holders of the Bonds of such call by mailing, or causing to be mailed, the notice of call to the bondholders by first class mail at least thirty days prior to the redemption date. Interest on any Bond so called for redemption and payment will cease from and after the date for which such call is made, provided funds are available for payment thereof.

So long as DTC is effecting book-entry transfers of the Bonds, the Bond Paying Agent shall provide the notices specified above to DTC. It is expected that DTC will, in turn, notify the DTC Participants and that the DTC Participants, in turn, will notify or cause to be notified the Beneficial Owners. Any failure on the part of DTC or a DTC Participant, or failure on the part of a nominee of a Beneficial Owner of a Bond (having been mailed notice from the Bond Paying Agent, a DTC Participant or otherwise) to notify the Beneficial Owner of the Bond so affected, shall not affect the validity of the redemption of such Bond.

Registration and Transfer

As long as any Bond remains outstanding, the Bond Paying Agent will maintain a bond register in which all transfers and exchanges of the Bonds will be registered. All Bonds presented for transfer or exchange must be accompanied by a written instrument of transfer or authorization for exchange in a form and with guarantee of a signature satisfactory to the Bond Paying Agent. Bonds may be exchanged for Bonds in the same aggregate principal amount and maturity upon presentation to the Bond Paying Agent, and upon payment of any tax, fee or other governmental charge required to be paid with respect to any such registration, exchange, or transfer. The foregoing provisions for the registration, transfer and exchange of the Bonds will not be applicable to Beneficial Owners of the Bonds so long as the Bonds are subject to the DTC or other book-entry only system.

Authority

The Bonds are issued pursuant to and in full compliance with the Constitution and statutes of the State of Kansas, including particularly K.S.A. 10-427 and an ordinance and related resolution adopted by the governing body of the City on August 1, 2016, authorizing the issuance of the Bonds (collectively, the "Bond Ordinance").

Security

The Bonds and interest thereon constitute general obligations of the City and are payable as to both principal and from ad valorem taxes which may be levied without limitation as to rate or amount upon all taxable tangible property within the territorial boundaries of the City. The Bonds and interest thereon are further payable in part from special assessments levied against certain benefited properties, but any part of such special assessments not so paid and the remainder of principal and interest not payable from special assessments will be payable from ad valorem taxes which may be levied without limitation as to rate or amount upon all taxable tangible property within the territory boundaries of the City. The full faith, credit and resources of the City are irrevocably pledged for the prompt payment of the principal and interest on the Bonds as the same becomes due.

BOOK-ENTRY ONLY SYSTEM

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each scheduled maturity of the Bonds, and will be deposited with DTC.

2. DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange

Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

6. Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or Paying Agent, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Paying Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Paying Agent. The requirement for physical delivery of the Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Paying Agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

11. The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC’s book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

THE FINANCING PLAN

Description of the Note Projects

Proceeds from the sale of the Notes will be used to provide initial, additional or renewal construction period financing for curb, gutter and storm sewer improvements, improvements to certain residential streets and a major thoroughfare within the City, construction of a new fire station and to pay for costs associated with the issuance of the Notes (the “Note Projects”).

The Refunding Plan

Proceeds from the sale of the Bonds will be used to currently refund the callable portion of the City’s Series 2006-B General Obligation Refunding Bonds and the City’s Series 2007-A General Obligation Improvement Bonds. Additional proceeds will be used to advance refund the callable portion of the City’s Series 2008-B General Obligation Improvement Bonds. The Series 2006-B Bonds, Series 2007-A Bonds and Series 2008-B Bonds being refunded are jointly referred to as the “Refunded Bonds”. The following is a summary of the Refunded Bonds:

Series 2006-B Bonds to be Refunded (Current) (the “Refunded Series 2006-B Bonds”)

Stated Maturity Date of Bonds to be Refunded	Principal Amount Outstanding	Principal Amount to be Refunded	Refunded Bonds Redemption Date
09-01-17	\$585,000	\$585,000	09-01-16
09-01-18	615,000	615,000	09-01-16
09-01-19	640,000	640,000	09-01-16
09-01-20	665,000	665,000	09-01-16
09-01-21	690,000	<u>690,000</u>	09-01-16
		\$3,195,000	

Series 2007-A Bonds to be Refunded (Current) (the “Refunded Series 2007-A Bonds”)

Stated Maturity Date of Bonds to be Refunded	Principal Amount Outstanding	Principal Amount to be Refunded	Refunded Bonds Redemption Date
09-01-17	\$470,000	\$470,000	09-01-16
09-01-18	470,000	470,000	09-01-16
09-01-19	470,000	470,000	09-01-16
09-01-20	470,000	470,000	09-01-16
09-01-21	470,000	470,000	09-01-16
09-01-22	470,000	<u>470,000</u>	09-01-16
		\$2,820,000	

Series 2008-B Bonds to be Refunded (Advance) (the “Refunded Series 2008-B Bonds”)

Stated Maturity Date of Bonds to be Refunded	Principal Amount Outstanding	Principal Amount to be Refunded	Refunded Bonds Redemption Date
09-01-18	\$610,000	\$610,000	09-01-17
09-01-19	615,000	615,000	09-01-17
09-01-20	615,000	615,000	09-01-17
09-01-21	615,000	615,000	09-01-17
09-01-22	615,000	615,000	09-01-17
09-01-23	615,000	615,000	09-01-17
09-01-24	100,000	100,000	09-01-17
09-01-25	100,000	100,000	09-01-17
09-01-26	100,000	100,000	09-01-17
09-01-27	100,000	100,000	09-01-17
09-01-28	100,000	<u>100,000</u>	09-01-17
		\$4,185,000	

A portion of the proceeds from the sale of the Bonds and other available funds will be deposited into irrevocable escrow accounts (the “Escrow Accounts”) which will provide funds to pay the interest due on the Refunded Bonds up to and including payments due on their optional redemption dates, and to pay the principal on the Refunded Bonds on such dates. All Refunded Bonds will be redeemed at their first optional redemption date. All Refunded Bonds will be called at a price equal to 100% of the par value thereof, without premium.

The refunding of the Refunded Bonds is being undertaken in order to provide interest cost savings for the City. Proceeds of the Bonds will also be applied to pay the costs and expenses incurred in connections with the issuance of the Bonds.

Escrow Instructions

Escrow Accounts will be established for the Refunded Bonds pursuant to the terms of: (a) a Letter of Escrow Instructions dated as of August 1, 2016 from the City to the State Treasurer with respect to the Refunded Series 2006-B Bonds and the Refunded Series 2007-A Bonds and (b) a separate Letter of Escrow Instructions dated as of August 1, 2016 (the “Series 2008-B Escrow Agreement”), from the City to the State Treasurer and Security Bank of Kansas City (the “Escrow Trustee”) with respect to the Refunded Series 2008-B Bonds.

Proceeds from the Bonds together with available funds of the City deposited with the State Treasurer will be sufficient without reinvestment and to pay the principal of and interest on the Refunded Series 2006-B Bonds and the Refunded Series 2007-A Bonds. A portion of the proceeds of the Bonds will be deposited with the Escrow Trustee and used to acquire direct, non-callable obligations of the United States of America (the “Escrowed Securities”). The Escrowed Securities will mature at such times and in such amounts as necessary to pay the principal of and interest on the Refunded Series 2008-B Bonds as described in the preceding section.

Mathematical Verification

The mathematical accuracy of (a) the computations made by George K. Baum on the adequacy of the maturing principal and interest earned on the Escrowed Securities to be purchased with the proceeds from the Bonds, together with uninvested funds to be held by the Escrow Trustee, in accordance with the Series 2008-B Escrow Agreement, to provide for the payment of the interest on the Refunded Series 2008-B Bonds up to and including their earliest optional redemption date, and to redeem the Refunded Series 2008-B Bonds on such dates; and (b) the yield computations made by George K. Baum & Company supporting the conclusion by Bond Counsel that the Bonds are not “arbitrage bonds” within the meaning of Section 148 of the Internal Revenue Code of 1986, will be verified by Robert Thomas CPA, LLC, Shawnee Mission, Kansas.

SOURCES AND USES OF FUNDS

The following is a list of the sources and uses of funds associated with the Financing Plan, exclusive of accrued interest.

	Series 2016-1 <u>Notes</u>	Series 2016-A <u>Bonds</u>
Sources:		
Note and Bond Proceeds	\$34,460,000.00	\$9,765,000.00
Reoffering Premium	489,332.00	680,480.60
Transfer from Prior Issue Debt Service Funds	<u>-.</u>	<u>206,470.00</u>
Total Sources of Funds	\$34,949,332.00	\$10,651,950.60
Uses:		
Deposit to Net Cash Escrow Fund	-	\$10,550,913.17
Deposit to Project Construction Fund	\$ 6,200,000.00	-
Redemption of prior Temporary Notes	28,542,600.00	
Issuance Costs (including underwriter's discount)	74,069.00	95,975.55
Rounding Amount	<u>132,663.00</u>	<u>5,061.88</u>
Total Application of Funds	\$34,949,332.00	\$10,651,950.60

RISK FACTORS AND INVESTMENT CONSIDERATIONS

A PROSPECTIVE PURCHASER OF THE SECURITIES DESCRIBED HEREIN SHOULD BE AWARE THAT THERE ARE CERTAIN RISKS ASSOCIATED WITH THE SECURITIES WHICH MUST BE RECOGNIZED. THE FOLLOWING STATEMENTS REGARDING CERTAIN RISKS ASSOCIATED WITH THE OFFERINGS SHOULD NOT BE CONSIDERED AS A COMPLETE DESCRIPTION OF ALL RISKS TO BE CONSIDERED IN THE DECISION TO PURCHASE THE SECURITIES. PROSPECTIVE PURCHASERS OF THE SECURITIES SHOULD ANALYZE CAREFULLY THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT AND ADDITIONAL INFORMATION IN THE FORM OF THE COMPLETE DOCUMENTS SUMMARIZED HEREIN, COPIES OF WHICH ARE AVAILABLE AND MAY BE OBTAINED FROM THE ISSUER OR THE UNDERWRITERS.

Legal Changes

Various state and federal laws, regulations and constitutional provisions apply to the obligations created by the Securities. There is no assurance that there will not be any change in, interpretation of, or addition to such applicable laws, provisions and regulations which would have a material effect, either directly or indirectly, on the Issuer or the taxing authority of the Issuer.

Limitations on Remedies Available to Owners of Securities

The enforceability of the rights and remedies of the owners of Securities, and the obligations incurred by the Issuer in issuing the Securities, are subject to the following: the federal Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under state law of certain remedies; the exercise by the United States of America of the powers delegated to it by the United States Constitution; and the reasonable and necessary exercise, in certain unusual situations, of the police power inherent in the State of Kansas and its governmental subdivisions in the interest of serving a legitimate and significant public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the owners of the Securities to judicial discretion and interpretation of their rights in bankruptcy and otherwise, and consequently may involve risks of delay, limitation or modification of their rights.

Taxation of Interest on the Securities

An opinion of Bond Counsel will be obtained to the effect that interest earned on the Securities is excludable from gross income for federal income tax purposes under current provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and applicable rulings and regulations under the Code; however, an application for a ruling has not been made and an opinion of counsel is not binding upon the Internal Revenue Service. There can be no assurance that the present provisions of the Code, or the rules and regulations thereunder, will not be adversely amended or modified, thereby rendering the interest earned on the Securities includable in gross income for federal income tax purposes.

The Issuer has covenanted in the Note Ordinance and the Bond Ordinance (the "Ordinances") and in other documents and certificates to be delivered in connection with the issuance of the Securities to comply with the provisions of the Code, including those which require the Issuer to take or omit to take certain actions after the issuance of the Securities. Because the existence and continuation of the excludability of the interest on the Securities depends upon events occurring after the date of issuance of the Securities, the opinion of Bond Counsel described under "TAX MATTERS" assumes the compliance by the Issuer with the provisions of the Code described above and the regulations relating thereto. No opinion is expressed by Bond Counsel with respect to the excludability of the interest on the Securities in the event of noncompliance with such provisions. The failure of the Issuer to comply with the provisions described above may cause the interest on the Securities to become includable in gross income as of the date of issuance.

Premium on the Bonds

The initial offering prices of certain maturities of the Bonds that are subject to optional redemption may be in excess of the respective principal amounts thereof. Any person who purchases a Bond at a price in excess of its principal amount, whether during the initial offering or in a secondary market transaction, should consider that the Bonds are subject to redemption at par under the various circumstances described under THE BONDS – "Redemption Provisions."

No Additional Interest or Mandatory Redemption upon Event of Taxability

The Ordinances do not provide for the payment of additional interest or penalty on the Securities or the mandatory redemption thereof if the interest thereon becomes includable in gross income for federal income tax purposes. Likewise, the Ordinances do not provide for the payment of any additional interest or penalty on the Securities if the interest thereon becomes subject to income taxation by the state.

Suitability of Investment

The tax exempt feature of the Securities is more valuable to high tax bracket investors than to investors who are in low tax brackets, and so the value of the interest compensation to any particular investor will vary with individual tax rates. Each prospective investor should carefully examine this Official Statement, including the Appendices hereto, and its own financial condition to make a judgment as to its ability to bear the economic risk of such an investment, and whether or not the Securities are an appropriate investment.

Market for the Securities

Ratings. The Securities have been assigned the financial ratings set forth in the section hereof titled RATINGS. There is no assurance that a particular rating will remain in effect for any given period of time or that it will not be revised, either downward or upward, or withdrawn entirely, if in the judgment of the agency originally

establishing such rating, circumstances so warrant. Any downward revision or withdrawal of any rating may have an adverse affect on the market price of the Securities.

Secondary Market. There is no assurance that a secondary market will develop for the purchase and sale of the Securities. The absence of continuing disclosure of financial or other information pertaining to Issuer may impair the development of a secondary market for the Securities and could impair the ability of an owner to sell the Securities in the secondary market. Prices of Securities traded in the secondary market, though, are subject to adjustment upward and downward in response to changes in the credit markets. From time to time it may be necessary for the Underwriter to suspend indefinitely secondary market trading in the Securities as a result of financial condition or market position of broker-dealers, prevailing market conditions, lack of adequate current financial information about the Issuer, or a material adverse change in the financial condition of the Issuer, whether or not the Securities are in default as to principal and interest payments, and other factors which may give rise to uncertainty concerning prudent secondary market practices.

LEGAL MATTERS

Legal matters incident to the authorization, issuance, and sale of the Securities by the City and the tax-exempt status thereof are subject to the approval of Gilmore & Bell, P.C., Kansas City, Missouri, Bond Counsel, whose approving opinion accompanies the Securities. The opinion is to the effect that the Securities are valid general obligations of the City and that, under existing laws and regulations, assuming continued compliance with the covenants contained in the Ordinances, the interest on the Securities is exempt from federal income taxation, except with respect to certain taxpayers (see TAX EXEMPTION herein). The opinion is dated and given on and speaks only as of the date of original delivery of the Securities. Bond Counsel has not participated in the preparation of this Official Statement except for the sections titled INTRODUCTORY STATEMENT, THE NOTES, THE BONDS, LEGAL MATTERS, TAX EXEMPTION, ABSENCE OF MATERIAL LITIGATION, and CONTINUING DISCLOSURE.

TAX EXEMPTION

The following is a summary of the material federal and State of Kansas income tax consequences of holding and disposing of the Bonds and Notes. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the Bonds and Notes as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State of Kansas, does not discuss the consequences to an owner under any state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Bonds and Notes in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the Bonds and Notes.

Opinion of Bond Counsel

In the opinion of Gilmore & Bell, P.C., Bond Counsel, under the law existing as of the issue date of the Bonds and Notes:

Federal and Kansas Tax Exemption. The interest on the Bonds and Notes [(including any original issue discount properly allocable to an owner thereof)] is excludable from gross income for federal income tax purposes and is exempt from income taxation by the State of Kansas.

Alternative Minimum Tax. Interest on the Bonds and Notes is not an item of tax preference for purposes of computing the federal alternative minimum tax imposed on individuals and corporations, but is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations.

Bank Qualification. The Bonds and Notes have not been designated as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.

Bond counsel’s opinions are provided as of the date of the original issue of the Bonds and Notes, subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds and Notes in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bond and Notes in gross income for federal and State of Kansas income tax purposes retroactive to the date of issuance of the Bonds and Notes. Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Bonds and Notes but has reviewed the discussion under the heading “TAX MATTERS.”

Other Tax Consequences

Original Issue Premium. If a Bond is issued at a price that exceeds the stated redemption price at maturity of the Bond, the excess of the purchase price over the stated redemption price at maturity constitutes “premium” on that Bond. Under Section 171 of the Code, the purchaser of that Bond must amortize the premium over the term of the Bond using constant yield principles, based on the purchaser’s yield to maturity. As premium is amortized, the owner’s basis in the Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner. This will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Bond prior to its maturity. Even though the owner’s basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of bond premium.

Reporting Requirements. In general, information reporting requirements will apply to certain payments of principal, interest and premium paid on the Bonds and Notes, and to the proceeds paid on the sale of the Bonds and Notes, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner’s federal income tax liability.

Collateral Federal Income Tax Consequences. Prospective purchasers of the Bonds and Notes should be aware that ownership of the Bonds and Notes may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with “excess net passive income,” foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid incurred certain expenses allocable to the Bonds and Notes. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of Bonds and Notes should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Bonds and Notes, including the possible application of state, local, foreign and other tax laws.

RATINGS

The Bonds and Notes rating has been applied for by Moody’s Investors Service (“Moody’s”). The Bonds and the City’s other outstanding general obligation bonds have received a rating of “Aaa”. There is no assurance that the ratings will remain for any given period of time or that it may not be lowered or withdrawn entirely by the rating service if, in its judgment, circumstances so warrant. Any such downward change in or withdrawal of the ratings may have an adverse effect on the market price of the Bonds and Notes. Appropriate periodic credit information will be provided by the City to the rating agency.

FINANCIAL ADVISOR

George K. Baum & Company, Kansas City, Missouri, has acted as Financial Advisor to the Issuer in connection with the sale of the Securities. The Financial Advisor has assisted the Issuer in the preparation of this Official Statement and in other matters relating to the issuance of the Securities. The fees of the Financial Advisor are contingent upon the issuance of the Securities.

UNDERWRITING

The Notes were purchased at public sale on August 1, 2016, by J.P. Morgan Securities, LLC, New York, New York (the "Notes Underwriter") at a price equal to the par amount of the Notes, plus a bid premium of \$489,332.00.

The Bonds were purchased at public sale on August 1, 2016, by Piper Jaffray & Co., Minneapolis, Minnesota (the "Bonds Underwriter") at a price equal to the par amount of the Bonds, plus a bid premium of \$680,480.60.

The Notes Underwriter and the Bonds Underwriter are collectively referred to herein as the "Underwriters".

ABSENCE OF MATERIAL LITIGATION

The Transcript of Proceedings will contain a certificate of non-litigation dated as of the closing date and executed by the City to the effect that there is no controversy, suit, or proceeding of any kind pending or, to the knowledge of the City, threatened wherein or whereby any question is raised, or may be raised, questioning, disputing, or affecting in any way the legal organization of the City or its boundaries or the legality of any official act shown to have been done regarding the issuance of the Securities or the constitutionality or validity of the obligation represented by the Securities or the means provided for the payment of the Securities.

CONTINUING DISCLOSURE

The Securities and Exchange Commission (the "SEC") has promulgated amendments to Rule 15c2-12 (the "Rule"), requiring continuous secondary market disclosure for issues sold on or after July 3, 1995. In the Resolutions and the Continuing Disclosure Undertaking, the City has covenanted to provide annually certain financial information and operating data and other information necessary to comply with the Rule, and to transmit the same or cause the same to be transmitted to certain national repositories, any state repository, and the Municipal Securities Rulemaking Board, as applicable. This covenant is for the benefit of and is enforceable by the owners of the Securities. See APPENDIX B for further details concerning continuing disclosure requirements.

The City believes it has complied during the past five years with its prior undertakings under the Rule, except as follows:

1. For the fiscal years ended December 31, 2011 through 2013, the City failed to file certain operating data related to sales tax receipts. The amount of county-wide sales tax received by the City was not included in the annual operating data filing. City-wide sales tax receipts and aggregate receipts were included in operating data filing. The county-wide sales tax receipts were included, however, in official statements posted on EMMA related to the City's general obligation bonds and/or notes offered each year.
2. For the fiscal years ended December 31, 2011 through 2013, the City failed to include the "Financial Overview" page of its official statement in the annual operating data filing. The "Financial Overview" page includes a summary of certain debt and tax base information and ratios. The debt and tax base information could be found elsewhere in the annual operating data filing. The ratios could be calculated based on information contained within the annual filing. The "Financial Overview" was

included, however, in official statements posted on EMMA related to the City's general obligation bonds and/or notes offered each year.

3. During the past five years, the City has failed to file material event notices related to certain bond calls and defeasances. The redemption of all such bonds has occurred. The Issuer believes this information was disseminated or available through other sources.

CERTIFICATION OF THIS OFFICIAL STATEMENT

The preparation and distribution of this Official Statement has been authorized by the City. This Official Statement is hereby duly approved by the governing body of the City as of the date on the cover page hereof. The Transcript of Proceedings will contain a certificate dated as of the closing date and executed by the City to the effect that the Official Statement contains no untrue statement of material fact or no omission of material fact.

THE CITY OF LEAWOOD, KANSAS

By /s/ Peggy Dunn
Mayor

ATTEST:

/s/ Debra Harper
City Clerk

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APPENDIX A

INFORMATION CONCERNING THE CITY

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APPENDIX A

FINANCIAL OVERVIEW OF THE CITY

2015 Estimated Actual Valuation (1)	\$ 6,603,791,502
2015 Assessed Valuation	\$ 902,792,544
Outstanding General Obligation Bonds (2)	\$ 52,370,000
Population (2015 City Estimate)	31,867
General Obligation Debt Per Capita	\$ 1,643
Ratio of General Obligation Debt to Estimated Actual Valuation	0.79%
Ratio of General Obligation Debt to Estimated Assessed Valuation	5.80%
Outstanding Temporary Notes (3)	\$ 34,460,000
Outstanding State Loans	\$ 0
Outstanding Lease Purchase Obligations	\$ 1,868,532
Outstanding Revenue Bonds	\$ 0
Overlapping General Obligation Debt (4)	\$ 129,395,294
Direct and Overlapping General Obligation Debt (5)	\$ 216,225,294
Direct and Overlapping Obligation Debt Per Capita	\$ 6,785
Ratio of Direct and Overlapping Debt to Estimated Actual Valuation	3.27%
Ratio of Direct and Overlapping Debt to Estimated Assessed Valuation	23.95%

(1) For further details of how estimated actual value has been calculated see the section titled FINANCIAL INFORMATION – “Estimated Actual Valuation”.

(2) Includes the Bonds. Does not include bonds to be refunded with proceeds from the sale of the Bonds. See THE FINANCING PLAN.

(3) Includes the Notes. Does not include notes to be redeemed with proceeds from the sale of the Notes. See THE FINANCING PLAN.

(4) Includes general obligation bonds of overlapping jurisdictions. Does not include temporary notes, revenue bonds, lease obligations, or no fund warrants of overlapping jurisdictions. For further details see DEBT STRUCTURE OF THE CITY – “Overlapping Debt”.

(5) Includes outstanding general obligation bonds, temporary notes and state loans of the City and overlapping general obligation bonded indebtedness.

GENERAL INFORMATION CONCERNING THE CITY

Location and Size

The City of Leawood is located approximately 10 miles southwest of downtown Kansas City, Missouri, and occupies 14.7 square miles of land in eastern Johnson County, Kansas. The City estimated its 2016 population to be 32,809. Johnson County encompasses 476 square miles and with a 2016 estimated population of 588,711 is the most populous county in the State of Kansas.

Between 1980 and 2010, the City had one of the fastest growing populations in the state of Kansas and was considered one of the top growth areas in the country. The City is bounded to the east by the Kansas-Missouri state line and on all other sides by incorporated cities of Johnson County. In recent years, the City's population growth has slowed as available land for new residential development has diminished. The City's land area is currently approximately 75% developed, with much of the remaining land planned for future commercial or mixed-use development.

Government

Leawood was incorporated as a city of the third class in 1948, with slightly more than 1,000 inhabitants. On December 31, 1998 the City became a city of the first class. The City operates under a Mayor-Council form of government with a city administrator. The mayor is elected on an at-large, non-partisan basis and serves a four-year term. The eight council members are elected (non-partisan) by ward and serve four-year staggered terms of office. Every other year in the odd numbered years, an election for council members is held with one council member from each of the four wards being chosen at each election.

The City Administrator is appointed by the Mayor and City Council as the chief administrative officer of the City and is charged with the efficient and effective administration of the City. The following tables list the principal elected and appointed executive officers of the City.

Elected Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Peggy Dunn	Mayor	January 2020
Debra Filla	Councilmember	January 2018
Andrew Osman	Councilmember	January 2020
Jim Rawlings	Councilmember	January 2020
Chuck Sipple	Councilmember	January 2018
Julie Cain	Councilmember	January 2018
James Azeltine	Councilmember	January 2020
Lisa Harrison	Councilmember	January 2018
Vacant	Councilmember	January 2018

City Staff

<u>Name</u>	<u>Title</u>	<u>Employed Since</u>
Scott M. Lambers	City Administrator	09-24-01
Dawn Long	Finance Director/Treasurer	11-10-03
Debra Harper	City Clerk	03-06-00
Joe Johnson	Public Works Director	01-02-96
Patricia Bennett	City Attorney	09-30-99

Employee Relations

The City’s Human Resources Department describes its formalized relationship with its 258 full-time employees, including police and fire, as good. The City does not recognize any organized bargaining units.

Population

From 1980 to 2010, the City experienced an increase in population of approximately 139%. According to the City, the following table shows the historic population of the City and Johnson County.

<u>Year</u>	<u>Leawood</u>	<u>Johnson County</u>
2016	32,809	588,711
2015	32,644	581,396
2014	32,482	574,272
2013	32,321	566,933
2012	32,160	559,070
2011	32,000	552,342
2010	31,867	544,179
2000	27,656	451,086
1990	19,693	355,054
1980	13,360	270,069

Police and Fire Protection

Currently, the Leawood Police Department employs 61 commissioned police officers operating out of approximately 43 police vehicles, as well as 23 support staff. Planning is essential in managing the 12,657 calls for service received by the Police Department in 2015. In addition, the Department issued approximately 12,531 traffic citations, investigated over 909 cases, and made approximately 1,263 physical arrests.

The City has three fire stations. The Fire Department has a staff of 52 full-time equivalent fire fighters and a support staff providing round-the-clock fire protection from eleven, city-owned fire fighting vehicles. In addition, the Fire Department owns and operates an incident command vehicle.

Education

The City is served by Shawnee Mission Unified School District No. 512 and Blue Valley Unified School District No. 229, with a combined total of four elementary schools and two middle schools located within the city limits. Other schools in both districts are located nearby in adjacent communities.

Currently, there are three parochial schools serving grades K-8, one each located in the northern, central, and southern portions of the City.

A wide variety of high level educational opportunities are available in communities surrounding the City. Johnson County Community College is less than four miles west of the city limits. The junior college, located on a 234-acre campus, is the largest of 19 community colleges in Kansas and is the third largest institution of higher education in the state, with more than 35,000 students enrolled in credit and continuing education classes each semester.

The University of Kansas operates a Regents Center approximately five miles west of the City, offering a variety of undergraduate and graduate classes. Numerous additional private and public colleges and universities such as Avila University, Rockhurst University, and the University of Missouri - Kansas City, are all located in the Kansas City metropolitan area within ten miles of the City.

Transportation

Interstate 435, which circles the entire greater Kansas City area, bisects the City and provides direct access to other U.S., Interstate, and State highways in the metropolitan area. Kansas City International Airport (MCI) is located about 25 miles north of the City and is easily accessible via the interstate system. The County operates Johnson County Industrial Airport and New Century Air Center, both located less than 15 miles southwest of the City. The New Century Air Center is FAA certified with full instrument control approach systems. Johnson County provides daily bus service for city commuters to and from downtown Kansas City through its "Jo" bus system.

Utilities

The City is served by Johnson County Water District No. 1 which provides water for all of northeast Johnson County from its well fields in the Kansas River Valley and water supply intakes on the Kansas River and Missouri River. Johnson County United Wastewater District now serves all areas of the City. Private hauling companies serve specific areas through contractual arrangements with homes associations for handling solid waste disposal.

Kansas City Power & Light Company provides electricity for the City as well as the majority of the greater Kansas City metropolitan area. Kansas City Power & Light is tied into a major regional power network designed to augment electrical capacity and lessen the potential for power outages and brownouts. Ample electricity is available to meet the City's future needs. The City receives its natural gas supply from Kansas Gas Service.

Telephone service is supplied by a wide variety of land line and cellular companies.

Financial Institutions

According to the Kansas Bank Directory, two banks are headquartered in the City with total deposits of \$1.294 billion as of December 2015, twenty-four additional banks with a total of twenty-seven locations are also located within the City and one savings and loan association and one savings bank have branch offices located in Leawood.

Churches

There are currently ten churches located in the City including seven Protestant churches and three Catholic churches. The City is home to the United Methodist Church of the Resurrection, one of the largest and fastest growing churches in the nation. The church was founded in 1989 and has grown to a current membership of over 15,000. The church consists of a 3,050-seat sanctuary with education wing and separate activities building.

Christ Community Evangelical Free Church consists of 16,972 square feet of office space and education space. The recent expansion of Covenant Chapel includes 99,000 square feet of total construction divided into four phases.

Medical Facilities

Menorah Medical Center, a division of HCA Midwest, is a full-service, acute care hospital on the corner of 119th and Nall, immediately outside the city limits in the eastern part of Overland Park, Kansas. Saint Joseph Medical Center, a full-service, privately owned facility, sits immediately outside city limits in the western part of Kansas City, Missouri. Shawnee Mission Medical Center operates a 504-bed acute care facility located approximately 3-1/2 miles northwest of the City. St. Luke's South is a 125-bed acute care facility located in south Overland Park approximately one mile west of the City. Overland Park Regional Medical Center, also a division of HCA Midwest is a 343-bed, acute care facility located approximately four miles west of the City on I-435. All hospitals offer a full range of medical services including 24-hour emergency care.

Johnson County Med-Act provides emergency medical assistance with Type I equipment and personnel training to Leawood residents.

Recreation and Cultural Facilities

The City currently maintains six municipal park facilities encompassing a total of 486 acres. Leawood City Park at 10601 Lee Boulevard includes an aquatic center, picnic shelters, soccer and tee-ball/coach pitch fields, tennis and basketball courts, sand volleyball courts, trails and open green space. Several pieces of public art also enhance the park including “Llloopi”, “Run Red Run”, and “For the Goal”.

The newest addition, an off-leash dog park (Leawoof), opened in 2014 at the east side of Leawood City Park. The approximate five acre park is enclosed by a wooden fence with a bull-pen entry area for removal of dog leashes. The area also includes benches with shade structures, a water fountain and pet waste stations. It will also connect to the existing Indian Creek trail. Future plans include a trail connection from the dog park to College Boulevard.

I-Lan Park at 126th & Nall Ave. is a neighborhood park that is dedicated to Leawood’s sister city of I-Lan, Taiwan. The 13 acre facility features two shelter houses, a Taiwanese garden, a play-ground, public art entitled “Cloud Gate”, rest-rooms, and an open play area.

Gezer Park, located at 133rd and Mission Road, is dedicated to the sister city of the Gezer Region of Israel. The unique park design reflects the contours of Israel, replicated by a wadi that represents the river Jordan with the Sea of Galilee on one end and the Dead Sea on the other. Other amenities within the 10 acre site include two shelters, a Havdalah garden, a celebratory fire pit, a playground with a fossil dig site and two pieces of public art: “Stones and Steps” and “Harvest Tablet”.

Ironwoods Park, located at 147th and Mission Road, has 115 acres of mixed open space. The facilities include the Prairie Oak Nature Center, the Lodge at Ironwoods, and the Historic Oxford schoolhouse. Also in the park are a challenge course, a climbing wall, a low ropes course, four unique cabins with a bathhouse, a shelter, an outdoor amphitheater, a fishing pond, a playground and two miles of trails.

Tomahawk Park is located on 119th Street between Mission Road and Tomahawk Creek Parkway. The 8.5 acre park is part of the 148 acre greenway trail system and includes a baseball field, a shelter, rain garden and a playground as well as open space.

Brook Beatty Park is located at 87th and Lee Boulevard and was named after Leawood’s first Fire Chief. The .51 acre pocket park includes a public art bench entitled “Faith” and the City’s first rain garden. A new playground and other improvements were completed in 2013.

Ironhorse Golf Course, a City-owned facility, is located at the southern edge of the City at 154th and Mission Road. The facility includes an 18-hole championship course, a clubhouse with full service food and beverage banquet facilities, a retail golf shop, a par three First Tee Learning Center and a state of the art practice facility with range, putting and chipping greens. The City contracts with a professional golf management company to oversee the daily operations and maintenance of the course. The course has received several awards recognizing it as one of the best courses in the country and is rated 4 stars by Golf Digest.

In 2008, the City began “The Green Initiative Citizen Task Force” to raise awareness of recycling to residents and establish the City’s responsibilities for recycling and waste. The collaboration later became known as “The Green Team” and now as the Sustainability Advisory Board (SAB). Like the evolution of its name, so has the board’s purpose and responsibilities. Involvement now includes many types of recycling, conservation and waste management education programs. Their mission is to lead, motivate and collaborate with citizens to increase recycling, encourage conservation, and promote ‘green’ mobility in the City. Under the guidance of the SAB, the City adopted a Bicycle Pedestrian Plan in 2014 to begin to enhance walking/biking opportunities.

City residents enjoy access to many cultural and recreational programs, in and around the greater Kansas City metro area. Sports enthusiasts have access to a number of programs sponsored by the Leawood Parks and Recreation Department and the Blue Valley Recreation Commission including sports leagues, tournaments, instructional, enrichment and educational classes, and multiple community special events.

For over 18 years Leawood has been considered the model for arts programming in the metropolitan area. The long standing reputation for arts excellence is a point of pride for the residents of the community. The arts help make Leawood a premier suburban city. Quality cultural art events are offered to the public, with increases in quantity and participation each year. Leawood has been very active in selecting and displaying art pieces throughout the City; and currently has 16 pieces of art in its collection.

Access to parks and trails, as well as a vibrant cultural scene are also an essential element in economic progress; cities with active and dynamic opportunities such as these are more attractive to corporations and potential employers as well as residents.

The Kansas City metropolitan area is home to many national recognized attractions, including the American Royal, the Country Club Plaza shopping area, the Sprint Center, the Power & Light Entertainment District, the Kansas City Zoo, the Nelson Atkins Museum of Art, Starlight Theater, the Kauffman Center for the Performing Arts, Union Station, the Kansas Speedway and Legends Shopping area, Prairie Fire Museum, Missouri river boat gambling, Worlds of Fun amusement park, Oceans of Fun water park, Schlitterbahn water park and the Science City Museum.

Professional sports teams include the Kansas City Chiefs football team, the Kansas City Royals baseball team, Missouri Mavericks hockey team and Sporting KC soccer team. The Kansas City Symphony, Lyric Opera, and State Ballet of Missouri present annual seasons in Kansas City. Johnson County Community College, located just west of the City, operates a performing arts center that has become a venue for larger cultural events in Johnson County.

Shopping facilities are abundant in Johnson County. Town Center Plaza, a large, upscale, open-air shopping center is located in the City and numerous other shopping centers are located within five miles of the City. Two neighborhood shopping centers sit at the eastern boundary of the city limits, and other commercial developments have occurred and continue to expand along 135th Street, the City's primary commercial corridor, and Roe Avenue in the western portion of the City. Town Center Crossing is another shopping destination located in the City. It contains 160,000 square feet of open-air unique retail and restaurant offerings on a 16-acre site. Park place opened in 2007 and was the first mixed use destination of its kind in Johnson County. It consists of retail shopping, professional office space, and the City's first hotel. Construction continues in the development.

Media

In addition to the numerous area publications available to City residents, two community newspapers are distributed within the City. Information about City events can also be obtained via the Internet by logging on to the City's own web site: <http://www.leawood.org>.

Pension and Employee Retirement Plans

The Issuer participates in the Kansas Public Employees Retirement System ("KPERs") established in 1962, as an instrumentality of the State, pursuant to K.S.A. 74-4901 et seq., to provide retirement and related benefits to public employees in Kansas. KPERs is governed by a board of trustees consisting of nine members, including four members appointed by the Governor subject to confirmation by the State Senate, one appointed by the President of the Senate, one appointed by the Speaker of the House of Representatives, two elected by members and retirants of the retirement system, which must be members of such system, and the State Treasurer. Members of the board of trustees serve four-year terms and elect a chairperson annually. The board of trustees appoints an Executive Director to serve as the managing officer of KPERs and employs a staff of approximately 95 people.

As of December 31, 2015, KPERS serves over 295,000 members and approximately 1,500 participating employers, including the State, school districts, counties, cities, public libraries, hospitals and other governmental units. KPERS administers the following three statewide, defined benefit retirement plans for public employees:

- (a) Kansas Public Employees Retirement System;
- (b) Kansas Police and Firemen's Retirement System; and
- (c) Kansas Retirement System for Judges.

These three plans are separate and distinct with different membership groups, actuarial assumptions, experience, contribution rates and benefit options. The Kansas Public Employees Retirement System is the largest of the three plans, accounting for more than 95% of the members. The Kansas Public Employees Retirement System is further divided into two separate groups, as follows:

(a) State/School Group - includes members employed by the State, school districts, community colleges, vocational-technical schools and educational cooperatives. The State of Kansas makes all employer contributions for this group, 85% of which comes from the State General Fund. State legislation enacted in 2003 made certain pre-1962 Board employees (which are part of a small group of pre-1962 Board and University of Kansas Hospital Authority employees known as the "TIAA Group"), special members of the State/School Group.

(b) Local Group - all participating cities, counties, library boards, water districts and political subdivisions are included in this group. Local employers contribute at a different rate than the State/School Group rate. State legislation enacted in 2003 made certain pre-1962 employees of the University of Kansas Hospital Authority (which are a part of a small group of pre-1962 Board and University of Kansas Hospital Authority employees known as the "TIAA Group"), special members of the Local Group.

KPERS is currently a qualified, governmental, § 401(a) defined benefit pension plan, and has received IRS determination letters attesting to the plan's qualified status dated October 14, 1999 and March 5, 2001. KPERS is also a "contributory" defined benefit plan, meaning that employees make contributions to the plan. This contrasts it from noncontributory pension plans, which are funded solely by employer contributions. The Issuer's employees currently annually contribute 6% of their gross salary to the plan if such employees are KPERS Tier 1 members (covered employment prior to July 1, 2009) or KPERS Tier 2 members (covered employment on or after July 1, 2009).

In 2012, the Legislature created a new KPERS Tier 3 category (covered employment on or after January 1, 2015) based on a cash balance plan. Each Tier 3 member shall have a retirement annuity account to which such participant shall contribute 6% of their gross salary to the plan. The employer or State contribution varies based on longevity of participant service: (a) 3% for less than 5 years; (b) 4% for at least 5 years but less than 12 years; (c) 5% for at least 12 years but less than 24 years; and (d) 6% for 24 or more years. Such account shall receive an interest credit of 5.25% per annum, and under certain circumstances, shall receive additional interest credits. Subject to certain exceptions, a Tier 3 member, upon retirement, shall receive a single life annuity benefit.

Also in 2012, the Legislature adopted a number of other changes to KPERS including: (a) increasing the statutory maximum employer contribution annual increase from 0.6% per year (status quo) to 0.9% per year in 2014, 1.0% in 2015, 1.1% in 2016 and 1.2% per year in 2017 and thereafter, (b) eliminating COLA adjustments for Tier 2 member with corresponding benefit adjustments (effective January 1, 2014), (c) providing additional flexibility for alternative investments for the plan, and (d) providing additional contribution flexibility for Tier 1 members with corresponding benefit adjustments effective January 1, 2014, subject to approval by the IRS (the IRS issued a private letter ruling stating the election granted to Tier 1 members was impermissible; therefore, employee contributions for Tier 1 members increased to 5% of compensation effective January 1, 2014, and to 6% of compensation effective January 1, 2015).

In 2015, the Legislature authorized, subject to certain conditions, the issuance of revenue bonds in an amount not to exceed \$1 billion (plus associated costs of issuance) (the "Revenue Bonds"), the proceeds of which must be applied to the unfunded actuarial pension liability as directed by KPERS. The repayment of the Revenue Bonds shall be subject to legislative annual appropriation, shall not be an obligation of the KPERS system, and the full faith and credit or taxing power of the State shall not be pledged to the repayment of the Revenue Bonds.

Additionally, the statutory maximum annual increases to employer contributions for State/School Group and certain employees of the State department of corrections were modified as follows: (a) if the Revenue Bonds are issued and finance capitalized interest, an increase of 1.1% in 2015 and 1.2% in 2016 and thereafter; or (b) if such Revenue Bonds are not issued to finance capitalized interest, such rate of contribution shall be 10.91% in 2015 and 10.81% in 2016. The Revenue Bonds in the aggregate principal amount of \$1,005,180,000 were issued on August 20, 2015, to finance a portion of the unfunded actuarial pension liability and costs of issuance, but did not finance capitalized interest.

The Issuer's contribution varies from year to year based upon the annual actuarial valuation and appraisal made by KPERS, subject to legislative caps on percentage increases. The Issuer's contribution is 10.18% of the employee's gross salary for calendar year 2016. The rate is scheduled to change to 9.46% beginning January 1, 2017. In addition, the Issuer contributes 1% of the employee's gross salary for Death and Disability Insurance for covered employees for the period beginning July 1, 2016, through June 30, 2017.

According to the Valuation Report as of December 31, 2014 (the "2014 Valuation Report") the KPERS Local Group, of which the Issuer is a member, carried an unfunded accrued actuarial liability ("UAAL") of \$1.487 billion at the end of 2014. The 2014 Valuation Report includes additional information relating to the funded status of the KPERS Local Group, including recent trends in the funded status of the KPERS Local Group, and is available on the KPERS website at kpers.org/about/reports.html. The Issuer has no means to independently verify any of the information set forth on the KPERS website or in the 2014 Valuation Report, which is the most recent financial and actuarial information available on the KPERS website relating to the funded status of the KPERS Local Group. The 2014 Valuation Report sets the employer contribution rate for the period beginning January 1, 2017, for the KPERS Local Group, and KPERS' actuaries identified that an employer contribution rate of 8.46% of covered payroll would be necessary, in addition to statutory contributions by covered employees, to eliminate the UAAL by 2033, the end of the actuarial period. The statutory contribution rate of employers currently equals the 2014 Valuation Report's actuarial rate. As a result, members of the Local Group are adequately funding their projected actuarial liabilities and the UAAL can be expected to diminish over time. KPERS' actuaries project the required employer contribution rate to increase by the maximum statutorily allowed rate, which is currently 0.9% in fiscal year 2014, then 1.0% in fiscal year 2015, 1.1% in fiscal year 2016 and 1.2% in fiscal year 2017 and thereafter.

The Issuer has established membership in the Kansas Police and Fire Retirement System ("KP&F") for its police and fire personnel. KP&F is a division of and is administered by KPERS. Annual contributions are adjusted annually based on actuarial studies, subject to legislative caps on percentage increases. According to the 2014 Valuation Report, KP&F carried an UAAL of \$726 million at the end of 2014. For the year beginning January 1, 2016, employees contributed 7.15% of gross compensation and the Issuer contributed 20.98% of employees' gross compensation. Beginning January 1, 2016, the Issuer's contribution will change to 19.58% of gross compensation. In 2013, the Legislature adopted a number of changes to the KP&F which included (a) raising the cap on maximum KP&F benefits from 80% to 90% of final average salary and (b) permitting certain active KP&F members to pay a lump sum amount prior to or on their retirement date to enhance the individual retirement benefit at their own cost.

In 2015, the Issuer was required to implement GASB 68 – Accounting and Financial Reporting for Pensions. According to KPERS' Schedule of Employer and Nonemployer Allocations and Schedules of Pension Amounts by Employer and Nonemployer for the fiscal years ended June 30, 2015 (the "GASB 68 Report") the net pension liability allocated to the Issuer is \$6,919,848. The GASB 68 Report is available on the KPERS website at kpers.org/about/reports.html. The Issuer has no means to independently verify any of the information set forth on the KPERS website or in the GASB 68 Report. It is important to note that under existing State law, the Issuer has no legal obligation for the UAAL or the net pension liability calculated by KPERS, and such figures are for informational purposes only.

ECONOMIC INFORMATION CONCERNING THE CITY

Socioeconomic Characteristics

The City of Leawood’s socioeconomic profile can be characterized by high levels of income, educational attainment, and home values. The City attracts many upper-middle to high-income families moving into the area for the first time or from surrounding cities. Leawood is home to the State’s wealthiest zip code, 66211. The following is a list of certain socioeconomic characteristics of the City and other areas based on the 2010 U.S. Census, unless otherwise noted:

	<u>City of Leawood</u>	<u>Johnson County</u>	<u>Kansas City MSA</u>	<u>State of Kansas</u>	<u>United States</u>
Population (2015)	32,644	581,396	2,340,000	2,911,641	323,617,503
Population (2000)	31,867	544,179	1,776,062	2,853,118	308,745,538
Population Change (2010-2014)	7.9%	5.5%	1.9%	1.8%	3.3%
Median Household Income (2010-2014)	\$133,702	\$75,017	\$38,293	\$51,872	\$53,482
Percent of Adult Population with at					
Least a Bachelor’s Degree	74.3%	52.1%	15.1%	30.7%	29.3%
Average Appraised Home Value	\$455,172*	\$250,000*	not avail.	not avail.	not avail.

*Source: Johnson County Appraiser’s Office

Economic Development

The City of Leawood continued to realize new development through 2015. Over the last year, Leawood issued permits for development in commercial, retail, office, residential and business park uses. As a result, there were numerous new entries into the Leawood business community in 2015. Some of the highlights include: the headquarters for the Larson Building Company was approved at 103rd and State Line Road. Also opening in this area was the Neenan Company Showroom and Overland Chauffeured Services. At the City’s Bi-State/Centennial Park, Heartland Services, Inc. will expand their building by 23,000 square feet; and Kristin Malfer & Associates, a real estate company, opened.

At the Camelot Court shopping center, the Fairway Eye Center, Mr. Gyros Greek Food & Pastry, Pie Five Pizza Company, Smoothie King and Three Dog Bakery were all welcomed. Investment broker, Charles Schwab, completed construction at Cornerstone Shopping Center.

At Ironhorse Center, final plans were approved for the construction of a four-story, 110,000 square-foot, 74-unit independent senior living facility overlooking the Ironhorse Golf Course. Other new additions at that location included Sunflower Bank; Saint Luke’s Walk-in Clinic; Red Coats, That British Store; and Ironhorse Veterinary Care.

Information technology staffing firm, TriCom Technical Services, arrived at Leawood Corporate Manor. Leawood Plaza had two new tenants: Acute Spinal Rehab-ASR and the Catalyst Health Center. Salon 130 had its debut at Leawood Square; while Market Square added Invisible Fence Brand and Rapid Road to Reading.

The construction activity at Mission Farms continues with phase three of Mission 106, the residential/office component consisting of a 195,000 square foot, four-story building containing 180,000 square feet of residential, 15,000 square feet of office, a parking garage and seven townhomes. Better Homes and Gardens Real Estate office is also under construction.

In the Park Place development, Hand & Land, a retailer of home and health products, as well as the Grille at Park Place restaurant opened. Parkway Plaza had a busy year with the opening of The Urgency Room; BluSky Salon Suites; Chabad House of Leawood; Flanery Chiropractic Clinic; Get Smarter Prep; Hoopla Studio and NextCare Urgent Care.

Union Bank & Trust located at Pinnacle III; and RBC Wealth Management become the first tenant at the new Pinnacle V, a three-story, 70,000 square-foot office building. At Plaza Pointe, MAO Leawood, an orthopedic clinic, received preliminary approval for a 15,000 square-foot outpatient facility. Also, The Philadelphia Insurance Company opened in the Tomahawk Creek Business Park.

At Town Center Crossing, the much anticipated opening of L.L.Bean was realized along with Mitchel Gold+Bob Williams. Town Center Plaza had the most activity in the City’s shopping centers with Restoration Hardware beginning construction of a three-story, 42,000 square-foot building. Also opening was Customize IT; Athleta; Miracle Eyebrows; Pita Pit; Suit Supply; Let’s Crepe; Arhaus and Yoga Six.

Forsa Technologies, a technology staffing firm, opened along College Boulevard. Saint Paul School of Theology located along 135th Street on the campus of the United Methodist Church of the Resurrection. Finally, Mainstreet received final approval for the construction of a two-story, 70,000 square-foot assisted living, rehabilitation and skilled nursing center at 143rd and Nall Avenue.

In the last 10 years real commercial property has grown faster than all other classifications and today represents 22% of the total taxable property. In 2015, 158 commercial building permits were issued with a construction valuation of \$102.4 million. Total construction value for all permits issued in 2015 was \$190 million, a 48% increase from \$128 million in 2014, primarily due to a large project valued at \$62.5 million.

Residential construction in 2015 realized 65 new single home permits, which included 21 re-builds in the Old Leawood (northern part of the city) area. No multi-family permits were issued in 2015. Total residential construction value was \$56.3 million for the 1,805 permits issued.

Johnson County, Kansas

Originally developed as a suburban community to Kansas City, Missouri, Johnson County has experienced tremendous growth in population, wealth, and industry over the past 50 years. From a 1960 population of 143,792 to the 2015 Census population of 580,159, few counties in the country have experienced such a rapid rate of growth. Between 1980 and 2000, U.S. Census Bureau data reports that the number of business establishments located in Johnson County increased more than 76% from 6,539 firms to 11,550. Correspondingly, the total employment in the County increased over 78% from 101,769 to 181,606. The main types of industries in the County are retail trade, financial, professional services, and health related, in descending order of employment.

Johnson County currently maintains “AAA” and “Aaa” general obligation bond ratings by Standard & Poor’s Moody’s Investors Service and Fitch, respectively.

Major Employers

The following is a list of some of the largest employers within the City of Leawood.

<u>Employer</u>	<u>Product/Business</u>	<u>Est. Full Time Employment</u>
AMC Theaters Support Center	Leisure	450
Reece & Nichols	Realtors/Real Estate	415
American Academy of Family Physicians	Professional Assn	362
Unified School District No. 229	Public School District	346
Mariner Companies	Investments	328
DEMDACO, Inc.	Home Decorative	297
SelectQuote	Insurance	290
City of Leawood	Government	258
Murphy-Hoffman Co.	Trucking	250
Nueterra Holdings Co.	Healthcare Mgmt	200

Source: Leawood Chamber of Commerce

Employment and Labor Force

According to the Kansas Department of Labor, the following table shows the unemployment figures in the years indicated for Leawood, Johnson County, and the State of Kansas.

<u>Year</u>	<u>City of Leawood</u>		<u>Johnson County</u>		<u>State of Kansas</u>	
	<u>Unemployment Rate</u>	<u>Labor Force</u>	<u>Unemployment Rate</u>	<u>Labor Force</u>	<u>Unemployment Rate</u>	<u>Labor Force</u>
2016 (Apr)	2.6%	17,359	2.7%	325,073	3.4%	1,494,320
2015	3.0	17,310	3.4	325,010	4.2	1,499,009
2014	3.5	15,258	4.0	300,964	4.4	1,486,306
2013	2.7	15,796	3.8	296,265	4.5	1,481,285
2012	3.6	15,969	5.0	300,603	5.7	1,489,443
2011	4.1	15,965	5.8	301,247	6.5	1,498,872

*As of April 2016

DEBT SUMMARY OF THE CITY

Current Indebtedness

The following is a presentation of the debt structure of the City. Figures shown do not include bonds that will be paid from funds provided by previously established irrevocable escrow accounts. As of the dated date of this Official Statement, the outstanding indebtedness of the City will be as follows:

General Obligation Bonds:

<u>Project</u>	<u>Dated Date</u>	<u>Series</u>	<u>Original Par Amount</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
Refunding	08-24-16	2016-A	\$9,765,000	09-01-28	\$9,765,000
Refunding & Improvement	08-26-15	2015-A	9,370,000	09-01-29	9,370,000
Refunding & Improvement	08-28-14	2014-A	9,705,000	09-01-29	8,410,000
Refunding & Improvement	08-15-12	2012-A	4,685,000	09-01-24	2,985,000
Improvement	08-15-11	2011-A	5,155,000	09-01-26	3,795,000
Improvement	08-01-10	2010-A	16,980,000	09-01-26	14,355,000
Improvement	09-15-08	2008-C	2,700,000	09-01-23	1,440,000
Improvement	09-15-08	2008-B	9,675,000	09-01-17	1,220,000*
Improvement	09-15-07	2007-A	7,040,000	09-01-16	470,000*
Refunding	11-15-06	2006-B	6,405,000	09-01-16	560,000*
Total					\$52,370,000

*Does not include bonds to be refunded with proceeds from the sale of the Bonds. See THE FINANCING PLAN.

Outstanding Revenue Bonds: None

Temporary Notes:

<u>Series</u>	<u>Project</u>	<u>Dated Date</u>	<u>Maturity Date</u>	<u>Outstanding Amount</u>
2015-1	Various Improvements	08-26-15	09-01-16	\$28,260,000*
2016-1	Various Improvements	08-24-16	09-01-17	34,460,000

*To be redeemed with proceeds from the sale of the Notes.

Lease Purchase Obligations (as of June 30, 2016): The City periodically finances certain equipment acquisition and capital improvements with lease purchase agreements.

<u>Item</u>	<u>Year Issued</u>	<u>Initial Principal Amount</u>	<u>Amount Outstanding</u>	<u>Year of Final Payment</u>
Fire Pumpers	2011	\$1,190,486	\$ 653,280	2021
Golf Cart	2014	305,496	103,053	2017
Fire Truck	2016	1,112,199	<u>1,112,199</u>	2026
Total			\$1,868,532	

Overlapping Debt

The following table shows the outstanding general obligation bonded debt for jurisdictions whose boundaries overlap those of the City and the amount of such debt that is applicable to the taxpayers of the City. The percentage of debt applicable to the taxpayers of the City is determined by the Johnson County Clerk's Office and is calculated by dividing the assessed valuation of that part of the City which overlaps another jurisdiction with the total assessed valuation of such jurisdiction.

<u>Jurisdiction</u>	<u>Net Debt to Nearest Date</u>	<u>Percent Applicable</u>	<u>Amount Applicable to Leawood</u>
Johnson County	\$316,465,935	9.65%	\$ 30,538,963
Johnson County Parks and Recreation	1,960,000	9.65	189,140
Unified School District No. 229, Blue Valley	326,205,000	25.53	83,280,137
Unified School District No. 512, Shawnee Mission	302,299,685	5.09	<u>15,387,054</u>
Total			\$129,395,294

Source: Johnson County Clerk's Office and George K. Baum & Company

Annual Debt Payments

The following is a list of annual debt service requirements for the City's currently outstanding general obligation bonded indebtedness as of the dated date of the Bonds. All amounts are rounded to the nearest whole dollar.

<u>Year</u>	<u>Existing Bonds</u>		<u>Series 2016-A</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2016	\$ 5,895,000	\$ 728,154	-	-	\$ 6,623,154
2017	4,935,000	1,253,907	\$1,195,000	\$ 266,279	7,650,186
2018	4,375,000	1,078,920	1,650,000	237,300	7,341,220
2019	4,075,000	915,585	1,655,000	204,300	6,849,885
2020	3,925,000	765,540	1,655,000	154,650	6,500,190
2021	3,300,000	616,160	1,665,000	105,000	5,686,160
2022	3,195,000	485,943	1,020,000	55,050	4,755,993
2023	3,150,000	388,512	595,000	24,450	4,157,962
2024	2,625,000	290,120	70,000	6,600	2,991,720
2025	2,375,000	217,768	70,000	5,200	2,667,968
2026	1,705,000	148,617	65,000	3,800	1,922,417
2027	860,000	91,500	65,000	2,500	1,019,000
2028	860,000	65,700	60,000	1,200	986,900
2029	860,000	39,900	-	-	899,900
2030	<u>470,000</u>	<u>14,100</u>	-	-	<u>484,100</u>
	\$42,605,000	\$7,100,426	\$9,765,000	\$1,066,329	\$60,536,755

TDD Special Obligation Bonds

Transportation Development Districts (“TDD”) have been created in the City to assist in financing certain utility and infrastructure improvements within new commercial developments. TDD bonds were issued to provide funding for the improvements. The TDD bonds are repaid solely from special sales taxes and/or special assessments paid by the owners of property benefited. The bonds are considered special obligations to the City and are not a general obligation of the City.

<u>Series</u>	<u>Project</u>	<u>Dated Date</u>	<u>Original Principal Amount</u>	<u>Maturity Date</u>	<u>Amount</u>
2006	Church of the Resurrection Project	08-01-06	\$ 170,000	09-01-21	\$ 80,000
2006	Cornerstone Commercial Project	08-01-06	490,000	09-01-21	210,000
2007	Villaggio Project	12-01-07	835,000	09-01-22	490,000
2010	One Nineteen Project	12-10-10	2,985,000	12-01-29	1,130,000
2012	One Nineteen Project	10-31-12	1,615,000	12-01-31	<u>875,000</u>
					\$2,785,000

Historical General Obligation Debt Information

<u>Year</u>	<u>Bonds Outstanding December 31</u>	<u>Debt to Assessed Valuation</u>	<u>Debt to Estimated Actual Valuation</u>	<u>Debt Per Capita</u>	<u>Bonds Outstanding Less Debt Service Fund Balance</u>
2015	\$52,805,000	5.85%	0.80%	\$1,657	\$44,864,930
2014	51,450,000	5.99	0.82	1,560	44,201,336
2013	51,180,000	6.25	0.86	1,583	43,902,826
2012	56,435,000	6.97	0.95	1,755	49,157,826
2011	61,000,000	7.53	1.03	1,906	54,000,344

Future Debt

The City regularly finances, on a temporary basis, the costs of improvement projects under construction through the issuance of temporary notes. The City customarily conducts a public sale of its general obligation bonds to finance completed improvement projects payable from ad valorem taxes or special assessments. The City also periodically enters into lease agreements for equipment and other assets. The City plans to undertake \$33,059,900 in projects. All amounts and dates listed represent current estimates and are subject to additions, deletions, or revisions in accordance with future planning efforts of the City. The following table lists the anticipated future bonding requirements of the City over the next several years based on the City’s 2017-2021 Capital Improvements Program (C.I.P.).

<u>Project Year</u>	<u>Estimated City At-Large Bonding Requirement*</u>
2017	\$16,503,000
2018	8,312,246
2019	0
2020	19,411,223
2021	<u>10,000,000</u>
	\$54,226,469

*The current C.I.P. does not include any transportation development district or special benefit district funded projects.

Legal Debt Limits

Cities within Kansas are permitted to issue bonds in an aggregate amount not to exceed 30% of the total assessed valuation of the city. Bonds issued for the purpose of improving, acquiring, enlarging, or extending municipal utilities including storm sewers; bonds issued to pay the cost of improvements to intersections and streets in front of city or school district property; bonds for bridges as authorized by a vote of the electors of a city; bonds issued to refund outstanding bonds; payable from revenue sources other than the general taxing authority of the city are not included in total aggregate debt for purposes of computing a city's debt limitation.

Debt Payment Record

The City has always met principal and interest payments on all outstanding bonds when due and payable.

FINANCIAL INFORMATION CONCERNING THE CITY

Financial Reporting

The City has established a uniform system of accounting maintained in accordance with the laws of the State of Kansas and generally accepted accounting principles. The accounts are maintained on the modified accrual basis for all budgetary funds and on the accrual basis for all other funds. An independent post audit of the City's accounts has been conducted each year and an unqualified opinion has been issued for each year. A portion of the latest audit and opinion has been included as part of this Official Statement.

The following is a summary of the combined revenues, expenditures, and fund balances for the City's General Fund over the last five years as shown in the City's General Purpose Financial Statements. This summary has not been prepared or reviewed by the City's auditor.

	<u>Audited 2011</u>	<u>Audited 2012</u>	<u>Audited 2013</u>	<u>Audited 2014</u>	<u>Audited 2015</u>
Revenues:					
Taxes	\$25,389,329	\$25,077,006	\$25,508,965	\$26,598,068	\$26,220,707
Licenses and Permits	1,779,110	1,789,447	2,073,463	1,760,045	1,784,135
Intergovernmental	6,767,097	6,954,265	7,447,033	7,825,510	8,052,367
Charges for Services	2,506,439	2,724,439	2,514,336	2,566,759	2,499,008
Fines and Forfeitures	1,610,087	1,581,363	1,495,514	1,462,528	1,587,760
Interest	46,089	9,130	27,673	55,872	28,070
Other	<u>210,658</u>	<u>548,264</u>	<u>131,948</u>	<u>211,985</u>	<u>154,578</u>
Total Revenues	\$38,308,809	\$38,683,914	\$39,198,932	\$40,480,767	\$40,326,625
Expenditures:					
General Government	\$ 5,538,277	\$ 5,759,285	\$ 5,978,308	\$ 6,318,459	\$ 6,673,278
Public Safety	14,497,736	13,382,889	13,842,202	14,625,143	15,329,378
Public Works	5,638,881	5,361,019	5,873,058	5,922,054	5,940,349
Parks & Recreation	5,559,658	5,537,052	5,614,836	5,774,887	5,874,771
Debt Service:	<u>678,362</u>	<u>603,215</u>	<u>476,915</u>	<u>146,703</u>	<u>251,910</u>
Total Expenditures	\$31,912,914	\$30,643,460	\$31,785,319	\$33,092,742	\$34,069,686
Excess of Revenues Over (Under) Expenditures	\$ 6,395,895	\$ 8,040,454	\$7,413,613	\$7,388,025	\$6,256,939
Other Financing Sources (Uses)	<u>(1,491,978)</u>	<u>(7,605,946)</u>	<u>(10,616,186)</u>	<u>(5,770,994)</u>	<u>(\$6,596,335)</u>
Net Changes in Fund Balances	(\$4,903,917)	\$ 434,508	(3,202,573)	\$ 1,617,031	(\$339,396)
Fund Balance January 1	<u>11,080,759</u>	<u>15,984,676</u>	<u>16,419,184</u>	<u>13,216,611</u>	<u>14,833,642</u>
Fund Balance December 31	\$15,984,676	\$16,419,184	\$13,216,611	\$14,833,642	\$14,494,246

Assessed Valuation

Assessed valuation information for tax roll purposes is released in November each year and is used to calculate tax levies to fund the following year’s budget. The following table shows a breakdown of the November equalized assessed valuation of the City (unless otherwise noted) for the years indicated. Motor vehicle valuations are released in January of each year for the preceding year.

<u>Levy/ Budget Year</u>	<u>Real Property</u>	<u>Personal Property (1)</u>	<u>State Assessed Utilities</u>	<u>Motor/ Recreational Vehicles</u>	<u>Equalized Assessed Value</u>
2015/16	\$816,290,245	\$3,521,444	\$7,398,079	\$75,582,776	\$902,792,544
2014/15	774,847,227	4,087,234	7,209,112	72,655,631	858,799,204
2013/14	737,569,632	4,778,738	7,148,950	72,655,631	822,152,951
2012/13	728,226,705	5,346,482	7,039,023	69,551,891	810,164,101
2011/12	730,282,905	5,643,192	7,116,199	67,226,596	810,268,892
2010/11	734,409,862	6,249,693	7,655,929	68,055,736	816,371,220
2009/10	761,494,540	7,801,915	7,800,453	67,975,900	845,072,808
2008/09	756,413,919	10,455,746	7,945,694	70,141,946	844,957,305
2007/08	721,902,784	12,883,030	7,609,052	71,377,644	813,772,510
2006/07	669,149,548	15,152,446	7,342,923	70,244,151	761,889,068

(1) Legislation passed in 2006 impacted personal property valuations in subsequent years. See FINANCIAL INFORMATION “Property Assessment Rates” herein.

Source: Johnson County Clerk’s Office

Real Property Composition

The following table provides a breakdown by classification for the City’s November 2015 Real Property assessed valuation.

<u>Classification</u>	<u>Real Property Assessed Valuation</u>	<u>% of Total Equalized Assessed Valuation</u>
Residential	\$616,849,299	75.57%
Commercial and Industrial	193,697,737	23.73%
Agricultural Land	30,087	0.00%
Vacant Lots	5,072,754	0.62%
Not-for-Profit	205,239	0.05%
All Other	<u>435,129</u>	<u>0.03%</u>
Total	\$816,290,245	100.00%

Source: Johnson County Clerk’s Office

Estimated Actual Valuation

Based on assessment percentages provided by Kansas Statutes and appraised real estate valuations provided by the Johnson County Clerk’s Office, the following table provides actual valuations for the City of Leawood in the years indicated.

<u>Levy/ Budget Year</u>	<u>Actual Valuation</u>
2015/16	\$6,603,791,502
2014/15	6,250,498,515
2013/14	5,998,629,068
2012/13	5,930,595,044
2011/12	5,940,828,044
2010/11	6,000,006,551
2009/10	6,196,925,878
2008/09	6,225,221,145
2007/08	6,036,126,928
2006/07	5,662,359,498

Major Taxpayers

According to the 2015 tax rolls maintained by the Johnson County Clerk's Office, the following is a list of the largest property tax payers, real and personal, in the City and their assessed valuations.

<u>Taxpayer</u>	<u>Property Use</u>	<u>Assessed Valuation</u>
Town Center Plaza	Shopping Center	\$25,331,000
Park Place Village LLC	Mixed Use	19,355,506
119 th Street Development	Mixed Use	12,993,752
Camelot Court	Shopping Center	8,063,342
Hallbrook Office Center	Offices	7,416,247
Academy 1740, Inc.	Offices	4,979,751
PCC Two, LLC	Offices	3,966,750
Kansas City Power & Light	Utility	3,898,964
Park Place Residences 1, LLC	Residential	3,567,530
Villa Milano	Residential	<u>3,402,506</u>
		\$92,975,348

Special Assessments

The City has pursued a policy of utilizing special benefit districts to assign the cost of certain improvement projects that directly benefit private property. Kansas statutes allow for the creation of special benefit districts to pay for the cost of a variety of improvements including street construction, storm water drains, sanitary sewer system improvements, street lighting, water system improvements, recreational facilities, flood control projects, bridges, and parking facilities. The City has typically utilized special benefit districts to pay for the costs associated with street improvements in new or expanding developments within the City.

The creation of special benefit districts, the determination of property benefited, and the method of allocating the cost of the improvement is at the discretion of the City subject to applicable law. Property owners have the ability to suggest improvements to be made through a petition process and to comment on the final amount of their assessment. The City may or may not participate in the cost of the special benefit district improvement. Generally, all property owners have the option to pay their portion of the improvement cost with a one-time payment during a thirty-day assessment prepayment period or pay in annual installments with interest over a certain number of years.

Upon completion of the special benefit district improvement projects and expiration of a thirty-day prepayment period, the City issues general obligation bonds to provide for permanent project financing. The payment of the principal of and interest on such bonds is paid from the special assessments levied annually on the benefited property owners. Special assessments are paid at the same time and in the same manner as ad valorem

property taxes. If at any time the special assessments received from the property owners are insufficient to provide for the payment of the principal of and interest on the bonds, the City is obligated to provide for the balance of such payments through its ability to levy unlimited ad valorem property taxes across the City. The majority of the City's outstanding general obligation debt is supported by special assessments.

The City has also periodically levied special assessments associated with improvements to property located within certain transportation development districts created within the City. Such assessments are pledged to the repayment of the TDD special obligation bonds. TDD special obligation bonds do not represent a general obligation of the City.

Property Tax Collections

Real estate property tax statements are mailed November 1 each year and may be paid in full or one-half on or before December 20 with the remaining one-half due on or before May 10 of the following year. Taxes that are unpaid on the due dates are penalized at the rate of 8% per annum (pro-rated monthly) until paid or until the property is sold for taxes. Real estate bearing unpaid taxes is advertised for sale in July of each year and is sold to the County for taxes and all legal charges on the first Tuesday in September. Properties that are sold to the County and not redeemed by the delinquent taxpayer within two years after the tax sale are subject to foreclosure sale, except properties defined as "homesteads" under the Kansas Constitution, which are subject to sale after three years.

Personal property taxes are assessed, due and may be paid in the same manner as real estate taxes. Motor vehicle property taxes are based on valuations provided by the Kansas Department of Revenue and the county average tax rate for the county in which the vehicle is registered. Motor vehicle taxes are payable to the county treasurer at the time of the vehicle's annual registration. Vehicle registration dates are assigned by the State in a manner such as to equal registration over a twelve-month period. Motor vehicle taxes are distributed by the county to the state, city and other taxing jurisdictions based on their proportionate tax levies. Delinquent personal and motor vehicle taxes are penalized at the same rate as delinquent real property taxes.

If personal or motor vehicle taxes are not paid in full within approximately 30 days of their respective due dates, warrants are issued and placed in the hands of the Sheriff for collection. If taxes remain uncollected after a certain period, legal judgment is entered and the delinquent tax becomes a lien on all taxable tangible property of the delinquent taxpayer, except property defined as "homesteads" under the Kansas Constitution. Unenforced liens expire after five years.

<u>Budget Year</u>	<u>Taxes Levied</u>	<u>Current Collections</u>		<u>Current & Delinquent Collections</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
2015 for 2016*	\$20,276,075	\$19,601,243	96.7	\$19,755,617	97.4
2014 for 2015	19,105,302	18,959,596	99.2	19,151,348	100.2
2013 for 2014	18,324,277	18,169,881	99.2	18,310,173	99.9
2012 for 2013	18,014,374	17,861,771	99.2	17,889,243	99.3
2011 for 2012	17,952,637	17,758,139	98.9	17,916,475	99.8
2010 for 2011	18,095,209	17,863,489	98.7	18,202,640	100.6
2009 for 2010	18,756,996	18,369,886	97.9	18,559,858	98.9
2008 for 2009	18,692,644	18,360,535	98.2	18,458,672	98.7
2007 for 2008	17,996,395	17,742,463	98.6	17,877,312	99.5
2006 for 2007	16,759,939	16,502,849	98.5	16,660,228	100.0

*Collections as of May 13, 2016

Note: Figures above include levies for ad valorem taxes and miscellaneous charges and fees.

The following table shows the total special assessments payable within the City for the years indicated and the associated collections thereon:

Budget Year	Amount Assessed	Current Taxes Amount	%
2015 for 2016	\$2,432,710	\$1,381,854*	43.2%
2014 for 2015	2,524,385	2,483,695	98.4
2013 for 2014	2,609,989	2,517,415	96.5
2012 for 2013	2,679,623	2,600,313	97.0
2011 for 2012	2,746,900	2,628,778	95.7
2010 for 2011	2,229,071	2,083,100	93.5
2009 for 2010	1,837,770	1,612,561	87.7
2008 for 2009	2,104,435	1,705,110	81.0
2007 for 2008	1,712,551	1,706,373	99.6
2006 for 2007	1,554,088	1,549,708	99.7

*Collections as of February 28, 2016

Note: The figures shown above represent special assessment that are collected by the City and used to provide for the payment of a portion of the City's outstanding general obligation bonds. These figures do not include other special assessments that are collected by the City and used to provide for the payment of special revenue bonds issued by certain transportation development districts created within the City. TDD special revenue bonds do NOT represent a general obligation of the City.

Source: Johnson County Treasurer's Office

Tax Levies

The City may levy taxes in accordance with the requirements of its adopted budget. The County Clerk determines property tax levies based on the assessed valuation provided by the appraiser and spreads the levies on the tax rolls. Property owners within the City pay taxes to either Unified School District No. 512 (Shawnee Mission) or Unified School District No. 229 (Blue Valley).

The following tables give the total tax levy for all taxing jurisdictions serving the City for the last five years. One mill equals \$1 in taxes per \$1,000 of assessed valuation.

Taxpayers within U.S.D. No. 512 - Shawnee Mission

Jurisdiction	2011 Mill Levy for 2012 Budget	2012 Mill Levy for 2013 Budget	2013 Mill Levy for 2014 Budget	2014 Mill Levy for 2015 Budget	2015 Mill Levy for 2016 Budget
State of Kansas	1.500	1.500	1.500	1.500	1.500
Johnson County	17.700	17.717	17.745	17.764	19.582
City of Leawood	24.393	24.393	24.477	24.492	24.508
Johnson County Library	3.145	3.149	3.155	3.157	3.912
Johnson County Parks	2.343	2.344	2.347	2.349	3.101
Community College	8.776	8.785	9.551	9.461	9.469
U.S.D. No. 512	<u>56.135</u>	<u>55.766</u>	<u>55.611</u>	<u>55.911</u>	<u>54.059</u>
Total	113.992	113.654	114.386	114.634	116.131

Note: Figures do not include sewer charges levied by the City.

Taxpayers within U.S.D. No. 229, located in the southern portion of the City, have experienced the following levies over the same time period:

Taxpayers within U.S.D. No. 229 - Blue Valley

	2011 Mill Levy for 2012 <u>Budget</u>	2012 Mill Levy for 2013 <u>Budget</u>	2013 Mill Levy for 2014 <u>Budget</u>	2014 Mill Levy for 2015 <u>Budget</u>	2015 Mill Levy for 2016 <u>Budget</u>
<u>Jurisdiction</u>					
U.S.D. No. 229	72.828	72.027	70.036	67.939	67.889
Other Jurisdictions (same as above)	<u>57.857</u>	<u>57.888</u>	<u>53.315</u>	<u>57.521</u>	<u>64.272</u>
	130.685	129.915	123.351	125.190	132.161

Source: Johnson County Clerk’s Office

Sales and Use Tax

The State of Kansas is responsible for collection and distribution of all sales and use tax. Citywide local option taxes are distributed directly to the City each month. Countywide local option taxes are allocated and distributed monthly by the State to the County and all incorporated cities within the County based on population and relative property tax levies. Statewide taxes are retained by the State and not distributed to local municipalities.

Currently, the City has a citywide local option sales tax rate of 1.125%. Of this amount, 1.00% is a permanent tax dedicated for general purposes and .125% is dedicated to street and stormwater projects. In November, 2014, voters approved a .125% tax for street and stormwater projects to 2021.

Currently, total sales and use tax in the City is 8.85-cents, or 8.85% of cost, which includes a 1.225% countywide local option sales and use tax, a 6.50% state sales and use tax, the 1.125% citywide local option sales and use tax.

The following table shows receipts for citywide and the City’s portion of the countywide local option sales tax in recent years.

<u>Year</u>	<u>Citywide Sales and Use Tax Receipts</u>	<u>City’s Portion of Countywide Sales and Use Tax Receipts</u>	<u>Combined Sales & Use Tax Receipts</u>
2016*	\$2,232,664	\$1,439,666	\$3,672,330
2015	9,723,757	6,078,765	15,802,522
2014	9,697,733	5,964,272	15,662,005
2013	9,153,330 (3)	5,447,001	14,600,331
2012	9,407,138	5,236,136	14,643,274
2011	9,178,330 (1)	5,157,657	14,335,987
2010	10,543,365	4,474,876	15,018,241
2009	10,204,502 (2)	4,593,935	14,798,434
2008	10,680,990	4,911,857	15,592,847

*As of May 2016

(1) The City’s 0.4% sales tax ended on March 31, 2011. The purpose of this voter-approved sales tax was to provide for public safety improvements. It began on April 1, 2007 and was to end on March 31, 2012 or when a total of \$10 million had been collected, whichever was achieved first. This tax ended one year earlier than expected.

(2) In 2009 and 2010, the City had to refund certain tax collections received from a large telecommunications

company that had misfiled its use tax payments. Absent these refunds, the amount of sales and use tax collections in 2009 and 2010 would have been approximately equal to 2008.

- (3) The 2013 Citywide Sales and Use Tax Receipts were lower due to a correction made at the state level. Leawood received City Compensation Use Tax payments in 2012 from a retailer whom was actually located in Overland Park, KS. The correction to return the revenue to Overland Park occurred in 2013.

In 2013, the ten largest remitters of local option sales tax in the City generated approximately 56% of total collections and consisted of grocery stores, utilities, retail stores, and restaurants. The single largest category remitter comprised approximately 14.7% of total collections.

The City currently has four Transportation Development Districts (TDD), two of which impose a 1.00% sales tax in which the total sales tax charged is 9.85%.

In addition to sales and use tax, the City also collects an 8% transient guest tax. The City's first hotel opened in late summer of 2009, the aloft Hotel, located in the Park Place development area. The City began receiving this revenue in late 2009.

Building Permits

The following table shows the number, type and estimated new construction costs of building permits issued by the City during the last five years.

<u>Year</u>	<u>Commercial Construction</u>		<u>Residential Construction</u>	
	<u>Number of Permits*</u>	<u>Estimated Cost</u>	<u>Number of Permits*</u>	<u>Estimated Cost</u>
2015	71	\$130,625,659	347	\$44,117,203
2014	87	57,059,076	351	50,850,942
2013	90	85,244,734	375	71,819,768
2012	78	97,004,318	291	40,172,866
2011	75	32,916,971	220	21,887,489
2010	86	66,087,540	242	18,180,489
2009	54	12,831,885	224	16,704,045
2008	122	29,952,887	276	24,937,142

*Permits include new construction, additions, alterations and modifications.

Budgeting Procedures

Applicable Kansas statutes require that budgets be legally adopted for all funds (including debt service and enterprise funds) unless exempted by a specific statute. All budgets are prepared utilizing the modified accrual basis further modified by the encumbrance method of accounting. For example, commitments such as purchase orders and contracts, in addition to disbursements and accounts payable, are recorded as expenditures.

The statutes provide that the budget for the succeeding calendar year must be prepared on or before August 1 and published on or before August 5 of each year. A public hearing is required to be held on or before August 15, with the final budget being adopted on or before August 25 of each year. Supplemental appropriations and transfers among budget categories may modify original appropriations. The City Council must approve all significant changes from the adopted budget.

Kansas law prohibits cities and other governmental units from creating indebtedness unless there is money on hand in the proper fund and unencumbered by previous commitments with which to pay the indebtedness. The execution of a contract, or the issuing of a purchase order, automatically encumbers the money in the fund for the

payment of the amount represented by the commitment. It makes no difference that the amount may not have to be paid until more moneys are in the fund or until the following year. An exception to this cash basis law is the issuance of debt in the form of bonds, notes, or warrants pursuant to statutory authority or referendum. In the event debt is issued, funds need not be on hand for future payments.

An annual budget of estimated receipts and disbursements for the coming calendar year is required by statute to be prepared for all funds (unless specifically exempted). The budget is prepared utilizing the modified accrual basis which is further modified by the encumbrance method of accounting. For example, commitments such as purchase orders and contracts, in addition to disbursements and accounts payable, are recorded as expenditures. The budget lists estimated receipts by funds and sources and estimated disbursements by funds and purposes. The proposed budget is presented to the governing body of the City prior to August 1, with a public hearing required to be held prior to August 15, with the final budget to be adopted by a majority vote of the governing body of the City prior to August 25 of each year. Budgets may be amended upon action of the governing body after notice and public hearing, provided that no additional tax revenues may be raised after the original budget is adopted.

The City may levy taxes in accordance with the requirements of its adopted budget. Property tax levies are based on the adopted budget of the City and the assessed valuations provided by the County appraiser. The 2015 Kansas Legislature passed legislation that, among other things, imposes an additional limit on the aggregate amount of property taxes that may be imposed by cities and counties, without a majority vote of qualified electors of the city or county (the "Tax Lid"). The Tax Lid has an effective date of January 1, 2018.

The Tax Lid provides that, subject to certain exceptions, no city or county may increase the amount of ad valorem tax to be levied over the amount levied in the prior year by an amount greater than the consumer price index without a majority vote of electors. Specific exceptions provided in the Tax Lid include increases in the ad valorem tax due to:

- “(i) costs for new infrastructure or improvements to existing infrastructure to support new improvements to property exempt from property taxation pursuant to the provisions of K.S.A. 79-201 et seq., and amendments thereto, such as hospitals, schools and churches, or exempt additions to or improvements to property so exempt from property taxation;
- (ii) bond and interest payments;
- (iii) an increase in property subject to taxation as the result of the expiration of any abatement of property from property tax;
- (iv) increases in road construction costs when such construction has been once approved by a resolution of the governing body of the city or county;
- (v) special assessments;
- (vi) judgments levied against the city or county or expenses for legal counsel and for defense of legal actions against the city or county or officers of the city or county;
- (vii) new expenditures that are specifically mandated by federal or state law; or
- (viii) an increase in property subject to taxation as the result of new construction.”

Because of ambiguities in the Tax Lid, it is unclear how the various exceptions will be interpreted and how the Tax Lid will be implemented. As a result, it is unclear how the Tax Lid will impact the City.

However, as described above, there is a specific exception in the Tax Lid for ad valorem tax increases necessary for “bond and interest payments.” This language has been interpreted in other contexts to include general obligation bonds and general obligation temporary notes. Therefore, the City is permitted under the Tax Lid to levy unlimited ad valorem taxes as necessary to pay principal of and interest on the Bonds, as required by the Bond Resolution.

The City cannot predict the impact of the Tax Lid on the ratings on the Bonds, or the general rating of the City. A change in the rating on the Bonds or a change in the general rating of the City may adversely impact the market price of the Bonds in the secondary market.

Appraisal and Assessment Procedures

The determination of appraised and assessed valuation and the collection of property taxes for all political subdivisions in the State of Kansas are the responsibility of the various counties. The Johnson County Appraiser annually determines the appraised valuation of property located in the City. The Appraiser's determination is based on a number of criteria established by Kansas Law. All property, with the exception of agricultural land, is appraised based on estimated fair market value. Agricultural property is appraised based on productivity value. Kansas statutes require that each parcel of real property be reviewed and inspected by the county appraiser once every four years for taxation purposes. Once appraised valuations have been determined, they are multiplied by the applicable statutory assessment rates to arrive at the assessed valuations. The total assessed valuation is then used to establish property tax rates.

Property Assessment Rates

In order to determine the assessed valuation of a parcel of property for taxation purposes, the county appraiser multiplies the appraised value of the parcel by the applicable assessment rate. Current property assessment rates were established in 1986, effective in 1989, and slightly modified in 1992. The most significant 1992 modifications involved lowering the assessment rate on commercial and industrial real property from 30% to 25% and on residential property from 12% to 11.5%. The following table shows the current assessment rates for the different classes of taxable tangible property within the State of Kansas.

<u>Real Property:</u>	
Residential	11.5%
Commercial and Industrial- Real Property	25.0
Agricultural Land (1)	30.0
Agricultural Improvements	25.0
Vacant Lots	12.0
Not-for-Profit (2)	12.0
All Other	30.0
<u>Personal Property: (3)</u>	
Mobile Homes	11.5%
Mineral Leaseholds (large)	30.0
Mineral Leaseholds (small)	25.0
Commercial & Industrial Machinery & Equipment	25.0
All Other	30.0
<u>Utilities:</u>	
Railroads	federally mandated rate
All Other Public Utilities	33.0%
<u>Motor Vehicles:</u>	20.0%
<u>Property Exempt:</u>	

Property used for the following purposes, or portions thereof, are exempt from taxation provided certain statutory requirements are met: religious, educational, literary, scientific, benevolent, alumni associations, veterans' organizations, or charitable purposes, including parsonages and community service organizations providing humanitarian services.

- (1) Agricultural land is valued based on the productivity value of the property and not estimated market valuation.
- (2) A bill passed by the Kansas Legislature in 1994 clarified this class of property to include all property owned and operated by not-for-profit organizations not subject to federal income taxation pursuant to paragraphs (2), (3), (4), (7), (8), or (10) of Subsection C of Section 501 of the federal internal revenue code. This bill specifically established that private, not-for-profit country clubs would be assessed at 12% for all land that does not accommodate buildings or improvements.

- (3) The 2006 Kansas Legislature exempted from all property or ad valorem property taxes levied under the laws of the State, all commercial, industrial, telecommunications, and railroad machinery and equipment acquired by qualified purchase or lease after June 30, 2006 or transported into the State after June 30, 2006 for the purpose of expanding an existing business or creation of a new business.

Equalization Ratios

Annually, the Property Valuation Division of the Kansas Department of Revenue conducts a study to compare the assessed valuation of real property to estimated market value based on property sale prices. The study derives an equalization ratio which, when divided into assessed valuation, provides a means to approximate actual market value. According to the 2013 Preliminary Kansas Appraisal/Sales Ratio Study, in Johnson County the equalization ratio for residential real property has been set to 10.90% and commercial and industrial real property to 23.73%.

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APPENDIX B

Continuing Disclosure Undertaking

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CONTINUING DISCLOSURE UNDERTAKING

Dated as of August 1, 2016

By

City of Leawood, Kansas

\$9,765,000

**City of Leawood, Kansas
General Obligation Refunding Bonds
Series 2016-A**

\$34,460,000

**City of Leawood, Kansas
General Obligation Temporary Notes
Series 2016-1**

CONTINUING DISCLOSURE UNDERTAKING

This **CONTINUING DISCLOSURE UNDERTAKING** dated as of August 1, 2016 (this “**Continuing Disclosure Undertaking**”), is executed and delivered by **City of Leawood, Kansas** (the “**Issuer**”).

RECITALS

1. This Continuing Disclosure Undertaking is executed and delivered by the Issuer in connection with the issuance by the Issuer of its: (a) **\$9,765,000 General Obligation Refunding Bonds, Series 2016-A** (the “**Bonds**”), pursuant to Ordinance No. 2796 and Resolution No. 4664 adopted by the governing body of the Issuer (collectively, the “**Bond Resolution**”); and (b) **\$34,460,000 General Obligation Temporary Notes, Series 2016-1** (the “**Notes**” and together with the Bonds, the “**Obligations**”), pursuant to Ordinance No. 2795 and Resolution No. 4663 adopted by the governing body of the Issuer (collectively, the “**Note Resolution**” and together with the Bond Resolution, the “**Resolutions**”)

2. The Issuer is entering into this Continuing Disclosure Undertaking for the benefit of the Beneficial Owners of the Obligations and in order to assist the Participating Underwriter in complying with Rule 15c2-12 of the Securities and Exchange Commission (the “**Rule**”). The Issuer is the only “**obligated person**” with responsibility for continuing disclosure hereunder.

In consideration of the mutual covenants and agreements herein, the Issuer covenants and agrees as follows:

Section 1. Definitions. In addition to the definitions set forth in the Resolutions, which apply to any capitalized term used in this Continuing Disclosure Undertaking unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“**Annual Report**” means any Annual Report provided by the Issuer pursuant to, and as described in, **Section 2** of this Continuing Disclosure Undertaking.

“**Beneficial Owner**” means any registered owner of any Obligations and any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Obligations (including persons holding Obligations through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Obligations for federal income tax purposes.

“**Dissemination Agent**” means any entity designated in writing by the Issuer to serve as dissemination agent pursuant to this Continuing Disclosure Undertaking and which has filed with the Issuer a written acceptance of such designation.

“**EMMA**” means the Electronic Municipal Market Access system for municipal securities disclosures established and maintained by the MSRB, which can be accessed at www.emma.msrb.org.

“**Material Events**” means any of the events listed in **Section 3** of this Continuing Disclosure Undertaking.

“**MSRB**” means the Municipal Securities Rulemaking Board, or any successor repository designated as such by the Securities and Exchange Commission in accordance with the Rule.

“Participating Underwriter” means any of the original underwriter(s) of the Obligations required to comply with the Rule in connection with offering of the Obligations.

“Rule” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 2. Provision of Annual Reports.

- (a) The Issuer shall not later than **180** days after the end of the Issuer’s fiscal year, commencing with the year ending December 31, 2016, file with the MSRB, through EMMA, the following financial information and operating data (the **“Annual Report”**):
- (1) The audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with accounting principles generally accepted in the United States. If audited financial statements are not available by the time the Annual Report is required to be provided pursuant to this Section, the Annual Report shall contain unaudited financial statements, and the audited financial statements shall be provided in the same manner as the Annual Report promptly after they become available.
 - (2) Updates as of the end of the fiscal year of certain financial information and operating data contained in the final Official Statement, as described in **Exhibit A**, in substantially the same format contained in the final Official Statement.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the Issuer is an **“obligated person”** (as defined by the Rule), which have been provided to the MSRB and are available through EMMA or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB on EMMA. The Issuer shall clearly identify each such other document so included by reference.

In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in this Section; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer’s fiscal year changes, it shall give notice of such change in the same manner as for a Material Event under **Section 3**.

- (b) In addition to the foregoing requirements of this Section, the Issuer agrees to provide copies of the most recent Annual Report to any requesting Beneficial Owner or prospective Beneficial Owner, but only after the same has been provided to the MSRB.
- (c) The Annual Report shall be filed with the MSRB in such manner and format as is prescribed by the MSRB.

Section 3. Reporting of Material Events. Not later than **10** business days after the occurrence of any of the following events, the Issuer shall give, or cause to be given to the MSRB, through EMMA, notice of the occurrence of any of the following events with respect to the Obligations (“**Material Events**”):

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Obligations, or other material events affecting the tax status of the Obligations;
- (7) modifications to rights of holders of the Obligations, if material;
- (8) calls of the Obligations, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the Obligations, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Issuer;
- (13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) appointment of a successor or additional trustee or the change of name of the trustee, if material.

If the Issuer has not submitted the Annual Report to the MSRB by the date required in **Section 2(a)**, the Issuer shall send a notice to the MSRB of the failure of the Issuer to file on a timely basis the Annual Report, which notice shall be given by the Issuer in accordance with this **Section 3**.

Section 4. Termination of Reporting Obligation. The Issuer’s obligations under this Continuing Disclosure Undertaking shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Obligations. If the Issuer’s obligations under this Continuing Disclosure Undertaking are assumed in full by some other entity, such person shall be responsible for compliance with this Continuing Disclosure Undertaking in the same manner as if it were the Issuer, and the Issuer shall have no further responsibility hereunder. If such termination or substitution occurs prior to the final maturity of the Obligations, the Issuer shall give notice of such termination or substitution in the same manner as for a Material Event under **Section 3**.

Section 5. Dissemination Agents. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Continuing Disclosure Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign as dissemination agent hereunder at any time upon **30** days prior written notice to the Issuer. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report (including without limitation the Annual Report) prepared by the Issuer pursuant to this Continuing Disclosure Undertaking.

Section 6. Amendment; Waiver. Notwithstanding any other provision of this Continuing Disclosure Undertaking, the Issuer may amend this Continuing Disclosure Undertaking and any provision of this Continuing Disclosure Undertaking may be waived, provided that Bond Counsel or other counsel experienced in federal securities law matters provides the Issuer with its written opinion that the undertaking of the Issuer contained herein, as so amended or after giving effect to such waiver, is in compliance with the Rule and all current amendments thereto and interpretations thereof that are applicable to this Continuing Disclosure Undertaking.

In the event of any amendment or waiver of a provision of this Continuing Disclosure Undertaking, the Issuer shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (1) notice of such change shall be given in the same manner as for a Material Event under **Section 3**, and (2) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 7. Additional Information. Nothing in this Continuing Disclosure Undertaking shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Undertaking or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Continuing Disclosure Undertaking. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is specifically required by this Continuing Disclosure Undertaking, the Issuer shall have no obligation under this Continuing Disclosure Undertaking to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

Section 8. Default. If the Issuer fails to comply with any provision of this Continuing Disclosure Undertaking, any Participating Underwriter or any Beneficial Owner of the Obligations may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Continuing Disclosure Undertaking. A default under this Continuing Disclosure Undertaking shall not be deemed an event of default under the Resolutions or the Obligations, and the sole remedy under this Continuing Disclosure Undertaking in the event of any failure of the Issuer to comply with this Continuing Disclosure Undertaking shall be an action to compel performance.

Section 9. Beneficiaries. This Continuing Disclosure Undertaking shall inure solely to the benefit of the Issuer, the Participating Underwriter, and Beneficial Owners from time to time of the Obligations, and shall create no rights in any other person or entity.

Section 10. Severability. If any provision in this Continuing Disclosure Undertaking, the Resolutions or the Obligations shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 11. Electronic Transactions. The arrangement described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 12. Governing Law. This Continuing Disclosure Undertaking shall be governed by and construed in accordance with the laws of the State of Kansas.

[Remainder of Page Intentionally Left Blank.]

IN WITNESS WHEREOF, the Issuer has caused this Continuing Disclosure Undertaking to be executed as of the day and year first above written.

CITY OF LEAWOOD, KANSAS

By: _____
Title: Mayor

EXHIBIT A

FINANCIAL INFORMATION AND OPERATING DATA TO BE INCLUDED IN ANNUAL REPORT

The following sections and tables contained in the final Official Statement:

1. FINANCIAL OVERVIEW OF THE CITY
2. DEBT SUMMARY OF THE CITY
3. FINANCIAL INFORMATION CONCERNING THE CITY - Assessed Valuation
4. FINANCIAL INFORMATION CONCERNING THE CITY - Estimated Actual Valuation
5. FINANCIAL INFORMATION CONCERNING THE CITY – Property Tax Collections
6. FINANCIAL INFORMATION CONCERNING THE CITY - Tax Levies
7. FINANCIAL INFORMATION CONCERNING THE CITY - Major Taxpayers
8. FINANCIAL INFORMATION CONCERNING THE CITY - Sales and Use Tax

APPENDIX C

Financial Statements

The following is a copy of a portion of the report on examination of the City of Leawood, Kansas, for the fiscal year ended December 31, 2015, prepared by the firm of RubinBrown, LLP, Certified Public Accountants & Business Consultants, Overland Park, Kansas.

CITY OF LEAWOOD, KANSAS
COMPREHENSIVE ANNUAL
FINANCIAL REPORT
For The Year Ended December 31, 2015



Report prepared by Department Of Finance

Dawn Long, Finance Director
Theresa Lodde, Senior Accountant

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Introductory Section



City of Leawood

4800 Town Center Drive • Leawood, Kansas 66211 • (913) 339-6700
(913) 339-6781 Fax

April 25, 2016

The Honorable Mayor,
Members of the City Council and
the Citizens of Leawood, Kansas:

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended December 31, 2015.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, which is based upon a comprehensive framework of internal controls that have been established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

This report was prepared by City staff in accordance with generally accepted accounting principles (GAAP), which are uniform minimum standards and guidelines for financial accounting and reporting in the United States. This report is intended to provide sufficient information to permit the assessment of stewardship and accountability and to demonstrate legal compliance.

RubinBrown LLP, Certified Public Accountants, has issued an unmodified opinion on the City of Leawood's financial statements for the year ended December 31, 2015. The independent auditors' report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

Government Structure

The City of Leawood was incorporated as a city of the third class in 1948 with slightly more than 1,000 inhabitants. On December 31, 1998, the City became a city of the first class. The City operates under a Mayor-Council form of government with a City Administrator.

The Mayor is elected on an at-large, non-partisan basis and serves a four-year term. The eight council members are elected (non-partisan) by ward and serve four-year staggered terms of office. Every other year in the even numbered years, an election for council members is held with one council member from each of the four wards being chosen at each election.

The City Administrator is appointed by the Mayor and City Council as the Chief Administrative Officer of the City and is charged with the efficient and effective administration of the City.

The City of Leawood provides a variety of services including police and fire protection; the construction and maintenance of highways, streets, and other infrastructure; and recreational and cultural activities.

The Shawnee Mission Unified School District No. 512 and the Blue Valley Unified School District No. 229 provide public education services. Johnson County Water District No. 1 provides water services. It should be clearly noted that these self-government entities are not part of the City of Leawood.

By Kansas law, the budget must be approved by the Council and submitted to the County Clerk by August 25th of each year. This annual budget serves as the foundation for the City of Leawood's financial planning and control. The budget is prepared by fund, function (e.g. public safety), and department (e.g. police). Department heads may transfer resources within a department as they see fit. Transfers between departments, however, need approval from the City Administrator.

Local Economy and Outlook

The City of Leawood is located approximately 10 miles southwest of downtown Kansas City, Missouri, and occupies 14.7 square miles of land in northeastern Johnson County, Kansas. The City estimates its 2015 population to be 32,644. Johnson County encompasses 476 square miles and with a 2015 estimated population of greater than 581,000 is the most populous county in the State of Kansas. The City's land area is approximately 75% developed, and growth is expected to continue albeit at a moderate pace. The City is bounded to the east by the Kansas-Missouri state line and on all other sides by incorporated cities of Johnson County.

Because of Leawood's location in a region with a varied economic base, the unemployment rate is at a modest 2.6 percent. During the past ten years, the unemployment rate experienced a decade low of 2.5 percent (2006), and a decade high of 4.3 percent (2010). The direction of the change in the unemployment rate has mirrored the national economy.

The City issued over 2,000 building permits in 2015. The total residential construction value was approximately \$55 million, and the total commercial construction value was \$135 million, for a combined total of \$190 million.

During 2015 93% of all properties realized an increase in their property appraised value.

Major Initiatives

2015 Initiatives and Highlights

In 2015 the City of Leawood retained its AAA bond rating, continuing to ensure the Leawood business community and its residents that the City remains a solid investment opportunity for the Nation's capital markets.

The City's mill levy was held steady for the 12th straight year, and Leawood maintained its ranking as having the second lowest mill levy in the State of Kansas among cities of the first class.

The City continued with the third year of a four year \$20 million dollar curb and gutter replacement program. The City will spend \$5 million dollars per year during the four year initiative. The reason for this rehabilitation program is due to undetected faulty base material that was contained in the concrete installed, not only in Leawood, but also throughout the metropolitan area between 1983 and 1999. The City will debt-finance this program.

In addition to the curb and gutter replacement program, the City has had an accelerated street renovation program that began in 2004. It is the goal of the Governing Body to reduce the backlog of streets that do not meet a pavement condition index (pci) rating of not less than 70% within the next ten years.

In 2015 the construction phase began on improvements to 143rd Street. This is a two phase project totaling over \$20 million. When completed, 143rd Street will go from a two-lane road with ditches to a four-lane undivided concrete road with curb and gutter, sidewalks, streetlights, bike/hike trail, storm sewers and traffic signal. Both phases will be completed and bonded by 2021.

New retail and businesses continued to locate in Leawood in 2015, demonstrating the City's appeal to the private sector investor. A few highlights include the construction of phase three of Mission 106. This phase includes both residential and office components. Town Center Crossing had the much anticipated opening of L.L. Bean and Town Center Plaza received approval for the addition of a new three-story, 42,000 square-foot Restoration Hardware. Mainstreet received final approval for the construction of a two-story, 70,000 square-foot assisted living, rehabilitation and skilled nursing center.

In 2015, the City's Fire Department initiated a tedious self-improvement process by formally entering into an accreditation program with the Commission on Fire Accreditation International ("the Commission"). This process required the department to vigorously re-evaluate its policies and protocols to ensure that they were in compliance with the best practices of current firefighting standards. On August 26, 2015, the Commission voted unanimously for Leawood Fire to receive this accreditation. Leawood is one of 218 agencies out of 30,000 recognized to hold this status.

Future Initiatives

Council priorities are as follows:

To ensure that Leawood is fiscally responsible, while investing in the infrastructure of the City, modernizing the government, investing in human resources, and improving customer service.

To promote development that sustains rather than depletes the community, that is fiscally sound, that contributes to a high quality of life, and that nourishes the community.

To protect Leawood residents, visitors and businesses by providing quality police and homeland security services. To preserve life and property through excellence in training, community risk management, emergency preparedness and rapid emergency services response.

To maintain the current infrastructure and to provide the highest quality new improvements where economic benefits clearly justify new investment.

To promote a community that offers family-oriented activities and recreational and cultural opportunities that encourages and enhances the quality of life citizens.

Several of the goals set by Council that reflect these priorities include evaluation of the cultural amenities for the 135th Street Corridor, evaluate new home building codes with other Johnson County cities, reviewing best management practices regarding sustainable landscaping into LDO and City property, and evaluation of the usage of City owned property.

The City's continued control over expenditure growth has been, and will continue to be, a key factor in maintaining the City's strong financial position. The City Council has wisely taken advantage of the past years' financial prosperity to secure the future stability of the City. The conservative budgets that were passed in prior fiscal years have contributed to this overall financial philosophy.

Financial Information

Relevant Financial Policies

The Governmental Accounting Standards Board (GASB) issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The City implemented GASB 68 and GASB 71 in the current year. These Statements establish standards for the measurement and recognition of liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, GASB 68 identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about pensions also are addressed.

Single Audit

In 2015 the City of Leawood was 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 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Grant Guidance). 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.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Leawood for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2014. The City has received this prestigious award for seventeen consecutive years. In order to be awarded a Certificate of Achievement, the government has to publish an easily readable and efficiently organized CAFR that satisfies both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and are submitting it to the GFOA to determine eligibility for another certificate.

In addition, the government also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated January 1, 2016. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

We wish to take this opportunity to thank each member of the Governing Body for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner. In closing, the preparation of this report was not accomplished without the efficient and dedicated services of key staff in the Finance Department as well as other City departments who assisted and contributed to its preparation. Thank you to each individual involved.

Respectfully submitted,



Scott Lambers
City Administrator



Dawn D. Long
Director of Finance



FRONT ROW [left to right]:

Councilmember Andrew Osman, Ward 1
Councilmember Julie Cain, Ward 4
Mayor Peggy Dunn
Councilmember Lou Rasmussen, Ward 2

BACK ROW [left to right]:

Councilmember Carrie Rezac, Ward 3
Councilmember Jim Rawlings, Ward 2
Councilmember Chuck Sipple, Ward 3
Councilmember Debra Filla, Ward 1
Councilmember James Azeltine, Ward 4

CITY OF LEAWOOD, KANSAS

PRINCIPAL OFFICIALS

Mayor

Peggy J. Dunn

City Council

Debra Filla
Andrew Osman
Louis Rasmussen
Jim Rawlings
Carrie Rezac
Julie Cain
James Azeltine
Chuck Sipple

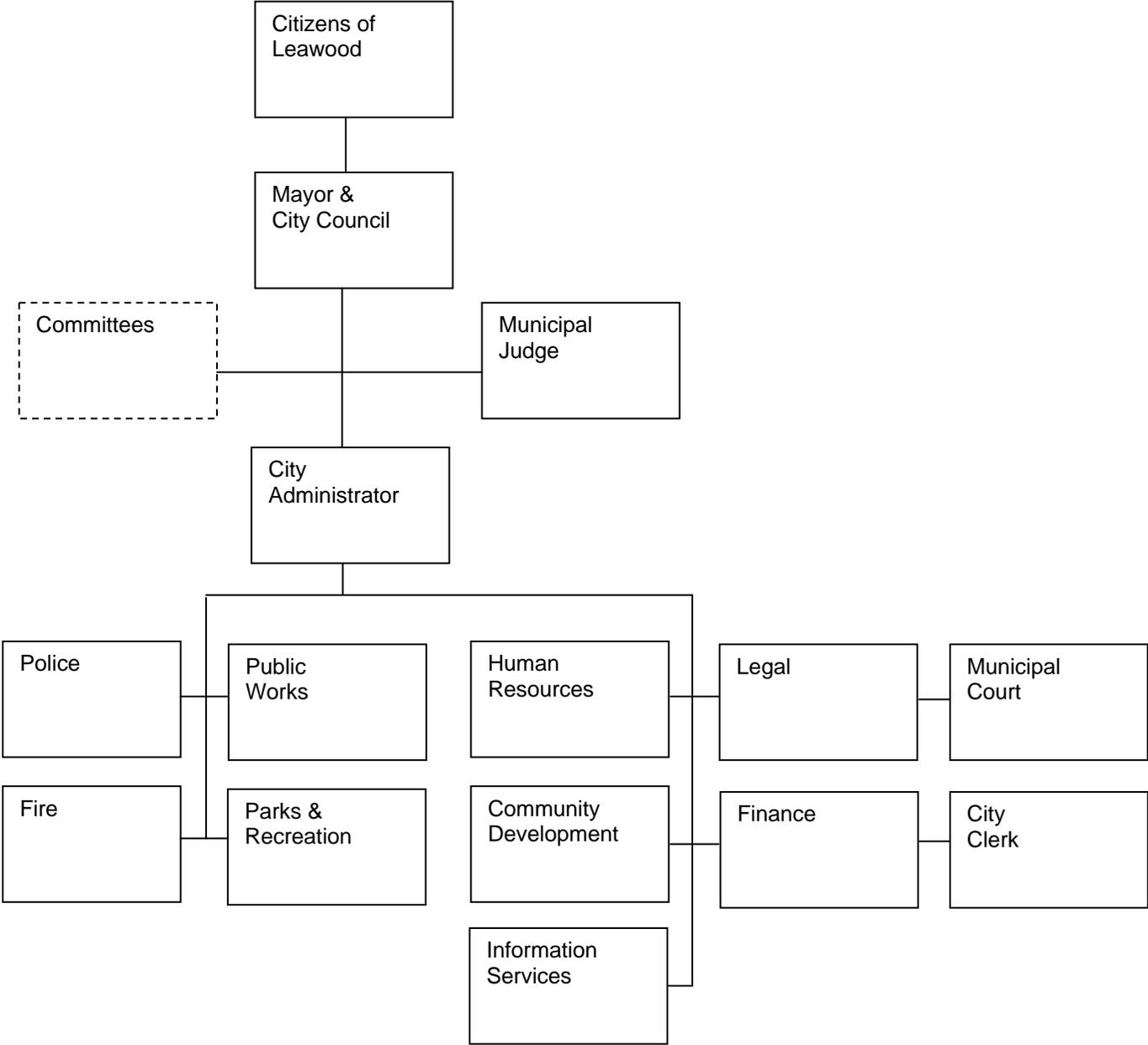
City Administrator

Scott M. Lambers

Prepared By Department Of Finance

Dawn Long, Finance Director
Theresa Lodde, Senior Accountant

CITY OF LEAWOOD, KANSAS ORGANIZATIONAL CHART





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Leawood
Kansas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO

Financial Section



RubinBrown LLP
Certified Public Accountants
& Business Consultants

10975 Grandview Drive
Suite 600
Overland Park, KS 66210

T 913.491.4144
F 913.491.6821

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E info@rubinbrown.com

Independent Auditors' Report

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

Report On The Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of Leawood, Kansas, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City of Leawood, Kansas' basic financial statements as listed in the table of contents.

Management's Responsibility For The Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Leawood, Kansas as of December 31, 2015, and the respective changes in financial position thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change In Accounting Principle

As discussed in Note 1 to the financial statements, in 2015 the City of Leawood, Kansas adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 20, the budgetary comparison information on page 63, the schedule of funding progress on page 64, the comparison of needed-to-actual maintenance/preservation for streetlights and traffic signals on page 65, and the schedule of proportionate share of the net pension liability and schedule of contributions on page 66 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required Under *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2016, on our consideration of City of Leawood, Kansas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Leawood, Kansas' internal control over financial reporting and compliance.

RubinBrown LLP

April 25, 2016

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Management's Discussion And Analysis

CITY OF LEAWOOD, KANSAS

MANAGEMENT'S DISCUSSION AND ANALYSIS Fiscal Year Ended December 31, 2015

The following Management's Discussion and Analysis (MD&A) of the City of Leawood's (the City) financial performance provides an introduction and overview to the financial activities of the City for the fiscal year ended December 31, 2015. This narrative discussion and analysis focuses on the current year's activities, resulting changes and currently known facts; therefore, the information presented here should be considered in conjunction with additional information furnished in the letter of transmittal and the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

Government-Wide

- The assets of the City exceeded its liabilities at December 31, 2015 by \$324.8 million (*net position*). Of this amount, \$35.5 million (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position decreased by \$3.3 million as a result of current year's operation. This decrease was primarily due to the completion of pay as you go projects that were not capitalized.
- Expenses were \$48.9 million greater than program revenues generated for governmental activities. Taxes, return on investments and other income for \$45.6 million provided funding toward City-wide programs and resulted in a decrease in net position of \$3.3 million for the year ended December 31, 2015.

Fund Based

- As of the close of the current year, the City's governmental funds reported combined ending fund balances of \$39.3 million. Net changes in fund balances for governmental funds were \$0.3 million.
- At the end of the current year, unassigned fund balance for the General Fund was \$8.7 million, or 26% of the total General Fund expenditures.
- During the year, the City held temporary notes of \$28,731,377. There was long term debt issued during 2015 in the amount of \$9,370,000. It is anticipated that most of the temporary debt will be converted to longer term debt in 2017.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the City using the integrated approach as prescribed by GASB Statement No. 34.

Government-Wide Financial Statements

The Government-Wide Financial Statements present the financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. The statements present governmental activities and business-type activities separately. These statements include all assets of the City (including infrastructure) as well as all known liabilities (including long-term debt). Additionally, certain eliminations have occurred as prescribed by the statement in regards to inter-fund activity, payables and receivables.

The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities. These statements include all assets, deferred outflows, liabilities and deferred inflows of the City using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes in them. Assets and deferred outflows less liabilities and deferred inflows equals net position, which is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. Other factors to consider are changes in the City's property tax base and the condition of the City's infrastructure.

In the Statement of Net position and the Statement of Activities, we distinguish the City's functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a portion of their costs through user fees and charges (business-type activities).

All of the City's basic services are reported in the governmental activities, including the General Government, Public Safety, Public Works and Parks and Recreation. Property and sales taxes, user fees, interest income, franchise fees, and state and federal grants finance these activities. The City does not report any business-type activities.

The government-wide financial statements can be found on the pages immediately following this section as the first section of the Basic Financial Statements.

Fund Financial Statements

The Fund Financial Statements include statements for each of the two categories of activities: governmental and fiduciary. The governmental activities are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The fiduciary activities are agency funds, which report a balance sheet, a statement of changes in assets and liabilities and do not have a measurement focus. Reconciliations of the Fund Financial Statements to the Government-Wide Financial Statements are provided to explain the differences created by the integrated approach.

CITY OF LEAWOOD, KANSAS

Management's Discussion And Analysis (*Continued*)

The Fund Financial statements provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by State law. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

Governmental Funds - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences between fund balances in the Governmental Fund Financial Statement and net position reported in the Government-Wide Financial Statements are explained in the reconciliation schedule following each of the Governmental Fund Financial Statements.

The governmental fund financial statements can be found in the Basic Financial Statements section of this report.

Fiduciary Funds - The City is the trustee, or fiduciary, for certain funds held to account for activities reported in this category which include the receipt of special taxes and assessments used to pay principal and interest on related bonded debt that has no direct City liability, as well as receipt and disbursement of capital project proceeds related to these bonds. The City's fiduciary activities are reported in separate Statements of Fiduciary Assets and Liabilities and Combining Schedule of Changes in Assets and Liabilities.

The fiduciary fund Statement of Fiduciary Assets and Liabilities can be found in the Basic Financial Statements section of this report. The Combining Schedule of Changes in Assets and Liabilities can be found in the Supplementary Information section of this report.

Notes To The Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. They are presented immediately following the Basic Financial Statements section of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide other post employment benefits to its employees, budgetary comparison schedules for the general fund, schedules and disclosure of the modified approach for reporting the City's streetlights and traffic signals, and schedules of selected pension information.

CITY OF LEAWOOD, KANSAS

Management's Discussion And Analysis (*Continued*)

Combining and individual statements for nonmajor governmental and fiduciary funds are presented in the Supplementary Information section of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

This analysis focuses on the City's net position and changes in net position of the governmental activities for the year ended December 31, 2015.

During fiscal year 2015, the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These statements established standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expense associated with defined benefit pension plans. This implementation required several December 31, 2014 balances to be restated as of January 1, 2015. Deferred outflows were restated by \$1.6 million at January 1, 2015. Deferred inflows were restated by \$3.8 million. Net pension liability was restated to \$17.7 million and the beginning net position at January 1, 2015 was decreased by \$19.9 million. See Note 1 to the financial statements for further discussion of the decrease to the beginning net position.

The net position for the City as a whole decreased 1% from the \$328.1 million restated January 1, 2015 balance to \$324.8 million at December 31, 2015. The decrease was mostly due to the recognition of \$1.7 million in additional pension expense during 2015.

Noncurrent liabilities, which totaled \$79.0 million at December 31, 2015 and \$57.5 million at December 31, 2014, primarily consist of long-term debt and the net pension liability. Noncurrent liabilities increased \$21.5 million due to implementation of GASB 68 and 71 as well as the issuance of new long term debt. Current liabilities increased \$9.2 million primarily because of the issuance of temporary notes to fund capital projects.

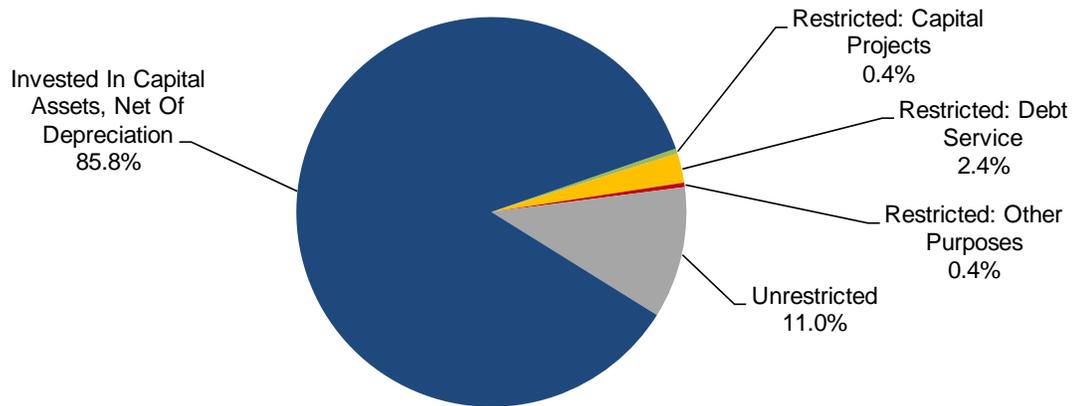
The largest portion of the City's net position (85.8%) reflects the investment in capital assets such as land, buildings, machinery and equipment, less any related debt used to acquire those assets that is still outstanding. These assets are used to provide services to the citizens of the City of Leawood; therefore, they are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (3.2%) represents various resources subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$35.5 million) may be used to meet the City's ongoing obligations to citizens and creditors.

CITY OF LEAWOOD, KANSAS

Management's Discussion And Analysis (*Continued*)

The following graph demonstrated the component of the City's net position at fiscal year ended December 31, 2015:



Consistent with the prior fiscal year, as of the end of the current fiscal year, the City is able to report positive balances in all three categories of net position for the government as a whole.

CITY OF LEAWOOD, KANSAS

Management's Discussion And Analysis (*Continued*)

The following schedule is a condensed version of the City's statement of net position at December 31, 2015 and 2014.

	Governmental Activities		Change
	2015	2014	
Current and other assets	\$ 95,077,578	\$ 84,708,691	\$ 10,368,887
Long-term receivables	11,137,625	12,787,447	(1,649,822)
Capital assets, net	351,244,870	351,810,588	(565,718)
Total assets	457,460,073	449,306,726	8,153,347
Deferred outflows of resources			
Deferred outflows related to pension	1,856,717	—	1,856,717
Deferred loss on refunding	603,448	745,405	(141,957)
Total assets and deferred outflows	459,920,238	450,052,131	9,868,107
Other liabilities	34,491,685	25,283,471	9,208,214
Long-term debt	59,506,295	57,498,352	2,007,943
Net pension liability	19,455,019	—	19,455,019
Total liabilities	113,452,999	82,781,823	30,671,176
Deferred inflows of resources			
Deferred inflows related to pension	1,352,071	—	1,352,071
Deferred revenues	20,274,036	19,254,229	1,019,807
Total deferred inflows	21,626,107	19,254,229	2,371,878
Net position:			
Net investment in capital assets	278,859,226	288,988,301	(10,129,075)
Restricted	10,486,748	8,943,807	1,542,941
Unrestricted	35,495,158	50,083,971	(14,588,813)
Total net position	\$ 324,841,132	\$ 348,016,079	\$ (23,174,947)

CITY OF LEAWOOD, KANSAS

Management's Discussion And Analysis (Continued)

The City's programs for governmental activities include general government, public safety, public works and parks and recreation. A comparison of each program's revenues and expenses for the current year and prior year is presented below.

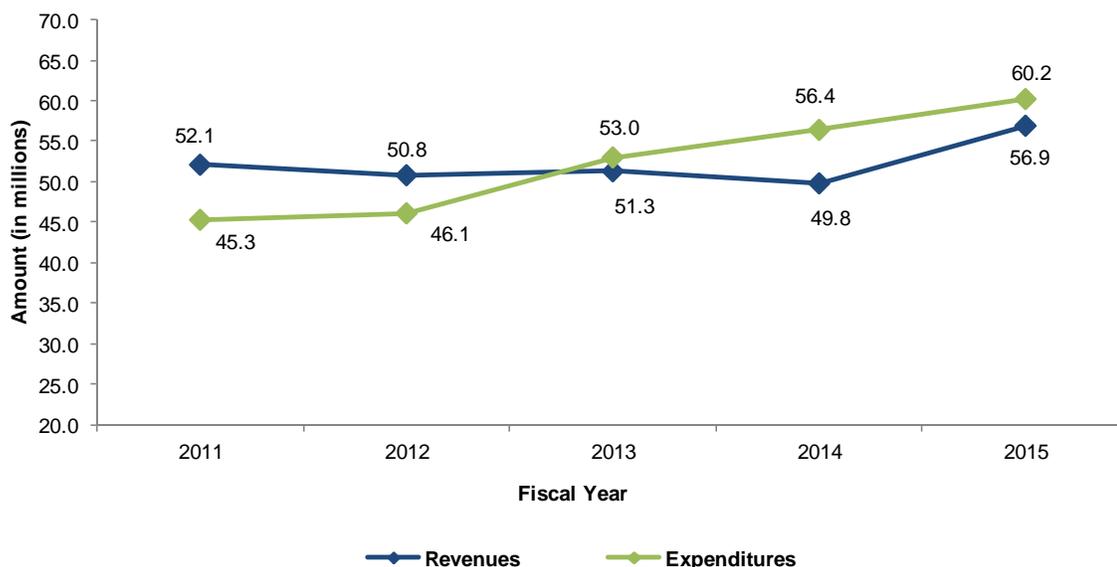
	Governmental Activities		Change
	2015	2014	
Revenues			
Program revenues:			
Charges for services	\$ 6,246,732	\$ 5,880,530	\$ 366,202
Operating grants and contributions	1,833,975	226,565	1,607,410
Capital grants and contributions	3,187,073	675,914	2,511,159
General revenues:			
Property taxes	19,737,219	18,669,457	1,067,762
Sales tax	15,802,522	15,662,006	140,516
Transient guest tax	453,511	383,736	69,775
Franchise tax	3,394,075	3,532,699	(138,624)
Other taxes	1,592,385	1,605,177	(12,792)
Grants and contributions not restricted to specific programs	4,314,367	2,573,189	1,741,178
Unrestricted investment earnings	129,686	228,478	(98,792)
Other	196,798	258,694	(61,896)
Total revenues	56,888,343	49,696,445	7,191,898
Expenses:			
General government	7,697,427	7,204,430	492,997
Public safety	17,065,805	16,926,744	139,061
Public works	25,345,028	21,855,009	3,490,019
Parks and recreation	7,788,255	8,201,559	(413,304)
Interest on long-term debt	2,288,823	2,210,558	78,265
Total expenses	60,185,338	56,398,300	3,787,038
Change in net position	(3,296,995)	(6,701,855)	3,404,860
Net position - beginning of year:			
As previously reported	348,016,079	354,717,934	(6,701,855)
Adjustment due to adoption of GASB Statement No. 68	(19,877,952)	—	(19,877,952)
As restated	328,138,127	354,717,934	(26,579,807)
Net position - end of year	\$ 324,841,132	\$ 348,016,079	\$ (23,174,947)

CITY OF LEAWOOD, KANSAS

Management's Discussion And Analysis (*Continued*)

Governmental Activities

Total resources available during the year to finance governmental operations were \$385.0 million consisting of net position at December 31, 2014 of \$348.0 million that was restated to \$328.1 million at January 1, 2015, program revenues of \$11.3 million and general revenues of \$45.6 million. Total expenses of governmental activities during the year were \$60.2 million; thus, net position decreased by \$3.3 million to \$324.8 million. The chart below presents revenues and expenses in governmental activities for the past five years.



The cost of all governmental activities for fiscal year ended December 31, 2015 was \$60.2 million. However, as shown in the Statement of Activities, the amount that the taxpayers ultimately financed for these activities was only \$48.9 million because some of the cost was paid by those who directly benefitted from the programs (\$6.2 million), or by other governments and organizations that subsidized certain programs with operating grants and contributions and capital grants and contributions (\$5.0 million). Overall, the City's governmental program revenues were \$11.3 million. The City paid for the remaining "public benefit" portion of governmental activities with \$45.6 million in taxes (some of which could only be used for certain programs) and other revenues, such as interest and general entitlements and reserves.

CITY OF LEAWOOD, KANSAS

Management's Discussion And Analysis (*Continued*)

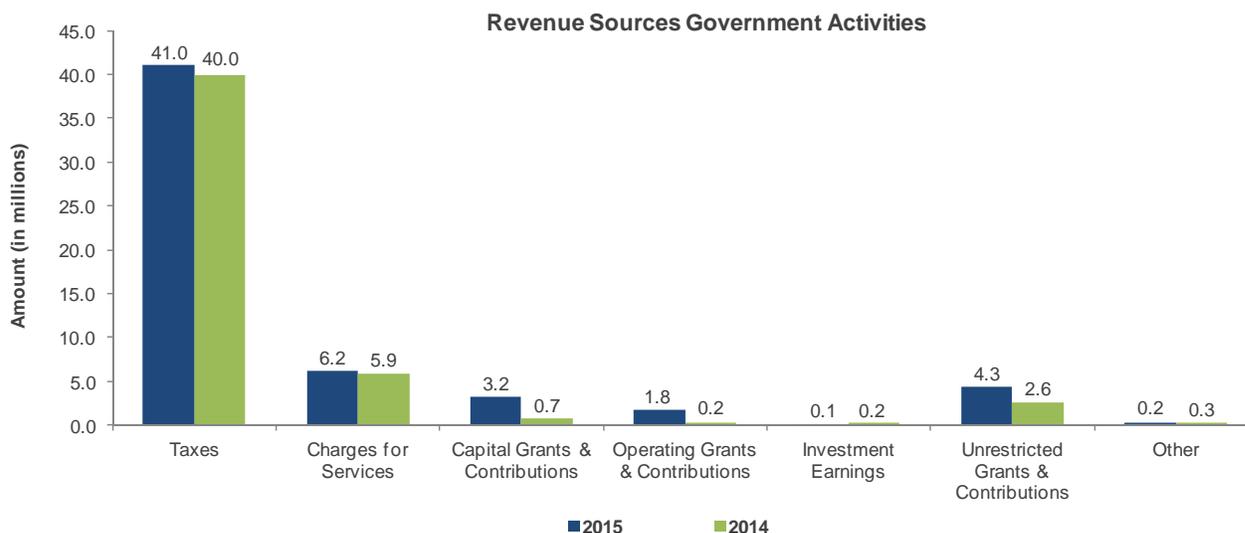
The following in-depth analysis of the major revenue sources and expenses.

- Charges for services in total in 2015 were \$6,246,732 compared to \$5,880,530 in 2014. The largest change was in general government. In 2015, there was \$3,391,641 in general government charges for services compared to \$3,070,035 in 2014. Building permits issued in 2015 were \$1,014,146 compared to \$974,074 in 2014. This fluctuates with the economy and planned projects within the City. Impact fees collected in 2015 were approximately \$205,000 higher than 2014. These fees are collected when the permits are issued and will generally go up if building permits go up. Fines were higher with \$1,587,760 compared to \$1,463,328 in 2014. The next largest category is parks and recreation. The majority of revenues for this category are seasonal such as sport activities, pool operations and various rentals. This category's revenues remained stable between 2014 and 2015 with a difference of less than \$16,000. Specific areas within charges for services showing increases over the previous year include: animal licensing, public works inspections, land disturbance permits, parks and recreation day camps and corporate events. The golf course showed increases in the golf shop, memberships, food and beverage sales as well as golf schools.
- Capital and operating grants and contributions totaled \$5,021,048 in 2015 compared to \$902,479 in 2014. The large increase is due to \$3,301,905 in federal and local grants received for a large street project as well as \$1,437,926 for a large stormwater project. There was also \$1,069,189 in donated infrastructure in 2015 compared to \$149,042 in 2014.
- For 2015, property taxes were budgeted at \$19,258,763. Property tax collections totaled \$19,737,219 and 102.5% of the current year estimate. In comparison, the 2014 collections, of \$18,669,457 were 99.2% of the estimate.
- Sales and use tax revenue increased slightly from \$15,662,006 in 2014 to \$15,802,522 in 2015. City sales tax increased from \$6,926,500, in 2014 to \$6,932,102 in 2015. City use tax increased from \$1,908,175 in 2014 to \$1,928,293 in 2015. The lower than anticipated revenue appears to be a combination of several items including: refund processed at the State level in the County sales tax area; and lower grocery, water utility and natural gas utility sales tax payments.
- The City recognized depreciation expense of \$10,142,995, an increase of \$41,191 over 2014. This increase is due to the addition of depreciable assets in 2015.
- The City capitalized \$6,775,245 in depreciable capital assets during 2015. This is an increase of \$2,384,722 from 2014. This large increase is due to the completion and capitalization of \$2,374,481 in capital projects in 2015 compared to \$782,592 in 2014. Building disposals in 2014 were \$1,030,706 compared to \$310,848 in 2015. The City tore down and disposed of the old police station after the completion of the new Justice Center.
- Personnel services increased to \$26,019,772 in 2015 from \$24,800,988 in 2014. Personnel expenses were affected by rises in health insurance as well as increases in the required contributions to KPERS.

CITY OF LEAWOOD, KANSAS

Management's Discussion And Analysis (*Continued*)

The chart below illustrates the total revenue from governmental activities for the fiscal year ended December 31, 2015 and 2014, respectively:



Expenses for 2015 were impacted by implementation of GASB 68. Public works showed the largest increase because of several large projects that were not capitalized. Interest expense remained relatively flat.

FUND FINANCIAL ANALYSIS

General Fund

The General Fund is the chief operating fund of the City. Fund balance for the General Fund decreased by \$0.3 million for the year ended December 31, 2015, with an ending balance of \$14.5 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund operating expenditures. Unassigned fund balance represents 26% of the total General Fund operating expenditures, while total fund balance represents 43% of that same amount.

Total fund balance is represented by five components: Non-spendable, Restricted, Committed, Assigned and Unassigned. The Non-spendable fund balance is \$0.1 million. This amount represents inventories and prepaid items that do not fluctuate a lot from year to year. The Unassigned fund balance is \$8.7 million in 2015 compared to the \$10.0 million in 2014. The Assigned fund balance of \$5.6 million is for the budgeted use of fund balance reserves in 2016.

CITY OF LEAWOOD, KANSAS

Management's Discussion And Analysis (*Continued*)

The table below shows the City's General Fund balance for the past five years.

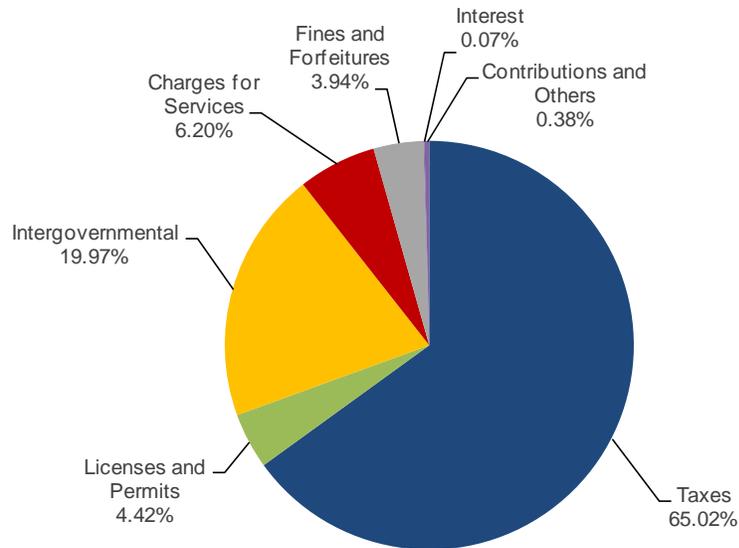
	2015	2014	2013	2012	2011
Fund balance					
Reserved	\$ —	\$ —	\$ —	\$ —	\$ —
Unreserved	—	—	—	—	—
Nonspendable	140,462	132,689	143,223	144,368	123,850
Assigned	5,623,577	4,664,936	3,969,571	6,051,836	3,399,131
Unassigned	8,730,207	10,036,017	9,103,817	10,222,980	12,461,695
Total fund balance	\$ 14,494,246	\$ 14,833,642	\$ 13,216,611	\$ 16,419,184	\$ 15,984,676
Fund balance - beginning	\$ 14,833,642	\$ 13,216,611	\$ 16,419,184	\$ 15,984,676	\$ 11,080,759
Operating surplus	6,256,939	7,388,025	7,413,613	8,040,454	6,395,895
Transfers	(6,596,335)	(5,770,994)	(10,616,186)	(7,605,946)	(1,491,978)
Fund balance - ending	\$ 14,494,246	\$ 14,833,642	\$ 13,216,611	\$ 16,419,184	\$ 15,984,676

General Fund revenues stayed relatively flat between 2015 and 2014. Property taxes in 2015 were \$300,000 lower than 2014 because of a shift in the tax levy between the general and debt service funds. Gas franchise fees were \$260,000 lower in 2015 but electric franchise fees were \$100,000 higher. These types of fees fluctuate according to usage, weather and rate changes. Motor vehicle taxes were up by \$100,000 and are dependent on vehicle sales within the year. Fines and forfeitures were up by \$125,000 due to heavier enforcement. Building permits were up in 2015 by about \$40,000. This amount varies because of economy and planned projects. Parks and Recreation program revenue fluctuates from year to year because of weather and other factors but the golf course green fees were the largest variance. Green fees were \$50,000 lower in 2015 than 2014. Ironwoods Park lodge rentals were almost \$20,000 lower in 2015 than 2014. Other venues coming to the area could be affecting this revenue source.

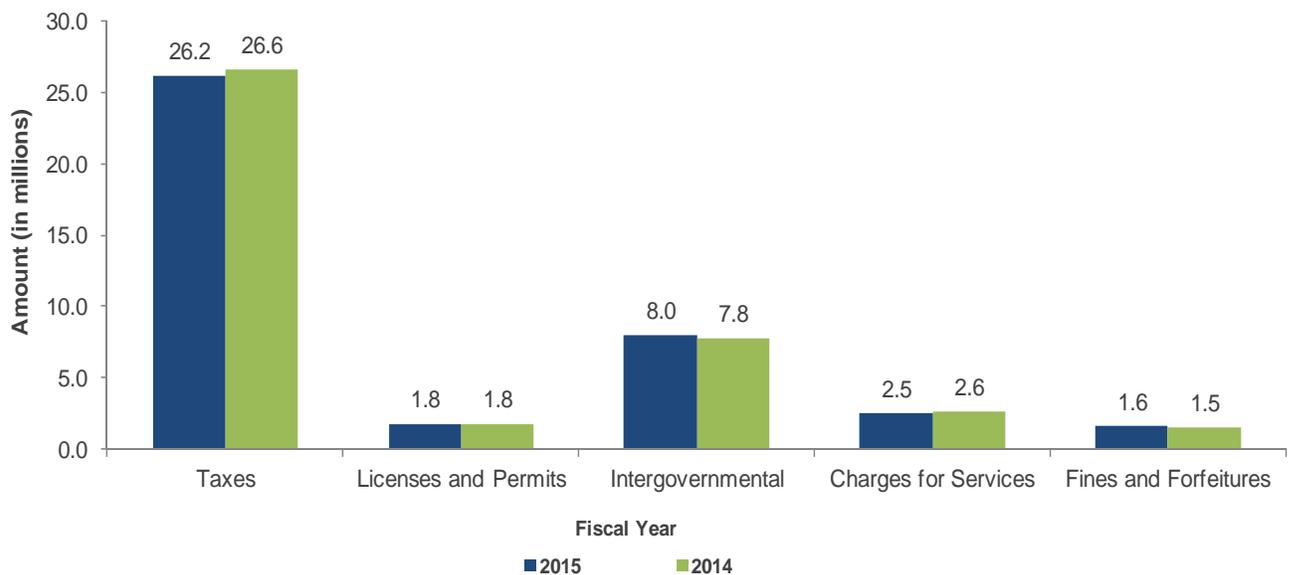
CITY OF LEAWOOD, KANSAS

Management's Discussion And Analysis (Continued)

The graph below illustrates General Fund revenues by source.



The graph below presents a comparison of each General Fund revenue source for the years ended December 31, 2015 and 2014.

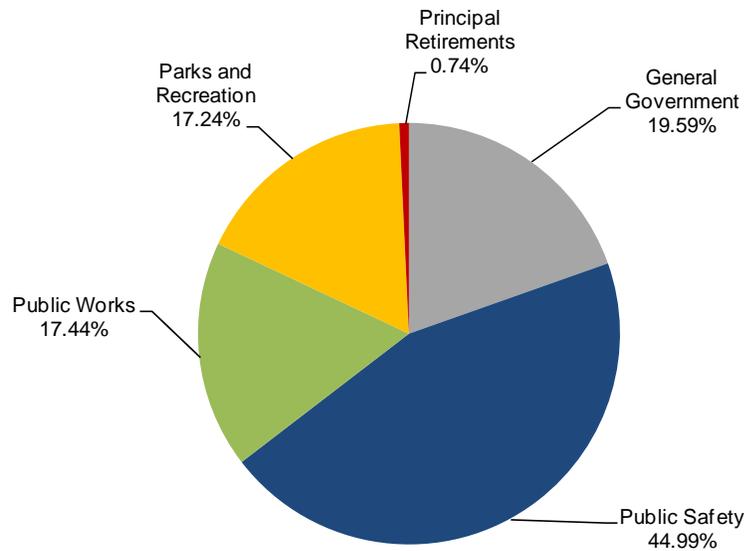


General Fund expenditures increased overall by \$1.0 million or 3.0%. All areas, including general government, public safety, public works and parks and recreation experienced increases in 2015 due to increases in wages and benefits.

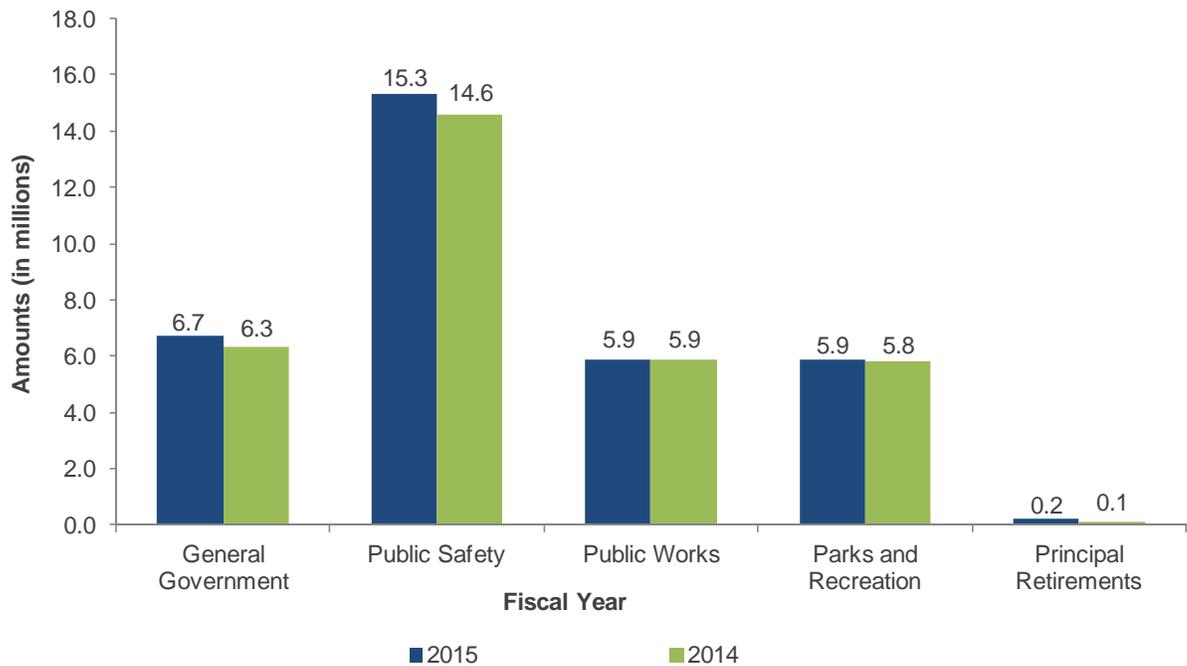
CITY OF LEAWOOD, KANSAS

Management's Discussion And Analysis (Continued)

The graph below presents General Fund expenditures by category.



The graph below illustrates a comparison of each expenditure category for the years ended December 31, 2015 and 2014.



CITY OF LEAWOOD, KANSAS

Management's Discussion And Analysis (*Continued*)

Transfers to other funds increased by \$0.5 million from the prior year. The capital equipment and pay-as-you-go project transfers fluctuate as necessary to fund the C.I.P (Capital Improvement Program) and the Vehicle and Equipment Replacement Schedules. Transfers to the Public Safety Improvement Fund from the General Fund stayed consistent with \$944,049 in 2014 and \$1,013,173 in 2015. This amount represents the public safety sales tax that comes into the City each year.

Other Governmental Funds

The fund balance for the Debt Service Fund increased \$691,406 from last year. This balance represents 100% of the 2015 annual debt service payments.

The fund balance in the Capital Projects Fund went from \$(3.4) million in 2014 to \$(7.8) million at the end of 2015. This change in fund balance is a result of large temporary note borrowing for ongoing projects. The City has a large street project that has expended \$10.9 million as well as a curb project that has expended \$4.6 million. These projects are currently funded with temporary notes and will be bonded at a later date. Once these two projects, as well as others are completed, the projects will be bonded and the fund balance will be restored.

The Capital Improvement Fund had an increase of \$2.1 million in fund balance as a result of the current year's operations. During 2015, there were \$3.0 million in transfers into this fund, compared to \$2.1 million in transfers into the fund during 2014. Capital outlay was \$2.3 million in 2015 compared to \$1.3 million in 2014. Transfers and expenditures in the fund fluctuate according to the capital improvement budget. During 2015, the City received \$1.4 million in an interlocal agreement that was not received in 2014. This grant resulted in the largest portion of the fund balance increase.

The Public Safety Improvement Fund had a \$0.6 million dollar increase in fund balance at the end of 2015. The Johnson County public safety sales tax is transferred into this fund monthly from the General Fund in order to pay for future public safety needs.

The Municipal Equipment Fund had an ending fund balance of \$9.5 million. This is an increase of \$0.5 million over 2014. This increase is due to equipment purchases of \$1.3 million in this fund in 2015 compared to \$2.2 million in 2014. In 2014 there were \$800,000 in public works vehicles and \$400,000 in streetlights purchased compared to \$400,000 in vehicles in 2015. In 2013 the City entered into an agreement to purchase previously leased streetlights. A portion was paid in 2013 and the remaining \$400,000 was paid in 2014. There were also transfers into this fund in the amount of \$1.7 million in 2015 compared to \$2.2 million in 2014. Transfers in and capital outlay fluctuate as necessary to meet the requirements of the City's Vehicle and Equipment Replacement Schedules.

DEBT ADMINISTRATION

As of December 31, 2015, the City had total bonded debt outstanding of \$52,805,000. All of this debt is backed by the full faith and credit of the City.

CITY OF LEAWOOD, KANSAS

Management's Discussion And Analysis (*Continued*)

City Of Leawood's Outstanding Debt General Obligation And Revenue Bonds

	Governmental Activities		
	2015	2014	Change
General Obligation Bonds	\$ 52,805,000	\$ 51,450,000	\$ 1,355,000

The City achieved its first AAA bond rating from Moody's Investor Service in April 2008 and it was re-affirmed again in August 2015. This bond rating is a clear indication of the sound financial condition of the City. This achievement is a primary factor in keeping interest costs low on the City's outstanding debt.

Kansas statutes limit the amount of general obligation debt that a unit of government can issue to thirty percent of the total assessed value of taxable property located within the City's boundaries. The legal debt margin for City is \$211,704,287.

Additional information regarding the City's long-term debt can be found in Note 9 of this report.

CAPITAL ASSETS

The capital assets of the City are those assets which are used in the performance of the City's functions including infrastructure assets. At December 31, 2015, net capital assets of the governmental activities totaled \$351.2 million. Depreciation on capital assets is recognized in the Government-Wide financial statements. Refer to Note 6 for detail regarding capital assets.

The City has elected to use the "Modified Approach" as defined by GASB Statement No. 34 for infrastructure reporting for its streetlights and traffic signals. Under GASB Statement No. 34, eligible infrastructure capital assets are not required to be depreciated under the following requirements:

- The City manages the eligible infrastructure capital assets using an asset management system with characteristics of (1) an up-to-date inventory; (2) condition assessments and summarizing the results using a measurement scale; and (3) estimation of the annual amounts to maintain and preserve at the established condition assessment level.
- The City documents that the eligible infrastructure capital assets are being preserved approximately at or above the established and disclosed condition assessment level.

CITY OF LEAWOOD, KANSAS

Management's Discussion And Analysis (*Continued*)

It is the City's policy to maintain and preserve streetlights and traffic signals at least at 85% of their normal operating mode. Street lights and traffic signals are often out of service for the following factors: (1) life of lamp light; (2) accidents by vehicles or contractors who excavate in the City's Right of Ways; (3) weather, such as high winds, rain, snow and ice; and (4) vandalism. During 2015, the City contracted with an outside service provider to perform inspections. The City also relies on citizens to report streetlight and traffic signal outages or malfunctions. The provider performs a monthly visual inspection on the streetlights and traffic signals and reports to the City Engineer. The City's policy is to repair/replace any outages or malfunctions within 48 hours. The average monthly condition assessment for 2015 was 98.7%. For 2015, the City incurred expenditures of \$298,252 compared to the budgeted amount of \$340,000 to maintain the condition assessment level.

The table below presents summary information on the City's capital assets.

	Governmental Activities		
	2015	2014	Percentage Change
Land/right of way	\$ 119,691,153	\$ 119,691,153	0%
Buildings and improvements	45,203,503	47,256,370	-4%
Machinery and equipment	8,549,130	9,452,937	-10%
Infrastructure	171,494,628	171,948,703	0%
Construction in progress	6,306,456	3,461,425	82%
Total	\$ 351,244,870	\$ 351,810,588	0%

GENERAL FUND BUDGETARY HIGHLIGHTS

The legally adopted budget for the General Fund was not amended by the Governing Body during 2015. Revenue and expenditure budgets were reduced during the year to reflect revised projections but the changes made did not require the budget to be legally amended.

In total, the General Fund revenues had an unfavorable variance from the final budget by \$(0.2) million. City Sales Tax collected were \$400,000 below the revised budget which resulted in the revenue budget variance.

The General Fund expenditures of \$33.8 million show a favorable variance of \$4.4 million when compared to the final budget of \$38.3 million. General Government, Public Safety, Public Works and Parks and Recreation all reported positive expenditure variances in 2015. Over \$1.2 million of the savings, were in personnel costs from position vacancies, intentional delays in hiring, as well as reductions in overtime and lower worker' compensation costs. Commodities and professional and contractual support was \$3.3 million below the final budget. Careful and conservative spending was used throughout the year.

CITY OF LEAWOOD, KANSAS

Management's Discussion And Analysis (*Continued*)

Final budget	\$ 38,256,500
Expenditure actuals	<u>(33,817,776)</u>
Variance under	<u>\$ 4,438,724</u>

ECONOMIC OUTLOOK

The 2016 economic outlook for Leawood remains consistent with prior year's actual results. Leawood continues to have a diversified revenue base with the largest category, 37% coming from property taxes; followed by the other governmental revenue of 32% and lastly sales taxes of 31%. For the 2016 budget year, Leawood is anticipating an increase in assessed valuation. Over the last 10 years the City's property tax base has increased 2.2% on average per year. The City is also anticipating an increase in sales tax in 2016. The City has averaged a 5.8% increase in sales tax collections over the last 5 years.

At the close of 2016, the City's operating reserves are expected to be at 47% of expenditures, which is above the minimum goal set by the Governing Body. As major pay-as-you-go capital projects are completed, it is projected that the reserves over the next seven years will be above the 11% goal.

Debt reserves in 2016 are budgeted at \$7,646,800 or 98% of debt service expenditures. This reserve level provides a financial cushion for the City in the event that property tax collection rates fall. This level of reserves also provides an added layer of protection in the event that there are delayed payments from our special benefit debt.

Leawood will continue to use a financial forecasting and planning model to monitor financial progress in the coming years. Monitoring revenue and expenditures throughout the year ensures that fund balances remain within policy standards and will provide for the future needs of the City.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Director of Finance, City of Leawood, 4800 Town Center Drive, Leawood, Kansas 66211 or phone 913-663-9121.

Basic Financial Statements

CITY OF LEAWOOD, KANSAS

STATEMENT OF NET POSITION

December 31, 2015

	Governmental Activities
Assets	
Pooled cash and investments	\$ 67,733,422
Restricted assets	151,825
Receivables (net of allowance for uncollectibles):	
Property tax	20,273,256
Sales tax	2,948,250
Transient guest tax	114,467
Franchise tax	639,773
Special assessments - current	1,794,561
Intergovernmental	1,100,340
Interest	173,349
Accounts	7,873
Inventory and prepaid expenses	140,462
Special assessments receivable - noncurrent	11,137,625
Capital assets:	
Land and other capital assets, nondepreciable	144,383,177
Other capital assets, net of depreciation	206,861,693
Total Assets	457,460,073
Deferred Outflows Of Resources	
Deferred loss on refunding	603,448
Deferred contributions to pension plan	1,388,217
Proportionate share of collective deferred outflows of resources	468,500
Total Deferred Outflows Of Resources	2,460,165
Liabilities	
Accounts payable	3,536,851
Due to employees and others	1,205,350
Temporary notes payable	28,731,377
Accrued interest payable	866,282
Municipal court deposits	151,825
Long-term liabilities:	
Due within one year	7,340,386
Due in more than one year	52,165,909
Net pension liability	19,455,019
Total Liabilities	113,452,999
Deferred Inflows Of Resources	
Property tax	20,274,036
Proportionate share of collective deferred inflows of resources	1,352,071
Total Inflows Of Resources	21,626,107
Net Position	
Net investment in capital assets	278,859,226
Restricted for:	
Bridges, streets and signals	1,381,229
Debt service	7,940,070
Social services	672,439
Special parks and recreation	241,308
Tourism promotion	211,290
Law enforcement	40,412
Unrestricted	35,495,158
Total Net Position	\$ 324,841,132

CITY OF LEAWOOD, KANSAS

STATEMENT OF ACTIVITIES For The Year Ended December 31, 2015

Functions/Programs	Expenses	Program Revenues			Net Expense And Changes In Net Position
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	
Governmental Activities					
General government	\$ 7,697,427	\$ 3,391,641	\$ —	\$ —	\$ (4,305,786)
Public safety	17,065,805	141,736	15,852	—	(16,908,217)
Public works	25,345,028	234,491	1,818,123	3,187,073	(20,105,341)
Parks and recreation	7,788,255	2,478,864	—	—	(5,309,391)
Interest on long-term debt	2,288,823	—	—	—	(2,288,823)
Total Governmental Activities	\$ 60,185,338	\$ 6,246,732	\$ 1,833,975	\$ 3,187,073	(48,917,558)
General Revenues					
Property taxes levied for:					
Property taxes for general purposes					13,971,848
Property taxes for debt service					5,765,371
Sales taxes					15,802,522
Transient guest tax					453,511
Franchise taxes					3,394,075
Other taxes					1,592,385
Grants and contributions not restricted to specific programs					4,314,367
Unrestricted investment earnings					129,686
Miscellaneous					196,798
Total General Revenues					45,620,563
Change in net position					(3,296,995)
Net Position - Beginning Of Year, As Previously Reported					348,016,079
Cumulative Effect Of Change In Accounting Principle					(19,877,952)
Net Position - Beginning Of Year, As Restated					328,138,127
Net Position - Ending					\$ 324,841,132

CITY OF LEAWOOD, KANSAS

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2015

	General Fund	Debt Service	Capital Projects	Capital Improvements	Public Safety Improvement	Municipal Equipment Reserve	Other Governmental Funds	Total Governmental Funds
Assets								
Pooled cash and investments	\$ 12,162,134	\$ 7,697,094	\$ 23,722,997	\$ 5,914,081	\$ 4,264,904	\$ 9,461,425	\$ 4,510,787	\$ 67,733,422
Restricted assets	151,825	—	—	—	—	—	—	151,825
Receivables:								
Property tax	14,844,279	5,428,977	—	—	—	—	—	20,273,256
Sales tax	2,783,246	—	—	—	—	—	165,004	2,948,250
Transient guest tax	—	—	—	—	—	—	114,467	114,467
Accounts	7,873	—	—	—	—	—	—	7,873
Franchise tax	639,773	—	—	—	—	—	—	639,773
Interest	32,946	16,188	64,207	14,723	10,480	23,535	11,270	173,349
Intergovernmental	395,431	75,135	—	320,376	—	—	309,398	1,100,340
Special assessments	—	12,932,186	—	—	—	—	—	12,932,186
Inventories and prepaids	140,462	—	—	—	—	—	—	140,462
Due from other funds	—	—	—	—	177,909	—	—	177,909
Total Assets	\$ 31,157,969	\$ 26,149,580	\$ 23,787,204	\$ 6,249,180	\$ 4,453,293	\$ 9,484,960	\$ 5,110,926	\$ 106,393,112
Liabilities								
Accounts payable and accrued liabilities	\$ 267,960	\$ —	\$ 2,691,118	\$ 316,315	\$ 5,095	\$ 34,516	\$ 221,847	\$ 3,536,851
Due to employees and others	1,205,350	—	—	—	—	—	—	1,205,350
Due to other funds	177,909	—	—	—	—	—	—	177,909
Temporary notes payable	—	—	28,731,377	—	—	—	—	28,731,377
Accrued interest payable	—	—	213,520	—	—	—	—	213,520
Municipal court deposits	151,825	—	—	—	—	—	—	151,825
Total Liabilities	1,803,044	—	31,636,015	316,315	5,095	34,516	221,847	34,016,832
Deferred Inflows Of Resources								
Property tax	14,850,671	5,428,977	—	—	—	—	—	20,279,648
Special assessments	—	12,780,533	—	—	—	—	—	12,780,533
Other	10,008	—	—	—	—	—	—	10,008
Total Deferred Inflows Of Resources	14,860,679	18,209,510	—	—	—	—	—	33,070,189
Fund Balances								
Nonspendable:								
Inventory	140,462	—	—	—	—	—	—	140,462
Restricted For:								
Social services	—	—	—	—	—	—	672,439	672,439
Parks and recreation	—	—	—	—	—	—	241,308	241,308
Tourism promotion	—	—	—	—	—	—	211,290	211,290
Bridges, streets and signals	—	—	—	—	—	—	1,381,230	1,381,230
Debt service reserve	—	7,940,070	—	—	—	—	—	7,940,070
Law enforcement	—	—	—	—	—	—	40,412	40,412
Committed To:								
Equipment purchases	—	—	—	—	—	9,450,444	—	9,450,444
Bridges, streets and signals	—	—	—	—	—	—	1,573,539	1,573,539
Justice center	—	—	—	—	4,448,198	—	—	4,448,198
City art	—	—	—	—	—	—	652,717	652,717
Park improvements	—	—	—	—	—	—	107,577	107,577
Other capital projects	—	—	—	5,932,865	—	—	—	5,932,865
Assigned To:								
Appropriation of fund balance for 2016	5,623,577	—	—	—	—	—	—	5,623,577
Other purposes	—	—	—	—	—	—	8,567	8,567
Unassigned	8,730,207	—	(7,848,811)	—	—	—	—	881,396
Total Fund Balances	14,494,246	7,940,070	(7,848,811)	5,932,865	4,448,198	9,450,444	4,889,079	39,306,091
Total Liabilities, Deferred Inflows And Fund Balances	\$ 31,157,969	\$ 26,149,580	\$ 23,787,204	\$ 6,249,180	\$ 4,453,293	\$ 9,484,960	\$ 5,110,926	\$ 106,393,112

CITY OF LEAWOOD, KANSAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION December 31, 2015

Total Fund Balance - Governmental Funds \$ 39,306,091

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Net Position the cost of those assets is capitalized and shown at cost or estimated cost, net of accumulated depreciation. This is the amount of net capital assets reported in the Statement of Net Position. 351,244,870

Long-term assets are not available to pay for current period expenditures and are therefore deferred in the fund statements. 12,796,153

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:

Deferred loss on refunding	603,448
Deferred contributions to pension plan	1,388,217
Share of deferred outflows of pension plan	468,500
Share of deferred inflows of pension plan	(1,352,071)
Unamortized premiums and discounts	(1,981,029)
Accrued interest payable	(652,762)
Net pension liability	(19,455,019)
Long-term liabilities	(57,525,266)

Total Net Position Of Governmental Activities \$ 324,841,132

CITY OF LEAWOOD, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For The Year Ended December 31, 2015

	General Fund	Debt Service	Capital Projects	Capital Improvements	Public Safety Improvement	Municipal Equipment Reserve	Other Govern- mental Funds	Total Govern- mental Funds
Revenues								
Taxes	\$ 26,220,707	\$ 5,200,103	\$ —	\$ —	\$ —	\$ —	\$ 1,316,873	\$ 32,737,683
Licenses and permits	1,784,135	180,380	137,151	—	—	—	58,062	2,159,728
Intergovernmental	8,052,367	409,586	3,301,905	1,437,926	—	—	2,743,829	15,945,613
Charges for services	2,499,008	—	—	—	—	—	—	2,499,008
Fines and forfeitures	1,587,760	—	—	—	—	—	—	1,587,760
Special assessments	—	2,305,933	—	—	—	—	—	2,305,933
Interest	28,070	16,934	40,752	10,277	7,540	17,916	8,197	129,686
Contributions and others	154,578	—	—	—	—	88,710	4,760	248,048
Total Revenues	40,326,625	8,112,936	3,479,808	1,448,203	7,540	106,626	4,131,721	57,613,459
Expenditures								
General government	6,673,278	—	—	90,000	—	—	581,899	7,345,177
Public safety	15,329,378	—	—	—	—	—	2,829	15,332,207
Public works	5,940,349	—	—	—	—	—	—	5,940,349
Parks and recreation	5,874,771	—	—	—	—	—	3,982	5,878,753
Capital outlay								
General government	—	—	—	22,441	—	257,069	—	279,510
Public safety	—	—	—	59,949	400,973	204,342	—	665,264
Public works	—	—	15,197,774	2,150,720	—	421,373	2,885,400	20,655,267
Parks and recreation	—	—	—	20,632	—	402,140	436,634	859,406
Debt service:								
Principal retirement	213,057	5,610,000	—	—	—	—	—	5,823,057
Interest and fiscal charges	38,853	1,848,149	343,717	—	—	—	—	2,230,719
Total Expenditures	34,069,686	7,458,149	15,541,491	2,343,742	400,973	1,284,924	3,910,744	65,009,709
Revenues Over (Under)								
Expenditures	6,256,939	654,787	(12,061,683)	(895,539)	(393,433)	(1,178,298)	220,977	(7,396,250)
Other Financing Sources (Uses)								
Transfers in	288,000	10,212	—	3,030,000	1,013,173	1,700,000	1,641,162	7,682,547
Transfers out	(6,884,335)	—	(10,212)	—	—	—	(788,000)	(7,682,547)
Payments to refunding escrow agent	—	(2,405,000)	—	—	—	—	—	(2,405,000)
Premiums	—	201,407	488,827	—	—	—	—	690,234
Refunding bonds issued	—	2,230,000	—	—	—	—	—	2,230,000
Bonds issued	—	—	7,140,000	—	—	—	—	7,140,000
Total Other Financing Sources (Uses)	(6,596,335)	36,619	7,618,615	3,030,000	1,013,173	1,700,000	853,162	7,655,234
Net Change In Fund Balances	(339,396)	691,406	(4,443,068)	2,134,461	619,740	521,702	1,074,139	258,984
Fund Balances -								
Beginning Of Year	14,833,642	7,248,664	(3,405,743)	3,798,404	3,828,458	8,928,742	3,814,940	39,047,107
Fund Balances - End Of Year	\$ 14,494,246	\$ 7,940,070	\$ (7,848,811)	\$ 5,932,865	\$ 4,448,198	\$ 9,450,444	\$ 4,889,079	\$ 39,306,091

CITY OF LEAWOOD, KANSAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For The Year Ended December 31, 2015

Net Changes In Fund Balances - Total Governmental Funds \$ 258,984

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 capital outlays exceeded depreciation in the current period.

Capital outlay	9,019,731
Depreciation expense	(10,142,995)
Loss on disposal of capital assets	(503,642)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Amount of donated assets	1,061,188
Change in deferred revenue for tax revenues	(1,735,054)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:

Amortization of deferred loss on refunding and premiums	(25,219)
Interest expense	(32,885)
Issuance of long-term debt	(9,370,000)
Premium on long-term debt	(690,234)
Payment of long-term debt, including payments to refunding agent	8,228,057
Pension expense	927,579
Net post-retirement benefits obligation	(288,157)

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 governmental funds.

Compensated absences	(4,348)
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Total Changes In Net Position Of Governmental Activities \$ (3,296,995)

CITY OF LEAWOOD, KANSAS

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS December 31, 2015

Assets

Pooled cash and investments	\$ 66,568
Special assessments receivable	<u>3,011,796</u>
Total Assets	<u><u>\$ 3,078,364</u></u>

Liabilities

Due to employees	\$ 1,410
Due to other taxing jurisdiction	<u>3,076,954</u>
Total Liabilities	<u><u>\$ 3,078,364</u></u>

Notes To Basic Financial Statements

CITY OF LEAWOOD, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2015

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 Leawood, Kansas (the City) became a first class city effective December 31, 1998. The City operates under the Mayor-Council form of government with the addition of a City Administrator. The City covers an area of approximately 15 square miles in northeastern Johnson County, Kansas. The City provides many services to its estimated 32,644 residents, including law enforcement, fire protection, and recreational facilities. Educational services are provided by separate governmental entities.

The accounting and reporting policies of the City conform to accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The more significant accounting and reporting policies established in GAAP and practiced by the City are discussed below.

Basis Of Presentation

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds).

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the City, the primary government, as a whole, with the exclusion of fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The Government-Wide Statement of Activities presents a comparison between expenses and program revenues for each program of the governmental activities. Expenses are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program is self-financing or draws from the general revenues of the City. All interfund activity, other than interfund services provided and used, has been removed from these statements.

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (*Continued*)

The City's net position is reported in three parts - net investment in capital assets; restricted net position; and unrestricted net position. The City first utilizes restricted resources to finance qualifying activities.

The government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

Fund Financial Statements

Fund financial statements report detailed information about the City. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Governmental Funds

The major governmental funds of the City are described below:

General Fund

The General Fund is the principal operating fund of the City that accounts for all financial transactions not accounted for in other funds. The majority of the current operating expenditures of the City are financed through revenues received by the General Fund.

Debt Service Fund

The Debt Service Fund is used to account for resources to be used for the payment of general long-term debt principal, interest and related costs.

Capital Projects Fund

The Capital Projects Fund accounts for the purchase and/or construction of major capital projects. These projects are normally financed by temporary notes and/or general obligation bonds.

Capital Improvements Fund

The Capital Improvements Fund accounts for the budgeted transfer of monies from other City funds lawfully available for improvement purposes. Funds may be used to finance, in whole or in part, any public improvement need set forth in the adopted capital improvement plan.

Public Safety Improvement Fund

The Public Safety Improvement Fund accounts for resources used to construct public safety improvements including a Justice Center and other necessary and related improvements.

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (*Continued*)

Municipal Equipment Reserve Fund

The Municipal Equipment Reserve Fund accounts for resources used for the acquisition of City equipment. Monies may be budgeted and transferred to the fund from any source which may be lawfully utilized for such purposes, including equipment use charges on the various departments and agencies of the City.

Fiduciary Funds

The City maintains eight fiduciary funds, all of which are agency funds. The Employee Giving Fund accounts for amounts withheld from employees for charitable purposes. The Insurance Proceeds Fund was established to account for insurance proceeds received by the City whenever any privately owned building or other structure is damaged as a result of fire, explosion or windstorm. When the insured party meets certain requirements to repair the property to the satisfaction of the City, the funds are returned to the insured party. The Resurrection, Cornerstone, Villaggio, One-Nineteen, and Park Place Transportation Development District Funds account for special assessment and/or sales tax collections along with related payments to bondholders for special assessment debt issued in which the City is not obligated in any manner. The Camelot Court Community Improvement District Fund accounts for sales tax collections within the Camelot Court Community Improvement District.

Measurement Focus And Basis Of Accounting

Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned or when all eligibility requirements have been satisfied and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. This differs from the manner in which governmental fund financial statements are prepared; therefore, the governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Governmental Fund Financial Statements

All governmental funds are accounted for using modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (*Continued*)

Revenue Recognition

In applying the susceptible to accrual concept under the modified accrual basis, certain revenue sources are deemed both measurable and available (collectible within the current year or within two months of year end and available to pay obligations of the current period). This includes investment earnings and state-levied locally shared taxes (including motor vehicle fees). Reimbursements due for federally funded projects are accrued as revenue at the time the expenditures are made, or when received in advance, deferred until expenditures are made.

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

Other revenues, including licenses and permits, certain charges for services, and miscellaneous revenues, are recorded as revenue when received in cash because they are generally not measurable until actually received.

Property taxes are recognized as revenue in the government-wide financial statements in the year intended to be financed by those taxes in accordance with provisions of GASB No. 33 and GASB No. 34.

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt, which have not matured are recognized when paid. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

Fiduciary Fund Financial Statements

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support City programs. Agency funds are custodial in nature and do not involve the measurement of results of operations. Agency funds apply the accrual basis of accounting, however they do not have a measurement focus.

The City's fiduciary funds are presented in the fiduciary fund financial statements by type. Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (*Continued*)

Financial Statement Accounts

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 "Pooled cash and investments." Interest earned on this pool is allocated to various funds on the basis of the fund's month-end cash balance.

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 0.21% and the amount of investment revenue was \$129,686.

From time to time, the City invests available cash in the Kansas Municipal Investment Pool (KMIP). KMIP is a pooled investment vehicle offered by the State of Kansas as a voluntary investment alternative for municipalities in the State of Kansas. KMIP 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.

Inventories and Prepaid Items

Inventory included on the City's financial statements is valued at the lower of cost or market, on a first-in first-out basis, and consists of fuel, golf merchandise and food and beverage items. Certain payments reflect costs applicable to future accounting periods and are recorded as prepaid items.

Capital Assets

Capital assets, which include property, equipment, and infrastructure assets (e.g. roads/curbs, bridges, storm drainage systems, etc. acquired in 1948 and after) are reported in the governmental activities columns in the government-wide financial statements. In the governmental fund statements, capital assets are charged to expenditures as purchased. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair value as of the date of the donation.

Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more, and an estimated useful life of greater than one year. Additions or improvements that significantly extend the useful life of an asset, or that significantly increase the efficiency or capacity of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (*Continued*)

Depreciation on exhaustible assets is recorded as an allocated expense in the statement of activities with accumulated depreciation reflected in the statement of net position. Depreciation is provided on the straight-line basis over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings/building improvements	20 - 40
Machinery and equipment	5 - 15
Infrastructure - fiber optic network	75
Infrastructure - storm drainage systems	75
Infrastructure - streets/curbs	40
Infrastructure - pedestrian bridges	30
Infrastructure - bridges	45

One-half year of depreciation is taken in the year the assets are acquired or retired. Gains or losses from sales or retirements of capital assets are included in operations of the current period.

The City defines infrastructure as the basic physical assets that allow the City to function. The assets include the street network, storm drainage network, streetlight network, traffic signal network, and pedestrian and vehicle bridges and buildings combined with the site amenities such as parking and landscaped areas used by the City in the conduct of its business.

The City has elected to use the Modified Approach as defined by GASB No. 34 for infrastructure reporting of its streetlights and traffic signals. Under GASB No. 34, eligible infrastructure capital assets are not required to be depreciated under the following requirements:

The City manages the eligible infrastructure capital assets using an asset management system with the characteristics of (1) an up-to-date inventory; (2) perform condition assessments and summarize the results using a measurement scale; and (3) estimate annual amounts to maintain and preserve at the established condition assessment level. The Modified Approach for these two networks entails the following:

Streetlights and Traffic Signals - City owned streetlights and traffic signals are inspected on a monthly basis to determine any outages. The City's standard for the streetlight and traffic signals networks is that 85% of the City's owned streetlights and traffic signals are operating on an annual basis. A monthly report is generated for the City indicating the number of lights that are out. The City Engineer reviews the monthly report to ensure that the 85% operating standard is maintained. Streetlights and traffic signals not owned by the City are not maintained by the City and therefore are not included in the City's capital assets. The City estimates that cost of maintenance of the streetlight and traffic signal systems at 85% on an annual basis to be \$340,000.

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (*Continued*)

Deferred Outflows Of Resources

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

Compensated Absences

Under terms of the City's personnel policy, City employees are granted vacation and sick leave in varying amounts, based upon length of service. In the event of termination or separation, an employee is paid for accumulated vacation. Employees are not paid for accumulated sick leave upon termination, except for employees hired before January 1, 1984 who were allowed to carry over sick leave benefits accumulated prior to January 1, 1984. These benefits are payable to the employee upon retirement and are not payable if the employee is terminated before retirement. Accrued vacation and pre-1984 sick leave is recorded as a long-term liability of the City.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Kansas Public Employees' Retirement System (KPERs) and additions to and deductions from KPERs' fiduciary net position have been determined on the same basis as they are reported by KPERs. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Long-Term Liabilities

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt is reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds payable, capital leases, net other post employment benefit obligations, net pension liability, and accrued compensated absences. Bond premiums and discounts are deferred and amortized over the life of the bonds using a method which approximates the effective interest method.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. In the fund financial statements, governmental fund types recognize bond premiums and discounts 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.

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (*Continued*)

Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

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

Special Assessments

Kansas statutes require projects financed in part by special assessments to be financed through the issuance of general obligation bonds which are secured by the full faith and credit of the City. Special assessments paid prior to the issuance of bonds are recorded as revenue for the appropriate project. Special assessments received after issuance of bonds are recorded as revenue in the Debt Service 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 various periods, and the annual installments are due and payable with annual ad valorem property taxes. The City may foreclose liens against property benefited by special assessments when delinquent assessments are two years in arrears. Special assessment taxes levied are a lien on the property and are recorded as special assessment receivable in the Debt Service Fund with a corresponding amount recorded as deferred inflow of resources in the fund financial statements.

Interfund Receivables and Payables

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Those related to the purchase of goods and services are classified as "due to and from other funds." Short-term interfund loans are reported as due to and due from other funds. Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between governmental funds are eliminated in the statement of net position.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between individual governmental funds have been eliminated unless interfund services were provided.

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (*Continued*)

Equity Classifications

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

1. *Net investment in capital assets* - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, related premiums or discounts, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. *Restricted net position* - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. *Unrestricted net position* - All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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

1. *Nonspendable* - Assets legally or contractually required to be maintained or are not in spendable form. Such constraint is binding until the legal requirement is repealed or the amounts become spendable.
2. *Restricted* - Assets with externally imposed constraints, such as those mandated by creditors, grantors, and contributors, or laws and regulations. Such constraint is binding unless modified or rescinded by the applicable external body, laws or regulations.
3. *Committed* - Assets with a purpose formally imposed by ordinance of the City Council, binding unless modified or rescinded by the City Council through a similar action.
4. *Assigned* - Assets constrained by the expressed written intent of the City Council, City Manager, Director of Resource Management, or designee as set forth in the City’s purchasing policy pursuant to resolution #2149. Encumbrances shall be considered as assigned unless they specifically meet the requirements to be restricted or committed.
5. *Unassigned* - All amounts not included in the other fund balance classifications. The general fund shall be the only fund to report positive unassigned fund balance. All other governmental funds may report negative unassigned fund balance.

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (*Continued*)

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

Estimates

The preparation of financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenues, expenditures, expenses and other disclosures. Accordingly, actual results could differ from those estimates.

New Accounting Standard

For year ended December 31, 2015, the City implemented GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These statements established standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expense. As a result of the implementation, net position as of January 1, 2015 was restated as follows:

Net Position, As Previously Reported, January 1, 2015	<u>\$ 348,016,079</u>
Prior Period Adjustments	
Net pension liability (measurement date of June 30, 2014)	(17,671,886)
Deferred outflows	
Contributions made after the measurement date of June June 30, 2014 through December 31, 2014	1,231,671
Proportionate share of collective deferred outflows of resources at December 31, 2014	345,732
Deferred inflows - proportionate share of collective deferred inflows of resources at December 31, 2014	<u>(3,783,469)</u>
Total prior period adjustment	<u>(19,877,952)</u>
Net Position, As Restated, January 1, 2015	<u><u>\$ 328,138,127</u></u>

2. Stewardship, Compliance And Accountability

Budgetary Control

Kansas statutes require that an annual operating budget be legally adopted for the General Fund, Special Revenue Funds (unless specifically exempted by statute) and the Debt Service Fund. Special Revenue Funds requiring a legally adopted budget include the Special Alcohol Fund, the Special City Highway Fund, the Special Parks and Recreation Fund, the Special Law Enforcement Fund, and the Transient Guest Tax Fund. A legal operating budget is not required for Capital Projects Funds or for the American Revolution Tri-Centennial Special Revenue Fund.

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (*Continued*)

The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1.
2. Publication in a local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5.
3. Public hearing on or before August 15, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25.

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

The statutes permit transferring budgeted amounts between line items within an individual fund by management. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds.

The statutes allow for the governing body to increase the originally adopted expenditure budget for a fund for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. The reported budgetary data represents the approved budget as adopted by the City Council.

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the Governing Body. The legal level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriate amount) is at the fund level.

Kansas statutes prohibit cities from creating indebtedness unless there is money on hand in the treasury and unencumbered by previous commitments with which to pay the indebtedness. The execution of a contract, or the issuing of a purchase order, automatically encumbers the money for the payment of the amount represented by the commitment. An exception to this cash basis law is the issuance of debt, in the form of bonds, notes, or warrants, pursuant to statutory authority, referendum, or by the State Board of Tax Appeals. In the event debt is issued, funds need not be on hand for future payments.

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, 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 20 of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1 of the ensuing year. Consequently, for revenue recognition purposes, the taxes levied during the current year are not due and receivable until the ensuing year. At December 31, such taxes are recorded as taxes receivable with a corresponding amount recorded as deferred inflows on the balance sheets of the appropriate funds. It is not practical to apportion delinquent taxes held by the County Treasurer at the end of the year and, further, the amount thereof is not material in relationship to the basic financial statements taken as a whole.

3. Detailed Notes On All Funds

Deposits And Investments

Kansas statutes authorize the City, with certain restrictions, to invest in open accounts, time deposits, certificates of deposits, KMIP, and U.S. Treasury securities. All deposits with banks are collateralized at 105% of market value, as required by the City's Cash and Investment Policy and State Statute, less insured amounts.

The City maintains a cash and investment program to pay for operating and capital requirements. The investment program consists of deposits, repurchase agreements, certificates of deposit, and U.S. Treasury securities. Nearly all maturities of securities were less than one year. At December 31, 2015, the bank balance of deposits, certificates of deposit and repurchase agreements were \$20,873,866, which were covered by federal depository insurance or collateral held in safekeeping in the City's name.

Cash and investments are pooled. Investment income is allocated to the funds based on the respective cash and investment balances.

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (*Continued*)

A reconciliation of cash and investments with the statement of net position, as well as a summary of the City's cash and investments is as follows:

Cash on hand	\$	4,887
Carrying amount of deposits		20,834
Investments		<u>67,926,094</u>
Total cash and investments	\$	<u><u>67,951,815</u></u>
Pooled cash and investments	\$	67,733,422
Restricted cash		151,825
Cash and investments - agency funds		<u>66,568</u>
Total pooled cash and investments	\$	<u><u>67,951,815</u></u>

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 custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City's policy is to collateralize the demand deposits and repurchase agreements with securities held by the financial institution's agent and in the City's name.

At December 31, 2015, the City's deposits were fully collateralized by federal depository insurance and securities held in the City's name by their financial institution's agent. Accordingly, management has determined that none of the City's deposits were exposed to custodial credit risk as of December 31, 2015.

Interest Rate Risk

As a means of managing its exposure to fair value losses arising from increasing interest rates, the City's policy is to limit its investments to securities with stated maturities not exceeding two years. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk.

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (*Continued*)

The following table shows the City's investment portfolio broken down into maturity ranges.

	Maturity			
	Amount	6 Months Or Less	6 - 12 Months	12 - 24 Months
U.S. Treasury Notes	\$ 47,325,825	\$ 14,045,364	\$ 10,053,456	\$ 23,227,005
Repurchase agreements	20,600,269	20,600,269	—	—
	<u>\$ 67,926,094</u>	<u>\$ 34,645,633</u>	<u>\$ 10,053,456</u>	<u>\$ 23,227,005</u>

Foreign Currency Risk

Foreign currency risk is the risk that fluctuations in exchange rates can lead to a loss in value of assets denominated in foreign currencies. The City investment policy does not allow for foreign currency denominated investments and, as a result, the City has no investments exposed to foreign currency risk. All investments are in U.S. dollars.

The City has an investment policy that regulates investments in securities that have objectives of safety in principal, liquidity with all investments in U.S. dollars, and investment returns optimized within the constraints of safety and liquidity. Eligible securities are specific to Kansas State Statutes. All securities owned by the City are in conformance with the investment policy.

Credit Risk and Concentrations of Credit Risk

Credit risk is the risk that an entity will not be able to honor its commitments in the event of liquidation. The City manages credit risk by requiring all investments, including the use of any external investment pools be AAA rated by nationally recognized rating agencies. All securities held by the City meet the credit quality objective.

Additionally, the following table summarizes the City's policy limitations on investment concentration:

Investment Type	Maximum Percentage
Repurchase agreements	40%
Collateralized time and demand deposits	100%
U.S. Treasury notes and bills	100%
Kansas Municipal Investment Pool	30%
Bank trust department municipal pools	10%
Temporary notes or no-fund warrants	10%

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (Continued)

Presented below is the actual rating by Standard and Poor's Investor Service 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>Fair Value</u>	<u>Rating As Of December 31, 2015</u>	<u>Percentage</u>
U.S. Treasury Notes	\$ 47,325,825	**	69.7%
Repurchase agreements	<u>20,600,269</u>	AAA Collateral	30.3%
	<u>\$ 67,926,094</u>		

** Ratings are not required for U.S. Treasury Securities because they are the highest quality securities.

Property Taxes

The City's property tax is levied and a lien attaches each November 1 on the assessed value as of the prior year January 1 for all property located in the City. Property taxes are due December 20 following the levy date. The taxes are collected by the County and remitted to the City, generally after December 31. The taxes may be paid in full or one-half on or before the due date of December 20, with the remaining one-half due on or before May 20 of the following year.

Assessed values are established by the County Appraiser. The assessed value for property located in the City as of January 1, 2014 on which the 2015 levy was based was \$786,143,573.

The City's property tax levies per \$1,000 (Mills) assessed valuation for the year ended December 31, 2015 recognized as revenue in 2015 were as follows:

	<u>Levy (Mills)</u>
General fund	\$ 17.837
Debt service fund	<u>6.655</u>
	<u>\$ 24.492</u>

Taxes receivable represent property taxes levied on November 1, 2015 for 2016, which have been recorded as a deferred inflow; delinquent property taxes, City sales taxes, consumers' use tax, and franchise taxes which have been recorded as revenues.

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (*Continued*)

4. Intergovernmental Revenues

	General Fund	Debt Service	Capital Projects	Capital Improvements	Other Governmental Funds	Total
Federal:						
Department of transportation	\$ 6,077	\$ —	\$ 1,709,500	\$ —	\$ —	\$ 1,715,577
Department of justice	9,775	—	—	—	—	9,775
State Of Kansas:						
Special liquor tax	530,795	—	—	—	1,061,590	1,592,385
Gasoline tax	—	—	—	—	885,582	885,582
Drug tax	—	—	—	—	237	237
County and local:						
County sales tax	5,093,521	—	—	—	—	5,093,521
County consumer's use tax	985,244	—	—	—	—	985,244
Motor vehicle tax	1,426,794	409,586	—	—	—	1,836,380
Interlocal agreements	161	—	1,592,405	1,437,926	796,420	3,826,912
	\$ 8,052,367	\$ 409,586	\$ 3,301,905	\$ 1,437,926	\$ 2,743,829	\$ 15,945,613

5. Interfund Transfers

A summary of interfund transfers by fund type is as follows:

Transfers To	Transfers From			Total
	General Fund	Capital Projects Fund	Other Governmental Funds	
Governmental Activities				
General fund	\$ —	\$ —	\$ 288,000	\$ 288,000
Debt service fund	—	10,212	—	10,212
Capital improvements fund	3,030,000	—	—	3,030,000
Public safety improvement fund	1,013,173	—	—	1,013,173
Municipal equipment reserve fund	1,700,000	—	—	1,700,000
Other governmental funds	1,141,162	—	500,000	1,641,162
	\$ 6,884,335	\$ 10,212	\$ 788,000	\$ 7,682,547

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (*Continued*)

Transfers from/to other funds consisted of the following:

From The General Fund To:	
Public Safety Improvement Fund	\$ 1,013,173
Municipal Equipment Reserve Fund	1,700,000
Street Improvements Fund	1,000,000
Special City Highway Fund	75,000
City Art Fund	66,162
Capital Improvements Fund	<u>3,030,000</u>
	<u>6,884,335</u>
 From Capital Projects Fund To:	
Debt Service Fund	<u>10,212</u>
 From Other Governmental Funds:	
From the Special Alcohol Fund to:	
General Fund	288,000
From 1/8-Cent Sales Tax Fund to:	
Special City Highway Fund	<u>500,000</u>
	<u>788,000</u>
	<u>\$ 7,682,547</u>

A summary of amounts due from/to other funds is as follows:

Governmental Activities	
Due from the General Fund to:	
Public Safety Improvement Fund	<u>\$ 177,909</u>

Amounts due from the General Fund to the Public Safety Improvement Fund are the result of a time lag created when the General Fund collects and subsequently transfers certain sales taxes designated for public safety capital improvements to the Public Safety Improvement Fund.

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (Continued)

6. Capital Assets

Governmental capital asset activity for the year ended December 31, 2015 was as follows:

	Balance - December 31, 2014	Increases	Decreases	Balance - December 31, 2015
Governmental activities:				
Capital assets not being depreciated:				
Land and right-of-way	\$ 119,691,153	\$ —	\$ —	\$ 119,691,153
Infrastructure	17,969,426	460,643	44,501	18,385,568
Construction in progress	3,461,425	5,219,512	2,374,481	6,306,456
Total capital assets not being depreciated	141,122,004	5,680,155	2,418,982	144,383,177
Capital assets being depreciated:				
Buildings and improvements	68,115,038	253,008	310,848	68,057,198
Machinery and equipment	19,811,463	1,136,923	902,828	20,045,558
Infrastructure	262,865,972	5,385,314	668,610	267,582,676
Total capital assets being depreciated	350,792,473	6,775,245	1,882,286	355,685,432
Less accumulated depreciation for:				
Buildings and improvements	20,858,668	2,144,748	149,721	22,853,695
Machinery and equipment	10,358,526	1,991,795	853,893	11,496,428
Infrastructure	108,886,695	6,006,452	419,531	114,473,616
Total accumulated depreciation	140,103,889	10,142,995	1,423,145	148,823,739
Total capital assets being depreciated, net	210,688,584	(3,367,750)	459,141	206,861,693
Governmental activity capital assets, net	\$ 351,810,588	\$ 2,312,405	\$ 2,878,123	\$ 351,244,870

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

General government	\$ 402,970
Public safety	1,613,072
Public works	6,578,370
Parks and recreation	1,548,583
Total depreciation expense	\$ 10,142,995

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (Continued)

7. Capital Projects Authorized

The City has authorized street improvement and building construction projects. The following is a summary of capital projects, project authorization amounts and expenditures to date:

<u>Project Number And Name</u>	<u>Authorized</u>	<u>Project-To-Date At Year End</u>
80129 143rd Street - Windsor to Kenneth	\$ 13,827,671	\$ —
80162 143rd Street - Nall to Mission	13,500,000	10,916,564
80216 2016 Residential Street	3,000,000	—
80252 2015 Curb Repair/Replacement	5,000,000	4,642,508
80253 2016 Curb Repair/Replacement	5,000,000	—
80550 89th & Mission Stormsewer	1,190,755	1,067,267
	<u>\$ 41,518,426</u>	<u>\$ 16,626,339</u>

8. Temporary Notes

During the year, the City issued a series of temporary notes for the purpose of funding various capital improvement projects.

	<u>Balance January 1, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance December 31, 2015</u>
<u>Temporary notes</u>	<u>\$ 22,251,039</u>	<u>\$ 28,731,377</u>	<u>\$ 22,251,039</u>	<u>\$ 28,731,377</u>

Temporary notes consisted of the following at December 31, 2015:

Maturing September 1, 2016:	
2.00% General Obligation Temporary Notes	<u>\$ 28,731,377</u>

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (Continued)

9. Long-Term Liabilities

The following is a summary of changes in long-term liabilities of the City for the year:

	Balance January 1, 2015	Increases	Decreases	Balance December 31, 2015	Amount Due In 2016
Governmental Activities					
General obligation bonds to be paid with:					
Tax levies	\$ 36,905,800	\$ 9,297,775	\$ 6,274,000	\$ 39,929,575	\$ 4,167,864
Special Benefit District Assessments	14,544,200	72,225	1,741,000	12,875,425	1,727,136
Bond premiums	1,407,534	690,234	116,739	1,981,029	—
Total bonds payable	52,857,534	10,060,234	8,131,739	54,786,029	5,895,000
Capital leases	1,186,335	—	213,057	973,278	216,952
Compensated absences*	1,531,196	1,755,747	1,751,399	1,535,544	1,228,434
Net OPEB obligation*	1,923,287	288,157	—	2,211,444	—
Total Governmental Activity Debt	\$ 57,498,352	\$ 12,104,138	\$ 10,096,195	\$ 59,506,295	\$ 7,340,386

* Compensated absences and the net OPEB obligation typically have been liquidated in the general fund.

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (*Continued*)

The detail of debt at December 31, 2015 follows:

Governmental Activities Debt:

General Obligation Bonds To Be Paid With Tax Levies

\$6,405,000, Series 2006-B General Obligation Refunding Bonds due in annual installments through September 1, 2021; interest at 3.5% to 4%	\$ 3,755,000
\$6,589,322, Series 2007-A General Obligation Improvement Bonds due in annual installments through September 1, 2022; interest at 4% to 4.375%	3,080,000
\$3,576,393 Series 2008-B General Obligation Improvement Bonds due in annual installments through September 1, 2028; interest at 3% to 4.2%	2,151,800
\$13,670,000 Series 2010-A General Obligation Improvement Bonds due in annual installments through September 1, 2026; interest at 2% to 4%	12,255,000
\$700,000 Series 2012-A General Obligation Improvement Bonds due in annual installments through September 1, 2024; interest at 2% to 3%	545,000
\$1,865,000 Series 2012-A General Obligation Refunding Bonds due in annual installments through September 1, 2024; interest at 2% to 3%	1,330,000
\$5,920,000 Series 2014-A General Obligation Improvement Bonds due in annual installments through September 1, 2029; interest at 3% to 5%	5,520,000
\$2,695,000 Series 2014-A General Obligation Refunding Bonds due in annual installments through September 1, 2020; interest at 3% to 5%	1,995,000
\$7,067,775 Series 2015-A General Obligation Improvement Bonds due in annual installments through September 1, 2030; interest at 2% to 5%	7,067,775
\$2,230,000 Series 2015-A General Obligation Refunding Bonds due in annual installments through September 1, 2021; interest at 2% to 5%	<u>2,230,000</u>
	<u>39,929,575</u>

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (Continued)

General Obligation Bonds To Be Paid With Benefit District Assessments

\$450,678, Series 2007-A General Obligation Improvement Bonds due in annual installments through September 1, 2022; interest at 4% to 4.375% \$ 210,000

\$6,098,607, Series 2008-B General Obligation Improvement Bonds due in annual installments through September 1, 2023; interest at 3% to 4.2% 3,253,200

\$2,700,000, Series 2008-C Taxable General Obligation Improvement Bonds due in annual installments through September 1, 2023; interest at 5% to 5.375% 1,440,000

\$3,310,000 Series 2010-A General Obligation Improvement Bonds due in annual installments through September 1, 2025; interest at 2% to 4% 2,100,000

\$5,155,000 Series 2011-A General Obligation Improvement Bonds due in annual installments through September 1, 2026; interest at 1.5% to 4.15% 3,795,000

\$2,120,000 Series 2012-A General Obligation Refunding Bonds due in annual installments through September 1, 2019; interest at 2% to 3% 1,110,000

\$1,090,000 Series 2014-A General Obligation Refunding Bonds due in annual installments through September 1, 2020; interest at 3% to 5% 895,000

\$72,225 Series 2015-A General Obligation Improvement Bonds due in annual installments through September 1, 2025; interest at 2% to 5% 72,225
12,875,425

General obligation bonds payable 52,805,000

Bonds premiums and discounts 1,981,029

Total Bonds Payable 54,786,029

Capital Leases

\$1,190,486, Lease for fire pumpers due in annual installments through March 24, 2021; interest at 3.99% 769,282

\$305,495, Lease for golf carts due in annual installments through January 15, 2017; interest at 2.09% 203,996

Total Capital Leases 973,278

Compensated Absences

Net OPEB Obligation (Note 10) 1,535,544
2,211,444

\$ 59,506,295

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (Continued)

The annual debt service requirements to amortize the City's bonds and capital lease obligations at December 31, 2015 are as follows:

	Governmental Activities					
	General Obligation Bonds					
	Governmental		Benefit Districts		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 4,167,864	\$ 1,396,759	\$ 1,727,136	\$ 472,012	\$ 5,895,000	\$ 1,868,771
2017	4,257,706	1,248,944	1,732,294	412,994	5,990,000	1,661,938
2018	4,347,517	1,091,055	1,722,483	352,520	6,070,000	1,443,575
2019	4,347,258	923,224	1,452,742	292,266	5,800,000	1,215,490
2020	4,292,123	778,301	1,382,877	240,701	5,675,000	1,019,002
2021 - 2025	13,807,107	1,892,316	4,512,893	519,799	18,320,000	2,412,115
2026 - 2030	4,710,000	371,700	345,000	14,317	5,055,000	386,017
	\$ 39,929,575	\$ 7,702,299	\$ 12,875,425	\$ 2,304,609	\$ 52,805,000	\$ 10,006,908

	Capital Leases	
	Principal	Interest
2016	\$ 216,952	\$ 34,958
2017	223,690	28,220
2018	125,451	21,252
2019	130,456	16,246
2020	135,661	11,042
2021 - 2025	141,068	5,629
	\$ 973,278	\$ 117,347

All debt has been issued either to acquire or construct capital assets, or to refund outstanding debt.

Prior Year Defeasance of Debt

In prior years, the City defeased certain general obligation and other bonds by placing the proceeds of refunding bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. During 2015, the remaining bonds in trust were paid in full by the trustee.

Kansas statutes limit the amount of general obligation debt that a unit of government can issue to 30% of the total assessed value of taxable property located within the City's boundaries. The legal debt capacity for the City of Leawood is \$211,704,287.

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (*Continued*)

Current Refunding

On August 26, 2015, the City issued \$9,370,000 of Series 2015-A General Obligation Refunding and Improvement Bonds with interest rates from 2% to 5% to refund \$2,405,000 of the outstanding portion of the Series 2006-A General Obligation Bonds with an interest rate of 4%. For the bonds to be refunded, proceeds of \$2,405,000 were deposited into an irrevocable trust with an escrow agent to provide for the redemption of the Refunded Bonds on September 1, 2015. The remaining proceeds of the Series 2015-A bonds will be used for certain capital improvements within the City. On September 1, 2015 the Refunded Bonds were redeemed and the related liability for these bonds has been removed from the long-term debt.

The refunding resulted in no deferred gain or loss. The City completed this current refunding to reduce its debt service payments by \$204,995 and to obtain an economic gain of \$187,529.

Capital Leases

As discussed above, the City has land and equipment under capital leases. To account for financing leases of governmental activities, the City charges payments made during the fiscal period as debt service in the governmental fund financial statements. In the year that the asset is received, the City records the present value of future lease payments as capital outlay expenditure and as an offsetting other-financing source in the governmental fund financial statements. The present value of payments due in future periods is shown as a liability, and the gross amount is recorded as a capital asset, net of accumulated depreciation, in the statement of net position. As of December 31, 2015, the gross amount of capital assets under capital leases was \$1,576,693 in equipment, with net accumulated amortization of \$546,752.

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (Continued)

Transportation Development District (TDD) Bonds

The City issued the following no-commitment special assessment bonds related to four City transportation development districts as follows:

\$490,000, Series 2006 Taxable Transportation Development District Special Obligation Bonds due in annual installments through September 1, 2021; interest at 8% (Cornerstone Project)	\$ 210,000
\$170,000, Series 2006 Taxable Transportation Development District Special Obligation Bonds due in annual installments through September 1, 2021; interest at 8% (Resurrection Project)	80,000
\$835,000, Series 2007 Taxable Transportation Development District Special Obligation Bonds due in annual installments through September 1, 2022; interest at 7.5% (Villaggio Project)	490,000
\$2,985,000 Series 2010-B Taxable Transportation Development District Special Obligation Bonds due in annual installments through December 1, 2031; interest at 8.500% (One Nineteen Project)	1,130,000
\$1,615,000 Series 2012 Taxable Transportation Development District Special Obligation Bonds due in annual installments through December 1, 2032; interest at 7.500% (One Nineteen Project)	875,000
	<u>\$ 2,785,000</u>

The City is in no way liable for repayment of these bonds, but is only acting as agent for the property owners in collecting the assessments, forwarding the collections to bondholders, and initiating foreclosure proceedings. Accordingly, collection and repayment activity associated with these debt issuances has been reported in agency funds.

10. Other Information

Commitments And Contingencies

Encumbrances

Listed below are the encumbrances by fund for the City:

	<u>Capital Projects</u>	<u>Capital Improve- ments</u>	<u>Public Safety Improve- ment</u>	<u>Municipal Equipment Reserve</u>	<u>Other Govern- mental Funds</u>	<u>Total Govern- mental Funds</u>
Committed To:						
Administration	\$ —	\$ 56,207	\$ —	\$ 6,874	\$ —	\$ 63,081
Public works	2,514,974	229,994	—	—	138,488	2,883,456
Public safety	—	3,440	59,657	9,397	—	72,494
Parks and recreation	—	12,891	—	74,657	41,543	129,091
Total Encumbrances	<u>\$ 2,514,974</u>	<u>\$ 302,532</u>	<u>\$ 59,657</u>	<u>\$ 90,928</u>	<u>\$ 180,031</u>	<u>\$ 3,148,122</u>

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (*Continued*)

Defined Benefit Pension Plan

Description of Pension Plan

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

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

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

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

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

Benefits

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

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

Contributions

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

For fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers. Annual increases in the employer contribution rates are related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 1.0% of total payroll for the fiscal year ended June 30, 2015.

The actuarially determined employer contribution rate and the statutory contribution rate for the local employee group are both 9.48%. Member contribution rates as a percentage of eligible compensation for the fiscal year ended June 30, 2015 is 6%. The actuarially determined employer contribution rate and the statutory contribution rate for the police and firemen group are both 21.95%. Member contribution rates for this group are 7.15%.

Contributions to the Pension Plan from the City for the local employee group and police and fireman group were \$805,920 and \$1,622,022, respectively, for the year ended December 31, 2015.

Employer Allocations

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

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

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

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (*Continued*)

The allocation percentages for the City's share of the collective pension amounts as of June 30, 2015 and 2014 were based on the ratio of its contributions to the total of the employer and nonemployer contributions of the group for the fiscal years ended June 30, 2015 and 2014, respectively.

The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2015, the City's proportion in the local employee group was 0.527%, which was a decrease of 0.005% from its proportion measured at June 30, 2014. The City's proportion in the police and fire group was 1.726%, which was an increase of 0.03% from its June 30, 2014 position.

Net Pension Liability

At June 30, 2015 the City's local employee group reported a liability of \$6,919,848 for its proportionate share of the net pension liability. The City's police and fire group reported net pension liability of \$12,535,171 at June 30, 2015.

There were no changes in the benefit terms during the KPERS plan year ended June 30, 2015 that affected the measurement of the total pension liability.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2014, which was rolled forward to June 30, 2015, using the following actuarial assumptions:

Price Inflation	3.00%
Wage Inflation	4.00%
Salary increases, including wage increases and inflation	4.00 to 16.00%, including inflation
Long-term rate of return, net of investment expense, and including price inflation	8.00%

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males and Females, with adjustments to better match actual experience. Separate tables apply for males and females as well as each group (State, School, Local, Police and Fire, and Judges).

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

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study conducted for three years ending December 31, 2012.

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (*Continued*)

The long-term expected rate of return of pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015 are summarized in the following table:

Asset Class	Long-Term Target Allocation (%)	Long-Term Expected Real Rate of Return (%)
Global equity	47.0	6.3
Fixed income	13.0	0.8
Yield driven	8.0	4.2
Real return	11.0	1.7
Real estate	11.0	5.4
Alternatives	8.0	9.4
Short-term investments	2.0	(0.5)
Total	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the contractually required rate. The State, School and Local employers do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993, the employer contribution rates certified by the System's Board of Trustees for these groups may not increase by more than the statutory cap. The expected KPERS employer statutory contribution was modeled for future years, assuming all actuarial assumptions are met in future years. Employers contribute the full actuarial determined rate for Police and Fireman and Judges. Future employer contribution rates were also modeled for Police and Fireman and Judges, assuming all actuarial assumptions are met in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (Continued)

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 8.00% as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (7.00%) or 1-percentage point higher (9.00%) than the current rate:

	1.00% Decrease (7.00%)	Current Rate (8.00%)	1.00% Increase (9.00%)
Local	\$ 9,823,091	\$ 6,919,848	\$ 4,458,468
Police and Fireman	18,203,261	12,535,171	7,747,574
Total	\$ 28,026,352	\$ 19,455,019	\$ 12,206,042

Pension Expense

For the year ended December 31, 2015, the City recognized pension expense of \$1,777,619 which includes the changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period.

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2015 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between actual and expected experience	\$ 114,391	\$ 405,711
Net differences between projected and actual earnings on investments	—	667,446
Changes in assumptions	—	222,062
Changes in proportions	354,109	56,852
City contributions subsequent to the measurement date of June 30, 2015	1,388,217	—
	\$ 1,856,717	\$ 1,352,071

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (*Continued*)

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

	Year Ended December 31,				
	2016	2017	2018	2019	2020
Local	\$ (186,966)	\$ (186,966)	\$ (186,966)	\$ 104,400	\$ (31,496)
Police and Fireman	(245,536)	(245,536)	(245,536)	363,043	(22,012)
	<u>\$ (432,502)</u>	<u>\$ (432,502)</u>	<u>\$ (432,502)</u>	<u>\$ 467,443</u>	<u>\$ (53,508)</u>

Pension Plan Fiduciary Net Position

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

Supplemental Retirement Programs

The City offers its non-KP&F employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 and/or salary deferral under Section 401(a). Under the plans, the City will match 50 cents on the dollar up to a maximum of 2.5% of the employee's annual salary. Employees may participate in both plans, but the City will only contribute matching funds to one of the plans. Contributions to the plans by the City and employees for 2015 and 2014 were \$70,377 and \$878,049, respectively.

Golf Course

The City's golf course is managed by a professional management firm. Under the terms of the management contract, each year the City and the firm agree on an operating budget, including anticipated revenues and expenditures (which include debt service and management fees) required to operate the golf course. In the event of a revenue shortfall, the City is obligated to advance monies for operations. In the event of an excess of revenues over expenditures, the City is to receive the excess less an agreed-upon contingency amount.

Federal And State Grants

The City has received financial assistance from various federal and state agencies in the form of grants and entitlements. These programs are subject to audit by agents of the granting authority. Management does not believe that liabilities for reimbursements, if any, will have a materially adverse effect upon the financial condition of the City.

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, including medical and pharmacy coverage. There is no separate audited statement for this plan. 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 KPERS are eligible for benefits.

The City requires retirees to pay the same premiums charged to active 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).

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. 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.

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (*Continued*)

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	\$ 151,164
Amortization of unfunded actuarial accrued liability	241,359
Annual required contribution (ARC)	<u>392,523</u>
Interest on net OPEB obligation	115,397
Adjustment to annual required contribution	<u>(139,725)</u>
Annual OPEB cost	<u>\$ 368,195</u>
Contributions made:	
Claims and fees paid on behalf of retirees	\$ 278,283
Less: Retiree contributions	198,245
Net employer contributions	<u>80,038</u>
Change In Net OPEB Obligation	288,157
Net OPEB Obligation, December 31, 2014	<u>1,923,287</u>
Net OPEB Obligation, December 31, 2015	<u>\$ 2,211,444</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013, 2014 and 2015 are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
December 31, 2013	\$ 282,523	20.17%	\$ 1,722,725
December 31, 2014	279,671	28.29%	1,923,287
December 31, 2015	368,195	21.74%	2,211,444

Funded Status and Funding Progress

As of January 1, 2015, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$3,322,261, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,322,261. The covered payroll (annual payroll of active employees covered by the plan) was \$16,374,104 and the ratio of the UAAL to the covered payroll was 20.29%.

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, 2015 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 6% 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, and an annual healthcare cost trend rate of 10% initially, reduced by decrements to an ultimate rate of 6% after nine years. The inflation rate assumption is 2.2% and there are no projected salary and post-retirement benefit increases used in the valuation. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2015 was 30 years.

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. All potential claims, claims expenditures, and/or liabilities are reported immediately when it becomes evident that a loss has occurred or a claim may be made.

The City has addressed potential risk by purchasing various commercial insurance policies for certain insurable causes of loss. These policies cover property including buildings, contents, extra expenses, physical damage to vehicles, and contractor's equipment for direct damage due to many perils, including flood and earthquake.

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (*Continued*)

In addition, the City carries insurance for instances in which the City is held to be legally liable for bodily injury and property damage. Coverage includes general liability, firefighter's liability, automobile liability, physical damage to vehicles, law enforcement liability, employee dishonesty, public official's liability and excess liability coverage. The coverage provides \$500,000 limits per occurrence for all claims capped by the Kansas Tort Claims Act (KTCA). Liabilities that fall outside the KTCA are insured to an additional \$10,000,000 in excess liability limits with exception of Employment Practices Liability and Employee Benefit Plan Administration Liability which is covered up to \$2,000,000. Other miscellaneous coverage purchased includes theft of cash/securities and underground storage tank liability.

In certain cases, the City retains risks up to the individual policy deductible amounts and for losses in excess of any amounts not provided by the excess liability insurance coverage. Settled claims have not exceeded the commercial limits in any of the past three fiscal years. During 2015, the City continued to participate in the Kansas Eastern Region Insurance Trust (KERIT) for workers' compensation coverage. The trust provides loss control services to all member entities. The City has an internal Safety Committee comprised of representatives from all departments. The committee reviews accidents, discusses safety issues and implements organizational-wide safety programs.

Deficits

The accumulated deficit of \$7,848,811 in the Capital Projects Fund will be eliminated by future revenues or transfers.

Required Supplementary Information

CITY OF LEAWOOD, KANSAS

REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2015

Required supplementary information includes financial information and disclosures that are required by GAAP but are not considered a part of the basic financial statements.

Such information includes:

- Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund
- Schedule of Funding Progress - Other Postemployment Benefits
- Comparison of Needed-to-Actual Maintenance/Preservation for Streetlights and Traffic Signals
- Schedules of Selected Pension Information

Budgetary Data

GAAP is the budgetary basis of accounting

CITY OF LEAWOOD, KANSAS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - GENERAL FUND
For The Year Ended December 31, 2015**

	<u>Budgeted Amounts</u>		Actual	Variance With Final Budget- Over (Under)
	Original Budget	Final Budget		
Revenues				
Taxes	\$ 26,730,904	\$ 26,707,704	\$ 26,220,707	\$ (486,997)
Licenses and permits	1,324,900	1,343,400	1,784,135	440,735
Intergovernmental	7,786,140	8,105,940	8,052,367	(53,573)
Charges for services	3,040,200	2,745,750	2,499,008	(246,742)
Fines and forfeitures	1,500,000	1,500,000	1,587,760	87,760
Interest	124,856	63,364	28,070	(35,294)
Contributions and other	58,000	58,000	154,578	96,578
Total Revenues	40,565,000	40,524,158	40,326,625	(197,533)
Expenditures				
Current:				
General government	7,934,200	7,682,696	6,673,278	(1,009,418)
Public safety	16,228,500	16,592,704	15,329,378	(1,263,326)
Public works	7,267,300	7,302,600	5,940,349	(1,362,251)
Parks and recreation	6,916,400	6,678,500	5,874,771	(803,729)
Total general government	38,346,400	38,256,500	33,817,776	(4,438,724)
Debt service:				
Principal retirement	211,500	213,100	213,057	(43)
Interest	40,700	39,100	38,853	(247)
Total Expenditures	38,598,600	38,508,700	34,069,686	(4,439,014)
Revenues Over Expenditures	1,966,400	2,015,458	6,256,939	4,241,481
Other Financing Sources (Uses)				
Capitalized Leases	—	—	—	—
Transfers in	288,000	288,000	288,000	—
Transfers out	(6,829,100)	(6,904,362)	(6,884,335)	(20,027)
Total Other Financing Uses	(6,541,100)	(6,616,362)	(6,596,335)	(20,027)
Net Change In Fund Balance	\$ (4,574,700)	\$ (4,600,904)	(339,396)	\$ 4,261,508
Fund Balance - Beginning Of Year			<u>14,833,642</u>	
Fund Balance - End Of Year			<u>\$ 14,494,246</u>	

CITY OF LEAWOOD, KANSAS

SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS For The Year Ended December 31, 2015

Valuation Date	(a) Actuarial Value Of Assets	(b) Actuarial Accrued Liability (AAL)	(b) - (a) Unfunded AAL (UAAL)	(a)/(b) Funded Ratio	(c) Annual Covered Payroll	(b)-(a)/(c) UAL As A Percentage Of Covered Payroll
January 1, 2011	\$ —	\$ 2,307,851	\$ 2,307,851	—	\$ 16,132,408	14.31%
January 1, 2013	—	2,395,029	2,395,029	—	15,651,755	15.30%
January 1, 2015	—	3,322,261	3,322,261	—	16,374,104	20.29%

CITY OF LEAWOOD, KANSAS

COMPARISON OF NEEDED-TO-ACTUAL MAINTENANCE/PRESERVATION FOR STREETLIGHTS AND TRAFFIC SIGNALS December 31, 2015

The City has elected to use the Modified Approach, as defined by GASB 34 for infrastructure reporting of its streetlights and traffic signals. Under GASB 34, eligible infrastructure capital assets are not required to be depreciated under the following requirements:

The City manages the eligible infrastructure capital assets using an asset management system with the characteristics of (1) an up-to-date inventory; (2) perform condition assessments and summarize the results using a measurement scale; and (3) estimate annual amounts to maintain and preserve at the established condition assessment level.

The City documents that the eligible infrastructure capital assets are being preserved approximately at or above the established and disclosed condition assessment level. It is the City's policy to maintain and preserve streetlights and traffic signals at least at 85% of their normal operating mode. Streetlights and traffic signals are often out of service due to the following factors: (1) life of lamp light; (2) accidents by vehicles or contractors who excavate in the City's right of ways; (3) weather, such as high winds, rain, snow and ice; (4) vandalism. During 2007, the City contracted with an outside service provider to perform inspections. The provider performs a monthly visual inspection on the streetlights and traffic signals and reports to the City Engineer. The City also relies on citizens to report street light and traffic signal outages or malfunctions. The City's policy is to repair/replace any outages or malfunction within 48 hours. The service provider's last three inspection reports show the following condition assessments: October 2015 - 98.7%; November 2015 - 98.7%; and December 2015 - 98.9%.

Schedule of needed-to-actual maintenance/preservation - streetlights and traffic signals

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Needed	\$ 340,000	\$ 321,000	\$ 270,000	\$ 270,000	\$ 262,000
Actual	298,252	290,075	258,994	223,550	246,704

CITY OF LEAWOOD, KANSAS

SCHEDULES OF SELECTED PENSION INFORMATION KANSAS EMPLOYEES' RETIREMENT SYSTEM December 31, 2015

Schedule of Proportionate Share Of The Net Pension Liability

	December 31,	
	2015	2014
City's local group proportion of the net pension liability	0.52701%	0.53164%
City's local group proportionate share of the net pension liability	\$ 6,919,848	\$ 6,543,519
City's local group covered-employee payroll	8,768,458	8,722,548
City's local group proportionate share of net pension liability as a percentage of its covered-employee payroll	78.92%	75.02%
Plan fiduciary net position as a percentage of the total pension liability	64.95%	66.60%
	December 31,	
	2015	2014
City's police & fire proportion of the net pension liability	1.72633%	1.69681%
City's police & fire proportionate share of the net pension liability	\$ 12,535,171	\$ 11,128,367
City's police & fire covered-employee payroll	7,860,825	7,553,871
City's police & fire proportionate share of net pension liability as a percentage of its covered-employee payroll	159.46%	147.32%
Plan fiduciary net position as a percentage of the total pension liability	64.95%	66.60%

Schedule Of Contributions

	December 31,	
	2015	2014
Required local group contribution	\$ 846,519	\$ 765,168
Contributions made in relation to the required contribution	846,519	765,168
Contribution deficiency	—	—
City's local group covered-employee payroll	8,967,225	8,805,129
Contributions as a percentage of local group covered-employee payroll	9.44%	8.69%
Required police & fire contribution	\$ 1,769,008	\$ 1,579,152
Contributions made in relation to the required contribution	1,769,008	1,579,152
Contribution deficiency	—	—
City's police & fire covered-employee payroll	8,065,260	7,706,933
Contributions as a percentage of police & fire covered-employee payroll	21.93%	20.49%

Notes:

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

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

Changes Of Benefit Terms Or Assumptions

There were no changes to benefit terms in the plan or changes to assumption in the valuation report for the year ended December 31, 2015.

Supplementary Information

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

CITY OF LEAWOOD, KANSAS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - GENERAL FUND For The Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance Over (Under) With Final Budget
General government:				
Administration:				
Personnel services	\$ 2,399,500	\$ 2,164,307	\$ 2,061,846	\$ (102,461)
Contractual services	1,549,600	1,782,747	1,221,557	(561,190)
Commodities	144,900	146,053	77,003	(69,050)
Total administration	4,094,000	4,093,107	3,360,406	(732,701)
Community development:				
Personnel services	1,262,300	1,298,600	1,294,576	(4,024)
Contractual services	138,100	137,100	76,165	(60,935)
Commodities	47,500	47,500	28,099	(19,401)
Total community development	1,447,900	1,483,200	1,398,840	(84,360)
Municipal court:				
Personnel services	583,200	525,000	493,174	(31,826)
Contractual services	81,000	81,000	45,538	(35,462)
Commodities	14,400	14,400	5,323	(9,077)
Total municipal court	678,600	620,400	544,035	(76,365)
Legal services:				
Personnel services	447,000	369,100	336,557	(32,543)
Contractual services	245,000	95,000	39,994	(55,006)
Commodities	2,700	2,700	1,641	(1,059)
Total legal services	694,700	466,800	378,192	(88,608)
Information services:				
Personnel services	542,700	560,689	560,686	(3)
Contractual services	263,800	286,400	283,035	(3,365)
Commodities	212,500	172,100	148,084	(24,016)
Total information services	1,019,000	1,019,189	991,805	(27,384)
Total general government	7,934,200	7,682,696	6,673,278	(1,009,418)
Public safety:				
Police:				
Personnel services	8,273,200	8,407,400	7,846,774	(560,626)
Contractual services	908,200	896,500	648,209	(248,291)
Commodities	569,200	598,200	346,155	(252,045)
Total police	9,750,600	9,902,100	8,841,138	(1,060,962)
Fire:				
Personnel services	5,741,400	5,955,304	5,954,985	(319)
Contractual services	444,600	452,071	370,299	(81,772)
Commodities	291,900	283,229	162,956	(120,273)
Total fire	6,477,900	6,690,604	6,488,240	(202,364)
Total public safety	16,228,500	16,592,704	15,329,378	(1,263,326)
Public works:				
Personnel services	3,924,700	3,961,400	3,791,284	(170,116)
Contractual services	2,032,100	2,039,600	1,310,320	(729,280)
Commodities	1,310,500	1,301,600	838,745	(462,855)
Total public works	7,267,300	7,302,600	5,940,349	(1,362,251)
Parks and recreation:				
Personnel services	4,053,700	3,955,192	3,679,890	(275,302)
Contractual services	2,042,200	1,939,092	1,633,893	(305,199)
Commodities	820,500	784,216	560,988	(223,228)
Total parks and recreation	6,916,400	6,678,500	5,874,771	(803,729)
Total general government expenditures	\$ 38,346,400	\$ 38,256,500	\$ 33,817,776	\$ (4,438,724)

CITY OF LEAWOOD, KANSAS

OTHER NON-MAJOR GOVERNMENTAL FUNDS

December 31, 2015

Special Revenue Funds - account for revenue sources that are restricted to expenditures for specific purposes.

Special Alcohol Fund - established to account for one-third of the Alcohol Tax Funds sent to the City quarterly from the State Treasurer's office, which is computed in compliance with K.S.A. Supp. 79-41A04 et seq., representing tax receipts and adjustments processed by the Department of Revenue. For cities with a population exceeding 6,000, this amount is to be credited one-third to the General Fund, one-third to a Special Parks and Recreation Fund, and one-third to a Special Alcohol and Drug Program Fund. These monies are allocated yearly for distribution to agencies involved in drug and alcohol prevention and/or treatment programs that are approved by the City Council in specified amounts on a yearly basis.

Special City Highway Fund - established to account for monies received from the State for shared gas tax revenues, in accordance with K.S.A. Statute 79-3425c(c).

Special Parks and Recreation Fund - established to account for one-third of the Alcohol Tax funds that are sent to the City quarterly by the State Treasurer's office.

Special Law Enforcement Fund - established to provide depository for monies forfeited to the City of Leawood Police Department pursuant to the provisions of K.S.A. 65-4135 and 65-4156 related to controlled substance investigation forfeitures. Expenditures from this fund shall be made only for authorized law enforcement purposes of the City of Leawood Police Department. Any monies forfeited to the City of Leawood Police Department pursuant to the provisions of K.S.A. 1988 Supp. 65-4156, and any subsequent amendments thereto, shall be deposited in this fund.

American Revolution Tri-Centennial Fund - established to account for monies donated by the Leawood American Revolution Bicentennial Committee. These monies are to be continually reinvested by the City until the year 2076. It is intended that this fund then be used for the overall benefit for the citizens of the City on a special American Revolution Tri-Centennial event or project, needed community facilities, equipment or programs.

Transient Guest Tax Fund - established to account for monies levied by the City and paid by transient guests for lodging or sleeping accommodations in any hotel or motel. The tax monies collected will be used to promote economic development, conventions and tourism and related expenditures and such other purposes as may be determined by the Governing Body.

CITY OF LEAWOOD, KANSAS

OTHER NON-MAJOR GOVERNMENTAL FUNDS (*Continued*)

December 31, 2015

Capital Projects Funds - account for resources used for the acquisition and/or construction of capital projects not being financed by other funds.

Street Improvements - established to account for the pay-as-you-go portion of the annual mill and overlay, slurry seal and arterial street repairs.

City Capital Art - established to account for funds used by the Arts Council for the selection and placement of public art on City property.

Park Impact Fee Fund - established to account for fees imposed by the City on all new development in South Leawood and all fees collected shall be used solely and exclusively for the purpose of acquisition and development of park land and open space made necessary by and serving such new development.

1/8th Cent Sales Tax Fund - established to fund an accelerated residential and thoroughfare street improvement program, and to fund storm water improvement projects which are not otherwise eligible for funding from other governmental sources.

Leawood Transportation Impact Fee Fund - established to account for fees imposed on new development in South Leawood for the purpose of assuring that transportation improvements are available and provides adequate transportation system capacity to support new development while maintaining levels of transportation service deemed adequate by the City. The impact fee shall be imposed on all new development in South Leawood, except as may be otherwise provided, and all fees collected shall be utilized solely and exclusively for transportation improvements in South Leawood serving such new development.

135th Street Corridor Impact Fee Fund - established to account for fees imposed on new development in the 135th Street corridor for the purpose of assuring that 135th Street highway transportation improvements are available and provides adequate transportation system capacity to support new development while maintaining levels of transportation service on Highway 135th Street deemed adequate by the City. The impact fee shall be imposed on all new development in the 135th Street corridor and all fees collected shall be utilized solely and exclusively for transportation improvements in the 135th Street corridor servicing such new development.

Public Art Impact Fee Fund - established by the City for the purpose of acquisition and construction of Public Art. A Public Art impact fee is imposed by the City on all new commercial development and commercial remodels in Leawood.

CITY OF LEAWOOD, KANSAS

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

December 31, 2015

Page 1 Of 2

	Special Revenue					
	Special Alcohol	Special City Highway	Special Parks And Recreation	Special Law Enforcement	American Revolution Tri-Centennial	Transient Guest Tax
Assets						
Pooled cash and investments	\$ 546,205	\$ 421,307	\$ 198,539	\$ 40,314	\$ 8,553	\$ 96,437
Receivables:						
Sales tax	—	—	—	—	—	—
Transient guest tax	—	—	—	—	—	114,467
Interest	1,234	609	639	98	14	386
Intergovernmental	125,000	—	125,000	—	—	—
Total Assets	\$ 672,439	\$ 421,916	\$ 324,178	\$ 40,412	\$ 8,567	\$ 211,290
Liabilities And Fund Balances						
Liabilities						
Accounts payable and accrued liabilities	\$ —	\$ 500	\$ 82,870	\$ —	\$ —	\$ —
Fund Balances						
Restricted For:						
Social services	672,439	—	—	—	—	—
Parks and recreation	—	—	241,308	—	—	—
Tourism promotion	—	—	—	—	—	211,290
Bridges, streets and signals	—	421,416	—	—	—	—
Law enforcement	—	—	—	40,412	—	—
Committed To:						
Bridges, streets and signals	—	—	—	—	—	—
City art	—	—	—	—	—	—
Park improvements	—	—	—	—	—	—
Assigned To:						
Other purposes	—	—	—	—	8,567	—
Total Fund Balances	672,439	421,416	241,308	40,412	8,567	211,290
Total Liabilities And Fund Balances	\$ 672,439	\$ 421,916	\$ 324,178	\$ 40,412	\$ 8,567	\$ 211,290

CITY OF LEAWOOD, KANSAS

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

December 31, 2015

Page 2 Of 2

	Capital Projects							Total Nonmajor Other Governmental Funds
	Street Improve- ments	City Art	Park Impact Fee	1/8th Cent Sales Tax	Leawood Transportation Impact Fee	135th Street Corridor Impact Fee	Public Art Impact Fee	
Assets								
Pooled cash and investments	\$ 1,323,318	\$ 321,712	\$ 107,202	\$ 799,571	\$ 269,680	\$ 48,486	\$ 329,463	\$ 4,510,787
Receivables:								
Sales tax	—	—	—	165,004	—	—	—	165,004
Transient guest tax	—	—	—	—	—	—	—	114,467
Interest	3,326	731	375	2,272	657	118	811	11,270
Intergovernmental	59,398	—	—	—	—	—	—	309,398
Total Assets	\$ 1,386,042	\$ 322,443	\$ 107,577	\$ 966,847	\$ 270,337	\$ 48,604	\$ 330,274	\$ 5,110,926
Liabilities And Fund Balances								
Liabilities								
Accounts payable and accrued liabilities	\$ 131,444	\$ —	\$ —	\$ 7,033	\$ —	\$ —	\$ —	\$ 221,847
Fund Balances								
Restricted For:								
Social services	—	—	—	—	—	—	—	672,439
Parks and recreation	—	—	—	—	—	—	—	241,308
Tourism promotion	—	—	—	—	—	—	—	211,290
Bridges, streets and signals	—	—	—	959,814	—	—	—	1,381,230
Law enforcement	—	—	—	—	—	—	—	40,412
Committed To:								
Bridges, streets and signals	1,254,598	—	—	—	270,337	48,604	—	1,573,539
City art	—	322,443	—	—	—	—	330,274	652,717
Park improvements	—	—	107,577	—	—	—	—	107,577
Assigned To:								
Other purposes	—	—	—	—	—	—	—	8,567
Total Fund Balances	1,254,598	322,443	107,577	959,814	270,337	48,604	330,274	4,889,079
Total Liabilities And Fund Balances	\$ 1,386,042	\$ 322,443	\$ 107,577	\$ 966,847	\$ 270,337	\$ 48,604	\$ 330,274	\$ 5,110,926

CITY OF LEAWOOD, KANSAS

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

For The Year Ended December 31, 2015

Page 1 Of 2

	Special Revenue					
	Special Alcohol	Special City Highway	Special Parks And Recreation	Special Law Enforcement	American Revolution Tri-Centennial	Transient Guest Tax
Revenues						
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 453,511
Licenses and permits	—	—	—	—	—	—
Intergovernmental	530,795	885,582	530,795	237	—	—
Interest	875	1,105	253	77	23	234
Contributions and other	—	—	3,900	860	—	—
Total Revenues	531,670	886,687	534,948	1,174	23	453,745
Expenditures						
General government	260,490	—	—	—	—	321,409
Public safety	—	—	—	2,829	—	—
Parks and recreation	—	—	—	—	—	—
Capital outlay						
Public works	—	1,537,347	—	—	—	—
Parks and recreation	—	—	431,344	—	—	—
Total Expenditures	260,490	1,537,347	431,344	2,829	—	321,409
Revenues Over (Under) Expenditures	271,180	(650,660)	103,604	(1,655)	23	132,336
Other Financing Sources (Uses)						
Transfers in	—	575,000	—	—	—	—
Transfers out	(288,000)	—	—	—	—	—
Total Other Financing Sources (Uses)	(288,000)	575,000	—	—	—	—
Net Change In Fund Balances	(16,820)	(75,660)	103,604	(1,655)	23	132,336
Fund Balances - Beginning Of Year	689,259	497,076	137,704	42,067	8,544	78,954
Fund Balances - End Of Year	\$ 672,439	\$ 421,416	\$ 241,308	\$ 40,412	\$ 8,567	\$ 211,290

CITY OF LEAWOOD, KANSAS

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

For The Year Ended December 31, 2015

Page 2 Of 2

	Capital Projects							Total Nonmajor Other Governmental Funds
	Street Improvements	City Art	Park Impact Fee	1/8th Cent Sales Tax	Leawood Transportation Impact Fee	135th Street Corridor Impact Fee	Public Art Impact Fee	
Revenues								
Taxes	\$ —	\$ —	\$ —	\$ 863,362	\$ —	\$ —	\$ —	\$ 1,316,873
Licenses and permits	—	—	29,591	—	5,390	—	23,081	58,062
Intergovernmental	416,384	—	—	380,036	—	—	—	2,743,829
Interest	2,715	545	233	948	499	91	599	8,197
Contributions and other	—	—	—	—	—	—	—	4,760
Total Revenues	419,099	545	29,824	1,244,346	5,889	91	23,680	4,131,721
Expenditures								
General government	—	—	—	—	—	—	—	581,899
Public safety	—	—	—	—	—	—	—	2,829
Parks and recreation	—	3,982	—	—	—	—	—	3,982
Capital outlay								
Public works	1,313,438	—	—	34,615	—	—	—	2,885,400
Parks and recreation	—	5,290	—	—	—	—	—	436,634
Total Expenditures	1,313,438	9,272	—	34,615	—	—	—	3,910,744
Revenues Over (Under) Expenditures	(894,339)	(8,727)	29,824	1,209,731	5,889	91	23,680	220,977
Other Financing Sources (Uses)								
Transfers in	1,000,000	66,162	—	—	—	—	—	1,641,162
Transfers out	—	—	—	(500,000)	—	—	—	(788,000)
Total Other Financing Sources (Uses)	1,000,000	66,162	—	(500,000)	—	—	—	853,162
Net Change In Fund Balances	105,661	57,435	29,824	709,731	5,889	91	23,680	1,074,139
Fund Balances - Beginning Of Year	1,148,937	265,008	77,753	250,083	264,448	48,513	306,594	3,814,940
Fund Balances - End Of Year	\$ 1,254,598	\$ 322,443	\$ 107,577	\$ 959,814	\$ 270,337	\$ 48,604	\$ 330,274	\$ 4,889,079

CITY OF LEAWOOD, KANSAS

**SPECIAL ALCOHOL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
For The Year Ended December 31, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues			
Intergovernmental	\$ 524,015	\$ 530,795	\$ 6,780
Interest	2,026	875	(1,151)
Total Revenues	<u>526,041</u>	<u>531,670</u>	<u>5,629</u>
Expenditures			
General government	270,000	260,490	(9,510)
Excess Of Revenues Over Expenditures	256,041	271,180	15,139
Other Financing Uses			
Transfers out	(288,000)	(288,000)	—
Net Change In Fund Balance	<u>\$ (31,959)</u>	<u>(16,820)</u>	<u>\$ 15,139</u>
Fund Balance - Beginning Of Year		<u>689,259</u>	
Fund Balance - End Of Year		<u>\$ 672,439</u>	

CITY OF LEAWOOD, KANSAS

**SPECIAL CITY HIGHWAY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
For The Year Ended December 31, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues			
Intergovernmental	\$ 843,810	\$ 885,582	\$ 41,772
Interest	3,314	1,105	(2,209)
Total Revenues	<u>847,124</u>	<u>886,687</u>	<u>39,563</u>
Expenditures			
Capital outlay	1,603,800	1,537,347	(66,453)
Excess Of Expenditures Over Revenues	(756,676)	(650,660)	106,016
Other Financing Sources			
Transfers in	575,000	575,000	—
Net Change In Fund Balance	<u>\$ (181,676)</u>	<u>(75,660)</u>	<u>\$ 106,016</u>
Fund Balance - Beginning Of Year		<u>497,076</u>	
Fund Balance - End Of Year		<u>\$ 421,416</u>	

CITY OF LEAWOOD, KANSAS

**SPECIAL PARKS AND RECREATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
For The Year Ended December 31, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues			
Intergovernmental	\$ 524,015	\$ 530,795	\$ 6,780
Interest	381	253	(128)
Contributions and other	16,000	3,900	(12,100)
Total Revenues	<u>540,396</u>	<u>534,948</u>	<u>(5,448)</u>
Expenditures			
Capital outlay	521,200	431,344	(89,856)
Net Change In Fund Balance	<u>\$ 19,196</u>	<u>103,604</u>	<u>\$ 84,408</u>
Fund Balance - Beginning Of Year		<u>137,704</u>	
Fund Balance - End Of Year		<u>\$ 241,308</u>	

CITY OF LEAWOOD, KANSAS

**SPECIAL LAW ENFORCEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
For The Year Ended December 31, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues			
Intergovernmental	\$ 2,000	\$ 237	\$ (1,763)
Fines and forfeitures	10,000	—	(10,000)
Interest	233	77	(156)
Contributions and other	—	860	860
Total Revenues	<u>12,233</u>	<u>1,174</u>	<u>(11,059)</u>
Expenditures			
Public safety	32,100	2,829	(29,271)
Net Change In Fund Balance	<u>\$ (19,867)</u>	<u>(1,655)</u>	<u>\$ 18,212</u>
Fund Balance - Beginning Of Year		<u>42,067</u>	
Fund Balance - End Of Year		<u>\$ 40,412</u>	

CITY OF LEAWOOD, KANSAS

**TRANSIENT GUEST TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
For The Year Ended December 31, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues			
Taxes	\$ 395,248	\$ 453,511	\$ 58,263
Interest	1,198	234	(964)
Total Revenues	<u>396,446</u>	<u>453,745</u>	<u>57,299</u>
Expenditures			
General government	475,400	321,409	(153,991)
Net Change In Fund Balance	<u>\$ (78,954)</u>	<u>132,336</u>	<u>\$ 211,290</u>
Fund Balance - Beginning Of Year		<u>78,954</u>	
Fund Balance - End Of Year		<u>\$ 211,290</u>	

CITY OF LEAWOOD, KANSAS

DEBT SERVICE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL For The Year Ended December 31, 2015

	Budget	Actual	Variance Over (Under)
Revenues			
Taxes	\$ 5,282,961	\$ 5,200,103	\$ (82,858)
Licenses and permits	—	180,380	180,380
Intergovernmental	396,853	409,586	12,733
Special assessments	2,337,021	2,305,933	(31,088)
Interest	40,000	16,934	(23,066)
Total Revenues	8,056,835	8,112,936	56,101
Expenditures			
Debt service:			
Principal retirement	5,610,000	5,610,000	—
Interest and fiscal charges	2,048,700	1,848,149	(200,551)
Total Expenditures	7,658,700	7,458,149	(200,551)
Excess Of Revenues Over Expenditures	398,135	654,787	256,652
Other Financing Sources (Uses)			
Transfers in	—	10,212	10,212
Refunding bonds issued	—	2,230,000	2,230,000
Premiums	—	201,407	201,407
Payments to refunding escrow agent	—	(2,405,000)	(2,405,000)
Total Other Financing Sources	—	36,619	36,619
Net Change In Fund Balance	\$ 398,135	691,406	\$ 293,271
Fund Balance - Beginning Of Year		7,248,664	
Fund Balance - End Of Year		\$ 7,940,070	

CITY OF LEAWOOD, KANSAS

**COMBINING STATEMENT OF FIDUCIARY ASSETS AND
LIABILITIES - AGENCY FUNDS
December 31, 2015**

	Employee Giving	TDD - Resurrection Project	TDD - Cornerstone	TDD - Villaggio	TDD - One Nineteen	TDD - Park Place	CID - Camelot Court	Total Agency Funds
Assets								
Pooled cash and investments	\$ 1,410	\$ 132	\$ —	\$ —	\$ —	\$ 25,276	\$ 39,750	\$ 66,568
Special assessments	—	80,000	210,000	490,000	2,177,423	54,373	—	3,011,796
Total Assets	\$ 1,410	\$ 80,132	\$ 210,000	\$ 490,000	\$ 2,177,423	\$ 79,649	\$ 39,750	\$ 3,078,364
Liabilities								
Due to employees	\$ 1,410	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,410
Due to other taxing jurisdiction	—	80,132	210,000	490,000	2,177,423	79,649	39,750	3,076,954
Total Liabilities	\$ 1,410	\$ 80,132	\$ 210,000	\$ 490,000	\$ 2,177,423	\$ 79,649	\$ 39,750	\$ 3,078,364

CITY OF LEAWOOD, KANSAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS

For The Year Ended December 31, 2015

	Balance Beginning Of Year	Additions	Deductions	Balance End Of Year
Agency Funds - Employee Giving				
Assets:				
Pooled cash and investments	\$ 954	\$ 1,156	\$ 700	\$ 1,410
Liabilities:				
Due to employees	\$ 954	\$ 1,156	\$ 700	\$ 1,410
Transportation Development District - Resurrection Project				
Assets:				
Pooled cash and investments	\$ 528	\$ 17,599	\$ 17,995	\$ 132
Special assessments receivable	90,000	—	10,000	80,000
	\$ 90,528	\$ 17,599	\$ 27,995	\$ 80,132
Liabilities:				
Due to other taxing jurisdiction	\$ 90,528	\$ 17,599	\$ 27,995	\$ 80,132
Transportation Development District - Cornerstone				
Assets:				
Pooled cash and investments	\$ —	\$ 51,165	\$ 51,165	\$ —
Special assessments receivable	245,000	—	35,000	210,000
	\$ 245,000	\$ 51,165	\$ 86,165	\$ 210,000
Liabilities:				
Due to other taxing jurisdiction	\$ 245,000	\$ 51,165	\$ 86,165	\$ 210,000
Transportation Development District - Villaggio				
Assets:				
Pooled cash and investments	\$ —	\$ 91,918	\$ 91,918	\$ —
Special assessments receivable	540,000	—	50,000	490,000
	\$ 540,000	\$ 91,918	\$ 141,918	\$ 490,000
Liabilities:				
Due to other taxing jurisdiction	\$ 540,000	\$ 91,918	\$ 141,918	\$ 490,000
Transportation Development District - One Nineteen				
Assets:				
Pooled cash and investments	\$ —	\$ 959,819	\$ 959,819	\$ —
Special assessments receivable	2,831,445	—	654,022	2,177,423
	\$ 2,831,445	\$ 959,819	\$ 1,613,841	\$ 2,177,423
Liabilities:				
Due to other taxing jurisdiction	\$ 2,831,445	\$ 959,819	\$ 1,613,841	\$ 2,177,423
Transportation Development District - Park Place				
Assets:				
Pooled cash and investments	\$ 24,611	\$ 323,587	\$ 322,922	\$ 25,276
Special assessments receivable	60,389	54,373	60,389	54,373
	\$ 85,000	\$ 377,960	\$ 383,311	\$ 79,649
Liabilities:				
Due to other taxing jurisdiction	\$ 85,000	\$ 377,960	\$ 383,311	\$ 79,649
Community Improvement District - Camelot Court				
Assets:				
Pooled cash and investments	\$ —	\$ 368,444	\$ 328,694	\$ 39,750
Liabilities:				
Due to other taxing jurisdiction	\$ —	\$ 368,444	\$ 328,694	\$ 39,750
Total - All Agency Funds				
Assets:				
Pooled cash and investments	\$ 26,093	\$ 1,813,688	\$ 1,773,213	\$ 66,568
Special assessments receivable	3,766,834	54,373	809,411	3,011,796
Total assets	\$ 3,792,927	\$ 1,868,061	\$ 2,582,624	\$ 3,078,364
Liabilities:				
Due to employees	\$ 954	\$ 1,156	\$ 700	\$ 1,410
Due to property owners	—	—	—	—
Due to other taxing jurisdiction	3,791,973	1,866,905	2,581,924	3,076,954
Total liabilities	\$ 3,792,927	\$ 1,868,061	\$ 2,582,624	\$ 3,078,364

Statistical Section

CITY OF LEAWOOD, KANSAS
Statistical Section
December 31, 2015

This part of the City of Leawood’s 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.

Contents

Schedules

Financial Trends

These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time. 1 - 6

Revenue Capacity

These schedules contain information to help the reader assess the City’s most significant local revenue source: property tax 7 - 10

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..... 11 - 14

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. 15 - 17

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. 18 - 19

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

CITY OF LEAWOOD, KANSAS

NET POSITION BY COMPONENT LAST TEN FISCAL YEARS ACCRUAL BASIS OF ACCOUNTING

Schedule 1

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities										
Net investment in capital assets	\$ 275,588,463	\$ 282,198,655	\$ 284,021,389	\$ 286,691,065	\$ 276,985,062	\$ 276,065,957	\$ 287,460,684	\$ 295,287,754	\$ 288,988,301	\$ 278,859,226
Restricted component of net position	7,606,885	9,360,053	14,395,675	16,949,599	21,926,652	18,822,407	10,126,701	9,660,345	8,943,807	10,486,748
Unrestricted component of net position	23,418,717	21,494,113	33,303,879	31,043,291	45,976,509	56,862,450	58,858,210	49,769,835	50,083,971	35,495,158
Total Governmental Activities Net Position	306,614,065	313,052,821	331,720,943	334,683,955	344,888,223	351,750,814	356,445,595	354,717,934	348,016,079	324,841,132
Primary government										
Net investment in capital assets	275,588,463	282,198,655	284,021,389	286,691,065	276,985,062	276,065,957	287,460,684	295,287,754	288,988,301	278,859,226
Restricted component of net position	7,606,885	9,360,053	14,395,675	16,949,599	21,926,652	18,822,407	10,126,701	9,660,345	8,943,807	10,486,748
Unrestricted component of net position	23,418,717	21,494,113	33,303,879	31,430,291	45,976,509	56,862,450	58,858,210	49,769,835	50,083,971	35,495,158
Total Primary Government Net Position	\$ 306,614,065	\$ 313,052,821	\$ 331,720,943	\$ 335,070,955	\$ 344,888,223	\$ 351,750,814	\$ 356,445,595	\$ 354,717,934	\$ 348,016,079	\$ 324,841,132

- (1) In 2006, the City retroactively capitalized stormwater infrastructure in the amount of \$25,207,590.
- (2) Effective January 1, 2007, the activities of the City's business-type activity are reported with governmental activities. Accordingly, the net positions of the business-type activities were transferred to the governmental activities at December 31, 2006.
- (3) During 2010, the City determined that revenue in the amount of \$387,021 was recognized that should not have been. The 2009 fund balance reflects this prior period adjustment.

CITY OF LEAWOOD, KANSAS

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

Schedule 2

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities:										
General government	\$ 4,752,202	\$ 5,348,073	\$ 6,263,238	\$ 6,216,550	\$ 5,908,886	\$ 6,379,991	\$ 6,537,652	\$ 7,137,960	\$ 7,204,430	\$ 7,697,427
Public safety	11,682,872	12,478,924	14,073,114	13,599,525	13,606,931	14,164,738	14,351,473	16,194,126	16,926,744	17,065,805
Public works	17,121,498	21,700,170	16,772,929	15,358,193	14,657,989	15,525,753	14,761,231	19,340,679	21,855,009	25,345,028
Parks and recreation	3,816,310	5,123,793	5,432,457	6,602,530	7,161,381	6,732,828	7,703,873	8,241,801	8,201,559	7,788,255
Interest on long-term debt	3,496,801	3,484,390	3,040,032	2,800,190	2,807,480	2,499,718	2,716,815	2,093,219	2,210,558	2,288,823
Total governmental activities	40,869,683	48,135,350	45,581,770	44,576,988	44,142,667	45,303,028	46,071,044	53,007,785	56,398,300	60,185,338
Business-type activities: ⁽¹⁾										
Golf course	2,153,020	—	—	—	—	—	—	—	—	—
Total business-type activities expenses:	2,153,020	—	—	—	—	—	—	—	—	—
Total Primary Government Expenses	\$ 43,022,703	\$ 48,135,350	\$ 45,581,770	\$ 44,576,988	\$ 44,142,667	\$ 45,303,028	\$ 46,071,044	\$ 53,007,785	\$ 56,398,300	\$ 60,185,338
Program Revenues										
Governmental activities:										
Charges for services										
General government	\$ 2,053,315	\$ 2,163,970	\$ 3,459,182	\$ 2,669,200	\$ 2,837,665	\$ 3,269,547	\$ 3,185,794	\$ 3,425,988	\$ 3,070,035	\$ 3,391,641
Public safety	114,496	131,806	117,901	117,873	111,455	137,569	138,412	140,960	201,685	141,736
Public works	1,876,606	2,906,444	159,082	36,547	235,842	84,177	126,418	76,829	114,269	234,491
Parks and recreation	1,109,853	1,258,691	2,054,396	2,448,775	2,444,912	2,475,831	2,702,437	2,500,932	2,494,541	2,478,864
Operating grants and contributions	792,403	2,007,683	165,828	468,238	30,874	57,000	393,409	294,988	226,565	1,833,975
Capital grants and contributions	8,476,782	4,793,850	16,109,458	1,014,264	5,125,371	5,421,018	1,814,607	1,320,140	675,914	3,187,073
Total governmental activities program revenues	14,423,455	13,262,444	22,065,847	6,754,897	10,786,119	11,445,142	8,361,077	7,759,837	6,783,009	11,267,780
Business-type activities: ⁽¹⁾										
Golf Course	1,825,144	—	—	—	—	—	—	—	—	—
Charges for services	—	—	—	—	—	—	—	—	—	—
Capital grants and contributions	—	—	—	—	—	—	—	—	—	—
Total business-type activities program revenues	1,825,144	—	—	—	—	—	—	—	—	—
Total primary government program revenues	\$ 16,248,599	\$ 13,262,444	\$ 22,065,847	\$ 6,754,897	\$ 10,786,119	\$ 11,445,142	\$ 8,361,077	\$ 7,759,837	\$ 6,783,009	\$ 11,267,780
Net expense:										
Governmental activities	\$ (26,446,228)	\$ (34,872,906)	\$ (23,515,923)	\$ (37,822,091)	\$ (33,356,548)	\$ (33,857,886)	\$ (37,709,967)	\$ (45,247,948)	\$ (49,615,291)	\$ (48,917,558)
Business-type activities: ⁽¹⁾	(327,876)	—	—	—	—	—	—	—	—	—
Total primary government net expense	\$ (26,774,104)	\$ (34,872,906)	\$ (23,515,923)	\$ (37,822,091)	\$ (33,356,548)	\$ (33,857,886)	\$ (37,709,967)	\$ (45,247,948)	\$ (49,615,291)	\$ (48,917,558)
General Revenues And Other										
Changes In Net Position										
Governmental activities:										
Taxes										
Property taxes, levied for general purpose	\$ 11,959,344	\$ 10,037,224	\$ 12,887,965	\$ 13,654,784	\$ 13,584,154	\$ 14,470,011	\$ 11,452,716	\$ 13,677,125	\$ 14,230,694	\$ 13,971,848
Property taxes, levied for debt service	3,838,579	6,806,038	5,324,394	5,477,801	6,921,040	4,347,089	7,184,604	4,774,673	4,438,763	5,765,371
Sales taxes	12,222,897	14,819,839	15,592,847	14,798,437	15,018,242	14,335,987	14,643,273	14,600,331	15,662,006	15,802,522
Transient guest tax	—	—	—	22,610	202,626	271,632	345,817	372,164	383,736	453,511
Franchise taxes	2,648,951	2,930,764	3,153,438	3,042,295	3,153,238	3,194,165	3,205,207	3,524,489	3,532,699	3,394,075
Other taxes	769,263	840,948	1,039,920	1,167,753	1,267,170	1,317,006	1,427,880	1,589,280	1,605,177	1,592,385
Unrestricted grants and contributions	2,380,457	2,498,880	2,468,242	2,323,161	2,393,766	2,361,594	2,812,561	2,471,018	2,573,189	4,314,367
Unrestricted investment earnings	2,976,921	2,947,277	1,200,836	373,546	196,515	152,212	109,514	127,187	228,478	129,686
Miscellaneous	112,838	430,692	516,403	311,716	437,065	270,781	1,223,176	2,384,020	258,694	196,798
Transfers in (out)	1,134,847	—	—	—	—	—	—	—	—	—
Total governmental activities	38,044,097	41,311,662	42,184,045	41,172,103	43,173,816	40,720,477	42,404,748	43,520,287	42,913,436	45,620,563
Business-type activities: ⁽¹⁾										
Unrestricted investment earnings	247	—	—	—	—	—	—	—	—	—
Miscellaneous	30,798	—	—	—	—	—	—	—	—	—
Transfers in (out)	(1,134,847)	—	—	—	—	—	—	—	—	—
Total business-type activities:	(1,103,802)	—	—	—	—	—	—	—	—	—
Total primary government	\$ 36,940,295	\$ 41,311,662	\$ 42,184,045	\$ 41,172,103	\$ 43,173,816	\$ 40,720,477	\$ 42,404,748	\$ 43,520,287	\$ 42,913,436	\$ 45,620,563
Change In Net Position										
Governmental activities	\$ 11,597,869	\$ 6,438,756	\$ 18,668,122	\$ 3,350,012	\$ 9,817,268	\$ 6,862,591	\$ 4,694,781	\$ (1,727,661)	\$ (6,701,855)	\$ (3,296,995)
Business-type activities: ⁽¹⁾	(1,431,678)	—	—	—	—	—	—	—	—	—
Total primary government	\$ 10,166,191	\$ 6,438,756	\$ 18,668,122	\$ 3,350,012	\$ 9,817,268	\$ 6,862,591	\$ 4,694,781	\$ (1,727,661)	\$ (6,701,855)	\$ (3,296,995)

(1) Effective January 1, 2007, the activities of the City's business-type activity are reported with governmental activities.

(2) Effective January 1, 2009, the City began collecting transient guest tax.

CITY OF LEAWOOD, KANSAS

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE LAST TEN FISCAL YEARS ACCRUAL BASIS OF ACCOUNTING

Schedule 3

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Transient Guest Tax	Other Taxes	Total
2006	\$ 15,797,923	\$ 12,222,897	\$ 2,648,951	\$ —	\$ 769,263	\$ 31,439,034
2007	16,843,262	14,819,839	2,930,764	—	840,948	35,434,813
2008	18,212,359	15,592,847	3,153,438	—	1,039,920	37,998,564
2009	19,132,585	14,798,437	3,042,295	22,610	1,167,753	38,163,680
2010	20,505,194	15,018,242	3,153,238	202,626	1,267,170	40,146,470
2011	18,817,100	14,335,987	3,194,165	271,632	1,317,006	37,935,890
2012	18,637,320	14,643,273	3,205,207	345,817	1,427,880	38,259,497
2013	18,451,798	14,600,331	3,524,489	372,164	1,589,280	38,538,062
2014	18,669,457	15,662,006	3,532,699	383,736	1,605,177	39,853,075
2015	19,737,219	15,802,522	3,394,075	453,511	1,592,385	40,979,712

(1) Property Tax includes Special Assessments

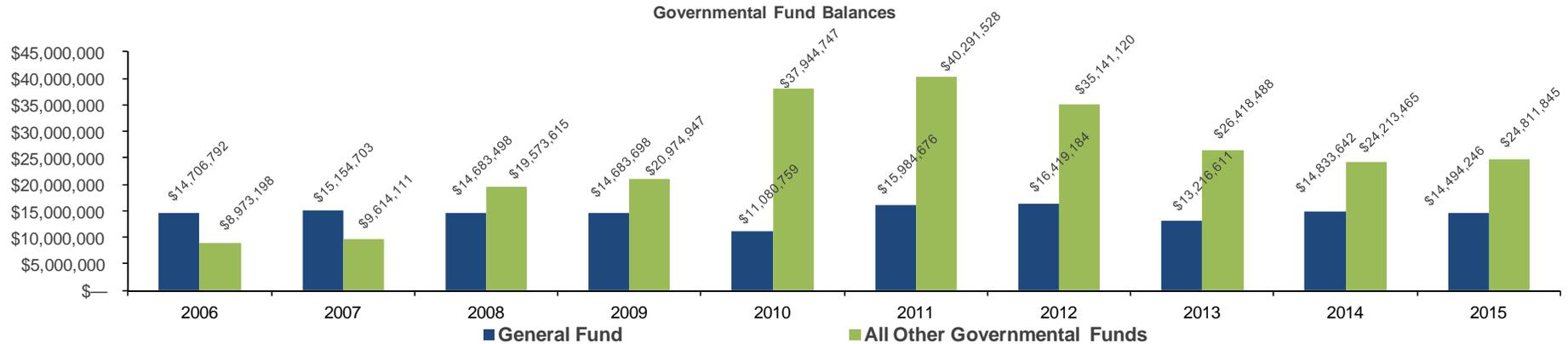
(2) January 1, 2009 the City began collecting transient guest tax

CITY OF LEAWOOD, KANSAS

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

Schedule 4

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Nonspendable	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 123,850	\$ 144,368	\$ 143,223	\$ 132,689	\$ 140,462
Assigned	—	—	—	—	—	3,399,131	6,051,836	3,969,571	4,664,936	5,623,577
Unassigned	—	—	—	—	—	12,461,695	10,222,980	9,103,817	10,036,017	8,730,207
Reserved	55,185	390,617	284,019	130,404	129,411	—	—	—	—	—
Unreserved	14,651,607	14,764,086	14,399,479	14,553,294	10,951,348	—	—	—	—	—
Total General Fund	\$ 14,706,792	\$ 15,154,703	\$ 14,683,498	\$ 14,683,698	\$ 11,080,759	\$ 15,984,676	\$ 16,419,184	\$ 13,216,611	\$ 14,833,642	\$ 14,494,246
All Other Governmental Funds										
Restricted	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 18,822,407	\$ 10,126,701	\$ 9,660,345	\$ 8,943,807	\$ 10,486,749
Committed	—	—	—	—	—	21,469,121	25,005,947	16,943,993	18,666,857	22,165,340
Assigned	—	—	—	—	—	—	8,472	8,512	8,544	8,567
Reserved	5,922,766	7,822,871	12,877,724	14,793,749	18,116,968	—	—	—	—	—
Unassigned	—	—	—	—	—	—	—	(194,362)	(3,405,743)	(7,848,811)
Unreserved, reported in:										
Special revenue funds	784,576	855,578	987,977	1,035,193	1,964,573	—	—	—	—	—
Capital projects funds	2,265,856	935,662	5,707,914	5,146,005	17,863,206	—	—	—	—	—
Total All Other Governmental Funds	\$ 8,973,198	\$ 9,614,111	\$ 19,573,615	\$ 20,974,947	\$ 37,944,747	\$ 40,291,528	\$ 35,141,120	\$ 26,418,488	\$ 24,213,465	\$ 24,811,845



CITY OF LEAWOOD, KANSAS

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

Schedule 5

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Taxes	\$ 25,158,674	\$ 29,249,530	\$ 31,752,311	\$ 31,778,195	\$ 32,463,706	\$ 30,851,203	\$ 30,880,257	\$ 30,943,658	\$ 31,934,217	\$ 32,737,683
Licenses and permits	2,386,747	3,478,106	1,956,624	1,214,492	1,556,370	1,848,739	1,845,752	2,132,269	1,815,305	2,159,728
Intergovernmental	9,707,954	11,056,644	8,905,900	8,553,089	9,602,150	8,910,116	10,270,005	11,130,384	10,908,095	15,945,613
Charges for services	1,208,832	1,223,540	2,035,411	2,466,140	2,387,857	2,506,439	2,724,439	2,514,336	2,566,759	2,499,008
Fines and forfeitures	1,557,941	1,759,263	1,798,526	1,591,763	1,685,388	1,610,087	1,581,363	1,497,014	1,486,446	1,587,760
Special assessments	1,609,097	1,456,331	1,524,043	2,015,839	3,569,901	1,972,928	2,563,491	2,420,803	2,339,422	2,305,933
Interest	2,976,921	2,947,277	1,200,836	373,546	216,935	152,212	109,514	127,187	228,475	129,686
Contributions and other	807,892	535,774	579,917	345,398	490,413	330,450	1,004,110	2,422,162	364,495	248,048
Total Revenues	45,414,058	51,706,465	49,753,568	48,338,462	51,972,720	48,182,174	50,978,931	53,187,813	51,643,214	57,613,459
Expenditures										
General government	4,675,142	5,133,968	5,693,050	5,850,652	5,645,370	6,047,715	6,212,958	6,667,668	7,101,754	7,345,177
Public safety	10,948,107	11,498,384	12,245,002	12,623,748	12,716,593	13,307,250	13,382,889	13,842,202	14,626,694	15,332,207
Public works	4,646,724	5,082,036	5,066,565	5,297,652	5,625,473	5,638,881	5,361,019	5,873,058	5,922,054	5,940,349
Parks and recreation	3,007,512	3,800,013	5,085,190	5,302,092	5,282,814	5,320,546	5,546,372	5,628,341	5,786,236	5,878,753
Capital outlay	21,668,357	22,933,473	15,634,335	8,127,300	13,959,576	9,222,271	18,052,831	25,365,064	17,904,378	22,459,447
Debt service										
Principal	5,000,112	5,824,456	5,955,959	6,656,245	5,856,235	5,618,125	5,658,409	5,676,753	4,322,277	5,823,057
Interest and fiscal charges	3,510,916	3,435,648	3,269,044	2,941,330	2,394,876	2,403,665	2,207,432	2,216,115	2,108,809	2,230,719
Total Expenditures	53,456,870	57,707,978	52,949,145	46,799,019	51,480,937	47,558,453	56,421,910	65,269,201	57,772,202	65,009,709
Excess (Deficiency) Of Revenues										
Over Expenditures	(8,042,812)	(6,001,513)	(3,195,577)	1,539,443	491,783	623,721	(5,442,979)	(12,081,388)	(6,128,988)	(7,396,250)
Other Financing Sources (Uses)										
Transfer in	7,998,372	10,977,888	9,188,689	6,661,307	10,755,350	4,201,942	11,945,937	14,958,186	7,172,316	7,682,547
Transfers out	(10,230,621)	(10,977,888)	(9,188,689)	(6,661,307)	(10,755,350)	(4,201,942)	(11,945,937)	(14,958,186)	(7,172,316)	(7,682,547)
Refunding bonds issued	6,405,000	—	—	—	—	—	3,985,000	—	3,785,000	2,230,000
Bonds issued	6,050,000	7,040,000	18,875,000	—	16,980,000	5,155,000	700,000	—	5,920,000	7,140,000
Premium on bonds issued	105,571	50,337	264,804	248,912	147,183	33,821	329,769	156,183	847,613	690,234
Payments to refunded bonds escrow agent	(6,367,180)	—	(6,455,728)	—	(4,252,107)	—	(4,287,690)	—	(5,317,113)	(2,405,000)
Capitalized Leases	—	—	—	—	—	1,438,156	—	—	305,496	—
Total Other Financing Sources	3,961,142	7,090,337	12,684,076	248,912	12,875,076	6,626,977	727,079	156,183	5,540,996	7,655,234
Net Changes In Fund Balances	\$ (4,081,670)	\$ 1,088,824	\$ 9,488,499	\$ 1,788,355	\$ 13,366,859	\$ 7,250,698	\$ (4,715,900)	\$ (11,925,205)	\$ (587,992)	\$ 258,984
Debt Service As A Percentage Of										
Noncapital Expenditures	22.82%	20.77%	22.63%	22.86%	17.68%	19.22%	18.87%	16.21%	12.83%	14.38%

CITY OF LEAWOOD, KANSAS

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE⁽¹⁾ LAST TEN FISCAL YEARS MODIFIED ACCRUAL BASIS OF ACCOUNTING

Schedule 6

Fiscal Year	Property Tax	City Sales Tax	Transient Guest Tax	Franchise Tax	City Consumers' Use Tax	Total
2006	\$ 15,424,609	\$ 5,830,105	\$ —	\$ 2,648,951	\$ 1,255,009	\$ 25,158,674
2007	16,620,416	7,843,787	—	2,930,764	1,854,563	29,249,530
2008	17,917,885	8,648,719	—	3,153,438	2,032,270	31,752,312
2009	18,508,788	8,414,265	22,610	3,042,295	1,790,237	31,778,195
2010	18,564,476	8,704,913	202,626	3,153,238	1,838,453	32,463,706
2011	18,207,076	7,560,359	271,632	3,194,165	1,617,971	30,851,203
2012	17,922,095	7,534,510	345,817	3,205,207	1,872,628	30,880,257
2013	17,893,675	7,624,014	372,164	3,524,489	1,529,316	30,943,658
2014	18,320,048	7,789,559	383,736	3,532,699	1,908,175	31,934,217
2015	19,166,340	7,795,464	453,511	3,394,075	1,928,293	32,737,683

(1) Includes governmental activities as shown in the fund financial statements.

(2) In April 2007, the City began collecting a 0.4 cent sales tax for public safety.

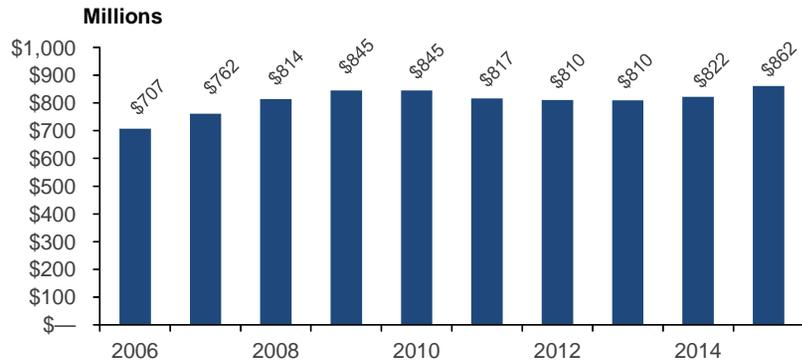
CITY OF LEAWOOD, KANSAS

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

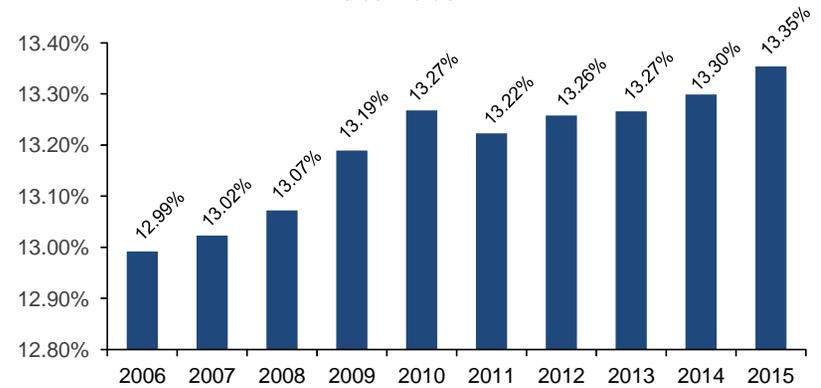
Schedule 7

Year Ended December 31,	Assessed Value Residential Property	Assessed Value Personal Property	State Assessed Utilities	Total Assessed Value	Assessed Value Motor Vehicles	Assessed Value Recreational Vehicles	Total Equalized Assessed Valuation	Total Direct Tax Rate	Real Property Estimated Actual Value	Personal Property Estimated Actual Value	Utilities Estimated Actual Value (1)	Total Estimated Actual Value	Ratio Of Total Assessed Value To Total Estimated Actual Value
2006	\$ 615,197,839	\$ 15,600,418	\$ 7,319,540	\$ 638,117,797	\$ 68,658,169	\$ 133,101	\$ 706,909,067	\$ 24.218	\$ 4,828,211,705	\$ 61,361,644	\$ 22,180,424	\$ 4,911,753,773	12.99%
2007	669,149,548	15,152,446	7,342,923	691,644,917	70,120,907	123,244	761,889,068	24.232	5,229,287,840	59,599,621	22,251,282	5,311,138,743	13.02%
2008	721,902,784	12,883,030	7,609,052	742,394,866	71,270,476	107,168	813,772,510	24.241	5,605,507,724	50,673,251	23,057,733	5,679,238,708	13.07%
2009	756,413,919	10,455,746	7,945,694	774,815,359	70,024,959	116,987	844,957,305	24.251	5,809,307,620	41,125,937	24,077,861	5,874,511,418	13.19%
2010	761,494,540	7,801,915	7,800,453	777,096,908	67,852,377	123,523	845,072,808	24.259	5,802,721,110	30,687,532	23,637,736	5,857,046,378	13.27%
2011	734,831,763	6,169,490	7,659,760	748,661,013	67,937,265	118,471	816,716,749	24.382	5,614,486,330	24,266,660	23,211,394	5,661,964,384	13.22%
2012	730,282,905	5,643,192	7,116,199	743,042,296	67,112,252	114,344	810,268,892	24.393	5,560,934,270	22,196,555	21,564,239	5,604,695,064	13.26%
2013	728,226,705	5,346,482	7,039,023	740,612,210	69,471,416	80,475	810,164,101	24.393	5,540,475,900	21,029,496	21,330,373	5,582,835,769	13.27%
2014	737,569,632	4,778,738	7,148,950	749,497,320	72,541,429	114,202	822,152,951	24.477	5,591,579,790	22,434,498	21,663,485	5,635,677,773	13.30%
2015	774,847,227	4,087,234	7,209,112	786,143,573	75,582,776	107,805	861,834,154	24.492	5,845,637,610	19,736,956	21,845,794	5,887,220,360	13.35%

Total Equalized Assessed Valuation



Ratio Of Total Assessed Property Value To Total Estimated Actual Value



Source: Johnson County Treasurer's Office

(1) Utilities estimated actual value is calculated by dividing the assessed value by 33%.

CITY OF LEAWOOD, KANSAS

PROPERTY TAX RATES (PER \$1,000 OF ASSESSED VALUE) DIRECT AND OVERLAPPING GOVERNMENTS LAST TEN FISCAL YEARS

Schedule 8

Tax/Fiscal Year	City			State Of Kansas	Johnson County	Shawnee Mission School District	Blue Valley School District	Johnson County Community College	Blue Valley Park	Johnson County Library	Johnson County Park	Total Blue Valley Direct And Overlapping Rates	Total Shawnee Mission Direct And Overlapping Rates
	General	Debt Service	Total City										
2005/2006	\$ 18.815	\$ 5.403	\$ 24.218	\$ 1.500	\$ 17.922	\$ 49.748	\$ 63.329	\$ 8.960	\$ —	\$ 2.955	\$ 2.286	\$ 121.170	\$ 107.589
2006/2007	14.618	9.614	24.232	1.500	17.949	51.980	60.700	8.872	—	2.960	2.290	118.503	109.783
2007/2008	17.424	6.817	24.241	1.500	17.985	52.008	59.503	8.749	—	2.962	2.295	117.235	109.740
2008/2009	17.894	6.357	24.251	1.500	17.767	52.094	61.127	8.768	—	3.057	2.341	118.811	109.778
2009/2010	17.758	6.501	24.259	1.500	17.716	55.318	65.079	8.784	—	3.151	2.346	122.835	113.074
2010/2011	19.408	4.974	24.382	1.500	17.748	57.192	71.049	8.799	2.235	3.158	2.350	131.221	115.129
2011/2012	18.102	6.291	24.393	1.500	17.700	56.135	72.828	8.776	2.237	3.145	2.343	132.922	113.992
2012/2013	18.643	5.750	24.393	1.500	17.717	55.766	72.027	8.785	2.237	3.149	2.344	132.152	113.654
2013/2014	19.017	5.460	24.477	1.500	17.745	55.611	70.036	9.551	2.201	3.155	2.347	131.012	114.386
2014/2015	17.837	6.655	24.492	1.500	17.764	55.911	67.939	9.461	2.201	3.157	2.349	128.863	114.634

Source: Johnson County Clerk's Office

CITY OF LEAWOOD, KANSAS
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

Schedule 9

Taxpayer	2015			2006		
	Taxable Assessed Value	Rank	Percentage Of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage Of Total Taxable Assessed Value
Town Center Plaza	\$ 25,331,000	1	3.08%	\$ 25,935,959	1	3.93%
Park Place Village LLC	19,355,506	2	2.35%			
119th Street Development, LLC	12,993,752	3	1.58%			
Camelot Court LLC	8,063,342	4	0.98%			
Hallbrook Office Center	7,416,247	5	0.90%	3,321,832	7	0.50%
Academy 1740, Inc.	4,979,751	6	0.61%	5,378,826	3	0.82%
PCC Two, LLC	3,966,750	7	0.48%	4,436,301	4	0.67%
Kansas City Power & Light	3,898,964	8	0.47%	3,824,137	5	0.58%
Park Place Residences 1, LLC	3,567,530	9	0.43%			
Villa Milano	3,402,506	10	0.41%			
Megaplex Nine	—			3,325,001	6	0.50%
Ranchmart, Inc.	—			3,155,151	9	0.48%
96-OP Property LLC	—			3,297,351	8	0.50%
95 West, L.P.	—			8,116,217	2	1.23%
EPT Leawood				3,150,508	10	0.48%
Total Principal Property Taxpayers	\$ 92,975,348		11.29%	\$ 63,941,283		9.69%

Source: Johnson County Clerk's Office

CITY OF LEAWOOD, KANSAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Schedule 10

Tax/Fiscal Year	Total Tax Levy	Collected Within The Fiscal Year Of The Levy		Collections In Subsequent Years	Total Collections To Date	
		Amount	Percentage Of Levy		Amount	Percentage Of Levy
2005/2006	\$ 15,425,036	\$ 15,277,797	99.0%	\$ 141,669	\$ 15,419,466	100.0%
2006/2007	16,660,228	16,502,849	99.1%	157,379	16,660,228	100.0%
2007/2008	17,959,445	17,742,463	98.8%	134,849	17,877,312	99.5%
2008/2009	18,692,644	18,360,535	98.2%	98,137	18,458,672	98.7%
2009/2010	18,756,996	18,369,886	97.9%	189,972	18,559,858	98.9%
2010/2011	18,095,209	17,863,489	98.7%	—	17,863,489	98.7%
2011/2012	17,952,637	17,758,139	98.9%	—	17,758,139	98.9%
2012/2013	18,014,374	17,861,771	99.2%	—	17,861,771	99.2%
2013/2014	18,324,277	18,169,881	99.2%	—	18,169,881	99.2%
2014/2015	19,105,302	18,959,596	99.2%	—	18,959,596	99.2%

Source: Johnson County Treasurer's Office

CITY OF LEAWOOD, KANSAS

RATIOS OF OUTSTANDING DEBT BY TYPE LAST TEN FISCAL YEARS

Schedule 11

Fiscal Year	Governmental Activities					Total Primary Government	Percentage Of Personal Income (1)	Per Capita (1)
	General Obligation Bonds To Be Paid With							
	Tax Levies	Special Assessments	Revenue Bonds	Capital Leases				
2006	\$ 40,519,400	\$ 9,400,600	\$ 2,070,000	\$ 881,591	\$ 52,871,591	*	\$ 1,724	
2007	43,069,522	8,595,478	1,710,000	712,135	54,087,135	*	1,729	
2008	42,618,193	16,116,807	1,345,000	1,429,473	61,509,473	*	1,928	
2009	38,403,000	14,757,000	965,000	728,227	54,853,227	*	1,685	
2010	44,112,900	16,712,100	580,000	556,991	61,961,991	11.41%	1,898	
2011	41,067,623	20,313,200	185,000	1,752,024	63,317,847	*	1,979	
2012	38,792,734	18,321,100	—	1,408,615	58,522,449	*	1,820	
2013	35,354,506	16,445,200	—	988,116	52,787,822	*	1,633	
2014	38,313,334	14,544,200	—	1,186,335	54,043,869	*	1,664	
2015	41,910,604	12,875,425	—	973,278	55,759,307	*	1,708	

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

* Information is not available. This information is compiled every ten years.

(1) Population data can be found in the Schedule of Demographic and Economic Statistics in Schedule 15.

CITY OF LEAWOOD, KANSAS

**RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

Schedule 12

Fiscal Year	General Obligation Bonds	Less: Amounts Available In Debt Service Fund	Total	Percentage Of Estimated Actual Taxable Value Of Property (1)	Per Capita (2)
2006	\$ 49,920,000	\$ 5,922,766	\$ 43,997,234	0.90%	\$ 1,435
2007	51,665,000	7,822,863	43,842,137	0.83%	1,401
2008	58,735,000	7,977,756	50,757,244	0.89%	1,591
2009	53,160,000	7,604,434	45,555,566	0.78%	1,400
2010	60,825,000	7,775,937	53,049,063	0.91%	1,625
2011	61,380,823	6,999,656	54,381,167	0.96%	1,699
2012	57,113,834	7,277,174	49,836,660	0.89%	1,550
2013	51,799,706	7,231,082	44,568,624	0.80%	1,379
2014	52,857,534	7,248,664	45,608,870	0.81%	1,404
2015	54,786,029	7,940,070	46,845,959	0.80%	1,435

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

- (1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on Schedule 7 for property value data.
- (2) Population data can be found in the Schedule of Demographic and Economic Statistics in Schedule 15

CITY OF LEAWOOD, KANSAS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
December 31, 2015

Schedule 13

Governmental Unit	Net Debt Outstanding⁽¹⁾	Percentage Applicable To City Of Leawood⁽²⁾	Amount Applicable To City Of Leawood
Johnson County	\$ 356,670,000	9.55%	\$ 34,061,985
Shawnee Mission School District (U.S.D. 512)	302,299,684	4.83%	14,601,075
(U.S.D. 229)	326,205,000	22.17%	72,319,649
Parks and recreation	2,315,000	9.55%	<u>221,083</u>
Subtotal, overlapping debt			121,203,792
City of Leawood direct debt ⁽¹⁾			<u>55,759,307</u>
Total direct and overlapping debt			<u><u>\$ 176,963,099</u></u>

Source: Johnson County Clerk's Office

⁽¹⁾ General obligation debt outstanding and lease purchase obligations

⁽²⁾ Determined by ratio of assessed valuation of property subject to taxation in overlapping unit to valuation of property subject to taxation in reporting unit as of January 1, 2004

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Leawood. This process recognizes that, when considering the government'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.

CITY OF LEAWOOD, KANSAS

LEGAL DEBT MARGIN INFORMATION LAST TEN FISCAL YEARS

Schedule 14

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit	\$ 211,196,094	\$ 228,130,856	\$ 244,131,753	\$ 253,487,192	\$ 253,521,842	\$ 245,015,025	\$ 243,080,668	\$ 243,049,230	\$ 246,645,885	\$ 258,550,246
Total net debt applicable to limit	43,997,234	43,842,137	50,757,244	45,555,566	53,049,065	54,000,344	49,157,826	43,948,918	45,608,870	46,845,959
Legal debt margin	167,198,860	184,288,719	193,374,509	207,931,626	200,472,777	191,014,681	193,922,842	199,100,312	201,037,015	211,704,287
Total net debt applicable to the limit as a percentage of debt limit	20.83%	19.22%	20.79%	17.97%	20.92%	22.04%	20.22%	18.08%	18.49%	18.12%

Legal Debt Margin Calculation For Fiscal Year 2015	
Assessed value, real and personal property - 2015	\$ 786,143,573
Plus assessed value, motor vehicles - 2014	75,690,581
Total Assessed Value - 2015	<u>861,834,154</u>
Debt Limit (30% Of Total Assessed Value)	<u>258,550,246</u>
Debt Applicable To Limit	
General obligation bonds	54,786,029
Less: Amount set aside for repayment of general obligation debt	7,940,070
Total Net Debt Applicable To Limit	<u>46,845,959</u>
Legal Debt Margin	<u>\$ 211,704,287</u>

Note: In 1997, the Kansas legislature repealed K.S. A. 79-5037, the statute which had governed legal debt limits for municipalities since statewide reappraisal in 1989. Based on this action, the legal general obligation debt limit for most cities in the state, including Leawood, returned to the pre-1989 limit of 30% of equalized assessed valuation. Between 1989 and 1997, K.S.A. 79-5037 adjusted the debt limit to account for the effect of reappraisal. During this period Leawood's debt limit was approximately 15.82% of equalized assessed valuation.

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

CITY OF LEAWOOD, KANSAS

DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN FISCAL YEARS

Schedule 15

Fiscal Year	Population	Personal Income (1) (Amounts Expressed In Thousands)	Per Capita Personal Income (1)	Median Age (1)	Percent Of Adult Population With At Least A Bachelors Degree	Unemployment Rate (2)
2006	30,670	*	*	*	*	2.5%
2007	31,284	*	*	*	*	2.6%
2008	31,910 (3)	*	*	*	*	3.4%
2009	32,548	*	*	*	*	4.0%
2010	32,643	\$ 5,431,698	\$ 170,449	43.2	73.9	4.4%
2011	32,000	*	*	*	*	3.7%
2012	32,160	*	*	*	*	3.2%
2013	32,321	*	*	*	*	3.4%
2014	32,483	*	*	*	*	3.0%
2015	32,644	*	*	*	*	2.6%

* Information is not available. This information is compiled every ten years.

(1) Obtained from U.S. Census Bureau

(2) Obtained from Kansas Department of Human Resources, for the City of Leawood.

(3) Population data from the 2008 Comprehensive Plan.

CITY OF LEAWOOD, KANSAS

PRINCIPAL EMPLOYERS CURRENT YEAR AND NINE YEARS AGO

Schedule 16

Employer	2015			2006		
	Employees	Rank	Percentage Of Total City Employment	Employees	Rank	Percentage Of Total City Employment (1)
CBiZ Accounting	491	1	3.0%	425	1	2.7%
Reece & Nichols	415	2	2.5%	372	2	2.4%
American Academy of Family Physicians	350	3	2.1%	350	3	2.2%
Unified School District No. 229	346	4	2.1%	329	4	2.1%
DEMDACO, Inc.	297	5	1.8%			
Select Quote	259	6	1.6%			
City of Leawood	256	7	1.5%	253	5	1.6%
Mariner	236	8	1.4%			
AB May	225	9	1.4%			
Euronet Worldwide Inc.	191	10	1.2%			
Realty Executives				180	6	1.2%
Root Dental Laboratories				150	7	1.0%
Weight Watchers				150	8	1.0%
Headache & Pain Center				149	9	1.0%
Hy Vee				147	10	0.9%
Total	3,066		18.6%	2,505		16.1%

Sources: Kansas Department of Labor, Leawood Chamber of Commerce, and Johnson County Economic Research Institute

CITY OF LEAWOOD, KANSAS

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

Schedule 17

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government	41.00	47.25	48.25	49.21	49.21	45.71	45.71	45.71	45.71	46.21
Public safety										
Police										
Officers	60.00	61.00	63.00	63.00	63.00	61.00	61.00	61.00	61.00	61.00
Civilians	22.60	22.60	22.00	22.00	22.00	22.00	22.00	22.00	22.00	22.00
Fire										
Firefighters and officers	54.69	54.69	54.69	54.69	54.69	52.69	52.69	52.69	52.69	52.69
Civilians	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Public works	52.67	47.42	48.92	50.92	50.23	48.23	48.23	48.23	48.23	49.23
Parks and recreation	58.99	69.35	72.93	74.81	62.57	61.57	61.57	61.57	61.57	63.82
Total Full-Time Equivalent	290.95	303.31	310.79	315.63	302.70	292.20	292.20	292.20	292.20	295.95

Source: City Budget Manager

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

Schedule 18

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police										
Number of traffic violations	15,544	14,167	12,744	12,481	14,327	14,336	15,305	12,691	13,488	12,528
Number of physical arrests	1,704	1,437	1,310	1,771	1,678	1,778	1,690	1,637	1,330	1,314
Number of dispatch calls (includes Officer-Initiated Calls)	36,553	35,446	34,510	35,797	34,298	31,443	33,161	32,543	31,332	30,558
Number of alarm calls	2,496	2,006	2,029	1,826	1,978	1,739	1,819	1,840	1,837	1,826
Fire										
Number of fire calls answered	935	1,003	1,021	1,004	803	1,058	1,017	1,037	997	1,103
Number of ambulance calls answered	1,265	1,324	1,349	1,433	1,686	1,638	1,685	1,679	1,743	1,798
Number of fire inspections	858	904	1,189	1,514	1,688	1,603	1,628	952	841	910
Parks and Recreation										
Number of programs offered	150	150	150	150	150	150	150	150	>150	>150

Source: Various City departments

CITY OF LEAWOOD, KANSAS

CAPITAL ASSET STATISTICS BY FUNCTION LAST TEN FISCAL YEARS

Schedule 19

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police										
Number of police stations	1	1	1	1	1	1	1	1	1	1
Number of certified officers	60	61	63	63	63	61	61	61	61	61
Number of noncertified personnel	23	23	22	22	22	22	22	22	22	22
Number of patrol districts	3	3	3	3	3	3	3	3	3	3
Fire										
Number of fire stations	3	3	3	3	3	3	3	3	3	3
Number of Full-Time firefighters	54	54	54	54	54	53	53	52	52	52
Number of Part-Time firefighters	—	—	—	—	—	—	—	—	—	5
Number of volunteer firefighters	0.7	0.7	1	1	1	1	1	—	—	—
Number of nonfire personnel	1	1	1	1	1	1	1	1	1	1
Public Works										
Streets (miles)	190.58	193.00	197	197	200	200.7	201.5	201.5	201.8	202.0
Streetlights	2,721	2,800	2,878	2,887	2,935	2,935	2,962	3,695	4,093	4,106
Parks and Recreation										
Number of parks	6	6	6	6	6	6	6	6	6	6
Park acreage	423	423	423	423	423	478	478	486	486	486
Walking trail mileage	8	8	8	8.25	8.25	8.25	8.25	8.25	8.25	8.25
Aquatic centers	1	1	1	1	1	1	1	1	1	1
Golf courses	1	1	1	1	1	1	1	1	1	1
Tennis courts	6	6	6	6	6	6	6	6	6	6
Soccer fields	14	14	14	14	14	14	14	14	14	14
Baseball diamonds	3	3	3	3	3	3	3	3	3	3

Source: Various City departments

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