

City of Leawood **2021 Budget Summary**

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

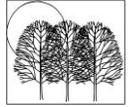
- ✓ Reserves for all Operating Funds are budgeted at 55% of expenditures, above the 11% minimum.
- ✓ Debt Service reserve levels remain at 35% or above throughout the financial planning period.
- ✓ The 2021 budget includes a mill levy of 24.548. No future mill levy increases are forecasted.
- ✓ All long-term 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

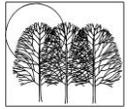
- ✓ The City's 2021 Budget continues to provide a high level of service to the citizens by increasing efficiency in service delivery and addressing resource needs in every part of the City. Each department reviews both industry standards and internal goals on a regular basis to determine if services 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.



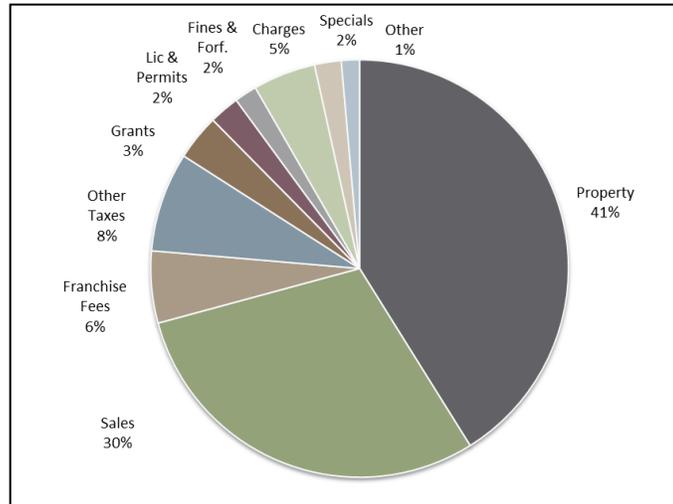
City of Leawood Budget Summary by Year

Listed below are the resources and expenditures for all budgeted funds for the City of Leawood. This includes General, Special Revenue, Capital, and Debt Service Funds. This presentation does not include transfers in/out between funds.

	2019 Actual	2020 Estimate	2021 Budget	% change
Beginning Fund Balance	\$46,946,960	\$50,477,582	\$42,325,40000	-16.2%
Revenues				
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%
Total	\$65,300,315	\$61,148,518	\$63,004,400	3.0%
Expenditures, by Department				
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	8,877,945	12,428,087	10,200,870	-17.9%
Total	\$61,789,789	\$69,300,700	\$65,880,700	-4.9%
by Character				
Personal 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%
Total	\$61,789,789	\$69,300,700	\$65,880,700	-4.9%
Revenues Over (Under) Expenditures				
	3,510,526	(8,152,182)	(2,876,300)	
Ending Fund Balance	\$50,477,582	\$42,325,400	\$39,449,100	-6.8%

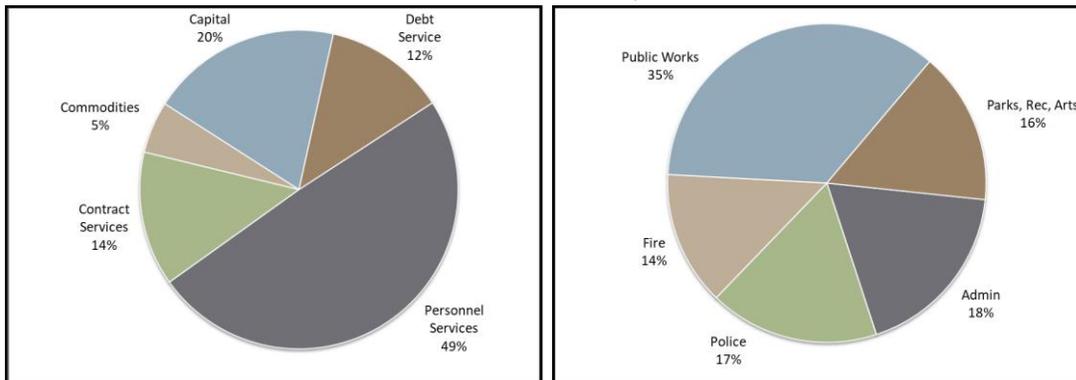


City of Leawood
2021 Budgeted Revenue by Source
Total All Funds \$63.0 million



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.

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

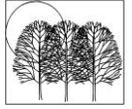


These funds provide valuable city services, such as:

Fire Protection
Fire Prevention
Emergency Preparedness
Disaster Planning
Municipal Court
City Planning
Development Services
Sustainability Programs
Aquatic Center
Public Art/Cultural Art
Golf Course

Police Protection
DARE/School Resource Officers
Community Safety Programs
Citizen's Police Academy
Crime Prevention Programs
Traffic Control
Animal Control
Action Center
Information Services
Community Theater
Special Community Events

Snow Removal
Road Maintenance
Building & Property Code Enforcement
Street Lighting
Property Maintenance
Financial Management
Park Maintenance
Public Parks/Trails
Community Centers
Sports/Recreation Activities
Club/Company/Outdoor Activities



City of Leawood
Property Tax Rate Comparison

Property taxes, also known as ad valorem taxes, are levied on the assessed value real property, residential or commercial. Property owners pay taxes each year. These are paid to the county and then disbursed among several governmental units. Each separate unit determines their own tax rate annually, based on current and future needs. Property taxes are based on mills and are expressed through a mill levy. One mill is equal to \$1 for every \$1,000 of assessed property value. The Johnson County Appraiser’s Office reevaluates all property annually, usually in February, and determines an appraised value. The appraised value is then multiplied by 11.5% for residential property or 25% for commercial property, to determine the assessed property valuation. The mill levy for the City of Leawood is as follows:

2020 Mill Levy		2021 Proposed Mill Levy	
18.881	General Fund	19.481	General Fund
<u>5.667</u>	Debt Service Fund	<u>5.067</u>	Debt Service Fund
24.548	TOTAL	24.548	TOTAL

Tax Value Illustration

According to the 2020 Johnson County Property Tax Listing, the average home in Leawood has a market value (appraised value) of \$585,574, as compared to the 2019 average of \$557,328.

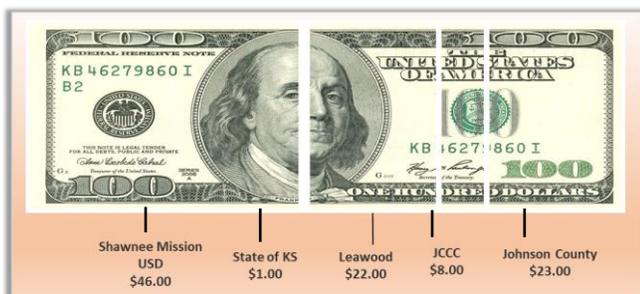
	2020	2021	Difference
Valuation	\$1,016,446,539	\$1,064,931,046	\$48,484,507
Ad Valorem	\$24,951,639	\$25,824,782	\$873,143
City of Leawood Mill Levy	24.548	24.548	0.00
City <i>Annual</i> Tax-Average Home	\$1,573.35	\$1,653.09	\$79.74
City <i>Monthly</i> Tax-Average Home	\$131.11	\$137.76	\$6.65

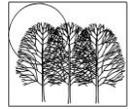
Where Do Your Tax Dollars Go?

The City of Leawood is served by two school districts. Therefore, the total property tax paid by a resident will depend on which school district the property is located. The tax rates for the entities, except for the City of Leawood, represent the mill levy for the 2020 budget. Changes in the mill levy will not be approved by the individual entities until after August 25th for the 2021 budget.

Shawnee Mission School District	
School District	52.121
City of Leawood	24.548
Johnson County	26.030
JoCo Community College	9.121
State of Kansas	1.500
TOTAL Mill Levy	113.320

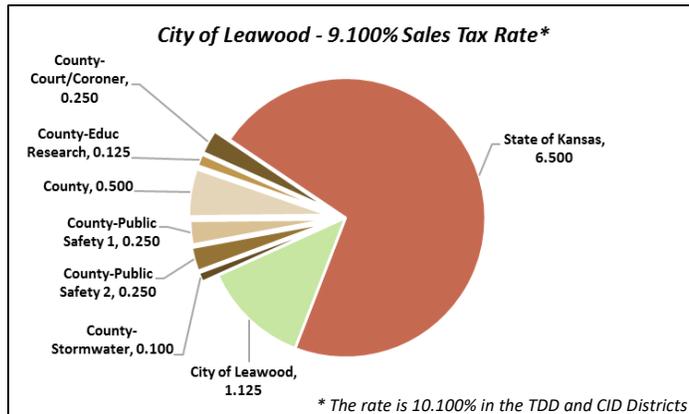
Blue Valley School District	
School District	62.797
City of Leawood	24.548
Johnson County	26.030
JoCo Community College	9.121
State of Kansas	1.500
Blue Valley Parks & Rec	2.199
TOTAL Mill Levy	126.195





City of Leawood Sales Tax History

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 the total of all areas of sales and use taxes will increase 1.50% from 2020 to 2021. The 2019 collections, of \$18,412,835, were 1.4% higher than the 2018 collections.



Sales tax generally applies to three types of transactions:

- 1) *Retail sales, rental, or lease of tangible personal property;*
- 2) *Charges for some labor services; and*
- 3) *Sale of admissions to places providing amusement, entertainment or recreation services.*

Use tax is a tax on goods purchased by Kansans from outside Kansas and used, stored or consumed in Kansas on which no sales tax was paid, or a sales tax less than the Kansas rate was paid.

The sales tax for the City of Leawood is 9.100%, except for the City's one Transportation Development District (TDD) and one Community Improvement District (CID) where the sales tax rate is 10.100%. The breakdown, by governmental unit, is as follows:

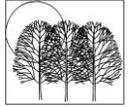
State Sales Tax	6.500%
City of Leawood Sales Tax	1.000%
City of Leawood 1/8-Cent Sales Tax	.125%
Johnson County Sales Tax	.500%
Johnson County Sales Tax – Stormwater	.100%
Johnson County Sales Tax – Public Safety 1	.250%
Johnson County Sales Tax – Public Safety 2	.250%
Johnson County Sales Tax – Court/Coroner	.250%
Johnson County Education Research Triangle Tax	.125%
TOTAL	9.100%

The City's first TDD district was the Park Place development. It is located east of Nall Avenue between 117th Street and Town Center Drive. The additional 1.000% City sales tax began on October 1, 2007. The second TDD was known as the One Nineteen development (Town Center Crossing), located on the corner of 119th Street and Roe Avenue. This 1.000% City sales tax began on January 1, 2009 and ended March 31, 2018. The CID additional sales tax of 1.000% began January 1, 2015 for the Camelot Court shopping area.

The City of Leawood 1/8-cent sales tax began July 1, 2000 for five years. In August 2004, it was extended for another five years until June 2010. In August 2008, voters approved the continuation for five more years until 2015. A further extension was approved in November 2014 for it to continue until 2021. An extension will be placed on the November 2020 ballot for this tax. The purpose is to provide for the improvement of City-owned stormwater projects and street improvement repairs.

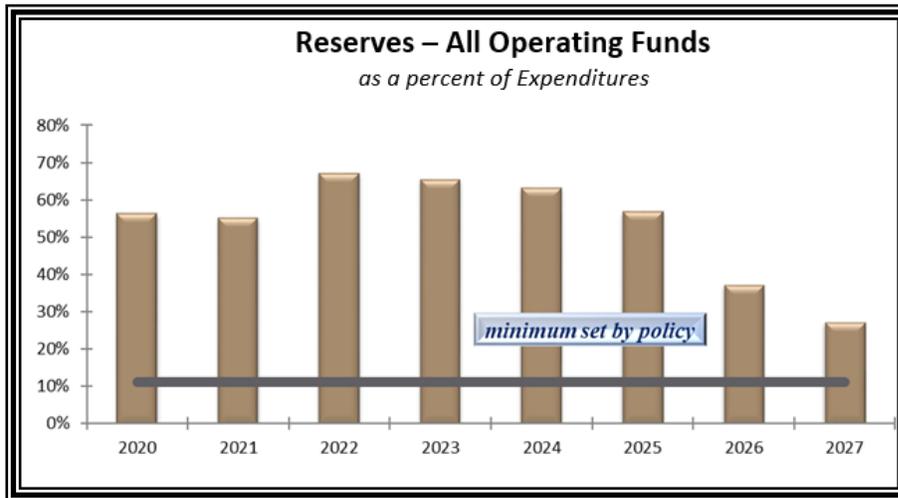
Johnson County receives 1.350% of the total sales tax paid for county services, stormwater, and public safety. The newest addition, of .250% for the Courthouse/Coroner Facility, began on April 1, 2017 and will continue until March 31, 2027. The revenue generated from this sales tax will construct replacement facilities for the Court and the County Coroner.

Included also is a .125% sales tax, which became effective in April 2009 after voter approval. This tax, with no end date, 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.



City of Leawood
Financial Position

At the close of 2021, the City’s operating reserves across all funds except debt service are expected to be at 55% of expenditures, which is above the minimum set by the Governing Body. Reserves are established for three purposes: the first is cash flow, the second for emergencies, and the third for 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 be well above the 11% target set by policy. Leawood’s minimum policy is to have at least 8.33% on hand at all times. Reserves are needed so that the City has adequate cash flow and in the event of unforeseen natural disasters and other emergencies.



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 financial circumstances, which could include a decline in property tax collection rates; delayed payments from special benefit debt; or any change in planned debt expenditures. Excellent reserve levels provide financial security for all stakeholders.

Each year the City staff and City Council members 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.

