CITY OF LEE'S SUMMIT, MISSOURI

Comprehensive Annual Financial Report

For The Year Ended June 30, 2007

CITY OF LEE'S SUMMIT, MISSOURI

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2007

Report issued by the Department of Finance

CITY OF LEE'S SUMMIT, MISSOURI

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Introductory Section

CITY OF LEE'S SUMMIT

FINANCE DEPARTMENT
220 SE GREEN STREET
LEE'S SUMMIT, MO 64063
816-969-1100

December 21, 2007

The Honorable Mayor and City Councilmembers:

Transmitted herewith is the annual financial report for the City of Lee's Summit, Missouri (the City) for the fiscal year ended June 30, 2007. The Finance Department prepared this report and responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City, as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

The comprehensive annual financial report is presented in three sections: introductory, financial and statistical. The introductory section includes a list of principal officials, the City's organizational chart, this transmittal letter and a Certificate of Achievement for Excellence in Financial Reporting. The financial section includes the auditors' report, management's discussion and analysis, basic and fund financial statements, notes to the basic financial statements, and required supplementary information. The statistical section includes selected financial and demographic information, generally presented on a multiyear basis.

For purposes of preparing this comprehensive annual financial report, all funds and account groups that are controlled by or dependent on, the City of Lee's Summit are included. This comprises such services as public safety, public works, parks and recreation, water and sanitary sewerage utility, aviation and sanitary landfill disposal of refuse. The Governmental Accounting Standards Board (GASB) has established the criteria to determine the financial reporting entity for a municipal government's financial report. Therefore, the City used these criteria to examine the relationship of the City to other associated but legally separate entities, to determine if their inclusion in this report would be necessary to fairly present the financial position of the City. These legally separate entities are referred to as a component unit. These criteria generally have to do with financial benefit or burden, and levels of influence over the activities of these organizations. Based on this criteria, all fund types which apply are included as part of this annual report. In addition, the Lee's Summit Municipal Building Authority is included in the City's reporting entity as a blended component unit.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Lee's Summit's MD&A can be found immediately following the report of the independent auditors.

Profile Of The Government

The City was organized on December 1, 1868 under the laws of the State of Missouri. The City became a Charter City on April 2, 1996 when voters approved the Home Rule Charter. The charter established a government in which the City Council, consisting of eight members, two per district, elected by their respective district's citizens, performs the legislative duties of the City. The City Council meets on the first three Thursdays of each month in regular session and has an additional "Work or Study Session" before the regular meeting on the second Thursday of each month. The executive power in the City is vested in the Mayor, who is recognized as the head of the City for all legal and ceremonial purposes. The Mayor is elected at large by the City electorate. The City Manager is the chief administrative officer of the City. The City Manager is appointed by the Mayor with the advice and consent of a majority of the City Council.

The City is a suburb encompassing approximately 64-square-miles in the southeastern section of the Kansas City, Missouri metropolitan area. The City is well served by several interstate, federal and state highways. Interstate 470, which rings the southeastern part of the Kansas City metropolitan area, and connects with Interstates 70 and 435, dissects the City of Lee's Summit. These interstates also connect with Interstates 35 and 29, thereby giving Lee's Summit excellent access to the entire metro area. Two federal highways, U.S. 50 and U.S. 40 and two state highways, M-291 and M-150, also connect Lee's Summit to Kansas City and the surrounding area. In planning for the future, the City uses the I-470 Corridor Study, the M-150 plan and the Comprehensive Plan when looking for guidance regarding growth and land use in and along the highway system. Amtrak and the Missouri Pacific Railroads also serve the City. The Lee's Summit Municipal Airport has both north/south and crosswind directional runways.

Utility service in the City is mixed between public and private companies. Water and sanitary sewerage utilities are operated by the Water Utilities Department of the City. Water and sewerage rates are established to meet the total revenue requirements of the utilities. Natural gas is supplied by the Missouri Gas Energy Company (MGE), electricity by Aquila. Both traditional and cellular phone service is provided by several companies.

All major commercial television networks, independent local stations as well as public television and two cable television companies service the City, and a number of AM and FM stations broadcast throughout the area.

In addition to the *Kansas City Star* daily newspaper and its supplemental *Southland Star* published on Saturdays, the City is served by the *Lee's Summit Journal*, *The Examiner*, and the *Lee's Summit Post-Tribune*.

Education

The City of Lee's Summit boundaries overlap several school districts. The Lee's Summit R-7 School District represents over 80% of the total area. Recognized as one of the nation's outstanding school districts, the Lee's Summit R-7 School District has received *SchoolMatch's* "What Parents Want" Award for many years. In addition, the R-7 School District has won Missouri's Distinction in Performance Award, the state's highest recognition for academic achievement. The school district's enrollment has increased from 2,928 pupils in 1960 to 16,975 in 2007. Fall 2007 enrollment saw an increase of 277 students. The school district expects similar growth to continue. The R-7 School District has 17 elementary schools, 3 middle schools and 3 high schools. The district also operates an Early Childhood Center, Parents as Teachers program, Summit Ridge Academy (alternative high school) and Summit Technology Academy. Within City limits, the Blue Springs R-4 School District also has an elementary school and middle school.

The Longview campus of The Metropolitan Community Colleges is located in the City and is experiencing similar growth in enrollments.

The Mid-Continent Public Library system has two facilities in Lee's Summit, one in the east central section and one in the west central part of the City.

In addition, Lee's Summit residents have easy access to the Kansas City metropolitan area's colleges and universities, community colleges, technical institutes and seminaries.

Recreation, Cultural And Religious Facilities

Lee's Summit has 27 municipal parks covering 1,063 acres of parkland. Recreational amenities at these parks consist of: athletic fields for youth and adult softball, baseball and soccer, lighted tennis courts, picnic shelters, nature trails, a 50-meter swimming pool, an inline skating rink, two skateboard areas, handball/racquetball courts, basketball courts, volleyball courts, horseshoe courts, a 22,000-square-foot recreation center, a 58,000-square-foot community center, 2 small community centers and 20 playgrounds.

The Park Board, recognizing the effect of the rapid population growth in Lee's Summit, continues to support significant improvements in the existing parks and recreation facilities. These projects are funded through lease purchase financing, user fees, sales tax, and property taxes as well as development agreements in which potential neighborhood park land is donated by the developer.

In July 1998, the City acquired approximately 700 acres for the multipurpose City park on the City's eastern city limits. Legacy Park was completed in spring 2003. The second phase of Legacy Park was the completion of the Legacy Park Community Center in the fall of 2003. The 58,000-square-foot facility is located on the east edge of the lake in Legacy Park.

Lake Jacomo, Longview Lake, Blue Springs Lake and Prairie Lee Lake are located in Jackson County Parks within the City limits of Lee's Summit and offer numerous recreational activities such as boating, fishing, camping, skiing and swimming. Lee's Summit residents and the Kansas City metropolitan area enjoy these lakes.

In the spring of 2005, voters approved a reduction and extension of the parks sales tax. Included in this 10-year tax is the development of a third community center, nature center, farm park, continuation of the greenway system, a senior center, a family aquatic center and redevelopment of Harris Park and the Recreation Center, as well as expansion of facilities at Legacy Park, which includes additions to the soccer, baseball and softball fields, new football fields and adult softball and volleyball fields.

Lee's Summit has over 60 churches of various denominations.

Commerce, Industry And Employment

The City's commercial and industrial tax base continues to grow, along with the City's strong housing numbers. Several commercial projects were started or completed during fiscal year 2007.

The City of Lee's Summit has a broad spectrum of major employers. They include companies that manufacture everything from plastic containers to tools to electronic components. In addition to manufacturing, there are a wide variety of services such as customer service centers for pharmaceuticals and telecommunications firms, data management and processing centers and educational institutions. There are 16 business sites in Lee's Summit with 250 employees or more, with 9 of these business sites with over 500 employees.

John Knox Village is a taxpaying retirement community developed on 420 acres. More than 2,000 residents enjoy services and amenities in nearly 1,400 housing choices, ranging from free standing homes to apartment complexes, including private assisted living apartments and a skilled nursing center. The village is continuously renovating many of its residential units.

The City has seen its retail sales tax base increase significantly in the past five years. The pattern of retail development in Lee's Summit follows closely with major traffic routes. The 800,000-square-foot Summit Woods Crossing is located west of US 50 Highway and just south of I-470. It includes anchor tenants such as Lowe's, Kohl's, Best Buy, Target, and specialty stores such as Eddie Bauer and Borders Books. Currently under construction, Summit Fair, a 550,000-square-foot, open-air lifestyle center, will be located east of US 50 Highway and just south of I-470. Anchored by a department store, will also include home furnishings stores, men's and women's fashion, fast-casual eateries, sit-down restaurants and specialty retailers. Summit Fair is expected to open in spring 2009. Smaller centers are scattered throughout the City, generally along highways M-291, M-150 and US 50.

Major Initiatives

The following table sets forth average annual unemployment figures for Lee's Summit and for the State of Missouri, obtained from the Bureau of Labor Statistics, compared to national figures:

Year	Area Unemployment Rate	Statewide Unemployment Rate	United States Unemployment Rate
2007	2.8%	4.8%	4.5%
2006	2.9%	4.8%	4.6%
2005	3.2%	5.3%	5.0%
2004	3.7%	5.8%	5.6%
2003	3.6%	5.8%	6.3%

The City of Lee's Summit continues to be an active and growing community. 2,791 building permits were issued in calendar year 2006 (including alternations, additions and demolitions); this places Lee's Summit as one of the fastest growing cities in the State of Missouri.

The City's population has grown from 28,416 in 1980, 47,253 in 1990, and to 70,700 in the 2000 census to an estimated population of 90,785 as of December 2006. The population is expected to increase an average of five citizens per day.

In 2006, *Money Magazine* has included Lee's Summit on their list of the Top 100 Places to Live. Low crime, affordable cost-of-living and plentiful education opportunities top the list of reasons the City was among the top 50 on this national list.

As a growing community, it is important for the City to maintain the ability to provide service to all customers. The Water and Public Works staff is continuing to work with consultants to meet our needs for the future. During this past year, master plans for water, waste water, storm water, and thoroughfare transportation have made substantial progress.

Capital projects of $59.2 million were constructed during the year using proceeds of General Obligation Bonds, Revenue Bonds, Certificates of Participation, water and sewer connection fees, transportation sales and excise taxes together with grant funds for buildings, landfill expansion, street, airport, water and sewer improvements.

In 1996, the citizens of Lee's Summit voted to adopt the City's Charter, which is the framework for municipal government. The current charter provides for the establishment of a Charter Review Commission no less often than every ten years. In July 2006, the City Council established the first Charter Review Commission for the purpose of reviewing the charter and developing any amendments that may be deemed necessary for consideration by the voters. The commission presented its recommendations to the electorate in November 2006 and all recommendations were approved by the voters.

Citizen participation has become the norm in Lee's Summit. From involving citizens in identifying problems to inviting them to be part of suggesting solutions, citizens are empowered to contribute their time and talents in many ways. Lee's Summit has a wide variety of volunteer boards and commissions and an opportunity for anyone who desires to get involved. The implementation of our citizen strategic plan is just one of the reasons why Lee's Summit has passed 17 successful ballot issues in a row.

Financial Information

Management of the City is responsible for establishing and maintaining internal control designed to ensure that the assets of the government are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits require estimates and judgments by management.

The accounts of the City are organized on the basis of funds and account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which comprise its assets, liabilities, equities, revenues and expenditures or expenses.

Budgetary control is maintained to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the General Fund, Special Revenue Funds and Debt Service Funds are included in the annual appropriated budget. The level of budgetary control is established at the activity level by the encumbrance of purchase orders with material balances before their release to vendors. Purchase orders that result in an overrun of activity balances are not released until alternative sources of payment are made available.

Single Audit

As a recipient of federal, state and county financial assistance, the City is also responsible for ensuring that adequate internal control is in place to ensure compliance with applicable laws and regulations related to those programs. Internal control is subject to periodic evaluation by the management of the City.

As a part of the City's single audit, tests are made to determine the adequacy of internal control, including that portion related to federal financial assistance programs, as well as to determine that the government has complied with applicable laws and regulations. The results of the City's single audit for the fiscal year ended June 30, 2007 provided no instances of material weaknesses in internal control or significant violations of applicable laws and regulations. This report is available in the City of Lee's Summit's separately issued Single Audit Report.

Major Revenue Sources

The City's largest source of revenue is from property taxes.

Combined property, franchise and excise tax revenues comprise approximately 72% of total governmental revenue.

Property tax is an ad valorem tax, levied on all real and personal property, based upon the assessed valuation as established by the County Assessor on January 1st of each year. Real property assessed valuation is determined by applying the "market value" times the appropriate assessment ratios. They are as follows: Commercial/Industrial-32%; Residential-19%; Agricultural-12%. Personal property assessed valuation is set at 33% of market value and is determined by the State Tax Commission. Each year the City Council must set the rates to be levied for the City's property taxes.

Utility franchise fees are gross receipt taxes levied on all service charges for customers subscribing to natural gas, electricity, telephone, and cable television service within the City's boundaries. Franchise taxes are directly dependent on the weather conditions and will vary with extreme periods of heat or cold.

The road excise tax is in the form of a license tax on building contractors to be paid on all development which requires a building permit and results in additional traffic (vehicle trips). The license tax is paid prior to the building permit issuance. These revenues are used to construct streets, roads, bridges and related improvements.

Sales taxes comprise approximately 29% of total governmental revenue.

The City imposes a total sales tax of 2.375% on all goods and commodities sold within the City limits with the exception of drugs and farm machinery. The tax is also levied on all vehicles registered by residents of the City, regardless of where those vehicles were purchased. The State of Missouri receives the tax from the respective business and distributes the funds monthly to the City.

The general sales tax is one cent sales tax used for the General Fund.

The transportation tax is a one-half cent sales tax used for funding transportation projects only. This tax is not levied on utilities.

The capital project sales tax is a one-half cent sales tax with a sunset of ten years as approved by the voters of Lee's Summit for streets, roads, bridges and related improvements. The tax became effective beginning April 1, 1998. This tax was recently approved by voters for another ten years at the same rate.

The local parks sales tax is a three-eighths cent sales tax with a sunset of ten years to fund four key elements of the "Legacy for Tomorrow" plan. The voters of Lee's Summit passed an extension of this tax for another ten years at the rate of one-quarter cent. The new rate will become effective on April 1, 2008. These revenues will be used to fund future projects including a new senior center, family aquatics center, more trails and expansion of Legacy Park

The state motor vehicle fuel tax is distributed to the City on the city-to-state population ratio. The ratio is based on the U.S. census figures and will fluctuate with statewide consumption and population changes, as they become measurable.

The City actively applies for many federal and state pass-through grant funds that may be available. Many of these grants are designed to provide start-up funds or are for limited periods of time.

The county urban road system (CURS) money is collected by Jackson County and is used to fund road and bridge projects that are maintained mutually by the City and county. The county and City are currently working together to make improvements to Woods Chapel Road and Blackwell Road.

Cash Management

The City pools the cash from all funds and invests these amounts in overnight accounts, certificates of deposit, and mortgage-backed securities and instruments. The maturities of the investments range from 14 days to 3 years, with an average maturity of 16 months. The average yield on investments was 4.55%. Time deposits are collateralized at 105% of market value with either the City or a third party holding the collateral.

The City has executed Depository Collateral Agreements, which satisfies the requirements of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) regarding deposits in excess of FDIC insurance.

Enterprise Funds

The City operates four Enterprise Funds: the Combined Waterworks and Sewerage System, the Airport, the Solid Waste Management (Sanitary Landfill) and the Recreation Center.

These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the stated intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges and where periodic determination of revenues earned, expenses incurred and/or net income is deemed appropriate of capital maintenance, public policy, management control, accountability or other purposes.

Combined Waterworks And Sewerage System

The City's combined Water and Sewer System revenues include water and sewer connection fees intended to fund significant capital improvement projects identified in their respective master plans. The rate structure provides a capital improvement funding mechanism to upgrade and replace existing transmission and collection lines.

The City purchases its water from the City of Independence, Missouri (61.57%) and the City of Kansas City, Missouri Water Department (38.43%). Sewage treatment is provided by the Little Blue Valley Sewer District, which charges member cities on a volume treated basis. The City of Lee's Summit represents approximately 22% of the normalized flow of the Little Blue Valley metro sewer district.

Airport

The City operates the Lee's Summit Municipal Airport, which is designated by the Federal Aviation Authority as a reliever airport for the Kansas City metropolitan area. It is designed to reduce congestion at larger air carrier airports by providing general aviation pilots with alternate landing facilities. It is further classified as a general aviation utility airport serving planes with gross weights of less than 12,500 pounds and landing speeds less than 121 knots. The airport is equipped with two runways, each approximately 4,000 feet long, and supports an estimated 92,000 takeoffs and landings of personal and business purposes per year.

Solid Waste Management (Sanitary Landfill)

The Solid Waste Management facility (Landfill) remains one of the few municipally operated sites for solid waste disposal in the Kansas City metropolitan area. The expansion of the original area should provide solid waste disposal until 2014. The City provides drop-off recycling services and also is a metropolitan area household hazardous waste drop-off site for the regional program. The citizen-based Solid Waste Management Task Force recently presented its comprehensive solid waste plan. The Task Force was charged with determining if the City should continue to provide solid waste disposal after closure of the landfill in 2014.

Recreation Center

The Recreation Center is a multipurpose recreational facility that is self-supporting. The Center offers summer day camp for children, volleyball, soccer, basketball leagues and instruction, as well as numerous other activities and programs.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lee's Summit, Missouri for its comprehensive annual financial report for the fiscal year ended June 30, 2006. This was the 29th consecutive year that the government achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the government also received the GFOA's Distinguished Budget Presentation Award for its annual budget document beginning July 1, 2006. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

Risk Management

Property/casualty insurance coverage is provided by Missouri Public Entity Risk Management (MOPERM). MOPERM consists of Missouri's local governments in a shared risk pool.

The City's health and dental insurance is provided by the Mid-America Regional Council Insurance Trust (MARCIT). MARCIT consists of municipal and county governments located in western and central Missouri.

In addition to the insurance coverage provided by MOPERM and MARCIT, the City has established several risk control measures through the City Safety Committee in an effort to minimize accident-related losses.

Independent Audit

The City Charter requires an annual audit to be made of the financial statements of the various funds and account groups. This audit is performed by an independent certified public accounting firm selected by the City. The City's auditor is RubinBrown LLP.

Acknowledgments

The preparation of this report was accomplished through the efforts of the staff of the Finance Department in cooperation with the City's auditors, RubinBrown LLP. Special recognition should go to Assistant Finance Director, Darlene Pickett, for all of her hard work and coordination in compiling the City's financial data. Our sincere thanks to all of those who assisted.

Respectfully submitted,

Stephen A. Arbo
Acting City Manager

Conrad E. Lamb
Finance Director

THE CITY OF LEE'S SUMMIT

MAYOR
Karen R. Messerli

DISTRICT 1
James Hallam
Kathy Hofmann

DISTRICT 2
Randall L. Rhoads
Ron Williams

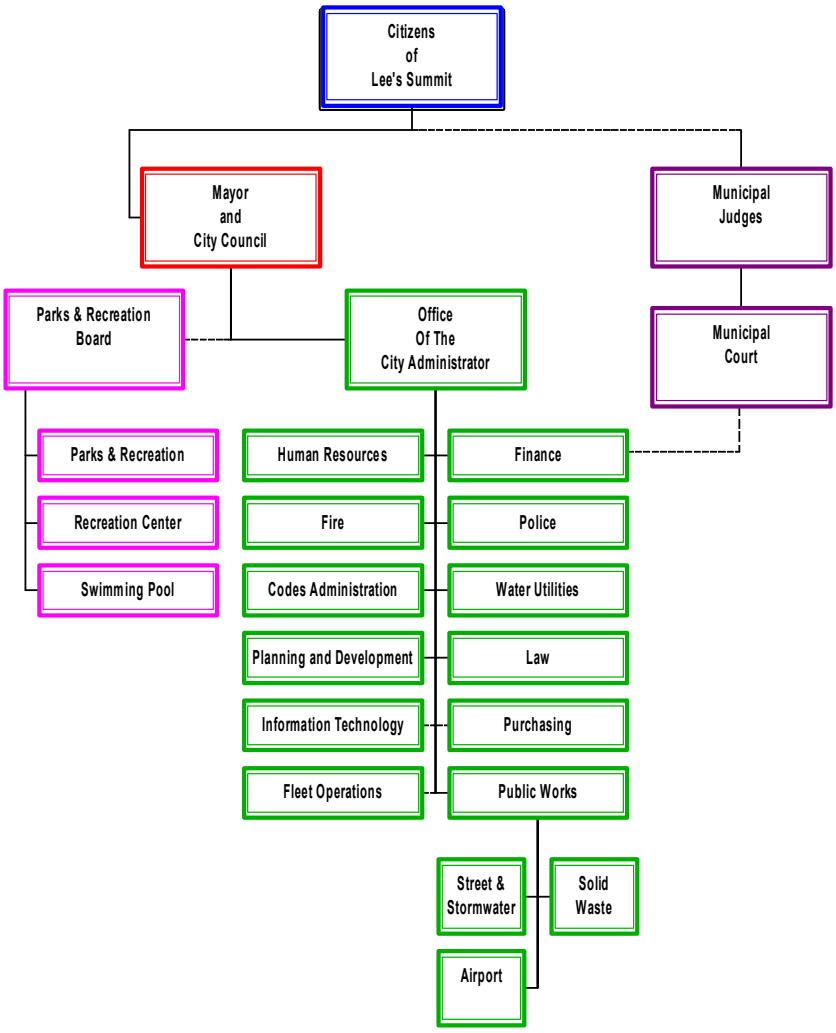
DISTRICT 3
Joseph C. Spallo
Ed Cockrell

DISTRICT 4
James Freeman III
Nick Swearngin

FINANCE & PERSONNEL COMMITTEE
Joseph C. Spallo, Chairman
James Hallam
James Freeman III
Ron Williams

ADMINISTRATION
Stephen A. Arbo, Acting City Manager
Brian Scott, Assistant City Manager
Conrad E. Lamb, Finance Director
Darlene Pickett, Asst. Finance Director
Thomas Solberg, Fire Chief
Robert Handley, City Attorney
Kenneth T. Conlee, Police Chief
J. Thomas Lovell, Parks Administrator
Charles Owsley, Public Works Director
Mark Schaufler, Water Utilities Director
Robert G. McKay, Community Development Director
Mark Dunning, Codes Administration Director

City of Lee's Summit



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Lee's Summit Missouri

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

Financial Section

RubinBrown

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Independent Auditors' Report

The Honorable Mayor and Members
of the City Council
City of Lee's Summit, Missouri

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lee's Summit, Missouri (the City), as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements, as listed in the accompanying table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lee's Summit, Missouri as of June 30, 2007 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report, dated December 21, 2007, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, the budgetary comparison schedule, the notes to budgetary comparison schedule, and the schedule of funding progress, as listed in the accompanying table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lee's Summit, Missouri's basic financial statements. The combining and individual fund financial statements and schedules listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

RubinBrown LLP

December 21, 2007

As management of the City of Lee's Summit, Missouri (the City), we offer readers this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2007. This is the fifth year of reporting in conformance with the guidelines prescribed in Governmental Accounting Standards Board's (GASB) Statement No. 34. We encourage readers to consider the information presented here in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

Financial Highlights

- The assets of the City of Lee's Summit exceeded its liabilities at the close of the most recent fiscal year by $544,428,098 (net assets). Of this amount, $49,493,647 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased over $44.7 million. Of this amount, $25.8 million was from the City's "governmental activities" and the balance was from the "business-type activities."
- The City's total debt decreased approximately $6.2 million (6.8%) during the current fiscal year. Factors in this increase were the issuance of $17.1 million in certificates of participation for capital improvements at Legacy and Harris Parks coupled with the scheduled reduction of the City's other debt.

Overview Of The Financial Statements

This discussion and analysis is provided as an introduction to the basic financial statements. The basic financial statements consist of three components: government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements. The *government-wide financial statements* are a broad overview of the City's finances in a manner similar to a private business.

The *statement of net assets* presents all of the City's assets and liabilities with the difference between the two reported as *net assets*. Net assets are an important measure of the City's overall financial health. The increases and decreases in net assets can be monitored to determine whether the City's financial position is improving or deteriorating.

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements report functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) separate from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities for the City included general government, public works and streets, public safety, planning and development, and parks and recreation. The business-type activities for the City include the combined waterworks and sewerage system, municipal airport, sanitary landfill, and recreation center.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure compliance with finance-related legal requirements. These funds are divided into two categories: governmental funds and proprietary funds.

Governmental funds. G*overnmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Proprietary funds. The City uses two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet of vehicles and equipment, management information systems, and self-insurance activities. Because these services predominately benefit governmental rather than business-type functions, they have been included within the *governmental activities* in the government-wide financial statements.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also contains certain *required supplementary information* regarding budgetary and pension information. The combining statements for the nonmajor funds and internal service funds are presented immediately following the required supplementary information.

Government-Wide Financial Analysis

As noted earlier, net assets may serve as a useful indicator of the City's financial position. As of June 30, 2007, assets exceed liabilities by $544,428,098. The largest portion of the City's net assets, $438,467,040 (81%), reflects its investment in capital assets (e.g. land, construction in progress, buildings, improvements, machinery and equipment, and infrastructure), less any related debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

The following table reflects the condensed Statement of Net Assets as of June 30, 2007 and 2006:

Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2007	2006 (Restated)	2007	2006 (Restated)	2007	2006 (Restated)
Current and other assets	$ 106,468,750	$ 123,251,564	$ 48,017,150	$ 44,175,991	$ 154,485,900	$ 167,427,555
Capital assets	302,027,510	271,248,246	200,052,014	189,358,113	502,079,524	460,606,359
Total assets	408,496,260	394,499,810	248,069,164	233,534,104	656,565,424	628,033,914
Long-term liabilities outstanding	48,682,151	47,356,467	34,947,976	40,549,746	83,630,127	87,906,213
Other liabilities	22,830,251	35,990,260	5,676,948	4,363,048	28,507,199	40,353,308
Total liabilities	71,512,402	83,346,727	40,624,924	44,912,794	112,137,326	128,259,521
Net assets:						
Invested in capital assets, net of related debt	268,374,160	223,891,779	170,092,880	154,392,447	438,467,040	378,284,226
Restricted	22,781,337	—	33,686,074	—	56,467,411	—
Unrestricted	45,828,361	87,261,304	3,665,286	34,228,863	49,493,647	121,490,167
Total net assets	$ 336,983,858	$ 311,153,083	$ 207,444,240	$ 188,621,310	$ 544,428,098	$ 499,774,393

At the end of the current fiscal year, the City is able to report positive balances in all categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

The City's combined net assets increased to $544 million from $500 million as a result of the year's revenues exceeding expenses as reflected in the next table. The City's unrestricted net assets for governmental activities were $45.8 million. Total unrestricted net assets were $49.5 million including business-type activities.

By far, the largest portion of the City's net assets (81%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Total net assets of approximately $544 million is comprised of $438 million invested in capital assets, net of related debt; $56 million is restricted for capital projects, debt service and other purposes; $45.8 million is unrestricted and available for general governmental purposes and $3.7 million is unrestricted and available for the City's business-type activities.

The City's net assets increased by $42.7 million during the current fiscal year. Over one-half of this increase represents the increase in governmental activities.

Changes In Net Assets

The following table reflects the revenues and expenses from the City's activities for the years ended June 30, 2007 and 2006:

Changes In Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for services	$ 10,096,765	$ 8,662,507	$ 33,228,345	$ 32,573,999	$ 43,325,110	$ 41,236,506
Operating grants and contributions	3,210,418	2,377,480	—	—	3,210,418	2,377,480
Capital grants and contributions	8,484,471	6,501,288	11,578,303	9,420,922	20,062,774	15,922,210
General revenues:						
Property taxes	32,179,406	30,345,701	—	—	32,179,406	30,345,701
Sales and use taxes	28,197,210	28,369,222	—	—	28,197,210	28,369,222
Other revenue	19,252,190	16,335,761	3,265,360	2,125,385	22,517,550	18,461,146
Total revenues	101,420,460	92,591,959	48,072,008	44,120,306	149,492,468	136,712,265
Expenses:						
General government	10,847,633	13,828,963	—	—	10,847,633	13,828,963
Public safety	29,091,623	30,610,276	—	—	29,091,623	30,610,276
Public works and streets	28,530,677	13,050,566	—	—	28,530,677	13,050,566
Planning and development	996,657	851,343	—	—	996,657	851,343
Parks and recreation	5,979,484	4,794,351	—	—	5,979,484	4,794,351
Interest on long-term debt	2,606,257	2,325,784	—	—	2,606,257	2,325,784
Combined waterworks and sewerage system	—	—	22,098,586	22,466,027	22,098,586	22,466,027
Sanitary landfill	—	—	2,571,247	2,632,034	2,571,247	2,632,034
Airport	—	—	1,426,900	1,702,652	1,426,900	1,702,652
Recreation Center	—	—	689,699	873,576	689,699	873,576
Total expenses	78,052,331	65,461,283	26,786,432	27,674,289	104,838,763	93,135,572
Increases in net assets before transfers	23,368,129	27,130,676	21,285,576	16,446,017	44,653,705	43,576,693
Transfers	2,462,646	2,818,505	(2,462,646)	(2,818,505)	—	—
Increase in net assets	25,830,775	29,949,181	18,822,930	13,627,512	44,653,705	43,576,693
Net assets, beginning	311,153,083	281,203,902	188,621,310	174,993,798	499,774,393	456,197,700
Net assets, ending	$ 336,983,858	$ 311,153,083	$ 207,444,240	$ 188,621,310	$ 544,428,098	$ 499,774,393

Governmental Activities

Governmental activities increased the City's net assets by $25.8 million. Property taxes, the largest governmental category, were $32.2 million or 32% of governmental activities revenue. For the fiscal year ended June 30, 2007, revenues totaled $149.5 million (governmental and business-type). Revenues from governmental activities totaled $101.4 million or 68% of the total City revenues.

Governmental activities expenses increased $12.6 or 19% for the fiscal year ended June 30, 2007 compared to the fiscal year ended June 20, 2006. This increase was the result of capital expenditures in the governmental funds.

Certain revenues are generated that are specific to governmental program activity. These totaled $3.2 million. The following table shows expenses and program revenues of the governmental activities for the years ended June 30, 2007 and 2006:

Net Cost Of Governmental Activities

	Total Cost Of Service		Net Cost Of Service	
	2007	2006	2007	2006
General government	$ 10,847,633	$ 13,828,963	$ (6,659,089)	$ (10,515,094)
Public safety	29,091,623	30,610,276	(24,286,319)	(25,648,864)
Public works and streets	28,530,677	13,050,566	(18,074,444)	(5,571,368)
Planning and development	996,657	851,343	(691,628)	(628,033)
Parks and recreation	5,979,484	4,794,351	(3,942,940)	(3,230,865)
Interest on long-term debt	2,606,257	2,325,784	(2,606,257)	(2,325,784)
Total	$ 78,052,331	$ 65,461,283	$ (56,260,677)	$ (47,920,008)

As previously noted, expenses from governmental activities totaled $78.1 million. However, net costs of these services were $56.3 million. The difference represents direct revenues received from charges for services of $10.1 million, operating grants and contributions of $3.2 million and capital grants and contributions of $8.5 million. Taxes and other revenues of $79.6 million were collected to cover these net costs.

Business-Type Activities

Business-type activities net assets increased by $18.8 million in the current year. Revenues increased $4 million or 9% and expenses decreased $.9 million or 3% compared to the prior year. The change in net assets in the current year was $5.2 million higher than the prior year due to a combination of $.9 million in increased revenues in the Water/Sewer Utility Fund and $4.6 million in grant reimbursements in the Airport Fund along with an overall decrease of $.2 million in the enterprise funds as a whole.

Financial Analysis Of The City's Funds

The General Fund is the chief operating fund of the City. The fund balance of the General Fund at June 30, 2007 was $15.9 million or 33% of actual expenditures. This represents a decrease of $8.8 million or a 35% decrease over the previous year's balance. While revenues increased $1.5 million, expenses also increased by $9.8 million over the previous fiscal year. This increase in expenditures was planned as several capital projects received allocations of one time funds from the General Fund. These included $1.3 million for arterial streetlights, $1.5 million contribution for the construction of a new senior center, $3 million for a Downtown garage and $3.9 million toward the Downtown Improvements projects.

The City recognizes the need for a fund balance that can adequately absorb any downturn in economic events to avoid changes and reductions in service levels. The City Council adopted a resolution committed to maintaining at a minimum, an amount equal to 25% of expenditures in the General Fund balance, where 5% is reserved or designated for "Opportunity Funding." The types of uses eligible for funding from the 5% Opportunity Funding Reserve shall include matching funds for grants, economic development/business retention, planning studies, and capital projects.

The Debt Service Fund ended the year with a fund balance of $6.9 million, an increase of $2.6 million, or 60%. As of June 30, 2007, the City has issued all but $75,000 of the $37 million general obligation debt authorized by the electorate in November 2002. These bonds provided for the construction of downtown improvements, including new streets, streetscape, and a new City Hall. In addition, the bond issue approval provides for construction of a seventh fire station and related equipment, storm warning sirens, a new Animal Control Shelter, and road improvements to 3rd Street from View High to Pryor. The City issued $11.5 million of these bonds in January 2006. The City, in accordance with these "No Tax Increase" bond elections, has held the tax levy constant and monitors fluctuations in fund balance for future no tax increase bond issues.

The Park Development Fund ended the year with a fund balance of $19 million at June 30, 2007. This represents an increase of $13.2 million or 226% over the previous year. The increase is due to the issuance of $17.1 million in certificates of participation for various capital improvements at Legacy Park and Harris Park.

The Road and Bridge Excise/Sales Tax Fund ended the year with a fund balance of $6.9 million at June 30, 2007. This represents a decrease of $2.3 million or 25% from the previous year. The decrease is due to a combination of increased capital expenditures coupled with a decrease in license tax revenue of approximately $.5 million.

The Combined Water and Sewerage system recorded an increase of $9 million in net assets for the year. The increase is attributed to capital contributions of $1.9 million and net revenues of $7.1 million. Revenues increased over the last fiscal year by $.9 million or 3.2% due to rate increases of 8% (3% water and 5% sewer) designed to provide additional resources to meet debt service requirements. During the current fiscal year, weather conditions were more seasonable with consistent rain events that lowered demand for lawn irrigation in particular. Nonoperating expenses increased by $1 million compared to the prior year due to higher interest earnings on cash balances.

The Sanitary Landfill fund recorded an increase of $23,000 in net assets for the year that is attributed to decreased expenses of $61,000 compared to the last fiscal year. The City monitors tipping fees in order to remain competitive with other landfills. Daily tonnage is also being closely monitored to ensure that the life of the landfill lasts until 2014 as planned.

The Airport Fund recorded an increase of $9.8 million in net assets for the year. The increase is attributed to capital grants received of $9.7 million.

General Fund Budgetary Highlights

Differences between the original and the final amended budget can be summarized as follows:

- The total original expenditure budget of $48,954,000 increased to $49,604,000 (an increase of $650,000).

Actual revenues were $159,000 more than budgeted. Revenue from sales taxes was $925,000 lower that expected due to a leveling off of sales tax growth in the City. Franchise receipts were $506,000 lower than expected due to changes in the calculation and collection of gross receipts taxes for telecommunication companies. Both Licenses and Permits was $152,000 and Charges for Services was $374,000 more than budgeted as a result of the implementation of new development fees for Public Works and Codes Administration for a full fiscal year. Interest earnings were $575,000 higher than anticipated due to the spend down of fund balance later in the fiscal year than originally intended. Other income exceeded expectations by $574,000 due to an increase in capital project reimbursements for engineering costs.

The general government budget increased $437,000 and the public safety budget increased $213,000. These increases were to be appropriated from the undesignated fund balance.

Capital Assets And Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2007 amounts to $502 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems improvements, collections systems, machinery and equipment, park facilities, and infrastructure. Capital assets increased $39.6 million during the period.

Major capital events during the current fiscal year included the following:

- Completion of Todd George Road – McKee to Tudor totaling $1,944,000 for the year.
- Substantial work towards completion of Downtown Infrastructure Improvements totaling $4,081,000 for the year.
- Substantial work towards completion of Longview Road totaling $2,859,000 for the year.
- Completion of construction of Fire Station 7 totaling $2,915,000 for the year.
- Progress construction of Langsford Road – East of Todd George to Blackwell totaling $1,128,000.
- Completion of construction of Fire Station 7 totaling $2,915,000 for the year.
- Completion of Chipman Road – US 50 to M-291 Highway Road totaling $3,014,000 for the year.
- Progress construction of the Harris Park Renovations and Aquatics center totaling $2,271,000.
- Substantial work toward completion of Legacy Park Picnic, Amphitheater and Trails totaling $2,091,000 for the year.
- Various system additions and improvements were completed in the Combined Waterworks and Sewerage Fund at a cost of over $2.0 million including the Hook Road Elevated Tank of $245,000 and downtown upgrades of $650,000.

Capital Assets
(Amounts Expressed In Thousands, Net Of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	$ 7,220	$ 7,220	$ 9,169	$ 6,780	$ 16,389	$ 14,000
Construction in progress	90,463	58,720	29,753	17,866	120,216	76,586
Buildings	20,803	21,947	—	—	20,803	21,947
Improvements	13,106	14,030	160,164	163,657	173,270	177,687
Machinery and equipment	11,999	11,521	966	1,055	12,965	12,576
Infrastructure	158,436	157,810	—	—	158,436	157,810
Total	$ 302,027	$ 271,248	$ 200,052	$ 189,358	$ 502,079	$ 460,606

These capital assets are funded by traditional bond financing, impact fees, and user charges. For more detailed information, see the notes to basic financial statements.

Debt Administration

The City, at the end of fiscal 2007, had a total of $87.4 million of outstanding obligations. This was an increase of $5.7 million or 6.9% from the previous year.

Even with the issuance of $17,095,000 in certificates of participation debt, the City's aggressive debt retirement schedule is the reason the overall obligations for both governmental activities and business-type activities did not increase proportionately.

As of June 30, 2007, the City's total issued General Obligation (G.O.) Bonded Debt was $34,000,000, and authorized and unissued debt was $75,000. The City has statutory authority to issue debt equal to 20% of the City's total assessed valuation or $279,382,420. This, less outstanding debt, authorized and unissued debt, and available cash, leaves a legal debt margin of $250,599,683, which is 90% of the City's total bonding capacity. Bonded debt, net of available debt service funds, amounted to approximately $316 per capita and represented 2% of the assessed value of taxable property.

General Obligation Bonds retired in fiscal year 2007 totaled $4,380,000.

The City's most recent Certificates of Participation were rated AAA by both Moody's Investors Service and Fitch. Recent General Obligation Bonds have been rated AAA by Fitch and Aa1 by Moody's Investors Service. This rating was an upgrade from the City's previous rating of Aa2 by Moody's. The high quality AAA and Aa1 reflect the City's strong tax base, which benefits from its proximity to Kansas City, consistently healthy financial operations characterized by ample reserves and moderate debt burden with an aggressive rate of retirement.

The total revenue bond amount outstanding at June 30, 2007 was $29,545,000, which included $26,385,000 for the Combined Water and Sewer Utility and $3,160,000 of Water Pollution Control. These bonds are payable solely from the revenue derived from the operations of the respective funds and are considered to be self-liquidating.

The Combined Water and Sewer Utility Fund retired $2,890,000 of their principal amount outstanding this year along with interest payments of $1,539,455. This represents 3.63% of their net operating revenues available for debt service.

The City is participating in the Missouri Leveraged State Water Pollution Control Revolving Fund Program with the issuance of $9,695,000 in December 1990. The bonds are limited obligations of the State Environmental Improvement and Energy Resources Authority, secured by City bonds, and the Reserve Security in an amount equal to fifty percent (50%) of the outstanding principal. The Reserve Security is funded with amounts drawn from federal capitalization grants and state matching funds held in a reserve fund. This provides interest income that can be used to reduce the interest expense that would normally be incurred. The total bond outstanding at June 30, 2007 is $1,580,000.

The City's Combined Water and Sewer Revenue Bonds carry an A1 rating from Moody's Investors Service. The most recent Special Obligation Bonds were rated AA- by Standard & Poor's. This rating reflects the City's covenant to budget and appropriate for debt service, subject to annual-to-annual appropriations.

The City has $22,320,000 in Certificates of Participation outstanding. In July 1998, the City purchased approximately 700 acres for a multipurpose City park on the City's eastern City limits issuing $2,400,000 in certificates of participation. This debt service is structured as interest only with the principal amount paid in the tenth year. In September 2000, the City issued $955,000 in certificates of participation to acquire, construct, furnish, equip, and install improvements consisting of four airplane hangars and related site improvements at the Lee's Summit Municipal Airport. In December 2001, the City issued $15,080,000 in certificates of participation for Legacy Park construction and related road improvements. In 2006, the City issued $17,095,000 in certificates of participation for making various capital improvements to Legacy Park and Harris Park.

Additional information on the City's long-term debt can be found beginning with Note 4.

Economic Factors And Next Year's Budgets And Rates

Combined General Fund revenues for fiscal year 2008 are projected to total $52.6 million. This represents an increase of 2% over the prior year budget of $51.4 million. This represents the lowest year-over-year increase in almost 15 years. Several factors are contributing to this, including flat sales tax growth and a reduction in building permit activity.

General Fund expenses are projected to total $53 million compared to $49.6 million budgeted in fiscal year 2006. This represents a 6% increase.

Personal Services expenditures are estimated using a 5% wage adjustment pool for an employee pay-for-performance system.

Health insurance premium increases were budgeted with a 3% increase based on premium notices received from MARCIT, the City's health insurance provider.

Rate increases are planned in the City operated utility for fiscal year 2008, including a water rate increase of 3% and a sanitary sewer rate increase of 5% effective November 1, 2007.

All of these factors were considered in preparing the City of Lee's Summit's budget for fiscal year 2008.

Requests For Information

This financial report is designed to provide the reader a general overview of the City's finances. Questions or requests for more information concerning any of the information provided in this report should be directed to Conrad Lamb, Finance Director, City of Lee's Summit, 220 SE Green Street, Lee's Summit, Missouri 64063.

Basic Financial Statements

CITY OF LEE'S SUMMIT, MISSOURI

STATEMENT OF NET ASSETS
June 30, 2007

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	$ 92,412,303	$ 42,744,157	$ 135,156,460
Receivables (net of allowance):			
Taxes	4,416,802	—	4,416,802
Accounts and other	979,077	3,693,222	4,672,299
Interest	1,586,610	740,886	2,327,496
Internal balances	1,824,034	(1,824,034)	—
Due from other governmental agencies	4,839,679	4,382	4,844,061
Inventories	105,650	427,802	533,452
Prepaid expenses	83,261	11,513	94,774
Other assets	34,654	89,315	123,969
Deferred bond issue costs, net	186,680	188,512	375,192
Restricted cash and investments	—	1,941,122	1,941,122
Capital assets:			
Nondepreciable	97,682,574	36,533,651	134,216,225
Depreciable, net	204,344,936	163,518,636	367,863,572
Total Capital Assets	302,027,510	200,052,287	502,079,797
Total Assets	408,496,260	248,069,164	656,565,424
Liabilities			
Accounts payable and accrued expenses	12,457,355	1,729,884	14,187,239
Accrued interest payable	348,736	92,663	441,399
Unearned revenues	—	25,906	25,906
Customer deposits - payable from restricted deposits	—	397,122	397,122
Long-term obligations:			
Due within one year:			
Compensated absences	259,160	11,373	270,533
Bonds and contracts	9,765,000	3,065,000	12,830,000
Payable from restricted assets - state revolving loan fund	—	355,000	355,000
Due in more than one year			
Compensated absences	3,181,719	253,511	3,435,230
Bonds and contracts	45,500,432	33,469,465	78,969,897
Payable from restricted assets - state revolving loan fund	—	1,225,000	1,225,000
Total Liabilities	71,512,402	40,624,924	112,137,326
Net Assets			
Invested in capital assets, net of related debt	268,374,160	170,092,880	438,467,040
Restricted for:			
Debt service	7,036,233	3,142,125	10,178,358
Capital projects	15,745,104	30,543,949	46,289,053
Unrestricted	45,828,361	3,665,286	49,493,647
Total Net Assets	$ 336,983,858	$ 207,444,240	$ 544,428,098

See the accompanying notes to basic financial statements.

CITY OF LEE'S SUMMIT, MISSOURI

STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2007

Functions/Programs	Expenses	Program Revenues: Charges For Services	Program Revenues: Operating Grants And Contributions	Program Revenues: Capital Grants And Contributions	Net (Expense) Revenue And Changes In Net Assets: Governmental Activities	Net (Expense) Revenue And Changes In Net Assets: Business-Type Activities	Net (Expense) Revenue And Changes In Net Assets: Total
Governmental Activities							
General government	$ 10,847,633	$ 2,270,212	$ 1,918,332	$ —	$ (6,659,089)	$ —	$ (6,659,089)
Public safety	29,091,623	3,828,994	976,310	—	(24,286,319)	—	(24,286,319)
Public works and streets	28,530,677	1,971,762	—	8,484,471	(18,074,444)	—	(18,074,444)
Planning and development	996,657	305,029	—	—	(691,628)	—	(691,628)
Parks and recreation	5,979,484	1,720,768	315,776	—	(3,942,940)	—	(3,942,940)
Interest on long-term debt	2,606,257	—	—	—	(2,606,257)	—	(2,606,257)
Total Governmental Activities	78,052,331	10,096,765	3,210,418	8,484,471	(56,260,677)	—	(56,260,677)
Business-Type Activities							
Waterworks and sewerage system	22,098,586	28,854,605	—	1,925,299	—	8,681,318	8,681,318
Sanitary landfill	2,571,247	2,714,978	—	—	—	143,731	143,731
Airport	1,426,900	1,001,628	—	9,653,004	—	9,227,732	9,227,732
Recreation center	689,699	657,134	—	—	—	(32,565)	(32,565)
Total Business-Type Activities	26,786,432	33,228,345	—	11,578,303	—	18,020,216	18,020,216
Total Primary Government	$ 104,838,763	$ 43,325,110	$ 3,210,418	$ 20,062,774	(56,260,677)	18,020,216	(38,240,461)
General Revenues							
Taxes:							
Property taxes, levied for general purposes					24,935,943	—	24,935,943
Property taxes, levied for debt service					7,243,463	—	7,243,463
Franchise taxes					9,022,063	—	9,022,063
Sales and use taxes					28,197,210	—	28,197,210
Earnings on investments					5,752,661	2,588,566	8,341,227
Other revenues					4,073,268	676,794	4,750,062
Gain on sale of assets					404,198	—	404,198
Transfers					2,462,646	(2,462,646)	—
Total General Revenues And Transfers					82,091,452	802,714	82,894,166
Change In Net Assets					25,830,775	18,822,930	44,653,705
Net Assets - Beginning, As Previously Stated					312,575,195	189,171,112	501,746,307
Prior Period Adjustment					(1,422,112)	(549,802)	(1,971,914)
Net Assets - Beginning, As Restated					311,153,083	188,621,310	499,774,393
Net Assets - Ending					$ 336,983,858	$ 207,444,240	$ 544,428,098

See the accompanying notes to basic financial statements.

CITY OF LEE'S SUMMIT, MISSOURI

BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2007

	General Fund	Debt Service	Park Develop-ment	Road And Bridge Excise/ Sales Tax	Other Governmental Funds	Total Governmental Funds
Assets						
Pooled cash and investments	$ 12,521,317	$ 6,221,022	$ 19,715,578	$ 7,817,565	$ 35,781,847	$ 82,057,329
Receivables (net of allowance):						
Taxes	3,175,465	577,734	—	249,727	413,876	4,416,802
Accounts and other	978,877	—	—	—	200	979,077
Interest	548,622	168,182	90,931	156,078	436,825	1,400,638
Due from other funds	1,923,862	—	—	—	—	1,923,862
Due from other governments	495,008	392,387	150,000	1,815,899	1,986,385	4,839,679
Other assets	5,139	—	—	—	9,721	14,860
Total Assets	$ 19,648,290	$ 7,359,325	$ 19,956,509	$ 10,039,269	$ 38,628,854	$ 95,632,247
Liabilities And Fund Balances						
Liabilities						
Accounts payable and accrued liabilities	$ 2,982,887	$ —	$ 930,288	$ 3,174,200	$ 4,778,573	$ 11,865,948
Accrued interest payable	—	—	—	—	1,651	1,651
Due to other funds	2,296	—	—	—	100,000	102,296
Unearned revenue	722,409	410,391	—	—	132,949	1,265,749
Total Liabilities	3,707,592	410,391	930,288	3,174,200	5,013,173	13,235,644
Fund Balances						
Reserved for:						
Debt service	—	6,948,934	—	—	—	6,948,934
Unreserved, reported in:						
General fund	15,940,698	—	—	—	—	15,940,698
Special revenue funds	—	—	—	—	6,142,921	6,142,921
Capital projects funds	—	—	19,026,221	6,865,069	27,472,760	53,364,050
Total Fund Balances	15,940,698	6,948,934	19,026,221	6,865,069	33,615,681	82,396,603
Total Liabilities And Fund Balances	$ 19,648,290	$ 7,359,325	$ 19,956,509	$ 10,039,269	$ 38,628,854	$ 95,632,247

CITY OF LEE'S SUMMIT, MISSOURI

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS
June 30, 2007

Total Fund Balance, Governmental Funds	$ 82,396,603
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statements, but are reported in the governmental activities of the Statement of Net Assets.	
Governmental capital assets	346,797,281
Less: Accumulated depreciation	(54,912,649)
Some of the City's taxes will be collected after year end, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.	1,265,749
Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.	(344,130)
The assets and liabilities of internal service funds are included in the governmental activities in the Statement of Net Assets.	20,221,374
Some liabilities, such as compensated absences and bonds payable (net of unamortized discounts), are not due and payable in the current period and are not included in the fund financial statements, but are included in the governmental activities of the Statement of Net Assets.	
Compensated absences	(3,361,618)
Bonds payable	(55,560,000)
Unamortized discounts	294,568
Unamortized bond issue costs	186,680
Total Net Assets - Governmental Activities	$ 336,983,858

CITY OF LEE'S SUMMIT, MISSOURI

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
For The Year Ended June 30, 2007

	General Fund	Debt Service	Park Development	Road And Bridge Excise/Sales Tax	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes						
Property	$ 18,771,759	$ 7,214,334	$ —	$ —	$ 6,117,535	$ 32,103,628
Sales	10,666,778	3,816,741	—	5,332,259	8,047,704	27,863,482
Franchise	9,022,063	—	—	—	—	9,022,063
License	—	—	—	995,950	—	995,950
Bed	—	—	—	—	333,728	333,728
Fines and forfeitures	1,553,462	56,902	—	—	22,429	1,632,793
Licenses and permits	2,644,354	—	—	—	1,488,057	4,132,411
Intergovernmental	823,960	—	280,230	3,851,966	2,002,647	6,958,803
Charges for services	3,125,329	—	—	—	210,282	3,335,611
Investment earnings	1,325,004	467,214	908,409	523,619	1,917,748	5,141,994
Other	1,427,119	—	118,183	450,548	2,077,418	4,073,268
Total Revenues	49,359,828	11,555,191	1,306,822	11,154,342	22,217,548	95,593,731
Expenditures						
Current:						
General government	9,376,247	—	—	—	1,170,864	10,547,111
Public safety	27,983,655	—	—	—	—	27,983,655
Public works and streets	9,998,734	—	—	—	—	9,998,734
Community development	996,657	—	—	—	—	996,657
Parks and recreation	—	—	—	—	4,766,431	4,766,431
Debt Service:						
Principal	—	8,175,000	—	—	—	8,175,000
Interest and other charges	—	2,650,423	254,199	—	18,368	2,922,990
Capital Outlay	—	—	5,294,128	11,689,855	28,882,412	45,866,395
Total Expenditures	48,355,293	10,825,423	5,548,327	11,689,855	34,838,075	111,256,973
Excess (Deficiency) Of Revenues Over Expenditures	1,004,535	729,768	(4,241,505)	(535,513)	(12,620,527)	(15,663,242)
Other Financing Sources (Uses)						
Issuance of long-term debt	—	—	17,095,000	—	—	17,095,000
Transfers in	2,234,535	1,876,500	338,039	185,110	12,893,105	17,527,289
Transfers out	(12,029,746)	—	—	(1,926,500)	(1,744,529)	(15,700,775)
Total Other Financing Sources (Uses)	(9,795,211)	1,876,500	17,433,039	(1,741,390)	11,148,576	18,921,514
Net Change In Fund Balances	(8,790,676)	2,606,268	13,191,534	(2,276,903)	(1,471,951)	3,258,272
Fund Balances - Beginning, As Previously Stated	24,149,880	4,124,774	5,834,687	8,851,225	35,088,077	78,048,643
Prior Period Adjustment	581,494	217,892	—	290,747	(445)	1,089,688
Fund Balances - Beginning, As Restated	24,731,374	4,342,666	5,834,687	9,141,972	35,087,632	79,138,331
Fund Balances - Ending	$ 15,940,698	$ 6,948,934	$ 19,026,221	$ 6,865,069	$ 33,615,681	$ 82,396,603

See the accompanying notes to basic financial statements.

CITY OF LEE'S SUMMIT, MISSOURI

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2007

Net Change In Fund Balances - Total Governmental Funds	$ 3,258,272
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlays are reported in the governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays over the capitalization threshold totaling $31,883,692 exceeded depreciation of $6,653,182 in the current period.	25,230,510
Contributions of capital assets are recorded as capital contributions in the Statement of Activities. Contributions primarily represent infrastructure assets.	4,736,086
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.	75,778
The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of issuance costs, premiums, and discounts when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. In the Statement of Activities, interest is accrued on outstanding bonds, whereas in the governmental funds an interest expenditure is reported when due. The following is the net effect of these differences in the treatment of long-term debt and related items:	
Issuance of bonds	(17,095,000)
Repayment of principal	8,175,000
Bond discounts	117,029
Bond discount amortization	(28,514)
Bond issue costs	72,500
Bond issue cost amortization	(23,052)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:	
Accrued interest	178,770
Compensated absences	(295,599)
Internal service funds are used by management to charge the costs of certain activities internally to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.	1,428,995
Change In Net Assets Of Governmental Activities	$ 25,830,775

CITY OF LEE'S SUMMIT, MISSOURI

STATEMENT OF NET ASSETS – PROPRIETARY FUNDS
June 30, 2007

	Enterprise Funds					
	Combined Waterworks And Sewerage System	Sanitary Landfill	Airport	Nonmajor Enterprise Fund (Recreation Center)	Total	Internal Service Funds
Assets						
Current assets:						
Cash and investments	$ 35,259,556	$ 5,554,931	$ 1,604,662	$ 325,008	$ 42,744,157	$ 10,354,974
Restricted cash and investments	752,122	—	—	—	752,122	—
Receivables (net of allowance):						
Accounts and other	2,058,385	402,113	136,199	438	2,597,135	—
Unbilled accounts	1,096,087	—	—	—	1,096,087	—
Interest	614,491	91,318	30,035	5,042	740,886	185,972
Due from other funds	160	—	—	—	160	2,617
Due from other governments	—	—	4,382	—	4,382	—
Inventories	404,902	—	22,900	—	427,802	105,650
Prepaid expenses	—	1,920	8,711	882	11,513	83,261
Other assets	89,315	—	—	—	89,315	19,794
Total current assets	40,275,018	6,050,282	1,806,889	331,370	48,463,559	10,752,268
Noncurrent assets:						
Restricted cash and investments	1,189,000	—	—	—	1,189,000	—
Deferred bond issue costs, net	176,041	—	12,471	—	188,512	—
Capital assets:						
Nondepreciable	17,436,155	35,723	19,061,773	—	36,533,651	104,250
Depreciable, net	153,025,577	2,993,876	7,220,997	278,186	163,518,636	10,038,628
Total noncurrent assets	171,826,773	3,029,599	26,295,241	278,186	201,429,799	10,142,878
Total Assets	212,101,791	9,079,881	28,102,130	609,556	249,893,358	20,895,146
Liabilities						
Current liabilities:						
Accounts payable	1,630,087	61,019	15,763	23,015	1,729,884	588,783
Salaries payable	—	—	—	—	—	2,624
Accrued interest payable	48,354	—	44,309	—	92,663	2,955
Due to other funds	916	59	1,823,219	—	1,824,194	149
Unearned revenue	—	—	25,906	—	25,906	—
Compensated absences	8,164	1,309	1,091	809	11,373	3,650
Current portion of long-term debt - bonds	3,025,000	—	40,000	—	3,065,000	—
Payable from restricted assets:						
Customer deposit	397,122	—	—	—	397,122	—
State revolving loan fund	355,000	—	—	—	355,000	—
Total current liabilities	5,464,643	62,387	1,950,288	23,824	7,501,142	598,161
Noncurrent liabilities:						
Revenue bonds	26,370,511	—	—	—	26,370,511	—
Certificates of participation	—	—	712,408	—	712,408	—
Compensated absences	183,614	30,439	21,384	18,074	253,511	75,611
Closure and post-closure liability	—	6,386,546	—	—	6,386,546	—
Payable from restricted assets:						
State revolving loan fund	1,225,000	—	—	—	1,225,000	—
Total noncurrent liabilities	27,779,125	6,416,985	733,792	18,074	34,947,976	75,611
Total Liabilities	33,243,768	6,479,372	2,684,080	41,898	42,449,118	673,772
Net Assets						
Invested in capital assets, net of related debt	141,242,262	3,029,599	25,542,833	278,186	170,092,880	10,142,878
Restricted for debt service	3,142,125	—	—	—	3,142,125	—
Restricted for capital projects	28,691,081	180,773	1,672,095	—	30,543,949	—
Unrestricted	5,782,555	(609,863)	(1,796,878)	289,472	3,665,286	10,078,496
Total Net Assets	$ 178,858,023	$ 2,600,509	$ 25,418,050	$ 567,658	$ 207,444,240	$ 20,221,374

See the accompanying notes to basic financial statements.

CITY OF LEE'S SUMMIT, MISSOURI

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS – PROPRIETARY FUNDS
For The Year Ended June 30, 2007

	Enterprise Funds					
	Combined Waterworks And Sewerage System	Sanitary Landfill	Airport	Nonmajor Enterprise Fund (Recreation Center)	Total	Internal Service Funds
Operating Revenues						
Charges for services	$ 28,757,480	$ 2,714,978	$ 452,397	$ 657,134	$ 32,581,989	$ 5,247,946
Material and fuel sales	97,125	—	549,231	—	646,356	—
Intergovernmental	—	—	9,653,004	—	9,653,004	—
Other	91,313	23,166	526,023	36,292	676,794	470,973
Total Operating Revenues	28,945,918	2,738,144	11,180,655	693,426	43,558,143	5,718,919
Operating Expenses						
Salaries, wages, and employee benefits	3,305,247	864,790	360,689	423,371	4,954,097	1,632,345
Water purchases	5,339,835	—	—	—	5,339,835	—
Utilities	498,471	13,545	32,654	24,467	569,137	73,864
Repairs and maintenance	656,118	176,599	95,023	9,567	937,307	280,348
Sewer services	4,392,185	—	—	—	4,392,185	—
Fuels and lubricants	90,874	128,087	449,732	—	668,693	5,931
Depreciation	3,667,692	180,186	268,094	30,009	4,145,981	2,688,032
Miscellaneous	2,537,509	1,208,040	154,836	202,285	4,102,670	1,260,401
Total Operating Expenses	20,487,931	2,571,247	1,361,028	689,699	25,109,905	5,940,921
Operating Income (Loss)	8,457,987	166,897	9,819,627	3,727	18,448,238	(222,002)
Nonoperating Revenues (Expenses)						
Interest income	2,149,550	307,605	113,136	18,275	2,588,566	610,667
Interest expense	(1,610,655)	—	(61,422)	—	(1,672,077)	—
Gain (loss) on disposal of fixed assets	—	—	(4,450)	—	(4,450)	404,198
Total Nonoperating Revenue (Expenses)	538,895	307,605	47,264	18,275	912,039	1,014,865
Income Before Contributions And Transfers	8,996,882	474,502	9,866,891	22,002	19,360,277	792,863
Capital Contributions	1,925,299	—	—	—	1,925,299	—
Transfers In	—	—	—	25,000	25,000	1,820,294
Transfers Out	(1,939,404)	(451,354)	(72,036)	(24,852)	(2,487,646)	(1,184,162)
Change In Net Assets	8,982,777	23,148	9,794,855	22,150	18,822,930	1,428,995
Total Net Assets - Beginning, As Previously Stated	170,425,048	2,577,361	15,623,195	545,508	189,171,112	19,137,206
Prior Period Adjustment	(549,802)	—	—	—	(549,802)	(344,827)
Total Net Assets - Beginning, As Restated	169,875,246	2,577,361	15,623,195	545,508	188,621,310	18,792,379
Total Net Assets - Ending	$ 178,858,023	$ 2,600,509	$ 25,418,050	$ 567,658	$ 207,444,240	$ 20,221,374

See the accompanying notes to basic financial statements.

CITY OF LEE'S SUMMIT, MISSOURI

PROPRIETARY FUNDS STATEMENT OF CASH FLOWS
For The Year Ended June 30, 2007

	Enterprise Funds					
	Combined Waterworks And Sewerage System	Sanitary Landfill	Airport	Nonmajor Enterprise Fund (Recreation Center)	Total	Internal Service Funds
Cash Flows From Operating Activities						
Cash received from customers	$ 29,132,873	$ 2,657,714	$ 11,192,938	$ 692,988	$ 43,676,513	$ 5,718,919
Cash paid to suppliers	(14,538,835)	(1,005,402)	(850,509)	(229,013)	(16,623,759)	(1,454,087)
Cash paid to employees	(3,300,014)	(870,651)	(357,054)	(421,205)	(4,948,924)	(1,629,839)
Net Cash Provided By Operating Activities	11,294,024	781,661	9,985,375	42,770	22,103,830	2,634,993
Cash Flows From Noncapital Financing Activities						
Transfers in	—	—	—	25,000	25,000	1,820,294
Transfers out	(1,939,404)	(451,354)	(72,036)	(24,852)	(2,487,646)	(1,184,162)
Net Cash Provided by (Used In) Noncapital Financing Activities	(1,939,404)	(451,354)	(72,036)	148	(2,462,646)	636,132
Cash Flows From Capital And Related Financing Activities						
Principal payments on long-term debt	(3,222,500)	—	(35,000)	—	(3,257,500)	—
Interest paid on long-term debt obligations	(1,580,192)	—	(60,449)	—	(1,640,641)	—
Additions to capital assets	(2,611,074)	—	(10,730,969)	(7,375)	(13,349,418)	(3,650,953)
Proceeds from sale of capital assets	—	—	—	—	—	540,014
Net Cash Used In Capital And Related Financing Activities	(7,413,766)	—	(10,826,418)	(7,375)	(18,247,559)	(3,110,939)
Cash Flows Provided By Investing Activities						
Interest received	1,857,187	259,848	100,282	14,919	2,232,236	521,467
Net Increase (Decrease) In Cash And Cash Equivalents	3,798,041	590,155	(812,797)	50,462	3,625,861	681,653
Cash And Cash Equivalents - Beginning Of Year	33,402,637	4,964,776	2,417,459	274,546	41,059,418	9,673,321
Cash And Cash Equivalents - End Of Year	$ 37,200,678	$ 5,554,931	$ 1,604,662	$ 325,008	$ 44,685,279	$ 10,354,974
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Operating income (loss)	$ 8,457,987	$ 166,897	$ 9,819,626	$ 3,727	$ 18,448,237	$ (222,002)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation and amortization	3,667,692	180,186	268,094	30,009	4,145,981	2,688,032
Change in assets and liabilities:						
(Increase) decrease in inventories	(39,411)	—	16,407	—	(23,004)	(33,931)
(Increase) decrease in accounts receivable	204,538	(80,430)	10,148	(438)	133,818	—
Decrease in due from other government agencies	—	—	16,047	—	16,047	—
Increase in due from other funds	—	—	(45,000)	—	(45,000)	—
Increase in unbilled revenue	(22,311)	—	—	—	(22,311)	—
Decrease in prepaid expenses	—	735	—	364	1,099	4,356
(Increase) decrease in other assets	10,455	30	—	—	10,485	(3,126)
Increase (decrease) in accounts payable	(995,496)	(24,753)	(147,256)	7,306	(1,160,199)	199,158
Increase in salaries and wages payable	—	—	—	—	—	2
Increase in due to other funds	609	—	41,539	—	42,148	—
Increase in customer deposits	4,728	—	2,135	—	6,863	—
Increase in accrued landfill closure/postclosure care costs	—	545,592	—	—	545,592	—
Increase (decrease) in accrued compensated absences	5,233	(6,596)	3,635	1,802	4,074	2,504
Net Cash Provided By Operating Activities	$ 11,294,024	$ 781,661	$ 9,985,375	$ 42,770	$ 22,103,830	$ 2,634,993

Supplemental Disclosure Of Cash Flow Information

The City also has the following noncash transaction: $1,925,299 in water and sewer lines were contributed during fiscal year 2007.

1. Summary Of Significant Accounting Policies

The City of Lee's Summit, Missouri (the City) was incorporated in 1868 and covers an area of approximately 64 square miles in Jackson and Cass Counties, Missouri. Lee's Summit is a charter city operating under an elected Mayor-City Council form of government. The City Administrator is the chief administrative officer of the City. The City provides services to more than 88,000 residents in many areas, including law enforcement, fire protection, water and sewer services, community enrichment and development, and various social services. Educational services are provided by separate governmental entities.

The accounting and reporting policies of the City conform to accounting principles generally accepted in the United States of America (GAAP) applicable to local governments. The following represents the more significant accounting and reporting policies and practices of the City.

Reporting Entity

The City is governed by an elected eight-member council and a mayor. As required by GAAP, these financial statements present the City of Lee's Summit (the primary government). The following component unit is included in the City's reporting entity because of the significance of its operational and financial relationship with the City.

Blended Component Unit

The following legally separate entity is a component unit that is, in substance, a part of the City's general operations. This component unit provides services almost entirely to the primary government and provides services that almost exclusively benefit the primary government. Data from this component unit is combined with data of the primary government for financial reporting purposes.

The Lee's Summit, Missouri Municipal Building Authority (the Authority) is a not-for-profit corporation incorporated under the laws of the State of Missouri on August 13, 1994. The Authority is governed by a three-member board appointed by the City Council. The Authority was established to promote, acquire, develop, construct, own, and lease facilities within the City that are approved by the City Council for the purpose of promoting the economic, social, industrial, cultural, and commercial growth and for the general benefit of the City and its residents. Administration of its various programs is performed by City employees. Although it is legally separate from the City, the Authority is reported as if it were part of the primary government because its sole purpose is to finance and construct the City's public buildings. Separate financial statements for the Authority are not prepared.

Basis Of Presentation

The City's basic financial statements include both the government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major, and in the aggregate nonmajor, funds).

Government-Wide Financial Statements: The government-wide financial statements (the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the City. As a general rule, interfund activity has been eliminated from these statements to minimize the duplication of internal activities, with the exception of interfund services provided and used. Governmental activities, which are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for services to external parties for support.

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function of the City's governmental and business-type activities. Direct expenses are those that are specifically associated with a program or a function. Program revenues include (a) charges paid by recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meet operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: Following the government-wide financial statements are separate fund financial statements for the City's governmental and proprietary funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining funds are aggregated and reported as nonmajor funds in their respective categories.

Since the accounting differs significantly between the governmental funds and the governmental activities of the government-wide financial statements, it is necessary to convert the governmental fund data to arrive at the government-wide financial statements. Therefore, reconciliations have been provided following the Governmental Funds Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balance identifying categories that required conversion from the fund statements.

Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with self-balancing accounts. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. There are two categories of funds used by the City, governmental and proprietary.

Governmental Funds: 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 (except those accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of and changes in financial position rather than upon net income. The following are the City's major governmental funds:

General Fund - This fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Debt Service - This fund accounts for the accumulation of resources for, and the payment of, principal, interest, and fiscal charges on long-term obligations other than obligations payable from the operations of Proprietary Fund Types.

Park Development - This fund accounts for the construction of new parks.

Road And Bridge Excise/Sales Tax - This fund accounts for road and bridge improvement projects within the City related to a fiscal year 1995 tax levy.

The other governmental funds of the City are considered nonmajor. They are special revenue and capital project funds, which account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Proprietary Funds: Proprietary funds are used to account for activities that are similar to those found in the private sector. The measurement focus used is the economic resources measurement focus. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City reports the following major enterprise funds:

Combined Waterworks And Sewerage System - This fund accounts for the provision of water and sewer services to the general public. All activities necessary to provide such services are accounted for in this fund, including administration, operations, maintenance, financing and related debt service, and billing and collection.

Airport - Established to account for all assets, liabilities, and revenues and expenses relating to the operation of the City-owned airport.

Sanitary Landfill - This fund accounts for all assets, liabilities, revenues and expenses relating to the operation of the City-owned sanitary landfill.

The City reports the following nonmajor internal service fund types:

> **Internal Service Funds -** These funds account for the costs of the Central Vehicles, Information Technology Services, Self-Insurance Funds, and the Building and Equipment Replacement Fund.

The City applies all applicable pronouncements of the Financial Accounting Standards Board (FASB) in accounting and reporting for proprietary activities issued on or before November 30, 1989, unless these pronouncements conflict with applicable Governmental Accounting Standards Board (GASB) guidance as prescribed by GASB Statement No. 20. The City did not adopt pronouncements of the FASB issued after November 30, 1989.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

The principal operating revenues of the Enterprise Funds are charges to customers for sales and services. Operating expenses for the Enterprise Funds include the costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

Measurement Focus

Government-Wide Financial Statements: The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the statement of net assets.

Fund Financial Statements: All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

Basis Of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and proprietary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

Revenues - Exchange And Nonexchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. For the City, available means expected to be received within 60 days of year end.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: sales taxes, franchise taxes, interest, grants and rentals.

Unearned Revenues

Unearned revenue arises when assets are recognized before revenue recognition criteria has been satisfied. Certain grants received before eligibility requirements are met are reported as unearned revenues.

In governmental fund financial statements, receivables that will not be collected within the available period have also been reported as unearned revenue.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. However, principal and interest on general long-term debt, which have not matured are recognized when paid. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Cash, Cash Equivalent And Investments

Investments with an original maturity date of three months or less are considered to be cash equivalents. Interest earned is allocated to individual funds based on their proportionate share of the pool. Missouri state statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies, obligations of state and local government entities, certificates of deposit, and repurchase agreements.

Investments for the City are reported at fair value based on quoted market prices.

Property Tax Revenue Recognition

Property tax revenue is recognized independent of receivable recognition in the fiscal year for which the taxes have been levied (budgeted). Property tax revenue becomes available within the fiscal year of the levy. Delinquent taxes expected to be received later than 60 days after the close of the fiscal year are classified as deferred revenue within the governmental fund financial statements.

The City's property taxes are levied each November 1 based on the assessed value as of the prior January 1 for all real property and personal property located within the City. Property taxes are billed immediately following the levy date and considered delinquent after December 31 following the levy date. The City does not file liens, as this is performed by the counties. Assessed values are established by county assessors, subject to review by the counties' Boards of Equalization.

The City is permitted by Missouri state statutes to levy taxes up to $1.00 per $100 of assessed valuation for general governmental services other than the payment of principal and interest on long-term debt and in unlimited amounts for the payment of principal and interest on long-term debt.

The tax levy, per $100 assessed valuation, for the City during the fiscal year was as follows:

General	$ 0.8900
Park board	0.1576
Debt service	0.4800
Total tax levy	$ 1.5276

Inventories And Prepaid Items

Inventories are stated at cost, which approximates market, using the first-in, first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Prepaid expenses represent the payment of insurance premiums for coverage that benefits more than one fiscal period. The premium amounts are amortized over the policy periods.

Restricted Assets

Certain proceeds of the City's bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the applicable balance sheets and statement of net assets because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

Capital Assets

Capital assets include land, buildings, improvements, equipment, and infrastructure assets (e.g., roads, bridges, storm sewers, and similar items) and are included in the applicable governmental or business-type activities columns in the government-wide financial statements and within the proprietary funds within the fund financial statements. Capital assets, excluding land, are defined by the City as assets with a cost of $5,000 or greater and an estimated useful life of at least one year. All land purchases are capitalized regardless of cost. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Infrastructure, such as streets, intersections, and storm sewers, has been capitalized in the government-wide financial statements. The City elected to depreciate its infrastructure assets. Infrastructure assets not completed by year end have been reported as construction in progress.

Major outlays for capital improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of the business-type activities and proprietary funds is included as part of the capitalized value of the assets constructed. There was no interest capitalized during the year ended June 30, 2007.

Property, plant, equipment, and infrastructure are depreciated using the straight-line method over the following estimated lives:

Primary government:	
Buildings	20 to 40 years
Improvements other than buildings	5 to 50 years
Sewer plant and collection system	35 to 75 years
Machinery and equipment	3 to 25 years
Infrastructure	15 to 50 years

Compensated Absences

All accumulated vacation, scheduled holiday leave, and accumulated sick leave is accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in the government-wide financial statements as a long-term liability as it is expected to be paid from future resources. Upon leaving employment of the City, an employee is entitled to payment for accrued vacation. Only vested employees are paid sick leave upon retirement or resignation. A liability for these amounts is reported in the governmental funds only if the amounts due at year end have matured.

Long-Term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and obligations are reported in the statement of net assets as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets/statement of fund net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Balances

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for specific purposes. Designation of fund balances represent tentative plans for future use of financial resources that are subject to change.

Unbilled Revenue

Both the City's Waterworks and Sewerage System bill their customers on a cyclical basis and, therefore, record estimated unbilled revenues at year end.

Interfund And Related Party Transactions

Transactions between the City's various funds are accounted for as revenues and expenditures or expenses in the funds involved if they are similar to transactions with organizations external to City government.

Activity between funds that is representative of borrowing/lending arrangements outstanding at the end of the fiscal year is referred to as either "due to/due from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All receivables are shown net of an allowance for doubtful accounts, if applicable.

In the process of aggregating data for the statement of net assets and the statement of activities some amounts reported on interfund activity and balances in the funds have been eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Net Assets

In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

Invested In Capital Assets, Net Of Related Debt **-** This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings, that are attributable to the acquisition, construction, or improvement of those assets.

Restricted **-** This consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

Unrestricted **-** This consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Capital Contributions

Capital contributions represent government grants and other aid used to fund capital projects. Capital contributions are recognized as revenue when the expenditure is made and amounts become subject to claim for reimbursement.

Use Of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

2. Deposits And Investments

The City maintains a cash and investment pool that is available for use by all funds. The pool is comprised of deposits, repurchase agreements and other investments.

The foremost objective of the investment program is safety of principal. Investments are undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective is to mitigate credit risk and interest rate risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value of the City's investments will decrease as a result of increase in interest rates. The City will minimize the risk that the market value of fixed income securities in the portfolio will fall due to changes in the general interest rates by structuring the investment portfolio so that fixed income securities mature to meet cash requirements for ongoing operations and by investing operating funds primarily in short-term fixed securities. Unless matched to a specific cost this or a reserve fund, the City will not directly invest in securities maturing more than five years from the date of purchase.

The fair values, as determined by quoted market prices and the maturities, of the City's investments at June 30, 2007 are as follows:

	Fair Value	Less Than 1 Year	1 To 5 Years	Greater Than 10 Years
U.S. Treasury securities	$ 45,746,547	$ 40,748,500	$ 4,998,047	$ —
U.S. Agency securities	71,679,894	27,945,272	43,580,546	154,076
Repurchase agreements	8,870,000	8,870,000	—	—
Guaranteed investment contracts	1,935,000	—	1,935,000	—
Money market funds	13,424,375	13,424,375	—	—
	$ 141,655,816	$ 90,988,147	$ 50,513,593	$ 154,076

Custodial Credit Risk

For deposits, custodial credit risk is the risk that in the event of bank failure, the City's deposits may not be returned to it. Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution, or by a single collateral pool established by the financial institution. The City's investment policy requires all deposits placed in financial institutions to be at least 105% collateralized with securities that are acceptable to the Finance Director of the City and in accordance with state statutes.

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All trades, where applicable, will be executed by delivery vs. payment to ensure that fixed income securities are deposited in eligible financial institutions prior to the release of funds. All fixed income securities are perfected in the name, or for the account of the City and are held by a third-party custodian as evidenced by safekeeping receipts. All of the City's investments in repurchase agreements are held by the investment's counterparty, not in the name of the City.

Credit Risk

Credit risk is the risk that the City will not recover its investments due to the ability of the counterparty to fulfill their obligation. The City minimizes credit risk by pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the City will do business and by diversifying the portfolio so that potential losses on individual fixed income securities will be minimized. The City's investment policy calls for diversification by limiting investments to avoid over concentration in securities from a specific issuer or business sector (excluding U.S. Treasury securities). As of June 30, 2007, the City's investments were rated by Moody's Investment Service or Standard & Poor's as follows:

	Fair Value	AAA/Aaa	Unrated
U.S. Treasury securities*	$ 45,746,547	$ —	$ —
U.S. Agency securities	71,679,894	71,679,894	—
Repurchase agreements	8,870,000	8,870,000	—
Guaranteed investment contracts	1,935,000	—	1,935,000
Money market funds	13,424,375	—	13,424,375
Total	$ 141,655,816	$ 80,549,894	$ 15,359,375

* U.S. Treasury securities are explicitly guaranteed by the U.S. Government and therefore do not require a rating.

Concentration Risk

To the extent possible, investments shall be diversified by limiting investments to avoid over concentration in securities from a specific issuer or business sector (excluding U.S. Treasury securities). The investment parameters are as follows:

Investment Type	Minimum Allocation	Maximum Allocation
General Time Deposits	0%	25%
U.S. Treasury Securities having principal and interest guaranteed by the U.S. Government	25%	100%
U.S. Government Agencies and Governmental Sponsored Enterprises	0%	75%
Commercial Paper & Banker's Acceptances	0%	25%

Investments in any one issuer (other than U.S. Treasury Securities, mutual funds and external investment pools) that represent 5% or more of the total investments of the City are as follows:

Issuer	Investment Type	Reported Amount
Federal Home Loan Mortgage Corporation	U.S. Agency Security	$ 8,638,275
Federal Home Loan Bank	U.S. Agency Security	30,305,004
Federal National Mortgage Association	U.S. Agency Security	32,736,614
Repurchase Agreements	**	8,870,000

** Represents collateralized repurchase agreements that are backed by collateral comprised of U.S. Agency Securities.

3. Capital Assets

Capital asset activity for the year ended June 30, 2007 was as follows:

Governmental Activities

	Balance June 30, 2006	Additions	Deductions	Balance June 30, 2007
Nondepreciable capital assets:				
Land	$ 7,219,999	$ —	$ —	$ 7,219,999
Construction in progress	58,720,372	31,777,897	35,694	90,462,575
Total nondepreciable capital assets	65,940,371	31,777,897	35,694	97,682,574
Depreciable capital assets:				
Buildings	27,628,150	35,694	—	27,663,844
Improvement other than buildings	17,595,894	40,381	—	17,636,275
Furniture, fixtures and equipment	26,469,811	3,701,930	1,959,299	28,212,442
Infrastructure	194,061,417	4,736,086	—	198,797,503
Total depreciable capital assets	265,755,272	8,514,091	1,959,299	272,310,064
Less: Accumulated depreciation				
Buildings	5,681,638	1,178,944	—	6,860,582
Improvement other than buildings	3,565,556	964,693	—	4,530,249
Furniture, fixtures and equipment	14,948,711	3,088,016	1,823,483	16,213,244
Infrastructure	36,251,492	4,109,561	—	40,361,053
Total accumulated depreciation	60,447,397	9,341,214	1,823,483	67,965,128
Total depreciable capital assets, net	205,307,875	(827,123)	135,816	204,344,936
Total governmental activities capital assets, net	$ 271,248,246	$ 30,950,774	$ 171,510	$ 302,027,510

Depreciation expense was charged to functions as follows:

General government	$ 53,176
Public safety	973,265
Public works	4,400,234
Parks and recreation	1,226,507
Capital assets held by the government's Internal Service Funds are charged to the various functions based on their usage of the assets	2,688,032
	$ 9,341,214

Business-Type Activities

	Balance June 30, 2006	Additions	Deductions	Balance June 30, 2007
Nondepreciable capital assets:				
Land	$ 6,780,299	$ —	$ —	$ 6,780,299
Construction in progress	17,866,355	12,254,495	367,498	29,753,352
Total nondepreciable capital assets	24,646,654	12,254,495	367,498	36,533,651
Depreciable capital assets:				
Structures and improvements	211,371,229	3,380,346	450,740	214,300,835
Furniture, fixtures and equipment	3,293,633	7,375	—	3,301,008
Total depreciable capital assets	214,664,862	3,387,721	450,740	217,601,843
Less: Accumulated depreciation				
Structures and improvements	47,714,493	4,050,139	16,177	51,748,455
Furniture, fixtures and equipment	2,238,910	95,842	—	2,334,752
Total accumulated depreciation	49,953,403	4,145,981	16,177	54,083,207
Total depreciable capital assets, net	164,711,459	(758,260)	434,563	163,518,636
Total governmental activities capital assets, net	$ 189,358,113	$ 11,496,235	$ 802,061	$ 200,052,287

Depreciation expense was charged to functions as follows:

Combined waterworks and sewerage system	$ 3,667,692
Sanitary landfill	180,186
Airport	268,094
Nonmajor enterprise funds	30,009
	$ 4,145,981

4. Long-Term Obligations

Debt payable at June 30, 2007 is composed of the following:

Governmental activities	Interest Rates	Maturity Date	Balance June 30, 2007
General obligation bonds:			
Improvement bonds – 1999	4.40 – 4.875	4/1/2009	$ 715,000
Street maintenance/garage facility – 2002	3.00 – 4.00	4/1/2009	1,820,000
City hall – 2003	1.34 - 4.75	4/1/2023	22,175,000
Improvement bonds – 2006	3.50 – 3.75	4/1/2011	9,290,000
Total general obligation bonds			$ 34,000,000
Certificates of participation:			
City park – 1998	6.75	7/1/2008	$ 2,400,000
City park – 2001	4.00 – 4.375	7/1/2008	2,065,000
City park – 2006	4.00 – 4.300	7/1/2018	17,095,000
Total certificates of participation			$ 21,560,000
Business-type activities			
Combined Waterworks and Sewerage Fund:			
Revenue bonds:			
Water pollution control (SRF) – 1990	5.70 - 6.50	12/1/2010	$ 3,160,000
2002 Refunding	4.00 – 5.25	7/1/2015	11,140,000
Series – 2002 (A)	3.00 – 5.00	7/1/2022	11,105,000
Waterworks – 2004	2.93	4/1/2013	4,140,000
Total revenue bonds			$ 29,545,000
State revolving loan fund (1)			$ 1,580,000
Airport Fund:			
Certificates of participation – airport – 2000	4.40 - 5.40	9/1/2020	$ 760,000

(1) This loan is partially offset with corresponding restricted cash and investments account.

The following is a summary of changes in long-term obligations of the City for the year ended June 30, 2007:

Governmental Activities	Balance June 30, 2006	Additions	Reductions	Balance June 30, 2007	Amounts Due Within One Year
General obligation bonds	$ 38,380,000	$ —	$ (4,380,000)	$ 34,000,000	$ 5,050,000
Less: Bond discount	(206,053)	—	18,762	(187,291)	—
Total general obligation bonds	38,173,947	—	(4,361,238)	33,812,709	5,050,000
Certificates of participation	8,260,000	17,095,000	(3,795,000)	21,560,000	4,715,000
Less: Bond discount	—	(117,029)	9,752	(107,277)	—
Total certificates of participation	8,260,000	16,977,971	(3,785,248)	21,452,723	4,715,000
Accrued compensated absences	3,146,398	366,870	(72,389)	3,440,879	259,160
Total governmental activities long-term obligations	$ 49,580,345	$ 17,344,841	$ (8,218,875)	$ 58,706,311	$ 10,024,160

The total long-term liabilities of $58,706,311 consist of compensated absences of $79,261 related to Internal Service Funds, while the remaining amount of $58,391,833 is a reconciling item of the Governmental Funds balance sheet to the statement of net assets.

Business-Type Activities	Balance June 30, 2006	Additions	Reductions	Balance June 30, 2007	Amounts Due Within One Year
Combined waterworks and sewerage system fund:					
Revenue bonds	$ 32,435,000	$ —	$ (2,890,000)	$ 29,545,000	$ 3,025,000
Less: Bond discount	(168,669)	—	19,180	(149,489)	—
Total revenue bonds	32,266,331	—	(2,870,820)	29,395,511	3,025,000
State revolving loan fund	1,912,500	—	(332,500)	1,580,000	355,000
Compensated absences	186,545	8,406	(3,173)	191,778	8,164
Total waterworks and sewerage fund	34,365,376	8,406	(3,206,493)	31,167,289	3,388,164
Sanitary landfill fund:					
Landfill closure/post closure care	5,840,954	545,592	—	6,386,546	—
Compensated absences	38,344	3,836	(10,432)	31,748	1,309
Total sanitary landfill fund	5,879,298	549,428	(10,432)	6,418,294	1,309
Airport fund:					
Certificates of participation	795,000	—	(35,000)	760,000	40,000
Less: Bond discount	(8,165)	—	573	(7,592)	—
Total certificates of participation	786,835	—	(34,427)	752,408	40,000
Compensated absences	18,840	3,635	—	22,475	—
Total airport fund	805,675	3,635	(34,427)	774,883	40,000
Nonmajor enterprise fund:					
Compensated absences	17,081	1,802	—	18,883	—
	$ 41,067,430	$ 563,271	$ (3,251,352)	$ 38,379,349	$ 3,431,373

Debt service requirements on long-term debt at June 30, 2007 are as follows:

	Governmental Activities			
	General Obligation Bonds		Certificates Of Participation	
Year	**Principal**	**Interest**	**Principal**	**Interest**
2008	$ 5,050,000	$ 1,376,520	$ 4,715,000	$ 973,106
2009	4,715,000	1,198,345	935,000	710,763
2010	3,130,000	1,020,375	1,465,000	673,363
2011	3,130,000	905,750	1,650,000	614,763
2012	1,200,000	788,375	1,050,000	544,638
2013 – 2017	6,675,000	3,189,125	10,045,000	1,780,540
2018 – 2022	8,225,000	1,628,725	1,700,000	73,100
2023	1,875,000	89,063	—	—
	$ 34,000,000	$ 10,196,278	$ 21,560,000	$ 5,370,273

	Enterprise Fund			
	Combined Waterworks And Sewerage System			
	Revenue Bonds		State Revolving Loan	
Year	**Principal**	**Interest**	**Principal**	**Interest**
2008	$ 3,025,000	$ 1,397,721	$ 355,000	$ —
2009	3,170,000	1,247,850	380,000	—
2010	3,330,000	1,088,778	407,500	—
2011	3,505,000	920,860	437,500	—
2012	2,845,000	775,291	—	—
2013 – 2017	9,040,000	2,140,989	—	—
2018 – 2022	4,630,000	710,744	—	—
	$ 29,545,000	$ 8,282,233	$ 1,580,000	$ —

	Enterprise Fund	
	Airport	
	Certificates Of Participation	
Year	**Principal**	**Interest**
2008	$ 40,000	$ 38,448
2009	40,000	36,538
2010	45,000	34,486
2011	45,000	32,293
2012	45,000	30,065
2013 – 2017	270,000	110,788
2018 – 2022	275,000	30,613
	$ 760,000	$ 313,231

Certificates Of Participation

The certificates of participation were used to make park and airport improvements and certain expenses related to the delivery of the certificates.

State Revolving Fund Loans

In conjunction with the issuance of the Water Pollution Control Revenue Bonds in 1990, the City entered into an agreement with the Missouri Department of Natural Resources, whereby the City will receive noninterest bearing advances up to 50% of the outstanding revenue bonds less original issue discount. As monies are requested from the trustee for Water Pollution Control construction projects, a request is also made to the Missouri Department of Natural Resources for an amount equal to 50% of the amount disbursed by the trustee. This reserve fund serves as collateral on the Water Pollution Control Revenue Bonds in the event of default. During 2007, no monies were advanced from the Missouri Department of Natural Resources. Interest earnings on the reserve account are credited to the City. As the City makes principal payments on the Water Pollution Control Revenue Bonds, an amount equal to 50% of the reserve payment is remitted back to the Department of Natural Resources, reducing the reserve.

General Obligation Debt Margin

The State Constitution permits a city, by vote of two-thirds of the voting electorate, to incur general obligation indebtedness for "city purposes" not to exceed 10% of the assessed value of taxable tangible property and to incur additional general obligation indebtedness not exceeding, in the aggregate, an additional 10% of the assessed value of taxable tangible property for the purpose of acquiring rights-of-way, construction, extending and improving streets and avenues and/or sanitary or storm sewer systems, and purchasing or constructing waterworks, electric, or other light plants, provided that the total general obligation indebtedness of the City does not exceed 20% of the assessed valuation of taxable property.

At January 1, 2007, the constitutionally imposed total general obligation debt limit was $297,382,420, which, after reduction for authorized general obligation bonds net of available resources in the Debt Service Fund, provides a general obligation debt margin of $270,389,805.

Combined Waterworks And Sewerage Revenue Bonds

The Waterworks and Sewerage Revenue Bond ordinance requires that the Combined Waterworks and Sewerage System Fund be accounted for in a separate Enterprise Fund. It also requires that, after sufficient current assets have been set aside to operate the system, all remaining monies held in the Combined Waterworks and Sewerage System Fund be segregated and restricted in separate special reserves and accounts. In accordance with the bond ordinance, these bonds are serviced by the Combined Waterworks and Sewerage System Fund operations and are included as a liability of that fund.

Restricted assets of the principal and interest account are to be used for payment of current principal and interest on bonds. Restricted assets of the debt service amount are available to pay principal and interest in the event of a deficiency in the principal and interest account. Restricted assets of the depreciation and replacement account are available to operate, maintain, or improve the system, call bonds, or for payment of debt service in the event of a deficiency in other restricted assets.

5. Construction Commitments

A summary of the City's commitments on uncompleted construction contracts and the amount, which is expected to be funded by federal and state grants, follows:

	Contract Amount	Amount Funded By Grants
General	$ 347,331	$ —
Park Development	4,343,952	—
Road and Bridge Excise/Sales Tax	10,770,567	3,069,959
Nonmajor Governmental	10,805,314	59,200
Combined Waterworks and Sewerage System	1,149,808	—
Airport	588,323	558,907
	$ 28,005,295	$ 3,688,066

6. Interfund Receivables, Payables And Transfers

The composition of interfund balances as of June 30, 2007 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental	$ 100,000
General Fund	Internal Service	62
General Fund	Combined Waterworks and Sewerage System	609
General Fund	Airport	1,823,191
Combined Waterworks and Sewerage System	General Fund	160
Internal Service	General Fund	2,136
Internal Service	Airport	28
Internal Service	Combined Waterworks and Sewerage System	307
Internal Service	Sanitary landfill	59
Internal Service	Internal Service	87
Total		$ 1,926,639

The $1,823,191 payable from the Airport Fund to the General Fund represents funds that were provided to the Airport to decrease borrowings to outside parties and to fund operations. This amount is being repaid over the next ten years.

Other interfund payables and receivables represent fund overdraws of cash, which are made in the ordinary course of business.

Interfund transfers:

	Transfers To							
	General Fund	Debt Service Fund	Park Development	R&B Excise Sales Tax	Nonmajor Govern-mental	Nonmajor Enterprise	Internal Service	Total
Transfers from:								
General Fund	$ —	$ —	$ —	$ —	$ 11,415,850	$ —	$ 613,896	$ 12,029,746
Internal Service Funds	—	—	—	—	—	—	1,184,162	1,184,162
R&B Excise/Sales Tax	—	1,876,500	50,000	—	—	—	—	1,926,500
Nonmajor Governmental	33,477	—	288,039	185,110	1,202,403	25,000	10,500	1,744,529
Combined Waterworks and Sewage System	1,939,404	—	—	—	—	—	—	1,939,404
Sanitary Landfill	189,618	—	—	—	250,000	—	11,736	451,354
Airport	72,036	—	—	—	—	—	—	72,036
Nonmajor Enterprise	—	—	—	—	24,852	—	—	24,852
	$ 2,234,535	$ 1,876,500	$ 338,039	$ 185,110	$ 12,893,105	$ 25,000	$ 1,820,294	$ 19,372,583

Transfers are used to move revenues from one fund to the other due to budgetary authorizations or by ordinance in the normal course of business. In addition, unrestricted revenues collected in the General Fund are used to finance various programs in other funds and are transferred in accordance with budgetary authorizations.

During the year ended June 30, 2007, $1,807,797 was transferred from the Combined Waterworks and Sewer System Fund to the General Fund for general and administrative expenses.

Included in the transfer schedule is a transfer from the General Fund to the Downtown Improvements Fund of $7,005,000. The transfer represents funds made available for the construction of the City Hall Parking Garage and funds made available for downtown streets and streetscape projects.

8. Employee Retirement Plan

Plan Description

The City participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan that provides retirement, disability, and death benefits to plan members and beneficiaries. LAGERS was created and is governed by statute, Section RSMo. 70.600 – 70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under Internal Revenue Code Section 401(a), and it is tax exempt.

LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, Missouri 65102 or by calling 1-800-447-4334.

Funding Status

The City's full-time employees do not contribute to the pension plan. The City is required to contribute at an actuarially determined rate; the current rate is 12.9% (general), 13.6% (police), and 14.4% (fire) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

Annual Pension Cost

For 2007, the City's annual pension cost of $4,097,926 was equal to the required and actual contributions. The required contribution was determined as part of the February 28, 2005 and/or February 28, 2006 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2007 included (a) a rate of return on the investment of present and future assets of 7.5% per year, compounded annually, (b) projected salary increases of 4.0% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on the RP-2000 Combined Healthy Table set back 0 years for men and 0 years for women, and (e) post-retirement mortality based on the 1971 Group Annuity Mortality table, projected to 2000, set back 1 year for men and 7 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at February 28, 2007 was 15 years.

Three-Year Trend Information

Year	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation
June 30, 2005	$ 3,281,015	100%	—
June 30, 2006	3,613,904	100	—
June 30, 2007	4,097,926	100	—

9. Litigation And Contingent Liabilities

Legal Matters

The City is a party to a number of lawsuits as a result of condemnation proceedings, zoning decisions, personal injury, and certain law enforcement activities. Although potential claims against the City not covered by insurance, if any, resulting from such litigation are not determinable, it is the opinion of the City's legal counsel and management that the resolution of these matters will not have a materially adverse effect on the financial position of the City.

Missouri voters approved Proposition B in November 2006, which has been interpreted by the Missouri Division of Labor and Industrial Relations to supersede the provisions of the Fair Labor Standards Act pertaining to overtime pay for police and fire personnel. If that change is allowed to stand, the potential cost to the City is estimated at $13,000 per week in additional overtime pay. The City's position is that the interpretation of the law in incorrect, that Proposition B does not apply to local governments and that the law represents an unfunded mandate and, is therefore, unconstitutional under the Hancock amendment of the state.

Self-Insurance

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To protect itself against these risks of loss, the City is a member of Missouri Public Entity Risk Management (MOPERM), a not-for-profit corporation consisting of governmental entities incorporated in 1986 to acquire insurance for its members. MOPERM operates as a purchasing pool and is not a joint venture activity of the City. The City has no control over budgeting, financing, management selection, or the governing body. MOPERM provides liability, property, boiler and machinery, and fidelity and crime coverage for the City.

MOPERM manages the cash and investment pool, funded by insurance premiums, on behalf of its members. MOPERM's investment pool consists of interest-bearing deposits, U.S. Treasury strips, U.S. Governmental agency obligations, and collateralized mortgage obligations.

MOPERM's financial statements are presented in its Comprehensive Annual Financial Report for the year ended June 30, 2007.

The City is self-insured with respect to its obligations to provide workers' compensation for its employees. The estimated liability for payment of incurred (both reported and unreported) but unpaid claims is recorded in the government-wide and internal service fund financial statements.

At June 30, 2007, the City's total estimated liability for payment of incurred but unpaid claims for workers' compensation was $293,614.

Changes in self-insured claims liability at June 30, 2007 and 2006 were as follows:

Balance – July 1, 2005	$ 329,018
Add: Current year claims and change in estimate	275,913
Less: Claim payments	260,104
Balance – June 30, 2006	344,827
Add: Current year claims and change in estimate	263,631
Less: Claim payments	314,844
Balance – June 30, 2007	$ 293,614

Settled claims have not exceeded insurance coverage in any of the past three years.

10. Closure And Postclosure Care Costs

State and federal laws and regulations require the City to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The $6,386,546 reported as landfill closure and postclosure care liability at June 30, 2007 represents the cumulative estimate of closure and postclosure care costs based on the use of approximately 72% of the ultimate capacity of the landfill.

The City will recognize the remaining estimated cost of closure and postclosure care of $2,545,687 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care valued in 2007 costs. The City expects to close the landfill in the year 2014. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. The City has documented its commitment to pay for closure and postclosure costs through the issuance of contracts of obligation with the Department of Natural Resources. These contracts legally bind the City to pay for closure and postclosure costs. As of June 30, 2007, the City had outstanding contracts of obligation in the amount of $8,452,900. The City expects that all closure and postclosure care costs, as well as future inflation costs, will be paid from available operating revenues, reserves, and interest earnings on cash and short-term investments held in the Sanitary Landfill Fund. However, if these resources are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be recovered through charges to future landfill users.

11. Deficits

The accumulated deficit in the nonmajor funds in the amount of $31,348 in the Entitlement (Special Revenue) Fund will be eliminated by future revenues or transfers.

12. Conduit Debt - Tax Increment Revenue Bonds Series 2001 (Summit Woods Crossing)

As of June 30, 2007, $11,600,000 tax increment revenue bonds (Summit Woods Crossing) are outstanding. The debt service on these issues is paid solely from bond proceeds, PILOTS, Economic Activity Tax Revenues, Special Assessments, and monies on deposit in a Debt Service Reserve Fund. These bonds do not constitute a liability of the City.

13. Prior Period Adjustments

During fiscal year 2007, the City determined that the Waterworks and Sewerage System and government-wide financial statements at June 30, 2006 did not include certain payables related to utility costs incurred. An adjustment was necessary to accurately reflect the beginning balance of accounts payable and net assets. The effect of this adjustment resulted in a decrease to net assets of $549,802.

During fiscal year 2007, the City determined that the Workers' Compensation Self-Insurance fund and government-wide financial statements at June 30, 2006 did not include an accrual for outstanding claims payable. An adjustment was necessary to accurately reflect the beginning balance of accounts payable and accrued expenses and net assets. The effect of this adjustment resulted in a decrease to net assets of $344,827.

During fiscal year 2007, the City determined that the amount of sales tax receivable in various funds and the government-wide financial statements were recorded incorrectly at June 30, 2006. An adjustment in the General, Debt Service, Road and Bridge Excise/Sales Tax, and the Road and Bridge Improvement Funds was necessary to accurately reflect the beginning balance of sales taxes receivable and net assets. The effect of this adjustment resulted in an increase to fund balance in the general fund of $581,494, the road and bridge excise/sales tax fund of $290,747, the debt service fund of $217,892 and the road and bridge improvement fund of $290,522. The effect was also an increase in net assets of $1,380,655 in the government-wide financial statements.

During fiscal year 2007, the City determined that the government-wide financial statements at June 30, 2006 did not include the entire accrual related to compensated absences. An adjustment was necessary to accurately reflect the beginning balance of compensated absences and net assets. The effect of this adjustment resulted in a decrease to net assets of $2,166,973.

Required Supplementary Information

CITY OF LEE'S SUMMIT, MISSOURI

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For The Year Ended June 30, 2007

	Budgeted Amounts			Variances With Final Budget - Positive
	Original	Final	Actual	(Negative)
Revenues				
Taxes				
Property taxes	$ 18,576,980	$ 18,576,980	$ 18,771,759	$ 194,779
Sales	11,591,947	11,591,947	10,666,778	(925,169)
Franchise	9,528,431	9,528,431	9,022,063	(506,368)
Fees and forfeitures	1,758,300	1,758,300	1,553,462	(204,838)
Licenses and permits	2,492,684	2,492,684	2,644,354	151,670
Intergovernmental	898,915	898,915	823,960	(74,955)
Charges for services	2,751,224	2,751,224	3,125,329	374,105
Investment earnings	749,750	749,750	1,325,004	575,254
Other	852,715	852,715	1,427,119	574,404
Total Revenues	49,200,946	49,200,946	49,359,828	158,882
Expenditures				
Current:				
General government:				
Administration	3,599,947	3,599,947	3,307,353	292,594
Codes administration	1,404,824	1,433,245	1,433,245	—
Finance	2,395,829	2,804,597	2,804,597	—
Municipal court	717,185	717,185	688,899	28,286
Legal	1,320,929	1,320,929	1,142,153	178,776
Public Safety:				
Law enforcement	14,985,917	14,985,917	14,889,956	95,961
Fire/EMS	12,880,511	13,093,699	13,093,699	—
Public works and streets:				
Public works/engineering	4,864,017	4,864,017	4,486,101	377,916
Street operations	5,758,304	5,758,304	5,512,633	245,671
Community development	1,026,291	1,026,291	996,657	29,634
Total Expenditures	48,953,754	49,604,131	48,355,293	1,248,838
Excess Of Revenues Over Expenditures	247,192	(403,185)	1,004,535	1,407,720
Other Financing Sources (Uses)				
Transfers in	2,222,625	2,222,625	2,234,535	11,910
Transfers out	(12,038,197)	(12,038,197)	(12,029,746)	8,451
Total Other Financing Sources (Uses)	(9,815,572)	(9,815,572)	(9,795,211)	20,361
Net Change In Fund Balances	(9,568,380)	(10,218,757)	(8,790,676)	1,428,081
Fund Balances - Beginning, As Previously Stated	24,149,880	24,149,880	24,149,880	—
Prior Period Adjustment	—	—	581,494	581,494
Fund Balances - Beginning, As Restated	24,149,880	24,149,880	24,731,374	581,494
Fund Balances - Ending	$ 14,581,500	$ 13,931,123	$ 15,940,698	$ 2,009,575

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
NOTES TO BUDGETARY COMPARISON INFORMATION
For The Year Ended June 30, 2007

Budgets And Budgetary Accounting

The reported budgetary data represents the final approved budget after amendments as adopted by the City Council. Amendments to the original budget were not material, and appropriations lapse at year-end. The basis of accounting is the same for both budgeting and GAAP reporting purposes. The City Council utilizes the following procedures in establishing the budgetary data reflected in the financial statements.

(1) Prior to the beginning of the fiscal year, the City Administrator submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget provides a complete financial plan of all funds and activities for the upcoming fiscal year. In no event shall the total proposed expenditures exceed the estimated revenues to be received plus any unencumbered cash reserves estimated to be on hand at the beginning of the budget year.

(2) Public hearings are conducted to obtain taxpayer comments.

(3) Prior to July 1, the budget is legally enacted through passage of an ordinance.

The appropriated budget is prepared by fund, department, and program. Department heads may make transfers of appropriations within their departments. Upon written request by the City Administrator, the City Council may, by ordinance, transfer part or all of any unencumbered appropriation balance from one department to another. The legal level of budgetary control is the department level.

Although the City is legally required to prepare budgets for all funds, there is no legal requirement to report on those budgets.

The majority of Special Revenue Funds have annual appropriated budgets; funds that do not are the Entitlement Fund, Landfill Postclosure Fund, Cemetery Trust Fund, Road and Bridge Escrow Fund, and the Business and Industry Fund.

Capital projects are budgeted on a project basis rather than on an annual fiscal basis; therefore, a comparison of actual to budget for Capital Project Funds would not be meaningful.

Violations Of Budgetary Laws And Regulations

Expenditures exceeded appropriations in the following funds and departments of the General Fund at June 30, 2007:

Fund	Amount
General:	
Codes Administration	$ 28,421
Finance	408,768
Fire/EMS	213,188
Violence Against Women Grant	11,742

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF FUNDING PROGRESS – RETIREMENT PLAN
For The Year Ended June 30, 2007

Schedule Of Funding Progress

Missouri Local Government Employees Retirement System (LAGERS)
City of Lee's Summit

Actuarial valuation date	(a) Actuarial Value Of Assets	(b) Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	((b-a)/c)) UAL As A Percentage Of Covered Payroll
February 28, 2005	$ 51,767,598	$ 57,218,257	$ 5,450,659	90%	$ 25,755,006	21%
February 28, 2006	55,192,763	60,649,092	5,456,329	91	27,340,513	20
February 28, 2007	63,909,716	68,365,801	4,456,085	93	30,071,377	15

Note: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund.

Supplementary Information

Combining And Individual Fund Financial Statements And Schedules

CITY OF LEE'S SUMMIT, MISSOURI

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2007

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
Assets			
Pooled cash and investments	$ 7,577,058	$ 28,204,789	$ 35,781,847
Receivables (net of allowance):			
Taxes	169,561	244,315	413,876
Accounts and other	200	—	200
Interest	133,702	303,123	436,825
Due from other governments	111,131	1,875,254	1,986,385
Other assets	9,721	—	9,721
Total Assets	$ 8,001,373	$ 30,627,481	$ 38,628,854
Liabilities And Fund Balances			
Liabilities:			
Accounts payable and accrued liabilities	$ 1,635,503	$ 3,143,070	$ 4,778,573
Accrued interest payable	—	1,651	1,651
Due to other funds	90,000	10,000	100,000
Unearned revenue	132,949	—	132,949
Total Liabilities	1,858,452	3,154,721	5,013,173
Fund balances:			
Unreserved	6,142,921	27,472,760	33,615,681
Total Liabilities And Fund Balances	$ 8,001,373	$ 30,627,481	$ 38,628,854

CITY OF LEE'S SUMMIT, MISSOURI

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
For The Year Ended June 30, 2007

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
Revenues			
Taxes			
Property	$ 2,581,463	$ 3,536,072	$ 6,117,535
Sales	—	8,047,704	8,047,704
Bed	333,728	—	333,728
Fines and forfeitures	22,429	—	22,429
Licenses and permits	1,488,057	—	1,488,057
Intergovernmental	494,369	1,508,278	2,002,647
Charges for services	210,282	—	210,282
Investment earnings	446,179	1,471,569	1,917,748
Other	611,446	1,465,972	2,077,418
Total Revenues	6,187,953	16,029,595	22,217,548
Expenditures			
Current:			
General government	1,170,864	—	1,170,864
Parks and recreation	4,766,431	—	4,766,431
Debt Service:			
Interest and other charges	—	18,368	18,368
Capital outlay	—	28,882,412	28,882,412
Total Expenditures	5,937,295	28,900,780	34,838,075
Excess (Deficiency) Of Revenues Over Expenditures	250,658	(12,871,185)	(12,620,527)
Other Financing Sources (Uses)			
Transfers in	325,996	12,567,109	12,893,105
Transfers out	(515,324)	(1,229,205)	(1,744,529)
Total Other Financing Sources (Uses)	(189,328)	11,337,904	11,148,576
Net Change In Fund Balances	61,330	(1,533,281)	(1,471,951)
Fund Balances - Beginning, As Previously Stated	6,081,591	29,006,486	35,088,077
Prior Period Adjustment	—	(445)	(445)
Fund Balances - Beginning, As Restated	6,081,591	29,006,041	35,087,632
Fund Balances - Ending	$ 6,142,921	$ 27,472,760	$ 33,615,681

CITY OF LEE'S SUMMIT, MISSOURI

NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trust or major capital project) requiring separate accounting because of legal or regulatory provisions or administrative action. The City's nonmajor Special Revenue Funds are as follows:

Park Board - Established to account for activities of the Park Board, which administers operations of all City parks.

Swimming Pool - Established to account for the activities of the municipal swimming pool operation.

Violence Against Women Grant - Established to account for the receipt of federal grant monies for the Violence Against Women Grant.

Community Center - Established to account for the activities of the Legacy Park Community Center operation.

Entitlement Fund - Established to account for federal funding passed through to other agencies.

Landfill Postclosure Fund - Established to account for reserve set up to cover landfill closure costs the City will incur.

Cemetery Trust Fund - Established to account for plot and monument sales for perpetual care funding.

Road and Bridge Escrow - Established to account for deposits made related to road and bridge improvement projects.

Business and Industry Fund - Established to account for and distribute the proceeds from a 5% tax on certain gross receipts of hotels, motels, and similar places of business.

CITY OF LEE'S SUMMIT, MISSOURI

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2007

	Park Board	Swimming Pool	Violence Against Women Grant	Community Center	Entitlement Fund	Landfill Post Closure Fund	Cemetery Trust Fund	Road And Bridge Escrow	Business And Industry Fund	Total Nonmajor Special Revenue Funds
Assets										
Pooled cash and investments	$ 930,906	$ 273,662	$ 6,910	$ 149,880	$ 3,818	$ 3,158,157	$ 1,152,686	$ 1,600,221	$ 300,818	$ 7,577,058
Receivables (net of allowance):										
Taxes receivable, net	128,087	—	—	2,064	—	—	—	—	39,410	169,561
Accounts and other	—	—	—	—	—	—	200	—	—	200
Interest	17,836	3,731	1,772	2,432	682	51,415	19,152	30,853	5,829	133,702
Due from other governments	—	—	83,553	—	27,578	—	—	—	—	111,131
Other assets	7,349	787	—	1,391	—	—	194	—	—	9,721
Total Assets	$ 1,084,178	$ 278,180	$ 92,235	$ 155,767	$ 32,078	$ 3,209,572	$ 1,172,232	$ 1,631,074	$ 346,057	$ 8,001,373
Liabilities And Fund Balances										
Liabilities										
Accounts payable and accrued liabilities	$ 65,273	$ 35,559	$ 14,365	$ 55,015	$ 13,426	$ —	$ 1,696	$ 1,450,169	$ —	$ 1,635,503
Due to other funds	—	—	40,000	—	50,000	—	—	—	—	90,000
Unearned revenue	132,949	—	—	—	—	—	—	—	—	132,949
Total Liabilities	198,222	35,559	54,365	55,015	63,426	—	1,696	1,450,169	—	1,858,452
Fund Balances										
Unreserved	885,956	242,621	37,870	100,752	(31,348)	3,209,572	1,170,536	180,905	346,057	6,142,921
Total Liabilities And Fund Balances	$ 1,084,178	$ 278,180	$ 92,235	$ 155,767	$ 32,078	$ 3,209,572	$ 1,172,232	$ 1,631,074	$ 346,057	$ 8,001,373

CITY OF LEE'S SUMMIT, MISSOURI

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For The Year Ended June 30, 2007

	Park Board	Swimming Pool	Violence Against Women Grant	Community Center	Entitlement Fund	Landfill Post Closure Fund	Cemetery Trust Fund	Road And Bridge Escrow	Business And Industry Fund	Total Nonmajor Special Revenue Funds
Revenues										
Taxes										
Property	$ 2,581,463	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 2,581,463
Bed	—	—	—	—	—	—	—	—	333,728	333,728
Fines and forfeitures	22,429	—	—	—	—	—	—	—	—	22,429
Licenses and permits	47,001	159,663	—	1,281,393	—	—	—	—	—	1,488,057
Intergovernmental	—	—	187,748	—	306,621	—	—	—	—	494,369
Charges for services	19,623	7,555	—	183,104	—	—	—	—	—	210,282
Investment earnings	54,791	14,003	1,519	7,909	—	172,343	64,305	110,590	20,719	446,179
Other	292,888	26,672	—	32,301	—	—	258,019	—	1,566	611,446
Total Revenues	3,018,195	207,893	189,267	1,504,707	306,621	172,343	322,324	110,590	356,013	6,187,953
Expenditures										
Current:										
General government	—	—	192,462	—	332,319	—	—	88,038	558,045	1,170,864
Parks and recreation	2,857,473	220,709	—	1,479,957	—	—	208,292	—	—	4,766,431
Total Expenditures	2,857,473	220,709	192,462	1,479,957	332,319	—	208,292	88,038	558,045	5,937,295
Excess (Deficiency) Of Revenues Over Expenditures	160,722	(12,816)	(3,195)	24,750	(25,698)	172,343	114,032	22,552	(202,032)	250,658
Other Financing Sources (Uses)										
Transfers in	75,996	—	—	—	—	250,000	—	—	—	325,996
Transfers out	(323,539)	—	—	—	—	—	—	(185,110)	(6,675)	(515,324)
Total Other Financing Sources (Uses)	(247,543)	—	—	—	—	250,000	—	(185,110)	(6,675)	(189,328)
Net Change In Fund Balances	(86,821)	(12,816)	(3,195)	24,750	(25,698)	422,343	114,032	(162,558)	(208,707)	61,330
Fund Balances - Beginning	972,777	255,437	41,065	76,002	(5,650)	2,787,229	1,056,504	343,463	554,764	6,081,591
Fund Balances - Ending	$ 885,956	$ 242,621	$ 37,870	$ 100,752	$ (31,348)	$ 3,209,572	$ 1,170,536	$ 180,905	$ 346,057	$ 6,142,921

CITY OF LEE'S SUMMIT, MISSOURI

BUDGETARY COMPARISON SCHEDULE
PARK BOARD
For The Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variances With Final Budget - Positive
	Original	Final	Amounts	(Negative)
Revenues				
Taxes				
Property taxes	$ 2,661,842	$ 2,661,842	$ 2,581,463	$ (80,379)
Fines and forfeitures	20,580	20,580	22,429	1,849
Licenses and permits	45,000	45,000	47,001	2,001
Charges for services	3,500	3,500	19,623	16,123
Investment earnings	24,701	24,701	54,791	30,090
Other	235,503	235,503	292,888	57,385
Total Revenues	2,991,126	2,991,126	3,018,195	27,069
Expenditures				
Current:				
Parks and recreation	3,155,943	3,155,943	2,857,473	298,470
Excess (Deficiency) Of Revenues Over Expenditures	(164,817)	(164,817)	160,722	325,539
Other Financing Sources (Uses)				
Transfers in	74,924	74,924	75,996	1,072
Transfers out	(170,500)	(170,500)	(323,539)	(153,039)
Total Other Financing Sources (Uses)	(95,576)	(95,576)	(247,543)	(151,967)
Net Change In Fund Balances	(260,393)	(260,393)	(86,821)	173,572
Fund Balances - Beginning	972,777	972,777	972,777	—
Fund Balances - Ending	$ 712,384	$ 712,384	$ 885,956	$ 173,572

CITY OF LEE'S SUMMIT, MISSOURI

BUDGETARY COMPARISON SCHEDULE
SWIMMING POOL
For The Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variances With Final Budget - Positive
	Original	Final	Amounts	(Negative)
Revenues				
Licenses and permits	$ 206,158	$ 206,158	$ 159,663	$ (46,495)
Charges for services	11,033	11,033	7,555	(3,478)
Investment earnings	3,500	3,500	14,003	10,503
Other	29,775	29,775	26,672	(3,103)
Total Revenues	250,466	250,466	207,893	(42,573)
Expenditures				
Current:				
Parks and recreation	253,829	253,829	220,709	33,120
Net Change In Fund Balances	(3,363)	(3,363)	(12,816)	(9,453)
Fund Balances - Beginning	255,437	255,437	255,437	—
Fund Balances - Ending	$ 252,074	$ 252,074	$ 242,621	$ (9,453)

CITY OF LEE'S SUMMIT, MISSOURI

BUDGETARY COMPARISON SCHEDULE
VIOLENCE AGAINST WOMEN GRANT
For The Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variances With Final Budget - Positive
	Original	Final	Amounts	(Negative)
Revenues				
Intergovernmental	$ 180,720	$ 180,720	$ 187,748	$ 7,028
Investment earnings	1,644	1,644	1,519	(125)
Total Revenues	182,364	182,364	189,267	6,903
Expenditures				
Current:				
General government	180,720	180,720	192,462	(11,742)
Net Change In Fund Balances	1,644	1,644	(3,195)	(4,839)
Fund Balances - Beginning	41,065	41,065	41,065	—
Fund Balances - Ending	$ 42,709	$ 42,709	$ 37,870	$ (4,839)

CITY OF LEE'S SUMMIT, MISSOURI

BUDGETARY COMPARISON SCHEDULE
COMMUNITY CENTER
For The Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variances With Final Budget - Positive
	Original	Final	Amounts	(Negative)
Revenues				
Licenses and permits	$ 1,254,161	$ 1,254,161	$ 1,281,393	$ 27,232
Charges for services	219,756	219,753	183,104	(36,649)
Investment earnings	1,500	1,500	7,909	6,409
Other	37,900	37,900	32,301	(5,599)
Total Revenues	1,513,317	1,513,314	1,504,707	(8,607)
Expenditures				
Current:				
Parks and recreation	1,503,838	1,503,838	1,479,957	23,881
Net Change In Fund Balances	9,479	9,476	24,750	15,274
Fund Balances - Beginning	76,002	76,002	76,002	—
Fund Balances - Ending	$ 85,481	$ 85,478	$ 100,752	$ 15,274

CITY OF LEE'S SUMMIT, MISSOURI

NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS

Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by Enterprise Funds. The City's nonmajor Capital Projects Funds are as follows:

North Tax Increment Financing - Established to account for public improvements needed to support new private development in northern areas of the City.

Fire Facility No. 7 - Established to account for construction of a new fire facility related to a 2002 general obligation bond issue.

Hartley's Block Tax Increment Financing - Established to account for improvements needed to support redevelopment of 1.3 acres in the historic downtown area.

I-470 Business Center Tax Increment Financing - Established to account for public improvements needed to support development of 125 acres in the I-470 corridor.

Lee's Summit East Tax Increment Financing - Established to account for public improvements needed to support new private development southeast of the I-470 and M-350 Highway area.

Road and Bridge Improvement - Established to account for road and bridge improvement projects within the City related to a fiscal year 1995 tax levy.

Summit Woods Tax Increment Financing - Established to account for public improvements needed to support new private development in the I-470 and M-350 Highway area.

Chapel Ridge Tax Increment Financing - Established to account for public improvements needed to support new private development in the I-470 and Woods Chapel Road area.

New Longview Tax Increment Financing - Established to account for public improvements needed to support new private development in the Longview Farm area.

Downtown Improvements - Established to account for improvement projects in the downtown area of the city related to a 2002 general obligation bond issue.

Public Safety Issues - Established to account for construction of a new animal control facility and installation of 17 additional storm sirens within the City related to a 2002 general obligation bond issue.

Third Street Road Improvements - Established to account for construction of Third Street related to a 2002 general obligation bond issue.

Senior Center Construction - Established to account for construction of a senior center facility.

CITY OF LEE'S SUMMIT, MISSOURI

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
June 30, 2007

	North Tax Increment Financing	Fire Facility No. 7	Road And Bridge Improve-ment	Summit Woods TIF	Chapel Ridge TIF	New Longview TIF	Hartley's Block TIF	1-470 Business Center TIF	Summit Woods East TIF	Downtown Improve-ments	Public Safety Issues	Third Street Road Improve-ments	Senior Center Construc-tion	Total Nonmajor Capital Projects Funds
Assets														
Pooled cash and investments	$ 6,133	$ 148,141	$ 8,541,929	$ 524,270	$ 63,497	$ 20,966	$ 9	$ 409	$ 7,222	$ 5,372,946	$ 2,163,143	$ 7,124,713	$ 4,231,411	$ 28,204,789
Receivables (net of allowance)														
Taxes	—	—	244,315	—	—	—	—	—	—	—	—	—	—	244,315
Interest	1,241	4,287	119,766	32,770	2,789	442	—	118	455	62,068	4,701	25,893	48,593	303,123
Due from other governments	—	—	1,650,550	192,926	31,778	—	—	—	—	—	—	—	—	1,875,254
Total Assets	$ 7,374	$ 152,428	$ 10,556,560	$ 749,966	$ 98,064	$ 21,408	$ 9	$ 527	$ 7,677	$ 5,435,014	$ 2,167,844	$ 7,150,606	$ 4,280,004	$ 30,627,481
Liabilities And Fund Balances														
Liabilities														
Accounts payable and accrued liabilities	$ —	$ 130,500	$ 1,676,525	$ 482,846	$ 85,404	$ —	$ —	$ —	$ —	$ 552,508	$ 26,653	$ —	$ 188,634	$ 3,143,070
Accrued interest payable	—	—	—	—	—	—	—	201	567	—	474	409	—	1,651
Due to other funds	—	—	—	—	—	—	—	—	—	—	—	10,000	—	10,000
Total Liabilities	—	130,500	1,676,525	482,846	85,404	—	—	201	567	552,508	27,127	10,409	188,634	3,154,721
Fund Balances														
Unreserved	7,374	21,928	8,880,035	267,120	12,660	21,408	9	326	7,110	4,882,506	2,140,717	7,140,197	4,091,370	27,472,760
Total Liabilities And Fund Balances	$ 7,374	$ 152,428	$ 10,556,560	$ 749,966	$ 98,064	$ 21,408	$ 9	$ 527	$ 7,677	$ 5,435,014	$ 2,167,844	$ 7,150,606	$ 4,280,004	$ 30,627,481

CITY OF LEE'S SUMMIT, MISSOURI

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
For The Year Ended June 30, 2007

	North Tax Increment Financing	Fire Facility No. 7	Road And Bridge Improvement	Summit Woods TIF	Chapel Ridge TIF	New Longview TIF	Hartley's Bock TIF	1-470 Business Center TIF	Summit Woods East TIF	Downtown Improve-ments	Public Safety Issues	Third Street Road Improve-ments	Senior Center Construction	Total Nonmajor Capital Projects Funds
Revenues														
Taxes														
Property	$ 1,202,935	$ —	$ —	$ 1,736,210	$ 596,927	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 3,536,072
Sales	—	—	5,096,808	2,611,938	333,750	5,208	—	—	—	—	—	—	—	8,047,704
Intergovernmental	—	—	593,546	791,044	118,947	4,593	148	—	—	—	—	—	—	1,508,278
Investment earnings	2,094	61,568	442,348	116,152	24,227	1,627	—	459	252	224,801	64,642	345,953	187,446	1,471,569
Other	197	—	79,229	1,241,070	4,043	—	15,783	15,039	110,611	—	—	—	—	1,465,972
Total Revenues	1,205,226	61,568	6,211,931	6,496,414	1,077,894	11,428	15,931	15,498	110,863	224,801	64,642	345,953	187,446	16,029,595
Expenditures														
Debt Service:														
Interest and other charges	12,031	—	—	—	421	—	45	288	1,527	2,668	659	729	—	18,368
Capital outlay	—	2,914,649	7,611,278	7,802,178	3,532,561	20,656	25,291	34,175	75,424	5,138,076	473,375	491,427	763,322	28,882,412
Total Expenditures	12,031	2,914,649	7,611,278	7,802,178	3,532,982	20,656	25,336	34,463	76,951	5,140,744	474,034	492,156	763,322	28,900,780
Excess (Deficiency) Of Revenues Over Expenditures	1,193,195	(2,853,081)	(1,399,347)	(1,305,764)	(2,455,088)	(9,228)	(9,405)	(18,965)	33,912	(4,915,943)	(409,392)	(146,203)	(575,876)	(12,871,185)
Other Financing Sources (Uses)														
Transfers in	—	320,000	1,311,000	—	1,202,404	—	9,414	19,291	—	7,005,000	1,200,000	—	1,500,000	12,567,109
Transfers out	(1,202,403)	—	—	—	—	—	—	—	(26,802)	—	—	—	—	(1,229,205)
Total Other Financing Sources (Uses)	(1,202,403)	320,000	1,311,000	—	1,202,404	—	9,414	19,291	(26,802)	7,005,000	1,200,000	—	1,500,000	11,337,904
Net Change In Fund Balances	(9,208)	(2,533,081)	(88,347)	(1,305,764)	(1,252,684)	(9,228)	9	326	7,110	2,089,057	790,608	(146,203)	924,124	(1,533,281)
Fund Balance - Beginning, As Previously Stated	16,582	2,555,009	8,677,860	1,863,851	1,265,344	30,636				2,793,449	1,350,109	7,286,400	3,167,246	29,006,486
Prior Period Adjustment	—	—	290,522	(290,967)	—	—	—	—		—	—	—	—	(445)
Fund Balances - Beginning, As Restated	16,582	2,555,009	8,968,382	1,572,884	1,265,344	30,636	—	—	—	2,793,449	1,350,109	7,286,400	3,167,246	29,006,041
Fund Balances - Ending	$ 7,374	$ 21,928	$ 8,880,035	$ 267,120	$ 12,660	$ 21,408	$ 9	$ 326	$ 7,110	$ 4,882,506	$ 2,140,717	$ 7,140,197	$ 4,091,370	$ 27,472,760

CITY OF LEE'S SUMMIT, MISSOURI

BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE
For The Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variances With Final Budget - Positive
	Original	Final	Amounts	(Negative)
Revenues				
Taxes				
Property taxes	$ 7,117,710	$ 7,117,710	$ 7,214,334	$ 96,624
Sales	3,909,399	3,909,399	3,816,741	(92,658)
Fees and fines	41,500	41,500	56,902	15,402
Investment earnings	567,041	567,041	467,214	(99,827)
Total Revenues	11,635,650	11,635,650	11,555,191	(80,459)
Expenditures				
Debt Service:				
Principal	8,175,000	8,175,000	8,175,000	—
Interest and other charges	2,794,540	2,794,540	2,650,423	144,117
Total Expenditures	10,969,540	10,969,540	10,825,423	144,117
Excess Of Revenues Over Expenditures	666,110	666,110	729,768	63,658
Other Financing Sources (Uses)				
Transfers in	2,227,549	2,438,313	1,876,500	(561,813)
Transfers out	(408,000)	(806,795)	—	806,795
Total Other Financing Sources (Uses)	1,819,549	1,631,518	1,876,500	244,982
Net Change In Fund Balances	2,485,659	2,297,628	2,606,268	308,640
Fund Balances - Beginning, As Previously Stated	4,124,774	4,124,774	4,124,774	—
Prior Period Adjustment	—	—	217,892	217,892
Fund Balances - Beginning, As Restated	4,124,774	4,124,774	4,342,666	217,892
Fund Balances - Ending	$ 6,610,433	$ 6,422,402	$ 6,948,934	$ 526,532

CITY OF LEE'S SUMMIT, MISSOURI

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments of the City on a cost-reimbursement basis. The City's Internal Service Funds are as follows:

Central Vehicle Services - Established to account for operating a central maintenance facility for the City's vehicles and equipment.

Unemployment Insurance - Established to account for self-insurance funding for any unemployment claims filed by terminated City employees.

Insurance Reserve Fund - Established to account for premium refunds and special assessment charges for self-insurance funding for health and dental liability claims.

Information Technology Services (ITS) - Established to account for the City's electronic data processing systems and information services provided for City departments.

Short-term Disability Fund - Established to provide compensation for City employees who are ill and who have exhausted all sick time but are not yet eligible for long-term disability (90 days).

Workers' Compensation Self-Insurance Fund - Established to account for self-insurance funding for any workers' compensation claims filed by City employees.

Building and Equipment Replacement Fund - Established to account for the funding of capital maintenance projects related to the replacement of major building components.

CITY OF LEE'S SUMMIT, MISSOURI

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
June 30, 2007

	Central Vehicle Services	Unemployment Insurance	Insurance Reserve	M.I.S. Services	Short-Term Disability Fund	Workers' Compensation Self-Insurance	Building And Equipment Replacement	Total
Assets								
Current assets:								
Cash and investment	$ 4,216,767	$ 104,896	$ 1,560,140	$ 2,044,278	$ 54,184	$ 1,469,725	$ 904,984	$ 10,354,974
Interest receivable	77,618	1,723	22,708	39,116	1,127	29,005	14,675	185,972
Due from other funds	—	—	—	—	2,617	—	—	2,617
Inventories	105,650	—	—	—	—	—	—	105,650
Prepaid expenses	83,261	—	—	—	—	—	—	83,261
Other assets	—	—	—	5,357	—	—	14,437	19,794
Total current assets	4,483,296	106,619	1,582,848	2,088,751	57,928	1,498,730	934,096	10,752,268
Noncurrent assets:								
Capital Assets:								
Nondepreciable	104,250	—	—	—	—	—	—	104,250
Depreciable, net	8,222,499	—	—	1,816,129	—	—	—	10,038,628
Total noncurrent assets	8,326,749	—	—	1,816,129	—	—	—	10,142,878
Total Assets	12,810,045	106,619	1,582,848	3,904,880	57,928	1,498,730	934,096	20,895,146
Liabilities								
Current Liabilities:								
Accounts payable	251,607	—	19,634	23,743	185	293,614	—	588,783
Salaries and compensated absences payable	—	—	—	—	2,624	—	—	2,624
Accrued interest payable	2,955	—	—	—	—	—	—	2,955
Due to other funds	28	—	—	121	—	—	—	149
Compensated absences	1,418	—	—	2,232	—	—	—	3,650
Total current liabilities	256,008	—	19,634	26,096	2,809	293,614	—	598,161
Noncurrent liabilities:								
Compensated absences	29,393	—	—	46,218	—	—	—	75,611
Total Liabilities	285,401	—	19,634	72,314	2,809	293,614	—	673,772
Net Assets								
Invested in capital assets, net of related debt	8,326,749	—	—	1,816,129	—	—	—	10,142,878
Unrestricted	4,197,895	106,619	1,563,214	2,016,437	55,119	1,205,116	934,096	10,078,496
Total Net Assets	$ 12,524,644	$ 106,619	$ 1,563,214	$ 3,832,566	$ 55,119	$ 1,205,116	$ 934,096	$ 20,221,374

CITY OF LEE'S SUMMIT, MISSOURI

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
For The Year Ended June 30, 2007

	Central Vehicle Services	Unemployment Insurance	Insurance Reserve	M.I.S. Services	Short-Term Disability Fund	Workers' Compensation Self-Insurance	Building And Equipment Replacement	Total
Operating Revenues								
Charges for services	$ 2,235,287	$ 17,470	$ —	$ 1,912,584	$ 29,410	$ 735,088	$ 318,107	$ 5,247,946
Other	442,654	—	—	6,650	—	21,669	—	470,973
Total Operating Revenues	2,677,941	17,470	—	1,919,234	29,410	756,757	318,107	5,718,919
Operating Expenses								
Salaries, wages, and employee benefits	444,335	—	—	1,139,890	48,120	—	—	1,632,345
Utilities	40,992	—	—	32,872	—	—	—	73,864
Repairs and maintenance	37,007	—	—	243,341	—	—	—	280,348
Fuels and lubricants	5,285	—	—	646	—	—	—	5,931
Depreciation	2,129,544	—	—	558,488	—	—	—	2,688,032
Miscellaneous	245,514	11,403	21,622	512,625	—	469,237	—	1,260,401
Total Operating Expenses	2,902,677	11,403	21,622	2,487,862	48,120	469,237	—	5,940,921
Operating Income (Loss)	(224,736)	6,067	(21,622)	(568,628)	(18,710)	287,520	318,107	(222,002)
Nonoperating Revenue (Expenses)								
Interest income	260,589	5,726	63,739	127,885	3,804	108,020	40,904	610,667
Gain on disposal of fixed assets	404,198	—	—	—	—	—	—	404,198
Total Nonoperating Revenue (Expenses)	664,787	5,726	63,739	127,885	3,804	108,020	40,904	1,014,865
Income (Loss) Before Contributions And Transfers	440,051	11,793	42,117	(440,743)	(14,906)	395,540	359,011	792,863
Transfers in	238,842	—	1,184,162	397,290	—	—	—	1,820,294
Transfers out	—	—	—	—	—	(1,184,162)	—	(1,184,162)
Change In Net Assets	678,893	11,793	1,226,279	(43,453)	(14,906)	(788,622)	359,011	1,428,995
Total Net Assets - Beginning, As Previously Stated	11,845,751	94,826	336,935	3,876,019	70,025	2,338,565	575,085	19,137,206
Prior Period Adjustment	—	—	—	—	—	(344,827)	—	(344,827)
Total Net Assets - Beginning, As Restated	11,845,751	94,826	336,935	3,876,019	70,025	1,993,738	575,085	18,792,379
Total Net Assets - Ending	$ 12,524,644	$ 106,619	$ 1,563,214	$ 3,832,566	$ 55,119	$ 1,205,116	$ 934,096	$ 20,221,374

CITY OF LEE'S SUMMIT, MISSOURI

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For The Year Ended June 30, 2007

	Central Vehicle Services	Unemployment insurance	Insurance Reserve	M.I.S.	Short-Term Disability Fund	Workers' Compensation Self-Insurance	Building And Equipment Replacement	Total
Cash Flows From Operating Activities								
Cash received from customers	$ 2,677,941	$ 17,470	$ —	$ 1,919,234	$ 29,410	$ 756,757	$ 318,107	$ 5,718,919
Cash paid to suppliers	(127,365)	(11,403)	(1,988)	(793,066)	185	(520,450)	—	(1,454,087)
Cash paid to employees	(438,893)	—	—	(1,142,828)	(48,118)	—	—	(1,629,839)
Net Cash Provided By (Used In) Operating Activities	2,111,683	6,067	(1,988)	(16,660)	(18,523)	236,307	318,107	2,634,993
Cash Flows From Noncapital Financing Activities								
Transfers in	238,842	—	1,184,162	397,290	—	—	—	1,820,294
Transfers out	—	—	—	—	—	(1,184,162)	—	(1,184,162)
Net Cash Provided By (Used In) Noncapital Financing Activities	238,842	—	1,184,162	397,290	—	(1,184,162)	—	636,132
Cash Flows From Capital And Related Financing Activities								
Additions to capital assets	(3,087,558)	—	—	(548,958)	—	—	(14,437)	(3,650,953)
Proceeds from sale of capital assets	540,014	—	—	—	—	—	—	540,014
Net Cash Used In Capital And Related Financing Activities	(2,547,544)	—	—	(548,958)	—	—	(14,437)	(3,110,939)
Cash Flows Provided By Investing Activities								
Interest received	223,475	4,891	44,096	112,237	3,331	100,315	33,122	521,467
Net Increase (Decrease) In Cash And Cash Equivalents	26,456	10,958	1,226,270	(56,091)	(15,192)	(847,540)	336,792	681,653
Cash And Cash Equivalents - Beginning Of Year	4,190,311	93,938	333,870	2,100,369	69,376	2,317,265	568,192	9,673,321
Cash And Cash Equivalents - End Of Year	$ 4,216,767	$ 104,896	$ 1,560,140	$ 2,044,278	$ 54,184	$ 1,469,725	$ 904,984	$ 10,354,974
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:								
Operating income (loss)	$ (224,736)	$ 6,067	$ (21,622)	$ (568,628)	$ (18,710)	$ 287,520	$ 318,107	$ (222,002)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:								
Depreciation and amortization	2,129,544	—	—	558,488	—	—	—	2,688,032
Change in assets and liabilities:								
(Increase) decrease in inventories	(36,611)	—	—	2,680	—	—	—	(33,931)
Decrease in prepaid expenses and other assets	4,356	—	—	—	—	—	—	4,356
Increase in other assets	—	—	—	(3,126)	—	—	—	(3,126)
Increase (decrease) in accounts payable	233,688	—	19,634	(3,136)	185	(51,213)	—	199,158
Increase in salaries and wages payable	—	—	—	—	2	—	—	2
Increase (decrease) in accrued compensated absences	5,442	—	—	(2,938)	—	—	—	2,504
Net Cash Provided By (Used In) Operating Activities	$ 2,111,683	$ 6,067	$ (1,988)	$ (16,660)	$ (18,523)	$ 236,307	$ 318,107	$ 2,634,993

Statistical Section
(Unaudited)

CITY OF LEE'S SUMMIT, MISSOURI

NET ASSETS BY COMPONENT
Last Five Fiscal Years[1]
(Accrual Basis Of Accounting)

	Fiscal Year				
	2003	2004	2005	2006	2007
Governmental activities					
Invested in capital assets, net of related debt	$ 153,564,358	$ 163,682,880	$ 195,238,305	$ 271,248,246	$ 268,374,160
Restricted	6,034,247	4,969,818	—	—	22,781,337
Unrestricted	58,732,079	83,994,252	85,965,597	124,673,675	45,828,361
Total governmental activities net assets	$ 218,330,684	$ 252,646,950	$ 281,203,902	$ 395,921,921	$ 336,983,858
Business-type activities					
Invested in capital assets, net of related debt	$ 129,296,414	$ 128,218,916	$ 140,886,421	$ 189,358,113	$ 170,092,880
Restricted	—	—	1,921,513	2,250,958	33,686,074
Unrestricted	24,576,758	36,116,014	32,185,864	41,963,890	3,665,286
Total business-type activities net assets	$ 153,873,172	$ 164,334,930	$ 174,993,798	$ 233,572,961	$ 207,444,240
Primary government					
Invested in capital assets, net of related debt	$ 282,860,772	$ 291,901,796	$ 336,124,726	$ 460,606,359	$ 438,467,040
Restricted	6,034,247	4,969,818	1,921,513	2,250,958	56,467,411
Unrestricted	83,308,837	120,110,266	118,151,461	166,637,565	49,493,647
Total primary government net assets	$ 372,203,856	$ 416,981,880	$ 456,197,700	$ 629,494,882	$ 544,428,098

(1) Accrual basis financial information is only available back to 2003, the year GASB Statement 34 was implemented. Therefore ten years of data is not available, but will be accumulated over time.

CITY OF LEE'S SUMMIT, MISSOURI

CHANGES IN NET ASSETS
Last Five Fiscal Years(1)
(Accrual Basis Of Accounting)

	Fiscal Years				
	2003	2004	2005	2006	2007
Expenses					
Governmental Activities:					
Public Works	$ 6,055,225	$ 8,497,834	$ 20,729,748	$ 13,050,566	$ 10,847,633
Public Safety	20,683,212	23,527,195	25,897,644	30,610,276	29,091,623
Parks and Recreation	5,282,539	3,206,982	4,421,565	4,794,351	28,530,677
Planning and Development	748,157	708,004	793,067	851,343	996,657
General Government	11,380,283	20,751,819	10,628,906	13,828,963	5,979,484
Interest on Long-Term Debt	1,872,843	2,324,192	2,338,625	2,325,784	2,606,257
Total Governmental Activities Expenses	46,022,259	59,016,026	64,809,555	65,461,283	78,052,331
Business-Type Activities:					
Waterworks and Sewerage System	19,016,233	19,251,391	19,783,903	21,885,768	22,098,586
Sanitary Landfill	1,816,037	2,052,144	2,838,234	2,632,034	2,571,247
Airport	1,193,449	1,234,545	1,262,356	1,702,652	1,426,900
Recreation Center	731,802	721,648	701,088	873,576	689,699
Total Business-Type Activities Expenses	22,757,521	23,259,728	24,585,581	27,094,030	26,786,432
Total Primary Government Expenses	68,779,780	82,275,754	89,395,136	92,555,313	104,838,763
Program Revenues					
Governmental Activities:					
Charges for Services:					
Public Works	—	—	379,543	1,047,323	3,828,994
Public Safety	—	—	3,769,771	3,882,943	1,971,762
Parks and Recreation	170,603	73,567	1,236,465	1,493,466	1,720,768
Planning and development	—	—	69,020	222,229	305,029
General Government	2,042,341	2,334,757	2,417,009	2,016,546	2,270,212
Operating Grants and Contributions	3,198,388	3,206,946	2,970,703	7,120,522	3,210,418
Capital Grants and Contributions	—	11,870,518	11,182,217	—	8,484,471
Total Governmental Activities Program Revenues	5,411,332	17,485,788	22,024,728	15,783,029	21,791,654
Business-Type Activities:					
Charges for Services					
Waterworks and Sewerage System	24,704,763	26,615,318	26,575,452	27,863,510	28,854,605
Sanitary Landfill	2,533,889	2,567,772	2,687,996	2,755,723	2,714,978
Airport	447,665	452,261	902,410	1,085,046	1,001,628
Recreation Center	625,489	705,231	788,274	869,720	657,184
Capital Grants and Contributions	8,765,475	5,541,663	3,498,050	4,394,554	11,578,303
Total Business Type Activities Program Revenues	37,077,281	35,882,245	34,452,182	36,968,553	44,806,698
Total Primary Government Revenues	42,488,613	53,368,033	56,476,910	52,751,582	66,598,352
Net (Expense)/Revenue					
Governmental activities	(40,610,927)	(41,530,238)	(42,784,827)	(49,678,254)	(56,260,677)
Business-type activities	14,319,760	12,622,517	9,866,601	9,874,523	18,020,266
Total primary government net expense	(26,291,167)	(28,907,721)	(32,918,226)	(39,803,731)	(38,240,411)
General Revenues And Other Changes In Net Assets					
Governmental Activities:					
General Revenues					
Property Taxes	26,612,349	28,829,962	29,071,584	31,767,813	32,179,406
Sales and Use Taxes	24,353,572	26,107,660	26,479,480	28,369,222	28,197,210
Franchise fees	6,853,447	7,360,032	7,991,553	8,617,948	9,022,063
License, Permits, Fines, and Forfeitures	3,663,492	4,111,948	1,497,236	1,443,066	—
Revenues From Use of Money and Property	2,874,493	1,397,978	1,792,049	3,187,915	404,198
Other revenue	5,345,173	4,537,816	1,810,229	3,086,832	9,825,929
Transfers	1,129,640	3,501,108	2,699,648	2,818,505	2,462,646
Total Governmental Activities	70,832,166	75,846,504	71,341,779	79,291,301	82,091,452
Business-Type Activities:					
General Revenues					
Revenues from Use of Money and Property	1,606,106	467,371	1,191,954	1,444,627	—
Other Revenue	900,617	872,978	2,299,961	5,707,126	3,265,360
Transfers	(1,129,640)	(3,501,108)	(2,699,648)	(2,818,505)	(2,462,646)
Total Business-Type Activities	1,377,083	(2,160,759)	792,267	4,333,248	802,714
Total Primary Government	72,209,249	73,685,745	72,134,046	83,624,549	82,894,166
Change In Net Assets					
Governmental Activities	30,221,239	34,316,266	28,556,952	29,613,047	25,830,775
Business-Type activities	15,696,843	10,461,758	10,658,868	14,207,771	18,822,980
Total City	$ 45,918,082	$ 44,778,024	$ 39,215,820	$ 43,820,818	$ 44,653,755

(1) Accrual basis financial information is only available back to 2003, the year GASB Statement 34 was implemented. Therefore ten years of data is not available, but will be accumulated over time.

CITY OF LEE'S SUMMIT, MISSOURI

FUND BALANCES - GOVERNMENTAL FUNDS
Last Five Fiscal Years[1]
(Modified Accrual Basis Of Accounting)

	Fiscal Years				
	2003	2004	2005	2006	2007
General fund					
Reserved	$ 6,206	$ 5,326	$ 5,187	$ 58	$ —
Unreserved	18,256,956	19,334,255	24,492,315	24,149,822	15,940,698
Total general fund	$ 18,263,162	$ 19,339,581	$ 24,497,502	$ 24,149,880	$ 15,940,698
All other governmental funds					
Reserved	$ 1,900,201	$ 2,164,528	$ —	$ —	$ —
Unreserved, designated:					
Debt service	6,028,041	4,969,818	6,539,672	4,124,774	6,948,934
Unreserved, reported in:					
Special revenue funds	2,473,916	2,949,943	5,157,712	6,081,591	6,142,921
Capital project funds	28,583,144	51,730,966	43,318,473	43,692,398	53,364,050
Total all other governmental funds	$ 38,985,302	$ 61,815,255	$ 55,015,857	$ 53,898,763	$ 66,455,905

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CITY OF LEE'S SUMMIT, MISSOURI

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Last Five Fiscal Years(1)
(Modified Accrual Basis Of Accounting)

	Fiscal Year				
	2003	2004	2005	2006	2007
Revenues					
Taxes:					
Property	$ 25,024,721	$ 26,548,900	$ 28,980,235	$ 31,125,831	$ 32,103,628
Sales	24,353,572	26,107,660	26,479,480	28,369,222	28,197,210
Franchise	6,853,447	7,360,032	7,991,553	8,617,948	9,022,063
License	1,587,628	1,824,422	1,497,236	1,443,066	995,950
Intergovernmental	3,198,388	3,206,946	2,970,703	7,120,522	6,958,803
Charges for services	2,212,944	2,408,324	2,916,106	2,981,095	3,335,611
Licenses and Permits	2,116,034	2,664,925	3,154,345	3,927,153	4,132,411
Fines and Forfeitures	1,547,458	1,447,023	1,801,357	1,754,259	1,632,793
Interest	2,520,020	1,037,448	1,739,332	3,187,915	5,141,994
Other	4,707,173	4,537,816	4,703,028	2,895,123	4,073,268
Total revenue	74,121,385	77,143,496	82,233,375	91,422,134	95,593,731
Expenditures					
Current:					
General Government	8,793,593	8,834,828	8,887,766	9,899,765	10,547,111
Public Works and Streets	6,987,552	7,383,034	7,613,074	9,026,371	9,998,734
Public Safety	20,882,050	23,261,096	23,673,253	26,285,657	27,983,655
Community Development	748,157	708,004	745,017	851,343	996,657
Parks and Recreation	2,411,972	2,989,661	3,928,746	4,221,016	4,766,431
Debt service:					
Principal Retirements	6,490,000	6,840,000	6,650,000	11,525,000	8,175,000
Interest and Fiscal Charges	1,961,593	2,360,004	2,369,883	2,268,297	2,922,990
Capital outlay:					
General Government	504,422	13,770,779	8,541,860	13,144,007	—
Public Works and Streets	23,833,757	8,758,351	22,283,615	26,485,702	36,894,296
Public Safety	18,510	—	13,301	659,925	2,914,649
Parks and Recreation	6,394,296	6,903,969	471,617	1,205,846	6,057,450
Total expenditures	79,025,902	81,809,726	85,178,132	105,572,929	111,256,973
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,904,517)	(4,666,230)	(2,944,757)	(14,150,795)	(15,663,242)
Other Financing sources (uses)					
Proceeds From Bonds	—	—	—	11,475,000	17,095,000
Transfers In	11,830,929	9,410,491	5,968,551	15,154,900	17,527,289
Transfers Out	(10,977,435)	(6,087,100)	(4,665,271)	(13,943,821)	(15,700,775)
Total Other Financing Sources (Uses)	853,494	3,323,391	1,303,280	12,686,079	18,921,514
Net change in fund balances	$ (4,051,023)	$ (1,342,839)	$ (1,641,477)	$ (1,464,716)	$ 3,258,272

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CITY OF LEE'S SUMMIT, MISSOURI

PROGRAM REVENUES BY FUNCTION/PROGRAM
Last Five Fiscal Years(1)
(Accrual Basis Of Accounting)

	Fiscal Years				
	2003	2004	2005	2006	2007
Function/Program					
Governmental Activities:					
Public works	$ 919,610	$ 12,439,111	$ 12,150,260	$ 7,479,198	$ 10,456,233
Public safety	125,359	148,830	4,799,508	4,961,412	4,805,304
Parks and recreation	174,990	123,787	1,258,812	1,563,486	2,036,544
Planning and development	1,464,601	1,669,198	75,939	223,310	305,029
General government	2,726,772	3,104,862	3,740,209	3,313,869	4,188,544
Subtotal Governmental Activities	5,411,332	17,485,788	22,024,728	17,541,275	21,791,654
Business-Type Activities:					
Waterworks and sewerage system	33,433,057	26,615,318	30,073,502	32,258,064	30,779,904
Sanitary landfill	2,533,889	2,567,772	2,687,996	2,755,723	2,714,978
Airport	484,846	5,993,924	902,410	1,085,046	10,654,632
Recreation center	625,489	705,231	788,274	869,720	657,134
Subtotal Business-Type Activities	37,077,281	35,882,245	34,452,182	36,968,553	44,806,648
Total Primary Government	$ 42,488,613	$ 53,368,033	$ 56,476,910	$ 54,509,828	$ 66,598,302

(1) Accrual basis financial information is only available back to 2003, the year GASB Statement 34 was implemented. Therefore ten years of data is not available, but will be accumulated over time.

CITY OF LEE'S SUMMIT, MISSOURI

ALL GOVERNMENTAL FUNDS REVENUES BY SOURCE
Last Five Fiscal Years[1]
(Modified Accrual Basis Of Accounting)

Fiscal Year	Property Taxes	Sales And Use Taxes	Franchise Fees	Licenses, Permits, Fines And Forfeitures	Revenues From Use Of Money And Property	Other Revenue	Total Revenues
2003	$ 26,612,349	$ 24,353,572	$ 6,853,447	$ 3,663,492	$ 4,480,599	$ 6,245,790	$ 72,209,249
2004	28,829,962	26,107,660	7,360,032	4,111,948	1,865,349	5,410,794	73,685,745
2005	29,071,584	26,479,480	7,991,553	1,497,236	2,984,003	4,110,190	72,134,046
2006	31,125,831	28,369,222	8,617,948	5,681,412	3,187,915	14,439,806	91,422,134
2007	32,103,628	27,863,482	9,022,063	5,765,204	5,141,994	15,697,360	95,593,731

(1) Accrual basis financial information is only available back to 2003, the year GASB Statement 34 was implemented. Therefore ten years of data is not available, but will be accumulated over time.

CITY OF LEE'S SUMMIT, MISSOURI

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years

Fiscal Year	Real Property	Personal Property	Total Taxable Assessed Value
1998	$ 521,184,850	$ 173,564,453	$ 694,749,303
1999	564,021,520	193,832,375	757,853,895
2000	633,981,610	212,667,522	846,649,132
2001	684,837,969	217,142,918	901,980,887
2002	750,283,739	217,142,918	967,426,657
2003	803,399,837	251,590,310	1,054,990,147
2004	946,772,225	259,466,865	1,206,239,090
2005	1,011,275,575	255,741,317	1,267,016,892
2006	1,130,480,834	270,218,662	1,400,699,496
2007	1,193,930,108	292,981,987	1,486,912,095

Source: Jackson County and Cass County

Notes: Assessed value does not include railroad and utility properties, which are assessed by the State of Missouri.

Assessed value does not include Abatement and/or TIF (Tax Increment Financing) values.

CITY OF LEE'S SUMMIT, MISSOURI

DIRECT AND OVERLAPPING PROPERTY TAX RATES
(Rate Per $100 Of Assessed Value)
Last Ten Fiscal Years

	City of Lee's Summit			Overlapping Rates				
Fiscal Year	General Fund	Park Board	Debt Service	Lee's Summit R-7 School District	County	State	Other	Total Direct And Overlapping Tax Rate
1998	0.9800	0.1700	0.4800	5.2700	0.5300	0.0300	0.7600	8.220
1999	0.9800	0.1700	0.4800	5.2700	0.5300	0.0300	0.7600	8.220
2000	0.9600	0.1700	0.4800	5.3900	0.5600	0.0300	0.7700	8.360
2001	0.9600	0.1700	0.4800	5.3900	0.5600	0.0300	0.7730	8.363
2002	0.9600	0.1700	0.4800	5.3900	0.5700	0.0300	0.7730	8.373
2003	0.9600	0.1700	0.4800	5.3900	0.5700	0.0300	0.7730	8.373
2004	0.9057	0.1604	0.4800	5.4976	0.5700	0.0300	0.7599	8.404
2005	0.9057	0.1604	0.4800	6.0666	0.5700	0.0300	0.7600	8.973
2006	0.8900	0.1576	0.4800	5.8902	0.5375	0.0300	0.7394	8.725
2007	0.8900	0.1576	0.4800	5.8919	0.5375	0.0300	0.7429	8.730

CITY OF LEE'S SUMMIT, MISSOURI

PRINCIPAL PROPERTY TAXPAYERS
Current Year And Nine Years Ago

	2006*			1997		
	Taxable Assessed Value	Rank	% of Total City Net Assessed Value	Taxable Assessed Value	Rank	% of Total City Net Assessed Value
Sprint Spectrum	$ 15,932,727	1	1.07%	$ —	—	—
Missouri Public Service (Aquila)	11,490,465	2	0.77%	—	—	—
Pfizer Chemical Company	7,491,555	3	0.50%	4,230,300	2	0.71%
John Knox Village	7,212,371	4	0.49%	6,510,490	1	1.09%
Toys R Us	6,520,204	5	0.44%	—	—	—
Southwestern Bell	6,200,187	6	0.42%	—	—	—
Southern Union Company	5,440,910	7	0.37%	—	—	—
Wal-Mart	4,828,300	8	0.32%	—	—	—
Sprint	4,408,814	9	0.30%	—	—	—
Amli at Summit Ridge LLC	3,595,253	10	0.24%	—	—	—
Western Resources (MO Gas Energy)	—	—	—	9,863,641	4	1.66%
Calmar	—	—	—	5,440,380	5	0.91%
NS-MPG Inc	—	—	—	3,844,250	3	0.65%
Polytainers	—	—	—	3,231,440	—	0.54%
R&D Tool & Engineering	—	—	—	3,168,370	8	0.53%
Wal-Mart	—	—	—	2,427,630	6	0.41%
A Zeregas Sons, Inc	—	—	—	1,804,500	9	0.30%
Weingateton Nostate, Inc	—	—	—	1,771,560	7	0.30%
Total	$ 73,120,786		4.92%	$ 42,292,561		7.10%

Source: Jackson County Tax Department

* Information from 2006 is being presented as Jackson County was unable to provide 2007 information due to a computer problem.

CITY OF LEE'S SUMMIT, MISSOURI

PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy For Fiscal Year	Collected Within The Fiscal Year Of The Levy		Collections In Subsequent Years	Total Collections To Date	
		Amount	Percentage Of Levy		Amount	Percentage Of Levy
1998	$ 11,083,789	$ 10,707,945	96.6%	$ 235,452	$ 10,943,397	98.7%
1999	12,033,214	11,644,903	96.8%	320,441	11,965,344	99.4%
2000	13,271,353	12,706,633	95.7%	363,404	13,070,037	98.5%
2001	14,877,152	14,218,941	95.6%	506,614	14,725,555	99.0%
2002	15,517,866	14,831,021	95.6%	546,287	15,377,308	99.1%
2003	16,786,636	16,127,126	96.1%	588,930	16,716,056	99.6%
2004	18,850,627	18,442,958	97.8%	768,746	19,211,704	101.9%
2005	19,576,491	18,958,177	96.8%	554,206	19,512,383	99.7%
2006	21,490,030	20,648,608	96.1%	498,387	21,146,994	98.4%
2007	22,305,148	21,500,779	96.4%	649,759	22,150,538	99.3%

Source: Jackson County

CITY OF LEE'S SUMMIT, MISSOURI

RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

	Governmental Activities			Business-Type Activities				
Fiscal Year	General Obligation Bonds	Certificates Of Participation	Revenue Bonds	Certificates Of Participation	Revenue Bonds	Total Primary Government	Population	Per Capita
1998	$ 37,340,000	$ 605,244	$ 1,760,000	$ 914,755	$ 28,585,000	$ 69,204,999	64,718	1,069
1999	24,485,000	2,400,000	1,650,000	—	26,870,000	55,405,000	67,079	826
2000	24,105,000	2,400,000	1,460,000	—	25,830,000	53,795,000	70,700	761
2001	20,595,000	2,400,000	1,265,000	955,000	24,715,000	49,930,000	73,218	682
2002	22,715,000	17,480,000	1,050,000	925,000	23,685,000	65,855,000	76,043	866
2003	18,170,000	17,480,000	865,000	895,000	34,080,000	71,490,000	79,515	899
2004	38,805,000	15,695,000	665,000	865,000	37,985,000	94,015,000	82,528	1,139
2005	34,695,000	13,870,000	—	830,000	35,180,000	84,575,000	85,642	988
2006	38,380,000	11,995,000	—	795,000	32,435,000	83,605,000	88,666	943
2007	34,000,000	25,355,000	—	760,000	29,545,000	89,660,000	90,785	988

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

CITY OF LEE'S SUMMIT, MISSOURI

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amounts Available In Debt Service Fund	Net General Bonded Debt Outstanding	Percentage Of Actual Taxable Value Of Property [a]	Per Capita [b]
1998	$ 37,340,000	$ 2,721,690	$ 34,618,310	4.60%	$ 535
1999	24,485,000	2,165,122	22,319,878	2.70%	333
2000	24,105,000	4,249,258	19,855,742	2.21%	281
2001	20,595,000	4,104,670	16,490,330	1.84%	225
2002	22,715,000	4,533,950	18,181,050	1.88%	239
2003	18,170,000	4,340,172	13,829,828	1.31%	174
2004	38,805,000	4,310,880	34,494,120	2.86%	418
2005	34,695,000	5,610,191	29,084,809	2.30%	340
2006	38,380,000	3,834,139	34,545,861	2.47%	390
2007	34,000,000	5,292,263	28,707,737	2.05%	316

Notes: Details regarding the City's outstanding debt can be found in the notes to financial statements.
a. Taxable Assessed Values provided by Cass and Jackson County Assessors' offices.
b. Population figures provided by Lee's Summit Planning and Development Department.

CITY OF LEE'S SUMMIT, MISSOURI

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As Of June 30, 2007

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable [1]	Estimated Share Of Overlapping Debt
Debt repaid with property taxes			
Lee's Summit R-7 School District	$ 240,310,000	65.05%	$ 156,321,361
Blue Springs R-4 School District	112,875,000	80.07%	90,375,000
Raymore-Peculiar School District	56,893,977	75.62%	43,024,398
Grandview School District	37,588,000	84.45%	31,742,562
Hickman Mills School District	40,755,000	98.58%	40,176,065
Subtotal, overlapping debt			361,639,386
Lee's Summit Direct Debt			34,000,000
Total direct and overlapping debt			$ 395,639,386

(1) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the City's boundaries and dividing it by each unit's total taxable value.

CITY OF LEE'S SUMMIT, MISSOURI

LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Legal debt limit (1)	$ 150,547,317	$ 165,562,797	$ 179,501,099	$ 179,501,099	$ 193,485,332	$ 210,998,031	$ 241,247,819	$ 253,403,379	$ 280,139,899	$ 279,382,420
Total net debt applicable to limit	27,578,310	25,319,878	19,855,742	16,490,330	18,181,050	50,829,828	46,044,120	40,634,809	34,620,861	28,782,737
Legal debt margin	$ 122,969,007	$ 140,242,919	$ 159,645,357	$ 163,010,769	$ 175,304,282	$ 160,168,203	$ 195,203,699	$ 212,768,570	$ 245,519,038	$ 250,599,683
Total net debt applicable to the limit as a percentage of debt limit	18.32%	15.29%	11.06%	9.19%	9.40%	24.09%	19.09%	16.04%	12.36%	10.30%

(1) Under the statutes of the State of Missouri, the limit of bonded indebtedness is 10% of the most recent assessed valuation. State statutes also provide that the City may become indebted not exceeding the aggregate an additional 10% for the purpose of acquiring rights-of-way, construction, extending and improving streets and avenues and/or sanitary or storm systems and purchasing or constructing waterworks, electric or other light plants, provide that the total general obligation indebtedness of the City does not exceed 20% of the assessed valuations.

CITY OF LEE'S SUMMIT, MISSOURI

DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years

Year	Population	Personal Income (1)	Per Capita Personal Income (1)	Median Age (1)	Education Level: High School Graduate Percentage (1)	Education Level: Bachelor's Degree Or Higher Percentage (1)	School Enrollment	Unemployment Rate
1998	64,718						13,475	2.20%
1999	67,079						13,868	1.70%
2000	70,700	$ 1,901,193,700	$ 26,891	35.1	93.1%	37.3%	14,174	1.60%
2001	73,128						14,452	2.70%
2002	76,043						14,838	3.30%
2003	79,515						15,414	3.80%
2004	82,528						15,858	3.90%
2005	85,642						16,381	3.20%
2006	88,666						16,698	2.90%
2007	90,785						16,953	2.80%

Source: U.S. Census Bureau Census 2000, U.S. Bureau of Labor Statistics, City of Lee's Summit Planning Department and Lee's Summit R-7 School District.

(1) City specific data for off census years is not readily available.

PRINCIPAL EMPLOYERS
Current Year And Nine Years Ago

	2007			1998		
Employer	Employees	Rank	Percentage Of Total City Employment	Employees	Rank	Percentage Of Total City Employment
Lee's Summit R-7 School District	2,525	1	6.38%	1,279	2	4.63%
AT&T Telecommunication-Cust. Serv.	1,200	2	3.03%	1,900	1	6.87%
Truman Medical Center Lakewood	1,200	3	3.03%	—	—	—
John Knox Village	1,050	4	2.65%	950	3	3.44%
Longview Community College	1,000	5	2.53%	700	6	2.53%
City of Lee's Summit	659	6	1.66%	450	7	1.63%
Carmark	559	7	1.41%	—	—	—
St. Lukes East	541	8	1.37%	—	—	—
Unity Village	550	9	1.39%	880	5	3.18%
Lee's Summit Hospital	480	10	1.21%	400	8	1.45%
Calmar	—	—	—	585	4	2.12%
Pfizer	—	—	—	250	9	0.90%
Metro Auto Auction	—	—	—	250	10	0.90%
	9,764		24.67%	7,644		27.65%

Source: Lee's Summit Economic Development Council

CITY OF LEE'S SUMMIT, MISSOURI

FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION
Last Five Fiscal Years

Function	2003	2004	2005	2006	2007
General Fund					
Administration	32.50	34.17	33.05	33.05	35.00
Engineering	41.50	43.75	43.50	54.55	53.96
Police	157.62	163.32	166.32	172.32	167.32
Fire	130.00	134.00	137.00	137.00	140.00
Finance	18.00	18.00	18.00	18.00	18.00
Planning & Development	9.00	7.00	9.00	11.00	12.00
Court	10.90	10.90	10.90	11.90	11.90
Codes Administration	18.70	19.70	19.00	19.00	19.00
Law	7.00	8.00	10.00	9.75	9.75
Street	42.00	46.00	47.00	47.00	47.00
Parks and Recreation					
Community Center	7.90	8.90	8.90	8.90	6.35
Parks & Recreation	18.00	23.00	23.00	23.00	29.00
Pool	0.55	0.55	0.55	0.55	0.30
Cemetery	1.00	1.00	1.00	1.00	1.00
Recreation Center	3.55	3.60	3.60	3.60	2.40
Senior Center	—	—	—	—	3.00
Airport	8.00	8.00	8.00	7.30	7.30
Water Utilities	57.25	57.25	57.25	57.50	57.50
Solid Waste	13.00	13.00	13.00	13.00	13.00
Fleet	8.00	8.00	8.00	8.00	8.00
Information Technology Services	11.00	12.00	14.00	17.00	17.00
Total	595.47	620.14	631.07	653.42	658.78

Source: City of Lee's Summit Finance Department

CITY OF LEE'S SUMMIT, MISSOURI

OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Building Permits Issued										
Residential/single family	725	802	822	680	748	887	853	911	791	489
Residential/multi family	72	41	54	74	57	116	81	69	82	55
Commercial/industrial	63	60	70	48	65	61	78	67	44	80
Additions	872	944	1,097	1,000	1,187	1,090	1,279	1,131	1,223	2,820
Police Protection										
Police Personnel	153	153	153	157	157	157	164	167	172	172
Patrol Units	23	27	27	27	27	27	28	29	30	30
Number of Law Violations										
Number of Calls Answered	62,623	70,888	75,423	66,786	70,589	69,037	65,001	67,856	63,646	61,399
Incidents and Other Offenses	5,446	5,764	5,151	5,464	5,678	5,592	5,954	4,707	4,031	3,519
Traffic Violations	13,800	15,057	15,406	16,795	17,897	16,635	16,225	12,221	12,236	18,780
Fire Protection										
Fire Personnel	113	116	116	117	126	126	121	131	137	140
Calls Answered	4,729	4,993	5,142	5,469	5,794	6,253	5,862	6,421	7,003	7,051
Water Source										
Kansas City Water Co.	38.47%	35.21%	37.54%	33.16%	32.70%	45.85%	35.41%	32.97%	42.30%	38.43%
Independence Water Co	61.53%	64.71%	62.46%	66.84%	67.30%	54.15%	64.59%	67.03%	57.70%	61.57%
Water										
# of Service Connections	24,500	25,386	26,500	27,726	27,791	28,662	30,891	31,991	32,889	32,950
# of Fire Hydrants	2,746	2,796	3,086	3,232	3,419	3,566	3,751	4,867	4,975	4,975
Avg Daily Consumption in Gallons	8,000,000	8,100,000	8,400,000	9,200,000	9,400,000	10,100,000	10,700,000	9,760,000	11,300,000	10,360,000
Maximum Contract Amount	16,000,000	16,000,000	16,000,000	16,000,000	21,500,000	21,500,000	21,500,000	21,500,000	21,500,000	21,500,000
Maximum Daily Demand	16,000,000	18,300,000	18,300,000	18200000	20,500,000	25,500,000	16,180,000	19,770,000	25,400,000	23,920,000
Storage Capacity (gallons)	19,500,000	22,000,000	22,000,000	22,000,000	32,200,000	32,200,000	32,200,000	32,200,000	35,200,000	35,200,000

Source: City records

CITY OF LEE'S SUMMIT, MISSOURI

CAPITAL STATISTICS BY FUNCTION
Last Ten Fiscal Years

	Fiscal Year									
	1998	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**
Police Protection										
Stations	1	1	1	1	1	1	1	1	1	1
Fire Protection										
Stations	6	6	6	6	6	6	6	6	6	7
Parks and Recreation										
Parks	20	22	23	26	26	26	26	26	27	27
Parks Acreage	1,078	1,078	1,078	1,144	1,144	1,144	1,064	1,064	1,064	1,064
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Indoor Aquatic Center	—	—	—	—	—	—	1	1	1	1
Tennis Courts	15	15	15	15	15	15	15	15	15	15
Community Centers	1	1	1	1	1	1	2	2	2	2
Water										
Miles of Water Mains	474	486	505	524	541	555	569	600	637	637

Source: City records