

# City of Leawood, Kansas

## Comprehensive Annual Financial Report

For the Year Ended December 31, 2005

### **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

## Comprehensive Annual Financial Report

Fiscal Year Ended December 31, 2005

### **Mayor**

Peggy J. Dunn

### **City Council**

Debra Filla

Greg Peppes

Louis Rasmussen

Jim Rawlings

Gary Bussing

Mike Gill

Scott Gullede

James E. Taylor, Sr.

### **City Administrator**

Scott M. Lambers

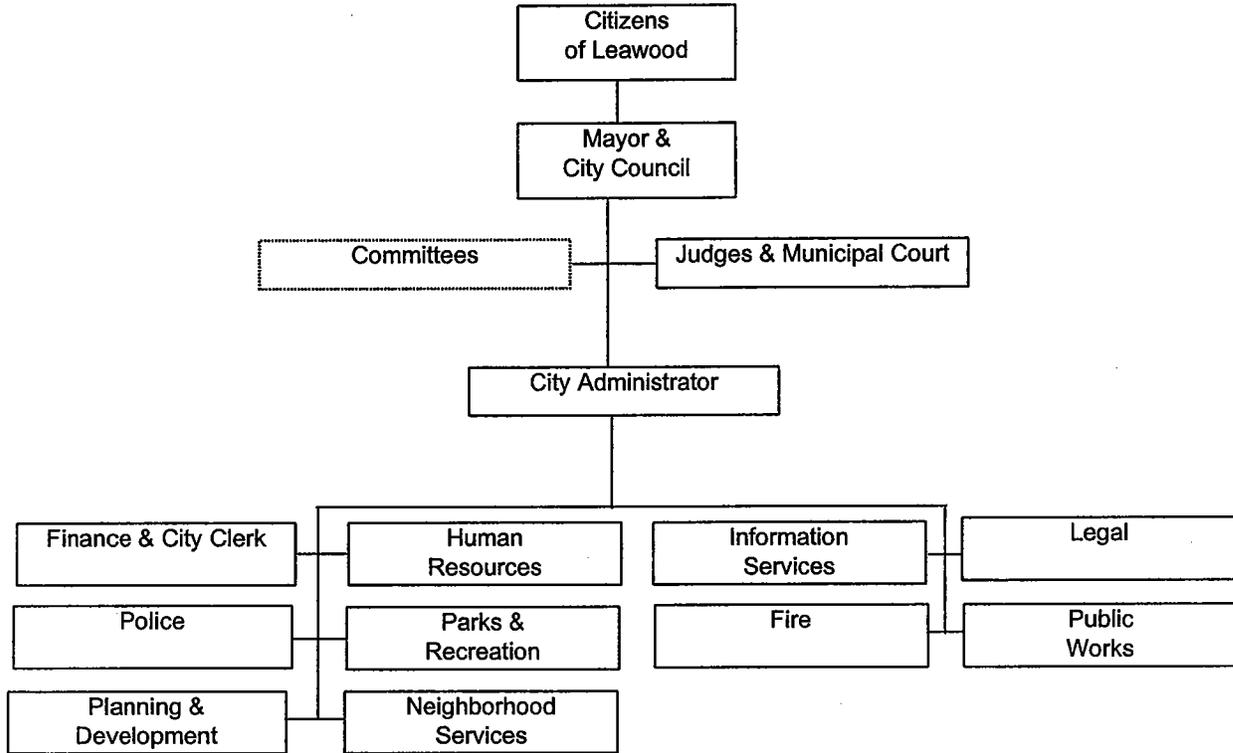
### **Prepared by Department of Finance**

Kathleen M. Rogers, Finance Director

Dawn Long, Accounting Manager

Theresa Lodde, Senior Accountant

# 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 16, 2006

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

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended December 31, 2005.

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

Cochran, Head & Company, P.A., Certified Public Accountants, have issued an unqualified opinion on the City of Leawood's financial statements for the year ended December 31, 2005. The independent auditor's report is located at the front of the financial section of this report.

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

## *Profile of the Government*

The City of Leawood is located approximately 10 miles southwest of downtown Kansas City, Missouri, and occupies 14.7 square miles of land in northeastern Johnson County, Kansas. The City estimates its 2005 population to be 30,070. Johnson County encompasses 476 square miles and with a 2005 estimated population of 508,000 is the most populous county in the State of Kansas. Over the last twenty years the City has had one of the fastest growing populations in the state of Kansas and is considered one of the top growth areas in the country. The City's land area is currently approximately 75% developed, and growth is expected to continue in the future. The City is bounded to the east by the Kansas-Missouri state line and on all other sides by incorporated cities of Johnson County.

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

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

The City Administrator is appointed by the Mayor and City Council as the chief administrative officer of the City and is charged with the efficient and effective administration of the City.

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

As required by accounting principles generally accepted in the United States of America (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-government entities are not part of the City of Leawood.

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

### ***Local economy***

Continued interest by the development community has fueled the growth Leawood is experiencing. The demand for new office and retail space remained strong in 2005 with the City granting approval of preliminary and final development plans totaling 2.1 million square feet. The City's flagship project, Park Place, has broken ground and will soon become a landmark for the City. The first phase of this 30 acre project will commingle retail, office, and condominiums. Other mixed used projects include Mission Farms with residential, office and retail uses and Parkway Plaza which includes condominium within its mixed use. Parkway Plaza's dynamics recently increased with the announcement of securing the corporate headquarters of Demdaco which will bring 300 employees to the City.

Another major commercial highlight for 2005 was the approval of the upscale Crate and Barrel shopping center at 119<sup>th</sup> & Roe. This will be the first location for Crate and Barrel in the Kansas City area. It will be housed in a very contemporary design and anchor a retail center that will complement the city's existing shopping area called Town Center Plaza as well as the adjacent Park Place development. It will undoubtedly complete the process that was started many years ago to make Central Leawood a true Town Center and an enviable crown jewel of the Greater Kansas City area.

Residential activity was also robust during the past year. Leabrooke, a 160 acre residential project comprised of single family homes, triplexes and some retail development received final approval. There were also 40 acres of approved lots for Highlands Creek, Villas of Whitehorse and Villas at Highlands Ranch. In 2005, 32 commercial building permits were issued with an estimated value of \$55 million dollars; and 225 family home permits were issued with an estimated value of \$75 million dollars.

Because of its location in a region with a varied economic base, the unemployment rate is relatively stable. During the past ten years, the unemployment rate dropped from an initial high of 3.0 percent (1996) to a decade low of 1.3 percent (1999), only to ascend once more to the current rate of 2.7 percent. The unemployment rate is expected to remain stable.

During the past ten years, Leawood's expenditures related to general government, public safety and parks and recreations have increased faster than total expenditures. Total expenditures have increased, on average 4% a year while general government has increased at an annual rate of 11%, public safety 7% and parks and recreation 11%. In the case of general government the increase is attributed to population growth and an increase in sales tax dollars to support a new city hall, built in 1996 along with the administrative staff that was very much needed. A major increase in the local economy occurred during the last ten years with the opening of a large retail shopping center, Town Center Plaza. The increase in retail and new housing over the last ten years created an increased need for greater public safety. In addition to the increase in public safety positions, the additional cost for public safety comes from an increase in demand which has created a situation where the salaries and benefits of police and firefighters were growing at a much faster rate than for other categories of public sector employees. The growth in parks and recreation expenses reflects an increase in the number of sponsored programs and events. During the same ten-year period, charges for services has only grown 1% on average per year compared with an annual average growth rate of 7% for total revenues; while tax revenue has increased much faster than the total, 10% per year, to support the increased demand for services as noted above.

### ***Long-term financial planning***

Unreserved, undesignated fund balance in the general fund (55.5 percent of total general fund revenues) falls within the policy guidelines set by the Council for budgetary and planning purposes (i.e., between 8.33 and 15 percent of total general fund expenditures).

The City's continued control over expenditure growth has been and will continue to be a key factor in maintaining the City's strong financial position. The City Council has

wisely taken advantage of the past years' financial prosperity to secure the future stability of the City. On an ongoing basis, funds are being set aside as reserves for building maintenance, vehicle replacement, replacement of large fire equipment and replacement and upgrades for automation needs. The conservative budgets that were passed in prior fiscal years contributed to this overall financial philosophy.

### ***Relevant financial policies***

In order to be in compliance with Governmental Accounting Standards Board (GASB) Statement No. 34, the city must have all infrastructure inventoried and valued by the end of 2006. Other than that, there were no other relevant changes in existing city financial policies.

### ***Major initiatives***

The City's continued commitment to the \$16 million residential street program and to storm water improvements remained strong in 2005. The Nall Avenue widening from 135<sup>th</sup> Street south to 143<sup>rd</sup> Street is substantially complete. Roe Avenue is now open from 127<sup>th</sup> to 135<sup>th</sup>. The two major storm drainage projects totaling \$8 million in the north part of the City progressed according to schedule and were on budget.

Leawood continues to be a hub for fine art, cultural and recreation activities. In July the City's seventh musical production, "South Pacific", played to the audiences on the City's new stage at the amphitheater in Ironwoods Park. The presence of the City's "Art in Public Places" was once again expanded in 2005 with the addition of "Pastoral Dreamer" by David Phelps. Our 2005 Art on Loan Program in City Hall continues with the contemporary theme of "Boogaloo" by Stretch, and with "Embrace" by Matt DeHaemers. The City hosted a Salaam Shalom Celebration at the Ironwoods Lodge in 2005. The interfaith dinner, which over 500 Muslims, Jews and Christian attended, was prepared by a Christian Arab restaurateur from Ramla, who flew in from Israel specifically for the event.

In September the City of Leawood sent its first delegation to our second sister city, the Gezer Region of Israel. Besides touring the Gezer Region, the trip included visits to other notable areas in Israel. One of the highlights of the journey was presenting a conceptual rendering of the City's newest park, Gezer Park. It will be constructed in the near future to recognize our sister city relationship with the Gezer Region. One of the many features in the park will be an eight foot sculptured replica of the Gezer tablet, which contains an agricultural calendar that has been dated to 1,000 B.C. This will be a gift from the Gezer Regional Council.

Ten members of our Police and Fire Departments were sent to help the victims of Hurricane Katrina. These employees spent a total of five weeks amongst the devastation. It was readily apparent from our employee's first-hand accounts of the depth of this tragedy, that the television reports barely scratched the surface as to the magnitude of this horrific event.

*Awards and Acknowledgements*

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Leawood for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2004. This was the ninth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

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

In addition, the government also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated January 1, 2005. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the finance and administration department. We wish to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the mayor and the governing council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Leawood's finances.

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, 2004

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.



*Carla E. Perry*

President

*Jeffrey R. Emmer*

Executive Director

## Financial Section

**CH****COCHRAN, HEAD & CO., P.A.****& Co***Certified Public Accountants***INDEPENDENT AUDITOR'S REPORT**

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

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, 2005, 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.

**Other Offices**

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(816) 453-7016 FAX

Westowne Commercial Center  
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Liberty, MO 64068  
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(816) 792-1928 FAX

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(913) 287-0010 FAX

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

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, 2005, 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 our report dated March 17, 2006, on our consideration of the City of Leawood, Kansas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered 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 accounting principles generally accepted in the United States of America. 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.

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 17, 2006

*Cochran, Head & Co P.A.*

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

**Fiscal Year Ended December 31, 2005**

This discussion and analysis of the City of Leawood's financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2005. 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 \$270,668,867.
- The City's total net assets increased by \$17,483,541, 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 \$27,761,660, an increase of \$4,992,742 in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$11,751,740 million or 52.4% of total general fund expenditures.
- Approximately 71.1% of the combined governmental fund balances, \$19,739,607, is considered unreserved and is available for spending at the City's discretion.
- The City of Leawood maintained an AA1 bond rating for the 12th 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**

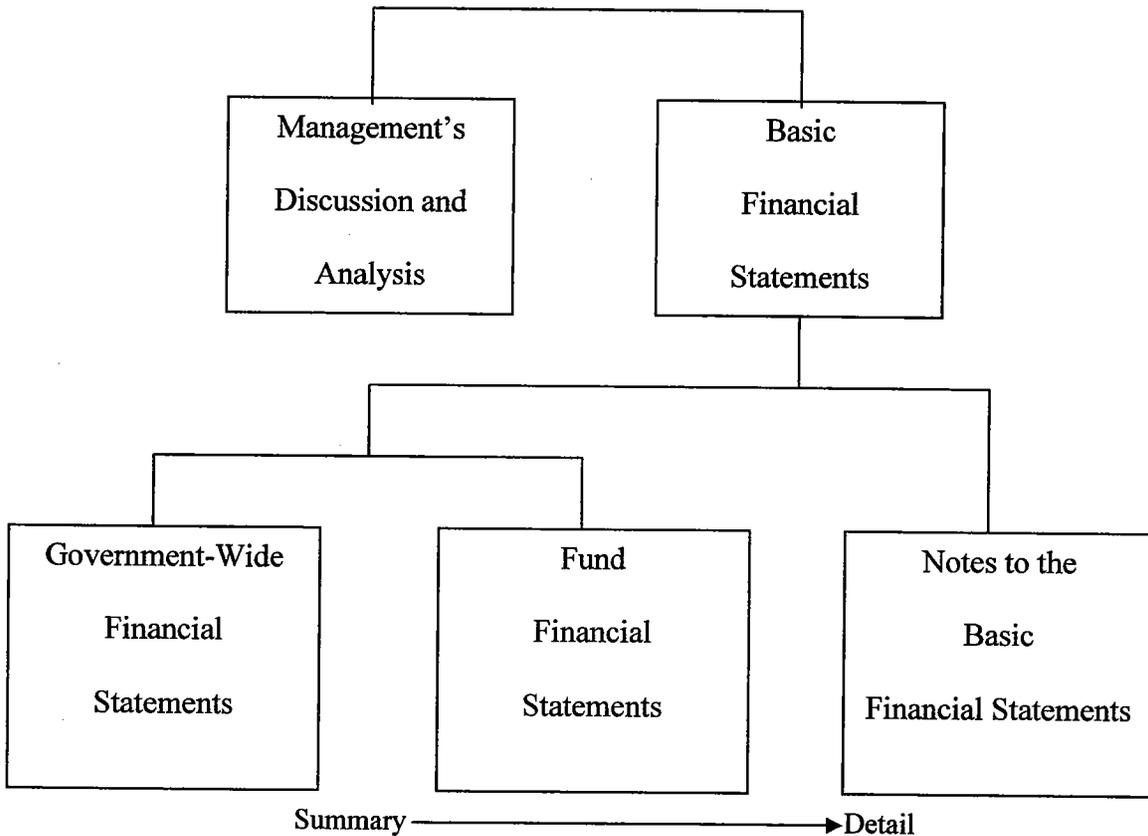
The Government-Wide Financial Statements present the financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. The statements present governmental activities and business-type activities separately. These statements include assets of the City (including 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 33-58 of this report.

After the notes, **required and other information** is provided to show details about the City's individual funds. These reports include certain *required supplementary information* concerning budgetary comparison schedules for the general fund and schedules and disclosure of the modified approach for the reporting portions of the City's infrastructure. Required supplementary information can be found on pages 59-60 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 between amounts reported in the Governmental Fund Financial Statement to those reported in the Government-Wide Financial Statements are explained in the reconciliation schedules 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	
	2005	2004	2005	2004	2005	2004
Current and other assets	\$ 74,808,948	\$ 60,479,849	\$ 207,481	\$ 221,093	\$ 75,016,429	\$ 60,700,942
Long-term receivables	8,871,935	7,090,221	-	-	8,871,935	7,090,221
Internal balances	1,847,701	1,847,701	(1,847,701)	(1,847,701)	-	-
Capital assets, net	279,193,844	269,427,272	7,285,866	7,495,600	286,479,710	276,922,872
<b>Total assets</b>	<b>364,722,428</b>	<b>338,845,043</b>	<b>5,645,646</b>	<b>5,868,992</b>	<b>370,368,074</b>	<b>344,714,035</b>
Other liabilities	53,284,252	43,847,383	583,638	532,373	53,867,890	44,379,756
Long-term debt	42,200,987	43,072,105	3,630,330	4,076,848	45,831,317	47,148,953
<b>Total liabilities</b>	<b>95,485,239</b>	<b>86,919,488</b>	<b>4,213,968</b>	<b>4,609,221</b>	<b>99,699,207</b>	<b>91,528,709</b>
Net assets:						
Investment in capital assets, net of related debt	232,831,295	222,509,366	3,192,892	2,995,456	236,024,187	225,504,822
Restricted	7,522,989	5,561,179	-	-	7,522,989	5,561,179
Unrestricted (deficit)	28,882,905	23,855,010	(1,761,214)	(1,735,685)	27,121,691	22,119,325
<b>Total net assets</b>	<b>\$ 269,237,189</b>	<b>\$ 251,925,555</b>	<b>\$ 1,431,678</b>	<b>\$ 1,259,771</b>	<b>\$ 270,668,867</b>	<b>\$ 253,185,326</b>

Net assets may serve over time as one useful indicator of a government's financial condition. The City's net assets increased by \$17, 483,541 or 6.46% for the fiscal year ended December 31, 2005.

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 2005 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, are 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 \$7,610,000.

Long-term debt decreased slightly in 2005. More information on this can be found on page 21 of this document.

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, 2005. The one exception is the City's storm water system, which will be available for reporting in 2006.

Restricted net assets total \$7,522,989 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 \$27,121,691, consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

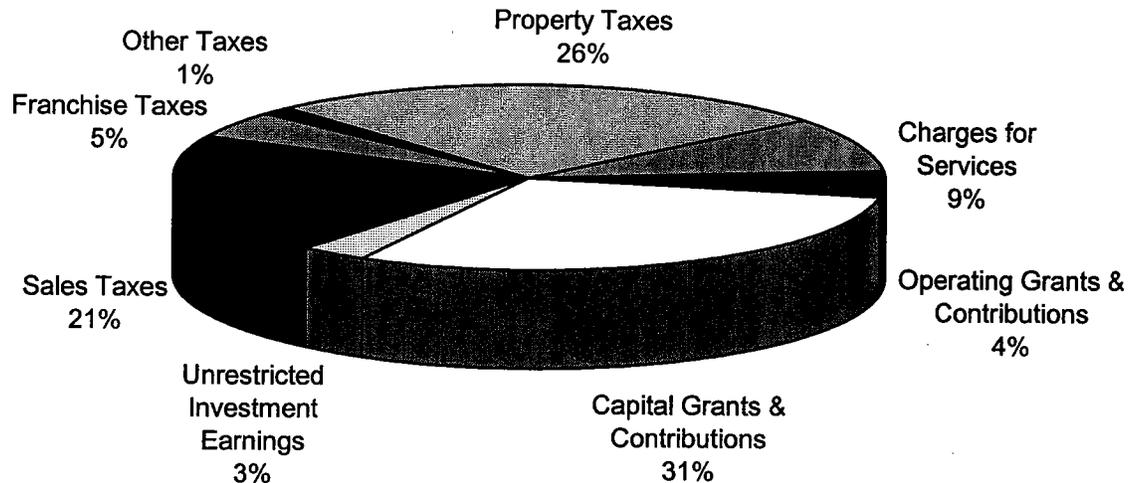
**Government-Wide Financial Statements**  
**Statement of Activities—figure 3**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2005	2004	2005	2004	2005	2004
Revenues:						
Program revenues:						
Charges for services	\$ 5,302,147	\$ 5,959,295	\$ 2,007,047	\$ 2,014,759	\$ 7,309,194	\$ 7,974,054
Operating grants and contributions	152,984	859,665	-	-	152,984	859,665
Capital grants and contributions	16,893,649	7,707,622	-	182,084	16,893,649	7,889,706
General revenues:						
Property taxes	14,612,595	14,573,186	-	-	14,612,595	14,573,186
Sales tax	11,923,933	11,430,251	-	-	11,923,933	11,430,251
Franchise tax	2,632,536	2,452,402	-	-	2,632,536	2,452,402
Other taxes	576,723	566,721	-	-	576,723	566,721
Grants and contributions not restricted to specific programs	2,290,236	1,590,986	-	-	2,290,236	1,590,986
Unrestricted investment earnings	1,789,313	746,382	201	254	1,789,514	746,636
Other	102,475	234,606	-	196	102,475	234,802
Total revenues	<u>56,276,591</u>	<u>46,121,116</u>	<u>2,007,248</u>	<u>2,197,293</u>	<u>58,283,839</u>	<u>48,318,409</u>
Expenses:						
General government	5,117,718	4,747,939	-	-	5,117,718	4,747,939
Public safety	11,229,154	10,975,002	-	-	11,229,154	10,975,002
Public works	15,546,967	12,658,853	-	-	15,546,967	12,658,853
Parks and recreation	3,753,994	3,544,545	-	-	3,753,994	3,544,545
Golf course operations	-	-	2,232,248	2,066,045	2,232,248	2,066,045
Interest on long-term debt	2,737,987	2,498,981	182,230	221,618	2,920,217	2,720,599
Total expenses	<u>38,385,820</u>	<u>34,425,320</u>	<u>2,414,478</u>	<u>2,287,663</u>	<u>40,800,298</u>	<u>36,712,983</u>
Increase (decrease) in net assets.						
before transfers	17,890,771	11,695,796	(407,230)	(90,370)	17,483,541	11,605,426
Transfers	(579,137)	(445,100)	579,137	445,100	-	-
Change in net assets	<u>17,311,634</u>	<u>11,250,696</u>	<u>171,907</u>	<u>354,730</u>	<u>17,483,541</u>	<u>11,605,426</u>
Net assets, as of January 1, as restated	<u>251,925,555</u>	<u>240,674,859</u>	<u>1,259,771</u>	<u>905,041</u>	<u>253,185,326</u>	<u>241,579,900</u>
Net assets, December 31	<u>\$ 269,237,189</u>	<u>\$ 251,925,555</u>	<u>\$ 1,431,678</u>	<u>\$ 1,259,771</u>	<u>\$ 270,668,867</u>	<u>\$ 253,185,326</u>

The City’s total revenues in 2005 were \$58,283,839 and expenses were \$40,800,298. 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 2005 governmental activities.

## 2005 Revenues by Source



Governmental revenues totaled \$56,276,591 for charges for services, operating and capital grants, general revenues, investments and others.

Several of the revenue and expense categories fluctuated between 2005 and 2004. Highlights include the following:

### Revenues

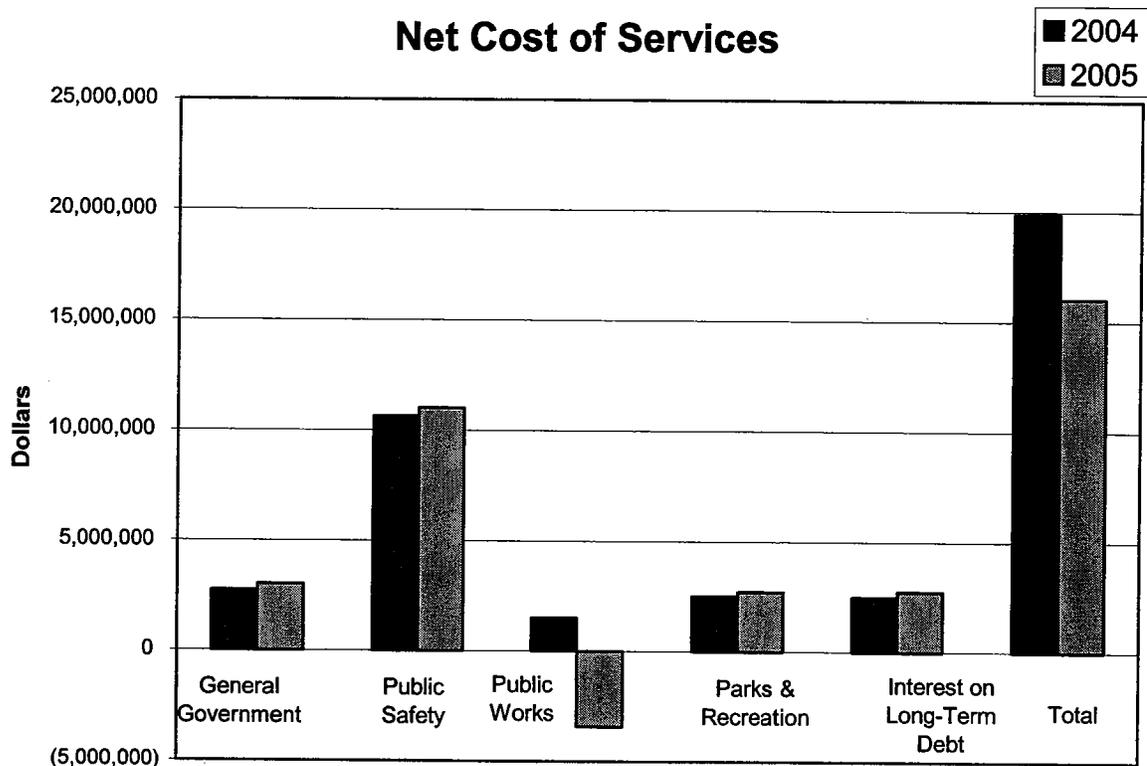
- Charges for services in total in 2005 were \$5,302,147 compared to \$5,959,295 in 2004. In 2004, over \$1.2 million in impact fees from developers were collected compared to only \$250,000 in 2005.
- Capital grants and contributions represent \$3.0 million in improvements to be paid by the developers in the form of special assessments, 4.4 million in funds from other governments and \$9.5 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 an increase in assessed valuation from 2004 and an increase in the mill levy for debt service.
- Sales and use tax revenue increased from \$11.4 million in 2004 to \$11.9 million in 2005 an increase of 3.14% over 2004. Two reasons account for this change. Leawood continues to be a retail destination and has sustained a strong business climate.
- Franchise Taxes increased approximately \$180,000. While traditional telephone franchise revenue remained flat, natural gas saw a 9.6% or \$75,000 increase over the previous year due to the cost of gas. KCP& L increase also by 8.8% or \$89,000 also due to rising prices. With the continuation of new homebuilding in the city the city's cable franchise saw a 3.5% increase of \$13,450.
- Investment earnings for 2005 increased from \$746,382 to \$1,789,313 a 239% increase. Rising interest rates and larger reserves resulted in this increase.

### Expenses

Government activities expenses totaled \$38,385,820 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 \$6,508,056 up \$38,000 over 2004.
- Had increases in all operating divisions for wages, benefits, worker's compensation and fuel.
- The Public Works division had \$2.9 million more capital outlay expenses than in 2004 for projects that will not result in a capital asset of the City.
- Had essentially, no change in interest on long-term debt.

The following chart compares the governmental net cost of services for 2004 and 2005.



The total cost of services for 2005 was \$38,385,820; however the portion of these services covered by the City's taxpayers was only \$16,037,040. The City funded the majority of this cost with property taxes and sales taxes. The remaining \$22,348,780 was funded by users directly benefiting from the services or by other organizations through grants and contributions. In 2005 the Public Works division received so much donated and developer financed infrastructure, they ended with a negative program cost because this offset all of their other expenditures.

## **Business-type Activities**

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

- The City's Business-type activity, Ironhorse Golf Course, had an increase in net assets of \$171,907, for a year-end total of \$1,431,678, which is part of the City's total net assets of \$270,668,867.
- Golf Course charges for services in 2005 were \$2,007,047 as compared to \$2,014,759 in 2004. 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 \$2,212,039. This was a 7.1% increase from the previous years operating expenses of \$2,066,045. Cost of merchandise was the largest factor 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.
- Total net assets of Ironhorse Golf Course at the end of the fiscal year totaled \$1,431,678 an increase of \$171,907. Included in this total is a transfer from the General Fund of \$579,137. Without considering this transfer, net assets would have decreased by \$407,230.

## **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 \$12,828,371 a decrease of \$343,955 over the beginning balance of \$13,172,326. Revenues increased by \$1,590,463 primarily due to a shift in the mill levy between the General and Debt Service, resulting in \$1.3 million more in property taxes going to this fund. In addition, sales and use taxes increased by \$415,332. Expenditures increased overall by \$782,676 or 3.6%, with the largest increase primarily in the area of Public Safety – Police and Fire \$371,423. General Government increased \$61,272, Parks & Recreation \$210,485 and Public Works \$175,422. Labor, benefits and rising oil prices accounted for many of the changes. With Ironwoods parks opened for the first complete year staffing, utilities and materials all increased in the Parks & Recreation Department.

**Debt Service Fund.** The ending fund balance of \$6,945,422 was up \$1,705,715 from last year. This balance represents 113.8% of the 2005 annual debt service payments.

**Capital Projects.** The fund balance in the City's Major Capital Project Fund resulted in a deficit of (\$3,059,943). 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.

As of the close of the current fiscal year, the City of Leawood's governmental funds reported combined ending fund balances of \$27,761,660, an increase of \$4,992,742 in comparison with the prior year. The increase in governmental funds was a result of an increase in property and sales and use taxes as well as a significant increase in interest income. In addition, operating expenditures were lower in 2005 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 General Fund 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, and transfers resulted in a decrease of (\$343,854). Actual revenues were \$1.4 million greater than budgeted revenues. In the category of taxes, city and county sales and use taxes resulted in an additional \$441,126 over budget and franchise fees increased by \$346,533 mostly due to an increase in the base price of heating and cooling costs. Property taxes came in \$121,000 less than budgeted because a certain amount is generally delinquent each year. Licenses and Permits were higher because building permits were \$494,683 higher than budget and review of plans and planning applications were also higher by \$158,593. Intergovernmental was less than budgeted because the city changed the method in which it handles the recording of gasoline tax. Instead of depositing it in to the general fund then transferring it to a capital fund, we are now depositing it into a special fund as directed by the State Budget office, which accounts for the budget variance. The decrease in Intergovernmental category was offset by a \$568,609 increase in county sales and use tax and in addition the city received \$119,821 for Hurricane Katrina relief efforts. Fines and forfeitures was \$94,500 lower than budget. \$353,815 in additional interest income was generated due to a combination of rising interest rates and larger cash reserves.

General Fund expenditures were lower than the final budget by \$2,395,680. Over \$1,177,000 in wages and benefits were not spent in 2005 as compared to budget. Of this difference worker's compensation was approximately \$100,000 less than budget, and wages and benefits were lower primarily due to turnover in police and fire. These two departments had several long tenured employee's retire, resulting in turnover as well as major restructuring in the Police Department. In addition, property and casualty insurance deductibles were raised to obtain greater savings in premium dollars spent thereby saving \$130,000 over budget. The budget for outside legal services was under spent by \$110,000 because little outside legal counsel was needed in 2005. 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, 2005, is \$286,479,710, net of accumulated depreciation. This amount includes all infrastructure assets acquired during 2005, 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	Business-type Activities	Total
	2005	2005	2005
Land/Right of Way	\$ 94,359,791	\$ 1,582,576	95,942,367
Buildings and Improvements	24,310,711	5,319,133	29,629,844
Machinery and equipment	4,430,054	384,157	4,814,211
Infrastructure	146,876,172	-	146,876,172
Construction in progress	9,217,116	-	9,217,116
<b>Total</b>	<b>\$ 279,193,844</b>	<b>\$ 7,285,866</b>	<b>\$ 286,479,710</b>

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 and preserve streetlights and traffic signals at least at 85% of their normal operating mode. Street lights and traffic signals are often out of service for the following factors: (1) life of lamp light; (2) accidents by vehicles or contractors who excavate in the City's Right of Ways; (3) weather, such as high winds, rain, snow and ice; and (4) vandalism. During 2005, 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 2005 was 99.2%. For 2005 the city incurred expenditures of \$151,885 compared to the budgeted amount of \$214,000 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 \$9,529,391 in donated infrastructure assets from developers.
- Construction in progress consists of \$9,217,116 for street, stormwater, and bridge construction projects. During the year the Parkway Plaza, and the James Branch storm water projects were both completed and capitalized.

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, 2005, the City of Leawood had total bonded debt outstanding of \$50,920,000. Of this, \$48,500,000 in debt is backed by the full faith and credit of the City. The remainder of \$2,420,000 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	
	2005	2004	2005	2004	2005	2004
General obligation bonds	\$ 44,356	\$ 44,563	\$ 4,144	\$ 4,507	\$ 48,500	\$ 49,070
Revenue bonds	2,420	2,760	-	-	\$ 2,420	\$ 2,760
<b>Total</b>	<b>\$ 46,776</b>	<b>\$ 47,323</b>	<b>\$ 4,144</b>	<b>\$ 4,507</b>	<b>\$ 50,920</b>	<b>\$ 51,830</b>

The City of Leawood maintained its AA1 bond rating from Moody's Investor Service for the 12<sup>th</sup> 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 \$197,222,884. The City has \$1,050,000 in bonds authorized but un-issued at December 31, 2005.

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. For 2006 budget year the mill levy is budgeted to stay the same. Sales and use taxes, is projected at 27% of total revenue in 2006 which is 5% over 2005. In early 2004, not only did the City experience increases in Compensating Use tax revenue, but also the sharp rise of the one-cent local and 1/8 cent capital tax revenue. We believe this is due to destination based taxing which also became effective in July 2003.

**Public Safety.** In 2005, Leawood police officers were involved with 33,961 calls for service, a 3% increase from 2004. There was an 8% increase in the number of incident reports written and a total of 1,659 arrests. 18,339 traffic stops were made with 11,183 citations written. This enforcement effort resulted in a 4% decrease in the number of injury and non-injury traffic accidents. The Fire Department received the 2004 "Life Safety Achievement Award" in 2005 by the Kansas State Fire Marshall for having recorded zero fire-related fatalities. In addition, over 4,000 Leawood school children from Kindergarten to 5<sup>th</sup> grade were instructed in fire safety during the year.

**Recreation and Cultural.** A new stage was installed at the amphitheater in Ironwoods Park; the Leawood Stage Company produced South Pacific which ran over a two-week period. The Kansas City Ballet also came back for a second performance and drew a crowd of over 1,100 people.

**Economic Development.** During 2005 the City's Building Department issued thirty two commercial permits with an estimated value of \$11.7 million dollars and 225 residential permits with an estimated value of \$146 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. 2005 saw the completion of widening project on Nall Avenue from 135<sup>th</sup> Street south to 143<sup>rd</sup>. Also the second phase of the Roe Avenue improvement project was completed.

### **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 the Director of Finance, City of Leawood, 4800 Town Center, Leawood, KS 66211 or phone 913-339-6700 ext. 121.

# Basic Financial Statements

## City of Leawood, Kansas

## Statement of Net Assets

December 31, 2005

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>Assets</b>			
Pooled cash and investments	\$ 59,094,616	\$ 76,731	\$ 59,171,347
Restricted Assets	107,868	-	107,868
Receivables - (net of allowance for uncollectibles):			
Property Tax	9,730,753	-	9,730,753
Sales tax	2,191,324	-	2,191,324
Franchise tax	729,167	-	729,167
Special assessments - current	1,235,782	-	1,235,782
Intergovernmental	722,377	-	722,377
Interest	290,506	-	290,506
Accounts	2,485	14,507	16,992
Inventory and prepaid expenses	33,549	90,830	124,379
Internal balances	1,847,701	(1,847,701)	-
Bond Issuance costs, net	670,521	25,413	695,934
Special assessments receivables - noncurrent	8,871,935	-	8,871,935
Capital Assets:			
Land and other capital assets, non-depreciable	115,613,892	1,582,576	117,196,468
Other capital assets, net of depreciation	163,579,952	5,703,290	169,283,242
Total assets	<u>364,722,428</u>	<u>5,645,646</u>	<u>370,368,074</u>
<b>Liabilities</b>			
Accounts payable	1,799,432	31,245	1,830,677
Due to employees and others	865,841	19,786	885,627
Unearned revenue	10,012,582	69,963	10,082,545
Temporary notes payable	33,810,000	-	33,810,000
Accrued interest payable	1,016,416	-	1,016,416
Municipal court deposits	107,868	-	107,868
Long-term liabilities:			
Due within one year	5,672,113	462,644	6,134,757
Due in more than one year	42,200,987	3,630,330	45,831,317
Total liabilities	<u>95,485,239</u>	<u>4,213,968</u>	<u>99,699,207</u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	232,831,295	3,192,892	236,024,187
Restricted for:			
Capital projects	1,374,948	-	1,374,948
Debt service	6,140,803	-	6,140,803
Other purposes	7,238	-	7,238
Unrestricted (deficit)	28,882,905	(1,761,214)	27,121,691
Total net assets	<u>\$ 269,237,189</u>	<u>\$ 1,431,678</u>	<u>\$ 270,668,867</u>

See accompanying notes to the basic financial statements

**City of Leawood, Kansas**  
Statement of Activities  
For the Year Ended December 31, 2005

Exhibit B

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total
<b>Governmental Activities:</b>							
General government	\$ 5,117,718	\$ 2,096,548	\$ 10,000	\$ -	\$ (3,011,170)	\$ -	\$ (3,011,170)
Public safety	11,229,154	93,050	121,071	-	(11,015,033)	-	(11,015,033)
Public works	15,546,967	2,083,496	-	16,893,649	3,430,178	-	3,430,178
Parks and recreation	3,753,994	1,029,053	21,913	-	(2,703,028)	-	(2,703,028)
Interest on long-term debt	2,737,987	-	-	-	(2,737,987)	-	(2,737,987)
Total governmental activities	38,385,820	5,302,147	152,984	16,893,649	(16,037,040)	-	(16,037,040)
<b>Business-type activities:</b>							
Golf Course	2,414,478	2,007,047	-	-	-	(407,431)	(407,431)
Total business-type activities	2,414,478	2,007,047	-	-	-	(407,431)	(407,431)
Total primary government	\$40,800,298	\$ 7,309,194	\$ 152,984	\$ 16,893,649	(16,037,040)	(407,431)	(16,444,471)
<b>General revenues:</b>							
<b>Taxes:</b>							
Property taxes, levied for general purpose					8,716,271	-	8,716,271
Property taxes, levied for debt service					5,896,324	-	5,896,324
Sales taxes					11,923,933	-	11,923,933
Franchise taxes					2,632,536	-	2,632,536
Other taxes					576,723	-	576,723
Grants and contributions not restricted to specific programs					2,290,236	-	2,290,236
Unrestricted investment earnings					1,789,313	201	1,789,514
Miscellaneous					102,475	-	102,475
Transfers in (out)					(579,137)	579,137	-
Total general revenues and transfers					33,348,674	579,338	33,928,012
Change in net assets					17,311,634	171,907	17,483,541
Net assets-beginning of year, as restated					251,925,555	1,259,771	253,185,326
Net assets-end of year					\$ 269,237,189	\$ 1,431,678	\$270,668,867

See accompanying note to the basic financial statements

## City of Leawood, Kansas

## Balance Sheet

## Governmental Funds

December 31, 2005

	General Fund	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Pooled cash and investments	\$ 10,069,752	\$ 6,114,283	\$ 31,717,876	\$ 11,192,705	\$ 59,094,616
Restricted assets	107,868	-	-	-	107,868
Receivables (net of allowance for uncollectibles)					
Property tax	6,829,029	2,901,724	-	-	9,730,753
Sales tax	1,922,836	-	147,745	120,743	2,191,324
Franchise tax	729,167	-	-	-	729,167
Accounts	2,485	-	-	-	2,485
Interest	112,418	26,522	151,434	132	290,506
Intergovernmental	321,396	125,870	5,474	269,637	722,377
Special assessments	-	10,107,717	-	-	10,107,717
Inventory and prepaids	33,549	-	-	-	33,549
Advance due from other funds	1,043,082	804,619	-	-	1,847,701
Total assets	<u>\$ 21,171,582</u>	<u>\$ 20,080,735</u>	<u>\$ 32,022,529</u>	<u>\$ 11,583,217</u>	<u>\$ 84,858,063</u>
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 384,516	\$ -	\$ 879,509	\$ 535,407	\$ 1,799,432
Due to employees and others	865,841	-	-	-	865,841
Deferred revenue	6,984,986	13,135,313	-	-	20,120,299
Temporary notes payable	-	-	33,810,000	-	33,810,000
Accrued interest payable	-	-	392,963	-	392,963
Municipal court deposits	107,868	-	-	-	107,868
Total liabilities	<u>8,343,211</u>	<u>13,135,313</u>	<u>35,082,472</u>	<u>535,407</u>	<u>57,096,403</u>
<b>Fund balances:</b>					
Reserved for:					
Inventory and prepaids	33,549	-	-	-	33,549
Debt service	-	6,140,803	-	-	6,140,803
Advances due from other funds	1,043,082	804,619	-	-	1,847,701
Unreserved (deficit)	11,751,740	-	(3,059,943)	-	8,691,797
Unreserved, reported in non-major funds:					
Special revenue funds	-	-	-	525,975	525,975
Capital projects funds	-	-	-	10,521,835	10,521,835
Total fund balances (deficit)	<u>12,828,371</u>	<u>6,945,422</u>	<u>(3,059,943)</u>	<u>11,047,810</u>	<u>27,761,660</u>
Total liabilities and fund balances	<u>\$ 21,171,582</u>	<u>\$ 20,080,735</u>	<u>\$ 32,022,529</u>	<u>\$ 11,583,217</u>	<u>\$ 84,858,063</u>

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, 2005

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

Ending fund balances - total governmental funds	\$ 27,761,660
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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	279,193,844
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Long-term assets are not available to pay for current period expenditures and are therefore deferred in the fund statements.	10,107,717
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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	670,521
Accrued interest payable	(623,453)
Long-term debt	<u>(47,873,100)</u>

Total net assets of governmental activities	<u>\$ 269,237,189</u>
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See accompanying notes to the basic financial statements

**City of Leawood, Kansas**  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2005

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes	\$17,619,900	\$5,588,198	\$ -	\$ 627,031	\$ 23,835,129
Licenses and permits	2,180,572	-	242,573	265,119	2,688,264
Intergovernmental	5,324,613	617,321	2,034,461	4,305,054	12,281,449
Charges for services	1,104,153	-	-	1,925	1,106,078
Fines and forfeitures	1,505,999	-	-	1,806	1,507,805
Special Assessments	-	1,383,982	-	-	1,383,982
Interest	453,815	202,210	805,162	328,126	1,789,313
Contributions and others	94,214	-	12,704	98,466	205,384
Total Revenues:	<u>28,283,266</u>	<u>7,791,711</u>	<u>3,094,900</u>	<u>5,627,527</u>	<u>44,797,404</u>
<b>Expenditures:</b>					
Current:					
General government	4,402,872	7,460	-	83,713	4,494,045
Public Safety	10,487,090	-	-	1,253	10,488,343
Public Works	4,424,584	-	-	-	4,424,584
Parks and recreation	2,920,101	-	-	24,288	2,944,389
Capital Outlay	90,945	-	6,408,334	7,065,508	13,564,787
Debt Service:					
Principal retirements	80,195	4,296,800	-	370,000	4,746,995
Interest and fiscal charges	16,394	1,799,367	995,621	102,700	2,914,082
Total Expenditures	<u>22,422,181</u>	<u>6,103,627</u>	<u>7,403,955</u>	<u>7,647,462</u>	<u>43,577,225</u>
Excess of revenues over (under) expenditures	<u>5,861,085</u>	<u>1,688,084</u>	<u>(4,309,055)</u>	<u>(2,019,935)</u>	<u>1,220,179</u>
<b>Other financing sources (uses):</b>					
Transfers in	198,610	17,631	-	6,274,513	6,490,754
Transfers out	(6,403,650)	-	(17,631)	(648,610)	(7,069,891)
Debt issuance premiums	-	-	261,700	-	261,700
Proceeds from borrowing	-	-	4,090,000	-	4,090,000
Total other financing sources (uses)	<u>(6,205,040)</u>	<u>17,631</u>	<u>4,334,069</u>	<u>5,625,903</u>	<u>3,772,563</u>
Net changes in fund balances	(343,955)	1,705,715	25,014	3,605,968	4,992,742
Fund balances (deficit) at beginning of year	<u>13,172,326</u>	<u>5,239,707</u>	<u>(3,084,957)</u>	<u>7,441,842</u>	<u>22,768,918</u>
Fund balances (deficit) at end of year	<u>\$12,828,371</u>	<u>\$6,945,422</u>	<u>\$ (3,059,943)</u>	<u>\$ 11,047,810</u>	<u>\$ 27,761,660</u>

See accompanying notes to the basic financial statements

**Exhibit D  
(continued)**

**City of Leawood, Kansas**  
 Reconciliation of the Statement of Revenues, Expenditures,  
 and Changes in Fund Balances of  
 Governmental Funds to the Statement of Activities  
 For the Year Ended December 31, 2005

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

Net changes in fund balances - total governmental funds	\$	4,992,742
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay		6,745,237
Depreciation expense		(6,508,056)

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		9,529,391
Change in deferred revenue for tax revenues		1,981,441

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		(63,154)
Interest expense		16,033
Issuance of long-term debt		4,708,511
Payment of long-term debt		(4,090,000)

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		(511)
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Total changes in net assets of governmental activities	\$	<u>17,311,634</u>
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See accompanying notes to the basic financial statements.

**City of Leawood, Kansas**  
Statement of Net Assets - Proprietary Fund  
December 31, 2005  
(With Comparative Totals for December 31, 2004)

	<b>Leawood Public Golf Course Fund</b>	
	<u>2005</u>	<u>2004</u>
<b>Assets:</b>		
Current assets:		
Pooled cash and investments	\$ 76,731	\$ 78,825
Receivables - (net of allowance for uncollectibles)	14,507	57,362
Inventory	90,830	59,110
Total current assets	<u>182,068</u>	<u>195,297</u>
<b>Noncurrent Assets:</b>		
Bond Issuance costs, net	25,413	25,796
Capital assets:		
Land	1,582,576	1,582,576
Other capital assets, net of depreciation	5,703,290	5,913,024
Total capital assets	<u>7,285,866</u>	<u>7,495,600</u>
Total noncurrent assets	<u>7,311,279</u>	<u>7,521,396</u>
 Total assets	 <u>7,493,347</u>	 <u>7,716,693</u>
<b>Liabilities:</b>		
Current Liabilities:		
Accounts payable and accrued liabilities	31,245	15,364
Due to employees and others	19,786	46,179
Unearned revenue	69,963	47,534
Current portion of general obligation bonds payable	373,900	363,200
Current portion of capital lease obligations	88,744	60,096
Total current liabilities	<u>583,638</u>	<u>532,373</u>
<b>Noncurrent liabilities:</b>		
Advances due to other funds	1,847,701	1,847,701
Capital lease obligations	-	88,744
General obligation bonds payable	3,630,330	3,988,104
Total noncurrent liabilities	<u>5,478,031</u>	<u>5,924,549</u>
Total liabilities	<u>6,061,669</u>	<u>6,456,922</u>
<b>Net Assets:</b>		
Invested in capital assets, net of related debt	3,192,892	2,995,456
Unrestricted (deficit)	<u>(1,761,214)</u>	<u>(1,735,685)</u>
Total net assets	<u>\$ 1,431,678</u>	<u>\$1,259,771</u>

See accompanying notes to the basic financial statements

**City of Leawood, Kansas**  
Statement of Revenues, Expenses, and Changes in Fund Net Assets -  
Proprietary Fund  
For the year ended December 31, 2005  
(With Comparative Totals for December 31, 2004)

	<b>Leawood Public Golf Course Fund</b>	
	<b>2005</b>	<b>2004</b>
<b>Operating revenues:</b>		
Golf Course revenue	\$ 2,007,047	\$ 2,014,759
Total operating revenues	<u>2,007,047</u>	<u>2,014,759</u>
<b>Operating expenses:</b>		
Cost of goods sold	420,418	371,260
Pro shop	280,198	272,285
Driving range	17,875	20,403
Golf carts	62,398	51,673
Course maintenance	595,199	566,553
Food and beverage	182,436	151,670
General and administrative	322,988	289,140
Depreciation	330,527	343,061
Total operating expenses	<u>2,212,039</u>	<u>2,066,045</u>
Operating income (loss)	<u>(204,992)</u>	<u>(51,286)</u>
<b>Nonoperating revenue (expense):</b>		
Interest income	201	254
Interest expense and other charges	(182,230)	(221,618)
Loss on sale of capital assets	(20,209)	-
Other income	-	196
Total nonoperating revenues (expenses)	<u>(202,238)</u>	<u>(221,168)</u>
Contributed capital assets	-	182,084
Transfers in	<u>579,137</u>	<u>445,100</u>
Change in net assets	171,907	354,730
Net assets at beginning of year	<u>1,259,771</u>	<u>905,041</u>
Net assets at end of year	<u>\$ 1,431,678</u>	<u>\$ 1,259,771</u>

See accompanying note to the basic financial statements

**City of Leawood, Kansas**  
Statement of Cash Flows - Proprietary Fund  
For the Year Ended December 31, 2005  
(With Comparative Totals for December 31, 2004)

	<b>Leawood Public Golf Course Fund</b>	
	<u>2005</u>	<u>2004</u>
<b>Cash flows from operating activities:</b>		
Receipts from customers	\$ 2,072,331	\$ 1,981,206
Payments to suppliers and contractors	<u>(1,923,744)</u>	<u>(1,722,981)</u>
Net cash provided by operating activities	<u>148,587</u>	<u>258,225</u>
<b>Cash flows from noncapital and related financing activities:</b>		
General fund transfer	<u>579,137</u>	<u>445,100</u>
<b>Cash flows from capital and related financing activities:</b>		
Purchases of capital assets	(141,002)	(39,138)
Proceeds from capital debt	-	2,565,000
Principal paid on capital debt	(423,296)	(2,998,856)
Interest paid on capital debt	<u>(165,721)</u>	<u>(205,110)</u>
Net cash (used) by capital and related financing activities	<u>(730,019)</u>	<u>(678,104)</u>
<b>Cash flows from investing activities:</b>		
Interest	<u>201</u>	<u>254</u>
Net cash provided by investing activities	<u>201</u>	<u>254</u>
Net increase (decrease) in cash and cash equivalents	(2,094)	25,475
Cash and cash equivalents at beginning of year	<u>78,825</u>	<u>53,350</u>
Cash and cash equivalents at end of year	<u>\$ 76,731</u>	<u>\$ 78,825</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income (loss)	<u>\$ (204,992)</u>	<u>\$ (51,286)</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation expense	330,527	343,061
(Gain) Loss on sale of equipment	-	(96)
Change in operating assets and liabilities:		
Receivables, net	42,855	(16,253)
Inventories	(31,720)	(10,401)
Accounts payable and other liabilities	(10,512)	10,500
Deferred revenue	<u>22,429</u>	<u>(17,300)</u>
Total adjustments	<u>353,579</u>	<u>309,511</u>
Net cash provided by operating activities	<u>\$ 148,587</u>	<u>\$ 258,225</u>
<b>Noncash capital and related financing activities:</b>		
Contributed Capital assets	<u>\$ -</u>	<u>\$ 182,084</u>

See accompanying notes to the basic financial statements.

**City of Leawood, Kansas**  
**Statement of Assets and Liabilities**  
**Fiduciary Fund**  
**December 31, 2005**

		<u>Agency Fund -</u>	<u>Employee Giving</u>
<b>Assets</b>			
Pooled cash and investments	\$		335
 Total Assets		<u>\$</u>	<u>335</u>
 <b>Liabilities</b>			
 Due to employees		<u>\$</u>	<u>335</u>

See accompanying notes to the basic financial statements

Notes to the Basic  
Financial Statements

**City of Leawood, Kansas**  
**Notes to the Basic Financial Statements**  
**December 31, 2005**

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**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 30,070 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.

**City of Leawood, Kansas**  
Notes to the Basic Financial Statements  
December 31, 2005

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**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.

**City of Leawood, Kansas**  
**Notes to the Basic Financial Statements**  
**December 31, 2005**

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*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.

**City of Leawood, Kansas**  
Notes to the Basic Financial Statements  
December 31, 2005

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*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 net assets. 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.

**City of Leawood, Kansas**  
Notes to the Basic Financial Statements  
December 31, 2005

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**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.

**City of Leawood, Kansas**  
**Notes to the Basic Financial Statements**  
**December 31, 2005**

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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:

<u>Assets</u>	<u>Years</u>
Buildings/building improvements	20-40
Machinery & equipment	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 \$214,000.

**City of Leawood, Kansas**  
**Notes to the Basic Financial Statements**  
**December 31, 2005**

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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:

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

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

*Compensated Absences*

Under terms of the City's personnel policy, City employees are granted vacation and sick leave in varying amounts, based upon length of service. In the event of termination or separation, an employee is paid for accumulated vacation up to the equivalent of twenty-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.

**City of Leawood, Kansas**  
**Notes to the Basic Financial Statements**  
**December 31, 2005**

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*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."

**City of Leawood, Kansas**  
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*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 2005, 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.

**City of Leawood, Kansas**  
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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 May 20 of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1 of the ensuing year. Consequently, for revenue recognition purposes, the taxes levied during the current year are not due and receivable until the ensuing year. At December 31, such taxes are recorded as taxes receivable with a corresponding amount recorded as deferred 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.

**City of Leawood, Kansas**  
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On January 1, 2005, the City implemented the provisions of GASB Statement No.40, *Deposit and Investment Risk Disclosures*. This statement establishes and modifies disclosure requirements related to investment and deposit risks; accordingly, the note disclosure on deposits and investments has been revised to conform to the provisions of GASB Statement No. 40.

A reconciliation of cash and investments with the Statement of Net Assets, as well as a summary of the City's investments is as follows:

Cash on hand	\$ 2,135
Carrying amount of deposits	16,827,203
Investments	<u>42,449,877</u>
Total cash and investments	<u>\$ 59,279,215</u>
Pooled cash and investments	\$ 59,171,347
Restricted cash	<u>107,868</u>
Total pooled cash and investments	<u>\$ 59,279,215</u>

*Custodial Credit Risk*

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

At December 31, 2005, the City's deposits were insured by Federal depository insurance and uninsured deposits were fully collateralized by securities held in the City's name by their financial institution's agent. Accordingly, management has determined that none of the City's deposits were exposed to custodial credit risk as of December 31, 2005.

*Interest Rate Risk*

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

As of December 31, 2005, all of the City's investments in securities and the Kansas Municipal Investment Pool had maturities of less than one year.

**City of Leawood, Kansas**  
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*Credit Risk and Concentrations of Credit Risk*

The credit risk for deposits and investments is the possibility that the issuer/counterparty to an investment will be unable to fulfill its obligations. Presented below is the actual rating by Moody's Investor Service as of year end for each investment type, as well as the issuers of securities, and the respective fair value of those securities that represent 5% or more of total City's investments:

Investment Type	Fair Value	Rating as of 12/31/2005	Percentage
Federal National Mortgage Association	\$ 4,950,076	AAA	12%
Federal Home Loan Mortgage Corporation	5,499,253	AAA	13%
Kansas Municipal Investment Pool	13,389,297	AAA	32%
U.S. Treasury Securities	18,611,251	**	44%
<b>Total</b>	<b>\$ 42,449,877</b>		

\*\* Exempt from rating requirement

**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 May 20 of the following year.

Assessed values are established by the County Appraiser. The assessed value for property located in the City as of January 1, 2004 on which the 2005 levy was based was \$593,987,508.

The City's property tax levies per \$1,000 assessed valuation for the year ended December 31, 2005 recognized as revenue in 2005 were as follows:

	Levy (Mills)
General Fund	\$ 14.763
Debt Service Fund	9.470
	<u>\$ 24.233</u>

Taxes receivable represent property taxes levied on November 1, 2005 for 2006 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.

**City of Leawood, Kansas**  
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**C. Interfund Receivables/Payables**

Individual fund receivable/payable balances at December 31, 2005 are as follows:

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

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

**D. Intergovernmental Revenues**

	<u>Intergovernmental Revenues</u>				<u>Total</u>
	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	
<u>Intergovernmental revenues:</u>					
Federal:					
Department of Transportation	\$ -	\$ -	\$ 286,908	\$ -	\$ 286,908
Emergency Management Agency	116,438	-	-	-	116,438
Housing and Urban Development	-	-	-	10,000	10,000
Department of Justice	3,383	-	-	-	3,383
State of Kansas:					
Special Liquor tax	192,241	-	-	384,482	576,723
Gasoline tax	-	-	-	849,787	849,787
County and local:					
County sales tax	3,334,606	-	666,922	-	4,001,528
County consumer's use tax	853,567	-	170,715	-	1,024,282
Motor vehicle tax	823,128	617,321	-	-	1,440,449
County assisted road system	-	-	794,000	-	794,000
Interlocal agreements	1,250	-	115,916	3,060,785	3,177,951
	<u>\$ 5,324,613</u>	<u>\$ 617,321</u>	<u>\$ 2,034,461</u>	<u>\$ 4,305,054</u>	<u>\$ 12,281,449</u>

**City of Leawood, Kansas**  
**Notes to the Basic Financial Statements**  
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**E. Transfers**

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

Transfers To	Transfers From			Total
	General Fund	Capital Projects Fund	Other Governmental Funds	
<u>Governmental Activities</u>				
General Fund	\$ -	\$ -	\$ 198,610	\$ 198,610
Debt Service Fund	-	17,631	-	17,631
Other Governmental Funds	5,824,513	-	450,000	6,274,513
Subtotal	5,824,513	17,631	648,610	6,490,754
<u>Business-type Activities</u>				
Golf Course Fund	579,137	-	-	579,137
Total	\$ 6,403,650	\$ 17,631	\$ 648,610	\$ 7,069,891

Transfers from/to other funds consisted of the following:

From the General Fund to:

Municipal Equipment Reserve Fund for capital expenditures	\$ 680,800
Street Improvements Fund for capital expenditures	301,500
Special Highway Fund for capital expenditures	278,000
Public Building Commission for debt service	406,700
Capital Improvements Fund for capital expenditures	4,105,141
City Art Fund for capital expenditures	52,372
Golf Course Fund for operations	579,137
	<u>6,403,650</u>

From Capital Project Fund to:

Debt Service Fund for debt service expenditures	<u>17,631</u>
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From Other Governmental Funds:

From the Special Alcohol Fund to:

General Fund for expenditures	198,610
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From 1/8 Cent Sales Tax Fund to:

Street Improvements Fund for capital expenditures	450,000
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Total

\$ 7,069,891

**City of Leawood, Kansas**  
**Notes to the Basic Financial Statements**  
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**F. Capital Assets**

Governmental capital asset activity for the year ended December 31, 2005 was as follows:

	Beginning Balances (as restated)	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land and right-of-way	\$ 87,050,026	\$ 7,309,765	\$ -	\$ 94,359,791
Infrastructure	11,540,249	496,736	-	12,036,985
Construction in progress	9,484,734	4,979,349	5,246,967	9,217,116
Total capital assets not being depreciated	<u>108,075,009</u>	<u>12,785,850</u>	<u>5,246,967</u>	<u>115,613,892</u>
Capital assets being depreciated:				
Buildings and improvements	30,882,753	170,499	-	31,053,252
Machinery and equipment	10,428,312	552,677	149,358	10,831,631
Infrastructure	181,894,364	8,054,568	369,125	189,579,807
Total capital assets being depreciated	<u>223,205,429</u>	<u>8,777,744</u>	<u>518,483</u>	<u>231,464,690</u>
Less accumulated depreciation for:				
Buildings and improvements	5,739,363	1,003,178	-	6,742,541
Machinery and equipment	5,500,359	1,050,575	149,357	6,401,577
Infrastructure	50,613,444	4,454,303	327,127	54,740,620
Total accumulated depreciation	<u>61,853,166</u>	<u>\$ 6,508,056</u>	<u>\$ 476,484</u>	<u>67,884,738</u>
Total capital assets being depreciated, net	<u>161,352,263</u>			<u>163,579,952</u>
Governmental activity capital assets, net	<u>\$ 269,427,272</u>			<u>\$ 279,193,844</u>

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

General government	\$ 336,990
Public safety	718,900
Public works	4,755,749
Parks and recreation	696,417
Total depreciation expense	<u>\$ 6,508,056</u>

**City of Leawood, Kansas**  
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**Prior Period Restatement** – During 2005, management determined that certain information used to establish segments and amounts of infrastructure capital assets originally reported under GASB 34 was inaccurate. Accordingly, certain amounts previously reported have been restated using the revised information.

Governmental net assets, as originally reported	\$ 258,231,646
Adjustment to capital assets, net of related depreciation	<u>(6,306,091)</u>
Governmental net assets, as restated	<u><u>\$ 251,925,555</u></u>

Business-type capital asset activity for the year ended December 31, 2005 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Business-type activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 1,582,576	\$ -	\$ -	\$ 1,582,576
<b>Capital assets being depreciated:</b>				
Buildings and improvements	7,288,874	75,829	21,816	7,342,887
Machinery and equipment	1,144,456	69,431	149,442	1,064,445
Total capital assets being depreciated	<u>8,433,330</u>	<u>145,260</u>	<u>171,258</u>	<u>8,407,332</u>
<b>Less accumulated depreciation for:</b>				
Building	1,846,579	180,917	3,740	2,023,756
Machinery and equipment	673,727	149,610	143,051	680,286
Total accumulated depreciation	<u>2,520,306</u>	<u>\$ 330,527</u>	<u>\$ 146,791</u>	<u>2,704,042</u>
Total capital assets being depreciated, net	<u>5,913,024</u>			<u>5,703,290</u>
Business-type activity capital assets, net	<u><u>\$ 7,495,600</u></u>			<u><u>\$ 7,285,866</u></u>

**City of Leawood, Kansas**  
**Notes to the Basic Financial Statements**  
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**G. Capital Projects Authorized**

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

Project Number and Name	Authorized	Project-to-date at year-end
106 Dykes Branch	\$ 200,000	\$ 121,116
110 Roe Avenue: 124th to 135th	7,691,865	7,750,501
112 Pedestrian Bridge	220,000	14,356
116 Ironwoods Park	6,050,000	6,150,783
139 Nall 135th to 143rd	3,884,095	2,094,382
157 92nd and State Line Traffic Signal	240,081	154,070
159 119th and Mission Intersection	5,029,204	1,493,877
162 143rd Street	160,000	158,912
190 Roe & Nall Ave, and 137th Street	840,608	879,766
191 137th and Briar	3,585,984	2,731,934
192 Mn Entry/Nall-N of 137th	1,422,832	438,957
193 135th St and Briar Intersection	600,000	474,307
194 135th St. and Roe Ave. South	310,000	261,645
195 Parkway Plaza Development	6,525,000	3,529,750
196 Park Place	3,670,000	163,537
197 Villiagio	4,400,000	245,747
198 Villiagio - Storm water	2,700,000	22,906
200 Residential St. Phase 1	2,500,000	2,364,428
202 Residential St. Phase 2	4,000,000	124,270
	<u>\$ 54,029,669</u>	<u>\$ 29,175,244</u>

**H. Temporary Notes**

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

	Balance January 1, 2005	Additions	Retirements	Balance December 31, 2005
Temporary notes	\$ 26,200,000	\$ 33,810,000	\$ 26,200,000	\$ 33,810,000

Temporary notes consisted of the following at December 31, 2005:

Maturing October 1, 2006:

4.00% General Obligation Temporary Notes	\$ 27,500,000
3.75% Taxable General Obligation Temporary Notes	5,700,000
5.50% Transportation Development District Temporary Notes (Resurrection Project)	150,000
5.50% Transportation Development District Temporary Notes (Cornerstone Project)	460,000
	<u>\$ 33,810,000</u>

**City of Leawood, Kansas**  
**Notes to the Basic Financial Statements**  
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**I. Long-Term Liabilities**

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

	Balance January 1, 2005	Increases	Decreases	Balance December 31, 2005	Amount Due in 2006
<u>Governmental activities:</u>					
General obligation bonds to be paid with:					
Tax levies	\$ 35,805,700	\$ 1,032,703	\$ 3,191,000	\$ 33,647,403	\$ 3,228,003
Benefit district assessments	8,757,200	3,057,297	1,105,800	10,708,697	1,308,097
Revenue Bonds	2,760,000	-	340,000	2,420,000	350,000
Less deferred amounts on refunding	(615,739)	-	(38,484)	(577,255)	-
Total bonds payable	46,707,161	4,090,000	4,598,316	46,198,845	4,886,100
Capital leases	944,420	-	110,195	834,225	114,013
Compensated absences*	839,519	1,596,119	1,595,608	840,030	672,000
Total Governmental activity debt	<u>\$ 48,491,100</u>	<u>\$ 5,686,119</u>	<u>\$ 6,304,119</u>	<u>\$ 47,873,100</u>	<u>\$ 5,672,113</u>

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

<u>Business-type activities:</u>					
General obligation bonds to be paid with:					
Golf course revenues	\$ 4,507,100	\$ -	\$ 363,200	\$ 4,143,900	\$ 373,900
Less deferred amounts on refunding	(155,796)	-	(16,126)	(139,670)	-
Total bonds payable	4,351,304	-	347,074	4,004,230	373,900
Capital leases	148,840	-	60,096	88,744	88,744
Total Business-type activity debt	<u>\$ 4,500,144</u>	<u>\$ -</u>	<u>\$ 407,170</u>	<u>\$ 4,092,974</u>	<u>\$ 462,644</u>

The detail of debt at December 31, 2005 follows:

**Governmental Activities Debt:**

**General obligation bonds to be paid with tax levies:**

\$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%	\$ 1,300,100
\$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%	2,396,000

**City of Leawood, Kansas**  
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\$6,945,000, Series 1997 General Obligation Improvement Bonds due in annual installments through September 1, 2006; interest at 4.60% to 6.00%	500,000
\$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%	3,058,600
\$7,529,862, Series 2000A General Obligation Improvement Bonds due in annual installments through September 1, 2009; interest at 4.625% to 6.00%	1,480,000
\$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%	8,060,000
\$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%	4,840,000
\$632,345, Series 2003-A General Obligation Improvement Bonds due in annual installments through September 1, 2018; interest at 3.55% to 6.79%	545,000
\$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%	7,455,000
\$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%	2,980,000
\$1,032,703, Series 2005-A General Obligation Improvement Bonds due in annual installments through September 1, 2020; interest at 3.05% to 5.00%	<u>1,032,703</u>
<b>Subtotal</b>	<u><b>33,674,403</b></u>

**General obligation bonds to be paid with benefit district assessments:**

\$500,000, Series 1996-B General Obligation Improvement Bonds due in annual installments through September 1, 2010; interest at 3.50% to 5.00%	50,000
\$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%	2,286,400
\$780,138, Series 2000-A General Obligation Improvement Bonds due in annual installments through September 1, 2009; interest at 4.625% to 6.00%	265,000
\$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%	3,835,000

**City of Leawood, Kansas**  
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\$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%	1,060,000
\$3,057,297, Series 2005-A General Obligation Improvement Bonds due in annual installments through September 1, 2020; interest at 3.05% to 5.00%	<u>3,057,297</u>
Subtotal	<u>10,708,697</u>
 <b>Revenue bonds:</b>	
\$2,835,000, 2003 Leawood Public Building Commission Bonds due in annual installments through September 1, 2012; interest at 2.00% to 3.00%	<u>2,420,000</u>
Bonds payable	<u>46,776,100</u>
Less deferred amounts on refunding	<u>( 577,255)</u>
Total bonds payable	<u>46,198,845</u>
 <b>Capital leases:</b>	
Lease for park land, due in semiannual installments through September 1, 2009; interest at 6%	570,000
Lease for fire ladder truck due in annual installments through September 14, 2008; interest at 4.76%	<u>264,225</u>
Total capital leases	<u>834,225</u>
 <b>Compensated absences</b>	 <u>840,030</u>
Total	 <u><u>\$47,873,100</u></u>

**City of Leawood, Kansas**  
**Notes to the Basic Financial Statements**  
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**Business-type Activity Debt:**

Golf Course Enterprise Fund:

**General obligation bonds:**

\$5,440,300, 1996-A General Obligation Refunding Bonds due in annual installments through September 1, 2015; interest at 3.50% to 5.00%	\$ 1,643,900
\$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%	<u>2,500,000</u>
Bonds payable	<u>4,143,900</u>
Less deferred amounts on refunding	<u>( 139,670)</u>
Total bonds payable	<u>4,004,230</u>
<b>Capital Lease:</b>	
Lease for golf carts due in semiannual installments through May 1, 2006, interest at 3.25%	<u>88,744</u>
Total	<u><u>\$ 4,092,974</u></u>

The annual debt service requirements to amortize general obligation bonds and capital lease obligations at December 31, 2005 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
2006	\$ 3,228,003	\$ 1,371,649	\$ 4,599,652
2007	3,154,200	1,224,119	4,378,319
2008	2,824,200	1,101,925	3,926,125
2009	2,704,200	995,280	3,699,480
2010	2,659,200	886,771	3,545,971
2011-2015	9,157,600	3,215,279	12,372,879
2016-2020	7,730,000	1,543,783	9,273,783
2021-2024	2,190,000	183,901	2,373,901
	<u>\$ 33,647,403</u>	<u>\$ 10,522,707</u>	<u>\$ 44,170,110</u>

**City of Leawood, Kansas**  
**Notes to the Basic Financial Statements**  
**December 31, 2005**

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

Year	Principal Due	Interest Due	Total Due
2006	\$ 1,308,097	\$ 392,032	\$ 1,700,129
2007	1,255,800	344,405	1,600,205
2008	1,255,800	295,036	1,550,836
2009	735,800	247,159	982,959
2010	735,800	222,995	958,795
2011-2015	3,232,400	761,733	3,994,133
2016-2020	2,185,000	215,085	2,400,085
	<u>\$ 10,708,697</u>	<u>\$ 2,478,445</u>	<u>\$ 13,187,142</u>

Annual debt service requirements to maturity for revenue bonds:

Year	Principal Due	Interest Due	Total Due
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	385,000	27,988	412,988
2011-2012	580,000	22,950	602,950
	<u>\$ 2,420,000</u>	<u>\$ 246,926</u>	<u>\$ 2,666,926</u>

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

Year	Principal Due	Interest Due	Total Due
2006	\$ 114,013	\$ 46,777	\$ 160,790
2007	118,011	40,978	158,989
2008	122,201	34,989	157,190
2009	480,000	28,800	508,800
	<u>\$ 834,225</u>	<u>\$ 151,544</u>	<u>\$ 985,769</u>

**City of Leawood, Kansas**  
**Notes to the Basic Financial Statements**  
**December 31, 2005**

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

Year	Principal Due	Interest Due	Total Due
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	415,000	102,705	517,705
2011-2015	2,160,000	273,175	2,433,175
	<u>\$ 4,143,900</u>	<u>\$ 886,844</u>	<u>\$ 5,030,744</u>

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

Year	Principal Due	Interest Due	Total Due
2006	\$ 88,744	\$ 2,924	\$ 91,668

In prior years, the City defeased certain general obligation and other bonds by placing the proceeds of refunding bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At December 31, 2005, \$9,415,000 of bonds outstanding are considered defeased.

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 \$197,222,884.

**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 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, 2005, the gross amount of capital assets under capital leases was \$1,240,000 in land and \$771,252 in equipment, net accumulated amortization of \$128,542 for governmental activities. The gross amount of capital assets under capital leases of golf equipment was \$272,000, net accumulated amortization of \$171,700 for business-type activities.

**City of Leawood, Kansas**  
Notes to the Basic Financial Statements  
December 31, 2005

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**Note 4: Other Information**

A. Commitments and Contingencies

1. 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 2005 was 3.41%.

The City employer contributions to KPERS for the years ending December 31, 2005, 2004, and 2003 were, \$202,336, \$184,355, and \$171,768, respectively, equal to the required contributions for each year. The KP&F uniform participating employer rate established for calendar year 2004 was 12.47%. 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, 2005, 2004, and 2003 were \$755,914, \$611,768, and \$426,624, 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 2005 were \$92,037 and \$432,348, respectively.

**City of Leawood, Kansas**  
**Notes to the Basic Financial Statements**  
**December 31, 2005**

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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, 2005 amounted to \$58,075. Future minimum lease payments for these leases are as follows:

2006	\$	65,413
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3. Golf Course

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

4. Federal and State Grants

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

B. Risk Management

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

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

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

**City of Leawood, Kansas**  
**Notes to the Basic Financial Statements**  
**December 31, 2005**

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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 2005, the City continued to participate in the Kansas Eastern Region Insurance Trust (KERIT) for workers' compensation coverage. The trust provides loss control services to all member entities. The City has an internal Safety committee comprised of representatives from all departments. The committee reviews accidents, discusses safety issues and implements organizational-wide safety programs.

## Required Supplementary Information

**City of Leawood, Kansas**  
Required Supplementary Information  
December 31, 2005

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

Such information includes:

- Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund
- Comparison of Needed-to-Actual Maintenance/Preservation for Streetlights and Traffic Signals.

**Budgetary Data**

GAAP is the budgetary basis of accounting

## City of Leawood, Kansas

### Schedule of Revenues, Expenditures, and Changes in Fund Balance

- Budget and Actual - General Fund

For the Year Ended December 31, 2005

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
Revenues:			
Taxes	\$ 16,944,007	\$ 16,944,007	\$ 17,619,900
Licenses and permits	1,490,650	1,490,650	2,180,572
Intergovernmental	5,344,164	5,344,164	5,324,613
Charges for services	1,330,066	1,330,066	1,104,153
Fines and forfeitures	1,600,500	1,600,500	1,505,999
Interest	100,000	100,000	453,815
Contributions and other	50,500	50,500	94,214
	<b>26,859,887</b>	<b>26,859,887</b>	<b>28,283,266</b>
 Expenditures:			
Current:			
General government	5,181,963	5,162,568	4,402,872
Public safety	11,158,697	11,178,094	10,583,680
Public works	5,096,231	5,096,228	4,515,528
Parks and recreation	3,380,968	3,380,969	2,920,101
	<b>24,817,859</b>	<b>24,817,859</b>	<b>22,422,181</b>
Total expenditures	<b>24,817,859</b>	<b>24,817,859</b>	<b>22,422,181</b>
Excess of revenues over (under) expenditures	<b>2,042,028</b>	<b>2,042,028</b>	<b>5,861,085</b>
 Other financing sources (uses):			
Transfers in	198,610	198,610	198,610
Transfers out	(6,994,472)	(6,994,472)	(6,403,650)
	<b>(6,795,862)</b>	<b>(6,795,862)</b>	<b>(6,205,040)</b>
Total other financing sources (uses)	<b>(6,795,862)</b>	<b>(6,795,862)</b>	<b>(6,205,040)</b>
Net changes in fund balances	<b>\$ (4,753,834)</b>	<b>\$ (4,753,834)</b>	<b>(343,955)</b>
 Fund balance at beginning of year			<b>13,172,326</b>
Fund balances end of year			<b>\$ 12,828,371</b>

**City of Leawood, Kansas**

Comparison of Needed-to-Actual Maintenance/Preservation  
for Streetlights and Traffic Signals.  
December 31, 2005

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

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

The City documents that the eligible infrastructure capital assets are being preserved approximately at or above the established and disclosed condition assessment level. It is the City's policy to maintain and preserve streetlights and traffic signals at least at 85% of their normal operating mode. Streetlights and traffic signals are often out of service due to the following factors: (1) life of lamp light; (2) accidents by vehicles or contractors who excavate in the City's Right of Ways; (3) weather, such as high winds, rain, snow and ice; (4) vandalism. During 2005, 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 2005 – 99.7%; November 2005 – 99.2%; and December 2005 – 99.0%.

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

Streetlights and traffic signals

	2005	2004	2003	2002	2001
Needed	\$ 214,000	\$ 185,000	\$ 195,000	\$ 163,520	\$ 163,520
Actual	151,885	175,150	146,755	132,919	110,604

# Combining and Individual Fund Statements and Schedules

Schedule 2

City of Leawood, Kansas

Schedule of Expenditures - Budget and Actual - General Fund

For the Year Ended December 31, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
General government:			
Administration:			
Personal services	\$ 1,748,089	1,724,826	\$ 1,566,288
Contractual services	1,195,212	1,190,998	912,927
Commodities	91,775	98,700	76,380
Total administration	<u>3,035,076</u>	<u>3,014,524</u>	<u>2,555,595</u>
Planning and development:			
Personal services	503,169	503,170	472,785
Contractual services	59,600	60,350	47,170
Commodities	17,822	17,072	12,744
Total planning and development	<u>580,591</u>	<u>580,592</u>	<u>532,699</u>
Municipal Court:			
Personal services	423,071	423,071	327,072
Contractual services	46,500	48,247	39,996
Commodities	17,847	16,100	13,772
Total municipal court	<u>487,418</u>	<u>487,418</u>	<u>380,840</u>
Legal Services:			
Personal services	281,378	282,534	282,528
Contractual services	162,100	162,000	50,311
Commodities	2,200	2,300	553
Total legal services	<u>445,678</u>	<u>446,834</u>	<u>333,392</u>
Information Services:			
Personal services	412,300	412,300	399,366
Contractual services	119,100	119,100	80,750
Commodities	101,800	101,800	120,230
Total information services	<u>633,200</u>	<u>633,200</u>	<u>600,346</u>
Total general government	<u>5,181,963</u>	<u>5,162,568</u>	<u>4,402,872</u>

(Continued)

**Schedule 2  
(Continued)**

City of Leawood, Kansas  
Schedule of Expenditures - Budget vs. Actual - General Fund  
December 31, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Public safety:			
Police:			
Personal services	5,725,294	5,725,292	5,499,741
Contractual services	592,520	607,919	505,406
Commodities	456,804	460,804	408,653
Total police	<u>6,774,618</u>	<u>6,794,015</u>	<u>6,413,800</u>
Fire:			
Personal services	3,929,456	3,929,456	3,791,164
Contractual services	219,400	219,450	172,469
Commodities	138,632	138,582	109,658
Debt service	96,591	96,591	96,589
Total fire	<u>4,384,079</u>	<u>4,384,079</u>	<u>4,169,880</u>
Total public safety	<u>11,158,697</u>	<u>11,178,094</u>	<u>10,583,680</u>
Public works:			
Personal services	2,956,989	2,956,986	2,679,746
Contractual services	1,489,750	1,391,915	1,315,885
Commodities	649,492	747,327	519,897
Total public works	<u>5,096,231</u>	<u>5,096,228</u>	<u>4,515,528</u>
Parks and recreation:			
Personal services	1,958,399	1,958,399	1,805,973
Contractual services	875,980	890,480	735,237
Commodities	546,589	532,090	378,891
Total parks and recreation	<u>3,380,968</u>	<u>3,380,969</u>	<u>2,920,101</u>
Total expenditures	<u>\$ 24,817,859</u>	<u>\$ 24,817,859</u>	<u>\$ 22,422,181</u>

**City of Leawood, Kansas**  
Other Non-major Governmental Funds  
December 31, 2005

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

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

Special Law Enforcement Fund – established to provide 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.

CDBG Grant Fund – established to account for CDBG grant funds received by the City.

**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.

*1/8<sup>th</sup> 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, 2005**

Schedule 3

Assets	Special Alcohol	Special Highway	Special City	Special Parks and Recreation	Special Law Enforcement	KS Byrne Grant	Public Building Commission	American Revolution Tri-Centennial	Drug Abuse Resistance Education	Insurance Proceeds	CDBG Grant
Pooled cash and investments	\$ 7	\$ 112,493	\$ 256,100	\$ 5,811	\$ 47,469	\$ 7,106	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables (net of allowance for uncollectibles)	-	-	-	-	-	-	-	-	-	-	-
Sales tax	-	-	-	-	-	132	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental	49,000	-	49,000	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 49,007</b>	<b>\$ 112,493</b>	<b>\$ 305,100</b>	<b>\$ 5,811</b>	<b>\$ 47,469</b>	<b>\$ 7,238</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Liabilities and Fund Balances**

Liabilities:											
Accounts payable and accrued liabilities	\$ 1,143	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total liabilities</b>	<b>1,143</b>	<b>-</b>									

**Fund Balances:**

Unreserved											
Special revenue funds	47,864	112,493	305,100	5,811	47,469	7,238	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-	-	-	-	-	-
<b>Total fund balance</b>	<b>47,864</b>	<b>112,493</b>	<b>305,100</b>	<b>5,811</b>	<b>47,469</b>	<b>7,238</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 49,007</b>	<b>\$ 112,493</b>	<b>\$ 305,100</b>	<b>\$ 5,811</b>	<b>\$ 47,469</b>	<b>\$ 7,238</b>	<b>\$ -</b>				

**City of Leawood, Kansas**  
**Combining Balance Sheet - Non-major Governmental Funds**  
**December 31, 2005**

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	\$ 2,264,780	\$ 515,335	\$ 4,880,153	\$ 326,894	\$ 244,678	\$ 1,141,712	\$ 710,479	\$ 540,529	\$ 139,159	\$ 11,192,705
Receivables (net of allowance for uncollectibles)	-	-	-	-	-	120,743	-	-	-	120,743
Sales tax	-	-	-	-	-	-	-	-	-	132
Interest	-	29,814	141,823	-	-	-	-	-	-	269,637
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 2,264,780	\$ 545,149	\$ 5,021,976	\$ 326,894	\$ 244,678	\$ 1,262,455	\$ 710,479	\$ 540,529	\$ 139,159	\$ 11,583,217
<b>Liabilities and Fund Balances</b>										
Liabilities:										
Accounts payable and accrued liabilities	\$ 44,393	\$ 158,850	\$ 326,083	\$ 4,938	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 535,407
Total liabilities	44,393	158,850	326,083	4,938	-	-	-	-	-	535,407
Fund Balances:										
Unreserved										
Special revenue funds	-	-	-	-	-	-	-	-	-	525,975
Capital projects funds	2,220,387	386,299	4,695,893	321,956	244,678	1,262,455	710,479	540,529	139,159	10,521,895
Total fund balance	2,220,387	386,299	4,695,893	321,956	244,678	1,262,455	710,479	540,529	139,159	11,047,810
Total liabilities and fund balances	\$ 2,264,780	\$ 545,149	\$ 5,021,976	\$ 326,894	\$ 244,678	\$ 1,262,455	\$ 710,479	\$ 540,529	\$ 139,159	\$ 11,583,217

**City of Leawood, Kansas**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Non-major Governmental Funds**  
**For the year ended December 31, 2005**

	Special Alcohol	Special City Highway	Special Parks and Recreation	Special Law Enforcement	KS Byrne Grant	Public Building Commission	American Revolution Tri-Centennial	Drug Abuse Resistance Education	Insurance Proceeds	CDBG Grant
<b>Revenues:</b>										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-	-	-
Intergovernmental	192,241	849,787	192,241	-	-	-	-	-	-	10,000
Charges for services	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	1,806	-	-	-	-	-	-
Interest	12,695	3,336	5,932	144	1,247	-	209	161	94	-
Contributions and other	-	-	1,088	908	-	-	-	-	27,619	-
<b>Total revenues</b>	<b>204,936</b>	<b>853,123</b>	<b>199,261</b>	<b>2,858</b>	<b>1,247</b>	<b>-</b>	<b>209</b>	<b>161</b>	<b>27,713</b>	<b>10,000</b>
<b>Expenditures:</b>										
<b>Current:</b>										
General government	46,000	-	-	-	-	-	-	-	27,713	10,000
Public safety	-	-	-	-	-	-	-	1,253	-	-
Parks and recreation	-	-	24,288	-	-	-	-	-	-	-
Capital outlay	-	1,018,630	26,692	-	-	-	-	17,554	-	-
Debt service:										
Principal retirements	-	-	-	-	-	340,000	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	66,700	-	-	-	-
<b>Total expenditures</b>	<b>46,000</b>	<b>1,018,630</b>	<b>50,980</b>	<b>-</b>	<b>-</b>	<b>406,700</b>	<b>-</b>	<b>18,807</b>	<b>27,713</b>	<b>10,000</b>
<b>Excess of revenues over (under) expenditures</b>	<b>158,936</b>	<b>(165,507)</b>	<b>148,281</b>	<b>2,858</b>	<b>1,247</b>	<b>(406,700)</b>	<b>209</b>	<b>(18,646)</b>	<b>-</b>	<b>-</b>
<b>Other financing sources (uses):</b>										
Transfers in	-	278,000	-	-	-	406,700	-	-	-	-
Transfers out	(198,610)	-	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(198,610)</b>	<b>278,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>406,700</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net changes in fund balances</b>	<b>(39,674)</b>	<b>112,493</b>	<b>148,281</b>	<b>2,858</b>	<b>1,247</b>	<b>-</b>	<b>209</b>	<b>(18,646)</b>	<b>-</b>	<b>-</b>
<b>Fund balances at beginning of year</b>	<b>87,538</b>	<b>-</b>	<b>156,819</b>	<b>2,953</b>	<b>46,222</b>	<b>-</b>	<b>7,029</b>	<b>18,646</b>	<b>-</b>	<b>-</b>
<b>Fund balances at end of year</b>	<b>\$ 47,864</b>	<b>\$ 112,493</b>	<b>\$ 305,100</b>	<b>\$ 5,811</b>	<b>\$ 47,469</b>	<b>\$ -</b>	<b>\$ 7,238</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**City of Leawood, Kansas**  
 Combining Statement of Revenues, Expenditures and  
 Changes in Fund Balances - Non-major Governmental Funds  
 For the year ended December 31, 2005

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 627,031	\$ -	\$ -	\$ -	\$ 627,031
Licenses and permits	-	-	-	-	101,401	-	46,619	96,941	20,158	265,119
Intergovernmental	-	365,593	2,695,192	-	-	-	-	-	-	4,305,054
Charges for services	-	-	1,925	-	-	-	-	-	-	1,925
Fines and forfeitures	-	-	-	-	-	-	-	-	-	1,806
Interest	66,128	29,851	124,640	10,721	5,940	30,013	19,664	13,541	3,810	328,126
Contributions and other	19,500	-	49,351	-	-	-	-	-	-	98,466
Total revenues	85,628	395,444	2,871,108	10,721	107,341	657,044	66,283	110,482	23,968	5,627,527
Expenditures:										
Current:										
General government	-	-	-	-	-	-	-	-	-	83,713
Public safety	-	-	-	-	-	-	-	-	-	1,253
Parks and recreation	-	-	-	-	-	-	-	-	-	24,288
Capital outlay	631,700	1,314,370	3,874,866	118,045	-	63,651	-	-	-	7,065,508
Debt service:										
Principal retirements	-	-	-	-	30,000	-	-	-	-	370,000
Interest and fiscal charges	-	-	-	-	36,000	-	-	-	-	102,700
Total expenditures	631,700	1,314,370	3,874,866	118,045	66,000	63,651	-	-	-	7,647,462
Excess of revenues over (under) expenditures	(546,072)	(918,926)	(1,003,758)	(107,324)	41,341	593,393	66,283	110,482	23,968	(2,019,935)
Other financing sources (uses):										
Transfers in	680,800	751,500	4,105,141	52,372	-	-	-	-	-	6,274,513
Transfers out	-	-	-	-	-	(450,000)	-	-	-	(648,610)
Total other financing sources (uses)	680,800	751,500	4,105,141	52,372	-	(450,000)	-	-	-	5,625,903
Net changes in fund balances	134,728	(167,426)	3,101,383	(54,952)	41,341	143,393	66,283	110,482	23,968	3,605,968
Fund balances at beginning 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
Fund balances at end of year	\$ 2,220,387	\$ 386,299	\$ 4,695,893	\$ 321,956	\$ 244,678	\$ 1,262,455	\$ 710,479	\$ 540,529	\$ 139,159	\$ 11,047,810

**City of Leawood, Kansas**  
**Special Alcohol Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**- Budget and Actual -**  
**For the Year Ended December 31, 2005**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues:			
Intergovernmental	\$ 190,000	\$ 192,241	\$ 2,241
Interest	200	12,695	12,495
Total revenues	<u>190,200</u>	<u>204,936</u>	<u>14,736</u>
Expenditures:			
General government	49,800	46,000	(3,800)
Contingency	7,470	-	(7,470)
Total expenditures	<u>57,270</u>	<u>46,000</u>	<u>(11,270)</u>
Revenues over expenditures	132,930	158,936	26,006
Other financing (uses):			
Transfers out	<u>(198,610)</u>	<u>(198,610)</u>	<u>-</u>
Net changes in fund balance	<u>\$ (65,680)</u>	<u>(39,674)</u>	<u>\$ 26,006</u>
Fund balance, beginning of year		<u>87,538</u>	
Fund balance, end of year		<u>\$ 47,864</u>	

Schedule 6

**City of Leawood, Kansas**  
**Special City Highway Fund**  
 Schedule of Revenues, Expenditures and Changes in Fund Balances  
 - Budget and Actual -  
 For the Year Ended December 31, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues:			
Intergovernmental	\$ 772,000	\$ 849,787	\$ 77,787
Interest	-	3,336	3,336
	<u>772,000</u>	<u>853,123</u>	<u>81,123</u>
Total revenues			
Expenditures:			
Capital outlay	<u>1,050,000</u>	<u>1,018,630</u>	<u>(31,370)</u>
Total expenditures	<u>1,050,000</u>	<u>1,018,630</u>	<u>(31,370)</u>
Excess of revenues over expenditures	(278,000)	(165,507)	112,493
Other financing sources:			
Transfers in	<u>278,000</u>	<u>278,000</u>	<u>-</u>
Net changes in fund balance	<u>\$ -</u>	<u>112,493</u>	<u>\$ 112,493</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		<u>\$ 112,493</u>	

**City of Leawood, Kansas**  
**Special Parks and Recreation Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**- Budget and Actual -**  
**For the Year Ended December 31, 2005**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<b>Revenues:</b>			
Intergovernmental	\$ 190,000	\$ 192,241	\$ 2,241
Interest	1,600	5,932	4,332
Contributions and other	-	1,088	1,088
	<u>191,600</u>	<u>199,261</u>	<u>7,661</u>
<b>Total revenues</b>			
<b>Expenditures:</b>			
Parks and recreation	24,289	24,288	(1)
Capital outlay	250,332	26,692	(223,640)
Contingency	8,925	-	(8,925)
	<u>283,546</u>	<u>50,980</u>	<u>(232,566)</u>
<b>Total expenditures</b>			
Net changes in fund balance	<u>\$ (91,946)</u>	148,281	<u>\$ 240,227</u>
Fund balance, beginning of year		<u>156,819</u>	
Fund balance, end of year		<u>\$ 305,100</u>	

**City of Leawood, Kansas**  
**Special Law Enforcement Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**- Budget and Actual -**  
**For the Year Ended December 31, 2005**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<b>Revenues:</b>			
Fines and forfeitures	\$ 900	\$ 1,806	\$ 906
Interest	30	144	114
Contributions and other	-	908	908
	<u>930</u>	<u>2,858</u>	<u>1,928</u>
<b>Total revenues</b>			
<b>Expenditures:</b>			
Contingency	-	-	-
	<u>930</u>	2,858	<u>\$ 1,928</u>
<b>Net changes in fund balance</b>			
Fund balance, beginning of year		<u>2,953</u>	
Fund balance, end of year		<u>\$ 5,811</u>	

Schedule 9

**City of Leawood, Kansas**  
**Kansas Byrne Grant Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**- Budget and Actual -**  
**For the Year Ended December 31, 2005**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
Revenues:			
Interest	\$ 100	\$ 1,247	\$ 1,147
Total revenues	100	1,247	1,147
Expenditures:			
Public safety	40,000	-	40,000
Revenues over (under) expenditures	(39,900)	1,247	(38,853)
Net changes in fund balance	\$ (39,900)	1,247	\$ (38,853)
Fund balance, beginning of year		46,222	
Fund balance, end of year		\$ 47,469	

**City of Leawood, Kansas**  
**Debt Service Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**- Budget and Actual -**  
**For the Year Ended December 31, 2005**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<b>Revenues:</b>			
Taxes	\$ 5,645,191	\$ 5,588,198	\$ (56,993)
Intergovernmental	623,550	617,321	(6,229)
Special assessments	1,374,020	1,383,982	9,962
Interest	105,000	202,210	97,210
<b>Total revenues</b>	<u>7,747,761</u>	<u>7,791,711</u>	<u>43,950</u>
<b>Expenditures:</b>			
General government	45,000	7,460	(37,540)
Debt service:			
Principal retirements	4,296,800	4,296,800	-
Interest and fiscal charges	1,799,365	1,799,367	2
<b>Total expenditures</b>	<u>6,141,165</u>	<u>6,103,627</u>	<u>(37,538)</u>
<b>Revenues over (under) expenditures</b>	1,606,596	1,688,084	81,488
<b>Other financing sources and (uses):</b>			
Transfers in	-	17,631	17,631
<b>Total other financing sources and (uses)</b>	<u>-</u>	<u>17,631</u>	<u>17,631</u>
<b>Net changes in fund balance</b>	<u>\$ 1,606,596</u>	1,705,715	<u>\$ 99,119</u>
Fund balance, beginning of year		<u>5,239,707</u>	
Fund balance, end of year		<u>\$ 6,945,422</u>	

**City of Leawood, Kansas**  
**Golf Course Fund**  
Schedule of Revenues and Expenditures - Budget and Actual (Non - GAAP)  
For the Year Ended December 31, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<b>Revenues:</b>			
Golf course revenues	\$ 1,978,252	\$ 2,007,047	\$ 28,795
Interest and other	-	201	201
Total revenues	<u>1,978,252</u>	<u>2,007,248</u>	<u>28,996</u>
<b>Expenditures:</b>			
<b>Current:</b>			
Cost of goods sold	388,146	420,418	32,272
Pro shop	274,987	280,198	5,211
Driving range	17,853	17,875	22
Golf carts	61,253	62,398	1,145
Course maintenance	582,212	595,199	12,987
Food and beverage	178,656	182,436	3,780
General and administrative	389,718	322,988	(66,730)
Capital outlay	153,900	145,260	(8,640)
<b>Debt service:</b>			
Principal	423,296	423,296	-
Interest and other fiscal charges	165,724	165,721	(3)
Total expenditures	<u>2,635,745</u>	<u>2,615,789</u>	<u>(19,956)</u>
Revenues over (under) expenditures	(657,493)	(608,742)	48,751
<b>Other financing sources:</b>			
Transfers in	<u>579,137</u>	<u>579,137</u>	-
Total other financing sources:	<u>579,137</u>	<u>579,137</u>	-
Net changes in net assets	<u>\$ (78,356)</u>	(29,605)	<u>\$ 48,751</u>

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

Principal retirements	423,296
Capital outlay	145,260
Loss on sale of capital assets	(20,209)
Depreciation expense	(330,527)
Amortization expense	<u>(16,308)</u>
Change in net assets	<u>\$ 171,907</u>

City of Leawood, Kansas

Statement of Changes in Assets and Liabilities -  
Fiduciary Fund

For the Year Ended December 31, 2005

<b>Agency Fund - Employee Giving</b>	<b>Balance Beginning of Year</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance End of Year</b>
<b>Assets:</b>				
Pooled cash and investments	\$ 892	\$ 839	\$ 1,396	\$ 335
<b>Liabilities:</b>				
Due to employees	\$ 892	\$ 839	\$ 1,396	\$ 335

## Statistical Section

Table 1

**CITY OF LEAWOOD, KANSAS**

**General Governmental Expenditures by Function (1)**

Last Ten Fiscal Years

Fiscal Year	(2)	General Government	Public Safety	Public Works	Parks and Recreation	Capital Outlay	Debt Service	Total
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
2005		4,494,045	10,488,343	4,424,584	2,944,389	13,564,787	7,661,077	43,577,225

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

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

CITY OF LEAWOOD, KANSAS

General Governmental Revenues by Source (1)

Last Ten Fiscal Years

Fiscal Year	Taxes	Licenses and Permits	Inter-governmental	Charges for Services	Fines and Forfeitures	Special Assessments	Investment Earnings	Miscellaneous	Total
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
2005	23,835,129	2,688,264	12,281,449	1,106,078	1,507,805	1,383,982	1,789,313	205,384	44,797,404

(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
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
2005	14,304,471	5,649,000	2,632,535	1,249,124	23,835,129

(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

Tax/ Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of		Total Tax Collections	Total Tax Collections	Ratio of		Outstanding Delinquent Taxes	Ratio of Delinquent Taxes Tax Levy
			Current Taxes Collected	Delinquent Tax Collections			Total Tax Collections To Total Tax Levy	Delinquent Taxes		
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%	
04/05	14,329,935	14,189,005	99.0%	111,053	14,300,059		99.8%	140,929	0.98%	

Information provided by the Johnson County Treasurer's office.

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

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

**Table 4**

**CITY OF LEAWOOD, KANSAS**

**Assessed Value and Estimated Actual Value  
of All Taxable Tangible Property**

**Last Ten Fiscal Years**

Year Ended December 31, Assessment 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 Actual Value
1995	\$ 235,515,397	\$ 7,057,645	\$4,848,395	\$ 45,370,208	\$ 292,791,645	\$ 2,136,155,529	13.7%
1996	261,766,856	7,743,940	4,908,010 (2)	48,980,314	323,399,120	2,341,757,812	13.8%
1997	300,942,697	9,763,285	5,463,373 (2)	51,761,195	367,930,550	2,645,460,398	13.9%
1998	331,758,648	10,024,991	5,636,982 (2)	54,460,192	401,880,813	2,913,118,506	13.8%
1999	370,034,534	11,995,333	6,322,011 (2)	55,898,749	444,250,627	3,212,602,950	13.8%
2000	434,198,518	14,069,163	5,757,847 (2)	57,538,051	511,563,579	3,763,719,569	13.6%
2001	478,263,332	14,964,257	5,847,070	55,695,102	554,769,761	4,085,823,301	13.6%
2002	508,588,824	16,334,865	6,296,797	57,762,782	588,983,268	4,368,415,305	13.5%
2003	539,398,377	13,900,623	6,294,133	60,598,381	620,191,514	4,607,478,463	13.5%
2004	571,882,830	15,239,935	6,864,743	63,422,104	657,409,612	4,876,031,495	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	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		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								
1996	17.617	7.830	1.500	61.779	82.639	9.314	6.140	3.419	1.620	146.642	125.782								
1997	19.816	5.631	1.500	56.233	80.430	8.946	6.041	3.478	1.620	144.052	119.855								
1998	15.884	7.591	1.500	51.808	74.168	8.540	5.938	3.254	1.512	133.692	111.332								
1999	15.894	7.562	1.500	42.968	69.847	7.746	5.704	3.174	1.437	127.209	100.330								
2000	15.209	8.247	1.500	41.246	65.597	7.184	5.166	3.137	1.451	123.603	99.252								
2001	12.346	9.401	1.500	40.327	65.689	7.646	4.647	2.981	1.322	121.208	95.846								
2002	14.102	7.713	1.500	38.699	64.216	7.743	4.181	2.971	1.382	120.141	94.624								
2003	14.317	7.503	1.500	42.238	68.588	9.428	-	2.948	1.602	122.107	95.757								
2004	13.322	10.752	1.500	37.774	64.551	9.432	-	2.954	2.365	121.257	94.480								
2005	14.763	9.470	1.500	42.655	64.197	9.438	-	2.956	2.367	120.732	99.190								

Information provided by Johnson County Clerk's office.

**CITY OF LEAWOOD, KANSAS**

Principal Taxpayers

December 31, 2005

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2004 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Town Center Plaza	Shopping Center	\$ 20,108,708	3.059%
95 West, L.P.	Shopping Center	7,365,034	1.120%
Academy 1740, Inc.	Offices	4,810,301	0.732%
PCC Two, LLC	Offices	3,769,677	0.573%
Kansas City Power & Light	Electric Utility	3,504,542	0.533%
Megaplex Nine, Inc.	Movie Theatre	3,160,233	0.481%
Ranch Mart North, LLC	Offices	3,135,526	0.477%
Hallbrook Office Center	Offices	3,062,551	0.466%
114 Timberlands, LLC	Offices	3,055,901	0.465%
96-OP Property LLLC	Real Estate	2,965,951	0.451%
<b>Total Principal Property Taxpayers</b>		<b><u>\$ 54,938,424</u></b>	<b><u>8.357%</u></b>

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

<b>Fiscal Year</b>	<b>Special Assessment Billings</b>	<b>Special Assessments Collected</b>
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
2005	1,611,951	1,334,550

**CITY OF LEAWOOD, KANSAS**  
**Computation of Legal Debt Limitation**  
**December 31, 2005**

Assessed value, real and personal property, 1988	\$ 79,151,382
Plus assessed value, motor vehicles, 1988	<u>27,421,310</u>
Total assessed value, 1988	<u>106,572,692</u>
Debt limitation percentage for 1989	<u>30.00%</u>
1989 debt limitation	<u>\$ 31,971,808</u>
Assessed value, real and personal property, 1989	\$ 172,096,679
Plus assessed value, motor vehicles, 1989	30,062,921
	<u>\$ 202,159,600</u>
1989 debt limitation	\$ 31,971,808
Divided by 1989 total assessed value	<u>202,159,600</u>
New debt limitation percentage	<u>15.82%</u>
Assessed value, real and personal property, 2005	\$ 593,987,508
Plus assessed value, motor vehicles, 2004	63,422,104
Total assessed value, 2005	657,409,612
New debt limitation percentage	<u>30.00%</u>
2005 debt limitation	<u>\$ 197,222,884</u>

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

**Table 9**

**CITY OF LEAWOOD, KANSAS**

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

Last Ten Fiscal Years

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
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
2005	30,070	657,409,612	48,500,000	6,945,422	41,554,578	6.32%	1,382

(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**

<u>Fiscal Year</u>	<u>Principal (2)</u>	<u>Interest (2)</u>	<u>Total Debt Service (2)</u>	<u>Total General Governmental Expenditures (1)</u>	<u>Ratio of Debt Service to Expenditures</u>
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%
2005	4,296,800	1,799,365	6,096,165	43,577,225	13.99%

(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, 2005

<u>Name of Governmental Unit</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City of Leawood (2)</u>	<u>Amount Applicable to City of Leawood</u>
City of Leawood (1)	\$ 48,500,000	100.00000%	\$ 48,500,000
Johnson County	174,535,000	8.86000%	15,463,801
Johnson County Community College	13,270,000	8.86000%	1,175,722
Shawnee Mission School District			
(U.S.D. 512)	224,580,000	4.55000%	10,218,390
(U.S.D. 229)	292,755,000	24.95000%	73,042,373
Fire District #2	2,160,000	0.77000%	16,632
Parks and Recreation	<u>5,240,000</u>	8.86000%	<u>464,264</u>
Total direct and overlapping debt	<u>\$761,040,000</u>		<u>\$ 148,881,182</u>

(1) General obligation debt outstanding.

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

**Table 12**

**CITY OF LEAWOOD, KANSAS**  
**Demographic Statistics**  
**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Per Capita Income</u>	<u>Median Age</u>	<u>Unemployment Rate (3)</u>
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%
2005	30,070	*	*	2.7%

\* 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)		Total	Commercial Construction		Residential Construction	
	Commercial (1)	Residential (1)		Number of Permits	Value	Number of Permits	Value
1996	\$ 126,882	\$1,897,083	\$2,184,312	14	\$11,360,599	423	\$67,604,775
1997	187,866	2,099,704	2,474,410	11	53,284,330	342	99,298,166
1998	214,700	2,338,261	2,723,611	8	12,188,680	402	95,955,530
1999	273,325	2,550,258	2,997,251	13	34,197,420	497	96,018,295
2000	311,353	3,008,704	3,516,746	11	20,269,750	603	121,352,142
2001	352,684	3,297,971	3,843,603	11	21,321,920	444	122,093,360
2002	358,646	3,544,889	4,115,366	8	9,138,570	524	116,403,746
2003	380,222	3,760,935	4,344,372	16	17,427,830	509	125,576,430
2004	412,404	3,978,829	4,612,962	12	31,529,350	586	127,680,875
2005	439,694	4,288,969	4,985,924	32	11,712,710	225	146,859,900

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

**CITY OF LEAWOOD, KANSAS**

Miscellaneous Statistics

December 31, 2005

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):	147.65
Area in square miles	14.7
City facilities and services:	
Miles of streets	189.36 center lane miles
Number of street lights	2,625

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	54
Number of volunteer firefighters	0.7
Number of nonfire fighting personnel	1
Number of fire calls answered	1,035
Number of ambulance calls answered	1,334
Number of fire inspections	844

Police protection:

Number of stations	1
Number of certified officers	57
Number of noncertified personnel	22.6
Number of patrol districts	3
Number of traffic violations	14,586
Number of physical arrests	1,659
Number of dispatch calls	33,961
Number of alarm calls	1,925

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