
CITY OF LEAWOOD, KANSAS
COMPREHENSIVE ANNUAL
FINANCIAL REPORT
For The Year Ended December 31, 2011



Report prepared by Department Of Finance

Dawn Long, Finance Director
Theresa Lodde, Senior Accountant

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Introductory Section



City of Leawood

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April 23, 2012

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, 2011.

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

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

RubinBrown LLP, Certified Public Accountants, has issued an unqualified opinion on the City of Leawood’s financial statements for the year ended December 31, 2011. 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. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

“As a growing city, Leawood continues to contribute to Johnson County. The county is one of the leading local economies in the Midwest, making it a premier business location in the nation. This explains why over the past decade the county’s population has grown to 544,000.”

Source: 2011-2012 Community Resource guide and Chamber Directory

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 2011 population to be 32,000. Johnson County encompasses 476 square miles and with a 2011 estimated population of 544,000 is the most populous county in the State of Kansas. The City's land area is approximately 75% developed, and growth is expected to continue albeit at a moderate pace. The City is bounded to the east by the Kansas-Missouri state line and on all other sides by incorporated cities of Johnson County.

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

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

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

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

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

Leawood's first city election was held January 18, 1949.

The voters chose their first mayor, R.G. Bentrup as well as five city council members, a city clerk, a city treasurer and a police judge.

Since the first mayoral term of 1949 to 1951, Leawood has had 18 Mayors, including the current

Mayor, Peggy Dunn. Mrs. Dunn has served as Mayor since 1997 and served as a City Council member for four years prior. Today the

Mayor and the eight City Council positions are the only elected positions.

Source: Leawood, A Portrait In Time

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

Local economy

Because of Leawood's location in a region with a varied economic base, the unemployment rate is at a modest 3.7 percent. During the past ten years, the unemployment rate experienced a decade low of 2.5 percent (2004 and 2006), and a decade high of 4.3 percent (2010). The direction of the change in the unemployment rate has mirrored the national economy.

During the past ten years, total expenditures have increased at an average annual rate of 2.7%. General government expenditures have increased at an average annual rate of 4.6%, public safety at 5.3%, public works at 2%, and parks and recreation is by far the fastest growing at 10.2%. Capital outlay has grown at 3.9%, and debt service has increased at an average of 2.8%.

General government includes much of the staff necessary to support the daily operations of the city including finance, legal, information services, and human resources. Additionally, code and building enforcement and planning are part of this sector and are an integral part of the quality of growth and the overall quality of the community.

A number of public safety positions have been added to manage this aspect of growth. With the emergence of Leawood as a shopping, recreation and dining destination, the life safety of our residents, businesses and visitors is very important. The additional cost for public safety comes from an increase in demand for services and associated personnel costs.

The Public Works expenditures have managed to stay relatively low over the past ten years, considering that significant work to the City streets has taken place during this ten year period. The work included an accelerated street renovation program that began in 2004. It is the goal of the Governing Body to reduce the backlog of streets that do not meet a pavement condition index (pci) rating of not less than 70% within the next ten years.

After incorporation and until 1953, the City Council met in the Kroh Brothers' barn where they kept lumber and paint. In 1953, the City began renting land and the small, colonial-style City Hall building from Kroh Brothers for \$250 a month. The City later purchased this property at 96th & Lee Boulevard. City government operated from that location until 1994, when the new City Hall opened at 4800 Town Center Drive.

Source: Leawood, A Portrait In Time

Debt service increased 2.8% over the last ten years as the city has continued to build many of its buildings, parks and other amenities. During the last ten years, the City has invested considerable funds for new amenities in many areas of Leawood, notably in the Parks and Recreation Department. Correspondingly there has been an increase in the growth of the Parks and Recreation operating budget.

Long-term financial planning

The unassigned fund balance in the general fund (39% of total general fund expenditures) falls well above 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. The conservative budgets that were passed in prior fiscal years have contributed to this overall financial philosophy.

Relevant financial policies

The Governmental Accounting Standards Board (GASB) issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. This Statement has been implemented in the current year. This Statement’s objective is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. There were no other significant changes in existing city financial policies during the year.

Major initiatives

In 2011 the City of Leawood retained its AAA bond rating, continuing to ensure the Leawood business community and its residents that the City remains a solid investment opportunity for the Nation’s capital markets.

Last year, the City’s property tax levy rate was the second lowest amongst all of the cities of the first class in the State of Kansas.

SUSTAINING THE FUTURE

The average home in Leawood is appraised around \$426,000; reflecting homeowners’ demand for the kind of housing Leawood offers – everything from elegant, stately older homes, to exclusive estates, to newly constructed higher-end subdivisions. Leawood is proud to be home to many of the Kansas City metropolitan area’s most upscale neighborhoods.

Source: 2011-2012 Community Resource Guide and Chamber Directory

The City's sales tax was reduced by the voter-approved four tenths of a percent since the \$10 million dollar threshold was reached for the construction of the City's new Justice Center. Those dollars have been augmented by additional funds planned for this purpose. This facility is slated to break ground in 2012. The Justice Center will be constructed without issuance of bonds and free from debt-financing.

In another major public improvement endeavor, the City initiated a \$20 million dollar curb and gutter replacement program over a four-year period starting in 2013. The reason for this rehabilitation program is due to undetected faulty base material that was contained in the concrete installed, not only in Leawood, but also throughout the metropolitan area between 1983 and 1999. The City will debt-finance this program.

2011 proved to be a remarkable year in many ways for the City of Leawood and its business community and citizens. There were twenty-two ribbon cuttings performed during 2011. According to the *Kansas City Business Journal* report regarding quality of life titled "On Numbers," the City of Leawood ranked near the top and was the highest ranked city of the six cities rated in the Kansas City metropolitan area. Out of the nearly 1,000 Midwest cities with populations in excess of 10,000 that were evaluated for offering the best quality of life, Leawood was rated 7th. The City's motto and intention of "Growing with Distinction" is being recognized.

In September, AMC Theatres announced that they would remain in the metropolitan area and would be relocating its world headquarters to Leawood at Park Place. Initially founded in 1920 in Kansas City as Durwood Theatres, AMC now boasts being the Country's second largest theatrical exhibition business with over 350 theatres and encompassing more than 5,000 screens in the United States, Canada, France, Hong Kong and the United Kingdom.

There were several additional Class-A office, retail and restaurant establishments that have or will soon join the growing number of businesses who had previously selected Park Place as their location for business during this past year. These include: Generali USA Life Reassurance Company; Muller Bressler Brown, a Kansas City-based advertising agency; the law firm of Douthit Frets Rouse Gentile & Rhodes; Tallulahbelle's; 801 Chophouse; Mestizo Mexican Restaurant operated by renowned Food Network Chef Aaron Sanchez; EJ's Boutique; Bar Method; Gordon Biersch Brewery Restaurant; and Picasso Exotic Aquatics.

AAA

Moody's highest Aaa rating

Reflects the City's affluent

tax base in the Kansas City

metropolitan area; well

managed financial

operations that are expected

to continue despite budgeted

transfers from the General

Fund; alternate liquidity

provided by the city's

Capital Fund reserves; and

debt levels that are expected

to remain affordable.

Source: Moody's Investors Service, September 3, 2009

At Town Center Plaza, Express clothier for men and women and Madewell opened this past year along with Seduzione Leggs and 3D House Boutique. Anthropologie also became a new addition this past summer.

At One Nineteen, in one of the most anticipated openings of a grocery store in the City's history, Trader Joe's unlocked their doors to a long line of anxious, dedicated shoppers in July. Other new arrivals include: Treats Unleashed for all of your four-legged family members; Le Creuset Signature Store; Flirt Boutique; Glace Artisan Ice Cream; Hot Mama; Standard Style; Baldwin Denim; Fo Thai Restaurant; Vako Jewels; Lululemon Athletica; and women's clothier Love Culture.

Camelot Court Shopping Center will be the newest location for the City's second barbeque restaurant, Oklahoma Joe's. Jimmy John's Gourmet Sandwiches also opened last year as well as Jasmine Pan Asian restaurant.

At Mission Farms Boutique Chic is now open. Following their opening, Lakeside Tavern arrived. Although not new to Mission Farms, Room 39 was recognized for its consistent level of excellence by being named one of the top 100 restaurants in the Country by the restaurant rating service, *OpenTable*.

Other shopping centers within the City welcomed Paddy O'Quigley's, Southern Blue Style Boutique, Banana Island Frozen Yogurt Paradise, Wow's Floral & Hardscape, Marquette Physical Therapy, Jazzercise, Addie Rose Boutique, Runways, Kosama Complete Body Transformation, Talk of the Town Grill and Bar, China King, Life Spring Med Spa, Sarpino's Pizzeria and We B Nuts and Stuff.

Other 2011 business news for Leawood included SFP, Specialty Fertilizer Products, located at Park Place, receiving the "Mr. K" award and the "Small Business of the Year" from the Greater Kansas City Chamber of Commerce. These honors were in recognition of the company's success in developing innovative technologies for its clients throughout the world.

Ascend Learning, a health-care educational company, announced it will be consolidating its offices and moving to Two Hallbrook Place this spring. The firm also announced that it anticipates increasing its number of employees from 250 to 325.

In November 1949, Leawood bought a 1949 Ford Central 500-gallon-per-minute pumper. Brook Beatty volunteered to serve as the City's first Fire Chief. In 1958 the Leawood Fire Department welcomed its first paid firefighter. By 1971 the department had 12 paid firefighters and 10 volunteers. Today the department is staffed by 52 paid firefighters and 2 volunteers.

Source: Leawood, A Portrait In Time

Reece & Nichols built its new 30,000 square foot headquarters and a new 13,000 square foot retail building at the Parkway Plaza Center.

While the arrival of new businesses is important to the City of Leawood, retention and, when possible, expansion of existing businesses is also crucial. Last year, Mariner Holdings, LLC, announced that it will not only remain headquartered in Leawood but will also expand its operations.

In addition, Discover Vision Centers relocated two Leawood offices into the former Reece & Nichols Building.

Leawood has maintained its reputation as the shopping and restaurant destination of the metropolitan area. It shows every indication of having no limits with its potential for expansion and an ever-growing, diverse array of quality venues for its citizens and visitors from around the region.

The City achieved some noteworthy accomplishments as part of its efforts to become more sustainable. Leawood received a Tree City USA “Growth Award” as well as once again being named a Tree City USA by the National Arbor Day Foundation for its commitments to urban forestry. Leawood also received the “Governmental Environmental Excellence” award from Bridging the Gap, a regional organization promoting sustainable practices by the public and private sectors of the Kansas City area. The City was also recognized as an “Honorable Mention Bicycle Friendly Community” from the League of American Bicyclists.

In a first for the City, Leawood’s Ironhorse Golf Course was selected by *Golf World* to be one of the top 100 golf shops in the Country.

While the past year has not been without challenges for our Nation and many in our community, the City of Leawood within Johnson County has maintained a good quality of life. Leawood is, indeed, fortunate. Together we will work hard to sustain our strengths as we continue moving forward on our path of “growth with distinction.”

SUPERIOR AMENITIES

For lunch breaks and after-hours enjoyment, over 50 area restaurants offer a multitude of food choices in a variety of dining environments, certain to fit any appetite or budget.

Source: 2011-2012 Community Resource guide and Chamber Directory

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, 2010. The City has received this prestigious award for Fourteen consecutive years. In order to be awarded a Certificate of Achievement, the government has to publish an easily readable and efficiently organized CAFR that satisfies both generally accepted accounting principles and applicable legal requirements.

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

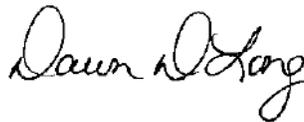
In addition, the government also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated January 1, 2012. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

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

Respectfully submitted,



Scott Lambers
City Administrator



Dawn D. Long
Director of Finance

Leawood parks system

consists of five parks;

Brook Beatty Park,

Tomahawk Park, I-Lan

Park, Ironwoods Park and

Gezer Park. Ironwoods

Park was recently expanded

by approximately 45 acres.

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



FRONT ROW [left to right]:
Councilmember Andrew Osman, Ward 1
Councilmember Julie Cain, Ward 4
Mayor Peggy Dunn
Councilmember Lou Rasmussen, Ward 2

BACK ROW [left to right]:
Councilmember Carrie Rezac, Ward 3
Councilmember Jim Rawlings, Ward 2
Councilmember Gary Bussing, Ward 3
Councilmember James Azeltine, Ward 4
Councilmember Debra Filla, Ward 1

*“Growing with Distinction”
is a fitting motto for a city
whose landscape is now
rich with life. Leawood,
once a barren canvas, is
now a spectacular work of
art. Its many artists of the
past half century have
painted a strong foundation
to which future artists will
add their own unique
perspectives.*

Source: Leawood, A Portrait In
Time

CITY OF LEAWOOD, KANSAS

PRINCIPAL OFFICIALS

Mayor

Peggy J. Dunn

City Council

Debra Filla
Andrew Osman
Louis Rasmussen
Jim Rawlings
Gary Bussing
Carrie Rezac
Julie Cain
James Azeltine

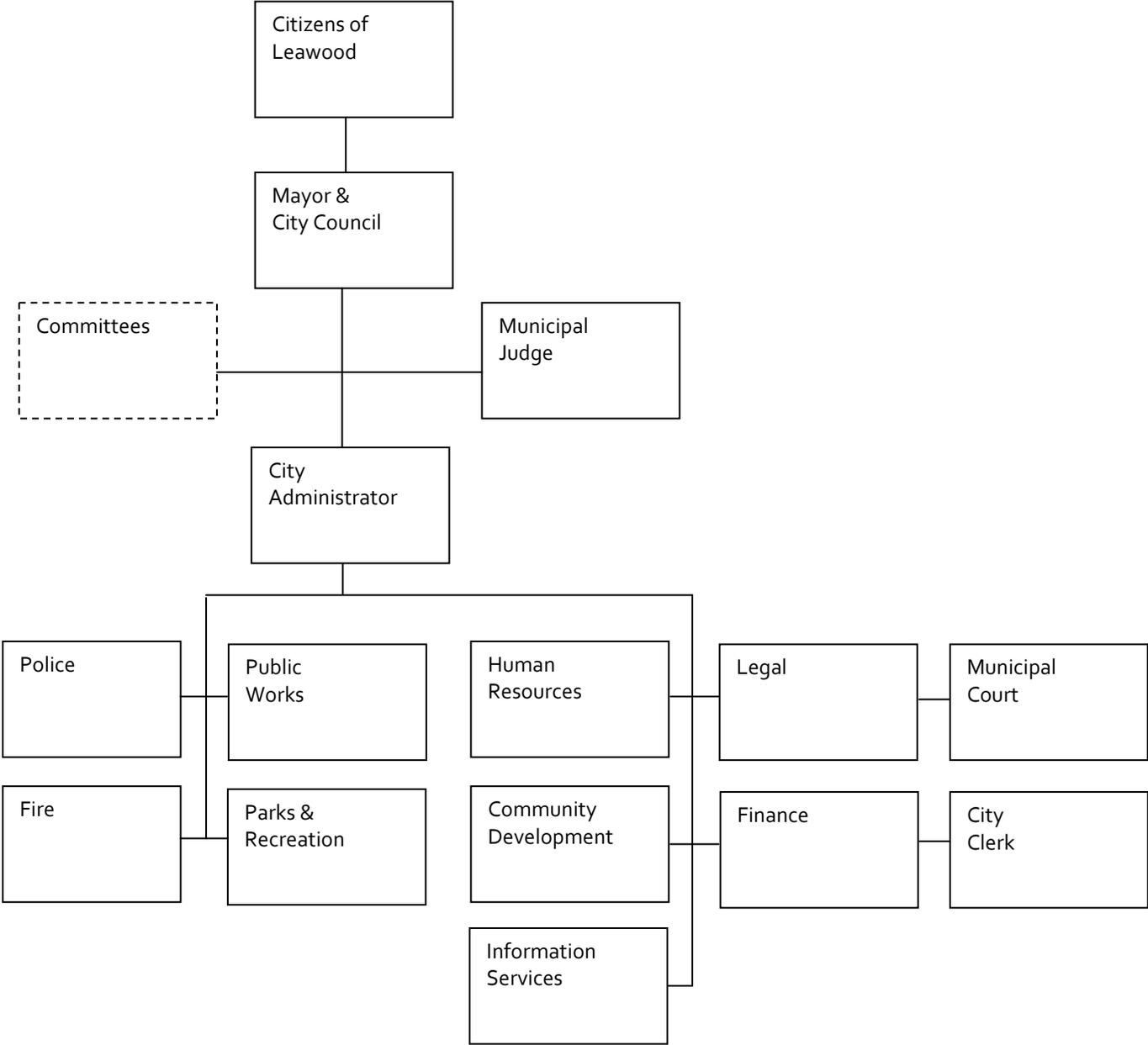
City Administrator

Scott M. Lambers

Prepared by Department of Finance

Dawn Long, Finance Director
Theresa Lodde, Senior Accountant

CITY OF LEAWOOD, KANSAS ORGANIZATIONAL CHART



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, 2010

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.



Linda C. Davison

President

Jeffrey R. Emmer

Executive Director

Financial Section



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Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Leawood, Kansas (the City), as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of 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. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2011, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, the City adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in 2011.

The Management's Discussion and Analysis on pages 3 through 17, the Budgetary Comparison Information on page 53, the Schedule of Funding Progress on page 54, and the Comparison of Needed-to-Actual Maintenance/Preservation for Streetlights and Traffic Signals on page 55 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 to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, the combining and individual fund financial statements and schedules - supplementary information and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules - supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

RubinBrown LLP

April 23, 2012

Management's Discussion And Analysis

CITY OF LEAWOOD, KANSAS

MANAGEMENT'S DISCUSSION AND ANALYSIS Fiscal Year Ended December 31, 2011

The following Management Discussion and Analysis (MD&A) of the City of Leawood's financial performance provides an introduction and overview to the financial activities of the City for the fiscal year ended December 31, 2011. This narrative discussion and analysis focuses on the current year's activities, resulting changes and currently known facts; therefore, the information presented here should be considered in conjunction with additional information furnished in the letter of transmittal and the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

Government-Wide

- The assets of the City exceeded its liabilities at December 31, 2011 by \$351.8 million (*net assets*). Of this amount, \$56.9 million (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$6.9 million as a result of current year's operation. This increase was primarily due to the completion of projects, acquisition of capital assets, and capital assets donated from developers.
- Expenses were \$33.9 million greater than program revenues generated for governmental activities. Taxes, return on investments and other income for \$40.7 million provided sufficient funding for City-wide programs and resulted in a surplus of \$6.9 million for the fiscal year ended December 31, 2011.

Fund Based

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$56.3 million. Net changes in fund balances for governmental funds were \$7.3 million.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$12.5 million, or 39% of the total General Fund expenditures.
- During the year the City held temporary notes of \$2,055,000. There was long term debt issued in the amount of \$5,155,000 during 2011. It is anticipated that most of the temporary debt will be converted to longer term debt in 2012.

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 all assets of the City (including infrastructure) as well as all known liabilities (including long-term debt). Additionally, certain eliminations have occurred as prescribed by the statement in regards to inter-fund activity, payables and receivables.

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

These two statements report the City's *net assets* and changes in them. 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.

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

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

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

Fund Financial Statements

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

CITY OF LEAWOOD, KANSAS

Management's Discussion And Analysis (*Continued*)

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

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

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

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

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

Notes to the Financial Statements

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

Other Information

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

CITY OF LEAWOOD, KANSAS

Management's Discussion And Analysis (*Continued*)

Combining and individual statements for non-major governmental and proprietary funds and fiduciary funds are presented in the Supplementary Information section of this report.

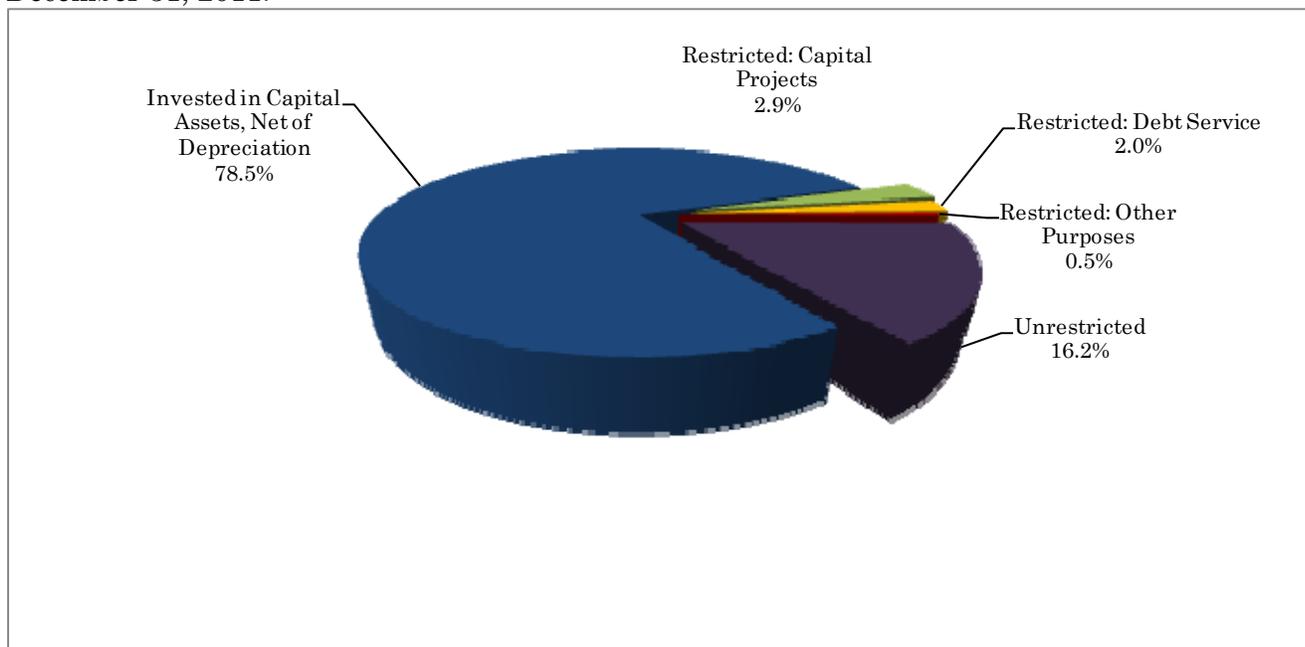
GOVERNMENT-WIDE FINANCIAL ANALYSIS

This analysis focuses on the City's net assets and changes in net assets of the governmental activities for the fiscal year ended December 31, 2011.

As noted earlier, the net assets for the City as a whole increased 2.0% from \$344.9 million at December 31, 2010 to \$351.8 million at December 31, 2011. The largest portion of the City's net assets (78.5%) reflects the investment in capital assets such as land, buildings, machinery and equipment, less any related debt used to acquire those assets that is still outstanding. These assets are used to provide services to the citizens of the City of Leawood; therefore, they are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets (5.4%) represents various resources subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$56.9 million) may be used to meet the City's ongoing obligations to citizens and creditors.

The following graph demonstrated the component of the City's net assets at fiscal year ended December 31, 2011:



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

CITY OF LEAWOOD, KANSAS

Management's Discussion And Analysis (*Continued*)

The following schedule is a condensed version of the City's statement of net assets for the year ended December 31, 2011. Comparative data from fiscal year ended December 31, 2010 is also presented.

City of Leawood's Net Assets

	Governmental Activities		Change
	2011	2010	
Current and other assets	\$ 81,571,969	\$ 76,633,624	\$ 4,938,345
Long-term receivables	18,264,281	14,891,362	3,372,919
Capital assets, net	340,510,130	343,274,572	(2,764,442)
Total assets	440,346,380	434,799,558	5,546,822
Other liabilities	23,708,098	26,439,388	(2,731,290)
Long-term debt	64,887,468	63,471,947	1,415,521
Total liabilities	88,595,566	89,911,335	(1,315,769)
Net assets:			
Investment in capital assets, net of related debt	276,065,957	276,985,062	(919,105)
Restricted	18,822,407	21,926,652	(3,104,245)
Unrestricted	56,862,450	45,976,509	10,885,941
Total net assets	\$ 351,750,814	\$ 344,888,223	\$ 6,862,591

CITY OF LEAWOOD, KANSAS

Management's Discussion And Analysis (Continued)

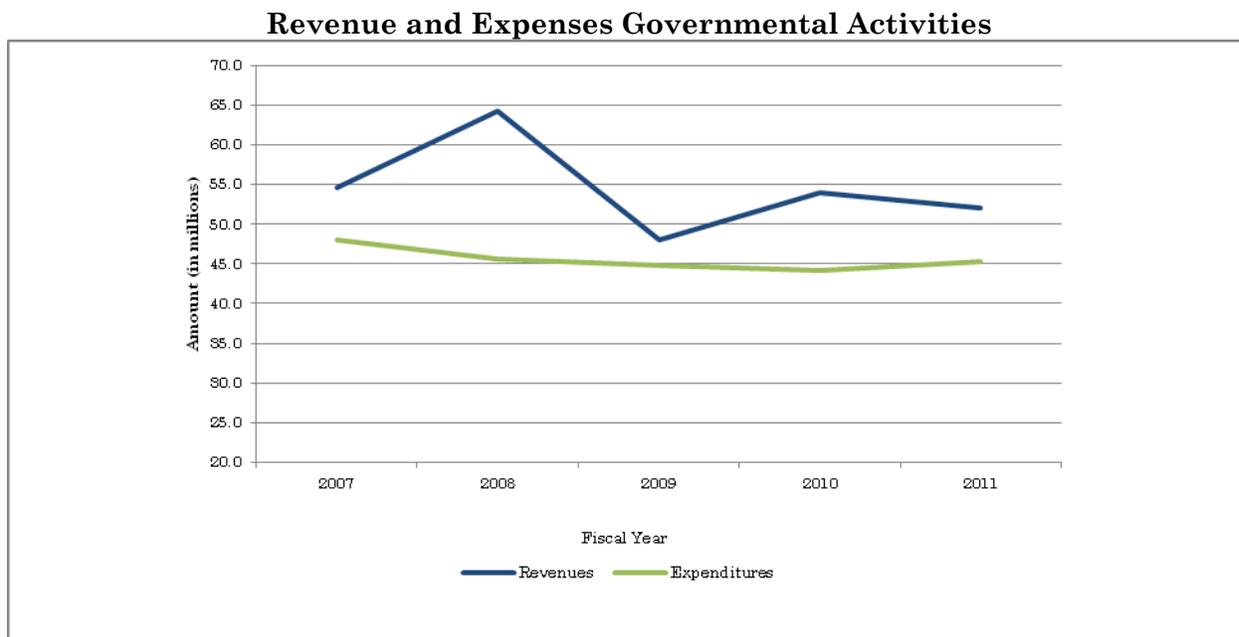
The City's programs for governmental activities include general government, public safety, public works and parks and recreation. A comparison of each program's revenues and expenses for the current year and prior year is presented below.

City of Leawood's Changes in Net Assets

	Governmental Activities		Change
	2011	2010	
Revenues:			
Program revenues:			
Charges for services	\$ 5,967,124	\$ 5,629,874	\$ 337,250
Operating grants and contributions	57,000	30,874	26,126
Capital grants and contributions	5,421,018	5,125,371	295,647
General revenues:			
Property taxes	18,817,100	20,505,194	(1,688,094)
Sales tax	14,335,987	15,018,242	(682,255)
Transient guest tax	271,632	202,626	69,006
Franchise tax	3,194,165	3,153,238	40,927
Other taxes	1,317,006	1,267,170	49,836
Grants and contributions not restricted to specific programs	2,361,594	2,393,766	(32,172)
Unrestricted investment earnings	152,212	196,515	(44,303)
Other	270,781	437,065	(166,284)
Total revenues	52,165,619	53,959,935	(1,794,316)
Expenses:			
General government	6,379,991	5,908,886	471,105
Public safety	14,164,738	13,606,931	557,807
Public works	15,525,753	14,657,989	867,764
Parks and recreation	6,732,828	7,161,381	(428,553)
Interest on long-term debt	2,499,718	2,807,480	(307,762)
Total expenses	45,303,028	44,142,667	1,160,361
Change in net assets	6,862,591	9,817,268	(2,954,678)
Net assets, as of January 1	344,888,223	335,070,955	9,817,268
Net assets, December 31	\$ 351,750,814	\$ 344,888,223	\$ 6,862,592

Governmental Activities

Total resources available during the year to finance governmental operations were \$397.1 million consisting of net assets at December 31, 2010 of \$344.9 million, program revenues of \$11.4 million and general revenues of \$40.7 million. Total expenses of governmental activities during the year were \$45.3 million; thus, net assets increased by \$6.9 million to \$351.8 million. The chart below presents revenues and expenses in governmental activities for the past five years.



The cost of all governmental activities for fiscal year ended December 31, 2011 was \$45.3 million. However, as shown in the Statement of Activities the amount that the taxpayers ultimately financed for these activities was only \$33.9 million because some of the cost was paid by those who directly benefitted from the programs (\$6.0 million), or by other governments and organizations that subsidized certain programs with operating grants and contributions and capital grants and contributions (\$5.4 million). Overall, the City's governmental program revenues were \$11.4 million. The City paid for the remaining "public benefit" portion of governmental activities with \$40.7 million in taxes (some of which could only be used for certain programs) and with other revenues, such as interest and general entitlements.

CITY OF LEAWOOD, KANSAS

Management's Discussion And Analysis (*Continued*)

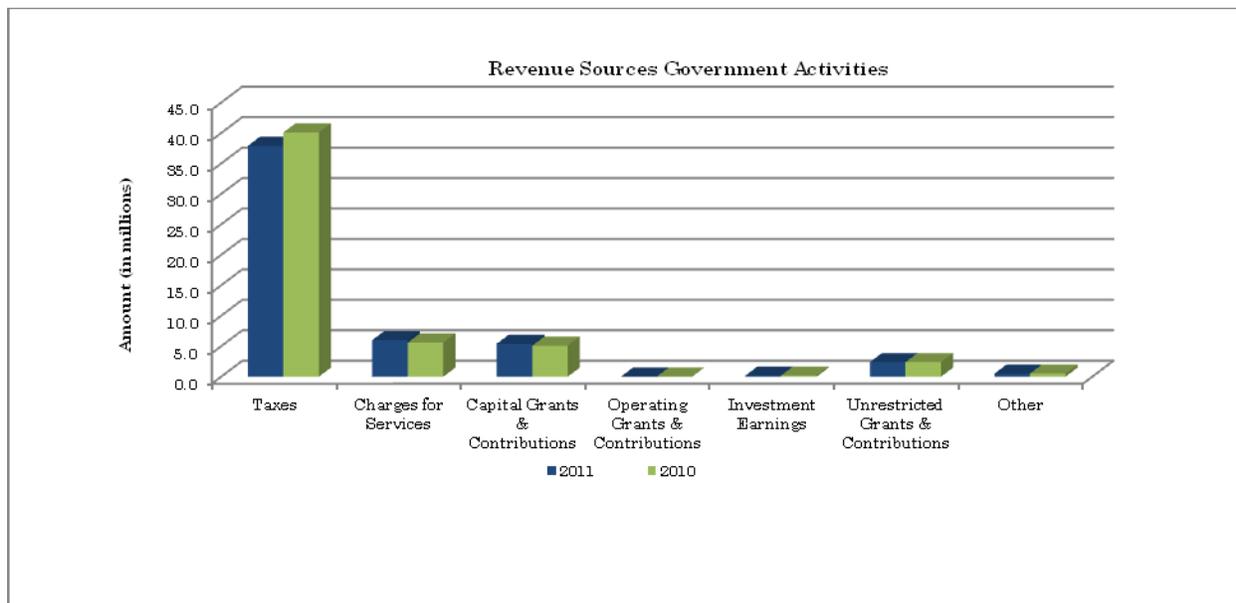
The following is an in-depth analysis of the major revenue sources and expenses.

- Charges for services in total in 2011 were \$5,967,124 compared to \$5,629,874 in 2010. In 2011, \$1,144,961 in building permits was collected compared to \$673,757 in 2010. Included in this total is \$605,000 in roof replacements from the spring/summer hail storm. Excluding these, the building permit activity for the year was \$539,961, exceeding projections by 8.0%. Ironhorse Golf Course revenue was higher in 2011. It generated \$1,360,626 in 2011 compared to \$1,231,060 in 2010. Fines were slightly lower with \$1,610,087 compared to \$1,685,388 in 2010. Public works collected \$69,628 in impact fees in 2011 compared to \$202,000 in 2010.
- Capital grants and contributions totaled \$5,421,018. \$94,986 was in the form of indirect grants from other governments. Additionally, community developers donated \$171,032 in infrastructure and right of way during 2011. The largest change was due to the issuance of \$5,155,000 in special assessments during 2011 compared to \$3,310,000 in 2010.
- Property tax collections totaled \$18,202,640 and 98.7% of the current year assessment. In comparison, the 2010 collections, of \$18,559,858, were 97.9% of the assessment.
- Sales and use tax revenue decreased from \$15,018,242 in 2010 to \$14,335,987 in 2011. This is largely due to a .40% City sales tax that ended on March 31, 2011. In 2010, this City sales tax collected was \$2,764,694 and in 2011 \$676,124. Other sales and use taxes increased from \$12,253,547 in 2010 to \$13,659,862 in 2011. The combination of continued growth in consumer spending along with the opening of several new and unique restaurants and retail destinations has resulted in the increase in other sales and use taxes.
- Investment earnings for 2011 decreased by 23%, due to low interest rates on quality investment options.
- Recognized depreciation expense of \$8,735,586, an increase of \$192,361 over 2010.
- Personnel Services increased to \$22,607,937 in 2011 from \$21,947,000 in 2010.
- The Public Works division capitalized \$3,130,303 in depreciable capital infrastructure during 2011 down from \$4,070,255 in 2010, resulting in a higher net cost of service in 2011.

CITY OF LEAWOOD, KANSAS

Management's Discussion And Analysis (*Continued*)

The chart below illustrates the total revenue from governmental activities for the fiscal years ended December 31, 2011 and 2010, respectively:



FUND FINANCIAL ANALYSIS

General Fund

The General Fund is the chief operating fund of the City of Leawood. Fund balance for the General Fund increased by \$4.9 million for the fiscal year ended December 31, 2011, with an ending balance of \$16.0 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund operating expenditures. Unassigned fund balance represents 39.0% of the total General Fund operating expenditures, while total fund balance represents 50.1% of that same amount.

During 2011, the City adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The new Statement changed how fund balances are classified and reported, and clarified the definitions of existing governmental fund types. Total fund balance is represented by five components: Nonspendable, Restricted, Committed, Assigned and Unassigned. The Nonspendable fund balance of \$.1 million is essentially the same amount as the prior year reserved fund balance. The unassigned fund balance is \$12.5 million in 2011 compared to the unreserved fund balance of \$11.0 million in 2010. The Assigned fund balance is for the budgeted use of fund balance reserves in 2012.

CITY OF LEAWOOD, KANSAS

Management's Discussion And Analysis (*Continued*)

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

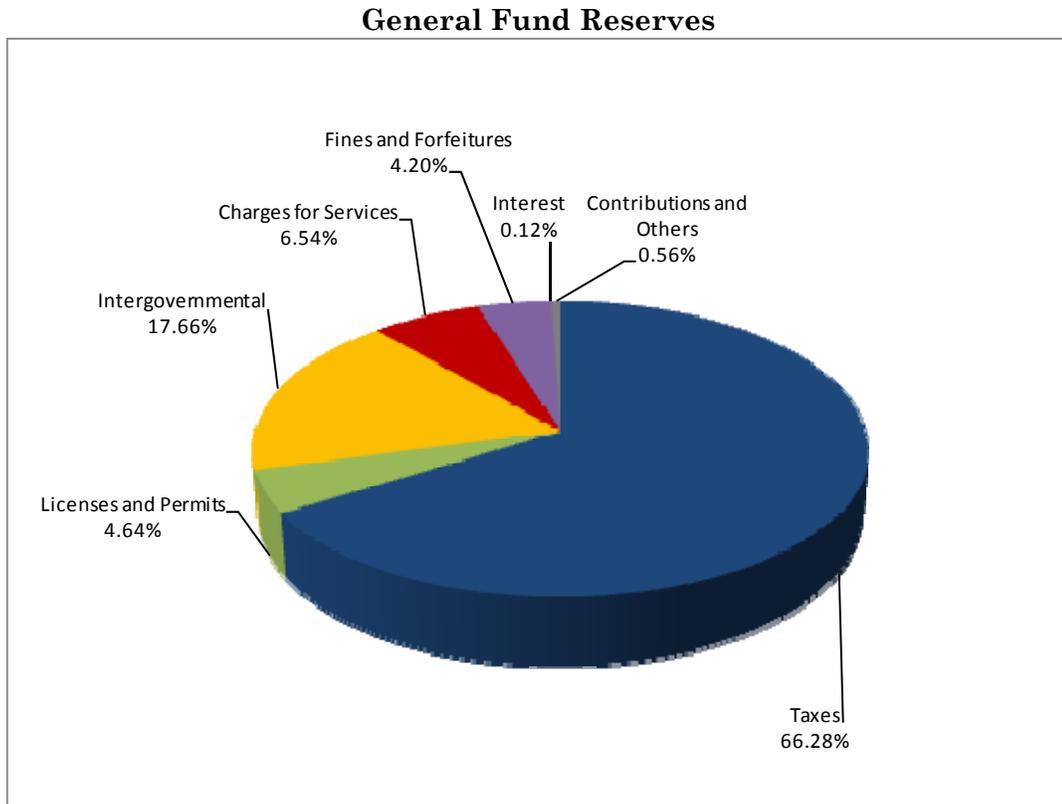
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Fund Balance					
Reserved	\$ —	\$ 129,411	\$ 130,404	\$ 284,019	\$ 390,617
Unreserved	—	10,951,348	14,553,294	14,399,679	14,764,086
Nonspendable	123,850	—	—	—	—
Assigned	3,399,131	—	—	—	—
Unassigned	12,461,695	—	—	—	—
Total Fund Balance	\$ 15,984,676	\$ 11,080,759	\$ 14,683,698	\$ 14,683,698	\$ 15,154,703
Fund Balance - Beginning	\$ 11,080,759	\$ 14,683,698	\$ 14,683,698	\$ 15,154,703	\$ 14,706,792
Operating Surplus/(Deficiency)	6,395,895	6,111,241	6,036,307	7,879,892	7,254,726
Transfers	(1,491,978)	(9,714,180)	(6,036,307)	(8,350,897)	(6,806,815)
Fund Balance - Ending	\$ 15,984,676	\$ 11,080,759	\$ 14,683,698	\$ 14,683,698	\$ 15,154,703

General Fund revenues increased overall by 2.8 million or 8% over the prior year. General Fund interest revenues decreased by \$6,096 primarily due to the significant drop in interest rates for high quality instruments used to invest idle funds. The weighted average yield on our investment portfolio was .24% this year compared to .30% in 2010. Licenses and Permits increased by \$533,600. The largest source is due to an increase in building permits for roof replacements after a spring/summer hail storm. Intergovernmental revenue increased by \$707,574 from 2010 to 2011. This increase is primarily due to an increase in County sales and use tax. Taxes increased primarily due to an increase in City Sales tax of \$515,735. City Sales tax was \$6,224,627 in 2011 compared to \$5,708,892 in 2010. Fines and forfeitures decreased in 2011 due to a decrease in the number of traffic violations. Lastly, charges for services increased by \$118,582 primarily due to higher golf course greens fees and memberships.

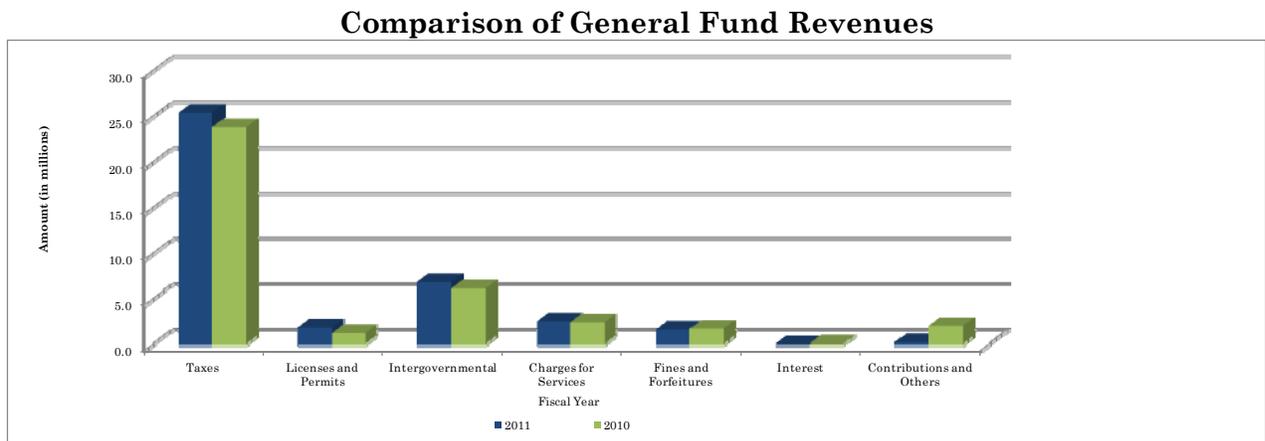
CITY OF LEAWOOD, KANSAS

Management's Discussion And Analysis (Continued)

The graph below illustrates General Fund revenues by source.



The graph below presents a comparison of each General Fund revenue source for the fiscal years ended December 31, 2011 and 2010:



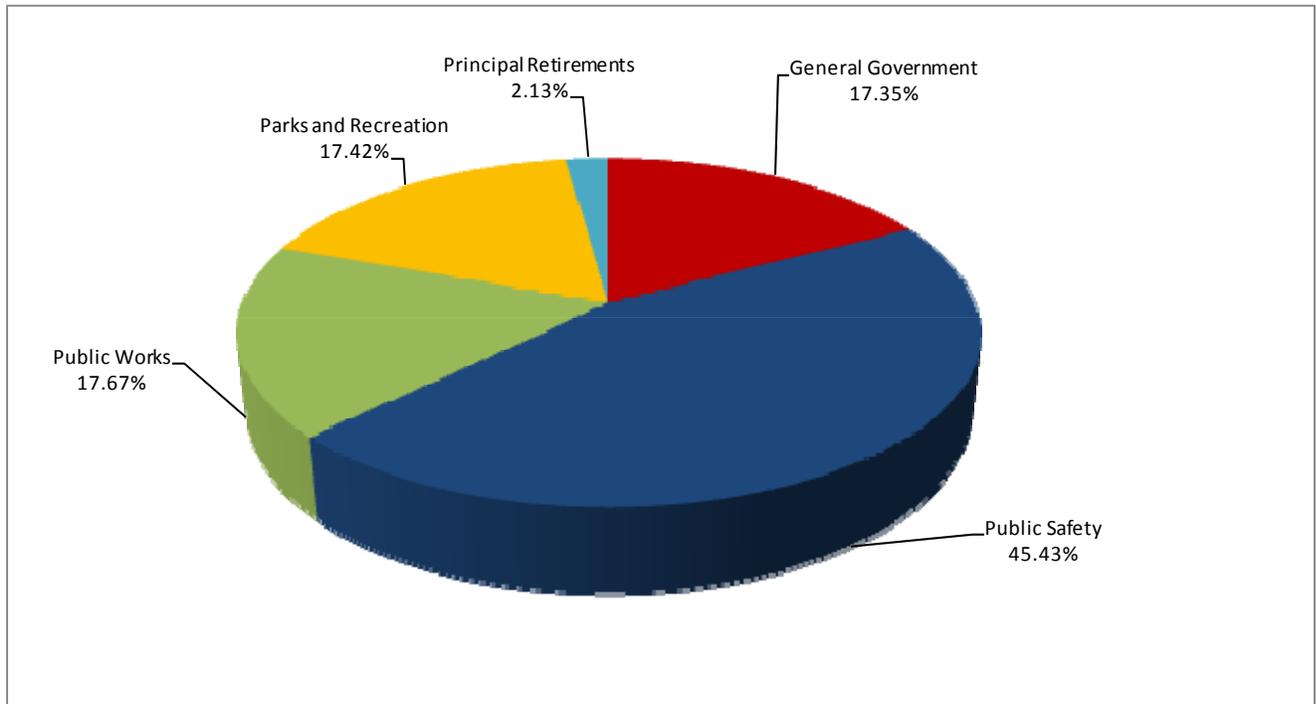
General Fund expenditures increased overall by \$2.6 million or 8.7% with the largest increase primarily in the area of Public Safety at \$.6 million. General Government, Public Works and Park and Recreation showed small increases due to increases in wages and benefits. There were also two new capital leases entered into in 2011. Public Safety shows a capital outlay for \$1.2 million for the lease of two new fire trucks and Parks and Recreation shows capital outlay for \$.3 million for the lease of new golf carts.

CITY OF LEAWOOD, KANSAS

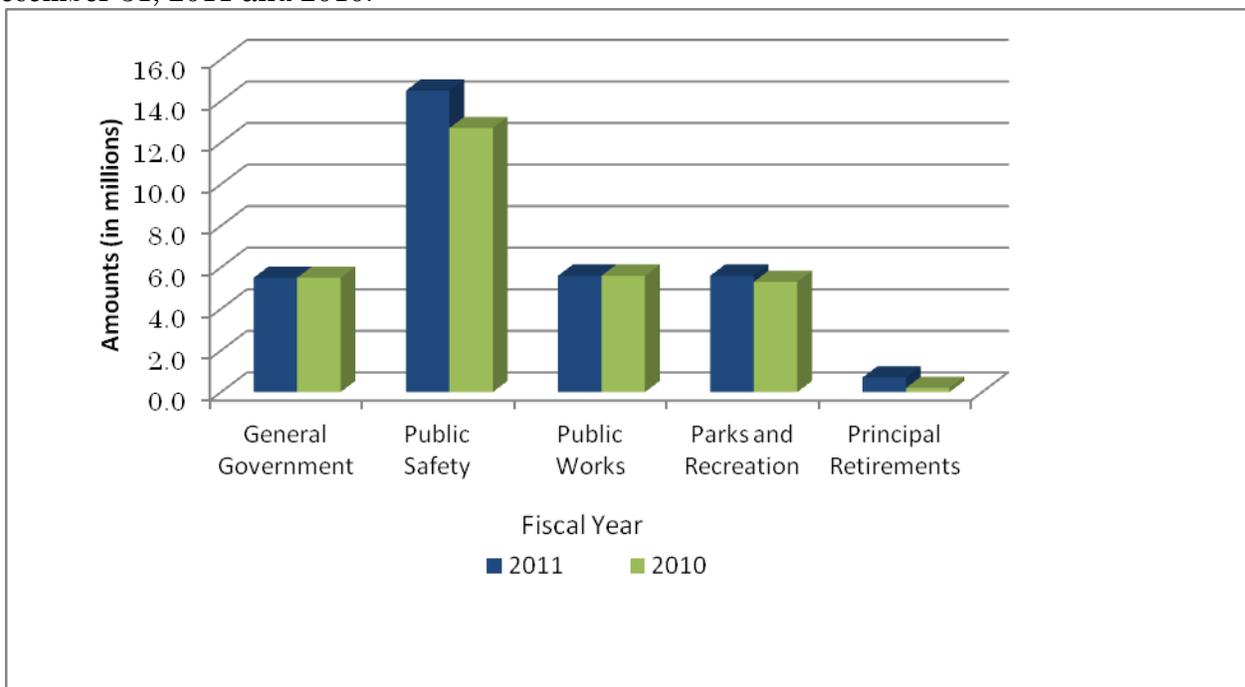
Management's Discussion And Analysis (Continued)

The graph below presents General Fund expenditures by category.

General Fund Expenditures



The graph below illustrates a comparison of each expenditure category for the fiscal years ended December 31, 2011 and 2010:



CITY OF LEAWOOD, KANSAS

Management's Discussion And Analysis (*Continued*)

Transfers to other funds decreased by \$6.7 million from the prior year. The capital equipment and pay-as-you-go project transfers fluctuate as necessary to fund the C.I.P (Capital Improvement Program) and the Vehicle and Equipment Replacement Schedules.

Other Governmental Funds

The fund balance for the Debt Service Fund decreased \$.8 million from last year. This balance represents 97.6% of the 2011 annual debt service payments.

The fund balance in the Capital Projects Fund went from \$.2 million in 2010 to \$4.3 million at the end of 2011. This change in fund balance was a result of the reduction in short term borrowing to finance capital projects and the bonding of completed projects. As the economic growth cycle winds down, the number of outstanding projects are becoming fewer and fewer. Once the projects are completed, the short term borrowing is paid and the projects are bonded.

The Capital Improvement Fund had a decrease of \$2.4 million in fund balance as the current year's operating result. During 2011, there were no transfers into this fund, compared to \$1.1 million transferred into the fund during 2010. Capital outlay was \$2.5 million in 2011 compared to \$1.2 million in 2010.

The Public Safety Improvement Fund had a \$.7 million increase in fund balance. Funds are accumulating in this fund in order to build a new Justice Center that can be paid for without long term debt. Design work began on this project in 2011.

The Municipal Equipment Fund had an ending fund balance of \$10.4 million. This is an increase of \$1.5 million over 2010. This increase is due to transfers in from other funds totaling \$2.2 million in 2011. The transfers into this fund fluctuate as necessary to fund the City's Vehicle and Equipment Replacement Schedules.

DEBT ADMINISTRATION

As of December 31, 2011, the City of Leawood had total bonded debt outstanding of \$61,185,000. Of this, \$61,000,000 in debt is backed by the full faith and credit of the City. The remainder of \$185,000 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

	Governmental Activities		
	2011	2010	Change
General obligation bonds	\$ 61,000,000	\$ 60,825,000	\$ 175,000
Revenue bonds	185,000	580,000	(395,000)
Total	\$ 61,185,000	\$ 61,405,000	\$ (220,000)

CITY OF LEAWOOD, KANSAS

Management's Discussion And Analysis (*Continued*)

The City of Leawood achieved its first AAA bond rating from Moody's Investor Service in April 2008 and it was re-affirmed again in August 2011. 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 \$191,014,681.

Additional information regarding the City of Leawood's long-term debt can be found in Note 9 beginning on page 42 of this report.

CAPITAL ASSETS

The capital assets of the City are those assets which are used in the performance of the City's functions including infrastructure assets. At December 31, 2011, net capital assets of the governmental activities totaled \$340.5 million. Depreciation on capital assets is recognized in the Government-Wide financial statements. Refer to the Notes to Basic Financial Statements No. 6 for detail regarding capital assets.

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

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

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 2011, 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 2011 was 98.7%. For 2011 the city incurred expenditures of \$246,704 compared to the budgeted amount of \$262,000 to maintain the condition assessment level.

CITY OF LEAWOOD, KANSAS

Management's Discussion And Analysis (*Continued*)

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

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

	Governmental Activities		
	2011	2010	% change
Land/Right of Way	\$ 118,554,935	\$ 117,482,330	1%
Buildings and improvements	28,058,251	28,950,426	-3%
Machinery and equipment	7,623,063	6,553,423	16%
Infrastructure	183,598,773	189,107,234	-3%
Construction in progress	2,675,108	1,181,159	126%
Total	\$ 340,510,130	\$ 343,274,572	-1%

GENERAL FUND BUDGETARY HIGHLIGHTS

The legally adopted budget for the General Fund was not amended by the Governing Body during 2011.

In total, the General Fund revenues had a positive variance from the final budget by \$1.3 million. Charges for Services had the largest negative budget variance of \$(.4) million. Taxes, Licenses and Permits, Intergovernmental, Fines and Forfeitures, and Contributions all showed positive variances totaling \$1.7 million.

The General Fund expenditures of \$31.9 million show a favorable variance of \$2.2 million when compared to the final budget of \$34.1 million. General Government, Public Safety, Public Works and Parks and Recreation all reported positive expenditure variances in 2011. Over \$1.1 million of the savings, were in personnel costs from position vacancies, intentional delays in hiring, as well as reductions in overtime and lower worker's compensation costs. Commodities and professional and contractual support was lower by \$2.7 million. Careful and conservative spending was used throughout the year.

Final budget	\$ 34,096,176
Expenditure actuals	<u>(31,912,914)</u>
Variance (over) / under	<u>\$ 2,183,262</u>

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

Basic Financial Statements

CITY OF LEAWOOD, KANSAS

STATEMENT OF NET ASSETS

December 31, 2011

	Governmental Activities
Assets	
Pooled cash and investments	\$ 56,639,359
Restricted assets	153,413
Receivables (net of allowance for uncollectibles):	
Property tax	18,034,157
Sales tax	2,636,734
Transient guest tax	99,942
Franchise tax	672,175
Special assessments - current	2,014,298
Intergovernmental	596,723
Interest	136,991
Accounts	2,160
Inventory and prepaid expenses	123,850
Bond issuance costs, net	462,167
Special assessments receivable - noncurrent	18,264,281
Capital assets:	
Land and other capital assets, nondepreciable	137,441,679
Other capital assets, net of depreciation	203,068,451
Total Assets	440,346,380
Liabilities	
Accounts payable	1,006,955
Due to employees and others	775,769
Unearned revenue	18,977,596
Temporary notes payable	2,055,000
Accrued interest payable	739,365
Municipal court deposits	153,413
Long-term liabilities:	
Due within one year	6,660,208
Due in more than one year	58,227,260
Total Liabilities	88,595,566
Net Assets	
Invested in capital assets, net of related debt	276,065,957
Restricted for:	
Capital projects	10,198,405
Debt service	6,999,656
Other purposes	1,624,346
Unrestricted	56,862,450
Total Net Assets	\$ 351,750,814

CITY OF LEAWOOD, KANSAS

STATEMENT OF ACTIVITIES For The Year Ended December 31, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue And Changes In Net Assets
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	
Governmental Activities					
General government	\$ 6,379,991	\$ 3,269,547	\$ —	\$ —	\$ (3,110,444)
Public safety	14,164,738	137,569	47,671	27,270	(13,952,228)
Public works	15,525,753	84,177	9,329	5,393,748	(10,038,499)
Parks and recreation	6,732,828	2,475,831	—	—	(4,256,997)
Interest on long-term debt	2,499,718	—	—	—	(2,499,718)
Total Governmental Activities	\$ 45,303,028	\$ 5,967,124	\$ 57,000	\$ 5,421,018	(33,857,886)

General Revenues

Property taxes levied for:

Property taxes for general purposes	14,470,011
Property taxes for debt service	4,347,089
Sales taxes	14,335,987
Transient guest tax	271,632
Franchise taxes	3,194,165
Other taxes	1,317,006
Grants and contributions not restricted to specific programs	2,361,594
Unrestricted investment earnings	152,212
Miscellaneous	270,781

Total General Revenues	40,720,477
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Change in net assets	6,862,591
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Net Assets - Beginning	344,888,223
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Net Assets - Ending	\$ 351,750,814
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CITY OF LEAWOOD, KANSAS

BALANCE SHEET - GOVERNMENTAL FUNDS December 31, 2011

	General Fund	Debt Service	Capital Projects	Capital Improvements	Public Safety Improvement	Municipal Equipment Reserve	Other Governmental Funds	Total Governmental Funds
Assets								
Pooled cash and investments	\$ 14,939,565	\$ 6,894,252	\$ 6,317,413	\$ 1,363,484	\$ 12,156,760	\$ 10,367,100	\$ 4,600,785	\$ 56,639,359
Restricted assets	153,413	—	—	—	—	—	—	153,413
Receivables:								
Property tax	13,383,114	4,651,043	—	—	—	—	—	18,034,157
Sales tax	2,477,882	—	—	—	—	—	158,852	2,636,734
Transient guest tax	—	—	—	—	—	—	99,942	99,942
Accounts	2,160	—	—	—	—	—	—	2,160
Franchise tax	672,175	—	—	—	—	—	—	672,175
Interest	36,265	44,675	1,601	18,414	3,832	26,473	5,731	136,991
Intergovernmental	317,600	79,123	—	—	—	—	200,000	596,723
Special assessments	—	20,278,579	—	—	—	—	—	20,278,579
Inventories and prepaids	123,850	—	—	—	—	—	—	123,850
Due from other funds	—	—	—	—	153,366	—	—	153,366
Total Assets	\$ 32,106,024	\$ 31,947,672	\$ 6,319,014	\$ 1,381,898	\$ 12,313,958	\$ 10,393,573	\$ 5,065,310	\$ 99,527,449
Liabilities And Fund Balances								
Liabilities								
Accounts payable and accrued liabilities	\$ 883,159	\$ —	\$ 7,936	\$ 46,214	\$ —	\$ 24,688	\$ 44,958	\$ 1,006,955
Due to employees and others	775,769	—	—	—	—	—	—	775,769
Due to other funds	153,366	—	—	—	—	—	—	153,366
Deferred revenue	14,155,641	24,948,016	—	—	—	—	—	39,103,657
Temporary notes payable	—	—	2,055,000	—	—	—	—	2,055,000
Accrued interest payable	—	—	3,085	—	—	—	—	3,085
Municipal court deposits	153,413	—	—	—	—	—	—	153,413
Total Liabilities	16,121,348	24,948,016	2,066,021	46,214	—	24,688	44,958	43,251,245
Fund Balances								
Nonspendable:								
Inventory	\$ 123,850	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 123,850
Restricted For:								
Social services	—	—	—	—	—	—	634,789	634,789
Parks and recreation	—	—	—	—	—	—	878,223	878,223
Tourism promotion	—	—	—	—	—	—	99,942	99,942
Bridges, streets and signals	—	—	—	—	—	—	1,071,131	1,071,131
Debt service reserve	—	6,999,656	—	—	—	—	—	6,999,656
Law enforcement	—	—	—	—	—	—	2,956	2,956
Justice center	—	—	—	—	9,127,274	—	—	9,127,274
Other purposes	—	—	—	—	—	—	8,436	8,436
Committed To:								
Equipment purchases	—	—	—	—	—	10,368,885	—	10,368,885
Bridges, streets and signals	—	—	—	—	—	—	1,623,167	1,623,167
Justice center	—	—	—	—	3,186,684	—	—	3,186,684
City art	—	—	—	—	—	—	683,190	683,190
Park improvements	—	—	—	—	—	—	18,518	18,518
Other capital projects	—	—	4,252,993	1,335,684	—	—	—	5,588,677
Assigned To:								
Appropriation of fund balance for 2012	3,399,131	—	—	—	—	—	—	3,399,131
Unassigned	12,461,695	—	—	—	—	—	—	12,461,695
Total Fund Balances	15,984,676	6,999,656	4,252,993	1,335,684	12,313,958	10,368,885	5,020,352	56,276,204
Total Liabilities And Fund Balances	\$ 32,106,024	\$ 31,947,672	\$ 6,319,014	\$ 1,381,898	\$ 12,313,958	\$ 10,393,573	\$ 5,065,310	\$ 99,527,449

CITY OF LEAWOOD, KANSAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS December 31, 2011

Total Fund Balance - Governmental Funds \$ 56,276,204

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

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. 340,510,130

Long-term assets are not available to pay for current period expenditures and are therefore deferred in the fund statements. 20,126,061

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	462,167
Unamortized premiums and discounts	(380,823)
Accrued interest payable	(736,280)
Long-term liabilities	(64,506,645)

Total Net Assets Of Governmental Activities \$ 351,750,814

CITY OF LEAWOOD, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS For The Year Ended December 31, 2011

	General Fund	Debt Service	Capital Projects	Capital Improve- ments	Public Safety Improve- ment	Municipal Equipment Reserve	Other Govern- mental Funds	Total Govern- mental Funds
Revenues								
Taxes	\$ 25,389,329	\$ 3,737,065	\$ —	\$ —	\$ 676,124	\$ —	\$ 1,048,685	\$ 30,851,203
Licenses and permits	1,779,110	—	—	—	—	—	69,629	1,848,739
Intergovernmental	6,767,097	408,538	—	—	—	15,000	1,719,481	8,910,116
Charges for services	2,506,439	—	—	—	—	—	—	2,506,439
Fines and forfeitures	1,610,087	—	—	—	—	—	—	1,610,087
Special assessments	—	1,972,928	—	—	—	—	—	1,972,928
Interest	46,089	23,854	9,950	11,096	31,790	25,639	3,794	152,212
Contributions and others	210,658	2	—	(1)	—	119,791	—	330,450
Total Revenues	38,308,809	6,142,387	9,950	11,095	707,914	160,430	2,841,589	48,182,174
Expenditures								
General government	5,538,277	—	—	—	—	—	509,438	6,047,715
Public safety	13,307,250	—	—	—	—	—	—	13,307,250
Public works	5,638,881	—	—	—	—	—	—	5,638,881
Parks and recreation	5,311,988	—	—	—	—	—	8,558	5,320,546
Capital outlay								
General government	—	—	—	—	—	70,393	—	70,393
Public safety	1,190,486	—	—	—	916,505	364,776	—	2,471,767
Public works	—	—	705,114	1,347,675	—	122,748	2,366,665	4,542,202
Parks and recreation	247,670	—	9,785	1,112,775	—	363,143	404,536	2,137,909
Debt service:								
Principal retirement	638,125	4,980,000	—	—	—	—	—	5,618,125
Interest and fiscal charges	40,237	2,194,669	168,759	—	—	—	—	2,403,665
Total Expenditures	31,912,914	7,174,669	883,658	2,460,450	916,505	921,060	3,289,197	47,558,453
Revenues Over (Under)								
Expenditures	6,395,895	(1,032,282)	(873,708)	(2,449,355)	(208,591)	(760,630)	(447,608)	623,721
Other Financing Sources (Uses)								
Transfers in	225,000	256,001	—	—	859,621	2,228,716	632,604	4,201,942
Transfers out	(3,155,134)	—	(225,462)	—	—	—	(821,346)	(4,201,942)
Capitalized leases	1,438,156	—	—	—	—	—	—	1,438,156
Premiums	—	—	33,821	—	—	—	—	33,821
Bonds issued	—	—	5,155,000	—	—	—	—	5,155,000
Total Other Financing Sources (Uses)	(1,491,978)	256,001	4,963,359	—	859,621	2,228,716	(188,742)	6,626,977
Net Change In Fund Balances	4,903,917	(776,281)	4,089,651	(2,449,355)	651,030	1,468,086	(636,350)	7,250,698
Fund Balances -								
Beginning Of Year	11,080,759	7,775,937	163,342	3,785,039	11,662,928	8,900,799	5,656,702	49,025,506
Fund Balances -								
End Of Year	\$ 15,984,676	\$ 6,999,656	\$ 4,252,993	\$ 1,335,684	\$ 12,313,958	\$ 10,368,885	\$ 5,020,352	\$ 56,276,204

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, 2011

Net Change In Fund Balances - Total Governmental Funds \$ 7,250,698

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay	5,813,099
Depreciation expense	(8,735,586)
Loss on disposal of capital assets	(92,973)

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	251,018
Change in deferred revenue for tax revenues	3,792,095

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, deferred amounts on refunding and premiums	(137,641)
Interest expense	7,770
Issuance of long-term debt	(6,593,158)
Payment of long-term debt	5,618,125
Net post-retirement benefits obligation	(269,049)

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	(41,807)
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Total Changes In Net Assets Of Governmental Activities \$ 6,862,591

CITY OF LEAWOOD, KANSAS

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS December 31, 2011

Assets

Pooled cash and investments	\$ 19,913
Special assessments	<u>4,077,351</u>

Total Assets

\$ 4,097,264

Liabilities

Due to employees	\$ 1,241
Due to other taxing jurisdiction	<u>4,096,023</u>

Total Liabilities

\$ 4,097,264

Notes To Basic Financial Statements

CITY OF LEAWOOD, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2011

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 15 square miles in northeastern Johnson County, Kansas. The City provides many services to its estimated 32,000 residents, including law enforcement, fire protection, and recreational facilities. Educational services are provided by separate governmental entities.

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

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

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, as amended by GASB Statement No. 39, 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 funds. 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 General Fund as a blended component unit. No separately issued financial statements are prepared for the PBC.

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. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (*Continued*)

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

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. Nonmajor funds are aggregated and presented in a single column.

Governmental Funds

The major governmental funds of the City are described below:

General Fund

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

Debt Service Fund

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

Capital Projects Fund

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

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (*Continued*)

Capital Improvements Fund

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

Public Safety Improvement Fund

The Public Safety Improvement fund accounts for a 4 tenths of one cent public safety sales tax and will be used to construct a Justice Center.

Municipal Equipment Reserve Fund

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

Fiduciary Funds

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

Measurement Focus And Basis Of Accounting

Government-wide Financial Statements

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

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (*Continued*)

Governmental Fund Financial Statements

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

Revenue Recognition

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

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

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

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

Expenditure Recognition

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

Fiduciary Fund Financial Statements

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

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

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (*Continued*)

Financial Statement Accounts

Deposits and Investments

The City temporarily pools available idle funds for the purpose of increasing revenue through investment activities. Each fund's portion of this pool is displayed on the financial statements as "Pooled cash and investments." Interest earned on this pool is allocated to various funds on the basis of the fund's month-end cash balance.

Investments are reported at fair value in accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

The City typically invests available cash in demand deposits, time deposits, and U.S. Government securities ranging from 30 to 365 days to maturity. The average yield on investments during the year was 0.24% and the amount of investment revenue received was \$152,212.

From time to time, the City invests available cash in the Kansas Municipal Investment Pool (KMIP). KMIP is a pooled investment vehicle offered by the State of Kansas as a voluntary investment alternative for municipalities in the State of Kansas. KMIP is governed by the State of Kansas Pooled Money Investment Board. Investments in the KMIP are reported at the amount invested by the City plus any accrued interest earned, which approximates fair value.

Inventories and Prepaid Items

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

Capital Assets

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

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

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (*Continued*)

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the statement of net 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 and 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.

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

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

Streetlights and Traffic Signals - City owned streetlights and traffic signals are inspected on a monthly basis to determine any outages. The City's standard for the streetlight and traffic signals networks is that 85% of the City's owned streetlights and traffic signals are operating on an annual basis. A monthly report is generated for the City indicating the number of lights that are out. The City Engineer reviews the monthly report to ensure that the 85% operating standard is maintained. Streetlights and traffic signals not owned by the City are not maintained by the City and therefore are not included in the City's capital assets. The City estimates that cost of maintenance of the streetlight and traffic signal systems at 85% on an annual basis to be \$262,000.

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (*Continued*)

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 25 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 pre-1984 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 and whether they are reported in the government-wide or fund financial statements.

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

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Special Assessments

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

Interfund Receivables and Payables

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

Interfund Transfers

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

Equity Classifications

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

1. *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, related premiums or discounts, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. *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.
3. *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

Notes To Basic Financial Statements (*Continued*)

Effective January 1, 2011, the City adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The new Statement changed how fund balances are classified and reported, and clarified the definitions of existing governmental fund types. The new fund balance classifications for the City are described below. There was no affect on the City's total reported fund balance.

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

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

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

Deferred Revenue

The City has recorded deferred revenue in the General and Debt Service Funds relating to property taxes and special assessments not considered available until the following year.

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.

2. Stewardship, Compliance And Accountability

Budgetary Control

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

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

Kansas statutes prohibit cities from creating indebtedness unless there is money on hand in the proper fund and unencumbered by previous commitments with which to pay the indebtedness. The execution of a contract, or the issuing of a purchase order, automatically encumbers the money in the fund for the payment of the amount represented by the commitment. It makes no difference that the amount may not have to be paid until more monies are in the fund or until the following year. An exception to this cash basis law is the issuance of debt, in the form of bonds, notes, or warrants, pursuant to statutory authority, referendum, or by the State Board of Tax Appeals. In the event debt is issued, funds need not be on hand for future payments.

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.

3. Detailed Notes On All Funds

Deposits And Investments

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

The City maintains a cash and investment program to pay for operating and capital requirements. The investment program consists of deposits, repurchase agreements, certificates of deposit, and U.S. Treasury securities. Nearly all maturities of securities were less than one year. At December 31, 2011, the bank balance, certificates of deposits and repurchase agreements were \$22,778,257, which were covered by federal depository insurance or collateral held in safekeeping in the City's name.

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (*Continued*)

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

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

Cash on hand	\$ 4,785
Carrying amount of deposits	4,085,579
Investments	<u>52,722,321</u>
Total cash and investments	<u>\$ 56,812,685</u>
Pooled cash and investments	\$ 56,639,359
Restricted cash	153,413
Cash and investments - agency funds	<u>19,913</u>
Total pooled cash and investments	<u>\$ 56,812,685</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, 2011, the City's deposits were fully collateralized by federal depository insurance and securities held in the City's name by their financial institution's agent. Accordingly, management has determined that none of the City's deposits were exposed to custodial credit risk as of December 31, 2011.

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (*Continued*)

Interest Rate Risk

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

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

	Maturity			
	Amount	6 Months Or Less	6 -12 Months	12 - 24 Months
U.S. Treasury Bills	\$ 4,988,819	\$ 4,988,819	\$ —	\$ —
U.S. Treasury Notes	29,132,807	10,077,831	15,025,967	4,029,009
Repurchase agreements	18,600,695	18,600,695	—	—
	<u>\$ 52,722,321</u>	<u>\$ 33,667,345</u>	<u>\$ 15,025,967</u>	<u>\$ 4,029,009</u>

Foreign Currency Risk

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

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

Credit Risk and Concentrations of Credit Risk

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

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (Continued)

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

<u>Investment Type</u>	<u>Maximum Percentage</u>
Repurchase Agreements	40%
Collateralized Time and Demand Deposits	100%
U.S. Treasury Notes and Bills	100%
Kansas Municipal Investment Pool	30%
Bank Trust Department Municipal Pools	10%
Temporary Notes or No-Fund Warrants	10%

Presented below is the actual rating by Standard and Poor's Investor Service as of year end for each investment type, as well as the issuers of securities, and the respective fair value of those securities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating As Of December 31, 2011</u>	<u>Percentage</u>
U.S. Treasury Securities	\$ 34,121,626	**	64.7%
Repurchase agreements	<u>18,600,695</u>	AAA Collateral	35.3%
	<u>\$ 52,722,321</u>		

** U.S. Treasury Securities are not rated because they are the highest quality securities.

Property Taxes

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

Assessed values are established by the County Appraiser. The assessed value for property located in the City as of January 1, 2010, on which the 2011 levy was based was \$748,661,013.

The City's property tax levies per \$1,000 (Mills) assessed valuation for the year ended December 31, 2011 recognized as revenue in 2011 were as follows:

	<u>Levy (Mills)</u>
General fund	\$ 19.408
Debt service fund	<u>4.974</u>
	<u>\$ 24.382</u>

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (Continued)

Taxes receivable represent property taxes levied on November 1, 2011 for 2012, which have been recorded as deferred revenue; delinquent property taxes, City sales taxes, consumers' use tax, and franchise taxes which have been recorded as revenues.

4. Intergovernmental Revenues

	General Fund	Debt Service	Municipal Equipment Reserve	Other Governmental Funds	Total
Federal:					
Department of Transportation	\$ 4,399	\$ —	\$ —	\$ —	\$ 4,399
Department of Homeland Security	5,479	—	—	—	5,479
Department of Justice	36,887	—	—	—	36,887
Federal Emergency Management Agency	—	—	15,000	—	15,000
State Of Kansas:					
Mutual Aid	906	—	—	—	906
Special Liquor tax	439,002	—	—	878,004	1,317,006
Gasoline tax	—	—	—	830,289	830,289
Drug tax	—	—	—	1,859	1,859
County and local:					
County sales tax	4,350,988	—	—	—	4,350,988
County consumer's use tax	806,669	—	—	—	806,669
Motor vehicle tax	1,122,767	408,538	—	—	1,531,305
Interlocal agreements	—	—	—	9,329	9,329
	<u>\$ 6,767,097</u>	<u>\$ 408,538</u>	<u>\$ 15,000</u>	<u>\$ 1,719,481</u>	<u>\$ 8,910,116</u>

5. Interfund Transfers

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

Transfers To	Transfers From			Total
	General Fund	Capital Projects Fund	Other Governmental Funds	
Governmental Activities				
General fund	\$ —	\$ —	\$ 225,000	\$ 225,000
Debt service fund	—	9,655	246,346	256,001
Public safety improvement fund	859,621	—	—	859,621
Municipal equipment reserve fund	2,228,716	—	—	2,228,716
Other governmental funds	66,797	215,807	350,000	632,604
	<u>\$ 3,155,134</u>	<u>\$ 225,462</u>	<u>\$ 821,346</u>	<u>\$ 4,201,942</u>

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (Continued)

Transfers from/to other funds consisted of the following:

From The General Fund To:

Public Safety Capital Improvement	\$ 859,621
Municipal Equipment Reserve Fund for capital expenditures	2,228,716
City Art Fund for capital expenditures	66,797
	<u>3,155,134</u>

From Other Governmental Funds:

From the Special Alcohol Fund to:	
General Fund for expenditures	225,000
From 1/8-Cent Sales Tax Fund to:	
Special City Highway Fund	350,000
From Highway K-150 Impact Fund to:	
Debt Service Fund	246,346
	<u>821,346</u>

From Capital Project Fund To:

Debt Service Fund	9,655
Leawood Transportation Impact Fee Fund	215,807
	<u>225,462</u>
	<u>\$ 4,201,942</u>

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

Governmental Activities

Due from the General Fund to:	
Public Safety Improvement Fund	<u>\$ 153,366</u>

Amounts due from the General Fund to the Public Safety Improvement Fund result from the lag time certain sales taxes are received by the General Fund that are designated for public safety capital improvements and the time that they are transferred to the Public Safety Improvement Fund.

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (Continued)

6. Capital Assets

Governmental capital asset activity for the year ended December 31, 2011 was as follows:

	Balance - December 31, 2010	Increases	Decreases	Balance - December 31, 2011
Governmental activities:				
Capital assets not being depreciated:				
Land and right-of-way	\$ 117,482,330	\$ 1,072,605	\$ —	\$ 118,554,935
Infrastructure	15,947,111	283,242	18,717	16,211,636
Construction in progress	1,181,159	1,622,759	128,810	2,675,108
Total capital assets not being depreciated	134,610,600	2,978,606	147,527	137,441,679
Capital assets being depreciated:				
Buildings and improvements	44,135,859	603,803	—	44,739,662
Machinery and equipment	15,242,608	2,530,988	1,405,168	16,368,428
Infrastructure	258,760,638	79,530	22,219	258,817,949
Total capital assets being depreciated	318,139,105	3,214,321	1,427,387	319,926,039
Less accumulated depreciation for:				
Buildings and improvements	15,185,433	1,495,978	—	16,681,411
Machinery and equipment	8,689,185	1,405,752	1,349,572	8,745,365
Infrastructure	85,600,515	5,833,856	3,559	91,430,812
Total accumulated depreciation	109,475,133	8,735,586	1,353,131	116,857,588
Total capital assets being depreciated, net	208,663,972	(5,521,265)	74,256	203,068,451
Governmental activity capital assets, net	\$ 343,274,572	\$ (2,542,659)	\$ 221,783	\$ 340,510,130

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

General government	\$ 452,803
Public safety	751,118
Public works	6,258,749
Parks and recreation	1,272,916
Total depreciation expense	<u>\$ 8,735,586</u>

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (Continued)

7. Capital Projects Authorized

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

<u>Project Number And Name</u>	<u>Authorized</u>	<u>Project-To-Date At Year End</u>
80162 143rd Street - Nall to Mission	\$ 13,500,000	\$ 910,185
80196 Park Place	5,500,000	5,493,472
80118 Park Improvements	500,000	165,168
80165 City Facility Improvements	780,000	719,002
80212 2012 Residential Streets	1,275,000	117,034
	<u>\$ 21,555,000</u>	<u>\$ 7,404,861</u>

8. Temporary Notes

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

	<u>Balance January 1, 2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance December 31, 2011</u>
<u>Temporary notes</u>	<u>\$ 5,005,000</u>	<u>\$ 2,055,000</u>	<u>\$ 5,005,000</u>	<u>\$ 2,055,000</u>

Temporary notes consisted of the following at December 31, 2011:

Maturing September 1, 2012:	
0.40% General Obligation Temporary Notes	<u>\$ 2,055,000</u>

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (*Continued*)

9. Long-Term Liabilities

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

	Balance			Balance		Amount
	January 1,			December 31,		Due
	2011	Increases	Decreases	2011	In 2012	
Governmental Activities						
General obligation bonds						
to be paid with:						
Tax levies	\$ 44,112,900	\$ —	\$ 3,426,100	\$ 40,686,800	\$ 3,237,900	
Special Benefit District						
Assessments	16,712,100	5,155,000	1,553,900	20,313,200	1,892,100	
Revenue bonds	580,000	—	395,000	185,000	185,000	
Bond premiums	376,504	33,821	29,502	380,823	—	
Deferred amounts						
on refunding	(1,053,984)	—	(125,313)	(928,671)	—	
Total bonds payable	60,727,520	5,188,821	5,279,189	60,637,152	5,315,000	
Capital leases	556,991	1,438,158	243,125	1,752,024	343,409	
Compensated absences*	1,210,442	1,395,084	1,353,277	1,252,249	1,001,799	
Net OPEB Obligation	976,994	269,049	—	1,246,043	—	
Total Governmental Activity Debt	\$ 63,471,947	\$ 8,291,112	\$ 6,875,591	\$ 64,887,468	\$ 6,660,208	

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

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (Continued)

The detail of debt at December 31, 2011 follows:

Governmental Activities Debt:

General Obligation Bonds To Be Paid With Tax Levies

\$632,345, Series 2003-A General Obligation Improvement Bonds due in annual installments through September 1, 2018; interest at 3.55% to 6.79%	\$ 280,000
\$10,205,000, Series 2004-A General Obligation Refunding Bonds due in annual installments through September 1, 2020; interest at 2% to 4.13%	4,720,000
\$3,140,000, Series 2004-B General Obligation Improvement Bonds due in annual installments through September 1, 2024; interest at 3% to 5%	2,000,000
\$1,032,703, Series 2005-A General Obligation Improvement Bonds due in annual installments through September 1, 2020; interest at 3.05% to 5%	630,000
\$6,050,000, Series 2006-A General Obligation Improvement Bonds due in annual installments through September 1, 2021; interest at 3.75% to 4%	4,025,000
\$6,405,000, Series 2006-B General Obligation Refunding Bonds due in annual installments through September 1, 2020; interest at 3.5% to 4%	5,790,000
\$6,589,322, Series 2007-A General Obligation Improvement Bonds due in annual installments through September 1, 2022; interest at 4% to 4.375%	4,840,000
\$5,417,800 Series 2008-A General Obligation Refunding Bonds due in annual installments through September 1, 2013; interest at 3% to 3.25%	1,763,800
\$3,576,393 Series 2008-B General Obligation Improvement Bonds due in annual installments through September 1, 2023; interest at 3% to 4.2%	2,968,000
\$13,670,000 Series 2010-A General Obligation Improvement Bonds due in annual installments through September 1, 2026; interest at 2% to 4%	13,670,000
	<u>40,686,800</u>

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (Continued)

General Obligation Bonds To Be Paid With Benefit District Assessments	
\$4,427,655, Series 2003-A General Obligation Improvement Bonds due in annual installments through September 1, 2018; interest at 2% to 4.13%	\$ 2,065,000
\$155,000, Series 2004-A General Obligation Refunding Bonds due in annual installments through September 1, 2015; interest at 2% to 3.5%	70,000
\$1,140,000, Series 2004-B General Obligation Improvement Bonds due in annual installments through September 1, 2024; interest at 3% to 5%	600,000
\$3,057,297, Series 2005-A General Obligation Improvement Bonds due in annual installments through September 1, 2020; interest at 3.05% to 5%	1,810,000
\$450,678, Series 2007-A General Obligation Improvement Bonds due in annual installments through September 1, 2022; interest at 4% to 4.375%	330,000
\$1,082,200, Series 2008-A General Obligation Refunding Bonds due in annual installments through September 1, 2013; interest at 3%	181,200
\$6,098,607, Series 2008-B General Obligation Improvement Bonds due in annual installments through September 1, 2023; interest at 3% to 4.2%	4,877,000
\$2,700,000, Series 2008-C Taxable General Obligation Improvement Bonds due in annual installments through September 1, 2023; interest at 5% to 5.375%	2,160,000
\$3,310,000 Series 2010-A General Obligation Improvement Bonds due in annual installments through September 1, 2025; interest at 2% to 4%	3,065,000
\$5,155,000 Series 2011-A General Obligation Improvement Bonds due in annual installments through September 1, 2026; interest at 1.5% to 4.15%	5,155,000
	<u>20,313,200</u>
Revenue Bond	
\$2,835,000, 2003 Leawood Public Building Commission Bonds due in annual installments through September 1, 2012; interest at 2% to 3%	185,000
	<u>61,185,000</u>
Bonds premiums and discounts	380,823
Less: Deferred amounts on refunding	<u>928,671</u>
Total Bonds Payable	<u>60,637,152</u>
Capital Leases	
\$893,296, Lease for fire vehicles due in annual installments through March 1, 2013; interest at 4.1%	378,736
\$1,190,486, Lease for fire pumpers due in annual installments through March 24, 2021; interest at 3.99%	1,190,486
\$247,670, Lease for golf carts due in annual installments through March 1, 2014; interest at 2.98%	182,802
Total Capital Leases	<u>1,752,024</u>
Compensated Absences	<u>1,252,249</u>
Net OPEB Obligation (Note 10)	<u>1,246,043</u>
	<u>\$ 64,887,468</u>

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (Continued)

The annual debt service requirements to amortize the City's bonds and capital lease obligations at December 31, 2011 are as follows:

	Governmental Activities					
	General Obligation Bonds					
	Governmental		Benefit Districts		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 3,237,900	\$ 1,427,727	\$ 1,892,100	\$ 706,315	\$ 5,130,000	\$ 2,134,042
2013	3,309,100	1,319,702	1,880,900	644,279	5,190,000	1,963,981
2014	3,384,000	1,206,547	1,781,000	588,267	5,165,000	1,794,814
2015	3,444,000	1,091,717	1,776,000	532,762	5,220,000	1,624,479
2016	3,289,000	974,269	1,766,000	476,282	5,055,000	1,450,551
2017-2021	16,900,000	3,011,581	7,545,000	1,479,510	24,445,000	4,491,091
2022-2026	6,922,800	619,507	3,672,200	343,265	10,595,000	962,772
2027-2031	200,000	13,150	—	—	200,000	13,150
	\$ 40,686,800	\$ 9,664,200	\$ 20,313,200	\$ 4,770,680	\$ 61,000,000	\$ 14,434,880

	Revenue Bonds		Capital Leases		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
	2012	\$ 185,000	\$ 5,550	\$ 343,409	\$ 69,255	\$ 528,409
2013	—	—	357,502	55,162	357,502	55,162
2014	—	—	170,268	41,303	170,268	41,303
2015	—	—	111,557	35,146	111,557	35,146
2016	—	—	116,008	30,695	116,008	30,695
2017-2021	—	—	653,280	80,235	653,280	80,235
	\$ 185,000	\$ 5,550	\$ 1,752,024	\$ 311,796	\$ 1,937,024	\$ 317,346

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

Prior Year Defeasance of Debt

In prior years, the City defeased certain general obligation and other bonds by placing the proceeds of refunding bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At December 31, 2011, there are no bonds outstanding that are considered defeased.

Kansas statutes limit the amount of general obligation debt that a unit of government can issue to 30% of the total assessed value of taxable property located within the City's boundaries. The legal debt capacity for the City of Leawood is \$191,014,681.

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (*Continued*)

Capital Leases

As discussed above, the City has land and equipment under capital leases. To account for financing leases of governmental activities, the City charges payments made during the fiscal period as debt service in the governmental fund financial statements. In the year that the asset is received, the City records the present value of future lease payments as capital outlay expenditure and as an offsetting other-financing source in the governmental fund financial statements. The present value of payments due in future periods is shown as a liability, and the gross amount is recorded as a capital asset, net of accumulated amortization, in the statement of net assets. As of December 31, 2011, the gross amount of capital assets under capital leases was \$2,414,175 in equipment, with net accumulated amortization of \$343,111.

Transportation Development District (TDD) Bonds

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

\$490,000, Series 2006 Taxable Transportation Development District Special Obligation Bonds due in annual installments through September 1, 2021; interest at 8% (Cornerstone Project)	\$ 340,000
\$170,000, Series 2006 Taxable Transportation Development District Special Obligation Bonds due in annual installments through September 1, 2021; interest at 8% (Resurrection Project)	120,000
\$835,000, Series 2007 Taxable Transportation Development District Special Obligation Bonds due in annual installments through September 1, 2022; interest at 7.5% (Villaggio Project)	675,000
\$2,985,000 Series 2010-B Taxable Transportation Development District Special Obligation Bonds due in annual installments through September 1, 2023; interest at 8.500% (One Nineteen Project)	<u>2,725,000</u>
	<u>\$ 3,860,000</u>

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

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (Continued)

10. Other Information

Commitments And Contingencies

Encumbrances

Listed below are the encumbrances by fund for the City:

	Capital Projects	Capital Improve- ments	Public Safety Improve- ment	Municipal Equipment Reserve	Other Govern- mental Funds	Total Govern- mental Funds
Restricted for:						
Justice Center	\$ —	\$ —	\$ 474,452	\$ —	\$ —	\$ 474,452
Committed to:						
Equipment Purchases	—	—	—	800	—	800
Public Works	223,007	49,615	—	—	78,809	351,431
Public Safety	—	36,091	—	—	—	36,091
Parks and Recreation	—	58,076	—	—	—	58,076
Total Encumbrances	\$ 223,007	\$ 143,782	\$ 474,452	\$ 800	\$ 78,809	\$ 920,850

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. 74-49,210 establishes a second tier program where each participating employer who affiliates for any purpose on or after July 1, 2009, beginning with the first payroll for services performed by an employee on or after July 1, 2009, shall deduct from the compensation of each member 6% of such member's compensation as employee contributions. 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.

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (*Continued*)

The KPERS employer rate established by statute for calendar year 2011 was 7.74%. The City employer contributions to KPERS for the years ended December 31, 2011, 2010, and 2009 were \$545,414, \$487,312 and \$431,121, respectively, equal to the required contributions for each year. The KP&F uniform participating employer rate established for calendar year 2011 was 15.16%. 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. City contributions to KP&F for the years ended December 31, 2011, 2010 and 2009 were \$1,146,080, \$992,912 and \$1,029,355, 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 2011 were \$94,916 and \$596,544, respectively.

Golf Course

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

Federal and State Grants

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

Postemployment Benefits Other Than Pensions

Plan Description

The City sponsors a single-employer, defined benefit healthcare plan that provides healthcare benefits to retirees and their dependents, including medical and pharmacy coverage. There is no separate audited statement for this plan. Retiree health coverage is provided for under Kansas Statute 12-5040. Retirees who retire with at least 10 years of cumulative service with the City and commence retirement or disability benefits under the Kansas Public Employee Retirement System (KPERS) are eligible for benefits.

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (*Continued*)

The City requires retirees to pay the same premiums charged to active participants, with a 2% additional charge for administrative expenses. The rates being paid by retirees for benefits are typically lower than those for individual health insurance policies. The difference between these amounts is the implicit rate subsidy, which is considered other post employment benefits (OPEB) under Governmental Accounting Standards Board Statement No. 45 (GASB Statement 45).

Retirees and spouses have the same benefits as active employees. Retiree coverage terminates either when the retiree becomes covered under another employer health plan, or when the retiree reaches Medicare eligibility age which is currently age 65. Spousal coverage is available until the retiree becomes covered under another employer health plan, attains Medicare eligibility age, or dies.

Funding Policy

GASB Statement 45 does not require funding of the OPEB liability, and the City has chosen not to fund it. City policy dictates the payment of retiree claims as they become due.

Annual OPEB Cost and Net OPEB Obligation

The City's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize the unfunded actuarial liability over a period not to exceed 30 years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

Normal cost	\$ 138,384
Amortization of unfunded actuarial accrued liability	167,661
Annual required contribution (ARC)	<u>306,045</u>
Interest on net OPEB obligation	58,620
Adjustment to annual required contribution	<u>(70,978)</u>
Annual OPEB cost	<u><u>\$ 293,687</u></u>
Contributions made:	
Claims and fees paid on behalf of retirees	\$ 104,214
Less: Retiree contributions	<u>79,576</u>
Net employer contributions	<u>24,638</u>
Change In Net Pension Obligation	269,049
Net OPEB Obligation, December 31, 2010	<u>976,994</u>
Net OPEB Obligation, December 31, 2011	<u><u>\$ 1,246,043</u></u>

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (*Continued*)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009, 2010 and 2011 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2009	\$ 293,458	10.94%	\$ 720,080
December 31, 2010	292,685	12.22%	976,994
December 31, 2011	293,687	8.39%	1,246,043

Funded Status and Funding Progress

As of December 31, 2011, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$2,307,851, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,307,851. The covered payroll (annual payroll of active employees covered by the plan) was \$16,132,408 and the ratio of the UAAL to the covered payroll was 14.31%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2011, actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 6% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 10% initially, reduced by decrements to an ultimate rate of 6% after nine years. The inflation rate is built into the trend rates and there are no projected salary or post-retirement benefit increases used in this valuation. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2011 was 25 years.

Risk Management

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

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

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

In certain cases, the City retains risks up to the individual policy deductible amounts and for losses in excess of any amounts not provided by the excess liability insurance coverage. Settled claims have not exceeded the commercial limits in any of the past three fiscal years. During 2011, 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, 2011

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

Such information includes:

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

Budgetary Data

GAAP is the budgetary basis of accounting

CITY OF LEAWOOD, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL - GENERAL FUND

For The Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		Actual	Variance With Final Budget- Over (Under)
	Original Budget	Final Budget		
Revenues				
Taxes	\$ 24,951,954	\$ 25,157,928	\$ 25,389,329	\$ 231,401
Licenses and permits	1,054,650	1,068,975	1,779,110	710,135
Intergovernmental	6,113,374	6,132,686	6,767,097	634,411
Charges for services	3,175,938	2,916,263	2,506,439	(409,824)
Fines and forfeitures	1,600,000	1,600,000	1,610,087	10,087
Interest	75,584	53,187	46,089	(7,098)
Contributions and other	62,000	92,500	210,658	118,158
Total Revenues	37,033,500	37,021,539	38,308,809	1,287,270
Expenditures				
Current:				
General government	6,862,000	6,567,082	5,538,277	(1,028,805)
Public safety	14,445,900	14,083,394	13,307,250	(776,144)
Public works	6,777,100	6,618,600	5,638,881	(979,719)
Parks and recreation	6,246,200	6,138,600	5,311,988	(826,612)
Debt service:				
Principal retirement	633,300	648,200	638,125	(10,075)
Interest	43,300	40,300	40,237	(63)
Capital outlay:				
Public safety	—	—	1,190,486	1,190,486
Parks and recreation	—	—	247,670	247,670
Total Expenditures	35,007,800	34,096,176	31,912,914	(2,183,262)
Revenues Over Expenditures	2,025,700	2,925,363	6,395,895	3,470,532
Other Financing Sources (Uses)				
Capitalized Leases	—	—	1,438,156	1,438,156
Transfers in	225,000	225,000	225,000	—
Transfers out	(3,492,060)	(3,169,724)	(3,155,134)	(14,590)
Total Other Financing Sources (Uses)	(3,267,060)	(2,944,724)	(1,491,978)	(1,452,746)
Net Change In Fund Balance	\$ (1,241,360)	\$ (19,361)	4,903,917	\$ 4,923,278
Fund Balance - Beginning Of Year			<u>11,080,759</u>	
Fund Balance - End Of Year			<u>\$ 15,984,676</u>	

CITY OF LEAWOOD, KANSAS

**SCHEDULE OF FUNDING PROGRESS -
OTHER POSTEMPLOYMENT BENEFITS
For The Years Ended December 31, 2011, 2010 And 2009**

Actuarial Valuation	(a) Actuarial Value Of Assets	(b) Actuarial Accrued Liability (AAL)	(b) - (a) Unfunded AAL (UAAL)	(a)/(b) Funded Ratio	(c) Annual Covered Payroll	(b)-(a)/(c) UAL As A Percentage Of Covered Payroll
January 1, 2009	\$ —	\$ 2,050,616	\$ 2,050,616	\$ —	\$ 17,706,778	11.58%
January 1, 2010	—	2,050,616	2,050,616	—	15,511,931	13.22%
January 1, 2011	—	2,307,851	2,307,851	—	16,132,408	14.31%

CITY OF LEAWOOD, KANSAS

COMPARISON OF NEEDED-TO-ACTUAL MAINTENANCE/PRESERVATION FOR STREETLIGHTS AND TRAFFIC SIGNALS December 31, 2011

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

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

The City documents that the eligible infrastructure capital assets are being preserved approximately at or above the established and disclosed condition assessment level. It is the City's policy to maintain and preserve streetlights and traffic signals at least at 85% of their normal operating mode. Streetlights and traffic signals are often out of service due to the following factors: (1) life of lamp light; (2) accidents by vehicles or contractors who excavate in the City's Right of Ways; (3) weather, such as high winds, rain, snow and ice; (4) vandalism. During 2007, the City contracted with an outside service provider to perform inspections. The provider performs a monthly visual inspection on the streetlights and traffic signals and reports to the City Engineer. The City also relies on citizens to report street light and traffic signal outages or malfunctions. The City's policy is to repair/replace any outages or malfunction within 48 hours. The service provider's last three inspection reports show the following condition assessments: October 2011 - 98.9%; November 2011 - 98.7%; and December 2011 - 99.2%.

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Needed	\$ 262,000	\$ 315,000	\$ 242,000	\$ 214,000	\$ 214,000
Actual	246,704	271,358	213,418	168,093	165,770

Supplementary Information

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

CITY OF LEAWOOD, KANSAS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - GENERAL FUND For The Year Ended December 31, 2011

	Original Budget	Final Budget	Actual	Variance Over (Under) With Final Budget
General government:				
Administration:				
Personnel services	\$ 2,120,400	\$ 1,985,700	\$ 1,800,744	\$ (184,956)
Contractual services	1,283,000	1,257,400	852,692	(404,708)
Commodities	156,200	91,082	58,411	(32,671)
Total administration	3,559,600	3,334,182	2,711,847	(622,335)
Community development:				
Personnel services	1,125,300	1,113,300	1,053,045	(60,255)
Contractual services	128,400	129,450	83,185	(46,265)
Commodities	39,800	36,950	31,769	(5,181)
Total planning and development	1,293,500	1,279,700	1,167,999	(111,701)
Municipal court:				
Personnel services	528,300	472,800	446,811	(25,989)
Contractual services	74,700	76,500	50,858	(25,642)
Commodities	14,700	12,900	5,761	(7,139)
Total municipal court	617,700	562,200	503,430	(58,770)
Legal services:				
Personnel services	347,900	348,400	341,654	(6,746)
Contractual services	184,600	184,600	36,840	(147,760)
Commodities	5,600	5,600	1,437	(4,163)
Total legal services	538,100	538,600	379,931	(158,669)
Information services:				
Personnel services	468,700	468,000	460,745	(7,255)
Contractual services	200,900	208,400	204,243	(4,157)
Commodities	183,500	176,000	110,082	(65,918)
Total information services	853,100	852,400	775,070	(77,330)
Total general government	6,862,000	6,567,082	5,538,277	(1,028,805)
Public safety:				
Police:				
Personnel services	7,465,100	7,157,000	6,852,735	(304,265)
Contractual services	726,300	736,200	481,888	(254,312)
Commodities	623,600	618,100	428,315	(189,785)
Total police	8,815,000	8,511,300	7,762,938	(748,362)
Fire:				
Personnel services	5,172,500	5,128,024	5,127,981	(43)
Contractual services	257,300	250,629	231,922	(18,707)
Commodities	201,100	193,441	184,409	(9,032)
Total fire	5,630,900	5,572,094	5,544,312	(27,782)
Total public safety	14,445,900	14,083,394	13,307,250	(776,144)
Public works:				
Personnel services	3,461,100	3,352,800	3,255,764	(97,036)
Contractual services	2,039,900	1,990,900	1,406,835	(584,065)
Commodities	1,276,100	1,274,900	976,282	(298,618)
Total public works	6,777,100	6,618,600	5,638,881	(979,719)
Parks and recreation:				
Personnel services	3,656,800	3,497,807	3,268,458	(229,349)
Contractual services	1,903,500	1,943,374	1,480,203	(463,171)
Commodities	685,900	697,419	563,327	(134,092)
Total parks and recreation	6,246,200	6,138,600	5,311,988	(826,612)
Total expenditures	\$ 34,331,200	\$ 33,407,676	\$ 29,796,396	\$ (3,611,280)

CITY OF LEAWOOD, KANSAS

OTHER NON-MAJOR GOVERNMENTAL FUNDS

December 31, 2011

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

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

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

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

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

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

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

CITY OF LEAWOOD, KANSAS

OTHER NON-MAJOR GOVERNMENTAL FUNDS (*Continued*)

December 31, 2011

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

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

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

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

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

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

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 and commercial remodels in Leawood.

CITY OF LEAWOOD, KANSAS

**COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS**

December 31, 2011

Page 1 Of 2

	Special Revenue					
	Special Alcohol	Special City Highway	Special Parks And Recreation	Special Law Enforcement	American Revolution Tri-Centennial	Transient Guest Tax
Assets						
Pooled cash and investments	\$ 534,789	\$ 488,470	\$ 778,223	\$ 2,956	\$ 8,420	\$ —
Receivables:						
Sales tax	—	—	—	—	—	—
Transient guest tax	—	—	—	—	—	99,942
Interest	—	—	—	—	16	—
Intergovernmental	100,000	—	100,000	—	—	—
Total Assets	\$ 634,789	\$ 488,470	\$ 878,223	\$ 2,956	\$ 8,436	\$ 99,942
Liabilities And Fund Balances						
Liabilities						
Accounts payable and accrued liabilities	\$ —	\$ 10,120	\$ —	\$ —	\$ —	\$ —
Fund Balances						
Restricted for:						
Social services	634,789	—	—	—	—	—
Parks and recreation	—	—	878,223	—	—	—
Tourism promotion	—	—	—	—	—	99,942
Bridges, streets and signals	—	478,350	—	—	—	—
Law enforcement	—	—	—	2,956	—	—
Other purposes	—	—	—	—	8,436	—
Committed to:						
Bridges, streets and signals	—	—	—	—	—	—
City art	—	—	—	—	—	—
Park improvements	—	—	—	—	—	—
Total Fund Balances	634,789	478,350	878,223	2,956	8,436	99,942
Total Liabilities And Fund Balances	\$ 634,789	\$ 488,470	\$ 878,223	\$ 2,956	\$ 8,436	\$ 99,942

CITY OF LEAWOOD, KANSAS

**COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS**

December 31, 2011

Page 2 Of 2

	Capital Projects							Total Nonmajor Other Governmental Funds
	Street Improve- ments	City Art	Park Impact Fee	1/8th Cent Sales Tax	Leawood Transportation Impact Fee	Highway K-150 Corridor Impact Fee	Public Art Impact Fee	
Assets								
Pooled cash and investments	\$ 1,354,879	\$ 457,894	\$ 18,518	\$ 452,818	\$ 247,037	\$ 24,286	\$ 232,495	\$ 4,600,785
Receivables:								
Sales tax	—	—	—	158,852	—	—	—	158,852
Transient guest tax	—	—	—	—	—	—	—	99,942
Interest	5,715	—	—	—	—	—	—	5,731
Intergovernmental	—	—	—	—	—	—	—	200,000
Total Assets	\$ 1,360,594	\$ 457,894	\$ 18,518	\$ 611,670	\$ 247,037	\$ 24,286	\$ 232,495	\$ 5,065,310
Liabilities And Fund Balances								
Liabilities								
Accounts payable and accrued liabilities	\$ 8,750	\$ 7,199	\$ —	\$ 18,889	\$ —	\$ —	\$ —	\$ 44,958
Fund Balances								
Restricted for:								
Social services	—	—	—	—	—	—	—	634,789
Parks and recreation	—	—	—	—	—	—	—	878,223
Tourism promotion	—	—	—	—	—	—	—	99,942
Bridges, streets and signals	—	—	—	592,781	—	—	—	1,071,131
Law enforcement	—	—	—	—	—	—	—	2,956
Other purposes	—	—	—	—	—	—	—	8,436
Committed to:								
Bridges, streets and signals	1,351,844	—	—	—	247,037	24,286	—	1,623,167
City art	—	450,695	—	—	—	—	232,495	683,190
Park improvements	—	—	18,518	—	—	—	—	18,518
Total Fund Balances	1,351,844	450,695	18,518	592,781	247,037	24,286	232,495	5,020,352
Total Liabilities And Fund Balances	\$ 1,360,594	\$ 457,894	\$ 18,518	\$ 611,670	\$ 247,037	\$ 24,286	\$ 232,495	\$ 5,065,310

CITY OF LEAWOOD, KANSAS

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

For The Year Ended December 31, 2011

Page 1 Of 2

	Special Revenue						
	Special Alcohol	Special City Highway	Special Parks And Recreation	Special Law Enforcement	Public Building Commission	American Revolution Tri-Centennial	Transient Guest Tax
Revenues							
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 271,632
Licenses and permits	—	—	—	—	—	—	—
Intergovernmental	439,002	830,289	439,002	1,859	—	—	—
Interest	267	465	374	1	—	58	153
Total Revenues	439,269	830,754	439,376	1,860	—	58	271,785
Expenditures							
General government	112,239	—	—	—	—	—	397,199
Parks and recreation	—	—	—	—	—	—	—
Capital outlay							
General government	—	—	—	—	—	—	—
Public safety	—	—	—	—	—	—	—
Public works	—	1,202,280	—	—	—	—	—
Parks and recreation	—	—	258,261	—	—	—	—
Total Expenditures	112,239	1,202,280	258,261	—	—	—	397,199
Revenues Over (Under) Expenditures	327,030	(371,526)	181,115	1,860	—	58	(125,414)
Other Financing Sources (Uses)							
Transfers in	—	350,000	—	—	—	—	—
Transfers out	(225,000)	—	—	—	—	—	—
Total Other Financing Sources (Uses)	(225,000)	350,000	—	—	—	—	—
Net Change In Fund Balances	102,030	(21,526)	181,115	1,860	—	58	(125,414)
Fund Balances - Beginning Of Year	532,759	499,876	697,108	1,096	—	8,378	225,356
Fund Balances - End Of Year	\$ 634,789	\$ 478,350	\$ 878,223	\$ 2,956	\$ —	\$ 8,436	\$ 99,942

CITY OF LEAWOOD, KANSAS

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

For The Year Ended December 31, 2011

Page 2 Of 2

	Capital Projects							Total Nonmajor Other Governmental Funds
	Street Improvements	City Art	Park Impact Fee	1/8th Cent Sales Tax	Leawood Transportation Impact Fee	Highway K-150 Corridor Impact Fee	Public Art Impact Fee	
Revenues								
Taxes	\$ —	\$ —	\$ —	\$ 777,053	\$ —	\$ —	\$ —	\$ 1,048,685
Licenses and permits	—	—	18,451	—	5,039	24,180	21,959	69,629
Intergovernmental	—	—	—	9,329	—	—	—	1,719,481
Interest	1,482	252	65	426	15	106	130	3,794
Total Revenues	1,482	252	18,516	786,808	5,054	24,286	22,089	2,841,589
Expenditures								
General government	—	—	—	—	—	—	—	509,438
Parks and recreation	—	8,558	—	—	—	—	—	8,558
Capital outlay								
Public works	571,787	—	—	592,598	—	—	—	2,366,665
Parks and recreation	—	26,275	120,000	—	—	—	—	404,536
Total Expenditures	571,787	34,833	120,000	592,598	—	—	—	3,289,197
Revenues Over (Under) Expenditures	(570,305)	(34,581)	(101,484)	194,210	5,054	24,286	22,089	(447,608)
Other Financing Sources (Uses)								
Transfers in	—	66,797	—	—	215,807	—	—	632,604
Transfers out	—	—	—	(350,000)	—	(246,346)	—	(821,346)
Total Other Financing Sources (Uses)	—	66,797	—	(350,000)	215,807	(246,346)	—	(188,742)
Net Change In Fund Balances	(570,305)	32,216	(101,484)	(155,790)	220,861	(222,060)	22,089	(636,350)
Fund Balances - Beginning Of Year	1,922,149	418,479	120,002	748,571	26,176	246,346	210,406	5,656,702
Fund Balances - End Of Year	\$ 1,351,844	\$ 450,695	\$ 18,518	\$ 592,781	\$ 247,037	\$ 24,286	\$ 232,495	\$ 5,020,352

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, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues			
Intergovernmental	\$ 400,000	\$ 439,002	\$ 39,002
Interest	541	267	(274)
Total Revenues	400,541	439,269	38,728
Expenditures			
General government	120,000	112,239	(7,761)
Excess Of Revenues Over Expenditures	280,541	327,030	46,489
Other Financing Uses			
Transfers out	(225,000)	(225,000)	—
Net Change In Fund Balance	<u>\$ 55,541</u>	102,030	<u>\$ 46,489</u>
Fund Balance - Beginning Of Year		<u>532,759</u>	
Fund Balance - End Of Year		<u>\$ 634,789</u>	

CITY OF LEAWOOD, KANSAS

**SPECIAL CITY HIGHWAY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
For The Year Ended December 31, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues			
Intergovernmental	\$ 843,440	\$ 830,289	\$ (13,151)
Interest	1,084	465	(619)
Total Revenues	844,524	830,754	(13,770)
Expenditures			
Capital outlay	1,324,000	1,202,280	(121,720)
Excess Of Expenditures Over Revenues	(479,476)	(371,526)	107,950
Other Financing Sources			
Transfers in	350,000	350,000	—
Net Change In Fund Balance	<u>\$ (129,476)</u>	<u>(21,526)</u>	<u>\$ 107,950</u>
Fund Balance - Beginning Of Year		<u>499,876</u>	
Fund Balance - End Of Year		<u>\$ 478,350</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, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues			
Intergovernmental	\$ 400,000	\$ 439,002	\$ 39,002
Interest	592	374	(218)
Total Revenues	400,592	439,376	38,784
Expenditures			
Capital outlay	961,100	258,261	(702,839)
Net Change In Fund Balance	<u>\$ (560,508)</u>	181,115	<u>\$ 741,623</u>
Fund Balance - Beginning Of Year		<u>697,108</u>	
Fund Balance - End Of Year		<u>\$ 878,223</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, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues			
Intergovernmental	\$ —	\$ 1,859	\$ 1,859
Interest	4	1	(3)
Total Revenues	<u>4</u>	<u>1,860</u>	<u>1,856</u>
Net Change In Fund Balance	<u>\$ 4</u>	<u>1,860</u>	<u>\$ 1,856</u>
Fund Balance - Beginning Of Year		<u>1,096</u>	
Fund Balance - End Of Year		<u>\$ 2,956</u>	

CITY OF LEAWOOD, KANSAS

**DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
For The Year Ended December 31, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues			
Taxes	\$ 3,813,560	\$ 3,737,065	\$ (76,495)
Intergovernmental	428,104	408,538	(19,566)
Special assessments	2,068,389	1,972,928	(95,461)
Interest	28,966	23,854	(5,112)
Contributions and others	—	2	2
Total Revenues	<u>6,339,019</u>	<u>6,142,387</u>	<u>(196,632)</u>
Expenditures			
Debt service:			
Principal retirement	4,980,000	4,980,000	—
Interest and fiscal charges	2,242,900	2,194,669	(48,231)
Total Expenditures	<u>7,222,900</u>	<u>7,174,669</u>	<u>(48,231)</u>
Excess Of Revenues Over Expenditures	<u>(883,881)</u>	<u>(1,032,282)</u>	<u>(148,401)</u>
Other Financing Sources (Uses)			
Transfers in	246,346	256,001	9,655
Net Change In Fund Balance	<u>\$ (637,535)</u>	<u>(776,281)</u>	<u>\$ (138,746)</u>
Fund Balance - Beginning Of Year		<u>7,775,937</u>	
Fund Balance - End Of Year		<u>\$ 6,999,656</u>	

CITY OF LEAWOOD, KANSAS

COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS December 31, 2011

	Employee Giving	Insurance Proceeds	TDD - Resurrection Project	TDD - Cornerstone	TDD - Villaggio	TDD - One Nineteen	TDD - Park Place	Total Agency Funds
Assets								
Pooled cash and investments	\$ 1,241	\$ —	\$ 551	\$ —	\$ —	\$ —	\$ 18,121	\$ 19,913
Special assessments	—	—	120,000	340,000	675,000	2,897,899	44,452	4,077,351
Total Assets	\$ 1,241	\$ —	\$ 120,551	\$ 340,000	\$ 675,000	\$ 2,897,899	\$ 62,573	\$ 4,097,264
Liabilities								
Due to employees	\$ 1,241	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,241
Due to other taxing jurisdiction	—	—	120,551	340,000	675,000	2,897,899	62,573	4,096,023
Total Liabilities	\$ 1,241	\$ —	\$ 120,551	\$ 340,000	\$ 675,000	\$ 2,897,899	\$ 62,573	\$ 4,097,264

CITY OF LEAWOOD, KANSAS

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

For The Year Ended December 31, 2011

	Balance Beginning Of Year	Additions	Deductions	Balance End Of Year
Agency Funds - Employee Giving				
Assets:				
Pooled cash and investments	\$ 1,110	\$ 907	\$ 776	\$ 1,241
Liabilities:				
Due to employees	\$ 1,110	\$ 907	\$ 776	\$ 1,241
Agency Funds - Insurance Proceeds				
Assets:				
Pooled cash and investments	\$ —	\$ —	\$ —	\$ —
Liabilities:				
Due to Property Owner	\$ —	\$ —	\$ —	\$ —
Transportation Development District - Resurrection Project				
Assets:				
Pooled cash and investments	\$ 176	\$ 20,775	\$ 20,400	\$ 551
Special assessments	130,000	—	10,000	120,000
	\$ 130,176	\$ 20,775	\$ 30,400	\$ 120,551
Liabilities:				
Due to bondholders	\$ 130,176	\$ 20,775	\$ 30,400	\$ 120,551
Transportation Development District - Cornerstone				
Assets:				
Pooled cash and investments	\$ 176	\$ 57,763	\$ 57,939	\$ —
Special assessments	370,000	—	30,000	340,000
	\$ 370,176	\$ 57,763	\$ 87,939	\$ 340,000
Liabilities:				
Due to bondholders	\$ 370,176	\$ 57,763	\$ 87,939	\$ 340,000
Transportation Development District - Villaggio				
Assets:				
Pooled cash and investments	\$ —	\$ 177,008	\$ 177,008	\$ —
Special assessments	715,000	—	40,000	675,000
	\$ 715,000	\$ 177,008	\$ 217,008	\$ 675,000
Liabilities:				
Due to bondholders	\$ 715,000	\$ 177,008	\$ 217,008	\$ 675,000
Transportation Development District - One Nineteen				
Assets:				
Pooled cash and investments	\$ —	\$ 580,305	\$ 580,305	\$ —
Special assessments	3,079,382	172,898	354,381	2,897,899
	\$ 3,079,382	\$ 753,203	\$ 934,686	\$ 2,897,899
Liabilities:				
Due to bondholders	\$ 3,079,382	\$ 753,203	\$ 934,686	\$ 2,897,899
Transportation Development District - Park Place				
Assets:				
Pooled cash and investments	\$ 292,141	\$ 188,949	\$ 462,969	\$ 18,121
Special assessments	23,158	44,451	23,157	44,452
	\$ 315,299	\$ 233,400	\$ 486,126	\$ 62,573
Liabilities:				
Due to bondholders	\$ 315,299	\$ 233,400	\$ 486,126	\$ 62,573
Total - All Agency Funds				
Assets:				
Pooled cash and investments	\$ 293,603	\$ 1,025,707	\$ 1,299,397	\$ 19,913
Special assessments	4,317,540	217,349	457,538	4,077,351
Total assets	\$ 4,611,143	\$ 1,243,056	\$ 1,756,935	\$ 4,097,264
Liabilities:				
Due to employees	\$ 1,110	\$ 907	\$ 776	\$ 1,241
Due to bondholders	4,610,033	1,242,149	1,756,159	4,096,023
Total liabilities	\$ 4,611,143	\$ 1,243,056	\$ 1,756,935	\$ 4,097,264

Statistical Section

CITY OF LEAWOOD, KANSAS
Statistical Section
December 31, 2011

This part of the City of Leawood’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City’s overall financial health.

Contents

Schedules

Financial Trends

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

Revenue Capacity

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

Debt Capacity

These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future..... 11 - 14

Demographic And Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place. 15 - 17

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs. 18 - 19

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

CITY OF LEAWOOD, KANSAS

NET ASSETS BY COMPONENT LAST NINE FISCAL YEARS ACCRUAL BASIS OF ACCOUNTING

Schedule 1

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental Activities										
Invested in capital assets, net of related debt	\$ 92,603,064	\$ 221,394,614	\$ 228,815,457	\$ 232,831,295	\$ 275,588,463	\$ 282,198,655	\$ 284,021,389	\$ 286,691,065	\$ 276,985,062	\$ 276,065,957
Restricted	12,802,783	4,688,880	7,166,833	7,522,989	7,606,885	9,360,053	14,395,675	16,949,599	21,926,652	18,822,407
Unrestricted	7,930,493	20,897,456	22,249,356	28,882,905	23,418,717	21,494,113	33,303,879	31,043,291	45,976,509	56,862,450
Total Governmental Activities Net Assets	\$ 113,336,340	\$ 246,980,950	\$ 258,231,646	\$ 269,237,189	\$ 306,614,065	\$ 313,052,821	\$ 331,720,943	\$ 334,683,955	\$ 344,888,223	\$ 351,750,814
Business-Type Activities										
Invested in capital assets, net of related debt	\$ 2,553,113	\$ 2,725,452	\$ 2,995,456	\$ 3,192,892	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Unrestricted	(1,769,379)	(1,820,411)	(1,735,685)	(1,761,214)	—	—	—	—	—	—
Total Business-Type Activities Net Assets	\$ 783,734	\$ 905,041	\$ 1,259,771	\$ 1,431,678	\$ —					
Primary government										
Invested in capital assets, net of related debt	\$ 95,156,177	\$ 224,120,066	\$ 231,810,913	\$ 236,024,187	\$ 275,588,463	\$ 282,198,655	\$ 284,021,389	\$ 286,691,065	\$ 276,985,062	\$ 276,065,957
Restricted	12,802,783	4,688,880	7,166,833	7,522,989	7,606,885	9,360,053	14,395,675	16,949,599	21,926,652	18,822,407
Unrestricted	7,930,493	20,897,456	22,249,356	28,882,905	23,418,717	21,494,113	33,303,879	31,430,291	45,976,509	56,862,450
Total Primary Government Net Assets	\$ 114,120,074	\$ 247,885,991	\$ 259,491,417	\$ 270,668,867	\$ 306,614,065	\$ 313,052,821	\$ 331,720,943	\$ 335,070,955	\$ 344,888,223	\$ 351,750,814

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

CITY OF LEAWOOD, KANSAS

CHANGES IN NET ASSETS LAST NINE FISCAL YEARS ACCRUAL BASIS OF ACCOUNTING

Schedule 2

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses									
Governmental activities:									
General government	\$ 4,178,147	\$ 4,747,939	\$ 5,117,718	\$ 4,752,202	\$ 5,348,073	\$ 6,263,238	\$ 6,216,550	\$ 5,908,886	\$ 6,379,991
Public safety	9,853,624	10,975,002	11,229,154	11,682,872	12,478,924	14,073,114	13,599,525	13,606,931	14,164,738
Public works	10,153,561	12,658,853	15,546,967	17,121,498	21,700,170	16,772,929	15,358,193	14,657,989	15,525,753
Parks and recreation	3,065,427	3,544,545	3,753,994	3,816,310	5,123,793	5,432,457	6,602,530	7,161,381	6,732,828
Interest on long-term debt	2,407,122	2,498,981	2,737,987	3,496,801	3,484,390	3,040,032	2,800,190	2,807,480	2,499,718
Total governmental activities	29,657,881	34,425,320	38,385,820	40,869,683	48,135,350	45,581,770	44,576,988	44,142,667	45,303,028
Business-type activities: ⁽¹⁾									
Golf course	2,214,698	2,287,663	2,414,478	2,153,020	—	—	—	—	—
Total Primary Government Expenses	\$ 31,872,579	\$ 36,712,983	\$ 40,800,298	\$ 43,022,703	\$ 48,135,350	\$ 45,581,770	\$ 44,576,988	\$ 44,142,667	\$ 45,303,028
Program Revenues									
Governmental activities:									
Charges for services									
General government	\$ 2,209,868	\$ 2,010,249	\$ 2,096,548	\$ 2,053,315	\$ 2,163,970	\$ 3,459,182	\$ 2,669,200	\$ 2,837,665	\$ 3,269,547
Public safety	99,639	98,647	93,050	114,496	131,806	117,901	117,873	111,455	137,569
Public works	2,132,951	2,859,835	2,083,496	1,876,606	2,906,444	159,082	36,547	235,842	84,177
Parks and recreation	988,692	990,564	1,029,053	1,109,853	1,258,691	2,054,396	2,448,775	2,444,912	2,475,831
Operating grants and contributions	613,345	859,665	152,984	792,403	2,007,683	165,828	468,238	30,874	57,000
Capital grants and contributions	12,818,493	7,707,622	16,893,649	8,476,782	4,793,850	16,109,458	1,014,264	5,125,371	5,421,018
Total governmental activities program revenues	18,862,988	14,526,582	22,348,780	14,423,455	13,262,444	22,065,847	6,754,897	10,786,119	11,445,142
Business-type activities: ⁽¹⁾									
Golf Course									
Charges for services	2,038,317	2,014,759	2,007,047	1,825,144	—	—	—	—	—
Capital grants and contributions	—	182,084	—	—	—	—	—	—	—
Total business-type activities program revenues	2,038,317	2,196,843	2,007,047	1,825,144	—	—	—	—	—
Total primary government program revenues	\$ 20,901,305	\$ 16,723,425	\$ 24,355,827	\$ 16,248,599	\$ 13,262,444	\$ 22,065,847	\$ 6,754,897	\$ 10,786,119	\$ 11,445,142
Net (expense) revenue:									
Governmental activities	\$ (10,794,894)	\$ (19,898,738)	\$ (16,037,040)	\$ (26,446,228)	\$ (34,872,906)	\$ (23,515,923)	\$ (37,822,091)	\$ (33,356,548)	\$ (33,857,886)
Business-type activities: ⁽¹⁾	(176,381)	(90,820)	(407,431)	(327,876)	—	—	—	—	—
Total primary government net expense	\$ (10,971,275)	\$ (19,989,558)	\$ (16,444,471)	\$ (26,774,104)	\$ (34,872,906)	\$ (23,515,923)	\$ (37,822,091)	\$ (33,356,548)	\$ (33,857,886)
General Revenues And Other Changes In Net Assets									
Governmental activities:									
Taxes									
Property taxes, levied for general purpose	\$ 8,695,788	\$ 8,306,371	\$ 8,716,271	\$ 11,959,344	\$ 10,037,224	\$ 12,887,965	\$ 13,654,784	\$ 13,584,154	\$ 14,470,011
Property taxes, levied for debt service	3,991,063	6,266,815	5,896,324	3,838,579	6,806,038	5,324,394	5,477,801	6,921,040	4,347,089
Sales taxes	9,749,898	11,430,251	11,923,933	12,222,897	14,819,839	15,592,847	14,798,437	15,018,242	14,335,987
Transient guest tax	—	—	—	—	—	—	202,610	202,626	271,632
Franchise taxes	2,292,152	2,452,402	2,632,536	2,648,951	2,930,764	3,153,438	3,042,295	3,153,238	3,194,165
Other taxes	257,458	566,721	576,723	769,263	840,948	1,039,920	1,167,753	1,267,170	1,317,006
Unrestricted grants and contributions	1,760,113	1,590,986	2,290,236	2,380,457	2,498,880	2,468,242	2,323,161	2,393,766	2,361,594
Unrestricted investment earnings	438,926	746,382	1,789,313	2,976,921	2,947,277	1,200,836	373,546	196,515	152,212
Miscellaneous	166,542	234,606	102,475	112,838	430,692	516,403	311,716	437,065	270,781
Transfers in (out)	(165,637)	(445,100)	(579,137)	1,134,847	—	—	—	—	—
Total governmental activities	27,186,303	31,149,434	33,348,674	38,044,097	41,311,662	42,184,045	41,172,103	43,173,816	40,720,477
Business-type activities: ⁽¹⁾									
Unrestricted investment earnings	937	254	201	247	—	—	—	—	—
Miscellaneous	131,114	196	—	30,798	—	—	—	—	—
Transfers in (out)	165,637	445,100	579,137	(1,134,847)	—	—	—	—	—
Total business-type activities:	297,688	645,550	779,338	(803,802)	—	—	—	—	—
Total Primary Government	\$ 27,483,991	\$ 31,594,984	\$ 33,928,012	\$ 36,940,295	\$ 41,311,662	\$ 42,184,045	\$ 41,172,103	\$ 43,173,816	\$ 40,720,477
Change In Net Assets									
Governmental activities	\$ 16,391,409	\$ 11,250,696	\$ 17,311,634	\$ 11,597,869	\$ 6,438,756	\$ 18,668,122	\$ 3,350,012	\$ 9,817,268	\$ 6,862,591
Business-type activities: ⁽¹⁾	121,307	354,730	171,907	(1,431,678)	—	—	—	—	—
Total primary government	\$ 16,512,716	\$ 11,605,426	\$ 17,483,541	\$ 10,166,191	\$ 6,438,756	\$ 18,668,122	\$ 3,350,012	\$ 9,817,268	\$ 6,862,591

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

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

CITY OF LEAWOOD, KANSAS

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

Schedule 3

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Transient Guest Tax	Other Taxes	Total
2002	\$ 10,681,728	\$ 8,294,646	\$ 2,341,374	\$ —	\$ 492,675	\$ 21,810,423
2003	12,686,851	9,749,898	2,292,152	—	257,458	24,986,359
2004	14,573,186	11,430,251	2,452,402	—	566,721	29,022,560
2005	14,612,595	11,923,933	2,632,536	—	576,723	29,745,787
2006	15,797,923	12,222,897	2,648,951	—	769,263	31,439,034
2007	16,843,262	14,819,839	2,930,764	—	840,948	35,434,813
2008	18,212,359	15,592,847	3,153,438	—	1,039,920	37,998,564
2009	19,132,585	14,798,437	3,042,295	22,610	1,167,753	38,163,680
2010	20,505,194	15,018,242	3,153,238	202,626	1,267,170	40,146,470
2011	18,817,100	14,335,987	3,194,165	271,632	1,317,006	37,935,890

(1) Property Tax includes Special Assessments

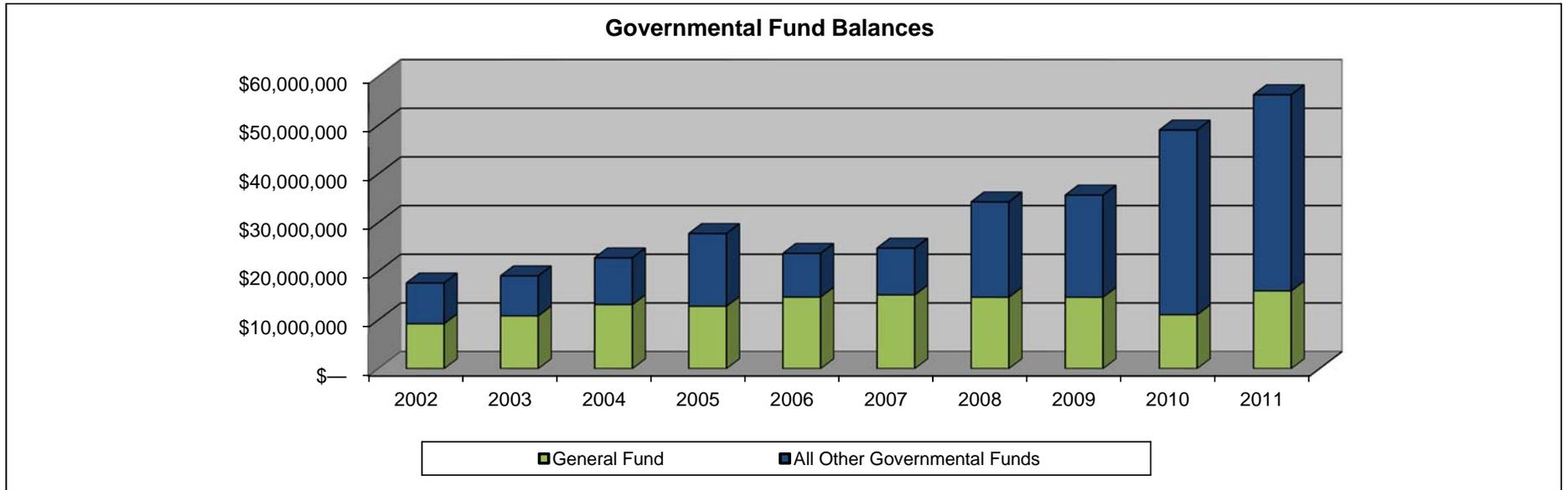
(2) January 1, 2009 the City began collecting transient guest tax

CITY OF LEAWOOD, KANSAS

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

Schedule 4

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund										
Nonspendable	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 123,850
Restricted	—	—	—	—	—	—	—	—	—	—
Committed	—	—	—	—	—	—	—	—	—	—
Assigned	—	—	—	—	—	—	—	—	—	3,399,131
Unassigned	—	—	—	—	—	—	—	—	—	12,461,695
Reserved	1,309,030	1,239,976	1,197,867	1,076,631	55,185	390,617	284,019	130,404	129,411	—
Unreserved	7,921,720	9,607,178	11,974,459	11,751,740	14,651,607	14,764,086	14,399,479	14,553,294	10,951,348	—
Total General Fund	\$ 9,230,750	\$ 10,847,154	\$ 13,172,326	\$ 12,828,371	\$ 14,706,792	\$ 15,154,703	\$ 14,683,498	\$ 14,683,698	\$ 11,080,759	\$ 15,984,676
All Other Governmental Funds										
Restricted	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 18,822,407
Committed	—	—	—	—	—	—	—	—	—	21,469,121
Reserved	2,698,523	3,143,615	5,239,707	6,945,422	5,922,766	7,822,871	12,877,724	14,793,749	18,116,968	—
Unreserved, reported in:										
Special revenue funds	173,258	183,656	319,207	525,975	784,576	855,578	987,977	1,035,193	1,964,573	—
Capital projects funds	5,501,938	4,884,924	4,037,678	7,461,892	2,265,856	935,662	5,707,914	5,146,005	17,863,206	—
Total All Other Governmental Funds	\$ 8,373,719	\$ 8,212,195	\$ 9,596,592	\$ 14,933,289	\$ 8,973,198	\$ 9,614,111	\$ 19,573,615	\$ 20,974,947	\$ 37,944,747	\$ 40,291,528



CITY OF LEAWOOD, KANSAS

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

Schedule 5

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Taxes	\$ 18,012,526	\$ 19,633,539	\$ 22,456,229	\$ 23,835,129	\$ 25,158,674	\$ 29,249,530	\$ 31,752,311	\$ 31,778,195	\$ 32,463,706	\$ 30,851,203
Licenses and permits	2,884,530	2,654,280	3,314,093	2,688,264	2,386,747	3,478,106	1,956,624	1,214,492	1,556,370	1,848,739
Intergovernmental	10,608,104	8,536,970	11,748,623	12,281,449	9,707,954	11,056,644	8,905,900	8,553,089	9,602,150	8,910,116
Charges for services	1,169,993	1,090,801	1,088,487	1,106,078	1,208,832	1,223,540	2,035,411	2,466,140	2,387,857	2,506,439
Fines and forfeitures	1,223,716	1,686,069	1,553,840	1,507,805	1,557,941	1,759,263	1,798,526	1,591,763	1,685,388	1,610,087
Special assessments	1,633,358	1,078,020	1,408,127	1,383,982	1,609,097	1,456,331	1,524,043	2,015,839	3,569,901	1,972,928
Interest	616,654	438,926	746,382	1,789,313	2,976,921	2,947,277	1,200,836	373,546	216,935	152,212
Contributions and other	842,827	363,687	694,737	205,384	807,892	535,774	579,917	345,398	490,413	330,450
Total Revenues	36,991,708	35,482,292	43,010,518	44,797,404	45,414,058	51,706,465	49,753,568	48,338,462	51,972,720	48,182,174
Expenditures										
General government	3,541,020	3,951,170	4,561,019	4,494,045	4,675,142	5,133,968	5,693,050	5,850,652	5,645,370	6,047,715
Public safety	9,895,329	9,185,875	10,350,561	10,488,343	10,948,107	11,498,384	12,245,002	12,623,748	12,716,593	13,307,250
Public works	9,883,695	3,954,668	4,249,162	4,424,584	4,646,724	5,082,036	5,066,565	5,297,652	5,625,473	5,638,881
Parks and recreation	2,469,044	2,547,194	2,964,727	2,944,389	3,007,512	3,800,013	5,085,190	5,302,092	5,282,814	5,320,546
Capital outlay	13,860,890	12,968,799	14,346,905	13,564,787	21,668,357	22,933,473	15,634,335	8,127,300	13,959,576	9,222,271
Debt service										
Principal	4,457,300	3,865,893	4,292,991	4,746,995	5,000,112	5,824,456	5,955,959	6,656,245	5,856,235	5,618,125
Interest and fiscal charges	2,534,243	2,163,860	2,801,361	2,914,082	3,510,916	3,435,648	3,269,044	2,941,330	2,394,876	2,403,665
Total Expenditures	46,641,521	38,637,459	43,566,726	43,577,225	53,456,870	57,707,978	52,949,145	46,799,019	51,480,937	47,558,453
Excess (Deficiency) Of Revenues Over Expenditures	(9,649,813)	(3,155,167)	(556,208)	1,220,179	(8,042,812)	(6,001,513)	(3,195,577)	1,539,443	491,783	623,721
Other Financing Sources (Uses)										
Transfer in	5,459,969	4,480,636	3,308,061	6,490,754	7,998,372	10,977,888	9,188,689	6,661,307	10,755,350	4,201,942
Transfers out	(5,459,969)	(4,646,273)	(3,753,161)	(7,069,891)	(10,230,621)	(10,977,888)	(9,188,689)	(6,661,307)	(10,755,350)	(4,201,942)
Refunding bonds issued	—	2,835,000	7,795,000	—	6,405,000	—	—	—	—	—
Bonds issued	5,050,000	5,060,000	4,280,000	4,090,000	6,050,000	7,040,000	18,875,000	—	16,980,000	5,155,000
Premium on bonds issued	—	—	338,200	261,700	105,571	50,337	264,804	248,912	147,183	33,821
Payments to refunded bonds escrow agent	—	(3,119,316)	(7,702,323)	—	(6,367,180)	—	(6,455,728)	—	(4,252,107)	—
Capitalized Leases	—	—	—	—	—	—	—	—	—	1,438,156
Total Other Financing Sources (Uses)	5,050,000	4,610,047	4,265,777	3,772,563	3,961,142	7,090,337	12,684,076	248,912	12,875,076	6,626,977
Net Changes In Fund Balances	\$ (4,599,813)	\$ 1,454,880	\$ 3,709,569	\$ 4,992,742	\$ (4,081,670)	\$ 1,088,824	\$ 9,488,499	\$ 1,788,355	\$ 13,366,859	\$ 7,250,698
Debt Service As A Percentage Of Noncapital Expenditures	19.79%	22.17%	21.77%	20.80%	22.82%	20.77%	22.63%	22.86%	17.68%	19.22%

CITY OF LEAWOOD, KANSAS

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

Schedule 6

Fiscal Year	Property Tax	City Sales Tax	Transient Guest Tax	Franchise Tax	City Consumers' Use Tax	Total
2002	\$ 10,681,729	\$ 4,434,337	\$ —	\$ 2,341,374	\$ 555,086	\$ 18,012,526
2003	11,591,722	4,694,073	—	2,292,152	1,055,593	19,633,539
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
2006	15,424,609	5,830,105	—	2,648,951	1,255,009	25,158,674
2007	16,620,416	7,843,787	—	2,930,764	1,854,563	29,249,530
2008	17,917,885	8,648,719	—	3,153,438	2,032,270	31,752,312
2009	18,508,788	8,414,265	22,610	3,042,295	1,790,237	31,778,195
2010	18,564,476	8,704,913	202,626	3,153,238	1,838,453	32,463,706
2011	18,207,076	7,560,359	271,632	3,194,165	1,617,971	30,851,203

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

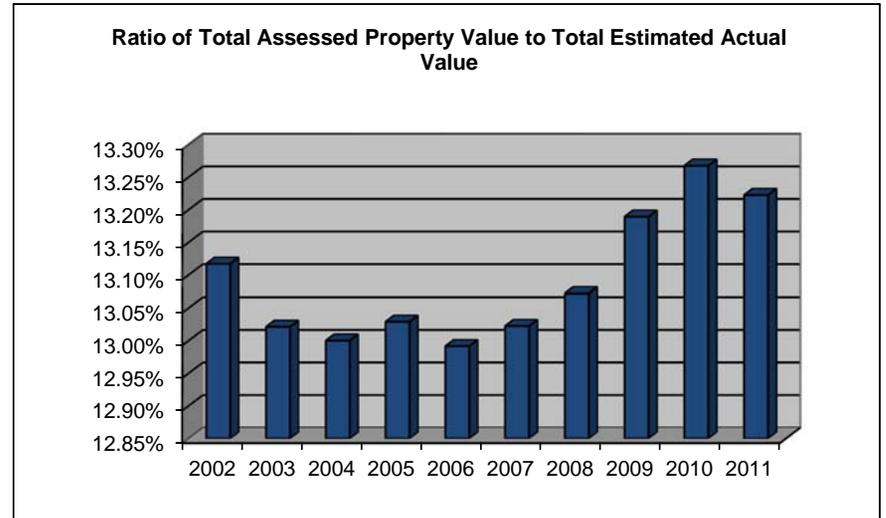
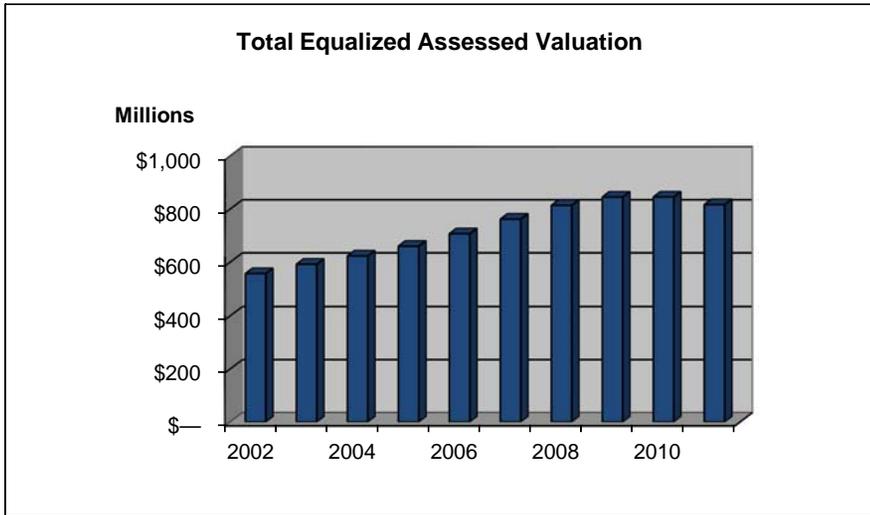
(2) In April 2007, the City began collecting a 0.4 cent sales tax for public safety.

CITY OF LEAWOOD, KANSAS

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

Schedule 7

Year Ended December 31,	Assessed Value		State Assessed Utilities	Total Assessed Value	Assessed Value		Total Equalized Assessed Valuation	Total Direct Tax Rate	Estimated Actual Value			Total Estimated Actual Value	Ratio Of Total Assessed Value To Total Estimated Actual Value
	Residential Property	Personal Property			Motor Vehicles	Recreational Vehicles			Real Property Estimated Actual Value	Personal Property Estimated Actual Value	Utilities Estimated Actual Value (1)		
2002	\$ 478,263,332	\$ 14,964,257	\$ 5,847,070	\$ 499,074,659	\$ 57,647,345	\$ 115,437	\$ 556,837,441	21.815	\$ 3,728,160,425	\$ 58,859,411	\$ 17,718,394	\$ 3,804,738,230	13.12%
2003	508,588,824	16,334,865	6,296,797	531,220,486	60,469,320	129,601	591,819,407	21.820	3,996,269,722	64,250,469	19,081,203	4,079,601,394	13.02%
2004	539,398,377	13,900,623	6,294,133	559,593,133	63,304,016	118,088	623,015,237	24.074	4,230,737,644	54,675,784	19,073,130	4,304,486,558	13.00%
2005	571,882,830	15,239,935	6,864,743	593,987,508	65,756,344	112,840	659,856,692	24.233	4,478,174,979	59,943,744	20,802,252	4,558,920,975	13.03%
2006	615,197,839	15,600,418	7,319,540	638,117,797	68,658,169	133,101	706,909,067	24.218	4,828,211,705	61,361,644	22,180,424	4,911,753,773	12.99%
2007	669,149,548	15,152,446	7,342,923	691,644,917	70,120,907	123,244	761,889,068	24.232	5,229,287,840	59,599,621	22,251,282	5,311,138,743	13.02%
2008	721,902,784	12,883,030	7,609,052	742,394,866	71,270,476	107,168	813,772,510	24.241	5,605,507,724	50,673,251	23,057,733	5,679,238,708	13.07%
2009	756,413,919	10,455,746	7,945,694	774,815,359	70,024,959	116,987	844,957,305	24.259	5,809,307,620	41,125,937	24,077,861	5,874,511,418	13.19%
2010	761,494,540	7,801,915	7,800,453	777,096,908	67,852,377	123,523	845,072,808	24.259	5,802,721,110	30,687,532	23,637,736	5,857,046,378	13.27%
2011	734,831,763	6,169,490	7,659,760	748,661,013	67,937,265	118,471	816,716,749	24.382	5,614,486,330	24,266,660	23,211,394	5,661,964,384	13.22%



Source: Johnson County Treasurer's Office

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

CITY OF LEAWOOD, KANSAS

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

Schedule 8

Tax/Fiscal Year	City		State Of Kansas	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 Direct And Overlapping Rates	Total Shawnee Mission Direct And Overlapping Rates	
	General	Debt Service										
2001/2002	\$ 14.102	\$ 7.713	\$ 1.500	\$ 16.333	\$ 38.699	\$ 64.216	\$ 7.743	\$ 4.181	\$ 2.971	\$ 1.382	\$ 120.141	\$ 94.624
2002/2003	14.317	7.503	1.500	16.221	42.238	68.588	9.428	—	2.948	1.602	122.107	95.757
2003/2004	13.322	10.752	1.500	16.381	37.774	64.551	9.432	—	2.954	2.365	121.257	94.480
2004/2005	14.763	9.470	1.500	16.041	42.655	64.197	9.438	—	2.956	2.367	120.732	99.190
2005/2006	18.815	5.403	1.500	17.922	49.748	63.329	8.960	—	2.955	2.286	121.170	107.589
2006/2007	14.618	9.614	1.500	17.949	51.980	60.700	8.872	—	2.960	2.290	118.503	109.783
2007/2008	17.424	6.817	1.500	17.985	52.008	59.503	8.749	—	2.962	2.295	117.235	109.740
2008/2009	17.894	6.357	1.500	17.767	52.094	61.127	8.768	—	3.057	2.341	118.811	109.778
2009/2010	17.758	6.501	1.500	17.716	55.318	65.079	8.784	—	3.151	2.346	122.835	113.074
2010/2011	19.408	4.974	1.500	17.748	56.135	72.828	8.799	—	3.158	2.350	130.765	114.072

Source: Johnson County Clerk's Office

CITY OF LEAWOOD, KANSAS

**PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO**

Schedule 9

Taxpayer	2011			2002		
	Taxable Assessed Value	Rank	Percentage Of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage Of Total Taxable Assessed Value
Town Center Plaza	\$ 20,395,002	1	2.50%	\$ 16,869,541	1	3.31%
119th Street Development LLC	9,381,500	2	1.15%	—		0.00%
Park Place Village LLC	8,709,046	3	1.07%	—		0.00%
95 West, L.P.	6,607,087	4	0.81%	6,624,902	2	1.30%
Hallbrook Office Center	5,871,795	5	0.72%	2,473,702	10	0.49%
Academy 1740, Inc.	4,989,501	6	0.61%	6,142,051	3	1.20%
Park Place Village 2 LLC	4,803,756	7	0.59%	—		0.00%
PCC Two, LLC	3,909,251	8	0.48%	—		0.00%
Kansas City Power & Light	3,159,101	9	0.39%	2,627,618	9	0.52%
BP Market Square LLC	3,060,417	10	0.37%	—		0.00%
114 Timberlands, LLC	—		0.00%	3,146,401	4	0.62%
Ranchmart, Inc.	—		0.00%	2,900,701	5	0.57%
Tomahawk Creed Condominiums	—		0.00%	2,821,314	6	0.55%
Teacher's Insurance & Annuity	—		0.00%	2,757,276	7	0.54%
Entertainment Properties Trust	—		0.00%	2,695,201	8	0.53%
Total Principal Property Taxpayers	\$ 70,886,456		8.69%	\$ 49,058,707		9.63%

Source: Johnson County Clerk's Office

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

Schedule 10

Tax/Fiscal Year	Total Tax Levy	Collected Within The Fiscal Year Of The Levy		Collections In Subsequent Years	Total Collections to Date	
		Amount	Percentage Of Levy		Amount	Percentage Of Levy
2001/2002	\$ 10,887,313	\$ 10,611,435	97.5%	\$ 275,878	\$ 10,887,313	100.0%
2002/2003	11,591,232	11,374,397	98.1%	216,835	11,591,232	100.0%
2003/2004	13,403,142	13,270,757	99.0%	136,860	13,407,617	100.0%
2004/2005	14,329,935	14,189,005	99.0%	140,930	14,329,935	100.0%
2005/2006	15,425,036	15,277,797	99.0%	141,669	15,419,466	100.0%
2006/2007	16,660,228	16,502,849	99.1%	157,379	16,660,228	100.0%
2007/2008	17,959,445	17,742,463	98.8%	134,849	17,877,312	99.5%
2008/2009	18,692,644	18,360,535	98.2%	98,137	18,458,672	98.7%
2009/2010	18,756,996	18,369,886	97.9%	189,972	18,559,858	98.9%
2010/2011	18,095,209	17,863,489	98.7%	—	17,863,489	98.7%

Delinquent Personal collections were distributed January 20, 2001.

Source: Johnson County Treasurer's Office

CITY OF LEAWOOD, KANSAS

RATIOS OF OUTSTANDING DEBT BY TYPE LAST TEN FISCAL YEARS

Schedule 11

Fiscal Year	Governmental Activities						Business-Type Activities		Total Primary Government	Percentage Of Personal Income (1)	Per Capita (1)
	General Obligation Bonds To Be Paid With			Revenue Bonds	Certificates Of		General Obligation Bonds	Capital Leases			
	Tax Levies	Special Assessments			Participation	Capital Leases					
2002	\$ 37,037,000	\$ 4,948,800	\$ 3,045,000	\$ —	\$ 1,518,505	\$ 4,934,200	\$ 184,895	\$ 51,668,400	*	\$ 1,828	
2003	34,877,645	8,645,655	2,835,000	—	1,175,112	4,641,700	249,996	52,425,108	*	1,816	
2004	35,805,700	8,757,200	2,760,000	—	944,420	4,507,100	148,840	52,923,260	*	1,796	
2005	33,647,403	10,708,697	2,420,000	—	834,225	4,004,230	88,744	51,703,299	*	1,719	
2006	40,519,400	9,400,600	2,070,000	—	881,591	—	—	52,871,591	*	1,758	
2007	43,069,522	8,595,478	1,710,000	—	712,135	—	—	54,087,135	*	1,764	
2008	42,618,193	16,116,807	1,345,000	—	1,429,473	—	—	61,509,473	*	1,885	
2009	38,403,000	14,757,000	965,000	—	728,227	—	—	54,853,227	*	1,719	
2010	44,112,900	16,712,100	580,000	—	556,991	—	—	61,961,991	11.41%	1,656	
2011	40,686,800	20,313,200	185,000	—	1,752,024	—	—	62,937,024	*	1,967	

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

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

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

Note: Effective January 1, 2007, the activities of the City's business-type activity is reported with governmental activities. Accordingly, the debt reported in the business-type activities has been reported with governmental activities debt as of December 31, 2006.

CITY OF LEAWOOD, KANSAS

RATIOS OF GENERAL BONDED DEBT OUTSTANDING LAST TEN FISCAL YEARS

Schedule 12

Fiscal Year	General Obligation Bonds	Less: Amounts Available In Debt Service Fund	Total	Percentage Of Estimated Actual Taxable Value Of Property (1)	Per Capita (2)
2002	\$ 46,920,000	\$ 2,489,872	\$ 44,430,128	1.17%	\$ 1,572
2003	48,165,000	2,912,003	45,252,997	1.11%	1,567
2004	49,070,000	5,239,707	43,830,293	1.02%	1,487
2005	48,360,330	6,945,422	41,414,908	0.91%	1,377
2006	49,920,000	5,922,766	43,997,234	0.90%	1,435
2007	51,665,000	7,822,863	43,842,137	0.83%	1,401
2008	58,735,000	7,977,756	50,757,244	0.89%	1,591
2009	53,160,000	7,604,434	45,555,566	0.78%	1,400
2010	60,825,000	7,775,937	53,049,063	0.91%	1,625
2011	61,000,000	6,999,656	54,000,344	0.95%	1,688

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

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

CITY OF LEAWOOD, KANSAS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT December 31, 2011

Schedule 13

Governmental Unit	Net Debt Outstanding ⁽¹⁾	Percentage Applicable To City Of Leawood ⁽²⁾	Amount Applicable To City Of Leawood
Johnson County	\$ 240,750,000	9.75%	\$ 23,473,125
Shawnee Mission School District (U.S.D. 512)	222,340,000	5.23%	11,628,382
(U.S.D. 229)	340,875,000	26.05%	88,797,938
Fire District #2	4,045,000	1.22%	49,349
Parks and Recreation	3,625,000	9.75%	353,438
Subtotal, overlapping debt			124,302,232
City of Leawood direct debt ⁽¹⁾			61,000,000
Total direct and overlapping debt			<u>\$ 185,302,232</u>

Source: Johnson County Clerk's Office

⁽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

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Leawood. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

CITY OF LEAWOOD, KANSAS
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Schedule 14

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt limit	\$ 166,430,928	\$ 176,694,980	\$ 186,057,454	\$ 197,222,884	\$ 211,196,094	\$ 228,130,856	\$ 244,131,753	\$ 253,487,192	\$ 253,521,842	\$ 245,015,025
Total net debt applicable to limit	39,481,328	36,607,342	35,073,093	30,706,211	43,997,234	43,842,137	50,757,244	45,555,566	53,049,065	54,000,344
Legal debt margin	126,949,600	140,087,638	150,984,361	166,516,673	167,198,860	184,288,719	193,374,509	207,931,626	200,472,777	191,014,681
Total net debt applicable to the limit as a percentage of debt limit	23.72%	20.72%	18.85%	15.57%	20.83%	19.22%	20.79%	17.97%	20.92%	22.04%

Legal Debt Margin Calculation For Fiscal Year 2011

Assessed value, real and personal property - 2011	\$ 748,661,013
Plus assessed value, motor vehicles - 2010	68,055,736
Total Assessed Value - 2011	<u>816,716,749</u>
Debt Limit (30% Of Total Assessed Value)	<u>245,015,025</u>
Debt Applicable To Limit	
General obligation bonds	61,000,000
Less: Amount set aside for repayment of general obligation debt	6,999,656
Total Net Debt Applicable To Limit	<u>54,000,344</u>
Legal Debt Margin	<u>\$ 191,014,681</u>

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

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

CITY OF LEAWOOD, KANSAS

DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN FISCAL YEARS

Schedule 15

Fiscal Year	Population	Personal Income (1) (Amounts Expressed In Thousands)	Per Capita Personal Income (1)	Median Age (1)	Percent Of Adult Population With At Least A Bachelors Degree	Unemployment Rate (2)
2002	28,270	*	*	*	*	2.7%
2003	28,870	*	*	*	*	2.9%
2004	29,470	*	*	*	*	2.5%
2005	30,070	*	*	*	*	2.7%
2006	30,670	*	*	*	*	2.5%
2007	31,284	*	*	*	*	2.6%
2008	31,910 (3)	*	*	*	*	3.4%
2009	32,548	*	*	*	*	4.0%
2010	32,643	5,431,698	170,449	43.2	73.9	4.4%
2011	32,000	*	*	*	*	3.7%

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

(1) Obtained from U.S. Census Bureau

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

(3) Population data from the 2008 Comprehensive Plan.

CITY OF LEAWOOD, KANSAS

PRINCIPAL EMPLOYERS CURRENT YEAR AND NINE YEARS AGO

Schedule 16

Employer	2011			2002		
	Employees	Rank	Percentage Of Total City Employment	Employees	Rank	Percentage Of Total City Employment (1)
CBiZ Accounting	450	1	2.9%			
American Academy of Family Physicians	350	2	2.2%	360	2	2.7%
Unified School District No. 229	329	3	2.1%	320	3	2.4%
Reece & Nichols	314	4	2.0%			
City of Leawood	256	5	1.6%	239	4	1.8%
Weight Watchers	190	6	1.2%			
Headache & Pain Center	149	7	0.9%			
Hy Vee	147	8	0.9%			
A.B. May	125	9	0.8%			
Cosentino's Price Chopper	125	10	0.8%			
Sprint				407	1	3.0%
American Management Association				220	5	1.6%
Hen House				200	6	1.5%
Galyan's				170	7	1.3%
Root Dental Laboratories				130	8	1.0%
Church of the Resurrection				120	9	0.9%
Big Sky Distributors of Kansas				105	10	0.8%
Total	2,435		15.5%	2,271		16.9%

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

CITY OF LEAWOOD, KANSAS

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

Schedule 17

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General government	39.25	39.50	40.25	39.94	41.00	47.25	48.25	49.21	49.21	45.71
Public safety										
Police										
Officers	54.00	56.00	56.00	58.00	60.00	61.00	63.00	63.00	63.00	61.00
Civilians	22.60	22.60	22.60	22.60	22.60	22.60	22.00	22.00	22.00	22.00
Fire										
Firefighters and officers	51.69	54.69	54.69	54.69	54.69	54.69	54.69	54.69	54.69	52.69
Civilians	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Public Works	49.00	50.00	51.00	52.17	52.67	47.42	48.92	50.92	50.23	48.23
Parks and Recreation	43.37	46.13	51.24	56.40	58.99	69.35	72.93	74.81	62.57	61.57
Total Full-Time Equivalent	260.91	269.92	276.78	284.80	290.95	303.31	310.79	315.63	302.70	292.20

Source: City Budget Manager

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

Schedule 18

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Police										
Number of traffic violations	17,498	18,065	14,320	14,586	15,544	14,167	12,744	12,481	14,327	14,336
Number of physical arrests	1,386	1,572	1,735	1,659	1,704	1,437	1,310	1,771	1,678	1,778
Number of dispatch calls (includes Officer-Initiated Calls)	31,711	34,846	32,861	33,961	36,553	35,446	34,510	35,797	34,298	31,443
Number of alarm calls	3,302	2,632	2,047	1,925	2,496	2,006	2,029	1,826	1,978	1,739
Fire										
Number of fire calls answered	1,199	1,681	949	1,035	935	1,003	1,021	1,004	803	1,058
Number of ambulance calls answered	1,200	1,170	1,223	1,334	1,265	1,324	1,349	1,433	1,686	1,638
Number of fire inspections	451	660	738	844	858	904	1,189	1,514	1,688	1,603
Parks and Recreation										
Number of programs offered	150	150	150	150	150	150	150	150	150	150

Source: Various City departments

CITY OF LEAWOOD, KANSAS
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Schedule 19

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Police										
Number of police stations	1	1	1	1	1	1	1	1	1	1
Number of certified officers	54	56	56	58	60	61	63	63	63	61
Number of noncertified personnel	23	23	23	23	23	23	22	22	22	22
Number of patrol districts	4	6	3	3	3	3	3	3	3	3
Fire										
Number of fire stations	3	3	3	3	3	3	3	3	3	3
Number of paid firefighters	51	51	51	54	54	54	54	54	54	53
Number of volunteer firefighters	0.7	0.7	0.7	0.7	0.7	0.7	1	1	1	1
Number of nonfire personnel	1	1	1	1	1	1	1	1	1	1
Public Works										
Streets (miles)	172.13	177.60	190.60	189.36	190.58	193.00	197	197	200	200.7
Streetlights	2,001	2,497	2,555	2,625	2,721	2,800	2,878	2,887	2,935	2,935
Parks and Recreation										
Number of parks	6	6	6	6	6	6	6	6	6	6
Park acreage	423	423	423	423	423	423	423	423	423	478
Walking trail mileage	8	8	8	8	8	8	8	8.25	8.25	8.25
Aquatic centers	1	1	1	1	1	1	1	1	1	1
Golf courses	1	1	1	1	1	1	1	1	1	1
Tennis courts	6	6	6	6	6	6	6	6	6	6
Soccer fields	14	14	14	14	14	14	14	14	14	14
Baseball diamonds	4	3	3	3	3	3	3	3	3	3

Source: Various City departments