

City of Leawood 2012 Budget Summary

The budget process is a year round staff endeavor. The formal process for the 2012 Annual Budget began with discussion at the April 4, 2011 Governing Body work session. The financial framework for the development of the 2012 budget was managed around that discussion, along with the 2012 capital plan which was part of the 2012-2016 Capital Improvement Program. This along with the 2012 appraised values released by the County; the pieces of the annual budget were then carefully put in place. The budget directives have been achieved in the following ways:

Sustaining financial stability

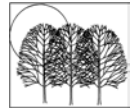
- ✓ Reserves for all Operating Funds are budgeted at 37% of expenditures, above the 11% minimum.
- ✓ Debt Service as a percent of total expenditures remains well below the 25% threshold.
- ✓ Debt Service reserve levels remain at 35% or above throughout the financial planning period.
- ✓ The 2012 budget includes a mill levy of 24.382, no change from last year. Current projections include a 1.0 mill levy increase in 2016 and 2018.
- ✓ All long term forecasting parameters have been met as outlined in the budget document.
- ✓ In 2012 total sales and use taxes are expected to increase 2.3% from the 2011 Estimates. The 1-cent City Sales Tax, the second largest source of revenue for the City, is projected to increase by 2.5%. Leawood has become a major restaurant venue over the years, boasting over 55 restaurants offering a multitude of food choices in a variety of dining environments and price ranges. Additionally, there are many shopping choices that offer an array of upscale and unique selections, in addition to the City's first hotel, the *aloft*. Other factors that provide support in this area are the number of grocery stores in Leawood, including specialty stores like Dean and DeLuca and the recently opened Trader Joe's. The City's share of the County sales tax distribution is expected to increase 2.0% over 2011. City/County use tax, which is a smaller portion, is also projected to increase 2.0%.
- ✓ Capital projects, where practical, are linked to operating costs in order to monitor and maintain long-term financial balance.
- ✓ Carefully monitoring spending with a watchful eye towards inflationary pressure in other commodities, services, as well as capital costs. In multi-year financial planning, capital funds, particularly the City's capital equipment fund and the capital projects fund, all include an inflation factor.
- ✓ Seasoned leadership at all levels of the organization.
- ✓ Continue to maintain the City's AAA Bond Rating.

Sustaining service levels

- ✓ Maintain equitable and competitive employee compensation.
- ✓ Police officers will average 1.9 commissioned officers per 1,000 citizens.
- ✓ Firefighters will average 599 residents per one firefighter.
- ✓ Parks & Recreation will average 522 residents per one FTE.
- ✓ Administrative employees, as a percentage of direct employees, will average 18.5%.
- ✓ Mandates and operating costs of capital are funded.
- ✓ An average PCI rating of 82.0, compared to the Governing Body goal of a street rating of not less than 70.0.

Sustaining efficient delivery of services

- ✓ Performance measures within each department are linked with the resources needed to meet the expected performance levels during the fiscal year.
- ✓ The City's technology direction continues to grow and expand. For several years Leawood has worked to achieve its technology vision including standardization of equipment, routine replacement of computers and laptops, and most notably the replacement of the core financial and human resources system with Eden software over the last several years. Additionally, all city employee workstations are now operable with Windows 7.0.
- ✓ During the course of the year, staff continued its involvement with the ICMA (International City/County Management Association) Center for Performance Measurement. Currently, the Public Works, Community Development and Fire Departments participate in the program. Through a series of templates, actual prior year performance statistics are shared by the Code Enforcement, Permits, Facilities Management, Fleet Management, Highway/Road Maintenance, Fire/EMS and General Government functions. The focus of this process is to improve the understanding of work inputs, outputs and outcomes as they relate to the City's vision statement and the Governing Body's goals. As a result, directives are clearer and indicators of services and their associated costs are better defined



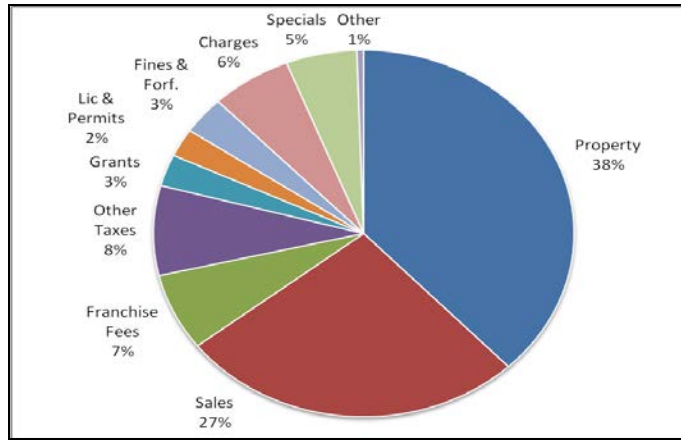
City of Leawood Budget Summary by Year

Listed below are the resources and expenditures for all budgeted funds for the City of Leawood. This includes General, Special Revenue, Capital, and Debt Service Funds. This presentation *does not* include *transfers* in/out between funds.

	2010 Actual	2011 Estimate	2012 Budget	% change
Beginning Fund Balance	34,260,941	37,164,681	32,619,442	-12.2%
Revenues				
Property Taxes	18,564,476	18,582,738	18,265,093	-1.7%
Sales & Use Taxes	12,253,547	12,494,818	12,777,530	2.3%
Franchise Fees	3,153,238	3,185,000	3,280,500	3.0%
Other Taxes	3,858,821	3,840,944	3,809,491	-0.8%
Grants	1,471,080	2,110,809	1,347,693	-36.2%
Licenses & Permits	1,351,487	1,068,975	1,195,000	11.8%
Fines & Forfeitures	1,685,387	1,600,000	1,600,000	0.0%
Charges for Service	2,387,852	2,916,263	2,983,881	2.3%
Special Assessments	1,960,706	2,068,389	2,623,146	26.8%
All Other	587,822	355,767	250,570	-29.6%
Total	47,274,416	48,223,703	48,132,904	-0.2%
Expenditures, by Department				
Administration	6,721,445	7,506,122	7,934,369	5.7%
Police	8,537,253	9,586,711	11,133,843	16.1%
Fire	6,105,863	6,232,686	6,613,603	6.1%
Public Works	14,865,660	18,540,121	18,872,199	1.8%
Parks & Recreation	8,140,456	10,903,302	11,573,574	6.1%
Total	44,370,676	52,768,942	56,127,588	6.4%
by Character				
Personal Services	21,946,827	23,469,800	24,728,000	5.4%
Contractual Services	5,577,776	6,948,700	7,612,400	9.6%
Commodities	2,191,741	3,192,900	3,341,300	4.6%
Capital	6,819,108	11,296,142	12,453,488	10.2%
Debt Service	7,835,224	7,861,400	7,992,400	1.7%
Total	44,370,676	52,768,942	56,127,588	6.4%
Revenues Over (Under) Expenditures	2,903,740	(4,545,239)	(7,994,684)	
Ending Fund Balance	37,164,681	32,619,442	24,624,758	-18.8%

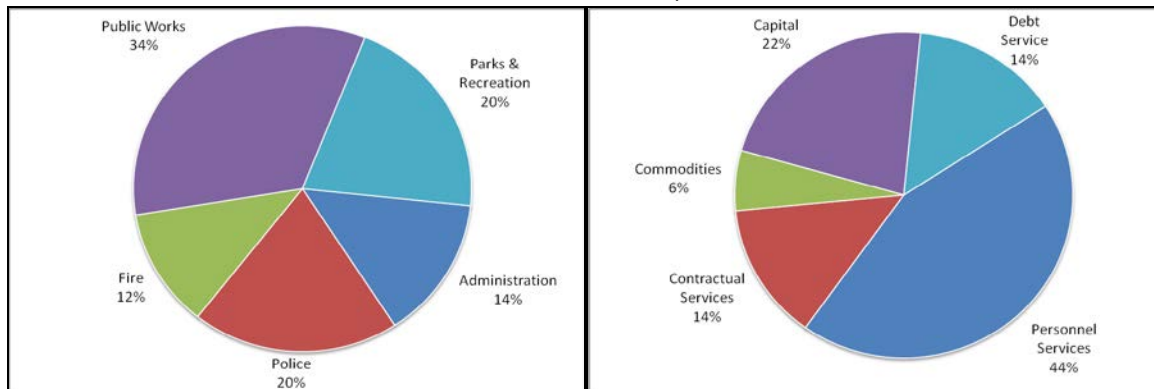


City of Leawood
Estimated 2012 Revenue by Source
Total All Funds \$48.1 million



Revenues for all budgeted funds in the 2012 Budget are projected to decrease by 0.2% from the 2011 Estimated Budget. All but four categories are showing increases from the 2011 Estimated Budget. The Special Assessments category reflects the largest increase, 26.8%, due to the bonding of the Park Place special assessment project in September. The next category is Licenses and Permits with anticipated growth in building activity as the economy begins to recover.

2012 Budgeted Expenditures by Program
Total All Funds \$56.1 million



These funds provide valuable city services, such as:

Fire Protection
Fire Prevention
Emergency Preparedness
Disaster Planning
Municipal Court
City Planning
Development Services
West Nile Prevention
Aquatic Center
Public Art/Cultural Art
Golf Course

Police Protection
DARE/School Resource Officers
Community Safety Programs
Citizen's Police Academy
Crime Prevention Programs
Traffic Control
Animal Control
Action Center
Information Services
Community Theater
Special Community Events

Snow Removal
Road Maintenance
Building Code Enforcement
Street Lighting
Property Maintenance
Code Enforcement
Park Maintenance
Public Parks/Trails
Community Centers
Sports/Recreation Activities
Club/Company Outdoor Activities



City of Leawood
Property Tax Rate Comparison

Property taxes, also known as ad valorem taxes, are levied on the assessed value of a home. Property owners pay taxes each year. These are paid to the county and then disbursed among several governmental units. Each separate unit determines their own tax rate annually, based on current and future needs. Property taxes are based on mills and are expressed through a mill levy. One mill is equal to \$1 for every \$1,000 of assessed property value. The Johnson County Appraiser's Office revalues all property annually, usually in February, and determines an appraised value. The appraised value is then multiplied by 11.5% for residential property or 25% for commercial property, to determine the assessed property valuation. The mill levy for the City of Leawood is as follows:

<i>2011 Mill Levy</i>	<i>2012 Proposed Mill Levy</i>
19.408 General Fund	18.111 General Fund
<u>4.974</u> Debt Service Fund	<u>6.271</u> Debt Service Fund
24.382 TOTAL	24.382 TOTAL

Tax Value Illustration

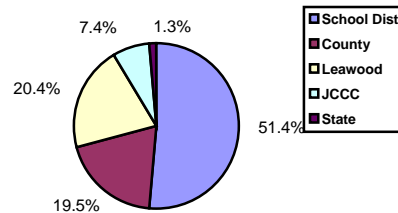
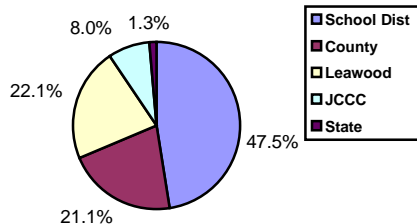
According to the 2011 Johnson County Property Tax Listing, the average Leawood resident is living in a home with a market value (appraised value) of \$427,000, as compared to the 2010 average of \$432,493.

	<i>2011</i>	<i>2012</i>	<i>Difference</i>
Valuation	\$748,252,054	\$743,524,860	(\$4,727,194)
Ad Valorem	\$18,245,428	\$18,179,761	(\$65,667)
City of Leawood Mill Levy	24.382	24.382	0.00
City Annual Tax-Average Home	\$1,212.68	\$1,197.28	(\$15.40)
City Monthly Tax-Average Home	\$101.06	\$99.77	(\$1.29)

Where Do Your Tax Dollars Go?

The City of Leawood is served by two school districts. Therefore, the total property tax paid by a resident will depend on which school district the property is located. The tax rates for the entities, except for the City of Leawood, represent the mill levy for the 2011 budget. Changes in the mill levy will not be approved by the individual entities until August 25th.

<i>Shawnee Mission School District</i>		<i>Blue Valley School District</i>	
School District	57.192	School District	71.049
City of Leawood	24.382	City of Leawood	24.382
Johnson County	23.256	Johnson County	23.256
JoCo Community College	8.799	JoCo Community College	8.799
State of Kansas	1.500	State of Kansas	1.500
County Wastewater	1.000	County Wastewater	1.000
		Blue Valley Park/Rec	1.604
TOTAL Mill Levy	116.129	TOTAL Mill Levy	131.588

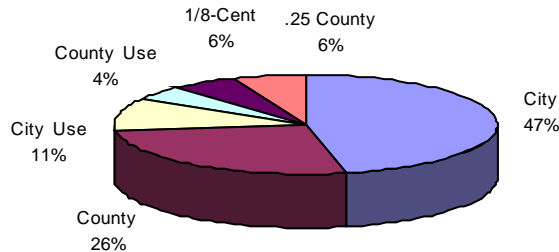




City of Leawood
Sales Tax History

Included in the 2012 Budget is \$12,777,530 for total sales taxes and \$12,494,818 in the 2011 Estimated Budget. It is anticipated that City sales tax will increase 2.5% and the County sales tax will increase 2.0% from 2011 to 2012; and city and county compensating use taxes by 2.0%. The 2010 collections, of \$12,253,547, were 1.1% higher than the 2009 collections of \$12,121,751. The .40% City public safety sales tax collections are not included in the total sales and use tax data.

2012 Budgeted Sales Tax Revenue
\$12,777,530



Sales tax generally applies to three types of transactions: 1) Retail sales, rental, or lease of tangible personal property; 2) Charges for labor services; and 3) Sale of admissions to places providing amusement, entertainment or recreation services. Use tax is a tax on goods purchased by Kansans from outside Kansas and used, stored or consumed in Kansas on which no sales tax was paid, or a sales tax less than the Kansas rate was paid.

The sales tax for the City of Leawood is 8.650%, except for the City's two Transportation Development Districts (TDD) where the sales tax rate is 9.650%. The breakdown, by governmental unit, is as follows:

State Sales Tax	6.300%
City of Leawood Sales Tax	1.000%
City of Leawood 1/8-Cent Sales Tax	.125%
Johnson County Sales Tax	.500%
Johnson County Sales Tax – Stormwater	.100%
Johnson County Sales Tax – Public Safety	.250%
Johnson County .25 Sales Tax	.250%
Johnson County Education Research Triangle Tax	.125%
TOTAL	8.650%

The City's first TDD district is the Park Place development. It is located east of Nall Avenue between 117th Street and Town Center Drive. The additional 1.000% city sales tax began on October 1, 2007. The second TDD is known as the One Nineteen development, located on the corner of 119th Street and Roe Avenue. This 1.000% city sales tax began on January 1, 2009.

The City of Leawood 1/8-cent sales tax became effective July 1, 2000 for a period of five years. In August, 2004 this tax was extended for another five years until June, 2010 and in August, 2008 voters approved the continuation for an additional five years until 2015. This tax is collected for the improvement of City-owned stormwater projects as well street improvement repairs.

In November 2006, Leawood voters approved a .40% sales tax increase for a period of five years to begin on April 1, 2007 and end on March 31, 2012 or when a total of ten million dollars had been collected, whichever was achieved first. The revenue generated from this increase will be used to provide funding for construction of public safety improvements, including a Justice Center, and all other necessary and related improvements, such as infrastructure. The .40 sales tax collections are recorded in a non-budgeted capital fund and through year-end 2010 a total of \$10,341,032 had been collected. As a result, this sales tax ended one year earlier on April 1, 2011.



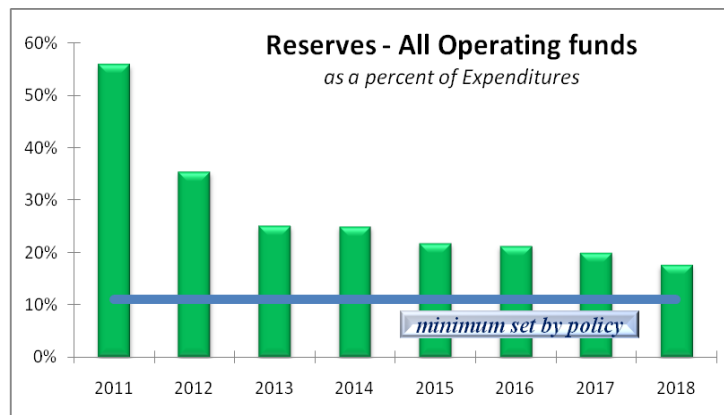
Johnson County receives 1.225% of the total sales tax paid for county services, stormwater, and public safety. The .25 County Sales tax began in January 2003 and was renewed in September 2005 for an additional three years. In August 2008 this sales tax was again approved by voters with no sunset provision. The county refers to this sales tax as Public Safety Sales Tax II. Leawood plans to use their portion of the tax funds for the construction of the Justice Center. Through 2010, a total of \$6,348,587 has been received from this tax by the City of Leawood.

Included also is a .125% sales tax, which became effective in April 2009 after voter approval. This tax provides funds for the Johnson County Education Research Triangle. This partnership supports bioscience research and education at existing and planned University of Kansas and Kansas State University facilities in Johnson County, KS. There is no end date for this additional tax.

The State of Kansas receives 6.3% of the total sales tax paid. A 1.0% increase became effective July, 2010 to close a budget gap and preserve spending for schools and social services. After three years, the Legislature will consider scaling back the tax to 5.7 percent.

City of Leawood **Financial Position**

At the close of 2012, the City's operating reserves across all funds except debt service are expected to be at 37% of expenditures, which is above the minimum set by the Governing Body. Reserves are established for three purposes: cash flow, natural emergencies, and large pay-as-you-go capital projects.



Leawood continues to be in a fortunate position and have good reserves. 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, as discussed in the Budget & Financial Policies section of the budget. Leawood's minimum policy is to have at least 8.33% on hand at all times. Reserves are needed so that the City has adequate cash flow and in the event of unforeseen natural disasters and other emergencies.