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**CITY OF LEAWOOD, KANSAS  
COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**  
*For The Year Ended December 31, 2015*

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*Report prepared by Department Of Finance*

*Dawn Long, Finance Director  
Theresa Lodde, Senior Accountant*

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## **Introductory Section**

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# City of Leawood

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

April 25, 2016

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, 2015.

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 unmodified opinion on the City of Leawood's financial statements for the year ended December 31, 2015. 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.

## ***Government Structure***

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.

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

### ***Local Economy and Outlook***

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 2015 population to be 32,644. Johnson County encompasses 476 square miles and with a 2015 estimated population of greater than 581,000 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.

Because of Leawood's location in a region with a varied economic base, the unemployment rate is at a modest 2.6 percent. During the past ten years, the unemployment rate experienced a decade low of 2.5 percent (2006), and a decade high of 4.3 percent (2010). The direction of the change in the unemployment rate has mirrored the national economy.

The City issued over 2,000 building permits in 2015. The total residential construction value was approximately \$55 million, and the total commercial construction value was \$135 million, for a combined total of \$190 million.

During 2015 93% of all properties realized an increase in their property appraised value.

## ***Major Initiatives***

### ***2015 Initiatives and Highlights***

In 2015 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.

The City's mill levy was held steady for the 12<sup>th</sup> straight year, and Leawood maintained its ranking as having the second lowest mill levy in the State of Kansas among cities of the first class.

The City continued with the third 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.

In addition to the curb and gutter replacement program, the City has had 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.

In 2015 the construction phase began on improvements to 143<sup>rd</sup> Street. This is a two phase project totaling over \$20 million. When completed, 143<sup>rd</sup> Street will go from a two-lane road with ditches to a four-lane undivided concrete road with curb and gutter, sidewalks, streetlights, bike/hike trail, storm sewers and traffic signal. Both phases will be completed and bonded by 2021.

New retail and businesses continued to locate in Leawood in 2015, demonstrating the City's appeal to the private sector investor. A few highlights include the construction of phase three of Mission 106. This phase includes both residential and office components. Town Center Crossing had the much anticipated opening of L.L. Bean and Town Center Plaza received approval for the addition of a new three-story, 42,000 square-foot Restoration Hardware. Mainstreet received final approval for the construction of a two-story, 70,000 square-foot assisted living, rehabilitation and skilled nursing center.

In 2015, the City's Fire Department initiated a tedious self-improvement process by formally entering into an accreditation program with the Commission on Fire Accreditation International ("the Commission"). This process required the department to vigorously re-evaluate its policies and protocols to ensure that they were in compliance with the best practices of current firefighting standards. On August 26, 2015, the Commission voted unanimously for Leawood Fire to receive this accreditation. Leawood is one of 218 agencies out of 30,000 recognized to hold this status.

## ***Future Initiatives***

Council priorities are as follows:

To ensure that Leawood is fiscally responsible, while investing in the infrastructure of the City, modernizing the government, investing in human resources, and improving customer service.

To promote development that sustains rather than depletes the community, that is fiscally sound, that contributes to a high quality of life, and that nourishes the community.

To protect Leawood residents, visitors and businesses by providing quality police and homeland security services. To preserve life and property through excellence in training, community risk management, emergency preparedness and rapid emergency services response.

To maintain the current infrastructure and to provide the highest quality new improvements where economic benefits clearly justify new investment.

To promote a community that offers family-oriented activities and recreational and cultural opportunities that encourages and enhances the quality of life citizens.

Several of the goals set by Council that reflect these priorities include evaluation of the cultural amenities for the 135<sup>th</sup> Street Corridor, evaluate new home building codes with other Johnson County cities, reviewing best management practices regarding sustainable landscaping into LDO and City property, and evaluation of the usage of City owned property.

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.

## ***Financial Information***

### ***Relevant Financial Policies***

The Governmental Accounting Standards Board (GASB) issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The City implemented GASB 68 and GASB 71 in the current year. These Statements establish standards for the measurement and recognition of liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, GASB 68 identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about pensions also are addressed.

### ***Single Audit***

In 2015 the City of Leawood was subject to Single Audit requirements in conformity with the provisions of the Single Audit Amendments of 1996 and U.S. Office of Management and Budget (OMB) Circular Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Grant Guidance). As a recipient of federal, state and local financial assistance, the City also is responsible for ensuring that an adequate internal control structure is in place to maintain compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management of the City.

### ***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, 2014. The City has received this prestigious award for seventeen 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, 2016. 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



**FRONT ROW** [left to right]:

Councilmember Andrew Osman, Ward 1  
Councilmember Julie Cain, Ward 4  
Mayor Peggy Dunn  
Councilmember Lou Rasmussen, Ward 2

**BACK ROW** [left to right]:

Councilmember Carrie Rezac, Ward 3  
Councilmember Jim Rawlings, Ward 2  
Councilmember Chuck Sipple, Ward 3  
Councilmember Debra Filla, Ward 1  
Councilmember James Azeltine, Ward 4

# **CITY OF LEAWOOD, KANSAS**

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## **PRINCIPAL OFFICIALS**

### **Mayor**

Peggy J. Dunn

### **City Council**

Debra Filla  
Andrew Osman  
Louis Rasmussen  
Jim Rawlings  
Carrie Rezac  
Julie Cain  
James Azeltine  
Chuck Sipple

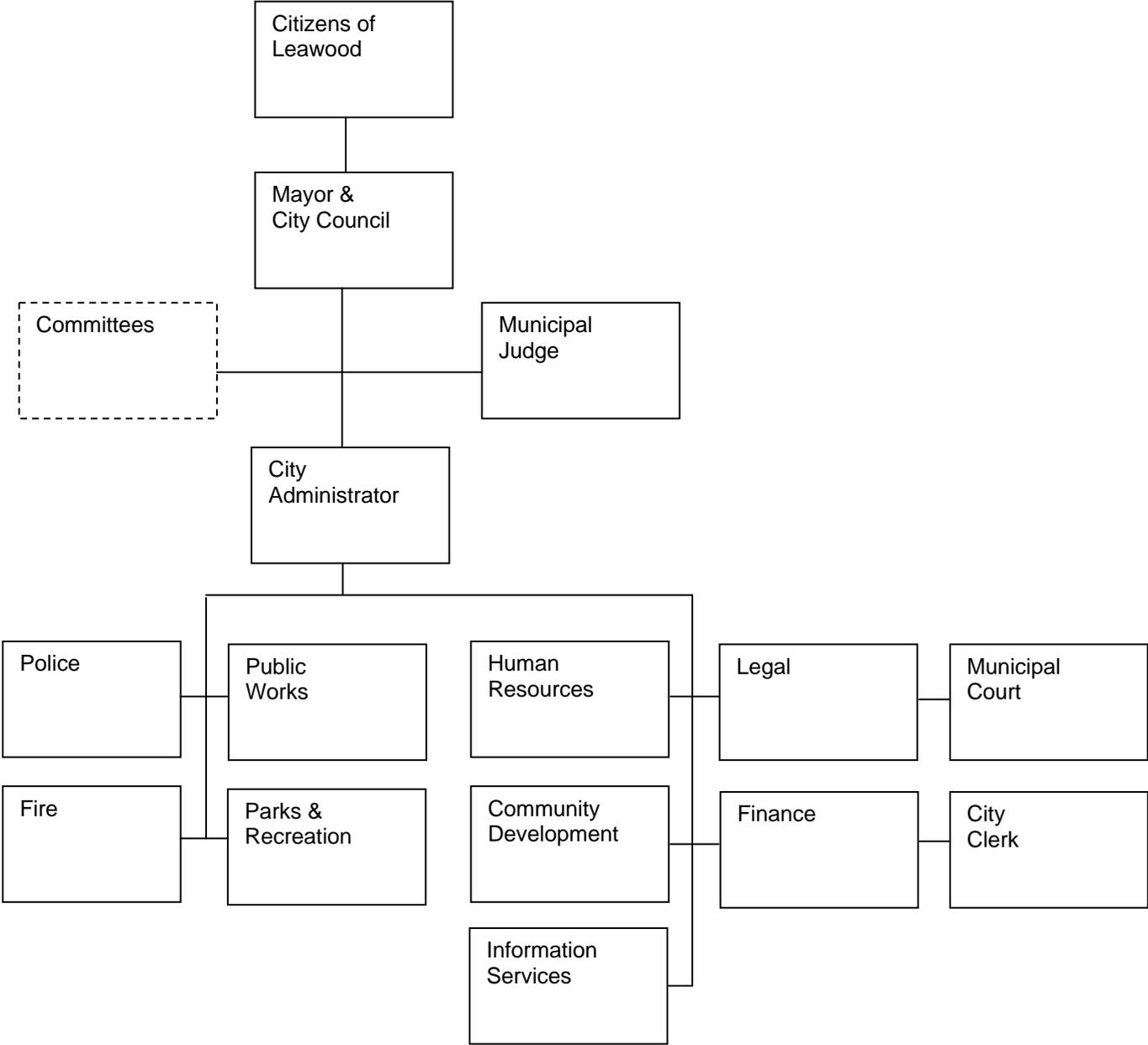
### **City Administrator**

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, 2014**

Executive Director/CEO

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## **Financial Section**

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RubinBrown LLP  
Certified Public Accountants  
& Business Consultants

10975 Grandview Drive  
Suite 600  
Overland Park, KS 66210

T 913.491.4144  
F 913.491.6821

W [rubinbrown.com](http://rubinbrown.com)  
E [info@rubinbrown.com](mailto:info@rubinbrown.com)

## 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, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City of Leawood, Kansas' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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 of Leawood, Kansas as of December 31, 2015, 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.

### ***Change In Accounting Principle***

As discussed in Note 1 to the financial statements, in 2015 the City of Leawood, Kansas adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to these matters.

### ***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 20, the budgetary comparison information on page 63, the schedule of funding progress on page 64, the comparison of needed-to-actual maintenance/preservation for streetlights and traffic signals on page 65, and the schedule of proportionate share of the net pension liability and schedule of contributions on page 66 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 of Leawood, Kansas' financial statements. 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 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.

**Other Reporting Required Under *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2016, on our consideration of City of Leawood, Kansas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Leawood, Kansas' internal control over financial reporting and compliance.

*RubinBrown LLP*

April 25, 2016

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## **Management's Discussion And Analysis**

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# CITY OF LEAWOOD, KANSAS

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## MANAGEMENT'S DISCUSSION AND ANALYSIS Fiscal Year Ended December 31, 2015

The following Management's Discussion and Analysis (MD&A) of the City of Leawood's (the City) financial performance provides an introduction and overview to the financial activities of the City for the fiscal year ended December 31, 2015. 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, 2015 by \$324.8 million (*net position*). Of this amount, \$35.5 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 \$3.3 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 \$48.9 million greater than program revenues generated for governmental activities. Taxes, return on investments and other income for \$45.6 million provided funding toward City-wide programs and resulted in a decrease in net position of \$3.3 million for the year ended December 31, 2015.

#### Fund Based

- As of the close of the current year, the City's governmental funds reported combined ending fund balances of \$39.3 million. Net changes in fund balances for governmental funds were \$0.3 million.
- At the end of the current year, unassigned fund balance for the General Fund was \$8.7 million, or 26% of the total General Fund expenditures.
- During the year, the City held temporary notes of \$28,731,377. There was long term debt issued during 2015 in the amount of \$9,370,000. It is anticipated that most of the temporary debt will be converted to longer term debt in 2017.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the City 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 report information about the City as a whole and about its activities. These statements include all assets, deferred outflows, liabilities and deferred inflows 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 net 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 infrastructure.

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**

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### 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, schedules and disclosure of the modified approach for reporting the City's streetlights and traffic signals, and schedules of selected pension information.

## **CITY OF LEAWOOD, KANSAS**

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### 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 year ended December 31, 2015.

During fiscal year 2015, the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These statements established standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expense associated with defined benefit pension plans. This implementation required several December 31, 2014 balances to be restated as of January 1, 2015. Deferred outflows were restated by \$1.6 million at January 1, 2015. Deferred inflows were restated by \$3.8 million. Net pension liability was restated to \$17.7 million and the beginning net position at January 1, 2015 was decreased by \$19.9 million. See Note 1 to the financial statements for further discussion of the decrease to the beginning net position.

The net position for the City as a whole decreased 1% from the \$328.1 million restated January 1, 2015 balance to \$324.8 million at December 31, 2015. The decrease was mostly due to the recognition of \$1.7 million in additional pension expense during 2015.

Noncurrent liabilities, which totaled \$79.0 million at December 31, 2015 and \$57.5 million at December 31, 2014, primarily consist of long-term debt and the net pension liability. Noncurrent liabilities increased \$21.5 million due to implementation of GASB 68 and 71 as well as the issuance of new long term debt. Current liabilities increased \$9.2 million primarily because of the issuance of temporary notes to fund capital projects.

The largest portion of the City's net position (85.8%) 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.

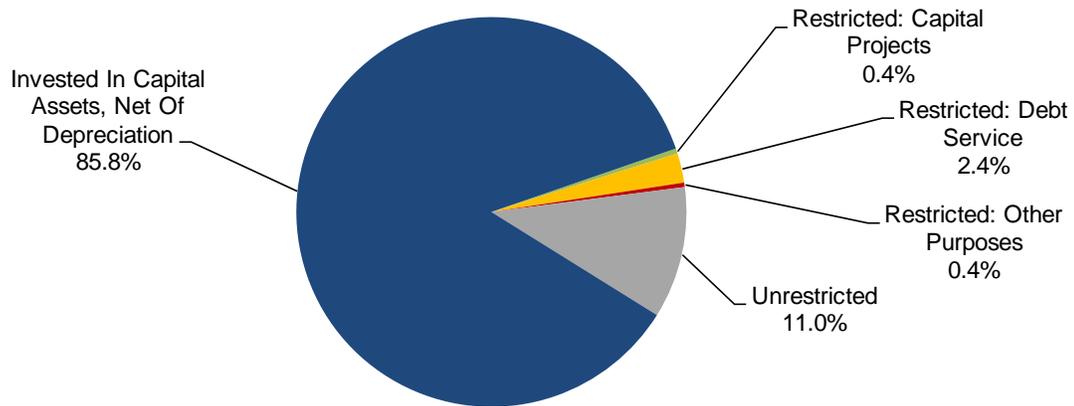
An additional portion of the City's net position (3.2%) represents various resources subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$35.5 million) may be used to meet the City's ongoing obligations to citizens and creditors.

## CITY OF LEAWOOD, KANSAS

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### Management's Discussion And Analysis (*Continued*)

The following graph demonstrated the component of the City's net position at fiscal year ended December 31, 2015:



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 at December 31, 2015 and 2014.

	Governmental Activities		Change
	2015	2014	
Current and other assets	\$ 95,077,578	\$ 84,708,691	\$ 10,368,887
Long-term receivables	11,137,625	12,787,447	(1,649,822)
Capital assets, net	351,244,870	351,810,588	(565,718)
Total assets	457,460,073	449,306,726	8,153,347
Deferred outflows of resources			
Deferred outflows related to pension	1,856,717	—	1,856,717
Deferred loss on refunding	603,448	745,405	(141,957)
Total assets and deferred outflows	459,920,238	450,052,131	9,868,107
Other liabilities	34,491,685	25,283,471	9,208,214
Long-term debt	59,506,295	57,498,352	2,007,943
Net pension liability	19,455,019	—	19,455,019
Total liabilities	113,452,999	82,781,823	30,671,176
Deferred inflows of resources			
Deferred inflows related to pension	1,352,071	—	1,352,071
Deferred revenues	20,274,036	19,254,229	1,019,807
Total deferred inflows	21,626,107	19,254,229	2,371,878
Net position:			
Net investment in capital assets	278,859,226	288,988,301	(10,129,075)
Restricted	10,486,748	8,943,807	1,542,941
Unrestricted	35,495,158	50,083,971	(14,588,813)
Total net position	\$ 324,841,132	\$ 348,016,079	\$ (23,174,947)

## 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.

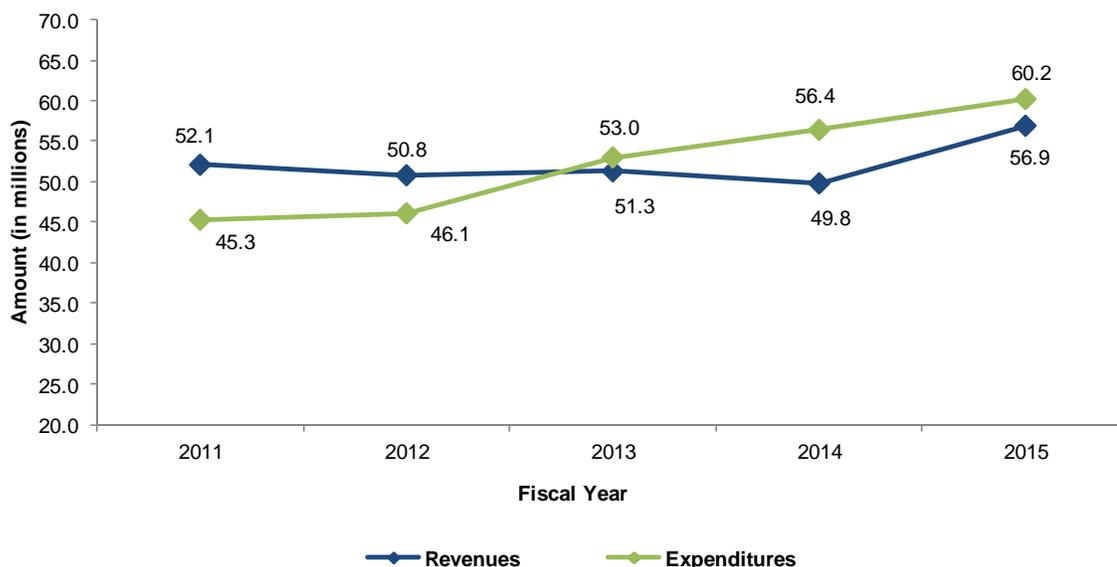
	Governmental Activities		Change
	2015	2014	
Revenues			
Program revenues:			
Charges for services	\$ 6,246,732	\$ 5,880,530	\$ 366,202
Operating grants and contributions	1,833,975	226,565	1,607,410
Capital grants and contributions	3,187,073	675,914	2,511,159
General revenues:			
Property taxes	19,737,219	18,669,457	1,067,762
Sales tax	15,802,522	15,662,006	140,516
Transient guest tax	453,511	383,736	69,775
Franchise tax	3,394,075	3,532,699	(138,624)
Other taxes	1,592,385	1,605,177	(12,792)
Grants and contributions not restricted to specific programs	4,314,367	2,573,189	1,741,178
Unrestricted investment earnings	129,686	228,478	(98,792)
Other	196,798	258,694	(61,896)
<b>Total revenues</b>	<b>56,888,343</b>	<b>49,696,445</b>	<b>7,191,898</b>
Expenses:			
General government	7,697,427	7,204,430	492,997
Public safety	17,065,805	16,926,744	139,061
Public works	25,345,028	21,855,009	3,490,019
Parks and recreation	7,788,255	8,201,559	(413,304)
Interest on long-term debt	2,288,823	2,210,558	78,265
<b>Total expenses</b>	<b>60,185,338</b>	<b>56,398,300</b>	<b>3,787,038</b>
<b>Change in net position</b>	<b>(3,296,995)</b>	<b>(6,701,855)</b>	<b>3,404,860</b>
Net position - beginning of year:			
As previously reported	348,016,079	354,717,934	(6,701,855)
Adjustment due to adoption of GASB Statement No. 68	(19,877,952)	—	(19,877,952)
As restated	328,138,127	354,717,934	(26,579,807)
<b>Net position - end of year</b>	<b>\$ 324,841,132</b>	<b>\$ 348,016,079</b>	<b>\$ (23,174,947)</b>

## CITY OF LEAWOOD, KANSAS

### Management's Discussion And Analysis (Continued)

#### Governmental Activities

Total resources available during the year to finance governmental operations were \$385.0 million consisting of net position at December 31, 2014 of \$348.0 million that was restated to \$328.1 million at January 1, 2015, program revenues of \$11.3 million and general revenues of \$45.6 million. Total expenses of governmental activities during the year were \$60.2 million; thus, net position decreased by \$3.3 million to \$324.8 million. The chart below presents revenues and expenses in governmental activities for the past five years.



The cost of all governmental activities for fiscal year ended December 31, 2015 was \$60.2 million. However, as shown in the Statement of Activities, the amount that the taxpayers ultimately financed for these activities was only \$48.9 million because some of the cost was paid by those who directly benefitted from the programs (\$6.2 million), or by other governments and organizations that subsidized certain programs with operating grants and contributions and capital grants and contributions (\$5.0 million). Overall, the City's governmental program revenues were \$11.3 million. The City paid for the remaining "public benefit" portion of governmental activities with \$45.6 million in taxes (some of which could only be used for certain programs) and other revenues, such as interest and general entitlements and reserves.

## CITY OF LEAWOOD, KANSAS

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### Management's Discussion And Analysis (*Continued*)

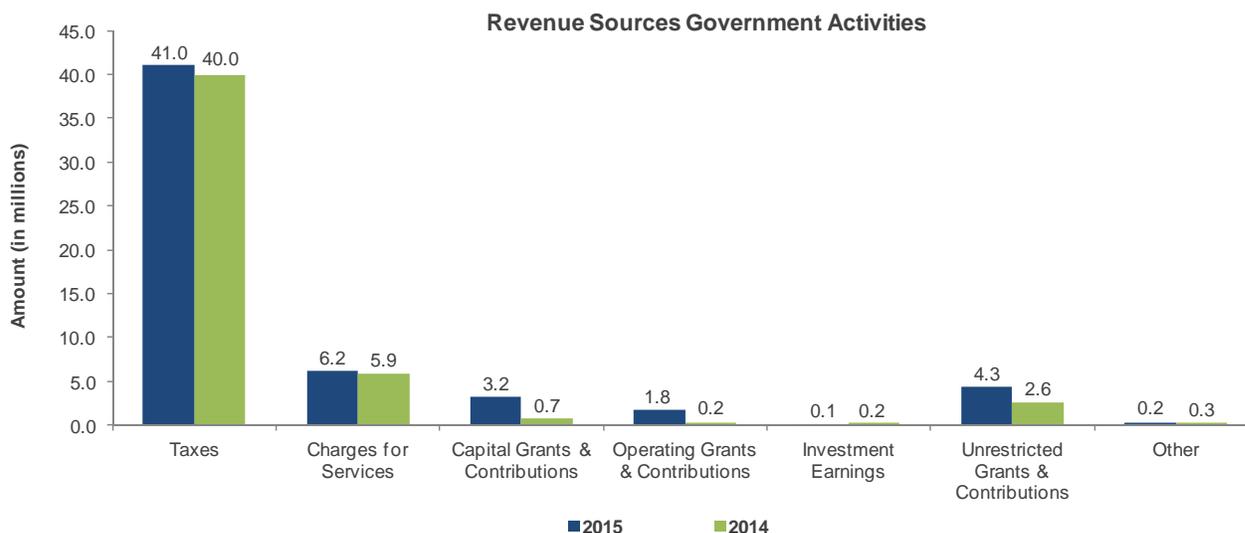
The following in-depth analysis of the major revenue sources and expenses.

- Charges for services in total in 2015 were \$6,246,732 compared to \$5,880,530 in 2014. The largest change was in general government. In 2015, there was \$3,391,641 in general government charges for services compared to \$3,070,035 in 2014. Building permits issued in 2015 were \$1,014,146 compared to \$974,074 in 2014. This fluctuates with the economy and planned projects within the City. Impact fees collected in 2015 were approximately \$205,000 higher than 2014. These fees are collected when the permits are issued and will generally go up if building permits go up. Fines were higher with \$1,587,760 compared to \$1,463,328 in 2014. The next largest category is parks and recreation. The majority of revenues for this category are seasonal such as sport activities, pool operations and various rentals. This category's revenues remained stable between 2014 and 2015 with a difference of less than \$16,000. Specific areas within charges for services showing increases over the previous year include: animal licensing, public works inspections, land disturbance permits, parks and recreation day camps and corporate events. The golf course showed increases in the golf shop, memberships, food and beverage sales as well as golf schools.
- Capital and operating grants and contributions totaled \$5,021,048 in 2015 compared to \$902,479 in 2014. The large increase is due to \$3,301,905 in federal and local grants received for a large street project as well as \$1,437,926 for a large stormwater project. There was also \$1,069,189 in donated infrastructure in 2015 compared to \$149,042 in 2014.
- For 2015, property taxes were budgeted at \$19,258,763. Property tax collections totaled \$19,737,219 and 102.5% of the current year estimate. In comparison, the 2014 collections, of \$18,669,457 were 99.2% of the estimate.
- Sales and use tax revenue increased slightly from \$15,662,006 in 2014 to \$15,802,522 in 2015. City sales tax increased from \$6,926,500, in 2014 to \$6,932,102 in 2015. City use tax increased from \$1,908,175 in 2014 to \$1,928,293 in 2015. The lower than anticipated revenue appears to be a combination of several items including: refund processed at the State level in the County sales tax area; and lower grocery, water utility and natural gas utility sales tax payments.
- The City recognized depreciation expense of \$10,142,995, an increase of \$41,191 over 2014. This increase is due to the addition of depreciable assets in 2015.
- The City capitalized \$6,775,245 in depreciable capital assets during 2015. This is an increase of \$2,384,722 from 2014. This large increase is due to the completion and capitalization of \$2,374,481 in capital projects in 2015 compared to \$782,592 in 2014. Building disposals in 2014 were \$1,030,706 compared to \$310,848 in 2015. The City tore down and disposed of the old police station after the completion of the new Justice Center.
- Personnel services increased to \$26,019,772 in 2015 from \$24,800,988 in 2014. Personnel expenses were affected by rises in health insurance as well as increases in the required contributions to KPERS.

## 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, 2015 and 2014, respectively:



Expenses for 2015 were impacted by implementation of GASB 68. Public works showed the largest increase because of several large projects that were not capitalized. Interest expense remained relatively flat.

## FUND FINANCIAL ANALYSIS

### General Fund

The General Fund is the chief operating fund of the City. Fund balance for the General Fund decreased by \$0.3 million for the year ended December 31, 2015, with an ending balance of \$14.5 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 26% of the total General Fund operating expenditures, while total fund balance represents 43% of that same amount.

Total fund balance is represented by five components: Non-spendable, Restricted, Committed, Assigned and Unassigned. The Non-spendable fund balance is \$0.1 million. This amount represents inventories and prepaid items that do not fluctuate a lot from year to year. The Unassigned fund balance is \$8.7 million in 2015 compared to the \$10.0 million in 2014. The Assigned fund balance of \$5.6 million is for the budgeted use of fund balance reserves in 2016.

## 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.

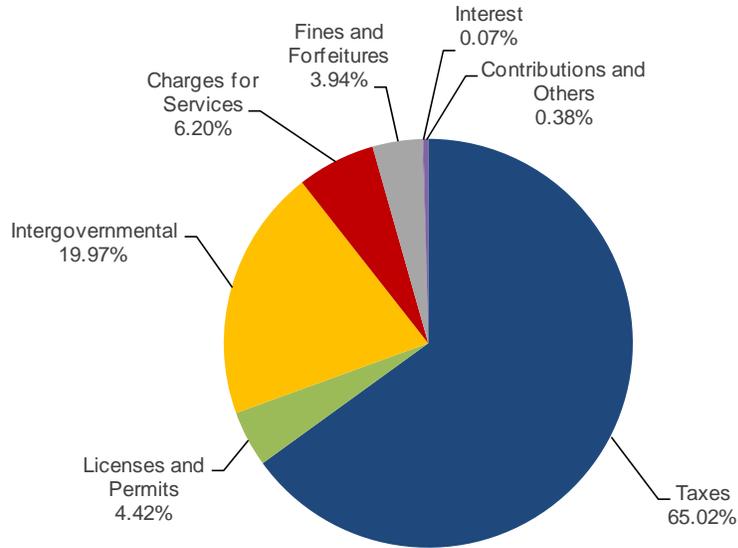
	2015	2014	2013	2012	2011
Fund balance					
Reserved	\$ —	\$ —	\$ —	\$ —	\$ —
Unreserved	—	—	—	—	—
Nonspendable	140,462	132,689	143,223	144,368	123,850
Assigned	5,623,577	4,664,936	3,969,571	6,051,836	3,399,131
Unassigned	8,730,207	10,036,017	9,103,817	10,222,980	12,461,695
<b>Total fund balance</b>	<b>\$ 14,494,246</b>	<b>\$ 14,833,642</b>	<b>\$ 13,216,611</b>	<b>\$ 16,419,184</b>	<b>\$ 15,984,676</b>
Fund balance - beginning	\$ 14,833,642	\$ 13,216,611	\$ 16,419,184	\$ 15,984,676	\$ 11,080,759
Operating surplus	6,256,939	7,388,025	7,413,613	8,040,454	6,395,895
Transfers	(6,596,335)	(5,770,994)	(10,616,186)	(7,605,946)	(1,491,978)
<b>Fund balance - ending</b>	<b>\$ 14,494,246</b>	<b>\$ 14,833,642</b>	<b>\$ 13,216,611</b>	<b>\$ 16,419,184</b>	<b>\$ 15,984,676</b>

General Fund revenues stayed relatively flat between 2015 and 2014. Property taxes in 2015 were \$300,000 lower than 2014 because of a shift in the tax levy between the general and debt service funds. Gas franchise fees were \$260,000 lower in 2015 but electric franchise fees were \$100,000 higher. These types of fees fluctuate according to usage, weather and rate changes. Motor vehicle taxes were up by \$100,000 and are dependent on vehicle sales within the year. Fines and forfeitures were up by \$125,000 due to heavier enforcement. Building permits were up in 2015 by about \$40,000. This amount varies because of economy and planned projects. Parks and Recreation program revenue fluctuates from year to year because of weather and other factors but the golf course green fees were the largest variance. Green fees were \$50,000 lower in 2015 than 2014. Ironwoods Park lodge rentals were almost \$20,000 lower in 2015 than 2014. Other venues coming to the area could be affecting this revenue source.

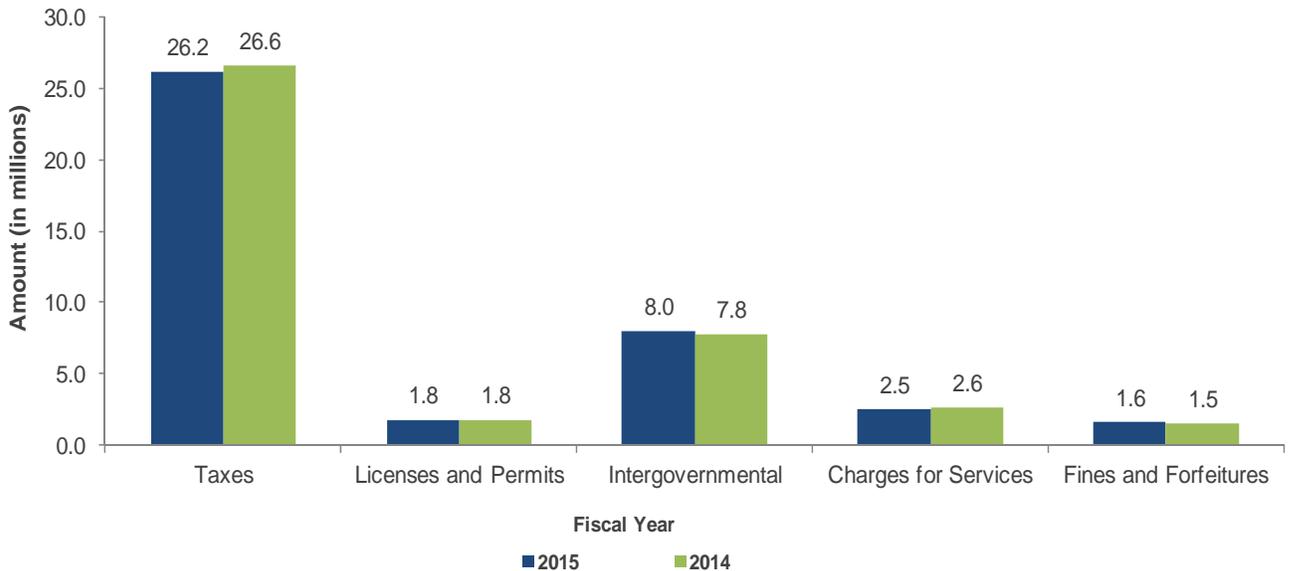
**CITY OF LEAWOOD, KANSAS**

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 years ended December 31, 2015 and 2014.

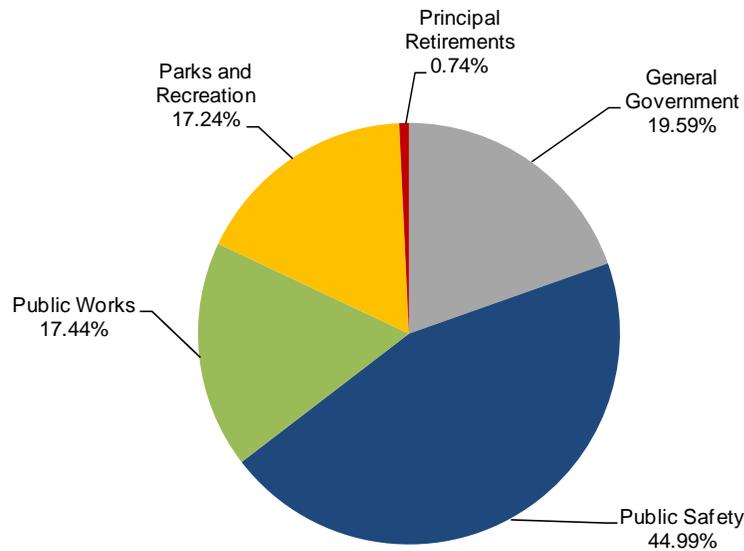


General Fund expenditures increased overall by \$1.0 million or 3.0%. All areas, including general government, public safety, public works and parks and recreation experienced increases in 2015 due to increases in wages and benefits.

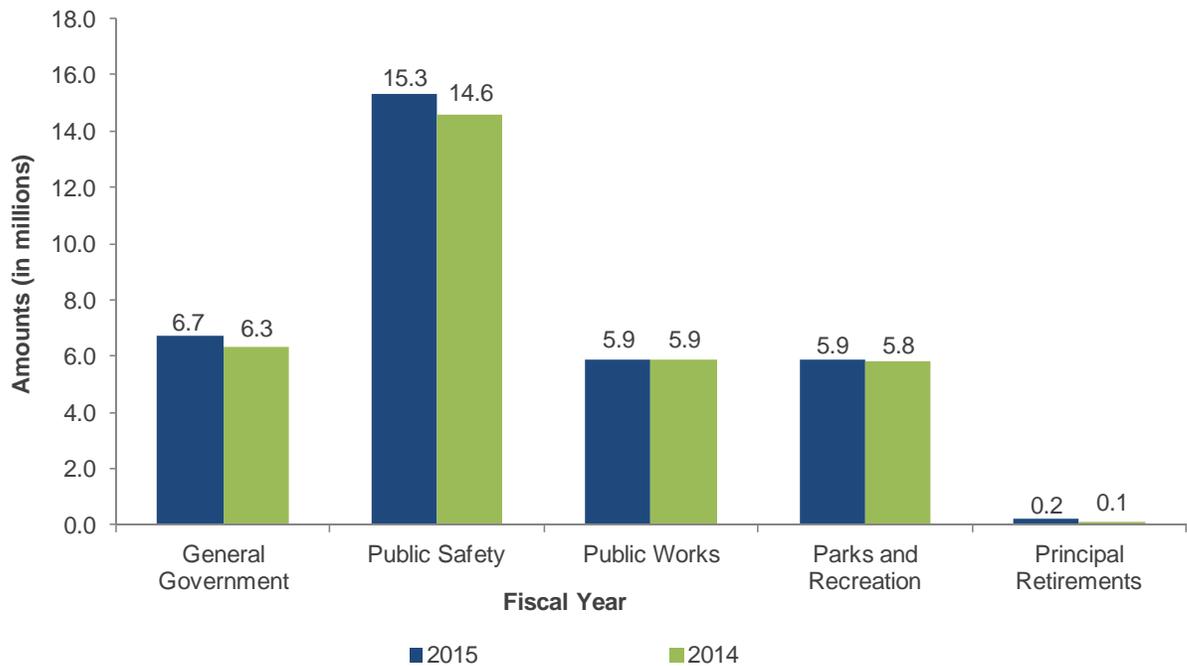
# CITY OF LEAWOOD, KANSAS

## 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 years ended December 31, 2015 and 2014.



## **CITY OF LEAWOOD, KANSAS**

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### Management's Discussion And Analysis (*Continued*)

Transfers to other funds increased by \$0.5 million from the prior year. The capital equipment and pay-as-you-go project transfers fluctuate as necessary to fund the C.I.P (Capital Improvement Program) and the Vehicle and Equipment Replacement Schedules. Transfers to the Public Safety Improvement Fund from the General Fund stayed consistent with \$944,049 in 2014 and \$1,013,173 in 2015. This amount represents the public safety sales tax that comes into the City each year.

#### **Other Governmental Funds**

The fund balance for the Debt Service Fund increased \$691,406 from last year. This balance represents 100% of the 2015 annual debt service payments.

The fund balance in the Capital Projects Fund went from \$(3.4) million in 2014 to \$(7.8) million at the end of 2015. This change in fund balance is a result of large temporary note borrowing for ongoing projects. The City has a large street project that has expended \$10.9 million as well as a curb project that has expended \$4.6 million. These projects are currently funded with temporary notes and will be bonded at a later date. Once these two projects, as well as others are completed, the projects will be bonded and the fund balance will be restored.

The Capital Improvement Fund had an increase of \$2.1 million in fund balance as a result of the current year's operations. During 2015, there were \$3.0 million in transfers into this fund, compared to \$2.1 million in transfers into the fund during 2014. Capital outlay was \$2.3 million in 2015 compared to \$1.3 million in 2014. Transfers and expenditures in the fund fluctuate according to the capital improvement budget. During 2015, the City received \$1.4 million in an interlocal agreement that was not received in 2014. This grant resulted in the largest portion of the fund balance increase.

The Public Safety Improvement Fund had a \$0.6 million dollar increase in fund balance at the end of 2015. The Johnson County public safety sales tax is transferred into this fund monthly from the General Fund in order to pay for future public safety needs.

The Municipal Equipment Fund had an ending fund balance of \$9.5 million. This is an increase of \$0.5 million over 2014. This increase is due to equipment purchases of \$1.3 million in this fund in 2015 compared to \$2.2 million in 2014. In 2014 there were \$800,000 in public works vehicles and \$400,000 in streetlights purchased compared to \$400,000 in vehicles in 2015. In 2013 the City entered into an agreement to purchase previously leased streetlights. A portion was paid in 2013 and the remaining \$400,000 was paid in 2014. There were also transfers into this fund in the amount of \$1.7 million in 2015 compared to \$2.2 million in 2014. Transfers in 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, 2015, the City had total bonded debt outstanding of \$52,805,000. All of this debt is backed by the full faith and credit of the City.

## CITY OF LEAWOOD, KANSAS

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### Management's Discussion And Analysis (*Continued*)

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

	Governmental Activities		
	2015	2014	Change
General Obligation Bonds	\$ 52,805,000	\$ 51,450,000	\$ 1,355,000

The City achieved its first AAA bond rating from Moody's Investor Service in April 2008 and it was re-affirmed again in August 2015. This bond rating is a clear indication of the sound financial condition of the City. This achievement is a primary factor in keeping interest costs low on the City's outstanding debt.

Kansas statutes limit the amount of general obligation debt that a unit of government can issue to thirty percent of the total assessed value of taxable property located within the City's boundaries. The legal debt margin for City is \$211,704,287.

Additional information regarding the City'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, 2015, net capital assets of the governmental activities totaled \$351.2 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.

## CITY OF LEAWOOD, KANSAS

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### Management's Discussion And Analysis (*Continued*)

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 2015, 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 2015 was 98.7%. For 2015, the City incurred expenditures of \$298,252 compared to the budgeted amount of \$340,000 to maintain the condition assessment level.

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

	<b>Governmental Activities</b>		
	<b>2015</b>	2014	Percentage Change
Land/right of way	<b>\$ 119,691,153</b>	\$ 119,691,153	0%
Buildings and improvements	<b>45,203,503</b>	47,256,370	-4%
Machinery and equipment	<b>8,549,130</b>	9,452,937	-10%
Infrastructure	<b>171,494,628</b>	171,948,703	0%
Construction in progress	<b>6,306,456</b>	3,461,425	82%
<b>Total</b>	<b>\$ 351,244,870</b>	\$ 351,810,588	0%

### GENERAL FUND BUDGETARY HIGHLIGHTS

The legally adopted budget for the General Fund was not amended by the Governing Body during 2015. Revenue and expenditure budgets were reduced during the year to reflect revised projections but the changes made did not require the budget to be legally amended.

In total, the General Fund revenues had an unfavorable variance from the final budget by \$(0.2) million. City Sales Tax collected were \$400,000 below the revised budget which resulted in the revenue budget variance.

The General Fund expenditures of \$33.8 million show a favorable variance of \$4.4 million when compared to the final budget of \$38.3 million. General Government, Public Safety, Public Works and Parks and Recreation all reported positive expenditure variances in 2015. Over \$1.2 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 \$3.3 million below the final budget. Careful and conservative spending was used throughout the year.

## CITY OF LEAWOOD, KANSAS

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### Management's Discussion And Analysis (*Continued*)

Final budget	\$ 38,256,500
Expenditure actuals	<u>(33,817,776)</u>
Variance under	<u>\$ 4,438,724</u>

### **ECONOMIC OUTLOOK**

The 2016 economic outlook for Leawood remains consistent with prior year's actual results. Leawood continues to have a diversified revenue base with the largest category, 37% coming from property taxes; followed by the other governmental revenue of 32% and lastly sales taxes of 31%. For the 2016 budget year, Leawood is anticipating an increase in assessed valuation. Over the last 10 years the City's property tax base has increased 2.2% on average per year. The City is also anticipating an increase in sales tax in 2016. The City has averaged a 5.8% increase in sales tax collections over the last 5 years.

At the close of 2016, the City's operating reserves are expected to be at 47% of expenditures, which is above the minimum goal set by the Governing Body. As major pay-as-you-go capital projects are completed, it is projected that the reserves over the next seven years will be above the 11% goal.

Debt reserves in 2016 are budgeted at \$7,646,800 or 98% of debt service expenditures. This reserve level provides a financial cushion for the City in the event that property tax collection rates fall. This level of reserves also provides an added layer of protection in the event that there are delayed payments from our special benefit debt.

Leawood will continue to use a financial forecasting and planning model to monitor financial progress in the coming years. Monitoring revenue and expenditures throughout the year ensures that fund balances remain within policy standards and will provide for the future needs of the City.

### **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 913-663-9121.

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## **Basic Financial Statements**

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# CITY OF LEAWOOD, KANSAS

## STATEMENT OF NET POSITION

December 31, 2015

	<b>Governmental Activities</b>
<b>Assets</b>	
Pooled cash and investments	\$ 67,733,422
Restricted assets	151,825
Receivables (net of allowance for uncollectibles):	
Property tax	20,273,256
Sales tax	2,948,250
Transient guest tax	114,467
Franchise tax	639,773
Special assessments - current	1,794,561
Intergovernmental	1,100,340
Interest	173,349
Accounts	7,873
Inventory and prepaid expenses	140,462
Special assessments receivable - noncurrent	11,137,625
Capital assets:	
Land and other capital assets, nondepreciable	144,383,177
Other capital assets, net of depreciation	206,861,693
<b>Total Assets</b>	<b>457,460,073</b>
<b>Deferred Outflows Of Resources</b>	
Deferred loss on refunding	603,448
Deferred contributions to pension plan	1,388,217
Proportionate share of collective deferred outflows of resources	468,500
<b>Total Deferred Outflows Of Resources</b>	<b>2,460,165</b>
<b>Liabilities</b>	
Accounts payable	3,536,851
Due to employees and others	1,205,350
Temporary notes payable	28,731,377
Accrued interest payable	866,282
Municipal court deposits	151,825
Long-term liabilities:	
Due within one year	7,340,386
Due in more than one year	52,165,909
Net pension liability	19,455,019
<b>Total Liabilities</b>	<b>113,452,999</b>
<b>Deferred Inflows Of Resources</b>	
Property tax	20,274,036
Proportionate share of collective deferred inflows of resources	1,352,071
<b>Total Inflows Of Resources</b>	<b>21,626,107</b>
<b>Net Position</b>	
Net investment in capital assets	278,859,226
Restricted for:	
Bridges, streets and signals	1,381,229
Debt service	7,940,070
Social services	672,439
Special parks and recreation	241,308
Tourism promotion	211,290
Law enforcement	40,412
Unrestricted	35,495,158
<b>Total Net Position</b>	<b>\$ 324,841,132</b>

# CITY OF LEAWOOD, KANSAS

## STATEMENT OF ACTIVITIES For The Year Ended December 31, 2015

Functions/Programs	Expenses	Program Revenues			Net Expense And Changes In Net Position
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	
<b>Governmental Activities</b>					
General government	\$ 7,697,427	\$ 3,391,641	\$ —	\$ —	\$ (4,305,786)
Public safety	17,065,805	141,736	15,852	—	(16,908,217)
Public works	25,345,028	234,491	1,818,123	3,187,073	(20,105,341)
Parks and recreation	7,788,255	2,478,864	—	—	(5,309,391)
Interest on long-term debt	2,288,823	—	—	—	(2,288,823)
<b>Total Governmental Activities</b>	<b>\$ 60,185,338</b>	<b>\$ 6,246,732</b>	<b>\$ 1,833,975</b>	<b>\$ 3,187,073</b>	<b>(48,917,558)</b>
<b>General Revenues</b>					
Property taxes levied for:					
Property taxes for general purposes					13,971,848
Property taxes for debt service					5,765,371
Sales taxes					15,802,522
Transient guest tax					453,511
Franchise taxes					3,394,075
Other taxes					1,592,385
Grants and contributions not restricted to specific programs					4,314,367
Unrestricted investment earnings					129,686
Miscellaneous					196,798
<b>Total General Revenues</b>					<b>45,620,563</b>
					Change in net position (3,296,995)
<b>Net Position - Beginning Of Year, As Previously Reported</b>					<b>348,016,079</b>
<b>Cumulative Effect Of Change In Accounting Principle</b>					<b>(19,877,952)</b>
<b>Net Position - Beginning Of Year, As Restated</b>					<b>328,138,127</b>
<b>Net Position - Ending</b>					<b>\$ 324,841,132</b>

# CITY OF LEAWOOD, KANSAS

## BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2015

	General Fund	Debt Service	Capital Projects	Capital Improvements	Public Safety Improvement	Municipal Equipment Reserve	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>								
Pooled cash and investments	\$ 12,162,134	\$ 7,697,094	\$ 23,722,997	\$ 5,914,081	\$ 4,264,904	\$ 9,461,425	\$ 4,510,787	\$ 67,733,422
Restricted assets	151,825	—	—	—	—	—	—	151,825
Receivables:								
Property tax	14,844,279	5,428,977	—	—	—	—	—	20,273,256
Sales tax	2,783,246	—	—	—	—	—	165,004	2,948,250
Transient guest tax	—	—	—	—	—	—	114,467	114,467
Accounts	7,873	—	—	—	—	—	—	7,873
Franchise tax	639,773	—	—	—	—	—	—	639,773
Interest	32,946	16,188	64,207	14,723	10,480	23,535	11,270	173,349
Intergovernmental	395,431	75,135	—	320,376	—	—	309,398	1,100,340
Special assessments	—	12,932,186	—	—	—	—	—	12,932,186
Inventories and prepaids	140,462	—	—	—	—	—	—	140,462
Due from other funds	—	—	—	—	177,909	—	—	177,909
<b>Total Assets</b>	<b>\$ 31,157,969</b>	<b>\$ 26,149,580</b>	<b>\$ 23,787,204</b>	<b>\$ 6,249,180</b>	<b>\$ 4,453,293</b>	<b>\$ 9,484,960</b>	<b>\$ 5,110,926</b>	<b>\$ 106,393,112</b>
<b>Liabilities</b>								
Accounts payable and accrued liabilities	\$ 267,960	\$ —	\$ 2,691,118	\$ 316,315	\$ 5,095	\$ 34,516	\$ 221,847	\$ 3,536,851
Due to employees and others	1,205,350	—	—	—	—	—	—	1,205,350
Due to other funds	177,909	—	—	—	—	—	—	177,909
Temporary notes payable	—	—	28,731,377	—	—	—	—	28,731,377
Accrued interest payable	—	—	213,520	—	—	—	—	213,520
Municipal court deposits	151,825	—	—	—	—	—	—	151,825
<b>Total Liabilities</b>	<b>1,803,044</b>	<b>—</b>	<b>31,636,015</b>	<b>316,315</b>	<b>5,095</b>	<b>34,516</b>	<b>221,847</b>	<b>34,016,832</b>
<b>Deferred Inflows Of Resources</b>								
Property tax	14,850,671	5,428,977	—	—	—	—	—	20,279,648
Special assessments	—	12,780,533	—	—	—	—	—	12,780,533
Other	10,008	—	—	—	—	—	—	10,008
<b>Total Deferred Inflows Of Resources</b>	<b>14,860,679</b>	<b>18,209,510</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>33,070,189</b>
<b>Fund Balances</b>								
<b>Nonspendable:</b>								
Inventory	140,462	—	—	—	—	—	—	140,462
<b>Restricted For:</b>								
Social services	—	—	—	—	—	—	672,439	672,439
Parks and recreation	—	—	—	—	—	—	241,308	241,308
Tourism promotion	—	—	—	—	—	—	211,290	211,290
Bridges, streets and signals	—	—	—	—	—	—	1,381,230	1,381,230
Debt service reserve	—	7,940,070	—	—	—	—	—	7,940,070
Law enforcement	—	—	—	—	—	—	40,412	40,412
<b>Committed To:</b>								
Equipment purchases	—	—	—	—	—	9,450,444	—	9,450,444
Bridges, streets and signals	—	—	—	—	—	—	1,573,539	1,573,539
Justice center	—	—	—	—	4,448,198	—	—	4,448,198
City art	—	—	—	—	—	—	652,717	652,717
Park improvements	—	—	—	—	—	—	107,577	107,577
Other capital projects	—	—	—	5,932,865	—	—	—	5,932,865
<b>Assigned To:</b>								
Appropriation of fund balance for 2016	5,623,577	—	—	—	—	—	—	5,623,577
Other purposes	—	—	—	—	—	—	8,567	8,567
<b>Unassigned</b>	<b>8,730,207</b>	<b>—</b>	<b>(7,848,811)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>881,396</b>
<b>Total Fund Balances</b>	<b>14,494,246</b>	<b>7,940,070</b>	<b>(7,848,811)</b>	<b>5,932,865</b>	<b>4,448,198</b>	<b>9,450,444</b>	<b>4,889,079</b>	<b>39,306,091</b>
<b>Total Liabilities, Deferred Inflows And Fund Balances</b>	<b>\$ 31,157,969</b>	<b>\$ 26,149,580</b>	<b>\$ 23,787,204</b>	<b>\$ 6,249,180</b>	<b>\$ 4,453,293</b>	<b>\$ 9,484,960</b>	<b>\$ 5,110,926</b>	<b>\$ 106,393,112</b>

# CITY OF LEAWOOD, KANSAS

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## RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION December 31, 2015

**Total Fund Balance - Governmental Funds** \$ 39,306,091

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Net Position 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 Position. 351,244,870

Long-term assets are not available to pay for current period expenditures and are therefore deferred in the fund statements. 12,796,153

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 position. 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	603,448
Deferred contributions to pension plan	1,388,217
Share of deferred outflows of pension plan	468,500
Share of deferred inflows of pension plan	(1,352,071)
Unamortized premiums and discounts	(1,981,029)
Accrued interest payable	(652,762)
Net pension liability	(19,455,019)
Long-term liabilities	(57,525,266)

**Total Net Position Of Governmental Activities** \$ 324,841,132

# CITY OF LEAWOOD, KANSAS

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For The Year Ended December 31, 2015

	General Fund	Debt Service	Capital Projects	Capital Improvements	Public Safety Improvement	Municipal Equipment Reserve	Other Govern- mental Funds	Total Govern- mental Funds
<b>Revenues</b>								
Taxes	\$ 26,220,707	\$ 5,200,103	\$ —	\$ —	\$ —	\$ —	\$ 1,316,873	\$ 32,737,683
Licenses and permits	1,784,135	180,380	137,151	—	—	—	58,062	2,159,728
Intergovernmental	8,052,367	409,586	3,301,905	1,437,926	—	—	2,743,829	15,945,613
Charges for services	2,499,008	—	—	—	—	—	—	2,499,008
Fines and forfeitures	1,587,760	—	—	—	—	—	—	1,587,760
Special assessments	—	2,305,933	—	—	—	—	—	2,305,933
Interest	28,070	16,934	40,752	10,277	7,540	17,916	8,197	129,686
Contributions and others	154,578	—	—	—	—	88,710	4,760	248,048
<b>Total Revenues</b>	<b>40,326,625</b>	<b>8,112,936</b>	<b>3,479,808</b>	<b>1,448,203</b>	<b>7,540</b>	<b>106,626</b>	<b>4,131,721</b>	<b>57,613,459</b>
<b>Expenditures</b>								
General government	6,673,278	—	—	90,000	—	—	581,899	7,345,177
Public safety	15,329,378	—	—	—	—	—	2,829	15,332,207
Public works	5,940,349	—	—	—	—	—	—	5,940,349
Parks and recreation	5,874,771	—	—	—	—	—	3,982	5,878,753
Capital outlay								
General government	—	—	—	22,441	—	257,069	—	279,510
Public safety	—	—	—	59,949	400,973	204,342	—	665,264
Public works	—	—	15,197,774	2,150,720	—	421,373	2,885,400	20,655,267
Parks and recreation	—	—	—	20,632	—	402,140	436,634	859,406
Debt service:								
Principal retirement	213,057	5,610,000	—	—	—	—	—	5,823,057
Interest and fiscal charges	38,853	1,848,149	343,717	—	—	—	—	2,230,719
<b>Total Expenditures</b>	<b>34,069,686</b>	<b>7,458,149</b>	<b>15,541,491</b>	<b>2,343,742</b>	<b>400,973</b>	<b>1,284,924</b>	<b>3,910,744</b>	<b>65,009,709</b>
<b>Revenues Over (Under)</b>								
<b>Expenditures</b>	<b>6,256,939</b>	<b>654,787</b>	<b>(12,061,683)</b>	<b>(895,539)</b>	<b>(393,433)</b>	<b>(1,178,298)</b>	<b>220,977</b>	<b>(7,396,250)</b>
<b>Other Financing Sources (Uses)</b>								
Transfers in	288,000	10,212	—	3,030,000	1,013,173	1,700,000	1,641,162	7,682,547
Transfers out	(6,884,335)	—	(10,212)	—	—	—	(788,000)	(7,682,547)
Payments to refunding escrow agent	—	(2,405,000)	—	—	—	—	—	(2,405,000)
Premiums	—	201,407	488,827	—	—	—	—	690,234
Refunding bonds issued	—	2,230,000	—	—	—	—	—	2,230,000
Bonds issued	—	—	7,140,000	—	—	—	—	7,140,000
<b>Total Other Financing Sources (Uses)</b>	<b>(6,596,335)</b>	<b>36,619</b>	<b>7,618,615</b>	<b>3,030,000</b>	<b>1,013,173</b>	<b>1,700,000</b>	<b>853,162</b>	<b>7,655,234</b>
<b>Net Change In Fund Balances</b>	<b>(339,396)</b>	<b>691,406</b>	<b>(4,443,068)</b>	<b>2,134,461</b>	<b>619,740</b>	<b>521,702</b>	<b>1,074,139</b>	<b>258,984</b>
<b>Fund Balances -</b>								
<b>Beginning Of Year</b>	<b>14,833,642</b>	<b>7,248,664</b>	<b>(3,405,743)</b>	<b>3,798,404</b>	<b>3,828,458</b>	<b>8,928,742</b>	<b>3,814,940</b>	<b>39,047,107</b>
<b>Fund Balances -</b>								
<b>End Of Year</b>	<b>\$ 14,494,246</b>	<b>\$ 7,940,070</b>	<b>\$ (7,848,811)</b>	<b>\$ 5,932,865</b>	<b>\$ 4,448,198</b>	<b>\$ 9,450,444</b>	<b>\$ 4,889,079</b>	<b>\$ 39,306,091</b>

# 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, 2015

**Net Changes In Fund Balances - Total Governmental Funds** \$ 258,984

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	9,019,731
Depreciation expense	(10,142,995)
Loss on disposal of capital assets	(503,642)

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	1,061,188
Change in deferred revenue for tax revenues	(1,735,054)

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 position. 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	(25,219)
Interest expense	(32,885)
Issuance of long-term debt	(9,370,000)
Premium on long-term debt	(690,234)
Payment of long-term debt, including payments to refunding agent	8,228,057
Pension expense	927,579
Net post-retirement benefits obligation	(288,157)

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	(4,348)
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**Total Changes In Net Position Of Governmental Activities** \$ (3,296,995)

# CITY OF LEAWOOD, KANSAS

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## STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS December 31, 2015

### Assets

Pooled cash and investments	\$ 66,568
Special assessments receivable	<u>3,011,796</u>
<b>Total Assets</b>	<b><u><u>\$ 3,078,364</u></u></b>

### Liabilities

Due to employees	\$ 1,410
Due to other taxing jurisdiction	<u>3,076,954</u>
<b>Total Liabilities</b>	<b><u><u>\$ 3,078,364</u></u></b>

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**Notes To Basic Financial Statements**

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# CITY OF LEAWOOD, KANSAS

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## NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2015

### 1. Summary Of Significant Accounting Policies

The following is a summary of significant accounting policies employed in the preparation of the accompanying financial statements.

#### **Reporting Entity**

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 32,644 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.

#### **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.

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.

## CITY OF LEAWOOD, KANSAS

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### Notes To Basic Financial Statements (*Continued*)

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.

##### 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 resources used to construct public safety improvements including a Justice Center and other necessary and related improvements.

## **CITY OF LEAWOOD, KANSAS**

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### Notes To Basic Financial Statements (*Continued*)

#### *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 eight 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. The Camelot Court Community Improvement District Fund accounts for sales tax collections within the Camelot Court Community Improvement District.

### **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.

#### *Governmental Fund Financial Statements*

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

## **CITY OF LEAWOOD, KANSAS**

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### Notes To Basic Financial Statements (*Continued*)

#### *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

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### 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 0.21% and the amount of investment revenue was \$129,686.

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

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### 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 \$340,000.

## CITY OF LEAWOOD, KANSAS

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### 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.

#### *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.

#### *Pensions*

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Kansas Public Employees' Retirement System (KPERs) and additions to and deductions from KPERs' fiduciary net position have been determined on the same basis as they are reported by KPERs. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### *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, net pension liability, 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

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### 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.

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

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### 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 as set forth in the City’s purchasing policy pursuant to resolution #2149. 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.

## CITY OF LEAWOOD, KANSAS

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### Notes To Basic Financial Statements (*Continued*)

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.

#### **New Accounting Standard**

For year ended December 31, 2015, the City implemented GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These statements established standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expense. As a result of the implementation, net position as of January 1, 2015 was restated as follows:

<b>Net Position, As Previously Reported, January 1, 2015</b>	<u>\$ 348,016,079</u>
<b>Prior Period Adjustments</b>	
Net pension liability (measurement date of June 30, 2014)	(17,671,886)
Deferred outflows	
Contributions made after the measurement date of June June 30, 2014 through December 31, 2014	1,231,671
Proportionate share of collective deferred outflows of resources at December 31, 2014	345,732
Deferred inflows - proportionate share of collective deferred inflows of resources at December 31, 2014	<u>(3,783,469)</u>
Total prior period adjustment	<u>(19,877,952)</u>
<b>Net Position, As Restated, January 1, 2015</b>	<u><u>\$ 328,138,127</u></u>

## **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, the Special Law Enforcement Fund, and the Transient Guest Tax Fund. A legal operating budget is not required for Capital Projects Funds or for the American Revolution Tri-Centennial Special Revenue Fund.

## CITY OF LEAWOOD, KANSAS

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### Notes To Basic Financial Statements (*Continued*)

The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1.
2. Publication in a local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5.
3. Public hearing on or before August 15, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25.

The annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized on the modified accrual basis. Expenditures include disbursements and accounts payable.

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

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

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

Kansas statutes prohibit cities from creating indebtedness unless there is money on hand in the 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, 2015, the bank balance of deposits, certificates of deposit and repurchase agreements were \$20,873,866, 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.

## CITY OF LEAWOOD, KANSAS

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### Notes To Basic Financial Statements (*Continued*)

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	\$	4,887
Carrying amount of deposits		20,834
Investments		<u>67,926,094</u>
Total cash and investments	\$	<u><u>67,951,815</u></u>
Pooled cash and investments	\$	67,733,422
Restricted cash		151,825
Cash and investments - agency funds		<u>66,568</u>
Total pooled cash and investments	\$	<u><u>67,951,815</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.

At December 31, 2015, 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, 2015.

#### *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.

## CITY OF LEAWOOD, KANSAS

### Notes To Basic Financial Statements (*Continued*)

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

	<b>Maturity</b>			
	<b>Amount</b>	<b>6 Months Or Less</b>	<b>6 - 12 Months</b>	<b>12 - 24 Months</b>
U.S. Treasury Notes	\$ 47,325,825	\$ 14,045,364	\$ 10,053,456	\$ 23,227,005
Repurchase agreements	20,600,269	20,600,269	—	—
	<b>\$ 67,926,094</b>	<b>\$ 34,645,633</b>	<b>\$ 10,053,456</b>	<b>\$ 23,227,005</b>

#### *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.

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

<b>Investment Type</b>	<b>Maximum Percentage</b>
Repurchase agreements	40%
Collateralized time and demand deposits	100%
U.S. Treasury notes and bills	100%
Kansas Municipal Investment Pool	30%
Bank trust department municipal pools	10%
Temporary notes or no-fund warrants	10%

## CITY OF LEAWOOD, KANSAS

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### Notes To Basic Financial Statements (Continued)

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, 2015</u>	<u>Percentage</u>
U.S. Treasury Notes	\$ 47,325,825	**	69.7%
Repurchase agreements	<u>20,600,269</u>	AAA Collateral	30.3%
	<u>\$ 67,926,094</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, 2014 on which the 2015 levy was based was \$786,143,573.

The City's property tax levies per \$1,000 (Mills) assessed valuation for the year ended December 31, 2015 recognized as revenue in 2015 were as follows:

	<u>Levy (Mills)</u>
General fund	\$ 17.837
Debt service fund	<u>6.655</u>
	<u>\$ 24.492</u>

Taxes receivable represent property taxes levied on November 1, 2015 for 2016, 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.

**CITY OF LEAWOOD, KANSAS**

Notes To Basic Financial Statements (*Continued*)

**4. Intergovernmental Revenues**

	General Fund	Debt Service	Capital Projects	Capital Improvements	Other Governmental Funds	Total
Federal:						
Department of transportation	\$ 6,077	\$ —	\$ 1,709,500	\$ —	\$ —	\$ 1,715,577
Department of justice	9,775	—	—	—	—	9,775
State Of Kansas:						
Special liquor tax	530,795	—	—	—	1,061,590	1,592,385
Gasoline tax	—	—	—	—	885,582	885,582
Drug tax	—	—	—	—	237	237
County and local:						
County sales tax	5,093,521	—	—	—	—	5,093,521
County consumer's use tax	985,244	—	—	—	—	985,244
Motor vehicle tax	1,426,794	409,586	—	—	—	1,836,380
Interlocal agreements	161	—	1,592,405	1,437,926	796,420	3,826,912
	<b>\$ 8,052,367</b>	<b>\$ 409,586</b>	<b>\$ 3,301,905</b>	<b>\$ 1,437,926</b>	<b>\$ 2,743,829</b>	<b>\$ 15,945,613</b>

**5. Interfund Transfers**

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

Transfers To	Transfers From			Total
	General Fund	Capital Projects Fund	Other Governmental Funds	
<b>Governmental Activities</b>				
General fund	\$ —	\$ —	\$ 288,000	\$ 288,000
Debt service fund	—	10,212	—	10,212
Capital improvements fund	3,030,000	—	—	3,030,000
Public safety improvement fund	1,013,173	—	—	1,013,173
Municipal equipment reserve fund	1,700,000	—	—	1,700,000
Other governmental funds	1,141,162	—	500,000	1,641,162
	<b>\$ 6,884,335</b>	<b>\$ 10,212</b>	<b>\$ 788,000</b>	<b>\$ 7,682,547</b>

## CITY OF LEAWOOD, KANSAS

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### Notes To Basic Financial Statements (*Continued*)

Transfers from/to other funds consisted of the following:

<b>From The General Fund To:</b>	
Public Safety Improvement Fund	\$ 1,013,173
Municipal Equipment Reserve Fund	1,700,000
Street Improvements Fund	1,000,000
Special City Highway Fund	75,000
City Art Fund	66,162
Capital Improvements Fund	<u>3,030,000</u>
	<u>6,884,335</u>
 <b>From Capital Projects Fund To:</b>	
Debt Service Fund	<u>10,212</u>
 <b>From Other Governmental Funds:</b>	
From the Special Alcohol Fund to:	
General Fund	288,000
From 1/8-Cent Sales Tax Fund to:	
Special City Highway Fund	<u>500,000</u>
	<u>788,000</u>
	<u>\$ 7,682,547</u>

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

<b>Governmental Activities</b>	
Due from the General Fund to:	
Public Safety Improvement Fund	<u>\$ 177,909</u>

Amounts due from the General Fund to the Public Safety Improvement Fund are the result of a time lag created when the General Fund collects and subsequently transfers certain sales taxes designated for public safety capital improvements to the Public Safety Improvement Fund.

## CITY OF LEAWOOD, KANSAS

### Notes To Basic Financial Statements (Continued)

#### 6. Capital Assets

Governmental capital asset activity for the year ended December 31, 2015 was as follows:

	Balance - December 31, 2014	Increases	Decreases	Balance - December 31, 2015
Governmental activities:				
Capital assets not being depreciated:				
Land and right-of-way	\$ 119,691,153	\$ —	\$ —	\$ 119,691,153
Infrastructure	17,969,426	460,643	44,501	18,385,568
Construction in progress	3,461,425	5,219,512	2,374,481	6,306,456
Total capital assets not being depreciated	141,122,004	5,680,155	2,418,982	144,383,177
Capital assets being depreciated:				
Buildings and improvements	68,115,038	253,008	310,848	68,057,198
Machinery and equipment	19,811,463	1,136,923	902,828	20,045,558
Infrastructure	262,865,972	5,385,314	668,610	267,582,676
Total capital assets being depreciated	350,792,473	6,775,245	1,882,286	355,685,432
Less accumulated depreciation for:				
Buildings and improvements	20,858,668	2,144,748	149,721	22,853,695
Machinery and equipment	10,358,526	1,991,795	853,893	11,496,428
Infrastructure	108,886,695	6,006,452	419,531	114,473,616
Total accumulated depreciation	140,103,889	10,142,995	1,423,145	148,823,739
Total capital assets being depreciated, net	210,688,584	(3,367,750)	459,141	206,861,693
Governmental activity capital assets, net	\$ 351,810,588	\$ 2,312,405	\$ 2,878,123	\$ 351,244,870

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

General government	\$ 402,970
Public safety	1,613,072
Public works	6,578,370
Parks and recreation	1,548,583
Total depreciation expense	<u>\$ 10,142,995</u>

## CITY OF LEAWOOD, KANSAS

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### Notes To Basic Financial Statements (Continued)

#### 7. Capital Projects Authorized

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

<u>Project Number And Name</u>	<u>Authorized</u>	<u>Project-To-Date At Year End</u>
80129 143rd Street - Windsor to Kenneth	\$ 13,827,671	\$ —
80162 143rd Street - Nall to Mission	13,500,000	10,916,564
80216 2016 Residential Street	3,000,000	—
80252 2015 Curb Repair/Replacement	5,000,000	4,642,508
80253 2016 Curb Repair/Replacement	5,000,000	—
80550 89th & Mission Stormsewer	1,190,755	1,067,267
	<u>\$ 41,518,426</u>	<u>\$ 16,626,339</u>

#### 8. Temporary Notes

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

	<u>Balance January 1, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance December 31, 2015</u>
<u>Temporary notes</u>	<u>\$ 22,251,039</u>	<u>\$ 28,731,377</u>	<u>\$ 22,251,039</u>	<u>\$ 28,731,377</u>

Temporary notes consisted of the following at December 31, 2015:

Maturing September 1, 2016:	
2.00% General Obligation Temporary Notes	<u>\$ 28,731,377</u>

# CITY OF LEAWOOD, KANSAS

## Notes To Basic Financial Statements (Continued)

### 9. Long-Term Liabilities

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

	Balance January 1, 2015	Increases	Decreases	Balance December 31, 2015	Amount Due In 2016
<b>Governmental Activities</b>					
General obligation bonds to be paid with:					
Tax levies	\$ 36,905,800	\$ 9,297,775	\$ 6,274,000	\$ 39,929,575	\$ 4,167,864
Special Benefit District Assessments	14,544,200	72,225	1,741,000	12,875,425	1,727,136
Bond premiums	1,407,534	690,234	116,739	1,981,029	—
Total bonds payable	52,857,534	10,060,234	8,131,739	54,786,029	5,895,000
Capital leases	1,186,335	—	213,057	973,278	216,952
Compensated absences*	1,531,196	1,755,747	1,751,399	1,535,544	1,228,434
Net OPEB obligation*	1,923,287	288,157	—	2,211,444	—
<b>Total Governmental   Activity Debt</b>	<b>\$ 57,498,352</b>	<b>\$ 12,104,138</b>	<b>\$ 10,096,195</b>	<b>\$ 59,506,295</b>	<b>\$ 7,340,386</b>

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

## CITY OF LEAWOOD, KANSAS

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### Notes To Basic Financial Statements (Continued)

The detail of debt at December 31, 2015 follows:

#### Governmental Activities Debt:

##### General Obligation Bonds To Be Paid With Tax Levies

\$6,405,000, Series 2006-B General Obligation Refunding Bonds due in annual installments through September 1, 2021; interest at 3.5% to 4%	\$ 3,755,000
\$6,589,322, Series 2007-A General Obligation Improvement Bonds due in annual installments through September 1, 2022; interest at 4% to 4.375%	3,080,000
\$3,576,393 Series 2008-B General Obligation Improvement Bonds due in annual installments through September 1, 2028; interest at 3% to 4.2%	2,151,800
\$13,670,000 Series 2010-A General Obligation Improvement Bonds due in annual installments through September 1, 2026; interest at 2% to 4%	12,255,000
\$700,000 Series 2012-A General Obligation Improvement Bonds due in annual installments through September 1, 2024; interest at 2% to 3%	545,000
\$1,865,000 Series 2012-A General Obligation Refunding Bonds due in annual installments through September 1, 2024; interest at 2% to 3%	1,330,000
\$5,920,000 Series 2014-A General Obligation Improvement Bonds due in annual installments through September 1, 2029; interest at 3% to 5%	5,520,000
\$2,695,000 Series 2014-A General Obligation Refunding Bonds due in annual installments through September 1, 2020; interest at 3% to 5%	1,995,000
\$7,067,775 Series 2015-A General Obligation Improvement Bonds due in annual installments through September 1, 2030; interest at 2% to 5%	7,067,775
\$2,230,000 Series 2015-A General Obligation Refunding Bonds due in annual installments through September 1, 2021; interest at 2% to 5%	<u>2,230,000</u>
	<u>39,929,575</u>

## CITY OF LEAWOOD, KANSAS

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### Notes To Basic Financial Statements (Continued)

#### General Obligation Bonds To Be Paid With Benefit District Assessments

\$450,678, Series 2007-A General Obligation Improvement Bonds due in annual installments through September 1, 2022; interest at 4% to 4.375% \$ 210,000

\$6,098,607, Series 2008-B General Obligation Improvement Bonds due in annual installments through September 1, 2023; interest at 3% to 4.2% 3,253,200

\$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% 1,440,000

\$3,310,000 Series 2010-A General Obligation Improvement Bonds due in annual installments through September 1, 2025; interest at 2% to 4% 2,100,000

\$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% 3,795,000

\$2,120,000 Series 2012-A General Obligation Refunding Bonds due in annual installments through September 1, 2019; interest at 2% to 3% 1,110,000

\$1,090,000 Series 2014-A General Obligation Refunding Bonds due in annual installments through September 1, 2020; interest at 3% to 5% 895,000

\$72,225 Series 2015-A General Obligation Improvement Bonds due in annual installments through September 1, 2025; interest at 2% to 5% 72,225  
12,875,425

General obligation bonds payable 52,805,000

Bonds premiums and discounts 1,981,029

**Total Bonds Payable** 54,786,029

#### Capital Leases

\$1,190,486, Lease for fire pumpers due in annual installments through March 24, 2021; interest at 3.99% 769,282

\$305,495, Lease for golf carts due in annual installments through January 15, 2017; interest at 2.09% 203,996

**Total Capital Leases** 973,278

#### Compensated Absences

Net OPEB Obligation (Note 10) 1,535,544  
2,211,444

\$ 59,506,295

## 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, 2015 are as follows:

	Governmental Activities					
	General Obligation Bonds					
	Governmental		Benefit Districts		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 4,167,864	\$ 1,396,759	\$ 1,727,136	\$ 472,012	\$ 5,895,000	\$ 1,868,771
2017	4,257,706	1,248,944	1,732,294	412,994	5,990,000	1,661,938
2018	4,347,517	1,091,055	1,722,483	352,520	6,070,000	1,443,575
2019	4,347,258	923,224	1,452,742	292,266	5,800,000	1,215,490
2020	4,292,123	778,301	1,382,877	240,701	5,675,000	1,019,002
2021 - 2025	13,807,107	1,892,316	4,512,893	519,799	18,320,000	2,412,115
2026 - 2030	4,710,000	371,700	345,000	14,317	5,055,000	386,017
	\$ 39,929,575	\$ 7,702,299	\$ 12,875,425	\$ 2,304,609	\$ 52,805,000	\$ 10,006,908

	Capital Leases	
	Principal	Interest
2016	\$ 216,952	\$ 34,958
2017	223,690	28,220
2018	125,451	21,252
2019	130,456	16,246
2020	135,661	11,042
2021 - 2025	141,068	5,629
	\$ 973,278	\$ 117,347

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 2015, 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 \$211,704,287.

## **CITY OF LEAWOOD, KANSAS**

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### Notes To Basic Financial Statements (*Continued*)

#### Current Refunding

On August 26, 2015, the City issued \$9,370,000 of Series 2015-A General Obligation Refunding and Improvement Bonds with interest rates from 2% to 5% to refund \$2,405,000 of the outstanding portion of the Series 2006-A General Obligation Bonds with an interest rate of 4%. For the bonds to be refunded, proceeds of \$2,405,000 were deposited into an irrevocable trust with an escrow agent to provide for the redemption of the Refunded Bonds on September 1, 2015. The remaining proceeds of the Series 2015-A bonds will be used for certain capital improvements within the City. On September 1, 2015 the Refunded Bonds were redeemed and the related liability for these bonds has been removed from the long-term debt.

The refunding resulted in no deferred gain or loss. The City completed this current refunding to reduce its debt service payments by \$204,995 and to obtain an economic gain of \$187,529.

#### 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 depreciation, in the statement of net position. As of December 31, 2015, the gross amount of capital assets under capital leases was \$1,576,693 in equipment, with net accumulated amortization of \$546,752.

# CITY OF LEAWOOD, KANSAS

## Notes To Basic Financial Statements (Continued)

### 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)	\$ 210,000
\$170,000, Series 2006 Taxable Transportation Development District Special Obligation Bonds due in annual installments through September 1, 2021; interest at 8% (Resurrection Project)	80,000
\$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)	490,000
\$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)	1,130,000
\$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)	875,000
	<u>\$ 2,785,000</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.

## 10. Other Information

### Commitments And Contingencies

#### Encumbrances

Listed below are the encumbrances by fund for the City:

	<u>Capital Projects</u>	<u>Capital Improve- ments</u>	<u>Public Safety Improve- ment</u>	<u>Municipal Equipment Reserve</u>	<u>Other Govern- mental Funds</u>	<u>Total Govern- mental Funds</u>
<b>Committed To:</b>						
Administration	\$ —	\$ 56,207	\$ —	\$ 6,874	\$ —	\$ 63,081
Public works	2,514,974	229,994	—	—	138,488	2,883,456
Public safety	—	3,440	59,657	9,397	—	72,494
Parks and recreation	—	12,891	—	74,657	41,543	129,091
<b>Total Encumbrances</b>	<u>\$ 2,514,974</u>	<u>\$ 302,532</u>	<u>\$ 59,657</u>	<u>\$ 90,928</u>	<u>\$ 180,031</u>	<u>\$ 3,148,122</u>

## CITY OF LEAWOOD, KANSAS

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### Notes To Basic Financial Statements (*Continued*)

#### Defined Benefit Pension Plan

##### *Description of Pension Plan*

Employees of the City of Leawood, Kansas participate in the Kansas Public Employees Retirement System (KPERs) a cost-sharing multiple employer public employee retirement system (Pension Plan). The Pension Plan is administered by the KPERs, a body corporate and an instrumentality of the State of Kansas. KPERs provides benefit provisions to the following statewide pension groups under one plan, as provided by K.S.A. 74, article 49:

- Public employees, which includes:
  - State/School employees
  - Local employees
- Police and Firemen
- Judges

Substantially all public employees are covered by the Pension Plan. Participation by local political subdivisions is optional, but irrevocable once elected.

The employees participating in the Pension Plan for the City of Leawood are included in the Local Employee group or the Police and Firemen group.

KPERs issues a stand-alone comprehensive annual financial report, which is available on the KPERs website at [www.kpers.org](http://www.kpers.org).

##### *Benefits*

Benefits are established by statute and may only be changed by the General Assembly. Members (except Police and Firemen) with ten or more years of credited service may retire as early as age 55 (Police and Fireman may be age 50 with 20 years of credited service), with the actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever a member's combined age and years of service equal 85 (Police and Firemen normal retirement ages are age 60 with 15 years of credited service, age 55 with 20 years, age 50 with 25 years, or any age with 36 years of service).

Monthly retirement benefits are based on a statutory formula that includes final average salary and years of service. When ending employment, members may withdraw their contributions from their individual accounts, including interest. Members who withdraw their accumulated contributions lose all rights and privileges of membership. For all pension coverage groups, the accumulated contributions and interest are deposited into and disbursed from the membership accumulated reserve fund as established by K.S.A. 74-4922.

*Contributions*

Member contributions are established by state law, and are paid by the employee according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates are determined based on the results of an actuarial valuation. The contributions and assets of all groups are deposited in the Kansas Public Employees Retirement Fund established by K.S.A 74-4921. All of the retirement systems are funded on an actuarial reserve basis.

For fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers. Annual increases in the employer contribution rates are related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 1.0% of total payroll for the fiscal year ended June 30, 2015.

The actuarially determined employer contribution rate and the statutory contribution rate for the local employee group are both 9.48%. Member contribution rates as a percentage of eligible compensation for the fiscal year ended June 30, 2015 is 6%. The actuarially determined employer contribution rate and the statutory contribution rate for the police and firemen group are both 21.95%. Member contribution rates for this group are 7.15%.

Contributions to the Pension Plan from the City for the local employee group and police and fireman group were \$805,920 and \$1,622,022, respectively, for the year ended December 31, 2015.

*Employer Allocations*

Although KPERS administers one cost-sharing multiple-employer defined benefit pension plan, separate actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each of the following groups of the plan:

- State/School
- Local
- Police and Fireman
- Judges

To facilitate separate (sub)actuarial valuations, KPERS maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to the amounts presented in the schedules of pension amounts by employer and nonemployer.

## CITY OF LEAWOOD, KANSAS

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### Notes To Basic Financial Statements (*Continued*)

The allocation percentages for the City's share of the collective pension amounts as of June 30, 2015 and 2014 were based on the ratio of its contributions to the total of the employer and nonemployer contributions of the group for the fiscal years ended June 30, 2015 and 2014, respectively.

The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2015, the City's proportion in the local employee group was 0.527%, which was a decrease of 0.005% from its proportion measured at June 30, 2014. The City's proportion in the police and fire group was 1.726%, which was an increase of 0.03% from its June 30, 2014 position.

#### *Net Pension Liability*

At June 30, 2015 the City's local employee group reported a liability of \$6,919,848 for its proportionate share of the net pension liability. The City's police and fire group reported net pension liability of \$12,535,171 at June 30, 2015.

There were no changes in the benefit terms during the KPERS plan year ended June 30, 2015 that affected the measurement of the total pension liability.

#### *Actuarial Assumptions*

The total pension liability was determined by an actuarial valuation as of December 31, 2014, which was rolled forward to June 30, 2015, using the following actuarial assumptions:

Price Inflation	3.00%
Wage Inflation	4.00%
Salary increases, including wage increases and inflation	4.00 to 16.00%, including inflation
Long-term rate of return, net of investment expense, and including price inflation	8.00%

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males and Females, with adjustments to better match actual experience. Separate tables apply for males and females as well as each group (State, School, Local, Police and Fire, and Judges).

The actuarial cost method is entry age normal. The amortization method is level percentage of payroll, closed.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study conducted for three years ending December 31, 2012.

## CITY OF LEAWOOD, KANSAS

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### Notes To Basic Financial Statements (*Continued*)

The long-term expected rate of return of pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015 are summarized in the following table:

<b>Asset Class</b>	<b>Long-Term Target Allocation (%)</b>	<b>Long-Term Expected Real Rate of Return (%)</b>
Global equity	47.0	6.3
Fixed income	13.0	0.8
Yield driven	8.0	4.2
Real return	11.0	1.7
Real estate	11.0	5.4
Alternatives	8.0	9.4
Short-term investments	2.0	(0.5)
<b>Total</b>	<b>100.00%</b>	

#### *Discount Rate*

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the contractually required rate. The State, School and Local employers do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993, the employer contribution rates certified by the System's Board of Trustees for these groups may not increase by more than the statutory cap. The expected KPERS employer statutory contribution was modeled for future years, assuming all actuarial assumptions are met in future years. Employers contribute the full actuarial determined rate for Police and Fireman and Judges. Future employer contribution rates were also modeled for Police and Fireman and Judges, assuming all actuarial assumptions are met in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

## CITY OF LEAWOOD, KANSAS

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### Notes To Basic Financial Statements (Continued)

#### *Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 8.00% as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (7.00%) or 1-percentage point higher (9.00%) than the current rate:

	<b>1.00% Decrease (7.00%)</b>	<b>Current Rate (8.00%)</b>	<b>1.00% Increase (9.00%)</b>
Local	\$ 9,823,091	\$ 6,919,848	\$ 4,458,468
Police and Fireman	18,203,261	12,535,171	7,747,574
<b>Total</b>	<b>\$ 28,026,352</b>	<b>\$ 19,455,019</b>	<b>\$ 12,206,042</b>

#### *Pension Expense*

For the year ended December 31, 2015, the City recognized pension expense of \$1,777,619 which includes the changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period.

#### *Deferred Outflows of Resources and Deferred Inflows of Resources*

At December 31, 2015 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows Of Resources</b>	<b>Deferred Inflows Of Resources</b>
Differences between actual and expected experience	\$ 114,391	\$ 405,711
Net differences between projected and actual earnings on investments	—	667,446
Changes in assumptions	—	222,062
Changes in proportions	354,109	56,852
City contributions subsequent to the measurement date of June 30, 2015	1,388,217	—
	<b>\$ 1,856,717</b>	<b>\$ 1,352,071</b>

## CITY OF LEAWOOD, KANSAS

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### Notes To Basic Financial Statements (*Continued*)

Contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. The remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Year Ended December 31,				
	2016	2017	2018	2019	2020
Local	\$ (186,966)	\$ (186,966)	\$ (186,966)	\$ 104,400	\$ (31,496)
Police and Fireman	(245,536)	(245,536)	(245,536)	363,043	(22,012)
	<u>\$ (432,502)</u>	<u>\$ (432,502)</u>	<u>\$ (432,502)</u>	<u>\$ 467,443</u>	<u>\$ (53,508)</u>

#### *Pension Plan Fiduciary Net Position*

Detailed information about the Pension Plan's fiduciary net position is available in the separately issued KPERs' financial report.

#### *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 2015 and 2014 were \$70,377 and \$878,049, 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 KPERS are eligible for benefits.

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.

## CITY OF LEAWOOD, KANSAS

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### Notes To Basic Financial Statements (*Continued*)

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	\$ 151,164
Amortization of unfunded actuarial accrued liability	241,359
Annual required contribution (ARC)	<u>392,523</u>
Interest on net OPEB obligation	115,397
Adjustment to annual required contribution	<u>(139,725)</u>
Annual OPEB cost	<u>\$ 368,195</u>
Contributions made:	
Claims and fees paid on behalf of retirees	\$ 278,283
Less: Retiree contributions	198,245
Net employer contributions	<u>80,038</u>
<b>Change In Net OPEB Obligation</b>	288,157
<b>Net OPEB Obligation, December 31, 2014</b>	<u>1,923,287</u>
<b>Net OPEB Obligation, December 31, 2015</b>	<u>\$ 2,211,444</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013, 2014 and 2015 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, 2013	\$ 282,523	20.17%	\$ 1,722,725
December 31, 2014	279,671	28.29%	1,923,287
December 31, 2015	368,195	21.74%	2,211,444

#### *Funded Status and Funding Progress*

As of January 1, 2015, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$3,322,261, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,322,261. The covered payroll (annual payroll of active employees covered by the plan) was \$16,374,104 and the ratio of the UAAL to the covered payroll was 20.29%.

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, 2015 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, 2015 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.

## CITY OF LEAWOOD, KANSAS

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### Notes To Basic Financial Statements (*Continued*)

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 2015, 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 \$7,848,811 in the Capital Projects Fund will be eliminated by future revenues or transfers.

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**Required Supplementary Information**

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# CITY OF LEAWOOD, KANSAS

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## REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2015

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
- Schedules of Selected Pension Information

### **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, 2015

	Budgeted Amounts		Actual	Variance With Final Budget- Over (Under)
	Original Budget	Final Budget		
<b>Revenues</b>				
Taxes	\$ 26,730,904	\$ 26,707,704	\$ 26,220,707	\$ (486,997)
Licenses and permits	1,324,900	1,343,400	1,784,135	440,735
Intergovernmental	7,786,140	8,105,940	8,052,367	(53,573)
Charges for services	3,040,200	2,745,750	2,499,008	(246,742)
Fines and forfeitures	1,500,000	1,500,000	1,587,760	87,760
Interest	124,856	63,364	28,070	(35,294)
Contributions and other	58,000	58,000	154,578	96,578
<b>Total Revenues</b>	40,565,000	40,524,158	40,326,625	(197,533)
<b>Expenditures</b>				
Current:				
General government	7,934,200	7,682,696	6,673,278	(1,009,418)
Public safety	16,228,500	16,592,704	15,329,378	(1,263,326)
Public works	7,267,300	7,302,600	5,940,349	(1,362,251)
Parks and recreation	6,916,400	6,678,500	5,874,771	(803,729)
Total general government	38,346,400	38,256,500	33,817,776	(4,438,724)
Debt service:				
Principal retirement	211,500	213,100	213,057	(43)
Interest	40,700	39,100	38,853	(247)
<b>Total Expenditures</b>	38,598,600	38,508,700	34,069,686	(4,439,014)
<b>Revenues Over Expenditures</b>	1,966,400	2,015,458	6,256,939	4,241,481
<b>Other Financing Sources (Uses)</b>				
Capitalized Leases	—	—	—	—
Transfers in	288,000	288,000	288,000	—
Transfers out	(6,829,100)	(6,904,362)	(6,884,335)	(20,027)
<b>Total Other Financing Uses</b>	(6,541,100)	(6,616,362)	(6,596,335)	(20,027)
<b>Net Change In Fund Balance</b>	\$ (4,574,700)	\$ (4,600,904)	(339,396)	\$ 4,261,508
<b>Fund Balance - Beginning Of Year</b>			14,833,642	
<b>Fund Balance - End Of Year</b>			\$ 14,494,246	

# CITY OF LEAWOOD, KANSAS

## SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS For The Year Ended December 31, 2015

<b>Valuation Date</b>	<b>(a) Actuarial Value Of Assets</b>	<b>(b) Actuarial Accrued Liability (AAL)</b>	<b>(b) - (a) Unfunded AAL (UAAL)</b>	<b>(a)/(b) Funded Ratio</b>	<b>(c) Annual Covered Payroll</b>	<b>(b)-(a)/(c) UAL As A Percentage Of Covered Payroll</b>
January 1, 2011	\$ —	\$ 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%
January 1, 2015	—	3,322,261	3,322,261	—	16,374,104	20.29%

# CITY OF LEAWOOD, KANSAS

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## COMPARISON OF NEEDED-TO-ACTUAL MAINTENANCE/PRESERVATION FOR STREETLIGHTS AND TRAFFIC SIGNALS December 31, 2015

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 2015 - 98.7%; November 2015 - 98.7%; and December 2015 - 98.9%.

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Needed	\$ 340,000	\$ 321,000	\$ 270,000	\$ 270,000	\$ 262,000
Actual	298,252	290,075	258,994	223,550	246,704

# CITY OF LEAWOOD, KANSAS

## SCHEDULES OF SELECTED PENSION INFORMATION KANSAS EMPLOYEES' RETIREMENT SYSTEM December 31, 2015

### Schedule of Proportionate Share Of The Net Pension Liability

	December 31,	
	2015	2014
City's local group proportion of the net pension liability	0.52701%	0.53164%
City's local group proportionate share of the net pension liability	\$ 6,919,848	\$ 6,543,519
City's local group covered-employee payroll	8,768,458	8,722,548
City's local group proportionate share of net pension liability as a percentage of its covered-employee payroll	78.92%	75.02%
Plan fiduciary net position as a percentage of the total pension liability	64.95%	66.60%
	December 31,	
	2015	2014
City's police & fire proportion of the net pension liability	1.72633%	1.69681%
City's police & fire proportionate share of the net pension liability	\$ 12,535,171	\$ 11,128,367
City's police & fire covered-employee payroll	7,860,825	7,553,871
City's police & fire proportionate share of net pension liability as a percentage of its covered-employee payroll	159.46%	147.32%
Plan fiduciary net position as a percentage of the total pension liability	64.95%	66.60%

### Schedule Of Contributions

	December 31,	
	2015	2014
Required local group contribution	\$ 846,519	\$ 765,168
Contributions made in relation to the required contribution	846,519	765,168
Contribution deficiency	—	—
City's local group covered-employee payroll	8,967,225	8,805,129
Contributions as a percentage of local group covered-employee payroll	9.44%	8.69%
Required police & fire contribution	\$ 1,769,008	\$ 1,579,152
Contributions made in relation to the required contribution	1,769,008	1,579,152
Contribution deficiency	—	—
City's police & fire covered-employee payroll	8,065,260	7,706,933
Contributions as a percentage of police & fire covered-employee payroll	21.93%	20.49%

*Notes:*

Above schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

Information is provided on a measurement date and actuarial valuation as of December 31, 2014 and 2013, rolled forward to June 30, 2015 and 2014.

### Changes Of Benefit Terms Or Assumptions

There were no changes to benefit terms in the plan or changes to assumption in the valuation report for the year ended December 31, 2015.

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**Supplementary Information**

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

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# CITY OF LEAWOOD, KANSAS

## SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - GENERAL FUND For The Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance Over (Under) With Final Budget
General government:				
Administration:				
Personnel services	\$ 2,399,500	\$ 2,164,307	\$ 2,061,846	\$ (102,461)
Contractual services	1,549,600	1,782,747	1,221,557	(561,190)
Commodities	144,900	146,053	77,003	(69,050)
<b>Total administration</b>	<b>4,094,000</b>	<b>4,093,107</b>	<b>3,360,406</b>	<b>(732,701)</b>
Community development:				
Personnel services	1,262,300	1,298,600	1,294,576	(4,024)
Contractual services	138,100	137,100	76,165	(60,935)
Commodities	47,500	47,500	28,099	(19,401)
<b>Total community development</b>	<b>1,447,900</b>	<b>1,483,200</b>	<b>1,398,840</b>	<b>(84,360)</b>
Municipal court:				
Personnel services	583,200	525,000	493,174	(31,826)
Contractual services	81,000	81,000	45,538	(35,462)
Commodities	14,400	14,400	5,323	(9,077)
<b>Total municipal court</b>	<b>678,600</b>	<b>620,400</b>	<b>544,035</b>	<b>(76,365)</b>
Legal services:				
Personnel services	447,000	369,100	336,557	(32,543)
Contractual services	245,000	95,000	39,994	(55,006)
Commodities	2,700	2,700	1,641	(1,059)
<b>Total legal services</b>	<b>694,700</b>	<b>466,800</b>	<b>378,192</b>	<b>(88,608)</b>
Information services:				
Personnel services	542,700	560,689	560,686	(3)
Contractual services	263,800	286,400	283,035	(3,365)
Commodities	212,500	172,100	148,084	(24,016)
<b>Total information services</b>	<b>1,019,000</b>	<b>1,019,189</b>	<b>991,805</b>	<b>(27,384)</b>
<b>Total general government</b>	<b>7,934,200</b>	<b>7,682,696</b>	<b>6,673,278</b>	<b>(1,009,418)</b>
Public safety:				
Police:				
Personnel services	8,273,200	8,407,400	7,846,774	(560,626)
Contractual services	908,200	896,500	648,209	(248,291)
Commodities	569,200	598,200	346,155	(252,045)
<b>Total police</b>	<b>9,750,600</b>	<b>9,902,100</b>	<b>8,841,138</b>	<b>(1,060,962)</b>
Fire:				
Personnel services	5,741,400	5,955,304	5,954,985	(319)
Contractual services	444,600	452,071	370,299	(81,772)
Commodities	291,900	283,229	162,956	(120,273)
<b>Total fire</b>	<b>6,477,900</b>	<b>6,690,604</b>	<b>6,488,240</b>	<b>(202,364)</b>
<b>Total public safety</b>	<b>16,228,500</b>	<b>16,592,704</b>	<b>15,329,378</b>	<b>(1,263,326)</b>
Public works:				
Personnel services	3,924,700	3,961,400	3,791,284	(170,116)
Contractual services	2,032,100	2,039,600	1,310,320	(729,280)
Commodities	1,310,500	1,301,600	838,745	(462,855)
<b>Total public works</b>	<b>7,267,300</b>	<b>7,302,600</b>	<b>5,940,349</b>	<b>(1,362,251)</b>
Parks and recreation:				
Personnel services	4,053,700	3,955,192	3,679,890	(275,302)
Contractual services	2,042,200	1,939,092	1,633,893	(305,199)
Commodities	820,500	784,216	560,988	(223,228)
<b>Total parks and recreation</b>	<b>6,916,400</b>	<b>6,678,500</b>	<b>5,874,771</b>	<b>(803,729)</b>
<b>Total general government expenditures</b>	<b>\$ 38,346,400</b>	<b>\$ 38,256,500</b>	<b>\$ 33,817,776</b>	<b>\$ (4,438,724)</b>

# CITY OF LEAWOOD, KANSAS

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## OTHER NON-MAJOR GOVERNMENTAL FUNDS

December 31, 2015

**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

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### OTHER NON-MAJOR GOVERNMENTAL FUNDS (*Continued*)

December 31, 2015

**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.

1/8<sup>th</sup> 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, 2015

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
<b>Assets</b>						
Pooled cash and investments	\$ 546,205	\$ 421,307	\$ 198,539	\$ 40,314	\$ 8,553	\$ 96,437
Receivables:						
Sales tax	—	—	—	—	—	—
Transient guest tax	—	—	—	—	—	114,467
Interest	1,234	609	639	98	14	386
Intergovernmental	125,000	—	125,000	—	—	—
<b>Total Assets</b>	<b>\$ 672,439</b>	<b>\$ 421,916</b>	<b>\$ 324,178</b>	<b>\$ 40,412</b>	<b>\$ 8,567</b>	<b>\$ 211,290</b>
<b>Liabilities And Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable and accrued liabilities	\$ —	\$ 500	\$ 82,870	\$ —	\$ —	\$ —
<b>Fund Balances</b>						
<b>Restricted For:</b>						
Social services	672,439	—	—	—	—	—
Parks and recreation	—	—	241,308	—	—	—
Tourism promotion	—	—	—	—	—	211,290
Bridges, streets and signals	—	421,416	—	—	—	—
Law enforcement	—	—	—	40,412	—	—
<b>Committed To:</b>						
Bridges, streets and signals	—	—	—	—	—	—
City art	—	—	—	—	—	—
Park improvements	—	—	—	—	—	—
<b>Assigned To:</b>						
Other purposes	—	—	—	—	8,567	—
<b>Total Fund Balances</b>	<b>672,439</b>	<b>421,416</b>	<b>241,308</b>	<b>40,412</b>	<b>8,567</b>	<b>211,290</b>
<b>Total Liabilities And Fund Balances</b>	<b>\$ 672,439</b>	<b>\$ 421,916</b>	<b>\$ 324,178</b>	<b>\$ 40,412</b>	<b>\$ 8,567</b>	<b>\$ 211,290</b>

# CITY OF LEAWOOD, KANSAS

## COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

December 31, 2015

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	
<b>Assets</b>								
Pooled cash and investments	\$ 1,323,318	\$ 321,712	\$ 107,202	\$ 799,571	\$ 269,680	\$ 48,486	\$ 329,463	\$ 4,510,787
Receivables:								
Sales tax	—	—	—	165,004	—	—	—	165,004
Transient guest tax	—	—	—	—	—	—	—	114,467
Interest	3,326	731	375	2,272	657	118	811	11,270
Intergovernmental	59,398	—	—	—	—	—	—	309,398
<b>Total Assets</b>	<b>\$ 1,386,042</b>	<b>\$ 322,443</b>	<b>\$ 107,577</b>	<b>\$ 966,847</b>	<b>\$ 270,337</b>	<b>\$ 48,604</b>	<b>\$ 330,274</b>	<b>\$ 5,110,926</b>
<b>Liabilities And Fund Balances</b>								
<b>Liabilities</b>								
Accounts payable and accrued liabilities	\$ 131,444	\$ —	\$ —	\$ 7,033	\$ —	\$ —	\$ —	\$ 221,847
<b>Fund Balances</b>								
<b>Restricted For:</b>								
Social services	—	—	—	—	—	—	—	672,439
Parks and recreation	—	—	—	—	—	—	—	241,308
Tourism promotion	—	—	—	—	—	—	—	211,290
Bridges, streets and signals	—	—	—	959,814	—	—	—	1,381,230
Law enforcement	—	—	—	—	—	—	—	40,412
<b>Committed To:</b>								
Bridges, streets and signals	1,254,598	—	—	—	270,337	48,604	—	1,573,539
City art	—	322,443	—	—	—	—	330,274	652,717
Park improvements	—	—	107,577	—	—	—	—	107,577
<b>Assigned To:</b>								
Other purposes	—	—	—	—	—	—	—	8,567
<b>Total Fund Balances</b>	<b>1,254,598</b>	<b>322,443</b>	<b>107,577</b>	<b>959,814</b>	<b>270,337</b>	<b>48,604</b>	<b>330,274</b>	<b>4,889,079</b>
<b>Total Liabilities And Fund Balances</b>	<b>\$ 1,386,042</b>	<b>\$ 322,443</b>	<b>\$ 107,577</b>	<b>\$ 966,847</b>	<b>\$ 270,337</b>	<b>\$ 48,604</b>	<b>\$ 330,274</b>	<b>\$ 5,110,926</b>

# CITY OF LEAWOOD, KANSAS

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

For The Year Ended December 31, 2015

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
<b>Revenues</b>						
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 453,511
Licenses and permits	—	—	—	—	—	—
Intergovernmental	530,795	885,582	530,795	237	—	—
Interest	875	1,105	253	77	23	234
Contributions and other	—	—	3,900	860	—	—
<b>Total Revenues</b>	531,670	886,687	534,948	1,174	23	453,745
<b>Expenditures</b>						
General government	260,490	—	—	—	—	321,409
Public safety	—	—	—	2,829	—	—
Parks and recreation	—	—	—	—	—	—
Capital outlay						
Public works	—	1,537,347	—	—	—	—
Parks and recreation	—	—	431,344	—	—	—
<b>Total Expenditures</b>	260,490	1,537,347	431,344	2,829	—	321,409
<b>Revenues Over (Under) Expenditures</b>	271,180	(650,660)	103,604	(1,655)	23	132,336
<b>Other Financing Sources (Uses)</b>						
Transfers in	—	575,000	—	—	—	—
Transfers out	(288,000)	—	—	—	—	—
<b>Total Other Financing Sources (Uses)</b>	(288,000)	575,000	—	—	—	—
<b>Net Change In Fund Balances</b>	(16,820)	(75,660)	103,604	(1,655)	23	132,336
<b>Fund Balances - Beginning Of Year</b>	689,259	497,076	137,704	42,067	8,544	78,954
<b>Fund Balances - End Of Year</b>	\$ 672,439	\$ 421,416	\$ 241,308	\$ 40,412	\$ 8,567	\$ 211,290

# CITY OF LEAWOOD, KANSAS

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

For The Year Ended December 31, 2015

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	
<b>Revenues</b>								
Taxes	\$ —	\$ —	\$ —	\$ 863,362	\$ —	\$ —	\$ —	\$ 1,316,873
Licenses and permits	—	—	29,591	—	5,390	—	23,081	58,062
Intergovernmental	416,384	—	—	380,036	—	—	—	2,743,829
Interest	2,715	545	233	948	499	91	599	8,197
Contributions and other	—	—	—	—	—	—	—	4,760
<b>Total Revenues</b>	419,099	545	29,824	1,244,346	5,889	91	23,680	4,131,721
<b>Expenditures</b>								
General government	—	—	—	—	—	—	—	581,899
Public safety	—	—	—	—	—	—	—	2,829
Parks and recreation	—	3,982	—	—	—	—	—	3,982
Capital outlay								
Public works	1,313,438	—	—	34,615	—	—	—	2,885,400
Parks and recreation	—	5,290	—	—	—	—	—	436,634
<b>Total Expenditures</b>	1,313,438	9,272	—	34,615	—	—	—	3,910,744
<b>Revenues Over (Under) Expenditures</b>	(894,339)	(8,727)	29,824	1,209,731	5,889	91	23,680	220,977
<b>Other Financing Sources (Uses)</b>								
Transfers in	1,000,000	66,162	—	—	—	—	—	1,641,162
Transfers out	—	—	—	(500,000)	—	—	—	(788,000)
<b>Total Other Financing Sources (Uses)</b>	1,000,000	66,162	—	(500,000)	—	—	—	853,162
<b>Net Change In Fund Balances</b>	105,661	57,435	29,824	709,731	5,889	91	23,680	1,074,139
<b>Fund Balances - Beginning Of Year</b>	1,148,937	265,008	77,753	250,083	264,448	48,513	306,594	3,814,940
<b>Fund Balances - End Of Year</b>	\$ 1,254,598	\$ 322,443	\$ 107,577	\$ 959,814	\$ 270,337	\$ 48,604	\$ 330,274	\$ 4,889,079

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**CITY OF LEAWOOD, KANSAS**

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**SPECIAL ALCOHOL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
For The Year Ended December 31, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<b>Revenues</b>			
Intergovernmental	\$ 524,015	\$ 530,795	\$ 6,780
Interest	2,026	875	(1,151)
<b>Total Revenues</b>	<u>526,041</u>	<u>531,670</u>	<u>5,629</u>
<b>Expenditures</b>			
General government	270,000	260,490	(9,510)
<b>Excess Of Revenues Over Expenditures</b>	256,041	271,180	15,139
<b>Other Financing Uses</b>			
Transfers out	(288,000)	(288,000)	—
<b>Net Change In Fund Balance</b>	<u>\$ (31,959)</u>	<u>(16,820)</u>	<u>\$ 15,139</u>
<b>Fund Balance - Beginning Of Year</b>		<u>689,259</u>	
<b>Fund Balance - End Of Year</b>		<u>\$ 672,439</u>	

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**CITY OF LEAWOOD, KANSAS**

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**SPECIAL CITY HIGHWAY FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
For The Year Ended December 31, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<b>Revenues</b>			
Intergovernmental	\$ 843,810	\$ 885,582	\$ 41,772
Interest	3,314	1,105	(2,209)
<b>Total Revenues</b>	<u>847,124</u>	<u>886,687</u>	<u>39,563</u>
<b>Expenditures</b>			
Capital outlay	1,603,800	1,537,347	(66,453)
<b>Excess Of Expenditures Over Revenues</b>	(756,676)	(650,660)	106,016
<b>Other Financing Sources</b>			
Transfers in	575,000	575,000	—
<b>Net Change In Fund Balance</b>	<u>\$ (181,676)</u>	<u>(75,660)</u>	<u>\$ 106,016</u>
<b>Fund Balance - Beginning Of Year</b>		<u>497,076</u>	
<b>Fund Balance - End Of Year</b>		<u>\$ 421,416</u>	

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**CITY OF LEAWOOD, KANSAS**

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**SPECIAL PARKS AND RECREATION FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
For The Year Ended December 31, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<b>Revenues</b>			
Intergovernmental	\$ 524,015	\$ 530,795	\$ 6,780
Interest	381	253	(128)
Contributions and other	16,000	3,900	(12,100)
<b>Total Revenues</b>	<u>540,396</u>	<u>534,948</u>	<u>(5,448)</u>
<b>Expenditures</b>			
Capital outlay	521,200	431,344	(89,856)
<b>Net Change In Fund Balance</b>	<u>\$ 19,196</u>	<u>103,604</u>	<u>\$ 84,408</u>
<b>Fund Balance - Beginning Of Year</b>		<u>137,704</u>	
<b>Fund Balance - End Of Year</b>		<u>\$ 241,308</u>	

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**CITY OF LEAWOOD, KANSAS**

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**SPECIAL LAW ENFORCEMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
For The Year Ended December 31, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<b>Revenues</b>			
Intergovernmental	\$ 2,000	\$ 237	\$ (1,763)
Fines and forfeitures	10,000	—	(10,000)
Interest	233	77	(156)
Contributions and other	—	860	860
<b>Total Revenues</b>	<u>12,233</u>	<u>1,174</u>	<u>(11,059)</u>
<b>Expenditures</b>			
Public safety	32,100	2,829	(29,271)
<b>Net Change In Fund Balance</b>	<u>\$ (19,867)</u>	<u>(1,655)</u>	<u>\$ 18,212</u>
<b>Fund Balance - Beginning Of Year</b>		<u>42,067</u>	
<b>Fund Balance - End Of Year</b>		<u>\$ 40,412</u>	

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**CITY OF LEAWOOD, KANSAS**

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**TRANSIENT GUEST TAX FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
For The Year Ended December 31, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<b>Revenues</b>			
Taxes	\$ 395,248	\$ 453,511	\$ 58,263
Interest	1,198	234	(964)
<b>Total Revenues</b>	<u>396,446</u>	<u>453,745</u>	<u>57,299</u>
<b>Expenditures</b>			
General government	475,400	321,409	(153,991)
<b>Net Change In Fund Balance</b>	<u>\$ (78,954)</u>	<u>132,336</u>	<u>\$ 211,290</u>
<b>Fund Balance - Beginning Of Year</b>		<u>78,954</u>	
<b>Fund Balance - End Of Year</b>		<u>\$ 211,290</u>	

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# CITY OF LEAWOOD, KANSAS

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## DEBT SERVICE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL For The Year Ended December 31, 2015

	Budget	Actual	Variance Over (Under)
<b>Revenues</b>			
Taxes	\$ 5,282,961	\$ 5,200,103	\$ (82,858)
Licenses and permits	—	180,380	180,380
Intergovernmental	396,853	409,586	12,733
Special assessments	2,337,021	2,305,933	(31,088)
Interest	40,000	16,934	(23,066)
<b>Total Revenues</b>	<b>8,056,835</b>	<b>8,112,936</b>	<b>56,101</b>
<b>Expenditures</b>			
Debt service:			
Principal retirement	5,610,000	5,610,000	—
Interest and fiscal charges	2,048,700	1,848,149	(200,551)
<b>Total Expenditures</b>	<b>7,658,700</b>	<b>7,458,149</b>	<b>(200,551)</b>
<b>Excess Of Revenues Over Expenditures</b>	<b>398,135</b>	<b>654,787</b>	<b>256,652</b>
<b>Other Financing Sources (Uses)</b>			
Transfers in	—	10,212	10,212
Refunding bonds issued	—	2,230,000	2,230,000
Premiums	—	201,407	201,407
Payments to refunding escrow agent	—	(2,405,000)	(2,405,000)
<b>Total Other Financing Sources</b>	<b>—</b>	<b>36,619</b>	<b>36,619</b>
<b>Net Change In Fund Balance</b>	<b>\$ 398,135</b>	<b>691,406</b>	<b>\$ 293,271</b>
<b>Fund Balance - Beginning Of Year</b>		<b>7,248,664</b>	
<b>Fund Balance - End Of Year</b>		<b>\$ 7,940,070</b>	

**CITY OF LEAWOOD, KANSAS**

**COMBINING STATEMENT OF FIDUCIARY ASSETS AND  
LIABILITIES - AGENCY FUNDS  
December 31, 2015**

	<b>Employee Giving</b>	<b>TDD - Resurrection Project</b>	<b>TDD - Cornerstone</b>	<b>TDD - Villaggio</b>	<b>TDD - One Nineteen</b>	<b>TDD - Park Place</b>	<b>CID - Camelot Court</b>	<b>Total Agency Funds</b>
<b>Assets</b>								
Pooled cash and investments	\$ 1,410	\$ 132	\$ —	\$ —	\$ —	\$ 25,276	\$ 39,750	\$ 66,568
Special assessments	—	80,000	210,000	490,000	2,177,423	54,373	—	3,011,796
<b>Total Assets</b>	<b>\$ 1,410</b>	<b>\$ 80,132</b>	<b>\$ 210,000</b>	<b>\$ 490,000</b>	<b>\$ 2,177,423</b>	<b>\$ 79,649</b>	<b>\$ 39,750</b>	<b>\$ 3,078,364</b>
<b>Liabilities</b>								
Due to employees	\$ 1,410	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,410
Due to other taxing jurisdiction	—	80,132	210,000	490,000	2,177,423	79,649	39,750	3,076,954
<b>Total Liabilities</b>	<b>\$ 1,410</b>	<b>\$ 80,132</b>	<b>\$ 210,000</b>	<b>\$ 490,000</b>	<b>\$ 2,177,423</b>	<b>\$ 79,649</b>	<b>\$ 39,750</b>	<b>\$ 3,078,364</b>

# CITY OF LEAWOOD, KANSAS

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS

For The Year Ended December 31, 2015

	Balance Beginning Of Year	Additions	Deductions	Balance End Of Year
<b>Agency Funds - Employee Giving</b>				
Assets:				
Pooled cash and investments	\$ 954	\$ 1,156	\$ 700	\$ 1,410
Liabilities:				
Due to employees	\$ 954	\$ 1,156	\$ 700	\$ 1,410
<b>Transportation Development District - Resurrection Project</b>				
Assets:				
Pooled cash and investments	\$ 528	\$ 17,599	\$ 17,995	\$ 132
Special assessments receivable	90,000	—	10,000	80,000
	\$ 90,528	\$ 17,599	\$ 27,995	\$ 80,132
Liabilities:				
Due to other taxing jurisdiction	\$ 90,528	\$ 17,599	\$ 27,995	\$ 80,132
<b>Transportation Development District - Cornerstone</b>				
Assets:				
Pooled cash and investments	\$ —	\$ 51,165	\$ 51,165	\$ —
Special assessments receivable	245,000	—	35,000	210,000
	\$ 245,000	\$ 51,165	\$ 86,165	\$ 210,000
Liabilities:				
Due to other taxing jurisdiction	\$ 245,000	\$ 51,165	\$ 86,165	\$ 210,000
<b>Transportation Development District - Villaggio</b>				
Assets:				
Pooled cash and investments	\$ —	\$ 91,918	\$ 91,918	\$ —
Special assessments receivable	540,000	—	50,000	490,000
	\$ 540,000	\$ 91,918	\$ 141,918	\$ 490,000
Liabilities:				
Due to other taxing jurisdiction	\$ 540,000	\$ 91,918	\$ 141,918	\$ 490,000
<b>Transportation Development District - One Nineteen</b>				
Assets:				
Pooled cash and investments	\$ —	\$ 959,819	\$ 959,819	\$ —
Special assessments receivable	2,831,445	—	654,022	2,177,423
	\$ 2,831,445	\$ 959,819	\$ 1,613,841	\$ 2,177,423
Liabilities:				
Due to other taxing jurisdiction	\$ 2,831,445	\$ 959,819	\$ 1,613,841	\$ 2,177,423
<b>Transportation Development District - Park Place</b>				
Assets:				
Pooled cash and investments	\$ 24,611	\$ 323,587	\$ 322,922	\$ 25,276
Special assessments receivable	60,389	54,373	60,389	54,373
	\$ 85,000	\$ 377,960	\$ 383,311	\$ 79,649
Liabilities:				
Due to other taxing jurisdiction	\$ 85,000	\$ 377,960	\$ 383,311	\$ 79,649
<b>Community Improvement District - Camelot Court</b>				
Assets:				
Pooled cash and investments	\$ —	\$ 368,444	\$ 328,694	\$ 39,750
Liabilities:				
Due to other taxing jurisdiction	\$ —	\$ 368,444	\$ 328,694	\$ 39,750
<b>Total - All Agency Funds</b>				
Assets:				
Pooled cash and investments	\$ 26,093	\$ 1,813,688	\$ 1,773,213	\$ 66,568
Special assessments receivable	3,766,834	54,373	809,411	3,011,796
Total assets	\$ 3,792,927	\$ 1,868,061	\$ 2,582,624	\$ 3,078,364
Liabilities:				
Due to employees	\$ 954	\$ 1,156	\$ 700	\$ 1,410
Due to property owners	—	—	—	—
Due to other taxing jurisdiction	3,791,973	1,866,905	2,581,924	3,076,954
Total liabilities	\$ 3,792,927	\$ 1,868,061	\$ 2,582,624	\$ 3,078,364

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**Statistical Section**

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**CITY OF LEAWOOD, KANSAS**  
**Statistical Section**  
**December 31, 2015**

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**

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**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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Governmental Activities</b>										
Net investment in capital assets	\$ 275,588,463	\$ 282,198,655	\$ 284,021,389	\$ 286,691,065	\$ 276,985,062	\$ 276,065,957	\$ 287,460,684	\$ 295,287,754	\$ 288,988,301	\$ 278,859,226
Restricted component of net position	7,606,885	9,360,053	14,395,675	16,949,599	21,926,652	18,822,407	10,126,701	9,660,345	8,943,807	10,486,748
Unrestricted component of net position	23,418,717	21,494,113	33,303,879	31,043,291	45,976,509	56,862,450	58,858,210	49,769,835	50,083,971	35,495,158
<b>Total Governmental Activities Net Position</b>	<b>306,614,065</b>	<b>313,052,821</b>	<b>331,720,943</b>	<b>334,683,955</b>	<b>344,888,223</b>	<b>351,750,814</b>	<b>356,445,595</b>	<b>354,717,934</b>	<b>348,016,079</b>	<b>324,841,132</b>
<b>Primary government</b>										
Net investment in capital assets	275,588,463	282,198,655	284,021,389	286,691,065	276,985,062	276,065,957	287,460,684	295,287,754	288,988,301	278,859,226
Restricted component of net position	7,606,885	9,360,053	14,395,675	16,949,599	21,926,652	18,822,407	10,126,701	9,660,345	8,943,807	10,486,748
Unrestricted component of net position	23,418,717	21,494,113	33,303,879	31,430,291	45,976,509	56,862,450	58,858,210	49,769,835	50,083,971	35,495,158
<b>Total Primary Government Net Position</b>	<b>\$ 306,614,065</b>	<b>\$ 313,052,821</b>	<b>\$ 331,720,943</b>	<b>\$ 335,070,955</b>	<b>\$ 344,888,223</b>	<b>\$ 351,750,814</b>	<b>\$ 356,445,595</b>	<b>\$ 354,717,934</b>	<b>\$ 348,016,079</b>	<b>\$ 324,841,132</b>

- (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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses</b>										
Governmental activities:										
General government	\$ 4,752,202	\$ 5,348,073	\$ 6,263,238	\$ 6,216,550	\$ 5,908,886	\$ 6,379,991	\$ 6,537,652	\$ 7,137,960	\$ 7,204,430	\$ 7,697,427
Public safety	11,682,872	12,478,924	14,073,114	13,599,525	13,606,931	14,164,738	14,351,473	16,194,126	16,926,744	17,065,805
Public works	17,121,498	21,700,170	16,772,929	15,358,193	14,657,989	15,525,753	14,761,231	19,340,679	21,855,009	25,345,028
Parks and recreation	3,816,310	5,123,793	5,432,457	6,602,530	7,161,381	6,732,828	7,703,873	8,241,801	8,201,559	7,788,255
Interest on long-term debt	3,496,801	3,484,390	3,040,032	2,800,190	2,807,480	2,499,718	2,716,815	2,093,219	2,210,558	2,288,823
Total governmental activities	40,869,683	48,135,350	45,581,770	44,576,988	44,142,667	45,303,028	46,071,044	53,007,785	56,398,300	60,185,338
Business-type activities: <sup>(1)</sup>										
Golf course	2,153,020	—	—	—	—	—	—	—	—	—
Total business-type activities expenses:	2,153,020	—	—	—	—	—	—	—	—	—
<b>Total Primary Government Expenses</b>	<b>\$ 43,022,703</b>	<b>\$ 48,135,350</b>	<b>\$ 45,581,770</b>	<b>\$ 44,576,988</b>	<b>\$ 44,142,667</b>	<b>\$ 45,303,028</b>	<b>\$ 46,071,044</b>	<b>\$ 53,007,785</b>	<b>\$ 56,398,300</b>	<b>\$ 60,185,338</b>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services										
General government	\$ 2,053,315	\$ 2,163,970	\$ 3,459,182	\$ 2,669,200	\$ 2,837,665	\$ 3,269,547	\$ 3,185,794	\$ 3,425,988	\$ 3,070,035	\$ 3,391,641
Public safety	114,496	131,806	117,901	117,873	111,455	137,569	138,412	140,960	201,685	141,736
Public works	1,876,606	2,906,444	159,082	36,547	235,842	84,177	126,418	76,829	114,269	234,491
Parks and recreation	1,109,853	1,258,691	2,054,396	2,448,775	2,444,912	2,475,831	2,702,437	2,500,932	2,494,541	2,478,864
Operating grants and contributions	792,403	2,007,683	165,828	468,238	30,874	57,000	393,409	294,988	226,565	1,833,975
Capital grants and contributions	8,476,782	4,793,850	16,109,458	1,014,264	5,125,371	5,421,018	1,814,607	1,320,140	675,914	3,187,073
Total governmental activities program revenues	14,423,455	13,262,444	22,065,847	6,754,897	10,786,119	11,445,142	8,361,077	7,759,837	6,783,009	11,267,780
Business-type activities: <sup>(1)</sup>										
Golf Course	1,825,144	—	—	—	—	—	—	—	—	—
Charges for services	—	—	—	—	—	—	—	—	—	—
Capital grants and contributions	—	—	—	—	—	—	—	—	—	—
Total business-type activities program revenues	1,825,144	—	—	—	—	—	—	—	—	—
<b>Total primary government program revenues</b>	<b>\$ 16,248,599</b>	<b>\$ 13,262,444</b>	<b>\$ 22,065,847</b>	<b>\$ 6,754,897</b>	<b>\$ 10,786,119</b>	<b>\$ 11,445,142</b>	<b>\$ 8,361,077</b>	<b>\$ 7,759,837</b>	<b>\$ 6,783,009</b>	<b>\$ 11,267,780</b>
Net expense:										
Governmental activities	\$ (26,446,228)	\$ (34,872,906)	\$ (23,515,923)	\$ (37,822,091)	\$ (33,356,548)	\$ (33,857,886)	\$ (37,709,967)	\$ (45,247,948)	\$ (49,615,291)	\$ (48,917,558)
Business-type activities: <sup>(1)</sup>	(327,876)	—	—	—	—	—	—	—	—	—
<b>Total primary government net expense</b>	<b>\$ (26,774,104)</b>	<b>\$ (34,872,906)</b>	<b>\$ (23,515,923)</b>	<b>\$ (37,822,091)</b>	<b>\$ (33,356,548)</b>	<b>\$ (33,857,886)</b>	<b>\$ (37,709,967)</b>	<b>\$ (45,247,948)</b>	<b>\$ (49,615,291)</b>	<b>\$ (48,917,558)</b>
<b>General Revenues And Other</b>										
<b>Changes In Net Position</b>										
Governmental activities:										
Taxes										
Property taxes, levied for general purpose	\$ 11,959,344	\$ 10,037,224	\$ 12,887,965	\$ 13,654,784	\$ 13,584,154	\$ 14,470,011	\$ 11,452,716	\$ 13,677,125	\$ 14,230,694	\$ 13,971,848
Property taxes, levied for debt service	3,838,579	6,806,038	5,324,394	5,477,801	6,921,040	4,347,089	7,184,604	4,774,673	4,438,763	5,765,371
Sales taxes	12,222,897	14,819,839	15,592,847	14,798,437	15,018,242	14,335,987	14,643,273	14,600,331	15,662,006	15,802,522
Transient guest tax	—	—	—	22,610	202,626	271,632	345,817	372,164	383,736	453,511
Franchise taxes	2,648,951	2,930,764	3,153,438	3,042,295	3,153,238	3,194,165	3,205,207	3,524,489	3,532,699	3,394,075
Other taxes	769,263	840,948	1,039,920	1,167,753	1,267,170	1,317,006	1,427,880	1,589,280	1,605,177	1,592,385
Unrestricted grants and contributions	2,380,457	2,498,880	2,468,242	2,323,161	2,393,766	2,361,594	2,812,561	2,471,018	2,573,189	4,314,367
Unrestricted investment earnings	2,976,921	2,947,277	1,200,836	373,546	196,515	152,212	109,514	127,187	228,478	129,686
Miscellaneous	112,838	430,692	516,403	311,716	437,065	270,781	1,223,176	2,384,020	258,694	196,798
Transfers in (out)	1,134,847	—	—	—	—	—	—	—	—	—
Total governmental activities	38,044,097	41,311,662	42,184,045	41,172,103	43,173,816	40,720,477	42,404,748	43,520,287	42,913,436	45,620,563
Business-type activities: <sup>(1)</sup>										
Unrestricted investment earnings	247	—	—	—	—	—	—	—	—	—
Miscellaneous	30,798	—	—	—	—	—	—	—	—	—
Transfers in (out)	(1,134,847)	—	—	—	—	—	—	—	—	—
Total business-type activities:	(1,103,802)	—	—	—	—	—	—	—	—	—
<b>Total primary government</b>	<b>\$ 36,940,295</b>	<b>\$ 41,311,662</b>	<b>\$ 42,184,045</b>	<b>\$ 41,172,103</b>	<b>\$ 43,173,816</b>	<b>\$ 40,720,477</b>	<b>\$ 42,404,748</b>	<b>\$ 43,520,287</b>	<b>\$ 42,913,436</b>	<b>\$ 45,620,563</b>
<b>Change In Net Position</b>										
Governmental activities	\$ 11,597,869	\$ 6,438,756	\$ 18,668,122	\$ 3,350,012	\$ 9,817,268	\$ 6,862,591	\$ 4,694,781	\$ (1,727,661)	\$ (6,701,855)	\$ (3,296,995)
Business-type activities: <sup>(1)</sup>	(1,431,678)	—	—	—	—	—	—	—	—	—
<b>Total primary government</b>	<b>\$ 10,166,191</b>	<b>\$ 6,438,756</b>	<b>\$ 18,668,122</b>	<b>\$ 3,350,012</b>	<b>\$ 9,817,268</b>	<b>\$ 6,862,591</b>	<b>\$ 4,694,781</b>	<b>\$ (1,727,661)</b>	<b>\$ (6,701,855)</b>	<b>\$ (3,296,995)</b>

(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

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Sales Tax</b>	<b>Franchise Tax</b>	<b>Transient Guest Tax</b>	<b>Other Taxes</b>	<b>Total</b>
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
2014	18,669,457	15,662,006	3,532,699	383,736	1,605,177	39,853,075
2015	19,737,219	15,802,522	3,394,075	453,511	1,592,385	40,979,712

(1) Property Tax includes Special Assessments

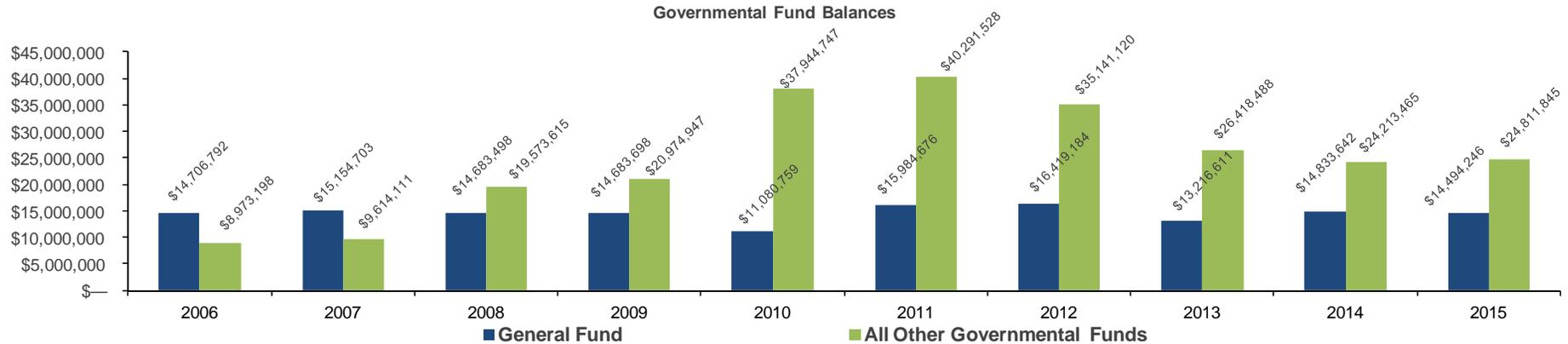
(2) January 1, 2009 the City began collecting transient guest tax

# CITY OF LEAWOOD, KANSAS

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

### Schedule 4

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>General Fund</b>										
Nonspendable	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 123,850	\$ 144,368	\$ 143,223	\$ 132,689	\$ 140,462
Assigned	—	—	—	—	—	3,399,131	6,051,836	3,969,571	4,664,936	5,623,577
Unassigned	—	—	—	—	—	12,461,695	10,222,980	9,103,817	10,036,017	8,730,207
Reserved	55,185	390,617	284,019	130,404	129,411	—	—	—	—	—
Unreserved	14,651,607	14,764,086	14,399,479	14,553,294	10,951,348	—	—	—	—	—
<b>Total General Fund</b>	<b>\$ 14,706,792</b>	<b>\$ 15,154,703</b>	<b>\$ 14,683,498</b>	<b>\$ 14,683,698</b>	<b>\$ 11,080,759</b>	<b>\$ 15,984,676</b>	<b>\$ 16,419,184</b>	<b>\$ 13,216,611</b>	<b>\$ 14,833,642</b>	<b>\$ 14,494,246</b>
<b>All Other Governmental Funds</b>										
Restricted	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 18,822,407	\$ 10,126,701	\$ 9,660,345	\$ 8,943,807	\$ 10,486,749
Committed	—	—	—	—	—	21,469,121	25,005,947	16,943,993	18,666,857	22,165,340
Assigned	—	—	—	—	—	—	8,472	8,512	8,544	8,567
Reserved	5,922,766	7,822,871	12,877,724	14,793,749	18,116,968	—	—	—	—	—
Unassigned	—	—	—	—	—	—	—	(194,362)	(3,405,743)	(7,848,811)
Unreserved, reported in:										
Special revenue funds	784,576	855,578	987,977	1,035,193	1,964,573	—	—	—	—	—
Capital projects funds	2,265,856	935,662	5,707,914	5,146,005	17,863,206	—	—	—	—	—
<b>Total All Other Governmental Funds</b>	<b>\$ 8,973,198</b>	<b>\$ 9,614,111</b>	<b>\$ 19,573,615</b>	<b>\$ 20,974,947</b>	<b>\$ 37,944,747</b>	<b>\$ 40,291,528</b>	<b>\$ 35,141,120</b>	<b>\$ 26,418,488</b>	<b>\$ 24,213,465</b>	<b>\$ 24,811,845</b>



# CITY OF LEAWOOD, KANSAS

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

### Schedule 5

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>										
Taxes	\$ 25,158,674	\$ 29,249,530	\$ 31,752,311	\$ 31,778,195	\$ 32,463,706	\$ 30,851,203	\$ 30,880,257	\$ 30,943,658	\$ 31,934,217	\$ 32,737,683
Licenses and permits	2,386,747	3,478,106	1,956,624	1,214,492	1,556,370	1,848,739	1,845,752	2,132,269	1,815,305	2,159,728
Intergovernmental	9,707,954	11,056,644	8,905,900	8,553,089	9,602,150	8,910,116	10,270,005	11,130,384	10,908,095	15,945,613
Charges for services	1,208,832	1,223,540	2,035,411	2,466,140	2,387,857	2,506,439	2,724,439	2,514,336	2,566,759	2,499,008
Fines and forfeitures	1,557,941	1,759,263	1,798,526	1,591,763	1,685,388	1,610,087	1,581,363	1,497,014	1,486,446	1,587,760
Special assessments	1,609,097	1,456,331	1,524,043	2,015,839	3,569,901	1,972,928	2,563,491	2,420,803	2,339,422	2,305,933
Interest	2,976,921	2,947,277	1,200,836	373,546	216,935	152,212	109,514	127,187	228,475	129,686
Contributions and other	807,892	535,774	579,917	345,398	490,413	330,450	1,004,110	2,422,162	364,495	248,048
<b>Total Revenues</b>	<b>45,414,058</b>	<b>51,706,465</b>	<b>49,753,568</b>	<b>48,338,462</b>	<b>51,972,720</b>	<b>48,182,174</b>	<b>50,978,931</b>	<b>53,187,813</b>	<b>51,643,214</b>	<b>57,613,459</b>
<b>Expenditures</b>										
General government	4,675,142	5,133,968	5,693,050	5,850,652	5,645,370	6,047,715	6,212,958	6,667,668	7,101,754	7,345,177
Public safety	10,948,107	11,498,384	12,245,002	12,623,748	12,716,593	13,307,250	13,382,889	13,842,202	14,626,694	15,332,207
Public works	4,646,724	5,082,036	5,066,565	5,297,652	5,625,473	5,638,881	5,361,019	5,873,058	5,922,054	5,940,349
Parks and recreation	3,007,512	3,800,013	5,085,190	5,302,092	5,282,814	5,320,546	5,546,372	5,628,341	5,786,236	5,878,753
Capital outlay	21,668,357	22,933,473	15,634,335	8,127,300	13,959,576	9,222,271	18,052,831	25,365,064	17,904,378	22,459,447
Debt service										
Principal	5,000,112	5,824,456	5,955,959	6,656,245	5,856,235	5,618,125	5,658,409	5,676,753	4,322,277	5,823,057
Interest and fiscal charges	3,510,916	3,435,648	3,269,044	2,941,330	2,394,876	2,403,665	2,207,432	2,216,115	2,108,809	2,230,719
<b>Total Expenditures</b>	<b>53,456,870</b>	<b>57,707,978</b>	<b>52,949,145</b>	<b>46,799,019</b>	<b>51,480,937</b>	<b>47,558,453</b>	<b>56,421,910</b>	<b>65,269,201</b>	<b>57,772,202</b>	<b>65,009,709</b>
<b>Excess (Deficiency) Of Revenues</b>										
<b>Over Expenditures</b>	<b>(8,042,812)</b>	<b>(6,001,513)</b>	<b>(3,195,577)</b>	<b>1,539,443</b>	<b>491,783</b>	<b>623,721</b>	<b>(5,442,979)</b>	<b>(12,081,388)</b>	<b>(6,128,988)</b>	<b>(7,396,250)</b>
<b>Other Financing Sources (Uses)</b>										
Transfer in	7,998,372	10,977,888	9,188,689	6,661,307	10,755,350	4,201,942	11,945,937	14,958,186	7,172,316	7,682,547
Transfers out	(10,230,621)	(10,977,888)	(9,188,689)	(6,661,307)	(10,755,350)	(4,201,942)	(11,945,937)	(14,958,186)	(7,172,316)	(7,682,547)
Refunding bonds issued	6,405,000	—	—	—	—	—	3,985,000	—	3,785,000	2,230,000
Bonds issued	6,050,000	7,040,000	18,875,000	—	16,980,000	5,155,000	700,000	—	5,920,000	7,140,000
Premium on bonds issued	105,571	50,337	264,804	248,912	147,183	33,821	329,769	156,183	847,613	690,234
Payments to refunded bonds escrow agent	(6,367,180)	—	(6,455,728)	—	(4,252,107)	—	(4,287,690)	—	(5,317,113)	(2,405,000)
Capitalized Leases	—	—	—	—	—	1,438,156	—	—	305,496	—
<b>Total Other Financing Sources</b>	<b>3,961,142</b>	<b>7,090,337</b>	<b>12,684,076</b>	<b>248,912</b>	<b>12,875,076</b>	<b>6,626,977</b>	<b>727,079</b>	<b>156,183</b>	<b>5,540,996</b>	<b>7,655,234</b>
<b>Net Changes In Fund Balances</b>	<b>\$ (4,081,670)</b>	<b>\$ 1,088,824</b>	<b>\$ 9,488,499</b>	<b>\$ 1,788,355</b>	<b>\$ 13,366,859</b>	<b>\$ 7,250,698</b>	<b>\$ (4,715,900)</b>	<b>\$ (11,925,205)</b>	<b>\$ (587,992)</b>	<b>\$ 258,984</b>
<b>Debt Service As A Percentage Of</b>										
<b>Noncapital Expenditures</b>	<b>22.82%</b>	<b>20.77%</b>	<b>22.63%</b>	<b>22.86%</b>	<b>17.68%</b>	<b>19.22%</b>	<b>18.87%</b>	<b>16.21%</b>	<b>12.83%</b>	<b>14.38%</b>

# CITY OF LEAWOOD, KANSAS

## GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE<sup>(1)</sup> LAST TEN FISCAL YEARS MODIFIED ACCRUAL BASIS OF ACCOUNTING

### Schedule 6

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>City Sales Tax</b>	<b>Transient Guest Tax</b>	<b>Franchise Tax</b>	<b>City Consumers' Use Tax</b>	<b>Total</b>
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
2014	18,320,048	7,789,559	383,736	3,532,699	1,908,175	31,934,217
2015	19,166,340	7,795,464	453,511	3,394,075	1,928,293	32,737,683

(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.

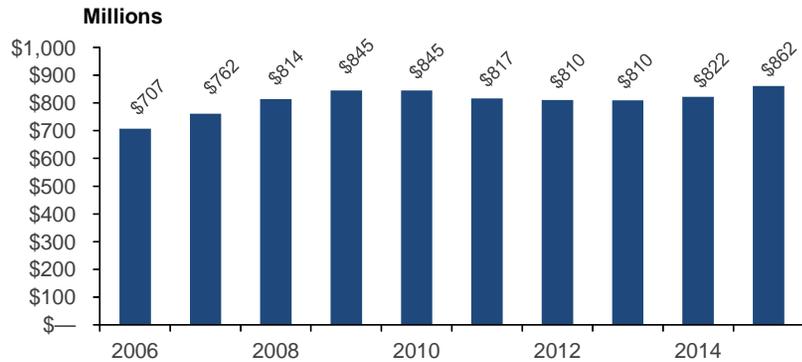
# CITY OF LEAWOOD, KANSAS

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

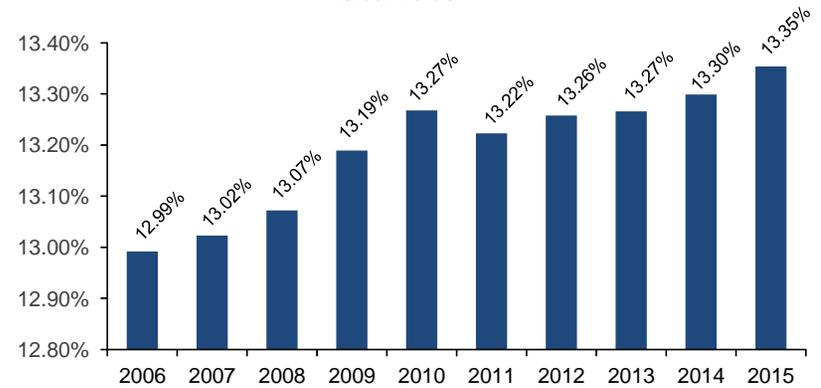
### Schedule 7

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
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	24.251	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%
2014	737,569,632	4,778,738	7,148,950	749,497,320	72,541,429	114,202	822,152,951	24.477	5,591,579,790	22,434,498	21,663,485	5,635,677,773	13.30%
2015	774,847,227	4,087,234	7,209,112	786,143,573	75,582,776	107,805	861,834,154	24.492	5,845,637,610	19,736,956	21,845,794	5,887,220,360	13.35%

**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	Blue Valley Park	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										
2005/2006	\$ 18.815	\$ 5.403	\$ 24.218	\$ 1.500	\$ 17.922	\$ 49.748	\$ 63.329	\$ 8.960	\$ —	\$ 2.955	\$ 2.286	\$ 121.170	\$ 107.589
2006/2007	14.618	9.614	24.232	1.500	17.949	51.980	60.700	8.872	—	2.960	2.290	118.503	109.783
2007/2008	17.424	6.817	24.241	1.500	17.985	52.008	59.503	8.749	—	2.962	2.295	117.235	109.740
2008/2009	17.894	6.357	24.251	1.500	17.767	52.094	61.127	8.768	—	3.057	2.341	118.811	109.778
2009/2010	17.758	6.501	24.259	1.500	17.716	55.318	65.079	8.784	—	3.151	2.346	122.835	113.074
2010/2011	19.408	4.974	24.382	1.500	17.748	57.192	71.049	8.799	2.235	3.158	2.350	131.221	115.129
2011/2012	18.102	6.291	24.393	1.500	17.700	56.135	72.828	8.776	2.237	3.145	2.343	132.922	113.992
2012/2013	18.643	5.750	24.393	1.500	17.717	55.766	72.027	8.785	2.237	3.149	2.344	132.152	113.654
2013/2014	19.017	5.460	24.477	1.500	17.745	55.611	70.036	9.551	2.201	3.155	2.347	131.012	114.386
2014/2015	17.837	6.655	24.492	1.500	17.764	55.911	67.939	9.461	2.201	3.157	2.349	128.863	114.634

Source: Johnson County Clerk's Office

**CITY OF LEAWOOD, KANSAS**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**CURRENT YEAR AND NINE YEARS AGO**

**Schedule 9**

Taxpayer	2015			2006		
	Taxable Assessed Value	Rank	Percentage Of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage Of Total Taxable Assessed Value
Town Center Plaza	\$ 25,331,000	1	3.08%	\$ 25,935,959	1	3.93%
Park Place Village LLC	19,355,506	2	2.35%			
119th Street Development, LLC	12,993,752	3	1.58%			
Camelot Court LLC	8,063,342	4	0.98%			
Hallbrook Office Center	7,416,247	5	0.90%	3,321,832	7	0.50%
Academy 1740, Inc.	4,979,751	6	0.61%	5,378,826	3	0.82%
PCC Two, LLC	3,966,750	7	0.48%	4,436,301	4	0.67%
Kansas City Power & Light	3,898,964	8	0.47%	3,824,137	5	0.58%
Park Place Residences 1, LLC	3,567,530	9	0.43%			
Villa Milano	3,402,506	10	0.41%			
Megaplex Nine	—			3,325,001	6	0.50%
Ranchmart, Inc.	—			3,155,151	9	0.48%
96-OP Property LLC	—			3,297,351	8	0.50%
95 West, L.P.	—			8,116,217	2	1.23%
EPT Leawood				3,150,508	10	0.48%
<b>Total Principal Property Taxpayers</b>	<b>\$ 92,975,348</b>		<b>11.29%</b>	<b>\$ 63,941,283</b>		<b>9.69%</b>

Source: Johnson County Clerk's Office

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

**Schedule 10**

<b>Tax/Fiscal Year</b>	<b>Total Tax Levy</b>	<b>Collected Within The Fiscal Year Of The Levy</b>		<b>Collections In Subsequent Years</b>	<b>Total Collections To Date</b>	
		<b>Amount</b>	<b>Percentage Of Levy</b>		<b>Amount</b>	<b>Percentage Of Levy</b>
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%
2013/2014	18,324,277	18,169,881	99.2%	—	18,169,881	99.2%
2014/2015	19,105,302	18,959,596	99.2%	—	18,959,596	99.2%

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					Total Primary Government	Percentage Of Personal Income (1)	Per Capita (1)
	General Obligation Bonds To Be Paid With							
	Tax Levies	Special Assessments	Revenue Bonds	Capital Leases				
2006	\$ 40,519,400	\$ 9,400,600	\$ 2,070,000	\$ 881,591	\$ 52,871,591	*	\$ 1,724	
2007	43,069,522	8,595,478	1,710,000	712,135	54,087,135	*	1,729	
2008	42,618,193	16,116,807	1,345,000	1,429,473	61,509,473	*	1,928	
2009	38,403,000	14,757,000	965,000	728,227	54,853,227	*	1,685	
2010	44,112,900	16,712,100	580,000	556,991	61,961,991	11.41%	1,898	
2011	41,067,623	20,313,200	185,000	1,752,024	63,317,847	*	1,979	
2012	38,792,734	18,321,100	—	1,408,615	58,522,449	*	1,820	
2013	35,354,506	16,445,200	—	988,116	52,787,822	*	1,633	
2014	38,313,334	14,544,200	—	1,186,335	54,043,869	*	1,664	
2015	41,910,604	12,875,425	—	973,278	55,759,307	*	1,708	

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.

**CITY OF LEAWOOD, KANSAS**

**RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS**

**Schedule 12**

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Less: Amounts Available In Debt Service Fund</b>	<b>Total</b>	<b>Percentage Of Estimated Actual Taxable Value Of Property (1)</b>	<b>Per Capita (2)</b>
2006	\$ 49,920,000	\$ 5,922,766	\$ 43,997,234	0.90%	\$ 1,435
2007	51,665,000	7,822,863	43,842,137	0.83%	1,401
2008	58,735,000	7,977,756	50,757,244	0.89%	1,591
2009	53,160,000	7,604,434	45,555,566	0.78%	1,400
2010	60,825,000	7,775,937	53,049,063	0.91%	1,625
2011	61,380,823	6,999,656	54,381,167	0.96%	1,699
2012	57,113,834	7,277,174	49,836,660	0.89%	1,550
2013	51,799,706	7,231,082	44,568,624	0.80%	1,379
2014	52,857,534	7,248,664	45,608,870	0.81%	1,404
2015	54,786,029	7,940,070	46,845,959	0.80%	1,435

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, 2015**

**Schedule 13**

<b>Governmental Unit</b>	<b>Net Debt Outstanding<sup>(1)</sup></b>	<b>Percentage Applicable To City Of Leawood<sup>(2)</sup></b>	<b>Amount Applicable To City Of Leawood</b>
Johnson County	\$ 356,670,000	9.55%	\$ 34,061,985
Shawnee Mission School District (U.S.D. 512)	302,299,684	4.83%	14,601,075
(U.S.D. 229)	326,205,000	22.17%	72,319,649
Parks and recreation	2,315,000	9.55%	<u>221,083</u>
Subtotal, overlapping debt			121,203,792
City of Leawood direct debt <sup>(1)</sup>			<u>55,759,307</u>
Total direct and overlapping debt			<u><u>\$ 176,963,099</u></u>

Source: Johnson County Clerk's Office

<sup>(1)</sup> General obligation debt outstanding and lease purchase obligations

<sup>(2)</sup> 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**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit	\$ 211,196,094	\$ 228,130,856	\$ 244,131,753	\$ 253,487,192	\$ 253,521,842	\$ 245,015,025	\$ 243,080,668	\$ 243,049,230	\$ 246,645,885	\$ 258,550,246
Total net debt applicable to limit	43,997,234	43,842,137	50,757,244	45,555,566	53,049,065	54,000,344	49,157,826	43,948,918	45,608,870	46,845,959
Legal debt margin	167,198,860	184,288,719	193,374,509	207,931,626	200,472,777	191,014,681	193,922,842	199,100,312	201,037,015	211,704,287
Total net debt applicable to the limit as a percentage of debt limit	20.83%	19.22%	20.79%	17.97%	20.92%	22.04%	20.22%	18.08%	18.49%	18.12%

<b>Legal Debt Margin Calculation For Fiscal Year 2015</b>	
Assessed value, real and personal property - 2015	\$ 786,143,573
Plus assessed value, motor vehicles - 2014	75,690,581
<b>Total Assessed Value - 2015</b>	<u>861,834,154</u>
<b>Debt Limit (30% Of Total Assessed Value)</b>	<u>258,550,246</u>
<b>Debt Applicable To Limit</b>	
General obligation bonds	54,786,029
Less: Amount set aside for repayment of general obligation debt	7,940,070
<b>Total Net Debt Applicable To Limit</b>	<u>46,845,959</u>
<b>Legal Debt Margin</b>	<u>\$ 211,704,287</u>

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

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

# CITY OF LEAWOOD, KANSAS

## DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN FISCAL YEARS

### Schedule 15

Fiscal Year	Population	Personal Income (1) (Amounts Expressed In Thousands)	Per Capita Personal Income (1)	Median Age (1)	Percent Of Adult Population With At Least A Bachelors Degree	Unemployment Rate (2)
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%
2014	32,483	*	*	*	*	3.0%
2015	32,644	*	*	*	*	2.6%

\* 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	2015			2006		
	Employees	Rank	Percentage Of Total City Employment	Employees	Rank	Percentage Of Total City Employment (1)
CBiZ Accounting	491	1	3.0%	425	1	2.7%
Reece & Nichols	415	2	2.5%	372	2	2.4%
American Academy of Family Physicians	350	3	2.1%	350	3	2.2%
Unified School District No. 229	346	4	2.1%	329	4	2.1%
DEMDACO, Inc.	297	5	1.8%			
Select Quote	259	6	1.6%			
City of Leawood	256	7	1.5%	253	5	1.6%
Mariner	236	8	1.4%			
AB May	225	9	1.4%			
Euronet Worldwide Inc.	191	10	1.2%			
Realty Executives				180	6	1.2%
Root Dental Laboratories				150	7	1.0%
Weight Watchers				150	8	1.0%
Headache & Pain Center				149	9	1.0%
Hy Vee				147	10	0.9%
<b>Total</b>	<b>3,066</b>		<b>18.6%</b>	<b>2,505</b>		<b>16.1%</b>

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	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government	41.00	47.25	48.25	49.21	49.21	45.71	45.71	45.71	45.71	46.21
Public safety										
Police										
Officers	60.00	61.00	63.00	63.00	63.00	61.00	61.00	61.00	61.00	61.00
Civilians	22.60	22.60	22.00	22.00	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	52.69	52.69	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	52.67	47.42	48.92	50.92	50.23	48.23	48.23	48.23	48.23	49.23
Parks and recreation	58.99	69.35	72.93	74.81	62.57	61.57	61.57	61.57	61.57	63.82
<b>Total Full-Time Equivalent</b>	<b>290.95</b>	<b>303.31</b>	<b>310.79</b>	<b>315.63</b>	<b>302.70</b>	<b>292.20</b>	<b>292.20</b>	<b>292.20</b>	<b>292.20</b>	<b>295.95</b>

Source: City Budget Manager

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

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**Schedule 18**

<b>Function</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Police										
Number of traffic violations	15,544	14,167	12,744	12,481	14,327	14,336	15,305	12,691	13,488	12,528
Number of physical arrests	1,704	1,437	1,310	1,771	1,678	1,778	1,690	1,637	1,330	1,314
Number of dispatch calls (includes Officer-Initiated Calls)	36,553	35,446	34,510	35,797	34,298	31,443	33,161	32,543	31,332	30,558
Number of alarm calls	2,496	2,006	2,029	1,826	1,978	1,739	1,819	1,840	1,837	1,826
Fire										
Number of fire calls answered	935	1,003	1,021	1,004	803	1,058	1,017	1,037	997	1,103
Number of ambulance calls answered	1,265	1,324	1,349	1,433	1,686	1,638	1,685	1,679	1,743	1,798
Number of fire inspections	858	904	1,189	1,514	1,688	1,603	1,628	952	841	910
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	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police										
Number of police stations	1	1	1	1	1	1	1	1	1	1
Number of certified officers	60	61	63	63	63	61	61	61	61	61
Number of noncertified personnel	23	23	22	22	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 Full-Time firefighters	54	54	54	54	54	53	53	52	52	52
Number of Part-Time firefighters	—	—	—	—	—	—	—	—	—	5
Number of volunteer firefighters	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)	190.58	193.00	197	197	200	200.7	201.5	201.5	201.8	202.0
Streetlights	2,721	2,800	2,878	2,887	2,935	2,935	2,962	3,695	4,093	4,106
Parks and Recreation										
Number of parks	6	6	6	6	6	6	6	6	6	6
Park acreage	423	423	423	423	423	478	478	486	486	486
Walking trail mileage	8	8	8	8.25	8.25	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