



City of Leawood 2022 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 2022 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

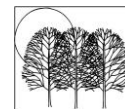
- ✓ Reserves for all Operating Funds are budgeted at 46% of expenditures, above the 11% minimum.
- ✓ Debt Service reserve levels remain at 35% or above throughout the financial planning period.
- ✓ The 2022 budget includes a mill levy of 24.076. No future mill levy increases are forecasted.
- ✓ All long-term forecasting parameters have been met as outlined in the budget document.
- ✓ In 2022, all sales and use tax areas are expected to increase 1.50% from the 2021 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.
- ✓ 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 2022.
- ✓ Firefighters will average 651 residents per one firefighter in 2022.
- ✓ Parks & Recreation will average 528 residents per one FTE in 2022.
- ✓ Administrative employees, as a percentage of direct employees, will average 17.4%.
- ✓ Mandates and operating costs of capital are funded.
- ✓ An average PCI rating of 82.6, compared to the Governing Body goal of a street rating of not less than 70.0.

Sustaining efficient delivery of services

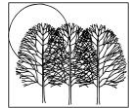
- ✓ The City's 2022 Budget continues to provide a high level of service to the citizens by increasing efficiency in service delivery and addressing resource needs in every part of the City. Each department reviews both industry standards and internal goals on a regular basis to determine if services 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.



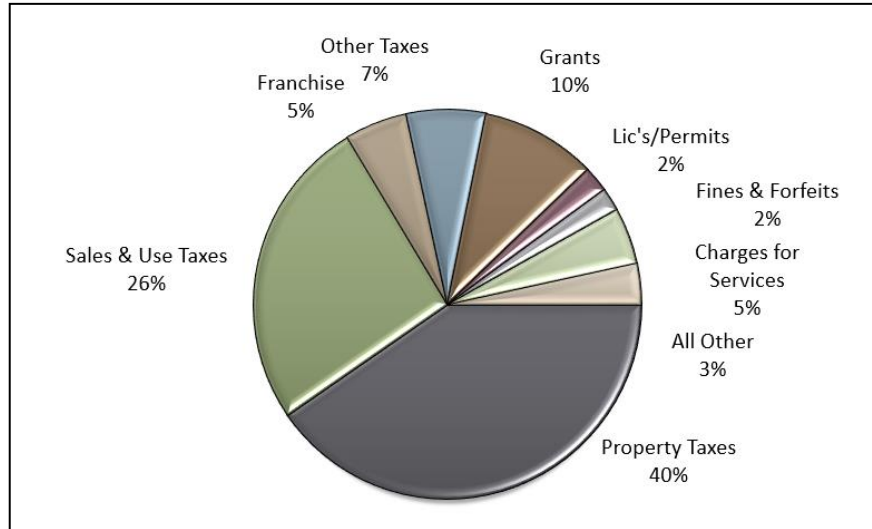
Budget Summary by Year

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

	2020	2021	2022	
	Actual	Estimate	Budget	% change
Beginning Fund Balance	\$50,504,244	\$52,524,810	\$46,589,416	-11.3%
Revenues				
Property Taxes	24,853,393	26,472,757	26,452,853	-0.1%
Sales & Use Taxes	17,313,824	17,313,824	17,573,528	1.5%
Franchise Fees	3,307,089	3,510,000	3,510,000	0.0%
Other Taxes	4,051,972	4,556,068	4,422,705	-2.9%
Grants	1,401,618	2,710,309	6,500,310	140%
Licenses & Permits	1,362,658	1,468,500	1,468,500	0.0%
Fines & Forfeitures	1,027,926	1,100,000	1,300,000	18.2%
Charges for Service	2,308,722	2,684,000	3,178,300	18.4%
Special Assessments	1,273,378	1,300,649	1,270,119	-2.3%
All Other	4,111,508	856,479	1,010,250	18.0%
Total	\$61,012,238	\$61,972,586	\$66,686,565	7.6%
Expenditures				
<i>by Department</i>				
Administration	10,826,240	11,758,727	12,017,029	2.2%
Police	9,937,461	11,445,403	12,212,193	6.7%
Fire	9,159,558	8,962,803	8,879,606	-0.9%
Public Works	19,348,214	23,134,731	30,906,575	33.6%
Parks, Recreation, Arts	8,795,735	11,887,770	11,359,181	-4.5%
Total	\$58,067,208	\$67,189,434	\$75,374,584	12.18%
<i>by Character</i>				
Personnel Services	30,450,527	32,507,756	34,087,735	4.9%
Contractual Services	6,243,071	8,851,570	9,236,314	4.4%
Commodities	2,482,796	3,524,190	3,750,960	6.4%
Capital	9,827,837	13,984,865	18,715,458	33.8%
Debt Service	9,062,977	8,321,053	9,584,117	15.2%
Total	\$58,067,208	\$67,189,434	\$75,374,584	12.18%
Revenues Over (Under)				
Expenditures	2,945,030	(5,216,848)	(8,688,019)	
Ending Fund Balance	\$53,449,274	\$47,307,962	\$37,901,397	-19.88%

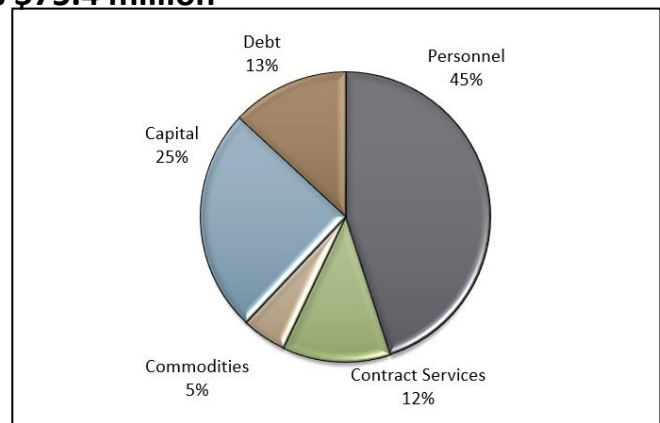
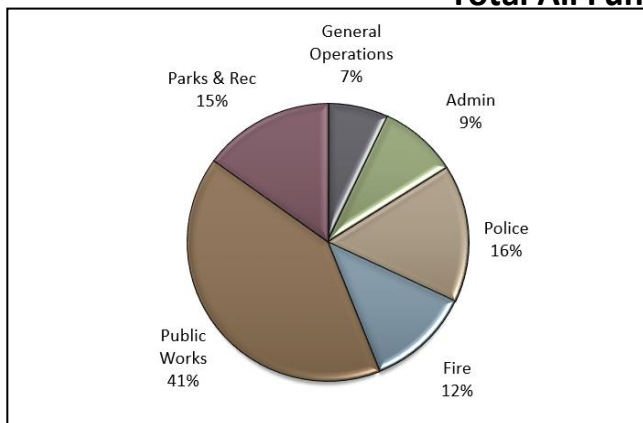


City of Leawood
2022 Budgeted Revenue by Source
Total All Funds \$66.7 million



Revenues for all budgeted funds in the 2022 Budget are projected to increase by 7.6% from the 2021 Estimated Budget. There are no major areas projecting a decrease. The largest increase (140%) is expected in Grants, due to increased County and other City contributions for Arterial street and stormwater projects. Charges for services is projecting an increase of 18.4% as the City continues to recover from lower revenue collections due to the COVID-19 Pandemic.

2022 Budgeted Expenditures by Program
Total All Funds \$75.4 million

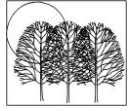


These funds provide valuable city services, such as:

- 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*
- Bldg/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 determine 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 of 25% for commercial property, to determine the assessed property valuation. The mill levy for the City of Leawood is as follows:

<i>2021 Mill Levy</i>		<i>2022 Proposed Mill Levy</i>	
19.754	General Fund	19.209	General Fund
<u>5.003</u>	Debt Service Fund	<u>4.867</u>	Debt Service Fund
24.757	Total	24.076	Total

Tax Value Illustration

According to the 2021 Johnson County Property Tax Listing, the average home in Leawood has a market value (appraised value) of \$608,253, as compared to the 2020 average of \$582,441.

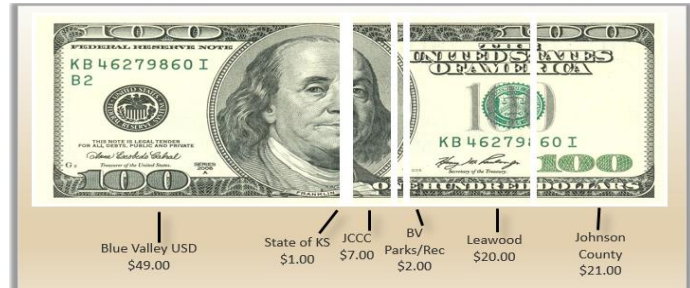
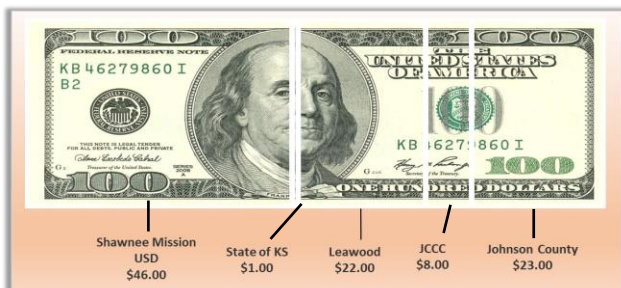
	<i>2021</i>	<i>2022</i>	<i>Difference</i>
Valuation	\$ 1,065,534,162	\$ 1,095,395,557	\$ 29,861,395
Ad Valorem	\$ 26,380,712	\$ 26,372,117	\$ (8,595)
City of Leawood Mill Levy	24.757	24.076	-0.681
City Annual Tax-Average Home	\$ 1,667.16	\$ 1,684.09	\$ 16.93
City Monthly Tax-Average Home	\$ 138.93	\$ 140.34	\$ 1.41

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 October 1st for the 2022 budget.

<i>Shawnee Mission School District</i>	
School District	52.351
City of Leawood	24.076
Johnson County	25.497
JoCo Community College	9.086
State of Kansas	1.500
TOTAL Mill Levy	112.510

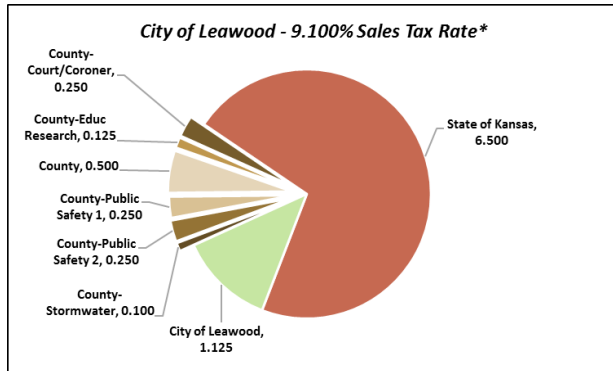
<i>Blue Valley School District</i>	
School District	60.503
Blue Valley Parks & Rec	2.193
City of Leawood	24.076
Johnson County	25.497
JoCo Community College	9.086
State of Kansas	1.500
TOTAL Mill Levy	122.855





City of Leawood Sales Tax History

Included in the 2022 Budget is \$17,573,528 for total sales taxes and \$17,313,824 in the 2021 Estimated Budget. It is anticipated that all sales tax areas will increase by 1.50% from 2021 to 2022. The 2020 collections, of \$17,313,824, were 6% lower than the 2019 collections, having been heavily impacted by the COVID-19 Pandemic.



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 consumer 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 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; further extensions have been approved in 2008, 2014, and 2020. The purpose is to provide for the improvement of City-owned stormwater projects and street improvement repairs.

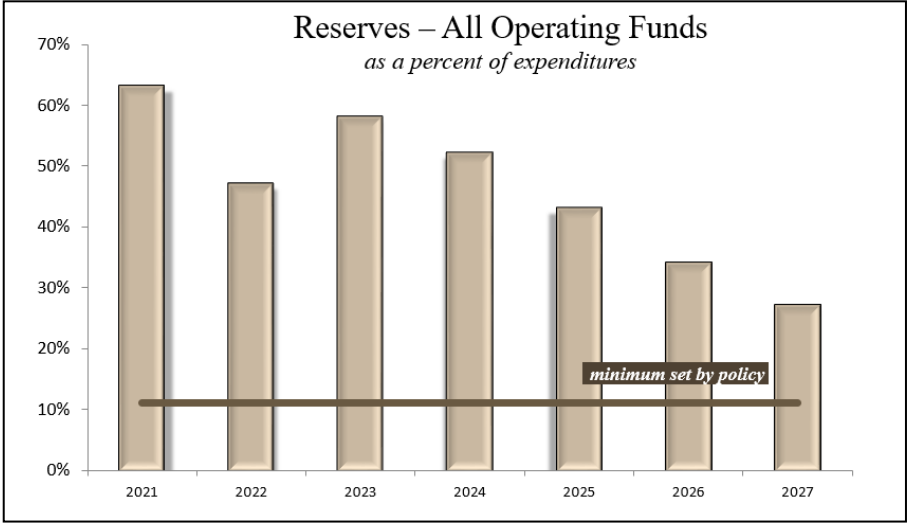
Johnson County receives 1.350% of the total sales tax paid for county services, stormwater, and public safety. The newest addition, of .250% for the Courthouse/Coroner Facility, began on April 1, 2017 and will continue until March 31, 2027. The revenue generated from this sales tax will construct replacement 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 2022, the City’s operating reserves across all funds except debt service are expected to be at 46% 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 \$8,025,190 in the 2022 Budget or 87% 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 district 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.

