
**CITY OF LEAWOOD, KANSAS
COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For The Year Ended December 31, 2019



Report prepared by Department Of Finance

*Dawn Long, Finance Director
Ashley Frankel, Accounting Manager
Theresa Lodde, Senior Accountant*

Contents

	<u>Page</u>	
Part I - Introductory Section:		
Transmittal Letter.....	i - vii	
Principal Officials	viii	
Organizational Chart	ix	
GFOA Certificate Of Achievement	x	
Part II - Financial Section:		
Independent Auditors' Report	1 - 3	
Management's Discussion And Analysis.....	4 - 20	
Basic Financial Statements: <u>Page</u>		
Government-Wide Financial Statements:		
Statement Of Net Position	21	
Statement Of Activities.....	22	
Fund Financial Statements		
Balance Sheet - Governmental Funds.....	23	
Reconciliation Of The Governmental Funds Balance Sheet To The Statement Of Net Position.....	24	
Statement Of Revenues, Expenditures And Changes In Fund Balances - Governmental Funds	25	
Reconciliation Of The Statement Of Revenues, Expenditures And Changes In Fund Balances Of Governmental Funds To The Statement Of Activities.....	26	
Statement Of Fiduciary Net Position - Custodial Funds	27	
Statement Of Changes In Fiduciary Net Position - Custodial Funds	28	
Notes To The Basic Financial Statements.....	29 - 70	
Required Supplementary Information: <u>Page</u>		
Schedule Of Revenues, Expenditures, And Changes In Fund Balances - Budget And Actual - General Fund		71
Schedule Of Funding Progress - Other Postemployment Benefits.....	72 - 73	
Comparison Of Needed-To-Actual Maintenance/Preservation For Streetlights And Traffic Signals	74	
Schedules Of Selected Pension Information	75	
Combining And Individual Fund Statements And Schedules:		
Schedule Of Expenditures - Budget And Actual - General Fund.....	76	
Combining Balance Sheet - Nonmajor Governmental Funds.....	77 - 78	

Contents

Part II - Financial Section (Continued):	<u>Page</u>
Combining Statement Of Revenues, Expenditures And Changes In Fund Balances Nonmajor Governmental Funds.....	79 - 80
Schedules Of Revenues, Expenditures And Changes In Fund Balances - Budget And Actual:	
Special Alcohol Fund.....	81
Special City Highway Fund.....	82
Special Parks And Recreation Fund.....	83
Special Law Enforcement Fund.....	84
Transient Guest Tax Fund.....	85
Debt Service Fund.....	86

Part III - Statistical Section: (Unaudited)

	<u>Schedule</u>	<u>Page</u>
Net Position By Component Last Ten Fiscal Years.....	1	87
Changes In Net Position Last Ten Fiscal Years.....	2	88
Governmental Activities Tax Revenues By Source Last Ten Fiscal Years Accrual Basis Of Accounting.....	3	89
Fund Balances Of Governmental Funds Last Ten Fiscal Years Modified Accrual Basis Of Accounting.....	4	90
Changes In Fund Balances Of Governmental Funds Last Ten Fiscal Years Modified Accrual Basis Of Accounting.....	5	91
General Governmental Tax Revenues By Source Last Ten Fiscal Years Modified Accrual Basis Of Accounting.....	6	92
Assessed Value And Estimated Actual Value Of Taxable Property Last Ten Fiscal Years.....	7	93
Property Tax Rates (Per \$1,000 Of Assessed Value) Direct And Overlapping Governments Last Ten Fiscal Years.....	8	94
Principal Property Taxpayers Current Year And Nine Years Ago.....	9	95
Property Tax Levies And Collections Last Ten Fiscal Years.....	10	96
Ratios Of Outstanding Debt By Type Last Ten Fiscal Years.....	11	97
Ratios Of General Bonded Debt Outstanding Last Ten Fiscal Years.....	12	98
Direct And Overlapping Governmental Activities Debt.....	13	99
Legal Debt Margin Information Last Ten Fiscal Years.....	14	100
Demographic And Economic Statistics Last Ten Fiscal Years.....	15	101
Principal Employers - Current Year And Nine Years Ago.....	16	102
Full-Time Equivalent City Government Employees By Function Last Ten Fiscal Years.....	17	103
Operating Indicators By Function Last Ten Fiscal Years.....	18	104
Capital Asset Statistics By Function Last Ten Fiscal Years.....	19	105

Introductory Section



City of Leawood

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

April 10, 2020

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, 2019.

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

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

RubinBrown, LLP, Certified Public Accountants, has issued an unmodified opinion on the City of Leawood's financial statements for the year ended December 31, 2019. The independent auditor's report is located at the front of the financial section of this report.

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

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

Local Economy 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 2019 population to be 35,276. Johnson County encompasses 476 square miles and 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.

During the past year, Leawood was recognized for being highly acclaimed in a variety of areas. The City became the first to be awarded back to back "Number One Best Small City in America" for the years 2018 and 2019 by the leading personal finance outlet *WalletHub* out of nearly 1,300 cities. They analyzed 33 livability indicators, such as housing costs, schools, safety, and entertainment option for cities with populations of 25,000 to 100,000. The website *HomeSnacks.net* also ranked the City as the "Best Place to Live in Kansas."

Leawood is also known for being a safe community. In 2019 Leawood was ranked the fifth "Safest City in Kansas" by the *Safewise.com*. Leawood was also ranked the State of Kansas "Safest City" by *Backgroundchecks.org* and *Alarms.org*.

According to the 2019 Johnson County Property Tax Listing, the average home in Leawood has a market value of \$559,380 compared to \$520,749 in 2018.

The City continued to see strong economic development in the past year. The Community Development Department issued permits with a total construction value of nearly \$83 million. This comprised of residential construction with 34 new single-family home building permits, including 15 re-builds, with a residential construction value of \$60 million. There were also 112 commercial building permits, with a commercial construction valuation of \$23 million.

The continued increase in construction within Leawood demonstrates the City's appeal to new businesses as well as new residents. A few highlights of the commercial building taking place in the City include the completion of the 50,000 square foot headquarters for Tortoise Capital Advisors located in Park Place; the start of construction on an 81 unit apartment building and parking garage also in Park Place; and the Element Hotel construction began and will have 110 room and will encompass 73,000 square feet in the Cornerstone development.

There have also been many new retail businesses move to Leawood during 2019. Mathnasium, Paros Estiatorio, Panache Chocolatier, Lovesac Furniture and Bierhalle & Garten, a German Pub are just a few.

On the residential side of construction, Hallbrook East Village is underway consisting of 33 single-family villas on approximately nine acres. The Hills of Leawood broke ground and will consist of 70 single-family lots. Finally, construction is close to completion for the Village of Leawood including 23 turnkey, single-family homes.

Major Initiatives

2019 Initiatives and highlights

In 2019 the City of Leawood retained its AAA bond rating for the 11th straight year, 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 remained constant for the 16th successive year while maintaining the third lowest mill levy in the State of Kansas among cities of the First Class.

During 2019 the second phase of improvements to 143rd street, from Windsor to Kenneth, continued. This is a two phase project totaling over \$20 million with the first phase being bonded in 2017. When completed, 143rd 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. The second phase is expected to be completed and bonded in 2020.

The City continues with its 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. This program is budgeted to spend \$3 million every other year. In addition to this program, in 2017 the City started a new stormwater improvement program. It is also budgeted to spend \$3 million on the opposite year as the street renovation program. This new program will allow for the replacement of failing corrugated pipe and will be coordinated in conjunction with street projects.

The City's Fire Department focused on continuous improvement with the International Accreditation and Insurance Services Organization 1 rating. The department provided CPR training at the Church of the Resurrection's annual health fair as well as many other activities within the community.

The Art in Public Places Initiative of the Leawood Arts Council installed a new sculpture titled "Walking Woman." The piece was created by California artist Michael Stutz and is located in the City's sculpture garden. A kinetic sculpture by artist John King, "Skwriting1," was installed next to City Hall as part of Leawood's "Art on Loan" Program.

The City's Information Services department continued to upgrade the entire City's wireless network access points and the City's internet connection to new, faster Gigabyte speed levels. Fiber connection to Johnson County was also improved along with the City's webpage.

The Police Department initiated a joint venture with the City, video doorbell maker *Ring* and private citizens to allow residents to purchase *Ring* products at a discounted rate. Nearly 125 people visited the event and took advantage of this program.

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 for citizens.

Several of the short-term goals set by Council that reflect these priorities include the following: Continue with the Parks Maintenance Facilities relocation Implementation Plan and Construction Plan; Review and evaluate funding options for stormwater issues; Add stepping stones to City art pieces and place maps of bike loops, trail system and art pieces on the City webpage.

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 City implemented GASB Statement No. 84 *Fiduciary Activities* for the year ended December 31, 2019. The principal objective of this Statement is to enhance the consistency and comparability of fiduciary activity reporting by state and local governments. This Statement also is intended to improve the usefulness of fiduciary activity information primarily for assessing the accountability of governments in their roles as fiduciaries.

The City also implemented GASB Statement No. 88 *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* for the year ended December 31, 2019. The principal objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. The note disclosure requirements have been addressed in the financial report footnotes.

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, 2018. The City has received this prestigious award for twenty three 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, 2020. It was the 19th consecutive year that the City has received this award. 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 Mary Larson, Ward 2
Councilmember James Azeltine, Ward 4

BACK ROW [left to right]:
Councilmember Jim Rawlings, Ward 2
Councilmember Lisa Harrison, Ward 3
Councilmember Chuck Sipple, Ward 3
Councilmember Debra Filla, Ward 1

CITY OF LEAWOOD, KANSAS

PRINCIPAL OFFICIALS

Mayor

Peggy J. Dunn

City Council

Debra Filla
Andrew Osman
Jim Rawlings
Lisa Harrison
Chuck Sipple
James Azeltine
Julie Cain
Mary Larson

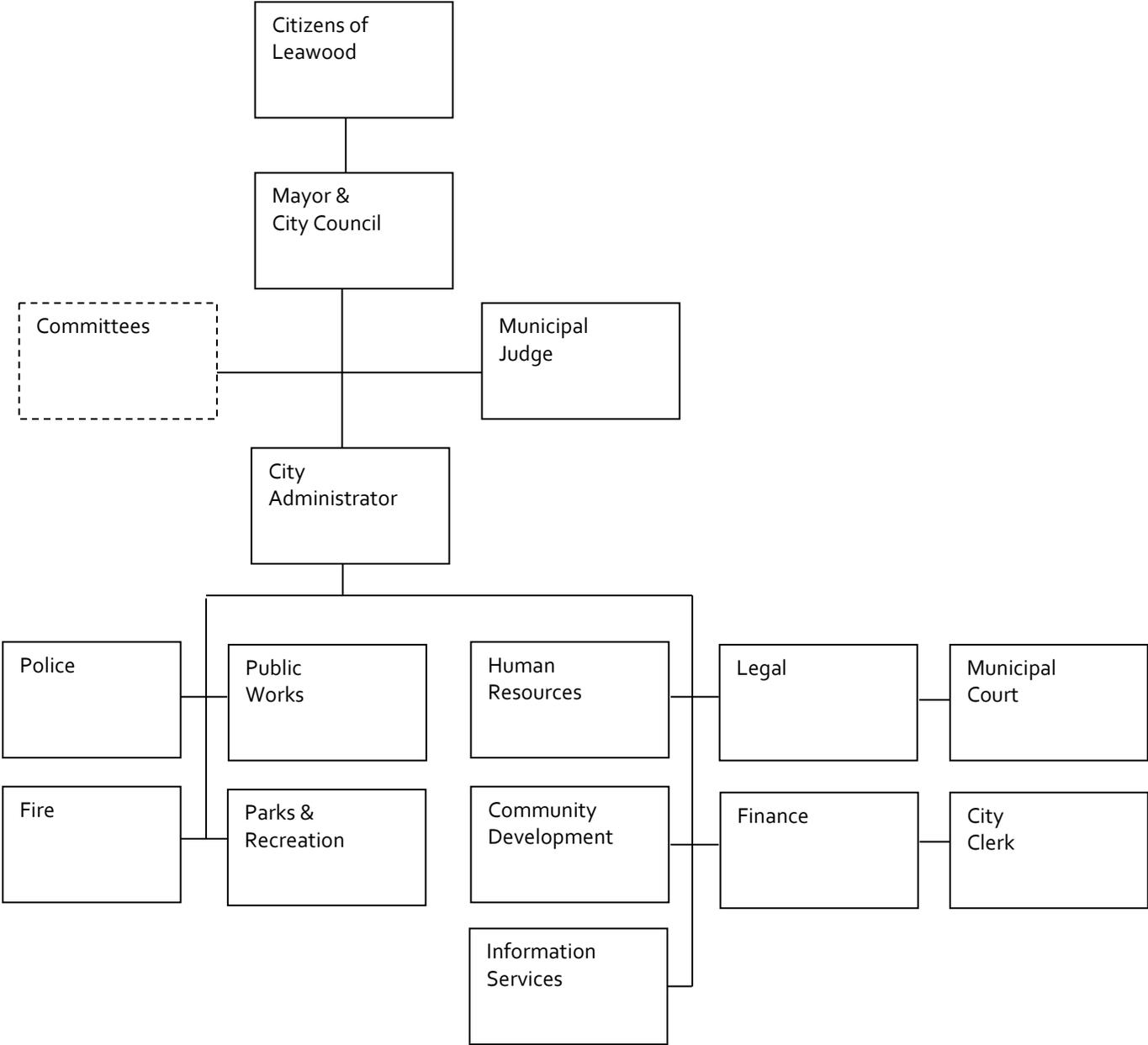
City Administrator

Scott M. Lambers

Prepared By Department Of Finance

Dawn Long, Finance Director
Ashley Frankel, Accounting Manager
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, 2018

Christopher P. Morrill

Executive Director/CEO

Financial Section



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Kansas City, MO 64105

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CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

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, 2019, 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; 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.

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, 2019, 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.

Emphasis Of Matter

As discussed in Note 1 to the financial statements, the City of Leawood, Kansas implemented GASB Statement No. 84 *Fiduciary Activities* that reclassified five of the City's funds that had been previously classified as fiduciary funds to be special revenue funds. As a result of the implementation, the related special revenue fund balances as of January 1, 2019 were restated. Our opinion is not modified with respect to this matter.

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 21, the budgetary comparison information on page 71, the schedules of other post-employment benefits on pages 72 and 73, the comparison of needed-to-actual maintenance/preservation for streetlights and traffic signals on page 74, and the schedule of proportionate share of the net pension liability and schedule of contributions on page 75 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 Honorable Mayor and Members
of the City Council
City of Leawood, Kansas

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

RubinBrown LLP

April 10, 2020

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Management's Discussion And Analysis

CITY OF LEAWOOD, KANSAS

MANAGEMENT'S DISCUSSION AND ANALYSIS Fiscal Year Ended December 31, 2019

The following Management Discussion and Analysis (MD&A) of the City of Leawood's financial performance provides an introduction and overview to the financial activities of the City for the fiscal year ended December 31, 2019. 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 City's total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at December 31, 2019 by \$334.0 million (*net position*). Of this amount, \$42.8 million (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total liabilities increased by \$4.1 million. The key factors in this increase were the issuance of additional \$7.0 million in general obligation notes payable and an increase in accounts payable of \$2.2 million. These amounts were offset by a reduction in long term debt in the amount of \$6.4 million. Principal payments and refunding were \$9.4 million on the general obligation bonds and \$23.8 million on the general obligation notes.
- The City's total assets increased by \$6.3 million. The City's pooled cash and investments increased by \$2.6 million to be used for planned projects and economic development. Intergovernmental receivables increased by \$2.7 due mainly to project reimbursements.

Fund Based

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$62.2 million. The net decrease in fund balances for governmental funds were \$5.4 million. This decrease is due mainly to a \$9.5 million decrease in fund balance in the capital project fund. The City expended \$10.1 million in this fund in 2019 compared to \$2.0 million in 2018.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$9.1 million. The unassigned fund balance went from \$7.8 million at the end of 2018 to \$9.1 million at the end of the current fiscal year. The increase in unassigned fund balance was due to an increase in ending fund balance of \$2.6 million.
- Assets increased by \$5.1 million due to increased cash and investments and sales tax receivable. Liabilities and deferred inflows of resources increased by \$9.9 million due to additional general obligation notes issued and higher accounts payable at the end of 2019.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the City of Leawood using the integrated approach as prescribed by GASB Statement No. 34.

Government-Wide Financial Statements

The Government-Wide Financial Statements present the financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. The statements present governmental activities and business-type activities separately. These statements include all assets of the City (including infrastructure) as well as all known liabilities (including long-term debt). Additionally, certain eliminations have occurred as prescribed by the statement in regards to inter-fund activity, payables and receivables.

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

These two statements report the City's *net position* and changes in them. Net position is the difference between assets and liabilities, which is one way to measure the City's financial health, or *financial position*. Over time, *increases* or *decreases* in the City's net position are one indicator of whether its *financial health* is improving or deteriorating. Other factors to consider are changes in the City's property tax base and the condition of the City's roads.

In the Statement of Net position and the Statement of Activities and Changes in Net position, 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 custodial funds, which report a statement of fiduciary net position, a statement of changes in fiduciary net position and do not have a measurement focus. Reconciliations of the Fund Financial Statements to the Government-Wide Financial Statements are provided to explain the differences created by the integrated approach.

CITY OF LEAWOOD, KANSAS

Management's Discussion And Analysis (*Continued*)

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

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

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

Fiduciary Funds - The City is the trustee, or *fiduciary*, for one fund. This fund accounts for donations made by City employees as well disbursements to charitable organizations. The City's fiduciary activity is reported in separate Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position.

The Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position can be found in the Basic Financial Statements 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.

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

CITY OF LEAWOOD, KANSAS

Management's Discussion And Analysis (*Continued*)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

This analysis focuses on the City's net position and changes in net position of the governmental activities for the fiscal year ending December 31, 2019.

The net position for the City increased by 1.7% from the \$333.1 million at December 31, 2018 balance to \$334.0 million at December 31, 2019. The small increase can be attributed to an increase in general tax revenues. Property values increased during 2019 and therefore assessments increased resulting in higher property tax revenue of \$1.0 million. Sales taxes collected also increased by \$1 million during the year due to the implementation of GASB 84. The City recognized sales tax in two new special revenue funds that wasn't recognized as revenue in 2018. Transient guest tax varies depending on the hotel usage. This tax remained consistent from 2018 to 2019. Franchise fees were impacted largely by a decrease in fees from Everygy. This decrease was due to the December usage tax that wasn't received within two months of the end of the year and therefore not included in 2019 revenues. Expenses were \$9.2 million higher in 2019 compared to 2018. Public works showed the largest increase due to several large projects that were ongoing during the year.

Deferred outflows of resources remained consistent between 2018 and 2019 at \$4.7 million. The largest portion (\$4.2 million) of the total balance is due to the City's portion of the KPERS pension plan. The City's proportionate share of collective deferred outflows of resources decreased by \$0.1 million from 2018 to 2019. The City also added a deferred outflow for their share of OPEB in 2019 in the amount of \$.3 million. There were no deferred amounts for OPEB in 2018.

Noncurrent liabilities, which totaled \$83.5 million at December 31, 2019 and \$89.2 million at December 31, 2018, primarily consist of long term debt. The City issued \$2.4 million in refunding bonds in 2019. The bond proceeds were used to redeem \$2.4 million in bonds that had a higher interest rate. The 2019 debt payments were \$7.3 million which resulted in a reduction of long term debt.

Current liabilities increased \$9.3 million due to an increase in temporary notes. The City started several new construction projects in 2019 that required temporary note funding.

Deferred inflows of resources increased by \$1.3 million in 2019. This increase is due to property tax increased between 2018 and 2019 that is reported as unearned revenue on the Statement of Net Position.

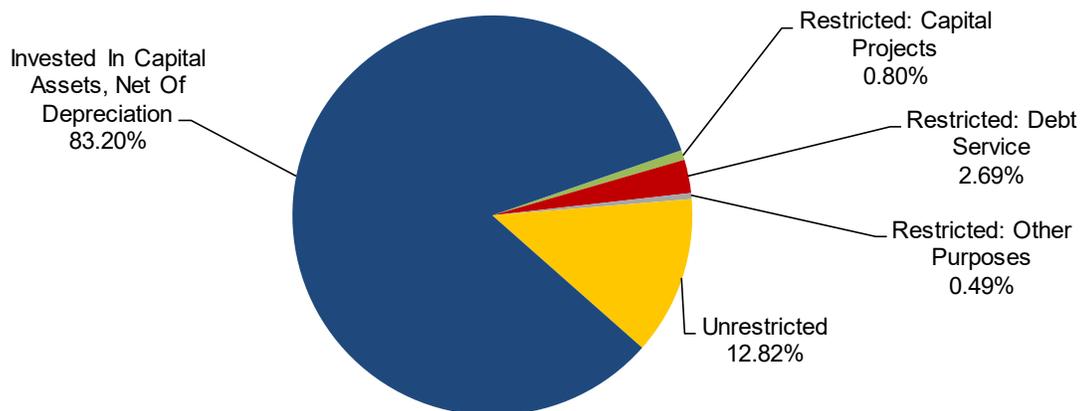
The largest portion of the City's net position (83.2%) reflects the investment in capital assets such as land, buildings, machinery and equipment, less any related debt used to acquire those assets that is still outstanding. These assets are used to provide services to the citizens of the City of Leawood; therefore, they are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF LEAWOOD, KANSAS

Management's Discussion And Analysis (*Continued*)

An additional portion of the City's net position (4.0%) represents various resources subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$42.8 million) may be used to meet the City's ongoing obligations to citizens and creditors.

The following graph demonstrated the component of the City's net position at fiscal year ended December 31, 2019.



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.

The following schedule is a condensed version of the City's statement of net position for the years ended December 31, 2019. Comparative data from fiscal year ending December 31, 2018 is also presented.

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, 2019 and 2018.

	Governmental Activities		
	2019	2018	Change
Current and other assets	\$ 126,606,653	\$ 120,332,379	\$ 6,274,274
Long-term receivables	4,960,792	6,095,904	(1,135,112)
Capital assets, net	344,098,159	342,979,215	1,118,944
Total assets	475,665,604	469,407,498	6,258,106
Deferred outflows of resources			
Deferred outflows related to pension and OPEB	4,508,744	4,345,238	163,506
Deferred loss on refunding	211,078	254,258	(43,180)
Total assets and deferred outflows	480,385,426	474,006,994	6,378,432
Other liabilities	36,821,092	27,530,000	9,291,092
Long-term debt	59,175,248	65,539,290	(6,364,042)
Net pension liability	24,294,954	23,105,324	1,189,630
Total liabilities	120,291,294	116,174,614	4,116,680
Deferred inflows of resources			
Deferred gain on refunding	112,576	—	112,576
Deferred inflows related to pension and OPEB	1,057,347	1,107,914	(50,567)
Deferred revenues	24,970,678	23,577,304	1,393,374
Total deferred inflows	26,140,601	24,685,218	1,342,807
Net position:			
Net investment in capital assets	277,840,414	281,113,331	(3,272,917)
Restricted	13,294,227	13,994,430	(700,203)
Unrestricted	42,818,890	38,039,401	4,779,489
Total net position	\$ 333,953,531	\$ 333,147,162	\$ 806,369

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.

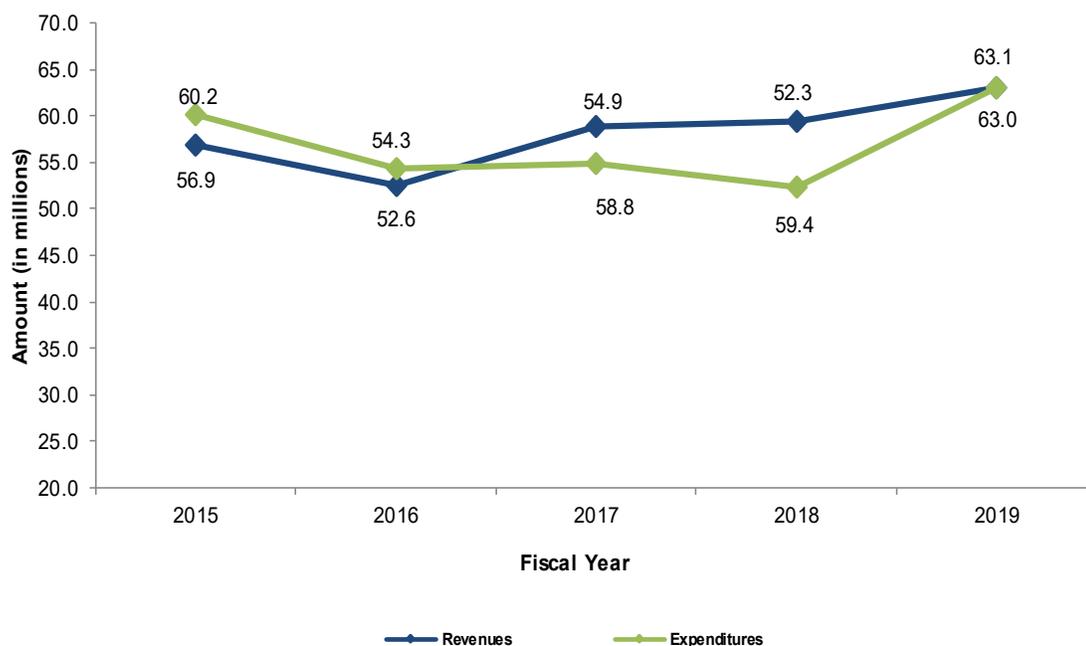
	Governmental Activities		Change
	2019	2018	
Revenues			
Program revenues:			
Charges for services	\$ 6,099,654	\$ 6,443,854	\$ (344,200)
Operating grants and contributions	179,092	473,321	(294,229)
Capital grants and contributions	3,060,899	1,247,452	1,813,447
General revenues:			
Property taxes	23,782,527	22,883,330	899,197
Sales tax	19,354,281	18,403,286	950,995
Transient guest tax	409,601	327,874	81,727
Franchise tax	3,404,815	3,520,426	(115,611)
Other taxes	1,507,259	1,581,752	(74,493)
Grants and contributions not restricted to specific programs	3,040,176	2,993,274	46,902
Unrestricted investment earnings	2,145,604	1,138,750	1,006,854
Other	173,305	440,520	(267,215)
Total revenues	63,157,213	59,453,839	3,703,374
Expenses:			
General government	9,855,244	7,578,714	2,276,530
Public safety	19,576,500	18,331,638	1,244,862
Public works	22,010,483	16,701,722	5,308,761
Parks and recreation	9,380,240	7,395,450	1,984,790
Interest on long-term debt	2,245,593	2,333,256	(87,663)
Total expenses	63,068,060	52,340,780	10,727,280
Change in net position	89,153	7,113,059	(7,023,906)
Net position - beginning of year:			
As previously reported	333,147,162	327,009,015	6,138,147
Adjustment due to adoption of GASB Statement No. 84	717,216	—	717,216
Adjustment due to adoption of GASB Statement No. 75	—	(974,912)	974,912
As restated	333,864,378	326,034,103	7,830,275
Net position - end of year	\$ 333,953,531	\$ 333,147,162	\$ 806,369

CITY OF LEAWOOD, KANSAS

Management's Discussion And Analysis (*Continued*)

Governmental Activities

Total resources available during the year to finance governmental operations were \$397.1 million consisting of net position at December 31, 2018 of \$334 million, program revenues of \$9.3 million and general revenues of \$53.8 million. Total expenses of governmental activities during the year were \$63.1 million; thus, net position stayed the same at \$334.0 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, 2019 was \$63.1 million. However, as shown in the Statement of Activities the amount that the taxpayers ultimately financed for these activities was only \$53.72 million because some of the cost was paid by those who directly benefitted from the programs (\$6.1 million), or by other governments and organizations that subsidized certain programs with operating grants and contributions and capital grants and contributions (\$3.2 million). Overall, the City's governmental program revenues were \$9.3 million. The City paid for the remaining "public benefit" portion of governmental activities with \$53.7 million in taxes (some of which could only be used for certain programs) other revenues, such as interest and general entitlements and reserves.

CITY OF LEAWOOD, KANSAS

Management's Discussion And Analysis (*Continued*)

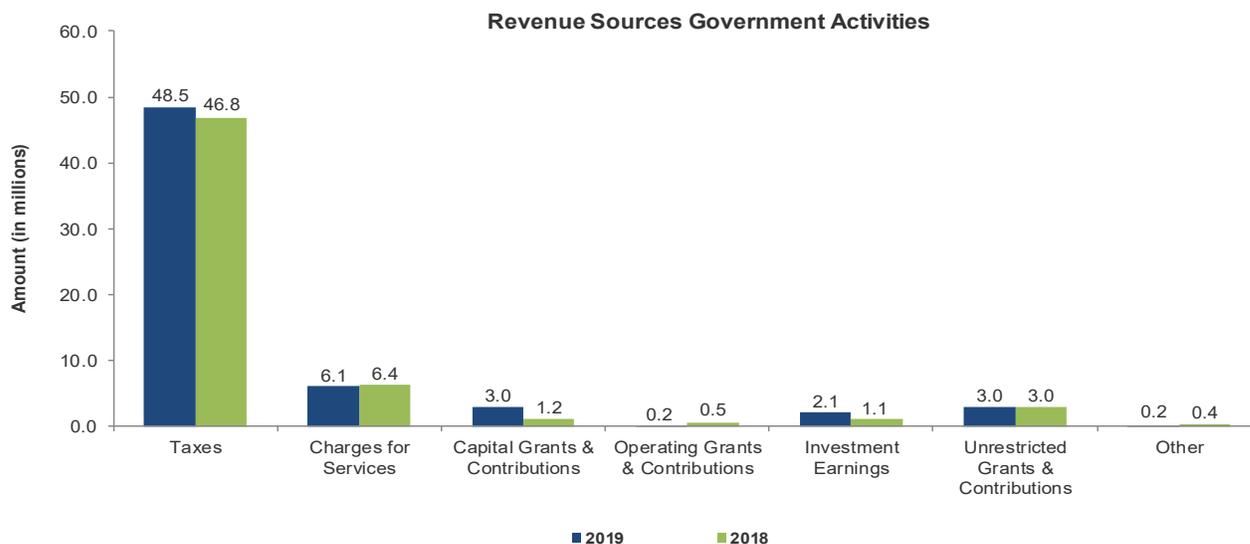
The following in-depth analysis of the major revenue sources and expenses.

- Charges for services in total in 2019 were \$6.1 million compared to \$6.4 million in 2018. The category with the largest decrease was General Government. Building permits in 2019 were \$728,000 compared to \$953,000 in 2018. This revenue source fluctuates from year to year and is determined by development within the City. Public Safety, Public Works and Parks and Recreation charges for services remained level from 2018 to 2019.
- Capital and operating grants and contributions totaled \$3.2 million in 2019 compared to \$1.7 million in 2018. The large increase is due to \$2.7 million in local grants received within the Public Works department in 2019 that the City did not receive in 2018. Grant receipts vary each year depending on the types of projects and the funding available from outside resources. Infrastructure donated in 2019 was \$.4 million compared to \$1.1 million in 2018. These donated infrastructure amounts vary depending on the development project.
- Sales and use tax revenue increased slightly from \$18.4 million in 2018 to \$19.4 million in 2019. Sales and use taxes remained constant from 2018 to 2019. The increase in total sales tax is due to the implementation of GASB 84. The City had two agency funds that were reclassified as special revenue funds at January 1, 2019. These two funds receive sales tax income. In 2019, the sales tax revenue for these two funds totaled \$941,446 which accounted for the increase in sales tax revenue between 2018 and 2019.
- The City recognized depreciation expense of \$10.6 million in 2019. This is a slight increase from the 2018 depreciation expense of \$10.3 million. The City continues to replace machinery and equipment as needed resulting in higher depreciation expense in 2019.
- The City capitalized \$7.9 million in depreciable capital assets during 2019. This is slightly higher than the \$7.7 million capitalized in 2018. Construction in progress went from \$2.4 million at the end of 2018 to \$4.6 million at the end of 2019. There were several large CIP projects that were continued during 2019. The year-end CIP balance included projects started in 2019 totaling \$3.4 million. Disposals of depreciable assets went from \$1.2 million in 2018 to \$2.4 million in 2019. The disposals of capital assets increase in correlation to additions of capital assets due to equipment trade-ins and sales.
- Personnel Services stayed the same at \$27.7 million for 2018 and 2019. Personnel expenses were effected by rises in health insurance and required contributions to KPERS but offset by unfilled positions and delays in hiring during the year.

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, 2019 and 2018, respectively.



FUND FINANCIAL ANALYSIS

General Fund

The General Fund is the chief operating fund of the City of Leawood. Fund balance for the General Fund increased by \$2.6 million for the fiscal year ended December 31, 2019, with an ending balance of \$15.9 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 22.9% of the total General Fund operating expenditures, while total fund balance represents 39.9% 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 Assigned fund balance of \$6.7 million is for the budgeted use of fund balance reserves in 2020. The amount assigned for the 2019 budgeted use of fund balance was \$5.4 million. This amount varies depending on planned and budgeted expenditures for the following year. The unassigned fund balance is \$9.1 million in 2019 compared to the \$7.8 million in 2018.

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.

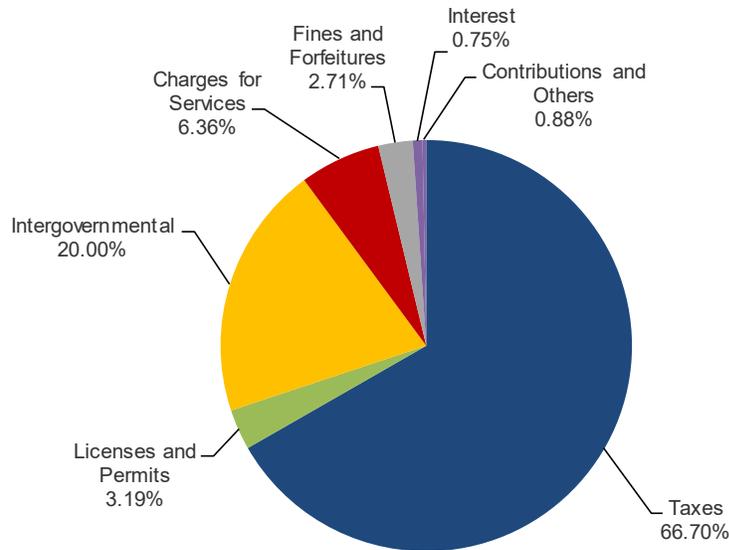
	2019	2018	2017	2016	2015
Fund balance					
Nonspendable	\$ 104,630	\$ 129,986	\$ 116,641	\$ 123,218	\$ 140,462
Assigned	6,679,839	5,376,591	2,713,627	4,980,428	5,623,577
Unassigned	9,123,801	7,797,408	15,166,558	9,771,761	8,730,208
Total fund balance	\$ 15,908,270	\$ 13,303,985	\$ 17,996,826	\$ 14,875,407	\$ 14,494,247
Fund balance - beginning	\$ 13,303,985	\$ 17,996,826	\$ 14,875,406	\$ 14,494,247	\$ 14,833,642
Operating surplus	5,966,749	7,338,250	10,055,884	5,720,367	6,256,939
Transfers	(3,362,464)	(12,031,091)	(6,934,464)	(5,339,207)	(6,596,335)
Fund balance - ending	\$ 15,908,270	\$ 13,303,985	\$ 17,996,826	\$ 14,875,407	\$ 14,494,246

General Fund revenues were \$2.3 million higher in 2019 compared to 2018. Property taxes in 2019 were \$2.9 million higher than 2018 because of a shift in the tax levy between the general and debt service funds and also an increase in assessed valuation. This property tax increase accounts for most of the total increase in General Fund revenues for 2019. Franchise fees in total were \$116,000 lower in 2019 compared to 2018. The December 2019 franchise fee for electric was not received within two months of year end so those anticipated fees of \$140,000 were not considered available and not recognized as income in 2019. City sales tax was down slightly from 2018 but the City use tax increased slightly in 2019. The increase in use tax is due to increased collections for on-line sales as well as collections on construction within the City. Motor vehicle taxes were \$350,000 lower than 2019 and are dependent on vehicle sales within the year. Fines and forfeitures were down by \$40,000 due to traffic enforcement. In 2019 there were 9,795 traffic violations compared to 9,921 in 2018. Parks and Recreation program revenues fluctuate from year to year because of weather and other factors. The city's golf course, Ironhorse, had an increase from 2018 to 2019 in greens fees, driving range fees and golf car rental. The addition of the Vista 154 event space in 2017 has created opportunity for increased revenues in food and beverage sales for events other than golf.

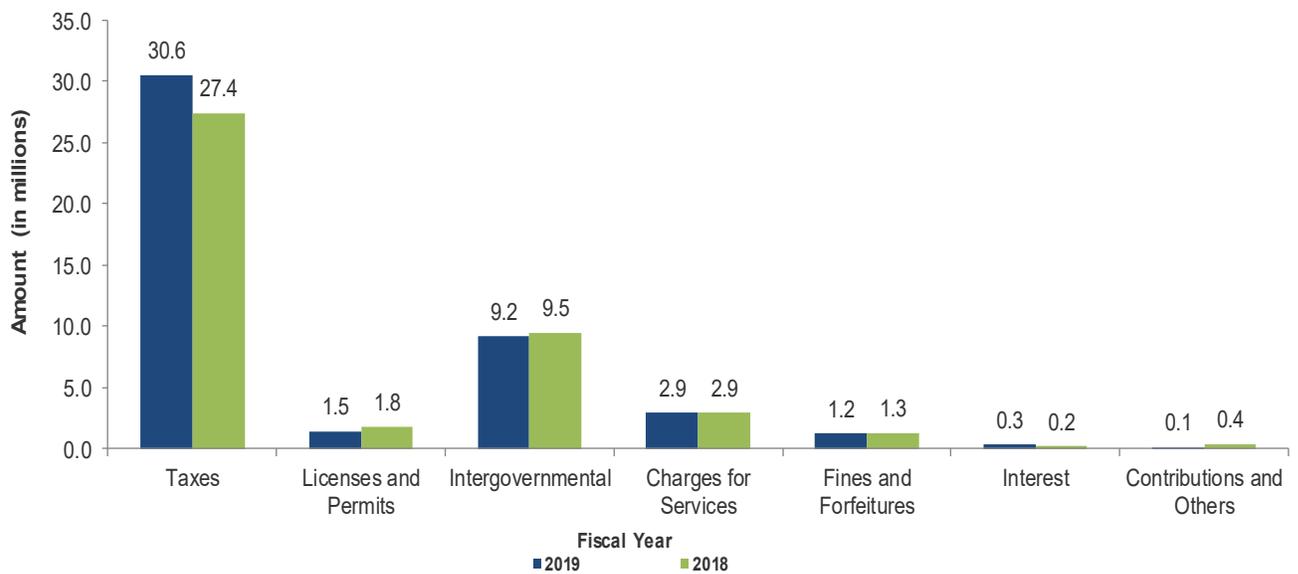
CITY OF LEAWOOD, KANSAS

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, 2019 and 2018.

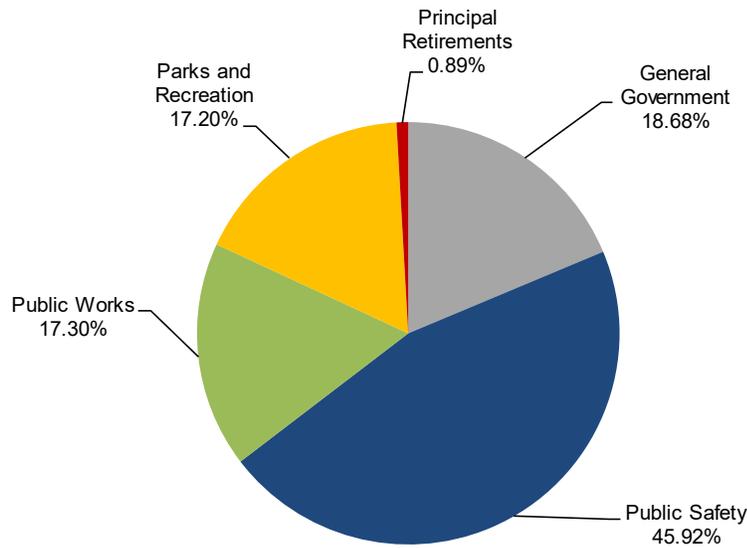


CITY OF LEAWOOD, KANSAS

Management's Discussion And Analysis (*Continued*)

General Fund expenditures increased overall by \$3.6 million. The City's required contribution to KPERS and KP&F both increased from 2018 to 2019. This resulted in approximately \$400,000 more personnel costs across all departments. Personnel costs were also higher in 2019 due to pay increases and costs of benefits provided to employees. All departments expenditures were below budget in 2019 for a total saving to the City of \$4.8 million.

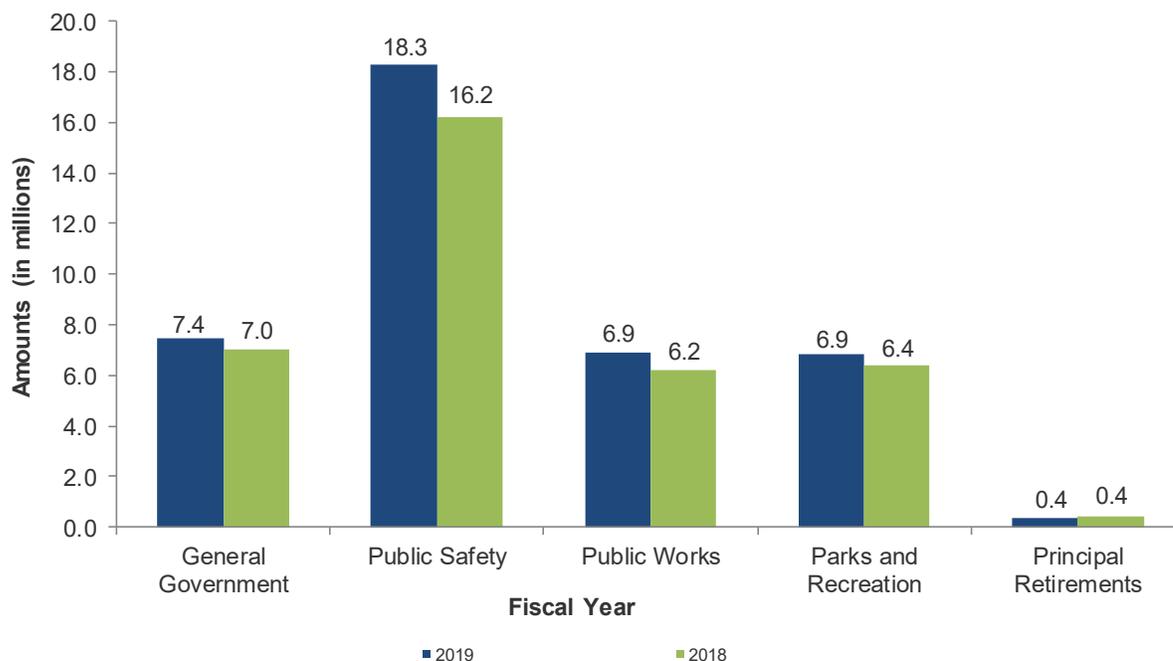
The graph below presents General Fund expenditures by category.



CITY OF LEAWOOD, KANSAS

Management's Discussion And Analysis (*Continued*)

The graph below illustrates a comparison of each expenditure category for the years ended December 31, 2019 and 2018.



Transfers to other funds decreased by \$4.7 million from the prior year. The capital equipment and pay-as-you-go project transfers fluctuate as necessary to fund the C.I.P (Capital Improvement Program) and the Vehicle and Equipment Replacement Schedules. Transfers to the Public Safety Improvement Fund from the General Fund stayed consistent with \$1.1 million in 2019 and 2018. This amount represents the public safety sales tax that comes into the City each year. The City established an Economic Development Fund in 2017 and transferred \$1.1 million into that fund in 2019 compared to \$8.1 million in 2018. The \$8.1 million included \$7.0 million from General Fund reserves and \$1.1 from sales tax collected in the General Fund. The \$7.0 million transfer was to be repaid from economic fund revenues at a later date. \$1.0 million of the \$7.0 million was transferred back to the General Fund in 2019.

Other Governmental Funds

The fund balance for the Debt Service Fund decreased \$0.4 from last year. This balance represents 100% of the 2020 annual debt service payments.

The fund balance in the Capital Projects Fund went from \$2.4 million in 2018 to \$(7.1) million at the end of 2019. This change in fund balance is a result of an increase in expenditures for ongoing projects that have not been permanently financed. The City did not finish and bond any projects in 2019.

CITY OF LEAWOOD, KANSAS

Management's Discussion And Analysis (*Continued*)

The Municipal Equipment Fund had an ending fund balance of \$11.0 million. This is an increase of \$0.6 million over 2018. The increase is due a reduction in equipment expenditures during 2019. In 2019 the expenditures totaled \$1.1 million as compared to \$2.1 million in 2018.

DEBT ADMINISTRATION

As of December 31, 2019, the City of Leawood had total bonded debt outstanding of \$46,850,000. All of this debt is backed by the full faith and credit of the City.

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

	Governmental Activities		
	2019	2018	Change
General Obligation Bonds	\$ 46,850,000	\$ 53,815,000	\$ (6,965,000)

The City of Leawood achieved its first AAA bond rating from Moody's Investor Service in April 2008 and it was re-affirmed again in August 2019. This bond rating is a clear indication of the sound financial condition of the City of Leawood. This achievement is a primary factor in keeping interest costs low on the City's outstanding debt.

Kansas statutes limit the amount of general obligation debt that a unit of government can issue to thirty percent of the total assessed value of taxable property located within the City's boundaries. The legal debt margin for City of Leawood is \$272,251,587.

Additional information regarding the City's long-term debt can be found in Note 9.

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, 2019, net capital assets of the governmental activities (net position) totaled \$344.1 million. Depreciation on capital assets is recognized in the Government-Wide financial statements. Refer to the Notes to Basic Financial Statements No. 6 for detail regarding capital assets.

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

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

CITY OF LEAWOOD, KANSAS

Management's Discussion And Analysis (*Continued*)

- The City documents that the eligible infrastructure capital assets are being preserved approximately at or above the established and disclosed condition assessment level.

It is the City's policy to maintain and preserve streetlights and traffic signals at least at 85% of their normal operating mode. Street lights and traffic signals are often out of service for the following factors: (1) life of lamp light; (2) accidents by vehicles or contractors who excavate in the City's Right of Ways; (3) weather, such as high winds, rain, snow and ice; and (4) vandalism. During 2019, 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 2019 was 98.9%. For 2019 the city incurred expenditures of \$325,755 compared to the budgeted amount of \$413,000 to maintain the condition assessment level.

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

	Governmental Activities		
	2019	2018	Percentage Change
Land/right of way	\$ 120,742,616	\$ 119,450,941	1%
Buildings and improvements	41,621,414	42,915,882	-3%
Machinery and equipment	9,189,093	9,927,840	-7%
Infrastructure	167,911,078	168,291,342	0%
Construction in progress	4,633,958	2,393,210	94%
Total	\$ 344,098,159	\$ 342,979,215	0%

The City is working on a large street project that won't be completed and bonded for several years. This resulted in the increase in construction in progress at the end of the year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The legally adopted budget for the General Fund was not amended by the Governing Body during 2019.

In total, the General Fund had a favorable variance from the final budget by \$4.9 million. Revenues had a variance of \$(1.0) million with the largest variance being in Taxes, Intergovernmental and Fines and Forfeitures. Sales tax was down slightly from the budgeted amount and Fines and Forfeitures is dependent upon traffic violations and fluctuates from year to year due to police staffing.

CITY OF LEAWOOD, KANSAS

Management's Discussion And Analysis (*Continued*)

The General Fund expenditures of \$39.8 million show a favorable variance of \$3.7 million when compared to the final budget of \$43.6 million. General Government, Public Safety, Public Works and Parks and Recreation all reported favorable expenditure variances in 2019. Over \$1.4 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.

Final budget	\$ 43,585,800
Expenditure actuals	<u>(39,841,022)</u>
Variance under	<u><u>\$ 3,744,778</u></u>

ECONOMIC OUTLOOK

The 2019 economic outlook for Leawood remains consistent with prior year's actual results. Leawood continues to have a diversified revenue base with the largest category, 40%, coming from property taxes; followed by the sales taxes of 31% and finally other governmental revenue of 29%. For the 2020 budget year, Leawood is anticipating a 5.83% increase in assessed valuation. Over the last 10 years the City's property tax base has increased 1.9% on average per year. The City is also anticipating an increase in sales tax in 2020. The City is anticipating a 2.95% in 2020 and has averaged a 2.3% increase in sales tax collections over the last 5 years.

At the close of 2020, the City's operating reserves are expected to be at 39% of expenditures, which is above the minimum goal of 11% 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 2020 are budgeted at \$9,197,100 or 99% 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, KS 66211 or phone 913-663-9121.

Basic Financial Statements

CITY OF LEAWOOD, KANSAS

STATEMENT OF NET POSITION

December 31, 2019

	Governmental Activities
Assets	
Pooled cash and investments	\$ 90,985,428
Restricted cash	137,207
Receivables (net of allowance for uncollectibles):	
Property tax	24,952,540
Sales tax	3,631,463
Transient guest tax	108,708
Franchise tax	357,456
Special assessments - current	3,622,801
Intergovernmental	2,477,981
Interest	192,750
Accounts	35,689
Inventory and prepaid items	104,630
Special assessments receivable - noncurrent	4,960,792
Capital assets:	
Land and other capital assets, nondepreciable	146,663,594
Other capital assets, net of depreciation	197,434,565
Total Assets	475,665,604
Deferred Outflows Of Resources	
Deferred loss on refunding	211,078
Deferred contributions to pension plan	1,466,062
Proportionate share of collective deferred outflows of resources - pension plan	2,755,454
Proportionate share of collective deferred outflows of resources - OPEB	287,228
Total Deferred Outflows Of Resources	4,719,822
Liabilities	
Accounts payable	3,185,155
Due to employees and others	1,763,977
Temporary notes payable	30,778,477
Accrued interest payable	956,276
Municipal court deposits	137,207
Long-term liabilities:	
Due within one year	8,561,423
Due in more than one year	50,613,825
Net pension liability	24,294,954
Total Liabilities	120,291,294
Deferred Inflows Of Resources	
Deferred gain on refunding	112,576
Property tax	24,970,678
Proportionate share of collective deferred inflows of resources - pension plan	754,799
Deferred inflows of resources - OPEB	302,548
Total Deferred Inflows Of Resources	26,140,601
Net Position	
Net investment in capital assets	277,840,414
Restricted for:	
Bridges, streets and signals	2,659,122
Debt service	8,986,242
Social services	337,527
Special parks and recreation	637,870
Tourism promotion	645,840
Law enforcement	27,626
Unrestricted	42,818,890
Total Net Position	\$ 333,953,531

CITY OF LEAWOOD, KANSAS

**STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2019**

Functions/Programs	Expenses	Program Revenues			Net Expense And Changes In Net Position
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	
Governmental Activities					
General government	\$ 9,855,244	\$ 2,505,738	\$ —	\$ —	\$ (7,349,506)
Public safety	19,576,500	115,221	4,786	—	(19,456,493)
Public works	22,010,483	562,179	150	3,060,899	(18,387,255)
Parks and recreation	9,380,240	2,916,516	174,156	—	(6,289,568)
Interest on long-term debt	2,245,593	—	—	—	(2,245,593)
Total Governmental Activities	\$ 63,068,060	\$ 6,099,654	\$ 179,092	\$ 3,060,899	(53,728,415)
General Revenues					
Property taxes levied for:					
Property taxes for general purposes					
					16,156,443
Property taxes for debt service					
					7,626,084
Sales taxes					
					19,354,281
Transient guest taxes					
					409,601
Franchise taxes					
					3,404,815
Other taxes					
					1,507,259
Grants and contributions not restricted to specific programs					
					3,040,176
Unrestricted investment earnings					
					2,145,604
Miscellaneous					
					173,305
Total General Revenues					
					53,817,568
Change in net position					
					89,153
Net Position - Beginning Of Year					
					333,147,162
Cumulative Effect Of Change In Accounting Principle					
					717,216
Net Position - Beginning Of Year, As Restated					
					333,864,378
Net Position - Ending					
					\$ 333,953,531

CITY OF LEAWOOD, KANSAS

BALANCE SHEET - GOVERNMENTAL FUNDS December 31, 2019

	General Fund	Debt Service	Capital Projects	Municipal Equipment Reserve	Other Govern- mental Funds	Total Govern- mental Funds
Assets						
Pooled cash and investments	\$ 14,333,859	\$ 8,815,102	\$ 25,993,454	\$ 11,073,285	\$ 30,769,728	\$ 90,985,428
Restricted assets	137,207	—	—	—	—	137,207
Receivables:						
Property tax	19,191,770	5,760,770	—	—	—	24,952,540
Sales tax	3,276,315	—	—	—	355,148	3,631,463
Transient guest tax	—	—	—	—	108,708	108,708
Franchise tax	357,456	—	—	—	—	357,456
Special assessments	—	8,243,593	—	—	340,000	8,583,593
Intergovernmental	367,934	152,056	50,223	—	1,907,768	2,477,981
Interest	30,885	19,084	54,220	22,896	65,665	192,750
Accounts	35,689	—	—	—	—	35,689
Inventory and prepaid items	104,630	—	—	—	—	104,630
Due from other funds	—	—	—	—	381,316	381,316
Total Assets	\$ 37,835,745	\$ 22,990,605	\$ 26,097,897	\$ 11,096,181	\$ 33,928,333	\$ 131,948,761
Liabilities						
Accounts payable and accrued liabilities	\$ 411,689	\$ —	\$ 2,160,932	\$ 56,253	\$ 556,281	\$ 3,185,155
Due to employees and others	1,763,977	—	—	—	—	1,763,977
Due to other funds	381,316	—	—	—	—	381,316
Temporary notes payable	—	—	30,778,477	—	—	30,778,477
Accrued interest payable	—	—	255,192	—	—	255,192
Municipal court deposits	137,207	—	—	—	—	137,207
Total Liabilities	2,694,189	—	33,194,601	56,253	556,281	36,501,324
Deferred Inflows Of Resources						
Property tax	19,230,231	5,760,770	—	—	—	24,991,001
Special assessments	—	8,243,593	—	—	—	8,243,593
Other	3,055	—	—	—	—	3,055
Total Deferred Inflows Of Resources	19,233,286	14,004,363	—	—	—	33,237,649
Fund Balances						
Nonspendable:						
Inventory	104,630	—	—	—	—	104,630
Restricted For:						
Social services	—	—	—	—	337,528	337,528
Parks and recreation	—	—	—	—	637,870	637,870
Tourism promotion	—	—	—	—	645,841	645,841
Bridges, streets and signals	—	—	—	—	2,659,123	2,659,123
Debt service reserve	—	8,986,242	—	—	—	8,986,242
Law enforcement	—	—	—	—	27,625	27,625
Committed To:						
Economic development	—	—	—	—	10,978,190	10,978,190
Equipment purchases	—	—	—	11,039,928	—	11,039,928
Bridges, streets and signals	—	—	—	—	2,148,435	2,148,435
Justice center	—	—	—	—	7,633,465	7,633,465
City art	—	—	—	—	563,535	563,535
Park improvements	—	—	—	—	207,059	207,059
Other capital projects	—	—	—	—	7,524,633	7,524,633
Assigned To:						
Appropriation of fund balance for 2019	6,679,839	—	—	—	—	6,679,839
Other purposes	—	—	—	—	8,748	8,748
Unassigned	9,123,801	—	(7,096,704)	—	—	2,027,097
Total Fund Balances	15,908,270	8,986,242	(7,096,704)	11,039,928	33,372,052	62,209,788
Total Liabilities, Deferred Inflows And Fund Balances	\$ 37,835,745	\$ 22,990,605	\$ 26,097,897	\$ 11,096,181	\$ 33,928,333	\$ 131,948,761

CITY OF LEAWOOD, KANSAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION December 31, 2019

Total Fund Balance - Governmental Funds \$ 62,209,788

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. 344,098,159

Long-term assets are not available to pay for current period expenditures and are therefore deferred in the fund statements. 8,266,971

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	211,078
Deferred gain on refunding	(112,576)
Deferred contributions to pension plan	1,466,062
Share of deferred outflows of pension plan	2,755,454
Share of deferred outflows of OPEB	287,228
Share of deferred inflows of pension plan	(754,799)
Share of deferred inflows of OPEB	(302,548)
Unamortized premiums and discounts	(4,414,723)
Accrued interest payable	(701,084)
Net pension liability	(24,294,954)
Long-term liabilities	(54,760,525)

Total Net Position Of Governmental Activities \$ 333,953,531

CITY OF LEAWOOD, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For The Year Ended December 31, 2019

	General Fund	Debt Service	Capital Projects	Municipal Equipment Reserve	Other Govern- mental Funds	Total Govern- mental Funds
Revenues						
Taxes	\$ 30,554,803	\$ 6,253,792	\$ —	\$ —	\$ 2,275,603	\$ 39,084,198
Licenses and permits	1,463,219	—	—	—	483,327	1,946,546
Intergovernmental	9,160,067	806,682	50,223	174,156	4,579,858	14,770,986
Charges for services	2,913,375	—	—	—	—	2,913,375
Fines and forfeitures	1,239,576	—	—	—	—	1,239,576
Special assessments	—	1,309,131	—	—	63,678	1,372,809
Interest	343,195	252,485	575,741	248,406	725,777	2,145,604
Contributions and others	133,536	—	—	304,521	—	438,057
Total Revenues	45,807,771	8,622,090	625,964	727,083	8,128,243	63,911,151
Expenditures						
General government	7,443,904	—	—	—	1,506,968	8,950,872
Public safety	17,285,826	—	—	—	—	17,285,826
Parks and recreation	6,854,630	—	—	—	34,489	6,889,119
Public works	6,892,535	—	—	—	—	6,892,535
Capital outlay:						
General government	—	—	—	207,288	455,171	662,459
Public safety	1,010,427	—	2,013	106,196	291,091	1,409,727
Parks and recreation	—	—	—	286,635	768,379	1,055,014
Public works	—	—	9,597,479	523,539	7,225,941	17,346,959
Debt service:						
Principal retirement	312,453	6,985,000	—	—	—	7,297,453
Interest and fiscal charges	41,247	2,066,239	503,501	—	—	2,610,987
Total Expenditures	39,841,022	9,051,239	10,102,993	1,123,658	10,282,039	70,400,951
Revenues Over (Under) Expenditures	5,966,749	(429,149)	(9,477,029)	(396,575)	(2,153,796)	(6,489,800)
Other Financing Sources (Uses)						
Transfers in	1,252,000	—	—	1,000,000	6,124,891	8,376,891
Transfers out	(5,624,891)	—	—	—	(2,752,000)	(8,376,891)
Payments to refunding escrow agent	—	(2,415,000)	—	—	—	(2,415,000)
Capitalized leases	1,010,427	—	—	—	—	1,010,427
Premiums and discounts	—	19,976	—	—	—	19,976
Refunding bonds issued	—	2,435,000	—	—	—	2,435,000
Total Other Financing Sources (Uses)	(3,362,464)	39,976	—	1,000,000	3,372,891	1,050,403
Net Change In Fund Balances	2,604,285	(389,173)	(9,477,029)	603,425	1,219,095	(5,439,397)
Fund Balances (Deficit) - Beginning, As Previously Stated	13,303,985	9,375,415	2,380,325	10,436,503	31,435,741	66,931,969
Cumulative Effect Of Change In Accounting Principle	—	—	—	—	717,216	717,216
Fund Balances - Beginning Of Year, As Restated	13,303,985	9,375,415	2,380,325	10,436,503	32,152,957	67,649,185
Fund Balances - End Of Year	\$ 15,908,270	\$ 8,986,242	\$ (7,096,704)	\$ 11,039,928	\$ 33,372,052	\$ 62,209,788

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, 2019

Net Changes In Fund Balances - Total Governmental Funds \$ (5,439,397)

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	11,747,792
Depreciation expense	(10,558,674)
Loss on disposal of capital assets	(454,631)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Acquisition value of donated assets	384,457
Change in deferred revenue for tax revenues	(873,643)

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	314,874
Interest expense	50,520
Issuance of long-term debt	(3,445,427)
Premium on long-term debt	(19,976)
Payment of long-term debt, including payments to refunding agent	9,712,453
Pension expense	(1,009,122)
Net post-retirement benefits obligation	(272,746)

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	(47,327)
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Total Changes In Net Position Of Governmental Activities \$ 89,153

CITY OF LEAWOOD, KANSAS

STATEMENT OF FIDUCIARY NET POSITION - CUSTODIAL FUNDS
For The Year Ended December 31, 2019

	Employee Giving Fund
	<u> </u>
Assets	
Pooled cash and investments	\$ 633
	<u> </u>
Total Assets	<u><u> </u></u> \$ 633
Net Position	
Restricted for employees	\$ 633
	<u> </u>
Total Net Position	<u><u> </u></u> \$ 633

CITY OF LEAWOOD, KANSAS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CUSTODIAL FUNDS

For The Year Ended December 31, 2019

	Employee Giving Fund
Additions	
Employee contributions	\$ 1,165
Deductions	
Distributions	1,284
Net Decrease in Fiduciary Net Position	119
Net Position - Beginning	752
Net Position - Ending	<u>\$ 633</u>

Notes To Basic Financial Statements

CITY OF LEAWOOD, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2019

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 35,276 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.

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (*Continued*)

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

The City's net position is reported in three parts - net investment in capital assets; restricted net position; and unrestricted net position. The City first utilizes restricted resources to finance qualifying activities.

The government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

Fund Financial Statements

Fund financial statements report detailed information about the City. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Governmental Funds

The major governmental funds of the City are described below:

General Fund

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

Debt Service Fund

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

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (*Continued*)

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.

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 one fiduciary fund that is a Custodial fund. The Employee Giving Fund accounts for amounts withheld from employees for charitable purposes.

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

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 custodial capacity for others and therefore are not available to support City programs. Custodial funds apply the accrual basis of accounting, however they do not have a measurement focus.

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

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (*Continued*)

Financial Statement Accounts

Deposits and Investments

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

Investments are reported at fair value in accordance with Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*.

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 2.39% and the amount of investment revenue was \$2,145,604.

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 net asset value, which approximates fair value.

Inventories and Prepaid Items

Inventory included on the City's financial statements is presented at cost if held by the City for its own use, and it is valued at the lower of cost or market, on a first-in first-out basis, if it is held for resale. Inventory 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 capital assets, donated works of art, and similar items are recorded at acquisition value as of the date of the donation.

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (*Continued*)

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.

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:

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (*Continued*)

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 \$413,000.

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. Accrued vacation is recorded as a long-term liability of the City in the Government-wide financial statements. However, in the governmental fund financial statements, a liability is only reported in the amount that has matured and is due at the end of the year.

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.

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (*Continued*)

Other Post Employment Benefit Plans (OPEB)

The City sponsors a single-employer, defined benefit healthcare plan and participates in the Kansas Public Employees Death and Disability Plan, a multiple-employer defined benefit plan. The total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense have been determined on the same basis as they are reported by the OPEB Plans. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

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.

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.

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (*Continued*)

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.

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.

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (*Continued*)

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.

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.

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (Continued)

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 the year ended December 31, 2019, the City implemented GASB Statement No. 84 *Fiduciary Activities*. The principal objective of this Statement is to enhance the consistency and comparability of fiduciary activity reporting by state and local governments. This Statement also is intended to improve the usefulness of fiduciary activity information primarily for assessing the accountability of governments in their roles as fiduciaries. As a result of the implementation, five of the City's fiduciary funds were reclassified as special revenue funds and their fund balances as of January 1, 2019 were restated as follows:

Transportation Development District - Resurrection

Fund Balance, As Previously Reported, January 1, 2019	\$	—
Prior period adjustments		45,506
Fund Balance, As Restated, January 1, 2019		<u>45,506</u>

Transportation Development District - Cornerstone

Fund Balance, As Previously Reported, January 1, 2019		—
Prior period adjustments		109,568
Fund Balance, As Restated, January 1, 2019		<u>109,568</u>

Transportation Development District - Villaggio

Fund Balance, As Previously Reported, January 1, 2019		—
Prior period adjustments		310,000
Fund Balance, As Restated, January 1, 2019		<u>310,000</u>

Transportation Development District - Park Place

Fund Balance, As Previously Reported, January 1, 2019		—
Prior period adjustments		78,484
Fund Balance, As Restated, January 1, 2019		<u>78,484</u>

Transportation Development District - Camelot Court

Fund Balance, As Previously Reported, January 1, 2019		—
Prior period adjustments		173,658
Fund Balance, As Restated, January 1, 2019		<u>173,658</u>

\$ 717,216

Subsequent Event

The recent outbreak of COVID-19, which has been declared by the World Health Organization to be a public health emergency of international concern, has spread across the globe and is impacting worldwide economic activity. The COVID-19 outbreak poses the risk that the City or its employees, contractors, residents, local businesses, and other partners may be prevented from conducting business activities for an indefinite period of time, including due to shutdowns that may be requested or mandated by governmental authorities.

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.

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.

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (*Continued*)

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.

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (Continued)

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.

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, 2018 on which the 2019 levy was based was \$960,713,383.

The City’s property tax levies per \$1,000 (Mills) assessed valuation for the year ended December 31, 2019 recognized as revenue in 2019 were as follows:

	<u>Levy (Mills)</u>
General fund	\$ 17.940
Debt service fund	<u>6.584</u>
	<u>\$ 24.524</u>

Taxes receivable represent property taxes levied on November 1, 2019 for 2020, 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*)

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, 2019, the bank balance of deposits, certificates of deposit and repurchase agreements were \$41,512,445.

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

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

Cash on hand	\$ 5,610
Carrying amount of deposits	(319,250)
Investments	<u>91,436,908</u>
Total cash and investments	<u>\$ 91,123,268</u>
Pooled cash and investments	\$ 90,985,428
Restricted cash	137,207
Pooled cash and investments - custodial funds	<u>633</u>
Total cash and investments	<u>\$ 91,123,268</u>

Custodial Credit Risk

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

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (Continued)

At December 31, 2019, 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, 2019.

Interest Rate Risk

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

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

	Maturity			
	Amount	6 Months Or Less	6 - 12 Months	12 - 24 Months
U.S. Treasury Notes	\$ 50,315,990	\$ 15,018,978	\$ 15,017,572	\$ 20,279,440
Repurchase agreements	41,120,918	41,120,918	—	—
	<u>\$ 91,436,908</u>	<u>\$ 56,139,896</u>	<u>\$ 15,017,572</u>	<u>\$ 20,279,440</u>

Foreign Currency Risk

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

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

Credit Risk and Concentrations of Credit Risk

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

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (Continued)

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

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

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating As Of December 31, 2019</u>	<u>Percentage</u>
U.S. Treasury Notes	\$ 50,315,990	**	55.0%
Repurchase agreements	41,120,918	AAA Collateral	45.0%
	<u>\$ 91,436,908</u>		

** Ratings are not required for U.S. Treasury Notes because they are the highest quality securities.

The City categorized its fair value measurements applicable for reporting its investments within the fair value hierarchy. The hierarchy is based on the valuation of inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs and Level 3 inputs are significant unobservable inputs. The City has one investment that is leveled. U.S. Treasury Notes are valued using quoted market prices (Level 1 inputs). The repurchase agreements are measured at amortized cost.

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (Continued)

4. Intergovernmental Revenues

	General Fund	Debt Service	Capital Projects	Municipal Equipment Reserve	Other Governmental Funds	Total
Federal:						
Department of transportation	\$ 1,338	\$ —	\$ —	\$ —	\$ —	\$ 1,338
Department of justice	3,448	—	—	—	—	3,448
FEMA - 2017 flood	—	—	—	174,156	—	174,156
State Of Kansas:						
Special liquor tax	501,867	—	—	—	1,003,734	1,505,601
Gasoline tax	—	—	—	—	949,745	949,745
Drug tax	—	—	—	—	162	162
County and local:						
County sales tax	6,015,892	—	—	—	—	6,015,892
County consumer's use tax	1,353,624	—	—	—	—	1,353,624
Motor vehicle tax	1,283,748	806,682	—	—	—	2,090,430
Interlocal agreements	150	—	50,223	—	2,626,217	2,676,590
	\$ 9,160,067	\$ 806,682	\$ 50,223	\$ 174,156	\$ 4,579,858	\$ 14,770,986

5. Interfund Transfers

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

Transfers To	Transfers From		Total
	General Fund	Other Governmental Funds	
Governmental Activities			
General Fund	\$ —	\$ 1,252,000	\$ 1,252,000
Debt Service Fund	—	—	—
Capital Improvements Fund	1,000,000	—	1,000,000
Public Safety Improvements Fund	1,052,791	—	1,052,791
Economic Development Fund	1,052,784	1,000,000	2,052,784
Municipal Equipment Reserve Fund	1,000,000	—	1,000,000
Other Governmental Funds	1,519,316	500,000	2,019,316
	\$ 5,624,891	\$ 2,752,000	\$ 8,376,891

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

Governmental Activities	
Due from the General Fund to:	
Public Safety Improvement Fund	\$ 190,658
Economic Development Fund	190,658
	<u>\$ 381,316</u>

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (Continued)

Amounts due from the General Fund to the Public Safety Improvement Fund and Economic Development 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, and certain transfers to the Economic Development Fund.

6. Capital Assets

Governmental capital asset activity for the year ended December 31, 2019 was as follows:

	Balance - December 31, 2018	Increases	Decreases	Balance - December 31, 2019
Governmental activities:				
Capital assets not being depreciated:				
Land and right-of-way	\$ 119,450,941	\$ 1,291,675	\$ —	\$ 120,742,616
Infrastructure	20,589,931	730,151	33,062	21,287,020
Construction in progress	2,393,210	3,375,952	1,135,204	4,633,958
Total capital assets not being depreciated	142,434,082	5,397,778	1,168,266	146,663,594
Capital assets being depreciated:				
Buildings and improvements	72,394,264	1,050,472	—	73,444,736
Machinery and equipment	23,469,462	1,414,400	1,654,566	23,229,296
Infrastructure	279,483,847	5,404,807	770,123	284,118,531
Total capital assets being depreciated	375,347,573	7,869,679	2,424,689	380,792,563
Less accumulated depreciation for:				
Buildings and improvements	29,478,383	2,344,939	—	31,823,322
Machinery and equipment	13,541,620	1,979,143	1,480,560	14,040,203
Infrastructure	131,782,441	6,234,592	522,560	137,494,473
Total accumulated depreciation	174,802,444	10,558,674	2,003,120	183,357,998
Total capital assets being depreciated, net	200,545,129	(2,688,995)	421,569	197,434,565
Governmental activity capital assets, net	\$ 342,979,211	\$ 2,708,783	\$ 1,589,835	\$ 344,098,159

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

General government	\$ 427,801
Public safety	1,591,119
Public works	6,834,233
Parks and recreation	1,705,521
Total depreciation expense	<u>\$ 10,558,674</u>

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (Continued)

7. Capital Projects Authorized

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

Project Number And Name		Authorized	Project-To-Date Expenditures At Year End
80129	143rd Street - Windsor to Kenneth	\$ 13,827,671	\$ 5,260,411
80158	Fire Station #1 Replacement	5,000,000	543,079
80173	Park Maintenance Facility	6,000,000	354,800
80175	Mission Rd, 135th to 143rd	14,806,000	6,765
80219	2019 Residential Streets	3,000,000	2,728,332
80255	2018 Storm Water	3,000,000	3,218,217
80256	2020 Storm Water	3,000,000	—
82065	Overhead Lines Mission 119th-127th	1,632,000	52,499
82074	Overhead Lines Mission 92nd to Ranchmart	969,000	760,282
		\$ 51,234,671	\$ 12,924,385

8. Temporary Notes

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

	Balance January 1, 2019	Additions	Retirements	Balance December 31, 2019
Temporary notes	\$ 23,822,050	\$ 30,778,477	\$ 23,822,050	\$ 30,778,477

Temporary notes consisted of the following at December 31, 2019:

Maturing September 1, 2019:	
3.00% General Obligation Temporary Notes	<u>\$ 30,778,477</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, 2019	Increases	Decreases	Balance December 31, 2019	Amount Due In 2020
Governmental Activities					
General obligation bonds to be paid with:					
Tax levies	\$ 46,280,360	\$ —	\$ 5,548,930	\$ 40,731,430	\$ 5,497,223
Special Benefit District Assessments	7,534,640	2,435,000	3,851,070	6,118,570	1,372,777
Bond premiums	4,865,377	19,976	470,630	4,414,723	—
Total bonds payable	58,680,377	2,454,976	9,870,630	51,264,723	6,870,000
Capital leases**	1,469,164	1,010,427	312,454	2,167,137	424,255
Compensated absences*	1,536,632	2,012,722	1,965,391	1,583,963	1,267,168
Total Governmental Activity Debt	\$ 61,686,173	\$ 5,478,125	\$ 12,148,475	\$ 55,015,823	\$ 8,561,423

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

** The Capital leases are privately placed.

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (Continued)

The detail of debt at December 31, 2019 follows:

Governmental Activities Debt:

General Obligation Bonds To Be Paid With Tax Levies

\$700,000 Series 2012-A General Obligation Improvement Bonds due in annual installments through September 1, 2024; interest at 2% to 3%	\$ 315,000
\$1,865,000 Series 2012-A General Obligation Refunding Bonds due in annual installments through September 1, 2024; interest at 2% to 3%	420,000
\$5,920,000 Series 2014-A General Obligation Improvement Bonds due in annual installments through September 1, 2029; interest at 3% to 5%	3,920,000
\$2,695,000 Series 2014-A General Obligation Refunding Bonds due in annual installments through September 1, 2020; interest at 3% to 5%	415,000
\$7,067,777.5 Series 2015-A General Obligation Improvement Bonds due in annual installments through September 1, 2030; interest at 2% to 5%	5,178,430
\$2,230,000 Series 2015-A General Obligation Refunding Bonds due in annual installments through September 1, 2021; interest at 2% to 5%	725,000
\$7,126,100 Series 2016-A General Obligation Refunding Bonds due in annual installments through September 1, 2028; interest at 2% to 3%	3,578,000
\$18,190,000 Series 2017-A General Obligation Refunding Bonds due in annual installments through September 1, 2028; interest at 2% to 5%	15,760,000
\$3,480,000 Series 2018-A General Obligation Improvement Bonds due in annual installments through September 1, 2033; interest at 3% to 5%	3,245,000
\$8,187,073 Series 2018-A General Obligation Refunding Bonds due in annual installments through September 1, 2026; interest at 3% to 5%	<u>7,175,000</u>
	<u>40,731,430</u>

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (Continued)

General Obligation Bonds To Be Paid With Benefit District Assessments

\$1,090,000 Series 2014-A General Obligation Refunding Bonds due in annual installments through September 1, 2020; interest at 3% to 5%	\$ 180,000
\$72,225 Series 2015-A General Obligation Improvement Bonds due in annual installments through September 1, 2025; interest at 2% to 5%	46,570
\$2,638,900 Series 2016-A General Obligation Refunding Bonds due in annual installments through September 1, 2023; interest at 2% to 3%	1,687,000
\$1,095,000 Series 2017-B General Obligation Refunding Bonds due in annual installments through September 1, 2023; interest at 2% to 2.125%	710,000
\$1,262,927 Series 2018-A General Obligation Refunding Bonds due in annual installments through September 1, 2025; interest at 5%	1,060,000
\$2,435,000 Series 2019-A General Obligation Refunding Bonds due in annual installments through September 1, 2026; interest at 2%	<u>2,435,000</u>
	<u>6,118,570</u>
General obligation bonds payable	46,850,000
Bonds premiums and discounts	<u>4,414,723</u>
Total Bonds Payable	<u><u>51,264,723</u></u>

Capital Leases

\$1,190,486, Lease for fire pumpers due in annual installments through March 24, 2021; interest at 3.99%	276,735
\$234,926, Lease for golf carts due in annual installments through January 15, 2020; interest at 4.79%	79,801
\$1,112,198 Lease for fire platform truck due in annual installments through March 1, 2026; interest at 2.32%	800,174
\$1,010,427 Lease for fire quint due in annual installments through March 20, 2029; interest at 2.18%	<u>1,010,427</u>
Total Capital Leases	<u><u>2,167,137</u></u>

Compensated Absences

Net OPEB Obligation (Note 10)

1,583,963

—

\$ 55,015,823

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, 2019 are as follows:

	Governmental Activities					
	General Obligation Bonds					
	Governmental		Benefit Districts		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 5,497,223	\$ 1,545,358	\$ 1,372,777	\$ 181,688	\$ 6,870,000	\$ 1,727,046
2021	5,141,979	1,298,870	1,128,021	138,055	6,270,000	1,436,925
2022	4,406,918	1,111,143	1,133,082	106,232	5,540,000	1,217,375
2023	3,982,239	918,819	1,102,763	74,206	5,085,000	993,025
2024	3,536,640	756,511	528,359	38,202	4,065,000	794,712
2025 - 2029	13,156,432	1,945,308	853,568	28,943	14,010,000	1,974,250
2030 - 2034	5,010,000	286,238	—	—	5,010,000	286,238
	\$ 40,731,430	\$ 7,862,247	\$ 6,118,570	\$ 567,326	\$ 46,850,000	\$ 8,429,571

	Capital Leases	
	Principal	Interest
2020	\$ 424,255	\$ 41,675
2021	342,576	41,519
2022	206,047	31,345
2023	210,695	26,697
2024	215,448	21,944
2025 - 2029	768,115	43,360
	\$ 2,167,137	\$ 206,541

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 2019, the remaining bonds in trust were paid in full by the trustees.

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 \$272,251,587.

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (Continued)

Current Refunding

On August 29, 2019, the City issued \$2,435,000 of Series 2019-A Taxable General Obligation Refunding Bonds with an interest rate of 2.0% to refund \$2,415,000 of the outstanding portion of the Series 2011-A Taxable General Obligation Bonds with an interest rates ranging from 2.6% to 4.15%. For the bonds to be refunded, proceeds of \$2,415,000 were deposited into an irrevocable trust with an escrow agent to provide for the redemption of the Refunded Bonds on September 1, 2019. On September 1, 2019, the Refunded Bonds were redeemed and the related liability for these bonds has been removed from the long-term debt.

The City completed this current refunding to reduce its debt service payments by \$152,022 and to obtain an economic gain of \$144,163

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, 2019, the gross amount of capital assets under capital leases was \$2,555,095 in equipment, with net accumulated amortization of \$932,321.

Transportation Development District (TDD) Bonds

The City issued the following conduit special assessment bonds related to three City transportation development districts as follows:

\$490,000, Series 2006 Taxable Transportation Development District Special Obligation Bonds due in annual installments through September 1, 2021; interest at 8% (Cornerstone Project)	\$ 70,000
\$170,000, Series 2006 Taxable Transportation Development District Special Obligation Bonds due in annual installments through September 1, 2021; interest at 8% (Resurrection Project)	30,000
\$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)	<u>240,000</u>
	<u>\$ 340,000</u>

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (*Continued*)

The City is in no way liable for repayment of these bonds, but is only acting for the property owners in collecting the assessments, forwarding the collections to bondholders, and initiating foreclosure proceedings.

10. Other Information

Commitments And Contingencies

Encumbrances

Listed below are the encumbrances by fund for the City:

	Capital Projects	Other Govern- mental Funds	Total Govern- mental Funds
Committed To:			
Administration	\$ —	\$ 24,084	\$ 24,084
Public works	9,165,291	1,787,502	10,952,793
Public safety	174,951	651,973	826,924
Parks and recreation	—	282,745	282,745
Total Encumbrances	\$ 9,340,242	\$ 2,746,304	\$ 12,086,546

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.

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.

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.

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (*Continued*)

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 1.2% of total payroll.

The actuarially determined employer contribution rate and the statutory contribution rate for the local employee group are both 8.89%. Member contribution rates as a percentage of eligible compensation for the fiscal year ended June 30, 2019 is 6%. The actuarially determined employer contribution rate and the statutory contribution rate for the police and firemen group are both 22.60%. 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 \$935,245 and \$2,014,301, respectively, for the year ended December 31, 2019.

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

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (*Continued*)

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.

The allocation percentages for the City's share of the collective pension amounts as of June 30, 2019 and 2018 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, 2019 and 2018, respectively.

The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2019, the City's proportion in the local employee group was 0.549%, which was an increase of 0.025% from its proportion measured at June 30, 2018. The City's proportion in the police and fire group was 1.642%, which is the same as its June 30, 2018 position.

Net Pension Liability

At June 30, 2019 the City's local employee group reported a liability of \$7,671,532 for its proportionate share of the net pension liability. The City's police and fire group reported net pension liability of \$16,623,422 at June 30, 2019.

There were no changes in the benefit terms during the KPERS plan year ended June 30, 2019 that affected the measurement of the total pension liability. The general fund has typically been used in prior years to liquidate the pension liabilities.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2018, which was rolled forward to June 30, 2019, using the following actuarial assumptions:

Price Inflation	2.75%
Payroll Growth	3.00%
Salary increases, including wage increases and	3.50 to 12.00%, including inflation
Long-term rate of return, net of investment expense, and including price inflation	7.75%

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (*Continued*)

Mortality rates were based on the RP-2014 Mortality Tables with age setbacks and age set forwards as well as other adjustments based on different membership groups. Future mortality improvements are anticipated using scale MP-2016.

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, 2018 valuation were based on the results of an actuarial experience study conducted for the period January 1, 2013 through December 31, 2015. The experience study is dated November 18, 2016.

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 as of the most recent experience study, dated November 18, 2016, as provided by KPERS' investment consultant, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Target Allocation (%)</u>	<u>Long-Term Expected Real Rate Of Return (%)</u>
Global equity	47.0	6.85
Fixed income	13.0	1.25
Yield driven	8.0	6.55
Real return	11.0	1.71
Real estate	11.0	5.05
Alternatives	8.0	9.85
Short-term investments	2.0	(0.25)
Total	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate was based on member and employer contributions as outlined below:

In KPERS, the State/School and Local groups do not necessarily contribute the full actuarial determined rate. Based on legislation first passed in 1993 and subsequent legislation, the employer contribution rates certified by the Board may not increase by more than the statutory cap. The statutory cap for Fiscal Year 2019 was 1.2%.

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (*Continued*)

In recent years, the Legislature has made several changes to statutory rates that deviate from the scheduled contribution increases set under the caps established in 2012 for the State/School group. Under 2015 SB 4, the previously certified State/School statutory rate for Fiscal Year 2015 of 11.27% was reduced to 8.65% for the last half of the fiscal year as part of the Governor's allotment. That same session, SB 228 recertified statutory rates for the State/School group to 10.91% for Fiscal Year 2016 and 10.81% for Fiscal Year 2017 in anticipation of the issuance of \$1 billion in pension obligation bonds. Legislation in the 2016 session (SB 161) provided for the delay of up to \$100 million in State and School contributions to the Pension Plan. Legislation passed by the 2017 Legislature removed the repayment provisions included in SB 161.

In addition, 2017 S Sub. For Sub. HB 2052 delayed \$64.1 million in Fiscal Year State/School contributions, to be repaid over 20 years in level dollar installments. The first year payment of \$6.4 million was paid in full at the beginning of fiscal year 2019 and appropriations for Fiscal Year 2019 were made at the contribution rate of 12.01 for the State/School group. Additional Legislation in the 2017 session (S Sub for HB 2002) provided for a reduction of \$194 million from the previously certified contribution rate of 13.21% in the State/School contributions to Fiscal Year 2019. Like the Fiscal Year 2017 reduction, it is to be paid back over a 20 year period, beginning in Fiscal Year 2020. Therefore, both reductions will be accounted for as long-term receivables by the Pension Plan. The 2019 Legislature passed House Sub for Sen Bill 109, that provided additional funds for the school group of \$56 million and \$82 million to be made to the System. The \$56 million payment was received by the System on June 30, 2018, and recorded as Fiscal Year 2018 contributions. The \$82 million was received July 1, 2019, and was recorded as Fiscal Year 2019 contributions. The 2019 Legislative session passed Senate Bill 9 which authorized a transfer of \$115 million to KPERS received in March 2019.

Based on employer contribution history as described above, it is a reasonable estimate that the State/School group's contribution rate may not be certified at the statutory rate. It has been assumed that contribution rates will be made within the same range as have been seen in the past few years between 11 and 12 percent. Using this assumption, actuarial modeling indicates that employer contribution rates for the State/School group are sufficient to avoid a depletion date. The Local Kansas Police and Fireman, and judges groups are contributing at the full actuarial contribution rate.

CITY OF LEAWOOD, KANSAS

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 7.75% 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 (6.75%) or 1-percentage point higher (8.75%) than the current rate:

	1.00% Decrease (6.75%)	Current Rate (7.75%)	1.00% Increase (8.75%)
Local	\$ 11,457,594	\$ 7,671,532	\$ 4,504,560
Police and Fireman	23,589,843	16,623,422	10,791,193
Total	\$ 35,047,437	\$ 24,294,954	\$ 15,295,753

Pension Expense

For the year ended December 31, 2019, the City recognized pension expense of \$3,914,455 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, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Outflows Of Resources	Inflows Of Resources
Differences between actual and expected experience	\$ 955,911	\$ 224,010
Net differences between projected and actual earnings on investments	515,074	—
Changes in assumptions	823,339	33,954
Changes in proportions	461,130	496,835
City contributions subsequent to the measurement date of June 30, 2019	1,466,062	—
	\$ 4,221,516	\$ 754,799

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements *(Continued)*

Contributions of \$1,466,062 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,				
	2020	2021	2022	2023	2024
Local	\$ 245,750	\$ (20,547)	\$ 74,923	\$ 104,789	\$ 4,922
Police and Fireman	811,434	232,789	322,084	217,419	7,093
Total	\$ 1,057,184	\$ 212,242	\$ 397,007	\$ 322,208	\$ 12,015

Pension Plan Fiduciary Net Position

Detailed information about the Pension Plan's fiduciary net position is available in the separately issued KPERS' financial report. At December 31, 2019, the Pension Plan's net position is sufficient to pay benefits.

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 2019 were \$152,114 and \$786,899, respectively.

Other Postemployment Benefit Plans – Defined Benefit Healthcare Plan

Plan Description

The City sponsors a single-employer, defined benefit healthcare plan that provides healthcare benefits to retirees and their dependents, including medical, pharmacy and dental coverage. There is no separate audited statement for this plan. Retiree health coverage is provided under Kansas Statute 12-5040.

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (*Continued*)

Benefits are provided through fully-insured plans administered by Blue Cross Blue Shield of Kansas. 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 Statement No. 75 (GASB Statement 75). The plan is funded on a pay-as-you-go basis. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Eligibility

Police and Firefighters (KP&F)

Tier 1: employed before 7/1/1989. Age 50 with 20 years of service, or any age with 32 years of service.

Tier 2: employed on or after 7/1/1989. Age 50 with 20 years of service, or age 60 with 15 years of service.

All Others (KPERS)

Tier 1: employed before 7/1/2009. Age 65, or age 55 with 10 years of service, or any age when age + service is greater than or equal to 85.

Tier 2 & 3: employed on or after 7/1/2009. Age 65 with 5 years of service, or age 55 with 10 years of service, or age 60 with 30 years of service.

Benefits

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. A surviving spouse will have a continuation of benefits under COBRA for 3 years after death of the retiree or until the spouse turns 65, whichever is earlier.

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (*Continued*)

Employees Covered By Benefit Terms

At December 31, 2019, the following employees were covered by the benefit terms:

Retirees and covered spouses	26
Active employees	<u>245</u>
	271

Total OPEB Liability and Actuarial Assumptions

The City's total OPEB liability for this plan of \$3,930,838 reported as of December 31, 2019 was measured as of January 1, 2019 (the measurement date), and was determined by an actuarial valuation as of January 1, 2019, which was rolled forward to December 31, 2019, using the following actuarial assumptions:

Actuarial Cost Method:	Entry Age - Level Percent of Pay
Price inflation:	2.50%
Salary scale:	3.00%
Discount rate (based on S&P Municipal Bond 20 Year High Grade Rate Index):	3.64%

Mortality rates used for the health insurance benefits are based on 90% of the RP-2014 Total Dataset for pre-retirement, RP-2014 Total Dataset Healthy for post-retirement and RP-2014 Disabled Life Table for disabled retirees. All rates are projected into the future using Scale MP-2016.

Annual healthcare trend rates are based on plan experience, historical trends, and industry norms. The immediate trend rates were assumed to decrease to an ultimate trend rate over a period of 5 to 10 years. The ultimate rate is decreased over time to maintain this relationship. The healthcare trend is 8.00% for medical and pharmacy in year one trending down to 4.50% in year ten. Dental is 4.50% in all years.

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (*Continued*)

Changes in Total OPEB Liability

The changes in the OPEB liability are as follows:

Net OPEB liability - beginning of year	\$ 3,640,390
Changes for the year:	
Service cost	194,607
Interest	140,015
Benefit payments	(111,354)
Difference between expected and actual experience	(255,536)
Changes in assumptions	322,776
Net Changes In OPEB Obligation	<u>290,508</u>
Net OPEB Obligation, December 31, 2019	<u>\$ 3,930,898</u>

Sensitivity Analysis

The following presents the City's total OPEB liability calculated using the discount rate of 3.64%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.64%) or 1-percentage point higher (4.64%) than the current rate:

1.00% Decrease (2.64%)	Current Rate (3.64%)	1.00% Increase (4.64%)
\$ 4,393,762	\$ 3,930,898	\$ 3,519,136

The following presents the City's total OPEB liability calculated using the current healthcare cost trend rates as well as what the City's total OPEB liability would be if it were calculated using trend rates that are 1-percentage point lower or 1-percentage point higher than the current trend rates:

1.00% Decrease	Current Trend Rate	1.00% Increase
\$ 3,429,312	\$ 3,930,898	\$ 4,527,807

OPEB Expense

For the year ended December 31, 2019, the City of Leawood recognized OPEB expense for this plan of \$290,508, which includes the changes in the total OPEB liability.

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (*Continued*)

Deferred Outflows Of Resources And Deferred Inflows Of Resources

For the year ended December 31, 2019, the City of Leawood reported deferred outflows of resources and deferred inflows of resources related to this plan from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	\$ —	\$ 225,614
Changes in assumptions	284,980	—
	<u>\$ 284,980</u>	<u>\$ 225,614</u>

Amounts reported as deferred outflows or deferred inflows of resources related to this plan will be recognized in OPEB expense as follows:

Years Ending December 31,	Amount
2020	\$ 7,874
2021	7,874
2022	7,874
2023	7,874
2024	7,874
Thereafter	19,996
Total	<u><u>\$ 59,366</u></u>

Other Postemployment Benefit Plans – Long-term Disability Benefits Sponsored By Kansas Public Employees Retirement System (KPERs)

Plan Description

The City of Leawood participates in a multiple-employer defined benefit other postemployment benefit (OPEB) plan (the Plan) which is administered by the Kansas Public Employees Retirement System (KPERs). The Plan provides long-term disability benefits and a life insurance benefit for disabled members to KPERs members, as provided by K.S.A. 74-04927. The Plan is administered through a trust held by KPERs that is funded to pay annual benefit payments. However because the trust's assets are used to pay employee benefits other than OPEB, the trust does not meet the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Accordingly, the Plan is considered to be administered on a pay-as-you-go basis.

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (*Continued*)

Benefits

Benefits are established by statute and may be amended by the KPERS Board of Trustees. The Plan provides long-term disability benefits equal to 60 percent (prior to January 1, 2006, 66 2/3 percent) of annual compensation, offset by other benefits. Members receiving long-term disability benefits also receive credit towards their KPERS retirement benefits and have their group life insurance coverage continued under the waiver of premium provision.

The monthly long-term disability benefit is 60 percent of the member's monthly compensation, with a minimum of \$100 and a maximum of \$5,000. The monthly benefit is subject to reduction by deductible sources of income, which include Social Security primary disability or retirement benefits, workers compensation benefits, other disability benefits from any other sources by reason of employment, and earnings from any form of employment. If the disability begins before age 60, benefits are payable while the disability continues until the member's 65th birthday or retirement date, whichever occurs first. If the disability begins after age 60, benefits are payable while the disability continues, for a period of five years or until the member retires, whichever occurs first. Benefit payments for disabilities caused or contributed to by substance abuse or non-biologically based mental illnesses are limited to the shorter of the term of the disability or 24 months per lifetime.

The death benefit paid to beneficiaries of disabled members is 150% of the greater of 1) the member's annual rate of compensation at the time of disability, or 2) the members previous 12 months of compensation at the time of the last date on payroll. If the member has been disabled for five or more years, the annual compensation or salary rate at the time of death will be indexed using the consumer price index, less one percentage point, to compute the death benefit. If a member is diagnosed as terminally ill with a life expectancy of 12 months or less, the member may be eligible to receive up to 100% of the death benefit rather than having the benefit paid to the beneficiary. If a member retires or disability benefits end, the member may convert the group life insurance coverage to an individual insurance policy.

Covered Employees

At December 31, 2019, the following employees were covered by the Plan:

Inactive employees or beneficiaries	
currently receiving benefit payments	—
Active employees	155
	<hr/>
	155

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (*Continued*)

Total OPEB Liability and Actuarial Assumptions

The City's total OPEB liability of \$228,527 reported as of June 30, 2019 was measured at June 30, 2019 (the measurement date), and was determined by an actuarial valuation as of December 31, 2018, which was rolled forward to June 30, 2019, using the following actuarial assumptions:

Actuarial Cost Method:	Entry Age - Level Percent of Pay
Price inflation:	2.75%
Salary scale:	3.50%
Discount rate (20-year municipal bond index):	3.50%

Mortality rates used for the death benefits were based on 90% of the RP-2014 Total Dataset +2 for Males and 90% of the RP-2014 Total Dataset +1 for Females. Generational mortality improvements were projected for future years using MP-2018.

Changes in Total OPEB Liability

The changes in the OPEB liability for this plan are as follows:

Net OPEB liability - beginning of year	\$	212,724
Changes for the year:		
Service cost		37,658
Interest		9,689
Differences between actual and expected experience		(34,050)
Changes in assumptions or other inputs		2,506
Net changes in OPEB obligation		<u>15,803</u>
Net OPEB obligation, December 31, 2019	\$	<u>228,527</u>

Sensitivity Analysis

The following presents the City's total OPEB liability calculated using the discount rate of 3.50%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.50%) or 1-percentage point higher (4.50%) than the current rate:

<u>1.00% Decrease</u>	<u>Current Rate</u>	<u>1.00% Increase</u>
<u>(2.50%)</u>	<u>(3.50%)</u>	<u>(4.50%)</u>
\$ 234,150	\$ 228,527	\$ 221,254

Healthcare cost trend rate sensitivity analysis is not applicable as healthcare trend rates do not affect the liabilities related to the long-term disability benefits sponsored by KPERS.

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (Continued)

OPEB Expense

For the year ended December 31, 2019, the City recognized OPEB expense for this plan of \$38,020, which includes the changes in the total OPEB liability, 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, 2019, the City reported deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Differences between actual and expected experience	\$ —	\$ 72,619
Changes in assumptions	2,248	4,315
	<u>\$ 2,248</u>	<u>\$ 76,934</u>

Amounts reported as deferred outflows or deferred inflows of resources related to this plan will be recognized in OPEB expense as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2020	\$ (9,327)
2021	(9,327)
2022	(9,327)
2023	(9,327)
2024	(9,327)
Thereafter	(28,051)
	<u>\$ (74,686)</u>

Aggregate OPEB Expense

The aggregate OPEB expense for the two plans is \$328,528.

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. 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.

CITY OF LEAWOOD, KANSAS

Notes To Basic Financial Statements (*Continued*)

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 limited coverage for flood and earthquake.

In addition, the City carries insurance for instances in which the City is held to be legally liable for bodily injury and property damage. Coverage includes general liability, automobile liability, physical damage to vehicles, law enforcement liability, employee dishonesty, public official's liability and excess liability coverage. Where applicable, 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. Other miscellaneous coverage purchased includes theft of cash/securities and underground storage tank liability, fiduciary liability and cyber 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 2019, 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.

FEMA Recoveries

On July 27, 2017, a major flood occurred at the Parks and Recreation Maintenance Facility resulting in extensive damage to the building and loss of the equipment stored at this location. This event also caused significant damage to various park structures and amenities, and trails, resulting in significant expense for debris cleanup and restoration of many areas of the City. In 2017, the City received insurance recovery of \$930,931 for covered equipment and building loss. It was also determined that the loss qualified for cost recovery through FEMA. In 2018, the City received \$468,469 in reimbursement from FEMA for recovery of many costs incurred, including: insurance deductibles, debris removal, and repairs to structures, amenities (playgrounds, sport fields), and trails. In 2019, the City received an additional \$174,156. This amount is reflected in the financial statements in intergovernmental revenues.

Economic Conditions

The recent outbreak of COVID-19, which has been declared by the World Health Organization to be a public health emergency of international concern, has spread across the globe and is impacting worldwide economic activity. The COVID-19 outbreak poses the risk that the City or its employees, contractors, residents, local businesses, and other partners may be prevented from conducting business activities for an indefinite period of time, including due to shutdowns that may be requested or mandated by governmental authorities.

Required Supplementary Information

CITY OF LEAWOOD, KANSAS

REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2019

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, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget- Over (Under)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Revenues				
Taxes	\$ 31,022,408	\$ 30,972,308	\$ 30,554,803	\$ (417,505)
Licenses and permits	1,423,500	1,548,500	1,463,219	(85,281)
Intergovernmental	9,532,976	9,464,776	9,160,067	(304,709)
Charges for services	2,803,700	2,867,400	2,913,375	45,975
Fines and forfeitures	1,500,000	1,500,000	1,239,576	(260,424)
Interest	200,216	325,028	343,195	18,167
Contributions and other	81,000	81,000	133,536	52,536
Total Revenues	46,563,800	46,759,012	45,807,771	(951,241)
Expenditures				
Current:				
General government	8,615,300	8,673,400	7,443,904	(1,229,496)
Public safety	18,680,700	18,617,800	17,285,826	(1,331,974)
Parks and recreation	7,613,600	7,514,863	6,854,630	(660,233)
Public works	8,151,400	8,425,900	6,892,535	(1,533,365)
Total general government	43,061,000	43,231,963	38,476,895	(4,755,068)
Debt service:				
Principal retirement	312,600	312,517	312,453	(64)
Interest	41,400	41,320	41,247	(73)
Capital outlay:				
Public safety	—	—	1,010,427	1,010,427
Total Expenditures	43,415,000	43,585,800	39,841,022	(3,744,778)
Revenues Over Expenditures	3,148,800	3,173,212	5,966,749	2,793,537
Other Financing Sources (Uses)				
Capitalized Leases	—	—	1,010,427	1,010,427
Transfers in	252,000	252,000	1,252,000	1,000,000
Transfers out	(5,689,200)	(5,693,716)	(5,624,891)	(68,825)
Total Other Financing Uses	(5,437,200)	(5,441,716)	(3,362,464)	(2,079,252)
Net Change In Fund Balance	\$ (2,288,400)	\$ (2,268,504)	\$ 2,604,285	\$ 4,872,789
Fund Balance - Beginning Of Year			<u>\$ 13,303,985</u>	
Fund Balance - End Of Year			<u>\$ 15,908,270</u>	

CITY OF LEAWOOD, KANSAS

**SCHEDULE OF OTHER POST EMPLOYEMENT BENEFITS
HEALTHCARE BENEFITS FOR PRE-MEDICARE RETIREES**

	December 31,	
	2019	2018
Total OPEB Liability - Healthcare Plan		
Service cost	\$ 194,607	\$ 160,692
Interest	140,015	125,862
Difference between expected and actual experience	(255,536)	—
Changes in assumptions or other inputs	322,776	—
Benefit payments	(111,354)	(95,710)
	290,508	190,844
Net change in total OPEB liability		
Total OPEB liability - beginning	3,640,390	3,449,546
Total OPEB liability - ending	\$ 3,930,898	\$ 3,640,390
Covered payroll	\$ 16,594,456	\$ 16,305,200
Total OPEB liability as a percentage of covered payroll	23.69%	22.33%

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 January 1, 2019, rolled forward to December 31, 2019.

Changes for the January 1, 2019 actuarial valuation relative to the January 1, 2018 valuation includes the following:

1. Discount rate was decreased from 3.70% to 3.64%.
2. Healthcare cost trend experience and updated healthcare plan structure.
3. Increased Total OBEP Liability 8% to estimate the impact of potential future excise taxes on high-cost plan benefits.

CITY OF LEAWOOD, KANSAS

**SCHEDULE OF OTHER POST EMPLOYEMENT BENEFITS
LONG-TERM DISABILITY BENEFITS SPONSORED BY
KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM (KPERS)
For The Year Ended December 31, 2019**

	June 30,		
	2019	2018	2017
Total OPEB Liability - KPERS Disability Plan			
Service cost	\$ 37,658	\$ 37,289	\$ 41,700
Interest	9,689	9,252	6,200
Difference between actual and expected experience	(34,050)	(53,010)	—
Effect of assumption changes or inputs	—	—	—
Changes in assumptions or other inputs	2,506	(1,961)	(4,000)
Benefit payments	—	—	—
Net change in total OPEB liability	15,803	(8,430)	43,900
Total OPEB liability - beginning	212,724	221,154	177,200
Total OPEB liability - ending	\$ 228,527	\$ 212,724	\$ 221,100
Covered payroll	\$ 8,973,000	\$ 8,973,000	\$ 9,260,000
Total OPEB liability as a percentage of covered payroll	2.55%	2.37%	2.39%

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, rolled forward to June 30 of the current year.

Changes Of Benefit Terms Or Assumptions

There were no changes to benefit terms in the plan for the plan year ended June 30, 2019. The discount rate changed from 3.87% for the plan year ended June 30, 2018 to 3.50% for the plan year ended June 30, 2019.

CITY OF LEAWOOD, KANSAS

COMPARISON OF NEEDED-TO-ACTUAL MAINTENANCE/PRESERVATION FOR STREETLIGHTS AND TRAFFIC SIGNALS December 31, 2019

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 2019 – 98.6%; November 2019 2019 - 99.2%; and December 2019 – 99.4%.

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$	413,000	\$ 413,000	\$ 413,000	\$ 410,000	\$ 340,000	\$ 321,000
	325,755	344,944	310,746	312,096	298,252	290,075

CITY OF LEAWOOD, KANSAS

SCHEDULES OF SELECTED PENSION INFORMATION KANSAS PUBLIC EMPLOYEES' RETIREMENT SYSTEM December 31, 2019

Schedule Of Proportionate Share Of The Net Pension Liability

	June 30,					
	2019	2018	2017	2016	2015	2014
City's local group proportion of the net pension liability	0.54900%	0.52412%	0.54006%	0.53514%	0.52701%	0.53164%
City's local group proportionate share of the net pension liability	\$ 7,671,532	\$ 7,305,174	\$ 7,822,573	\$ 8,278,697	\$ 6,919,848	\$ 6,543,519
City's local group covered payroll	10,135,134	9,363,095	9,523,225	9,156,287	8,768,458	8,722,548
City's local group proportionate share of net pension liability as a percentage of its covered payroll	75.69%	78.02%	82.14%	90.42%	78.92%	75.02%
Plan fiduciary net position as a percentage of the total pension liability	69.88%	68.88%	67.12%	65.10%	64.95%	66.02%

	June 30,					
	2019	2018	2017	2016	2015	2014
City's police & fire proportion of the net pension liability	1.64244%	1.64208%	1.63472%	1.73561%	1.72633%	1.69681%
City's police & fire proportionate share of the net pension liability	\$ 16,623,422	\$ 15,800,150	\$ 15,330,273	\$ 16,119,675	\$ 12,535,171	\$ 11,128,367
City's police & fire covered payroll	8,779,230	8,353,034	8,164,212	8,257,255	7,860,825	7,553,871
City's police & fire proportionate share of net pension liability as a percentage of its covered payroll	189.35%	189.15%	187.77%	195.22%	159.46%	147.32%
Plan fiduciary net position as a percentage of the total pension liability	69.88%	68.88%	67.12%	65.10%	64.95%	66.60%

Schedule Of Contributions

	December 31,					
	2019	2018	2017	2016	2015	2014
Required local group contribution	\$ 935,245	\$ 805,700	\$ 844,747	\$ 857,087	\$ 846,519	\$ 765,168
Contributions made in relation to the required contribution	935,245	805,700	844,747	857,087	846,519	765,168
Contribution deficiency	—	—	—	—	—	—
City's local group covered payroll	10,500,082	9,584,459	9,439,708	9,336,434	8,967,225	8,805,129
Contributions as a percentage of local group covered payroll	8.91%	8.41%	8.95%	9.18%	9.44%	8.69%
Required police & fire contribution	\$ 2,014,301	\$ 1,743,640	\$ 1,611,376	\$ 1,738,314	\$ 1,769,008	\$ 1,579,152
Contributions made in relation to the required contribution	2,014,301	1,743,640	1,611,376	1,738,314	1,769,008	1,579,152
Contribution deficiency	—	—	—	—	—	—
City's police & fire covered payroll	8,912,828	8,457,250	8,169,986	8,285,571	8,065,260	7,706,933
Contributions as a percentage of police & fire covered payroll	22.60%	20.62%	19.72%	20.98%	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, rolled forward to June 30, of the current year.

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 plan year ended June 30, 2019.

Supplementary Information

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

CITY OF LEAWOOD, KANSAS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - GENERAL FUND For The Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance Over (Under) With Final Budget
General government:				
Administration:				
Personnel services	\$ 2,549,600	\$ 2,525,600	\$ 2,365,824	\$ (159,776)
Contractual services	1,823,400	1,839,200	1,225,228	(613,972)
Commodities	144,000	144,500	74,519	(69,981)
Total administration	4,517,000	4,509,300	3,665,571	(843,729)
Community development:				
Personnel services	1,486,700	1,543,800	1,502,040	(41,760)
Contractual services	135,600	143,700	104,294	(39,406)
Commodities	41,400	36,700	24,645	(12,055)
Total community development	1,663,700	1,724,200	1,630,979	(93,221)
Municipal court:				
Personnel services	609,600	607,300	538,115	(69,185)
Contractual services	78,100	79,300	37,684	(41,616)
Commodities	12,400	12,400	3,497	(8,903)
Total municipal court	700,100	699,000	579,296	(119,704)
Legal services:				
Personnel services	508,600	524,100	519,034	(5,066)
Contractual services	53,700	56,400	39,124	(17,276)
Commodities	2,800	2,800	553	(2,247)
Total legal services	565,100	583,300	558,711	(24,589)
Information services:				
Personnel services	546,700	529,000	519,240	(9,760)
Contractual services	367,900	378,900	354,384	(24,516)
Commodities	254,800	249,700	135,722	(113,978)
Total information services	1,169,400	1,157,600	1,009,347	(148,253)
Total general government	8,615,300	8,673,400	7,443,904	(1,229,496)
Public safety:				
Police:				
Personnel services	9,377,300	9,099,600	8,628,744	(470,856)
Contractual services	1,045,500	1,068,300	708,802	(359,498)
Commodities	577,400	596,400	366,324	(230,076)
Total police	11,000,200	10,764,300	9,703,870	(1,060,430)
Fire:				
Personnel services	7,016,500	7,148,700	7,040,085	(108,615)
Contractual services	353,000	392,000	343,840	(48,160)
Commodities	311,000	312,800	198,031	(114,769)
Total fire	7,680,500	7,853,500	7,581,956	(271,544)
Total public safety	18,680,700	18,617,800	17,285,826	(1,331,974)
Public works:				
Personnel services	4,740,300	4,775,800	4,446,307	(329,493)
Contractual services	2,144,800	2,366,900	1,407,184	(959,716)
Commodities	1,266,300	1,283,200	1,039,044	(244,156)
Total public works	8,151,400	8,425,900	6,892,535	(1,533,365)
Parks and recreation:				
Personnel services	4,736,700	4,647,698	4,445,254	(202,444)
Contractual services	2,054,200	2,100,596	1,782,747	(317,849)
Commodities	822,700	766,569	626,629	(139,940)
Total parks and recreation	7,613,600	7,514,863	6,854,630	(660,233)
Total general government expenditures	\$ 43,061,000	\$ 43,231,963	\$ 38,476,895	\$ (4,755,068)

CITY OF LEAWOOD, KANSAS

OTHER NON-MAJOR GOVERNMENTAL FUNDS

December 31, 2019

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.

Resurrection TDD Fund - Established to account for the receipt of special taxes and assessments used to pay principal and interest on related conduit debt that has no direct City liability, as well as receipt and disbursement of capital project proceeds related to the conduit debt.

Cornerstone TDD Fund - Established to account for the receipt of special taxes and assessments used to pay principal and interest on related conduit debt that has no direct City liability, as well as receipt and disbursement of capital project proceeds related to the conduit debt.

CITY OF LEAWOOD, KANSAS

OTHER NON-MAJOR GOVERNMENTAL FUNDS (*Continued*)

December 31, 2019

Villagio TDD Fund – Established to account for the receipt of special taxes and assessments used to pay principal and interest on related conduit debt that has no direct City liability, as well as receipt and disbursement of capital project proceeds related to the conduit debt.

Park Place TDD Fund – Established to account for the receipt of special taxes and assessments used to pay principal and interest on related conduit debt that has no direct City liability, as well as receipt and disbursement of capital project proceeds related to the conduit debt.

Camelot Court CID Fund - Established to account for the receipt of special taxes and assessments used to pay principal and interest on related conduit debt that has no direct City liability, as well as receipt and disbursement of capital project proceeds related to the conduit debt.

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

Capital Improvements Fund – established to account 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 - established to account for resources used to construct public safety improvements including a Justice Center and other necessary and related improvements.

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

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

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

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

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

CITY OF LEAWOOD, KANSAS

OTHER NON-MAJOR GOVERNMENTAL FUNDS (*Continued*)

December 31, 2019

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.

Economic Development Fund - established to provide payment for economic development promotion within the City.

CITY OF LEAWOOD, KANSAS

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

**Page 1 Of 2
December 31, 2019**

	Special Revenue										
	Special Alcohol	Special City Highway	Special Parks And Recreation	Special Law Enforcement	American Revolution Tri-Centennial	Transient Guest Tax	Resurrection TDD	Cornerstone TDD	Villagio TDD	Park Place TDD	Camelot Court CID
Assets											
Pooled cash and investments	\$ 222,961	\$ 1,415,764	\$ 519,197	\$ 27,569	\$ 8,725	\$ 533,863	\$ 508	\$ 3,067	\$ —	\$ 25,683	\$ 49,238
Receivables:											
Sales tax	—	—	—	—	—	—	—	—	—	50,115	129,572
Transient guest tax	—	—	—	—	—	108,708	—	—	—	—	—
Interest	369	2,742	958	56	23	3,270	—	—	—	—	—
Intergovernmental	125,000	—	125,000	—	—	—	—	—	—	—	—
Special assessments	—	—	—	—	—	—	30,000	70,000	240,000	—	—
Due from other funds	—	—	—	—	—	—	—	—	—	—	—
Total Assets	\$ 348,330	\$ 1,418,506	\$ 645,155	\$ 27,625	\$ 8,748	\$ 645,841	\$ 30,508	\$ 73,067	\$ 240,000	\$ 75,798	\$ 178,810
Liabilities And Fund Balances											
Liabilities											
Accounts payable and accrued liabilities	\$ 10,802	\$ —	\$ 7,285	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Fund Balances											
Restricted For:											
Social services	337,528	—	—	—	—	—	—	—	—	—	—
Parks and recreation	—	—	637,870	—	—	—	—	—	—	—	—
Tourism promotion	—	—	—	—	—	645,841	—	—	—	—	—
Bridges, streets and signals	—	1,418,506	—	—	—	—	—	—	—	—	—
Law enforcement	—	—	—	27,625	—	—	—	—	—	—	—
Committed To:											
Economic development	—	—	—	—	—	—	30,508	73,067	240,000	75,798	178,810
Equipment purchases	—	—	—	—	—	—	—	—	—	—	—
Bridges, streets and signals	—	—	—	—	—	—	—	—	—	—	—
Justice Center	—	—	—	—	—	—	—	—	—	—	—
City art	—	—	—	—	—	—	—	—	—	—	—
Park improvements	—	—	—	—	—	—	—	—	—	—	—
Other capital projects	—	—	—	—	—	—	—	—	—	—	—
Assigned To:											
Other purposes	—	—	—	—	8,748	—	—	—	—	—	—
Total Fund Balances	337,528	1,418,506	637,870	27,625	8,748	645,841	30,508	73,067	240,000	75,798	178,810
Total Liabilities And Fund Balances	\$ 348,330	\$ 1,418,506	\$ 645,155	\$ 27,625	\$ 8,748	\$ 645,841	\$ 30,508	\$ 73,067	\$ 240,000	\$ 75,798	\$ 178,810

CITY OF LEAWOOD, KANSAS

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

**Page 2 Of 2
December 31, 2019**

	Capital Projects										Total Nonmajor Other Governmental Funds	
	Capital Improve- ments	Public Safety Improve- ment	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	Economic Development Fund		
Assets												
Pooled cash and investments	\$ 7,594,501	\$ 7,430,215	\$ 1,398,767	\$ 400,164	\$ 206,651	\$ 273,885	\$ 181,502	\$ 146,453	\$ 162,246	\$ 10,168,769	\$ 30,769,728	
Receivables:												
Sales tax	—	—	—	—	—	175,461	—	—	—	—	355,148	
Transient guest tax	—	—	—	—	—	—	—	—	—	—	108,708	
Interest	15,774	15,067	3,884	793	408	774	336	299	332	20,580	65,665	
Intergovernmental	—	—	853,285	—	—	804,483	—	—	—	—	1,907,768	
Special assessments	—	—	—	—	—	—	—	—	—	—	340,000	
Due from other funds	—	190,658	—	—	—	—	—	—	—	190,658	381,316	
Total Assets	\$ 7,610,275	\$ 7,635,940	\$ 2,255,936	\$ 400,957	\$ 207,059	\$ 1,254,603	\$ 181,838	\$ 146,752	\$ 162,578	\$ 10,380,007	\$ 33,928,333	
Liabilities And Fund Balances												
Liabilities												
Accounts payable and accrued liabilities	\$ 85,642	\$ 2,475	\$ 436,091	\$ —	\$ —	\$ 13,986	\$ —	\$ —	\$ —	\$ —	\$ 556,281	
Fund Balances												
Restricted For:												
Social services	—	—	—	—	—	—	—	—	—	—	337,528	
Parks and recreation	—	—	—	—	—	—	—	—	—	—	637,870	
Tourism promotion	—	—	—	—	—	—	—	—	—	—	645,841	
Bridges, streets and signals	—	—	—	—	—	1,240,617	—	—	—	—	2,659,123	
Law enforcement	—	—	—	—	—	—	—	—	—	—	27,625	
Committed To:												
Economic development	—	—	—	—	—	—	—	—	—	10,380,007	10,978,190	
Equipment purchases	—	—	—	—	—	—	—	—	—	—	—	
Bridges, streets and signals	—	—	1,819,845	—	—	—	181,838	146,752	—	—	2,148,435	
Justice Center	—	7,633,465	—	—	—	—	—	—	—	—	7,633,465	
City art	—	—	—	400,957	—	—	—	—	162,578	—	563,535	
Park improvements	—	—	—	—	207,059	—	—	—	—	—	207,059	
Other capital projects	7,524,633	—	—	—	—	—	—	—	—	—	7,524,633	
Assigned To:												
Other purposes	—	—	—	—	—	—	—	—	—	—	8,748	
Total Fund Balances	7,524,633	7,633,465	1,819,845	400,957	207,059	1,240,617	181,838	146,752	162,578	10,380,007	33,372,052	
Total Liabilities And Fund Balances	\$ 7,610,275	\$ 7,635,940	\$ 2,255,936	\$ 400,957	\$ 207,059	\$ 1,254,603	\$ 181,838	\$ 146,752	\$ 162,578	\$ 10,380,007	\$ 33,928,333	

CITY OF LEAWOOD, KANSAS

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

Page 1 Of 2

For The Year Ended December 31, 2019

	Special Revenue										
	Special Alcohol	Special City Highway	Special Parks And Recreation	Special Law Enforcement	American Revolution Tri-Centennial	Transient Guest Tax	Resurrection TDD	Cornerstone TDD	Villaggio TDD	Park Place TDD	Camelot Court CID
Revenues											
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 409,601	\$ —	\$ —	\$ —	\$ 336,335	\$ 605,111
Licenses and permits	—	388,439	—	—	—	—	—	—	—	—	—
Intergovernmental	501,867	949,746	501,869	157	—	—	—	—	—	—	—
Charges for services	—	—	—	—	—	—	—	—	—	—	—
Fines and forfeitures	—	—	—	—	—	—	—	—	—	—	—
Special assessments	—	—	—	—	—	—	18,998	35,328	9,352	—	—
Interest	3,918	32,300	9,036	607	39	37,384	—	—	—	—	—
Contributions and other	—	—	—	—	—	—	—	—	—	—	—
Total Revenues	505,785	1,370,485	510,905	764	39	446,985	18,998	35,328	9,352	336,335	605,111
Expenditures											
General government	382,811	—	—	—	—	—	—	—	—	—	—
Economic development	—	—	—	—	—	—	33,996	71,829	79,352	339,021	599,959
Public safety	—	—	—	—	—	—	—	—	—	—	—
Parks and recreation	—	—	—	—	—	—	—	—	—	—	—
Public works	—	—	—	—	—	—	—	—	—	—	—
Capital outlay:											
General government	—	—	—	—	—	—	—	—	—	—	—
Economic development	—	—	—	—	—	455,171	—	—	—	—	—
Public safety	—	—	—	—	—	—	—	—	—	—	—
Parks and recreation	—	—	339,929	—	—	—	—	—	—	—	—
Public works	—	1,484,135	—	—	—	—	—	—	—	—	—
Total Expenditures	382,811	1,484,135	339,929	—	—	455,171	33,996	71,829	79,352	339,021	599,959
Revenues Over (Under) Expenditures	122,974	(113,650)	170,976	764	39	(8,186)	(14,998)	(36,501)	(70,000)	(2,686)	5,152
Other Financing Sources (Uses)											
Transfers in	—	650,000	—	—	—	—	—	—	—	—	—
Transfers out	(252,000)	—	—	—	—	(1,000,000)	—	—	—	—	—
Total Other Financing Sources (Uses)	(252,000)	650,000	—	—	—	(1,000,000)	—	—	—	—	—
Net Change In Fund Balances	(129,026)	536,350	170,976	764	39	(1,008,186)	(14,998)	(36,501)	(70,000)	(2,686)	5,152
Fund Balance -											
Beginning As Previously Stated	466,554	882,156	466,894	26,861	8,709	1,654,027	—	—	—	—	—
Cumulative Effect of Change in Accounting Principle	—	—	—	—	—	—	45,506	109,568	310,000	78,484	173,658
Fund Balances - Beginning Of Year, As Restated	466,554	882,156	466,894	26,861	8,709	1,654,027	45,506	109,568	310,000	78,484	173,658
Fund Balances - End Of Year	\$ 337,528	\$ 1,418,506	\$ 637,870	\$ 27,625	\$ 8,748	\$ 645,841	\$ 30,508	\$ 73,067	\$ 240,000	\$ 75,798	\$ 178,810

CITY OF LEAWOOD, KANSAS

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

Page 2 Of 2

For The Year Ended December 31, 2019

	Capital Projects										Total Nonmajor
	Capital Improve-ments	Public Safety Improve-ment	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	Economic Development Fund	Other Governmental Funds
Revenues											
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 924,556	\$ —	\$ —	\$ —	\$ —	\$ 2,275,603
Licenses and permits	—	—	—	—	21,860	—	69,000	1,168	2,860	—	483,327
Intergovernmental	—	—	1,821,736	—	—	804,483	—	—	—	—	4,579,858
Charges for services	—	—	—	—	—	—	—	—	—	—	—
Fines and forfeitures	—	—	—	—	—	—	—	—	—	—	—
Special assessments	—	—	—	—	—	—	—	—	—	—	63,678
Interest	174,847	157,113	56,516	9,310	4,230	14,836	4,928	3,221	3,594	213,898	725,777
Contributions and other	—	—	—	—	—	—	—	—	—	—	—
Total Revenues	174,847	157,113	1,878,252	9,310	26,090	1,743,875	73,928	4,389	6,454	213,898	8,128,243
Expenditures											
General government	—	—	—	—	—	—	—	—	—	—	382,811
Economic development	—	—	—	—	—	—	—	—	—	—	1,124,157
Public safety	—	—	—	—	—	—	—	—	—	—	—
Parks and recreation	—	—	—	34,489	—	—	—	—	—	—	34,489
Public works	—	—	—	—	—	—	—	—	—	—	—
Capital outlay:											
General Government	—	—	—	—	—	—	—	—	—	—	—
Economic development	—	—	—	—	—	—	—	—	—	—	455,171
Public safety	24,334	266,757	—	—	—	—	—	—	—	—	291,091
Parks and recreation	354,653	—	—	70,797	—	—	—	—	3,000	—	768,379
Public works	813,805	—	3,629,998	—	—	1,125,778	172,225	—	—	—	7,225,941
Total Expenditures	1,192,792	266,757	3,629,998	105,286	—	1,125,778	172,225	—	3,000	—	10,282,039
Revenues Over (Under) Expenditures	(1,017,945)	(109,644)	(1,751,746)	(95,976)	26,090	618,097	(98,297)	4,389	3,454	213,898	(2,153,796)
Other Financing Sources (Uses)											
Transfers in	1,000,000	1,052,791	1,300,000	69,316	—	—	—	—	—	2,052,784	6,124,891
Transfers out	—	—	—	—	—	(500,000)	—	—	—	(1,000,000)	(2,752,000)
Total Other Financing Sources (Uses)	1,000,000	1,052,791	1,300,000	69,316	—	(500,000)	—	—	—	1,052,784	3,372,891
Net Change In Fund Balances	(17,945)	943,147	(451,746)	(26,660)	26,090	118,097	(98,297)	4,389	3,454	1,266,682	1,219,095
Fund Balance -											
Beginning As Previously Stated	7,542,578	6,690,318	2,271,591	427,617	180,969	1,122,520	280,135	142,363	159,124	9,113,325	31,435,741
Cumulative Effect of Change in Accounting Principle	—	—	—	—	—	—	—	—	—	—	717,216
Fund Balances - Beginning Of Year, As Restated	7,542,578	6,690,318	2,271,591	427,617	180,969	1,122,520	280,135	142,363	159,124	9,113,325	32,152,957
Fund Balances - End Of Year	\$ 7,524,633	\$ 7,633,465	\$ 1,819,845	\$ 400,957	\$ 207,059	\$ 1,240,617	\$ 181,838	\$ 146,752	\$ 162,578	\$ 10,380,007	\$ 33,372,052

CITY OF LEAWOOD, KANSAS

**SPECIAL ALCOHOL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
For The Year Ended December 31, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues			
Intergovernmental	\$ 544,125	\$ 501,867	\$ (42,258)
Interest	4,921	3,918	(1,003)
Total Revenues	<u>549,046</u>	<u>505,785</u>	<u>(43,261)</u>
Expenditures			
General government	395,000	382,811	(12,189)
Excess Of Revenues Over Expenditures	152,094	122,974	(31,072)
Other Financing Uses			
Transfers out	(252,000)	(252,000)	—
Net Change In Fund Balance	<u>\$ (99,906)</u>	<u>(129,026)</u>	<u>\$ (31,072)</u>
Fund Balance - Beginning Of Year		<u>466,554</u>	
Fund Balance - End Of Year		<u>\$ 337,528</u>	

CITY OF LEAWOOD, KANSAS

**SPECIAL CITY HIGHWAY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
For The Year Ended December 31, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues			
Licenses and permits	\$ —	\$ 388,439	\$ 388,439
Intergovernmental	944,040	949,746	5,706
Interest	19,203	32,300	13,097
Total Revenues	<u>963,243</u>	<u>1,370,485</u>	<u>407,242</u>
Expenditures			
Capital outlay	<u>1,759,800</u>	<u>1,484,135</u>	<u>(275,665)</u>
Excess Of Expenditures Over Revenues	(796,557)	(113,650)	682,907
Other Financing Sources			
Transfers in	<u>650,000</u>	<u>650,000</u>	<u>—</u>
Net Change In Fund Balance	<u>\$ (146,557)</u>	<u>536,350</u>	<u>\$ 682,907</u>
Fund Balance - Beginning Of Year		<u>882,156</u>	
Fund Balance - End Of Year		<u>\$ 1,418,506</u>	

CITY OF LEAWOOD, KANSAS

**SPECIAL PARKS AND RECREATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
For The Year Ended December 31, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues			
Intergovernmental	\$ 544,125	\$ 501,869	\$ (42,256)
Interest	5,980	9,036	3,056
Total Revenues	550,105	510,905	(39,200)
Expenditures			
Capital outlay	821,800	339,929	(481,871)
Net Change In Fund Balance	<u>\$ (271,695)</u>	170,976	<u>\$ 442,671</u>
Fund Balance - Beginning Of Year		<u>466,894</u>	
Fund Balance - End Of Year		<u>\$ 637,870</u>	

CITY OF LEAWOOD, KANSAS

**SPECIAL LAW ENFORCEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
For The Year Ended December 31, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues			
Intergovernmental	\$ —	\$ 157	\$ 157
Interest	439	607	168
Total Revenues	439	764	325
Expenditures			
Public safety	6,900	—	(6,900)
Net Change In Fund Balance	<u>\$ (6,461)</u>	764	<u>\$ 7,225</u>
Fund Balance - Beginning Of Year		<u>26,861</u>	
Fund Balance - End Of Year		<u>\$ 27,625</u>	

CITY OF LEAWOOD, KANSAS

**TRANSIENT GUEST TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
For The Year Ended December 31, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues			
Taxes	\$ 571,400	\$ 409,601	\$ (161,799)
Interest	29,873	37,384	7,511
Total Revenues	601,273	446,985	(154,288)
Expenditures			
General government	750,128	—	(750,128)
Capital outlay	505,172	455,171	(50,001)
Total Expenditures	1,255,300	455,171	(800,129)
Excess Of Expenditures Over Revenues	(654,027)	(8,186)	645,841
Other Financing Sources			
Transfers out	(1,000,000)	(1,000,000)	—
Net Change In Fund Balance	<u><u>\$ 345,973</u></u>	<u><u>(1,008,186)</u></u>	<u><u>\$ 645,841</u></u>
Fund Balance - Beginning Of Year		<u>1,654,027</u>	
Fund Balance - End Of Year		<u><u>\$ 645,841</u></u>	

CITY OF LEAWOOD, KANSAS

**DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
For The Year Ended December 31, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues			
Taxes	\$ 6,361,592	\$ 6,253,792	\$ (107,800)
Intergovernmental	823,283	806,682	(16,601)
Special assessments	1,718,531	1,309,131	(409,400)
Interest	229,980	252,485	22,505
Total Revenues	<u>9,133,386</u>	<u>8,622,090</u>	<u>(511,296)</u>
Expenditures			
Unallocated expenses	—	—	—
Debt service:			
Principal retirement	6,985,000	6,985,000	—
Interest and fiscal charges	2,263,300	2,066,239	(197,061)
Total Expenditures	<u>9,248,300</u>	<u>9,051,239</u>	<u>(197,061)</u>
Excess Of Revenues Over Expenditures	<u>(114,914)</u>	<u>(429,149)</u>	<u>(314,235)</u>
Other Financing Sources (Uses)			
Transfers in	—	—	—
Refunding bonds issued	—	2,435,000	2,435,000
Premiums	—	19,976	19,976
Payments to refunding escrow agent	—	(2,415,000)	(2,415,000)
Total Other Financing Sources	<u>—</u>	<u>39,976</u>	<u>39,976</u>
Net Change In Fund Balance	<u>\$ (114,914)</u>	<u>(389,173)</u>	<u>\$ (274,259)</u>
Fund Balance - Beginning Of Year		<u>9,375,415</u>	
Fund Balance - End Of Year		<u>\$ 8,986,242</u>	

Statistical Section

CITY OF LEAWOOD, KANSAS
Statistical Section
December 31, 2019

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

Contents

Schedules

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic And Economic Information

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

Operating Information

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

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

CITY OF LEAWOOD, KANSAS

NET POSITION BY COMPONENT LAST TEN FISCAL YEARS ACCRUAL BASIS OF ACCOUNTING

Schedule 1

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities										
Net investment in capital assets	\$ 276,985,062	\$ 276,065,957	\$ 287,460,684	\$ 295,287,754	\$ 288,988,301	\$ 278,859,226	\$ 275,353,842	\$ 280,071,534	\$ 281,113,331	\$ 277,840,414
Restricted component of net position	21,926,652	18,822,407	10,126,701	9,660,345	8,943,807	10,486,748	11,178,865	10,890,059	13,994,430	13,294,227
Unrestricted component of net position	45,976,509	56,862,450	58,858,210	49,769,835	50,083,971	35,495,155	36,605,693	36,047,422	38,039,401	42,818,890
Total Governmental Activities Net Position	344,888,223	351,750,814	356,445,595	354,717,934	348,016,079	324,841,129	323,138,400	327,009,015	333,147,162	333,953,531
Primary government										
Net investment in capital assets	276,985,062	276,065,957	287,460,684	295,287,754	288,988,301	278,859,226	275,353,842	280,071,534	\$ 281,113,331	277,840,414
Restricted component of net position	21,926,652	18,822,407	10,126,701	9,660,345	8,943,807	10,486,748	11,178,865	10,890,059	13,994,430	13,294,227
Unrestricted component of net position	45,976,509	56,862,450	58,858,210	49,769,835	50,083,971	35,495,155	36,605,693	36,047,418	38,039,401	42,818,890
Total Primary Government Net Position	\$ 344,888,223	\$ 351,750,814	\$ 356,445,595	\$ 354,717,934	\$ 348,016,079	\$ 324,841,129	\$ 323,138,400	\$ 327,009,015	\$ 333,147,162	\$ 333,953,531

- (1) 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.
- (2) 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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities:										
General government	\$ 5,908,886	\$ 6,379,991	\$ 6,537,652	\$ 7,137,960	\$ 7,204,430	\$ 7,697,435	\$ 7,527,420	\$ 7,636,870	\$ 7,578,714	\$ 9,855,244
Public safety	13,606,931	14,164,738	14,351,473	16,194,126	16,926,744	17,065,802	17,740,710	17,422,101	18,331,638	19,576,500
Public works	14,657,989	15,525,753	14,761,231	19,340,679	21,855,009	25,345,029	19,011,541	19,898,042	16,701,722	22,010,483
Parks and recreation	7,161,381	6,732,828	7,703,873	8,241,801	8,201,559	7,788,247	8,020,569	8,119,456	7,395,450	9,380,240
Interest on long-term debt	2,807,480	2,499,718	2,716,815	2,093,219	2,210,558	2,288,821	2,027,693	1,892,484	2,333,256	2,245,593
Total governmental activities	44,142,667	45,303,028	46,071,044	53,007,785	56,398,300	60,185,334	54,327,933	54,968,953	52,340,780	63,068,060
Total Primary Government Expenses	\$ 44,142,667	\$ 45,303,028	\$ 46,071,044	\$ 53,007,785	\$ 56,398,300	\$ 60,185,334	\$ 54,327,933	\$ 54,968,953	\$ 52,340,780	\$ 63,068,060
Program Revenues										
Governmental activities:										
Charges for services										
General government	\$ 2,837,665	\$ 3,269,547	\$ 3,185,794	\$ 3,425,988	\$ 3,070,035	\$ 3,391,641	\$ 3,074,990	\$ 3,024,730	\$ 2,856,279	\$ 2,505,738
Public safety	111,455	137,569	138,412	140,960	201,685	141,736	144,833	140,880	185,640	115,221
Public works	235,842	84,177	126,418	76,829	114,269	234,490	65,031	421,700	528,259	562,179
Parks and recreation	2,444,912	2,475,831	2,702,437	2,500,932	2,494,541	2,478,862	2,428,335	2,759,384	2,873,676	2,916,516
Operating grants and contributions	30,874	57,000	393,409	294,988	226,565	1,833,975	311,027	8,997	473,321	179,092
Capital grants and contributions	5,125,371	5,421,018	1,814,607	1,320,140	675,914	3,187,073	151,258	2,450,666	1,247,452	3,060,899
Total governmental activities program revenues	10,786,119	11,445,142	8,361,077	7,759,837	6,783,009	11,267,777	6,175,474	8,806,357	8,164,627	9,339,645
Total primary government program revenues	\$ 10,786,119	\$ 11,445,142	\$ 8,361,077	\$ 7,759,837	\$ 6,783,009	\$ 11,267,777	\$ 6,175,474	\$ 8,806,357	\$ 8,164,627	\$ 9,339,645
Net expense:										
Governmental activities	\$ (33,356,548)	\$ (33,857,886)	\$ (37,709,967)	\$ (45,247,948)	\$ (49,615,291)	\$ (48,917,557)	\$ (48,152,459)	\$ (46,162,596)	\$ (44,176,153)	\$ (53,728,415)
Total primary government net expense	\$ (33,356,548)	\$ (33,857,886)	\$ (37,709,967)	\$ (45,247,948)	\$ (49,615,291)	\$ (48,917,557)	\$ (48,152,459)	\$ (46,162,596)	\$ (44,176,153)	\$ (53,728,415)

CITY OF LEAWOOD, KANSAS

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

Schedule 3

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Transient Guest Tax	Other Taxes	Total
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	19,737,221	15,802,522	3,394,074	453,511	1,592,386	40,979,714
2016	20,830,913	16,255,542	3,568,312	528,112	1,626,944	42,809,823
2017	22,007,441	17,516,872	3,649,475	557,446	1,607,447	45,338,681
2018	22,883,330	18,403,286	3,520,426	327,874	1,581,752	46,716,668
2019	23,782,527	19,354,281	3,404,815	409,601	1,507,259	48,458,483

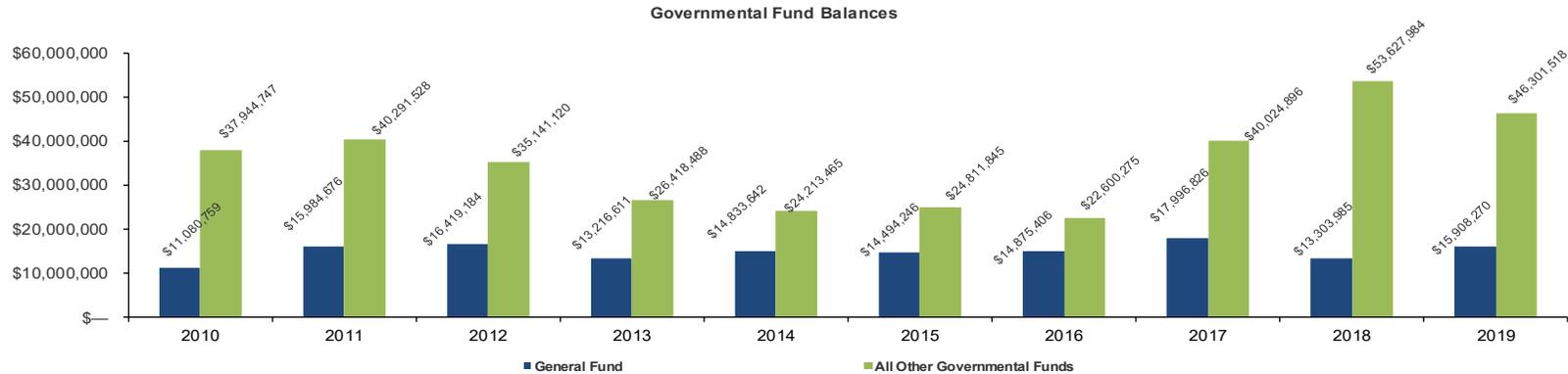
CITY OF LEAWOOD, KANSAS

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

Schedule 4

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Nonspendable	\$ —	\$ 123,850	\$ 144,368	\$ 143,223	\$ 132,689	\$ 140,462	\$ 123,218	\$ 116,641	\$ 129,986	\$ 104,630
Assigned	—	3,399,131	6,051,836	3,969,571	4,664,936	5,623,577	4,980,428	2,713,627	5,376,591	6,679,839
Unassigned	—	12,461,695	10,222,980	9,103,817	10,036,017	8,730,207	9,771,760	15,166,558	7,797,408	9,123,801
Reserved	129,411	—	—	—	—	—	—	—	—	—
Unreserved	10,951,348	—	—	—	—	—	—	—	—	—
Total General Fund	\$ 11,080,759	\$ 15,984,676	\$ 16,419,184	\$ 13,216,611	\$ 14,833,642	\$ 14,494,246	\$ 14,875,406	\$ 17,996,826	\$ 13,303,985	\$ 15,908,270
All Other Governmental Funds										
Restricted	\$ —	\$ 18,822,407	\$ 10,126,701	\$ 9,660,345	\$ 8,943,807	\$ 10,486,749	\$ 11,178,865	\$ 11,340,402	\$ 16,374,752	\$ 13,294,229
Committed	—	21,469,121	25,005,947	16,943,993	18,666,857	22,165,340	25,578,781	28,675,831	37,244,523	40,095,245
Assigned	—	—	8,472	8,512	8,544	8,567	8,620	8,663	8,709	8,748
Reserved	18,116,968	—	—	—	—	—	—	—	—	—
Unassigned	—	—	—	(194,362)	(3,405,743)	(7,848,811)	(14,165,991)	—	—	(7,096,704)
Unreserved, reported in:										
Special revenue funds	1,964,573	—	—	—	—	—	—	—	—	—
Capital projects funds	17,863,206	—	—	—	—	—	—	—	—	—
Total All Other Governmental Funds	\$ 37,944,747	\$ 40,291,528	\$ 35,141,120	\$ 26,418,488	\$ 24,213,465	\$ 24,811,845	\$ 22,600,275	\$ 40,024,896	\$ 53,627,984	\$ 46,301,518

Note: in 2011, the City implemented GASB 54 *Fund Balance Reporting and Governmental Fund Type Definitions*, which changed the presentation requirements of fund balances.



CITY OF LEAWOOD, KANSAS

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

Schedule 5

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Taxes	\$ 32,463,706	\$ 30,851,203	\$ 30,880,257	\$ 30,943,658	\$ 31,934,217	\$ 32,737,683	\$ 34,462,542	\$ 36,196,956	\$ 37,383,518	\$ 39,084,198
Licenses and permits	1,556,370	1,848,739	1,845,752	2,132,269	1,815,305	2,159,728	1,475,531	2,057,069	2,232,002	1,946,546
Intergovernmental	9,602,150	8,910,116	10,270,005	11,130,384	10,908,095	15,945,613	11,008,762	13,624,022	12,539,099	14,770,986
Charges for services	2,387,857	2,506,439	2,724,439	2,514,336	2,566,759	2,499,008	2,491,008	2,770,531	2,930,520	2,913,375
Fines and forfeitures	1,685,388	1,610,087	1,581,363	1,497,014	1,486,446	1,587,760	1,743,936	1,516,598	1,281,332	1,239,576
Special assessments	3,569,901	1,972,928	2,563,491	2,420,803	2,339,422	2,305,933	1,790,552	1,674,521	1,635,144	1,372,809
Interest	216,935	152,212	109,514	127,187	228,475	129,686	400,950	681,609	1,138,749	2,145,604
Contributions and other	490,413	330,450	1,004,110	2,422,162	364,495	248,048	544,460	520,239	440,520	438,057
Total Revenues	51,972,720	48,182,174	50,978,931	53,187,813	51,643,214	57,613,459	53,917,741	59,041,545	59,580,884	63,911,151
Expenditures										
General government	5,645,370	6,047,715	6,212,958	6,667,668	7,101,754	7,345,177	7,028,199	7,126,310	7,341,563	8,950,872
Public safety	12,716,593	13,307,250	13,382,889	13,842,202	14,626,694	15,332,207	15,538,284	15,227,565	16,234,348	17,285,826
Public works	5,625,473	5,638,881	5,361,019	5,873,058	5,922,054	5,940,349	6,053,506	6,049,012	6,284,607	6,892,535
Parks and recreation	5,282,814	5,320,546	5,546,372	5,628,341	5,786,236	5,878,753	6,285,039	6,518,572	6,419,758	6,889,119
Capital outlay	13,959,576	9,222,271	18,052,831	25,365,064	17,904,378	22,459,447	13,747,051	16,512,407	8,114,087	20,474,159
Debt service										
Principal	5,856,235	5,618,125	5,658,409	5,676,753	4,322,277	5,823,057	6,111,951	6,459,715	7,559,578	7,297,453
Interest and fiscal charges	2,394,876	2,403,665	2,207,432	2,216,115	2,108,809	2,230,719	2,341,800	1,802,222	2,460,847	2,610,987
Total Expenditures	51,480,937	47,558,453	56,421,910	65,269,201	57,772,202	65,009,709	57,105,830	59,695,803	54,414,788	70,400,951
Excess (Deficiency) Of Revenues Over Expenditures	491,783	623,721	(5,442,979)	(12,081,388)	(6,128,988)	(7,396,250)	(3,188,089)	(654,258)	5,166,096	(6,489,800)
Other Financing Sources (Uses)										
Transfer in	10,755,350	4,201,942	11,945,937	14,958,186	7,172,316	7,682,547	7,550,191	8,304,365	13,045,195	8,376,891
Transfers out	(10,755,350)	(4,201,942)	(11,945,937)	(14,958,186)	(7,172,316)	(7,682,547)	(7,550,191)	(8,304,365)	(13,045,195)	(8,376,891)
Insurance recoveries	—	—	—	—	—	—	—	930,931	—	—
Refunding bonds issued	—	—	3,985,000	—	3,785,000	2,230,000	9,765,000	1,095,000	9,450,000	2,435,000
Bonds issued	16,980,000	5,155,000	700,000	—	5,920,000	7,140,000	—	18,190,000	3,480,000	—
Premium on bonds issued	147,183	33,821	329,769	156,183	847,613	690,234	680,481	1,829,442	1,224,151	19,976
Payments to refunded bonds escrow agent	(4,252,107)	—	(4,287,690)	—	(5,317,113)	(2,405,000)	(10,200,000)	(1,080,000)	(10,410,000)	(2,415,000)
Capitalized leases	—	1,438,156	—	—	305,496	—	1,112,198	234,926	—	1,010,427
Total Other Financing Sources	12,875,076	6,626,977	727,079	156,183	5,540,996	7,655,234	1,357,679	21,200,299	3,744,151	1,050,403
Net Changes In Fund Balances	\$ 13,366,859	\$ 7,250,698	\$ (4,715,900)	\$ (11,925,205)	\$ (587,992)	\$ 258,984	\$ (1,830,410)	\$ 20,546,041	\$ 8,910,247	\$ (5,439,397)
Debt Service As A Percentage Of Noncapital Expenditures	20.34%	19.22%	18.87%	16.21%	12.83%	14.38%	17.14%	16.50%	20.47%	16.89%

CITY OF LEAWOOD, KANSAS

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

Schedule 6

Fiscal Year	Property Tax	City Sales Tax	Transient Guest Tax	Franchise Tax	City Consumers' Use Tax	Total
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
2016	20,280,808	7,977,278	528,112	3,568,312	2,108,032	34,462,542
2017	21,474,013	8,171,286	557,445	3,649,475	2,344,737	36,196,956
2018	22,524,842	8,499,646	327,875	3,520,427	2,510,728	37,383,518
2019	23,285,017	9,295,678	409,601	3,404,815	2,689,087	39,084,198

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

CITY OF LEAWOOD, KANSAS

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

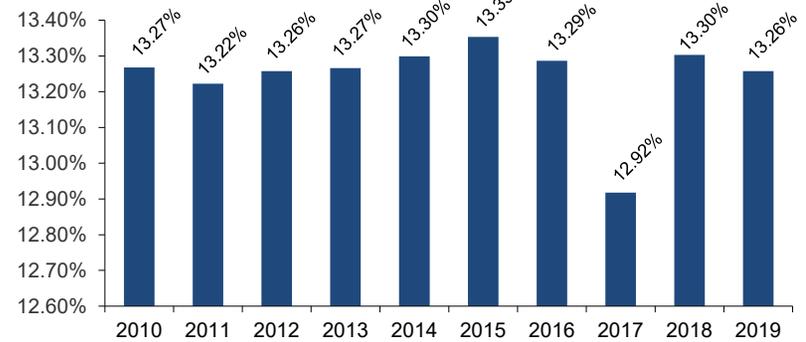
Schedule 7

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
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%
2016	816,290,245	3,521,444	7,398,079	827,209,768	79,744,865	125,294	907,079,927	24.508	6,185,374,430	18,084,771	22,418,421	6,225,877,622	13.29%
2017	866,259,543	3,142,599	7,522,042	876,924,184	81,923,342	135,616	958,983,142	24.513	6,749,316,280	16,484,758	22,794,067	6,788,595,105	12.92%
2018	911,435,862	2,879,015	7,909,291	922,224,168	85,601,079	139,978	1,007,965,225	24.517	6,892,861,150	15,497,626	23,967,548	6,932,326,324	13.30%
2019	949,689,662	2,807,768	8,215,953	960,713,383	87,562,568	157,608	1,048,433,559	24.524	7,206,203,520	15,447,200	24,896,827	7,246,547,547	13.26%

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										
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
2015/2016	17.945	6.563	24.508	1.500	19.582	54.059	67.889	9.469	2.200	3.912	3.101	132.161	116.131
2016/2017	18.875	5.638	24.513	1.500	19.590	54.940	66.255	9.473	2.200	3.915	3.102	130.548	117.033
2017/2018	15.056	9.461	24.517	1.500	19.318	53.663	66.614	9.503	2.199	3.921	3.112	130.684	115.534
2018/2019	17.940	6.584	24.524	1.500	19.024	52.427	64.999	9.266	2.199	3.901	3.088	128.501	113.730

Source: Johnson County Clerk's Office

CITY OF LEAWOOD, KANSAS

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

Schedule 9

Taxpayer	2019			2010		
	Taxable Assessed Value	Rank	Percentage Of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage Of Total Taxable Assessed Value
Town Center Plaza	\$ 29,944,001	1	2.86%	\$ 21,543,861	1	2.55%
Park Place Village LLC	22,176,755	2	2.12%	9,098,758	3	1.08%
119th Street Development, LLC	14,298,002	3	1.36%	11,529,661	2	1.36%
Camelot Court LLC	9,905,831	4	0.94%			
Hallbrook Office Center	8,223,733	5	0.78%	5,540,973	5	0.66%
Villa Milano, LLC	6,293,375	6	0.60%			
Academy 1740, Inc.	5,682,251	7	0.54%	5,524,501	6	0.65%
Kansas City Power & Light Co.	5,236,301	8	0.50%	3,623,809	8	
Kansas City Orthopedic	4,777,103	9	0.46%	3,257,251	9	0.39%
Aloft Hotel	4,679,750	10	0.45%			
PCC Two, LLC				4,404,251	7	0.52%
95 West, L.P.				7,348,142	4	0.87%
BP Market Square LLC				3,033,855	8	0.36%
Total Principal Property Taxpayers	\$ 111,217,102		10.61%	\$ 74,905,062		8.44%

Source: Johnson County Clerk's Office

CITY OF LEAWOOD, KANSAS

**PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Schedule 10

Tax/Fiscal Year	Total Tax Levy	Collected Within The Fiscal Year Of The Levy		Collections In Subsequent Years	Total Collections To Date	
		Amount	Percentage Of Levy		Amount	Percentage Of Levy
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%
2015/2016	20,233,618	20,058,450	99.1%	—	20,058,450	99.1%
2016/2017	21,448,464	21,276,527	99.2%	—	21,276,527	99.2%
2017/2018	22,528,082	22,386,564	99.4%	—	22,386,564	99.4%
2018/2019	23,476,049	23,307,454	99.3%	—	23,307,454	99.3%

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		Revenue Bonds	Capital Leases			
	To Be Paid With						
	Tax Levies	Special Assessments					
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
2016	37,761,072	11,165,990	—	1,868,531	50,293,593	*	1,548
2017	53,223,254	9,410,195	—	1,773,742	64,407,191	*	1,844
2018	51,145,738	7,534,639	—	1,469,163	60,149,540	*	1,714
2019	45,146,154	6,118,570	—	2,167,137	53,431,861	*	1,515

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

Fiscal Year	General Obligation Bonds	Less: Amounts Available In Debt Service Fund	Total	Percentage Of Estimated Actual Taxable Value Of Property (1)	Per Capita (2)
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
2016	48,927,062	7,980,397	40,946,665	0.66%	1,248
2017	62,633,449	7,612,919	55,020,530	0.81%	1,575
2018	58,680,377	8,986,242	49,694,135	0.71%	1,405
2019	51,264,723	8,986,242	42,278,481	0.58%	1,199

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, 2019

Schedule 13

Governmental Unit	Net Debt Outstanding⁽¹⁾	Percentage Applicable To City Of Leawood⁽²⁾	Amount Applicable To City Of Leawood
Johnson County	\$ 520,916,200	9.08%	\$ 47,299,191
Johnson County Community College	3,770,000	9.08%	342,316
Shawnee Mission School District (U.S.D. 512)	312,560,000	5.61%	17,534,616
(U.S.D. 229)	344,890,000	23.79%	82,049,331
Parks and recreation	420,000	9.08%	<u>38,136</u>
Subtotal, overlapping debt			147,263,590
City of Leawood direct debt ⁽¹⁾			<u>60,149,540</u>
Total direct and overlapping debt			<u><u>\$ 207,413,130</u></u>

Source: Johnson County Clerk's Office

⁽¹⁾ General obligation debt outstanding and lease purchase obligations

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

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

CITY OF LEAWOOD, KANSAS

LEGAL DEBT MARGIN INFORMATION LAST TEN FISCAL YEARS

Schedule 14

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	\$ 253,521,842	\$ 245,015,025	\$ 243,080,668	\$ 243,049,230	\$ 246,645,885	\$ 258,550,246	\$ 272,123,978	\$ 287,694,943	\$ 302,389,568	\$ 314,530,068
Total net debt applicable to limit	53,049,065	54,000,344	49,157,826	43,948,918	45,608,870	46,845,959	38,494,602	55,020,530	48,523,034	42,278,481
Legal debt margin	200,472,777	191,014,681	193,922,842	199,100,312	201,037,015	211,704,287	233,629,376	232,674,413	253,866,534	272,251,587
Total net debt applicable to the limit as a percentage of debt limit	20.92%	22.04%	20.22%	18.08%	18.49%	18.12%	14.15%	19.12%	16.05%	13.44%

Legal Debt Margin Calculation For Fiscal Year 2019

Assessed value, real and personal property - 2019	960,713,383
Plus assessed value, motor vehicles - 2019	87,720,176
Total Assessed Value - 2019	<u>1,048,433,559</u>
Debt Limit (30% Of Total Assessed Value)	<u>314,530,068</u>
Debt Applicable To Limit	
General obligation bonds	51,264,723
Less: Amount set aside for repayment of general obligation debt	(8,986,242)
Total Net Debt Applicable To Limit	<u>42,278,481</u>
Legal Debt Margin	<u><u>\$ 272,251,587</u></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)
2010	32,643	\$ 5,431,698	\$ 170,449	43.2	73.9	4.3%
2011	32,000	*	*	*	*	3.8%
2012	32,160	*	*	*	*	3.2%
2013	32,321	*	*	*	*	3.4%
2014	32,483	*	*	*	*	3.0%
2015	32,644	*	*	*	*	2.6%
2016	32,807	*	*	*	*	3.0%
2017	34,926	*	*	*	*	2.3%
2018	35,101	*	*	*	*	2.6%
2019	35,276	*	*	*	*	2.1%

* 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.

CITY OF LEAWOOD, KANSAS

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Schedule 16

Employer	2019			2010		
	Employees	Rank	Percentage Of Total City Employment	Employees	Rank	Percentage Of Total City Employment (1)
AMC Theaters Support Center	670	1	3.8%			
Reece & Nichols	568	2	3.2%	314	4	2.0%
American Academy of Family Physicians	381	3	2.2%	350	2	2.2%
Ascend Learning	367	4	2.1%			
Unified School District No. 229	343	5	2.0%	329	3	2.1%
City of Leawood	261	6	1.5%	266	5	1.7%
Murphy-Hoffman Co.	250	7	1.4%			
CrossFirst Bank	207	8	1.2%			
Nueterra Holdings Co.	200	9	1.1%			
Bukaty Companies	185	10	1.1%			
CBIZ Accounting, Tax & Advisory Svc				450	1	2.9%
Weight Watchers				190	6	1.2%
Headache & Pain Center				149	7	1.0%
Hy Vee				147	8	0.9%
AB May				125	9	0.8%
Cosentino's Price Chopper				125	10	0.8%
Total	3,432		19.5%	2,445		15.7%

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	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government	49.21	45.71	45.71	45.71	45.71	46.21	45.68	43.68	43.68	43.18
Public safety										
Police										
Officers	63.00	61.00	61.00	61.00	61.00	61.00	61.00	61.00	61.00	62.00
Civilians	22.00	22.00	22.00	22.00	22.00	22.00	23.00	23.00	23.23	22.23
Fire										
Firefighters and officers	54.69	52.69	52.69	52.69	52.69	52.69	52.44	52.69	52.69	53.69
Civilians	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.80	0.80	0.80
Public works	50.23	48.23	48.23	48.23	48.23	49.23	49.71	49.71	49.71	49.71
Parks and recreation	62.57	61.57	61.57	61.57	61.57	63.82	63.09	63.21	62.87	62.95
Total Full-Time Equivalent	302.70	292.20	292.20	292.20	292.20	295.95	295.92	294.09	293.98	294.56

Source: City Budget Manager

CITY OF LEAWOOD, KANSAS

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Schedule 18

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police										
Number of traffic violations	14,327	14,336	15,305	12,691	13,488	12,528	13,625	12,350	9,921	9,795
Number of physical arrests	1,678	1,778	1,690	1,637	1,330	1,314	1,123	1,018	1,120	1,061
Number of dispatch calls (includes Officer-Initiated Calls)	34,298	31,443	33,161	32,543	31,332	30,558	31,532	27,199	26,433	28,960
Number of alarm calls	1,978	1,739	1,819	1,840	1,837	1,826	1,673	1,678	1,611	1,533
Fire										
Number of fire calls answered	803	1,058	1,017	1,037	997	1,103	1,180	1,045	1,071	1,133
Number of ambulance calls answered	1,686	1,638	1,685	1,679	1,743	1,798	1,866	2,255	2,266	2,267
Number of fire inspections	1,688	1,603	1,628	952	841	910	1,038	1,124	1,037	1,123
Parks and Recreation										
Number of programs offered	150	150	150	150	>150	>150	166	166	96	96

Source: Various City departments

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

Schedule 19

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police											
Number of police stations	1	1	1	1	1	1	1	1	1	1	1
Number of certified officers	63	63	61	61	61	61	61	61	61	61	62
Number of noncertified personnel	22	22	22	22	22	22	22	23	23	23	22
Number of patrol districts	3	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	3
Number of Full-Time firefighters	54	54	53	53	52	52	52	52	52	53	53
Number of Part-Time firefighters	—	—	—	—	—	—	—	—	—	—	—
Number of volunteer firefighters	1	1	1	1	—	—	—	—	—	—	—
Number of nonfire personnel	1	1	1	1	1	1	1	1	1	1	1
Public Works											
Streets (miles)	197	200	200.7	201.5	201.5	201.8	202.0	202.0	202.0	202.0	202.0
Streetlights	2,887	2,935	2,935	2,962	3,695	4,093	4,106	4,131	4,136	4,165	4,190
Parks and Recreation											
Number of parks	6	6	6	6	6	6	6	6	6	6	6
Park acreage	423	423	478	478	486	486	486	486	486	486	486
Walking trail mileage	8.25	8.25	8.25	8.25	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	1
Golf courses	1	1	1	1	1	1	1	1	1	1	1
Tennis courts	6	6	6	6	6	6	6	6	6	6	6
Soccer fields	14	14	14	14	14	14	14	14	14	14	14
Baseball diamonds	3	3	3	3	3	3	3	3	3	3	3

Source: Various City departments