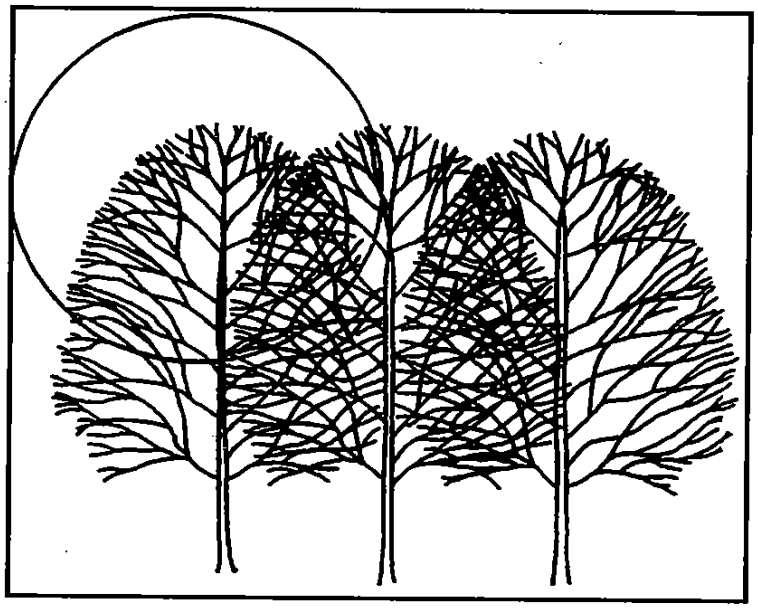

City of Leawood, Kansas

Comprehensive Annual Financial Report

For the year ended December 31, 2004

City of Leawood, Kansas

Comprehensive Annual Financial Report

For the Year Ended December 31, 2004

Prepared by Department of Finance

Kathleen M. Rogers, Finance Director
Dawn Long, Accounting Manager
Theresa Lodde, Senior Accountant

CITY OF LEAWOOD, KANSAS

Comprehensive Annual Financial Report

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Introductory Section

CITY OF LEAWOOD, KANSAS

Principal Officials

Mayor and City Council

Honorable Peggy J. Dunn	Mayor
Honorable Greg Peppes	Ward 1
Honorable Debra Filla	Ward 1
Honorable Louis Rasmussen	Ward 2
Honorable James Rawlings	Ward 2
Honorable Gary Bussing	Ward 3
Honorable Mike Gill	Ward 3
Honorable Scott Gulledge	Ward 4
Honorable James E. Taylor, Sr.	Ward 4

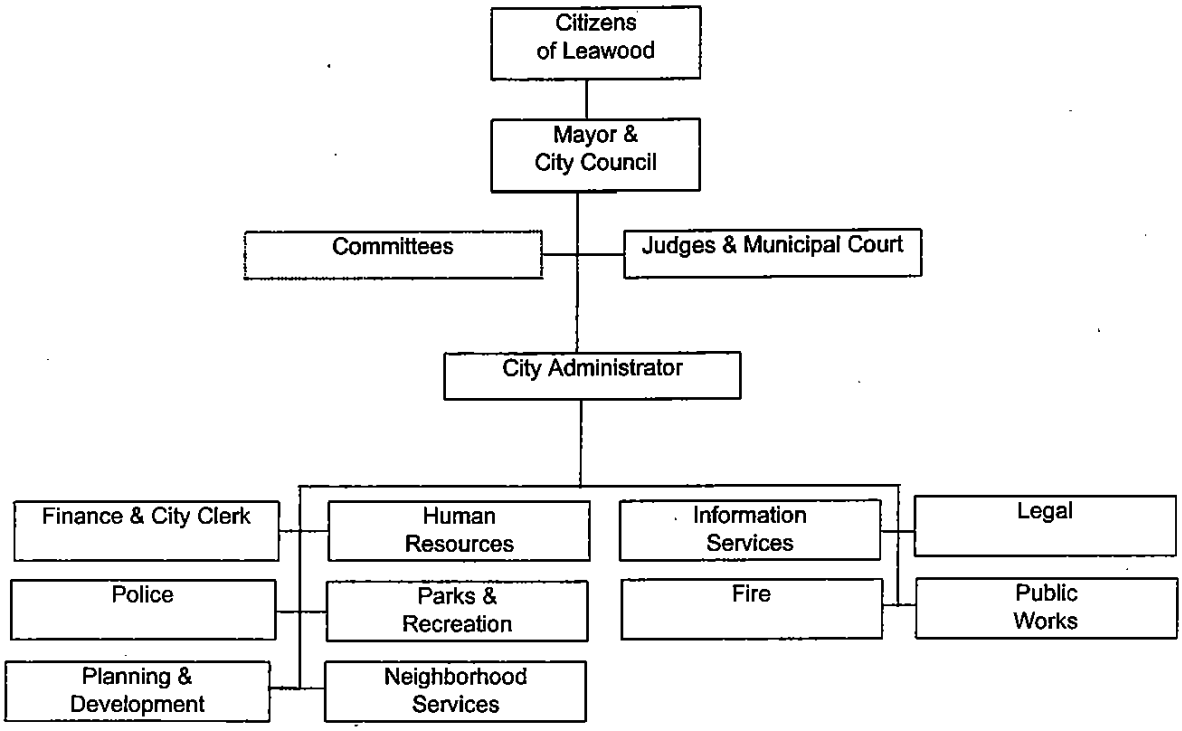
Administration

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 22, 2005

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, 2004. 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 of Leawood. 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 is prepared in accordance with Generally Accepted Accounting Principals (GAAP) as promulgated by the Governmental Accounting Standards Board. GAAP 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 CAFR 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 and 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 year ended December 31, 2003.

- Financial Section – The financial section includes 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 City of Leawood also includes an additional Supplementary Section that includes the Combining Fund Financial Schedules and is not a required section of the report.

- Statistical Section – Selected financial and general information presented on a multi-year comparative basis.

Sister City to I-Lan, Taiwan, R.O.C. • Sister City to Regional Council Gezer, Israel

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 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 was 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. 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.

In 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 20 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 $400,000 to over $1 million. According to the Johnson County Appraiser's Office, the average home value in the City is $394,574.

Although the majority of growth in Leawood has historically been residential, the City continues to expand its commercial economic base. City estimates for potential commercial development include one 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 continues to experience significant commercial growth. In 2004 construction began on 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. Current tenants include CVS Pharmacy, and in 2005 Ted's Montana Grill, Seville Home, Market, Cheeseburger in Paradise & Bonefish Grill plan to open.

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, ten of the lots are open, with another retail lot under construction which will house Eldridge Fine Jewelry. 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.

Parkway Plaza, also along the 135th Street corridor began construction in 2004, and 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. Country Club Bank will be the first tenant on this property. This development is proposed between 133rd and 135th Streets on both sides of Briar Street and will cover approximately 47.21 acres of land.

South of 135th Street construction continues to develop. Camden Woods Center recently finished construction. It is located at the southwest corner of 143rd Street and Kenneth Road. This two-story building consists of neighborhood retail on the first floor and office space on the second floor. Also finishing building construction of their first phase is Ironhorse Centre located at 151st & Nall directly north of the City's golf course, which is also named IRONHORSE.

Park Place is a mixed-use residential and commercial development that will contain 353,000 square feet of office space, 240,000 square feet of retail 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.

Town Center Business Park was approved for two new additions to their development in 2004. Associated Plastic Surgeons an 8,950 square foot medical office building was approved at the corner of 115th Street and Granada, as well as Sunrise Senior Living a 63,350 square foot building. Mission Farms, a mixed-use development located at 105thStreet and Mission Road received final approval for 373,475 square feet of construction on 27.6 acres. The mixed-use development consists of residential, retail, and office.

Leawood Town Center Plaza, a large, upscale retail and commercial center opened in the City in 1996 and continues to flourish. Some of the large tenants at Town Center Plaza include The Jones Store, Dick's Sporting Goods, Barnes & Noble Bookstore, and an AMC Theater. Many fine restaurants including Hereford House, the Bristol, Houlihan's, Dean and Deluca, Yahooz and Bravo are also in this complex.

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 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 A-133. The results of the City's single audit for the fiscal year ended December 31, 2004, are published under separate cover.

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 $746,636 on all investments, excluding the deferred compensation plan, for the year ended December 31, 2004. 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, employee dishonesty, public official's liability, and excess liability coverage. The coverage provides $500,000 limits per occurrence for all claims capped by the Kansas Tort Claims Act (KTCA). Liabilities that fall outside the KTCA are insured to an additional $10 million in excess liability limits with exception of Employment Practices Liability and Employee Benefit Plan Administration Liability which is covered up to $2,000,000, with excess liability coverage of $10 million. Other miscellaneous coverages purchased include 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 2004, 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 (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Leawood for its comprehensive annual financial report for the fiscal year ended December 31, 2003. This was the seventh consecutive year that the City has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgments -The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated services of the entire staff of the Finance Department specifically Accounting Manager, Dawn Long and Senior Accountant, Theresa Lodde. Staff members have our sincere appreciation for their contributions made in the preparation of this report. Additionally, we would like to thank the City's audit firm of Cochran, Head & Co., 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,

Kathleen M. Rogers
Finance Director

Scott Lambers
City Administrator

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, 2003

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

Financial Section

CH & Co

COCHRAN, HEAD & CO., P.A.

Certified Public Accountants

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying 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, 2004, which collectively comprise the City's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the 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, as of December 31, 2004, 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 18, 2005 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 the 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 the 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. Kansas, 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 18, 2005

Cochran, Head & Co PA

City of Leawood, Kansas
Management's Discussion and Analysis

Year Ended December 31, 2004

This discussion and analysis of the City of Leawood's (the City) financial performance provides an overview of the City's financial activities for the year ended December 31, 2004. 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 $259,491,417.
- The City's total net assets increased by $11,605,426, primarily due to the completion of projects and acquisition of assets from developers.
- As of the close of the current fiscal year, the City of Leawood's governmental funds reported combined ending fund balances of $22,768,918, an increase of $3,709,569 in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was $11,974,459 million or 55.3% of total general fund expenditures.
- Approximately 71.2% of the combined governmental fund balances, $16,331,344, is considered unreserved and is available for spending at the City's discretion.
- The City completed an advance refunding to reduce its debt service payments by $540,451 and to obtain and economic gain of $429,463.
- The City of Leawood maintained a AA1 bond rating for the 9th consecutive year.

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

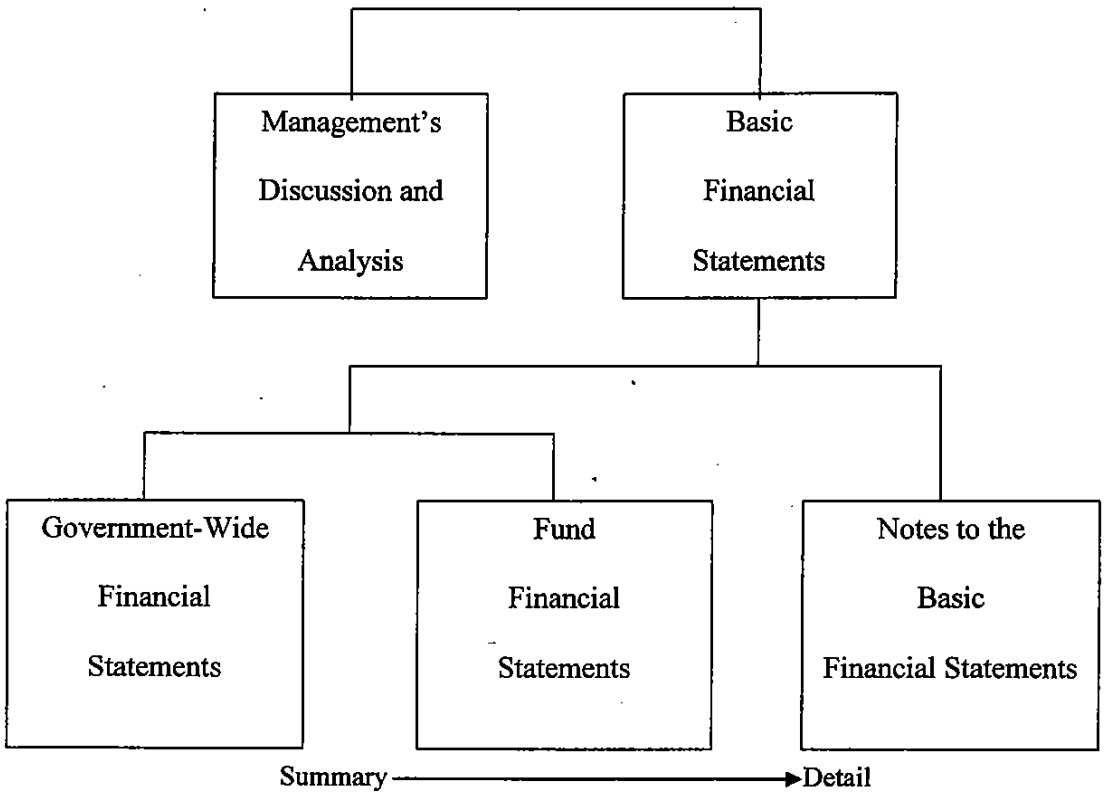
The Government-Wide Financial Statements present the financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. The statements present governmental activities and business-type activities separately. These statements include assets of the City (including 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 schedule 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 and 60 of this report.

Governmental activities – Most of the City's basic services are reported in this category, including General Government, Fire, Police, 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 of the 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

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Current and other assets	$ 60,479,849	$ 42,452,953	$ 221,093	$ 143,168	$ 60,700,942	$ 42,596,121
Long-term receivables	7,090,221	6,984,275	-	-	7,090,221	6,984,275
Internal balances	1,847,701	1,847,701	(1,847,701)	(1,847,701)	-	-
Capital assets, net	275,733,363	268,061,442	7,495,600	7,617,148	283,228,963	275,678,590
Total assets	345,151,134	319,346,371	5,868,992	5,912,615	351,020,126	325,258,986
Other liabilities	43,847,383	28,890,568	532,373	524,734	44,379,756	29,415,302
Long-term debt	43,072,105	43,474,853	4,076,848	4,482,840	47,148,953	47,957,693
Total liabilities	86,919,488	72,365,421	4,609,221	5,007,574	91,528,709	77,372,995
Net assets:						
Investment in capital assets, net of related debt	228,815,457	221,394,614	2,995,456	2,725,452	231,810,913	224,120,066
Restricted	5,561,179	3,104,504	-	-	5,561,179	3,104,504
Unrestricted (deficit)	23,855,010	22,481,832	(1,735,685)	(1,820,411)	22,119,325	20,661,421
Total net assets	$ 258,231,646	$ 246,980,950	$ 1,259,771	$ 905,041	$ 259,491,417	$ 247,885,991

Net assets may serve over time as one useful indicator of a government's financial condition. The City's net assets increased by $11,605,426 or 4.68% for the fiscal year ended December 31, 2004.

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 2004 increased slightly because current year special assessment exceeded special assessment collections.

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 $13,600,000.

Long-term debt decreased slightly in 2004. More information on this can be found on page 22 of this report.

Invested in capital assets, 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, 2004. The one exception is the City's storm water system acquired prior to December 31, 2001, which will be available for reporting in 2006.

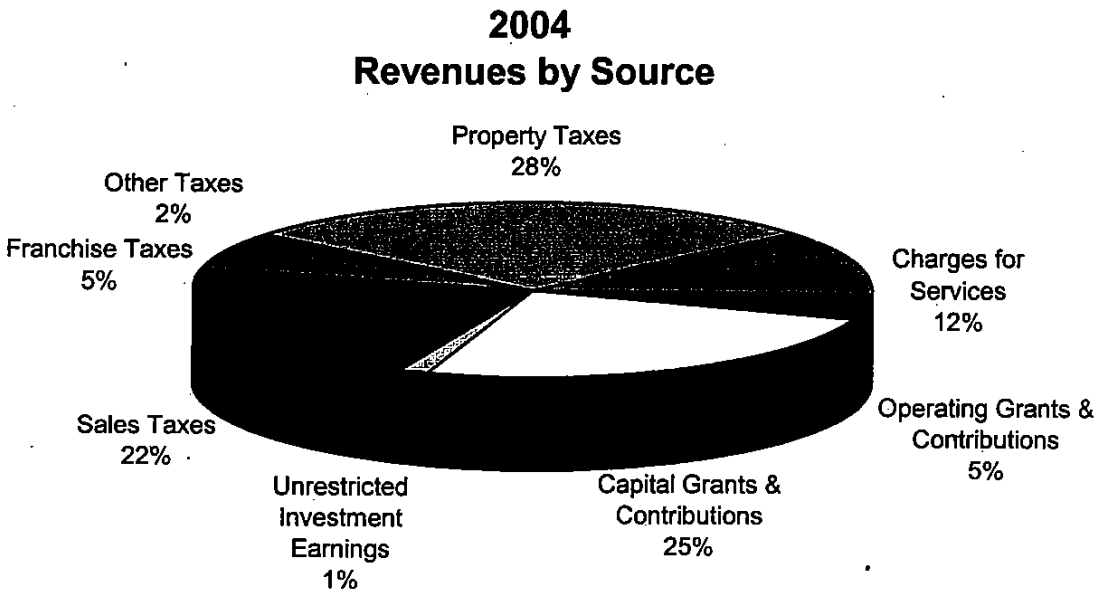
Restricted net assets total $5,561,179 and represent assets with constraints placed on their use by either external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or law through constitutional provisions or enabling legislation. Unrestricted net assets, of $23,855,010, 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

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Revenues:						
Program revenues:						
Charges for services	$ 5,959,295	$ 5,431,150	$ 2,014,759	$ 2,038,317	$ 7,974,054	$ 7,469,467
Operating grants and contributions	859,665	613,345	-	-	859,665	613,345
Capital grants and contributions	7,707,622	12,818,493	182,084	101,850	7,889,706	12,920,343
General revenues:						
Property taxes	14,573,186	12,686,851	-	-	14,573,186	12,686,851
Sales tax	11,430,251	9,749,898	-	-	11,430,251	9,749,898
Franchise tax	2,452,402	2,292,152	-	-	2,452,402	2,292,152
Other taxes	566,721	1,038,942	-	-	566,721	1,038,942
Grants and contributions not restricted to specific programs	1,590,986	978,629	-	-	1,590,986	978,629
Unrestricted investment earnings	746,382	438,926	254	937	746,636	439,863
Other	234,606	166,542	196	29,264	234,802	195,806
Total revenues	46,121,116	46,214,928	2,197,293	2,170,368	48,318,409	48,385,296
Expenses:						
General government	4,747,939	4,178,147	-	-	4,747,939	4,178,147
Public safety	10,975,002	9,853,624	-	-	10,975,002	9,853,624
Public works	12,658,853	10,153,561	-	-	12,658,853	10,153,561
Parks and recreation	3,544,545	3,065,427	-	-	3,544,545	3,065,427
Golf course operations	-	-	2,066,045	1,971,866	2,066,045	1,971,866
Interest on long-term debt	2,498,981	2,407,122	221,618	242,832	2,720,599	2,649,954
Total expenses	34,425,320	29,657,881	2,287,663	2,214,698	36,712,983	31,872,579
Increase (decrease) in net assets. before transfers	11,695,796	16,557,047	(90,370)	(44,330)	11,605,426	16,512,717
Transfers	(445,100)	(165,637)	445,100	165,637	-	-
Change in net assets	11,250,696	16,391,410	354,730	121,307	11,605,426	16,512,717
Net assets, as of January 1	246,980,950	230,589,540	905,041	783,734	247,885,991	231,373,274
Net assets, December 31	$ 258,231,646	$ 246,980,950	$ 1,259,771	$ 905,041	$ 259,491,417	$ 247,885,991

The City's total revenues in 2004 were $48,318,409 and expenses were $36,712,983. 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 2004 governmental activities.



Governmental revenues totaled $46,121,116 for charges for services, operating and capital grants, general revenues, investments and others.

Several of the revenue and expense categories fluctuated between 2004 and 2003. Highlights include the following:

Revenues

- Charges for services in total in 2004 were $5,959,295 compared to $5,431,150 in 2003. In 2004, over $1.2 million in impact fees from developers were collected compared to $300,000 in 2003. The City will be intentionally building up this revenue for upcoming capital improvement projects.
- Operating grant revenue in 2004 was fairly consistent with revenues of $859,665 compared to $613,345 in 2003.
- Capital grants and contributions represent $1.1 million in improvements to be paid by the developers in the form of special assessments, $3.4 million in funds from other governments and $3.1 million 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 5.3% increase in assessed valuation from 2003 and an increase in the mill levy of 2.26 for debt service. In 2004 total collections equaled $14.5 million compared to $12.6 million in 2003.
- Sales and use tax revenue increased from $9.7 million in 2003 to $11.4 million in 2004 a substantial increase of 17.2% over 2003. Two reasons account for this change. Leawood continues to be a retail destination. Several new businesses opened in 2004 including The Jones Store and CVS Pharmacy, in addition to a variety of other small retailers along 135th Street. Secondly, Leawood is an importer of retail goods. In July 1, 2003, the state passed

legislation to enforce the collection of local use tax on out of state purchases and also changed the way use tax is distributed in Kansas. With strong commercial and residential building the use tax portion of this tax for such items as building materials, carpets, appliances and the like increased 143% or $898,110 over the previous year.

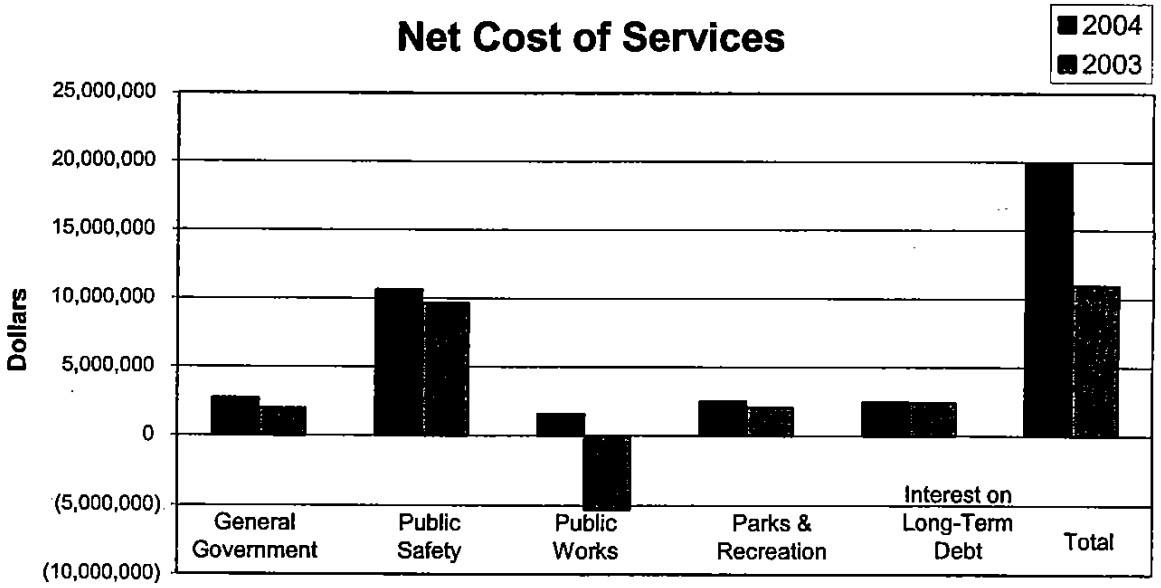
- Franchise Taxes increased approximately $160,000. While traditional telephone franchise revenue decreased due to the changes in telecommunication laws, natural gas saw a 17.5% or $140,000 increase over the previous year due to the cost of gas, along with increase of base charges that became effective in late 2003. With the continuation of new homebuilding in the City the cable franchise fee saw a 13.1% increase of $50,000.
- Investment earnings for 2004 increased from $438,926 to $746,382 a 58.8% increase. Rising interest rates and larger reserves resulted in this increase.

Expenses

Government activities expenses totaled $34,425,320 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 $6,469,932 up $504,000 over 2003.
- Had increases in all operating divisions for wages, benefits, worker's compensation and fuel.
- Increases of Public Works capital maintenance projects that were expensed in 2004 because they did not meet the capitalization threshold.
- Had essentially, no change in interest on long-term debt.

The following chart compares the governmental net cost of services for 2003 and 2004.



The total cost of services for 2004 was $34,425,320; however the portion of these services covered by the City's taxpayers was only $19,898,738. The City funded the majority of this cost with property taxes and sales taxes. The remaining $14,526,582 was funded by users directly benefiting from the services or by other organizations through grants and contributions. In 2003 the Public Works division received $7,094,018 of donated and developer financed infrastructure, which resulted in a negative program cost because this offset total expenses. Again, in 2004 considerable donated and developer financed infrastructure was received, but not to the same extent as 2003.

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.

- The City's Business-type activity, Ironhorse Golf Course, had an increase in net assets of $354,730, for a year-end total of $1,259,771, which is part of the City's total net assets of $259,491,417.

- Golf Course charges for services in 2004 were $2,014,759 as compared to $2,038,317 in 2003. Continued competition for the golfer's dollar in the Kansas City area has contributed to this reduction. This is consistent with other facilities in the area.

- Golf Course operating expenses for the year totaled $2,066,045. This was a 4.8% increase from the previous years operating expenses of $1,971,866. Cost of merchandise was the largest actor for this increase. The greens are in excellent shape however labor costs continue to rise. Management of Orion, continue to pool labor and tasks in order to keep these costs to their lowest possible level while not compromising the course condition. Increase in depreciation expense was also another contributing factor in the increase in expenses.

- Total net assets of Ironhorse Golf Course at the end of the fiscal year totaled $1,259,771 an increase of $354,730. Included in this total is a transfer from the General Fund of $445,100. Without considering this transfer, net assets would have decreased by $90,370.

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 $13,172,326 an increase of $2,325,172 over the beginning balance of $10,847,154. Revenues increased by $1,265,762 primarily due to increased sales and use tax of $1,754,217. At the same time, charges for services decreased $130,386 in fines and forfeitures and building permits of $151,245, however with the opening of the Ironwoods park new revenues were generated including $100,000 to rent the Alpine lodge. Expenditures increased overall by $1,881,920 or 8.7%, with the largest increase primarily in the area of Public Safety – Police $513,250 and Public Safety – Fire $465,776. General Government increased $413,396, Parks & Recreation $312,825 and Public Works $294,494. Labor, benefits and rising oil prices accounted for many of the changes. With Ironwoods park opened staffing, utilities and materials all increased in the Parks & Recreation Department.

Debt Service Fund. The ending fund balance of $5,239,707 was up $2,327,704 from last year. This balance represents 85.2% of the 2004 annual debt service payments. The increase is this fund was primarily from tax revenues. These revenues were generated by a mill increase in order to pay for the debt for the park projects along with other new projects the City recently completed.

Capital Projects. The fund balance in the City's Major Capital Project Fund resulted in a deficit of ($3,084,957). The deficit was a result of borrowing short term funds in order to finance capital projects. Once these projects are bonded the fund balance will return to a positive balance. During the fiscal year over $3,000,000 dollars in federal and state and county grant funds were received by the City to help offset the costs of capital construction for such improvements to Roe Avenue, the 135th corridor and James Branch and Dykes Branch storm water projects.

As of the close of the current fiscal year, the City of Leawood's governmental funds reported combined ending fund balances of $22,768,918, an increase of $3,709,569 in comparison with the prior year. The increase in governmental funds was a primarily a result of an increase in ad valorem and special assessment property taxes in the debt service fund. This funding will be needed in order to pay for the $11 million in recent debt for city park projects as well as other at-large and developer debt. In addition City and county use-taxes, developer impact fees, federal funds and interest income have resulted in larger fund balances. In addition, operating expenditures were lower in 2004 than budgeted due to conservative fiscal spending.

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 schedule 1 page 59, the revenues and other sources, over expenditures, encumbrances and transfers resulted in an excess of $2.4 million. Actual revenues were $2.9 million greater than budgeted revenues because increases in city and county sales and use taxes resulted in an additional $2.25 million, franchise fees $300,000 and $340,000 in additional building permits was generated. General Fund expenditures were lower than the original of final budget by $1,595,486. Public Safety budgets for both Police and Fire were right on target together using almost full original and final budget authority. $624,254 in wages and benefits were not spent that had been budgeted primarily in Public Works and the Parks department. Since Ironwoods Park was not opened for the entire year, and the summer was fairly wet and cool all programming costs were not incurred so they were below their budget by 13.5%. A careful and conservative spending approach was used throughout the general fund.

Capital Asset and Debt Administration

Capital assets. The amount invested in capital assets for the City at December 31, 2004, is $283,228,963, net of accumulated depreciation. This amount includes all infrastructure assets acquired during 2004, 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 Activities 2004	Business-type Activities 2004	Total 2004
Land/Right of Way	$ 84,534,082	$ 1,582,576	86,116,658
Buildings and Improvements	25,601,487	5,438,038	31,039,525
Machinery and equipment	2,825,802	453,379	3,279,181
Infrastructure	151,195,444	-	151,195,444
Vehicles and motorized equipment	2,091,814	17,350	2,109,164
Construction in progress	9,484,734	4,257	9,488,991
Total	$ 275,733,363	$ 7,495,600	$ 283,228,963

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 2004, the City contracted with an outside service provider to perform inspections. The City also relies on citizens to report streetlight and traffic signal outages or malfunctions. The provider performs a monthly visual inspection on the streetlights and traffic signals and reports to the City Engineer. The City's policy is to repair/replace any outages or malfunctions within 48 hours. The average monthly condition assessment for 2004 was 99.2%. For 2004 the City incurred expenditures of $175,150 compared to the budgeted amount of $185,000 to maintain the condition assessment level.

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 $3,158,217 in donated infrastructure assets from developers.
- Construction in progress consists of $9,484,734 for street, storm water, and bridge construction projects. This amount decreased from $15,068,780 in 2003 due to the completion of I-Lan Park, Ironwoods Park, and the remodeling of Fire Station #2.

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, 2004, the City of Leawood had total bonded debt outstanding of $51,830,000. Of this, $49,070,000 in debt is backed by the full faith and credit of the City. The remainder of $2,760,000 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	
	2004	2003	2004	2003	2004	2003
General obligation bonds	$ 44,563	$ 43,523	$ 4,507	$ 4,642	$ 49,070	$ 48,165
Revenue bonds	2,760	2,835	-	-	$ 2,760	$ 2,835
Total	$ 47,323	$ 46,358	$ 4,507	$ 4,642	$ 51,830	$ 51,000

The City of Leawood maintained its AA1 bond rating from Moody's Investor Service for the 11th 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.

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 $186,057,454. The City has $1,050,000 in bonds authorized but un-issued at December 31, 2004.

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 of Leawood is no different than many other Kansas cities having to address recent economic changes. Anticipated future cost increases for health, worker's compensation, and retirement benefits, combined with the State's unprecedented fiscal crisis, has made providing a balanced budget a challenge. In 2004, a 2.25 mill levy increase was initiated for the debt incurred on the $12,500,000 voter approved park improvement initiative of 1998. This increase had been planned and communicated to the citizens for a number of years. However the mill levy is budgeted to stay the same and no increase is planned for budget year 2005. Sales and use taxes, although strong in 2004 continues to evolve from a brick and mortar concept to a destination base concept. This is the second largest revenue to the City which is estimated to increase by 3.5%.

Public Safety. During the year Leawood Police Department reported an overall 20% decrease in major crimes. Contributing factors include a 44% decrease in aggravated assaults and a 64% decrease in burglaries. The Fire Department was presented with the Life Safety Achievement Award by the Kansas State Fire Marshall for having recorded zero fire-related fatalities. Leawood has received this award six times since its inception seven years ago. In addition, over 4,000 Leawood school children from Kindergarten to 5th grade were instructed in fire safety during the year.

Recreation and Cultural. In April 2004, the official opening of Ironwoods Park was made. The opening set off a flurry of activity with rental of the Alpine Lodge and cabins, educational programs and birthday parties at the Nature Center and team building activities on the 50-foot challenge course. The City's Art in Public Place Initiative was expanded by the start-up of the City's Art on Loan Program. The first piece, "Boogaloo", a glass sculpture by local artist STRETCH, was located in the lobby of City Hall. The City's 2004 public art piece, Llooppi, a whimsical sculpture by another local artist, Nate Fors, is the City's fourth piece of public art and is located at the entrance of City Park.

In 2004 a delegation from Leawood visited our Sister City in I-Lan Taiwan and during the visit the City of I-Lan dedicated the new "Leawood Bridge" spanning the I-Lan River. This bridge, the largest in I-Lan, symbolizes the connectivity between our two cities and our citizens.

The City also took further action with regards to our relationship with our newest Sister City, the Gezer Region of Israel, by establishing a Gezer Sister City committee and officially names the donated parkland at 133rd and Mission Road as "Gezer Park".

Economic Development. During 2004 the City's Building Department issued twelve commercial permits with an estimated value of $31 million dollars and 586 residential permits with an estimated value of $123 million dollars.

Transportation. Transportation issues remain at the forefront for the City. A tremendous effort continues to focus on regional issues as well as residential, as the City works to lessen the impact of growth. In 2004 the City's Accelerated Residential Street Improvement Program was initiated. The first phase of this reconstruction program will span five years at a cost of $10 million. The first of two phases of the Roe Avenue improvement project south of 119th was substantially completed. The second phase south of 127th Street will commence next year.

Requests for Information

This report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report, or requests for additional information, contact the Director of Finance, City of Leawood, 4800 Town Center, Leawood, KS 66211 or phone 913-339-6700 ext. 121.

Basic Financial Statements

Exhibit A

City of Leawood, Kansas

Statement of Net Assets
December 31, 2004

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Pooled cash and investments	$ 46,735,386	$ 78,825	$ 46,814,211
Restricted Assets	97,344	-	97,344
Receivables - (net of allowance for uncollectibles):			
Property Tax	8,079,022	-	8,079,022
Sales tax	2,183,220	-	2,183,220
Franchise tax	773,753	-	773,753
Special assessments - current	1,036,055	-	1,036,055
Intergovernmental	552,869	-	552,869
Interest	133,740	-	133,740
Accounts	-	57,362	57,362
Inventory and prepaid expenses	154,785	59,110	213,895
Internal balances	1,847,701	(1,847,701)	-
Bond Issuance costs, net	733,675	25,796	759,471
Special assessments receivables - noncurrent	7,090,221	-	7,090,221
Capital Assets:			
Land and other capital assets, non-depreciable	105,546,565	1,582,576	107,129,141
Other capital assets, net of depreciation	170,186,798	5,913,024	176,099,822
Total assets	345,151,134	5,868,992	351,020,126
Liabilities			
Accounts payable	2,151,500	15,364	2,166,864
Due to employees and others	776,432	46,179	822,611
Deferred revenue	8,332,193	47,534	8,379,727
Temporary notes payable	26,200,000	-	26,200,000
Accrued interest payable	870,919	-	870,919
Municipal court deposits	97,344	-	97,344
Long-term liabilities:			
Due within one year	5,418,995	423,296	5,842,291
Due in more than one year	43,072,105	4,076,848	47,148,953
Total liabilities	86,919,488	4,609,221	91,528,709
Net Assets			
Invested in capital assets, net of related debt	228,815,457	2,995,456	231,810,913
Restricted for:			
Capital projects	1,119,062	-	1,119,062
Debt service	4,435,088	-	4,435,088
Other purposes	7,029	-	7,029
Unrestricted (deficit)	23,855,010	(1,735,685)	22,119,325
Total net assets	$ 258,231,646	$ 1,259,771	$ 259,491,417

See accompanying notes to the basic financial statements

Exhibit B

City of Leawood, Kansas

Statement of Activities

For the Year Ended December 31, 2004

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets – Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets – Primary Government: Business-type Activities	Net (Expense) Revenue and Changes in Net Assets – Primary Government: Total
Governmental Activities:							
General government	$ 4,747,939	$ 2,010,249	$ -	$ -	$ (2,737,690)	$ -	$ (2,737,690)
Public safety	10,975,002	98,647	76,697	159,943	(10,639,715)	-	(10,639,715)
Public works	12,658,853	2,859,835	782,968	7,502,571	(1,513,479)	-	(1,513,479)
Parks and recreation	3,544,545	990,564	-	45,108	(2,508,873)	-	(2,508,873)
Interest on long-term debt	2,498,981	-	-	-	(2,498,981)	-	(2,498,981)
Total government activities	34,425,320	5,959,295	859,665	7,707,622	(19,898,738)	-	(19,898,738)
Business-type activities:							
Golf Course	2,287,663	2,014,759	-	182,084	-	(90,820)	(90,820)
Total business-type activities	2,287,663	2,014,759	-	182,084	-	(90,820)	(90,820)
Total primary government	$36,712,983	$ 7,974,054	$ 859,665	$ 7,889,706	(19,898,738)	(90,820)	(19,989,558)
General revenues:							
Taxes:							
Property taxes, levied for general purpose					8,306,371	-	8,306,371
Property taxes, levied for debt service					6,266,815	-	6,266,815
Sales taxes					11,430,251	-	11,430,251
Franchise taxes					2,452,402	-	2,452,402
Other taxes					566,721	-	566,721
Grants and contributions not restricted to specific programs					1,590,986	-	1,590,986
Unrestricted investment earnings					746,382	254	746,636
Miscellaneous					234,606	196	234,802
Transfers in (out)					(445,100)	445,100	-
Total general revenues and transfers					31,149,434	445,550	31,594,984
Change in net assets					11,250,696	354,730	11,605,426
Net assets-beginning of year					246,980,950	905,041	247,885,991
Net assets-end of year					$ 258,231,646	$ 1,259,771	$259,491,417

See accompanying note to the basic financial statements

Exhibit C

City of Leawood, Kansas

Balance Sheet
Governmental Funds
December 31, 2004

	General Fund	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets:					
Pooled cash and investments	$ 10,295,885	$ 4,412,741	$ 24,604,726	$ 7,422,034	$ 46,735,386
Restricted assets	97,344	-	-	-	97,344
Receivables (net of allowance for uncollectibles)					
Property tax	4,922,201	3,156,821	-	-	8,079,022
Sales tax	1,916,178	-	149,213	117,829	2,183,220
Franchise tax	773,753	-	-		773,753
Interest	51,324	22,347	45,028	15,041	133,740
Intergovernmental	212,115	87,055	102,471	151,228	552,869
Special assessments	-	8,126,276	-	-	8,126,276
Inventory and prepaid expenses	154,785	-	-	-	154,785
Advance due from other funds	1,043,082	804,619	-	-	1,847,701
Total assets	$ 19,466,667	$ 16,609,859	$ 24,901,438	$ 7,706,132	$ 68,684,096
Liabilities:					
Accounts payable and accrued liabilities	$ 332,248	$ -	$ 1,554,962	$ 264,290	$ 2,151,500
Due to employees and others	776,432	-	-	-	776,432
Deferred revenue	5,088,317	11,370,152	-	-	16,458,469
Temporary notes payable	-	-	26,200,000	-	26,200,000
Accrued interest payable	-	-	231,433	-	231,433
Municipal court deposits	97,344	-	-	-	97,344
Total liabilities	6,294,341	11,370,152	27,986,395	264,290	45,915,178
Fund balances:					
Reserved for:					
Inventory and prepaid expenses	154,785	-	-	-	154,785
Debt service	-	4,435,088	-	-	4,435,088
Advances due from other funds	1,043,082	804,619	-	-	1,847,701
Unreserved (deficit)	11,974,459	-	(3,084,957)	-	8,889,502
Unreserved, reported in non-major funds:					
Special revenue funds	-	-	-	319,207	319,207
Capital projects funds	-	-	-	7,122,635	7,122,635
Total fund balances (deficit)	13,172,326	5,239,707	(3,084,957)	7,441,842	22,768,918
Total liabilities and fund balances	$ 19,466,667	$ 16,609,859	$ 24,901,438	$ 7,706,132	$ 68,684,096

See accompanying notes to the basic financial statements

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, 2004

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Ending fund balances - total governmental funds	$ 22,768,918
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 or estimated cost, net of accumulated depreciation. This is the amount of net capital assets reported in the Statement of Net Assets	275,733,363
Long-term assets are not available to pay for current period expenditures and are therefore deferred in the fund statements.	8,126,276
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	733,675
Accrued interest payable	(639,486)
Long-term debt	(48,491,100)
Total net assets of governmental activities	$ 258,231,646

See accompanying notes to the basic financial statements

Exhibit D

City of Leawood, Kansas

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2004

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	$15,900,603	$5,974,033	$ -	$ 581,593	$ 22,456,229
Licenses and permits	1,923,975	-	1,215,620	174,498	3,314,093
Intergovernmental	5,972,652	465,123	3,902,316	1,408,532	11,748,623
Charges for services	1,088,487	-	-	-	1,088,487
Fines and forfeitures	1,551,382	-	-	2,458	1,553,840
Special Assessments	-	1,408,127	-	-	1,408,127
Interest	156,453	111,361	362,196	116,372	746,382
Contributions and others	99,251	47,195	335,373	212,918	694,737
Total Revenues:	26,692,803	8,005,839	5,815,505	2,496,371	43,010,518
Expenditures:					
Current:					
General government	4,341,600	-	-	219,419	4,561,019
Public Safety	10,115,667	-	-	234,894	10,350,561
Public Works	4,249,162	-	-	-	4,249,162
Parks and recreation	2,709,616	-	-	255,111	2,964,727
Capital Outlay	-	-	10,908,832	3,438,073	14,346,905
Debt Service:					
Principal retirements	200,691	3,987,300	-	105,000	4,292,991
Interest and fiscal charges	22,769	2,160,649	494,158	123,785	2,801,361
Total Expenditures	21,639,505	6,147,949	11,402,990	4,376,282	43,566,726
Excess of revenues over (under) expenditures	5,053,298	1,857,890	(5,587,485)	(1,879,911)	(556,208)
Other financing sources (uses):					
Transfers in	115,000	377,137	-	2,815,924	3,308,061
Transfers out	(2,843,126)	-	(377,137)	(532,898)	(3,753,161)
Payments to escrow agent to refund bonds	-	(7,702,323)	-	-	(7,702,323)
Proceeds from refunding bonds	-	7,795,000	-	-	7,795,000
Debt Issuance premiums	-	-	338,200	-	338,200
Proceeds from borrowing	-	-	4,280,000	-	4,280,000
Total other financing sources (uses)	(2,728,126)	469,814	4,241,063	2,283,026	4,265,777
Net changes in fund balances	2,325,172	2,327,704	(1,346,422)	403,115	3,709,569
Fund balances (deficit) at beginning of year	10,847,154	2,912,003	(1,738,535)	7,038,727	19,059,349
Fund balances (deficit) at end of year	$13,172,326	$5,239,707	$ (3,084,957)	$ 7,441,842	$ 22,768,918

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, 2004

Amounts reported for governmental activities in the statement of activities are different because:	
Net changes in fund balances - total governmental funds	$ 3,709,569
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	10,983,636
Depreciation expense	(6,469,932)
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	3,158,217
Change in deferred revenue for tax revenues	27,066
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	(132,909)
Interest expense	135,572
Issuance of long-term debt	11,956,831
Payment of long-term debt	(12,075,000)
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	(42,354)
Total changes in net assets of governmental activities	$ 11,250,696

See accompanying notes to the basic financial statements.

Exhibit E

City of Leawood, Kansas

Statement of Net Assets - Proprietary Fund
December 31, 2004
(With Comparative Totals for December 31, 2003)

	Leawood Public Golf Course Fund	
	2004	2003
Assets:		
Current assets:		
Pooled cash and investments	$ 78,825	$ 53,350
Receivables - (net of allowance for uncollectibles)	57,362	41,109
Inventory	59,110	48,709
Total current assets	195,297	143,168
Noncurrent Assets:		
Bond Issuance costs, net	25,796	-
Capital assets:		
Land	1,582,576	1,582,576
Other capital assets, net of depreciation	5,913,024	6,034,572
Total capital assets	7,495,600	7,617,148
Total noncurrent assets	7,521,396	7,617,148
Total assets	7,716,693	7,760,316
Liabilities:		
Current Liabilities:		
Accounts payable and accrued liabilities	15,364	35,238
Accrued wages	46,179	15,806
Deferred Revenue	47,534	64,834
Current portion of general obligation bonds payable	363,200	307,700
Current portion of capital lease obligations	60,096	101,156
Total current liabilities	532,373	524,734
Noncurrent liabilities:		
Advances due to other funds	1,847,701	1,847,701
Capital lease obligations	88,744	148,840
General obligation bonds payable	3,988,104	4,334,000
Total noncurrent liabilities	5,924,549	6,330,541
Total liabilities	6,456,922	6,855,275
Net Assets:		
Invested in capital assets, net of related debt	2,995,456	2,725,452
Unrestricted (deficit)	(1,735,685)	(1,820,411)
Total net assets	$ 1,259,771	$ 905,041

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, 2004
(With Comparative Totals for December 31, 2003)

	Leawood Public Golf Course Fund	
	2004	2003
Operating revenues:		
Golf Course revenue	$ 2,014,759	$ 2,038,317
Total operating revenues	2,014,759	2,038,317
Operating expenses:		
Cost of goods sold	371,260	329,804
Pro shop	272,285	252,799
Driving range	20,403	13,704
Golf carts	51,673	52,265
Course maintenance	566,553	533,956
Food and beverage	151,670	155,231
General and administrative	289,140	304,048
Depreciation	343,061	330,059
Total operating expenses	2,066,045	1,971,866
Operating income (loss)	(51,286)	66,451
Nonoperating revenue (expense):		
Interest income	254	937
Interest expense and other charges	(221,618)	(242,832)
Other income	196	29,534
Total nonoperating revenues (expenses)	(221,168)	(110,781)
Contributed capital assets	182,084	101,580
Transfers in	445,100	165,637
Change in net assets	354,730	222,887
Net assets at beginning of year	905,041	783,734
Net assets at end of year	$ 1,259,771	$ 905,041

See accompanying note to the basic financial statements

Exhibit G

City of Leawood, Kansas

Statement of Cash Flows - Proprietary Funds
For the Year Ended December 31, 2004
(With Comparative Totals for December 31, 2003)

	Leawood Public Golf Course Fund	
	2004	2003
Cash flows from operating activities:		
Receipts from customers	$ 1,981,206	$ 2,032,531
Payments to suppliers and contractors	(1,722,981)	(1,650,685)
Net cash provided by operating activities	258,225	381,846
Cash flows from noncapital and related financing activities:		
General fund transfer	445,100	165,637
Cash flows from capital and related financing activities:		
Purchases of capital assets	(39,138)	(19,627)
Proceeds from capital debt	2,565,000	-
Principal paid on capital debt	(2,998,856)	(499,401)
Interest paid on capital debt	(205,110)	(242,831)
Sale of equipment	-	128,464
Net cash (used) by capital and related financing activities	(678,104)	(633,395)
Cash flows from investing activities:		
Interest and dividends	254	937
Net cash provided by investing activities	254	937
Net (decrease) in cash and cash equivalents	25,475	(84,975)
Cash and cash equivalents at beginning of year	53,350	138,325
Cash and cash equivalents at end of year	$ 78,825	$ 53,350
Reconcillation of operating income to net cash provided by operating activities:		
Operating income (loss)	$ (51,286)	$ 66,451
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation expense	343,061	330,059
(Gain) Loss on sale of equipment	(96)	19,279
Change in operating assets and liabilities:		
Receivables, net	(16,253)	(23,644)
Inventories	(10,401)	(13,363)
Accounts payable and other liabilities	10,500	(14,794)
Deferred revenue	(17,300)	17,858
Total adjustments	309,511	315,395
Net cash provided by operating activities	$ 258,225	$ 381,846
Noncash capital and related financing activities:		
Contributed Capital assets	$ 182,084	$ 101,580
Capital lease obligation for purchase of capital assets	$ -	$ 272,000

See accompanying notes to the basic financial statements.

Exhibit H

City of Leawood, Kansas
Statement of Assets and Liabilities
Fiduciary Fund
December 31, 2004

	Agency Fund - Employee Giving
Assets	
Pooled cash and investments	$ 892
Total Assets	$ 892
Liabilities	
Due to employees	$ 892

See accompanying notes to the basic financial statements

Notes to the Basic Financial Statements

Note 1: Summary of Significant Accounting Policies

The City of Leawood, Kansas (the City) became a first class city effective December 31, 1998. The City operates under the Mayor-Council form of government with the addition of a City Administrator. The City covers an area of approximately fifteen square miles in northeastern Johnson County, Kansas. The City provides many services to its estimated 29,470 residents, including law enforcement, fire protection, and recreational facilities. Educational services are provided by separate governmental entities.

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

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. Internal activity is eliminated in the statement of activities to avoid "doubling up" revenues and expenses.

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.

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 or when all eligibility requirements have been satisfied and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. 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.

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

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

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. All assets and liabilities (whether current or noncurrent) associated with a proprietary fund's activities are included on its statement of activities. Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. All other revenues and expenses are considered nonoperating.

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.

D. Financial Statement Accounts

Estimates

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

Pooled Cash and Investments

Pooled cash and investments include cash, certificates of deposit, and investment in the State Municipal Investment Pool 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 and Prepaid Items

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

Capital Assets

Capital assets, which include property, equipment, and infrastructure assets (e.g. roads/curbs, bridges, storm drainage systems, etc. acquired in 1948 and after) are reported in the 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 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 is expensed as incurred.

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 $185,000.

The City has 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:

Assets	Years
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-five 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.

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 the purchase of goods and services 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

Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For the purpose of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

Equity Classifications

As noted previously, in the Government-wide statements, equity is classified as net assets and displayed in three components:

- *Invested in capital assets, net of related debt* – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

- *Restricted net assets* – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

- *Unrestricted net assets* – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

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 and accounts payable.

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

The statutes allow for the governing body to increase the originally adopted expenditure budget for a fund for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. The reported budgetary data represents the approved budget as adopted by the City Council. During 2004, there were amendments to the budget.

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 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 also invest in the State of Kansas Municipal Investment Pool. The Pool is operated by the State Treasurer, is not an SEC registered pool and is regulated by the Pooled Money Investment Board.

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

Deposits—At December 31, 2004, the carrying amount of the City's deposits was $31,879,232 and the bank balance was $32,155,582. 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 $32,155,582 are all considered Category 1 deposits at December 31, 2004. At December 31, 2004, the City has investments of $15,024,958 in the State of Kansas Municipal Investment Pool. These investments are exempt from custodial credit risk categorization.

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

Cash on hand	$ 7,365
Carrying amount of deposits	31,879,232
State Municipal Investment Pool	15,024,958
Total cash and investments	$ 46,911,555
Pooled cash and investments	$ 46,814,211
Restricted cash	97,344
Total pooled cash and investments	$ 46,911,555

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, 2003 on which the 2004 levy was based was $559,593,133.

The City's property tax levies per $1,000 assessed valuation for the year ended December 31, 2004 recognized as revenue in 2004 were as follows:

	Levy (Mills)
General Fund	$ 13.322
Debt Service Fund	10.752
	$ 24.074

Taxes receivable represent property taxes levied on November 1, 2004 for 2005 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, 2004 are as follows:

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

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

	Intergovernmental Revenues				
	General Fund	Debt Service	Capital Projects	Other Governmental Funds	Total
Intergovernmental revenues:					
Federal:					
Bureau of Justice	$ 2,100	-	-	159,943	$ 162,043
Emergency Management Agency	74,597	-	-	-	74,597
Department of Transportation	-	-	2,212,592	-	2,212,592
State of Kansas:					-
Special Liquor tax	188,907	-	-	377,814	566,721
Gasoline tax	804,945	-	-	-	804,945
County and Local:					-
County sales tax	3,222,196	-	644,440	-	3,866,636
County consumer's use tax	801,417	-	160,284	-	961,701
Motor vehicle tax	878,490	465,123	-	-	1,343,613
County assisted road system	-	-	885,000	-	885,000
Interlocal agreements	-	-	-	870,775	870,775
	$ 5,972,652	$ 465,123	$ 3,902,316	$ 1,408,532	$ 11,748,623

E. Transfers

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

	Transfers From			
Transfers To	General Fund	Capital Projects Projects Fund	Other Governmental Funds	Total
Governmental Activities				
General Fund	$ -	$ -	$ 115,000	$ 115,000
Debt Service Fund	-	377,137	-	377,137
Other Governmental Funds	2,398,026	-	417,898	2,815,924
Subtotal	2,398,026	377,137	532,898	3,308,061
Business-type Activities				
Golf Course Fund	445,100	-	-	445,100
Total	$ 2,843,126	$ 377,137	$ 532,898	$ 3,753,161

Transfers from/to other funds consisted of the following:	
From the General Fund to:	
Municipal Equipment Reserve Fund for capital expenditures.	$ 1,119,884
Street Improvements Fund for capital expenditures.	800,000
Public Building Commission for debt service	148,962
Capital Improvements Fund for capital expenditures.	248,500
City Art Fund for capital expenditures.	80,680
Golf Course Fund for operations	445,100
	2,843,126
From Capital Project Fund to:	
Debt Service Fund for debt service expenditures.	377,137
From Other Governmental Funds:	
From the Special Alcohol Fund to:	
General Fund for expenditure reimbursement.	115,000
From Capital Improvements Fund to:	
Street Improvements Fund for capital expenditures.	342,000
From Municipal Equipment Reserve Fund to:	
Byrne Grant Fund for expenditure reimbursement.	75,898
	532,898
Total	$ 3,753,161

F. Capital Assets

Capital asset activity for the year ended December 31, 2004 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 6,180,513	$ -	$ -	$ 6,180,513
Infrastructure	88,158,108	1,824,056	100,846	89,881,318
Construction in progress	15,068,780	8,158,696	13,742,742	9,484,734
Total capital assets not being depreciated	109,407,401	9,982,752	13,843,588	105,546,565
Capital assets being depreciated:				
Buildings and improvements	23,430,306	7,936,614	-	31,366,920
Machinery and equipment	1,810,249	267,840	13,820	2,064,269
Office equipment	1,954,688	969,379	-	2,924,067
Furniture and fixtures	41,088	309,823	-	350,911
Automobiles	1,216,571	193,745	178,340	1,231,976
Trucks	3,816,584	98,184	52,490	3,862,278
Infrastructure	183,694,738	8,292,694	166,646	191,820,786
Total capital assets being depreciated	215,964,224	18,068,279	411,296	233,621,207
Less accumulated depreciation for:				
Buildings and improvements	4,908,522	856,912	-	5,765,434
Machinery and equipment	1,013,117	137,114	13,820	1,136,411
Office equipment	904,103	421,404	-	1,325,507
Furniture and fixtures	12,327	39,200	-	51,527
Automobiles	630,442	195,240	133,582	692,100
Trucks	2,070,395	292,435	52,490	2,310,340
Infrastructure	47,771,278	4,527,627	145,815	52,153,090
Total accumulated depreciation	57,310,184	$ 6,469,932	$ 345,707	63,434,409
Total capital assets being depreciated, net	158,654,040			170,186,798
Governmental activity capital assets, net	$ 268,061,441			$ 275,733,363

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

General government	$ 404,342
Public safety	689,142
Public works	4,905,523
Parks and recreation	470,925
Total depreciation expense	$ 6,469,932

	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	146,778	-	5,850,444
Building	1,426,430	12,000	-	1,438,430
Machinery and equipment	1,017,052	68,019	44,794	1,040,277
Office equipment	23,801	3,120	-	26,921
Furniture and fixtures	41,164	-	-	41,164
Automobiles	36,094	-	-	36,094
Total capital assets being depreciated	8,248,207	229,917	44,794	8,433,330
Less accumulated depreciation for:				
Course improvements	1,324,161	178,743	-	1,502,904
Building	304,983	38,692	-	343,675
Machinery and equipment	507,324	119,369	36,390	590,303
Office equipment	23,707	536	-	24,243
Furniture and fixtures	39,143	1,294	-	40,437
Automobiles	14,317	4,427	-	18,744
Total accumulated depreciation	2,213,635	$ 343,061	$ 36,390	2,520,306
Total capital assets being depreciated, net	6,034,572			5,913,024
Business-type activity capital assets, net	$ 7,617,148			$ 7,495,600

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:

Total Expenditures

Project Number and Name		Authorized	Project-to-date at year-end
106	Dykes Branch	$ 200,000	$ 109,258
110	Roe Avenue: 124th to 135th	7,691,865	3,908,035
111	I-Lan Park	1,050,000	941,258
112	Pedestrian Bridge	220,000	200
116	Ironwoods Park	6,050,000	6,068,679
137	State Line: Phase IV	3,680,000	1,664,464
139	Nall 135th to 143rd	3,884,095	1,236,787
150	Fire Station #2	1,165,184	1,114,084
157	92nd and State Line Traffic Signal	240,081	12,523
159	119th and Mission Intersection	5,029,204	1,451,606
162	143rd Street	160,000	158,913
179	Roe Avenue: 135th to 137th	1,453,652	1,279,231
190	Roe & Nall Ave, and 137th Street	840,608	781,342
191	137th and Briar	3,585,984	2,516,885
192	Mn Entry/Nall-N of 137th	1,422,832	313,595
193	135th St and Briar Intersection	600,000	472,426
194	135th St. and Roe Ave. South	310,000	297,636
195	Parkway Plaza Development	6,525,000	2,503,686
200	Residential St. Phase 1	2,500,000	1,469,354
202	Residential St. Phase 2	4,000,000	1,395
		$ 50,608,505	$ 26,301,357

H. Temporary Notes

During the year, the City issued a series of temporary notes for the purpose of funding various

I. Long-Term Liabilities

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

	Balance January 1, 2004	Increases	Decreases	Balance December 31, 2004	Amount Due in 2005
Governmental activities:					
General obligation bonds to be paid with:					
Tax levies	$ 34,877,645	$ 10,780,000	$ 9,851,945	$ 35,805,700	$ 3,191,000
Benefit district assessments	8,645,655	1,295,000	1,183,455	8,757,200	1,105,800
Revenue Bonds	2,835,000	-	75,000	2,760,000	340,000
Less deferred amounts on refunding	-	(654,222)	(38,483)	(615,739)	-
Total bonds payable	46,358,300	11,420,778	11,071,917	46,707,161	4,636,800
Capital leases	1,175,112	-	230,692	944,420	110,195
Compensated absences*	797,165	895,452	853,098	839,519	672,000
Total Governmental activity debt	$ 48,330,577	$ 12,316,230	$ 12,155,707	$ 48,491,100	$ 5,418,995

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

Business-type activities:					
General obligation bonds to be paid with:					
Golf course revenues	$ 4,641,700	$ 2,565,000	$ 2,699,600	$ 4,507,100	$ 363,200
Less deferred amounts on refunding	-	(169,959)	(14,163)	(155,796)	-
Total bonds payable	4,641,700	2,395,041	2,685,437	4,351,304	363,200
Capital leases	249,996	-	101,156	148,840	60,096
Total Business-type activity debt	$ 4,891,696	$ 2,395,041	$ 2,786,593	$ 4,500,144	$ 423,296

The detail of debt at December 31, 2004 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%	$ 85,000
$5,654,700, Series 1996-A General Obligation Refunding Bonds due in annual installments through September 1, 2009 interest at 3.50% to 5.00%	1,841,900

$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%	2,891,000
$6,945,000, Series 1997 General Obligation Improvement Bonds due in annual installments through September 1, 2006; interest at 4.60% to 6.00%	1,000,000
$5,760,000, Series 1998-A General Obligation Improvement Bonds due in annual installments through September 1, 2013; interest at 3.65% to 5.50%	3,442,800
$7,529,862, Series 2000A General Obligation Improvement Bonds due in annual installments through September 1, 2009; interest at 4.625% to 6.00%	1,825,000
$9,300,000, Series 2001-A General Obligation Improvement Bonds due in annual installments through September 1, 2021; interest at 4.00% to 6.00%	8,400,000
$5,050,000, Series 2002-A General Obligation Improvement Bonds due in annual installments through September 1, 2023; interest at 2.75% to 4.65%	5,025,000
$632,345, Series 2003-A General Obligation Improvement Bonds due in annual installments through September 1, 2018; interest at 3.55% to 6.79%	590,000
$7,640,000, Series 2004-A General Obligation Refunding Bonds due in annual installments through September 1, 2020; interest at 2.00% to 4.13%	7,565,000
$3,140,000, Series 2004-B General Obligation Improvement Bonds due in annual installments through September 1, 2024; interest at 3.00% to 5.00%	3,140,000
Subtotal	35,805,700

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%	100,000

$6,580,000, Series 1998-A General Obligation Improvement Bonds due in annual installments through September 1, 2013; interest at 3.65% to 5.50%	2,897,200
$780,138, Series 2000-A General Obligation Improvement Bonds due in annual installments through September 1, 2009; interest at 4.625% to 6.00%	335,000
$4,427,655, Series 2003-A General Obligation Improvement Bonds due in annual installments through September 1, 2018; interest at 2.00% to 4.13%	4,130,000
$155,000, Series 2004-A General Obligation Refunding Bonds due in annual through September 1, 2015; interest at 2.00% to 3.50%	155,000
$1,140,000, Series 2004-B General Obligation Improvement Bonds due in annual installments through September 1, 2024; interest at 3.00% to 5.00%	1,140,000
Subtotal	8,757,200
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%	2,760,000
Bonds payable	47,322,900
Less deferred amounts on refunding	(615,739)
Total bonds payable	46,707,161
Capital leases:	
Lease for park land, due in semiannual installments through September 1, 2009; interest at 6%	600,000
Lease for fire ladder truck due in annual installments through September 14, 2008; interest at 4.76%	344,420
Subtotal	944,420
Compensated absences	839,519
Total	$ 48,491,100

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%	$ 1,967,100
$2,565,000, Series 2004-A General Obligation Refunding Bonds due in annual installments through September 1, 2015; interest at 2.00% to 3.50%	2,540,000
Bonds payable	4,507,100
Less deferred amounts on refunding	(155,796)
Total bonds payable	4,351,304

Capital Lease:

Lease for golf carts due in semiannual installments through May 1, 2006, interest at 3.25%	148,840
Total	$ 4,500,144

The annual debt service requirements to amortize general obligation bonds and capital lease obligations at December 31, 2004 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
2005	$ 3,191,000	$ 1,476,676	$ 4,667,676
2006	3,155,300	1,334,632	4,489,932
2007	3,084,200	1,189,239	4,273,439
2008	2,759,200	1,070,545	3,829,745
2009	2,639,200	966,825	3,606,025
2010-2014	9,846,800	3,483,659	13,330,459
2015-2019	7,465,000	1,824,666	9,289,666
2020-2024	3,665,000	354,263	4,019,263
	$ 35,805,700	$ 11,700,505	$ 47,506,205

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

Year	Principal Due	Interest Due	Total Due
2005	$ 1,105,800	$ 322,689	$ 1,428,489
2006	1,105,800	282,797	1,388,597
2007	1,050,800	240,865	1,291,665
2008	1,045,800	201,746	1,247,546
2009	525,800	163,319	689,119
2010-2014	2,353,200	555,763	2,908,963
2015-2019	1,570,000	163,740	1,733,740
	$ 8,757,200	$ 1,930,919	$ 10,688,119

Annual debt service requirements to maturity for revenue bonds:

Year	Principal Due	Interest Due	Total Due
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	380,000	37,488	417,488
2010-2012	965,000	50,938	1,015,938
	$ 2,760,000	$ 313,626	$ 3,073,626

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

Year	Principal Due	Interest Due	Total Due
2005	$ 110,195	$ 52,394	$ 162,589
2006	114,013	46,777	160,790
2007	118,011	40,978	158,989
2008	122,201	34,989	157,190
2009	480,000	288,800	768,800
	$ 944,420	$ 463,938	$ 1,408,358

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

Year	Principal Due	Interest Due	Total Due
2005	$ 363,200	$ 160,817	$ 524,017
2006	373,900	145,635	519,535
2007	390,000	129,643	519,643
2008	400,000	121,843	521,843
2009	405,000	113,843	518,843
2010-2014	2,230,000	360,655	2,590,655
2015	345,000	15,225	360,225
	$ 4,507,100	$ 1,047,661	$ 5,554,761

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

Year	Principal Due	Interest Due	Total Due
2005	$ 60,096	$ 4,904	$ 65,000
2006	88,744	2,924	91,668
	$ 148,840	$ 7,828	$ 156,668

On March 15, 2004, the City issued $10,360,000 of General Obligation Refunding Bonds with an average interest rate of 3.06% to advance refund $2,615,000, $2,300,000 and $4,500,000 of outstanding portions of the 1996-A and B, 1997, and 2000 Series Bonds, respectively, with an average interest rate of 4.25%, 5.30%, and 5.31%, respectively. (A portion of the refunding bonds and outstanding bonds relates to and were reported in business-type activities - Golf Course Fund). The net bond proceeds of $10,236,827 ($7,702,323 governmental activities and $2,534,504 business-type activities) were deposited in trust with an escrow agent to provide for all future debt service payments on the refunded portions of the 1996-A, 1996-B, 1997, and 2000 Series Bonds. As a result, portions of the 1996-A, 1996-B, 1997, and 2000 Series Bonds are considered defeased and the liability for those bonds has been removed from the long-term debt.

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $654,222 for governmental activities and $169,959 for business-type activities. These amounts are reported as a deduction from bonds payable and are amortized over the remaining life of the refunded debt using the straight-line method. The City completed this advance refunding to reduce its debt service payments by $405,386 for governmental activities and $135,065 for business-type activities and to obtain an economic gain of $322,135 for governmental activities and $107,328 for business-type activities

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 $186,057,454.

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, 2004, 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 $813,755 for governmental activities. The gross amount of capital assets under capital leases of golf equipment was $272,000, net accumulated amortization of $104,833 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.

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 2004 was 3.22% (January 1, 2004 though June 30, 2004) and 3.82% (July 1, 2004 though December 31, 2004).

The City employer contributions to KPERS for the years ending December 31, 2004, 2003, and 2002 were $184,355, $171,768, and $145,154, respectively, equal to the required contributions for each year. The KP&F uniform participating employer rate established for calendar year 2004 was 10.33%. 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, 2004, 2003, and 2002 were $611,768, $426,624, and $424,398, 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 2004 were $88,389 and $409,674, 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, 2004 amounted to $ 52,911. Future minimum lease payments for these leases are as follows:

2005	$ 55,521
2006	46,268
	$ 101,789

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.

Required Supplementary Information

City of Leawood, Kansas
Required Supplementary Information
December 31, 2004

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
- 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.

Schedule 1

City of Leawood, Kansas

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

General Fund

For the Year Ended December 31, 2004

	Original Budget	Final Budget	Budget Basis Actual
Revenues:			
Taxes	$ 14,175,908	$ 14,175,908	$ 15,900,603
Licenses and permits	1,493,725	1,493,725	1,923,975
Intergovernmental	4,946,824	4,946,824	5,972,652
Charges for services	1,361,515	1,361,515	1,088,487
Fines and forfeitures	1,600,500	1,600,500	1,551,382
Interest	100,000	100,000	156,453
Contributions and other	50,500	50,500	99,251
Total revenues	23,728,972	23,728,972	26,692,803
Expenditures:			
Current:			
General government	4,969,189	4,945,189	4,328,868
Public safety	10,338,042	10,362,042	10,310,469
Public works	4,702,802	4,702,802	4,198,044
Parks and recreation	3,132,450	3,132,450	2,709,616
Total expenditures	23,142,483	23,142,483	21,546,997
Excess of revenues over (under) expenditures	586,489	586,489	5,145,806
Other financing sources (uses):			
Transfers in	115,000	115,000	115,000
Transfers out	(2,717,464)	(2,717,464)	(2,843,126)
Total other financing sources (uses)	(2,602,464)	(2,602,464)	(2,728,126)
Net changes in fund balances	$ (2,015,975)	$ (2,015,975)	2,417,680
Fund balance at beginning of year			10,847,154
Encumbrances at beginning of year			(175,000)
Encumbrances cancelled			82,492
Fund balances end of year			$ 13,172,326

City of Leawood, Kansas

Comparison of Needed-to-Actual Maintenance/Preservation
for Streetlights and Traffic Signals.
December 31, 2004

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 2004, 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 2004 – 99.2%; November 2004 – 99.4%; and December 2004 – 99.3%.

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

Streetlights and traffic signals

	2004	2003	2002	2001	2000
Needed	$ 185,000	$ 195,000	$ 163,520	$ 163,520	$ 141,000
Actual	175,150	146,755	132,919	110,604	112,835

Combining and Individual Fund Statements and Schedules

Schedule 2

City of Leawood, Kansas

Schedule of Expenditures - Budget vs. Actual - General Fund

December 31, 2004

	Original Budget	Final Budget	Actual
General government:			
Administration:			
Personal services	$ 1,632,020	1,720,706	$ 1,656,687
Contractual services	1,137,819	1,008,286	833,660
Commodities	112,350	129,197	102,898
Total administration	2,882,189	2,858,189	2,593,245
Planning and development:			
Personal services	478,400	478,400	466,156
Contractual services	46,900	46,900	28,357
Commodities	15,900	15,900	11,365
Total planning and development	541,200	541,200	505,878
Municipal Court:			
Personal services	419,700	419,700	354,166
Contractual services	36,500	36,500	33,763
Commodities	27,500	27,500	16,619
Total municipal court	483,700	483,700	404,548
Legal Services:			
Personal services	296,500	296,500	275,070
Contractual services	163,500	163,500	43,738
Commodities	2,200	2,200	1,003
Total legal services	462,200	462,200	319,811
Information Services:			
Personal services	396,100	396,100	363,992
Contractual services	117,800	117,800	57,548
Commodities	86,000	86,000	83,846
Total information services	599,900	599,900	505,386
Total general government	4,969,189	4,945,189	4,328,868

(Continued)

Schedule 2
(Continued)

City of Leawood, Kansas
Schedule of Expenditures - Budget vs. Actual - General Fund
December 31, 2004

	Original Budget	Final Budget	Actual
Public safety:			
Police:			
Personal services	5,225,400	5,249,400	5,309,906
Contractual services	592,400	592,750	470,831
Commodities	357,900	357,550	410,573
Debt service	106,451	106,451	106,450
Total police	6,282,151	6,306,151	6,297,760
Fire:			
Personal services	3,651,400	3,593,230	3,576,128
Contractual services	215,600	198,259	188,002
Commodities	92,300	167,811	151,990
Debt service	96,591	96,591	96,589
Total fire	4,055,891	4,055,891	4,012,709
Total public safety	10,338,042	10,362,042	10,310,469
Public works:			
Personal services	2,859,300	2,859,300	2,620,222
Contractual services	1,255,630	1,255,630	1,012,472
Commodities	567,450	567,450	544,929
Debt service	20,422	20,422	20,421
Total public works	4,702,802	4,702,802	4,198,044
Parks and recreation:			
Personal services	1,832,200	1,832,200	1,598,955
Contractual services	798,000	798,000	641,485
Commodities	502,250	502,250	469,176
Total parks and recreation	3,132,450	3,132,450	2,709,616
Total expenditures	$ 23,142,483	$ 23,142,483	$ 21,546,997

City of Leawood, Kansas
Other Non-major Governmental Funds
December 31, 2004

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, 2004

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	$ 41,538	$ 110,819	$ 2,953	$ 55,732	$ -	$ 6,959	$ 19,222	$ -
Receivables (net of allowance for uncollectibles)								
Sales tax	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	70	-	-
Intergovernmental	46,000	46,000	-	22,190	-	-	-	-
Total assets	$ 87,538	$ 156,819	$ 2,953	$ 77,922	$ -	$ 7,029	$ 19,222	$ -
Liabilities and Fund Balances								
Liabilities:								
Accounts payable and accrued liabilities	$ -	$ -	$ -	$ 31,700	$ -	$ -	$ 576	$ -
Total liabilities	-	-	-	31,700	-	-	576	-
Fund Balances:								
Unreserved								
Special revenue funds	87,538	156,819	2,953	46,222	-	7,029	18,646	-
Capital projects funds	-	-	-	-	-	-	-	-
Total fund balance	87,538	156,819	2,953	46,222	-	7,029	18,646	-
Total liabilities and fund balances	$ 87,538	$ 156,819	$ 2,953	$ 77,922	$ -	$ 7,029	$ 19,222	$ -

City of Leawood, Kansas
Combining Balance Sheet - Non-major Governmental Funds
December 31, 2004

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	$ 2,087,092	$ 619,977	$ 1,690,187	$ 376,908	$ 203,337	$ 1,019,395	$ 642,677	$ 430,047	$ 115,191	$ 7,422,034
Receivables (net of allowance for uncollectibles)										
Sales tax	-	-	-	-	-	117,829	-	-	-	117,829
Interest	5,967	1,519	4,447	-	-	1,519	1,519	-	-	15,041
Intergovernmental	-	-	37,038	-	-	-	-	-	-	151,228
Total assets	$ 2,093,059	$ 621,496	$ 1,731,672	$ 376,908	$ 203,337	$ 1,138,743	$ 644,196	$ 430,047	$ 115,191	$ 7,706,132
Liabilities and Fund Balances										
Liabilities:										
Accounts payable and accrued liabilities	$ 7,400	$ 67,771	$ 137,162	$ -	$ -	$ 19,681	$ -	$ -	$ -	$ 264,290
Total liabilities	7,400	67,771	137,162	-	-	19,681	-	-	-	264,290
Fund Balances:										
Unreserved										
Special revenue funds	-	-	-	-	-	-	-	-	-	319,207
Capital projects funds	2,085,659	553,725	1,594,510	376,908	203,337	1,119,062	644,196	430,047	115,191	7,122,635
Total fund balance	2,085,659	553,725	1,594,510	376,908	203,337	1,119,062	644,196	430,047	115,191	7,441,842
Total liabilities and fund balances	$ 2,093,059	$ 621,496	$ 1,731,672	$ 376,908	$ 203,337	$ 1,138,743	$ 644,196	$ 430,047	$ 115,191	$ 7,706,132

Schedule 4

City of Leawood, Kansas
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Non-major Governmental Funds
For the year ended December 31, 2004

	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	188,907	188,907	-	159,943	-	-	-	-
Fines and forfeitures	-	-	2,458	-	-	-	-	-
Interest	336	973	27	398	-	121	279	689
Contributions and other	-	-	-	-	-	-	-	191,741
Total revenues	189,243	189,880	2,485	160,341	-	121	279	192,430
Expenditures:								
Current:								
General government	-	-	-	-	-	-	-	192,430
Public safety	42,165	-	-	192,153	-	-	576	-
Parks and recreation	-	255,111	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Principal retirements	-	-	-	-	75,000	-	-	-
Interest and fiscal charges	-	-	-	-	85,985	-	-	-
Total expenditures	42,165	255,111	-	192,153	160,985	-	576	192,430
Excess of revenues over (under) expenditures	147,078	(65,231)	2,485	(31,812)	(160,985)	121	(297)	-
Other financing sources (uses):								
Transfers in	-	-	-	75,898	148,962	-	-	-
Transfers out	(115,000)	-	-	-	-	-	-	-
Total other financing sources (uses)	(115,000)	-	-	75,898	148,962	-	-	-
Net changes in fund balances	32,078	(65,231)	2,485	44,086	(12,023)	121	(297)	-
Fund balances at beginning of year	55,460	222,050	468	2,136	12,023	6,908	18,943	-
Fund balances at end of year	$ 87,538	$ 156,819	$ 2,953	$ 46,222	$ -	$ 7,029	$ 18,646	$ -

City of Leawood, Kansas
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Non-major Governmental Funds
For the year ended December 31, 2004

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	$ -	$ -	$ -	$ -	$ -	$ 581,593	$ -	$ -	$ -	$ 581,593
Licenses and permits	-	-	-	-	58,316	-	67,329	41,100	7,753	174,498
Intergovernmental	-	-	870,775	-	-	-	-	-	-	1,408,532
Fines and forfeitures	-	-	-	-	-	-	-	-	-	2,458
Interest	28,158	12,671	25,764	5,174	5,075	13,446	13,553	8,198	1,510	116,372
Contributions and other	18,300	-	2,877	-	-	-	-	-	-	212,918
Total revenues	46,458	12,671	899,416	5,174	63,391	595,039	80,882	49,298	9,263	2,496,371
Expenditures:										
Current:										
General government	-	-	-	-	-	26,989	-	-	-	219,419
Public safety	-	-	-	-	-	-	-	-	-	234,894
Parks and recreation	-	-	-	-		-	-	-	-	255,111
Capital outlay	617,104	1,216,602	1,558,078	44,289	-	-	-	-	2,000	3,438,073
Debt service:										
Principal retirements	-	-	-	-	30,000	-	-	-	-	105,000
Interest and fiscal charges	-	-	-	-	37,800	-	-	-	-	123,785
Total expenditures	617,104	1,216,602	1,558,078	44,289	67,800	26,989	-	-	2,000	4,376,282
Excess of revenues over (under) expenditures	(570,646)	(1,203,931)	(658,662)	(39,115)	(4,409)	568,050	80,882	49,298	7,263	(1,879,911)
Other financing sources (uses):										
Transfers in	1,119,884	1,142,000	248,500	80,680	-	-	-	-	-	2,815,924
Transfers out	(75,898)	-	-	-	-	(342,000)	-	-	-	(532,898)
Total other financing sources (uses)	1,043,986	1,142,000	248,500	80,680	-	(342,000)	-	-	-	2,283,026
Net changes in fund balances	473,340	(61,931)	(410,162)	41,565	(4,409)	226,050	80,882	49,298	7,263	403,115
Fund balances at beginning 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
Fund balances at end of year	$ 2,085,659	$ 553,725	$ 1,594,510	$ 376,908	$ 203,337	$ 1,119,062	$ 644,196	$ 430,047	$ 115,191	$ 7,441,842

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, 2004

	Budget	Actual	Variance Under (Over)
Revenues:			
Intergovernmental	$ 148,300	$ 188,907	$ 40,607
Interest	-	336	336
Total revenues	148,300	189,243	40,943
Expenditures:			
Public safety	44,600	42,165	2,435
Contingency	7,761	-	7,761
Total expenditures	52,361	42,165	10,196
Revenues over (under) expenditures	95,939	147,078	51,139
Other financing (uses):			
Transfers out	(115,000)	(115,000)	-
Net changes in fund balance	$ (19,061)	32,078	$ 51,139
Fund balance, beginning of year		55,460	
Fund balance, end of year		$ 87,538	

Schedule 6

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, 2004

	Budget	Actual	Variance Under (Over)
Revenues:			
Intergovernmental	$ 180,000	$ 188,907	$ 8,907
Interest	1,000	973	(27)
Total revenues	181,000	189,880	8,880
Expenditures:			
Parks and recreation	271,284	199,244	72,040
Contingency	27,864	-	27,864
Total expenditures	299,148	199,244	99,904
Net changes in fund balance	$ (118,148)	(9,364)	$ 108,784
Fund balance, beginning of year		222,050	
Encumbrances, beginning of year		(122,309)	
Encumbrances cancelled		66,442	
Fund balance, end of year		$ 156,819	

Schedule 7

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, 2004

	Budget	Actual	Variance Under (Over)
Revenues:			
Fines and forfeitures	$ -	$ 2,458	$ 2,458
Interest	-	27	27
Total revenues	-	2,485	2,485
Expenditures:			
Contingency	-	-	-
Net changes in fund balance	$ -	2,485	$ 2,485
Fund balance, beginning of year		468	
Fund balance, end of year		$ 2,953	

Schedule 8

City of Leawood, Kansas
Kansas Byrne Grant Fund
Schedule of Revenues and Expenditures - Budget and Actual -
and Changes in Fund Balance
For the Year Ended December 31, 2004

	Budget	Actual	Variance Under (Over)
Revenues:			
Intergovernmental	$ 182,076	$ 159,943	$ (22,133)
Interest	-	398	398
Total revenues	182,076	160,341	(21,735)
Expenditures:			
Public safety	260,110	192,153	67,957
Revenues over (under) expenditures	(78,034)	(31,812)	(89,692)
Other financing sources:			
Transfers in	75,898	75,898	-
Net changes in fund balance	$ (2,136)	44,086	$ (89,692)
Fund balance, beginning of year		2,136	
Fund balance, end of year		$ 46,222	

Schedule 9

City of Leawood, Kansas
Debt Service Fund
Schedule of Revenues and Expenditures - Budget and Actual
and Changes in Fund Balance
For the Year Ended December 31, 2004

	Budget	Actual	Variance Under (Over)
Revenues:			
Taxes	$ 6,035,226	$ 5,974,033	$ (61,193)
Intergovernmental	399,062	465,123	66,061
Special assessments	1,467,250	1,408,127	(59,123)
Interest	60,000	111,361	51,361
Contributions and other	-	47,195	47,195
Total revenues	7,961,538	8,005,839	44,301
Expenditures:			
Debt service:			
Principal retirements	3,921,966	3,987,300	65,334
Interest and fiscal charges	2,212,246	2,160,649	(51,597)
Cash basis reserves	3,788,006	-	(3,788,006)
Total expenditures	9,922,218	6,147,949	(3,774,269)
Revenues over (under) expenditures	(1,960,680)	1,857,890	3,818,570
Other financing sources and (uses):			
Transfers in	-	377,137	377,137
Payment to escrow agent to refund bonds	-	(7,702,323)	(7,702,323)
Proceeds from refunded bonds	-	7,795,000	7,795,000
Total other financing sources and (uses)	-	469,814	469,814
Net changes in fund balance	$ (1,960,680)	2,327,704	$ 4,288,384
Fund balance, beginning of year		2,912,003	
Fund balance, end of year		$ 5,239,707	

Schedule 10

City of Leawood, Kansas
Golf Course Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non - GAAP)
For the Year Ended December 31, 2004

	Budget	Actual	Variance Under (Over)
Revenues:			
Golf course revenues	$ 2,185,050	$ 2,014,759	$ (170,291)
Interest and other	-	450	(450)
Total revenues	2,185,050	2,015,209	(170,741)
Expenditures:			
Current:			
Cost of goods sold	314,100	371,260	57,160
Pro shop	250,950	272,285	21,335
Driving range	12,300	20,403	8,103
Golf carts	60,100	51,673	(8,427)
Course maintenance	582,750	566,553	(16,197)
Food and beverage	172,000	151,670	(20,330)
General and administrative	303,700	289,140	(14,560)
Capital outlay	24,500	28,777	4,277
Debt service:			
Principal	408,800	433,856	25,056
Interest and other fiscal charges	233,984	235,606	1,622
Contingency	4,175	-	(4,175)
Operating reserve	100,000	-	(100,000)
Total expenditures	2,467,359	2,421,223	(46,136)
Revenues over (under) expenditures	(282,309)	(406,014)	(124,155)
Other financing sources (uses):			
Payments to escrow agent to refund bonds	-	(2,534,504)	(2,534,504)
Proceeds from refunding bonds	-	2,565,000	2,565,000
Transfers in	147,900	445,100	297,200
Total other financing sources (uses):	147,900	475,596	327,696
Net changes in net assets	$ (134,409)	69,582	$ 203,541

Reconciliation from budgetary basis (modified accrual) to full accrual:

Principal retirements	433,856
Capital outlay	28,777
Contributed capital assets	182,084
Depreciation expense	(343,061)
Amortization expense	(16,508)
Net changes in net assets	$ 354,730

Schedule 11

City of Leawood, Kansas

Statement of Changes in Assets and Liabilities -
Fiduciary Fund

For the Year Ended December 31, 2004

Agency Fund - Employee Giving	**Balance Beginning of Year**	**Additions**	**Deductions**	**Balance End of Year**
Assets:				
Pooled cash and investments	$ 1,550	$ 1,057	$ 1,715	$ 892
Liabilities:				
Due to employees	$ 1,550	$ 1,057	$ 1,715	$ 892

Statistical Section

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
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
2004	4,561,019	10,350,561	4,249,162	2,964,727	14,346,905	7,094,352	43,566,726

(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.

Table 2

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
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
2004	22,456,229	3,314,093	11,748,623	1,088,487	1,553,840	1,408,127	746,382	694,737	43,010,518

(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
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
2004	13,401,913	5,240,290	2,452,403	1,361,623	22,456,229

(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

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections To Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes Tax Levy
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%
03/04	13,471,645	13,270,757	98.5%	136,860	13,407,617	99.5%	132,476	0.98%

Information provided by the Johnson County Treasurer's office.

1999 Delinquent Tax Collections only include Delinquent Real EstateTaxes. 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, Assessment Year	Budget Year	(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
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	(2) 48,980,314	323,399,120	2,341,757,812	13.8%
1997	1998	300,942,697	9,763,285	5,463,373	(2) 51,761,195	367,930,550	2,645,460,398	13.9%
1998	1999	331,758,648	10,024,991	5,636,982	(2) 54,460,192	401,880,813	2,913,118,506	13.8%
1999	2000	370,034,534	11,995,333	6,322,011	(2) 55,898,749	444,250,627	3,212,602,950	13.8%
2000	2001	434,198,518	14,069,163	5,757,847	(2) 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%
2003	2004	539,398,377	13,900,623	6,294,133	60,598,381	620,191,514	4,607,478,463	13.5%

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

(2) 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										
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
2004	13.322	10.752	1.500	16.381	37.774	64.551	9.432	-	2.954	2.365	121.257	94.480

Information provided by Johnson County Clerk's office.

Table 6

CITY OF LEAWOOD, KANSAS

Principal Taxpayers

December 31, 2004

Taxpayer	Type of Business	2003 Assessed Valuation	Percentage of Total Assessed Valuation
Town Center Plaza	Shopping Center	$ 19,227,479	3.100%
95 West, L.P.	Shopping Center	7,397,070	1.193%
Academy 1740, Inc.	Offices	4,912,126	0.792%
PCC Two, LLC	Offices	3,769,665	0.608%
Megaplex Nine, Inc.	Movie Theatre	3,257,561	0.525%
Kansas City Power & Light	Electric Utility	3,146,627	0.507%
Ranch Mart North, LLC	Offices	3,125,276	0.504%
114 Timberlands, LLC	Offices	2,928,226	0.472%
Hallbrook Office Center	Offices	2,515,492	0.406%
TIAA Realty, Inc.	Real Estate	2,486,676	0.401%
Total Principal Property Taxpayers		$ 52,766,198	8.508%

Table 7

CITY OF LEAWOOD, KANSAS

Special Assessment Billings and Collections

Last Ten Fiscal Years

Fiscal Year	Special Assessment Billings	Special Assessments Collected
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
2004	970,597	1,398,585

Table 8

CITY OF LEAWOOD, KANSAS

Computation of Legal Debt Limitation

December 31, 2004

Assessed value, real and personal property, 1988	$ 79,151,382
Plus assessed value, motor vehicles, 1988	27,421,310
Total assessed value, 1988	106,572,692
Debt limitation percentage for 1989	30.00%
1989 debt limitation	$ 31,971,808
Assessed value, real and personal property, 1989	$ 172,096,679
Plus assessed value, motor vehicles, 1989	30,062,921
	$ 202,159,600
1989 debt limitation	$ 31,971,808
Divided by 1989 total assessed value	202,159,600
New debt limitation percentage	15.82%
Assessed value, real and personal property, 2004	$ 559,593,133
Plus assessed value, motor vehicles, 2003	60,598,381
Total assessed value, 2004	620,191,514
New debt limitation percentage	30.00%
2004 debt limitation	$ 186,057,454

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

Fiscal Year	Population (1)	Assessed Valuation	Gross Bonded Debt	Less Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
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	27,656	444,250,627	40,460,000	5,470,459	34,989,541	7.88%	1,265
2001	28,670	511,563,579	45,820,000	5,295,416	40,524,584	7.92%	1,413
2002	28,270	554,769,761	46,920,000	2,489,872	44,430,128	8.01%	1,572
2003	28,870	588,983,268	48,165,000	2,912,003	45,252,997	7.68%	1,567
2004	29,470	620,191,514	49,070,000	5,239,707	43,830,293	7.07%	1,487

(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
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%
2004	3,987,300	2,019,106	6,006,406	43,566,726	13.79%

(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, 2004

Name of Governmental Unit	Net Debt Outstanding	Percentage Applicable to City of Leawood (2)	Amount Applicable to City of Leawood
City of Leawood (1)	$ 49,070,000	100.00000%	$ 49,070,000
Johnson County	140,460,000	8.71000%	12,234,066
Johnson County Community College	13,270,000	8.71000%	1,155,817
Shawnee Mission School District			
(U.S.D. 512)	168,180,000	4.48000%	7,534,464
(U.S.D. 229)	259,495,000	24.59000%	63,809,821
Fire District #2	2,430,000	0.60000%	14,580
Parks and Recreation	5,825,000	8.71000%	507,358
Total direct and overlapping debt	$638,730,000		$ 134,326,105

(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, 2004

Table 12

CITY OF LEAWOOD, KANSAS

Demographic Statistics

Last Ten Fiscal Years

Fiscal Year	Population (1)	Per Capita Income	Median Age	Unemployment Rate (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	27,656	$ 41,100	41.2 (2)	1.5%
2001	27,670	*	*	2.5%
2002	28,270	*	*	2.7%
2003	28,870	*	*	2.9%
2004	29,470			2.5%

* 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 1995-1998 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) Commercial (1)	Residential (1)	Vacant and Other (1)	Exemption (1)	Total	Commercial Construction Number of Permits	Value	Residential Construction Number of Permits	Value
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
2004	412,404	3,978,829	79,462	142,266	4,612,962	12	31,529,350	586	127,680,875

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

Table 14

CITY OF LEAWOOD, KANSAS

Miscellaneous Statistics

December 31, 2004

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):	142.49
Area in square miles	14.7
City facilities and services:	
Miles of streets	190.6 center er lane miles
Number of street lights	2,555
Function/program	
Culture and recreation:	
Parks	6
Park acreage	423
Walking Trail mileage	7.75
Acquatic 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	949
Number of ambulance calls answered	1,223
Number of fire inspections	738
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	14,320
Number of physical arrests	1,735
Number of dispatch calls	32,861
Number of alarm calls	2,047
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