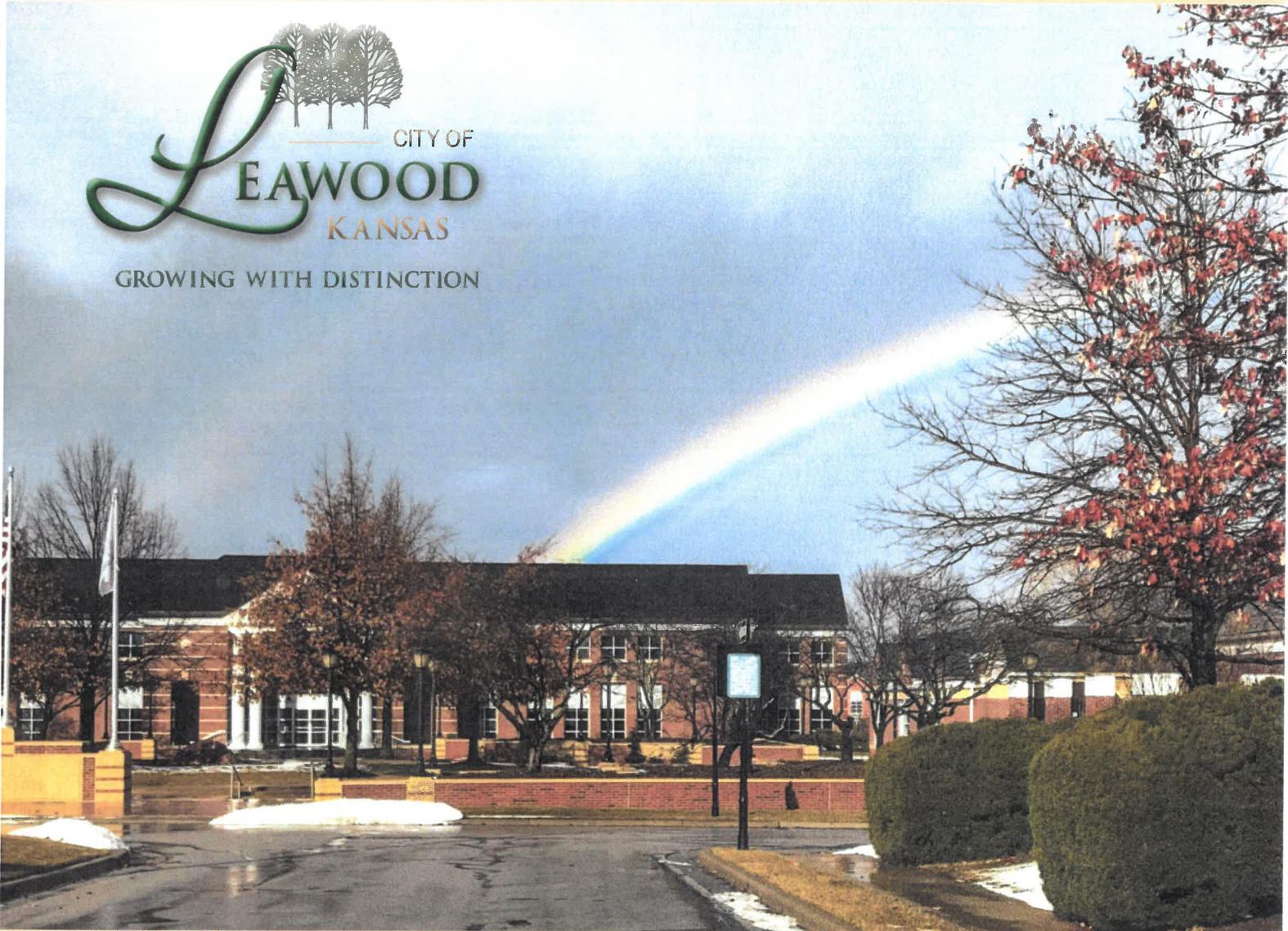
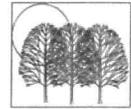




GROWING WITH DISTINCTION



**2021**  
**BUDGET-IN-BRIEF**  
CITY OF LEAWOOD, KANSAS



**August 3, 2020**

**Honorable Mayor, Council Members, and the Leawood Community:**

Submitted to you is the 2021 Budget for the City of Leawood. The total 2021 Budget equals \$65,880,700 and represents a 4.9% decrease from the 2020 Estimated Budget. It continues to reflect conservative revenue estimates, as in previous years. The 2021 revenues are projected at \$63,004,400, a 3.0% increase from the 2020 Estimate, and 3.5% lower than the 2019 actuals of \$65,300,315.

Based upon a solid set of financial measures and benchmarks, the 2021 budget is expected to deliver the same quality and exceptional services, which have been the standard for the City of Leawood for over 70 years. The primary purpose of a budget document and the budget process is to develop, adopt and implement a plan for accomplishing goals for the upcoming year within given constraints. The 2021 Budget has been designed with the long-term goals of the City and the continuation of Leawood's tradition of maintaining a responsive government, a stable financial position and high service levels.

The sound financial condition of a City depends on its ability to balance the demands for service with available financial resources. Monitoring financial condition allows managers to identify existing and emerging financial problems and develop solutions in a timely manner. Leawood has used a financial forecasting and planning model to monitor financial progress. The City began using this tool almost two decades ago. Every year it has been improved and it is monitored throughout the year to ensure that fund balances remain within policy standards, especially when revenue sources and expenditure demands change. Additionally, Leawood continues to have a diversified revenue base. The largest category, 41%, comes from property taxes; followed by sales taxes of 30%; and lastly other governmental revenue of 29%, which includes franchise fees, licenses, permits, and charges for services. Also contributing to Leawood's stability is the fact that the City continues to offer, attract and promote a high quality of life. Leawood was voted the "2019 FIRST Best Small City in America", with populations of 25,000 to 100,000, in the United States by [WalletHub.com](http://WalletHub.com). Almost 1,300 cities were evaluated on 40 key metrics on economic vitality, quality of life, education, health and public safety.

As all are aware, the entire world has been impacted by the COVID19 outbreak. In January, the United States declared a public health emergency, followed by emergency declarations and "stay-at-home orders" for almost every state in the nation. Kansas was the 22<sup>nd</sup> state to institute a temporary, statewide stay-at-home order, which was in effect from March 30<sup>th</sup> until May 4<sup>th</sup>. Johnson County, KS issued an order extending this until May 10<sup>th</sup> for the county. It is certain that the temporary closure of retail, business, restaurants, and entertainment venues will not only impact the financial security of individuals, and their "normal" way of life, but also the economic stability of the nation and state and local governments. Much is still unknown about the illness and the effects are continually changing, but staff has prepared the following to summarize changes specifically for Leawood.

### Financial Planning Model Assumptions

	2019 Actual	2020 Budget	2020 Estimate	2021 Budget	2022 Budget	2023 Budget	2024 Budget
Assessed Valuation Growth (*originally projected 4.00%)	4.18%	4.00%	5.83%	4.67%*	3.30%	3.20%	3.10%
<i>Removal of the 0.95 Mill Levy increases from the model, most recently planned for 2023, 2025 and 2027</i>							
Property Tax Collection Rate	99.1%	100.0%	99.0%	99.0%	99.0%	99.0%	99.0%
ALL City/Use Tax Collections	2.40%	2.95%	0.00%	1.50%	1.75%	2.00%	2.00%
Gasoline Tax Revenue	1.00%	2.20%	0.00%	0.00%	2.00%	2.00%	2.00%
Alcohol Tax Revenue	(4.73%)	3.00%	(5.00%)	2.00%	2.00%	2.00%	2.00%
Transient Guest Tax Revenue	(5.80%)	3.00%	(5.00%)	2.00%	2.00%	2.00%	2.00%
All Other Revenue	(7.00%)	3.00%	(25.00%)	2.00%	2.00%	2.00%	2.00%
Interest Income	61.0%	2.0%	0.5%	1.0%	1.0%	2.0%	2.0%
Mill Levy Increases	0.00	0.00	0.00	0.00	0.00	0.00	0.00
New GO Debt Issuance	\$0.0m	\$8.3m	\$0.0m	\$20.3m	\$4.1m	\$13.7m	\$23.0m

### Revenue Projections/Changes (as a result of COVID19)

	2019 Actual	2020 Budget	2020 Estimate	2020 Change	2021 Budget	2020/2021 Change
City Sales/Use Tax	\$10,118,763	\$10,475,400	\$10,118,800	(\$356,600)	\$10,271,000	\$152,200
County Sales/Use Tax	5,263,940	5,596,700	5,263,900	(332,800)	5,343,000	79,100
Occupational Licenses	289,303	292,000	10,000	(282,000)	292,000	282,000
Liquor Licenses	15,150	15,500	7,500	(8,000)	15,500	8,000
Alcohol Tax – General Fund	501,867	541,681	475,000	(66,681)	506,218	31,218
Parks/Recreation User Fees	1,033,433	1,078,500	527,900	(550,600)	1,065,800	537,900
Golf Course User Fees	1,746,012	1,727,500	1,454,500	(273,000)	1,878,000	423,500
Interest Income – General Fund	343,195	398,994	162,307	(236,687)	240,601	78,294
Fines & Forfeitures	1,239,576	1,300,000	1,200,000	(100,000)	1,100,000	(100,000)
<b>TOTAL – General Fund</b>	<b>\$20,551,239</b>	<b>\$21,426,275</b>	<b>\$19,219,907</b>	<b>(\$2,206,368)</b>	<b>\$20,712,119</b>	<b>\$1,492,212</b>
Alcohol Tax – Other Funds	1,003,734	1,083,362	950,000	(133,362)	1,012,436	62,436
Gasoline Tax	949,745	945,250	891,850	(53,400)	783,380	(108,470)
Transient Guest Tax	409,601	585,685	350,685	(235,000)	420,000	69,315
Interest Income – Other Funds	845,766	644,175	346,733	(297,442)	516,050	169,317
<b>TOTAL – Other Funds</b>	<b>\$3,208,846</b>	<b>\$3,258,472</b>	<b>\$2,539,268</b>	<b>(\$719,204)</b>	<b>\$2,731,866</b>	<b>\$192,598</b>

### Expenditure Projections/Changes (as a result of COVID19)

Item/Project/Expenditure	Leawood Cost	Description
#80177, 95 <sup>th</sup> St-W City Limits to State Line	\$3,163,000	Delay project from 2024 to 2026
#82079, Bury Overhead Lines-95 to W City Lim-State Ln	1,454,000	Delay project from 2024 2026
#80176, 83 <sup>rd</sup> St-State Line to W City Limits	3,510,000	Delay project from 2021 to 2023
#82070, Bury Overhead Lines-83,State Ln, W City Lim	1,841,000	Delay project from 2021 to 2023
#72075/#80178, 135th St-Nall to Mission	3,163,000	Move from PAYG to Debt-Finance in 2024
#80221, 2021 Residential Streets	3,000,000	Delete project; restart program in 2023
#82071, Overhead Lines-89 <sup>th</sup> , Mission, High Dr	1,541,000	Delay project from 2022 to 2024
#82086, Overhead Lines-State Ln, N City Lim to 9300 Block	5,610,000	Delay project from 2021 to 2023
GO Debt Issuance – Review/Delay	Varies	Delay bonding of projects throughout 2021-2025
Annual Park Improvement Projects	600,000	Reduce annual expense from \$1.0m to \$600,000
Police & Fire Capital Equipment Replacements	Varies	Purchase from Public Safety Fund, beginning in 2020
All Departments – Capital Equipment/Vehicle Replacement	1,500,000	Reduce to average \$1.5m/year for 2021-2025
#74109, COVID19 Expenses (Estimate)	40,000	Add to 2020 Budget to cover cleaning, materials, etc.

For the 2021 budget year, Leawood is again anticipating an increase in assessed valuation for real property. The final assessed valuation numbers will be released by the County Clerk in December. When staff met with the County Appraiser in March, the appraisal statistics were again very positive. Residential appraisal growth year-over-year was 5.3% as compared to 7.6% last year; and the change in the commercial appraisal value was 13.3% as compared to 4.3% last year. Over the past ten years, the City's property tax base has increased 3.5% per year on average. However, from 2014 to present an average growth of 4.6% has been realized. The growth for the current year is 5.52% as compared to 4.20% for last year. During the last ten years, real commercial property has grown faster than all other classifications, and today represents 22% of total taxable property. Residential real property continues to comprise the majority of the total, at 69%, while personal property classifications have dropped in importance, once representing 13% of the total base, now only 9% of the total.

The second largest single source of City revenue is sales tax. The 2021 budget projects revenue from the City 1% sales tax to be \$7,541,700 or an increase of 1.50% from the 2020 estimated budget. The five-year average growth for this single revenue source is 1.4% and the three-year average is 1.6%. The budget is comprised of several types of sales tax revenue: city and county general sales tax; city and county compensating use tax; a city 1/8-cent capital sales tax used for stormwater and street repairs; and two different 1/4-cent special county sales and use taxes. One for public safety with no sunset date, and another for the construction of a County Courthouse/Coroner facility, which ends in 2027. For both general and use sales tax collections, 60% of the revenue comes from the City's sales tax levies and the remaining 40% from the City's distributed share of the countywide taxes.

The budget process is a year round staff endeavor. After the previous year is closed, staff reviews the ending year balances, analyzes revenue collection and expenditure detail to update the financial assumptions for the financial planning model. At the same time, the five-year Capital Improvement Program (C.I.P.) document is prepared. Another integral part of the annual operating budget is assessed valuation. The 2021 appraised values were released by the County in early March. All of these aided in the development of the budget directives, which include:

### **Sustaining financial stability**

- ✓ Reserves for all Operating Funds are budgeted at 55% of expenditures, above the 11% minimum.
- ✓ Debt Service reserve levels remain at 35% or above throughout the financial planning period.
- ✓ The 2021 budget includes a mill levy of 24.548. No future mill levy increases are forecasted.
- ✓ All long-term forecasting parameters have been met as outlined in the budget document.
- ✓ In 2021, all sales and use tax areas are expected to increase 1.50% from the 2020 Estimate. Leawood has become a major restaurant venue over the years, boasting a multitude of restaurants offering a wide-range of food choices in a variety of dining environments and price ranges. Additionally, there are many shopping choices, including specialty food stores, which offer an array of upscale and unique selections.
- ✓ Capital projects, where practical, are linked to operating costs in order to monitor and maintain long-term financial balance.
- ✓ Carefully monitoring spending with a watchful eye towards inflationary pressure in other commodities, services, as well as capital costs. In multi-year financial planning, capital funds,

particularly the City's capital equipment fund and the capital projects fund, all include an inflation factor.

- ✓ Continuation of the City's Aaa Bond Rating.

### **Sustaining service levels**

- ✓ Maintain equitable and competitive employee compensation.
- ✓ Police officers will average 1.7 commissioned officers per 1,000 citizens in 2021.
- ✓ Firefighters will average 660 residents per one firefighter in 2021.
- ✓ Parks & Recreation will average 567 residents per one FTE in 2021.
- ✓ Administrative employees, as a percentage of direct employees, will average 17.3%.
- ✓ Mandates and operating costs of capital are funded.
- ✓ An average PCI rating of 78.0, compared to the Governing Body goal of a street rating of not less than 70.0.

### **Sustaining efficient delivery of services**

- ✓ The City's 2021 Budget continues to provide a high level of service to the citizens by increasing efficiency in service delivery and addressing resource needs in every part of the City. Each department reviews both industry standards and internal goals on a regular basis to determine if services are being delivered efficiently and identify improvements, when needed.
- ✓ Performance measures within each department are linked with the resources needed to meet the expected performance levels during the fiscal year.
- ✓ The City's technology direction continues to grow and expand with improved productivity and service levels with technology, fiber, communication and security.

### ***THE CITY OF LEAWOOD'S VISION***

Leawood prides itself on being a safe, attractive community, which values its distinctive character. The citizens of Leawood are civic-minded and are an important component in shaping Leawood's future. As the City of Leawood looks to the future, it will continue to maintain the residential property values, promote neighborhood-oriented commercial developments, offer a variety of high quality residential neighborhoods, sustain environmental sensitivity, retain natural landscapes and provide public, open space. With vision, as articulated in our comprehensive plan, the City of Leawood will continue to grow with distinction.

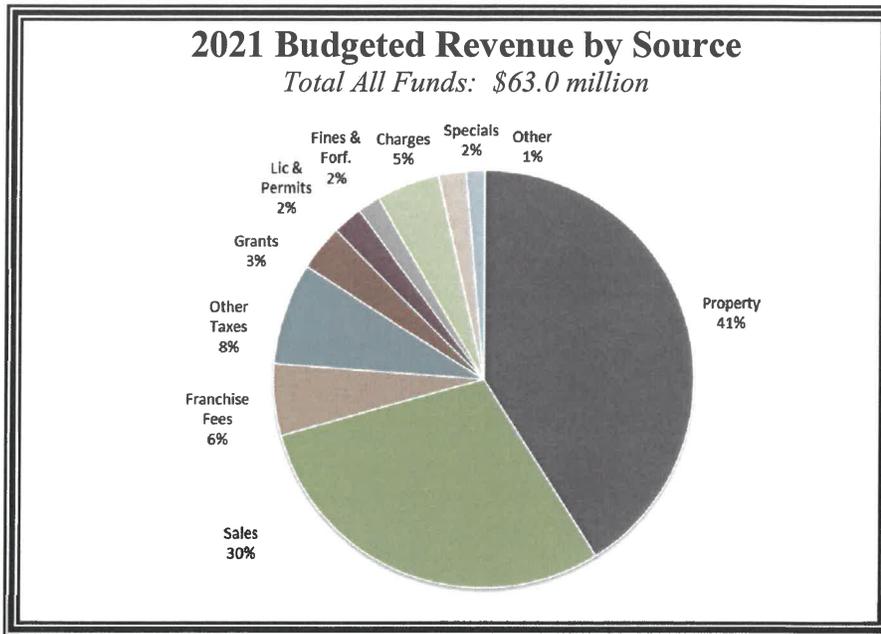
### ***GOVERNING BODY GOALS***

Each year the Governing Body reviews, reaffirms and develops strategic goals, which support the City's vision. Goals are categorized in the five main areas that have allowed the City to flourish: Public Safety, Financial Stability, Capital Improvements, Growth Management, and Quality of Life. Short-term goals either are incorporated into the 2020 operations plan or will be addressed in the 2021 budget. Long-term goals cover issues that will strategically guide long-range plans for the community. All of the goals are linked to the Long Term Strategic Financial Planning section.

### ***FINANCIAL HIGHLIGHTS***

#### ***Revenue Highlights***

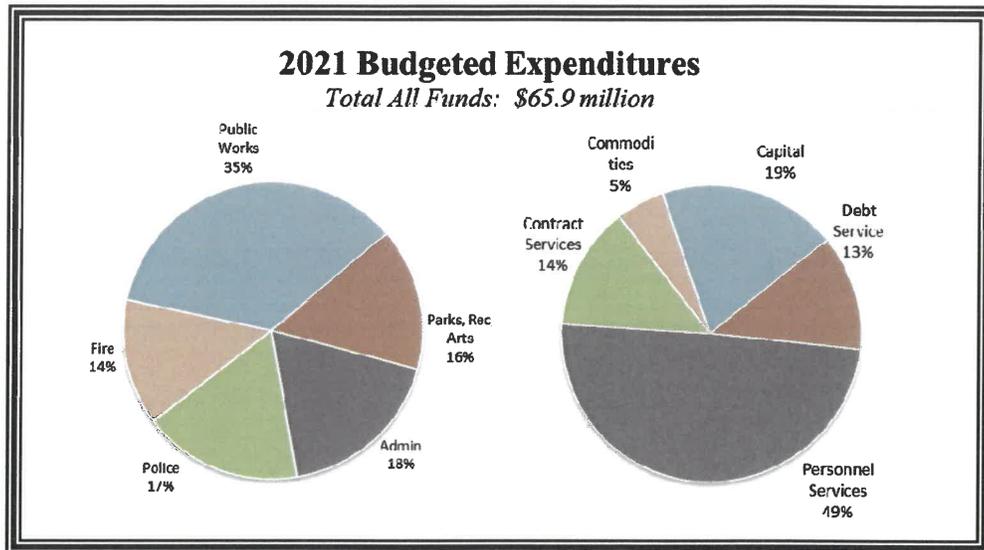
- ❖ Total revenue is expected to increase in 2021 by 3.0% or \$1,855,882.
- ❖ For 2021, the mill levy is 24.548; no change from last year.



- ❖ Property taxes, of \$25,905,266, represent 41% of the total 2021 budget. Staff is projecting an increase of 4.67% in assessed valuation for 2021, and growth of 3.30% for 2022, 3.20% for 2023 and 3.10% for 2024. When converted to assessed valuation, real property increased by 5.63%, as compared to an increase of 5.89% last year. The County Clerk will distribute the final assessed valuation at year-end.
- ❖ Sales and Use Tax comprises 30% of total revenue in 2021 and is expected to rise 1.50%, in total for all categories, from 2020. Included in the 2021 budget is \$18,689,500 and \$18,413,900 in the 2020 estimated budget. Total collections in 2019 were 1.4% higher than 2018 and 1.5% lower than the 2019 estimated budget. The collections in 2019 for *City* sales and use taxes *only* were 2.2% higher than the 2018 actuals, and 0.7% lower than the 2019 Estimated budget.
- ❖ Other Governmental Revenues total 29% of the budget, or \$18,409,634. Included in this area are: franchise fees; taxes on motor and recreational vehicles; alcohol and gasoline taxes as distributed from the State; special assessment payments on bonded projects; contributions from other entities for major street projects; licenses and permits, fees for recreational activities or classes, and court fines/forfeitures.

***Expenditure Highlights***

- ❖ Expenditures for 2021 decreased by 4.9% or \$3,420,000.
- ❖ Personnel Services will increase by 4.3% over the 2020 Estimated Budget, totaling \$32,487,100 in 2021. A 3.9% factor has been applied to base wages to cover merits, promotions and career development changes. Also in 2021 are increases for health insurance, social security, unemployment payments, group life insurance, state pension plans and long-term disability plans.



- ❖ Operating expenses, which include contractual services and commodities, has decreased by \$254,300, or 2.0%, from the 2020 Estimated Budget. All types of building, vehicle, and liability insurance are expected to increase by \$62,000, or 15.0%, from 2020. This increase has been offset by lower building maintenance repairs and changes in expendable equipment replacements.
- ❖ Capital costs are projected to decrease by 22.4%, or \$3,691,800, from 2020. Planned 2021 pay-as-you-go capital expenses include: Arterial & Residential street projects (\$6,838,000); storm repair projects (\$500,000); Park improvement projects (\$600,000); replace Ironwoods Lodge kitchen appliances & repainting of the Aquatic Center pool (\$220,000); public art (\$115,000); building and facility improvements (\$215,000); and vehicle/equipment replacements (\$1,989,000).
- ❖ Debt is projected to decrease by 8.9%, or \$809,800 from the 2020 Estimated Budget. The debt for the 2000 park improvements is paid in full in 2020; and no new general obligation debt issuance is planned for 2020. An issuance is planned for 2021 totaling \$20,328,998, with the first payment beginning in 2022.

The activity for each budgeted fund is reflected in the following table.

<b>EXPENDITURE SUMMARY, All Budgeted Funds</b>			
<b>FUND</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<b>Actual</b>	<b>Estimate</b>	<b>Budget</b>
<i>General Purpose</i>	\$40,936,160	\$45,687,700	\$47,039,600
<i>Special Revenue Funds</i>			
Special Alcohol	382,811	390,000	365,000
Special City St/Hwy	1,484,135	2,012,000	1,660,900
Special Parks/Rec	339,929	983,900	743,500
Special Law Enforce	0	20,900	7,300
Transient Guest Tax	0	0	0
<i>Capital Project Funds</i>			
City Equipment	1,123,659	2,908,800	1,989,000
Street Improvements	3,629,998	2,171,000	5,177,100
Capital Improvements	1,192,792	2,256,700	471,300
1/8 Cent Sales Tax	1,125,778	3,562,600	500,000
City Capital Art	105,288	185,000	115,000
Park Impact	0	205,000	0
Public Art Impact	3,000	95,000	0
135th St Corridor Impact	0	0	0
<i>Debt Service</i>	11,466,239	8,822,100	7,812,000
<b>TOTAL BUDGETED FUNDS</b>	<b>\$61,789,789</b>	<b>\$69,300,700</b>	<b>\$65,880,700</b>

## **FUND HIGHLIGHTS**

### **General Fund**

The General Fund is the principal fund of the City, accounting for all financial transactions not accounted for in other funds. Anticipated revenue in 2021 is \$50,163,400 with the largest source coming from property tax collections. The General Fund expenditures, of \$54,020,700, comprise 73.3% of expenses planned for all budgeted funds. The majority of the total expenses in the General Fund, or 60%, is for the payment of wages and benefits for the City's employees. Other notable spending planned for 2021 from the General Fund include:

- \$13,200 within the Fire Department for re-accreditation expenses.
- \$120,000 to replace the existing garage doors at Fire Stations #2 and #3.
- \$384,200 for the lease purchase payment for a Quint replaced in 2019, and a Fire platform truck and two Fire pumpers replaced in 2016 and 2011.
- \$305,500 in the Police Department to replace 5 Patrol vehicles, 2 Investigation vehicles & 1 motorcycle.
- \$75,000 in the Police Department to pay Johnson County Sheriff's Office for prisoner holding expense; and \$65,000 to pay for the outside management of the school crossing guard program.
- \$15,000 in Public Works for annual tree limb removal to be used after major weather events.
- \$70,000 for culvert cleaning; \$12,000 for Operation Green light; and \$14,000 to update the traffic model and GASB streets/storm water.
- \$340,000 in Public Works for the third and final year to replace streetlights on State Line from 103<sup>rd</sup> to northern city limits.
- \$600,000 in Public Works to replace 3 dump bodies, 2 pickup trucks, a message board, an EZ melter machine, two-way radios, a color cutter/plotter/scanner and a brine system w/saddle tanks.
- A total of \$100,000 in Park Maintenance for contractual and in-house trail repairs; and \$25,000 for tree/shrub plantings.
- \$419,500 for the replacement of mowing and landscape care equipment for the Golf Course.
- \$57,900 for the first year payment of a 4-year lease for golf carts at the Ironhorse Golf Course.

### **Special Revenue Funds**

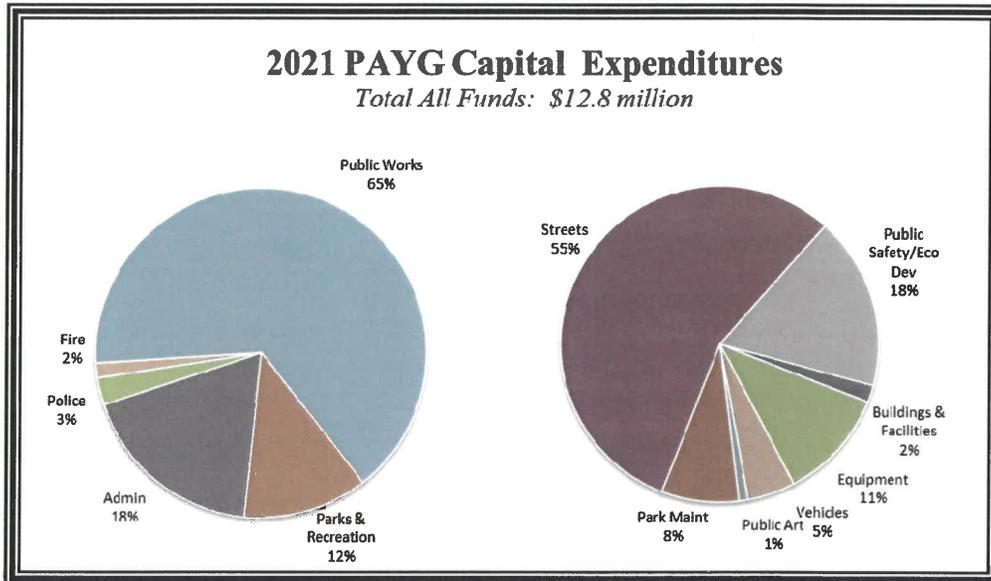
Leawood has five budgeted Special Revenue Funds: the Special Alcohol Fund, the Special City/County Highway Fund, the Special Parks & Recreation Fund, the Special Law Enforcement Fund, and the Special Transient Guest Tax Fund. Special Revenue Funds are used to account for revenue derived from specific taxes, governmental grants or other revenue sources, which are designed to finance particular functions or activities of the City.

The Alcohol Fund for 2021 includes a transfer of \$262,000 to the General Fund which will help offset the cost of the Leawood D.A.R.E. program; a total of \$325,000 to the Johnson County Drug and Alcohol Awareness Council; \$25,000 for a countywide co-responder for police needs; and \$15,000 for local after-prom and after-graduation events. The Special City County Highway Fund includes \$1,660,900 for mill and overlay repairs. The Special Parks & Recreation Fund will finance

100% of the park improvements, or \$600,000, as identified in the Parks Master plan in 2021. The Special Law Enforcement Fund collects the City’s share of forfeiture monies and can be used for police equipment. It is estimated that expenses may be approximately \$28,200 between 2020 and 2021. The Special Transient Guest Tax Fund consists of quarterly hotel tax payments disbursed from the State. The current transient guest tax rate is 8%.

**Capital Project Funds**

The Governing Body continues its commitment to capital investments. Capital Funds coordinate resources used for the acquisition and/or construction of capital projects or equipment or other fixed assets or infrastructure improvements, not being financed by other funds. The City has eight capital funds, which include: the City Equipment fund; the Street Improvements fund; the Capital Improvements fund; the 1/8-Cent Sales Tax (storm & street repairs) fund; the City Capital Art fund; and three impact fee funds for parks, public art, and the improvements along the 135<sup>th</sup> Street corridor. In fiscal year 2021, the Capital Improvement Program totals \$12.8 million dollars. These funds are used to replace and to purchase new capital equipment, for improvements and additions to municipal facilities, storm drainage, and street maintenance and repairs. This represents 19.5% of the total budget of \$65,880,700, lower than the 23.8% in 2020.



**PERSONNEL HIGHLIGHTS**

- ◆ Personnel costs and benefits represent a 4.3% increase over the 2020 estimate. In the 2020 Estimated budget, three casual/seasonal positions were added, including: a 0.23 FTE Intern position to Planning; and two 0.25 FTE’s to the Cultural Arts & Theater programs in Parks/ Recreation. A 0.31 FTE casual/ seasonal position within the Parks/Rec Sports program was eliminated. Also in the 2020 Estimated budget, the part-time/on-call Firefighter positions, 0.69 FTE, were eliminated and a full-time Firefighter position was added.
- ◆ There are no personnel position changes, or new positions, in the 2021 Budget.

**Summary of Personnel**

Year	2017	2018	2019	2020	2021
Full-time	256	258	261	262	262
FTE’s	294.09	293.56	294.56	295.02	295.02

- ◆ The 2021 budget provides funding for wages for current employees at a 3.9% above the 2020 estimated budget. No cost of living increases are budgeted; however, funds are included for performance increases, which can be granted by management using a range of 0.0% to 3.9%. The 2021 budget is projected conservatively and assumes full employment. The 2021 total budget for all types of wage payments (full-time, part-time, casual/seasonal, overtime and other) is projected to grow by a total of 3.4%, over the 2020 estimated budget wage base.
- ◆ The City of Leawood Human Resources Department continues to collaborate with Blue Cross to increase awareness and education of healthy lifestyle choices among employees. A 10% growth in health insurance rates is anticipated in 2021; however, the actual change from the 2020 Estimate budget to 2021 is 11.4% due assumed full employment. A total of \$3,996,827 is budgeted for 2021. All other benefits, including KPERS & KP&F, social security, disability, etc. increase by 4.0% from 2020 to 2021.
- ◆ Contribution rates for both the Kansas Public Employees Retirement System (KPERS) and the Kansas Police and Fire (KP&F) employees are projected to increase in 2021. The 2021 budget includes the KPERS employer rate changing from 9.61% to 9.87%; and the KP&F rate from 21.93% to 22.80%. The contribution rate for employees in the KPERS system is 6.00% and 7.15% for KP&F employees. For the year ended June 30, 2019, KPERS 25-year investment return average was 8.40 percent, exceeding the 7.75 percent target. The valuation showed the System's funded ratio remained constant at 68%, but still below the 80% target which is expected for public pension plans. While the system does not have an immediate crisis, long-term funding requires ongoing, careful oversight. At the close of the 2019 fiscal year, projections show the unfunded actuarial liability will extinguish in 2033 as scheduled. However, to meet this projection, continued funding improvement hinges on meeting the investment return target over time and consistent funding with increasing employer contributions to match actuarial funding requirements.
- ◆ Historically, the City has been a trustee in a workers' compensation trust (Kansas Eastern Region Insurance Trust), which has been effective in helping to manage work-related injuries and illnesses. The trust allows the City to directly benefit when its experience rate decreases. In 2019, the City paid a total premium of \$241,038 for workers compensation to KERIT; and later in the year, received a dividend in the amount of \$53,184 because of a successful safety program and capable claims management for prior claim years. These dividends are not guaranteed. The 2021 Budget includes \$226,000 for the annual KERIT payment, with \$252,000 in 2020.

#### **LONG TERM STRATEGIC FINANCIAL PLANNING**

The City's financial planning model includes several long-term strategic assumptions. These assumptions are linked to operating and capital projections. Modeling helps to assure decisions made today can be funded tomorrow. The assumptions used in the model include:

**Demographic/Geographic Assumptions:**

- ✓ Population will grow at .5% annually; for 2021, it is estimated at 35,629. The 2010 Census assigned Leawood a population of 31,867.

**Revenue Assumptions:**

- ✓ No Mil Levy increases are included in the financial planning model.
- ✓ Assessed Valuation projections of 4.67% for 2021; 3.30% in 2022; 3.20% - 3.10% thereafter.
- ✓ All Sales and Use tax categories are projecting revenue growth of 1.50% for 2021; followed by 1.75% in 2022 and 2.00% thereafter.
- ✓ All other revenue annual growth of 2.0% to 3.0% each year.
- ✓ Interest Income of .6% in 2021; and 1.0% - 2.0% in 2022-2026.

**Expenditure Assumptions:**

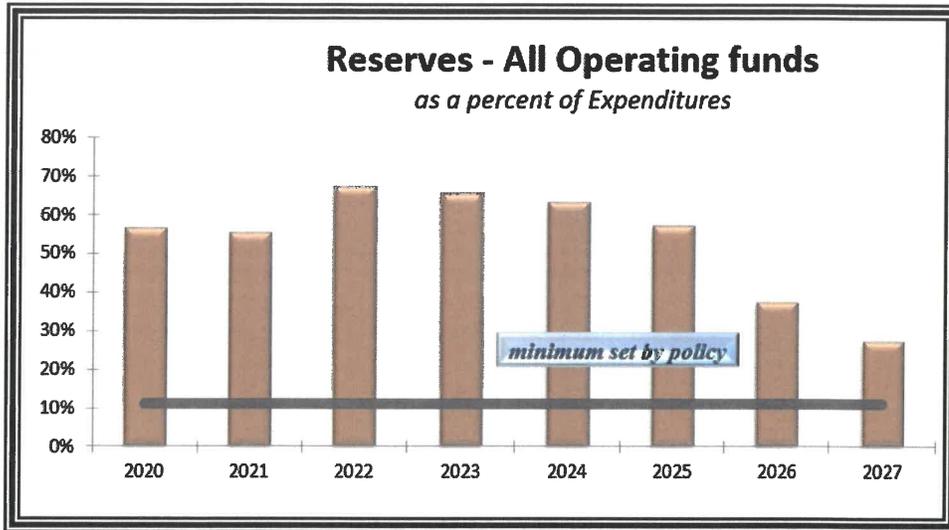
- ✓ The financial planning model *does not* include the addition of new positions.
- ✓ The financial planning model reflects annual salary increases, based on performance, at a maximum of 3.9% in each year.
- ✓ Growth in health Insurance rates beginning at 10.50% in 2022 and increasing slightly each year to 11.50% in 2026, in the model.
- ✓ Benefit growth of 5.80% in 2022; increasing each year to 6.00% in 2026, in the model.
- ✓ Contractual Services and Commodities for 2022-2026, growth at 1.5% annually.

**Debt-Financed Capital Programs:**

- ✓ The 2021-2025 Capital Improvement Program (C.I.P.), was approved by the Governing Body in July, 2020. A total of \$70.7m in project costs, with Leawood assuming 98%, are included.
- ✓ Phase III of the *Accelerated Street Reconstruction Program* will not occur in 2021 as planned, but will resume in 2023 and continue every other year with \$3.0million. This program is financed with long-term debt.
- ✓ The debt-financed *Stormwater Improvements Program* began in 2018 with \$3.0 million and continues every other year, with the amount increasing to \$3.5 million in 2022. The replacement program will address over 105,000 linear feet of pipe. This program will continue every other year until all expenditures reach \$35 million.
- ✓ Continuing in the C.I.P. are the inclusion of several projects to bury overhead power lines. These debt-financed improvements will be completed in conjunction with planned PAYG arterial street projects.

**FINANCIAL POSITION**

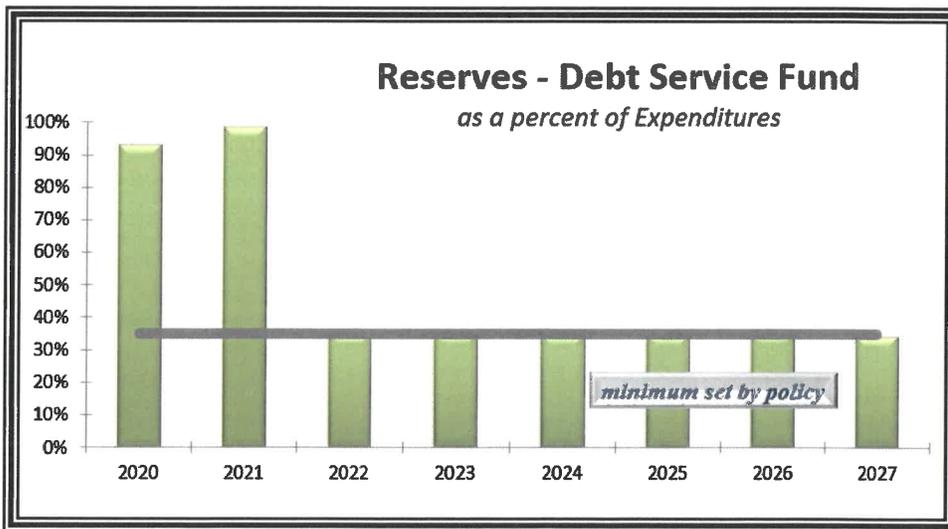
At the close of 2021, the City's operating reserves are expected to be at 55% of expenditures, which is above the minimum set by the Governing Body. Reserves are established for three purposes: cash flow, natural emergencies, and large pay-as-you-go capital projects.



Leawood continues to be in a fortunate position and have good reserves. As major pay-as-you-go capital projects are completed, it is projected that the reserves over the next seven years will continue to be above the 11% goal. As discussed in the Budget & Financial Policies section of this document, Leawood’s minimum policy is to have at least 8.33% on hand at all times.

Debt reserves are maintained to deal with a variety of issues. These total \$7,707,000 in the 2021 Budget or 99% of debt service expenditures. This reserve level provides a financial cushion for the City for any unanticipated change in the economy, lower revenue collections, as well as to add a layer of protection should special benefit tax payments become delinquent. Excellent reserve levels provide financial security for all stakeholders.

Each year the City staff and the City Council carefully review the capital improvements to be debt financed. With this process, there is a clear understanding that the capital obligations made today will be balanced against the cost and the service levels provided in the future.



I would like to take this opportunity to thank Mayor Dunn and the City Council for their consistent and positive approach to sustaining growth in a professional and straightforward manner. The Council goals incorporate continued direction for the future of the City, while being ever mindful of maintaining the financial integrity of the City and its core reserves.

The preparation of the Annual Budget is a team approach that maintains and enhances key services while working within financial constraints. The involvement of the Management Team and their support staff demonstrates commitment to this process. Special acknowledgments to Dawn Long, Finance Director and Kathy Byard, Budget Manager for their efforts in preparing this document.

Respectfully submitted,



Scott Lambers  
City Administrator



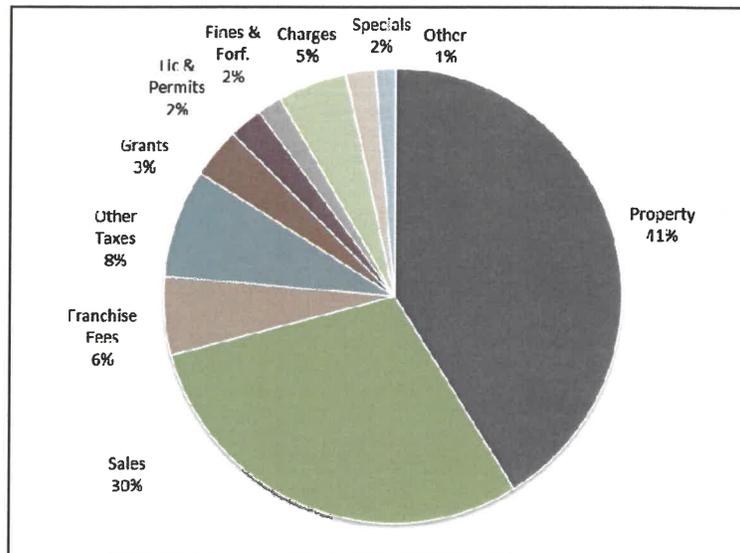
## Budget Summary by Year

Listed below are the funding sources and expenditures for the 2021 Budgeted Funds, by fund type. Included in Special Revenue Funds are Alcohol, Special City Highway, Special Parks, Special Law Enforcement, and Transient Guest Tax Funds. Included in Capital Funds are City Equipment, Street Improvement, Capital Improvements, 1/8 Cent Sales, Park Impact Fee, City Capital Art, Public Art Impact and the 135<sup>th</sup> Street Corridor Impact. This presentation does not include transfers in/out between funds.

	2019 Actual	2020 Estimate	2021 Budget	% change
<b>Beginning Fund Balance</b>	\$46,946,960	\$50,477,582	\$42,325,400	-16.2%
<b>Revenues</b>				
Property Taxes	23,283,361	25,034,627	25,905,266	3.5%
Sales & Use Taxes	18,412,835	18,413,900	18,689,500	1.5%
Franchise Fees	3,404,815	3,510,000	3,510,000	0.0%
Other Taxes	4,957,033	4,880,048	4,862,843	-0.4%
Grants	2,805,307	2,567,000	2,225,500	-13.3%
Licenses & Permits	1,877,546	1,180,500	1,470,500	24.6%
Fines & Forfeitures	1,239,576	1,200,000	1,100,000	-8.3%
Charges for Service	2,913,372	2,013,900	3,057,800	51.8%
Special Assessments	1,309,131	1,583,803	1,300,649	-17.9%
All Other	5,097,339	764,740	882,376	15.4%
<b>Total</b>	<b>\$65,300,315</b>	<b>\$61,148,518</b>	<b>\$63,004,400</b>	<b>3.0%</b>
<b>Expenditures</b>				
<i>by Department</i>				
Administration	12,641,271	11,885,881	11,936,381	0.4%
Police	9,734,354	11,213,300	11,371,100	1.4%
Fire	8,249,961	8,485,335	9,090,104	7.1%
Public Works	22,286,258	25,288,097	23,282,245	-7.9%
Parks, Recreation, Arts	8,877,945	12,428,087	10,200,870	-17.9%
<b>Total</b>	<b>\$61,789,789</b>	<b>\$69,300,700</b>	<b>\$65,880,700</b>	<b>-4.9%</b>
<i>by Character</i>				
Personnel Services	30,004,641	31,151,200	32,487,100	4.3%
Contractual Services	6,404,614	9,077,900	8,875,200	-2.2%
Commodities	2,468,951	3,522,700	3,471,100	-1.5%
Capital	11,110,154	16,485,600	12,793,800	-22.4%
Debt Service	11,801,429	9,063,300	8,253,500	-8.9%
<b>Total</b>	<b>\$61,789,789</b>	<b>\$69,300,700</b>	<b>\$65,880,700</b>	<b>-4.9%</b>
<b>Revenues Over (Under)</b>				
Expenditures	3,510,526	(8,152,182)	(2,876,300)	
<b>Ending Fund Balance</b>	<b>\$50,477,582</b>	<b>\$42,325,400</b>	<b>\$39,449,100</b>	<b>-6.8%</b>



**2021 Budgeted Revenue by Source**  
**Total All Funds \$63.0 million**



Revenues for all budgeted funds in the 2021 Budget are projected to increase by 3.0% from the 2020 Estimated Budget. The areas projecting decreases are: Special Assessments (17.9%), Grants (13.3%), Fines & Forfeitures (8.3%), and Other Taxes (0.4%). The principal debt balance of Special Assessment projects continue to decrease as no new special assessment debt has been assumed for several years. The Grants decrease is due to less County SMAC funded projects and shared costs from other jurisdictions for the Arterial street program. The projection for 2020 fines and forfeitures is lower due to lower actual collections in previous years. The Charges for Services category reflects the largest increase, 51.8%, due to a recovery of lower revenue collections assumed for 2020. Some of the larger revenue categories are:

**Property Tax, 41%:** Total property taxes for 2021 are budgeted at \$25,905,266 and comprise 41% of all City revenues. Staff is projecting a 4.67% increase in assessed valuation for 2021, and growth of 3.30% for 2022, 3.20% for 2023 and 3.10% for 2024. In early 2020, the County Appraiser projected that Leawood’s market value had increased by 6.26% as compared to 7.20% last year. Using this information, when converted to assessed valuation, real property increased by 4.63%, as compared to 5.83% last year.

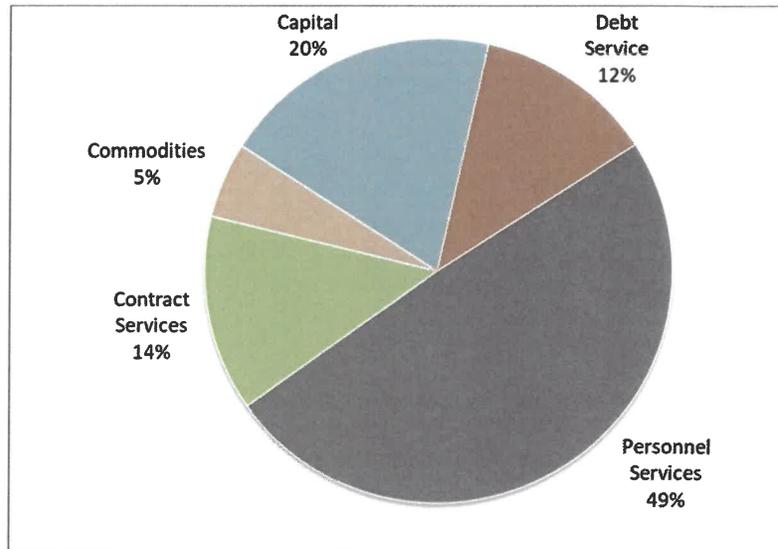
**Sales and Use Taxes, 30%:** Sales tax revenue represents 30% of total 2021 revenue. This category includes the 1-cent City sales tax, County sales tax, the 1/8-cent sales tax, City & County use taxes, and the .25 special county sales taxes. The 2020 Estimated Budget for both City and County sales and compensating use taxes is expected to remain constant to the 2019 actuals. The 2021 Budget anticipates that these areas will increase by 1.50% over the 2020 estimate; followed by 1.75% in 2022 and 2.00% thereafter. The combined total for these areas is \$18,689,500 in 2021.

**Other Taxes, 8%:** This category totals \$4,862,843 in 2021 and comprises 8.0% of City revenues. Included are taxes on Motor Vehicles, the Gasoline Tax, and the Special Alcohol Tax. These revenue sources can be found in the General, Debt Service, Special Alcohol, Special Parks/Recreation and Special Highway Funds.

**Franchise Fees, 6%:** This category totals \$3,510,000 in 2021, remaining unchanged from the 2020 estimate. Included are electricity, gas, telephone, cable and video franchise payments. This area is affected by several factors, such as weather, changes in rates, usage variances, and changes in technology and user demands.



**2021 Budgeted Expenditures by Character**  
**Total All Funds \$65.9 million**



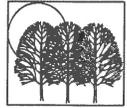
Expenditures for all budgeted funds in the 2021 Budget are projected to decrease 4.9% from the 2020 Estimated Budget. Highlights of each of the budget categories are shown below followed by expenditure activity for departments on the next page.

**Personnel, 49%:** Personnel Services will increase by 4.3% over the 2020 Estimated Budget, totaling \$32,487,100 in 2021. A 3.9% factor has been applied to base wages to cover merits, promotions and career development changes. Also in 2021 are increases for health insurance, social security, unemployment payments, group life insurance, state pension plans and long-term disability plans.

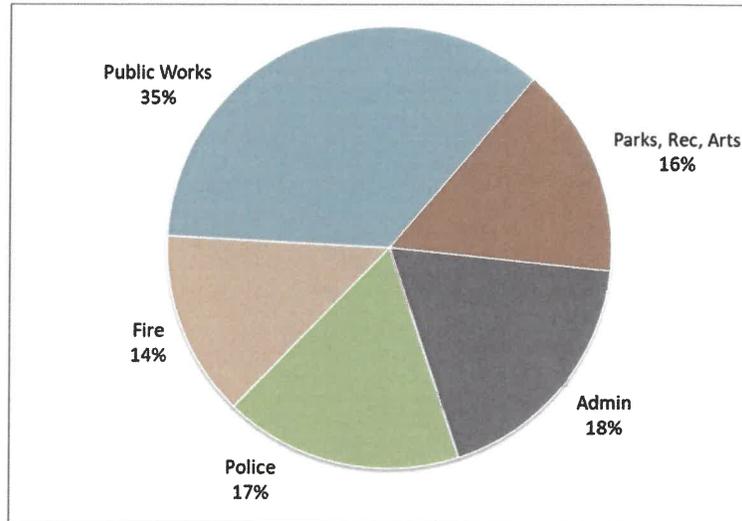
**Operating, 19%:** Operating expenses, which include contractual services and commodities, has decreased by \$254,300, or 2.2%, from the 2020 Estimated Budget. All types of building, vehicle, and liability insurance are expected to increase by \$62,000, or 15.0%, from 2020. Other changes are expendable equipment replacements and minor building improvement projects.

**Capital, 20%:** Capital costs are projected to decrease by 22.4%, or \$3,691,800, from 2020. Planned 2021 pay-as-you-go capital purchases/improvements include: Arterial and Residential street projects (\$6,838,000); storm repair projects (\$500,000); Park improvement projects (\$600,000); replace Ironwoods Lodge kitchen appliances & repainting of the Aquatic Center pool (\$220,000); public art (\$115,000); building and facility improvements (\$215,000); and vehicle/equipment replacements (\$1,989,000).

**Debt Service, 12%:** Debt is projected to decrease by 8.9%, or \$809,800 from the 2020 Estimated Budget. The debt for the 2000 park improvements is paid in full in 2020; and no new general obligation debt issuance is planned for 2020. An issuance is planned for 2021 totaling \$20,328,998, with the first payment beginning in 2022.



**2021 Budgeted Expenditures by Program**  
**Total All Funds \$65.9 million**



**Administration & General Operations, 18%:** Expenditures in these two areas are projected to be slightly higher, or \$50,500, more than 2020. The increase is due to an anticipated 15% increase in building/property/vehicle/other insurance; planned wage/benefit changes, and year-to-year fluctuations in expendable equipment replacements. These are offset by decreases in the capital category.

**Police, 17%:** The Police Department projected expenditures will increase by \$157,800, or 1.0%, from the 2020 estimate. Decreases in capital equipment/vehicle and expendable equipment replacements are offset by planned increases wage and benefit changes and assumed full-staffing. Other planned expenditures include contractual and shared contracts; communication systems with other metropolitan agencies; utilities and operating costs for the Justice Center; gasoline and vehicle repairs; expendable equipment replacements; and officer training.

**Fire, 14%:** The Fire Department budget is \$604,769 higher, or 7.1%, in 2021 over the 2020 estimate. Increases include \$301,700 for planned wage and benefit changes; \$13,200 for re-accreditation expenses; and \$120,000 in capital to replace the garage doors at Fire Stations #2 and #3.

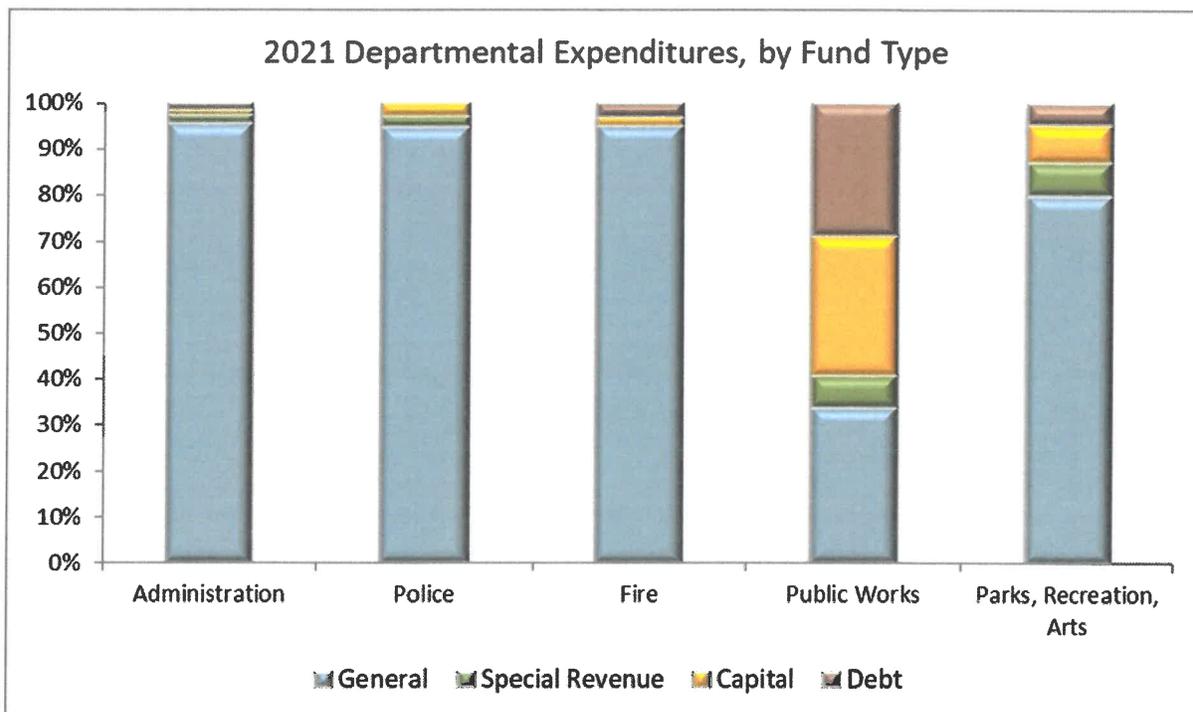
**Public Works, 35%:** The Public Works department is projecting a decrease of 7.9%, or \$2,005,852, from 2020. Increases are included in 2021 for planned wage/benefit changes and higher operating expenses, such as expendable equipment and minor building repairs. Capital decreases from 2020 due to lower street program costs, fewer storm repair projects, and less capital equipment/vehicle replacements. Also decreasing are Debt Service payments as no new General Obligation debt will be issued in 2020.

**Parks, Recreation & Arts, 16%:** A decrease of 17.9%, or \$2,227,217, is reflected in Parks and Recreation from 2020. The largest decrease occurs in the Capital category for the completion of 2019 and 2020 planned park improvements; and the reduction of the annual park improvement funding from \$1.0m to \$0.6m. Also is a decrease for the full payment of the 2000 bonded park improvements. These are offset by increases for planned wage & benefit changes.



**City of Leawood**  
**Budget Request by Department and Fund**  
**For Fiscal Year 2021**

	Administration	Police	Fire	Public Works	Parks	Total
General	\$18,187,300	\$11,022,000	\$ 8,629,400	\$ 8,031,900	\$ 8,150,100	\$54,020,700
Special Alcohol	365,000	262,000	-	-	-	627,000
Special City Highway Fund	-	-	-	1,660,900	-	1,660,900
Special Parks & Rec Fund	-	-	-	-	743,500	743,500
Special Law Enforcement Fund	-	7,300	-	-	-	7,300
Special Transient Guest Tax Fund	-	-	-	-	-	-
City Equipment Fund	195,000	305,500	65,000	940,000	483,500	1,989,000
Street Improvement Fund	-	-	-	5,177,100	-	5,177,100
Capital Improvements Fund	-	36,300	120,000	95,000	220,000	471,300
1/8 Cent Sales Tax Fund	-	-	-	1,000,000	-	1,000,000
City Capital Art	-	-	-	-	115,000	115,000
Park Impact Fee	-	-	-	-	-	-
Public Art Impact Fee	-	-	-	-	-	-
135 <sup>th</sup> St Corridor Impact Fee Fund	-	-	-	-	-	-
Debt Service Fund	170,181	-	275,704	6,877,345	488,770	7,812,000
<b>TOTAL</b>	<b>\$18,917,481</b>	<b>\$11,633,100</b>	<b>\$ 9,090,104</b>	<b>\$23,782,245</b>	<b>\$10,200,870</b>	<b>\$73,623,800</b>



\*Presentation does include transfers in/out between funds.



## MAJOR REVENUE HIGHLIGHTS

The 2021 budget is based on projected receipts of taxes, fees and other revenues with a total of \$63,004,400. Major categories of City revenue, the projection assumptions and methodology are as follows:

### Ad Valorem Property Tax

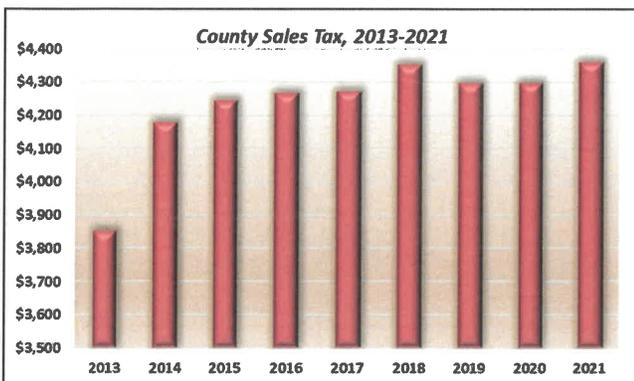
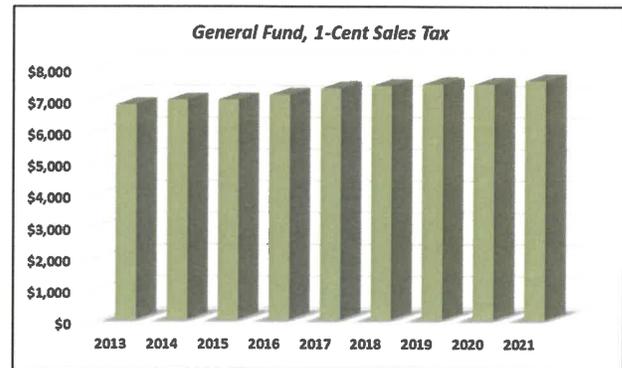
Comprising 41% of City revenue, fiscal year 2021 ad valorem property tax receipts are estimated at \$25,905,266. Property taxes are collected on the assessed valuation of taxable real and tangible personal property. The Office of the Johnson County Clerk provides the estimated assessed valuation used in budget preparation. The assessed valuation for the 2021 budget is \$1,064,931,046 for Leawood, 4.67% higher than the 2020 certification of \$1,016,446,539. Estimated projections are received from the County Clerk on June 15<sup>th</sup> and certified by year-end. The chart below graphically shows Leawood's assessed valuation.



This revenue projection reflects property taxes for both the General and Debt Service funds. Based upon the projected assessed valuation, the mill levy is then calculated to provide the needed property tax revenue for each of these funds. In 2021, the General Fund portion is budgeted to increase from 18.881 mills to 19.481 mills, and conversely, the Debt Service Fund is budgeted to decrease from 5.667 mills to 5.067. The total mill levy for Leawood's 2021 budget is 24.548.

### City Sales Tax

Comprising 16.0% of the General Fund revenues and being the second largest source of General Fund revenue, City sales tax receipts for 2021 are projected to be \$7,541,700, an increase of 1.50% over the 2020 Estimated Budget. The original 2020 budget for the 1% City sales tax was \$7,814,400. City sales tax collections for 2019 were \$7,429,676, lower than projections by 2.9% but 0.8% higher than the previous year collections.



### County Retail Sales Tax

County retail tax collections are projected at \$4,361,400 for 2021 or a 1.50% increase over the 2020 Estimated Budget of \$4,297,000. Collections for 2019 were \$4,297,066 or 1.3% lower than the 2018 receipts of \$4,352,255.



## 1/8-Cent Sales Tax

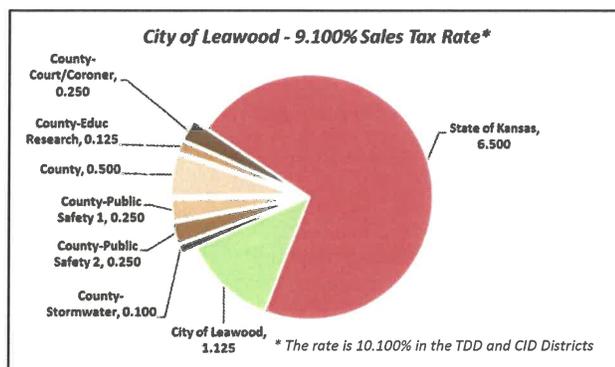
In July 2000, the City began collecting a 1/8-cent sales tax, which was to be used to accelerate repairs to residential streets and City stormwater projects. Initially this tax was effective for five years; voters approved an extension for five more years in August 2004 until 2010; and again in August 2008 for an additional five years until 2015. Another extension was approved in November 2014 extending it until 2021. It will be placed on the November 2020 ballot for another seven-year extension. In 2021, staff recommends \$500,000 for accelerated street repairs and \$500,000 for a portion of the SMAC storm project North of I-435, Mission Farms. The 2020 Estimated Budget includes four storm projects are planned including the completion of the Waterford storm and Patrician Woods storm projects; engineering of the N of I-435/Mission Farms project; and a joint stormwater project with Prairie Village, KS. In some cases, a carryover is reserved until the next year to ensure that funding is available for the total cost of a project, thus causing fluctuations year to year for these repairs.

## Total Sales & Local Use Taxes

The total sales tax paid in Leawood is 9.100%. The City receives 1.125%. One percent to provide for City services and 0.125% for City street and stormwater repairs (1/8-Cent Sales Tax). In the Park Place TDD development district and the Camelot Court CID area, the total sales tax is 1% higher, or 10.100%. The additional sales tax is used to pay for transportation-related or infrastructure improvements in these TDD (Transportation Development District) or CID (Community Improvement District) designated areas.

The State of Kansas receives 6.500% of the total sales tax paid and Johnson County receives 1.475%. Of this, 0.85% provides for county services, stormwater, and public safety. Another 0.125% provides funds for the Johnson County Education Research Triangle. This partnership supports bioscience research and education at existing and planned University of Kansas and Kansas State University facilities in Johnson County, KS. There is no end date for this tax.

Another part is the 0.25% county Public Safety II sales tax, which originally began as an economic development sales tax in January 2003 and was renewed in September 2005 for three years. In August 2008, this sales tax was again approved by voters with no sunset provision. The last part of County sales tax is a 0.25% county Court-house/Coroner Facility sales tax, which began on April 1, 2017. The revenue from this tax will construct those two facilities for the County and will end on March 31, 2027. As with any County sales tax, cities receive a calculated portion. When received, the 0.25% Public Safety sales tax will be placed into the Public Safety fund; and the 0.25% county Courthouse/Coroner Facility sales tax will be placed into the Economic Development fund.



Included in the 2021 Budget is \$18,689,500 for total sales taxes and \$18,413,900 in the 2020 Estimated Budget. It is anticipated that all sales tax areas will increase by 1.50% from 2020 to 2021. The 2019 collections, of \$18,412,835, were 1.4% higher than the 2018 collections.

## Special Assessments

Special assessment revenue is the result of a compulsory levy made against certain properties to defray part of, or all of, the cost of a specific improvement deemed to primarily benefit those properties. Typically, the amount assessed each year to the property owners is

the amount of the annual principal and interest debt due in that year. Once the assessment has been paid and received by the City, the debt payments can be made. Currently, the City has thirteen special assessment general obligation debt projects. No projects are planned for the 2021-2025 capital planning period. The 2021 Budget includes \$1,290,649 in special assessment revenue.



### Gasoline Tax

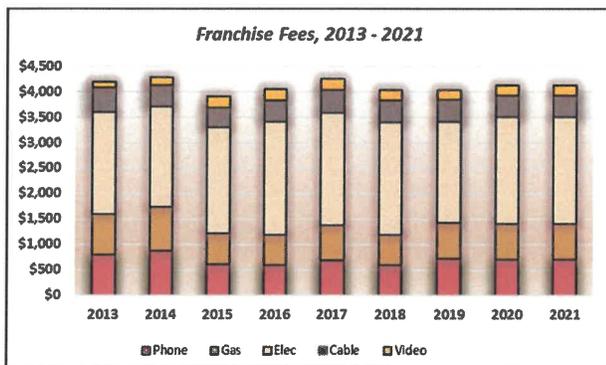
This revenue represents a distribution from the State. Currently, a 24-cent/gallon tax is charged on motor vehicle fuel and a 26-cent/gallon tax on special fuel. The collections are then divided among the County Equalization/Adjustment fund, the State Freeway fund, and the Special City and County Highway fund. From the amount allocated to the Special City and County Highway fund, 57% is allocated to Johnson County and the remaining 43% is distributed to the cities within the county, based on per capita. These funds are to be used specifically for street related expenditures and must be placed in a special revenue fund. The 2021 Budget has projected \$783,380 for this revenue source, and \$891,850 in 2020.

### Alcohol Tax

The State levies a 10% surtax on the sale of all alcoholic beverages sold by any club, caterer or drinking establishment. Of the taxes paid within City limits, 70% are returned to the respective cities and must be allocated 1/3 each to each of the following funds: General, Special Park & Recreation and Special Alcohol. The amount in the Special Park & Recreation fund must be used for the purchase, establishment, maintenance or expansion of services, programs and facilities, all park related. The Special Alcohol portion can be used only for the purchase, establishment, maintenance or expansion of services, education, and programs on alcoholism and drug prevention. The 2021 Budget has projected a total of \$1,518,654 for this revenue source, or \$506,218 for each of the three funds. The projections are received from the League of Kansas Municipalities annually.

### Franchise Fees

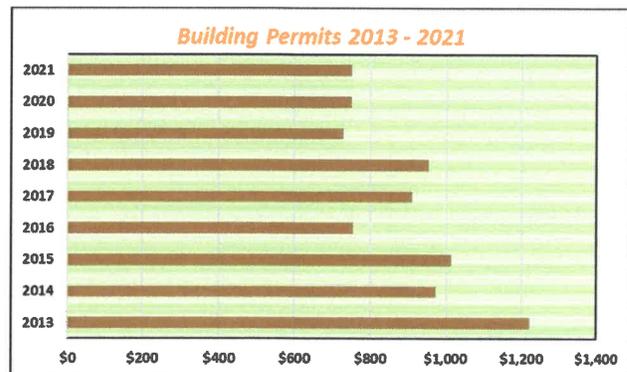
Franchise fees represent a tax levied on utility companies that service Leawood. The tax is based on the utility company's gross receipts and is typically passed onto the consumer. Currently the franchise fee levied on utility companies (telephone, electric, gas, cable, video franchise) is 5%. Comprising 5.6% of total revenues, this category totals \$3,510,000 in both the 2021 and 2020 estimated budgets.



There is some uncertainty involved with these projections as they are based on a combination of rate increases, usage and weather conditions. Collections in 2019 were \$3,404,815 and 3.3% lower than the 2018 receipts of \$3,520,426.

### Licenses and Permits

Licenses and Permits include a variety of building, occupation, and animal fees. The 2021 budget for this category is projected at \$1,470,500 or 2.3% of total revenues. The 2020 estimated budget, of is lower due to lower projections at \$1,180,500. The 2019 collections of \$1,877,546 were 16% lower than the previous year collections of \$2,232,002 primarily due to lower activity in new commercial and multi-family total construction permits. As the City's available and land space continues to decrease, so will this revenue source. Collections for new construction, as realized over the last couple of years, will eventually diminish in future years. Revenue will then consist primarily of permits issued on remodels, reconstruction and maintenance-related repairs.



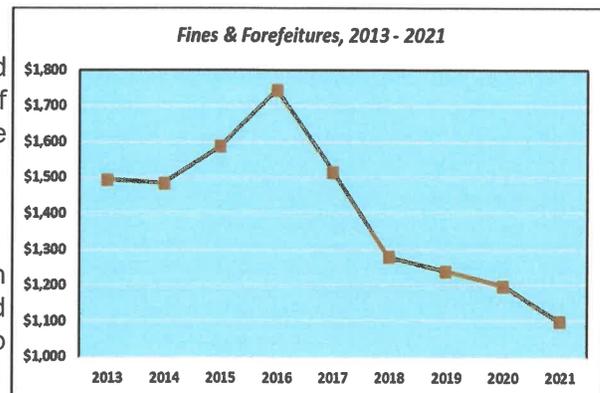


### Charges for Services

This category reflects fees for park and recreation programs, including the Ironhorse Golf Club. The 2021 budget is \$3,057,800, 51.8% higher than the 2020 estimate of \$2,013,900. These are considerably lower due to the Covid19-related closures to events, classes, sporting activities, etc. Collections in 2019 were \$2,913,372. Revenue sources include pool-related fees, nature center, sports, classes, Oxford School activities and golf, including rental revenue from the Ironhorse Golf Vista 154 event space.

### Fines and Forfeitures

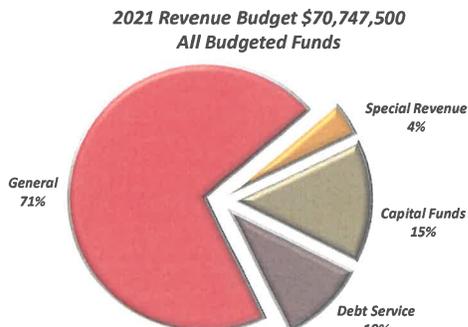
The 2021 Budget includes \$1,100,000 for traffic and court-related fines, and \$1,200,000 in 2020. A total of \$1,239,576 was collected in 2019, 3.3% lower than the 2018 collections of \$1,281,332.



### All Funds Revenue

General Fund revenue is projected to increase by 6.2% in 2021 within Charges for Service, Licenses/Permits and Other primarily to a recovery of the revenue projected to be less in 2020 due to Covid19 effects. The Debt Service Fund projects a decrease of 9.5% due to less property tax and special assessment revenue. Special Revenue fund revenue decreases due to lower Alcohol Tax, Transient Guest Tax and Gasoline Tax receipts. The total of all Capital funds is expected to decrease by 2.1% in 2021 due to less County and/or other shared reimbursements for Arterial street projects. The graph below provides a visual view of the budgeted funds in the 2021 budget. Revenues for all budgeted funds in the 2021 Budget are projected to decrease by 3.0% from the 2020 Estimated Budget. These areas are projecting decreases: Special Assessments (17.9%); Grants (13.3%); Fines & Forfeitures (8.3%); and Other Taxes (0.4%). The principal debt balance of Special Assessment projects continue to decrease as no new special assessment debt has been assumed for several years. The Grants decrease is due to less County SMAC funded projects and shared costs from other jurisdictions for the Arterial street program. The projection for 2021 fines and forfeitures is lower due to lower actual collections in previous years. The Charges for Services category reflects the largest increase, 51.8%, due to growth from Covid19 reductions in 2020.

FUND	2019	2020	2021	%
	Actual	Estimate	Budget	Change
<b>General Purpose</b>	\$48,070,189	\$47,222,251	\$50,163,400	6.2%
<b>Special Revenue Funds</b>				
Special Alcohol	505,784	479,073	511,200	6.7%
Special City St/Hwy	2,020,484	1,609,495	1,454,700	-9.6%
Special Parks/Rec	510,903	610,031	515,700	-15.5%
Special Law Enforce	765	374	200	-46.5%
Transient Guest Tax	446,985	357,160	429,000	20.1%
	\$3,484,921	\$3,056,133	\$2,910,800	-4.8%
<b>Capital Project Funds</b>				
City Equipment	1,727,085	2,660,071	2,715,000	2.1%
Street Improvements	3,178,250	2,217,057	4,053,500	82.8%
Capital Improvements	1,174,847	2,575,067	2,612,800	1.5%
1/8 Cent Sales Tax	1,743,873	3,106,684	957,000	-69.2%
City Capital Art	78,627	41,505	37,100	-10.6%
Park Impact	26,088	2,042	800	-60.8%
Public Art Impact	6,454	1,621	2,400	48.1%
135th St Corridor Impact	4,389	1,448	2,200	51.9%
	\$7,939,613	\$10,605,495	\$10,380,800	-2.1%
<b>Debt Service</b>	\$11,077,066	\$8,062,358	\$7,292,500	-9.5%



The City continues to have a diversified revenue base. The largest category, 41%, comes from property taxes; followed by sales taxes of 30%; and lastly other governmental revenue of 29%, which includes franchise fees, licenses, permits and charges for services.



## SALES TAX HISTORY

SALES TAX RATE - LEAWOOD, KS	
(Excludes Special Districts)	
State of Kansas.....	6.500%
Leawood, KS.....	1.000%
1/8 Cent Sales Tax.....	0.125%
Johnson County.....	0.500%
Stormwater.....	0.100%
Public Safety.....	0.250%
Public Safety II.....	0.250%
Education Research Triangle....	0.125%
County Court/Coroner Facility...	0.250%
	<b>9.100%</b>

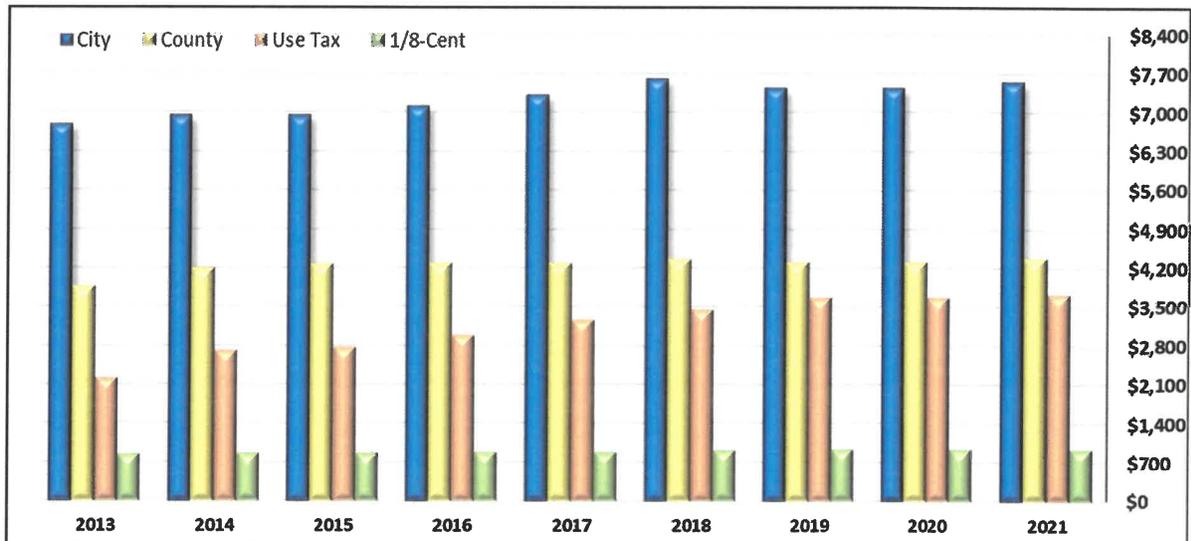
The City levies a 1.125-cent local option sales and use tax on all applicable goods and services purchased or provided within the City. The total sales tax paid in Leawood, excluding the special districts, is 9.100%. Besides the City's 1.125-cent tax, the State levies a 6.500-cent tax, Johnson County levies a 1.350-cent tax, and the Johnson County Education Research Triangle levies a 0.125-cent tax. The City has two special districts: one Transportation Development District (TDD); and one Community Improvement District (CID) each of which levies an additional 1.00% sales tax.

The City currently has 2 designated Special Districts:	
Park Place TDD.....	10.100%
Camelot Court CID.....	10.100%

Year	City Retail Sales Tax 1%	County Retail Sales Tax	1/8-Cent Sales Tax	City Compensating Use Tax	County Compensating Use Tax	County Public Safety II .25% Tax**	County County/Coroner .25% Tax**	TOTAL *
2013	\$6,778,035	\$3,851,224	\$845,979	\$1,529,316	\$687,942	\$907,835	\$0	\$14,600,331
2014	\$6,926,500	\$4,177,979	\$863,059	\$1,908,175	\$795,244	\$994,049	\$0	\$15,662,006
2015	\$6,932,102	\$4,244,596	\$863,362	\$1,928,293	\$820,996	\$1,013,173	\$0	\$15,802,522
2016	\$7,092,955	\$4,267,284	\$884,323	\$2,108,032	\$874,574	\$1,028,374	\$0	\$16,255,542
2017	\$7,293,234	\$4,271,271	\$878,052	\$2,344,737	\$903,983	\$1,035,053	\$790,542	\$17,516,872
2018	\$7,581,789	\$4,352,255	\$917,858	\$2,510,728	\$928,397	\$1,056,133	\$1,056,127	\$18,403,287
2019	\$7,429,676	\$4,297,066	\$924,556	\$2,689,087	\$966,874	\$1,052,790	\$1,052,784	\$18,412,835
2020 Est	\$7,429,700	\$4,297,000	\$924,600	\$2,689,100	\$966,900	\$1,052,800	\$1,052,800	\$18,413,900
2021 Bud	\$7,541,700	\$4,361,400	\$938,500	\$2,729,300	\$981,600	\$1,068,500	\$1,068,500	\$18,689,500

\* Not included in the total are the 1-cent sales tax projections for the City's two Special Districts.

\*\* These funds are placed into non-budgeted capital funds and reserved for public safety expenditures and/or economic development.



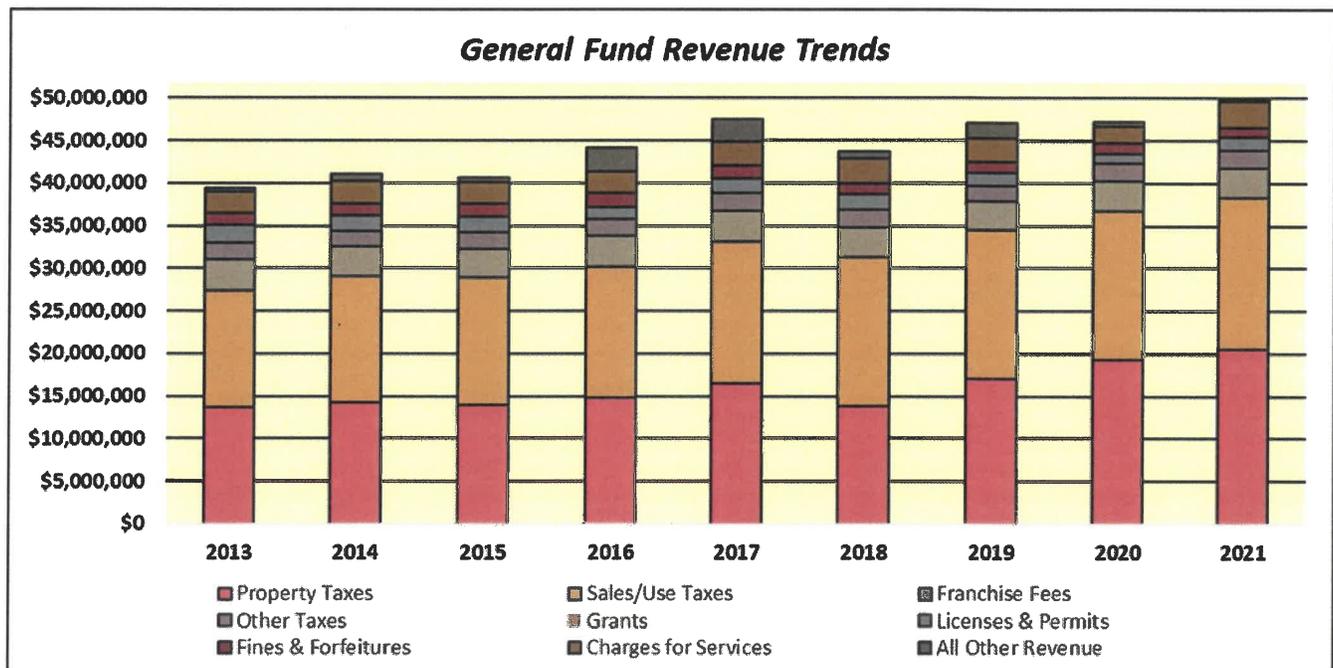
City sales and City compensating use taxes are a major source of revenue for the City. Without it, the City mill levy would have to increase 9.64 mills in 2021 to compensate for lost revenues or City-provided services would need to be reduced.



## GENERAL FUND REVENUES

The General Fund revenues are projected to increase 6.2% from the 2020 estimate to a total of \$50,163,400 in 2021. The only category showing a decrease is Fines & Forfeitures. The largest increase is reflected in the Charges for Services category due to the Covid19-related closures to events, classes, sporting activities in 2020. Other increases are planned in Licenses/Permits and the All Other categories. The General Fund revenues are as follows:

Category	2019 Actual	2020 Estimate	2021 Budget	% Change
Property Taxes	\$ 17,030,086	\$ 19,239,909	\$ 20,540,686	6.8%
Sales/Use Taxes	17,488,279	17,488,300	17,751,000	1.5%
Franchise Fees	3,340,815	3,510,000	3,510,000	0.0%
Other Taxes	1,786,754	2,093,516	2,152,813	2.8%
Grants	4,935	0	0	0.0%
Licenses & Permits	1,463,219	1,180,500	1,470,500	24.6%
Fines & Forfeitures	1,239,576	1,200,000	1,100,000	-8.3%
Charges for Services	2,913,372	2,013,900	3,057,800	51.8%
All Other	1,487,153	239,307	318,619	33.1%
Transfers In	<u>1,252,000</u>	<u>257,000</u>	<u>262,000</u>	<u>1.9%</u>
<b>Total</b>	<b>\$ 48,070,189</b>	<b>\$ 47,222,432</b>	<b>\$ 50,163,400</b>	<b>6.2%</b>

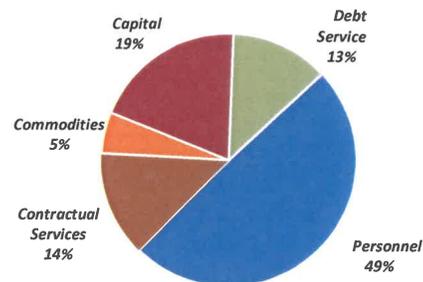




## EXPENDITURE HIGHLIGHTS

Total expenditures, for all funds, are expected to be \$65,880,700 in 2021. Total governmental expenditures for 2021 are budgeted as follows:

EXPENDITURE SUMMARY, All Budgeted Funds				
DEPARTMENT	2019 Actual	2020 Estimate	2021 Budget	% Change
<i>General Government</i>				
General Operations	\$6,601,293	\$5,231,881	\$5,192,981	-0.7%
City Administration	649,881	579,400	618,800	6.8%
Finance	792,542	908,200	943,900	3.9%
Information Services	1,216,634	1,431,900	1,388,900	-3.0%
Human Resources	611,929	690,800	702,100	1.6%
Legal Services	558,711	621,000	632,300	1.8%
Municipal Court	579,299	707,700	684,200	-3.3%
Community Development	1,630,982	1,715,000	1,773,200	3.4%
	<b>\$12,641,271</b>	<b>\$11,885,881</b>	<b>\$11,936,381</b>	<b>0.4%</b>
<i>Public Safety</i>				
Police	\$9,734,354	\$11,213,300	\$11,371,100	1.4%
Fire	8,249,961	8,485,335	9,090,104	7.1%
	<b>\$17,984,315</b>	<b>\$19,698,635</b>	<b>\$20,461,204</b>	<b>3.9%</b>
<i>Public Works</i>	<b>22,286,258</b>	<b>25,288,097</b>	<b>23,282,245</b>	<b>-7.9%</b>
<i>Parks, Recreation &amp; Arts</i>	<b>8,877,945</b>	<b>12,428,087</b>	<b>10,200,870</b>	<b>-17.9%</b>
<b>TOTAL BUDGETED FUNDS</b>	<b>\$61,789,789</b>	<b>\$69,300,700</b>	<b>\$65,880,700</b>	<b>-4.9%</b>



EXPENDITURE SUMMARY, All Budgeted Funds				
By CHARACTER	2019 Actual	2020 Estimate	2021 Budget	% Change
Personnel	30,004,641	31,151,200	32,487,100	4.3%
Contractual Services	6,404,614	9,077,900	8,875,200	-2.2%
Commodities	2,468,951	3,522,700	3,471,100	-1.5%
Capital	11,110,154	16,485,600	12,793,800	-22.4%
Debt Service	11,801,429	9,063,300	8,253,500	-8.9%
<b>TOTAL BUDGETED FUNDS</b>	<b>\$61,789,789</b>	<b>\$69,300,700</b>	<b>\$65,880,700</b>	<b>-4.9%</b>

Expenditures in the General Government departments, in 2021, are projected to be slightly higher, by 0.4%, than 2020. The increase is due to an anticipated 15% increase in building/property/vehicle/other insurance; planned wage/benefit changes, and year-to-year fluctuations in expendable equipment replacements. These are offset by decreases in the capital category.

The Police Department projected expenditures will increase by \$157,800, or 1.4%, from the 2020 estimate. Decreases in capital equipment/vehicle and expendable equipment replacements are offset by planned increases wage and benefit changes and assumed full-staffing.

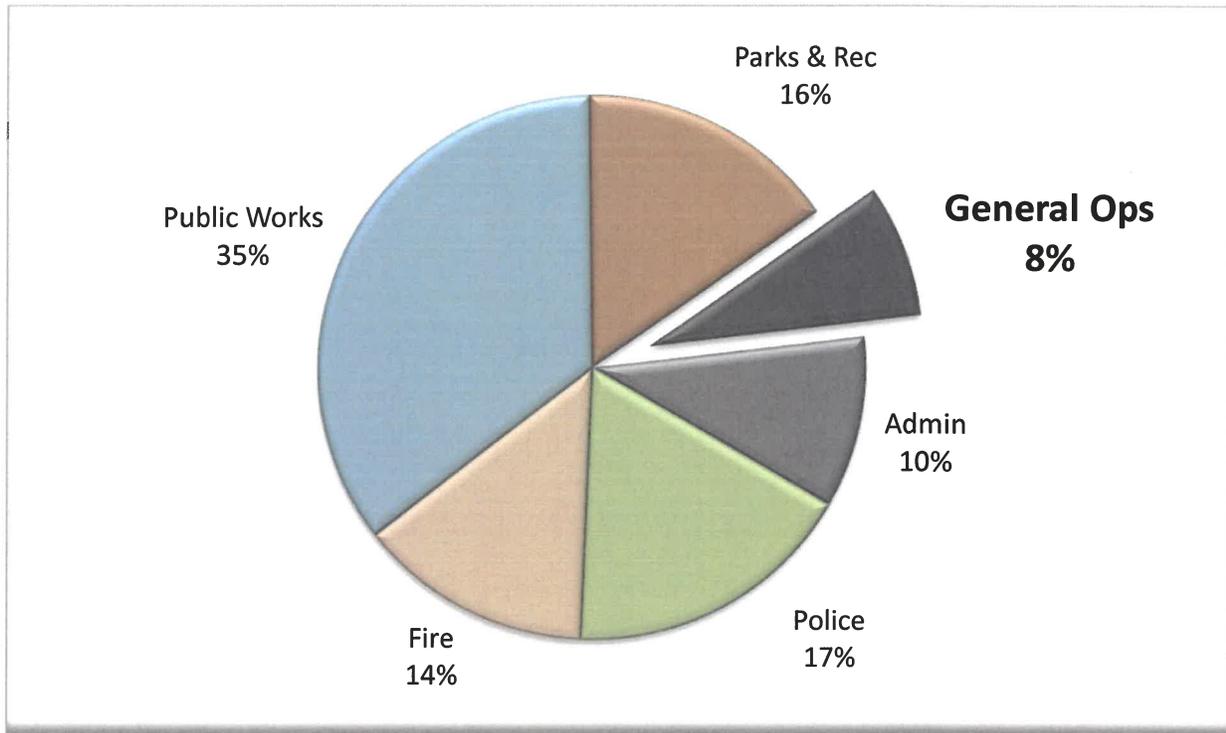
The Fire Department budget is \$604,769 higher, or 7.1%, in 2021 over the 2020 estimate. Increases include \$301,700 for planned wage and benefit changes; \$13,200 for re-accreditation expenses; and \$120,000 in capital to replace the garage doors at Fire Stations #2 and #3.

The Public Works department is projecting a decrease of 7.9%, or \$2,005,852, from 2020. Increases are included in 2021 for planned wage/benefit changes and higher operating expenses, such as expendable equipment and minor building repairs. Capital decreases from 2020 due to lower street program costs, fewer storm repair projects, and less capital equipment/vehicle replacements. Also decreasing are Debt Service payments as no new General Obligation debt will be issued in 2020.

A decrease of 17.9%, or \$2,227,217, is reflected in Parks and Recreation from 2020. The largest decrease occurs in the Capital category for the completion of 2019 and 2020 planned park improvements; and the reduction of the annual park improvement funding from \$1.0m to \$0.6m. Also is a decrease for the full payment of the 2000 bonded park improvements. These are offset by increases for planned wage & benefit changes.

# General Operations

Budget: \$5.2M Elected Officials: 9



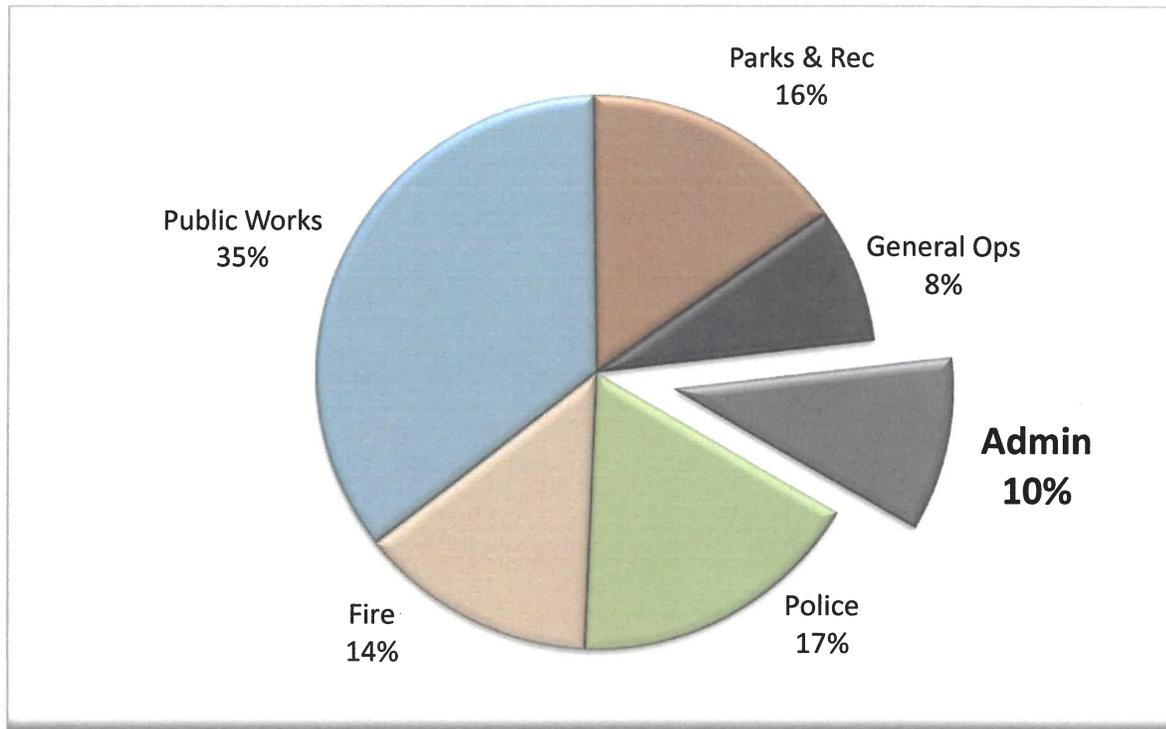
General Operations establishes policies, goals, and objectives to direct the staff in the provision of quality services to the public. Provides leadership, represents the City's best interests and encourages effective and timely action to achieve stated objectives. Seeks ways to encourage and expand citizen participation in local government. Accounts for citywide expenditures associated with multiple programs or departments.

## Council Priorities

- *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.*

# ADMINISTRATION

Budget: \$6.7M Positions: 43.41



## Council Priorities

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.

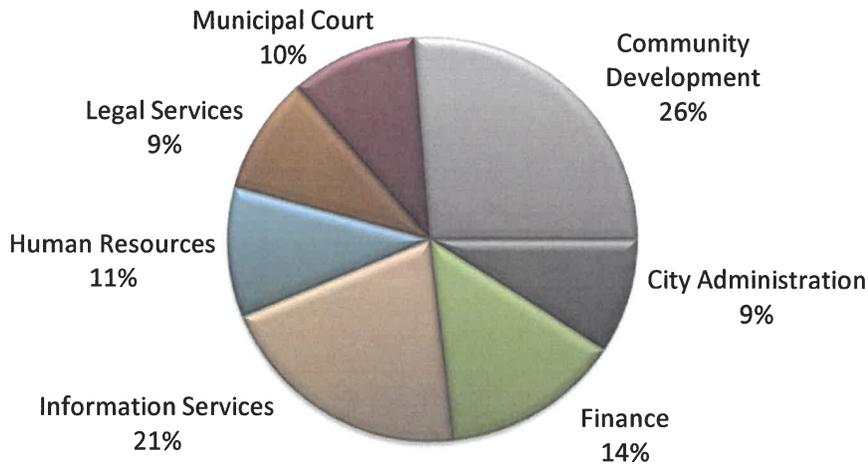
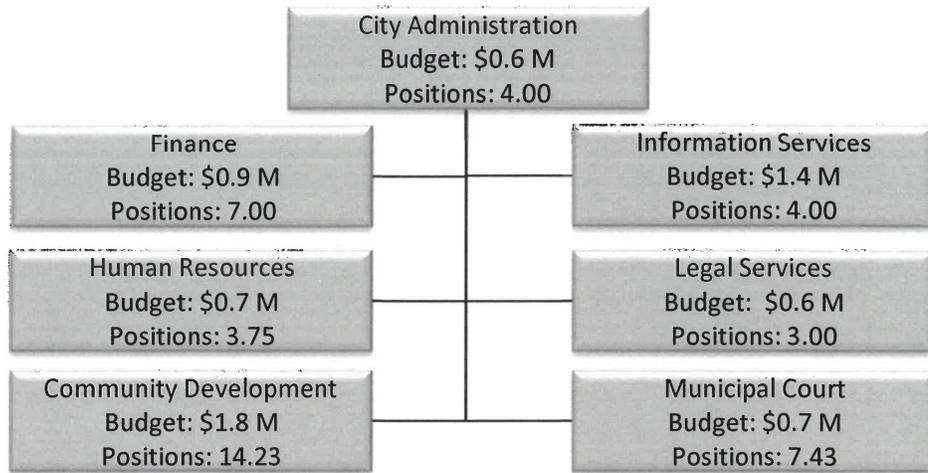
To promote development that sustains rather than depletes the community, that is fiscally sound, that contributes to a high quality of life, and that nourishes the community.

## Governing Body Goals For 2022-2026

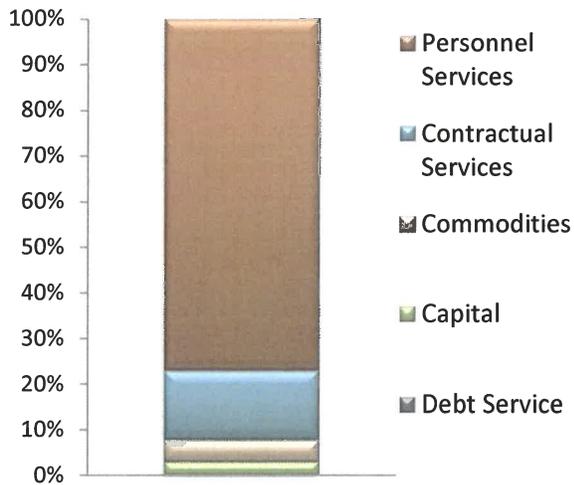
- Review fence permit procedures with area cities [2017].
- Plan Martin Luther King (MLK) recognition [2019].
- Explore possible public use of former Parks Facility before sale of property [2019].
- Review BZA approved-exemptions for placement of 6' fences [2020].
- Encourage home associations to place deed restrictions on City's web page. Compare Wallet.Hub criteria from past two years [2020].
- Establish subscriber requested citywide e-newsletter through Human Resources Department [2020].
- Establish annual Gezer Sister City event [2020].
- Work with Leawood Chamber of Commerce to improve recycling efforts of City's businesses [2020].
- Evaluate feasibility/scope of Activity Center at Town Center Drive and Roe Avenue [2015].

# ADMINISTRATION

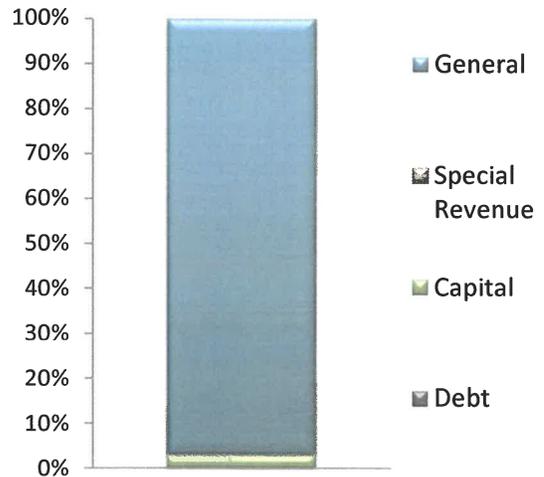
**Budget: \$6.7M Positions: 43.41**



*By Character*



*By Fund Type*



# ADMINISTRATION

Budget: \$6.7M Positions: 43.41

	2019 Actual	2020 Budget	2020 Estimate	2021 Budget
<b>Expenditures by Department</b>				
City Administration	649,881	623,300	579,400	618,800
Finance	792,542	906,100	908,200	943,900
Information Services	1,216,634	1,322,300	1,431,900	1,388,900
Human Resources	611,929	684,300	690,800	702,100
Legal Services	558,711	589,500	621,000	632,300
Municipal Court	579,299	735,400	707,700	684,200
Community Development	1,630,982	1,776,100	1,715,000	1,773,200
<b>Total</b>	<b>\$6,039,978</b>	<b>\$6,637,000</b>	<b>\$6,654,000</b>	<b>\$6,743,400</b>

<b>Expenditures by Character</b>				
Personnel Services	4,848,351	5,161,400	5,002,800	5,197,700
Contractual Services	812,090	1,009,200	1,028,900	1,030,000
Commodities	172,249	271,400	278,200	320,700
Capital	207,288	195,000	344,100	195,000
Debt Service	-	-	-	-
<b>Total</b>	<b>\$6,039,978</b>	<b>\$6,637,000</b>	<b>\$6,654,000</b>	<b>\$6,743,400</b>

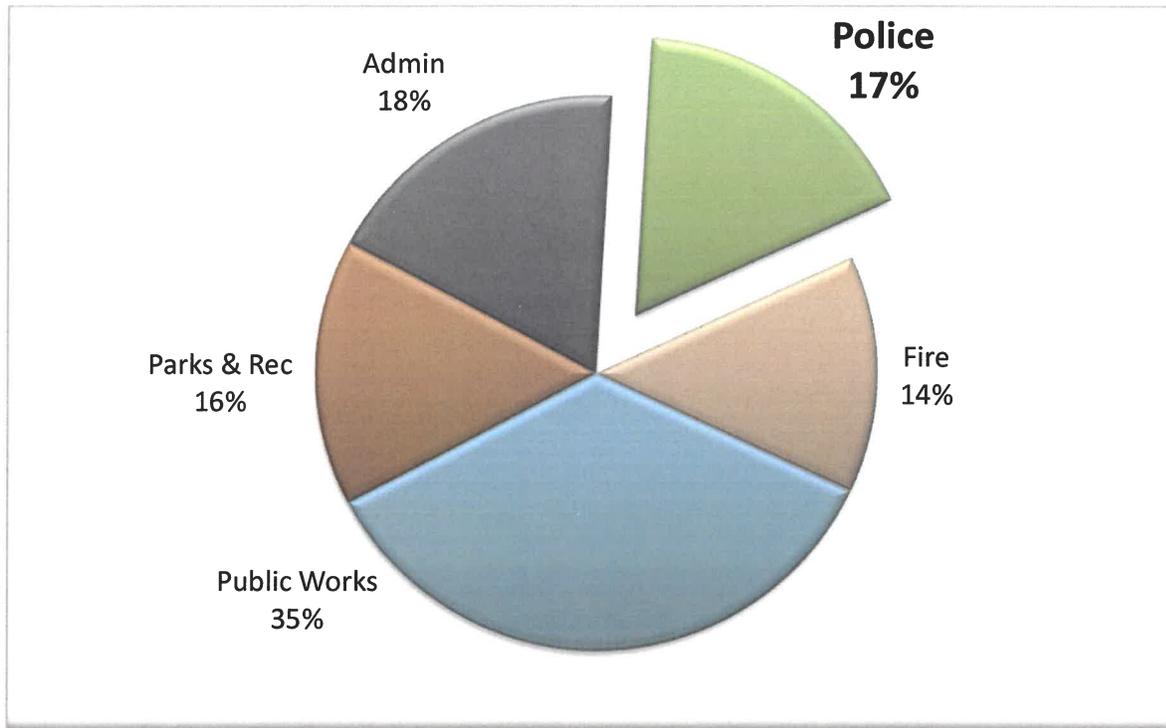
<b>Expenditures by Fund Type</b>				
General	5,832,690	6,442,000	6,309,900	6,548,400
Special Revenue	-	-	-	-
Capital	207,288	195,000	344,100	195,000
Debt	-	-	-	-
<b>Total</b>	<b>\$6,039,978</b>	<b>\$6,637,000</b>	<b>\$6,654,000</b>	<b>\$6,743,400</b>

<b>Full-Time Equivalents</b>	43.18	43.18	43.41	43.41
------------------------------	-------	-------	-------	-------

<b>Exhibit: Revenue by Program</b>				
City Clerk ( <i>Liquor Licenses</i> )	15,150	15,500	7,500	15,500
Finance ( <i>Occupational &amp; Animal</i> )	305,757	310,000	28,000	310,000
Municipal Court ( <i>Fines</i> )	1,239,576	1,300,000	1,200,000	1,100,000
Planning ( <i>Zoning</i> )	16,970	20,000	20,000	20,000
Codes ( <i>Bldg Permits/Fees/Review</i> )	877,121	991,000	911,000	911,000
<b>Total</b>	<b>\$2,454,574</b>	<b>\$2,636,500</b>	<b>\$2,166,500</b>	<b>\$2,356,500</b>

# POLICE

Budget: \$11.4M Positions: 84.23



## Council Priorities

To protect Leawood residents, visitors and businesses by providing quality police and homeland security services.

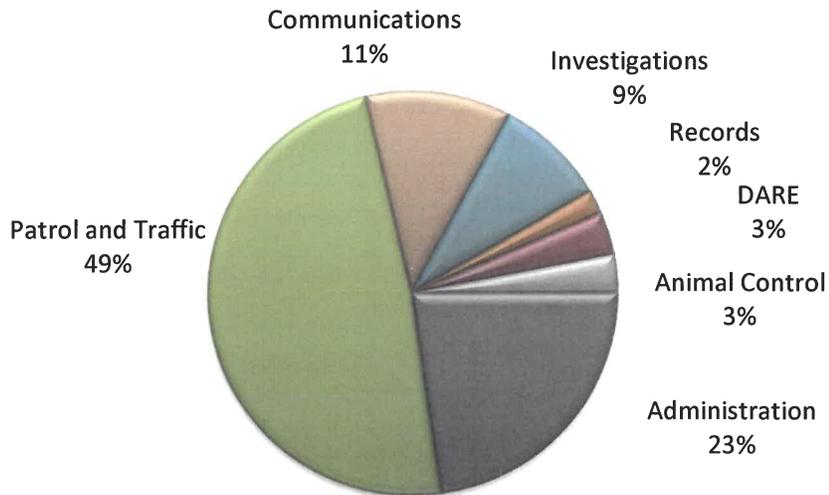
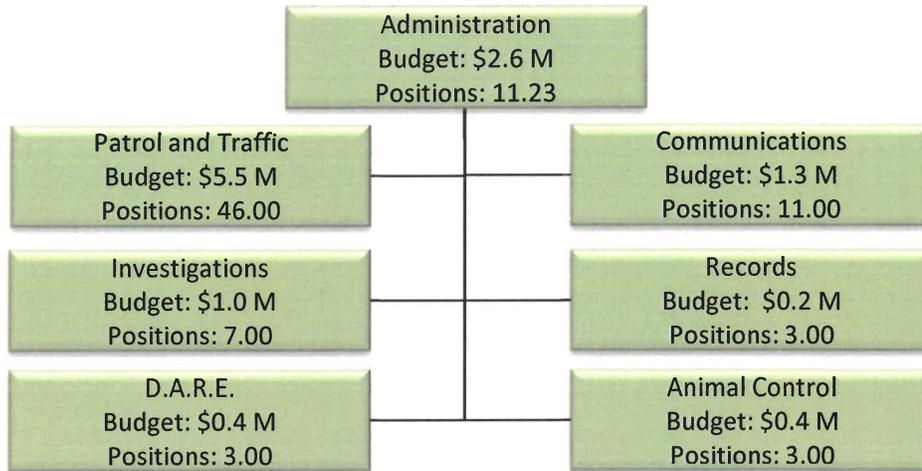
To ensure that Leawood is fiscally responsible, while investing in the infrastructure of the City, modernizing the government, investing in human resources, and improving customer service.

### Governing Body Goals For 2022-2026

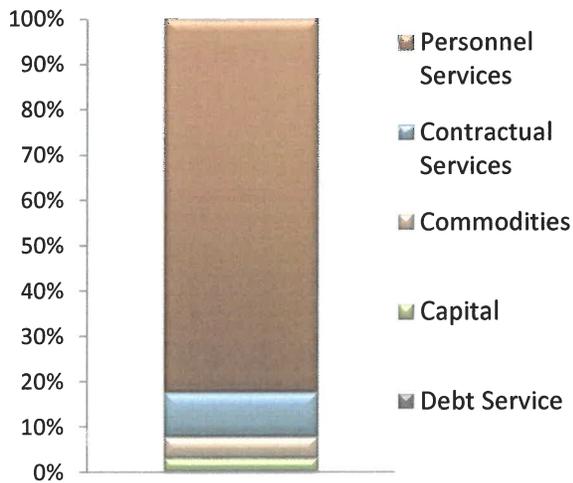
- *Integrate upgrades and new improvements to City's Trail System from Roe Avenue to Tomahawk Creek Parkway and safety of pedestrian crossing through median [2018].*
- *Continue to protect Leawood residents, visitors and businesses by providing quality police and homeland security services.*

# POLICE

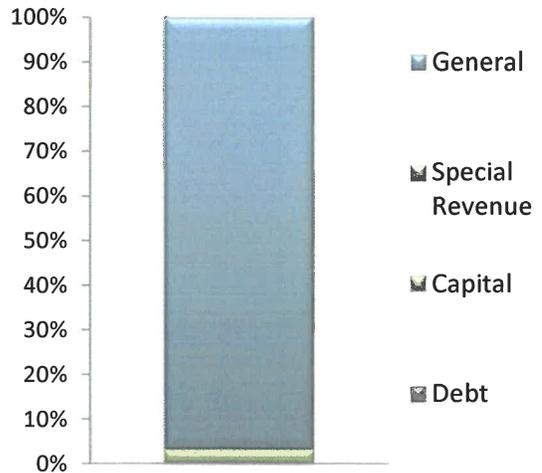
**Budget: \$11.4M Positions: 84.23**



*By Character*



*By Fund Type*



# POLICE

**Budget: \$11.4M Positions: 84.23**

	2019 Actual	2020 Budget	2020 Estimate	2021 Budget
<b>Expenditures by Program</b>				
Administration	2,207,314	2,698,300	2,709,700	2,585,900
Patrol and Traffic	4,668,722	5,813,600	5,384,700	5,527,400
Communications	1,192,165	1,287,400	1,225,700	1,300,400
Investigations	876,299	979,900	977,500	1,003,700
Records	182,453	206,900	209,500	219,700
DARE	356,885	379,500	375,800	389,900
Animal Control	250,516	309,600	330,400	344,100
<b>Total</b>	<b>\$9,734,354</b>	<b>\$11,675,200</b>	<b>\$11,213,300</b>	<b>\$11,371,100</b>

<b>Expenditures by Character</b>				
Personnel Services	8,628,739	9,377,200	8,889,100	9,374,100
Contractual Services	708,800	1,088,100	1,117,700	1,118,700
Commodities	366,322	614,400	614,400	536,500
Capital	30,493	595,500	592,100	341,800
Debt Service	-	-	-	-
<b>Total</b>	<b>\$9,734,354</b>	<b>\$11,675,200</b>	<b>\$11,213,300</b>	<b>\$11,371,100</b>

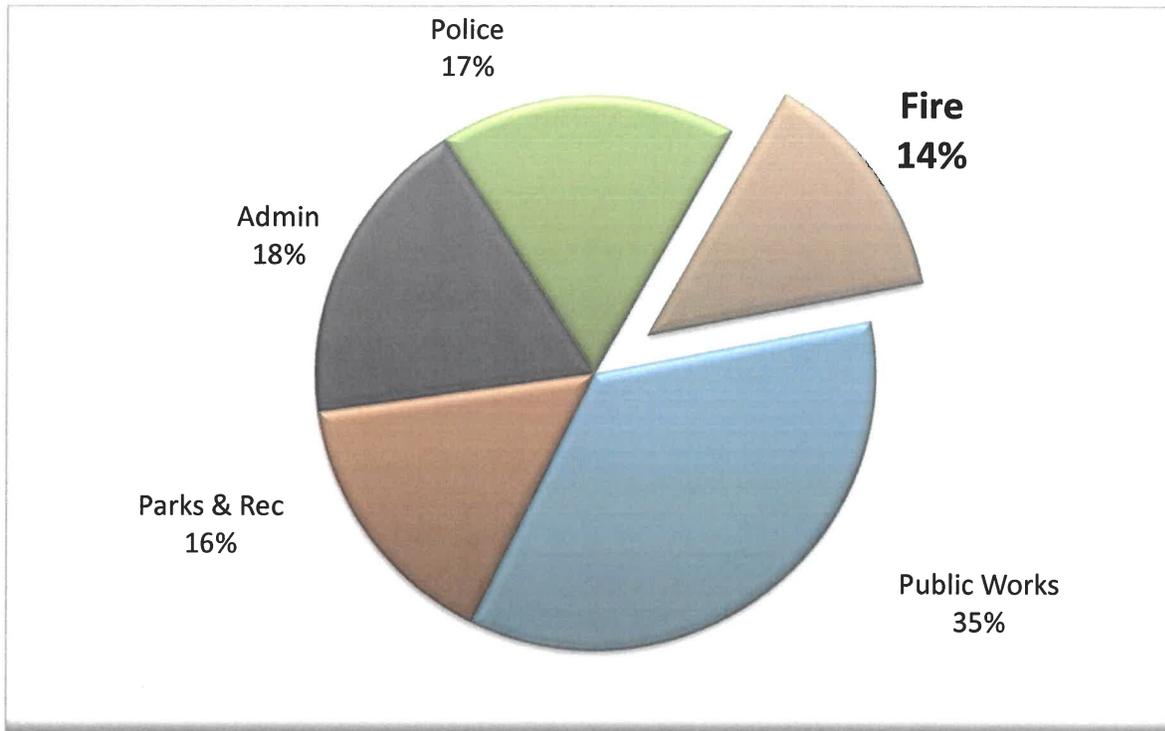
<b>Expenditures by Fund Type</b>				
General	9,703,861	11,058,800	10,600,300	11,022,000
Special Revenue	-	20,900	20,900	7,300
Capital	30,493	595,500	592,100	341,800
Debt	-	-	-	-
<b>Total</b>	<b>\$9,734,354</b>	<b>\$11,675,200</b>	<b>\$11,213,300</b>	<b>\$11,371,100</b>

<b>Full-Time Equivalents</b>	<b>84.23</b>	<b>84.23</b>	<b>84.23</b>	<b>84.23</b>
<i>Commissioned Officers</i>	<i>62.00</i>	<i>62.00</i>	<i>62.00</i>	<i>62.00</i>

<b>Exhibit: Revenue by Program</b>				
Alarm Fees	5,661	6,000	6,000	6,000
Animal Control/Shelter Fees	155	1,500	-	-
Dare/SRO Reimbursement	252,000	257,000	257,000	262,000
School Resource Fees	53,271	50,000	50,000	50,000
<b>Total</b>	<b>\$311,087</b>	<b>\$314,500</b>	<b>\$313,000</b>	<b>\$318,000</b>

# FIRE

Budget: \$9.1M Positions: 54.8



## Council Priorities

To protect and preserve life and property through excellence in training, community risk management, emergency preparedness and rapid emergency services response.

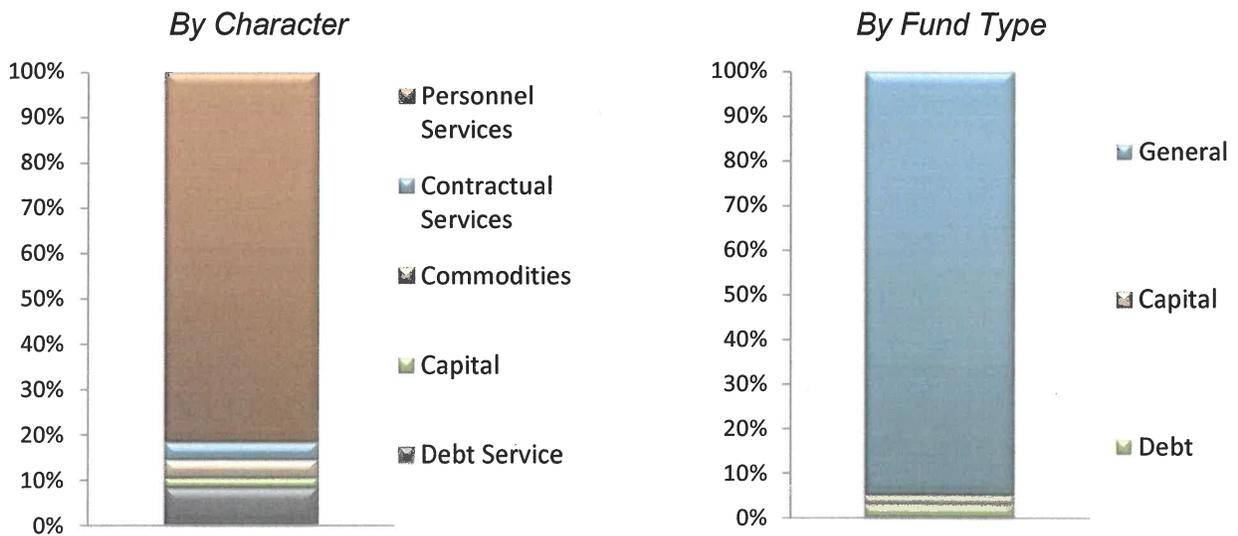
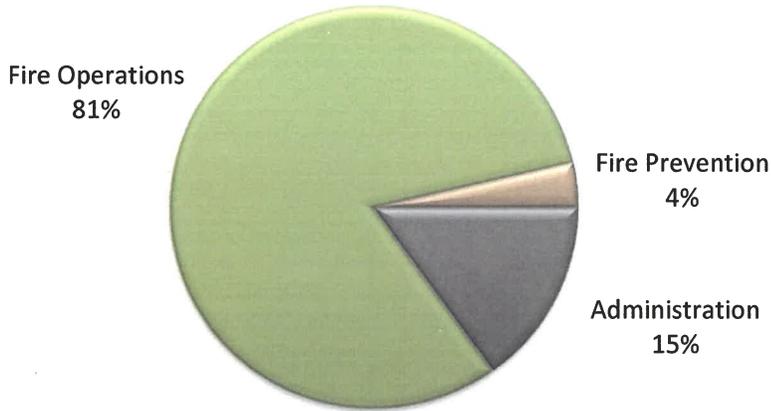
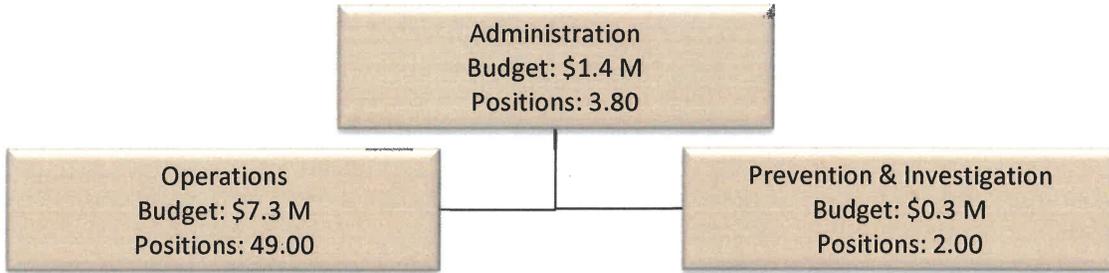
To ensure that Leawood is fiscally responsible, while investing in the infrastructure of the City, modernizing the government, investing in human resources, and improving customer service.

### Governing Body Goals For 2022-2026

- Evaluate new home building codes with other Johnson County cities [2017].
- To preserve life and property through excellence in training, community risk management, emergency preparedness and rapid emergency services response.

# FIRE

**Budget: \$9.1M Positions: 54.8**



# FIRE

Budget: \$9.1M Positions: 54.8

	2019 Actual	2020 Budget	2020 Estimate	2021 Budget
<b>Expenditures by Program</b>				
Administration	1,257,354	1,246,435	1,259,435	1,368,404
Fire Operations	6,702,135	7,190,000	6,885,000	7,395,100
Fire Prevention	290,472	335,000	340,900	326,600
<b>Total</b>	<b>\$8,249,961</b>	<b>\$8,771,435</b>	<b>\$8,485,335</b>	<b>\$9,090,104</b>

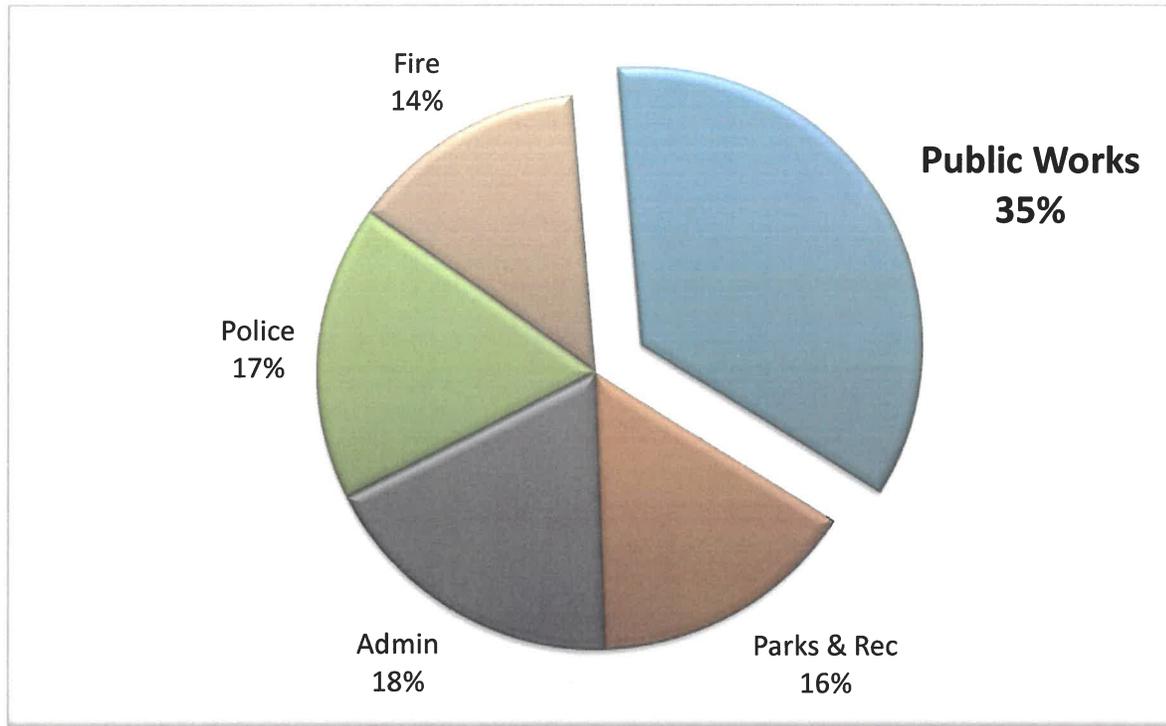
<b>Expenditures by Character</b>				
Personnel Services	7,040,081	7,379,800	7,120,600	7,422,300
Contractual Services	343,840	373,300	368,800	350,100
Commodities	198,031	302,900	312,700	368,400
Capital	100,037	61,000	21,000	185,000
Debt Service	567,972	654,435	662,235	764,304
<b>Total</b>	<b>\$8,249,961</b>	<b>\$8,771,435</b>	<b>\$8,485,335</b>	<b>\$9,090,104</b>

<b>Expenditures by Fund Type</b>				
General	7,853,817	8,432,400	8,186,300	8,629,400
Special Revenue	-	-	-	-
Capital	100,037	61,000	21,000	185,000
Debt	296,107	278,035	278,035	275,704
<b>Total</b>	<b>\$8,249,961</b>	<b>\$8,771,435</b>	<b>\$8,485,335</b>	<b>\$9,090,104</b>

<b>Full-Time Equivalents</b>	54.49	54.49	54.80	54.80
------------------------------	-------	-------	-------	-------

# PUBLIC WORKS

Budget: \$23.3M Positions: 49.71



## Council Priorities

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

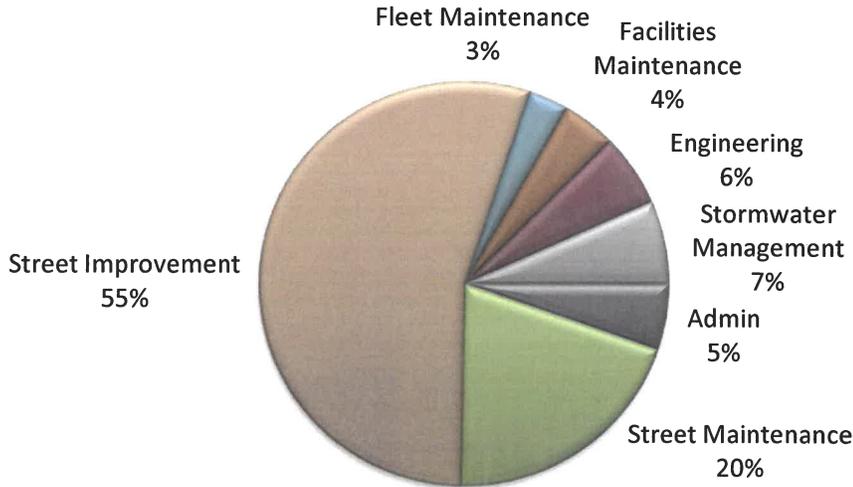
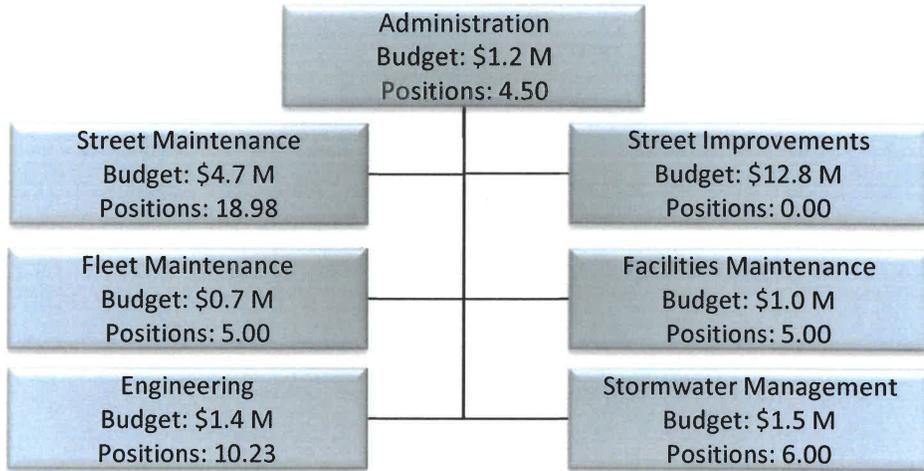
To ensure that Leawood is fiscally responsible, while investing in the infrastructure of the City, modernizing the government, investing in human resources, and improving customer service.

### Governing Body Goals For 2022-2026

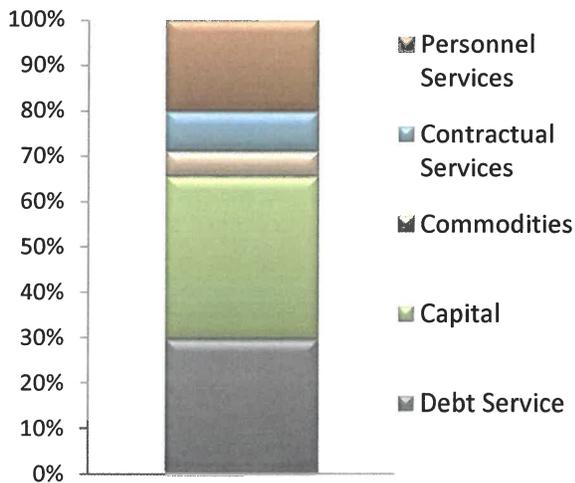
- *Integrate upgrades and new improvements to City's Trail System from Roe Ave to Tomahawk Creek Pkwy and pedestrian crossing through median [2018].*
- *Feasibility of installing signage at City entrances at Nall Avenue & 135th Street [2020].*
- *Evaluate/plan for bike way station along 143rd Street on property purchased by City [2020].*
- *Place natural barrier on west side of south lake on Tomahawk Creek Parkway to discourage geese population from accessing lake [2020].*
- *Evaluate land-use options for remaining undeveloped portion of City-owned property at 117th and Tomahawk Creek Parkway [2013].*
- *Evaluate feasibility/scope of Activity Center at Town Center Drive and Roe Avenue [2015].*

# PUBLIC WORKS

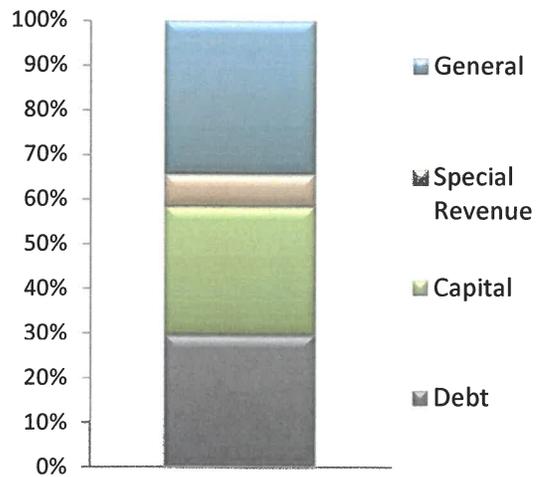
**Budget: \$23.3M Positions: 49.71**



*By Character*



*By Fund Type*



# PUBLIC WORKS

**Budget: \$23.3M    Positions: 49.71**

	2019 Actual	2020 Budget	2020 Estimate	2021 Budget
<b><i>Expenditures by Program</i></b>				
Administration	1,271,715	1,246,350	1,313,850	1,226,350
Street Maintenance	3,805,072	5,190,000	5,184,800	4,663,100
Street Improvement	11,924,226	11,227,834	10,598,434	12,765,103
Fleet Maintenance	603,133	750,100	699,000	732,700
Facilities Maintenance	1,555,682	1,300,000	1,466,000	996,100
Engineering	1,124,308	1,313,400	1,348,200	1,356,100
Stormwater Management	2,002,122	1,347,713	4,677,813	1,542,792
<b>Total</b>	<b>\$22,286,258</b>	<b>\$22,375,397</b>	<b>\$25,288,097</b>	<b>\$23,282,245</b>

<b><i>Expenditures by Character</i></b>				
Personnel Services	4,446,305	4,839,100	4,585,000	4,702,100
Contractual Services	1,407,184	2,172,100	2,109,200	2,055,200
Commodities	1,039,040	1,278,600	1,284,600	1,274,600
Capital	7,577,256	6,664,300	9,910,100	8,373,000
Debt Service	7,816,473	7,421,297	7,399,197	6,877,345
<b>Total</b>	<b>\$22,286,258</b>	<b>\$22,375,397</b>	<b>\$25,288,097</b>	<b>\$23,282,245</b>

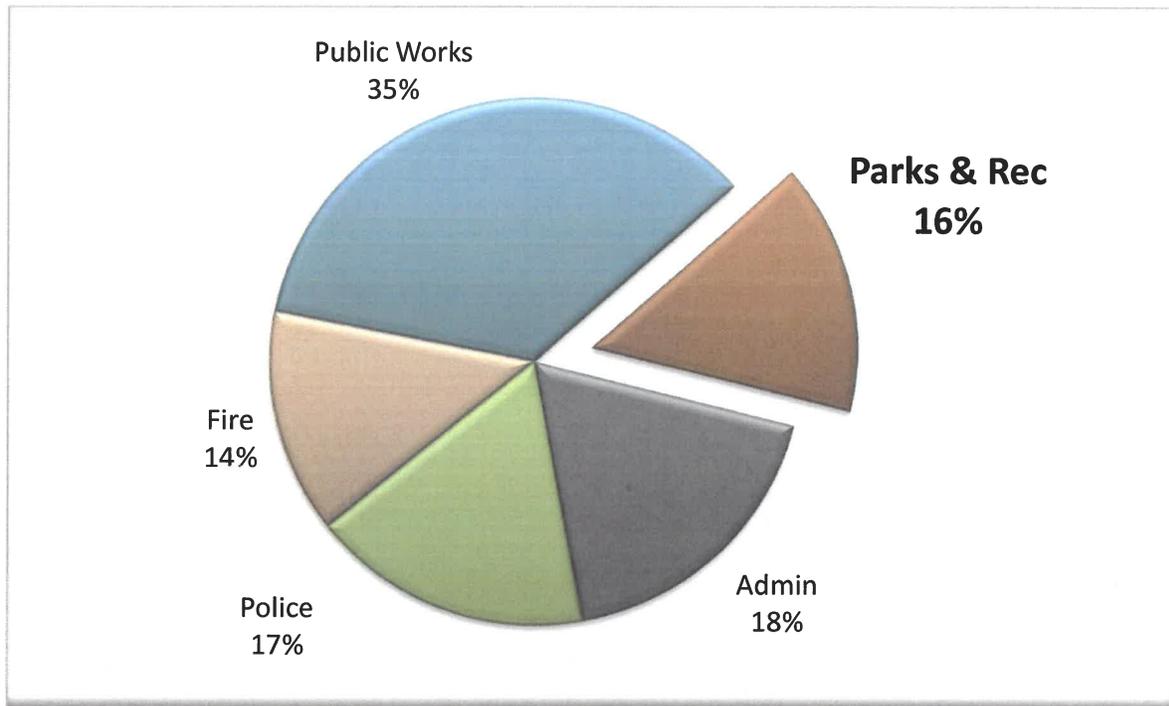
<b><i>Expenditures by Fund Type</i></b>				
General	6,892,529	8,289,800	7,978,800	8,031,900
Special Revenue	1,484,135	1,720,300	2,012,000	1,660,900
Capital	6,093,121	4,944,000	7,898,100	6,712,100
Debt	7,816,473	7,421,297	7,399,197	6,877,345
<b>Total</b>	<b>\$22,286,258</b>	<b>\$22,375,397</b>	<b>\$25,288,097</b>	<b>\$23,282,245</b>

<b>Full-Time Equivalents</b>	49.71	49.71	49.71	49.71
------------------------------	-------	-------	-------	-------

<b><i>Exhibit: Revenue by Program</i></b>				
County Participation				
<i>Streets</i>	1,821,734	1,235,000	398,000	2,225,500
<i>Stormwater</i>	804,482	-	2,169,000	-
Engineering ( <i>Inspection Fees</i> )	134,648	110,000	105,000	105,000
Special Assessments	1,309,131	1,583,803	1,583,803	1,300,649
<b>Total</b>	<b>4,069,995</b>	<b>2,928,803</b>	<b>4,255,803</b>	<b>3,631,149</b>

# PARKS, RECREATION & CULTURAL ARTS

Budget: \$10.2M Positions: 62.87



## Council Priorities

To promote a community that provides family-oriented activities, as well as recreational and cultural opportunities, to encourage and enhance the quality of life for all citizens.

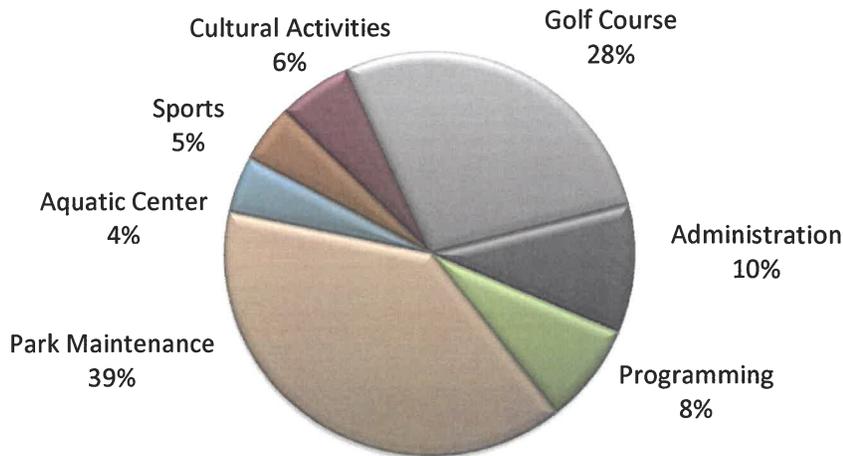
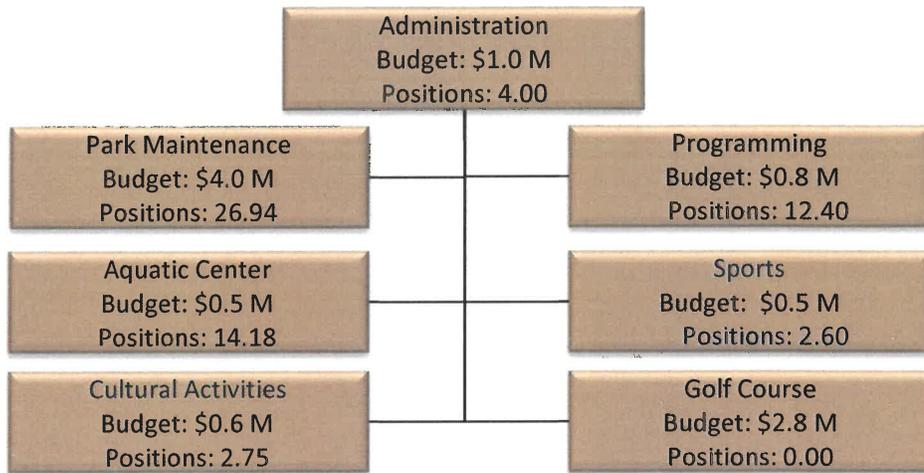
To ensure that Leawood is fiscally responsible, while investing in the infrastructure of the City, modernizing the government, investing in human resources, and improving customer service.

## Governing Body Goals For 2022-2026

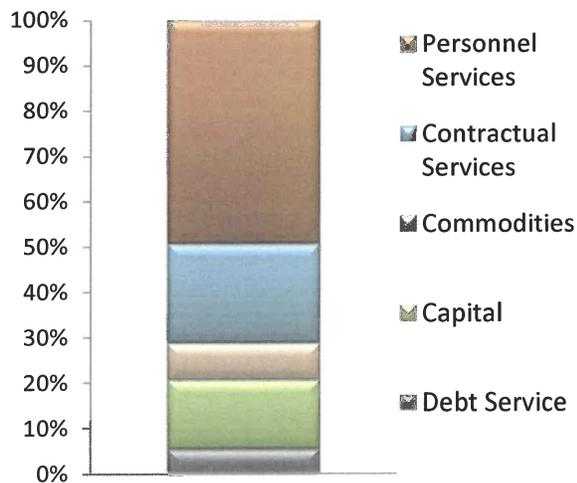
- Integrate upgrades and new improvements to City's Trail System from Roe Avenue to Tomahawk Creek Parkway and pedestrian crossing through median [2018].
- Increase visibility of QR for art and how City's art pieces are acquired [2019].
- Encourage native plantings and removal of invasive species by City residents [2020].
- Expand diversity of tree plantings along 143rd Street [2020].
- Add to annual Arbor Day events the promotion of planting flowering trees and shrubs [2020].
- Expand City's tree planting program by \$25,000 [2020].
- Expand all bike/hike trails to 10' as feasible [2020].
- Evaluate/plan for bike way station along 143rd Street on property purchased by City [2020].
- Add more Pickleball courts to City's inventory at the Justice Center site [2020].

# PARKS, RECREATION & CULTURAL ARTS

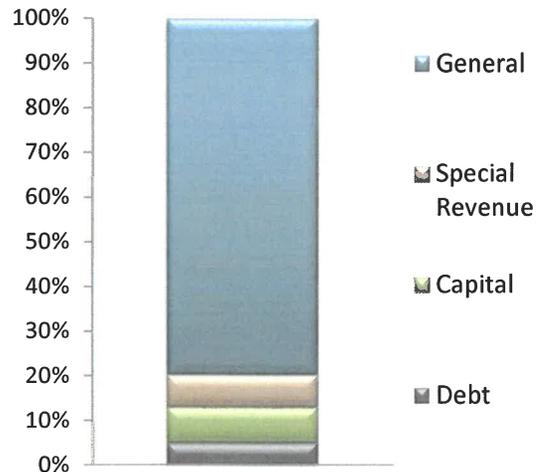
**Budget: \$10.2M Positions: 62.87**



*By Character*



*By Fund Type*



# PARKS, RECREATION & CULTURAL ARTS

Budget: \$10.2M Positions: 62.87

	2019 Actual	2020 Budget	2020 Estimate	2021 Budget
<b>Expenditures by Program</b>				
Administration	1,332,782	1,375,187	1,388,887	1,048,470
Programming	550,187	780,900	821,100	816,400
Park Maintenance	3,162,030	4,525,900	4,920,100	3,973,800
Aquatic Center	417,182	508,700	508,700	462,900
Sports	377,539	466,800	461,800	470,100
Cultural Activities	505,637	558,200	915,200	589,600
Golf Course	2,532,588	2,931,800	3,412,300	2,839,600
<b>Total</b>	<b>\$8,877,945</b>	<b>\$11,147,487</b>	<b>\$12,428,087</b>	<b>\$10,200,870</b>

<b>Expenditures by Character</b>				
Personnel Services	4,445,258	4,835,100	4,811,200	5,030,400
Contractual Services	1,782,751	2,168,200	2,279,800	2,238,300
Commodities	626,628	879,100	888,900	823,500
Capital	1,089,505	2,329,600	3,512,700	1,562,000
Debt Service	933,803	935,487	935,487	546,670
<b>Total</b>	<b>\$8,877,945</b>	<b>\$11,147,487</b>	<b>\$12,428,087</b>	<b>\$10,200,870</b>

<b>Expenditures by Fund Type</b>				
General	6,936,472	7,964,400	8,061,900	8,150,100
Special Revenue	339,929	685,600	983,900	743,500
Capital	749,576	1,644,000	2,528,800	818,500
Debt	851,968	853,487	853,487	488,770
<b>Total</b>	<b>\$8,877,945</b>	<b>\$11,147,487</b>	<b>\$12,428,087</b>	<b>\$10,200,870</b>

<b>Full-Time Equivalents</b>	62.95	62.95	62.87	62.87
------------------------------	-------	-------	-------	-------

<b>Exhibit: Revenue by Program</b>				
Administration	2,988	6,000	2,000	3,000
Aquatic Center	325,076	334,000	100,000	335,000
Programming	359,938	400,500	207,700	396,500
Sports	337,785	326,600	136,100	323,600
Cultural Activities	10,635	17,400	9,100	10,700
Golf Course	1,853,487	1,825,000	1,554,000	1,978,500
<b>Total</b>	<b>\$2,889,909</b>	<b>\$2,909,500</b>	<b>\$2,008,900</b>	<b>\$3,047,300</b>



## Budget and Financial Policies

It is the policy of the City Council to annually develop a budget that accurately reflects the revenue and expenditure goals and objectives of the City Council and to incorporate those goals, objectives, programs and projects that best serve the public good. The budget of the City of Leawood will be constructed and managed in accordance with the policies set forth below. During the course of each fiscal year, the budget will be used to provide direction in the administration of City services.

### BUDGET POLICIES

#### I. OPERATING BUDGET

1. The City will maintain a financial and budgetary control system to ensure adherence to the budget and awareness of the financial environment. Services provided by the City are categorized in order to set priorities for allocating available funds and are defined as follows:

- A. *Basic or Core Services*: Includes (1) legally mandated commitments or services, (2) those most closely linked to the health and safety of the citizens of Leawood, and (3) those providing a net revenue contribution or reducing identifiable costs in the same fiscal year.

Basic or Core Services

Debt Services  
Police & Fire

- B. *Maintenance of Effort Services*: Services that (1) maintain control of City resources (2) reduce identifiable costs in future years, and (3) are necessary to keep the public adequately informed of legislative matters.

Maintenance of Effort Services

Council  
Administration  
Human Resources  
Finance  
Municipal Court  
Legal Services  
Information Services  
Planning  
Neighborhood Services  
Public Works

- C. *Quality of Life Services*: Activities which are provided for more specialized groups or services that are more aesthetic or promotional in nature.

Quality of Life Services

Parks  
Recreation  
Aquatic Center  
Golf Course  
Arts Council  
Sister City Program  
Historic Commission

2. Increases in staff will be permitted only in cases where the service demands have been expanded.
3. In the General Fund, expenditures for normal operating and personnel services, excluding capital expenditures, will not be permitted to exceed anticipated revenues and carryover.



**Budget Basis** The basis of budgeting refers to the conversions for recognition of costs and revenue in budget development and in establishing and reporting appropriations that are the legal authority to spend or collect revenues. The City of Leawood budgets all funds on a modified accrual basis. This is the same basis of accounting used in the City's audited financial statements.

**Balanced Budget** The City of Leawood considers a balanced budget to consist of adequate revenues from both the current year as well as a portion of the carryover from the previous year to meet current year expenditures. Combined reserves from all operating funds must first be held aside from the carryover before the remainder is added to the current year's revenues. The total of the reserve funds must fall within the reserve policy standards.

**Fund Balance** The City defines fund balance as the excess of a fund's assets over the liabilities, also known as surplus funds.

**Non-Budgeted Funds** The City's non-budgeted funds consist of funds not required by Kansas statute to be legally adopted because they are exempted by a specific statute. Control over spending in funds that are not subject to legal budget is maintained by the use of internal spending limits established by granting agencies, City policy, or by the City Administrator. Funds not included in the annual budget are:

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

*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.

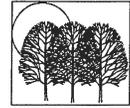
*Insurance Proceeds Fund* - established to account for insurance proceeds received by the City whenever any privately owned building or other structure is damaged as a result of fire, explosion or windstorm. When the insured party meets requirements to repair the property to the satisfaction of the City, the funds are returned to the insured.

*Leawood Public Safety Improvement Fund* – established to account for resources used to construct public safety improvements including a Justice Center and other necessary related improvements.

*Leawood Economic Development* – established to provide payment for economic development promotion within the City.

*TDD/CID Agency Funds* – established to account for collections and remittance of Transportation Development and Community Improvement Districts.

*Employee Giving Fund* – established to account for elected employee payroll contributions for the payment of employee charitable donations.



## II. BUDGET PROCESS

The annual budget is a fiscal plan that presents the services that will be provided to the community and the funds needed to perform the services. The budget shall be presented as a legislative document that, when combined with the related appropriating ordinance, will represent City Council policy concerning the sources and uses of funds for the budget year.

Development of the City's Budget is an ongoing process that generally begins more than a year before the fiscal year begins on January 1. Opportunities for public input are provided at various stages of development.

<i>November - December, 2019</i>	Planning for the 2021 Budget began with the review of revenue and spending forecasts; review of user fees; and coordination with departments of capital spending needs to prepare the Capital Improvement Program (CIP) document.
<i>January-February, 2020</i>	The Governing Body met to discuss short, near and long-term goals on January 27, 2020; and staff prepared the pay-as-you-go capital replacement schedules and expendable equipment schedules.
<i>February-March, 2020</i>	Preliminary assessed valuation information was received from the Johnson County Appraiser to establish the mill levy for the 2021 Budget. Departments developed their revenue and operating expenditure budget requests; the City Administrator met with departments to review expenditure needs to ensure compatibility with the Governing Body goals.
<i>March-April, 2020</i>	The 2021-2025 CIP was distributed to both the Governing Body and the Planning Commission on March 13, 2020. A public hearing for citizen input on the 2021 Budget was set for April 6, 2020. The Governing Body was scheduled to discuss the 2021-2025 CIP document in a work session on April 6, 2020; along with a review of the 2021-2025 budget model assumptions.
<i>April – May, 2020</i>	The Planning Commission was to review the CIP document in a work session on April 14, 2020; and to hold a public hearing on April 28, 2020. The proposed 2021 Budget was distributed to the Governing Body and the Budget & Finance Committee on May 22, 2020.
<i>June – July, 2020</i>	The City Council will hold a public hearing and formally adopt the 2021-2025 CIP for budget June 1, 2020. The 2021 Budget document will be discussed in an open work session on June 8 <sup>th</sup> with the Governing Body and the Budget & Finance Committee. Estimated assessed valuation information will be received from the Johnson County Clerk on June 15, 2020. After agreement by the Governing Body on any changes to the mill levy, the 2021 Budget will be published along with the publication notice for a public hearing, as required by state law.
<i>August, 2020</i>	A public hearing on the 2021 Budget will be held to obtain citizen input on August 3, 2020; and the Governing Body plans to adopt the 2021 Budget the same evening. Under state law, the budget is required to be approved by the Governing Body and filed with the County Clerk no later than August 25 <sup>th</sup> .
<i>January 1, 2021</i>	The 2021 Budget goes into effect.



### **III. BUDGET AMENDMENT**

Departments are given the latitude to exceed specific line items; however, total expenditures must not exceed total budgeted expenditures, excluding monies from the Personnel service categories. The City does budget a citywide contingency fund and has statutory authority to budget this account up to 10% of the overall budgeted expenditures.

The state statutes allow for the Governing Body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. A notice of public hearing to amend the budget must be published in the local newspaper. Ten days following publication, the hearing may be held and the budget amended.

### **IV. CASH BASIS LAW**

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

### **V. REPORTING POLICY**

Amounts presented in the budget document shall be compared with actual revenues and expenditures for month-end and year-to-date throughout the budget year. Quarterly reports are prepared and printed in the Legal Record.

## **FINANCIAL POLICIES**

### **I. OPERATING RESERVES**

1. The Governing Body has set a goal of 11% minimum for operating fund reserves. The City of Leawood strives to follow financially sound fiscal policies. One such policy that enhances a city to maintain a well-balanced financial structure is a fund balance policy, or commonly called an operating reserves policy. In government, the standard can be anywhere from one month of expenditures (8.33%) to 15% of expenditures.
2. Establishing a formal policy assures the citizenry that funds will be available for the following reasons:
  - a) Provide sufficient working capital to meet daily cash needs.
  - b) Provides reserves to absorb emergency expenditures caused by natural disaster such as fire, flood or earthquake.
  - c) Cover any unanticipated deficit resulting from a shortfall in actual revenues in a given budget year.

### **II. FINANCIAL FORECASTING - MODEL PARAMETERS**

1. The City staff will provide the City Council with a 10-year financial budget model.
2. In any given year, a proposed mill levy increase will not exceed 1.00 mill.
3. There will not be any consecutive years with a mill increase.
4. The model's financial projections will not go below the General Fund one month cash requirement.
5. For any mill levy imposition consideration, the City Council will consider only 7 years of the 10-year financial model.
6. A 1% to 2% variance for both revenues and expenditures will be anticipated in a given fiscal year.



### III. DEBT SERVICE RESERVES

Debt reserves shall be established to protect bondholders from payment defaults. Adequate debt reserves are essential in maintaining good bond ratings and the marketability of the underlying bonds. The City can maintain up to one year of payment reserves by state law. In this year's budget, the City of Leawood will strive to maintain a total reserved fund balance equal to 35% of budgeted Debt Service expenditures. Consideration has been given to annual collection rates and to any unforeseen cash shortages associated with any debt that is backed by the full faith and credit of the City.

### IV. REVENUE POLICY

1. The City will attempt to maintain a diversified and stable revenue system to shelter it from short-run fluctuations in any one revenue source.
2. The City will attempt to obtain additional major revenue sources as a way of ensuring a balanced budget.
3. The City will rely on user charges, where appropriate, but will refrain from "nuisance" charges. User charges, as opposed to licensing or regulator charges, shall wherever possible recover the full cost (operating, direct, indirect, and capital) of providing the service.
4. All charges and fees will be reviewed annually. Comparisons with other public and/or private organizations will be used when appropriate in determining the level of fees and charges as well as service costs.
5. The City will consider market rates and charges levied by other public and private organizations for similar services in establishing tax rates, fees, and charges.
6. The City will refinance outstanding debt whenever economically feasible.
7. The City will follow an aggressive policy of collecting revenues, including past due bills of any type.
8. The City shall dispose of surplus property in the most cost-effective manner.

### V. DEBT POLICY

On April 3, 2000, the Governing Body adopted the Debt Policy by Resolution #1518. This policy has been revised several times: by Resolution #2221 on May 3, 2004; by Resolution #2789 on May 5, 2007; by Resolution #3334 on February 1, 2010; by Resolution #3553 on March 7, 2011; by Resolution #3931 on November 19, 2012; by and most recently by Resolution #4173 on February 17, 2014.

#### Objective

To maintain the City's ability to incur debt and issue other long-term obligations at favorable interest rates in amounts needed for capital improvements, economic development, and facilities or equipment to provide essential city services.

#### Scope

This Policy provides a general guideline to all debt issued by the City regardless of purpose, source, or type.

#### Responsibility

The primary responsibility for developing financing recommendations rests with the City Administrator. In developing the recommendations, the Finance Director, City Attorney or designee, Public Works Director, and other Department Heads assist the City Administrator. Responsibilities include annual review of debt capacity, quarterly assessment of progress on the Capital Improvement Program, preparation for debt issues and the ongoing responsibility of oversight and evaluation of services provided by the Financial Advisor and Bond Counsel.



## I. Debt Planning Policies

- Section 1: Capital Planning. To enhance creditworthiness and prudent financial management, the City is committed to systematic capital planning, intergovernmental cooperation and coordination, and long-term financial planning. Evidence of this commitment is demonstrated through adoption of an annual Capital Improvement Plan (CIP), and annual assessment of financial condition.
- Section 2: Debt Capacity. Each year the City will review whether it is willing and able to assume new debt beyond what will be retired. The Finance Director or designee shall, prior to the issuance of new debt, or at least annually, calculate the City's statutory debt limit in accordance with K.S.A. 10-308. Debt capacity will be assessed by reviewing debt per capita, general levels of per capita income, debt as a percent of appraised value, debt service payments as a percent of general government expenditures, debt payout over the ensuing ten years, and the level of overlapping net debt of all other local taxing jurisdictions.
- Section 3: Debt vs. Pay-As-You-Go. The City will evaluate annually the relationship between issuing debt and pay-as-you-go financing. The City will consider pay-as-you-go financing for all personal property less than \$100,000.
- Section 4: Appropriate Uses. The City will generally consider long-term financing for the acquisition, maintenance, replacement, or expansion of physical assets having a useful life of at least (5) years. The scheduled maturities of long-term obligations should generally not exceed the expected useful life of the capital project or asset(s) financed. Proceeds should only be used for construction project costs, acquisition of fixed assets, issue costs, debt service reserve requirements, or refunding of outstanding issues. Proceeds from long-term debt may not be used to fund current operating costs.
- Section 5: Timing of Issues. In determining when to issue bonds, notes and other obligations the following factors should be considered:
- The timing of other proposed issues, including those by other jurisdictions;
  - The timing of the preparation, completion and certification of the City's annual budget including special assessment procedures;
  - The availability of the City's audited financial statements for the previous fiscal year;
  - The potential impact on the City's bond ratings.
- Section 6: Types of obligations. In determining the type of obligation to issue, the following factors should be considered:
- The direct and indirect beneficiaries of the project (i.e. a significantly large proportion of citizens should benefit from projects financed by at-large taxes and other revenues);
  - The time pattern of the stream of benefits generated by the project;
  - The sources and timing of revenues available for the repayment of the debt;
  - The cost-effectiveness of user charges or other revenue sources to the extent available;
  - The effect of the proposed issue on the City's ability to finance future projects of equal or higher priority;
  - The interest cost of each type of obligation;
  - The impact on the City's financial condition and credit ratings.
- Section 7: At-Large General Obligation Bonds. At-large general obligation, property tax-supported financing should be used for those capital improvements and long term assets which have been determined to be essential to the maintenance or development of the City and as permitted by law. Consideration should be given to alternative funding sources, such as project revenues, Federal and State grants, and special assessments.



- Section 8: Benefit District Bonds. The issuance of benefit district general obligation bonds shall be governed by the most recently approved Resolution.
- Section 9: Assessment Methodology. Upon request by a developer, the City may consider approving an assessment methodology for Special Benefit District [SBD] financing that is based upon the improvement and/or land value for each tract of land or tax parcel within the District, provided that the development project is greater than 20 acres in size; has an approved overall floor-area-ratio [F.A.R.] of .5 or greater; and has received a Certificate(s) of Occupancy for 35% of the total approved square footage. As part of the consideration of this methodology for assessment, the City Council may consider requiring a Letter of Credit.
- Section 10: Revenue Supported Obligation. Revenue supported obligations should be used to limit potential dependence on property taxes for those projects with available revenue sources, whether self-generated or dedicated from other sources. Adequate financial feasibility studies will be performed for each project to establish assurances as to the self-liquidating nature of the project or adequacy of dedicated revenue sources.
- Section 11: Transportation Development District Obligations. The formation of a Transportation Development District [TDD] will be considered by the Governing Body on a case by case basis. The Governing Body will only consider pay-as-you-go [PAYGO] financing funded through a sales tax and/or special property tax assessment. However, bonded indebtedness may be considered by the Governing Body in the case of burying or relocating utility lines. A TDD Project will be initiated by petition pursuant to the TDD Act. The Developer shall comply with all of the statutory requirements of a TDD project. The Developer shall also be responsible for providing a description of the improvements to be financed, a timetable for such improvements to be completed and an itemized listing and estimated total cost of said improvements with the TDD petition. The Governing Body reserves the right to approve any or part of any petition submitted including which costs may be reimbursed, provided, however that in no event shall interest costs be subject to reimbursement from TDD revenues on a pay-as-you-go project. All costs subject to reimbursement from TDD proceeds shall be certified by the City and/or an outside consultant retained by the City prior to any reimbursement payment being made.
- Section 12: Lease and Lease-Purchase Agreements. The City may enter into leases and lease-purchase obligations to finance the acquisition of real and personal property as permitted by law. The Finance Director shall review all proposed leases prior to submittal to the Governing Body. Lease financing is appropriate:
- a) Whenever the introduction of leased equipment and/or a capital improvement results in verifiable operating savings, or interest costs that minimizes the loss on resale value, properly discounted, outweigh the lease financing costs;
  - b) Existing or incremental new revenues are available to provide for the lease payments;
  - c) The capital asset is deemed important enough (for safety, legal, efficiency, or other reasons) to lead to a reallocation of existing revenues; or
  - d) Existing state statutes do not provide adequate or expedient methods of financing.
- This Policy shall not preclude the use of operating leases in appropriate circumstances such as for office equipment.
- Section 13: Other Borrowing Methods. Financial feasibility studies should be performed for other financing methods such as state loan programs and pool participation.



Section 14: Short Term Borrowing. Use of short-term borrowing, such as temporary notes will be undertaken if the available cash is insufficient to meet project requirements or their use is judged to be prudent and advantageous to the City. Temporary notes may also be used to affect the interim financing of capital projects including benefit district projects so that permanent financing can occur on a more orderly basis. The City will conduct a cash flow analysis for a forecast period of no less than 12 months prior to issuing short-term notes.

Section 15: Conduit Financing. The City may sponsor conduit financing such as industrial revenue bonds and tax increment financings that are consistent with the City's overall service, development and Policy objectives. The issuance of industrial revenue bonds and tax increment financings should be governed by Resolutions 598 and 1317 respectively.

## II. Debt Issuance Policies

Section 16: Method of Sale. As required by law, City debt will be issued through a competitive bidding process. Bids on long-term bonds will be awarded on a true interest cost basis, providing other bidding requirements are satisfied. Negotiated sales of debt will be considered when the complexity of the issue requires specialized expertise, or when the negotiated sale would result in substantial savings in time or money. The objective in all situations will be to accomplish the project at the lowest overall cost to the City.

Section 17: Length of Debt. Debt will be structured for the shortest period consistent with a fair allocation of costs to current and future beneficiaries or users (Guidelines: - 15 years for General Obligations Debt; 20 years for land, parks and buildings; and 15 to 20 years for Revenue Bonds). Benefit District Debt has a 10 year length; however, upon special approval by the Governing Body, benefit district debt may be extended up to a 15 year term. Transportation Development District [TDD] has a 10-year length however, upon special approval by the Governing Body; this debt may be extended up to a maximum of 22 years, in accordance with Kansas State Statute. The term will commence with the imposition of the tax.

Section 18: Debt Structure. Debt will be structured to achieve the lowest possible net cost to the City given market conditions, the urgency of the capital project, and the nature and type of security provided. Moreover, to the extent possible, the City will design the repayment of its overall debt so as to recapture rapidly its borrowing capacity for future use. The structure should approximate level principal on street projects debt, and level payment for public buildings, land and parks. Level debt service should also be used for revenue bonds. There shall be no debt structures which include increasing debt service levels in subsequent years, except when such structuring will allow debt service to more closely match project revenues during the early years of the project's operation or such structuring is needed to mitigate property tax impacts. There shall be no "balloon" bond repayment schedules that consist of low annual payments and one large payment of the balance due at the end of the term. Normally, there shall be no capitalized interest included in the debt structure unless there are insufficient revenues available from the source of repayment of the debt during the project construction or startup phase.

Section 19: Bond Rating. The City should continually seek to maintain and improve current bond ratings so that borrowing costs are minimized and access to credit preserved. Good communication with bond rating agencies should be maintained and all necessary financial and economic data concerning the City and its borrowing needs shall be provided to the bond rating agencies as needed or requested. The City shall attempt to structure its debt issuance, prepare its operating budgets, and implement policies that will maintain or improve its existing bond rating. Any departure from prior structuring or budgeting processes that may jeopardize the City's bond rating will be discussed in advance with the rating agencies.



Section 20: Credit Enhancements. Decisions regarding credit enhancements such as Letters of Credit or Bond Insurance will be based upon the City's goal of accomplishing its financings at the lowest borrowing cost.

### III. Debt Administration Policies

Section 21: Coordination of Local Jurisdictions. The City will participate in communications with overlapping and adjoining jurisdictions concerning plans for future debt issues.

Section 22: Monitoring. The Finance Department should continually monitor the City's outstanding debt issues to verify compliance with debt covenants and record keeping.

Section 23: Reporting. Official statements accompanying debt issues, Comprehensive Annual Financial Reports, and continuing disclosure statements will meet (at a minimum) the standards articulated by, the Government Accounting Standards Board (GASB), the Government Finance Officers Association (GFOA), any clarifying guidance from the Securities and Exchange Commission (SEC), and Generally Accepted Accounting Principles (GAAP). The Department of Finance shall be responsible for ongoing disclosure to established national and state information repositories and for maintaining compliance with disclosure standards of state and national regulatory bodies.

Section 24: Investment of Bond Proceeds. All proceeds of bonds, notes and other obligations shall be segregated into separate funds and invested in a manner consistent with those authorized by existing state laws and by the City's investment practices, consistent with safety, liquidating and return. All interest earned on proceeds shall be used to pay costs associated with the projects being financed or used to pay the principal of or interest on such debt.

Section 25: Arbitrage Rebate. The Finance Director shall ensure that record keeping and reporting meets the arbitrage rebate compliance requirements of the federal tax code. This effort shall include tracking investment earnings on bond proceeds, calculating rebate payments in compliance with tax law, and remitting any rebatable earnings to the federal government in a timely manner in order to preserve the tax-exempt status of the City's outstanding debt issues. The City should actively monitor its investment practices to ensure maximum returns on its invested bond funds while complying with federal arbitrage guidelines.

Section 26: Refunding. Periodic reviews of all outstanding debt will be undertaken to determine refunding opportunities. As a general matter, advance refundings may be undertaken for economic savings when net present value savings of not less than two percent of the refunded debt can be achieved. The City also may choose to refund outstanding indebtedness when existing bond covenants or other financial structures can be modified to improve financial operations. Savings requirements for current or advance refundings undertaken to restructure debt may be waived upon finding that such a restructuring is in the City's overall best financial interests.

### VI. BASIS OF ACCOUNTING & BUDGETING

The budgets/accounts of the general government type funds (i.e. general fund, special revenue funds, capital improvement funds, and the debt service fund) are prepared on a modified accrual basis. This means that revenues are recognized in the accounting period in which they become available and measurable. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when due.



The Comprehensive Annual Financial Report (CAFR) shows the status of the City's finances on the basis of "generally accepted accounting principles" (GAAP). Usually, this conforms to the way the City prepares its budget. Two exceptions are the treatment of depreciation expense, which are not a budgeted line item although the full purchase price of equipment and capital improvements is, while just the opposite is true in the preparation of the CAFR. The second exception is compensated absences that are treated differently in the budget than in the CAFR. The City uses the following fund types and account groups:

### A. Governmental Fund Types

**Governmental Funds** are those through which most governmental functions of the City are financed. The acquisition, use, and balances of the City's expendable financial resources and the related liabilities (other than those in proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position. The following are the City's governmental fund types:

**The General Fund** is the principal fund of the City and accounts for all financial transactions not accounted for in other funds. The general operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are financed through revenues received by the General Fund.

**Special Revenue Funds** are used to account for revenues derived from specific taxes, governmental grants, or other revenue sources that are designated to finance particular functions or activities of the City.

**Capital Project Funds** account for and report financial resources that are restricted and required for the acquisition of capital assets.

**Debt Service Funds** are used to account for the accumulation of resources and for the payment of principal, interest and other related costs of the City's general obligation bonds other than bonds payable from the operations of the proprietary fund.

### B. Proprietary Fund Types

**Enterprise Funds** account for operations that provide a service to citizens. The fund is financed primarily by a user charge for the provision of that service and activities where the periodic measurement of net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Leawood does *not currently* have any enterprise funds, but has had such funds in the past.

## VII. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the City conform to generally accepted accounting principles applicable to local governments. The following represents the more significant accounting and reporting policies and practices of the City:

**Reporting Entity.** In determining the agencies/entities that comprise the City for financial reporting purposes, the criteria of oversight responsibility over such agencies/entities, special financing relationships, and scope of public service provided by the agencies/entities are used. Oversight responsibility is determined by the extent of financial interdependency, control over the selection of the governing authority and management, ability to significantly influence operations, and accountability for fiscal matters. Based upon these criteria, there are no other agencies or entities that should be included in the financial statements of the City.

## VIII. ACCOUNTING POLICIES

**Independent Audit.** An independent audit shall be made of all accounts, including special funds, of the City at least annually. This audit shall be made as soon after the close of the fiscal year as possible. The audit will be conducted by certified public accountants that are selected by the City Council. The City Administrator shall make available copies of such audit for public inspection at the Office of the City Clerk.