

City of Leawood, Kansas

*Comprehensive Annual
Financial Report*

*For the year ended
December 31, 2003*

CITY OF LEAWOOD, KANSAS
Comprehensive Annual Financial Report

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CITY OF LEAWOOD, KANSAS

Comprehensive Annual Financial Report

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City of Leawood, Kansas
Comprehensive Annual
Financial Report

Fiscal Year Ended December 31, 2003

Prepared by Department of Finance

Kathleen M. Rogers, Finance Director
Marsha Lewis, Accounting Manager
Theresa Lodde, Senior Accountant

CITY OF LEAWOOD, KANSAS

Principal Officials

Mayor and City Council

Honorable Peggy J. Dunn	Mayor
Honorable Shelby Story	Ward 1
Honorable Patrick Dunn	Ward 1
Honorable Louis Rasmussen	Ward 2
Honorable James Rawlings	Ward 2
Honorable Gary Bussing	Ward 3
Honorable Mike Gill	Ward 3
Honorable Scott Gulledege	Ward 4
Honorable James E. Taylor, Sr.	Ward 4

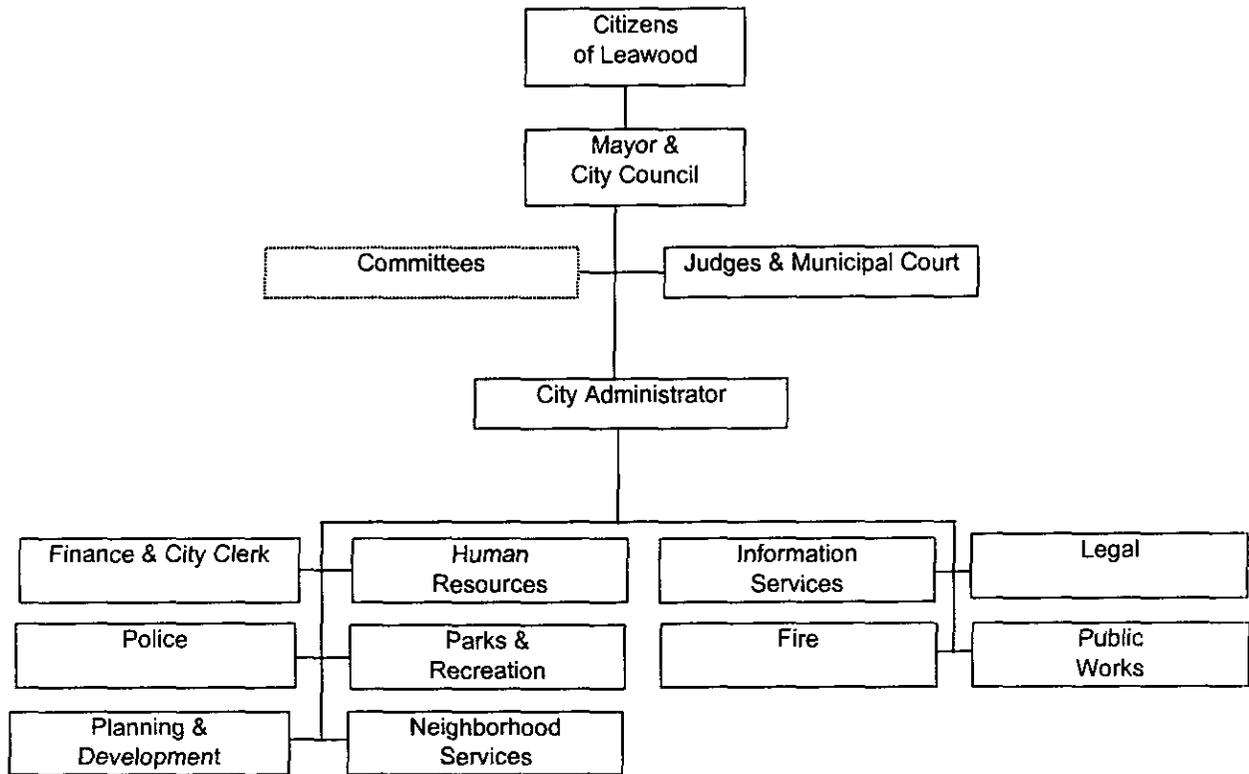
Administration

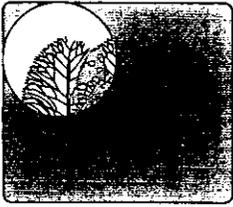
City Administrator	Scott M. Lambers
City Clerk	Debra Harper
Finance Director/Treasurer	Kathleen M. Rogers
City Attorney	Patricia A. Bennett
Fire Chief	Ben Florance
Municipal Judge	Renee Gurney
Parks and Recreation Director	Chris Claxton
Planning/Development Director	Diane Binckley
Police Chief	Sid Mitchell
Public Works Director	Joe Johnson
Human Resources Director	Colleen Browne
Information Systems Director	Mark Andrasik

Independent Certified Public Accountants

Cochran, Head & Co., P.A.

CITY OF LEAWOOD, KANSAS ORGANIZATIONAL CHART





City of Leawood

4800 Town Center Drive • Leawood, Kansas 66211 • (913) 339-6700
(913) 339-6781 Fax
(913) 339-6225 TDD

March 26, 2004

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

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) of the City of Leawood (City) for the fiscal year ended December 31, 2003. This is the second year that the City's Department of Finance has prepared this report using the new reporting requirements as prescribed by GASB Statement No. 34. This is the first year that Leawood is required to comply with the Government Accounting Standards Board (GASB) Statement No. 34, but early implemented last year.

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

The responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various activities of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The Comprehensive Annual Financial Report (CAFR) is prepared in accordance with GAAP as promulgated by the Governmental Accounting Standards Board. The report is presented in three sections and includes the following information:

- Introductory Section - Letter of Transmittal with comments on the operations of the City, the City's organizational chart, a list of principal officials, the Government Finance Officers Association of the United States Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report for the fiscal year ending December 31, 2002.
- Basic Financial Statements and Required Supplementary Information - The Basic Financial Statements include Management's Discussion and Analysis, Government-Wide Financial Statements, Fund Financial Statements, Notes to the Basic Financial Statements and Required Supplementary Information as well as the auditors' report on the financial statements and schedules.
- The Statistical Section - This section includes selected financial and general information presented on a multi-year comparative basis.

The Financial Reporting Entity

The Primary unit of the government is the City of Leawood and its component unit is described as follows:

The Primary Government

The City was incorporated in 1948 as a city of the third class. 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 and the city provides the following services: police and fire protection, emergency preparedness, ambulance services, planning and zoning management, construction and maintenance of streets and infrastructure, comprehensive recreation and cultural events, and general administrative services.

As required by GAAP, the only basic financial statements presented are the City's (the primary government) and one blended component unit. Blended component units, although legally separate entities, are, in substance part of the primary government's operations and are included as part of the primary government. Accordingly, the Leawood Public Building Commission is reported in the Public Building Commission Special Revenue Fund.

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-governed entities are not part of the City of Leawood.

THE CITY OF LEAWOOD

The dream of a better life is the vital force driving Leawood's history and development. It is what the Native Americans who first lived and prospered here...the French and American explorers and settlers like Daniel Boone who followed.... and the people living and working here today who have made it one of the region's premier residential and business communities.

The City currently has a land area of 15 square miles and is located in the eastern part of the state of Kansas, in Johnson County and since 1992 has been one of the top growth areas in the state and in the country. 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 year, an election for council members is held with one council member from each of the four wards being chosen at each election.

According to the December 17, 2003 online edition of www.money.cnn.com, Leawood was included in the magazine's annual list of most desirable places to live in the United States. Leawood has the eleventh highest median income in the United States at \$102,106. The median age of a Leawood resident is 41.3 years and 68% have at least a Bachelor's Degree. The City is empowered to levy a property tax on both real and personal property located within its boundaries. The city's current land area is approximately 75% developed, and growth is expected to continue in the future. Leawood is nestled among the cities of Overland Park and Prairie Village, Kansas and is bounded to the east by Kansas City, Missouri.

LEAWOOD TODAY

Leawood's population has more than doubled in 15 years to approximately 30,000 residents and is expected to reach 40,000 within the next 10-15 years. The City of Leawood has experienced significant growth in both residential and commercial developments over the last fifteen years. The majority of the City's growth has occurred in the southern portion of the City, which had been largely undeveloped. The economic development experience with the City can be characterized as high bracket, single-family subdivisions, shopping centers and office buildings. There are currently an estimated 600 business establishments located in the City. The City's location in the growing part of Johnson County, the quality of the two public school districts serving residents, and the over all high standards of living have all contributed to economic growth in the City.

Residential construction continues to grow in the City. Approximately 48 subdivisions are still developing in the City. A total of approximately 1,200 homes are anticipated to be constructed in the new subdivisions. Prices for homes are anticipated to range from \$300,000 to over \$1 million. According to the Johnson County Appraiser's Office, the average home value in the City is \$353,019.

Although the majority of growth in Leawood has historically been residential, the City has been pursuing a program to expand and diversify its economic base. City estimates for potential commercial development include 1 million square feet of new office space and 1.7 million square feet of retail space. Three large community shopping centers have been constructed in recent years, and the City's oldest retail center, Ranchmart Shopping Center, completed a major upgrade in the past few years.

OUTLOOK FOR THE FUTURE

The City currently has two major areas that are experiencing significant commercial growth. Tomahawk Creek Parkway, located in the central part of the City, is experiencing significant new office space construction. Approximately ten one-to-six-story buildings have opened along the winding four-lane road in the last three years. Major tenants include the American Academy of Family Physicians, the executive offices of United Parcel Service, Stratco, CBIZ, Merrill Lynch, and the Kansas City Orthopedic Institute.

Leawood Town Center Plaza, a large, upscale retail and commercial center opened in the City in 1996. Some of the large tenants at Town Center Plaza include Gaylan's Sporting Goods, Barnes & Noble Bookstore, and AMC Theaters which is the "number one" theater in its chain. Many fine restaurants including Hereford House, the Bristol, Houlihan's Dean and Deluca, Yahooz and Fenton's are also in this complex.

Construction recently began on a 356,827 square foot retail and office complex along 135th Street. The project, Cornerstone of Leawood, is planned to include 268,298 square feet of retail space and 88,259 square feet of office space. The Cornerstone of Leawood site is located on 40 acres of annexed land surrounded by the City and neighboring Overland Park, Kansas. Opening is expected by mid 2004.

Additionally, 135th Street, which runs 2.25 miles from the eastern to the western boundary of the City and beyond, has recently seen groundbreaking for several new large retail and office developments. In 2001, Plaza Point, a retail/office development consisting of 181,100 square feet on thirteen lots, began construction. To date, nine of the lots are open. In 2002 a new, large full-service grocery store opened at Market Square, a retail site containing 134,160 square feet of retail and 27,000 square feet of office bank facilities.

Park Place is a mixed-use residential and commercial development that will contain 170,900 square feet of office space, and 350 residential units containing 560,000 square feet on 33.67 acres located between Town Center Plaza and Leawood City Hall. All totaled, this development will be a 1,231,800 square feet development which will also include an 8-story boutique hotel. If completed, this development will be the first of its type not only in Leawood, but also in the Johnson County area.

Parkway Plaza is a mixed-use residential and commercial development that will contain 170,900 square feet of retail space, 43,600 square feet of office space, and 138 luxury condominium units or 16.74 acres. This development is proposed between 133rd and 135th Streets on both sides of Briar Street and will cover approximately 47.21 acres of land.

FINANCIAL CONTROLS

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

Single Audit – As a recipient of federal, state and county financial assistance, the City is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. The internal control is subject to periodic evaluation by management and the staff of the City. The City is not required to undergo an annual single audit in conformity with the provisions of the Single Audit Act as amended in 1996 and the United States Office of Management and Budget Circular 1-133.

Budgetary Controls - The City's budget is prepared on the modified accrual basis further modified by an encumbrance system of accounting as required by applicable state statutes. The City Administrator presents recommendations for the budget to the Mayor and City Council for their review. The budget recommendations set forth the proposed funding level of the City's various operating and public service programs. A series of public meetings are held by City Council committees to review alternative spending proposals. After a public hearing to solicit citizens' comments on the proposals, the City Council adopts the budget. The budget is appropriately controlled through an accounting system to ensure effective fiscal management and accountability.

Capital Projects - The City of Leawood is a vital and growing city. As a result, there continues to be a need to provide for sound and appropriate growth. It is also a priority of the City to maintain and improve existing infrastructure. A vital element for managing both of these priorities is the development and maintenance of the City's infrastructure through capital improvements. The management of the City's Capital Improvements Program is controlled through the use of a long-range plan adopted by the Mayor and City Council. The Capital Improvements Program projects the City's capital improvement needs for a five-year period and is reviewed and updated annually. The management and accounting of this plan is controlled through the use of capital projects funds. The primary sources of financing these improvements include general obligation bonds, City budgeted funds, county funds and revenue from federal and state grants.

OTHER INFORMATION

Cash Management Policies and Practices. The City pools idle cash from all funds for the purpose of increasing income through investment activities. Cash, temporarily idle during the year, was invested in certificates of deposit and the State Municipal Investment Pool. The maturities of the investments generally range from thirty days to one year, with the average maturity being six months. The City earned interest revenue of \$438,926 on all investments, excluding the deferred compensation plan, for the year ended December 31, 2003. The City's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, 100% of City deposits were either insured by federal depository insurance or collateralized. All collateral on deposits was held either by the City's agent or a financial institution's trust department in the City's name.

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. These reports include an estimate of the claims' costs.

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.

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, and physical damage to vehicles, law enforcement liability, 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. Liabilities that fall outside the KTCA are insured to an additional \$10 million in excess liability limits with exception of Employment Practices Liability which is covered up to \$2,000,000. Other miscellaneous coverages purchased include employee dishonesty, 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 2003, the City continued to participate in the 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.

Independent Audit - Kansas Statutes Annotated 75-1122 require an annual audit of the books of account, financial records and transactions of all administration departments of the City by independent certified public accountants selected by the City Council. The City has complied with this requirement, and the auditors' opinion has been included in this report.

Certificates of Achievement. The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for the CAFR for the fiscal year ended December 31, 2002. The City has been the recipient of this award since 1997.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A certificate is valid for a period of one year. We believe our 2003 report continues to conform to Certificate of Achievement Program requirements, and we will submit this report to the GFOA to determine its eligibility for another certificate.

Acknowledgments -The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department specifically Accounting Manager, Marsha Lewis and Senior Accountant, Theresa Lode. We would like to thank the City's audit firm of Cochran, Head and Company, P.A. of Overland Park, Kansas.

In closing we also thank the Mayor and Members of the City Council, for their commitment to planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

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, 2002

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



President

Executive Director

CH**COCHRAN, HEAD & CO., P.A.****& Co***Certified Public Accountants*Independent Auditor's Report

10500 Barkley, Suite 108
Overland Park, KS 66212
(913) 648-4272
(913) 648-4276 FAX

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

We have audited the accompanying basic financial statements of the governmental activities, the business-type 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, 2003, which collectively comprise the City's basic financial statements as listed in the accompanying table of contents. These basic financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Leawood, Kansas, as of December 31, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 26, 2004 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and other required supplementary information as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion on it.

Other Offices

10034 NW Ambassador Dr.
Kansas City, MO 64153
(816) 880-0006
(816) 880-4868 FAX

3717 North Oak Trafficway
Kansas City, MO 64116
(816) 453-7014
(816) 453-7016 FAX

Westowne Commercial Center
1170 W. 152 HWY., Suite H
Liberty, MO 64068
(816) 792-1020
(816) 792-1928 FAX

1333 Meadowlark Lane
Kansas City, KS 66102
(913) 287-4433
(913) 287-0010 FAX

713 PCA Road, P.O. Box 1043
Warrensburg, MO 64093
(660) 747-9125
(660) 747-9490 FAX

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Leawood, Kansas' basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City of Leawood, Kansas. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

March 26, 2004

Cochran, Head & Co PA

**City of Leawood, Kansas
Management's Discussion and Analysis**

Fiscal Year Ended December 31, 2003

This discussion and analysis of the City of Leawood's financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2003. We encourage readers to consider the information presented here in conjunction with the accompanying transmittal letter, the basic financial statements and the accompanying notes to those financial statements.

Financial Highlights

- The assets of the City of Leawood exceeded its liabilities at the close of the fiscal year by \$247,885,991.
- The City's total net assets increased by \$16,512,717, primarily due to the completion of projects and donations of capital assets from developers and revenue recognized from the special benefit assessment from the Plaza Pointe improvement district at 135th & Roe, and from the Price Chopper district, which created a brand new reverse frontage road from Mission to State line called 133rd Street.
- As of the close of the current fiscal year, the City of Leawood's governmental funds reported combined ending fund balances of \$19,059,349, an increase of \$1,454,880 in comparison with the prior year. The primary reasons for this increase are the State's enforcement effort of the city/county local use tax, totaling and increase of \$676,000, along with heightened building activities generating an additional \$625,000. Operating expenditures were also lower due to careful review of expenditures during the year.
- The City completed an advance refunding of the 1996 Public Commission Bonds for the acquisition of City Hall. This refunding reduced the debt service payments over the next nine years by \$248,100 and obtained an economic gain of \$242,110.
- During the fiscal year, I-Lan Park project was completed and dedicated on October 26, 2003. I-Lan Park is dedicated to our City Sister from I-Lan Taiwan. Several delegates from I-Lan attended the dedication.

Overview of the Financial Statements

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

Government-Wide Financial Statements

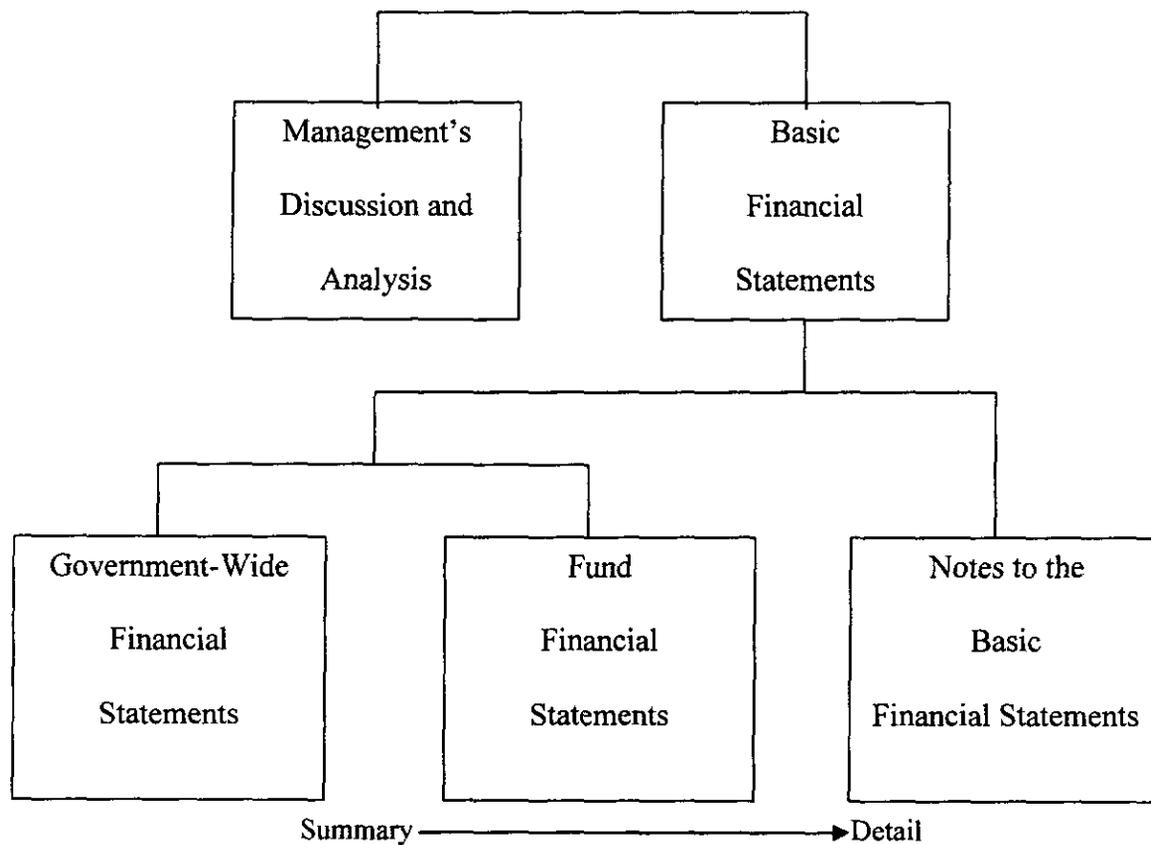
The Government-Wide Financial Statements present the financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. The statements present governmental activities and business-type activities separately. These statements include certain infrastructure 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 Statements of Net Assets and Activities report the City's *net assets* and the resulting changes. Net assets are the difference between assets and liabilities, which is one way to measure the City's financial health, or *financial position*. Over time, *increases or decreases* in the City's net assets 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 roads.

The Statement of Activities distinguishes 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).

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits A and B) in the basic financial statements are the **Government Wide-Financial Statements**. The Government-Wide Financial Statements are designed to provide the reader with a broad overview of the City's finances, similar in format to a financial statement of a private-sector business. The Government-Wide Statements provide short and long-term information about the City's financial status as a whole.

The next statements (Exhibits C through H) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the Government-Wide Statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the proprietary fund statements; and (3) the fiduciary fund statement.

The next section of the basic financial statements is the **Notes to the Basic Financial Statements**. The notes to the financial statements explain in detail some of the data contained in those statements. The Notes to the Financial Statements are on pages 34-58 of this report.

After the notes, **required and other information** is provided to show details about the City's individual funds. These reports include certain *required supplementary information* concerning budgetary comparison schedules for the general fund and schedules and disclosure of the modified approach for the reporting the City's infrastructure. Required supplementary information can be found on pages 59-62 of this report.

Governmental activities – Most of the City's basic services are reported in this category, including 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.

Business-type activities – The City charges a fee to customers to cover all or most of the cost of services it provides. Ironhorse Golf Course services are reported in this activity.

Fund Financial Statements

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

Governmental 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 of net assets in the Governmental Fund Financial Statement to that reported in the Government-Wide Financial Statements are explained in the reconciliation schedule following each Governmental Fund Financial Statements.

Proprietary funds – When the City charges customers for the services it provides to cover the cost of operations, these activities are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Fund Net Assets. In fact, the City's enterprise fund is the same as the business-type activities reported in the government-wide statements but provides more detail and additional information, such as cash flows, for proprietary funds.

Fiduciary Fund – The City is the trustee, or fiduciary, for the Leawood Employee Giving Fund. The fund captures these monies and a special committee of employees provides for the expenditures of monies when needed.

Government-Wide Financial Statements
Net Assets— figure 2

	<u>Governmental</u>		<u>Business-type</u>	
	<u>Activities</u>		<u>Activities</u>	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Current and other assets	\$ 42,452,953	\$ 36,867,656	\$ 143,168	\$ 191,136
Long-term receivables	6,984,275	3,637,155	-	-
Internal balances	1,847,701	1,847,701	(1,847,701)	(1,847,701)
Capital assets, net	268,061,442	255,492,119	7,617,148	7,672,209
Total assets	319,346,371	297,844,631	5,912,615	6,015,644
Other liabilities	28,890,568	24,157,873	524,734	516,747
Long-term debt	43,474,853	43,097,218	4,482,840	4,715,163
Total liabilities	72,365,421	67,255,091	5,007,574	5,231,910
Net assets:				
Investment in capital assets, net of related debt	221,394,614	209,856,264	2,725,452	2,553,113
Restricted	3,104,504	2,503,309	-	-
Unrestricted (deficit)	22,481,832	18,229,967	(1,820,411)	(1,769,379)
Total net assets	\$ 246,980,950	\$ 230,589,540	\$ 905,041	\$ 783,734

Net assets may serve over time as one useful indicator of a government's financial condition. The City's net assets increased by \$16,512,717 or 7.14% for the fiscal year ended December 31, 2003.

Current and other assets - Cash increased due to an increase in temporary note borrowing and revenues exceeding expenses. Current and other assets also increased due to increases in property and sales tax receivables.

Long-term receivables in 2003 increased largely due to two special benefit district projects that were bonded in September. Since the payments of the bonds are on an annual basis the receivable increased significantly from 2002.

Internal balances remain unchanged. These are funds that have been loaned to Ironhorse Golf Course, but are not anticipated to be repaid to the General Government until the long-term debt for the golf course is retired in 2015.

Capital assets, which had the largest increase, is a result of donated infrastructure assets from developers as well as capital project construction by the City during the year

Other liabilities increased because temporary note borrowing increased by \$3,500,000. The increase in the mill levy in 2003 for the 2004 budget is higher than the 2002 mill levy by 2.25 mills, which generated an increase of \$1,774,274 to property tax receivables in deferred revenues.

Long-term debt increased slightly in 2003. More information on this can be found on page 22 of this document.

Invested in Capital, net of related debt represents the City's investment in capital assets (e.g. land, buildings, infrastructure, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. Capital assets include all assets, still in use, acquired from 1948 through December 31, 2003. The one exception is the City's storm water system, which will be available for reporting in 2006.

Restricted net assets total \$3,104,504 and represent assets with constraints placed on their use by either external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or law through constitutional provisions or enabling legislation. Unrestricted net assets, of \$20,661,421, consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

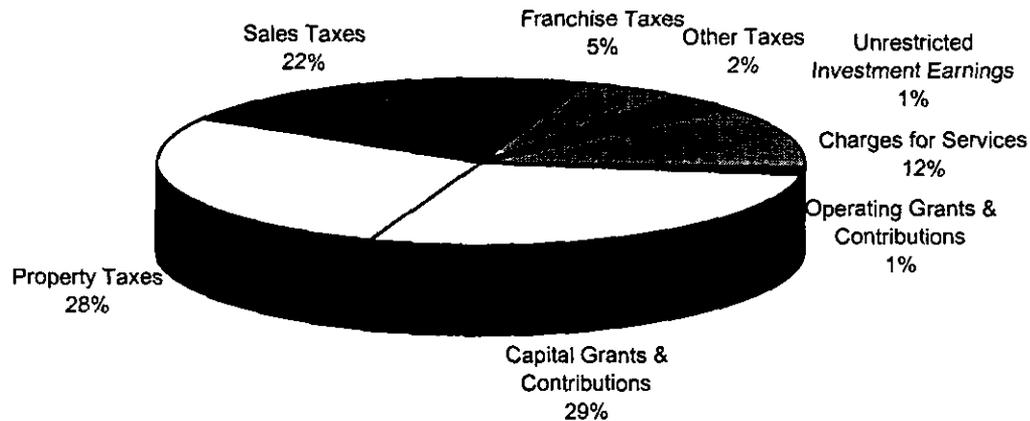
Government-Wide Financial Statements
Statement of Activities – figure 3

	<u>Governmental</u>		<u>Business-type</u>	
	Activities		Activities	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Revenues:				
Program revenues:				
Charges for services	\$5,431,150	\$5,687,884	\$ 2,038,317	\$2,187,859
Operating grants and contributions	613,345	2,292,055	-	-
Capital grants and contributions	12,818,493	8,220,560	-	-
General revenues:				
Property taxes	12,686,851	10,681,728	-	-
Sales tax	9,749,898	8,294,646	-	-
Franchise tax	2,292,152	2,341,374	-	-
Other taxes	1,038,942	1,000,086	-	-
Grants and contributions not restricted to specific programs	978,629	2,369,464	-	-
Unrestricted investment earnings	438,926	616,654	937	7,160
Other	<u>166,542</u>	<u>768,918</u>	<u>131,114</u>	<u>26,699</u>
Total revenues	46,214,928	42,276,369	2,170,368	2,221,718
Expenses:				
General government	4,178,147	3,739,052	-	-
Public safety	9,853,624	9,067,411	-	-
Public works	10,153,561	13,464,714	-	-
Parks and recreation	3,065,427	2,077,813	-	-
Golf course expenses	-	-	1,971,866	1,929,303
Interest on long-term debt	<u>2,407,122</u>	<u>2,476,066</u>	<u>242,832</u>	<u>260,558</u>
Total expenses	29,657,881	30,825,056	2,214,698	2,189,861
Increase (decrease) in net assets, before transfers	16,557,047	11,451,313	(44,330)	31,857
Transfers	<u>(165,637)</u>	<u>-</u>	<u>165,637</u>	<u>-</u>
Change in net assets after transfers	16,391,410	11,451,313	121,307	31,857
Net assets, as of January 1, as restated	<u>230,589,540</u>	<u>219,138,227</u>	<u>783,734</u>	<u>31,857</u>
Net assets, December 31	<u>\$246,980,950</u>	<u>\$230,589,450</u>	<u>\$ 905,041</u>	<u>\$ 783,734</u>

The City's total revenues in 2003 were \$48,385,296 and expenses were \$31,872,579. This total of Government activities and Business-Type activities are presented in a combined fashion as a result of GASB 34.

The following graph shows the composition of 2003 governmental activities.

2003 Revenues by Source



Governmental revenues totaled \$46,214,928 for charges for services, operating and capital grants, general revenues, investments and others.

Several of the revenue and expense categories fluctuated between 2003 and 2002. Highlights include the following:

Revenues

- Charges for services include Municipal Court revenue reached an all time high of \$1,685,000, up 3.0% over the previous year. Continued emphasis of traffic enforcement by the Police Department Traffic Division resulted in this increase. In addition, building permit revenue was up \$105,502, totaling \$1,392,901. Commercial permits increased to 16 permits from 8 in 2002, while residential permits decreased to 509 from 524 the previous year. Commercial permits are generally higher than residential, which explains the increase in revenues.
- Operating grants were down in 2003 because in 2002 the City had a major ice storm, which resulted in State and Federal recovery grants of \$1,261,075.
- Capital grants and contributions represent \$4,462,055 in improvements to be paid by the developers in the form of special assessments, \$2,262,420 in funds from other governments and \$6,094,018 in donated infrastructure from community developers. This figure can vary from year to year depending on how many projects were funded in this manner and what the project was.
- Property taxes increased due to a 6.4% increase in assessed valuation from 2002. In 2003 total collections equaled \$11,374,397 with a collection rate of 98.2%.
- Sales and use tax revenue increased from \$8,294,545 to \$9,749,898 a dramatic increase of 17.5% over 2002. Two reasons account for this change. The primary reason is tax collections from a new .25% local option sales tax. This tax was approved on August 6,

2002 by voters in Johnson County, and is a three-year tax. 2003 was the first year of collections and it totaled \$682,703. Proceeds from the tax are to be distributed to the County and the underlying cities, with the County's share being used to fund grants to its public school districts. There has been a lawsuit filed on this tax, and it is anticipated to be resolved later this year. The second reason for the increase was in the area of use tax. Effective July 1, 2003, the state passed legislation to enforce the collection of local use tax on out of state purchases. In addition, Kansas joined twenty-four other states in the streamlined sales-tax initiative to collect sales tax from Internet sales. As a result of these changes, Leawood collected an additional \$646,338 in use tax during the second half of the year.

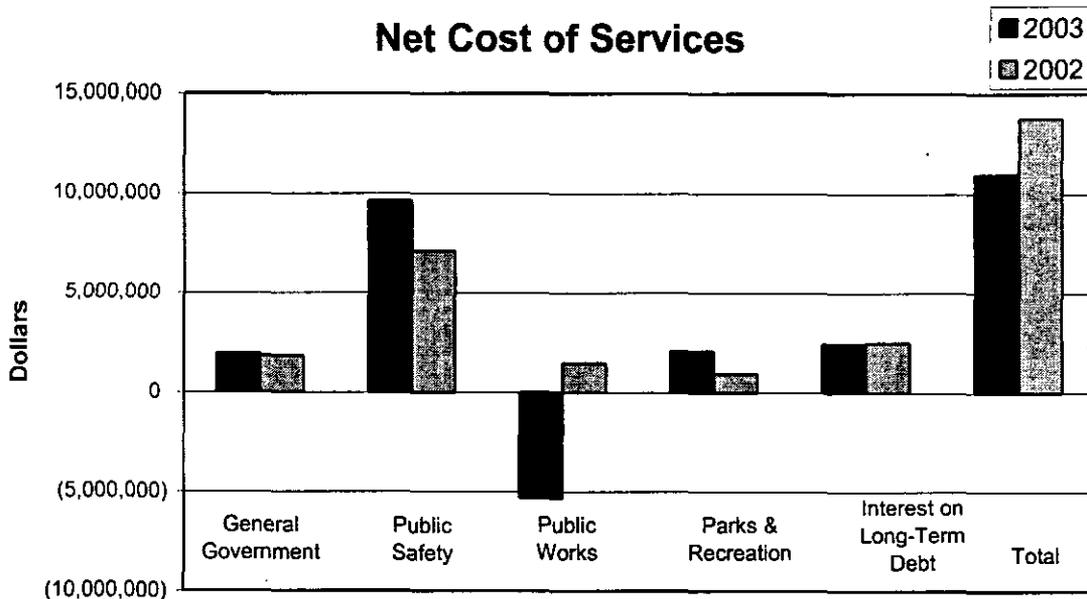
- Franchise Taxes decreased approximately \$49,000. This decrease was primarily due to changes in the Federal Communications Commission (FCC) ruling that cities couldn't collect franchise fees on Internet services provided by cable companies.
- Interest earnings for 2003 decreased by 28.82% to \$438,926. Extremely low interest rates during 2003 resulted in this decrease.

Expenses

Government activities expenses totaled \$29,657,881 for the general government, public safety, public works, parks and recreation, and interest on long-term debt. All transfers between funds have been eliminated. In addition, the general governmental funds:

- Recognized depreciation expense of \$5,966,415.
- Decreased expenditures for principal payments of \$7,410,292.
- Reduced current year capital expenses by capitalizing \$11,441,719 in assets.
- Recognized other miscellaneous accrual expenses and reclassifications.

The following chart compares the governmental net cost of services for 2002 and 2003.



The total cost of services for 2003 was \$29,657,881; however the portion of these services covered by the City's taxpayers was only \$10,794,893. The City funded the majority of this cost

with property taxes and sales taxes. The remaining \$18,862,988 was funded by users directly benefiting from the services or by other organizations through grants and contributions. Because the City received so much donated and developer financed infrastructure, the Public Works division ended 2003 with a negative cost because this offset all of their other expenditures.

Business-type Activities.

The City of Leawood's proprietary fund provides the same type of information found in the government-wide statements but in more detail. The operations of the golf course are contracted with ORION Management Solutions, Inc., an independent third party. This was the third year of a three-year contract with ORION.

- The City's Business-type activity, Ironhorse Golf Course, had an increase in net assets of \$121,307, for a year-end total of \$905,041, which is part of the City's total net assets of \$247,885,991.
- Golf Course charges for services in 2003 were \$2,038,317 as compared to \$2,187,859 in 2002. Wet weather in the fall, as well as the slow down in the economy and increased competition for the golfer's dollar in the Kansas City area has contributed to this reduction.
- Golf Course operating expenses for the year totaled \$1,971,866. This was a 2.2% increase from the previous years operating expenses of \$1,929,303. The increase was primarily in depreciation expense.
- Total net assets of Ironhorse Golf Course at the end of the fiscal year totaled \$905,041 an increase of \$121,307. Included in this total is a transfer from the General Fund of \$165,637. Without considering this transfer, net assets would have decreased by \$44,330.

Analysis of the Fund Financial Statements

As noted earlier, the City of Leawood uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City of Leawood's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City of Leawood's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

General Fund. The general fund is the chief operating fund of the City of Leawood. At the end of the current fiscal year, total fund balance of the General Fund was \$10,847,154 an increase of \$1,616,404 over the beginning balance of \$9,230,750. The City evaluated the collectibility of its long-term accounts receivables from Ironhorse Golf Course, a City owned proprietary fund, and as a matter of prudence has placed a reserve against them. Although not legally restricted, the City has not considered these receivables, totaling \$1,043,082 to be available for meeting budgetary requirements in 2003, or anytime in the near future. We consider this reservation a matter of fiscal management.

Debt Service Fund. The balance of \$2,912,003 was up \$422,131 from last year. This balance represents 55.4% of the 2003 annual debt service payments.

Capital Projects. The fund balance in the City's Major Capital Project Fund resulted in a deficit of (\$1,738,535). The deficit was a result of recording payables and expenses for projects in progress at December 31, 2003.

As of the close of the current fiscal year, the City of Leawood's governmental funds reported combined ending fund balances of \$19,059,349, an increase of \$1,454,880 in comparison with the prior year. The increase in governmental funds was a result of an increase in City and county use-taxes, building permits, and property taxes. In addition, operating expenditures were lower in 2003 due to conservative fiscal spending as well as the completion of fewer capital projects costs.

Proprietary Funds. The City's Golf Course, Ironhorse, is the City's only enterprise fund and is described under Business-type Activity.

General Fund Budgetary Highlights

During the fiscal year, the City did not formally amend its budget. On a budgetary basis, which can be found in the *Required Supplementary Information* on schedules 1 and 2, the revenues and other sources, over expenditures and encumbrances resulted in an excess of \$1,707,352. As previously discussed, increases in the area of fines and costs, county and city use tax and building permits increased revenues over the approved budget by \$579,430. Expenditures were significantly less than what was budgeted. In the fall of 2002, the State unexpectedly cut all cities' budgets with the elimination of demand transfers. Leawood's share was approximately \$650,000. When that happened the City Administrator along with the Governing Body decided to hold back on spending initiatives and make some cut backs in 2003, in the event the State legislation eliminated other demand transfers. As a result of those actions, spending was considerably lower than initially budgeted. Over \$934,000 in wages and benefits was not spent that had been budgeted. Hiring was delayed and raises were reduced. Some newly budgeted positions were allowed to start later in the fiscal year, while others were delayed until 2004. Some operating costs were also affected by these actions, although all essential needs were met. Another large reduction in spending occurred in the parks department because in the delay in construction of I-Lan and IRONWOODS parks. Over \$200,000 in operating costs was not spent because of this. Also operating insurance deductibles were raised to obtain greater savings in actual premium dollars spent. The payment for legal services was reduced by \$100,000, because no major outside legal counsel was needed in 2003. All in all operating expenses were \$2,205,715 lower than initially expected.

Capital Asset and Debt Administration

Capital assets. The amount invested in capital assets for the City at December 31, 2003, is \$275,678,589, net of accumulated depreciation. This amount includes all infrastructure assets acquired during 2003, as well as streetlights, traffic signals and land/right-of-way, bridges and streets, existing at and acquired subsequent to 1948 and still in use. The City has recorded all retroactive assets, with the exception of storm water sewer systems. We anticipate that this will not be completed until 2006. The following chart breaks down the City's capital asset balance into the various categories of assets.

City of Leawood's Capital Assets
(Net of depreciation)
Figure 4

	Governmental	Business-type	Total
	Activities	Activities	
	2003	2003	2003
Land/Right of Way	\$ 83,434,803	\$ 1,582,576	\$ 85,017,379
Buildings and Improvements	18,521,784	5,500,952	24,022,736
Machinery and equipment	1,876,478	511,843	2,388,321
Infrastructure	146,827,278	-	146,827,278
Vehicles and motorized equipment	2,332,318	21,777	2,354,095
Construction in progress	15,068,780	-	15,068,780
Total	\$ 268,061,441	\$ 7,617,148	\$ 275,678,589

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. The City manages the eligible infrastructure capital assets using an asset management system with 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.

Under GASB 34, eligible infrastructure capital assets are not required to be depreciated under the following requirements:

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 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 2003, 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 service provider's last three inspection reports show the following condition assessments: October - 99.7%; November - 99.5%; December - 99.7%.

All other assets and infrastructure are depreciated on a straight-line basis.

Major capital asset transactions during the year include the following additions and disposals:

- The City received \$6,094,017 in donated infrastructure assets from developers.
- Construction in progress consists of \$15,068,780 in governmental-type activities for Park projects, Fire Station #2 remodeling, as well as for street, storm water, and bridge construction projects.

- The City retroactively added \$117,253,200, net of accumulated depreciation of \$42,277,786, in streets and streetlight infrastructure to capital assets, which restated the 2003 beginning balance.

Additional information on the City's capital assets can be found in Note 1 Item D. and Note 3 Item F. to the Basic Financial Statements.

Long-term Debt. As of December 31, 2003, the City of Leawood had total bonded debt outstanding of \$51,000,000. Of this, \$48,165,000 in debt is backed by the full faith and credit of the City. The remainder of \$2,835,000 represents revenue bonds secured solely by a lease agreement from the City of Leawood to the Public Building Commission.

**City of Leawood's Outstanding Debt
General Obligation and Revenue Bonds
(In thousands)**

Figure 5

	Governmental Activities		Business-type Activities		Total	
	2003	2002	2003	2002	2003	2002
General obligation bonds	\$ 43,523	\$ 41,986	\$ 4,642	\$ 4,934	\$ 48,165	\$ 46,920
Certificates of Participation	-	200	-	-	-	200
Revenue bonds	2,835	3,045	-	-	\$ 2,835	\$ 3,045
Total	\$ 46,358	\$ 45,231	\$ 4,642	\$ 4,934	\$ 51,000	\$ 50,165

The City of Leawood maintained its AAI bond rating from Moody's Investor Service for the 10th consecutive year. This bond rating is a clear indication of the sound financial condition of the City of Leawood. This achievement is a primary factor in keeping interest costs low on the City's outstanding debt.

- The City of Leawood's general obligation and revenue bond debt increased by \$1,327,500 or 2.94% during the current fiscal year. The key factor in this increase was the issuance of bonds for the construction of Roe Ave-135th to 137th Streets, Lee Blvd, and 133rd - Mission to State Line, which almost offset the scheduled retirements of existing debt made in 2003.

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 of Leawood is \$176,694,980. The City has \$1,050,000 in bonds authorized but un-issued at December 31, 2003.

Additional information regarding the City of Leawood's long-term debt can be found in Note 3 Item I. beginning on page 50 of this report.

Economic Factors and Next Year's Budgets and Rates

The City's elected and appointed officials considered many factors when setting the fiscal year 2004 budget. For the 2004 budget the Governing Body approved a mill levy increase of 2.25 mills for City parks. This mill levy was explained to the voter's at the time of the referendum in 1998 and is needed to cover the debt for \$12.5 million in parks improvements made since 2000. The City Staff was also directed to refund any outstanding debt in order to benefit from record low interest rates. That was accomplished early in 2004, and saved the City \$442,000 in debt service payments over the next ten years. In the fall of 2002, the State eliminated approximately \$650,000 in demand transfers to the City.

Requests for Information

This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance, City of Leawood, 4800 Town Center, Leawood, KS 66211.

City of Leawood, Kansas

Statement of Net Assets

December 31, 2003

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Pooled cash and investments	\$ 28,490,349	\$ 53,350	\$ 28,543,699
Restricted Assets	205,442	-	205,442
Receivables - (net of allowance for uncollectibles):			
Property Tax	8,383,788	-	8,383,788
Sales tax	2,022,856	-	2,022,856
Franchise tax	665,411	-	665,411
Special assessments - current	1,114,935	-	1,114,935
Intergovernmental	604,155	-	604,155
Interest	65,516	-	65,516
Accounts	-	41,109	41,109
Inventory and prepaid expenses	33,917	48,709	82,626
Internal balances	1,847,701	(1,847,701)	-
Bond Issuance costs, net	866,584	-	866,584
Special assessment receivables - noncurrent	6,984,275	-	6,984,275
Capital Assets:			
Land and other capital assets, non-depreciable	109,407,401	1,582,576	110,989,977
Other capital assets, net of depreciation	158,654,041	6,034,572	164,688,613
Total assets	<u>319,346,371</u>	<u>5,912,615</u>	<u>325,258,986</u>
Liabilities			
Accounts payable	1,104,843	35,238	1,140,081
Due to employees and others	680,292	15,806	696,098
Deferred revenue	8,733,889	64,834	8,798,723
Temporary notes payable	12,600,000	-	12,600,000
Accrued interest payable	837,358	-	837,358
Municipal court	78,462	-	78,462
Long-term liabilities:			
Due within one year	4,855,724	408,856	5,264,580
Due in more than one year	43,474,853	4,482,840	47,957,693
Total liabilities	<u>72,365,421</u>	<u>5,007,574</u>	<u>77,372,995</u>
Net Assets			
Invested in capital assets, net of related debt	221,394,614	2,725,452	224,120,066
Restricted for:			
Capital projects	990,212	-	990,212
Debt service	2,107,384	-	2,107,384
Other purposes	6,908	-	6,908
Unrestricted (deficit)	22,481,832	(1,820,411)	20,661,421
Total net assets	<u>\$ 246,980,950</u>	<u>\$ 905,041</u>	<u>\$ 247,885,991</u>

See accompanying notes to the basic financial statements

City of Leawood, Kansas
 Statement of Activities
 For the Year Ended December 31, 2003

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$ 4,178,147	\$ 2,209,868	\$ -	\$ -	\$ (1,968,279)	\$ -	\$ (1,968,279)
Public safety	9,853,624	99,639	101,868	23,828	(9,628,289)	-	(9,628,289)
Public works	10,153,561	2,132,951	511,477	12,794,665	5,285,532	-	5,285,532
Parks and recreation	3,065,427	988,692	-	-	(2,076,735)	-	(2,076,735)
Interest on long-term debt	2,407,122	-	-	-	(2,407,122)	-	(2,407,122)
Total government activities	29,657,881	5,431,150	613,345	12,818,493	(10,794,893)	-	(10,794,892)
Business-type activities:							
Golf Course	2,214,698	2,038,317	-	-	-	(176,381)	(176,381)
Total business-type activities	2,214,698	2,038,317	-	-	-	(176,381)	(176,381)
Total primary government	\$31,872,579	\$ 7,469,467	\$ 613,345	\$ 12,818,493	(10,794,893)	(176,381)	(10,971,274)
General revenues:							
Taxes:							
Property taxes, levied for general purpose					8,695,788	-	8,695,788
Property taxes, levied for debt service					3,991,063	-	3,991,063
Sales taxes					9,749,898	-	9,749,898
Franchise taxes					2,292,152	-	2,292,152
Other taxes					1,038,942	-	1,038,942
Grants and contributions not restricted to specific programs					978,629	-	978,629
Unrestricted investment earnings					438,926	937	439,863
Miscellaneous					166,542	131,114	297,656
Transfers in (out)					(165,637)	165,637	-
Total general revenue and transfers					27,186,303	297,688	27,483,991
Change in net assets					16,391,410	121,307	16,512,717
Net assets-beginning of year, as restated					230,589,540	783,734	231,373,274
Net assets-end of year					\$ 246,980,950	\$ 905,041	\$247,885,991

See accompanying note to the basic financial statements

City of Leawood, Kansas

Balance Sheet
Governmental Funds
December 31, 2003

	General Fund	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets:					
Pooled cash and investments	\$ 8,357,802	\$ 2,084,001	\$ 11,096,108	\$ 6,952,438	\$ 28,490,349
Restricted assets	108,162	-	-	97,280	205,442
Receivables (net of allowance for uncollectibles)					
Property tax	4,267,780	4,116,008	-	-	8,383,788
Sales tax	1,774,967	-	134,366	113,523	2,022,856
Franchise tax	665,411	-	-	-	665,411
Interest	6,707	23,383	20,649	14,777	65,516
Intergovernmental	252,118	113,282	-	238,755	604,155
Special assessments	-	8,099,210	-	-	8,099,210
Inventory and prepaid expenses	21,894	-	-	12,023	33,917
Advance due from other funds	1,043,082	804,619	-	-	1,847,701
Total assets	\$ 16,497,923	\$ 15,240,503	\$ 11,251,123	\$ 7,428,796	\$ 50,418,345
Liabilities:					
Accounts payable and accrued liabilities	\$ 387,416	\$ -	\$ 327,358	\$ 390,069	\$ 1,104,843
Due to employees and others	680,292	-	-	-	680,292
Deferred revenue	4,504,599	12,328,500	-	-	16,833,099
Temporary notes payable	-	-	12,600,000	-	12,600,000
Accrued interest payable	-	-	62,300	-	62,300
Municipal court bonds	78,462	-	-	-	78,462
Total liabilities	5,650,769	12,328,500	12,989,658	390,069	31,358,996
Fund balances:					
Reserved for:					
Encumbrances	175,000	-	-	122,309	297,309
Inventory and prepaid expenses	21,894	-	-	12,023	33,917
Debt service	-	2,107,384	-	-	2,107,384
Other purposes	-	-	-	97,280	97,280
Advances due from other funds	1,043,082	804,619	-	-	1,847,701
Unreserved (deficit)	9,607,178	-	(1,738,535)	-	7,868,643
Unreserved, reported in non-major funds:					
Special revenue funds	-	-	-	183,656	183,656
Capital projects funds	-	-	-	6,623,459	6,623,459
Total fund balances (deficit)	10,847,154	2,912,003	(1,738,535)	7,038,727	19,059,349
Total liabilities and fund balances	\$ 16,497,923	\$ 15,240,503	\$ 11,251,123	\$ 7,428,796	\$ 50,418,345

Exhibit C
(continued)

City of Leawood, Kansas
Reconciliation of the Balance Sheet to the Statement of Net Assets
Governmental Funds
For the Year Ended December 31, 2003

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

Ending fund balances - total governmental funds \$ 19,059,349

Governmental funds report capital outlays as expenditures. However, in the Statement of Net Assets the cost of those assets is capitalized and shown at cost, net of accumulated depreciation. This is the amount of net capital assets reported in the Statement of Net Assets 268,061,442

Long-term assets are not available to pay for current period expenditures and are therefore deferred in the fund statements. 8,099,210

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 assets. Also, governmental funds report the effect of issuance costs, 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:*

Bond issuance costs, net	866,584
Accrued interest payable	(775,058)
Long-term debt	<u>(48,330,577)</u>

Total net assets of governmental activities \$ 246,980,950

See accompanying notes to the basic financial statements

City of Leawood, Kansas
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2003

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$15,122,752	\$3,991,063	\$ -	\$ 519,724	\$ 19,633,539
Licenses and permits	2,113,058	-	318,511	222,711	2,654,280
Intergovernmental	5,245,359	492,225	1,091,703	1,707,683	8,536,970
Charges for services	1,090,801	-	-	-	1,090,801
Fines and forfeitures	1,686,069	-	-	-	1,686,069
Special Assessments	-	1,078,020	-	-	1,078,020
Interest	130,168	73,825	152,439	82,494	438,926
Contributions and others	38,834	15,000	147,177	162,676	363,687
Total Revenues:	<u>25,427,041</u>	<u>5,650,133</u>	<u>1,709,830</u>	<u>2,695,288</u>	<u>35,482,292</u>
Expenditures:					
Current:					
General government	3,928,204	-	-	22,966	3,951,170
Public Safety	9,136,590	-	-	49,285	9,185,875
Public Works	3,954,668	-	-	-	3,954,668
Parks and recreation	2,387,791	-	-	159,403	2,547,194
Capital Outlay	-	-	7,470,457	5,498,342	12,968,799
Debt Service:					
Principal retirements	313,393	3,522,500	-	30,000	3,865,893
Interest and fiscal charges	36,939	1,732,073	238,247	156,601	2,163,860
Total Expenditures	<u>19,757,585</u>	<u>5,254,573</u>	<u>7,708,704</u>	<u>5,916,597</u>	<u>38,637,459</u>
Excess of revenues over (under) expenditures	<u>5,669,456</u>	<u>395,560</u>	<u>(5,998,874)</u>	<u>(3,221,309)</u>	<u>(3,155,167)</u>
Other financing sources (uses):					
Transfers in	119,300	26,571	-	4,334,765	4,480,636
Transfers out	(4,172,352)	-	(26,571)	(447,350)	(4,646,273)
Payments to escrow agent to refund bonds	-	-	-	(3,119,316)	(3,119,316)
Proceeds from refunding bonds	-	-	-	2,835,000	2,835,000
Proceeds from borrowing	-	-	5,060,000	-	5,060,000
Total other financing sources (uses)	<u>(4,053,052)</u>	<u>26,571</u>	<u>5,033,429</u>	<u>3,603,099</u>	<u>4,610,047</u>
Net changes in fund balances	1,616,404	422,131	(965,445)	381,790	1,454,880
Fund balances (deficit) at beginning of year	9,230,750	2,489,872	(773,090)	6,656,937	17,604,469
Fund balances (deficit) at end of year	<u>\$10,847,154</u>	<u>\$2,912,003</u>	<u>\$ (1,738,535)</u>	<u>\$ 7,038,727</u>	<u>\$ 19,059,349</u>

See accompanying notes to the basic financial statements

Exhibit D
(continued)

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, 2003

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

Net changes in fund balances - total governmental funds	\$	1,454,880
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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		11,441,720
Depreciation expense		(5,966,415)

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		7,094,018
Change in deferred revenue for tax revenues		3,638,618

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 assets. Also, governmental funds report the effect of issuance costs, 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 issuance costs		(46,866)
Interest expense		(122,080)
Issuance of long-term debt		(7,895,000)
Payment of long-term debt		6,910,893

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		(118,358)
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Total changes in net assets of governmental activities	\$	<u>16,391,410</u>
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See accompanying notes to the basic financial statements.

City of Leawood, Kansas
Statement of Net Assets - Proprietary Fund
December 31, 2003
(With Comparative Totals for December 31, 2002)

	Leawood Public Golf Course Fund	
	<u>2003</u>	<u>2002</u>
Assets:		
Current assets:		
Pooled cash and investments	\$ 53,350	\$ 138,325
Receivables - (net of allowance for uncollectibles)	41,109	17,465
Inventory	48,709	35,346
Total current assets	<u>143,168</u>	<u>191,136</u>
Capital assets:		
Land	1,582,576	1,582,576
Other capital assets, net of depreciation	6,034,572	6,089,633
Total capital assets	<u>7,617,148</u>	<u>7,672,209</u>
Total assets	<u>7,760,316</u>	<u>7,863,345</u>
Liabilities:		
Current Liabilities:		
Accounts payable and accrued liabilities	35,238	57,699
Accrued wages	15,806	8,139
Deferred Revenue	64,834	46,976
Current portion of general obligation bonds payable	307,700	292,500
Current portion of capital lease obligations	101,156	111,433
Total current liabilities	<u>524,734</u>	<u>516,747</u>
Noncurrent liabilities:		
Advances due to other funds	1,847,701	1,847,701
Capital lease obligations	148,840	73,463
General obligation bonds payable	4,334,000	4,641,700
Total noncurrent liabilities	<u>6,330,541</u>	<u>6,562,864</u>
Total liabilities	<u>6,855,275</u>	<u>7,079,611</u>
Net Assets:		
Invested in capital assets, net of related debt	2,725,452	2,553,113
Unrestricted (deficit)	(1,820,411)	(1,769,379)
Total net assets	<u>\$ 905,041</u>	<u>\$ 783,734</u>

See accompanying notes to the basic financial statements

Exhibit F

City of Leawood, Kansas

Statement of Revenues, Expenses, and Changes in Fund Net Assets -
Proprietary Fund

For the year ended December 31, 2003
(With Comparative Totals for December 31, 2002)

	Leawood Public Golf Course Fund	
	<u>2003</u>	<u>2002</u>
Operating revenues:		
Golf Course revenue	\$ 2,038,317	\$2,187,859
Total operating revenues	<u>2,038,317</u>	<u>2,187,859</u>
Operating expenses:		
Golf course expenses	1,641,807	1,610,813
Depreciation and amortization	330,059	318,490
Total operating expenses	<u>1,971,866</u>	<u>1,929,303</u>
Operating income	<u>66,451</u>	<u>258,556</u>
Nonoperating revenue (expense):		
Interest income	937	7,160
Interest expense	(242,832)	(260,558)
Other income	131,114	26,699
Total nonoperating revenues (expenses)	<u>(110,781)</u>	<u>(226,699)</u>
Transfers in	<u>165,637</u>	<u>-</u>
Change in net assets	121,307	31,857
Net assets at beginning of year	<u>783,734</u>	<u>751,877</u>
Net assets at end of year	<u>\$ 905,041</u>	<u>\$ 783,734</u>

See accompanying note to the basic financial statements

City of Leawood, Kansas
Statement of Cash Flows - Proprietary Funds
For the Year Ended December 31, 2003
(With Comparative Totals for December 31, 2002)

	Leawood Public Golf Course Fund	
	<u>2003</u>	<u>2002</u>
Cash flows from operating activities:		
Receipts from customers	\$ 2,032,531	\$ 2,191,649
Payments to suppliers and contractors	(1,650,685)	(1,555,907)
Net cash provided by operating activities	<u>381,846</u>	<u>635,742</u>
Cash flows from noncapital and related financing activities:		
General fund transfer	<u>165,637</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	(19,627)	(220,989)
Principal paid on capital debt	(499,401)	(389,010)
Interest paid on capital debt	(242,831)	(260,558)
Sale of equipment	128,464	19,120
Net cash (used) by capital and related financing activities	<u>(633,395)</u>	<u>(851,437)</u>
Cash flows from investing activities:		
Interest and dividends	<u>937</u>	<u>7,160</u>
Net cash provided by investing activities	<u>937</u>	<u>7,160</u>
Net (decrease) in cash and cash equivalents	(84,975)	(208,535)
Cash and cash equivalents at beginning of year	<u>138,325</u>	<u>346,860</u>
Cash and cash equivalents at end of year	<u>\$ 53,350</u>	<u>\$ 138,325</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	<u>\$ 66,451</u>	<u>\$ 266,135</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	330,059	318,490
Loss on sale of equipment	19,279	-
Change in operating assets and liabilities:		
Receivables, net	(23,644)	(13,137)
Inventories	(13,363)	35,866
Accounts payable and other liabilities	(14,794)	19,038
Deferred revenue	17,858	9,350
Total adjustments	<u>315,395</u>	<u>369,607</u>
Net cash provided by operating activities	<u>\$ 381,846</u>	<u>\$ 635,742</u>
Noncash capital and related financing activities:		
Capital lease obligation for purchase of capital assets	<u>\$ 272,000</u>	<u>\$ 93,074</u>

See accompanying notes to the basic financial statements.

City of Leawood, Kansas
Statement of Assets and Liabilities
Fiduciary Fund
December 31, 2003

Assets	<u>Agency Fund - Employee Giving</u>
Pooled cash and investments	\$ 1,550
Total Assets	<u>\$ 1,550</u>
 Liabilities	
Due to employees	<u>\$ 1,550</u>

See accompanying notes to the basic financial statements

City of Leawood, Kansas
Notes to the Basic Financial Statements
December 31, 2003

Note 1: Summary of Significant Accounting Policies

The City of Leawood, Kansas became a first class city effective December 31, 1998. The City previously operated as a second class city. The City operates under the Mayor-Council form of government with the addition of a City Administrator. The City covers an area of approximately fifteen square miles in northeastern Johnson County, Kansas. The City provides many services to its estimated 30,045 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 Government Standards Accounting Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The City applies all applicable pronouncements of the Financial Accounting Standards Board (FASB), issued before November 30, 1989, in accounting and reporting for its proprietary operations unless these pronouncements conflict with applicable Governmental Accounting Standards Board (GASB) guidance as prescribed by GASB Statement of Financial Accounting Standards No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting."

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

A. Reporting Entity

These financial statements present the City and its component unit, the Leawood Public Building Commission (PBC). As defined by GASBS No. 14, component units are legally separate entities that are included in the City's financial statements because of the significance of their operating or financial relationship with the City.

The PBC is a not-for-profit corporation established to acquire assets and construct facilities and infrastructure for the benefit of the City by issuance of revenue bonds. The Public Building Revenue Bonds are payable from annually appropriated transfers made by the City to the PBC. The Board of Directors of the PBC is comprised of seven members, who are appointed by the Mayor of the City of Leawood and subject to approval of the City Council. The Mayor serves as the Commission Chairperson.

Although legally separate, the activities of the PBC are included in the Public Building Commission (Special Revenue) Fund as a blended component unit. No separately issued financial statements are prepared for the PBC.

City of Leawood, Kansas
Notes to the Basic Financial Statements
December 31, 2003

B. 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 assets and the statement of activities display information about the City, the primary government, as a whole, with the exclusion of fiduciary funds. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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.

The City's net assets are reported in three parts—invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. 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 assets 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. Non-major 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.

City of Leawood, Kansas
Notes to the Basic Financial Statements
December 31, 2003

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.

Proprietary Funds

Proprietary funds are used to account for the City's ongoing organizations and activities that are similar to those often found in the private sector. The City's only proprietary fund is the Leawood Public Golf Course Fund.

Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or agency capacity for others. The City maintains one agency fund related to amounts withheld from employees for charitable purposes.

C. 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 and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange 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 is a similar approach to that used in the preparation of the proprietary fund financial statements but 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.

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.

City of Leawood, Kansas
Notes to the Basic Financial Statements
December 31, 2003

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 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.

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.

Proprietary Fund Financial Statements

All proprietary funds are accounted for using the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. The economic resource measurement focus concerns determining costs as a means of maintaining the capital investment and management control. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as investment earnings, result from non-exchange transactions or ancillary activities.

Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the City has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The Leawood Public Golf Course Fund was established to provide for the payment of costs associated with the acquisition, construction, operation, and maintenance of the Leawood Public Golf Course. Any monies received by the City from any source which may be lawfully utilized for such purpose may be deposited to the fund established by this ordinance.

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. The reporting focus is on net assets. Changes in net assets and are reported using accounting principles similar to proprietary funds.

The City's fiduciary fund is presented in the fiduciary funds financial statements by type. Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, 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 the Basic Financial Statements
December 31, 2003

D. Financial Statement Accounts

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Pooled Cash and Investments

Pooled cash and investments include cash, certificates of deposit, and investment in the State Municipal Investment Pool and are recorded on the financial statements at fair value, which approximates cost.

Cash and Cash Equivalents

The City considers demand deposits and investments purchased with an original maturity of three months or less, which are not limited as to use, to be cash and cash equivalents.

Inventories

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.

Capital Assets

Capital assets, which include property, equipment, and infrastructure assets (e.g. roads/curbs, bridges, storm drainage systems, etc.) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. In the governmental fund statements, capital assets are charged to expenditures as purchased, and capitalized in the proprietary fund statements. 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 and other capital outlays 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 the Basic Financial Statements
December 31, 2003

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided on the straight-line basis over the following estimated useful lives:

Assets	Years
Buildings/building improvements	20-40
Land Improvements	20-40
Machinery & equipment	5-10
Vehicles	5-15
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. Each major infrastructure network can be divided into subsystems. For example, the street network can be subdivided into pavement, curbs, gutters, sidewalks, land, medians, etc. These networks and subsystems are not delineated in the basic financial statements

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 will be 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 will be generated for the City indicating the number of lights that are out. The City Engineer will review 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 will be \$195,000.

City of Leawood, Kansas
Notes to the Basic Financial Statements
December 31, 2003

During 2003, the City implemented the retrospective reporting requirements of GASB 34 for all infrastructure capital assets except for the storm drainage system. The City will report the storm drainage systems' assets within the time frame allowed under GASB 34.

Capital assets owned by the Leawood Public Golf Course Fund are stated at cost or estimated historical cost. Contributions of capital assets received are recorded at fair value at the time received. Additions or improvements and other capital outlays that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

<u>Assets</u>	<u>Years</u>
Buildings	30
Golf course improvements	33-50
Equipment	5-10

The City has elected to set a capitalization threshold for capital assets used for business-type activities at \$500. Items below this threshold are expensed rather than capitalized.

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 up to the equivalent of twenty-four days 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 sick leave is recorded as a long-term liability of the City.

Long-Term Liabilities

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

All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds payable, capital leases payable and accrued compensated absences.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures. The accounting for the proprietary fund is the same in the fund statements as it is in the government-wide statements.

City of Leawood, Kansas
Notes to the Basic Financial Statements
December 31, 2003

Special Assessments

Kansas' statutes require projects financed in part by special assessments to be financed through the issuance of general obligation bonds of the City and are retired from the Debt Service Fund. 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 revenue.

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 goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets.

Interfund Transfers

City of Leawood, Kansas
Notes to the Basic Financial Statements
December 31, 2003

Deferred Revenue

The City has recorded deferred revenue in the General and Debt Service Funds relating to property taxes not considered available until the following year. Unredeemed gift certificates sold at the golf course are also included as deferred revenue in the Golf Course Fund.

Note 2: Stewardship, Compliance, and Accountability

A. 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), Debt Service Fund, and Enterprise Funds. A legal operating budget is not required for Capital Projects Funds. There is no requirement to report actual to budget comparisons for the Enterprise Funds.

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, accounts payable, and encumbrances.

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. During 2003, there were amendments to the budget.

City of Leawood, Kansas
Notes to the Basic Financial Statements
December 31, 2003

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 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 monies 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, referendum, or by the State Board of Tax Appeals. In the event debt is issued, funds need not be on hand for future payments.

B. 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 June 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 revenues 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.

Note 3: Detailed Notes on All Funds

A. Deposits

Kansas statutes authorize the City, with certain restrictions, to deposit funds in open accounts, time deposits, certificate of deposit, repurchase agreements and United States treasury bills and notes. Statutes also require that collateral pledged must have a fair market value equal to 100% of the funds on deposit, less insured amounts and the underlying investments must be assigned for the benefit of the City. The statutes provide for an exception for peak deposit periods during tax paying time where, for a period of sixty days, the amount of required collateral can be reduced by one-half. Collateral securities must be held by the city or an independent third party and must be of the kind prescribed by state statutes and approved by the State. The City may invest in the State of Kansas Municipal Investment Pool, which is operated by the State Treasurer and is not an SEC registered pool. The Pooled Money Investment Board provides the regulatory oversight for this pool. At December 31, 2003, the City held no investments in the State Municipal Investment Pool.

City of Leawood, Kansas
Notes to the Basic Financial Statements
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Cash and investments are pooled. Investment income is allocated to the funds based on the respective investment and cash balances.

Deposits—At December 31, 2003, the carrying amount of the City's deposits was \$28,743,383 and the bank balance was \$29,404,033. The bank balance was covered by federal depository insurance and securities held by an agent in the City's name. The City's deposits are categorized to give an indication of the level of risk assumed by the City at year-end. Category 1 includes deposits that are insured or collateralized with securities held by the city or its agent in the City's name. Category 2 includes deposits collateralized with securities held by the City or by the pledging financial institution's trust department or agent in the City's name. Category 3 includes uncollateralized deposits or deposits collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the City's name. The deposits of \$29,404,033 are all considered Category 1 deposits at December 31, 2003.

A reconciliation of cash and investments with the Statement of Net Assets is as follows:

Cash on hand	\$ 5,758
Carrying amount of deposits	28,743,383
Total cash and investments	<u>\$ 28,749,141</u>
Pooled cash and investments	\$ 28,543,699
Restricted cash	205,442
Total pooled cash and investments	<u>\$ 28,749,141</u>

B. 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 June 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, 2002 on which the 2003 levy was based was \$531,220,486.

The City's property tax levies per \$1,000 assessed valuation for the year ended December 31, 2003 recognized as revenue in 2003 were as follows:

	Levy (Mills)
General Fund	\$ 14.317
Debt Service Fund	7.503
	<u>\$ 21.820</u>

City of Leawood, Kansas
Notes to the Basic Financial Statements
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Taxes receivable represent property taxes levied on November 1, 2003 for 2004 which have been recorded as deferred revenue, and delinquent property taxes, City sales taxes, consumers' use tax, and franchise taxes which have been recorded as revenues.

C. Interfund Receivables/Payables

Individual fund receivable/payable balances at December 31, 2003 are as follows:

<u>Due From</u>	<u>Due To</u>		<u>Total</u>
	<u>General</u>	<u>Debt Service</u>	
Leawood Public			
Golf Course Fund	<u>\$ 1,043,082</u>	<u>\$ 804,619</u>	<u>\$ 1,847,701</u>

Amounts due from the Leawood Golf Course Fund to the General Fund and Debt Service Fund are for capital and operating advances. Repayment of the advances is not expected to occur within the next year. The City has recorded a reserve to the general fund and debt service fund balances in the amount of \$1,847,701, to reflect that the amounts due from the Leawood Public Golf Course Fund may not be available to meet current obligations. City staff does not anticipate the advances made to the Leawood Public Golf Course Fund can be repaid until the existing fund indebtedness is retired in September 2015.

D. Intergovernmental Revenues

	<u>Intergovernmental Revenues</u>				<u>Total</u>
	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	
<u>Intergovernmental revenues:</u>					
Federal:					
Bureau of Justice	\$ 14,059	-	-	2,136	\$ 16,195
State of Kansas:					
Special Liquor tax	182,239	-	-	364,478	546,717
Gasoline tax	781,485	-	-	-	781,485
Kansas Criminal Justice Multi-Jurisdictional Grant	109,502				109,502
County:					
County sales tax	2,986,169	-	615,301	-	3,601,470
County consumer's use tax	331,359	-	67,402	-	398,761
Motor vehicle tax	840,546	492,225	-	-	1,332,771
County assisted road system	-	-	409,000	301,115	710,115
Stormwater Management Advisory Council	-	-	-	1,039,954	1,039,954
	<u>\$ 5,245,359</u>	<u>\$ 492,225</u>	<u>\$ 1,091,703</u>	<u>\$ 1,707,683</u>	<u>\$ 8,536,970</u>

City of Leawood, Kansas
Notes to the Basic Financial Statements
December 31, 2003

E. Transfers

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

Transfers To	<u>Transfers From</u>			Total
	General Fund	Capital Projects Projects Fund	Other Governmental Funds	
<u>Governmental Activities</u>				
General Fund	\$ -	\$ -	\$ 119,300	\$ 119,300
Debt Service Fund	-	26,571	-	26,571
Other Governmental Funds	4,006,715	-	328,050	4,334,765
<u>Business-type Activities</u>				
Golf Course Fund	165,637			165,637
Total	\$ 4,172,352	\$ 26,571	\$ 447,350	\$ 4,646,273

Transfers from/to other funds consisted of the following:

From the General Fund to:

Public Buildings Commission Fund for debt service expenditures.	\$ 413,340
<i>Municipal Equipment Reserve Fund for capital expenditures.</i>	824,600
Street Improvements Fund for capital expenditures.	2,418,550
Capital Improvements Fund for capital expenditures.	269,400
City Art Fund for capital expenditures.	80,825
Golf Course Fund for operations	165,637
	<u>4,172,352</u>

From Other Governmental Funds:

From the Special Alcohol Fund to:

<i>General Fund for expenditure reimbursement.</i>	119,300
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From Capital Improvements Fund to:

Street Improvements Fund for capital expenditures.	325,000
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From Municipal Equipment Reserve Fund to:

Byrne Grant Fund for expenditure reimbursement.	3,050
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447,350

From Capital Project Fund to:

Debt Service Fund for debt service expenditures.	26,571
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Total **\$ 4,646,273**

City of Leawood, Kansas
Notes to the Basic Financial Statements
December 31, 2003

F. Capital Assets

Capital asset activity for the year ended December 31, 2003 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 6,180,513	\$ -	\$ -	\$ 6,180,513
Infrastructure	84,565,016	3,593,092	-	88,158,108
Construction in progress	11,950,164	10,409,754	7,291,138	15,068,780
Total capital assets not being depreciated	<u>102,695,693</u>	<u>14,002,846</u>	<u>7,291,138</u>	<u>109,407,401</u>
Capital assets being depreciated:				
Buildings and improvements	22,831,204	599,102	-	23,430,306
Machinery and equipment	1,548,377	261,872	-	1,810,249
Office equipment	1,866,435	88,253	-	1,954,688
Furniture and fixtures	41,088	-	-	41,088
Automobiles	978,293	272,373	34,095	1,216,571
Trucks	3,748,024	170,708	102,148	3,816,584
Infrastructure	173,263,018	10,431,720	-	183,694,738
Total capital assets being depreciated	<u>204,276,439</u>	<u>11,824,028</u>	<u>136,243</u>	<u>215,964,224</u>
Less accumulated depreciation for:				
Buildings and improvements	4,231,522	677,000	-	4,908,522
Machinery and equipment	879,261	133,856	-	1,013,117
Office equipment	699,034	205,069	-	904,103
Furniture and fixtures	4,109	8,218	-	12,327
Automobiles	489,951	174,586	34,095	630,442
Trucks	1,851,666	320,877	102,148	2,070,395
Infrastructure	43,324,469	4,446,809	-	47,771,278
Total accumulated depreciation	<u>51,480,012</u>	<u>\$ 5,966,415</u>	<u>\$ 136,243</u>	<u>57,310,184</u>
Total capital assets being depreciated, net	<u>152,796,427</u>			<u>158,654,040</u>
Governmental activity capital assets, net	<u>\$ 255,492,120</u>			<u>\$ 268,061,441</u>

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

General government	\$ 200,652
Public safety	663,779
Public works	4,825,425
Parks and recreation	276,559
Total depreciation expense	<u>\$ 5,966,415</u>

City of Leawood, Kansas
Notes to the Basic Financial Statements
December 31, 2003

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 1,582,576	\$ -	\$ -	\$ 1,582,576
Capital assets being depreciated:				
Course improvements	5,703,666	-	-	5,703,666
Building	1,426,430	-	-	1,426,430
Machinery and equipment	1,004,211	382,531	369,690	1,017,052
Office equipment	23,801	-	-	23,801
Furniture and fixtures	41,164	-	-	41,164
Automobiles	12,347	23,747	-	36,094
Total capital assets being depreciated	8,211,619	406,278	369,690	8,248,207
Less accumulated depreciation for:				
Course improvements	1,153,964	170,197	-	1,324,161
Building	266,316	38,667	-	304,983
Machinery and equipment	628,687	117,048	238,411	507,324
Office equipment	22,824	883	-	23,707
Furniture and fixtures	37,848	1,295	-	39,143
Automobiles	12,347	1,970	-	14,317
Total accumulated depreciation	2,121,986	\$ 330,060	\$ 238,411	2,213,635
Total capital assets being depreciated, net	6,089,633			6,034,572
Business-type activity capital assets, net	\$ 7,672,209			\$ 7,617,148

City of Leawood, Kansas
Notes to the Basic Financial Statements
December 31, 2003

G. Capital Projects Authorized

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

Project Name	Authorized	Project-to-date at year-end
Roe Avenue: 124th to 135th	\$ 7,691,865	\$ 896,653
I-Lan Park	1,050,000	895,825
Ironwoods Park	6,050,000	5,671,733
State Line: Phase IV	3,680,000	1,534,170
Nall 135th to 143rd	3,884,095	395,803
Fire Station #2	1,165,184	1,061,649
Public Works Complex	5,906,562	4,916,494
92nd and State Line Traffic Signal	240,081	6,523
119th and Mission Intersection	5,029,204	1,363,860
143rd Street	160,000	158,913
151st: Nall to Glenwood	950,000	898,549
Roe Avenue: 135th to 137th	1,350,000	996,922
Lee Boulevard: Phase II	1,184,532	1,220,695
133rd Mission to State Line	3,249,000	3,538,969
133rd Roe to Mission	1,453,652	1,279,231
Roe & Nall Ave, and 137th Street	840,608	102,453
137th and Briar	3,585,984	1,162,618
Mn Entry/Nall-N of 137th	1,422,832	-
	\$ 48,893,599	\$ 26,101,060

H. Temporary Notes

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

	Balance January 1, 2003	Additions	Retirements	Balance December 31, 2003
Temporary notes	\$9,100,000	\$23,400,000	\$19,900,000	\$12,600,000

At December 31, 2003, temporary notes consisted on the following:

Maturing October 1, 2004, interest of 2.00%	\$ 12,600,000
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City of Leawood, Kansas
Notes to the Basic Financial Statements
December 31, 2003

I. Long-Term Liabilities

The following is a summary of debt transactions of the City for the year:

	Balance January 1, 2003	Increases	Decreases	Balance December 31, 2003	Amount Due in 2004
<u>Governmental activities:</u>					
General obligation bonds to be paid with:					
Tax levies	\$ 37,037,000	\$ 632,345	\$ 2,791,700	\$ 34,877,645	\$ 2,883,845
Benefit district assessments	4,948,800	4,427,655	730,800	8,645,655	1,028,455
Revenue Bonds	3,045,000	2,835,000	3,045,000	2,835,000	75,000
Capital leases	1,518,505	-	343,393	1,175,112	230,692
Compensated absences*	678,807	515,450	397,092	797,165	637,732
Total Governmental activity debt	<u>\$ 47,228,112</u>	<u>\$ 8,410,450</u>	<u>\$ 7,307,985</u>	<u>\$ 48,330,577</u>	<u>\$ 4,855,724</u>

* Compensated absences typically have been liquidated in the general fund.

<u>Business-type activities:</u>					
General obligation bonds to be paid with:					
Golf course revenues	\$ 4,934,200	\$ -	\$ 292,500	\$ 4,641,700	\$ 307,700
Capital leases	184,895	272,000	206,899	249,996	101,156
Total Business-type activity debt	<u>\$ 5,119,095</u>	<u>\$ 272,000</u>	<u>\$ 499,399</u>	<u>\$ 4,891,696</u>	<u>\$ 408,856</u>

The detail of debt at December 31, 2003 follows:

Governmental Activities Debt:

General obligation bonds to be paid with tax levies:

\$3,155,000, Series 1992-A General Obligation Refunding Bonds due in annual installments through September 1, 2005; interest at 3.40% to 5.80%	\$ 265,000
\$5,654,700, Series 1996-A General Obligation Refunding Bonds due in annual installments through September 1, 2009	2,583,300
\$7,265,000, Series 1996-B General Obligation Improvement Bonds due in annual installments through September 1, 2010; interest at 3.50% to 5.00%	3,485,000
\$6,945,000, Series 1997 General Obligation Improvement Bonds due in annual installments through September 1, 2016; interest at 4.60% to 6.00%	3,800,000

City of Leawood, Kansas
Notes to the Basic Financial Statements
December 31, 2003

\$5,760,000, Series 1998-A General Obligation Improvement Bonds due in annual installments of \$475,000 to \$1,000,000 through September 1, 2013; interest at 3.65% to 5.50%	3,832,000
\$7,529,862, Series 2000 General Obligation Improvement Bonds due in annual installments of \$340,000 to \$465,000 through September 1, 2020; interest at 4.625% to 6.00%	6,505,000
\$9,300,000, Series 2001-A General Obligation Improvement Bonds due in annual installments of \$95,000 to \$245,000 through September 1, 2021; interest at 4.00% to 6.00%	8,725,000
\$5,050,000, Series 2002-A General Obligation Improvement Bonds due in annual installments of \$25,000 to \$375,000 through September 1, 2023; interest at 2.75% to 4.65%	5,050,000
\$632,345, Series 2003-A General Obligation Improvement Bonds due September 1, 2018; interest at 3.55% to 6.79%	<u>632,345</u>
Subtotal	<u>34,877,645</u>

General obligation bonds to be paid with benefit district assessments:

\$500,000, Series 1996-B General Obligation Improvement Bonds due in annual installments through September 1, 2010; interest at 3.50% to 5.00%	150,000
\$6,580,000, Series 1998-A General Obligation Improvement Bonds due in annual installments of \$475,000 to \$1,000,000 through September 1, 2013; interest at 3.65% to 5.50%	3,508,000
\$780,138, Series 2000 General Obligation Improvement Bonds due in annual installments of \$15,000 to \$34,138 through September 1, 2020; interest at 4.625% to 6.00%	560,000
\$4,427,655, Series 2003-A General Obligation Improvement Bonds due in annual installments of \$295,000 to \$297,655 through September 1, 2018; interest at 3.578%	<u>4,427,655</u>
Subtotal	<u>\$ 8,645,655</u>

Revenue bonds:

\$2,835,000 2003 Leawood Public Building Commission Bonds due in annual installments through September 1, 2012; interest at 2.00% to 3.00%	<u>2,835,000</u>
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Capital leases:

Lease for park land, due in semiannual installments through September 1, 2009; interest at 6.00%	630,000
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City of Leawood, Kansas
Notes to the Basic Financial Statements
December 31, 2003

Lease for street sweeper/backhoe due in semi-annual installments through March 1, 2004; interest at 4.40%	19,982
Lease for 800 Mhz radio due in semiannual installments through March 1, 2004; interest at 4.40%	104,159
Lease for fire ladder truck due in annual installments through September 14, 2008; interest at 4.76%	<u>420,971</u>

	<u>Subtotal</u>	<u>1,175,112</u>
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Compensated absences		797,165
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	<u>Total</u>	<u>\$ 48,330,577</u>
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Business-type Activity Debt:

Golf Course Enterprise Fund:

General obligation bonds:

\$5,440,300 1996-A General Obligation Refunding Bonds due in annual installments through September 1, 2015; interest at 3.50% to 5.00%	<u>\$ 4,641,700</u>
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Capital Leases:

Lease for golf carts due in semiannual installments through May 1, 2004, interest at 3.25%	207,000
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Lease for golf equipment, due in semiannual installments through March 1, 2004, interest at 4.40%	11,382
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Lease for golf equipment, due in semiannual installments through September 1, 2004, interest at 3.9%	<u>31,614</u>
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	<u>Subtotal</u>	<u>249,996</u>
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	<u>Total</u>	<u>\$ 4,891,696</u>
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City of Leawood, Kansas
Notes to the Basic Financial Statements
December 31, 2003

The annual debt service requirements to amortize general obligation bonds and capital lease obligations at December 31, 2003 are as follows:

Annual debt service requirements to maturity for general obligation bonds to be paid with tax levies:

Year	Principal Due	Interest Due	Total Due
2004	\$ 2,883,845	\$ 1,782,260	\$ 4,666,105
2005	2,921,000	1,484,146	4,405,146
2006	2,885,300	1,347,565	4,232,865
2007	2,813,300	1,212,372	4,025,672
2008	2,497,100	1,088,246	3,585,346
2009-2013	9,857,100	3,879,114	13,736,214
2014-2018	6,555,000	2,020,030	8,575,030
2019-2023	4,465,000	503,464	4,968,464
	<u>\$ 34,877,645</u>	<u>\$ 13,317,197</u>	<u>\$ 48,194,842</u>

Annual debt service requirements to maturity for general obligation bonds to be paid with benefit district assessments:

Year	Principal Due	Interest Due	Total Due
2004	\$ 1,028,455	\$ 309,112	\$ 1,337,567
2005	1,025,800	284,169	1,309,969
2006	1,025,800	246,592	1,272,392
2007	970,800	208,660	1,179,460
2008	970,800	173,541	1,144,341
2009-2013	2,119,000	530,466	2,649,466
2014-2018	1,505,000	178,690	1,683,690
	<u>\$ 8,645,655</u>	<u>\$ 1,931,230</u>	<u>\$ 10,576,885</u>

Annual debt service requirements to maturity for revenue bonds:

Year	Principal Due	Interest Due	Total Due
2004	\$ 75,000	\$ 85,250	\$ 160,250
2005	340,000	66,700	406,700
2006	350,000	59,900	409,900
2007	360,000	52,900	412,900
2008	365,000	45,700	410,700
2009-2012	1,345,000	88,425	1,433,425
	<u>\$ 2,835,000</u>	<u>\$ 398,875</u>	<u>\$ 3,233,875</u>

City of Leawood, Kansas
Notes to the Basic Financial Statements
December 31, 2003

Annual debt service requirements to maturity for capital leases to be paid with tax levies:

Year	Principal Due	Interest Due	Total Due
2004	\$ 230,692	\$ 60,569	\$ 291,261
2005	110,195	52,394	162,589
2006	114,012	46,777	160,789
2007	118,012	40,978	158,990
2008	122,201	34,989	157,190
2009	480,000	28,800	508,800
	<u>\$ 1,175,112</u>	<u>\$ 264,507</u>	<u>\$ 1,439,619</u>

Annual debt service requirements to maturity for general obligation bonds to be paid with golf course revenues:

Year	Principal Due	Interest Due	Total Due
2004	\$ 307,700	\$ 224,634	\$ 532,334
2005	323,200	211,249	534,449
2006	333,900	196,867	530,767
2007	350,900	181,674	532,574
2008	367,100	165,182	532,282
2009-2013	2,113,900	538,311	2,652,211
2014-2015	845,000	60,000	905,000
	<u>\$ 4,641,700</u>	<u>\$ 1,577,917</u>	<u>\$ 6,219,617</u>

Annual debt service requirements to maturity for capital leases to be paid with golf course revenues:

Year	Principal Due	Interest Due	Total Due
2004	\$ 101,156	\$ 8,018	\$ 109,174
2005	60,096	4,904	65,000
2006	88,744	2,924	91,668
	<u>\$ 249,996</u>	<u>\$ 15,846</u>	<u>\$ 265,842</u>

In 2003, the City issued \$2,835,000 of Leawood Public Building Refunding Revenue Bonds with an average interest rate of 2.5% to refund \$3,045,000 of outstanding Series 1996 Leawood Public Facility Revenue Series Bonds with an average interest rate of 5.0%. The net proceeds and additional funds of \$339,170 were deposited in trust with an escrow agent to provide for all future debt service payments on the 1996 Series Bonds. As a result, all of the 1996 Bonds are considered defeased and the liability for those bonds has been removed from the City's long-term debt. The City completed the refunding to reduce its debt service payments over the next nine years by \$248,100 and to obtain an economic gain of \$242,110.

City of Leawood, Kansas
Notes to the Basic Financial Statements
December 31, 2003

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 of Leawood is \$176,694,980.

Subsequent to year end, the City issued \$10,360,000 City of Leawood, Kansas General Obligation Refunding Bonds, Series 2004-A to refund portions of the Series 1996-A, 1996-B, 1997-A, and 2000-A general obligation bonds.

Capital leases

As discussed above, the City has land and equipment under capital leases in the governmental activities column of the government-wide statement of net assets and various items of golf equipment in the Leawood Public Golf Course Fund in the proprietary fund and business-type activities statement of net assets. 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 amortization, in the government-wide statement of net assets and the proprietary fund financial statements of net assets. As of December 31, 2003, the gross amount of capital assets under capital leases was \$1,240,000 in land and \$2,249,902 in equipment, net accumulated amortization of \$614,473 for governmental activities. The gross amount of capital assets under capital leases of golf equipment was \$489,475, net accumulated amortization of \$135,289 for business-type activities.

Note 4: Other Information

A. Commitments and Contingencies

Defined Benefit Pension Plan

Plan Description

The City participates in the Kansas Public Employees Retirement System (KPERS) and the Kansas Police and Firemen's Retirement System (KP&F). Both are part of a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS and KP&F provide retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS and KP&F jointly issue a publicly available financial report that includes financial statements and required supplementary information for each system. The report may be obtained by writing to KPERS (611 S. Kansas Avenue, Suite 100, Topeka, Kansas 66603-3803) or by calling 1-888-275-5737.

City of Leawood, Kansas
Notes to the Basic Financial Statements
December 31, 2003

Funding Policy

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary. K.S.A. 74-4975 establishes KP&F member-employee contribution rate at 7% of covered salary. The employer collects and remits member-employee contributions according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERS and KP&F are funded on an actuarial reserve basis. State law sets a limitation on annual increases in the employer contribution rates. The KPERS employer rate established by statute for calendar year 2003 is 3.07%. The City employer contributions to KPERS for the years ending December 31, 2003, 2002, and 2001 were \$171,768, \$145,154, and \$122,272, respectively, equal to the required contributions for each year. The KP&F uniform participating employer rate established for fiscal years beginning in 1996 is 9.65%. Employers participating in KP&F also make contributions to amortize the liability for past service costs, if any, which is determined separately for each participating employer. The City contributions to KP&F for the years ending December 31, 2003, 2002, and 2001 were \$426,624, \$424,398, and \$396,477, respectively, equal to the required contributions for each year.

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 2003 were \$81,333 and \$373,652, respectively.

2. Operating Leases

The City is committed under leases for office equipment. For accounting purposes, these leases are considered to be operating leases. Rental expenditures for the year ended December 31, 2003 amounted to \$ 52,911. Future minimum lease payments for these leases are as follows:

2004	\$	52,911
2005		52,911
2006		48,970
2007		2,034
		<u>\$ 156,826</u>

City of Leawood, Kansas
Notes to the Basic Financial Statements
December 31, 2003

3. 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.

4. Federal and State Grants

The City of Leawood 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.

B. 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. These reports include an estimate of the claims' costs.

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.

In addition, the City carries insurance for instances in which the City is held to be legally liable for bodily injury and property damage. These coverage's include general liability, firefighter's liability, automobile liability, physical damage to vehicles, law enforcement liability, public official's liability, and excess liability coverage. These coverage's provide \$500,000 limits per occurrence for all claims capped by the Kansas Tort Claims Act. Liabilities that fall outside the KTCA are insured to an additional \$10 million in excess liability limits with exception of Employment Practices Liability which is covered up to \$2,000,000. Other miscellaneous coverage purchased includes employee dishonesty, 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 2003, 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.

City of Leawood, Kansas
Notes to the Basic Financial Statements
December 31, 2003

C. Prior Period Adjustments and GASB 34 Implementation

During 2003, the City implemented the retrospective reporting requirements of GASB 34 for all infrastructure capital assets except for the storm drainage system. Accordingly, beginning capital assets balances and net assets have been restated by \$117,253,200. A detail of this adjustment is provided below:

Net assets as originally reported, December 31, 2002	\$113,336,340
Retroactive reporting of infrastructure, net of accumulated depreciation of \$42,277,786	<u>117,253,200</u>
Net assets as restated, December 31, 2002	<u>\$230,589,540</u>

City of Leawood, Kansas
Required Supplementary Information
December 31, 2003

Required supplementary information includes financial information and disclosures that are required by GASB 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 Expenditures – Budget and Actual – General Fund
- Comparison of Needed-to-Actual Maintenance/Preservation for Streetlights and Traffic Signals.

Budgetary Data

The City utilizes encumbrances for budgetary reporting purposes. Encumbrances relating to certain contractual agreements, supplies and equipment that have been ordered but not received are reported in the year the commitment arises for budgetary reporting purposes. However, for financial reporting purposes, the goods or services are reported when they are received.

City of Leawood, Kansas

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

General Fund

For the Year Ended December 31, 2003

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Revenues:			
Taxes	\$ 14,772,255	\$ 14,772,255	\$ 15,122,752
Licenses and permits	1,446,000	1,446,000	2,113,058
Intergovernmental	5,764,748	5,764,748	5,245,359
Charges for services	1,186,150	1,186,150	1,090,801
Fines and forfeitures	1,400,100	1,400,100	1,686,069
Interest	250,000	250,000	130,168
Contributions and other	28,358	28,358	38,834
	<u>24,847,611</u>	<u>24,847,611</u>	<u>25,427,041</u>
Total revenues			
Expenditures:			
Current:			
General government	4,492,860	4,492,860	3,926,131
Public safety	9,985,119	9,985,119	9,330,051
Public works	4,448,493	4,448,493	4,023,382
Parks and recreation	2,945,880	2,945,880	2,387,073
	<u>21,872,352</u>	<u>21,872,352</u>	<u>19,666,637</u>
Total expenditures	21,872,352	21,872,352	19,666,637
Excess of revenues over (under) expenditures	2,975,259	2,975,259	5,760,404
Other financing sources (uses):			
Transfers in	119,300	119,300	119,300
Transfers out	(8,051,303)	(8,051,303)	(4,172,352)
	<u>(7,932,003)</u>	<u>(7,932,003)</u>	<u>(4,053,052)</u>
Total other financing sources (uses)	(7,932,003)	(7,932,003)	(4,053,052)
Net changes in fund balances	\$ (4,956,744)	\$ (4,956,744)	1,707,352
Fund balance at beginning of year			9,230,750
Fund balances, end of year, budget basis			10,938,102
Encumbrances at beginning of year			(265,948)
Encumbrances at end of year			175,000
Fund balances end of year			\$ 10,847,154

Schedule 2

City of Leawood, Kansas
 Schedule of Expenditures - Budget vs. Actual - General Fund
 December 31, 2003

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
General government:			
Administration:			
Personal services	\$ 1,421,350	\$ 1,421,350	\$ 1,413,946
Contractual services	1,063,660	1,063,660	777,495
Commodities	112,200	112,200	117,205
Total administration	<u>2,597,210</u>	<u>2,597,210</u>	<u>2,308,646</u>
Planning and development:			
Personal services	461,400	461,400	440,906
Contractual services	65,900	65,900	16,987
Commodities	18,300	18,300	8,800
Total planning and development	<u>545,600</u>	<u>545,600</u>	<u>466,693</u>
Municipal Court:			
Personal services	378,700	378,700	353,807
Contractual services	31,250	31,250	24,580
Commodities	26,300	26,300	19,505
Total municipal court	<u>436,250</u>	<u>436,250</u>	<u>397,892</u>
Legal Services:			
Personal services	303,500	303,500	244,823
Contractual services	164,600	164,600	40,719
Commodities	2,200	2,200	2,475
Total legal services	<u>470,300</u>	<u>470,300</u>	<u>288,017</u>
Information Services:			
Personal services	374,900	374,900	365,790
Contractual services	46,600	46,600	21,867
Commodities	22,000	22,000	77,226
Total information services	<u>443,500</u>	<u>443,500</u>	<u>464,883</u>
Total general government	<u>4,492,860</u>	<u>4,492,860</u>	<u>3,926,131</u>

(Continued)

Schedule 2
(Continued)

City of Leawood, Kansas
Schedule of Expenditures - Budget vs. Actual - General Fund
December 31, 2003

	Original Budget	Final Budget	Actual
Public safety:			
Police:			
Personal services	4,978,100	4,978,100	4,805,803
Contractual services	567,479	567,479	459,266
Commodities	374,800	374,800	305,149
Debt service	218,050	218,050	212,900
Total police	<u>6,138,429</u>	<u>6,138,429</u>	<u>5,783,118</u>
Fire:			
Personal services	3,449,750	3,449,750	3,215,968
Contractual services	184,140	184,140	135,338
Commodities	106,900	106,900	93,200
Debt service	96,600	96,600	96,589
Total fire	<u>3,837,390</u>	<u>3,837,390</u>	<u>3,541,095</u>
Civil defense:			
Contractual services	9,300	9,300	5,838
Total civil defense	<u>9,300</u>	<u>9,300</u>	<u>5,838</u>
Total public safety	<u>9,985,119</u>	<u>9,985,119</u>	<u>9,330,051</u>
Public works:			
Personal services	2,667,000	2,667,000	2,476,387
Contractual services	1,202,150	1,202,150	920,873
Commodities	538,500	538,500	585,279
Debt service	40,843	40,843	40,843
Total public works	<u>4,448,493</u>	<u>4,448,493</u>	<u>4,023,382</u>
Parks and recreation:			
Personal services	1,689,680	1,689,680	1,472,897
Contractual services	768,000	768,000	580,564
Commodities	488,200	488,200	333,612
Total parks and recreation	<u>2,945,880</u>	<u>2,945,880</u>	<u>2,387,073</u>
Total expenditures	<u>\$ 21,872,352</u>	<u>\$ 21,872,352</u>	<u>\$ 19,666,637</u>

City of Leawood, Kansas
Comparison of Needed-to-Actual Maintenance/Preservation
for Streetlights and Traffic Signals.
December 31, 2003

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 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 2003, 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 providers last three inspection reports show the following condition assessments: October 2003 – 99.7%; November 2003 – 99.5%; and December 2003 – 99.7%.

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

	2003	2002	2001	2000	1999	1998
Streetlights and traffic signals						
Needed	\$ 195,000	\$ 163,520	\$ 163,520	\$ 141,000	\$ 124,000	\$ 116,500
Actual	146,755	132,919	110,604	112,835	117,935	104,607

City of Leawood, Kansas
Other Non-major Governmental Funds
December 31, 2003

Special Revenue Funds - account for revenue sources that are legally 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 over 6,000 populations, 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 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 a depository for monies forfeited to the City of Leawood Police Department pursuant to the provisions of K.S.A. 65-4135 and 65-4156 relating 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. Monies in the fund shall not be used for normal operating expenses of the City or its 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.

Kansas Byrne Grant Fund – established to account for state grant funds received from the State of Kansas for criminal justice information system that assists law enforcement, prosecution, courts and corrections organizations.

Public Building Commission Fund – established to acquire assets and construct facilities and infrastructure for the benefit of the City by issuance of revenue bonds.

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.

Drug Abuse Resistance Education (DARE) Fund – this fund was established to receive and expend funds in support of the DARE program of the City. The program is managed by the City of Leawood Police Department and funds are received from donations by residents and schools. The funds are expended only for supplies and programs sponsored by DARE and conducted in the primary and middle schools of the City.

Insurance Proceeds- established to account for insurance proceeds received whenever any building or other structure is damaged as a result of fire, explosion, or windstorm, where the amount recoverable is in excess of 75% of the face value of the policy covering the building or structure. In the event that a structure is not properly repaired, the money in the fund may be used to make the necessary repairs. If the damaged structure is repaired to the satisfaction of the City, the money is returned to the insured party.

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

Municipal Equipment Reserve Fund – created to finance 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.

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

Capital Improvements Fund – established to account for the budgeted transfer of monies from other City funds lawfully available for improvement purposes. Monies in this fund may be used to finance, in whole or in part, any public improvement need set forth in the adopted capital improvement plan, including the repair, restoration, and rehabilitation of existing public facilities. Disbursements from such fund may be made for engineering and other advance public improvement plans and studies. Reimbursements may be made to the fund from bond proceeds, special assessments, or state or federal aid available for completed projects.

City 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 account for capital construction of stormwater projects that are not funded by the County's Stormwater Management Authority Council.

South 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.

Highway K-150 Corridor Impact Fee Fund – established to account for fees imposed on new development in the K-150 corridor for the purpose of assuring that K-150 highway transportation improvements are available and provides adequate transportation system capacity to support new development while maintaining levels of transportation service on Highway K-150 deemed adequate by the City. The impact fee shall be imposed on all new development in the K-150 corridor and all fees collected shall be utilized solely and exclusively for transportation improvements in the K-150 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 in Leawood.

City of Leawood, Kansas
Combining Balance Sheet - Non-major Governmental Funds
December 31, 2003

Schedule 3

Assets	Special Alcohol	Special Parks and Recreation	Special Law Enforcement	KS Byrne Grant	Public Building Commission	American Revolution Tri-Centennial	Drug Abuse Resistance Education	Insurance Proceeds
Pooled cash and investments	\$ 16,240	\$ 180,930	\$ 468	\$ -	\$ -	\$ 6,862	\$ 18,943	\$ -
Restricted assets	-	-	-	-	-	-	-	-
Receivables (net of allowance for uncollectibles)								
Sales tax	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	46	-	-
Intergovernmental	45,000	45,000	-	2,136	-	-	-	-
Prepaid expenses	-	-	-	-	12,023	-	-	-
Total assets	\$ 61,240	\$ 225,930	\$ 468	\$ 2,136	\$ 12,023	\$ 6,908	\$ 18,943	\$ -
Liabilities and Fund Balances								
Liabilities:								
Accounts payable and accrued liabilities	\$ 5,780	\$ 3,880	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	5,780	3,880	-	-	-	-	-	-
Fund Balances:								
Reserved for:								
Encumbrances	-	122,309	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	12,023	-	-	-
Other purposes	-	-	-	-	-	-	-	-
Unreserved								
Special revenue funds	55,460	99,741	468	2,136	-	6,908	18,943	-
Capital projects funds	-	-	-	-	-	-	-	-
Total fund balance	55,460	222,050	468	2,136	12,023	6,908	18,943	-
Total liabilities and fund balances	\$ 61,240	\$ 225,930	\$ 468	\$ 2,136	\$ 12,023	\$ 6,908	\$ 18,943	\$ -

City of Leawood, Kansas
 Combining Balance Sheet - Non-major Governmental Funds
 December 31, 2003

Schedule 3
 (Continued)

Assets	Municipal Equipment Reserve	Street Improvements	Capital Improvements	City Art	Park Impact Fee	1/8th Cent Sales Tax Fund	Leawood Transportation Impact Fee	K-150 Corridor Impact Fee	Public Art Impact Fee	Total Other Governmental Funds
Pooled cash and investments	\$ 1,673,315	\$ 730,751	\$ 1,958,871	\$ 335,343	\$ 205,946	\$ 778,600	\$ 559,292	\$ 378,949	\$ 107,928	\$ 6,952,438
Restricted assets	-	-	97,280	-	-	-	-	-	-	97,280
Receivables (net of allowance for uncollectible)	-	-	-	-	-	-	-	-	-	-
Sales tax	-	-	-	-	-	113,523	-	-	-	113,523
Interest	3,110	-	3,110	-	1,800	889	4,022	1,800	-	14,777
Intergovernmental	-	69,094	77,525	-	-	-	-	-	-	238,755
Prepaid expenses	-	-	-	-	-	-	-	-	-	12,023
Total assets	\$ 1,676,425	\$ 799,845	\$ 2,136,786	\$ 335,343	\$ 207,746	\$ 893,012	\$ 563,314	\$ 380,749	\$ 107,928	\$ 7,428,796
Liabilities and Fund Balances										
Liabilities:										
Accounts payable and accrued liabilities	\$ 64,106	\$ 184,189	\$ 132,114	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 390,069
Total liabilities	64,106	184,189	132,114	-	-	-	-	-	-	390,069
Fund Balances:										
Reserved for:										
Encumbrances	-	-	-	-	-	-	-	-	-	122,309
Prepaid expenses	-	-	-	-	-	-	-	-	-	12,023
Other purposes	-	-	97,280	-	-	-	-	-	-	97,280
Unreserved										
Special revenue funds	-	-	-	-	-	-	-	-	-	183,656
Capital projects funds	1,612,319	615,656	1,907,392	335,343	207,746	893,012	563,314	380,749	107,928	6,623,459
Total fund balance	1,612,319	615,656	2,004,672	335,343	207,746	893,012	563,314	380,749	107,928	7,038,727
Total liabilities and fund balances	\$ 1,676,425	\$ 799,845	\$ 2,136,786	\$ 335,343	\$ 207,746	\$ 893,012	\$ 563,314	\$ 380,749	\$ 107,928	\$ 7,428,796

City of Leawood, Kansas
 Combining Statement of Revenues, Expenditures and
 Changes in Fund Balances - Non-major Governmental Funds
 For the year ended December 31, 2003

Schedule 4

	Special Alcohol	Special Parks and Recreation	Special Law Enforcement	KS Byrne Grant	Public Building Commission	American Revolution Tri-Centennial	Drug Abuse Resistance Education	Insurance Proceeds
Revenues:								
Taxes	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	182,239	182,239	-	2,136	-	-	-	-
Interest	11	-	5	-	-	146	218	18
Contributions and other	-	1,000	-	-	-	-	-	22,948
Total revenues	182,250	183,239	5	2,136	-	146	218	22,966
Expenditures:								
Current:								
General government	-	-	-	-	-	-	-	22,966
Public safety	44,650	-	-	3,050	-	-	1,585	-
Parks and recreation	-	159,403	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Principal retirements	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	117,001	-	-	-
Total expenditures	44,650	159,403	-	3,050	117,001	-	1,585	22,966
Excess of revenues over (under) expenditures	137,600	23,836	5	(914)	(117,001)	146	(1,367)	-
Other financing sources (uses):								
Transfers in	-	-	-	3,050	413,340	-	-	-
Transfers out	(119,300)	-	-	-	-	-	-	-
Payments to escrow agent to refund bonds	-	-	-	-	(3,119,316)	-	-	-
Proceeds from refunding	-	-	-	-	2,835,000	-	-	-
Total other financing sources (uses)	(119,300)	-	-	3,050	129,024	-	-	-
Net changes in fund balances	18,300	23,836	5	2,136	12,023	146	(1,367)	-
Fund balances at beginning of year	37,160	198,214	463	-	-	6,762	20,310	-
Fund balances at end of year	\$ 55,460	\$ 222,050	\$ 468	\$ 2,136	\$ 12,023	\$ 6,908	\$ 18,943	\$ -

City of Leawood, Kansas
 Combining Statement of Revenues, Expenditures and
 Changes in Fund Balances - Non-major Governmental Funds
 For the year ended December 31, 2003

Schedule 4
 (Continued)

	Municipal Equipment Reserve	Street Improvements	Capital Improvements	City Art	Park Impact Fee	1/8th Cent Sales Tax Fund	South Leawood Transportation Impact Fee	Highway K-150 Corridor Impact Fee	Public Art Impact Fee	Total Other Governmental Funds
Revenues:										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 519,724	\$ -	\$ -	\$ -	\$ 519,724
Licenses and permits	-	-	-	-	-	-	33,827	159,813	29,071	222,711
Intergovernmental	-	301,115	1,039,954	-	-	-	-	-	-	1,707,883
Interest	18,257	8,167	24,426	1,462	2,040	5,994	13,994	6,766	990	82,494
Contributions and other	17,100	19,738	101,890	-	-	-	-	-	-	162,676
Total revenues	35,357	329,020	1,166,270	1,462	2,040	525,718	47,821	166,579	30,061	2,695,288
Expenditures:										
Current:										
General government	-	-	-	-	-	-	-	-	-	22,966
Public safety	-	-	-	-	-	-	-	-	-	49,285
Parks and recreation	-	-	-	-	-	-	-	-	-	159,403
Capital outlay	1,190,835	2,730,688	1,560,962	10,577	5,280	-	-	-	-	5,498,342
Debt service:										
Principal retirements	-	-	-	-	30,000	-	-	-	-	30,000
Interest and fiscal charges	-	-	-	-	39,600	-	-	-	-	156,601
Total expenditures	1,190,835	2,730,688	1,560,962	10,577	74,880	-	-	-	-	5,916,597
Excess of revenues over (under) expenditures	(1,155,478)	(2,401,668)	(394,692)	(9,115)	(72,840)	525,718	47,821	166,579	30,061	(3,221,309)
Other financing sources (uses):										
Transfers in	824,600	2,743,550	269,400	80,825	-	-	-	-	-	4,334,765
Transfers out	(3,050)	-	-	-	-	(325,000)	-	-	-	(447,350)
Payments to escrow agent to refund bonds	-	-	-	-	-	-	-	-	-	(3,119,316)
Proceeds from refunding	-	-	-	-	-	-	-	-	-	2,835,000
Total other financing sources (uses)	821,550	2,743,550	269,400	80,825	-	(325,000)	-	-	-	3,603,099
Net changes in fund balances	(333,928)	341,882	(125,292)	71,710	(72,840)	200,718	47,821	166,579	30,061	381,790
Fund balances at beginning of year	1,946,247	273,774	2,129,964	263,633	280,586	692,294	515,493	214,170	77,867	6,656,937
Fund balances at end of year	\$ 1,612,319	\$ 615,656	\$ 2,004,672	\$ 335,343	\$ 207,746	\$ 893,012	\$ 563,314	\$ 380,749	\$ 107,928	\$ 7,038,727

Schedule 5

City of Leawood, Kansas
 Special Alcohol Fund
 Schedule of Revenues and Expenditures - Budget and Actual -
 and Changes in Fund Balance
 For the Year Ended December 31, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance Under (Over)</u>
Revenues:			
Intergovernmental	\$ 148,300	\$ 182,239	\$ 33,939
Interest	50	11	(39)
Total revenues	<u>148,350</u>	<u>182,250</u>	<u>33,900</u>
Expenditures:			
Public safety	44,500	44,650	(150)
Contingency	7,525	-	7,525
Total expenditures	<u>52,025</u>	<u>44,650</u>	<u>7,375</u>
Revenues over (under) expenditures	96,325	137,600	41,275
Transfers out	<u>(119,300)</u>	<u>(119,300)</u>	<u>-</u>
Net changes in fund balance	<u>\$ (22,975)</u>	18,300	<u>\$ 41,275</u>
Fund balance, beginning of year		<u>37,160</u>	
Fund balance, end of year		<u>\$ 55,460</u>	

City of Leawood, Kansas
Special Parks and Recreation Fund
Schedule of Revenues and Expenditures - Budget and Actual -
and Changes in Fund Balance
For the Year Ended December 31, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance Under (Over)</u>
Revenues:			
Intergovernmental	\$ 179,962	\$ 182,239	\$ 2,277
Interest	1,000	-	(1,000)
Miscellaneous	126,970	1,000	(125,970)
Total revenues	<u>307,932</u>	<u>183,239</u>	<u>(124,693)</u>
Expenditures:			
Capital outlay	<u>287,431</u>	<u>192,061</u>	<u>95,370</u>
Total expenditures	<u>287,431</u>	<u>192,061</u>	<u>95,370</u>
Net changes in fund balance	<u>\$ 20,501</u>	(8,822)	<u>\$ (29,323)</u>
Fund balance, beginning of year		198,214	
Encumbrances, beginning of year		(89,651)	
Encumbrances, end of year		<u>122,309</u>	
Fund balance, end of year		<u>\$ 222,050</u>	

City of Leawood, Kansas
Special Law Enforcement Fund
Schedule of Revenues and Expenditures - Budget and Actual -
and Changes in Fund Balance
For the Year Ended December 31, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance Under (Over)</u>
Revenues:			
Interest	\$ -	\$ 5	\$ 5
Miscellaneous	-	-	-
	<u>-</u>	<u>5</u>	<u>5</u>
Total revenues			
Expenditures:			
Contingency	464	-	464
	<u>464</u>	<u>-</u>	<u>464</u>
Net changes in fund balance	<u>\$ (464)</u>	5	<u>\$ 469</u>
Fund balance, beginning of year		463	
Fund balance, end of year		<u>\$ 468</u>	

City of Leawood, Kansas

Statement of Changes in Assets and Liabilities -
Fiduciary Fund

For the Year Ended December 31, 2003

Agency Fund - Employee Giving	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Assets:				
Pooled cash and investments	\$ 1,832	\$ 2,996	\$ 3,278	\$ 1,550
Liabilities:				
Due to employees	\$ 1,832	\$ 2,996	\$ 3,278	\$ 1,550

Table 1

CITY OF LEAWOOD, KANSAS

General Governmental Expenditures by Function (1)
Last Ten Fiscal Years

Fiscal Year	(2) General Government	(2) Public Safety	Public Works	Parks and Recreation	Capital Outlay	Debt Service	Total
1994	\$ 1,766,910	\$ 4,796,134	\$ 2,925,251	\$ 668,477	\$ 7,423,531	\$ 2,761,600	\$ 20,341,903
1995	2,030,214	5,277,251	3,377,636	1,107,519	14,601,666	3,934,565	30,328,851
1996	1,728,631	5,876,888	3,692,999	1,107,730	13,615,308	4,842,557	30,864,113
1997	2,869,838	6,480,608	3,820,455	1,316,022	11,779,676	5,090,015	31,356,614
1998	3,352,681	6,509,602	4,698,438	1,732,094	3,444,480	5,714,383	25,451,678
1999	3,267,126	6,845,612	5,135,849	1,703,024	3,585,440	6,069,820	26,606,871
2000	3,400,791	7,412,129	5,487,842	1,798,480	7,244,698	6,046,887	31,390,827
2001	3,946,423	8,120,894	6,861,434	2,125,696	11,861,441	6,391,632	39,307,520
2002	3,541,020	9,895,329	9,883,695	2,469,044	13,860,890	6,991,543	46,641,521
2003	3,951,170	9,185,875	3,954,668	2,547,194	12,968,799	6,029,753	38,637,459

(1) Includes governmental activities as shown in the Fund Financial Statements.

(2) For the years 1998 - 2001, the Municipal Court expenditures were assigned from the Public Safety division to the General Government division.

CITY OF LEAWOOD, KANSAS
 General Governmental Revenues by Source (1)
 Last Ten Fiscal Years

Fiscal Year	Taxes	Licenses and Permits	Inter-governmental	Charges for Services	Fines and Forfeitures	Special Assessments	Investment Earnings	Miscellaneous	Total
1994	\$ 7,980,774	\$ 951,860	\$ 3,624,913	\$ 267,227	\$ 397,943	\$ 1,381,747	\$ 316,190	\$ 418,512	\$ 15,339,166
1995	8,415,573	1,046,130	4,523,498	3,756,267	426,920	1,345,038	402,958	483,253	20,399,637
1996	10,192,682	1,076,960	9,564,349	1,055,211	556,202	1,263,398	544,669	671,461	24,924,932
1997	11,595,997	949,609	10,432,267	1,438,829	549,661	1,289,520	822,850	713,831	27,792,564
1998	12,681,417	1,102,360	7,655,835	1,024,927	511,607	1,017,609	954,978	272,071	25,220,804
1999	14,107,298	1,497,901	6,961,401	1,287,452	849,465	1,500,174	827,019	155,889	27,186,599
2000	15,792,474	1,715,790	8,673,871	948,730	1,331,258	1,301,357	1,342,370	220,967	31,326,817
2001	17,303,981	2,502,458	8,260,309	1,031,295	1,092,075	1,318,124	1,114,728	465,662	33,088,632
2002	18,012,526	2,884,530	10,608,104	1,169,993	1,633,358	1,223,716	616,654	842,827	36,991,708
2003	20,316,243	2,659,280	7,854,266	1,085,801	1,686,069	1,078,020	438,926	363,687	35,482,292

(1) Includes governmental activities as shown in the Fund Financial Statements.

Table 2A

General Governmental Tax Revenues by Source (1)
 Last Ten Fiscal Years

Fiscal Year	Property Tax	City Sales Tax	Franchise Tax	City Consumers' Use Tax	Total
1994	\$ 5,138,932	\$ 1,518,114	\$ 1,150,383	\$ 173,345	\$ 7,980,774
1995	5,418,152	1,583,637	1,197,551	216,233	8,415,573
1996	6,298,332	2,222,010	1,419,801	252,539	10,192,682
1997	6,969,475	2,808,135	1,529,620	288,767	11,595,997
1998	7,340,330	3,374,684	1,619,829	346,574	12,681,417
1999	8,424,989	3,613,566	1,715,571	353,172	14,107,298
2000	9,038,077	4,115,932	2,126,254	512,212	15,792,475
2001	9,772,091	4,589,872	2,433,290	508,728	17,303,981
2002	10,681,729	4,434,337	2,341,374	555,086	18,012,526
2003	11,591,722	5,309,375	2,292,152	1,122,994	20,316,243

(1) Includes governmental activities as shown in the Fund Financial Statements.

Table 3

CITY OF LEAWOOD, KANSAS
Property Tax Levies and Collections
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Current Taxes Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Ratio of Total Tax Collections To Total Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Ratio of Delinquent Taxes Tax Levy</u>
93/94 (1)	\$ 5,157,803	\$ 5,051,816	97.9%	\$ 82,899	\$ 5,134,715	99.6%	\$ 70,682	1.37%
94/95	5,440,838	5,370,885	98.7%	30,902	5,401,787	99.3%	46,993	0.86%
95/96	6,299,102	6,239,024	99.0%	56,822	6,295,846	99.9%	55,785	0.89%
96/97	6,989,173	6,893,702	98.6%	63,676	6,957,378	99.5%	79,240	1.13%
97/98	7,422,076	7,275,457	98.0%	50,396	7,325,853	98.7%	98,211	1.32%
98/99	8,149,076	8,067,870	99.0%	79,174	8,147,044	100.0%	68,780	0.84%
99/00	9,085,881	8,938,484	98.4%	67,217	9,005,701	99.1%	114,062	1.26%
00/01	9,873,694	9,687,443	98.1%	80,553	9,767,996	98.9%	169,559	1.72%
01/02	10,887,313	10,611,435	97.5%	66,501	10,677,936	98.1%	246,764	2.27%
02/03	11,591,232	11,374,397	98.1%	183,951	11,558,348	99.7%	169,714	1.46%

Information provided by the Johnson County Treasurer's office.

(1) 1993 includes the Special Building Fund which was a levied fund for Leawood in those years.

1999 Delinquent Tax Collections only include Delinquent Real Estate Taxes. Delinquent Personal collections were distributed January 20, 2001.

2000 Delinquent Tax Collections include Delinquent Personal Property from 1999 and 2000 along with Delinquent Real Estate Taxes for 2000.

Table 4

CITY OF LEAWOOD, KANSAS

Assessed Value and Estimated Actual Value
of All Taxable Tangible Property

Last Ten Fiscal Years

Year Ended December 31,	(1) Assessed Value Real Estate	(1) Assessed Value Personal Property	(1) State Assessed Utilities	(1) Motor/ Recreational Vehicles	(1) Assessed Value	(1) Actual Valuation	Ratio of Assessed Value to True Value	
Assessment Year	Budget Year							
1993 (2)	1994	\$ 191,631,619	\$ 6,257,360	\$4,760,800	\$ 38,362,172	\$ 241,011,951	\$ 1,735,450,481	13.9%
1994	1995	201,904,691	6,474,905	5,272,498	41,604,818	255,256,912	1,842,473,025	13.9%
1995	1996	235,515,397	7,057,645	4,848,395	45,370,208	292,791,645	2,136,155,529	13.7%
1996	1997	261,766,856	7,743,940	4,908,010 (3)	48,980,314	323,399,120	2,341,757,812	13.8%
1997	1998	300,942,697	9,763,285	5,463,373 (3)	51,761,195	367,930,550	2,645,460,398	13.9%
1998	1999	331,758,648	10,024,991	5,636,982 (3)	54,460,192	401,880,813	2,913,118,506	13.8%
1999	2000	370,034,534	11,995,333	6,322,011 (3)	55,898,749	444,250,627	3,212,602,950	13.8%
2000	2001	434,198,518	14,069,163	5,757,847 (3)	57,538,051	511,563,579	3,763,719,569	13.6%
2001	2002	478,263,332	14,964,257	5,847,070	55,695,102	554,769,761	4,085,823,301	13.6%
2002	2003	508,588,824	16,334,865	6,296,797	57,762,782	588,983,268	4,368,415,305	13.5%

(1) Information provided by the Johnson County Clerk's Office.

(2) Assessed valuation figures for 1993 were impacted by a constitutional amendment approved by Kansas voters in November 1992.

(3) As a result of legislation passed in 1995, the assessment rate for motor vehicles will be decreased from 30% to 20% over a five-year period starting January 1, 1996. This change beginning with the 1996/97 valuations impacted motor vehicle valuations for the City.

Table 5

CITY OF LEAWOOD, KANSAS

**Property Tax Rates
(Per \$1,000 of Assessed Value)**

**Direct and Overlapping Governments
Last Ten Fiscal Years**

Fiscal Year	City			State of Kansas	Johnson County	Shawnee Mission School District	Blue Valley School District	Johnson County Community College	Unified Johnson County Sewer District	Johnson County Library	Johnson County Park	Total Blue Valley District	Total Shawnee Mission District
	General	Debt Service	Capital Projects										
1994	18.541	5.063	1.843	1.500	17.779	54.101	70.031	10.146	6.736	3.443	1.678	136.760	120.830
1995	19.879	5.568	-	1.500	17.389	62.107	81.151	10.138	6.814	3.608	1.676	147.723	128.679
1996	17.617	7.830	-	1.500	16.563	61.779	82.639	9.314	6.140	3.419	1.620	146.642	125.782
1997	19.816	5.631	-	1.500	16.590	56.233	80.430	8.946	6.041	3.478	1.620	144.052	119.855
1998	15.884	7.591	-	1.500	15.305	51.808	74.168	8.540	5.938	3.254	1.512	133.692	111.332
1999	15.894	7.562	-	1.500	14.345	42.968	69.847	7.746	5.704	3.174	1.437	127.209	100.330
2000	15.209	8.247	-	1.500	16.112	41.246	65.597	7.184	5.166	3.137	1.451	123.603	99.252
2001	12.346	9.401	-	1.500	15.676	40.327	65.689	7.646	4.647	2.981	1.322	121.208	95.846
2002	14.102	7.713	-	1.500	16.333	38.699	64.216	7.743	4.181	2.971	1.382	120.141	94.624
2003	14.317	7.503	-	1.500	16.221	42.238	68.588	9.428	-	2.948	1.602	122.107	95.757

Information provided by Johnson County Clerk's office.

Table 6

CITY OF LEAWOOD, KANSAS

Principal Taxpayers

December 31, 2003

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2002 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Town Center Plaza	Shopping Center	\$ 17,079,376	2.900%
95 West, L.P.	Shopping Center	6,724,835	1.142%
Academy of Family Physicians	Offices	5,817,826	0.988%
114 Timberlands, LLC	Offices	3,039,801	0.516%
Kansas City Orthopedic Institute	Medical Offices	2,932,374	0.498%
Ranchmart, Inc.	Shopping Center	2,928,026	0.497%
Kansas City Power & Light	Electric Utility	2,851,707	0.484%
Teachers' Insurance and Annuity	Offices/Realty	2,726,001	0.463%
Entertainment Properties	Movie Theater	2,695,201	0.458%
Hallbrook Office Center	Offices	2,515,723	0.427%
Total Principal Property Taxpayers		<u>\$ 49,310,870</u>	<u>8.373%</u>

Table 7

CITY OF LEAWOOD, KANSAS
Special Assessment Billings and Collections
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Special Assessment Billings</u>	<u>Special Assessments Collected</u>
1994	\$ 1,337,787	\$ 1,390,747
1995	1,482,439	1,345,038
1996	1,232,812	1,263,398
1997	1,298,744	1,289,520
1998	1,048,137	1,017,609
1999	1,514,397	1,500,174
2000	1,325,903	1,301,357
2001	1,275,870	1,318,124
2002	1,254,333	1,223,716
2003	1,006,382	1,078,020

CITY OF LEAWOOD, KANSAS
Computation of Legal Debt Limitation
December 31, 2003

Assessed value, real and personal property, 1988	\$ 79,151,382
Plus assessed value, motor vehicles, 1988	<u>27,421,310</u>
Total assessed value, 1988	106,572,692
Debt limitation percentage for 1989	<u>30.00%</u>
1989 debt limitation	<u>\$ 31,971,808</u>
Assessed value, real and personal property, 1989	\$ 172,096,679
Plus assessed value, motor vehicles, 1989	30,062,921
	<u>\$ 202,159,600</u>
1989 debt limitation	\$ 31,971,808
Divided by 1989 total assessed value	<u>202,159,600</u>
New debt limitation percentage	<u>15.82%</u>
Assessed value, real and personal property, 2003	\$ 531,220,486
Plus assessed value, motor vehicles, 2002	<u>57,762,782</u>
Total assessed value, 2003	588,983,268
New debt limitation percentage	<u>30.00%</u>
2003 debt limitation	<u>\$ 176,694,980</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.

Table 9

CITY OF LEAWOOD, KANSAS

Ratio of Net General Bonded Debt
To Assessed Value and Net Bonded Debt Per Capita

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Assessed Valuation</u>	<u>Gross Bonded Debt</u>	<u>Less Debt Service Fund</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
1994	22,947	\$ 241,011,951	\$ 21,930,000	\$ 722,755	\$ 21,207,245	8.80%	\$ 924
1995	23,543	255,256,912	19,965,000	853,674	19,111,326	7.49%	812
1996	24,677	292,791,645	26,120,000	1,574,644	24,545,356	8.38%	995
1997	25,486	323,399,120	30,230,000	1,588,869	28,641,131	8.86%	1,124
1998	26,016	367,930,550	39,540,000	1,971,301	37,568,699	10.21%	1,444
1999	27,656	401,880,813	35,675,000	4,545,906	31,129,094	7.75%	1,126
2000	28,256	444,250,627	40,460,000	5,470,459	34,989,541	7.88%	1,238
2001	28,856	511,563,579	45,820,000	5,295,416	40,524,584	7.92%	1,404
2002	29,456	554,769,761	46,920,000	2,489,872	44,430,128	8.01%	1,508
2003	30,045	588,983,268	48,165,000	2,912,003	45,252,997	7.68%	1,506

(1) Information provided by City's Department of Planning and Development.

CITY OF LEAWOOD, KANSAS
Ratio of Annual Debt Service Expenditures
For General Obligation Bonded Debt
to Total Governmental Expenditures
Last Ten Fiscal Years

Fiscal Year	Principal (2)	Interest (2)	Total Debt Service (2)	Total General Governmental Expenditures (1)	Ratio of Debt Service to Expenditures
1994	\$ 1,620,626	\$ 843,951	\$ 2,464,577	\$ 20,341,903	12.12%
1995	1,857,901	855,708	2,713,609	30,328,851	8.95%
1996	2,100,092	870,671	2,970,763	30,864,113	9.63%
1997	2,481,671	1,027,250	3,508,921	31,356,614	11.19%
1998	2,835,691	1,070,085	3,905,776	25,451,678	15.35%
1999	3,621,000	1,433,808	5,054,808	26,606,871	19.00%
2000	3,269,300	1,347,567	4,616,867	31,390,827	14.71%
2001	3,672,300	1,531,425	5,203,725	39,307,520	13.24%
2002	3,669,600	1,923,764	5,593,364	46,641,521	11.99%
2003	3,522,500	1,732,073	5,254,573	38,637,459	13.60%

(1) Includes all Governmental Fund Types - see Table 1.

(2) General obligation bonds reported in the Enterprise Funds have been excluded.

Table 11

CITY OF LEAWOOD, KANSAS

**General Obligation Bonds - Computation of Direct
and Overlapping Bonded Debt**

December 31, 2003

<u>Name of Governmental Unit</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City of Leawood (2)</u>	<u>Amount Applicable to City of Leawood</u>
City of Leawood (1)	\$ 48,165,000	100.00000%	\$ 48,165,000
Johnson County	133,835,000	8.62000%	11,536,577
Shawnee Mission School District			
(U.S.D. 512)	125,745,000	4.50000%	5,658,525
(U.S.D. 229)	281,530,000	24.37000%	68,608,861
Fire Distric #2	2,670,000	0.22000%	5,874
Parks and Recreation	<u>6,350,000</u>	8.62000%	<u>547,370</u>
Total direct and overlapping debt	<u>\$ 598,295,000</u>		<u>\$ 134,522,207</u>

(1) General obligation debt outstanding.

(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, 2003

Table 12

CITY OF LEAWOOD, KANSAS

Demographic Statistics

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Per Capita Income</u>	<u>Median Age</u>	<u>Unemployment Rate (3)</u>
1994	22,947	*	*	3.3%
1995	23,543	*	*	2.9%
1996	24,677	*	*	3.0%
1997	25,486	*	*	2.3%
1998	26,016	*	*	2.5%
1999	27,656	*	*	1.3%
2000	28,256	\$ 41,100	41.2 (2)	1.5%
2001	28,856	*	*	2.5%
2002	29,456	*	*	2.7%
2003	30,045	*	*	2.9%

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

(1) From Table 9.

(2) Obtained from U. S. Census Bureau.

(3) Obtained from Kansas Department of Human Resources, for the City of Leawood. Beginning in 1999, the City of Leawood met the Labor Bureau's criteria and data was collected specifically as it related to the city proper. Figures for 1990-1998 included all of Johnson County.

Table 13

CITY OF LEAWOOD, KANSAS

Property Value and Construction
Last Ten Fiscal Years

Fiscal Year	Property Value (000's)				Total	Commercial Construction		Residential Construction	
	Commercial (1)	Residential (1)	Vacant and Other (1)	Exemption (1)		Number of Permits	Value	Number of Permits	Value
1994	\$ 83,061	\$ 1,527,778	\$ 65,887	\$ 58,724	\$ 1,735,450	9	\$ 4,312,000	461	\$ 75,045,501
1995	81,537	1,618,279	83,128	59,469	1,842,413	21	47,556,963	438	90,983,718
1996	126,882	1,897,083	90,842	69,505	2,184,312	14	11,360,599	423	67,604,775
1997	187,866	2,099,704	97,423	89,417	2,474,410	11	53,284,330	342	99,298,166
1998	214,700	2,338,261	75,470	95,180	2,723,611	8	12,188,680	402	95,955,530
1999	273,325	2,550,258	66,941	106,727	2,997,251	13	34,197,420	497	96,018,295
2000	311,353	3,008,704	80,972	115,717	3,516,746	11	20,269,750	603	121,352,142
2001	352,684	3,297,971	85,103	107,845	3,843,603	11	21,321,920	444	122,093,360
2002	358,646	3,544,889	92,717	119,114	4,115,366	8	9,138,570	524	116,403,746
2003	380,222	3,760,935	87,719	115,496	4,344,372	16	17,427,830	509	125,576,430

(1) Information provided by the Johnson County Appraiser's Office.

CITY OF LEAWOOD, KANSAS

Miscellaneous Statistics

December 31, 2003

Date of incorporation	1948
Form of government	Mayor/Council/Administrator
Number of council members	8
Term in years	4
Number of personnel, full-time equivalents (excluding police and fire):	135.63
Area in square miles	14.7
City facilities and services:	
Miles of streets	177.6 center lane miles
Number of street lights	2,497

Function/program

Culture and recreation:

Parks	6
Park acreage	423
Walking Trail mileage	7.75
Aquatic Centers	1
Golf courses	1
Tennis courts	6
Soccer fields	14
Baseball diamonds	3
Programs	150

Fire protection:

Number of stations	3
Number of paid firefighters	51
Number of volunteer firefighters	0.7
Number of nonfire fighting personnel	1
Number of fire calls answered	1,681
Number of ambulance calls answered	1,170
Number of fire inspections	660

Police protection:

Number of stations	1
Number of certified officers	56
Number of noncertified personnel	22.6
Number of patrol districts	3
Number of traffic violations	18,065
Number of physical arrests	1,572
Number of dispatch calls	34,846
Number of alarm calls	2,632

Facilities and services not provided by the City:

Education:

Number of elementary schools	4
Number of middle schools	2
Number of Catholic Schools	3

Churches:

Protestant	7
Catholic	3