



CITY OF LEE'S SUMMIT, MISSOURI

Comprehensive Annual Financial Report

For The Year Ended June 30, 2010

CITY OF LEE'S SUMMIT, MISSOURI
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2010



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

December 23, 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, 2010. 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 numerous companies.

All major commercial television networks, independent local stations as well as public television and various cable & satellite 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 9,125 pupils in 1990 to 17,500 in 2010. Fall 2010 enrollment saw an increase of 262 students. The school district expects 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 based on a citizen-based strategic plan called "Legacy for Tomorrow" completed in 1995. 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.

Based on the "Legacy for Tomorrow and Beyond" citizen park development plan, voters approved a reduction and extension of the Parks and Soils sales tax in 2005. 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 completed in 2008. The venue expansion at Legacy Park included 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 which included construction of an amphitheater. Field and ground renovations were also completed at Hartman Park to fulfill a commitment to improve our adult softball facilities. This park continues to be the home of the Adult Softball program. Renovation of Lea-McKeighan North began in 2009 and now includes a new skate park. Additional amenities will be added over the next two years. Work has been completed on McKee Park and we are nearing completion on South Park, recently named Osage Trails Park.

There are over 56 miles of greenway, park trails, multi-use trails and share the road trails in Lee's Summit. This amount of mileage positions the City at the top of the metropolitan area for bike/pedestrian infrastructure.

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

Lee's Summit continues to see growth in commercial and residential development.

Two new highway interchanges opened in 2010 serving Lee's Summit. The I-470 and 350/50 Highway interchange opened up approximately 150 acres of commercial land for new development and improved access to two regional shopping centers with 1.2 million square feet of retail space along with reducing traffic congestion and improving safety. The Strother Road interchange provides convenient access from the interstate to a light industrial area, alleviates traffic congestion, and helps to spur economic development in the area.

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 10 of these business sites with over 500 employees.

John Knox Village is a taxpaying retirement community developed on 450 acres. More than 2,000 residents enjoy services and amenities in nearly 1,300 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, Dick's, Target, and specialty stores such as Michaels 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, and includes Coldwater Creek, Jos A. Bank, Buckle, along with several restaurants including Red Lobster and Olive Garden. 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
2010	7.1%	9.1%	9.5%
2009	7.7%	9.5%	9.5%
2008	3.4%	5.9%	5.5%
2007	3.0%	5.0%	4.6%
2006	2.9%	4.8%	4.6%

The City of Lee's Summit continues to be an active and growing community. 1,405 building permits were issued in calendar year 2009 (including alternations, additions and demolitions). 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 93,163 as of December 2009.

In 2010, *Money Magazine* has included Lee's Summit on their list of the Top 100 Places to Live. The city ranks 27 out of the 100 best small cities in the United States, moving up from its 2008 position as number 79. 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 \$48 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 2010 proved to be another 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 and continued into 2010, 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 2010, \$2.4 million of planned expenditures were saved during the year.

These efforts continued throughout the fiscal year 2011 budget process to ensure sound financial position. General Fund expenditures are recommend to increase about 2% 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 36% of planned expenditures in Fiscal Year 2015. 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, 2010 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 54% 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 recently completed improvements to Woods Chapel Road and Blackwell Road using these funds.

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 148 days to 3 years, with an average maturity of 19 months. The average yield on investments was 1.34%. 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 (88%) and the City of Kansas City, Missouri Water Department (12%). 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 19% 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 Administration 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 at two locations and also is a metropolitan area household hazardous waste drop-off site for the regional program. 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. Lee's Summit is also considering implementation of a comprehensive citywide, solid waste program. This would include a volume-based system for residential trash and yard waste service with unlimited curbside recycling.

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 in 2008. 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, 2009. This was the 32nd 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, 2009. 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 Charter Oak Insurance and Travelers companies.

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 Charter Oak, 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

Randall L. Rhoads

DISTRICT 1

James Hallam
Kathy Hofmann

DISTRICT 3

Joseph C. Spallo
Ed Cockrell

DISTRICT 2

Brian Whitley
Allan Gray

DISTRICT 4

Dave Mosby
Robert T. Johnson

FINANCE & PERSONNEL COMMITTEE

James Hallam, Chairman

Allan Gray

Robert T. Johnson

Joseph C. Spallo

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

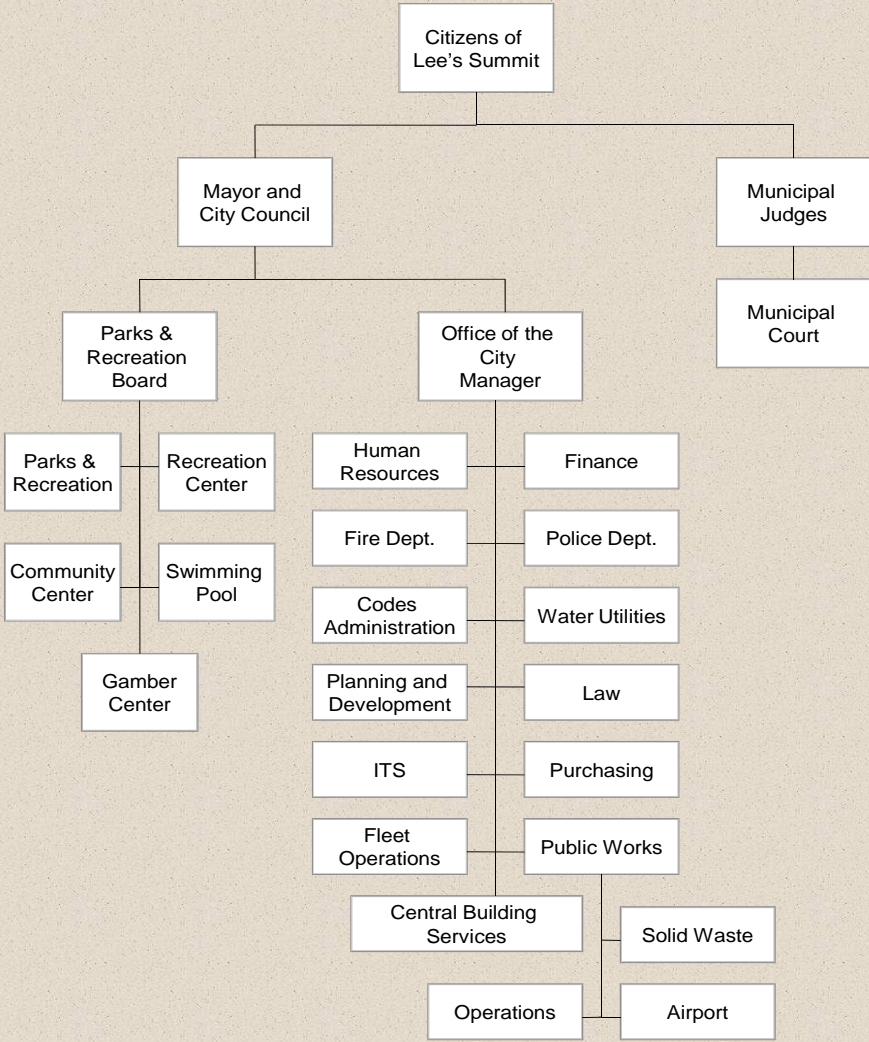
Mark Schaufler, Water Utilities Director

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, 2009

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 "JEFFREY R. EMER".

President

A handwritten signature in black ink, appearing to read "JEFFREY R. EMER".

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, 2010, 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, 2010, 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 December 23, 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 Honorable Mayor and Members
of the City Council
City of Lee's Summit, Missouri

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

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

RubinBrown LLP

December 23, 2010

CITY OF LEE'S SUMMIT, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2010

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, 2010. This is the eighth 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 \$650,818,938 (net assets). Of this amount, \$33,674,699 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased \$24.9 million. Of this amount, \$19.9 million was from the City's "governmental activities" and the balance was from the "business-type activities."
- The City's total debt decreased approximately \$9.3 million (10.1%) during the current fiscal year. Factors in this decrease are the retirement of the 2008 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, 2010, assets exceed liabilities by \$650,818,938. The largest portion of the City's net assets, \$568,565,730 (87%), 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, 2010 and 2009:

	Net Assets					
	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 91,337,939	\$ 100,268,694	\$ 43,780,593	\$ 51,810,973	\$ 135,118,532	\$ 152,079,667
Capital assets	404,027,653	381,784,198	221,375,473	213,189,986	625,403,126	594,974,184
Total assets	495,365,592	482,052,892	265,156,066	265,000,959	760,521,658	747,053,851
Long-term liabilities outstanding	58,204,401	63,277,749	23,945,344	28,179,499	82,149,745	91,457,248
Other liabilities	19,287,078	21,456,131	8,265,897	9,292,457	27,552,975	30,748,588
Total liabilities	77,491,479	84,733,880	32,211,241	37,471,956	109,702,720	122,205,836
Net assets:						
Invested in capital assets, net						
of related debt	367,750,571	347,357,418	200,815,159	189,410,131	568,565,730	536,767,549
Restricted	16,223,089	24,641,173	32,355,420	33,179,870	48,578,509	57,821,043
Unrestricted	33,900,453	25,320,421	(225,754)	4,939,002	33,674,699	30,259,423
Total net assets	\$ 417,874,113	\$ 397,319,012	\$ 232,944,825	\$ 227,529,003	\$ 650,818,938	\$ 624,848,015

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. Seven of those funds are capital project funds that are waiting on the issuance of debt, trustee reimbursement or have an interfund loan outstanding. These funds include Chapel Ridge Tax Increment Financing (TIF), Road and Bridge Excise Tax, New Longview TIF, Public Safety Issues, Arterial Street Lights II, Salt Dome Bonds, and Todd George/50 Highway TIF. These funds currently have temporary loans from the General Fund until proceeds are received. The Swimming Pool, Entitlement Fund, Community Center and the Energy Efficiency Grant are special revenue funds. The Swimming Pool accounts for the operations of Summit Waves, Entitlement Fund and Energy Efficiency Grant are grant funds, 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 \$650.8 million from \$624.8 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 \$33.9 million. Total unrestricted net assets were \$33.7 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 (87%) 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 \$650.8 million is comprised of \$568.6 million invested in capital assets, net of related debt; \$48.6 million is restricted for capital projects, debt service and other purposes; \$33.9 million is unrestricted and available for general governmental purposes and negative \$226,000 is unrestricted and available for the City's business-type activities.

The City's net assets increased \$24.9 million during the current fiscal year. Seventy-nine 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, 2010 and 2009:

	Changes in Net Assets					
	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues						
Program revenues:						
Charges for services	\$ 8,545,876	\$ 8,267,807	\$ 29,563,430	\$ 30,477,994	\$ 38,109,306	\$ 38,745,801
Operating grants and contributions	2,608,621	2,843,958	—	—	2,608,621	2,843,958
Capital grants and contributions	2,857,211	6,432,484	2,221,289	5,587,682	5,078,500	12,020,166
General revenues:						
Property taxes	38,276,295	36,978,616	—	—	38,276,295	36,978,616
Sales and use taxes	26,566,723	27,235,214	—	—	26,566,723	27,235,214
Other revenue	18,250,397	21,538,547	1,951,891	2,463,355	20,202,288	24,001,902
Total revenues	97,105,123	103,296,626	33,736,610	38,529,031	130,841,733	141,825,657
Expenses:						
General government	16,352,917	16,362,262	—	—	16,352,917	16,362,262
Public safety	33,569,829	32,784,126	—	—	33,569,829	32,784,126
Public works and streets	18,589,088	17,096,253	—	—	18,589,088	17,096,253
Planning and development	957,816	1,055,523	—	—	957,816	1,055,523
Parks and recreation	7,027,799	7,182,799	—	—	7,027,799	7,182,799
Interest on long-term debt	2,857,436	3,093,910	—	—	2,857,436	3,093,910
Combined waterworks and sewerage system	—	—	21,439,285	22,439,078	21,439,285	22,439,078
Sanitary landfill	—	—	2,451,476	2,260,490	2,451,476	2,260,490
Airport	—	—	1,489,979	1,744,776	1,489,979	1,744,776
Recreation Center	—	—	1,234,450	1,127,142	1,234,450	1,127,142
Total liabilities	79,354,885	77,574,873	26,615,190	27,571,486	105,970,075	105,146,359
Increases in net assets before transfers	17,750,238	25,721,753	7,121,420	10,957,545	24,871,658	36,679,298
Transfers	2,128,600	1,682,948	(2,128,600)	(1,682,948)	—	—
Increase in net assets	19,878,838	27,404,701	4,992,820	9,274,597	24,871,658	36,679,298
Net assets, beginning	397,319,012	369,914,311	227,529,003	218,254,406	624,848,015	588,168,717
Prior period adjustment	676,263	—	423,002	—	1,099,265	—
Net assets, ending	\$ 417,874,113	\$ 397,319,012	\$ 232,944,825	\$ 227,529,003	\$ 650,818,938	\$ 624,848,015

CITY OF LEE'S SUMMIT, MISSOURI

Management's Discussion And Analysis (*Continued*)

Governmental Activities

Governmental activities increased the City's net assets by \$19.9 million.

There were several revenue items that contributed to this increase. Property taxes, the largest governmental category, totaled \$38.3 million which was an increase of almost \$1.3 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 2009 for real properties. Real property is prorated the first year for real estate tax purposes. Franchise tax revenue contributed to this increase as well. The \$2.1 million increase was primarily due cell phone providers remitted franchise tax on a regular basis due to settlement of a class action lawsuit. For the fiscal year ended June 30, 2010, revenues totaled \$130.9 million (governmental and business-type). Revenues from governmental activities totaled \$97.2 million or 74% of the total City revenues.

Governmental activities expenses increased \$1.8 million or 2.3% for the fiscal year ended June 30, 2010 compared to the fiscal year ended June 30, 2009. This increase is primarily due to seven new police officers that were added, infrastructure depreciation on new roads and downtown streetscape.

Certain revenues are generated that are specific to governmental program activity. These totaled \$5.5 million. The following table shows expenses and program revenues of the governmental activities for the years ended June 30, 2010 and 2009:

	Net Cost of Governmental Activities			
	Total Cost of Service		Net Cost of Service	
	2010	2009	2010	2009
General Government	\$ 16,352,917	\$ 16,362,262	\$ (12,583,231)	\$ (12,458,776)
Public Safety	33,569,829	32,784,126	(28,537,023)	(27,850,821)
Public Works and streets	18,589,088	17,096,253	(15,609,824)	(10,434,532)
Planning and development	957,816	1,055,523	(854,456)	(935,898)
Parks and recreation	7,027,799	7,182,799	(4,901,207)	(5,256,687)
Interest on long-term debt	2,857,436	3,093,910	(2,857,436)	(3,093,910)
Total	\$ 79,354,885	\$ 77,574,873	\$ (65,343,177)	\$ (60,030,624)

As previously noted, expenses from governmental activities totaled \$79.4 million. However, net costs of these services were \$65.3 million. The difference represents direct revenues received from charges for services of \$8.5 million, operating grants and contributions of \$2.6 million and capital grants and contributions of \$2.9 million. Taxes and other revenues of \$83.1 million were collected to cover these net costs.

Business-Type Activities

Business-type activities net assets increased by \$5.0 million in the current year. This was a decrease of \$4.3 million compared to the prior year increase.

Overall revenues decreased \$4.8 million or 12% 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 \$1.0 million or 4% compared to the prior year. The water fund's expenses decreased \$1 million over the prior year. This was due primarily to lower water purchases.

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, 2010 was \$27.3 million or 51.5% of actual expenditures. This represents an increase of \$4.1 million or an 18% increase over the previous year's balance. Revenues increased \$1.7 million and expenses increased by \$562,000 over the previous fiscal year. This increase in expenditures was minimal in line with planned cost containment measures carried over from 2009.

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 \$5.6 million, a decrease of \$1.7 million, or 23%. As of June 30, 2010, 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, 2010 \$10 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 fund balance of \$3 million at June 30, 2010. This represents a decrease of \$7.4 million or 71% 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. This interchange was fully opened in spring 2010.

The Chapel Ridge TIF Fund ended the year with a negative fund balance of \$ 2.7 million. This is due to an interfund loan. When the city was faced with the dilemma to issue TIF debt in a time when the bond market was very weak, the decision was made by the City Council to self finance the project using funds that were invested in low interest rate investments. The decision has proven to be successful and is expected to be repaid as scheduled.

The Combined Water and Sewerage system recorded an increase of \$4.1 million in net assets for the year. The increase is attributed to net revenues of \$6.8 million. Revenues increased over the last fiscal year by \$300,000 or 1% as consumption levels decreased 6% 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.

CITY OF LEE'S SUMMIT, MISSOURI

Management's Discussion And Analysis (*Continued*)

The Sanitary Landfill fund recorded a decrease of \$590,000 in net assets for the year that is attributed to decreased revenues of \$507,000 compared to the last fiscal year. Tonnage revenues were down due to decreases in the construction trades and the associated construction debris as well as shifts in the flow of trash by haulers. Due to these changes, the City entered into an agreement with a local hauler for to direct flow back to the Lee's Summit Landfill in order to maintain sufficient flow to meet expenses. 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 \$1.6 million in net assets for the year. The increase is attributed to capital grants received of \$2 million.

General Fund Budgetary Highlights

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

- The total original expenditure budget of \$55,276,751 increased to \$55,476,751 (an increase of \$200,000).

Actual revenues were \$2 million more than budgeted. Revenue from sales taxes was \$526,353 lower than expected due to a leveling off of sales tax growth in the City. Franchise receipts were \$2 million higher than expected primarily due to changes in the calculation and collection of gross receipts taxes for telecommunication companies coupled with settlement proceeds from telecommunication companies. Interest earnings were \$400,000 lower than anticipated due to lower than expected interest rates on investments. Other income was just above expectations by \$.2 million.

Actual expenditures were \$2.4 million less than budgeted. This was due to continued cost containment measures.

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, 2010 amounts to \$625 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 \$30.4 million during the period.

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

- Land acquisition for landfill closure needs \$2.6 million for the year.
- Substantial completion of the I-470/50 Highway interchange totaling \$11 million for the year.
- Substantial completion of the Strother Road interchange totaling \$5 million for the year.
- Progress construction on the east terminal area of the airport totaling \$1.4 million.
- Improvements to Pryor Road from Longview to M-150 totaling \$1.4 million for the year.
- Progress construction of Storm water Improvements city wide totaling \$1.2 million for the year.
- Progress construction on Longview Road totaling \$3 million for the year.

CITY OF LEE'S SUMMIT, MISSOURI

Management's Discussion And Analysis (*Continued*)

- Completion of Blackwell Road improvements for \$1.5 million for the year.
- Various system additions and improvements were completed in the Combined Waterworks and Sewerage Fund at a cost of over \$8.5million including improvements to water lines in the area of M-150 – Stoney Creek to city limits of \$1.2 million and Middle Big and Mouse Creek flow holding basin of \$3.3 million.

	Capital Assets					
	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 7,997,075	\$ 7,997,075	\$ 7,634,278	\$ 7,634,278	\$ 15,631,353	\$ 15,631,353
Construction in progress	117,029,631	88,346,763	45,469,277	33,089,799	162,498,908	121,436,562
Buildings	48,591,769	50,575,646	—	—	48,591,769	50,575,646
Improvements	14,503,642	15,416,193	167,496,413	171,600,992	182,000,055	187,017,185
Machinery and equipment	11,731,899	12,432,618	775,505	864,917	12,507,404	13,297,535
Infrastructure	204,473,637	207,015,903	—	—	204,473,637	207,015,903
Total assets	\$ 404,327,653	\$ 381,784,198	\$ 221,375,473	\$ 213,189,986	\$ 625,703,126	\$ 594,974,184

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 2010, had a total of \$67.8 million of outstanding obligations. This was a decrease of \$9.3 million or 12% 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 2008 general obligation bonds is the reason the overall obligations for both governmental activities and business-type activities decreased so dramatically.

As of June 30, 2010, the City's total issued General Obligation (G.O.) Bonded Debt was \$23,605,000 and authorized and unissued debt was \$15,075,000. The City has statutory authority to issue debt equal to 20% of the City's total assessed valuation or \$328,184,891. This, less outstanding debt, authorized and unissued debt, and available cash, leaves a legal debt margin of \$294,618,281, which is 90% of the City's total bonding capacity. Bonded debt, net of available debt service funds, amounted to approximately \$198 per capita and represented 1.1% of the assessed value of taxable property.

General Obligation Bonds retired in fiscal year 2010 totaled \$8,130,000.

The City's most recent General Obligation Bonds were rated Aaa 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.

CITY OF LEE'S SUMMIT, MISSOURI

Management's Discussion And Analysis (*Continued*)

The total revenue bond amount outstanding at June 30, 2010 was \$20,020,000, which included \$19,145,000 for the Combined Water and Sewer Utility and \$875,000 of Water Pollution Control. These bonds are payable solely from the revenue derived from the operations of the respective funds and are considered to be self-liquidating.

The Combined Water and Sewer Utility Fund retired \$3,330,000 of their principal amount outstanding this year along with interest payments of \$1,141,984. This represents 2.3% 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, 2010 is \$437,500.

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 \$15,080,000 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 2011 are projected to total \$55 million. This represents a decrease of 1.5% over the prior year budget of \$56 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.

General Fund expenses are projected to total \$58.3 million compared to \$55.7 million budgeted in fiscal year 2010. This represents a 4.7% 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 MARCIT, the City's health insurance provider. An employee task force reviewed and discussed appropriate allocation of costs and coverage was modified to keep the premium increase within the 10% range.

CITY OF LEE'S SUMMIT, MISSOURI

Management's Discussion And Analysis (*Continued*)

The General Fund added seven full-time equivalents (FTEs) in fiscal year 2011. This was comprised of seven additional police officers.

Because of Lee's Summit's 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.

During the budget process, the Mayor and City Council reemphasized 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 continued to focus 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 2011.

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, 2010

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	\$ 73,654,941	\$ 40,954,655	\$ 114,609,596
Receivables (net of allowance):			
Taxes	8,221,856	—	8,221,856
Accounts and other	1,286,069	3,021,683	4,307,752
Interest	265,140	169,134	434,274
Internal balances	1,843,020	(1,843,020)	—
Due from other governmental agencies	1,951,034	68,149	2,019,183
Inventories	118,135	359,842	477,977
Prepaid expenses	—	6,700	6,700
Other assets	18,904	53,593	72,497
Deferred bond issue costs, net	577,371	108,009	685,380
Restricted cash and investments	3,401,469	881,848	4,283,317
Capital assets:			
Nondepreciable	125,026,706	53,103,555	178,130,261
Depreciable, net	279,000,947	168,271,918	447,272,865
Total Capital Assets	404,027,653	221,375,473	625,403,126
Total Assets	495,365,592	265,156,066	760,521,658
Liabilities			
Accounts payable and accrued expenses	10,548,338	3,338,355	13,886,693
Accrued interest payable	337,153	32,284	369,437
Unearned revenues	—	25,906	25,906
Customer deposits - payable from restricted deposits	—	438,963	438,963
Remediation obligation	—	426,000	426,000
Long-term obligations:			
Due within one year:			
Compensated absences	146,587	16,889	163,476
Bonds and contracts	8,255,000	3,550,000	11,805,000
Payable from restricted assets - state revolving loan fund	—	437,500	437,500
Due in more than one year:			
Compensated absences	3,570,851	295,022	3,865,873
Claims and judgments	16,000,000	—	16,000,000
Other post employment benefits	648,999	63,031	712,030
Bonds and contracts	37,984,551	23,587,291	61,571,842
Total Liabilities	77,491,479	32,211,241	109,702,720
Net Assets			
Invested in capital assets, net of related debt	367,750,571	200,815,159	568,565,730
Restricted for:			
Debt service	7,583,768	3,224,625	10,808,393
Capital projects	8,639,321	29,130,795	37,770,116
Unrestricted	33,900,453	(225,754)	33,674,699
Total Net Assets	\$ 417,874,113	\$ 232,944,825	\$ 650,818,938

CITY OF LEE'S SUMMIT, MISSOURI

STATEMENT OF ACTIVITIES For The Year Ended June 30, 2010

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	\$ 16,352,917	\$ 1,929,236	\$ 1,840,450	\$ —	\$ (12,583,231)	\$ —	\$ (12,583,231)
Public safety	33,569,829	4,351,615	681,191	—	(28,537,023)	—	(28,537,023)
Public works and streets	18,589,088	122,053	—	2,857,211	(15,609,824)	—	(15,609,824)
Planning and development	957,816	103,360	—	—	(854,456)	—	(854,456)
Parks and recreation	7,027,799	2,039,612	86,980	—	(4,901,207)	—	(4,901,207)
Interest on long-term debt	2,857,436	—	—	—	(2,857,436)	—	(2,857,436)
Total Governmental Activities	79,354,885	8,545,876	2,608,621	2,857,211	(65,343,177)	—	(65,343,177)
Business-Type Activities							
Waterworks and sewerage system	21,439,285	25,472,281	—	239,247	—	4,272,243	4,272,243
Sanitary landfill	2,451,476	2,071,725	—	—	—	(379,751)	(379,751)
Airport	1,489,979	1,048,659	—	1,982,042	—	1,540,722	1,540,722
Recreation center	1,234,450	970,765	—	—	—	(263,685)	(263,685)
Total Business-Type Activities	26,615,190	29,563,430	—	2,221,289	—	5,169,529	5,169,529
Total Primary Government	\$ 105,970,075	\$ 38,109,306	\$ 2,608,621	\$ 5,078,500	(65,343,177)	5,169,529	(60,173,648)
General Revenues							
Taxes:							
Property taxes, levied for general purposes					30,460,490	—	30,460,490
Property taxes, levied for debt service					7,815,805	—	7,815,805
Franchise taxes					14,825,593	—	14,825,593
Sales and use taxes					26,566,723	—	26,566,723
Earnings on investments					370,871	145,272	516,143
Other revenues					2,751,981	1,806,219	4,558,200
Gain on sale of assets					301,952	400	302,352
Transfers					2,128,600	(2,128,600)	—
Total General Revenues And Transfers					85,222,015	(176,709)	85,045,306
Change In Net Assets					19,878,838	4,992,820	24,871,658
Net Assets - Beginning, As Previously Stated					397,319,012	227,529,003	624,848,015
Prior Period Adjustment					676,263	423,002	1,099,265
Net Assets - Beginning, As Restated					397,995,275	227,952,005	625,947,280
Net Assets - Ending					\$ 417,874,113	\$ 232,944,825	\$ 650,818,938

CITY OF LEE'S SUMMIT, MISSOURI
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2010

	General Fund	Debt Service	Summit Woods TIF	Chapel Ridge TIF	Other Governmental Funds	Total Governmental Funds
Assets						
Pooled cash and investments	\$ 20,093,251	\$ 5,225,779	\$ 219,422	\$ 9,926	\$ 38,341,468	\$ 63,889,846
Receivables (net of allowance):						
Taxes	4,476,454	1,040,551	—	—	2,704,851	8,221,856
Accounts and other	1,038,728	—	—	—	—	1,038,728
Interest	75,650	32,005	638	—	119,312	227,605
Due from other funds	7,251,117	—	—	—	15,000	7,266,117
Due from other governments	16,362	—	553,869	102,289	1,278,514	1,951,034
Other receivables	—	—	213,055	—	33,631	246,686
Other assets	5,150	—	—	—	4,224	9,374
Restricted assets:						
Cash and investments	—	—	3,401,469	—	—	3,401,469
Total Assets	\$ 32,956,712	\$ 6,298,335	\$ 4,388,453	\$ 112,215	\$ 42,497,000	\$ 86,252,715
Liabilities And Fund Balances						
Liabilities						
Accounts payable and accrued liabilities	\$ 4,532,127	\$ 57,715	\$ 954,054	\$ 42,490	\$ 4,471,026	\$ 10,057,412
Due to other funds	—	—	450,460	2,800,000	2,172,637	5,423,097
Deferred revenue	1,098,126	614,163	—	—	604,324	2,316,613
Total Liabilities	5,630,253	671,878	1,404,514	2,842,490	7,247,987	17,797,122
Fund Balances						
Reserved for:						
Debt service	—	5,626,457	1,985,864	—	—	7,612,321
Unreserved, reported in:						
General fund	27,326,459	—	—	—	—	27,326,459
Special revenue funds	—	—	—	—	6,185,228	6,185,228
Capital projects funds	—	—	998,075	(2,730,275)	29,063,785	27,331,585
Total Fund Balances	27,326,459	5,626,457	2,983,939	(2,730,275)	35,249,013	68,455,593
Total Liabilities And Fund Balances	\$ 32,956,712	\$ 6,298,335	\$ 4,388,453	\$ 112,215	\$ 42,497,000	\$ 86,252,715

CITY OF LEE'S SUMMIT, MISSOURI

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS June 30, 2010

Total Fund Balance, Governmental Funds \$ 68,455,593

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	473,729,859
Less: Accumulated depreciation	(80,485,638)

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.

2,316,613

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

(334,198)

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

20,040,304

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	(3,570,410)
Bonds payable	(46,675,000)
Unamortized discounts	490,616
Unamortized Premiums	(55,167)
Unamortized bond issue costs	577,371
Claims and judgment accrual	(16,000,000)
Other Post Employment Benefit Liability	(615,830)

Total Net Assets - Governmental Activities \$ 417,874,113

CITY OF LEE'S SUMMIT, MISSOURI

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
For The Year Ended June 30, 2010**

	General Fund	Debt Service	Summit Woods TIF	Chapel Ridge TIF	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes						
Property	\$ 19,993,890	\$ 7,902,073	\$ 1,949,434	\$ 1,357,337	\$ 6,221,417	\$ 37,424,151
Sales	10,660,362	2,530,368	2,225,847	413,673	10,736,473	26,566,723
Franchise	14,825,593	—	—	—	—	14,825,593
License	—	—	—	—	666,550	666,550
Bed	—	—	—	—	311,027	311,027
Fines and forfeitures	1,413,806	82,146	—	—	29,625	1,525,577
Licenses and permits	1,290,840	—	—	—	1,881,865	3,172,705
Intergovernmental	681,191	—	745,948	135,319	1,158,201	2,720,659
Charges for services	3,408,445	—	—	—	128,122	3,536,567
Investment earnings	183,496	12,165	85,656	1,216	73,178	355,711
Other	1,709,646	—	301,854	14,055	628,351	2,653,906
Total Revenues	54,167,269	10,526,752	5,308,739	1,921,600	21,834,809	93,759,169
Expenditures						
Current:						
General government	8,926,497	—	—	—	977,186	9,903,683
Public safety	32,544,577	—	—	—	—	32,544,577
Public works and streets	10,630,529	—	—	—	—	10,630,529
Community development	957,816	—	—	—	—	957,816
Parks and recreation	—	—	—	—	5,367,440	5,367,440
Debt Service:						
Principal	—	9,595,000	925,000	—	—	10,520,000
Interest and other charges	—	1,952,464	630,451	6,307	131,812	2,721,034
Capital Outlay	—	—	11,113,369	5,038,100	18,964,704	35,116,173
Total Expenditures	53,059,419	11,547,464	12,668,820	5,044,407	25,441,142	107,761,252
Excess (Deficiency) Of						
Revenues Over Expenditures	1,107,850	(1,020,712)	(7,360,081)	(3,122,807)	(3,606,333)	(14,002,083)
Other Financing Sources (Uses)						
Issuance of bonds	—	—	—	—	5,000,000	5,000,000
Premium on issuance of bonds	—	—	—	—	98,075	98,075
Transfers in	3,392,759	—	—	1,550,195	859,431	5,802,385
Transfers out	(391,215)	(675,000)	—	—	(2,981,705)	(4,047,920)
Total Other Financing Sources (Uses)	3,001,544	(675,000)	—	1,550,195	2,975,801	6,852,540
Net Change In Fund Balances	4,109,394	(1,695,712)	(7,360,081)	(1,572,612)	(630,532)	(7,149,543)
Fund Balances - Beginning	23,217,065	7,322,169	10,344,020	(1,157,663)	35,879,545	75,605,136
Fund Balances - Ending	\$ 27,326,459	\$ 5,626,457	\$ 2,983,939	\$ (2,730,275)	\$ 35,249,013	\$ 68,455,593

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, 2010

Net Change In Fund Balances - Total Governmental Funds	\$ (7,149,543)
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 \$29,174,608 exceeded depreciation of \$9,291,393 in the current period.	19,883,215
Contributions of capital assets are recorded as capital contributions in the Statement of Activities. Contributions primarily represent infrastructure assets.	2,745,189
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.	185,594
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	10,520,000
Bond discount amortization	(57,634)
Bond premium	(98,075)
Bond premium amortization	69,542
Bond issue costs	43,936
Bond issue cost amortization	(122,519)
Accrued interest	37,907
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:	
Other post employment benefits	(165,882)
Compensated absences	(116,119)
Litigation Expense	(600,000)
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.	(296,773)
Change In Net Assets Of Governmental Activities	\$ 19,878,838

CITY OF LEE'S SUMMIT, MISSOURI
STATEMENT OF NET ASSETS – PROPRIETARY FUNDS
June 30, 2010

	Enterprise Funds						Internal Service Funds
	Combined Waterworks And Sewerage System	Sanitary Landfill	Airport	Nonmajor Enterprise Fund (Recreation Center)	Total		
Assets							
Current assets:							
Cash and investments	\$ 37,832,178	\$ 2,396,075	\$ 665,221	\$ 61,181	\$ 40,954,655	\$ 9,765,095	
Receivables (net of allowance):							
Accounts and other	1,671,218	314,714	83,147	—	2,069,079	—	
Unbilled accounts	952,604	—	—	—	952,604	—	
Interest	144,111	20,841	3,735	447	169,134	38,190	
Due from other governments	—	—	68,149	—	68,149	—	
Inventories	322,684	—	37,158	—	359,842	118,135	
Prepaid expenses	—	—	6,700	—	6,700	—	
Other assets	53,593	—	—	—	53,593	9,530	
Total current assets	40,976,388	2,731,630	864,110	61,628	44,633,756	9,930,950	
Noncurrent assets:							
Restricted cash and investments	881,848	—	—	—	881,848	—	
Deferred bond issue costs, net	98,379	—	9,630	—	108,009	—	
Capital assets:							
Nondepreciable	22,466,116	3,012,291	27,625,148	—	53,103,555	104,250	
Depreciable, net	158,348,827	3,285,540	6,416,106	221,445	168,271,918	10,679,182	
Total noncurrent assets	181,795,170	6,297,831	34,050,884	221,445	222,365,330	10,783,432	
Total Assets	222,771,558	9,029,461	34,914,994	283,073	266,999,086	20,714,382	
Liabilities							
Current liabilities:							
Accounts payable	3,068,926	136,910	63,744	68,775	3,338,355	488,302	
Salaries payable	—	—	—	—	—	2,624	
Accrued interest payable	21,129	—	11,155	—	32,284	2,955	
Due to other funds	—	7,973	1,835,047	—	1,843,020	—	
Remediation obligation	—	426,000	—	—	426,000	—	
Unearned revenue	—	—	25,906	—	25,906	—	
Compensated absences	10,314	3,417	1,000	2,158	16,889	11,018	
Current portion of long-term debt - bonds	3,505,000	—	45,000	—	3,550,000	—	
Payable from restricted assets:							
Customer deposit	409,068	—	29,895	—	438,963	—	
State revolving loan fund	437,500	—	—	—	437,500	—	
Total current liabilities	7,451,937	574,300	2,011,747	70,933	10,108,917	504,899	
Noncurrent liabilities:							
Revenue bonds	16,420,314	—	—	—	16,420,314	—	
Certificates of participation	—	—	590,000	—	590,000	—	
Compensated absences	191,127	44,729	23,780	35,386	295,022	136,010	
Closure and post-closure liability	—	6,582,850	—	—	6,582,850	—	
Unamortized bond discount, net	—	—	(5,873)	—	(5,873)	—	
Other post employment benefits	52,591	5,961	4,479	—	63,031	33,169	
Total noncurrent liabilities	16,664,032	6,633,540	612,386	35,386	23,945,344	169,179	
Total Liabilities	24,115,969	7,207,840	2,624,133	106,319	34,054,261	674,078	
Net Assets							
Invested in capital assets, net of related debt	160,889,629	6,297,831	33,406,254	221,445	200,815,159	10,783,432	
Restricted for debt service	3,224,625	—	—	—	3,224,625	—	
Restricted for capital projects	27,827,814	85,914	1,217,067	—	29,130,795	—	
Unrestricted	6,713,521	(4,562,124)	(2,332,460)	(44,691)	(225,754)	9,256,872	
Total Net Assets	\$ 198,655,589	\$ 1,821,621	\$ 32,290,861	\$ 176,754	\$ 232,944,825	\$ 20,040,304	

CITY OF LEE'S SUMMIT, MISSOURI

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS For The Year Ended June 30, 2010

	Enterprise Funds						Internal Service Funds
	Combined Waterworks And Sewerage System	Sanitary Landfill	Airport	Nonmajor Enterprise Fund (Recreation Center)	Total		
Operating Revenues							
Charges for services	\$ 25,425,733	\$ 2,071,725	\$ 504,363	\$ 970,765	\$ 28,972,586	\$ 6,563,390	
Material and fuel sales	46,548	—	544,296	—	590,844	—	
Intergovernmental	—	—	1,982,042	—	1,982,042	—	
Other	1,594,583	24,448	104,152	83,036	1,806,219	31,570	
Total Operating Revenues	27,066,864	2,096,173	3,134,853	1,053,801	33,351,691	6,594,960	
Operating Expenses							
Salaries, wages, and employee benefits	3,481,427	922,949	368,469	715,368	5,488,213	2,524,072	
Water purchases	4,470,933	—	—	—	4,470,933	—	
Utilities	662,606	74,096	51,896	58,677	847,275	366,672	
Repairs and maintenance	750,053	152,187	139,749	20,119	1,062,108	606,063	
Sewer services	4,434,037	—	—	—	4,434,037	—	
Fuels and lubricants	103,656	130,157	443,518	—	677,331	6,682	
Depreciation	4,139,918	155,793	268,297	31,890	4,595,898	2,806,172	
Miscellaneous	2,254,671	992,555	157,044	408,371	3,812,641	1,273,319	
Total Operating Expenses	20,297,301	2,427,737	1,428,973	1,234,425	25,388,436	7,582,980	
Operating Income (Loss)	6,769,563	(331,564)	1,705,880	(180,624)	7,963,255	(988,020)	
Nonoperating Revenues (Expenses)							
Interest income	129,101	10,129	5,634	408	145,272	15,160	
Interest expense	(1,141,984)	(23,739)	(61,006)	(25)	(1,226,754)	—	
Gain on disposal of fixed assets	—	400	—	—	400	301,952	
Total Nonoperating Revenues (Expenses)	(1,012,883)	(13,210)	(55,372)	383	(1,081,082)	317,112	
Income Before Contributions And Transfers	5,756,680	(344,774)	1,650,508	(180,241)	6,882,173	(670,908)	
Capital Contributions	239,247	—	—	—	239,247	—	
Transfers In	—	—	—	56,213	56,213	375,883	
Transfers Out	(1,860,959)	(244,967)	(78,887)	—	(2,184,813)	(1,748)	
Change In Net Assets	4,134,968	(589,741)	1,571,621	(124,028)	4,992,820	(296,773)	
Total Net Assets - Beginning, As Previously Stated	194,097,619	2,411,362	30,719,240	300,782	227,529,003	20,337,077	
Prior Period Adjustment	423,002	—	—	—	423,002	—	
Total Net Assets - Beginning, As Restated	194,520,621	2,411,362	30,719,240	300,782	227,952,005	20,337,077	
Total Net Assets - Ending	\$ 198,655,589	\$ 1,821,621	\$ 32,290,861	\$ 176,754	\$ 232,944,825	\$ 20,040,304	

CITY OF LEE'S SUMMIT, MISSOURI
PROPRIETARY FUNDS STATEMENT OF CASH FLOWS
For The Year Ended June 30, 2010

	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	\$ 27,210,054	\$ 1,879,284	\$ 4,344,579	\$ 1,053,801	\$ 34,487,718	\$ 6,594,960	
Cash paid to suppliers	(11,945,411)	(1,238,289)	(2,628,961)	(481,007)	(16,293,668)	(2,371,800)	
Cash paid to employees	(3,448,431)	(915,233)	(367,504)	(707,739)	(5,438,907)	(2,508,216)	
Net Cash Provided By (Used In) Operating Activities	11,816,212	(274,238)	1,348,114	(134,945)	12,755,143	1,714,944	
Cash Flows From Noncapital Financing Activities							
Transfers in	—	—	—	56,213	56,213	375,883	
Transfers out	(1,860,959)	(244,967)	(78,887)	—	(2,184,813)	(1,748)	
Net Cash Provided By (Used In) Noncapital Financing Activities	(1,860,959)	(244,967)	(78,887)	56,213	(2,128,600)	374,135	
Cash Flows From Capital And Related Financing Activities							
Principal payments on long-term debt	(3,737,500)	—	(45,000)	—	(3,782,500)	—	
Interest paid on long-term debt obligations	(1,128,190)	(23,739)	(61,360)	(25)	(1,213,314)	—	
Additions to capital assets	(8,462,658)	(2,601,949)	(1,441,972)	(14,965)	(12,521,544)	(2,421,223)	
Proceeds from sale of capital assets	—	400	—	—	400	301,952	
Net Cash Used In Capital And Related Financing Activities	(13,328,348)	(2,625,288)	(1,548,332)	(14,990)	(17,516,958)	(2,119,271)	
Cash Flows Provided By Investing Activities							
Interest received	479,439	63,520	35,133	6,696	584,788	119,604	
Net Decrease In Cash And Cash Equivalents	(2,893,656)	(3,080,973)	(243,972)	(87,026)	(6,305,627)	89,412	
Cash And Cash Equivalents - Beginning Of Year	41,607,682	5,477,048	909,193	148,207	48,142,130	9,675,683	
Cash And Cash Equivalents - End Of Year	\$ 38,714,026	\$ 2,396,075	\$ 665,221	\$ 61,181	\$ 41,836,503	\$ 9,765,095	
Operating income (loss)	\$ 6,769,563	\$ (331,564)	\$ 1,705,880	\$ (180,624)	\$ 7,963,255	\$ (988,020)	
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation and amortization	4,139,918	155,793	268,297	31,890	4,595,898	2,806,172	
Changes in assets and liabilities:							
(Increase) decrease in inventories	105,799	—	3,012	—	108,811	8,862	
Decrease in accounts receivable	83,705	(224,862)	2,976	—	(138,181)	—	
Increase in due from other government agencies	—	—	1,238,337	—	1,238,337	—	
Decrease in unbilled revenue	62,389	—	—	—	62,389	—	
(Increase) decrease in prepaid expenses	—	—	540	—	540	—	
(Increase) decrease in other assets	10,509	—	193	—	10,702	(6,606)	
Increase (decrease) in accounts payable	614,237	(4,092)	(1,840,499)	6,160	(1,224,194)	(121,320)	
Increase (decrease) in other accrued expenses	—	426,000	—	—	426,000	—	
Increase in due to other funds	—	7,973	(29,894)	—	(21,921)	—	
Increase in customer deposits	(2,904)	—	(1,693)	—	(4,597)	—	
Increase (decrease) in accrued landfill closure/postclosure care costs	—	(311,202)	—	—	(311,202)	—	
Increase in other post employment benefits	15,647	2,311	1,363	—	19,321	8,999	
Increase (decrease) in accrued compensated absences	17,349	5,405	(398)	7,629	29,985	6,857	
Total adjustments	5,046,649	57,326	(357,766)	45,679	4,791,888	2,702,964	
Net Cash Provided By (Used In) Operating Activities	\$ 11,816,212	\$ (274,238)	\$ 1,348,114	\$ (134,945)	\$ 12,755,143	\$ 1,714,944	

Supplemental Disclosure Of Cash Flow Information

The City has the following noncash transactions: \$239,247 in water and sewer lines were contributed during fiscal year 2010.

CITY OF LEE'S SUMMIT, MISSOURI
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010

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 93,000 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.

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.

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.

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

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

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 has elected not to 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.

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

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.

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

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

Expenses/Expenditures

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

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

Cash, Cash 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.

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

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>\$ 1.4926</u>

Inventories And Prepaid Items

Inventories are stated at the lower of cost, determined on the first-in, first-out (FIFO) method, or market. 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.

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

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, 2010.

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.

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.

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (Continued)

The fair values, as determined by quoted market prices and the maturities, of the City's investments at June 30, 2010 are as follows:

	Fair Value	Less Than 1 Year	1 To 5 Years	5 To 10 Years
Certificates of deposit	\$ 16,293,000	\$ 6,439,000	\$ 9,854,000	\$ —
U.S. Treasury securities	65,894,012	55,610,476	10,283,536	—
U.S. Agency securities	4,074,032	—	4,074,032	—
Municipal bonds	5,002,800	—	5,002,800	—
Repurchase agreements	23,665,000	23,665,000	—	—
Guaranteed investment contracts	2,551,500	875,000	—	1,676,500
Money market funds	3,434,468	3,434,468	—	—
	<u>\$ 120,914,812</u>	<u>\$ 90,023,944</u>	<u>\$ 29,214,368</u>	<u>\$ 1,676,500</u>
Cash deposits per books	<u>\$ (2,021,899)</u>			
Cash and investments per Statement of Net Assets	<u><u>\$ 118,892,913</u></u>			

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. As of June 30, 2010, the City's deposits were under collateralized by approximately \$4,147,000.

For investments, 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.

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (Continued)

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, 2010, the City's investments were rated by Moody's Investment Service or Standard & Poor's as follows:

	Fair Value	AAA/Aaa	MIG1/VMIG1	Unrated
U.S. Treasury securities*	\$ 65,894,012	\$ —	\$ —	\$ —
U.S. Agency securities	4,074,032	4,074,032	—	—
Municipal bonds	5,002,800	—	5,002,800	—
Repurchase agreements	23,665,000	—	—	23,665,000
Guaranteed investment contracts	2,551,500	—	—	2,551,500
Money market funds	3,434,468	—	—	3,434,468
Total	\$ 104,621,812	\$ 4,074,032	\$ 5,002,800	\$ 29,650,968

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

Concentration Risk

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

Investment Type	Minimum Allocation	Maximum Allocation
General Time Deposits	0%	30%
U.S. Treasury Securities having principal and interest guaranteed by the U.S. Government	15%	100%
U.S. Government Agencies and Governmental Sponsored Enterprises	0%	75%
U.S. Government Agency Callable Securities	0%	15%
Missouri/Kansas State or Municipal Debt	0%	25%

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

Issuer	Investment Type	Reported Amount
Johnson County, MO Hospital Build America Bonds	Municipal Bond	\$ 5,002,800
Repurchase Agreements	**	23,665,000

- ** 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, 2010 was as follows:

	Governmental Activities			
	Balance June 30, 2009	Additions	Deductions	Balance June 30, 2010
Nondepreciable capital assets:				
Land	\$ 7,997,075	\$ —	\$ —	\$ 7,997,075
Construction in progress	88,346,763	28,776,393	93,525	117,029,631
Total nondepreciable capital assets	96,343,838	28,776,393	93,525	125,026,706
Depreciable capital assets:				
Buildings	61,242,284	83,091	—	61,325,375
Improvement other than buildings	22,100,770	295,892	—	22,396,662
Furniture, fixtures and equipment	30,483,210	2,577,399	1,280,826	31,779,783
Infrastructure	256,909,260	2,755,203	—	259,664,463
Total depreciable capital assets	370,735,524	5,711,585	1,280,826	375,166,283
Less: Accumulated depreciation				
Buildings	10,666,638	2,366,968	—	13,033,606
Improvement other than buildings	6,684,577	1,208,443	—	7,893,020
Furniture, fixtures and equipment	18,050,592	3,224,685	1,227,393	20,047,884
Infrastructure	49,893,357	5,297,469	—	55,190,826
Total accumulated depreciation	85,295,164	12,097,565	1,227,393	96,165,336
Total depreciable capital assets, net	285,440,360	(6,385,980)	53,433	279,000,947
Total governmental activities capital assets, net	\$ 381,784,198	\$ 22,390,413	\$ 146,958	\$ 404,027,653

Depreciation expense was charged to functions as follows:

General government	\$ 778,007
Public safety	1,128,136
Public works and streets	5,608,695
Parks and recreation	1,776,555
Capital assets held by the government's Internal Service Funds are charged to the various functions based on their usage of the assets	2,806,172
	<u>\$ 12,097,565</u>

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Business-Type Activities

	Balance June 30, 2009	Additions	Deductions	Balance June 30, 2010
Nondepreciable capital assets:				
Land	\$ 7,634,278	\$ —	\$ —	\$ 7,634,278
Construction in progress	33,089,799	12,379,478	—	45,469,277
Total nondepreciable capital assets	40,724,077	12,379,478	—	53,103,555
Depreciable capital assets:				
Structures and improvements	232,243,776	386,468	—	232,630,244
Furniture, fixtures and equipment	3,318,593	15,439	—	3,334,032
Total depreciable capital assets	235,562,369	401,907	—	235,964,276
Less: Accumulated depreciation				
Structures and improvements	60,642,784	4,491,047	—	65,133,831
Furniture, fixtures and equipment	2,453,676	104,851	—	2,558,527
Total accumulated depreciation	63,096,460	4,595,898	—	67,692,358
Total depreciable capital assets, net	172,465,909	(4,193,991)	—	168,271,918
Total governmental activities capital assets, net	\$ 213,189,986	\$ 8,185,487	\$ —	\$ 221,375,473

Depreciation expense was charged to functions as follows:

Combined waterworks and sewerage system	\$ 4,139,918
Sanitary landfill	155,793
Airport	268,297
Nonmajor enterprise funds	31,890
	<u>31,890</u>
	<u>\$ 4,595,898</u>

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

Debt payable at June 30, 2010 is composed of the following:

	Interest Rates	Maturity Date	Balance June 30, 2010
Governmental Activities			
General obligation bonds:			
City hall – 2003	2.00 - 4.75	4/1/2023	\$ 19,075,000
Improvement bonds – 2006	3.50 – 3.75	4/1/2011	2,030,000
Improvement bonds – 2009	3.00	4/1/2011	<u>2,500,000</u>
Total general obligation bonds			<u><u>\$ 23,605,000</u></u>
Certificates of participation:			
City park – 2006	4.00 – 4.30	7/1/2018	<u><u>\$ 14,445,000</u></u>
TIF bonds:			
Summit woods crossing – 2001	4.85 – 6.25	5/1/2017	<u><u>\$ 8,625,000</u></u>
Business-Type Activities			
Combined Waterworks and Sewerage Fund:			
Revenue bonds:			
Water pollution control (SRF) – 1990	5.70 – 7.125	12/1/2010	\$ 875,000
2002 Refunding	4.00 – 5.25	7/1/2015	7,525,000
Series – 2002 (A)	3.00 – 5.00	7/1/2022	9,460,000
Waterworks – 2004	2.93	4/1/2013	<u>2,160,000</u>
Total revenue bonds			<u><u>\$ 20,020,000</u></u>
State revolving loan fund (1)		12/1/2010	<u><u>\$ 437,500</u></u>
Airport Fund:			
Certificates of participation – airport – 2000	4.40 – 5.40	9/1/2020	<u><u>\$ 635,000</u></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, 2010:

Governmental Activities	Balance June 30, 2009	Additions	Reductions	Balance June 30, 2010	Amounts Due Within One Year
General obligation bonds	\$ 26,735,000	\$ 5,000,000	\$ (8,130,000)	\$ 23,605,000	\$ 5,630,000
Less: Bond discount	(153,886)	—	16,702	(137,184)	—
Add: Bond Premium	26,634	98,075	(69,542)	55,167	—
Total general obligation bonds	26,607,748	5,098,075	(8,182,840)	23,522,983	5,630,000
Certificates of participation	15,910,000	—	(1,465,000)	14,445,000	1,650,000
Less: Bond discount	(87,772)	—	9,752	(78,020)	—
Total certificates of participation	15,822,228	—	(1,455,248)	14,366,980	1,650,000
TIF bonds	9,550,000	—	(925,000)	8,625,000	975,000
Less: Bond discount	(306,592)	—	31,180	(275,412)	—
Total TIF bonds	9,243,408	—	(893,820)	8,349,588	975,000
Accrued compensated absences	3,594,462	294,938	(171,962)	3,717,438	146,587
Claims and judgments	15,400,000	600,000	—	16,000,000	—
Other post employment benefits	474,118	203,881	(29,000)	648,999	—
Total governmental activities long-term obligations	\$ 71,141,964	\$ 6,196,894	\$ (10,732,870)	\$ 66,605,988	\$ 8,401,587

The total long-term liabilities of \$66,605,988 consist of compensated absences and other post employment benefits of \$147,028 and \$33,169, respectively related to Internal Service Funds, while the remaining amount of \$66,425,791 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, 2009	Additions	Reductions	Balance June 30, 2010	Amounts Due Within One Year
Combined waterworks and sewerage system fund:					
Revenue bonds	\$ 23,350,000	\$ —	\$ (3,330,000)	\$ 20,020,000	\$ 3,505,000
Less: Bond discount	(111,130)	—	16,444	(94,686)	—
Total revenue bonds	23,238,870	—	(3,313,556)	19,925,314	3,505,000
State revolving loan fund	845,000	—	(407,500)	437,500	437,500
Compensated absences	184,091	28,537	(11,187)	201,441	10,314
Other post employment benefits	36,944	15,647	—	52,591	—
Total waterworks and sewerage fund	24,304,905	44,184	(3,732,243)	20,616,846	3,952,814
Sanitary landfill fund:					
Landfill closure/post closure care	6,894,052	—	(311,202)	6,582,850	—
Compensated absences	42,741	7,272	(1,867)	48,146	3,417
Other post employment benefits	3,650	2,311	—	5,961	—
Total sanitary landfill fund	6,940,443	9,583	(313,069)	6,636,957	3,417
Airport fund:					
Certificates of participation	680,000	—	(45,000)	635,000	45,000
Less: Bond discount	(6,446)	—	573	(5,873)	—
Total certificates of participation	673,554	—	(44,427)	629,127	45,000
Compensated absences	25,178	422	(820)	24,780	1,000
Other post employment benefits	3,116	1,363	—	4,479	—
Total airport fund	701,848	1,785	(45,247)	658,386	46,000
Nonmajor enterprise fund:					
Compensated absences	29,916	9,078	(1,450)	37,544	2,158
Total business-type activities long-term obligations	\$ 31,977,112	\$ 64,630	\$ (4,092,009)	\$ 27,949,733	\$ 4,004,389

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Debt service requirements on long-term debt at June 30, 2010 are as follows:

Year	General Obligation Bonds		Governmental Activities Certificates Of Participation		TIF Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 5,630,000	\$ 980,750	\$ 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	1,325,000	640,375	2,330,000	382,713	1,325,000	267,188
2016 – 2020	7,575,000	2,316,700	6,655,000	529,975	2,950,000	279,688
2021 – 2023	5,375,000	518,089	—	—	—	—
	\$ 23,605,000	\$ 6,676,039	\$ 14,445,000	\$ 3,013,040	\$ 8,625,000	\$ 2,314,315

Year	Enterprise Fund			
	Combined Waterworks And Sewerage System			
	Revenue Bonds		State Revolving Loan	
	Principal	Interest	Principal	Interest
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	2,355,000	411,425	—	—
2016 – 2020	4,185,000	1,116,688	—	—
2021 – 2023	1,995,000	151,000	—	—
	\$ 20,020,000	\$ 4,547,884	\$ 437,500	\$ —

Year	Enterprise Fund	
	Airport	
	Principal	Interest
2011	\$ 45,000	\$ 32,293
2012	45,000	30,065
2013	50,000	27,640
2014	50,000	25,040
2015	55,000	22,310
2016 – 2020	315,000	64,385
2021	75,000	2,025
	\$ 635,000	\$ 203,758

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 cost 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 the 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 2010, 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, 2010, the constitutionally imposed total general obligation debt limit was \$328,184,891, which, after reduction for authorized general obligation bonds net of available resources in the Debt Service Fund, provides a general obligation debt margin of \$294,618,281.

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.

All required minimum reserve amounts for each revenue bond series have been properly maintained by the City at June 30, 2010. The City is also in compliance with minimum net revenue covenants (as defined in the indenture) at June 30, 2010.

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
Summit Woods TIF	\$ 3,760	\$ —
Chapel Ridge TIF	177,667	1,176,191
Nonmajor Governmental	7,615,308	544,000
Combined Waterworks and Sewerage System	4,436,210	—
Airport	706,024	670,722
Sanitary Landfill	462	—
	<hr/> \$ 12,939,431	<hr/> \$ 2,390,913

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, 2010 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental	\$ 2,157,637
General Fund	Summit Woods TIF	450,460
General Fund	Chapel Ridge TIF	2,800,000
General Fund	Airport	1,835,047
General Fund	Landfill	7,973
Nonmajor Governmental	Nonmajor Governmental	<u>15,000</u>
Total		<u><u>\$ 7,266,117</u></u>

The \$1,835,047 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 \$450,460 payable from the Summit Woods TIF Fund to the General Fund represents funds that were temporarily provided until bond proceeds were reimbursed from the trustee to the city for capital projects under construction.

The \$2,800,000 payable from the Chapel Ridge TIF Fund to the General Fund represents an interfund loan for the Strother Road Interchange that was approved in 2009. This loan is being repaid with PILOTS and EATS over the next five years.

Other interfund payables and receivables represent fund overdraws of cash, which are made in the ordinary course of business. Most of these overdraws are temporary until bond proceeds are reimbursed from the bond trustee for projects under construction.

Interfund transfers:

	<u>Transfers To</u>					<u>Total</u>
	<u>General Fund</u>	<u>Chapel Ridge TIF</u>	<u>Nonmajor Govern- mental</u>	<u>Nonmajor Enterprise</u>	<u>Internal Service</u>	
Transfers from:						
General Fund	\$ —	\$ —	\$ 43,598	\$ 56,213	\$ 291,404	\$ 391,215
Debt Service Fund	—	—	675,000	—	—	675,000
Internal Service Funds	—	—	—	—	1,748	1,748
Nonmajor Governmental Combined Waterworks and Sewerage System	1,381,220	1,550,195	40,833	—	9,457	2,981,705
Sanitary Landfill	1,792,001	—	—	—	68,958	1,860,959
Airport	144,330	—	100,000	—	637	244,967
	75,208	—	—	—	3,679	78,887
	<u>\$ 3,392,759</u>	<u>\$ 1,550,195</u>	<u>\$ 859,431</u>	<u>\$ 56,213</u>	<u>\$ 375,883</u>	<u>\$ 6,234,481</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, 2010, \$1,792,001 was transferred from the Combined Waterworks and Sewer System Fund to the General Fund for general and administrative expenses.

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 11.5% (general), 15.0% (police), and 13.6% (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 2010, the City's annual pension cost of \$4,316,017 was equal to the required and actual contributions. The required contribution was determined as part of the February 29, 2008 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 29, 2008 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 29, 2008 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, 2008	\$ 4,327,998	100%	—
June 30, 2009	4,419,824	100	—
June 30, 2010	4,316,017	100	—

Funding Status And Progress

As of February 28, 2010, the most recent actuarial valuation date, the plan was 78% funded. The actuarial accrued liability for benefits was \$83,900,000, and the actuarial value of assets was \$65,770,000, resulting in an unfunded actuarial accrual liability (UAAL) of \$18,130,000. The covered payroll (annual payroll of active employees covered by the plan) was \$34,070,000, and the ratio of the UAAL to the covered payroll was 53%.

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 And Net OPEB Obligation

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

Annual Required Contribution	
Normal Costs	\$ 121,968
Amortization of Unfunded Actuarial Accrued Liability (Amortization Factor 14.95413)	106,087
	<u>228,055</u>
Interest On OPEB Obligation	29,775
Adjustment To Annual Required Contribution	<u>(34,628)</u>
Annual OPEB Cost	223,202
Expected Contribution (related to implicit rate subsidy)	<u>29,000</u>
	194,202
Net OPEB Obligation, Beginning Of Year	<u>517,828</u>
Net OPEB Obligation, End Of Year	<u><u>\$ 712,030</u></u>

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (Continued)

Schedule Of Employer Contributions

For The Year Ended June 30,	Annual OPEB Cost	*Percentage Contributed	Net OPEB Obligation
2008	\$ 294,154	12%	\$ 258,914
2009	294,154	12%	517,828
2010	223,202	13%	712,030

* Contribution related to implicit rate subsidy

Schedule Of Funding Progress

Actuarial Valuation Date	(a) Actuarial Value Of Assets	(b) Actuarial Accrued Liability (AAL)	(b-a) Unfunded Accrued Liability (UAAL)	(a/b) Funded Ratio	*(c) Annual Covered Payroll	((b-a)/c) UAAL As A Percentage Of Covered Payroll
July 1, 2007	\$ —	\$ 2,149,452	\$ 2,149,452	—	\$ 29,604,265	7.3%
July 1, 2009	—	1,586,434	1,586,434	—	32,175,017	4.9%

* 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, 2009 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 5.75% 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 \$2,000,000 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 \$2,000,000. The City has accrued a liability in this matter of \$16,000,000, which is included in the government-wide financial statements as of June 30, 2010.

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, 2010.

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, 2010, the City's total estimated liability for payment of incurred but unpaid claims for workers' compensation was \$291,967 and is included in accounts payable in the Workers' Compensation Self-Insurance Fund.

Changes in self-insured claims liability at June 30, 2010 and 2009 were as follows:

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	339,687
Add: Current year claims and change in estimate	223,291
Less: Claim payments	<u>271,011</u>
Balance – June 30, 2010	<u><u>\$ 291,967</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 \$6,582,850 reported as landfill closure and postclosure care liability at June 30, 2010 represents the cumulative estimate of closure and postclosure care costs based on the use of approximately 76% 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 \$2,077,655 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 2010 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, 2010, the City had outstanding contracts of obligation in the amount of \$8,901,294. 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 funds listed below will be eliminated by future revenues or transfers.

Capital Project Funds	
Chapel Ridge TIF	\$ 2,730,275
Nonmajor:	
Arterial Street Lights II	364,100
Public Safety Issues	203,504
Todd George/50 Hwy TIF	372,003
Salt Dome No. 2	57,218
New Longview TIF	2,251
Road & Bridge Excise/Sales Tax	<u>1,708,404</u>
	<u>5,437,755</u>
Special Revenue Funds - Nonmajor	
Legacy Park Community Center	62,246
Entitlement Fund	27,361
Energy Efficiency Grant	1,775
Swimming Pool	<u>13,746</u>
	<u>105,128</u>
	<u>\$ 5,542,883</u>

12. Pollution Remediation Obligation

During 2010, the Missouri Department of Natural Resources notified the City of gas migration that was in violation of their permit. In response, the City proposed a two phased approach to address the gas migration at the solid waste facility consisting of management of liquids within the landfill followed by installation of a horizontal gas collection trench in the event that the first phase did not result in quantifiable improvements. This proposal was approved by the Missouri Department of Natural Resources and the project has gone out to bid. The City's engineers and Aquaterra, an environmental solutions firm, used their experience with similar projects to estimate the cost of the trench project at \$426,000. As a result, this amount has been accrued as a liability in the current year and the project is expected to be completed within the next year. Completion of this project should put the landfill site back in compliance with the Missouri Solid Waste Management Laws of the Missouri Department of Natural Resources.

13. Subsequent Events

In December 2010, the City issued additional general obligation bonds that have a principal amount of \$5,000,000, with interest ranging between 2.0 and 3.0 percent, to be repaid in two equal installments through April 1, 2012.

14. Prior Period Adjustments

During the 2010 fiscal year, the City determined that a journal entry related to accounts payable for the Combined Waterworks and Sewerage System fund was recorded twice at June 30, 2009. This caused accounts payable in the Combined Waterworks and Sewerage System fund to be overstated by \$423,002. The effect of this prior period adjustment was to increase beginning net assets by \$423,002.

Additionally, during the 2010 fiscal year, the City determined that deferred issuance costs and discounts related to the Summit Woods TIF bonds were not recorded at June 30, 2009. This caused the expenses for the Summit Woods TIF to be overstated by \$676,263 on the government wide financial statements. Since deferred issuance costs and discounts are not recorded at the fund level, there was no impact on the fund financial statements. The effect of this prior period adjustment was to increase governmental activities net assets by \$676,263 at the government wide level.



Required Supplementary Information



CITY OF LEE'S SUMMIT, MISSOURI
BUDGETARY COMPARISON INFORMATION
GENERAL FUND
For The Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		Actual	Variances With
	Original	Final		Final Budget - Positive (Negative)
Revenues				
Taxes	\$ 43,215,915	\$ 43,215,915	\$ 45,479,845	\$ 2,263,930
Fees and forfeitures	1,524,274	1,524,274	1,413,806	(110,468)
Licenses and permits	1,179,870	1,179,870	1,290,840	110,970
Intergovernmental	802,172	802,172	681,191	(120,981)
Charges for services	3,410,712	3,410,712	3,408,445	(2,267)
Investment earnings	583,493	583,493	183,496	(399,997)
Other	1,477,210	1,477,210	1,709,646	232,436
Total Revenues	52,193,646	52,193,646	54,167,269	1,973,623
Expenditures				
Current:				
General government:				
Administration	3,311,027	3,511,027	3,151,139	359,888
Codes administration	1,463,062	1,463,062	1,403,478	59,584
Finance	2,654,187	2,654,187	2,536,922	117,265
Municipal court	821,295	821,295	766,042	55,253
Legal	1,132,084	1,132,084	1,068,916	63,168
Public Safety:				
Law enforcement	18,143,250	18,143,250	17,811,752	331,498
Fire/EMS	15,308,686	15,308,686	14,732,825	575,861
Public works and streets:				
Public works/engineering	4,415,572	4,415,572	4,039,403	376,169
Street operations	6,988,949	6,988,949	6,591,126	397,823
Community development	1,038,639	1,038,639	957,816	80,823
Total Expenditures	55,276,751	55,476,751	53,059,419	2,417,332
Excess (Deficiency) Of Revenues				
Over Expenditures	(3,083,105)	(3,283,105)	1,107,850	4,390,955
Other Financing Sources (Uses)				
Transfers in	3,764,085	3,764,085	3,392,759	(371,326)
Transfers out	(414,833)	(414,833)	(391,215)	23,618
Total Other Financing				
Sources (Uses)	3,349,252	3,349,252	3,001,544	(347,708)
Net Change In Fund Balances	266,147	66,147	4,109,394	4,043,247
Fund Balances - Beginning	15,940,698	15,940,698	23,217,065	7,276,367
Fund Balances - Ending	\$ 16,206,845	\$ 16,006,845	\$ 27,326,459	\$ 11,319,614

CITY OF LEE'S SUMMIT, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) NOTES TO BUDGETARY COMPARISON INFORMATION For The Year Ended June 30, 2010

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, the Gamber Center Fund and the Energy Efficiency Grant 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 at June 30, 2010:

<u>Fund</u>	<u>Amount</u>
Debt Service	\$ 2,580,796
Community Center	23,517

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, 2010**

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%
February 28, 2010	65,768,393	83,898,840	18,130,447	78	34,073,176	53%

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 (AAL)	(b-a) Unfunded Accrued Liability (UAAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	((b-a)/c) UAAL As A Percentage Of Covered Payroll
July 1, 2007	\$ —	\$ 2,149,452	\$ 2,149,452	—	\$ 29,604,265	7%
July 1, 2009	—	1,586,434	1,586,434	—	32,175,017	5%

Supplementary Information

Combining And Individual Fund Financial
Statements And Schedules

CITY OF LEE'S SUMMIT, MISSOURI

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2010**

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
Assets			
Pooled cash and investments	\$ 7,683,566	\$ 30,657,902	\$ 38,341,468
Receivables (net of allowance):			
Taxes	174,091	2,530,760	2,704,851
Interest	25,909	93,403	119,312
Due from other funds	15,000	—	15,000
Due from other governments	57,619	1,220,895	1,278,514
Other receivables	33,406	225	33,631
Other assets	4,224	—	4,224
Total Assets	\$ 7,993,815	\$ 34,503,185	\$ 42,497,000
Liabilities And Fund Balances			
Liabilities:			
Accounts payable and accrued liabilities	\$ 1,521,119	\$ 2,949,907	\$ 4,471,026
Due to other funds	95,543	2,077,094	2,172,637
Unearned revenue	191,925	412,399	604,324
Total Liabilities	1,808,587	5,439,400	7,247,987
Fund balances:			
Unreserved	6,185,228	29,063,785	35,249,013
Total Liabilities And Fund Balances	\$ 7,993,815	\$ 34,503,185	\$ 42,497,000

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, 2010**

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
Revenues			
Taxes			
Property	\$ 2,860,791	\$ 3,360,626	\$ 6,221,417
Sales	—	10,736,473	10,736,473
License	—	666,550	666,550
Bed	311,027	—	311,027
Fines and forfeitures	29,625	—	29,625
Licenses and permits	1,881,865	—	1,881,865
Intergovernmental	568,258	589,943	1,158,201
Charges for services	128,122	—	128,122
Investment earnings	14,099	59,079	73,178
Other	601,106	27,245	628,351
Total Revenues	6,394,893	15,439,916	21,834,809
Expenditures			
Current:			
General government	967,627	9,559	977,186
Parks and recreation	5,367,440	—	5,367,440
Debt Service:			
Interest and other charges	—	131,812	131,812
Capital outlay	—	18,964,704	18,964,704
Total Expenditures	6,335,067	19,106,075	25,441,142
Excess Of Revenues Over Expenditures	59,826	(3,666,159)	(3,606,333)
Other Financing Sources (Uses)			
Issuance of bonds	—	5,000,000	5,000,000
Premium on issuance of bonds	—	98,075	98,075
Transfers in	359,431	500,000	859,431
Transfers out	(56,511)	(2,925,194)	(2,981,705)
Total Other Financing Sources (Uses)	302,920	2,672,881	2,975,801
Net Change In Fund Balances	362,746	(993,278)	(630,532)
Fund Balances - Beginning	5,822,482	30,057,063	35,879,545
Fund Balances - Ending	\$ 6,185,228	\$ 29,063,785	\$ 35,249,013

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.

Energy Efficiency Grant - Established to account for money received from the Federal Department of Energy to go towards projects for energy efficiency and conservation.

CITY OF LEE'S SUMMIT, MISSOURI

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2010**

	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	Energy Efficiency Grant	Total Nonmajor Special Revenue Funds
Assets												
Pooled cash and investments	\$ 934,410	\$ 140,167	\$ 17,253	\$ 3,977	\$ 2,671	\$ 3,931,798	\$ 1,132,340	\$ 1,399,037	\$ 6,247	\$ 111,034	\$ 4,632	\$ 7,683,566
Receivables (net of allowance):												
Taxes receivable, net	174,091	—	—	—	—	—	—	—	—	—	—	174,091
Interest	3,035	219	(1,114)	—	—	13,102	4,629	5,528	262	248	—	25,909
Due from other funds	15,000	—	—	—	—	—	—	—	—	—	—	15,000
Due from other governments	—	—	—	—	7,251	—	—	—	—	—	50,368	57,619
Other receivables	—	—	—	—	—	—	—	—	33,406	—	—	33,406
Other assets	4,224	—	—	—	—	—	—	—	—	—	—	4,224
Total Assets	\$ 1,130,760	\$ 140,386	\$ 16,139	\$ 3,977	\$ 9,922	\$ 3,944,900	\$ 1,136,969	\$ 1,404,565	\$ 39,915	\$ 111,282	\$ 55,000	\$ 7,993,815
Liabilities And Fund Balances												
Liabilities												
Accounts payable and accrued liabilities	\$ 96,680	\$ 154,132	\$ —	\$ 50,934	\$ 12,108	\$ —	\$ 12,726	\$ 1,174,255	\$ 10,596	\$ 7,913	\$ 1,775	\$ 1,521,119
Due to other funds	—	—	—	15,289	25,175	—	—	—	—	79	55,000	95,543
Unearned revenue	191,925	—	—	—	—	—	—	—	—	—	—	191,925
Total Liabilities	288,605	154,132	—	66,223	37,283	—	12,726	1,174,255	10,596	7,992	56,775	1,808,587
Fund Balances												
Unreserved	842,155	(13,746)	16,139	(62,246)	(27,361)	3,944,900	1,124,243	230,310	29,319	103,290	(1,775)	6,185,228
Total Liabilities And Fund Balances	\$ 1,130,760	\$ 140,386	\$ 16,139	\$ 3,977	\$ 9,922	\$ 3,944,900	\$ 1,136,969	\$ 1,404,565	\$ 39,915	\$ 111,282	\$ 55,000	\$ 7,993,815

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, 2010

	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	Energy Efficiency Grant	Total Nonmajor Special Revenue Funds
Revenues												
Taxes												
Property	\$ 2,860,791	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 2,860,791
Bed	—	—	—	—	—	—	—	—	311,027	—	—	311,027
Fines and forfeitures	29,625	—	—	—	—	—	—	—	—	—	—	29,625
Licenses and permits	—	419,539	—	1,393,587	—	—	—	—	—	68,739	—	1,881,865
Intergovernmental	242,074	—	—	—	275,800	—	—	—	—	16	50,368	568,258
Charges for services	36,692	1,583	—	6,846	—	—	62,648	—	—	20,353	—	128,122
Investment earnings	2,549	638	127	—	—	5,906	1,770	2,467	301	341	—	14,099
Other	53,968	102,625	—	190,772	—	—	123,813	—	—	129,928	—	601,106
Total Revenues	3,225,699	524,385	127	1,591,205	275,800	5,906	188,231	2,467	311,328	219,377	50,368	6,394,893
Expenditures												
Current:												
General government	—	—	440	—	268,497	—	208,396	40,059	398,092	—	52,143	967,627
Parks and recreation	2,841,075	608,921	—	1,589,439	—	—	—	—	—	328,005	—	5,367,440
Total Expenditures	2,841,075	608,921	440	1,589,439	268,497	—	208,396	40,059	398,092	328,005	52,143	6,335,067
Excess (Deficiency) Of Revenues Over Expenditures												
	384,624	(84,536)	(313)	1,766	7,303	5,906	(20,165)	(37,592)	(86,764)	(108,628)	(1,775)	59,826
Other Financing Sources (Uses)												
Transfers in	65,031	—	—	19,400	—	100,000	—	—	—	175,000	—	359,431
Transfers out	(28,857)	—	—	—	—	—	(21,433)	—	(6,221)	—	—	(56,511)
Total Other Financing Sources (Uses)	36,174	—	—	19,400	—	100,000	(21,433)	—	(6,221)	175,000	—	302,920
Net Change In Fund Balances	420,798	(84,536)	(313)	21,166	7,303	105,906	(41,598)	(37,592)	(92,985)	66,372	(1,775)	362,746
Fund Balances - Beginning	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
Fund Balances - Ending	\$ 842,155	\$ (13,746)	\$ 16,139	\$ (62,246)	\$ (27,361)	\$ 3,944,900	\$ 1,124,243	\$ 230,310	\$ 29,319	\$ 103,290	\$ (1,775)	\$ 6,185,228

CITY OF LEE'S SUMMIT, MISSOURI

BUDGETARY COMPARISON SCHEDULE

PARK BOARD

For The Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances With Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
Property taxes	\$ 2,851,244	\$ 2,851,244	\$ 2,860,791	\$ 9,547
Fines and forfeitures	33,800	33,800	29,625	(4,175)
Intergovernmental	38,500	—	242,074	242,074
Charges for services	3,000	3,000	36,692	33,692
Investment earnings	5,000	5,000	2,549	(2,451)
Other	96,423	96,423	53,968	(42,455)
Total Revenues	3,027,967	2,989,467	3,225,699	236,232
Expenditures				
Current:				
Parks and recreation	3,105,011	3,105,011	2,841,075	263,936
Excess Of Revenues Over Expenditures	(77,044)	(115,544)	384,624	500,168
Other Financing Sources (Uses)				
Transfers in	—	—	65,031	65,031
Transfers out	(74,009)	(74,009)	(28,857)	45,152
Total Other Financing Sources	(74,009)	(74,009)	36,174	110,183
Net Change In Fund Balances	(151,053)	(189,553)	420,798	610,351
Fund Balances - Beginning	421,357	421,357	421,357	—
Fund Balances - Ending	\$ 270,304	\$ 231,804	\$ 842,155	\$ 610,351

CITY OF LEE'S SUMMIT, MISSOURI

**BUDGETARY COMPARISON SCHEDULE
SWIMMING POOL**

For The Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances With Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Licenses and permits	\$ 732,387	\$ 732,387	\$ 419,539	\$ (312,848)
Charges for services	8,310	8,310	1,583	(6,727)
Investment earnings	2,500	2,500	638	(1,862)
Other	176,142	176,142	102,625	(73,517)
Total Revenues	919,339	919,339	524,385	(394,954)
Expenditures				
Current:				
Parks and recreation	727,134	727,134	608,921	118,213
Net Change In Fund Balances	192,205	192,205	(84,536)	(276,741)
Fund Balances - Beginning	70,790	70,790	70,790	—
Fund Balances - Ending	\$ 262,995	\$ 262,995	\$ (13,746)	\$ (276,741)

CITY OF LEE'S SUMMIT, MISSOURI

**BUDGETARY COMPARISON SCHEDULE
VIOLENCE AGAINST WOMEN GRANT
For The Year Ended June 30, 2010**

	<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	\$ —	\$ (180,720)
Investment earnings	—	—	127	127
Expenditures				
Current:				
General government	180,720	180,720	440	180,280
Net Change In Fund Balances	—	—	(313)	(313)
Fund Balances - Beginning	16,452	16,452	16,452	—
Fund Balances - Ending	\$ 16,452	\$ 16,452	\$ 16,139	\$ (313)

CITY OF LEE'S SUMMIT, MISSOURI

BUDGETARY COMPARISON SCHEDULE
COMMUNITY CENTER
For The Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances With Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Licenses and permits	\$ 1,377,905	\$ 1,377,905	\$ 1,393,587	\$ 15,682
Charges for services	17,668	17,668	6,846	(10,822)
Investment earnings	500	500	—	(500)
Other	187,637	187,637	190,772	3,135
Total Revenues	1,583,710	1,583,710	1,591,205	7,495
Expenditures				
Current:				
Parks and recreation	1,565,922	1,565,922	1,589,439	(23,517)
Excess Of Revenues Over Expenditures	17,788	17,788	1,766	(16,022)
Other Financing Uses				
Transfers in	64,552	64,552	19,400	(45,152)
Net Change In Fund Balances	82,340	82,340	21,166	(61,174)
Fund Balances - Beginning	(83,412)	(83,412)	(83,412)	—
Fund Balances - Ending	\$ (1,072)	\$ (1,072)	\$ (62,246)	\$ (61,174)

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 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.

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

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

**NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS**

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, 2010**

	North Tax Increment Financing	Fire Facility No. 7	Fire Facility No. 2	Road And Bridge Improve- ment	Road And Bridge Excise Tax	Ritter Plaza TIF	Park Development	New Longview TIF	Hartley's Block TIF	1-470 Business Center TIF	Summit Woods East TIF
Assets											
Pooled cash and investments	\$ 54,484	\$ 181,443	\$ 2,534,839	\$ 8,703,115	\$ 53,851	\$ 4,515	\$ 3,583,012	\$ 20,154	\$ 6,127	\$ 21,481	\$ 537,866
Receivables (net of allowance)											
Taxes	—	—	—	968,842	549,865	—	—	—	—	—	—
Interest	2,244	505	—	29,285	7,956	—	12,144	88	10	—	—
Due from other governments	—	—	—	1,132,624	—	—	—	10,566	—	—	77,705
Other receivables	—	—	—	—	—	—	—	—	—	—	225
Total Assets	\$ 56,728	\$ 181,948	\$ 2,534,839	\$ 10,833,866	\$ 611,672	\$ 4,515	\$ 3,595,156	\$ 30,808	\$ 6,137	\$ 21,481	\$ 615,796
Liabilities And Fund Balances											
Liabilities											
Accounts payable and accrued liabilities	\$ —	\$ —	\$ —	486,141	\$ 907,677	\$ —	\$ 158,569	\$ 33,059	\$ —	\$ (840)	\$ 551,281
Due to other funds	—	—	422	—	1,000,000	—	7,057	—	—	(64)	—
Deferred revenue	—	—	—	—	412,399	—	—	—	—	—	—
Total Liabilities	—	—	422	486,141	2,320,076	—	165,626	33,059	—	(904)	551,281
Fund Balances											
Unreserved	56,728	181,948	2,534,417	10,347,725	(1,708,404)	4,515	3,429,530	(2,251)	6,137	22,385	64,515
Total Liabilities And Fund Balances	\$ 56,728	\$ 181,948	\$ 2,534,839	\$ 10,833,866	\$ 611,672	\$ 4,515	\$ 3,595,156	\$ 30,808	\$ 6,137	\$ 21,481	\$ 615,796

CITY OF LEE'S SUMMIT, MISSOURI

**COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS**

**Page 2 Of 2
June 30, 2010**

	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	\$ 69,820	\$ 107,766	\$ 740,935	\$ 499,425	\$ 2,149,338	\$ 1,007,752	\$ 546	\$ 3,485	\$ 3,959	\$ 10,373,989	\$ 30,657,902
Receivables (net of allowance)											
Taxes	—	—	—	—	—	—	—	—	—	1,012,053	2,530,760
Interest	4,044	541	12,026	4,053	109	—	—	—	—	20,398	93,403
Due from other governments	—	—	—	—	—	—	—	—	—	—	1,220,895
Other receivables	—	—	—	—	—	—	—	—	—	—	225
Total Assets	\$ 73,864	\$ 108,307	\$ 752,961	\$ 503,478	\$ 2,149,447	\$ 1,007,752	\$ 546	\$ 3,485	\$ 3,959	\$ 11,406,440	\$ 34,503,185
Liabilities And Fund Balances											
Liabilities											
Accounts payable and accrued liabilities	\$ —	\$ 31,193	\$ 46,602	\$ —	\$ 250,448	\$ 70,153	\$ 138,795	\$ 68	\$ —	\$ 276,761	\$ 2,949,907
Due to other funds	—	280,618	3,000	—	121,613	2,000	225,851	60,635	375,962	—	2,077,094
Deferred revenue	—	—	—	—	—	—	—	—	—	—	412,399
Total Liabilities	—	311,811	49,602	—	372,061	72,153	364,646	60,703	375,962	276,761	5,439,400
Fund Balances											
Unreserved	73,864	(203,504)	703,359	503,478	1,777,386	935,599	(364,100)	(57,218)	(372,003)	11,129,679	29,063,785
Total Liabilities And Fund Balances	\$ 73,864	\$ 108,307	\$ 752,961	\$ 503,478	\$ 2,149,447	\$ 1,007,752	\$ 546	\$ 3,485	\$ 3,959	\$ 11,406,440	\$ 34,503,185

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, 2010

	North Tax Increment Financing	Fire Facility No. 7	Fire Facility No. 2	Road And Bridge Improvement	Road And Bridge Excise Tax	Ritter Plaza TIF	Park Development	New Longview TIF	Hartley's Block TIF	1-470 Business Center TIF	Summit Woods East TIF
Revenues											
Taxes											
Property	\$ 1,599,662	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 145,327	\$ 4,548	\$ 228,638	\$ 308,785
Sales	—	—	—	5,056,252	—	—	—	37,107	—	3,993	311,289
License	—	—	—	—	666,550	—	—	—	—	—	—
Intergovernmental	—	—	—	362,864	112,022	—	86,980	28,077	—	—	—
Investment earnings	210	260	3,396	19,718	13,037	—	1,817	38	—	—	—
Other	7,784	—	—	6,800	5,354	—	422	382	90	1,048	—
Total Revenues	1,607,656	260	3,396	5,445,634	796,963	—	89,219	210,931	4,638	233,679	620,074
Expenditures											
General government	—	—	—	—	—	—	—	—	—	—	—
Debt Service:											
Interest and other charges	25,787	—	30,867	—	51,699	7	264	2	5	140	1,795
Capital outlay	—	—	187,634	6,677,214	5,980,464	365	946,233	213,055	74	459,472	386,042
Total Expenditures	25,787	—	218,501	6,677,214	6,032,163	372	946,497	213,057	79	459,612	387,837
Excess (Deficiency) Of Revenues Over Expenditures	1,581,869	260	(215,105)	(1,231,580)	(5,235,200)	(372)	(857,278)	(2,126)	4,559	(225,933)	232,237
Other Financing Sources (Uses)											
Issuance of bonds	—	—	3,000,000	—	—	—	—	—	—	—	—
Premium on issuance of bonds	—	—	58,845	—	—	—	—	—	—	—	—
Transfers in	—	—	—	—	—	—	500,000	—	—	—	—
Transfers out	(1,550,194)	—	—	—	—	—	—	—	—	—	—
Total Other Financing Sources (Uses)	(1,550,194)	—	3,058,845	—	—	—	500,000	—	—	—	—
Net Change In Fund Balances	31,675	260	2,843,740	(1,231,580)	(5,235,200)	(372)	(357,278)	(2,126)	4,559	(225,933)	232,237
Fund Balances - Beginning	25,053	181,688	(309,323)	11,579,305	3,526,796	4,887	3,786,808	(125)	1,578	248,318	(167,722)
Fund Balances - Ending	\$ 56,728	\$ 181,948	\$ 2,534,417	\$ 10,347,725	\$ (1,708,404)	\$ 4,515	\$ 3,429,530	\$ (2,251)	\$ 6,137	\$ 22,385	\$ 64,515

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, 2010

	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	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,073,666	\$ —	\$ 3,360,626
Sales	—	—	—	—	—	—	—	—	—	5,327,832	10,736,473
License	—	—	—	—	—	—	—	—	—	—	666,550
Intergovernmental	—	—	—	—	—	—	—	—	—	—	589,943
Investment earnings	—	207	1,811	1,150	5,532	1,258	370	—	269	10,006	59,079
Other	5,365	—	—	—	—	—	—	—	—	—	27,245
Total Revenues	5,365	207	1,811	1,150	5,532	1,258	370	—	1,073,935	5,337,838	15,439,916
Expenditures											
General government	—	—	—	—	—	9,559	—	—	—	—	9,559
Debt Service:											
Interest and other charges	2,118	2,043	1,307	—	1,908	—	12,225	405	1,240	—	131,812
Capital outlay	10,014	5,590	127,130	77,501	1,195,701	75,899	963,017	—	1,285,641	373,658	18,964,704
Total Expenditures	12,132	7,633	128,437	77,501	1,197,609	85,458	975,242	405	1,286,881	373,658	19,106,075
Excess (Deficiency) Of Revenues Over Expenditures	(6,767)	(7,426)	(126,626)	(76,351)	(1,192,077)	(84,200)	(974,872)	(405)	(212,946)	4,964,180	(3,666,159)
Other Financing Sources (Uses)											
Issuance of bonds	—	—	—	—	—	1,000,000	1,000,000	—	—	—	5,000,000
Premium on issuance of bonds	—	—	—	—	—	19,615	19,615	—	—	—	98,075
Transfers in	—	—	—	—	—	—	—	—	—	—	500,000
Transfers out	(1,375,000)	—	—	—	—	—	—	—	—	—	(2,925,194)
Total Other Financing Sources (Uses)	(1,375,000)	—	—	—	—	1,019,615	1,019,615	—	—	—	2,672,881
Net Change In Fund Balances	(1,381,767)	(7,426)	(126,626)	(76,351)	(1,192,077)	935,415	44,743	(405)	(212,946)	4,964,180	(993,278)
Fund Balances - Beginning	1,455,631	(196,078)	829,985	579,829	2,969,463	184	(408,843)	(56,813)	(159,057)	6,165,499	30,057,063
Fund Balances - Ending	\$ 73,864	\$ (203,504)	\$ 703,359	\$ 503,478	\$ 1,777,386	\$ 935,599	\$ (364,100)	\$ (57,218)	\$ (372,003)	\$ 11,129,679	\$ 29,063,785

CITY OF LEE'S SUMMIT, MISSOURI

**BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE**

For The Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances With Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
Property taxes	\$ 7,633,699	\$ 7,633,699	\$ 7,902,073	\$ 268,374
Sales	2,418,621	2,418,621	2,530,368	111,747
Fines and forfeitures	67,615	67,615	82,146	14,531
Investment earnings	109,708	109,708	12,165	(97,543)
Total Revenues	10,229,643	10,229,643	10,526,752	297,109
Expenditures				
Debt Service:				
Principal	7,095,000	7,095,000	9,595,000	(2,500,000)
Interest and other charges	1,871,668	1,871,668	1,952,464	(80,796)
Total Expenditures	8,966,668	8,966,668	11,547,464	(2,580,796)
Excess Of Revenues Over Expenditures	1,262,975	1,262,975	(1,020,712)	(2,283,687)
Other Financing Sources (Uses)				
Transfers out	(175,000)	(175,000)	(675,000)	(500,000)
Net Change In Fund Balances	1,087,975	1,087,975	(1,695,712)	(2,783,687)
Fund Balances - Beginning	7,322,169	7,322,169	7,322,169	—
Fund Balances - Ending	\$ 8,410,144	\$ 8,410,144	\$ 5,626,457	\$ (2,783,687)

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.

Central Building Services (CBS) - Established to centralize services related to operations and maintenance of city owned buildings and to account for 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, 2010

	Central Vehicle Services	Unemployment Insurance	Insurance Reserve	I.T. Services	Short-Term Disability Fund	Workers' Compensation Self-Insurance	Central Building Services	Total
Assets								
Current assets:								
Cash and investments	\$ 2,954,319	\$ 127,816	\$ 1,652,262	\$ 2,126,917	\$ 84,974	\$ 2,248,193	\$ 570,614	\$ 9,765,095
Interest receivable	12,321	798	6,653	7,302	136	7,480	3,500	38,190
Inventories	118,135	—	—	—	—	—	—	118,135
Other assets	—	—	—	1,858	—	7,672	—	9,530
Total current assets	3,084,775	128,614	1,658,915	2,136,077	85,110	2,263,345	574,114	9,930,950
Noncurrent assets:								
Capital assets:								
Nondepreciable	104,250	—	—	—	—	—	—	104,250
Depreciable, net	9,213,721	—	—	893,027	—	—	572,434	10,679,182
Total noncurrent assets	9,317,971	—	—	893,027	—	—	572,434	10,783,432
Total Assets	12,402,746	128,614	1,658,915	3,029,104	85,110	2,263,345	1,146,548	20,714,382
Liabilities								
Current liabilities:								
Accounts payable	76,612	—	2,152	89,838	—	291,967	27,733	488,302
Salaries payable	—	—	—	—	2,624	—	—	2,624
Compensated absences	1,827	—	—	4,099	—	—	5,092	11,018
Accrued interest payable	2,955	—	—	—	—	—	—	2,955
Total current liabilities	81,394	—	2,152	93,937	2,624	291,967	32,825	504,899
Noncurrent liabilities:								
Compensated absences	35,563	—	—	77,142	—	—	23,305	136,010
Other post employment benefits	10,233	—	—	12,068	—	—	10,868	33,169
Total noncurrent liabilities	45,796	—	—	89,210	—	—	34,173	169,179
Total Liabilities	127,190	—	2,152	183,147	2,624	291,967	66,998	674,078
Net Assets								
Invested in capital assets, net of related debt	9,317,971	—	—	893,027	—	—	572,434	10,783,432
Unrestricted	2,957,585	128,614	1,656,763	1,952,930	82,486	1,971,378	507,116	9,256,872
Total Net Assets	\$ 12,275,556	\$ 128,614	\$ 1,656,763	\$ 2,845,957	\$ 82,486	\$ 1,971,378	\$ 1,079,550	\$ 20,040,304

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, 2010**

	Central Vehicle Services	Unemployment Insurance	Insurance Reserve	I.T. Services	Short-Term Disability Fund	Workers' Compensation Self-Insurance	Central Building Services	Total
Operating Revenues								
Charges for services	\$ 2,433,625	\$ 18,307	\$ —	\$ 2,454,664	\$ 62,828	\$ 554,855	\$ 1,039,111	\$ 6,563,390
Other	820	—	—	8,538	—	14,099	8,113	31,570
Total Operating Revenues	2,434,445	18,307	—	2,463,202	62,828	568,954	1,047,224	6,594,960
Operating Expenses								
Salaries, wages, and employee benefits	484,964	—	—	1,505,289	19,882	—	513,937	2,524,072
Utilities	48,919	—	—	47,426	—	—	270,327	366,672
Repairs and maintenance	93,789	—	—	407,258	—	—	105,016	606,063
Fuels and lubricants	2,591	—	—	745	—	—	3,346	6,682
Depreciation	2,149,124	—	—	618,842	—	—	38,206	2,806,172
Miscellaneous	114,902	34,846	76,131	527,672	—	375,254	144,514	1,273,319
Total Operating Expenses	2,894,289	34,846	76,131	3,107,232	19,882	375,254	1,075,346	7,582,980
Operating Income (Loss)	(459,844)	(16,539)	(76,131)	(644,030)	42,946	193,700	(28,122)	(988,020)
Nonoperating Revenue								
Interest income	5,403	321	2,795	3,415	258	4,340	(1,372)	15,160
Gain on disposal of fixed assets	301,952	—	—	—	—	—	—	301,952
Total Nonoperating Revenue	307,355	321	2,795	3,415	258	4,340	(1,372)	317,112
Income (Loss) Before Transfers	(152,489)	(16,218)	(73,336)	(640,615)	43,204	198,040	(29,494)	(670,908)
Transfers in	50,804	—	—	325,079	—	—	—	375,883
Transfers out	(1,748)	—	—	—	—	—	—	(1,748)
Change In Net Assets	(103,433)	(16,218)	(73,336)	(315,536)	43,204	198,040	(29,494)	(296,773)
Total Net Assets - Beginning	12,378,989	144,832	1,730,099	3,161,493	39,282	1,773,338	1,109,044	20,337,077
Total Net Assets - Ending	\$ 12,275,556	\$ 128,614	\$ 1,656,763	\$ 2,845,957	\$ 82,486	\$ 1,971,378	\$ 1,079,550	\$ 20,040,304

CITY OF LEE'S SUMMIT, MISSOURI
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For The Year Ended June 30, 2010

	Central Vehicle Services	Unemployment Insurance	Insurance Reserve	I.T. Services	Short-Term Disability Fund	Workers' Compensation Self-Insurance	Central Building Services	Total
Cash Flows From Operating Activities								
Cash received from customers	\$ 2,434,445	\$ 18,307	\$ —	\$ 2,463,202	\$ 62,828	\$ 568,954	\$ 1,047,224	\$ 6,594,960
Cash paid to suppliers	(294,475)	(34,846)	(73,979)	(1,014,512)	(624)	(429,842)	(523,522)	(2,371,800)
Cash paid to employees	(478,644)	—	—	(1,498,979)	(19,882)	—	(510,711)	(2,508,216)
Net Cash Provided By (Used In) Operating Activities	1,661,326	(16,539)	(73,979)	(50,289)	42,322	139,112	12,991	1,714,944
Cash Flows From Noncapital Financing Activities								
Transfers in	50,804	—	—	325,079	—	—	—	375,883
Transfers out	(1,748)	—	—	—	—	—	—	(1,748)
Net Cash Provided By (Used In) Noncapital Financing Activities	49,056	—	—	325,079	—	—	—	374,135
Cash Flows From Capital And Related Financing Activities								
Additions to capital assets	(2,148,265)	—	—	(197,357)	—	—	(75,601)	(2,421,223)
Proceeds from sale of capital assets	301,952	—	—	—	—	—	—	301,952
Net Cash Used In Capital And Related Financing Activities	(1,846,313)	—	—	(197,357)	—	—	(75,601)	(2,119,271)
Cash Flows Provided By Investing Activities								
Interest received	50,131	3,139	14,130	23,000	721	19,294	9,189	119,604
Net Increase (Decrease) In Cash And Cash Equivalents	(85,800)	(13,400)	(59,849)	100,433	43,043	158,406	(53,421)	89,412
Cash And Cash Equivalents - Beginning Of Year	3,040,119	141,216	1,712,111	2,026,484	41,931	2,089,787	624,035	9,675,683
Cash And Cash Equivalents - End Of Year	\$ 2,954,319	\$ 127,816	\$ 1,652,262	\$ 2,126,917	\$ 84,974	\$ 2,248,193	\$ 570,614	\$ 9,765,095
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:								
Operating income (loss)	\$ (459,844)	\$ (16,539)	\$ (76,131)	\$ (644,030)	\$ 42,946	\$ 193,700	\$ (28,122)	\$ (988,020)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:								
Depreciation and amortization	2,149,124	—	—	618,842	—	—	38,206	2,806,172
Changes in assets and liabilities:								
Decrease in inventories	8,862	—	—	—	—	—	—	8,862
Decrease in prepaid expenses	—	—	—	—	—	—	—	—
(Increase) decrease in other assets	290	—	—	(28)	—	(6,868)	—	(6,606)
Increase (decrease) in accounts payable	(43,426)	—	2,152	(31,383)	(624)	(47,720)	(319)	(121,320)
Increase in other post employment benefits	2,713	—	—	4,212	—	—	2,074	8,999
Increase (decrease) in accrued compensated absences	3,607	—	—	2,098	—	—	1,152	6,857
Total adjustments	2,121,170	—	2,152	593,741	(624)	(54,588)	41,113	2,702,964
Net Cash Provided By (Used In) Operating Activities	\$ 1,661,326	\$ (16,539)	\$ (73,979)	\$ (50,289)	\$ 42,322	\$ 139,112	\$ 12,991	\$ 1,714,944

**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	77
These schedules contain information to help the reader assess the government's most significant local revenue source, property tax.	
Debt Capacity	82
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	86
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	88
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 Eight Fiscal Years⁽¹⁾ (Accrual Basis Of Accounting)

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
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	\$ 367,750,571
Restricted	6,034,247	4,969,818	—	—	22,781,337	25,677,019	24,641,173	16,223,089
Unrestricted	58,732,079	83,994,252	85,965,597	124,673,675	45,828,361	23,999,251	25,320,421	33,900,453
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	\$ 417,874,113
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	\$ 200,815,159
Restricted	—	—	1,921,513	2,250,958	33,686,074	35,241,087	33,179,870	32,355,420
Unrestricted	24,576,758	36,116,014	32,185,864	41,963,890	3,665,286	6,490,633	4,939,002	(225,754)
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	\$ 232,944,825
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	\$ 568,565,730
Restricted	6,034,247	4,969,818	1,921,513	2,250,958	56,467,411	60,918,106	57,821,043	48,578,509
Unrestricted	83,308,837	120,110,266	118,151,461	166,637,565	49,493,647	30,489,884	30,259,423	33,674,699
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	\$ 650,818,938

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

CITY OF LEE'S SUMMIT, MISSOURI

CHANGES IN NET ASSETS Last Eight Fiscal Years⁽¹⁾ (Accrual Basis Of Accounting) Page 1 Of 2

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
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	\$ 18,589,088
Public Safety	20,683,212	23,527,195	25,897,644	30,610,276	29,091,623	32,717,551	32,784,126	33,569,829
Parks and Recreation	5,282,539	3,206,982	4,421,565	4,794,351	5,979,484	6,661,913	7,182,799	7,027,799
Planning and Development	748,157	708,004	793,067	851,343	996,657	1,127,859	1,055,523	957,816
General Government	11,380,283	20,751,819	10,628,906	13,828,963	10,847,633	27,343,082	16,362,262	16,352,917
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	2,857,436
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	79,354,885
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	21,439,285
Sanitary Landfill	1,816,037	2,052,144	2,838,234	2,632,034	2,571,247	2,730,052	2,260,489	2,451,476
Airport	1,193,449	1,234,545	1,262,356	1,702,652	1,426,900	1,717,974	1,744,777	1,489,979
Recreation Center	731,802	721,648	701,088	873,576	689,699	700,386	1,127,142	1,234,450
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	26,615,190
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	105,970,075
Program Revenues								
Governmental Activities:								
Charges for Services:								
Public Works	—	—	379,543	1,047,323	1,971,762	528,090	229,237	122,053
Public Safety	—	—	3,769,771	3,882,943	3,828,994	4,290,547	4,064,716	4,351,615
Parks and Recreation	170,603	73,567	1,236,465	1,493,466	1,720,768	1,706,070	1,908,112	2,039,612
Planning and development	—	—	69,020	222,229	305,029	243,875	119,625	103,360
General Government	2,042,341	2,334,757	2,417,009	2,016,546	2,270,212	2,002,955	1,946,117	1,929,236
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	2,608,621
Capital Grants and Contributions	—	11,870,518	11,182,217	—	8,484,471	12,251,710	6,432,484	2,857,211
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	14,011,708
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	25,472,281
Sanitary Landfill	2,533,889	2,567,772	2,687,996	2,755,723	2,714,978	2,508,750	2,531,502	2,071,725
Airport	447,665	452,261	902,410	1,085,046	1,001,628	1,195,026	1,118,415	1,048,659
Recreation Center	625,489	705,231	788,274	869,720	657,134	662,132	849,238	970,765
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	2,221,289
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	31,784,719
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	45,796,427

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

CITY OF LEE'S SUMMIT, MISSOURI

CHANGES IN NET ASSETS Last Eight Fiscal Years⁽¹⁾ (Accrual Basis Of Accounting) Page 2 Of 2

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
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)	(65,343,177)
Business-type activities	14,319,760	12,622,517	9,866,601	9,874,523	18,020,216	10,125,031	8,494,190	5,169,529
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)	(60,173,648)
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	38,276,295
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	26,566,723
Franchise fees	6,853,447	7,360,032	7,991,553	8,617,948	9,022,063	14,662,791	12,736,943	14,825,593
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	2,751,981
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	370,871
Other revenue	5,345,173	4,537,816	1,810,229	3,086,832	404,198	331,941	94,938	301,952
Transfers	1,129,640	3,501,108	2,699,648	2,818,505	2,462,646	2,567,891	1,682,948	2,128,600
Total Governmental Activities	70,832,166	75,846,504	71,341,779	79,291,301	82,091,452	92,692,170	87,435,325	85,222,015
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	145,272
Other Revenue	900,617	872,978	2,299,961	5,707,126	676,794	768,363	1,061,955	1,806,619
Transfers	(1,129,640)	(3,501,108)	(2,699,648)	(2,818,505)	(2,462,646)	(2,567,891)	(1,682,948)	(2,128,600)
Total Business-Type Activities	1,377,083	(2,160,759)	792,267	4,333,248	802,714	910,135	780,407	(176,709)
Total Primary Government	72,209,249	73,685,745	72,134,046	83,624,549	82,894,166	93,602,305	88,215,732	85,045,306
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	19,878,838
Business-Type activities	15,696,843	10,461,758	10,658,868	14,207,771	18,822,930	11,035,166	9,274,597	4,992,820
Total City	\$ 45,918,082	\$ 44,778,024	\$ 39,215,820	\$ 43,820,818	\$ 44,653,705	\$ 33,304,706	\$ 36,679,298	\$ 24,871,658

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

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
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	27,326,459
Total general fund	\$ 18,263,162	\$ 19,339,581	\$ 24,497,502	\$ 24,149,880	\$ 15,940,698	\$ 21,201,763	\$ 23,217,065	\$ 27,326,459
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	7,612,321
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	6,185,228
Capital project funds	28,583,144	51,730,966	43,318,473	43,692,398	53,364,050	52,467,053	37,229,807	27,331,585
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	\$ 41,129,134

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CITY OF LEE'S SUMMIT, MISSOURI

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

Last Eight Fiscal Years⁽¹⁾

(Modified Accrual Basis Of Accounting)

Page 1 Of 2

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Revenues								
Taxes:								
Property	\$ 25,024,721	\$ 26,228,767	\$ 28,980,235	\$ 31,125,831	\$ 32,103,628	\$ 32,995,034	\$ 36,025,629	\$ 37,424,151
Sales	24,353,572	26,107,660	26,161,122	28,032,328	27,863,482	28,572,537	27,235,214	26,566,723
Franchise	6,853,447	7,360,032	7,991,553	8,617,948	9,022,063	14,662,791	12,736,943	14,825,593
License	1,587,628	1,824,422	1,497,236	1,443,066	995,950	1,246,919	320,284	666,550
Bed	305,959	320,133	318,358	336,894	333,728	408,727	351,854	311,027
Intergovernmental	3,198,388	3,206,946	2,970,703	7,120,522	6,958,803	5,902,434	1,601,620	2,720,659
Charges for services	2,212,944	2,408,324	2,916,106	2,981,095	3,335,611	3,669,795	3,048,308	3,536,567
Licenses and Permits	2,116,034	2,664,925	3,154,345	3,927,153	4,132,411	3,407,950	3,561,666	3,172,705
Fines and Forfeitures	1,547,458	1,447,023	1,801,357	1,754,259	1,632,793	1,685,351	3,214,037	1,525,577
Interest	2,520,020	1,037,448	1,739,332	3,187,915	5,141,994	4,076,656	1,887,689	355,711
Other	4,401,214	4,537,816	4,703,028	2,895,123	4,073,268	6,640,923	11,925,934	2,653,906
Total Revenues	74,121,385	77,143,496	82,233,375	91,422,134	95,593,731	103,269,117	101,909,178	93,759,169
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	9,903,683
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	10,630,529
Public Safety	20,882,050	23,261,096	23,673,253	26,285,657	27,983,655	30,808,723	10,620,789	32,544,577
Community Development	748,157	708,004	745,017	851,343	996,657	1,127,859	1,055,523	957,816
Parks and Recreation	2,411,972	2,989,661	3,928,746	4,221,016	4,766,431	5,197,900	5,753,927	5,367,440
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	10,520,000
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	2,721,034
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	33,899,215
Public Safety	18,510	—	13,301	659,925	2,914,649	2,168,011	371,660	193,224
Parks and Recreation	6,394,296	6,903,969	471,617	1,205,846	6,057,450	14,876,232	5,085,195	1,023,734
Total Expenditures	79,025,902	81,809,726	85,178,132	105,572,929	111,256,973	117,624,671	118,792,736	107,761,252

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

CITY OF LEE'S SUMMIT, MISSOURI

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

Last Eight Fiscal Years⁽¹⁾

(Modified Accrual Basis Of Accounting)

Page 2 Of 2

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
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)	\$ (14,002,083)
Other Financing Sources (Uses)								
Proceeds From Bonds	—	—	—	11,475,000	17,095,000	—	—	5,000,000
Premium on issuance of bonds	—	—	—	—	—	—	—	98,075
Transfers In	11,830,929	9,410,491	5,968,551	15,154,900	17,527,289	5,049,555	14,820,477	5,802,385
Transfers Out	(10,977,435)	(6,087,100)	(4,665,271)	(13,943,821)	(15,700,775)	(3,006,199)	(13,502,101)	(4,047,920)
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	6,852,540
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)	\$ (7,149,543)
 Debt service as a percentage of noncapital expenditures	 17.5%	 17.6%	 16.7%	 21.5%	 17.0%	 17.6%	 17.0%	 18.2%

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CITY OF LEE'S SUMMIT, MISSOURI

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

Function/Program	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Governmental Activities:								
Public works	\$ 919,610	\$ 12,439,111	\$ 12,150,260	\$ 7,479,198	\$ 10,456,233	\$ 12,779,800	\$ 6,661,721	\$ 2,979,264
Public safety	125,359	148,830	4,799,508	4,961,412	4,805,304	5,368,925	4,933,305	5,032,806
Parks and recreation	174,990	123,787	1,258,812	1,563,486	2,036,544	1,740,070	1,926,112	2,126,592
Planning and development	1,464,601	1,669,198	75,939	223,310	305,029	243,875	119,625	103,360
General government	2,726,772	3,104,862	3,740,209	3,313,869	4,188,544	4,214,930	3,903,486	3,769,686
Subtotal Governmental Activities	5,411,332	17,485,788	22,024,728	17,541,275	21,791,654	24,347,600	17,544,249	14,011,708
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	25,711,528
Sanitary landfill	2,533,889	2,567,772	2,687,996	2,755,723	2,714,978	2,508,750	2,531,502	2,071,725
Airport	484,846	5,993,924	902,410	1,085,046	10,654,632	2,934,751	5,471,799	3,030,701
Recreation center	625,489	705,231	788,274	869,720	657,134	662,132	849,238	970,765
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	31,784,719
Total Primary Government	\$ 42,488,613	\$ 53,368,033	\$ 56,476,910	\$ 54,509,828	\$ 66,598,302	\$ 61,246,707	\$ 53,609,925	\$ 45,796,427

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CITY OF LEE'S SUMMIT, MISSOURI

ALL GOVERNMENTAL FUNDS REVENUES BY SOURCE Last Eight 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
2010	37,424,151	26,566,723	14,825,593	4,698,282	355,711	9,933,860	93,804,320

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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				
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%
2010	1,081,547,156	1,348,931	243,812,712	1,326,708,799	314,215,650	14,108,195	1,655,032,644	1.4926	7,952,253,756	20.81%

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	
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
2010	0.8690	0.1539	0.4697	1.4926	5.9347	0.5430	0.0300	0.7432	8.7435

CITY OF LEE'S SUMMIT, MISSOURI

PRINCIPAL PROPERTY TAXPAYERS Current Year And Nine Years Ago

	2010			2001		
	Taxable Assessed Value	Rank	% of Total City Net Assessed Value	Taxable Assessed Value	Rank	% of Total City Net Assessed Value
Sprint Spectrum	\$ 31,385,118	1	1.90%			
Cerner Corporation	16,221,721	2	0.98%			
Kansas City Power & Light	12,135,470	3	0.73%			
Toys R Us	6,729,801	4	0.41%			
John Knox Village	6,678,502	5	0.40%	6,715,332	2	0.73%
AT&T and Southwestern Bell	5,630,929	6	0.34%	5,135,535	5	0.56%
Wal-Mart	4,451,863	7	0.27%			
Southern Union (Missouri Gas Energy)	3,992,856	8	0.24%	4,671,373	6	0.51%
Grand Street Company LLC	3,992,704	9	0.24%			
Pfizer Chemical Company				5,402,944	4	0.59%
Calmar				5,924,142	3	0.65%
A Zeregas Sons, Inc				4,547,925	7	0.50%
Polytainers				2,599,928	10	0.28%
Plastic Enterprises				2,971,151	9	0.32%
R&D Tool & Engineering				3,147,292	8	0.34%
Missouri Public Service				13,869,868	1	1.52%
Total	\$ 91,218,964		5.51%	\$ 54,985,490		6.01%

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
2001	\$ 14,877,152	\$ 14,304,606	96.2%	\$ 506,614	\$ 14,811,220	99.6%
2002	15,517,866	14,520,668	93.6%	546,287	15,066,955	97.1%
2003	16,786,636	15,627,305	93.1%	588,930	16,216,235	96.6%
2004	18,850,627	17,477,843	92.7%	768,746	18,246,589	96.8%
2005	19,576,491	18,171,917	92.8%	554,206	18,726,123	95.7%
2006	21,490,030	19,864,540	92.4%	498,387	20,362,927	94.8%
2007	22,305,148	21,156,122	94.8%	649,759	21,805,881	97.8%
2008	23,870,679	22,634,488	94.8%	526,898	23,161,386	97.0%
2009	24,703,017	23,359,076	94.6%	962,702	24,321,778	98.5%
2010	23,660,347	22,493,556	95.1%	-	22,493,556	95.1%

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			
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
2010	23,605,000	14,445,000	—	8,625,000	635,000	20,020,000	67,330,000	93,163	723

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
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%	241
2009	26,735,000	6,548,980	20,186,020	1.22%	206
2010	23,605,000	5,113,390	18,491,610	1.12%	198

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, 2010

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ¹	Estimated Share Of Overlapping Debt
Debt repaid with property taxes			
Lee's Summit R-7 School District	\$ 240,403,011	82.88%	\$ 199,246,016
Blue Springs R-4 School District	139,993,283	20.17%	28,236,645
Raymore-Peculiar School District	66,916,028	8.00%	5,353,282
Grandview School District	30,336,369	0.41%	124,379
Hickman Mills School District	39,771,381	0.12%	47,726
Subtotal, overlapping debt			233,008,048
Lee's Summit Net Direct Debt			
Total direct and overlapping debt			<u>\$ 233,008,048</u>

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

CITY OF LEE'S SUMMIT, MISSOURI

LEGAL DEBT MARGIN INFORMATION Last Ten Fiscal Years

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Legal debt limit (1)	\$ 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	\$ 328,184,891
Total net debt applicable to limit	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	33,566,610
Legal debt margin	\$ 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	\$ 294,618,281
Total net debt applicable to the limit as a percentage of debt limit	9.19%	9.40%	24.09%	19.09%	16.04%	12.36%	10.30%	6.77%	12.15%	10.23%

- (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)		
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%
2010	93,163						17,238	7.00%

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	2010			2001		
	Employees	Rank	Percentage Of Total City Employment	Employees	Rank	Percentage Of Total City Employment
Lee's Summit R-7 School	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 Eight Fiscal Years

Function	2003	2004	2005	2006	2007	2008	2009	2010
General Fund								
Administration	32.50	34.17	33.05	33.05	35.00	33.50	32.50	32.5
Engineering	41.50	43.75	43.50	54.55	53.96	37.17	39.27	39.3
Police	157.62	163.32	166.32	172.32	167.32	181.70	188.70	196.7
Fire	130.00	134.00	137.00	137.00	140.00	146.00	146.00	146.0
Finance	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.0
Planning & Development	9.00	7.00	9.00	11.00	12.00	11.00	11.00	11.0
Court	10.90	10.90	10.90	11.90	11.90	11.90	12.00	12.8
Codes Administration	18.70	19.70	19.00	19.00	19.00	18.00	18.00	18.0
Law	7.00	8.00	10.00	9.75	9.75	9.50	9.50	9.5
Street	42.00	46.00	47.00	47.00	47.00	47.75	48.75	48.8
Parks and Recreation								
Community Center	7.90	8.90	8.90	8.90	6.35	7.15	6.80	6.7
Parks & Recreation	18.00	23.00	23.00	23.00	29.00	29.00	30.00	29.0
Pool	0.55	0.55	0.55	0.55	0.30	0.30	0.30	1.0
Cemetery	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.0
Recreation Center	3.55	3.60	3.60	3.60	2.40	2.75	2.15	5.3
Senior Center	—	—	—	—	—	—	2.05	2.1
Airport	8.00	8.00	8.00	7.30	7.30	7.98	7.60	7.6
Water Utilities	57.25	57.25	57.25	57.50	57.50	58.50	58.50	58.5
Solid Waste	13.00	13.00	13.00	13.00	13.00	14.20	14.80	14.8
Central Building Services			—	—	—	11.00	11.00	10.0
Fleet	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.0
Information Technology Services	11.00	12.00	14.00	17.00	17.00	17.00	19.00	20.0
Total	595.47	620.14	631.07	653.42	655.78	671.40	684.92	696.4

Source: City of Lee's Summit Finance Department

CITY OF LEE'S SUMMIT, MISSOURI

OPERATING INDICATORS BY FUNCTION Last Ten Fiscal Years

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Building Permits Issued										
Residential/single family	680	748	887	853	911	791	489	380	129	110
Residential/multi family	74	57	116	81	69	82	55	58	8	1
Commercial/industrial	48	65	61	78	67	44	80	35	23	19
Additions	1,000	1,187	1,090	1,279	1,131	1,223	2,820	1,937	1,245	1,082
Police Protection										
Police Personnel	157	157	157	164	167	172	172	195	198	210
Patrol Units	27	27	27	28	29	30	30	32	35	38
Number of Law Violations										
Number of Calls Answered	66,786	70,589	69,037	65,001	67,856	63,646	61,399	70,197	80,404	91,900
Incidents and Other Offenses	5,464	5,678	5,592	5,954	4,707	4,031	3,519	7,047	6,159	5,682
Traffic Violations	16,795	17,897	16,635	16,225	12,221	12,236	18,780	19,442	20,671	21,021
Fire Protection										
Fire Personnel	117	126	126	121	131	137	140	140	146	146
Calls Answered	5,469	5,794	6,253	5,862	6,421	7,003	7,051	7,750	8,401	8,015
Water Source										
Kansas City Water Co.	33.16%	32.70%	45.85%	35.41%	32.97%	42.30%	38.43%	32.82%	33.94%	12.00%
Independence Water Co	66.84%	67.30%	54.15%	64.59%	67.03%	57.70%	61.57%	67.18%	66.06%	88.00%
Water										
# of Service Connections	27,726	27,791	28,662	30,891	31,991	32,889	32,950	33,666	33,735	33,800
# of Fire Hydrants	3,232	3,419	3,566	3,751	4,867	4,975	4,975	4,975	4,871	4,887
Avg Daily Consumption in Gallons	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	8,960,000
Maximum Contract Amount	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	21,500,000
Maximum Daily Demand	18200000	20,500,000	25,500,000	16,180,000	19,770,000	25,400,000	23,920,000	22,000,000	15,000,000	16,500,000
Storage Capacity (gallons)	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	35,200,000

Source: City records

CITY OF LEE'S SUMMIT, MISSOURI

CAPITAL STATISTICS BY FUNCTION Last Ten Fiscal Years

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Police Protection										
Stations	1	1	1	1	1	1	1	1	1	1
Fire Protection										
Stations	6	6	6	6	6	6	7	7	7	7
Public Works										
Residential Centerline Miles								325	327	327
Collector Centerline Miles								67	102	102
Arterial Centerline Miles								75	91	91
Parks and Recreation										
Parks	26	26	26	26	26	27	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	1
Tennis Courts	15	15	15	15	15	15	15	15	15	15
Community Centers	1	1	1	2	2	2	2	3	3	3
Water										
Miles of Water Mains	524	541	555	569	600	637	637	637	637	604

Source: City records