



CITY OF LEE'S SUMMIT, MISSOURI

Comprehensive Annual Financial Report

For The Year Ended June 30, 2011

CITY OF LEE'S SUMMIT, MISSOURI
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2011



Report issued by the Department of Finance

CITY OF LEE'S SUMMIT, MISSOURI

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Introductory Section



CITY OF LEE'S SUMMIT

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

December 21, 2011

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, 2011. 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.

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

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.

Honors and Recognition

Fiscal year 2011 was a year of well deserved honors and recognitions. Our attention to enhanced quality services for the community earned Lee's Summit a number of prestigious awards including the 2010 Creative Community Award, *Money* magazine's list of "Best Places to Live in America", *BusinessWeek* magazine's list of one of the 2010 "Fastest Growing Cities in America," and a 103rd ranking out of 420 cities surveyed for the list of Wealth Centers according to Portfolio.com.

For the third consecutive year, the City received a Digital Cities Survey Award for our use of government technology to better serve the community. Lee's Summit ranked as the third most advanced digital city in America with a population category of 75,000-125,000.

Lee's Summit was honored as the number one park system in the country as a result of receiving the 2010 National Gold Medal Award for Excellence in Park and Recreation Management among cities with a population of 50,001-100,000.

Lastly, the City's General Obligation debt issues was rated Aaa by Moody's.

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 2011 enrollment saw an increase of 117 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 27 developed parks encompassing 1,119 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. Lea-McKeighan North added a new skate park in 2009. Renovation of Lea-McKeighan Park is underway with preliminary design nearing completion. Work has been completed on McKee Park, Osage Trails Park and Langsford 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 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 16 business sites in Lee's Summit with 250 employees or more, with 8 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 Bed Bath and Beyond. 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
2011	7.3%	8.8%	9.2%
2010	7.3%	9.5%	9.5%
2009	7.7%	9.5%	9.5%
2008	3.4%	5.9%	5.6%
2007	2.9%	5.0%	4.6%

The City of Lee's Summit continues to be an active and growing community. 1,212 building permits were issued in calendar year 2010 (including alterations, 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, 70,700 in 2000 and to 91,364 in the 2010 census.

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 Utilities Department began working on a strategic plan with the help of a Community Advisory Group made up of stakeholders. An assessment report was presented to the City Council that identified strengths and opportunities for improvement within the department. In late fall, the strategic plan will be presented to address the long-term needs of the department.

Capital projects of \$52.5 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, street, airport, water and sewer improvements.

The Lee's Summit 360° Strategic Planning process completed its first full year in the implementation phase. In August 2009, the City Council approved a resolution adopting this 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 2011 has been a year of recovery. The economic downturn significantly affected the City's General Fund revenue in fiscal year 2009. The City has experienced modest growth in revenue categories such as property tax, franchise tax, sales tax, and vehicle tax over the past two years. The City continued to focus 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 2011, as vacant positions were carefully evaluated and approved and filled only when essential, planned studies were deferred, and contractual services were reviewed.

These efforts continued throughout the fiscal year 2012 budget process to ensure sound financial position. General Fund expenditures are recommended to decrease about 4% over the previous year's budget due to cut backs on supplies, cost savings initiatives in contractual services, unfilled positions, and no merit increases for employees.

The City utilizes a five-year model for fiscal planning purposes. This model, through active cost containment actions, projects a fund balance of 23% of planned expenditures in Fiscal Year 2016. This is just shy of 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, 2011 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 28% 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. This tax will sunset on March 31, 2018.

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 364 days to 3.3 years, with an average maturity of 24 months. The average yield on investments was 1.06%. 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 (81%) and the City of Kansas City, Missouri Water Department (19%). 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 30,000 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. During fiscal year 2011 a Preliminary Development Plan was completed for the East Side Terminal to allow for future development in this area.

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. Efforts are underway to create a regional consortium to support long-term needs regarding the future landfill and solid waste program.

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, 2010. This was the 33rd 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, 2010. 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

Liability and fidelity insurance coverage is provided by One Beacon Insurance Group and property coverage is provided by Travelers Property Casualty Company of America.

The City's health and dental insurance changed in fiscal year 2011 to Blue Cross and Blue Shield of Kansas City. This change was made to give the City more control over health insurance costs.

In addition to the insurance coverage provided by One Beacon, Travelers, and Blue Cross, 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, Deputy City Manager

Conrad E. Lamb, Finance Director

Keith Martin, Fire Chief

Teresa Williams, City Attorney

Joseph Piccinini, Police Chief

J. Thomas Lovell, Parks Administrator

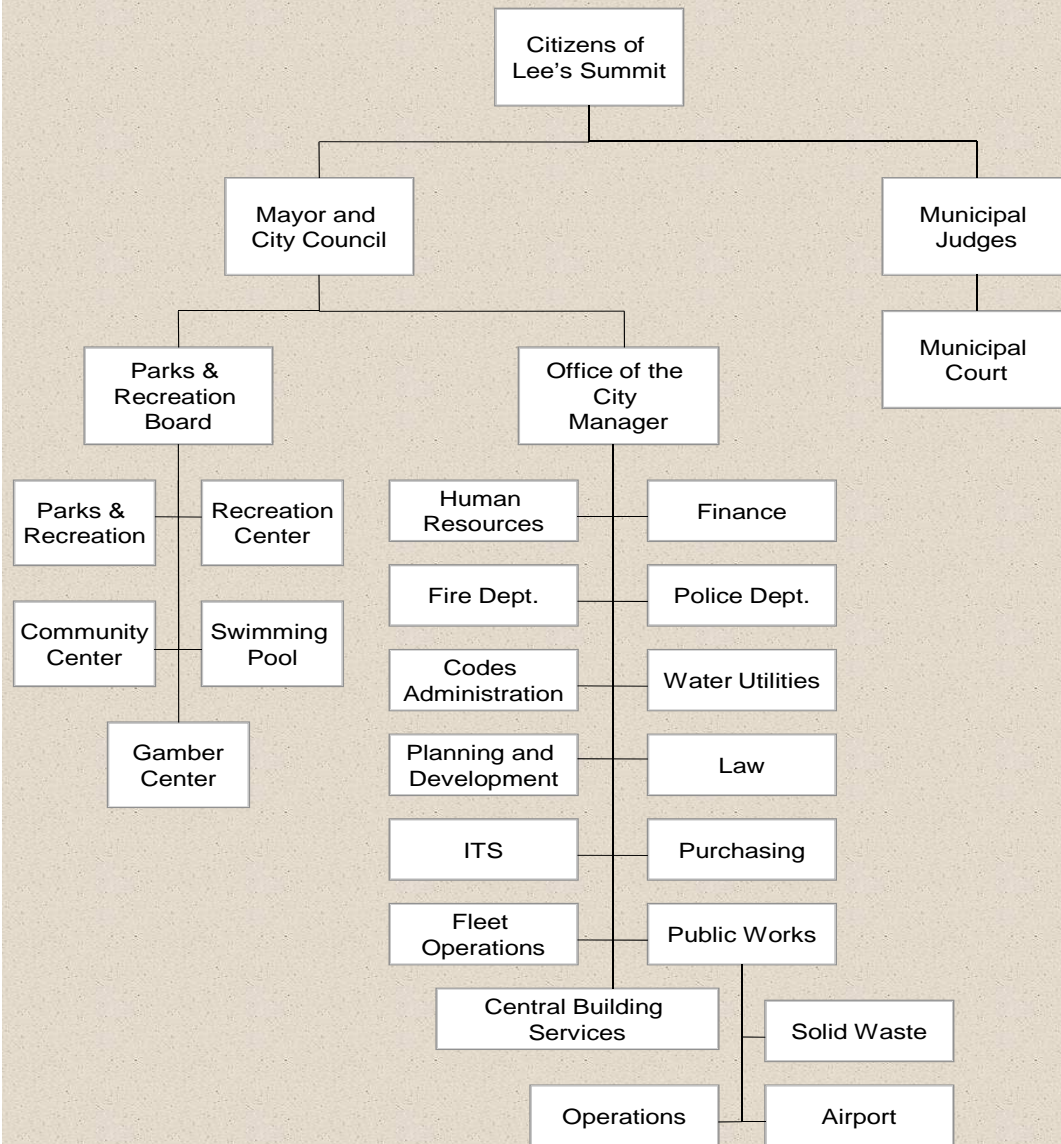
Charles Owsley, Public Works Director

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, 2010

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.



Linda C. Dandson

President

Jeffrey R. Emmer

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, 2011, 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, 2011, 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 21, 2011 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 21, 2011

CITY OF LEE'S SUMMIT, MISSOURI

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011

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, 2011. This is the ninth 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 \$654,180,257 (net assets). Of this amount, unrestricted net assets are in a deficit position of \$(17,516,667). This deficit is directly related to the effect of the tax increment financing bonds issued by the City.
- The City's total net assets increased \$3.4 million. Of this amount, \$1.2 million was from the City's "governmental activities" and the balance was from the "business-type activities."
- The City's total debt increased approximately \$24.4 million (25.4%) during the current fiscal year. Factors in this increase are the issuance of \$17 million in General Obligation debt and the issuance of \$22.3 million in TIF debt. 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, 2011, assets exceed liabilities by \$654,180,257. The largest portion of the City's net assets, \$597,042,898 (91%), 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, 2011 and 2010:

	Net Assets					
	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 109,766,674	\$ 91,337,939	\$ 37,604,770	\$ 43,780,593	\$ 147,371,444	\$ 135,118,532
Capital assets	416,940,271	404,027,653	222,247,980	221,375,473	639,188,251	625,403,126
Total assets	526,706,945	495,365,592	259,852,750	265,156,066	786,559,695	760,521,658
Long-term liabilities outstanding	71,865,960	58,204,401	19,051,244	23,945,344	90,917,204	82,149,745
Other liabilities	35,794,315	19,287,078	5,667,919	8,265,897	41,462,234	27,552,975
Total liabilities	107,660,275	77,491,479	24,719,163	32,211,241	132,379,438	109,702,720
Net assets:						
Invested in capital assets, net of related debt	388,840,510	367,750,571	208,202,388	200,815,159	597,042,898	568,565,730
Restricted	47,738,657	16,223,089	26,915,369	32,355,420	74,654,026	48,578,509
Unrestricted	(17,532,497)	33,900,453	15,830	(225,754)	(17,516,667)	33,674,699
Total net assets	\$ 419,046,670	\$ 417,874,113	\$ 235,133,587	\$ 232,944,825	\$ 654,180,257	\$ 650,818,938

At the end of the current fiscal year, the City is able to report positive balances in invested in capital assets, net of related debt and in restricted net assets. The deficit balance in unrestricted net assets is attributed to the effect the Tax Increment Financing Bonds have on how each category is calculated. There were ten funds that did not have positive fund balances. Two of those funds are capital project funds that have an interfund loan outstanding. These funds include Chapel Ridge Tax Increment Financing (TIF) and Road and Bridge Excise Tax. Three funds are special revenue funds that are waiting on grant reimbursements. These funds include Violence Against Women Grant, Entitlement Fund, and Energy Efficiency Grant. These funds currently have temporary loans from the General Fund until proceeds are received. Five other funds are capital project funds. These include: the North TIF fund which accounts for the North TIF area, the New Longview TIF fund which accounts for the New Longview TIF, Public Safety Issues fund accounts for expenditures related to the 2010 bond election question, Third Street Improvements fund accounts for improvements along Third Street related to a bond issue and Salt Dome #2 accounts for the construction of a second salt dome with bond funds. These funds all have a temporary loan from the General Fund.

The City's combined net assets increased to \$654.2 million from \$650.8 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 are \$(17.5) million. Total unrestricted net assets are \$(17.5) million including business-type activities of \$15,800.

CITY OF LEE'S SUMMIT, MISSOURI

Management's Discussion And Analysis (*Continued*)

By far, the largest portion of the City's net assets (91%) 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 \$654 million is comprised of \$597 million invested in capital assets, net of related debt; \$74.6 million is restricted for capital projects, debt service, law enforcement and economic development; \$(17.5) million is unrestricted.

The City's net assets increased \$3.4 million during the current fiscal year. Thirty-five percent of this increase represents the increase in governmental activities.

Changes in Net Assets

The following table reflects the revenues and expenses from the City's activities for the years ended June 30, 2011 and 2010:

	Changes in Net Assets					
	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues						
Program revenues:						
Charges for services	\$ 8,232,002	\$ 8,545,876	\$ 31,655,970	\$ 29,563,430	\$ 39,887,972	\$ 38,109,306
Operating grants and contributions	5,664,487	2,608,621	—	—	5,664,487	2,608,621
Capital grants and contributions	1,725,891	2,857,211	1,134,261	2,221,289	2,860,152	5,078,500
General revenues:						
Property taxes	38,698,817	38,276,295	—	—	38,698,817	38,276,295
Sales and use taxes	28,720,660	26,566,723	—	—	28,720,660	26,566,723
Other revenue	20,923,605	18,250,397	590,813	1,951,891	21,514,418	20,202,288
Total revenues	103,965,462	97,105,123	33,381,044	33,736,610	137,346,506	130,841,733
Expenses:						
General government	18,438,529	16,352,917	—	—	18,438,529	16,352,917
Public safety	36,379,439	33,569,829	—	—	36,379,439	33,569,829
Public works and streets	36,254,828	18,589,088	—	—	36,254,828	18,589,088
Planning and development	948,798	957,816	—	—	948,798	957,816
Parks and recreation	7,491,321	7,027,799	—	—	7,491,321	7,027,799
Interest on long-term debt	4,604,626	2,857,436	—	—	4,604,626	2,857,436
Combined waterworks and sewerage system	—	—	22,341,294	21,439,285	22,341,294	21,439,285
Sanitary landfill	—	—	4,108,646	2,451,476	4,108,646	2,451,476
Airport	—	—	2,121,901	1,489,979	2,121,901	1,489,979
Recreation Center	—	—	1,295,805	1,234,450	1,295,805	1,234,450
Total liabilities	104,117,541	79,354,885	29,867,646	26,615,190	133,985,187	105,970,075
Increases in net assets before transfers	(152,079)	17,750,238	3,513,398	7,121,420	3,361,319	24,871,658
Transfers	1,324,636	2,128,600	(1,324,636)	(2,128,600)	—	—
Increase in net assets	1,172,557	19,878,838	2,188,762	4,992,820	3,361,319	24,871,658
Net assets, beginning	417,874,113	397,995,275	232,944,825	227,952,005	650,818,938	625,947,280
Net assets, ending	\$ 419,046,670	\$ 417,874,113	\$ 235,133,587	\$ 232,944,825	\$ 654,180,257	\$ 650,818,938

CITY OF LEE'S SUMMIT, MISSOURI

Management's Discussion And Analysis (*Continued*)

Governmental Activities

Governmental activities increased the City's net assets by \$1.2 million.

There were several revenue items that contributed to this increase. Property taxes, the largest governmental category at 37% finished the year flat with \$38.7 million which had an increase of only \$.4 million over the prior year. This increase was due primarily to new commercial properties that came onto the tax rolls. The time period for these additions was January to December 2010 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 \$1.4 million increase was primarily due to cell phone providers remitting franchise tax on a regular basis due to settlement of a class action lawsuit. For the fiscal year ended June 30, 2011, revenues totaled \$137.3 million (governmental and business-type). Revenues from governmental activities totaled \$104 million or 75% of the total City revenues.

Governmental activities expenses increased \$24.8 million or 31.2% for the fiscal year ended June 30, 2011 compared to the fiscal year ended June 30, 2010. This increase is primarily due to the settlement of a lawsuit for \$15.5 million.

Certain revenues are generated that are specific to governmental program activity. These totaled \$8.5 million. The following table shows expenses and program revenues of the governmental activities for the years ended June 30, 2011 and 2010:

	Net Cost of Governmental Activities			
	Total Cost of Service		Net Cost of Service	
	2011	2010	2011	2010
General Government	\$ 18,438,529	\$ 16,352,917	\$ (12,387,911)	\$ (12,583,231)
Public Safety	36,379,439	33,569,829	(31,126,564)	(28,537,023)
Public Works and streets	36,254,828	18,589,088	(34,403,962)	(15,609,824)
Planning and development	948,798	957,816	(826,427)	(854,456)
Parks and recreation	7,491,321	7,027,799	(5,145,671)	(4,901,207)
Interest on long-term debt	4,604,626	2,857,436	(4,604,626)	(2,857,436)
Total	\$ 104,117,541	\$ 79,354,885	\$ (88,495,161)	\$ (65,343,177)

As previously noted, expenses from governmental activities totaled \$104.1 million. However, net costs of these services were \$88.5 million. The difference represents direct revenues received from charges for services of \$8.2 million, operating grants and contributions of \$5.7 million and capital grants and contributions of \$1.7 million. Taxes and other revenues of \$88.3 million were collected to cover these net costs.

Business-Type Activities

Business-type activities net assets increased by \$2.2 million in the current year. This was a decrease of \$2.8 compared to the prior year increase.

Overall revenues decreased \$.4 million or 1% compared to last year. This was primarily due to lower airport grant revenues. Most other business type revenues increased. On the other hand, expenses increased \$3.3 million or 13% compared to the prior year. The landfill fund's expenses increased \$1.7 over the prior year. This was due primarily to post closure cost estimate changes by the Missouri Department of Natural Resources.

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, 2011 was \$12.2 million or 17.1% of actual expenditures. This represents a decrease of \$15.2 million or a 56% decrease over the previous year's balance. Revenues increased \$.7 million and expenses increased by \$20 million over the previous fiscal year. This increase in expenditures was due primarily to the settlement of a lawsuit for \$15.5 million.

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. During fiscal year 2011 fund balance was drawn down to 17% after settlement of a lawsuit. The City's financial model is showing full recovery of the minimum 25% fund balance at the end of fiscal year 2013.

The Debt Service Fund ended the year with a fund balance of \$6.7 million, an increase of \$1.1 million, or 19%. As of June 30, 2011, the City has issued all but \$75,000 of the \$37 million general obligation debt authorized by the electorate in November 2002. 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, 2011 \$10 million of these bonds have not been issued. In November 2010, the electorate authorized an additional \$37.4 million in general obligation debt. The bonds provide for the construction of curb and sidewalk improvements, road improvements to Strother Road, Tudor Road and View High Drive @ I-470, emergency services radio upgrades and police facility improvements. At the end of Fiscal Year 2011 \$25.4 million of these bonds have not 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 potential future no tax increase bond issues.

The Summit Woods East TIF (Summit Fair) Fund ended the year with a fund balance of \$2.3 million at June 30, 2011. This represents an increase of \$2.3 million or 3500% over the previous year. The increase is due to issuance of TIF bonds during the fiscal year.

The Combined Water and Sewerage system recorded an increase of \$4 million in net assets for the year. The increase is attributed to net revenues of \$5.2 million. Revenues decreased over the last fiscal year by \$500,000 or 2% as consumption levels returned to more average levels overall. During the current fiscal year, weather conditions were more seasonable with consistent rain events early in the spring.

The Sanitary Landfill fund recorded a decrease of \$1.3 million in net assets for the year that is attributed to increased expenses of \$1.7 million compared to the last fiscal year. \$1 million of this increase is attributed to a change in the estimated liability for post closure care by the Department of Natural Resources. This increase was coupled with increased fuel costs and depreciation expense for the overall decrease in net assets. 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 a decrease of \$.5 million in net assets for the year. The decrease is attributed to capital grants received of \$.4 million compared to grants of \$2 million in the prior year.

CITY OF LEE'S SUMMIT, MISSOURI

Management's Discussion And Analysis (*Continued*)

General Fund Budgetary Highlights

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

The total original expenditure budget of \$53,214,138 was not amended during the fiscal year.

Actual revenues were \$3.2 million more than budgeted. Property taxes were \$.7 million higher than expected due to modest commercial growth. Revenue from sales taxes was \$138,000 or 1% lower than expected. Franchise receipts were \$2.6 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 \$184,000 lower than anticipated due to lower than expected interest rates on investments.

Actual expenditures were \$18 million more than budgeted. This was due primarily to the settlement of a lawsuit for \$15.5 million.

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, 2011 amounts to \$639 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 \$13.8 million during the period.

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

- Progress on software replacement for Finance/Procurement/HR for \$1.1 million for the year.
- Replacement of Chipman Road bridge over Cedar Creek for \$1.1 million for the year
- Substantial completion of the new Todd George Parkway between Woods Chapel and Colbern roads totaling \$2.5 million for the year.
- Completion of Lakewood Way improvements for \$1.5 million for the year.
- Completion of Fire Station 2 relocation and rebuild at \$2.2 million for the year.
- Progress construction of Sidewalk Improvements city wide totaling \$1.4 million for the year.
- Progress construction of Storm water Improvements city wide totaling \$2 million for the year.
- Progress construction on city wide curb replacement totaling \$1 million for the year.
- Progress construction of the Cedar Creek Interceptor Segment One at \$1.9 million for the year.
- Additional system additions and improvements were completed in the Combined Waterworks and Sewerage Fund at a cost of over \$2.5 million including flow holding basins east of Prairie Lee Lake of \$.4 million and Middle Big and Mouse Creek of \$.5 million.

CITY OF LEE'S SUMMIT, MISSOURI

Management's Discussion And Analysis (*Continued*)

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 7,997,075	\$ 7,997,075	\$ 19,625,415	\$ 7,634,278	\$ 27,622,490	\$ 15,631,353
Construction in progress	110,334,347	117,029,631	20,870,215	45,469,277	131,204,562	162,498,908
Buildings	45,924,560	48,291,769	—	—	45,924,560	48,291,769
Improvements	20,289,311	14,503,642	181,082,548	167,496,413	201,371,859	182,000,055
Machinery and equipment	10,406,169	11,731,899	669,802	775,505	11,075,971	12,507,404
Infrastructure	221,988,809	204,473,637	—	—	221,988,809	204,473,637
Total assets	\$ 416,940,271	\$ 404,027,653	\$ 222,247,980	\$ 221,375,473	\$ 639,188,251	\$ 625,403,126

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 2011, had a total of \$90.6 million of outstanding debt obligations. This was an increase of \$22.8 million or 34% from the previous year.

Even with the issuance of \$17 million in general obligation debt and \$22.3 million in TIF debt, the City's aggressive debt retirement schedule is the reason the overall obligations for both governmental activities and business-type activities increased by only \$22.8 million.

As of June 30, 2011, the City's total issued General Obligation (G.O.) Bonded Debt was \$33,975,000 and authorized and unissued debt was \$35,480,000. The City has statutory authority to issue debt equal to 20% of the City's total assessed valuation or \$327,131,701. This, less outstanding debt, authorized and unissued debt, and available cash, leaves a legal debt margin of \$263,677,685, which is 81% of the City's total bonding capacity. Bonded debt, net of available debt service funds, amounted to approximately \$306 per capita and represented 1.7% of the assessed value of taxable property.

General Obligation Bonds retired in fiscal year 2011 totaled \$6,630,000.

The City's most recent General Obligation Bonds were rated Aaa with a stable outlook by Moody's Investors Service. Recent Certificates of Participation have been rated AA by Fitch and Aa2 by Moody's Investors Service. The high quality ratings reflect the City's large and diverse tax base that is favorably located in the Kansas City metropolitan area; satisfactory financial operations despite sluggish sales tax growth; and debt levels that are expected to remain moderate.

The total revenue bond amount outstanding at June 30, 2011 was \$13,325,000, which was solely made up of bonds of the Combined Water and Sewer Utility. These bonds are payable solely from the revenue derived from the operations of the respective funds and are considered to be self-liquidating. Water Pollution Control bonds were retired during the current fiscal year.

The Combined Water and Sewer Utility Fund retired \$7,132,500 of their principal amount outstanding this year along with interest payments of \$1,010,225. This represents 2.1% of their net operating revenues available for debt service.

CITY OF LEE'S SUMMIT, MISSOURI

Management's Discussion And Analysis (*Continued*)

The City participated in the Missouri Leveraged State Water Pollution Control Revolving Fund Program with the issuance of \$9,695,000 in December 1990. The bonds were 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. These bonds were fully retired during the fiscal year.

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 \$13,385,000 in Certificates of Participation outstanding. In September 2000, the City issued \$955,000 in certificates of participation to acquire, construct, furnish, equip, and install improvements consisting of four airplane hangars and related site improvements at the Lee's Summit Municipal Airport. In 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 2012 are projected to total \$58.7 million. This represents an increase of 6.6% over the prior year budget of \$56 million. After recent years of flat sales tax growth and decreased building permit activity, the City has experienced modest growth in revenue categories such as Property, Franchise, Sales, and Vehicle taxes.

General Fund expenses are projected to total \$58.2 million compared to \$53.2 million budgeted in fiscal year 2011. This represents a 9% increase.

Personal Services expenditures are estimated using a 0% wage adjustment pool for the employee pay-for-performance system.

Health insurance premium increases were budgeted with a 10% increase based on preliminary estimates of health insurance costs. Effective July 1, 2011, the City changed health insurance providers in order to better manage insurance costs.

The General Fund added two full-time equivalents (FTEs) in fiscal year 2012. This was comprised of one Human Resources Generalist and one Animal Control Officer.

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

CITY OF LEE'S SUMMIT, MISSOURI

Management's Discussion And Analysis (*Continued*)

During the budget process, the Mayor and City Council 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 2012.

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, 2011

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	\$ 95,693,102	\$ 35,766,628	\$ 131,459,730
Receivables (net of allowance):			
Taxes	8,259,331	—	8,259,331
Accounts and other	1,199,229	3,132,079	4,331,308
Interest	189,944	74,718	264,662
Internal balances	1,832,752	(1,832,752)	—
Due from other governmental agencies	1,515,209	23,125	1,538,334
Inventories	138,677	340,761	479,438
Prepaid expenses	2,701	6,700	9,401
Other assets	225,454	25,123	250,577
Deferred bond issue costs, net	710,275	68,388	778,663
Capital assets:			
Nondepreciable	118,331,422	40,495,630	158,827,052
Depreciable, net	298,608,849	181,752,350	480,361,199
Total Capital Assets	416,940,271	222,247,980	639,188,251
Total Assets	526,706,945	259,852,750	786,559,695
Liabilities			
Accounts payable and accrued expenses	10,510,303	2,272,500	12,782,803
Accrued interest payable	487,238	27,463	514,701
Unearned revenues	—	25,906	25,906
Customer deposits - payable from restricted deposits	—	440,001	440,001
Long-term obligations:			
Due within one year:			
Compensated absences	166,774	12,049	178,823
Bonds and contracts	9,130,000	2,890,000	12,020,000
Claims and judgments	15,500,000	—	15,500,000
Due in more than one year:			
Compensated absences	3,589,066	274,653	3,863,719
Net pension obligation	429,392	—	429,392
Other post employment benefits	813,880	82,352	896,232
Bonds and contracts	67,033,622	18,694,239	85,727,861
Total Liabilities	107,660,275	24,719,163	132,379,438
Net Assets			
Invested in capital assets, net of related debt	388,840,510	208,202,388	597,042,898
Restricted for:			
Debt service	6,756,164	2,787,125	9,543,289
Capital projects	31,896,436	24,128,244	56,024,680
Law enforcement	3,113,696	—	3,113,696
Economic development	5,972,361	—	5,972,361
Unrestricted	(17,532,497)	15,830	(17,516,667)
Total Net Assets	\$ 419,046,670	\$ 235,133,587	\$ 654,180,257

CITY OF LEE'S SUMMIT, MISSOURI

STATEMENT OF ACTIVITIES For The Year Ended June 30, 2011

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	\$ 18,438,529	\$ 1,562,856	\$ 4,487,762	\$ —	\$ (12,387,911)	\$ —	\$ (12,387,911)
Public safety	36,379,439	4,237,673	1,015,202	—	(31,126,564)	—	(31,126,564)
Public works and streets	36,254,828	124,975	—	1,725,891	(34,403,962)	—	(34,403,962)
Planning and development	948,798	122,371	—	—	(826,427)	—	(826,427)
Parks and recreation	7,491,321	2,184,127	161,523	—	(5,145,671)	—	(5,145,671)
Interest on long-term debt	4,604,626	—	—	—	(4,604,626)	—	(4,604,626)
Total Governmental Activities	104,117,541	8,232,002	5,664,487	1,725,891	(88,495,161)	—	(88,495,161)
Business-Type Activities							
Waterworks and sewerage system	22,341,294	26,474,620	—	751,789	—	4,885,115	4,885,115
Sanitary landfill	4,108,646	2,881,382	—	—	—	(1,227,264)	(1,227,264)
Airport	2,121,901	1,217,812	—	382,472	—	(521,617)	(521,617)
Recreation center	1,295,805	1,082,156	—	—	—	(213,649)	(213,649)
Total Business-Type Activities	29,867,646	31,655,970	—	1,134,261	—	2,922,585	2,922,585
Total Primary Government	\$ 133,985,187	\$ 39,887,972	\$ 5,664,487	\$ 2,860,152	(88,495,161)	2,922,585	(85,572,576)
General Revenues							
Taxes:							
Property taxes, levied for general purposes					30,903,990	—	30,903,990
Property taxes, levied for debt service					7,794,827	—	7,794,827
Franchise taxes					16,249,638	—	16,249,638
Sales and use taxes					28,720,660	—	28,720,660
License taxes					458,972	—	458,972
Earnings on investments					681,673	325,226	1,006,899
Other revenues					3,290,249	265,587	3,555,836
Gain on sale of assets					243,073	—	243,073
Transfers					1,324,636	(1,324,636)	—
Total General Revenues And Transfers					89,667,718	(733,823)	88,933,895
Change In Net Assets					1,172,557	2,188,762	3,361,319
Net Assets - Beginning					417,874,113	232,944,825	650,818,938
Net Assets - Ending					\$ 419,046,670	\$ 235,133,587	\$ 654,180,257

CITY OF LEE'S SUMMIT, MISSOURI
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2011

	General Fund	Debt Service	Summit Woods East TIF	Other Governmental Funds	Total Governmental Funds
Assets					
Pooled cash and investments	\$ 17,019,634	\$ 6,330,349	\$ 3,538,935	\$ 60,261,837	\$ 87,150,755
Receivables (net of allowance):					
Taxes	4,245,216	963,262	108,288	2,942,565	8,259,331
Accounts and other	1,015,297	—	—	—	1,015,297
Interest	47,487	14,384	4,462	107,574	173,907
Due from other funds	8,874,045	—	—	1,000	8,875,045
Due from other governments	273,397	62,332	67,407	1,112,073	1,515,209
Other receivables	—	—	—	183,932	183,932
Other assets	5,150	—	—	2,167	7,317
Total Assets	\$ 31,480,226	\$ 7,370,327	\$ 3,719,092	\$ 64,611,148	\$ 107,180,793
Liabilities And Fund Balances					
Liabilities					
Accounts payable and accrued liabilities	\$ 2,748,014	\$ 62,332	\$ 1,376,412	\$ 5,703,843	\$ 9,890,601
Accrued interest payable	—	—	—	15,497	15,497
Due to other funds	—	—	—	7,042,293	7,042,293
Litigation reserve	15,500,000	—	—	—	15,500,000
Deferred revenue	1,060,461	627,449	—	472,105	2,160,015
Total Liabilities	19,308,475	689,781	1,376,412	13,233,738	34,608,406
Fund Balances					
Nonspendable					
Prepaid amounts	37,503	—	—	—	37,503
Advances to other funds	7,071,930	—	—	—	7,071,930
Restricted					
Bridges, streets, & signals	—	—	—	30,535,807	30,535,807
Economic development	—	—	2,342,680	7,055,454	9,398,134
Law enforcement	—	—	—	3,113,969	3,113,969
Debt service reserve	—	6,680,546	—	—	6,680,546
Other capital projects	—	—	—	3,219,522	3,219,522
Committed					
Bridges, streets, & signals	—	—	—	148,137	148,137
Landfill care	—	—	—	3,969,358	3,969,358
Cemetery care	—	—	—	1,129,655	1,129,655
Other capital projects	—	—	—	2,911,955	2,911,955
Assigned					
Parks and recreation	—	—	—	4,255,060	4,255,060
Economic development	—	—	—	61,893	61,893
Other capital projects	—	—	—	224,960	224,960
Other purposes	—	—	—	507,585	507,585
Unassigned	5,062,318	—	—	(5,755,945)	(693,627)
Total Fund Balances	12,171,751	6,680,546	2,342,680	51,377,410	72,572,387
Total Liabilities And Fund Balances	\$ 31,480,226	\$ 7,370,327	\$ 3,719,092	\$ 64,611,148	\$ 107,180,793

CITY OF LEE'S SUMMIT, MISSOURI

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
June 30, 2011**

Total Fund Balance, Governmental Funds \$ 72,572,387

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	497,296,206
Less: Accumulated depreciation	(90,099,323)

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.

2,160,015

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

(469,565)

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

17,844,989

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	(3,603,588)
Net pension obligation	(429,392)
Bonds payable	(76,720,000)
Unamortized discounts	1,059,566
Unamortized premiums	(503,188)
Unamortized bond issue costs	710,275
Other post employment benefit liability	(771,712)

Total Net Assets - Governmental Activities \$ 419,046,670

CITY OF LEE'S SUMMIT, MISSOURI

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
For The Year Ended June 30, 2011**

	General Fund	Debt Service	Summit Woods East TIF	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes					
Property	\$ 20,329,066	\$ 7,781,541	\$ 1,085,509	\$ 9,324,827	\$ 38,520,943
Sales	11,298,645	2,679,624	948,473	13,793,918	28,720,660
Franchise	16,249,638	—	—	—	16,249,638
License	—	—	—	458,972	458,972
Bed	—	—	—	334,472	334,472
Fines and forfeitures	1,388,711	63,179	—	24,130	1,476,020
Licenses and permits	1,264,778	—	—	2,048,153	3,312,931
Intergovernmental	1,015,202	—	293,496	4,459,811	5,768,509
Charges for services	3,331,207	—	—	111,844	3,443,051
Investment earnings	281,152	40,323	47	303,028	624,550
Other	1,606,996	—	16,082	1,167,151	2,790,229
Total Revenues	56,765,395	10,564,667	2,343,607	32,026,306	101,699,975
Expenditures					
Current:					
General government	26,664,544	—	—	1,369,773	28,034,317
Public safety	33,179,819	—	—	—	33,179,819
Public works and streets	10,477,224	—	—	—	10,477,224
Community development	948,798	—	—	—	948,798
Parks and recreation	—	—	—	5,743,896	5,743,896
Debt Service:					
Principal	—	8,280,000	—	975,000	9,255,000
Interest and other charges	—	1,948,059	1,939,026	705,569	4,592,654
Capital Outlay	—	—	19,798,416	27,433,752	47,232,168
Total Expenditures	71,270,385	10,228,059	21,737,442	36,227,990	139,463,876
Excess (Deficiency) Of					
Revenues Over Expenditures	(14,504,990)	336,608	(19,393,835)	(4,201,684)	(37,763,901)
Other Financing Sources (Uses)					
Issuance of bonds	—	—	22,300,000	17,000,000	39,300,000
Premium on issuance of bonds	—	—	—	510,796	510,796
Discount on issuance of bonds	—	—	(628,000)	—	(628,000)
Transfers in	1,500,638	874,981	—	4,837,556	7,213,175
Transfers out	(2,150,356)	(157,500)	—	(2,207,420)	(4,515,276)
Total Other Financing Sources (Uses)	(649,718)	717,481	21,672,000	20,140,932	41,880,695
Net Change In Fund Balances	(15,154,708)	1,054,089	2,278,165	15,939,248	4,116,794
Fund Balances - Beginning	27,326,459	5,626,457	64,515	35,438,162	68,455,593
Fund Balances - Ending	\$ 12,171,751	\$ 6,680,546	\$ 2,342,680	\$ 51,377,410	\$ 72,572,387

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, 2011

Net Change In Fund Balances - Total Governmental Funds	\$ 4,116,794
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 \$21,952,479 exceeded depreciation of \$9,613,685 in the current period.	12,338,794
Contributions of capital assets are recorded as capital contributions in the Statement of Activities. Contributions primarily represent infrastructure assets.	1,613,868
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.	(156,598)
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	(39,300,000)
Repayment of principal	9,255,000
Bond discounts	628,000
Bond discount amortization	(59,050)
Bond premium	(510,796)
Bond premium amortization	62,775
Bond issue costs	233,335
Bond issue cost amortization	(100,430)
Accrued interest	(135,367)
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	(155,882)
Compensated absences	(33,179)
Net pension obligation	(429,392)
Litigation expense	16,000,000
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.	(2,195,315)
Change In Net Assets Of Governmental Activities	\$ 1,172,557

CITY OF LEE'S SUMMIT, MISSOURI
STATEMENT OF NET ASSETS – PROPRIETARY FUNDS
June 30, 2011

	Enterprise Funds					Total	Internal Service Funds
	Combined Waterworks And Sewerage System	Sanitary Landfill	Airport	Nonmajor Enterprise Fund (Recreation Center)			
Assets							
Current assets:							
Cash and investments	\$ 33,016,843	\$ 2,165,356	\$ 520,582	\$ 63,847	\$ 35,766,628	\$ 8,542,347	
Accounts and other	1,807,688	223,919	90,703	—	2,122,310	—	
Unbilled accounts	1,009,769	—	—	—	1,009,769	—	
Interest	63,893	9,669	1,156	—	74,718	16,037	
Due from other governments	—	—	23,125	—	23,125	—	
Inventories	291,720	—	49,041	—	340,761	138,677	
Prepaid expenses	—	—	6,700	—	6,700	2,701	
Other assets	25,123	—	—	—	25,123	218,137	
Total current assets	36,215,036	2,398,944	691,307	63,847	39,369,134	8,917,899	
Noncurrent assets:							
Deferred bond issue costs, net	59,705	—	8,683	—	68,388	—	
Capital assets:							
Nondepreciable	20,888,828	39,927	19,566,875	—	40,495,630	104,250	
Depreciable, net	161,388,198	6,001,854	14,173,736	188,562	181,752,350	9,639,138	
Total noncurrent assets	182,336,731	6,041,781	33,749,294	188,562	222,316,368	9,743,388	
Total Assets	218,551,767	8,440,725	34,440,601	252,409	261,685,502	18,661,287	
Liabilities							
Current liabilities:							
Accounts payable	1,928,258	130,198	122,779	91,265	2,272,500	619,702	
Accrued interest payable	10,805	5,938	10,698	22	27,463	2,176	
Due to other funds	—	—	1,832,752	—	1,832,752	—	
Unearned revenue	—	—	25,906	—	25,906	—	
Compensated absences	7,090	1,901	1,374	1,684	12,049	9,329	
Current portion of long-term debt - bonds	2,845,000	—	45,000	—	2,890,000	—	
Payable from restricted assets:							
Customer deposit	409,543	—	30,458	—	440,001	—	
Total current liabilities	5,200,696	138,037	2,068,967	92,971	7,500,671	631,207	
Noncurrent liabilities:							
Revenue bonds	10,480,000	—	—	—	10,480,000	—	
Certificates of participation	—	—	545,000	—	545,000	—	
Compensated absences	169,591	48,767	24,537	31,758	274,653	142,923	
Closure and post-closure liability	—	7,743,356	—	—	7,743,356	—	
Unamortized bond discount, net	(68,817)	—	(5,300)	—	(74,117)	—	
Other post employment benefits	68,238	8,272	5,842	—	82,352	42,168	
Total noncurrent liabilities	10,649,012	7,800,395	570,079	31,758	19,051,244	185,091	
Total Liabilities	15,849,708	7,938,432	2,639,046	124,729	26,551,915	816,298	
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	10,759,991	(5,881,452)	(2,821,766)	(93,765)	1,963,008	7,061,557	
Total Net Assets	\$ 202,702,059	\$ 502,293	\$ 31,801,555	\$ 127,680	\$ 235,133,587	\$ 17,844,989	

CITY OF LEE'S SUMMIT, MISSOURI

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS For The Year Ended June 30, 2011

	Enterprise Funds					Total	Internal Service Funds
	Combined Waterworks And Sewerage System	Sanitary Landfill	Airport	Nonmajor Enterprise Fund (Recreation Center)			
Operating Revenues							
Charges for services	\$ 26,435,914	\$ 2,881,382	\$ 508,017	\$ 1,082,156	\$ 30,907,469	\$ 6,760,273	
Material and fuel sales	38,706	—	709,795	—	748,501	—	
Intergovernmental	—	—	382,472	—	382,472	8,000	
Other	92,466	30,763	35,679	106,679	265,587	418,058	
Total Operating Revenues	26,567,086	2,912,145	1,635,963	1,188,835	32,304,029	7,186,331	
Operating Expenses							
Salaries, wages and employee benefits	3,455,544	952,164	382,265	716,274	5,506,247	2,704,106	
Water purchases	5,529,052	—	—	—	5,529,052	—	
Utilities	667,482	55,593	53,709	82,374	859,158	355,394	
Repairs and maintenance	874,001	220,026	201,709	18,656	1,314,392	631,042	
Sewer services	4,498,593	—	—	—	4,498,593	—	
Fuels and lubricants	116,013	247,502	557,448	—	920,963	8,957	
Depreciation	4,198,098	256,628	695,222	32,883	5,182,831	2,791,730	
Miscellaneous	1,992,286	2,353,861	179,933	445,078	4,971,158	1,821,779	
Total Operating Expenses	21,331,069	4,085,774	2,070,286	1,295,265	28,782,394	8,313,008	
Operating Income (Loss)	5,236,017	(1,173,629)	(434,323)	(106,430)	3,521,635	(1,126,677)	
Nonoperating Revenues (Expenses)							
Interest income	279,438	38,418	7,116	254	325,226	57,123	
Interest expense	(1,010,225)	(22,872)	(51,615)	(540)	(1,085,252)	4,429	
Gain on disposal of capital assets	—	—	—	—	—	243,073	
Total Nonoperating Revenues (Expenses)	(730,787)	15,546	(44,499)	(286)	(760,026)	304,625	
Income Before Contributions And Transfers	4,505,230	(1,158,083)	(478,822)	(106,716)	2,761,609	(822,052)	
Capital Contributions	751,789	—	—	—	751,789	—	
Transfers In	199,409	—	74,377	57,642	331,428	129,099	
Transfers Out	(1,409,958)	(161,245)	(84,861)	—	(1,656,064)	(1,502,362)	
Change In Net Assets	4,046,470	(1,319,328)	(489,306)	(49,074)	2,188,762	(2,195,315)	
Total Net Assets - Beginning	198,655,589	1,821,621	32,290,861	176,754	232,944,825	20,040,304	
Total Net Assets - Ending	\$ 202,702,059	\$ 502,293	\$ 31,801,555	\$ 127,680	\$ 235,133,587	\$ 17,844,989	

CITY OF LEE'S SUMMIT, MISSOURI
PROPRIETARY FUNDS STATEMENT OF CASH FLOWS
For The Year Ended June 30, 2011

	Enterprise Funds					Internal Service Funds
	Combined Waterworks And Sewerage System	Sanitary Landfill	Airport	Nonmajor Enterprise Fund (Recreation Center)	Total	
Cash Flows From Operating Activities						
Cash received from customers	\$ 26,373,926	\$ 2,994,967	\$ 1,671,699	\$ 1,188,835	\$ 32,229,427	\$ 7,183,707
Cash paid to suppliers	(14,690,423)	(2,140,916)	(948,651)	(523,618)	(18,303,608)	(2,904,676)
Cash paid to employees	(3,532,895)	(955,603)	(379,771)	(720,376)	(5,588,645)	(2,702,829)
Net Cash Provided By (Used In) Operating Activities	8,150,608	(101,552)	343,277	(55,159)	8,337,174	1,576,202
Cash Flows From Noncapital Financing Activities						
Transfers in	199,409	—	74,377	57,642	331,428	129,099
Transfers out	(1,409,958)	(161,245)	(84,861)	—	(1,656,064)	(1,502,362)
Net Cash Provided By (Used In) Noncapital Financing Activities	(1,210,549)	(161,245)	(10,484)	57,642	(1,324,636)	(1,373,263)
Cash Flows From Capital And Related Financing Activities						
Principal payments on long-term debt	(7,132,500)	—	(45,000)	—	(7,177,500)	—
Interest paid on long-term debt obligations	(981,875)	(16,934)	(51,698)	(518)	(1,051,025)	—
Additions to capital assets	(4,882,523)	(578)	(390,429)	—	(5,273,530)	(1,751,686)
Proceeds from sale of capital assets	—	—	—	—	—	243,073
Net Cash Used In Capital And Related Financing Activities	(12,996,898)	(17,512)	(487,127)	(518)	(13,502,055)	(1,508,613)
Cash Flows Provided By Investing Activities						
Interest received	359,656	49,590	9,695	701	419,642	82,927
Net Increase (Decrease) In Cash And Cash Equivalents	(5,697,183)	(230,719)	(144,639)	2,666	(6,069,875)	(1,222,747)
Cash And Cash Equivalents - Beginning Of Year	38,714,026	2,396,075	665,221	61,181	41,836,503	9,765,095
Cash And Cash Equivalents - End Of Year	\$ 33,016,843	\$ 2,165,356	\$ 520,582	\$ 63,847	\$ 35,766,628	\$ 8,542,348
Operating income (loss)	\$ 5,236,017	\$ (1,173,629)	\$ (434,323)	\$ (106,430)	\$ 3,521,635	\$ (1,126,677)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization	4,198,098	256,628	695,222	32,883	5,182,831	2,791,730
Changes in assets and liabilities:						
(Increase) decrease in inventories	30,964	—	(11,883)	—	19,081	(20,542)
(Increase) decrease in accounts receivable	(136,470)	90,795	(7,556)	—	(53,231)	—
Decrease in due from other government agencies	—	—	45,024	—	45,024	—
Increase in unbilled revenue	(57,165)	—	—	—	(57,165)	—
Increase in prepaid expenses	—	—	—	—	—	(2,701)
(Increase) decrease in other assets	28,470	—	—	—	28,470	(208,607)
Increase (decrease) in accounts payable	(1,072,430)	1,560	56,031	22,490	(992,349)	144,346
Decrease in salaries and wages payable	—	—	—	—	—	(2,624)
Decrease in other accrued expenses	—	(426,000)	—	—	(426,000)	—
Decrease in due to other funds	—	(7,973)	(2,295)	—	(10,268)	—
Increase in customer deposits	475	—	563	—	1,038	—
Increase in accrued landfill closure/postclosure care costs	—	1,160,506	—	—	1,160,506	—
Increase (decrease) in other post employment benefits	(52,591)	(5,961)	1,363	—	(57,189)	(3,947)
Increase (decrease) in accrued compensated absences	(24,760)	2,522	1,131	(4,102)	(25,209)	5,224
Total adjustments	2,914,591	1,072,077	777,600	51,271	4,815,539	2,702,879
Net Cash Provided By (Used In) Operating Activities	\$ 8,150,608	\$ (101,552)	\$ 343,277	\$ (55,159)	\$ 8,337,174	\$ 1,576,202

Supplemental Disclosure Of Cash Flow Information

The City has the following noncash transactions: \$751,789 in water and sewer lines were contributed during fiscal year 2011.

CITY OF LEE'S SUMMIT, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011

1. Summary Of Significant Accounting Policies

The City of Lee's Summit, Missouri (the City) was incorporated in 1868 and covers an area of approximately 64 square miles in Jackson and Cass Counties, Missouri. Lee's Summit is a charter city operating under an elected Mayor-City Council form of government. The City Administrator is the chief administrative officer of the City. The City provides services to more than 91,364 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 East TIF - Established to account for public improvements needed to support new private development in the I-470 and M-350 Highway area.

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

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

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

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

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	\$ 0.8966
Park board	0.1595
Debt service	<u>0.4697</u>
Total tax levy	<u><u>\$ 1.5258</u></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 capital 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, 2011.

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.

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, 2011 are as follows:

	Fair Value	Less Than 1 Year	1 To 5 Years	5 To 10 Years
Certificates of deposit	\$ 23,492,000	\$ 11,828,000	\$ 11,664,000	\$ —
U.S. Treasury securities	56,339,180	36,200,391	20,138,789	—
Municipal bonds	11,895,989	1,350,405	10,545,584	—
Repurchase agreements	28,220,000	28,220,000	—	—
Guaranteed investment contracts	1,676,500	—	—	1,676,500
Money market funds	8,903,508	8,903,508	—	—
	130,527,177	\$ 86,502,304	\$ 42,348,373	\$ 1,676,500
Cash deposits per books	932,553			
Cash and investments per Statement of Net Assets	\$ 131,459,730			

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, 2011, the City's deposits were properly collateralized.

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, 2011, 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*	\$ 56,339,180	\$ —	\$ —	\$ —
Municipal bonds	11,895,989	—	11,895,989	—
Repurchase agreements	28,220,000	—	—	28,220,000
Guaranteed investment contracts	1,676,500	—	—	1,676,500
Money market funds	8,903,508	—	—	8,903,508
Total	\$ 107,035,177	\$ —	\$ 11,895,989	\$ 38,800,008

* 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 Repurchase Agreements	Municipal Bond **	\$ 5,002,800 28,220,000

** 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, 2011 was as follows:

	Governmental Activities			
	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011
Nondepreciable capital assets:				
Land	\$ 7,997,075	\$ —	\$ —	\$ 7,997,075
Construction in progress	117,029,631	21,803,727	28,499,011	110,334,347
Total nondepreciable capital assets	125,026,706	21,803,727	28,499,011	118,331,422
Depreciable capital assets:				
Buildings	61,325,375	—	—	61,325,375
Improvement other than buildings	22,396,662	7,178,239	—	29,574,901
Furniture, fixtures and equipment	31,779,783	1,886,546	1,414,829	32,251,500
Infrastructure	259,664,463	23,079,121	—	282,743,584
Total depreciable capital assets	375,166,283	32,143,906	1,414,829	405,895,360
Less: Accumulated depreciation				
Buildings	13,033,606	2,367,209	—	15,400,815
Improvement other than buildings	7,893,020	1,392,570	—	9,285,590
Furniture, fixtures and equipment	20,047,884	3,081,687	1,284,240	21,845,331
Infrastructure	55,190,826	5,563,949	—	60,754,775
Total accumulated depreciation	96,165,336	12,405,415	1,284,240	107,286,511
Total depreciable capital assets, net	279,000,947	19,738,491	130,589	298,608,849
Total governmental activities capital assets, net	\$ 404,027,653	\$ 41,542,218	\$ 28,629,600	\$ 416,940,271

Depreciation expense was charged to functions as follows:

General government	\$ 887,444
Public safety	999,889
Public works and streets	5,875,175
Parks and recreation	1,851,177
Capital assets held by the government's Internal Service Funds are charged to the various functions based on their usage of the assets	<u>2,791,730</u>
	<u>\$ 12,405,415</u>

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Business-Type Activities

	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011
Nondepreciable capital assets:				
Land	\$ 7,634,278	\$ 11,991,137	\$ —	\$ 19,625,415
Construction in progress	45,469,277	5,390,033	29,989,095	20,870,215
Total nondepreciable capital assets	53,103,555	17,381,170	29,989,095	40,495,630
Depreciable capital assets:				
Structures and improvements	232,630,244	18,663,263	—	251,293,507
Furniture, fixtures and equipment	3,334,032	—	—	3,334,032
Total depreciable capital assets	235,964,276	18,663,263	—	254,627,539
Less: Accumulated depreciation				
Structures and improvements	65,133,831	5,077,128	—	70,210,959
Furniture, fixtures and equipment	2,558,527	105,703	—	2,664,230
Total accumulated depreciation	67,692,358	5,182,831	—	72,875,189
Total depreciable capital assets, net	168,271,918	13,480,432	—	181,752,350
Total governmental activities capital assets, net	\$ 221,375,473	\$ 30,861,602	\$ 29,989,095	\$ 222,247,980

Depreciation expense was charged to functions as follows:

Combined waterworks and sewerage system	\$ 4,198,098
Sanitary landfill	256,628
Airport	695,222
Nonmajor enterprise funds	32,883
	<u>\$ 5,182,831</u>

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

Debt payable at June 30, 2011 is composed of the following:

	Interest Rates	Maturity Date	Balance June 30, 2011
Governmental Activities			
General obligation bonds:			
City hall – 2003	2.00 - 4.75	4/1/2023	\$ 17,975,000
Improvement bonds – 2010	0.3-0.65	4/1/2012	4,000,000
Improvement bonds – 2011	2.00-3.00	4/1/2017	<u>12,000,000</u>
Total general obligation bonds			<u>\$ 33,975,000</u>
Certificates of participation:			
City park – 2006	4.00 – 4.30	7/1/2018	<u>\$ 12,795,000</u>
TIF bonds:			
Summit woods crossing – 2001	4.85 – 6.25	5/1/2017	\$ 7,650,000
Summit fair – 2011	5.625 – 7.25	4/1/2023	<u>22,300,000</u>
Total TIF bonds			<u>\$ 29,950,000</u>
Business-Type Activities			
Combined Waterworks and Sewerage Fund:			
Revenue bonds:			
2002 Refunding	4.00 – 5.25	7/1/2015	\$ 3,000,000
Series – 2002 (A)	3.00 – 5.00	7/1/2022	8,865,000
Waterworks – 2004	2.93	4/1/2013	<u>1,460,000</u>
Total revenue bonds			<u>\$ 13,325,000</u>
Airport Fund:			
Certificates of participation – airport – 2000	4.40 – 5.40	9/1/2020	<u>\$ 590,000</u>

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, 2011:

Governmental Activities	Balance June 30, 2010	Additions	Reductions	Balance June 30, 2011	Amounts Due Within One Year
General obligation bonds	\$ 23,605,000	\$ 17,000,000	\$ (6,630,000)	\$ 33,975,000	\$ 6,600,000
Less: Bond discount	(137,184)	—	15,365	(121,819)	—
Add: Bond Premium	55,167	510,796	(62,775)	503,188	—
Total general obligation bonds	23,522,983	17,510,796	(6,677,410)	34,356,369	6,600,000
Certificates of participation	14,445,000	—	(1,650,000)	12,795,000	1,050,000
Less: Bond discount	(78,020)	—	9,752	(68,268)	—
Total certificates of participation	14,366,980	—	(1,640,248)	12,726,732	1,050,000
TIF bonds	8,625,000	22,300,000	(975,000)	29,950,000	1,480,000
Less: Bond discount	(275,412)	(628,000)	33,933	(869,479)	—
Total TIF bonds	8,349,588	21,672,000	(941,067)	29,080,521	1,480,000
Accrued compensated absences	3,717,438	253,569	(215,167)	3,755,840	166,774
Net pension obligation	—	429,392	—	429,392	—
Claims and judgments	16,000,000	—	(500,000)	15,500,000	15,500,000
Other post employment benefits	648,999	203,881	(39,000)	813,880	—
Total governmental activities long-term obligations	\$ 66,605,988	\$ 40,069,638	\$ (10,012,892)	\$ 96,662,734	\$ 24,796,774

The total long-term liabilities of \$96,662,734 consist of compensated absences and other post employment benefits of \$152,252 and \$42,168, respectively, related to Internal Service Funds, while the remaining amount of \$96,477,643 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, 2010	Additions	Reductions	Balance June 30, 2011	Amounts Due Within One Year
Combined waterworks and sewerage system fund:					
Revenue bonds	\$ 20,020,000	\$ —	\$ (6,695,000)	\$ 13,325,000	\$ 2,845,000
Less: Bond discount	(94,686)	—	25,869	(68,817)	—
Total revenue bonds	19,925,314	—	(6,669,131)	13,256,183	2,845,000
State revolving loan fund	437,500	—	(437,500)	—	—
Compensated absences	201,441	—	(24,760)	176,681	7,090
Other post employment benefits	52,591	15,647	—	68,238	—
Total waterworks and sewerage fund	20,616,846	15,647	(7,131,391)	13,501,102	2,852,090
Sanitary landfill fund:					
Landfill closure/post closure care	6,582,850	1,160,506	—	7,743,356	—
Compensated absences	48,146	5,939	(3,417)	50,668	1,901
Other post employment benefits	5,961	2,311	—	8,272	—
Total sanitary landfill fund	6,636,957	1,168,756	(3,417)	7,802,296	1,901
Airport fund:					
Certificates of participation	635,000	—	(45,000)	590,000	45,000
Less: Bond discount	(5,873)	—	573	(5,300)	—
Total certificates of participation	629,127	—	(44,427)	584,700	45,000
Compensated absences	24,780	2,131	(1,000)	25,911	1,374
Other post employment benefits	4,479	1,363	—	5,842	—
Total airport fund	658,386	3,494	(45,427)	616,453	46,374
Nonmajor enterprise fund:					
Compensated absences	37,544	—	(4,102)	33,442	1,684
Total business-type activities long-term obligations	\$ 27,949,733	\$ 1,187,897	\$ (7,184,337)	\$ 21,953,293	\$ 2,902,049

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Debt service requirements on long-term debt at June 30, 2011 are as follows:

Year	General Obligation Bonds		Governmental Activities Certificates Of Participation		TIF Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 6,600,000	\$ 1,078,542	\$ 1,050,000	\$ 544,638	\$ 1,480,000	\$ 1,564,047
2013	3,225,000	1,015,375	1,390,000	500,013	2,080,000	1,818,594
2014	3,275,000	906,375	1,370,000	440,938	2,495,000	1,692,734
2015	3,425,000	795,375	2,330,000	382,713	2,935,000	1,539,954
2016	3,600,000	700,375	2,600,000	283,688	3,215,000	1,364,188
2017-2021	10,175,000	2,052,788	4,055,000	246,288	11,660,000	4,257,351
2022-2023	3,675,000	263,625	—	—	6,085,000	673,706
	\$ 33,975,000	\$ 6,812,455	\$ 12,795,000	\$ 2,398,275	\$ 29,950,000	\$ 12,910,573

Year	Enterprise Fund			
	Combined Waterworks And Sewerage System		Airport	
	Revenue Bonds		Certificates Of Participation	
	Principal	Interest	Principal	Interest
2012	\$ 2,845,000	\$ 607,816	\$ 45,000	\$ 30,065
2013	2,895,000	482,970	50,000	27,640
2014	685,000	354,700	50,000	25,040
2015	720,000	325,588	55,000	22,310
2016	755,000	294,988	55,000	19,423
2017-2021	4,400,000	921,450	335,000	46,988
2022-2023	1,025,000	51,250	—	—
	\$ 13,325,000	\$ 3,038,762	\$ 590,000	\$ 171,465

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 & 2011

The tax increment revenue bonds were issued to finance the cost of certain public improvements in the Summit Woods Crossing and Summit Fair 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. The State Revolving Loan Fund balance was paid off during the current year.

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 \$327,131,701, which, after reduction for authorized general obligation bonds net of available resources in the Debt Service Fund, provides a general obligation debt margin of \$263,677,685.

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.

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

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, 2011. The City is also in compliance with minimum net revenue covenants (as defined in the indenture) at June 30, 2011.

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
Nonmajor Governmental	\$ 15,663,189	\$ 60,000
Combined Waterworks and Sewage System	797,643	—
Airport	703,971	668,772
	<u>\$ 17,164,803</u>	<u>\$ 728,772</u>

6. Interfund Receivables, Payables And Transfers

The composition of interfund balances as of June 30, 2011 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental	\$ 7,041,293
General Fund	Airport	1,832,752
Nonmajor Governmental	Nonmajor Governmental	1,000
Total		<u>\$ 8,875,045</u>

The \$1,832,752 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.

Included in the payable from Nonmajor Governmental Funds to the General Fund is \$5,239,178 that is payable over five years.

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

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:

	Transfers To							Total
	General Fund	Debt Service Fund	Nonmajor Governmental	Water & Sewer	Airport Fund	Nonmajor Enterprise	Internal Service	
Transfers from:								
General Fund	\$ —	\$ —	\$ 1,903,716	\$ —	\$ 72,015	\$ 57,642	\$ 116,983	\$ 2,150,356
Debt Service Fund	—	—	157,500	—	—	—	—	157,500
Internal Service Funds	—	—	1,500,000	—	2,362	—	—	1,502,362
Nonmajor Governmental Combined Waterworks and Sewerage System	6,690	874,981	1,126,340	199,409	—	—	—	2,207,420
Sanitary Landfill	1,259,958	—	150,000	—	—	—	—	1,409,958
Airport	155,129	—	—	—	—	—	6,116	161,245
	78,861	—	—	—	—	—	6,000	84,861
	<u>\$ 1,500,638</u>	<u>\$ 874,981</u>	<u>\$ 4,837,556</u>	<u>\$ 199,409</u>	<u>\$ 74,377</u>	<u>\$ 57,642</u>	<u>\$ 129,099</u>	<u>\$ 7,673,702</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, 2011, \$1,259,958 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.

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (Continued)

Funding Policy

The City's full-time employees do not contribute to the pension plan. The City is required to contribute at an actuarially determined rate; the current rate is 12.5% (general), 16.0% (police), and 14.6% (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.

Annual Pension Cost

The annual pension costs and net pension obligation for June 31, 2011 are as follows:

Annual required contribution	\$ 5,367,402
Interest on net pension obligation	—
Adjustment to annual required contribution	—
Annual pension cost	<u>5,367,402</u>
Actual contributions	<u>4,938,010</u>
Increase in net pension obligation	429,392
Net pension obligation, beginning of the year	<u>—</u>
Net pension obligation, end of the year	<u><u>\$ 429,392</u></u>

The required contribution was determined as part of the February 28, 2009 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2011 included (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% 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 75% of the RP-2000 Combined Healthy Table set back 0 years for men and 0 years for women, and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back 0 year for men and 0 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at February 28, 2009 was 30 years (general), 24 years (police) and 30 years (fire).

Three-Year Trend Information

Year	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation
June 30, 2009	\$ 4,419,824	100%	—
June 30, 2010	4,316,017	100	—
June 30, 2011	5,367,402	92	429,392

Funding Status And Progress

As of February 28, 2011, the most recent actuarial valuation date, the plan was 81% funded. The actuarial accrued liability for benefits was \$94,046,000, and the actuarial value of assets was \$76,217,000, resulting in an unfunded actuarial accrual liability (UAAL) of \$17,829,000. The covered payroll (annual payroll of active employees covered by the plan) was \$34,542,000, and the ratio of the UAAL to the covered payroll was 52%.

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.

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

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	(34,628)
Annual OPEB Cost	<u>223,202</u>
Expected Contribution (related to implicit rate subsidy)	39,000
	<u>184,202</u>
Net OPEB Obligation, Beginning Of Year	<u>712,030</u>
Net OPEB Obligation, End Of Year	<u><u>\$ 896,232</u></u>

Schedule Of Employer Contributions

For The Year Ended June 30,	Annual OPEB Cost	*Percentage Contributed	Net OPEB Obligation
2009	\$ 294,154	12%	\$ 517,828
2010	223,202	13%	712,030
2011	223,202	13%	896,232

* 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. In addition to the judgment, there was a claim for \$2,000,000 in legal fees related to the judgment. Subsequent to year-end, the City reached and paid in full a settlement of \$15,500,000 that retired the jury verdict and legal fees. The City has accrued a liability for \$15,500,000, which is included in the government-wide and fund financial statements as of June 30, 2011.

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 carries liability and fidelity insurance coverage provided by One Beacon Insurance Group and property coverage is provided by Travelers Property Casualty Company of America.

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.

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

At June 30, 2011, the City's total estimated liability for payment of incurred but unpaid claims for workers' compensation was \$435,190 and is included in accounts payable in the Workers' Compensation Self-Insurance Fund.

Changes in self-insured claims liability at June 30, 2011 and 2010 were as follows:

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	291,967
Add: Current year claims and change in estimate	528,273
Less: Claim payments	<u>385,050</u>
Balance – June 30, 2011	<u><u>\$ 435,190</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 \$7,743,356 reported as landfill closure and postclosure care liability at June 30, 2011 represents the cumulative estimate of closure and postclosure care costs based on the use of approximately 78% of the ultimate capacity of the landfill.

The City will recognize the remaining estimated cost of closure and postclosure care of \$2,153,571 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 2011 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, 2011, the City had outstanding contracts of obligation in the amount of \$9,896,927. 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.

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

11. Deficits

The accumulated deficit in the funds listed below will be eliminated by future revenues or transfers.

Capital Project Funds - Nonmajor	
Chapel Ridge TIF	\$ 3,405,043
North Tax Increment Financing	777
Public Safety Issues	308,548
Third Street Road Improvements	49,566
Salt Dome No. 2	57,560
New Longview TIF	19,953
Road & Bridge Excise/Sales Tax	<u>1,809,327</u>
	<u>5,650,774</u>
Special Revenue Funds - Nonmajor	
Violence Against Women Grant	22,280
Entitlement Fund	28,145
Energy Efficiency Grant	54,746
Swimming Pool	<u>28,680</u>
	<u>133,851</u>
	<u>\$ 5,784,625</u>

12. Fund Balance Categories And Classifications

In February 2009, the GASB issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated and unreserved have been replaced with five new classifications: nonspendable, restricted, committed, assigned and unassigned.

Nonspendable - assets that are not available in a spendable form such as inventory, prepaid expenditures, and long-term receivables not expected to be converted to cash in the near term. It also includes funds that are legally or contractually required to be maintained intact such as the corpus of a permanent fund or foundation.

Restricted - amounts that are required by external parties to be used for a specific purpose. Constraints are externally imposed by creditors, grantors, contributors or laws, regulations or enabling legislation.

CITY OF LEE'S SUMMIT, MISSOURI

Notes To Basic Financial Statements (*Continued*)

Committed - amounts constrained on use imposed by formal action of the government's highest level of decision making authority.

Assigned - amounts intended to be used for specific purposes. This is determined by the governing body, the budget or finance committee or a delegated municipality official.

Unassigned - all other resources; the remaining fund balance after non-spendable, restrictions, commitments, and assignments. This class only occurs in the General Fund, except for cases of negative fund balances. Negative Fund Balances are always reported as Unassigned, no matter which fund the deficit occurs in.

Fund Balance Classification Policies and Procedures

For committed fund balance, the City's highest level of decision-making authority is the City Council. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is through a formal action and committed fund balances do not lapse at year end.

For assigned fund balance, the City Council is authorized to assign amounts to a specific purpose. The authorization is delegated by the City Council to the City Administrator for purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed by committed, assigned, and lastly unassigned.

For the classification of fund balances, the City considers restricted amounts to have been spent first when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Also for the classification of fund balances, the City considers committed, assigned, or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.



Required Supplementary Information



CITY OF LEE'S SUMMIT, MISSOURI
BUDGETARY COMPARISON INFORMATION
GENERAL FUND
For The Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		Actual	Variances With
	Original	Final		Final Budget - Positive (Negative)
Revenues				
Taxes	\$ 44,782,964	\$ 44,782,964	\$ 47,877,349	\$ 3,094,385
Fees and forfeitures	782,172	782,172	1,388,711	606,539
Licenses and permits	3,321,102	3,321,102	1,264,778	(2,056,324)
Intergovernmental	1,114,152	1,114,152	1,015,202	(98,950)
Charges for services	1,384,798	1,384,798	3,331,207	1,946,409
Investment earnings	465,148	465,148	281,152	(183,996)
Other	1,734,701	1,734,701	1,606,996	(127,705)
Total Revenues	53,585,037	53,585,037	56,765,395	3,180,358
Expenditures				
Current:				
General government:				
Administration	3,606,226	3,606,226	3,238,466	367,760
Codes administration	1,497,085	1,497,085	1,483,676	13,409
Finance	4,100,275	4,100,275	19,494,499	(15,394,224)
Municipal court	809,227	809,227	889,728	(80,501)
Legal	1,707,457	1,707,457	1,558,175	149,282
Public Safety:				
Law enforcement	19,027,447	19,027,447	17,879,932	1,147,515
Fire/EMS	15,536,300	15,536,300	15,299,887	236,413
Public works and streets:				
Public works/engineering	1,707,457	1,707,457	3,990,658	(2,283,201)
Street operations	4,247,487	4,247,487	6,486,566	(2,239,079)
Community development	975,177	975,177	948,798	26,379
Total Expenditures	53,214,138	53,214,138	71,270,385	(18,056,247)
Excess (Deficiency) Of Revenues Over Expenditures	370,899	370,899	(14,504,990)	(14,875,889)
Other Financing Sources (Uses)				
Transfers in	1,490,112	1,490,112	1,500,638	10,526
Transfers out	(2,172,015)	(2,172,015)	(2,150,356)	21,659
Total Other Financing Sources (Uses)	(681,903)	(681,903)	(649,718)	32,185
Net Change In Fund Balances	(311,004)	(311,004)	(15,154,708)	(14,843,704)
Fund Balances - Beginning	27,326,459	27,326,459	27,326,459	—
Fund Balances - Ending	\$ 27,015,455	\$ 27,015,455	\$ 12,171,751	\$ (14,843,704)

CITY OF LEE'S SUMMIT, MISSOURI

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) NOTES TO BUDGETARY COMPARISON INFORMATION For The Year Ended June 30, 2011

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, 2011:

<u>Fund</u>	<u>Amount</u>
General Fund	\$ 18,056,247
Debt Service	1,232,050
Violence Against Women	38,560

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, 2011**

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%
February 28, 2011	76,217,407	94,046,436	17,829,029	81%	34,542,887	52%

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) UAL 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, 2011**

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
Assets			
Pooled cash and investments	\$ 9,458,700	\$ 50,803,137	\$ 60,261,837
Receivables (net of allowance):			
Taxes	155,984	2,786,581	2,942,565
Interest	63,528	44,046	107,574
Due from other funds	1,000	—	1,000
Due from other governments	16,110	1,095,963	1,112,073
Other receivables	2,056	181,876	183,932
Other assets	2,167	—	2,167
Total Assets	\$ 9,699,545	\$ 54,911,603	\$ 64,611,148
Liabilities And Fund Balances			
Liabilities:			
Accounts payable and accrued liabilities	\$ 3,018,285	\$ 2,685,558	\$ 5,703,843
Accrued interest payable	—	15,497	15,497
Due to other funds	30,500	7,011,793	7,042,293
Unearned revenue	197,172	274,933	472,105
Total Liabilities	3,245,957	9,987,781	13,233,738
Fund balances:			
Restricted			
Bridges, Streets & Signals	—	30,535,807	30,535,807
Economic development	—	7,055,454	7,055,454
Law enforcement	—	3,113,969	3,113,969
Other capital projects	—	3,219,522	3,219,522
Committed			
Bridges, Streets & Signals	148,137	—	148,137
Landfill care	3,969,358	—	3,969,358
Cemetery care	1,129,655	—	1,129,655
Other capital projects	—	2,911,955	2,911,955
Assigned			
Parks and recreation	1,248,716	3,006,344	4,255,060
Economic development	61,893	—	61,893
Other capital projects	—	224,960	224,960
Other purposes	1,000	506,585	507,585
Unassigned	(105,171)	(5,650,774)	(5,755,945)
Total Fund Balances	6,453,588	44,923,822	51,377,410
Total Liabilities And Fund Balances	\$ 9,699,545	\$ 54,911,603	\$ 64,611,148

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, 2011**

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
Revenues			
Taxes			
Property	\$ 2,905,887	\$ 6,418,940	\$ 9,324,827
Sales	—	13,793,918	13,793,918
License	—	458,972	458,972
Bed	334,472	—	334,472
Fines and forfeitures	24,130	—	24,130
Licenses and permits	2,048,153	—	2,048,153
Intergovernmental	1,082,888	3,376,923	4,459,811
Charges for services	111,844	—	111,844
Investment earnings	47,672	255,356	303,028
Other	622,701	544,450	1,167,151
Total Revenues	7,177,747	24,848,559	32,026,306
Expenditures			
Current:			
General government	1,355,064	14,709	1,369,773
Parks and recreation	5,743,896	—	5,743,896
Debt Service:			
Principal	—	975,000	975,000
Interest and other charges	—	705,569	705,569
Capital outlay	—	27,433,752	27,433,752
Total Expenditures	7,098,960	29,129,030	36,227,990
Excess Of Revenues Over Expenditures	78,787	(4,280,471)	(4,201,684)
Other Financing Sources (Uses)			
Issuance of bonds	—	17,000,000	17,000,000
Premium on issuance of bonds	—	510,796	510,796
Discount on issuance of bonds	—	—	—
Transfers in	284,413	4,553,143	4,837,556
Transfers out	(94,840)	(2,112,580)	(2,207,420)
Total Other Financing Sources (Uses)	189,573	19,951,359	20,140,932
Net Change In Fund Balances	268,360	15,670,888	15,939,248
Fund Balances - Beginning	6,185,228	29,252,934	35,438,162
Fund Balances - Ending	\$ 6,453,588	\$ 44,923,822	\$ 51,377,410

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.

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

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.

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, 2011**

	Park Board	Violence Against Women Grant	Entitlement Fund	Landfill Post Closure Fund	Cemetery Trust Fund	Road And Bridge Escrow	Business And Industry Fund	Energy Efficiency Grant	Total Nonmajor Special Revenue Funds
Assets									
Pooled cash and investments	\$ 1,647,084	\$ 3,093	\$ 1,519	\$ 3,962,705	\$ 1,132,015	\$ 2,684,383	\$ 27,731	\$ 170	\$ 9,458,700
Receivables (net of allowance):									
Taxes receivable, net	155,984	—	—	—	—	—	—	—	155,984
Interest	3,431	(1,190)	—	6,653	2,616	2,144	49,874	—	63,528
Due from other funds	1,000	—	—	—	—	—	—	—	1,000
Due from other governments	—	—	16,110	—	—	—	—	—	16,110
Other receivables	2,056	—	—	—	—	—	—	—	2,056
Other assets	2,167	—	—	—	—	—	—	—	2,167
Total Assets	\$ 1,811,722	\$ 1,903	\$ 17,629	\$ 3,969,358	\$ 1,134,631	\$ 2,686,527	\$ 77,605	\$ 170	\$ 9,699,545
Liabilities And Fund Balances									
Liabilities									
Accounts payable and accrued liabilities	\$ 364,834	\$ 14,183	\$ 25,774	\$ —	\$ 4,976	\$ 2,538,390	\$ 15,712	\$ 54,416	\$ 3,018,285
Due to other funds	—	10,000	20,000	—	—	—	—	500	30,500
Payable to other governments	—	—	—	—	—	—	—	—	—
Unearned revenue	197,172	—	—	—	—	—	—	—	197,172
Total Liabilities	562,006	24,183	45,774	—	4,976	2,538,390	15,712	54,916	3,245,957
Fund Balances									
Committed									
Bridges, Streets & Signals	—	—	—	—	—	148,137	—	—	148,137
Landfill care	—	—	—	3,969,358	—	—	—	—	3,969,358
Cemetery care	—	—	—	—	1,129,655	—	—	—	1,129,655
Assigned									
Parks and recreation	1,248,716	—	—	—	—	—	—	—	1,248,716
Economic development	—	—	—	—	—	—	61,893	—	61,893
Other purposes	1,000	—	—	—	—	—	—	—	1,000
Unassigned	—	(22,280)	(28,145)	—	—	—	—	(54,746)	(105,171)
Total Fund Balances	1,249,716	(22,280)	(28,145)	3,969,358	1,129,655	148,137	61,893	(54,746)	6,453,588
Total Liabilities And Fund Balances	\$ 1,811,722	\$ 1,903	\$ 17,629	\$ 3,969,358	\$ 1,134,631	\$ 2,686,527	\$ 77,605	\$ 170	\$ 9,699,545

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, 2011**

	Park Board	Violence Against Women Grant	Entitlement Fund	Landfill Post Closure Fund	Cemetery Trust Fund	Road And Bridge Escrow	Business And Industry Fund	Energy Efficiency Grant	Total Nonmajor Special Revenue Funds
Revenues									
Taxes									
Property	\$ 2,905,887	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 2,905,887
Bed	—	—	—	—	—	—	334,472	—	334,472
Fines and forfeitures	24,130	—	—	—	—	—	—	—	24,130
Licenses and permits	2,048,153	—	—	—	—	—	—	—	2,048,153
Intergovernmental	205,777	—	291,032	—	100	—	—	585,979	1,082,888
Charges for services	44,066	—	—	—	67,778	—	—	—	111,844
Investment earnings	4,870	113	—	24,458	7,141	10,914	176	—	47,672
Other	466,156	28	—	—	156,517	—	—	—	622,701
Total Revenues	5,699,039	141	291,032	24,458	231,536	10,914	334,648	585,979	7,177,747
Expenditures									
Current:									
General government	—	38,560	291,816	—	—	28,134	357,604	638,950	1,355,064
Parks and recreation	5,540,969	—	—	—	202,927	—	—	—	5,743,896
Total Expenditures	5,540,969	38,560	291,816	—	202,927	28,134	357,604	638,950	7,098,960
Excess (Deficiency) Of Revenues Over Expenditures	158,070	(38,419)	(784)	24,458	28,609	(17,220)	(22,956)	(52,971)	78,787
Other Financing Sources (Uses)									
Transfers in	222,193	—	—	—	—	—	62,220	—	284,413
Transfers out	—	—	—	—	(23,197)	(64,953)	(6,690)	—	(94,840)
Total Other Financing Sources (Uses)	222,193	—	—	—	(23,197)	(64,953)	55,530	—	189,573
Net Change In Fund Balances	380,263	(38,419)	(784)	24,458	5,412	(82,173)	32,574	(52,971)	268,360
Fund Balances - Beginning	869,453	16,139	(27,361)	3,944,900	1,124,243	230,310	29,319	(1,775)	6,185,228
Fund Balances - Ending	\$ 1,249,716	\$ (22,280)	\$ (28,145)	\$ 3,969,358	\$ 1,129,655	\$ 148,137	\$ 61,893	\$ (54,746)	\$ 6,453,588

CITY OF LEE'S SUMMIT, MISSOURI

BUDGETARY COMPARISON SCHEDULE

PARK BOARD

For The Year Ended June 30, 2011

	<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	\$ 2,802,609	\$ 2,802,609	\$ 2,905,887	\$ 103,278
Fines and forfeitures	30,300	30,300	24,130	(6,170)
Licenses and permits	1,961,301	1,961,301	2,048,153	86,852
Intergovernmental	35,000	—	205,777	205,777
Charges for services	22,271	22,271	44,066	21,795
Investment earnings	5,000	5,000	4,870	(130)
Other	380,267	380,267	466,156	85,889
Total Revenues	5,236,748	5,201,748	5,699,039	497,291
Expenditures				
Current:				
Parks and recreation	5,584,425	5,584,425	5,540,969	43,456
Excess Of Revenues Over Expenditures	(347,677)	(382,677)	158,070	540,747
Other Financing Sources (Uses)				
Transfers in	135,951	135,951	222,193	86,242
Transfers out	(167,295)	(167,295)	—	167,295
Total Other Financing Sources	(31,344)	(31,344)	222,193	253,537
Net Change In Fund Balances	(379,021)	(414,021)	380,263	794,284
Fund Balances - Beginning	766,163	766,163	869,453	103,290
Fund Balances - Ending	\$ 387,142	\$ 352,142	\$ 1,249,716	\$ 897,574

CITY OF LEE'S SUMMIT, MISSOURI

**BUDGETARY COMPARISON SCHEDULE
VIOLENCE AGAINST WOMEN GRANT
For The Year Ended June 30, 2011**

	Budgeted Amounts		Actual Amounts	Variances With Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Investment earnings	\$ —	\$ —	\$ 113	\$ 113
Miscellaneous	—	—	28	28
Total Revenues	—	—	141	141
Expenditures				
Current:				
General government	—	—	38,560	(38,560)
Net Change In Fund Balances	—	—	(38,419)	(38,419)
Fund Balances - Beginning	16,139	16,139	16,139	—
Fund Balances - Ending	\$ 16,139	\$ 16,139	\$ (22,280)	\$ (38,419)

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.

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

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

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

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.

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.

CITY OF LEE'S SUMMIT, MISSOURI

**NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS**

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

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.

ERP System - Established to account for the acquisition, testing, and implementation of new Financial, Procurement, Human Resources and Water Utility Billing software.

Road Improvements - Established to account for costs associated with construction of Strother Road Improvements and View High/i-470 Road Improvements related to a 2010 general obligation bond issue.

Tudor Road Improvements - Established to account for costs associated with construction of Tudor Road related to a 2010 general obligation bond issue.

Infrastructure Improvements - Established to account for costs associated with sidewalk rehabilitation and curb replacement related to a 2010 general obligation bond issue.

Public Safety 10 - Established to account for costs associated with public safety radio upgrade and for construction of a police training facility and other improvements related to a 2010 general obligation bond issue.

CITY OF LEE'S SUMMIT, MISSOURI

**COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS**

**Page 1 Of 2
June 30, 2011**

	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 Develop- ment	Summit Woods TIF	Chapel Ridge TIF	New Longview TIF	Hartley's Block TIF	1-470 Business Center TIF	Downtown Improve- ments	Public Safety Issues
Assets														
Pooled cash and investments	\$ —	\$ 167,744	\$ 576,764	\$ 6,294,387	\$ 58,970	\$ 4,535	\$ 3,011,262	\$ 6,290,615	\$ 1,852	\$ 12,482	\$ 134,545	\$ 94,366	\$ 74,162	\$ 23,149
Receivables (net of allowance)														
Taxes				939,969	412,399			394,032	54,395	4,274				
Interest	2,016	379		10,227		8	2,597	257		90	103	189	134	
Due from other governments				855,202				197,226	39,748	3,787				
Other receivables								181,876						
Total Assets	\$ 2,016	\$ 168,123	\$ 576,764	\$ 8,099,785	\$ 471,369	\$ 4,543	\$ 3,013,859	\$ 7,064,006	\$ 95,995	\$ 20,633	\$ 134,648	\$ 94,555	\$ 74,296	\$ 23,149
Liabilities And Fund														
Balances Liabilities														
Accounts payable and accrued liabilities	\$ —	\$ —	\$ 216,482	\$ 742,068	\$ 1,996	\$ —	\$ 6,515	\$ 56,536	\$ 193,997	\$ 20,538	\$ —	\$ 899	\$ —	\$ 31,194
Accrued interest payable			818		3,767			441	7,041	48				503
Due to other funds	2,793		5,000		2,000,000		1,000	500,000	3,300,000	20,000				300,000
Deferred revenue					274,933									
Total Liabilities	2,793	—	222,300	742,068	2,280,696	—	7,515	556,977	3,501,038	40,586	—	899	—	331,697
Fund Balances														
Restricted														
Bridges, Streets & Signals				7,357,717										
Economic development						4,543		6,507,029			134,648	93,656		
Law enforcement														
Other capital projects		168,123	354,464											
Committed														
Other capital projects														
Assigned														
Parks and recreation							3,006,344							
Other capital projects													74,296	
Other purposes														
Unassigned	(777)				(1,809,327)				(3,405,043)	(19,953)				(308,548)
Total Fund Balances	(777)	168,123	354,464	7,357,717	(1,809,327)	4,543	3,006,344	6,507,029	(3,405,043)	(19,953)	134,648	93,656	74,296	(308,548)
Total Liabilities And Fund Balances	\$ 2,016	\$ 168,123	\$ 576,764	\$ 8,099,785	\$ 471,369	\$ 4,543	\$ 3,013,859	\$ 7,064,006	\$ 95,995	\$ 20,633	\$ 134,648	\$ 94,555	\$ 74,296	\$ 23,149

CITY OF LEE'S SUMMIT, MISSOURI

**COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS**

**Page 2 Of 2
June 30, 2011**

	Third Street Road Improve- ments	Senior Center Construc- tion	Stom Water Improve- ment	Sidewalk Bond Program	Arterial Street Lights II	Salt Dome Bonds #2	Todd George 50 HWY TIF	Capital Improve- ment Sales Tax	ERP System	Road Improve- ments	Tudor Road Improve- ments	Infrastruc- ture Improve- ments	Public Safety 10	Total Nonmajor Capital Projects Funds
Assets														
Pooled cash and investments	\$ 357	\$ 504,925	\$ 1,454,706	\$ 1,517,965	\$ 1,763,187	\$ 2,677	\$ 315,167	\$ 14,242,785	\$ 2,258,218	\$ 522,560	\$ 936,473	\$ 7,425,313	\$ 3,113,971	\$ 50,803,137
Receivables (net of allowance)														
Taxes	—	—	—	—	—	—	—	981,512	—	—	—	—	—	2,786,581
Interest	—	1,660	41	—	—	—	411	22,236	3,698	—	—	—	—	44,046
Due from other governments	—	—	—	—	—	—	—	—	—	—	—	—	—	1,095,963
Other receivables	—	—	—	—	—	—	—	—	—	—	—	—	—	181,876
Total Assets	\$ 357	\$ 506,585	\$ 1,454,747	\$ 1,517,965	\$ 1,763,187	\$ 2,677	\$ 315,578	\$ 15,246,533	\$ 2,261,916	\$ 522,560	\$ 936,473	\$ 7,425,313	\$ 3,113,971	\$ 54,911,603
Liabilities And Fund Balances														
Balances Liabilities														
Accounts payable and accrued liabilities	\$ 46,602	\$ —	\$ 185,560	\$ 34,223	\$ 48,606	\$ —	\$ —	\$ 128,911	\$ 207,666	\$ 39,422	\$ 119,234	\$ 605,109	\$ —	\$ 2,685,558
Accrued interest payable	321	—	818	513	875	237	—	—	—	1	44	68	2	15,497
Due to other funds	3,000	—	260,000	450,000	50,000	60,000	—	—	—	10,000	10,000	40,000	—	7,011,793
Deferred revenue	—	—	—	—	—	—	—	—	—	—	—	—	—	274,933
Total Liabilities	49,923	—	446,378	484,736	99,481	60,237	—	128,911	207,666	49,423	129,278	645,177	2	9,987,781
Fund Balances														
Restricted														
Bridges, Streets & Signals	—	—	—	—	—	—	—	15,117,622	—	473,137	807,195	6,780,136	—	30,535,807
Economic development	—	—	—	—	—	—	315,578	—	—	—	—	—	—	7,055,454
Law enforcement	—	—	—	—	—	—	—	—	—	—	—	—	3,113,969	3,113,969
Other capital projects	—	—	—	1,033,229	1,663,706	—	—	—	—	—	—	—	—	3,219,522
Committed														
Other capital projects	—	—	1,008,369	—	—	—	—	—	1,903,586	—	—	—	—	2,911,955
Assigned														
Parks and recreation	—	—	—	—	—	—	—	—	—	—	—	—	—	3,006,344
Other capital projects	—	—	—	—	—	—	—	—	150,664	—	—	—	—	224,960
Other purposes	—	506,585	—	—	—	—	—	—	—	—	—	—	—	506,585
Unassigned	(49,566)	—	—	—	—	(57,560)	—	—	—	—	—	—	—	(5,650,774)
Total Fund Balances	(49,566)	506,585	1,008,369	1,033,229	1,663,706	(57,560)	315,578	15,117,622	2,054,250	473,137	807,195	6,780,136	3,113,969	44,923,822
Total Liabilities And Fund Balances	\$ 357	\$ 506,585	\$ 1,454,747	\$ 1,517,965	\$ 1,763,187	\$ 2,677	\$ 315,578	\$ 15,246,533	\$ 2,261,916	\$ 522,560	\$ 936,473	\$ 7,425,313	\$ 3,113,971	\$ 54,911,603

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, 2011

	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 Develop- ment	Summit Woods TIF	Chapel Ridge TIF	New Longview TIF	Hartley's Block TIF	1-470 Business Center TIF	Downtown Improve- ments	Public Safety Issues
Revenues														
Taxes														
Property	\$ 995,030	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,990,885	\$ 1,576,419	\$ 343,169	\$ 117,790	\$ 302,315	\$ —	\$ —
Sales	—	—	—	5,361,791	—	—	—	2,292,452	451,093	40,900	—	—	—	—
License	—	—	—	—	458,972	—	—	—	—	—	—	—	—	—
Intergovernmental	—	—	—	604,329	112,022	—	161,523	754,875	1,330,335	13,839	—	—	—	—
Investment earnings	—	1,280	5,572	50,366	4,438	28	10,447	87,834	—	493	197	302	432	228
Other	2,336	—	—	—	400,251	—	—	31,564	58,572	22,991	15,355	13,381	—	—
Total Revenues	997,366	1,280	5,572	6,016,486	975,683	28	171,970	5,157,610	3,416,419	421,392	133,342	315,998	432	228
Expenditures														
General government	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Debt Service:														
Principal	—	—	—	—	—	—	—	975,000	—	—	—	—	—	—
Interest and other charges	723	—	3,763	—	12,656	—	846	572,260	25,509	8	—	—	—	1,652
Capital outlay	15,958	—	2,181,762	9,006,494	1,128,903	—	594,310	87,260	5,103,868	439,086	4,831	244,727	—	—
Total Expenditures	16,681	—	2,185,525	9,006,494	1,141,559	—	595,156	1,634,520	5,129,377	439,094	4,831	244,727	—	1,652
Excess (Deficiency) Of Revenues Over Expenditures														
	980,685	1,280	(2,179,953)	(2,990,008)	(165,876)	28	(423,186)	3,523,090	(1,712,958)	(17,702)	128,511	71,271	432	(1,424)
Other Financing Sources (Uses)														
Issuance of bonds	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Premium on issuance of bonds	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Discount on issuance of bonds	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfers in	—	—	—	—	64,953	—	—	—	1,038,190	—	—	—	—	—
Transfers out	(1,038,190)	(15,105)	—	—	—	—	—	—	—	—	—	—	—	(103,620)
Total Other Financing Sources (Uses)	(1,038,190)	(15,105)	—	—	64,953	—	—	—	1,038,190	—	—	—	—	(103,620)
Net Change In Fund Balances	(57,505)	(13,825)	(2,179,953)	(2,990,008)	(100,923)	28	(423,186)	3,523,090	(674,768)	(17,702)	128,511	71,271	432	(105,044)
Fund Balances - Beginning	56,728	181,948	2,534,417	10,347,725	(1,708,404)	4,515	3,429,530	2,983,939	(2,730,275)	(2,251)	6,137	22,385	73,864	(203,504)
Fund Balances - Ending	\$ (777)	\$ 168,123	\$ 354,464	\$ 7,357,717	\$ (1,809,327)	\$ 4,543	\$ 3,006,344	\$ 6,507,029	\$ (3,405,043)	\$ (19,953)	\$ 134,648	\$ 93,656	\$ 74,296	\$ (308,548)

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, 2011

	Third Street Road Improvements	Senior Center Construc- tion	Storm Water Improve- ment	Sidewalk Bond Program	Arterial Street Lights II	Salt Dome Bond #2	Todd George 50 HWY TIF	Capital Improvement Sales Tax	ERP System	Road Improve- ments	Tudor Road Improve- ments	Infrastruc- ture Improve- ments	Public Safety 10	Total Nonmajor Capital Projects Funds
Revenues														
Taxes														
Property	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,093,332	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 6,418,940
Sales	—	—	—	—	—	—	—	5,647,682	—	—	—	—	—	13,793,918
License	—	—	—	—	—	—	—	—	—	—	—	—	—	458,972
Intergovernmental	—	—	—	—	—	—	—	400,000	—	—	—	—	—	3,376,923
Investment earnings	3,348	3,107	6,010	3,683	3,243	—	165	63,403	8,991	75	149	1,118	447	255,356
Other	—	—	—	—	—	—	—	—	—	—	—	—	—	544,450
Total Revenues	3,348	3,107	6,010	3,683	3,243	—	1,093,497	6,111,085	8,991	75	149	1,118	447	24,848,559
Expenditures														
General government	—	—	—	14,709	—	—	—	—	—	—	—	—	—	14,709
Debt Service:														
Principal	—	—	—	—	—	—	—	—	—	—	—	—	—	975,000
Interest and other charges	17	—	13,255	—	22,129	342	2,098	—	—	2,116	4,088	31,415	12,692	705,569
Capital outlay	—	—	1,961,772	1,391,344	253,308	—	403,818	2,123,142	1,205,332	46,105	231,432	1,008,815	1,485	27,433,752
Total Expenditures	17	—	1,975,027	1,406,053	275,437	342	405,916	2,123,142	1,205,332	48,221	235,520	1,040,230	14,177	29,129,030
Excess (Deficiency) Of Revenues Over Expenditures	3,331	3,107	(1,969,017)	(1,402,370)	(272,194)	(342)	687,581	3,987,943	(1,196,341)	(48,146)	(235,371)	(1,039,112)	(13,730)	(4,280,471)
Other Financing Sources (Uses)														
Issuance of bonds	—	—	1,200,000	1,500,000	2,300,000	—	—	—	—	500,000	1,000,000	7,500,000	3,000,000	17,000,000
Premium on issuance of bonds	—	—	—	—	—	—	—	—	—	21,283	42,566	319,248	127,699	510,796
Other source	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfers in	—	—	—	—	—	—	—	—	3,450,000	—	—	—	—	4,553,143
Transfers out	(756,256)	—	—	—	—	—	—	—	(199,409)	—	—	—	—	(2,112,580)
Total Other Financing Sources (Uses)	(756,256)	—	1,200,000	1,500,000	2,300,000	—	—	—	3,250,591	521,283	1,042,566	7,819,248	3,127,699	19,951,359
Net Change In Fund Balances	(752,925)	3,107	(769,017)	97,630	2,027,806	(342)	687,581	3,987,943	2,054,250	473,137	807,195	6,780,136	3,113,969	15,670,888
Fund Balances - Beginning	703,359	503,478	1,777,386	935,599	(364,100)	(57,218)	(372,003)	11,129,679	—	—	—	—	—	29,252,934
Fund Balances - Ending	\$ (49,566)	\$ 506,585	\$ 1,008,369	\$ 1,033,229	\$ 1,663,706	\$ (57,560)	\$ 315,578	\$ 15,117,622	\$ 2,054,250	\$ 473,137	\$ 807,195	\$ 6,780,136	\$ 3,113,969	\$ 44,923,822

CITY OF LEE'S SUMMIT, MISSOURI

**BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE**

For The Year Ended June 30, 2011

	<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	\$ 7,722,554	\$ 7,722,554	\$ 7,781,541	\$ 58,987
Sales	2,430,762	2,430,762	2,679,624	248,862
Fines and forfeitures	47,791	47,791	63,179	15,388
Investment earnings	74,623	74,623	40,323	(34,300)
Total Revenues	10,275,730	10,275,730	10,564,667	288,937
Expenditures				
Debt Service:				
Principal	7,280,000	7,280,000	8,280,000	(1,000,000)
Interest and other charges	1,716,009	1,716,009	1,948,059	(232,050)
Total Expenditures	8,996,009	8,996,009	10,228,059	(1,232,050)
Excess Of Revenues Over Expenditures	1,279,721	1,279,721	336,608	(943,113)
Other Financing Sources (Uses)				
Transfers in	—	—	874,981	874,981
Transfers out	(175,000)	(175,000)	(157,500)	17,500
Net Change In Fund Balances	1,104,721	1,104,721	1,054,089	(50,632)
Fund Balances - Beginning	5,626,457	5,626,457	5,626,457	—
Fund Balances - Ending	\$ 6,731,178	\$ 6,731,178	\$ 6,680,546	\$ (50,632)

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, 2011

	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	\$ 3,661,571	\$ 135,024	\$ 57,660	\$ 1,684,071	\$ 80,085	\$ 2,130,547	\$ 793,389	\$ 8,542,347
Interest receivable	6,060	385	1,207	2,753	118	3,619	1,895	16,037
Inventories	138,677	—	—	—	—	—	—	138,677
Prepaid expenses	—	—	—	2,701	—	—	—	2,701
Other assets	—	—	—	213,551	—	4,586	—	218,137
Total current assets	3,806,308	135,409	58,867	1,903,076	80,203	2,138,752	795,284	8,917,899
Noncurrent assets:								
Capital assets:								
Nondepreciable	104,250	—	—	—	—	—	—	104,250
Depreciable, net	8,318,224	—	—	694,717	—	—	626,197	9,639,138
Total noncurrent assets	8,422,474	—	—	694,717	—	—	626,197	9,743,388
Total Assets	12,228,782	135,409	58,867	2,597,793	80,203	2,138,752	1,421,481	18,661,287
Liabilities								
Current liabilities:								
Accounts payable	81,893	—	4,458	56,796	—	449,378	27,177	619,702
Salaries payable	—	—	—	—	—	—	—	—
Compensated absences	1,446	—	—	3,340	—	—	4,543	9,329
Accrued interest payable	—	—	2,176	—	—	—	—	2,176
Total current liabilities	83,339	—	6,634	60,136	—	449,378	31,720	631,207
Noncurrent liabilities:								
Compensated absences	34,379	—	—	83,955	—	—	24,589	142,923
Other post employment benefits	12,946	—	—	16,280	—	—	12,942	42,168
Total noncurrent liabilities	47,325	—	—	100,235	—	—	37,531	185,091
Total Liabilities	130,664	—	6,634	160,371	—	449,378	69,251	816,298
Net Assets								
Invested in capital assets, net of related debt	9,317,971	—	—	893,027	—	—	572,434	10,783,432
Unrestricted	2,780,147	135,409	52,233	1,544,395	80,203	1,689,374	779,796	7,061,557
Total Net Assets	\$ 12,098,118	\$ 135,409	\$ 52,233	\$ 2,437,422	\$ 80,203	\$ 1,689,374	\$ 1,352,230	\$ 17,844,989

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, 2011**

	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	\$ 2,515,716	\$ 22,638	\$ —	\$ 2,687,533	\$ 30,753	\$ 371,350	\$ 1,132,283	\$ 6,760,273
Intergovernmental	8,000	—	—	—	—	—	—	8,000
Other	2,097	—	10,485	213,804	2,624	6,745	182,303	418,058
Total Operating Revenues	2,525,813	22,638	10,485	2,901,337	33,377	378,095	1,314,586	7,186,331
Operating Expenses								
Salaries, wages, and employee benefits	527,180	—	—	1,620,871	36,152	—	519,903	2,704,106
Utilities	45,584	—	—	44,032	—	—	265,778	355,394
Repairs and maintenance	102,120	—	—	420,480	—	—	108,442	631,042
Fuels and lubricants	3,782	—	—	1,061	—	—	4,114	8,957
Depreciation	2,238,407	—	—	509,742	—	—	43,581	2,791,730
Miscellaneous	113,646	16,755	120,898	790,492	—	676,374	103,614	1,821,779
Total Operating Expenses	3,030,719	16,755	120,898	3,386,678	36,152	676,374	1,045,432	8,313,008
Operating Income (Loss)	(504,906)	5,883	(110,413)	(485,341)	(2,775)	(298,279)	269,154	(1,126,677)
Nonoperating Revenue								
Interest income	18,328	912	5,883	13,181	492	14,801	3,526	57,123
Interest expense	2,955	—	—	—	—	1,474	—	4,429
Gain on disposal of capital assets	243,073	—	—	—	—	—	—	243,073
Total Nonoperating Revenue	264,356	912	5,883	13,181	492	16,275	3,526	304,625
Income (Loss) Before Transfers	(240,550)	6,795	(104,530)	(472,160)	(2,283)	(282,004)	272,680	(822,052)
Transfers in	63,112	—	—	65,987	—	—	—	129,099
Transfers out	—	—	(1,500,000)	(2,362)	—	—	—	(1,502,362)
Change In Net Assets	(177,438)	6,795	(1,604,530)	(408,535)	(2,283)	(282,004)	272,680	(2,195,315)
Total Net Assets - Beginning	12,275,556	128,614	1,656,763	2,845,957	82,486	1,971,378	1,079,550	20,040,304
Total Net Assets - Ending	\$ 12,098,118	\$ 135,409	\$ 52,233	\$ 2,437,422	\$ 80,203	\$ 1,689,374	\$ 1,352,230	\$ 17,844,989

CITY OF LEE'S SUMMIT, MISSOURI

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For The Year Ended June 30, 2011**

	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	\$ 2,525,813	\$ 22,638	\$ 10,485	\$ 2,901,337	\$ 30,753	\$ 378,095	\$ 1,314,586	\$ 7,183,707
Cash paid to suppliers	(267,447)	(16,755)	(118,592)	(1,503,501)	—	(515,877)	(482,504)	(2,904,676)
Cash paid to employees	(538,978)	—	—	(1,610,605)	(36,152)	—	(517,094)	(2,702,829)
Net Cash Provided By (Used In) Operating Activities	1,719,388	5,883	(108,107)	(212,769)	(5,399)	(137,782)	314,988	1,576,202
Cash Flows From Noncapital Financing Activities								
Transfers in	63,112	—	—	65,987	—	—	—	129,099
Transfers out	—	—	(1,500,000)	(2,362)	—	—	—	(1,502,362)
Net Cash Provided By (Used In) Noncapital Financing Activities	63,112	—	(1,500,000)	63,625	—	—	—	(1,373,263)
Cash Flows From Capital And Related Financing Activities								
Additions to capital assets	(1,342,910)	—	—	(311,432)	—	—	(97,344)	(1,751,686)
Proceeds from sale of capital assets	243,073	—	—	—	—	—	—	243,073
Net Cash Used In Capital And Related Financing Activities	(1,099,837)	—	—	(311,432)	—	—	(97,344)	(1,508,613)
Cash Flows Provided By Investing Activities								
Interest received	24,589	1,325	13,506	17,730	510	20,136	5,131	82,927
Net Increase (Decrease) In Cash And Cash Equivalents	707,252	7,208	(1,594,601)	(442,846)	(4,889)	(117,646)	222,775	(1,222,747)
Cash And Cash Equivalents - Beginning Of Year	2,954,319	127,816	1,652,262	2,126,917	84,974	2,248,193	570,614	9,765,095
Cash And Cash Equivalents - End Of Year	\$ 3,661,571	\$ 135,024	\$ 57,661	\$ 1,684,071	\$ 80,085	\$ 2,130,547	\$ 793,389	\$ 8,542,348
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:								
Operating income (loss)	\$ (504,906)	\$ 5,883	\$ (110,413)	\$ (485,341)	\$ (2,775)	\$ (298,279)	\$ 269,154	\$ (1,126,677)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:								
Depreciation and amortization	2,238,407	—	—	509,742	—	—	43,581	2,791,730
Changes in assets and liabilities:								
Increase in inventories	(20,542)	—	—	—	—	—	—	(20,542)
Increase in prepaid expenses	—	—	—	(2,701)	—	—	—	(2,701)
(Increase) decrease in other assets	—	—	—	(211,693)	—	3,086	—	(208,607)
Increase (decrease) in accounts payable	18,227	—	2,306	(33,042)	—	157,411	(556)	144,346
Decrease in salaries and wages payable	—	—	—	—	(2,624)	—	—	(2,624)
Increase (decrease) in other post employment benefits	(10,233)	—	—	4,212	—	—	2,074	(3,947)
Increase (decrease) in accrued compensated absences	(1,565)	—	—	6,054	—	—	735	5,224
Total adjustments	2,224,294	—	2,306	272,572	(2,624)	160,497	45,834	2,702,879
Net Cash Provided By (Used In) Operating Activities	\$ 1,719,388	\$ 5,883	\$ (108,107)	\$ (212,769)	\$ (5,399)	\$ (137,782)	\$ 314,988	\$ 1,576,202

**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	67
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	73
These schedules contain information to help the reader assess the government's most significant local revenue source, property tax.	
Debt Capacity	79
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	83
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Operating Information	86
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs	

CITY OF LEE'S SUMMIT, MISSOURI

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

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	\$ 388,840,510
Restricted	6,034,247	4,969,818	—	—	22,781,337	25,677,019	24,641,173	16,223,089	47,738,657
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	(17,532,497)
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	\$ 419,046,670
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	\$ 208,202,388
Restricted	—	—	1,921,513	2,250,958	33,686,074	35,241,087	33,179,870	32,355,420	26,915,369
Unrestricted	24,576,758	36,116,014	32,185,864	41,963,890	3,665,286	6,490,633	4,939,002	(225,754)	15,830
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	\$ 235,133,587
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	\$ 597,042,898
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	74,654,026
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	(17,516,667)
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	\$ 654,180,257

(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 Nine Fiscal Years⁽¹⁾ (Accrual Basis Of Accounting) Page 1 Of 2

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	\$ 36,254,828
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	36,379,439
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	7,491,321
Planning and Development	748,157	708,004	793,067	851,343	996,657	1,127,859	1,055,523	957,816	948,798
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	18,438,529
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	4,604,626
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	104,117,541
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	22,341,294
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	4,108,646
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	2,121,901
Recreation Center	731,802	721,648	701,088	873,576	689,699	700,386	1,127,142	1,234,450	1,295,805
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	29,867,646
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	133,985,187
Program Revenues									
Governmental Activities:									
Charges for Services:									
Public Works	—	—	379,543	1,047,323	1,971,762	528,090	229,237	122,053	124,975
Public Safety	—	—	3,769,771	3,882,943	3,828,994	4,290,547	4,064,716	4,351,615	4,237,673
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	2,184,127
Planning and Development	—	—	69,020	222,229	305,029	243,875	119,625	103,360	122,371
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	1,562,856
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	5,664,487
Capital Grants and Contributions	—	11,870,518	11,182,217	—	8,484,471	12,251,710	6,432,484	2,857,211	1,725,891
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	15,622,380
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	26,474,620
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	2,881,382
Airport	447,665	452,261	902,410	1,085,046	1,001,628	1,195,026	1,118,415	1,048,659	1,217,812
Recreation Center	625,489	705,231	788,274	869,720	657,134	662,132	849,238	970,765	1,082,156
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	1,134,261
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	32,790,231
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	48,412,611

(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 Nine Fiscal Years⁽¹⁾ (Accrual Basis Of Accounting) Page 2 Of 2

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
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)	\$ (88,495,161)
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	2,922,585
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)	(85,572,576)
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	38,698,817
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	28,720,660
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	16,249,638
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	2,797,132	3,290,249
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	681,673
Other revenue	5,345,173	4,537,816	1,810,229	3,086,832	404,198	331,941	94,938	301,952	702,045
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	1,324,636
Total Governmental Activities	70,832,166	75,846,504	71,341,779	79,291,301	82,091,452	92,692,170	87,435,325	85,267,166	89,667,718
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	400	325,226
Other Revenue	900,617	872,978	2,299,961	5,707,126	676,794	768,363	1,061,955	1,951,491	265,587
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)	(1,324,636)
Total Business-Type Activities	1,377,083	(2,160,759)	792,267	4,333,248	802,714	910,135	780,407	(176,709)	(733,823)
Total Primary Government	72,209,249	73,685,745	72,134,046	83,624,549	82,894,166	93,602,305	88,215,732	85,090,457	88,933,895
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	19,923,989	1,172,557
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	2,188,762
Total City	\$ 45,918,082	\$ 44,778,024	\$ 39,215,820	\$ 43,820,818	\$ 44,653,705	\$ 33,304,706	\$ 36,679,298	\$ 24,916,809	\$ 3,361,319

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

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	—
Nonspendable	—	—	—	—	—	—	—	—	7,109,433
Unassigned	—	—	—	—	—	—	—	—	5,062,318
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	\$ 12,171,751
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	—
Restricted/Committed/									
Assigned									
Debt service	—	—	—	—	—	—	—	—	6,680,546
Special revenue funds	—	—	—	—	—	—	—	—	6,558,759
Capital project funds	—	—	—	—	—	—	—	—	52,917,276
Unassigned:									
Special revenue funds	—	—	—	—	—	—	—	—	(105,171)
Capital project funds	—	—	—	—	—	—	—	—	(5,650,774)
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	\$ 60,400,636

- (1) Accrual basis financial information is only available back to 2003, the year GASB Statement 34 was implemented. Therefore ten years of data is not available, but will be accumulated over time.
- (2) GASB 54 was implemented during fiscal year 2011. The City did not restate fund balance in prior years to comply with the new presentation format.

CITY OF LEE'S SUMMIT, MISSOURI

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

Last Nine Fiscal Years⁽¹⁾

(Modified Accrual Basis Of Accounting)

Page 1 Of 2

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	
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	\$ 38,520,943	
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	28,720,660	
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	16,249,638	
License	1,587,628	1,824,422	1,497,236	1,443,066	995,950	1,246,919	320,284	666,550	458,972	
Bed	305,959	320,133	318,358	336,894	333,728	408,727	351,854	311,027	334,472	
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	5,768,509	
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	3,443,051	
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	3,312,931	
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	1,476,020	
Interest	2,520,020	1,037,448	1,739,332	3,187,915	5,141,994	4,076,656	1,887,689	355,711	624,550	
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	2,790,229	
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	101,699,975	
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	28,034,317	
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	10,477,224	
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	33,179,819	
Community Development	748,157	708,004	745,017	851,343	996,657	1,127,859	1,055,523	957,816	948,798	
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	5,743,896	
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	9,255,000	
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	4,592,654	
Capital outlay:										
General Government	504,422	13,770,779	8,541,860	13,144,007	—	—	—	—	1,205,332	
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	43,249,279	
Public Safety	18,510	—	13,301	659,925	2,914,649	2,168,011	371,660	193,224	2,183,247	
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	594,310	
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	139,463,876	

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

Page 2 Of 2

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
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)	\$ (37,763,901)
Other Financing Sources (Uses)									
Proceeds from bonds	—	—	—	11,475,000	17,095,000	—	—	5,000,000	39,300,000
Premium on issuance of bonds	—	—	—	—	—	—	—	98,075	510,796
Discount on issuance of bonds									(628,000)
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	7,213,175
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)	(4,515,276)
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	41,880,695
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)	\$ 4,116,794
 Debt service as a percentage of noncapital expenditures	17.4%	18.6%	16.4%	19.9%	14.0%	15.4%	15.9%	16.8%	11.8%

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

CITY OF LEE'S SUMMIT, MISSOURI

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

Function/Program	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	\$ 1,850,866
Public safety	125,359	148,830	4,799,508	4,961,412	4,805,304	5,368,925	4,933,305	5,032,806	5,252,875
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	2,345,650
Planning and development	1,464,601	1,669,198	75,939	223,310	305,029	243,875	119,625	103,360	122,371
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	6,050,618
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	15,622,380
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	27,226,409
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	2,881,382
Airport	484,846	5,993,924	902,410	1,085,046	10,654,632	2,934,751	5,471,799	3,030,701	1,600,284
Recreation center	625,489	705,231	788,274	869,720	657,134	662,132	849,238	970,765	1,082,156
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	32,790,231
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	\$ 48,609,617

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

CITY OF LEE'S SUMMIT, MISSOURI

**ALL GOVERNMENTAL FUNDS REVENUES BY SOURCE
Last Nine 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
2011	38,520,943	28,720,660	16,249,638	4,788,951	624,550	12,795,233	101,699,975

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

CITY OF LEE'S SUMMIT, MISSOURI

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

Fiscal Year	Real Property				Other Property		Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Market Value	Assessed Value As A Percentage Of Actual Value
	Residential Property	Agricultural Property	Commercial Property	Total	Personal Property	Railroads And Utilities				
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	7,461,957,208	22.18%
2011	1,090,366,221	1,826,726	233,119,537	1,325,312,484	303,852,879	24,844,210	1,654,009,573	1.5258	7,480,895,310	22.11%

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	
	2002	0.9600	0.1700	0.4800	1.6100	5.3900	0.5700	0.0300	
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
2011	0.8966	0.1595	0.4697	1.5258	6.0548	0.5430	0.0300	0.7495	8.9031

Note (1): Five other school districts are in the City of Lee's Summit. Tax rates in these districts are:

Blue Springs	5.7286
Independence	5.4300
Hickman Mills	6.2717
Grandview	5.8936
Raymore-Peculiar	5.0397

Note (2): Cass County is located in the southern portion of the city (approximately 2 square miles). The Cass County tax rate is \$0.2480.

Note (3): Other breakdown for current year:

Junior College	0.2329
Mental Health	0.1218
Handicap Workshop	0.0748
Library	0.3200
	0.7495

CITY OF LEE'S SUMMIT, MISSOURI

PRINCIPAL PROPERTY TAXPAYERS Current Year And Nine Years Ago

	2011			2002		
	Taxable Assessed Value	Rank	% of Total City Net Assessed Value	Taxable Assessed Value	Rank	% of Total City Net Assessed Value
Cerner Corporation	\$ 15,634,868	1	0.95%			
Kansas City Power & Light-GMOC	15,468,401	2	0.94%			
Sprint	14,999,473	3	0.91%			
SUMC Admin & Retail Stores	14,412,347	4	0.87%			
John Knox Village	6,571,556	5	0.40%	6,650,876	3	0.67%
Toys R Us	5,986,688	6	0.36%			
FabTech Inc	4,803,726	7	0.29%			
Wal-Mart	4,451,863	8	0.27%			
Missouri Gas Energy	4,334,630	9	0.26%	3,244,529	9	0.33%
Southern Union (Missouri Gas Energy)	3,992,856	10	0.24%	5,210,539	5	0.53%
Missouri Public Service				13,598,046	1	1.38%
Pfizer Chemical Company				6,840,013	2	0.69%
Southwestern Bell				5,735,181	4	0.58%
Calmar				4,834,975	6	0.49%
A Zeregas Sons, Inc				4,020,581	7	0.41%
Tru Properties Inc				3,496,200	8	0.35%
Polytainers				2,783,839	10	0.28%
Total	\$ 90,656,408		5.48%	\$ 56,414,779		5.72%

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
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	24,406,228	23,601,764	96.7%	777,413	24,379,177	99.9%
2011	24,874,955	24,200,420	97.3%	—	24,200,420	97.3%

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			
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
2011	33,975,000	12,795,000	—	29,950,000	590,000	13,325,000	90,635,000	91,364	992

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
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
2011	33,975,000	6,000,984	27,974,016	1.69%	306

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, 2011

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	\$ 230,490,294	82.88%	\$ 191,030,356
Blue Springs R-4 School District	133,219,569	20.17%	26,870,387
Raymore-Peculiar School District	53,592,493	8.00%	4,287,399
Grandview School District	28,440,312	0.41%	116,605
Hickman Mills School District	37,284,886	0.12%	44,742
Total direct and overlapping debt			\$ 222,349,489

(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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Legal debt limit (1)	\$ 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	\$ 327,131,701
Total net debt applicable to limit	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	27,974,016
Legal debt margin	\$ 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	\$ 299,157,685
Total net debt applicable to the limit as a percentage of debt limit	9.40%	24.09%	19.09%	16.04%	12.36%	10.30%	6.77%	12.15%	10.23%	8.55%

- (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	Median Household Income ⁽¹⁾	Per Capita Personal Income ⁽¹⁾	Median Age ⁽¹⁾	Education Level			School Enrollment	Unemployment Rate
					High School Graduate Percentage ⁽¹⁾	Some College Or Associate's Degree or Higher Percentage ⁽¹⁾	Bachelor's Degree Or Higher Percentage ⁽¹⁾		
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%
2011	91,364	\$ 71,772	\$ 31,266	38.8	16.4%	29.9%	50.1%	17,500	7.30%

Source: U.S. Census Bureau, 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	2011			2002		
	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>10,235</u>		<u>21.82%</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 Nine Fiscal Years

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund									
Administration	32.50	34.17	33.05	33.05	35.00	33.50	32.50	32.5	31.00
Engineering	41.50	43.75	43.50	54.55	53.96	37.17	39.27	39.3	37.60
Police	157.62	163.32	166.32	172.32	167.32	181.70	188.70	196.7	205.20
Fire	130.00	134.00	137.00	137.00	140.00	146.00	146.00	146.0	146.00
Finance	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.0	18.00
Planning & Development	9.00	7.00	9.00	11.00	12.00	11.00	11.00	11.0	9.00
Court	10.90	10.90	10.90	11.90	11.90	11.90	12.00	12.8	12.75
Codes Administration	18.70	19.70	19.00	19.00	19.00	18.00	18.00	18.0	17.00
Law	7.00	8.00	10.00	9.75	9.75	9.50	9.50	9.5	9.50
Street	42.00	46.00	47.00	47.00	47.00	47.75	48.75	48.8	47.00
Parks and Recreation									
Community Center	7.90	8.90	8.90	8.90	6.35	7.15	6.80	6.7	6.70
Parks & Recreation	18.00	23.00	23.00	23.00	29.00	29.00	30.00	29.0	24.50
Pool	0.55	0.55	0.55	0.55	0.30	0.30	0.30	1.0	0.95
Cemetery	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.0	1.00
Recreation Center	3.55	3.60	3.60	3.60	2.40	2.75	2.15	5.3	5.85
Senior Center	—	—	—	—	—	—	2.05	2.1	2.05
Airport	8.00	8.00	8.00	7.30	7.30	7.98	7.60	7.6	7.60
Water Utilities	57.25	57.25	57.25	57.50	57.50	58.50	58.50	58.5	58.50
Solid Waste	13.00	13.00	13.00	13.00	13.00	14.20	14.80	14.8	14.80
Central Building Services			—	—	—	11.00	11.00	10.0	9.50
Fleet	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.0	9.00
Information Technology Services	11.00	12.00	14.00	17.00	17.00	17.00	19.00	20.0	20.00
Total	595.47	620.14	631.07	653.42	655.78	671.40	684.92	696.4	693.50

Source: City of Lee's Summit Finance Department

CITY OF LEE'S SUMMIT, MISSOURI

OPERATING INDICATORS BY FUNCTION Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Building Permits Issued (1)										
Residential/single family	748	887	853	911	791	489	380	129	110	170
Residential/multi family	57	116	81	69	82	55	58	8	1	—
Commercial/industrial	65	61	78	67	44	80	35	23	19	13
Additions	1,187	1,090	1,279	1,131	1,223	2,820	1,937	1,245	1,082	1,302
Police Protection (1)										
Part I Crimes	1,990	2,021	2,385	2,576	2,357	2,254	2,521	2,378	2,290	2,232
Notable Part II Crimes	2,007	1,914	1,903	2,131	2,424	2,047	2,178	2,222	2,295	2,385
Traffic Crashes	2,022	2,241	2,244	2,313	2,206	2,114	2,125	2,083	1,912	2,047
Calls for Service	64,379	62,547	65,001	65,856	64,548	61,624	64,715	76,322	85,255	91,037
Number of Officers	103	103	106	108	112	117	122	129	136	136
Animal Control Calls for Service	6,198	6,490	7,126	8,523	8,844	8,562	8,110	8,161	8,857	8,737
Fire Protection										
Fire Personnel	126	126	121	131	137	140	140	146	146	146
Calls Answered	5,794	6,253	5,862	6,421	7,003	7,051	7,750	8,401	8,015	9,144
Water Source										
Kansas City Water Co.	32.70%	45.85%	35.41%	32.97%	42.30%	38.43%	32.82%	33.94%	12.00%	19.40%
Independence Water Co	67.30%	54.15%	64.59%	67.03%	57.70%	61.57%	67.18%	66.06%	88.00%	80.60%
Water										
# of Service Connections	27,791	28,662	30,891	31,991	32,889	32,950	33,666	33,735	33,800	34,260
# of Fire Hydrants	3,419	3,566	3,751	4,867	4,975	4,975	4,975	4,871	4,887	4,922
Avg Daily Consumption in Gallons	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	9,650,000
Maximum Contract Amount	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	21,500,000
Maximum Daily Demand	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	20,400,000
Storage Capacity (gallons)	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	35,200,000

Source: City records

(1) Statistics based on calendar year.

CITY OF LEE'S SUMMIT, MISSOURI

CAPITAL STATISTICS BY FUNCTION Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Police Protection										
Stations	1	1	1	1	1	1	1	1	1	1
Fire Protection										
Stations	6	6	6	6	6	7	7	7	7	7
Public Works										
Residential Centerline Miles							325	327	327	337
Collector Centerline Miles							67	102	102	83
Arterial Centerline Miles							75	91	91	103
Parks and Recreation										
Parks	26	26	26	26	27	27	27	27	27	28
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Indoor Aquatic Center	—	—	1	1	1	1	1	1	1	1
Tennis Courts	15	15	15	15	15	15	15	15	15	15
Community Centers	1	1	2	2	2	2	3	3	3	3
Water										
Miles of Water Mains	541	555	569	600	637	637	637	637	604	607

Source: City records