



CITY OF LEE'S SUMMIT, MISSOURI

Comprehensive Annual Financial Report

For The Year Ended June 30, 2009

CITY OF LEE'S SUMMIT, MISSOURI
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2009



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

November 3, 2010

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, 2009. 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 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 holds Regular Sessions the first and third Thursday of each month and has an additional "Work or Study Session" 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 65-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 Union 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 Kansas City Power and Light. 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 Tribune*.

Education

The City of Lee's Summit boundaries overlap several school districts. The Lee's Summit R-7 School District represents 83% of the total area. Recognized as one of the nation's outstanding school districts, the Lee's Summit R-7 School District was ranked No. 7 among school districts throughout the nation in Money magazine's annual issue focusing on "America's Best Places to Live" 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 17,238 in 2009. Fall 2009 enrollment saw an increase of 101 students. The school district expects similar growth to continue. The R-7 School District has 18 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. The district's special-education, day-treatment facility, Miller Park Center, and the Lee's Summit R-7 Aquatic Center both opened in 2009. 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 Parks and Recreation operates and maintains 22 developed parks encompassing 1,063 acres of park land. Park amenities include youth and adult softball fields, youth baseball, football, and soccer fields, lighted tennis courts, picnic shelters, bike, walking and hiking trails, an aquatic park, an inline skating rink, handball/racquetball courts, basketball courts, volleyball courts, skate features in two neighborhood parks, and 18 playgrounds. An off-leash dog park can also be enjoyed in Lee's Summit. Recreation facilities include the Harris Park Community Center, Legacy Park Community Center, and the Gamber Center which serves the senior population and is also open to the community as a multi-generational center.

The Park Board continues to support significant improvements to existing parks and recreation facilities. These projects are funded through user fees, Parks and Soils sales tax, and property taxes as well as cooperative development agreements in which potential neighborhood park land is donated by developers.

In July 1998, the City acquired approximately 700 acres for the multipurpose city park on the City's eastern city limits. The first phase of Legacy Park was completed in spring 2003. The second phase of Legacy Park included completion of the 58,000 square foot Legacy Park Community Center in the fall of 2003 and athletic venues for softball, soccer, and baseball.

In the spring of 2005, voters approved a reduction and extension of the Parks and Soils sales tax. Projects included in this quarter cent, 10-year tax plan are the development of a third community center, nature center, spray grounds, continued development of the demonstration farm park, and continuation of the greenway system. The Gamber Center, a family aquatic center, and redevelopment of Harris Park and the Recreation Center were also in the Legacy for Tomorrow and Beyond plan and were completed in 2008. The venue expansion at Legacy Park includes construction of additional fields at the soccer, baseball, and softball venues, and a new youth football complex. The last element of Legacy Park Stage IV was completed in 2009, this included construction of an amphitheater. Field and ground renovations were also completed at Hartman Park. This park continues to be the home of the Adult Softball program. Lea McKeighan North was renovated and now includes a new skate park. Design and preliminary site work is currently underway for the South Park and McKee Park projects.

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.

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. Several commercial projects were started or completed during fiscal year 2009.

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 15 business sites in Lee's Summit with 250 employees or more, with 11 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 City has seen its retail sales tax base increase significantly in the past ten 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. Summit Fair, a 486,000-square-foot, open-air lifestyle center, is located east of US 50 Highway and just south of I-470. Opening in August 2009 and anchored by Macy's and JC Penney, recent openings include Gennaio Boutique, Jake's Summit, and Sephora inside JC Penney. I.O. Metro and Coldwater Creek are expected to join the other stores soon. 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
2009	5.5%	9.3%	9.5%
2008	3.5%	5.8%	5.6%
2007	3.0%	5.0%	4.6%
2006	2.9%	4.8%	4.6%
2005	3.2%	5.4%	5.1%

The City of Lee's Summit continues to be an active and growing community. 2,410 building permits were issued in calendar year 2008 (including alternations, additions and demolitions); this places Lee's Summit as one of the fastest growing cities in the State of Missouri. With the recent economic downturn, both residential and commercial permits have slowed.

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 92,927 as of December 2008.

In 2008, *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 on this national list.

In addition, Lee's Summit was featured in *BusinessWeek* magazine as Missouri's best place in Missouri to raise children. Important factors in this analysis were school performance, affordability and safety. The magazine selected one town in each state and Lee's Summit was selected as the top community in Missouri for raising children.

As a growing community, it is important for the City to maintain the ability to provide services 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 \$65 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 August 2009, the City Council approved a resolution adopting Lee's Summit 360°: Charting Tomorrow as the City's long-term strategic plan. This is the third such plan that the community of Lee's Summit has collaborated together to create. The first strategic plan was completed in 1993, with a follow-up in 1999. Many of the accomplishments attributed to the quality of life in our community and the excellence in City services are a result of the previous two processes. From the new City Hall complex to the renovated downtown corridor, strategic planning has dramatically changed the way Lee's Summit has developed during the last 16 years.

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.

Long-Term Financial Planning

Fiscal Year 2009 proved to be a challenging year on the economic front. The strains of the economy have impacted major revenue categories such as property tax, sales tax, motor vehicle tax, and licenses, permits and fees. To address this financial challenge, the City focused on cost containment efforts to continue to meet fiscal priorities to residents and prepare the City for long term financial health and stability. These cost containment efforts began during fiscal year 2009, as vacant positions were carefully evaluated and approved and filled only when essential, planned studies were deferred, and contractual services were reviewed. Due to adjustments made during Fiscal Year 2009, \$2 million of planned expenditures were saved during the year.

These efforts continued throughout the fiscal year 2010 budget process to ensure sound financial position. General Fund expenditures are recommend to increase less than 1% over the previous year's budget while still addressing Mayor and City Council priorities and maintaining current service levels or in some cases, such as public safety and street lighting, expanding services.

The City utilizes a five-year model for fiscal planning purposes. This model, through active cost containment actions, projects a fund balance of 35% of planned expenditures in Fiscal Year 2014. This exceeds the established fund balance policy of 25%.

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, 2009 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 48% 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, telecommunications, 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 27% of total governmental revenue.

The City imposes a total sales tax of 2.25% on all goods and commodities sold within the City limits with the exception of pharmaceutical 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 a 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 approved by voters for an additional ten years at the same rate. This tax will sunset on March 31, 2018.

The local parks sales tax is a one-quarter cent sales tax with a sunset of ten years to fund four key elements of the "Legacy for Tomorrow" plan. Previously, this tax rate was three-eighths cent. The new rate became 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 28 days to 3 years, with an average maturity of 15 months. The average yield on investments was 2.16%. 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 Harris Park Community 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 (66%) and the City of Kansas City, Missouri Water Department (34%). 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 21% 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 34,000 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. A second satellite recycling center was opened in the fall of 2008. The citizen-based Solid Waste Management Task Force was formed in 2005 to decide which direction the City should take once the current landfill closes. The task force's decision to locate a new landfill site was recommended by residents and is included in the Solid Waste Master Plan.

Harris Park Community Center

The Harris Park Community Center, formerly known as the Recreation Center is a multipurpose recreational facility that is self-supporting and was renovated last year. 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, 2008. This was the 31st 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, 2008. 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 St. Paul and Travelers companies.

The Honorable Mayor
and City Councilmembers
City of Lee's Summit, Missouri

The City's health and dental insurance is provided by the Midwest Public Risk (MPR) which was formerly known as Mid-America Regional Council Insurance Trust. MPR consists of municipal and county governments located in western and central Missouri.

In addition to the insurance coverage provided by St. Paul, Travelers, and MPR, 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 3

Joseph C. Spallo
Ed Cockrell

DISTRICT 2

Randall L. Rhoads
Allan Gray

DISTRICT 4

Nick Swearngin
Robert T. Johnson

FINANCE & PERSONNEL COMMITTEE

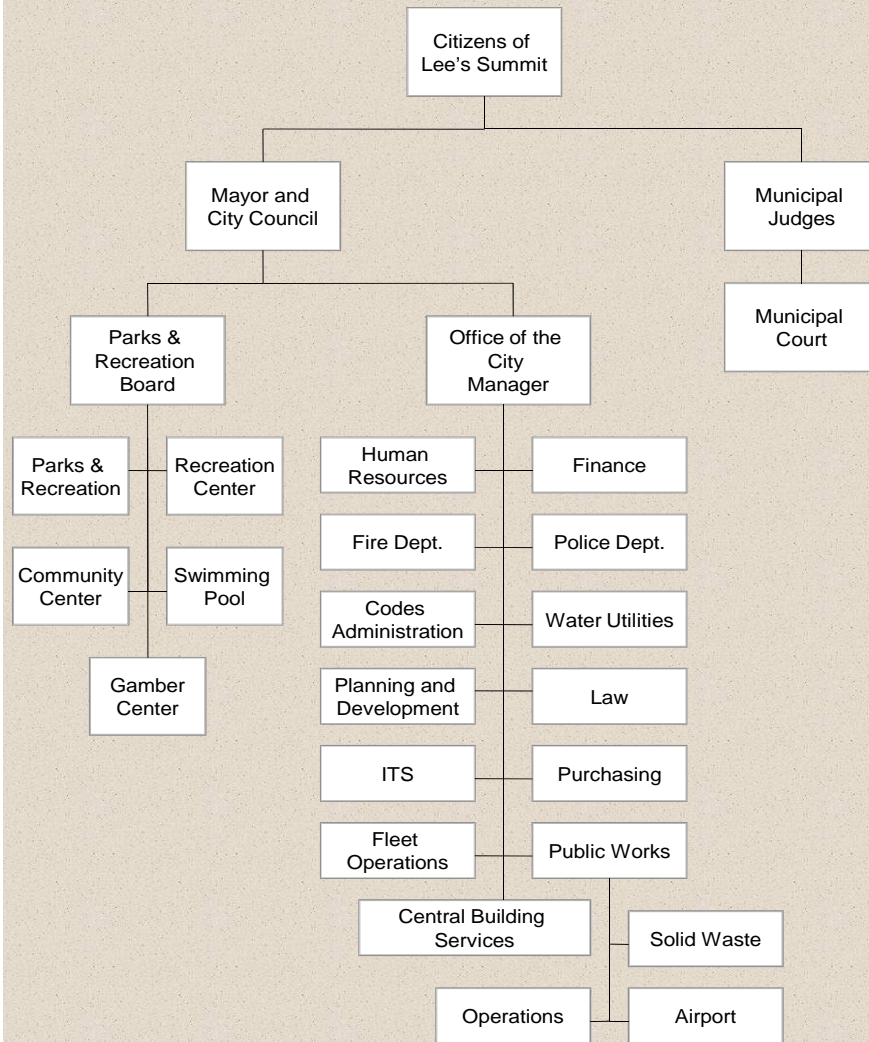
Ed Cockrell, Chairman
Randall L. Rhoads
Kathy Hofmann
James Hallam

ADMINISTRATION

Stephen A. Arbo, City Manager
Brian Scott, Assistant City Manager
Conrad E. Lamb, Finance Director
Keith Martin, Fire Chief
Teresa Williams, City Attorney
Joseph Piccinini, 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

Organizational Chart

Lee's Summit, Missouri



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, 2008

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.



A handwritten signature in black ink, appearing to read "M. L. Post".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Ennis".

Executive Director

Financial Section



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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, 2009, 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, 2009, and the respective changes in financial position and cash flows, where applicable, 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 November 3, 2010 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

November 3, 2010

CITY OF LEE'S SUMMIT, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2009

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, 2009. This is the seventh 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 \$624,848,015 (net assets). Of this amount, \$30,259,423 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased \$36.7 million. Of this amount, \$27.4 million was from the City's "governmental activities" and the balance was from the "business-type activities."
- The City's total debt decreased approximately \$7.1 million during the current fiscal year. Factors in this decrease are the retirement of the 1999 and 2002 general obligation bonds. Along 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).

CITY OF LEE'S SUMMIT, MISSOURI

Management's Discussion And Analysis (*Continued*)

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. *Governmental 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, central building services, 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.

CITY OF LEE'S SUMMIT, MISSOURI

Management's Discussion And Analysis (*Continued*)

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, 2009, assets exceed liabilities by \$624,848,015. The largest portion of the City's net assets, \$536,767,549 (86%), 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, 2009 and 2008:

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 100,268,694	\$ 114,073,678	\$ 51,810,973	\$ 53,791,263	\$ 152,079,667	\$ 167,864,941
Capital assets	381,784,198	341,423,515	213,189,986	203,464,817	594,974,184	544,888,332
Total assets	482,052,892	455,497,193	265,000,959	257,256,080	747,053,851	712,753,273
Long-term liabilities outstanding	63,277,749	68,394,348	28,179,499	31,886,419	91,457,248	100,280,767
Other liabilities	21,456,131	17,269,760	9,292,457	7,115,255	30,748,588	24,385,015
Total liabilities	84,733,880	85,664,108	37,471,956	39,001,674	122,205,836	124,665,782
Net assets:						
Invested in capital assets, net of related debt	347,357,418	318,493,023	189,410,131	176,522,686	536,767,549	495,015,709
Restricted	24,641,173	34,218,906	33,179,870	35,241,087	57,821,043	69,459,993
Unrestricted	25,320,421	17,202,382	4,939,002	6,490,633	30,259,423	23,693,015
Total net assets	\$ 397,319,012	\$ 369,914,311	\$ 227,529,003	\$ 218,254,406	\$ 624,848,015	\$ 588,168,717

At the end of the current fiscal year, the City is able to report positive balances in all categories of net assets for the government as a whole. There were eleven funds that did not have positive balances in net assets. Nine of those funds are capital project funds that are waiting on the issuance of debt or trustee reimbursement. These funds include Fire Facility No. 2, Chapel Ridge Tax Increment Financing (TIF), New Longview TIF, Summit Woods TIF, Summit Woods East TIF, Public Safety Issues, Arterial Street Lights II, Sale Dome Bonds, and Todd George/50 Highway TIF. These funds currently have temporary loans from the General Fund until proceeds are received. The Entitlement Fund and the Community Center are special revenue funds. The Entitlement Fund is a grant fund and the Community Center accounts for the operations of the Legacy Park Community Center. These funds also have a temporary loan from the General Fund.

The City's combined net assets increased to \$624.8 million from \$588.2 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 \$25.3 million. Total unrestricted net assets were \$30.3 million including business-type activities.

CITY OF LEE'S SUMMIT, MISSOURI

Management's Discussion And Analysis (*Continued*)

By far, the largest portion of the City's net assets (86%) 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 \$624.8 million is comprised of \$536.8 million invested in capital assets, net of related debt; \$57.8 million is restricted for capital projects, debt service and other purposes; \$25.3 million is unrestricted and available for general governmental purposes and \$5.0 million is unrestricted and available for the City's business-type activities.

The City's net assets increased \$36.7 million during the current fiscal year. Seventy-five percent 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, 2009 and 2008:

Changes In Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	\$ 8,267,807	\$ 8,771,537	\$ 30,477,994	\$ 32,191,267	\$ 38,745,801	\$ 40,962,804
Operating grants and contributions	2,843,958	3,324,353	—	—	2,843,958	3,324,353
Capital grants and contributions	6,432,484	12,251,710	5,587,682	4,707,840	12,020,166	16,959,550
General revenues:						
Property taxes	36,978,616	34,826,369	—	—	36,978,616	34,826,369
Sales and use taxes	27,235,214	28,981,264	—	—	27,235,214	28,981,264
Other revenue	21,538,547	33,639,598	2,463,355	3,478,026	24,001,902	37,117,624
Total revenues	103,296,626	121,794,831	38,529,031	40,377,133	141,825,657	162,171,964
Expenses:						
General government	16,362,262	27,343,082	—	—	16,362,262	27,343,082
Public safety	32,784,126	32,717,551	—	—	32,784,126	32,717,551
Public works and streets	17,096,253	20,977,199	—	—	17,096,253	20,977,199
Planning and development	1,055,523	1,127,859	—	—	1,055,523	1,127,859
Parks and recreation	7,182,799	6,661,913	—	—	7,182,799	6,661,913
Interest on long-term debt	3,093,910	2,604,665	—	—	3,093,910	2,604,665
Combined waterworks and sewerage system	—	—	22,439,078	21,625,664	22,439,078	21,625,664
Sanitary landfill	—	—	2,260,490	2,730,052	2,260,490	2,730,052
Airport	—	—	1,744,776	1,717,974	1,744,776	1,717,974
Recreation Center	—	—	1,127,142	700,386	1,127,142	700,386
Total expenses	77,574,873	91,432,269	27,571,486	26,774,076	105,146,359	118,206,345
Increases in net assets before transfers	25,721,753	30,362,562	10,957,545	13,603,057	36,679,298	43,965,619
Transfers	1,682,948	2,567,891	(1,682,948)	(2,567,891)	—	—
Increase in net assets	27,404,701	32,930,453	9,274,597	11,035,166	36,679,298	43,965,619
Net assets, beginning as restated	369,914,311	336,983,858	218,254,406	207,219,240	588,168,717	544,203,098
Net assets, ending	\$ 397,319,012	\$ 369,914,311	\$ 227,529,003	\$ 218,254,406	\$ 624,848,015	\$ 588,168,717

CITY OF LEE'S SUMMIT, MISSOURI

Management's Discussion And Analysis (*Continued*)

Governmental Activities

Governmental activities increased the City's net assets by \$27.4 million.

There were several revenue items that contributed to this increase. Property taxes, the largest governmental category, totaled \$37 million which was an increase of almost \$2.2 million over the prior year. This increase was due to both new residential and commercial properties that came onto the tax rolls. The time period for these additions was January to December 2008 for real properties. Real property is prorated the first year for real estate tax purposes. For the fiscal year ended June 30, 2009, revenues totaled \$141.8 million (governmental and business-type). Revenues from governmental activities totaled \$103.3 million or 73% of the total City revenues.

Governmental activities expenses decreased \$13.9 million for the fiscal year ended June 30, 2009 compared to the fiscal year ended June 30, 2008. This decrease is due to the prior year accrual of a liability in the General Government of \$15.4 million for a jury verdict.

Certain revenues are generated that are specific to governmental program activity. These totaled \$17.5 million. The following table shows expenses and program revenues of the governmental activities for the years ended June 30, 2009 and 2008:

Net Cost Of Governmental Activities

	Total Cost Of Service		Net Cost Of Service	
	2009	2008	2009	2008
General government	\$ 16,362,262	\$ 27,343,082	\$ (12,458,776)	\$ (23,128,152)
Public safety	32,784,126	32,717,551	(27,850,821)	(29,508,651)
Public works and streets	17,096,253	20,977,199	(10,434,532)	(9,375,335)
Planning and development	1,055,523	1,127,859	(935,898)	(883,984)
Parks and recreation	7,182,799	6,661,913	(5,256,687)	(4,921,843)
Interest on long-term debt	3,093,910	2,604,665	(3,093,910)	(2,604,665)
Total	\$ 77,574,873	\$ 91,432,269	\$ (60,030,624)	\$ (70,422,630)

As previously noted, expenses from governmental activities totaled \$77.6 million. However, net costs of these services were \$60.0 million. The difference represents direct revenues received from charges for services of \$8.3 million, operating grants and contributions of \$2.8 million and capital grants and contributions of \$6.4 million. Taxes and other revenues of \$89.7 million were collected to cover these net costs.

Business-Type Activities

Business-type activities net assets increased by \$9.3 million in the current year. This was a decrease of \$1.8 compared to the prior year increase.

Overall revenues decreased \$1.8 million or 5% compared to last year. This was primarily due to lower water sales as rainfall was above average over the last year thus lowering irrigation demands and decreased interest earnings as interest rates are lower than last year. On the other hand, expenses increased \$.8 million or 3% compared to the prior year. The water fund's expenses increased almost \$1 million over the prior year. This was due various increases such as utility costs, depreciation, water costs and repairs and maintenance.

CITY OF LEE'S SUMMIT, MISSOURI

Management's Discussion And Analysis (*Continued*)

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, 2009 was \$23.2 million or 44% of actual expenditures. This represents an increase of \$2 million or a 10% decrease over the previous year's balance. While revenues decreased \$2.3 million, expenses decreased by \$.9 million over the previous fiscal year. This decrease in expenditures was planned as cost containment measures were adopted at midyear, including not filling vacancies except for mission critical positions and deferring consultant studies.

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 \$7.3 million, a decrease of \$.1 million, or 2%. As of June 30, 2009, the City has issued all but \$75,000 of the \$37 million general obligation debt authorized by the electorate in November 2002. These 2002 bonds provided for the construction of downtown improvements, including new streets, streetscape, and a new City Hall. In addition, the bond issue approval provided 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. In November 2007, the electorate authorized an additional \$25 million in general obligation debt. The bonds provide for the construction of storm water improvements, sidewalk improvements, arterial street lights, an additional salt dome, and construction and relocation of Fire Station #2. As of June 30, 2009 \$5 million of these bonds have been issued. 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 Summit Woods TIF Fund ended the year with a positive fund balance of \$10.3 million at June 30, 2009. This represents a decrease of \$10.5 million over the previous year. The decrease is due to infrastructure improvements built with TIF funds for the I-470 and Pryor Road Interchange and Pryor Road itself.

The Combined Water and Sewerage system recorded an increase of \$5.5 million in net assets for the year. The increase is attributed to capital contributions of \$1.2 million and net revenues of \$4.2 million. Revenues decreased over the last fiscal year by \$1.6 million or 6% as consumption levels decreased 7% overall. During the current fiscal year, weather conditions were more seasonable with consistent rain events that lowered demand for lawn irrigation in particular. Nonoperating revenues decreased by \$1 million compared to the prior year due to lower interest earnings on cash balances.

The Sanitary Landfill fund recorded an increase of \$122,000 in net assets for the year that is attributed to increased revenues of \$52,000 and decreased expenses of \$475,000 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 \$3.9 million in net assets for the year. The increase is attributed to capital grants received of \$4.4 million.

CITY OF LEE'S SUMMIT, MISSOURI

Management's Discussion And Analysis (*Continued*)

General Fund Budgetary Highlights

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

- The total original expenditure budget of \$54,496,969 increased to \$54,579,150 (an increase of \$82,181).

Actual revenues were \$1 million less than budgeted. Revenue from sales taxes was \$94,167 lower than expected due to a leveling off of sales tax growth in the City. Franchise receipts were \$490,984 higher than expected due to changes in the calculation and collection of gross receipts taxes for telecommunication companies coupled with settlement proceeds and the release of taxes paid under protest from telecommunication companies. Licenses, Permits, and Fees were \$.8 million lower than expected due to a slowdown in the new homes market. Interest earnings were \$77,000 higher than anticipated due to fund balance growth. Other income fell below expectations by \$.3 million due to a decrease in capital project reimbursements for engineering costs.

The legal department expenditures exceeded its budget. The overage was primarily due to outside legal fees related to a lawsuit.

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, 2009 amounts to \$595 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 \$50.1 million during the period.

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

- Completion of Pryor Road from 4th Street to Longview totaling \$6,189,000 for the year.
- Completion of 3rd Street between Pryor Road and View High Drive totaling \$5,602,000 for the year.
- Construction of a second Salt Dome totaling \$548,000 for the year.
- Completion of Langsford Road – East of Todd George to Blackwell totaling \$1,163,000.
- Completion of Pryor Road half-diamond interchange at I-470 totaling \$3,410,000 for the year.
- Progress construction of Storm water Improvements city wide totaling \$1,094,000 for the year.
- Construction of a destination skate park totaling \$331,000 for the year.
- Completion of Legacy Park Picnic, Amphitheater, and Trails totaling \$3,631,000 for the year.
- Various system additions and improvements were completed in the Combined Waterworks and Sewerage Fund at a cost of over \$6.7 million including the High Service Tank Rehabilitation of \$1,705,000, Raintree Lake area water main rehabilitation of \$509,000, 5th Street sewer relocations of \$482,000, and Middle Big and Mouse Creek flow holding basin of \$452,000.

CITY OF LEE'S SUMMIT, MISSOURI

Management's Discussion And Analysis (*Continued*)

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

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 7,997	\$ 7,997	\$ 7,634	\$ 6,780	\$ 15,631	\$ 14,777
Construction in progress	88,347	72,028	33,090	24,884	121,437	96,912
Buildings	50,576	44,180	—	—	50,576	44,180
Improvements	15,416	14,580	171,601	170,849	187,017	185,429
Machinery and equipment	12,432	11,560	865	952	13,297	12,512
Infrastructure	207,016	191,079	—	—	207,016	191,079
Total	\$ 381,784	\$ 341,424	\$ 213,190	\$ 203,465	\$ 594,974	\$ 544,889

These capital assets are funded by traditional bond financing, impact fees, and user charges. For more detailed information on capital assets, refer to Note 3 in the Notes to Basic Financial Statements.

Debt Administration

The City, at the end of fiscal 2009, had a total of \$77.1 million of outstanding obligations. This was a decrease of \$7.6 million from the previous year.

Even with the issuance of \$5 million in general obligation debt, the City's aggressive debt retirement schedule coupled with the retirement of the 1999 and 2002 general obligation bonds is the reason the overall obligations for both governmental activities and business-type activities decreased so dramatically.

As of June 30, 2009, the City's total issued General Obligation (G.O.) Bonded Debt was \$26,735,000 and authorized and unissued debt was \$20,075,000. The City has statutory authority to issue debt equal to 20% of the City's total assessed valuation or \$331,406,460. This, less outstanding debt, authorized and unissued debt, and available cash, leaves a legal debt margin of \$291,145,440, which is 88% of the City's total bonding capacity. Bonded debt, net of available debt service funds, amounted to approximately \$206 per capita and represented 1.2% of the assessed value of taxable property.

General Obligation Bonds retired in fiscal year 2009 totaled \$7,215,000.

The City's most recent General Obligation Bonds were rated Aa1 by Moody's Investors Service. Recent Certificates of Participation have been rated AAA by Fitch and Aa3 by Moody's Investors Service. The high quality ratings reflect the City's large and diverse tax base that is favorably located in the Kansas City metropolitan area; satisfactory financial operations despite sluggish sales tax growth; and debt levels that are expected to remain moderate.

The total revenue bond amount outstanding at June 30, 2009 was \$23,350,000, which included \$21,660,000 for the Combined Water and Sewer Utility and \$1,690,000 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 City has \$9,550,000 of Series 2001 TIF Bonds outstanding at June 30, 2009. A principal payment of \$875,000 was made during 2009.

CITY OF LEE'S SUMMIT, MISSOURI

Management's Discussion And Analysis (*Continued*)

The Combined Water and Sewer Utility Fund retired \$3,550,000 of their principal amount outstanding this year along with interest payments of \$1,311,746. This represents 2.64% 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, 2009 is \$845,000.

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 \$17,565,000 in Certificates of Participation outstanding. 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 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 2010 are projected to total \$56 million. This represents a decrease of .7% over the prior year budget of \$56.4 million. The City's flat sales tax growth, reduced building permit activity, and corresponding slowed population increases have been offset by telecom tax legislation settlements and capital project reimbursements.

General Fund expenses are projected to total \$55.7 million compared to \$54.5 million budgeted in fiscal year 2009. This represents a 2% increase.

Personal Services expenditures are estimated using a 2% wage adjustment pool for the employee pay-for-performance system.

Health insurance premium increases were budgeted with a 10% increase based on premium notices received from MPR, the City's health insurance provider. An employee task force reviewed and discussed appropriate allocation of costs and coverages were modified to keep the premium increase within the 10% range.

The General Fund added 8.75 full-time equivalents (FTEs) in fiscal year 2010. This includes seven additional police officers.

Because of Lee's Summit's strong growth, much of the budget is dedicated to capital improvement (CIP) funding. The City prepares a five-year CIP annually, which includes a detailed description of the various projects and their funding sources.

CITY OF LEE'S SUMMIT, MISSOURI

Management's Discussion And Analysis (*Continued*)

During the budget process, the Mayor and City Council identified their budget priorities into the following categories: public safety, storm water control, sewer maintenance, pavement management, and codes enforcement and property maintenance. The goal of the budget was to fund these priorities and maintain the high level of services offered by the City. The City was additionally challenged this budget year to address the inevitable impacts of the economic downturn facing most municipalities. To address this financial challenge, the City focused on cost containment efforts to continue to meet its fiscal priorities to residents and prepare the City for long-term financial health and stability. The efforts began during Fiscal Year 2009, as vacant positions were carefully evaluated and approved and filled only when essential, planned studies were deferred, and contractual studies were reviewed. These efforts continued when preparing the City of Lee's Summit's budget for fiscal year 2010.

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, 2009

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	\$ 73,927,071	\$ 46,883,242	\$ 120,810,313
Receivables (net of allowance):			
Taxes	5,870,858	—	5,870,858
Accounts and other	931,096	2,945,891	3,876,987
Interest	850,353	608,650	1,459,003
Internal balances	1,864,941	(1,864,941)	—
Due from other governmental agencies	2,951,203	1,306,486	4,257,689
Inventories	126,997	468,653	595,650
Prepaid expenses	—	7,240	7,240
Other assets	13,331	64,295	77,626
Deferred bond issue costs, net	188,022	132,569	320,591
Restricted cash and investments	13,544,822	1,258,888	14,803,710
Capital assets:			
Nondepreciable	96,343,838	40,724,077	137,067,915
Depreciable, net	285,440,360	172,465,909	457,906,269
Total Capital Assets	381,784,198	213,189,986	594,974,184
Total Assets	482,052,892	265,000,959	747,053,851
Liabilities			
Accounts payable and accrued expenses	13,008,108	4,982,547	17,990,655
Accrued interest payable	277,216	42,831	320,047
Deferred revenues	—	25,906	25,906
Customer deposits - payable from restricted deposits	—	443,560	443,560
Long-term obligations:			
Due within one year:			
Compensated absences	150,807	15,113	165,920
Bonds and contracts	8,020,000	3,375,000	11,395,000
Payable from restricted assets - state revolving loan fund	—	407,500	407,500
Due in more than one year:			
Compensated absences	3,443,655	266,813	3,710,468
Claims and judgments	15,400,000	—	15,400,000
Other post employment benefits	474,118	43,710	517,828
Bonds and contracts	43,959,976	27,431,476	71,391,452
Payable from restricted assets - state revolving loan fund	—	437,500	437,500
Total Liabilities	84,733,880	37,471,956	122,205,836
Net Assets			
Invested in capital assets, net of related debt	347,357,418	189,410,131	536,767,549
Restricted for:			
Debt service	9,535,072	3,194,625	12,729,697
Capital projects	15,106,101	29,985,245	45,091,346
Unrestricted	25,320,421	4,939,002	30,259,423
Total Net Assets	\$ 397,319,012	\$ 227,529,003	\$ 624,848,015

CITY OF LEE'S SUMMIT, MISSOURI

STATEMENT OF ACTIVITIES For The Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue And Changes In Net Assets		
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General government	\$ 16,362,262	\$ 1,946,117	\$ 1,957,369	\$ —	\$ (12,458,776)	\$ —	\$ (12,458,776)
Public safety	32,784,126	4,064,716	868,589	—	(27,850,821)	—	(27,850,821)
Public works and streets	17,096,253	229,237	—	6,432,484	(10,434,532)	—	(10,434,532)
Planning and development	1,055,523	119,625	—	—	(935,898)	—	(935,898)
Parks and recreation	7,182,799	1,908,112	18,000	—	(5,256,687)	—	(5,256,687)
Interest on long-term debt	3,093,910	—	—	—	(3,093,910)	—	(3,093,910)
Total Governmental Activities	77,574,873	8,267,807	2,843,958	6,432,484	(60,030,624)	—	(60,030,624)
Business-Type Activities							
Waterworks and sewerage system	22,439,078	25,978,839	—	1,234,298	—	4,774,059	4,774,059
Sanitary landfill	2,260,489	2,531,502	—	—	—	271,013	271,013
Airport	1,744,777	1,118,415	—	4,353,384	—	3,727,022	3,727,022
Recreation center	1,127,142	849,238	—	—	—	(277,904)	(277,904)
Total Business-Type Activities	27,571,486	30,477,994	—	5,587,682	—	8,494,190	8,494,190
Total Primary Government	\$ 105,146,359	\$ 38,745,801	\$ 2,843,958	\$ 12,020,166	(60,030,624)	8,494,190	(51,536,434)
General Revenues							
Taxes:							
Property taxes, levied for general purposes					28,968,837	—	28,968,837
Property taxes, levied for debt service					8,009,779	—	8,009,779
Franchise taxes					12,736,943	—	12,736,943
Sales and use taxes					27,235,214	—	27,235,214
Earnings on investments					2,184,572	1,401,400	3,585,972
Other revenues					6,522,094	1,044,453	7,566,547
Gain on sale of assets					94,938	17,502	112,440
Transfers					1,682,948	(1,682,948)	—
Total General Revenues And Transfers					87,435,325	780,407	88,215,732
Change In Net Assets					27,404,701	9,274,597	36,679,298
Net Assets - Beginning, As Previously Stated					359,253,398	218,254,406	577,507,804
Prior Period Adjustment					10,660,913	—	10,660,913
Net Assets - Beginning, As Restated					369,914,311	218,254,406	588,168,717
Net Assets - Ending					\$ 397,319,012	\$ 227,529,003	\$ 624,848,015

CITY OF LEE'S SUMMIT, MISSOURI
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2009

	General Fund	Debt Service	Summit Woods TIF	Other Governmental Funds	Total Governmental Funds
Assets					
Pooled cash and investments	\$ 18,324,412	\$ 6,902,188	\$ 30,673	\$ 38,994,115	\$ 64,251,388
Receivables (net of allowance):					
Taxes	4,067,016	805,396	—	998,446	5,870,858
Accounts and other	897,728	—	—	—	897,728
Interest	158,224	126,176	14,537	408,782	707,719
Due from other funds	4,686,473	—	—	16,097	4,702,570
Due from other governments	36,942	189,257	532,693	2,192,311	2,951,203
Other receivables	—	—	—	33,368	33,368
Other assets	5,139	—	—	5,268	10,407
Restricted assets:					
Cash and investments	—	—	13,544,822	—	13,544,822
Total Assets	\$ 28,175,934	\$ 8,023,017	\$ 14,122,725	\$ 42,648,387	\$ 92,970,063
Liabilities And Fund Balances					
Liabilities					
Accounts payable and accrued liabilities	\$ 3,654,107	\$ —	\$ 3,771,505	\$ 4,970,250	\$ 12,395,862
Due to other funds	101,376	—	7,200	2,729,053	2,837,629
Deferred revenue	1,203,386	700,431	—	227,202	2,131,019
Other accrued expenses	—	417	—	—	417
Total Liabilities	4,958,869	700,848	3,778,705	7,926,505	17,364,927
Fund Balances					
Reserved for:					
Debt service	—	7,322,169	2,013,613	—	9,335,782
Unreserved, reported in:					
General fund	23,217,065	—	—	—	23,217,065
Special revenue funds	—	—	—	5,822,482	5,822,482
Capital projects funds	—	—	8,330,407	28,899,400	37,229,807
Total Fund Balances	23,217,065	7,322,169	10,344,020	34,721,882	75,605,136
Total Liabilities And Fund Balances	\$ 28,175,934	\$ 8,023,017	\$ 14,122,725	\$ 42,648,387	\$ 92,970,063

CITY OF LEE'S SUMMIT, MISSOURI

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS June 30, 2009

Total Fund Balance, Governmental Funds \$ 75,605,136

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	441,810,063
Less: Accumulated depreciation	(71,194,246)

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.

2,131,019

Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.

(273,844)

The assets and liabilities of internal service funds are included in the governmental activities in the Statement of Net Assets.

20,337,077

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	(3,454,291)
Bonds payable	(52,195,000)
Unamortized discounts	241,658
Unamortized Premiums	(26,634)
Unamortized bond issue costs	188,022
Claims and judgment accrual	(15,400,000)
Other Post Employment Benefit Liability	(449,948)

Total Net Assets - Governmental Activities \$ 397,319,012

CITY OF LEE'S SUMMIT, MISSOURI

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS For The Year Ended June 30, 2009

	General Fund	Debt Service	Summit Woods TIF	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes					
Property	\$ 19,916,014	\$ 7,915,040	\$ 2,202,876	\$ 5,991,699	\$ 36,025,629
Sales	10,819,602	2,564,859	2,426,353	11,424,400	27,235,214
Franchise	12,736,943	—	—	—	12,736,943
License	—	—	—	320,284	320,284
Bed	—	—	—	351,854	351,854
Fines and forfeitures	1,478,337	90,954	—	32,329	1,601,620
Licenses and permits	1,350,353	—	—	1,697,955	3,048,308
Intergovernmental	775,821	—	751,943	2,033,902	3,561,666
Charges for services	3,073,740	—	—	140,297	3,214,037
Investment earnings	658,157	236,813	81,514	911,205	1,887,689
Other	1,611,790	—	4,283,626	6,030,518	11,925,934
Total Revenues	52,420,757	10,807,666	9,746,312	28,934,443	101,909,178
Expenditures					
Current:					
General government	9,072,917	—	—	887,815	9,960,732
Public safety	31,748,561	—	—	—	31,748,561
Public works and streets	10,620,789	—	—	—	10,620,789
Community development	1,055,523	—	—	—	1,055,523
Parks and recreation	—	—	—	5,753,927	5,753,927
Debt Service:					
Principal	—	8,150,000	875,000	—	9,025,000
Interest and other charges	—	2,102,118	653,389	316,967	3,072,474
Capital Outlay	—	—	18,683,577	28,872,153	47,555,730
Total Expenditures	52,497,790	10,252,118	20,211,966	35,830,862	118,792,736
Excess (Deficiency) Of					
Revenues Over Expenditures	(77,033)	555,548	(10,465,654)	(6,896,419)	(16,883,558)
Other Financing Sources (Uses)					
Transfers in	2,772,666	—	—	12,047,811	14,820,477
Transfers out	(680,331)	(675,000)	—	(12,146,770)	(13,502,101)
Total Other Financing Sources (Uses)	2,092,335	(675,000)	—	(98,959)	1,318,376
Net Change In Fund Balances	2,015,302	(119,452)	(10,465,654)	(6,995,378)	(15,565,182)
Fund Balances - Beginning, As Previously Stated	21,201,763	7,441,621	(276,239)	41,717,260	70,084,405
Prior Period Adjustment	—	—	21,085,913	—	21,085,913
Fund Balances - Beginning, As Restated	21,201,763	7,441,621	20,809,674	41,717,260	91,170,318
Fund Balances - Ending	\$ 23,217,065	\$ 7,322,169	\$ 10,344,020	\$ 34,721,882	\$ 75,605,136

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, 2009

Net Change In Fund Balances - Total Governmental Funds \$ (15,565,182)

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 \$42,677,458 exceeded depreciation of \$8,799,552 in the current period. 33,877,906

Contributions of capital assets are recorded as capital contributions in the Statement of Activities. Contributions primarily represent infrastructure assets. 5,714,775

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. 280,849

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	(5,000,000)
Repayment of principal	9,025,000
Bond discount amortization	(26,453)
Bond premium	(47,350)
Bond premium amortization	20,716
Bond issue costs	54,775
Bond issue cost amortization	(48,864)

Other post employment benefits (224,974)

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	25,742
Compensated absences	(107,320)

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. (574,919)

Change In Net Assets Of Governmental Activities \$ 27,404,701

CITY OF LEE'S SUMMIT, MISSOURI

STATEMENT OF NET ASSETS – PROPRIETARY FUNDS

June 30, 2009

	Enterprise Funds					Total	Internal Service Funds
	Combined Waterworks And Sewerage System	Sanitary Landfill	Airport	Nonmajor Enterprise Fund (Recreation Center)			
Assets							
Current assets:							
Cash and investments	\$ 40,348,794	\$ 5,477,048	\$ 909,193	\$ 148,207	\$ 46,883,242	\$ 9,675,683	
Restricted cash and investments	530,895	—	—	—	530,895	—	
Receivables (net of allowance):							
Accounts and other	1,754,923	89,852	86,123	—	1,930,898	—	
Unbilled accounts	1,014,993	—	—	—	1,014,993	—	
Interest	494,449	74,232	33,234	6,735	608,650	142,634	
Due from other governments	—	—	1,306,486	—	1,306,486	—	
Inventories	428,483	—	40,170	—	468,653	126,997	
Prepaid expenses	—	—	7,240	—	7,240	—	
Other assets	64,102	—	193	—	64,295	2,924	
Total current assets	44,636,639	5,641,132	2,382,639	154,942	52,815,352	9,948,238	
Noncurrent assets:							
Restricted cash and investments	727,993	—	—	—	727,993	—	
Deferred bond issue costs, net	121,992	—	10,577	—	132,569	—	
Capital assets:							
Nondepreciable	14,131,943	413,107	26,179,027	—	40,724,077	104,250	
Depreciable, net	162,104,569	3,438,568	6,684,402	238,370	172,465,909	11,064,131	
Total noncurrent assets	177,086,497	3,851,675	32,874,006	238,370	214,050,548	11,168,381	
Total Assets	221,723,136	9,492,807	35,256,645	393,312	266,865,900	21,116,619	
Liabilities							
Current liabilities:							
Accounts payable	2,877,691	141,002	1,901,239	62,615	4,982,547	609,622	
Salaries payable	—	—	—	—	—	2,624	
Accrued interest payable	30,948	—	11,883	—	42,831	2,955	
Due to other funds	—	—	1,864,941	—	1,864,941	—	
Unearned revenue	—	—	25,906	—	25,906	—	
Compensated absences	10,977	1,867	820	1,449	15,113	10,290	
Current portion of long-term debt - bonds	3,330,000	—	45,000	—	3,375,000	—	
Payable from restricted assets:							
Customer deposit	411,972	—	31,588	—	443,560	—	
State revolving loan fund	407,500	—	—	—	407,500	—	
Total current liabilities	7,069,088	142,869	3,881,377	64,064	11,157,398	625,491	
Noncurrent liabilities:							
Revenue bonds	19,908,870	—	—	—	19,908,870	—	
Certificates of participation	—	—	635,000	—	635,000	—	
Compensated absences	173,115	40,874	24,358	28,466	266,813	129,881	
Closure and post-closure liability	—	6,894,052	—	—	6,894,052	—	
Unamortized bond discount, net	—	—	(6,446)	—	(6,446)	—	
Other post employment benefits	36,944	3,650	3,116	—	43,710	24,170	
Bonds, notes and loans payable payable from restricted assets:	—	—	—	—	—	—	
State revolving loan fund	437,500	—	—	—	437,500	—	
Total noncurrent liabilities	20,556,429	6,938,576	656,028	28,466	28,179,499	154,051	
Total Liabilities	27,625,517	7,081,445	4,537,405	92,530	39,336,897	779,542	
Net Assets							
Invested in capital assets, net of related debt	153,119,634	3,851,675	32,200,452	238,370	189,410,131	11,168,381	
Restricted for debt service	3,194,625	—	—	—	3,194,625	—	
Restricted for capital projects	30,386,786	32,256	(433,797)	—	29,985,245	—	
Unrestricted	7,396,574	(1,472,569)	(1,047,415)	62,412	4,939,002	9,168,696	
Total Net Assets	\$ 194,097,619	\$ 2,411,362	\$ 30,719,240	\$ 300,782	\$ 227,529,003	\$ 20,337,077	

CITY OF LEE'S SUMMIT, MISSOURI

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS For The Year Ended June 30, 2009

	Enterprise Funds					Total	Internal Service Funds
	Combined Waterworks And Sewerage System	Sanitary Landfill	Airport	Nonmajor Enterprise Fund (Recreation Center)			
Operating Revenues							
Charges for services	\$ 25,928,111	\$ 2,531,502	\$ 476,343	\$ 849,238	\$ 29,785,194	\$ 6,405,533	
Material and fuel sales	50,728	—	642,072	—	692,800	—	
Intergovernmental	—	—	4,353,384	—	4,353,384	—	
Other	792,735	71,676	105,816	74,227	1,044,454	109,734	
Total Operating Revenues	26,771,574	2,603,178	5,577,615	923,465	35,875,832	6,515,267	
Operating Expenses							
Salaries, wages, and employee benefits	3,304,038	922,025	373,373	649,056	5,248,492	2,568,998	
Water purchases	5,060,019	—	—	—	5,060,019	—	
Utilities	629,026	35,307	46,404	60,741	771,478	348,551	
Repairs and maintenance	873,059	196,496	133,649	8,416	1,211,620	651,124	
Sewer services	4,550,938	—	—	—	4,550,938	—	
Fuels and lubricants	97,036	141,865	522,145	—	761,046	7,148	
Insurance claims and expenses	—	—	—	—	—	—	
Depreciation	4,129,786	213,338	268,297	29,433	4,640,854	2,939,817	
Miscellaneous	2,483,430	746,143	306,647	379,496	3,915,716	1,330,942	
Total Operating Expenses	21,127,332	2,255,174	1,650,515	1,127,142	26,160,163	7,846,580	
Operating Income (Loss)	5,644,242	348,004	3,927,100	(203,677)	9,715,669	(1,331,313)	
Nonoperating Revenues (Expenses)							
Interest income	1,187,387	166,373	41,377	6,263	1,401,400	296,883	
Interest expense	(1,311,746)	(5,315)	(94,263)	—	(1,411,324)	—	
Gain on disposal of fixed assets	—	17,502	—	—	17,502	94,938	
Total Nonoperating Revenues (Expenses)	(124,359)	178,560	(52,886)	6,263	7,578	391,821	
Income Before Contributions And Transfers	5,519,883	526,564	3,874,214	(197,414)	9,723,247	(939,492)	
Capital Contributions	1,234,298	—	—	—	1,234,298	—	
Transfers In	762,318	—	138,000	48,160	948,478	698,144	
Transfers Out	(2,038,884)	(405,044)	(82,498)	(105,000)	(2,631,426)	(333,571)	
Change In Net Assets	5,477,615	121,520	3,929,716	(254,254)	9,274,597	(574,919)	
Total Net Assets - Beginning	188,620,004	2,289,842	26,789,524	555,036	218,254,406	20,911,996	
Total Net Assets - Ending	\$ 194,097,619	\$ 2,411,362	\$ 30,719,240	\$ 300,782	\$ 227,529,003	\$ 20,337,077	

CITY OF LEE'S SUMMIT, MISSOURI
PROPRIETARY FUNDS STATEMENT OF CASH FLOWS
For The Year Ended June 30, 2009

	Enterprise Funds					Total	Internal Service Funds
	Combined Waterworks And Sewerage System	Sanitary Landfill	Airport	Nonmajor Enterprise Fund (Recreation Center)			
Cash Flows From Operating Activities							
Cash received from customers	\$ 26,748,961	\$ 2,766,820	\$ 5,131,135	\$ 923,465	\$ 35,570,381	\$ 6,515,267	
Cash paid to suppliers	(13,091,708)	(1,124,924)	(924,695)	(406,634)	(15,547,961)	(2,366,950)	
Cash paid to employees	(3,290,586)	(914,113)	(372,081)	(641,290)	(5,218,070)	(2,541,601)	
Net Cash Provided By (Used In) Operating Activities	10,366,667	727,783	3,834,359	(124,459)	14,804,350	1,606,716	
Cash Flows From Noncapital Financing Activities							
Transfers in	762,318	—	138,000	48,160	948,478	698,144	
Transfers out	(2,038,884)	(405,044)	(82,498)	(105,000)	(2,631,426)	(333,571)	
Net Cash Provided By (Used In) Noncapital Financing Activities	(1,276,566)	(405,044)	55,502	(56,840)	(1,682,948)	364,573	
Cash Flows From Capital And Related Financing Activities							
Principal payments on long-term debt	(3,550,000)	—	(40,000)	—	(3,590,000)	—	
Interest paid on long-term debt obligations	(1,301,913)	(5,316)	(96,005)	—	(1,403,234)	—	
Additions to capital assets	(6,666,193)	(1,218,083)	(4,006,050)	(17,585)	(11,907,911)	(4,023,154)	
Proceeds from sale of capital assets	—	17,502	—	—	17,502	410,275	
Net Cash Used In Capital And Related Financing Activities	(11,518,106)	(1,205,897)	(4,142,055)	(17,585)	(16,883,643)	(3,612,879)	
Cash Flows Provided By Investing Activities							
Interest received	1,534,254	214,762	39,762	7,238	1,796,016	391,767	
Net Decrease In Cash And Cash Equivalents	(893,751)	(668,396)	(212,432)	(191,646)	(1,966,225)	(1,249,823)	
Cash And Cash Equivalents - Beginning Of Year	42,501,433	6,145,444	1,121,625	339,853	50,108,355	10,925,506	
Cash And Cash Equivalents - End Of Year	\$ 41,607,682	\$ 5,477,048	\$ 909,193	\$ 148,207	\$ 48,142,130	\$ 9,675,683	
Operating income (loss)	\$ 5,644,242	\$ 348,004	\$ 3,927,100	\$ (203,677)	\$ 9,715,669	\$ (1,331,313)	
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:							
Depreciation and amortization	4,129,786	213,338	268,297	29,433	4,640,854	2,939,817	
Bond issue cost amortization	27,024	—	947	—	27,971	—	
Changes in assets and liabilities:							
(Increase) decrease in inventories	(61,307)	—	(25,048)	—	(86,355)	4,741	
Decrease in accounts receivable	35,870	163,642	23,720	—	223,232	—	
Increase in due from other government agencies	—	—	(503,737)	—	(503,737)	—	
Decrease in unbilled revenue	(95,432)	—	—	—	(95,432)	—	
(Increase) decrease in prepaid expenses	—	2,548	1,210	1,730	5,488	93,235	
(Increase) decrease in other assets	17,472	—	(193)	—	17,279	(1,229)	
Increase (decrease) in accounts payable	645,635	(32,498)	108,180	40,289	761,606	(125,932)	
Increase in due to other funds	—	—	1,003	—	1,003	—	
Increase in customer deposits	9,925	—	31,588	—	41,513	—	
Increase (decrease) in accrued landfill closure/postclosure care costs	—	24,837	—	—	24,837	—	
Increase in other post employment benefits	18,472	1,825	1,558	—	21,855	12,085	
Increase (decrease) in accrued compensated absences	(5,020)	6,087	(266)	7,766	8,567	15,312	
Total adjustments	4,722,425	379,779	(92,741)	79,218	5,088,681	2,938,029	
Net Cash Provided By (Used In) Operating Activities	\$ 10,366,667	\$ 727,783	\$ 3,834,359	\$ (124,459)	\$ 14,804,350	\$ 1,606,716	

Supplemental Disclosure Of Cash Flow Information

The City also has the following noncash transactions: \$1,234,298 in water and sewer lines were contributed during fiscal year 2009.

CITY OF LEE'S SUMMIT, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2009

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 91,000 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 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.

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

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.

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.

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.

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

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

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

The City reports the following nonmajor enterprise and internal service fund types:

Recreation Center - Established to account for all assets, liabilities, and revenues and expenses related to the operation of the City owned recreation center at Harris Park.

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.

Deferred Revenues

Deferred revenue arises when assets are recognized before revenue recognition criteria have 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.

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

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 Equivalents 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	\$	0.8690
Park board		0.1539
Debt service		<u>0.4697</u>
Total tax levy	\$	<u><u>1.4926</u></u>

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, 2009.

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

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 represents 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.

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (Continued)

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 an increase in interest rates. The City's investment policy states that 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 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, 2009 are as follows:

	Fair Value	Less Than 1 Year	1 To 5 Years	5 To 10 Years
Certificates of deposit	\$ 2,478,000	\$ 2,478,000	\$ —	\$ —
U.S. Treasury securities	41,167,855	31,469,757	9,698,098	—
U.S. Agency securities	48,322,730	44,179,697	4,143,033	—
Repurchase agreements	29,026,000	29,026,000	—	—
Guaranteed investment contracts	2,929,000	—	1,252,500	1,676,500
Money market funds	13,578,976	13,578,976	—	—
	<u>\$ 137,502,561</u>	<u>\$ 120,732,430</u>	<u>\$ 15,093,631</u>	<u>\$ 1,676,500</u>
Cash deposits	<u>\$ (1,888,538)</u>			
Cash and investments per Statement of Net Assets	<u>\$ 135,614,023</u>			

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

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 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, 2009, the City's investments were rated by Moody's Investment Service or Standard & Poor's as follows:

	<u>Fair Value</u>	<u>AAA/Aaa</u>	<u>Unrated</u>
Certificates of deposit	\$ 2,478,000	\$ —	\$ 2,478,000
U.S. Treasury securities*	41,167,855	—	—
U.S. Agency securities	48,322,730	48,322,730	—
Repurchase agreements	29,026,000	29,026,000	—
Guaranteed investment contracts	2,929,000	—	2,929,000
Money market funds	13,578,976	—	13,578,976
Total	\$ 137,502,561	\$ 77,348,730	\$ 18,985,976

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

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (Continued)

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:

<u>Investment Type</u>	<u>Minimum Allocation</u>	<u>Maximum Allocation</u>
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:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Federal Home Loan Mortgage Corporation	U.S. Agency Security	\$ 1,289,953
Federal Home Loan Bank	U.S. Agency Security	28,319,327
Federal National Mortgage Association	U.S. Agency Security	18,713,450
Repurchase Agreements	**	29,026,000

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

CITY OF LEE'S SUMMIT, MISSOURINotes To Basic Financial Statements (*Continued*)**3. Capital Assets**

Capital asset activity for the year ended June 30, 2009 was as follows:

	Governmental Activities			
	Balance June 30, 2008	Additions	Deductions	Balance June 30, 2009
Nondepreciable capital assets:				
Land	\$ 7,997,075	\$ —	\$ —	\$ 7,997,075
Construction in progress	72,028,037	42,284,458	25,965,732	88,346,763
Total nondepreciable capital assets	80,025,112	42,284,458	25,965,732	96,343,838
Depreciable capital assets:				
Buildings	52,636,838	8,655,946	50,500	61,242,284
Improvement other than buildings	20,138,715	2,861,750	899,695	22,100,770
Furniture, fixtures and equipment	30,578,378	4,531,565	4,626,733	30,483,210
Infrastructure	235,911,547	20,997,713	—	256,909,260
Total depreciable capital assets	339,265,478	37,046,974	5,576,928	370,735,524
Less: Accumulated depreciation				
Buildings	8,456,457	2,210,181	—	10,666,638
Improvement other than buildings	5,558,715	1,125,862	—	6,684,577
Furniture, fixtures and equipment	19,018,486	3,343,385	4,311,279	18,050,592
Infrastructure	44,833,417	5,059,940	—	49,893,357
Total accumulated depreciation	77,867,075	11,739,368	4,311,279	85,295,164
Total depreciable capital assets, net	261,398,403	25,307,606	1,265,649	285,440,360
Total governmental activities capital assets, net	\$ 341,423,515	\$ 67,592,064	\$ 27,231,381	\$ 381,784,198

Depreciation expense was charged to functions as follows:

General government	\$ 774,789
Public safety	1,165,263
Public works	5,376,800
Parks and recreation	1,482,700
Capital assets held by the government's Internal Service Funds are charged to the various functions based on their usage of the assets	2,939,816
	<u>\$ 11,739,368</u>

CITY OF LEE'S SUMMIT, MISSOURINotes To Basic Financial Statements (*Continued*)

	Business-Type Activities			
	Balance June 30, 2008	Additions	Deductions	Balance June 30, 2009
Nondepreciable capital assets:				
Land	\$ 6,780,299	\$ 853,979	\$ —	\$ 7,634,278
Construction in progress	24,883,898	13,114,141	4,908,240	33,089,799
Total nondepreciable capital assets	31,664,197	13,968,120	4,908,240	40,724,077
Depreciable capital assets:				
Structures and improvements	226,955,218	5,288,558	—	232,243,776
Furniture, fixtures and equipment	3,301,008	17,585	—	3,318,593
Total depreciable capital assets	230,256,226	5,306,143	—	235,562,369
Less: Accumulated depreciation				
Structures and improvements	56,106,206	4,536,578	—	60,642,784
Furniture, fixtures and equipment	2,349,400	104,276	—	2,453,676
Total accumulated depreciation	58,455,606	4,640,854	—	63,096,460
Total depreciable capital assets, net	171,800,620	665,289	—	172,465,909
Total governmental activities capital assets, net	\$ 203,464,817	\$ 14,633,409	\$ 4,908,240	\$ 213,189,986

Depreciation expense was charged to functions as follows:

Combined waterworks and sewerage system	\$ 4,129,786
Sanitary landfill	213,338
Airport	268,297
Nonmajor enterprise funds	29,433
	<u>29,433</u>
	<u>\$ 4,640,854</u>

CITY OF LEE'S SUMMIT, MISSOURINotes To Basic Financial Statements (*Continued*)**4. Long-Term Obligations**

Debt payable at June 30, 2009 is composed of the following:

	Interest Rates	Maturity Date	Balance June 30, 2009
Governmental Activities			
General obligation bonds:			
City hall – 2003	2.00 - 4.75	4/1/2023	\$ 20,175,000
Improvement bonds – 2006	3.50 – 3.75	4/1/2011	4,060,000
Improvement bonds – 2008	3.00	4/1/2010	<u>2,500,000</u>
Total general obligation bonds			<u>\$ 26,735,000</u>
Certificates of participation:			
City park – 2006	4.00 – 4.30	7/1/2018	<u>15,910,000</u>
Total certificates of participation			<u>\$ 15,910,000</u>
TIF bonds	4.85 – 6.25	5/1/2017	<u>\$ 9,550,000</u>
Business-Type Activities			
Combined Waterworks and Sewerage Fund:			
Revenue bonds:			
Water pollution control			
(SRF) – 1990	5.70 - 6.50	12/1/2010	\$ 1,690,000
2002 Refunding	4.00 – 5.25	7/1/2015	8,790,000
Series – 2002 (A)	3.00 – 5.00	7/1/2022	10,030,000
Waterworks – 2004	2.93	4/1/2013	<u>2,840,000</u>
Total revenue bonds			<u>\$ 23,350,000</u>
State revolving loan fund (1)			<u>\$ 845,000</u>
Airport Fund:			
Certificates of participation –			
airport – 2000	4.40 - 5.40	9/1/2020	<u>\$ 680,000</u>

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

CITY OF LEE'S SUMMIT, MISSOURINotes To Basic Financial Statements (*Continued*)

The following is a summary of changes in long-term obligations of the City for the year ended June 30, 2009:

Governmental Activities	Balance June 30, 2008	Additions	Reductions	Balance June 30, 2009	Amounts Due Within One Year
General obligation bonds	\$ 28,950,000	\$ 5,000,000	\$ (7,215,000)	\$ 26,735,000	\$ 5,630,000
Less: Bond discount	(170,588)	—	16,702	(153,886)	—
Add: Bond premium	—	47,350	(20,716)	26,634	—
Total general obligation bonds	28,779,412	5,047,350	(7,219,014)	26,607,748	5,630,000
Certificates of participation	16,845,000	—	(935,000)	15,910,000	1,465,000
Less: Bond discount	(97,525)	—	9,753	(87,772)	—
Total certificates of participation	16,747,475	—	(925,247)	15,822,228	1,465,000
TIF bonds	10,425,000	—	(875,000)	9,550,000	925,000
Accrued compensated absences	3,471,830	369,184	(246,552)	3,594,462	150,807
Claims and judgments	15,400,000	—	—	15,400,000	—
Other post employment benefits	237,059	237,059	—	474,118	—
Total governmental activities long-term obligations	\$ 75,060,776	\$ 5,653,593	\$ (9,265,813)	\$ 71,448,556	\$ 8,170,807

The total long-term liabilities of \$71,448,556 consist of compensated absences and other post employment benefits of \$140,171 and \$24,170, respectively related to Internal Service Funds, while the remaining amount of \$71,284,215 is a reconciling item of the Governmental Funds balance sheet to the statement of net assets. Compensated absences are primarily liquidated by the general fund.

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Business-Type Activities	Balance June 30, 2008	Additions	Reductions	Balance June 30, 2009	Amounts Due Within One Year
Combined waterworks and sewerage system fund:					
Revenue bonds	\$ 26,520,000	\$ —	\$ (3,170,000)	\$ 23,350,000	\$ 3,330,000
Less: Bond discount	(130,310)	—	19,180	(111,130)	—
Total revenue bonds	26,389,690	—	(3,150,820)	23,238,870	3,330,000
State revolving loan fund	1,225,000	—	(380,000)	845,000	407,500
Compensated absences	189,112	4,075	(9,096)	184,091	10,977
Other post employment benefits	18,472	18,472	—	36,944	—
Total waterworks and sewerage fund	27,822,274	22,547	(3,539,916)	24,304,905	3,748,477
Sanitary landfill fund:					
Landfill closure/post closure care	6,869,215	24,837	—	6,894,052	—
Compensated absences	36,654	7,396	(1,309)	42,741	1,867
Other post employment benefits	1,825	1,825	—	3,650	—
Total sanitary landfill fund	6,907,694	34,058	(1,309)	6,940,443	1,867
Airport fund:					
Certificates of participation	720,000	—	(40,000)	680,000	45,000
Less: Bond discount	(7,019)	—	573	(6,446)	—
Total certificates of participation	712,981	—	(39,427)	673,554	45,000
Compensated absences	25,444	825	(1,091)	25,178	820
Other post employment benefits	1,558	1,558	—	3,116	—
Total airport fund	739,983	2,383	(40,518)	701,848	45,820
Nonmajor enterprise fund:					
Compensated absences	22,149	8,576	(809)	29,916	1,449
Total business-type activities long-term obligations	\$ 35,492,100	\$ 67,564	\$ (3,582,552)	\$ 31,977,112	\$ 3,797,613

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Debt service requirements on long-term debt at June 30, 2009 are as follows:

Year	Governmental Activities					
	General Obligation Bonds		Certificates Of Participation		TIF Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 5,630,000	\$ 1,095,375	\$ 1,465,000	\$ 673,363	\$ 925,000	\$ 589,562
2011	3,130,000	905,750	1,650,000	614,763	975,000	534,063
2012	1,200,000	788,375	1,050,000	544,638	1,025,000	475,563
2013	1,225,000	740,375	1,390,000	500,013	1,125,000	414,063
2014	1,275,000	691,375	1,370,000	440,938	1,225,000	343,750
2015 – 2019	7,250,000	2,626,300	8,985,000	912,688	4,275,000	546,876
2020 – 2024	7,025,000	848,863	—	—	—	—
	\$ 26,735,000	\$ 7,696,413	\$ 15,910,000	\$ 3,686,403	\$ 9,550,000	\$ 2,903,877

Year	Enterprise Fund			
	Combined Waterworks And Sewerage System			
	Revenue Bonds		State Revolving Loan	
	Principal	Interest	Principal	Interest
2010	\$ 3,330,000	\$ 1,088,778	\$ 407,500	\$ —
2011	3,505,000	920,860	437,500	—
2012	2,845,000	775,291	—	—
2013	2,895,000	650,445	—	—
2014	2,240,000	522,175	—	—
2015 – 2019	5,615,000	1,382,113	—	—
2020 – 2024	2,920,000	297,000	—	—
	\$ 23,350,000	\$ 5,636,662	\$ 845,000	\$ —

Year	Enterprise Fund	
	Airport	
	Certificates Of Participation	
	Principal	Interest
2010	\$ 45,000	\$ 34,486
2011	45,000	32,293
2012	45,000	30,065
2013	50,000	27,640
2014	50,000	25,040
2015 – 2019	300,000	80,755
2020 – 2024	145,000	7,965
	\$ 680,000	\$ 238,244

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.

Tax Increment Revenue Bonds (TIF) – Series 2001

The tax increment revenue bonds were issued to finance the costs of certain public improvements in the Summit Woods Crossing redevelopment area. The debt service on these issues is paid solely from Payments in Lieu of Taxes (PILOTS), Economic Activity Tax Revenues, Special Assessments, and monies on deposit in a Debt Service Reserve Fund.

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 2008, 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, 2009, the constitutionally imposed total general obligation debt limit was \$331,406,460, which, after reduction for authorized general obligation bonds net of available resources in the Debt Service Fund, provides a general obligation debt margin of \$291,145,440.

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

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	\$ —	\$ —
Summit Woods TIF	432,376	—
Nonmajor Governmental	6,406,204	36,093
Combined Waterworks and Sewerage System	6,901,210	—
Airport	3,711,133	3,525,676
Sanitary Landfill	41,195	—
	<u>\$ 17,492,118</u>	<u>\$ 3,561,769</u>

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

6. Interfund Receivables, Payables And Transfers

The composition of interfund balances as of June 30, 2009 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental	\$ 2,814,333
General Fund	Summit Woods TIF	7,200
General Fund	Airport	1,864,940
Nonmajor Governmental	Nonmajor Governmental	<u>16,097</u>
Total		<u><u>\$ 4,702,570</u></u>

The \$1,864,940 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.

The \$7,200 payable from the Summit Woods TIF to the General Fund represents funds that were temporarily provided until bond proceeds could be drawn for projects under construction.

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

Interfund transfers:

	<u>Transfers To</u>							<u>Total</u>
	<u>Debt</u>		<u>Nonmajor</u>					
	<u>General</u>	<u>Service</u>	<u>Govern-</u>	<u>Water &</u>	<u>Airport</u>	<u>Nonmajor</u>	<u>Internal</u>	
<u>Fund</u>	<u>Fund</u>	<u>mental</u>	<u>Sewer</u>	<u>Fund</u>	<u>Enterprise</u>	<u>Service</u>		
Transfers from:								
General Fund	\$ —	\$ —	\$ 41,004	\$ —	\$ 138,000	\$ 48,160	\$ 453,167	\$ 680,331
Debt Service Fund	500,000	—	175,000	—	—	—	—	675,000
Internal Service Funds	—	—	—	331,428	—	—	2,143	333,571
Nonmajor Governmental	38,129	—	11,626,807	430,890	—	—	50,944	12,146,770
Combined Waterworks and Sewerage System	1,977,735	—	—	—	—	—	61,149	2,038,884
Sanitary Landfill	176,859	—	100,000	—	—	—	128,186	405,045
Airport	79,943	—	—	—	—	—	2,555	82,498
Nonmajor Enterprise	—	—	105,000	—	—	—	—	105,000
	<u>\$ 2,772,666</u>	<u>\$ —</u>	<u>\$ 12,047,811</u>	<u>\$ 762,318</u>	<u>\$ 138,000</u>	<u>\$ 48,160</u>	<u>\$ 698,144</u>	<u>\$ 16,467,099</u>

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, 2009, \$1,730,584 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 Debt Service Fund to the General Fund of \$500,000. The transfer represents funds made available for the construction of the Gamber Senior Center.

7. 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 Policy

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 12.6% (general), 14.4% (police), and 14.1% (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.

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Annual Pension Cost

For 2009, the City's annual pension cost of \$4,419,824 was equal to the required and actual contributions. The required contribution was determined as part of the February 28, 2007 and/or February 29, 2008 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2009 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, 2009 was 15 years.

Three-Year Trend Information

<u>Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage Of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2007	\$ 4,097,926	100%	—
June 30, 2008	4,327,998	100	—
June 30, 2009	4,419,824	100	—

Funding Status And Progress

As of February 28, 2009, the most recent actuarial valuation date, the plan was 76% funded. The actuarial accrued liability for benefits was \$78,400,000, and the actuarial value of assets was \$59,800,000, resulting in an unfunded actuarial accrual liability (UAAL) of \$18,600,000. The covered payroll (annual payroll of active employees covered by the plan) was \$32,600,000, and the ratio of the UAAL to the covered payroll was 57%.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

8. Other Post Employment Benefits

Plan Description

In addition to providing the pension benefits described above, the City provides employees that retire under the plan at the same time they end their service to the City the opportunity for continuation of medical and dental insurance coverage offered through Midwest Public Risk (MPR). The City provides retiree healthcare benefits through MPR which is an insurance pool comprised of about 59 entity members.

Retirees who elect to continue coverage in the medical and dental plans offered through MPR are required to pay a contribution until the employee becomes eligible for Medicare. Since the retirees pay the premiums each year, the City share of any premium cost is determined on the basis of a blended rate or implicit rate subsidy calculation. The benefits and benefit levels are governed by City policy and the MPR trust agreement.

The City maintains a trust arrangement with MPR to collect premiums and pay claims/administrative costs. This trust arrangement does not qualify as an "OPEB Plan" and is not treated as holding assets in order to offset GASB 45 liabilities. However, GASB does require that the "Plan" determine the valuation interest rate (or discount rate) based on expected return of the MPR Health & Dental Fund since it is used to pay retiree claims. The plan is not accounted for as a trust fund since an irrevocable trust has not been established. There is no stand alone financial report for the plan.

Funding Policy

The City does not pay retiree benefits directly; they are paid implicitly over time through employer subsidization of active premiums that would be lower if retirees were not part of the experience group.

Annual OPEB Costs

The following table shows the components of the City's annual OPEB cost for the year:

Annual Accrued Liability	\$ 2,149,452
OPEB Plan Assets	—
Unfunded Actuarial Accrued Liability	2,149,452
Amortization Factor (Based on 30-year closed-level dollar)	14.5907
Amortization of Unfunded	\$ 147,317
Normal Costs	130,187
Interest to End of the Year	16,650
Annual OPEB Cost	294,154

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Schedule Of Employee Contributions

For the years ended June 30, 2008 and 2009:

	<u>Annual OPEB Cost</u>	<u>Estimated Retire Benefits For The Year</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2008	\$ 294,154	\$ 35,240*	12.0%	\$ 258,914
June 30, 2009	294,154	35,240*	12.0%	517,828

* Contribution related to implicit rate subsidy

Schedule Of Funding Progress

For the year ended June 30, 2009:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value Of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)*</u>	<u>UALL As Of Percent of Covered Payroll ((b-a)/c)</u>
7/1/07	\$ —	\$ 2,149,452	\$ 2,149,452	—	\$ 29,604,265	7.3%

* Annualized pay for actives eligible to participate in the health plan.

Actuarial Methods And Assumptions

The population valued is based on a closed group. Only current employees and retirees as of the valuation date are considered; no provision is made for future new hires.

As of the July 1, 2007 actuarial valuation, the liabilities were computed using the projected unit credit method with a 30-year level dollar amortization of the unfunded actuarial accrued liability. The actuarial assumption utilized a 6% discount rate, as stated above.

9. Litigation And Contingent Liabilities

Legal Matters

During 2008, a jury verdict was rendered against an employee of the City for damages totaling \$14,000,000. Prior to the verdict, the City was a named defendant along with the employee and entered into an indemnification agreement with the plaintiff, agreeing to (subject to certain conditions) indemnify the employee for any final judgment entered against him and in favor of the plaintiff for any compensatory damages, interest, attorneys' fees and court costs above and beyond any available insurance coverage. Thereafter, the City and Chief of Police were dismissed from the case. Under principles of indemnification, it is possible that the City may be required to indemnify the employee for the judgment. In addition to the judgment, there is a claim for \$1,400,000 in legal fees related to the judgment. Rulings from post-trial motions are pending, including the request for attorney's fees in the amount of \$1,400,000. The City has accrued a liability in this matter of \$15,400,000, which is included in the government-wide financial statements as of June 30, 2009.

The City is a party to a number of other 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.

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, 2009.

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

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, 2009, the City's total estimated liability for payment of incurred but unpaid claims for workers' compensation was \$339,687.

Changes in self-insured claims liability at June 30, 2009 and 2008 were as follows:

Balance – June 30, 2007	\$ 293,614
Add: Current year claims and change in estimate	424,791
Less: Claim payments	<u>329,738</u>
Balance – June 30, 2008	388,667
Add: Current year claims and change in estimate	223,584
Less: Claim payments	<u>272,564</u>
Balance – June 30, 2009	<u><u>\$ 339,687</u></u>

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 \$6,894,052 reported as landfill closure and postclosure care liability at June 30, 2009 represents the cumulative estimate of closure and postclosure care costs based on the use of approximately 77% of the ultimate capacity of the landfill.

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

The City will recognize the remaining estimated cost of closure and postclosure care of \$2,007,242 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 2009 costs. The City expects to close the landfill in the year 2015. 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, 2009, the City had outstanding contracts of obligation in the amount of \$8,752,798. 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 listed below will be eliminated by future revenues or transfers.

Capital Project Funds	
Chapel Ridge TIF	\$1,157,663
Arterial Street Lights II	408,843
Fire Facility No. 2	309,323
Public Safety Issues	196,078
Summit Woods East TIF	167,722
Todd George/50 Hwy TIF	159,057
Salt Dome No. 2	56,813
New Longview TIF	125
	<u>2,455,624</u>
Special Revenue Funds	
Legacy Park Community Center	83,412
Entitlement Fund	34,664
	<u>118,076</u>
	<u>\$ 2,573,700</u>

12. Prior Period Adjustment

In September 2010, the City determined that it was not properly reporting TIF related debt, cash and investment activity and balances on the financial statements of the City. This resulted in an understatement of net assets in the governmental activities of \$10,660,913 and an understatement of fund balance in the Summit Woods TIF fund of \$21,085,913. The effect of this prior period adjustment was to increase net assets by \$10,660,913 and fund balance by \$21,085,913.



Required Supplementary Information



CITY OF LEE'S SUMMIT, MISSOURI

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

For The Year Ended June 30, 2009

	<u>Budgeted Amounts</u>		Actual	Variances With
	Original	Final		Final Budget - Positive (Negative)
Revenues				
Taxes	\$ 43,105,314	\$ 43,105,314	\$ 43,472,559	\$ 367,245
Fees and forfeitures	1,627,588	1,627,588	1,478,337	(149,251)
Licenses and permits	2,164,855	2,164,855	1,350,353	(814,502)
Intergovernmental	1,002,715	1,002,715	775,821	(226,894)
Charges for services	3,058,866	3,058,866	3,073,740	14,874
Investment earnings	580,797	580,797	658,157	77,360
Other	1,919,039	1,919,039	1,611,790	(307,249)
Total Revenues	53,459,174	53,459,174	52,420,757	(1,038,417)
Expenditures				
Current:				
General government:				
Administration	3,673,303	3,673,303	3,195,682	477,621
Codes administration	1,531,945	1,531,945	1,354,859	177,086
Finance	2,456,733	2,456,733	2,420,623	36,110
Municipal court	842,740	842,740	774,524	68,216
Legal	1,245,048	1,327,229	1,327,229	—
Public Safety:				
Law enforcement	16,999,943	16,999,943	16,876,795	123,148
Fire/EMS	15,136,925	15,136,925	14,871,766	265,159
Public works and streets:				
Public works/engineering	4,676,414	4,676,414	4,274,936	401,478
Street operations	6,777,254	6,777,254	6,345,853	431,401
Community development	1,156,664	1,156,664	1,055,523	101,141
Total Expenditures	54,496,969	54,579,150	52,497,790	2,081,360
Excess (Deficiency) Of Revenues				
Over Expenditures	(1,037,795)	(1,119,976)	(77,033)	1,042,943
Other Financing Sources (Uses)				
Transfers in	2,904,668	2,904,668	2,772,666	(132,002)
Transfers out	(758,851)	(758,851)	(680,331)	78,520
Total Other Financing				
Sources (Uses)	2,145,817	2,145,817	2,092,335	(53,482)
Net Change In Fund Balances	1,108,022	1,025,841	2,015,302	989,461
Fund Balances - Beginning	13,114,237	12,463,860	21,201,763	(8,737,903)
Fund Balances - Ending	\$ 14,222,259	\$ 13,489,701	\$ 23,217,065	\$ (7,748,442)

CITY OF LEE'S SUMMIT, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) NOTES TO BUDGETARY COMPARISON INFORMATION For The Year Ended June 30, 2009

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, the Business and Industry Fund, and the Gamber Center 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, 2009:

<u>Fund</u>	<u>Amount</u>
<u>Park Board</u>	<u>\$ 51,060</u>

CITY OF LEE'S SUMMIT, MISSOURI

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF FUNDING PROGRESS – RETIREMENT PLAN AND OTHER
POST EMPLOYMENT BENEFIT OBLIGATIONS
For The Year Ended June 30, 2009**

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, 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%
February 28, 2008	68,408,143	75,379,372	6,971,229	91	32,739,039	21%
February 28, 2009	59,791,777	78,401,386	18,609,609	76	32,648,080	57%

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.

Other Post Employment Benefit Obligations

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
July 1, 2007	\$ —	\$ 2,149,452	\$ 2,149,452	—	\$ 29,604,265	7%

Supplementary Information

Combining And Individual Fund Financial
Statements And Schedules

CITY OF LEE'S SUMMIT, MISSOURI

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2009**

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
Assets			
Pooled cash and investments	\$ 7,569,321	\$ 31,424,794	\$ 38,994,115
Receivables (net of allowance):			
Taxes	191,628	806,818	998,446
Interest	89,130	319,652	408,782
Due from other funds	16,097	—	16,097
Due from other governments	6,125	2,186,186	2,192,311
Other receivables	33,368	—	33,368
Other assets	5,268	—	5,268
Total Assets	\$ 7,910,937	\$ 34,737,450	\$ 42,648,387
Liabilities And Fund Balances			
Liabilities:			
Accounts payable and accrued liabilities	\$ 1,814,600	\$ 3,155,650	\$ 4,970,250
Due to other funds	46,653	2,682,400	2,729,053
Unearned revenue	227,202	—	227,202
Total Liabilities	2,088,455	5,838,050	7,926,505
Fund balances:			
Unreserved	5,822,482	28,899,400	34,721,882
Total Liabilities And Fund Balances	\$ 7,910,937	\$ 34,737,450	\$ 42,648,387

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, 2009**

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
Revenues			
Taxes			
Property	\$ 2,864,583	\$ 3,127,116	\$ 5,991,699
Sales	—	11,424,400	11,424,400
License	—	320,284	320,284
Bed	351,854	—	351,854
Fines and forfeitures	32,329	—	32,329
Licenses and permits	1,697,955	—	1,697,955
Intergovernmental	633,593	1,400,309	2,033,902
Charges for services	140,297	—	140,297
Investment earnings	190,797	720,408	911,205
Other	618,084	5,412,434	6,030,518
Total Revenues	6,529,492	22,404,951	28,934,443
Expenditures			
Current:			
General government	887,815	—	887,815
Parks and recreation	5,753,927	—	5,753,927
Debt Service:			
Interest and other charges	—	316,967	316,967
Capital outlay	—	28,872,153	28,872,153
Total Expenditures	6,641,742	29,189,120	35,830,862
Deficiency Of Revenues Over Expenditures	(112,250)	(6,784,169)	(6,896,419)
Other Financing Sources (Uses)			
Transfers in	337,561	11,710,250	12,047,811
Transfers out	(679,892)	(11,466,878)	(12,146,770)
Total Other Financing Sources (Uses)	(342,331)	243,372	(98,959)
Net Change In Fund Balances	(454,581)	(6,540,797)	(6,995,378)
Fund Balances - Beginning	6,277,063	35,440,197	41,717,260
Fund Balances - Ending	\$ 5,822,482	\$ 28,899,400	\$ 34,721,882

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.

Gamber Center - Established to account for the activities of the Gamber Community Center.

CITY OF LEE'S SUMMIT, MISSOURI

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2009**

	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	Gamber Center	Total Nonmajor Special Revenue Funds
Assets											
Pooled cash and investments	\$ 516,167	\$ 220,208	\$ 17,040	\$ 2,430	\$ 1,969	\$ 3,797,000	\$ 1,169,493	\$ 1,692,465	\$ 103,125	\$ 49,424	\$ 7,569,321
Receivables (net of allowance):											
Taxes receivable, net	191,628	—	—	—	—	—	—	—	—	—	191,628
Interest	8,762	1,864	(588)	1,149	—	41,994	13,554	20,444	2,109	(158)	89,130
Due from other funds	16,097	—	—	—	—	—	—	—	—	—	16,097
Due from other governments	—	—	—	—	6,125	—	—	—	—	—	6,125
Other receivables	—	—	—	—	—	—	147	—	33,221	—	33,368
Other assets	5,268	—	—	—	—	—	—	—	—	—	5,268
Total Assets	\$ 737,922	\$ 222,072	\$ 16,452	\$ 3,579	\$ 8,094	\$ 3,838,994	\$ 1,183,194	\$ 1,712,909	\$ 138,455	\$ 49,266	\$ 7,910,937
Liabilities And Fund Balances											
Liabilities											
Accounts payable and accrued liabilities	\$ 96,690	\$ 151,282	\$ —	\$ 70,895	\$ 12,201	\$ —	\$ 16,369	\$ 1,445,007	\$ 16,151	\$ 6,005	\$ 1,814,600
Due to other funds	—	—	—	16,096	30,557	—	—	—	—	—	46,653
Unearned revenue	219,875	—	—	—	—	—	984	—	—	6,343	227,202
Total Liabilities	316,565	151,282	—	86,991	42,758	—	17,353	1,445,007	16,151	12,348	2,088,455
Fund Balances											
Unreserved	421,357	70,790	16,452	(83,412)	(34,664)	3,838,994	1,165,841	267,902	122,304	36,918	5,822,482
Total Liabilities And Fund Balances	\$ 737,922	\$ 222,072	\$ 16,452	\$ 3,579	\$ 8,094	\$ 3,838,994	\$ 1,183,194	\$ 1,712,909	\$ 138,455	\$ 49,266	\$ 7,910,937

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, 2009**

	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	Gamber Center	Total Nonmajor Special Revenue Funds
Revenues											
Taxes											
Property	\$ 2,864,583	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 2,864,583
Bed	—	—	—	—	—	—	—	—	351,854	—	351,854
Fines and forfeitures	33,136	—	—	—	—	—	—	—	(807)	—	32,329
Licenses and permits	—	462,214	—	1,144,819	—	—	80	—	—	90,842	1,697,955
Intergovernmental	241,001	—	92,768	—	299,824	—	—	—	—	—	633,593
Charges for services	13,313	2,349	—	34,461	—	—	76,309	—	—	13,865	140,297
Investment earnings	15,037	3,126	(784)	62	—	95,644	30,615	43,962	2,900	235	190,797
Other	85,558	101,751	—	209,824	49	—	114,276	—	—	106,626	618,084
Total Revenues	3,252,628	569,440	91,984	1,389,166	299,873	95,644	221,280	43,962	353,947	211,568	6,529,492
Expenditures											
Current:											
General government	—	—	111,673	—	265,248	—	—	17,438	493,456	—	887,815
Parks and recreation	3,051,976	636,204	—	1,468,676	—	—	258,627	—	—	338,444	5,753,927
Total Expenditures	3,051,976	636,204	111,673	1,468,676	265,248	—	258,627	17,438	493,456	338,444	6,641,742
Excess (Deficiency) Of Revenues Over Expenditures	200,652	(66,764)	(19,689)	(79,510)	34,625	95,644	(37,347)	26,524	(139,509)	(126,876)	(112,250)
Other Financing Sources (Uses)											
Transfers in	62,560	—	—	—	—	100,000	—	—	—	175,001	337,561
Transfers out	(624,798)	(20,000)	—	(6,500)	—	—	(21,557)	—	(7,037)	—	(679,892)
Total Other Financing Sources (Uses)	(562,238)	(20,000)	—	(6,500)	—	100,000	(21,557)	—	(7,037)	175,001	(342,331)
Net Change In Fund Balances	(361,586)	(86,764)	(19,689)	(86,010)	34,625	195,644	(58,904)	26,524	(146,546)	48,125	(454,581)
Fund Balances - Beginning	782,943	157,554	36,141	2,598	(69,289)	3,643,350	1,224,745	241,378	268,850	(11,207)	6,277,063
Fund Balances - Ending	\$ 421,357	\$ 70,790	\$ 16,452	\$ (83,412)	\$ (34,664)	\$ 3,838,994	\$ 1,165,841	\$ 267,902	\$ 122,304	\$ 36,918	\$ 5,822,482

CITY OF LEE'S SUMMIT, MISSOURI

BUDGETARY COMPARISON SCHEDULE

PARK BOARD

For The Year Ended June 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variances With Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
Property taxes	\$ 2,947,536	\$ 2,947,536	\$ 2,864,583	\$ (82,953)
Fines and forfeitures	25,535	25,535	33,136	7,601
Intergovernmental	241,970	241,970	241,001	(969)
Charges for services	3,000	3,000	13,313	10,313
Investment earnings	12,750	12,750	15,037	2,287
Other	24,900	24,900	85,558	60,658
Total Revenues	3,255,691	3,255,691	3,252,628	(3,063)
Expenditures				
Current:				
Parks and recreation	3,245,112	3,245,112	3,051,976	193,136
Excess (Deficiency) Of Revenues Over Expenditures	10,579	10,579	200,652	190,073
Other Financing Sources (Uses)				
Transfers in	56,079	56,079	62,560	6,481
Transfers out	(146,444)	(377,184)	(624,798)	(247,614)
Total Other Financing Sources (Uses)	(90,365)	(321,105)	(562,238)	(241,133)
Net Change In Fund Balances	(79,786)	(310,526)	(361,586)	(51,060)
Fund Balances - Beginning	662,704	662,704	782,943	(120,239)
Fund Balances - Ending	\$ 582,918	\$ 352,178	\$ 421,357	\$ (171,299)

CITY OF LEE'S SUMMIT, MISSOURI

**BUDGETARY COMPARISON SCHEDULE
SWIMMING POOL**

For The Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variances With Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Licenses and permits	\$ 763,986	\$ 763,986	\$ 462,214	\$ (301,772)
Charges for services	13,253	13,253	2,349	(10,904)
Investment earnings	7,500	7,500	3,126	(4,374)
Other	179,887	179,887	101,751	(78,136)
Total Revenues	964,626	964,626	569,440	(395,186)
Expenditures				
Current:				
Parks and recreation	616,204	633,408	636,204	(2,796)
Excess (Deficiency) Of				
Revenues Over Expenditures	348,422	331,218	(66,764)	(397,982)
Other Financing Uses				
Transfers out	(20,000)	(40,000)	(20,000)	20,000
Net Change In Fund Balances	328,422	291,218	(86,764)	(397,982)
Fund Balances - Beginning	372,886	372,886	157,554	215,332
Fund Balances - Ending	\$ 701,308	\$ 664,104	\$ 70,790	\$ (182,650)

CITY OF LEE'S SUMMIT, MISSOURI

**BUDGETARY COMPARISON SCHEDULE
VIOLENCE AGAINST WOMEN GRANT
For The Year Ended June 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances With Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 180,720	\$ 180,720	\$ 92,768	\$ (87,952)
Investment earnings	—	—	(784)	(784)
Total Revenues	180,720	180,720	91,984	(88,736)
Expenditures				
Current:				
General government	180,720	180,720	111,673	69,047
Net Change In Fund Balances	—	—	(19,689)	(19,689)
Fund Balances - Beginning	(138,011)	(138,011)	36,141	(174,152)
Fund Balances - Ending	\$ (138,011)	\$ (138,011)	\$ 16,452	\$ (193,841)

CITY OF LEE'S SUMMIT, MISSOURI

**BUDGETARY COMPARISON SCHEDULE
COMMUNITY CENTER
For The Year Ended June 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances With Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fees and fines	\$ —	\$ —	\$ —	\$ —
Licenses and permits	1,404,302	1,404,302	1,144,819	(259,483)
Intergovernmental	30,000	30,000	—	(30,000)
Charges for services	22,083	22,083	34,461	12,378
Investment earnings	3,000	3,000	62	(2,938)
Other	224,450	224,450	209,824	(14,626)
Total Revenues	1,683,835	1,683,835	1,389,166	(294,669)
Expenditures				
Current:				
Parks and recreation	1,561,696	1,561,696	1,468,676	93,020
Excess (Deficiency) Of				
Revenues Over Expenditures	122,139	122,139	(79,510)	(201,649)
Other Financing Uses				
Transfers out	(6,500)	(6,500)	(6,500)	—
Net Change In Fund Balances	115,639	115,639	(86,010)	(201,649)
Fund Balances - Beginning	(145,655)	(145,655)	2,598	(148,253)
Fund Balances - Ending	\$ (30,016)	\$ (30,016)	\$ (83,412)	\$ (349,902)

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.

Fire Facility No. 2 - Established to account for relocation and reconstruction of Fire Station #2 related to a 2007 general obligation bond issue.

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

Road and Bridge Excise/Sales Tax - Established to account for road and bridge improvement projects within the City related to an excise tax and a ten year capital improvement sales tax that was approved by voters in 1997.

Ritter Plaza Tax Increment Financing - Established to account for public improvements needed to support new private development in M-291 and Swann Road area.

Parks Development - Established to account for construction of new parks.

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.

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.

Summit Woods 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.

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.

Storm Water Improvement - Established to account for construction of projects related to a 2007 bond election.

Sidewalk Bond Program - Established to account for sidewalk rehabilitation and connectivity related to a 2007 general obligation bond issue.

CITY OF LEE'S SUMMIT, MISSOURI

Arterial Street Lights II - Established to account for construction of projects related to a 2007 bond election.

Salt Dome #2 - Established to account for construction of a second salt storage dome related to a 2007 general obligation bond issue.

Todd George 50 Highway Tax Increment Financing - Established to account for public improvements needed to support development of property in the 50 Highway corridor between Blackwell Road and Todd George Road.

Capital Improvement Sales Tax - Established to account for construction of road projects related to the renewal of a 1/2 – cent sales tax by the voters in 2007.

CITY OF LEE'S SUMMIT, MISSOURI

**COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS**

**Page 1 Of 2
June 30, 2009**

	North Tax Increment Financing	Fire Facility No. 7	Fire Facility No. 2	Road And Bridge Improve- ment	Road And Bride Excise/ Sales Tax	Ritter Plaza TIF	Parks Development	Chapel Ridge TIF	New Longview TIF	Hartley's Block TIF	1-470 Business Center TIF
Assets											
Pooled cash and investments	\$ 6,865	\$ 181,654	\$ 4,897	\$ 9,890,730	\$ 4,486,063	\$ 4,887	\$ 4,598,436	\$ 6,264	\$ 6,163	\$ 1,566	\$ 249,617
Receivables (net of allowance)											
Taxes	—	—	—	395,168	—	—	—	—	—	—	—
Interest	18,188	34	—	73,757	55,302	—	85,240	5,491	405	12	(1,299)
Due from other governments	—	—	—	1,536,156	147,223	—	—	101,405	8,656	—	—
Total Assets	\$ 25,053	\$ 181,688	\$ 4,897	\$ 11,895,811	\$ 4,688,588	\$ 4,887	\$ 4,683,676	\$ 113,160	\$ 15,224	\$ 1,578	\$ 248,318
Liabilities And Fund											
Balances Liabilities											
Accounts payable and accrued liabilities	\$ —	\$ —	\$ —	\$ 316,506	\$ 1,161,792	\$ —	\$ 818,122	\$ 31,902	\$ 15,349	\$ —	\$ —
Due to other funds	—	—	314,220	—	—	—	78,746	1,238,921	—	—	—
Total Liabilities	—	—	314,220	316,506	1,161,792	—	896,868	1,270,823	15,349	—	—
Fund Balances											
Unreserved	25,053	181,688	(309,323)	11,579,305	3,526,796	4,887	3,786,808	(1,157,663)	(125)	1,578	248,318
Total Liabilities And Fund Balances	\$ 25,053	\$ 181,688	\$ 4,897	\$ 11,895,811	\$ 4,688,588	\$ 4,887	\$ 4,683,676	\$ 113,160	\$ 15,224	\$ 1,578	\$ 248,318

CITY OF LEE'S SUMMIT, MISSOURI

**COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS**

**Page 2 Of 2
June 30, 2009**

	Summit Woods East TIF	Downtown Improve- ments	Public Safety Issues	Third Street Road Improve- ments	Senior Center Construc- tion	Storm Water Improvement	Sidewalk Bond Program	Arterial Street Lights II	Salt Dome Bonds #2	Todd George 50 HWY TIF	Capital Improve- ment Sales Tax	Total Nonmajor Capital Projects Funds
Assets												
Pooled cash and investments	\$ 15,504	\$ 1,414,941	\$ 103,753	\$ 1,296,625	\$ 590,017	\$ 3,175,399	\$ 188	\$ 21,955	\$ 2,285	\$ 405	\$ 5,366,580	\$ 31,424,794
Receivables (net of allowance)												
Taxes	—	—	—	—	—	—	—	—	—	—	411,650	806,818
Interest	—	40,690	1,969	12,434	21,269	—	—	—	—	1,632	4,528	319,652
Due from other governments	—	—	—	—	—	—	—	—	—	—	392,746	2,186,186
Total Assets	\$ 15,504	\$ 1,455,631	\$ 105,722	\$ 1,309,059	\$ 611,286	\$ 3,175,399	\$ 188	\$ 21,955	\$ 2,285	\$ 2,037	\$ 6,175,504	\$ 34,737,450
Liabilities And Fund Balances												
Liabilities												
Accounts payable and accrued liabilities	\$ 8,164	\$ —	\$ 31,194	\$ 356,003	\$ 31,457	\$ 97,466	\$ 4	\$ 229,602	\$ —	\$ 48,084	\$ 10,005	\$ 3,155,650
Due to other funds	175,062	—	270,606	123,071	—	108,470	—	201,196	59,098	113,010	—	2,682,400
Total Liabilities	183,226	—	301,800	479,074	31,457	205,936	4	430,798	59,098	161,094	10,005	5,838,050
Fund Balances												
Unreserved	(167,722)	1,455,631	(196,078)	829,985	579,829	2,969,463	184	(408,843)	(56,813)	(159,057)	6,165,499	28,899,400
Total Liabilities And Fund Balances	\$ 15,504	\$ 1,455,631	\$ 105,722	\$ 1,309,059	\$ 611,286	\$ 3,175,399	\$ 188	\$ 21,955	\$ 2,285	\$ 2,037	\$ 6,175,504	\$ 34,737,450

CITY OF LEE'S SUMMIT, MISSOURI

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

Page 1 Of 2

For The Year Ended June 30, 2009

	North Tax Increment Financing	Fire Facility No. 7	Fire Facility No. 2	Road And Bridge Improvement	Road and Bride Excise/ Sales Tax	Ritter Plaza TIF	Parks Development	Chapel Ridge TIF	New Longview TIF	Hartley's Bock TIF	1-470 Business Center TIF
Revenues											
Taxes											
Property	\$ 641,621	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 976,857	\$ 146,431	\$ 601	\$ 243,513
Sales	—	—	—	5,097,169	71,372	—	—	857,272	56,728	—	4,402
License	—	—	—	—	320,284	—	—	—	—	—	—
Intergovernmental	—	—	—	380,549	717,708	—	18,000	248,528	35,524	—	—
Investment earnings	33,020	4,218	—	202,801	81,359	—	192,083	12,647	692	37	56
Other	257	(1)	—	6,680	14,954	41,555	297,216	3,220	—	—	89
Total Revenues	674,898	4,217	—	5,687,199	1,205,677	41,555	507,299	2,098,524	239,375	638	248,060
Expenditures											
Debt Service:											
Interest and other charges	14,166	—	478	—	—	—	200,616	—	—	—	—
Capital outlay	—	—	308,845	4,173,862	4,297,586	5,576	4,847,327	4,903,767	257,544	1,197	—
Total Expenditures	14,166	—	309,323	4,173,862	4,297,586	5,576	5,047,943	4,903,767	257,544	1,197	—
Excess (Deficiency) Of Revenues Over Expenditures	660,732	4,217	(309,323)	1,513,337	(3,091,909)	35,979	(4,540,644)	(2,805,243)	(18,169)	(559)	248,060
Other Financing Sources (Uses)											
Transfers in	—	—	—	1,113,266	—	—	9,105,224	1,491,760	—	—	—
Transfers out	(1,491,760)	—	—	—	(430,890)	(31,092)	(8,399,869)	—	—	—	—
Total Other Financing Sources (Uses)	(1,491,760)	—	—	1,113,266	(430,890)	(31,092)	705,355	1,491,760	—	—	—
Net Change In Fund Balances	(831,028)	4,217	(309,323)	2,626,603	(3,522,799)	4,887	(3,835,289)	(1,313,483)	(18,169)	(559)	248,060
Fund Balances - Beginning	856,081	177,471	—	8,952,702	7,049,595	—	7,622,097	155,820	18,044	2,137	258
Fund Balances - Ending	\$ 25,053	\$ 181,688	\$ (309,323)	\$ 11,579,305	\$ 3,526,796	\$ 4,887	\$ 3,786,808	\$ (1,157,663)	\$ (125)	\$ 1,578	\$ 248,318

CITY OF LEE'S SUMMIT, MISSOURI

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

Page 2 Of 2

For The Year Ended June 30, 2009

	Summit Woods East TIF	Downtown Improve- ments	Public Safety Issues	Third Street Road Improve- ments	Senior Center Construction	Storm Water Improvement	Sidewalk Bond Program	Arterial Street Lights II	Salt Dome Bond #2	Todd George 50 HWY TIF	Capital Improvement Sales Tax	Total Nonmajor Capital Projects Funds
Revenues												
Taxes												
Property	\$ 13,853	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,104,240	\$ —	\$ 3,127,116
Sales	—	—	—	—	—	—	—	—	—	—	5,337,457	11,424,400
License	—	—	—	—	—	—	—	—	—	—	—	320,284
Intergovernmental	—	—	—	—	—	—	—	—	—	—	—	1,400,309
Investment earnings	—	62,535	531	31,051	19,062	4,577	—	290	484	2,025	72,940	720,408
Other	435	—	—	—	—	4,239,774	680	302,841	504,734	—	—	5,412,434
Total Revenues	14,288	62,535	531	31,051	19,062	4,244,351	680	303,131	505,218	1,106,265	5,410,397	22,404,951
Expenditures												
Debt Service:												
Interest and other charges	1,884	—	1,513	10,590	—	62,919	—	5,662	13,717	5,422	—	316,967
Capital outlay	125,526	246,855	62,815	5,625,286	237,868	1,096,292	496	694,029	548,314	1,197,783	241,185	28,872,153
Total Expenditures	127,410	246,855	64,328	5,635,876	237,868	1,159,211	496	699,691	562,031	1,203,205	241,185	29,189,120
Excess (Deficiency) Of Revenues Over Expenditures	(113,122)	(184,320)	(63,797)	(5,604,825)	(218,806)	3,085,140	184	(396,560)	(56,813)	(96,940)	5,169,212	(6,784,169)
Other Financing Sources (Uses)												
Transfers in	—	—	—	—	—	—	—	—	—	—	—	11,710,250
Transfers out	—	(924,902)	—	—	—	—	—	—	—	—	(188,365)	(11,466,878)
Total Other Financing Sources (Uses)	—	(924,902)	—	—	—	—	—	—	—	—	(188,365)	243,372
Net Change In Fund Balances	(113,122)	(1,109,222)	(63,797)	(5,604,825)	(218,806)	3,085,140	184	(396,560)	(56,813)	(96,940)	4,980,847	(6,540,797)
Fund Balances - Beginning	(54,600)	2,564,853	(132,281)	6,434,810	798,635	(115,677)	—	(12,283)	—	(62,117)	1,184,652	35,440,197
Fund Balances - Ending	\$ (167,722)	\$ 1,455,631	\$ (196,078)	\$ 829,985	\$ 579,829	\$ 2,969,463	\$ 184	\$ (408,843)	\$ (56,813)	\$ (159,057)	\$ 6,165,499	\$ 28,899,400

CITY OF LEE'S SUMMIT, MISSOURI

**BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE**

For The Year Ended June 30, 2009

	<u>Budgeted Amounts</u>		Actual Amounts	Variances With Final Budget - Positive
	<u>Original</u>	<u>Final</u>		(Negative)
Revenues				
Taxes				
Property taxes	\$ 10,538,731	\$ 10,538,731	\$ 7,915,040	\$ (2,623,691)
Sales	—	—	2,564,859	2,564,859
Fines and forfeitures	47,791	47,791	90,954	43,163
Investment earnings	132,169	132,169	236,813	104,644
Total Revenues	10,718,691	10,718,691	10,807,666	88,975
Expenditures				
Debt Service:				
Principal	7,900,000	8,070,308	8,150,000	(79,692)
Interest and other charges	2,174,542	2,174,542	2,102,118	72,424
Total Expenditures	10,074,542	10,244,850	10,252,118	(7,268)
Excess Of Revenues Over Expenditures	644,149	473,841	555,548	81,707
Other Financing Sources (Uses)				
Transfers out	(918,869)	(918,869)	(675,000)	243,869
Net Change In Fund Balances	(274,720)	(445,028)	(119,452)	325,576
Fund Balances - Beginning	5,970,571	5,782,540	7,441,621	1,659,081
Fund Balances - Ending	\$ 5,695,851	\$ 5,337,512	\$ 7,322,169	\$ 1,984,657

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, 2009

	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 investments	\$ 3,040,119	\$ 141,216	\$ 1,712,111	\$ 2,026,484	\$ 41,931	\$ 2,089,787	\$ 624,035	\$ 9,675,683
Interest receivable	57,049	3,616	17,988	26,887	599	22,434	14,061	142,634
Inventories	126,997	—	—	—	—	—	—	126,997
Other assets	290	—	—	1,830	—	804	—	2,924
Total current assets	3,224,455	144,832	1,730,099	2,055,201	42,530	2,113,025	638,096	9,948,238
Noncurrent assets:								
Capital assets:								
Nondepreciable	104,250	—	—	—	—	—	—	104,250
Depreciable, net	9,214,580	—	—	1,314,512	—	—	535,039	11,064,131
Total noncurrent assets	9,318,830	—	—	1,314,512	—	—	535,039	11,168,381
Total Assets	12,543,285	144,832	1,730,099	3,369,713	42,530	2,113,025	1,173,135	21,116,619
Liabilities								
Current liabilities:								
Accounts payable	120,038	—	—	121,221	624	339,687	28,052	609,622
Salaries payable	—	—	—	—	2,624	—	—	2,624
Compensated absences	1,866	—	—	4,134	—	—	4,290	10,290
Accrued interest payable	2,955	—	—	—	—	—	—	2,955
Total current liabilities	124,859	—	—	125,355	3,248	339,687	32,342	625,491
Noncurrent liabilities:								
Compensated absences	31,917	—	—	75,009	—	—	22,955	129,881
Other post employment benefits	7,520	—	—	7,856	—	—	8,794	24,170
Total noncurrent liabilities	39,437	—	—	82,865	—	—	31,749	154,051
Total Liabilities	164,296	—	—	208,220	3,248	339,687	64,091	779,542
Net Assets								
Invested in capital assets, net of related debt	9,318,830	—	—	1,314,512	—	—	535,039	11,168,381
Unrestricted	3,060,159	144,832	1,730,099	1,846,981	39,282	1,773,338	574,005	9,168,696
Total Net Assets	\$ 12,378,989	\$ 144,832	\$ 1,730,099	\$ 3,161,493	\$ 39,282	\$ 1,773,338	\$ 1,109,044	\$ 20,337,077

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, 2009**

	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	\$ 2,401,911	\$ 18,188	\$ —	\$ 2,299,566	\$ 44,892	\$ 666,535	\$ 974,441	\$ 6,405,533
Other	30,396	—	39,918	35,837	—	1,426	2,157	109,734
Total Operating Revenues	2,432,307	18,188	39,918	2,335,403	44,892	667,961	976,598	6,515,267
Operating Expenses								
Salaries, wages, and employee benefits	496,241	—	—	1,484,317	69,779	—	518,661	2,568,998
Utilities	41,538	—	—	56,856	—	—	250,157	348,551
Repairs and maintenance	107,523	—	—	430,411	—	—	113,190	651,124
Fuels and lubricants	3,288	—	—	844	—	—	3,016	7,148
Depreciation	2,233,759	—	—	674,797	—	—	31,261	2,939,817
Miscellaneous	240,197	23,171	1,196	557,142	—	367,977	141,259	1,330,942
Total Operating Expenses	3,122,546	23,171	1,196	3,204,367	69,779	367,977	1,057,544	7,846,580
Operating Income (Loss)	(690,239)	(4,983)	38,722	(868,964)	(24,887)	299,984	(80,946)	(1,331,313)
Nonoperating Revenue								
Interest income	112,247	9,514	42,587	52,017	860	51,602	28,056	296,883
Gain on disposal of fixed assets	94,938	—	—	—	—	—	—	94,938
Total Nonoperating Revenue	207,185	9,514	42,587	52,017	860	51,602	28,056	391,821
Income (Loss) Before Transfers	(483,054)	4,531	81,309	(816,947)	(24,027)	351,586	(52,890)	(939,492)
Transfers in	320,756	—	—	377,388	—	—	—	698,144
Transfers out	(2,143)	—	—	—	—	—	(331,428)	(333,571)
Change In Net Assets	(164,441)	4,531	81,309	(439,559)	(24,027)	351,586	(384,318)	(574,919)
Total Net Assets - Beginning	12,543,430	140,301	1,648,790	3,601,052	63,309	1,421,752	1,493,362	20,911,996
Total Net Assets - Ending	\$ 12,378,989	\$ 144,832	\$ 1,730,099	\$ 3,161,493	\$ 39,282	\$ 1,773,338	\$ 1,109,044	\$ 20,337,077

CITY OF LEE'S SUMMIT, MISSOURI
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For The Year Ended June 30, 2009

	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	\$ 2,432,307	\$ 18,188	\$ 39,918	\$ 2,335,403	\$ 44,892	\$ 667,961	\$ 976,598	\$ 6,515,267
Cash paid to suppliers	(303,148)	(23,171)	(1,196)	(1,065,743)	162	(424,381)	(549,473)	(2,366,950)
Cash paid to employees	(488,562)	—	—	(1,465,223)	(69,779)	—	(518,037)	(2,541,601)
Net Cash Provided By (Used In) Operating Activities	1,640,597	(4,983)	38,722	(195,563)	(24,725)	243,580	(90,912)	1,606,716
Cash Flows From Noncapital Financing Activities								
Transfers in	320,756	—	—	377,388	—	—	—	698,144
Transfers out	(2,143)	—	—	—	—	—	(331,428)	(333,571)
Net Cash Provided By (Used In) Noncapital Financing Activities	318,613	—	—	377,388	—	—	(331,428)	364,573
Cash Flows From Capital And Related Financing Activities								
Additions to capital assets	(3,408,212)	—	—	(472,391)	—	—	(142,551)	(4,023,154)
Proceeds from sale of capital assets	410,275	—	—	—	—	—	—	410,275
Net Cash Provided by (Used In) Capital And Related Financing Activities	(2,997,937)	—	—	(472,391)	—	—	(142,551)	(3,612,879)
Cash Flows Provided By Investing Activities								
Interest received	144,573	11,124	57,288	74,255	1,305	64,550	38,672	391,767
Net Increase (Decrease) In Cash And Cash Equivalents	(894,154)	6,141	96,010	(216,311)	(23,420)	308,130	(526,219)	(1,249,823)
Cash And Cash Equivalents - Beginning Of Year	3,934,273	135,075	1,616,101	2,242,795	65,351	1,781,657	1,150,254	10,925,506
Cash And Cash Equivalents - End Of Year	\$ 3,040,119	\$ 141,216	\$ 1,712,111	\$ 2,026,484	\$ 41,931	\$ 2,089,787	\$ 624,035	\$ 9,675,683
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:								
Operating income (loss)	\$ (690,239)	\$ (4,983)	\$ 38,722	\$ (868,964)	\$ (24,887)	\$ 299,984	\$ (80,946)	\$ (1,331,313)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:								
Depreciation and amortization	2,233,759	—	—	674,797	—	—	31,261	2,939,817
Changes in assets and liabilities:								
Decrease in inventories	4,741	—	—	—	—	—	—	4,741
Decrease in prepaid expenses	89,970	—	—	2,033	—	—	1,232	93,235
(Increase) decrease in other assets	310	—	—	(735)	—	(804)	—	(1,229)
Increase (decrease) in accounts payable	(5,623)	—	—	(21,788)	162	(55,600)	(43,083)	(125,932)
Increase in other post employment benefits	3,760	—	—	3,928	—	—	4,397	12,085
Increase (decrease) in accrued compensated absences	3,919	—	—	15,166	—	—	(3,773)	15,312
Total adjustments	2,330,836	—	—	673,401	162	(56,404)	(9,966)	2,938,029
Net Cash Provided By (Used In) Operating Activities	\$ 1,640,597	\$ (4,983)	\$ 38,722	\$ (195,563)	\$ (24,725)	\$ 243,580	\$ (90,912)	\$ 1,606,716

**Statistical Section
(Unaudited)**

Lee's Summit, Missouri

Statistical Section

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

Contents	Page
Financial Trends	70
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	75
These schedules contain information to help the reader assess the government's most significant local revenue source, property tax.	
Debt Capacity	80
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
Demographic and Economic Information	84
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Operating Information	86
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs	

CITY OF LEE'S SUMMIT, MISSOURI

NET ASSETS BY COMPONENT Last Seven Fiscal Years⁽¹⁾ (Accrual Basis Of Accounting)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
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	\$ 318,493,023	\$ 347,357,418
Restricted	6,034,247	4,969,818	—	—	22,781,337	25,677,019	24,641,173
Unrestricted	58,732,079	83,994,252	85,965,597	124,673,675	45,828,361	23,999,251	25,320,421
Total governmental activities net assets	\$ 218,330,684	\$ 252,646,950	\$ 281,203,902	\$ 395,921,921	\$ 336,983,858	\$ 368,169,293	\$ 397,319,012
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	\$ 176,522,686	\$ 189,410,131
Restricted	—	—	1,921,513	2,250,958	33,686,074	35,241,087	33,179,870
Unrestricted	24,576,758	36,116,014	32,185,864	41,963,890	3,665,286	6,490,633	4,939,002
Total business-type activities net assets	\$ 153,873,172	\$ 164,334,930	\$ 174,993,798	\$ 233,572,961	\$ 207,444,240	\$ 218,254,406	\$ 227,529,003
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	\$ 495,015,709	\$ 536,767,549
Restricted	6,034,247	4,969,818	1,921,513	2,250,958	56,467,411	60,918,106	57,821,043
Unrestricted	83,308,837	120,110,266	118,151,461	166,637,565	49,493,647	30,489,884	30,259,423
Total primary government net assets	\$ 372,203,856	\$ 416,981,880	\$ 456,197,700	\$ 629,494,882	\$ 544,428,098	\$ 586,423,699	\$ 624,848,015

(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.

(2) Net assets were restated in 2008 to properly reflect TIF related debt and investment activity.

CITY OF LEE'S SUMMIT, MISSOURI

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

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Expenses							
Governmental Activities:							
Public Works	\$ 6,055,225	\$ 8,497,834	\$ 20,729,748	\$ 13,050,566	\$ 28,530,677	\$ 24,315,160	\$ 17,096,253
Public Safety	20,683,212	23,527,195	25,897,644	30,610,276	29,091,623	32,717,551	32,784,126
Parks and Recreation	5,282,539	3,206,982	4,421,565	4,794,351	5,979,484	6,661,913	7,182,799
Planning and Development	748,157	708,004	793,067	851,343	996,657	1,127,859	1,055,523
General Government	11,380,283	20,751,819	10,628,906	13,828,963	10,847,633	27,343,082	16,362,262
Interest on Long-Term Debt	1,872,843	2,324,192	2,338,625	2,325,784	2,606,257	2,604,665	3,093,910
Total Governmental Activities Expenses	46,022,259	59,016,026	64,809,555	65,461,283	78,052,331	94,770,230	77,574,873
Business-Type Activities:							
Waterworks and Sewerage System	19,016,233	19,251,391	19,783,903	21,885,768	22,098,586	21,625,664	22,439,078
Sanitary Landfill	1,816,037	2,052,144	2,838,234	2,632,034	2,571,247	2,730,052	2,260,489
Airport	1,193,449	1,234,545	1,262,356	1,702,652	1,426,900	1,717,974	1,744,777
Recreation Center	731,802	721,648	701,088	873,576	689,699	700,386	1,127,142
Total Business-Type Activities Expenses	22,757,521	23,259,728	24,585,581	27,094,030	26,786,432	26,774,076	27,571,486
Total Primary Government Expenses	68,779,780	82,275,754	89,395,136	92,555,313	104,838,763	121,544,306	105,146,359
Program Revenues							
Governmental Activities:							
Charges for Services:							
Public Works	—	—	379,543	1,047,323	1,971,762	528,090	229,237
Public Safety	—	—	3,769,771	3,882,943	3,828,994	4,290,547	4,064,716
Parks and Recreation	170,603	73,567	1,236,465	1,493,466	1,720,768	1,706,070	1,908,112
Planning and development	—	—	69,020	222,229	305,029	243,875	119,625
General Government	2,042,341	2,334,757	2,417,009	2,016,546	2,270,212	2,002,955	1,946,117
Operating Grants and Contributions	3,198,388	3,206,946	2,970,703	7,120,522	3,210,418	3,324,353	2,843,958
Capital Grants and Contributions	—	11,870,518	11,182,217	—	8,484,471	12,251,710	6,432,484
Total Governmental Activities Program Revenues	5,411,332	17,485,788	22,024,728	15,783,029	21,791,654	24,347,600	17,544,249
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	27,825,359	25,978,839
Sanitary Landfill	2,533,889	2,567,772	2,687,996	2,755,723	2,714,978	2,508,750	2,531,502
Airport	447,665	452,261	902,410	1,085,046	1,001,628	1,195,026	1,118,415
Recreation Center	625,489	705,231	788,274	869,720	657,134	662,132	849,238
Capital Grants and Contributions	8,765,475	5,541,663	3,498,050	4,394,554	11,578,303	4,707,840	5,587,682
Total Business Type Activities Program Revenues	37,077,281	35,882,245	34,452,182	36,968,553	44,806,648	36,899,107	36,065,676
Total Primary Government Revenues	42,488,613	53,368,033	56,476,910	52,751,582	66,598,302	61,246,707	53,609,925
Net (Expense)/Revenue							
Governmental activities	(40,610,927)	(41,530,238)	(42,784,827)	(49,678,254)	(56,260,677)	(70,422,630)	(60,030,624)
Business-type activities	14,319,760	12,622,517	9,866,601	9,874,523	18,020,216	10,125,031	8,494,190
Total primary government net expense	(26,291,167)	(28,907,721)	(32,918,226)	(39,803,731)	(38,240,461)	(60,297,599)	(51,536,434)
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	34,826,369	36,978,616
Sales and Use Taxes	24,353,572	26,107,660	26,479,480	28,369,222	28,197,210	28,981,264	27,235,214
Franchise fees	6,853,447	7,360,032	7,991,553	8,617,948	9,022,063	14,662,791	12,736,943
License, Permits, Fines, and Forfeitures	3,663,492	4,111,948	1,497,236	1,443,066	4,073,268	6,632,484	6,522,094
Revenues From Use of Money and Property	2,874,493	1,397,978	1,792,049	3,187,915	5,752,661	4,689,430	2,184,572
Other revenue	5,345,173	4,537,816	1,810,229	3,086,832	404,198	331,941	94,938
Transfers	1,129,640	3,501,108	2,699,648	2,818,505	2,462,646	2,567,891	1,682,948
Total Governmental Activities	70,832,166	75,846,504	71,341,779	79,291,301	82,091,452	92,692,170	87,435,325
Business-Type Activities:							
General Revenues							
Revenues from Use of Money and Property	1,606,106	467,371	1,191,954	1,444,627	2,588,566	2,709,663	1,401,400
Other Revenue	900,617	872,978	2,299,961	5,707,126	676,794	768,363	1,061,955
Transfers	(1,129,640)	(3,501,108)	(2,699,648)	(2,818,505)	(2,462,646)	(2,567,891)	(1,682,948)
Total Business-Type Activities	1,377,083	(2,160,759)	792,267	4,333,248	802,714	910,135	780,407
Total Primary Government	72,209,249	73,685,745	72,134,046	83,624,549	82,894,166	93,602,305	88,215,732
Change In Net Assets							
Governmental Activities	30,221,239	34,316,266	28,556,952	29,613,047	25,830,775	22,269,540	27,404,701
Business-Type activities	15,696,843	10,461,758	10,658,868	14,207,771	18,822,930	11,035,166	9,274,597
Total City	\$ 45,918,082	\$ 44,778,024	\$ 39,215,820	\$ 43,820,818	\$ 44,653,705	\$ 33,304,706	\$ 36,679,298

(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 Seven Fiscal Years⁽¹⁾
(Modified Accrual Basis Of Accounting)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
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	21,201,763	23,217,065
Total general fund	\$ 18,263,162	\$ 19,339,581	\$ 24,497,502	\$ 24,149,880	\$ 15,940,698	\$ 21,201,763	\$ 23,217,065
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	9,479,421	9,335,782
Unreserved, reported in:							
Special revenue funds	2,473,916	2,949,943	5,157,712	6,081,591	6,142,921	6,277,063	5,822,482
Capital project funds	28,583,144	51,730,966	43,318,473	43,692,398	53,364,050	52,467,053	37,229,807
Total all other governmental funds	\$ 38,985,302	\$ 61,815,255	\$ 55,015,857	\$ 53,898,763	\$ 66,455,905	\$ 68,223,537	\$ 52,388,071

(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.

(2) Fund balances were restated in 2008 to properly reflect TIF related debt and investment activity.

CITY OF LEE'S SUMMIT, MISSOURI

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

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Revenues							
Taxes:							
Property	\$ 25,024,721	\$ 26,228,767	\$ 28,980,235	\$ 31,125,831	\$ 32,103,628	\$ 32,995,034	\$ 36,025,629
Sales	24,353,572	26,107,660	26,161,122	28,032,328	27,863,482	28,572,537	27,235,214
Franchise	6,853,447	7,360,032	7,991,553	8,617,948	9,022,063	14,662,791	12,736,943
License	1,587,628	1,824,422	1,497,236	1,443,066	995,950	1,246,919	320,284
Bed	305,959	320,133	318,358	336,894	333,728	408,727	351,854
Intergovernmental	3,198,388	3,206,946	2,970,703	7,120,522	6,958,803	5,902,434	1,601,620
Charges for services	2,212,944	2,408,324	2,916,106	2,981,095	3,335,611	3,669,795	3,048,308
Licenses and Permits	2,116,034	2,664,925	3,154,345	3,927,153	4,132,411	3,407,950	3,561,666
Fines and Forfeitures	1,547,458	1,447,023	1,801,357	1,754,259	1,632,793	1,685,351	3,214,037
Interest	2,520,020	1,037,448	1,739,332	3,187,915	5,141,994	4,076,656	1,887,689
Other	4,401,214	4,537,816	4,703,028	2,895,123	4,073,268	6,640,923	11,925,934
Total Revenues	74,121,385	77,143,496	82,233,375	91,422,134	95,593,731	103,269,117	101,909,178
Expenditures							
Current:							
General Government	8,793,593	8,834,828	8,887,766	9,899,765	10,547,111	10,711,595	9,960,732
Public Works and Streets	6,987,552	7,383,034	7,613,074	9,026,371	9,998,734	10,229,253	31,748,561
Public Safety	20,882,050	23,261,096	23,673,253	26,285,657	27,983,655	30,808,723	10,620,789
Community Development	748,157	708,004	745,017	851,343	996,657	1,127,859	1,055,523
Parks and Recreation	2,411,972	2,989,661	3,928,746	4,221,016	4,766,431	5,197,900	5,753,927
Debt service:							
Principal Retirements	6,490,000	6,840,000	6,650,000	11,525,000	8,175,000	9,765,000	9,025,000
Interest and Fiscal Charges	1,961,593	2,360,004	2,369,883	2,268,297	2,922,990	2,618,185	3,072,474
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	30,121,913	42,098,875
Public Safety	18,510	—	13,301	659,925	2,914,649	2,168,011	371,660
Parks and Recreation	6,394,296	6,903,969	471,617	1,205,846	6,057,450	14,876,232	5,085,195
Total Expenditures	79,025,902	81,809,726	85,178,132	105,572,929	111,256,973	117,624,671	118,792,736
Deficiency Of Revenues Over Expenditures	(4,904,517)	(4,666,230)	(2,944,757)	(14,150,795)	(15,663,242)	(14,355,554)	(16,883,558)
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	5,049,555	14,820,477
Transfers Out	(10,977,435)	(6,087,100)	(4,665,271)	(13,943,821)	(15,700,775)	(3,006,199)	(13,502,101)
Total Other Financing Sources (Uses)	853,494	3,323,391	1,303,280	12,686,079	18,921,514	2,043,356	1,318,376
Net change in fund balances	\$ (4,051,023)	\$ (1,342,839)	\$ (1,641,477)	\$ (1,464,716)	\$ 3,258,272	\$ (12,312,198)	\$ (15,565,182)

(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

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

Function/Program	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Governmental Activities:							
Public works	\$ 919,610	\$ 12,439,111	\$ 12,150,260	\$ 7,479,198	\$ 10,456,233	\$ 12,779,800	\$ 6,661,721
Public safety	125,359	148,830	4,799,508	4,961,412	4,805,304	5,368,925	4,933,305
Parks and recreation	174,990	123,787	1,258,812	1,563,486	2,036,544	1,740,070	1,926,112
Planning and development	1,464,601	1,669,198	75,939	223,310	305,029	243,875	119,625
General government	2,726,772	3,104,862	3,740,209	3,313,869	4,188,544	4,214,930	3,903,486
Subtotal Governmental Activities	5,411,332	17,485,788	22,024,728	17,541,275	21,791,654	24,347,600	17,544,249
Business-Type Activities:							
Waterworks and sewerage system	33,433,057	26,615,318	30,073,502	32,258,064	30,779,904	30,793,474	27,213,137
Sanitary landfill	2,533,889	2,567,772	2,687,996	2,755,723	2,714,978	2,508,750	2,531,502
Airport	484,846	5,993,924	902,410	1,085,046	10,654,632	2,934,751	5,471,799
Recreation center	625,489	705,231	788,274	869,720	657,134	662,132	849,238
Subtotal Business-Type Activities	37,077,281	35,882,245	34,452,182	36,968,553	44,806,648	36,899,107	36,065,676
Total Primary Government	\$ 42,488,613	\$ 53,368,033	\$ 56,476,910	\$ 54,509,828	\$ 66,598,302	\$ 61,246,707	\$ 53,609,925

(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 Seven 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
2008	32,995,034	28,981,264	14,662,791	6,340,220	4,076,656	16,213,152	103,269,117
2009	36,025,629	27,235,214	12,736,943	4,970,212	1,887,689	19,053,491	101,909,178

(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				Other Property		Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Market Value	Assessed Value As A Percentage Of Actual Value
	Residential Property	Agricultural Property	Commercial Property	Total	Personal Property	Railroads And Utilities				
2000	\$ 523,434,354	\$ 833,322	\$ 109,713,934	\$ 633,981,610	\$ 306,440,453	\$ 16,820,935	\$ 957,242,998	1.6100	\$ 4,085,890,901	23.43%
2001	565,351,610	900,292	118,531,157	684,783,059	212,667,522	17,854,611	915,305,192	1.6100	4,053,689,786	22.58%
2002	618,354,530	982,422	129,344,236	748,681,188	215,126,868	23,304,853	987,112,909	1.6100	4,391,612,379	22.48%
2003	662,286,075	967,124	138,464,016	801,717,215	249,130,784	21,034,859	1,071,882,858	1.6100	4,747,151,305	22.58%
2004	767,960,319	969,832	176,183,119	945,113,270	256,221,731	21,186,037	1,222,521,038	1.5461	5,443,186,450	22.46%
2005	822,447,123	963,964	186,583,979	1,009,995,066	252,168,352	21,088,029	1,283,251,447	1.5461	5,749,823,648	22.32%
2006	928,970,871	946,067	198,168,284	1,128,085,222	267,971,302	18,203,637	1,414,260,161	1.5276	6,385,400,767	22.15%
2007	981,291,207	1,054,725	208,889,586	1,191,235,518	291,183,542	16,703,573	1,499,122,633	1.5276	6,760,832,930	22.17%
2008	1,061,941,277	1,046,075	261,341,151	1,324,328,503	306,131,951	19,426,630	1,649,887,084	1.4926	7,402,953,802	22.29%
2009	1,086,693,800	1,130,329	258,032,434	1,345,856,563	308,454,126	16,778,622	1,671,089,311	1.4926	7,522,354,484	22.21%

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**

Fiscal Year	City of Lee's Summit				Overlapping Rates (see notes)				Total Direct And Overlapping Tax Rate
	General Fund	Park Board	Debt Service	Total Direct	Lee's Summit R-7 School District	Jackson County	State	Other	
2000	0.9600	0.1700	0.4800	1.6100	5.3900	0.5600	0.0300	0.7700	9.9700
2001	0.9600	0.1700	0.4800	1.6100	5.3900	0.5600	0.0300	0.7730	9.9730
2002	0.9600	0.1700	0.4800	1.6100	5.3900	0.5700	0.0300	0.7730	9.9830
2003	0.9600	0.1700	0.4800	1.6100	5.3900	0.5700	0.0300	0.7730	9.9830
2004	0.9057	0.1604	0.4800	1.5461	5.4976	0.5700	0.0300	0.7599	9.9497
2005	0.9057	0.1604	0.4800	1.5461	6.0666	0.5700	0.0300	0.7600	10.5188
2006	0.8900	0.1576	0.4800	1.5276	5.8902	0.5375	0.0300	0.7394	10.2523
2007	0.8900	0.1576	0.4800	1.5276	5.8919	0.5375	0.0300	0.7429	10.2575
2008	0.8690	0.1539	0.4697	1.4926	5.8116	0.5355	0.0300	0.5357	9.8980
2009	0.8690	0.1539	0.4697	1.4926	5.8359	0.5430	0.0300	0.7323	8.6338

CITY OF LEE'S SUMMIT, MISSOURI

PRINCIPAL PROPERTY TAXPAYERS Current Year And Nine Years Ago

	2009			2000		
	Taxable Assessed Value	Rank	% of Total City Net Assessed Value	Taxable Assessed Value	Rank	% of Total City Net Assessed Value
Sprint Spectrum	\$ 48,136,242	1	2.88%			
Cerner Corporation	16,672,051	2	1.00%			
Aquila	10,149,599	3	0.61%			
John Knox Village	6,847,013	4	0.41%	\$ 6,426,370	2	0.67%
AT&T and Southwestern Bell	6,277,432	5	0.38%			
Toys R Us	5,729,801	6	0.34%			
Wal-Mart	5,056,023	7	0.30%	2,118,510	9	0.22%
Lee's Summit Hospital	4,511,486	8	0.27%			
Grand Street Company LLC	4,446,848	9	0.27%			
Pfizer Chemical Company				6,465,570	1	0.68%
Calmar				5,683,950	3	0.59%
Western Resources (MO Gas Energy)				5,183,010	4	0.54%
A Zeregas Sons, Inc				4,094,390	5	0.43%
Polytainers				3,483,440	6	0.36%
Plastic Enterprises				3,113,680	7	0.33%
R&D Tool & Engineering				2,935,790	8	0.31%
Weingateton Nostate, Inc				2,067,230	10	0.22%
Total	\$ 107,826,495		6.45%	\$ 41,571,940		4.34%

Source: Jackson County Tax Department

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
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%
2008	23,870,679	23,530,820	98.6%	526,898	24,057,718	100.8%
2009	23,870,679	23,530,820	98.6%	526,898	24,057,718	100.8%

Source: Jackson and Cass County

CITY OF LEE'S SUMMIT, MISSOURI

**RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years**

Fiscal Year	Governmental Activities				Business-Type Activities		Total Primary Government	Population	Per Capita
	General Obligation Bonds	Certificates Of Participation	Revenue Bonds	TIF Bonds	Certificates Of Participation	Revenue Bonds			
2000	24,105,000	2,400,000	1,460,000	—	—	29,320,000	57,285,000	70,700	810
2001	20,595,000	2,400,000	1,265,000	16,765,000	955,000	27,985,000	69,965,000	73,218	956
2002	22,715,000	17,480,000	1,050,000	16,765,000	925,000	25,620,000	84,555,000	76,043	1,112
2003	18,170,000	17,480,000	865,000	15,855,000	895,000	36,862,500	90,127,500	79,515	1,133
2004	38,805,000	15,695,000	665,000	14,840,000	865,000	40,497,500	111,367,500	82,528	1,349
2005	34,695,000	13,870,000	—	13,800,000	830,000	37,402,500	100,597,500	85,642	1,175
2006	38,380,000	11,995,000	—	12,725,000	795,000	34,347,500	98,242,500	88,666	1,108
2007	34,000,000	21,560,000	—	11,600,000	760,000	31,125,000	99,045,000	90,785	1,091
2008	28,950,000	16,845,000	—	10,425,000	720,000	27,745,000	84,685,000	91,586	925
2009	26,735,000	15,910,000	—	9,550,000	680,000	24,195,000	77,070,000	97,927	787

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 ^a Of Property	Per Capita ^b
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
2008	28,950,000	6,899,673	22,050,327	1.57%	243
2009	26,735,000	6,548,980	20,186,020	1.22%	206

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, 2009**

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	\$ 192,178,612	82.88%	\$ 159,277,634
Blue Springs R-4 School District	138,445,000	20.17%	27,924,357
Raymore-Peculiar School District	69,897,167	8.00%	5,591,773
Grandview School District	30,720,095	0.41%	125,952
Hickman Mills School District	41,184,182	0.12%	49,421
Subtotal, overlapping debt			192,969,137
Lee's Summit Net Direct Debt			26,735,000
Total direct and overlapping debt			\$ 219,704,137

(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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Legal debt limit (1)	\$ 179,501,099	\$ 179,501,099	\$ 193,485,332	\$ 210,998,031	\$ 241,247,819	\$ 253,403,379	\$ 280,139,899	\$ 279,382,420	\$ 326,887,829	\$ 331,406,460
Total net debt applicable to limit	19,855,742	16,490,330	18,181,050	50,829,828	46,044,120	40,634,809	34,620,861	28,782,737	22,125,327	40,261,020
Legal debt margin	\$ 159,645,357	\$ 163,010,769	\$ 175,304,282	\$ 160,168,203	\$ 195,203,699	\$ 212,768,570	\$ 245,519,038	\$ 250,599,683	\$ 304,762,502	\$ 291,145,440
Total net debt applicable to the limit as a percentage of debt limit	11.06%	9.19%	9.40%	24.09%	19.09%	16.04%	12.36%	10.30%	6.77%	12.15%

- (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		School Enrollment	Unemployment Rate
					High School Graduate Percentage (1)	Bachelor's Degree Or Higher Percentage (1)		
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%
2008	91,586						16,975	3.40%
2009	92,927						17,137	5.40%

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.

CITY OF LEE'S SUMMIT, MISSOURI

PRINCIPAL EMPLOYERS Current Year And Nine Years Ago

Employer	2009			2000		
	Employees	Rank	Percentage Of Total City Employment	Employees	Rank	Percentage Of Total City Employment
Lee's Summit R-7 School city	2,581	1	5.50%	1,850	2	6.69%
AT&T Telecommunication-Cust. Serv.	1,200	2	2.56%	1,900	1	6.87%
Truman Medical Center Lakewood	1,128	3	2.40%			
John Knox Village	1,050	4	2.24%	950	3	3.44%
Longview Community College	1,000	5	2.13%	532	6	1.92%
Nat'l Benefits Ctr./Dept. of Homeland Security	900	6	1.92%			
City of Lee's Summit	659	7	1.40%	450	8	1.63%
Saint Luke's East - Lee's Summit	608	8	1.30%	550	5	1.99%
Caremark	559	9	1.19%			
Lee's Summit Hospital	550	10	1.17%	400	9	1.45%
INS				400	10	1.45%
Payless Cashways				500	7	1.81%
Calmar				680	4	2.46%
	<u>10,835</u>		<u>23.33%</u>	<u>8,212</u>		<u>29.71%</u>

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	2005	2006	2007	2008	2009
General Fund	33.05	33.05	35.00	33.50	32.50
	43.50	54.55	53.96	37.17	39.27
	166.32	172.32	167.32	181.70	188.70
	137.00	137.00	140.00	146.00	146.00
	18.00	18.00	18.00	18.00	18.00
	9.00	11.00	12.00	11.00	11.00
	10.90	11.90	11.90	11.90	12.00
	19.00	19.00	19.00	18.00	18.00
	10.00	9.75	9.75	9.50	9.50
	47.00	47.00	47.00	47.75	48.75
Parks and Recreation	8.90	8.90	6.35	7.15	6.80
	23.00	23.00	29.00	29.00	30.00
	0.55	0.55	0.30	0.30	0.30
	1.00	1.00	1.00	1.00	1.00
	3.60	3.60	2.40	2.75	2.15
	—	—	—	—	2.05
Airport	8.00	7.30	7.30	7.98	7.60
Water Utilities	57.25	57.50	57.50	58.50	58.50
Solid Waste	13.00	13.00	13.00	14.20	14.80
Central Building Services	—	—	—	11.00	11.00
Fleet	8.00	8.00	8.00	8.00	8.00
Information Technology Services	14.00	17.00	17.00	17.00	19.00
Total	631.07	653.42	655.78	671.40	684.92

Source: City of Lee's Summit Finance Department

CITY OF LEE'S SUMMIT, MISSOURI

OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Building Permits Issued										
Residential/single family	822	680	748	887	853	911	791	489	380	129
Residential/multi family	54	74	57	116	81	69	82	55	58	8
Commercial/industrial	70	48	65	61	78	67	44	80	35	23
Additions	1,097	1,000	1,187	1,090	1,279	1,131	1,223	2,820	1,937	1,245
Police Protection										
Police Personnel	153	157	157	157	164	167	172	172	195	198
Patrol Units	27	27	27	27	28	29	30	30	32	35
Number of Law Violations										
Number of Calls Answered	75,423	66,786	70,589	69,037	65,001	67,856	63,646	61,399	70,197	80,404
Incidents and Other Offenses	5,151	5,464	5,678	5,592	5,954	4,707	4,031	3,519	7,047	6,159
Traffic Violations	15,406	16,795	17,897	16,635	16,225	12,221	12,236	18,780	19,442	20,671
Fire Protection										
Fire Personnel	116	117	126	126	121	131	137	140	140	146
Calls Answered	5,142	5,469	5,794	6,253	5,862	6,421	7,003	7,051	7,750	8,401
Water Source										
Kansas City Water Co.	37.54%	33.16%	32.70%	45.85%	35.41%	32.97%	42.30%	38.43%	32.82%	33.94%
Independence Water Co	62.46%	66.84%	67.30%	54.15%	64.59%	67.03%	57.70%	61.57%	67.18%	66.06%
Water										
# of Service Connections	26,500	27,726	27,791	28,662	30,891	31,991	32,889	32,950	33,666	33,735
# of Fire Hydrants	3,086	3,232	3,419	3,566	3,751	4,867	4,975	4,975	4,975	4,871
Avg Daily Consumption in Gallons	8,400,000	9,200,000	9,400,000	10,100,000	10,700,000	9,760,000	11,300,000	10,360,000	10,705,000	9,540,000
Maximum Contract Amount	16,000,000	16,000,000	21,500,000	21,500,000	21,500,000	21,500,000	21,500,000	21,500,000	21,500,000	21,500,000
Maximum Daily Demand	18,300,000	18,200,000	20,500,000	25,500,000	16,180,000	19,770,000	25,400,000	23,920,000	22,000,000	15,000,000
Storage Capacity (gallons)	22,000,000	22,000,000	32,200,000	32,200,000	32,200,000	32,200,000	35,200,000	35,200,000	35,200,000	35,200,000

Source: City records

CITY OF LEE'S SUMMIT, MISSOURI

CAPITAL STATISTICS BY FUNCTION Last Ten Fiscal Years

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Police Protection										
Stations	1	1	1	1	1	1	1	1	1	1
Fire Protection										
Stations	6	6	6	6	6	6	6	7	7	7
Public Works										
Residential Centerline Miles									325	327
Collector Centerline Miles									67	102
Arterial Centerline Miles									75	91
Parks and Recreation										
Parks	23	26	26	26	26	26	27	27	27	27
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Indoor Aquatic Center	—	—	—	—	1	1	1	1	1	1
Tennis Courts	15	15	15	15	15	15	15	15	15	15
Community Centers	1	1	1	1	2	2	2	2	3	3
Water										
Miles of Water Mains	505	524	541	555	569	600	637	637	637	637

Source: City records