
CITY OF LEAWOOD, KANSAS
COMPREHENSIVE ANNUAL
FINANCIAL REPORT
For The Year Ended December 31, 2013



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 17, 2014

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

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended December 31, 2013.

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 generally 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, 2013. The independent auditors' report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' 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.

“Located in Johnson County, Kansas, the City of Leawood has fulfilled its motto of “Growing with Distinction” and is now home to almost 33,000 people in more than 12,000 households. Leawood is one of the fastest growing cities in Kansas, but its growth hasn’t compromised the green spaces, rolling hills, meandering streams and mature trees that residents love so much”

Source: 2013-2014 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 2013 population to be 32,321. Johnson County encompasses 476 square miles and with a 2013 estimated population of greater than 500,000 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 3.4%. During the past ten years, the unemployment rate experienced a decade low of 2.5% (2004 and 2006), and a decade high of 4.3% (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 5.5%. General government expenditures have increased at an average annual rate of 5.5%, public safety at 4.2% and parks and recreation is by far the fastest growing at 8.8%. Public works has increased at an average of 4.1%. Capital outlay has grown at 16.5%, and debt service has decreased at an average of .7%.

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.

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

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.

Debt service has remained fairly steady with an average decrease of .7% over the last ten years. 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 (29% 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

There was no significant change in existing City Financial Policies during 2013.

Major initiatives

In 2013 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

at around \$430,286.

Leawood offers a wide

variety of housing

opportunities. Whether you

are looking for a stately

older home in an

established post-World War

II neighborhood or a brand

new home, Leawood has

something for everyone.

Source: 2013-2014 Community Resource Guide and Chamber Directory

2013 witnessed the opening of the City's new Justice Center at Town Center Drive and Tomahawk Creek Parkway. This \$22.7 million facility was paid for in its entirety by voter-approved sales taxes and proceeds from the City's General Fund with no financing required for its construction.

During 2013 the City received a grant through the Mid-America Regional Council (MARC) to develop a new plan for our 135th Street Corridor from State Line to Nall Avenue. The City hired Design Workshop out of Denver as planning consultants. Working with the City staff and a Steering Committee comprised of representatives from the Leawood Chamber of Commerce, Planning Commission and City Council, the consultants developed a plan that will help shape the future development along the 135th Street Corridor. A key component of this new plan is the idea of nodes of development that provide a mix of uses for a vibrant live/work environment. Our goal is that the newly envisioned corridor addresses the economic, cultural and environmental needs of our community for years to come.

The City's Park and Recreation Department has begun the process of revising our overall Parks Master Plan. Phase I, which included the analysis of the existing parks, trails, and greenway, is complete with two more phases yet to begin. Phase II will entail identifying potential capital improvements that modernize or enhance existing facilities and the development of newly acquired park land. The final phase will involve prioritization and determination of financing options. This revised Parks Master Plan will allow us to be proactive in meeting the future needs of our residents. All three planning phases are projected for completion early in 2015.

Also underway is the City's first active transportation master plan. This Bicycle/Pedestrian Plan will examine opportunities to make Leawood a more viable, pedestrian-friendly community for walking and bicycling by considering practical routes to destinations throughout the City, as well as making connections to other bike/hike networks. The target date for the final report is late summer 2014.

The City started the first year of a four year \$20 million dollar curb and gutter replacement program. The City will spend \$5 million dollars per year during the four year initiative. 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.

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

As far as the private sector activity, the City issued 161 commercial building permits with a construction value of \$98.7 million. Total construction value for 2013 amounted to \$182.3 million, a 16% increase over 2012. We are very pleased that the housing market is now showing tremendous strength.

In 2013, residential construction increased exponentially with 115 new single-family home permits, with 14 of those being re-builds in the northern Leawood area. The City saw a substantial rise in multi-family permits with 440 units approved this year. The total residential construction value was \$83.5 million, a 47% increase over 2012. Multi-family valuation for 2013 was \$71.2 million.

Park Place witnessed the arrival of the global headquarters of AMC, a subsidiary of the largest cinema operator in the world, the Dalian Wanda Group. The 135,000 square foot “iconic” office building opened with much anticipation and even more fanfare and celebration. Besides the AMC corporate offices and their associated parking garage, the residential component also started construction this past year with three high-end apartment buildings.

The first was the Axis Lofts containing 27 units and underground parking. The other two buildings, The Residences, have 150 total units. Other development in Park Place included the expansion of Specialty Fertilizer Products (SFP), the addition of 801 Fish, Pinot’s Palette, KC Fine Cabinetry, Sweetpea & Company, Orangetheory Fitness, Romanelli Sun Galleria, Title Nine, Bella Bridesmaid and Click Speed.

In the Mission Farms development, New You Health Studio and Smallcakes opened for business. Mission Farms also saw the approval of their third phase which contains an additional 132 apartments, seven townhomes and 15,000 square feet of extra office space. Construction of Phase III is planned for 2014.

Town Center Plaza saw the renovation of Dick’s Sporting Goods, On the Border Mexican Café and Buckle: as well as the opening of Taylor’s Shoes, Tilly’s, The Pink Chandelier and Crazy 8. A new Pedestrian Plaza for community gatherings has also been approved.

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.

Source: Leawood, A Portrait In Time

Other retail centers also saw new businesses open in 2013. Camelot Court welcomed the first Corner Baker Café in the metro area as well as the Red Door Woodfire Kitchen & Bar with award-winning Chef Debbie Gold at the helm. Along 135th Street, Cornerstone opened Barley’s Brewhaus. Parkway Plaza added Eden Salon Nails & Med Spa, Krigel Mesh Diamonds, Romanelli Optix, Mio an Italian Pizzeria and Kiddi Kollege Child Care.

New corporate additions to the City were Select Quote; along with headquarters for Carstar, Cognios Capital, Alterra Bank, Peninsula Polymers and eLuminate Health; as well as regional headquarters for The Climate Corporation, Philadelphia Insurance Companies and SCOR, a global insurance company.

The City was recognized in 2013 in *Ingram’s* “Best of Business” edition by receiving the “Bronze Award” for the “Best Business-Friendly City/County Government in the Metropolitan Area.” Additionally, the City of Leawood was identified by *CNN Money* as the 25th top-earning municipality in the Country with a median family income of over \$140,000.

Finally, the publication *Neighborhood Scout* ranked Leawood as the 94th safest city in the Country among cities with populations over 25,000.

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.

For the past several years, Leawood has continued to thrive despite the downturn in the United States’ economy. Leawood continues to provide a good quality of life for its residents. 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 wide variety of food choices, dining environments, and price points. Situated on the Missouri-Kansas state line, Leawood offers plentiful retail shopping, framed by fabulous green spaces, public art, and fountains reminiscent of European cities.

Source: 2013-2014 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, 2012. The City has received this prestigious award for sixteen 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, 2014. 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 has a first-class park system, which includes 486 acres of parkland. For those who prefer the Serenity of nature, the Tomahawk Creek Greenway Provides a place for Residents to exercise while taking in a peaceful afternoon in the woods.

Source: 2013-2014 Community Resource guide and Chamber Directory



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 Jim Rawlings, Ward 2
Councilmember Carrie Rezac, Ward 3
Councilmember Tom Robinett, Ward 3
Councilmember Debra Filla, Ward 1
Councilmember James Azeltine, Ward 4

CITY OF LEAWOOD, KANSAS

PRINCIPAL OFFICIALS

Mayor

Peggy J. Dunn

City Council

Debra Filla
Andrew Osman
Louis Rasmussen
Jim Rawlings
Carrie Rezac
Julie Cain
James Azeltine
Tom Robinett

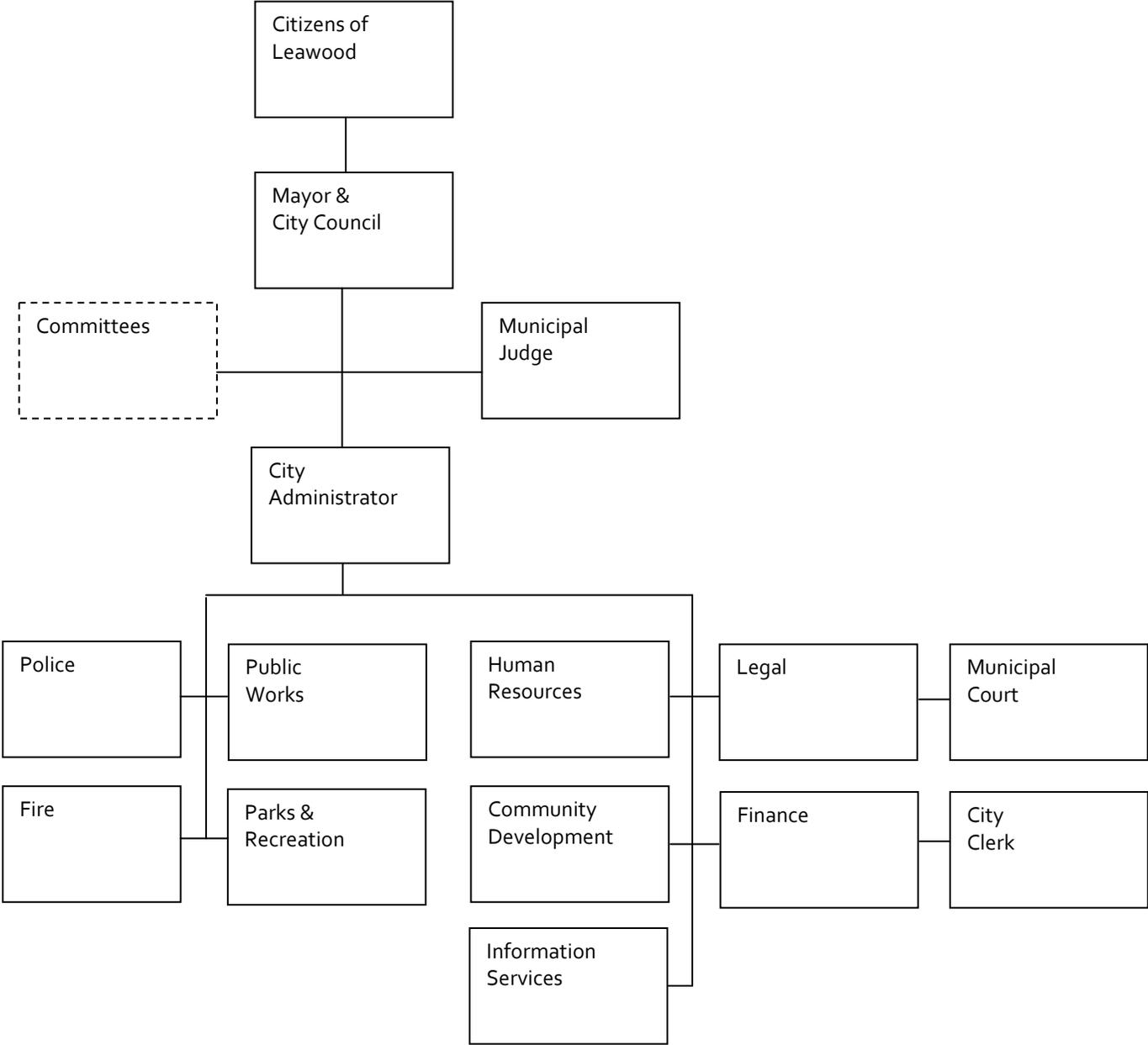
City Administrator

Scott M. Lambers

Prepared By Department Of Finance

Dawn Long, Finance Director
Theresa Lodde, Senior Accountant

CITY OF LEAWOOD, KANSAS ORGANIZATIONAL CHART





Government Finance Officers Association

**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, 2012

Executive Director/CEO

Financial Section



RubinBrown LLP
Certified Public Accountants
& Business Consultants

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Independent Auditors' Report

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

Report On The Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Leawood, Kansas (the City), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility For The Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2013, and the respective changes in financial position thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 18, the Budgetary Comparison Information on page 54, the Schedule of Funding Progress on page 55, and the Comparison of Needed-to-Actual Maintenance/Preservation for Streetlights and Traffic Signals on page 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

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

The combining and individual nonmajor fund financial statements and schedules 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. Such 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, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the 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 17, 2014

Management's Discussion And Analysis

CITY OF LEAWOOD, KANSAS

MANAGEMENT'S DISCUSSION AND ANALYSIS Fiscal Year Ended December 31, 2013

The following Management's 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, 2013. 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, 2013 by \$354.7 million (*net position*). Of this amount, \$49.8 million (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position decreased by \$1.7 million as a result of current year's operation. This decrease was primarily due to the completion of pay as you go projects that were not capitalized.
- Expenses were \$45.2 million greater than program revenues generated for governmental activities. Taxes, return on investments and other income for \$43.5 million provided funding toward City-wide programs and resulted in a decrease in net position of \$1.7 million for the fiscal year ended December 31, 2013.

Fund Based

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$39.6 million. Net changes in fund balances for governmental funds were \$(11.9) million.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$9.1 million, or 29% of the total General Fund expenditures.
- During the year, the City held temporary notes of \$16,475,000. There was no long term debt issued during 2013. It is anticipated that most of the temporary debt will be converted to longer term debt in 2014.

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 position and the Statement of Activities and Changes in Net position 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 position and changes in them. Assets and deferred outflows less liabilities and deferred inflows equals nets position, which is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position 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 position and the Statement of Activities, 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 between fund balances in the Governmental Fund Financial Statement and net position 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 Assets and Liabilities and Combining Schedule of Changes in Assets and Liabilities.

The fiduciary fund Statement of Fiduciary Assets and Liabilities 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 nonmajor governmental and fiduciary funds are presented in the Supplementary Information section of this report.

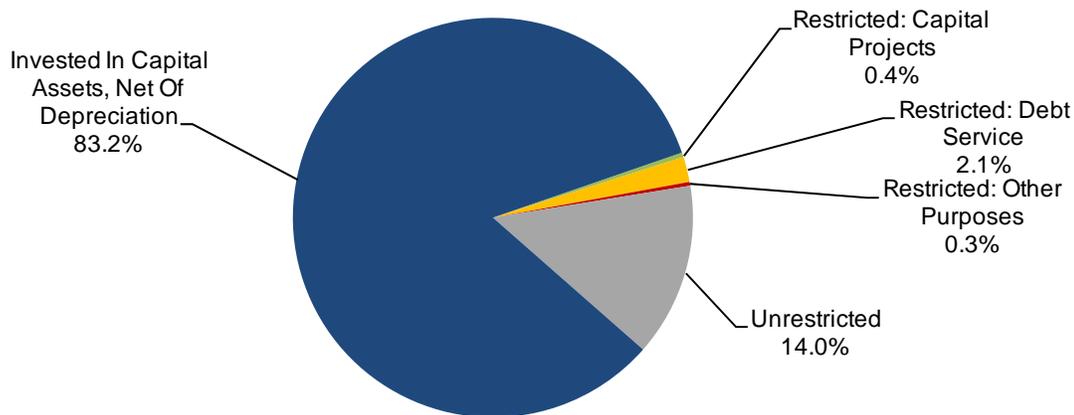
GOVERNMENT-WIDE FINANCIAL ANALYSIS

This analysis focuses on the City's net position and changes in net position of the governmental activities for the fiscal year ended December 31, 2013.

As noted earlier, the net position for the City as a whole decreased less than 1% from \$356.4 million at December 31, 2012 to \$354.7 million at December 31, 2013. The largest portion of the City's net position (83.2%) 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 position (2.8%) represents various resources subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$49.8 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 position at fiscal year ended December 31, 2013:



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 position 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 position for the years ended December 31, 2013. Comparative data from fiscal year ending December 31, 2012 is also presented.

	<u>Governmental Activities</u>		Change
	<u>2013</u>	<u>2012</u>	
Current and other assets	\$ 80,301,233	\$ 82,868,153	\$ (2,566,920)
Long-term receivables	14,636,867	16,490,845	(1,853,978)
Capital assets, net	354,299,044	347,186,520	7,112,524
<u>Total assets</u>	<u>449,237,144</u>	<u>446,545,518</u>	<u>2,691,626</u>
Deferred outflows of resources			
Deferred loss on refunding	789,837	943,100	(153,263)
<u>Total assets and deferred outflows</u>	<u>450,026,981</u>	<u>447,488,618</u>	<u>2,538,363</u>
Other liabilities	21,036,221	11,712,589	9,323,632
Long-term debt	55,927,379	61,264,679	(5,337,300)
<u>Total liabilities</u>	<u>76,963,600</u>	<u>72,977,268</u>	<u>3,986,332</u>
Deferred inflows of resources			
Deferred revenues	18,345,447	18,065,755	279,692
Net position:			
Net investment in capital assets	295,287,754	287,460,684	7,827,070
Restricted	9,660,345	10,126,701	(466,356)
Unrestricted	49,769,835	58,858,210	(9,088,375)
<u>Total net position</u>	<u>\$ 354,717,934</u>	<u>\$ 356,445,595</u>	<u>\$ (1,727,661)</u>

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.

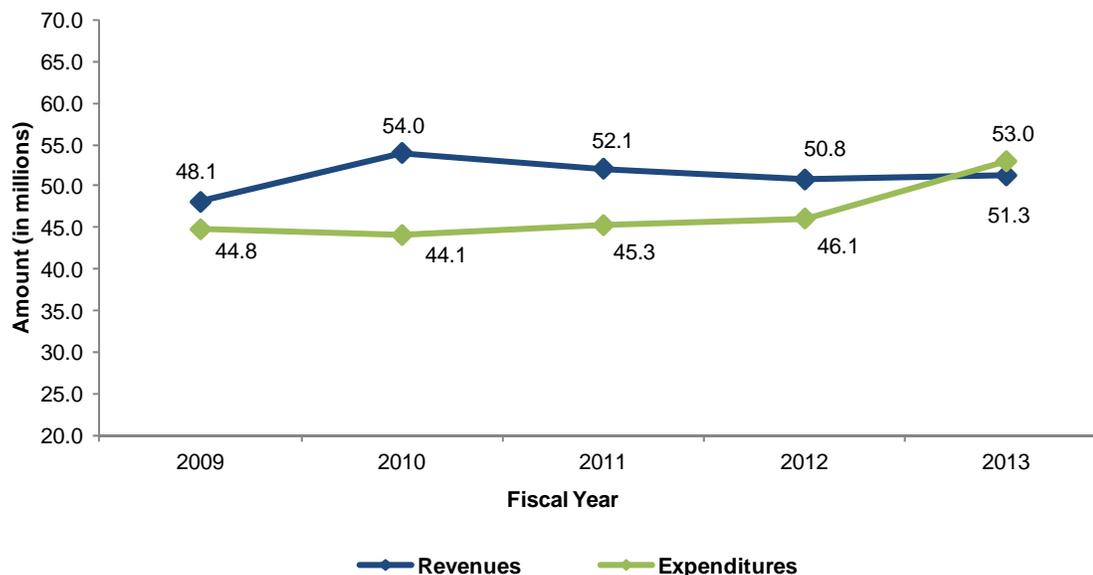
	<u>Governmental Activities</u>		
	<u>2013</u>	<u>2012</u>	<u>Change</u>
Revenues			
Program revenues:			
Charges for services	\$ 6,144,709	\$ 6,153,061	\$ (8,352)
Operating grants and contributions	294,988	393,409	(98,421)
Capital grants and contributions	1,320,140	1,814,607	(494,467)
General revenues:			
Property taxes	18,451,798	18,637,320	(185,522)
Sales tax	14,600,331	14,643,273	(42,942)
Transient guest tax	372,164	345,817	26,347
Franchise tax	3,524,489	3,205,207	319,282
Other taxes	1,589,280	1,427,880	161,400
Grants and contributions not restricted to specific programs	2,471,018	2,812,561	(341,543)
Unrestricted investment earnings	127,187	109,514	17,673
Other	2,384,020	1,223,176	1,160,844
Total revenues	<u>51,280,124</u>	<u>50,765,825</u>	<u>514,299</u>
Expenses:			
General government	7,137,960	6,537,652	600,308
Public safety	16,194,126	14,351,473	1,842,653
Public works	19,340,679	14,761,231	4,579,448
Parks and recreation	8,241,801	7,703,873	537,928
Interest on long-term debt	2,093,219	2,716,815	(623,596)
Total expenses	<u>53,007,785</u>	<u>46,071,044</u>	<u>6,936,741</u>
Change in net position	(1,727,661)	4,694,781	(6,422,443)
Net position - beginning of year	<u>356,445,595</u>	<u>351,750,814</u>	<u>4,694,781</u>
Net position - end of year	<u>\$ 354,717,934</u>	<u>\$ 356,445,595</u>	<u>\$ (1,727,660)</u>

CITY OF LEAWOOD, KANSAS

Management's Discussion And Analysis (Continued)

Governmental Activities

Total resources available during the year to finance governmental operations were \$407.5 million consisting of net position at December 31, 2012 of \$356.4 million, program revenues of \$7.8 million and general revenues of \$43.5 million. Total expenses of governmental activities during the year were \$53.0 million; thus, net position decreased by \$1.7 million to \$354.7 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, 2013 was \$53.0 million. However, as shown in the Statement of Activities, the amount that the taxpayers ultimately financed for these activities was only \$45.2 million because some of the cost was paid by those who directly benefitted from the programs (\$6.1 million), or by other governments and organizations that subsidized certain programs with operating grants and contributions and capital grants and contributions (\$1.6 million). Overall, the City's governmental program revenues were \$7.8 million. The City paid for the remaining "public benefit" portion of governmental activities with \$43.5 million in taxes (some of which could only be used for certain programs) other revenues, such as interest and general entitlements and reserves.

CITY OF LEAWOOD, KANSAS

Management's Discussion And Analysis (*Continued*)

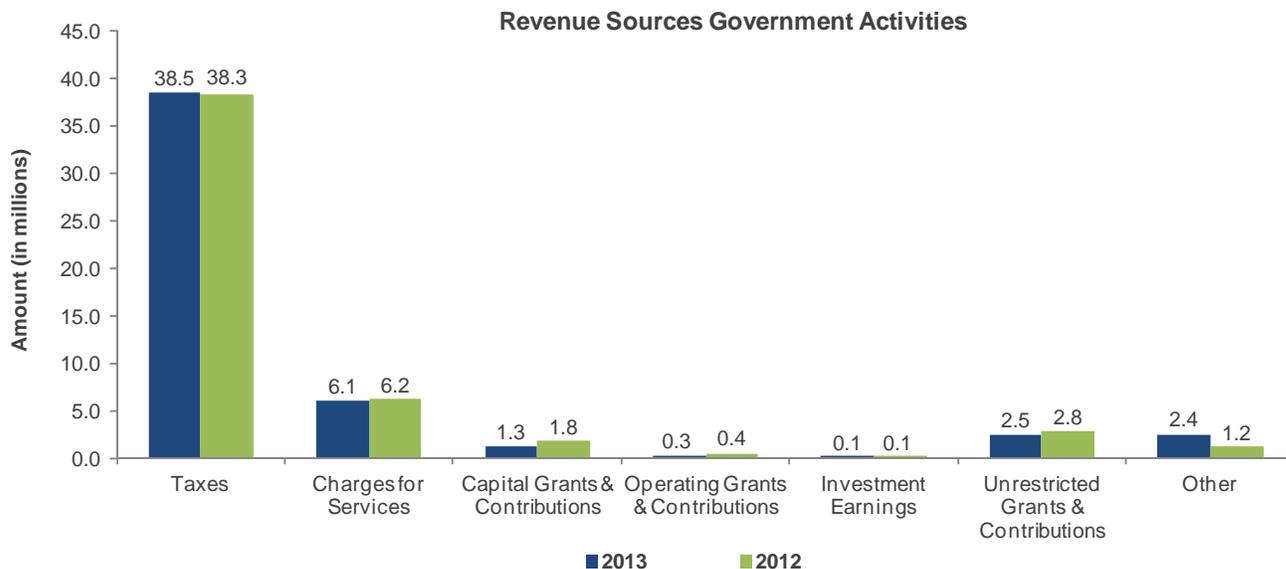
The following in-depth analysis of the major revenue sources and expenses.

- Charges for services in total in 2013 were \$6,144,709 compared to \$6,153,061 in 2012. The largest change was in general government. In 2013, there was \$3,425,988 in general government charges for services compared to \$3,185,794 in 2012. Building permits issued in 2013 were \$1,222,659 compared to \$910,339 in 2012. This is primarily due to the issuance of permits for an apartment project in the 137th & Mission area. Fines were slightly lower with \$1,581,498 compared to \$1,583,236 in 2012. In contrast, parks and recreation had a decrease of \$201,508 in charges for services in 2013. Iron Horse Golf Course generated \$1,448,946 in 2013 compared to \$1,583,236 in 2012. A mild winter allowed for a longer golf season in 2012.
- Capital grants and contributions totaled \$1,320,140. \$1,028,564 was in the form of indirect grants from other governments. Additionally, there was \$349,436 in donated infrastructure as well as \$105,000 in donated park land in 2013.
- Property tax collections totaled \$18,451,798 and 99.2% of the current year assessment. In comparison, the 2012 collections, of \$18,637,320, were 98.9% of the assessment.
- Sales and use tax revenue decreased slightly from \$14,643,273 in 2012 to \$14,600,331 in 2013. City sales tax increased from \$6,698,189 in 2012 to \$6,778,035 in 2013. City use tax decreased from \$1,872,628 in 2012 to \$1,529,316 in 2013. The decrease in use tax was due to a refund of tax for a business located in another city. The total refund was \$465,375.
- Investment earnings for 2013 increased slightly by \$17,673. Interest rates continue to be low on quality investment options.
- Recognized depreciation expense of \$9,629,094, an increase of \$651,021 over 2012.
- Personnel Services increased to \$23,722,596 in 2013 from \$22,721,390 in 2012.
- Across all divisions, the City capitalized \$15,384,289 in depreciable capital infrastructure during 2013 up from \$5,661,158 in 2012, resulting in a lower net cost of service in 2013. This large increase is due to the completion of the City's Justice Center building.

CITY OF LEAWOOD, KANSAS

Management's Discussion And Analysis (*Continued*)

The chart below illustrates the total revenue from governmental activities for the fiscal year ended December 31, 2013 and 2012, 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 decreased by \$3.2 million for the fiscal year ended December 31, 2013, with an ending balance of \$13.2 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 29% of the total General Fund operating expenditures, while total fund balance represents 42% of that same amount.

Total fund balance is represented by five components: Non-spendable, Restricted, Committed, Assigned and Unassigned. The Non-spendable fund balance of \$.1 million is essentially the same amount as the prior year. The unassigned fund balance is \$9.1 million in 2013 compared to the \$10.2 million in 2012. The Assigned fund balance of \$3.9 is for the budgeted use of fund balance reserves in 2014.

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.

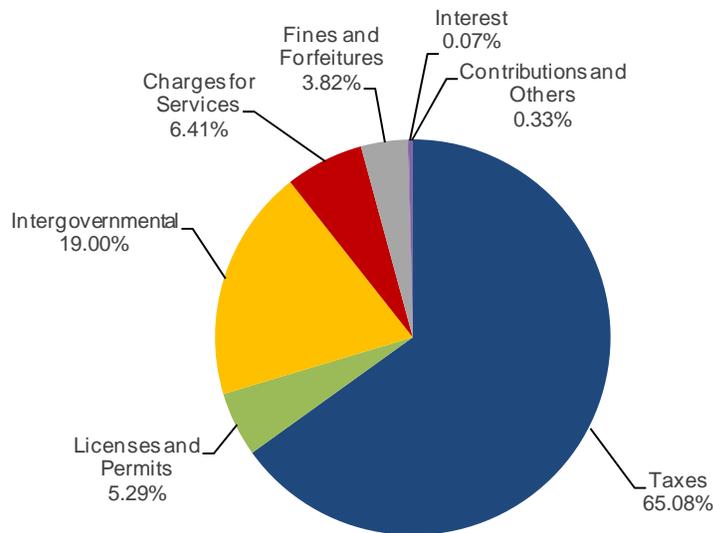
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Fund balance					
Reserved	\$ —	\$ —	\$ —	\$ 129,411	\$ 130,404
Unreserved	—	—	—	10,951,348	14,553,294
Nonspendable	143,223	144,368	123,850	—	—
Assigned	3,969,571	6,051,836	3,399,131	—	—
Unassigned	9,103,817	10,222,980	12,461,695	—	—
Total fund balance	\$ 13,216,611	\$ 16,419,184	\$ 15,984,676	\$ 11,080,759	\$ 14,683,698
Fund balance - beginning	\$ 16,419,184	\$ 15,984,676	\$ 11,080,759	\$ 14,683,698	\$ 14,683,698
Operating surplus	7,413,613	8,040,454	6,395,895	6,111,241	6,036,307
Transfers	(10,616,186)	(7,605,946)	(1,491,978)	(9,714,180)	(6,036,307)
Fund balance - ending	\$ 13,216,611	\$ 16,419,184	\$ 15,984,676	\$ 11,080,759	\$ 14,683,698

General Fund revenues increased overall by \$.5 million or 1% over the prior year. General Fund interest revenues increased by \$18,543 primarily due to the amount of idle funds invested. The weighted average yield on our investment portfolio, across all funds was .19% this year compared to .21% in 2012. Licenses and Permits increased in 2013 by \$284,016. In 2013, building permit revenue increased primarily due to a large apartment project. Residential and commercial building permits also increased as the economy slowly starts to recover. Intergovernmental revenue increased by \$492,768 from 2012 to 2013. This increase is primarily due to an increase in county sales and use tax and motor vehicle tax. Taxes increased by \$431,959 primarily due to an increase in property taxes and franchise taxes. Property tax revenues vary from year to year because of the shift in levy between the General and the Debt Service funds. There was also an increase in gas franchise tax because of mild winter weather conditions in 2012 compared to 2013. City Sales tax collected was \$6,778,035 in 2013 compared to \$6,698,189 in 2012 or a 1.2% increase. Fines and forfeitures decreased in 2013 due to a decrease in the number of traffic violations. Lastly, charges for services decreased by \$210,103 primarily due to lower golf course greens fees, memberships and other golf revenues.

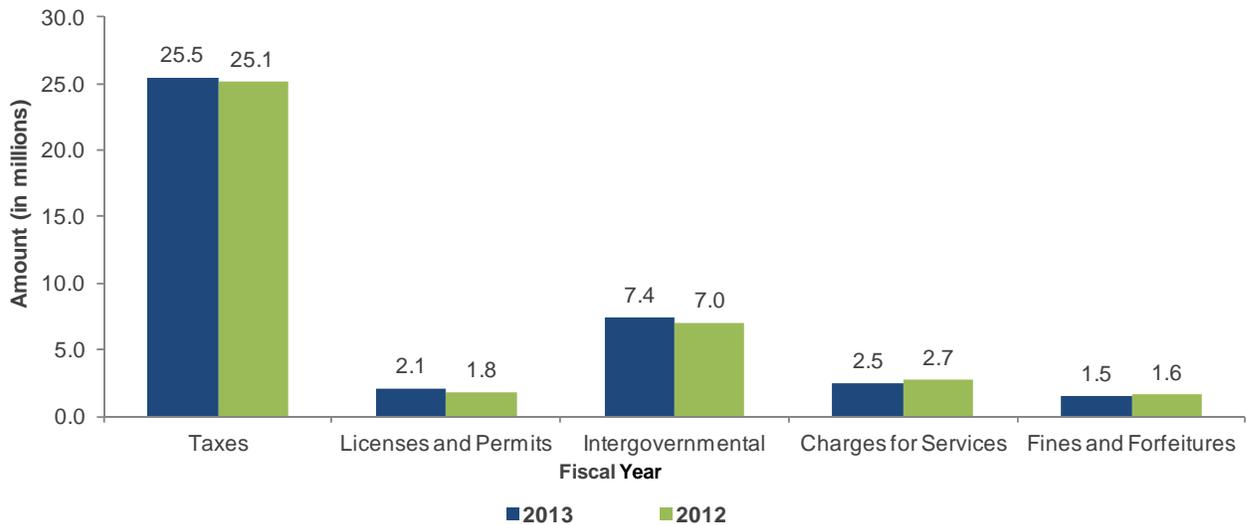
CITY OF LEAWOOD, KANSAS

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, 2013 and 2012:

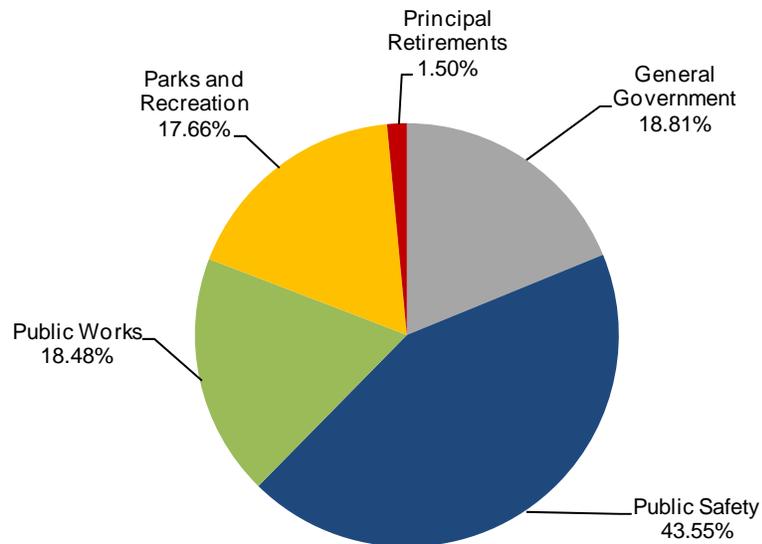


General Fund expenditures increased overall by \$1.1 million or 4.0%. All areas, including general government, public safety, public works and parks and recreation experienced increases in 2013 due to increases in wages and benefits.

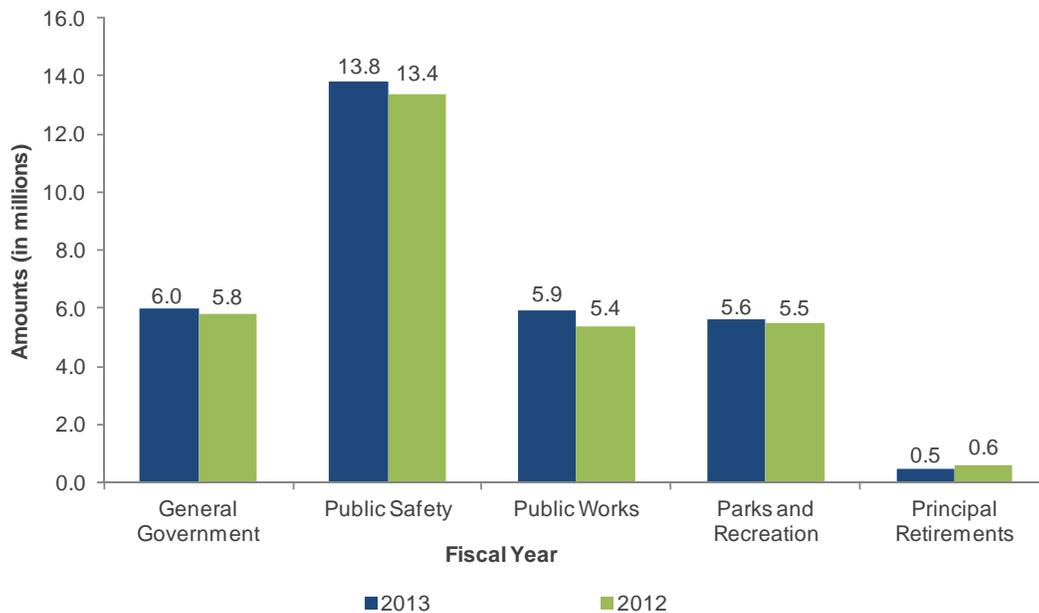
CITY OF LEAWOOD, KANSAS

Management's Discussion And Analysis (Continued)

The graph below presents General Fund expenditures by category.



The graph below illustrates a comparison of each expenditure category for the fiscal years ended December 31, 2013 and 2012:



Transfers to other funds increased by \$3.0 million from the prior year. The capital equipment and pay-as-you-go project transfers fluctuate as necessary to fund the Capital Improvement Program and the Vehicle and Equipment Replacement Schedules.

CITY OF LEAWOOD, KANSAS

Management's Discussion And Analysis (*Continued*)

Other Governmental Funds

The fund balance for the Debt Service Fund decreased \$46,092 from last year. This balance represents 100% of the 2013 annual debt service payments.

The fund balance in the Capital Projects Fund went from \$3.8 million in 2012 to \$(.2) million at the end of 2013. This change in fund balance was a result of the bonding of completed projects and expenditures for projects not yet bonded. As the economic growth cycle winds down, the number of outstanding projects are becoming fewer and fewer. Once the projects are completed, the projects will be bonded.

The Capital Improvement Fund had an increase of \$.1 million in fund balance as a result of the current year's operations. During 2013, there were \$3.0 million in net transfers into this fund, compared to \$1.9 million in transfers into the fund during 2012. Capital outlay was \$2.8 million in 2013 compared to \$.9 million in 2012. Transfers and expenditures in the fund fluctuate according to the capital improvement budget.

The Public Safety Improvement Fund had a \$3.4 million dollar decrease in fund balance. Funds have been accumulating in this fund in order to build a new Justice Center. Construction began in 2012 and was completed at the end of 2013. This project was completed without the issuance of long term debt.

The Municipal Equipment Fund had an ending fund balance of \$8.7 million. This is a decrease of \$1.1 million over 2012. This decrease is due to capital outlay of \$1.7 million in 2013 compared to \$1.4 million in 2012. Transfers into this fund and capital outlay fluctuate as necessary to meet the requirements of the City's Vehicle and Equipment Replacement Schedules.

DEBT ADMINISTRATION

As of December 31, 2013, the City of Leawood had total bonded debt outstanding of \$51,180,000. All of this debt is backed by the full faith and credit of the City.

City Of Leawood's Outstanding Debt General Obligation And Revenue Bonds

	<u>Governmental Activities</u>		
	<u>2013</u>	<u>2012</u>	<u>Change</u>
General obligation bonds	\$ 51,180,000	\$ 56,435,000	\$ (5,255,000)

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 2013. 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.

CITY OF LEAWOOD, KANSAS

Management's Discussion And Analysis (*Continued*)

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 \$199,100,312.

Additional information regarding the City of Leawood's long-term debt can be found in Note 9 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, 2013, net capital assets of the governmental activities totaled \$354.3 million. Depreciation on capital assets is recognized in the Government-Wide financial statements. Refer to Note 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 2013, 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 2013 was 98.6%. For 2013, the city incurred expenditures of \$258,994 compared to the budgeted amount of \$270,000 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.

	Governmental Activities		
	2013	2012	Percentage Change
Land/right of way	\$ 118,669,022	\$ 118,564,022	0%
Buildings and improvements	47,782,569	26,992,007	77%
Machinery and equipment	9,343,378	8,252,216	13%
Infrastructure	176,816,448	180,958,093	(2%)
Construction in progress	1,687,627	12,420,182	(86%)
Total	\$ 354,299,044	\$ 347,186,520	2%

GENERAL FUND BUDGETARY HIGHLIGHTS

The legally adopted budget for the General Fund was not amended by the Governing Body during 2013.

In total, the General Fund revenues had a positive variance from the final budget by \$.5 million. Charges for Services had the largest negative budget variance of \$(.5) million. Taxes also had a negative variance of \$(.4) million. Licenses and Permits, Intergovernmental and Contributions all showed positive variances totaling \$1.3 million.

The General Fund expenditures of \$31.3 million show a favorable variance of \$3.9 million when compared to the final budget of \$35.2 million. General Government, Public Safety, Public Works and Parks and Recreation all reported positive expenditure variances in 2013. Over \$.8 million of the savings, were in personnel costs from position vacancies, intentional delays in hiring, as well as reductions in overtime and lower worker' compensation costs. Commodities and professional and contractual support was lower by \$3.1 million. Careful and conservative spending was used throughout the year.

Final budget	\$ 35,210,304
Expenditure actuals	<u>(31,308,404)</u>
Variance under	<u>\$ 3,901,900</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 Director of Finance, City of Leawood, 4800 Town Center Drive, Leawood, Kansas 66211 or phone 913-339-6700 ext. 121.

Basic Financial Statements

CITY OF LEAWOOD, KANSAS

STATEMENT OF NET POSITION

December 31, 2013

	Governmental Activities
Assets	
Pooled cash and investments	\$ 54,687,813
Restricted assets	164,226
Receivables (net of allowance for uncollectibles):	
Property tax	18,345,447
Sales tax	2,834,394
Transient guest tax	103,221
Franchise tax	714,956
Special assessments - current	1,941,952
Intergovernmental	1,272,218
Interest	69,422
Accounts	24,361
Inventory and prepaid expenses	143,223
Special assessments receivable - noncurrent	14,636,867
Capital assets:	
Land and other capital assets, nondepreciable	137,725,733
Other capital assets, net of depreciation	216,573,311
Total Assets	449,237,144
Deferred Outflows Of Resources	
Deferred loss on refunding	789,837
Liabilities	
Accounts payable	2,729,108
Due to employees and others	990,202
Temporary notes payable	16,475,000
Accrued interest payable	677,685
Municipal court deposits	164,226
Long-term liabilities:	
Due within one year	6,470,741
Due in more than one year	49,456,638
Total Liabilities	76,963,600
Deferred Inflows Of Resources	
Property tax	18,345,447
Net Position	
Net investment in capital assets	295,287,754
Restricted for:	
Bridges, streets and signals	1,301,725
Debt service	7,231,082
Social services	789,495
Special parks and recreation	208,223
Tourism promotion	122,272
Law enforcement	7,548
Unrestricted	49,769,835
Total Net Position	\$ 354,717,934

CITY OF LEAWOOD, KANSAS

STATEMENT OF ACTIVITIES For The Year Ended December 31, 2013

Functions/Programs	Expenses	Program Revenues			Net Expense And Changes In Net Assets
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	
Governmental Activities					
General government	\$ 7,137,960	\$ 3,425,988	\$ —	\$ 96,000	\$ (3,615,972)
Public safety	16,194,126	140,960	6,041	—	(16,047,125)
Public works	19,340,679	76,829	288,947	1,119,140	(17,855,763)
Parks and recreation	8,241,801	2,500,932	—	105,000	(5,635,869)
Interest on long-term debt	2,093,219	—	—	—	(2,093,219)
Total Governmental Activities	\$ 53,007,785	\$ 6,144,709	\$ 294,988	\$ 1,320,140	(45,247,948)

General Revenues

Property taxes levied for:		
Property taxes for general purposes		13,677,125
Property taxes for debt service		4,774,673
Sales taxes		14,600,331
Transient guest tax		372,164
Franchise taxes		3,524,489
Other taxes		1,589,280
Grants and contributions not restricted to specific programs		2,471,018
Unrestricted investment earnings		127,187
Miscellaneous		2,384,020
Total General Revenues		43,520,287
Change in net position		(1,727,661)
Net Position - Beginning		356,445,595
Net Position - Ending		\$ 354,717,934

CITY OF LEAWOOD, KANSAS

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2013

	General Fund	Debt Service	Capital Projects	Capital Improve- ments	Public Safety Improve- ment	Municipal Equipment Reserve	Other Govern- mental Funds	Total Govern- mental Funds
Assets								
Pooled cash and investments	\$ 10,932,628	\$ 7,069,486	\$ 16,486,456	\$ 3,303,849	\$ 4,434,334	\$ 8,742,129	\$ 3,718,931	\$ 54,687,813
Restricted assets	164,226	—	—	—	—	—	—	164,226
Receivables:								
Property tax	14,253,190	4,092,257	—	—	—	—	—	18,345,447
Sales tax	2,671,752	—	—	—	—	—	162,642	2,834,394
Transient guest tax	—	—	—	—	—	—	103,221	103,221
Accounts	9,706	—	—	14,655	—	—	—	24,361
Franchise tax	714,956	—	—	—	—	—	—	714,956
Interest	14,269	9,011	20,178	4,236	5,778	10,970	4,980	69,422
Intergovernmental	358,478	80,670	—	—	—	—	833,070	1,272,218
Special assessments	—	16,578,819	—	—	—	—	—	16,578,819
Inventories and prepaids	143,223	—	—	—	—	—	—	143,223
Due from other funds	—	—	—	—	168,952	—	—	168,952
Total Assets	\$ 29,262,428	\$ 27,830,243	\$ 16,506,634	\$ 3,322,740	\$ 4,609,064	\$ 8,753,099	\$ 4,822,844	\$ 95,107,052
Liabilities								
Accounts payable and accrued liabilities	\$ 454,932	\$ —	\$ 148,197	\$ 403,023	\$ 1,285,323	\$ 17,556	\$ 420,077	\$ 2,729,108
Due to employees and others	990,202	—	—	—	—	—	—	990,202
Due to other funds	168,952	—	—	—	—	—	—	168,952
Temporary notes payable	—	—	16,475,000	—	—	—	—	16,475,000
Accrued interest payable	—	—	77,799	—	—	—	—	77,799
Municipal court deposits	164,226	—	—	—	—	—	—	164,226
Total Liabilities	1,778,312	—	16,700,996	403,023	1,285,323	17,556	420,077	20,605,287
Deferred Inflows Of Resources								
Property tax	14,253,190	4,092,257	—	—	—	—	—	18,345,447
Special assessments	—	16,506,904	—	—	—	—	—	16,506,904
Other	14,315	—	—	—	—	—	—	14,315
Total Deferred Inflows Of Resources	14,267,505	20,599,161	—	—	—	—	—	34,866,666
Fund Balances								
Nonspendable:								
Inventory	143,223	—	—	—	—	—	—	143,223
Restricted For:								
Social services	—	—	—	—	—	—	789,495	789,495
Parks and recreation	—	—	—	—	—	—	208,223	208,223
Tourism promotion	—	—	—	—	—	—	122,272	122,272
Bridges, streets and signals	—	—	—	—	—	—	1,301,725	1,301,725
Debt service reserve	—	7,231,082	—	—	—	—	—	7,231,082
Law enforcement	—	—	—	—	—	—	7,548	7,548
Committed To:								
Equipment purchases	—	—	—	—	—	8,735,543	—	8,735,543
Bridges, streets and signals	—	—	—	—	—	—	1,231,492	1,231,492
Justice center	—	—	—	—	3,323,741	—	—	3,323,741
City art	—	—	—	—	—	—	666,725	666,725
Park improvements	—	—	—	—	—	—	66,775	66,775
Other capital projects	—	—	—	2,919,717	—	—	—	2,919,717
Assigned To:								
Appropriation of fund balance for 2013	3,969,571	—	—	—	—	—	—	3,969,571
Other purposes	—	—	—	—	—	—	8,512	8,512
Unassigned	9,103,817	—	(194,362)	—	—	—	—	8,909,455
Total Fund Balances	13,216,611	7,231,082	(194,362)	2,919,717	3,323,741	8,735,543	4,402,767	39,635,099
Total Liabilities, Deferred Inflows And Fund Balances	\$ 29,262,428	\$ 27,830,243	\$ 16,506,634	\$ 3,322,740	\$ 4,609,064	\$ 8,753,099	\$ 4,822,844	\$ 95,107,052

CITY OF LEAWOOD, KANSAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION December 31, 2013

Total Fund Balance - Governmental Funds \$ 39,635,099

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. 354,299,044

Long-term assets are not available to pay for current period expenditures and are therefore deferred in the fund statements. 16,521,219

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 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:

Deferred loss on refunding	789,837
Unamortized premiums and discounts	(619,706)
Accrued interest payable	(599,886)
Long-term liabilities	<u>(55,307,673)</u>

Total Net Position Of Governmental Activities \$ 354,717,934

CITY OF LEAWOOD, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For The Year Ended December 31, 2013

	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	\$ 25,508,965	\$ 4,216,550	\$ —	\$ —	\$ —	\$ —	\$ 1,218,143	\$ 30,943,658
Licenses and permits	2,073,463	—	—	—	—	—	58,806	2,132,269
Intergovernmental	7,447,033	487,132	—	96,000	—	—	3,100,219	11,130,384
Charges for services	2,514,336	—	—	—	—	—	—	2,514,336
Fines and forfeitures	1,495,514	—	—	—	—	—	1,500	1,497,014
Special assessments	—	2,420,803	—	—	—	—	—	2,420,803
Interest	27,673	19,038	30,804	8,965	11,380	19,075	10,252	127,187
Contributions and others	131,948	5	—	—	2,196,041	93,690	478	2,422,162
Total Revenues	39,198,932	7,143,528	30,804	104,965	2,207,421	112,765	4,389,398	53,187,813
Expenditures								
General government	5,978,308	—	—	130,956	—	—	558,404	6,667,668
Public safety	13,842,202	—	—	—	—	—	—	13,842,202
Public works	5,873,058	—	—	—	—	—	—	5,873,058
Parks and recreation	5,614,836	—	—	—	—	—	13,505	5,628,341
Capital outlay								
General government	—	—	—	—	—	115,522	—	115,522
Public safety	—	—	—	1,976,520	12,106,845	377,213	—	14,460,578
Public works	—	—	3,950,227	15,646	—	1,098,866	3,675,047	8,739,786
Parks and recreation	—	—	38,742	826,796	—	126,596	1,057,044	2,049,178
Debt service:								
Principal retirement	421,753	5,255,000	—	—	—	—	—	5,676,753
Interest and fiscal charges	55,162	1,934,620	226,333	—	—	—	—	2,216,115
Total Expenditures	31,785,319	7,189,620	4,215,302	2,949,918	12,106,845	1,718,197	5,304,000	65,269,201
Revenues Over (Under)								
Expenditures	7,413,613	(46,092)	(4,184,498)	(2,844,953)	(9,899,424)	(1,605,432)	(914,602)	(12,081,388)
Other Financing Sources (Uses)								
Transfers in	271,000	—	—	6,377,400	6,507,835	550,000	1,251,951	14,958,186
Transfers out	(10,887,186)	—	—	(3,400,000)	—	—	(671,000)	(14,958,186)
Premiums	—	—	156,183	—	—	—	—	156,183
Total Other Financing Sources (Uses)	(10,616,186)	—	156,183	2,977,400	6,507,835	550,000	580,951	156,183
Net Change In Fund Balances	(3,202,573)	(46,092)	(4,028,315)	132,447	(3,391,589)	(1,055,432)	(333,651)	(11,925,205)
Fund Balances -								
Beginning Of Year	16,419,184	7,277,174	3,833,953	2,787,270	6,715,330	9,790,975	4,736,418	51,560,304
Fund Balances -								
End Of Year	\$ 13,216,611	\$ 7,231,082	\$ (194,362)	\$ 2,919,717	\$ 3,323,741	\$ 8,735,543	\$ 4,402,767	\$ 39,635,099

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, 2013

Net Changes In Fund Balances - Total Governmental Funds \$ (11,925,205)

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	16,591,542
Depreciation expense	(9,629,094)
Loss on disposal of capital assets	(141,500)

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	291,576
Change in deferred revenue for tax revenues	(2,161,119)

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 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 deferred loss on refunding and premiums	(94,135)
Interest expense	62,102
Payment of long-term debt	5,675,499
Net post-retirement benefits obligation	(225,531)

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	<u>(171,796)</u>
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Total Changes In Net Position Of Governmental Activities \$ (1,727,661)

CITY OF LEAWOOD, KANSAS

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS

December 31, 2013

Assets

Pooled cash and investments	\$ 26,393
Special assessments receivable	<u>4,474,706</u>
Total Assets	<u><u>\$ 4,501,099</u></u>

Liabilities

Due to employees	\$ 283
Due to other taxing jurisdiction	<u>4,500,816</u>
Total Liabilities	<u><u>\$ 4,501,099</u></u>

CITY OF LEAWOOD, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2013

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 32,321 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. 61, 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 position 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 position is reported in three parts - net investment in capital assets; restricted net position; and unrestricted net position. 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 position 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 0.19% and the amount of investment revenue was \$127,187.

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 position. 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 - fiber optic network	75
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 \$270,000.

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (*Continued*)

Deferred Outflows Of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category. It is the deferred loss on refunding reported in the government-wide statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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. 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 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 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.

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (*Continued*)

Deferred Inflows Of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has nonexchange revenue transactions where a receivable has been recorded because property taxes were levied, but the resources cannot be used until a future period. This item has been reported as a deferred inflow on the government-wide statement of net position.

On the modified accrual basis of accounting, the City has recorded certain receivables where the related revenue is unavailable. Unavailable revenues have been reported as deferred inflows of resources on the governmental fund balance sheet.

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 inflow of resources 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 position.

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.

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (*Continued*)

Equity Classifications

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

1. *Net investment in capital assets* - 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 position* - Consists of net position 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 position* - All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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 ordinance 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.

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 Revenue 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.

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (*Continued*)

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 treasury 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 for the payment of the amount represented by the commitment. 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 inflows 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 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, 2013, the bank balance, certificates of deposits and repurchase agreements were \$19,752,284, which were covered by federal depository insurance or collateral held in safekeeping in the City's name.

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 position, as well as a summary of the City's cash and investments is as follows:

Cash on hand	\$ 4,903
Carrying amount of deposits	129,538
Investments	<u>54,743,991</u>
Total cash and investments	<u><u>\$ 54,878,432</u></u>
Pooled cash and investments	\$ 54,687,813
Restricted cash	164,226
Cash and investments - agency funds	<u>26,393</u>
Total pooled cash and investments	<u><u>\$ 54,878,432</u></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.

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (*Continued*)

At December 31, 2013, 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, 2013.

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.

	Amount	Maturity		
		6 Months Or Less	6 - 12 Months	12 - 24 Months
U.S. Treasury Notes	\$ 35,276,935	\$ 11,087,580	\$ 9,087,362	\$ 15,101,993
Repurchase agreements	19,467,056	19,467,056	—	—
	<u>\$ 54,743,991</u>	<u>\$ 30,554,636</u>	<u>\$ 9,087,362</u>	<u>\$ 15,101,993</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 o-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 Notes	\$ 35,276,935	**	64.4%
Repurchase agreements	<u>19,467,056</u>	AAA Collateral	35.6%
	<u>\$ 54,743,991</u>		

** Ratings are not required for U.S. Treasury Securities 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, 2012 on which the 2013 levy was based was \$740,612,210.

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (Continued)

The City's property tax levies per \$1,000 (Mills) assessed valuation for the year ended December 31, 2013 recognized as revenue in 2013 were as follows:

	<u>Levy (Mills)</u>
General fund	\$ 18.643
Debt service fund	<u>5.750</u>
	<u>\$ 24.393</u>

Taxes receivable represent property taxes levied on November 1, 2013 for 2014, which have been recorded as a deferred inflow; delinquent property taxes, City sales taxes, consumers' use tax, and franchise taxes which have been recorded as revenues.

4. Intergovernmental Revenues

	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Improvements</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Federal:					
Department of transportation	\$ 2,877	\$ —	\$ 56,000	\$ 95,500	\$ 154,377
Department of justice	2,840	—	—	—	2,840
Creating sustainable places HUD	—	—	40,000	—	40,000
State Of Kansas:					
Division of Emergency Management	324	—	—	—	324
Special liquor tax	529,760	—	—	1,059,520	1,589,280
Gasoline tax	—	—	—	818,098	818,098
Drug tax	—	—	—	1,090	1,090
County and local:					
County sales tax	4,621,470	—	—	—	4,621,470
County consumer's use tax	825,531	—	—	—	825,531
Motor vehicle tax	1,464,231	487,132	—	—	1,951,363
Interlocal agreements	—	—	—	1,126,011	1,126,011
	<u>\$ 7,447,033</u>	<u>\$ 487,132</u>	<u>\$ 96,000</u>	<u>\$ 3,100,219</u>	<u>\$ 11,130,384</u>

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (*Continued*)

5. Interfund Transfers

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

Transfers To	Transfers From			Total
	General Fund	Capital Improvements Fund	Other Governmental Funds	
Governmental Activities				
General fund	\$ —	\$ —	\$ 271,000	\$ 271,000
Capital improvements fund	6,377,400	—	—	6,377,400
Public safety improvement fund	3,107,835	3,400,000	—	6,507,835
Municipal equipment reserve fund	550,000	—	—	550,000
Other governmental funds	851,951	—	400,000	1,251,951
	<u>\$ 10,887,186</u>	<u>\$ 3,400,000</u>	<u>\$ 671,000</u>	<u>\$ 14,958,186</u>

Transfers from/to other funds consisted of the following:

From The General Fund To:	
Public Safety Improvement Fund	\$ 3,107,835
Municipal Equipment Reserve Fund	550,000
Street Improvements Fund	700,000
Special City Highway Fund	100,000
City Art Fund	51,951
Capital Improvemnets Fund	6,377,400
	<u>10,887,186</u>
From Capital Improvement Fund To:	
Public Safety Improvement Fund	<u>3,400,000</u>
From Other Governmental Funds:	
From the Special Alcohol Fund to:	
General Fund	271,000
From 1/8-Cent Sales Tax Fund to:	
Special City Highway Fund	400,000
	<u>671,000</u>
	<u>\$ 14,958,186</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>\$ 168,952</u>

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (Continued)

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.

6. Capital Assets

Governmental capital asset activity for the year ended December 31, 2013 was as follows:

	Balance - December 31, 2012	Increases	Decreases	Balance - December 31, 2013
Governmental activities:				
Capital assets not being depreciated:				
Land and right-of-way	\$ 118,564,022	\$ 105,000	\$ —	\$ 118,669,022
Infrastructure	16,470,407	898,677	—	17,369,084
Construction in progress	12,420,182	495,152	11,227,707	1,687,627
Total capital assets not being depreciated	147,454,611	1,498,829	11,227,707	137,725,733
Capital assets being depreciated:				
Buildings and improvements	44,961,725	22,612,766	23,394	67,551,097
Machinery and equipment	18,138,397	3,130,171	2,394,435	18,874,133
Infrastructure	261,607,965	869,059	27,957	262,449,067
Total capital assets being depreciated	324,708,087	26,611,996	2,445,786	348,874,297
Less accumulated depreciation for:				
Buildings and improvements	17,969,718	1,813,464	14,654	19,768,528
Machinery and equipment	9,886,181	1,922,874	2,278,300	9,530,755
Infrastructure	97,120,279	5,892,756	11,332	103,001,703
Total accumulated depreciation	124,976,178	9,629,094	2,304,286	132,300,986
Total capital assets being depreciated, net	199,731,909	16,982,902	141,500	216,573,311
Governmental activity capital assets, net	\$ 347,186,520	\$ 18,481,731	\$ 11,369,207	\$ 354,299,044

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

General government	\$ 447,960
Public safety	1,438,435
Public works	6,367,066
Parks and recreation	1,375,633
Total depreciation expense	\$ 9,629,094

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:

Project Number And Name	Authorized	Project-To-Date	
		Authorized	At Year End
80118 Park Improvements	\$ 500,000	\$ 198,471	
80162 143rd Street - Nall to Mission	13,500,000	969,030	
80212 2012 Residential Streets	1,275,000	1,163,680	
80214 2014 Residential Streets	3,000,000	7,800	
80250 2013 Curb Repair/Replacement	5,000,000	3,851,477	
80251 2014 Curb Repair/Replacement	5,000,000	—	
80550 89th & Mission Stormsewer	1,190,755	33,008	
	\$ 29,465,755	\$ 6,223,466	

8. Temporary Notes

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

	Balance January 1, 2013	Additions	Retirements	Balance December 31, 2013
Temporary notes	\$ 7,615,000	\$ 16,475,000	\$ 7,615,000	\$ 16,475,000

Temporary notes consisted of the following at December 31, 2013:

Maturing September 1, 2014:	
1.25% General Obligation Temporary Notes	\$ 16,475,000

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,	Increases	Decreases	December 31,	Due
	2013			2013	In 2014
Governmental Activities					
General obligation bonds					
to be paid with:					
Tax levies	\$ 38,113,900	\$ —	\$ 3,379,100	\$ 34,734,800	\$ 3,454,000
Special Benefit District					
Assessments	18,321,100	—	1,875,900	16,445,200	1,776,000
Bond premiums	678,834	—	59,128	619,706	—
Total bonds payable	57,113,834	—	5,314,128	51,799,706	5,230,000
Capital leases	1,408,615	—	420,499	988,116	107,277
Compensated absences*	1,245,036	1,585,048	1,413,252	1,416,832	1,133,464
Net OPEB Obligation	1,497,194	225,531	—	1,722,725	—
Total Governmental					
Activity Debt	\$ 61,264,679	\$ 1,810,579	\$ 7,147,879	\$ 55,927,379	\$ 6,470,741

* 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, 2013 follows:

Governmental Activities Debt:

General Obligation Bonds To Be Paid With Tax Levies

\$10,205,000, Series 2004-A General Obligation Refunding Bonds due in annual installments through September 1, 2020; interest at 2% to 4.13%	\$ 3,300,000
\$1,032,703, Series 2005-A General Obligation Improvement Bonds due in annual installments through September 1, 2020; interest at 3.05% to 5%	490,000
\$6,050,000, Series 2006-A General Obligation Improvement Bonds due in annual installments through September 1, 2021; interest at 3.75% to 4%	3,215,000
\$6,405,000, Series 2006-B General Obligation Refunding Bonds due in annual installments through September 1, 2021; interest at 3.5% to 4%	4,815,000
\$6,589,322, Series 2007-A General Obligation Improvement Bonds due in annual installments through September 1, 2022; interest at 4% to 4.375%	3,960,000
\$5,417,800 Series 2008-A General Obligation Refunding Bonds due in annual installments through September 1, 2015; interest at 3% to 3.25%	450,000
\$3,576,393 Series 2008-B General Obligation Improvement Bonds due in annual installments through September 1, 2028; interest at 3% to 4.2%	2,559,800
\$13,670,000 Series 2010-A General Obligation Improvement Bonds due in annual installments through September 1, 2026; interest at 2% to 4%	13,490,000
\$700,000 Series 2012-A General Obligation Improvement Bonds due in annual installments through September 1, 2024; interest at 2% to 3%	650,000
\$1,865,000 Series 2012-A General Obligation Refunding Bonds due in annual installments through September 1, 2024; interest at 2% to 3%	1,805,000
	<u>34,734,800</u>

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (Continued)

General Obligation Bonds To Be Paid With Benefit District Assessments

\$155,000, Series 2004-A General Obligation Refunding Bonds due in annual installments through September 1, 2015; interest at 2% to 3.5%	\$ 30,000
\$3,057,297, Series 2005-A General Obligation Improvement Bonds due in annual installments through September 1, 2020; interest at 3.05% to 5%	1,400,000
\$450,678, Series 2007-A General Obligation Improvement Bonds due in annual installments through September 1, 2022; interest at 4% to 4.375%	270,000
\$6,098,607, Series 2008-B General Obligation Improvement Bonds due in annual installments through September 1, 2023; interest at 3% to 4.2%	4,065,200
\$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%	1,800,000
\$3,310,000 Series 2010-A General Obligation Improvement Bonds due in annual installments through September 1, 2025; interest at 2% to 4%	2,575,000
\$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%	4,475,000
\$2,120,000 Series 2012-A General Obligation Refunding Bonds due in annual installments through September 1, 2019; interest at 2% to 3%	1,830,000
	<u>16,445,200</u>
	51,180,000
Bonds premiums and discounts	619,706
Total Bonds Payable	<u>51,799,706</u>
Capital Leases	
\$1,190,486, Lease for fire pumpers due in annual installments through March 24, 2021; interest at 3.99%	988,116
	<u>1,416,832</u>
Compensated Absences	
Net OPEB Obligation (Note 10)	<u>1,722,725</u>
	<u>\$ 55,927,379</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, 2013 are as follows:

	Governmental Activities					
	General Obligation Bonds					
	Governmental		Benefit Districts		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 3,454,000	\$ 1,195,804	\$ 1,776,000	\$ 564,447	\$ 5,230,000	\$ 1,760,251
2015	3,519,000	1,082,879	1,761,000	515,182	5,280,000	1,598,061
2016	3,364,000	964,762	1,746,000	462,037	5,110,000	1,426,799
2017	3,459,000	844,327	1,746,000	404,727	5,205,000	1,249,054
2018	3,554,000	717,328	1,736,000	346,042	5,290,000	1,063,370
2019 - 2023	14,184,800	1,805,120	6,275,200	953,275	20,460,000	2,758,395
2024 - 2028	3,200,000	217,937	1,405,000	101,793	4,605,000	319,730
	\$ 34,734,800	\$ 6,828,157	\$ 16,445,200	\$ 3,347,503	\$ 51,180,000	\$ 10,175,660

	Capital Leases	
	Principal	Interest
2014	\$ 107,277	\$ 39,426
2015	111,557	35,146
2016	116,008	30,695
2017	120,637	26,066
2018	125,451	21,252
2019 - 2021	407,186	32,917
	\$ 988,116	\$ 185,502

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. During 2013, the remaining bonds in trust were paid in full by the trustee.

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 \$199,100,312.

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 position. As of December 31, 2013, the gross amount of capital assets under capital leases was \$1,207,976 in equipment, with net accumulated amortization of \$201,328.

Transportation Development District (TDD) Bonds

The City issued the following no-commitment special assessment bonds related to four 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)	\$ 280,000
\$170,000, Series 2006 Taxable Transportation Development District Special Obligation Bonds due in annual installments through September 1, 2021; interest at 8% (Resurrection Project)	100,000
\$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)	590,000
\$2,985,000 Series 2010-B Taxable Transportation Development District Special Obligation Bonds due in annual installments through December 1, 2031; interest at 8.500% (One Nineteen Project)	1,870,000
\$1,615,000 Series 2012 Taxable Transportation Development District Special Obligation Bonds due in annual installments through December 1, 2032; interest at 7.500% (One Nineteen Project)	<u>1,410,000</u>
	<u>\$ 4,250,000</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
Committed To:						
Public works	\$ 1,151,395	\$ 24,666	\$ —	\$ —	\$ 125,201	\$ 1,301,262
Public safety	—	102,038	300,075	25,777	—	427,890
Parks and recreation	283	1,698,657	—	33,890	5,815	1,738,645
Total Encumbrances	\$ 1,151,678	\$ 1,825,361	\$ 300,075	\$ 59,667	\$ 131,016	\$ 3,467,797

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 2013 was 8.79%. The City employer contributions to KPERS for the years ended December 31, 2013, 2012, and 2011 were \$675,462, \$607,200 and \$545,414, respectively, equal to the required contributions for each year. The KP&F uniform participating employer rate established for calendar year 2013 was 17.81%. 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, 2013, 2012 and 2011 were \$1,365,526, \$1,264,045 and \$1,146,080, 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 2013 were \$85,302 and \$638,340, 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	\$ 127,465
Amortization of unfunded actuarial accrued liability	173,996
Annual required contribution (ARC)	<u>301,461</u>
Interest on net OPEB obligation	89,832
Adjustment to annual required contribution	<u>(108,770)</u>
Annual OPEB cost	<u><u>\$ 282,523</u></u>
Contributions made:	
Claims and fees paid on behalf of retirees	\$ 85,409
Less: Retiree contributions	142,401
Net employer contributions	<u>(56,992)</u>
Change In Net Pension Obligation	225,531
Net OPEB Obligation, December 31, 2012	<u>1,497,194</u>
Net OPEB Obligation, December 31, 2013	<u><u>\$ 1,722,725</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 2011, 2012 and 2013 are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
December 31, 2011	\$ 293,687	8.39%	\$ 1,246,043
December 31, 2012	290,286	13.48%	1,497,194
December 31, 2013	282,523	20.17%	1,722,725

Funded Status and Funding Progress

As of December 31, 2013, the plan was not funded. The actuarial accrued liability for benefits was \$2,395,029, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,395,029. The covered payroll (annual payroll of active employees covered by the plan) was \$15,651,755 and the ratio of the UAAL to the covered payroll was 15.30%.

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 January 1, 2013 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 assumption is 2.2% and there are no projected salary and post-retirement benefit increases used in the 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, 2013 was 30 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 2013, 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.

Deficits

The accumulated deficit of \$194,362 in the Capital Projects Fund will be eliminated by future revenues or transfers.

Required Supplementary Information

CITY OF LEAWOOD, KANSAS

REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2013

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, 2013**

	Budgeted Amounts		Actual	Variance With Final Budget- Over (Under)
	Original Budget	Final Budget		
Revenues				
Taxes	\$ 25,601,041	\$ 25,890,241	\$ 25,508,965	\$ (381,276)
Licenses and permits	1,225,000	1,339,000	2,073,463	734,463
Intergovernmental	7,123,732	6,942,650	7,447,033	504,383
Charges for services	3,086,898	2,969,200	2,514,336	(454,864)
Fines and forfeitures	1,500,000	1,500,000	1,495,514	(4,486)
Interest	26,311	36,325	27,673	(8,652)
Contributions and other	81,018	60,000	131,948	71,948
Total Revenues	38,644,000	38,737,416	39,198,932	461,516
Expenditures				
Current:				
General government	7,113,200	7,214,535	5,978,308	(1,236,227)
Public safety	15,008,300	14,573,969	13,842,202	(731,767)
Public works	7,224,750	7,000,000	5,873,058	(1,126,942)
Parks and recreation	6,477,450	6,421,800	5,614,836	(806,964)
Information services	—	—	—	—
Total general government	35,823,700	35,210,304	31,308,404	(3,901,900)
Debt service:				
Principal retirement	425,600	421,900	421,753	(147)
Interest	55,200	55,200	55,162	(38)
Total Expenditures	36,304,500	35,687,404	31,785,319	(3,902,085)
Revenues Over Expenditures	2,339,500	3,050,012	7,413,613	4,363,601
Other Financing Sources (Uses)				
Transfers in	271,000	271,000	271,000	—
Transfers out	(8,701,750)	(10,889,400)	(10,887,186)	(2,214)
Total Other Financing Uses	(8,430,750)	(10,618,400)	(10,616,186)	(2,214)
Net Change In Fund Balance	\$ (6,091,250)	\$ (7,568,388)	(3,202,573)	\$ 4,365,815
Fund Balance - Beginning Of Year			16,419,184	
Fund Balance - End Of Year			\$ 13,216,611	

CITY OF LEAWOOD, KANSAS

**SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS
For The Year Ended December 31, 2013**

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, 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%
January 1, 2012	—	2,307,851	2,307,851	—	16,132,408	14.31%
January 1, 2013	—	2,395,029	2,395,029	—	15,651,755	15.30%

CITY OF LEAWOOD, KANSAS

COMPARISON OF NEEDED-TO-ACTUAL MAINTENANCE/PRESERVATION FOR STREETLIGHTS AND TRAFFIC SIGNALS December 31, 2013

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 2013 - 98.7%; November 2013 - 98.7%; and December 2013 - 98.7%.

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Needed	\$ 270,000	\$ 270,000	\$ 262,000	\$ 315,000	\$ 242,000
Actual	258,994	223,550	246,704	271,358	213,418

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, 2013

	Original Budget	Final Budget	Actual	Variance Over (Under) With Final Budget
General government:				
Administration:				
Personnel services	\$ 2,288,200	\$ 2,187,356	\$ 1,842,915	\$ (344,441)
Contractual services	1,270,200	1,365,007	998,007	(367,000)
Commodities	120,600	116,383	72,648	(43,735)
Total administration	3,679,000	3,668,746	2,913,570	(755,176)
Community development:				
Personnel services	1,205,800	1,217,207	1,174,433	(42,774)
Contractual services	158,900	155,293	67,100	(88,193)
Commodities	58,400	59,400	35,952	(23,448)
Total community development	1,423,100	1,431,900	1,277,485	(154,415)
Municipal court:				
Personnel services	513,100	526,000	506,186	(19,814)
Contractual services	74,700	79,700	48,498	(31,202)
Commodities	15,400	15,400	5,302	(10,098)
Total municipal court	603,200	621,100	559,986	(61,114)
Legal services:				
Personnel services	382,000	375,400	365,536	(9,864)
Contractual services	165,600	265,100	52,767	(212,333)
Commodities	2,200	2,500	2,234	(266)
Total legal services	549,800	643,000	420,537	(222,463)
Information services:				
Personnel services	506,100	504,333	504,070	(263)
Contractual services	212,500	205,956	195,639	(10,317)
Commodities	139,500	139,500	107,021	(32,479)
Total information services	858,100	849,789	806,730	(43,059)
Total general government	7,113,200	7,214,535	5,978,308	(1,236,227)
Public safety:				
Police:				
Personnel services	7,690,600	7,391,800	7,256,396	(135,404)
Contractual services	853,900	856,100	494,166	(361,934)
Commodities	614,300	613,800	413,419	(200,381)
Total police	9,158,800	8,861,700	8,163,981	(697,719)
Fire:				
Personnel services	5,316,200	5,255,621	5,253,194	(2,427)
Contractual services	286,100	270,089	241,403	(28,686)
Commodities	247,200	186,559	183,624	(2,935)
Total fire	5,849,500	5,712,269	5,678,221	(34,048)
Total public safety	15,008,300	14,573,969	13,842,202	(731,767)
Public works:				
Personnel services	3,628,200	3,454,100	3,399,907	(54,193)
Contractual services	2,190,000	2,139,300	1,476,135	(663,165)
Commodities	1,406,550	1,406,600	997,016	(409,584)
Total public works	7,224,750	7,000,000	5,873,058	(1,126,942)
Parks and recreation:				
Personnel services	3,716,800	3,580,790	3,419,958	(160,832)
Contractual services	1,985,400	2,071,983	1,657,982	(414,001)
Commodities	775,250	769,027	536,896	(232,131)
Total parks and recreation	6,477,450	6,421,800	5,614,836	(806,964)
Total expenditures	\$ 35,823,700	\$ 35,210,304	\$ 31,308,404	\$ (3,901,900)

CITY OF LEAWOOD, KANSAS

OTHER NON-MAJOR GOVERNMENTAL FUNDS

December 31, 2013

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, 2013

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.

135th Street Corridor Impact Fee Fund – established to account for fees imposed on new development in the 135th Street corridor for the purpose of assuring that 135th Street highway transportation improvements are available and provides adequate transportation system capacity to support new development while maintaining levels of transportation service on Highway 135th Street deemed adequate by the City. The impact fee shall be imposed on all new development in the 135th Street corridor and all fees collected shall be utilized solely and exclusively for transportation improvements in the 135th Street 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, 2013

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	\$ 664,081	\$ 548,398	\$ 163,446	\$ 7,539	\$ 8,494	\$ 18,959
Receivables:						
Sales tax	—	—	—	—	—	—
Transient guest tax	—	—	—	—	—	103,221
Interest	824	774	310	9	18	92
Intergovernmental	126,000	—	126,000	—	—	—
Total Assets	\$ 790,905	\$ 549,172	\$ 289,756	\$ 7,548	\$ 8,512	\$ 122,272
Liabilities And Fund Balances						
Liabilities						
Accounts payable and accrued liabilities	\$ 1,410	\$ 74,016	\$ 81,533	\$ —	\$ —	\$ —
Fund Balances						
Restricted For:						
Social services	789,495	—	—	—	—	—
Parks and recreation	—	—	208,223	—	—	—
Tourism promotion	—	—	—	—	—	122,272
Bridges, streets and signals	—	475,156	—	—	—	—
Law enforcement	—	—	—	7,548	—	—
Committed To:						
Bridges, streets and signals	—	—	—	—	—	—
City art	—	—	—	—	—	—
Park improvements	—	—	—	—	—	—
Assigned To:						
Other purposes	—	—	—	—	8,512	—
Total Fund Balances	789,495	475,156	208,223	7,548	8,512	122,272
Total Liabilities And Fund Balances	\$ 790,905	\$ 549,172	\$ 289,756	\$ 7,548	\$ 8,512	\$ 122,272

CITY OF LEAWOOD, KANSAS

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS *(Continued)*

December 31, 2013

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	135th Street Corridor Impact Fee	Public Art Impact Fee	
Assets								
Pooled cash and investments	\$ 674,132	\$ 376,828	\$ 66,693	\$ 618,262	\$ 248,711	\$ 34,315	\$ 289,073	\$ 3,718,931
Receivables:								
Sales tax	—	—	—	162,642	—	—	—	162,642
Transient guest tax	—	—	—	—	—	—	—	103,221
Interest	912	465	82	782	310	43	359	4,980
Intergovernmental	513,351	—	—	67,719	—	—	—	833,070
Total Assets	\$ 1,188,395	\$ 377,293	\$ 66,775	\$ 849,405	\$ 249,021	\$ 34,358	\$ 289,432	\$ 4,822,844
Liabilities And Fund Balances								
Liabilities								
Accounts payable and accrued liabilities	\$ 240,282	\$ —	\$ —	\$ 22,836	\$ —	\$ —	\$ —	\$ 420,077
Fund Balances								
Restricted For:								
Social services	—	—	—	—	—	—	—	789,495
Parks and recreation	—	—	—	—	—	—	—	208,223
Tourism promotion	—	—	—	—	—	—	—	122,272
Bridges, streets and signals	—	—	—	826,569	—	—	—	1,301,725
Law enforcement	—	—	—	—	—	—	—	7,548
Committed To:								
Bridges, streets and signals	948,113	—	—	—	249,021	34,358	—	1,231,492
City art	—	377,293	—	—	—	—	289,432	666,725
Park improvements	—	—	66,775	—	—	—	—	66,775
Assigned To:								
Other purposes	—	—	—	—	—	—	—	8,512
Total Fund Balances	948,113	377,293	66,775	826,569	249,021	34,358	289,432	4,402,767
Total Liabilities And Fund Balances	\$ 1,188,395	\$ 377,293	\$ 66,775	\$ 849,405	\$ 249,021	\$ 34,358	\$ 289,432	\$ 4,822,844

CITY OF LEAWOOD, KANSAS

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

For The Year Ended December 31, 2013

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
Revenues						
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 372,164
Licenses and permits	—	—	—	—	—	—
Intergovernmental	529,760	818,098	529,760	1,090	—	—
Fines and forfeitures	—	—	—	1,500	—	—
Interest	1,043	2,073	920	12	40	254
Contributions and other	—	—	—	478	—	—
Total Revenues	530,803	820,171	530,680	3,080	40	372,418
Expenditures						
General government	184,820	—	—	—	—	373,584
Parks and recreation	—	—	—	—	—	—
Capital outlay						
Public works	—	1,433,801	—	—	—	—
Parks and recreation	—	—	972,460	—	—	—
Total Expenditures	184,820	1,433,801	972,460	—	—	373,584
Revenues Over (Under) Expenditures	345,983	(613,630)	(441,780)	3,080	40	(1,166)
Other Financing Sources (Uses)						
Transfers in	—	500,000	—	—	—	—
Transfers out	(271,000)	—	—	—	—	—
Total Other Financing Sources (Uses)	(271,000)	500,000	—	—	—	—
Net Change In Fund Balances	74,983	(113,630)	(441,780)	3,080	40	(1,166)
Fund Balances - Beginning Of Year	714,512	588,786	650,003	4,468	8,472	123,438
Fund Balances - End Of Year	\$ 789,495	\$ 475,156	\$ 208,223	\$ 7,548	\$ 8,512	\$ 122,272

CITY OF LEAWOOD, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES *(Continued)*

NONMAJOR GOVERNMENTAL FUNDS

For The Year Ended December 31, 2013

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	135th Street Corridor Impact Fee	Public Art Impact Fee	
Revenues								
Taxes	\$ —	\$ —	\$ —	\$ 845,979	\$ —	\$ —	\$ —	\$ 1,218,143
Licenses and permits	—	—	43,829	—	903	—	14,074	58,806
Intergovernmental	940,048	—	—	281,463	—	—	—	3,100,219
Fines and forfeitures	—	—	—	—	—	—	—	1,500
Interest	2,713	839	72	1,133	504	70	579	10,252
Contributions and other	—	—	—	—	—	—	—	478
Total Revenues	942,761	839	43,901	1,128,575	1,407	70	14,653	4,389,398
Expenditures								
General government	—	—	—	—	—	—	—	558,404
Parks and recreation	—	13,505	—	—	—	—	—	13,505
Capital outlay								
Public works	1,570,920	—	—	670,326	—	—	—	3,675,047
Parks and recreation	—	84,260	—	—	—	—	324	1,057,044
Total Expenditures	1,570,920	97,765	—	670,326	—	—	324	5,304,000
Revenues Over (Under) Expenditures	(628,159)	(96,926)	43,901	458,249	1,407	70	14,329	(914,602)
Other Financing Sources (Uses)								
Transfers in	700,000	51,951	—	—	—	—	—	1,251,951
Transfers out	—	—	—	(400,000)	—	—	—	(671,000)
Total Other Financing Sources (Uses)	700,000	51,951	—	(400,000)	—	—	—	580,951
Net Change In Fund Balances	71,841	(44,975)	43,901	58,249	1,407	70	14,329	(333,651)
Fund Balances - Beginning Of Year	876,272	422,268	22,874	768,320	247,614	34,288	275,103	4,736,418
Fund Balances - End Of Year	\$ 948,113	\$ 377,293	\$ 66,775	\$ 826,569	\$ 249,021	\$ 34,358	\$ 289,432	\$ 4,402,767

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, 2013**

	Budget	Actual	Variance Over (Under)
Revenues			
Intergovernmental	\$ 480,000	\$ 529,760	\$ 49,760
Interest	988	1,043	55
Total Revenues	<u>480,988</u>	<u>530,803</u>	<u>49,815</u>
Expenditures			
General government	<u>195,000</u>	<u>184,820</u>	<u>(10,180)</u>
Excess Of Revenues Over Expenditures	285,988	345,983	59,995
Other Financing Uses			
Transfers out	<u>(271,000)</u>	<u>(271,000)</u>	<u>—</u>
Net Change In Fund Balance	<u>\$ 14,988</u>	<u>74,983</u>	<u>\$ 59,995</u>
Fund Balance - Beginning Of Year		<u>714,512</u>	
Fund Balance - End Of Year		<u>\$ 789,495</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, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues			
Intergovernmental	\$ 814,530	\$ 818,098	\$ 3,568
Interest	2,884	2,073	(811)
Total Revenues	<u>817,414</u>	<u>820,171</u>	<u>2,757</u>
Expenditures			
Capital outlay	<u>1,547,768</u>	<u>1,433,801</u>	<u>(113,967)</u>
Excess Of Expenditures Over Revenues	(730,354)	(613,630)	116,724
Other Financing Sources			
Transfers in	<u>500,000</u>	<u>500,000</u>	<u>—</u>
Net Change In Fund Balance	<u>\$ (230,354)</u>	<u>(113,630)</u>	<u>\$ 116,724</u>
Fund Balance - Beginning Of Year		<u>588,786</u>	
Fund Balance - End Of Year		<u>\$ 475,156</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, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues			
Intergovernmental	\$ 480,000	\$ 529,760	\$ 49,760
Interest	1,496	920	(576)
Total Revenues	<u>481,496</u>	<u>530,680</u>	<u>49,184</u>
Expenditures			
Capital outlay	<u>1,120,436</u>	<u>972,460</u>	<u>(147,976)</u>
Net Change In Fund Balance	<u>\$ (638,940)</u>	<u>(441,780)</u>	<u>\$ 197,160</u>
Fund Balance - Beginning Of Year		<u>650,003</u>	
Fund Balance - End Of Year		<u>\$ 208,223</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, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues			
Intergovernmental	\$ —	\$ 1,090	\$ 1,090
Fines and forfeitures	—	1,500	1,500
Interest	32	12	(20)
Contributions and others	—	478	478
Total Revenues	<u>32</u>	<u>3,080</u>	<u>3,048</u>
Net Change In Fund Balance	<u>\$ 32</u>	<u>3,080</u>	<u>\$ 3,048</u>
Fund Balance - Beginning Of Year		<u>4,468</u>	
Fund Balance - End Of Year		<u>\$ 7,548</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, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues			
Taxes	\$ 4,269,828	\$ 4,216,550	\$ (53,278)
Intergovernmental	389,947	487,132	97,185
Special assessments	2,407,938	2,420,803	12,865
Interest	26,313	19,038	(7,275)
Contributions and others	—	5	5
Total Revenues	<u>7,094,026</u>	<u>7,143,528</u>	<u>49,502</u>
Expenditures			
Debt service:			
Principal retirement	5,255,000	5,255,000	—
Interest and fiscal charges	1,980,900	1,934,620	(46,280)
Total Expenditures	<u>7,235,900</u>	<u>7,189,620</u>	<u>(46,280)</u>
Net Change In Fund Balance	<u>\$ (141,874)</u>	(46,092)	<u>\$ 95,782</u>
Fund Balance - Beginning Of Year		<u>7,277,174</u>	
Fund Balance - End Of Year		<u>\$ 7,231,082</u>	

CITY OF LEAWOOD, KANSAS

**COMBINING SCHEDULE OF FIDUCIARY ASSETS AND
LIABILITIES - AGENCY FUNDS**

December 31, 2013

	Employee Giving	TDD - Resurrection Project	TDD - Cornerstone	TDD - Villaggio	TDD - One Nineteen	TDD - Park Place	Total Agency Funds
Assets							
Pooled cash and investments	\$ 283	\$ 153	\$ 44	\$ —	\$ —	\$ 25,913	\$ 26,393
Special assessments	—	100,000	280,000	590,000	3,460,245	44,461	4,474,706
Total Assets	\$ 283	\$ 100,153	\$ 280,044	\$ 590,000	\$ 3,460,245	\$ 70,374	\$ 4,501,099
Liabilities							
Due to employees	\$ 283	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 283
Due to other taxing jurisdiction	—	100,153	280,044	590,000	3,460,245	70,374	4,500,816
Total Liabilities	\$ 283	\$ 100,153	\$ 280,044	\$ 590,000	\$ 3,460,245	\$ 70,374	\$ 4,501,099

CITY OF LEAWOOD, KANSAS

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

For The Year Ended December 31, 2013

	Balance Beginning Of Year	Additions	Deductions	Balance End Of Year
Agency Funds - Employee Giving				
Assets:				
Pooled cash and investments	\$ 328	\$ 855	\$ 900	\$ 283
Liabilities:				
Due to employees	\$ 328	\$ 855	\$ 900	\$ 283
Transportation Development District - Resurrection Project				
Assets:				
Pooled cash and investments	\$ 176	\$ 19,175	\$ 19,198	\$ 153
Special assessments	110,000	—	10,000	100,000
	\$ 110,176	\$ 19,175	\$ 29,198	\$ 100,153
Liabilities:				
Due to other taxing jurisdiction	\$ 110,176	\$ 19,175	\$ 29,198	\$ 100,153
Transportation Development District - Cornerstone				
Assets:				
Pooled cash and investments	\$ —	\$ 57,409	\$ 57,365	\$ 44
Special assessments	310,000	—	30,000	280,000
	\$ 310,000	\$ 57,409	\$ 87,365	\$ 280,044
Liabilities:				
Due to other taxing jurisdiction	\$ 310,000	\$ 57,409	\$ 87,365	\$ 280,044
Transportation Development District - Villaggio				
Assets:				
Pooled cash and investments	\$ —	\$ 327,375	\$ 327,375	\$ —
Special assessments	635,000	—	45,000	590,000
	\$ 635,000	\$ 327,375	\$ 372,375	\$ 590,000
Liabilities:				
Due to other taxing jurisdiction	\$ 635,000	\$ 94,125	\$ 139,125	\$ 590,000
Transportation Development District - One Nineteen				
Assets:				
Pooled cash and investments	\$ —	\$ 835,888	\$ 835,888	\$ —
Special assessments	3,976,245	180,244	696,244	3,460,245
	\$ 3,976,245	\$ 1,016,132	\$ 1,532,132	\$ 3,460,245
Liabilities:				
Due to other taxing jurisdiction	\$ 3,976,245	\$ 1,089,463	\$ 1,605,463	\$ 3,460,245
Transportation Development District - Park Place				
Assets:				
Pooled cash and investments	\$ 16,564	\$ 279,815	\$ 270,466	\$ 25,913
Special assessments	45,334	44,460	45,333	44,461
	\$ 61,898	\$ 324,275	\$ 315,799	\$ 70,374
Liabilities:				
Due to other taxing jurisdiction	\$ 61,898	\$ 324,275	\$ 315,799	\$ 70,374
Total - All Agency Funds				
Assets:				
Pooled cash and investments	\$ 17,068	\$ 1,520,517	\$ 1,511,192	\$ 26,393
Special assessments	5,076,579	224,704	826,577	4,474,706
Total assets	\$ 5,093,647	\$ 1,745,221	\$ 2,337,769	\$ 4,501,099
Liabilities:				
Due to employees	\$ 328	\$ 855	\$ 900	\$ 283
Due to other taxing jurisdiction	5,093,319	1,584,447	2,176,950	4,500,816
Total liabilities	\$ 5,093,647	\$ 1,585,302	\$ 2,177,850	\$ 4,501,099

Statistical Section

CITY OF LEAWOOD, KANSAS
Statistical Section
December 31, 2013

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 POSITION BY COMPONENT LAST TEN FISCAL YEARS ACCRUAL BASIS OF ACCOUNTING

Schedule 1

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities										
Net investment in capital assets	\$ 228,815,457	\$ 232,831,295	\$ 275,588,463	\$ 282,198,655	\$ 284,021,389	\$ 286,691,065	\$ 276,985,062	\$ 276,065,957	\$ 287,460,684	\$ 295,287,754
Restricted component of net position	7,166,833	7,522,989	7,606,885	9,360,053	14,395,675	16,949,599	21,926,652	18,822,407	10,126,701	9,660,345
Unrestricted component of net position	22,249,356	28,882,905	23,418,717	21,494,113	33,303,879	31,043,291	45,976,509	56,862,450	58,858,210	49,769,835
Total Governmental Activities Net Position	\$ 258,231,646	\$ 269,237,189	\$ 306,614,065	\$ 313,052,821	\$ 331,720,943	\$ 334,683,955	\$ 344,888,223	\$ 351,750,814	\$ 356,445,595	\$ 354,717,934
Business-Type Activities										
Net investment in capital assets	\$ 2,995,456	\$ 3,192,892	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Unrestricted component of net position	(1,735,685)	(1,761,214)	—	—	—	—	—	—	—	—
Total Business-Type Activities Net Position	\$ 1,259,771	\$ 1,431,678	\$ —							
Primary government										
Net investment in capital assets	\$ 231,810,913	\$ 236,024,187	\$ 275,588,463	\$ 282,198,655	\$ 284,021,389	\$ 286,691,065	\$ 276,985,062	\$ 276,065,957	\$ 287,460,684	\$ 295,287,754
Restricted component of net position	7,166,833	7,522,989	7,606,885	9,360,053	14,395,675	16,949,599	21,926,652	18,822,407	10,126,701	9,660,345
Unrestricted component of net position	22,249,356	28,882,905	23,418,717	21,494,113	33,303,879	31,430,291	45,976,509	56,862,450	58,858,210	49,769,835
Total Primary Government Net Position	\$ 259,491,417	\$ 270,668,867	\$ 306,614,065	\$ 313,052,821	\$ 331,720,943	\$ 335,070,955	\$ 344,888,223	\$ 351,750,814	\$ 356,445,595	\$ 354,717,934

- (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 positions 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 POSITION LAST TEN FISCAL YEARS ACCRUAL BASIS OF ACCOUNTING

Schedule 2

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities:										
General government	\$ 4,747,939	\$ 5,117,718	\$ 4,752,202	\$ 5,348,073	\$ 6,263,238	\$ 6,216,550	\$ 5,908,886	\$ 6,379,991	\$ 6,537,652	\$ 7,137,960
Public safety	10,975,002	11,229,154	11,682,872	12,478,924	14,073,114	13,599,525	13,606,931	14,164,738	14,351,473	16,194,126
Public works	12,658,853	15,546,967	17,121,498	21,700,170	16,772,929	15,358,193	14,657,989	15,525,753	14,761,231	19,340,679
Parks and recreation	3,544,545	3,753,994	3,816,310	5,123,793	5,432,457	6,602,530	7,161,381	6,732,828	7,703,873	8,241,801
Interest on long-term debt	2,498,981	2,737,987	3,496,801	3,484,390	3,040,032	2,800,190	2,807,480	2,499,718	2,716,815	2,093,219
Total governmental activities	34,425,320	38,385,820	40,869,683	48,135,350	45,581,770	44,576,988	44,142,667	45,303,028	46,071,044	53,007,785
Business-type activities: ⁽¹⁾										
Golf course	2,287,663	2,414,478	2,153,020	—	—	—	—	—	—	—
Total business-type activities expenses:	2,287,663	2,414,478	2,153,020	—	—	—	—	—	—	—
Total Primary Government Expenses	\$ 36,712,983	\$ 40,800,298	\$ 43,022,703	\$ 48,135,350	\$ 45,581,770	\$ 44,576,988	\$ 44,142,667	\$ 45,303,028	\$ 46,071,044	\$ 53,007,785
Program Revenues										
Governmental activities:										
Charges for services										
General government	\$ 2,010,249	\$ 2,096,548	\$ 2,053,315	\$ 2,163,970	\$ 3,459,182	\$ 2,669,200	\$ 2,837,665	\$ 3,269,547	\$ 3,185,794	\$ 3,425,988
Public safety	98,647	93,050	114,496	131,806	117,901	117,873	111,455	137,569	138,412	140,960
Public works	2,859,835	2,083,496	1,876,606	2,906,444	159,082	36,547	235,842	84,177	126,418	76,829
Parks and recreation	990,564	1,029,053	1,109,853	1,258,691	2,054,396	2,448,775	2,444,912	2,475,831	2,702,437	2,500,932
Operating grants and contributions	859,665	152,984	792,403	2,007,683	165,828	468,238	30,874	57,000	393,409	294,988
Capital grants and contributions	7,707,622	16,893,649	8,476,782	4,793,850	16,109,458	1,014,264	5,125,371	5,421,018	1,814,607	1,320,140
Total governmental activities program revenues	14,526,582	22,348,780	14,423,455	13,262,444	22,065,847	6,754,897	10,786,119	11,445,142	8,361,077	7,759,837
Business-type activities: ⁽¹⁾										
Golf Course										
Charges for services	2,014,759	2,007,047	1,825,144	—	—	—	—	—	—	—
Capital grants and contributions	182,084	—	—	—	—	—	—	—	—	—
Total business-type activities program revenues	2,196,843	2,007,047	1,825,144	—	—	—	—	—	—	—
Total primary government program revenues	\$ 16,723,425	\$ 24,355,827	\$ 16,248,599	\$ 13,262,444	\$ 22,065,847	\$ 6,754,897	\$ 10,786,119	\$ 11,445,142	\$ 8,361,077	\$ 7,759,837
Net expense:										
Governmental activities	\$(19,898,738)	\$(16,037,040)	\$(26,446,228)	\$(34,872,906)	\$(23,515,923)	\$(37,822,091)	\$(33,356,548)	\$(33,857,886)	\$(37,709,967)	\$(45,247,948)
Business-type activities: ⁽¹⁾	(90,820)	(407,431)	(327,876)	—	—	—	—	—	—	—
Total primary government net expense	\$(19,989,558)	\$(16,444,471)	\$(26,774,104)	\$(34,872,906)	\$(23,515,923)	\$(37,822,091)	\$(33,356,548)	\$(33,857,886)	\$(37,709,967)	\$(45,247,948)
General Revenues And Other										
Changes In Net Position										
Governmental activities:										
Taxes										
Property taxes, levied for general purpo:	\$ 8,306,371	\$ 8,716,271	\$ 11,959,344	\$ 10,037,224	\$ 12,887,965	\$ 13,654,784	\$ 13,584,154	\$ 14,470,011	\$ 11,452,716	\$ 13,677,125
Property taxes, levied for debt service	6,266,815	5,896,324	3,838,579	6,806,038	5,324,394	5,477,801	6,921,040	4,347,089	7,184,604	4,774,673
Sales taxes	11,430,251	11,923,933	12,222,897	14,819,839	15,592,847	14,798,437	15,018,242	14,335,987	14,643,273	14,600,331
Transient guest tax	—	—	—	—	—	22,610	202,626	271,632	345,817	372,164
Franchise taxes	2,452,402	2,632,536	2,648,951	2,930,764	3,153,438	3,042,295	3,153,238	3,194,165	3,205,207	3,524,489
Other taxes	566,721	576,723	769,263	840,948	1,039,920	1,167,753	1,267,170	1,317,006	1,427,880	1,589,280
Unrestricted grants and contributions	1,590,986	2,290,236	2,380,457	2,498,880	2,468,242	2,323,161	2,393,766	2,361,594	2,812,561	2,471,018
Unrestricted investment earnings	746,382	1,789,313	2,976,921	2,947,277	1,200,836	373,546	196,515	152,212	109,514	127,187
Miscellaneous	234,606	102,475	112,838	430,692	516,403	311,716	437,065	270,781	1,223,176	2,384,020
Transfers in (out)	(445,100)	(579,137)	1,134,847	—	—	—	—	—	—	—
Total governmental activities	31,149,434	33,348,674	38,044,097	41,311,662	42,184,045	41,172,103	43,173,816	40,720,477	42,404,748	43,520,287
Business-type activities: ⁽¹⁾										
Unrestricted investment earnings	254	201	247	—	—	—	—	—	—	—
Miscellaneous	196	—	30,798	—	—	—	—	—	—	—
Transfers in (out)	445,100	579,137	(1,134,847)	—	—	—	—	—	—	—
Total business-type activities:	445,550	579,338	(1,103,802)	—	—	—	—	—	—	—
Total primary government	\$ 31,594,984	\$ 33,928,012	\$ 36,940,295	\$ 41,311,662	\$ 42,184,045	\$ 41,172,103	\$ 43,173,816	\$ 40,720,477	\$ 42,404,748	\$ 43,520,287
Change In Net Position										
Governmental activities	\$ 11,250,696	\$ 17,311,634	\$ 11,597,869	\$ 6,438,756	\$ 18,668,122	\$ 3,350,012	\$ 9,817,268	\$ 6,862,591	\$ 4,694,781	\$ (1,727,661)
Business-type activities: ⁽¹⁾	354,730	171,907	(1,431,678)	—	—	—	—	—	—	—
Total primary government	\$ 11,605,426	\$ 17,483,541	\$ 10,166,191	\$ 6,438,756	\$ 18,668,122	\$ 3,350,012	\$ 9,817,268	\$ 6,862,591	\$ 4,694,781	\$ (1,727,661)

(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
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
2012	18,637,320	14,643,273	3,205,207	345,817	1,427,880	38,259,497
2013	18,451,798	14,600,331	3,524,489	372,164	1,589,280	38,538,062

(1) Property Tax includes Special Assessments

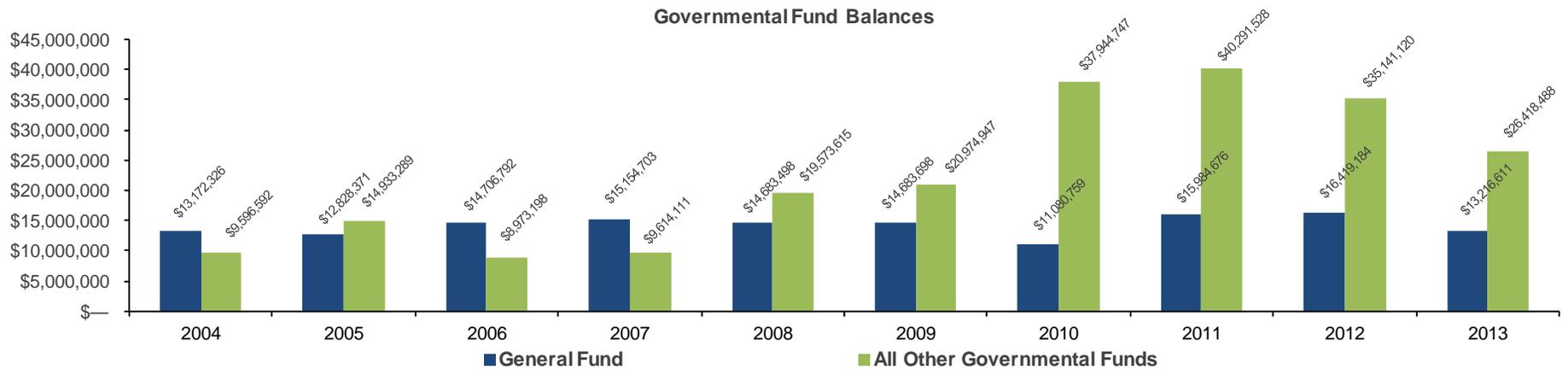
(2) January 1, 2009 the City began collecting transient guest tax

CITY OF LEAWOOD, KANSAS

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

Schedule 4

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Nonspendable	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	123,850	144,368	143,223
Restricted	—	—	—	—	—	—	—	—	—	—
Committed	—	—	—	—	—	—	—	—	—	—
Assigned	—	—	—	—	—	—	—	3,399,131	6,051,836	3,969,571
Unassigned	—	—	—	—	—	—	—	12,461,695	10,222,980	9,103,817
Reserved	1,197,867	1,076,631	55,185	390,617	284,019	130,404	129,411	—	—	—
Unreserved	11,974,459	11,751,740	14,651,607	14,764,086	14,399,479	14,553,294	10,951,348	—	—	—
Total General Fund	\$ 13,172,326	\$ 12,828,371	\$ 14,706,792	\$ 15,154,703	\$ 14,683,498	\$ 14,683,698	\$ 11,080,759	\$ 15,984,676	\$ 16,419,184	\$ 13,216,611
All Other Governmental Funds										
Restricted	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	18,822,407	10,126,701	9,660,345
Committed	—	—	—	—	—	—	—	21,469,121	25,005,947	16,943,993
Assigned	—	—	—	—	—	—	—	—	8,472	8,512
Reserved	5,239,707	6,945,422	5,922,766	7,822,871	12,877,724	14,793,749	18,116,968	—	—	—
Unassigned	—	—	—	—	—	—	—	—	—	(194,362)
Unreserved, reported in:										
Special revenue funds	319,207	525,975	784,576	855,578	987,977	1,035,193	1,964,573	—	—	—
Capital projects funds	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	\$ 9,596,592	\$ 14,933,289	\$ 8,973,198	\$ 9,614,111	\$ 19,573,615	\$ 20,974,947	\$ 37,944,747	\$ 40,291,528	\$ 35,141,120	\$ 26,418,488



CITY OF LEAWOOD, KANSAS

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

Schedule 5

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Taxes	\$ 22,456,229	\$ 23,835,129	\$ 25,158,674	\$ 29,249,530	\$ 31,752,311	\$ 31,778,195	\$ 32,463,706	\$ 30,851,203	\$ 30,880,257	\$ 30,943,658
Licenses and permits	3,314,093	2,688,264	2,386,747	3,478,106	1,956,624	1,214,492	1,556,370	1,848,739	1,845,752	2,132,269
Intergovernmental	11,748,623	12,281,449	9,707,954	11,056,644	8,905,900	8,553,089	9,602,150	8,910,116	10,270,005	11,130,384
Charges for services	1,088,487	1,106,078	1,208,832	1,223,540	2,035,411	2,466,140	2,387,857	2,506,439	2,724,439	2,514,336
Fines and forfeitures	1,553,840	1,507,805	1,557,941	1,759,263	1,798,526	1,591,763	1,685,388	1,610,087	1,581,363	1,497,014
Special assessments	1,408,127	1,383,982	1,609,097	1,456,331	1,524,043	2,015,839	3,569,901	1,972,928	2,563,491	2,420,803
Interest	746,382	1,789,313	2,976,921	2,947,277	1,200,836	373,546	216,935	152,212	109,514	127,187
Contributions and other	694,737	205,384	807,892	535,774	579,917	345,398	490,413	330,450	1,004,110	2,422,162
Total Revenues	43,010,518	44,797,404	45,414,058	51,706,465	49,753,568	48,338,462	51,972,720	48,182,174	50,978,931	53,187,813
Expenditures										
General government	4,561,019	4,494,045	4,675,142	5,133,968	5,693,050	5,850,652	5,645,370	6,047,715	6,212,958	6,667,668
Public safety	10,350,561	10,488,343	10,948,107	11,498,384	12,245,002	12,623,748	12,716,593	13,307,250	13,382,889	13,842,202
Public works	4,249,162	4,424,584	4,646,724	5,082,036	5,066,565	5,297,652	5,625,473	5,638,881	5,361,019	5,873,058
Parks and recreation	2,964,727	2,944,389	3,007,512	3,800,013	5,085,190	5,302,092	5,282,814	5,320,546	5,546,372	5,628,341
Capital outlay	14,346,905	13,564,787	21,668,357	22,933,473	15,634,335	8,127,300	13,959,576	9,222,271	18,052,831	25,365,064
Debt service										
Principal	4,292,991	4,746,995	5,000,112	5,824,456	5,955,959	6,656,245	5,856,235	5,618,125	5,658,409	5,676,753
Interest and fiscal charges	2,801,361	2,914,082	3,510,916	3,435,648	3,269,044	2,941,330	2,394,876	2,403,665	2,207,432	2,216,115
Total Expenditures	43,566,726	43,577,225	53,456,870	57,707,978	52,949,145	46,799,019	51,480,937	47,558,453	56,421,910	65,269,201
Excess (Deficiency) Of Revenues Over Expenditures	(556,208)	1,220,179	(8,042,812)	(6,001,513)	(3,195,577)	1,539,443	491,783	623,721	(5,442,979)	(12,081,388)
Other Financing Sources (Uses)										
Transfer in	3,308,061	6,490,754	7,998,372	10,977,888	9,188,689	6,661,307	10,755,350	4,201,942	11,945,937	14,958,186
Transfers out	(3,753,161)	(7,069,891)	(10,230,621)	(10,977,888)	(9,188,689)	(6,661,307)	(10,755,350)	(4,201,942)	(11,945,937)	(14,958,186)
Refunding bonds issued	7,795,000	—	6,405,000	—	—	—	—	—	3,985,000	—
Bonds issued	4,280,000	4,090,000	6,050,000	7,040,000	18,875,000	—	16,980,000	5,155,000	700,000	—
Premium on bonds issued	338,200	261,700	105,571	50,337	264,804	248,912	147,183	33,821	329,769	156,183
Payments to refunded bonds escrow agent	(7,702,323)	—	(6,367,180)	—	(6,455,728)	—	(4,252,107)	—	(4,287,690)	—
Capitalized Leases	—	—	—	—	—	—	—	1,438,156	—	—
Total Other Financing Sources	4,265,777	3,772,563	3,961,142	7,090,337	12,684,076	248,912	12,875,076	6,626,977	727,079	156,183
Net Changes In Fund Balances	\$ 3,709,569	\$ 4,992,742	\$ (4,081,670)	\$ 1,088,824	\$ 9,488,499	\$ 1,788,355	\$ 13,366,859	\$ 7,250,698	\$ (4,715,900)	\$ (11,925,205)
Debt Service As A Percentage Of Noncapital Expenditures	21.77%	20.80%	22.82%	20.77%	22.63%	22.86%	17.68%	19.22%	18.87%	16.21%

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
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
2012	17,922,095	7,534,510	345,817	3,205,207	1,872,628	30,880,257
2013	17,893,675	7,624,014	372,164	3,524,489	1,529,316	30,943,658

(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.

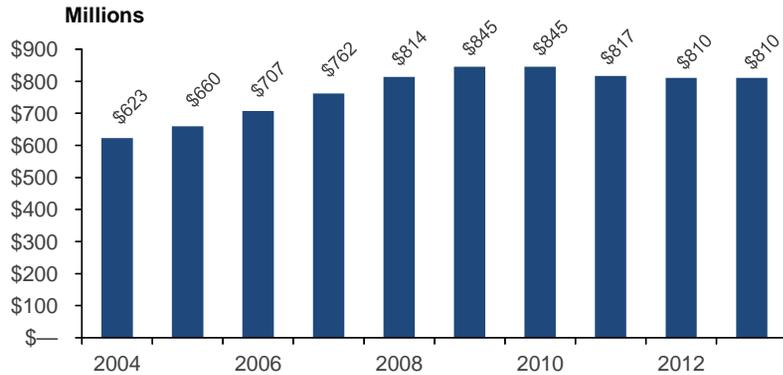
CITY OF LEAWOOD, KANSAS

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

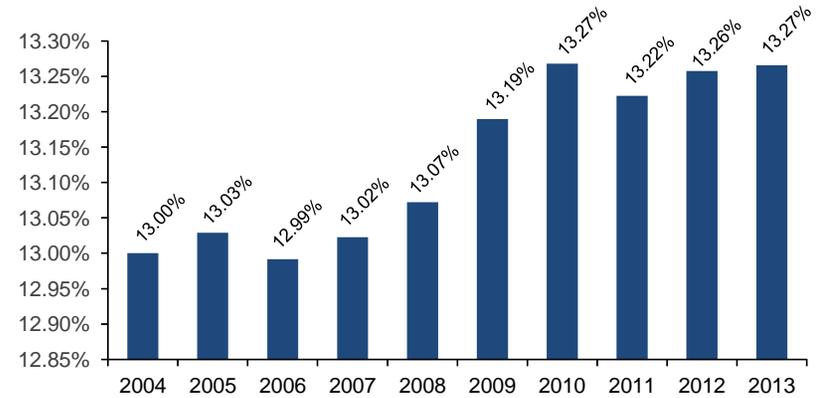
Schedule 7

Year Ended December 31,	Assessed Value Residential Property	Assessed Value Personal Property	State Assessed Utilities	Total Assessed Value	Assessed Value Motor Vehicles	Assessed Value Recreational Vehicles	Total Equalized Assessed Valuation	Total Direct Tax Rate	Real Property Estimated Actual Value	Personal Property Estimated Actual Value	Utilities Estimated Actual Value (1)	Total Estimated Actual Value	Ratio Of Total Assessed Value To Total Estimated Actual Value
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%
2012	730,282,905	5,643,192	7,116,199	743,042,296	67,112,252	114,344	810,268,892	24.393	5,560,934,270	22,196,555	21,564,239	5,604,695,064	13.26%
2013	728,226,705	5,346,482	7,039,023	740,612,210	69,471,416	80,475	810,164,101	24.393	5,540,475,900	21,029,496	21,330,373	5,582,835,769	13.27%

Total Equalized Assessed Valuation



Ratio Of Total Assessed Property Value To Total Estimated Actual Value



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	Johnson County	Shawnee Mission School District	Blue Valley School District	Johnson County Community College	Johnson County Library	Johnson County Park	Total Blue Valley Direct And Overlapping Rates	Total Shawnee Mission Direct And Overlapping Rates
	General	Debt Service	Total City									
2003/2004	\$ 13.322	\$ 10.752	\$ 24.074	\$ 1.500	\$ 16.381	\$ 37.774	\$ 64.551	\$ 9.432	\$ 2.954	\$ 2.365	\$ 134.579	\$ 107.802
2004/2005	14.763	9.470	24.233	1.500	16.041	42.655	64.197	9.438	2.956	2.367	135.495	113.953
2005/2006	18.815	5.403	24.218	1.500	17.922	49.748	63.329	8.960	2.955	2.286	139.985	126.404
2006/2007	14.618	9.614	24.232	1.500	17.949	51.980	60.700	8.872	2.960	2.290	133.121	124.401
2007/2008	17.424	6.817	24.241	1.500	17.985	52.008	59.503	8.749	2.962	2.295	134.659	127.164
2008/2009	17.894	6.357	24.251	1.500	17.767	52.094	61.127	8.768	3.057	2.341	136.705	127.672
2009/2010	17.758	6.501	24.259	1.500	17.716	55.318	65.079	8.784	3.151	2.346	140.593	130.832
2010/2011	19.408	4.974	24.382	1.500	17.748	56.135	72.828	8.799	3.158	2.350	150.173	133.480
2011/2012	18.102	6.291	24.393	1.500	17.717	55.766	72.027	8.785	3.149	2.344	129.915	113.654
2012/2013	18.643	5.750	24.393	1.500	17.745	55.611	70.036	9.551	3.155	2.347	128.727	114.302

Source: Johnson County Clerk's Office

CITY OF LEAWOOD, KANSAS

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

Schedule 9

Taxpayer	2013			2004		
	Taxable Assessed Value	Rank	Percentage Of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage Of Total Taxable Assessed Value
Town Center Plaza	\$ 23,845,502	1	2.94%	\$ 19,227,479	1	3.09%
119th Street Development LLC	11,543,893	2	1.42%	—		
Park Place Village LLC	9,048,753	3	1.12%	—		
Camelot Court LLC	7,188,677	4	0.89%	7,397,070	2	1.19%
Hallbrook Office Center	6,714,017	5	0.83%	2,515,492	9	0.40%
Academy 1740, Inc.	4,697,356	6	0.58%	5,494,956	3	0.88%
Kansas City Power & Light	3,699,059	7	0.46%	3,154,859	6	0.51%
PCC Two, LLC	3,677,250	8	0.45%	3,769,665	4	0.61%
Park Place Village 5 LLC	3,281,873	9	0.41%	—		
Pinnacle Building III, LLC	2,950,751	10	0.36%	—		
114 Timberlands, LLC	—			2,928,226	8	0.47%
Ranchmart, Inc.	—			3,125,276	7	0.50%
TIAA Realty	—			2,486,676	10	0.40%
Megaplex Nine	—			3,257,561	5	0.52%
Total Principal Property Taxpayers	\$ 76,647,131		9.46%	\$ 53,357,260		8.57%

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
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%
2011/2012	17,952,637	17,758,139	98.9%	—	17,758,139	98.9%
2012/2013	18,014,374	17,861,771	99.2%	—	17,861,771	99.2%

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 Participation	Capital Leases	General Obligation Bonds				Capital Leases
	Tax Levies	Special Assessments									
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	
2012	38,113,900	18,321,100	—	—	1,408,615	—	—	57,843,615	*	1,799	
2013	34,734,800	16,445,200	—	—	988,116	—	—	52,168,116	*	1,614	

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)
2004	\$ 49,070,000	\$ 2,912,003	\$ 46,157,997	1.02%	\$ 1,566
2005	48,360,330	5,239,707	43,120,623	0.91%	1,434
2006	49,920,000	6,945,422	42,974,578	0.90%	1,435
2007	51,665,000	5,922,766	45,742,234	0.83%	1,401
2008	58,735,000	7,822,863	50,912,137	0.89%	1,591
2009	58,735,000	7,977,756	50,757,244	0.78%	1,400
2010	53,160,000	7,604,434	45,555,566	0.91%	1,625
2011	60,825,000	7,775,937	53,049,063	0.95%	1,688
2012	56,435,000	7,277,174	49,157,826	0.88%	1,529
2013	51,180,000	7,231,082	43,948,918	0.79%	1,529

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, 2013**

Schedule 13

Governmental Unit	Net Debt Outstanding⁽¹⁾	Percentage Applicable To City Of Leawood⁽²⁾	Amount Applicable To City Of Leawood
Johnson County	\$ 290,901,089	9.73%	\$ 28,304,676
Shawnee Mission School District (U.S.D. 512)	193,790,000	5.31%	10,290,249
(U.S.D. 229)	329,720,000	25.14%	82,891,608
Parks and recreation	2,660,000	9.73%	<u>258,818</u>
Subtotal, overlapping debt			121,745,351
City of Leawood direct debt ⁽¹⁾			<u>52,168,116</u>
Total direct and overlapping debt			<u><u>\$ 173,913,467</u></u>

Source: Johnson County Clerk's Office

⁽¹⁾ General obligation debt outstanding and lease purchase obligations

⁽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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	\$ 186,057,454	\$ 197,222,884	\$ 211,196,094	\$ 228,130,856	\$ 244,131,753	\$ 253,487,192	\$ 253,521,842	\$ 245,015,025	\$ 243,080,668	\$ 243,049,230
Total net debt applicable to limit	35,073,093	30,706,211	43,997,234	43,842,137	50,757,244	45,555,566	53,049,065	54,000,344	49,157,826	43,948,918
Legal debt margin	150,984,361	166,516,673	167,198,860	184,288,719	193,374,509	207,931,626	200,472,777	191,014,681	193,922,842	199,100,312
Total net debt applicable to the limit as a percentage of debt limit	18.85%	15.57%	20.83%	19.22%	20.79%	17.97%	20.92%	22.04%	20.22%	18.08%

Legal Debt Margin Calculation For Fiscal Year 2013

Assessed value, real and personal property - 2012	\$ 740,612,210
Plus assessed value, motor vehicles - 2011	69,551,891
Total Assessed Value - 2013	810,164,101
Debt Limit (30% Of Total Assessed Value)	243,049,230
Debt Applicable To Limit	
General obligation bonds	51,180,000
Less: Amount set aside for repayment of general obligation debt	7,231,082
Total Net Debt Applicable To Limit	43,948,918
Legal Debt Margin	\$ 199,100,312

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)
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%
2012	32,160	*	*	*	*	3.2%
2013	32,321	*	*	*	*	3.4%

* 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	2013			2004		
	Employees	Rank	Percentage Of Total City Employment	Employees	Rank	Percentage Of Total City Employment (1)
CBiZ Accounting	491	1	3.0%	420	1	3.1%
Reece & Nichols	415	2	2.5%	353	3	2.6%
American Academy of Family Physicians	350	3	2.1%	380	2	2.8%
Unified School District No. 229	346	4	2.1%	326	4	2.4%
DEMDACO, Inc.	297	5	1.8%			
Select Quote	259	6	1.6%			
City of Leawood	256	7	1.6%	260	5	1.9%
Mariner	236	8	1.4%			
AB May	225	9	1.4%			
Euronet Worldwide Inc.	191	10	1.2%			
Galyan's				200	6	1.5%
Hen House				150	7	1.1%
Realty Executives				150	8	1.1%
Price Chopper				143	9	1.1%
Root Dental Laboratories				141	10	1.0%
Total	3,066		18.7%	2,523		18.6%

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	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government	40.25	39.94	41.00	47.25	48.25	49.21	49.21	45.71	45.71	45.71
Public safety										
Police										
Officers	56.00	58.00	60.00	61.00	63.00	63.00	63.00	61.00	61.00	61.00
Civilians	22.60	22.60	22.60	22.60	22.00	22.00	22.00	22.00	22.00	22.00
Fire										
Firefighters and officers	54.69	54.69	54.69	54.69	54.69	54.69	54.69	52.69	52.69	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	51.00	52.17	52.67	47.42	48.92	50.92	50.23	48.23	48.23	48.23
Parks and recreation	51.24	56.40	58.99	69.35	72.93	74.81	62.57	61.57	61.57	61.57
Total Full-Time Equivalent	276.78	284.80	290.95	303.31	310.79	315.63	302.70	292.20	292.20	292.20

Source: City Budget Manager

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

Schedule 18

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police										
Number of traffic violations	14,320	14,586	15,544	14,167	12,744	12,481	14,327	14,336	15,305	12,691
Number of physical arrests	1,735	1,659	1,704	1,437	1,310	1,771	1,678	1,778	1,690	1,637
Number of dispatch calls (includes Officer-Initiated Calls)	32,861	33,961	36,553	35,446	34,510	35,797	34,298	31,443	33,161	32,543
Number of alarm calls	2,047	1,925	2,496	2,006	2,029	1,826	1,978	1,739	1,819	1,840
Fire										
Number of fire calls answered	949	1,035	935	1,003	1,021	1,004	803	1,058	1,017	1,037
Number of ambulance calls answered	1,223	1,334	1,265	1,324	1,349	1,433	1,686	1,638	1,685	1,679
Number of fire inspections	738	844	858	904	1,189	1,514	1,688	1,603	1,628	952
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	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police										
Number of police stations	1	1	1	1	1	1	1	1	1	1
Number of certified officers	56	58	60	61	63	63	63	61	61	61
Number of noncertified personnel	23	23	23	23	22	22	22	22	22	22
Number of patrol districts	3	3	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	54	54	54	54	54	54	53	53	52
Number of volunteer firefighters	0.7	0.7	0.7	0.7	1	1	1	1	1	—
Number of nonfire personnel	1	1	1	1	1	1	1	1	1	1
Public Works										
Streets (miles)	190.60	189.36	190.58	193.00	197	197	200	200.7	201.5	201.5
Streetlights	2,555	2,625	2,721	2,800	2,878	2,887	2,935	2,935	2,962	3,695
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	478	478	486
Walking trail mileage	8	8	8	8	8	8.25	8.25	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	3	3	3	3	3	3	3	3	3	3

Source: Various City departments